Scholars' Journal
ISSN: 2645-8381
Published by Scholars' Association of Nepal
A Multidisciplinary Peer Reviewed, Open Access Journal
https://www.nepjol.info/index.php/scholars

Contribution of Value Added Tax to Gross Domestic Product of Nepal

Shiva Dutta Chapagai
Jananyoti Campus, Tanahun
Tribhuvan University, Nepal
Email: shivachapagai5@gmail.com

Article History: Received: 31 August 2021; **Revised:** 26 November 2021; **Accepted:** 28 November 2021

Abstract
Value Added Tax (VAT) is a consumption tax, levied at each stage of the consumption chain and born by the final consumer of the product or service. Gross domestic product (GDP) is the standard measure of the value added created through the production of goods and services in a country during a certain period. This study investigated the contribution of VAT to gross domestic product in Nepal from 2001 to 2019 based on empirical evidences. To meet this objective, time series macro economic data of GDP and VAT were used. Data were collected through the economic survey from Ministry of Finance. Ordinary Least Square technique was employed to test the hypotheses formulated. The result shows that VAT contributes significantly to GDP. During the periods under review, the growth rate of VAT was 17.42% on average and the average ratio of VAT revenue to that of GDP was 4.38%. The findings also reveal that there is the existence of both positive and strong relationship between VAT and GDP. Hence, Government of Nepal should search for the way to boost the revenue from VAT by mostly supporting with the configurations of networks among all the agencies of government and taxing authorities of the federal level, each province and local bodies in order to meet the growth and to facilitate public services for the country.

Keywords: Economy, growth, revenue, relationship, Government

Introduction

Value Added Tax (VAT) is a type of indirect tax levied on goods and services for value added to every point of production or distribution cycle, starting from raw materials and going all the way to the final retail purchase. Gross domestic product (GDP) is the standard measure of the value added created through the production of goods and services in a country during a certain period. This study is carried out with the objective to find out the contribution of VAT to the GDP of Nepal. A modern government collects required funds through different sources; mainly from revenue and debt. Among different sources, taxation is the most important sources of government revenue. Taxes are revenue collected by the government to facilitate public services for the country and operation of its administrative activities (Bhatia, 2009). The tax that is levied directly on personal or corporate income is direct tax and the tax that is levied on the price of a good or service is an indirect tax. Both direct and indirect taxes are equally important for the economy growth of a county. VAT is most popular from of indirect tax.VAT is indirect tax levied on the value added by the registered taxpayers to their purchases and import. The basis for VAT is the value addition that takes place at each level in the production and distribution process of goods and service (Khadka, 2001). On the basis of tax base, the VAT is classified into to three types; Gross national product (P-VAT), Income (I-VAT) and Consumption type (C-VAT) (Khadka, 2001). The tax imposed on sale of goods and services collected from someone other than the person who in reality bears the cost of tax. VAT has progressively accepted by many governments in many countries. VAT can be defined as being "a broad-based business tax imposed at each stage of the production and distribution process which, when applied nationally, is typically designed to tax final household consumption" (Tait et al. 2005). VAT is a general tax on consumption that is levied on the difference between the value of total output and its input. VAT is the most importance source of government revenue around the world. Some 165 countries have implied VAT today (OECD, 2017). The VAT has been adopted by many countries around the world and its revenues represent more than seven percent of the world's Gross Domestic Product (GDP) (Adhikari, 2015). VAT was a proven success, existing in 168 countries. It was proposed by both democrats and republicans in recent years (Gale, 2020). VAT is a tax imposed and collected on the value added at each stage in the production and distribution of a good or service. It is, in effect, levied on the difference between the sales and production inputs of a business. The VAT is generally thought of as a consumption tax, similar to a retail sales tax. One important difference, however, is that the VAT is collected in stages as the goods and services are produced and sold, whereas the retail sales tax is collected at once upon the final sale. VAT is, therefore a non - cascading tax on consumption, which is paid off in installment.VAT is the recent innovation in the field of taxation in Nepal (Koirala, 2010). Despite all the constraints and obstructions from the business communities, VAT was introduced in Nepal with the objectives of increasing revenue mobilization by broadening the tax base, to develop a stable source of revenue, improving economic condition, scientific and transparent tax system, neutrality, efficiency, fairness, and transparency in tax administration. It was launched in place of the then four different taxes, namely, Sales Tax, Contract Tax, Entertainment Tax, and Hotel Tax.

VAT has become a major source of government revenue in developing countries like Nepal. In Nepal VAT was implemented in 1997 by replacing the sales tax, entertainment tax, hotel tax, and contract tax. The implementation of VAT in Nepal, the source of government revenue is increasing over the years. Globally, several studies have been undertaken to this end, for instance, Njogu (2015) observed the effect of Valued Added Tax on economic growth in Kenya. The result shows that there exists a significant negative relationship between VAT rates and GDP. Angus and David (2011) examined impact of VAT on economic development of emerging nations. The result shows that, a) the result obtained from secondary data there is significant VAT impact on economic and human development. b) The result obtained from primary sources suggestthat there is minimum VAT impact on economic and human development. Dahri et al. (2019) a comparative Study of Consumption (VAT) and its effects on economic growth rate and gross savings. The result shows that there is significant positive and healthy relationship between VAT and economic growth and gross savings. After used of VAT has boosted the economy of both countries Japan and Pakistan. It improved the country's economy situation. Onwuchekwa et al. (2014) investigated the impact of Valued Added Tax on the economic growth in Nigeria. The result shows that VAT contributes significantly to the total tax revenue of government in Nigeria. Owolabi and Okwu (2011) empirical evaluation of contribution of VAT to Development of Lagos State Economy, the result showed that various sectors of the economy of Lagos State are yet to benefit significantly from VAT revenue expenditure of the state development. Hassan (2015) observed the role of Value Added Tax in the economic growth in Pakistan. The result shows that strong and positive impact of VAT revenue on the GDP of country. One percent increase in the growth of net VAT revenue cause 0.24% increase in the growth of nominal GDP. Adhikari (2015) observed on when does introducing a Value Added Tax increase economic efficiency? The results of this research provide an insight to the topic 'VAT and Efficiency'. However, this result is driven by richer countries only. There is no significant impact of the VAT on poorer countries. Ayoub and Mukherjee (2019) studied investigators the role of VAT on the economic growth in china. The result indicated that there is positive relationship between the GDP and Value Added Tax in both in the short as well as long run (Lalarukh & Salahuddin, 2013). The investigation uncovers that the VAT decidedly affects GDP and is contributing in the economic development of the country. Haruna et al. (2015) argue that VAT plays a vital role in economic development of a country. In the words of Kolahi and Noor (2016), VAT has found positive influence in economic growth and negative influence in capital formulation.

The above studies and results show that there are positive and negative relationship between VAT and GDP. The role of VAT as a major source of revenue in Nepal has been growing over the years. Government of Nepal in the national budget, the government increases its expenditure to a great extent. In order to meet the increase in expenditure, more emphasis was laid on indirect form of tax i.e. VAT. So, a question raises here: Is there a connection between VAT and GDP? Or, what is the effect of VAT on GDP? So the primary objective of this study was to determine the contribution of VAT to GDP in Nepal by answering the following research question: what is the effect of VAT on GDP in Nepal? Since the study is based on secondary data, the result depends up on reliability and validity of data.

Literature Review

VAT is an important source of revenue for balancing the government budgets; the study shows that there is strong and positive relationship between the growth of VAT revenue and the economic growth (Hassan, 2015). The role of VAT is very important for developing countries because of the impact on economic decision making of households and businesses than income tax has. To be more specific, VAT has less impact on investment and saving; therefore, might not distort capital formation and growth and development of the economy (Acharya, 2016). VAT is considered to be the best method of revenue collection for both developed and developing countries, which contributes to economic growth of the country (Bird et al. 2005). VAT significantly contributes to savings and economic growth in countries, the author analyzed the effect of VAT on saving and economic growth by regression analysis used for secondary data analysis using SPSS software. The purpose of this research was to statistically observe the causal impact of consumption tax (value added tax) on GDP/economic growth and gross savings in Pakistan as well as in Japan and their comparative analysis for the period defined (1989 to 2015) (Dahri et al., 2019). In Ethiopia, When VAT was implemented in 2002; the contribution of VAT to Government revenue was 22.24 percent (2.24%). In 2007 contribution of VAT to Government revenue was 38.36%. From the study periods 2003 to 2013 contribution of VAT to Government revenue was 38.36 percent (38.36%). During this period the growth rate of VAT Was 66.27 percent (66.27%). In 2005, the growth rate of VAT Was 230.31 Percent (230.31%) VAT seems to have made a significant contribution to the economic growth of a county (Jatata, 2014). The VAT plays importance role in the economic growth in the county. There is positive relationship between VAT and economic growth in the long run (Ayoub & Mukherjee, 2019). There is positive relationship between VAT and GDP (Kalas & Milenkovic, 2017)

VAT is most importance source of Government revenue in Nepal. In fiscal year 2017/2018, total tax collection was Rs. 732.22 billion, which is 90 percent (90%) of total revenue and indirect taxes like VAT, customs and excise duties comprise 69 percent (69%) of the total revenue. direct taxes like income taxes and properly related taxes 31percent (31%) of the total tax revenue. VAT was 31% of total tax revenue (Inland Revenue Management Second Strategic Plan, 2018/019-2022/023). The contribution of income tax to total revenue normally remains higher in developed and developing countries. Resources for financing development needs get ensured if contribution of income tax increases and thus revenue growth become sustained. Even if income tax collection increases, tax system needs to be made fair, neutral and efficient so as to attain encouraging growth in the contribution of the income tax to total revenue. Since the major basis of revenue mobilization is VAT, revenue mobilization would be more effective if the VAT system is made more neutral and efficient (Economic survey, 2016).

The study found that the VAT has, on average, a positive and economically meaningful impact on economic efficiency. However, this result is driven by richer countries only. There is no significant impact of the VAT on poorer countries (Adhikari, 2015).The objective of this study was to determine the effect of Value Added Tax on economic growth in Kenya. The findings indicated that a percent change in the incident rate of GDP is an increase the 7% for every unit decrease in VAT. There is significant negative relationship between VAT rate and GDP (Njogu, 2015).The study examines whether or not the adoption of value-added tax

(VAT) in developing countries is an effective way of stabilizing tax revenues. Using a large panel of 103 developing countries observed over 1980-2008 and found that the presence of VAT leads to an enhancement in the stability of tax revenues. On average, countries with VAT experience 40-50% less tax revenue instability than countries without VAT. The study established that this effect is stronger in low-income countries and in the context of low exposure to external shocks as a result of trade openness (Ebeke & Ehrhart, 2012).

VAT is a widely accepted indirect taxation system prevalent across the globe. The spread of VAT has been the most important development in taxation over the last half-century. In terms of figures, revenues generated by taxes on general consumption (that is, VAT, sales taxes and other general taxes on goods or services) represented 20.0% of the total tax revenues of OECD countries in 2009 (compared with 11.9% in 1965 and 15.8% in 1985). The proportion of taxes on general consumption as a percentage of GDP more than doubled between 1965 and 2009 (3.3% in 1965, 5.2% in 1985, and 6.7% in 2009 for OECD countries). The Share of VAT, itself, as a percentage of total taxation has grown by more than 7%, from 11.2% on average in 1985 to 19.2% in 2009. The capacity of VAT to raise revenue in a neutral and transparent manner has led all OECD member countries to adopt this broad-based consumption tax, except for the United States which continues to employ retail sales taxes at the subnational level rather than applying federal consumption tax or a dual GST like the Canadian Harmonized Sales Tax (HST), where the federal government and provinces levy a GST on a common tax base but at a different rate (OECD-2012).

VAT is essentially a tax that is charged on a broad range of transaction with a tax deduction mechanism allowing business to offset VAT paid on inputs against VAT paid on outputs.

Methods and Procedures

This paper attempted to investigate the relationship between VAT and GDP in Nepal based on time series data covering the periods form 2000-2001 to 2018-2019 AD. Such quantitative data were sourced mainly from the economy survey, Ministry of Finance in Nepal. This research work is both descriptive and inferential in nature. The study applied the Ordinary Least Square (OLS) regression and correlation coefficient for the purpose of empirically estimating the relationships between GDP and VAT. SPSS statistical package version 20.0 was employed for analyzing the data. Hence, while descriptive statistics was employed to describe the data as they present using percentages and ratios, the independent t-test was used for validating the research hypotheses and for interpreting the result obtained from the OLS.

Model Specification

This paper examines the correlations among GDP and VAT in order to investigate the contributions of VAT to GDP of Nepal from 2000-2001 to 2018-2019 AD. To that extent, construction of astatistical model which inaugurates the relationships among the variables of the study was very essential. Thereview of different empirical literatures existed in the area of VAT and GDP for different countries shows as the analysis of selected variables has the linear functional form in their general contexts.

Hence, guided by the perceived functional relationship between the matrix of GDP andVAT revenue, the link is forged between these two variables. From sub-macro and micro economic perspectives, the model for this work states that the GDP depends on the revenue collected from VAT.Accordingly, the purposeful relationships and resulting models are specified as follows:
GDP = f (VAT) (1)

From the above functional relationships, the working model of the paper is specified below:
GDP = $\beta 0 + \beta 1$ (VAT) +μ (2)
Where;
GDP= Gross domestic product, VAT = Value Added Tax, $\beta 0$= Autonomous (Intercept)
$\beta 1$= Coefficient of VAT, μ = Error term
As the GDP is expected even when no revenue was collected from VAT, the 'priori' expectation is that the model parameter is expected to be positively signed.

Research Hypothesis

The review of different empirical previous researches on this subject area shows as there werepositive and negative relationshipsbetween VAT and GDP for the economies of different countries. To that extent, the present study evaluates statistically by developing the following hypothesis:
H0: Value Added Tax plays no significant role for Nepal's GDP.
H1: Value Added Tax makes a crucial role for Nepal's GDP.

Results and Discussion

Results of Descriptive Analysis

The common activities of taxing system in any country were to raise revenue in a safe and dependablefashion. When the country grows richer, the government typically raises enormous extent of tax revenues whichbecomes enormous percentages of the country's GDP. To that extent, the responsibility of any country'sgovernment was to make the required adjustment in order to efficiently and effectively collect the tax revenuesand hence, to escalate its sharefor economic development. The same is true in the context of Nepal VATbecause after its adoptions, the growth rate of GDP was increased and reached about 11.62% on average during the year 2001 to 2019 with the minimum of 1% in 2001 and the maximum value of 21.16% (Table 1).

Table 1

Descriptive Statistics

	N	Range	Minimum	Maximum	Sum	Mean		Std. Deviation
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic
Gross Domestic Product	19	3017274.00	441519.00	3458793.00	26967199.10	1419326.26	214384.40	934479.94
Valued Added Tax	19	227854.00	12267.30	240121.30	1403667.55	73877.23	15673.32	68318.39
VAT to GDP Ratio	19	4.27	2.67	6.94	83.37	4.38	.307	1.337
Growth rate of VAT	19	39.27	-.93	38.34	331.01	17.42	2.49	10.87
Growth rate of GDP	19	20.16	1.00	21.16	220.71	11.62	1.200	5.2324

Sources: SPSS Version 20.0 output

In 2001, the ratio of VAT revenue to GDP was only 2.8% but such ratio reaches its highest points of 6.94 % in 2019 (Table 2). Though there were some fluctuations of the ratio of VATto GDP during the periods under review, the average ratio of VAT revenue to that of GDP was 4.38% (Table Figure 1).In addition to that, the growth rates of VAT from 2001 to 2019 was 17.42% on average and while themaximum of such growth rates was 38.34% during the year 2010, its minimum growth rates becomes 1% in the year of 2001(Table 1). Therefore, starting from its adoptions to the periods under considerations, VAT contributed its own share to enhance the GDP of Nepal.

Table 2

VAT Revenue and GDP

				In millions
Fiscal Year	GDP (Expenditure method) at current price	VAT	VAT to GDP	Percentage increase of VAT
2000/2001	441,519.00	12,382.40	2.80	1.00
2001/2002	459,442.80	12,267.30	2.67	-0.93
2002/2003	492,231.30	13,459.70	3.05	9.72
2003/2004	536,749.00	14,478.90	2.70	7.57
2004/2005	589,412.00	18,885.40	3.20	30.43
2005/2006	654,080.00	21,610.70	3.30	14.43
2006/2007	728,730.00	26,095.60	3.58	20.75
2007/2008	815,660.00	29,815.70	3.66	14.26

2008/2009	988,270.00	39,700.90	4.02	33.15
2009/2010	1,192,774.00	54,920.90	4.60	38.34
2010/2011	1,366,954.00	61,663.60	4.51	12.28
2011/2012	1,527,344.00	70,930.40	4.64	15.03
2012/2013	1,695,011.00	83,418.40	4.92	17.61
2013/2014	1,964,540.00	101,104.60	5.15	21.20
2014/2015	2,130,150.00	112,521.79	5.28	11.29
2015/2016	2,253,163.00	122,411.94	5.43	8.79
2016/2017	2,627,449.00	161,068.27	6.13	31.58
2017/2018	3,044,927.00	206,809.75	6.79	28.40
2018/2019	3,458,793.00	240,121.30	6.94	16.11

Sources: Economy survey, Ministry of Finance, Government of Nepal 2002/2003, 2007/2008, 2011/ 2012, 2015/2016 and 2019/2020)

Figure 1

VAT & GDP Ratio by Fiscal Year

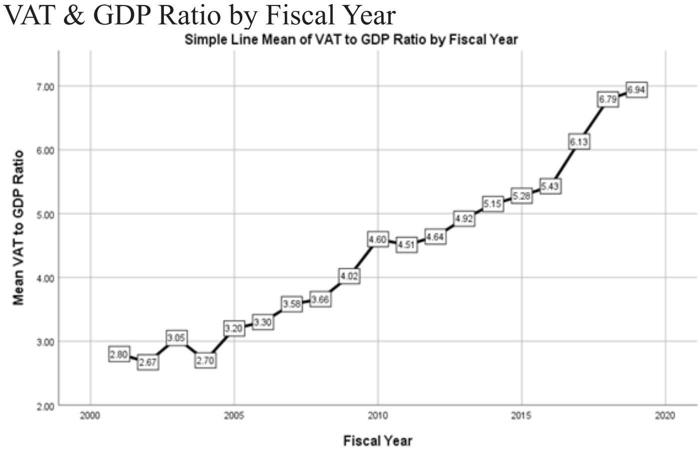
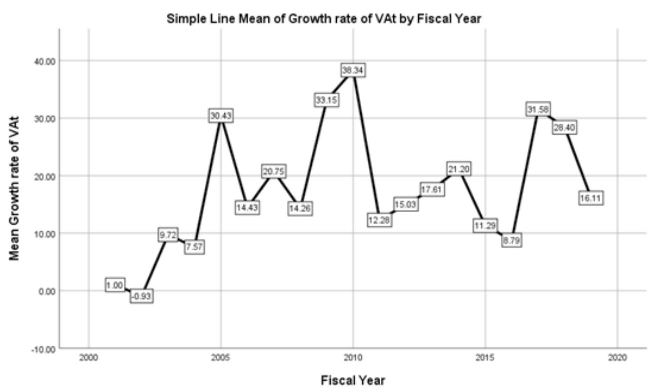


Figure 2

Mean Growth Rate of VAT



Results of Regression Analysis

This part provides the empirical result of the inferential data and in order to investigate the relationship between VAT and GDP in Nepal from 2001 to 2019, the statistical examinations of the quantitative time series data was analyzed with applications of OLS methods.

Table 3

Coefficients

<table>
<tr><td colspan="2" rowspan="2">Model</td><td colspan="2">Unstandardized Coefficients</td><td>Standardized Coefficients</td><td rowspan="2">t-statistic</td><td rowspan="2">Sig.</td><td colspan="3">95.0% Confidence Interval for B</td></tr>
<tr><td>B</td><td>Std. Error</td><td>Beta</td><td>Lower Bound</td><td colspan="2">Upper Bound</td></tr>
<tr><td rowspan="2">1</td><td>(Constant)</td><td>418464.558</td><td>45470.562</td><td></td><td>9.203</td><td>.000</td><td>322530.057</td><td colspan="2">514399.058</td></tr>
<tr><td>Valued Added TAX</td><td>13.548</td><td>.457</td><td>.990</td><td>29.614</td><td>.000</td><td>12.582</td><td colspan="2">14.513</td></tr>
<tr><td rowspan="2"></td><td rowspan="2">R</td><td rowspan="2">R Square</td><td rowspan="2">Adjusted R Square</td><td rowspan="2">Std. Error of the Estimate</td><td colspan="5">Change Statistics</td></tr>
<tr><td>R Square Change</td><td>F Change</td><td>df1</td><td>df2</td><td>Sig. F Change</td></tr>
<tr><td>1</td><td>.990</td><td>.981</td><td>.980</td><td>132597.2</td><td>.981</td><td>877.012</td><td>1</td><td>17</td><td>.000</td></tr>
<tr><td colspan="10">a. Predictors: (Constant), Valued Added TAX
b. GDP is dependent variable.</td></tr>
</table>

Sources: SPSS Version 20.0 output.

From the model outlined in the research methodology and the above regression output, the following estimated model is sketched as above:

GDP = 418464.558 + 13.548 VAT + μ

The result showed as the autonomous of the regression result was positive which depicts that the economy will be having a positive value of 418464.558 as the GDP, due to existence of VAT during the period under review of 2001 to 2019. The positive coefficient of VAT confirms the priori expectation of the positive relationship between VAT and GDP. To that extent, the result reveals as Rs. 1 increment of VAT will lead to in increment of about Rs. 13.548 in Nepal GDP. The result of t-calculated (t-statistics value) of 29.614 are more than that of the t-tabulated of 1.812by testing it as 5% level of significant. This implies as VAT has statistically significant influence on GDP of Nepal during the study periods under considerations.

Moreover, the coefficients of determination (the R-square statistics) of the model was 0.981 implying about 98.1% of variations in GDP is explained by VAT which only about (100 - 98.1) 1.9% of the variations in GDP were accounted by other variables. This revels as the model is good fit and the explanatory power of the variable within the model is high to make strong conclusions. The regression output of the model also informs as the correlation coefficient (R) which shows the correlation among VAT and GDP during the study periods in Nepal is an average 0.99. This reveals as there is the existence of both positive and strong relationship among them. In addition to that, the regression findings also acquaint as F-ratio is 877 which is significant.

To that extent the researcher therefore rejected the null hypothesis and assuming VAT revenue makes signification contribution to the GDP. Likewise, many prior studies have shown the significance contribution of VAT revenue to the GDP (Adhikari, 2015; Hassan 2005; Jatata, 2014; Kalas & mikenkovic, 2017; Kolahi & Noor, 2016). VAT positively and significantly influence the GDP in Nepal, the Study revealed that increase in VAT would dead to an increase in GDP of a country. Hence, Government of Nepal must search for the way to boost the revenue from VAT by mostly supporting with the configurations of networks among all the agencies of government and taxing authorities of the federal level, each state and local bodies in order to meet the growth and to facilitate public services for the country.

Conclusion

Recently an increasing number of countries around the world have swapped their concern towards the adoptions and implementations of VAT and Nepal is not exceptions but one among such a large chorus. This study investigates the relationship between VAT to GDP in Nepal from 2001 to 2019 with the applications of the OLS method by using the annual quantitative time series secondary data. The result of the study shows that, after the implementations of VAT in Nepal, the national income that is measured in terms of GDP has largely improved. This is evidenced because of the growth rates of VAT itself was 17.42% on averageand the average ratio of VAT revenue to that of GDP was 4.38%. And finally, the growth rate of GDP after the implementations of VAT becomes 11.62% on average during the periods under review. Furthermore, the regression finding of the study showed as the Nepal is significantly influenced by theVAT revenue. So, the study concluded that VATplays an energetic role for the GDP in Nepal and it enables to succeed the current growth and transformations plan (GTP) of the country.The empirical investigation in the study reveals that VAT has a positive relationship with GDP and is contributing to the economic growth of the nation. Finding the positive relation is important to any economy for some reasons. Therefore, the paper recommends that Nepal government should make a full-fledged effort to efficiently collect and effectively utilize such tax revenue through closing the door towards the issues of corruptions which can bepossible through making the VAT administrations more fashionable than ever before. This will enhance compliance and reduce tax avoidance and evasion which common under the present VAT regime.

This study is not without its limitations. This study is based on secondary data; coverage of the period is from fiscal year 2000-2001 to 2018-2019 AD. This study specially focused on VAT income after implication of Income Tax Act, 2002 so, that only 18 year data were used. This study cannot cover implementation of VAT and its effect in economic development so that further researcher can do research on such area.

References

Acharya, S. (2016). Reforming Value Added Tax system in developing world: The case of Nepal. *Business and Management Studies*, *2*(2), 44-63.

Adhikari, B. (2015). When does introducing a value-added tax increase economic efficiency? Evidence from the synthetic control method. *Tulane University, Department of Economics Working Papers*, *1524*. http://repec.tulane.edu/RePEc/pdf/tul1524r.pdf

Ayoub, Z., & Mukherjee, S. (2019). Value Added Tax and economic growth: An empirical study of China perspective. *Signifikan: JurnalIlmuEkonomi*, *8*(2), 235-242.

Bhatia, H. (2009). *Public finance*. New Delhi: Vikas Publishing House Pvt. Ltd.

Bird, R., Martínez-Vázquez, J., & Torgler, B. (2005). Value-added taxes in developing and transitional countries: lessons and questions. *ITP paper*, *505*.

Dahri, S.H., Shaikh, N.A., & Shah, P. (2019). Pak-Japan comparative study of consumption tax (value added tax) and its effects on economic growth rate and gross savings. *Journal of Economics and Political Economy, 6*, 295-303.

Ebeke, C. H., & Ehrhart, H. (2012). Does VAT reduce the instability of tax revenues? http://halshs.archives-ouvertes.fr/halshs-00617272/

Gale, W. G. (2020). Raising revenue with a progressive value-added tax. *Tackling the Tax Code: Efficient and Equitable Ways to Raise Revenue,* 191-236.

Haruna, A. D., Kumshe, H. M., Magaji, B. Y., & Bani, L. M. (2015). Value Added Tax (VAT) and its impact on growth of Adamawa State. *European Journal of Business and Management*, *7*(30), 57-68.

Hassan, B. (2015). The role of value added tax in the economic growth of Pakistan. *International Journal of Public Policy*, *11*(4-6), 204-218.

IRD (2019). *Inland revenue management second strategic plan*. Government of Nepal Ministry of finance, 2018/019-2022/023). https://ird.gov.np/public/pdf/303710844.pdf

Jalata, D. M. (2014). The role of value added tax on economic growth of Ethiopia. *Science, Technology and Arts Research Journal*, *3*(1), 156-161.

Kalaš, B., & Milenković, N. (2017). The role of value added tax in the economy of Serbia. *Ekonomika*, *63*(2).

Khadka, R. (2001). Value added tax: The concept, international experiences and its application in Nepal. *Value Added Tax Four Years of Implementation*, 91-146.

Koirala, K. (2010). Value added tax (VAT) in Nepal: A critical assessment of its performance. *Journal of Nepalese Business Studies*, *7*(1), 63-69.

Kolahi, S. H. G., & Noor, Z. B. M. (2016). The effect of value-add tax on economic growth and its sources in developing countries. *International Journal of Economics and Finance*, *8*(1), 217-228

Lalarukh, F., & Salahuddin, C. M. (2013). Contribution of VAT to the GDP of Bangladesh: A trend study. *Journal of Business*, *34*(2).

MoF (2003). Economic Survey, 2*002/2003,* Government of Nepal, Ministry of finance, Singh Durbar *Kathmandu, Nepal https://www.mof.gov.np*

MoF (2008). Economic Survey, 2*007/2008,* Government of Nepal, Ministry of finance, Singh Durbar, Kathmandu, Nepal. https://www.mof.gov.np

MoF (2012). Economic Survey, 2*011/2012,* Government of Nepal, Ministry of finance, Singh Durbar, Kathmandu, Nepal. https://www.mof.gov.np

MoF (2016). Economic Survey, 2*015/2016,* Government of Nepal, Ministry of finance, Singh Durbar, Kathmandu, Nepal. *https://www.mof.gov.np*

MoF (2020). Economic Survey, 2*019/2020,* Government of Nepal, Ministry of finance, Singha Durbar, Kathmandu, Nepal. *https://www.mof.gov.np*

Njogu, L. K. (2015). The effect of value added tax on economic growth in Kenya. *International Academic Journal of Economics and Finance*, *1*(5), 10-30.

OECD (2017), *International VAT/GST Guidelines*. OECD Publishing, Paris. http://dx.doi.org/10.1787/9789264271401-en

Onwuchekwa, J. C., & Aruwa, S. A. (2014). Value added tax and economic growth in Nigeria. *European Journal of Accounting Auditing and Finance Research*, *2*(8), 62-69.

Tait, M., R. Ebel, & T. Minh L. (2005). *Value-Added Tax, National*. In the Encyclopedia of Taxation & Tax Policy. The Urban Institute Press.

The OECD International VAT/GST Guidelines: past and future developments (2012) https://www.oecd.org/ctp/consumption/OECDInternationalVATGSTGuidelinesWorld%20 Journal.pdf

Unegbu, A. O., & Irefin, D. (2011). Impact of VAT on economic development of emerging nations. *Journal of Economics and International Finance*, *3*(8), 492-503.