

## Modeling Informal economy in the Republic of Macedonia

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### Abstract

Informal economy is difficult to be estimated if assumption of modes weren't fulfilled. Here we describe some elements of the calculation in the particular case of the economy where complex dynamics is accompanied with some lack on the model's requirements. In our case study of the Republic of Macedonia, we used to work with very small number of data points in an acceptable stable regime obtained in [2004, 2016] making use of additional modeling and calculation tools. Next, a particular variable –remittances-shows an important effect in overall behavior and is included in an ad hoc calculation. As result we obtained that informal economy in RM in this interval has reached the highest values of around 38% of GDP at 2010 and decrease toward 30%at 2016.

**Keywords:** Informal and shadow economy, currency demand approach, taxation policy, MIMIC model.

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