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## **IMPACT DE LA BAISSSE DU TAUX DE L'IMPOT SUR LES SOCIETES SUR L'INVESTISSEMENT DES ENTREPRISES SENEGALAISES**

**Mouhamadou Bamba DIOP**\*

Direction de la Prévision et des Etudes Economiques, Senegal

**Massamba DIENG**

Direction de l'Appui au Secteur Privé, Senegal

**Abstract.** The goal of this work is to evaluate the reform relating to the reduction of the corporate income tax rate occurred in 2004 and 2006. The econometric estimates as well as simulations on Senegalese data revealed that the elasticity of user cost of capital strongly depends on the industry and the size the firm. Indeed, a 10 per cent reduction in the user cost of capital is associated with an increase in the capital stock of 2.2 per cent for firms of the industrial sector, 1.1% for the firms of the Construction sector, 0.5% for the enterprises of Wholesale and retail trade sector and finally a rise of 1.8% in the stock of capital for the companies of the services. In the same way, simulations pointed out that the reduction of corporate income tax from 33% to 25% profited more to the large and medium firms: the impact on the investment is estimated at 3.55% for the first category of firm and at 1.37% for the second ones. It appears clearly that manufacturing, Construction and Services firms profited more the tax reform act of 2004. Indeed, manufacturing firms recorded a rise of 5.30% of their investment. On the other hand, the trade sector benefited from this reform to a total value of 0.97%.

**JEL Classification:** E22, E62, H24, H25, H32, C23

**Keywords:** Investment, user cost of capital, Corporate Income Tax, Firm Level Data, Fiscal Policy

\* Corresponding author. Adress: Direction de la Prévision et des Etudes Economiques (DPEE), Sacré Cœur 3 Pyrotechnie N° 78 bis, en face de la BICIS VDN, BP 116 Dakar RP – SENEGAL, Tél : +221 33 824 92 65, Fax: +221 33 825 33 32, Email : Bamba.Diop@dpee.sn