TAXPAYER BEHAVIOR AND THE INFORMAL ECONOMY IN EU MEMBER STATES

SUMMARY

This research aims to develop a comprehensive theory regarding the determinants of informal economies, with the objective of identifying and elucidating the factors that contribute to their proliferation. The study examines these hypotheses using data collected from the 27 member states of the European Union as well as from the United Kingdom, analyzing multiple time periods. The investigation will encompass a range of factors, including social elements such as human development, education, and citizens' participation in decision-making; institutional elements such as government efficiency, regulatory quality, control of corruption and digitization; and economic factors such as economic freedom. Based on the analysis of the results, the study will formulate policy recommendations to assist countries in strengthening public policies and forecasting future trends, thereby aiming to prevent and mitigate the growth of informal economies from an early stage.

Keywords: informal economy, determinants, panel regressions, Machine Learning

Table of Contents

This doctoral paper is structured in six chapters, each having a specific role in the development and deepening of the research topic. The first chapter represents an exhaustive review of the literature, with the objective of establishing fundamental directions for the studies undertaken and formulating relevant research hypotheses. In chapters 2, 3, 4 and 5, detailed analyses of the size of the informal economy and its various determinants are carried out, using an empirical methodology based on dynamic panel regression. Chapter 6 introduces a significant innovation in this field of research, by applying Machine Learning mechanisms to examine the relationship between the informal economy and the distribution of government spending by states. Summarizing the key findings, articulating personal insights and recommendations, and acknowledging the study's limitations constitute the essential conclusion of the doctoral research.