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ETIKONOMI

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Jakarta, Indonesia

Subject : Submission of Research Paper – “Taxation and Income Inequality in Southeast

Asia: A Study on ASEAN Member Countries"

May 20th, 2023

Dear Editor-in-Chief,

I am writing to submit a research paper titled "Taxation and Income Inequality in Southeast Asia: A Study on ASEAN Member Countries" for consideration of publication in ETIKONOMI. This study aims to address the existing research gap by analyzing the relationship between taxation and income inequality in the Association of Southeast Asian Nations (ASEAN) countries from 1998 to 2019.

The abstract of the paper, which provides a concise overview of the research, is as follows:

"Although previous research has investigated the link between taxation and income inequality in different regions worldwide, there is a notable research gap on the impact of taxation on income inequality in Southeast Asia. This study aims to fill this gap by analyzing a panel data model focusing on the Association of Southeast Asian Nations (ASEAN) countries from 1998 to 2019, employing a two-stage least square (2SLS) estimation technique with fixed effects and instrumental variables. The tax instrument comprises two components: the tax ratio, which reflects the volume of taxes, and the tax structure, which includes direct, indirect, and income taxes. The results suggest that the tax ratio, direct tax, and income tax contribute to reducing income inequality in the Southeast Asian region. However, the impact is not significant enough. These findings suggest that prioritizing education and improving the quality of the workforce can effectively reduce income inequality in Southeast Asia, as demonstrated by Singapore's success in this area."

Our study fills a crucial gap in the existing literature by providing insights into the impact of taxation on income inequality in Southeast Asia. The research utilizes a panel data model and employs a two-stage least square (2SLS) estimation technique with fixed effects and instrumental variables. By focusing on ASEAN countries over a 22-year period, we have generated comprehensive and robust results.

The findings of our research indicate that while the tax ratio, direct tax, and income tax contribute to reducing income inequality in the Southeast Asian region, the impact is not significant enough. Our study also highlights the importance of prioritizing education and improving the quality of the workforce as effective measures to address income inequality, as exemplified by Singapore's success in this area.

We believe that our research aligns well with the scope and objectives of ETIKONOMI, as it offers valuable insights into the impact of taxation on income inequality in an underexplored region. We have thoroughly reviewed the submission guidelines of the journal and are confident that our research meets all the necessary criteria for publication.

Please find attached the complete manuscript for your consideration. We would be grateful if you could assess our paper and consider it for publication in ETIKONOMI. We believe that our research would make a significant contribution to the existing literature on income inequality and taxation, particularly in the Southeast Asian context.

Thank you for considering our submission. We look forward to hearing from you regarding the outcome of our paper's evaluation.

Yours sincerely,

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