Impact of Implementation of VAT in Sultanate of Oman: An Empirical Study

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Abstract

Sultanate of Oman implemented VAT since April 2021. The objective of this research study is analysing in depth the kind of impact after imposition of value added tax in the country. The impact of the implementation and the customer satisfactions need to be measured by the policy makers to ensure that the implementation leads to a success and development. Thus, an empirical study was conducted by collecting the consumers' opinion under 16 different factors. The data were collectedfrom 100 consumers and the data were analyzed using various statistical measures. The findings showed that the implementation of VAT has increased the basic expenses. Moreover, the goods basic prices were significantly increased. Apart from that, the investments were also increased.

Keywords:

VAT.
SULTANATE OF OMAN,
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1. Introduction

The value added tax has been recently introduced in Oman. Along with the imposition of additional charges of about 5% over ways goods and services on customers in the country, the introduction of the new taxation policy has other far-flung implications on business. The value added tax can increase the cost of living for all individuals in the country. Provided the average economic status of country like Oman can afford the imposition of the value added tax. Nevertheless, increased tax revenue in consumption goods sales has the negative and positive economic consequences for all regions in the purview of GDP growth as well as aggregate consumption instrument or reduction. In Oman the treaty provides that value added tax on supply of goods and services within the scope of taxation will be universally charged at 5% standard rate unless the goods and services are exempted for zero rated tax-based products (Abdixhiku*et al.,* 2017). The mandatory registration threshold for value added tax in Oman is 38,500. Nonetheless, the threshold is considered for annual sales of the rolling proceeding for 12 months. The non-resident organisations make taxable supply in Oman under the compulsory value added tax register. Other than the most promising benefits like a stabilizing the revolution of the Government and mentoring market equilibrium by ensuring a fair competition and transparency in business process it is also important to note that the value added tax is regressive in nature (Agell, Englund &Södersten, 2016). It will be affecting the poor people more than the rich people as the poor people spend more proportion of them in comparison to saving which is quite contrary to that of rich people. This is how the comparative proportionate the taxation pay out for the poor people is much greater in comparison to the rich people. All kinds of purchase and sales records need to be maintained under such free texture which will also count for increment in the compliance cost.

The value added tax came into impact in Oman since April 2021. The objective of this research study is analysing in depth the kind of impact after imposition of value added tax in the country. The national economics are going to be greatly changed after imposing a value added tax. Flat 5% tax has been levied as VAT tax for the country on various goods and services purchased by the consumers. In spite of positive

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expectation, different shops and restaurants have been reporting brisk business over the weekend after its imposition. Artemenkoet al., (2017), considers the idea that VAT tax will be helping in economic diversification of the country in multiple ways there for achieving the government objective of disintegration of the economic focus and GDP expectancy from the oil and Gas sector which is in itself experiencing dynamic and irreversible changes (Alm, Martinez-Vazquez & McClellan, 2016). Therefore, it is important to note that the inclusion of value added tax will help in bringing about better economic balance in the country thereby creating scope for expansion of different industries and moved towards break-even hence help in achievement of the objectives of vision 2040.

In order to understand why the imposition of value added tax in Oman is an issue worth researching then the attitude and perceptions of the people of the country in purview of the introduction of the VAT tax should be started. As the country has been, combating COVID-19 outcome in the aftermath of reduction in oil prices by position of this tax can definitely help the government to be back on track. Reason doubted that this tax will be able to generate additional revenue. The earning from tax is estimated to be additional revenue to the economy there for boosting the same. The physical revenue can be used for public welfare to some extent ensuring economic growth. It will also help in overcoming the debt obligations of the state. The state treasury will be able to meet the deficit in the aftermath of the price sulking in the oil and Gas sector followed by helping in diversification of the income of the country away from oil and strengthening other sectors by increasing their competitiveness level and sovereign rating (Briant, Lafourcade& Schmutz, 2015). However, it is an issue of stark relevance and significance because during its introduction in Oman the initial inflationary impact while the economy is still in the soft musician is debatable. In case of most purchase value added tax of 5% will be imposed. Therefore, the bottom line of the society making mode microprocessor means that the amount of value added tax they need to pay would go up. The rate of tax is comparatively lower than other countries full stop there for some researchers think that the expected the increase of end product price will not have a major impact on the consumers. The objective of this research can be researching the same and justifying the statements in either negative or positive bias against the above made statements.

This research sheds light on the multiple details in purview of application of value added tax and also capitulates how the economic life of the country is going to be impacted in purview of value added tax when already the people are dealing with the tax categories like withholding tax and excise tax. This research study will shed light whether the government alone which will strengthen and centralise its command over all spheres of public life with tax or the public will be actually liberalized in terms of economic stability. There is a need to streamlinethe system for greater sustainability and stability in people's economic life in the purview of current pandemic situation and aftermath of major economic crisis with a dynamic hit on the oil and gas industry of the country.

2. Research Method

A detailed questionnaire was developed with four sub-factors under each major factor considered for the study. The questionnaire was developed in Google Forms and the link was distributed to all consumers between Table 1 shows the major factors, the related sub-factors and the corresponding factor codes.

Table 1: Factors and Code

Factor	Factor Code
Increase in Expenses	II1
Increase in Low Earning Group	II2
Expenditure from Savings	II3
Financial Irregularities	II4
Basic Goods Price	GG1
Availability of Goods	GG2
Quality of Goods	GG3
Economic Growth	GG4
Increase in Living Standards	EL1
Increase in Savings of Disposable Income	EL2
Changes in buying luxury goods	EL3
Frequent Replacement of Goods	EL4
Reduction in buying capacity	SH1
Increase in Investment	SH2
Reduction in Demands	SH3
Reduction in trips / visits	SH4

Reliability Analysis

The Cronbach's Alpha Reliability Analysis was conducted to test the validity of the instruments and the internal consistency between the factors. The reliability analysis was conducted by considering all possible variables for the study: All 25 Variables, 20 Variable (excluding demographic); 16 variables (all sub-factors), 4 factors related to knowledge and 4 variables (sub-factors under each major factor).

The following Table 2 shows the Cronbach's Alpha Reliability Analysis of all considerations.

Table 2: Cronbach's Alpha Reliability Analysis

Consideration	α – Value	α – Range
All 25 Variables	0.832	$0.80 \le \alpha < 0.90$
20 Variables (excluding demography)	0.995	$\alpha \ge 0.90$
All 16 sub-factors	0.888	$0.80 \le \alpha < 0.90$
Knowledge factors (4 factors)	0.910	$\alpha \ge 0.90$
II (4 sub factors)	0.774	$0.70 \le \alpha < 0.80$
GG (4 sub-factors)	0.680	$0.60 \le \alpha < 0.70$
EL (4 sub-factors)	0.694	$0.60 \le \alpha < 0.70$
SH (4 sub-factors)	0.749	$0.70 \le \alpha < 0.80$

From the rule of thumb, it is evident that all factors considered for the study under different perspectives and factors have significant internal consistency. The α – values for overall 25 factors including the demographic variables (α = 83.2%), for 20 variables excluding the demographic variable (α = 99.5%) and for the all the 16 variables considered all together (α = 88.8%) showed that the factors considered for the study have "Good" reliability and very high internal consistency.

Sampling Adequacy:

To ensure that the sufficient samples have been collected to conduct the study, Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy test was conducted and the results are shown in Table 3.

Table 3: KMO Sampling Adequacy

Consideration	KMO – Value	KMO – Range
All 25 Variables	0.80	$0.70 \le KMO < 0.80$
20 Variables (excluding demography)	0.85	$0.80 \le KMO < 0.90$
All 16 sub-factors	0.85	$0.80 \le KMO < 0.90$
Knowledge factors (4 factors)	0.82	$0.80 \le KMO < 0.90$
II (4 sub factors)	0.72	$0.70 \le KMO < 0.80$
GG (4 sub-factors)	0.72	$0.70 \le KMO < 0.80$
EL (4 sub-factors)	0.71	$0.70 \le KMO < 0.80$
SH (4 sub-factors)	0.70	$0.60 \le KMO < 0.70$

From the Rule of Thumb, all the KMO values are at least fall above "Meddling" with > 0.70 range. As stated in various researches, the KMO Values for all 25 variables including the demographic variable, the 20 variables excluding the demography and the all the 16 sub-factors values are > 0.80 which indicated that the sampling is adequate to conduct the study. Moreover, all the KMO values are above 0.50, which showed that the factors analysis is suitable for the study.

Structure Reduction

To ensure that the variables selected for the study are not redundant and there is a significant and the data set is suitable for data reduction Bartlett's Test of Sphericity was conducted. The results are shown in the following Table 4.

Table 4: Sphericity of the Factors

Consideration	BTS (χ^2)	df	Significance
All 25 Variables	1263.348	300	0.000
20 Variables (excluding demography)	1032.936	190	0.000
All 16 sub-factors	677.029	120	0.000
Knowledge factors (4 factors)	294.227	6	0.000
II (4 sub factors)	126.486	6	0.000
GG (4 sub-factors)	61.219	6	0.000
EL (4 sub-factors)	68.966	6	0.000
SH (4 sub-factors)	106.692	6	0.000

The significance of Bartlett's Test of Sphericity for all variable considerations are 0.000, hence the variables are not related and there is no redundancy in the factors. Thus, data set is suitable for structure deduction.

Apart from these, none of the Extraction communalities using Principle Component Analysis values at each segment analysis is less than 0.5. This shows that the variables considered fit well with the factors analysis and none of the variable need to be dropped from the analysis.

Communalities

To ensure that the extracted components represent the variables, Principal Component Analysis was conducted. The following Table 5 shows the extraction values for all the 25 factors considered for the study.

Table 5: Extraction Values

Communalities

	Initial	Extraction
Gender	1.000	.692
AGE	1.000	.687
EDUCATION	1.000	.684
OCCUPATION	1.000	.605
INCOME	1.000	.718
I1	1.000	.734
I2	1.000	.831
I3	1.000	.812
I4	1.000	.824
II1	1.000	.781
II2	1.000	.769
II3	1.000	.703
II4	1.000	.383
GG1	1.000	.591
GG2	1.000	.509
GG3	1.000	.614
GG4	1.000	.607
EL1	1.000	.602
EL2	1.000	.643
EL3	1.000	.750
EL4	1.000	.460
SH1	1.000	.543
SH2	1.000	.527
SH3	1.000	.762
SH4	1.000	.723

Extraction Method: Principal Component Analysis.

The results showed that the variable "I2" had the highest amount of variance and the factor "II4" had least amount of variance. Thus, the principal components explain 83.1% variance of "I2", whereas, the principal components explain 38.3% variance of "II4". However, none of the extraction values is less than 0.30 and hence the extracted components very well represents the variables considered for the study.

Demographic Analysis

52 female and 48 male respondents provided their opinion. The following table 5 shows the Gender – Age Analysis.

Table 5: Gender – Age Analysis

Age Group	Male	Female
Below 30	8	19
31 – 40	12	22
41 – 50	19	8
Above 50	9	3

The following Table 6 shows the Income – Occupation Analysis.

Table 6: Income – Occupation Analysis

Income	Private	Public	Professional	Business	Retired	HM	Students	Total
< 500	5	1	-	2	3	7	24	42
501 – 1000	14	5	1	1	-	-	1	22
1001 – 1500	12	3	2	6	1	-	-	24
> 1500	4	1	7	-	-	-	-	12
Total	35	10	10	9	4	7	25	

From the above table, it is evident that samples from all the sectors and the corresponding income scales have been collected. The samples collected would represent the opinion of the population. The demographic profile analyses clearly show that the samples were collected from the wide range of consumers from different age group, gender, education, occupation and income scale. Thus, the samples would significantly represent the population and the study shall be further proceeded on other factors.

3. Results and Analysis (10pt)

The major factors were analysed for the respondent's opinion on the implementation of VAT. The following Table 7 shows the descriptive analysis of responses for each factors in 5 Point Liket Scale. (5 – Strongly Agree; 1 – Strongly Disagree)

Table 7: Descriptive Analysis

SF Code	Mean	SD	SE	Skewness	Kurtosis	CV
II1	4.35	1.01	0.10	-1.60	1.84	23.19%
II2	3.95	1.16	0.12	-0.90	-0.25	29.32%
II3	4.16	0.92	0.09	-1.13	1.37	22.07%
II4	3.89	0.89	0.09	-0.49	0.01	22.79%
GG1	4.31	0.94	0.09	-1.56	2.32	21.80%
GG2	3.83	1.10	0.11	-1.00	0.60	28.76%
GG3	3.98	0.92	0.09	-0.59	-0.46	23.14%
GG4	4.04	1.04	0.10	-0.95	0.20	25.83%
EL1	3.91	1.24	0.12	-1.09	0.34	31.71%
EL2	3.63	1.15	0.12	-0.73	-0.12	31.73%
EL3	3.23	1.36	0.14	-0.33	-1.11	42.17%
EL4	3.93	1.06	0.11	-1.17	1.13	26.88%
SH1	3.93	1.11	0.11	-1.07	0.41	28.31%
SH2	4.19	0.94	0.09	-1.06	0.61	22.42%
SH3	4.18	0.98	0.10	-1.30	1.36	23.41%
SH4	4.10	1.12	0.11	-1.20	0.49	27.41%

From the above table, it is evident that the mean values of the individual factors were significantly fall in "High" range with 65% of the 5 – point LIKERT scale. The factor "Changes in buying luxury goods" (EL3) has the least mean value with $\overline{EL3} = 3.23$ and the factor "Increase in the expenses" (II1) has the highest mean value $\overline{II1} = 4.35$

The Standard Deviation (SD) values are nearer 1 out of 5 point Likert scale. The maximum SD value is $S_{EL3} = 1.36$ whereas the least SD is $S_{II4} = 0.89$. This showed that the data are consistent and the respondents were having similar views on the sub-factors. The smaller Standard Error in Mean (SE) values, which are close to zero, showed that the responses represents the views of the population. All the Skewness values are negative. These negative Skewness values showed that the responses were towards the higher value which is 5 – Strongly Agree on the statements related to the implementation VAT. But, the Skewness values are both < -0.5 for some sub-factors which are moderately skewed and some values > -0.5 which are approximately symmetric (Bulmer, 1979).   The Kurtosis values are less than zero. Thus, the responses forms a light-tailed platykurtic curve with lower and broader central peak. This implies that most of respondents have around "Agree" on the factors of implementation of VAT. The Coefficient of Variation (CV) values are around 25% to 30%, for most of the factors, which showed that the dispersion around the mean are comparatively low. The factor EL3: Changes in buying luxury goods has the highest CV. This showed that the respondents have different opinion on this factor.

One Sample t – Test

One sample t – test has been conducted to identify the agreement of the respondents on the individual factors.

Impact on Income Level

The following Table 8 shows the one sample t – test results at 99% confidence interval for the sub-factors related to the "Impact on Income Level".

One-Sample Test

| | Test Value = 0 | | | | | |
| | t | df | Sig. (2-tailed) | Mean Difference | 99% Confidence Interval of the Difference | |
					Lower	Upper
II1	43.121	99	.000	4.3500	4.085	4.615
II2	34.111	99	.000	3.9500	3.646	4.254
II3	45.313	99	.000	4.1600	3.919	4.401
II4	43.884	99	.000	3.8900	3.657	4.123

From the above table it is clear that the respondents have similar opinion on all the four factors related to this major factor as $p < 0.01$.

Gross Domestic Product Growth

The following Table 9 shows the one sample t – test results at 99% confidence interval for the four factors related to "GDP Growth" factor. This shall be observed that the responses are at the same agreement in all the four sub-factors related to this main factor as $p < 0.01$.

One-Sample Test

| | Test Value = 0 | | | | | |
| | t | df | Sig. (2-tailed) | Mean Difference | 99% Confidence Interval of the Difference | |
					Lower	Upper
GG1	45.874	99	.000	4.3100	4.063	4.557
GG2	34.772	99	.000	3.8300	3.541	4.119
GG3	43.218	99	.000	3.9800	3.738	4.222
GG4	38.709	99	.000	4.0400	3.766	4.314

Enhancing Social Living Standards of People

The one sample t – test values are shown in the following Table 10 related to this factor.

One-Sample Test

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	99% Confidence Interval of the Difference	
					Lower	Upper
EL1	31.536	99	.000	3.9100	3.584	4.236
EL2	31.519	99	.000	3.6300	3.328	3.932
EL3	23.711	99	.000	3.2300	2.872	3.588
EL4	37.197	99	.000	3.9300	3.653	4.207

From the above analysis, it is clear that all the respondents have same viewpoints on all the four sub-factors related to the major factor.

Spending Habit of the People

The one sample t – test was conducted and analysed for the respondents' opinion on changes in spending habits of the people after the implementation of VAT in Oman. The above Table 11 shows the results. From the analysis, it is obviously clear that the responses were similar in this factor also.

One-Sample Test

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	99% Confidence Interval of the Difference	
					Lower	Upper
SH1	35.328	99	.000	3.9300	3.638	4.222
SH2	44.596	99	.000	4.1900	3.943	4.437
SH3	42.725	99	.000	4.1800	3.923	4.437
SH4	36.488	99	.000	4.1000	3.805	4.395

Thus, the one sample t – test results of the sub-factors showed that the respondents were either strongly agreed or agreed on all the statements related to the sub-factors considered for the study. Hence, to check the correlation between the sub-factors considered under each major factors were studied.

Pearson's Correlation Matrix

The following Table 12 showed the Pearson's correlation between the sub-factors related to "Impact on Income" factor.

Correlations

		II1	II2	II3	II4
II1	Pearson Correlation	1	.620**	.615**	.213*
	Sig. (2-tailed)		.000	.000	.033
	N	100	100	100	100
II2	Pearson Correlation	.620**	1	.597**	.280**
	Sig. (2-tailed)	.000		.000	.005
	N	100	100	100	100
II3	Pearson Correlation	.615**	.597**	1	.431**
	Sig. (2-tailed)	.000	.000		.000
	N	100	100	100	100
II4	Pearson Correlation	.213*	.280**	.431**	1
	Sig. (2-tailed)	.033	.005	.000	
	N	100	100	100	100

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

From the above analysis, it is evident that the II1 and II4 correlation, all the other factors have highly significant correlation at the 0.01 level (p < 0.01) and whereas II1 and II4 has significant correlation at the 0.05 level (p < 0.05).

The following Table 13 shows the Pearson's correlation between the four factors of "GDP Growth" factor. The analysis showed that all the four factors have significant correlation with each other at the level 0.01 significance.

Correlations

		GG1	GG2	GG3	GG4
GG1	Pearson Correlation	1	.413**	.381**	.317**
	Sig. (2-tailed)		.000	.000	.001
	N	100	100	100	100
GG2	Pearson Correlation	.413**	1	.465**	.261**
	Sig. (2-tailed)	.000		.000	.009
	N	100	100	100	100
GG3	Pearson Correlation	.381**	.465**	1	.274**
	Sig. (2-tailed)	.000	.000		.006
	N	100	100	100	100
GG4	Pearson Correlation	.317**	.261**	.274**	1
	Sig. (2-tailed)	.001	.009	.006	
	N	100	100	100	100

**. Correlation is significant at the 0.01 level (2-tailed).

The following Table 14 shows the Pearson's correlation between the factors related to Enhancing the standard of the people living in Oman.From the analysis, it is clear that except EL3 and EL4, all the other factors have significant correlation between each other at 0.01 level of significance (p < 0). However, EL3 and EL4 has no significant correlation even at 0.05 level of significance (p > 0.05). This is obviously true, as a person do not wants to buy luxury goods will also think to replace the existing goods frequently. It shall also be observed that the p – value is so closer to significance level.

Correlations

		EL1	EL2	EL3	EL4
EL1	Pearson Correlation	1	.457**	.383**	.304**
	Sig. (2-tailed)		.000	.000	.002
	N	100	100	100	100
EL2	Pearson Correlation	.457**	1	.493**	.344**
	Sig. (2-tailed)	.000		.000	.000
	N	100	100	100	100
EL3	Pearson Correlation	.383**	.493**	1	.194
	Sig. (2-tailed)	.000	.000		.053
	N	100	100	100	100
EL4	Pearson Correlation	.304**	.344**	.194	1
	Sig. (2-tailed)	.002	.000	.053	
	N	100	100	100	100

**. Correlation is significant at the 0.01 level (2-tailed).

Thus, the Pearson's Correlation Analysis showed that the factors have significant correlation among each other, hence to measure the linearity and the relationship between each factor and the major factor, multiple linear regression analysis were conducted.

Linear Regression Analysis

The overall average of the factors were calculated and assigned to the major factor. Each major factor is considered as the department variable on the corresponding sub-factors which are considered as independent variables. The following Table 15 shows the corresponding results.

Table 15: Linear Regression Analysis

Factor	FC	R	F	Sig	Equation
Increase in Expenses	II1	0.805	180.094	0.000	$II = 0.62II1 + 1.41$
Increase in Low Earning Group	II2	0.837	229.093	0.000	$II = 0.56II2 + 1.89$
Expenditure from Savings	II3	0.847	249.494	0.000	$II = 0.71II3 + 1.13$
Financial Irregularities	II4	0.591	52.575	0.000	$II = 0.51II4 + 2.09$
Basic Goods Price	GG1	0.723	107.419	0.000	$GG = 0.55GG1 + 1.66$
Availability of Goods	GG2	0.763	136.362	0.000	$GG = 0.50GG2 + 2.14$
Quality of Goods	GG3	0.724	107.672	0.000	$GG = 0.56GG3 + 1.80$
Economic Growth	GG4	0.655	73.803	0.000	$GG = 0.45GG4 + 2.22$
Increase in Living Standards	EL1	0.748	124.436	0.000	$EL = 0.53EL1 + 1.62$
Increase in Savings of Disposable Income	EL2	0.789	161.759	0.000	$EL = 0.60EL2 + 1.51$
Changes in buying luxury goods	EL3	0.748	124.422	0.000	$EL = 0.48EL3 + 2.13$
Frequent Replacement of Goods	EL4	0.600	55.055	0.000	$EL = 0.50EL4 + 1.73$
Reduction in buying capacity	SH1	0.764	137.596	0.000	$SH = 0.54SH1 + 1.98$
Increase in Investment	SH2	0.613	59.001	0.000	$SH = 0.51SH2 + 1.95$
Reduction in Demands	SH3	0.816	195.920	0.000	$SH = 0.66SH3 + 1.36$
Reduction in trips / visits	SH4	0.820	201.145	0.000	$SH = 0.57SH4 + 1.75$

From the above analysis, it is evident that the R – values are above 0.5. The p – value is < 0.001, which showed that the relation is significant at 99.9% level.

Ranking

The impact levels of factors on the major factors are measured through the coefficient of determination value of the individual sub-factors The following Table 16 shows the respective mean values, coefficient of determination and the ranking of the factors. The factors impact on the corresponding major factor were considered as "Internal Rank" and the overall highest value ranking was termed as "Overall Rank". The ranking were categorized based on Mean Values When there was a tie between the mean values, the corresponding R^2% values were compared for ranking purposes. The high R^2% factor was given the higher rank.

Factor	FC	Mean	R^2 %	Internal Rank	Overall Rank
Increase in Expenses	II1	4.35	64.80%	1	1
Increase in Low Earning Group	II2	3.95	70%	3	9
Expenditure from Savings	II3	4.16	71.80%	2	5
Financial Irregularities	II4	3.89	34.90%	4	13
Basic Goods Price	GG1	4.31	52.30%	1	2
Availability of Goods	GG2	3.83	58.20%	4	14
Quality of Goods	GG3	3.98	52.40%	3	8
Economic Growth	GG4	4.04	43.00%	2	7
Increase in Living Standards	EL1	3.91	55.90%	2	12
Increase in Savings of Disposable Income	EL2	3.63	62.30%	3	15
Changes in buying luxury goods	EL3	3.23	55.90%	4	16
Frequent Replacement of Goods	EL4	3.93	36.00%	1	11
Reduction in buying capacity	SH1	3.93	58.40%	4	10
Increase in Investment	SH2	4.19	37.60%	1	3
Reduction in Demands	SH3	4.18	66.70%	2	4
Reduction in trips / visits	SH4	4.10	67.20%	3	6

When the sub-factors of "Impact on Income" were analysed, it was identified that "Increase in Expenses" had "rank 1, "Expenditure from Savings" had the 2nd rank. "Increase in Low Earning Groups" had the 3rd rank and the "Financial irregularities" had the 4th rank. When "GDP Growth" sub-factors were analysed, "Basic Goods Price" had the 1st rank. "Availability of Goods" had rank 2. "Quality of Goods" had the 3rd rank and the "Quality of Goods" had the 4th Rank. When "Enhancing Social Living Standards" were considered, "Frequent Replacement of Goods" had Rank 1. "Increase in Living Standards" had rank 2. "Increase in Savings of Disposable Income" had the 3rd rank whereas "Changes in buying Luxury Goods"

had the 4th rank. When "Spending Habits of the People" were considered, "Increase in Investment" had the 1st rank. "Reduction of Demand" had the 2nd rank. "Reduction Trips" had the 3rd rank and "Reduction in buying Capacity" had the 4th rank.

When "Overall Rank" was considered, "Increase in Expenses" had the 1st Rank. "Basic Goods" price had the 2nd rank. "Increase in Investment" had the 3rd rank. "Reduction of Demand" had the 4th rank. "Expenditure in Savings" had the 5th rank. The following three factors had the lowest rankings: "Availability of Goods", "Increase in Savings of Disposable Income" and "Changes in buying Luxury Goods".

4. Conclusion (10pt)

The study has critically emphasised on the VAT application in Oman and its impact on the country as a whole. The system of taxes has helped the Oman government immensely to develop the business, health and education, and governance in the country. Oman maintains the standardised lower rate of 5% VAT. This would significantly help to enhance the quality of services and in turn, improve the lifestyle of people.

Moreover, Sultanate of Oman government and tax authorities are supposed to be well aware of the common legal framework and integrate the regulations in the local and the law requirements. This can help the members of the state to address the key regulatory and understand the global business criteria. Their business and the VAT values are enabling the tax authorities to be formed that can help them to handle the goods and the services provided globally. The annual revenue is also checked as a part of the voluntary expenses that can exceed the threshold. This can be an opportunity to develop a start-up business with the turnover to register for VAT.

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