

Impact of Institutional Quality on ICT-Tax Revenue Mobilization Nexus in Developing Countries

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Abstract: This study analyzes the mediating role of institutional quality in the relationship between information and communication technologies (ICT) and tax revenue mobilization in 72 developing countries over the period 1995-2017. Using a dynamic panel ARDL model, the results show that ICT quality significantly improves tax revenue mobilization in the long term. However, the mediation analysis reveals that institutional quality dampens this positive effect of ICT. These results remain robust to various tests, including changes in estimation methods, and alternative measures of ICT. The study recommends strengthening digital and institutional infrastructure to improve tax digitization and increase public revenues.

Keywords: ICT; Institutional Quality; Tax Revenue Mobilization; Developing Countries

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