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TAX CONVERGENCE IN THE EUROZONE

Abstract:

Tax convergence is one of the major issues that EU policy makers have been constantly debating over the last years. The goal of this study is to establish the existence or lack of tax convergence among the EU Member States that are also part of the Eurozone and also to understand if their membership in the Eurozone has reinforced tax convergence trends or not. In this research, the overall tax burden is seen as a suitable proxy for the tax system of a country. The research database contains information for the 19 European countries that are part of the Eurozone. The main research method is sigma-convergence based on the coefficient of variation, on the Gini index and on the Theil index. Results are calculated for different sets of data: the current Eurozone countries (19 countries), the current Eurozone countries and Denmark (20 countries), the "old" Eurozone countries (countries that adopted the Euro before 2002 - 12 countries) .

Keywords:

convergence, taxation, Eurozone, Gini index, Theil index

JEL Classification: H20, H71, F30