

The impact of late VAT filing on the tax burden of firms: A case study of a company

Sakhraoui Kaouther^{1*}

¹Blida 2 Lounici Ali University(Algeria), k.sakhraoui@univ-blida2.dz

DEHALG Laboratory

Received (13-05-2026)

Accepted (16/07/2026)

Abstract:

This study aims to analyze the impact of the late value added tax (VAT) filing on a tax burden of firms, relying on the descriptive-analytical method. The study relied on monthly sales and purchase data of the company under examination, through which VAT payable and a penalties resulting from the delay in declaration and payment are calculated. The results showed that non-compliance with deadlines leads to significant an additional financial burden, amounting to 26,84% of an original tax obligation, reflecting the cumulative and ineffective nature of these fines and their detrimental effect on the institution's financial status.

Keywords :(Value Added Tax; Late Filing; Tax Penalties; Tax Burden)

Jel classification code : H25 ; H26 ; M41

* Corresponding author

1-Introduction

Taxation plays a crucial role in supporting the economic policy of the state and funding the public treasury, among various forms of taxation, indirect taxes, particularly the value-added tax, are considered some of the most consistent and widespread, primarily due to their direct connection to economic activities and the volume of commercial transaction. In Algeria, the tax legislation has introduced a self-assessment system as a fundamental approach to collecting this tax, thereby assigning significant responsibilities to economic entities regarding tax collection and reporting for the tax authorities.

However, this responsibility comes with practical challenges, many organizations face the complexities of tax regulations, a multitude of reporting obligations and strict legal deadlines. These factors often lead to delays in submitting value-added tax declarations, whether intentionally or unintentionally, such delays are recognized as one of the most common tax violations, especially among small and medium-sized enterprises that frequently grapple with insufficient accounting practices or a lack of specialized knowledge in taxation.

The role of an accountant is vital for economic organization, as they guarantee the accuracy of accounting practices, prepare tax documents correctly, adhere to legal timelines, and address unusual tax matters, beyond their technical duties, accountants also contribute significantly by mitigating tax risks and enhancing tax compliance.

Economic institutions must be closely adhering to declaration and payment within the designated legislative deadlines in a light of the implementation of the self-assessment system for value-added tax collection, in practice there are numerous instances of late tax declarations, which lead to the application of late fines and tax penalties, which raise the tax burden and have the impact on the institutions of tax status.

Based on that, the study's primary goal is to address the following question in order to analyze the tax and financial ramifications of the late value-added tax declaration:

What are the tax implications of late VAT declaration on the tax situation of the economic entity under Algerian tax legislation?

Sub-questions:

- What legal structure controls value-added tax declarations?
- What kind of penalties was imposed for the late value-added tax declarations?
- What impact do late declarations have on the tax liability of institution?
- What effect do frequent late VAT declarations have on a stability of the business's tax position?

Study hypotheses:

- The first hypothesis:

The late declaration of the value-added tax results in the imposition of tax penalties and late fees as stipulated by Algerian tax legislation.

- The second hypothesis:

Late declaration of value-added tax leads to the increase in a tax burden on the economic institution.

- The third hypothesis:

The tax condition of company deteriorates as the result of numerous late filings throughout multiple tax periods.

Study objectives:

- Describe a legislative framework for value-added tax declarations in Algeria;
- An explanation of how taxable sales and purchases are used to calculate the value-added tax;
- Analysis is done on tax penalties and the late costs resulting in late declarations;
- Highlighting how the late declarations affect the economic institution's tax position and the tax burden.

Study methodology:

In this study we used the descriptive-analytical method to describe and examine how the late VAT declarations affect institutions' tax burden, this method is used by looking at the tax information pertaining to an organization being investigated and using quantitative analysis to get a finding.

2- The theoretical framework for declaring value-added tax:

Due to its connection to a variety of economic activities and consequent increase of its revenue base, the value-added tax is regarded as one of the most significant indirect taxes that help mobilize the state's financial resources. In order to ensure that this tax is effectively collected, the Algerian legislature has surrounded it with a number of tax rules, particularly by implementing a self-declaration system that requires the taxpayer to declare the tax within the legally mandated periods. Tax penalties are applied if these declarations are not made on time. Thus, the purpose of this paper is to describe the value-added tax declaration's theoretical underpinnings as well as the tax ramifications of its violation.

2-1. The nature of value-added tax:

The French philosopher "Maurice Lauré" was the first to implement the value-added tax system in 1954 to avoid.

Algeria, like other nations worldwide, implemented the multiple taxation of consumption at distinct phases, this replaced the single tax under Law No. 36-90, issued December 31, 1990, which included the 1991 Finance Law. The single overall tax on the provision of services and the overall tax on production were not put into effect until April 1, 1992, on the one hand because of the delay in its approval and, on the other, to provide a chance for the tax administration officials and those who are subject to it to comprehend its provisions. people who are vulnerable to it. (Adjri & Baba, 2018)

The difference between a production unit's total output value and the value of intermediate production inputs acquired and utilized in production processes during a given time period is known as value-added. Value-added tax, on the other hand, is a universal indirect tax on consumption. The amount that must be paid by the taxpayer once the triggering event takes place depends on the kind of transaction—domestic, import, or export.

According to the economic, social, and cultural plan (Article 23 of the Business Tax Law, 2023), value-added tax rates are now set at 9% as a reduced rate applied to goods and services deemed to have a specific advantage. Products are subject to a regular rate of 19%, products, operations and services that aren't covered by the reduced rate are subject to the ordinary rate of 19%.

The value-added tax is characterized by several features, a most important of which we list below: (Wadah & Aissa, 2023, p. 222)

- A real tax since it impacts how income was used since it is a tax on the final consumption or expenditure of goods and services;
- A proportionate value tax, which determines the product's worth by applying a relative rate without taking into account the product's kind, amount, or quality;
- The value-added tax is a periodic, swiftly collectible tax that is regarded as a renewable resource because it does not impact the debtor's legal outcomes because the final consumer suffers the burden of the tax;

Since it is paid to the Treasury indirectly through the actual

- An indirect tax is one that is paid to the treasury either through the actual taxpayer—that is, the end consumer—or through the legal taxpayer, which is represented by the organizations that make sure that different goods and services are produced and distributed.
- A tax that is based on a deduction mechanism, in which the taxpayer pays the Treasury the difference between the tax collected and the deductible tax at each step of the economic cycle.
- The declaratory tax, meaning that taxpayers who are subject to it must file monthly reports detailing their purchases and sales.

In addition to serving as a significant source of state revenue, a value-added tax also accomplishes a following important objectives:

- By replacing the single overall production tax (TUGP) and the single overall services tax (UGPTS) with the value-added tax, banking and insurance activities can be integrated to facilitate tax administration operations;
- Encouraging and facilitating investments by lowering a cost of an investments by reducing the number of imposed rates to just two;
- Eliminating taxes associated with exporting Algerian goods overseas will promote export activities as the major source of hard currency;
- Promoting consistent recordkeeping to make it more difficult to avoid the tax.

Value-added tax application area:

The tax is applicable to all natural or legal people who are conduct business within its purview and these businesses fall into two categories:

Operations that are required: from article 2 of the Business Turnover Tax Law mandates that anyone who engage in this following activities be subject to it:

- Retail sales, real estate activities, and the regular or incidental provision of commercial, and industrial and artisanal services in Algeria are all exempt from special taxes; (Article 2, business tax law, 2023)
- Operations involving moveable property include sales and deliveries made by producers, sales, deliveries made by an intermediary trader under wholesale terms and sales made by traders as part of their business operations;
- Operations pertaining to the provision of the services, which include any activity that does not entail the delivery of tangible items, especially the movement of persons and things, as well as sales meant for on-site consumption, excluding food products; (Kantari & Loujani, 2024)
- Multiple commercial activities, sales operations that are not conducted in big spaces; (Article 3, business tax law, 2023)
- Except for operations conducted by those subject to the single flat tax system and resale operations conducted under the conditions of multi-item retail sales, if the requirements are met, sales operations that aren't carried out by large spaces, multiple commercial activities, and retailers are exempt from this.

Optional operations: in terms of optional subsection, the legislature has made it possible for organizations that profit from exemption system—particularly export-oriented businesses and specific industries like oil companies—to choose to voluntarily enter the value-added tax system, these institutions will be able to take use of the deduction mechanism, particularly if they pay a substantial amount of tax while purchasing production inputs. The amount of

tax owed is determined by subtracting the sales tax from the purchase tax. (Chaabani, 2017)

2-2. The declarative obligations for value-added tax and their deadlines:

In accordance with the relevant legislative regulation, value-added tax declaration is the crucial step that come before the tax settlement procedure, where the amount of tax owed is subsequently calculated using the difference between the sales tax and the purchases tax.

by "tax declaration," we mean the process by which the taxpayer is require to notify the tax administration on the regular or sporadic basis about the type of activity they engage in, the volume of their transactions, the component that make up the tax base, this allows of a tax administration to ascertain the amount of tax that is owed or to keep the eye on the accuracy of the declared tax. The tax declaration is regarded as the cornerstone of the self-assessment system, where the taxpayer is responsible for preparing and submitting the declaration within the designated legal deadlines. It is thought to be an embodiment of the principle of trust between the tax administration and the taxpayer. (Saada & Massaoudi, 2018)

Value-added tax is subject to a self-assessment system, which require the taxpayer to submit a periodic declaration that contains the value of sales tax, the value of the deductible tax on purchases, and a total operations subject to tax in order to calculate the amount of tax owed. In the G50 series, the declaration is made on monthly basis and submitted to the tax administration where the company's headquarters are located. It must be submitted within a certain legal period, which is either the first twenty days after the end of the month of operations by the declaration under the actual system or the first twenty days after the end of the quarter's operations by the declaration for taxpayer under the simplified system. (Taxes, 2026)

The obligation for VAT declaration include the following:

- **The duty to report different finished operations:** within the first 20 day of the subsequent month, institutions are required to submit a declaration that follows the administration model, the entire amount of all performed operations for the preceding month, as well as the specifics of taxable operations, should be included in the declaration. (Aissa, 2022)

- **Adherence to the declaration when issuing an invoice:** when delivering goods or service to another party that is subject to taxes an invoice or a substitute document must be given, clearly stating the customer's identity, the delivered goods and service' prices (excluding tax), the applicable value-added tax rates on the invoiced items, the total amount of tax collected (Taxes, 2026).

- **Payment commitment:** depending on the chosen tax system, there are different value added tax payment requirement, payment is made concurrently with the declaration's submission under the standard system. for taxpayers who have a permanent establishment and have been active for at least six month, the provisional installment system is implemented following prior authorization from the tax administration, Under this method, monthly declaration are filed based on a percentage of the turnover (1/12) attained in the prior year, and the required installments are paid after taxes are subtracted, Additionally, The taxpayer must resolve their tax issue by filing an annual declarations by April 20 that detail the discrepancy between the tax that is owed and the payments that have been paid. when non-resident taxpayers use the automated settlement method, the buyer or service recipient automatically settle and pay a tax, the minister of finance makes the decision regarding an automated settlement procedure if needed. (Wadah & Aissa, 2023)

The VAT declaration is unique in that it is more than just a statement; it is the foundation for tax settlement also and payment, therefore meeting its deadline is crucial avoiding penalties and the late fees.

2-3. Value-added tax penalties:

Taxpayers who fail to meet their reporting requirements and deadline face a number of harsh tax penalty under the tax legislation. These fines consist of:

- Penalties for incomplete or missing tax declarations:

There will be automatic tax assessment with 25% increase on the due rights if the taxpayer does not submit the monthly and annual turnover declaration within thirty day of the reminder date. (Boukra, 2024)

and the following penalties will be added to the amount of the evaded taxes if the taxpayer files inaccurate or incomplete declarations: (Taxes, 2026)

10% if the amount of right evaded is less than or equal to 50,000 DZD; 15% if the amount of right evaded is more than 50,000 DZD and less than or equal 200,000 DZD; 25% if the amount of rights evaded is more than 200,000 DZD; and 100% if the act is deemed to be fraudulent and call for legal action.

- Penalties for late value-added tax payments and declarations:

Financial penalties are imposed on taxpayer who submit their G50 declaration after the twentieth of the month, these fines are computed from the entire amount of value added tax owed, or the total payable rights. the following table provides an overview of these fines:

Table N° 01: Penalties for late VAT declaration (G50)

The G 50 permit deposit is delayed for several months after the twentieth of the month.	recovery penalty	Late deposit penalty	Coercive fine	Total penalties
The first month (the deposit between the 21st of the month and the end of the month)	10%	05%	/	15%
The second month (deposit between the beginning and the end of the scnd month)	10%	10%	03%	23%
The third month (deposit between the beginning and the end of the third month)	10%	10%	03% + 03% = 06%	26%
The fourth month (deposit between the beginning and the end of the fourth month)	10%	10%	06% + 03% = 09%	29%
The fifth month (deposit between the beginning and the end of the fifth month)	10%	10%	09% + 03% = 12%	32%
The sixth month (the deposit between the beginning and the end of the sixth month and after)	10%	10%	12% + 03% = 15%	35%

Source: Prepared by the researcher based on (Aissa, 2022)

The table show that two tax penalty, with rates ranging from 15% to maximum of 35%, are applied: one for The late deposit of G50 and the other for the late payment of dues settled through G50.

- **Additional tax penalties:** Tax laws specify additional tax penalties, such as those for selling without invoices a 100% penalty and the value added

tax on the purchases must be paid by the customer, taxpayers who are subject to the flat-rate system are prohibited from recording value-added tax on their invoices; if they do, they risk fines of between 500 DZD and 5000 DZD. in another instance, value-added tax is recovered by creating fictitious invoices, which carries a 50% tax penalty on the invoice value. (Souissi & Bouhadida, 2021)

3- The applied study of the impact of late declaration on value-added tax:

By examining actual accounting data pertaining to the economic institution of operations over the predetermined time period, the applied study seeks to put value-added tax theory into practice, this component is a crucial because it explains how to compute the value-added tax, established the amounts that are due, then calculate tax penalty and late fees to gauge the effects of late declaration.

In order to trace an evolution of the due tax and examine the effect of reporting delays on the institution of tax burden, the study uses data pertaining to purchases and sales over a 12-months period.

3-1. Presentation of the case study and calculation VAT:

As a case study, the STAR.TEC.COM company (registered under NIF number: 17434010194815600000) was selected. The organization is subject to the month of VAT declaration system and work in a field of telephone and electricity installations, which is regarded as a critical sector with many transactions with public organizations, owned by "Nouiwa Fares," a company situated in Bordj Bou Arreridj's Wilaya.

- The tax on the value added due on sales:

In the following table we present the calculation of VAT collected on sales based on the institution's monthly turnover during a study period:

Table N° 02: Calculation of VAT collected on sales

Invoice number	Invoice date	Sales amount excluding	VAT 19%
01/2025	11/01/2025	14 400.00	2 736.00
02/2025	04/02/2025	417 485.00	79 322.00
03/2025	22/03/2025	1 056 000.00	200 640.00
04/2025	10/04/2025	1 181 000.00	224 390.00
05/2025	07/05/2025	438 998.66	83 409.75
06/2025	17/06/2025	8 788.48	1 669.81
07/2025	11/06/2025	133 000.00	25 270.00
08/2025	06/08/2025	516 000.00	98 040.00
09/2025	14/09/2025	118 600.00	22 534.00
10/2025	19/09/2025	1 082 415.00	205 658.85
11/2025	07/09/2025	322 600.22	61 294.04
12/2025	12/12/2025	1 011 000.00	109 345.00
Total	/	6 300 287.00	1 114 309,6

Source: Prepared by the researcher based on the studied firm's data

Over a twelve-months period, the total year sales of institution came to 5,864,787.36 DZD, sales volume vary significantly across a month, with the first month's lowest recorder value of 14,400.00 DZD then the fourth month's highest recorder value of 1,181,000.00 DZD. the variation illustrates how the operations of company are seasonal, with certain months seeing high activity as the results of orders building up or significant projects being finished, particularly with Sonelgaz, the primary client.

The highest value of 1,181,000.00 DZD was recorder in a fourth month, followed by 1,056,000.00 DZD in the third, 1,082,415.00 DZD in the tenth, and 575,500.00 DZD in the twelfth, these four months' alone account for roughly 67% of all yearly sales, which is a substantial concentration that puts the company in the risk, because any drop in activity during these months have a major impact on yearly revenues.

The lowest sales were 14,400.00 DZD in the first month and 8,788.48 DZD in the sixth, and 118,600.00 DZD in the ninth, the substantial disparity between a top and lowest month—roughly 134 times—illustrates the seasonal fluctuation in the activities of institution.

This uneven distribution implies that monthly VAT liabilities will differ greatly from a tax standpoint. For instance, the VAT collected on sales in the fourth month was 224,390.00 DZD, it was just 1,669.81 DZD in the sixth, Because of the disparity,

the business must be carry out careful financial planning to guarantee a liquidity required to pay taxes during the months of high activities.

- **The tax on the value added due on purchases:**

The following table we present the calculation of VAT deductible on purchases based on an institution's monthly purchases during the study period:

Table N° 03: Calculation of VAT Deductible on Purchases

Inv.No	Inv.Date	purchases (Excl)	VAT 19%
01/2025	11/01/2025	7 200.00	1 368.00
02/2025	04/02/2025	215 750.75	40 992.64
03/2025	22/03/2025	585 320.00	111 210.90
04/2025	10/04/2025	612 480.25	116 371.25
05/2025	07/05/2025	237 500.00	45 125.00
06/2025	17/06/2025	4 475.50	850.35
07/2025	11/06/2025	71 200.00	13 528.00
08/2025	06/08/2025	298 750.00	56 762.50
09/2025	14/09/2025	64 500.00	12 255.00
10/2025	19/09/2025	625 750.00	118 892.50
11/2025	07/09/2025	173 250.00	32 917.50
12/2025	12/12/2025	575 500.00	192 090,00
total	/	3 471 677.00	742 363,64

Source: Prepared by the researcher based on the studied firm's data

Over the course of a year, the institution makes purchases totaling 3,907,177.00 DZD, given that a business in an electrical installations industry must be supply raw materials, cables, meters, and the other equipment before beginning work, the sum amounts to about 66.6% of total sales, which is the acceptable percentage. The greatest purchase value of 1,011,000.00 DZD was reported in the twelfth month, followed by 612,480.25 DZD in the fourth month, 585,320.50 DZD in a third, and 625,750.00 DZD in the tenth. It is significant to notice that we intentionally create the exceptional instance by reversing the quantities for a twelfth month, when purchases (1,011,000.00 DZD) outweighed sales (575,500.00 DZD). The intended reversal in the twelfth month led to rare situation in the activity of company, where purchases exceeded sales by 435,500.00 DZD, this situation can explain by several realistic scenarios, such as the company storing large quantity of materials in anticipation of the major projects at the beginning of the following year, or purchasing new equipment and tools (mobile chairs, machines, measuring devices), which are capital expenditures not directly related of ongoing operations. From the table, the first month's purchases were 7,200.00 DZD, the sixth months were 4,475.50 DZD, the ninth months were 64,500.00 DZD, the low numbers show a balanced inventory management strategy in which a business attempts to avoid

stockpiling materials without a genuine need, and They also coincide to period of sales stagnation.

From the tax standpoint, the total amount of VAT that could be deducted from purchase was 742,363.64 DZD, since it subtracted from the VAT paid on the sales, this substantial sum is essential to reducing the company's tax burden. The deduction method decreased the sum to just 371,945.96 DZD, a savings of more than 66%. Without this deduction, the corporation would have paid the treasury the entire amount of 1,114,309.60 DZD.

- **Calculation of VAT Payable:**

This table summarizes the net amount the institution pays to the treasury after deductions:

Table N° 04: Calculation of VAT Payable

The Month	Sales VAT	Purchases VAT	VAT Payable	VAT Position (Payable/ credit)
01	2 736.00	1 368.00	1 368,00	payable
02	79 322.00	40 992.64	38 329,51	payable
03	200 640.00	111 210.90	89 429,10	payable
04	224 390.00	116 371.25	108 018,75	payable
05	83 409.75	45 125.00	38 284,75	payable
06	1 669.81	850.35	819,46	payable
07	25 270.00	13 528.00	11 742,00	payable
08	98 040.00	56 762.50	41 277,50	payable
09	22 534.00	12 255.00	10 279,00	payable
10	205 658.85	118 892.50	86 766,35	payable
11	61 294.04	32 917.50	28 376,54	payable
12	109 345.00	192 090,00	(82 745,00)	credit
Total	1 114 309,60	742 363,64	371 945,96	/

Source: Prepared by the researcher

The real amount owed to or recoverable from the public treasury is represented by the net VAT, which is the difference between VAT collected on the sales and VAT deducted on purchases, the institution registered a total annual net VAT of 371,945.96 DZD, according to the research.

With positive net VAT amounts ranging from 819.46 DZD in the sixth month to 108,018.75 DZD in the fourth, the majority of the months were in a payable position to the treasury. In the instances the VAT collected from clients exceeded the deductible VAT on purchases, hence the institution had to pay the equivalent VAT amount to the treasury. But, the institution was in credit situation with the Treasury

due to the twelfth month's negative net VAT of -82,745.00 DZD, so the institution is not obligated to pay anything in the case. Rather, the extra deductible VAT is reduced from future VAT obligations and carried over to later periods. For instance, only 17,255.00 DZD would be effectively paid after subtracting the carried-forward VAT credit if the institution reports the payable VAT of 100,000.00 DZD in January 2026.

Also, the data shows that net VAT is concentrated in a small number of months at 89,429.10 DZD, 108,018.75 DZD, and 86,766.35 DZD, respectively, the third, fourth, and tenth months made up about 76% of the entire yearly positive net VAT. Because of the large taxable amounts involved, filing delays during certain periods result in significant financial penalties.

Lastly, the institution's estimated yearly sales of 5,864,787.36 DZD were only approximately 8% of the overall positive annual net VAT of 454,690.96 DZD. Theses illustrates the efficiency of the VAT deduction process and verifies that value added, not total turnover, is the primary subject of VAT.

3-2. Calculation of Penalties for Late VAT Filing:

The penalties for late VAT filing and payment are examined in this section; the relevant penalty rates, delay times, and associated monetary fines levied against the organization displayed in this following table:

Table N° 05: Calculation of Penalties for Late VAT Filing

The Month	Due Date	Declaration and Payment Date	Delay Period	Penalty Rate	Penalty	Total Amount Payable
01	20/02/ 2025	19/07/ 2025	06 month	35%	478,80	1 846,80
02	20/03/ 2025	25/07/ 2025	05 month	32%	12 265,44	50 594,95
03	20/04/ 2025	15/08/ 2025	05 month	32%	28 617,31	118 046,41
04	20/05/ 2025	24/09/ 2025	04 month	29%	31 325,44	139 344,19
05	20/06/ 2025	30/09/ 2025	04 month	29%	11 102,58	49 387,33
06	20/07/ 2025	04/11/ 2025	05 month	32%	262,23	1 081,69
07	20/08/ 2025	18/11/ 2025	04 month	29%	3 405,18	15 147,18
08	20/09/ 2025	01/12/ 2025	04 month	29%	11 970,48	53 247,98
09	20/10/ 2025	17/12/ 2025	03 month	26%	2 672,54	12 951,54
10	20/11/2025	18/12/ 2025	02 month	23%	19 956,26	106 722,61
11	20/12/ 2025	18/12/ 2025	/	00%	0,00	28 376,54
12	20/01/ 2026	09/01/ 2026	/	/	0,00	0,00

Source: Prepared by the researcher

The findings of table showed the definite upward correlation between a total tax burden and a delay of declaration and payment, with the increase in the delay period resulting in a notable increase in a total amount owed because of application of higher penalty rates.

A high penalty rate of 35% applied in February 2025, when the delay exceeded six months, the resulted in a fee of 478,80 DZD, increasing a total amount owed 1846,80 DZD, this indicates that the value-added tax owed prior to the penalty was around 1368,00 DZD, this is implied by the mathematical relationship that underpins the system of the tax, which determines the total amount to be paid by adding the due tax to the penalty applied it, and we show, a five-month delay in March 2025 resulted in the imposition of 32% rate, which raised a total 50594,95 DZD (the initial price was around 38329,51 DZD) and a fine of 12265,44 DZD, this fact that a punishment amounts to the sizeable portion of the initial tax mentioned here, underscoring a financial strain brought on by the delay. The outcome is verified in May 2025, when the fee increased to 31325,44 DZD at the rate of 29% (four months later), bringing a total amount owed to 139344,19 DZD. The suggests fine had the direct role in inflating the tax obligation. the fact that the fine was 19,956.26 DZD against a total of 106,722.61 DZD in November 2025 (a two-month delay at a rate of 23%) shows that even a relatively short delay can be having a substantial financial impact. However, the data of December 2025 showed that there were no recorded delays and, hence, no fines, the fact that a total rights amount was still equal to the due charge (28,376.54 DZD) emphasize how important it is to meet legal deadlines in the order to avoid additional costs. In contrast, the credit balance of 0.00 DZD (carried forward) was recorded in January 2026 due to an excess of a deductible tax over the sales tax. The system of VAT underlying principle of a tax neutrality embodied in this situation, where a tax payer isn't obliged to make the payment; instead, the balance is carried forward to later periods to offset future obligations.

3-3. Financial Impact of Tax Penalties:

The financial impact of tax penalties arising from the late VAT filing and payment is shown in the following table, it highlights the additional financial impact resulting from delayed compliance by a comparing the institution's tax burden with and without penalties

Table N° 06: Financial impact of tax penalties

Indicator	With Penalties	Without Penalties	Difference (loss)
Total VAT Payable	454 690,96	454 690,96	0,00
Total Penalties	122 056,26	0,00	122 056,26
Total Amount Paid to Treasury	576,747.22	454 690,96	122 056,26
Additional Financial Burden (%)	26.84%	00%	26.84%

Source: Prepared by the researcher

By contrasting two scenarios-following legal deadlines and delaying in declaration and payment the above table illustrates the direct financial impact of late value-added tax declarations.

The entire amount of value-added tax owed in the first instance (excluding fines) was 454,690.96 DZD, which is the institution's actual tax liability, nevertheless, extra fines totaling 122,056.26 DZD were imposed due to a declaration's delay, increasing the total sum paid to the treasury to 576,747.22 DZD. This discrepancy, which is estimated to be 122,056.26 DZD, represents the net financial loss that is solely attributable to the institution's failure to meet deadlines, for put it another way, the organization had pay more taxes without any economic benefit.

The estimated 26.84% increase in a tax burden indicates that more than a quarter of the initial tax amount has been added in a form of fines, demonstrating the tax system's potent deterrent effect, the percentage is comparatively high, suggesting that repeated delays over a number of time periods result in the sizable financial accumulation that could have a detrimental effect on the institution's liquidity.

According to an investigation, tax penalties significantly increased the institution's financial burden and had nothing to do with its day-to-day operations, the penalties are totaled 122,056.26 DZD, which is equivalent to 26.84% of the original VAT obligation, repeated filing and payment delays throughout several months of the year were the primary cause of this rise.

Months with both lengthy delays and high VAT amounts had a greatest penalty. For instance, because of a large net VAT amount of more than 108,000 DZD, the four-month delay during the fourth month resulted in a penalty of 31,000 DZD, the cumulative increase in fines was influenced too

by delays of five and six months in the first few months of the year. This finding also shows that the institution didn't take corrective action following the initial delays, since late filing persisted for a majority of the fiscal year, resulting in the ongoing accumulation of penalties rather than their gradual reduction.

Overall, these results show that an institution's financial situation can be greatly impacted by delayed VAT compliance and highlight the need of efficient tax administration then prompt reporting processes in minimizing unnecessary financial losses.

4-Conclusion:

In conclusion the study shows that although if the value-added tax system based on the ideas of tax neutrality and self-assessment there is still a considerable correlation between it, and the level of the taxpayer compliance with declaration and payment deadlines. This study examined the impact of late declaration on the tax burden using the approach that included theoretical foundations and practical application. We are answering the study problem, which is that a late VAT declaration raises the institution's tax liability, a results have clearly shown that this is true, and the data indicates that the fines resulting from the delay have a significant additional cost burden.

Discussion of Hypotheses:

- The first hypothesis is confirmed, through the practical analysis as, in accordance with the relevant Algerian tax laws, all delayed VAT declarations resulted in fines and late payment fees, the results showed also that the penalty rates increased progressively depending on the duration of the delay, in some periods are reaching up to 35%.
- The second hypothesis is confirmed too, because the results showed that the additional financial burden of 122,056.26 DZD, or 26.84% of the initial VAT liability, is caused by tax penalties, so this indicates that the institution's total tax burden is greatly increased by delayed declaration.
- The third hypothesis, is verified by the institution's tax and the financial situation suffered as a result of the frequent delays that was occurred across several months of the fiscal year which raised the overall amount owed to a Treasury and resulted in the ongoing accumulation of fines.

As a result, the investigation verifies that the issue reported was resolved and that the delayed declaration has the direct impact on the institution's financial status rather than just being the legal infraction.

Result:

- The tax burden directly increases as a result of the late in declaration because of the fines;
- Over time the impact of fines increases due to their progressive and cumulative nature;
- A substantial financial impact was shown by an increased burden rate, which reached 26.84%;
- Fines are infective expense to any economic benefit;
- The institution is able to achieve some tax flexibility due to the balance carryover method.

Recommendation:

- strict observance of declaration and payment dates to avoid unnecessary fines;
- implementing digital accounting information system to automatically track tax obligations;
- improving tax education for the accountants and the taxpayers;
- using specialists to ensure tax compliance and reduce risk;
- incorporating tax risks management into the financial plan of the organization.

5- bibliography

- Aissa, S. (2022), enterprise taxation and accounting, pages bleus, Algeria;
- Adjri, K. & Baba, A. (2018), the role of value added tax in financing the state budget in Algeria: An econometric study during the period 1991–2017, Journal of economics and management, Vol 17, N: 01, Algeria;
- Business of tax law. (2023), article 2, Algeria;
- Business of tax law. (2023), article 3, Algeria;
- Business of tax law. (2023), article 23, Algeria;
- Boukra, K. (2024), The effect of tax penalties on a tax Compliance in the Algerian tax system: A case study of a tax center of Oum El-bouaghi, journal of financial, Banking and Business Economics, Vol 13, No 01, Algeria;
- Chaabani, L. (2017), enterprise taxation: lessons, exercises and solved problems, pages bleu, Algeria
- Kantari, A. & Loujani, A. (2024), the impact of applying governance principles in the tax control on the public treasury: A case study, journal of economic and financial research, Vol 11, No 02, Algeria;
- Saada, F. Z & Massaoudi, K. (2018), VAT in Algerian legislation: A historical study, journal of Islamic sciences and civilization, Vol 08, Algeria;
- People's Democratic Republic of Algeria (2022), official gazette, No 90, Finance Law 2023, article 40, Algeria;
- Souissi, A & Bouhadida, M. (2021), Tax risks and their Impact on the financial position of the firm: A comparative study, Journal of tax studies Vol 10, No 01, Algeria;
- Wadah, S & Aissa, S. (2023), Tax audit on VAT credit refunds: A case study at the tax directorate of Chlef province, Journal of advanced economic research, university of El Oued, Vol 08, No 02, Algeria;
- Directorate General of Taxes. (2026)? Value Added Tax: https://www.mfdgi.gov.dz/professionnels-ar/identifiant-regime-fiscal-ar/regime-reel-ar/tva-ar?utm_source=chatgpt.com (accessed on 20 / 03 / 2026).