Net Indirect Taxes and Sectoral Structure of Economy

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Usually, the sectoral structure of economy is measured either a) as weights of the main branches in total gross value added (wvi) or b) as the respective weights in gross domestic product (wgi). The differences between vectors a) and b) infer from the distribution of the net indirect taxes rates (niti), which represent ratios of the sectoral net indirect taxes to the corresponding gross value added.

This issue has been explored using the Input-Output tables of Romania for almost a quarter of century, which offers a double advantage. On one hand, the exercise can e considered relevant since the series are annually and methodologically homogenised for the entire period (years 1989-2011) according to the last Eurostat classification. On the other hand, such an application is interesting because data relates to a very dynamic structural process, as the one registered by the Romanian economy during transition from the centrally planned system to the functional market mechanisms. To be acknowledged that primary information resulted from the extended branch nomenclatures (from 90 to 105 positions) has been aggregated into ten sectors.

The comparative analysis of the mentioned sectoral vectors involves five structural coefficients (SC), derived from the Euclidean 1-norm distance, Bhattacharyya coefficient, Hellinger distance, Cosine similarity coefficient, and the so-called Jaccard index.

There are also examined some computational ways to estimate – as autoregressive processes - the sectoral rates of the net indirect taxes.

Several concluding statements end the paper.