ABSTRACT

The purpose of this research is to examine the effect of inflation rate, tax rate, economic growth, and economic structure on tax revenue. G20 countries are the world's main economic forum which represent more than half of the world's population, three-quarters of global trade, and most of the world's economy. This forum consists of countries which represent 85 percent of the world's gross domestic product (GDP). For these countries, tax revenue is very important for country's economy and development. This research uses optimal tax theory as a basis. This theory states that the selection of a tax system by policy makers should aim to maximize social welfare which is limited by constraints. The optimal tax problem occurs because of the inequality of information between taxpayers and policy makers. With this theory, it can be seen whether countries with high GDP can create optimal taxes with tax rates, inflation rates, economic growth, and economic structure as the constraints. This study uses multiple linear regression analysis with the help of SPSS software. The regression model used in this study is feasible to calculate tax revenues. The variables contained in this study explain 34.5 percent of tax revenues and 65.5 percent of tax revenues are explained by other variables that haven't been included in this research. In addition, the results of the study also show that the inflation rate, tax rate, and economic growth have no significant effect on tax revenue. Meanwhile, the economic structure has a significant negative effect on tax revenue.

Keywords: *tax revenue, tax rate, inflation rate, economic growth, economic structure*