TABLE OF CONTENTS

Pre	face	3
Tak	ole of contents	5
List	t of tables	7
List	t of tables in Annex A	8
List	t of graphs and maps	11
Glo	ossary	13
Int	roduction	15
Ma	in Results	17
Pa	RT I OVERVIEW OF TAXATION IN THE EUROPEAN UNION	51
1.	Tax structures and recent developments in the enlarged union	53
	1.1. Tax structures and recent developments in cyclically adjusted tax revenues	61
2.	Revenue structure by type of tax	68
3.	Revenue structure by level of government	75
Pa	RT II TAXATION BY ECONOMIC FUNCTION	79
Int	roduction	81
1.	Distribution of the total tax burden by economic function	85
2.	Trends in the implicit tax rate on consumption	93
3.	Trends in the Implicit tax rate on labour	105
	3.1. Up to late 1990s, a very strong long-run increase in labour taxation	105
	3.2. Since beginning of this decade, slow decline from peaks	105
	3.3. Diverse development across Member States since 2000	106
	3.4. Implicit tax rate on labour in the EU-27: large differences in levels	107
	3.5. Composition of the implicit tax rate on labour	108
	3.6. A comparison with tax wedges computed for example household types	112
4.	Trends in the implicit tax rate on capital	135
5.	Trends in environmental taxes	149
Pa	RT III DEVELOPMENTS IN THE MEMBER STATES	159
	Austria	160
	Belgium	164
	Bulgaria	168
	Cyprus	172
	Czech Republic	176



Table of contents

Denmark	180
Estonia	184
Finland	188
France	192
Germany	196
Greece	200
Hungary	204
Ireland	208
Italy	212
Latvia	216
Lithuania	220
Luxembourg	224
Malta	228
Netherlands	232
Poland	236
Portugal	240
Romania	244
Slovakia	248
Slovenia	252
Spain	256
Sweden	260
United Kingdom	264
European Union averages	268
Norway	
Iceland	278
BIBLIOGRAPHY	283
ANNEX A TABLES	289
ANNEX B METHODOLOGY AND EXPLANATORY NOTES	375
Part A: Tax structure by tax type	381
Part B: Tax structure by level of government	387
Part C: Tax structure by economic function	388
Part D: Implicit tax rates	400



LIST OF TABLES

Table I-1.1	Tax revenue sensitivity	65
Table II-2.1	Implicit tax rates on consumption in the Union 1995–2008, in %	94
Table II-2.2	VAT rates in the Member States 2000-2010, in %	.100
Table II-3.1	Implicit tax rate on labour in the Union 1995-2008, in %	.107
Table II-3.2	Top personal income tax rates 1995-2010 income	.109
Table II-3.3	Tax wedges for a single example worker at two-thirds of average earnings	.113
Table II-4.1	Adjusted top statutory tax rate on corporate income 1995-2010, in %	.136
Table II-4.2	Adjusted top statutory tax rate on corporate income - EU v. third countries 1995-2010, in %	.137
Table II-4.3	Capital tax base to GDP 1995-2008, in %	.144
Table II-5.1	Environmental tax revenues in the Union 1995-2008, in % of GDP	.150
Table II-5.2	Energy tax revenues in relation to final energy consumption (nominal ITR on energy) Euro per tonne of oil equivalent	.156
Table II-5.3	Energy tax revenues in relation to final energy consumption (real ITR on energy) Euro per tonne of oil equivalent, deflated with cumulative % change in final demand deflator (2000=100)	.157
Table D.1	Italian method	.424
Table D.2	Estimates for the split of personal income tax Personal income tax revenue allocated to employed labour income 1995–2008, in % of total revenue of personal income tax	.427
Table D.3	Estimates for the split of personal income tax Personal income tax revenue allocated to income of the self-employed 1995–2008, in % of total revenue of personal income tax	.428
Table D.4	Estimates for the split of personal income tax Personal income tax revenue allocated to capital income 1995–2008, in % of total revenue of personal income tax429	
Table D.5	Estimates for the split of personal income tax Personal income tax revenue allocated to social transfers and pensions 1995–2008, in % of total revenue of personal income tax	.430

LIST OF TABLES IN ANNEX A

Table 1	Total Taxes (including SSC) as % of GDP	290
Table 2	Cyclically adjusted total taxes (including SSC) as % of GDP	291
Table 3	Total Taxes (excluding SSC) as % of GDP	292
Table 4	Total Taxes (excluding SSC) as % of Total Taxation	293
Table 5	Indirect Taxes as % of GDP - Total	294
Table 6	Indirect Taxes as % of Total Taxation - Total	295
Table 7	Indirect Taxes as % of GDP - VAT	296
Table 8	Indirect Taxes as % of Total Taxation - VAT	297
Table 9	Indirect Taxes as % of GDP - Excise duties and consumption taxes	298
Table 10	Indirect Taxes as % of Total Taxation - Excise duties and consumption taxes	299
Table 11	Indirect Taxes as % of GDP - Other taxes on Products (incl. import duties)	300
Table 12	Indirect Taxes as % of Total Taxation - Other taxes on products (incl. import duties)	301
Table 13	Indirect Taxes as % of GDP - Other taxes on production	302
Table 14	Indirect Taxes as % of Total Taxation - Other taxes on production	303
Table 15	Direct Taxes as % of GDP - Total	304
Table 16	Direct Taxes as % of Total Taxation - Total	305
Table 17	Direct Taxes as % of GDP - Personal income taxes	306
Table 18	Direct Taxes as % of Total Taxation - Personal income taxes	307
Table 19	Direct Taxes as % of GDP - Corporate income tax	308
Table 20	Direct Taxes as % of Total Taxation - Corporate income tax	309
Table 21	Direct Taxes as % of GDP - Other	310
Table 22	Direct Taxes as % of Total Taxation - Other	311
Table 23	Social Contributions as % of GDP - Total	312
Table 24	Social Contributions as % of Total Taxation - Total	313
Table 25	Social Contributions as % of GDP - Employers	314
Table 26	Social Contributions as % of Total Taxation - Employers	315
Table 27	Social Contributions as % of GDP - Employees	316
Table 28	Social Contributions as % of Total Taxation - Employees	317
Table 29	Social Contributions as % of GDP - Self-employed	318
Table 30	Social Contributions as % of Total Taxation - Self-employed	319
Table 31	Taxes received by administrative level as % of GDP - Central Government	320
Table 32	Taxes received by administrative level as % of Total Taxation - Central Government	321
Table 33	Taxes received by administrative level as % of GDP - State Government	322
Table 34	Taxes received by administrative level as % of Total Taxation - State Government	323
Table 35	Taxes received by administrative level as % of GDP - Local Government	324
Table 36	Taxes received by administrative level as % of Total Taxation - Local Government	325
Table 37	Taxes received by administrative level as % of GDP - Social security funds	326
Table 38	Taxes received by administrative level as % of Total Taxation - Social security funds	327



Table 39	Taxes received by administrative level as % of GDP - EU Institutions	328
Table 40	Taxes received by administrative level as % of Total Taxation - EU Institutions	329
Table 41	Taxes on Consumption as % of GDP - Total	330
Table 42	Taxes on Consumption as % of Total Taxation - Total	331
Table 43	Taxes on Consumption as % of GDP - Tobacco and Alcohol	332
Table 44	Taxes on Consumption as % of Total Taxation - Tobacco and Alcohol	333
Table 45	Taxes on Labour as % of GDP - Total	334
Table 46	Taxes on Labour as % of Total Taxation - Total	335
Table 47	Taxes on Labour as % of GDP - Employed	336
Table 48	Taxes on Labour as % of Total Taxation - Employed	337
Table 49	Taxes on Labour as % of GDP - Employed paid by employers	338
Table 50	Taxes on Labour as % of Total Taxation - Employed paid by employers	339
Table 51	Taxes on Labour as % of GDP - Employed paid by employees	340
Table 52	Taxes on Labour as % of Total Taxation - Employed paid by employees	341
Table 53	Taxes on Labour as % of GDP - Non-employed	342
Table 54	Taxes on Labour as % of Total Taxation - Non-employed	343
Table 55	Taxes on Capital as % of GDP - Total	344
Table 56	Taxes on Capital as % of Total Taxation - Total	345
Table 57	Taxes on Capital as % of GDP - Capital and business income	346
Table 58	Taxes on Capital as % of Total Taxation - Capital and business income	347
Table 59	Taxes on Capital as % of GDP - Income of Corporations	348
Table 60	Taxes on Capital as % of Total Taxation - Income of Corporations	349
Table 61	Taxes on Capital as % of GDP - Income of households	350
Table 62	Taxes on Capital as % of Total Taxation - Income of households	351
Table 63	Taxes on Capital as % of GDP - Income of self-employed	352
Table 64	Taxes on Capital as % of Total Taxation - Income of self-employed	353
Table 65	Taxes on Capital as % of GDP - Stocks of capital / wealth	354
Table 66	Taxes on Capital as % of Total Taxation - Stocks of capital / wealth	355
Table 67	Environmental taxes as % of GDP	356
Table 68	Environmental taxes as % of Total Taxation	357
Table 69	Environmental taxes as % of GDP - Energy	358
Table 70	Environmental taxes as % of Total Taxation - Energy	359
Table 71	Energy taxes as % of GDP - Transport fuel taxes	360
Table 72	Energy taxes as % of Total Taxation - Transport fuel taxes	361
Table 73	Environmental taxes as % of GDP - Transport (excl. fuel)	362
Table 74	Environmental taxes as % of Total Taxation - Transport (excl. fuel)	363
Table 75	Environmental taxes as % of GDP - Pollution/Resources	364
Table 76	Environmental taxes as % of Total Taxation - Pollution/Resources	365
Table 77	Implicit tax rates in % - Consumption	366
Table 78	Implicit tax rates in % - Labour	367



Table of contents

Table 79	Implicit tax rates in % - Capital	368
Table 80	Implicit tax rates in % - Capital and business income	369
Table 81	Implicit tax rates in % - Corporate income	370
Table 82	Implicit tax rates in % - Capital and business income of households and self-employed	371
Table 83	Implicit tax rates - Energy1)	372
Table 84	Implicit tax rates, deflated - Energy1)	373



LIST OF GRAPHS AND MAPS

Graph I-1.1	Overall tax-to-GDP ratio (incl. SSC) in the EU, US and Japan 2008, in %	54
Graph I-1.2	Long-term trends in the overall tax ratio (including SSC) % of GDP	55
Graph I-1.3	Change in the budget balance (2007-2008)	56
Map I-1.1	Distribution of total tax burden	58
Graph I-1.4	Overall tax-to-GDP ratio (incl. SSC) in the EU, Iceland and Norway 2008, in %	59
Graph I-1.5	Level in 2000 and change of tax-to-GDP ratio until 2008 in %	61
Graph I-1.6	Cyclically adjusted tax revenues 1995-2008, in % of GDP	64
Graph I-1.7	Cyclically adjusted level in 2000 and change of tax-to-GDP ratio until 2008 in %	66
Graph I-2.1	Structure of tax revenues by major type of taxes 2008, % of the total tax burden	68
Map I-2.1	Distribution of top personal tax rates	70
Graph I-2.2	Development of adjusted statutory tax rate on corporate income 1995-2010, EU-27 and euro area averages; in %	71
Map I-2.2	Distribution of corporate tax rates	72
Graph I-2.3	Evolution by major type of taxes 2000-2008, differences in % of GDP	74
Graph I-3.1	Revenue structure by level of government 2008, in % of the total tax burden	76
Graph II-1.1	Distribution of the total tax burden according to economic function Taxes on labour (employed and non-employed), consumption and capital (capital and business income and stocks) 2008, in % of GDP	85
Graph II-1.2	Distribution of the total tax burden according to economic function 2008, in % of total tax burden	86
Graph II-1.3	Relative contribution of taxes on labour, capital and consumption to the change in the total tax-to-GDP ratio, by country 2000-2008, in % of GDP	89
Graph II-1.4	Development of implicit tax rates EU-25 average, 1995-2008, in %	90
Graph II-2.1	Implicit tax rate on consumption 1995-2008	93
Graph II-2.2	Implicit tax rate on consumption in the EU-27: 2008 level 1995–2008	95
Graph II-2.3	Decomposition of the ITR on consumption 2008	96
Graph II-2.4	VAT component of the ITR on consumption 1995-2008	98
Graph II-2.5	VAT reduced rate and base indicator 2008, in percentage points	99
Graph II-2.6	Tobacco and alcohol component of the ITR on consumption 1995–2008, in %	.101
Graph II-3.1	Time trend of ITR on labour in %	.105
Map II-3.1	Tax burden on labour	.108
Graph II-3.2	Composition of the implicit tax rate on labour 2008, in %	.110
Graph II-3.3	Evolution of the components of the implicit tax rate on labour 2000-2008, differences in percentage points	.111
Graph II-3.4	Pair-wise comparisons of the ITR on labour and tax wedge indicator 2008, in %	.114
Graph II-3.5	Time trend micro and macro indicators in the Union EU-25, index 1996 = 100	.115
Graph II-4.1	Implicit tax rate on other production factors and implicit tax rate on capital 1970-2008, in %	.139



Table of contents

Graph II-4.2	Coefficient of variation of the implicit tax rate on capital Ratio between standard	
	deviation and mean, in %	
Graph II-4.3	Implicit tax rate on capital 2008, in %	
Graph II-4.4	Implicit tax rate on capital and business income in EU-25 1995-2008 142	
Graph II-4.5	Implicit tax rate on capital and business income 2008143	
Graph II-5.1	Environmental tax revenues by Member States and type of tax 2008, in $\%$ of GDP151	
Graph II-5.2	Evolution of the structure of environmental taxes 2000-2008, difference in $\%$ of GDP 152	
Graph II-5.3	Energy tax revenues by Member States 2008, in % of GDP	
Graph II-5.4	Evolution of energy efficiency, ITR on energy and on labour Index $1995 = 100$; EU-25 158	
Graph A.1	Sensitivity analysis: role of imputed social contributions 2008, in %	

