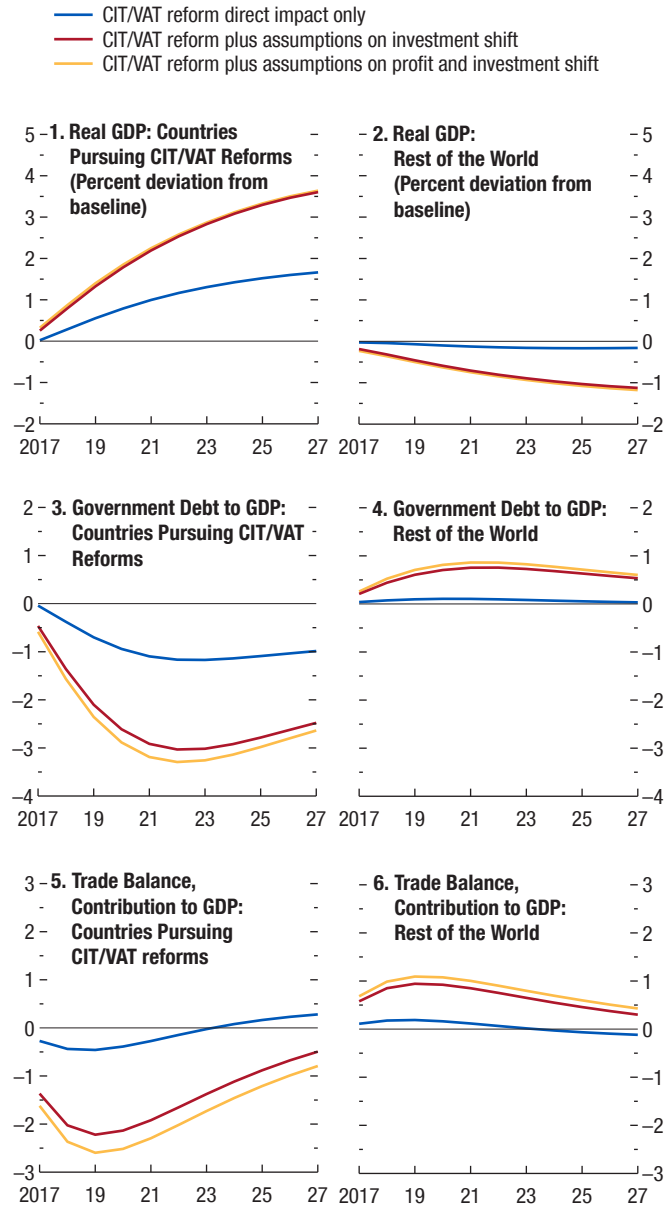


Figure 4.15. Spillovers from Corporate Income Tax Reduction Financed by an Offsetting Increase in Value-Added Tax
(Percentage-point deviation from baseline, unless noted otherwise)



Sources: IMF, G20 Model (G20MOD) simulations; and IMF staff estimates.
 Note: Blue lines denote the response to CIT/VAT reforms only, red lines denote the response to CIT/VAT reforms plus assumptions on investment shift, and yellow lines denote the response to CIT/VAT reforms plus assumptions on profit and investment shift. No monetary accommodation is assumed for any country. For rest of the world, no reforms are assumed. CIT = corporate income tax; VAT = value-added tax.