

VAT and Wine Sector: a computable general equilibrium analysis

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In recent times, wine market becomes a quality oriented one, the elasticity of substitution among the different type of wine is not zero and depends on several factors. For this reasons to evaluate the inter-industry interaction, it is necessary to use a CGE model which can manage variable elasticity of substitution. The aim of our paper is to analyse the effect of a change in VAT law. A change in this regime can have effects on composition and quality of wine.

Since in Italy a special regime of VAT is applied on agricultural producers, we focus our analysis on Marche Region data which we organise in an Input-Output table, using the CGE model to study different scenarios of VAT normative.