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The effect of VAT on the performance of listed companies in Tehran Stock Exchange

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Abstract

This research with the aim of investigating the influence of added value tax on the performance of the companies accepted in the stock exchange of Tehran has tried to investigate the influence of value added tax on the performance of companies with designing three hypotheses in addition to basic familiarity with this tax system. This is a descriptive, correlational and deductive inductive research and with library field method. In this research, the statistical society of 530 companies between 2010 and 2014 has been accepted in Tehran's stock exchange. Sample volume as systematic and with regard to limitations, the number of these companies is 102. In order to collect data on this research, the software of New gift, Stock Exchange and financial statement and the notes of the mentioned companies are used. In order to analyze this research, regression models, and Durbin-Watson test and Eview8 software were used. The results of this research compared to the results of estimated models' results for investigating the influence of value added tax on the performance of accepted companies in stock exchange shows that there has been a positive and significant relation between the return of properties, return of stockholders' salaries and value added tax with different rates 3, 4, 5, 6 and 8%, and the benefit before interest and tax of companies.

Keywords: value added tax, yield of properties, yield of stakeholders' salaries, benefit before interest and tax

Introduction

The share of taxes in accordance with the principle of national cooperation and in accordance with the regulations of each country is required Income or assets in order to meet public expenditure and resource conservation, economic, political and social terms of their ability to afford to pay to the state treasury. (Sheriff and shoreh dely 2002).

Including effective steps strive to reform the tax system of the country, study the situation of VAT and its implementation, as one of the best and most efficient source of government tax revenue is. (Jahromy et al.2009).

VAT is an indirect tax on consumption chain in the import / production / distribution / consumption by as much as percent of the value added generated in each stage of the chain, each enterprise will be transferred to the firm after Eventually transferred to final consumers and paid by him. (Jahromy et al.2009).

The added value of a firm's earnings differences sell goods or services and the total cost of which has been spent on intermediate goods and services, arises. The tax basis for calculating the prices of goods and services that are produced in or imported into the country or are the vendors or service providers are billed for them.

Performance should be noted that since the definition of the word is important that the definition of performance can be assessed or managed. Halton and Bates pointed out that the performance evaluation is a multidimensional construct that varies depending on a variety of factors. They also evaluate the importance of this issue, the results of performance and behavior, refer to the performance there is a different attitude. Performance can be viewed only record the results. In terms of individual performance, track record of success of an individual. Kane believes that individual performance is what leaves and apart from the goal. Bernardini and colleagues believe that performance should be defined as a result. The results of the strongest correlation with the goals of the organization, customer satisfaction and economic roles.

One of the experts believes that performance, behavior and should be differentiated results of, And should be distinguished from the results, because the systemic factors can distort the results if the function is defined in such a way that the behavior of both results include, View more comprehensive experience. Outsourcing also means Br0n braj believes that performance and behavior in the sense of the results. Behaviors of people come running Yields are from an abstract concept into practice. But in turn the result of behavioral tools to results taken into account and can be judged apart from the results about them. (Armstrong2006).

The duty of the government, such as public services, healthcare, education and so on, allocate resources between different parts of the country, distribution of income and wealth between different groups of society and achievement of objectives such as price stability, full employment and economic growth. Government to carry out their duties and responsibilities and costs to meet these costs, the financial resources needed. Basically, government revenues will be divided into two general groups:

Tax revenues: One of the most important ways to ensure government spending, raise taxes. In other words, according to this important source of financing compared with other sources, it can be said, the share of government spending, higher taxes, reduced the adverse economic effects. Unlike in developed countries, developing countries that taxes have little role in almost all government spending is funded in this way.

Non-tax revenues: revenues, nontax receipts, funds that the government collects from its economic activities. This earnings or in the form of revenues from various investments, or receive Karmz that the government receives from its various services.

Direct taxes are taxes that have direct effect on individuals, households and firms are established. In the collection of tax, direct taxes to the three types of corporate tax, income tax and inheritance tax are divided.

Etc. etc. Direct taxes are taxes that are levied directly on goods and services. The main groups of taxes, import tax (duty), domestic goods and services tax types (eg tax on petroleum products and cigarettes) and VAT division, which obtain their basic domestic consumption is.

Measure and compare the performance evaluation process and how to achieve the desired state defined. Performance evaluation is an essential tool to respond to questions about the effectiveness and improving the efficiency in terms such as the ability to respond. (Iran Zadeh,2009).

The goals include economic activities, such as resource allocation and equitable distribution of income, economic growth, increased employment, economic stability, maintain the general level of prices, international trade and balance of payments is improving. Governments to carry out these tasks have to bear heavy costs. To finance this spending is necessary to prepare various sources of income. Generally, income tax and other tax revenues governments can be divided into two groups. The role of tax revenue in many countries compared with other sources of income are more important. (Jafari et al2005).

The importance of taxes to the state only after its performance, but it works and pressures, it is fair or unfair, its impact on economic efficiency, negative or positive incentives for different activities, and so it is of particular interest. (Sheriff and dandruff Daly,2003).

Create stable income and flexible in order to meet the increasing costs of government, including the main reasons for the VAT in some countries. Fluctuations in oil prices in global markets, the volatility of government revenues in the past decade has been in the Iranian economy. On the other, Due to the low proportion of tax revenue in government spending, so tax revenues are insufficient to cover expenditure, The state is facing a budget deficit the government should be looking for a way to compensate for the budget deficit, To the role of the credit costs (current) to cover the use of new taxes in the name of VAT. This study aimed at assessing the impact of VAT on the performance of companies listed on the stock exchange under review And whether or not if the value has a positive effect on firm performance affects the effectiveness of Brshrkthay listed in the Tehran Stock Exchange What is it?...

Research Methodology

Research investigator in terms of the control variables can be categorized as a test pilot, and so on; Other research pilot study relationships between variables are not manipulated and includes two types of causal-comparative study Or post-event research as well as research correlation. In addition to what was mentioned research can be assessed in terms of cross-sectional studies and longitudinal studies are divided into two categories. (Delaware,1999). This research since the data related to the period of time considered pays a cross-sectional study.

This study was descriptive research, solidarity and as analog inductive, deductive in terms of existing theories and hypotheses research, Inductive to test the hypothesis in this study in order to test the hypotheses, used correlation analysis.

Or consistent correlation of all the ways in which the relationship between different variables to the regression model And the correlation discovered or determined. The purpose of correlation analysis is an association (about) changing one or more variables By changing one or more other variables. The aim of this study is, is applied with the objective findings of results To solve problems in companies takes place. The survey method A. After the event, Because in such research to discover the cause or causes of an event or event or phenomenon is desired.

The data used in this research is real and historical sites of Tehran Stock Exchange Databases and journals and reports, stock exchange and application Devise processor and new achievements for a period of five years From

2009 until the end of 2014, prepared financial statements of companies as well as the site of the State Tax is collected and sites underneath it.

Results of research hypotheses test

The use of panel data is that there are questions that mainly the fixed sections Or random which one should be used for curve fitting.

This study has three hypotheses. As these three hypotheses under test using the software EViews tested fixed effects have been.

The first hypothesis test

Thus the first hypothesis is that:

H_0) between the different VAT rates and return on assets there is no significant relationship. H_1) between the different VAT rates and return on assets is a significant relationship exists. According to Table 5 summarizes the results of the first study, the fixed effects model are presented. Can be seen from Table 5 that the value of F statistic significant level of 05/0 model is smaller, After being significant at the 95% confidence level of the model approved the screw. In addition, the first model R2 is 0.90. Therefore, according to this value, the first model will be 90 percent of the dependent variable predicted by the explanatory variables. Also, the Durbin-Watson statistic in this model, is a number between 1.5 and 2.5, then your assumption of serial correlation between variables is rejected. On the other hand, according to Table 5 of the significance level variable rates of VAT (VAT) is equal to 0.03, After H_0 assume that the VAT at different rates and there is no significant relationship between return on assets, be rejected. The coefficients of the variables log of firm size, total liabilities to total assets and the growth rate is significant.

Thus the first hypothesis regarding the relationship between the different VAT rates and return on assets is approved.

The dependent variable: return on assets (ROA)

Table 1: results of the first model

Significance level	**t-statistic**	**standard error**	**Factor**	**Symbol**	**Variable**
0.03	2.22	0.18	0.41	**LNVAT**	Logarithm different VAT rates
0.00	4.67	1.74	8.13	**LNSIZE**	Logarithm of the size of the company
0.00	-14.71	2.18	-32.07	**LEV**	Total liabilities to total assets
0.00	3.65	0.64	2.32	**GROW**	Growth rate
0.02	-2.26	10.41	-23.49	**C**	fixed variable

R^2=0.90	Model significance level of = 0.00
F=38.32	Durbin-Watson statistic = 2.027

second hypothesis test

The second research hypothesis is stated as follows: H_0) between the different VAT rates and return on equity, there is no significant relationship.

H_1) between the different VAT rates and return on equity is a meaningful relationship.

Table 6 summarizes the results of the second model using fixed effects. Given that the level of statistical significance F This model is smaller than 05/0, Significant at 95% confidence level of the model is confirmed. On the other hand, the second model R2 is equal to 0.58.

Accordingly, the second model can be 58 percent of the dependent variable using the explanatory variables predict.

In addition, the Durbin-Watson statistic model, is a number between 1.5 and 2.5, then your assumption of serial correlation between variables is rejected.

In addition, according to Table 6 significant level variable rates of VAT (VAT) is equal to 0.00, After H_0 assume that the different VAT rates and return on equity, there is no significant relationship, be rejected. The coefficients of the variables are significant but variable log of firm size and growth rate of total liabilities to total assets is not significant.

The second hypothesis is that there is a relationship between the different VAT rates and return on equity is approved.

Dependent variable return on equity (ROE)

Table 2: results of the second model

Significance level	t-statistic	standard error	Factor	Symbol	Variable
0.00	8.07	1.75	14.14	**LNVAT**	Logarithm different VAT rates
0.00	-3.49	8.53	-29.81	**LNSIZE**	Logarithm of the size of the company
0.31	-1.01	8.65	-8.71	**LEV**	Total liabilities to total assets
0.15	1.44	3.48	5.01	**GROW**	Growth rate
0.06	1.86	46.35	86.03	**C**	fixed variable

R^2=0.58	Model significance level of = 0.00
F=5.29	Durbin-Watson statistic = 2.18

third hypothesis testing

This hypothesis is as follows:

H_0) between the different VAT rates and earnings before interest and taxes there is no significant relationship.

Summary results for the third hypothesis tests using fixed effects Table 7 shows The level of statistical significance F-thirds of the 05/0 model is smaller, then at 95% significance of the model is confirmed. The level of statistical significance F-thirds of the 05/0 model is smaller, then at 95% significance of the model is confirmed. Also, the R2 model is equal to 0.12 according to this value, the third model could be 12% of the variability By explanatory variables to predict. In addition, the Durbin-Watson statistic model is a number between 1.5 and 2.5, After his assumption of serial correlation between variables is rejected.

According to Table 7 it can be seen that a significant level of variable VAT With different rates (VAT) is equal to 0.01, after H_0 assume that the different VAT rates And earnings before interest and taxes there is no significant relationship, be rejected. The coefficients of other variables except the variable growth rates are significant.

The third hypothesis regarding the relationship between the different VAT rates and earnings before interest and taxes is approved.

Dependent variables: earnings before interest and taxes (LNEBITE)

Table 3: results of the third model

Significance level	t-statistic	standard error	Factor	Symbol	Variable
0.01	2.47	0.02	0.04	**LNVAT**	Logarithm different VAT rates
0.00	24.37	0.11	2.76	**LNSIZE**	Logarithm of the size of the company
0.00	-2.92	0.06	-0.19	**LEV**	Total liabilities to total assets
0.90	0.13	0.06	0.01	**GROW**	Growth rate
0.00	-8.56	0.62	-5.30	**C**	fixed variable
R^2=0.12			Model significance level of = 0.00		

F=6.41	Durbin-Watson statistic = 1.96

Conclusion

A key factor in economic decision-making is forecast financial data. However, government spending from other sources such as oil, Borrowing from the central bank and so on can be done, but the experience of recent years shows that relying on irrational and unstable nontax revenues... And reliance on tax revenues to finance government spending is one of the healthiest methods. As previously stated, the main purpose of this study, The effect of VAT on the performance of exchange- listed companies in Tehran Stock Exchange for the five-year period is 2010-2014. Research and models have recently been proposed by other researchers abroad. In this section the emphasis on the results of the test assumptions, the findings in Next to it is mentioned. In addition, after reviewing the most important research procedures, limitations and finally useful recommendations for future research are listed.

first hypothesis:

Between the different VAT rates and return on assets is a significant relationship exists.To test this hypothesis, The first model using fixed effects panel data were used to test the results of this estimate are shown in Table 5. These results indicate that a significant level of variable rates of VAT (VAT) is the equal to 0.03, After H_0 assume that the VAT at different rates and there is no significant relationship between return on assets, be rejected. The coefficients of the variables log size and total liabilities to total assets are significant but variable growth rate is not significant. Thus the first hypothesis regarding the relationship between the different VAT rates and return on assets not confirm.

This hypothesis by comparing the results with the findings of research conducted in recent years, there is a significant relationship between VAT rates and return on assets, With intimate study (2005) showed that the financial performance commensurate with the value-added manufacture them.

second hypothesis:

Between the different VAT rates and return on equity is a meaningful relationship. The second model in the fourth quarter, using fixed effects were tested, the results of this estimate in Table 6. These results indicate that a significant level of variable rates of VAT (VAT) is equal to 0.00, After H_0 assume that the different VAT rates and return on equity, there is no significant relationship, be rejected. The second hypothesis is that there is a relationship between the different VAT rates and return on equity is not approved.

The third hypothesis:

Between the different VAT rates and earnings before interest and taxes there is a significant relationship. To test this hypothesis, the third model using fixed effects panel data were used to estimate the results come in. These results show that the level of variable VAT rates significantly different (VAT) is equal to 0.01, After H_0 assume that the VAT at different rates and there is no significant relationship between earnings before interest and taxes, is rejected. The coefficients of significant variables are the logarithm of the size of the company. However, the variable rate of VAT at different rates (LNVAT) In Table 6, we see that this factor has a positive value and is equal to 0.04, which shows the relationship between these variables is earnings before interest and taxes. The third hypothesis regarding the relationship between the different VAT rates and earnings before interest and taxes is approved.

By comparing the results of another study from the Department of Economic Affairs, Ministry of Economic Affairs and Finance (2005)To the conclusion The implementation of the VAT tax system can help achieve the main goal is to increase tax revenues.

Recommendations for future research

It is recommended that future studies pay attention to the following points:

1. It is suggested that the appropriate rate of VAT and the increase of research is essential

2. The effect of VAT on company performance separation of various industries for analysis in a particular industry like the automotive industry

3. The effect of VAT on company performance, taking into account capital costs.

4. The same survey lose money for companies compared with profitable

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