



**PRESS RELEASE**

***New UNCTAD Study on Fiscal Revenue Leakage Launched at MAS***

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On 3 December a recent UNCTAD study titled "*Palestinian Fiscal Revenue Leakage to Israel under the Paris Protocol on Economic Relations*" was launched at MAS, in the presence of academia, the public and private sectors, and civil society as well as media.

The main conclusion of the study is that annual fiscal revenue loss incurred by Palestine as a result of the provisions of the Paris Protocol amounts to 3.6% of gross domestic product (GDP) and 18% of the tax revenue collected by the Palestinian National Authority (PNA). It is important to note that UNCTAD recognizes this estimate as only partial and conservative. One of the major sources of fiscal revenue leakage derives from the fact that 39% of Palestinian imports from Israel originate in third countries but get cleared as Israeli imports, which means that customs revenue on them is collected by the Israeli customs authorities and not transferred to the PNA. Another reason is the smuggling of goods from Israel and Israeli settlements into Palestine due to the PNA's lack of control over Palestinian borders. The study estimates that 25-35% of Palestine's total imports are actually smuggled. In case these smuggled goods are produced in Israel, the PNA loses revenue in the form of VAT and purchase tax. In case smuggled imports are produced in a third country, tariff revenue is also leaked (to the Israeli treasury) in addition to VAT and purchase tax.

According to UNCTAD, if this public revenue leakage stops, the additional revenue will provide the PNA with the opportunity to stimulate the economy to increase annual GDP by 4% and create additional 10,000 jobs per year.



For more information on the findings of the study:

[http://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=892&Sitemap\\_x0020\\_Taxonomy=UNCTAD+Home%3B#1540;#Assistance](http://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=892&Sitemap_x0020_Taxonomy=UNCTAD+Home%3B#1540;#Assistance)

To download the full study

[http://unctad.org/en/PublicationsLibrary/gdsapp2013d1\\_en.pdf](http://unctad.org/en/PublicationsLibrary/gdsapp2013d1_en.pdf)

