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Title: Long run effects of FDI on tax revenue in developing countries

FDI inflows could stimulate tax revenue collection through the broadening of the corporate income tax base with the entry of new firms or an increase of new investments from
foreign investors. However, the fact that many developing countries often grant too many tax incentives for attracting foreign investors, FDI inflows may not translate into a significant increase into the host country's tax revenue mobilization. – Using the Pooled Mean Group (PMG) estimator, this paper estimates the impact of Foreign Direct Investment (FDI) on tax revenue mobilization for 92 developing countries over the period 1990-2015. The estimation results show that in long term, FDI inflows have a positive impact on tax revenue in developing countries expect for oil exporter countries for which we observe that the effect of FDI inflows on tax revenue is negative. However, in the short term, the impact of FDI inflows on tax revenue is positive but not statistically significant at the conventional significance level. These results remain qualitatively unchanged when regressions are carried out on sub-samples of developing countries belonging to the same group depending on their incomes level.

Keywords
Foreign direct investment, tax revenue, Pooled Mean Group, Oil exporting countries.

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