

Investigating The Accounting Challenges of Introducing VAT in Saudi Arabia Via E-Marketing Through an Analysis of Social Media Language and The Effect On Customer Behavioral Economics

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Abstract:

Since the 2017 announcement of the value-added tax system to be introduced in Saudi Arabia, there has been much speculation as to how the value-added tax system will be implemented in the country. This has led to a wave of insecurity and uncertainty regarding who will be impacted the most by the new taxation system to be introduced. It has therefore become essential to study the subject.

Social media is viewed as an effective platform for marketing through electronic networks in Saudi Arabia. One of the major objectives of this study is to identify and explore the level of accounting challenges presented by applying VAT via e-marketing on social media. The study also investigates in depth what role this application of VAT can play in customers' economics behaviour in Saudi Arabia.

The mixed methods research approach was chosen to gather the quantitative and qualitative data. The quantitative research approach is where the data collection methods collect numerical data. This was conducted through questionnaires with customers (online) and chartered accountants (online). On the other hand, qualitative research is a means of gathering descriptive data from data collection instruments such as semi-structured interviews. Interviews were conducted with shop owners and social media celebrities via Skype, due to Covid restrictions. The data in the results show a much stronger trend in responses towards e-marketing on social media on the part of shop owners and social media celebrities. This provides insight into the behaviour of customers in response to social media advertising with 65.8% of the population sample strongly agreeing with e-marketing through social media language which make purchasing decisions much easier.

Finally, it will be shown how some significant differences exist among the types of accounting challenges that are faced when applying VAT via e-marketing in Saudi Arabia, particularly from the point view of chartered accountants.

Keywords: e-marketing, VAT, social media, and economic behavioral