World Academy of Science, Engineering and Technology
International Journal of Economics and Management Engineering
Vol:16, No:10, 2022

Corruption, Tax Systems and Inclusive Development

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Abstract : This paper analyses the implications of the corruption and tax system on inclusive development. We employ a sample of 45 countries between 2007 and 2020. We test for two related hypotheses; first, corruption hinders the smooth mobilisation of revenue through the tax system. Second, a rise in corruption amidst a defective tax system impairs inclusive development. We expect that a rise in the level of corruption in the economy will distort the tax system, thus affecting efficient revenue mobilisation and, subsequently, inclusive development. By extension, these findings have important policy implications for governments in containing corruption and building an effective tax system as it will help promote inclusive development.

Keywords : corruption, development, tax systems, tax complexity
Conference Title : ICAF 2022 : International Conference on Accounting and Finance
Conference Location : Dubai, United Arab Emirates
Conference Dates : October 13-14, 2022

Open Science Index, Economics and Management Engineering Vol:16, No:10, 2022 publications.waset.org/abstracts/153765.pdf