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A Study of the Impact of Tax Reform on Economic Growth: A Comparative Analysis of OECD Countries

Ms Pooum S Raibagi[1] and K. Keerthika[2]
Faculty of commerce, School of Economics and Commerce. CMR University, Bangalore[1]
Student, School of Economics and Commerce, CMR University, Bangalore[2]

Abstract: *This study examines the impact of tax reforms on economic growth, focusing on India and drawing comparisons with selected OECD countries. Taxation is a fundamental component of fiscal policy, and its structure significantly influences economic performance, income distribution, investment decisions, and government revenue generation. The research analyses key tax structures—corporate tax, income tax, consumption tax (like GST and VAT), and property tax—and their influence on GDP growth and fiscal stability. By applying both quantitative methods, including correlation analysis and t-tests, and qualitative analysis through public perception surveys and literature reviews, the study presents a multidimensional view of tax reforms.*

Findings reveal that countries with simplified, transparent, and equitable tax systems tend to experience stronger and more stable economic growth. Reforms such as reduced corporate tax rates, the implementation of GST, and digital tax administration have shown varied impacts across regions. In India, despite notable reforms like GST, challenges remain—particularly around complexity, low tax compliance, tax evasion, and lack of public trust.

The comparative study highlights best practices from OECD countries such as Estonia and New Zealand, where efficient tax systems have boosted compliance and growth. Drawing lessons from these examples, the study offers policy recommendations for India to enhance tax administration, broaden the tax base, simplify tax laws, and increase transparency and awareness.

Keywords: Tax Reform, Economic Growth, Tax Revenue, OECD, GDP