

**Literature Review**

**Benedict, (2011)** The author studies the law provisions dealing with financial services under the Australian GST law with the intention to verify whether the provisions have been construed correctly in light of the original purpose of the legislation and how the concerns identified may be rectified.

**Bikas, (2013)** The authors have studied the VAT rate and the EU economy and also the link between the VAT and macroeconomic indicators and their influence on the VAT rate. The authors conclude that there is a positive relation between macroeconomic indicators like GDP, per capita income and consumption, export, import etc and the VAT rate applicable.

**Borec, (2013)** The authors have discussed how assessees may comply with the VAT laws given that the GST is a destination based tax. The authors mainly deal with B2C cases where the VAT compliances would need to be done in the state where the customer is located. The authors have discussed the difficulties in this compliance especially in the e commerce transactions.

**Bovenberg, (1992)** The author uses a general equilibrium model to assess different instruments of indirect taxation in middle income countries. The author has specifically studied Thailand and concluded giving various methods to increase the effectiveness of indirect taxes.

**Brew, (2012)** The authors have studied the relation between the mode of collection of VAT revenues with the target of VAT
collection for the municipality of Tarkwa –Nsuaem in West Ghana. The authors have used questionnaires and interviews to collect the data and then analysed it using the regression analysis and established that the method of VAT collection in the said municipality was above average. The study is important because VAT is one of the primary revenue generators for any Government.

**Ciobanasu (2012)** The authors trace the correlation between the types of taxes and their role in the budgeted revenues and the fiscal development of Romania. Indirect tax by its very nature is easier to govern, is neutral to status of tax payer, and increases revenue but leads to inflation. On the other hand direct taxes depend on the tax payer and are difficult to govern. Further, indirect tax helps the government to an extent to direct consumption of the public. The authors conclude that both the taxes are important for overall growth of the economy.

**Cnossen, (1992)** VAT is operative in a number of countries and primarily in countries where federal government is not in existence. The author has studied the various VAT systems existing in the world and tried to arrive at an appropriate VAT for Central and East Europe countries. The author has laid down various requirements to ensure that the said VAT is completely effective like it should be destination based, the input credit mechanism should be seamless, the law should be easy to understand, cost of conformity should be low etc.

**Crossley, (2009)** In 2009, the United Kingdom Government decided to reduce the VAT rate by a marginal amount in order to boost the consumer spending. The authors have studied the said
relation in his paper and concluded that if the VAT rate is reduced, the spending by general consumers increases resulting in overall buoyancy in the economy.

**Emmanuel, (2013)** The author has examined the link between VAT, the increase in VAT rates and the economic growth and tax revenue in Nigeria. For this study the author has set out 2 Null hypothesis which are post the research accepted. The author concludes that given the strong relation between the above, the Government and authorities should actively educate the public on the benefits of VAT so that they accept changes in VAT rates more easily.

**Eugen, (2011)** The authors have examined the various methods adopted by assessees to evade VAT especially in intra country transactions in Romania. The authors have also recommended the documentation and returns which could be relied upon by both the authorities and the assessees to ensure that there is no tax evasion.

**Eva, (2008)** The author in his paper has examined the cost of complying with the indirect tax laws in the Slovak Republic by doing research of small, medium and large businesses through a questionnaire and concludes that businesses especially the small ones are not able to and do not make efforts to quantify the cost of compliance which is quite high due to the complex laws.

**Fathi, (2012)** The authors have explored the connection between the rate of VAT and the evasion of VAT by the public using varied experimental methods. They conclude that there is no connection between the two because in many countries where the VAT rate is
high the compliance is also high and where it is low the evasion is high.

**Firth, (2012)** GST on financial services as always been a subject matter of great debate. There is a problem in taxing financial services due to their intangible nature, the confusion around the location of service provider and service recipient and the value of the service. The authors in their paper are trying to address these issues specially for the country of Canada. In Canada, there is an exemption for financial services, intermediary services in relation to financial services etc. The authors in their paper have discussed the existing laws and suggested changes to the existing laws for better efficiency in taxing financial services.

**Grigore, (2012)** The authors study the chief features of VAT in the EU member states, the differences in them and the changes in VAT laws required across EU member states in order to assist intra EU trade and concludes that certain tax reforms are required to be undertaken by all member EU states to ensure optimum efficiency of VAT as a fiscal tool.

**Halakhandi, (2007)** GST was supposed to be introduced in India way back in 2010. It has been getting postponed due to various reasons major one being getting to a consensus between the various states and the centre for compensation. The author in the paper has discussed the existing laws in India for indirect taxes, the VAT laws in various states with their advantages and disadvantages, the impact of the proposed GST, the compliances under the proposed GST etc. The author has also used various numerical examples to demonstrate how GST is cost effective.
Herekar, (2012) The Ministry of Finance had set up the Task Force with Mr. V. Kelkar as the chairman of the Task Force. The main task of the Task Force was to evaluate the impact of the proposed GST on the Indian economy. The author in the paper has studied the different parts of GST and their impact on the common man, the business and the economy. The author has concluded based on secondary data that if GST is introduced in India, it would have a positive impact on the overall economy.

Huang, (2013) The authors examine the relation between the newly introduced GST in Australia in 2000 and the mortgage costs between 1999 and 2001. The study concludes that given that in Australia financial services industry is taxed on input taxation basis i.e. the output mortgage service is not liable to GST and GST paid on input services to provide these mortgage services are also not allowed. This extra cost of sunk input tax is passed in the form of increased mortgage costs to customers making housing costly post introduction of GST in Australia.

Ilaboya, (2012) The authors have studied the relation between indirect tax and economic growth specifically in Nigeria and concluded that the relation is inverse and focus from indirect tax should be shifted in Nigeria. This is also because the study reveals that there is a direct relation between direct taxes and economic growth.

Keating, (2010) GST is operative in both Australia and New Zealand with anti evasion/avoidance provisions under the GST law framed in both the countries. The author compares the said anti evasion provisions in both countries, examines their effectiveness and also whether tax payers have successfully evaded the law. The
author concludes that if the law interpretations based on the New Zealand Court decisions are referred to, it implies that assessees will find it difficult to evade the law.

**Keho, (2011)** The author examines the connection between the tax rates and economic growth using the ARDL bounds testing approach, for Cote d’Ivoire in the period 1960 to 2006. The author has concluded that there is a strong link between taxes and economic growth especially direct tax and growth, and he further concludes that switching from direct to indirect taxes has a positive impact on the economic growth and general economy.

**Mansor, (2013)** GST has always been considered as a tool in the hands of any Government to increase revenue. The Malaysian Government introduced the said tax in Malaysia in order to reduce its budget deficit. The authors in the paper have discussed the readiness of the Malaysian economy in adopting the said newly introduced GST along with the reactions of various sections of the society.

**Mansor, (2012)** The authors have in the paper studied the link between strategic planning and decision making process and competence of the tax administration in indirect taxes in Malaysia. For this the author has compared the planning system in Malaysia with other economies and concluded that in Malaysia the main problem is around deficiency of resources and will of employees in the tax department.

**Muntean, (2010)** The EU consists of 17 states (27 unofficially) in the geographical area of Europe who have adopted Euro as their common currency. The monetary policy of the EU is administered
by the European Central Bank. VAT is adopted by the individual states at different rates. There is trade between the member states and of each individual state with non EU states. The author has studied the various systems/measures adopted by the European Commission to reduce the evasion of VAT applicable on imports/exports on goods and services transacted within the EU and/or from outside EU states.

**New Zealand Government, (2012)** The author has traced the GST and import duties applicable on the various imports into New Zealand. The paper discusses not only the goods on which duty is payable but also whether further GST is payable on the same goods. The paper also discusses the applicability of the taxes on the goods ordered and delivered through internet. The paper also discusses various exemptions available like personal effects to the import taxation.

**Newton, (2011)** VAT is applied on financial services transactions in the EU region. The authors in their paper have discussed the applicability of VAT on financial services transactions, and the cost of VAT to financial services industry. The authors have first discussed the proposal to introduce Financial Transactions Tax and Financial Activities Tax by IMF in the EU region and then compared the same with the cost of VAT to the financial services industry.

**Pena, (2010)** In 2001, in Mexico, it was proposed to introduce a flat 15% VAT rate on certain items like food etc. which are items of basic consumption, instead of subsidizing the masses. The author using the General Equilibrium Model studies the impact of the proposed introduction of flat VAT rate and concludes that it is
better to introduce such flat rate on basic items which will generate revenue, and a part of this revenue can be used for the betterment of masses than subsidizing the masses.

**Ramona, (2012)** The author has explored the relation between a value added tax on financial services sector and the revenue generated and regulatory impact of the same especially with reference to Romania. The author also studies the difficulties in taxing the financial sector which is intangible.

**Saeed, (2012)** VAT as a tax to generate revenue and improve returns ratio was introduced in different SAARC countries at different points of time. The authors have in the paper examined the effectiveness of VAT as a tax to generate tax revenue and to improve the tax to GDP ratio in SAARC countries. The authors for this purpose have The authors have concluded that VAT is effective on both counts.

**Stroe, (2011)** The author has in the paper analyzed the various VAT systems existing and operative in various parts of the world. The author further states that VAT majorly impacts the economies of every country specially developing countries, and hence is very important. The author then has compared the VAT tax system in USA and Europe and has concluded that VAT as a tax is a burden for the economy. The author further based on this study tries to create an ideal model of indirect taxes which could be adopted by countries.

**Sundar, (2013)** Value Added Tax is a tax which is all-pervading in goods and services and thus affects every individual and business.
The authors have studied the significance of VAT in the context of the Indian economy and effect of VAT on the common man and industry in India using secondary data made available by the Government. One of the recommendations of the authors is to achieve more transparency in VAT compliances in India.

Tamizi, (2013) The authors examine the advantages and complexities of the VAT system implemented in Iran during 2009-2012. The study is split into two parts; the first examines the difficulties in implementing VAT in Iran given the political scenario there. The second part examines the benefits/disadvantages of the said implemented VAT system. The study is conducted using T Value on data collected using a questionnaire.

Tripathi, (2011) The authors have discussed the concerns faced in India post the implementation of VAT, the learning we could take from it, the effects on the social order in India. All this is discussed in the background of the impending GST in India. The authors have discussed the various issues around VAT, how it impacts the different sections of society. VAT is present in all goods produced and GST would be present in all goods and services produced making it a tax payable by all sections of the society. Thus it is a tax which though good to increase the revenue impacts even the poorer sections of society.

Watrin, (2008) The authors have examined the relation between the level of compliance by people especially in terms of payment of tax, with the type of tax i.e. direct and indirect taxes. The authors conclude that based on studies carried out that individuals react more to changes in detection methods under indirect taxes than direct taxes but are more compliant with direct taxes than
indirect taxes. The authors suggest that this behaviour pattern of individuals should be borne in mind by policy makers who make the tax policies.

**Williams, (1996)** The author has studied contemporary indirect tax systems in the world and compared them with the indirect tax or VAT system in Republic of Fiscalia. The author has discussed the various advantages and disadvantages of the various VAT/GST systems in the world in light of adopting the best practice in the Republic of Fiscalia. The author also discusses whether the creation of an International body on the lines of United Nations would help make VAT a seamless tax across countries.

**Zyl, (2011)** The author deals with whether people having illegal businesses need to register under VAT and whether the standard VAT rate would apply for their business. He concludes that even illegal transactions should be liable to VAT so that they do not benefit due to lower costs on account of no VAT. The author has analyzed the applicability of indirect taxes on illegal transactions from various perspectives.