

Analysis of Tax Forecasting Error in Taiwan

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Abstract

The tax revenues has been greater than budgets for five consecutive years since 2014, yet the criticisms on reviewing tax forecasting have not stopped. Tax Forecasting is a crucial issue for the operation of the public sector. The continual and enormous tax forecasting errors will not only generate political turmoil, but also affect fiscal balance, continuity of government policy and resource distribution. This paper reviews tax forecasting errors in Taiwan for the past ten years, describes the methods of tax forecasting and compares the forecast performance of tax revenue in both Taiwan and other major countries, to provide some suggestions for improving the current tax forecasting method.

Key words and phrases: tax forecasting, forecasting error