

Political Determinants of Taxation – A Systematic Literature Review and Content Analysis

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Abstract

When you look at the tax rates in different jurisdictions of the same level in each country, great differences can be identified. The question is therefore how can such differences be explained. Even if various categories of determinants can describe this, our paper looks more specifically into the political determinants that appear to be the most relevant and seem logical given that tax decisions are made by politicians.

Many determinants have been singled out such as re-election probabilities, electoral cycles, partisanship, opposition, fragmentation, the level of freedom and many other sub- categories. The literature on this subject seems extensive at first glance, only it is extremely fragmented and there is no paper summarizing all these phenomena. In addition, we also acknowledge the importance of control variables because results can greatly vary depending on the country, the region or also the level of government.

Therefore, we have tried to summarize all the political determinants through a systematic literature review, but we have also included an innovative side: a content analysis to determine all the possible links between papers but also identify control variables for each determinant to be taken into consideration when developing a model.

We observed that the literature was extensive but also that the number of links between determinants and variables was greater than expected.

Even if this list of determinants and control variables is not definitive, it could be improved thanks to a qualitative approach but also by testing other links that appear logical but are not yet covered in the existing literature. Once all this work is completed, scientists that analyse determinants of taxation at a specific level of government in a specific country will be able to establish a list of determinants to test their replicability.

