

What is the Impact of Tax Incentives on Bank Credit, Business Survival and Job Creation? Evidence from Algeria

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The Algerian government has adopted generous tax incentives for newly established firms for objective to encourage investment and employment. The exemption duration changes from 3 to 6 years depending on the municipality of activity.

This study aims to evaluate the impact of the exemption duration on the decision of newly established firms in term of bank-credits, business survival and employment. Using a sample of 2068 firms created in the province of Setif during 2013, the finds that the impact of tax incentives is often insignificant although positive on trend, which is consistent with the literature that consider tax incentives as sacrifice of public finances and therefore encourage governments to be more cautious.