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Taxation trends in the European Union

The overall tax-to-GDP ratio in the EU27 up to 38.8% of GDP in 2011

Labour taxes remain major source of tax revenue

This News Release, published on 29 April 2013, has been revised, following the correction of an error in the calculation of the average top personal income tax rate for France and Slovakia for 2013. This correction also slightly affects the data for the EU27 and the euro area.

The overall tax-to-GDP ratio[1], meaning the sum of taxes and social contributions in % of GDP, in the **EU27**[2] stood at 38.8% in 2011, from 38.3% in 2010 and 38.4% in 2009. The overall tax ratio in the **euro area**[2] (EA17) increased to 39.5% in 2011, up from 39.0% in 2010 and 39.1% in 2009.

The tax burden varies significantly between Member States, ranging in 2011 from less than 30% in **Lithuania** (26.0%), **Bulgaria** (27.2%), **Latvia** (27.6%), **Romania** (28.2%), **Slovakia** (28.5%) and **Ireland** (28.9%), to more than 40% in **Denmark** (47.7%), **Sweden** (44.3%), **Belgium** (44.1%), **France** (43.9%), **Finland** (43.4%), **Italy** (42.5%) and **Austria** (42.0%).

Between 2010 and 2011, the largest increases in tax-to-GDP ratios were recorded in **Portugal** (from 31.5% to 33.2%), **Romania** (from 26.7% to 28.2%) and **France** (from 42.5% to 43.9%), and the highest falls in **Estonia** (from 34.1% to 32.8%), **Sweden** (from 45.4% to 44.3%) and **Lithuania** (from 27.0% to 26.0%).

This information comes from the 2013 edition of the publication "**Taxation trends in the European Union**[3]" issued by **Eurostat, the statistical office of the European Union** and the Commission's **Directorate-General for Taxation and Customs Union**. This publication compiles tax indicators in a harmonised framework based on the European System of Accounts (ESA 95), allowing accurate comparison of the tax systems and tax policies between EU Member States.

Lowest implicit tax rates on labour in Malta, on consumption in Spain and on capital in Lithuania

The largest source of tax revenue in the **EU27** is labour taxes, representing nearly half of total tax receipts, followed by consumption taxes at roughly one third and taxes on capital at around one fifth.

The GDP-weighted average implicit tax rate[4] on labour in the **EU27** was up from 35.4% in 2010 to 35.8% in 2011. Among the Member States, the implicit tax rate on labour ranged in 2011 from 22.7% in **Malta**, 24.6% in **Bulgaria**, 25.5% in **Portugal** and 26.0% in the **United Kingdom**, to 42.8% in **Belgium**, 42.3% in **Italy** and 40.8% in **Austria**.

The average implicit tax rate on consumption in the **EU27** was up from 19.7% in 2010 to 20.1% in 2011. Implicit tax rates on consumption were lowest in 2011 in **Spain** (14.0%), **Greece** (16.3%), **Latvia** (17.2%) and **Italy** (17.4%), and highest in **Denmark** (31.4%), **Sweden** (27.3%), **Luxembourg** (27.2%), **Hungary** (26.8%) and **Finland** (26.4%).

In the **EU27** in 2011, the average implicit tax rate on capital for the Member States for which data are available was down compared with 2010 in ten Member States and up in nine. Implicit tax rates on capital ranged from 5.5% in **Lithuania** to 44.4% in **France**.

Tax revenue and implicit tax rates by type of economic activity

	Tax revenue, % of GDP			Implicit tax rate* on: Labour			Consumption			Capital		
	2000	2010	2011	2000	2010	2011	2000	2010	2011	2000	2010	2011
EU27**	**40.4**	**38.3**	**38.8**	**36.4**	**35.4**	**35.8**	**20.1**	**19.7**	**20.1**	**:**	**:**	**:**
EA17**	**40.9**	**39.0**	**39.5**	**38.3**	**37.4**	**37.7**	**19.8**	**19.3**	**19.4**	**29.9**	**27.2**	**28.9**
Belgium	45.1	43.8	44.1	43.6	42.7	42.8	21.8	21.2	21.0	29.5	28.7	30.3
Bulgaria	31.5	27.5	27.2	38.1	23.5	24.6	18.5	21.4	22.4	:	:	:
Czech Republic	33.8	33.5	34.4	41.2	38.5	39.0	18.8	20.8	21.4	18.7	16.6	17.6
Denmark	49.4	47.4	47.7	41.0	34.6	34.6	33.4	31.3	31.4	36.0	:	:
Germany	41.3	37.9	38.7	39.1	36.8	37.1	19.2	19.7	20.1	27.0	19.7	22.0
Estonia	31.0	34.1	32.8	37.8	36.8	36.2	19.5	25.4	26.1	6.4	9.8	7.9
Ireland	31.3	28.3	28.9	28.7	26.2	28.0	25.5	22.3	22.1	:	:	:
Greece***	34.6	31.7	32.4	33.8	31.5	30.9	16.5	16.4	16.3	:	:	:
Spain	34.1	32.1	31.4	30.5	32.7	33.2	15.8	14.7	14.0	29.3	:	:
France	44.2	42.5	43.9	39.4	38.1	38.6	21.2	19.4	19.9	40.1	39.7	44.4
Italy	41.5	42.5	42.5	42.0	42.7	42.3	18.3	17.4	17.4	28.1	33.0	33.6
Cyprus	30.0	35.6	35.2	21.6	26.9	26.7	12.6	19.0	17.7	24.8	30.6	24.7
Latvia	29.7	27.2	27.6	36.7	33.1	32.0	18.4	16.9	17.2	12.3	7.9	9.9
Lithuania	30.0	27.0	26.0	41.1	31.7	32.0	18.0	17.6	17.5	6.8	7.1	5.5
Luxembourg	39.2	37.5	37.2	29.9	31.5	32.8	23.0	27.1	27.2	:	:	:
Hungary	39.8	37.9	37.0	41.4	38.4	38.4	27.2	27.5	26.8	18.5	19.9	17.3
Malta	27.3	32.6	33.5	20.5	21.7	22.7	15.6	18.7	19.0	:	:	:
Netherlands	39.9	38.8	38.4	35.0	37.0	37.5	23.8	26.9	26.3	20.0	13.0	12.9
Austria	43.0	41.9	42.0	40.1	40.5	40.8	22.2	21.3	21.2	27.2	23.3	23.6
Poland	32.6	31.8	32.4	33.6	30.3	32.2	17.8	20.5	20.8	20.5	18.6	18.3
Portugal	31.1	31.5	33.2	22.3	24.0	25.5	18.3	17.6	18.0	31.1	28.4	31.6
Romania	30.2	26.7	28.2	:	30.0	31.4	17.0	18.1	21.6	:	:	:
Slovenia	37.3	37.8	37.2	37.6	35.0	35.2	23.3	23.6	23.0	17.3	21.9	20.5
Slovakia	34.1	28.1	28.5	36.3	32.2	31.9	21.7	17.7	18.7	21.5	14.3	14.8
Finland	47.2	42.5	43.4	44.0	39.0	39.6	28.5	25.1	26.4	38.1	28.7	27.4
Sweden	51.5	45.4	44.3	46.8	39.1	39.4	26.3	27.9	27.3	42.7	29.2	27.0
United Kingdom	36.8	35.4	36.1	25.9	25.8	26.0	19.0	18.3	19.5	44.0	35.7	34.9
Norway	42.6	42.6	42.5	37.1	36.3	36.2	31.2	29.1	:	42.2	41.9	41.9
Iceland	37.1	35.0	35.9	:	:	:	25.6	22.8	22.8	:	:	:

* Implicit tax rates (ITR) express aggregate tax revenues as a percentage of the potential tax base for each field (see footnote 4).
** EU27 and EA17 overall tax ratios are calculated as GDP-weighted averages of the Member States. The EA17 ITR on capital is calculated using estimated data for missing Member States.
*** Provisional
: Data not available

Highest top personal income tax rates in Sweden and highest corporate tax rate in France

The average top personal income tax rate[5] in the **EU27** is 38.7% in 2013, up from 38.1% in 2012, but well below the level of 2000 at 44.8%. The highest top rates on 2013 personal income are observed in **Sweden** (56.6%), **Denmark** (55.6%), **Belgium** (53.7%), **Portugal** (53.0%), **Spain** and the **Netherlands** (both 52.0%), and the lowest in **Bulgaria** (10.0%), **Lithuania** (15.0%), **Hungary** and **Romania** (both 16.0%).

The average top corporate tax rate in the **EU27** is 23.0% in 2013, stable compared with 2012, but well below its level in 2000. The highest statutory tax rates[6] on 2013 corporate income are recorded in **France** (36.1%), **Malta** (35.0%) and **Belgium** (34.0%), and the lowest in **Bulgaria** and **Cyprus** (both 10.0%) and **Ireland** (12.5%).

The average standard VAT rate[7] in the **EU27** is 21.3% in 2013, slightly up compared with 2012. In 2013 compared with 2012, six Member States increased their VAT rate, and only **Latvia** reduced it. In 2013, the standard VAT rate varies from 15.0% in **Luxembourg** and 18.0% in **Cyprus** and **Malta** to 27.0% in **Hungary** and 25.0% in **Denmark** and **Sweden**.

Top statutory income tax rates and standard VAT rates, %

	Tax on personal income			Tax on corporate income			VAT**		
	2000	2012	2013***	2000	2012	2013***	2000	2012	2013***
EU27*	**44.8**	**38.1**	**38.7**	**31.9**	**23.0**	**23.0**	**19.2**	**21.0**	**21.3**
EA17*	**47.1**	**43.1**	**44.3**	**34.4**	**25.4**	**25.7**	**18.1**	**20.0**	**20.4**
Belgium	60.6	53.7	53.7	40.2	34.0	34.0	21.0	21.0	21.0
Bulgaria	40.0	10.0	10.0	32.5	10.0	10.0	20.0	20.0	20.0
Czech Republic	32.0	15.0	22.0	31.0	19.0	19.0	22.0	20.0	21.0
Denmark	62.9	55.4	55.6	32.0	25.0	25.0	25.0	25.0	25.0
Germany	53.8	47.5	47.5	51.6	29.8	29.8	16.0	19.0	19.0
Estonia	26.0	21.0	21.0	26.0	21.0	21.0	18.0	20.0	20.0
Ireland	44.0	41.0	41.0	24.0	12.5	12.5	21.0	23.0	23.0
Greece	45.0	49.0	46.0	40.0	20.0	26.0	18.0	23.0	23.0
Spain	48.0	52.0	52.0	35.0	30.0	30.0	16.0	18.0	21.0
France	59.0	46.8	50.2	37.8	36.1	36.1	19.6	19.6	19.6
Italy	45.9	47.3	43.0	41.3	31.4	27.5	20.0	21.0	22.0
Cyprus	40.0	38.5	38.5	29.0	10.0	10.0	10.0	17.0	18.0
Latvia	25.0	25.0	24.0	25.0	15.0	15.0	18.0	22.0	21.0
Lithuania	33.0	15.0	15.0	24.0	15.0	15.0	18.0	21.0	21.0
Luxembourg	47.2	41.3	43.6	37.5	28.8	29.2	15.0	15.0	15.0
Hungary	44.0	20.3	16.0	19.6	20.6	20.6	25.0	27.0	27.0
Malta	35.0	35.0	35.0	35.0	35.0	35.0	15.0	18.0	18.0
Netherlands	60.0	52.0	52.0	35.0	25.0	25.0	17.5	19.0	21.0
Austria	50.0	50.0	50.0	34.0	25.0	25.0	20.0	20.0	20.0
Poland	40.0	32.0	32.0	30.0	19.0	19.0	22.0	23.0	23.0
Portugal	40.0	49.0	53.0	35.2	31.5	31.5	17.0	23.0	23.0
Romania	40.0	16.0	16.0	25.0	16.0	16.0	19.0	24.0	24.0
Slovenia	50.0	41.0	50.0	25.0	18.0	17.0	19.0	20.0	20.0
Slovakia	42.0	19.0	25.0	29.0	19.0	23.0	23.0	20.0	20.0
Finland	54.0	49.0	51.1	29.0	24.5	24.5	22.0	23.0	24.0
Sweden	51.5	56.6	56.6	28.0	26.3	22.0	25.0	25.0	25.0
United Kingdom	40.0	50.0	45.0	30.0	24.0	23.0	17.5	20.0	20.0
Norway	47.5	40.0	40.0	28.0	28.0	28.0	:	:	:
Iceland	:	31.8	31.8	30.0	20.0	20.0	:	:	:

* Arithmetic average

** If two VAT rates were applicable during a year the one being in force for more than six months or introduced on 1 July is indicated in the table.

*** The cut-off date for taking into account changes in tax rates was 11 March 2013.

: Data not available

1. The overall tax-to-GDP ratio measures the **tax burden** as the total amount of taxes and compulsory actual social contributions as a percentage of GDP. This definition differs slightly from the one used in the common Eurostat / Directorate-General for Taxation and Customs Union Statistics in Focus 55/2012, "**In 2011 tax revenues increased to 40.0% of GDP in the EU-27 and 40.8% of GDP in the EA-17**", which includes voluntary and imputed social contributions. GDP-weighted averages are used for the calculation of EU and euro area aggregates.
2. **EU27**: Belgium, Bulgaria, the Czech Republic, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, the Netherlands, Austria, Poland, Portugal, Romania, Slovenia, Slovakia, Finland, Sweden and the United Kingdom.
   Euro area (EA17): Belgium, Germany, Estonia, Ireland, Greece, Spain, France, Italy, Cyprus, Luxembourg, Malta, the Netherlands, Austria, Portugal, Slovenia, Slovakia and Finland.
3. "**Taxation trends in the European Union**", only available in English. This publication and News Release are based on data available on 11 March 2013. The publication can be purchased from authorised sales agents or downloaded free of charge in PDF format from the Eurostat or Directorate-General for Taxation and Customs Union websites:
   http://epp.eurostat.ec.europa.eu/portal/page/portal/government_finance_statistics/publications/other_publications
   http://ec.europa.eu/taxtrends
4. **Implicit tax rates** (ITR) measure the average tax burden on different types of economic income or activities, i.e. on labour, consumption and capital. ITR express aggregate tax revenues as a percentage of the potential tax base for each field.
   The *ITR on labour* is the ratio between taxes and social contributions paid on earned income and the cost of labour. The numerator includes all direct and indirect taxes and social contributions levied on employed labour income, while the denominator amounts to the total compensation of employees working in the economic territory increased by taxes on wage bills and the payroll. It is calculated for employed labour only (and therefore excludes the tax burden on social transfers, including pensions). The average may conceal important variations in the tax burden across the income distribution.
   The *ITR on consumption* is the ratio between the revenue from consumption taxes and the final consumption expenditure of households on the economic territory.
   The *ITR on capital* includes, in the numerator, the taxes levied on the income earned from savings and investments by households and corporations and taxes related to stocks of capital stemming from savings and investment in previous periods. The denominator of the capital ITR is a proxy of the world-wide capital and business income of Member States' residents for domestic tax purposes. Trends in the capital ITR reflect a wide range of factors and should be interpreted with caution.
   All ITRs for the EU and the euro area are calculated as GDP-weighted averages.
5. The **top personal income tax rate** refers to the tax rate for the highest income bracket adding surcharges of general application.
6. The **adjusted statutory tax rate on corporate income** takes into account corporate income tax (CIT) and, if they exist, surcharges, local taxes, or even additional taxes levied on tax bases that are similar but often not identical to the CIT.
7. **Value Added Tax**, or VAT, is a general, broadly based consumption tax assessed on the value added to goods and services. The standard VAT rate is the rate to which a majority of goods and services are subject, while the Member States may apply reduced VAT rates to goods and services enumerated in a restricted list.

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