



UNIVERSITI TEKNOLOGI MARA

BACHELOR OF BUSINESS ADMINISTRATION (HONS.)
BUSINESS ECONOMICS

EMPIRICAL ANALYSIS OF EFFECT TAX REVENUE ON
ECONOMIC GROWTH: CASE OF MALAYSIA

MOHAMMAD FUAD BIN KAIPIN
2014989609

December 2017

ACKNOWLEDGEMENT

First of all, I would like to thank Allah as I have opportunity to do this research, able to finish it and everything went well even though it is quite challenging. There are several people that had helped me with warm heart in completing this project paper. I am especially indebted to Tuan Haji Wahi Ismail my first advisor and Dr. Abdul Aziz Karia by lecturer, who have been supportive of my career goals and who worked actively to provide me with the protected academic time to pursue those goals. Without their guidance, my project paper cannot be done properly like this.

Next, my gratefulness goes to all of my helpful and supporting classmates. They always help me in giving and sharing their different opinion regarding my project paper. Moreover, not to forget for their positive and negative feedbacks that gives improvement on my project paper.

Last but not least, my appreciation goes to the most important people in my life, which are my parents and the whole families. I want to shout out a big thankful to all of them for their moral supports, advices and also financial support in completing this project paper. For those that help me directly or indirectly, I also want to show my appreciation to them. Without all of the commitments and supports, this project paper would never be completed.

TABLE OF CONTENT

DECLARATION OF WORK.....	i
LETTER OF SUBMISSIONS.....	ii
ACKNOWLEDGMENT.....	iii
TABLE OF CONTENT.....	iv
LIST OF TABLE AND FIGURE.....	vi
ABSTRACT.....	vii

CHAPTER 1: INTRODUCTION

1.1 Background of Study.....	1 – 4
1.2 Problem Statement.....	5
1.2 Research Objectives.....	5
1.3 Significance of research.....	6
1.4 Scope and limitation.....	7

CHAPTER 2: THEORETICAL FRAMEWORK

2.1 Literature Review.....	8 – 11
2.2 Conceptual framework.....	12
2.3 Hypothesis.....	13
2.4 Research Questions.....	13

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction.....	14
3.2 Data Collection.....	14
3.3 Data Analysis.....	14
3.3 Methodology.....	17 – 20

CHAPTER 4: RESULTS AND ANALYSIS

4.1 Introduction.....21
4.2 Analysing the Trend..... 21 – 24
4.3 Descriptive Statistic 25
4.4 Unit Root Test..... 26 – 27
4.5 Johansen Co-Integration Test.....28
4.6 Granger Causality.....29

CHAPTER 5: CONCLUSION AND RECOMMENDATION

5.0 Conclusion and Recommendation.....30 – 31

Reference32 – 34
Appendices..... 35 – 48

ABSTRACT

This paper identify the effect tax revenue on economic development in Malaysia based on human development index, gross domestic product and development expenditure. Whereby, in this study is to identify whether there is a difference using human development index as dependent variable through the independent variable in establishing the relationship. The methodology used involved collection data for each variables selected in Malaysia since 1990 until 2015. The test are to investigate the long-run and short-run relationship between each variables towards effect tax revenue on economic development in Malaysia. Thus, the result Granger Causality test shows tax revenue and gross domestic product shows directional causality in which both variables has short-run relationship.