

## *Modeling Dynamics System for Real Estate Income Tax in Tabriz Metropolis*

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### **Abstract**

The present study was conducted aiming to design a model for realization of real estate income tax in Tabriz city with due attention to the procedure of tax collection. For the complexity of the issue system dynamics was selected as the appropriate methodology for modeling. According to the mentioned methodology at first the boundary of the model was investigated. At this stage the key variables were identified including “tax payment”, “real estate”, “tax evasion”, “investment motivation”, “economic rent and speculation in properties”, and “advertisement for tax collection”. At the second stage the interaction among research variables dynamic hypothesis of the study was illustrated using subsystem, casual- loop diagrams and stock- flow map. At the third stage benefiting from related literature and expertise opinion, causality relations were defined in the form of mathematical functions and the model was simulated in Vensim software. After testing the model, applicable scenarios were assessed. The results showed that informing related affairs to tax returns had great effect on paid tax by taxable entities. Tax transparency at the face of taxpayers contributed to reduction in economic rent and tax evasion. Also, analysis of the scenarios showed that in spite of current policies, tax rate reduction through self-declaration increased and resulted in increasing tax revenues.

**Keywords:** Real Estate Income Tax, Income Tax Jobs, System Dynamics, Economic Rent, Speculation.

**JEL Classification:** N12, P43, P44, N25, O42.

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