

The Journal of International Trade & Economic Development > An International and Comparative Review Volume 17, 2008 - Issue 3

1,980 Views | 53 CrossRef citations to date | 12 Altmetric

Original Articles

# The collection efficiency of the Value Added Tax: Theory and international evidence

Joshua Aizenman & Yothin Jinjarak

Pages 391-410 | Received 01 Sep 2006, Accepted 01 Aug 2007, Published online: 10 Jul 2008

Cite this article <https://doi.org/10.1080/09638190802137059>

Sample our Global Development Journals >> Sign in here to start your access to the latest two volumes for 14 days

Full Article | Figures & data | References | Citations | Metrics

## We Care About Your Privacy

We and our 855 partners store and access personal data, like browsing data or unique identifiers, on your device. Selecting "I Accept" enables tracking technologies to support the purposes shown under "we and our partners process data to provide," whereas selecting "Reject All" or withdrawing your consent will disable them. If trackers are disabled, some content and ads you see may not be as relevant to you. You can resurface this menu to change your choices or withdraw consent at any time by clicking the ["privacy preferences"] link on the bottom of the webpage [or the floating icon on the bottom-left of the webpage, if applicable]. Your choices will have effect within our Website. For more details, refer to our Privacy Policy. [Here](#)

We and our partners process data to provide:

I Accept

Reject All

Show Purpose



of the  
ency is  
and  
iciency of  
s affected by  
ity would  
uctural  
share,  
aggregate  
ver 1970-99.  
ease and  
1% and



extended to the case where the risk adjustment factor is positive, without affecting the main results.

5. As in Cuikerman et al. ([1992](#)), since the tax capacity is set one period in advance, and is reset each period, the infinite horizon equilibrium is characterized by looking one period ahead. The symmetry of the specification implies that the policy maker at time  $t$  is setting the tax capacity for the next period,  $\theta$ , by maximizing  $V_t$ . The term  $V_t$  is the discounted expected utility of the policy maker next period, recognizing that the equilibrium private consumption does not depend on the identity of the regime, and that the policy maker is reappointed (losing power) with probability  $1 - \pi$  ( $\pi$ ), enjoying utility from fiscal consumption of  $X(\theta)$ , respectively. The second term,  $-\theta$ , is the present resource cost of the fiscal investment in future tax capacity, reducing the present fiscal consumption enjoyed by the decision maker.

6. France was the first to implement a VAT, in 1948. Cape Verde recently implemented a VAT in 2004. Due to data limitations, these two countries were excluded from the sample.

7. See Fisman and Wei ([2004](#)) for empirical evidence on the enforcement problem dealing with tax evasion and imports.



Relat

Endo

Sourc

Tax st

Sourc

Tax

St

On se

Sourc

Taxat

Sourc

Tax S

Sourc

Finan

Source: American Economic Association

Structural transformation and tax efficiency

Source: Wiley

The Modern VAT


Source: International Monetary Fund

Tax evasion in an open economy

Source: Elsevier BV

Tax Revenue Trends in Latin America and Asia: A Comparative Analysis

Source: Informa UK Limited

Linking provided by 

## Related research

People also read

Recommended articles

Cited by  
53

[The Effects of the Value-Added Tax on Revenue and Inequality >](#)

Kaisa Alavuotunki et al.

The Journal of Development Studies

Published online: 23 Feb 2018

Govern



Sok-Ge

Global E

Publishe

Value A

Nigeria

cial factors in

Az

Cogem

Publishe



Information for

- Authors
- R&D professionals
- Editors
- Librarians
- Societies

Opportunities

- Reprints and e-prints
- Advertising solutions
- Accelerated publication
- Corporate access solutions

Keep up to date

Register to receive personalised research and resources by email

 Sign me up

- 
- 
- 
- 
- 

Open access

- Overview
- Open journals
- Open Select
- Dove Medical Press
- F1000Research

Help and information

- Help and contact
- Newsroom
- All journals
- Books



Copyright

Accessib

Registered  
5 Howick Pl

or & Francis Group  
orma business