Post-Pandemic Global Tax Hikes: The Business Impact of Increasing Taxes in a Recovery Phase

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Abstract

The global economic recovery following the COVID-19 pandemic has brought tax policies to the forefront of policy debates, with governments exploring tax hikes to address fiscal deficits and rebuild economic resilience. This paper examines the multifaceted impacts of post-pandemic global tax increases on businesses during the recovery phase, shedding light on the delicate balance between fiscal sustainability and private sector growth. The study evaluates how corporate tax hikes, increased VAT rates, and new levies affect business operations, investment decisions, and long-term competitiveness across diverse sectors and regions. Using a qualitative framework, the research synthesises in-depth literature and policy analyses from key global markets to identify the implications of tax changes on revenue generation and market dynamics. Key questions addressed include: How do tax increases influence business resilience during a fragile recovery period? What strategies can businesses adopt to mitigate these impacts while maintaining compliance and growth? Findings reveal that while higher taxes provide governments with crucial revenue for recovery programmes, they also pose challenges for business profitability, job creation, and innovation. Policy recommendations emphasise the need for balanced tax structures that promote equitable distribution without stifling entrepreneurial activity. Businesses are urged to embrace adaptive strategies, such as leveraging tax incentives, optimising financial structures, and investing in technology to improve operational efficiency. By offering actionable insights, this paper contributes to the discourse on sustainable fiscal policies and their role in fostering a robust global economic recovery.

Keywords

Business, Recovery, Taxation, Policy, Innovation