

THE IMPACT OF TAX POLICY ON ECONOMIC GROWTH: COMPARATIVE ANALYSIS OF VARIOUS TAX SYSTEMS

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The role of tax policy in driving economic growth has been a topic of considerable debate among policymakers, economists, and academics. While the general consensus is that taxation is necessary to fund government services and programs, there is disagreement over the type of tax system that best promotes economic growth. This essay aims to provide a comparative analysis of different tax systems and their effects on economic growth. Additionally, using case studies of countries with successful tax systems, we will examine the specific tax policies that have contributed to their economic prosperity.

Keywords: tax policy; tax rates; tax system; modern country; economic growth.

ВЛИЯНИЕ НАЛОГОВОЙ ПОЛИТИКИ НА ЭКОНОМИЧЕСКИЙ РОСТ: СРАВНИТЕЛЬНЫЙ АНАЛИЗ РАЗЛИЧНЫХ НАЛОГОВЫХ СИСТЕМ

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Роль налоговой политики в стимулировании экономического роста является предметом серьезных дебатов среди политиков, экономистов и ученых. В то время как общее мнение заключается в том, что налогообложение необходимо для финансирования государственных услуг и программ, существуют разногласия по поводу типа налоговой системы, которая наилучшим образом способствует экономическому росту. Целью данного эссе является сравнительный анализ различных налоговых систем и их влияния на экономический рост. Кроме того, на примере стран с успешными налоговыми системами мы рассмотрим конкретную налоговую политику, которая способствовала их экономическому процветанию.

Ключевые слова: налоговая политика; налоговые ставки; налоговые системы; современная страна; экономический рост.

Tax systems can be broadly categorized into two groups - progressive and flat taxation. Progressive taxation is a system in which the tax rate increases as the income of an individual or business increases. This system is designed to redistribute wealth from the rich to the poor, thereby reducing inequality. Flat taxation, on the other hand, is a single tax rate applied to all income levels, regardless of the level of income.

Research has shown that both progressive and flat taxation systems can have positive impacts on economic growth, depending on the specific circum-

stances. However, excessive taxation under either system can lead to adverse effects on economic growth. Typically, a lower tax burden is associated with higher rates of economic growth.

To provide a comparative analysis of different tax systems, we will focus on three countries: the United States (a progressive tax system), Russia (a flat tax system), and Estonia (a hybrid tax system).

The United States' tax system is widely regarded as one of the most progressive in the world. Despite this, the US has experienced sluggish economic growth compared to some countries with less progressivity. This suggests that a high level of progressivity can be counterproductive.

Russia's flat tax system has been praised for its simplicity, low rates, and broad tax base. This simplified tax system has encouraged entrepreneurship and investment, contributing to Russia's strong economic growth.

Estonia's tax system is unique in that it combines elements of both the progressive and flat tax systems. Estonian income tax is a flat rate of 20% on all income, but the system is progressive in the sense that the first €6,000 of income is exempt, making it effectively a progressive tax. This tax system has been instrumental in Estonia's economic growth, attracting foreign investment and encouraging entrepreneurship.

Singapore is often cited as a country with a successful tax system. Singapore's tax system combines low tax rates with a broad tax base and tax incentives designed to encourage investment and entrepreneurship. Additionally, Singapore uses its tax system as a tool to attract foreign investment and talent, further boosting the country's economic growth.

Taxation policy is a critical driver of economic growth. Our analysis of different tax systems has shown that there are many different approaches that can promote economic prosperity. Promoting entrepreneurship, attracting investment, and balancing progressivity with low tax rates are all essential components of a successful tax system. Countries such as Russia, Estonia, and Singapore have demonstrated that a tax system that prioritizes investment and entrepreneurship can lead to positive long-term economic growth.

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