

## **THE CAUSAL RELATIONSHIP BETWEEN SELECTED MACROECONOMIC VARIABLES AND TAX ON INCOME, PROFIT AND CAPITAL GAINS IN NAMIBIA**

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### **ABSTRACT**

This study examined the causal relationship between taxes on income, profits and capital gains and other macroeconomic variables such as real output, agriculture value added, manufacturing value added and imports. In this regard, pairwise Granger causality technique was applied on quarterly data for the period 1990 to 2015. The results show a unidirectional causal relationship running from taxes on income, profits and capital gains to economic activity. Moreover, the findings also show a bidirectional causal relationship running manufacturing value added to taxes on income, profits and capital gains and vice versa.

**Keywords:** Tax, macroeconomic, income.