

Evaluation of the benefits from the application of tax incentives in the promotion and support of productive activity in Bolivia*

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ABSTRACT

The fiscal policy can have important effects on the real activity of a country's economy. In the case of Bolivia, since 2006, there was a significant increase in public investment that boosted the economy and the manufacturing sector, which became one of the main drivers of the economy. These fiscal efforts were also accompanied by some tax incentives, especially in the customs duties, which sought to promote and boost the activity of the industrial sector. Using a Structural Vector Autoregressive Model (SVAR), it was found that the impact of tax changes on manufacturing sector output is significant but of short term.

JEL Classification: *E62, O40, C32*

Keywords: *Tax incentives, economic activity, Structural Vector Autoregressive Model*

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