

## **Impact of Accounting Disclosure in the Imposition of Sales Tax on Business Profits in Jordan (Case Study)**

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### ***Introduction***

State seeks always to achieve the well-being of its citizens through the provision of social and health services, paving, construction of schools, universities and health facilities developed that serve all members of the community as a whole, and through this pursuit State faces a lot of problems that come in the forefront of providing the funding necessary to meet the requirements of development and to cover expenditures for that, For Jordan, the financial resources of the Treasury include external sources is to aid and foreign loans and remittances of Jordanians abroad and include sources represented in local revenues, which include tax revenue tax income and sales tax, customs and other revenues such as fees and licenses, mail, telephone and other revenues of different . And tax of great importance for Jordan and the limited natural resources in Jordan, forcing the state to rely on tax as an important source of revenue. It should be noted that Jordan was in the second half of the 1988 economic crisis was the Jordanian dinar decline to almost half its value and decline in the balance of foreign currency. As a result of this situation had to be for Jordan to follow correct economic program agreement with the International Monetary Fund (IMF). In 1991 a second exposure to a second crisis as a result of the second Gulf War, which was one of the most raised by imposing an economic blockade on Jordan. After the end of the Gulf War returned Jordan to develop a program debugging economic, and was among the measures resorted Jordan to expand the tax base, and worked to impose the sales tax as an alternative to the consumption tax rate of 7% on all goods except exempted goods, then work on raising the tax until it reached 16% according to the latest amendment.

### ***Problem of the Study***

This study attempts to answer the following questions:

1. What is the most important motivation for the imposition of sales tax?
2. Do you have achieved sales tax objectives?
3. Do you have affected sales tax Alyala Rabah business?
4. What is the nature of the impact?

### ***The Importance of the Study***

Government focused on the sales tax as a source of financing the public treasury and within government guidelines future in this regard and considered to rely on sales tax as one of the recommendations of the IMF and the World Bank, which aims to reduce the deficit in the state budget as one of the objectives of the economic reform program, has been aimed government put tax law Sales to overcome the gaps and negatives left by the application of consumption tax. Orbiter and the sales tax find it rose from 7% to be imposed for the first time in 1994 to reach 17% in 2004. And of course, it affects the movement of trade, hence the importance of this research stems from trying to identify the extent of the impact of the sales tax Alyala Rabah business.

### ***Objectives of the Study***

This study aims to research on the impact of the sales tax on business profits, in addition to achieving the following objectives:

1. Stand on the concept of sales tax imposed reasons
2. determine the relationship between the sales tax and business profits
3. Come up with some results and thus provide some suggestions and recommendations.

**Hypotheses:**

This study attempts to test the following hypotheses:

**The First Hypothesis**

Ho - sales tax does not lead to lower commercial sales

H1 - lead the sales tax to lower commercial sales

**The Second Hypothesis**

Ho - does not result in sales tax Alytkulail margin but Rabah business.

H1 - lead the sales tax Alytkulail margin but Rabah business.

***Theoretical Framework Introduction***

Appeared tax with the states are as old as those States, where she was a key tool of paraphernalia, and was the only goal of tax collection is supplementing the state treasury money needed for public expenditure, with the development of communities and do modern states evolved goals that impose the state for which taxes became tax Tools steer the economy in order to repair or organization and thus access to the desired economic objectives. (1) The different tax bases applied by States in modern times from the tax on the revolution and on the property to the tax on wages and profits, and the 00tax on capital (individuals) to tax on goods, also differed tax systems in determining the time of maturity of the tax example is tax in some systems to Item when produced in more sophisticated systems located this tax on goods when consumption of any developed for consumption, as is the tax on goods in more progressive tax systems on the item when you sell it, which is once you get at the last sale. As you get in other fragmented systems at each sale as in the system of value added tax.

**Concept of Tax:**

The general concept of the tax is to gather nations of money from its citizens, and this concept is true generally, but economists put the tax definitions more accurate has ever known tendency as "deducting cash imposed by public authorities on natural and legal persons according to their adaptive manner final and unrequited view to covering public burdens To achieve state intervention "(2).

(1) Abdul Hamid raised Obeidat, the sales tax - the expertise and solutions - according to the amended Law No. (36) for the year 2000 - applied with effect from 2.1.2001, without publisher Oman, 2001 p (15).

(2) Ghazi care, zakat and tax comparative study, Dar neighborhoods Science, Beirut, 1995, pp. 17

And stamp duties and licenses of all kinds.

**Definition of Sales Tax:**

Know the general sales tax in Jordan as those tax that is imposed on goods manufactured locally or imported, domestic or imported services, and meet the consumer indirectly in the form of an increase in the price of the goods or services And meet the consumer indirectly in the form of an increase in the price of the goods or services by the tax, and the person in charge collected from the buyer, and supplied to the Department within the specified dates. (1)

And I knew the second article of the Sales Tax Act No. (6) for the year 1994 the sales tax from the tax: as a "general sales tax under the Fahma law". And was amended on Arabization under Law No. 15 of 1995 which was applied as of 02/10/1995 where he became the definition as follows: "tax: is the general sales tax and additional sales tax

(1) and the Ministry of Finance; Customs Department; Directorate General Sales Tax; comprehensive guide in the General Sales Tax 1997.

**Stipulated in This Law. "**

It was also another amendment to the definition in the law No. (36) for the year 2000, which was applied as of 01/02/2001 so redefined the tax, he said, "Tax and tax, as appropriate," This definition was needed to define the general tax and special tax, he said that Tax is: "sales tax on the import or sale of any commodity or service in accordance with the provisions of paragraph (a) of Article (6) of this law" (1)

## Philosophy of Sales Tax

The philosophy of the sales tax law as follows: -

- 1 - exempting food commodities and key services that have a significant impact on low-income people.
- 2 - broadening the tax base to include all goods and services except those exempted by a special provision.
- 3 - to prevent double taxation through *تالردبسا* system.
- 4 - Cancel the actual control of the factories, and building bridges of trust between the department and responsible so that the control book.
- 5 - reducing tax evasion, and through the development of the new collection system and self-censorship.
- 6 - consider the lineage that luxury goods are subject within the upper ceiling on the tax.
- 7 - and an end to the register so that does not include the reduction of the annual sales of less than

The amount designated for registration (2).

(1) Sales Tax Law No. (6) of 1994, as amended

(2) Customs Department publications - Sales Tax Law No. (6) for the year 1994 and the amended law has a number (15) for the year 1995.

## Components of the Sales Tax in Jordan

After amending the law under Law No. (36) for the year 2000 has become a tax consists of the following: (1)

### 1 - Tax:

It means the sales tax on the import or sale of any commodity or service in accordance with the provisions of paragraph (a) of Article (6) of the Act, which means the overall percentage and amount

16% of the value of goods and services other than those exempt from tax set out in Table (3)

Appendix law or those exempted under the provisions of the law, as well as the goods subject to the zero rate.

### 2 - Special Tax:

It means the sales tax rates or the amounts of specific on the import of certain types of goods or sold in accordance with the provisions of paragraph (b) of Article 6 of the Act. This tax has become an alternative to the two types of tax they are implementing previously two specific tax and additional sales tax has reduced the number of goods that set for the two types of tax and special tax amounts became less than the amounts of specific tax and additional sales tax.

### 3 - Percentage of Zero:

A percentage that has remained on the goods and services that are exported to outside, in addition to it became applied to goods contained in Table (2) extension of the law and also on goods and services sold to those exempted under Article (21) of the Act and in accordance with its provisions.

(1) Abdul Hamid raised Obeidat, op cit, p 28

2 - I've been a law of general sales tax (6) for the year 1994 as an alternative to the consumption tax at a rate of 7% as a general imposed on all goods except for exempted goods and set schedules attached to the law.

3 - there have been some amendments to the Act the General Sales Tax Law No. (15) for the year 1995, and issued on 01.10.1995 and put the figure to 10% and stayed there tables of goods subject to 20% and other taxable quality and the amendment was to increase the list of goods Exempted to reach the 78 commodity.

4 - According to the amended Act No. 24/99 dated 07.20.1999 has been increased overall rate of tax from 10% to 13% and reduced exempted goods to reach only 72 items with survival tables of goods subject to a 20% and tables of goods taxable quality.

5 - Goods has been modified to 20% under the law No. 18 of 2000, issued in March, where some of its clauses were added to the Goods ratio of 13%.

6 - Law No. 36 for the year 2000 and which was introduced with effect from 1/1/2001

## The Reasons for the Imposition of Sales Tax

imposition of sales tax in the countries that took them for the following reasons: (1)

- 1 - This is a tax important source that revenue sources working of the state where it is characterized by abundant revenues to the wide scope of application because it runs in the original on all goods and a range of services on the occasion of dealing in such goods or the performance of those services is what distinguishes it from taxes commodity Private imposed on certain goods.
- 2 - achieving equitable distribution of the tax burden, including working to achieve social justice report some exemptions for essential goods and basic care for people with limited income.
- 3 - carry a tax on consumption demand, which leads to better resource reduction imposed on non-essential goods and non-core.
- 4 - to encourage exports by subject at the exchange rate in order to increase the competitiveness of the industrial commodity exports and service exports in the foreign market.
- 5 - simplify the tax system, leading to exempt holders of many burdens of procedures and facilitate their dealings with stakeholders thus reflected the remaining proceeds of the tax.
- 6 - The tax to encourage and stimulate the national industry to prevent double taxation by tax on production inputs.

For Arden began thinking applying sales tax for several years where she was a tax alternative to the laws preceded was applied to some goods was initially applied to the production and Excise and was at the same time apply the law surtax, and Alyother economic crisis experienced by the Kingdom at the end of 1988 considered government work program correct economic at the time, and took decisions to

(1) Abdul Ahamidahawarbe, 1997, p 269

Reforming the tax system is the most important issue tax law on consumption number (34) for the year, which was an alternative to the tax law on production and Excise, where he was subjected a number of goods to the tax remained increasing number of goods that arrived in 1993 to (106) goods, and building on recommendations from the World Bank and the International Monetary Fund and the studies conducted by the Jordanian government was contemplated adoption system VAT system as a modern and newly applied in more than (70%) of the world, including developed and ones that are still in the process of growth, and that the abundance of its outcome of money and flexibility enjoyed by comparison with other systems to tax indirect, has been working actively on the adoption of this system since 1992, which was marketed under the name of "the law of the General Sales Tax," and an alternative to the tax law on consumption applied then, what to tax law on sales of pros make the national economy more in line and in tune with the movement of the variables in the macroeconomic; as the deficit in the state budget compared to the GNP, and make the relationship between the volume of receipts and size of payments in hard currency, and the relationship between the savings ratio college to the size of the forms healthier and more suited, this was relationship distorted and non-responsive to the movement of the economy, and so was the sales tax is an important step on the serious state the relationship between these variables, they did not come in when applied to reduce the deficit in the state budget directly, but came to broaden the base charge to pay the tax in order to diversify production and encourage, not impede increase burdens imposed on it, has been adopted in this regard the following matters: (1)

1. Without prejudice to the tax burden for low-income and low so that the family budget remains to this segment of the enter Bmna any impact of the tax.

(1) Abdul Hamid raised Obeidat, op p (21).

2. Allowed to expose the national industry to foreign competition winds within unequal competition is able to boost production towards progress and development with the need to preserve the real rate of protection of national industry.
3. Sales tax to be an important part of the tax reform package overall.
4. Self-reliance and provide local sources of funding in order to cover government expenditures and reduce the size of the general budget.
5. Refine consumption patterns, and work to be less disparity between the ability to pay and the size and patterns of consumption and to reach the goal of reducing overall public and private consumption to what is below the level of GDP.
6. Improving the investment climate and stimulate the private sector and stimulate and reliance on market mechanism and remove distortions in supply and demand forces, as the sales tax more taxes to keep pace with the free economy and individual initiative.

Saidi said (1999) the following reasons that led to the introduction of a sales tax in Jordan: (1)

- 1 - is part of the structural adjustment program of the Jordanian economy, where you know the Jordanian economy in the late eighties to the severe economic crisis the outcome of various factors external debt Ktefaqm, and the high level of unemployment and destabilizing
- 2 - monetary stability and exchange rate fluctuations of the dinar, and then came the Gulf crisis and the resulting forced migration added new burdens on infrastructure and social services, as well as depriving Jordan wholly or partly from traditional export markets for Jordanian products (and the accompanying also the high cost of transport as a result of the blockade the port of Aqaba, which led to the ships can not reach the port.

(1) Imad Hassanein Saidi, op.cit, p 20

3 - The sales tax system to replace the consumption tax number (34) of 1988, to join all the flaws and problems that marred the application of consumption tax is the most important:

A - they tax is comprehensive and do not achieve social justice where affect a limited number of goods did not exceed (106) commodities in 1993, in addition to the adoption heavily on a small number of goods subject to the proportions necessary limited such as: cigarettes, cement, soft drinks, iron construction).

B - a consumption tax on some commodities (food) (such as margarine and cigarettes), while it did not include a number of luxury goods (such as cars, marble, Jacuzzi pools, etc.). In this way the law of consumption tax may Gafy justice in terms of its impact on essential goods consumed by the poor, especially the imposition of the tax on basic commodities such as cement, which affects the worsening crisis of the population and compounded. Valmskn important basic needs of man.

C - a wide disparity between the rates of consumption tax ranging between (5% and 60%), which means that this tax is given the advantage tax for items on the other, where a change in the product options in the production of goods most feasible, as well as the impact on consumer choice in the transition to consumption item that suits him best. This leads thus creating economic distortions it through misallocation of resources so as not to go to the best areas.

D - surveillance was conducted on plants subject to the consumption tax direct control, and shows that by having staff Customs Department at production sites, leading to the psychological impact on the factory owners through undermine trust between the parties, leading to confusion work sometimes occupied during a clash between them.

E - Contains application of consumption tax principle response tax on imported goods when re-exported, leading to a lack of export promotion and therefore not limited impact on goods for consumption but it occasionally extends to the production for export.

G - there is no end to register him in charge is subject to tax, leading to an increase in administrative expenses for the control and collection, as well as small industries is subject to this tax

Objectives of the sales tax system.

**These Objectives Can be Summarized as Follows: (1)**

Rely on real financial resources to cope with the increased public expenditures and to finance the deficit in the state budget instead of funding through loans, which spared him the burden of debt Heavy on the state or through monetary issuance and the consequent effects of sacrifice.

1. Achieve an equitable distribution of the tax burden, including working to achieve social justice report some exemptions for essential commodities, care for low-income people.
2. Promote exports by not taxed until increase their competitiveness in foreign markets, and to achieve that imposes a zero tax on all goods and services subject to the tax exporting abroad.
3. Encourage and revitalize national industry, prevents double taxation by deducting the tax on production inputs so as not to allow this system of repeat calculate the tax on intermediate products which will become clear impact significantly during the transition to the application of the second stage of this tax.
4. Simplify the tax system so as to mitigate the sponsors of multiple procedures and facilitate their dealings with stakeholders including reflected thus increasing the net result of the tax. Appeared evident in the application of tax and technical organization that works through starting to make the registration process through the recognition of the value of the tax and determine the price, and payment (supplied) to the Department to other specific actions Whatever the multiplicity and diversity

(1) Abdul Hadi سويحي; lectures in financial economics; Assiut University, 1996; p.28.

Sales tax targets in Jordan, but hopefully in the general budget of the state, it is clear the importance of the financial target which the government seeks to achieve more than the other goals and it is clear from the importance that contributed by the sales tax increase in budget revenues and evolution.

5. Rely on real financial resources to cope with the increased public expenditures and to finance the deficit in the state budget instead of funding through loans, which resulted in a heavy debt burden on the state or by cash version and the consequent effects  
Sacrifice.
6. Achieve an equitable distribution of the tax burden, including working to achieve social justice report some exemptions for essential commodities, care for low-income people.
7. Promote exports by not taxed until increase their competitiveness in foreign markets, and to achieve that imposes a zero tax on all goods and services subject to the tax exporting abroad.
8. Encourage and revitalize national industry, prevents double taxation by deducting the tax on production inputs so as not to allow this system of repeat calculate the tax on intermediate products which will become clear impact significantly during the transition to the application of the second stage of this tax.
9. Simplify the tax system so as to mitigate the sponsors of multiple procedures and facilitate their dealings with stakeholders including reflected thus increasing the net result of the tax. Appeared evident in the application of tax and technical organization that works through starting to make the registration process through the recognition of the value of the tax and determine the price, and payment (supplied) to the Department to other specific actions Whatever the multiplicity and diversity goals sales tax in Jordan but hopefully in the state budget, it is clear the importance of financial target which the government seeks to achieve more than the other goals and it is clear from the importance that contributes sales tax increase budget revenues and evolution.

1 - achieving equal opportunities for various goods subject treated Dharaúbaa and Bsrianha the same proportion (13%) on all products manufactured, whether domestic or imported.

2 - features between basic and luxury goods by imposing higher rates on the latter.

3 - export promotion through Re tax on goods if exported abroad.

4 - prevents this type of tax process of double taxation on goods. Enough to allow the sales tax deduction of the above proceeds from the tax on the inputs of the tax due on sales as well as what already paid or calculated from sales taxes on returns.

5 - created this tax limit for registration, so that is not subject to tax only the product and officiated the service, which is the size of their sales tax registration limit - As for the importer has no end recording and this feature has been exempt small producers and craftsmen and productive families of subordination Mnecahm tax to encourage these activities.

6 - broadening the tax base while lowering the tax rate for most goods produced, so check the necessary financial resources without prejudice to the commodity, and that the principle of justice tax and social development.

7 - relied on the application of indirect control through reliance on the use of accounting books and use tax return.

8 - the introduction of arbitration to resolve disputes between the taxpayer and tax interest what is this system of speed and effectiveness in solving problems.

10 - allows the sales tax system, reconciliation with the offenders and the tax evaders instead of resorting to negotiation. (1)

(1) Mona Abu Rumman, op cit, p 25

### ***General Characteristics of the Sales Tax in Jordan***

Represent characteristics of the sales tax in Jordan, including the following:

#### **1 - General Sales Tax:**

That is, they apply and apply to all goods and services, whether locally produced or imported except for a specific list of goods and services have been exempted from the tax.

#### **2 - Different Sales Tax Rates:**

Where there were many ratios of general sales tax on goods and services as follows:

### **A - Overall Ratio**

Impose a general tax rate (16%) of the value of locally produced goods and imported and the value of taxable services.

### **B - Goods Subject To the Proportion (20%)**

A group of luxury goods which are consumed by high-income earners are able to pay and that characterize demand high flexibility where such goods are subject to a more than the overall rate up higher than (20%).

### **C - Zero Rates**

It aims to compel the source to provide approval for its operations to the benefit of the sales tax shows that the exported goods even being able to recover the tax paid on inputs used in the manufacture of goods or tax refund previously collected on these goods and it aims to encourage exports.

### **3 - The Current Sales Tax**

The sales tax is the current tax, not a new tax which came to replace the consumption tax, which has been in force in Jordan for five and a half years ago.

### **4 - Flexible Sales Tax**

This is because the outcome of this tax affected by the level of economic activity and fit and economic growth rates directly proportional, and thus limits the new procedures that may turn to the government to increase its revenues in the coming years, you can state if they want more public revenue to interview expenses increased to utilize these tax resorting to follow following methods:

- 1 - raise the tax rate were allowed to increase revenues without incurring increased expenses of collection.
- 2 - narrow base exemption for certain commodities and being taxed.
- 3 - reduce the registration limit ceiling to include a larger number of taxpayers, which leads to expansion of the tax base, but flexibility of the tax is not taken to launch because there are restrictions that control this flexibility. Imposing the tax on essential items is different from imposed on luxury items.
- 5 -adoption of the sales tax to put an end to register  
Join intended to limit, the minimum sales holders who are subject to the tax, which comes out small entrepreneurs on the scope of taxation if the size of their sales are not up registration limit. (1)
- 6 -Adoption of the sales tax on the principle of tax discount and reply

Had a sales tax law attribute a significant advantage in this regard include its law principle opponent and respond taxation, so that gave law right to the Registrar at the expense of tax that is deducted from the tax due on the value of sales are paid for production inputs, or already paid or calculated from the tax on discards of sales , or reimbursement of tax previously

(1) wow Atelm; public finance; paraphernalia technical and economic implications; Cairo, 1990, pp. 198.

Loaded on the goods-issued basis or introduced in the production of other goods were exported, or tax that got the wrong way.

### **Elements of the Sales Tax:**

1 - tax borne by the consumer:

Characterized the sales tax as from indirect taxes as kind, meaning they do not take conditions designate personal account, which is linked to goods and services, borne by both consumes Item taxable and the consumer is actual person who bears this tax by adding to the cost of cough, and thus high price which will be paid by the consumer when you bought it for a taxable commodity.

In the field of general sales tax there are people cost them the law to supply the amount of tax to the state treasury and this mechanism is required where the legislator, funded legal so, this does not mean that these people are bearing the tax permanently, but they are a middlemen between the Treasury and the consumer. (1)

2 - Take a good or service and pot.

This element is characterized by the sales tax from other taxes, especially direct taxes. Since this tax take of the commodity and services and bowl.

3 - a reality of final consumption:

The nature and characteristics of the sales tax, that Aboha moves forward to carry the consumer in the end when you use it for good, then the consumer can avoid by avoiding reality final consumption of a good or service. And the consequent availability of this element as our tax and duty performance in actual edema charge. Consumers can not pay the price of the item, without the tax that brought them because they usually incorporate tax in commodity prices, which offers the consumer to buy.

(1) Imad Hassanein Salim Saidi, op.cit, p (10)

The sales tax is one of the mainstays of the tax system for some countries, especially the developing countries and for the following reasons: (1)

- 1 - decline in the importance of the income tax, because the nature and extent of access in developing countries is low, and therefore can not rely on the income tax as a direct tax on
- 2 - State funding sad. So the focus is on this type of tax to achieve the country's financial goal.
- 3 - breadth of dealing kind n where active in these communities degree handle goods and services, which means that the volume of consumption and per high, leading to tunnels most access to goods and services, the use of taxes direct here, for example income tax. Gives no relevance because low-income nature of these communities to these communities do not allow tax deduction, and most of the population also enjoy exemptions stipulated under the Income Tax Act., which means no

The importance of this type in these communities, and this is the most important role and greater reliance on indirect taxes, which lies on the goods and services and is widely and large. Leading to enrich sad state of these sources.

- 4 - Not feeling the burden of this tax, and clear so that the sales tax like other indirect taxes that do not affect income directly, but affects the activity and behavior by individuals. They impose on goods and services, leading to inclusion in the value of the prices of these goods and paid the individual without to feel their value.
- 5 - is much closer to centers of economic activity, causing different effects in the economy, both on consumption, production, investment, savings, and most episodes of the economy and its variables.

(1) Imad Hassanein Salim Saidi, op.cit, p (11)

There are also reasons and justifications for government called for the introduction of such a tax within the tax structure of Jordan. Aimed to achieve a set of objectives, the most important of which reduced the deficit in the public budget, relying on domestic financial resources. Particularly sales tax revenues.

### ***Constraints Faced By the Application of the Sales Tax in Jordan***

Facing the application of the sales tax in Jordan several constraints The following are the most important of these constraints: (1)

First: administrative obstacles:

- 1 - Central Administration: Central and extends in the management of the sales tax to the lack of directorates belonging to the Sales Tax Department in different areas in the Kingdom. These Provinces far from the main circuit, which constitutes the suffering and delay in the achievement at a time when a small village in the system (of globalization)
- 2 - a problem the use of technology (Office Automation), where there is still an urgent need for difficult customs procedures and tax and activated through the offices of circuit different and training of staff to the importance of this to accelerate and simplify procedures and thus facilitate the movement of trade as one of the targets set for the Customs Department.
- 3 - There is still joint actions between the Customs Department and the Directorate of the sales tax, including:

A - Directorate exemption, where references go to the Sales Tax Department for an exemption projects, as well as the exemption goes to the Directorate of Customs, and this means that the auditor will move between the two buildings (two circles) is (corridors) single-district offices.

(1) Atef Momani; everything from sales tax; registration limit; Customs Service Bulletin, No. 12, November 1998.



B - Register Court: يعتبر هذا section joint between the two circles. Sales Tax Department and the Customs Department, and this is dangerous in the complexity of the terms of reference and the complexity of the procedures, the auditor.

Second: technical constraints (technical organization)

In order to limit most of the technical obstacles facing the application of the sales tax in Jordan نتناولها specific points are as follows:

1 - instability in the Sales Tax Act and is due to the large number of amendments encountered by the law since its adoption so far. Adjustments are many relatively "as measured period of law enforcement which is almost five years, this indicates lack of experience in the application and there is no outlook in the planning, it is worth noting the need to the attention of the project in future planning to take" into account the economic agreements with both the WTO Agreement World or European partnership agreement or Arabic, it should be noted that the Jordanian-European partnership agreement requires equal general sales tax or tax High quality on imported European goods with those of the High on similar goods and locally produced upon entry into force of the Convention ..

2 - Regarding up registration, which means commissioning for financier where opinions differ about increase or decrease Vsgar traders demanding always "up registration limit because it brings them out of the network tax, and prove that the increase registration limit will have economic benefit by removing the burden on the young traders, and putting people out of existing staff to organize small business tax especially those that reduced the size of its sales in the past to get out of the registry.

The big traders, especially in the sectors of construction, restaurants and other services, they on the contrary demanding always reduced registration limit, arguing that the registration limit high creates competition is acceptable, and is balanced between registered and unregistered, especially "in the field of profitability."

Impact of the sales tax on production

Occur taxes series of reflections on the entry of producers and thus their decisions, and if the effect starts individually not he end up influencing the overall production quality and quantity. Affect taxes in the national production through its impact on the components of this production, affecting taxes in production through its impact on all of work and consumption, savings and investment and expense of production and the size of the projects, prices, distribution and trading volume cash and the decisions of the organizers and the movements of foreign capital (1):

1 - the ability and desire to work.

With regard to the impact of the tax in the desire to work have differed in that book of public finances and the economy, some of whom felt that the tax which lead to reduced yield work reduces the desire funded at work because it will seek to further vacuum while others go to the tax stimulate financiers to increase their productivity efforts in the pursuit of increasing their incomes and to maintain their standard of living which they were before the imposition of the tax. (2)

And it depends on the strength of each of the following income and substitution effects resulting from the imposition of the tax.

If after income less the effect of substitution led taxation to reduce the desire to work for free time which is what happens in the case of high earners. If after replacement less as in the low-income earners, it leads to encourage individuals to further work to compensate for the decline in income.

However, this impact of the tax, which is to influence the size of production by influencing the ability of individuals to work and their tendency to him depends on the willingness of the taxpayer to maintain its level of living and this desire vary depending on the different entry. Those who enjoy the abundance will not be driven by tax

(1) Abdul Hadi وبيفي; op.cit, p 316.

(2) Mohammed Said Farhood; Science in Finance, Institute of Public Administration, Riyadh, 1402; p 424.

To double the effort. This is unlike the low-income classes who can not maintain their standard of living former taxation only Bbzlk more effort.

2 - production expense: -

If the sales tax imposed on capital goods such as cars, furniture, refrigerators and fuel used in production processes, they increase costs and then prices

May lead to lower demand, especially since these prices represent the base of the sales tax on retail. Consequently, the initial effect of the sales tax on production is the opposite effect.

1 - The Tendency for Investment: -

Stop the tendency to invest according to the modern theory, the relationship between the interest rate and sufficiently marginal capital (and sufficiently marginal capital is the relationship between the additional capital and expense substitution) and affect taxes on the tendency to invest through its impact on selected items to him, particularly through its impact profit rate inverse relationship as well as can lead consumption taxes to reduce the demand for products, which could result in lower investment. (1)

### ***Impact of the Sales Tax on Savings And Investment***

The private saving is the starting point in order to achieve national savings and the rise in the savings balance means thus widening the way for investments. Taxes while affecting cash incomes to lead to a degree scalable savings have hurt investment.

That taxes lead to a decrease in real incomes either by dropping them directly infecting saving sources such as taxes levied on capital or

(1) Mohammed Said Farhood; previous reference; 424.

That taxes on spending and taxes on consumer goods and the customs taxes and after that added value tax for goods or services.

#### **First: Savings**

The savings is the part that has not spent on consumption of it if the amount of income remaining after consumption, where the income - consumption - saving.

If the effect is one influenced the other assuming a constant income and then we can say that what affects one affects the other and determined. .

Taxes on income باقتطاعها part of the income of individuals affect their savings and consumption decisions. And low income leads to lower savings rate higher than the rate of reduction of consumption, because the causes of savings can be realized only after the full individual needs of consumption (1).

So Taxes deduct part of the income lead to a contraction in the private savings particularly for large entry that directs large part of the investment.

The state can use its tax in the channel capital into aspects of activity desired, and that by reducing the tax burden with him and this with the observation that such an effect shows the basis for new investments because of what surrounds investments old rigidity, and this means the possibility of using tax to influence structure of economic investments, and through a tax policy for discouraging unwanted projects.

We conclude from the foregoing that the economic effects of the tax reflect financiers reactions towards them, towards entering this affected some have resorted to reconsider his plan

(1). Mohammed Hatem Abdul Karim; mediator in public finance; Dar Arab renaissance; Egypt; 1989; p 60.

Economic or amendments to the economic behavior of the distribution of income between consumption and savings and investment. (1)

#### **Registration Procedures:**

When someone decides sells goods subject to tax or performs services subject to tax, or both, or the Recovery; when deciding this person to register with the department, whether forced because it has become expensive or chooses voluntarily the Instructions No. (1) for the year 2001 - for registering and conditions and rules and time limits and declarations - issued under paragraph

(F) of Article (13) of the Act the General Sales Tax has identified requirements and rules must be present to complete the registration process and we'll explain these things by describing the mechanism that should be through the registration process is as follows:

- 1) The person or his representative to obtain the form (1) issued by the Department of General Sales Tax - registration form -
- 2) fills out this form duly confirmed the accuracy of any information placed on this form - will be followed later clarified the fields included in this model and how to fill
- 3) The application for registration - form number

(1) packaged with the required data - to the office of the Department of General Sales Tax, and the applicant is the owner of the activity or the person authorized it or the person who represents him under a written authorization signed before the employee to register, and may be application shall be signed in advance provided that certified the authenticity of the signature by one of the banks operating in the Kingdom.

(2) Mr. Abdel Mawla; public finance; study of the general economy, Renaissance House, Cairo, 1988; p 392

4) The application shall be accompanied by the following, depending on the nature of the person the applicant. This form is used for the purposes of registration with the circuit general sales tax as well as for the purposes of re-registration has. The student must register, and demanded re-registration to come up to register through this form that defined under Article (13) of the Act and this model consists of four pages; three of them filled by the taxpayer and the fourth circuit procedures.

The fields included in the application, describing how packaged is up as follows; must take into account that the boxes that we put underneath the line is compulsory while boxes that is not beneath line Vtabo in case of their own data, but they are packed words (none).

### **Obligations of the Registrar:**

Law has arranged the general sales tax obligations and duties of the Registrar and نوضحها are as follows:

1. Collect the tax from the buyer: should the Registrar when selling any good or service subject to the tax to get the buyer in addition to the sale price of this item or service sales tax public or private by Tojbha according to the provisions of the General Sales Tax, and the consequences of this action increase in sales price total from those sold by non-recorded by no more than the tax rate on what the seller added this value to the goods or service.
2. Supply tax and acknowledge them at the end of each tax period: should the person registered with the Department of General Sales Tax and within one month from the end of the tax period and specific to him by this department to make a declaration Bimbiath and purchases and the tax due and paid on such sales and purchases,
3. And paired estimate this acknowledgment to pay the balance of tax payable if it had to pay a tax in that period.
4. Issue tax invoice: should the registrar when you make a sale, that the issuance of the tax invoice identified executive instructions issued under the Act the General Sales Tax; information to be contained in this bill, must contain this bill as containing tax number for the seller and value of the item and / or service sold, in addition to the amount of tax that entitled to the on this item or service, that could be included value tax rate and selling it when selling consumer final and no person registered as the law passed by executive instructions use suitable alternatives to these bills and, as appropriate It also authorized the Minister In justified cases and reconditioned categories of exemption in charge of issuing these bills through executive instructions issued for this purpose.
5. Keeping accounting records: law requires the Registrar keeping accounting records certain - will explain later - for the purposes of ensuring compliance with the Registrar provisions of the law, has identified the law through the instructions issued thereunder types and nature of these records and data installed by it authorized the use of alternatives to these records of equipment and other , and so as to maintain the goal of these records, as the law allowed for the Minister of Finance to exempt categories of holders of keeping these records and that in specific cases and justified through executive instructions issued for this purpose.
6. Show registration certificate: law requires under the executive instructions issued thereunder recorded to prove the certificate of registration issued to him n circuit in place Visible so that traders with him to see easily and clearly, and is required to also prove that certified copies of this certificate in each of its branches, and everywhere visible.
7. Media Sales Tax Department of any changes to the data contained in the application for registration within a period not exceeding thirty days to get these changes.

Perhaps one of the most important benefits that accrue to the Registrar is to allow the law to deduct Rose tax levied on production inputs to taxable sales, and natural that we Do not mean to do that in the tax paid on inputs and production requirements Item and services that are subject to public or private tax or those subject by Zero being had been issued for outside benefit derived by the Registrar no one else, but we mean that commodity sold Cilaa and are subject to the tax for zero, so that this tax is filed with the Registrar secretariat does not fall within the cost being able deducted for tax earned on sales of taxable, and the one that can be recovered If you do not consume within six months, while the intervention of the tax within the cost of non-registered and are therefore the sale price taxable parts, and this makes the sale price of the non-recorded higher than with the Registrar in such cases.

Also, the tax purchases deductible when recorded, which went on performed six months or more are to this Registrar and remains the goods stored has liberated from the tax until it is sold and this restores the Registrar amounts cash can be re-invested or payment obligations under it instantly and be in this case as if had obtained a loan from the department and interest-free banking.

### **1. Strengthen Competition Registrar to Registrar:**

That one of the most important benefits that accrue to the Registrar is to strengthen its position in the competition of certain aspects with non-recorded through the following:

A - When selling to exempt bodies, the interest of those entities to buy from registered because they get the product or service fully liberated from the tax, but when Hraha is registered, it will pay the tax paid on inputs purchased.

B - when selling to the source: When selling to anyone wishing to export bought can recover the tax that had been paid under the tax bills.

C - when selling to non-resident: When selling to a non-resident such as tourists because they can recover the tax paid by registered by someone, but they will not be able to recover the tax paid on inputs bought from non-recorded.

D - when selling to a person registered: in the interest of the registered person that buys from another registered person because he can discount or to receive a full tax paid on purchases when you sell it, and does not get this right when the canons of the Registrar.

E - upon liquidation and sale activity full: that on buying facility registered more than the purchase facility similar is registered in the tax, because in this case that has registered itself the legal successor to the Registrar and had established a stock of inputs and production requirements, he can buy this stock editor from the tax, while not permitted him is recorded.

### **2. Postpone The Payment of Tax on Imports:**

The law permits the Director of Tax deferred payment charge recorded for tax general *ستورداتهم* if met the conditions laid down in the operational instructions so special and this procedure gives an advantage to the Registrar on the non-recorded in terms of the possibility of importing raw materials or supplies production of goods and services subject to tax at a cost of less than the equivalent of the amount of tax due on such imports; or in other words it can increase the volume of its imports equivalent to the proportion of tax due on imports non-registered person.

### **3. Participation and Oversight:**

The subject sales recorded for the tax makes the state a partner in the investment, and perhaps of spite to hate people like this review, it has set aside bright, so that just as involved sales tax recorded in the sheep when selling their products, they share pays also through Re tax be registered person may be paid on sales that have become among the bad debt, which in this case have received this tax on sales and received through the tax be registered may be paid on purchases, as well as the tax share pays also through tax reimbursement, which is registered may be paid on his goods damaged or depressed, and they do not come, these benefits to non-recorded.

The other hand, bright post tax for registered investment is censorship that they are based procedures multiple to make sure no diminution right passed the law to them, and often enlightening these actions owner particular facility is the way discovered unjustly located him from some of his employees or even from one its participants, especially When this owner is not a resident in the Kingdom.

#### 4. The Low Value of the Tax on Some Industrial Inputs

You factories if they are registered with the department to buy their materials are exempt from the tax, and shall pay a general tax only if they are not registered they will pay

A special tax on imports of these commodities rather than general tax, and is well known that the general tax on these materials is less than the special tax.

#### 5. Providing Liquidity:

Law grants registered the right to meet the tax from buyers and retention periods may sometimes nearly three months, which means the possibility of investment by him during those periods.

#### 9 - Knowledge and to Undertake:

The fact that the person recording it in contact more with the department sales tax through correspondence with him or through visits of staff to him and this makes him familiar with the law and regulations and procedures and any them better variable recorded which greatly reduces the commission of a person for errors that cost penalties and fines may may be significant in some cases.

The role of the sales tax in the general budget support The following tables show the extent of the role of the sales tax to supplement the public treasury has been getting this data from the General Budget Department as follows:

**Table (1) 2005-2009 Table Development Sales Tax Revenues**

Year	Value	Change
2008	596.3 -	-
2009	664.5	2.4%
2010	722.7	8.2%
2011	830.7	0.159%
2012	996.3	16.7%
Average change		5.4918%

\* **Source:** Department of General Budget

The table above shows that the value of sales tax revenues have risen since 2008 to 2012 from 96.3 5 million in 2005 to 996.3 million dinars in 2009, an increase of \$ 223.8 million dinars, or a rate of 60% has reached the highest increase in in 2009, which indicates that the increase in the tax rate by amending laws on sales tax.

**Table (2) Percentage of General Tax Revenue to Sales of the Total Budget 2008-2012**

year	The value of the tax	the value of the contribution	rate budget
2008	596.3	2039.5	18.26%
2009	664.5	2054.7	22.61%
2010	722.7	2316.6	21.69%
2011	830.7	2338.6	21.83%
2012	996.3	2631.3	22.66%

The table above shows that the percentage of sales tax support for public budget ranged from 18.3% to 22.66%, ie, it can be argued that the sales tax in Jordan are five general budget, and it is expected that this percentage will increase as a result of improving the collection style.

### Chapter III

Data analysis and hypothesis testing This research aims to study the effect of the sales tax on the profitability of the merchant To achieve this the researchers distributed (20) identifying a group of merchants in the city of Salt were recovered all questionnaires, and after review and audit questionnaires recovered and found all valid and appropriate for the purposes of statistical analysis that is, they satisfy the entire basic elements for analysis.

First: Description of the sample

**Table (3) Distribution of Sample by Sex Variable**

Sex	Iteration	Ratio
Male	13	65%
Female	7	35%
Total	20	100%

Table (3) the distribution of the study sample by sex variable where we note that the number of males reached (13) and percentage (65%) out of the total study sample, while the number of females (7) and percentage reached (35%) members of the study sample.

**Table (4) Distribution of Sample by Scientific Mtgirmahl**

Qualification	Repetition	rate
less than High School	1	5%
High School	3	15%
Diploma society	6	30%
Bachelor	8	40%
Graduate	3	15%
Total	20	100%

Table (4) distribution of study sample by variable qualification, where we note that more study sample of BA holders, where the number of individuals who obtained a bachelor's degree (8) and percentage reached (40%) came category obtaining a diploma in second place, as the number of individuals in this category (6) and percentage reached (30%), followed by Qiat study obtaining a high school diploma and graduate with the number of individuals each (3) and percentage (15%), followed by category recipients certificate less than a high school where the number of individuals in this category (1) and percentage (5%)

**Table (5) Distribution of Search by the Nature of the Activity Ý**

Occupation	Repetition	rate
retailer	9	45%
dealer broker	1	5%
local	6	30%
importer	4	20%
Total	20	100%

Table (3) the distribution of the study sample depending on the nature of activity, where we note that most of the members of the study sample are from retailers, where numbered (9) and percentage reached (45%) followed by a class of local merchants where the number of individuals within these Category (6) and percentage (30%), followed by class merchants imported as the number of individuals in this category (4) and percentage (20%) and finally came category traders mediator as the number of individuals in this category (1) and percentage (5%)

**Table (6) Distribution of Sample by Years of Work in the Activity Ý**

years of work activity in	Repetition	rate
less than 5 years	7	35%
5-9 years	7	35%
10-15 years	6	30%
16- and more	-	-
Total	20	100%

Table (4) distribution of study sample by variable years of work, where they were divided into four groups came category (less than 5 years) and Category (5-9) was ranked first in terms of the number of individuals within these two categories (7) and by percentage (35%) followed by category (10-15) as the number of individuals in this category (6) and percentage (30%)

**Table (7) Distribution of Search by Business Sector**

Business of	Repetition	rate
industrial	3	15%
agricultural	2	10%
Services	5	25%
Other	10	50%
Total	20	100%

The results of the previous table that 50% of respondents working in different activities, as indicated in the table to 25% of the study sample employed in the service sector, and 15% are employed in the industrial sector and 10% of the sample Aamilon in the agricultural sector.

Second: Results and discussion

**Table (8) SMA and Standard Deviation for Each Question of the Questionnaire**

Question	Question text	Average	Standard Deviation
1	led the sales tax to reduce the proportion of sales	3.90	0.912
2	led raise the sales tax rate to decline in the volume of purchases consumer	3.8	1.005
3	affected negatively the sales tax consumer purchase behaviors	3.7	1.174
4	influenced the sales tax to lower commodity sales	2.8	1.190
5	sales tax led to reduce the prices of your products	2.95	1.146
6	negatively affected the sales tax on the sidelines Rlaketk	3.95	1.099
7	affected the sales tax on the output quality on the market	3.35	1.137
8	led the sales tax to reduce the sales of luxury goods	3.5	0.889
9	encouraged sales tax direct sales of the product to the consumer	3.75	0.910
10	sales tax led to a reduction of workers' wages have	3.05	1.146
11	led the sales tax to increase the consumption of imported goods	3.05	1,147
12	led the sales tax to reduce the demand National Alyalsnaat	3.25	1.164
13	affected negatively the sales tax components production	3.20	1.152
14	led to reduce the role of tax artisanal Sgaralamntgan in production	3.55	0.999

The table above indicates that the research sample agreed on all terms as averages over the average measurement tool (3), except for paragraphs (4 and 5), which states that the sales tax led to reduced sales of basic goods and sales tax led to lower commodity prices respectively .

Test hypotheses

The first hypothesis

Ho - does not lead to lower sales tax commercial sales

H1 - lead to lower sales tax commercial sales

To test this hypothesis the arithmetic mean was adopted following table shows:

**Table (9) The Results of the First Hypothesis**

question	question text	Average	standard deviation
1	led the sales tax to reduce the proportion of sales	3.90	0.912
2	led raise the sales tax rate to decline in the volume of purchases consumer	3.8	1.005
3	affected negatively the sales tax consumer purchase behaviors	3.7	1.174
4	influenced sales tax to lower commodity sales	2.8	1.190
5	sales tax led to reduce the prices of your products	2.95	1.146
8	led the sales tax to reduce the sales of luxury goods	3.5	0.889
9	encouraged sales tax direct sales of the product to the consumer	3.75	0.910
	average	3.49	

The table above shows that the overall average for the phrases that measure this hypothesis was (3.49) higher than the average births measurement and this means rejecting the hypothesis nihilism and accept the alternative hypothesis that the sales tax lead to lower sales traders.

Test the Second Hypothesis

Ho - does not lead the sales tax to reduce the profit margin business.

H1 - lead the sales tax to reduce the profit margin business.

**Table (10) The Results of the Second Test the Hypothesis**

6	negatively affected the sales tax on the sidelines Rlaketk	3.95	1.099
7	affected the sales tax on the output quality on the market	3.35	1.137
10	sales tax led to a reduction of workers' wages have	3.05	1.146
11	led the sales tax to increase the consumption of imported goods	3.05	1.147
12	led the sales tax to reduce the demand National Alyalsnaat	3.25	1.164
13	affected negatively the sales tax components production	3.20	1.152
14	led to reduce the role of tax artisanal Sgaralamntgan in production	3.55	0.999
	average	3.34	

The table above shows that the overall average for the phrases that measure this hypothesis was (3.34) higher than the average measurement tool and this means rejecting the hypothesis nihilism and accept the alternative hypothesis that the sales tax lead to reduced margin but Rabah business.

### ***Conclusions and Recommendations***

#### **Conclusions**

The light of the above researchers reached the following conclusions:

- 1 - came the imposition of sales tax in Jordan as one of the economic adjustment programs, at the beginning of the first half of the nineties of the last century.
- 2 - percentage of sales tax evolved over the past ten years from the date of application for up to 16%, according to the latest amendment to the Sales Tax Act.
- 3 - sales tax revenue accounted for nearly 25% of the total revenues of the general budget it contributes almost a quarter of the value of the general budget.
- 4 - The results showed that the sales tax led to lower sales of traders and this leads to lower profits.
- 5 - led the sales tax to reduce the profit margin business.

Researchers recommend the following:

- 1 - apply a sales tax on everyone in order to achieve the purposes for which this tax was enacted, and because many professions and private service activities at the level of individuals are not collecting sales tax them.
- 2 - Develop ways to collect sales tax so that these taxes do not go into the pockets of merchants.



- 3 - The value of the tax is included on domestic and imported goods on the item itself and collected in advance before the item is available for consumption.
- 4 - the work of educational seminars for citizens regarding the sales tax and the statement of the main advantages for the State.

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