

Empirical analysis of tax revenues, their impact on economic growth of the country - the case of Kosovo

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Abstract

Main purpose of political makers is the economic growth of a country. Tax policy is often mentioned in research as an important determinant of economic growth. This study is of great importance in the formulation of these policies which would affect the efficiency of collection of taxes in order to cover public expenditures, which would have an impact in the growth of the country's economy. To assess this effect, we have done a descriptive statistical analysis of the structure and trends in tax collection in Kosovo from 2005 to 2015. In this research we have considered how tax policies impact on economic growth by using data from years. The results from this analysis confirm that the structure and trends of taxes in Kosovo have contributed to the growth of public investment growth, contributing directly to GDP growth. Also based on the findings we have noticed that the share of tax revenues in the country's Gross Domestic Product was relatively low compared to other countries in the region, reflecting a low level of economic development of the country. Moreover, this research highlights some key issues that policy makers need to take into account in dealing with the more effective collection and use of tax revenues to improve economic growth.

Keywords: tax, Kosovo, tax reforms, tax rates, tax policy.

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