

## Impact of tax regime shifting to capital flow: The Case of ASEAN countries (article on Proceedings International Research Conference on Economics and Business Malang, 11-12 December 2017)

Milla Sepliana Setyowati, author

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### Abstrak

ASEAN is currently becoming major economic force in Asia, made up of Indonesia, Malaysia, Singapore, Brunei Darussalam, Laos, Philippines, Cambodia, Thailand, Vietnam, and Myanmar. ASEAN countries set a goal to integrate all economic potential through ASEAN Economic community in 2015 in order to make the country members competitive with the rest of world. Occupied by 600 million population and nominal GDP of USD 2.31 trillion, ASEAN provides huge opportunities for the world, especially in the form of trade and investment. Thus it has to be supported by relevant policies from the respective country members, which is one of them is tax policy. There are two major tax regimes which are worldwide tax regime and territorial tax regime. The main objective of territorial tax regime is to gain more opportunities abroad by exempting corporate income tax by home countries for firms operating abroad, thus capital outflow from a country with territorial tax regime will increase. The research employs fixed effect panel analysis in 6 major ASEAN countries with observation period of 15 years. The result reveals that tax regime does not have significant impact on capital outflow, still, macroeconomic performance becomes major factor for the capital outflow