

BOOK REVIEW

Babu Ram Subedi, *Value Added Tax: and its Applicability in Nepal* (Kathmandu, Bhrikuti Academic Publications: August, 1998), pp. 301+VIII including Appendices and Bibliography, First Edition (Deluxe), Price 695 NR.

Value Added Tax (VAT) is still a controversial issue among tax payers, policy makers, business communities and academics. A lot of confusions have been created in this directions. The publication of the book "Value Added Tax: and its Applicability in Nepal" could be an appropriate and useful to all.

This book is the comprehensive addition to a few scattered publications on the theoretical analysis of VAT and its applications in Nepalese context. Mr. Babu Ram Subedi (master degree holder in Economics in 1997 from Tribhuvan University with specialization of industrial economics and VAT) has dealt various aspects of VAT i.e. theory, applications, comparisons, issues, provoke problems along with empirical findings and recommendations.

The book is divided into seven chapters including summary, conclusion and recommendations. Contents did not cover acronyms and forewords. Acronyms/abbreviation should be incorporated in distinct pages. The first chapter of the book deals with introduction. The headings and sub headings are consistently organised and analysed. However the "objectives of the book" are dealt under the heading "coverage and significance of the book". The objectives should be dealt separately. In the chapter end, chapter notes should be identified clearly as footnotes or endnotes or references cited ?

Survey of literature presents relevant national as well as international empirical findings, books, studies etc. This is very appreciable efforts carried out by the author. Third chapter of the book is concentrated on "Nepal's tax structure: recent trend and indirect tax upto the fiscal year 1995/96 have been analysed systematically. Fiscal year 1995/96 has been left in the text [see "sales tax collection in Nepal" (Table 3.16: p. 70)]. The need of tax reform in Nepal is effectively justified in this chapter.

The theory of VAT has been dealt in fourth chapter with definition, evolution, nature, forms, calculation methods, burden and some key issues. The sub head entitled "VAT and inflation" needs detail and further elaboration and analysis. The major issue raised against VAT in Nepal is "VAT increase prices". The author did not provide sufficient empirical evidences for his conclusion "VAT increases prices, artificial benefits were intended on such exempted items". Again the author is silent about the methods and duration of preparatory time and procedures of homework before implementing a VAT. A comparison between VAT and other sales taxes are analysed intensively in fifth chapter with sufficient theoretical base. Major empirical findings are dealt in sixth chapter with the results of field survey. The total number of sampling population and surveyed groups should be justified.

Otherwise, the result might be biased, controversial and irrelevant. The findings is

very interesting that even policy makers (33.3%) and tax officials (12.5%) were of opinion that "VAT will be inflationary in Nepal" (Table 6.10 (B) P.198) This result clearly indicates that either policy makers too are confused, or VAT is definitely inflationary. Rest portions of the book are highly appreciable. The price is not suitable for students and common readers. Minor typing errors and proof mistakes should be rectified in the forthcoming issue.

The author deserves credit for this contributions. The book would have been a valuable document and readable materials to all interested readers.

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