

The Impact of Value-Added Tax on the Behavior of the Saudi Consumer

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The study aimed to identify the impact of the application of value-added tax (VAT) on the behavior of the Saudi consumer. The problem of the study measures and defines the effects of implementing the value-added tax on the Saudi consumer, and it investigates the requirements for its success and avoids its complications. The descriptive analytical approach was used for its suitability to the purposes of the study. Statistical analysis software (SPSS) was used for data analysis to answer the study questions and test its hypotheses. The study population composed of all Saudi consumers in the Kingdom of Saudi Arabia. A random sample $n = (384)$ was considered. The study tool was a questionnaire. Among the most important results reached is the effect of the application of VAT on changing the consumer's behavior, besides the consumer can change his/her decision to buy the product due to its high price. The consumer may decide not to buy if the commodity is unnecessary. The application of VAT was found to affect the consumer savings compared to his/her expenditures' due to high price. Researchers recommended that: The necessity of reducing the VAT on local products to ensure its marketing. The Kingdom's government should continue its commitment to support people with low incomes to be able to anticipate the effects of the implementing VAT. The need to provide consumer awareness programs to rationalize spending behavior and directing it towards saving.

Key words: *Value-added tax, consumer, consumer's behavior, Saudi Arabia..*

Introduction

Saudi Arabia confronts significant changes and developments in all aspects and due to the emerging need to maximize state income; the value-added tax has been imposed. It became necessary to explore and evaluate the consumer's behavior in a more objective way in light of implementing the value-added tax, because the existing studies in marketing have proven that the tax alters the consumer's behavior, and enables them to explore the market, opportunities and make gains. It also reinforces the community's ability to invest in the future to improve income levels and offset the effects of tax. Value-added tax is considered one of the most important financial policies in the Kingdom that help achieve economic goals, diversify revenues and minimize reliance on oil income.

The Kingdom of Saudi Arabia give special attention to this type of revenue, this attention is embodied in the sustainable development of tax legislations in alignment with the prevalent economic and social developments, where the economic and social factors are considered one of the most important the state takes into account when planning tax legislation. The Kingdom implemented a 5% value-added tax starting from January 1, 2018 through July 1, 2020. Then, the decision to increase the value-added tax rate to 15% was applied to all tax-subjected goods and services, after the announcement of Royal Decree No. A / 638 amending the second article in the value-added tax system, which included increasing the tax rate from 5% to 15% on May 11, 2020, to deal with the economic effects of the Corona pandemic. (https://gazt.gov.sa/ar/RulesRegulations/VAT/Pages/About_Vat)

The First Axis: The Methodological Framework and Previous Studies

Problem of the Study

The problem of the study is KSA's dependence on the implementation of value-added tax as one of the non-oil resources that the country depends on in its general budget, which makes it imperative to measure its impact on the Saudi consumer's behavior, and to find out what's required for its success, utilizing its advantages and avoiding complications. The problem of the study can be rephrased in the following main question:

Is the Saudi consumer's behavior going to be impacted by implementing value-added tax?

The main question above is subdivided into the following sub-questions:

1. Does the Saudi consumer have the ability to control their purchasing behavior according to the value-added tax?
2. Does the value-added tax affect the savings behavior of the Saudi consumer?
3. How much awareness does the Saudi consumer have of the goods that are considered luxury items that are not needed in light of the value-added tax?

The Importance of the Study

The importance of the study is that it addresses the value-added tax that was imposed by the Kingdom of Saudi Arabia as one of the non-oil revenue sources. In addition, the study attempts to define the impact of such tax on the Saudi consumer's behavior and the factors that affect their purchase decision, in order to ensure his commitment to implement it, as this is considered one of the few studies covering the relationship between VAT and the end-consumer's behavior.

The Study Objectives

This study aims at achieving the following goals:

- Defining the concept of value added tax.
- Clarifying the objectives of value-added tax and its economic effects.
- Defining the consumer's behavior concept & goals.
- Explaining the extent to which the consumer can control his purchasing behavior in reaction to VAT.

The Study Assumptions

- There is a moral significance effect between implementing VAT and the changes in consumer's behavior.
- There is a moral significance effect between implementing VAT, demand and the consumer's purchasing decision.
- There is a moral significance effect between implementing VAT and the change in consumer's desires.
- There is a statistic significance connection between the implementing VAT and the effect of external factors on the consumer.
- There is a statistic significance connection between implementing VAT and the effect of internal factors on the consumer's behavior.

The Study Methodology

This study is based on the descriptive methodology, which defines the current phenomenon and describes it accurately, then reaches the proper explanation for this phenomenon, providing information about it as it is in reality, in addition to using the statistical methodology by implementing the statistical package for Social Sciences software (SPSS) to analyze the data.

Data Collection Tools

A questionnaire was used as the primary tool for collecting data from its primary sources.

The Study Limitation

The limitations of this research are as the following:

The study's subjects are the Saudi consumers within the Kingdom of Saudi Arabia. The study is conducted in Saudi Arabia between 2018 and 2020. The study is limited to study the effect of implementing VAT on consumer behavior.

Previous Studies

- The study (Al-Kishan, Al-Qulaiti, 2020): The study addressed the impact of implementing the value-added tax on the revenues of the General Authority of Zakat and Tax (A field study within the region of Makkah Al-Mukarramah). This study aimed at identifying the impact of value-added tax on the revenues of the General Authority of Zakat and Tax in the Makkah region, and to achieve this goal it adopted the descriptive analytical method. The study reached a number of results, most importantly: There's a strong connection between implementing the value-added tax and limiting of commercial cover-up, also that proper implementation of value-added tax limits the opportunities for tax evasion. In light of the results of the study, it recommends that the General Authority of Zakat and Tax should give attention to the field investigation and activate it with the support of some government entities, because this contributes to the commitment & discipline of taxpayers to submit their tax declaration and settlement. The study also recommends that the General Authority of Zakat and Tax should disclose its zakat and tax revenues and expenditures, and to highlight their social and economic benefits, which encourages charged individuals towards real disclosure about their revenues and commercial activities.
- The study (Sayed, 2019): This study examined value-added tax and its effects: an exploratory study in the Saudi business environment, the study aimed at examining the effects of value-added tax as a new source of financing in the Saudi business environment, and on the other hand, it examined whether a single rated value-added tax leads to reducing the volume of tax revenues compared to imposing a multiple rated value-added tax that varies according to the nature of goods and services as in other countries. The results indicated the necessity of limiting the optional registration, because it contributes to increasing the tax revenue. The study also demonstrated that a single rate of value-added tax may lead to a lower tax revenue. Therefore, the study recommends reviewing the implementation of value-added tax at multiple rates that commensurate with the nature of products and the social conditions of the society's categories.

- The Study (Babiker and Muhajer 2018): This study examined (the value-added tax and the effectiveness of its collection and its impact on public revenues in Sudan), which targeted measuring the effectiveness of value-added tax collection, and to demonstrate the effect of increasing the tax rate on the state revenues in Sudan. To achieve the goal of the study, the descriptive method was adopted, and the increase in tax revenue was calculated during the period between 2010 & 2015. The study reached a group of results, most importantly: If there's a need to increase the state revenues, the tax rate on commodities and services including communication can be increased, while having consideration for the necessary ones.
- The Study (Tenqal & Al-Mahal2017): The study examined the impact of value-added tax on the gross domestic product (GDP) in Sudan (2005-2015). The study aimed at identifying the impact of value-added tax on the gross domestic product in Sudan, and the extent of its Positive impact on GDP and in its sectors as well. The study adopted the descriptive analytical method, and a group of results was reached, most importantly: That the value-added tax system in Sudan has achieved positive results on the gross domestic product and its sectors, and that the value-added tax policy is in alignment with the economic goals and supports the national economy effectively. The study also recommended several recommendations, most importantly: It is necessary to expand the value-added tax umbrella by reducing the tax category, and eliminate the value-added tax on the agricultural sector permanently.
- The study (Al-Salhi and Al-Qadiri 2017): This study examined the “Impact of Corporate Social Responsibility on the Consumer’s Purchasing Behavior for Consumers in Saudi Arabia”. The study aimed at identifying the impact of corporate social responsibility on the consumer’s purchasing behavior in Saudi Arabia, and the extent of the consumer’s awareness of the corporate social responsibility concept, and revealing the most influential dimensions of social responsibility on the purchasing behavior. The study reached a group of results, most importantly: The corporate social responsibility has an impact on the consumer’s purchasing behavior. Half of consumers were familiar with the term corporate social responsibility, and that most consumers are uncertain if Saudi businesses apply social responsibility. Researchers recommended that companies should be committed to social responsibility and adopt it in their future plans. It is necessary that the state builds social and institutional culture that promotes the concept of social responsibility.
- The study (Aqeela, 2016): The study examined the effect of pricing on the end-consumer’s purchasing decision. The study aimed at identifying the effect of pricing on the end-consumer’s decision, and it adopted the descriptive analytical method. The study reached a group of results, most importantly: Previous experiences affect the purchasing decision of the consumer, and the price is considered key to selecting commodities. Income heavily affects the consumer’s purchasing decision. The consumer’s motives are

complex and difficult to understand because most consumers do not want to express their motives behind purchasing a particular product of all other products.

- The Study (Idris, 2011): The study evaluated the experience of implementing the value-added tax and the future prospects (case study - Sudan 2000-2007). The study aimed at reviewing tax reform in Sudan, evaluating the experience of implementing value-added tax in Sudan during the period between 2000-2007, assessing the effects of this implementation economically, administratively and technically as well as its mechanism, and the ability to employ value-added tax to anticipate the prospects for Sudan's accession to regional and international organizations such as World Trade Organization (WTO). To achieve the study's objectives, the descriptive analytical and historical methods were adopted to evaluate the value-added tax experience in Sudan. The study assumes that the added value has increased the revenues of the state, reduced consumption, promoted exports and relieved the burden of the cumulative tax, and that the application of value-added tax has led to ease of management, control and combating tax evasion. Also, that the implementation of value-added tax has prepared the country for joining regional and international organizations in terms of compensation for tax revenues that will be abolished and provide protection for Sudanese products, and that the implementation of value-added tax has helped to enforce tax justice and the fair distribution of the tax burden between the various levels of production and distribution. The study reached several results, such as: The value-added tax has achieved its goals in terms of increasing state revenues and has succeeded in eliminating tax duplication. One of the main negative aspects of the application is the increase in prices of some commodities due to the non-compliance of taxpayers with the mechanism of tax, in addition to exemptions and administrative obstacles. The study recommended several recommendations, such as: Focusing on extending the umbrella of tax, charging small taxpayers and retailers lower rates, abolishing exemptions and replacing them with a low rate category in order to reduce revenue loss.

A Comment about Previous Studies

The objectives of previous studies varied and their approach to the issue of value-added tax have differed in a different methodology. Some studies addressed with the role of tax in changing consumer behavior and its impact, and others focused on its effectiveness and its impact on revenues.

What distinguishes the current study from previous ones, is the recency of this type of tax in the Kingdom of Saudi Arabia, as this study examines the impact of the implementing the value-added tax in the Kingdom of Saudi Arabia, not only on the general revenues of the state, but also examines the extent of the potential impact of the implementing the value-added tax on the behavior of the Saudi consumer and the extent of his purchasing behavior

change as a result of implementing the tax. Also, what distinguishes this study from previous ones is that it is one of a few studies that examines the impact of value-added tax on the behavior of the Saudi consumer, within the limits of the findings reached in previous studies, as it researches the extent of the value-added tax effect on the consumer's motives, desires, choices and purchasing behavior.

This study will provide some results and recommendations that may benefit those interested in tax, accounting and consumer behavior.

The Second Axis: Theoretical Framework

Introduction to VAT

The Concept and Definition of VAT

Value-added tax is a new type of tax that is applied in the Kingdom of Saudi Arabia, it is a new component for society that affects consumer goods and others. Hence, it is required to identify its impact on consumer behavior, and to perform a field study on the Saudi consumer. Value-added tax is defined as an indirect tax imposed on the import and supply of goods and services at every stage of production and distribution, with some exceptions. VAT is applied in more than 160 countries around the world.

VAT is the tax added to the value of the commodity at every stage of production, from the first production or import phase to the final consumption phase, which means that the mechanism by which VAT is applied makes it able to achieve its goals and benefit from that tax. So, determining the commodities, choosing the rates specified for them, and taking into account the purchasing power of the consumer are all important matters. (Dahmash, 2015)

Value-added tax is a tax on consumption that is paid and collected at every stage of the supply chain, starting from purchasing raw materials from the factory all through the retailer until the final product reaches the end-consumer. Unlike other taxes, people who are subjected to this tax will have to do the following (according to the executive list of the value-added tax 2018):

- Collect the value tax from customers in each taxable sale according to the specified percentage.
- Pay the value-added tax to the suppliers from whom they received the goods or services - if any - for each taxable purchase according to the specified percentage.

Upon defining value added tax, it is necessary to define the value added financially. The added value is the increase in the market value of the goods and services used by the facility and the market value of the goods and services that have emerged from the facility as a final result of its activity. The increase in the value is achieved as a result of the contribution of

each person working in the facility, including the managers and the equities of the people who finance the capital, as well as the government contribution, which is responsible for maintaining the economic and social environment in which the facility operates. (Babaker and Muhajer, 2018)

Characteristics of Value-added Tax

VAT is an indirect tax, which means that it is imposed on goods and services (consumables) and it's not imposed to a specific person. The end-consumer bears the VAT burden.

VAT is generally imposed on all goods and services (except the ones excluded from VAT), meaning that it is imperative to make all goods and services subject to tax including the excluded ones, for specific purposes. Executive regulations of the value-added tax system have specified two cases of exceptions, namely: the zero tax rate (the tax rate is zero%) and the state of tax exemption.

VAT is imposed at specified rates (tax rates). Value-added tax will be imposed on goods and services at a rate of 5% on the value of the goods and services, which is considered one of the lowest rates in the world. However, some specific goods and services will either be subjected to a zero tax rate or be exempt from VAT. (Zakat and Tax Package, 2018).

The Importance of Value Added Tax

The value-added tax is one of the main sources of financing the activities and expenditures of the state, and it plays an important role in the national economy, as it is considered one of the tools of economic, political and social policy and one of the most important functions of the tax in the state: (Tenqal, 2016).

Financing state expenditures achieves the social goal of redistributing income, achieving economic goals, and protecting local products by imposing higher taxes on imported products.

These goals differ according to their priorities and according to the nature and need of the state for the money it collects through tax.

The Purposes of the Value-Added Tax and its Economic Effects

There are several purposes for VAT that aim to reform the tax system so that it can achieve the desired objectives better. The objectives of the value-added tax are the same goals that are sought from the tax system, which summarize in providing an appropriate amount of revenue

for the public treasury at the lowest management cost, and the administrative feasibility is the measure in determining the administration entrusted of implementing the value-added tax. It also aims to simplify the tax system and make it graspable by taxpayers, as well as work to upgrade the administrative performance of the tax system as a whole to make it more acceptable and appropriate for the requirements of economic growth. (Al-Mahameed, 2016).

1. The impact of value-added tax on prices

The effect of value-added tax on prices is one of the most important effects that is surrounded by several reservations, this effect is also used to intimidate people from implementing this tax, which is accompanied by an increase of the cost of a number of economic factors. This results in a demand for increased wages and pressure towards exemption or exclusion from tax, in addition to the extensive tax evasion, which is done with the help of some groups of people in pursuit of a lower price, which causes increased inflation rates with part of the revenue leaking out of the treasury the public. (Al-Barary, 2014).

2. The impact of value-added tax on production and consumption

Implementing an indirect tax on consumption affects consumers and producers, and upon using the substitution system as followed when implementing the value-added tax, new resources are not transferred to the public treasury, and this is related to redistribution of the tax burden among families, as there are families that have increased tax on goods (services) that they consume while decreasing on goods (services) that other families consume. In this case, the producers who produce the goods (services) whose taxes have decreased will gain, while the producers of the goods (services) whose taxes have increased will lose, excluding the goods that do not have flexibility in consumption, such as sugar in Sudan. For example, Imposing a tax on fuel, that is converted from cotton fabrics, in this case it will benefit the families that consume these textiles while the families with the highest consumption of fuel lose, at the same time the cotton textile producers and their dealers will gain, while the people whose activities are related to the petroleum products will lose. (Al-Barary, 2014).

3. The impact of value-added tax on savings and investment

In the case of economic boom, indirect taxes, such as value-added tax, lead to reduced consumption, thus freeing a certain percentage of income and resources, which increases savings capacity, and here lays the advantage of indirect taxes, which is to avoid income saved from taxes. However, this type of tax leads to negative effects at the time of economic recession due to its inflexibility, which leads to the transfer of many liquid financial assets outside the financing institutions, which makes them out of the investor's reach, and this leads to a low liquidity to the gross national product ratio, which in turn is an important indicator of the levels of investment and marginal capital adequacy, and a low degree of investment risk, all of which reduces the monetary assets of the private sector and in the long run this will be reflected in government revenues, especially in light of the low prices of

exports for any reason in light of the fluctuations in global markets. Therefore, it is more appropriate to put in a low promotional segment some industries of strategic importance. (Al-Mahayni 2012).

4. The impact of value-added tax on the fairness and efficiency of the tax system

Many arguments arise about the injustice of VAT due to its regressive nature, imposed as a fixed percentage of consumption. This will make the tax system a regressive system that affects the incomes of poor groups of the population, and this will have a negative return, especially with the spread of poverty cases, the disruption of income and wealth distribution, and the spread of unemployment. (Metwally, 2013).

5. The impact of value-added tax on factors of economic stability:

In the case of adhering to the rules regulating the introduction of the value-added tax in the tax system, especially with regard to the substitution system and study the compatibility of the economic burden of the tax energy level related to the level of economic activity and individual income levels, the application of this tax will lead to a number of positive effects, which push towards achieving economic stability . (Tenqal, 2016).

The Economic Implications of Implementing VAT

When making any tax amendment or imposing a new tax, it is necessary to take a look at the economic effects expected to occur in order to be prepared to deal with them, some opinions will be presented on the economic implications, which are as follows (Al-Sayed and Al-Suleiman, 2019):

1. Activating exports and the free market due to their zero% tax average, as it appears in many countries such as UK, which constitutes a strong support for export trade and services the local products to compete in global markets.
2. It is a tool to protect domestic production from foreign competition, where a high tax is imposed on foreign products as well as health harming local products such as cigarettes and soft drinks to reduce their consumption.
3. The implementation of the value-added tax system without a direct increase in the level of wages will contribute to increasing prices, and merchants are pushed for sell without invoicing to help some categories of the society that hope for low prices, which causes an increase in inflation rates, thus leaking part of the revenue outside the public treasury, reducing its economic feasibility.
4. Limiting savings and directing the bulk of the income to consumption, which reduces the volume of investments.
5. Reducing the shadow economy and economy based on paper money transactions, thus enhancing transparency for market participants.

6. Exemption from the tax in exchange for the zero rate of tax, because the exempted project does not add a value-added tax on its sales, but pays a tax on its inputs (purchases) and it is not allowed to recover the value-added tax unlike the projects on which the tax is imposed at a zero rate so there is no tax on sales and he is entitled to a refund of the value-added tax that he paid on his inputs at the same time, and that may prompt some to raise the prices of goods and services to offset the non-refundable value-added tax.

Conceptual Framework on Consumer Behavior

Concept and Definition of Consumer Behavior

There is a great importance for studying consumer behavior because it is considered one of the most important aspects and is one aspect of behavior in general, and the attempt to identify it has received great attention from various economic and behavioral schools, and has presently become an important and fundamental point for organizations as a result of scientific and technological progress which led to Increase the number and variety of products on the market. (Idris and Al- Morsi, 2015).

The consumer has an important role in the activity of the factories that offer their products to him, as no factory can succeed in achieving its goals, unless it determines the consumer of those products, and realizes the role that it plays, and what is required to study and predict the consumer's behavior, to know its views and suggestions in order to determine his needs . The appropriate product can only be produced after its consumer is determined. (Al-Sumaidaie, 2015).

The consumer's behavior is defined as that which the consumer shows in the search for buying or using goods, services and ideas, which are expected to satisfy his needs and desires according to his available purchasing capabilities. (Delafrooz, Taleghni And Nouri, 2014).

It can also be defined as the set of behaviors shown by individuals, directed towards securing access to goods and services, which includes the specific decision-making process for those actions. (Al-Musawi, 2014).

Consumer behavior can be defined as the set of behaviors shown by individuals that are related to the purchase and use of economic goods and services, including the decision-making process that precedes and defines these actions (Al-Daiwah G, 2013).

The Importance of Studying Consumer Behaviour

The study of consumer behavior brings a number of benefits to the following parties (Abu Rumman, 2014):

- A- The importance of studying consumer behavior for consumers: It helps the consumer to gain insight to understand the process of purchasing and consuming goods and services, especially in knowing what he is buying, why, and how he gets it. It also helps him realize the factors & influences that affect his purchasing or consuming behavior that motivates him to purchase or consume a commodity, service or brand.
- B- The importance of studying consumer behavior for students: The study of consumer behavior benefits students in understanding the relationship between environmental and personal factors that collectively lead to affecting an individual's behavior and motivates him to behave in a specific way, and it also allows them to understand human behavior as science.
- C- The importance of studying consumer behavior for corporate officials: Studying consumer behavior helps corporate officials discover appropriate marketing opportunities, divide the market, and design a competitive site for the organization's goods. (Idris, 2015)

The Objectives of Studying Consumer Behavior

The objectives of studying consumer behavior are highlighted by the following (Al-Janabi, 2014):

- Making sure that the ways the consumer behaves towards factory policies has a major impact on its success. And to ensure that satisfying of consumer needs; the factory must test the most important factors for: What? Where? when? How does an individual consume?
- To achieve a good understanding of the factors affecting consumer behavior, the factory management is in a sound position to predict how the consumer will behave towards the factory's future policies.

Factors Affecting Consumer Behavior

The consumer's behavior is affected by several factors, some are personal which are related to the a specific consumer, which are called internal factors. Other factors that affect the consumer being a living social creature entail the relationship with his surrounding environment. These are called external factors, and they are as follows:

First: External Factors

External factors are as following (Idris and Al-Mursi, 2015):

Social Factors

These factors express the influence of social phenomenon on consumer purchasing behavior. In general, this behavior is subject to several influences, such as small groups and the family to which the consumer belongs to, friends, neighbors and co-workers. Consumer interacts with these factors informally and constantly.

Civilization Factors

The urbanization, culture and social class to which the consumer belongs, are factors that influence his purchasing behavior.

Economic Factors

The economic situation, or consumer income, is one of the factors affecting an individual's choice of his products.

Second: Internal Factors

Internal factors are as following (Idris and Al-Mursi, 2015):

Motivation Factor

Motivation can be defined as that need that pressures the individual and pushes him towards a specific behavior to satisfy it.

Perception Factor

It is the meaning that an individual gives to a specific stimulus that he has received through his five senses. Consequently, the level of perception varies from one individual to another according to a set of variables.

Learning Factor

Learning represents the effect of experience on subsequent behavior, and experience can be direct, such as the experience of a product.

Personality Factor

Personality factors are education, gender, income, and age, which are influences on consumer behavior.

Third: Cultural Factors

Cultural factors are as follows (Al-Salhi, Dalal and Al-Qadiri, 2017):

Cultural factors are considered to have a broad and profound impact on consumer behavior, and this is affected when the buyer's culture, and social class play an important and influencing role in the purchasing decision. Culture is considered a critical and essential factor in the individual's recognition of his needs and desires, because it stems originally from the values, beliefs, and indications that he quoted or those around him. It has thus become a personal standard for dealing with others by interpreting the situations in which he interacts as an individual in society.

Social Class

It is very natural for human societies to contain different social classes within, that can be defined as "the relative homogeneity of departments or parts of society and arranged hierarchically, and its members share common values and interests in similar behaviors. Social class is not determined by the level of income only, but there are other indicators adopted like profession, education and place of residence (Abu Hajjaj, 2013).

Types of Consumer Behaviour

There are many types of behavior for the consumer, such as (Abu Hajjaj, 2013):

The Behavior of an Individual Consumer

He purchases goods and services for his own or family use, and purchasing operations of this type are mostly simple, as there are many products that are purchased daily routinely and without taking a long time in making decisions, but still there is a need to study this type of consumer's behavior.

The Behavior of the Industrial Consumer

Such as companies and institutions, which buy goods such as raw materials and equipment for use in manufacturing other materials to make the final product, and the decision-making process in this type is complicated, as it requires studying several suppliers and choosing the

best among them. This procurement process also requires approval by more than one person such as the Procurement Officer, Finance, and Production. Companies that target institutions and other companies should intensify their marketing efforts, and employ people with a high ability to persuade in a logical and sequential manner.

The Third Axis: The Field Study ***The Procedures of the Field Study***

The procedures of the field study aims to determine the content of the study that achieves its goals and to prove its hypotheses, through identifying the study community, study sample, sources of information, the of collecting them from field sources and statistical methods used in data analysis.

Constructing the study tool: It was designed according to the method of closed questions (CLOSED QUESTIONNAIRE) in which questions with specific answers are used according to the Likert Pentatonic scale, and this type has the advantage of being easily answered and easy to analyze. The questionnaire has five axes consists of (24) phrases.

- The first axis: The impact of implementing value tax on changing consumer behavior.
- The second axis: The impact of implementing value tax on demand and the purchasing decision of the consumer.
- The third axis: The impact of implementing value-added tax on the consumer's desires.
- The fourth axis: The implementation of value-added tax and the impact of external factors on the consumer.
- The fifth axis: The impact of implementing value-added tax and the impact of internal factors on consumer behavior.

Noting that the scale used for the study axes is Likert five-point scale for the degree of approval (strongly agree, agree, neutral, disagree, strongly disagree).

Validity of the Questionnaire

The truthfulness of the questionnaire means that the questions can measure what they were put for, and the truthfulness of the questionnaire was confirmed in two ways:

First: Internal Consistency

The internal consistency means the consistency of each paragraph with the axis to which this paragraph belongs, and the consistency of the questionnaire was calculated by calculating the

correlation coefficients between each of the paragraphs of the questionnaire and the overall degree of the axis itself.

A- Correlation coefficient between each paragraph of the first axis and the overall degree of the axis, which shows that the correlation coefficients shown are a function at the level of significance $\alpha = 0.05$, and thus the axis is valid for what was set to measure it.

Table 3.1: Correlation coefficient between each paragraph of the first axis and the total degree of the first axis

Paragraph	Correlation coefficient	Indication
VAT effects the consumer's behavior	** .948	Function at 0.01
VAT effects the consumer's choices	** .905	Function at 0.01
VAT effects the priorities of the consumer	** .51.8	Function at 0.01
The consumer overlooks his needs because of VAT	** .855	Function at 0.01
The consumer balances between VAT & his need for the commodity	** .912	Function at 0.01

Source: Preparation of the two researchers, from the field study data 2020

Correlation statistically functional at the significance level $\alpha = 0.05$

B - Correlation coefficient between each paragraph of the second axis and the overall degree of the axis, which shows that the correlation coefficients shown are a function at the level of significance $\alpha = 0.05$, and thus the axis is valid for what was set to measure it.

Table 3.2: Correlation coefficient between each paragraph of the second axis and the overall degree of the second axis

Paragraph	Correlation coefficient	Indication
VAT effects the demand level	** .901	Function at 0.01
The consumer will decrease his purchases due to VAT	** .748	Function at 0.01
The consumer will refrain from purchasing luxury items	** .912	Function at 0.01
The consumer balances between his income & his purchases	** .768	Function at 0.01
The consumer focuses on purchasing necessary items only	** .768	Function at 0.01

Source: Preparation of the two researchers, from the field study data 2020

Correlation statistically functional at the significance level $\alpha = 0.05$

C - Correlation coefficient between each of the paragraphs of the third axis and the overall degree of the axis, which shows that the correlation coefficients shown are a function at the level of significance $\alpha = 0.05$, and thus the axis is valid for what was set to measure it.

Table 3.3: The correlation coefficient between each paragraph of the third axis and the overall degree of the third axis

Paragraph	Correlation coefficient	Indication
VAT effects the consumer's desires	** .911	Function at 0.01
VAT effect the consumer's priorities	** .834	Function at 0.01
The increase in prices caused by VAT effects the desire to purchase them	** .894	Function at 0.01
The consumer overlooks a lot of his needs because of VAT	** .911	Function at 0.01

Source: Preparation of the two researchers, from the field study data, 2020

Correlation statistically functional at the significance level $\alpha = 0.05$

D - correlation coefficient between each paragraph of the fourth axis and the overall degree of the axis, which indicates that the correlation coefficients shown are a function at the level of significance $\alpha = 0.05$, and thus the axis is valid for what was set to measure it.

Table 3.4: Correlation coefficient between each paragraph of the fourth axis and the total degree of the fourth axis

Paragraph	Correlation coefficient	Indication
The consumer's social involvement decreases because of VAT	** .913	Function at 0.01
The consumer will have to purchase alternative commodities	** .866	Function at 0.01
VAT effects the consumer's role towards his extended family	** .913	Function at 0.01
VAT effects the consumer's budget	** .846	Function at 0.01
VAT effects the economical state of the consumer	** .914	Function at 0.01

Source: Preparation of the two researchers, from the field study data, 2020

Correlation statistically functional at the significance level $\alpha = 0.05$

E - Correlation coefficient between each of the paragraphs of the fifth axis and the overall degree of the axis, which shows that the correlation coefficients shown are a function at the level of significance $\alpha = 0.05$, and thus the axis is valid for what was set to measure it.

Table 3.5: Correlation coefficient between each paragraph of the fourth axis and the overall degree of the fifth axis

Paragraph	Correlation coefficient	Indication
I adjust my needs based on VAT	** .913	Function at 0.01
VAT limits the consumers from experiencing products	** .866	Function at 0.01
I accept lower quality products because of VAT	** .913	Function at 0.01
Consumer's understanding of his needs & desires is effected by VAT	** .846	Function at 0.01
VAT effects the consumer's income	** .914	Function at 0.01

Source: Preparation of the two researchers, from the field study data, 2020

Correlation statistically functional at the significance level $\alpha = 0.05$

Second: Structural Validity

Structural honesty is one of the measurements that measures the validity of the tool that measures the extent to which the goals that the tool wants to achieve, and shows the extent to which each axis of study relates to the total degree of questionnaire paragraphs.

Table 3.6: Pearson's correlation coefficient for each axis with the total degree of questionnaire

Paragraph	Correlation coefficient	Indication
The first axis: The impact of implementing value tax on changing consumer behavior	** .927	Function at 0.01
The second axis: The impact of implementing value tax on demand and the purchasing decision of the consumer.	** .929	Function at 0.01
The third axis: The impact of implementing value-added tax on the consumer's desires.	** .930	Function at 0.01
The fourth axis: The implementation of value-added tax and the impact of external factors on the consumer.	** .915	Function at 0.01
The fifth axis: The impact of implementing value-added tax and the impact of internal factors on consumer behavior.	** .915	Function at 0.01

Source: Preparation of the two researchers, from the field study data, 2020

Correlation statistically functional at the significance level $\alpha = 0.05$

It is demonstrated in table (3/6) that the value of the correlation coefficient at the axes is statistically significant; as all axes are connected to each other and the overall degree of the questionnaire, as this correlation is statistically significant, and this confirms that the questionnaire offers a high degree of stability and internal consistency.

The Consistency of the Questionnaire

The consistency of the questionnaire was estimated, using the Cronbach's Alpha and split-half techniques.

1- Split-Half Technique

The consistency of the questionnaire means that it should give the same result if the questionnaire was redistributed more than once under the same circumstances and conditions or in other words that the stability of the questionnaire means consistency in the results of the questionnaire, and that not significant change would happen if it was redistributed to the sample individuals several times during certain time periods, where the questionnaire paragraphs were divided into two parts (questions with odd numbers, and questions with even numbers), then the correlation coefficient was calculated between the scores of the odd-numbered questions and the scores of the even-numbered questions, and after that the correlation coefficient was corrected using Guttman's scale because the paragraphs are not equal according to the following formula:

$$Guttman = 2 \left[\frac{S_1^2 + S_2^2}{S_T^2} \right]$$

Where S_1^2 is the variation in degrees for the first half of the questionnaire, S_2^2 is the variation in degrees for the second half of the questionnaire, and S_T^2 is the variation in degrees for the whole questionnaire, and the following results were obtained as shown in table (3/7):

Table 3.7: Split-half technique for Measuring Stability of Questionnaire

Axis	Correlation coefficient before correction	Correlation coefficient after correction
The first axis: The impact of implementing value tax on changing consumer behavior	.914	.960
The second axis: The impact of implementing value tax on demand and the purchasing decision of the consumer.	.905	.955
The third axis: The impact of implementing value-added tax on the consumer's desires.	.923	.959
The fourth axis: The implementation of value-added tax and the impact of external factors on the consumer.	.847	.945
The fifth axis: The impact of implementing value-added tax and the impact of internal factors on consumer behavior.	.858	.962
All questionnaire axes	.801	.898

Source: Preparation of the two researchers, from the field study data, 2020

It is clear from the results in table (3/7) that the value of the adjusted correlation coefficient (Guttman's high and acceptable), thus ensuring the validity and consistency of the study questionnaire, which makes us fully confident in the validity of the questionnaire and its validity to analyze the results, answer questions of the study and test its assumptions.

2- The Cronbach's Alpha Technique:

This method was used to calculate stability, and the results are as in Table (3/8), and this indicates that the questionnaire has a high degree of stability.

Table 3.8: Cronbach's Alpha coefficient for measuring stability of questionnaire

Axis	Alpha coefficient
The first axis: The impact of implementing value tax on changing consumer behavior	.932
The second axis: The impact of implementing value tax on demand and the purchasing decision of the consumer.	.951
The third axis: The impact of implementing value-added tax on the consumer's desires.	.964
The fourth axis: The implementation of value-added tax and the impact of external factors on the consumer.	.937
The fifth axis: The impact of implementing value-added tax and the impact of internal factors on consumer behavior.	.963

All questionnaire axes	.914
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Source: Preparation of the two researchers, from the field study data, 2020

Consistency = positive square root of the Cronbach's Alpha coefficient

It is clear from the results shown in Table (3/8) that the value of the Cronbach's Alpha coefficient was high for each axis of the questionnaire, as was the value of the alpha coefficient for all paragraphs of the questionnaire was (.914), which means that the coefficient of stability is high, and the questionnaire is in its final form. This way, the validity and reliability of the study questionnaire were confirmed, which makes us fully confident in the validity of the questionnaire and its validity to analyze the results, answer the study questions and test its assumptions.

Data Analysis Methods

The questionnaire was analyzed through the Statistical Packages for the Social Sciences software.

The following statistical tools have been used:

- 1- Percentages, patterns, arithmetic average, relative weight, and order. This is used mainly for the purposes of finding out the repetition of categories of a variable and is useful in describing the study sample.
- 2- Using Cronbach's Alpha and the Split-Half Technique to find out the stability of the questionnaire paragraphs.
- 3- Using Pearson's correlation coefficient, to find the validity of the internal questionnaire.

Study Community and Sample:

The study community means the total group of elements that the researcher seeks to generalize on the results related to the studied problem. The study community consists of all Saudi consumers, and a random sample representing the community was selected consisting of (384) individuals.

Analyzing the Study Hypothesis and Discussing the Results

This section addresses the presentation and analysis of the most important statistical results, and based on an analysis of the study results, discussion of the results of the study, commenting on and interpreting it in a way that is compatible with the study problem.

Likert's five-level scale was used in preparing the study tool, the study adopted the standard shown in Table (3/9), to judge the direction of each phrase when using the Likert's five-level scale, mainly by relying on the value of the arithmetic average and the relative weight to determine the level of approval for the terms and fields of study .

Table 3.9: Ranges of the scale used for data analysis

Level	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Arithmetic Average	Less than 1.97	1.80 to 2.59	2.60 to 3.39	3.40% to 4.19	More than 4.20
Relative Weight	Less than 35.8%	36% to 51.9%	52% to 67.9%	68% to 83.9%	More than 84%

Source: Preparation of the two researchers, from the field study data, 2020

This gives a statistical indication that:

- Averages below (1.79) indicate strong opposition to the paragraph or the paragraphs of the axis as a whole.
- Average averages between (1.80 to 2.59) indicate opposition to the whole paragraph or paragraphs of the axis.
- The averages between (2.60 to 3.39) indicate neutrality on the whole paragraph or paragraphs of the axis.
- The averages between (3.40% to 4.19) indicate approval of the paragraph or the paragraphs of the axis as a whole.
- Averages greater than (4.20%) indicate strong approval of the paragraph or the paragraphs of the axis as a whole.

Results of the First Assumption Are

"There is a significant effect between the implementation of value tax and changes in consumer behavior"

Table 3.10: Arithmetic average, standard deviation, relative weight, Weighted level, and order of the first axis

Serial	Paragraph	Arithmetic average	Standard deviation	Relative weight	Weighted Level	Order
1	VAT effects the consumer's behavior	3.427	1.0890	68.54	Agree	3
2	VAT effects the consumer's choices	3.920	1.0135	78.4	Agree	1
3	VAT effects the priorities of the consumer	3.413	1.3718	68.26	Agree	4
4	The consumer overlooks his needs because of VAT	3.403	1.1624	65.34	Agree	5

5	The consumer balances between VAT & his need for the commodity	3.433	1.1782	68.66	Agree	2
First Axis		3.4920	.86626	69.84	Agree	-

Source: Preparation of the two researchers, from the field study data, 2020

The results in table (3/10) indicate that the level of responses of the study sample individuals on the first axis statements reached an agreeable level, and the total score of the first axis indicates the existence of a degree of approval on the axis, which means that the first assumption has been achieved "There is a significant effect between the implementation of value-added tax and changing consumer behavior due to high prices" at a high rate, because the consumer may have to change what he wants to buy due to the high price. This finding is consistent with the findings of the study (Sayed, 2019).

Results of the Second Assumption Are

"There is a significant effect between the implementation of value-added tax, demand and the consumer's purchasing decision"

Table 3.11: Arithmetic average, standard deviation, relative weight, Weighted level, and order of the second axis

Serial	Paragraph	Arithmetic average	Standard deviation	Relative weight	Weighted Level	Order
1	VAT effects the demand level	2.807	1.314	56.14	Agree	3
2	The consumer will decrease his purchases due to VAT	2.633	1.302	52.66	Agree	5
3	The consumer will refrain from purchasing luxury items	2.867	1.256	57.34	Agree	2
4	The consumer balances between his income & his purchases	2.653	1.198	53.06	Agree	4
5	The consumer focuses on	3.100	1.197	62.00	Agree	1

	purchasing necessary items only					
Second Axis		2.8120	1.0714	56.24	Agree	-

Source: Preparation of the two researchers, from the field study data, 2020

The results in table (3/11) indicated that the level of responses of the study sample individuals on the paragraphs of the second axis reached an agreeable level, and the total score of the second axis indicates the presence of a neutral score on the axis, which means the second assumption has been fulfilled "There is a significant effect between the implementation of value-added tax, demand and the consumer's purchasing decision" at a high rate. The researchers attribute this to the fact that the consumer may change his decision and may even cancel the purchasing decision due to the high price of goods due to the value-added tax. This result is consistent with the findings of the study (Aqeela, 2016).

Results of the Third Assumption Are

"There is a significant effect between the implementation of VAT and the change in consumer desires."

Table 3.12: Arithmetic average, standard deviation, relative weight, Weighted level, and order of the third axis

Serial	Paragraph	Arithmetic average	Standard deviation	Relative weight	Weighted Level	Order
1	VAT effects the consumer's desires	4.203	1.1741	63.86	Agree	1
2	VAT effect the consumer's priorities	3.867	1.1317	63.34	Agree	2
3	The increase in prices caused by VAT effects the desire to purchase them	3.613	1.3310	60.26	Agree	4
4	The consumer overlooks a lot of his needs because of VAT	3.653	1.2680	61.06	Agree	3
Third Axis		3.834	.95816	62.134	Agree	-

Source: Preparation of the two researchers, from the field study data, 2020

The results in table (3/12) indicated that the level of responses of the study sample individuals on the paragraphs of the third axis reached a neutral level, and the total score of the third axis indicates the presence of a neutral score on the axis, and this means that the third assumption has been fulfilled. "There is a significant effect between the implementation of value-added tax and the change in consumer's desires" at a high rate. The researchers attribute this to imposing the value-added tax that leads to a change in the consumer's desires and his refrainment from some commodities whose price has increased by tax and is no longer among his desires and does not demand it.

Results of the Forth Assumption Are

"There is a statistically significant relationship between the implementation of VAT and the effect of external factors on the consumer."

Table 3.13: Arithmetic average, standard deviation, relative weight, Weighted level, and order of the forth axis

Serial	Paragraph	Arithmetic average	Standard deviation	Relative weight	Weighted Level	Order
1	The consumer's social involvement decreases because of VAT	3.760	1.1625	75.2	Agree	1
2	The consumer will have to purchase alternative commodities	3.553	1.3338	62.26	Agree	3
3	VAT effects the consumer's role towards his extended family	3.437	1.3695	56.94	Agree	5
4	VAT effects the consumer's budget	3.640	1.1309	72.8	Agree	2
5	VAT effects the economical state of the consumer	3.470	1.4117	60.4	Agree	4
Forth Axis		3.572	1.00112	65.52	Agree	-

Source: Preparation of the two researchers, from the field study data, 2020

The results in table (3/13) indicated that the level of responses of individuals of the study sample to the fourth axis paragraphs reached an agreeable level, and the total score of the fourth axis indicates the existence of a degree of approval on the axis, which means the fourth assumption has been achieved. "There is a statistically significant relationship between the

implementation of the value-added and the impact of external factors on the consumer" at a high rate, and the two researchers attribute this to the fact that the value added tax affects and is affected by factors surrounding the consumer such as the government and the prevailing economic situation in the Kingdom of Saudi Arabia. This finding is consistent with the findings of the study (Al-Salhi and Al-Qadeiri, 2017).

Results of the Fifth Assumption Are

"There is a statistically significant relationship between the implementation of value-added and the effect of internal factors on consumer behavior"

Table 3.14: Arithmetic average, standard deviation, relative weight, Weighted level, and order of the fifth axis

Serial	Paragraph	Arithmetic average	Standard deviation	Relative weight	Weighted Level	Order
1	I adjust my needs based on VAT	3.02	1.0652	60	Neutral	5
2	VAT limits the consumers from experiencing products	3.55	1.1523	71	Agree	4
3	I accept lower quality products because of VAT	3.80	1.2310	76	Agree	1
4	Consumer's understanding of his needs & desires is effected by VAT	3.64	1.2150	73	Agree	3
5	VAT effects the consumer's income	3.76	1.3207	75	Agree	2
Fifth Axis		3.554	1.1965	65.52	Agree	-

Source: Preparation of the two researchers, from the field study data, 2020

The results in table (3/14) indicated that the level of responses of individuals of the study sample to the fifth axis paragraphs reached an acceptable level, and the total score of the fifth axis indicates the existence of an approved degree on the axis, which means the fifth assumption has been achieved "There is a statistically significant relationship between the implementation of value-added tax and the impact of internal factors on consumer behavior "at a high rate, and the researchers attribute this to the fact that imposing value-added tax affects the income of the consumer, his inclinations, and all the factors surrounding him. This finding is consistent with the findings of the study (Al-Salhi and Al-Qadeiri, 2017).

Results and Recommendations

The study concludes the following:

1. The implementation of value-added tax affects the behavioral change of the consumer, as the consumer can change his mind about purchasing the product due to its high price after imposing tax.
2. There is an effect of the implementation of value-added tax on the demand and the purchase decision of the consumer, and he can decide not to purchase if the commodity is not necessary.
3. The implementation of value-added tax affects the external factors of the consumer, because the consumer is a member of a society governed by some circumstances and surrounding factors such as high prices, the diversity of domestic and international products, the large number of competitors and other external factors surrounding the consumer.
4. The implementation of value-added tax affects internal factors on consumer behavior, such as the monthly salary, number of family members, and the general economic situation of the consumer, which affects him when making the purchase decision.
5. Value-added tax (VAT) affects limited income consumers, who may purchase cheaper and less quality goods.
6. The value-added tax affects the consumer's desires, as tax reduces the social involvement of the consumer.
7. In general, VAT weakens the purchasing power of the consumer.
8. The value-added tax affects consumer savings due to the increased spending because of increased prices.

Recommendations

Based on the results of this study, the following recommendations can be given:

1. It is necessary to reduce the value-added tax on local products to ensure their success.
2. The government's contribution to new industrial projects and encouraging them to exempt them by tax or at zero rate.
3. It is necessary to activate the role of the Zakat and Tax Authority in controlling the distribution of tax revenues.
4. It is necessary that the state continue its commitment to support limited income people to combat the effects of implementing VAT.
5. It is necessary to create awareness programs for consumers to rationalize spending behavior and direct them towards saving.

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