



## The Negative Impact of E-Commerce VAT on Education in Kosovo

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### Abstract

*Technology advanced developments and need for updated information are factors contributing to the way how University students, in particular, embrace digital libraries offered as opportunities by the educational institutions, where they attend Bachelor studies. Students of the time in which we live, are capable to investigate various topics that may favor the expansion of their knowledge and updating with the latest research methods.*

*In Kosovo, basically the Universities lack online libraries for the students, thus preventing the opportunity for fresh information. On the other hand, VAT introduction on e-commerce transactions has an impact on the education cost, as well as educational institutions, thus directly affecting the inability to have updated scientific information both for the students and academic staff members, reducing the number of scientific researches.*

*Based on an empirical quantitative study, the present study aims to investigate the VAT impact rate of e-commerce transactions on teaching quality and creational skills of the University students in Kosovo.*

**Keywords:** VAT, University, e-commerce, teaching, creational skills

### 1. Introduction

In Kosovo, the constant difficulty for a student to get the most recent information has increased the degree of difficulty for him/her to follow higher studies, since it increases the cost of these studies due to covering, at his own expenses, of all costs related to most recent print or online publications. In addition to their fixed price, other expenses for a student are related to VAT payment of the necessary books, journals or dissertation. We should consider, on one side, the considerable number of books, journals, and scientific papers explored by a student, which are required to conduct a genuine scientific research, and on the other side, their related cost for him/her.

This study will focus on the analysis of the relationship for online or printed books with VAT payment, for attending and completing related higher education studies, which will finally be in accordance with the market needs for further information and employment.

On this basis, the central research question of this study is: What is the impact of the VAT cost related to online and printed publications and what is the education cost for students of Kosovo? Further, how much is this impossibility to buy these publications influencing their creative skills and adaptation to the most recent knowledge in line with the current market needs in Kosovo?

The assumptions of this study, tested through statistical analysis, Chi-square test, and Pearson correlation, are as follows:

**H1:** Online shopping VAT of scientific books and journals produces negative impact on information and education of students in Kosovo.

**H2:** Failure to online shopping of scientific books and journals, due to their high cost, produces a negative impact on the education of Kosovo students.

The methodology used for this study is based on a quantitative approach. A questionnaire with 23 questions was given to the students of the University of Prishtina, Faculty of Economics. Main data of the study were collected based on the above structured and standardized questions and served to test the assumptions. Out of 300 students we got in contact for the study, only 269 accepted to participate in the study and fully complete the related questionnaire. Sampling procedures were randomly selected and stratified, in accordance and proportionate to the number of students selected to participate in the study from every branch and academic year, while the probability of cases was determined by the name list of academic registers. Of course, there are limits to this study, such as; it is focused only on the University of Prishtina, mainly only at the Faculty of Economics. Also, this study considered only cases of online shopping related to higher education studies, and VAT related to shopping of these products.

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## 2. VAT impact of online books shopping on education

Obviously, reading books or scientific articles published online is more useful than those printed and published on paper. For example; this method uses less paper, occupy less volume and space, and there is no need to keep them with you all the time [1]. Also, shopping these books online is simple; it would suffice to have the financial means to do that. Often, this is the most favorable method of reading books for the students, because the books can be easily stored in a mobile phone, i-pad or laptop, and so you can study, take notes or browse all academic materials anywhere you are [2,3,4]. Notwithstanding that, in a large number of studies, students have preferred shopping and working with printed or published books. [5].

According to Rukancı and Anameriç (2003); electronic books (e-books) can provide adequate interaction between professors and students. In addition, it is clear that due to visual and audio elements, e-books can facilitate teaching and learning, and make it a more enjoyable process with more alternatives to teaching and learning, but again the conventional text remains the basis of teaching, especially in Kosovo [6].

With all discussions developed in Kosovo about the removal of VAT on books, which will contribute to investment in knowledge, facilitate work and provide even better conditions to pupils, students, experts, further promote the book readers, create better conditions and opportunities for the presence of books in our personal libraries, school, public and town libraries, as well as university libraries [7]. In Kosovo under section 1:18(1) Article 27 of Law No. 03 / L-146 of 2010 on Added Value Tax, the book sale is considered exempt supply without the right to VAT credit (only on final sale). Further, at all trading stages the book is not exempt from VAT and treated as a taxable supply for VAT with the right of VAT credit, we quote supply of printing industry materials, as hereinafter defined in retail trade, made for final use, provided that such supply is for a person without the right to deduct the deductible VAT", written in the ATK explanation [8]. Furthermore, following the new amendments of Law No.05 / L-037 on the Value Added Tax, Article 26 provides: Schoolbooks and not only, serial publications, supply including temporary supply of books from the library, including brochures, leaflets and similar printed materials etc. pay a reduced VAT rate ranging from 18% to 8% [9]. In view of the above, it may be provided that VAT will also include the online ordering of books.

A number of authors claim that the existence of VAT for books, adversely affects the education of younger generations, because the increase of textbook costs makes it impossible for many students to shop textbooks online or shop them in various bookstores. [10]. Many developed countries by removing VAT reduction for books have built economic and social policies, promoting the increase of shopping online books, aiming at further development of social education and capital [11].

In Kosovo, due to difficulty of having books because of their high cost, the students discover other illegal ways to find books such as photocopy or internet piracy, which are again limited methods compared to the real demand for knowledge and new information [12].

## 3. Data results

Data collected from the students were analyzed by means of the SPSS.20 program. This study included 269 students of the Faculty of Economics, University of Pristina; out of them 153 were females and 116 males, from different branches of this faculty. Students come from different cities of Kosovo such as Peja, Prizren, Gjakova, Mitrovica, Pristina etc.

Participating students of this study sample were of different ages; respectively 26% of them were 18-21 years old, 23% of them were 24-28 years old, and 39% were 29-35 years old, while 12% of the sample were over 30 years old. 79% of students stated they had never been employed either on a full time or part time basis, while 13% of them worked part-time and 8% worked full time. About 63% of students stated that the market for books in Kosovo was very expensive and also associated with plain shortage of new books, and consequently with students trying to apply piracy or photocopy of books not found in the Internet through pirate web addresses. Only 6% stated they order online necessary books and magazines via Internet, while 31% stated they did not have any opportunity to shopping, and are satisfied with the texts provided by their professors in their lectures.

In the analysis of responses through the median value, it resulted that in an average of 2.3 with a lichert measuring scale from 1 (the least important scale) to 5 (the highest measuring scale by importance), the students agreed that VAT has had an impact on their possibility to buy books. 4.2 students on average, admitted that the cost of scientific books and magazines was unaffordable by students and a median number of 3.7 of the interrogated students acknowledged that VAT and the



high cost of texts brings difficulties in the scientific researches they wish to realize or information about the latest theories and scientific discoveries.

Following the Pearson correlation test, it is reported a correlational positive relationship at a statistically stable value of +49.10 between the book VAT variables and the number of newest editions purchased by the students, implying the book VAT existence of the impact rate on students to be unable to buy the latest online texts and publications online or in Kosovo libraries, as they do not afford their cost. The higher VAT is, the higher is the possibility to not buy texts, magazines or books online and in library.

<b>Table No.1: Model- OLS</b>				
<b>&gt; ols &lt;- lm (VAT of books~Purchase/Shopping+Cost+Education,data=y)</b>				
<b>&gt; summary(ols)</b>				
<b>Residuals:</b>				
<b>Min</b>	<b>1Q</b>	<b>Median</b>	<b>3Q</b>	<b>Max</b>
<b>-0.44429</b>	-0.07814	-0.02272	0.05154	0.69913
<b>(Intercept)</b>	<b>Estimate</b>	<b>Std. Error</b>	<b>t value</b>	<b>Pr(&gt; t )</b>
<b>VAT of books</b>	0.069067	0.021066	3.279	0.00117 **
<b>Impact on schooling and education</b>	-0.073789	0.023666	-3.118	0.00200 **
<b>Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1</b> <b>Residual standard error: 0.1577 on 300 degrees of freedom</b> <b>Multiple R-squared: 0.5986, Adjusted R-squared: 0.5876</b> <b>F-statistic: 63.21 on 11 and 300 DF, p-value: &lt; 2.2e-16</b>				

Hypothesis were tested via linear regression, where, as noted by data summarized in table *no.1*, the variability of dependent variable is nearly 59%, which is considered a satisfactory and statistically stable figure. In both study hypotheses, p-value is smaller than 5% and the confidence level is 95%. What makes the hypotheses be proven by statistical stability as tested above in *tab.no1*.

#### 4. Conclusions

All study results clearly demonstrated that students in Kosovo make very few shopping/purchases of scientific books or magazines in Internet due to the book cost and VAT, which regardless of major discussions raised by academics and politicians, was not removed but remained at the level of 8% as a reduced rate for books, magazines etc.

Based on this fact, it is very easy to understand that education in Kosovo, as a still economically undeveloped country, is creating knowledge isolation, without supporting the education of young generations and creating an obstacle to the further economic-social country development.

The absence of far-sighted economic and fiscal policies has made the young people be detached from book and knowledge, thus increasing evasion, piracy and acquisition of materials published by different authors by photocopying, which in fact increases the number of merely reproducing and non-creative students due to conditional opportunities for scientific texts and a wide variety of scientific information. Clearly, all this process, through the analyzed data, has proven that VAT of books has a negative impact on the development of schooling and education of young generations.

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