

ABSTRACT

The economic growth of G20 developing member countries experienced sharp fluctuations during the 2016-2022 period. The COVID-19 pandemic in 2020 caused economic contractions, with Argentina shrinking by -9,9% and India's by -6,6%, before recovering in 2021. Global pressures, such as the Russia-Ukraine war and The Fed's monetary policy, also triggered inflation and economic instability. From a fiscal perspective, the tax revenue to GDP ratio in developing countries was only 12,66%, far below the 18,54% in developed nations and the 33,9% OECD average, highlighting the important role of tax policy and macroeconomic factors in supporting growth.

This study aims to analyze the partial and simultaneous effect of income tax, Value Added Tax (VAT), Gross Fixed Capital Formation (GFCF), Foreign Direct Investment (FDI), trade volume, and labor on the economic growth of G20 developing member countries from 2016-2022. The data used is secondary annual panel data from the World Bank, IMF, OECD, and ILO. The analytical method employed is panel data regression with a Fixed Effects Model (FEM), supplemented with cross section weights to address heteroscedasticity and autocorrelation.

The results show that partially income tax, GFCF, FDI, trade volume, and labor have a significant positive effect on economic growth. Conversely, VAT has a significant negative effect due to its regressive nature and its impact on suppressing public purchasing power, with the negative impact being greater when its revenue is not allocated productively. Simultaneously, all variables are proven to have a significant effect on the economic growth of G20 developing member countries for the 2016-2022 period.

Keywords: *Economic Growth, G20, Income Tax, Value Added Tax, Macroeconomic*