

THE NEGATIVE CONSEQUENCES ON THE ECONOMIC DEVELOPMENT IN GREECE OF THE INCOME TAX IN 2012

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ABSTRACT

Greece is suffering, after the year 2008, from a severe economic and fiscal Crisis, with immense Economic, Social and Physical Problems. This paper examines the negative consequences on the economic development of Greece of the Income Tax in 2012. The equation of the Gross Domestic Product (G.D.P.) ($G.D.P. = C + I + G + X - M$), (C=CONSUMPTION, I=INVESTMENT, G=GOVERNMENT PURCHASES, X=EXPORT, M=IMPORT) and the variables: wages, personal tax, are analyzed. The results show that the family income of a large percentage of the Greek Population have decreased. The increase of income tax and Value Added Tax (V.A.T.) and the drastic reduction of wages and pensions have deteriorated the standards of living of Greek citizens and increased their level of poverty. The consumption, also, decreased as well as the output of the agricultural, industrial and services sectors. Private and State investments and government purchases have decreased, too. Furthermore, the unemployment and the closures of businesses have increased, too. Government receipts have not increased as it was expected, while the budget deficit and the government debt have increased, as well. The fiscal policy was not efficient. The predictions are gloom for the following five years 2012-2017.