

THE EFFECT OF ECONOMIC GROWTH AND DIRECT TAXES ON TAX BURDEN IN OECD COUNTRIES

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ABSTRACT

The objective of this study is to analyze the effects of economic growth and direct taxes on tax burden in OECD countries from 2008 to 2014. Among the variables used in this study, economic growth is associated with the annual growth rate of GDP. A direct tax is paid directly by an individual or organization to an imposing entity for different purposes, including real property tax, personal property tax, income tax or taxes on assets. Tax burden is defined as the ratio of tax revenue to GDP and refers to compulsory transfers to the central government. GDP increasing rates, direct taxes and tax burden variables are obtained from the database of World Development Indicators. The panel regression method was used to analyze the relationships among variables. The research findings suggest that direct taxes and economic growth have positive effects on tax burden.

Keywords: Direct taxes, tax burden, economic growth.

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