

Review of: "A Dynamic Model for an Optimal Consumption Tax Rate"

Ashot Tavadyan¹

¹ Russian-Armenian (Slavonic) State University

Potential competing interests: No potential competing interests to declare.

The article titled "A Dynamic Model for an Optimal Consumption Tax Rate" by Muhammad Ashfaq Ahmed and Nasreen Nawaz focuses on issues related to the efficiency of taxation and the determination of optimal tax levels—a relevant and timely topic. The authors provide a quantitative assessment of the taxation level, employing a dynamic approach to evaluate optimal rates for various market agents. The article presents an interesting perspective, emphasizing the necessity of assessing the optimal tax level dynamically. This is a positive aspect of the work, with the authors professionally developing and applying a dynamic model.

The study explores the impact of consumption tax on price dynamics and its influence on the optimal tax rate. The authors also successfully generalize their approaches to an optimal tax scale, considering the anticipated market dynamics.

Overall, the article professionally employs mathematical tools to present an intriguing approach to the topic. However, we believe the authors should consider the following points:

1. When providing examples of countries in the introduction, it is advisable to include references. Additionally, references for some authors are missing.
2. While the definition of optimal taxation is generally acceptable, it would be beneficial to provide a detailed justification, especially considering the title of the article, "A Dynamic Model for an Optimal Consumption Tax Rate." It would be beneficial to systematically present specific examples and consider the position of Professor RAU Tavadyan A. A. regarding the interval estimation of the optimal tax level, as described in the book "[Uncertainty Bands: A Guide to Predicting and Regulating Economic Processes](#)."
3. The assumption of a perfectly competitive market of a homogeneous good in equilibrium should be clearly justified. It is desirable to assess its probability, along with all the assumptions presented in the article.
4. Providing an evaluation of the sensitivity thresholds of taxation, as defined in the mentioned book, would be beneficial.
5. To enhance the assessment of the optimal consumption tax rate, the article would benefit from the systematic application of econometric models and a comparative analysis of both the raw data and the obtained results.
6. Начало формы