

ABSTRACT

The aging population is happening all over the world, including ASEAN-5 (Indonesia, Singapore, Malaysia, Thailand, and Philippines). This condition has an impact on non-demographic factors, one of which is the disruption of fiscal sustainability. Tax as one of the fiscal instruments is a tool for the government to provide a stimulus for the national economy. Supported by good economic conditions, the governments of ASEAN-5 countries can take advantage of this by optimizing VAT revenues. This study aims to analyze the effect of VAT rates, consumption, and C-efficiency on VAT revenues in ASEAN-5.

The type of data used is panel data with the research period from 2001 to 2020 in ASEAN-5 countries. The research method used Fixed Effect Model panel data regression with robust standard error.

The results of the study show that the Laffer Theory has been confirmed in the ASEAN-5 countries. This is indicated by the increase in the VAT rate which has a positive effect on VAT revenue up to 10.74 percent, then after the turning point occurs, the increase in the VAT rate will affect the decrease in VAT revenue. In addition, increases in consumption and C-efficiency have also proven to have an effect on increasing VAT revenues.

Keywords: VAT revenue, VAT rates, consumption, C-efficiency, and the Fixed Effect Model