

**Value Added Tax And it's Relatoinship
with Incom Tax**

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Abstract

There are authors who consider tax to comprise all ideological, economic and technical elements, that interact with one another to construct a certain tax entity, which works for financing public expenses programs of the state, in addition to raising the level of economic resources and directing them towards the best utilization and accelerating growth rates to alleviate or eliminate problems of instability and realize social justice in national income distribution among individuals of the society, and also imposing national security for all.

On the basis of a deep and realistic study of the needs of any society, that society may consider having any sort of taxes and build its taxing system in accordance with that adopted sort. takes differ in kind according to source being direct, indirect, imposed on money, on persons, income, capital, or expenses.

Taxes may be imposed on one source or be multisided, or they may not be given with tax designation.

Serving citizens and considering their interests needs enough financing ; in fact, it is the autonomous and abundant source in which, foreigners don't help the government and which enables the government, in case it is well utilized, not to concede any part of its sovereignty.

After considering taxes as comprising social solidarity, when distribution of taxes is fair, it becomes necessary to study taxes and their results in producing direct or indirect utility to the society and individuals.

Tax laws are diverse and interwoven such that the individual citizen (the non-specialist) becomes unable to differentiate easily between one tax and another, hence I preferred to write on this subject trying to discover points of compatibility and incompatibility between value added tax and income tax which are valid in Palestine, especially in the administration and legislative stages including definition and collecting.

Hence, the study matter will be identifying the degree of compatibility between the valid tax laws and their correlation and also investigating the feasibility of existence of various tax departments in light of the correlation between the various taxes, and knowing if one tax department can do all tasks of the departments, particularly in case of amending some tax laws.

The research also adopted the attempt of providing the reader with a complete idea on the application of vat in Palestine regarding the beginning of its collecting, the law according to which it is collected, and the exact possibility of developments of these laws to be more sensitive to tax fairness requirements, the principles upon which these laws were founded and applied, and also the determinates of this tax as implied by the economic agreement between the national Palestinian authority and the Hebrew state.

The importance of this study is related to discovering the relationship between vat and income tax, especially the legislative relationship and determining the possibility of depending on decrees or decisions in imposing vat or the necessity of issuing explicit law imposing

vat in commodities and services and also studying the extent of compatibility between vat and income tax and also investigating the method of determining the due income tax on establishments and companies, i.e. in legal personalities regarding their payment of vat without rereading of the tax file annually, particularly if the file was examined on a monthly basis in the vat departments.

Literature on vat in particular and income tax in general was reviewed, including books on public finance, journals, papers and internet sites. also a field study questionnaire was used for deducing the opinion of tax payers and their understanding of the various kinds of taxes and enquiry about their performance of any imposed tax, and ease of dealing with tax departments in addition to other enquiries concentrating on vat, customs, and excise taxes, and determining if there is a need of imposing vat on commodities and service as is the case with the taxes of customs, excise, taxes and the law of income taxes.

The research confirmed the necessity of unifying the departments of vat and the income tax in one department, activating the role of the tax department to become the fundamental and first reference of revenues of the Palestinian national authority, and also the necessity of availability of independent legislative laws of the PNA i.e. accelerating issuance of a vat law, because the available texts regarding the vat systems, currently, are not available to all taxable persons, in addition to being ambiguous and difficult to understand set during the day of direct occupation.

This can take place through a modern tax laws that responds to the particularity of tax payers and the challenges of the Palestinian reality, current in Palestine, and reducing income tax, and increasing dependence on expenditure taxes including vat.