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Tax Reform in Brazil  
Formal and informal firms

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| Variable             | Before<br>tax reform | After<br>tax reform |
|----------------------|----------------------|---------------------|
| Main tax rate        | 48.7%                | 31.5%               |
| Indirect taxes / GDP | 19.9%                | 20.2%               |
| Informal GDP / GDP   | 15.5%                | 19.8%               |
| GDP                  | 100                  | 102.2               |

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Formal and informal firms, by tax rate

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|          |        |         |        |
|----------|--------|---------|--------|
| Industry | 1.Agro | 2.Manuf | 3.Serv |
|----------|--------|---------|--------|

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Tax rates

|                   |       |       |       |
|-------------------|-------|-------|-------|
| Before tax reform | 4.88% | 48.7% | 14.3% |
| After tax reform  | 3.4%  | 27.2% | 27.5% |

Indirect taxes<sub>j</sub> / VA<sub>j</sub>

|                   |      |       |       |
|-------------------|------|-------|-------|
| Before tax reform | 4.9% | 45%   | 11.4% |
| After tax reform  | 3.4% | 26.2% | 19.7% |

Informal VA<sub>j</sub> / GDP<sub>j</sub>

|                   |    |      |       |
|-------------------|----|------|-------|
| Before tax reform | 0% | 7.6% | 20.5% |
| After tax reform  | 0% | 3.7% | 28.6% |

VA<sub>j</sub> / GDP

|                   |      |       |       |
|-------------------|------|-------|-------|
| Before tax reform | 7.5% | 26.6% | 65.9% |
| After tax reform  | 7.5% | 26.7% | 65.8% |

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Formal and informal firms, GDP change

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Value added by j

|          |        |         |        |
|----------|--------|---------|--------|
| Industry | 1.Agro | 2.Manuf | 3.Serv |
|----------|--------|---------|--------|

|                   |     |     |      |
|-------------------|-----|-----|------|
| Before tax reform | 0   | 100 | 100  |
| After tax reform  | 100 | 130 | 92.5 |

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Moments: model (before tax reform) x data

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| Industry              |       | 1.Agro | 2.Manuf | 3.Serv | Total |
|-----------------------|-------|--------|---------|--------|-------|
| Informal VAj / VAj    |       |        |         |        |       |
|                       | Model | 0%     | 7.6%    | 21%    | 16%   |
|                       | Data  | 51%    | 3.3%    | 15%    | 15%   |
| Indirect taxesj / VAj |       |        |         |        |       |
|                       | Model | 4.9%   | 45%     | 11%    | 20%   |
|                       | Data  | 4.9%   | 49%     | 9.4%   | 18%   |
| VAj / Lj              |       |        |         |        |       |
|                       | Model | 111    | 140     | 89     | 100   |
|                       | Data  | 45     | 161     | 99.8   | 100   |

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Number of firms

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| Sector            |  | 2.Manuf | 3.Serv |
|-------------------|--|---------|--------|
| Formal:           |  |         |        |
| Before tax reform |  | 203     | 19934  |
| After tax reform  |  | 562     | 10536  |
| Informal:         |  |         |        |
| Before tax reform |  | 13671   | 80066  |
| After tax reform  |  | 7964    | 89464  |

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Elapsed time is 6.910114 seconds.

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