

---

[Download](#)

[Other Working Papers](#)

Keep in mind

The series Working Papers on Economics is published by the Office for Economic Studies at the *Banco de la República* (Central Bank of *Colombia*). It contributes to the dissemination and promotion of the work by researchers from the institution. This series is indexed at Research Papers in Economics (RePEc).

On multiple occasions, these works have been the result of collaborative work with individuals from other national or international institutions. The works published are provisional, and their authors are fully responsible for the opinions expressed in them, as well as for possible mistakes. The opinions expressed herein are those of the authors and do not necessarily reflect the views of Banco de la República or its Board of Directors.

AUTHOR OR EDITOR

Ana María Iregui-Bohórquez

Ligia Alba Melo-Becerra

Antonio José Orozco-Gallo

---

The series Borradores de Economía (Working Papers on Economics) contributes to the dissemination and promotion of the work by researchers from the institution. On multiple occasions, these works have been the result of collaborative work with individuals from other national or international institutions. This series is indexed at Research Papers in Economics (RePEc)

Publication Date:

Wednesday, 13 May 2020

The opinions contained in this document are the sole responsibility of the author and do not commit Banco de la República or its Board of Directors.

## **Abstract**

Corporate taxes play an important role in the firm's decision-making as they are part of the cost of capital. Thus, understanding the effect of taxes on the performance of firms in the context of frequent tax reforms, as is the case of Colombia, is of great relevance. We use meta-frontier stochastic techniques, which allow us to estimate in two-steps the technical efficiency of firms within each economic sector and between economic sectors in relation to the set of firms in the country. Then, using quantile regression analysis, we estimate both the effect of corporate taxation on firm performance as well as the effect of efficiency on firms' tax payments. Results indicate that firms in some economic sectors could be benefiting from better production conditions and that the most efficient firms within each sector paid more taxes, as a share of assets. However, when compared to the meta-frontier, firms with higher efficiency paid less taxes, suggesting differences in the tax burden of firms across economic sectors.

