ABSTRACT

Government expenditure is government expenditure on capital goods, consumer goods and to the services. Economic growth is the increase in long-term capacity of the countries concerned to provide a range of economic goods to its population. Tax receipts are all receipts are comprised of domestic taxes and taxes on international trade. The purpose of this study is to determine the effect of government expenditure and economic growth on tax revenues in Indonesia.

The method used in this study is a quantitative method. Statistical test used is the calculation of partial and simultaneous correlation, path analysis, determination coefficient, hypothesis testing, and also use the aid program SPSS 18.0 for Windows applications.

The results showed that government expenditure has positive and significant impact on economic growth. This means that Indonesia's economy remains heavily dependent on consumer expenditure, especially on government consumption. Government expenditure has positive and significant impact on tax revenues. That means reduced government expenditure can increase tax revenue. Economic growth and no significant effect on tax revenue. The reason is because of the limited research on the use of secondary data.

Keywords: Government Expenditure, Economic Growth, Tax Revenue.