

"Effect of investment exemption on income tax revenues in Palestine"

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Abstract

The study aimed to identify the role of the investment exemption laws and its impact on Palestine income tax revenues. The study adopted the investment exemption as an independent variable and income tax revenues as dependent variable. The independent variable include (1) collection, (2) tax declaration, (3) self-assessment, (4) continuity.

In order to achieve the objectives of the study, a descriptive analytical method was adopted to examine the impact of the investment exemption granted by Law No.1 on Palestinian Authority income tax revenues in the northern governorates. In addition the study measured the relevance of income tax laws and investment exemption laws by using Spearman Brown correlation coefficient, Jitman coefficient and Pearson correlation coefficient and examine the impact of the investment exemption on Palestinian Authority income tax revenues by using multiple regression model. To reach that end a questionnaire designed and distributed for the study sample which size was 164 of employees from income tax departments in the northern governorates and the Investment Promotion Authority. Two models of questionnaires were prepared and distributed, first one was distributed 134 questionnaires for income tax departments employees and the second distributed 30 questionnaires for the staff of the Investment Promotion Authority.

The study found that there is an effect of investment exemption on income tax revenue through collection of income tax, Tax declaration, and company continuity of company in commitments in tax requirements from the point of view of both employee's Income tax department and the Palestinian Investment Commission.

In light of the results of the study, the study recommended several recommendations:- (1) The need to establish controls for the procedures of granting investment exemption to companies in order to obtain investment exemption, (2) The importance of Palestinian legislator to amend the tax brackets, (3) The needs to develop incentives and investment exemptions existing in the law, (4) The

needs to put obligations on companies granted exemption to ensure the continuity of these companies tax liability after the period of exemption.

Keywords: Investment Exemption, Income tax Collection, Continuity, Self-assessment, tax declaration