Taxation and Economic Growth in ASEAN Countries

Fibria Anggraini Puji Lestari[1], Yolanda[2]

{fibria981@gmail.com[1], yolanda@borobudur.ac.id[2]}

Universitas Borobudur[1, 2]

Abstract: Behind this is curiosity about the economic development of the ASEAN countries, which is influenced by tax revenues. The study is dedicated to the impact of the tax on the economic development of the ASEAN countries. The samples for this study come from Indonesia, Malaysia, the Philippines and Thailand. The data used in this study is the second data from 2010 to 2022. Process survey data using panel regression data. However, this study shows that all explanatory variables have a significant impact on the dependent variable. Inflation variables have a negative and significant impact on taxation, while diversity related to market capital and tourism has a positive impact on tax revenues. Tax revenues have a small positive impact on economic growth. The economic dynamics of the ASEAN countries (Indonesia, Malaysia, Philippines, Thailand) are influenced by many factors.

Keywords: Tax, economic growth, ASEAN

1 Introduction

Development is an important part of government, to meet the needs of the people, as the country is growing tremendously; however, since it is taxation rather than tax and social support. Based on reservations, so government revenues will affect development costs; some of these factors are determined by various factors, such as rising commodity prices, business investment and the increasing number of tourists. The higher the GDP, the higher the tax revenues. While GDP growth reflects economic growth, the country can expect to know its tax revenues.

2 Literature Review

2.1 Tax

J. M. Keynes says the government's role in the economy through household spending is essential to transforming the economy. If the government wants to influence production and the economy, it needs to change the people and taxes.[1] Monetary policy accelerates cuts to interest rates and the government's tax appetite, thus the growth of the global economy and the global economy.

The store is located on one side under the legs and can be given away without constant submission.[2] Taxes are charged to cover the costs of creating goods and services and wealth. Related studies like the impact of tariffs on economic growth: Indonesian data concluded that economic growth depends on tax revenues.[3] In addition, the study entitled 'The Impact of

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Taxes on Economic Growth: The OECD Analysis' found that tax cuts, particularly corporate and income taxes, contribute to economic growth and close the income tax gap. Increase in the number of data.[3] The study "The Impact of Indirect Income Tax on Economic Growth: Reality Nigeria" shows that VAT has a negative but not significant impact on GDP.[4] In addition, a study published in the article "The Impact of Taxes on Economic Growth: Empirical Evidence from Pakistan" found that economic growth and investment in Pakistan are negative and have a significant impact on tax revenues.[5]

2.2 Inflation

This increase in the price of goods and services increases the demand for products sold in the market; this is known as inflation.[6] In other words, there is a lot of money in circulation, but other things. Irving Fisher says in the theory of funding that the offer is directly related to price fluctuations. He said inflation is affecting the spread of inflation among people. Fisher also explained the rise in stock prices.

Inflation is a major change in macroeconomic governance and can have a negative impact on all sectors of the economy.[7] On the other hand, rising inflation drives the prices of goods and services to a healthier and healthier outcome; after Keynes said that [8] Inflation arises because people want to live outside their means, so their demand for shopping is always greater than the number of products available (an increase in commodity prices helps make a difference). This study is consistent with the so-called economic effects in tax revenues and inflation: analysis of the most common sectors of economic activity in agriculture, agriculture and fisheries shows that price increases have a significant impact on income taxes and taxes.[9]

Strategic studies on 'income cost inflation and social security in Europe' also examine the impact of tax cuts and exemptions.[10] Other studies, such as "The Impact of Tax Inflation on Pakistan: An Empirical Study of the Period 2000-2010," show that inflation is closely linked to tax revenues, and that the increase in tax spending depends on the increase in income.[11] In addition, "the increase in tax revenues from Section 21 of the Income Tax Act, which uses workless variables," shows that tax revenues are driven directly by inflation.[12]

2.3 Market Capitalization

Market value is the market value of the company, which is caused by a multiplier per square meters. The shares are based on the number of shares held by the company. The market value is the price a company wants to pay if it wants to pay.[13] In other hand market value is the highest and lowest success rate of a company based on the number of shares issued at a given time.[14] The market value is the company. Refers to the price or price of a company. If the company has a significant market share, if the company is very large, which is measured according to its market value. Taking into account this topic, for example, "increasing the impact of the stock market on government revenues", We conclude that tariffs affect market performance and vice versa.[15] In addition, a study published in the article "Production and Consumption of Bond Markets in Developing Countries" concludes that international markets (large issuers) and financial institutions are significantly affected.[16] In addition, the article looks at the impact of financial markets on "equity and tax" tax revenues.[17]

2.4 Number of tourists

According to Article 5 of UN Economic and Social Council Resolution 870, tourists are people who travel outside the area where they normally live, for reasons that do not require compensation. A tourist is someone who goes far from home and loves to travel. This applies to travelers as individuals or groups who travel to various initial destinations for recreation, business or education [18]. A traveler is someone who travels to destinations for reasons other than daily life, often to participate in recreational or relaxation activities.[19]

A study related to the headline "Tourism Taxes for Sustainable Development: Understanding Payment Planning" explains the relationship between a tourist claim for wages and a tax credit.[20] In addition, the study "Tourism Tax in Italy: A Good Idea" highlights a number of options for further protection.[21] In addition, the study "Visitor Population, Tourism, Accommodation and Residence in the Country's Largest Cities: A Study of the Situation in the Sumatra Region of the West, Indonesia", studies tourists and tourism officials in terms of the amount of income, which is also the amount of income.[22]

2.5 Economic Growth

Process of increasing the ability to generate economic profits over time is called economic growth, which can increase a country's well-being; economic distribution can also be reflected in the Lord Producer's long-term vision (GDP), regardless of the economic situation (GDP).[23] Todaro also stresses that economic growth is three steps; in other words, it is a process that reflects the gradual growth of the economy, and per capita output reflects output and demography, demonstrating what long-term growth has to do.

The study, entitled "The impact of tax revenues on Turkey's economic growth from 2010 to 2020", concludes that the tax company has a positive impact on overall economic growth.[24] In addition, the study concludes "Effect of Tax Revenues on Economic Growth: Evidence from Nigeria" that the tax company that generates oil revenues has an impact on economic growth in Nigeria.[25] Another study, entitled "Tax and Economic Development in Africa", found that economic growth in Africa is positive in terms of tax revenues.[26]

3 Methods

The study data are the second data from the Official Website of the World Bank and data from the United Nations. The data collected includes tax revenue, information and communication technologies, corporate income, and Indonesia, Malaysia, the Philippines and Thailand from 2010 to 2022.

Since then, five different types have emerged in this study, three different factors such as inflation (X1), market value (X2), tourist rate (X3), average differential tax income (Y), and various factors that depend on economic growth (Z). The regression analysis used in this study is the second regressive review that uses the simple square-class method to assess the impact of tax revenues on economic growth; the revised data sequence is analyzed at a higher level, the data exchange test, the data exchange test.

Studies based on the following points

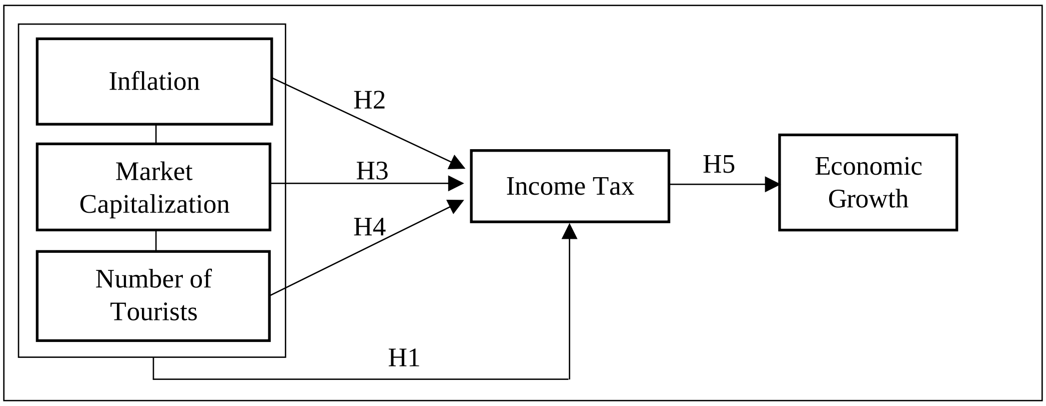


Fig 1. Framework

The effect of explanatory variables on the dependent variables can be determined using linear regression analysis. The regression equations are as follows:

$$Y = a + b1LnX1 + b2\ Ln\ X2 + b3\ LnX3 + e \qquad \ldots\ldots(1)$$

$$Z = a + b\ LnY \qquad \ldots\ldots(2)$$

Information:
A : Tax revenue
X1 : Inflation
X2 : Market Capitalisation
Chapter 3 : Number of Visits
Q : Economic growth
A and B are always there

4 Result and Discussion

4.1 Our classic variables from X_1, X_2, X_3 to Y

a. Multi-colonization test

Multi-colonization tests are carried out to determine whether there is a strong correlation between the accelerator variables recorded in the table:

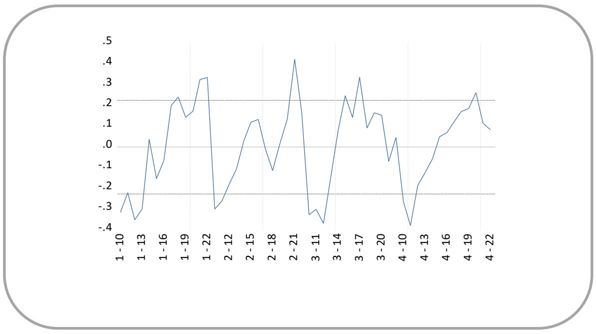
Table 1. Multicolonization test result

Variable	X1	X2	X3
X1	1,000000	0,348367	0,548545
X2	0,348367	1,000000	0,249241
X3	0,548545	0,249241	1,000000

Source: Eviews (2024)

They explained that the variables X1 and X2 are 0.85 < 0.348367, X1 and X3 0.85 < 0.54855 and 0.85 < 0.249241. Therefore, it can be said that the study was 0.249241.

b. Heterocedaticity test



Source: Eviews (2024)

Fig 2. Heterocedaticity Test Result Graph X_1, X_2, X_3 to Y

The rest of the graph (blue) will not exceed the data limit (-500 and -500) based on the results of the above deviation test, which means that the other versions will not change; therefore, there is no evidence of success in the heterogeneity or heterogeneity tests (1:2, 2).

4.2 Our classic variables from Y to Z

a. Multicolonization Test

Multi-colonization tests are carried out to determine whether there is a strong correlation between the accelerator variables recorded in the table:

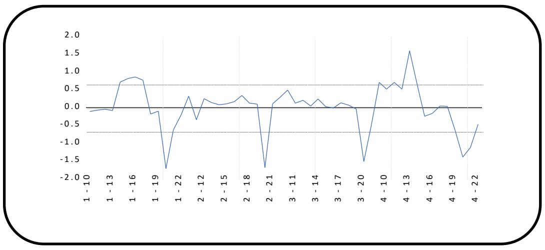
Table 2. Multicolonization test result

Variable	Z	Y
Z	1,000000	0,171099
Y	0,171099	1,000000

Source: Eviews (2024)

In the table above you can explain that the Y and Z variables start with 0.85 < 0.171099. Therefore, it can be said that polycolonization was absent in this study (Chapter, 2021).

b. Heterocedaticity test



Source: Eviews (2024)

Fig 3. Heterocedaticity Test Result Graph Y to Z

The deviation of some data in the chart (blue) does not cross the line (from 500 to -500), which means that other differences are the same; therefore, there is no evidence of successful heterogeneity or heterogeneity tests (Nepetopoulolo, 2021:143).

4.3 Result

4.3.1 Variable X_1-X_2-X_3 to Y

a. T-Test

In this study, the test was used to determine whether an independent variable had a partial impact on the addiction variable. The test results are shown in the table:

Table 3. T-Test Result

Variable	Coefficient	Standard error	T-Functions	Prob
Constant	28,78464	0,252467	114,0136	0,0000
Inflation	-2,157820	0,031208	-69,14238	0,0000
Market Capitalization	0,951907	0,028663	33,21087	0,0000
Number of tourists	1,156466	0,045964	25,16052	0,0000

Source: Eviews (2024)

The table above shows that the inflation variable (X1) is -2.157820 and the zip value is 0.0000< 0.005, which means that inflation fluctuations have a negative and significant impact on tax revenues, and the market value (X2) is 0.0 < 0.00. prob value is 0.0000< 0.05. This means that changing tourist rates have a positive and significant impact on tax revenues. The return equation is as follows:

$$\mathbf{TR_{it} = 28.78464 - 2.157820INF_{it} + 0.951907MC_{it} + 1.15646\ NT_{it} + E_{it}}$$

Information:
TR : Income Tax
INF : Inflation
MC : Market Capitalisation
NT : Number of tourists

b. Analysis F

In this study, the F test was used to determine whether an explosive variable affected the variable within an hour. The results of the F/F test are listed in the table below.

Table 4. F -Test result

Square R	0,860969
Adjusted R-Squared	0,852279
Return of the SE	1,287805
Statistics F	99,08217
Probe (F-Stats)	0,000000

Source: Eviews (2024)

The table above shows that the value of SIG 0.0000 is < 0.05, meaning that various data on inflation, financial markets and tourism have a significant impact on tax revenues.

c. Determination Test (R2)

It is used to determine the ability of each explicator variable to define reliable variables. The R value is given below

Table 5. Determination (R^2) Test Result

Square R	0,860969
Adjusted R-Squared	0,852279
Return of the SE	1,287805
Statistics F	99,08217
Probe (F-Stats)	0,000000

Source: Eviews (2024)

From the tables above it can be said that the R2 square has been corrected 0.. 852279 or 85.22%. In short, market price inflation was affected by 0.0 and the number of taxpayers was 0.852279 (85.22%). Therefore, it can be said that the number of tourists arriving is the same as market numbers.

4.3.2 Variable Y to Z

a. T-Test

The test is used to determine if the explanatory variable has any effect on the dependent variable.

Table 6. T-test Y to Z

Variable	Coefficient	Standard error	T-Functions	Prob
Constant	0,565556	0,867662	0,651816	0,5175
Tax revenue	0,036274	0,029540	1,227961	0,2252

Source: Eviews (2024)

The table above shows that the variable (Y) starts at 0.2252 > 0.05, which means that variable tax (Y) expenses have a positive and reckless effect on economic growth (Z). The result equation is given below:

$$\mathbf{ED_{it} = 0{,}565556 + 0{,}036274\ TR_{it} + E_{it}}$$

Information:
EG : Economic growth
TR : Income Tax

b. Analysis F

The F test is used to determine if a descriptive variable affects the variable within an hour. The results of the F/F test are listed in the table below.

Table 7. F-Test Result

Square R	0,029275
Fixed R-Class	0,009860
Return of the SE	0,655875
Statistics F	-50,83225
Probe (F-Stats)	0,225211

Source: Eviews (2024)

Based on the results of the F test analysis, the statistical value of F appears to be 0.225211 > 0.05, meaning that variable data on tax expenditures have a positive and minimal impact on economic growth.

c. Determination Test (R2)

The basic step is used to determine the cartilage of all accelerator variables that the variables can interpret. The values of the R square tissues are shown in the following diagram:

Table 8. Determination (R^2) Test Result

Square R	0,029275
Fixed R-Class	0,009860
Return of the SE	0,655875
Statistics F	-50,83225
Probe (F-Stats)	0,225211

Source: Eviews (2024)

In the table it can be said that R is four times the value of 0.029275 or 2.95%, and we can say that getting tax variables affects the growth of the economy by 2.95%. 97.05% (100% – 2.95%) of the other variables studied were not affected.

4.4 Discussion

4.4.1 Impact of inflation on taxes

The results of the study on the impact of inflation on tax revenues in ASEAN countries (Indonesia, Malaysia, the Philippines and Thailand) were supported by a regression analysis of tax revenues of -2.157820 and probability of 0.0000 (< 0.05).[8] "Inflation is caused by people who want to be cheap, so demand for goods is always higher than the value of existing assets (which creates an inflation difference).[9]

The strategic study entitled 'The effects of higher income tax and social protection contributions for Europe' also examines the effects of inflation, which has led to lower income restrictions and reduced taxes.[10] For example, the governments of Indonesia, Malaysia, the Philippines, and Thailand insist on fiscal measures such as tax increases, modest or changed budgets, public debt, inflation measures, open markets, low deposits and individual debt.

In addition to these measures, the government may also adopt non-cash and non-monetary measures, such as wage policy, increased production and market size, increased real wages, price monitoring and control, and price capacity.

4.4.2 Effects of Market Funding on Tax Revenues

According to the results of the study, the market value of the variable market is 0.951907 and the probability value is 0.0000 (< 0.05), which means that tax revenues are stable and heavily dependent on market value; this is according to a GEA study.[13] Market value is the market value of an enterprise, calculated by increasing the share price over the number of shares outstanding in the company.

The last income tax, property sales tax, tax revenue will increase; this is, according to such a study, "the effect of increasing market conditions on government tax revenues," which determines that stock market dynamics affect tax revenues and vice versa.[15] Company restructuring efforts are key to controlling stock market growth (the company's performance is reflected in its full-year results) and to avoid negative rumors and market disruptions; News of further price rises could lead to higher prices. This can lead to a light fire. Company policy, such as revealing key policies, can also generate positive sentiment and investor approval, leading to company growth. The value of the tax shares is increasing. An increase in inflation affects the size of the corporate income tax credit for the state. As a result, the government will enforce import and export laws, insurance contracts and direct credit rules.

4.4.3 Impact Number of Tourists on Tax Revenue

Based on the regressive results, the coefficient value of the number of tourists with a tax credit was estimated to be probability rates of 1.156466 and 0.000 (< 0.05), so the number of tourists has a positive and significant impact on tax revenues[18], which means tourism as an individual or group travelling for entertainment, business or recreational purposes. Further Education.[19] The traveler is a traveler for purposes other than daily activities, and often requires entertainment or relaxation. This is in line with the "Tourism Tax in Italy: A Good Idea" study on other issues that can increase tax revenues.[21]

In addition, the study "Impact of Tourist Numbers, Tourist Locations, Hotel Accommodation and The Country's Early Income Tax: A Case Study in the Sumatra Region of the West, Indonesia" examines data on the number of tourists and tax companies to increase the region's revenue.[22] The government should support visa services, eliminate PCR testing requirements for healthy visitors and "quarantine requirements" for vaccinated tourists, take part in tourism demonstrations, introduce minimum prices and services recommended by the Thai government. The design of "The Great Reset: Episode II" includes not only ABCD design, but also "China's Rise", "Goals of the Seven People", "Color of Life with Great Thailand", "Best Tourism" and "Best Tourism". This can be done not only in Thailand but also abroad, increasing the number of tourists and increasing tax revenues.

4.4.4 Impact Tax Revenue on Economic Growth

Results showed that the adjusted tax revenue regression value for economic growth is 0.0. 036274 and the probability rate is 0.2252 (> 0.05), so variable tax expenditures can be positively reflected on economic growth, but not significantly. Economic growth is driven not only by tax revenues, but also by other factors. This economic growth is in three phases; that is, it is a system that gradually reflects economic growth and per capita population, and is a long-term per capita growth system; A study entitled "Tax revenues from economic growth in Turkey from 2010 to 2020" is a study entitled "Tax revenues from economic growth in Turkey from 2010 to 2020".[27] In addition, a study published in the article "Impact of Tax Revenues on Economic Growth: Evidence from Nigeria" concluded that the oil-based tax company made Nigeria's economy more vulnerable.[25] Another study titled "Taxes and Economic Development in Africa" suggests that income tax credits have a positive impact on economic growth in Africa.[26]

As a result, countries in ASEAN (Indonesia, Malaysia, The Philippines, Thailand) are seeking rapid economic growth by effectively and effectively managing natural resources, improving population quality and consumption; political sustainability has helped countries increase the impact of technology.

5 Conclusion and Recommendation

5.1 Conclusion

It can be argued that variables such as inflation, market capitalization and tourism have a significant impact on tax revenues. Based on the test results, the measurement result is 0.852279 or 85.22%; the inflation variables in this study had a negative and significant impact on sentiment in ASEAN countries (Indonesia, Malaysia, the Philippines and Thailand). While the change of key markets has a positive and significant impact on the tax revenues of ASEAN countries (Indonesia, Malaysia, The Philippines, Thailand), the change in foreign travel has a positive and significant impact on the global economy.

5.2 Recommendation

ASEAN governments can control the rate of inflation, so that economic growth increases, add tourist destinations, increase infrastructure, services, promotions to attract tourists from abroad, support the private sector in order to improve company performance so that tax revenues can increase.

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