

Report on Bachelor / Master Thesis

Institute of Economic Studies, Faculty of Social Sciences, Charles University in Prague

Student:	Edita Ďurovčíková
Advisor:	Doc. Tomáš Havránek
Title of the thesis:	Estimating Tax Revenue Elasticities in Slovakia

OVERALL ASSESSMENT (provided in English, Czech, or Slovak):

Please provide your assessment of each of the following four categories. The minimum length of the report is 300 words.

Contribution

The thesis presents the first estimates of tax elasticities in Slovakia corrected for the effect of government tax reforms. The tax elasticity (usually, as in this thesis, defined as the elasticity of tax revenues with respect to the corresponding tax base) is crucial for estimating the future development of public finances and also for the estimation of structural budget deficits. Many government reports use the simplifying assumption of unity tax elasticity, which has been shown to fail repeatedly in many countries. Since tax reforms completely change the revenue data series without affecting the tax base series, it is crucial to take these effects into account and correct the data series for the effects of tax reforms. Doing so involves combining data from many sources; it is a laborious exercise that has only been conducted for some countries. The estimates presented in this thesis can be immediately used by the National Bank of Slovakia or the Slovak Ministry of Finance.

Methods

Many studies in the literature only focus on the long-run relationship. This is of course the key result we want to find, but several recent studies have shown that revenues do not respond immediately to changes in the tax base (there are many economic reasons for this delay that the author might want to discuss during the defense). A good way how to model this dynamic relationship is to employ an ECM model and construct impulse-response functions, which is what the author does.

Literature

All well-known relevant studies are cited in Chapter 3 (as far as I can tell).

Manuscript form

The thesis is beautifully typeset in LaTeX. I believe the thesis clearly deserves an "A" and could serve as an example for other master's theses. I believe the author should apply for research awards, such as the Award of the Governor of the National Bank of Slovakia (the research presented here is very relevant for central banks, and, as I have already noted, particularly for the NBS).

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SUMMARY OF POINTS AWARDED (for details, see below):

CATEGORY	POINTS
Contribution (max. 30 points)	28
Methods (max. 30 points)	25
Literature (max. 20 points)	19
Manuscript Form (max. 20 points)	19
TOTAL POINTS (max. 100 points)	91
GRADE (1 – 2 – 3 – 4)	1

NAME OF THE REFEREE: Doc. Tomáš Havránek

DATE OF EVALUATION: 19.5.2017



Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

LITERATURE REVIEW: *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

Strong Average Weak
20 10 0

METHODS: *The tools used are relevant to the research question being investigated, and adequate to the author's level of studies. The thesis topic is comprehensively analyzed.*

Strong Average Weak
30 15 0

CONTRIBUTION: *The author presents original ideas on the topic demonstrating critical thinking and ability to draw conclusions based on the knowledge of relevant theory and empirics. There is a distinct value added of the thesis.*

Strong Average Weak
30 15 0

MANUSCRIPT FORM: *The thesis is well structured. The student uses appropriate language and style, including academic format for graphs and tables. The text effectively refers to graphs and tables and disposes with a complete bibliography.*

Strong Average Weak
20 10 0

Overall grading:

TOTAL POINTS	GRADE		
81 – 100	1	= excellent	= výborně
61 – 80	2	= good	= velmi dobře
41 – 60	3	= satisfactory	= dobře
0 – 40	4	= fail	= nedoporučuji k obhajobě