A Cross-National Comparative Study of Business Tax and Economic Growth: A Multilevel Model Analysis of Taiwan and OECD Countries

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Abstract:

This study examines the impact of business tax revenue on economic growth from 2011 to 2022 across Taiwan and 38 OECD member countries, using Hierarchical Linear Models (HLM) to analyze the relationships between variables at different levels. The analysis is conducted at two levels: the first level includes country-specific variables such as business tax revenue, unemployment rate, export growth rate, consumer price index, total fertility rate, household consumption, and public expenditure. The second level encompasses national characteristics, including the Corruption Perception Index, Gini Index, Democracy Index, and global governance indicators. The results indicate that the impact of business tax revenue on economic growth is significantly positive. Additionally, national characteristics moderate this relationship in different ways: countries with higher levels of corruption perception and political instability show a weaker positive effect of business tax revenue on economic growth, while countries with stronger governance effectiveness, regulatory quality, and the rule of law exhibit a stronger positive relationship.

Keywords:

Business tax revenue, Economic growth, Multilevel model.