

Taxation in 2017

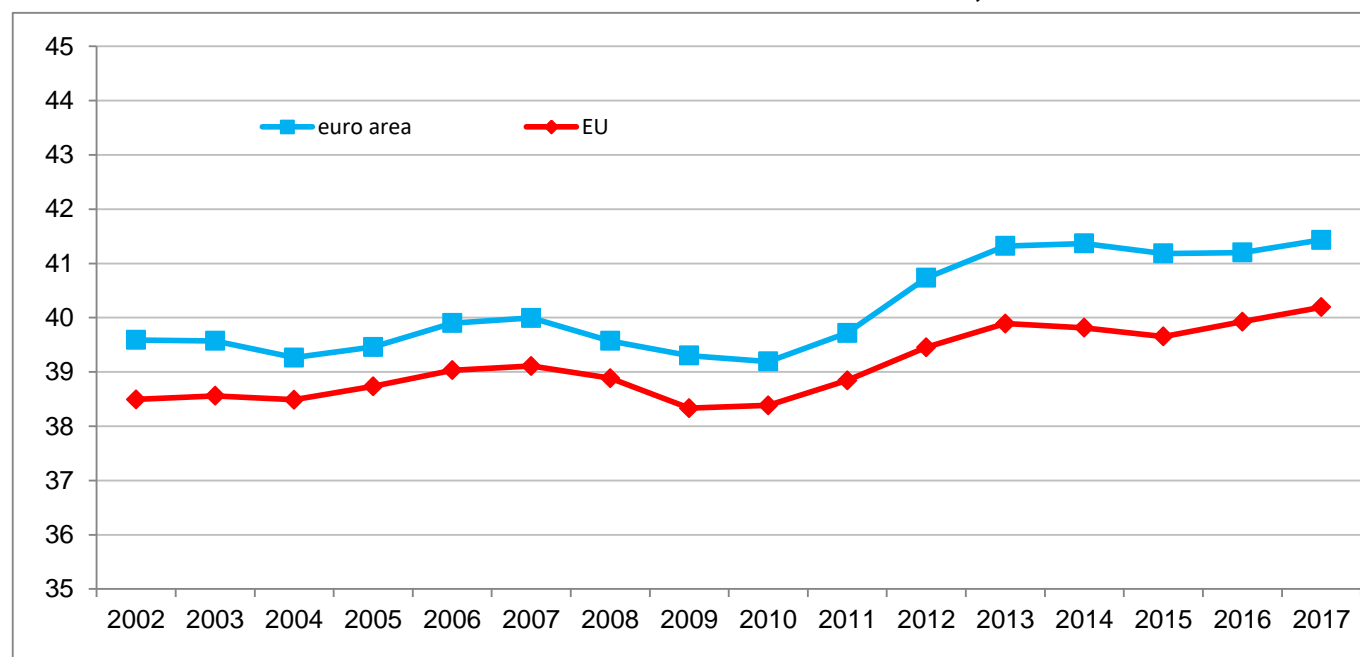
Tax-to-GDP ratio up to 40.2% in EU

A one-to-two ratio across Member States

The overall tax-to-GDP ratio, meaning the sum of taxes and net social contributions as a percentage of Gross Domestic Product, stood at 40.2% in the **European Union** (EU) in 2017, an increase compared with 2016 (39.9%). In the **euro area**, tax revenue accounted for 41.4% of GDP in 2017, slightly up from 41.2% in 2016.

This information comes from a [publication](#) issued by **Eurostat, the statistical office of the European Union**. Tax indicators are compiled in a harmonised framework based on the European System of Accounts (ESA 2010), enabling an accurate comparison of the tax systems and tax policies between EU Member States.

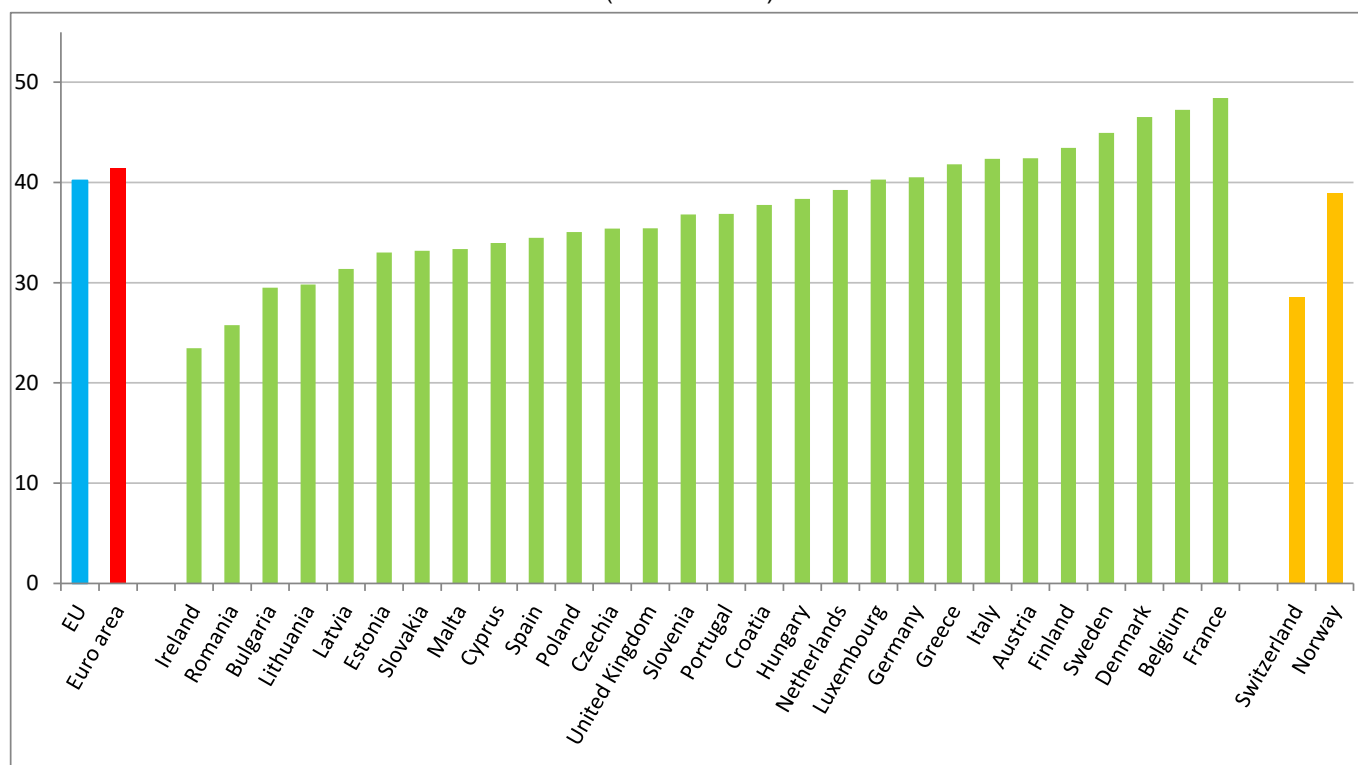
Overall tax-to-GDP ratio in the EU and the euro area, 2002-2017



Highest tax-to-GDP ratio in France, Belgium and Denmark

The tax-to-GDP ratio varies significantly between Member States, with the highest share of taxes and social contributions in percentage of GDP in 2017 being recorded in **France** (48.4%), **Belgium** (47.3%) and **Denmark** (46.5%), followed by **Sweden** (44.9%), **Finland** (43.4%), **Austria** and **Italy** (both 42.4%) as well as **Greece** (41.8%). At the opposite end of the scale, **Ireland** (23.5%) and **Romania** (25.8%), ahead of **Bulgaria** (29.5%), **Lithuania** (29.8%) and **Latvia** (31.4%) registered the lowest ratios.

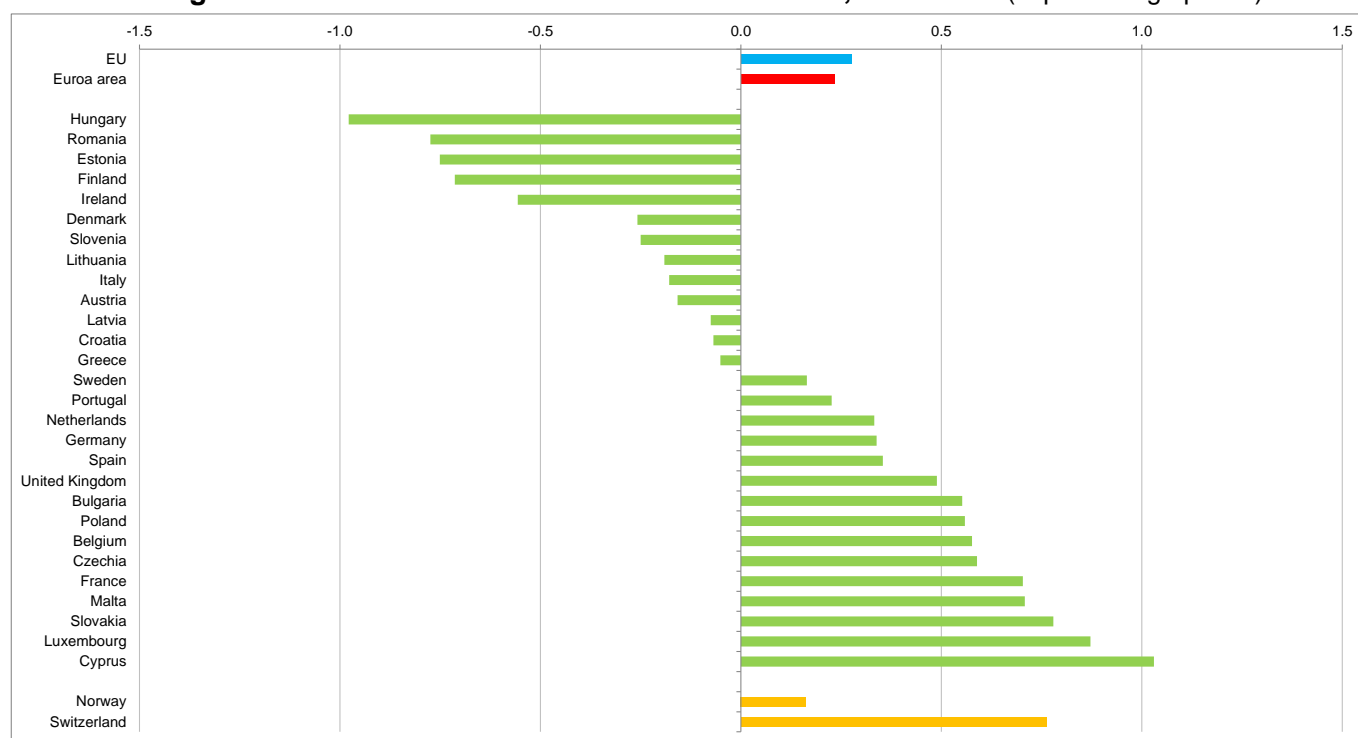
Total revenue from taxes and social contributions in the EU Member States, 2017 (as % of GDP)



Largest increase of tax-to-GDP ratio in Cyprus, largest decrease in Hungary

Compared with 2016, the tax-to-GDP ratio increased in fifteen Member States in 2017, with the largest rise being observed in **Cyprus** (from 32.9% in 2016 to 34.0% in 2017), ahead of **Luxembourg** (from 39.4% to 40.3%) and **Slovakia** (from 32.4% to 33.2%). In contrast, decreases were recorded in thirteen Member States, notably in **Hungary** (from 39.3% in 2016 to 38.4% in 2017), **Romania** (from 26.5% to 25.8%) and **Estonia** (from 33.8% to 33.0%).

Change in tax-to-GDP ratio in the EU Member States, 2017/2016 (in percentage points)



Diverse tax policies in EU Member States

In 2017, taxes on production and imports made up the largest part of tax revenue in the **EU** (accounting for 13.6% of GDP), closely followed by net social contributions (13.3%) and taxes on income and wealth (13.1%). The ordering of tax categories was slightly different in the **euro area**. The largest part of tax revenue came from net social contributions (15.2%), ahead of taxes on production and imports (13.2%) and taxes on income and wealth (12.8%).

Looking at the main tax categories, a clear diversity prevails across the EU Member States. In 2017, the share of taxes on production and imports was highest in **Sweden** (where they accounted for 22.7% of GDP), **Croatia** (19.6%) and **Hungary** (18.2%), while they were lowest in **Ireland** (8.5%), **Germany** (10.7%) and **Slovakia** (11.1%).

For taxes related to income and wealth, the highest share by far was registered in **Denmark** (29.7% of GDP), ahead of **Sweden** (18.9%), **Belgium** (16.9%) and **Finland** (16.6%). In contrast, **Lithuania** (5.4%), **Bulgaria** (5.7%), **Romania** (6.1%) and **Croatia** (6.3%) recorded the lowest taxes on income and wealth as a percentage of GDP.

Net social contributions accounted for a large proportion of GDP in **France** (18.8%), **Germany** (16.7%) and **Belgium** (16.1%), while the lowest shares were observed in **Denmark** (0.9% of GDP) and **Sweden** (3.3%).

Methods and definitions

Data are collected by Eurostat on the basis of the European system of national and regional accounts ([ESA 2010](#)). According to ESA2010, taxes and social contributions should be recorded on an accrual basis.

The data relate to the general government sector of the economy, as defined in ESA2010, comprising the subsectors central government, state government (where applicable), local government, and social security funds (where applicable). Data for taxes collected on behalf of the EU institutions is also included in the analysis. Thus revenue data for taxes and social contributions represent all tax and social contributions revenues collected at the EU level.

The overall **tax-to-GDP ratio** presented in this news release corresponds to the total amount of taxes and net social contributions (including imputed contributions) payable to general government and the institutions of the European Union, including voluntary contributions, net of uncollectible amounts; expressed as a percentage of GDP. It is one measure of the tax burden. It encompasses the wide diversity of social security systems in the EU.

Taxes are defined as compulsory, unrequited payments to governments or institutions of the European Union.

Taxes on production and imports include value added tax (VAT), import duties, excise duties and consumption taxes, stamp taxes, payroll taxes, taxes on pollution, and others.

Taxes on income, wealth, etc. include corporate and personal income taxes, taxes on holding gains, payments by households for licences to own or use cars, hunt or fish, current taxes on capital that are paid periodically, and others.

Net social contributions are the actual or imputed contributions made by households to social insurance schemes to make provision for social benefits to be paid. They include employers' actual social contributions, households' actual social contributions, imputed social contributions and households' social contribution supplements. Social insurance scheme service charges are deducted from the items above to reach net social contributions. Actual social contributions are those paid on a compulsory or voluntary basis by employers or employees or the self- or non-employed to insure against social risks (sickness, invalidity, disability, old age, survivors, family and maternity). Imputed social contributions are those payable under unfunded social insurance schemes (in which employers pay social benefits to their employees, ex-employees or their dependents out of their own resources without creating special reserve for the purpose). Net social contributions also contain two transactions related to funded pension schemes, wherever such schemes are classified in general government.

The tax-to-GDP ratio includes also capital taxes, which are generally of minor importance.

Capital transfers representing amounts assessed but not collected are deducted from the total taxes and net social contributions to ensure the comparability of the tax-to-GDP ratios across countries.

In the publication of November 2017 the EU tax-to-GDP ratio of 2016 was 40.0%. However due to a revision in tax receipts and GDP, the ratio is revised slightly downwards to 39.9%. For this news release, the GDP transmitted in the EDP notifications at the end of September 2018 was used. For Denmark, an updated GDP was used as tax data were also updated.

For more information

Eurostat [website section](#) dedicated to government finance statistics.

Eurostat [database](#) on government statistics.

Eurostat [Statistics Explained](#) article on tax revenue statistics.

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Total revenue from taxes and social contributions
(as % of GDP)

	2002	2007	2012	2015	2016	2017
EU	38.5	39.1	39.5	39.7	39.9	40.2
Euro area	39.6	40.0	40.7	41.2	41.2	41.4
Belgium	46.3	45.2	47.3	47.5	46.7	47.3
Bulgaria	28.0	31.6	26.7	29.1	29.0	29.5
Czechia	33.4	34.5	34.3	34.1	34.8	35.4
Denmark	47.0	47.7	46.9	47.3	46.8	46.5
Germany	39.1	38.8	39.3	39.8	40.2	40.5
Estonia	31.3	31.4	31.9	33.5	33.8	33.0
Ireland	29.1	32.1	29.1	23.8	24.0	23.5
Greece	34.6	33.5	38.8	39.8	41.9	41.8
Spain	34.0	37.1	33.1	34.5	34.1	34.5
France	44.1	44.5	46.5	47.7	47.7	48.4
Croatia	37.6	37.1	35.9	37.3	37.8	37.8
Italy	39.9	41.7	43.8	43.3	42.5	42.4
Cyprus	28.0	36.1	31.6	33.3	32.9	34.0
Latvia	28.0	28.6	29.3	30.4	31.4	31.4
Lithuania	29.0	30.4	27.3	29.2	30.0	29.8
Luxembourg	38.9	37.5	39.9	38.8	39.4	40.3
Hungary	37.4	39.4	38.4	38.9	39.3	38.4
Malta	30.8	34.2	33.7	32.1	32.6	33.4
Netherlands	35.9	36.1	36.1	37.5	38.9	39.2
Austria	44.1	41.6	42.6	43.9	42.6	42.4
Poland	34.1	35.5	33.0	33.3	34.5	35.1
Portugal	34.0	35.0	34.5	37.0	36.6	36.9
Romania	28.4	28.8	27.7	28.0	26.5	25.8
Slovenia	37.4	37.3	37.4	36.9	37.0	36.8
Slovakia	33.0	29.3	28.4	32.2	32.4	33.2
Finland	43.5	41.6	42.8	44.0	44.2	43.4
Sweden	45.6	45.5	43.1	43.6	44.8	44.9
United Kingdom	33.3	35.0	34.5	34.4	34.9	35.4
Norway	42.4	42.1	41.5	38.4	38.7	38.9
Switzerland	27.7	26.3	27.0	27.6	27.8	28.5

The source dataset can be found [here](#).

Structure of tax revenue, by main tax category, 2017
(as % of GDP)

	Taxes on production and imports	Of which:	Taxes on income, wealth, etc.	Of which:		Net social contributions
		VAT		Taxes on individual or household income*	Taxes on the income or profits of corporations*	
EU	13.6	7.1	13.1	9.4	2.7	13.3
Euro area	13.2	6.9	12.8	9.2	2.7	15.2
Belgium	13.5	6.8	16.9	12.1	4.1	16.1
Bulgaria	15.1	9.0	5.7	3.3	2.3	8.4
Czechia	12.6	7.7	7.7	4.0	3.5	15.1
Denmark	16.1	9.5	29.7	25.4	3.0	0.9
Germany	10.7	6.9	12.9	9.4	2.7	16.7
Estonia	14.4	9.1	7.2	5.7	1.5	11.4
Ireland	8.5	4.5	10.5	7.3	2.8	4.3
Greece	17.3	8.1	10.0	6.2	1.9	14.4
Spain	11.8	6.5	10.2	7.5	2.3	12.3
France	16.4	7.1	12.8	8.7	2.9	18.8
Croatia	19.6	13.2	6.3	3.3	2.3	11.9
Italy	14.6	6.3	14.5	11.8	2.1	13.1
Cyprus	15.9	9.5	9.4	3.1	5.7	8.7
Latvia	14.1	8.0	8.5	6.6	1.6	8.7
Lithuania	11.9	7.8	5.4	3.9	1.5	12.6
Luxembourg	12.1	6.3	15.4	9.1	5.2	12.5
Hungary	18.2	9.5	7.4	5.1	1.9	12.8
Malta	12.8	7.3	14.1	7.0	6.6	6.3
Netherlands	12.0	6.8	12.7	8.3	3.3	14.3
Austria	14.3	7.7	13.0	9.3	2.5	15.1
Poland	14.0	7.8	7.3	5.0	1.9	13.9
Portugal	15.1	8.6	10.1	6.5	3.2	11.7
Romania	10.3	6.2	6.1	3.5	2.0	9.3
Slovenia	14.4	8.1	7.5	5.1	1.8	14.8
Slovakia	11.1	7.0	7.4	3.4	3.5	14.8
Finland	14.2	9.1	16.6	12.6	2.7	12.2
Sweden	22.7	9.3	18.9	15.8	2.9	3.3
United Kingdom	13.1	6.8	14.2	9.2	2.9	7.9
Norway	12.5	8.6	16.1	10.2	5.1	10.3
Switzerland	6.1	3.4	15.6	8.7	3.1	6.8

* Including taxes on holding gains
The source dataset can be found [here](#).

The shares do not add up to the total due to rounding and other taxes not included in this table.