The income tax Impact on the Investment Decision
of the Private Sector in the West Bank
For the Period 1994 to 2005
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Abstract
This paper is studying "The Impact of the income Tax on the Private Sector Decision in the West Bank since 1994-2005 ". The study is being categorized in to four chapters. The first chapter includes the introduction, the problem, the proposals, the previous studies, the mythology, the tools and the target of the study as well.

The second chapter discusses the taxes concerning types and objectives. It also traces the income tax 1. From 1967 through 1994 2. From 1994 – current. At the end of chapter Two the impact of the income tax on investment is being talked over.

The third chapter "the Impact of the Income Tax on Investment Decision", has been divided into two subsections, the first is investment: sorts fields, tools, goals and risk. In this subsection an investment background is being given during the period starting from 1976-on. In connection, this period has been traced and divided in to three periods, the first 1967-1993, the second 1993-2000, and the third 2000-current.

The investment is being tackled in various political eras. The agreements and regulations promoting investment are also being discussed. Indeed the first regulation to be talked over is the "Palestinian Regulation of Investment Promotion" which was issued by the Legislative council. This regulation is studied in terms of investment incentives. Meanwhile, I have made a comparison between such as regulations Promoting
investment in Palestine and other neighboring countries, Egypt, Lebanon and Jordan and found out that the Palestinian regulation is one of the best ones concerning incentives.

The industrial areas regulation and its influence on investment decision is being tackled as well. Another regulation discussed in this study is the income tax and its impact on the investment decision in private sector which led to item 17, 2005 which is valid in the West Bank and Gaza Strip.

Paris Economic Agreement has been discussed in this study in terms of direct impact on the private sector investment in the West Bank. At the end of this section I have stated the administrative procedures carried out by the PNA and how they affect the investment decision. These procedures include 1. Registering new established companies in the authorized ministries 2. Registering in the general commission for investment promotion 3. Obtaining an investment certificate, which enables investors to have tax incentives 4. Registering companies in tax department 5. Procedures gathering taxes.

The fourth chapter shows the mythology, the target groups, the tools, the indications, the consistency of the indications and the statistical procedures used to present result.

The applied descriptive method has been used. In this connection, I have developed the study questionnaire, have made sure of performance reliability, and have shown it to many judges who assured its validity. The poll has been distributed to the study sample (companies with a capital of more than $ half million) in six Palestinian cities. The question were answered. Then the questions and the answers were discussed in details.
The proposals which rose from the questions have also been tested. Finally the study came up with several conclusions, the main result reads "The income tax has a real influence on the investment decision making in the private sector in the West Bank.'

**Recommendations:**

1. Reducing the allowed capital in order to make use of "Investment Promotion Regulation".

2. The Legislative council should take in to consideration distributing tax incentives geographically and reinforcing incentives in regions where investment is rare so as to encourage capital to enter these marginal areas.