

Impact of Value Added Tax on Consumer Behavior in Oman

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ABSTRACT

The Value Added Tax (VAT) is a type of indirect tax that is imposed on goods and services. The VAT is considered with all other forms of taxes in many countries, the most important source of income. The Value Added Tax is directly aimed to be collected from consumers. The VAT is a tax on consumption applied at a basic rate of five percent, to be imposed on goods and services in the Oman. The Oman has imposed Value Added Tax (VAT) on a selected set of products and services on 16 April, 2021 as per 2016, GCC unified VAT Agreement. In this study tried to explore if consumers in Oman are aware of VAT, and to explore their possible react when VAT is introduced.

The researcher searched into literatures that could support the study, distributed a questionnaire to collect data. A statistical analysis method was chosen, utilizing IBM, SPSS and MS Excel to analyze data collected and presents study results. The study concludes that consumers in Oman have a moderate knowledge to VAT, hence the study recommends that governments need to do more awareness campaign on VAT. The next aim of the study was to examine if VAT will impact consumers, the results from the study confirmed that, and recommended to minimize that effect, by reducing VAT rate, expand goods and services which are exempt from VAT and supporting consumers with low income.

Purpose: To identify the consumers awareness level of VAT in Sultanate of Oman, examine the expected VAT impact on consumers and identify possible VAT influence on consumers spending's & savings habits.

Research Methodology: The research methodology of this research is explained in this research paper details. The techniques and process of sampling, instruments and tools of collecting data, and how this data was analysis and designed to serve the aim of the study.

Results: The concept of Value Added Tax (VAT) is new for Oman, which was a major challenge, to find a proper and needed literature to support the research. The VAT has implemented yet during the research, therefore all responses from participants were provided based on their expectation after the imposing tax, without the actual experiment. In view of this it is essential to do more future studies on the topic under more convenient circumstances.

Keywords: VAT, Sales Tax, Consumer Behavior, GCC and Sultanate of Oman.

INTRODUCTION

The Value Added Tax (VAT) or the Goods and Services Tax (GST), is known in many countries as a tax on goods and services, enforced by governments to achieve economic objectives and advantages such as increasing government's income, solving economic issues and difficulties, enhancing the national capita

income and utilizing VAT financial resources, in incorporating further investments and development (Agbo & Nwadiolor, 2020).

The Tax rate is decided by governments according to their economics characteristics and needs. In GCC countries the main source of revenue comes from oil and gas industries, but the declining prices of oil, in the last few years forced them to change policies and look for additional sources of income, imposing different kind of taxes was affordable solution including VAT, which is one of the most widely discussed economic, government policy and issues in most countries around the globe. In spite of its possible implications on consumers, Kingdom of Saudi Arabia, United Arab Emirates and Bahrain already applied VAT, as for Oman it is expected to be implemented on April 2021 on all goods and services with some few exceptions, with rate of 5%. One of the main disadvantages of VAT taxation is the creation of a continuous raise in the prices of goods and services. Higher prices, have a negative impact, and effect not only on the profitability of business, but also it can negatively result in the increase of different economic rates like fluctuation, unemployment, and recession rates (Panayi 2020). Buying, consumption behavior and purchasing power of consumers are expected to be affected by VAT. Previous studies already supported this argument, as the consumers will respond to this raise in prices according to their income, and other factors that usually affect consumers buying decisions.

THE DEFINITION OF TERMS

VAT: is defined as compulsory indirect tax that is charged at the time of buying a specific goods or services by adding a defined tax percentage by government on those goods or services, setting the final price total to include the tax percentage and making it a compulsory price, by which customers have no choice but to purchase them at that price (Wadesango, 2020).

Consumer Behavior: is the science and the managerial field that is evaluating, analyzing, studying the attitude and the behavior of consumers in a specific country. and the way they behave in purchasing goods and services based on the impact of an internal and external factors, resulting in particular purchasing schemes related to purchasing decision, interaction and responsiveness to the market products and services (Siddiquee & Saleheen, 2020).

GCC: “The Gulf Cooperation Council (GCC) was established on May 25, 1981, comprising of the member states of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates. The council aims to foster higher levels of cooperation in formulating parallel regulations in various fields such as economy, finance, trade, customs, tourism, legislation, and administration among its member nations” (Omanuna, 2020).

VAT Exempt: goods and services which are not subject to VAT.

Zero-rated: goods and services are taxable supplies, but are taxed at a 0% rate of VAT, businesses that make zero-rated supplies can still deduct their input VAT and receive VAT refunds.

TAX SYSTEM IN OMAN

The Sultanate of Oman does not levy any taxes on personal income, including income from capital gains, wealth, death or property. VAT rates applied in the Sultanate are among the lowest in the world. With this tax being applied across more than 160 countries, global rates range between five and 27 percentage.

The application of VAT will have a positive impact on economic and social development and the international competitiveness levels of the Sultanate, while strengthening its financial position, which will help contribute to building a sustainable economy, as the tax collected will provide additional financial

resources for the state that will enable it to improve public services, and help with continued development of infrastructure in the future.

The Value Added Tax will provide an additional resource for the state's public finances that ensure the sustainability and quality of public services, and will also support the achievement of the Sultanate's goals to reduce dependence on oil and other hydrocarbon products as the main sources of its revenue. It will also improve consumer and purchasing patterns of individuals. The revenues from Value Added Tax will generate more stable and predictable tax income during both good and difficult economic conditions. The tax is considered an effective form of funds, due to the low costs of administering and collecting it.

REVIEW OF LITERATURE

The literature review has discussed value-added Tax, impact and challenges on consumer behavior, it did not present any results on how VAT will impact the consumer behavior in Oman, furthermore no other previous study available to cover this research can be found. Therefore, this research will try to fill this gap and provide better knowledge of the topic to be available to interested parties like governments' agencies, businesses' owners and researchers.

Consumer behavior according to (Hoyer, 2020) "Reflects the totality of consumers' decisions with respect to the acquisition, consumption and disposition of goods, services, activities, experiences, people and ideas by (human) decision-making units over time".

The consumer's behaviour is affected by several factors, like internal, external and cultural factors, external factors includes (economic, social and civilization factors), Cultural factors includes (Social Class), Internal includes (Learning, Personality, Perception and Motivation), all these factors influence consumer purchasing behaviour in different degrees.

1. (Hadal Hammour John, MckeownJohn Mckeown 2022) conducted the study on "An empirical study of the impact of VAT on the buying behavior of households in the United Arab Emirates" This study used an ex-post facto research design to assess the impact of VAT on goods and services on the buying behavior of consumers in UAE. It analyzed the changes that consumers in UAE have made in their buying behavior after the imposition of VAT.

This study concluded that only half of people living in UAE believed that VAT had an effect on their consumption, showing its effect was not significant for the time being, but would have a greater impact if increased in the future. It also provided evidence that lower-income household, as well as those with five individuals or more, faced greater difficulties in regards to the implementation of VAT.

2. (Gafar, M., Mohammed, O., & Abdelrahman, M. A, 2020) Conducted the study "The Impact of Value-Added Tax on the Behaviour of the Saudi Consumer", using the descriptive analytical approach this research focuses on studying the impact of VAT on the Saudi Consumer behaviour, it stated that applying VAT is necessary to the Saudi economy to provide another source of budget funding and it is important to study its effect on consumers behavior ,because it will help consumers to understand what factors does motivate their purchasing decisions and choices, and help businesses to create suitable marketing opportunities. The study found that VAT has an impact on the different factors of consumers behaviour wither it is internally or externally, overall, it has confirmed that there is a negative effect on the purchasing power of Saudi Consumer.

3. (Wadesamgo N, and Gift Chirebv, 2020) in their study "The Impact of Value Added Tax (VAT) on Small and Medium Enterprises in Developing Country" This study therefore sought to determine the factors that affect VAT compliance; identify the VAT collection methods; determine how VAT is affecting the

operations and profits of the firms; and describe the status of VAT compliance among SMEs in this developed country. The study found that VAT compliance is affected mainly by characteristics of the individuals, features of the VAT system itself, and environmental factors such as political and socio-economic situation in the country.

4. (Atul Bansal, 2020) stated that in his study “Role of Value Added Tax in the Economic Development of Kingdom of Bahrain”, the aim was to increase the revenue base of Government and make fund available for developmental purposes that will accelerate economic growth. The study provides certain considerations to be taken in the Kingdom of Bahrain’s economic environment; these considerations are mainly aimed to define the effects of VAT related to SMEs and other business.

5. (Waleed Wasim and Haitham M. Alzoubi, 2019) conducted the study “ The Impact of VAT on Consumer Behavior: Empirical evidence from UAE”, using the deductive approach/ quantitative method ,aiming to examine the effect of VAT on Consumer Behavior and consumption in Sharjah one of the seven emirate of the United Arab Emirates. In this study he address the issue of debate that the high-income consumers spend more therefore pay more VAT and contribute in to the country’s economy, on the other hand low - income consumers will have to pay portion of their low income to VAT and will suffer the most. The study reached and concluded that VAT does have an impact on consumer behavior and on consumer purchasing Power.

6. (Kelkar & Ramachandran, 2019) in their study “Impact of Introduction of Vat on Accounting and Auditing Services and Perception of the Consumers in Sultanate of Oman,” they are assessing the impact of VAT from the point of view of auditors, because the VAT has not been implanted in Sultanate of Oman yet during the study, relaying on primary and secondary data . This study lack of diversity of participant in respect of their jobs because the only participants were auditors and accountants, which put some sort of limitation to this study, because the study mainly focuses on, if business and auditing companies are well prepare or not for introducing VAT in Oman.

7. (Terfa et al., 2017) researches “Assessment Of The Effect Of Value Added Tax On Consumption Behavior: The Case Of Nekemte Town, Wollega” , in this descriptive research study ,the main objective was to evaluate the effect of VAT on consumption behaviour of Ethiopian Nekemte Town households, and to examine if VAT engorges savings, researchers states that “Modern economists believe that taxation system influences main economic activities like consumption, production and distribution by influencing aggregate demand and supply”.

8. (Sandra et al., 2016) conducted the study “Influence Of Value Added Tax (Vat) On Consumers ‘Spending Pattern In South East Nigeria”, examining if consumer’s change their spending’s patterns according to VAT, which recently considered as an alternative source of income to many countries, expecting that VAT will affect consumers behaviour as a result of price increasing of goods and services. This study focuses on an orientation toward implanting VAT policy to change to indirect tax rather than direct tax, is increasing, as it is an important instrument of fiscal and economic.

9. (Ahmed, 2015) conducted the study entitled “VAT Increase and Impact on Consumers’ Consumption Habit”, examining VAT impact on Consumers of North Wales area, UK.in his introduction he emphasize on the relationship between day to day life of people and VAT, and the continuing increases rate of VAT reaching 20% in the UK could decrease consumers spending’s by 1.25% annually, which will impact people with low income hardly.

The studies found that the highest relationship was between VAT increase and change in consumers purchasing power, and there is a positive effect of VAT on consumers life style, age and annually income with existing of VAT increase’s has a significant impact on consumers behaviours as consumers are forced

to adopt their budget accordingly.

SIGNIFICANCE OF THE STUDY

The importance of this study arises from that it highlights how far consumers know about VAT and if the government has done enough in this regard, or do they need to do more informative campaigns. In addition, it helps to explore how consumers will react when introducing VAT on some selected goods and services and the impact on their buying, consumptions, and spending habits. Finding answers to these questions will help government and researchers for a better understanding of taxes influences on people. Furthermore, and as far as we know no other previous study is available did cover this topic in Oman yet, hoping that this study will lead to more similar studies.

OBJECTIVES OF THE STUDY

1. To examine if consumers in Oman know enough about VAT, and do the government need to do more informative camping for consumers.
2. To study the possible impact of VAT on consumers behavior in Oman, and how much VAT influences people buying and consuming behaviors.
3. To study the possible impact of VAT on consumers spending's and saving's habits, will they intend to save more and spend less.

HYPOTHESES OF THE STUDY

H₀1: Consumers in Oman do not have enough information about VAT.

H_a1: Consumers in Oman have enough information about VAT

H₀2: There is no impact of VAT on consumers behavior in Oman.

H_a2: There is an impact of VAT on consumers behavior in Oman.

H₀3: There is no impact of VAT on consumers spending's and saving's habits in Oman.

H_a3: There is an impact of VAT on consumers spending's and saving's habits in Oman.

RESEARCH METHODOLOGY

The research methodology of this research is explained in this research paper details. The techniques and process of sampling, instruments and tools of collecting data and analysis to derive meaningful insights and how this data was analysis and designed to serve the aim of the study.

Research Design:

A research design study to examine the role and impact of Value Added Tax (VAT) on consumer behavior in Oman involves several key steps. This includes defining the research

objectives, formulating hypotheses, selecting appropriate research methods, collecting and analyzing data, and interpreting the findings. This research design ensures a robust and comprehensive examination of the role and impact of VAT on consumer behavior in Oman, leveraging both quantitative and qualitative methods.

Sampling Design and Size:

A randomly (150) citizens along with residents in Oman, without specifying a specific geographical location are to be targeted for the studies' population and randomly sampling.

A total number of (90) response only was received from the targeted population. And also sampling technique has used to stratify random sampling is ensured representation across the target population received 90 responses with the different income groups, different age groups, various educational backgrounds and different regions within Oman.

Data Collection Method(s):

Both primary and secondary data were used. The data was collected through primary and secondary source for data collection, the main primary source is an electronic questionnaire and the secondary sources is the reviewing the literature, journals, articles and magazines. Data will be prepared and analyzed through statistical method, mainly by using IBM, SPSS and MS excel.

DATA ANALYSIS METHOD:

Because of its important characteristics to any scientific research, the main tool for collecting data for this study was a questionnaire in Likert scale format, a sum of 16 questions was distributed in to three parts, the first part is for the demographic information and the second part is for the consumer awareness of VAT the third part is for the questions related to the impact on consumer behavior after imposing VAT. Using the statistical method for this study, software like MS excel and IBM SPSS (using descriptive analysis, t Testing and ANOVA analysis) were utilized to analyses and interpret the questionnaire, into tables, and charts followed by a written description to facilitate the study findings and recommendations.

RESULT AND DISCUSSION

The data collected from the questioner is analyzed using software's like IBM SPSS and MS Excel.

Part A: Demographic Information analysis.

Table 10.1.1 Gender Analysis

		Frequency	Percent	Valid Percent	Cum. Percent
Valid	Male	69	77.5	77.5	77.5
	Female	20	22.5	22.5	100.0
	Total	89	100.0	100.0	

Table 10.1.1, shows that (77.5%) of participants are male and (22.5%) are Female.

Table 10.1.2 Age Analysis

		Frequency	Percent	Valid Percent	Cum. Percent
Valid	20-29	22	24.7	24.7	24.7
	30-39	37	41.6	41.6	66.3

	40 +	30	33.7	33.7	100.0
	Total	89	100.0	100.0	

Table 10.1.2, revealed that majority of the respondents' age is between 30&39 with (41.6%), and minimum percentage was for age group of 20-29 (24.72%), while age 40 and above, is (33.71%).

Table 10.1.3 Educational Background Analysis

		Frequency	Percent	Valid Percent	Cum. Percent
Valid	Diploma	46	51.7	51.7	51.7
	Bachelor	34	38.2	38.2	89.9
	Master & Above	9	10.1	10.1	100.0
	Total	89	100.0	100.0	

Table 10.3 analysis, the majority of respondents have a Diploma (51.7%) and the minimum (10.11%), have Master & Above, Bachelor holders came in the middle with (38.20%).

Table 10.1.4 Married

		Frequency	Percent	Valid Percent	Cum. Percent
Valid	Yes	68	76.4	76.4	76.4
	No	21	23.6	23.6	100.0
	Total	89	100.0	100.0	

Table 10.1.4 shows that (76.40%) of respondents are married and (23.60%) are not married.

Table 10.1.5 Working

		Frequency	Percent	Valid Percent	Cum. Percent
Valid	Yes	77	86.5	86.5	86.5
	No	12	13.5	13.5	100.0
	Total	89	100.0	100.0	

Table 10.1.5 shows that (86.50%) of respondents are working and (13.5%) of them are not.

Table 10.1.6 Monthly Incomes Omani Riyal

		Frequency	Percent	Valid Percent	Cum. Percent
Valid	Below 500	25	28.1	28.1	28.1
	501-1000	42	47.2	47.2	75.3
	1001 & Above	22	24.7	24.7	100.0
	Total	89	100.0	100.0	

Table 10.1.6. The analysis indicates that majority of respondent's monthly income fall in the category between 501 and 1000 Omani Rial with a (47.2%), and minimum percentage is for category 1001 & Above a (24.7%).

Reliability Analysis:

In this section, the analysis the second part of the study questionnaire regarding Consumer Awareness of VAT in Oman and the third part “VAT impact on consumers behavior ,but first, It is essential to examine the internal consistency and the reliability of the questionnaire regarding both sections, by using a measurement called (Cronbach’s Alpha), the range for the Coronach’s Alphas is between 0 and 1, if it is closer to 1,it will indicate a higher reliability and consistency of results, if it is closer to 0 rather than 1 it will indicate the lack of stability.

Table 10.1.7 Reliability Analysis

Variables	No	Cronbach’s Alpha
Consumer Awareness of VAT in Oman	4	.914
VAT impact on consumers behavior	6	.798

The reliability analysis from Table 10.1.7 is a .914, for the first variable and .798 for the second variable which indicate that the set of questions aimed to serve both two sections of the study are reliable.

Part B: Consumer awareness of VAT in Oman, Analysis:

Following is a Descriptive Statistics for Consumer awareness of VAT in Oman.

Table 10.2.1 Consumer awareness of VAT in Oman Analysis

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	S. D	Verbal Rep.
I Know what value added tax (VAT) is.	12	18	12	38	9	3.16	1.251	Neutral
	13.5%	20.2%	13.5%	42.7%	10.1%			
I have enough information about VAT implementation in Oman.	12	22	18	32	5	2.96	1.177	Neutral
	13.5%	24.7%	20.2%	36.0%	13.5%			
Do you know which goods and services are include by VAT?	8	18	23	34	6	3.13	1.099	Neutral
	9.0%	20.2%	25.8%	38.2%	6.7%			
I am Aware of VAT rate that will applied In Oman.	8	20	14	40	7	3.20	1.150	Neutral
	9.0%	22.5%	15.7%	44.9%	7.9%			

Table 10.2.1 which describing respondent’s opinion on the Consumer awareness of VAT in Oman, it is clear that the highest answer for all four questions in respect to the respondent’s numbers and percentage is awarded to “Agree “, with recorded Means (Average) as following (3.16 – 2.96 – 3.13 – 3.20). The question “I am Aware of VAT rate that will applied In Oman”, records Mean of (3.20) which is the highest among all four questions, and the lowest Mean (2.96), is recorded for the question “I have enough information about VAT implementation in Oman.” All other responses Means are in between, which interpret the findings according to Likert scale verbal representation Table 10.2.1 to “Neutral “.

Part C -Impact of VAT on consumers’ behavior in Oman Analysis

Following is a descriptive Statistics for Impact of VAT on consumers’ behavior.

Table 10.3.1 Impact of VAT on consumers' behavior in Oman Analysis

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	S. D	Verbal Rep..
Imposing VAT on some goods and services will made me buy less quantities of my regular supplies?	6	12	11	35	25	3.69	.128	Agree
	6.7%	13.5%	12.4%	39.3%	28.1%			
Imposing VAT, would significantly impact my consumption level?	4	7	8	42	28	3.93	.113	Agree
	4.5%	7.9%	9.0%	47.2%	31.5%			
VAT implementation will engorge me to focus more on necessary goods and services.	5	13	12	30	29	3.73	.130	Agree
	5.6%	14.6%	13.5%	33.7%	32.6%			
When imposing VAT, you will buy more used product than new products?	8	15	26	25	15	3.27	1.150	Neutral
	9.0%	16.9%	29.2%	28.1%	16.9%			
When imposing VAT, you will switch to a low-quality product?	11	25	20	22	11	2.97	.127	Neutral
	12.4%	28.1%	22.5%	24.7%	12.4%			
Implementation of VAT encourages you to spend less and save more?	16	13	12	35	13	3.18	.131	Neutral
	18.0%	14.6%	13.5%	39.3%	14.6%			

The Statistics for the “Impact of VAT on consumers behavior in Oman from Table 10.3.1, reveals that the highest Frequency of (42) and Mean (3.93) which is interrupted according to five-point Likert scale verbal representation, Table 10.3.1 to “Agree”, is awarded to question “Imposing VAT, would significantly impact my consumption level?”, meaning that the majority of respondents agree that VAT will affect their consumption, the second highest Mean (3.73) is recorded to the question “VAT implementation will engorge me to focus more on necessary goods and services.”

The lowest frequency of (25), respond, “Disagree” which recorded for the statement “When imposing VAT, you will switch to a low-quality product?” with Mean of (2.97) which is verbally interrupted to “Neutral”, which means that the respondents are not sure if they will switch to a low -quality product or not, and the same interpretation goes for the question “When imposing VAT, you will buy more used product than new products?”.

Part D: ANOVA Analysis:

It is important for this study to examine the demographical variables (Age, Gender, Educational and Income levels) and their effect on both parts of the questionnaire the awareness of consumers in Oman about VAT and the Impact of VAT on consumers, to do this, we utilized the ANOVA Analysis to find if there is a significant difference between these variables, the significant p rule is set at (.10), so if $P > (.10)$ for this test, this means that there is no significant impact difference between variables in each group.

Table 10.4.1 ANOVA Gender Analysis

Consumers Awareness of VAT	N	Mean	F	Sig. p
Male	69	12.1884	1.205	.275
Female	20	13.3500		
Total	89	12.4494		
VAT Impact on Consumers				
Male	69	20.8116	.026	.873
Female	20	20.6000		
Total	89	20.7640		

Table 10.4.1 the ANOVA results for Gender reveals that the Gender effect on part b, awareness was the highest mean of (13.350) for Female and the Male record the highest mean of (20.812) in part C VAT Impact, additionally, $p > .10$ which means that there is no noticeable difference in both parts.

Table 10.4.2 ANOVA Age Analysis

Consumers Awareness on VAT	N	Mean	F	Sig. p
20-29	22	12.6818	.342	.711
30-39	37	12.7297		
40 +	30	11.9333		
Total	89	12.4494		
VAT Impact on Consumers				
20-29	22	22.9091	2.806	.066
30-39	37	20.3784		
40 +	30	19.6667		
Total	89	20.7640		

Table 10.4.2, the ANOVA results for Age reveals that the Age effect on part B awareness was the highest mean of (12.730) for group age 30-39, with no significant difference because $p > (.10)$. As for part C, VAT Impact was the highest (22.91) within group age 20-29. Also, $p < .10$ which means that there is a noticeable impact difference for participants of this group.

Table 10.4.3 ANOVA Education Background Analysis

Consumers Awareness on VAT	N	Mean	F	Sig. p
Diploma	46	12.3261	1.046	.356
Bachelor	34	12.1176		
Master/PhD	9	14.3333		
Total	89	12.4494		
VAT Impact on Consumers				
Diploma	46	22.0000	3.290	.042
Bachelor	34	19.0882		

Master & Above	9	20.7778		
Total	89	20.7640		

Table 10.4.3, the ANOVA results for Education level shows that, the Education level effect on part B, Awareness was the highest mean of (14.333) with no significant deference for participants group of education Master & Above. On the other hand, Diploma holders record the highest Mean in part C, VAT Impact, with a significant difference for participants in part C, as $p < (.10)$

Table 10. 4.4 ANOVA Monthly Income in Omani Riyal Analysis

Consumers Awareness on VAT	N	Mean	F	Sig. p
Below 500	25	12.9200	3.634	.031
501-1000	42	11.3095		
1001 & Above	22	14.0909		
Total	89	12.4494		
VAT Impact on Consumers				
Below 500	25	20.9600	.392	.677
501-1000	42	20.2857		
1001 & Above	22	21.4545		
Total	89	20.7640		

Table 10.4.4, the ANOVA results for Monthly Income impact of participants reveals that the Monthly Income impact on part B, awareness is recording the highest Mean (14.091) for group income 1001 & Above with a significant difference between groups, as $p < (.10)$. For part C. Vat Impact was the highest (21.455) again, within the same group, 1001 & Above, with no significant difference as $p > (.10)$.

Hypotheses Testing

Following we will put study hypothesis into test, using T test Model If $t < \text{critical } t (1.987)$, and $\text{Sig } p > (.05)$ hypothesis is accepted.

Table 10. 5. 1 Hypotheses Testing

Null Hypotheses Testing	Mean	St D	t	Sig.
1- H_01 : Consumers in Oman do not have enough information about VAT.	3.113	1.169	.910	.327
2- H_02 : There is no Impact of VAT on consumers behavior in Oman.	3.461	1.214	2.788	.000
3- H_03 : There is no effect of VAT on consumers savings habits in Oman.	3.180	1.353	1.253	.000

1- H_01 : Consumers in Oman do not have enough information about VAT.

H_a1 : Consumers in Oman have enough information about VAT.

The result from table10.5.1 indicates that $t < (1.987)$, and $\text{sig } p (.327) > .05$ according to the result the we fail to reject the null hypothesis H_01 , hence H_a1 : Consumers in Oman have enough information about VAT, is Rejected.

2- H_02 : There is no effect of VAT on consumers behavior in Oman.

H_{a2}: There is an effect of VAT on consumers behavior in Oman.

The results from table 10.5.1 indicate that $t(2.278) > (1.987)$, but $\text{sig } p(.000) < .05$ according to the result the hypothesis H₀₂ is Rejected, H_{a2}: There an Impact of VAT on consumers behavior in Oman. is Accepted.

3- H₀₃: There is no effect of VAT on consumers savings habits in Oman.

H_{a3}: There is an effect of VAT on consumers savings habits in Oman.

The results from table 10.5.1 indicate that $t(1.253) < (1.987)$, but $\text{sig } p(.000) < .05$ according to the result the hypothesis H₀₃ is Rejected, H_{a3}: There is an effect of VAT on consumers savings habits in Oman, is Accepted.

Summary of Results

1. The results from the demographic analysis of the participants indicates that a (77.5%) of them are males, and the majority (41.6%) of the respondent's age is between 30 and 39, and in respect to their education level (51.7%) are diploma holders. (76%) are married and (86.5%) are working. In term of their monthly income the highest percentage (47.2%) goes for group of income between 501 and 1000 Omani Rial.

2. The question "I am Aware of VAT rate that will applied In Oman." from part b of the questionnaire, the awareness of VAT analysis got the highest percentage (44.9%) as 'Agree'. Furthermore, the four questions' answer as "Agree" got the highest percentage, and their Means interpreted verbally to "Neutral" according to Likert scale value description.

3. The results from the descriptive analysis of part c of the questionnaire "The impact of VAT on consumers", reveals that the highest percentage (47.2%) and Mean (4.2), for an answer, goes to the question "Imposing VAT, would significantly impact my consumption level?" as "Agree" and the lowest Mean (2.97) was for the answer "Disagree" is for the question "When imposing VAT, you will switch to a low-quality product?"

4. The ANOVA analysis of the demographic information on consumers awareness of VAT, the highest Mean as follow, for Female as a gender, age (30-39) from age group, Master & Above from group education background and 1001 & above from group monthly income). For the Impact of VAT on consumers, the highest Mean score was for Male as a gender, age (20-29) from age group, Diploma form group education background and 1001 & above from group monthly income.

5. The results from the hypothesis testing after using t test, shows that the first hypothesis which suggests that Consumers in Oman do not have enough information about VAT was accepted and H_{a1} was rejected, this result come along with descriptive analysis results for the awareness of consumers because the respondent's answers was interpreted to "Neutral" which indicate that they are not sure or do not know or cannot provide a conclusive answer, which support the acceptance of the hypothesis. For the second and third hypothesis the t test, results into rejecting the H₀ for both of them hence, H_a is accepted, the descriptive analysis of the VAT impact on consumers support this result.

CONCLUSIONS

The results of this study concerning the awareness of VAT in Sultanate of Oman, it shows that consumers have a moderate knowledge of VAT, the results from Table 10.4.3 and Table 10.5.1 hypothesis testing support this. The highest averages supporting this statement came from (Females, age between 30 to 39, and

participants who holds Master & Above degree).

Regarding consumption, participants think that VAT will affect their consumption levels, especially to those which have monthly income below 500 Omani Royal. Participants think that imposing VAT will change their buying behavior to buy less quantities of their supplies prior the implementation, but not likely to buy less quality or used products. Other previous studies support this, like the study conducted by (Gafar M, 2020) , “The Impact of Value-Added Tax on the Behavior of the Saudi Consumer”

In term of priorities, participants, “Agree” with statement, ‘VAT implementation will engorge me to focus more on necessary goods and services’, this was also noticed in other studies, for consumers in some GCC countries whose consumers attributes are not different to those in Oman.

In regard to spending participants somehow are “Agree” and maybe not sure if VAT might engorge them to spend less and save more, this statement got most attention from group of Monthly Income, 1001 & Above, with a score of Mean (3.68).

VAT is considered with all other forms of taxes in many countries the most important source of income. In case of VAT, it is directly aimed to be collected from consumers.

One of the main objectives of this study is to identify if consumers in Oman are well informed about VAT The study concludes that consumers have a moderate knowledge about VAT, enough, to form some sort of opinions and what to expect after implantation of the tax, but not enough knowledge to cover all aspects of VAT implantation, therefore as they are the most concerned party along with the suppliers, there should be more informative campaign regarding VAT and its implantation. In term of the second aim of this study, VAT impact on consumers, it was found that consumer’s buying priorities, their consumption, and their buying power are expected to be affected from imposing the tax, accordingly this impact might extend negatively to suppliers too.

KEY RECOMMENDATION:

1. The government should enhance public awareness campaigns to educate consumers about VAT, its purposes, and benefits to foster a better understanding and acceptance.
2. Expand the products and services that are exempt from VAT.
3. Lowering the rate of VAT to be less than 5%.
4. Support for low-income households to implement targeted subsidies or financial support programs for low-income households to mitigate the impact of VAT on essential goods and services
5. To create other sources other than Oil and Gas and taxation to fund government budget.
6. Promote the use of digital payment systems, which can offer better tracking of expenses and potential cash back offers, easing the transition for consumers.
7. Regularly review the VAT rate and its impact on different sectors to make necessary adjustments that could help balance revenue generation with consumer affordability.
8. Provide support to small and medium enterprises (SMEs) to adapt to the VAT system, ensuring they can manage the administrative burden without passing excessive costs on to consumers.
9. Strengthen monitoring mechanisms to ensure compliance among businesses, preventing price gouging and ensuring that VAT is correctly implemented and reflected in prices.

Implication Of the study

This study, will help consumers in Sultanate Oman to understand the concept of VAT, it’s advantages and

disadvantages, and, to help law makers, to measure the impact of this taxation on consumers.

And taking the necessary steps toward reducing VAT's negative effects, especially on people who are covered by social security and people with low income, while maximizing its positive effects in the same time on consumers and economy of the country. Furthermore, this study will open a window for future studies regarding this topic to cover more aspects and objectives.

Understanding these implications can help policymakers, businesses, and consumers navigate the changes brought about by the introduction of VAT in Oman, ensuring that the transition is as smooth and beneficial as possible for all stakeholders involved.

Scope for Future Research

The concept of VAT is new for sultanate of Oman, which is a major challenge, to find a proper and needed literature to support the study and it is essential to do more future studies on the topic under more convenient circumstances and explore several areas to provide a comprehensive understanding of the subject.

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Part B

Please mark your responses using (✓) mark للتفضل بوضع علامة (✓) على الإجابة المناسبة

No	Item	Strongly Agree [5] موافق بشدة	Agree [4] موافق	Neutral [3] محايد	Disagree [2] لا اوافق	Strongly Disagree [1] لا أوافق بشدة
1	I know what value added tax (VAT) is.					
2	Do you have enough information about VAT implementation in Oman?					
3	Do you know which goods and services are include by VAT?					
4	I am aware of VAT rate that will applied in Oman.					

Part C

No	Item	Strongly Agree [5] موافق بشدة	Agree [4] موافق	Neutral [3] محايد	Disagree [2] لا اوافق	Strongly Disagree [1] لا أوافق بشدة
1	Imposing VAT on some goods and services will made me buy less quantities of my regular supplies?					
2	Imposing VAT, would significantly impact my consumption level?					
3	VAT implementation will encourage me to focus more on necessary goods and services.					
4	When imposing VAT, you will buy more used product than new products?					
5	When imposing VAT, you will switch to a low-quality product?					
6	Implementation of VAT encourages you to spend less and save more?					

I appreciate your participation of valuable feedback; this information will be for this research paper only and will not be used for any other purpose.