Revenue Statistics 2021

Initial impact of COVID-19 on OECD tax revenues

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Introduction

Revenue Statistics 2021 presents detailed internationally comparable data on tax revenues of OECD countries for all levels of government. The latest edition provides final data on tax revenues in 1965-2019. In addition, provisional estimates of tax revenues in 2020 are included for almost all OECD countries.[1]

Box 1 Revenue Statistics in OECD Countries – definitions & classifications

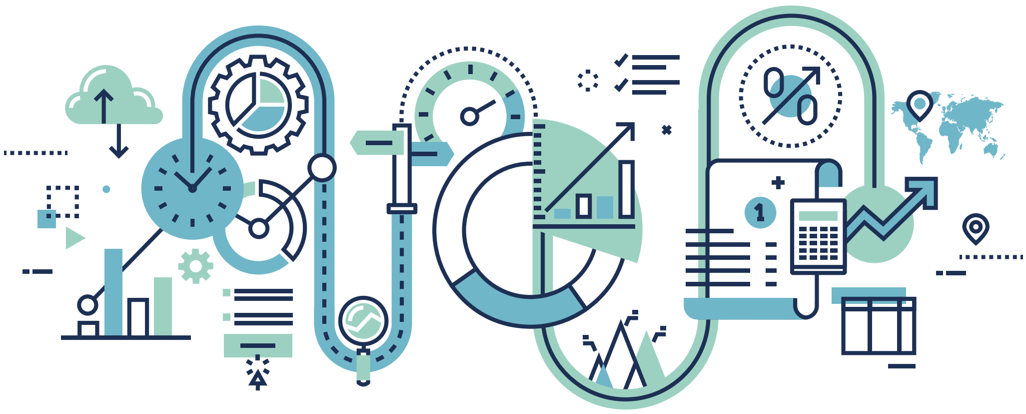
In *Revenue Statistics 2021*, taxes are defined as compulsory, unrequited payments to the general government or to a supranational authority. Taxes are unrequited in the sense that benefits provided by government are not normally in proportion to their payments.

In the OECD classification, taxes are classified by the base of the tax:

- Income and profits (heading 1000)
- Compulsory social security contributions paid to general government, which are treated as taxes (heading 2000)
- Payroll and workforce (heading 3000)
- Property (heading 4000)
- Goods and services (heading 5000)
- Other (heading 6000)

Much greater detail on the tax concept, the classification of taxes and the accrual basis of reporting is set out in the OECD Interpretative Guide at Annex A of *Revenue Statistics 2021* .

All of the averages presented in this summary are unweighted.



Tax-to-GDP ratios

TAX RATIOS FOR 2020 (PROVISIONAL DATA)

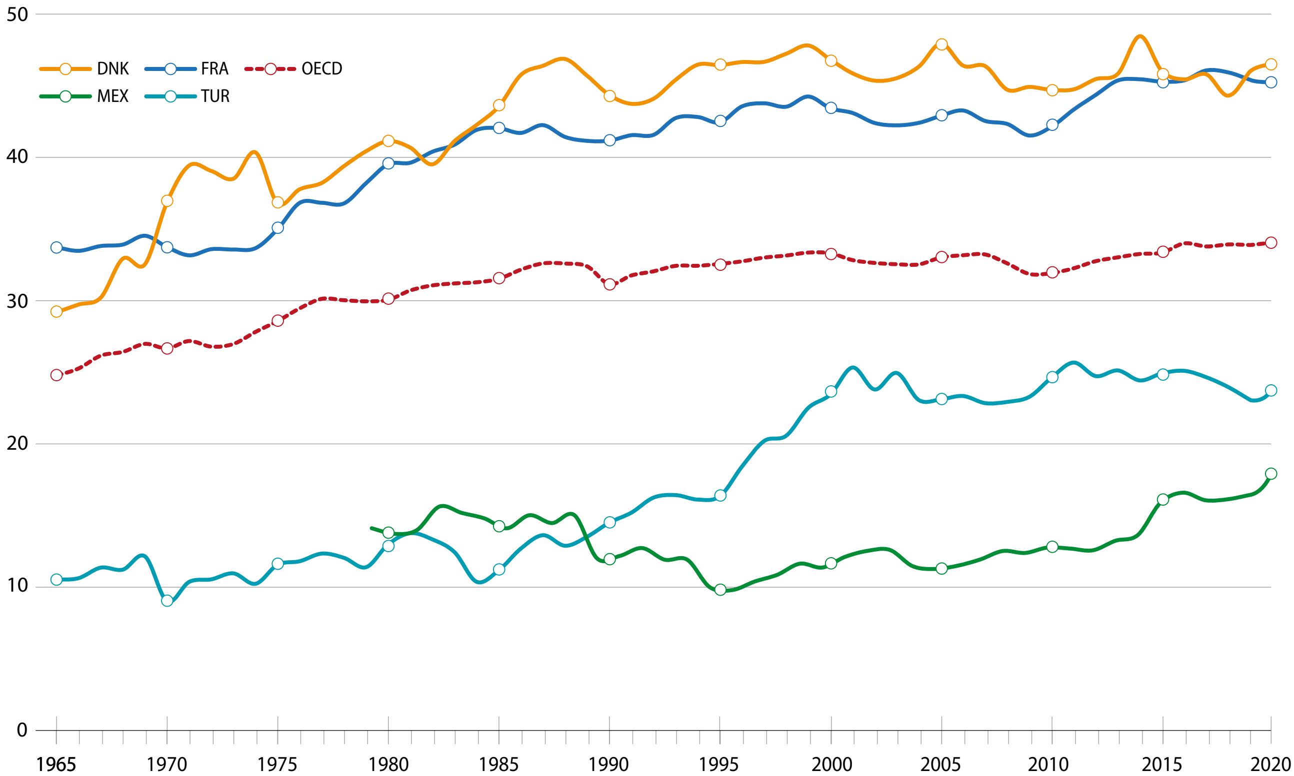
New OECD data in the annual *Revenue Statistics 2021* publication show that on average, tax revenues as a percentage of GDP (i.e. the tax-to-GDP ratio) were 33.5% in 2020, an increase of 0.1 percentage points (p.p.) of GDP relative to 2019. The small increase in the OECD average tax-to-GDP ratio in 2020 occurred against the backdrop of the COVID-19 pandemic, which led to widespread falls in both nominal tax revenues and in nominal GDP; the reason for the increase is that in most countries, GDP fell by more than nominal tax revenues. Chapter 2 of *Revenue Statistics 2021* provides more information on the changes in tax revenues for each country, including for different types of taxes. The tax-to-GDP ratio increased in 20 of the countries for which 2020 data are available and decreased in 16; on average, the decreases and increases were of a similar magnitude (0.7 p.p.).

1. Provisional 2020 figures are not available for Australia and provisional figures on social security contributions in Japan are also not available as at the time *Revenue Statistics 2021* was published.

Country tax-to-GDP ratios in 2020 varied considerably (Table 1), both across countries and since 2019. Key observations include:

- Denmark had the highest tax-to-GDP ratio in 2020 (46.5%), and with the exceptions of 2017 and 2018, in which France was higher, has had the highest tax-to-GDP ratio of OECD countries since 2002. France had the second-highest tax-to-GDP ratio in 2020 (45.4%). Mexico had the lowest tax-to-GDP ratio (17.9%).
- Of the 36 countries for which data for 2020 are available, the ratio of tax revenues to GDP compared to 2019 rose in 20 and fell in 16.
- Between 2019 and 2020, the largest tax ratio increase was in Spain, at 1.9 percentage points of GDP. This was largely due to an increase in revenues from social security contributions as a share of GDP (1.5 percentage points), following a smaller fall in SSC revenues than in GDP (see chapter 2 of *Revenue Statistics 2021* for more information). The second largest increase was in Mexico (1.6 p.p.), with increases in all major tax types both in nominal terms and as a share of GDP. Iceland was the only other country with an increase of over 1 p.p. (Figure 2).
- The largest fall in the tax-to-GDP ratio between 2019 and 2020 was in Ireland, at 1.7 p.p.. The decrease in Ireland was in large part due to a fall in VAT revenues following the temporary reduction in VAT rates in 2020 and the impact of the COVID-19 pandemic in decreasing economic activity. Smaller falls in personal income taxes, social security contributions, property taxes and excises also contributed.
- Decreases of over one percentage points were also seen in Chile (1.6 p.p.) and Norway (1.3 p.p). In Norway, the fall was due to a sharp decrease in corporate income tax revenues (3.5 p.p.), due to temporary changes in the Petroleum Tax Act to help oil and gas companies execute planned investments as well as the opportunity to offset losses in 2020 against taxed surpluses from the previous two years. This fall was offset by increases in all other major tax types.

Figure 1. **Trends in tax-to-GDP ratios, 1965-2020p (as % of GDP)**



Notes: Data for 2020 are preliminary. The OECD average in 2020 is calculated by applying the unweighted average percentage change for 2020 in the 36 countries providing data for that year to the overall average tax to GDP ratio in 2019.

The 2016 OECD average tax-to-GDP ratio includes the one-off revenues from stability contributions in Iceland. Without these revenues included, the OECD average tax-to-GDP ratio in 2016 would have been 33.2%.

Source: Data from *Revenue Statistics 2021*, https://oe.cd/revenue-statistics

Table 1. **Summary of key tax revenue ratios in the OECD**

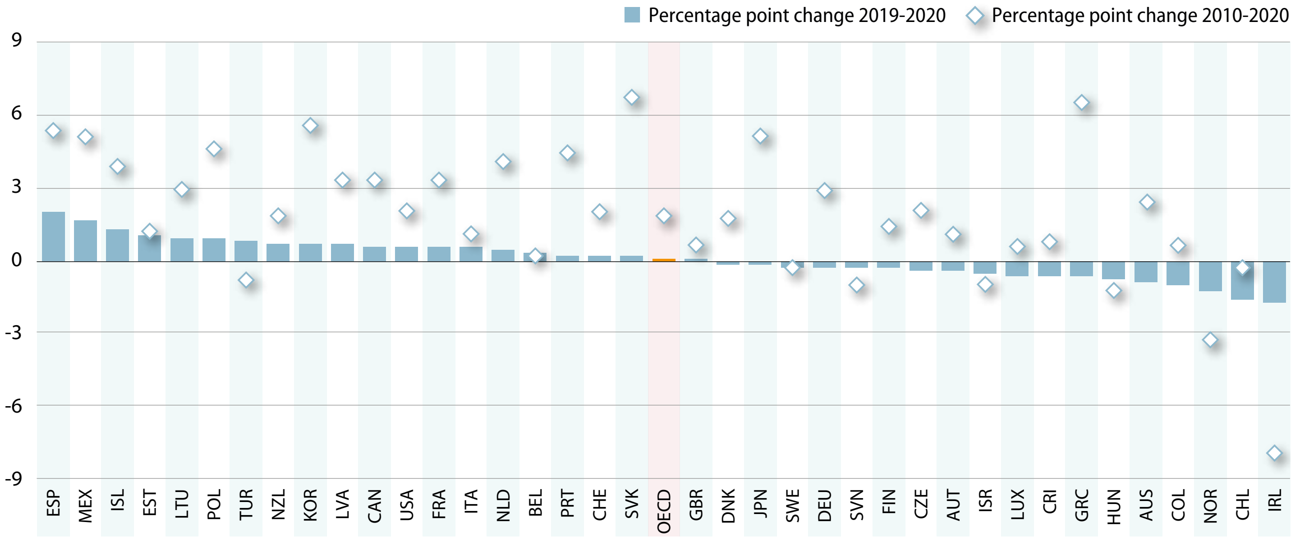
	Tax revenue as % of GDP				Tax revenue as % of total tax revenue in 2019						
	2020 (provisional)	2019	2018	2000	1100 Taxes on income, individuals (PIT)	1200 Taxes on income, corporates (CIT)	2000 social security contributions (SSC)	4000 Taxes on property	5111 Value added taxes	Other consumption taxes (3)	All other taxes (4)
OECD - Average (1)	**33.5**	**33.4**	**33.5**	**32.9**	**23.5**	**9.6**	**25.9**	**5.5**	**20.3**	**12.3**	**2.8**
Australia	–	27.7	28.5	30.5	42.0	17.1	0.0	9.8	11.7	14.6	4.7
Austria (2)	42.1	42.6	42.3	42.3	22.6	6.4	34.9	1.3	18.0	9.5	7.3
Belgium (2)	43.1	42.7	43.9	43.8	26.5	8.7	31.0	8.0	15.6	10.1	0.0
Canada	34.4	33.8	33.5	34.7	36.0	12.3	13.9	11.4	13.3	9.5	3.6
Chile	19.3	20.9	21.1	18.8	7.2	23.4	7.3	5.5	39.9	13.2	3.7
Colombia	18.7	19.7	19.3	15.7	6.8	24.0	9.5	9.1	29.6	13.3	7.7
Costa Rica	22.9	23.6	23.2	21.1	6.1	11.9	34.2	1.9	18.5	16.3	11.1
Czech Republic	34.4	34.8	35.0	32.3	12.7	10.1	44.2	1.2	21.6	10.2	0.0
Denmark (2)	46.5	46.6	44.2	46.9	52.1	6.7	0.1	4.3	20.1	10.2	6.5
Estonia	34.5	33.5	33.0	31.1	16.5	5.5	35.0	0.6	26.7	15.7	0.0
Finland	41.9	42.3	42.4	45.8	29.0	6.0	27.9	3.4	21.7	12.0	0.1
France (2)	45.4	44.9	45.9	43.4	20.7	4.9	33.0	8.7	15.9	11.6	5.1
Germany	38.3	38.6	38.4	36.4	27.4	5.2	37.9	2.9	18.2	8.4	0.0
Greece	38.8	39.5	40.0	33.4	15.2	5.6	30.8	7.7	21.3	18.6	0.8
Hungary	35.7	36.5	36.8	38.5	14.2	3.5	32.0	2.6	26.1	18.5	3.1
Iceland	36.1	34.8	36.4	35.9	41.0	5.9	9.2	6.0	22.9	9.4	5.6
Ireland	20.2	21.9	22.4	30.8	31.7	14.0	16.8	5.7	19.6	11.3	1.0
Israel	29.7	30.2	30.8	34.8	20.9	10.1	17.4	10.2	23.9	12.0	5.6
Italy	42.9	42.4	41.7	40.5	25.8	4.6	31.2	5.7	14.7	13.6	4.3
Japan	–	31.4	31.6	25.3	18.8	12.0	41.1	8.2	13.2	6.5	0.3
Korea	28.0	27.3	26.7	20.9	17.5	15.7	26.7	11.4	15.7	10.1	2.8
Latvia	31.9	31.2	31.1	29.1	20.8	0.5	30.6	3.0	27.7	17.3	0.0
Lithuania (2)	31.2	30.3	30.2	30.8	23.9	5.1	31.8	1.0	26.1	12.1	0.0
Luxembourg (2)	38.3	38.9	39.5	36.9	23.9	15.2	27.7	9.8	15.0	8.4	0.1
Mexico	17.9	16.3	16.1	11.5	20.8	20.1	13.8	2.0	23.4	14.3	5.7
Netherlands	39.7	39.3	38.8	36.9	21.6	9.4	34.2	3.8	18.2	12.5	0.2
New Zealand	32.2	31.5	32.2	32.5	39.5	12.4	0.0	6.2	30.3	8.4	3.2
Norway	38.6	39.9	39.4	41.7	26.0	14.7	26.5	3.2	21.6	7.9	0.1
Poland (2)	36.0	35.1	35.1	32.9	15.1	6.3	37.6	3.6	22.6	13.9	0.9
Portugal	34.8	34.5	34.7	30.9	18.4	9.0	27.8	4.1	25.4	14.4	0.8
Slovak Republic	34.8	34.6	34.2	33.6	10.9	8.8	43.4	1.2	21.0	14.0	0.8
Slovenia	36.9	37.2	37.3	37.7	14.2	5.3	42.2	1.7	21.6	14.9	0.1
Spain	36.6	34.7	34.7	33.0	22.7	6.0	35.3	7.1	18.7	10.2	0.0
Sweden	42.6	42.8	43.8	50.0	28.7	7.0	21.4	2.2	21.3	7.0	12.5
Switzerland (2)	27.6	27.4	26.8	27.0	30.6	11.4	23.7	7.7	11.2	8.6	6.8
Turkey	23.9	23.1	24.0	23.5	16.3	7.9	31.4	4.2	18.1	20.9	1.2
United Kingdom	32.8	32.7	32.9	32.8	27.6	7.0	19.7	12.4	21.3	11.5	0.4
United States	25.5	25.0	24.9	28.3	41.1	5.4	24.5	11.5	0.0	17.5	0.1

– not available

1. 2020 provisional average calculated by applying the unweighted average percentage change for 2020 in the 36 countries providing data for that year to the overall average tax to GDP ratio in 2019.
2. The total tax revenue has been reduced by the amount of any capital transfer that represents uncollected taxes.
3. Calculated as 5000 Taxes on goods and services less 5111 Value added taxes.
4. Includes 1300 Unallocable between personal and corporate income tax, 3000 Taxes on payroll and workforce and 6000 Other taxes.

Source: Data from *Revenue Statistics 2021*, https://oe.cd/revenue-statistics

Figure 2. **Changes in tax-to-GDP ratios, 2019-20p and 2010-20p (percentage points)**



Note: Preliminary data for 2020 was not available for Australia and Japan. For these countries the comparison shown is 2018-2019 and 2010-2019 data.

Source: Data from *Revenue Statistics 2021*, https://oe.cd/revenue-statistics

Over the last decade, the OECD average tax-to-GDP ratio was higher in 2020 than in 2010, when it was 31.6% of GDP on average. Across countries, the tax-to-GDP ratio was higher in 2020 than in 2010 in 30 countries. The largest increase was seen in the Slovak Republic (6.7 percentage points) and in Greece (6.5 p.p.); increases of over 5 percentage points were also seen in Korea, Spain, Japan (2019 data) and Mexico. Decreases since 2010 were seen in the remaining eight countries. The largest fall has been in Ireland, from 27.7% in 2010 to 20.2% of GDP in 2020, largely due to the exceptional increase in GDP in 2015, although the tax-to-GDP ratio has continued a slower decline since 2015. The next largest decrease was seen in Norway (3.2 percentage points), largely due to falling corporate income tax (Figure 2).

Changes in the tax-to-GDP ratio are driven by the relative changes in nominal tax revenues and in nominal GDP. From one year to the next, if tax revenues rise more than GDP (or fall less than GDP) the tax-to-GDP ratio will increase. Conversely, if tax revenues rise less than GDP, or fall further, the tax-to-GDP ratio will go down. Therefore, the tax-to-GDP ratio does not necessarily mean that the amount of tax revenues have increased in nominal, or even real, terms.

In 2020, 20 OECD countries experienced an increase in their tax-to-GDP ratio relative to 2019. However, this was due to an increase in nominal tax revenues in only six of these countries. In the remaining 14 countries where tax-to-GDP ratios increased in 2020, both tax revenues and GDP fell (with GDP falling further). Of the 16 OECD countries that experienced a decline in their tax-to-GDP ratio in 2020, only Denmark had higher levels of tax revenues in nominal terms than the preceding year and this increase was slightly less than the increase in nominal GDP.

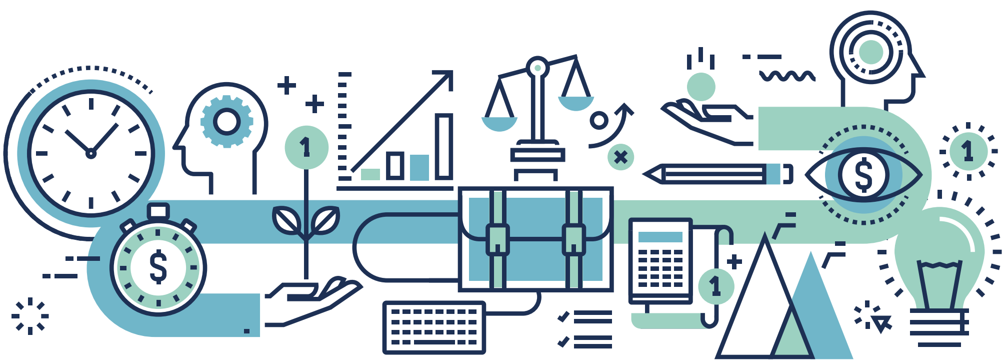
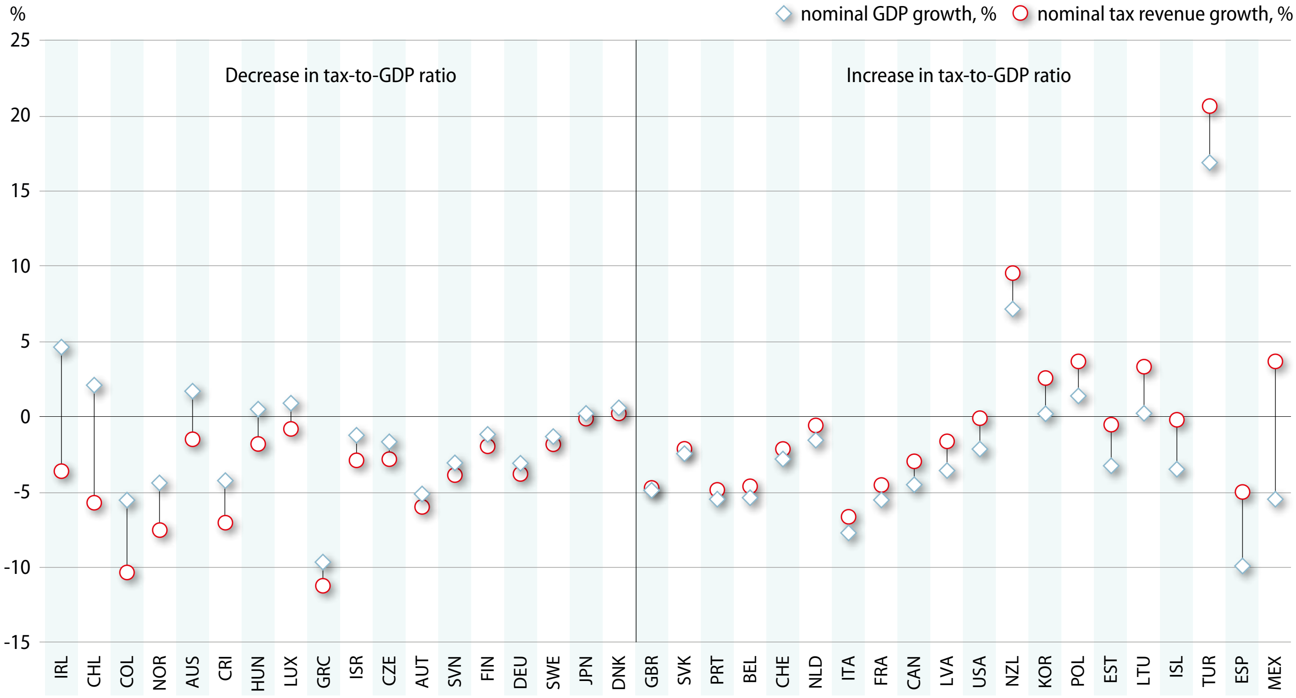


Figure 3. **Relative changes in nominal tax revenues and nominal GDP, 2019-2020p (% change)**



Note: Data for Australia and Japan show the change between 2018 and 2019, as preliminary data for 2020 was not available.

Source: Data from *Revenue Statistics 2021*, https://oe.cd/revenue-statistics

Eleven of these countries saw declines in both nominal tax revenues and in nominal GDP, with tax revenues decreasing further; and the remaining four countries (Ireland, Chile, Hungary and Luxembourg) saw decreases in nominal tax revenues compared to increases in nominal GDP. In Figure 3, changes between 2018 and 2019 are shown for Australia and Japan, where the tax-to-GDP ratio is not available in 2020. In both countries, nominal tax revenues decreased while GDP increased, leading to falls in the tax-to-GDP ratio.

Box 2 **Initial impact of COVID-19 on OECD tax revenues**

A special feature in *Revenue Statistics 2021* looks at the initial impact of the COVID-19 crisis on tax revenues across the OECD, considering both the impact of the economic crisis and policy changes put in place to support businesses and households. It looks at changes in nominal taxes and nominal GDP, as well as changes for different tax types, to understand what drove the increase in the OECD average tax-to-GDP ratio and which tax types were the most affected.

It finds that the tax policy measures implemented to support households and businesses have often directly reduced revenues via deferrals or reductions in tax liabilities, enhanced tax credits and allowances and temporary or permanent reductions in tax rates. The sharp reduction in economic activity due to lockdowns and other restrictions has also reduced labour force participation, household consumption and business profits, further affecting tax revenues. However, government support measures may have indirectly bolstered affected revenues insofar as they were successful in reducing job losses and business closures. These support measures have therefore contributed to the weaker nominal falls in tax revenues than were seen during the global financial crisis of 2008-2009.

The special feature concludes that direct taxes on income were more strongly affected by the crisis than indirect or property taxes. In 2020, personal income taxes (PIT) and SSCs saw an increase in tax revenues, on average across the OECD; whereas corporate income taxes (CIT) saw the largest decrease, albeit smaller than that observed during the global financial crisis. No change was seen in property taxes or VAT as a share of GDP, on average, and a small but widespread decrease was seen for excise revenues, particularly from fuel use due to mobility restrictions.

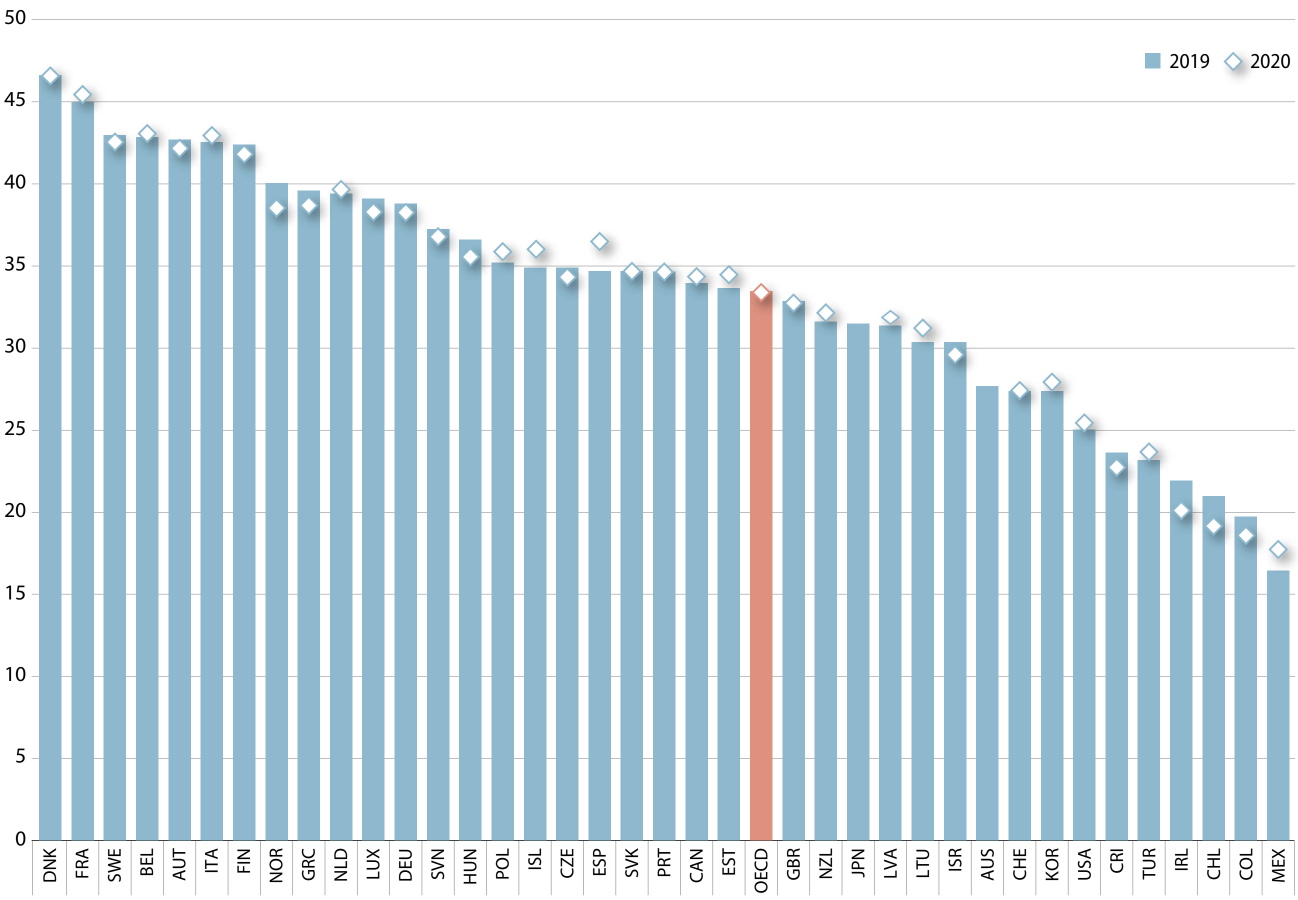
TAX-TO-GDP RATIOS FOR 2019 (FINAL DATA)

The latest year for which tax-to-GDP ratios are based on final revenue data and available for all OECD countries is 2019 (Figure 4). These data show that tax ratios vary considerably across countries:

- In 2019, Denmark had the highest tax-to-GDP ratio (46.6%), followed by France (44.9%). Five other countries also had tax-to-GDP ratios above 40% (Austria, Belgium, Finland, Italy and Sweden).
- Mexico had the lowest ratio at 16.3% followed by Colombia (19.7%), Chile (20.9%), Ireland (21.9%), Turkey (23.1%), Costa Rica (23.6%) and the United States (25.0%). No other countries had a tax-to-GDP ratio of less than 25% in 2019 and three other countries had ratios below 30% (Australia, Korea and Switzerland).
- The tax-to-GDP ratio in the OECD area as a whole (un-weighted average) was 33.4% in 2019. In 2018, it was 33.5%.
- Relative to 2018, overall tax ratios rose in 18 OECD member countries and fell in 20.
- The largest increase in the tax-to-GDP ratio was in Denmark (2.4 p.p.). There were no other increases over one p.p..
- The largest reductions were in Iceland (1.6 p.p.) and Belgium (1.2 p.p.).

Between 2018 and 2019, the fall in the average tax-to-GDP ratio were driven by decreases in revenues from corporate income taxes and excise taxes (0.1 p.p. each), offset by an increase in personal income tax revenues (0.1 p.p.).

Figure 4. **Tax-to-GDP ratios, 2019 and 2020p (% of GDP)**



Note: Preliminary data for 2020 were not available for Australia and Japan.

Source: Data from *Revenue Statistics 2021*, https://oe.cd/revenue-statistics

Table 2. **Tax structures in the OECD area, 2018 and 2019 (unweighted average as % of GDP)**

	2018	2019
Total tax revenue	**33.5**	**33.4**
1000 Taxes on income, profits and capital gains	11.3	11.3
of which:		
1100 Taxes on income, profits and capital gains of individuals	7.9	8.0
1200 Taxes on income, profits and capital gains of corporates	3.1	3.0
2000 Social security contributions (SSC)	9.0	8.9
3000 Taxes on payroll and workforce	0.4	0.5
4000 Taxes on property	1.8	1.8
5000 Taxes on goods and services	10.8	10.8
of which:		
5111 Value added taxes	6.7	6.7
5121 Excises	2.4	2.3
6000 Other Taxes	0.2	0.2

Note: Percentage share of major tax categories in GDP. Data are included from 1965 onwards for Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom and United States; from 1972 for Korea; from 1980 for Mexico; from 1990 for Chile, Colombia and Costa Rica; from 1991 for Hungary and Poland; from 1993 for the Czech Republic and from 1995 for Estonia, Israel, Latvia, Lithuania, the Slovak Republic and Slovenia. The figures for the 2016 OECD average includes the one-off revenues from stability contributions in Iceland.

Source: OECD (2021), "Revenue Statistics: Comparative tables", *OECD Tax Statistics (database)*, DOI: http://dx.doi.org/10.1787/data-00262-en.

TAX RATIO CHANGES BETWEEN 1965 AND 2019

Between 1965 and 2019, the average tax-to-GDP ratio in the OECD area increased from 24.8% to 33.4% (an increase of 8.6 percentage points, with the difference due to rounding) (Figure 1).

By 1999, the average OECD tax-to-GDP ratio had risen to 33.0%, the highest recorded level at that time. It fell back slightly between 2001 and 2004, but then rose again between 2005 and 2007 before falling back following the global financial crisis in 2008 and 2009. Taking these changes together the average tax level in the OECD area increased by 1.3 percentage points between 1995 and 2019 (Figure 1).

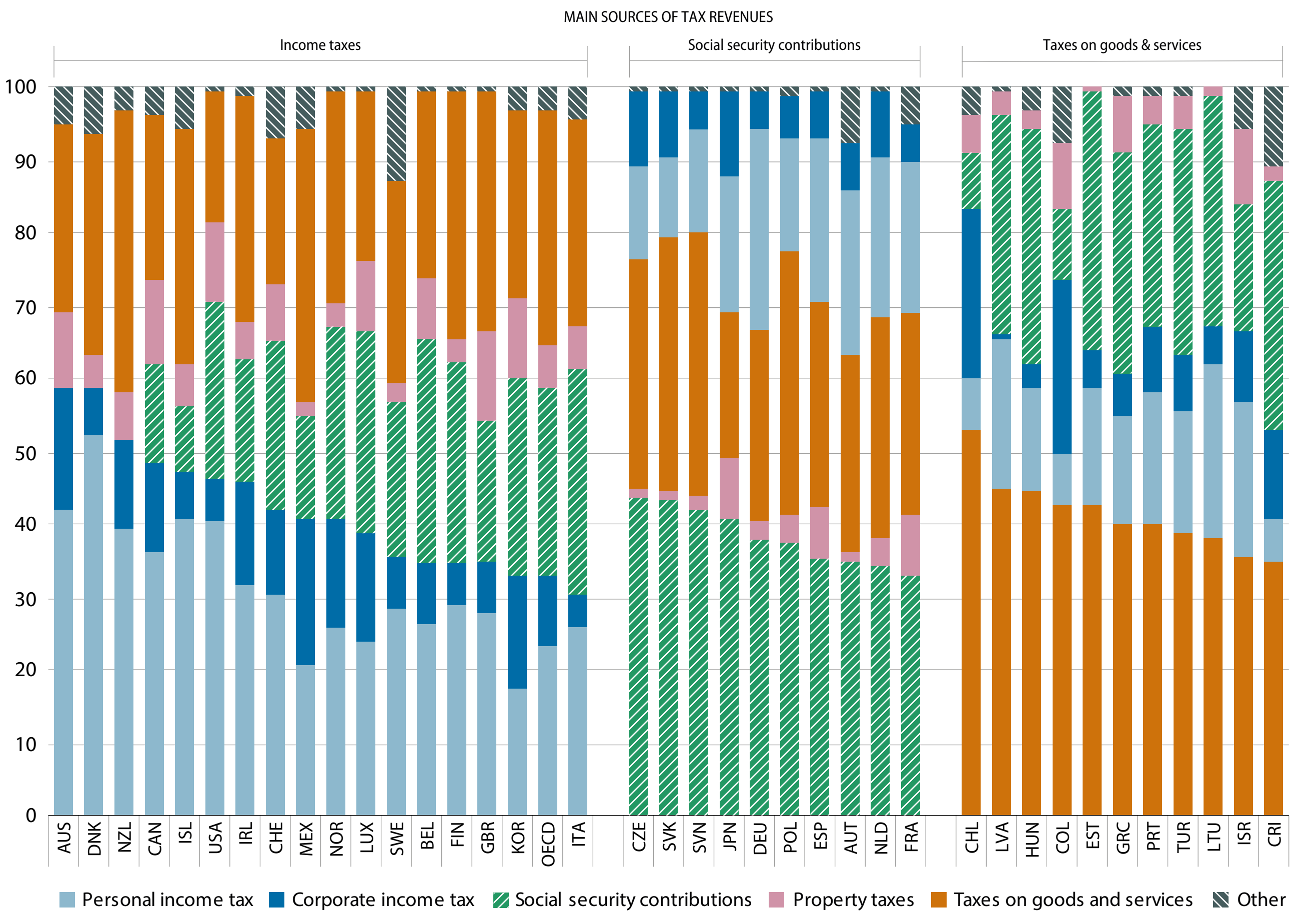
The OECD average conceals the great variety in national tax-to-GDP ratios. In 1965, tax-to-GDP ratios in OECD countries ranged from 10.6% in Turkey to 33.7% in France. By 2019 the corresponding range was from 16.3% in Mexico to 46.6% in Denmark. The trend towards higher tax levels over this period reflects the need to finance a significant increase of public sector outlays in almost all OECD countries.

Tax structures

Tax structures are measured by the share of major taxes in total tax revenue. In 2019, the tax structures of OECD countries varied. Seventeen countries raised the largest part of their revenues from income taxes (both corporate and personal), ten countries raised the largest part of their revenues from SSCs, and eleven countries raised the largest part of their revenues from consumption taxes (including VAT). Taxes on property and payroll taxes played a smaller role in the revenue systems of OECD countries in 2019, both on average and within most countries (Figure 5).

While on average tax levels have generally been rising, the tax structure or tax 'mix' has been remarkably stable over time. Nevertheless, several trends have emerged up to 2019 – the latest year for which data is available for all 38 OECD countries. These trends are discussed further below.

Figure 5. **Tax structures, 2019 (% of total tax revenue)**



Note: Countries are grouped and ranked by those where income tax revenues (personal and corporate) form the highest share of total tax revenues, followed by those where social security contributions, or taxes on goods and services, form the highest share.

Source: Data from *Revenue Statistics 2021*, https://oe.cd/revenue-statistics

TAXES ON INCOME AND PROFITS

On average, in 2019, OECD countries collected 33.1% of their tax revenues through taxes on income and profits (personal and corporate income taxes taken together). Taxes on personal and corporate incomes remain the most important source of revenues used to finance public spending in 17 OECD countries, and in ten of them – Australia, Canada, Denmark, Iceland, Ireland, Mexico, New Zealand, Norway, Switzerland and the United States – the share of income taxes in the tax mix in 2019 exceeded 40%.

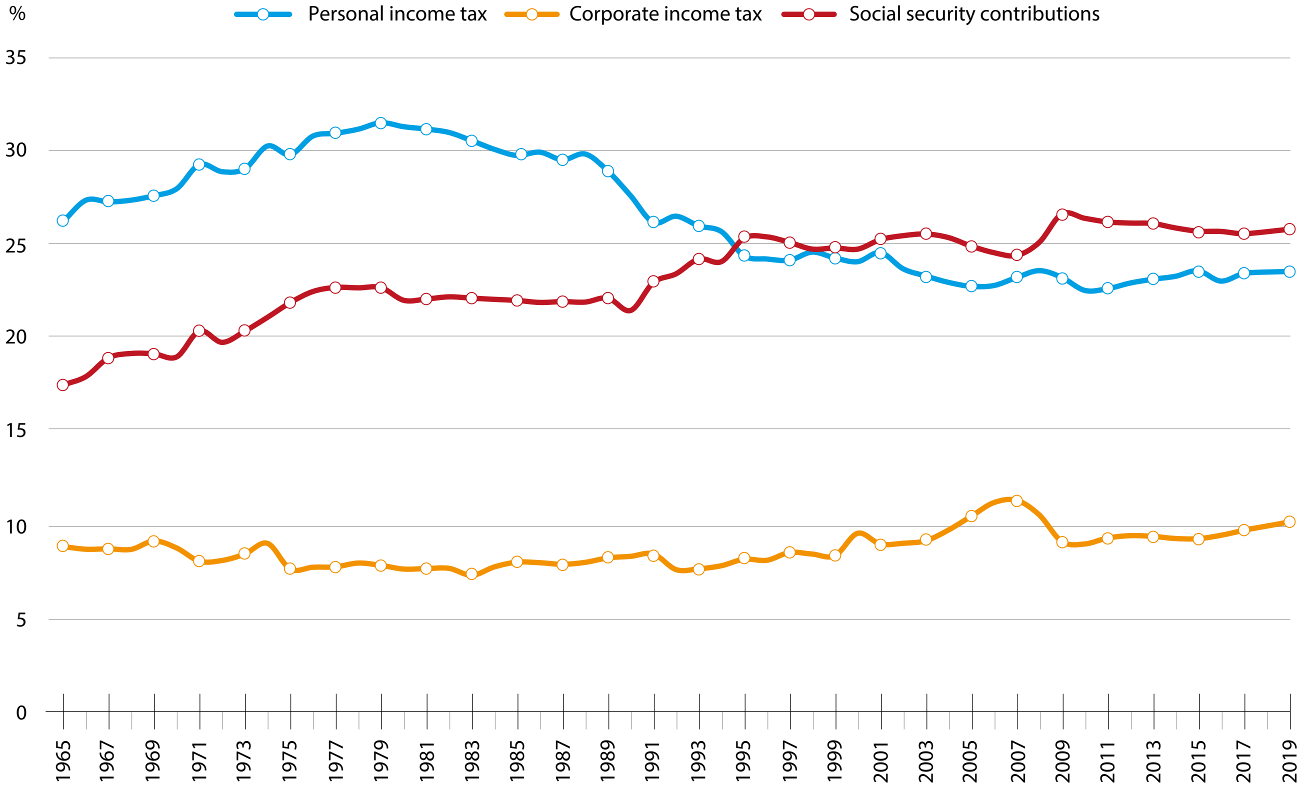
Within taxes on income and profits, the share of PIT and CIT varies:

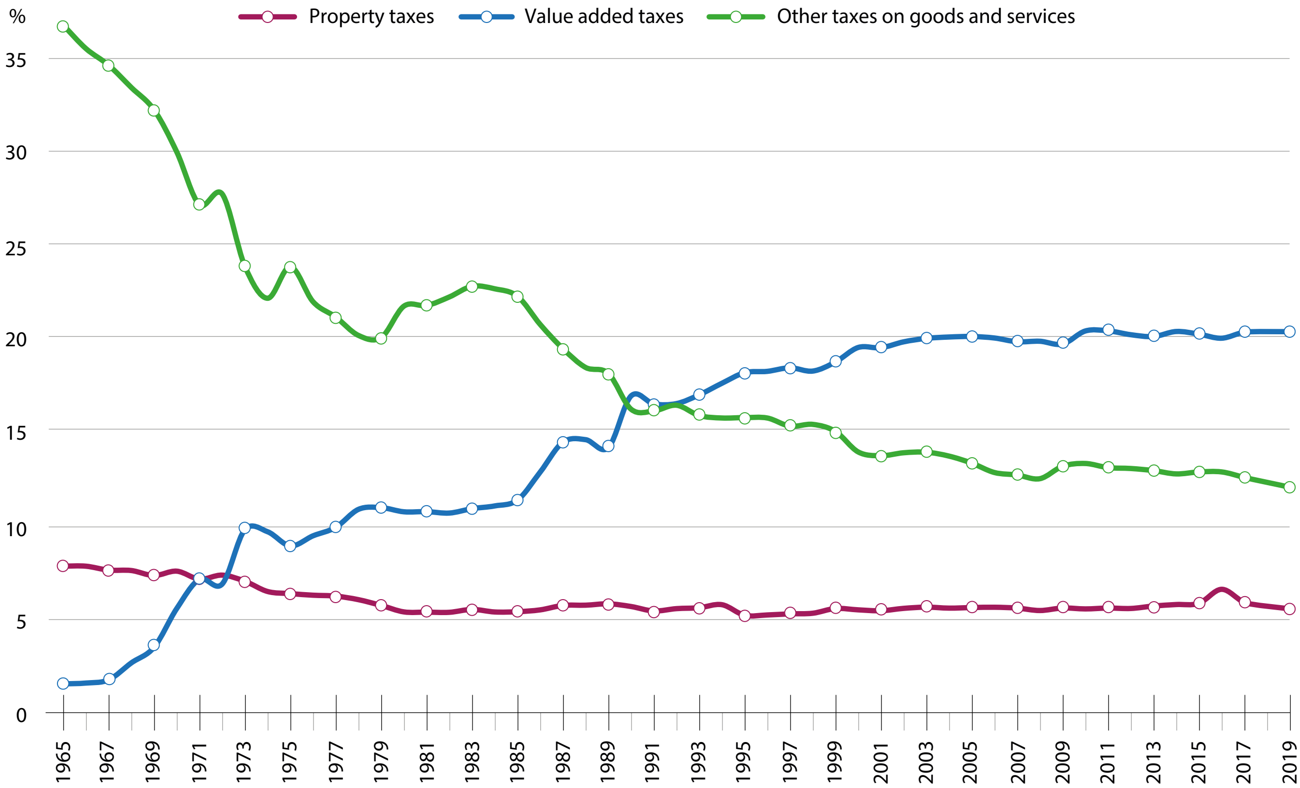
- Revenues from personal income taxes are 23.5% of total taxes on average in 2019 compared with around 30% in the 1980s. About two percentage points of this reduction can be attributed to the impact on the average of a number of relatively new entrants to the OECD from Eastern Europe and Latin America for which tax revenue data is only available from the 1990s onwards. These countries tend to have relatively low personal income tax revenues and high revenues from social security contributions or corporate income taxes, but this impact is observed in the post 1990 data only.
- The variation in the share of the personal income tax between countries is considerable. In 2019, it ranged from a low of 6.8% in Colombia to 42.0% in Australia and the United States, and 52.1% in Denmark (Figure 5).
- Corporate income tax revenues represented between 7% and 9% of total tax revenues, on average, throughout the period 1965 to 2003. They then increased to a high of 11.3% in 2007, before dropping to 9.0% in 2010, directly after the financial crisis. They remained at between 9.0% and 10.0% of total revenues until 2018, and dropped back to 9.6% of revenues in 2020.
- The share of the corporate income tax in total tax revenues varied considerably across countries from less than 5% (France, Hungary, Italy and Latvia) to over 20% in Mexico (20.1%), Chile (23.4%) and Colombia (24.0%) in 2019. Apart from the spread in statutory rates of the corporate income tax, these differences are at least partly explained by institutional and country specific factors, for example:
  - the degree to which firms in a country are incorporated,
  - the breadth of the corporate income tax base, for example some narrowing may occur as a consequence of generous depreciation schemes and of tax incentives,
  - the degree of cyclicality of the corporate tax system, for which one of the important elements are loss offset provisions,
  - the extent of reliance upon tax revenues from the exploitation of oil and/or mineral deposits, and other instruments to postpone the taxation of earned profits.

SOCIAL SECURITY CONTRIBUTIONS

Social security contributions as a share of total tax revenues on average across the OECD accounted for 25.7% in 2019. They were highest in the Czech Republic and the Slovak Republic (43.8% and 43.0%, respectively). In contrast, Australia and New Zealand do not levy social security contributions.

Figure 6. **Trends in tax structures, 1965-2019 (% of total tax revenue)**





Note: The OECD average tax revenue in 2016 from main categories includes the one-off revenues from stability contributions in Iceland. This predominately affects the average revenues from property taxes, as a percentage of total tax revenues, in that year only.

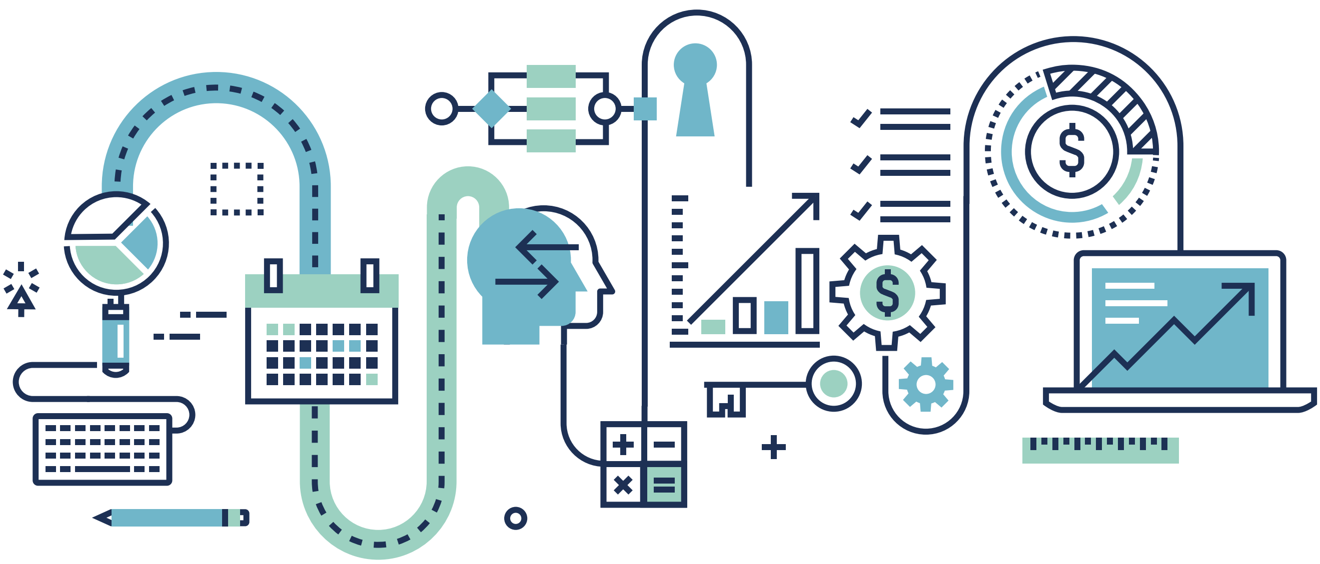
Source: Data from *Revenue Statistics 2021*, https://oe.cd/revenue-statistics

PROPERTY TAXES

Between 1965 and 2019, the share of taxes on property fell from 7.9% to 5.5% of total tax revenues on average across the OECD (Figure 6). Canada, Israel, Korea, the United Kingdom and the United States had property tax revenues that amounted to more than 10% of total tax revenues. By contrast, property taxes accounted for less than 1% of total revenues in Estonia and Lithuania.

CONSUMPTION TAXES

- The share of taxes on consumption (general consumption taxes plus specific consumption taxes) fell from 38.4% to 32.6% between 1965 and 2019 (Figure 6).
- During this period, the composition of taxes on goods and services has fundamentally changed. A fast-growing revenue source has been general consumption taxes, especially the value-added tax (VAT) which is imposed in thirty-seven of the thirty-eight OECD countries.[2]
- General consumption taxes presently account for 21.0% of total tax revenue, compared with only 11.9% in the mid-1960s. In 2019, the vast majority of this was from VAT (20.3% of total tax revenues) (Figure 6).
- The substantially increased importance of the value-added tax has served to counteract the diminishing share of specific consumption taxes, such as excises and custom duties.
- Between 1975 and 2019 the share of specific taxes on consumption (mostly on tobacco, alcoholic drinks and fuels, as well as some environment-related taxes) have almost halved from 17.7% to 9.5% of total revenues.
- Rates of taxes on imported goods were considerably reduced across all OECD countries, reflecting a global trend to remove trade barriers.
- Nevertheless, countries such as Costa Rica, Estonia, Greece, Hungary, Latvia, Lithuania, Mexico, Poland, Portugal, the Slovak Republic, and Slovenia (between 11-15%) and Turkey (19.3%) still collect a relatively large proportion of their tax revenues through taxes on specific goods and services.



2. The terms "value added tax" and "VAT" are used to refer to any national tax that embodies the basic features of a value added tax by whatever name or acronym it is known e.g. "Goods and Services Tax" ("GST").

Taxes by level of government

This section discusses the relative share of tax revenues attributed to the various sub-sectors of general government in 2019.

Eight OECD countries have a federal structure. Among these countries, central governments received 53.0% of total revenues in 2019 on average. The second-highest share of revenues on average was received by social security funds, which are a sub-sector of general government, at 21.4% of total revenues, followed by 17.7% at the state level and 7.7% at the local level (Table 3). However, within countries there was considerable variation around these averages:

- In 2019, the share of central government receipts in the eight federal OECD countries varied from 29.3% in Germany to 80.8% in Australia.
- In 2019, the share of the states varied from 2.0% in Austria, 4.1% in Mexico and 10.6% in Belgium to 39.5% in Canada. The share of local government varied from 1.7% in Mexico to 14.6% in the United States and 15.7% in Switzerland.
- Between 1975 and 2019 the share of federal government revenues declined by over fourteen percentage points in Belgium and by between five and six percentage points in Canada and the United States.
- The share of federal government revenues increased in Austria by around 13 percentage points. There was little change in Australia and Mexico.
- Of the seven federal countries with social security funds, five increased the share of revenue between 1975 and 2019. The exceptions were Canada and Mexico, where the share slightly declined between 1975 (1980 for Mexico due to data availability) and 2019.

Colombia and Spain are classified as regional rather than unitary countries because of their highly decentralised political structure, and have very different compositions by level of government. In Colombia, the share of central government receipts was 73.0% in 2019, with regional governments receiving 5.0% of total revenues and local governments receiving 12.5%. In Spain, the share of central government receipts in 2019 was 40.2% compared with 15.4% for regional governments and 9.2% for local governments.

The remaining twenty-eight OECD countries have a unitary structure. In these countries, an average of 63.2% of revenues were derived at the central level, with 25.5% accounted for by social security funds. A further 10.9% were raised by local governments. Among unitary OECD countries:

- The share of central government receipts in 2019 varied from 32.6% in France to 93.1% in New Zealand.
- The local government share varied from 0.8% in Estonia to 35.5% in Sweden.
- Between 1975 and 2019 there have been shifts to local government of 5 percentage points or more in six countries – France, Iceland, Italy, Korea, Portugal and Sweden. Shifts of five percentage points or more in the other direction occurred in three countries – Ireland, Norway and the United Kingdom.[3]
- Between 1975 and 2019, there were increases in the share of social security funds of 7 or more percentage points in four countries – Finland, France, Japan and Korea and corresponding decreases in four other countries – Italy, Norway, Portugal and Sweden.

3. For 1975, please see table 1.4 of *Revenue Statistics 2021*.

Table 3. **Tax revenues of sub-sectors of general government, 2019 (% of total tax revenue)**

	Supranational	Central government	State or Regional government	Local government	Social Security Funds
Federal countries					
Australia	–	80.8	15.6	3.6	0.0
Austria	0.4	65.0	2.0	3.2	29.4
Belgium (1)	1.0	50.8	10.6	4.9	32.8
Canada	–	41.7	39.5	9.8	9.0
Germany	0.5	29.3	23.8	8.5	37.9
Mexico	–	80.4	4.1	1.7	13.8
Switzerland (1)	–	35.7	24.9	15.7	23.7
United States	–	40.2	20.6	14.6	24.5
Unweighted average	*0.6*	*53.0*	*17.7*	*7.7*	*21.4*
Regional countries					
Colombia (2)	–	73.0	5.0	12.5	9.5
Spain (2)	0.6	40.2	15.4	9.2	34.5
Unitary countries					
Chile	–	85.6	–	8.3	6.1
Costa Rica	–	57.8	–	3.0	39.2
Czech Republic	0.4	54.4	–	1.0	44.2
Denmark (1)	0.3	73.9	–	25.7	0.0
Estonia	0.6	82.0	–	0.8	16.6
Finland	0.4	48.9	–	22.8	27.9
France (1)	0.4	32.6	–	13.6	53.4
Greece	0.5	66.2	–	2.4	30.9
Hungary	0.4	62.7	–	5.8	31.2
Iceland	–	71.7	–	28.3	0.0
Ireland	0.6	82.5	–	2.0	15.0
Israel	–	74.7	–	7.9	17.4
Italy	0.4	57.0	–	11.4	31.2
Japan	–	35.5	–	23.5	41.1
Korea	–	56.0	–	17.3	26.7
Latvia	0.5	50.5	–	19.3	29.7
Lithuania (1)	0.9	66.1	–	1.1	31.8
Luxembourg (1)	0.7	67.6	–	4.8	26.9
Netherlands	1.1	61.2	–	3.4	34.2
New Zealand	–	93.1	–	6.9	0.0
Norway	–	84.5	–	15.5	0.0
Poland (1)	0.6	49.3	–	12.6	37.6
Portugal	0.5	65.8	–	7.2	26.6
Slovak Republic	0.4	55.5	–	1.8	42.3
Slovenia	0.4	48.9	–	8.9	41.7
Sweden	0.3	51.9	–	35.5	12.3
Turkey	–	59.5	–	9.2	31.4
United Kingdom	0.5	74.6	–	5.2	19.7
Unweighted average	*0.5*	*63.2*	–	*10.9*	*25.5*

– Not available

1. The total tax revenue has been reduced by the amount of any capital transfer that represents uncollected taxes.
2. Colombia and Spain are not constitutionally federal countries, but both have a highly decentralised political structure, with high autonomy of their territorial entities.

Source: Data from *Revenue Statistics 2021*, https://oe.cd/revenue-statistics

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