

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

Uvesh Husain

Potential competing interests: No potential competing interests to declare.

Review and Recommendations

Abstract:

This paper critically evaluates a study examining the correlation between sectoral GDP and tax revenue in Indonesia, emphasizing its significance for policy considerations. While the research makes commendable contributions, certain weaknesses warrant attention and improvement. Recommendations are provided to enhance the overall quality of the paper.

Introduction:

The paper explores the crucial relationship between sectoral GDP and tax revenue in Indonesia, offering insights with substantial policy implications. The study's strength lies in its focus on sectoral differences and transparent methodology, utilizing a fixed-effects model to control for unobserved provincial variations.

Strengths:

Clear outline of data sources and analytical model.

Robust approach through a fixed-effects model.

Comprehensive analysis of regional variations.

Weaknesses:

Inadequate explanation of model specification, especially concerning variable selection and exclusions.

Overlooked potential endogeneity issues.

Suboptimal presentation of results in Tables 1 and 2.

Insufficient exploration of negative correlations, particularly with the agriculture sector.

Lack of a nuanced discussion on the reasons behind negative correlations.

Limited discussion on policy implications and recommendations.

Justification for excluding variables lacks a discussion on their potential impact.

Suggestions for Improvement:

Model Explanation:

Provide a more detailed model explanation, including the rationale for variable selection, addressing potential endogeneity concerns, and grounding the analysis within a theoretical framework.

Results Presentation:

Improve the clarity of Tables 1 and 2 by appropriately labeling each column for better readability, ensuring the findings are easily interpretable.

Discussion Section:

Enhance the discussion section by offering a more nuanced interpretation of negative correlations, exploring potential explanations, and discussing practical implications for policymakers.

Variable Exclusions:

While justifying the exclusion of certain variables, discuss how their inclusion might impact results, acknowledging potential limitations to strengthen the analysis.

Policy Implications:

Strengthen the policy implications section by providing clearer recommendations for the government based on the study's findings, addressing the identified correlations and disparities.

Overall Impression:

The paper delves into a pertinent economic issue, offering valuable insights into the correlation between sectoral GDP and tax revenue in Indonesia. However, addressing the suggested improvements regarding model explanation, results presentation, and in-depth discussions would significantly enhance the paper's overall quality and impact.