

The study highlighted to evaluate the effect of value added tax (VAT) on consumer's standard of living, a study of Uyo VAT office. Based on the research problem, it is noted that Vat affect consumer's standard of living in response to consumption of goods and services. The population of the study consists of twenty five (25) workers of Vat Office Uyo. The sample size is 24 which means that every member of the service has equal chance of been selected. The objective of the study includes to ascertain whether value added tax (VAT) affect consumer's standard of living in the economy and to identify the problems of VAT in the consumer's standard of living since its implementation of the policy in the economic of the country. Under the discussion of finding it is discover that Table 4.1.1 shows numbers of questionnaire sent and returned questionnaires Table 4.1.2 shows age and sex distribution of the respondents. Table 4.1.3 shows the academic qualification and years of experience. It is discovered that VAT affect consumer's standard of living. It is also discovered that there is significant relationship between VAT and consumer's standard of living and that consumer's do re-act against VAT system. And recommendation were made based on findings that the service should jointly mount training programmes on their members and also to VAT payers on how to go about VAT issues and to the Vat payers on the usefulness of VAT to the economy.

## **CHAPTER ONE**

### **GENERAL INTRODUCTION**

#### **1.1 INTRODUCTION**

Tax, the whole world over is a major source of revenue to the government. The major reason why government imposes tax is for the generation of revenue in support of government programmes and to enable it continues to perform the legitimate functions of the state. Tax is also used by government as a tool for income redistribution and economic regulation which also affect the customer standard of living both positively and negatively. For these reasons, government imposes various forms of taxes grouped under direct and indirect taxes. Value Added Tax (VAT) falls under the indirect types of tax. Value added tax is a consumption tax that has been embraced by many countries of the world.

Traditionally, incomes have been the major tax reforms by many countries in recent times and have led to the discovery of consumption as having potentials for higher yield and greater chances of success than income. Thus, emphasis has been shifted from income-based to consumption-based taxes in developed and developing economics.

Again, of all the consumption-based taxes such as custom and exercise duties, import and export duties, sales and purchase taxes, VAT is rated the highest in terms of yield and ease of administration. It was in realization of these great

potential of VAT and mainly to increase the revenue profile of government that led to the introduction of VAT by the Nigerian government in 1993, through Decree 102 of 1993. This Decree actually took effect from January, 1994, value added tax was to replace the sales tax, which was already in existence by operated on a very narrow scale by state government.

Since its emergence on the Nigerian fiscal scene about ten years ago, VAT has witnessed some teething problems and scathing criticisms. For instance, Lagos state government has threatened to re-introduced sales tax against the letter and spirit of the VAT degree. This in a way is a protest to the failure of the VAT policy in achieving its objectives. Therefore, increase economic consequence on the general standard of living of individual and the nation at large. This research is therefore to investigate the effect of VAT in consumer standard of living.

## **THE EFFECT OF VALUE ADDED TAX (VAT) ON CONSUMER'S STANDARD OF LIVING**

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