1. General government revenues

Governments raise revenues to finance the goods and services they provide and to fulfil their redistributive role. The amount of revenues collected is mainly determined by historical and current political decisions, but is also strongly influenced by economic fluctuations.

The size of government revenues varies considerably across OECD member countries, ranging from less than a quarter of gross domestic product (GDP) in Mexico to almost 60% of GDP in Norway. Nordic countries generally collect more revenues than any other group of countries, partly reflecting the fact that most social benefits to individuals and households are taxable in these countries. This is not the case in many other countries.

Government revenues as a share of GDP remained fairly stable in most countries, decreasing slightly on average across the OECD between 2000 and 2009. Only a few OECD countries experienced large changes in revenues as a share of GDP during this time period: it decreased in Israel and the Slovak Republic by 6.6 and 6.3 percentage points respectively – due to changes in tax systems – whilst it increased by 7.5 percentage points in Estonia and 5.5 percentage points in Korea. While in Estonia, the increase in the share of government revenues in GDP was caused by the fall of GDP, tax reform and an increased level of grants from the EU, in Korea it was mostly due to changes in the social security system.

The global financial and economic crisis had a strong negative impact on government revenues as a share of GDP in most OECD member countries. Between 2007 and 2009, government revenues as a share of GDP amongst OECD member countries decreased on average by 0.7 percentage points compared to an average decline of nearly 0.1 percentage points between 2000 and 2007. Iceland and Spain experienced the strongest decrease during 2007-09, by respectively 6.7 and 6.4 percentage points. The strongest increase during the same period was in Estonia (+6.5 percentage points).

The amount of revenues collected per person is an alternative way of comparing the size of government revenues across countries. Luxembourg and Norway have the highest government revenues per capita in the OECD, topping more than USD 30 000 per person in 2009, reflecting the importance of cross-border workers and corporate tax in Luxembourg and oil revenues in Norway. Central European countries collect comparatively less revenues per person than most OECD countries. On average, government revenues per person grew by 1.4% a year in OECD member countries between 2000 and 2009. Two countries (Estonia and Korea) experienced real annual growth in government revenues per person greater than 6% during the same period. In comparison, real government revenues per person declined in five OECD member countries, with the largest decline in the United States (almost –1%).

Methodology and definitions

Government revenues data are derived from the *OECD National Accounts Statistics*, which are based on the *System of National Accounts* (SNA), a set of internationally agreed concepts, definitions, classifications and rules for national accounting. Using SNA terminology, general government consists of central government, state government, local government and social security funds. Revenues encompass social contributions, taxes other than social contributions, and grants and other revenues. Gross domestic product (GDP) is the standard measure of the value of goods and services produced by a country during a period.

Government revenues per person were calculated by converting total revenues to USD 2009 using the OECD/Eurostat purchasing power parities (PPP) for GDP and dividing it by population. For the countries whose source is the *IMF Economic Outlook* an implied PPP conversion rate was used. PPP is the number of units of country B's currency needed to purchase the same quantity of goods and services in country A.

Further reading

OECD (2011), *National Accounts at a Glance 2010*, OECD Publishing, Paris.

Figure notes

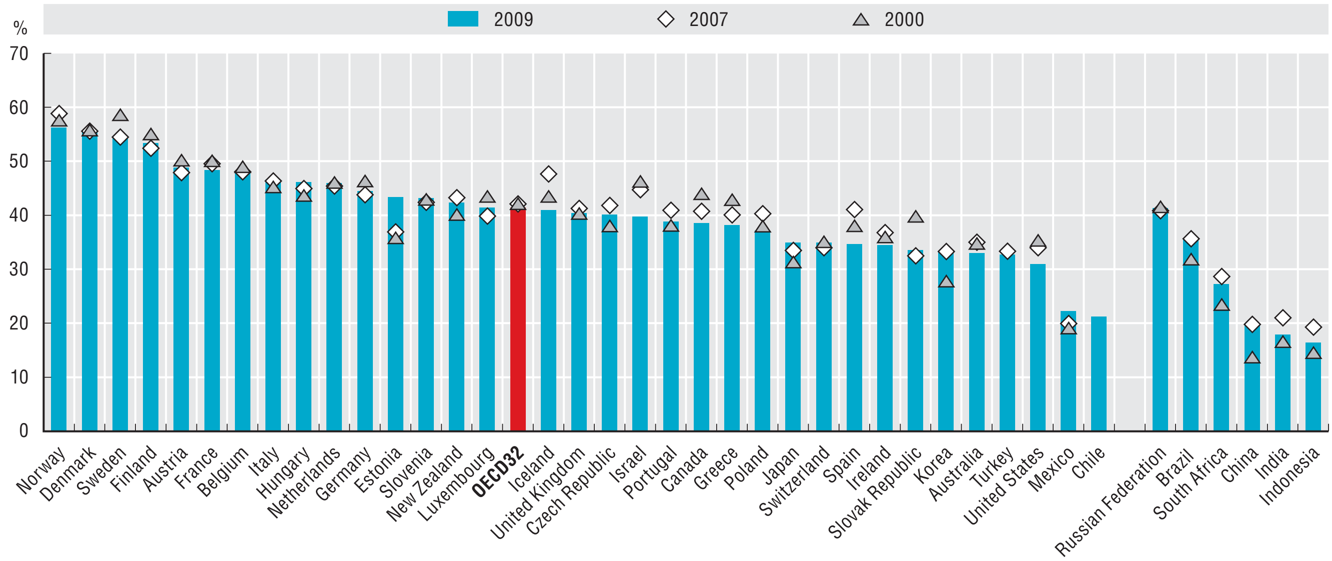
Data for Australia, Japan, Korea, New Zealand and the Russian Federation are for 2008 rather than 2009. Data for Mexico are for 2003 rather than 2000. Data for the Russian Federation are for 2002 rather than 2000.

1.1: Data for 2000 for Turkey and for 2000 and 2007 for Chile are not available and these countries are not included in the average (OECD32).

1.3: Data for Chile and Turkey are not available.

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

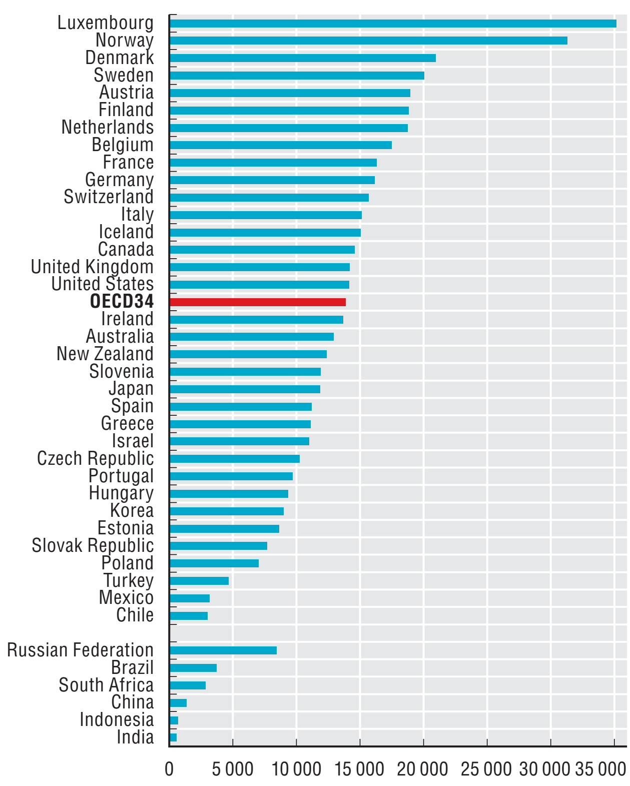
1.1 General government revenues as a percentage of GDP (2000, 2007 and 2009)



Source: For OECD countries: *OECD National Accounts Statistics*. For the other major economies (excluding the Russian Federation): International Monetary Fund (2010), *Economic Outlook*, April 2011, IMF, Washington DC.

StatLink http://dx.doi.org/10.1787/888932389664

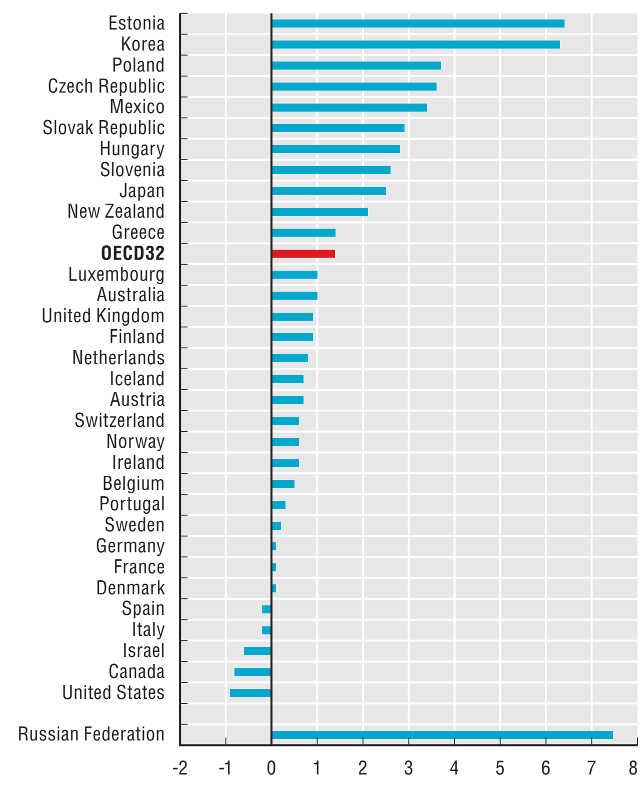
1.2 Government revenues per person (2009)



Source: For OECD countries: *OECD National Accounts Statistics*. For the other major economies (excluding the Russian Federation): International Monetary Fund (2010), *Economic Outlook*, April 2011, IMF, Washington DC.

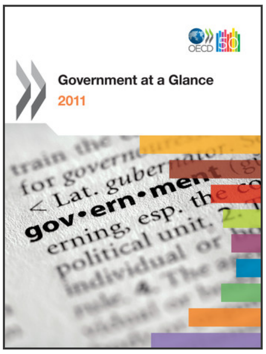
StatLink http://dx.doi.org/10.1787/888932389683

1.3 Annual real percentage change of general government revenues per person (2000 to 2009)



Source: *OECD National Accounts Statistics*.

StatLink http://dx.doi.org/10.1787/888932389702



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