**Replication Instructions for “VAT Treatment of Financial Services: Implications for the Real Economy” (Ismail Baydur and Fatih Yilmaz)**

This files gives instructions for replicating the results in the main text of “VAT Treatment of Financial Services: Implications for the Real Economy” (Ismail Baydur and Fatih Yilmaz). Most of the results in the online Appendix can be replicated by changing the values of the corresponding calibration targets and/or model parameters and we therefore omit them in the attachments. We note that the user may need to tune some of the solver parameters in MATLAB , e.g. initial values or boundary conditions. There is one exception to this: endogenous choice over payment services. We provide the code for this exercise in the attachments.All the calculations are performed in MATLAB. We provide in-line description and explanations. Time to run these files is negligible.

The first folder to be run is “calibration”, which produces the calibrated parameter values (Section 4 Calibration in the main text). The main program file is called “vat\_calib.mat”. All the other files are called from this main file.

Next, “policy” folder contain the MATLAB program files for the policy analysis (Section 5 in the main text). The main file to be run is “policy\_main.mat”. All the other programs are called from this file.

Finally, the folder called “policy\_lambda” includes the MATLAB files for one of the cases described in our online appendix (Section 5: Endogenous λ), where we allow consumers to decide on using payment services or cash for their consumption purchases. The main file to run is “policy\_lambda.mat”.

Please feel free to contact the authors if you have any questions.