The Effect of Value-added Tax on the Retail and Wholesale Sector and Consumer Behavior in Kingdom of Saudi Arabia (Exploratory Case Study)

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Abstract

Basically, this study explores the effect of value-added tax on the Retail and Wholesale sector and consumer behavior in the Kingdom of Saudi Arabia. Imposing the value-added tax system on some goods and services is considered one of the most important issues that affected the Saudi society to classify it as a consumer society. It is expected that this added tax on sales in the market will have an impact on investment in the national economy. The researcher relied on the use of the descriptive analytical method and found that the most appropriate tool to achieve the objectives of this study is the "questionnaire". While explaining the effects of value-added tax on the Kingdom of Saudi Arabia, the study methodology is based on valid data and analysis. All the descriptive, analytical and statistical research studies and the survey tool show that value-added tax has an effect on the economy of the Kingdom of Saudi Arabia. It is expected that value-added tax will be beneficial for Retail and Wholesale sector and change the consumer behavior when the efficiency and performance of the tax department are improved. It is recommended improving the individual income before implementing value-added tax. For implementation of value-added tax, individuals need to be aware about it through social media or public campaigns.

Keywords: Tax, added Value, Consumer, Wholesale, Retail

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1. Introduction:

Countries does not exist without resources. In Kingdom of Saudi Arabia, public income depends mainly on oil revenues. Kingdom of Saudi Arabia's government began imposing value-added tax in January 2018 to sustain its (non-oil) revenue base. This study mainly focused on determining the effect of imposing value-added tax on the retail and wholesale sector and on consumer behavior in Kingdom of Saudi Arabia.

1.1. Research Problem:

Imposing the value-added tax system on some goods and services is considered one of the most important issues that affected the Saudi society to classify it as a consumer society. Considering this type of taxation is a government tool that helps to transform from a first-class consumer society to a conscious economic society, it is a double-edged weapon that affects the consumer behavior of the Saudi consumer, according to the way he deals with it. It is expected that this added tax on sales in the market will have a clear impact on the levels of consumption, savings and purchasing decision of the consumer. Thus, it will have an impact on investment in the national economy.

((Rushdi, 2018) also sees that the value-added tax leads to a reduction in retail sales through the negative impact of raising prices on total sales, in addition to the effect of this tax on the commercial sector, as well as its impact on consumer behavior, the value-added tax raises the cost of living for the population because it is imposed mainly on consumer goods and services, as the value-added tax will raise the costs of goods and services subject to it, which will reduce the real incomes of consumers and the volume of demand for goods and services subject to them.

The value-added tax will also lead to a reduction in the growth rate of the gross domestic product because of its negative effects on consumption, as the tax will reduce the overall demand for goods and services and will reduce purchasing power in general, causing a clear imbalance in everything related to this chain of relations and other economic effects on the retail sector and the commercial sector.

1.2. Objectives of the Study:

Determining the effect of value-added tax on the retail and wholesale sector and consumer behavior in Kingdom of Saudi Arabia.

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Statement of the effect of imposing value added tax on the retail sector in Kingdom of Saudi Arabia.

Determining the effect of imposing value-added tax on the commercial sector in Kingdom of Saudi Arabia.

Statement of the effect of imposing value added tax on consumer behavior in Kingdom of Saudi Arabia.

1.3. Importance of the Study:

1.3.1. Theoretical Importance:

The researcher hopes that this study will be a strong addition to Arab libraries in general and Saudi libraries in particular because this study only addressed VAT and it's impact on the wholesale sector and consumer behavior.

1.3.1. Practical Importance

The results of the study may be useful in defining the benefits and importance of value added and its impact on both the retail and wholesale sectors, and then explaining the effect of that tax on consumer behavior.

1.4. Model of the Study:

In light of the review of the relevant literature that was available to the researcher and in light of the study problem, its elements and hypotheses, the study model was visualized as shown in Figure No. (1) as follows:

Figure 1 - Model of the Study

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1.5. Limits of the Study:

- **Objective limits**: The study was limited to value-added tax and its impact on the retail and wholesale sector and consumer behavior in Kingdom of Saudi Arabia (exploratory case study).

- **Human limits**: the study was limited to employees of Al Naghi Brothers Company in the Eastern Province.

- **Spatial limits**: Al Naghi Brothers Company in the Eastern Province of Kingdom of Saudi Arabia.

- **Time limits**: the first semester of the academic year 1443 AH - 2022 AD.

2. Theoretical Framework and Review of Literature

These theoretical studies and researches tackle the variables of the study, and present the theoretical aspects related to value-added tax and its impact on retail and wholesale sector and consumer behavior in Kingdom of Saudi Arabia (an exploratory case study).

The researcher divided this part into three topics as follow:

Direct Effects of Value-Added Tax:

Taxes are generally one of the most important financial sources for most developing and developed countries, but these taxes directly affect their economies.

The Concept of Value Added Tax:

Value Added Tax is an indirect tax imposed on the increase in the value of goods and services at each stage of their production or circulation.

From the above, the researcher believes that the value-added tax can be defined as a tax that focuses on the consumer side.

Characteristics of Value-Added Tax VAT:

The main features of the value-added tax are that it is a broad-based tax that is imposed on the various stages of production, with the deduction of taxes on production inputs from taxes on production outputs.

The Saudi Organization for Certified Public Accountants (2018) defined the characteristics of the concept of value added tax as follows:

- An indirect tax borne by the final consumer.

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- The origin of this tax is that it is imposed on all goods and services, and the exception is for specific purposes, and the exceptions are in two cases: the case of the zero tax rate, and the case of exemption from being subject to tax.

- VAT is imposed at a rate of (0%) of the value of the supply of goods and services, and this percentage is lower than the rates offered worldwide.

- VAT is imposed on the import and supply of goods and services at various stages of the supply chain (supply of goods and services, import and assumed supply).

The value added tax has several characteristics, the most important of which are the following (Fadhila, 2010, pp. 164-166):

1- It is an indirect tax on spending.
2- It is a general tax.
3- A tax that is .paid divided into multiple stages.
4- It is based on the tax deduction system.
5- It helps to reduce tax evasion in society in general.
6- It is a tax based on direct consumption.

Origin of Value Added Tax:

The value-added tax in the common sense was coined by the French scientist Maurice Loret in 1954.

Importance of the Value Added Tax VAT:

The value added tax has an effective impact on the economic and financial sectors for the state, which can be addressed as follows:

First: The importance of applying value-added tax from an economic perspective:

1. Achieving economic stability.
2. Investment in various sectors and activities.
3. Achieving integration between projects.
4. Contribution to increase saving.

Second: The importance of applying value-added tax from a financial perspective:

1. Increasing revenues and decreasing the deficit.
2. Reducing tax evasion.

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VAT Objectives:

The introduction of the value-added tax system aims to reform the tax system so that it can better achieve the desired objectives.

The researcher reviews some of the objectives associated with the implementation of the value-added tax below:

1- Achieving adequate tax proceeds.

2- Encouraging Local Industries.

3- Expanding the Tax Umbrella.

4- Encouraging Exports.

5- Equitable Distribution of Tax Burden.

6- Reducing Consumption.

7- Providing a framework for verifying business numbers when accounting for income taxes.

From the economic development's perspective, the objectives of the indirect tax are concentrated in the following:

A. Securing financial resources for deployment purposes.

B. Increasing the percentage of financial savings.

C. Absorbing the surplus purchasing power and directing it towards productive investments, rather than spending it on entertainment goods.

Advantages of Applying the Value Added Tax:

1- The VAT is neutral because it does not limit the tax burden to a particular stage of production.

2- It helps to encourage exports because this tax is not usually imposed on exporters.

3- It is an indirect tax because it is not collected directly from the consumer.

4- It increases the tax capacity and providers an abundant revenue for the public treasury due to its breadth and comprehensiveness.

5- It is easy to collect, as it is collected and paid by the taxpayer directly, and on the other hand, it contributes to lowering the administrative cost of tax collection.

Disadvantages of Applying VAT:

There are negatives that result from imposing the value-added tax, which are as follow:

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1. In many cases, the VAT is considered to day favor imports because it imposes single tax on them.

2. One of the main disadvantages of VAT is that it is somewhat complicated, and requires a somewhat advanced accounting system for companies and establishments.

3. VAT effects many companies and sectors directly or indirectly.

The Second Topic: the Retail Sector

The retail trade is one of the important tributaries of economic activity, as this sector absorbs a large number of workers in it, as it participates in the domestic product. In addition, it is a good investment opportunity if it is well planned and prepared.

The Concept of Retail:

Retail trade can be defined as all activities related to the sale of goods and services to the final consumer, for the purpose of personal use. Retail stores refer to that type of store that performs all activities related to the sale of consumer goods to the final consumer, as well as transportation and storage.

Retailing includes affiliated services such as delivery. From the above, the researcher believes that retail trade can be defined as the process of selling goods and services from individuals or companies to the end user, as it is an integral part of an integrated system that is the supply chain. Retailers buy goods or products in bulk from manufacturers directly or through wholesale, and then sell them in small quantities to the consumer for a profit.

Nature and Characteristics of the Retail Sector:

Retailers mainly provide a range of services to their customers such as knowing and determining customer desires, developing an appropriate product assortment, gathering market information, and financing.

The process of entering retailers is a relatively easy process, as it does not require huge investments to provide production equipment, goods can be purchased on credit, and the place of display or shop can be rented, all these variables make the process of entering the market an easy process.

There is a set of characteristics that characterize the retail sector and establishments that distinguish them from other marketing establishments, which are represented in the following elements (Idris and Al-Mursi, 1993):

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First: Small Sales Volume at Average:

The small average sales volume of retail establishments compared to suppliers in the market, creating the need for tight control over costs associated with the two transactions (such as costs of delivery, wrapping, packaging, and retail sales), and to maximize the number of consumers who visit the facility.

Second: Unplanned Purchase:

Purchases of products in retail establishments are often unplanned by consumers and often do not require careful consideration before making purchase decisions.

Third: Popularity of Retail Stores:

Consumers usually tend to visit the store or retail facility, and this habit continues, with the increasing prevalence of mail, telephone or television sales in recent years.

From the above and from presentation of the nature and characteristics of retail trade, the researcher believes that these nature and characteristics that are unique to the retail sector explain the importance of retail activity, which increases due to the role it plays in achieving sales figures.

Importance of the Retail Sector:

Nowadays, food retailing has become one of the most important commercial activities that have experienced a qualitative change, given the range of technological developments, rapid economic progress, and the growing interest in the role of the private sector and individual projects resulting from privatization strategies, and keeping pace with the manifestations of global globalization.

The importance of retail trade for the individual and society can be addressed in several ways, as follows:

1. Retail trade constitutes an important aspect of the economy of any country, whether in terms of sales volume or in terms of employment.

2. Retail trade plays an important role in the channel of distribution as an intermediary between producers and wholesalers on the one hand and final consumers on the other hand, as the retailer brings together an assortment of goods and services from different suppliers and offers them to consumers.

3. Retailers are part of the distribution channel, producers and wholesalers are concerned with the degree of market coverage, sufficient and attractive offer of their products, consumer services, store opening hours, and the reliability of retailers.

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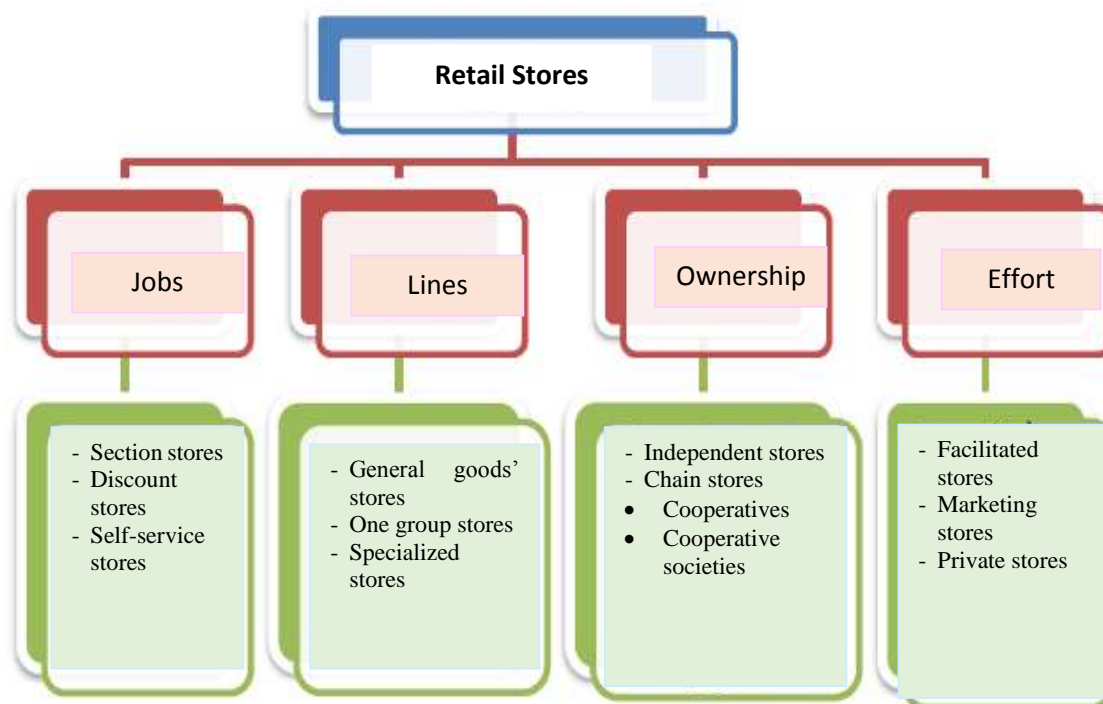المجلة الدولية لنشر البحوث والدراسات
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4. Retail trade has been exposed to amazing and wide developments in terms of its various forms and types, and the complexity of its management, whether in terms of planning or designing marketing programs, choosing sites or competition.

Classification of Retail Establishments:

Due to the large and wide fields of work of retailers, the diversity of their trade and their competition to obtain the largest share of the market, they are divided into the following categories:

- Small independent stores.
- Large-sized retail or section stores.
- Chain stores.
- Consumer Co-operative Societies.
- Discount houses.
- Self-service stores.

The following figure (1): the divisions of retail stores:

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Relationship between Retail and Wholesale Trade:

Wholesale trade establishments are usually divided into two types. The first type is the wholesale trade establishments with integrated services. These establishments provide food retail markets with all the services involved in delivering orders, providing a group of food commodities, granting the necessary credit, packaging food commodities and transporting them to the sites of food retail establishments. The second type is the wholesale trade establishments with limited services. These establishments also provide very limited services to food retail markets.

The origin of the functional relationship between the wholesale and retail food trade establishments is that the wholesale trade establishments depend on the food retail establishments in distributing their products to deliver them to the final consumer.

The following figure (2): the role of food retail trade establishments with wholesale trade establishments as follows:
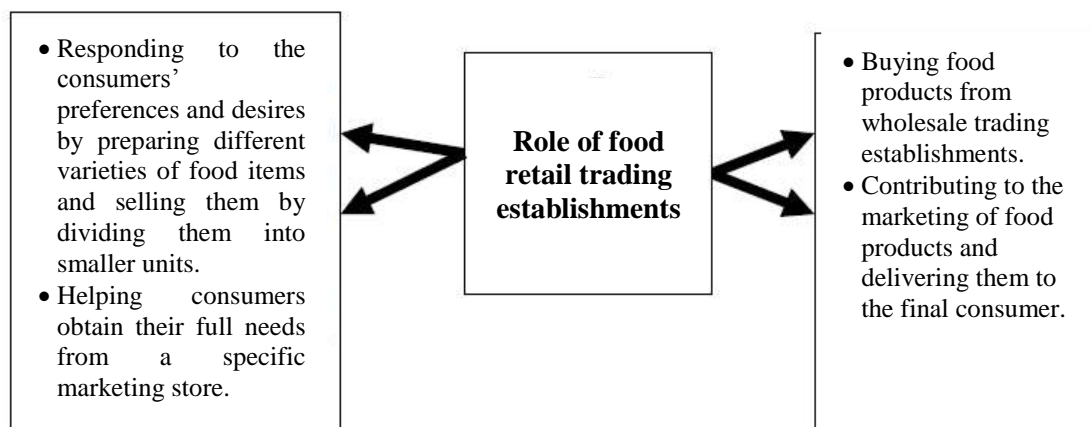
Consumer Behavior:

The nature of competition and the expansion of the size and type of alternatives available to the consumer, which were accompanied by changes in the consumer's needs and desires, imposed on the organization the need to provide distinctive products of high quality and price in line with the consumer's capabilities and financial capabilities according to modern marketing concepts that stem from the consumer as the focus of the production and marketing process, and the cornerstone of successful marketing activity.

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Concept of Consumer Behavior:

The issue of consumption has received great attention by researchers in more than one field of social sciences. The greatest interest in the issue of consumption by economic scientists and researchers is due to the fact that consumption is a behavior and a process of an economic nature because it is linked to issues of an economic nature such as supply and demand, production rate and quality, and competition.

(Solomon, 2009) also defined consumer behavior as those processes carried out by individuals or groups when choosing, buying, using and disposing of goods, services, ideas, or even experiences, with the aim of satisfying their needs and desires.

The consumer is defined as anyone who obtains a finished commodity. There are several effects that affect the behavior of the consumer to obtain a service or a commodity, and these effects may be direct and clear, such as the need for the commodity or desire, or be a major thing in an individual's life, and some of the effects are implicit and undeclared.

Importance of Studying Consumer Behavior:

Simple observation provides limited insight into the complex nature of consumer choice of goods and services.

The study of consumer behavior is of great importance for consumers, researchers, and marketers, and the benefits of studying consumer behavior for each party are manifested as follows:

1. **The importance of studying consumer behavior for consumers**: it helps the consumer to gain insight into the process of his purchase and consumption of goods and services, especially in knowing what to buy, why does he buys and how does he obtain them.

2. **The importance of studying consumer behavior for marketers, which are as follows**:
   - Assisting marketers in designing the marketing strategy.
   - Helping marketers to understand why and when the decision is made by the consumer, knowing the types of consumer behavior and purchasing.
   - Helping them understand the study of the influences on this behavior.

3. **The importance of consumer study for corporate officials**: This study helps corporate officials in the following fields:

A- Designing the competitive position of the establishment's goods: dividing the market into sectors does not guarantee the establishment's survival in the market, but rather it must choose a competitive position for its goods, and this will only be possible with a full and accurate understanding of the behavior of its target sector.

B- Rapid response to changes in consumers' needs and desires. It is necessary for the establishment to study the consumer's purchasing and consumer behavior on a regular basis, in order to keep pace with the changes that occur in the consumers' needs.

C- Developing and improving the services that the establishment provides to its customers.

Objectives of Studying Consumer Behavior:

To study consumer behavior, there are objectives that benefit the consumer, the researcher, and the marketing man, which are represented in the:

1. Enabling the consumer to understand the purchasing decisions he makes daily and helping him know the answer to the following usual questions:

   – What is he buying?

   – Why does he buy?

   – How to buy?

2. Enabling the researcher to understand the external or environmental factors or influences that affect the behavior of consumers, which is part of human behavior in general as a result of the interaction of these two factors.

- Studying the consumer enables the "marketing man" to know the behavior of current and potential buyers, and to search for a way that would allow him to adapt to them or influence them, and get them to act in a manner consistent with the objectives of the establishment.

Types of Consumer Behavior and Consumers:

1. **Rational behavior**: It is a positive behavior whether the consumer made the purchase or refrained from it, and this is by acquiring and buying products that fulfill his desires and whose benefits match his characteristics, and he avoids other inappropriate products.

1. **Random (irrational) behavior**: It results from buying or acquiring products without sufficient information: it leaves negative repercussions and impressions on the consumer.

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The consumer can actually be divided into two types, as he sees (Al-Obaidat, 2004), as follows:

1. **Final consumer**.
2. **Industrial or institutional consumer**.

Factors Affecting Consumer Behavior:

The consumer is affected by many internal and external indicators that are reflected on his purchasing behavior. These are as follow:

First: Cultural Factors

A- Culture is one of the main determinants of consumer behavior, as human behavior is guided by learning and acquisition.

Second: Social Factors

A- They are the influences that affect the consumer's personal behavior during his presence or belonging to certain groups.
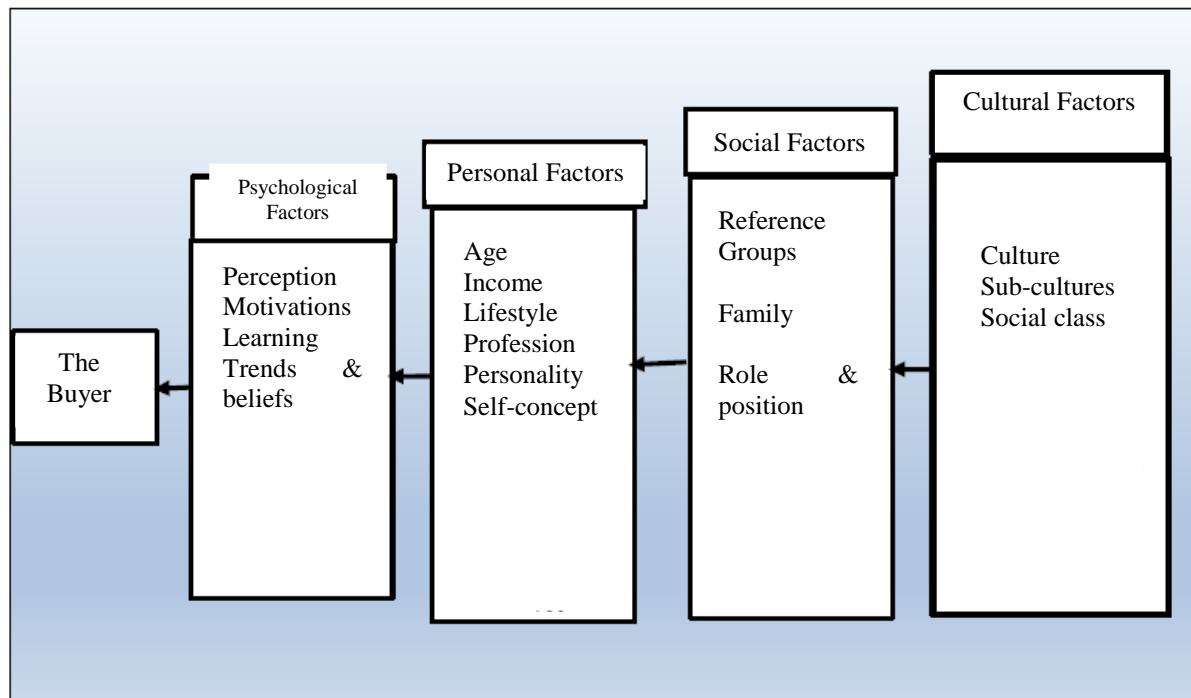
Third: Personal Factors:

– Personal factors such as age, job and lifestyle effect the behavior of consumer.

Fourth: Economic Factors: **Per capita income**: the individual's available income represents the purchasing power of consumers.

1. **Price**: The prices of commodities are one of the most important features that push a person to buy one commodity over another.
2. **Family income and size**: The size and income of the family affect the structure of spending and saving.
3. **Credit**: purchases of individuals increase when they obtain credit.
4. **Interest rates**: The higher the interest rates for the individual, the individual will have additional income.

Fifth: Psychological Factors:

A. The behavioral theory that asserts that consumer behavior is carried out according to the psychological makeup of the individual is one of the most important theories that addressed consumer behavior through several essential elements and influences.

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From the above, the researcher believes that the purchasing behavior of any consumer is affected by many internal and external factors.

3. Review of Literature

In this part, the researcher reviews a set of previous studies and literature related to value-added tax and its impact on the retail and wholesale sector and consumer behavior in Kingdom of Saudi Arabia (an exploratory case study).

3.1. Arabic Studies

Afaneh study (2020) entitled: "**The effect of imposing value-added tax on the profitability and competitiveness of Saudi banks**", which addressed the value-added tax that was applied in the Kingdom, which is an indirect tax that is imposed on services and goods at a rate of only 5%, not on income.

Al-Waki study (2019) entitled: "**The effect of regulatory and technological environment factors on the scope of e-commerce use and performance: a field study in the retail sector in Kingdom of Saudi Arabia**". This study aimed to investigate the role of regulatory and

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technological environment factors in influencing the extent of e-commerce use and performance of retail businesses in Kingdom of Saudi Arabia.

3.2. Foreign Studies:

Albishi study (2019) entitled: "**The effect of imposing value-added tax on the Saudi economy in light of the Saudi Vision 2030**", which aimed to identify the effect of imposing value-added tax on the Saudi economy in light of Kingdom of Saudi Arabia's 2030 vision.

Alavuotunki study (2019) entitled: "**The effect of value-added tax on government revenues and inequality between members of society**", which aimed to identify the effect of value-added tax on government revenues and inequality among members of society, using available income in measuring inequality and government revenues.

Commenting on the Review of Literature

The review of literature addressed the value-added tax and its impact on the retail and wholesale sector, consumer behavior, or both.

However, one of the most important features of this study is that it deals with value-added tax and its impact on the retail and wholesale sector and consumer behavior in Kingdom of Saudi Arabia using questionnaires as a survey tool.

4. Study Methodology

The researcher relied on the use of the descriptive analytical method, which is: "A method that depends on the study of reality or phenomenon as it exists in reality, and is concerned with describing it accurately, and expressing it quantitatively and qualitatively" (Obaidat, 1998AD,: 183).

4.1. Sources of Obtaining Data and Information

Primary Sources: These are the data collected from the study sample through the questionnaire, which were later analyzed using the SPSS V21 statistical program.

Secondary Sources: Reliance was placed on books, references, journals and the review of literature related to the subject of the study.

4.2. Study Population:

It is all the individuals, things or persons who constitute the subject of the research problem.

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4.3. The Study Sample:

The study sample is represented by the employees of Al Naghi Brothers Company in the Eastern Province in Kingdom of Saudi Arabia, and their number is (200).

4.4. Study Tool:

Based on the nature of the data, and on the method used in the study, the researcher found that the most appropriate tool to achieve the objectives of this study is the "questionnaire". Obeidat et al, (2001, p. 106) defined the questionnaire or what is known as the survey as "A convenient tool for obtaining information, data and facts related to a specific reality and presented in the form of a number of questions to be answered by a number of individuals concerned with the subject of the questionnaire"[1]. The study tool was built with reference to the literature and previous studies related to the subject of the study.

When preparing the questionnaire, the researcher relied on the following sources:

1- References related to the topic of the study or part of the study problem.

2- Previous researches and studies that addressed the study problem.

3- Seminars, conferences and media outlets that addressed the subject of the study.

4- The scientific supervisor and the opinions of the arbitrators who were presented with the questionnaire in its initial form and interviewing some specialists in the field of study and benefiting from their opinions about the scale used in the study and the way to formulate its statements in line with the objectives of the study.

The researcher formulated a preliminary statement of the questionnaire based on the subject, objectives and questions of the study after careful reading and review of the literature and previous studies related to the problem of the study and the practical experience of the researcher, then presented it to the scientific supervisor for opinion and advice regarding the questionnaire's statements. The researcher then made the necessary modifications according to the instructions and observations of the scientific supervisor, and after his initial approval, the questionnaire consisted of two parts:

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[1] See: Scientific Research its Concept, Tools, and Methods, Obeidat, Thouqan; Abdel Haq, Kayed - Amman, 6th Edition, 2001.

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4.5. Variables of the Study:

The five-point Likert scale was used as a way to measure the respondents' opinions towards the variables under study. The scale is graded according to the following table.

Agreement degree	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Weight	5	4	3	2	1

Source: Prepared by the student

Table (1) Items of the Questionnaire

Form section	Section title	Items of each section	
First Section	Demographic info	No.	Item title
		5	Personal data
Second Section	The first item	5	The effect of value-added tax on the wholesale sector in Kingdom of Saudi Arabia
	The second item	7	The effect of value-added tax on the retail sector in Kingdom of Saudi Arabia
	The third item	10	The effect of value-added tax on the consumer's behavior in Kingdom of Saudi Arabia
Total 27			

Source: Prepared by the student based on the study data

4.6. Statistical Analysis used in the Study:

To statistical analysis is shown in the following table:

Table (5) Likert five-point scale to measure the degree of approval and the extent of approval

Agreement Scale	Code	Range of agreement
Strongly disagree	1	From 1.0 to 180
Disagree	2	From 1.80 to 2.60
Neutral	3	From 1.61 to 3.40
Agree	4	From 3.41 to 4.20
Strongly agree	5	From 4.21 to 5.0

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4.7. Validity and Reliability Tests of the Study Tool:

The validity of the questionnaire means making sure that it will measure what it was prepared to measure.

The researcher verified the validity of the questionnaire through the following:

A- Visual Validity (the validity of the arbitrators).

B- Validity of the structural internal consistency of the study tool:

1- The Questionnaire's Reliability

Reliability of the study tool was verified using Cronbach's Alpha. Table (6) shows the reliability coefficient of the study tool items as follows:

Table (6) Cronbach's alpha coefficient to measure the reliability of the questionnaire

Items	No. of Phrases	Reliability coefficient
The first item: The effect of value-added tax on the wholesale sector in Kingdom of Saudi Arabia	5	0.765
The second item: The effect of value-added tax on the retail sector in Kingdom of Saudi Arabia	7	0.790
The third item: The effect of value-added tax on the consumer's behavior in Kingdom of Saudi Arabia	10	0.874
Total reliability	22	0.888

Source: Prepared by the student based on questionnaire data and SPSS outputs

2- Validity of Internal Consistency of the Questionnaire Statements

After confirming the apparent validity of the research tool, it was field-applied to the exploratory sample of (30) individuals, and the Pearson correlation coefficient was calculated to find out the internal validity of the questionnaire by calculating the correlation coefficient between each phrase with the total degree of the item to which it is developed.

** Rule: If the calculated r is more than the tabular r, then there is a significant correlation

** Another rule, if the error probability value (sig .or P-value) is less than or equal to the significance level (0.01), (005), then there is a significant correlation.

The following tables show the validity of the internal and structural consistency as follows:

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The first item: the effect of value-added tax on the wholesale sector in Kingdom of Saudi Arabia:

Table (7) Correlation coefficients between the degrees of each paragraph of the item: the effect of value-added tax on the wholesale sector in Kingdom of Saudi Arabia, with the total degree of the item

Phrase No.	Correlation coefficient	Sig	Result
1	.534**	0.01	Statistically significant
2	.576**	0.01	Statistically significant
3	.691**	0.01	Statistically significant
4	.765**	0.01	Statistically significant
5	.704**	0.01	Statistically significant

Source: Prepared by the student based on questionnaire data and SPSS outputs

** Significant at level 0.01 or less.

The second item: The effect of value-added tax on the retail sector in Kingdom of Saudi Arabia:

Table (8) Correlation coefficients between the degree of each of the paragraphs of the item "The effect of Value Added Tax on the Retail Sector in Kingdom of Saudi Arabia" with the total degree of the item

Phrase No.	Correlation coefficient	Sig	Result
1	.540**	0.01	Statistically significant
2	.574**	0.01	Statistically significant
3	.793**	0.01	Statistically significant
4	.784**	0.01	Statistically significant
5	.580**	0.01	Statistically significant
6	.677**	0.01	Statistically significant
7	.810**	0.01	Statistically significant

Source: Prepared by the student based on questionnaire data and SPSS outputs

** Significant at level 0.01 or less.

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The third item: the effect of imposing value added tax on consumer behavior in Kingdom of Saudi Arabia:

Table (9) Correlation coefficients between the degree of each paragraph of the item (the effect of imposing value added tax on consumer behavior in Kingdom of Saudi Arabia) with the total degree of the item

Phrase No.	Correlation coefficient	Sig	Result
1	.605**	0.01	Statistically significant
2	.661**	0.01	Statistically significant
3	.739**	0.01	Statistically significant
4	.727**	0.01	Statistically significant
5	.761**	0.01	Statistically significant
6	.646**	0.01	Statistically significant
7	.712**	0.01	Statistically significant
8	.751**	0.01	Statistically significant
9	.634**	0.01	Statistically significant
10	.735**	0.01	Statistically significant

Source: Prepared by the student based on questionnaire data and SPSS outputs

** Significant at level 0.01 or less.

5. Analytical Results and Hypothesis Testing

This part deals with a presentation of the research results and hypothesis testing.

5.1. Characteristics of the Study Sample Members:

1- Gender:

Table (10) Distribution of Study Members According to the Gender Variable

Gender	Frequency	Percentage
Male	141	70.5
Female	59	29.5
Total	200	100%

Source: Prepared by the student based on questionnaire data and SPSS outputs

Age:

Table (11) Distribution of study members according to the age variable

Age	Frequency	Percentage
Less than 30 years	36	18.0
From 30 to less than 40 years	52	26.0
From 40 to less than 50 years	59	29.5
50 years and more	53	26.5
Total	200	100%

2- Educational Qualification:

Table (12) Distribution of study members according to the educational qualification variable

Educational qualification	Frequency	Percentage
Middle	4	2.0
Secondary	46	23.0
Bachelor's Degree	136	68.0
Higher Studies	14	7.0
Total	200	100%

3- Number of experience years in the company

Table (13) Distribution of study members according to the variable "number of experience years in the company"

Number of experience years in the company	Frequency	Percentage
Less than 3 years	44	22.0
From 3 to less than 5 years	21	10.5
From 5 to less than 10 years	31	15.5
10 years and above	104	52.0
Total	200	100%

5.2. Analysis and Discussion of the Study Hypotheses

In hypothesis testing, the one sample T test was used to analyze the questionnaire paragraphs.

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International Journal of Research and Studies Publishing
المجلة الدولية لنشر البحوث والدراسات
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Hypotheses Results:

The First Hypothesis:

"The value-added tax affects the wholesale sector in Kingdom of Saudi Arabia**".**

The Second Hypothesis Test:

"The value-added tax affects the retail sector in Kingdom of Saudi Arabia".

The Third Hypothesis Test:

"The imposition of value-added tax affects consumer behavior in Kingdom of Saudi Arabia".

6. Findings and Recommendations

The most important results of the first hypothesis:

- "VAT affects the wholesale sector in Saudi Arabia".

- "VAT affects the retail sector in Kingdom of Saudi Arabia"

- "VAT affects consumer behavior in Saudi Arabia"

5.2. Recommendations:

In light of the previous results, the researcher makes the following recommendations:

- Raising the efficiency and developing the performance of the tax department.

- Carrying out value-added awareness programs.

- The need for retail trade to train and specialize in the field of independent retail trade, through courses, or studying in specialized institutes.

- The need to improve the individual's income for the citizen.

- Customs reforms.

- Carrying out a campaign through the media on the nature of the value-added tax and its advantages.

- Reviewing all the obstacles that stand in the way of implementing the value-added tax.

7. General Conclusion

The essence of value-added tax VAT is to provide a mechanism to balance the tax paid on production inputs with the tax paid on production outputs. The value-added tax will lead to a reduction in the rate of GDP growth due to its negative effects on consumption.

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