Review of: "Sectoral GDP and Tax Revenue: a Panel Data Analysis"

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Potential competing interests: No potential competing interests to declare.

Review

Sectoral GDP and Tax Revenue: a Panel Data Analysis

As I have gone through the paper critically, I have noticed some important parts as listed below:

First, the researchers checked the existence of serial correlation between variables. The F-stat of the Wooldridge test was significant, meaning that there was serial correlation among them.

Second, the researchers checked the possibility of cross-sectional dependence/contemporaneous correlation. The F-stat of the Pesaran test was found significant, meaning that cross-sectional dependence/contemporaneous correlation existed in the dataset.

Third, the researchers analyzed the possibility of heteroskedasticity in the dataset. The F-stat of the Wald test was significant, meaning that the dataset suffered from heteroskedasticity. The diagnostics show that there was a time fixed effect in the dataset. The regional level was clustered into two groups by islands: 1) Sumatera, Java, Bali, Nusa Tenggara; and 2) Kalimantan, Sulawesi, Papua, and Maluku. LTO, the Special Tax Office, and Jakarta are categorized as the first group. The agriculture sector sells non-taxable goods. Therefore, the researchers suggest that the effect of this sector on tax revenue is due to its multiplier effect on other taxes or sectors. The independent variables are the amounts of the increases in GRDP in particular years from the previous year within particular sectors.

In addition, there are relatively few references cited in the study.

The literature should have included studies and findings that support the findings of this study.

There should have been a comparison between those findings and the results of this study.

Furthermore, a Granger causality analysis should have been conducted in the study. The purpose of this analysis is to determine whether the taxes paid in previous periods have an effect on sectoral GDP or whether the taxes are triggered by the GDP created.

In addition, the Hausman Test is also applied to Panel OLS and Panel Fixed Effect models, which assists in the selection of the most appropriate model. The study should have included this information as well.