

**A SYSTEMATISED REVIEW OF THE LITERATURE RELATED TO THE
IMPLEMENTATION OF VAT ZERO-RATINGS AS A RELIEF MEASURE FOR THE
POOR**

by

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ABSTRACT

A SYSTEMATISED REVIEW OF THE LITERATURE RELATED TO THE IMPLEMENTATION OF VAT ZERO-RATINGS AS A RELIEF MEASURE FOR THE POOR

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Background: Value-added tax (VAT) has been implemented in South Africa since 1991 and is one of the three largest tax revenue collection streams for the South African government.

In South Africa, a country with a high inequality in income, the government realised that the low-income households suffer under the heavy tax burden and that most of the income that the poor receive is spent on their basic needs for survival. The government therefore, acknowledged the need to zero-rate certain items from VAT in order to grant them a form of relief. Zero-rated items include the basic foodstuffs consumed.

Main purpose of study: The aim of the study is to analyse and evaluate the perceived effectiveness of the zero-ratings of VAT through the exploration of articles. The study also aims to explore the options that governments have to implement other relief measures to assist the poor rather than zero-rating certain goods and services from VAT. The study considers the cost of compliance of a single standard VAT rate system with zero-ratings for both the taxpayer and the government.

Method: A systematised review was followed to gather the relevant literature from accredited journals to ensure that the articles used in the research is of high quality.

Results: The research indicates that citizens have doubt about the perceived effectiveness of the zero-ratings as all citizens benefit from the zero-rating of VAT. It does not provide relief to the poor only. The results of academic articles indicate that there are other options that government can utilise in assisting the poor from the heavy tax burden other than zero-rating certain goods and services from VAT, such as increasing social grants and levying VAT at a standard rate on all supplies. The results also indicate that the implementation of a flat VAT rate on all supplies can save both the government and the vendors money as the cost of administration and compliance will decrease.

Conclusion: Government has been issuing social grants to assist the poor and has considered other options such as increasing the social grants, as the compliance costs relating to a single standard VAT rate system with zero-rating on certain goods and services are particularly high. The implementation of a new policy by withdrawing zero-rating of VAT is very sensitive to the citizens and could lead to massive dissatisfaction from the citizens. However, the options are worth exploring as the additional tax revenue can be used to fund the tax revenue gap in the South African budget.

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LIST OF ABBREVIATIONS AND ACRONYMS

Table 1: Abbreviations and acronyms used in this document

Abbreviation	Meaning
ABDC	Australian Business Deans Council
VAT	Value-added tax
VAT Act	The Value-added tax Act No. 89 of 1991

CHAPTER 1: INTRODUCTION

1.1. BACKGROUND

Benjamin Franklin stated that we live in a world where the only two things we can be certain of is death and that we will pay taxes (Berridge, 2018:1). As tax is a constant, it is important for taxpayers to know that tax is imposed on every transaction and with taxpayers understanding why these taxes were introduced, it could assist in their compliance (Palil, Akir & Ahmad, 2013).

Value-added tax (VAT) was introduced in South Africa on 30 September 1991, at a rate of 10 per cent, when it replaced the existing General Sales Tax and in 1993, the rate was increased to 14 per cent (Bangalee & Suleman, 2017; Gardiner, 2019). The VAT rate remained unchanged for 15 years until it was increased to 15 per cent on the 1st of April 2018 to finance the tax revenue gap in South Africa's budget (Gardiner, 2019).

Lionel Blair once said that whenever the talk turns to age, he will simply say that he is 49 years old plus VAT (Ejdelbaum, 2016). The charging of VAT as per Section 7(1) in the VAT Act No. 89 of 1991, herein after referred to as the VAT Act, states that VAT shall be levied on the supply of goods and services, the importation of any goods into the country by any person or the supply of imported services by any person at a rate of 15 per cent on the value of such supply. This levying of VAT can, however, also be at a rate of zero per cent as per Section 11 or an exempt supply in terms of Section 12 of the VAT Act.

VAT is an indirect tax imposed on the consumption of goods and services (Ecker & Variychuk, 2013; McLure & Bloomfield, 1987), but certain items are zero-rated and throughout the research it is the focus area for the study. Zero-ratings of certain goods and services are implemented to assist the poor with purchasing their basic foodstuffs and necessities giving some relief from the heavy tax burdens (Do, Hodgson & Wilson-Rogers, 2017; Jansen, Stoltz & Yu, 2013).

VAT contributed 25 per cent to the South African tax revenue in the 2018/19 tax year (National Treasury, 2020). As VAT is one of the biggest forms of tax revenue for a country,

the zero-rating of certain items is a tremendous loss in revenue for the government (Bangalee & Suleman, 2017; Gendron, 2016). The compliance and administration costs that a government incurs to administrate a single standard VAT rate system with zero-ratings is excessive and therefore, it can be deemed that to levy VAT at a standard rate, on all goods and services, will be more effective (Keen & Smith, 2006; Leahy, Lyons & Tol, 2011). The additional revenue collected from a single standard VAT rate can then be distributed as a social grant to provide relief to the poor (Gendron, 2016; Odhiambo & Odada, 2015).

1.2. RATIONALE FOR THE STUDY

There is a definite reason for levying VAT at a zero-rate on certain goods and services, since lower income households spend a large portion of their income on purchasing basic foodstuffs and other necessities, which are often zero-rated (Godbout & St-Cerny, 2011; Jansen & Calitz, 2015b). For some individuals the implementation of zero-rating of products might seem unfair as the high income households also benefit from this zero-rating (Jansen & Calitz, 2015a:2; Jansen *et al.*, 2013). The contribution of this study is to assist in explaining the reasons for the implementation of zero-ratings as a relief measure for the poor and evaluating the perceived effectiveness thereof. The study also assesses other methods that the government could implement that could be more effective in providing relief to the poor when the VAT is levied at a standard VAT rate on all goods and services. This research study explores the option of savings in compliance costs, for both the taxpayer and governments, when VAT is levied at a single rate (Gendron, 2017; Smulders & Evans, 2017).

The main purpose of the current research is to analyse and evaluate the perceived effectiveness of the zero-ratings of VAT by exploring academic articles. The study also explores the options that governments have to implement other methods to assist the poor rather than zero-rating certain goods and services from VAT. Upon undertaking the study, the existing gap in knowledge and how the research will benefit the parties involved was considered. The costs of administration and compliance for the government as well as for the taxpayer are discussed to motivate whether a single standard VAT rate system with zero-ratings is effective.

1.3. RESEARCH OBJECTIVE

The main research objective of this study is to systematically explore the existing body of literature related to zero-rating of VAT and the compliance cost relating to it, focusing on selected articles recently published in quality academic journals.

The research focus is directed by the following research questions as per Steyn, Smulders, Stark and Penning (2018):

- In which academic journals are these scholars publishing their research?
- What is the quality rating of the selected academic journals in terms of the Australian Business Deans Council List (ABDC list)?
- Who are the main scholars (authors) of the selected publications?
- To which main science discipline does the selected academic journal belong to?
- What are the perspectives from which the research in the publication was done?
- What are the main constructs under investigation in these academic publications?
- What types of taxes are under investigation in these selected studies?
- What are the variables considered in these academic publications?
- What is the nature of these selected studies (historical, descriptive, or experimental)?
- What is the main research methodology (qualitative, quantitative, or mixed) adopted by each one of these studies?
- What is the research method adopted in each one of these studies?
- What data collection techniques were used in these studies?
- What data analysis techniques were used in these studies?

1.4. RESEARCH DESIGN AND METHODOLOGY

The research falls within the ambit of secondary qualitative research, using a systematised review. The research is conducted to gain an understanding of reasons, opinions and motivations of why zero-ratings of VAT is implemented across the world and the perceived effectiveness thereof. The quality of the articles gathered is far more important than the quantity of the results. Published work by other researchers is used to obtain a better

understanding of the implementation of zero-rating of VAT and the cost of compliance relating to sustaining a single standard VAT rate system with zero-ratings.

The nature of the study is descriptive, therefore it describes the characteristics of a phenomenon, with a pragmatic philosophical stance as initial tax knowledge was collected about zero-ratings of VAT and the cost of compliance of a single standard VAT rate system with zero-ratings to gather more evidence on the matter (Bentahar & Cameron, 2015; Grant & Booth, 2009). The research was conducted to collect articles regarding zero-ratings of VAT and the practical application thereof when measured against the VAT Act (Dulock, 1993:154).

The study has adopted a cross-sectional time dimension as it is an observational study with no interference with the subjects being researched (Sekaran & Bougie, 2016:104). The articles published are the unit of analysis because it was the aspect being analysed (Hollweck, 2015; Patton, 2014:260). An inductive reasoning process was followed meaning that specific observations are made to reach a general conclusion (Ketokivi & Mantere, 2010).

1.5. MAIN CONSTRUCTS OF THIS STUDY

The constructs of a study is the themes, issues, theories and ideas being researched in the study (Vithal & Jansen, 2012). The constructs in the articles gathered must be considered in the study to gain a better understanding of the research to ensure that knowledge gaps are identified and to indicate to the researcher those areas that have been widely researched.

Globally, governments need to collect tax revenue to provide its citizens with the necessary public goods and services (Bangalee & Suleman, 2017; Jansen *et al.*, 2013). However, a balance should be reached where the poor are not over-taxed, yet, sufficient taxes are collected in an equitable way (Le, 2003; Leahy *et al.*, 2011).

In addressing the purpose of the study, the main constructs discussed are the implementation of VAT; the implementation of the zero-rating of VAT on certain goods and services; perceptions of the effectiveness of zero-ratings of VAT; other relief measures that government can implement to help the poor and the costs relating to the

implementation of a VAT system with a single standard VAT rate with zero-ratings. Each one of these are explained in detail below.

1.5.1. The implementation of VAT

VAT was introduced in South Africa as a broad-based consumption tax to produce a more efficient tax system and improve the revenue collection for government by the vendors as agents of the South African Revenue Service (Gale, Gelfond & Krupkin, 2016; van Oordt, 2018).

VAT is paid by everyone consuming products and services in both the formal and informal sectors (Godbout & St-Cerny, 2011; Keen, Krellove & Norregaard, 2016). VAT is an effective source of revenue collection as it adapts to the globalisation challenges and taxes the final consumer (Bangalee & Suleman, 2017; Datt, Nienaber & Tran-Nam, 2017; Keen *et al.*, 2016). Therefore, VAT is deemed to be the best source of additional government revenue (Giesecke & Tran, 2012; O'Reilly, 2018).

Once VAT is implemented, it is an easy and effective manner in which the tax revenue can be increased as the rate can be adjusted to fund the gap in the government's budget (Gendron, 2016; van Brederode & Gendron, 2013). VAT has been labelled to be a moneymaking-machine for the manner in which it can generate tax revenue (Andoh, Osoro & Luvanda, 2018; Benge, Pallot & Slack, 2013). There are 169 countries that implemented VAT and in general VAT contributes more than 20 per cent of tax revenue (Charlet & Buydens, 2012; OECD, 2018; Satterthwaite, 2018).

VAT, as per section 7 of the VAT Act, is levied at a standard rate of 15 per cent on the consumption of goods or services in South Africa, while certain goods and services are levied at a zero-rate and some are exempt. This Act also stipulates that output tax is levied on sales and the input tax is claimed back on the purchases and therefore only the net amount is paid over to the South African Revenue Service. VAT thus creates an opportunity for businesses to recover input tax paid on their purchases by granting a credit mechanism to ensure that only the consumer is taxed on their final consumption (Baer, 2013; Jansen *et al.*, 2013; Zacharopoulos, 2001).

Although registering as a VAT vendor does have an administrative and compliance cost aspect to it, it also enables vendors to claim back the input VAT on business purchases and this is a major driving factor for vendors to voluntarily register for VAT (López-Laborda & Peña, 2018; Satterthwaite, 2018).

1.5.2. The implementation of zero-ratings of VAT

As VAT is deemed to be levied equally at a flat rate for everyone and affecting all individuals, the government acknowledges the need to zero-rate certain goods and services (Alderman & Del Ninno, 1999; Bangalee & Suleman, 2017). This means VAT is levied at zero per cent and the selling price is thus entirely free from VAT (Brashares, Knittel, Silverstein & Yuskavage, 2014; Gendron, 2017; Holcombe, 2010).

It is argued that VAT must only be levied on luxury goods and that the basic essential goods must be zero-rated (Do *et al.*, 2017; Jansen & Calitz, 2017). The zero-rating of VAT can thus be seen as a preferential treatment that government applies on certain items that were closely evaluated to determine the need of its disadvantaged citizens (Do *et al.*, 2017; Smulders & Evans, 2017; van Oordt, 2018).

South Africa, with its unique political history, is a country with a high level of inequality of income, as there is no distribution of wealth where the high-income households are very rich and the low-income households are extremely poor (Bangalee & Suleman, 2017; Jansen & Calitz, 2017). In order to assist the poor and alleviate them from the heavy tax burden, government made the decision to zero-rate basic necessities that the lower-income households spend most of their disposable income on and thus offsetting the regressive tax (Fjeldstad & Iversen, 2015; Gendron, 2017; Jansen *et al.*, 2013). These items selected for zero-rating are essential goods that are in the interest of the public, but specifically focussing on the items purchased mostly by the poor (Gendron, 2017; Hartman, 2017; Jansen & Calitz, 2017). Thus, the end result of zero-rating is the elimination of the VAT on items that are mostly consumed by the poor (Gale *et al.*, 2016; Odhiambo & Odada, 2015).

Studies have shown that low-income households spend a large portion of their disposable income on VAT as 14.5 per cent of their disposable income is spent on VAT. However,

high-income households only spent 6.8 per cent of their disposable income on VAT (Leahy *et al.*, 2011). When all foodstuffs are zero-rated, the amount of VAT paid by the poor will decrease, however, it would also decrease for the rich who can afford to contribute to the tax revenue (Godbout & St-Cerny, 2011; Jansen *et al.*, 2013).

Zero-rating of VAT still allows for the vendor to claim their input tax on purchases and this might lead to vendors that supply goods and services at a zero-rate to receive refunds from the revenue authority (Charlet & Buydens, 2012; Gale *et al.*, 2016; Leahy *et al.*, 2011). The zero-rating of items thus creates an enormous loss in tax revenue for governments (López-Laborda & Peña, 2018; Zacharopoulos, 2001). This process of zero-rating VAT does not only result in the loss of tax revenue, but it has a high administration and compliance cost aspect to it (Bangalee & Suleman, 2017; Leahy *et al.*, 2011), which is discussed in section 1.5.5.

The items that are typically zero-rated are those basic items, especially food, that lower-income households depend on (Fjeldstad & Iversen, 2015:2; Jansen & Calitz, 2015a:1). The budgets of low-income households are considered to identify what the greater portion of their income is spent on as their consumption reflects their needs (Odhiambo & Odada, 2015; van Oordt, 2018).

South African data, analysed by van Oordt (2018), indicates that households follow a two-stage budget process where the budget is broadly allocated to clothes, food and housing and in the second stage they consider the finer detail of purchasing fruit, vegetables and dairy. South Africa zero-rated 19 food items from VAT which they deem to be the basic consumables (van Oordt, 2018). The basic needs of the poor, across the world, are identified as food and shelter. The zero-rating of VAT on these necessities grants them relief from the heavy tax burden as well as assisting in making VAT less regressive (Godbout & St-Cerny, 2011; Odhiambo & Odada, 2015).

It is clear that every country must assess the basic needs of their citizens before compiling their list of zero-rated items to ensure that they alleviate the heavy tax burden on their lower-income households (Jansen & Calitz, 2017; Smulders & Evans, 2017). Governments must take caution however, to ensure that they avoid excessive exemptions and zero-

ratings of items under the VAT system as it weakens the tax revenue base (Ecker & Variyachuk, 2013; Fjeldstad & Iversen, 2015:3; Keen & Smith, 2006).

It is also important to consider the additional administration and compliance costs that the zero-rating of VAT attract as it is a complex system to administer to ensure that the costs does not overpower the relief provided by the zero-ratings (Keen & Smith, 2006; Zacharopoulos, 2001). This is discussed in section 1.5.5.

1.5.3. The perception of the effectiveness of VAT zero-ratings

This section considers the perceived effectiveness of zero-rating certain products, as some people are of the opinion that the zero-ratings of VAT is unfair as high-income households also benefit from the zero-rated goods and services.

A survey done by Income and Expenditure Surveys of South Africa, released by Statistics South Africa in 2008 and 2012 indicate that the lower income households spend more of their money on basic foodstuffs than the rich (relative to their total consumption or income). The total monetary benefit received from the relief of tax by zero-rating VAT on basic foodstuffs and the zero-rating of VAT as an anti-poverty instrument is not very effective as the richer households received a relief of R5 265 million compared to the lower-income households that only received a benefit of R3 396 million (in 2012 prices) (Jansen & Calitz, 2015a:4; Jansen & Calitz, 2017). It is therefore clear how the perception of some people deems the zero-ratings of VAT as an unfair practice, keeping in mind that the reason for zero-rating is only to provide relief to the poor (Benge *et al.*, 2013; Jansen & Calitz, 2015a:4). It is also clear that National Treasury loses tax revenue on the zero-rated sales (Bangalee & Suleman, 2017; Jansen *et al.*, 2013).

The supplying of goods and services at a zero-rate causes government to lose tax revenue. Where vendors mostly supply zero-rated products they receive a refund for their input tax claimed on purchases (Gendron, 2017; Leahy *et al.*, 2011; Zacharopoulos, 2001). The administration and compliance costs relating to the implementation of zero-rates are excessive and it can be deemed that there are more effective ways that the poor can be relieved, other than zero-rating VAT, which will ensure that only the low-income households benefit (Benge *et al.*, 2013; Gendron, 2016).

The administration and compliance costs are excessive as it takes a lot of time to administer the process of a single standard VAT rate with zero-ratings and to ensure the compliance of taxpayers by submitting correct returns and making timely payments (Keen & Smith, 2006; Yesegat, 2008). Therefore, it is questioned if the zero-ratings of certain goods and services is the best way to assist the poor. The Davis Tax Committee was appointed in 2013 to focus on the usefulness of zero-ratings of VAT from an income and poverty perspective (Do *et al.*, 2017; Jansen & Calitz, 2015b:1-2). However, it was found that the increase in the VAT rate affects the poor more than the high-income households, as the proportion of the high-income households income spent on VAT included in the price of products is less than that of the low-income households (Benge *et al.*, 2013; Jansen *et al.*, 2013).

The zero-rated goods and services are purchased by all individuals (low- and high-income households) and since the high-income households buy more zero-rated products than the low-income earners, this suggests that the high-income households receive a more significant relief in monetary value, by purchasing zero-rated products and it is therefore, not an effective technique to assist the poor (Ainsworth & Alwohaibi, 2016; Jansen & Calitz, 2015a:2).

It can be concluded that the zero-rating of supplies are not perceived to be an effective way to provide relief to the poor, as the high-income households also benefit from the zero-rating (Gendron, 2017; Jansen & Calitz, 2017). This in turn results in the government receiving less tax revenue which is used for the provision of public goods and services.

1.5.4. Other methods governments can implement to assist the poor other than zero-rating VAT

As was mentioned above, zero-ratings provide relief to the poor, however, the rich also benefit from the zero-rating and at the same time causes a significant loss in the much needed tax revenue (Hartman, 2017). The equity concerns in a country must be addressed by targeting income transfers and social assistance programmes rather than a broad-based consumption tax relief that directly benefits all users (Odhiambo & Odada, 2015; van Oordt, 2018).

Another option to provide relief to the poor is a standard rate for all VAT supplies and to then redistribute the revenue received by government to the poor through targeted social assistance programs to ensure targeted relief goes only to the vulnerable (Godbout & St-Cerny, 2011; Schoeman, 2019; Van Oordt, 2016). This option will therefore replace the current zero-rating of VAT with a targeted income support programme designed to assist the poor as these options might be more cost effective to National Treasury (Benge *et al.*, 2013; Jansen & Calitz, 2015a:2-3; Odhiambo & Odada, 2015).

A study using a survey by Statistics South Africa performed by Income and Expenditure Surveys of South Africa in 2005/06 and 2010/11 to compare the costs and benefits of VAT zero-ratings with key social assistance programs such as old-age pension and child support grants, found that the social assistance programmes show a much higher benefit-to-cost ratio than the VAT zero-ratings. Therefore, it appears that it is more effective to implement targeted assistance than zero-rating certain items from VAT (Jansen & Calitz, 2015a:6; Leahy *et al.*, 2011).

A change in current legislation by removing zero-ratings will be a challenging task, but it can be justified considering the efficiency and equity points of view. Zero-ratings are not deemed the best technique to assist the poor and it can rather be replaced with targeted assistance programmes by implementing new programmes or adjusting the existing ones (Ainsworth & Alwohaibi, 2016; Jansen & Calitz, 2015a:6; van Oordt, 2018).

Applying a standard rate on all supplies of goods and services and the removal of zero-ratings will significantly increase the tax revenue collected (Keen *et al.*, 2016; van Oordt, 2018). If an optimal standard rate of VAT is identified, the same amount in tax revenue can be collected with a decrease in administration and compliance costs, thus still benefitting government (Gendron, 2017; Leahy *et al.*, 2011; Smulders & Evans, 2017). It is argued that zero-rates should remain on the export of goods and services to ensure adherence to the destination principle. More than half of the countries (72 per cent) using VAT as a tax revenue collection system have adopted a single non-zero rate system with minor exemptions (Ecker & Variyчук, 2013; Zacharopoulos, 2001).

Another approach that government can implement to provide relief to the poor is the tax credit or allowances claims against annual tax returns or as a periodic benefit (Gendron, 2017; Godbout & St-Cerny, 2011). This approach will assist the lower-income households to reduce or reverse the impact of their overpayment which the implementation of a single standard VAT rate will have on them (Godbout & St-Cerny, 2011). By implementing this structure, it ensures that the amount of tax revenue collected is adequate. However, the issue pertaining to this approach is that most of the poor will not benefit from this as they are not liable for income tax and the transfer payment systems are not well-developed (Jansen & Calitz, 2017).

Although cash transfers in the form of social grants are seen to be a more viable option than zero-ratings to provide relief to the poor, previous studies identified that, if government cannot regulate cash transfers effectively, it would be more beneficial to the poor to add more products on the list of zero-rated foodstuffs, that the lower-income households spend most of their money on, as this will at least ensure some form of relief to the poor (Do *et al.*, 2017; National Treasury, 2018; van Oordt, 2018).

There is, however, no suggestion in literature that the implementation of a higher VAT rate on luxury goods and services will contribute to the reduction of poverty and the exercising of this option will only lead to additional administration and compliance costs (Gendron, 2016; Jansen & Calitz, 2017; Jansen *et al.*, 2013) as discussed next.

1.5.5. Compliance and administration costs of a single standard VAT rate system with zero-ratings

The administration of VAT includes taxpayer identification and registration, invoicing, filing and payment requirements, control of filing and payments, refunds, audits and penalties (Yesegat, 2008). Governments try to limit their administration and compliance costs with regards to taxpayers by implementing a VAT registration threshold (Gendron, 2017; Nunns & Toder, 2017; Paz, 2015). This has proven to assist governments in focussing their resources on the larger firms as it is challenging for them to evade VAT by hiding their operations (Datt *et al.*, 2017; Yesegat, 2008). This is, however, not the only administration issue of VAT.

A VAT registration threshold is implemented as the compliance cost of small taxpayers is much more than the cost for large taxpayers in relation to their income received. The main goal of the implementation of a registration threshold is to prevent a situation where small businesses have to register for VAT, as the compliance cost is disproportionately high for small businesses in comparison to large businesses (Evans, 2003). It is found that the most successful VAT structure is one with a sufficiently high threshold and with a single non-zero VAT rate (thus a modern VAT system), with few exemptions (Ebrill, Keen, Bodin & Summers, 2001).

It has been found that the implementation of VAT with various rates and design aspects has led to an increase in administration and compliance cost for both the government as well as the taxpayer, as the time to classify and keep track of the different items is a costly and complex process (Giesecke & Tran, 2012; Smulders & Evans, 2017). The administration and compliance costs can be reduced when the zero-ratings and exemptions are removed and the government implements a simplified VAT system as less time will be spent on the classifying and tracking of the items at different rates (Gendron, 2017; van Oordt, 2018). A simplified VAT system is not only expected to improve compliance, but it will also reduce the cost of administration and compliance for all the parties involved (Jansen & Calitz, 2017; Leahy *et al.*, 2011). The time spent by both the taxpayer and the revenue authorities on auditing and tracking the different classified items will be reduced which will result in improving the compliance of taxpayers (López-Laborda & Peña, 2018).

The cost of administration and compliance is not only high in the high-income countries, but VAT evasion and fraud must also be combatted in the developing countries where the corruption is significantly higher (Keen & Smith, 2006). Although VAT has several opportunities for abuse, it is found that VAT's unique features makes it less vulnerable for evasion and fraud when compared to other taxes (Datt *et al.*, 2017; Keen & Smith, 2006). Levying VAT at a single standard rate with zero-ratings creates an opportunity for abuse as the vendors may change the classification and nature of items to receive a refund with the VAT credit-mechanism (Giesecke & Tran, 2012; Keen & Smith, 2006). The revenue services need to have the administrative capacity to audit these types of transactions and ensure that items are classified correctly by the vendors to guarantee compliance (Keen &

Smith, 2006; Yesegat, 2008). This can be avoided by the levying of VAT at a single rate on all supplies (van Brederode & Gendron, 2013). It is important for vendors to take note that the compliance costs are even higher when the vendors operate in a single standard VAT rate system with zero-ratings as in single rate systems, as the administration process becomes more complex (Brashares *et al.*, 2014; Datt *et al.*, 2017).

Studies have recognised the need to continue to exempt certain goods and services so as to adhere to the destination principle, such as with the exportation of goods and services (Jansen & Calitz, 2017; van Brederode & Gendron, 2013; Zacharopoulos, 2001). This will ensure that there is no double taxation and the system is simplified by minimising the zero-ratings and levying VAT at a single standard rate (Ainsworth & Alwohaibi, 2016; Odhiambo & Odada, 2015). Therefore it is clear that VAT can be effectively levied at a single standard rate and a zero-rate should be applied to exportation to ensure the process is simple and levied equally amongst citizens (Gale *et al.*, 2016; Yesegat, 2008).

Compliance regulators used in research indicate that administrative inefficiency is one of the key factors for the difference between the potential and actual tax revenue which governments collect from VAT (Giesecke & Tran, 2012; Yesegat, 2008). The Collection Efficiency is an index used to measure the effectiveness of VAT compliance as the actual and potential VAT revenue is indicated in the case of full compliance (Giesecke & Tran, 2012). By levying VAT at a single rate with only exports being zero-rated, the VAT system can be simplified to reduce the costs of administration and compliance and improve taxpayer compliance (Fjeldstad & Iversen, 2015; Gendron, 2016).

1.6. STRUCTURE OF THE MINI-DISSERTATION

The current study is presented in the format of a mini-dissertation and the structure is summarised below.

Chapter 1: Introduction

The introduction to the mini-dissertation explains the background and purpose of the study indicating why the study was performed; the existing knowledge gap recognises how this research will benefit the parties involved. The rationale and purpose of the study is

explained in this chapter to indicate what the research problem is which this study strives to solve by means of conducting the research. Research questions are identified and answered throughout the study by achieving the research objectives. A summary of the research design is provided in the following chapter. Finally, the constructs on which the study is built are discussed in detail.

Chapter 2: Research design and methodology

This chapter explains the theoretical aspects of the research design and the methodology used in the study giving a detailed description of all elements. These elements include the databases explored, detailed keywords entered and the search criteria that was applied when articles were collected for the purpose of the research. The use of a systematic review to collect and summarise data for the research is discussed in detail. This chapter explains the process of ensuring that quality articles were used when conducting the research by using highly rated academic articles published in journals.

Chapter 3: Data analysis and presentation of results

This chapter clarifies the use of a taxonomy framework as a data analysis technique to identify the themes and elements of the study. The initial literature is analysed exhaustively in a table format to discuss the research design elements identified in the study, ensuring that a conclusion is made and the research questions are answered. The research questions are used as a structure to discuss and present the results of the research in a logical manner in order to reach a conclusion.

Chapter 4: Conclusion

In this final chapter of the research, the current study is concluded by summarising all the previous chapters and highlighting all the findings and conclusions made by the researcher. This chapter analyses the limitations to the research and recommends the areas available for future research. This chapter of the research explains how the research objective is addressed.

CHAPTER 2: RESEARCH DESIGN AND METHODOLOGY

2.1. INTRODUCTION

The goal of the current study is to analyse and evaluate the perceived effectiveness of the zero-ratings of VAT and to assess the additional administration and compliance costs relating to a single standard VAT rate system with zero-ratings. The study also explores the governments' options of implementing other methods to assist the poor rather than zero-rating certain goods and services from VAT, thus to ensure distribution of wealth to the poor. The previous chapter introduced the idea of zero-rating of VAT as a basis, explained the rationale and clarified the main research objective of this study, together with the supporting research questions.

Chapter 2 discusses the research design elements used to conduct the research, followed by studying the research methodology and its elements such as the research classification, research strategy and the data collection technique.

2.2. RESEARCH DESIGN

Bentahar and Cameron (2015) found that a research design is a set of methods and procedures used in collecting and analysing measures of the variables specified in the research problem. It is a guideline created to find answers to the research questions. These various research design elements are discussed in depth below to ensure that the elements are understood and how they were used when undertaking the study. According to Dulock (1993:154) it can be seen as a blueprint that is specifically created to answer the research question. These elements are discussed in terms of the current study.

2.2.1. Philosophical stance of the study

According to the Oxford Dictionary, philosophy as a noun can be defined as: "a study of the fundamental nature of knowledge, reality, and existence, especially when considered as an academic discipline; and a theory or attitude that acts as a guiding principle for behaviour" (Oxford Dictionaries, 2020).

The main types of philosophical stances in research are positivism, interpretivism and pragmatism.

The philosophical stance of positivism suggests that scientific knowledge from studying visible and measurable objects in its highest form is to be used for the study. This stance only uses assured knowledge and human beliefs, thoughts and emotions must be disregarded (Saunders, Lewis & Thornhill, 2007:144).

Interpretivism as a philosophical stance requires researchers to analyse aspects of the research and therefore conforms personal passion into a study as this stance takes the people's view on the world (Sekaran & Bougie, 2016:28-29). This philosophy elects a qualitative methodology over a quantitative methodology (Johari, 2009).

Pragmatism assesses methods or beliefs for a favourable outcome of the researcher's rational application (Grant & Booth, 2009). This philosophical stance ensures that the study is an outlook or proposition that is accurate and works adequately during the process and the idealistic ideas are abandoned (Smith, Bekker & Cheater, 2011). The results are seen as provisional truths which may change over time as the study unfolds, as it is not limited to a fixed design (Sekaran & Bougie, 2016:29).

The current study falls in the ambit of Pragmatism as the success of the legislation is evaluated in respect of its logical application. The research is adapted as new results unfold.

2.2.2. Nature of the study

A causal study is seen as a study where the attention is on the cause-and-effect relationship of the research and pursues to connect ideas and predict behaviour and not provide final answers or decisions (Saunders *et al.*, 2007:145). This is done through testing the impact that one variable has on another and explains the outcome (Patton, 2014:584).

Descriptive studies are observational and the focus is on determining a pattern of regularity with which something appears and it is normally the building blocks of initial

research (Bentahar & Cameron, 2015). Characteristics of the occurrence being researched is described when a descriptive study is used and words are used to describe what is observed (Dulock, 1993:154).

Exploratory studies refer to when the initial theory changes into a speculative or theoretical concept (Smith *et al.*, 2011). This nature is not about gathering final results but focussing on collecting familiar knowledge surrounding the topic which will formulate the final research design (Mabila, 2017). An exploratory study is useful when it is a new occurrence that has not previously been studied in order to fill a gap in our knowledge of the literature (Leavy, 2017:5).

The current study falls within the ambit of a descriptive study as VAT knowledge is used to collect articles on zero-ratings of VAT in the light of gathering evidence on the perceived effectiveness thereof as well as the costs involved to comply with the single standard VAT rate system with zero-ratings. The study is about collecting knowledge on the implementation of VAT zero-ratings and its cost of compliance. The research aims to see if there are other alternatives which government can implement to assist the poor rather than zero-rating certain items from VAT as it is perceived by some taxpayers to be an unfair way in which to attempt to redistribute wealth. A closer study is placed on previous research to determine the focus areas of the study in order to describe what is observed.

2.2.3. Reasoning methods

The three main reasoning methods, namely deductive-, inductive- and abductive reasoning methods for research are discussed below:

- Deductive reasoning is the reasoning from several sources to grasp a reasonably sure outcome and is a standard form of accurate rationale. It evaluates the hypothesis and theories relating to the research and usually follows steps (Saunders *et al.*, 2007:152).
- Inductive reasoning is based on assumptions and generalisations taken from the findings of the research as there are statistics, thereafter results are formulated from the data and there is often a gap in the logic argument (Ketokivi & Mantere, 2010:5; Saunders *et al.*, 2007:152). This method of reasoning allows for the researcher to

generalise and make predictions for the outcome of the research (Ketokivi & Mantere, 2010).

- Abductive reasoning is typically a drafted set of ideas and observations and is established on drafting and testing the research hypothesis by using true data (van Hoek, Aronsson, Kovács & Spens, 2005). This method of reasoning is also known as an educated prediction after investigation and is effective in forming a hypothesis for approval (Råholm, 2010).

The current study falls within the ambit of inductive reasoning as predictions and generalisations are made by applying the facts to specific situations through inductive reasoning to evaluate the rationale identified for the study.

2.2.4. Time horizon of the study

The main time horizons related to research studies are cross-sectional and longitudinal and is explained below:

- *Cross-sectional studies*: is a study where a cost-effective time-horizon as several factors can be investigated through an observation at a single point in time as the data is collected once, at a single point in time (Sekaran & Bougie, 2016:104). It provides the opportunity to identify changes to the research to easily eliminate assumptions as it gives a snapshot view of the data at one point in time (Booth, Sutton & Papaioannou, 2016).
- *Longitudinal studies*: is a study where the same subject is monitored over a period of time and it is an observation with no interference with the subjects being researched to answer the research question (Laird, 1988; Sekaran & Bougie, 2016:105). A longitudinal study allows for the same experiment to be conducted on the same participants, after time has passed, to identify similarities or differences. The fact that these studies are done over a period of time and takes up more time and resources makes this form of study an expensive and complicated time horizon for research (Booth *et al.*, 2016:150).

This study falls within the ambit of a cross-sectional study as the data is obtained once, at a single point in time, to identify the frequencies and tendencies of the subjects being researched and a snapshot view is used.

2.2.5. Unit of analysis

The main subject or entity that is being analysed in the current study is called the unit of analysis and it formulates the 'what' or 'who' that is being studied (Hollweck, 2015; Patton, 2014:260). Individuals, groups, artefacts, articles, and such-like can all be units of analysis. This process includes the gathering of a large amount of qualitative secondary data and analysing the findings to generate a better understanding of the research (Cronin, Ryan & Coughlan, 2008). A topic must first be deconstructed into its individual parts to identify the key relationships of ideas and analysing the suitability to the research, before it can be used effectively (Torraco, 2005).

The unit of analysis for the study is literature regarding zero-rating of items and the effectiveness thereof.

2.2.6. Types of data

The types of data used for a research study is mainly primary or secondary, and qualitative or quantitative data which are discussed below:

- *Primary data*: is defined as information that you gather specifically for the purpose of your research and it is a good source of data as it is specifically tailored to your research demands. This research can be expensive and timely to obtain. The data is collected and investigated first hand and ideally suited for the research at hand (Hox & Boeije, 2005).
- *Secondary data*: is known as data that was gathered and published by researchers, other than the user thereof, which they obtained first hand. This data is much cheaper to obtain, but not always specifically formulated for the research at hand (Hox & Boeije, 2005).

- *Quantitative data*: refers to a quantity or is measured by the amount of data rather than the quality thereof and it is affiliated with an objective quality of the items or aspects that is measurable and verifiable. This research quantifies the issue by formulating numeric data or data that can be converted into statistics. Several forms of collection is used with gathering this data like interviews and surveys, whether it is online or offline data collections (Antwi & Hamza, 2015).
- *Qualitative data*: generally follows an inductive approach to gain meaning and build knowledge (Leavy, 2017:9). Qualitative research can be used to gather knowledge of underlying reasons, opinions and motivations as it is not necessarily numerical in nature and used when your main objective is to explore, describe and explain (Leavy, 2017:9).

The current study falls within the ambit of secondary qualitative data as the study is performed to gain an understanding of the reasons, opinions and motivations of why zero-ratings of VAT was implemented. The study also considers whether other methods could be implemented to distribute wealth to the poor rather than zero-rating certain VAT items and what it entails. Fewer articles are worked through to identify trends and common problems relating to the zero-ratings as the quality of the results are more important than the quantity of the results. Published work by other researchers was used to obtain a better understanding of the zero-rating of VAT as well as to identify the cost of administration and compliance with regards to the current legislation.

2.2.7. Sources of data

Well recognised data sources are available for research studies that can be used to search for academic articles. Keywords can be entered into sources such as Harzing's Publish or Perish, Google Scholar, ProQuest, Sabinet, to mention a few, to generate only articles that are relevant to the research at hand. These trusted data sources ensure that the published articles selected are of a high quality. The data sources also provide you with a variety of articles to assist in having sufficient articles to work with.

The current study uses trusted and reliable sources such as Harzing's Publish or Perish, Google Scholar, ProQuest and Sabinet as sources of data when the articles were collected based on the research aspects of this study.

2.3. RESEARCH METHODOLOGY

This section clarifies the research methodology adopted in the study in terms of its methodological classification, research strategy, data collection technique, the quality assessment of the data and the sample of academic articles selected for analysis in terms of the research objectives of this study.

2.3.1. Methodological classification

The main methodological classifications are qualitative research, quantitative research and mixed method research, which are discussed below:

- *Qualitative research*: this method of research is used to explore, investigate and learn about social phenomenon (Leavy, 2017:9). This type of research is used to obtain knowledge of underlying reasons, opinions and motivations which will give insight to the issue or help to evolve ideas for possible quantitative research (DeFranzo, 2011:16). The sample size is generally small and the respondents are selected based on a given quota to narrow the results down to the certain focus group and uncover trends (Ponterotto, 2005:126).
- *Quantitative research*: this method of research is aimed at proving, rejecting or lending credibility to existing theories and it involves the measuring of phenomena and testing the relationships between the phenomena to reveal patterns, correlations or causal relationships of the theories being researched (Leavy, 2017:9). This approach is generally appropriate to explain or evaluate results of the research (Leavy, 2017:9). Quantitative research accepts a theory to be true unless another article or further research disqualifies that theory (Ketokivi & Mantere, 2010).
- *Mixed method research*: this method of research is defined by several sources but it comes down to one basic idea where both the qualitative and quantitative research approaches are combined and both methods are used to conduct the research (Alavi & Hąbek, 2016:62). This type of research has two main advantages according to Alavi and Hąbek (2016:63): first, it has the academic capacities to be used in scientific

disciplines and other educational resources and second it ensures reliability and validity of research outcomes through the variable research questions which it is able to answer.

The research method used in this study is qualitative, making use of a systematic review as research strategy, specifically the systematised review method.

2.3.2. Systematised review of the literature

A systematic review was used to conduct the research for this study. There are several types of systematic reviews, for example critical reviews; integrative reviews; meta-analysis; meta-synthesis; mapping reviews and systematised reviews (Grant & Booth, 2009). The current study adopts a systematised strategy as the study is limited to a mini-dissertation, which is part of a postgraduate study (Grant & Booth, 2009:95).

A systematic review is a carefully planned review of literature, summarising a number of articles relating to a specific topic (Khallaf, Naderpajouh & Hastak, 2017:1-10). This method was helpful in the study as it can be used to:

- summarise data on a topic;
- assist in discovering and collecting advantages and disadvantages of a topic;
- help to discover research gaps; and
- propose frameworks for future research (Balaid, Rozan, Hikmi & Memon, 2016; Brereton, Kitchenham, Budgen, Turner & Khalil, 2007).

The main focus of a systematised review is the summarising of the articles and formulating the research question (Khallaf *et al.*, 2017).

The research problem is addressed by following a systematic review as the articles are summarised by using this method and a high level of evidence is provided which is used to effectively conclude the research. A wide variety of the literature was included in the research (Booth *et al.*, 2016:23). This combined view of the data assists the researcher in interpreting the data in an effective way, which is not possible by viewing the data in isolation (Mulrow, 1994:598).

A systematic review divides the research into different steps to follow as listed below (Khallaf *et al.*, 2017:1-10):

- Formulating of the research question;
- Identify the criteria to be met for the research question;
- Search for the relevant literature by using keywords in credible databases;
- Analyse the quality and reliability of the literature received by using the ABDC-quality assessment list; and
- Summarise the information using literature which meets the criteria.

A systematic review enables the study to be divided into different sections and to have layouts which build on each other (Walker, 2010). This simplifies and organises the research and the method which ultimately simplifies the process. By using a systematised literature review it assists in summarising the articles on a topic only basis including quality articles to address the research question (Dixon-Woods & Sutton, 2004).

2.3.3. Data collection technique

This research in terms of identifying and collecting the articles, were done by placing certain keywords into databases which searched for related articles. The research was only performed over a certain number of years (2000-2020) to narrow down the results of the research and ensure that the articles are relevant in an ever-changing tax environment.

Based on the above search criteria given, 77 articles were found which dealt with the following topics:

- The implementation of VAT;
- The implementation of zero-ratings;
- The compliance factor and reformation of VAT;
- The effectiveness of zero-ratings;
- Cost savings accruable to the removal of VAT;
- The compliance cost of VAT; and
- The legislation surrounding VAT.

Abstract portions of these articles were studied to identify the main components of the articles in order to identify the relevance of the articles to the research.

2.3.3.1. Keywords

The keywords identification process to review the literature for the study is done by defining the keywords or targeted keywords to be used in the search. The topic is broken up into sections to identify the main components and extend the list by giving synonyms for the selected keywords used.

Boolean Operators are used as a research method as it connects the search words together to either narrow it down or broaden the sets of results gathered. The words “and”, “or” and “not” are three basic Boolean Operators which are used in the search of articles for the purpose of this study. These words assisted the Boolean Operators to focus the search on formulating a topic as the topic of the study had several search items to be considered. See Table 2 below.

Table 2: Keywords

Initial Topic	Similar Terms	Broader Terms	Narrower Terms	Related Terms
Zero-ratings and Compliance	Zero-rated and obedience	VAT and taxpayers	Tax education, tax understanding	Progressivity, Taxpayer needs, poverty
VAT in South Africa	Tax legislation	Tax education, worldwide tax systems	Tax evasion, cost effects, poverty	Expenditure, discrimination
South African Revenue Service and VAT	Compliance legislation	Regulatory bodies, revision of legislation	Compliance costs, legislation simplified	Law, Politics, Government

2.3.3.2. Search criteria

This section briefly explains the search criteria for identifying, selecting and recording of academic articles:

- This review considers only articles published in academic journals and therefore excluded textbooks, specialised books, dictionaries, Web and other publications by professional entities/bodies, government institutions, international institutions and

grey literature, referring to reports by entities, theses and dissertations, conference papers, popular media, and work-in-progress unpublished papers.

- This review is not limited to any country specific academic articles.
- This review is not limited to any science specific literature and considers publications in journals from the social sciences, the formal sciences, the applied sciences and the natural sciences.
- This review considers all articles, irrespective of the research design or methodology.
- Only publications in English are included in this review.
- Only articles published from the year 2000 were considered in this review.
- This review is limited to published academic literature available in electronic format through the University of Pretoria's Library, which includes Google Scholar, EBSCOhost and ProQuest.

The next section explains the technique adopted to systematically record academic publications that were identified in terms of the above criteria.

2.3.3.3. Recording of selected academic articles

The Australian Business Deans Council (ABDC) list is used to evaluate the quality of articles. The ABDC list is a trusted and reliable source of classifying the data of articles into different ratings to indicate the quality and reliability of the article (Grant, 2019). It is important to evaluate the context of the article to ensure that the information generated is of a high quality and can be used to generate an informed decision regarding the research.

Published articles are not always listed on the ABDC- journal quality assessment list. Other lists such as the Clarivate Analytics Web of Science (previously called ISI), International Bibliography of the Social Sciences, Department of Higher Education and Training Accredited journal list of South African journals, the Scientific Electronic Library Online (known as SciELO SA) and Scopus can be used to indicate if the selected journals are credible, as they are listed on these official lists as quality accredited journals. These lists do not rate the articles as the ABDC- list does, however, if an article is listed on one of these official lists it is still deemed to be of a high standard. This ensures that the journals used are accredited and that the article consists of information that is of a high value.

The Scopus and the ABDC quality assessment lists were used for the purposes of this study to assess the quality of the articles received and cited on Qiqqa to indicate the quality of the articles. These lists assist in generating information from articles where the data is reliable and gives a true representation of the results of the research.

Qiqqa is a software program used to analyse, tag and make notes on your articles as you work through the program. It has an easy to use sniffer function which indicates which journal the article was published in to simplify the Scopus and ABDC quality assessment process. Qiqqa prints reports and gives you pivots to summarise the results of your research.

2.3.4. Quality assessment of the data

The quality assessment of the data in terms of the ABDC rating of the journals in which the articles are published is explained in this section of the research (Grant, 2019). The ABDC list is a list consisting of rated journals, classifying these journals into four mutually exclusive and collectively exhaustive rating categories labelled: A*; A; B and C. These quality rating categories are defined as follows (Grant, 2019):

- *A* rated:* These journals are defined as being “the best or leading journal in its field – publishes outstanding, original and rigorous research that will shape the field” (Grant, 2019). Acceptance rates are typically low, and the editorial board is dominated by leading scholars in the field or subfield, from top institutions around the world. Where relevant to the field or subfield, the journal has the highest impact factors or other indices of high reputation. This is the highest quality category, and indicatively represents approximately the top 5-7 per cent of selected journals.
- *A rated:* This is the second highest quality category, and indicatively represents approximately the next 15-25 per cent of the selected journals.
- *B rated:* This is the third quality category, and indicatively represents approximately the next 35-40 per cent of the selected journals.

- *C rated*: This is the fourth quality category and represents the remaining recognised quality journals.

The articles obtained were analysed to determine the quality thereof by obtaining the journal rating on the ABDC quality assessment list. The results are presented in Table 3 below.

Table 3: Quality assessment results

Name of the Journal	A* Rated	A Rated	B Rated	C Rated	Not rated	Total number
African Journal of Economic and Management Studies				1		1
Applied Economics (Scopus)					1	1
Australian Tax Forum	4					4
Boston University Law Review (Scopus)					1	1
Canadian Tax Journal	5					5
Development Southern Africa (Scopus)					1	1
Name of the Journal	A* Rated	A Rated	B Rated	C Rated	Not rated	Total number
Economic and Social Review			1			1
eJournal of Tax Research		1				1
Fiscal Studies			1			1
Health SA Gesondheid (Scopus)					1	1
Journal for Studies in Economics and Econometrics (Scopus)					1	1
Northwestern University Law Review			1			1
National Tax Journal		6				6
The Journal of International Trade & Economic Development (Scopus)					1	1
Working Paper - Chr. Michelson Institute (CMI Brief) (Scopus)					1	1
World Journal of VAT/GST Law				3		3
Totals	9	7	3	4	7	30

The next section provides a summarised overview of the results from the data collection and quality assessment processes.

2.3.5. Summarised overview of data collected and quality assessment

This section presents the results of the data collection and assessment, clarifying the sample of quality academic articles selected for further analysis in this study. Some articles found relating to the research are not published in a journal and could therefore, not be evaluated by the ABDC- journal quality assessment list, or on Scopus. These articles were disregarded for the purposes of this research. The literature included in the study is illustrated as per Figure 1, on the following page.

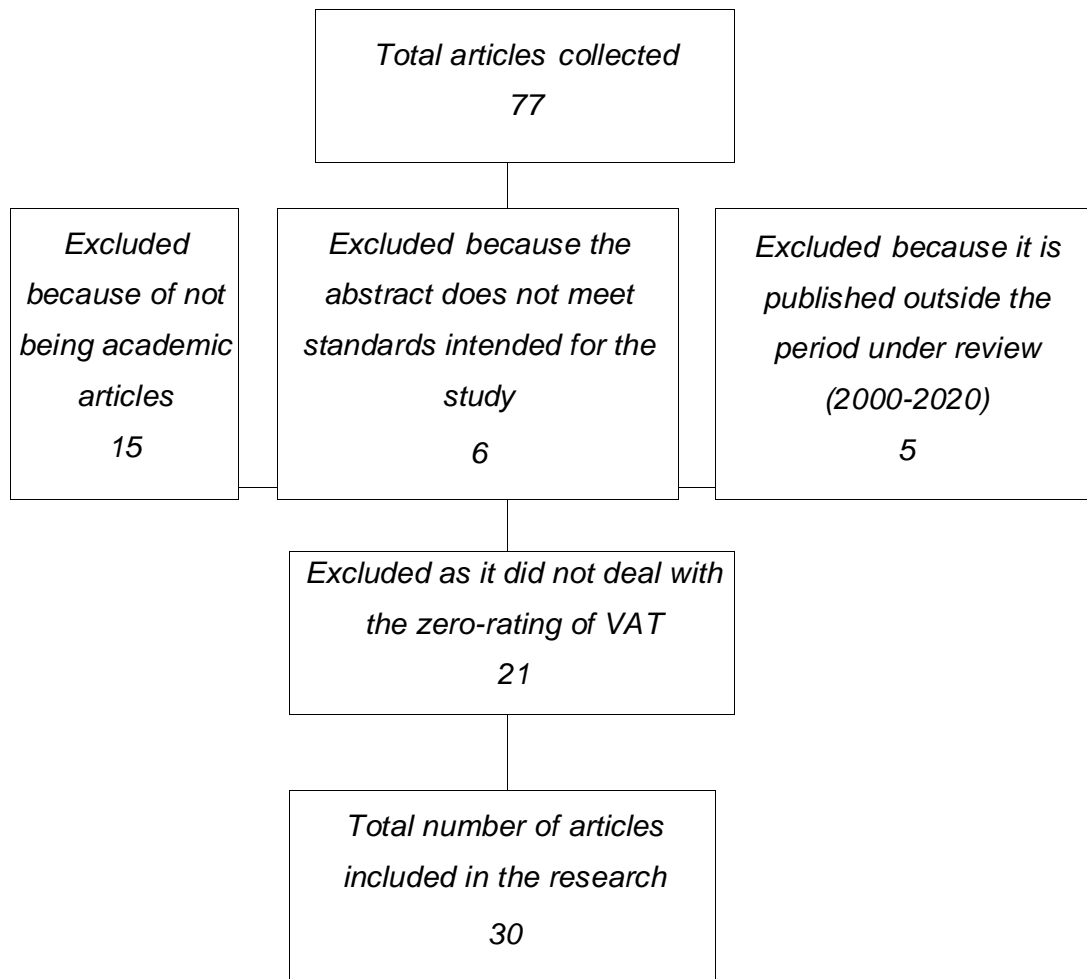
The Scopus list is used as a source to ensure that should a journal not be listed on the ABDC list, it is still an accredited academic journal. The following journals used in the research are listed on Scopus:

- Boston University Law Review;
- Development Southern Africa;
- Health SA Gesondheid;
- Applied Economics;
- Journal for Studies in Economics and Econometrics;
- The Journal of International Trade & Economic Development; and
- Working Paper – Chr. Michelson Institute (CMI Brief).

Figure 1 below, illustrates the process followed to disregard articles that are not useful or a reliable source to be used for the proposed research. This figure illustrates the number of articles (77) that the study initially started with and at the bottom of the figure it indicates the number of articles (30) which met all of the criteria for the research.

Figure 1: Quality assessment: Summary of results

<i>Harzing's Publish or Perish</i> 36	<i>Web of Knowledge</i> 21	<i>Other</i> 20
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2.4. CONCLUSION

The majority of the 30 academic articles that are used in the research are based on the articles being descriptive studies on the zero-rating of VAT and the compliance cost relating to it. The time horizon of the research indicates that the research falls within the ambit of cross-sectional studies which means that the data was gathered at one time at a certain period in time, during the period 2000-2020. A systematised review helped in summarising the data of the articles gathered to address the research question. The systematic review of literature approach aids in breaking main components of the research down into smaller components by summarising the data. The quality of all the articles used in the research is assessed by using the ABDC list and Scopus to ensure that the context of the articles is of a high value and that quality research is produced.

CHAPTER 3: DATA ANALYSIS AND RESULTS

3.1. INTRODUCTION

The main objective of this study is to explore recently published academic articles related to the implementation of zero-ratings of VAT as a relief measure to the poor and the perceived effectiveness thereof. The previous chapter explains the research design and methodology adopted by the study. This chapter clarifies the data analysis technique and presents the results from this analysis, together with a discussion, making use of the research sub-questions as a structure. The results are discussed and explained in detail.

3.2. DATA-ANALYSIS TECHNIQUE

The research on the implementation of zero-ratings of VAT as a relief measure to the poor and other methods which government can implement to relieve the poor from the heavy tax burden had one common trend: this concept of determining the perceived effectiveness issue pertaining to zero-ratings and other measures that government can implement is a topic that is on the minds of many researchers. This research dates back to the implementation of VAT, in 1991, when the concerns on the implementation of a zero-rated VAT as well as the cost of compliance of a single standard VAT rate with zero-ratings were raised.

This study makes use of a thematic technique, as well as a taxonomy framework with a priori theme (tags) structure. This means that the literature on the zero-ratings of VAT is analysed by using Qiqqa to tag them and identify the different elements of every main theme and idea, also known as constructs, relating to the research. Tagging is done to analyse the elements of each theme in the research where comments or ideas can be added as a summary of the extract tagged.

The tagging elements that this research uses are the main constructs of the study, quality assessment results, in what journals the articles are published in, as well as the literature review elements of the articles analysed.

After tagging all of the articles added onto Qiqqa, Qiqqa generates an annotation report which can be used to summarise all the tags used and combines the same tags or elements for all of the articles tagged. This assists the researcher to conclude and summarise the results in order to state the findings. The findings are discussed in detail in this Chapter.

3.3. PRESENTATION OF RESULTS AND DISCUSSION

This section presents and discusses the results from the analysis of the sample of selected quality academic articles.

3.3.1. Academic journals

This section presents the results related to the journals in which the selected academic articles are published.

Research question: In which academic journals are these scholars publishing their research?

The accredited academic journals the articles are published in are set out in Table 4 below. The results are discussed in detail thereafter.

Table 4: Academic journals

Name of the Journal	Number of Articles
African Journal of Economic and Management Studies	1
Applied Economics	1
Australian Tax Forum	4
Boston University Law Review	1
Canadian Tax Journal	5
Development Southern Africa	1
Economic and Social Review	1
eJournal of Tax Research	1
Fiscal Studies	1
Health SA Gesondheid	1
Journal for Studies in Economics and Econometrics	1
Northwestern University Law Review	1
National Tax Journal	6
The Journal of International Trade & Economic Development	1
Working Paper - Chr. Michelson Institute (CMI Brief)	1
World Journal of VAT/GST	3
Total Articles	30

The first column of the table reflects the name of the journal that the article is published in, whilst the second column indicates the number of articles published in the respective journal. According to the table, the articles used in the research are published in several different accredited journals. The journals are rated on either the ABDC list or Scopus to ensure that it is a credible publication.

The main journals that the majority of the articles of this study are published in are the National Tax Journal, Australian Tax Forum, Canadian Tax Journal and the World Journal of VAT/GST. The remainder of the articles are published in various other journals. The four main journals have at least three of the articles used for the purposes of this study published in them. The other accredited journals have only one article published in them ensuring that there was a wide variety of accredited academic journals used to conduct the research, thus not limiting the study to one source. The four main journals used in this study are listed on the ABDC list ensuring high quality articles.

3.3.2. The ABDC list

Research question: What is the quality rating of the selected academic journals in terms of the ABDC list?

The ABDC list is a quality assessment list used to analyse the credibility of the articles published in a journal. By using this list, it ensures that the articles used in the current study are of a high quality.

Table 5 below, indicates the ABDC list rating of the journals in the first column and in the second column the number of articles published in that rated journals. The results are discussed thereafter.

Table 5: ABDC list

ABDC List Rating	Number of Articles
A*-rated	9
A-rated	7
B-rated	3
C-rated	4
Not rated (but on Scopus list)	7
Total Articles	30

A number of the articles (nine out of 30) used in this study are published in A*-quality journals rated by the ABDC list. This indicates that the sources used by the researcher in this study are of a high quality and are reliable. Only seven out of the 30 articles are published in journals that are not rated on the ABDC list, however, those articles are found on Scopus, another accredited journal list.

3.3.3. Authors

Research question: Who are the main authors of the selected publications?

A summary is done in Table 6 below, indicating the authors who wrote most of the articles used in this research. The details are discussed thereafter.

Table 6: Authors

Name of Author	Number of Articles
Gendron, Pierre-Pascal	3
Jansen, Ada	2
Keen, Michael	2
Various others	23
Total Articles	30

The first column reflects the name of the author that wrote articles used for this research and the second column reflects the number of articles that the author wrote that was used in this specific study.

Pierre-Pascal Gendron, wrote three of the 30 articles used in this study, thereby being the author who wrote most articles used for the purposes of this study. Both Ada Jansen and Michael Keen wrote two of the 30 articles used in this study. The other 23 articles, equating to 77 per cent of the articles used, were written by various other authors. This is a clear indication that this topic of the zero-ratings of VAT and the costs relating to it is extensively researched. This ensures that several different opinions are taken into account when summarising the results and concluding the research.

3.3.4. Disciplines

Research question: To which main discipline does the selected academic journal belong to?

An academic discipline is defined by the Oxford Dictionary as the branch of knowledge, taught and researched on at a college or university (higher education) (Oxford Dictionaries, 2020). Tax compliance is a topic that encompasses research from many disciplines, including law, accounting, economics, sociology, psychology and political sciences as well as other fields (Jackson & Milliron, 1986). The disciplines of the journals from which the articles were used for this study are summarised in Table 7 below.

Table 7: Academic disciplines

Academic Discipline	Number of Articles
Accounting	3
Auditing	2
Business	4
Economics	6
International law	3
Tax legislation	12
Total Articles	30

The first column in Table 7 reflects the academic discipline of the article and the second column reflects the number of articles falling within that academic discipline. The main academic discipline of the articles used in this study is tax legislation. This indicates that the implementation of VAT and the zero-rating thereof is mostly researched from tax legislation and thus a tax revenue structure. The tax legislation always forms the backbone of the VAT system in a country.

3.3.5. Perspectives

This section deals with the perspectives from which the research is done in the selected articles, specifically country, groups and taxpayer's perspectives.

3.3.5.1. *Country perspective*

Research question: What are the country perspectives from which the research in the publications was done?

The country perspective indicates what countries are covered in the studies on the perceived effectiveness of the zero-ratings of VAT, the compliance costs relating to the implementation of a single standard VAT rate system with zero-ratings as well as the other measures that government can implement to grant relief to the poor from the heavy tax burden. Table 8 below, summarises the main countries that are included in the research and it is further discussed in detail thereafter.

Table 8: Country perspective

Country Perspective	Number of Articles
Africa and other developing countries (excluding South Africa)	7
United States	6
South Africa	5
European Union	5
Canada	4
Australia	2

The first column indicates the main countries included in the research and the second column indicates the number of articles which focussed on that country. The table indicates that various countries around the world are included in the study and the study is therefore, not limited to South Africa. This makes it simpler to illustrate the perceptions and effects that the zero-ratings of VAT has across the world and is not only limited to that of South Africa. This study is applicable across the world and not limited to a certain country. However, the most research appears to have been done on Africa and other developing countries.

3.3.5.2. *Taxpayer perspective*

Research question: What is the taxpayer's perspective from which the research on the publications was done?

The taxpayer perspective in terms of this study is the type of taxpayer that the research focuses on. The taxpayer in this regard refers to the person or persons who are liable to pay tax. Table 9 below, gives a summary which is explained in detail thereafter.

Table 9: Taxpayer perspective

Taxpayer Perspective	Number of Articles
Individual taxpayers	12
Companies as taxpayers	3
Governments	6
Multinationals	5
No specific taxpayer perspective	4
Total Articles	30

The table above indicates what type of taxpayers the 30 articles obtained focus on. The main portion of the articles focus on the individual taxpayers and their perspective on the implementation of zero-rated VAT as a relief measure for the poor and secondly the government and what other measures they can implement rather than zero-rating VAT.

By focussing the study on more than one taxpayer perspective ensures that the research is taking all sectors into account and ensuring that all the parties involved benefit.

3.3.6. Theoretical framework

Theoretical research framework is a structure that can hold or support a theory of a study. This framework plays a role in guiding the entire process of the research study. Therefore, in this study, constructs, type of taxes and variables form part of the theoretical framework.

3.3.6.1. Main constructs under investigation

Research question: What are the main constructs under investigation in these academic publications?

The constructs of the research are the ideas and themes being investigated in the study. The constructs are illustrated in Table 10, on the following page and discussed thereafter.

Table 10: Constructs

Construct	Number of Articles
VAT implementation	30
Implementation of zero-ratings	30
The perception of effectiveness on zero-ratings	13
Methods to provide relief to the poor	25
Compliance and administration cost relating to the implementation of a single standard VAT rate system with zero-ratings	24

The first column of Table 10 indicates the construct and in the second column the number of articles where that construct was used. The main construct of the study at hand is the implementation of VAT as well as the zero-ratings of VAT. Other methods available to the government to provide relief to the poor as well as the additional costs in maintaining a single VAT rate system with zero-ratings is also discussed in the majority of articles.

3.3.6.2. *Types of taxes*

Research question: What types of taxes are under investigation in these selected studies?

The type of tax researched indicates the focus group of the study. The tax that is focussed on in this study is set out in Table 11 below and discussed thereafter.

Table 11: Type of taxes

Type of Taxes	Number of Articles
Value-added Tax (standard, zero-rated and exempt)	30
Income Tax	0
Total Articles	30

The type of tax researched in this study is consumption tax or otherwise known as VAT which is levied across the world. The articles obtained focus wholly on the implementation of VAT and the different rates that VAT is levied at to ensure that the research objectives are met and the research questions are answered.

3.3.6.3. *Variables*

Research question: What are the variables considered in these academic publications?

Variables can be defined as anything that has a quality or quantity that varies. It can also be deemed as a property taking on different values (Kaur, 2013; Kerlinger, 1973). Variables are normally differentiated between the dependent and independent variable. The dependent variable is the variable that the researcher is interested in. The independent variable is an active variable that is alleged to influence the dependent variable. Table 12 below, indicates the variables used in the study and the results are discussed in detail thereafter.

Table 12: Variables

Variables	Number of Articles
Income of the households	30
Countries analysed	30
Residence (urban, semi-urban or rural)	21
Types of food needed	30
VAT rates	30

In Table 12 above, the first column indicates the type of variable used in the study and the second column reflects the number of articles on that variable. It is clear from the table that the income of households, the countries considered in the articles, the types of food needed as a basic need and the different VAT rates are the main variables in the articles used for the purposes of this study.

3.3.7. Research designs and methodologies

This section presents the results of the analysis as it relates to the research design and methodology adopted by the researchers in the selected articles, namely the nature of the study, the methodological classification, the research strategy, the data collection technique and the data analysis technique.

3.3.7.1. *Nature of the selected studies*

Research question: What is the nature of the selected studies (historical, descriptive, or experimental)?

The nature of the study refers to the type of data that is included in the study which was found in the journal articles. The findings are summarised in Table 13, on the following page and discussed in detail thereafter.

Table 13: Nature of the study

Nature of the Study	Number of Articles
Historical study	8
Descriptive study	21
Experimental study	1
Total Articles	30

The first column in Table 13 indicates the nature of the study and the second column indicates the number of articles on that specific nature. The articles collected are based mostly on descriptive studies indicating that familiar knowledge was used to obtain a better understanding on the zero-ratings of VAT and the costs relating to its compliance. There was only one experimental study included in the research as the data is expensive to obtain for research purposes (Hox & Boeije, 2005).

3.3.7.2. Methodological classification

Research question: What is the main research methodology (qualitative, quantitative, or mixed) adopted by each one of these studies?

Qualitative data normally refers to data that is not necessarily numerical in nature but can be used to explore, describe and explain the reasons, opinions and motivations (Leavy, 2017). Quantitative data, however, is usually data that can be measured or quantified as it includes numerical data that is measurable and variable (Antwi & Hamza, 2015). The mixed-method research methodology is a combination of the qualitative and quantitative research methodologies.

Table 14 below, indicates the type of research methodology and the number of articles collected. The findings are discussed in detail thereafter.

Table 14: Methodological classification

Methodological Classification	Number of Articles
Qualitative research methodology	16
Quantitative research methodology	6

Mixed-method research methodology	8
Total Articles	30

The first column of Table 14 indicates the methodological classification the article follow and the second column indicates how many articles apply that methodological classification. Most of the data collected is based on a qualitative research methodology meaning that the bulk of the data collected was used to gather knowledge of the reasons, opinions and motivations and it was not necessarily in numerical format. This ensures that in the study knowledge was obtained regarding for example the perceived effectiveness of the VAT zero-ratings.

3.3.7.3. *Research methods*

Research question: What is the research method adopted in each one of the studies?

This study adopts two research methods to collect the data relevant to the research, to assist in answering the research question, solve the research problem and achieve the research goals set out. The results are set out in Table 15 below, followed by a detailed discussion.

Table 15: Research methods

Research Method	Number of Articles
Literature review	26
Statistical publication	4
Total Articles	30

The first column in Table 15 indicates the research method that the articles adopted and the second column indicates how many of the articles used in this study adopted that method. Literature reviews account for the bulk of the research methods, indicating that the results of the articles are used to give expectations of the impact of the implementation of VAT, the zero-ratings as well as other measures that can be implemented to relieve the poor rather than having a single standard VAT rate with zero-ratings. With the majority of the articles being literature reviews, the research objectives can be achieved as the information covered in these literature reviews assist in gathering tendencies, compiling reasons and develop results.

3.3.7.4. *Data collection techniques*

Research question: What data collection techniques were used in these studies?

The technique of the data collected in the research refers to whether the data was obtained first hand through primary data collection techniques or if secondary data, in other words already published, was used to conduct the research.

The data collection techniques for this study is tabled in Table 16 below and discussed in detail thereafter.

Table 16: Data collection techniques

Data Collection Technique	Number of Articles
Primary data	8
Secondary data	22
Total Articles	30

The first column in Table 16 shows the data collection techniques used in the research and in the second column it indicates the number of articles that followed that data collection technique. The articles used in the study consisted mainly of secondary data meaning that only small percentages (eight of the 30 articles, 27 per cent) consist of data that were collected for the very first time. In answering the research question, the findings gathered in the articles are mostly secondary data obtained from previous studies.

3.3.7.5. *Data analysis techniques*

Research question: What data analysis techniques were used in these studies?

Data analysis indicates the structuring of the data to ensure that it is useful and meaningful data that can be interpreted in order to answer the research question (Vithal & Jansen, 2012). The data analysis of a study is a bulky process, divided into three main steps namely the scanning and cleaning, organising as well as re-presenting the data in the study (Vithal & Jansen, 2012:27). There are several techniques that assist the researcher with this process:

- *Correlation analysis*: this analysis technique refers to the process of identifying the connection between two variables through statistical evaluation (Vithal & Jansen, 2012);
- *Descriptive analysis*: this form of analysis offers an in depth summary or overview of the features of the research (Vithal & Jansen, 2012);
- *Regression analysis*: the aim of the regression analysis is to detect the connection between a number of variables by analysing the reaction of the dependent variable to an independent variable (Vithal & Jansen, 2012); and
- *Thematic analysis*: this technique strives to recognise the patterns and trends of the collected data (Vithal & Jansen, 2012).

The findings from the 30 academic articles used in this study is set out in Table 17 below and discussed thereafter.

Table 17: Data analysis techniques

Data Analysis Technique	Number of Articles
Correlation analysis	5
Descriptive analysis	12
Regression analysis	4
Thematic analysis	9
Total Articles	30

The data analysis techniques used in the articles are indicated in the first column of Table 17 and the second column indicates the number of articles in this study that used that data analysis technique.

The main data analysis technique of this study is the descriptive data analysis technique, indicating that the articles aim to provide more details or a summary of the features studied in the research. These features include the implementation of a VAT system as a measure to relieve the poor, the perceived effectiveness thereof as well as the cost implications of such a single standard VAT rate system with zero-ratings.

3.4. CONCLUSION

This chapter explains the taxonomy framework used by the researcher to analyse the qualitative data through identifying all the themes and elements of the research. *A priori*

theme structure is followed. As this study is performed using a systematic review, it was essential that the quality assessment of all articles is described in more detail. The literature had to meet strict quality assessment criteria to be included in the study, thus ensuring that credible academic journals are included. A further extensive analysis was done on the literature to ensure that all the research questions are answered and the findings were tabled to give a logical presentation of the results.

CHAPTER 4: CONCLUSION

4.1. INTRODUCTION

In the previous chapter, the data analysis is explained, and the results were presented and discussed. This chapter concludes the study with a summary of findings and conclusion, an explanation of the limitations of this study and remarks for future researchers who want to explore this topic. Finally, this chapter ends with concluding remarks.

4.2. SUMMARY OF FINDINGS AND CONCLUSION

The main research objective of this study is to systematically explore the existing body of knowledge on the implementation of zero-ratings of VAT as a relief measure to the poor as well as to source other methods which government can implement to assist the poor more effectively. Implementing any rate other than the standard VAT rate (such as a zero rate) is expensive to administer and to comply with. This main objective is supported by sub-questions which guided the research in this study. The results of this study are summarised below using the research sub-questions as structure and ending with an overall conclusion for the study.

4.2.1. Identifying the academic journals in which the scholars published their work

The journals in which the articles are published in were summarised in Table 4 in Chapter 3. This summary, together with Table 5, indicates that most of the articles (23 out of 30) are published in journals rated on the ABDC list. The academic journals analysed are found on the ABDC list as well as Scopus, which is to ensure that the information is of a high quality ensuring that the findings can lead to closing the knowledge gap. The conclusions are supported by information that is of a high standard.

4.2.2. Evaluating the articles based on the journals they are published in on the ABDC-list for quality assessment

Chapter 2 explains the use of the ABDC list to ensure that the articles used in the study are published in an accredited academic journal and the information captured is of a high quality. Table 3 in Chapter 3 summarises the results applying the research design elements in Chapter 2 to this table, to show how many articles are rated. The results as per Table 3 indicate that a number of the articles (nine) used in this study are A*-rated on the ABDC list, thereby ensuring that this research bases its discussion on previous work performed which is of an extremely high standard. The conclusions are therefore appropriate and relevant to this study.

4.2.3. Identifying the main authors of the articles

In Chapter 3 the authors of the articles are summarised in Table 6 which indicates the number of articles written by the respective authors based on the articles used in this study. This ensures that the opinions and views of several different authors are taken into consideration for the purposes of this research. Three authors wrote two or more articles which were used in this study, thus it is clear that the findings in the articles are impartial, as it takes into consideration the view of several authors. However, the study identifies the main researchers in this field with focus areas on VAT zero-ratings and therefore, they are seen as very knowledgeable in this field.

4.2.4. Identifying the main disciplines in the articles

The academic disciplines of the articles are indicated in Table 7 in Chapter 3. These disciplines indicate the themes and elements of the study. The main academic discipline found in the articles was the implementation of tax legislations for the VAT structure.

4.2.5. Identifying the main perspectives from which the research in the publications were done

The country as well as taxpayer perspectives were considered in this study. The results reflected in Table 8 in Chapter 3 indicate that a variety of countries were included in the articles used in this study. From a country perspective, Africa and developing countries are considered as the main country perspective. The taxpayer perspectives are mainly that of the individual taxpayer that is considered as they are more likely to have the perception that the implementation of the zero-ratings of VAT is an ineffective and costly exercise as they spend a large amount of money complying with a system with a zero-rate in addition to the standard rate while it is found to not benefit only the poor as it was intended to do.

Thus, the main perspective can be deemed to be that of African and developing countries taxpayers that is published in accredited academic journals. This makes the articles relevant to ensure that a conclusion can be made on the findings.

4.2.6. Identifying the main constructs under investigation in these articles

The main constructs of the articles are the implementation of VAT, the implementation of zero-ratings, the perceived effectiveness of zero-ratings as a relief measure to the poor, other measures that government can implement to assist the poor as well as the cost of administration and compliance with the single standard VAT rate system with zero-ratings. All the articles used in this study have an element of the implementation of VAT, the implementation of zero-ratings, as well as the cost of administration and compliance with the single standard VAT rate system with zero-ratings.

4.2.7. Identifying the types of taxes under investigation in these selected studies

The type of tax under investigation in this study is VAT which is deemed to be a consumption tax, with the potential of a single standard VAT rate with zero-ratings. The compliance and administration of this system with more than one VAT rate is deemed to be excessive and if VAT is to be levied only at a standard rate the savings for both the government and taxpayers will be significant. The additional revenue collected can be transferred to the poor through social grants to relieve them from the heavy tax burden.

All of the articles used in the study focussed on VAT as the type of tax and the results of the data analysis are reflected in Table 11 of Chapter 3. This ensures that the conclusions are relevant and appropriate.

4.2.8. Identifying the variables considered in these academic publications

Table 12 in Chapter 3 summarises the variables in this study. The main variable considered in most of the articles is the income of the citizens in a country. This indicates the need for a relief measure to assist the lower-income households with the heavy tax burden, whether it is in the form of the zero-rated VAT system or social grants. South Africa is a country with a high inequality in income with little or no distribution of wealth and the need for relief to the poor is immense. The consumption of citizens determines their needs and that is where government can assist by providing relief.

4.2.9. Identifying the nature of the selected studies (historical, descriptive or experimental)

The nature of the studies is summarised in Table 13 in Chapter 3. The nature of the study is descriptive as familiar knowledge of VAT and the zero-ratings on VAT is used to gain a better understanding and to conclude on the study. The results were gathered and used effectively to address and answer the research questions.

4.2.10. Identifying the main research methodologies (qualitative, quantitative or mixed method) adopted by each of these studies

The current research uses the qualitative research methodology to answer the research questions and reach all of the research objectives. Table 14 in Chapter 3 summarises the different research methodologies used in the study and it is clear that the articles do not depend on data in numerical format to conclude on the study. The qualitative data in the articles was collected to obtain better knowledge and an understanding of the VAT systems around the world and the need to provide relief to the poor. By using qualitative research methodologies, the researcher can make an appropriate and relevant conclusion on the findings as the results provide extensive knowledge of VAT.

4.2.11. Identifying the research strategy adopted in each one of these studies

The research methods adopted in the articles selected for the purpose of this study are reflected in Table 15 in Chapter 3. Table 15 indicates that the studies used mainly literature reviews as a research method or strategy. This ensures that the results are gathered by thoroughly researching the subject. The results are accurate and accredited and can be used to generate a conclusion on the findings in the articles.

4.2.12. Identifying the data collection techniques that were used in these studies

Table 16 in Chapter 3 indicates that this study mainly made use of secondary data from already published data by other researchers. As the articles are published in accredited academic journals, it ensures that the data in the articles is of a high standard and can be successfully implemented to draw conclusions on the current study. The implementation of VAT at a single standard VAT rate system with zero-ratings to generate tax revenue has thus been researched by several reliable researchers and an accurate result can be determined from the articles.

4.2.13. Identifying the data analysis techniques that were used in these studies

The data analysis techniques found in the 30 academic articles are summarised in Table 17 in Chapter 3. These data analysis techniques indicate that the articles mainly use the descriptive data analysis technique as a tool to provide a summary of the topics in the study. These topics include the implementation of VAT as a single standard VAT rate system with zero-ratings to generate tax revenue and provide relief to the poor in terms of the zero-ratings of the basic necessities. The study can thus be successfully concluded by analysing quality academic articles.

4.3. LIMITATIONS

The literature of the current study is limited and not exhaustive, in that a limited timeframe was applied to this study, limiting the years in which the articles are published between 2000 and 2020. Only 30 academic peer-reviewed articles are used in this study and all of the literature not meeting these criteria was excluded from the study. The literature used in

the study was obtained by using specific keywords as described in Chapter 2. Additional literature on the zero-ratings of VAT and the costs relating to it could have been obtained if the research included more keywords and included a longer time period. As only eight out of the 30 articles used in this study are based on primary data, little new empirical evidence was found in these studies.

4.4. FUTURE RESEARCH

The study discusses the additional tax revenue that can be collected when VAT is levied only at a single standard rate as well as the savings it will have for both government and the taxpayer. Therefore, it can be recommended that future research can be done on countries which moved from a single standard VAT rate system with zero-ratings to a standard flat rate of VAT to determine whether there was in fact additional savings on the administration and compliance costs and what the governments did with this additional tax revenue.

Possible future research can also include a study into the targeted cash transfer systems which government can provide the poor with once VAT is levied at a standard rate on all goods and services. This will identify if government will simply increase the existing social grants in place or if they will create a brand new targeted social assistance programme.

An analysis can be done on the developing countries with very basic systems in place, if governments are able to effectively distribute additional tax revenue collections to the poor to relieve them or if they will apply these funds solely to cover the budget gaps. If this is the case, it would be better to have a limited number of items consumed by the poor levied at a zero-rate as this ensures relief to the poor on their basic necessities.

As only 27 per cent (eight out of 30) of the articles used in this study are based on the collection of primary data, the recommendation for future research is that more empirical evidence should be collected on the implementation of a single standard VAT rate with zero-ratings and what other measures government can implement to relieve the poor.

4.5. CONCLUDING REMARKS

South Africa is a developing country with a high inequality in income with a need to distribute the wealth and the need to provide relief to the poor is enormous. The zero-rating of VAT is implemented to relieve the poor from the heavy tax burden and is only imposed on items that the legislators deem to be necessities mainly consumed by the poor. The perception is created, with reason, that the implementation of zero-ratings is an ineffective approach as the government could rather issue targeted relief to the poor through social grants than zero-rating VAT, as all of the consumers benefit from the zero-rates and not just the poor. The study considered the standard rating of all goods and services (except for exports) as it is more expensive to have a more complex tax system. The additional revenue received from items no longer zero-rated can be used to fund increased social grants. The study raised the possibilities for targeted social grants or cash transfers to the poor as a measure from government to provide relief to the poor. There is still a considerable amount of research that can be conducted on the perceived effectiveness of the zero-ratings of VAT as well as other measures that government can implement to relieve the poor so as to achieve the most effective result in redistributing wealth.

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**APPENDIX A:
SAMPLE OF SELECTED QUALITY ACADEMIC PUBLICATIONS**

List of selected quality academic publications

1. Ainsworth, R.T. & Alwohaibi, M. 2016. GCC VAT: The Intra-Gulf Trade Problem. *Boston University Law Review*, (17-03).
2. Baer, K.O. 2013. What international experience can tell us about the potential challenges of administering a US VAT. *National Tax Journal*, 66(2):447.
3. Bangalee, V. & Suleman, F. 2017. Cost-savings accruable to removing value added tax from antiretrovirals in the South African private health sector. *Health SA Gesondheid*, 22(1):150-156.
4. Benge, M., Pallot, M. & Slack, H. 2013. Possible lessons for the United States from New Zealand's GST. *National Tax Journal*, 66(2):479.
5. Brashares, E., Knittel, M.J., Silverstein, G. & Yuskavage, A. 2014. Calculating the optimal small business exemption threshold for a US VAT. *National Tax Journal*, June.
6. Charlet, A. & Buydens, S. 2012. The OECD International VAT/GST Guidelines: past and future developments. *World Journal of VAT/GST Law*, 1(2):175-184.
7. Datt, K., Nienaber, G. & Tran-Nam, B. 2017. GST/VAT general anti-avoidance approaches: Some preliminary findings from a comparative study of Australia and South Africa. *Australian Tax Forum*, 32:377.
8. Do, C., Hodgson, H. & Wilson-Rogers, N. 2017. The tax on feminine hygiene products: Is this reasonable policy. *Australian Tax Forum*, 32:521.
9. Ecker, T. & Variychuk, E. 2013. VAT treaties: The Russian Federation. *World Journal of VAT/GST Law*, 2(2):81-96.
10. Fjeldstad, O.H. & Iversen, T.O. 2015. The Added Value of Value Added Tax: People are more willing to pay tax. *Working Paper - (CMI) Brief*.
11. Gendron, P.P. 2016. Canada's GST and Financial Services-Where are we now and where could we be. *Canadian Tax Journal*, 64:401.
12. Gendron, P.P. 2017. Real VATs vs the good VAT: Reflections from a decade of technical assistance. *Australian Tax Forum*, 32:257.
13. Giesecke, J. & Tran, N.H. 2012. A general framework for measuring VAT compliance rates. *Applied Economics*, 44(15):1867-1889.
14. Godbout, L. & St-Cerny, S. 2011. Are consumption taxes regressive in Quebec? *Canadian Tax Journal*, 59(3):463-493.
15. Hartman, V. 2017. End the bloody taxation: Seeing red on the unconstitutional tax on tampons. *Northwestern University Law Review*, 112:313.

16. Jansen, A., Stoltz, E. & Yu, D. 2013. The targeting of zero-rated basic foodstuffs under value-added tax (VAT) in South Africa. *Studies in Economics and Econometrics*, 37(3):87-104.
17. Jansen, A. & Calitz, E. 2017. Considering the efficacy of value-added tax zero-rating as pro-poor policy: The case of South Africa. *Development Southern Africa*, 34(1):56-73.
18. Keen, M. & Smith, S. 2006. VAT fraud and evasion: What do we know and what can be done? *National Tax Journal*, 861-887.
19. Keen, M., Krellove, R. & Norregaard, J. 2016. The financial activities tax. *Canadian Tax Journal*, 64:389.
20. Leahy, E., Lyons, S. & Tol, R.S. 2011. The distributional effects of value added tax in Ireland. *The Economic and Social Review*, 42(2):213.
21. López-Laborda, J. & Peña, G. 2018. A new method for applying VAT to financial services. *National Tax Journal*, 71(1):155-182.
22. Nunns, J. & Toder, E. 2017. Effects of a Federal Value-Added Tax on State and Local Government Budgets. *National Tax Journal*, 70(3):515-548.
23. Odhiambo, O. & Odada, J.E. 2015. Effects of zero rating value added tax on government revenue in Namibia. *African Journal of Economic and Management Studies*.
24. Paz, L.S. 2015. The welfare impacts of a revenue-neutral switch from tariffs to VAT with intermediate inputs and a VAT threshold. *The Journal of International Trade & Economic Development*, 24(4):465-498.
25. Satterthwaite, E.A. 2018. Electing into a Value-Added Tax: Evidence from Ontario microentrepreneurs. *Canadian Tax Journal/Revue Fiscale Canadienne*, 66(4):761-807.
26. Smulders, S. & Evans, C. 2017. Mitigating VAT compliance costs-A developing country perspective. *Australian Tax Forum*, 32:283.
27. van Brederode, R.F. & Gendron, P.-P. 2013. The taxation of cross-border interstate sales in federal or common markets. *World Journal of VAT/GST Law*, 2(1):1-23.
28. van Oordt, M. 2018. Zero-rating versus cash transfers under the VAT. *Fiscal Studies*, 39(3):489-515.
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**APPENDIX B:
TAXONOMY FRAMEWORK**

Table 18: Taxonomy framework

Category	Determinants
Journal information	ABDC-list and Scopus ratings
Perspective	Country
	Taxpayer
Discipline	Accounting
	Tax legislation
	Economics
	Business
	International law
	Auditing
	Primary tax law
	Secondary tax law
Constructs	VAT implementation
	Implementation of zero-ratings
	The perception of the effectiveness of zero-ratings
	Methods to provide relief to the poor
	The compliance and administration costs of implementing a single standard VAT rate system with zero-ratings
Theory and models	Theory (Constructs)
	Types of taxes
	Variables
Research design	Nature of the study
	Research methods
	Data collection technique
	Data analysis technique
Research methodology	Research method
	Research strategy
	Data collection
Data analysis technique	Correlation analysis
	Descriptive analysis
	Regression analysis
	Thematic analysis
Variables	Income variables
	Country variables
	Residence variables (urban, semi-urban and rural)
	VAT rates variables
	Type of food variables
Limitations and future research	Limitations of study
	Recommendations for future research

**APPENDIX C:
DECLARATION OF PLAGARISM**

DECLARATION REGARDING PLAGIARISM

The Faculty of Economic and Management Sciences emphasises integrity and ethical behaviour with regard to the preparation of all written assignments.

Although the lecturer will provide you with information regarding reference techniques, as well as ways to avoid plagiarism, you also have a responsibility to fulfil in this regard. Should you at any time feel unsure about the requirements, you must consult the lecturer concerned before submitting an assignment.

You are guilty of plagiarism when you extract information from a book, article, web page or any other information source without acknowledging the source and pretend that it is your own work. This does not only apply to cases where you quote the source directly but also when you present someone else's work in a somewhat amended (paraphrased) format or when you use someone else's arguments or ideas without the necessary acknowledgement. You are also guilty of plagiarism if you copy and paste information directly from an electronic source (e.g., a website, e-mail message, electronic journal article, or CD-ROM) without paraphrasing it or placing it in quotation marks, even if you acknowledge the source.

You are not allowed to submit another student's previous work as your own. You are furthermore not allowed to let anyone copy or use your work with the intention of presenting it as his/her own.

Students who are guilty of plagiarism will forfeit all credits for the work concerned. In addition, the matter will be referred to the Committee for Discipline (Students) for a ruling. Plagiarism is considered a serious violation of the University's regulations and may lead to your suspension from the University. The University's policy regarding plagiarism is available on the Internet at <http://www.library.up.ac.za/plagiarism/index.htm>.

For the period that you are a student in the Faculty of Economic and Management Sciences, the following declaration must accompany **all** written work that is submitted for evaluation. No written work will be accepted unless the declaration has been completed and is included in the particular assignment.

I (full names & surname):	Joe-Anne Breedt
Student number:	U14194432

declare the following:

- I understand what plagiarism entails and aware of the University's policy in this regard.
- I declare that this mini-dissertation is my own original work. Where someone else's work was used (whether from a printed source, the internet or any other source), due acknowledgement was given, and reference was made according to departmental requirements.
- I did not copy and paste any information directly from an electronic source (e.g. a web page, electronic journal article or CD ROM) into this document.
- I did not make use of another student's previous work and submitted it as my own.
- I did not allow and will not allow anyone to copy my work with the intention of presenting it as his/her own work.

Joe-Anne Breedt

Signature

30 September 2020

Date