

Assessing the Impact of a Special Mining Tax over the Chilean Economy

Topic: Classical IO applications: Industrial economics, Productivity and Efficiency

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The introduction of a special mining tax in Chile in 2006 allows us to study its impact. For the Chilean economy, the mining sector represents 50% of exports, thus any distortion caused by the tax may affect the entire economy. We use an estimated macroeconomic model to assess the impact of this new tax scheme. We construct a counterfactual standard tax regime to compare the evolution of the economy under both tax systems. We study both the impact at the aggregate level and by sector. We found heterogeneous effects at the sectorial level. Finally, we estimate the indirect effect associated with the differences in the government revenue's dynamics.