

Abstract

This study examines the impact of economic and governance indicators on tax revenue. Using a panel of 22 developing countries, over 2000-18 the study applied panel corrected standard error to test hypothesis whether economic and governance indicators impact on tax revenue. The empirical findings of the study indicate that GDPPC, government expenditure, foreign direct investment, industrial share in GDP, government effectiveness, regulatory quality and democratic accountability have significant and positive impact on tax revenue. The study also reveals that trade openness have significant but negative impact on tax revenue.

Keywords: Tax revenue, Economic determinants, Governance Indicators