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Tax Reform in Brazil  
Formal and informal firms

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Variable	Before tax reform	After tax reform
Main tax rate	48.7%	31.5%
Indirect taxes / GDP	19.9%	20.5%
Informal GDP / GDP	15.5%	18.6%
GDP	100	104.6

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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%	26.3%	20.1%

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

Before tax reform	0%	7.6%	20.5%
After tax reform	0%	3.5%	26.9%

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
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Before tax reform	0	100	100
After tax reform	100	133	94.7

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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		705	12548
Informal:			
Before tax reform		13671	80066
After tax reform		8042	87452

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Elapsed time is 6.842575 seconds.

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