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The Effect of Economic Growth, Inflation and VAT (Value Added Tax) on the profitability of Automotive Sector companies listed on the IDX

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Abstract

Research aim: This study aims to analyse the effect of macroeconomic factors, specifically economic growth, inflation, and VAT, on the profitability of companies in the automotive sector in Indonesia.
Design/Method/Approach: This research uses a quantitative causality approach. The data used is secondary data obtained from the company's financial statements and macroeconomic indicators obtained from the Central Bureau of Statistics and the Ministry of Finance Website.
Research Finding: The results showed that economic growth has a positive and significant effect on corporate profitability, while inflation and VAT have no significant effect. This finding indicates that the increasing purchasing power of the community along with economic growth contributes to the increase in corporate profits.
Theoretical contribution/Originality: This study contributes to enriching the literature on the relationship between macroeconomic factors and firm profitability, particularly in the automotive sector. This study also adds a new perspective on the influence of macroeconomic conditions on corporate financial performance.
Practitionel/Policy implication: The results of this study can be used by business people and policy makers to design more adaptive business strategies in the face of changing macroeconomic conditions. Companies can focus more on operational efficiency and price adjustment strategies to reduce the impact of inflation and taxation policies on profitability.
Research limitation: This study has some limitations, such as the scope of the study being limited to the automotive sector in Indonesia, so the results may not be generalisable to other sectors. In addition, other external factors, such as interest rates and currency exchange rates, were not analysed in depth. Therefore, future research is recommended to expand the scope of the industry sectors studied and consider more macroeconomic variables in order to obtain a more comprehensive understanding of the factors that affect company profitability.
Keywords : Economic Growth, Inflation, VAT, Profitability

1. Introduction

Macroeconomic factors are important indicators that measure the overall performance of a country's economy. These indicators describe the current state of the economy and provide an overview of a country's economic stability. Some of the variables that can be used as macroeconomic analysis include, Economic growth, Inflation, Value Added Tax (VAT) policy and others. These variables are interconnected and have a major role in determining the direction and condition of a country's economy. Economic Growth, which is often measured through Gross Domestic Product (GDP), shows the increase and decrease in economic activity and people's purchasing power. Inflation, which describes the general rate of increase in the prices of goods and services, affects people's purchasing power and companies' production costs. VAT policies regulated by the government affect the selling price of goods. Macroeconomic factors not only impact the national economy but also have an influence on the financial condition of companies, including profitability. Improved macroeconomic conditions will have a positive impact on increasing GDP so that this can be utilised by companies as one of the indicators that affect their profitability. [1].

Profitability is a company' ability to generate profits, wiich can be reflected in net profit and sales revenue [2]. Profitability can be measured using several ratios, one indicator that can be used to measure the company's ability to generate profits is using the Profit Margin Ratio. In the Profit Margin Ratio there are several approaches that can be used, one of which is Net Profit Margin (NPM)

Net Profit Margin is a ratio that assesses how much net profit is received from net sales [3] . The higher the Net Profit Margin, the more efficient the company is in managing operating costs and the greater the profit generated from Business activities. Numerous elements, including the company's internal and external forces, affect profitability. Internal factors are usually pertaining to the business's activities, such as production, marketing strategies, financial management etc. Effective financial management contributes directly to improving the quality and performance of a company [4]. While external factors involve conditions outside the direct control of the company, which usually come from macroeconomic factors. One of the influential macroeconomic factors is economic growth.

Economic Growth is a quantitative indicator that describes the increase or development of an economy within a certain period of time usually compared to the previous year. One of the most commonly used measures to identify economic growth is GDP (Gross Domestic Product) or in Indonesian called GDP. GDP is one of the measures often used to measure the economic growth of a region. So this shows that economic growth is the rate of GDP of a particular year with the GDP of the previous year. If the GDP of a particular year is greater than the previous year, it means that an economy has experienced growth [5].

There are three approaches that can be used to calculate GDP, namely the Income, Production, and Expenditure approaches. Of the three approaches that are often used is to use the Expenditure approach, in this approach GDP is measured using 5 components, namely Consumption (C), Investment (I), Government spending (G), Exports (X), and Imports (M). And can be formulated with: $Y = C + I + G + (X-M)$. In this context, economic growth can affect profitability because economic growth is related to people's purchasing power. Stable and positive economic growth will increase purchasing power, drive demand for products and services, and contribute to increased sales. Conversely, an economic slowdown decreases purchasing power, reduces demand and negatively impacts sales and profitability. In addition, there are other macroeconomic factors that also affect profitability,

namely Inflation.

Inflation can be defined as a process of rising prices in an economy [6]. Based on its severity, inflation can be divided into 4 main categories. Mild inflation, which is below 10%, is generally still tolerated because its impact on the economy is relatively mild. Next, moderate inflation, occurs when the inflation rate is in the range of 10%-30%, which starts to affect people's purchasing power and price stability significantly. The third is severe inflation, with inflation rates between 30% - 100%. And the last is Hyperinflation, which occurs when the inflation rate exceeds 100%. High inflation will cause a spike in raw material prices and an increase in the company's operational costs. Which eventually results in an increase in the selling price of goods. The increase will reduce people's purchasing power, especially if people's income remains in line with inflation. [7]. When inflation occurs, production and operational costs such as raw materials, distribution costs and labour tend to rise so that inflation has an impact on the company. If the company cannot respond appropriately, it will have an impact on the company's profitability and sales. In this context, in addition to inflation, fiscal policies such as Value Added Tax (VAT) also play an important role, as VAT can directly affect the selling price of goods and consumer purchasing power, thus becoming an additional factor to be considered in the analysis of company profitability.

Tax is one of the expenditure components that can affect a company's profitability. Taxes play a central role as the main source of state revenue, including in manufacturing sectors such as automotive. Although Indonesia is rich in natural resources, the largest contribution to state revenue actually comes from the taxation sector, which has contributed more than 95% in recent years [8]. In the context of financial structure, tax is also closely related to the level of corporate debt. When a company has a high level of debt, the tax burden borne tends to be lower due to tax savings. These savings arise from the tax deduction benefits of debt interest expense, which in turn can have an impact on increasing profitability, especially in the manufacturing sector [9]. VAT is imposed on almost all transactions of goods and services produced and sold in Indonesia, including automotive products. As a sector that is heavily influenced by consumer purchasing power, the automotive sector in Indonesia is highly vulnerable to changes in VAT policy that can affect vehicle selling prices and company profit margins.

Inrawan's research entitled "The *Effect of Inflation, Interest Rates, Exchange Rates, Economic Growth, Capotal Expenditure and Leverage on Profitability (Study on LQ 45 Index Companies Listed on the Indonesia Stock Exchange)"* shows that Economic Growth has a Significant Positive Effect, and Inflation has a Significant Negative Effect [1] . While research conducted by Anugrah. Which is entitled "*The Effect of Economic Growth and Inflation on Profitability in food and beverage companies on the IDX"* states that Economic Growth and Inflation have no significant effect on Company profitability [10].

The automotive sector is one of the strategic sectors that is highly influenced by the dynamics of macroeconomic factors. In the context of economic growth, demand for motorised vehicles tends to increase along with the increase in people's purchasing power. Conversely, when the economy experiences a downturn, demand for motorised vehicles also contracts. Based on data from the Coordinating Ministry for Economic Affairs of the Republic of Indonesia, in 2022, when the Indonesian economy grew by 5.72%, the automotive industry recorded a growth trend of 10.26%. However, during the economic recession, the automotive sector experienced a significant decline of 48.35%. This shows

that macroeconomic conditions have a great influence on the performance of the automotive sector in Indonesia.

Apart from economic growth, high inflation also has a negative impact on the automotive sector. Rising inflation can lead to higher prices of key raw materials, such as metals and other components, which in turn affects the production cost structure as well as the selling price of motor vehicles. Furthermore, changes in Value Added Tax (VAT) policies also have a significant impact on vehicle selling prices. An increase in the VAT rate may reduce the competitiveness of automotive products in the domestic market, posing additional challenges for companies in maintaining sales performance.

This condition requires automotive companies to continuously adjust their business strategies to maintain profitability amidst fluctuations in these macroeconomic factors. This includes operational efficiency, managing production costs, and implementing competitive pricing strategies. As such, the success of the automotive sector in dealing with economic dynamics largely depends on the company's ability to adapt to changes in macroeconomic conditions, including economic growth, inflation, and fiscal policies such as VAT.

From the exposure above, there are differences in research results, reflecting the existence of gaps or inconsistencies in research findings related to the influence of economic growth and inflation variables on profitability. This gap can be caused by differences in the context of the industry studied, the methodology used, or the time span of the study. Therefore, further studies are needed to clarify the relationship between economic growth and inflation on profitability, both through testing in various industrial sectors and a more in-depth analysis of the factors that influence the relationship. This is important to provide a more comprehensive and accurate picture for decision makers, both at the company level and macroeconomic policy.

Based on the background description above, the title of this research is "The Effect of Economic Growth, Inflation and VAT on the profitability of Automotive Sector companies listed on the IDX".

1.1. Statement of Problem

This study focuses on the effect of economic growth, inflation, and Value Added Tax (VAT) on the profitability of automotive sector companies listed on the Indonesia Stock Exchange. Economic growth is considered as one of the external factors that can affect a company's financial performance through increasing people's purchasing power, while inflation can have a negative or positive effect depending on market conditions and the company's ability to adjust selling prices. In addition, VAT policy as a fiscal instrument also has the potential to influence automotive companies' profit margins and pricing decisions. However, the results of previous studies show inconsistencies, where research conducted by Inrawan found a significant effect of economic growth and inflation on company profitability, while Kondratus Anugrah's research (2020) showed that the two variables had no significant effect in the context of the food and beverage sector. In addition, there is no research that specifically discusses the effect of VAT on the profitability of the automotive sector. With this inconsistency as one of the reaserch gaps, the problem formulations in this study are: How does economic growth affect the profitability of automotive sector companies listed on the Indonesia Stock Exchange? How does inflation affect the profitability of automotive sector companies listed on the Indonesia stock exchange? How does VAT

affect the profitability of automotive sector companies listed on the Indonesia stock exchange? And how does economic growth, inflation and VAT affect the profitability of automotive sector companies listed on the Indonesia stock exchange?

1.2. Research Objectives

1. Provide an overview of the effect of economic growth on company profitability
2. Providing an Overview of the Effect of Inflation on Company Profitability
3. Providing an Overview of the Effect of VAT on Company Profitability
4. Provides an overview of the effect of economic growth, inflation and VAT on automotive sector companies listed on the stock exchange.

2. Method

Based on the formulation of the problem described, the research conducted by the author uses quantitative methods. Quantitative research is research that focuses on analysing data in the form of numbers which are then processed with statistical methods for interpretation. While in characteristics, this research is included in Causality research, namely research that aims to analyse certain situations or problems aimed at explaining the relationship between the variables involved .[11]

The sampling method used in this study is non propability sampling, which is a sampling technique that does not provide equal opportunities for each element or member of the population to be selected as part of the sample[12] . In this case the researcher chose purposive sampling. Purposive sampling technique is a sampling technique in a population based on existing information, where sample selection is carried out by researchers by considering research objectives and certain criteria that are considered relevant. Determination of this sample aims to ensure that the selected sample represents the population in a way that can be accounted for, in accordance with predetermined criteria [11]. The criteria used in the sample selection are as follows:

Table 1. Purposive sampling criteria

Criteria	Total
Companies in the automotive sector listed on the Indonesia Stock Exchange consecutively from 2019 to 2023.	13
companies whose sales are mainly made domestically	9
Companies that present net income from operating activities without adding comprehensive income.	7

Table 2. List of names of research sample companies

No.	Company Name	Code
1	Astra Otopart Tbk.	AUTO
2	Goodyears Indonesia Tbk	GDYR
3	GAJAH TUNGGA Tbk	GJTL
4	Indomobil Sukses Internasional Tbk.	IMAS
5	Indospring Tbk	INDS
6	PT Mitra Pinasthika Mustika Tbk	MPMX
7	INDO KORSA Tbk.	BRAM

Source: Indonesia Stock Exchange

Data collection in this study was carried out by documentation, namely by using journals,

books, and taking data obtained from the source of the Indonesia Stock Exchange, Statistical Data and Ministry of Finance Data. The data source used in this research is secondary data. Secondary data is data in the form of evidence, or historical reports that have been arranged in published archives (documentary data).

Data collection techniques in this study are adjusted to the data source, namely secondary data sources. We can collect this secondary data through the Indonesia Stock Exchange website by accessing the website www.idx.co.id. Apart from the Indonesia Stock Exchange, the authors also get data sources from the Central Statistics Agency by accessing data from the website www.bps.go.id to obtain information on economic growth and inflation. As for VAT policy data, the author obtained data from www.kemenkeu.go.id about the fiscal policy implemented.

Profitability is the ability of a company to generate profits in a certain period of time. Companies that are able to generate profits well can show good company performance because profitability is often used as an indicator in assessing the performance of a company[13] . In this study, profitability is measured using NPM using the formula

$$NET\ PROFIT\ MARGIN = \frac{EARNING\ AFTER\ TAX}{SALES} x100$$

In this study, inflation is measured using data taken from the Central Statistics Agency (BPS) with a time frame of 2019-2023. VAT is measured using data based on law number 8 of 1983 concerning value added tax on goods and services and sales tax on luxury goods as last amended by the issuance of law number 7 of 2021. Which in 2019-2021 is at 10% and in 2022-2023 it changes to 11%.

In this study, the data analysis used is to use the classic assumption test which consists of normality test, multicollinearity test, Autocorrelation Test, heteroscedacity test, Multiple Linear Regression Test, Partial Hypothesis Test (T Test) Simultaneous Hypothesis (F Test) and Determination Test.

3. Results and Discussion

Classical Assumption Test

1. Normality Test

Table 1. Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardised Residual
N		35
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.03368920
Most Extreme Differences	Absolute	.091
	Positive	.088
	Negative	-.091
Test Statistic		.091
Asymp. Sig. (2-tailed)		.200[c,d]

a. Test distribution is Normal.

In this study using the Kolmogoro normality test. Based on the results of the SPSS

output contained in table 1, the Asymp sig value. (2-tailed) value obtained is 0.200> 0.05 so the data is normally distributed

2. Multicollinearity Test

Table 2. Multicollinearity Test

Coefficients[a]			
		Collinearity Statistics	
Model		Tolerance	VIF
1	economic growth	.662	1.511
	inflation\	.461	2.168
	VAT	.483	2.071

Dependent Variable: Profitability (npm)

From the table above it can be seen that the Tolerance value for ECONOMIC GROWTH, INFLATION, AND VAT contained in each variable studied is greater than 0.1 and smaller than 1, while for the value of VIF for ECONOMIC GROWTH, INFLATION, AND VAT contained in each variable studied none exceeds the value of 10 (VIF < 10). This indicates that the three independent variables do not have a strong attachment or relationship, so it can be concluded that this research model does not occur Multicollinearity.

3. Autocorrelation Test

Table 3. Autocorrelation Test

Test Runs	
	Unstandardised Residual
Test Value[a]	.00218
Cases < Test Value	17
Cases >= Test Value	18
Total Cases	35
Number of Runs	13
Z	-1.712
Asymp. Sig. (2-tailed)	.087

a. Median

Based on the results of the Spss output contained in table 1, the Asymp sig value. (2-tailed) value obtained is 0.087> 0.05, so the data is free from autocorrelation.

4. Heteroskedasticity Test

Table 4. Heterocedacity Test Results

Model		Unstandardised Coefficients		Standardised Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	.037	.088		.424	.675
	economic growth	-.146	.135	-.229	-1.083	.287
	inflation	.470	.328	.363	1.432	.162
	VAT	-.170	.902	-.047	-.188	.852

a. Dependent Variable : abs_res

Based on Table 4 above, it is found that the significance value of economic growth is 0.287, Inflation is 0.162, and VAT is 0.852> 0.05, it can be concluded that this study is free from heterocedacity test.

Data analysis results

1. Multiple linear regression

Table 5. Data Analysis Results

Coefficients[a]						
		Unstandardised Coefficients		Standardised Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	-.216	.170		-1.267	.214
	economic growth	.684	.262	.482	2.605	.014
	inflation\	-.653	.638	-.227	-1.024	.314
	VAT	2.323	1.752	.287	1.326	.195

a. Dependent Variable: Profitability (npm)

Based on table 5 above, the multiple linear regression equation is obtained as follows:
Profitability = -0.216 + 0.684 Economic Growth - 0.653 Inflation + 2.323 VAT + e
From the multiple linear regression equation above, it can be analysed as follows:

a = - 0, 216

Identifies that if the independent variables Economic growth, Inflation and VAT are fixed then Profitability is a constant of - 0.216

x_1 = 0,684

The economic growth regression coefficient of 0.684 explains that it is assumed that every increase in Economic Growth of 1 unit will increase profit growth by 0.684.

x_2 = - 0,653

The Inflation regression coefficient of - 0.653 identifies that every increase in Inflation by 1 unit, profitability decreases by 0.653.

x_3 = 2,323

The VAT regression coefficient value of 2.323 identifies that every increase in VAT by 1 unit, profitability will increase by 2.323.

2. Partial Hypothesis Test Results (T Test)

Table 6. T-test

Coefficients[a]						
		Unstandardised Coefficients		Standardised Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	-.216	.170		-1.267	.214
	economic growth	.684	.262	.482	2.605	.014
	inflation	-.653	.638	-.227	-1.024	.314
	VAT	2.323	1.752	.287	1.326	.195

a. Dependent Variable: Profitability

H_1 : Effect of Economic Growth (X_1) on Profitability

Testing the first hypothesis (H1) in this study can be seen in the t test results table which shows the t value and significance value of the independent variable. From the results of data processing in the table above, the value of t $_{count}$ 2.605> t $_{table}$ 2.034 is obtained and has a significance value of 0.014< 0.05 so that economic growth has a partially significant effect on profitability.

From the t test results, the tcount value is 2.605 which is greater than the t table (2.034) and a significance value of 0.014 which is smaller than 0.05. This shows that economic growth has a significant effect on profitability partially. Economic growth reflects an increase in economic activity in a country characterised by an increase in Gross Domestic Product (GDP). According to the Keynesian theory explained in the book "Introduction to Macroeconomic Theory", when the economy grows, people's income increases, so consumption and investment also increase. This has a positive effect on company performance and increases profitability .[6]

Research conducted by Sirotus (2021) revealed that economic growth has a positive impact on the profitability of companies engaged in the consumer goods industry sector listed on the Indonesia Stock Exchange during the 2017-2020 period. [14]. This finding shows that an increase in economic activity contributes to an increase in company profits in the sector. In addition, a study conducted by Inrawan (2022) also supports similar results, where economic growth is proven to have a positive effect on the profitability of companies incorporated in the LQ45 Index on the Indonesia Stock Exchange[1] . The results of this study strengthen the argument that stable and growing macroeconomic conditions can improve the company's financial performance, especially for business entities that have high competitiveness in the capital market.

In business reality, companies operating in stable and growing economic conditions tend to experience increased sales and profits. For example, during the period of good economic growth in Indonesia in 2017-2019, many companies experienced an increase in net profit due to increased purchasing power and business expansion.

H_2 : The effect of inflation (X2) on Profitability

From the results of data processing in the table above, it is obtained that the value of t $_{count}$ -1.024 < - 2.034 and has a significance value of 0.314> 0.05 This shows that inflation does not have a significant effect on profitability. From the t-test results, the t-count value is -1.024 which is smaller than -2.034 and the significance value is 0.314 which is greater than 0.05. This shows that inflation has no significant effect on profitability.

Inflation is a general increase in the price of goods and services over a period of time. The Fisher Effect theory explained in the book "Monetary Economics" states that high inflation can increase interest rates, which can affect a company's operating costs. However, the impact on profitability depends on the company's ability to adjust the price of its products [15].

Research conducted by Anggraini (2020) revealed that inflation has no significant effect on the profitability of companies incorporated in the LQ45 Index during the 2016-2018 period. This shows that despite the general increase in prices, the companies included in the index are able to maintain the stability of their profitability [16]. Furthermore, a study conducted by Anugrah and Simanjorang (2020) found that the food and beverage industry has the flexibility to adjust their product prices in response

to rising raw material costs. Thus, this sector can shift the burden of price increases to consumers, so the impact of inflation on profitability is relatively insignificant [17].

In general, some industry sectors have adaptation mechanisms to inflation by adjusting the selling prices of their products. One example is the food and beverage industry, which is able to maintain its profitability by implementing a price adjustment strategy against rising production costs. With this strategy, companies can still maintain the stability of their profit margins despite inflation spikes.

H_3 : The Effect of VAT (X3) on Profitability

From the results of data processing in the table above, the t_{count} value is 1.326 < 2.034 and has a significance value of 0.195 > 0.05. This shows that VAT has no significant effect on profitability. From the t-test results, the t-count value of 1.326 is smaller than 2.034 and the significance value of 0.195 is greater than 0.05. This shows that VAT has no significant effect on profitability.

In practice, an increase in the Value Added Tax (VAT) rate can have a complex impact on company profitability through various mechanisms. One of the main consequences of an increase in the VAT rate is a reduction in purchasing power due to increased prices of goods and services. This decrease in purchasing power could potentially lead to a decrease in demand for products and services, which in turn negatively impacts a company's revenue and net profit, especially for business entities that depend on domestic consumption as their main source of revenue. In general, the extent to which the VAT increase affects a company's profitability largely depends on each company's ability to manage its cost structure and pricing strategy. Companies that have the flexibility to adjust the selling price of their products or services, as well as being able to implement operational efficiency strategies, are likely to be better able to mitigate the negative impact of the tax hike. By implementing appropriate adaptation measures, such as supply chain optimisation and production cost efficiency, some companies can even maintain or improve their profitability despite the increased tax burden [18].

H_4 : The Effect of economic growth, inflation, and VAT simultaneously on Profitability

Table 7. F-test Results

ANOVA[a]

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	.016	3	.005	4.390	.011[b]
Residuals	.039	31	.001		
Total	.055	34			

a. Dependent Variable: Profitability(npm)

Predictors: (Constant), VAT, economic growth, inflation

Based on table 7 above, the significance value is 0.011 <0.05 This shows that economic growth, inflation, and VAT simultaneously have a significant effect on the profitability of automotive companies listed on the Indonesia Stock Exchange in 2019-2023.

Coefficient of Determination (R2)

Table 8. Results of the coefficient of determination

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.546[a]	.298	.230	.035282

a. Predictors: (Constant, VAT, economic growth, inflation

Based on the table above, the R square value is 0.298, which means that the independent variable that affects the dependent variable is 29.8% while the other 70.2% is influenced by other variables outside this study.

4. Conclusion

This study as a whole has achieved its objectives by analysing the effect of Economic Growth, Inflation, and VAT on the Profitability of automotive sector companies listed on the Indonesia Stock Exchange. Based on the results of the analysis, it is found that the Economic Growth variable significantly has a positive impact on the profitability of automotive sector companies because high economic growth reflects an increase in industrial activity and people's purchasing power, which in turn encourages an increase in demand for motorised vehicles. Meanwhile, Inflation and VAT variables do not significantly affect the profitability of automotive companies because stable inflation does not always have a negative impact on company profitability, especially if companies are able to manage production costs and pricing effectively. In addition, VAT imposed on automotive products is often passed on to consumers, so this tax burden does not directly burden the company's profitability. This shows that automotive companies have the ability to adjust their business strategies in the face of changes in inflation and VAT policies, so the impact of these two variables on profitability is not significant.

The novelty of this study lies in its specific focus on the automotive sector in Indonesia, by adding Value Added Tax (VAT) as a variable that has rarely been studied in previous studies. Using the latest data and multiple linear regression method, this study provides a more accurate empirical analysis of the influence of macroeconomic factors on profitability. In addition, this study also offers practical insights for automotive companies in dealing with the dynamics of the economy and provides recommendations for more effective fiscal policies to support industry competitiveness.

The impact of this research covers various aspects, both in the academic, business, and economic policy fields. Academically, this study enriches the literature on the relationship between macroeconomic factors and profitability, especially in the automotive sector, by including the VAT variable as an additional factor that has rarely been studied. In business practice, the results of this study provide insights for automotive companies in developing adaptation strategies to economic fluctuations, such as optimising production costs and adjusting selling prices to maintain profitability. In terms of policy, the findings of this study can be taken into consideration for the government in designing a more balanced fiscal policy, especially in setting VAT rates so as not to hamper people's purchasing power and the growth of the automotive industry.

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