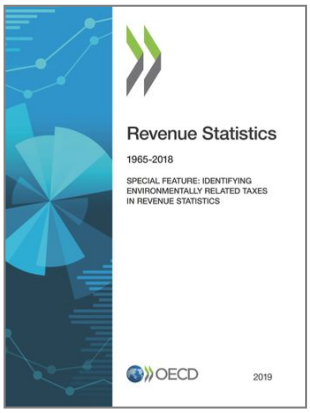
OECD *Multilingual Summaries*
Revenue Statistics 2019

Summary in English



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In 2018, the average OECD tax-to-GDP ratio remained virtually unchanged compared to 2017, with almost no increase (a change of 0.02 percentage points). This ends the trend of annual increases in the OECD average tax-to-GDP ratio observed since 2009, following the financial crisis. The slowing in the growth of the OECD average was predominantly driven by the impact of the significant fall in the tax-to-GDP ratio of the United States as a result of their tax reforms. However, due to rounding the OECD average tax-to-GDP ratio was 34.3% in 2018 compared to 34.2% in 2017.

In this publication, taxes are defined as compulsory, unrequited payments to general government. They are unrequited in that the benefits provided by governments to taxpayers are not normally allocated in proportion to their payments. Taxes are classified by their base: income, profits and capital gains; payroll; property; goods and services; and other taxes. Compulsory social security contributions (SSCs) paid to general government are also treated as taxes. Revenues are analysed by level of government: federal or central; state; local; and social security funds. Detailed information on the classifications applied is set out in the Interpretative Guide in Annex A.

Tax levels in 2018

Across OECD countries, tax-to-GDP ratios in 2018 ranged from 16.1% in Mexico to 46.1% in France. Half of the OECD countries had tax-to-GDP ratios between 32% and 40% of GDP in 2018, with one-quarter of countries having ratios above this level and one-quarter below. Between 2017 and 2018, the OECD average tax-to-GDP ratio remained virtually unchanged (a change of 0.02 percentage points), although due to rounding the headline figures increased from 34.2% (34.24%) to 34.3% (34.26%).

An increase in tax-to-GDP ratios from 2017 to 2018 is observed in 19 of the 34 countries for which preliminary 2018 data is available. In all of these countries, the increase was due to nominal tax revenues increasing more than the nominal increase in GDP. The increase in the tax-to-GDP ratio was largest in Korea and Luxembourg (1.5 and 1.3 percentage points, respectively) due to higher corporate income taxes in both countries as well as higher revenues from personal income taxes in Luxembourg. There were no other increases above one percentage point.

Fifteen countries experienced a decrease in tax-to-GDP ratios in 2018 relative to 2017. The largest fall was seen in the United States (2.5 percentage points), following the reforms to corporate and personal income taxes and the one-off repatriation tax on foreign earnings implemented in the Tax Cuts and Jobs Act. Falls of over one percentage points were also observed in Hungary and Israel (1.6 and 1.4 percentage points, respectively). Smaller decreases were seen in Denmark, Finland, France, Greece, Iceland, Ireland, Italy, Latvia, the Slovak Republic, Sweden, Switzerland and Turkey. In most countries the decreases were due to nominal tax revenues increasing by less than the increase in GDP, except in the United States and Israel, where nominal tax revenues fell relative to 2017, but nominal GDP rose.

Across the last decade, 26 OECD countries reported higher tax-to-GDP ratios in 2018 than in 2008, with the greatest increases in Greece and the Slovak Republic. Among the remaining 10 countries, tax levels in 2018 remained more than six percentage points lower in Ireland and more than two percentage points lower in Hungary and Norway.

Tax structure in 2017

In 2017, the latest year in which final data is available for all countries, social security contributions (SSCs) amounted to the largest share of tax revenues in the OECD, at just over one-quarter (26.0%) of total revenues, and together with personal income taxes (23.9%) the two categories amounted to nearly one-half of tax revenues in OECD countries, on average. Value Added Tax (VAT) accounted for a further one-fifth of total revenues (20.2%). Other consumption taxes and taxes on corporate income accounted for smaller shares of tax revenues (12.2% and 9.3% respectively), with property taxes (5.8%) and residual taxes accounting for the remaining share.

Since 2016, the share of income taxes to total revenue has increased by 0.7 percentage points. This was relatively evenly split between personal and corporate income taxes (0.4 and 0.3 percentage points, respectively). This continues the recent increase in the share of corporate tax revenues, from 8.8% of total tax revenues in 2014 and 2015, to 9.0% in 2016 and 9.3% in 2017. Since 2016, the share of revenues from taxes on goods and services decreased slightly, with an increase in VAT revenues of 0.2 percentage points outweighed by a fall in the share of revenues from other goods and services taxes (0.3 percentage points). The largest fall between 2016 and 2017 was seen in property tax revenues (0.7 percentage points) although this reflects the impact of the one-off stability contributions in Iceland, which had increased their share in 2016.

Changes by level of government

Tax revenues at different levels of government remained stable in 2017 relative to 2016, both on an OECD average basis and in individual countries. The federal share of revenues in 2017 remained at 53.8% of general government revenue in federal countries and at 63.8% in unitary countries. In federal countries, 25.1% of revenues were received at subnational level on average (ranging from 4.6% in Austria to 50.2% in Canada), with roughly two-thirds of revenues being received by state governments and one-third by local governments. In unitary countries, the share of local government revenues was 11.2% on average, ranging from less than 0.9% in Estonia to 35.3% in Sweden.

Environmentally related tax revenues in OECD countries

A special feature in this report details a reconciliation of data on environmentally related taxes in Revenue Statistics with data in the OECD Policy INstruments for the Environment (PINE) database and in Eurostat's National Tax Lists. Reconciling these sources ensures coherence and comparability of the data and thus improves the quality of data available for policy analysis.

The special feature finds that environmentally related tax revenues (ERTRs) in OECD countries in 2017 ranged from 2.8% of total tax revenues in the United States to 12.5% in Slovenia and Turkey, accounting for 6.9% on a simple average basis. Environmentally related tax revenues accounted for 2.3% of GDP, on average, with country shares ranging from 0.7% of GDP in the United States to 4.5% in Slovenia. Since 1995, OECD countries have not moved toward sourcing a greater share of tax revenues from environmentally related tax bases and there has been no observable convergence in the levels of ERTRs raised in OECD countries. Across the OECD, the largest share of ERTRs in 2017 was derived from energy taxes, both on average and in nearly every OECD country, accounting for nearly three-quarters of all ERTRs.