

Abstract

This study aims to determine the effect of consumption tax (hotel, restaurant and entertainment tax) and non-metal mineral and rock tax (MBLB tax) on economic activity in regencies and cities of Riau Islands Province. The data used in this study is panel data which is a combination of cross section data covering 5 districts and 2 cities in Riau Islands Province with time series data for the 2010-2019 period. The data analysis technique used is panel data regression with fixed effect model estimation. The results show that consumption tax income has a positive and significant effect on economic activity, while statistically the MBLB tax does not affect economic activity in all districts and cities of Riau Islands Province.

Keywords: local tax, consumption tax, MBLB tax, economic activity, fixed effect.