ABSTRACT

Taxes are the largest source of state revenue regulated by the government. The ability and capacity to tax collection, of course, varies according to the characteristics of each country. In this tax system, it is important for a country to determine the factors that can potentially influence tax revenues. Castro and Camarillo have conducted research in various contries to identify factors that influence tax revenues. It is necessarry to explore how developing and developed countries make efforts to maximize their tax revenues. The aim of this research is to analyze the determinants of tax revenue in 36 OECD member countries during 2013-2022. This research uses a panel data regression analysis method with a Fixed Effect Model and used quantile regression to estimate differences in the influence of certain quantiles of variation across OECD countries.

This research focuses on four factors such as economic, productive or structural specialization, social, and institutional. The research estimation results show that wages,working population, education, and institutional indicators (Control of Corruption) have a positive and significant effect on tax revenues. Meanwhile, Gross Fixed Capital Formation (GFCF) and the industrial sector have a negative and significant effect on tax revenues.

Keywords: Tax Ratio, Tax Compliance, OECD