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Determinants of Value Added Tax in Oman

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ABSTRACT

Value Added Tax (VAT) system started to implement only in the year 2018 in Gulf Corporation Councils countries. The main purpose of this study is to understand to a great extent the determinants of VAT in Oman by using a qualitative approach. The research survey has used purposive sampling techniques to select a group of individual accountants who are working in a small and medium sized business. The study has considered respondents' basic knowledge in accounting and experience by adopting a qualitative approach and selected 26 respondents as sample size involving semi-structured interviews. The findings suggested that there is a positive impact on determinants of VAT (VAT law, VAT awareness, and VAT impacts) with the implementation of VAT in Oman. The study highlights the broad scope of VAT in Oman specially to remove VAT ambiguity among citizens. The study identified not only citizens believes on VAT but also each set of interviewees' responses can be understood in different ways. The paper provides a path for strategic insights and practical thinking by software providers, accountants, managers, governments, and the general public. The study has shown that the majority of the respondents did not exactly know about the overall scope of VAT, intra sales and purchase between countries, input tax, output tax, and zero tax. Determinants of VAT law, VAT awareness and VAT impacts are not well understood, especially by micro, small and medium enterprises. But the majority of the respondents were ready to accept and agree that VAT impacts Oman's GDP significantly.

KEYWORDS

Value Added Tax, VAT law, VAT awareness, VAT impacts, Oman

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Детерминанты налога на добавленную стоимость в Омане

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АННОТАЦИЯ

Система налога на добавленную стоимость (НДС) начала внедряться в странах-членах Совета сотрудничества арабских государств Персидского залива в 2018 г. Целью данного исследования является определение отношения к внедрению НДС в Омане. В исследовании использован качественный метод полуструктурированного интервью. Для проведения исследования проведена целенаправленная выборка группы индивидуальных бухгалтеров, работающих в малом и среднем бизнесе с учетом их базовых знаний в области бухгалтерского учета и опыта работы. Для интервью было выбрано 26 респондентов. Полученные результаты свидетельствуют о положительном влиянии внедрения

НДС в Омане на выбранные детерминанты налога (закон об НДС, осведомленность о НДС и воздействие НДС). В исследовании подчеркивается, что широкая сфера применения НДС в Омане способствует устранению неопределенности в отношении налога. Исследование выявило не только то, как респонденты относятся к НДС, но и то, что ответы каждого из опрошенных могут быть поняты по-разному. Исследование предоставляет информацию, которая может использоваться для стратегического понимания и практического использования поставщиками программного обеспечения, бухгалтерами, менеджерами, правительством и широкой общественностью. Исследование показало, что большинство респондентов не совсем точно знают об общей сфере применения НДС, налогообложении продаж внутри страны и покупок между странами, входном налоге, выходном налоге и нулевом налоге. Выбранные детерминанты налога (закон об НДС, осведомленность об НДС и воздействие НДС) не очень хорошо понятны, особенно микро-, малым и средним предприятиям. Однако большинство респондентов высказали готовность принять и согласиться с тем, что НДС оказывает значительное влияние на ВВП Омана.

КЛЮЧЕВЫЕ СЛОВА

налог на добавленную стоимость, закон об НДС, осведомленность об НДС, влияние НДС, Оман

1. Introduction

Gulf Corporation Councils (GCC) economies are depending mostly on the export of oil as their main revenue. Especially, Coronavirus pandemic and shutdown measures have plunged the global economy into a severe contraction. Value Added Tax (VAT) helps the GCC economy to cope with the recession and oil price collapse in the present economic situations. As a measure, it is important to know about VAT laws and their effective implementation by any developing country. VAT is the tax that is ultimately paid by the consumers on their consumption of the product and is considered as a tax on consumption. Hence it is also important to know VAT impacts in the society as well as VAT awareness among citizens. Therefore, using the results of this study helps the effective implementation of VAT in a country. So remarkably, we see that increased initiation to implement VAT in GCC countries since the year 2018.

VAT sometimes known as goods and services tax, or general sales tax is a type of tax that is assessed incrementally. It is levied on the price of a product or service at each stage of production, distribution, or sale to the end consumer. VAT system was implemented in many countries long ago, but it started to implement only in the year 2018 in GCC countries [1].

Out of the six GCC countries, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates, have signed the agreement paving the way for the introduction of VAT throughout the GCC in 2018. Out of this, 4 countries including Oman (at the time of the current study) yet to be introduced VAT. Despite extensive and comprehensive literature on this issue, there is controversy over the results of researchers that makes it tough to draw a united conclusion. Hence, reviewing, combining, and assessing the associated literature appears to be necessary for testing the reliability and generalizability of findings.

The main posed issue in this study is the presence of contradictory results in conducted studies on determinants of VAT which make the general conclusion difficult. However, a wide range of examinations are conducted on the determinants of VAT issues declared in their study and expressed that there is a significant relationship between determinants (VAT law, VAT awareness and VAT impacts of VAT) and VAT in Oman.

Beebejaun [2] highlighted some issues based on Organization for Economic Cooperation and Development's (OECD) and South African laws that may be useful to Mauritius prospective investors when drafting regulations on the imposition of VAT on foreign suppliers of digital services under the VAT Law.

Thottoli [3] analysed the different barriers faced by businesses in implementing compliance standards, with a special focus on Oman. As there are no taxes imposed on firms and individuals in the UAE, tax awareness had the great influence on Muslim business operators' attitudes throughout the post-VAT implementation era [4]. According to [5, 6], the repercussions of legacy difficulties for some critical VAT design issues are significant.

Based on the literature, the countries in GCC have faced several difficulties and challenges in the effective implementation of VAT and its awareness among citizens. For example [7] noticed that the participants in their study do not accept the implementation of VAT in Bahrain because they think that this will increase the price of the goods and services and will not improve the welfare of people in Bahrain. Alsharari [8] showed that legacy issues are important in their implications for some key VAT design issues. There are declining economies around the world, especially in Oman and other GCC countries in the last year due to novel coronavirus and lockdown has resulted from the price reduction in crude oil due to the decline in Gross Domestic Product.

The language barrier between taxpayers and the authorities, as well as differences between English-language and Arabic rules and guidance is complicating matters for many [9]. They recommended that there are notable challenges and problems faced by GCC countries including Oman for effective implementation of VAT which require attention and intervention by researchers and scholars. Oman, as a context of this study, has the implementation of VAT in the year 2021.

Thus, the set of problems and challenges mentioned above epitomizes a call for researchers to study and understand the determinants of VAT in Oman and the need of searching for issues among Oman as a whole.

The main purpose of this study is to understand to a great extent the determinants of Value Added Tax (VAT) in Oman by using a qualitative approach.

This research has developed the following hypotheses:

H_1 : New VAT law has considered as a determinant of VAT in Oman.

H_2 : VAT awareness has considered as a determinant of VAT in Oman.

H_3 : VAT impacts has considered as a determinant of VAT in Oman.

The remains of this paper are systematized as reviewing the related Literature review. Next, the Methodology is followed by discussions and implications. Finally, the paper includes the conclusions, limitations, and future research.

2. Literature Review

Implementation of VAT in Oman requires to know regulatory compliance, VAT registration compliance, VAT training for employees, output assessment, and post-implementation assistance. These are influences that try to remove ambiguity on practical implementation and give confidence to regulatory authorities, organizations, and citizens. Large-scale VAT implementation in the initial stage is not practical. Law enacting compulsion of VAT registration needs to consider organizations' turnover. As an initial stage of VAT implementation, the authority has to decide specific product under VAT law. Oman VAT laws pose countries reputational and financial risks.

Significant importance of VAT determinants (such as VAT law, awareness, and impacts on VAT in Oman) has motivated to review and study these factors separately.

2.1. VAT law and VAT in Oman

VAT is an indirect tax that has to be levied on goods and services. It is considered that a good tax system should have a balance between income tax and consumption taxes. Intra sales and purchase transactions between GCC member states have signed GCC VAT agreement. There is no GCC VAT applicable to the products which export outside the GCC country.

In United Arab Emirates (UAE), the export of products (goods/services) to countries outside GCC territory are not attract VAT in UAE. Hence the supplier

can claim the input tax credit on input if at all they use it. The concept of zero-rated VAT exempt tax is two different sections of the VAT law. To claim VAT exemption some companies, need to submit their tax return and or to show that the VAT has been taxed at zero percent. Every country has to implement domestic VAT laws and regulations.

Oman appears ready to adopt the recommendations of the International Monetary Fund (IMF) and put in place a tax system that will stabilize revenue and VAT and corporate income tax are considered. A VAT Framework Agreement, that functions like the VAT directive in the European Union (EU), has been agreed upon [10; 11].

There would need an agreement on VAT imposition on product and treatment of inter GCC supplies [12]. 24-Oct-2018 UAE established a federal tax authority (by decree) responsible for collecting and administering VAT in the country [13].

The EU has the longest and most extensive experience in operating a harmonized VAT system in a common market and as a result, a basic knowledge of the EU VAT is likely to be of assistance to policymakers in designing a common VAT framework for the GCC [14].

Broad principles that need to be complied with in their VAT Laws, though it is of key importance that Kuwait has entered into around 70 double taxation avoidance agreements [15]. Through reviewing previous literature about VAT law in Oman, it is provided that various academic studies were focused on the effect of VAT law in GCC.

2.2. VAT awareness and VAT in Oman

As an initial stage of VAT implementation, awareness of VAT computerization and other related aspects should be familiar to organizations and citizens. Awareness may include, knowing VAT applicable products, VAT exemption, VAT percentage, VAT calculations, VAT registration of companies, double taxation avoidance, VAT credit, knowledge of VAT software, VAT return. Most relevant factors such as sales tax, VAT, excise

duty, etc. were contributed to the effectiveness of improved services through computerized government services in the organization [16].

The E-government online method decreases the complicity of traditional tax methods [17]. Government, healthcare education, financial services are exempt from VAT [18]. Health and education sectors are exempt from VAT [15]. VAT is a single rate of VAT that is applied uniformly across all goods and services in the economy [19].

In the high-income GCC states, economic planners have examined the merits of placing higher VAT levels on luxury goods rather than those used by low and middle-income consumers [20]. VAT will be imposed not only on most domestic supplies of goods and services across each GCC country but also on purchases made from unestablished suppliers, which currently are untaxed [21].

One of the key elements in the establishment of a GCC VAT is the determination of a compulsory threshold for the registration of VAT taxpayers. Small traders with annual gross sales/turnover below a VAT registration threshold are exempted from tax [22].

Turkey signed agreements on avoidance of double taxation and reciprocal promotion and protection of investments with Bahrain, Oman, Saudi Arabia, and the UAE to facilitate bilateral and regional trade and boost commercial relations [23].

Taxable supplies and imports exceed AED 375000 per annum, a threshold limit for mandatory VAT registration [24]. VAT input tax on the purchase of taxable goods or services that have been paid and collected by VAT entrepreneurs is considered as VAT credit and can be credited with output tax in computing the VAT payable on the respective VAT return period [25].

With the application of VAT in the UAE, there is a need for updated software to cope with the new tax systems, as businesses did not have such software and technology due to the country not imposing taxes on businesses [26]. Customized accounting software can be used for better practice in accounting and auditing [27; 28].

A business that successfully implemented information communication technology in their accounting and auditing shows efficiency and effectiveness in business operational performance [29; 30]. A system of VAT is a summary tax system, whereby the seller of goods is required to file returns at the end of a certain period. In contrast, GST is a system that is based on the transaction [31]. The above-mentioned reviews were indicated various opposing explanations were suggested about VAT awareness and VAT in Oman.

2.3. VAT impacts and VAT in Oman

Impacts of successful implementation of VAT in countries such as, boost to government, increased global competitiveness, increased accountability, improved advancement in business, adoption of information and communication technology, better organization operational efficiency, development of infrastructure facilities, social, environmental benefits to the economy and increased scope of consultancy services. Saudi Arabia introduced VAT in 2018 in order to diversify government revenues, shifting away from reliance on oil markets [32].

The introduction of new taxes, VAT, improves government tax revenue [33]. To increase productivity and competitiveness, it is necessary to maintain and continuously improve the business climate and reduce remaining barriers to foreign trade and investment [34].

The UAE offers lucrative opportunities for foreign investment and the strengths of the country include its easy access to oil resources, low energy costs, a willingness to diversify the economy and a high purchasing power, no direct taxation and low level of VAT, good-quality business climate [34].

VAT environment to optimize private sector development, improve transparency and accountability [35]. Businesses must identify the wider impact of the VAT on their business operations and adapt to comply [36].

The tax system will result in adopting innovative administrative procedures

to keep pace with the latest developments [37]. VAT implementation would contribute to improving the administrative efficiency of the tax system at large through coordination with the tax on commercial and industrial profits as well as coordination in the field of indirect taxation among states [38].

VAT generates economic growth, which helps the government to provide better infrastructure, health care facilities, transportation, etc. [37]. A system where distributional concerns are handled via income tax and social benefits, and that the VAT rate should be uniform across all goods [39].

The contribution of VAT to the growth of the economy and identify the reasons for implementing the VAT in the Kingdom of Bahrain and outline the effects, benefits, and challenges of doing so [40]. VAT will serve as a new source of employment with the creation of employment opportunities for men and women in VAT consultancies, thus generating a new industry of employment for oil-based economies¹. Varied previous studies in line with VAT impacts in GCC has provided.

3. Research Methodology

The research has used purposive sampling techniques to select a group of individual accountants who are working in a small and medium sized business, required for this survey. Research survey was administered in the month November 2020. Oman has VAT implementation on April 2021.

During this period, Omani business owners, accountants, consumers, and general public were in ambiguity that has occurred when there is lack of clarity or uncertainty about new VAT regime.

Thus, determinants of VAT law in Oman were relevant topics for Omani business accountants, owners, and consumers and the survey included respondents such as people who are accountants, owners and consumers. Each respondent spread over different small and medium

¹ Available at: <https://www.khaleejtimes.com/business/vat-inuae/is-vat-more-of-a-burden-for-women-than-men>

business accountants or owners whose activities stretched geographically throughout Oman. To provide the estimation method, this current study used a purposive sampling technique to choose the required interviewees for the survey [41].

The study has considered respondents' basic knowledge in accounting and experience by adopting a qualitative approach and selected 26 respondents, which are chosen as the target respondents, as sample size involving semi-structured interviews. The rationale behind chosen targeted respondent is because of these group has to get ready to adopt and implement VAT in their business. The respondents were asked to make the assumptions on VAT law, VAT awareness and VAT impacts, while filling up the questionnaire. The respondents participated in the survey and showed keen interest in the whole process.

3.1. Survey and interviews

The preliminary survey was designed to realize potential candidates for the semi structured interviews and were included demographic questions. Below Table 1 shows that there are 24 (92.3%), 22 (84.6%), 17 (65.4%) of respondents were accountants, Omani, and Male respectively; and 2 (7.4%), 4 (15.4%), 9 (34.6%) respondents were business owners, Non-Omani, and female respectively.

After, the interview was followed by five in-depth structured open-ended ques-

tions. Each interview starts with a general understanding of VAT law considering the respondent's general knowledge and scope of value-added tax (e.g. "Give us your understanding on VAT Law in General"). This initial question helps the respondents themselves in a situation that aids them to think about the VAT law in Oman. Followed by this, other questions such as (e.g. "Do you know Value Added Tax Law in Oman?"; "Tell us your level of VAT Self-awareness"; Are there any impacts in society/business after successful implementation of VAT in Oman?", etc.) were included. Finally, the interview would use to evaluate the respondents thought about the overall VAT regime in Oman.

4. Results and discussion

4.1. Determinants of Value Added Tax in Oman

The current study was carried out to discuss determinants of VAT in Oman that were categorized into three VAT determinant strategies: VAT law, VAT awareness, and VAT impacts on value-added tax in Oman. Some of the recent studies in the field of VAT law, VAT awareness, and VAT impact [42-49] to validate the results of the method analysis, in the second interview phase, the participants were requested to state on general understanding about VAT law. Most of the interviewees (23 out of 26) were knows the meaning of value-added tax and it will bear ultimate-

Table 1

Interview Respondents			
Details	Respondents	Number	Percentage
Present Position	Accountants	24	92.3%
	Business Owners	2	7.4%
Total		26	100%
Details	Respondents	Number	Percentage
Nationality	Omani	22	84.6%
	Non-Omani	4	15.4%
Total		26	100%
Details	Respondents	Number	Percentage
Gender	Male	17	65.4%
	Female	9	34.6%
Total		26	100%

ly by the consumer. The interviewees indicated that the tax collected under VAT law will be an additional income for the government, consequently enhancing better economic conditions.

In contrast, the other 3 interviewees expressed that they don't even know the meaning of value added tax. Above all, none of the interviewees knows about Intra sales and purchases between countries; Input tax; Zero tax, and VAT exemption. On this point, the majority of interviewees merely replied that "I don't know". It is crucial to understand VAT-related terms of a concept such as intra sales and purchase between countries; input tax; VAT exemption and, zero tax to describe and understand the application of VAT. This is in line with the opinion of [38, 50]. The intra GCC linked transactions (purchase/sale of goods or services) in the future will be followed similar as intra-European Union transactions [17].

During the third phase of the interview, the participants were requested to state on Value Added Tax regulations in Oman. Eight out of twenty-six interviewee knows the VAT percentage as 5%. The remaining Eighteen respondents were not replied. Some of the respondents, P1 pointed that "The administrative authority for value-added tax in Oman imposed a 5% tax on goods and services while exempting some goods and services from tax, [...]" and P2 "The date for the application of this tax is 180 days after the date of publication of this decree in the Official Gazette so that the Sultanate will join the 160 countries that implement the value-added tax around the world, [...]", P8 opined "[...] but perhaps the tax may be added to a list of goods and products with the aim of achieving interests that are not only financial. For example, the added tax on soft and sweet drinks with the aim of reducing their use [...]" P14, "[...] to support the economy of the country [...]" and P16, "[...] Oman will follow the VAT practices of UAE/KSA [...]". Seven interviewees merely replied that, "I don't know about VAT law of Oman". P6 mentioned that "[...] no detailed release of VAT regulations [...]". Thus, VAT laws and regulations are one of the determinants of VAT.

This result is consistent with some of the previous studies [31, 9, 17] now VAT regulations taxpayers have been provided with a full set of rules that benefit stakeholders to understand their obligations and the impact of VAT on their business.

During the fourth phase of the interview, we had asked them about their level of VAT self-awareness, some of them were concluded P1, "[...] very simple awareness [...]"; P3, "[...] all consumption goods and services for any residents (tourists are exempted) [...]"; P5, "[...] VAT started with products which damage health such as cigarettes and alcohol. It will continue to cover unhealthy products but basic products of living in Oman will be exempted [...]"; P8, "[...] I do not know, but the added tax is calculated in different ways to suit all parties. Some companies may be exempt from this type of tax based on the services they provide to the state or based on their contribution to projects that benefit the state [...]"; P9, "[...] minimum knowledge [...]"; P13, "[...] the added value is greatly profitable for the state, and our current society is in great need of it [...]"; P14, "[...] most valuable product has more applicable of increasing the VAT [...]"; P16, "[...] unable to answer since, ruled and guidelines are yet to be announced in Oman [...]"; P19, "[...] It will exclude from the tax basic food commodities, health care, education, financial services, home rentals, supplies of crude oil, petroleum products, and natural gas [...]"; P20, "[...] a percentage added to the consumption value, except for several items that are not included [...]"; P21, "[...] the value-added tax is an "indirect" tax whose value is borne by the final consumer, while the supplier (taxable) calculates and collects the tax and pays it to the tax authority. it is also considered a tax on consumption that will be applied in the sultanate at a basic rate of 5% [...]"; P25, "[...] I do not know, but the added tax is calculated in different ways to suit all parties. some companies may be exempt from this type of tax based on the services they provide to the state or based on their contribution to projects that benefit the state [...]" and P26, "[...] 5% on non-essential goods [...]".

Thus, VAT awareness among citizens is one of the other determinants of VAT. This result is supported with some

of the earlier studies [51] pointed that education programs create awareness of laws and [52] noted it is also important to have good basic knowledge in taxation and awareness of how legislation impacts companies.

Later in the fifth phase of the interview, interviewees were asked about the impacts in society or business after successful implementation of VAT, 14 interviewees out of 26 were positively responded. For instance, P1, “[...] the value-added tax will lead to an increase in government revenues, which will contribute to the development of government projects, such as infrastructure, health, and social services [...]”; P4, “the Omani GDP will increase due to the imposition of this tax, but there is a possibility that the purchasing power decreases, and thus the gross domestic product will decrease [...]”; P5, “[...] support government budgets, minimize expenditure in the health sector and will contribute to reducing public debt. It may improve consumption culture [...]”; P8, “[...] the beauty of applying the value-added tax is that its goal is not only a financial return. Rather, adding them is based on other goals, including reducing the long-term consumption of some harmful products [...]”; P9, “[...] yes it could be helpful but only if the money used in the right places [...]”; “[...] certainly, its effects will become evident after a while in terms of job opportunities, projects, infrastructure, and the economy in general [...]”; P13, “[...] it has somewhat positive effects, resulting in increased income for the state and citizens, and improved business progress and efficiency as well [...]”; P19, “[...] the application of the value-added tax will have a positive impact on the economic and social development and on the international competitiveness of the Sultanate, as the financial resources obtained from it will contribute to building a sustainable economy for future generations, and it will also contribute to improving public services and continuing the development of infrastructure in the future [...]”; P20, “[...] a positive impact on the internal and external economy of Oman [...]”, and P21, “[...] it is expected that the value-added tax will provide an additional resource for the state’s public finances to ensure the conti-

nued quality of public services, and it will also support the achievement of the Sultanate’s goals to reduce dependence on oil and other hydrocarbon products as main sources of its revenue [...]”. Another 9 out of 26 were negatively responded, where P2, “[...] for the society it might decrease the consumption, however it’s a good thing for the government to increase its revenue [...]”. This is in line with what has been by [53].

The two of the business owners, (P3 and P6), has expressed negatively, P3, “[...] well it discourages consumption [...]”; P6, “[...] the index will be negative because domestic spending is already low, will decrease further, and purchasing power will decrease due to high prices, low pensions, and the lay-off of many employees from their jobs, such as early retirement [...]”.

Other interviewees, P7, “[...] from my point of view, the consumer’s purchasing power will be affected, meaning that he will reduce purchases that are covered by taxes, or he will go to buy the product from neighboring countries [...]”; P11, and P17 “[...] it affect local production [...]”; P16, “[...] whilst the burden of VAT could get shifted where there are corresponding credits yet, there could be cases where the VAT burden cannot be shifted. Regardless of the extent of incidence, the costs are likely to go up [...]”; P18, “[...] it has implications for raising the prices of all materials, forcing merchants to raise the prices of citizens and residents [...]”; and P24, “[...] it will add another burden on the citizens [...]”. Only one accountant, P15, responded that “[...] should not be any impacts, especially when the percentage of VAT is not too high [...]”. Another 2 out of 26 were expressed that they don’t have enough knowledge to answer the question. Consequently, VAT impacts on society and citizens are another determinant of VAT. This result is supported by some of the earlier studies [54]; [55] states that after successful implementation as a result of a growing base and increasing VAT compliance, VAT revenue and GDP increased in all member states.

In the last phase of the interview, were asked about their comments and acceptance of the VAT which can be summarized as Table 2 below:

Table 2

VAT Acceptance		
Acceptance	Number	Percentage
Acceptance without condition	13	50.0%
Acceptance with condition	11	42.3%
Not answered	2	7.7%
Total	26	100%

Thirteen out (50%) twenty-six respondents were ready to accept VAT in Oman without any condition, expressed P25, "[...] it is very good and most countries need it to diversify sources of income and control consumer distraction for some products and to attract their attention to other home-made products [...]" and P12, "[...] good because it will contribute to improving the country's economy and thus improving per capita income [...]". Another eleven interviewees are ready to accept with condition. The views of some of this category of interviewees, P1, "[...] good to accept as long as the percentage is proportional to the income of individuals [...]" and P2, "[...] it is good to have but it must be having some criteria that could fit both the rich and the poor people [...]". The remaining two respondents were not answered.

Generally, the outcome of the semi-structured interviews remained consistent with and validated the qualitative findings observed which support that all determinants of VAT (VAT law, VAT awareness, and VAT impacts) had a substantial impact on Value Added Tax in Oman.

5. Implications

The current study has highlighted potential implications for the successful implementation of VAT. Most importantly, the findings enhance value-added tax and accounting literature. Moreover, the study provided an affecting discussion among citizens about VAT in Oman i.e., determinants of VAT, VAT law, VAT awareness, and VAT impacts. This would contribute to the literature by way of giving a better understanding of VAT compliance. SMEs can be used this finding as means to control their operational expenses, adopt of best information technology tools.

VAT in Oman leads organizations to get ready to integrate VAT into their existing accounting system. This research would be beneficial to suggest accounting software developers develop cost-effective technology tools for small and medium enterprises, especially small shops operated in villages. Small business owners or accountants who have little or no knowledge of VAT-compliant accounting systems can improve practical understanding of VAT-enabled accounting systems to achieve optimum benefit. Furthermore, business owners, managers, accountants, employees, customers, consumers, consultants, and the public get a robust understanding of the determinants of Oman's VAT law, VAT impacts on society and among customers.

Awareness of VAT in Oman aid various stakeholders to eliminate ambiguity among themselves. Additionally, the findings highlight insights Higher Educational Institutions in Oman initiate by integrating VAT in the university or college curriculum. Finally, government and software vendors should also devise strategies that improve practical knowledge of VAT-complaint accounting systems in business organizations (such as manufacturers, service providers, distributors, wholesalers, and retailers) and educational institutions.

6. Conclusion

The main aim of the current study is to understand to a great extent the determinants of Value Added Tax in Oman. More precisely, VAT determinants (VAT law, VAT awareness, and VAT impacts) are significant factors that might be additional support for the successful implementation of the VAT in Oman.

Based on the review of literature and interviews with senior accountants and businessmen, this study facilitated to identification and examine VAT determinants with VAT law in Oman. This study has empirically investigated VAT determinants in Oman using qualitative research methods and there was no past qualitative study as such.

Based on the research, the study has concluded with indisputable facts that the majority of the respondents did not exactly know about the overall scope of VAT, intra sales and purchase between countries, input tax, output tax, and zero tax. They also don't have clear knowledge about VAT administration and VAT regulations in Oman. It is evident that among respondents, the majority of them don't have strong knowledge of VAT applicable products, exempted VAT products, and VAT calculations. But the majority of the respondents were ready to accept and agree that VAT impacts Oman's GDP significantly.

The findings have further revealed that VAT determinants employ a significant impact on the successful implementation of VAT-compliant accounting system in Oman by providing acceptable awareness updated VAT regulations among manufacturers, services, distributors, wholesalers, retailers, software providers, small business owners, and other

stakeholders. Hence, it makes accountants, business owners, consumers, and the general public that are more compliant and knowledgeable about the VAT law in Oman. Consequently, determinants of VAT law, VAT awareness and VAT impacts are not well understood, especially by micro, small and medium enterprises.

The current study was an initial attempt to assess determinants of VAT, VAT law, VAT awareness, and VAT impacts in Oman, and other several issues could also be examined in the future by the researchers. Similar research can be done using a quantitative approach. One likely avenue for researchers can be to consider the interactive effects of VAT on consumer products. Further, the current research has been conducted before the implementation of VAT in Oman.

Thus, the researchers can do an extensive study of the effects of post-implementation of VAT on small and medium enterprises, accounting, and consumer buying behavior in the Sultanate of Oman.

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