IMPACT OF MACROECONOMIC INDICATORS TOWARD ECONOMIC GROWTH IN MALAYSIA

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I, Kelleon Lin Ko Chuan, (IC number: 970918-12-6123), hereby declare that:

- This work has not previously been accepted in substance for any degree, locally or overseas, and is not being concurrently submitted for this degree or any degrees.

- This project-paper is the result of my independent work and investigation, except where otherwise stated

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TABLE OF CONTENT

LIST OF TABLES

ABSTRACT

Tax is a crucial tool in adjusting the economic policy and main sources for the government in collecting revenue for the public expenditure. This study is to aim in analysing how much tax contributes to shaping economic development. Through this final project, all the evidence is gathered to prove a significant correlation between income taxes towards GDP in Malaysia. Another variable is included for comparison by determining their correlation towards Malaysian economic growth. The time-series data period from 1989 until 2018 were chosen for observation. The variation of a test is used for examining the correlation of independent variables towards the dependent variables. The findings in this regression model show that only foreign direct investment provides a significant link towards the Malaysian economic development. While other variables include income tax, inflation and unemployment do not show a significant correlation in encouraging the growth of economic in Malaysia. This research purpose is aiming in providing an outlooks to the policymaker in Malaysia especially in adjusting the tax policy for an adequate tax system. Besides, the outlook on inflation, unemployment rate and foreign direct investment should always be considered by the policymaker in Malaysia for encouraging a significant growth of economic.