



European Commission —
Taxation and customs union

Taxation trends in the European Union

Data for the EU Member States, Iceland and Norway



2011 edition



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PREFACE

This is the fifth issue of 'Taxation Trends in the European Union', an expanded and improved version of a previous publication, 'Structures of the taxation systems in the European Union'. The objective of the report remains unchanged: to present a complete view of the structure, level and trends of taxation in the Union over a medium- to long-term period.

Taxation is at the heart of citizens' relationship with the State. Not only government experts and academics, but also citizens regularly address us queries about taxation levels in the EU and on how Member States compare with each other; this report, which is published annually, is one way of answering these questions. Much effort has been spent on making sure that the data it contains are computed on the basis of a methodology allowing full cross-country comparability. This methodology was developed jointly by statisticians from Eurostat and economists from the Directorate-General for Taxation and the Customs Union, who have drafted the report. Experts from national Statistical Offices and from the Ministries of Finance of all countries covered have actively contributed to the report by supplying data and insightful comments; we would like to express our thanks for their suggestions and help, without which it would not have been possible to produce the report.

As has been the custom over the last years, a number of additions have been made, making the report even richer. This year's edition contains a new, detailed analysis of the impact of the economic and financial crisis, looking at GDP growth, tax revenues but also at how the crisis has influenced the tax policy choices made by Member States. In addition, this year's edition includes data and an analysis of the trends in effective tax rates for corporations in the non-financial sector, complementing the previous analysis based on implicit tax rates. This issue also includes a new box on the quality of public finance and an update on developments in financial sector taxation, a topic currently attracting considerable policy interest.

Besides an analysis of Europe-wide trends, the report also includes Country Chapters covering each EU Member State plus Iceland and Norway. Country Chapters contain, besides a discussion on tax revenue trends, a sketch of the main characteristics of each country's tax system. Since 2009, the information can be complemented by a full listing of revenue by tax, the National Tax List, at the most disaggregated level available, accessible free of charge from the report's web page (<http://ec.europa.eu/taxtrends>). Finally, the 'Taxes in Europe' database (<http://ec.europa.eu/tedb>) contains detailed and updated information on the 650 most important taxes in force in the EU Member States.

Walter Deffaa

Director-General

Directorate-General for Taxation and Customs Union

Walter Radermacher

Director-General

Eurostat

Origin of this report

'Taxation trends in the European Union' is the result of cooperation between two Directorates-General of the European Commission: the Directorate-General for Taxation and Customs Union (DG TAXUD) and Eurostat, the Statistical Office of the European Communities. The national accounts data collected from the national statistical offices by Eurostat were processed and analysed by DG TAXUD staff.

For some indicators, additional estimates provided by experts from national tax departments, consulted in the context of the Working Group on the Structures of the Taxation Systems run by DG TAXUD, have been used. The Commission staff wishes to thank the Working Group experts for their very helpful oral and written contributions. Nevertheless, the Commission Services bear sole responsibility for this publication and its content. This report does not necessarily reflect the views of the tax departments in the Member States.

Any questions or suggestions relating to the analysis should be addressed to:

Jean-Pierre De Laet, Head of the unit 'Economic analysis, evaluation & impact assessment support'

European Commission, DG Taxation and Customs Union, B-1049 Brussels

Email: taxud-structures@ec.europa.eu

Language and dissemination

'Taxation trends in the European Union' is available in English only. The publication can be downloaded free of charge from the websites of the Directorate-General for Taxation and Customs Union (<http://ec.europa.eu/taxtrends>) or Eurostat (<http://ec.europa.eu/eurostat>). The paper version can be purchased from any of the sales outlets listed on the website of the Publications Office of the European Union (<http://publications.europa.eu>).

Additional information

The National Tax Lists for almost all EU countries, showing tax revenues for all major taxes, has been published online, replacing and augmenting the List of Taxes contained up to the 2008 edition of this report (see NTL at: <http://ec.europa.eu/taxtrends>). Readers interested in taxation may also find detailed information on the legal form and revenue of the taxes currently in force in the EU Member States in the 'Taxes in Europe' database (<http://ec.europa.eu/tedb>).

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Directorate-General for Taxation and Customs Union

Editor: Marco Fantini

Deputy editor: Mayya Hristova

Authors: Marco Fantini ('Focus on the crisis', Parts I, II.1), Doris Prammer (I.1.1, Box on Quality of Taxation), Beata Heimann (II.2), Werner Vanborren (II.3), Thomas Hemmelgarn (II.4), Katri Kosonen (II.5), Milán Pein (II.5.2), Mayya Hristova, Milán Pein and Doris Prammer (Annex B)

Country chapters: Anjelina Bengyuzova, Joanna Berlinska, Günther Ebling, Marco Fantini, Serena Fatica, Endre György, Petra Harvanova, Thomas Hemmelgarn, Mayya Hristova, Katri Kosonen, Zornitsa Kutlina-Dimitrova, Tatjana Lapunova, Gaëtan Nicodème, Milán Pein, Doris Prammer, Werner Vanborren, Marek Waskiewicz

Statistician: Mayya Hristova

Data management and layout: Milán Pein, Mayya Hristova, Freddy De Buysscher (Tables II-3.2, II-4.2)

Editorial assistance: Seija Nevala, Simona Muliolyte, Tatjana Lapunova

Eurostat

ESA95: Laura Wahrig, Lena Frej Ohlsson, Irena Tvarijonaviciute, Irena Kostadinova

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GLOSSARY

Country abbreviations		Commonly used acronyms	
BE	Belgium	EU	European Union
BG	Bulgaria	EMU	Economic and monetary union
CZ	Czech Republic		
DK	Denmark	MS	Member State
DE	Germany	EU-25	European Union (BE, CZ, DK, DE, EE, IE, EL, ES, FR, IT, CY, LV, LT, LU, HU, MT, NL, AT, PL, PT, SI, SK, FI, SE, UK)
EE	Estonia	EU-27	European Union (BE, BG, CZ, DK, DE, EE, IE, EL, ES, FR, IT, CY, LV, LT, LU, HU, MT, NL, AT, PL, PT, RO, SI, SK, FI, SE, UK)
IE	Ireland	EU-15	European Union (BE, DK, DE, IE, EL, ES, FR, IT, LU, NL, AT, PT, FI, SE, UK)
EL/GR	Greece	EA-17	Euro area (BE, DE, IE, EE, EL, ES, FR, IT, CY, LU, MT, NL, AT, PT, SI, SK, FI)
ES	Spain	NMS-12	New Member States (BG, CZ, EE, CY, LV, LT, HU, MT, PL, RO, SI, SK)
FR	France	NMS-10	New Member States (CZ, EE, CY, LV, LT, HU, MT, PL, SI, SK)
IT	Italy	ECSC	European Coal and Steel Community
CY	Cyprus	EEA	European Economic Area
LV	Latvia		
LT	Lithuania	PIT	Personal Income Tax
LU	Luxembourg	CIT	Corporate Income Tax
HU	Hungary	ESA79	European System of Accounts 1979
MT	Malta	ESA95	European System of Accounts 1995
NL	Netherlands	GDP	Gross Domestic Product
AT	Austria	ITR	Implicit Tax Rate
PL	Poland	SSC	Social Security Contributions
PT	Portugal	VAT	Value Added Tax
RO	Romania	NTL	National Tax List
SI	Slovenia		
SK	Slovakia	:	Not available
FI	Finland	n.a.	Not applicable
SE	Sweden		
UK	United Kingdom		
IS	Iceland (not a member of the EU)		
NO	Norway (not a member of the EU)		

Introduction

This publication presents time series of tax revenue data from National Accounts for the twenty-seven Member States, Norway and Iceland. It provides a breakdown of taxes according to different classifications: by type of taxes (direct taxes, indirect taxes, social contributions), by level of government (central, state, local, social security funds, EU institutions), and by economic function (consumption, labour, capital). It also compiles data for the sub-group of environmental taxes.

The breakdown of tax revenue data computed in percentage of GDP provides indicators of the tax burden and of the structure of taxation in the different Member States, as well as developments over time. As the interpretation of the tax-to-GDP ratio as an indicator for the tax burden requires additional information, cyclically adjusted tax revenues are provided, an economic classification of taxes has been developed and implicit tax rates (ITR) have been computed for the different economic functions. ITRs measure the effective average tax burden on different types of economic income or activities; in each case, the ITR expresses aggregate tax revenues as a percentage of the potential tax base.

Tax revenues as broken down by types of taxes and by level of government are aggregations of the common national accounts categories of taxes. These are directly available from the national accounts provided by Member States to Eurostat and follow the classification prescribed by the 'European System of Accounts' (ESA95)⁽¹⁾. The economic classification of taxes and the categorisation of energy taxes is not standard and is computed specifically for the publication 'Taxation trends in the European Union' using more detailed tax revenue data provided by the Member States. The corresponding implicit tax rates require additional assumptions and calculations. Ministries of Finance in the Member States have in particular helped to produce the data required for these computations. The publication gives a comprehensive overview of the methodology and data used for this purpose.

This edition of the publication 'Taxation trends in the European Union' covers the 1995-2009 period, corresponding to the years for which national accounts data are generally available in the ESA95 format.

The publication is divided into three parts. Part I reviews the major trends and developments in taxation in the Union, putting it into perspective with economic activity. Part II presents the economic classification of taxes and conducts a comparison of implicit tax rates between Member States. Part III contains 29 country chapters, which review the main trends in the development of the overall tax burden and give an overview of the tax system and of the main recent policy changes. The table of statistics provided for each country contains four blocks of data: A - Structure of revenues in % of GDP, including cyclically adjusted tax revenues; B - Structure according to level of government in % of total taxation; C - Structure according to economic function in % of GDP, including the sub-group of environmental taxes; D - Implicit tax rates.

Annex A presents the same data organised differently: each table presents a single tax category, in % of GDP or in % of total taxes, or an implicit tax rate, for all years and Member States for which they are available together with arithmetic or weighted EU averages. Annex B describes the methodology employed in calculating the ratios included in Annex A, the sources used for the tax revenue data and the methods employed by the Ministries of Finance and the Commission Services to allocate the revenue of the personal income tax to labour, capital or other sources of taxable income. The lists of all taxes for which revenue data were submitted by the Member States and their respective allocation to the different economic functions and environmental tax categories can be found on the European Union's Europa website: <http://ec.europa.eu/taxtrends>.

⁽¹⁾ European Commission (1996).

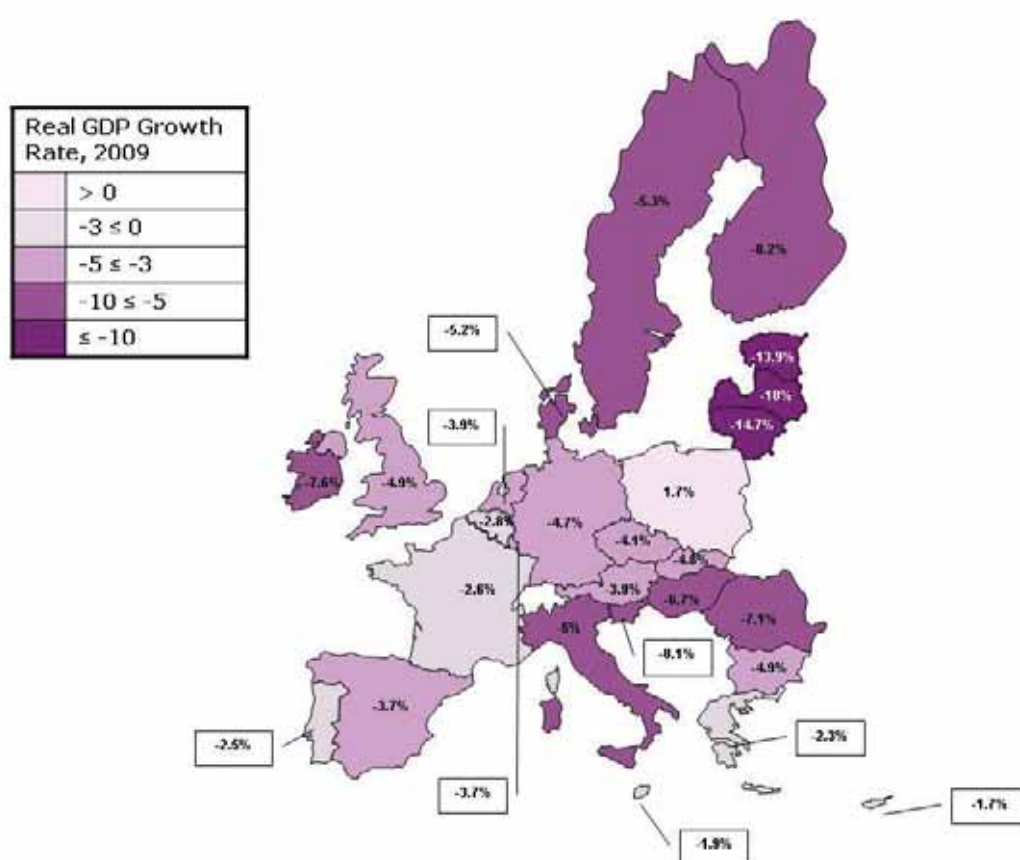
TAXATION TRENDS IN THE EUROPEAN UNION 2011 EDITION

Focus on the crisis: the main impacts on EU tax systems

The impact on growth and its timing has differed considerably among Member States

The economic and financial crisis that started in 2008 has affected all of the EU. In 2009, the peak year of the crisis, all Member States but one saw their GDP shrink (see Map 1); EU-27 GDP contracted by 4.2 %. However, the depth of the slump differed considerably among Member States – the GDP performance in 2009 ranged from -18.0 % in Latvia, which suffered the world's deepest decline, to +1.7 % in Poland.

Map 1: **Real GDP growth in the EU, 2009**

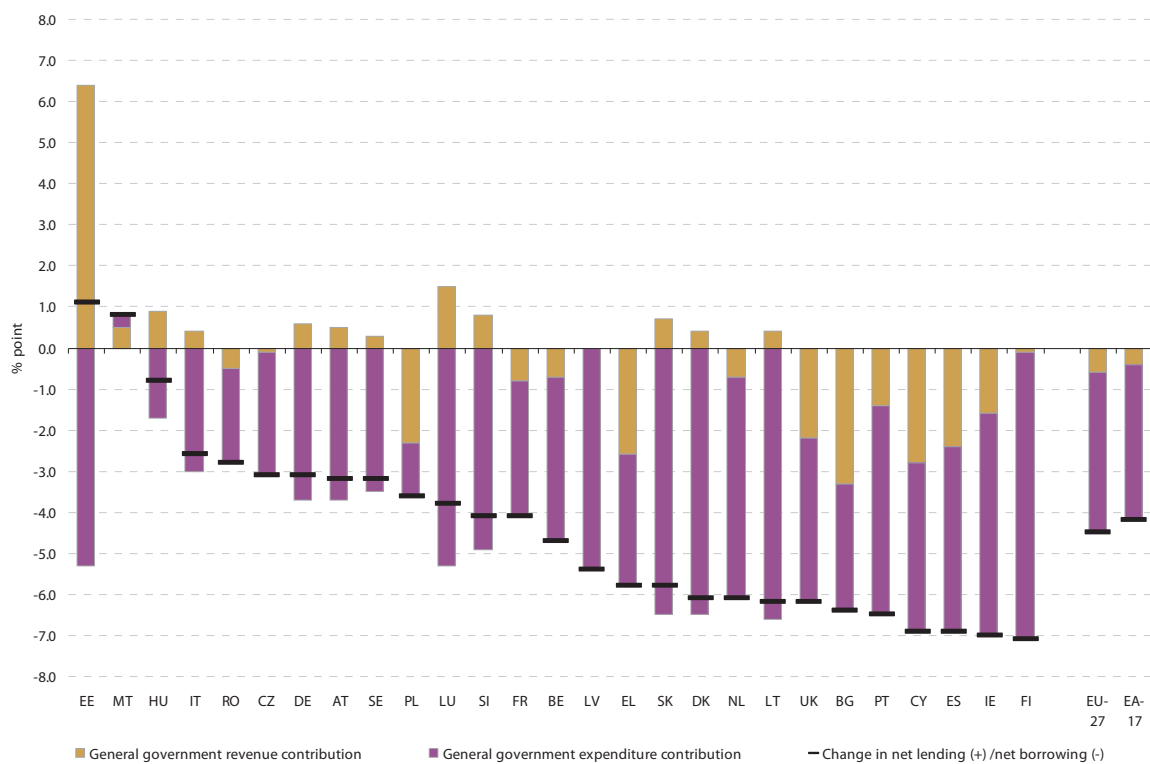


The timing of the crisis varied, too: one quarter of Member States recorded a contraction in GDP already in 2008, but that same year saw average growth at 2.5 % or above in almost one third of the Union. Because of this, in cumulative terms the growth differential is therefore even greater, ranging from -22.2 % to +6.8 %. Over the 2008-2009 period the western continental European countries, notably France, Germany and Spain and most of the surrounding countries, tended to do better than average in GDP terms, as did south-eastern Europe, whereas the hardest hit countries were in the area surrounding the Baltic sea (including Finland and Sweden, but excluding Poland), as well as Ireland and the UK.

Budgets were more affected on the expenditure than on the revenue side

The impact of the crisis on public finances was stronger on the expenditure than on the revenue side. On average, from 2008 to 2009, revenue contraction contributed only about half a point to the worsening of the public deficit (see Graph 1). Expenditure, in contrast, went up much more, by around four points of GDP. Furthermore, while the expenditure-to-GDP ratio increased significantly in almost all countries, the picture on the revenue side was much more contrasted: in about one fourth of countries, the drop of revenue was significant, approaching 2 % of GDP or more, whereas more than one third of countries actually increased revenues, as a share of GDP⁽²⁾. This shows that, although the exit strategy for the crisis had foreseen that consolidation would, as a rule, start only in 2010, not all countries waited until that year to start consolidating on the revenue side.

Graph 1: Change in net lending/net borrowing, 2009



Source: Commission services

The countries where expenditure grew most tended to limit tax relief and vice-versa

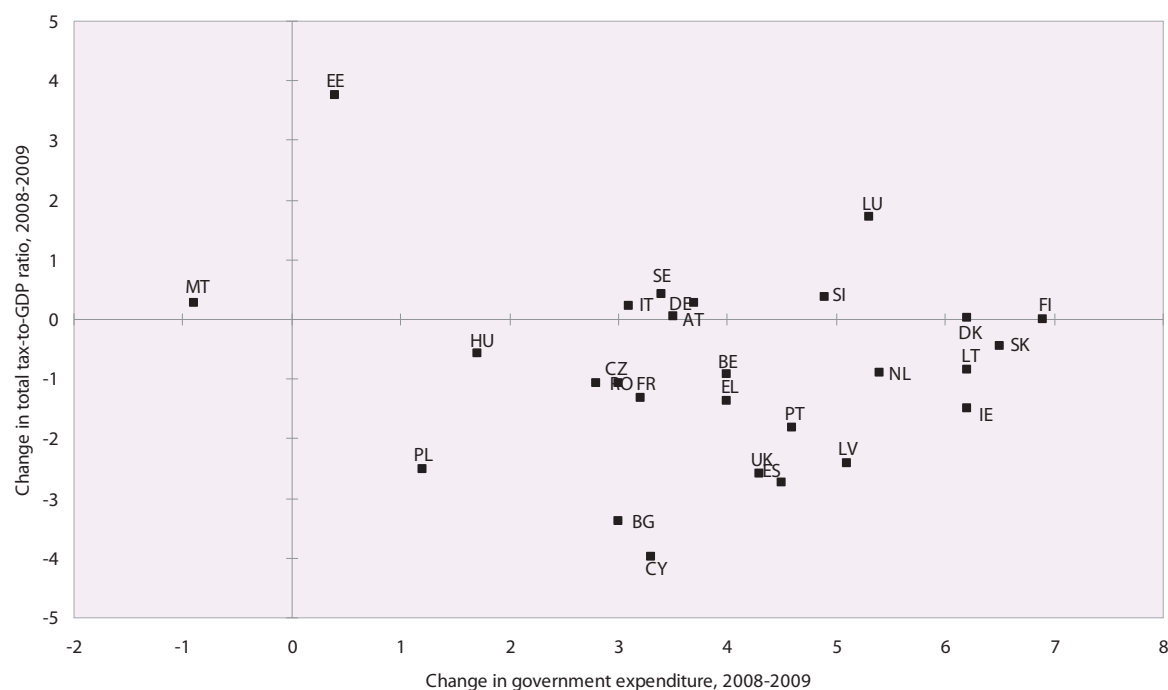
The countries that increased the tax ratio (taxes as a percentage of GDP) most notably in 2009 had typically suffered a greater than average increase in the expenditure to GDP ratio that year (Luxembourg, Slovenia, Slovakia) or were facing urgent budgetary consolidation needs (Estonia, Hungary).

The following graph seems to confirm a trade-off between expenditure trends and changes in the overall tax ratio. The countries that increased expenditure most in 2009, on the right hand in the graph, are placed higher up than those of other Member States which had not increased expenditure so much, which are placed towards the centre of the graph. It

⁽²⁾ Note that the change in the general government revenue, shown in Graph 1, is not exactly the same as the change in the tax ratio which is the focus of our discussion. Nevertheless, the two statistics are closely related and generally follow a similar trend.

is reasonable to assume that countries chose to avoid incurring a strong deterioration on both the revenue and the expenditure side. At the left-hand side of the graph, a small number of countries with limited or negative expenditure growth nevertheless maintained a cautious stance on the revenue side, usually because of particularly pressing consolidation needs (e.g. Hungary and Estonia, which in that period have had recourse to EU and IMF loan programmes).

Graph 2: **Changes in government expenditure and in total tax ratio, 2009**



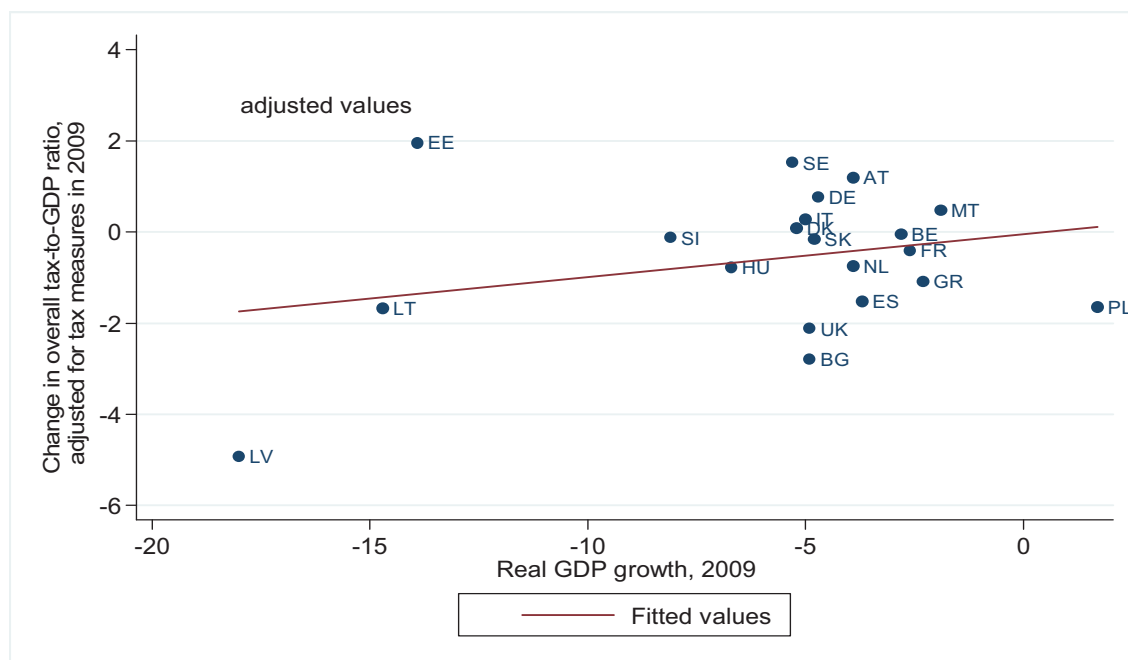
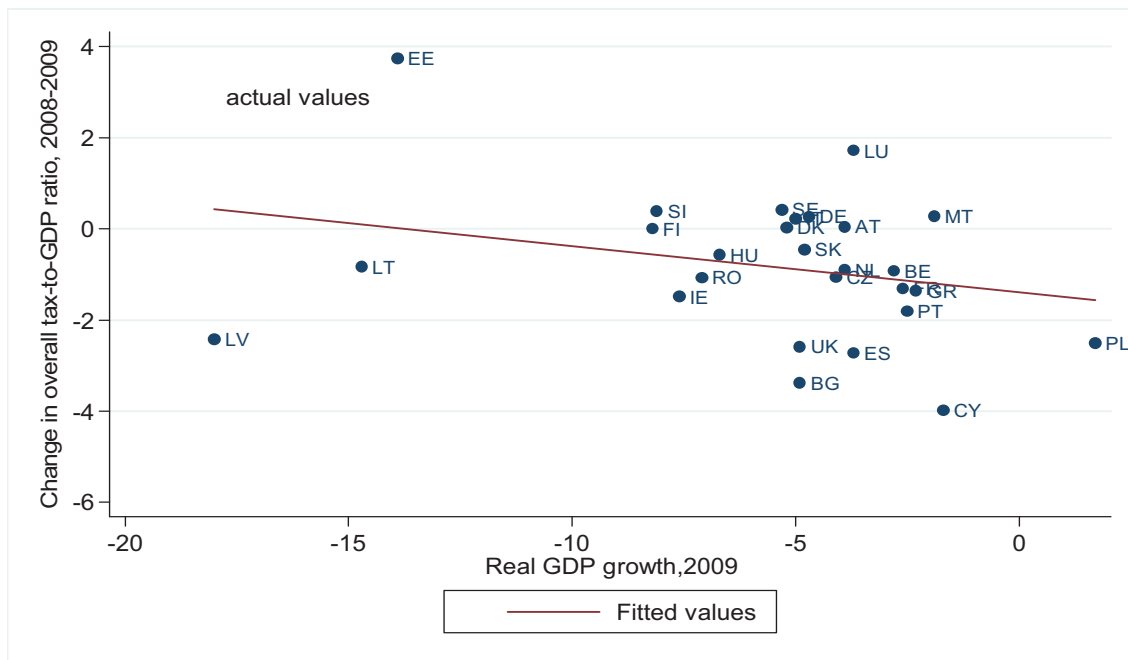
Source: Commission services

Owing to consolidation measures, tax ratios tended to decline less in countries suffering a deeper slump

One might expect that the countries that experienced the deepest contraction in GDP were those with the strongest fall in the overall tax ratio. In actual fact, at the beginning of the recession, in 2008, the decline in the tax ratio, where it took place, was independent from the depth of the recession; whereas in 2009, when the economy reached the bottom of the recession, the opposite happened: in countries suffering the deepest slump in GDP, tax ratios tended to decline slightly less. The following graph shows the 2009 development.

The explanation for this trend may be due to the fact that countries facing an extraordinarily deep slump decided that, given the budgetary situation, they could not let automatic fiscal stabilisers work. In fact, if we correct for the estimated effect on tax revenues of measures taken in 2009, judging from the slope on the fitted line, the tax ratio appears to deteriorate more for countries facing a deeper slump, as one would expect given the progressive elements of the tax system (see Graph 3). Another explanation is linked to the contractionary effects of a tightening of the tax policy stance – countries increasing taxes may have, as a result, recorded lower growth. At any rate, data appear rather scattered, so the depth of the recession does not seem to have been a key factor in the development of the tax to GDP ratio.

Graph 3: **GDP growth and change in total tax ratio, actual and adjusted for discretionary tax measures, 2009**



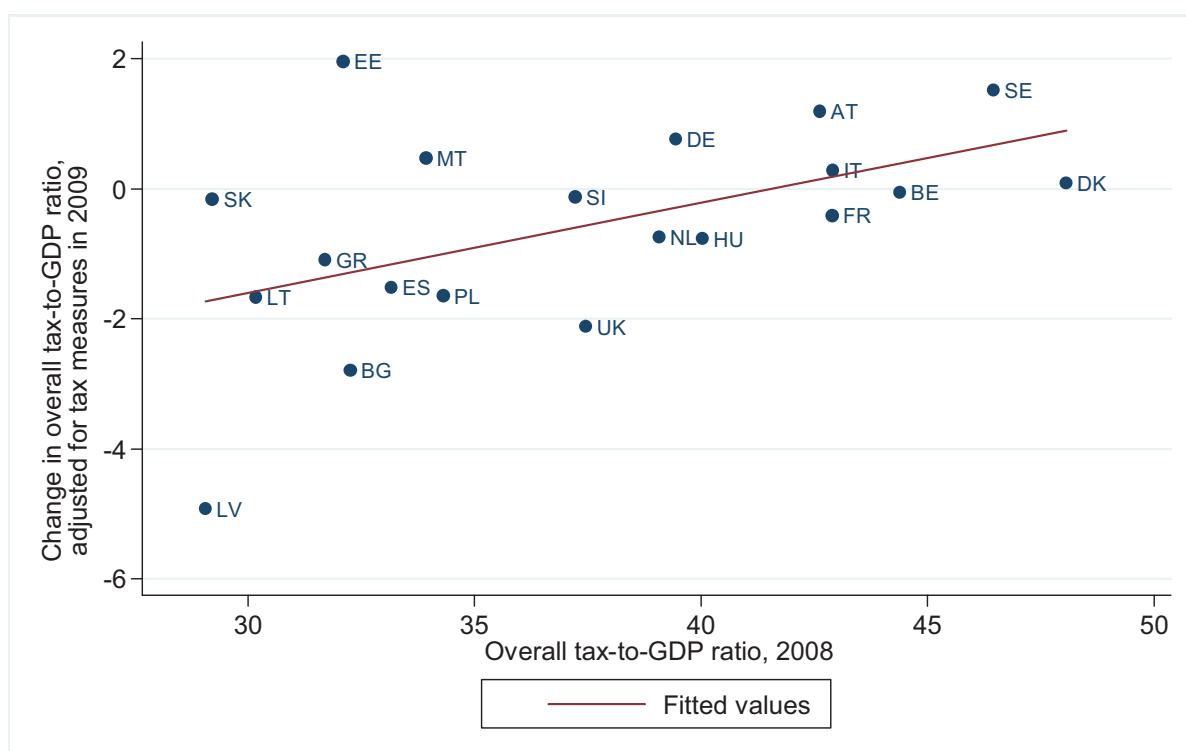
Note: The tax ratio for each country was corrected by the estimated budgetary impact in 2009 of discretionary tax measures, basing on European Commission 2010b (pages 30-48). The estimates of the budgetary impact contained there derive from ex-ante analyses impact conducted by Member States within their budgetary process, using their own methodologies. These ex-ante estimates are intrinsically subject to a potentially significant margin of error. In addition, to carry out the analysis it has been necessary to adopt a number of simplifying assumptions to attribute the revenue effects. No data were available for CZ, FI, IE, LU, PT, and RO.

Source: Commission services

Greater variation of tax ratios for lower-taxing countries

The next graph highlights how tax ratios have varied most – both upwards and downwards - in low-tax countries. This observation is coherent with the pattern that we have been witnessing for several years (see 2010 issue of this report), as if at the higher end, European tax systems are more rigid, in both directions. Other explanations are possible too: for example, a higher State share may result in a lesser short-term cyclical impact of the crisis on GDP, because of the greater share of autonomous spending in the economy. This might also explain why, net of the discretionary tax measures, countries with lower tax levels tended to show declines in tax ratios, whereas tax ratios rather tended to increase slightly at the upper end.

Graph 4: **Initial level of total tax ratio and its 2008-2009 variation, adjusted for tax measures, % of GDP**

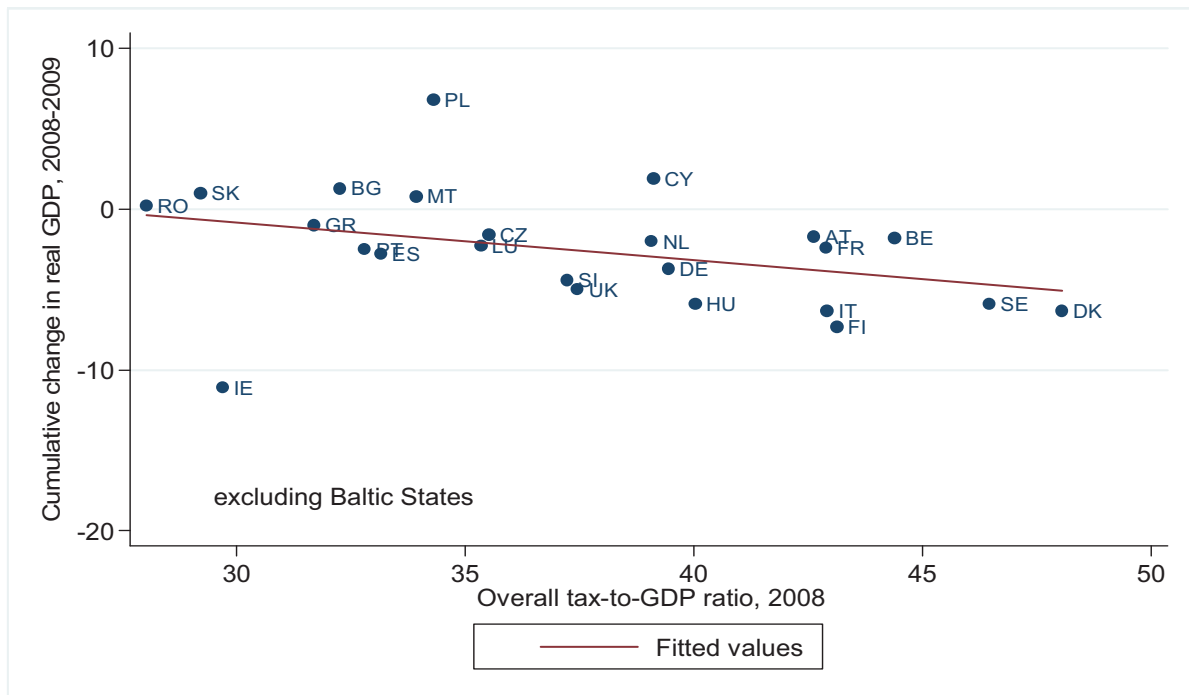
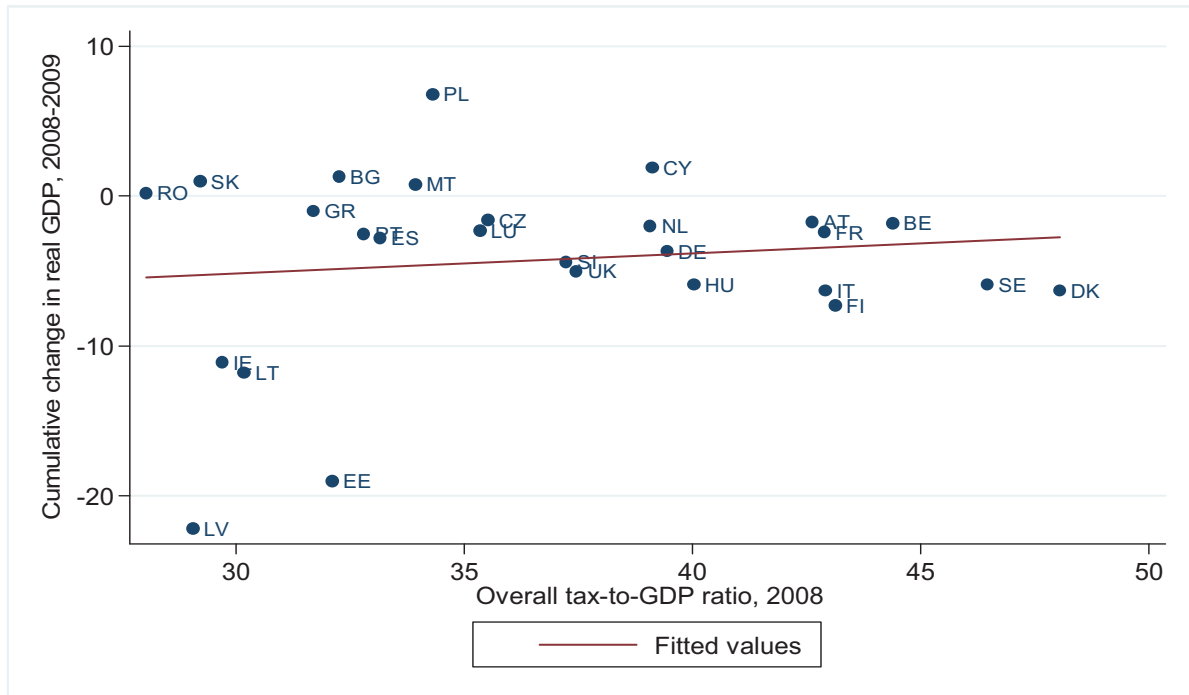


Source: Commission services

Were higher tax ratios associated with a lower intensity of the recession?

Higher initial levels of the tax ratio indeed correlated, albeit not strongly, with a lower depth of the slump, apparently giving some support to the hypothesis that a higher State share can act to dampen fluctuations. However, if we remove the Baltic States from the sample, the graphs show the opposite correlation – countries with a higher tax ratio, on average, witnessed a slightly deeper slump (see Graph 5). Removing outliers is always, however, debatable, and other factors may well be at work. All in all, there seems to be no clear link between the overall tax ratio and the depth of the recession.

Graph 5: Initial total tax ratio (2008) and GDP growth (2009) by country



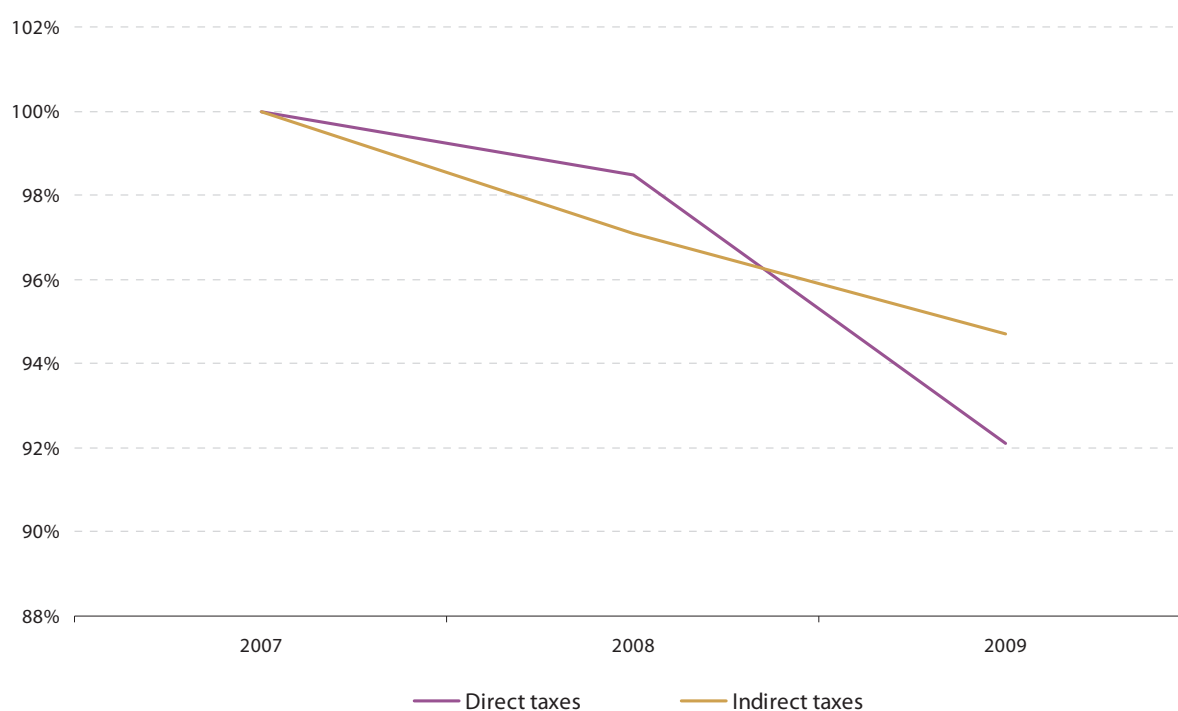
Source: Commission services

Performance by type of tax

Direct tax revenues, generally considered more sensitive to the cycle, unsurprisingly fell more than indirect tax revenue in 2009. The decline in the average share of direct tax revenues on GDP amounted to 0.8 points or 6.5 %, compared with 0.3 points, or 2.5 %, for indirect taxes.

The difference in the performance of the two tax types, however, narrows considerably taking 2008 and 2009 together (-7.9 % compared with -5.3 %). This is partly because in several countries indirect taxes performed surprisingly badly, in revenue terms, in 2008, and partly because several countries introduced revenue-raising measures in 2009 that were predominantly based on indirect taxes, as will be detailed below. Revenue-raising measures based on direct taxes were, on the contrary, quite rare.

Graph 6: **Development of direct and indirect tax revenue in EU-27, 2007 = 100**



Note: unweighted averages of the share of direct and indirect taxes (in % of GDP)

Source: Commission services

The impact of the crisis on the implicit tax rates (ITRs) on consumption, labour and capital

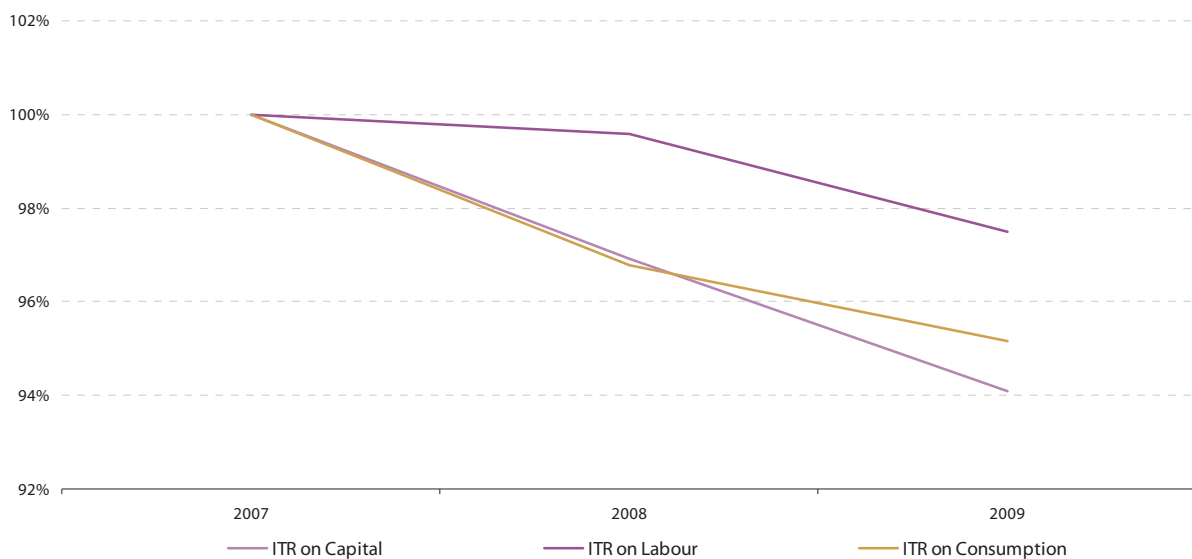
One might expect the revenue impact of the crisis to differ by type of tax. Two effects may be distinguished, one linked to the size of the tax base, and the other to the progressivity of the tax itself. The first effect is straightforward: a deep recession will typically affect some tax bases more than others; revenues from taxes based on profits, such as the corporate income tax, should fall substantially as many firms become loss making; transaction taxes may also suffer from reduced economic activity, whereas taxes levied on essential consumption items will normally see a modest reduction in revenue. This is broadly consistent with the patterns seen above for direct and indirect taxes.

In addition to this, there is a difference between taxes that are essentially proportional to the tax base, such as the VAT, excise duties, transaction taxes and even the CIT, on the one hand, and taxes that include some elements of progressivity

on the other, such as the PIT; in the latter case, revenue should decelerate more than proportionately to the tax base in times of recession.

This report contains indicators, the ITRs or implicit tax rates, that relate directly the size of the tax base (or a proxy for it) with its revenue, giving a measure of this effect. A perfectly proportionate link between the tax base and the revenue would result in an ITR being relatively insensitive with regard to the cyclical position. In actual fact, ITRs showed a relatively marked sensitivity to the cycle, indicating that the drops in revenue exceeded the contraction of their tax bases. The following graph indeed shows a clear contraction in all ITRs in 2008-2009 compared to their 2007 level.

Graph 7: **Development of ITRs by type, 2007=100**



Source: Commission services

While the drop in the ITRs for labour and capital are consistent with the nature of the taxes, the drop of the ITR on consumption is surprisingly sharp given the proportional nature of indirect taxes, mirroring the weakness in VAT revenues recorded in the recession. The drop is even more surprising considering that several countries increased consumption tax rates in 2009, which should provide a boost to the ITR on consumption. This phenomenon can nevertheless be explained by a combination of factors. First, the depth of the recession is likely to have shifted consumption patterns towards primary goods, which are normally subject to lower VAT rates. Second, because of data issues, the ITR on consumption is affected by the decline in construction activity, which was particularly marked in this recession. In addition, inventories involuntarily accumulated by businesses during the recession reduce the amount of VAT paid, as do rising bankruptcies⁽³⁾. The time lags with which tax revenues are recorded may also be affecting the result: time lags on indirect taxes tend to be shorter than for direct taxes, which may lead, statistically, to a faster drop for indirect taxes.⁽⁴⁾ Last but not least, many countries have introduced measures aimed at granting companies the possibility to defer tax payments, including VAT.

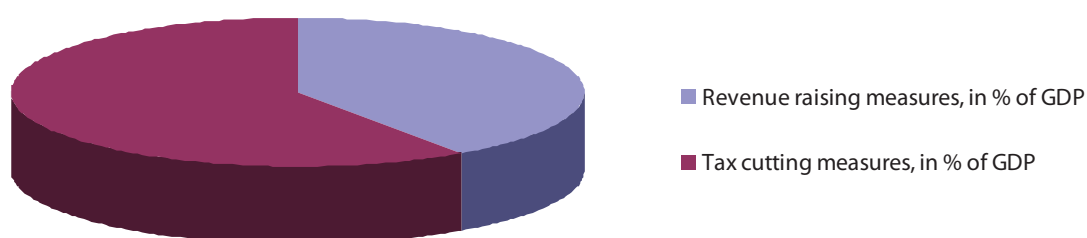
⁽³⁾ National accounts data indicate, however, that inventories were run down in 2009.

⁽⁴⁾ In theory, this should not be the case for national accounts data, as tax revenue data are in principle attributed to the year for which they are levied (accrual accounting). However, where accrual accounting comes down to a simple shift of cash receipts ('time-shifted cash' method), it can take up to 2 years before all PIT assessments with respect to income year Y are reflected in the recorded data. Conversely, most of PIT on income Y is already recorded in the national account of year Y thanks to withholding taxes and advanced payments. Time lags might also differ between gross VAT receipts and VAT refunds: this difference is not taken into account e.g. in the Belgian national accounts, since only a one-month shift of net VAT receipts is taken on board.

The policy reaction

The 2010 edition of this report contains a list of tax policy measures taken by Member States in response to the economic and financial crisis. For the vast majority of countries, the list includes estimates of the budgetary effects of these measures for 2009, allowing us to analyse more precisely their impact.

Graph 8: **Overall budgetary effect of tax measures, 2009**



Note: Elaboration on data contained in European Commission, (2010b)

Source: Commission services

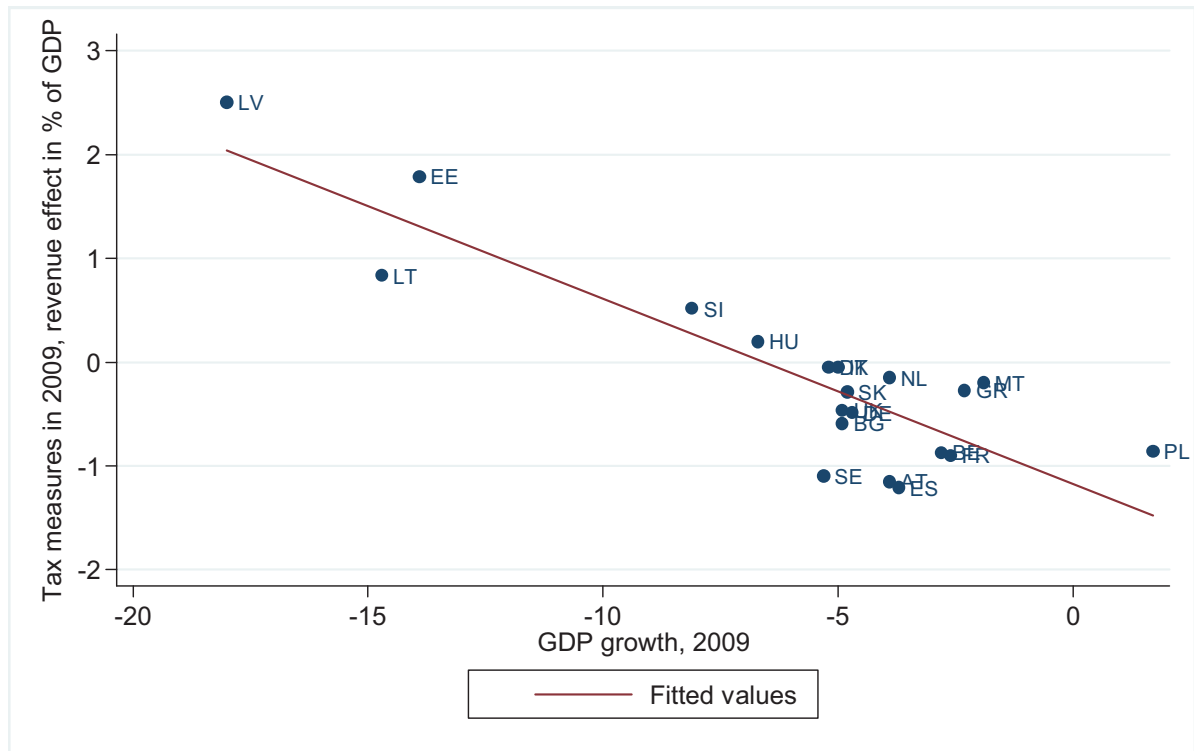
For 2009, the trough of the recession, we possess quantified data for 20 countries. Tax cuts clearly predominated: only in one quarter of cases did Member states introduce revenue-raising measures. The measures increasing taxes, however, had on average a slightly larger budgetary impact (see Graph 8), so that they represented more than one quarter of the total revenue effect.

Effects of GDP growth on the decision to cut or raise taxes

Graph 9 plots 2009 real GDP growth with the total budgetary amount of measures introduced in 2009. The graph clearly shows a negative correlation between the growth situation and the budgetary volume of tax measures adopted. In other words, the countries that introduced tax increases were those that had the most negative growth performance in 2009, and conversely, that countries that managed to limit the contraction in real GDP to 4 % percent or less were generally able to cut taxes. Not only the sign, also the volume of the measure seems to correlate well with the contraction in GDP.

This correlation may be interpreted in two ways: one is that, quite simply, countries facing a very deep slump were compelled to raise taxes; alternatively, it can be argued that cutting taxes contributed to a better growth performance in 2009 and vice versa .

Graph 9: **Budgetary impact of tax measures adopted and real GDP growth, 2009**



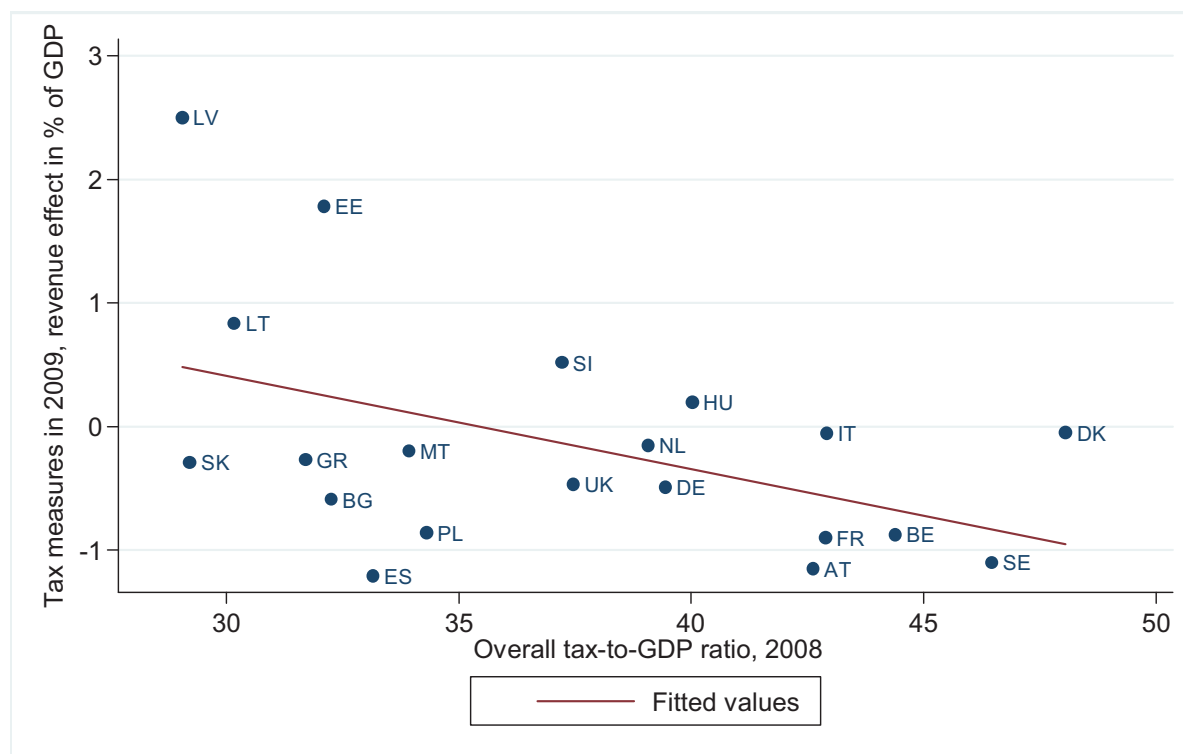
Source: Commission services

Effects of the starting level of taxation on the size and composition of consolidation measures

Another interesting question is whether high-taxing countries reacted differently from low-taxing countries in terms of the choice whether to tighten the tax stance already in 2009 or do it later. One might expect that low-taxing countries have more leeway to raise taxes if consolidation is needed; in addition several of the lowest taxing countries in Europe are the Baltics, which were particularly hard hit by the recession and had pressing budgetary consolidation needs.

Volume of measures and level of taxation

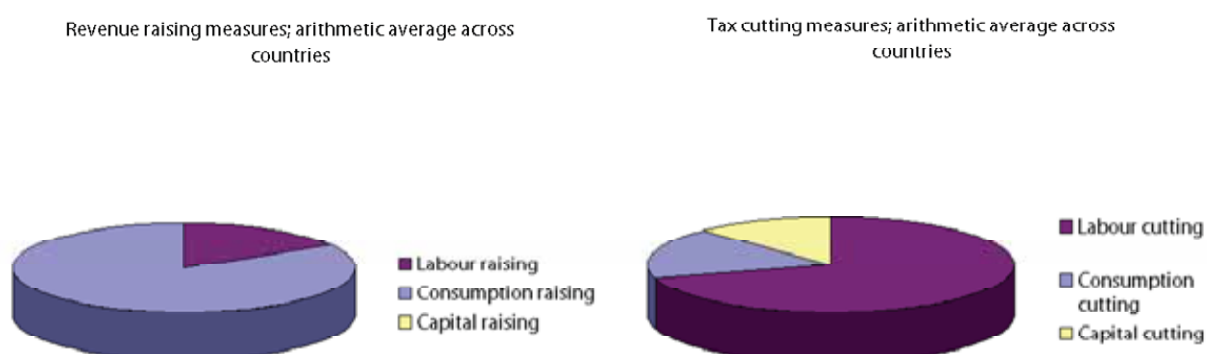
The overall volume of measures is somewhat negatively correlated with the initial level of taxation, as countries with a higher overall tax ratio tended to take larger tax-cutting measures (see Graph10). However, this result is strongly dependent on the significant tax increases that took place in the Baltic States; excluding them from the sample results in a weak correlation between initial tax ratio and volume of measures. In other words, in the 15 countries out of 20 that decided to cut taxes, the volume of cuts was not clearly linked with the starting level of the overall tax ratio. The choice of tax on which to concentrate the revenue effort also was by and large unrelated to the initial level of the tax ratio.

Graph 10: **Budgetary impact of tax measures (2009) and initial tax ratio (2008)**

Source: Commission services

Composition of measures

The type of measures adopted differed markedly in nature depending on whether they aimed at raising revenue or cutting taxes.

Graph 11: **Budgetary impact of tax measures by type of measure, 2009**

Source: Commission services

The budgetary resources invested in tax cuts were overwhelmingly directed at cutting labour taxes; less than one quarter of the relief went to cut consumption taxes, and a similar low share was allocated to cutting capital taxes. Tax raising measures were instead heavily concentrated on consumption taxes, accounting for more than three quarters of the total.

Did the tax policy choices take into account the existing level of taxation?

The crisis has resulted in the adoption of a large number of measures. An interesting question is whether Member States have utilised this opportunity to adjust their relative tax burden, depending on whether some bases were more or less taxed than in other EU countries. The composition of the tax measures taken suggests that indeed, Member States have tended to introduce somewhat more generous tax cuts on those tax bases that were taxed highly compared to the EU average, while revenue increases were higher when the tax base was comparatively little taxed, although the effect was not very strong. The following graphs illustrate this by plotting the budgetary implications of the measures adopted in 2009 with the average level of taxation of the base.

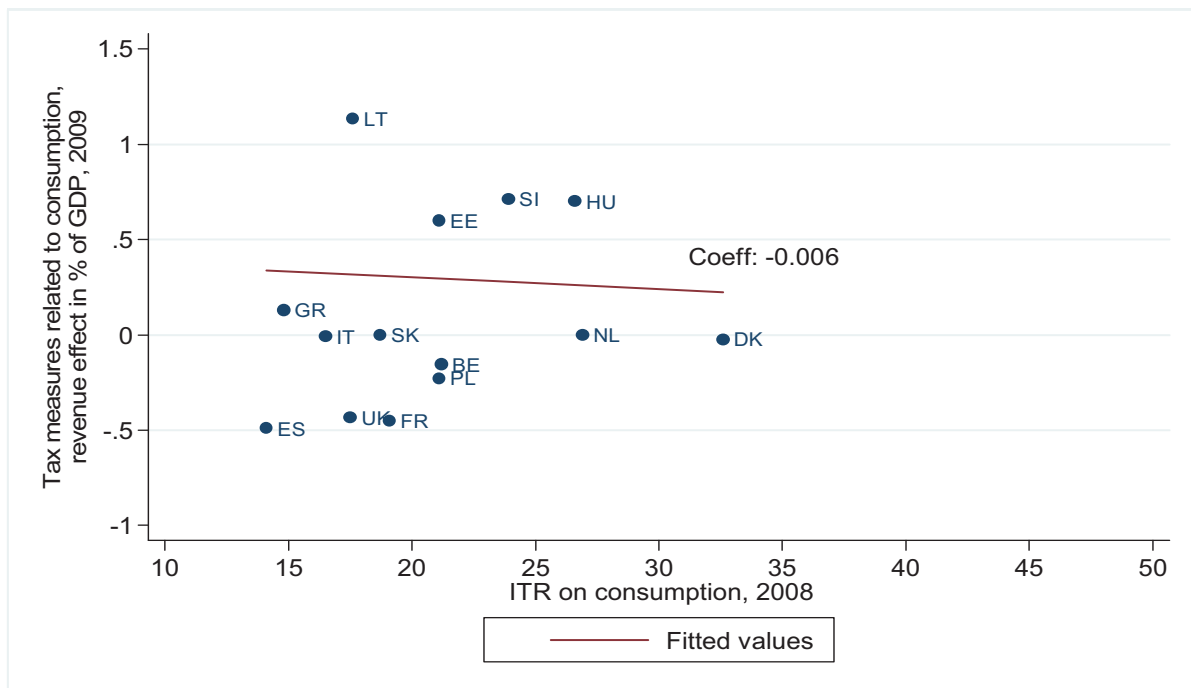
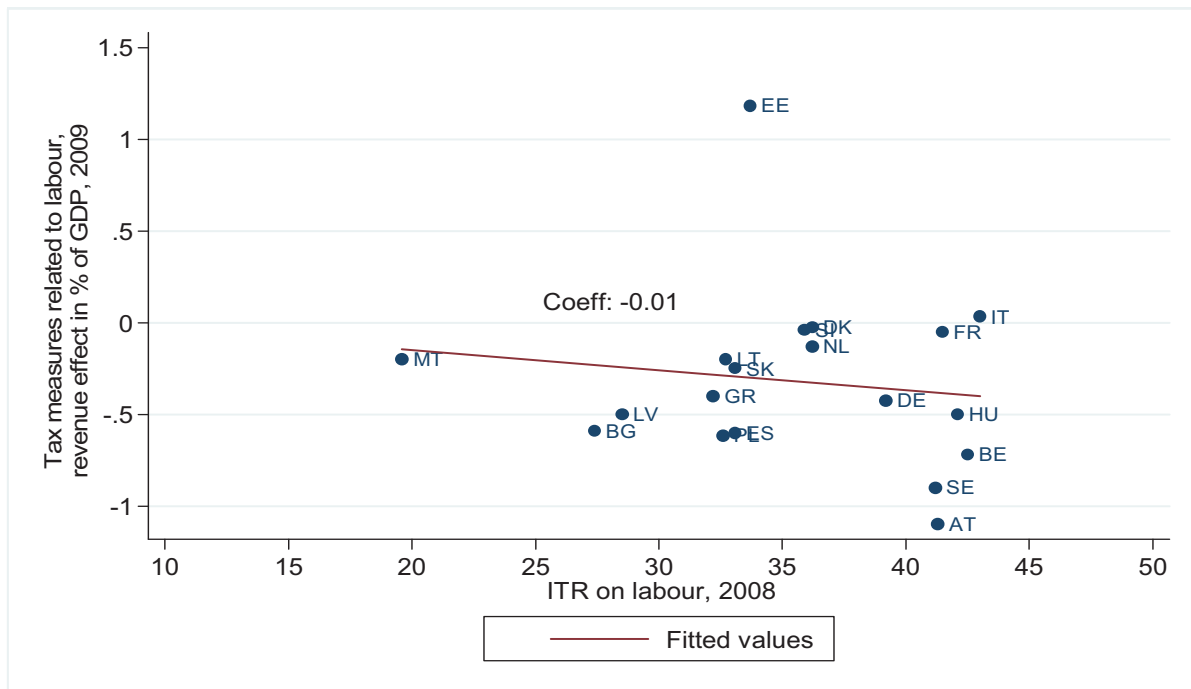
The link between the initial level of taxation and the rebalancing effort was somewhat stronger on labour taxation. This is suggested by the higher negative slope coefficient of the fitted values line in Graph 12, which plots the budgetary implications of measures against the initial (2008) level of the ITR on labour, a broad measure of the tax burden.

A similar trend applies to consumption taxation. As shown by the negative coefficient in the lower panel of Graph 12, Member States tended to increase consumption taxes more in those countries where the tax burden on consumption was below-average and vice-versa. The correlation would be stronger if one excludes from the sample the UK cut in the VAT rate, which was explicitly intended to be only temporary⁽⁵⁾.

As for capital taxation, the impact of the initial ITR went in the same direction, but was weaker. This result is, *prima facie*, surprising given the high mobility of this tax base. It could be explained by the fact that the ITR on capital represents a particularly broad measure of taxation. In fact, replacing the ITR measure with the statutory corporate tax rate yields a clearer correlation (see Graph 13).

⁽⁵⁾ Subsequently, the UK, which had below-average consumption taxation in 2009, not only reversed the VAT cut but even increased it by 2 ½ points in 2011.

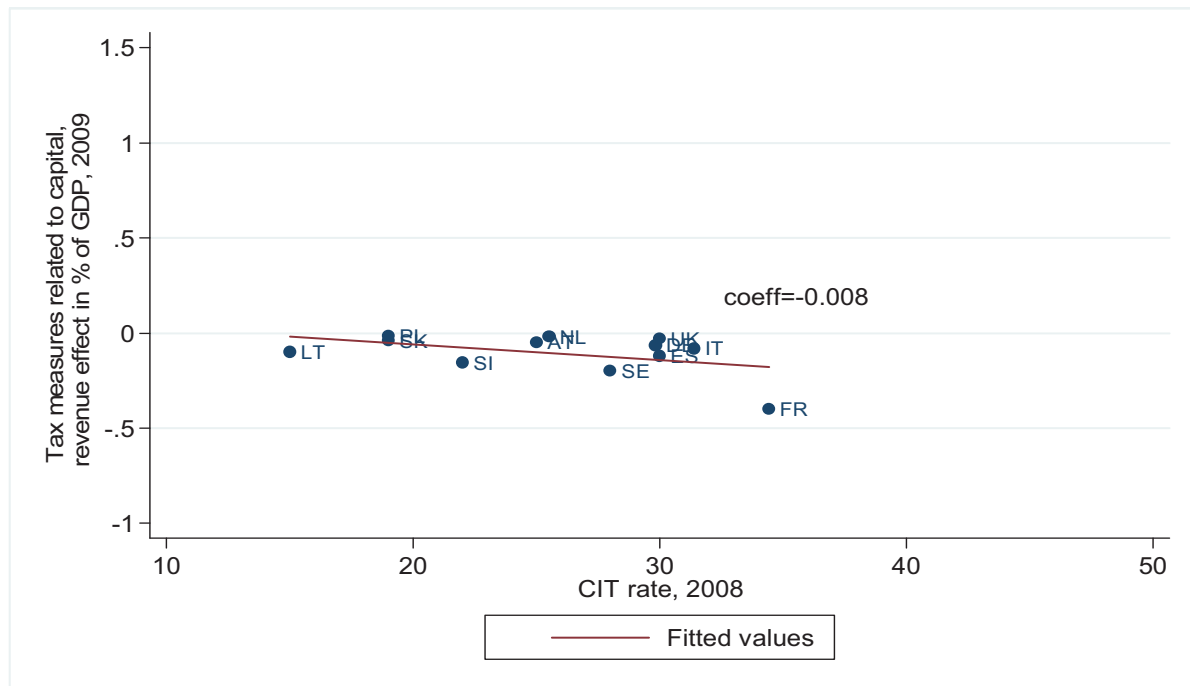
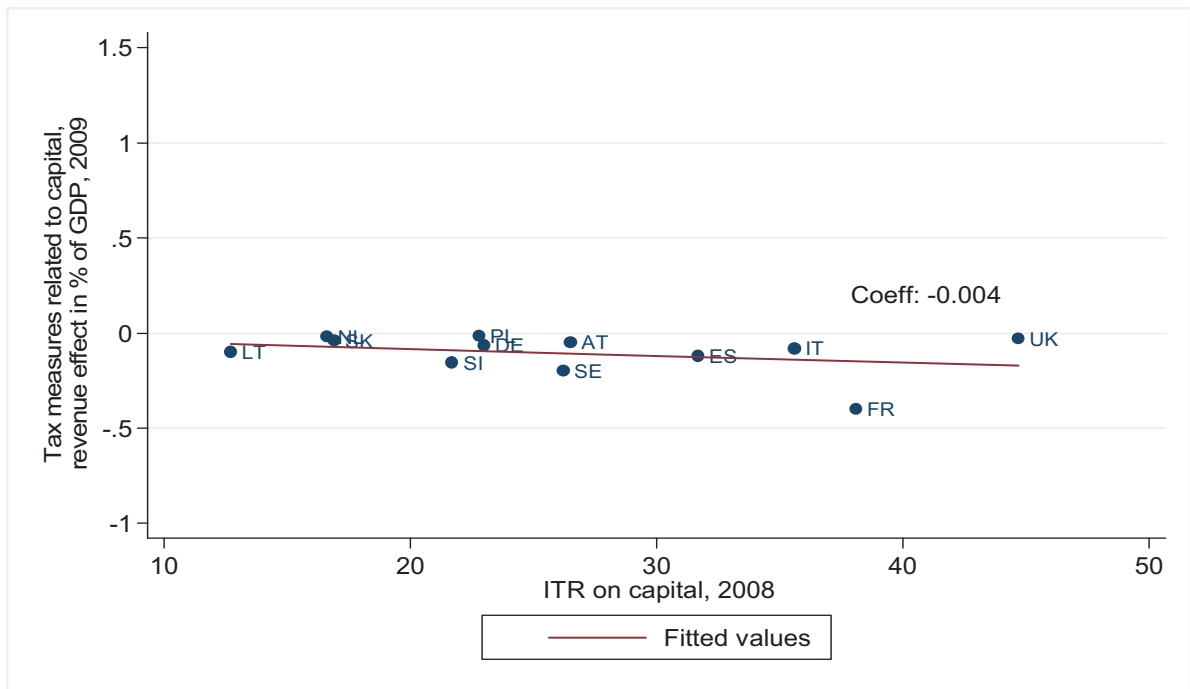
Graph 12: Revenue effect of tax measures (2009) and initial level of ITR (2008), labour and consumption



Note: Lower panel: LV off scale at (17.4; 3.0), but taken into account for fitted values line.

Source: Commission services

Graph 13: Revenue effect of tax measures on capital (2009) and initial level of ITR (2008) and corporate income tax rate (2008)



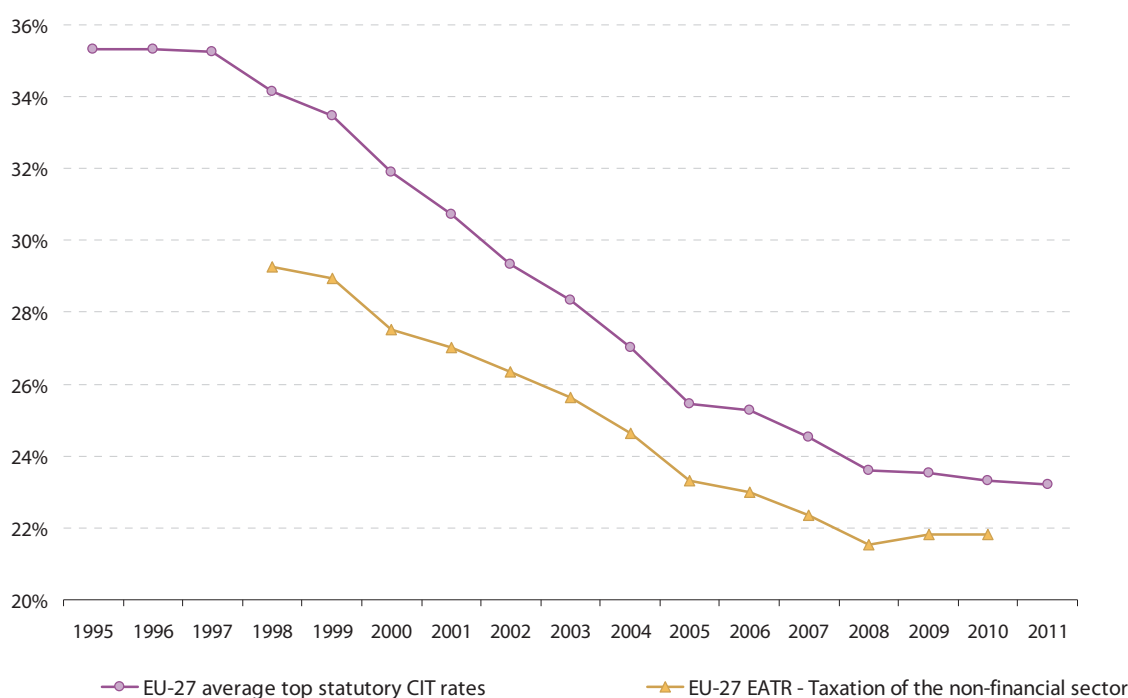
Source: Commission services

The crisis has not reversed, but seems to have slowed, the 'race to the bottom' in corporate taxes

The economic and financial crisis has created hardship for the population in many Member States; this could have given rise to demands to increase taxes on the wealthy or on companies. It is therefore interesting to see whether the tax measures taken in this period have been oriented towards higher top PIT or CIT rates.

Looking at corporate taxes, already since the late 1990s the EU has seen a strong trend towards cutting CIT rates, first in the Central and Eastern European Member States, then in all of the Union. This trend seemed to slow down slightly in 2005-2008, possibly also because the low level of rates was already starting to limit the scope for new cuts. Since the onset of the crisis, the pace of rate cuts has slowed down further, coming almost to a halt. There is also some indication that Member States have been widening the corporate tax base: the EATR for non-financial enterprises has inched up from 2008 to 2010 (see Graph14) and, even though many governments have introduced tax breaks to support business in the crisis, a number of measures have gone in the direction of limiting opportunities for cost deduction⁽⁶⁾. The near standstill in tax cuts does not necessarily derive from distributional imperatives; it may reflect the desire to focus the available resources on those tax cuts that might have better prospects to translate immediately into higher spending by economic agents than a reduction in the CIT.

Graph 14: Corporate Income Tax rates and Average Effective Taxation indicators, EU-27, 1995-2011



Source: Commission services

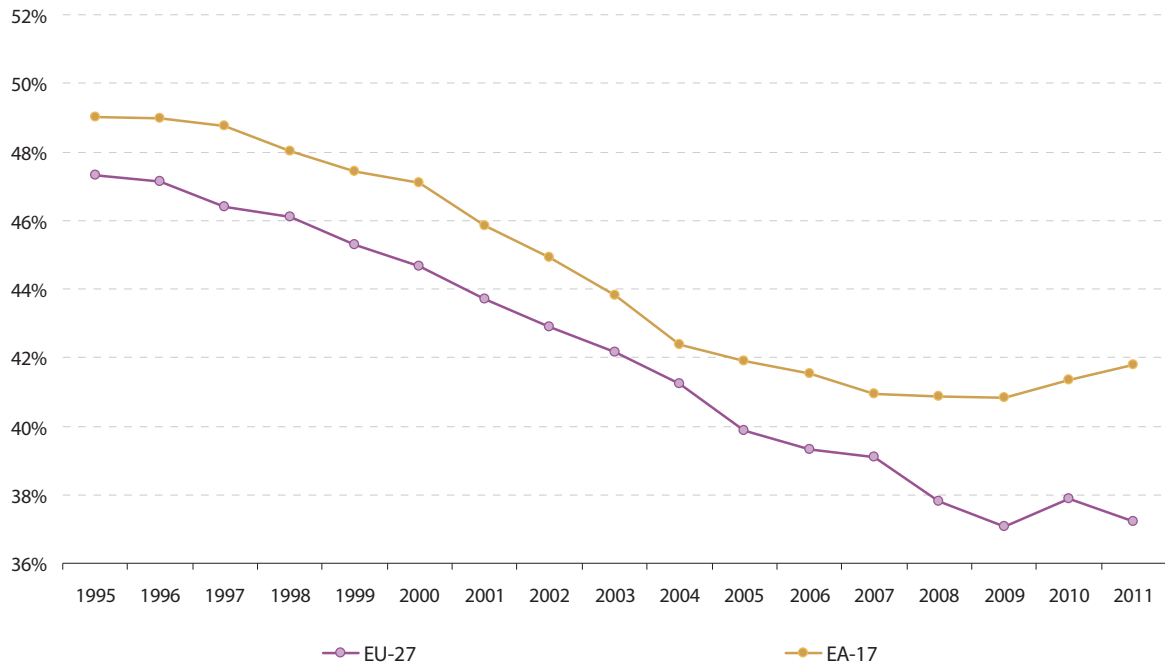
Broad trend to increase top PIT rates, particularly in the euro area, offset by a few large cuts

Since the beginning of the crisis there has been a broad trend to increase top PIT rates. Six euro area countries (Spain, France, Italy, Luxembourg, Portugal and Finland) did so in 2011, whereas Greece had hiked the top rate by 5 points in

⁽⁶⁾ See the 2010 edition of this report, pp. 23-29.

2010. There was also a notable increase in the UK in 2010, to 50 %. Also comparing with 2008 increases are more frequent than cuts. A plausible explanation for this trend could be that the crisis has fuelled demands for greater redistribution.

Graph 15: **Top Personal Income Tax rates, EU-27 and euro area**

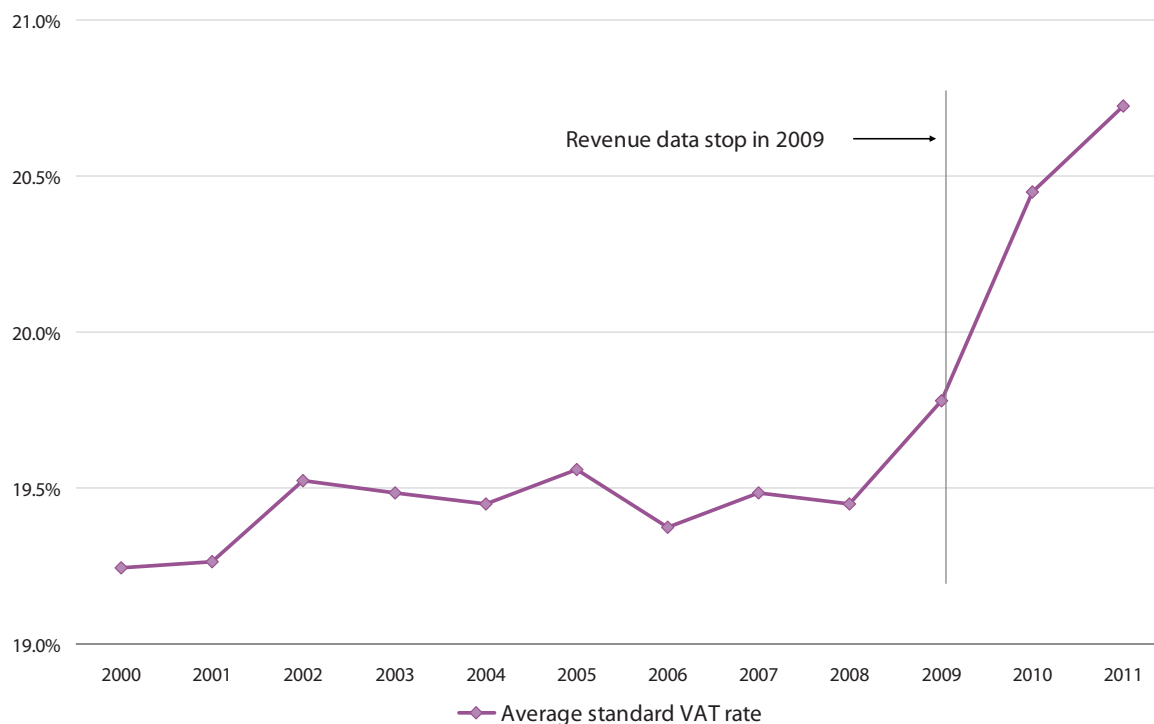


Source: Commission services

However, no such trend is visible in the Eastern Member States. On the contrary, some large cuts in top PIT rates there offset the more numerous rate increases, so that the average for the EU shows no significant change from its 2009 trough (see Graph 15). In particular, Hungary cut its top rate from 40 % to 16 % in 2011, while Latvia had cut its top rate by 12 points between 2007 and 2009.

VAT rates have grown strongly as a result of the crisis

One area where the onset of the economic and financial crisis has clearly had an impact was consumption taxation. Stagnant since 2002, VAT standard rates have often changed from 2009 onwards, in the vast majority of cases upwards. The average has risen strongly (see Graph 16). The speed and extent of the growth is impressive, 2½ percentage points on average in just three years.

Graph 16: **Development of average standard VAT rate, EU-27**

Source: Commission services

Another remarkable aspect of this trend is its rapid spread to a large group of countries (see Table 1). Only one country changed the VAT rate in 2008, cutting it, but six did in 2009 and nine the following year. The trend continues in 2011.

Table 1: **Changes in VAT standard rates by country**
2008-2011, in % points

2008	2009	2010	2011
PT (-1)	EE (+ 2) IE (+ 0.5) LV (+ 3) LT (+ 1) HU (+ 5) UK (- 2.5)	CZ (+ 1) IE (- 0.5) GR (+ 4) ES (+ 2) LT (+ 2) PT (+ 1) RO (+ 5) FI (+ 1) UK (+ 2.5)	LV (+ 1) PL (+ 1) PT (+ 2) SK (+ 1) UK (+ 2.5)

Source: Commission services

Similarly, a clear increasing trend was visible for the other main class of consumption taxes, excise duties. Table 2 highlights that increases took place in several countries and for significant amounts, up to 1.5% of GDP.

Table 2: Key changes in excise duties 2009- 1st half 2010

Excise Duties			
	Energy products	Tobacco & alcohol	Budgetary impact (% of GDP)
2009			
Increase	EE, GR, HU, LV, LT (2009-2011), RO, SI, ES	FI, HU, LV, LT (2009-2011), RO, SI, ES	EE: 0.1; GR: 0.13; HU: 0.1; LV: 0.9; LT: 0.7 (2009-2011); SI: 0.71; ES: 0.05 (2009), 0.04 (2010)
Decrease	IT, LT (2009-2011)		
2010 -			
Increase	BG, CZ, DK, EE, GR, HU, LV, SI	BG, CY, CZ, DK, EE, FI, GR, HU, LV, PL, SI	BG: 0.34; DK: 0.4; EE: 0.8 (2010), 0.02 (2011); GR: 1.5; HU: 0.3; LV: 0.09
Decrease	PL, SK		PL: -0.07; SK: -0.02

Source: Calculations based on European Commission, 2010b, pp. 30-48

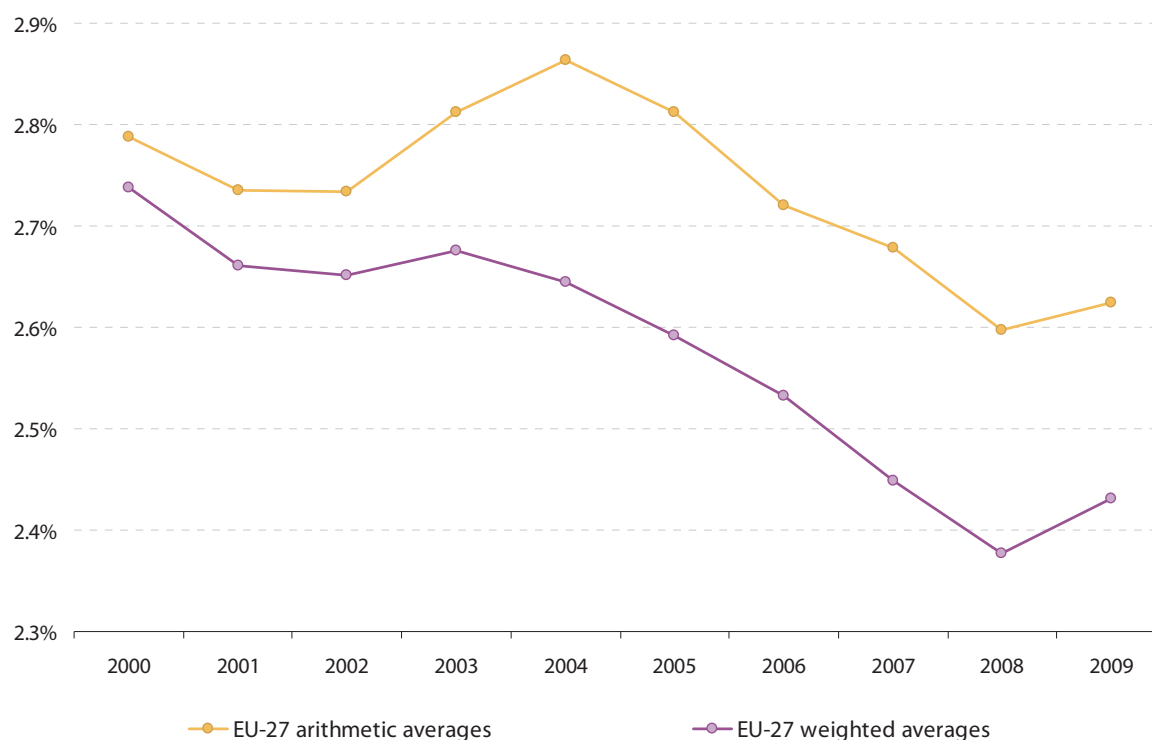
The increases in excise duties resulted in a visible uptick in the real ITR on energy (the average unit amount of taxes on energy consumed in the economy), which for several years had grown only marginally, once adjusted for inflation.

Graph 17: Tax revenue per unit of energy used, deflated (ITR on Energy), 2000-2009



Source: Commission services

The 2009 increase was sharp enough to interrupt the long slide in revenue from environmental taxes, that had been determined by the trend decline in the energy needed to produce each unit of GDP (see Graph 17).

Graph 18: **Environmental tax revenues, % of GDP**

Source: Commission services

Longer-term perspectives

The overall level of taxation in the EU seems likely to increase in the medium term. Budgetary consolidation is needed to bring government deficits down to sustainable levels, and this consolidation is likely to be carried out not only through cuts in public expenditure but also by increasing taxation. Accordingly, the latest EU Commission forecasts (European Commission, 2011), based on the Excessive Deficit Procedure, point towards an increase of the share of general government revenue on GDP.

The Spring 2011 Commission forecasts project that indirect tax revenue for the EU-27 as a whole will rise by 0.5 % of GDP from 2009 to 2012, while the increase in direct taxes is projected to amount to a more limited 0.2 % of GDP (?). In some cases, however, the increase is much more substantial – for example, the share of indirect taxes on GDP is projected to grow by about one quarter in Greece (2.6 points). However, it is difficult to predict exactly by how much tax levels will rise eventually, as this will crucially depend on the success of expenditure cuts and on the level of growth that the EU economy will be able to generate in coming years. The crisis affected the various tax bases differently; they will also recover at different speeds. The incipient recovery will tend to naturally increase the tax-to-GDP ratio, as revenue from highly cyclical taxes, such as the CIT, will grow faster than GDP during the recovery; but this 'natural recovery' on its own generally does not result in substantial increases of the tax-to-GDP ratio.

Another interesting aspect is that a number of countries that have been more severely affected by the crisis or who have experienced tension on the financial markets tended to have below-average overall tax ratios. This applies, for example, to Greece, Portugal, Ireland, the Baltic States, Spain. The UK, too has embarked on an ambitious consolidation programme. Looking forward, these countries might increase taxes more than the others; if effectively realised, this might

(?) These figures refer to the GDP-weighted average.

well result in a certain convergence of overall tax ratios at a higher average level. The European Commission Autumn 2010 forecasts indeed show a reduction in the dispersion of tax-to-GDP ratios from 2009 to 2011.

This raises the question of how any additional tax increases might be structured.

While revenue shares may change in the future as some tax bases recover faster than others, the measures adopted in 2008-2010 provide some clear pointers on the type of tax strategy that Member States are more likely to follow. There has been a clear trend towards increasing indirect tax rates, involving both the VAT and excise duties. Our data on revenue stop at 2009, but many additional rate hikes took place in 2010 or 2011, so it seems likely that the share of indirect taxes on total revenue is set to increase in the coming years for many countries. As for direct taxes, some rebound of the tax ratios from the current low levels could be expected; wage tax revenue is typically fairly cyclical, like revenue from corporate taxation.

The fact that the revenue increases in taxes were mostly done on consumption taxes, while the tax cuts mostly took place on labour taxation, was not always linked to long-term considerations. We have shown that the countries that chose to increase taxes were usually those that faced a particularly deep recession, and those that faced an immediate need to reduce the budgetary shortfall, which ruled out, for example, recourse to profit-linked taxes; those that cut taxes instead had a longer-term horizon, where they might hope to reap the employment benefits of lower labour taxes. The fact that few corporate tax rate cuts were announced suggest that there was a belief that, given the weakness of aggregate demand, they would have been ineffective to bolster investment in the short run.

The hikes in top PIT rates witnessed in 2010-2011 in several countries raise the question of whether the rebalancing of taxation away from labour and towards consumption may be reversed. Hikes in top PIT rates represent an important political signal but, by themselves, usually raise little revenue – the bulk of PIT tax revenue comes from the labour income of the average taxpayer, not from the wealthy. In 2009, as we have seen, the tax measures have, on balance, cut labour taxation, not increased it. It remains to be seen what impact exactly the latest PIT hikes will have on the tax burden on labour; given the fact that the tax burden on labour is still high in the EU, for the future it will be important to reconcile redistributive objectives with maintaining work incentives.

Overall, this pattern of tax measures, based predominantly on indirect tax increases, seems likely to persist in the near future for the majority of countries. Little has been done, for example, to increase housing taxes, even though research shows that they are amongst the most growth-friendly and despite the fact that housing boom-and-bust episodes have been one of the root causes of the latest recession and of numerous bank failure cases in the past. At the time of writing, it is still unclear whether and to what extent the introduction of new financial taxes as significant fund raisers could alter this picture⁽⁸⁾.

An increase of the indirect tax share in the economy has a number of important implications. As recent research shows, indirect taxes typically are less of a drag on growth because they are less distortionary: owing to the exemption of savings and its lesser progressivity, a tax system based on indirect taxes is friendlier towards capital accumulation (including human capital accumulation); moreover, indirect taxes like the VAT, unlike direct taxes, do not have a direct impact on foreign competitiveness. The other side of the coin is that systems based on indirect taxes allow comparatively more limited possibilities for redistributive policies than direct taxes, hence the tax system may lose something in this respect; however, research shows that there generally are cost-efficient ways of correcting for the distributional implications of shifts toward indirect taxes ⁽⁹⁾.

⁽⁸⁾ It is also not sure how the introduction of financial sector taxes would change the balance between direct and indirect and capital and labour taxation – financial transaction taxes are akin to existing indirect taxes in their effects whereas other types of levies on the financial sector can target employees' labour income, or profits and other capital income. There is currently substantial divergence of views on the scope of revenue that could be raised from financial sector taxation without undermining international competitiveness.

⁽⁹⁾ For instance, the Mirrlees Review reports that in the UK that it would be possible to abolish reduced rates for the lowest three deciles in the income distribution, more than offset the negative distributional implications and still gain net tax revenue for GBP 11 billion. Studies for Germany also find limited redistributive impacts from abolition of reduced rates (e.g. Boeters *et al.*, "Economic effects of VAT reform in Germany", ZEW Discussion Paper 06-030, ZEW, Mannheim, 2006; German

Implications for EU Policies

The growing importance of indirect taxes has direct implications for the EU because most indirect taxes, owing to their immediate impact on the functioning of the Single Market, are harmonised, unlike direct taxes. Increasing VAT rates make the fight against fraud more pressing and reinforce the need for addressing the distortions in the VAT regime. The review of the VAT regime that has started in December 2010 with the presentation of the Commission Green Paper on the future of VAT therefore comes at the right moment.

Excise duties, too are for the most part harmonised. The increases recorded in energy excises have beneficial implications in terms of EU climate change policies, but are rather small – they are as yet insufficient to bring the ITR on energy, deflated for inflation, back to its 2000 levels. Furthermore, the latest data show a slight increase in divergence between energy tax levels, which are detrimental in terms of the Single Market, although divergence still remains at much lower levels than in the 1990s. A better alignment of energy tax rates with their CO₂ content, however, as put forward in the Commission's proposed revision of the Energy Tax Directive in April 2011, would provide a stronger disincentive to emissions even at unchanged revenue levels. Extension of a CO₂ tax to other, currently untaxed or undertaxed sectors, as proposed by the Commission, would instead gradually boost environmental tax revenues ⁽¹⁰⁾.

As for direct taxes, the implications on EU Policies are less direct because of the fact that they are not harmonised. The fact that during the crisis countries seemed to concentrate tax cuts on labour is positive, as in several countries high labour tax rates coincide with poor employment figures; given the Europe 2020 objective to raise employment rates to 75 %, a reduction in labour taxation is welcome.

Ministry of Finance, "Analyse und Bewertung der Strukturen von Regel- und ermäßigten Sätzen bei der Umsatzbesteuerung unter sozial-, wirtschafts-, steuer- und haushaltspolitischen Gesichtspunkten, 2010".

⁽¹⁰⁾ On the other hand, depending on the design, a shift to road pricing could provoke a shift from (excise and/or car) taxes to non-tax revenues.

Box 1: Quality of Taxation

Tax shifts from a growth perspective ⁽¹⁾

Undoubtedly, tax policies pursue many policy objectives, which create trade-offs. Taxation serves to raise the necessary funds for public expenditure, to redistribute income (progressive income taxation), to stabilise the economy, to address externalities (environmental taxes, taxes on alcohol and tobacco), to influence the allocation of resources, while at the same time being supportive to growth. Therefore, the quality of taxation is a concept with many dimensions. Quality of taxation is concerned with designing tax policies to achieve desired policy objectives (redistribution, allocation, stabilisation, etc.) in the most efficient way - that is by minimising undesired distortions, promoting growth, and minimising the cost of tax collection. The Commission has decisively highlighted the main policy challenges for Europe in the Annual Growth Survey, which launched the European Semester. It underlined the important role that quality of taxation and particularly the tax structure plays for economic growth and fiscal consolidation.

As economic growth is usually considered as a precondition for the general improvement of living conditions, the focus of the discussion on the quality of taxation in this box is on its effects on GDP and on long-term and sustainable growth. According to economic theory, taxation – only with the exception of lump sum taxes – creates distortions and in turn might impact negatively on economic growth. Considering a simple production function it is obvious that taxation can affect growth through its impact on i) physical capital ii) human capital and iii) through its effect on the total factor productivity.

Taxes on labour can affect the production factor human capital in three major ways by altering: i) the allocation of time between labour and leisure ii) human capital accumulation iii) occupational and entrepreneurial behaviour and choices. In particular, labour taxes can affect labour supply decisions, both concerning the decision to participate in the labour market (extensive margin) and the amount of hours worked (intensive margin). Additionally, labour taxes, in particular progressive taxes, may affect the decision to undergo additional education and training, because future returns to training are changed. High marginal tax rates can also influence entrepreneurial activity, due to changes in the after tax rewards for taking risk related to it. Summing up, economic theory indicates that the exact impact of a tax reform on the labour market depends on various factors such as the labour demand and supply elasticity (influenced by income and substitution effects) the way individuals are distributed over the entire budget constraint, the degree of centralisation of wage bargaining ⁽²⁾ and the taxation of alternative production factors.

Taxes on capital have been assessed to be the most detrimental to growth, by their influence on intertemporal allocation decisions. By changing the return on capital, capital taxes alter the intertemporal allocation of resources by economic agents, which due to the intertemporal structure accumulates the distortions over time. Hence, as summarized by Myles (2009a) theoretical models show that the long-run optimal tax rate on capital should be zero.

In a world of increased international capital mobility, and in particular in an integrated market such as the European Union, corporate income taxes may impact on growth on different levels. The corporate tax system can affect (i) where firms choose to locate their investment, (ii) how much they invest, and (iii) where they choose to locate their profits.

Consumption taxes are often regarded as less distortionary than income taxes, as they do not distort intertemporal decisions the way income taxes do. Consumption taxes fall partly on accumulated assets, which are an inelastic tax base. Moreover, consumption taxes do not impact on the returns to saving and, in most cases, do not have a progressive tax structure. Indirect taxes allow for taxing different components of consumption at different rates. Theory provides several reasons for taxing different commodities differently starting from Ramsey's "inverse elasticity rule" which suggests high taxes on commodities with low own-price elasticities, as they would be consumed irrespective of the price. Due to practicability considerations what usually remains from the idea is some (non-efficient) form of VAT differentiation and excise taxes which are levied on specific products.

In the case of **environmental taxes** the distortionary – rather the corrective - effect of taxes is welcome, as they aim at influencing consumers and producers via price incentives towards the desired - i.e. less environmentally harmful - behaviour. An ideal Pigouvian tax should raise the private marginal costs to the level where it equals the higher social marginal cost,

⁽¹⁾ This box summarises the Taxation Paper "Quality of Taxation: Tax shifts from a growth perspective, 2011, forthcoming".

⁽²⁾ See Costas Meghir and David Phillips "Labour Supply and taxes" in Mirrlees review, or University Bocconi "The role and impact of labour taxation policies"

(Continued on the next page)

Box (continued)

which is taking the cost pollution imposes on others into account. Hence, a Pigouvian environmental tax would correct market distortions.

Taxation of immovable property is usually considered as least distortionary, because these taxes do not affect the decisions of economic agents to supply labour, to invest in human and physical capital as directly as other taxes do. Moreover, the immobility of the tax base is another appealing property. However, even though property might be immovable in the medium-term, property taxes might influence the initial location decision of businesses and property prices as future taxes might be priced in.

Given these observations on the degree of distortion introduced by taxes, it seems that some taxes – at least according to theory – should be preferred to others. In policy terms, hence a shift in the tax structure to a less distortive system might be supportive for growth.

Myles (2009a) surveys *simulation models* on the effects of different tax reforms on growth, in particular the effects of tax shifts. Despite widely varying effects for tax-reform simulations on growth (from zero to non-negligible), Myles concludes that "almost all the results support the claim that a move from income taxation to consumption taxation will raise the rate of growth even though the predicted effect may vary." (Myles (2009a), p.44). This conclusion is supported by the simulation with the European Commission's Quest III Model, which finds that a consolidation through an increase in property taxes and consumption taxes is most favourable of all tax based consolidations as regards long run GDP (EC 2010b). Using econometric estimations led Arnold (2008, OECD WP) and Johansson et al (2008 OECD WP) to conclude similarly that corporate and personal income taxes are the most detrimental to growth, while consumption, environment and property taxes are least harmful.

Based on this research we are interested to assess whether these shifts could and can be observed in the EU Member States. The graph below displays the change in the tax mix between the years 2001-2008. The years for analysing the tax shift were chosen in order to reduce possibly different influences from the economic cycle which could drive changes in the tax mix, resulting in a misleading picture. Both, 2001 and 2008 are the first years after the business cycle peak was reached, introducing a period of lower growth.

While the overall changes in the average weighted EU-27 are rather limited, the EU-12 average weighted tax shift shows a decrease in labour taxes and an increase in consumption taxes, which is more or less following the literature. In contrast, the EU-15 Member States observed a decrease in both, labour and consumption taxes while capital taxes were increasing. In detail, seven Member States, namely Bulgaria, Germany, Cyprus, Poland, Romania, Slovakia and Sweden experienced a decrease in labour taxes together with an increase in consumption taxes⁽¹⁾. However, only Bulgaria and Sweden decreased their capital taxes at the same time. In the above group, the EU-12 all started their tax shifts from an above average share of consumption and a below average share of labour. So the tax shifts observed further increased their dependency on consumption taxes as compared to labour taxes. Their average consumption tax share increased by 3.5 percentage points standing at 39 % of total taxation in 2008 – 11.5 percentage points above EU-27 average. The labour tax share decreased by an average of six percentage points amounting to 38.5 % of total taxation as compared to an average EU-27 labour tax share of 50 %. Only Sweden and Germany decreased their above average labour shares by almost 5 percentage points to 56 % of total taxation while increasing their below average consumption tax shares by one percentage point to 27 % of total taxation. These developments were obviously bringing Germany and Sweden more in line with EU average while the five EU-12 Member States deviated further from the EU-27 average. The decrease in capital taxes for Bulgaria and even more so Sweden were relatively modest, starting from below average shares. It is important to recall that sizable shifts from labour towards consumption taxation were mostly performed by countries already relying heavily on consumption taxes. While the literature is silent about an optimal share of consumption taxes the marginal benefit of a shift towards consumption taxes might be higher for those countries with already high labour taxation. However this could not be observed over the period under investigation.

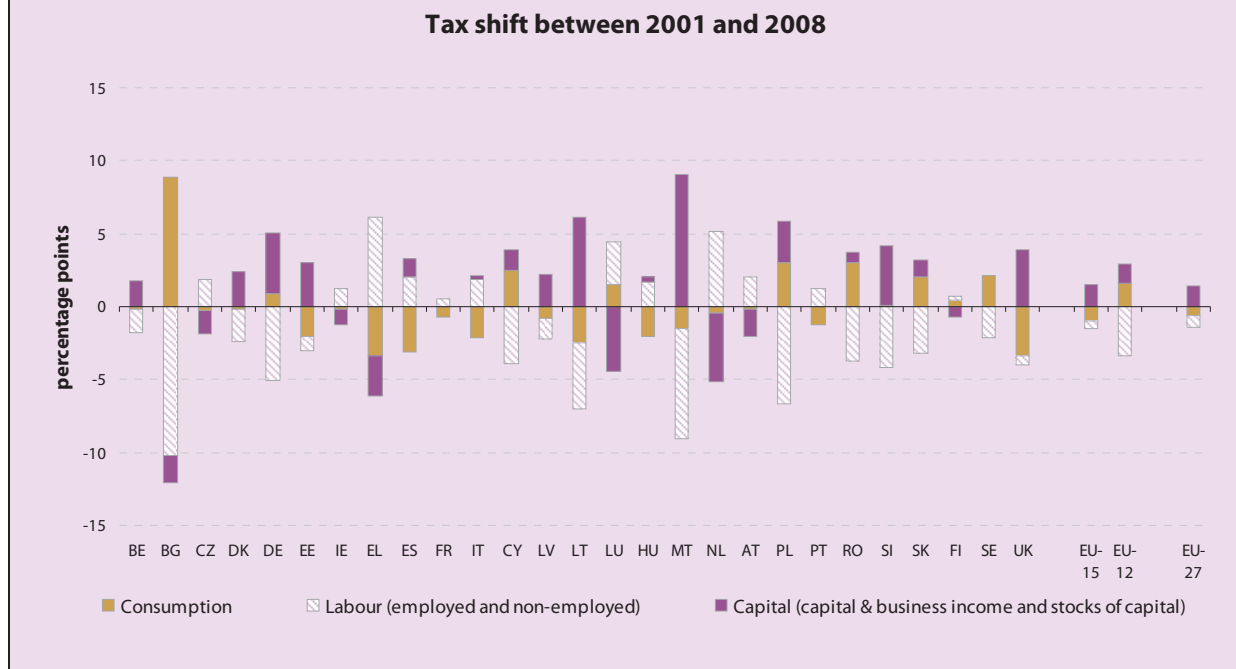
⁽¹⁾ While sensitivity tests come to similar results, the exact degree to which these shifts reflect policy changes or just the effect of cyclical developments requires further investigation.

(Continued on the next page)

Box (continued)


The literature on successful consolidations ⁽¹⁾ suggests that budgetary, and in particular taxation, restructuring is usually more successful in times of financial distress. Hence, it is interesting to assess tax shifts since the beginning of the crisis in 2008. This is done by analysing tax policy measures taken by EU Member States between 2008 and 2011 ⁽²⁾.

Over the last two years, the majority of EU Member States has increased taxes in a wide range of tax categories, and not only in those considered less distortive for growth such as consumption and environment. Interestingly, increases in consumption and environmental taxes were in general not accompanied by cuts in more distortive taxation on capital and labour, but also these categories of taxes faced tax increases and the introduction of new taxes such as the bank levy. Any shift that might be observed in the 2008-2011 data – once it is available - will hence mostly result from the fact that some categories were raised more than others. While this results in a shift as well, this is not exactly what is commonly understood as "tax shift" in the literature.



⁽¹⁾ For a literature overview on successful consolidations see Prammer (2004).

⁽²⁾ For details on tax measures please compare the Taxation Trends Report 2009, 2010 and "Focus on the crisis" in the current edition.



Overview of taxation in the European Union

1. TAX STRUCTURES AND RECENT DEVELOPMENTS IN THE ENLARGED UNION

A broad or a narrow measure of taxation?

The analysis in this report is mostly based on a wide measure of taxation, i.e. one that includes actual compulsory social security contributions. In theory, social contributions differ from taxes in that contributions should be payments in exchange for insurance services rendered to the individual, such as health or old-age insurance. In practice, however, in the EU Member States workers generally have little or no control about the level of coverage and are often prevented from switching to a different fund to obtain the same insurance at a lower cost; moreover, social security systems often involve substantial redistribution between fund members so that the link between individual payments and risk coverage can be fairly weak. These elements, the fact that the payments are compulsory, and the fact that their level is usually quite high, plead for treating them as taxes. Hence, considering a wide measure of taxation including social contributions seems more appropriate in the context of this report. Nevertheless, data on taxation levels excluding social contributions are also shown in Annex A.

Use of the different averages

For the Union, both the simple arithmetic average and the GDP-weighted average are shown in the Annex A tables. The approach followed in the report is to focus on the GDP-weighted average when comparing the EU as a whole with third countries; the arithmetic average is instead used in comparing individual Member States with the EU as it seems preferable to compare countries with a benchmark that relates only to the policy stance of each country independently of its size. In general, unless otherwise indicated, the arithmetic average is used.

The report shows averages for the EU with its current membership (EU-27), the euro area in its current 17-country composition (EA-17), as well as for the EU at 25 Member States (EU-25), i.e. the membership before the accession of Romania and Bulgaria. The EU-25 average is used whenever a trend over the entire 1995–2009⁽¹¹⁾ period is discussed and data for Romania and Bulgaria are not available.

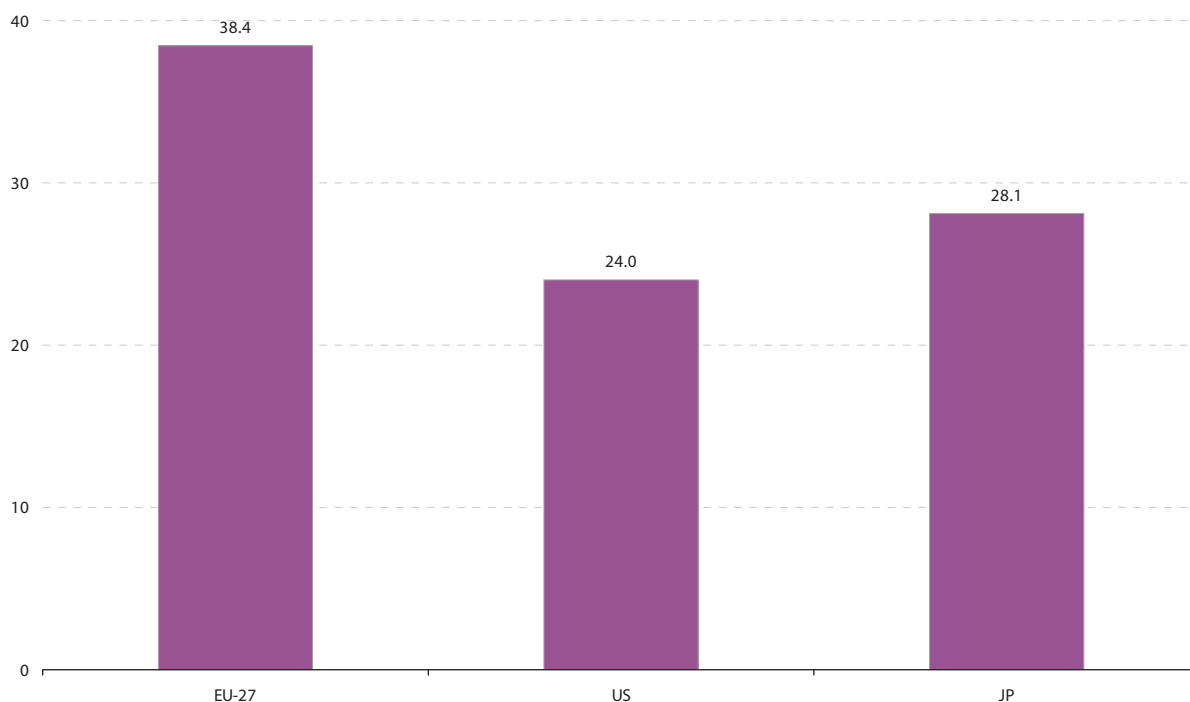
Level and long-term development of the overall tax burden

In 2009, the overall tax-to-GDP ratio (including social security contributions) in the European Union amounted to 38.4 % in the GDP-weighted average, more than one third above the levels recorded in the United States and Japan. The tax level in the EU also markedly exceeds that of all other OECD members, as both Israel and New Zealand, whose tax-to-GDP ratio were above the 35 % mark in 1995, have since substantially cut tax levels ⁽¹²⁾.

⁽¹¹⁾ Data prior to 1995 are not analysed, because they were computed under a different statistical framework (ESA79) and are therefore not directly comparable.

⁽¹²⁾ Source: OECD Tax Database (2011).

Graph I-1.1: **Overall tax-to-GDP ratio (incl. SSC) in the EU, US and Japan**
2009, in %



Note: EU-27 weighted average. Data for Japan refer to 2008. Figures for US are provisional

Source: Commission Services for the EU, OECD for the US and Japan

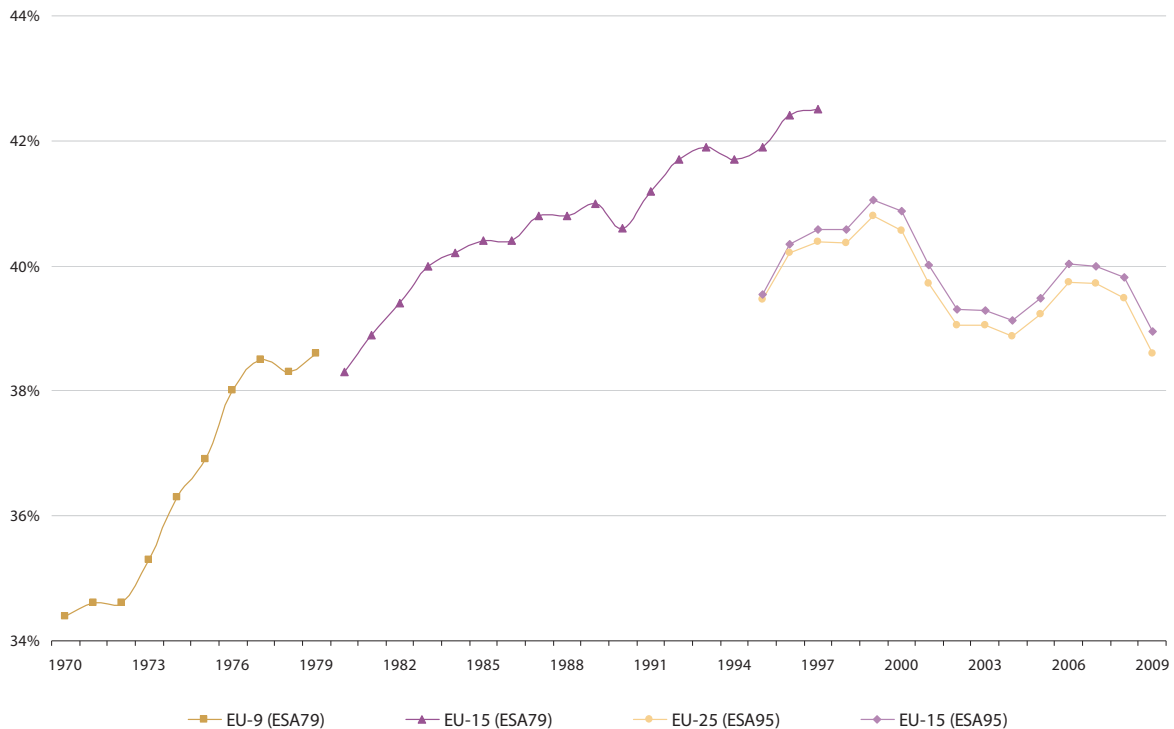
The high tax-to-GDP ratios in the EU, particularly the EU-15 (the Union of 15 Member States, prior to the 2004 enlargement), are to a large extent the result of the persistent and largely unbroken⁽¹³⁾ upward trend in the tax burden in the 1970s, and to a lesser extent also in the 1980s and early 1990s⁽¹⁴⁾. This long-run increase in the overall tax burden was the result of the growing share of the public sector in the economy in those years. Taxes and social contributions were raised in order to finance increasing government spending; labour taxes in particular were increased steadily in order to finance expenditure on the welfare state, notably for old-age pensions, health care, access to education and other social benefits⁽¹⁵⁾. In most EU countries, a rise in unemployment levels between 1970 and the early 1990s also contributed to the pressure to increase taxes. Most non-EU OECD members also reported increases in the tax ratio in the period from 1965 to 2000, but they generally were of lesser extent, while the US ratio has, in the years since 2000, dropped below 1965 levels.

⁽¹³⁾ Some marked decreases have occurred in single years, for example in 1994 as a result of the severe recession in 1993.

⁽¹⁴⁾ European Commission (2000a) reports a long-run increase of 11 percentage points in the euro area between 1970 and 1999, compared with a relatively small increase of 2.5 % of GDP recorded in the United States. Similar differences are reported in OECD (2002a).

⁽¹⁵⁾ A discussion of the factors behind the expansion of the public economy in the earlier years of that period can be found in Cameron (1978).

Graph I-1.2: **Long-term trends in the overall tax ratio (including SSC)**
% of GDP



Note: The statistical break is due to a change in classification at Eurostat. All data are GDP-weighted.

Source: Commission services

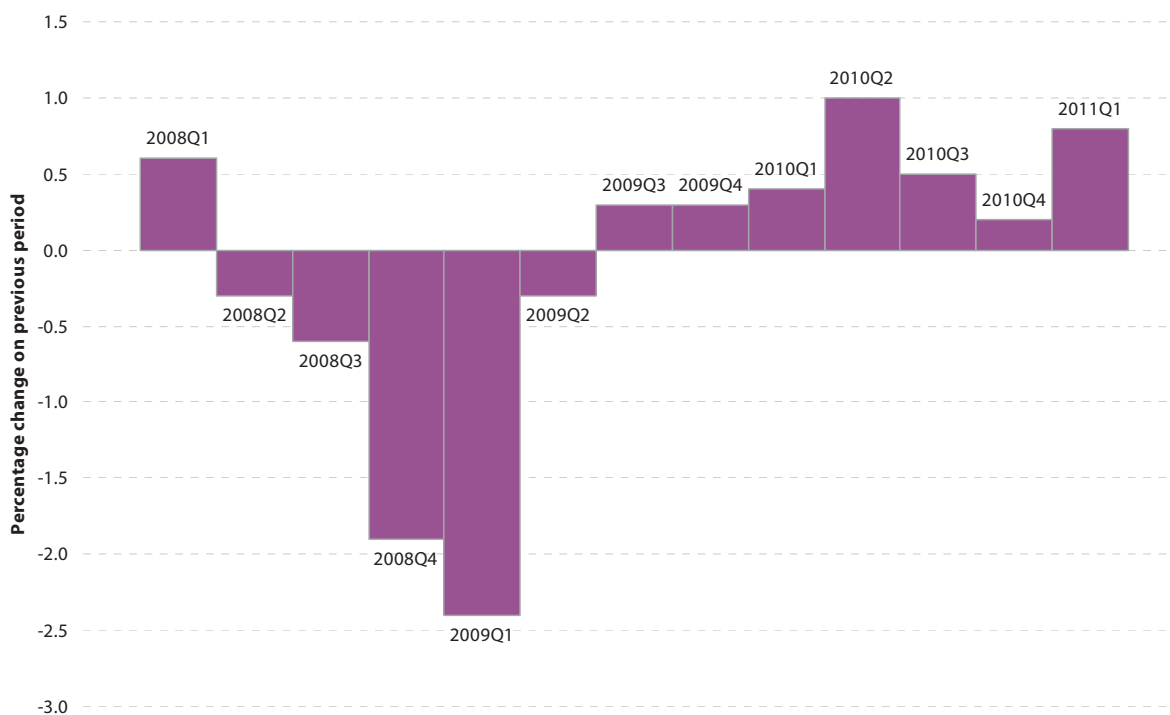
Starting from the early 1990s, first the Maastricht Treaty and subsequently the Stability and Growth Pact resulted in the set up of a multilateral budgetary surveillance framework, within which Member States have undertaken a series of fiscal consolidation efforts. In some Member States, fiscal consolidation relied primarily on restricting or scaling back primary public expenditure (not least by cutting or postponing public investment), in others the focus was rather on increasing taxes (in some cases temporarily). For a number of Member States, the fiscal consolidation effort in the run-up to the EMU ruled out any major tax cuts.

Only in the late 1990s several countries started to take advantage of buoyant tax revenues to reduce the tax burden, through cuts in the personal income tax, social contributions, and also in the corporate income tax. However, the overall tax ratio decreased only from 2000. One reason why the tax cuts were not immediately apparent in the figures is that the economic upswing of the late 1990s boosted the measured overall tax burden, even while substantial cuts in statutory tax rates were being implemented. For instance, strong economic growth may have moved taxpayers into higher nominal income tax brackets (bracket creep) in some Member States. In addition, during the expansionary phase between 1995 and 2000, many companies moved from a loss-making to a profit-making position; initially, carry-overs of losses from previous years cushion the increase, but as these run out, companies may face a rapidly increasing corporate income tax bill, an effect that may have been at play in those years. A clear decline in tax-to-GDP ratios is indeed only visible in the figures between 2001 and 2002. However, especially in 2002, the effects of tax cuts were probably amplified by the economic slowdown and the action of similar mechanisms (in reverse) as those described above. Conversely, the successive increases in the tax-to-GDP ratio recorded in 2004-2007, which took place despite a clear trend towards lower tax rates, particularly in the corporate income tax, were certainly at least partly due to the recovery that took place in those years. In this report, the section on cyclically-adjusted data discusses to what extent the increases in the overall tax-to-GDP ratio were due to the recovery and to what extent to policy changes. The data suggest that the 2004-2007 increase

in the overall tax burden was, on average, due to the effects of the cycle rather than to deliberate increases in taxes or social contributions.

Although the increase in the tax burden was probably not structural but due to the cycle, policymakers could have seized this opportunity to introduce new or additional tax cuts but, on average chose to give deficit reduction a higher priority than tax cuts. Indeed, in that period the general government deficit declined significantly in the EU, from almost 3 % to less than 1 %. By and large, the extra tax revenue was also not used to boost spending further: general government expenditure, as a share of GDP, declined by about one point from 2004 to 2007. Overall, the developments in the 2004-2007 period highlight that, despite the rhetoric, in the majority of countries there was a limited appetite for a radical reduction in the overall tax burden. Indeed, the most aggressive tax cuts took place in the Central and Eastern European new Member States in the 1990s, when the need to restructure these economies was particularly stringent. In the old Member States, in contrast, the tax burden, net of cyclical effects, was not reduced significantly. Another indication of the greater reform willingness of the new Member States is the fact that about half of them have introduced flat tax systems, while none of the 'old' Member states have taken this step (See Table II-3.2). New Member States are also generally characterised by significantly lower overall tax ratios.

Graph I-1.3: **Quarter-on-quarter real GDP growth, seasonally adjusted, EU-27**



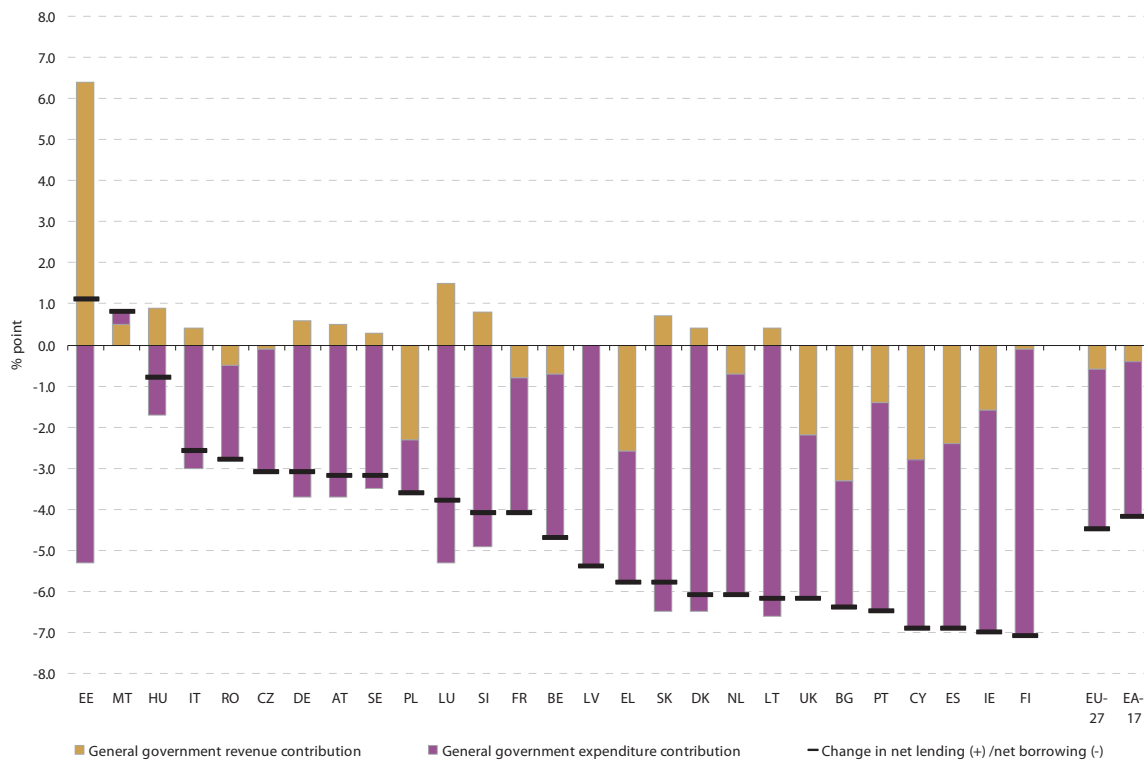
Source: Commission services

In 2009, the economic and financial crisis continued to drive down tax revenues after the beginning of the downturn in 2008 (Graph I-1.3 shows quarterly GDP growth developments). Graph I-1.4 ⁽¹⁶⁾ highlights that in 2009, just as had been the case in 2008, the effect on the general government balance was more strongly felt on the expenditure side than on the revenue side, probably because of the adoption of special spending programmes aiming to pre-empt the impact of the crisis. In all but two Member States the general government balance deteriorated. In those countries where the tax ratio dropped, the decline was typically much larger than in those with increasing tax ratios, so that the average for the EU shows a fairly significant fall in the average, in the order of half a percent of GDP. In eight countries the drop in revenues

⁽¹⁶⁾ The graph is based on general government revenue, which is a broader measure than the overall tax and social contributions revenue usually utilised in this report. However, given that taxes and social contributions constitute the bulk of government revenue, the development of the two series is similar.

exceeded the 1 % mark and often this was coupled with large increases in spending, as countries either let the economic stabilizers or took deliberate measures to prop up economic activity. Twelve countries witnessed a worsening in the general government deficit by six points or more.

Graph I-1.4: **Change in net lending/net borrowing, 2009**



Source: Commission services

Compared to 2008, in 2009 slightly more countries increased their overall tax ratio, eight compared with seven the year before, remaining however in a minority as most countries were aiming at sustaining activity rather than consolidating the budget. The increases were usually limited, but two Member States however stand out for having realised strong increases of the tax ratio: Estonia, where the ratio went up by a remarkable 3.7 points, and Luxembourg (1.7 points). . Not surprisingly, given the impact of the economic and financial crisis, several countries showed remarkably large drops in their tax ratio: the most striking cases were falls of respectively 4.0 and 3.4 percentage points of GDP in Cyprus and Bulgaria, while Latvia, Poland, the UK and Spain saw tax revenues contract by 2 ½ - 2 ¾ points of GDP.

In the medium and long run, it is the development of expenditure that drives the tax ratio, particularly in euro area countries where the general government deficit is under normal circumstances subject to strict limits. According to the spring 2011 European Commission forecasts, after an increase by almost five percent points of GDP in the expenditure ratio between 2007 and 2010, the average ratio should start to decrease in 2011, by 1.2 points, and continue in 2012 with an 0.8 point decrease in the EU-27 average ⁽¹⁷⁾. The forecast for the euro area shows a similar development.

Wide disparities in tax levels across Member States

As illustrated by Graph I-1.5, there are wide differences in tax levels across the Union. These differences not only reflect social policy choices such as public or private provision of services, e.g. old-age and health risk protection, but also technical factors: some Member States provide social or economic assistance via tax reductions rather than direct

⁽¹⁷⁾ European Commission, European Economic Forecast spring 2011, p. 220, available at http://ec.europa.eu/economy_finance/publications

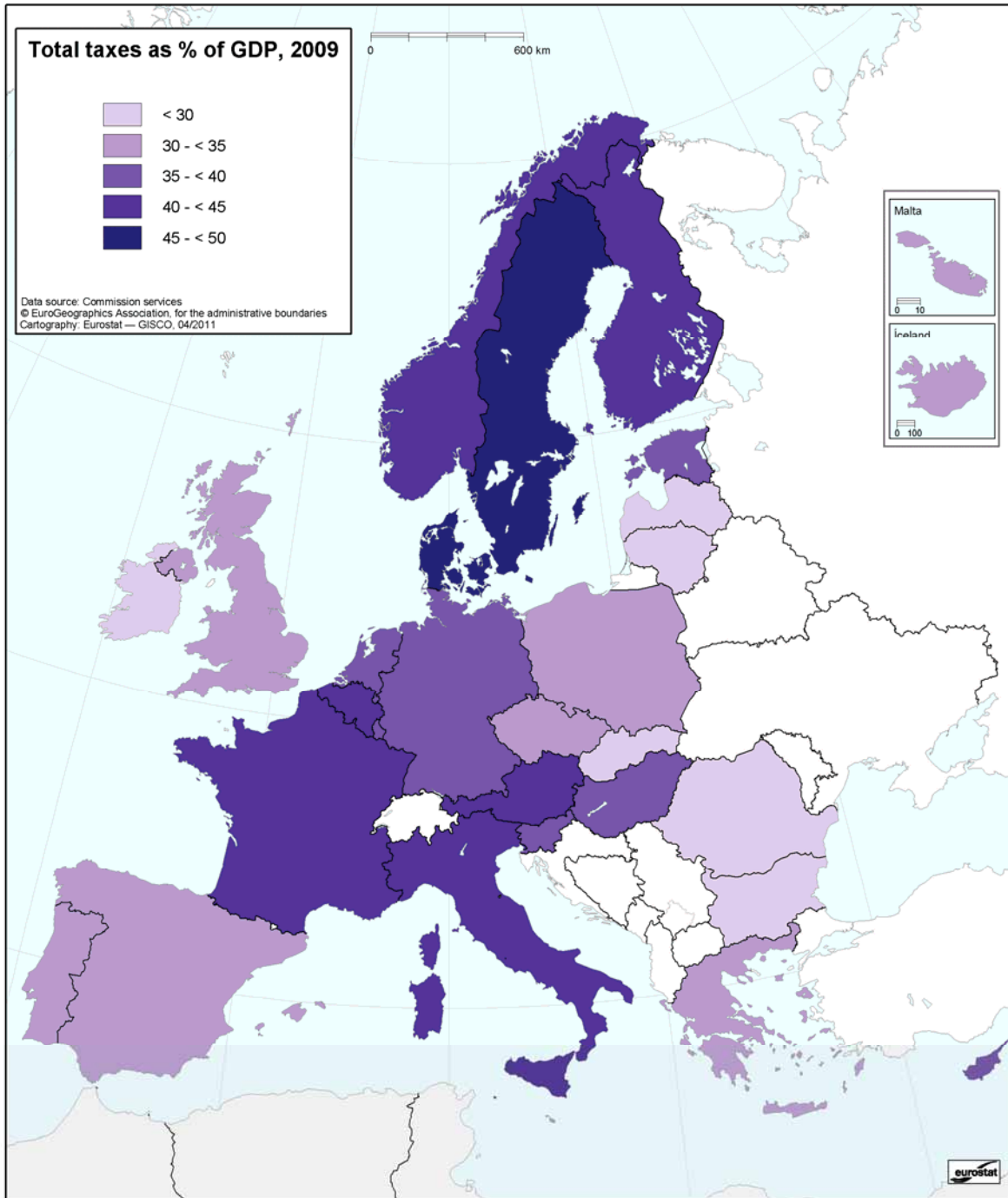
government spending, while social transfers are exempted from taxes and social contributions in some Member States but not in others⁽¹⁸⁾; both of these choices affect the level of the tax-to-GDP ratios. As can be seen in Map I-1.1, there are two groups of high-tax countries, the Nordic countries (i.e. Denmark, Sweden and Finland), and a cluster of four Member States towards the centre of the EU, namely Belgium, Austria, Italy, and France, all of which had a tax ratio in excess of 40 % in 2009. Neighbouring Germany, Hungary, and the Netherlands are just below this level at 39.7%, 39.5%, and 38.2% of GDP respectively. With the exception of the Nordic Member States the geographically more peripheral countries tend to show lower tax ratios, particularly in Central and Eastern Europe. Cyprus, whose tax ratio had increased rapidly until 2007, witnessed a sharp drop in the last two years in the series, nearly six percentage points, bringing it back down to below the EU average.

The wide variety of tax ratios in the Union is not new. Even before the 2004 enlargement, the EU included a number of Member States with tax ratios close to the 50 % mark, such as the Scandinavian countries, but also several low tax Member States, such as Ireland, Greece, Spain and Portugal. However, given the generally lower tax ratios in the new Member States, the 2004 and 2007 enlargements resulted in a significant decline for the EU mean value; this is apparent in Graph I-1.5 where the majority of new Member States concentrate on the right side. Indeed, the total tax-to-GDP ratio in the new Member States is six percentage points lower than the average of the former EU-15.

The range of variation within the Union also increased as first the Baltic Republics and then Romania had levels of taxation well below the previous minimum, although in the years from 2004 until 2008 the dispersion decreased for a while as the 12 newer members saw their tax ratios increase more than the old EU-15. This, together with the expansion of the euro area to a growing number of new Member States in it, has had the result that the tax ratio in the euro area is no longer significantly higher than that of the EU as a whole (36.5 % v. 35.8 % of GDP). In 2008 and 2009 however the dispersion increased again quite noticeably as the crisis had a different impact across Member States, both in terms of the strength of the decline in GDP, which in 2009 ranged from -18.0% in Latvia to +1.7% in Poland, and in terms of the policy reaction with only some countries aiming to consolidate on the revenue side.

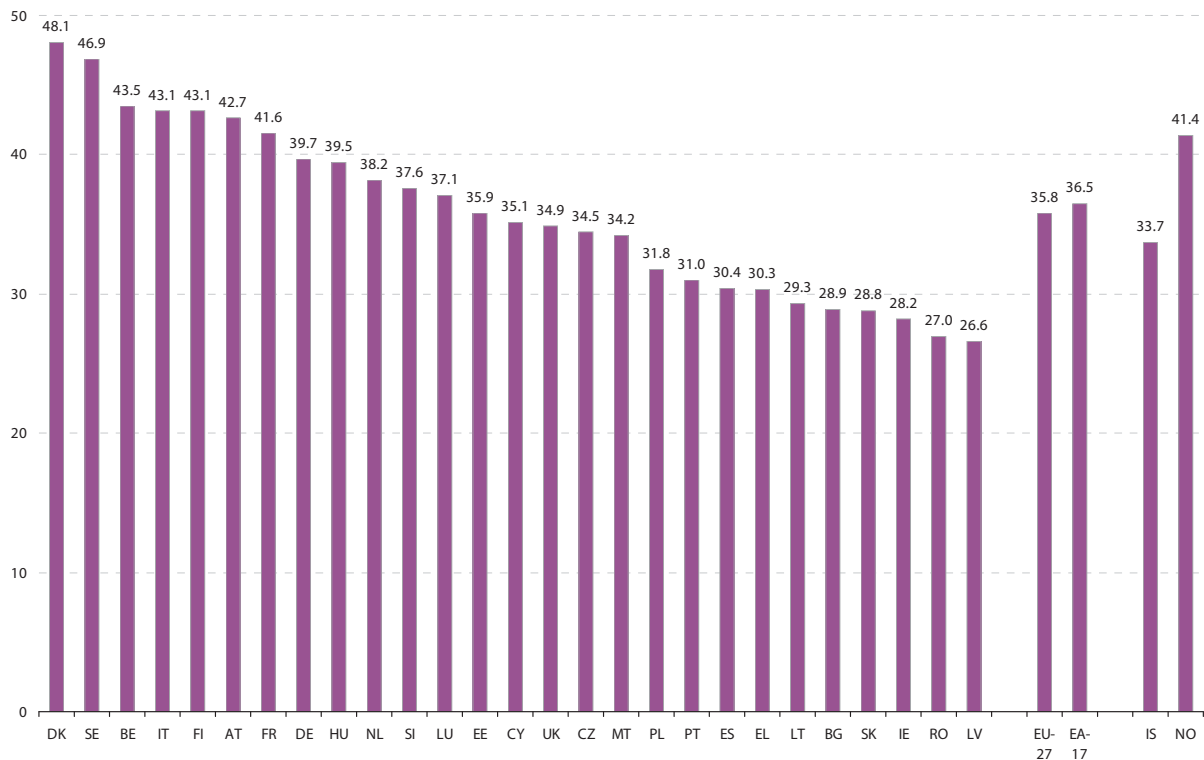
⁽¹⁸⁾ Taxation of transfers mechanically pushes the tax-to-GDP ratio up, compared to countries that pay transfers on an exempt basis. In addition, countries with a relatively high tax-to-GDP ratio often impose higher taxes on social transfers, perhaps because this is more congruent with pure horizontal equity considerations. Adema (2005) estimated that in 2001 taxes and social contributions on public transfers exceeded 2 % of GDP in Denmark, Sweden, Finland, Austria and the Netherlands, while they accounted for only 0.2-0.3 % of GDP in Ireland and the United Kingdom. In Denmark and Sweden, where the revenue from taxes on benefits is highest, the amounts raised are sufficient to finance one quarter of social spending.

Map I-1.1: **Distribution of total tax burden**



There are substantial differences in the total tax burden not only between the old and the new Member States but also amongst the latter. One may distinguish two groups of countries, a smaller one composed of three countries (Hungary, Estonia, and Slovenia) with tax levels level exceeding the EU-27 average (35.8 %) and the remaining new Member States with lower tax ratios: from Cyprus (which after the noticeable decline in 2009 reached 35.1%, less than one percentage point below the average), the Czech Republic (34.5 %, i.e. 1.3 percentage points below the average) to Latvia (26.6 %, i.e. 9.2 percentage points below the average). Graph I-1.5 shows the tax-to-GDP ratios in more detail for the EU Member States and some other countries.

Graph I-1.5: **Overall tax-to-GDP ratio (incl. SSC) in the EU, Iceland and Norway**
2009, in %



Source: Commission services for the EU countries, IS and NO

Development of the tax ratio excluding social contributions

Looking at the data excluding SSCs, the most striking changes in the country ranking are, of course, visible for those countries, such as the Czech Republic, France, or Germany, where the level of social contributions is highest (see Annex A Table 3: Total Taxes (excluding SSC)). The first country in particular ranks low in terms of the tax level if SSCs are excluded (22nd). Compared with the ranking including social contributions, the picture changes more at the top than in the bottom half, where the countries with low tax ratio remain more or less the same. One 'old' (EU-15) Member State, Spain, becomes one of the countries with the lowest tax ratio in the EU (fourth lowest place). Overall, in the years since 2000, social contributions revenue has decreased slightly.

As a result of the crisis, the overall tax ratio declined to 1% below year 2000 levels

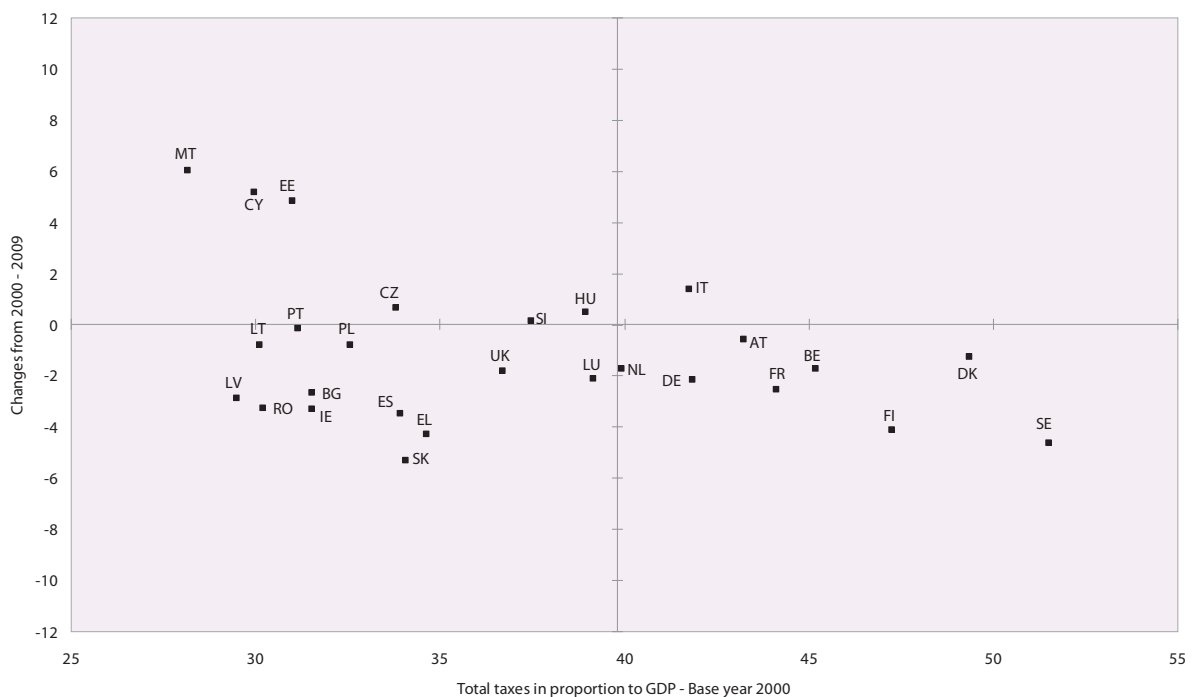
As a result of the crisis-related drop in revenues, the EU average tax-to-GDP ratio was lower in 2009 than in our reference year 2000, both in the simple arithmetic and (more markedly) in the weighted average. Given the likelihood that the post-crisis budgetary consolidation will also be achieved through tax increases, this decline is probably going to be temporary. At any rate, in seven Member States the overall tax ratio increased compared to 2000, in some cases by significant amounts. The increase in revenue in Malta stands out for its size (6.0 % of GDP) while another large increase, 5.2 % of GDP, took place in another Mediterranean country, Cyprus. In Estonia too the increase was relatively marked at almost 5 %; it was entirely realised in the last two years of the series. Spain saw a significant increase in revenue from 2000 to 2007, over 3% of GDP, but this was more than reversed by the steep drop in revenue in 2008 and 2009, amounting to around 4% and 3% of GDP respectively. As for reductions, over the entire 2000-2009 period the most remarkable case is Slovakia, which, after having cut the overall tax ratio by 6.2 % of GDP from 1995 to 2000, reduced the

tax burden by an additional 5.3 percentage points of GDP after 2000. Sweden, Greece and Finland too have cut the tax burden significantly since 2000, by 4.6, 4.3, and 4.1 points respectively.

Graph I-1.6 charts, for every country, the changes in the tax-to-GDP ratios between 2000 and 2009 in percentage points of GDP, in comparison with their starting point in the base year 2000. The main purpose of the graph is to show to what extent countries starting with a higher than average tax ratio tend to reduce it over time.

The top half of the graph shows which Member States have seen their overall tax ratio increase since 2000, while the bottom half shows what countries reduced it. The right-left dimension of the graph instead identifies the starting point at the beginning of the decade compared with the 2000 average; that is, countries that at the beginning of the period displayed higher-than-average total tax ratios are in the right half and vice versa. Of course, this kind of comparison is very sensitive to the choice of the beginning and end point; we shall comment on this further below.

Graph I-1.6: **Level in 2000 and change of tax-to-GDP ratio until 2009**
in %



Source: Commission services

Several facts are highlighted by this graph:

- The distribution of the data points in the four quadrants shows whether tax ratios tend to converge in the reference period (2000-2009). The bottom right and the top left quadrant show respectively which countries that were high tax in 2000 have tended to reduce their tax ratio, and which low-tax countries have tended to increase the ratio; the two quadrants together show what Member States moved towards the 2000 average. In other words, the north-west to south-east axis represents convergence. 14 Member States are located along this axis. Until 2007, there had been a broad tendency to converge, but the marked widening in tax ratios in 2009 has offset this. Among Member States that did not converge to the average, this was, for all countries except Italy, because they lowered the tax ratio even though it was already below average in 2000.

- The majority of countries have rather reduced their tax ratios (20) than increased it (7); therefore, in the period under consideration, the arithmetic average of the tax ratio for the EU-27 declined. The decrease in the arithmetic average would have been far more significant without the large increases in Malta and Cyprus and Estonia; excluding these three countries, the tax ratio declined by two points on average – most of which realised during the crisis.
- If one takes the GDP of the Member States into account by using the weighted average, the result is that the strength of the tax ratio decline since 2000 is more sizeable (2.1 points of GDP), owing to the fact that the large increases in Malta, Cyprus and Estonia have a much more limited impact on the weighted average because of their smaller GDP. It should be considered, however, that 1999 represented an all-time peak in tax levels, so the 2000 benchmark is not a stringent one, on the contrary. Indeed, if the benchmark were 2002 instead of 2000, the comparison would show a more limited decrease of less than one percentage point in both weighted and arithmetic averages. One should stress, however, that the significance of the 2000-2009 comparison is severely limited by the exceptional depth of the recession in that year.
- Italy is the only Member State with an above-average tax ratio that saw its ratio increase from 2000 levels; in contrast, twelve countries who were below average in 2000 reduced their overall tax ratio further — although only very marginally in three cases.
- Three Member States have shown large increases (around 5% of GDP or more): Cyprus, Malta and Estonia. The increases in Cyprus and Malta amounted to respectively 5.2 and 6.0 percentage points of GDP, albeit from a very low base as these Member States started from two tax ratios of around 30 % in 2000. Following a sharp jump in 2007, partly offset in 2008, Cyprus' tax ratio is now the fourteenth highest in the EU at 35.1 %, whereas Malta's (34.2 %) still ranks below the majority of countries (17th place). The increase in Estonia is similar and has been realised, too, in the most recent years. Cyprus, however, has saw a decline in 2009 while Malta increased slightly and Estonia jumped significantly.
- Owing to the crisis, there have also been numerous reductions in the overall tax ratio. In Slovakia however the decline is particularly interesting as it is not a product of the recession but started several years earlier and represents a long-term policy. The tax ratio, already low in 2000, has fallen by a further 5.3 points of GDP since then; the year 2006 in fact saw another sharp decline, from 31.5 % to 29.4 % of GDP, while in the following years no big changes were recorded. Overall, over the entire period for which data are available (1995–2009), Slovakia is the Member State that has carried out the most profound restructuring of its tax system, with the tax ratio declining by over one quarter. The country thus changed its ranking significantly, from being essentially in line with the old Member States' average in 1995 at 40.3 % of GDP, to having the fourth lowest ratio in the EU-27 in 2009.

1.1. Tax structures and recent developments in cyclically adjusted tax revenues

1.1.1. Which information can be gained from cyclically adjusted revenues?

As already indicated above, actually observed tax revenue developments are not only determined by policy and decision-making processes. They are also substantially influenced by factors outside the decision makers' sphere of (direct) influence. Predominant among these other factors impacting on revenue developments are cyclical influences on economic activity. Usually, in a favourable economic climate (company) profits increase and new jobs are created, both of which increase revenues from direct taxes, namely corporate and personal income taxes. Generally, accelerating job creation also means more people being liable to social security contributions, hence increasing revenues of the latter. Conversely, economic downturns are characterised by a deterioration of company profits and only moderate wage

developments if not the loss of numerous jobs. Hence, tax and social security revenues based on these macroeconomic variables decrease disproportionately.

Summing up, economic fluctuations – being only temporary in nature – have an important impact on the assessment of tax revenue developments. Hence, filtering out, to the extent possible, the impact of cyclical factors from discretionary developments reveals important information to policy makers and policy assessors. Disentangling the two types of factors discloses the budgetary impact of policy measures in a country's tax and social security system (such as tax cuts) and allows to better evaluate the soundness and sustainability of a country's tax development.

In practice, assessments of this kind are usually based on correcting nominal tax revenue developments for the economic cycle. The resulting cyclically adjusted tax revenue data hence reflect largely the results of discretionary (temporary or permanent) fiscal policy decisions. However, as cyclically adjusted data face measurement issues and are also influenced by other factors such as the fiscal drag or changes in the composition of GDP, the results should always be interpreted with care. ⁽¹⁹⁾

1.1.2. How are cyclically adjusted revenues measured?

This section presents an analytical exercise of illustrative nature, aiming at providing an estimate of cyclically adjusted revenues using the Hodrick-Prescott (HP) filter. The HP filter is a purely statistical method used to identify the underlying trend of a variable and the short-term fluctuations around the trend. These fluctuations can be seen as a proxy of the effect of the business cycle, i.e. the output gap. The statistical HP method needs to be clearly distinguished from the Production Function Approach (PFA), which rests on sound economic foundations. For this reason, the PFA was endorsed by the ECOFIN Council on 12 July 2002 and is the reference methodology in the assessment of Stability and Convergence Programmes and the cyclical adjustment of public finance aggregates⁽²⁰⁾. However, due to its simplicity and statistical nature, the HP-filter approach can be easily applied to compute the short-term fluctuations of any times series around its trend, not only those of GDP and its components – as in the PFA –, but also those of various tax bases. This will also allow for the possible extension of the analysis to major tax categories (SSC, direct taxes on households and companies and indirect taxes) and the study of compositional effects.

The approach used in this publication to extract the cyclically adjusted revenue data from observed revenue is based on a two-step procedure. In a nutshell, cyclically adjusted revenues in % of GDP (CAR) for each country are derived as the (i) overall tax-to GDP ratio (including social security contributions) (R) minus (ii) the cyclical component of the tax revenues in % of GDP (including social security contributions) (C).

$$CAR = R - C$$

The cyclical component of tax revenues (C) is hence that part of revenue which is due to cyclical developments. In order to determine (C) two measures are necessary:

First, a measure of the cyclical position of the economy has to be derived, measuring the deviation of GDP from its "normal" level, i.e. the level that would have been achieved if GDP growth was on its "normal" path over time. In this report, the cyclical position is provided by the Hodrick-Prescott (HP)-filtered output gap, i.e. the difference between actual real GDP and a measure of the trend real GDP. This trend real GDP is derived by using the HP filtering procedure-and the result is expressed in percent of GDP. If the output gap is positive, the economy is above its "normal" GDP level and hence also tax revenues are higher than under normal economic conditions. Obviously, the output gap

⁽¹⁹⁾ Due to these and other measurement issues the results cannot be interpreted as numerical effects (i.e. the sum) of a country's tax measures.

⁽²⁰⁾ The ECOFIN Council adopted on 12 July 2002 a report from the Economic Policy Committee which advocated the use of a Production Function Approach (PFA), instead of the former Hodrick Prescott filter method, as the reference method when evaluating the Stability and Convergence Programmes and the cyclical adjustment of public finance aggregates.

can still be positive in times of below trend growth rates, provided that the cumulative effect of past above trend growth rates outperform the output growth loss in a specific year.

The exact amount, i.e. by how much tax revenues to GDP exceed their normal values, is given in combination with the second measure - the tax revenue sensitivity. The tax revenue sensitivity is defined as the percent change in tax revenues (as a ratio to GDP) in reaction to a 1 % change in the output gap. The cyclical component of tax revenues (C) is hence calculated as the product of the HP-filtered output gap and the tax revenue sensitivity. By subtracting the cyclically determined part of tax revenues (C) from overall tax revenues we arrive at the cyclically adjusted tax revenues, i.e. tax revenues largely independent from the cycle. "

For the calculation of cyclically adjusted tax revenues (CAR), this report relies on the cyclical component of revenues (C) as calculated using the HP-filtered output gap and published in the annual macro-economic (AMECO) database of the European Commission's Directorate General for Economic and Financial Affairs⁽²¹⁾. The tax sensitivities used to calculate the cyclical component of tax revenues in the AMECO database are estimated on the basis of a methodology developed by the OECD and extended to non-OECD countries by the Commission Services.⁽²²⁾ These are the sensitivities agreed upon at EU level and currently used in the EU fiscal surveillance framework for assessing the cyclically adjusted positions. The revenue sensitivities for the EU-27 countries are displayed in Table I-1.1 in the next section. While using the HP-filtered cyclical component as given in the AMECO database, the cyclically adjusted tax revenues (CAR) in this report do not coincide with the data on cyclically adjusted revenues published in the AMECO database. This is, because the latter also includes other government revenues in addition to taxes and social security contributions. Cyclically adjusted tax revenues do not coincide with the data used for the assessment of the Stability and Growth Pact either, as the latter uses a different method to calculate the output gap, namely the production function approach (PFA).⁽²³⁾

The two traditional methods to calculate the output gap, the HP-filter approach and the PFA have both their merits depending on the specific issue at stake.⁽²⁴⁾ While the PFA method rests on the above mentioned sounder economic foundation and was hence chosen for budgetary surveillance, it needs detailed information for the trend total factor productivity, as well as the trend labour and trend capital stock. The HP-filter as a purely statistical method is lacking an economic foundation. While the advantage of this method lies clearly in its simplicity, it is subject to problems in the presence of structural breaks and, in general, at the end-points of the series. As in this report we stop at 2009, the end point problem is not a major issue here since (preliminary) GDP data for 2010 and projections for 2011 and 2012 are used for the estimation of the output gap. Furthermore, due to its simplicity the HP-filter approach can be applied to any macroeconomic variable, giving the opportunity to calculate the economic position of tax base variables. The analysis could then be extended easily to major tax categories such as SSC, direct taxes on households and companies and indirect taxes in addition to examining the overall tax burden.

⁽²¹⁾ The data can be found in the AMECO database: 17. Cyclical adjustment of public finance variables. 17.2 Based on trend GDP, cyclical component of revenue, % of GDP. http://ec.europa.eu/economy_finance/ameco/user/serie/SelectSerie.cfm. For all variables the cut-off date was 01.February 2011.

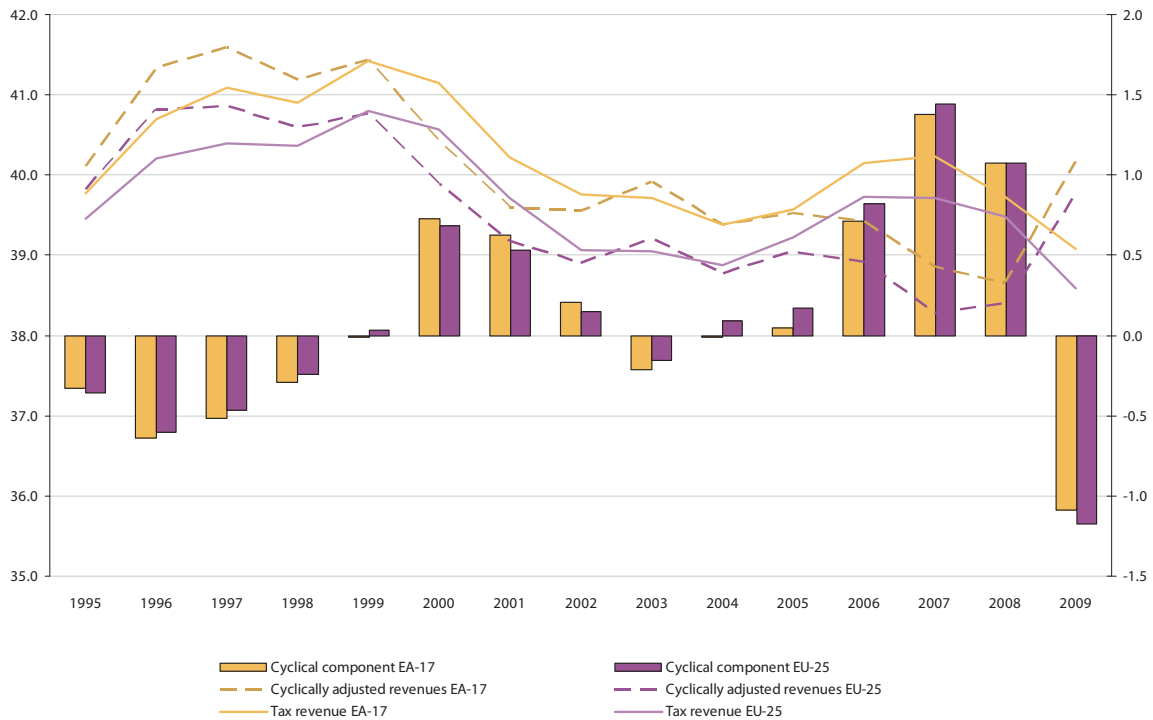
⁽²²⁾ For further details on the estimation of tax revenue sensitivities and possible issues linked to it see Annex B Methodology and explanatory notes.

⁽²³⁾ For further details on the PFA please see Denis et al. (2002 and 2006) and Roeger (2006).

⁽²⁴⁾ For further details on the estimation of output gaps and any possible issues see Annex B Methodology and explanatory notes.

1.1.3. Trends and developments

Graph I-1.7: **Cyclically adjusted tax revenues**
1995-2009, in % of GDP



Source: Commission services

Graph I-1.7 displays tax revenues and cyclically adjusted tax revenues (both GDP-weighted) in % of GDP for the EA-17 and EU-25 on the left hand scale of the graph. The right hand scale of the graph shows the GDP-weighted cyclical components in % of GDP for the EA-17 and the EU-25 respectively.

As displayed in the bars of the graph, the cyclical component of tax revenues was not very pronounced but for the last years under investigation. The cyclical component only exceeded one percent of GDP at the end of the period in 2007 and 2008, when actual GDP was considerably above its potential, translating into a high positive output gap. The output gap and with it the cyclical component turned considerably negative in 2009 only. The generally low cyclical component reflects the rather limited reaction of tax revenues to economic activity, as the tax revenue sensitivity is 0.42 for the Euro area and 0.39 for the EU-25 respectively. In general, the development of the cyclical component for the Euro area and the EU-25 are very similar. However, while the cyclical component was more pronounced for the Euro area at the beginning of the period, it showed higher values for the EU-25 from 2004 onwards. This is the result of faster recovery since 2004 and much higher GDP growth until 2008 for the new Member States. As the new Member States showed much higher negative GDP growth rates in 2009, also the cyclical component of the EU-25 showed a greater fall than that of the EA-17, resulting in a more negative cyclical component.

Comparing cyclically adjusted tax revenues (dashed lines) with actual tax revenues unveils interesting tax trends that are masked by the economic cycle. The high tax burden observed in 1995-1999 was actually realised against the backdrop of unfavourable economic conditions, resulting in an even higher tax burden in cyclically adjusted terms. The run-up to the EMU did obviously not allow Member States to engage in countercyclical tax cuts, but rather asked for the introduction of additional taxes. The following period of consolidation fatigue can be observed much clearer in cyclically adjusted tax revenue terms, which showed a remarkable fall in the tax burden. In other words, the cyclical situation in the boom year

2000 and still in 2001 sustained actual tax revenues on a high level, despite tax cuts or the expiry of temporary tax increasing measures. Nevertheless, the biggest contribution of the cycle to tax revenues was recorded in the most recent years 2006-2008. The high positive cyclical component in 2008 is the result of the effects of above trend growth in the preceding years on the actual GDP level, which is still outperforming the below trend growth in 2008. However, due to the below trend growth the output gap and hence the cyclical component diminish in 2008. The negative GDP growth rates in all EU Member States but Malta in 2009 finally turned the EU output gap negative, resulting in a negative cyclical component.

Unadjusted total tax revenues, both for the EA-17 and the EU-25, suggest that consolidation fatigue after the run up to the EMU led to a continuous decrease of the tax burden till 2004. However, cyclically adjusted data shows that there were actually efforts to increase tax revenues in 2003 as indicated by the peak in cyclically adjusted tax revenues. While unadjusted tax revenue data would give the impression that tax revenues - steadily increasing from 2004 onwards - were back to their high 2001 level in 2007, cyclically adjusted revenues draw a completely different picture. In fact, cyclically adjusted revenues were about one percentage point higher in 2003 than in 2008. This decline probably reflects a series of tax cuts such as in the CIT (the average rate dropped by more than -4. percentage points for EU-25) during this period. In 2008, when economic conditions started to worsen, cyclically adjusted and unadjusted tax revenues decrease in the EA-17, reflecting further tax cuts. While actual tax revenues were sustained on a relatively high level, cyclically adjusted tax revenues reached their lowest level during the observation period. Summing up, the tax revenue increase experienced from 2005 until 2007 (and still sustained in 2008) was only due to the good overall economic situation, while the structural tax revenues decreased considerably. The crisis in 2009 caused actual tax revenues to crash, while cyclically adjusted revenues increased. This hike can partly be explained by the measures taken by the Member States to rebalance their budgets and the fact that some tax bases such as consumption and wages performed better than GDP, resulting in an upward trend for cyclically adjusted revenues.

However, the EU-25 and EA-17 developments mask a wide variety of different developments in the individual Member States. Some of these developments are the result of different policy choices, such as reducing/increasing tax rates and their timing. Others are the result of the initial tax system, which makes tax revenues more or less responsive to economic activity. Generally, tax systems with a lot of progressive taxes show a more pronounced reaction of tax revenues to the cycle than systems with only proportional or flat taxes. Last, but not least, also the business cycle position varied among Member States, affecting tax revenues differently.

As displayed in Table I-1.1 the countries showing the highest sensitivity⁽²⁵⁾ of tax revenues to economic developments are Denmark (0.50), Italy (0.49), Sweden and Luxembourg (both 0.48), while Latvia, Lithuania and Slovakia (0.26 and 0.27 respectively) display the lowest reaction to the cycle.⁽²⁶⁾ Even though Latvia is exposed to the lowest tax sensitivity, Latvian tax revenues are those which are most significantly impacted by cyclical developments in the EU (i.e. having the highest cyclical component). This is due to the fact that the Latvian economy has enjoyed extraordinary high economic growth since 2000, peaking in a positive output gap of over 20 % in 2007. Only the other two Baltic countries and Romania in 2008 display a similar exposure to the cycle, while the rest of the Member States have positive output gaps of less than 10 % (the majority of Member States however reach only around 4 %). In times of the crisis, it was also the Baltic countries that displayed the largest negative output gaps of around -10%. In general, new Member States are considerably more subject to economic fluctuations translating into more pronounced cyclical components than the EU-15, even though the latter face higher tax sensitivities. As the EU-25 and EA-17 GDP weighted averages are mainly driven by countries like Germany, France, the UK, Italy and Spain with an average output gap between -3 (in 2009) and +3 (in 2007) of GDP, the overall reaction of tax revenues in the EU is usually not very pronounced.

⁽²⁵⁾ The tax revenue sensitivities partly reflect the intensity of the use of taxes in each economy (i.e. the tax-to-GDP ratio).

⁽²⁶⁾ This tax sensitivity values were calculated by the European Commission and the OECD and are published for example in Larch & Turrini, 2009. p51.

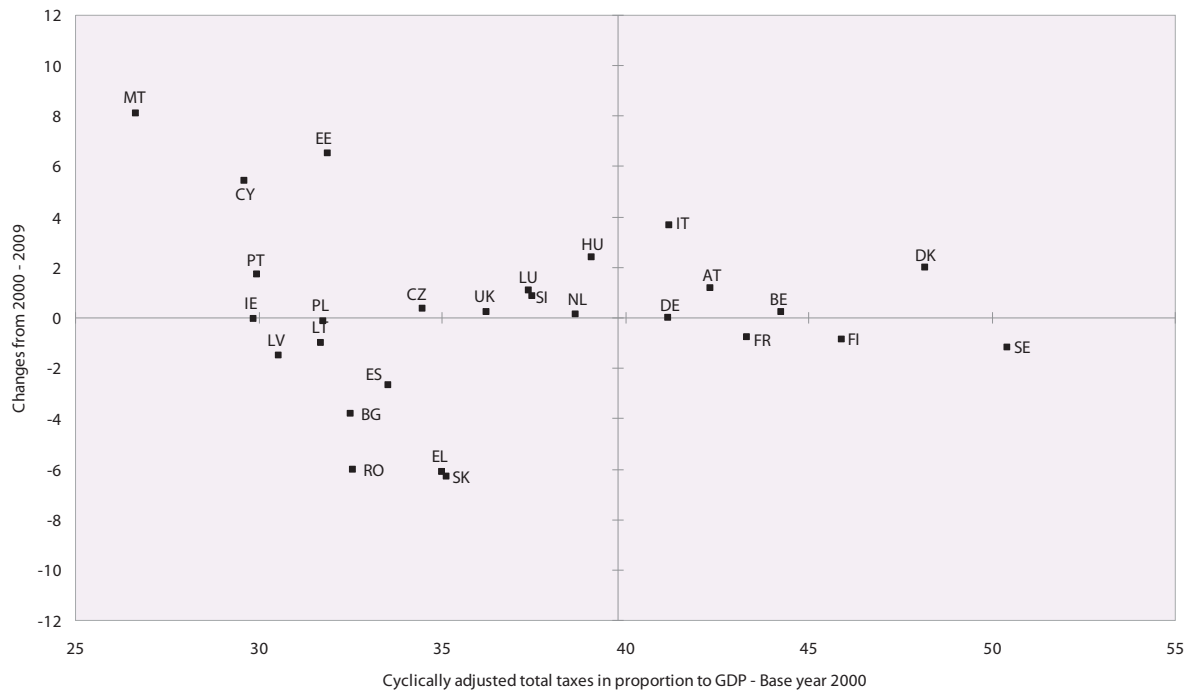
Table I-1.1: Tax revenue sensitivity,
percent change in tax revenues (as a ratio to GDP) in reaction to a 1 % change in the output gap

Member State	Tax revenue sensitivity	Member State	Tax revenue sensitivity
BE	0.47	LU	0.48
BG	0.35	HU	0.45
CZ	0.36	MT	0.35
DK	0.50	NL	0.39
DE	0.40	AT	0.43
EE	0.29	PL	0.33
IE	0.36	PT	0.41
EL	0.42	RO	0.28
ES	0.38	SI	0.42
FR	0.44	SK	0.27
IT	0.49	FI	0.41
CY	0.39	SE	0.48
LV	0.26	UK	0.40
LT	0.26		
Euro area	0.42	EU-25	0.39

Source: OECD, Commission services

Similar to Graph I-1.6, Graph I-1.8 charts, for all countries available, the changes in the cyclically adjusted tax-to-GDP ratios between 2000 and 2009 in percentage points of GDP, in comparison with their starting point in the base year 2000.

Graph I-1.8: Cyclically adjusted level in 2000 and change of tax-to-GDP ratio until 2009
in %



Source: Commission services

Likewise in this graph, the top half of the graph shows which Member States have increased their cyclically adjusted total tax ratio since 2000, while the bottom half shows what countries reduced it. The right-left dimension of the graph identifies the starting point at the beginning of the decade compared with the 2000 average; that is, countries that at the beginning of the period displayed higher-than-average total tax ratios are in the right half and vice versa.

The graph on cyclically adjusted data indicates:

- Most Member States are gathered around the horizontal axis, indicating only limited change in cyclically adjusted tax revenues as compared to 2000. This is true both for countries whose cyclically adjusted tax ratios were above, and below the average in 2000, respectively.
- Two of the five countries with the lowest cyclically adjusted tax revenues in 2000, namely Malta and Cyprus, have increased their tax ratios considerably (more than five percentage points). The three other countries Ireland, Portugal and Latvia starting from below average positions have hardly changed their situation with respect to the average.
- Among the high tax-countries Italy, and to a lesser extent also Austria, and Denmark, net of cyclical effects, increased their tax burden compared to 2000.
- Other high tax countries – all of which old Member States – saw basically no change in the tax ratio as compared to cyclically adjusted 2000 levels. Only Sweden decreased its tax burden by more than one percentage point over the analysed period. Hence, convergence by the means of lowering tax ratios is only taking place very slowly.
- In total there are seven countries that showed convergence of more than one percentage point to the 2000 average. Six countries with below average tax ratios in the top left quadrant, namely Malta, Estonia, Cyprus, Hungary, Portugal and Slovenia, increased their tax ratios, while Sweden in the bottom right quadrant decreased its tax ratio.
- The distribution of data shows, however, that most Member States find themselves in a very small band around the horizontal axes, indicating no big changes. Moreover, quite a few countries can be found in the bottom left quadrant. This indicates that those countries with already below average tax ratios have decreased their tax burden further since 2000, therefore diverging further from the average of that year. This development was particularly pronounced for Slovakia and Romania and Greece, who experienced the highest tax cuts in cyclically adjusted terms. Given these developments, cyclically adjusted overall tax ratios point to little convergence in tax ratios, as the movement toward the average, both from above and below was rather limited.

2. REVENUE STRUCTURE BY TYPE OF TAX

The structure of tax revenues by major type of tax (i.e. direct taxes, indirect taxes and social contributions) is shown in Graph I-2.1.

Graph I-2.1: **Structure of tax revenues by major type of taxes**
2009, % of the total tax burden



Source: Commission services

Generally, the Eastern European Member States, which are often characterised by lower taxation, frequently differ also in terms of their composition; in particular, while most Member States raise roughly equal shares of revenues from direct taxes, indirect taxes, and social contributions, the eastern Member States frequently display a substantially lower share of direct taxes in the total. The lowest shares of direct taxes are recorded in Slovakia (19.2 %), Bulgaria (20.2 %) and

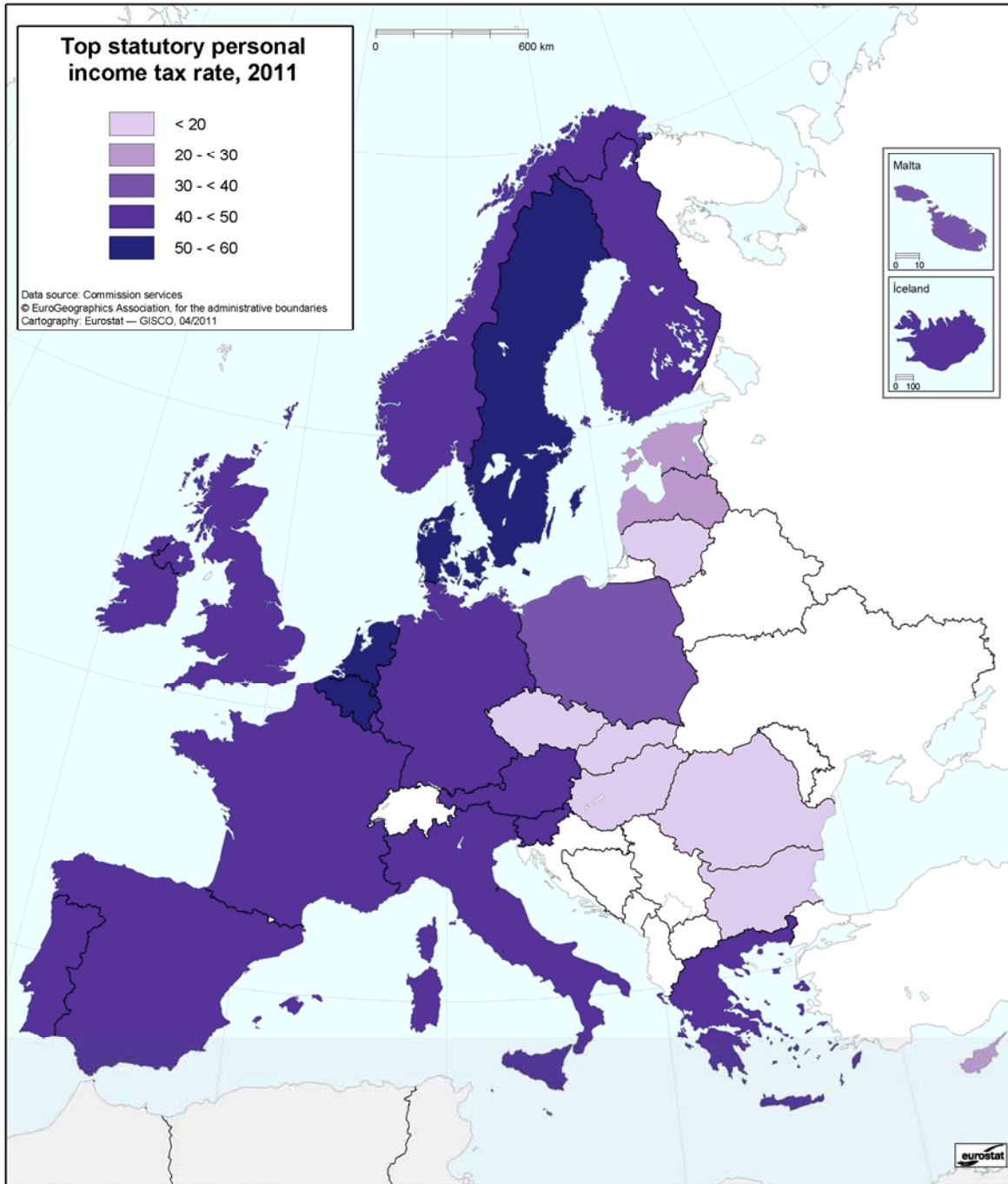
Lithuania (20.6 %); in Poland the share of direct taxes shrank by one third between 1995 and 2004 but has increased again since then and currently stands at 23.5 %. One of the reasons for the low direct tax revenue can be found in the generally more moderate tax rates applied in the Eastern Member States for corporate tax and personal income tax (see Maps I-2.1 and I-2.2). Moreover, several of these countries have adopted flat-rate systems, which typically induce a stronger reduction in the rates of direct taxes than in those for indirect taxes.

The low share of direct taxes in the Eastern Member States is counterbalanced by generally higher shares of either indirect taxes or social contributions, or both, in total tax revenues. The highest shares of indirect taxes by far are indeed found in Bulgaria, where the share is well over half of revenue (53.2%), and Cyprus (43.6%). Estonia and Hungary, too, show relatively high indirect tax shares. As for social contributions, the Czech Republic stands out with its 44.7 % share, but in Slovakia and Spain too the share exceeds 40%.

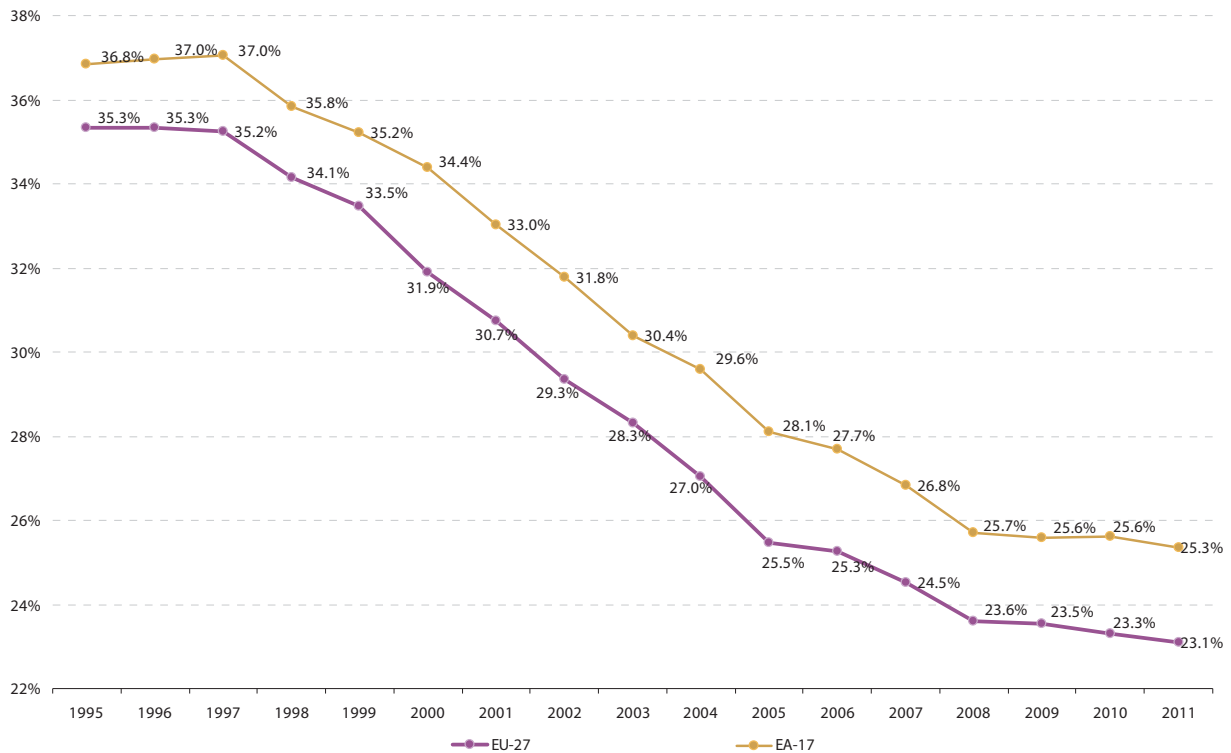
Also among the other Member States there are some noticeable differences. The Nordic countries, as well as the United Kingdom, Malta, and Ireland, have relatively high shares of direct taxes in total tax revenues. In Denmark and, to a lesser extent, also in Sweden, Malta and the UK, the shares of social contributions to total tax revenues are low. There is a specific reason for the very low share of social contributions in Denmark: most welfare spending is financed out of general taxation. This requires high direct tax levels and indeed the share of direct taxation to total tax revenues in Denmark is by far the highest in the Union.

Map I-2.1 shows the geographical distribution of top PIT rates in the EU. The map highlights the fact that the Western and Northern Member States generally tend to adopt higher top rates than the Eastern Member States; the highest top rates are found in a band running from Belgium to Finland, across, the Netherlands, Denmark and Sweden. In 2010, a notable increase in the top PIT rate took place in the UK, to 50 %. A more detailed discussion of PIT rates, including their development over time, can be found in Part II.2 of this report.

Map I-2.1: **Distribution of top personal tax rates**



Graph I-2.2: **Development of adjusted statutory tax rate on corporate income**
1995-2011, EU-27 and euro area averages; in %



Note: Methodological notes: see note to Table II-4.1.

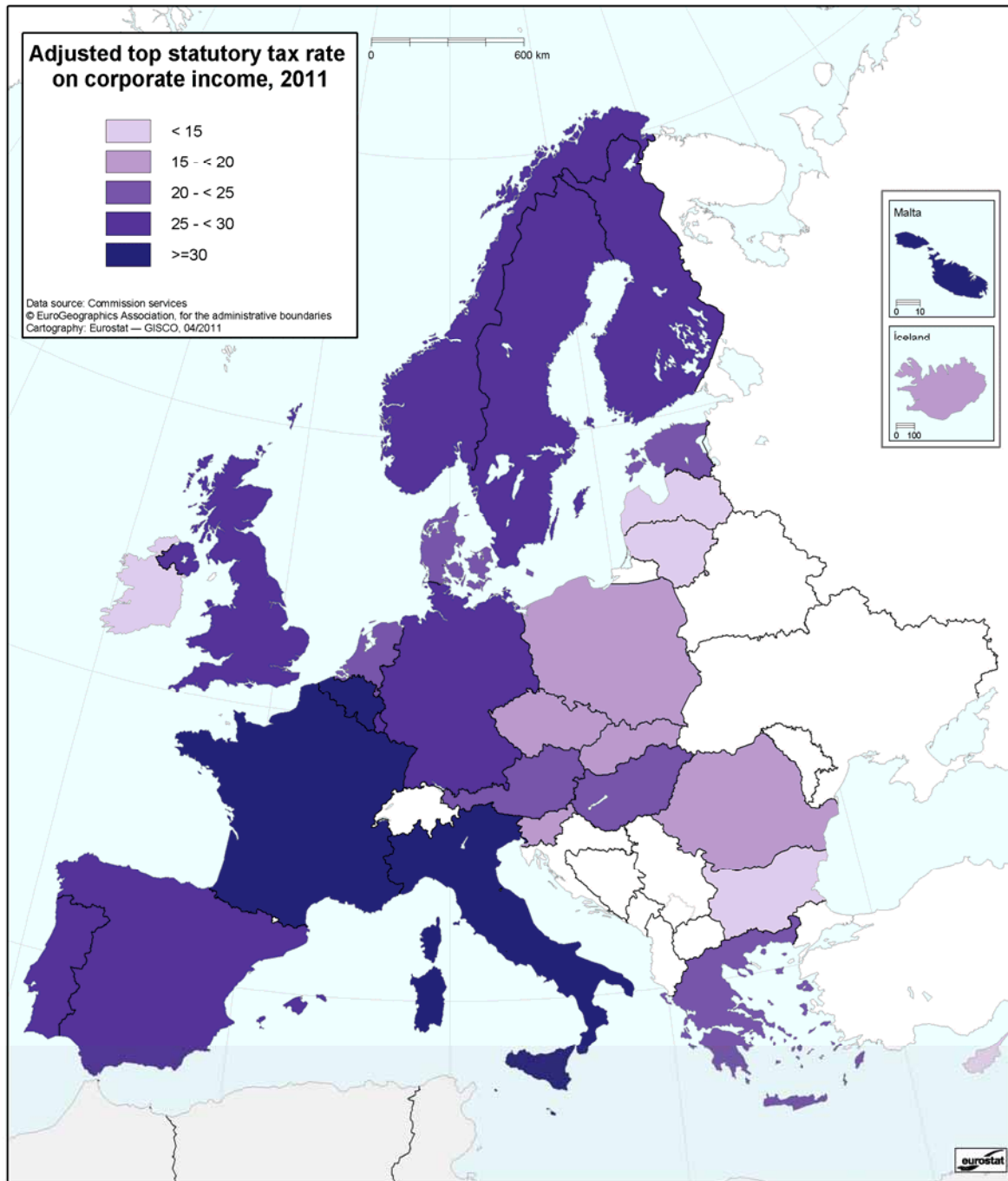
Source: Commission services

Since the end of the 1990s there has been a strong trend towards lower corporate tax rates (see Graph I-2.2). Tax cuts were often coupled with limitations in special tax regimes, or their outright abolition. This trend started in the new Member States, but the old Member States followed suit and reduced their corporate tax rates substantially⁽²⁷⁾. Overall all Member States except, Hungary, Finland, and Malta show lower statutory rates in 2010 than in 1995. The downward trend is ongoing: in six countries rate cuts were introduced in the last two years (Czech Republic, Greece, Lithuania, Hungary, Slovenia, United Kingdom)⁽²⁸⁾, see Table II.4-1 in Part II.4. The average corporate tax rate in the EU-27 has now fallen to 23.1 % (see Graph I-2.2), while in the euro area, comprising mostly old Member States, the average is around two and a quarter percentage points higher.

Some countries have implemented changes that go beyond simple rate cuts. Estonia is a good example of this development. The country moved away from the classical corporation tax system: despite the low CIT rate (26 %) in force since 1994, since the beginning of 2000 Estonia decided to levy no corporate tax on retained profits, so that only distributed profits are taxed. The rate was later cut to 21 %. A similar system had been introduced also in Lithuania, but was later abolished. Another example is Belgium, where the introduction of the notional interest system has had the effect of reducing the tax burden fairly significantly, even though it does not translate into a change in the nominal tax rate.

⁽²⁷⁾ See European Commission (2006).

⁽²⁸⁾ In Luxembourg the national tax was reduced. In Lithuania the tax rate was increased by five percentage points in 2009, but this increase was reversed in 2010 going back to the 2008 level.

Map I-2.2: **Distribution of corporate tax rates**

Map I-2.2 shows the distribution of current CIT rate levels; again, an east-west dimension exists, but the Nordic countries no longer appear in the group of the highest rates, as they all levy rates below 30 %, a level reached instead by several countries in the south and west of Europe. In addition, a comparison between Map I-2.1 and Map I-2.2 shows that CIT

rates now frequently lie below top PIT rates, a situation which can potentially lead to distortions such as 'corporatisation' (²⁹). A more detailed discussion of CIT rates and their recent trends is supplied in Part II.4 of this report.

Trends in PIT and CIT revenue by country

The crisis has resulted in a reduction of personal income tax revenue, reversing a previous pick-up that had started in 2005. Nevertheless, despite the effects of the crisis, compared with the year 2000, thirteen countries saw their PIT revenues increase, and in those where revenues decreased, only in six countries (Lithuania, Sweden, Ireland, Estonia, Belgium and Bulgaria) was the decline stronger than one percentage point. Only one country, Lithuania, reduced PIT revenue by more than 2 % of GDP; in Bulgaria the reduction was smaller as a percentage of GDP, but represented a stronger relative reduction (-26.9 %) from 2000. The highest increase was recorded in the Netherlands (2.6 percentage points of GDP, of which 1.4 in 2009 alone).

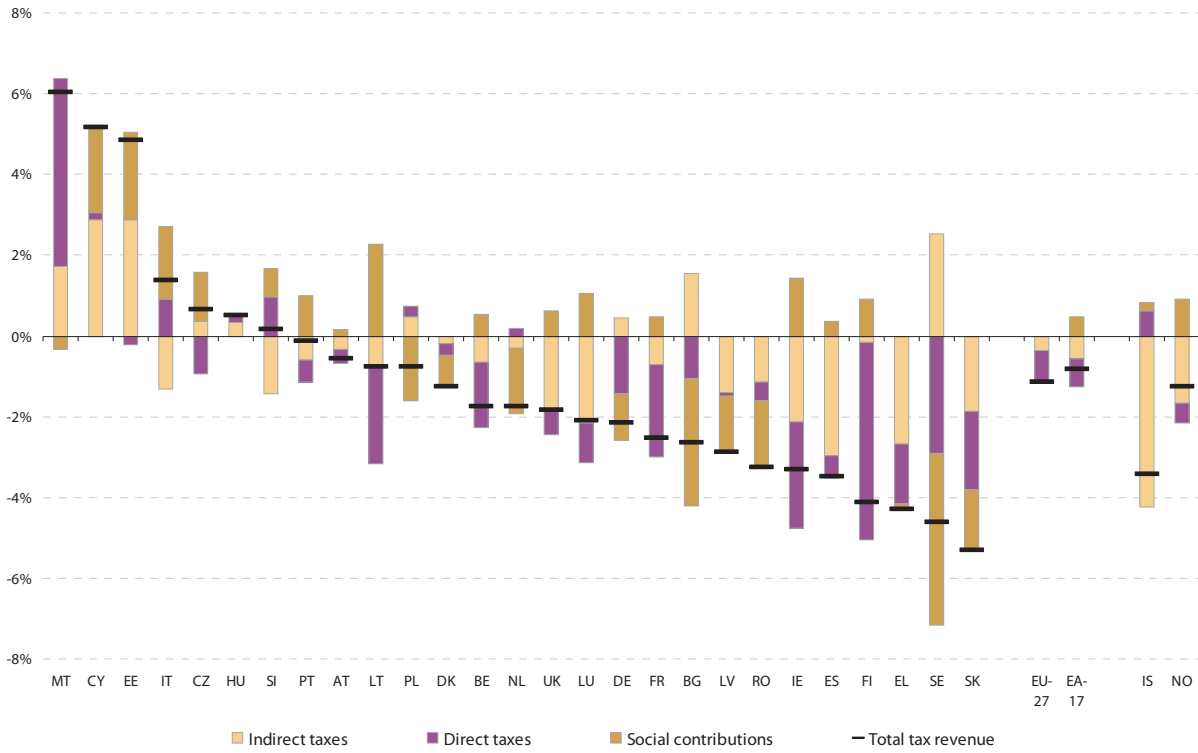
Compared to personal income taxes, the reduction in corporate income tax revenue was more pronounced and more general. This is not really surprising, given the cyclicity of this kind of taxes. On average, CIT revenue in percent of GDP declined by 0.6 points between 2008 and 2009 in the EU. Compared to the base year 2000, only six countries increased CIT revenue levels. The strongest decline on 2000 was recorded in Finland, but in that case the 2000 figure represented an outlier. The strongest increase in CIT revenue was recorded in Malta, where CIT revenue in percent of GDP more than doubled since 2000.

Changes in composition by main tax type

Graph I-2.3 breaks down the change in the overall tax burden into (positive or negative) changes of its three major components; the black line shows the change in the overall tax-to-GDP ratio for all the countries. The graph highlights that, in the period under consideration, only some Member States shifted taxation clearly from one type of taxes to another; increases or decreases of revenues are more commonly shared out amongst all three categories; indeed, in the European averages on the right, all three components go in the same direction. Examples of significant changes in the tax mix are Lithuania, Ireland, and Luxembourg, which shifted the burden of taxation perceptibly from taxes to social contributions, and Sweden and Bulgaria, which hiked indirect taxes but reduced social security and direct tax revenue. It is nevertheless debatable to what extent the shifts in the tax mix over this nine-year period were a deliberate result and not the by-product of separate policy decisions. An example of a deliberate shift in the burden of taxation was the 2007 reform in Germany, in which part of the revenue from a VAT increase was used to finance a cut in social security contributions; however, in revenue terms the effects of this measure do not stand out clearly when comparing the 2009 tax mix with its 2000 equivalent.

⁽²⁹⁾ Corporatisation is the phenomenon by which individuals set up corporations and channel their income through them in order to be taxed under the corporate regime instead of the personal income tax. The result is then that CIT revenue is 'artificially' inflated at the expense of PIT revenue. If a group of enterprises is constituted of entities taxed both under the PIT and the CIT, the same effect may result from a shifting of profits towards the corporate sector, even in the absence of changes in the legal form of any enterprise. For a discussion of the extent of corporatisation in the EU, see De Mooij and Nicodème (2008).

Graph I-2.3: **Evolution by major type of taxes**
2000-2009, differences in % of GDP



Source: Commission services

3. REVENUE STRUCTURE BY LEVEL OF GOVERNMENT

Graph I-3.1 displays a classification of aggregate tax revenue (including social contributions) by the receiving level of government. In the ESA95 framework of national accounts, taxes are classified according to four different units of government that may operate within a country and to the institutions of the European Union. The combination of the different government levels operating within a Member State is called the general government, and may include:

- Central (or federal or national) government, including all administrative departments and central agencies of the State whose competence extends normally over the whole economic territory, except for the administration of the social security funds;
- State (or regional) government, when relevant within a Member State, which are separate institutional units exercising some of the functions of government at a level below that of central government and above that at local level, except for the administration of social security funds;
- Local (or municipal) government, whose competence extends to only a local part of the economic territory, apart from local agencies or social security funds;
- Social security funds, including all central, state and local institutional units whose principal activity is to provide social benefits.

The figures shown in Graph I-3.1 represent 'ultimately received' tax revenues. This means that the shares displayed under state and local governments do not only include 'own' taxes of government sub-sectors, but mostly also the relevant part of the tax revenue that is actually 'shared' between the different levels of the general government, even in cases where a government sub-sector has practically no power to vary the rate or the base of those particular taxes.⁽³⁰⁾ Furthermore, these figures exclude grants between different levels of government.⁽³¹⁾ The taxes received by the institutions of the European Union do not only include taxes paid directly to them (i.e. the ECSC levy on mining and iron and steel producing enterprises paid by resident producer units), but also taxes collected by general governments on behalf of the EU, such as receipts from the Common Agricultural Policy (CAP), customs duties on imports from third countries and a share of VAT revenues.

In 2009, in the EU Member States about 58 % of the 'ultimately received' aggregate tax revenue (including social contributions) was claimed by the central or federal government, roughly 30 % was received by the social security funds, and around 10 % by local government. Less than 1 % of tax revenue accrues to the institutions of the European Union. There are considerable differences in structure from one Member State to another; for instance, some Member States are federal or grant regions a very high degree of fiscal autonomy (Belgium, Germany, Austria, and Spain). In the United Kingdom and Malta, the social security system is not separate from the central government level from an accounting viewpoint. The share of sub-federal revenue (defined as municipalities plus the state level where it exists) varies from 0.7 % in Greece to 35.6 % in Sweden. Also Spain, Belgium and Germany show high shares of total taxes received by the non-central authorities. At the other end, this share is noticeably small in Cyprus (1.4 %), as well as in Malta, where local government does not receive directly any tax funds. Concerning social security funds, the highest shares in the EU are reported by France, the only EU country where the share exceeds 50 %, and to a lesser extent Slovakia and Belgium, at slightly more than 40 %.

⁽³⁰⁾ Additional statistical information was used for the classification of taxes by ultimately receiving government sub-sectors for Belgium.

⁽³¹⁾ It should be mentioned, however, that the distinction between shared taxes and grants is sometimes fuzzy; the data could be influenced by small institutional differences between countries that do not have real significance.

Graph I-3.1: Revenue structure by level of government 2009, in % of the total tax burden



Note: State government: This level refers to the Länder in AT and DE, the gewesten en gemeenschappen / régions et communautés in BE and comunidades autónomas in ES. Only these four countries are included in the EU average.

Source: Commission services

Significant changes in the shares of tax revenues of state and local governments have occurred in Spain and various European countries (see Tables 34 and 36 in Annex A). Compared to 1995, a trend towards a higher revenue share for States or regions is visible in all concerned countries. Developments in Spain, in particular, have been a key driver in this trend. There, the share of state tax revenue started increasing in 1997, reflecting the introduction of a new five-year arrangement for sharing tax revenues between the autonomous regions. The share collected by state governments rose again substantially, by more than 10 % of total taxes, in 2002, when the new financing agreement between the central government and the autonomous regions came into force; the share rose further in the following years as the reform was

implemented. This trend continued in 2009 as in December the financing agreement was again reformed and under the new system autonomous communities benefited from an increased share in the ceded taxes as well as increased discretionary powers.

As for local government revenue, the situation is mixed. While the arithmetic average of the share of local government revenues shows no clear trend, the weighted average shows an increase, indicating a pick-up in the larger countries and a decline in the smaller EU Member States. Compared to 2000, Slovakia, Sweden and Poland saw a noteworthy increase in local government revenue, whereas in, Denmark, Lithuania and Bulgaria the opposite took place. In Italy, an increase in the share of local tax revenues is visible from 1998 onwards, due to the reform that, among other important changes, introduced the IRAP (Regional Tax on Productive Activities), and decreased the dependence of the local governments on grants from the central government. Here too, owing to the planned introduction of 'municipal federalism', it can be expected that local authorities will in coming years receive a higher share of tax revenue.

The data shown in Graph I-3.1 indicate substantial differences in the structures of the taxation systems across the Union. These data give, however, little insight into the degree of tax autonomy of sub-central levels of government as such. Generally speaking, taxation involves: (i) setting a tax base, (ii) defining statutory tax rates, (iii) collecting the tax, and (iv) attributing its revenues. At each stage, one or several levels of government may be involved. Furthermore, the degree of fiscal autonomy may vary. For example, in the case of 'own' taxes, the central or sub-central government unit is responsible for all phases of the tax-raising process. When the tax is 'joint', the central government is usually solely responsible for: (i) setting the base, and (ii) collecting the tax, but operates together with the regions in (ii) setting the rates. The term 'shared tax' generally means that the central government is responsible for: (i) setting the base, (ii) defining the tax rates, and also for (iii) collecting the tax⁽³²⁾, but the sub-central governments are automatically and unconditionally entitled to a percentage of the tax revenue collected or arising in their territory. Other modalities may also exist. In practice, the fiscal organisation of government — including the fiscal relations, the constitutional arrangements and the tax raising process — is quite complex, and varies considerably from one Member State to another. An OECD study (2006c) complements tax revenue statistics by offering a typology of the 'taxing powers' of government sub-sectors, and by applying this typology to tax revenue statistics. The study shows important differences in the degree of tax autonomy within the group of Member States which are federal or grant regions a very high degree of fiscal autonomy (i.e. Germany, Austria, Belgium (all federal) and Spain)⁽³³⁾. It also shows differences as regards the tax autonomy of local governments within the European Union.

⁽³²⁾ Except in Germany, where the Länder collect the tax.

⁽³³⁾ See also OECD (2002d) for the results of a study on this topic covering six of the EU's new Member States.



Taxation by economic function

Introduction

The tax-to-GDP ratio and the breakdown of tax revenues into standard categories such as direct taxes, indirect taxes and social contributions provide a first insight into cross-country differences in terms of tax levels and its composition in terms of tax type. This information is, however, already available from the National Statistical Offices. This publication additionally provides a broad classification of taxation in three economic functions - consumption, labour and capital. The report contains data on the absolute level of taxation by economic function and computes implicit tax rates or ITRs, i.e. average effective tax burden indicators⁽³⁴⁾; unlike simple measures of the tax revenue, these take into account the size of the potential tax base, which often differs substantially from one country to the other. The methodology utilised in this survey is discussed in detail in Annex B.

In addition, data on environmental taxation in the EU have also been computed for the purpose of this report. The definition of a tax as environmental is independent of its classification by economic function: any tax, be it on consumption, labour or capital, that has the effect of raising the cost of activities which harm the environment, is classified here as an environmental tax. Environmental taxes are subsumed under the classification by economic function because the use of the environment can be regarded as an additional production factor.

⁽³⁴⁾ The term 'implicit tax rates' is used in order to distinguish the backward looking approach from forward looking average effective tax rates calculated on the basis of the tax code.

Distribution of the total tax burden by economic function



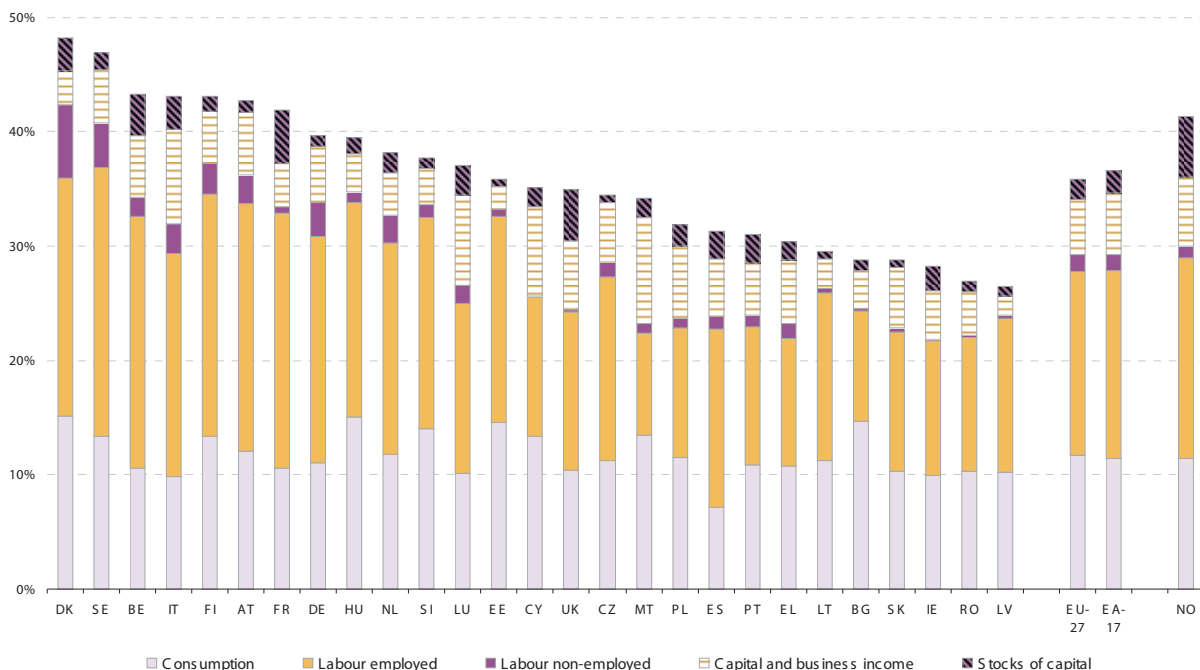
1. DISTRIBUTION OF THE TOTAL TAX BURDEN BY ECONOMIC FUNCTION

Breakdown of revenue by economic function: significant differences between Member States

Graph II-1.1 ranks Member States by overall tax burden and displays a breakdown of revenue by economic function for the year 2009. The graph shows quite a lot of variation both in terms of the overall level and in its composition. In particular, despite the fact that the most important indirect taxes are harmonised at EU level, there is substantial variation in the amount of revenues raised from consumption taxes. This is due to the fact that harmonisation usually does not directly translate into the setting of actual tax rates (e.g. equalizing them), but that structures and some minimum requirements are harmonised (e.g. minimum excise duties on mineral oils). Even greater variation is visible in revenues from capital and business income, while some smaller revenue sources, such as taxation of stocks of capital/wealth and taxation of non-employed labour (essentially pensions and social security benefits) range from significant to negligible. This primarily reflects the choice made in the different Member States to provide social benefits and pensions either on a gross or a net basis. Overall, the taxes levied on (employed) labour income, which are usually withheld at source (i.e. personal income tax levied on wages and salaries income plus social contributions), represent the most prominent source of revenue, contributing almost 50 % of overall receipts on average, followed by consumption at roughly one third and then capital at around one fifth.

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) 2009, in % of GDP



Source: Commission services

The three panels in Graph II-1.2 show the share of the overall tax revenue from the three different economic functions.

Graph II-1.2: **Distribution of the total tax burden according to economic function**
2009, in % of total tax burden



Source: Commission services

The results shown in the first panel, on the share of consumption taxes in overall revenues, are interesting in several respects. First, there is a clear outlier, Bulgaria, where the share of consumption taxes is more than 10 percentage points higher than in the runner-up, Estonia, at over 40 %. Several other countries display consumption tax shares above 35 %. For Bulgaria, the outstanding revenues in consumption taxes are mainly due to the high share of domestic final consumption in GDP. Generally, it is a distinctive feature of the EUR-12 to display a high reliance on consumption taxes: the first 11 positions in the ranking all refer to countries that joined the Union in the last two enlargement rounds. Only the remaining new Member State, the Czech Republic, displays a share of consumption taxes below the EU average.

Apart from the fact that generally, final domestic consumption amounts to a large share of GDP in the new Member States, two additional factors explain the high revenue share of consumption taxes. First, purely statistically, the comparatively lower taxation of labour in countries such as Malta and Cyprus symmetrically tends to boost the share of consumption taxation. In addition, this distribution is also linked to other structural factors, such as the fact that in the new Member States the energy intensity of the economy is generally higher (as an important element of consumption taxes is represented by mineral oil excise duties). Third, the share of taxes on alcohol and tobacco amounts to an average of 5.1 % of total taxation in the new Member States, while it only accounts for 2.5 % of total taxation in the old Member States.

For many of the old Member States, the low share from consumption taxes is mostly the mirror image of high labour taxation. Moreover, for countries such as Italy and Spain, relatively low VAT revenue is partly owing to exemptions and reduced rates, which are applied to a relatively large base, as well as a low standard rate for Spain. Another interesting fact is that differences in the shares of consumption taxes between Member States had been growing quite markedly in the 2000-2006 period, as shown by divergence indicators (see Table 42 in Annex A), but rates have converged somewhat since. However, currently the dispersion among the Member States is still larger compared to the one in 2000. Accordingly, the difference between the highest and the lowest share has been increasing by almost 50 % over the same time period. This is driven by the fact that those countries where the share of consumption taxes is highest, have been increasing further their reliance on this type of taxes, while countries with low consumption taxes have for the most part seen revenue dwindle or stagnate.

The second panel in Graph II-1.2 presents the level of labour taxes in overall tax revenue. The importance of labour taxes is highlighted by the fact that 15 of the EU Member States derive half or more of their revenue from labour taxes: 10 raise between 50 % and 55 % of the total, while Sweden, Austria, Germany, Denmark and Finland obtain more than 55 %. The bottom half of the distribution is more dispersed, with Malta raising the least amount of financing from labour, a mere 28.7 % of the total. Taxes on labour comprise, in addition to taxes on wages and payroll taxes, social security contributions and taxes on other income (see Box C.3 in Methodology Part C). This, together with the fact that high top PIT do not contain any information about average rates, is the reason why high top PIT rates do not necessarily translate into a high tax share on labour. However, in the three lowest ranking countries Malta, Bulgaria and Cyprus the top PIT rates lie below the EU average (although not by much in the case of Malta); the top PIT rate (flat rate) of 10 % is particularly low in Bulgaria. Of those countries obtaining more than 55 % of their tax revenues from labour taxation, the top PIT rates for Austria and Germany are about 50 %, and higher still in Denmark and Sweden with respectively 59.0 % and 56.4 %.

Another interesting feature of this graph is the great variation in tax revenue from non-employed labour; this category refers to personal income tax and/or social contributions that are raised on old-age pension benefits and social benefits. Revenues vary markedly from country to country given widely different traditions in the taxation of benefits and transfers, some of which are frequently exempted from taxation. Denmark and Sweden stand out in this respect, but also, among others, the Netherlands, Germany, Finland and Italy raise a significant amount of taxes on such benefits. Given, however, that the granting of unemployment benefits is tightly linked to the labour market situation, the revenue raised from taxes on benefits depends on the business cycle and therefore varies over time. In particular it is likely that the revenue share of non-employed labour is higher in economic downturns, as first more cyclically dependent benefits are

granted and second the overall tax revenues tend to be lower. In the other Member States the amount of tax raised on such benefits is generally lower, if not negligible. Countries with low taxation of employed labour usually tax the non-employed lightly or not at all ⁽³⁵⁾.

The bottom panel in Graph II-1.2 highlights the differences in the extent of capital taxation. The share of revenue yielded by capital taxes is large in Malta, United Kingdom, Luxembourg, Cyprus, Italy and Poland, where they contribute over one quarter of total taxes. Only some of these countries however raise corporate income taxes at above-average rates, highlighting that many factors determine capital tax revenue. In 2009, the revenue share on capital taxes was smallest in Estonia and Latvia where they contribute less than one tenth of total tax revenue. This is partly reflecting the low corporate income tax rates, as well as tax exemptions of retained earnings in Estonia. As for their composition, taxes raised on capital and business income are generally more important than taxes on stocks of capital/wealth; one notable exception is France, where taxes on wealth lead to broadly equal proportions between the two types (in 2009 wealth and stock taxes raised even more revenue than taxes on capital and business income). In the NMS-12, these taxes by and large yield a lower share of revenue than in the EU-15; this might be linked, however, to a lower aggregate value and productivity of the capital stock.

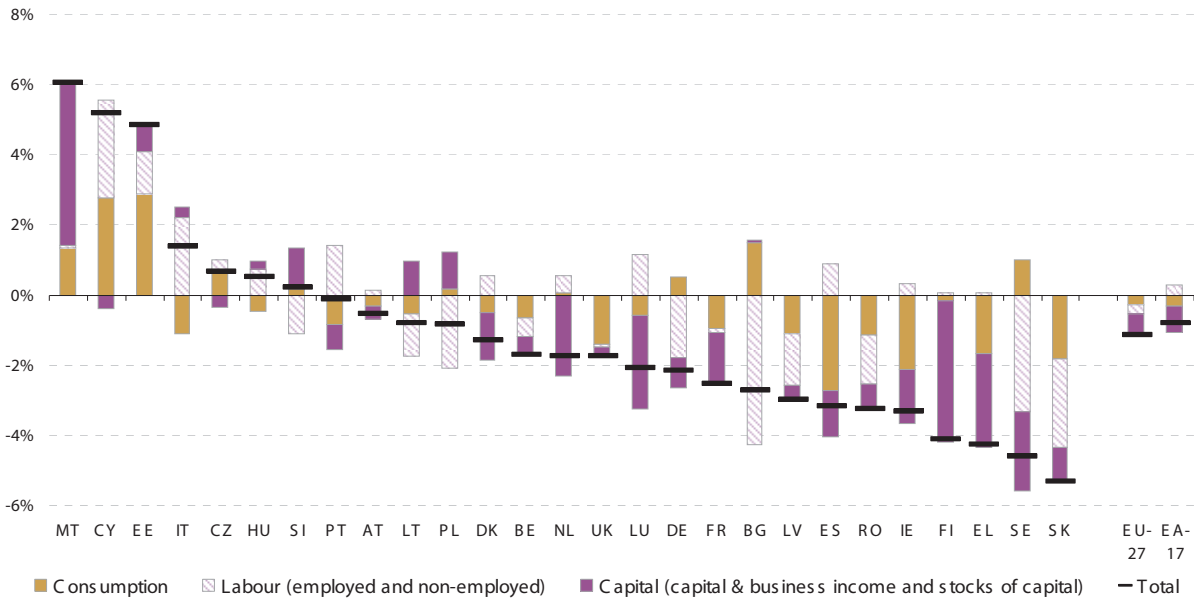
Additional details on the structures of the taxation systems by economic function in the individual Member States are given in the country chapters in Part III of this publication.

Breakdown of revenue by economic function: changes over time

The distribution of the overall tax burden by economic function has undergone some important changes since the base year 2000. The pattern is rather uniform across Member States with the vast majority of them witnessing lower tax-to-GDP ratios (see Graph II-1.3 ; the black line represents the sum of the changes of the different components as % of GDP). However, these results are significantly influenced by the heavy effect of the crisis in 2009 which has depressed revenue from all taxes. Compared to 2000 all types of taxes show declining revenue except for labour tax revenue in the euro zone. The strongest declines are visible for capital tax revenue, but these are particularly sensitive to the cycle.

⁽³⁵⁾ It should be pointed out, however, that since the statistical identification of these taxes is rather difficult, such taxes may well be underestimated by the ratios presented here. Note also that often transfers or benefits are not taxed upon reception but previously; in those cases, the taxes levied cannot be identified as having been raised on transfers or benefits and are therefore, as a rule, booked as taxes on employed labour income.

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**
2000-2009, in % of GDP

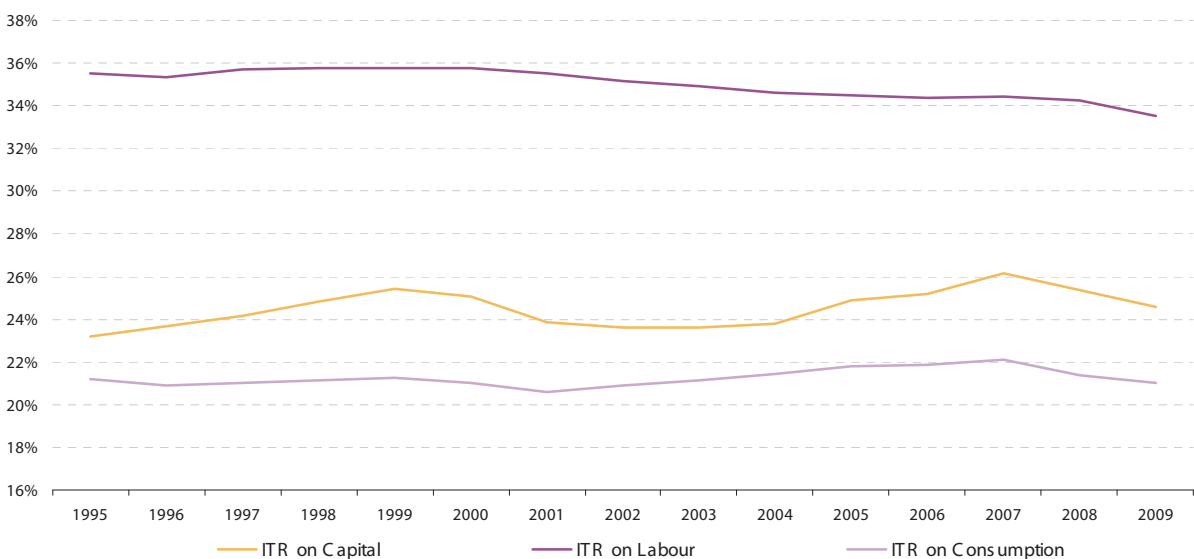


Source: Commission services

Overall trends in implicit tax rates

Graph II-1.4 displays the evolution of the three main implicit tax rates, on labour, on consumption and capital, between 1995 and 2009. These ITRs are commented in detail in the next chapters. They are here juxtaposed to highlight that implicit tax rates on labour, despite their gradual decline, remain well above those for capital and consumption.

Graph II-1.4: **Development of implicit tax rates**
EU-25 average, 1995-2009, in %



Source: Commission services

2

Trends in the implicit tax rate on consumption

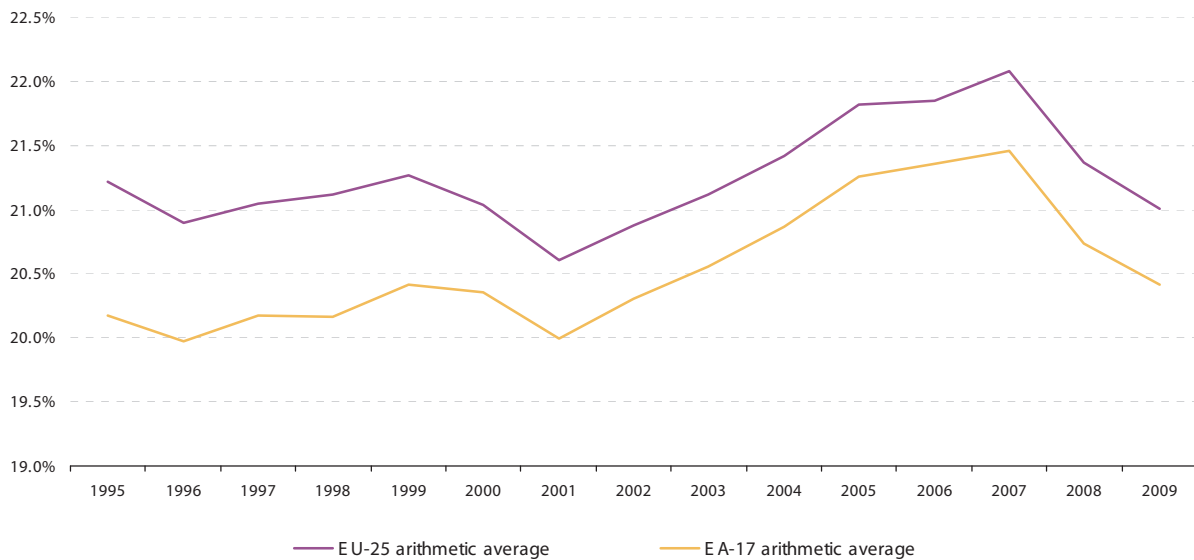
2. TRENDS IN THE IMPLICIT TAX RATE ON CONSUMPTION

Tax burden on consumption increasing

Graph II-2.1 and Table II-2.1 show the trend development of the ITR on consumption in the period under consideration. The economic and financial crisis has interrupted the broad trend towards higher ITRs that took place in a large number of Member states in the first decade of the century.

Overall, the EU-27 average ITR on consumption decreased by 0.6 percentage points from 2007 to 2008, followed by a further drop of half a percentage point in 2009, even though several countries increased consumption tax rates in that year. This development might seem somewhat surprising, as one might expect a relative stability of this type of indicator across the cycle, but it confirms a trend already visible in the 2010 edition of the report.

Graph II-2.1: **Implicit tax rate on consumption**
1995-2009



Source: Commission services

Table II-2.1: **Implicit tax rates on consumption in the Union**
1995–2009, in %

																Difference	
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995-2009	2000-2009
BE	20.5	21.1	21.3	21.1	22.1	21.8	20.9	21.4	21.4	22.1	22.3	22.4	22.0	21.2	20.9	0.5	-0.8
BG	17.3	14.5	13.9	19.8	17.4	18.5	17.7	16.6	19.5	22.0	22.8	23.6	22.9	24.9	21.4	4.1	2.9
CZ	22.1	21.2	19.4	18.6	19.7	19.4	18.9	19.3	19.6	21.8	22.2	21.2	22.0	21.1	21.6	-0.5	2.2
DK	30.5	31.6	31.9	32.7	33.7	33.4	33.5	33.7	33.3	33.3	33.9	34.2	33.9	32.6	31.5	1.0	-1.9
DE	18.8	18.3	18.1	18.3	19.0	18.9	18.5	18.5	18.6	18.2	18.1	18.2	19.7	19.7	19.8	1.0	0.9
EE	20.3	19.2	20.5	18.7	17.8	19.5	19.6	19.9	19.8	19.6	21.9	22.7	23.7	21.1	27.6	7.2	8.1
IE	24.8	24.6	25.1	25.3	25.6	25.5	23.7	24.5	24.4	25.5	26.1	26.3	25.1	23.3	21.6	-3.2	-3.9
EL	:	:	:	:	:	16.5	16.7	16.1	15.5	15.3	14.8	15.1	15.5	14.8	14.0	:	-2.4
ES	14.2	14.4	14.6	15.3	15.9	15.7	15.2	15.4	15.8	16.0	16.3	16.3	15.9	14.1	12.3	-1.9	-3.4
FR	21.5	22.1	22.2	22.0	22.1	20.9	20.3	20.3	20.0	20.1	20.1	19.9	19.5	19.1	18.5	-3.0	-2.3
IT	17.4	17.1	17.3	17.8	18.0	17.9	17.3	17.1	16.6	16.8	16.7	17.3	17.2	16.5	16.3	-1.2	-1.7
CY	12.6	12.3	11.3	11.5	11.3	12.7	14.3	15.4	18.9	20.0	20.0	20.4	21.0	20.8	17.9	5.3	5.2
LV	19.4	17.9	18.9	21.1	19.4	18.7	17.5	17.4	18.6	18.3	20.1	20.0	19.6	17.4	16.9	-2.5	-1.7
LT	17.7	16.4	20.4	20.7	19.2	17.9	17.5	17.9	17.0	16.1	16.6	16.7	17.9	17.6	16.5	-1.2	-1.4
LU	21.0	20.8	21.5	21.5	22.4	23.0	22.6	22.6	23.8	25.4	26.3	26.4	27.1	27.3	27.3	6.3	4.3
HU	29.6	28.6	26.4	26.8	27.1	27.5	25.6	25.3	26.0	27.4	26.3	25.6	27.0	26.6	28.2	-1.4	0.7
MT	14.8	14.0	14.8	13.8	14.8	15.9	16.5	18.1	16.5	17.3	19.2	19.5	19.8	19.3	19.5	4.6	3.6
NL	23.3	23.4	23.6	23.5	23.9	23.8	24.4	23.9	24.2	24.8	25.0	26.5	26.7	26.9	26.2	2.9	2.4
AT	20.5	21.1	22.1	22.3	22.8	22.1	22.1	22.5	22.2	22.1	21.7	21.3	21.6	21.6	21.7	1.2	-0.4
PL	20.7	20.7	19.7	18.9	19.5	17.8	17.2	17.9	18.3	18.4	19.7	20.4	21.4	21.1	19.0	-1.8	1.2
PT	18.1	18.6	18.3	19.0	19.0	18.2	18.2	18.7	18.8	18.7	19.6	19.9	19.0	18.0	16.2	-2.0	-2.0
RO	:	11.7	12.4	14.2	16.3	17.0	15.6	16.2	17.7	16.4	17.9	17.8	18.0	17.7	16.9	:	-0.1
SI	24.6	24.1	22.9	24.4	25.1	23.5	23.0	23.9	24.0	23.9	23.6	23.8	23.8	23.9	24.2	-0.5	0.7
SK	26.4	24.6	23.6	23.0	21.4	21.7	18.8	19.0	20.7	21.1	21.8	19.9	20.2	18.7	17.3	-9.1	-4.4
FI	27.6	27.4	29.2	29.0	29.3	28.5	27.6	27.7	28.1	27.7	27.6	27.2	26.5	26.0	25.7	-1.8	-2.7
SE	27.8	27.0	26.8	27.3	27.0	26.3	26.5	26.8	26.9	26.8	27.2	27.1	27.4	27.8	27.6	-0.2	1.4
UK	19.6	19.6	19.5	19.2	19.4	18.9	18.7	18.5	18.8	18.6	18.2	18.0	18.0	17.5	16.8	-2.9	-2.1
NO	31.0	31.1	31.9	31.6	31.4	31.2	30.6	29.7	28.4	28.9	29.6	30.9	31.4	29.4	28.9	-2.1	-2.2
IS	28.2	28.5	28.2	27.5	28.6	27.1	25.0	25.8	26.3	27.9	29.3	30.6	29.1	26.2	24.3	-3.9	-2.8
EU-27	20.7	20.3	20.5	20.8	20.9	20.8	20.3	20.5	20.9	21.3	21.7	21.8	22.0	21.4	20.9	0.2	0.1
EU-25	21.2	20.9	21.0	21.1	21.3	21.0	20.6	20.9	21.1	21.4	21.8	21.9	22.1	21.4	21.0	-0.2	0.0
EA-17	20.2	20.0	20.2	20.2	20.4	20.4	20.0	20.3	20.6	20.9	21.3	21.4	21.5	20.7	20.4	0.2	0.1

Source: Commission services

There are various possible reasons for this development. In part, it is likely to be the consequence of a shift in consumption patterns towards primary goods, which are normally subject to lower VAT rates. In addition, involuntary inventories accumulated by businesses due to the severity of the downturn at the end of 2008 might have led to significant VAT refunds by tax administrations.

Some countries experienced particularly large decreases in their ITR in 2009: Bulgaria (-3.5 percentage points), Cyprus (-2.9 percentage points), Poland (-2.1 percentage points), Portugal (-1.8 percentage points) and Ireland (-1.7 percentage points). On the other hand some countries have experienced significant increases in their ITR on consumption in 2009: Estonia (by 6.5 percentage points) and Hungary (by 1.6 percentage points). For these two countries, the sharp increase of the ITR on consumption in 2009 reflects increases in VAT and excise duty rates. Other countries however also saw significant hikes in VAT rates yet experienced a decline in the ITR (e.g. Latvia). The only country for which no change in ITR on consumption was noted is Luxembourg with 27.3 %.

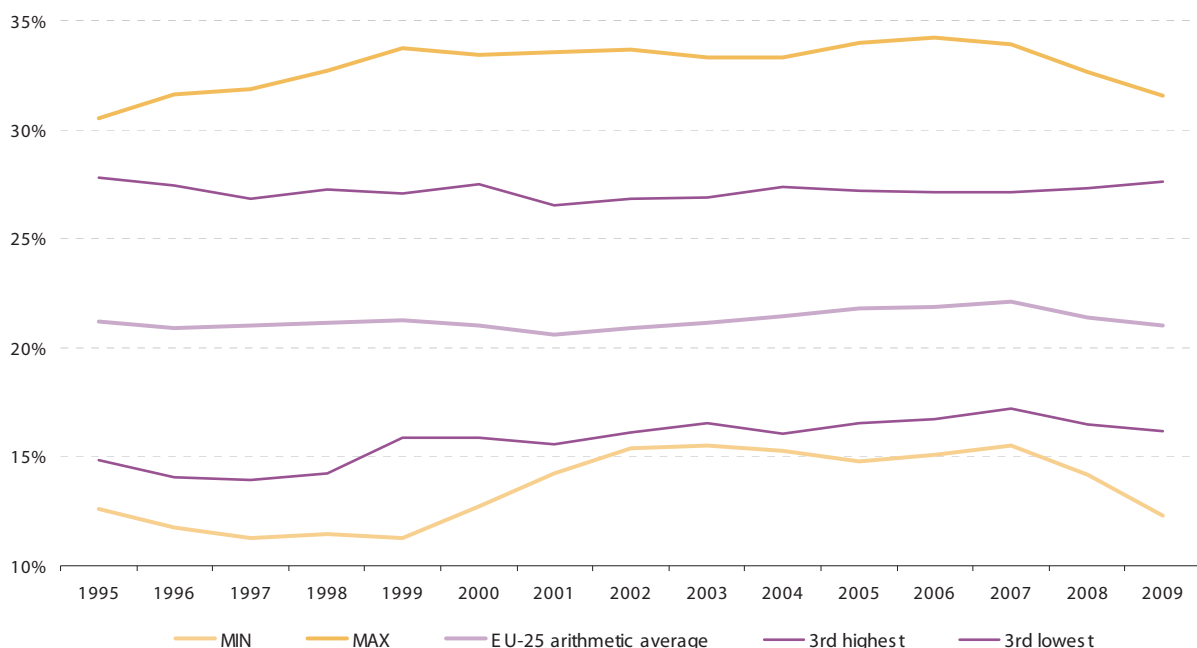
Although compared with the base year 2000 the EU average has not moved much, this was the result of conflicting trends not only over time, but also at the level of Member States. In particular, 14 Member States have experienced declines in their ITRs on consumption, several of which remarkable in their extent. The most notable declines in the ITR were in Slovakia (-4.4 percentage points), Ireland (-3.9 percentage points), Spain (-3.4 percentage points), Finland (-2.7 percentage points), Greece (-2.4 percentage points), France (-2.3), the United Kingdom (-2.1 percentage points) and in Portugal (-2.0 percentage points). On the other hand, half of the Members States show increases in their ITRs on consumption. In the period 2000–2009, the most remarkable increases of ITR on consumption took place in Estonia (by 8.1 percentage points), Cyprus (by 5.2 percentage points), Luxembourg (by 4.3 percentage points), Malta (by 3.6

percentage points), Bulgaria (by 2.9 percentage points), the Netherlands (by 2.4 percentage points) and the Czech Republic (by 2.2 percentage points).

Graph II-2.2 gives an indication of the degree of convergence by showing the minimum and maximum values for the ITRs on consumption for the relevant years, followed by the third extreme values; the respective lines form 'external' and 'internal' bands. The external bands depict the maximum deviation of the ITRs, within which all the rates are located, while the internal bands give a good picture of the majority of Member States. The graph clearly shows that during the period 1999-2007 the lowest ITRs on consumption were strictly converging upwards to the average, while the highest ones were almost stable with a slight tendency to decrease from 2006. Both the low consumption taxing and high consumption taxing countries experienced a slow increase in the ITRs, which is reflected in the upward trend of the EU-25 arithmetic average from 2001. The picture changed significantly from 2008. Both the maximum and minimum rates decreased in a more important way than the average. Convergence can be analysed with the two other indicators shown in Table 77 in Annex A, namely the difference between the maximum and minimum value and the ratio between the standard deviation and the mean. The indicators show convergence over the period 1999-2007; this was mostly due to the rise in the ITRs in most of the New Member States. This trend, however, has reversed since 2008. The spread of the ITRs on consumption has widened in 2008 and 2009.

In 2009, the difference between the maximum and minimum value increased further and reached the level close to the level of 2001. The ratio between the standard deviation and mean again increased significantly and reached its highest level since 1997.

Graph II-2.2: **Implicit tax rate on consumption in the EU-27: 2009 level**
1995–2009



Source: Commission services

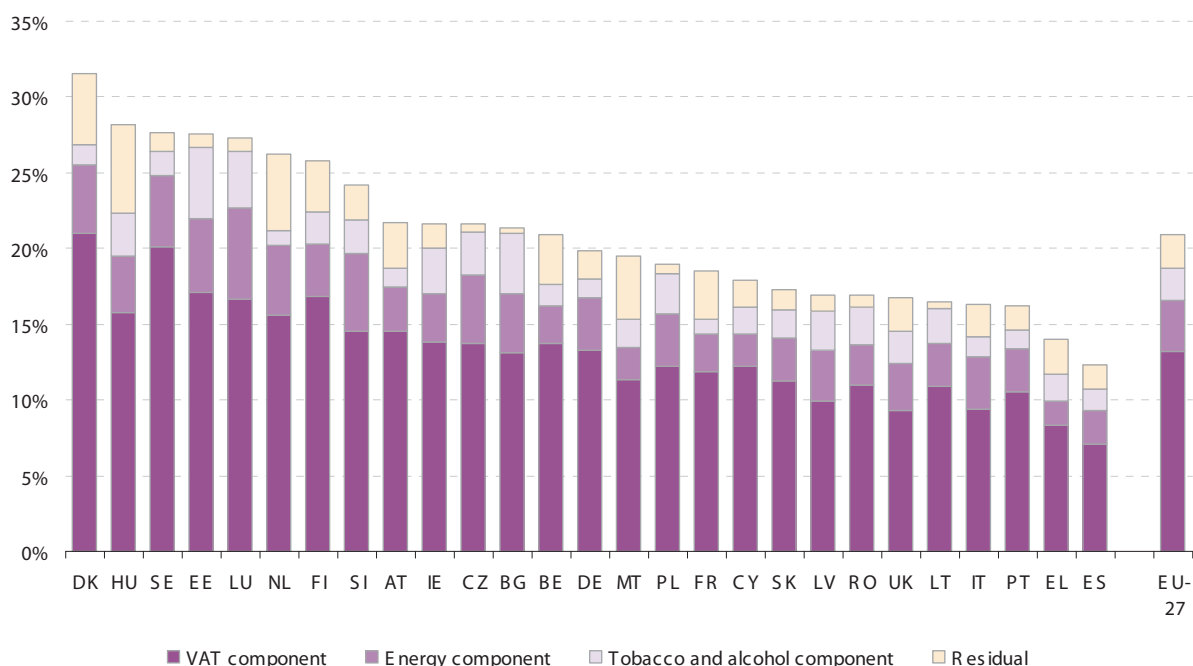
Implicit tax rate on consumption in the EU-27: 2009 level

The arithmetic average implicit tax rate for the EU-27 is 20.9 % for 2009. The lowest ITR on consumption throughout the whole Union is for Spain (12.3 %) followed by Greece (14 %), Portugal (16.2 %), Italy (16.3 %), Lithuania (16.5 %) and the United Kingdom (16.8 %). In the high consumption taxing countries Denmark stands out with 31.5 %, over three

percentage points above the second Member State: Hungary (28.2 %), followed by Estonia and Sweden (both 27.6%) and Luxembourg (27.3 %).

The aggregate level of the ITR on consumption reflects the existence of several taxes on consumption, that are different in nature and justification. Thus, a certain level of disaggregation is needed to highlight different components of the ITR on consumption and their share in the composition of the aggregate. The approach taken in this report has been to classify consumption taxes into four main sub-components: VAT, energy, excise duties on tobacco and alcohol and residual (see Graph II-2.3). This breakdown follows the approach introduced the first time in the 2007 report constructed on the basis of the National List of Taxes supplied by Member States (see online version of the report).

Graph II-2.3: **Decomposition of the ITR on consumption**
2009



Note: Italian data on tobacco and alcohol include revenue from stamp duties.

Source: Commission services

Not surprisingly, the VAT component is the largest. Nevertheless in all Member States the non-VAT component of the ITR is far from negligible; it ranges from lows of respectively 27.3 % in Sweden and 31.8% in Cyprus up to highs of 42.1 % for Italy, 42.7 % for Spain, 44 % for Hungary and 44.5 % for the United Kingdom.

VAT component of the ITR

The variation in the VAT component of the ITR, while non-negligible, is not as marked as that registered for the other three. Although the highest VAT component of the ITR is more than double the lowest, the variation in the other three components of the ITR (energy, tobacco and alcohol, residual) is even wider ⁽³⁶⁾.

⁽³⁶⁾ It should be noted that in order to obtain an additive breakdown of the ITR, a single denominator is used, i.e. the value of private consumption. This approach delivers a good description of the respective roles played by the VAT and the other consumption taxes in shaping the ITR. However, for the non-VAT components, the shares of the ITR component do not represent an ITR-type measure of the burden on the excisable goods, as their base represents only a small portion of the final consumption.

Energy component

The energy tax component of the ITR on consumption, consisting mainly of excise duties on motor vehicle fuels, usually accounts for between two and five percentage points, the average being 3.4 points. The lowest values are found in Greece (1.6 percentage points) followed by Cyprus and Malta (both 2.2 percentage points) and Spain (2.3 percentage points), while the highest are found in Luxembourg (6.1 percentage points), followed by Slovenia (5.2 percentage points), Estonia (4.8 percentage points), Sweden (4.7 percentage points), Denmark and the Netherlands (both 4.6 percentage points) and the Czech Republic (4.5 percentage points). Despite the transitional periods granted to most of the new Member States, the energy component is in line with the EU average and rather high in some of them, e.g. in Slovenia (5.2 percentage points) and in Estonia (4.8 percentage points), as well as in the Czech Republic where the component amounts to 4.5 percentage points. A high contribution of the energy component does however not necessarily imply high excise rates but may be due to a comparatively high share of energy use in the economy; conversely high taxation of energy could in theory result in a low energy component if the heavy taxes succeed in discouraging energy use (see also chapter on environmental taxation)⁽³⁷⁾.

Tobacco and alcohol component

Taxation of alcohol and tobacco amounts to, on average, the equivalent of 2.1 percentage points. The range of variation is however wide, extending from 1.0 percentage points in the Netherlands to 4.3 percentage points in Bulgaria. Other countries where tobacco and alcohol taxes raise little income include Austria and France (both 1.2 percentage points) as well as Denmark and Italy (both 1.3 percentage points) whereas in Luxembourg and Poland this component accounts for a significant portion of the ITR (3.6 percentage points in both cases).

Another issue is the effect of the elasticity of cigarettes and alcohol consumption on income. As this is typically low, their share in the final consumption in countries with higher disposable income per capita is typically lower; thus the tobacco and alcohol component is relatively small in comparison with the countries with lower disposable income per capita. In this regard it is not surprising that the lowest contributions from tobacco and alcohol taxation are typically found in the old Member States, the only exceptions being Luxembourg (where, however, consumption by tourists is likely to play a non-negligible role) and Ireland. As mentioned in the case of the energy component, a high tobacco and alcohol component does not necessarily imply high tax rates (and vice versa).

Residual

The residual component in the ITR on consumption not only varies a lot among Member States in level but is also rather heterogeneous in its composition. It is largest in Hungary (5.8 %), the Netherlands (5 %) and Denmark (4.7 %) whereas it is very limited in most of the countries of central and Eastern Europe. In the case of Hungary, the residual is to a large extent due to the local tax on company sales. The Netherlands applies a wide range of green taxes, e.g. environmental taxes (taxes on groundwater, tap water, waste materials, fuels and the regulatory energy tax) and taxes on vehicles (goods vehicle tax, tax on private cars and motorcycles and tax on heavy goods vehicles). Denmark stands out for the great number of additional duties, most of which are also pollution and transport taxes (Tables 67 to 76 in Annex A list the revenue amounts for energy, pollution and transport taxes in detail).

VAT component of the ITR on consumption

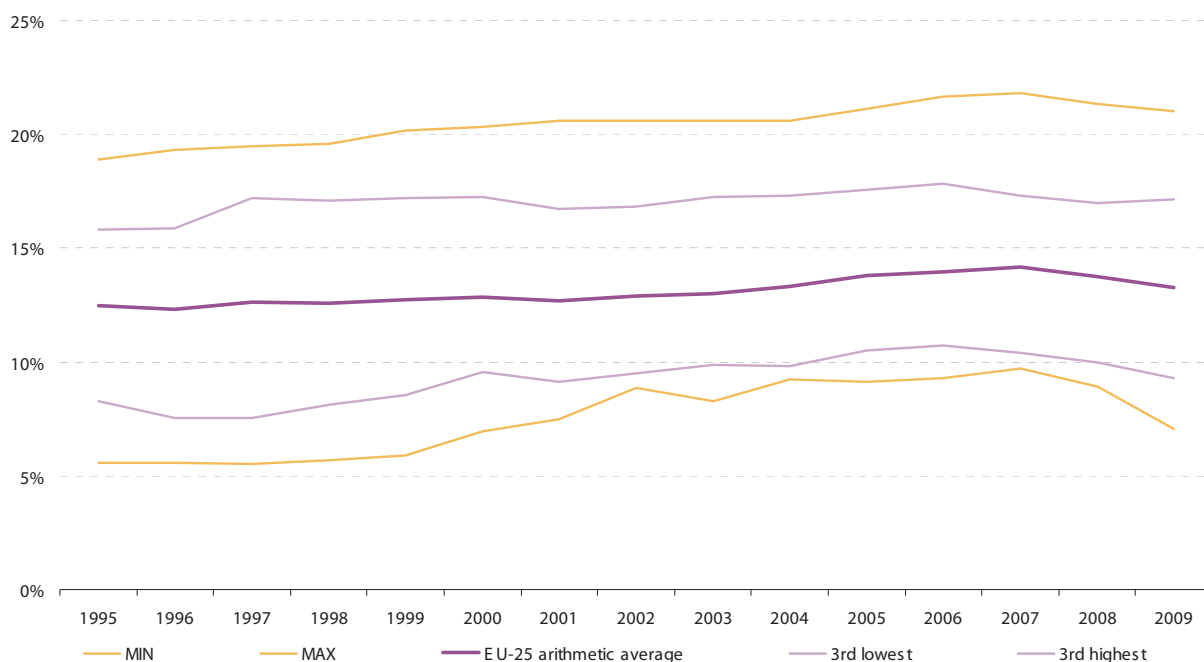
The upward trend of the VAT component of the ITR on consumption which can be noticed over the 1995-2007 period has been partly reversed from 2008 onwards (see Graph II-2.4) and this applies both to the average, the extremes and the third lowest value, while the third highest value has increased slightly in 2009 after the fall in 2007 and 2008. The value observed for the EU-25 average decreased by 0.4 percentage points in 2008 and by 0.5 points in 2009 while significant

⁽³⁷⁾ Note also that the energy component identified in this table does not necessarily include all the revenue data listed in Table 69 in Annex A, as that may include energy taxes other than excise duties, although excise duties will generally represent the bulk of them.

reductions were also recorded for the minimum, maximum and the third lowest values. The high extremes in 2009, which are left out of the inner bands, are represented by Denmark and Sweden and the low by Spain and Greece.

In 2009 twenty-one Member States experienced decreases in the VAT component of the ITR. Given that VAT rates were not cut in that year (see Table II-2.2), this result can be explained by a shift of consumption towards goods and services subject to lower rates or to exemption, the inventory cycle or revenue collection problems (see discussion above). The most important reductions took place in Bulgaria (-2.7 percentage points), Cyprus (-2.5 percentage points), Spain (-1.9 percentage points) and Portugal (-1.8 percentage points). On the other side, in countries such as Estonia and Hungary the increase was significant (2.8 and 1.5 percentage points respectively).

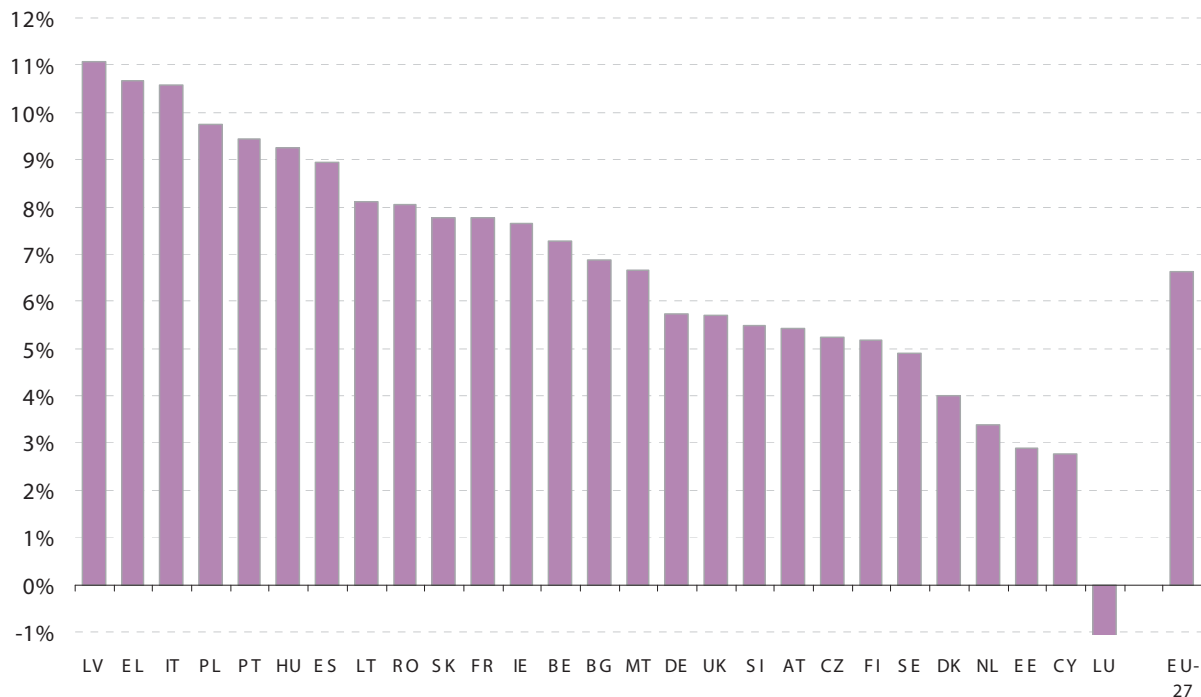
Graph II-2.4: **VAT component of the ITR on consumption**
1995-2009



Source: Commission services

A better insight into the peculiarities of the VAT tax bases in the Member States' tax systems is given by a specific indicator representing the difference between the generally applicable statutory VAT rate (disregarding reduced rates) and the VAT component of the ITR on consumption. This indicator, which we call 'VAT reduced rate and base indicator', was presented for the first time in the 2007 edition of the report; it aims at giving a snapshot of the extent by which a given VAT system approximates a 'pure' consumption tax, characterised by a flat rate and the widest possible tax base (i.e. the entire value of private consumption without exemptions). A low value of this indicator suggests that the VAT tax base approximates the value of private consumption and, hence, reduced rates and VAT exemptions play a minor role, while a high value represents an indication that a substantial share of private consumption is spared from taxation at the standard VAT rate. Other factors contributing to a high indicator value could also be represented either by a high registration threshold for VAT, implying taxation of only a share of intermediate consumption or significant levels of VAT evasion or avoidance, which cannot be measured but directly affect the value of the indicator, increasing its value proportionately. An increase in insolvencies due to the crisis and revenue collection problems in general could also have driven the indicator upwards.

Graph II-2.5: **VAT reduced rate and base indicator**
2009, in percentage points



Source: Commission services

Graph II-2.5 shows that for Latvia, Greece, Italy and Poland the indicator reaches ten percentage points or more in 2009. Despite a rise in the standard VAT rate in Latvia from 18 % to 21 % and in the reduced rate from 5 % to 10 % in 2009 and the substantial reduction in the number of categories of goods and services for which the reduced VAT rate applies, Latvia shows the highest level of the VAT reduced rate and base indicator. Given the increase from the previous year and the depth of the recession in that country (real GDP fell by 18.0%), the high level of the indicator in 2009 may be due to cyclical developments, such as a particularly strong redirection of consumption patterns towards necessities such as primary goods. In Greece, the broad application of lower rates (e.g. to agricultural products, hotel accommodation and restaurant services as well as to part of the territory) have an impact on the high level of the indicator. A major explanation for the high value of the indicator for Italy lies in the wide application of the reduced (10 %) and super-reduced (4 %) rates; these apply to widely consumed goods and services such as foodstuffs, transport, books and periodicals, pharmaceuticals, public facilities, hotel accommodation, restaurant services, and residential housing; the favourable treatment of housing in particular is likely to have a significant impact on revenues. In Poland, as of 2006, the reduced rates are also widely applicable and considerably lower: the super-reduced rate is 3 % and the reduced rate 7 %.

The lowest value is attributable to Cyprus (2.8 %). As for Luxembourg (the indicator is -1.7 %), the geographical smallness of the territory and the significant expenditure by non-residents generally make the interpretation of the ITR difficult; revenues from consumption taxes paid by non-residents might therefore be the main cause for its negative indicator value. Estonia and the Netherlands also display low values in 2009 (2.9 % and 3.4 % respectively).

Table II-2.2: VAT rates in the Member States
2000-2011, in %

Member State	VAT rate	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
BE	Standard	21	21	21	21	21	21	21	21	21	21	21	21
	Reduced	6/12	6/12	6/12	6/12	6/12	6/12	6/12	6/12	6/12	6/12	6/12	6/12
BG	Standard	20	20	20	20	20	20	20	20	20	20	20	20
	Reduced	-	-	-	-	-	-	-	7	7	7	7	9
CZ	Standard	22	22	22	22	19	19	19	19	19	19	20	20
	Reduced	5	5	5	5	5	5	5	5	9	9	10	10
DK	Standard	25	25	25	25	25	25	25	25	25	25	25	25
	Reduced	-	-	-	-	-	-	-	-	-	-	-	-
DE	Standard	16	16	16	16	16	16	16	19	19	19	19	19
	Reduced	7	7	7	7	7	7	7	7	7	7	7	7
EE	Standard	18	18	18	18	18	18	18	18	18	20	20	20
	Reduced	5	5	5	5	5	5	5	5	5	9	9	9
IE	Standard	21	20	21	21	21	21	21	21	21	21.5	21	21
	Reduced	12.5 (4.2)	12.5 (4.3)	12.5 (4.3)	13.5 (4.3)	13.5 (4.4)	13.5 (4.8)	13.5 (4.8)	13.5 (4.8)	13.5 (4.8)	13.5 (4.8)	13.5 (4.8)	13.5 (4.8)
EL	Standard	18	18	18	18	18	19	19	19	19	19	23	23
	Reduced	8 (4)	8 (4)	8 (4)	8 (4)	8 (4)	9 (4.5)	9 (4.5)	9 (4.5)	9 (4.5)	9 (4.5)	5.5/11	6.5/13
ES	Standard	16	16	16	16	16	16	16	16	16	16	18	18
	Reduced	7 (4)	7 (4)	7 (4)	7 (4)	7 (4)	7 (4)	7 (4)	7 (4)	7 (4)	7 (4)	8 (4)	8 (4)
FR	Standard	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6
	Reduced	5.5 (2.1)	5.5 (2.1)	5.5 (2.1)	5.5 (2.1)	5.5 (2.1)	5.5 (2.1)	5.5 (2.1)	5.5 (2.1)	5.5 (2.1)	5.5 (2.1)	5.5 (2.1)	5.5 (2.1)
IT	Standard	20	20	20	20	20	20	20	20	20	20	20	20
	Reduced	10 (4)	10 (4)	10 (4)	10 (4)	10 (4)	10 (4)	10 (4)	10 (4)	10 (4)	10 (4)	10 (4)	10 (4)
CY	Standard	10	10	13	15	15	15	15	15	15	15	15	15
	Reduced	5	5	5	5	5	5	5/8	5/8	5/8	5/8	5/8	5/8
LV	Standard	18	18	18	18	18	18	18	18	18	21	21	22
	Reduced	-	-	-	9	5	5	5	5	5	10	10	12
LT	Standard	18	18	18	18	18	18	18	18	18	19	21	21
	Reduced	5	5/9	5/9	5/9	5/9	5/9	5/9	5/9	5/9	5/9	5/9	5/9
LU	Standard	15	15	15	15	15	15	15	15	15	15	15	15
	Reduced	6/12 (3)	6/12 (3)	6/12 (3)	6/12 (3)	6/12 (3)	6/12 (3)	6/12 (3)	6/12 (3)	6/12 (3)	6/12 (3)	6/12 (3)	6/12 (3)
HU	Standard	25	25	25	25	25	25	20	20	20	25	25	25
	Reduced	0/12	0/12	0/12	0/12	5/15	5/15	5/15	5	5	5/18	5/18	5/18
MT	Standard	15	15	15	15	18	18	18	18	18	18	18	18
	Reduced	5	5	5	5	5	5	5	5	5	5	5	5/7
NL	Standard	17.5	19	19	19	19	19	19	19	19	19.0	19	19
	Reduced	6	6	6	6	6	6	6	6	6	6	6	6
AT	Standard	20	20	20	20	20	20	20	20	20	20	20	20
	Reduced	10	10	10	10	10	10	10	10	10	10	10	10
PL	Standard	22	22	22	22	22	22	22	22	22	22	22	23
	Reduced	7 (3)	7 (3)	7 (3)	7 (3)	7 (3)	7 (3)	7 (3)	7 (3)	7 (3)	7 (3)	7 (3)	5/8
PT	Standard	17	17	19	19	19	21	21	21	20	20	21	23
	Reduced	5/12	5/12	5/12	5/12	5/12	5/12	5/12	5/12	5/12	5/12	6/13	6/13
RO	Standard	19	19	19	19	19	19	19	19	19	19	24	24
	Reduced	-	-	-	-	9	9	9	9	9	5/9	5/9	5/9
SI	Standard	19	19	20	20	20	20	20	20	20	20	20	20
	Reduced	8	8	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
SK	Standard	23	23	23	20	19	19	19	19	19	19	19	20
	Reduced	10	10	10	14	-	-	-	10	10	10	6/10	10
FI	Standard	22	22	22	22	22	22	22	22	22	22	23	23
	Reduced	8/17	8/17	8/17	8/17	8/17	8/17	8/17	8/17	8/17	8/17	9/13	9/13
SE	Standard	25	25	25	25	25	25	25	25	25	25	25	25
	Reduced	6/12	6/12	6/12	6/12	6/12	6/12	6/12	6/12	6/12	6/12	6/12	6/12
UK	Standard	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	15	17.5	20.0
	Reduced	5	5	5	5	5	5	5	5	5	5	5	5
EU-27	Standard	19.2	19.3	19.5	19.5	19.4	19.6	19.4	19.5	19.4	19.8	20.4	20.7

Note: 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. Super reduced rates are shown in brackets

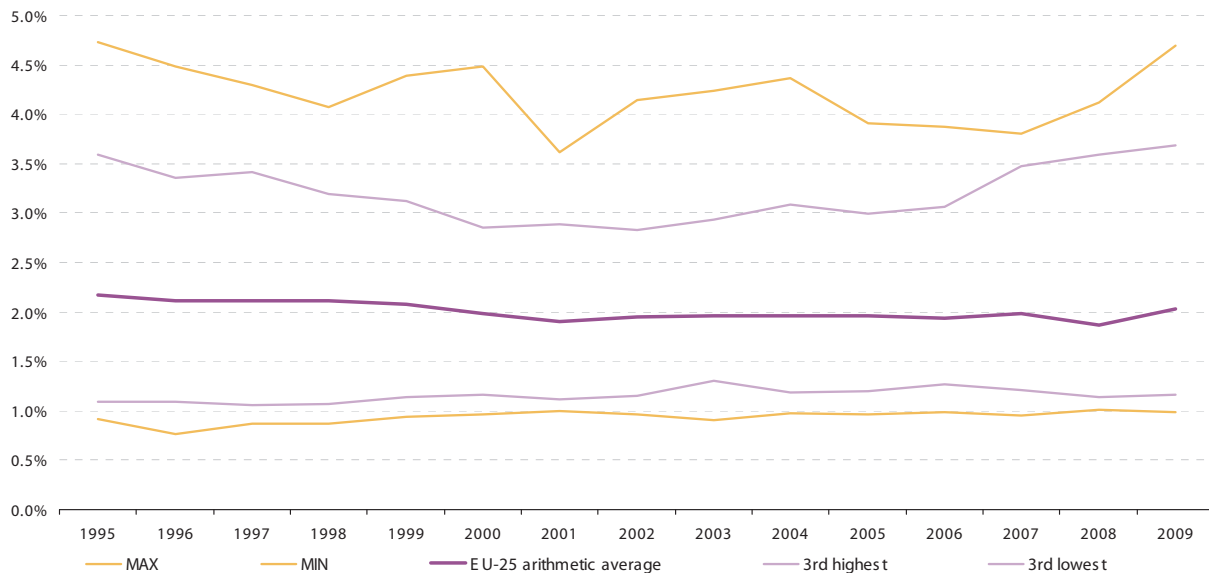
Source: Commission services

Excise duty on tobacco and alcohol component of the ITR on consumption

The average of the excise duty on tobacco and alcohol component of the ITR on consumption has been generally stable throughout the 1995-2007 period. However in 2008, the EU-25 arithmetic average decreased by 0.11 percentage point but increased by 0.16 percentage point in 2009 to reach the value comparable to the 2007 value, following rate hikes in several countries during the crisis (for an overview see page 29 of the 2010 edition of this report). The other indicators displayed on the graph, i.e. the maximum, the third highest and the third lowest values increased in 2009 but the minimum value remained almost unchanged. The stability which has been noticed during a long period for the EU-25 average may appear somewhat surprising; the fact that many excise duties are specific, i.e. expressed as a fixed nominal amount per physical measure of product, and the already recalled generally low income and price elasticity of excisable goods, should lead to revenue lagging behind inflation and therefore to a gradual erosion of the excise component. This is

not borne out by our data; at least as far as the EU-25 average is concerned, and may reflect excise increases in some Member States.

Graph II-2.6: **Tobacco and alcohol component of the ITR on consumption**
1995–2009, in %



Source: Commission services

In 2009 Estonia, Bulgaria and Luxembourg have demonstrated the highest tobacco and alcohol component of the ITR on consumption (4.7 percentage points in Estonia, 4 percentage points in Bulgaria and 3.7 percentage points in Luxembourg). In 2009, in total, twenty one countries show an increase in the tobacco and alcohol component of the ITR on consumption. The highest increases were noticed in Estonia (2.3 percentage points), in the Czech Republic (0.6 percentage points) and in Romania (0.5 percentage points). In four Member states the tobacco and alcohol component of the ITR on consumption remains stable with a slight deviation of less than 0.1 percentage points. Only three Member States registered a decrease in the tobacco and alcohol component of the ITR on consumption, i.e. Bulgaria, France and Poland. The graph shows that the implicit excise duty rates on tobacco and alcohol, measured by way of the excise component of alcohol and tobacco of the ITR on consumption, were slightly converging until 2006 towards the average, which had in itself shown a tendency to remain quite stable. In 2008, however this convergence process has been partly reversed while the EU-25 average decreased slightly in order to increase in 2009 and reach the level of 2007.

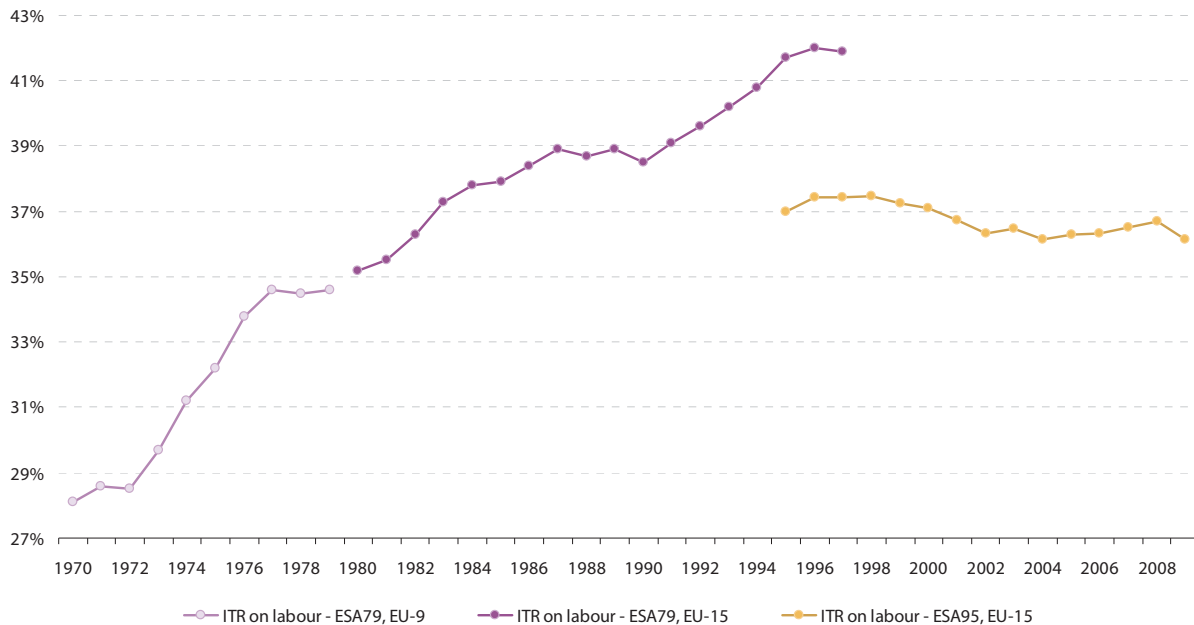
3

Trends in the Implicit tax rate on labour

3. TRENDS IN THE IMPLICIT TAX RATE ON LABOUR

3.1. Up to late 1990s, a very strong long-run increase in labour taxation

Graph II-3.1: **Time trend of ITR on labour**
in %



Note: The average ITRs on labour based on ESA79 system of national accounts are weighted by the total compensation of employees in the economy, whereas for ESA95 the GDP-weighted average is used. Data based on ESA79 are only available for the EU-9 and EU-15 Member States (1970–79 and 1980–97, respectively).

Source: Commission services

The tax burden on labour in the European Union started growing strongly in the early 1970s. The increase was very marked in the 1970s, decelerating only slightly in the 1980s and the first half of the 1990s. As shown in Graph II-3.1, the weighted EU-15 average implicit tax rate on labour employed (ITR on labour) increased from about 28 % (1970) to almost 42 % (1997)⁽³⁸⁾. Labour taxes rose so forcefully because they were the only ones that could provide the volume of funds necessary to finance the additional government expenditure and because unlike consumption taxes, they could be made progressive in line with the social and political demands of the time. In the first half of the 1990s, further increases were due to the rise in unemployment caused by the recession at the beginning of the decade. Finally, in the second half of the decade, budgetary consolidation in the run-up to EMU forced several Member States to increase the tax burden⁽³⁹⁾. Available data indicate that the ITR did not stop increasing until 1998.

3.2. Since beginning of this decade, slow decline from peaks

Starting from the late 1990s, concerns about excessive labour costs prompted initiatives to lower the tax burden on labour income, in order to boost the demand for labour and foster work incentives⁽⁴⁰⁾. Some Member States opted for cutting

⁽³⁸⁾ See European Commission (2000a, 2000b).

⁽³⁹⁾ Data for the 1995–2009 period is based on ESA95 and not fully comparable with previous ESA79 data. ITRs on labour computed on the basis of ESA95 data are generally lower than those on the basis of ESA79 data over the same period. This is notably due to the numerator of the indicator, as taxes on labour employed (as % of GDP) are generally lower in the new series. This is attributable to improved methods for estimating the allocation of personal income tax across different income sources. In many cases compensation of employees, as the main component of the denominator, was revised upwards.

⁽⁴⁰⁾ See also Carone and Salomäki (2001).

taxes or social contributions across the board while others focused on targeted reductions in social contributions for low-wage and unskilled workers⁽⁴¹⁾. These cuts in social contributions were mostly aimed at granting relief to employers, although some countries have also implemented substantial cuts in employees' social contributions (see below for a more detailed analysis). Reforms of personal income taxes have varied, including lowering tax rates, raising the minimum level of tax exempt income or introducing specific deductions, allowances or credits for low-income workers⁽⁴²⁾. The EU-27 arithmetic average has slightly decreased from 35.8 % in 1999 to 32.9 % in 2009. Nine Member States have ITRs on labour below the 30 % mark and six are above the 40 % threshold.

When looking at the different types of averages calculated, it is noticeable that the arithmetic averages clearly lie below the weighted averages discussed so far⁽⁴³⁾. This is due to the fact that the tax burden in many large Member States is above the EU average. The trend in the arithmetic and weighted averages is, on top of this, rather dissimilar. While the arithmetic average has been decreasing, the weighted average has increased between 2004 and 2008. In 2009, both the arithmetic and weighted average fell by roughly the same percentage as the implicit tax rate on labour decreased in all large Member States.

3.3. Diverse development across Member States since 2000

The pattern of the changes over the 2000–2009 period is quite diverse across Member States. Almost all of the ten Central and Eastern European Member States that acceded to the EU in 2004 and 2007, show a much stronger decline than the arithmetic EU-27 average in this time period: the average in these Member States has gone down by about 4.3 percentage points since 2000, while the EU-27 average decreased by 2.8 percentage points. As a result of this development, the average of the new Member States remains, at 30.6 %, below the EU-27 average of 32.9 %. In 2000, the respective figures were 34.9 % for these Member States and 35.7 % for the EU-27.

This diverse development is, of course, also visible when looking at a country-by-country breakdown of the ITRs on labour: reductions since 2000 are in particular noticeable in newly acceded Member States, with the highest reductions having taken place in Bulgaria, Lithuania and Romania (all above 8 percentage points), as well as in Latvia, Sweden, Denmark, Greece, Czech Republic, Estonia, Ireland, Poland, Slovenia, Slovak Republic and Finland. On the other hand, the ITR increased markedly in Cyprus. In all the other Member States the change amounted to less than 2.5 percentage points. (see Table II-3.1).

⁽⁴¹⁾ For a discussion of tax reforms in the 2000–06 period in those EU Member States that were also OECD member countries in this period see OECD (2008a).

⁽⁴²⁾ See Box 'Main fiscal measures affecting the ITR on labour' and Part III, Developments in Member States for more details.

⁽⁴³⁾ See Annex A, Table 78 for details.

Table II-3.1: **Implicit tax rate on labour in the Union**
1995-2009, in %

																Difference	
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995-2009	2000-2009
BE	43.6	43.2	43.7	44.0	43.4	43.6	43.3	43.3	43.1	43.8	43.6	42.5	42.4	42.5	41.5	-2.0	-2.1
BG	30.8	31.6	34.3	33.5	34.7	38.1	33.9	33.4	35.5	35.7	33.2	29.6	30.4	27.4	25.5	-5.4	-12.6
CZ	40.5	39.5	40.3	40.7	40.5	40.7	40.3	41.2	41.4	41.8	41.7	41.2	41.5	39.2	36.4	-4.2	-4.3
DK	40.2	40.2	40.7	38.9	40.2	41.0	40.8	38.8	38.1	37.5	37.2	36.9	36.6	36.2	35.0	-5.2	-6.0
DE	39.4	39.6	40.6	40.6	40.4	40.7	40.5	40.4	40.4	39.2	38.8	38.9	38.7	39.2	38.8	-0.7	-2.0
EE	36.9	36.9	37.8	39.2	39.3	37.8	37.3	37.8	36.9	35.8	33.8	33.6	34.0	33.7	35.0	-1.9	-2.8
IE	29.7	29.3	29.3	28.5	28.7	28.5	27.4	26.0	25.0	26.3	25.3	25.3	25.7	25.3	25.5	-4.2	-2.9
EL	:	:	:	:	:	34.5	34.6	34.4	35.0	33.6	34.0	32.5	33.0	32.2	29.7	:	-4.8
ES	31.0	31.6	30.5	30.3	30.0	30.5	31.4	31.8	31.8	31.9	32.3	32.8	33.7	33.1	31.8	0.9	1.4
FR	41.2	41.4	41.7	42.2	42.4	42.0	41.6	41.2	41.5	41.4	41.9	41.8	41.4	41.5	41.1	0.0	-0.8
IT	38.2	41.8	43.5	43.3	42.7	42.2	42.1	42.0	41.9	41.6	41.3	41.1	42.4	43.0	42.6	4.4	0.4
CY	22.1	20.8	21.1	22.5	21.8	21.5	22.8	22.2	22.7	22.7	24.5	24.1	24.0	24.7	26.1	4.0	4.6
LV	39.2	34.6	36.1	37.2	36.7	36.6	36.5	37.8	36.6	36.4	33.0	33.0	31.1	28.5	28.7	-10.4	-7.9
LT	34.5	35.0	38.4	38.3	38.8	41.2	40.3	38.1	36.9	36.1	34.9	33.7	33.2	32.7	33.1	-1.4	-8.1
LU	29.3	29.6	29.3	28.8	29.6	29.9	29.6	28.4	29.2	28.9	30.0	30.4	31.2	31.7	31.7	2.5	1.9
HU	42.3	42.1	42.5	41.8	41.9	41.4	40.9	41.2	39.3	38.3	38.4	38.8	41.0	42.1	41.0	-1.3	-0.5
MT	19.0	17.8	19.9	18.2	19.2	20.6	21.4	20.8	20.4	20.8	20.7	20.5	19.6	20.2	20.2	1.2	-0.4
NL	34.6	33.6	32.8	33.2	34.1	34.5	30.6	30.9	31.5	31.4	31.6	34.4	35.1	36.2	35.5	0.8	1.0
AT	38.5	39.4	40.7	40.3	40.5	40.1	40.6	40.8	40.8	41.0	40.8	40.8	41.0	41.3	40.3	1.8	0.2
PL	36.8	36.3	35.9	35.6	35.8	33.5	33.2	32.4	32.7	32.7	33.8	35.3	34.1	32.6	30.7	-6.2	-2.9
PT	22.3	21.9	21.8	21.6	22.0	22.3	22.8	22.8	22.9	22.3	22.4	23.1	23.7	23.3	23.1	0.7	0.7
RO	31.4	29.8	31.4	31.6	37.3	33.5	31.0	31.2	29.6	29.0	28.1	30.1	30.2	27.3	24.3	-7.1	-9.2
SI	38.5	36.7	36.9	37.5	37.8	37.7	37.5	37.6	37.7	37.5	37.5	37.3	35.9	35.9	34.9	-3.7	-2.8
SK	38.5	39.4	38.3	38.0	37.4	36.3	37.1	36.7	36.1	34.5	32.9	30.4	31.0	33.1	31.2	-7.3	-5.1
FI	44.2	45.3	43.5	43.8	43.3	44.0	44.1	43.8	42.5	41.6	41.6	41.6	41.3	41.4	40.4	-3.8	-3.6
SE	46.8	48.0	48.4	49.3	48.5	46.8	45.5	43.8	43.6	43.6	43.7	43.0	41.3	41.2	39.4	-7.4	-7.4
UK	25.7	24.8	24.4	25.0	25.2	25.6	25.3	24.3	24.7	25.2	26.1	26.3	26.5	26.4	25.1	-0.7	-0.5
NO	38.0	38.2	38.5	38.5	38.3	38.3	38.4	38.7	39.0	39.2	38.5	37.9	37.4	37.1	37.6	-0.4	-0.7
IS	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
EU-27	35.2	35.0	35.5	35.5	35.8	35.7	35.3	34.9	34.7	34.5	34.2	34.0	34.1	33.8	32.9	-2.3	-2.8
EU-25	35.5	35.3	35.7	35.7	35.8	35.7	35.5	35.1	34.9	34.6	34.5	34.4	34.4	34.3	33.5	-2.0	-2.2
EA-17	34.2	34.3	34.5	34.5	34.5	34.5	34.4	34.2	34.1	33.8	33.7	33.6	33.8	34.0	33.5	-0.7	-1.0

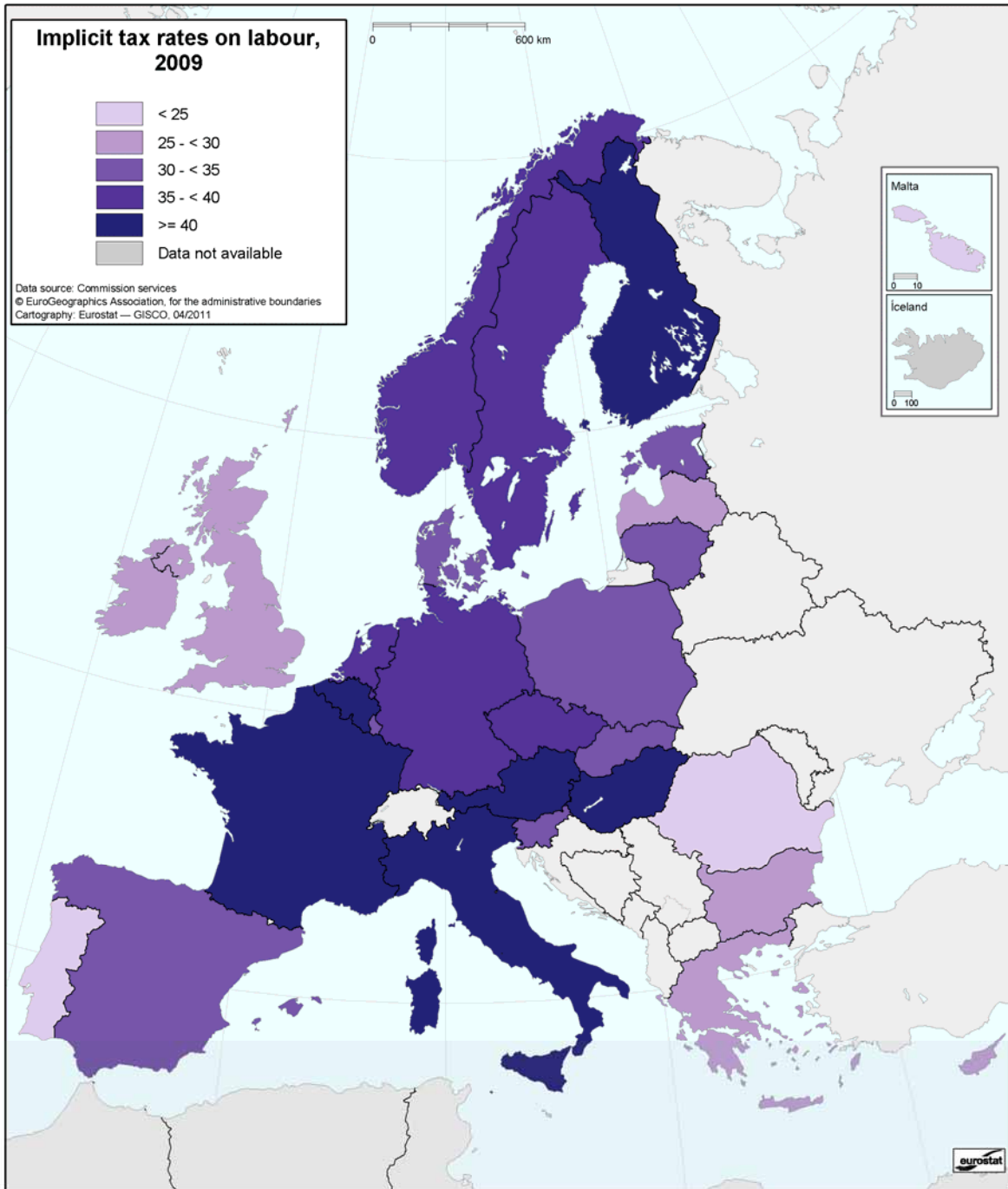
Source: Commission services

3.4. Implicit tax rate on labour in the EU-27: large differences in levels

There are large differences in the level of labour taxation among the Member States (see Table II-3.1). At one extreme, Malta (20.2 %), Portugal (23.1 %) and Romania (24.3 %) stand out with the lowest ITR on labour in the Union. Other countries, too, have low taxes on labour. In contrast, Italy, Belgium⁽⁴⁴⁾, Hungary, France, Austria and Finland stand out for reporting an ITR on labour which exceeds 40 %. When comparing the ITR on labour with the overall tax-to-GDP ratio, it is noticeable that those Member States that exhibit a high ITR on labour in most cases also have a high tax-to-GDP ratio. The same applies to low-tax countries. This result is in line with the high share of labour taxes in overall tax revenues.

⁽⁴⁴⁾ In Belgium, the ITR on labour is not corrected for the impact of the rebates on the wage withholding tax nor the non-structural part of reductions in employer's and employee's social security contributions.

Map II-3.1: Tax burden on labour



3.5. Composition of the implicit tax rate on labour

The tax burden on labour is essentially composed of personal income taxes and social security contributions. In most Member States the personal income tax contains several rates. However, a description of the entire rate structure goes

beyond the scope of this chapter⁽⁴⁵⁾. Therefore, the focus lies on the top rate, which is also of importance when comparing CIT and PIT rates. Table II-3.2 contains the top PIT rates (including surcharges and local taxes) for the EU Member States, Norway and Island on 1995–2011 income.

Table II-3.2: **Top personal income tax rates**
1995–2011 income, in %

																		Difference	
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	1995-2011	2000-2011
BE	60.6	60.6	60.6	60.6	60.6	60.6	60.1	56.4	53.7	53.7	53.7	53.7	53.7	53.7	53.7	53.7	53.7	-6.9	-6.9
BG	50.0	50.0	40.0	40.0	40.0	40.0	38.0	29.0	29.0	29.0	24.0	24.0	24.0	10.0	10.0	10.0	10.0	-40.0	-30.0
CZ	43.0	40.0	40.0	40.0	40.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0	15.0	15.0	15.0	15.0	-28.0	-17.0
DK	63.5	62.0	62.9	61.4	61.1	59.7	59.6	59.8	59.8	59.0	59.0	59.0	59.0	59.0	59.0	51.5	51.5	-12.0	-8.2
DE	57.0	57.0	57.0	55.9	55.9	53.8	51.2	51.2	51.2	47.5	44.3	44.3	47.5	47.5	47.5	47.5	47.5	-9.5	-6.3
EE	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0	24.0	23.0	22.0	21.0	21.0	21.0	21.0	-5.0	-5.0
IE	48.0	48.0	48.0	46.0	46.0	44.0	42.0	42.0	42.0	42.0	42.0	42.0	41.0	41.0	41.0	41.0	41.0	-7.0	-3.0
EL	45.0	45.0	45.0	45.0	45.0	45.0	42.5	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	45.0	0.0	0.0
ES	56.0	56.0	56.0	56.0	48.0	48.0	48.0	48.0	45.0	45.0	45.0	45.0	43.0	43.0	43.0	43.0	45.0	-11.0	-3.0
FR	59.1	59.6	57.7	59.0	59.0	59.0	58.3	57.8	54.8	53.4	53.5	45.8	45.8	45.8	45.8	45.8	46.7	-12.4	-12.3
IT	51.0	51.0	51.0	46.0	46.0	45.9	45.9	46.1	46.1	44.1	44.1	44.1	44.9	44.9	44.9	45.2	45.6	-5.4	-0.3
CY	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	-10.0	-10.0
LV	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	23.0	26.0	25.0	0.0	0.0
LT	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	27.0	27.0	24.0	15.0	15.0	15.0	-18.0	-18.0
LU	51.3	51.3	51.3	47.2	47.2	47.2	43.1	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	42.1	-9.1	-5.0
HU	44.0	44.0	44.0	44.0	44.0	44.0	40.0	40.0	40.0	38.0	38.0	36.0	40.0	40.0	40.0	40.0	40.6	-23.7	-23.7
MT	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	0.0	0.0
NL	60.0	60.0	60.0	60.0	60.0	60.0	52.0	52.0	52.0	52.0	52.0	52.0	52.0	52.0	52.0	52.0	52.0	-8.0	-8.0
AT	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	0.0	0.0
PL	45.0	45.0	44.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	32.0	32.0	-13.0	-8.0
PT	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	42.0	42.0	42.0	42.0	45.9	46.5	6.5	6.5
RO	40.0	40.0	40.0	48.0	40.0	40.0	40.0	40.0	40.0	40.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	-24.0	-24.0
SI	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	41.0	41.0	41.0	41.0	41.0	-9.0	-9.0
SK	42.0	42.0	42.0	42.0	42.0	42.0	42.0	38.0	38.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	-23.0	-23.0
FI	62.2	61.2	59.5	57.8	55.6	54.0	53.5	52.5	52.2	52.1	51.0	50.9	50.5	50.1	49.1	49.0	49.2	-13.0	-4.8
SE	61.3	61.4	54.4	56.7	53.6	51.5	53.1	55.5	54.7	56.5	56.6	56.6	56.6	56.4	56.4	56.4	56.4	-4.9	4.9
UK	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	50.0	50.0	10.0	10.0
NO	41.7	41.7	41.7	41.7	41.5	47.5	47.5	47.5	47.5	47.5	43.5	40.0	40.0	40.0	40.0	40.0	40.0	-1.7	-7.5
IS	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	46.1	46.1	:	:
EU-27	47.3	47.1	46.4	46.1	45.3	44.7	43.7	42.9	42.2	41.2	39.9	39.3	39.1	37.8	37.1	37.6	37.1	-10.2	-7.6
EA-17	49.0	49.0	48.8	48.0	47.4	47.1	45.9	44.9	43.8	42.4	41.9	41.5	41.0	40.9	40.8	41.4	41.8	-7.2	-5.3

Note: BE: including crisis tax (1993-2002) and local surcharge, DE: including solidarity surcharge, FR: including general social welfare contribution and welfare debt repayment levy (since 1996), which are partly deductible from PIT, HU: including solidarity tax in 2007, 2008, 2009 and "super gross-up" in 2011, IT: including regional and municipal surcharge (values given for Rome), LU: including 4 % solidarity surcharge for Unemployment Fund (since 2002), FI, SE: state taxes plus municipality taxes, PT: in 2010 a new top income rate and a new rate table applicable for whole 2010 was introduced, RO: in 2010, the Senate's Budget Committee approved the decrease of individual income tax rate from 16 % to 10 %. In order for the provision to enter into force, it has to be further approved by the Senate and by the Chamber of Deputies, UK: additional higher rate of 50 % introduced for income exceeding GBP 150 000 from fiscal year 2010-2011, NO: including surtax.

Source: Commission services

The table shows a clear downward trend over the whole period. Twenty-one EU Member States have cut the rate over the time period covered whereas only two countries increased it. Portugal introduced a new top PIT rate in 2010, which was further increased in 2011 and the UK introduced a 50 % top marginal PIT rate from April 2010. In 2011 Hungary introduced a flat tax system at a rate of 16 %⁽⁴⁶⁾. Employers' social security contributions (27 %), which have been included in the tax base since 2010, will be gradually phased out of the tax base by 2013. In four cases, there was on average no change over the period concerned (Austria, Greece, Latvia and Malta) and only in two of them (Austria and Malta) the rate has not changed at all. In six cases the rate increased in 2011 to balance the budget: Spain, France, Italy, Luxembourg, Portugal and Finland. The EU-27 average went down by 10.2 percentage points since 1995 and 7.6 percentage points since 2000. The reduction since 1995 is most noticeable in the Central and Eastern European countries

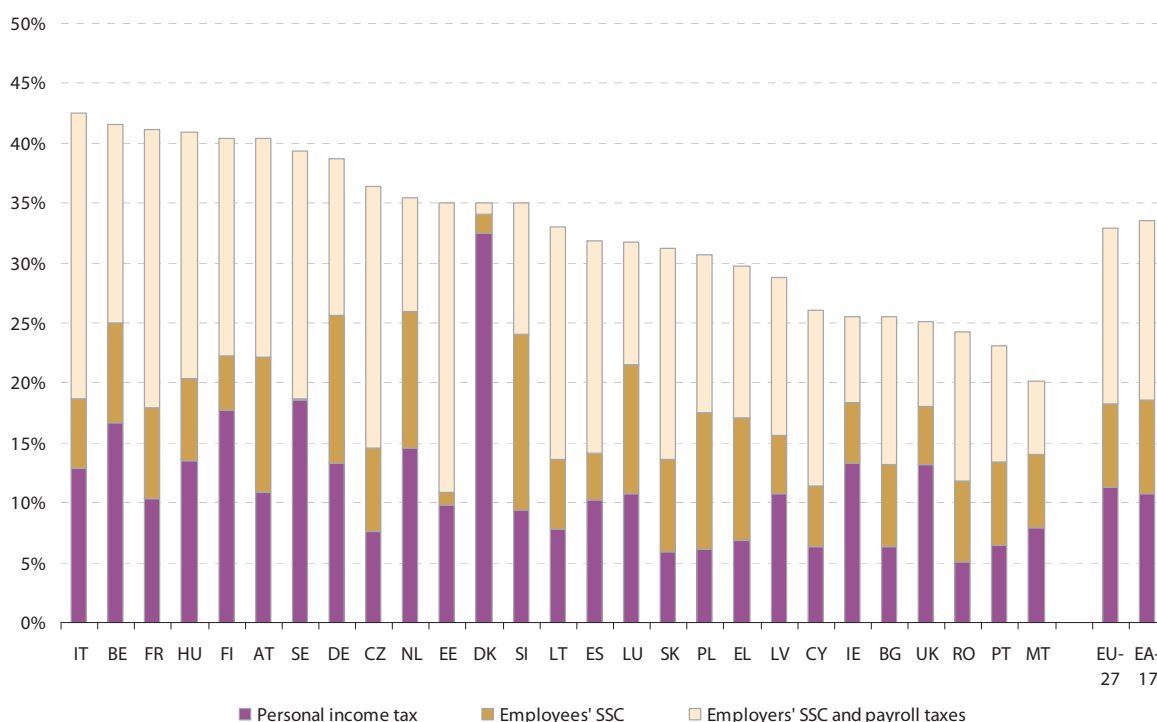
⁽⁴⁵⁾ The interested reader can find a complete description of the rate system and the brackets in force in the Member States in the 'Taxes in Europe' database on the EU website at the following url: <http://ec.europa.eu/tedb>. The database is accessible free of charge and updated annually.

⁽⁴⁶⁾ The aggregate taxable income is increased by the social security contributions or the health care tax charge payable by employers and the effective tax rate is 20.32 %. The so called "super gross-up" regime will be gradually phase-out until 2013.

that joined the European Union in 2004 and 2007, with the biggest cuts having taken place in five countries that moved to flat rate systems, Bulgaria (– 40.0 percentage points), the Czech Republic (– 28.0), Romania (– 24.0), Hungary (– 23.7) and Slovakia (– 23.0). On average, the twelve newest Member States have reduced the top PIT rate by 16 percentage points since 2000, whereas the former EU-15 countries have reduced the top rate by just above 5 percentage points.

The average top PIT rate on 2011 income of the newly acceded Central and Eastern European countries is, at 23.3 %, well-below the average of the former EU-15 countries (48.1 %), with the EU-27 average standing at 37.1 %. From 2010 to 2011, the average top PIT rate increased by 0.5 percentage points in the former EU-15 countries and declined by 1.9 percentage points in the newly acceded Central and Eastern European countries.

Graph II-3.2: **Composition of the implicit tax rate on labour**
2009, in %



Source: Commission service

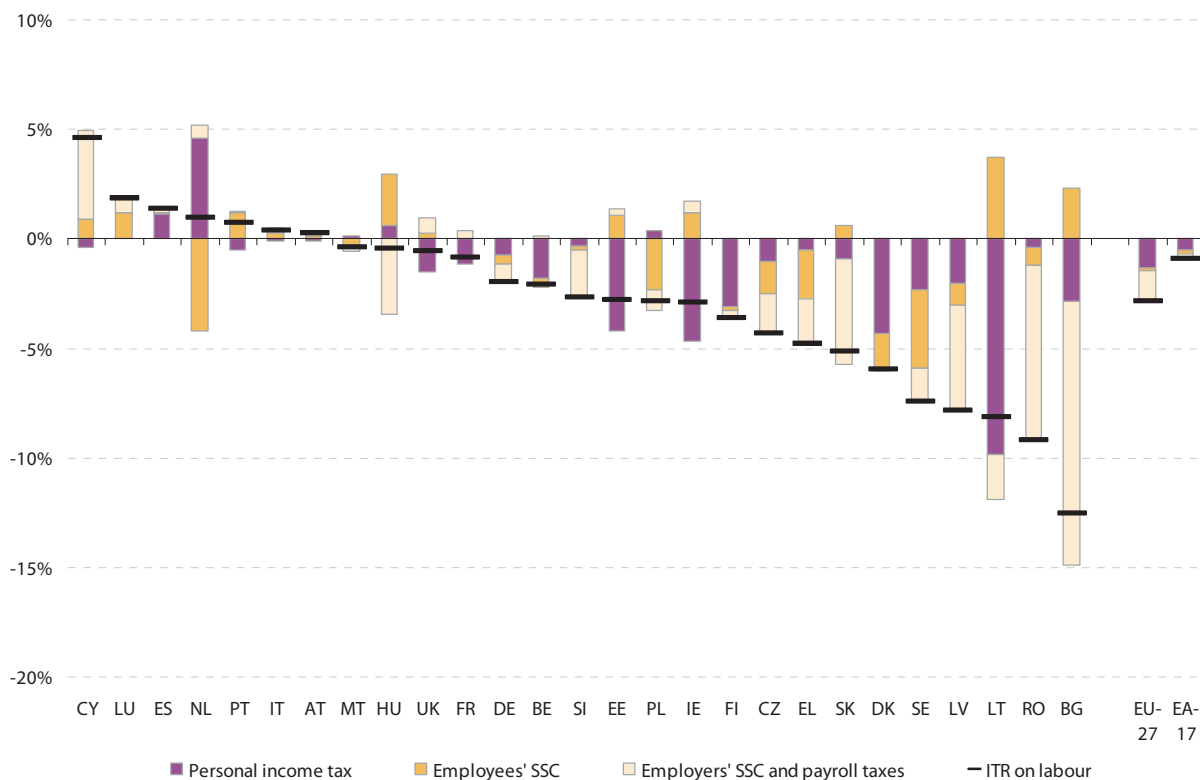
Of course, the picture given by the rates is incomplete. Not only is the level and change of the top PIT rate relevant but also the income level at which they are applied. Moreover, the progression of PIT rates applied, the structure of allowances and tax credits, and the definition of the tax base play a key role in defining the effective tax burden. This is very aptly illustrated by the fact that the ITR on labour only marginally declined in the 1995–2009 period, despite the strong reduction in the top PIT rates. Moreover, in the majority of the Member States social security contributions have a higher impact on the level of the ITR than the PIT. On average, nearly two thirds of the overall ITR on labour consist of non-wage labour costs paid by both employees and employers (see Graph II-3.2). Only in Denmark, Ireland and the United Kingdom do personal income taxes have an above 50 % share in the total charges paid on labour income. In Denmark, the share of social contributions in government receipts is very low as most welfare spending is financed by general taxation⁽⁴⁷⁾. As a result, Denmark has only the 11th highest ITR on labour in the EU, although the ratio of PIT (as a percentage of total labour costs) is, at around 33 % in 2009, by far the highest of all Member States (see Graph II-3.2). In

⁽⁴⁷⁾ A large part of employees' social contributions in Denmark comes from an 8 % contribution paid on the basis of employees' gross earnings. Some studies classify this revenue as a social security contribution, while others report it as a separate type of personal income tax.

some of the Member States, namely Poland, Romania and Slovakia less than 20 % of the ITR on labour consists of personal income tax.

Between 2000 and 2009 the components of the ITR on labour have changed markedly in several Member States (see Graph II-3.3). For the EU-27 average the following development can be observed: personal income taxation of labour as well as employers' SSC and payroll taxes have gone down markedly, while employees' SSC have only slightly decreased (all as a percentage of total labour costs). It is interesting to note, that for the euro area the changes were considerably smaller on average, and mainly consist of a reduction in personal income taxation.

Graph II-3.3: **Evolution of the components of the implicit tax rate on labour**
2000-2009, differences in percentage points



Note: Countries are ordered by the change in the ITR on labour

Source: Commission services

When looking at the shares of the ITR on labour over time, it should be borne in mind that both inflation and real earnings growth tend to push up the ITR on labour owing to progressivity, the so-called 'fiscal drag'. On the other hand, social security systems are often regressive owing to the existence of contribution ceilings. Depending on which of these two influences is stronger, the ITR will tend to drift upwards or downwards over the years even in the absence of explicit adjustments in tax brackets and thresholds. In a sense, of course, not adjusting for inflation and real earnings growth is a policy decision too. Moreover, one has to note that, according to an OECD study⁽⁴⁸⁾, a (partial) automatic or discretionary adjustment of the income tax system to inflation is in place in 10 out of those 19 EU Member States (EU-19) that are also OECD member countries, whereas such adjustments for real earnings growth are only in place in two of these Member States. In the case of social contributions, automatic adjustments for the so-called fiscal drag apply in at least 13 of these Member States.

⁽⁴⁸⁾ See OECD (2008, pp. 23–55). The study shows that, in the absence of any policy adjustments, fiscal drag would have led to an increase in the average tax burden in all EU-19 Member States covered. The effect seems to be strongest for low-wage earners.

When looking at the changes in single Member States, an interesting aspect is that most of the countries have reduced their ITR and the change is to a large extent driven by reductions in PIT or employers' SSC. In most countries a real shift in the different components of the tax burden could be observed. In the case of Bulgaria, Lithuania and Slovakia, employers' SSC reductions and part of the personal income tax cuts have been partially compensated by an increase in employees' SSC. In the case of Estonia, Ireland and the UK, the personal income tax burden was markedly reduced, while both employers' and employees' SSC share increased. As concerns Cyprus and Portugal, the reduction in PIT was more than compensated by an increase in SSC. In Belgium, Denmark and France, a small shift took place from PIT and employees' SSC to employers' SSC. From an economic point of view, it is often thought that in the long run both components of the SSC are shifted to labour, whereas in the short run the impact may differ as increases in employers' social contributions have an immediate impact on the cost structure, while the impact from employees' social contributions is more indirect⁽⁴⁹⁾. Box II-3.1 at the end of this chapter presents an overview of the main fiscal measures affecting the ITR on labour⁽⁵⁰⁾.

3.6. A comparison with tax wedges computed for example household types

The discussion in the preceding section is based on the ITRs on labour, which give a picture of the average tax burden on labour across all income classes. However, even at an unchanged overall tax level, the burden of taxation may be shifted between high and low-income taxpayers resulting not only in redistribution but notably also in a different impact on employment. In particular, over the last decade policymakers have often resorted to cuts in labour taxes that are targeted to the bottom end of the wage scale in order to boost employability of low-skilled workers. To evaluate progress in this direction, this section compares the evolution of the ITR on labour with that of the tax wedge — i.e. the difference between labour costs to the employer and the corresponding net take-home pay of the employee.

The annual OECD publication *Taxing Wages*, provides internationally comparable data on total tax wedges for various household types and different representative wage levels. The representative wage levels are linked to the average gross earnings of an adult full-time worker, including both manual and non-manual workers. The tax wedges are calculated on the basis of tax legislation in force, by expressing the sum of personal income tax, employee's plus employer's social security contributions together with any payroll tax, as a percentage of total labour costs. These indicators can theoretically identify discretionary tax policy measures as regards personal income tax and social contributions while at the same time excluding the effects of cyclical factors (which are not filtered out by the ITR on labour). However, because of the approach followed, the method has no link to actual tax revenue, nor does it incorporate all the elements of the tax system that may be relevant, such as effects of special tax reliefs (which are instead incorporated in the ITR). This implies that in the case of policy measures, the indicator at any selected income level will tend to show either a large response or none at all depending on whether the representative worker utilised for the computation falls within the circle of its beneficiaries or not; the ITR, in contrast, will tend to minimise the impact of only targeted measures. Hence the two approaches are complementary. Besides, the tax wedge indicator has the advantage of being available also for those OECD member countries that are not EU Member States.

Taxing Wages provides data only for the OECD Member States, but tax wedges based on the same methodology are computed for the EU in collaboration with the European Commission. The following analysis focuses on the 'Tax wedge on low wage workers', which is the tax wedge for a single worker without children at two-thirds of average earnings (see Table II-3.3). That indicator is also used as a structural indicator — together with the ITR on labour — to estimate the potential impact of tax provisions on the labour market.

Table II-3.3 contains the tax wedge data for the 2000–2009 period⁽⁵¹⁾. The figures display a downward trend indicating a clear, although not particularly strong, impact from targeted cuts in taxes and social security contributions that came to a

⁽⁴⁹⁾ See Arpaia and Carone (2004).

⁽⁵⁰⁾ For an overview of recent policy measures not only in the area of taxation but in the overall tax benefit system see Carone et al. (2009).

⁽⁵¹⁾ Pre-2000 data are not fully comparable due to changes in the definition of the average wage (see OECD, 2006b, and European Commission, 2007).

halt in some Member States in 2006. While the tax wedge is lower in 22 Member States in 2009 compared to 2000, the reductions appear to be particularly large in Sweden, Bulgaria, Hungary, the Netherlands, Finland, Slovakia, Cyprus, Ireland and Luxembourg. Among the countries that have increased the tax wedge in this period, Greece shows the biggest increase with 1.8 percentage points.

Table II-3.3: **Tax wedges for a single example worker at two-thirds of average earnings**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
BE	51.3	50.7	50.5	49.6	49.0	49.3	49.4	49.6	49.8	48.9
BG	39.4	35.9	35.2	35.0	34.7	36.2	31.6	32.3	35.1	33.9
CZ	41.4	41.3	41.5	41.7	41.9	42.0	40.1	40.6	40.1	38.6
DK	41.2	40.5	39.8	39.8	39.3	38.4	38.5	38.5	38.2	37.7
DE	47.5	46.6	47.1	47.9	46.9	47.3	47.4	47.0	46.6	46.0
EE	38.2	37.4	40.2	40.7	38.9	39.1	38.3	38.7	38.2	38.2
IE	27.4	24.6	23.2	22.9	22.7	22.4	21.5	20.2	20.2	22.5
EL	35.0	34.7	35.3	34.9	35.8	35.1	35.7	36.0	36.3	36.8
ES	34.7	35.3	35.7	34.7	35.2	35.5	35.9	35.6	34.0	34.2
FR	47.4	47.6	47.4	45.0	42.4	41.4	45.5	45.4	45.4	45.2
IT	43.5	43.1	43.0	41.6	41.9	42.2	42.5	42.6	43.0	43.0
CY	16.8	17.0	17.3	18.6	18.6	11.9	11.9	11.9	11.9	11.9
LV	42.2	42.0	42.2	41.6	42.0	41.8	41.8	41.1	39.9	39.9
LT	42.9	43.0	43.2	39.5	41.7	42.6	40.6	41.2	40.3	40.3
LU	32.8	31.2	29.0	29.3	29.6	30.2	30.6	29.9	28.5	27.4
HU	51.4	50.9	48.2	44.5	44.8	43.1	43.3	46.0	46.7	46.3
MT	16.6	17.0	17.7	17.4	17.6	17.9	18.4	17.9	17.9	17.7
NL	42.0	38.9	39.1	40.0	40.8	41.6	33.1	33.1	33.6	33.3
AT	43.2	42.9	43.1	43.5	43.9	43.1	43.5	44.1	44.4	44.4
PL	37.0	36.6	36.5	41.7	37.0	37.3	37.6	36.8	33.4	33.0
PT	33.2	32.2	32.9	32.8	32.8	32.1	32.3	32.4	32.4	32.3
RO	44.7	45.2	44.6	43.4	42.9	42.4	42.2	41.8	40.9	40.9
SI	41.0	41.0	41.1	41.1	41.1	41.6	41.2	40.9	40.3	40.3
SK	40.6	41.3	40.8	40.9	39.6	35.2	35.5	35.6	36.0	34.3
FI	43.0	41.4	40.9	40.0	39.4	39.5	38.8	38.6	38.5	37.0
SE	48.6	47.8	46.8	47.0	47.2	46.6	45.9	43.3	42.5	41.2
UK	29.1	28.6	28.7	30.3	30.5	30.5	30.6	30.7	29.7	29.2
NO	35.1	35.2	35.2	34.9	35.0	34.3	34.3	34.2	34.3	34.0
IS	19.8	20.9	22.6	23.8	24.5	24.7	24.9	23.4	23.7	22.7
EU-27	39.0	38.3	38.2	38.0	37.7	37.3	36.8	36.7	36.4	36.1
EA-17	37.3	36.6	36.7	36.5	36.2	35.6	35.4	35.3	35.1	34.9

Note: DE, LV, LT, AT, RO and SI: data refer to 2008; CY: data refer to 2007

Source: Commission services, OECD, data from the Lisbon Strategy structural indicators database (OECD model)

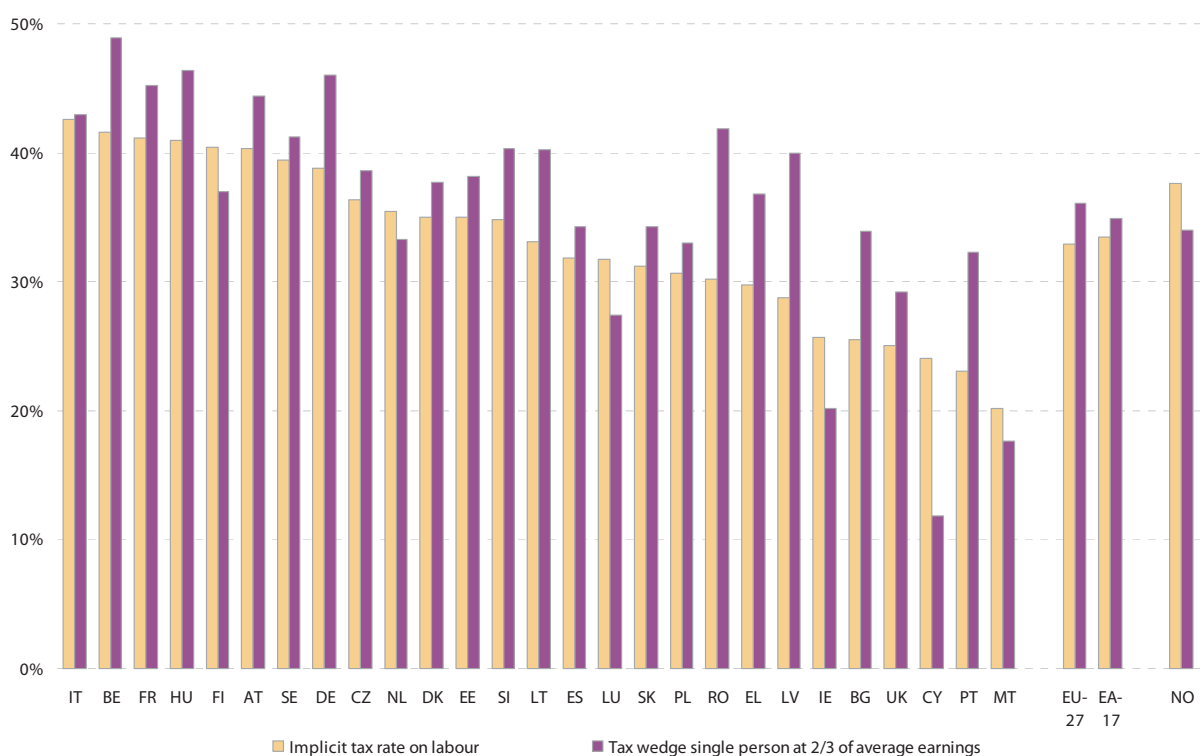
Despite the differences between the two approaches, a comparison between the tax wedge indicator and the ITR on labour for the year 2009 shows that the tax wedge indicator is higher than the ITR on labour at the level of the EU-27 and euro area (arithmetic) averages (see Graph II-3.4)⁽²⁾. The difference is more than twice as high for the EU-27 compared to the euro area. This relates to the finding that the tax wedge reductions were significantly higher in non-euro countries. At the level of individual Member States the results of the comparison of the two indicators appear mixed. For a large number of Member States the difference between the two indicators is rather small. Two Member States – Ireland and Cyprus – have a tax wedge on low wage workers which is substantially lower than the ITR on labour, which appears reasonable considering the progressive structure of personal income tax. On the other hand, about 13 Member States present a tax wedge on low wage workers which is substantially higher than the ITR on labour. This discrepancy is more surprising but could be explained by the following reasons: the tax wedge considered relates to a single worker without children, so the effect of tax allowances linked to dependent relatives is not captured. Furthermore, social contributions

⁽²⁾ See European Commission (2004, pp. 101–104) and Annex B, Part D, for a comparison between the ITR on labour and the tax wedge for a single worker without children at average earnings.

are often subject to ceilings, in which case low wage workers have an effective social contribution rate which is more elevated than that of high-paid workers. Another aspect that needs to be considered is that average earnings based on the OECD definition refer to full-time equivalents and are, therefore, rather high. Finally, the income distribution in the EU Member States is left skewed, which implies that the earnings of the median workers are well below the average earnings.

As a result, the ranking between the Member States may also be quite different⁽⁵³⁾. The differences are not specific to a single year. Nevertheless, the correlation between the macro and micro indicators is still fairly robust. Member States with a high tax wedge on low wage workers generally also display relatively high ITRs on labour and the other way around.

Graph II-3.4: **Pair-wise comparisons of the ITR on labour and tax wedge indicator 2009, in %**



Note: Countries are ordered by the level of the ITR on labour

Source: Commission services (using data from the Lisbon Strategy structural indicators database)

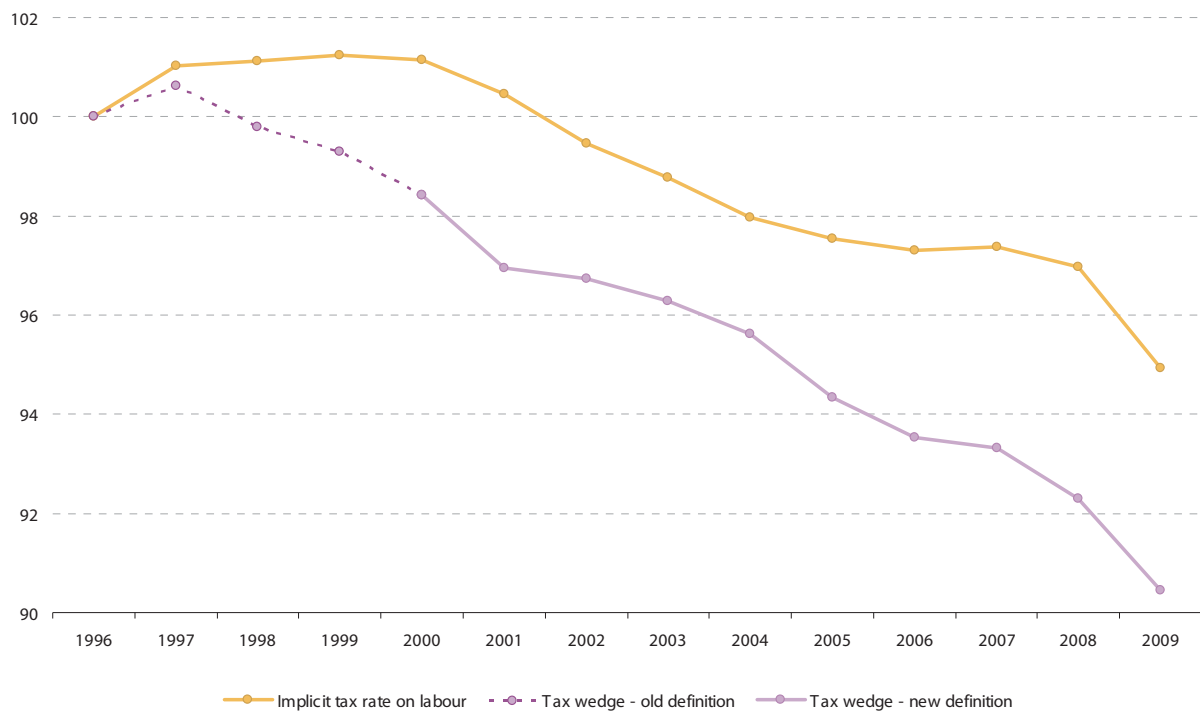
Graph II-3.5 compares the trends over time in the tax wedge indicator and the ITR on labour (with 1996 = 100). For each year EU-25 arithmetic averages are computed. Indices representing the trend of both variables have been plotted into the graph⁽⁵⁴⁾. When comparing the trends it should be borne in mind that tax policy changes are immediately integrated in the Taxing Wages model but might be reflected with some time lag only in the ITR on labour⁽⁵⁵⁾.

⁽⁵³⁾ In addition, Macro is by definition "all sectors" while only NACE sectors C to K are included in the micro indicator. Public administration is not included in the micro indicator and SSC may be lower in the public sector.

⁽⁵⁴⁾ As discussed in the 2007 edition of the report (European Commission, 2007), data for the 1996–1999 period are based on a different definition of average wages. Therefore, the time series for the tax wedge contains a structural break in 2000. In order to calculate a series without a break, the growth rates of the EU-25 average of the indicator are used for the calculation of the time trend of the tax wedge. The growth rate for the years 1997 to 2000 are calculated based on the data using the old definition (wage of the average production worker). Growth rates for 2001 onward refer to the new average wage definition.

⁽⁵⁵⁾ See Annex B, Part D, for an explanation.

Graph II-3.5: **Time trend micro and macro indicators in the Union**
EU-25, index 1996 = 100



Source: Commission services

Over the 1996–2009 period, the EU average tax burden on labour stabilised and then started to slowly decline. This trend is visible in the development of both indicators. However, the indicators do not always develop in parallel. Two periods can be distinguished: up to 2000 the ITR on labour increased, whereas the tax wedge started to decrease markedly already as of 1998. The gap between the two indicators opened up indicating that targeted tax cuts were playing a growing role (see Graph II-3.5)⁽⁵⁶⁾. In the second period, from 2001–2005, the two series run roughly parallel, both showing a downward trend. Despite changes in single years, the gap overall remained nearly unchanged over these years. Between 2006 and 2008, the downward trend in the tax wedge slowly continues, whereas in the case of the ITR on labour, the decrease in the average rate somewhat levelled off. In 2009, both indicators show a sharp decline.

⁽⁵⁶⁾ The difference might be even bigger at lower income levels, given that targeted measures often aim at wages with a threshold well below 2/3 of the average wage.

Box II-3.1: Overview of main fiscal measures affecting the ITR on labour

MEASURES IN THE DOMAIN OF TAXATION		MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
Austria		
Reduction in tax credits (general, employees and pensioners tax credit).	2001	Reduction in employers' contribution rates for health insurance and pay insurance schemes for 'blue collar' workers.
Reduction in the income and wage tax of low and middle-income earners and of sole and single earners, reduction in the number of tax brackets (2004-2005).	2004	
Increase in commuters' tax allowances.	2008	Increase in health insurance contributions and reduction in unemployment insurance contributions for low income earners.
Cut in income tax (marginal tax rate, tax brackets); increase in credits and allowances for children. Introduction of deductibility of charitable donations and increase of deductibility of contributions to religious communities. Increase in exemption of compensation for overtime hours.	2009	
Single earner allowance was made dependent on the receipt of child support. Further increase in commuter's tax allowance.	2011	
Belgium		
Indexing of tax brackets suspended (1993-1998). Introduction of 'crisis tax' (1993) on top of all statutory rates plus 'solidarity levy' on personal income (1994).	1993	
	1997	Lowering of employers' contributions, especially in respect of the low-paid. The scope of the reductions in employers' SSC was expanded to more social security schemes (1997-2011), and was followed by the introduction of the Estafette plan as well as the possibility for deductions of employers' contributions over the amount due for the hiring of young workers and low skilled workers (2005).
Reintroduction of automatic indexing of tax brackets. Phasing out of 'crisis tax' (1999-2002).	1999	
	2000	Flat rate reductions in employers' contributions for the hiring of young workers, low skilled workers and workers aged over 50.

(Continued on the next page)

Box (continued)

MEASURES IN THE DOMAIN OF TAXATION		MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
PIT reform (2001-2004) of which the main provisions are (a) lowering of tax burden on earned income including the introduction and subsequent increase of refundable employment tax credit aimed at low paid workers (b) a neutral tax treatment of spouses and singles (c) more favourable treatment of dependent children (d) greening of the tax system.	2001	
Introduction and increase of tax rebates for scientific researchers (2003-2009) and shift workers (2004-2009). The tax rebate is granted on the amount of wage withholding tax that has to be paid by the employer to the tax administration. As they do not affect PIT, these rebates are recorded as subsidies to the employers in the national accounts.	2003	
	2004	Structural reduction in employers' contributions.
Overtime pay: tax reduction for the employees; for the employers tax rebate granted on the amount of withholding tax paid by the employer to the tax administration (2005-2010).	2005	Replacement of the refundable employment tax credit by an increased reduction in employee contribution for low paid workers.
Additional allowance for dependent persons aged more than 65. Increase of the first bracket of lump sum professional expenses.	2006	
New increase of the first bracket of lump sum professional expenses.	2007	
Increase of the basic allowance in the PIT for low- or middle-income taxpayers. Exemption of non-recurring bonuses linked to enterprise's results.	2008	
Doubling of deductible commuting expenses.	2009	A reduction in employee contribution for workers whose previous work contract has not been renewed as a consequence of company restructuring or a bankruptcy before 31 January 2011.
Increase of the structural exemption of payment of wage withholding tax (from 0.25 % to 0.75 % from 1 June 2009 and to 1 % from 1 January 2010) and increase of the tax rebates for overtime and for scientific researchers (cf 2003, 2005)	2009	Flat rate reductions in employers' contributions for the hiring of workers, whose previous work contract has not been renewed as a consequence of company restructuring or a bankruptcy before 31 January 2011.
New increase of the first bracket of lump sum professional expenses (from 27.2 % to 28.7 %).	2009	
Bulgaria		
	2001	Lowering of the SSC rates by 3 percentage points.

(Continued on the next page)

Box (continued)

MEASURES IN THE DOMAIN OF TAXATION		MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
Continuous lowering of the top PIT rate, increase of the non-taxable minimum and flattening of the tax brackets almost annually, most notably since 2002	2002	Introduction of second pillar and transfer of it to a share of SSCs for people born after 1st January 1960. (supplemented SG No. 10/2002)
Introduction of annual allowances for children.	2004	
	2006	Lowering of the SSC rates by 6 percentage points.
	2007	Lowering of the SSC rates by 3 percentage points.
Introduction of a 10 % flat PIT rate without allowance and abolition of tax credit for dependants. Disabled individuals are granted an annual allowance of BGN 7 920.	2008	
	2009	Lowering of the SSC rates by 2 percentage points.
	2010	Lowering of the SSC rates by 2 percentage points.
	2010	Increase of the minimum monthly amount of self-employed insurance income, on which contributions have to be paid, from BGN 260 (€ 133) to BGN 420 (€ 215).
	2011	Increase of the state pension contribution rate by 1.8 percentage points from 16 % to 17.8 %.
	2011	Differentiation of the minimum monthly amount of self-employed insurance income, on which contributions have to be paid. The contribution base for the self-employed is determined by the self-employed themselves, subject to a threshold of BGN 420 (€ 215), BGN 450 (€ 230), BGN 500 (€ 256) and BGN 550 (€ 281) depending on their 2009 income and to a ceiling of BGN 2000 (€ 1023).
Cyprus		
Progressive increase of the non-taxable allowance (1995-2003).	1995	
Cut in the PIT rates from 20/30/40 % to 20/25/30 %.	2003	
Extension of basic tax free allowance.	2008	
	2009	Increase in the SSC rates by 0.5 percentage points for both employers and employees.
Czech Republic		
Reduction from 6 to 4 brackets.	2000	
Revision of several allowances.	2001	

(Continued on the next page)

Box (continued)

MEASURES IN THE DOMAIN OF TAXATION		MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
Cut in two lowest tax rates from 15 % to 12 % and from 20 % to 19 % respectively, broadening of the first tax bracket and replacement of standard tax allowances by tax credits.	2006	
Introduction of a 15 % flat PIT rate and increase in tax credits.	2008	
	2009	Reduction in employers' and employees' contribution rates.
	2010	Increase in maximum basis of assessment for social and health insurance payments.
Cut in basic personal tax credit from CZK 24,840 (€ 990) to CZK 23,360 (€ 928) in 2011. From 1 January 2012, that credit can again be claimed in the amount of CZK 24,840.	2011	
Denmark		
Cut in rate of low tax bracket (1996-1999).	1996	
Increase in rate of additional medium tax bracket.	1997	Increase in employees' social contribution rate.
Cuts in PIT, especially at the bottom to the middle end (1999-2002).	1999	Introduction of employees' contributions for special pension savings scheme.
Increases in thresholds of medium and top tax bracket and introduction of an earned income tax credit or employment allowance.	2004	Temporary suspension of obligatory contributions to the special pension scheme (2004-2008).
Abolition of county taxes along with an offsetting increase in municipal taxes and introduction of 8 % healthcare state tax.	2007	
Increase in personal allowance as well as rate and upper limit of earned income tax credit.	2008	
Increases in threshold of medium tax bracket and further increase of rate and upper limit of earned income tax credit.	2009	
Reduction of the rate of the bottom tax bracket, abolition of the medium tax bracket and increase of the tax threshold of the top tax bracket in 2010 and 2011 as part of a fully financed tax reform. Gradual decrease in tax value of interest deductions and deductible expenses from 2012-19. Several measures to broaden the tax base and to increase the taxation of fringe benefits.	2010	

(Continued on the next page)

Box (continued)

MEASURES IN THE DOMAIN OF TAXATION		MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
Suspension until 2013 of automatic adjustments in various tax thresholds (including personal allowances). Postponing from 2011 to 2014 the increase of the threshold for the top income tax rate. Amount of child allowance capped. Labour union membership fees' tax deductibility limited	2011	
Estonia		
	2002	Introduction of the unemployment insurance premium.
Gradual increase of basic allowance in nominal terms by 100 % (2003 to 2006) and further increase by 12.5 % (2008).	2003	
Gradual cut in flat income tax rate from 26 % to 21 % (2004 - 2008).	2004	
Decrease of the maximum amount for the deductions from 100 000 EEK to 50 000 EEK.	2005	
	2006	Reduction in the unemployment insurance rates (2006): for employees 0.6 % (formerly 1.0 %) of gross wage and for employers 0.3 % (formerly 0.5 %) of employee's gross wage.
Additional basic allowance for the first child. Impact on tax receipts in 2009.	2008	
Cancelling of additional basic allowance for the first child. Additional basic allowance for the second child and next children remains. Impact on tax receipts in 2010. Deferral of planned cut of PIT rates by %-points. Deferral of the planned increase of basic allowance.	2009	Increase in the minimum obligation for the social tax. Previously calculated from 2700 EEK a month; starting in 2009 the tax is calculated from current year's minimum wage (4350 EEK per month in 2009). Increase in the unemployment insurance rates as of 1 June 2009: for employees 2.0 % (formerly 0.6 %) of gross wage and for employers 1.0 % (formerly 0.3 %) of employee's gross wage. Increase in the unemployment insurance rates as of 1 August 2009: for employees 2.8 % of gross wage and for employers 1.4 % of employee's gross wage.
The personal income tax rate remains at 21%, and the increase of the basic allowance is suspended.	2010	

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Box (continued)

MEASURES IN THE DOMAIN OF TAXATION		MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
Finland		
Annual cuts of marginal tax rates in state income taxation in 1997 and 1999 - 2009, and increases in the lowest amount of income subject to state income taxation (1995-2009). Reductions in local income tax especially at the bottom to the middle end by means of earned income tax allowance (1997-2008).	1995	
	1997	Reductions in employees' and employers' contribution rates (1997-2002).
Abolition of the lowest state income tax bracket (increase in the tax exemption), subsequent annual increase in the lowest amount of income subject to state taxation.	2001	
	2003	Regional reductions in employees' and employers' contribution rates (2003 - 2009).
	2004	Increase in employers' and employees' contribution rates (2004 and 2005).
Introduction of earned income tax credit in state income taxation.	2006	Reduction in the state employers' national pension insurance and health insurance contributions. Reduction in employers' and employees' pension insurance contributions.
Reduction in the number of tax brackets from five to four. Increase in earned income tax credit in state income taxation, to be replaced by a labour income tax credit in 2009.	2007	
Rate reduction in all the four state income tax brackets (between 1 and 1.5 percentage points). Adjustment for inflation of the income tax scale by 4 %. Earned income tax credit, targeted to low- and medium-income earners, replaced by labour income tax credit.	2009	Reduction in the employers' national pension insurance contribution. Reduction in employees' and employers' unemployment insurance contributions.

(Continued on the next page)

Box (continued)

MEASURES IN THE DOMAIN OF TAXATION		MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
The basic allowance in municipal taxation is increased by € 50 The thresholds of the tax brackets of the progressive income tax schedule and the labour income tax credit are increased	2011	Employees' pension insurance payment increased by 0.2 percentage points. (below 53 years) and by 0.3 percentage points. (above 53 years) Unemployment insurance payment increased by 0.2 percentage points. Health insurance contribution for daily allowance decreased by 0.11 percentage points. Health insurance contribution for medical care decreased by 0.28 percentage points.
France		
Introduction of contribution for refunding of debt of social security institutions (CRDS) with a broader base than the generalised social contribution (CSG).	1996	
Increase in CSG tax rate from 2.4 % to 3.4 %.	1997	Reduction in employers' contributions for low-paid workers (1997-2001).
CSG tax rate moved from 3.4 % to 7.5 % and became partly deductible from income tax.	1998	Reduction in employees' sickness contributions.
	2000	Reduction in employees' and employers' unemployment contributions (2000-2001).
Introduction of the Prime pour l'Emploi targeted especially to low-income earners.	2001	
Increase of the Prime pour l'Emploi.	2004	
Introduction of a tax shield limiting direct taxes to maximum 60 % of income. Remodelling of income tax through a reduction in the number of income tax brackets from six to four and by lowering the rates.	2006	
Increase of the Prime pour l'Emploi.	2007	Enterprises of less than 20 employees benefit from a total exemption from employer's SSCs for employees receiving the minimum statutory salary.
Reinforcement of tax shield to 50 % of income. Social contributions (CSG and CRDS) are then included into the tax shield.	2008	
Temporary decrease of the PIT for low and medium income people.	2009	
Overall amount of PIT tax incentives (niches fiscales) capped on the level of the household (foyer fiscal)	2010	
Increase in the top marginal PIT rate from 40% to 41%. Abolition and reduction of PIT tax incentives	2011	
Germany		
	1997	Increase in social contribution rates.

(Continued on the next page)

Box (continued)

MEASURES IN THE DOMAIN OF TAXATION		MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
Gradual increase of basic tax-free allowance by nearly a quarter (1998-2005).	1998	
Across-the-board cuts in PIT bringing the highest marginal rate down from 53 % to 42 % and the lowest rate from 25.9 % to 15 % (1999-2005).	1999	Reduction in social contributions to the pension system funded by ecological tax reform (1999-2002).
	2003	Slight increases in contribution rate to the old-age insurance.
Introduction of a new top marginal tax rate of 45 %.	2007	Slight increases in contribution rate to the old-age insurance (2007). Overall reduction in the contribution rate to the unemployment insurance from 6.5 % to 2.8 % (2007, 2008, 2009).
Reduction in lowest marginal tax rate (2009), increase in basic tax allowance (2009-2010).	2009	Increase and subsequent reduction in health insurance contribution rate.
Annual tax deduction for children together with the deduction for child care were increased from EUR 6 024 to EUR 7 008 for jointly assessed spouses (half value otherwise)	2010	
Greece		
Cut in highest statutory PIT rate, indexing of tax brackets plus increase in the level of tax-exempt income (2000-2002).	2000	
	2001	Reductions in employers' and employees' pension contributions in respect of new staff and at the low end of the wage scale (2001-2002).
Conversion of tax deductions into tax credits.	2003	
Increase of the non-taxable income and expansion of the central tax scales. Abolition of PIT rate of 15 %. Gradual reduction of PIT rates for the taxable income of € 12 000 up to the level of € 75 000, for income earned in the 2007-2009 period. PIT rate remains 40 % for income higher than € 75 000.	2007	
Introduction of extra tax on personal income for high income earners (income above € 60 000); tax is gradually increased from € 1 000 for income between € 60 001 and € 80 000 to € 25 000 for income above € 900 000.	2009	
Introduction of a special solidarity allowance to low-income earners, pensioners and farmers. The benefit ranges from € 300 to € 1 300.	2010	

(Continued on the next page)

Box (continued)

MEASURES IN THE DOMAIN OF TAXATION		MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
Introduction of a unified progressive scale for all sources of income earned from 2010 onwards. The new system has 9 brackets, with a 45% top rate applicable above € 100 000. Exemptions and provisions for autonomous taxation are abolished.	2010	
	2011	Subsidisation of employers' social security contributions for hiring newly entrants in the labour market under 25 years old, with wages equal to 84 % of the minimum wage, as defined by the National General Collective Agreement.
Hungary		
Income tax brackets reduced from six to three. Decrease in employees' tax credit.	1999	Employers' total payroll costs generally reduced to 37.5 %.
Changes in tax brackets.	2001	Employers' social contributions reduced.
Increase in employees' tax credit.	2002	
Changes in tax brackets.	2003	Increase in employees' mandatory pension contributions.
Reduction in the number of tax brackets to two through abolition of the middle bracket.	2005	Decrease in lump-sum health contribution.
Cut in highest rate from 38 % to 36 %, introduction of a 4 % solidarity tax on high salaries.	2006	Increase in employee's individual healthcare contribution from 4 % to 6 % (September 2006) and to 7 % (2007).
Change in tax brackets.	2007	
	2008	Decrease in employee's healthcare contribution from 7 % to 6 %, increase in employees' mandatory pension contributions from 8.5 % to 9.5 %, decrease in employers' healthcare contribution from 8 % to 5 % and increase in employers' pension contributions from 21 % to 24 %.
Increase in lowest PIT bracket (as from 1 January 2009).	2009	Decrease in employers' SSC by 5 percentage points (up to double of minimal wage, as from 1 July 2009).
Increase in lowest PIT bracket (as from 1 January 2009).	2009	Decrease in employers' SSC by 5 percentage points (up to double of minimal wage, as from 1 July 2009).

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Box (continued)

MEASURES IN THE DOMAIN OF TAXATION		MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
As of 1 January 2010 gross income plus employer's contributions (27 %) qualify as the base of the personal income tax. As of 1 January 2010, the tax bracket increased from HUF 1.9 to 5 million, the tax rates modified from the former 18 % and 36 % to 17 % and 32 %, respectively. The employment tax credit is calculated as 17 % of wage income earned, with a monthly maximum of HUF 15 100. This tax credit is applicable to workers whose annual income does not exceed HUF 3 188 000. Parallel to that, the special tax of private persons (4 %) was deleted.	2010	As of 1 January 2010, 5 % points decrease of the employers' SSC will be a general reduction.
On 1 January 2011 the progressive personal income tax (PIT) system was replaced by a 16 % flat rate system. The tax base has not changed.	2011	The obligatory payment to private pension funds was abolished and the total amount of SSC goes to the state budget. (Previously 8 % went to private pension funds and 1.5 % to the state budget.)
The employment tax credit is calculated as 16 % of wage income earned, with a monthly maximum of HUF 12 100 (€ 44) and is applicable to workers whose annual income does not exceed HUF 3 960 000 (€ 14 400).	2011	Employees' social security contributions increased from 15.5 % to 17.5 %
Ireland		
PIT rate cuts: of the lower band from 27 % to 20 % (1997-2001) and the higher band from 48 % to 42 % (1998-2001). Increases in basic tax allowances/credits (1997-2008). Widening and individualisation of the tax bands (1997-2008).	1997	Reduction in employers' 'PRSI' contributions (1997-2002). Reductions in employees' 'PRSI' contributions (1997-2008).
Revenue-neutral move from a system of tax allowances to a system of tax credits (completed in 2001).	2001	
Reduction in higher PIT band from 42 % to 41 %.	2007	
Introduction of an additional income levy of 1 % on gross income up to € 100 100 per annum and a rate of 2 % for income above this amount. On income in excess of € 250 120 a further 1 % is payable. Doubling of income levy to 2 % (above exemption threshold of € 15 028), 4 % (income in excess of € 75 036) and 6 % (above € 174 980) as of 1 May 2009.	2009	Introduction of a pension levy on public sector wages. Two step increase in employee SSC ceiling.

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Box (continued)

MEASURES IN THE DOMAIN OF TAXATION		MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
The additional income levy is abolished and, instead, a Universal Social Charge is introduced. The levy is Zero for income below € 4 004, 2 % for income up to € 10 036, 4 % from € 10 037 to € 16 016 and 7 % for income above the latter amount.	2011	
Italy		
	1997	Reductions in employers' social contributions in respect of new jobs and at the low end of the pay scale (1997-2000).
	1998	Reduction in employers' health care contribution rate. Introduction of new regional tax ('IRAP') based on the value of production net of depreciations (1998).
Cut in the second bracket of the income tax.	2000	
Further general cuts in rates, in particular on the middle brackets (2001-2002).	2001	
Family allowance supplemented by an additional tax credit depending on the number of dependent children.	2002	
Introduction of a 'no tax area' for low level of income (2003). Revision of PIT tax rates (2003 and 2005).	2003	
2007 finance bill introduced several changes mainly in the direction of increasing the equity of the tax system, raise in tax-exempt basic allowances; introduction of cuts to second and third bracket (from 33 % to 27 % and from 39 % to 38 %) for different levels of income; introduction of new fourth 41 % rate bracket; fifth 43 % bracket now applies to incomes from € 75 001 instead of € 100 000. Deduction from IRAP of the employer's social contributions paid plus € 5 000 for each non temporary worker (€10000 in depressed areas; as from 2008: €4200 and €9200)	2007	
Reduction of IRAP tax rate from 4.25 % to 3.9 %. Granting of tax credit of up to € 333 per month (€ 416 for women in high female unemployment areas) granted to enterprises located in depressed areas, per each new employee.	2008	

(Continued on the next page)

Box (continued)

MEASURES IN THE DOMAIN OF TAXATION		MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
IRAP paid by employers is now 10 % deductible from CIT or PIT. Extension of the 10 % special tax rate only on productivity-based pay increases. (2009 – 2010)	2009	
Latvia		
	1997	Gradual reduction in the rate of social insurance contributions from 38 % to 33.09 % (1997, 2000, 2001 and 2003).
Gradual increase of non-taxable minimum and relief for dependants (2005-2009).	2005	
Reduction in PIT rate from 25 % to 23 %. Introduction of tax allowances for groups negatively affected by the flat tax scheme.	2009	Abolition of the ceiling of SSCs for all insured persons.
Increase in non-taxable minimum for dependent persons.		
Reduction in non-taxable minimum.		
Increase of PIT rate to 26 % and extension of the tax base.	2010	Application of SSC on personal benefit gained from the private use of company car.
Application of the 26 % PIT rate to sole proprietors (before 15 %).		
Application of personal income tax on personal benefit gained from the private use of company car.		
Reduction in PIT rate from 26 % to 25 %.	2011	Increase in the rate of social insurance contribution made by the employee by 2 % (to 11 %).
Increase in non-taxable minimum and allowances for dependant persons.		
	Lithuania	
Gradual increase of basic tax-exempt allowance from LTL 142 to LTL 320 and corresponding increase of individual allowances for disabled and single parents (1996 to 2008).	1996	
	2000	Mandatory social contributions increased by 1 % (to 31 %) of gross wages for employers and by 2 % (to 3 %) for employees.
Introduction of additional tax-exempt allowance for the first second child (0.1 of basic tax-exempt allowance, 2003).	2003	

(Continued on the next page)

Box (continued)

MEASURES IN THE DOMAIN OF TAXATION		MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
Gradual reduction in the income tax rate from 33 % to 27 % (from 1 July 2006) and to 24 % (from 1 January 2008).	2006	
Reduction in tax burden on employment income. Previous all-in 24 % rate replaced with 15 % PIT rate + 6 % compulsory health insurance contribution for a total of 21 %. Various changes in personal allowances or deductions	2009	Introduction of health insurance contribution (see tax section).
	2010-2012	Amendments introduce a social security contributions relief in respect of first-time employees from 1 August 2010 until 31 July 2012. Individuals employed under a labour contract for the first time and not exceeding specific salary threshold are relieved from pension insurance contribution for max. 1 year.
By the end of 2010 the tax law concerning the rate of personal income tax applied on income from individual activities was amended. This rate has been reduced from 15 % to 5 % and is applied on profits derived from individuals' business activities like production (agriculture included), trade or various services.	2011	
Luxembourg		
Cut in PIT rate from 50 % to 46 %.	1998	
Substantial increase in tax allowance for house and child care.	1999	Introduction of a new long term care scheme with a contribution rate of 1 % of taxable income.
Cut in PIT from 46 % to 42 % (maximal rate) and increase in the minimum threshold of taxation. Extension of deduction possibilities for different types of income, among others for privately held pension plans.	2001	
Cut in PIT from 42 % to 38 %.	2002	Introduction of a solidarity charge for the Unemployment Fund of 2.5 %.
	2007	Increase in contribution rate to long-term care scheme from 1 % to 1.4 % of income.
Increase of tax brackets. Introduction of child bonus (transformation of tax relief for families with children into tax credit).	2008	
Increase of tax brackets. Introduction of tax credits for income earners, the retired and monoparental families, (replacing former tax relief for these categories).	2009	Introduction of new uniform paid sick leave scheme.

(Continued on the next page)

Box (continued)

MEASURES IN THE DOMAIN OF TAXATION		MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
Increase in PIT from 38 % to 39 %.	2011	Increase of the solidarity charge for the Unemployment Fund from 2.5 % to 4 % (6 % for income above € 150 000).
Introduction of a crisis tax amounting to 0.8 % levied on total income for the years 2011 and 2012		
Malta		
Reduction in the number of tax brackets and change in range of rates.	2000	
Increase in tax thresholds.	2002	
Increase in the number of tax brackets and change in the tax thresholds.	2003	
Reduction in the number of tax brackets and change in range of rates.	2007	
Increase in tax thresholds.	2008	
Increase in tax thresholds.	2009	
	2011	Increase in the maximum ceiling of social security contributions paid by employers and employees in line with the pension reform of 2007.
Netherlands		
	1996	Reductions in wage tax and employers' social contributions with respect to the long-term unemployed, the low-paid and for training purposes (1996-2001).
	1998	Contribution for disability insurance scheme shifted from the employee to the employer. Increases in employees' contribution rate for state pensions and medical expenses (1998-2000).
Across-the-board cut in PIT. Introduction of a tax credit for all employees and self-employed (2001-2002), in return, lump sum deductions for labour cost expenses and self-employed were abolished in 2001.	2001	Reductions in employees' contribution rate for unemployment insurance.
	2006	Introduction of new health care insurance system.
Increase in the tax credit for working parents and introduction of a bonus for older employees.	2009	Abolition of the employee's contribution to the unemployment social security scheme.
	2010	An exemption of 1.5% of the wage bill for tax purposes replaces 29 categories of tax-free allowances and benefits-in-kind
Introduction of a number of administrative simplifications in the tax and social security systems.	2010	

(Continued on the next page)

Box (continued)

MEASURES IN THE DOMAIN OF TAXATION		MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
Increase in the first bracket of personal income tax from 1.85 % to 2.00 %.	2012	
Poland		
Cut in tax rates and limitation of tax deductions (up to 1998).	1998	
	1999	Global reform of the social security system.
Rise of thresholds for the taxable income.	2007	Cut in rates of disability insurance contribution from 13 % to 6 % (2007-2008)
Introduction of new PIT rates of 18 % and 32 % (replacing the 2008 rates of 19 %, 30 % and 40 %.)	2009	
Portugal		
General cut in PIT rates.	2001	Targeted reductions in employers' social contributions.
General cut in PIT rates.	2005	
Introduction of a new top tax bracket, changes in tax credits.	2006	
Exclusion from public transport commuting expenses from taxable income.	2009	
A new top rate of 45 % on income over EUR 150 000 was introduced.	2010	The social security contributions taxable base was broadened.
An increase by 1 percentage point (until the third bracket, and by 1.5 percentage points (from the fourth bracket of the individual income tax was adopted. In respect to 2010 a new personal income rate table (with eight brackets) applicable to the whole 2010 was approved.	2010	
As from 1 January 2011 the personal income tax brackets are increased by 2.2 %. The minimum marginal rate is 11.5 % and applies to income up to EUR 4 898. The top marginal income rate is 46.5 % and is levied on income over EUR 153 300.	2011	Social security contributions are deductible against pension income only to the amount they exceed EUR 6000 or the deduction applicable to pensions above EUR 22 500.
The total deductible tax expenses were limited to 1.666 % of taxable income up to EUR 1 100 for the two highest income brackets.	2011	As from 1 January 2011, the applicable social contributions rates for employers differ according to the employment contract. A rate of 23.75 % applies to permanent contracts and 26.1 % to fixed term contracts.
The deduction for alimony payments is constrained to 2.5 times of the Social Benefits Index.	2011	

(Continued on the next page)

Box (continued)

MEASURES IN THE DOMAIN OF TAXATION		MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
Introduction of a flat rate tax system with a tax rate of 16 %, replacing the previous four bracket system with tax rates ranging from 18 % to 40 %.	2005	
	2006	Reductions in employees' and employers' contribution rates (2006-2008).
	2008	Global reform of the social security system: broadening of the tax base by the inclusion of bonuses; removal of the ceiling of five average gross wages on the payment of SSC etc. Reform of pension system - introduction of a compulsory second pillar (starting with 2008).
Increase in level of deductibility of voluntary health insurance (from €200 to €250) and threshold of deduction for employees' contribution to facultative pension schemes (€ 200 to € 400).	2009	Increase in employee's and employers' contribution rates; decrease in employers' contributions for work accidents and professional diseases by 0.5 %.
Income derived by individuals from gambling in casinos, or from slot-machines is exempt from tax. Previously such gains were subject to 25 % withholding tax.	2011	With effect from 1 January 2011 there is an obligation to pay health contribution (5.5%) when pension income is higher than € 173 (i.e. contribution will apply to the total pension amount); and in the case of income derived by persons who participated in a Revolution (provided they were not injured) in accordance with the law.
Individuals who incur expenses or own assets with a value of more than 10 % (but not less than € 11 655) than the income derived are subject to a tax audit. Undeclared income, for which the nature is not known at the moment of the inspection, is subject to 16 % income tax.	2011	
Decrease of individual income tax rate from 16 % to 10 %. In order for the provision to enter into force, it has to be further approved by the Senate and by the Chamber of Deputies.	2011	
Taxpayers who derive income from agricultural activities are required to pay a 2 % tax on their gross income.	2011	
Slovakia		
Increase in tax allowances, reduction in the number of tax brackets from 7 to 5 (1995-2002).	1995	Reduction in employers' social contributions by 2.8 % (1995-2006) and increase in employees' social contributions by 1.4 % (1995-2006).
Reduction in the top and in the bottom tax rates.	2003	

(Continued on the next page)

Box (continued)

MEASURES IN THE DOMAIN OF TAXATION		MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
General tax reform, shift of the tax burden from direct toward indirect taxes, elimination of exemptions and special regimes and introduction of flat tax rate of 19 % in PIT.	2004	Linkage of the contributions ceiling (payroll tax cap) to the average wage (3 or 1.5 times the average wage).
	2005	Introduction of mandatory privately managed fully funded pillar at 9 % of gross earnings.
	2006	Introduction of healthcare contribution annual clearing (in 2006 for health contributions paid in 2005).
Reduction in the non-taxable personal allowance.	2007	
	2008	Increase in contributions ceiling (payroll tax cap) from 3 to 4 times the average wage.
Introduction of an employee tax credit as a form of negative income tax; increase in basic allowance.	2009	
The deductions for contributions to supplementary pension insurance and amounts deposited on savings schemes are abolished.	2011	
The personal allowances can be claimed only with respect to aggregate income from employment, business activities and independent professional activities.	2011	
	2011	As from 1 January 2011 non-monetary benefits provided to an employee, which are considered to be taxable employment income are also subject to social security and health insurance contributions. Furthermore, income of executives which is considered to be employment income (e.g. profit sharing other than dividends) is subject to social and health insurance contribution. In addition dividends and rental income are subject to health insurance contributions.
Slovenia		
	1996	Decrease of social contributions and introduction of payroll tax.
Reduction in the number of tax brackets from six to five and of the lowest rate from 17 % to 16 %, increase in general allowance for all taxpayers (from € 1 474 to € 2 355) and in tax allowances for taxpayers with children.	2005	Phasing out of payroll tax by 1 January 2009 (2005-2009). Rates are 0 %, 2.3 %, 4.7 % and 8.9 % in 2007 and 0 %, 1.1 %, 2.3 % and 4.4 % in 2008.

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Box (continued)

MEASURES IN THE DOMAIN OF TAXATION		MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
Introduction of a dual income tax system (dividends, interests and capital gains are taxed separately by proportional rates.	2006	
Reduction in the number of tax brackets from five to three; increase in general allowance for all taxpayers (from € 2 522 to € 2 800), increase in tax allowances for taxpayers with three or more children.	2007	
Introduction of new general allowance: € 4 960 for residents with active income up to € 6 800; € 3 960 for residents with active income between € 6 800 and € 9 000; € 2 960 for residents with active income over € 9 000. Further increase in general allowance to € 4 960 (if the taxable income is up to € 8 300), € 3 960 (if the taxable income is between € 8 300 and € 9 600), € 2 960 (if the taxable income is above € 9 600)	2008	
Introduction of a new special tax rate of 49 % imposed on the income of management in companies receiving state aid. The tax will apply only until the end of 2010.	2009	
Further increase in general allowance to € 6 120 (if the taxable income is up to € 10 200), € 4 147.67 (if the taxable income is between € 10 200 and € 11 800), € 3 100.17 (if the taxable income is above € 11 800)	2010	
Spain		
	1997	Targeted reductions in social contributions (1997-2000).
Across the board cut in PIT rates, increase in basic personal allowances and increase in work income allowance for low wages.	1999	
	2001	Reduction in unemployment contributions for employers and employees.
Cut in PIT and introduction of a non-wastable annual tax credit of € 1 200 for working females with children under 3 years of age.	2003	
	2006	Introduction of various abatements and reductions in social contributions for hiring of disadvantaged workers.

(Continued on the next page)

Box (continued)

MEASURES IN THE DOMAIN OF TAXATION		MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
Reduction in the tax scale applicable to the general component of taxable income from five brackets (15 % to 45 %) to four (24 % to 43 %). Increase in personal and family allowances, which are now included in the first income bracket taxed at a zero rate. Steady increase in the general tax allowance for employment based on a non-linear formula (2007). Introduction of general tax deductions (for women giving birth to children).	2007	Reduction of SSC of up to 40 % for research workers.
Indexing of main PIT tax parameters. Introduction of a € 400 general tax rebate for working and self-employed income earners. Introduction of a tax deduction for taxpayers renting their permanent dwelling.	2008	
Several temporary tax measures taken in relation with the global financial and economic crisis mainly addressed to tackle taxpayers' housing problems (up to 2010): Deadline extension of contributions to housing bank account schemes and own housing reinvestment and advanced claim of own housing mortgage tax deduction through monthly withholding tax payments. Continued application of € 400 general tax rebate for working and self-employed income earners.	2009	Introduction of abatements and reductions in SSC for hiring unemployed workers with children.
The above mentioned general tax rebate of € 400 is granted for working and self-employed taxpayers under € 8 000 and then phased-out as income increases up to € 12 000	2010	
Central government PIT Schedule: 2 new tax brackets for higher incomes over € 120 000 (1 % point up) and over € 175 000 (2 % points up) over the 2010 top marginal rate (43 %).	2011	
Elimination of PIT tax deduction (€ 2 500) for women giving birth to children.	2011	
Sweden		
	1995	Increases in employees' SSC (1995-1998).
Reductions in central- and local income tax, especially at the bottom to the middle end (1999-2001).	1999	
Increase in threshold for State income tax (2000-2002).	2000	Reductions in employers' SSC (2000-2001).
Tax credit for employee SSC (2000, 2001, 2002, 2005, 2006).	2000	

(Continued on the next page)

Box (continued)

MEASURES IN THE DOMAIN OF TAXATION		MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
Increase in basic allowance (2001-2006).	2001	
	2004	Reduction in employers' SSC (2004, 2006 and 2007).
Increase in the tax reduction linked to pension contributions.	2006	
Introduction of an earned income tax credit in four steps (2007, 2008, 2009, 2010).	2007 - 2010	
	2007	Reduction in SSC for young people (18-24 yrs)
	2009	Reduction in SSC for young people (-25 yrs)
	2009	Reduction in SSC (-1 percentage point).
Increase in the basic allowance for individuals over 65 years old	2009 - 2011	
	2010	Reduction in SSC for self-employed persons between the age of 26 and 65
United Kingdom		
PIT reductions, especially at the bottom to the middle end (1999-2000).	1999	Increase in starting point for paying national insurance contributions (NIC) for employers and employees. Reduction in employers' contribution rates to compensate for introduction of climate levy (1999-2001).
	2002	Increase of the NIC by 1 % for both employers and employees.
Abolition of the 10 % rate of income tax for non-savings income. Decrease in the basic rate of PIT from 22 % to 20 %. Increase in tax-free personal allowance for taxpayers under 65.	2008	
An additional rate of income tax (50 %) applied for annual incomes above GBP 150 000; restriction of PIT allowance for annual incomes over GBP 100 000.	2010	
One-off payroll tax of 50% on bonuses over GBP 25,000 paid by banks and building societies between 9th December 2009 and 5th April 2010.	2010	
The personal allowance (GBP 6 475) and basic rate limit (GBP 37 400) held at 2009-10 levels.	2010	

(Continued on the next page)

Box (continued)

MEASURES IN THE DOMAIN OF TAXATION		MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
Increase in personal allowance to GBP 7 475	2011	
Norway		
Reduction of surtax (1999, 2002-2006). Increase of minimum allowance (1999-2002, 2006, 2007).	1999	
Increase of surtax (2000, 2007).	2000	
Taxation of rehabilitation benefits as wage.	2002	
	2004	Phasing-out of regionally differentiated employers' SSC (2004-2006).
Increase in allowance for labour union fees (2006-2009).	2006	
	2007	Reintroduction of regionally differentiated employers' SSC.
Increase in parent allowance.	2008	
Iceland		
	2009	The social security tax rate of 5.34 % rose to 7 % and 7.65 % for seamen.
Temporary (2010-2012) a 1.25 % rate is imposed on net wealth exceeding ISK 90 million (€ 505 618). Introduction of a three-level taxation of individual income with no tax-free minimum, with a minimum 24.1 % rate and a maximum 33 % rate. Increase in the personal tax credit to ISK 530 466 (€ 2 980).	2010	Social security contribution paid by the employers was increased to 8.6 %.

4

Trends in the implicit tax rate on capital

4. TRENDS IN THE IMPLICIT TAX RATE ON CAPITAL

Introduction

In recent years growing policy attention has been devoted to the taxation of capital and in particular to the level of corporate income taxation. Corporate income tax, although usually considered the main tax on capital, is not a major source of revenue in the vast majority of the Union's Member States. In 2009, it represented on average 2.7% of GDP in the EU⁽⁵⁷⁾ and was less than 4 % of GDP in all countries but three: Malta (6.7 %), Cyprus (6.5 %) and Luxembourg (5.5 %). Compared to 2008 the EU-average decreased significantly by 0.6 percentage points from 3.3 % to 2.7 % in 2009. This might partly be attributed to the deterioration of the economic situation which started in 2008 and hit most countries' non-financial sectors in the course of 2009. The strongest decline was observed in Latvia (-1.6 percentage points), France (-1.5 percentage points), and the Netherlands (-1.3 percentage points). After the inclusion of all other capital taxes, the revenue from overall capital taxation reaches more than 10 % of GDP in some Member States — Italy (11.2 %), Malta (10.9 %), United Kingdom (10.5 %) and Luxembourg (10.5 %). At 6.7 % on average for the EU, taxes on capital can be split up into those on corporate income (2.8 %), those on capital income of self-employed (1.4 %), of households (0.6 %), and those on the stock of capital (wealth) (1.8 %).

There is a wide interest in the development of capital taxes for a number of reasons. The increase of capital mobility especially during the last two decades⁽⁵⁸⁾ has raised concerns among policymakers that high levels of taxation might reduce domestic and foreign capital investments and especially create incentives to relocate book profits to low tax jurisdictions. At the same time (low) tax burdens are seen as one instrument for attracting foreign capital investments by offering an attractive tax treatment. The latter is often referred to as tax competition⁽⁵⁹⁾. Like most taxes, taxes on capital may have distortive effects on the market⁽⁶⁰⁾, particularly in highly integrated areas like the EU Internal Market. These distortions may also impact on the personal income taxes because taxes on capital reduce capital accumulation and therefore negatively impact on productivity levels, which in turn depress wages. Equity considerations also feature prominently in the debate on the taxation of capital held by individuals given that capital is, as a rule, both more lightly taxed than labour income and often taxed at flat rates, which calls for an effective taxation of capital income to avoid emptying the progressivity of the income tax of its meaning. Next, recent substantial cuts in the corporate income rate have highlighted the risk that a comparatively light taxation of capital induces individuals to take on the legal form of corporation, only to avoid the payment of the personal income tax on their labour income (backstop function of the corporate income tax). Finally, the relative mobility of capital has stimulated the apprehension of tax competition and a subsequent race-to-the-bottom in capital tax rates.

⁽⁵⁷⁾ See Table 19 in Annex A.

⁽⁵⁸⁾ This mobility can take different forms ranging from foreign direct investments to profit shifting.

⁽⁵⁹⁾ See Nicodème (2007) for a recent review with a focus on the European Union. In this respect, it should be noted that taxes are only one dimension of the decision to invest and other factors like wage costs, infrastructure and education of the work force might be more important. However, tax rules can be changed much faster by policy makers than the other factors. For this reason tax policy issues are much more in the public focus.

⁽⁶⁰⁾ Distortions come from the fact that taxes will deter economic activity. They are usually measured by the size of so-called deadweight losses, or excess burden of taxation. These represent a loss of economic efficiency that occurs when taxation creates a wedge between supply and demand by distorting price equilibrium. In other words, there is a loss of consumer and producer surpluses due to the fact that equilibrium is reached at a lower quantity of inputs.

Table II-4.1: **Adjusted top statutory tax rate on corporate income ⁽⁶¹⁾**
1995-2011, in %

																		Difference	
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	1995-2011	2000-2011
BE	40.2	40.2	40.2	40.2	40.2	40.2	40.2	40.2	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	-6.2	-6.2
BG	40.0	40.0	40.2	37.0	34.3	32.5	28.0	23.5	23.5	19.5	15.0	15.0	10.0	10.0	10.0	10.0	10.0	-30.0	-22.5
CZ	41.0	39.0	39.0	35.0	35.0	31.0	31.0	31.0	31.0	28.0	26.0	24.0	24.0	21.0	20.0	19.0	19.0	-22.0	-12.0
DK	34.0	34.0	34.0	34.0	32.0	32.0	30.0	30.0	30.0	30.0	28.0	28.0	25.0	25.0	25.0	25.0	25.0	-9.0	-7.0
DE	56.8	56.7	56.7	56.0	51.6	51.6	38.3	38.3	39.6	38.3	38.7	38.7	38.7	29.8	29.8	29.8	29.8	-27.0	-21.8
EE	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0	24.0	23.0	22.0	21.0	21.0	21.0	21.0	-5.0	-5.0
IE	40.0	38.0	36.0	32.0	28.0	24.0	20.0	16.0	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	-27.5	-11.5
EL	40.0	40.0	40.0	40.0	40.0	40.0	37.5	35.0	35.0	35.0	32.0	29.0	25.0	25.0	25.0	24.0	20.0	-20.0	-20.0
ES	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	32.5	30.0	30.0	30.0	30.0	-5.0	-5.0
FR	36.7	36.7	41.7	41.7	40.0	37.8	36.4	35.4	35.4	35.4	35.0	34.4	34.4	34.4	34.4	34.4	34.4	-2.3	-3.4
IT	52.2	53.2	53.2	41.3	41.3	41.3	40.3	40.3	38.3	37.3	37.3	37.3	37.3	31.4	31.4	31.4	31.4	-20.8	-9.9
CY	25.0	25.0	25.0	25.0	25.0	29.0	28.0	28.0	15.0	15.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	-15.0	-19.0
LV	25.0	25.0	25.0	25.0	25.0	25.0	25.0	22.0	19.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	-10.0	-10.0
LT	29.0	29.0	29.0	29.0	29.0	24.0	24.0	15.0	15.0	15.0	15.0	19.0	18.0	15.0	20.0	15.0	15.0	-14.0	-9.0
LU	40.9	40.9	39.3	37.5	37.5	37.5	37.5	30.4	30.4	30.4	30.4	29.6	29.6	29.6	28.6	28.6	28.8	-12.1	-8.7
HU	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	17.6	17.5	17.5	21.3	21.3	21.3	20.6	20.6	1.0	1.0
MT	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	0.0	0.0
NL	35.0	35.0	35.0	35.0	35.0	35.0	35.0	34.5	34.5	34.5	31.5	29.6	25.5	25.5	25.5	25.5	25.0	-10.0	-10.0
AT	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	-9.0	-9.0
PL	40.0	40.0	38.0	36.0	34.0	30.0	28.0	28.0	27.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	-21.0	-11.0
PT	39.6	39.6	39.6	37.4	37.4	35.2	35.2	33.0	33.0	27.5	27.5	27.5	26.5	26.5	26.5	29.0	29.0	-10.6	-6.2
RO	38.0	38.0	38.0	38.0	38.0	25.0	25.0	25.0	25.0	25.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	-22.0	-9.0
SI	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	23.0	22.0	21.0	20.0	20.0	-5.0	-5.0
SK	40.0	40.0	40.0	40.0	40.0	29.0	29.0	25.0	25.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	-21.0	-10.0
FI	25.0	28.0	28.0	28.0	28.0	29.0	29.0	29.0	29.0	29.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0	1.0	-3.0
SE	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	26.3	26.3	26.3	-1.7	-1.7
UK	33.0	33.0	31.0	31.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	28.0	28.0	27.0	-6.0	-3.0
EU-27	35.3	35.3	35.2	34.1	33.5	31.9	30.7	29.3	28.3	27.0	25.5	25.3	24.5	23.6	23.5	23.3	23.1	-12.2	-8.8
EA-17	36.8	37.0	37.0	35.8	35.2	34.4	33.0	31.8	30.4	29.6	28.1	27.7	26.8	25.7	25.6	25.6	25.3	-11.5	-9.0

Source: Commission services

Table II-4.1 shows the statutory corporate tax rates for the EU Member States, while Table II-4.2 shows the statutory rate for six non-EU OECD countries and the BRIC (Brazil, Russia, India, and China). Two trends were prominent in corporate taxation in the Union in the last decade.

⁽⁶¹⁾ Only the 'basic' (non-targeted) top rate is presented here. Existing surcharges and averages of local taxes are included. Some countries also apply small profits rates or special rates, e.g., in case the investment is financed through issuing new equity, or alternative rates for different sectors. Such targeted tax rates can be substantially lower than the effective top rate.

Belgium: a) A 3 % 'crisis' surcharge is applicable since 1993; b) since 1/1/2006 Belgium, applies a system of notional interest (ACE) which reduces the 'effective tax rate' with several percentage points, depending on the difference between the rate of return and the rate of the notional interest deduction

Germany: The rate includes the solidarity surcharge of 5.5 % and the average rate for the trade tax ('Gewerbesteuer', which is also an allowable expense for the purpose of calculating the income on which corporation tax is payable). From 1995 to 2000 the rates for Germany refer only to retained profits. For distributed profits lower rates applied. As from 2008 enterprises are subject to an overall tax burden of 29.8 % nominally. This is the result of the reduction of the corporate tax rate from 25 % to 15 % and the reduction of the base measure for trade tax from 5 % to 3.5 %. The adjusted top statutory tax rate is calculated with an average multiplier of 400 % for the trade tax.

Estonia: As from 2000 the rate for Estonia refers only to the gross amount of distributed profits; the tax rate on retained earnings is zero.

France: France applies a standard CIT rate of 33.5 %. Large companies (turnover over € 7 630 000 and taxable profit over € 2 289 000) are subject to an additional surcharge of 3.3 % levied on the part of aggregate corporate tax which exceeds € 763 000. An annual minimum lump-sum tax (IFA) based on turnover is payable when turnover is more than € 400 000.

Cyprus: In 2003 and 2004 the rate includes the additional 5% surcharge on companies with income exceeding € 1.7 million.

Hungary: An 'Innovation tax' of 0.3 % is due on the same base as the local business tax while micro and small enterprises are exempted from paying. In 2010 the corporate income tax in Hungary consists of two components: the standard CIT rate of 19 %, a local tax of maximum 2 % that applies on the gross operating profit (turnover minus costs). Starting from a gross operating profit of 100, companies would pay the local tax of 2. The CIT base is calculated as the profit before tax of 98. A CIT rate of 19 % gives a tax of 18.62. In total the tax paid is 18.62 + 2 = 20.62

Ireland: 25 % for non-trading income, gains and profits from mining petroleum and land dealing activities. Until 2003, Ireland applied a 10 % CIT rate to qualifying manufacturing and services companies.

Italy: As from 1998 the rates for Italy include IRAP (rate 3.90 %), a local tax levied on a tax base broader than corporate income. The rate may vary up to 1 percentage point depending on location. "Robin tax" on financial institutions is not included.

Lithuania: a 'social tax' (applied as a surcharge) has been introduced in 2006 and 2007 (at 4 % and 3 % respectively). As from 2010, companies with up to ten employees and taxable income not exceeding LTL 500,000 (approx. EUR 144,810), benefit from a reduced tax rate of 5%.

Luxembourg: basic local tax (municipal business tax) is 3% to be multiplied by a municipal factor ranging from 2 to 3.5. The rate in the table is for Luxembourg City.

Malta: The rate shown does not take into account the corporate tax refund system

Portugal: As from 2007 the rate for Portugal includes the maximum 1.5 % rate of a municipal surcharge. As from 1 July 2010 the adjusted top corporate tax rate includes a state surcharge tax of 2.5 % levied on corporate income exceeding EUR 2 million.

Table II-4.2: **Adjusted top statutory tax rate on corporate income - EU v. third countries**
1995-2011, in %

																		Difference	
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	1995-2011	2000-2011
EU-27	35.3	35.3	35.2	34.1	33.5	31.9	30.7	29.3	28.3	27.0	25.5	25.3	24.5	23.6	23.5	23.3	23.1	-12.2	-8.8
Non-EU countries																			
OECD-7	37.0	37.4	37.4	37.2	36.0	34.5	33.6	31.3	31.0	30.7	30.3	30.3	30.3	30.0	30.0	30.3	30.4	-6.6	-4.1
AU	33.0	36.0	36.0	36.0	36.0	34.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	-3.0	-4.0
CA	44.6	44.6	44.6	44.6	44.6	44.6	42.1	38.6	36.6	36.1	36.1	36.1	36.1	34.6	34.6	34.0	32.5	-12.1	-12.1
CH	28.5	28.5	28.5	27.5	25.1	24.9	24.7	24.4	24.1	24.1	21.3	21.3	21.3	21.3	21.3	21.3	21.3	-7.2	-3.6
JP	51.6	51.6	51.6	51.6	48.0	40.9	40.9	40.9	40.9	39.5	39.5	39.5	39.5	42.0	42.0	42.0	42.0	-9.6	1.1
IS	33.0	33.0	33.0	33.0	30.0	30.0	30.0	18.0	18.0	18.0	18.0	18.0	18.0	15.0	15.0	18.0	20.0	-13.0	-10.0
NO	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	0.0	0.0
US	40.0	40.0	40.0	40.0	40.0	39.3	39.3	39.3	39.3	39.3	39.3	39.3	39.3	39.0	39.0	39.0	39.0	-1.0	-0.3
BRIC	38.9	34.9	34.9	34.9	34.0	35.9	35.4	31.7	31.9	31.7	31.9	31.2	31.2	29.2	28.2	28.2	28.1	-10.9	-7.8
BR	47.7	31.5	31.5	31.5	33.0	37.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	-13.7	-3.0
RU	35.0	35.0	35.0	35.0	35.0	35.0	35.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	20.0	20.0	20.0	-15.0	-15.0
IN	40.0	40.0	40.0	40.0	35.0	38.5	39.6	35.7	36.8	35.9	36.6	33.7	34.0	34.0	34.0	34.0	33.2	-6.8	-5.3
CN	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	25.0	25.0	25.0	25.0	-8.0	-8.0

Note: Rates are those applicable in capital city (except for the US where the average rate is used and Canada where the highest provincial rate (16.5 %) was used); Brazil applies a variant of an Allowance for Corporate Equity (only allowing the tax deduction of notional interest when it is actually paid out to shareholders as 'interest on equity').

Source: Commission services; OECD Tax Database; KPMG Corporate Tax survey; IBFD; Deloitte domestic rates database; Ministries websites; World Tax database at office of tax policy research; Klemm, A. (2007), Allowances for Corporate Equity in Practice, CES.

Firstly, the European Union countries moved towards lowering CIT rates, in one case even abolishing the tax altogether on retained earnings (Estonia). Taking local taxes and surcharges into account, the average general corporate tax rate in the EU-27 was reduced by 12.2 percentage points in the period 1995 to 2011. This reduction is however not a new phenomenon as cuts in corporate tax rates started as early as in the 1980s. The same trend towards lower statutory corporate tax rates also occurred — albeit less dramatically — in many third countries.

Secondly, the scale of deductions and exemptions was reduced. This trend was also due to the Code of Conduct for business taxation (which has played a role in limiting preferential tax regimes and therefore encouraged Member States to prefer adjusting the tax rate rather than the base) and to the necessity to conform to EU rules limiting State aid to enterprises (as some State aid may be in the form of tax breaks). There was also a tendency in many Member States in recent years to enlarge the corporate tax base via less generous depreciation rules and deductions⁽⁶²⁾. The policy of broadening the tax base while reducing the rates is usually referred to a 'Tax rate cut cum base broadening'. The Belgian ACE (allowance for corporate equity) forms a striking exception to this general base broadening trend.

Finally, the EU has by and large become a low-tax area in terms of statutory corporate tax rates. The EU average of 23.1 % is lower than the statutory tax rate in all selected OECD countries and the BRIC with the exception of Switzerland, Russia, and Iceland.

An analysis of the combined impact of these changes based on the use of simple metrics, such as statutory tax rates or simple tax-to-GDP ratios, would however not give an accurate picture. National provisions for computing the taxable base to which the statutory tax rates are applied differ greatly across countries. The simple tax-to-GDP ratio, while superior to the statutory tax rates in describing the effective tax burden, fails to capture changes in the capital tax base⁽⁶³⁾. Moreover, the weight of the base (total taxable capital) on GDP may differ considerably between countries. Hence, in this report we compute implicit tax rates (ITRs), which put each tax in relation to its respective tax base.

⁽⁶²⁾ Devereux et al., (2002) and Griffith and Klemm (2004) provide ground for this latter policy development. Their computations show that fiscal depreciation rules have indeed become less generous during the past two decades, especially for buildings.

⁽⁶³⁾ The rules on computing taxable income can be construed in such a way as to offer a strong incentive to foreign companies. For instance, allowing for the depreciation of buildings and the amortisation of intangibles and tangible fixed assets. Given that they incorporate such elements of the tax code in their modelling, effective average tax rates (EATRs) generally allow a more accurate analysis of these aspects, while suffering from other limitations linked to their forward looking nature. For details see European Commission (2001). Jacobs et al. (2004) calculate the EATRs for a German parent company operating a subsidiary in each of the new Member States. Their work highlights the substantial differences in tax regimes: the spread between the EATR for, say, Malta and Lithuania is found to reach almost 20 percentage points.

Taxes on capital are a complex class that includes a variety of taxes paid both by enterprises and households: stamp taxes, taxes on financial and capital transaction; car registration taxes paid by enterprises; taxes on land and buildings; the part of personal income paid on earnings from capital, taxes paid on income or profits of corporations and taxation of capital transfer such as inheritance taxes. It should be noted that under the definition used in this report, taxes raised on self-employment income are booked as taxes on capital, although *stricto sensu* earnings from self-employment include a return to labour as well as to capital. Given this complexity, one should be cautious in interpreting the available figures as the concept covers many sources of revenues that are of a different nature, and are earned by different recipients.

Next to the implicit tax rate on capital, the report contains three additional indicators of effective taxation: the implicit tax rate on capital and business income; the implicit tax rate on corporate income, and the implicit tax rate on capital and business income of households. The first indicator differs from the implicit tax rate on capital to the extent that it excludes the taxes on the stock of wealth. The last two look at the taxation of capital and business income of corporations and households respectively. Annex B provides the definitions as well as an extensive discussion of those indicators.

Effective tax rates

The table presents an overview of the corporate effective average tax rates (EATR) for the non-financial sector⁽⁶⁴⁾ in the European Union. Effective tax rates complement statutory tax rates by additional charges on investment and by elements of the tax base in order to evaluate the effective tax burden incurred. The methodology used for the calculation of EATRs is set out by Devereux and Griffith (1999, 2003)⁽⁶⁵⁾.

For the EU-27, the average EATR in 2010 is 21.8 %, but this overall average hides considerable dispersion in the EATR levels across the individual Member States. The EATR is the lowest in Bulgaria (8.8 %), Cyprus (10.6 %) and Lithuania (12.7 %), and the highest in Greece (41.5 %), Spain (32.8 %) and Malta (32.2 %). All new Member States, except for Malta, have statutory tax rates below 20 % (16.4 % on average); all old Member States, except for Ireland, Denmark and Austria, levy taxes at 23 % and higher (26.2% on average).

Over the last decade, a significant downward trend in the effective corporate tax levels can be observed on the EU level. Over the same time period, the differential in effective tax levels between the old EU Member States and the new Member States increased due to intensified tax cuts in the new Member States after EU accession. The fall in EATRs was stopped and slightly reversed as of 2009, in the aftermath of the financial crisis. However, countries have reacted differently: most have consolidated their corporate tax burdens compared to previous years, while some have further reduced and others have increased their EATR.

Overall, one can observe a higher consolidation in effective tax levels for the old Member States, while the new Member States show more changes in their tax policies. On average, the effective tax levels in the EU have not come down by the same level as the corporate tax rates. In addition to changes in capital allowances the results are driven by significant reforms of corporate tax systems and the abolition of incentives in some countries.

⁽⁶⁴⁾ Proxied by the manufacturing sector

⁽⁶⁵⁾ Schreiber/Spengel/Lammersen (2001); Devereux et al. (2008)

Table II-4.3: **Effective average tax rates, non-financial sector**
1998-2010, in %

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
BE	34.5	34.5	34.5	34.4	34.5	29.5	29.5	29.5	25.7	25.4	24.9	24.9	24.6
BG	32.0	29.7	28.1	24.2	20.4	20.5	17.1	13.2	13.2	8.8	8.9	8.8	8.8
CZ	26.4	25.4	23.6	23.6	23.6	23.6	24.6	22.7	21.0	21.0	18.4	17.5	16.7
DK	30.0	28.3	28.3	26.8	26.8	26.8	26.8	25.1	25.1	22.5	22.5	22.5	22.5
DE	41.2	40.4	40.4	35.8	35.8	37.0	35.8	35.8	35.5	35.5	28.2	28.0	28.0
EE	22.4	22.4	20.4	20.4	20.4	20.4	20.4	18.8	18.1	17.3	16.5	16.5	16.5
IE	9.4	9.4	9.4	9.4	12.3	14.3	14.3	14.3	14.4	14.4	14.4	14.4	14.4
EL	30.4	30.4	30.4	30.4	30.4	30.4	30.4	27.8	25.2	21.7	21.8	30.5	41.5
ES	36.5	36.5	36.5	36.5	36.5	36.5	36.5	36.5	36.5	34.5	32.8	32.8	32.8
FR	39.8	38.4	36.6	35.8	34.9	35.0	35.0	34.8	34.4	34.6	34.6	34.7	31.0
IT	32.0	32.0	31.3	30.7	34.3	32.6	31.8	31.8	31.8	31.8	27.2	27.4	27.4
CY	27.5	27.5	27.5	26.5	26.9	14.8	14.8	10.6	10.6	10.6	10.6	10.6	10.6
LV	22.7	22.7	22.7	22.7	20.2	17.7	14.3	14.3	14.3	14.3	13.8	13.8	12.6
LT	23.0	23.0	19.1	19.1	12.7	12.7	12.7	12.7	16.0	15.2	12.7	16.8	12.7
LU	32.6	32.6	32.6	32.6	26.5	26.5	26.5	26.5	25.9	25.9	25.9	25.0	25.0
HU	19.0	19.3	19.7	19.7	19.7	19.7	17.8	16.6	16.3	19.5	19.5	19.5	19.1
MT	32.2	32.2	32.2	32.2	32.2	32.2	32.2	32.2	32.2	32.2	32.2	32.2	32.2
NL	32.3	32.3	32.3	32.3	31.9	31.9	31.9	29.1	27.4	23.7	23.7	23.6	23.6
AT	29.7	29.7	29.7	31.2	31.0	31.0	31.2	23.0	23.0	23.0	23.0	22.7	22.7
PL	32.4	30.6	27.1	25.3	25.3	24.2	17.1	17.1	17.1	17.4	17.4	17.5	17.5
PT	33.4	33.4	31.5	31.5	29.5	29.4	24.6	24.6	24.6	23.7	23.7	23.7	23.9
RO	34.0	34.4	22.7	22.7	22.9	22.7	22.4	14.7	14.7	14.8	14.8	14.8	14.8
SI	20.9	20.9	20.9	20.9	20.9	21.5	21.5	22.1	22.3	20.9	20.0	19.1	18.2
SK	36.7	36.7	25.8	25.8	22.3	21.9	16.5	16.8	16.8	16.8	16.8	16.8	16.8
FI	25.9	26.1	27.2	27.2	27.2	27.2	27.2	24.5	24.5	24.5	24.5	23.6	23.8
SE	23.8	23.8	23.8	23.1	23.1	23.1	23.1	24.6	24.6	24.6	24.6	23.2	23.2
UK	29.7	28.9	28.7	28.7	29.3	29.3	29.3	29.3	29.3	29.3	28.0	28.3	28.4
EU-27	29.3	28.9	27.5	27.0	26.4	25.6	24.6	23.3	23.0	22.4	21.5	21.8	21.8

Source: ZEW Mannheim

Implicit tax rates on capital: long-term trends

Although the ITR on capital is only available for the years starting from 1995, an indication of a longer-run trend starting from the 1970s can be gleaned from a broader indicator, namely the 'tax rate on other production factors' which was computed in previous editions of this report⁽⁶⁶⁾. The definition of both numerator and denominator was different, somewhat broader and the data were based on the national accounts framework ESA79. In addition, the composition of the Union was also different.

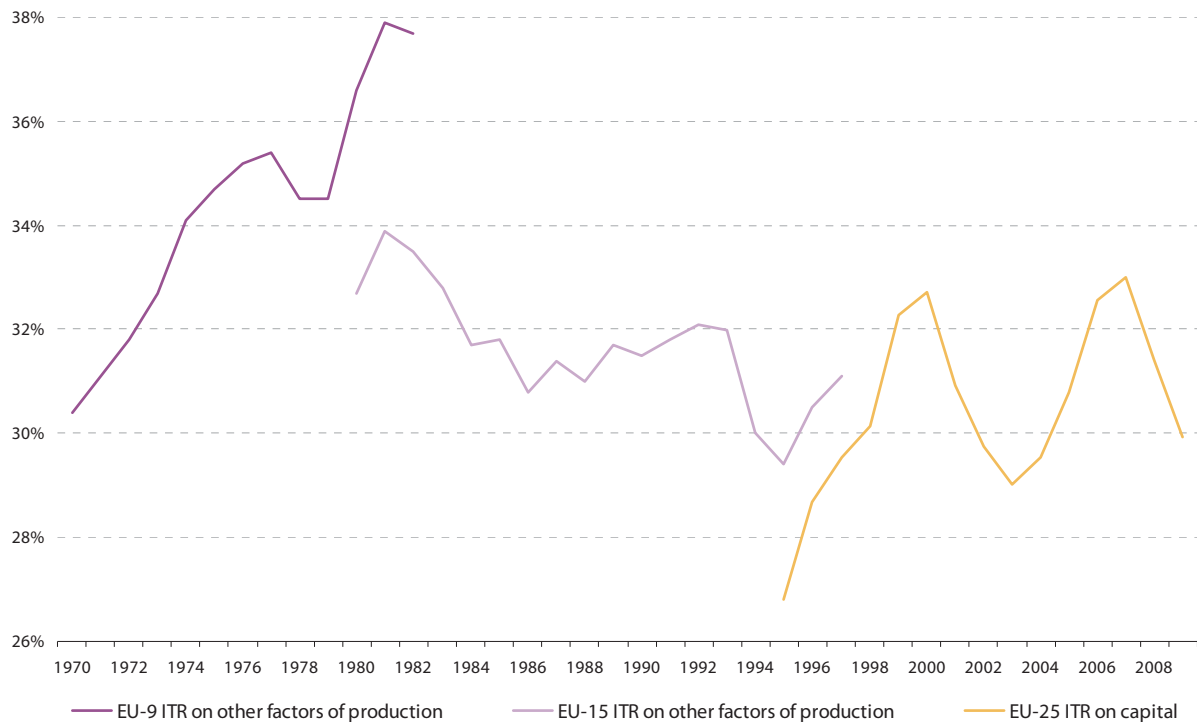
As shown in Graph II-4.1, this indicator shows for the European Union⁽⁶⁷⁾ an increase until the beginning of the 1980s. Afterwards, a slight decrease in the effective tax burden took place from the early to the mid-1980s, followed by a period of stabilisation from the late 1980s to the early 1990s. The methodology was subsequently refined and the national account systems also moved to the ESA95 framework, thus the series are not directly comparable. However, it is worth noticing that the 'ITR on other factors of production' gave an indication of increasing taxation on capital starting from 1995. This trend is consistent with that of the ITR on capital computed starting from 1995 and based on the national accounts framework ESA95. This indicator increases dramatically between 1995 and 2001, before showing a three-year

⁽⁶⁶⁾ European Commission (2000b).

⁽⁶⁷⁾ The evolution of the ITR on other production factors depicted in the Graph relates to the EU-9 (BE, DK, DE, IE, FR, IT, LU, NL and UK) from 1970 to 1980 and to the EU-15 afterwards.

decrease and a new rise since 2003. From 2007 to 2009 the indicator declined again. This evolution corresponds closely to the one of the business cycle⁽⁶⁸⁾. The methodology followed for the computation is described in Annex B.

Graph II-4.1: **Implicit tax rate on other production factors and implicit tax rate on capital**
1970-2009, in %



Note: All averages are GDP-weighted.

Source: Commission services

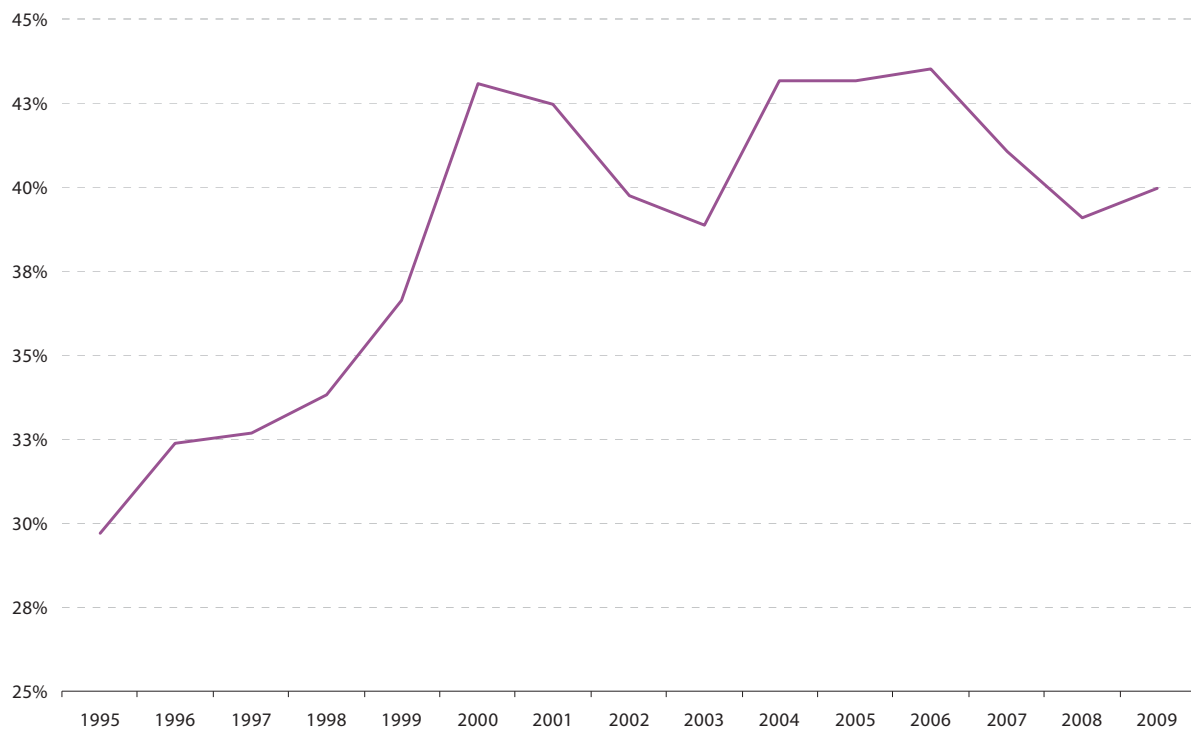
Table 79 in Annex A shows the development of the ITR on capital for all the Member States and years available. Comparing 2000 and 2009, the overall ITR on capital decreased in eleven Member States: the strongest decrease was observed in Sweden (- 9.3 percentage points), Finland (- 6.5 percentage points), Germany (- 6.3 percentage points), Slovakia (- 5.8 percentage points), the Netherlands (- 5.3 percentage points), and UK (- 5.1 percentage points). The ITR on capital has risen⁽⁶⁹⁾ in eight countries with some very large increases recorded for example in Italy (9.5 percentage points), Estonia (8.1 percentage points) and Denmark (7.7 percentage points). This difference in trends has unsurprisingly led to an (temporary) increase in the dispersion of the ITR on capital as measured by the coefficient of variation in 2005⁽⁷⁰⁾ (see Graph II-4.2). However, country values have converged again since 2006, leading to a decrease of the variation coefficient. The still relatively low degree of convergence may be prima facie unexpected given the increased integration of capital markets in the European Union. The fact countries have been hit unevenly by the crisis could partly explain the slight increase in the variation coefficient in 2009.

⁽⁶⁸⁾ The computation of the entire time series 1995–2009 for the ITR on capital is possible only for nine of the NMS-12, namely the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Poland, Slovenia and Slovakia. Partial data are available for Bulgaria.

⁽⁶⁹⁾ A more pronounced increase could be observed for the overall indicator when using a simplified denominator referring to the net operating surplus of the whole economy. Carey and Rabesona (2002) who used a similar (biased) denominator also reported increases in the implicit tax rate on capital factors, which could affect/bias comparisons between Member States, are described in Annex B, Part D. Their importance differs between Member States according — for instance — to a different share of financial companies making capital gains. Data limitations prevent the computation of the ITRs for Luxembourg, Malta and Romania.

⁽⁷⁰⁾ The coefficient of variation is defined as the ratio of the standard deviation and the average of the sample.

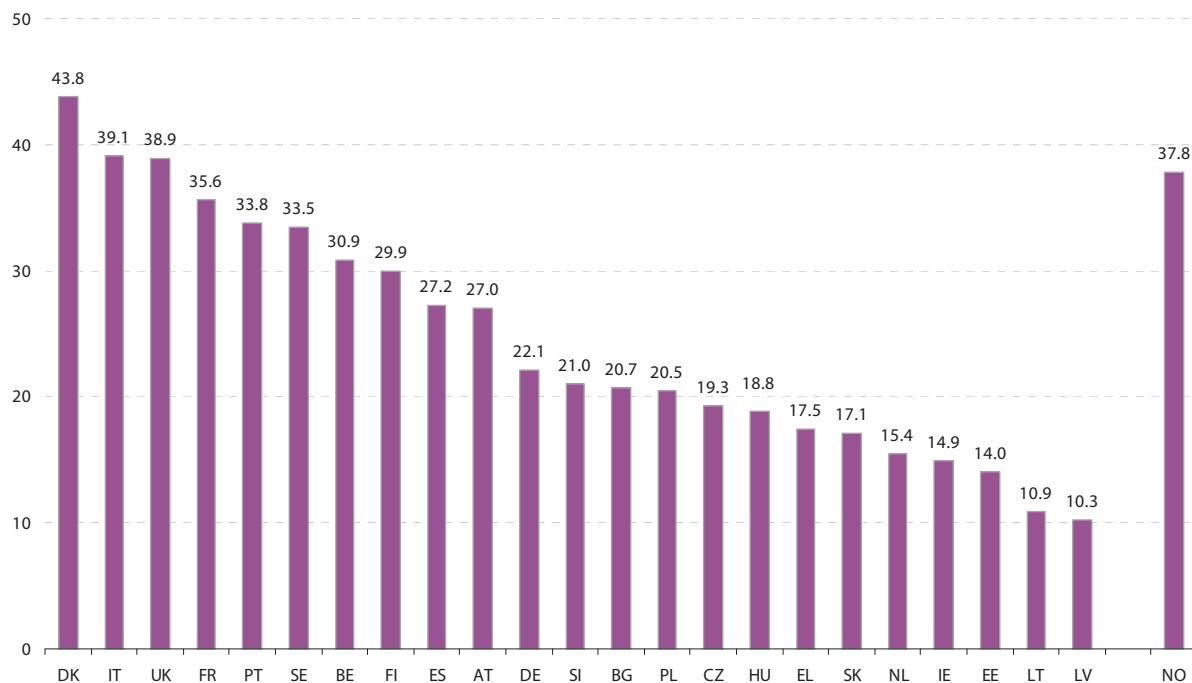
Graph II-4.2: **Coefficient of variation of the implicit tax rate on capital**
Ratio between standard deviation and mean, in %



Source: Commission services

In terms of levels for 2009, Denmark tops the ranking with an ITR on capital of 43.8 %. The values for UK, France, and Italy are above 35 %. At the other extreme of the scale are the Baltic states where Latvia at 10.3 %, Lithuania at 10.9 % and Estonia at 14.0 % display low levels of ITR on capital.

Graph II-4.3: **Implicit tax rate on capital**
2009, in %



Note: No data for CY, LU, MT, RO and IS; data for BG refer to 2007; data for EL refer to 2005

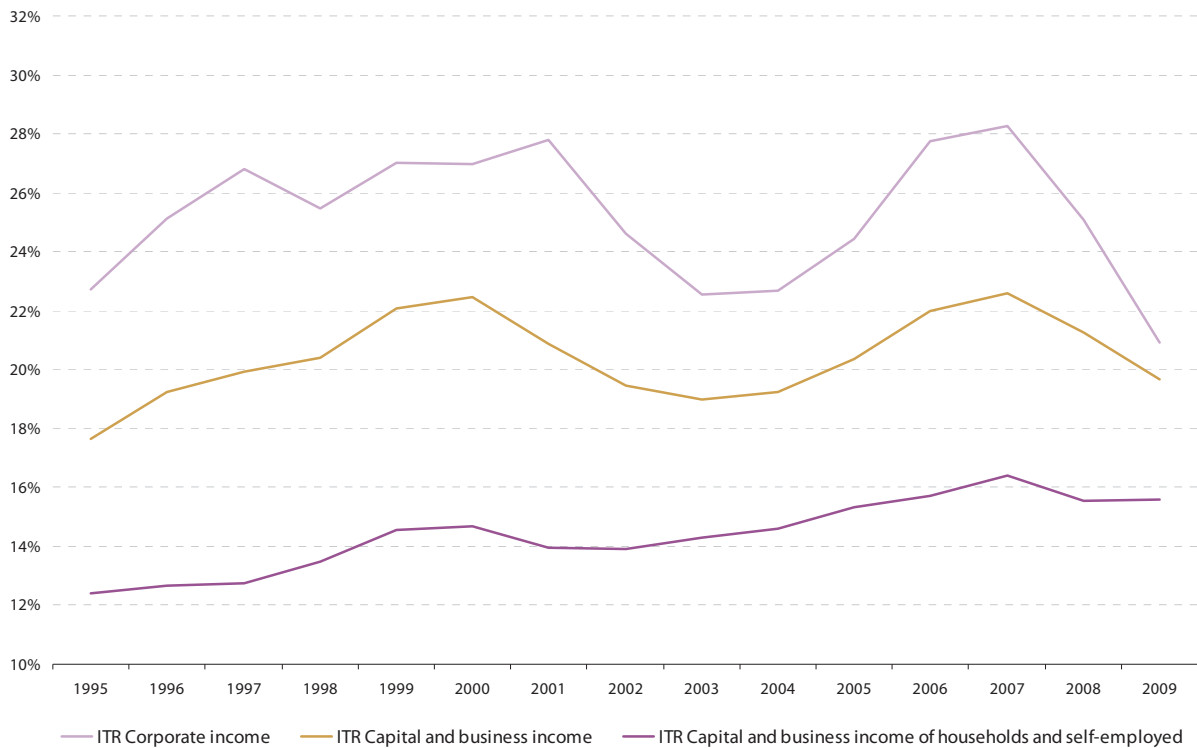
Source: Commission services

Implicit tax rates on capital and business income.

As explained in the introduction and detailed in the appendix, the implicit tax rate on capital and business income differs from the ITR on capital as it excludes the taxes on the stock of wealth. It can be broken down further into corporate income or capital and business income of households and the self-employed (in the form of rents, dividends, interest, insurance income, etc.)⁽⁷¹⁾.

⁽⁷¹⁾ No data are available for Cyprus, Luxembourg, Malta and Romania. Data coverage for Greece stops in 2005, for Bulgaria there are only values for 2004, 2006, and 2007. In addition, the coverage of the last two ITRs is lower than for the ITR on capital and business income and some adjustments are necessary. In particular, estimates for Germany are not available. For Austria and Portugal the ITR on corporate income represents the tax burden on all companies including the self-employed. This correction is necessary because of the sectoral mismatch in the recording of unincorporated partnerships in national accounts. The profits of partnerships, treated as quasi-corporations in national accounts, are booked in the corporations sector while the corresponding tax payments are recorded in the households sector, given that the owners of the partnership are taxed under the personal income tax scheme. In theory, also for Germany, where partnerships are an important part of companies, a similar correction could be calculated. However, owing to reservations regarding comparability with other Member States, it has been decided not to publish these results.

Graph II-4.4: **Implicit tax rate on capital and business income in EU-25**
1995-2009

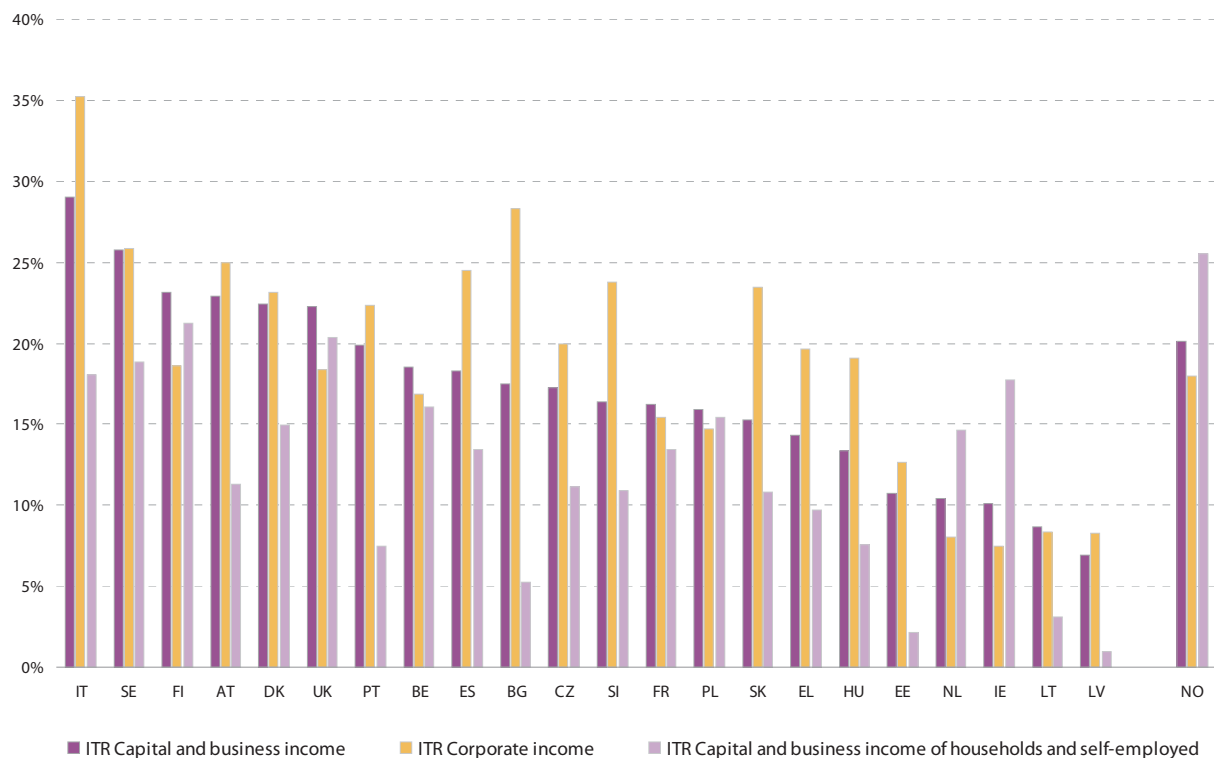


Note: GDP-weighted averages, adjusted for missing data.

Source: Commission services

The ITR on capital and business income for the EU-25 rose from 17.6 % in 1995 to 22.6 % in 2007. During 2008 and 2009 the indicator decreased and is now back to 19.7 %. While the ITR for corporations decreased from 22.7 % to 20.9 %, the ITR for households increased from 12.4 % to 15.6 %. From Tables 80 to 82 in Annex A, the developments in the ITR on capital and business income for the period 2000-2009 show no clear general pattern in the Member States for which data are available. Thirteen Member States experienced a decrease of the indicator in the period. However, this decrease is mainly driven by the decline of the ITR during the crisis in 2008 and especially in 2009. The value decreased strongest in Finland (- 8.4 percentage points) and Sweden (- 6.3 percentage points). The ITR on capital and business income increased only in six Member States for the period between 2000 and 2009. The strongest increase was observed in Estonia where the ITR increased by 6.9 percentage points. In Italy the values increased by 6.5 percentage points.

Graph II-4.5: **Implicit tax rate on capital and business income**
2009



Note: No data for DE, CY, LU, MT, RO and IS; data for BG refer to 2007; data for PT refer to 2006; data for EL refer to 2005
Source: Commission services

In terms of absolute levels, the most striking features are the very high levels of the ITR on corporate income in Italy, Bulgaria, Sweden, Spain, Slovenia and Slovakia and its very low levels in the three Baltic Member States, Ireland and the Netherlands. Interestingly, with a few exceptions, the ITR on corporate income is always higher than the ITR in capital and business income of households and self-employed.

Developments of the capital base

Finally, it is interesting to analyse the evolution of the capital base in the various Member States. Table II-4.4 provides the evolution of the denominator of the ITR on capital in percentage of GDP for each Member State. A first element is that this ratio varies for most Member States between 20 % and 35 % of GDP. At the low end, Denmark provides a low ratio of only 13.5 % while at the high end the ratio of capital base to GDP in Ireland and Poland is above 40 %.

Comparing this table with Table 55 on taxes on capital as percentage of GDP offers explanations for the evolution of the ITR on capital in the Member States for the most recent period.

A first group of countries have experienced a relatively stable ITR on capital over the period 2000-2009. This is because both the taxes collected and the base have been increasing or decreasing at the same pace with slightly stronger fluctuations between 2008 and 2009 (Poland, Belgium, and France). A second group of countries has seen its ITR declining as the result of a growth in collection of taxes on capital as percentage of GDP that was inferior to the growth of the capital tax base in percentage of GDP. Those Member States are Germany and Austria. A third group of countries has also seen its ITR on capital decreasing, but the cause was a decrease in the collection of taxes on capital in percentage of GDP, while the capital base in percentage of GDP was either relatively stable or increasing. Those Member States are Greece, Netherlands, Slovakia, Finland and Sweden. Next, a fourth group has seen its ITR on capital increasing thanks to

an increase in the ratio of capital taxes to GDP which was larger than the increase in the ratio of the capital tax base to GDP. This is the case for Czech Republic, Ireland, Lithuania, Hungary, Slovenia, and the United Kingdom. Finally, some Member States have recorded increases in their ITR on capital, which is the combination of increased tax collection combined with stagnant or declining capital tax base in percentage of GDP. This situation occurred in Denmark, Estonia, Spain, Italy, Cyprus, and Latvia. In Portugal, both ratios decreased but a slower decrease in tax collection allowed the ITR to rise. ⁽⁷²⁾

Table II-4.4: **Capital tax base to GDP**
1995-2009, in %

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
BE	34.0	33.0	32.6	32.4	30.6	32.2	31.8	30.4	29.0	29.6	30.2	30.7	31.6	30.7	29.1
BG	:	:	:	:	:	:	:	:	:	36.1	:	32.8	30.4	:	:
CZ	27.8	27.3	27.1	29.9	29.9	29.5	30.1	29.0	29.1	29.8	30.8	32.0	32.4	30.7	30.1
DK	21.3	20.4	20.1	17.8	17.9	20.0	19.4	20.0	17.9	17.8	20.1	20.0	16.9	16.5	13.5
DE	24.9	24.9	25.6	25.6	24.5	24.0	24.2	24.7	25.2	26.7	28.0	29.8	30.3	29.7	26.8
EE	22.5	26.3	27.1	30.1	31.2	30.9	31.8	32.1	31.9	31.1	31.8	30.3	28.6	24.2	18.5
IE	:	:	:	:	:	:	:	49.9	49.7	47.9	45.5	48.2	49.5	45.9	43.4
EL	:	:	:	:	:	49.0	49.1	46.1	45.4	45.6	44.6	:	:	:	:
ES	:	:	:	:	:	29.4	29.4	29.2	28.7	28.3	27.7	26.8	26.0	26.1	27.4
FR	25.5	25.0	25.4	26.1	25.4	25.7	25.8	24.9	24.6	24.5	24.1	24.6	25.8	25.9	23.7
IT	41.8	42.5	40.0	38.0	36.7	37.1	37.6	35.9	35.2	35.1	34.0	33.0	33.0	31.9	28.8
CY	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
LV	18.2	20.7	22.5	19.1	20.5	25.9	28.9	31.9	30.6	31.5	28.9	27.6	27.2	23.8	24.2
LT	27.3	31.0	30.4	28.5	27.0	32.0	34.3	34.5	35.8	36.2	36.3	34.3	33.7	31.3	29.8
LU	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
HU	24.0	26.4	28.9	28.9	28.7	26.3	27.0	28.0	26.6	27.4	26.7	29.8	29.3	27.3	25.2
MT	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
NL	32.8	33.7	36.4	35.5	35.3	37.7	37.5	31.9	32.6	34.0	40.6	41.8	45.9	41.4	35.7
AT	22.7	23.3	23.6	24.2	23.6	24.9	23.7	24.5	24.7	25.9	27.5	27.7	27.9	27.5	24.1
PL	36.1	34.0	33.6	34.1	32.4	34.9	34.0	34.6	35.7	39.3	38.7	38.4	38.7	37.2	40.1
PT	29.7	28.6	27.4	26.6	26.3	24.8	24.2	23.5	23.3	23.8	22.2	21.9	22.8	21.0	20.9
RO	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
SI	16.3	16.4	19.0	19.1	20.0	18.9	18.6	19.9	20.8	20.7	21.1	22.5	23.0	21.4	19.7
SK	30.9	29.3	28.8	28.4	30.0	30.2	32.5	31.5	30.8	34.0	33.3	36.1	37.4	37.7	34.8
FI	21.2	21.1	23.1	24.0	24.7	27.3	30.2	27.1	25.5	26.3	25.8	29.0	29.6	26.0	19.8
SE	24.1	21.7	22.0	20.9	19.9	19.6	18.4	17.8	18.3	22.0	21.3	26.0	22.8	23.0	18.3
UK	25.8	27.3	27.9	27.6	25.3	24.4	23.9	24.3	26.5	26.4	26.8	27.1	26.6	27.9	27.0
NO	23.0	24.8	25.0	21.1	21.8	30.1	29.4	27.3	28.9	31.9	36.2	37.1	34.6	35.7	30.1

Source: Commission services

⁽⁷²⁾ One possible reason for the increased tax collection combined with declining tax base might be that the CIT prepayments mainly relate to the tax base of the previous year, the numerator of the ratio, however, is influenced by the economic performance of the current year. This could create a time-lag between the numerator and the denominator.

Box II-4.1: Taxation of the financial sector

The European debate on the taxation of the financial sector has developed significantly since last year's report. The goal of this debate is twofold: on one hand, such taxation is supposed to make the financial sector contribute to the cost of the recent crisis and potentially future crises; on the other, taxes are seen as instruments that could create a double dividend and increase efficiency while creating revenue. This debate started formally in the EU in October 2009. The European Council agreed that a coordinated strategy for exiting stimulus policies was needed for when the recovery was secured and invited the Commission to examine innovative financing at a global level. A Staff Working Document (SEC(2010) 409) assessed the potential of innovative financing - new ways of raising public revenues, or of complementing them by leveraging private finance, as well as new approaches to already existing fiscal instruments - at a global level to raise revenues for addressing the consolidation, development aid and climate change mitigation challenges in order to narrow down the range of options to the most promising ones. The analysis suggests that using some instruments, notably certain forms of contributions from the financial system and the pricing of carbon emissions, a "significant double dividend" of both raising revenues and improving market efficiency and stability could be reaped. In particular, schemes aimed at pricing leverage and risk-taking in the financial sector could raise substantial revenues while limiting undesirable behaviour by financial institutions and could be administered at a reasonable cost".

In March 2010, the European Parliament adopted a resolution requesting the Commission to carry out an assessment on a financial transactions tax. The Parliament also recommended the use of innovative finance instruments in the context of a report on the impact of the financial and economic crisis on developing countries.

In parallel, an increasing international debate has started at the G20 level where leaders asked for the IMF to: "...prepare a report for our next meeting [June 2010] with regard to the range of options countries have adopted or are considering as to how the financial sector could make a fair and substantial contribution toward paying for any burden associated with government interventions to repair the banking system." The IMF (2010a) proposes two possible forms of contribution from the financial sector, serving distinct purposes (a) a "Financial Stability Contribution" (FSC) linked to a credible and effective resolution mechanism¹, and (b) a "Financial Activities Tax" (FAT) levied on the sum of the profits and remuneration of financial institutions if additional revenues are needed for consolidation purposes.

Finally, the European Commission put forward a twofold approach in October 2010. The Commission supports further exploration and development of a Financial Transactions Tax (FTT) at the global level and will promote an agreement with the most relevant partners. At EU level, the Commission sees potential in a Financial Activities Tax (FAT) and will carry out an impact assessment with a view to policy actions by summer 2011. If carefully designed and implemented, an EU FAT could generate significant revenues and help to ensure greater stability of financial markets, without posing undue risk to EU competitiveness. The Commission is currently conducting an in-depth Impact Assessment to further analyze these options in more detail.

¹ With regard to this, the Commission has proposed the establishment of national resolution funds which would be financed by bank levies (COM(2010) 254 final). This topic is not covered in this paper. Other instruments have also been discussed, decided or already enacted in several Member States but will not be discussed here. They include bonus taxes, surcharges to the corporate income tax for the financial sector, Currency Transaction Levies (CTL), etc.

Trends in environmental taxes

5

5. TRENDS IN ENVIRONMENTAL TAXES

Revenue development and structure

The introduction of environmental tax reforms gained increasing support during the 1990s. The basic idea was to shift the tax burden from the production factor labour towards the use of natural resources and environmentally harmful goods and activities. With the publication of Jacques Delors' White Paper on Growth, Competitiveness and Employment in 1993 the idea of such a fiscal reform became politically attractive, as it offered a means to promote simultaneously growth, jobs and better environmental quality. Similar ideas have been later endorsed also in many strategies and actions of the European Union ⁽⁷³⁾. In the Member States the ideas of green tax reforms have met varying success. Among others, Denmark, Finland, Germany, the Netherlands, Sweden and the United Kingdom have introduced the elements of green tax reforms over the last decade. They have increased environmentally related taxes, or introduced new ones, and used additional tax revenues to finance cuts in labour or personal income taxes, with the intention to boost employment. At the same time they have taken measures, in the form of rate reductions or refund schemes, to protect producers from any negative effect on competitiveness arising from increases in input costs. Some new Member States, too, have followed suit; one example is Slovenia, where a CO₂ tax is applied on all energy products since 1997. In Estonia the increases in excise duties have been used to finance substantial cuts of personal income taxes up to 2008. The Czech Republic introduced an environmental tax reform in 2008, which would increase the tax rates of most energy products over the period 2008 – 2012 and would use the tax revenues to support the state employment policy.

Despite this interest, environmental tax revenues have not been growing in recent years at the EU average level. In 2009, revenues from environmental taxes in the EU-27 (in the GDP-weighted average) accounted for 2.4 % of GDP and for 6.3 % of total revenues. Compared to 1999, when environmental taxes reached their peak level (2.8 % in relation to GDP and 7.0 % out of total taxation), the fall is non-negligible. In particular, one can observe a steady fall in the level of environmental taxes from 2003 onwards up to around 2008, after which the level has remained fairly constant. This development measured at the weighted EU average level hides, however, substantial differences between the Member States. In fact, the share of environmental taxation out of total taxation has increased since 1995 in a number of the EU Member States (Bulgaria, Denmark, Estonia, Latvia, Lithuania, the Netherlands, Austria, Poland, Romania, Sweden and Slovakia), but remained stagnant or decreased in the others. Many big Member States figure in the last group, which explains the falling trend of the EU weighted average. In new Member States the increase has been largely driven by the EU accession process, although some of them made use of the occasion to increase energy tax levels beyond the strict requirement of the EU provisions. Also in some old Member States environmental taxes have been increased recurrently, often as a part of broader fiscal reforms.

To understand the fall of environmental tax revenues in relation to GDP it should be kept in mind that most environmental taxes are levied per unit of physical consumption (unit taxes) and usually fixed in nominal terms. Hence, unlike ad valorem taxes, their real value in relation to GDP tends to fall, unless they are adjusted for inflation or otherwise increased at regular intervals. The problem could be easily solved by indexing the nominal tax rates to inflation, but so far only one Member State, Denmark, uses this option. The real value erosion of environmental taxation concerns, in particular, energy taxes, while the level of other environmental taxes (on transport and resources/pollution) has remained relatively constant. There may be several reasons for this. First, energy demand has a tendency to grow slower than income, which implies that the share of taxes paid on energy goes down, when the economy grows. Secondly, energy tax increases in recent years may have also reduced energy consumption and thus eroded the tax base, although the expenditure on energy as such may not have decreased. Thirdly, the governments may be simply unwilling to constantly increase the tax rates on products, which affect the energy costs of households and industry. There was no

⁽⁷³⁾ It is one of the basic principles of the EU Sustainable Development Strategy, adopted in Gothenburg in 2001, that prices should reflect the real economic, social and environmental costs of products and services. To get prices 'right' in this sense the market-based instruments should be used. In the area of energy taxation, Council Directive 2003/96/EC of 27 October 2003 provides a common framework for taxing energy products and electricity in the Community. In 2007, the Commission presented a Green Paper on market-based instruments for environmental and policy purposes (COM(2007) 140 final), which sets the scope for the restructuring the Energy Tax Directive to better reflect the EU energy and climate policy objectives and make energy taxation more compatible with other market-based instruments, in particular the EU emissions trading scheme.

compelling cause to do so either, as the EU minimum rates on mineral oils was kept constant from 1992 to 2004, when the Energy Tax Directive (2003/96/EC) came into force. The growing popularity of non-fiscal instruments such as emissions trading, and high world prices for oil in the early 2000s might also have led to a reduced appetite for additional taxes to be levied on energy products.

Table II-5.1: **Environmental tax revenues in the Union**
1995-2009, in % of GDP

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Difference (% points)	
																1995-2009	2000-2009
BE	2.2	2.5	2.5	2.4	2.5	2.3	2.3	2.2	2.3	2.4	2.3	2.2	2.1	2.0	2.0	-0.2	-0.2
BG	1.8	1.1	1.3	2.3	2.4	2.7	2.5	2.3	2.9	3.2	3.0	2.9	3.4	3.4	3.0	1.2	0.4
CZ	2.9	2.7	2.5	2.4	2.6	2.6	2.6	2.5	2.6	2.6	2.7	2.6	2.5	2.5	2.5	-0.4	-0.1
DK	4.5	4.8	4.9	5.3	5.4	5.3	5.2	5.4	5.2	5.6	6.0	6.2	5.9	5.7	4.8	0.2	-0.5
DE	2.3	2.2	2.2	2.1	2.3	2.4	2.5	2.5	2.7	2.5	2.5	2.4	2.2	2.2	2.3	-0.1	-0.1
EE	0.9	1.4	1.6	1.9	1.7	1.7	2.1	2.0	1.9	2.1	2.3	2.2	2.2	2.4	3.0	2.0	1.3
IE	3.1	3.1	3.0	3.0	3.0	2.9	2.4	2.4	2.3	2.5	2.5	2.5	2.5	2.5	2.4	-0.7	-0.5
EL	3.1	3.1	3.1	2.9	2.7	2.3	2.5	2.3	2.2	2.2	2.1	2.0	2.1	1.9	2.0	-1.1	-0.4
ES	2.2	2.2	2.1	2.3	2.3	2.2	2.1	2.1	2.1	2.0	1.9	1.9	1.8	1.6	1.6	-0.6	-0.6
FR	2.8	2.8	2.7	2.7	2.7	2.5	2.2	2.3	2.3	2.3	2.2	2.2	2.1	2.1	2.1	-0.7	-0.4
IT	3.5	3.4	3.4	3.3	3.4	3.1	3.0	2.8	2.9	2.8	2.7	2.7	2.6	2.4	2.6	-0.9	-0.5
CY	2.9	2.8	2.5	2.5	2.5	2.7	3.0	2.9	3.7	4.0	3.5	3.3	3.4	3.1	2.9	0.0	0.2
LV	1.2	1.7	2.2	3.0	2.4	2.4	2.2	2.3	2.5	2.6	2.6	2.4	2.1	2.0	2.3	1.1	-0.1
LT	1.9	1.9	2.1	2.5	2.9	2.4	2.5	2.8	2.8	2.7	2.3	1.8	1.8	1.7	2.0	0.2	-0.4
LU	3.0	2.9	3.0	2.9	2.8	2.8	2.8	2.8	2.8	3.1	2.9	2.6	2.5	2.5	2.4	-0.5	-0.3
HU	2.9	2.8	2.8	3.3	3.3	3.0	2.8	2.8	2.6	2.7	2.7	2.8	2.8	2.7	2.6	-0.3	-0.4
MT	3.2	3.1	3.5	3.9	4.1	3.7	3.7	3.4	3.4	3.1	3.3	3.3	3.7	3.5	3.3	0.2	-0.3
NL	3.6	3.8	3.8	3.8	3.9	3.9	3.8	3.7	3.7	3.9	3.9	4.0	3.8	3.9	4.0	0.3	0.1
AT	2.1	2.2	2.4	2.3	2.3	2.4	2.6	2.7	2.7	2.7	2.6	2.5	2.4	2.4	2.4	0.3	0.0
PL	1.8	1.9	1.8	1.8	2.1	2.1	2.1	2.4	2.5	2.6	2.7	2.8	2.7	2.6	2.6	0.7	0.5
PT	3.4	3.4	3.2	3.4	3.3	2.6	2.9	3.0	3.0	3.0	3.0	2.9	2.8	2.6	2.5	-0.9	-0.1
RO	1.8	1.8	2.8	3.1	3.9	3.4	2.4	2.1	2.4	2.4	2.0	1.9	2.1	1.8	1.9	0.1	-1.5
SI	4.2	4.4	4.5	5.1	4.2	2.9	3.3	3.3	3.3	3.3	3.2	3.0	3.0	3.0	3.6	-0.7	0.6
SK	2.3	2.1	2.0	1.9	2.0	2.2	2.0	2.2	2.4	2.5	2.4	2.3	2.1	2.0	1.9	-0.4	-0.3
FI	2.9	3.1	3.3	3.3	3.4	3.1	3.0	3.1	3.2	3.2	3.1	3.0	2.7	2.7	2.7	-0.3	-0.5
SE	2.8	3.1	2.9	3.0	2.8	2.8	2.8	2.8	2.9	2.8	2.8	2.7	2.6	2.7	2.8	0.1	0.1
UK	2.9	2.9	2.9	3.1	3.1	3.0	2.8	2.7	2.7	2.6	2.5	2.4	2.5	2.4	2.6	-0.3	-0.4
NO	4.4	4.5	4.3	4.1	3.9	3.4	3.4	3.4	3.3	3.3	3.1	3.1	3.0	2.7	2.7	-1.7	-0.7
IS	2.8	3.0	3.0	3.3	3.5	3.3	2.7	2.3	2.6	2.7	2.8	2.5	2.4	1.8	1.6	-1.3	-1.7
EU-27 averages																0.0	0.0
weighted	2.8	2.8	2.7	2.8	2.8	2.7	2.7	2.7	2.7	2.6	2.6	2.5	2.4	2.4	2.4	-0.3	-0.3
arithmetic	2.7	2.7	2.8	3.0	3.0	2.8	2.7	2.7	2.8	2.9	2.8	2.7	2.7	2.6	2.6	-0.1	-0.2
EU-25 averages																0.0	0.0
weighted	2.8	2.8	2.7	2.8	2.8	2.7	2.7	2.7	2.7	2.6	2.6	2.5	2.5	2.4	2.4	-0.3	-0.3
arithmetic	2.8	2.8	2.8	3.0	2.9	2.8	2.8	2.8	2.8	2.9	2.8	2.7	2.7	2.6	2.6	-0.1	-0.1
EA-17 averages																0.0	0.0
weighted	2.7	2.7	2.7	2.7	2.7	2.6	2.6	2.6	2.6	2.6	2.5	2.5	2.3	2.3	2.3	-0.4	-0.3
arithmetic	2.8	2.9	2.9	2.9	2.9	2.7	2.7	2.7	2.8	2.8	2.7	2.6	2.6	2.5	2.6	-0.2	-0.1

Source: Commission services

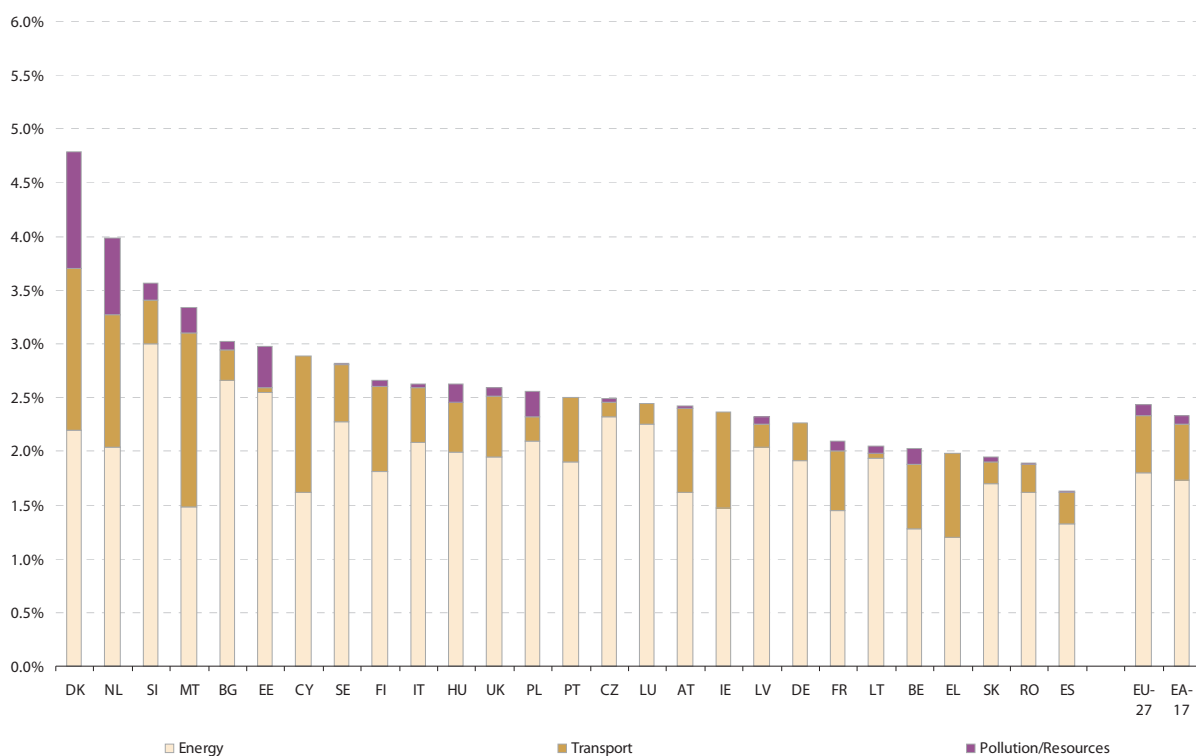
Environmental taxes can be divided into four broad categories (energy, transport, pollution and resource taxes; see Annex B for details). Energy taxes are by far the most significant, representing around three quarters of environmental tax receipts and around one twentieth of total taxes and social contributions. In the EU-27, transport taxes correspond to, on average, around a fifth of total environmental tax revenues and 1.4 % of total taxes and social contributions (in the weighted average). The remaining two categories, pollution taxes and resource taxes, raise only a marginal amount of revenue: together they make up a bit less than 5 % of total environmental taxes.

Graph II-5.1 shows the environmental tax-to-GDP ratio by Member State and breaks it down by type of tax. The relative importance of each type varies across countries, but a vast majority of Member States tend to fall in a band ranging from 2 % to 3 % of GDP. Only three Member States show levels below 2 % of GDP, while in three other countries environmental tax revenues exceed or are equal to 3.5 % of GDP. At 4.8 % in 2009, Denmark displays the highest level of

'green' taxes followed by the Netherlands (4.0 %). The lowest environmental tax revenues in relation to GDP are instead found in Spain, Slovakia and Romania, all below 2 % in 2009.

The predominance of energy taxes is common to most Member States; however, in some countries the contribution of transport taxes is significant: for instance, in Ireland, Cyprus and Malta they account for between 38 % and 48 % of environmental taxes. In Denmark, transport taxes also raise significant tax revenues, but on account of the high level of pollution and resource taxes in that country, constitute somewhat less than a third of environmental taxes. The high level of pollution and resource taxes in Denmark is largely due to the hydrocarbon tax, which is a tax on the profits obtained from the extraction of hydrocarbon and therefore tends to increase proportionally to those profits.

Graph II-5.1: **Environmental tax revenues by Member States and type of tax**
2009, in % of GDP

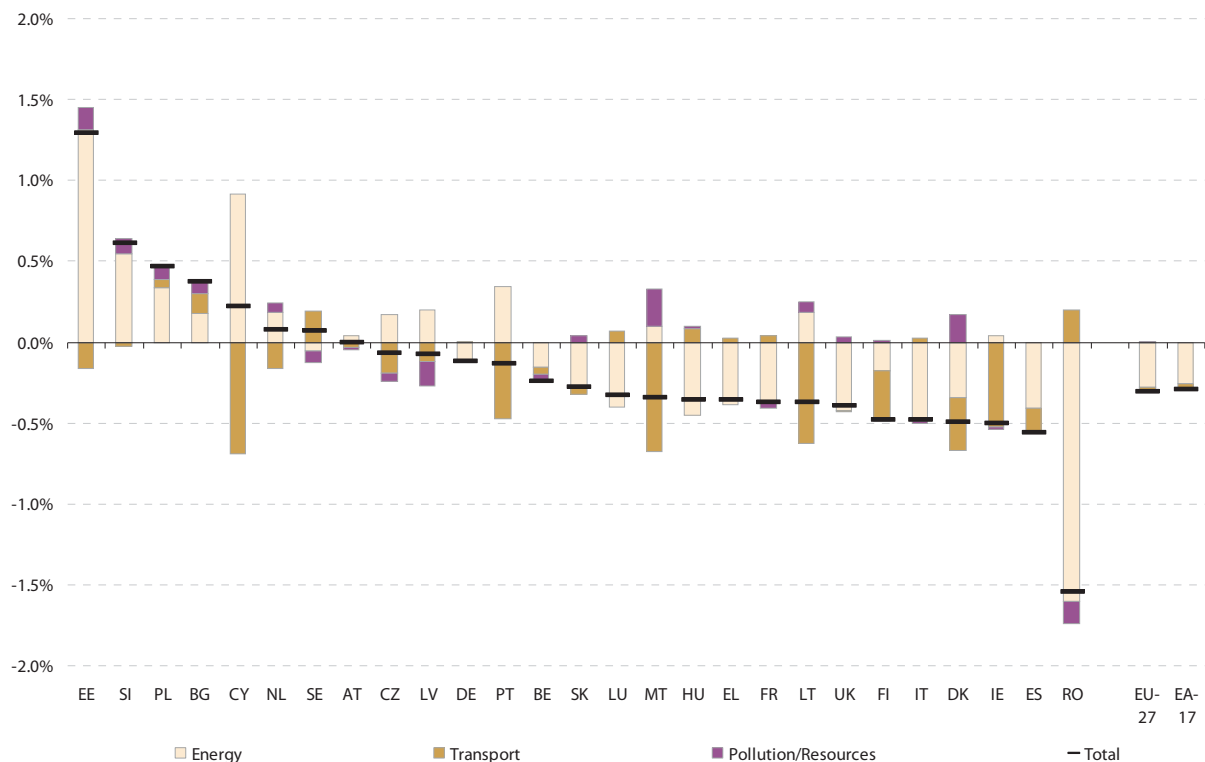


Note: Weighted averages

Source: Commission services

Graph II-5.2 shows the evolution in the structure of environmental taxes between 2000 and 2009. The graph highlights that the moderate decrease in the EU average conceals a number of opposing changes in composition in some Member States. For instance, the overall slight decline in energy taxation should be put in the context of marked increases in several countries. In 2009 the highest increase in energy taxation took place in Estonia, over 1 % of GDP, while other countries with non-negligible increases were Cyprus, Slovenia, Portugal and Poland. On the other hand, there has been a strong decrease of energy taxes in Romania amounting to almost 2 % of GDP. Concerning non-energy taxes one can observe that in Denmark the increase of pollution/ resources taxes (in practice, hydrocarbon tax) was more moderate in 2009 than in the previous year, which may explain the fall of overall level of environmental taxes (in relation to GDP) in Denmark. One can also observe that the level of transport taxes has decreased quite strongly in Cyprus and Malta, the two countries where transport taxes form an important share of environmental taxation, but the fall is partly offset by increases in energy taxes (Cyprus) or pollution/ resources taxes (Malta).

Graph II-5.2: **Evolution of the structure of environmental taxes**
2000-2009, difference in % of GDP



Note: Weighted averages

Source: Commission services

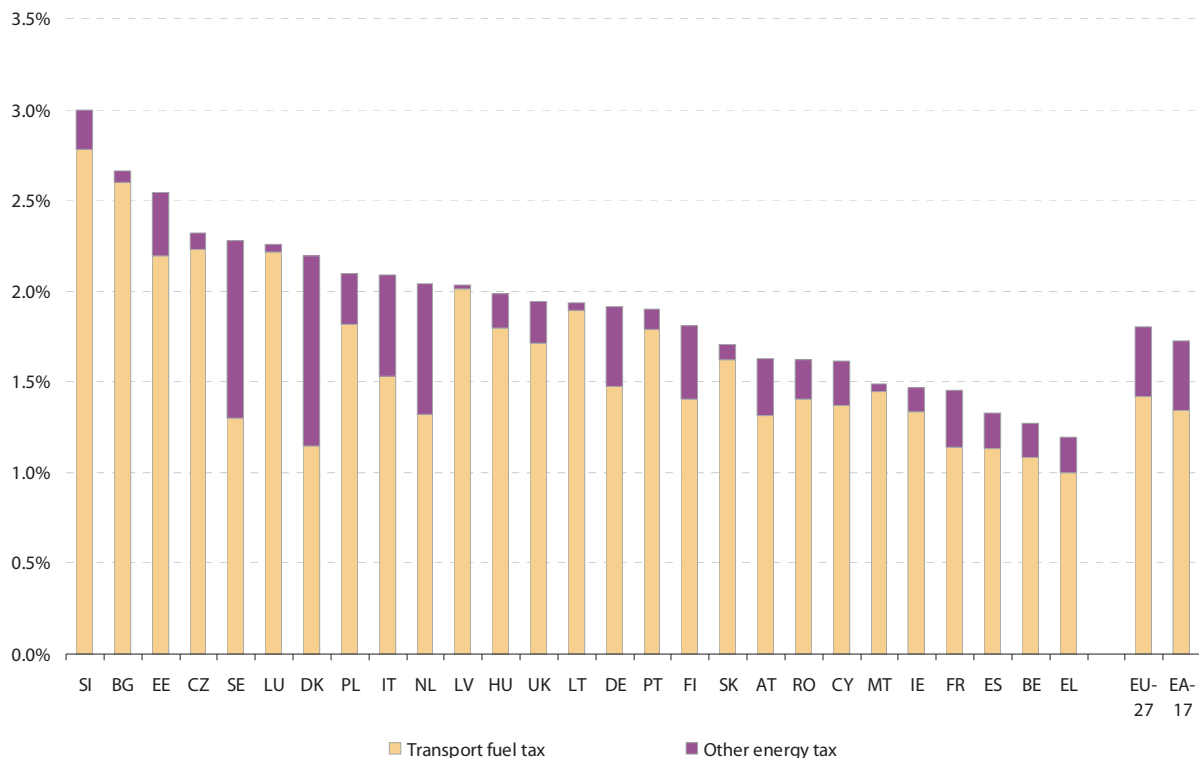
Transport fuel taxes

Energy taxes comprise taxes on both transport and stationary⁽⁷⁴⁾ use of energy products. Graph II-5.3 shows the energy tax-to-GDP ratio by Member State and displays which share is stemming from transport fuel taxes. The graph highlights that a large share of energy taxes is levied on transport fuels in most countries, with a few exceptions (Denmark, Sweden, Italy, the Netherlands). The level of energy taxes in relation to GDP is by the highest in Slovenia and Bulgaria (3.0 % and 2.7 % of GDP respectively). The reason for their high energy tax, to GDP ratio, however, is not high tax rates as such but the high level of final energy consumption compared to GDP.

The predominance of transport fuel taxes is particularly striking in the new Member States; most of them levy between 85 % and 90 % of their energy taxes on transport fuels. The relative homogeneity with respect to high transport fuel shares in energy taxation in the new Member States is explained by the fact that they enjoy exemptions from the minimum excise duty, or at least considerably reduced rates, for taxing energy products such as electricity, natural gas and coal (Council Directive 2004/74/EC). The revenues collected from taxing these products are therefore low compared with those accruing from transport fuel taxes. Poland and, since 2008, Estonia represent the exceptions with a tax rate exceeding the minimum excise duty on electricity by ten and six times respectively. Hence, Poland generates about 9 % of its energy tax revenues on taxation of electricity, while Estonia still yields around 7 % of its energy tax revenues from electricity. All other new Member States yield less than 2 % of their energy tax revenues from electricity.

⁽⁷⁴⁾ Stationary use of energy products comprises the use for stationary business applications and for heating purposes.

Graph II-5.3: **Energy tax revenues by Member State**
2009, in % of GDP



Note: Weighted averages

Source: Commission services

In contrast to the new Member States, the relative importance of transport fuel taxes varies considerably across the old Member States. The band spreads from a fuel tax revenue share in energy taxes of above 90 % for Ireland, Luxembourg, and Portugal to only about 50 % for Denmark and Sweden. The difference in the shares is due to the tax revenues on natural gas and electricity. While the latter two countries receive significant revenues from taxes on electricity and natural gas (about 25-30 % of energy taxes), Ireland, Luxembourg and Portugal only collect negligible revenues on these items (less than 0.5 % of energy taxes). Hence, differences in the taxation of natural gas and electricity persist, despite the attempt to reduce differences in the level of taxation in Member States by the introduction of minimum tax rates on energy products and electricity in the Energy Tax Directive (2003/96/EC). The difference results from the choices made by the individual Member States. Some countries, like the United Kingdom, levy more general taxes like a climate change levy, taxing 'energy products for lighting, heating and power for the business and public sector', also comprising the tax on electricity.

With respect to fuel taxes (transport and non-transport use) only, which account for the major part of energy taxes, the differences between old and new Member States are smaller than with respect to energy taxation as a whole. Most of the EU Member States raise the largest part (more than 90 %) of fuel taxes on transport. The exceptions to this, i.e. countries raising considerable shares of fuel tax revenues on the non-transport use, are Italy (18 %), Romania, Sweden and Cyprus (all around 13 %) and Germany and Denmark (around 10 %). In Sweden and Germany this high share can be attributed to relatively high revenues from gas oil for heating purposes and heavy fuel oils, which are generally not used as fuels. In Denmark the comparably high tax revenues are mainly the result of high tax rates on heavy fuel oils, while in Germany the large share of these fuels used for business and heating purposes results in these high tax revenues on non-transport fuels.

The high share of taxes derived from the transport use of fuels is nothing but the mirror image of the minimum excise tax rates set up in the Energy Tax Directive (2003/96/EC). Minimum tax rates for petrol, which is almost exclusively used for transport purposes, are the highest among all products covered by this Directive. On the other hand, minimum rates for heavy fuel oil, primarily used for heating purposes, are relatively low. Tax rates for product categories, which are used for both transport and stationary purposes, such as gas oil, are heavily differentiated.

The differentiation of minimum tax rates between transport fuels and fuels used for heating and business use reflects that the choice of the minimum excise duty rates was not only influenced by environmental considerations. From a purely environmental viewpoint taxing equally polluting substances in an equal way is preferable. However, the current choice of minimum tax rates allows Member States to take social (fairness) considerations into account when setting tax rates, when e.g. allowing for lower tax rates for heating. Moreover, high taxes on transport fuels are motivated by the existence of negative externalities related to the transport sector (accidents, noise, and congestion), as well as the need to finance road infrastructure.

The minimum excise duty for e.g. gas oil used as a propellant is almost 15 times higher than if it is used for stationary purposes (business use and heating). Hence, even for countries which use only about 60 % - 80 % of the final energy consumption of diesel/gas oil for transport purposes, their revenue on the transport use of fuels is usually well above 90 % of total tax revenues on diesel/gas oil. Of course, the exact revenue shares depend on the shares of each of the activities and moreover on how the individual Member State chooses its tax rate in line with the minimum rates. Some countries such as the Czech Republic, Greece, Hungary, and Romania do not vary the rates according to different use and give tax refunds and reimbursements only on the proven use of gas oil for heating or agricultural use. Other countries, such as Belgium, Latvia, Lithuania and Luxembourg, set tax rates for heating purposes at or below the minimum rates, thus creating a large spread between tax rates on transport use of fuels and heating use.

Even though the shares of transport fuel taxes in energy taxes vary considerably between countries, the shares are relatively stable over time within countries. Strong fluctuations are only observed for Cyprus, the Netherlands and Estonia in 2008. In the Netherlands this fluctuation is caused by the so called "energy tax" and in Estonia by the introduction of a tax on electricity. For most countries, time series are too short to identify a trend in the share of transport taxes in energy taxes. Only for Belgium is the share of transport taxes in energy taxes decreasing, which is mainly due to the introduction of the 'federal contribution on electricity and natural gas'. In line with this, due to the introduction of taxes on electricity in new Member States – such as in Estonia - it can be assumed that the share of transport fuel taxes in energy taxes will decrease over time.

The implicit tax rate on energy; properties and trends

A high ratio of environmental tax revenue to total taxation as such does not necessarily represent an indication of a high priority being attributed to environmental protection. Energy taxes were originally used purely as revenue raising instruments, without environmental purposes. Furthermore, the level of this indicator also says nothing about the achievement of environmental policy goals, as revenue increases could conceivably result from changes in the economy towards production and consumption patterns that are resource intensive and lead to even higher pollution.

Moreover, if green taxes act as an efficient disincentive, they will over time reduce the recourse to environmentally harmful goods and thereby erode the tax base, leading to a gradual fall in revenue. In addition, if tax breaks on environmentally friendly products or processes are granted, the same objective — protecting the environment — results in lower tax revenues. In either case we would witness a falling tax-to-GDP ratio for environmental taxes despite an increase in environmental protection.

It is also worth pointing out that the decrease in environmental tax revenues on GDP in recent years could be due in part to innovations in policy instruments. An example of this could be represented by an increased recourse to road pricing systems accompanied by a reduction in lump sum car circulation taxes, which would lead to lower tax revenues, since

road charges are not booked as taxes. Another example of innovative instruments is the EU CO₂ emissions trading system, which is likely to ‘crowd-out’ energy taxation in the sectors covered by the scheme.

The paradoxes outlined above suggest the introduction of an effective or implicit tax rate (ITR) for environmental taxes for analytical purposes. The interpretation of an ITR is generally more straightforward because this class of indicators is not affected by the erosion in the base due to the disincentive effect of the tax; a properly defined implicit tax rate would remain constant.⁽⁷⁵⁾

Constructing an implicit tax rate for environmental taxes overall is a daunting task: there is no easily identifiable denominator for the ratio because the diversity of environmental taxes leads to a multiplicity of bases. However, for energy taxes, which, as mentioned above, represent three quarters of environmental tax revenues, an appropriate indicator for the potential tax base can be identified. Eurostat publishes data on final energy consumption by country, aggregating the different sources of energy utilised in a single indicator.⁽⁷⁶⁾ The data include energy consumed in the transport, industrial, commercial, agricultural, public and households sectors excluding the energy transformation sector and to the energy industries themselves. The various energy sources are aggregated on the basis of their net calorific value, and expressed in tonnes of oil equivalent; this measure is taken as the denominator of the ITR on energy published in this report, while the numerator is constituted by the revenue from all energy taxes.

This indicator is an appropriate measure of the policy stance in terms of taxation. Note that the ITR on energy treats equally all kinds of energy consumption, regardless of their environmental impact; an energy unit produced from hydroelectric power has the same weight as a unit produced from coal. In many countries, however, renewable energy sources are subject to lower tax rates than exhaustible energy sources, or altogether exempted in order to provide incentives to switch from fossil fuels towards these more environmentally-friendly sources of energy. Thus, paradoxically, a country with a large share of renewable energy will have a lower ITR on energy than a country, which relies largely on carbon-based energy sources.

Table II-5.2 shows the amount of energy tax, in euro, levied per unit of final energy consumption. In recent years, Denmark displays the highest ratio by a wide margin, followed by Italy, the Netherlands, Slovenia and the United Kingdom. Generally, the new Member States display markedly lower levels of taxation. However, most Member States in this group have been increasing energy taxes significantly, with the exception of Bulgaria, the Czech Republic, Poland and Slovakia where taxation on energy has decreased in 2009 from 2008 levels. Malta and Slovenia are the new Member States with the highest absolute level of taxation in 2009.

⁽⁷⁵⁾ Although even this indicator has its weaknesses; for instance, environmental policies that have the consequences of reducing tax revenue, such as the emissions trading or road pricing schemes mentioned in the previous paragraph, would still lead to a (misleading) decline in the indicator.

⁽⁷⁶⁾ At the data cut-off date, provisional data was available up to 2008 except for Greece, France and Malta.

Table II-5.2: **Energy tax revenues in relation to final energy consumption (nominal ITR on energy)**
Euro per tonne of oil equivalent

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Difference	
																1995-2009	2000-2009
BE	91.6	90.8	90.6	91.1	92.4	92.4	92.2	97.3	97.2	109.2	116.3	115.2	128.0	114.6	119.0	27.5	26.7
BG	14.7	6.5	13.0	24.7	31.5	40.6	42.9	40.4	50.5	61.6	62.7	65.7	93.1	110.0	108.4	93.7	67.8
CZ	38.7	41.4	42.0	46.0	51.9	55.2	65.3	74.1	71.9	81.1	95.9	102.5	113.6	132.6	130.8	92.0	75.6
DK	200.3	213.1	217.7	248.7	283.9	301.0	316.2	325.6	325.5	323.7	315.7	310.9	310.6	316.6	330.7	130.4	29.7
DE	168.3	151.9	149.6	150.3	177.5	192.7	200.4	211.6	221.1	214.2	209.3	206.8	209.6	203.9	215.5	47.2	22.8
EE	6.3	13.1	18.4	30.0	30.0	31.6	43.4	46.2	50.3	61.9	75.3	84.3	93.9	105.1	127.8	121.5	96.2
IE	112.2	121.1	139.5	140.4	144.7	140.7	126.7	150.4	155.0	172.4	170.8	170.8	189.2	175.2	199.2	86.9	58.5
EL	157.7	161.3	157.0	138.6	132.2	117.3	118.0	110.8	111.1	115.4	115.7	114.8	125.3	126.4	135.5	-22.2	18.2
ES	128.1	134.3	128.9	138.5	144.0	137.9	134.8	143.0	141.8	141.4	140.3	146.7	148.2	148.7	157.5	29.4	19.6
FR	169.6	167.5	169.6	171.3	177.2	174.2	159.3	177.7	172.8	178.3	176.1	180.2	181.2	177.5	182.2	12.7	8.0
IT	236.3	259.1	269.6	257.8	261.8	245.8	240.4	235.9	242.2	229.6	229.2	237.4	236.4	233.1	259.6	23.3	13.8
CY	26.4	27.1	26.4	29.3	31.9	43.1	61.2	64.6	125.3	145.4	145.8	146.5	147.5	138.3	142.1	115.7	99.1
LV	10.1	18.1	26.7	44.7	41.3	48.2	43.2	48.3	51.8	60.4	71.8	75.7	82.9	92.3	96.5	86.4	48.3
LT	12.3	16.4	25.0	38.9	54.5	57.9	64.8	75.6	79.7	77.7	81.7	83.3	92.6	102.7	116.5	104.2	58.6
LU	140.9	138.6	143.0	151.2	158.8	164.4	164.3	169.7	173.9	185.7	193.7	194.6	202.8	212.3	210.1	69.3	45.8
HU	58.5	53.1	62.2	77.0	79.3	79.7	82.4	92.9	96.5	96.6	100.8	103.8	118.6	121.6	:	-	-
MT	67.5	82.4	100.9	181.4	193.2	180.8	160.5	163.4	122.1	113.6	135.5	154.1	221.3	176.0	202.4	134.9	21.6
NL	110.4	109.2	123.9	129.6	144.3	153.4	158.6	162.2	167.6	178.5	197.9	213.9	207.3	224.6	230.3	119.9	76.9
AT	122.9	116.7	136.3	129.7	135.0	141.6	146.2	151.3	151.7	163.0	155.7	155.5	165.4	170.6	171.5	48.7	29.9
PL	20.6	26.0	27.5	37.5	47.8	59.0	66.8	77.4	72.1	75.3	96.1	101.4	116.4	128.6	107.3	86.7	48.3
PT	164.6	163.5	152.5	159.4	151.4	111.8	133.4	157.7	167.7	167.4	167.5	171.7	178.2	175.0	:	-	-
RO	15.1	13.6	25.3	36.1	56.0	58.2	37.8	36.5	43.7	51.5	59.4	67.2	87.8	79.1	86.0	71.0	27.8
SI	126.2	126.0	138.9	177.7	155.5	118.6	136.3	144.9	141.8	146.1	145.4	147.7	165.9	168.4	226.8	100.7	108.2
SK	29.9	29.5	32.1	32.2	33.2	42.4	37.1	44.2	59.3	70.3	77.2	82.8	95.6	108.3	100.8	70.9	58.3
FI	96.7	96.2	106.6	104.6	109.8	108.7	112.4	113.4	112.0	112.8	115.4	111.0	110.8	124.2	129.9	33.2	21.2
SE	133.5	163.4	162.5	166.6	170.8	179.7	176.1	191.0	202.7	207.5	211.0	218.7	220.1	218.8	210.0	76.4	30.3
UK	142.6	147.8	185.7	208.2	222.3	245.8	236.6	244.2	225.6	235.5	233.8	237.6	252.6	218.7	221.1	78.5	-24.7
NO	150.8	151.7	170.4	148.5	156.9	176.2	178.5	187.3	180.7	165.0	184.1	195.0	200.3	196.9	:	-	-
IS	42.7	44.1	46.4	45.3	46.1	49.2	39.9	38.8	38.8	43.2	60.6	69.9	:	:	:	-	-
EU-27 averages																	
GDP-weighted	157.5	158.6	166.5	170.4	182.9	187.8	184.8	193.0	192.1	192.9	191.7	194.5	198.7	190.9	200.3	42.7	12.4
GDP-weighted (adj.)	157.5	158.6	166.5	170.4	182.9	187.8	184.8	193.0	192.1	192.9	191.7	194.5	198.7	190.9	199.3	41.8	11.4
base-weighted	138.8	139.4	147.5	153.7	166.4	171.1	169.3	177.3	177.2	178.6	179.7	182.8	188.3	183.8	192.1	53.4	21.0
base-weighted (adj.)	138.8	139.4	147.5	153.7	166.4	171.1	169.3	177.3	177.2	178.6	179.7	182.8	188.3	183.8	190.8	52.0	19.6
arithmetic	96.4	99.5	106.3	116.4	122.7	123.1	124.3	131.5	134.6	139.9	144.3	148.2	159.1	159.4	168.7	72.3	45.6
arithmetic (adj.)	96.4	99.5	106.3	116.4	122.7	123.1	124.3	131.5	134.6	139.9	144.3	148.2	159.1	159.4	167.2	70.8	44.1
EU-25 averages																	
GDP-weighted	158.3	159.4	167.3	171.2	183.6	188.6	185.8	194.1	193.1	194.0	192.9	195.9	200.1	192.4	201.7	43.4	13.1
GDP-weighted (adj.)	158.3	159.4	167.3	171.2	183.6	188.6	185.8	194.1	193.1	194.0	192.9	195.9	200.1	192.4	200.7	42.4	12.1
base-weighted	143.3	144.3	152.0	157.7	169.8	174.5	173.0	181.3	181.1	182.3	183.2	186.3	191.3	186.8	195.1	51.7	20.5
base-weighted (adj.)	143.3	144.3	152.0	157.7	169.8	174.5	173.0	181.3	181.1	182.3	183.2	186.3	191.3	186.8	193.6	50.2	19.1
arithmetic	102.9	106.7	113.3	123.2	129.0	129.0	131.1	138.9	141.5	146.5	151.0	154.7	164.6	164.6	174.9	72.0	46.0
arithmetic (adj.)	102.9	106.7	113.3	123.2	129.0	129.0	131.1	138.9	141.5	146.5	151.0	154.7	164.6	164.6	172.8	69.9	43.8
EA-17 averages																	
GDP-weighted	165.0	164.6	167.8	167.1	178.7	178.6	177.1	185.2	188.2	186.7	185.5	188.4	190.3	188.1	199.7	34.6	21.0
GDP-weighted (adj.)	165.0	164.6	167.8	167.1	178.7	178.6	177.1	185.2	188.2	186.7	185.5	188.4	190.3	188.1	199.2	34.2	20.6
base-weighted	160.5	158.4	161.3	161.4	173.0	172.7	171.4	179.6	183.0	182.4	182.0	185.1	187.3	185.6	197.1	36.6	24.4
base-weighted (adj.)	160.5	158.4	161.3	161.4	173.0	172.7	171.4	179.6	183.0	182.4	182.0	185.1	187.3	185.6	196.6	36.1	23.9
arithmetic	115.0	117.0	122.6	130.2	133.7	129.3	130.9	137.9	141.9	147.4	151.0	154.9	165.1	163.7	175.6	60.6	46.4
arithmetic (adj.)	115.0	117.0	122.6	130.2	133.7	129.3	130.9	137.9	141.9	147.4	151.0	154.9	165.1	163.7	175.6	60.6	46.4

Note: 2009: Provisional data

Source: Commission services

Table II-5.2 is based on nominal tax revenues. This has two consequences: first, for non-euro area countries, the value shown reflects exchange rate movements. An appreciation of the currency, for instance, would result in an increase in the ratio at unchanged taxation levels. Second, given positive euro inflation, a constant value of the ratio over time implies a slow decline in taxation in real terms.

To address the second issue a 'real' ITR on energy has been calculated, deflating tax revenues by the deflator of final demand (Table II-5.3). This adjustment shows that in real terms, taxation on energy has been trending downward, on average, since 1999 up to 2008, and that the fall has been sharpest towards the end of the period. In 2009 the real ITR on energy at the (GDP-weighted) average level was above its 2008 level, but not yet reaching the level preceding 2008.

Concerning individual countries one can observe that the real burden of taxation on energy has increased in 2009 from 2008 levels in nearly all EU Member States, with the exception of the Czech Republic, Poland, Slovakia, Sweden and UK.

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)

																Difference	
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995-2009	2000-2009
BE	97.9	97.1	95.6	95.7	96.5	92.4	90.7	95.3	94.5	103.6	106.9	103.0	112.0	96.4	103.3	5.4	10.9
BG	429.9	87.2	17.1	28.2	34.5	40.6	41.2	38.0	47.1	55.0	51.9	50.4	66.2	71.7	72.0	-357.9	31.4
CZ	50.0	49.9	47.2	48.7	53.6	55.2	64.2	74.2	71.7	78.4	93.0	98.9	108.1	126.9	125.1	75.1	69.9
DK	219.3	229.8	230.0	261.9	295.8	301.0	309.4	315.9	314.0	306.6	290.2	278.8	272.2	267.1	285.6	66.4	-15.4
DE	172.4	154.9	151.3	152.1	179.7	192.7	198.3	208.3	217.1	209.0	202.2	198.1	198.5	190.7	202.8	30.4	10.1
EE	9.6	16.6	20.9	32.6	31.7	31.6	41.2	42.9	45.7	54.8	63.8	67.4	69.2	72.4	89.9	80.2	58.3
IE	136.5	145.6	162.7	156.3	154.7	140.7	120.2	139.5	144.7	158.3	154.0	150.1	163.8	152.0	176.5	40.0	35.8
EL	206.1	197.1	181.2	152.5	141.6	117.3	114.5	104.7	102.0	103.2	100.4	96.5	102.3	99.5	105.8	-100.3	-11.5
ES	147.5	150.3	140.5	148.7	151.3	137.9	130.7	134.9	130.2	125.2	119.3	119.9	117.6	114.7	122.7	-24.8	-15.2
FR	177.6	172.8	173.2	174.7	181.2	174.2	157.2	173.7	166.9	169.5	163.8	163.5	161.0	153.2	158.3	-19.3	-16.0
IT	268.7	284.7	289.2	271.6	271.4	245.8	234.2	224.2	225.1	207.9	201.7	202.7	196.8	187.2	207.8	-60.9	-38.0
CY	30.6	30.5	28.9	31.4	33.3	43.1	59.6	62.4	117.6	132.9	129.4	126.7	123.1	110.4	113.8	83.2	70.7
LV	13.7	21.3	29.1	47.3	43.2	48.2	42.6	45.9	47.1	51.0	54.8	52.6	49.9	48.9	51.9	38.2	3.6
LT	14.9	17.6	25.1	38.8	55.6	57.9	65.4	77.3	83.1	79.9	78.4	74.5	77.5	78.5	94.9	80.1	37.0
LU	173.8	164.5	165.7	172.9	172.9	164.4	167.4	172.4	176.0	177.1	174.0	161.8	161.2	166.0	166.2	-7.6	1.9
HU	111.6	82.8	82.8	90.8	87.9	79.7	77.1	84.9	85.4	83.0	85.0	82.8	93.5	92.8	:	-	-
MT	78.8	94.2	114.2	201.3	211.7	180.8	163.2	162.6	121.1	110.6	128.5	138.6	189.1	146.9	170.3	91.5	-10.5
NL	121.0	118.3	131.2	136.7	151.1	153.4	154.1	155.6	159.1	168.2	182.1	192.7	183.8	193.0	201.7	80.7	48.3
AT	128.5	120.5	140.6	133.1	137.6	141.6	144.3	148.4	147.5	156.1	145.9	142.5	148.2	148.7	149.7	21.2	8.1
PL	34.7	37.6	34.9	42.8	51.3	59.0	64.9	73.0	66.7	66.7	84.5	87.6	97.6	105.3	83.8	49.0	24.8
PT	191.4	185.7	167.1	170.5	158.6	111.8	130.0	150.2	156.9	153.0	149.2	148.3	150.4	143.8	:	-	-
RO	160.3	98.4	77.1	77.2	79.0	58.2	27.9	22.3	22.1	23.0	24.7	26.2	32.2	25.2	26.6	-133.6	-31.6
SI	180.2	161.5	166.0	201.9	168.3	118.6	126.4	127.1	119.2	118.5	114.6	113.6	123.8	121.4	163.2	-17.0	44.5
SK	40.1	37.1	38.0	37.4	37.0	42.4	35.2	40.8	52.8	60.1	64.7	67.2	76.5	84.2	80.3	40.2	37.9
FI	103.1	101.9	111.7	108.2	113.9	108.7	110.6	111.1	109.8	109.8	110.6	104.4	101.8	111.8	118.4	15.3	9.6
SE	140.3	172.1	168.5	172.3	174.8	179.7	171.3	183.7	193.6	197.2	196.8	199.2	196.5	188.6	178.6	38.3	-1.1
UK	152.3	153.6	192.1	214.5	225.9	245.8	232.9	236.0	212.7	218.1	211.5	208.5	216.7	178.7	177.4	25.1	-68.4
NO	188.4	184.0	202.4	176.3	178.3	176.2	176.2	189.5	178.1	154.4	160.9	159.1	159.1	144.5	:	-	-
IS	49.6	49.8	51.4	48.5	48.1	49.2	35.6	33.5	33.7	36.5	51.2	52.9	:	:	:	-	-
EU-27 averages																	
GDP-weighted	171.1	168.9	174.3	176.9	187.9	187.8	181.4	186.7	183.2	180.7	175.5	173.7	173.6	162.0	170.5	-0.7	-17.4
GDP-weighted (adj.)	171.1	168.9	174.3	176.9	187.9	187.8	181.4	186.7	183.2	180.7	175.5	173.7	173.6	162.0	169.5	-1.7	-18.4
base-weighted	159.6	152.2	156.3	160.8	171.6	171.1	165.9	171.2	168.5	166.8	163.9	162.7	163.7	155.4	162.9	3.3	-8.3
base-weighted (adj.)	159.6	152.2	156.3	160.8	171.6	171.1	165.9	171.2	168.5	166.8	163.9	162.7	163.7	155.4	161.5	1.9	-9.6
arithmetic	133.0	117.9	117.8	125.9	129.4	123.1	121.3	126.1	127.0	128.8	129.0	128.0	133.0	128.7	137.1	4.1	14.0
arithmetic (adj.)	133.0	117.9	117.8	125.9	129.4	123.1	121.3	126.1	127.0	128.8	129.0	128.0	133.0	128.7	135.7	2.7	12.6
EU-25 averages																	
GDP-weighted	170.8	169.3	174.9	177.5	188.6	188.6	182.4	187.8	184.3	181.9	176.9	175.2	175.3	163.8	172.2	1.4	-16.4
GDP-weighted (adj.)	170.8	169.3	174.9	177.5	188.6	188.6	182.4	187.8	184.3	181.9	176.9	175.2	175.3	163.8	171.2	0.4	-17.5
base-weighted	156.6	154.4	159.6	164.0	174.7	174.5	169.7	175.3	172.7	170.9	167.9	166.6	167.4	159.0	166.5	9.9	-8.0
base-weighted (adj.)	156.6	154.4	159.6	164.0	174.7	174.5	169.7	175.3	172.7	170.9	167.9	166.6	167.4	159.0	165.0	8.4	-9.6
arithmetic	120.0	119.9	123.5	131.8	135.2	129.0	128.2	133.8	134.4	135.9	136.2	135.2	139.6	135.2	144.7	24.7	15.7
arithmetic (adj.)	120.0	119.9	123.5	131.8	135.2	129.0	128.2	133.8	134.4	135.9	136.2	135.2	139.6	135.2	142.6	22.6	13.6
EA-17 averages																	
GDP-weighted	177.7	174.9	175.6	173.3	183.8	178.6	173.8	179.4	180.0	175.7	170.7	169.4	167.7	161.6	172.6	-5.1	-6.0
GDP-weighted (adj.)	177.7	174.9	175.6	173.3	183.8	178.6	173.8	179.4	180.0	175.7	170.7	169.4	167.7	161.6	172.1	-5.7	-6.6
base-weighted	173.8	168.8	169.1	167.7	178.3	172.7	168.2	173.9	175.1	171.6	167.3	166.4	164.9	159.6	170.6	-3.2	-2.1
base-weighted (adj.)	173.8	168.8	169.1	167.7	178.3	172.7	168.2	173.9	175.1	171.6	167.3	166.4	164.9	159.6	170.0	-3.9	-2.7
arithmetic	133.2	131.4	134.0	139.9	140.7	129.3	128.1	132.6	134.5	136.3	135.9	135.1	140.0	134.8	145.7	12.5	16.4
arithmetic (adj.)	133.2	131.4	134.0	139.9	140.7	129.3	128.1	132.6	134.5	136.3	135.9	135.1	140.0	134.8	145.5	12.4	16.3

Note: 2009: Provisional data

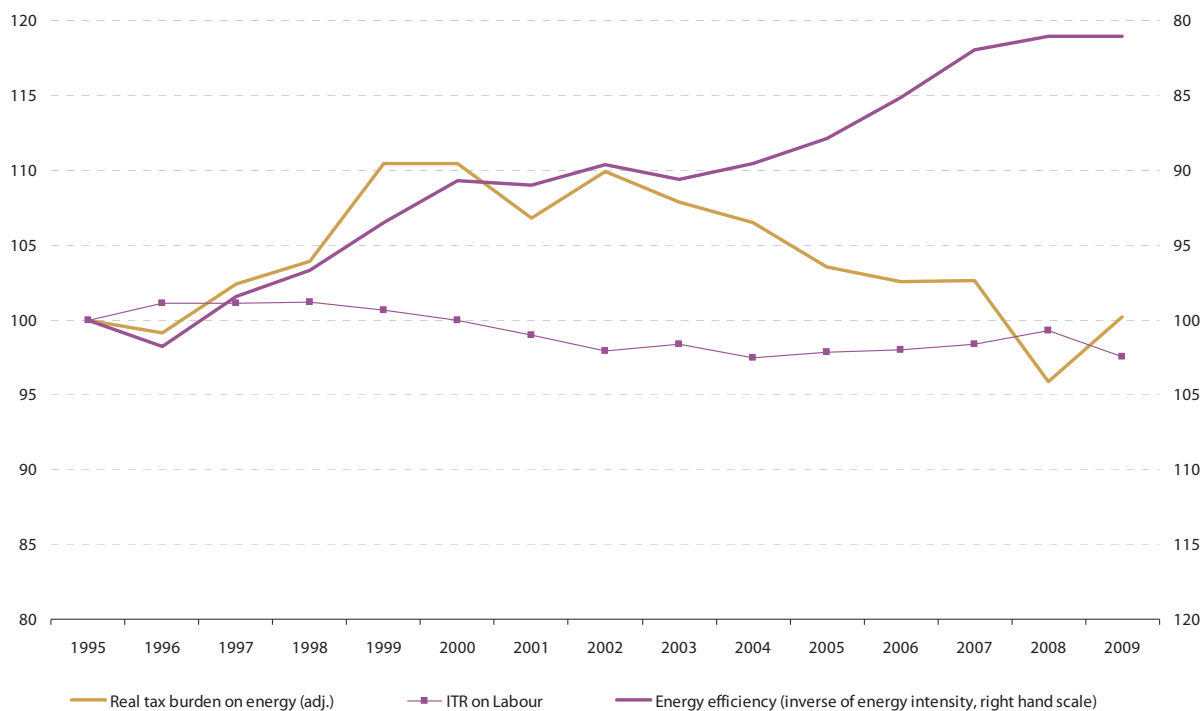
Source: Commission services

Have green tax reforms had any visible impact on the energy intensity of GDP?

Graph II-5.4 juxtaposes trends in the energy intensity of the economy, the real ITR on energy and the ITR on labour. In the graph, the energy intensity of the economy is shown on an inverted scale, meaning that if the line slopes upwards, the economy is becoming more energy efficient and vice versa.

From 1995 to around 2000, as taxation of energy increased rapidly, final energy consumption grew at a much lower rate than the economy overall, leading to a rapid increase in energy efficiency. Around 2000, however, the real burden of energy taxes started declining, and at the same time the growth in energy efficiency slowed down suggesting that taxation may have played a role in stimulating energy conservation, alongside other structural factors. From 2003 onwards, however, energy efficiency has improved again at a faster rate, while the effective tax burden on energy has continued to fall.

Graph II-5.4: **Evolution of energy efficiency, ITR on energy and on labour**
Index 1995 = 100; EU-25



Note: GDP-weighted averages; Data for energy efficiency in 2009 refer to 2008

Source: Commission services

As for the idea of financing cuts in the labour taxation from increases in environmental taxation, its implementation would imply an opposite development of the ITRs on energy and on labour in the graph: as the ITR on energy increases, taxation of labour should fall. This has not really been the case; in fact, the development of the two trends is nearly the opposite with the ITR on labour showing a slight increase from 2004 onwards, while the ITR on energy has been declining quite sharply during the same period. Interestingly, however, these trends have been reversed again between 2008 and 2009; the ITR on labour has been falling, while that on energy increasing indicating a shift from labour towards environmental taxation. It remains to be seen whether this shift will persist also in forthcoming years.



Developments in the Member States

AUSTRIA	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2009	2009	
A. Structure of revenues											% of GDP	Ranking	€ bn
Indirect taxes	15,3	15,3	15,4	15,3	15,1	14,9	14,4	14,3	14,4	15,0	8	41,0	
VAT	8,1	8,1	8,2	8,0	8,0	8,0	7,7	7,7	7,7	8,1	9	22,2	
Excise duties and consumption taxes	2,7	2,7	2,7	2,8	2,8	2,7	2,6	2,5	2,5	2,5	22	6,8	
Other taxes on products (incl. import duties)	1,2	1,2	1,1	1,2	1,2	1,1	1,2	1,1	1,1	1,1	12	3,0	
Other taxes on production	3,2	3,3	3,3	3,3	3,1	3,1	3,0	3,0	3,1	3,3	3	9,0	
Direct taxes	13,2	15,1	13,9	13,8	13,6	12,9	13,0	13,5	14,0	12,8	9	35,2	
Personal income	10,1	10,8	10,5	10,5	10,2	9,6	9,7	9,9	10,4	10,0	7	27,4	
Corporate income	2,2	3,3	2,4	2,3	2,4	2,3	2,3	2,6	2,6	1,9	21	5,1	
Other	0,9	1,0	1,0	1,0	1,0	1,0	1,0	1,0	1,0	1,0	8	2,7	
Social contributions	14,8	14,9	14,7	14,7	14,7	14,6	14,4	14,3	14,3	14,9	5	41,0	
Employers´	7,1	7,0	6,9	6,9	6,9	6,9	6,8	6,7	6,7	7,0	11	19,1	
Employees´	6,0	6,1	6,0	6,1	6,0	5,9	5,9	5,8	5,8	6,1	3	16,6	
Self- and non-employed	1,6	1,7	1,7	1,8	1,9	1,8	1,8	1,8	1,8	1,9	6	5,2	
Less: amounts assessed but unlikely to be collected	0,0	0,0	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1			
TOTAL	43,2	45,3	43,9	43,8	43,4	42,3	41,8	42,0	42,6	42,7	6	117,1	
Cyclically adjusted total tax to GDP ratio	42,3	45,1	44,0	44,4	43,8	42,6	41,3	40,7	41,1	43,5			
B. Structure by level of government											% of total taxation		
Central government	51,7	53,5	53,7	54,1	54,0	53,3	52,9	53,2	52,3	49,1	19	57,5	
State government ²⁾	7,7	7,4	7,3	7,0	7,1	7,1	7,1	7,3	8,2	9,8	4	11,4	
Local government	11,7	11,5	11,2	10,8	10,9	10,9	11,0	11,1	11,4	11,7	11	13,8	
Social security funds	27,7	26,5	27,0	27,3	27,5	28,2	28,3	27,9	27,7	29,0	17	34,0	
EU institutions	1,4	1,2	1,0	0,9	0,6	0,7	0,7	0,7	0,7	0,5	23	0,6	
C. Structure by economic function											% of GDP		
Consumption	12,4	12,4	12,5	12,4	12,4	12,2	11,7	11,7	11,6	12,0	10	33,0	
Labour	24,0	24,3	24,2	24,4	23,9	23,4	23,3	23,2	23,8	24,2	3	66,4	
Employed	21,7	21,9	21,7	21,8	21,4	21,0	20,9	20,9	21,3	21,7	4	59,5	
Paid by employers	9,7	9,7	9,5	9,6	9,4	9,4	9,3	9,2	9,3	9,8	5	26,8	
Paid by employees	12,0	12,2	12,2	12,2	11,9	11,7	11,6	11,6	12,0	11,9	6	32,7	
Non-employed	2,3	2,5	2,5	2,6	2,5	2,4	2,4	2,4	2,5	2,5	6	6,9	
Capital	6,9	8,6	7,3	7,1	7,1	6,8	6,8	7,2	7,3	6,5	12	17,9	
Capital and business income	5,8	7,4	6,1	5,9	6,1	5,8	5,8	6,2	6,3	5,5	8	15,2	
Income of corporations	2,2	3,3	2,4	2,3	2,4	2,3	2,3	2,6	2,6	1,9	22	5,1	
Income of households	0,9	0,9	0,9	0,8	0,8	0,8	0,9	1,1	1,2	1,1	5	3,0	
Income of self-employed (incl. SSC)	2,7	3,2	2,8	2,8	2,9	2,7	2,6	2,5	2,5	2,6	3	7,1	
Stocks of capital / wealth	1,1	1,1	1,1	1,1	1,1	1,0	1,0	1,0	1,0	1,0	19	2,7	
D. Environmental taxes											% of GDP		
Environmental taxes	2,4	2,6	2,7	2,7	2,7	2,6	2,5	2,4	2,4	2,4	17	6,7	
Energy	1,6	1,7	1,7	1,8	1,9	1,8	1,6	1,6	1,6	1,6	19	4,5	
Of which transport fuel taxes	1,2	1,3	1,3	1,4	1,4	1,4	1,3	1,3	1,3	1,3	21		
Transport (excl. fuel)	0,8	0,9	0,9	0,9	0,8	0,8	0,8	0,8	0,7	0,8	8	2,1	
Pollution/resources	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	18	0,1	
E. Implicit tax rates											%		
Consumption	22,1	22,1	22,5	22,2	22,1	21,7	21,3	21,6	21,6	21,7	9		
Labour employed	40,1	40,6	40,8	40,8	41,0	40,8	40,8	41,0	41,3	40,3	6		
Capital	27,7	36,2	29,6	28,6	27,6	24,7	24,6	25,7	26,5	27,0			
Capital and business income	23,2	31,4	25,1	24,1	23,5	21,0	20,8	22,1	23,0	22,9			
Corporations	27,1	37,6	28,7	27,1	26,2	23,7	23,1	24,3	25,2	25,0			
Households	8,1	9,0	9,8	8,8	7,8	6,7	7,5	8,9	10,0	11,3			
Real GDP growth (annual rate)	3,7	0,5	1,6	0,8	2,5	2,5	3,6	3,7	2,2	-3,9			

See Annex B for explanatory notes. For classification of taxes please visit <http://ec.europa.eu/taxtrends>

1) The ranking is calculated in descending order. A "1" indicates this is the highest value in the EU-27. No ranking is given if more than 10 % of data points are missing.

2) This level refers to the *Länder* in AT and DE, the *gewesten en gemeenschappen / régions et communautés* in BE and *comunidades autónomas* in ES.

n.a. not applicable, : not available

Source: Commission Services

AUSTRIA

Overall trends in taxation

Structure and development of tax revenues

In Austria, the overall tax burden (including social contributions) is at 42.7 % almost seven percentage points of GDP above the EU average (EU-27 35.8 %), with only the Nordic Countries, Italy, and Belgium recording higher rates.

Austria derives 35.0 % of tax revenues from indirect taxes (EU-27 37.7 %), of which VAT accounts for more than half. Austria raises a substantial amount from other taxes on production (7.7 % of total taxation, EU-27 4.0 %), in particular from an employers' contribution to the fund for equalisation of family burdens and a payroll tax payable to communes. By contrast, excise duties account for relatively little revenue. This reflects the moderate rates imposed, in particular on alcoholic beverages. Direct taxes account for a proportion of revenue (30.1 %) slightly below the EU average of 31.1 % of total taxation. Compared to the EU-27 average, PITs contribute more heavily (23.4 %, EU-27 21.2 %) to total tax revenues than CIT (4.4 %, EU-27 7.8 %). Social contributions account for more than one third of total tax receipts (35.0 %, EU-27 31.4 %).

Among the EU countries with federal public finance systems, Austrian states receive the lowest proportion of total tax revenues (less than 10 % as against more than 20 % in Belgium, Germany and Spain). The share of local governments (11.7 %) is slightly above the EU-27 average (10.7 %). The 2009 increase in tax shares of lower levels of governments is however a statistical artefact, as some former transfers from the federal budget to the lower levels (dependent on overall tax revenues) are now directly booked as tax revenues of these authorities.

The peak total tax revenues of 45.3 % of GDP in 2001 were the result of the political goal of achieving a balanced budget position. Despite a considerable economic slowdown, base-broadening measures, reductions in tax credits and above all significantly increased tax pre-payments, stimulated by the introduction of interest charges on tax arrears increased tax revenues. Reforms enacted since then resulted in a continuous decline of the tax-to-GDP ratio until 2006. In particular the two steps of the tax reform 2004/05, focusing on the reduction of wage and corporate taxation, led to an estimated tax relief of about € 3 billion (1.2 % of GDP). The renewed increase of the tax-to-GDP ratio by almost one percentage point to 42.6 % of GDP from 2006 to 2008 is rather due to the strong economic growth (increases in the wage sum and sustained corporate profits) than significant changes in the tax system. In 2009, the pertained high overall tax ratio in percent of GDP, at 42.7 %, was the result of stable domestic demand despite a decrease in GDP. The drop in GDP was partly due to a drop in exports, while tax rich bases like consumption increased in 2009. Hence, indirect taxes but also SSC increased both in nominal terms and - as GDP was falling - in percent of GDP while only direct taxes fell due to the enacted PIT reforms and temporary CIT measures.

Taxation of consumption, labour and capital; environmental taxation

Taxes on consumption as a percentage of GDP (12.0 %) are slightly above the EU-27 average (11.7 %). As the implicit tax rate on consumption increased further in 2009 it now stands at 21.7 % well above the decreasing EU-27 average of currently 20.9 %.

Taxes on employed labour represented 21.7 % of GDP in 2009, constituting around one half of the total tax burden. As in most EU countries, the tax burden on employed labour consists to a high degree of social security contributions. In addition to the personal income tax, levied in the form of a withholding tax on wages and salaries, indirect labour taxes — such as the contribution by employers to the Family Burdens Equalisation Fund and the payroll tax — also contribute substantially to the labour tax burden. The Austrian implicit tax rate on labour was more than seven percentage points above the EU-27 average in 2009 (40.3 %, EU-27 32.9 %). The 2009 income tax reform decreased the ITR on labour by one percentage point, in line with the development of the EU-27 average. The share of taxes on capital in GDP (6.5 %) is

slightly below the EU-27 average and below the euro area average (EU-27 6.7 %, EA-17 7.3 %). This is partly due to the fact that the tax on capital stocks and wealth yield considerably less than in the euro area (1.0 % of GDP, EA-17 1.9 % of GDP). Base-broadening measures and increased prepayments, in reaction to the introduction of interest payments on tax arrears, led to a dramatic rise of revenues in 2001 before falling back in the following years, as is reflected in the implicit tax rate on corporate income (2000 27.1 %, 2001 37.6 %, 2002 28.7 %). The fall of the ITR on capital by almost three percentage points in 2005 is mainly driven by the fall in the ITR on corporations, in line with the decrease in the corporate income tax rate from 34 % to 25 %. Capital taxes raised on income of corporations in relation to GDP are in general low (1.9 %, EU-27 2.8 %) because of the large number of unincorporated businesses in Austria.

Environmental taxes gradually increased until 2003 but have fallen back to their 2000 ratio since. Their revenues are below the EU-27 average (2.4 % of GDP, EU-27 2.6 %). By contrast the implicit tax rate on energy increased considerably in 2007, most likely reflecting the increase in mineral oil taxes on gasoline and diesel in July 2007 (Abgabenänderungsgesetz 2007). Transport taxes are relatively important in Austria, contributing nearly one third to the overall revenue from environmental taxes, compared to an EU-27 average share of only one quarter.

Current topics and prospects; policy orientation

As a tax reform targeting an annual tax relief of about € 3 billion (1.1 % of GDP) was adopted in 2009 (*Steuerreformgesetz 2009*), no major changes to the tax system were introduced in 2010. In light of the financial and economic crises the reform was shifted forward by one year (to 2009) to stabilise the economy. Its key elements are changes in the income tax system (€ 2.3 billion) and the relief of families (€ 0.5 billion). To counteract the recession an increased accelerated depreciation of 30 % in the year of investment was introduced for the years 2009 and 2010. For unincorporated businesses tax allowances for business profits were increased from 10 % to 13 % from 2010 onwards; however, this was partly offset by the cancellation of the tax favourable treatment for retained earnings.

The budget plans for 2011 onwards are characterised by consolidation needs, both on the expenditure and on the revenue side. Capital income tax rates were harmonised at 25 % (also for private trusts) and the holding period, after which realised speculative capital gains were tax exempt was abolished. Capital gains on shares, bonds, deposits are now subjected to a 25% withholding tax. A solidarity bank levy based on the balance sheet total (excluding own capital and secured deposits) was introduced; its rates progress from 0 % for banks' balance sheets of up to € 1 billion to 0,055% up to € 20 billion and 0.085 % above. Trading with derivatives will be taxed on 0.013 % of its volume. Environmental tax measures cover an introduction of a flight tax, a stronger adjustment of the car registration tax according to the CO2 emission of the vehicles, and an increase in the mineral oil tax of diesel (+ 5 cents/litre) and petrol (+ 4 cents/litre), whereas commuter allowances was increased by 10%. Motor vehicle tax for heavy trucks will be decreased to international standards. Furthermore excise duties on tobacco were increased significantly and single earner's allowance is only granted if child support has been received.

Main features of the tax system

Personal income tax

Austria has a comprehensive and progressive personal income tax scheme. During the 2004/2005 tax reform a new system with four brackets came into force in 2005 replacing the old five bracket system. From 2005 till 2008, the four brackets had marginal rates of 0 %, 38.333 %, 43.596 % and 50 %. With the 2009 tax reform the marginal tax rates applied for the brackets were changed to: 0 %, 36.5 %, 43.2143 % and 50 % from 2009 onwards. Since then, the zero-rate bracket goes up to a taxable income of € 11 000 (2008: € 10 000), which means that — as a result of other tax credits — annual gross earnings of about € 16 800 for employees and € 15 000 for pensioners are tax-free (2008: € 15 800 and € 13 500, respectively). The top rate of 50 % applies as of a taxable income of € 60 000 (2008: € 51 000). Since 2009 donations to humanitarian charities have been made tax deductible. For partnerships and other unincorporated enterprises the tax allowance for profit income was increased to 13 % while the favourable tax treatment of retained profits was abolished in

2010. As a substantial proportion of enterprises are unincorporated, the reform of PIT affects both individuals and enterprises to a greater extent than elsewhere.

Capital gains of financial assets – together with income from, interests, dividends, etc. – are subjected to a final withholding tax of 25% from 2011 onwards. Other capital gains (e.g. from immovable property) remain within the income tax schedule.

Corporate taxation

In 2005 the corporate tax rate was lowered from 34 % to 25 %, partly financed by broadening the tax base and abolishing the 10 % subsidy for the increment in investment in machinery and equipment. As part of the base broadening measures undertaken, depreciation rates for buildings have been cut and now stand at 2 %. In recent years R&D tax incentives have been increased steadily, now allowing for a 10 % R&D tax credit. Similarly, the training allowance is 20 % of the qualifying expenses with an alternative tax credit of 6 %. Since 2001 tax arrears have been subject to an interest charge, which led to a jump in corporate tax receipts in that year. As a contribution to counteract the cyclical decline (*Konjunkturbelebungs-gesetz 2009*), an accelerated depreciation of 30 % in the year of investment was introduced for the years 2009 and 2010.

The deduction of losses of former years is restricted to 75 % of taxable profits, but there is an indefinite loss carryforward period. Similar rules apply to personal income tax. In 2005 the group relief system (*Organschaft*) was replaced by a system of optional group taxation. Since then, foreign losses are deductible in computing the domestic income tax base, making Austria one of the few countries in Europe in which this is permitted. If a group breaks up within three years the effects of group treatment is reversed.

A number of taxes and contributions are based on payroll and borne by the employer, among them the municipal tax (3 % on salaries and wages paid) and the above mentioned contribution to the Family Burdens Equalisation Fund (payable at a rate of 4.5 % on gross wages and salaries).

VAT and excise duties

The standard VAT rate is 20 %. A reduced rate of 10 % applies to basic foodstuffs, books and newspapers, public transport, renting of residential immovable property and since 2009 also to pharmaceuticals. A 12 % VAT parking rate is applied to wine from farm production carried out by the producing farmer. The quantitatively most important excise duties are on mineral oil, tobacco and the excise duty on electricity, gas and coal (*Energieabgabe*) (3.2 %, 1.2 % and 0.6 % of total taxation, respectively).

Wealth and transaction taxes

The real estate tax is levied at a basic federal rate (0.2 %), multiplied by a municipal coefficient (up to 500 %), which means a tax rate of 1 % on the tax values (*Einheitswerte*), in general. The real estate transfer tax stands in general at 3.5 %. There is no net wealth tax; inheritance and gift tax were abolished in August 2008.

Social contributions

In principle, the entire labour force must be insured under the social security system. For employees, they and their employers must pay contributions as a percentage of their earnings up to the annually increasing ceiling of € 58 500 (2010: € 57 540); this ceiling is also applicable to self-employed. The overall employees' contribution rate is about 18 % in general. The rate for the employers is slightly above 21 ½ %. However, in certain cases additional contribution rates or reduced rates, such as reduced unemployment insurance contributions for old and low income earners, apply. The rate for self-employed is about 25 %.

BELGIUM	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2009	2009	
A. Structure of revenues											% of GDP	Ranking	€ bn
Indirect taxes	13,7	13,2	13,2	13,3	13,4	13,5	13,6	13,3	13,1	13,0	14	44,1	
VAT	7,2	6,9	6,9	6,8	6,9	7,1	7,1	7,1	7,0	7,0	17	23,6	
Excise duties and consumption taxes	2,4	2,3	2,3	2,4	2,4	2,4	2,2	2,2	2,1	2,1	26	7,2	
Other taxes on products (incl. import duties)	2,2	2,2	2,1	2,2	2,2	2,3	2,4	2,4	2,3	2,1	5	7,1	
Other taxes on production	1,9	1,9	1,8	1,9	1,9	1,8	1,9	1,6	1,8	1,8	8	6,2	
Direct taxes	17,6	17,8	17,6	17,2	17,5	17,6	17,3	17,0	17,3	15,9	5	54,1	
Personal income	13,3	13,6	13,4	13,1	13,0	12,9	12,4	12,2	12,6	12,2	4	41,2	
Corporate income	3,2	3,1	3,0	2,9	3,1	3,2	3,6	3,5	3,4	2,5	9	8,6	
Other	1,1	1,1	1,2	1,2	1,4	1,4	1,3	1,3	1,3	1,3	6	4,2	
Social contributions	14,0	14,2	14,4	14,4	14,0	13,7	13,5	13,7	14,0	14,5	6	49,2	
Employers'	8,3	8,5	8,6	8,6	8,4	8,2	8,2	8,3	8,5	8,8	7	29,7	
Employees'	4,4	4,6	4,6	4,5	4,4	4,3	4,1	4,2	4,3	4,4	6	14,9	
Self- and non-employed	1,2	1,2	1,2	1,2	1,2	1,2	1,2	1,2	1,3	1,4	11	4,7	
Less: amounts assessed but unlikely to be collected	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.			
TOTAL	45,2	45,2	45,3	44,8	44,9	44,9	44,5	44,0	44,4	43,5	3	147,4	
Cyclically adjusted total tax to GDP ratio	44,2	44,9	45,3	45,3	44,8	44,8	43,9	42,8	43,4	44,5			
B. Structure by level of government											% of total taxation		
Central government	36,7	34,8	34,6	33,4	32,7	32,0	31,5	30,2	29,4	26,5	27	39,1	
State government ²⁾	22,8	24,2	23,0	23,9	23,4	24,0	24,1	24,3	24,6	24,6	1	36,3	
Local government	4,2	4,6	4,9	5,2	5,0	5,0	5,1	5,2	4,6	5,5	18	8,2	
Social security funds	34,2	34,5	35,7	35,6	37,2	37,4	37,9	38,6	39,7	41,9	3	61,8	
EU institutions	2,1	2,0	1,8	1,9	1,7	1,6	1,5	1,6	1,7	1,4	1	2,1	
C. Structure by economic function³⁾											% of GDP		
Consumption	11,3	10,9	10,9	10,9	11,0	11,1	11,1	10,9	10,6	10,6	19	36,0	
Labour	24,2	24,7	24,8	24,6	24,0	23,8	23,0	23,0	23,6	23,7	5	80,4	
Employed	22,2	22,6	22,7	22,4	22,2	21,9	21,3	21,3	21,8	22,0	3	74,5	
Paid by employers	8,3	8,5	8,6	8,6	8,4	8,2	8,2	8,3	8,5	8,8	9	29,7	
Paid by employees	13,9	14,2	14,1	13,8	13,8	13,7	13,1	13,0	13,3	13,2	3	44,8	
Non-employed	2,0	2,1	2,1	2,1	1,8	1,8	1,7	1,7	1,8	1,7	8	5,9	
Capital	9,5	9,4	9,3	9,2	9,7	9,9	10,1	9,9	10,0	9,0	6	30,4	
Capital and business income	6,2	6,1	5,9	5,7	5,9	6,2	6,4	6,3	6,3	5,4	9	18,3	
Income of corporations	3,2	3,1	3,0	2,9	3,1	3,3	3,5	3,5	3,4	2,5	12	8,6	
Income of households	0,5	0,6	0,5	0,5	0,5	0,6	0,6	0,6	0,6	0,4	18	1,5	
Income of self-employed (incl. SSC)	2,4	2,4	2,4	2,3	2,3	2,3	2,3	2,2	2,4	2,4	6	8,2	
Stocks of capital / wealth	3,4	3,3	3,4	3,5	3,8	3,7	3,8	3,6	3,7	3,6	3	12,2	
D. Environmental taxes											% of GDP		
Environmental taxes	2,3	2,3	2,2	2,3	2,4	2,3	2,2	2,1	2,0	2,0	23	6,9	
Energy	1,4	1,4	1,4	1,4	1,5	1,5	1,4	1,3	1,2	1,3	26	4,3	
Of which transport fuel taxes	1,4	1,3	1,3	1,3	1,3	1,3	1,2	1,2	1,1	1,1	26		
Transport (excl. fuel)	0,6	0,7	0,7	0,7	0,7	0,7	0,6	0,6	0,6	0,6	9	2,0	
Pollution/resources	0,2	0,2	0,2	0,2	0,2	0,2	0,2	0,1	0,1	0,1	8	0,5	
E. Implicit tax rates³⁾											%		
Consumption	21,8	20,9	21,4	21,4	22,1	22,3	22,4	22,0	21,2	20,9	13		
Labour employed	43,6	43,3	43,3	43,1	43,8	43,6	42,5	42,4	42,5	41,5	2		
Capital	29,6	29,5	30,7	31,6	32,7	32,7	33,0	31,5	32,6	30,9			
Capital and business income	19,1	19,2	19,5	19,5	20,0	20,6	20,7	20,0	20,6	18,5			
Corporations	24,4	24,2	23,2	22,3	22,0	22,0	22,6	21,0	21,6	16,9			
Households	12,9	13,0	13,8	14,2	14,9	15,6	15,2	15,0	15,5	16,1			
Real GDP growth (annual rate)	3,7	0,8	1,4	0,8	3,2	1,7	2,7	2,9	1,0	-2,8			

See Annex B for explanatory notes. For classification of taxes please visit: <http://ec.europa.eu/taxtrends>

1) The ranking is calculated in descending order. A "1" indicates this is the highest value in the EU-27. No ranking is given if more than 10 % of data points are missing.

2) This level refers to the *Länder* in AT and DE, the *gewesten en gemeenschappen / régions et communautés* in BE and *comunidades autónomas* in ES.

3) Excludes PIT and SSC paid by EU officials living in Belgium directly to the EU Institutions and not to the Belgian government sector

n.a. not applicable, : not available

Source: Commission Services

BELGIUM

Overall trends in taxation

Structure and development of tax revenues

The structure of the Belgian tax system, in terms of the share of revenue raised by the broad categories of taxes, has remained relatively stable since 2000. A far-reaching tax reform of direct taxation, that took place in the first half of the last decade, reduced PIT revenue, expressed as % of GDP, from 13.3% to 12.2%. The structure is however still characterised by a relatively high share of direct taxes (2009: 36.7 %, EU-27 31.1 %), reflecting a broad reliance on corporate and personal income taxes. By contrast, with 29.9 %, the share of indirect taxes is the second lowest in the EU (EU-27 37.7 %). Following the 2002 corporate tax reform and a favourable business cycle, the share of corporate tax revenue had significantly increased until 2006. A reduction in the tax base of corporations due to the ACE system (see below) and the unfavourable economic conditions in 2008 and 2009 seem to have reversed this trend. The lagged effect of the tax reform and the subsequent introduction or increase of several tax expenditures put the personal income tax revenues on a downward trend since 2003. The tax reform was complemented by successive targeted reductions in employers' social security contributions.

Belgium is a federal State with a large fiscal autonomy for the regions. This translates into varying specific tax legislations across regions, e.g. registration duties, inheritance and estate taxes.

Belgium belongs to the group of EU countries with the highest tax levels, alongside the Nordic countries, Austria, France and Italy. In 2009 the total tax ratio decreased by 0.9 percentage points, mainly due to the economic slowdown. At 43.5 %, it was the third highest in the EU after Denmark and Sweden (EU-27 35.8 %).

Taxation of consumption, labour and capital; environmental taxation

The implicit tax rate on consumption further declined in 2009. At 20.9 %, it was just at the EU average (EU-27 20.9 %), whereas for a decade it was slightly above. As a percentage of GDP, VAT and excise duties collection are at the lower end in the EU-27 at respectively 7.0 % and 2.1 % (EU-27 7.4 % and 3.2 %).

Despite noticeable labour taxation reforms, Belgium still imposes relatively heavy taxes on labour with an implicit tax rate ⁽⁷⁷⁾⁽⁷⁸⁾ of 41.5 %, the second highest in the EU. Targeted rebates in employers' social contributions were used as the main instrument to reduce labour costs⁽⁷⁹⁾. The 2000–2006 reform programme paved the way for easing the tax burden on labour and led to a decrease in the ITR by 1.3 percentage points between 2004 and 2006⁽⁸⁰⁾. The ITR on labour has been relatively stable since 2006, although it has declined in 2009 due to the economic slowdown.

The ITR on capital increased from 29.6 % in 2000 to 30.9 % in the year 2009. This is entirely due to the gradual increase on the household side since 2000, explained in part by the boom in the real estate market that has resulted in an increase of registration duties. In 2009, taxes on stocks of capital/wealth amounted to 3.6 % of GDP. This level is relatively stable since the second half of the period concerned and is the third highest value in the EU. After a gradual decrease during most of the period, the ITR on corporations has significantly dropped in 2009 due to the economic slowdown, while the ITR on capital and business income has declined in 2009, after a gradual rise for most of the period.

⁽⁷⁷⁾) The implicit tax rate on labour disregards personal income tax and social security contributions paid by EU-staff living in Belgium, not to the Belgian government sector, but directly to EU-institutions. See also Section C and section E of the table.

⁽⁷⁸⁾ On the other hand, the ITR on labour is not corrected for the impact of the rebates on the wage withholding tax nor the non-structural part of reductions in employer's and employee's social security contributions. These two categories of wage subsidies amount to 1.2 % of GDP or 2.2 points of the ITR on labour.

⁽⁷⁹⁾ However, some of these rebates are considered as wages subsidies according to the Belgian National Accounts and are consequently not deducted from the tax revenue.

⁽⁸⁰⁾ When accounting with the amount of rebates that are considered as wage subsidy in the national accounts, an additional drop should be taken into account.

Revenues from environmental taxation have declined in percentage of GDP since 2004. In 2009 environmental tax revenue amounted to 2.0 % of GDP, below the EU-27 average (2.6 %). The low revenues from energy taxation explain this difference (1.3 % compared to EU-27 1.9 %).

Current topics and prospects; policy orientation

Since 1999, tax policy has been oriented at maintaining a (non-legally binding) tax moratorium, introducing a multi-annual tax reform (2000–2006). Up to 2008 achieving budgetary equilibrium and a further reduction of public debt remained a priority for the government in order to prepare the public finances for the budgetary impact of an ageing population. In spite of a steady decline between 1999 and 2007, the debt to GDP ratio remains well above the EU average and has been rising again since 2008 due to the economic slowdown and massive support to the financial sector.

In response to the economic downturn, several measures were announced at the end of 2008 and formally approved in early 2009. The 'recovery plan' included a temporary VAT rate reduction as from 1 January 2009 on the construction of private dwellings (up to € 50 000 from 21% to 6%) and certain social dwellings (from 12% to 6%). Starting from 1 January 2010 a permanent VAT rate reduction (from 21 % to 12 %) on food served in restaurants and catering services was added. Other measures targeted energy saving (tax deductions and interest bonuses), tax reductions for overtime, cuts in wage withholding taxes for scientific researchers and a decrease in the general wage withholding tax. The general rebate in wage withholding taxes, that acts as a wage subsidy for the employer but has no effect on the take home pay of the employee, increased from 0.25 % to 0.75 % from 1 June 2009 and to 1 % as from 1 January 2010. Several additional measures aimed at providing incentives for individuals and companies to favour cars with low emission levels. For individuals, a credit (directly on the invoice) of 15 % of the purchase price (with a maximum of € 4 640 in 2011) was granted for cars emitting less than 105g CO₂/km. The credit was reduced to 3 % (with a maximum of € 870 in 2011) for cars emitting between 105 and 115 g CO₂/km. For companies, zero-emission cars used for business purposes became deductible at 120 %, while the deduction of fuel costs for cars used for business and private purposes was reduced from 100 % to 75 % (50 % for high-emission cars used for business purposes). A new tax credit for electric vehicles has been introduced on 1 January 2010.

Finally, while several anti-abuse measures were introduced, the cap on the rate of the notional interest deduction was temporally lowered from 6.5 % to 3.8 % in 2010 and 2011. So the actual Allowance for Corporate Equity rate dropped from 4.473 % in 2009 to 3.8 % (4.3 % for SMEs) in 2010. Due to the low interest rate in the relevant reference period, the actual ACE rate further decreased to 3.425 % (3.925 % for SMEs) in 2011.

Main features of the tax system

Personal income tax

There are four categories of income: financial, real estate, professional (including labour income) and other various income. In principle, the general rates are applied to each category, but there are exceptions, e.g. in relation to financial income, income from private pension arrangements and other various income.

In practice, the basis for taxation at the marginal rate consists of (deemed) property and professional income. Spouses are taxed separately, although a marital quotient exists: 30 % of the higher income is transferred to the lower one, provided it does not exceed € 9 470. A major reform was implemented in 2000–2006, introducing changes in brackets, rates, deductions and exemptions as well as a tax credit for low income earners. For wage earners, the income tax credit was changed into a reduction in employee's SSC starting from 1st January 2005. There are currently 5 brackets (beside the basic allowance) between 25 and 50 % and a municipal surcharge up to 9 % (7.4 % on average). Within certain limits, regions have the option to levy additional surcharges or to grant tax reductions.

Dividends (25 % or 15 %) and interest (15 %) are taxed at a final withholding tax; however taxpayers can opt to include those in their annual income with a tax credit for the withholding tax paid. Taxation of private capital gains is almost non-existent (except for those on some capitalisation vehicles), interest on ordinary saving accounts is exempt up to € 1 770 and pension savings enjoy a special regime resulting in negative effective rates, as in other EU countries.

Corporate taxation

Companies in Belgium and the subsidiaries of foreign companies are subject to a fixed tax rate of 33.99 % (3 % crisis surcharge included) regardless of the origin and the destination of the profits. There is no tax consolidation of companies. Under certain conditions, a special scheme applies to SMEs having an assessed income lower than € 322 500: a tax rate of 24.98 % is applied on the part from € 0 to € 25 000, 31.93 % on the part of € 25 000 to € 90 000 and 35.54 % on the remaining part up to € 322 500 (all including the 3 % crisis surcharge).

An allowance for corporate equity (ACE), referred to as 'notional interest on corporate capital', was introduced in 2006 to stimulate the self-financing capability of companies. The tax-free presumptive rate of return on equity applied under the ACE system is based on the rate of 10-year government bonds (OLO 10) with a cap set by law. In 2009, the rate amounted to 4.473 % (4.973 % for SMEs) and dropped to 3.8 % (4.3 % for SMEs) in 2010 and 3.425 % (3.925 % for SMEs) in 2011. In 2003 a tax-free reserve for new investments financed by retained earnings was introduced for SMEs benefiting from reduced rates.

VAT and excise duties

There are four VAT rates. The standard rate has remained unchanged at 21 % since 1996. A reduced 6 % rate applies to public housing, refurbishment of old housing, food, water, pharmaceuticals, animals, art and publications and some labour intensive services; the 2009 'recovery plan' also includes the above-mentioned temporary reduction of the VAT rate to 6 % for a maximum amount of € 50 000 on invoices of newly constructed private dwellings. An intermediate rate of 12 % applies to a limited number of transactions and, since 1st January 2010, to food in restaurants and catering services. A zero rate applies to newspapers and certain weeklies. Excise duties in a strict sense yield relatively low revenue in Belgium, but this is supplemented by above average levels of other taxes on products.

Wealth and transaction taxes

There are no wealth taxes. Transaction taxes are generally levied at the regional level.

Social contributions

The social security system is financed by contributions from employees and employers as well as by government subsidies. The amounts are calculated based on the gross salary (including bonuses, benefits in kind, etc). The standard rate is approximately 13 % for employees and 35 % for employers but there are rebates for low wage earners and some target groups.

BULGARIA											2009		
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	% of GDP	Ranking	€ bn
A. Structure of revenues													
Indirect taxes	13,8	13,4	12,6	14,5	16,3	16,6	17,2	17,0	17,8	15,4		4	5,4
VAT	8,3	8,4	7,3	8,6	9,9	10,2	10,7	10,4	10,9	9,0		5	3,2
Excise duties and consumption taxes	3,9	3,7	3,9	4,4	4,8	4,7	4,8	5,8	5,9	5,4		1	1,9
Other taxes on products (incl. import duties)	1,0	0,8	0,8	0,8	0,9	1,0	1,1	0,4	0,4	0,3		25	0,1
Other taxes on production	0,5	0,5	0,6	0,7	0,7	0,7	0,6	0,5	0,5	0,6		23	0,2
Direct taxes	6,9	7,5	6,4	6,2	6,0	4,9	5,2	8,2	6,7	5,8		26	2,0
Personal income	4,0	3,5	3,2	3,2	3,1	2,7	2,6	3,2	2,9	2,9		26	1,0
Corporate income	2,7	3,8	3,0	2,8	2,5	1,8	2,1	4,4	3,2	2,5		10	0,9
Other	0,2	0,2	0,2	0,3	0,3	0,4	0,5	0,6	0,6	0,4		22	0,1
Social contributions	10,8	9,8	9,6	10,3	10,2	9,7	8,3	8,1	7,8	7,7		23	2,7
Employers´	8,6	7,7	7,3	7,9	7,8	6,9	5,6	5,5	4,8	4,6		22	1,6
Employees´	1,7	1,5	1,8	1,9	1,9	2,1	2,1	2,1	2,5	2,6		17	0,9
Self- and non-employed	0,5	0,6	0,5	0,6	0,6	0,6	0,5	0,5	0,4	0,4		17	0,2
Less: amounts assessed but unlikely to be collected	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.			
TOTAL	31,5	30,8	28,5	31,0	32,5	31,3	30,7	33,3	32,3	28,9		23	10,1
Cyclically adjusted total tax to GDP ratio	32,5	31,8	29,4	31,6	32,4	30,5	29,2	31,0	29,0	28,7			
B. Structure by level of government													
Central government	55,5	57,0	55,1	65,2	67,0	67,1	70,6	72,0	71,7	69,6		6	7,0
State government ²⁾	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		n.a.	n.a.
Local government	10,2	11,1	11,3	1,6	1,6	1,8	2,3	2,6	2,9	2,8		24	0,3
Social security funds	34,4	31,9	33,6	33,2	31,5	31,1	27,0	24,4	24,1	26,6		19	2,7
EU ins titutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1,0	1,2	1,0		n.a.	n.a.
C. Structure by economic function													
Consumption	13,2	12,8	11,9	13,8	15,5	15,8	16,5	16,4	17,2	14,7		3	5,1
Labour	14,2	12,7	12,1	12,9	12,8	11,8	10,3	10,5	9,9	9,9		26	3,5
Employed	13,9	12,4	11,9	12,6	12,5	11,5	10,0	10,3	9,6	9,7		26	3,4
Paid by employers	8,9	7,9	7,5	8,1	8,0	7,1	5,8	5,6	4,8	4,6		23	1,6
Paid by employees	5,0	4,5	4,4	4,5	4,5	4,4	4,2	4,7	4,8	5,0		27	1,8
Non-employed	0,2	0,3	0,2	0,3	0,3	0,3	0,3	0,2	0,2	0,2		23	0,1
Capital	4,2	5,3	4,5	4,3	4,3	3,6	3,8	6,3	5,2	4,3		23	1,5
Capital and business income	3,8	4,9	4,0	3,7	3,6	2,8	3,0	5,3	4,1	3,4		22	1,2
Income of corporations	2,9	4,0	3,1	2,9	2,7	2,0	2,3	4,6	3,3	2,7		10	0,9
Income of households	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,2	0,1		21	0,0
Income of self-employed (incl. SSC)	0,9	0,8	0,8	0,7	0,8	0,8	0,6	0,6	0,6	0,5		24	0,2
Stocks of capital / wealth	0,4	0,4	0,5	0,6	0,7	0,8	0,8	1,0	1,1	0,9		21	0,3
D. Environmental taxes													
Environmental taxes	2,7	2,5	2,3	2,9	3,2	3,0	2,9	3,4	3,4	3,0		5	1,1
Energy	2,5	2,4	2,1	2,6	2,8	2,6	2,5	3,0	3,0	2,7		2	0,9
Of which transport fuel taxes	:	:	:	:	:	:	:	2,7	2,9	2,6		2	
Transport (excl. fuel)	0,2	0,1	0,2	0,2	0,2	0,2	0,3	0,3	0,3	0,3		18	0,1
Pollution/resources	0,0	0,0	0,1	0,1	0,2	0,1	0,1	0,1	0,1	0,1		11	0,0
E. Implicit tax rates													
Consumption	18,5	17,7	16,6	19,5	22,0	22,8	23,6	22,9	24,9	21,4		12	
Labour employed	38,1	33,9	33,4	35,5	35,7	33,2	29,6	30,4	27,4	25,5		23	
Capital	:	:	:	:	11,9	:	11,7	20,7	:	:			
Capital and business income	:	:	:	:	9,9	:	9,2	17,5	:	:			
Corporations	:	:	:	:	15,9	:	12,6	28,3	:	:			
Households	:	:	:	:	4,4	:	5,0	5,3	:	:			
Real GDP growth (annual rate)	5,7	4,2	4,7	5,5	6,7	6,4	6,5	6,4	6,2	-4,9			

See Annex B for explanatory notes. For classification of taxes please visit <http://ec.europa.eu/taxtrends>

1) The ranking is calculated in descending order. A "1" indicates this is the highest value in the EU-27. No ranking is given if more than 10 % of data points are missing.

2) This level refers to the *Länder* in AT and DE, the *gewesten en gemeenschappen / régions et communautés* in BE and *comunidades autónomas* in ES.

n.a. not applicable, : not available

Source: Commission services

BULGARIA

Overall trends in taxation

Structure and development of tax revenues

At 28.9 % in 2009, 6.9 percentage points below the EU average, Bulgaria ranks 23rd in the EU in terms of total tax-to-GDP ratio. Compared to neighbouring Romania, Bulgaria's total tax ratio is 1.9 percentage points higher, while the difference from the remaining Member States that joined the EU in 2004 is most marked with Hungary, 10.6 percentage points lower.

Bulgaria is the EU Member State most reliant on indirect taxation; the share of indirect taxes on total taxation amounts to 53.2 %. In terms of its share in GDP the level of indirect taxation is also well above the EU average (15.4 %, EU-27 13.4 %) being the fourth highest in the EU. VAT accounts for 58 % and excise duties account for 35 % of indirect taxes. Consequently direct taxes account for only 5.8 % of GDP and 20.2 % of total taxation, the second lowest value in the Union. The low share is mainly due to the modest PIT revenues, which yield only 37 % of the EU average. The rates of the social security contributions have been reduced significantly over the last several years and in 2009 they represent only 7.7 % of GDP (EU-27 11.1 %) and 26.6 % of total taxation (EU 31.4 %). In 2009, the government introduced changes in the pension and health contribution rates in a way which decreased the burden falling on employers and kept unchanged the one on employees; a tax measure well reflected in the revenue developments since 2008.

Central government accounts for 69.6 % of total tax revenues, followed by social security funds (26.6 % of total tax revenues), while local government revenues are marginal. This is due to the abolition of the local CIT surcharge and discontinuing of PIT sharing as of 2003. As a result, local government revenues fell from 11.3 % of total tax revenue in 2002 to 1.6 % the following year. A recently observed marginal pick-up is due to the boom in the property sector. The increase of the revenue received by the social security fund by 2.5 percentage points in 2009 was due to the stable proceeds from employees' social contributions and the big decrease in the revenues from indirect and corporate income taxes.

The total tax-to-GDP ratio in 2009 (28.9 %) is 3.4 percentage points lower than the one in 2008 and almost three percentage points lower than in 2000. During the time period under consideration, the ratio reached so low values only in 2002 (28.5 %) mainly due to cuts in PIT and social security contribution rates. However, later developments resulted in the introduction of minimum social security thresholds in 2003 which led to a stabilisation of social security revenues. Over the following several years high proceeds from indirect taxes, boosted by high consumption and increasing excise duties, and economic growth maintained the ratio over 30 % of GDP and in 2007 it reached its peak at 33.3 %. The cyclically adjusted ratios confirm the beneficial influence of the favourable economic conditions over the tax revenue by revealing a downward trend of the ratio since 2000. The first effects of the global economic crisis were felt already in 2008 by lower revenues from corporate income taxes. Sharp drop in revenues from VAT and declining proceeds from excise duties and corporate income taxation prolonged the downward trend in the tax-to-GDP ratio also in 2009.

Taxation of consumption, labour and capital; environmental taxation

Taxes on consumption in Bulgaria amounted to 14.7 % of GDP in 2009, and in spite of the decrease by 2.5 percentage points since 2008, the revenue is the third highest in the EU. This is mainly due to a high share of domestic final consumption in GDP — close to 70 %. The rate of taxation contributes somewhat less to this high level as shown by the ITR on consumption which — at 21.4 % — is close to the EU average (20.9 %). The increase of the ITR during the last several years was notably due to the continuous increase of excise duty rates, the lowering of the VAT registration threshold and the introduction of VAT accounts. In 2009 the ITR dropped by 3.5 points, mainly due to a decrease in revenues from VAT.

In 2009, revenue from labour taxation amounted to only 9.9 % of GDP, the second lowest value in the Union and 7.6 percentage points below the EU average. Among other factors, this is due to the relatively low level of compensation of employees (38 % of GDP) and the very low proceeds from employed labour taxation. At 25.5 %, the ITR on labour, is also well below the EU average (32.9 %). The ratio was decreasing steadily for the last several years largely due to the government's effort to reduce the tax burden falling on the employer by cutting down on several occasions the employers' social contributions.

Revenues from taxes on capital amounted to 4.3 % of GDP in 2009, among the lowest in the EU, 2.4 percentage points below the EU average. Developments over the years are mainly driven by proceeds from corporate income taxation, which in 2009 were the 10th highest in the EU. Government's efforts to attract investment and limit the grey sector by, among other measures, lowering the CIT rate almost every year to reach 10 % in 2007 explains the fluctuations in the revenue. The ITRs on capital for the years available show relatively low levels, one reason for which could be the high share of the operating surplus in GDP. Due to increasing share of capital tax revenue to GDP and decreasing ratio of capital tax base to GDP, the ITRs on capital increased in the period 2004-2007.

At 3 % of GDP, revenues from environmental taxes are the fifth highest in the EU (2.6 %). This is due to high revenue from energy taxation, which — at 2.7 % of GDP — is the second highest in the EU (1.9 %). This again reflects the strong reliance of the country on revenues from indirect taxes and the high share of excise duties in total taxation, almost 50 % of which comes only from excise duties on fuel. Consequently, the country ranks also second in revenues from energy taxes levied on transport fuel – 2.6 % of GDP in 2009, while transport taxes excluding fuel are of somewhat lesser importance amounting to only 0.3 % of GDP.

Current topics and prospects; policy orientation

The Bulgarian government does not plan to introduce major changes in the tax system in order to reduce uncertainty surrounding the economic outlook. Efforts are targeted at improving the business environment, stimulating investment activity and employment as well as combating tax avoidance. In 2011, the rates of the corporate and personal income taxes, which are already among the lowest in the EU, are kept unchanged; while the increase of several excise duties continues the process of shifting the tax burden towards indirect taxation. Another major objective is the improvement of tax collection.

Some of the changes in the tax system in 2011 include a new tax on insurance premium (2 %) and a new tourist tax (€ 0.1 - € 1.5 per day). The reduced VAT rate on hotel accommodation is increased from 7 % to 9 % while the scope of the tax is widened. The state pension contribution rate is increased from 16 % to 17.8 % as well as the social security base for the self-employed (for details see below).

Main features of the tax system

Personal income tax

The applicable tax brackets have been continuously lowered, most significantly since 2001. In 2006 and 2007 three tax brackets with rates of 20 %, 22 % and 24 % respectively were in place (the latter down from 40 % in 1998). As of 1 January 2008 Bulgaria has introduced a 10 % flat-rate tax system, which replaced the previous progressive income tax rates.

The flat tax is levied on income from six sources and only very few tax reliefs are in force. The net income of sole proprietors is taxed separately by way of a 15 % final flat tax. In certain sectors small businesses operated by natural persons, including sole proprietors, are subject to a lump sum ('patent') tax provided that they are not registered for VAT. There are no tax credits or general and child allowance; only disabled individuals are granted an annual allowance of BGN 7 920 (€ 4 049). Donations to certain qualifying institutional beneficiaries, mandatory social security contributions and certain voluntary contributions and premiums are deductible from the aggregate taxable income. Pensions and other

social security payments are exempt from taxation. Similarly, interest income on savings accounts with banks resident in Bulgaria or another EEA country, on Bulgarian or another EEA country government securities, on state or state-guaranteed loans, and on corporate bonds and debentures, is exempt.

Corporate taxation

In the course of the last decade, corporate income taxation in Bulgaria has become increasingly favourable to business. Starting from the 40 % rate in 1995 for large enterprises, the rate was lowered almost every year to reach the 10 % rate applicable as from 1 January 2007.

The taxable result is derived from the accounting result, amended for tax purposes. Losses are carried forward for five years. Initial investment, computers and software as well as mobile phones benefit from a special 50 % depreciation rate. Moreover, the 50 % depreciation rate is applicable to any type of investment in new assets, if made to promote energy efficiency. Dividends distributed between resident or EEA commercial companies are tax exempt, whereas those paid to non-residents (other than EEA) in general are subject to a final 5 % withholding tax. Non-dividend income paid to non-resident companies is subject to a 10 % withholding tax. As for interest and royalties the rate was reduced to 5 % in 2011 and will be applicable till the end of 2014.

VAT and excise duties

The VAT system has been in place in Bulgaria since 1994 and follows the one adopted by the EU Member States. The reduced rates have been repealed and the general rate has been lowered from 22 % to 20 %. There is only one reduced rate applicable to hotel accommodation – as of 1 April 2011 the rate is increased from 7 % to 9 % and the scope of the tax is widened to include all types of hotel accommodation .

Excise duty rates have been increased nearly every year mainly due to bringing legislation in line with EU regulations and reaching EU minima. In 2011 excise duties on tobacco, diesel, unleaded petrol and kerosene are increased.

Wealth and transaction taxes

Gift/inheritance tax is levied at rates set by the municipalities within the limits set by the law. The rates may vary between 0.4 % and 0.8 % (if received by relatives in the lateral line) and between 3.3 % and 6.6 % (if received by any other beneficiary). A real estate tax applies at rates of 0.01 % to 0.45 % of the value of the immovable property, depending on the municipality. A 50 % discount is granted if the property is the main residence of the taxpayer.

Social contributions

Contributions are due for the public social insurance funds, covering pension rights, general sickness and maternity, health, and unemployment. In 2011, the different contributions sum up to a maximum of 30.3 % of the income, subject to monthly income minimum and ceiling. Of these, the biggest item is the contribution to the Pension fund, which was increased as of 2011 from 16 % to 17.8 %. In addition, the State transfers annually to the Pension fund an amount equal to 12 % of the social insurance income of all insured people for the calendar year. There were no changes in the rates of all other social contributions and the share paid by the employer and employee stays at 60:40. Furthermore, the employer has to pay additional contributions to the Labour Accident and Professional Disease Fund (0.4 %–1.1 %) and to the Guaranteed Receivables Fund (0.1 %, suspended for 2011). The contribution base for the self-employed is determined by the self-employed themselves, subject to a threshold of BGN 450 (€ 230), BGN 500 (€ 256) and BGN 550 (€ 281) depending on their 2009 income and a ceiling of BGN 24 000 (€ 12 271).

CYPRUS											2009		
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	% of GDP	Ranking	€ bn
A. Structure of revenues													
Indirect taxes	12,4	13,0	13,3	16,4	17,0	17,1	17,9	19,6	18,6	15,3		5	2,6
VAT	5,8	6,2	7,1	8,8	9,1	9,7	10,4	11,1	11,3	9,1		3	1,5
Excise duties and consumption taxes	2,5	3,2	2,8	3,8	4,4	4,1	3,9	3,7	3,3	3,2		13	0,5
Other taxes on products (incl. import duties)	3,0	2,7	2,3	2,0	1,7	1,4	1,4	1,9	1,6	1,1		14	0,2
Other taxes on production	1,1	1,0	1,0	1,7	1,9	1,9	2,2	2,9	2,4	2,0		7	0,3
Direct taxes	11,0	11,2	11,2	9,6	8,7	10,2	10,8	13,8	12,9	11,2		11	1,9
Personal income	3,6	3,9	4,3	4,4	3,5	3,9	4,6	6,2	5,0	3,9		23	0,7
Corporate income	6,2	6,2	6,0	4,3	3,7	4,6	5,5	6,8	7,0	6,5		2	1,1
Other	1,2	1,1	0,9	0,9	1,5	1,7	0,7	0,8	0,8	0,8		12	0,1
Social contributions	6,5	6,8	6,7	7,0	7,7	8,3	7,8	7,5	7,7	8,6		20	1,5
Employers´	4,4	4,5	4,5	4,7	5,3	5,9	5,5	5,1	5,3	5,9		16	1,0
Employees´	1,8	1,9	1,9	1,9	2,1	2,1	2,0	2,1	2,1	2,4		20	0,4
Self- and non-employed	0,3	0,3	0,3	0,3	0,3	0,3	0,3	0,4	0,3	0,4		19	0,1
Less: amounts assessed but unlikely to be collected	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.			
TOTAL	30,0	30,9	31,2	33,0	33,4	35,5	36,5	40,9	39,1	35,1		14	6,0
Cyclically adjusted total tax to GDP ratio	29,6	30,3	31,2	33,5	33,6	35,5	36,0	39,5	37,4	35,0			
B. Structure by level of government													
Central government	76,8	76,6	77,2	77,5	75,0	74,9	76,6	79,8	78,4	73,3		4	4,4
State government ²⁾	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		n.a.	n.a.
Local government	1,4	1,5	1,3	1,3	1,4	1,2	1,4	1,3	1,3	1,4		25	0,1
Social security funds	21,8	21,9	21,5	21,2	23,0	23,2	21,4	18,4	19,7	24,6		20	1,5
EU institutions	n.a.	n.a.	n.a.	n.a.	0,6	0,6	0,6	0,5	0,6	0,6		19	0,0
C. Structure by economic function													
Consumption	10,6	11,8	12,4	14,7	15,2	15,2	15,4	16,1	15,9	13,4		8	2,3
Labour	9,4	9,9	10,0	10,7	10,5	11,3	11,1	10,8	11,0	12,2		22	2,1
Employed	9,2	9,7	9,9	10,6	10,5	11,2	11,0	10,7	11,0	12,2		19	2,1
Paid by employers	4,6	4,7	4,7	5,5	6,2	6,7	6,4	6,0	6,2	6,8		13	1,2
Paid by employees	4,7	5,0	5,2	5,1	4,3	4,5	4,6	4,7	4,8	5,3		25	0,9
Non-employed	0,2	0,2	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1		26	0,0
Capital	9,9	9,2	8,9	7,6	7,7	9,0	10,0	14,0	12,2	9,5		5	1,6
Capital and business income	7,5	7,4	7,3	5,9	5,3	6,3	7,7	10,6	9,6	7,8		4	1,3
Income of corporations	6,2	6,2	6,0	4,3	3,7	4,6	5,5	6,8	7,0	6,5		2	1,1
Income of households	0,8	0,7	0,8	1,1	1,1	1,2	1,7	3,3	2,1	0,8		13	0,1
Income of self-employed (incl. SSC)	0,4	0,4	0,5	0,5	0,5	0,5	0,5	0,5	0,5	0,6		23	0,1
Stocks of capital / wealth	2,5	1,8	1,5	1,7	2,5	2,7	2,3	3,4	2,6	1,7		12	0,3
D. Environmental taxes													
Environmental taxes	2,7	3,0	2,9	3,7	4,0	3,5	3,3	3,4	3,1	2,9		7	0,5
Energy	0,7	1,0	1,0	1,9	2,1	1,9	1,8	1,8	1,6	1,6		21	0,3
Of which transport fuel taxes	:	:	:	:	1,5	1,6	1,4	1,3	1,3	1,4		18	
Transport (excl. fuel)	2,0	2,0	1,9	1,8	1,9	1,6	1,5	1,6	1,6	1,3		3	0,2
Pollution/resources	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0		25	0,0
E. Implicit tax rates													
Consumption	12,7	14,3	15,4	18,9	20,0	20,0	20,4	21,0	20,8	17,9		18	
Labour employed	21,5	22,8	22,2	22,7	22,7	24,5	24,1	24,0	24,7	26,1		21	
Capital	:	:	:	:	:	:	:	:	:	:			
Capital and business income	:	:	:	:	:	:	:	:	:	:			
Corporations	:	:	:	:	:	:	:	:	:	:			
Households	:	:	:	:	:	:	:	:	:	:			
Real GDP growth (annual rate)	5,0	4,0	2,1	1,9	4,2	3,9	4,1	5,1	3,6	-1,7			

See Annex B for explanatory notes. For classification of taxes please visit: <http://ec.europa.eu/taxtrends>

1) The ranking is calculated in descending order. A "1" indicates this is the highest value in the EU-27. No ranking is given if more than 10 % of data points are missing.

2) This level refers to the *Länder* in AT and DE, the *gewesten en gemeenschappen / régions et communautés* in BE and *comunidades autónomas* in ES.

n.a. not applicable, : not available

Source: Commission services

CYPRUS

Overall trends in taxation

Structure and development of tax revenues

In 2009, the overall tax burden (including social contributions) fell by four percentage points reaching 35.1 % of GDP. This drop represents the sharpest decrease in the overall tax ratio among the EU Member States. This fall brings Cyprus' tax burden back below the EU average of 35.8 %.

The tax structure of Cyprus' tax system stands out in several respects. Cyprus displays the second highest reliance on indirect taxes in the EU-27. It derives 43.6 % of tax revenues from indirect taxes (EU-27 37.7 %), of which VAT accounts for more than half. This is due to the high share of consumption in the economy, as VAT rates are among the lowest in the EU. Direct taxes account for a proportion of revenue (31.8 %) slightly above the EU average. However, they are more heavily based on CIT revenues (18.4 %) than in all other EU-27 countries except for Malta, showing an increase since 2004. On the contrary, PIT taxes do not contribute much more than half of EU-27 average to the total tax revenues (11.2 %, EU-27 21.2 %). Social contributions account for less than one quarter of receipts, roughly seven percentage points below EU-27 average. The share of revenue received by the social security funds has increased considerably in 2009.

The share of taxes received by local government is negligible (1.4 % of total taxation in 2009); only the Greek local government receives a lower share in tax revenues, while Malta has no tax collection at local level.

The tax-to-GDP ratio increased substantially (about 11 percentage points) from 2000 to 2007, albeit starting from a very low level. The increase was steady but most notable in 2007, when the pick-up amounted to more than four percentage points. While the fall in tax revenues in 2008, was against still relatively favourable economic conditions, the 2009 drop largely reflected the economic downturn. Compared to 2000, indirect tax revenue and social security contributions in percent of GDP went up considerably, but the increase was strongest in indirect taxes. VAT almost doubled between 2000 and 2008, but fell considerably in 2009. The high level of activity in the construction and property sector in the previous years still sustained 2009 corporate income tax revenues on a higher level than in 2000, despite the 2003 tax cut.

Taxation of consumption, labour and capital; environmental taxation

Revenues from taxes on consumption as a percentage of GDP (13.4 %) are well above the EU-27 average (11.7 %). As mentioned above, this level of revenues is largely due to a high consumption share in the economy, seven percentage points above the EU-27 average. In addition, Cyprus has been following a strategy of raising primarily consumption taxes. VAT and excise duties revenues were boosted by increases in minimum tax rates prescribed by the *acquis*. The recent decrease in the revenue from consumption taxes despite the increase in the share of consumption in GDP reflects the temporary VAT rate reduction for the tourism sector.

In 2000, the implicit tax rate on consumption was by far the lowest of the EU-27 Member States; it now ranks 18th. The ITR on consumption fell by 2.9 percentage points to 17.9 % (EU-27: 20.9 %), indicating the second largest fall in the EU-27 in 2009. This drop is likely to be at least partly due to the decrease in the construction boom of the last years, as VAT spent on building and renovation is counted as consumption tax revenue in this report⁽⁸¹⁾, as well as to the reduction of tax rates for the tourism sector.

⁽⁸¹⁾ The numerator of the ITR comprises VAT revenue on construction, whereas the denominator, in line with national accounts, excludes expenditure in construction, as that is considered investment rather than consumption. This results in an upwardly biased measure of the ITR on consumption. Owing to lack of data, it is at present not possible to correct for this effect.

Taxes on labour represented 12.2 % of GDP in 2009, constituting a bit more than one third of the overall tax burden. The increase in the ITR on labour by almost 5.0 percentage points since 2000 was driven by the 1.4 percentage point increase in 2009 – resulting from an increase of social security contributions. This marked increase results in an ITR on labour of 26.1 % closer to the EU average of 32.9 % than ever before.

The share of taxes on capital in GDP (9.5 %) is - despite a considerable drop in 2009 - still one third above the EU-27 average. This is due to the capital income taxation of corporations, which includes the Defence Contributions, and amounts to more than twice the EU-27 average. However, due to the crises these taxes and all the more taxes on the capital income of household and taxes on the stocks of capital/wealth dropped considerably in 2009.

Albeit on a decreasing path, the share of environmental taxes in GDP in Cyprus (2.9 %) is still above EU-27 average. This is mainly due to the large share of transport taxes (1.3 % of GDP), which is twice the EU-27 average. Revenue from energy taxes has doubled since 2000 as a proportion of GDP, but has been trending downwards in the past few years, just like the deflated ITR on energy.

Current topics and prospects; policy orientation

To combat the global economic crisis, tax cuts were introduced in 2009, amounting to 0.2–0.3 % of GDP. To improve the competitive situation of the Cypriot tourism sector, the government reduced temporarily VAT (01.05.2009-31.12.2010) for the tourism sector, in particular hotel accommodation and restaurant services, by three percentage points to 5 %. Airport landing fees levied on airline companies were decreased and overnight stay fees levied by local authorities were cancelled. The government reduced the corporate tax rate for semi-governmental organisations from 25 % to 10 %, bringing it in line with the corporate tax rate applied to non-governmental corporations. Furthermore, social security contributions were increased by 0.5 percentage points for both employers and employees in 2009. In 2010, an initiative against tax evasion, in particular to combat VAT fraud was started.

The 2011 budget is characterized by consolidation needs. The most important tax measures comprise a two-year 0.05 % levy on the Cyprus' bank reserves and an increase in "health taxes", i.e. excise duty on tobacco, namely an increase by 40 cents by packet and rolled tobacco costing an extra € 1.27 for a 50 grams. Due to the termination of the derogation enjoyed by Cyprus up to 31 December 2010 for the application of the zero rates on foodstuffs, and some pharmaceutical products, Cyprus imposed a 5 % rate on these products as of 10 January 2011. Moreover, for some foodstuff taxed at 15 % before, the rate was reduced to 5 %, thereby harmonising the rate.

Main features of the tax system

Personal income tax

Cyprus applies a personal income tax with a progressive rate structure. After 1991, three brackets were used, with rates set at 20 %, 30 % and 40 %. The rates were reduced, however, in 2003 to 20 %, 25 % and 30 %. There is a standard relief (basic allowance) which has been progressively raised from € 8 500 in 1995 up to € 19 500 since 2008, as a result of which the number of people subject to personal income tax has decreased substantially. Special provisions apply to individuals not having been resident of Cyprus before taking up the employment for the first 3 years.

Capital gains, in particular dividends, interest income and income from the sale of securities are exempt from income taxation. They are taxed under the Defence Contribution and a capital gains tax on the disposal of immovable property.

Corporate taxation

Cyprus has lowered its corporate tax rate from 20–25 % (stable since 1991) to 10 % from 1 January 2003. For semi-governmental bodies the tax rate was only reduced to 10 % in 2009, bringing it finally in line with the corporate tax rate applied to non-governmental corporations. In the years 2003 and 2004, there was an additional 5 % corporate tax for

chargeable income exceeding € 1.7 million. Alongside the reduction of the tax rate, several tax incentives have been abolished. Special regimes apply, however, to the shipping sector. Companies can carry forward trading losses indefinitely (up to 2002 a five-year limit applied), but carrying back is not allowed. Inventories may be valued at the lower of cost or net realisable value.

Other taxes (Defence Contribution)

All residents are subject to the Defence Contribution, which is a final levy and not deductible for income tax purposes. It is applied with different rates on dividends, interest, rental payments and the taxable income of public corporate bodies. Dividends are subject to the Defence Contribution at a rate of 15 %, with the contribution on domestic dividends withheld at source. Interest payments not accruing from ordinary business activities are subject to the Defence Contribution at a rate of 10 %. Individuals with an annual income not exceeding € 12 000 may apply for a 7 % refund. A 3 % rate applies to interest on savings certificates issued by the government; however, dividends and interest are not subject to personal income tax. Rental payments are subject to the Defence Contribution at a rate of 3 %. Defence Contributions have gone through many permutations and the current system has existed only since 1 January 2003. This reform changed the tax from a levy on earned income (salaries and profits) to the current levies on unearned income.

VAT and excise duties

The current standard VAT rate is 15 % (the standard rate was 10 % until the second half of 2002, but was increased to 13 % on 1 July 2002 and to 15 % in January 2003). The two reduced rates amount to 5 % and 8 %, respectively. In addition Cyprus exempts certain products – letting of immovable property, cultural and sport services, banking and insurance services, and medical and hospital services – from VAT altogether, and applies a zero rate on supplies of goods and services to sea-going vessels, and international transportation, as well as exports and intra-Community dispatches of goods and services. While for zero rate supplies businesses are entitled to recover the VAT on their purchases, this is not the case for tax exempt products. To improve the competitive situation of the Cypriot tourism sector in light of the financial and economic crises, the government reduced temporarily (01.05.2009-31.12.2010) VAT for hotel accommodation and restaurant services by three percentage points to 5 %, decreased airport landing fees levied on airline companies and cancelled overnight stay fees levied by local authorities.

The excise duties on energy, in particular on unleaded petrol and on diesel were aligned with the EU minima in 2010.

Wealth and transaction taxes

There are neither net wealth taxes nor inheritance and gift taxes in Cyprus. Immovable property located in Cyprus is subject to a real estate tax, which is levied on the estimated market value of the property in 1980. Rates range from 0 % to 0.4 %, depending on the property value.

Capital gains are, in general, not taxable. Gains on the disposal of immovable property located in Cyprus are taxed at 20 %. The capital gain is the difference between the sales proceeds and the original cost, adjusted to take into account increases in the cost of living index.

Social contributions

Employers' social security contributions are due for the Social Security Fund, redundancy insurance and for the Training Development Fund. Altogether, the employers' contribution rate amounts to 8.5 %. Employers must also pay a payroll tax (2 % of gross wage) to the social cohesion fund, which is not deductible for corporate income purposes. Employees pay 6.8 % of their salary as social security contribution up to a ceiling of € 52 104. The self-employed pay 12.6 % of notional income as social security contribution. Social security contributions of employed and self-employed are augmented by a 4.3 % payment of the state. In general, employers have to contribute to the Central Holiday Fund; the contribution rates vary according to the annual leave entitlement of the employee.

CZECH REPUBLIC											2009		
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	% of GDP	Ranking	€ bn
A. Structure of revenues													
Indirect taxes	11,3	11,0	10,8	11,1	11,8	11,8	11,3	11,5	11,3	11,7		21	16,0
VAT	6,5	6,3	6,3	6,4	7,3	7,2	6,6	6,6	7,1	7,1		14	9,8
Excise duties and consumption taxes	3,3	3,3	3,2	3,4	3,5	3,7	3,8	4,0	3,4	3,8		5	5,2
Other taxes on products (incl. import duties)	1,0	0,8	0,8	0,8	0,5	0,5	0,5	0,5	0,5	0,4		24	0,5
Other taxes on production	0,6	0,6	0,5	0,5	0,4	0,4	0,4	0,4	0,4	0,4		26	0,5
Direct taxes	8,3	8,8	9,1	9,6	9,6	9,2	9,2	9,5	8,0	7,4		22	10,1
Personal income	4,6	4,5	4,7	4,9	4,8	4,6	4,2	4,3	3,7	3,6		24	5,0
Corporate income	3,5	4,1	4,3	4,6	4,7	4,5	4,8	5,0	4,2	3,6		4	5,0
Other	0,3	0,2	0,2	0,2	0,1	0,1	0,1	0,1	0,1	0,1		25	0,2
Social contributions	14,2	14,2	14,9	15,0	16,0	16,1	16,2	16,3	16,2	15,4		3	21,1
Employers'	9,9	9,9	10,4	10,5	10,3	10,3	10,3	10,3	10,3	9,7		3	13,2
Employees'	3,5	3,5	3,6	3,7	3,6	3,6	3,6	3,6	3,6	3,1		13	4,2
Self- and non-employed	0,7	0,8	0,8	0,9	2,1	2,1	2,3	2,4	2,3	2,6		4	3,6
Less: amounts assessed but unlikely to be collected	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.			
TOTAL	33,8	34,0	34,8	35,7	37,4	37,1	36,7	37,2	35,5	34,5		16	47,3
Cyclically adjusted total tax to GDP ratio	34,5	34,8	36,0	36,8	38,1	36,9	35,3	34,8	33,3	34,8			
B. Structure by level of government													
Central government	75,9	77,1	75,5	75,4	72,4	69,7	69,5	69,8	69,1	68,4		8	32,3
State government ²⁾	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		n.a.	n.a.
Local government	12,0	11,2	12,4	12,5	12,5	14,6	14,2	14,1	14,1	14,2		5	6,7
Social security funds	12,1	11,7	12,2	12,1	14,5	14,7	15,4	15,2	15,8	16,6		22	7,9
EU institutions	n.a.	n.a.	n.a.	n.a.	0,6	0,9	0,9	0,9	1,0	0,8		13	0,4
C. Structure by economic function													
Consumption	10,6	10,2	10,1	10,4	11,2	11,3	10,7	10,9	10,8	11,2		14	15,4
Labour	17,1	17,0	17,8	18,1	19,0	19,1	19,0	19,1	18,6	17,5		13	24,0
Employed	17,1	17,0	17,8	18,1	17,8	17,9	17,7	17,8	17,4	16,1		13	22,1
Paid by employers	9,9	9,9	10,4	10,5	10,3	10,3	10,3	10,3	10,3	9,7		6	13,2
Paid by employees	7,2	7,1	7,4	7,6	7,5	7,6	7,4	7,5	7,1	6,5		18	8,9
Non-employed	0,0	0,0	0,0	0,0	1,2	1,1	1,3	1,3	1,3	1,3		11	1,8
Capital	6,2	6,7	6,9	7,2	7,2	6,8	7,0	7,2	6,1	5,8		19	8,0
Capital and business income	5,1	5,8	6,0	6,3	6,5	6,1	6,2	6,5	5,4	5,2		11	7,1
Income of corporations	3,5	4,1	4,3	4,6	4,7	4,5	4,8	5,0	4,2	3,6		4	5,0
Income of households	0,2	0,2	0,1	0,2	0,1	0,1	0,1	0,1	0,1	0,1		22	0,1
Income of self-employed (incl. SSC)	1,5	1,5	1,6	1,6	1,7	1,5	1,4	1,4	1,2	1,5		13	2,0
Stocks of capital / wealth	1,0	1,0	0,9	0,9	0,7	0,7	0,7	0,7	0,7	0,6		26	0,8
D. Environmental taxes													
Environmental taxes	2,6	2,6	2,5	2,6	2,6	2,7	2,6	2,5	2,5	2,5		15	3,4
Energy	2,1	2,3	2,2	2,3	2,4	2,5	2,4	2,3	2,3	2,3		4	3,2
Of which transport fuel taxes	:	:	:	:	2,3	2,3	2,2	2,2	2,1	2,2		3	
Transport (excl. fuel)	0,3	0,3	0,3	0,3	0,2	0,2	0,2	0,2	0,2	0,1		25	0,2
Pollution/resources	0,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0		16	0,0
E. Implicit tax rates													
Consumption	19,4	18,9	19,3	19,6	21,8	22,2	21,2	22,0	21,1	21,6		11	
Labour employed	40,7	40,3	41,2	41,4	41,8	41,7	41,2	41,5	39,2	36,4		9	
Capital	20,9	22,3	23,7	24,8	24,1	22,0	21,8	22,2	19,8	19,3			
Capital and business income	17,4	19,1	20,7	21,8	21,8	19,8	19,5	20,0	17,7	17,3			
Corporations	26,2	28,2	30,3	32,0	29,8	25,5	25,5	25,7	23,8	19,9			
Households	9,2	9,5	10,3	10,5	11,1	10,3	9,3	9,5	8,2	11,1			
Real GDP growth (annual rate)	3,6	2,5	1,9	3,6	4,5	6,3	6,8	6,1	2,5	-4,1			

See Annex B for explanatory notes. For classification of taxes please visit: <http://ec.europa.eu/taxtrends>

1) The ranking is calculated in descending order. A "1" indicates this is the highest value in the EU-27. No ranking is given if more than 10 % of data points are missing.

2) This level refers to the *Länder* in AT and DE, the *gewesten en gemeenschappen / régions et communautés* in BE and *comunidades autónomas* in ES.

n.a. not applicable, : not available

Source: Commission services

CZECH REPUBLIC

Overall trends in taxation

Structure and development of tax revenues

In 2009, the total tax-to-GDP ratio (including social contributions) stood at 34.5 % in the Czech Republic. This tax ratio is marginally below the EU-27 average (35.8 %). Compared to neighbouring countries, the ratio is lower than in Austria and Germany but higher than in Slovakia and Poland.

The main source of tax revenue is social security contributions, which reach 44.7 % of total taxes and are over 13 percentage points above the EU-27 average (31.4 %). The share of Czech social contributions in total revenues has been the highest in the EU for several years, followed by Slovakia and Spain in 2009. The share of direct taxes (21.4 % of total taxation) is conversely 9.7 percentage points below the Union average (31.1 %), as these levies play a less important role than indirect taxes (33.9 %). Given the predominance of social security contributions, the other sources of revenue tend to fall below the EU average. In particular, indirect tax revenue is one of the lowest in the EU as a share of revenue being in line with Germany, Italy and UK. PIT revenue stands at 3.6 % of GDP, among the lowest values of the EU. In 2009 CIT revenues equal PIT revenues (10.5 % of total taxation) and exceed the EU-27 average by 2.7 percentage points. Only three other EU countries, i.e. Cyprus, Luxembourg and Malta collect more tax revenues with the means of CIT than the Czech Republic. Despite the forceful cut in the CIT rate from 55 % in 1991 to 19 % in 2010, CIT revenues have not markedly declined until 2008 when the reductions of the rate coincided with unfavourable economic conditions.

Since the structure of the tax system is quite centralised, local government receives 14.2 % of total tax revenues (3.5 percentage points above the EU-27 average). The central government receives 68.4 % of total taxes, by 10 percentage points more than the EU-27 average (58.0 %). This level is the eighth highest in the EU.

The total tax burden rose steadily from 2000 to 2004 peaking at 37.4 % of GDP. In the 2005–2009 period the tax-to-GDP ratio has remained below this level (being 34.5 % in 2009, 1.3 percentage points below the EU-27 average). Since 2005, the cyclically-adjusted tax ratio has been declining much faster than the unadjusted tax ratio, suggesting that the reforms enacted since 2004 have effectively reduced the tax burden beyond the relatively modest decline in the headline ratio.

Taxation of consumption, labour and capital; environmental taxation

The tax mix by economic function is consistent with the structure described above: taxation on labour is the main source of revenue (50.7 %, 2.7 percentage points above the EU-27 average), followed by consumption (32.5 %) and capital (16.8 %). In 2009 the share of labour taxation revenues has dropped after five consecutive years of rise from 52.5 % in 2008 to the level in 2003, mainly due to the decrease of the employers' and employees' social contribution rate in 2009, while the share of capital taxation revenues has declined by 3.4 percentage points since 2003, more markedly in 2008 due to the CIT rate cut in that year and the relatively low economic growth in comparison with the previous several years.

The implicit tax rate (ITR) on consumption at 21.6 %, is broadly in line with the EU-27 average. It grew substantially in 2004 following a revision of consumption taxes preceding the EU accession and remained mostly stable since then. Selected goods and services earlier taxed at a reduced 5 % VAT rate were made subject to the standard EU rate in two steps; from 1 January 2004 (e.g. telecommunications) and from 1 May (e.g. construction works).

The ITR on labour income has been declining from its peak level of 41.8 % in 2004. In 2008, the PIT reform which introduced a flat tax rate of 15 % led to another decline, so that the ITR reached 39.2 % in 2008. The ratio dropped further to 36.4 % in 2009 due to the cut in the social contributions rate. This level is still comparatively high, 3.5 percentage points above the EU-27 average. The elevated ratio is due to the high level of social security contributions.

The ITR on capital increased gradually from 2000 to 2003, but then the trend inverted. During 2004–2009, the ITR on capital declined to 19.3 % (5.6 percentage points below the EU-25 average).

Environmental taxes represent 2.5 % of GDP. This value is slightly below the EU average (2.6 %) and has remained roughly constant in the last decade. As in the majority of Member States, most of this revenue is realised on energy (2.3 % of GDP).

Current topics and prospects; policy orientation

The 2008 tax reform introduced important changes in the tax system of the country. In 2010 a further cut in the corporate income tax to 19 % was adopted.

The value added tax rate was increased by 1 % from 01 January 2010; the basic VAT rate is currently set at 20 %, the reduced rate at 10 %. The personal income tax rate remains 15 % in 2011, but the basic personal tax credit was reduced from CZK 24,840 (€ 990) to CZK 23,360 (€ 928) in 2011. From 1 January 2012, that credit can again be claimed in the amount of CZK 24,840.

The annual security contributions base is limited to six times the average annual salary (previously, four times). The maximum basis of assessment for social and health insurance payments is increased to from 48 to 72 multiples of the average salary.

Main features of the tax system

Personal income tax

Until 2007, the Czech Republic applied progressive personal income taxation with four brackets, where the top rate was 32 %. A flat tax rate of 15 % was introduced in 2008. The tax base for income from employment is a so-called super gross wage (a gross wage increased by the amount corresponding to social insurance and general health insurance, which is paid from the said income by the employer). Business, rent and other personal income is usually taxed via filing a personal income tax return in which the respective income is declared. The expenditure lump-sums valid for 2011 are 80 % for incomes from agriculture and crafts, 60 % for businesses except the crafts and 40 % for other incomes.

Corporate taxation

Corporate income tax is levied mainly on corporate entities, limited liability companies and limited partnership. Legal persons with their registered office in the Czech Republic are subject to tax liability, which is related to incomes resulting from both resources in the Czech Republic and resources abroad. The corporate income tax rate was gradually reduced from 24 % in 2007 to 19 % in 2010. The rate for all withholding taxes is 15 % and applies to interest, dividends and royalties for both residents and non-residents and for both corporations and individuals. Dividends paid and capital gains derived by parent companies registered in an EU Member State are exempt from the withholding tax.

VAT and excise duties

VAT in the Czech Republic is charged at two rates. The standard rate of 20 % applies on the sale of goods and services; the reduced rate of 10 % applies on the sale of certain goods such as food products, pharmaceuticals products as well as on some services. Certain services (e.g. postal, broadcasting, banking, insurance, financial, health and social welfare, transfer and lease of land and buildings or structures, provision of lotteries and similar games of chance and education) are exempted without credit for input tax.

Excise tax is imposed on mineral oils, lubricants, spirits, beer, wine and tobacco products. A suspension regime has been in place since 2004. The transitional period for delayed implementation of the excise duty rates on cigarettes and other

tobacco products ended in 2007. Starting in 2008, taxes on cigarettes and tobacco were increased accordingly. There is also an environmental tax on electricity, natural gas and solid fuels. Reductions in taxation are available for renewable and alternative electricity, biogas and CHPs and specified environmentally sound vehicles. A tax refund is available also for public transportation using green electricity.

Wealth and transaction taxes

There is an inheritance and gift tax, a real estate transfer tax and a real property tax. For movable assets, the tax base is the market price. For immovable assets, the tax base is in most cases the official valuation of the assets. The acquisition of movable property by inheritance is exempt from taxes for direct and indirect (since 2008) relatives and spouses of the owner. The tax rate is based on the value of property. This ranges for the gift tax from 7 % to 40 % and from 3.5 % to 20 % for the inheritance tax. The real estate transfer tax rate is 3 % of the price of the property.

Social contributions

Employers, employees and self-employed persons must make social security contributions that cover health, occupational disability, old-age pension and unemployment insurance. Since the introduction of the flat rate, social security contributions are fully taxable. The employees' total rate of social and health insurance is 11.0 % (comprised of 6.5 % contributions to pension insurance and 4.5 % of compulsory health insurance). Employers' contributions total rate is 34 %. In 2011, the caps of the assessment base used for the calculation of social security and health insurance premiums are 72 times the national average wage – CZK 1 781 280 (€ 70 760).

DENMARK											2009		
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	% of GDP	Ranking	€ bn
A. Structure of revenues													
Indirect taxes	17,2	17,4	17,5	17,4	17,6	18,0	18,1	17,9	17,4	17,0		2	37,9
VAT	9,6	9,6	9,6	9,6	9,8	10,1	10,3	10,4	10,1	10,1		1	22,5
Excise duties and consumption taxes	4,1	4,1	4,1	4,0	3,8	3,5	3,4	3,2	3,2	3,3		12	7,3
Other taxes on products (incl. import duties)	2,0	1,8	2,0	1,9	2,2	2,6	2,6	2,5	2,2	1,6		9	3,6
Other taxes on production	1,6	1,8	1,8	1,8	1,8	1,7	1,7	1,8	1,9	2,0		5	4,5
Direct taxes	30,5	29,5	29,3	29,6	30,4	31,9	30,7	30,1	29,9	30,2		1	67,2
Personal income	25,6	26,0	25,7	25,6	24,9	24,9	24,9	25,4	25,3	26,5		1	58,9
Corporate income	3,3	2,8	2,9	2,9	3,2	3,9	4,4	3,8	3,3	2,5		13	5,5
Other	1,6	0,7	0,7	1,1	2,3	3,1	1,5	1,0	1,3	1,3		5	2,8
Social contributions	1,8	1,7	1,2	1,2	1,2	1,1	1,0	1,0	1,0	1,0		27	2,2
Employers´	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0		27	0,0
Employees´	1,8	1,7	1,2	1,2	1,1	1,1	1,0	1,0	1,0	1,0		25	2,2
Self- and non-employed	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0		27	0,0
Less: amounts assessed but unlikely to be collected	0,1	0,1	0,1	0,1	0,1	0,2	0,2	0,2	0,1	0,1			
TOTAL	49,4	48,5	47,9	48,0	49,0	50,8	49,6	48,9	48,1	48,1		1	107,0
Cyclically adjusted total tax to GDP ratio	48,2	47,9	47,9	48,7	49,3	50,5	48,1	47,1	47,2	50,2			
B. Structure by level of government													
Central government	62,7	61,3	61,8	61,7	63,1	64,5	64,0	73,5	73,2	72,1		5	77,1
State government ²⁾	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		n.a.	n.a.
Local government	33,5	35,1	35,7	35,8	34,4	33,2	33,8	24,4	24,7	25,8		2	27,6
Social security funds	3,6	3,6	2,5	2,5	2,4	2,2	2,1	2,0	2,0	2,0		25	2,2
EU institutions	0,4	0,4	0,3	0,3	0,4	0,4	0,4	0,4	0,5	0,4		27	0,4
C. Structure by economic function													
Consumption	15,7	15,7	15,8	15,6	15,8	16,2	16,3	16,1	15,5	15,2		1	33,8
Labour	26,6	26,9	26,1	26,0	25,2	24,8	24,6	24,9	25,5	27,1		2	60,4
Employed	21,7	22,1	21,2	20,9	20,3	20,0	19,9	20,2	20,6	20,7		6	46,1
Paid by employers	0,5	0,6	0,5	0,5	0,5	0,5	0,5	0,5	0,5	0,5		27	1,2
Paid by employees	21,3	21,6	20,7	20,4	19,8	19,5	19,4	19,7	20,1	20,2		1	44,9
Non-employed	4,9	4,8	4,9	5,1	4,9	4,8	4,7	4,7	4,9	6,4		1	14,3
Capital	7,2	6,0	6,1	6,6	8,2	10,0	8,9	8,0	7,2	5,9		18	13,1
Capital and business income	4,8	3,4	3,5	3,8	5,4	7,3	6,1	5,2	4,3	3,0		24	6,7
Income of corporations	3,3	2,8	2,9	2,9	3,2	3,9	4,4	3,8	3,3	2,5		14	5,5
Income of households	0,4	-0,6	-0,5	-0,1	1,2	2,3	0,7	0,3	0,1	-0,2		26	-0,5
Income of self-employed (incl. SSC)	1,1	1,2	1,0	1,0	1,0	1,1	1,1	1,1	0,9	0,8		18	1,8
Stocks of capital / wealth	2,4	2,6	2,7	2,8	2,8	2,8	2,7	2,7	2,9	2,9		5	6,4
D. Environmental taxes													
Environmental taxes	5,3	5,2	5,4	5,2	5,6	6,0	6,2	5,9	5,7	4,8		1	10,7
Energy	2,5	2,7	2,6	2,6	2,5	2,3	2,2	2,1	2,1	2,2		7	4,9
Of which transport fuel taxes	:	1,2	1,2	1,2	1,2	1,1	1,0	1,0	1,0	1,1		23	
Transport (excl. fuel)	1,8	1,7	1,9	1,8	2,0	2,2	2,3	2,2	1,8	1,5		2	3,4
Pollution/resources	0,9	0,9	0,9	0,9	1,1	1,4	1,7	1,5	1,8	1,1		1	2,4
E. Implicit tax rates													
Consumption	33,4	33,5	33,7	33,3	33,3	33,9	34,2	33,9	32,6	31,5		1	
Labour employed	41,0	40,8	38,8	38,1	37,5	37,2	36,9	36,6	36,2	35,0		11	
Capital	36,0	31,0	30,8	36,9	45,9	49,9	44,5	47,2	43,4	43,8			
Capital and business income	23,9	17,7	17,3	21,4	30,3	36,1	30,8	31,0	26,0	22,4			
Corporations	23,1	21,1	20,0	22,3	24,9	26,7	28,7	29,1	24,0	23,1			
Households	22,2	8,6	9,0	15,3	34,5	50,0	27,0	26,0	21,7	14,9			
Real GDP growth (annual rate)	3,5	0,7	0,5	0,4	2,3	2,4	3,4	1,6	-1,1	-5,2			

See Annex B for explanatory notes. For classification of taxes please visit <http://ec.europa.eu/taxtrends>

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n.a. not applicable, : not available

Source: Commission services

DENMARK

Overall trends in taxation

Structure and development of tax revenues

Although the tax-to-GDP ratio has dropped by over two and a half percentage points from 2005 to 48.1 % in 2009, Denmark still shows the highest ratio in the EU. However, it should be noted that the tax-to-GDP ratio overestimates the Danish tax burden somewhat in relation to some other countries, since transfer incomes (for example, pensions) are taxed, and not paid out on a net basis, although no corresponding income is taken into account when measuring GDP.

The Danish tax structure stands out in a number of respects. Social contributions are very low as most welfare spending is financed out of general taxation, notably personal income taxation. Correspondingly direct taxes form 62.8 % of total tax revenues (EU-27 31.1 %). Personal income taxes form the bulk of direct taxes, representing 55.1 % of total taxation in 2009. The proportion of indirect taxes was 35.4 %, which is slightly below the EU-27 average (37.7 %).

In terms of the distribution of revenue between levels of government, Denmark differs substantially from the EU average because of the small role played by social security funds. As a result, the share of taxes raised by central government and particularly local government is elevated, respectively 72.1 % and 25.8 % (EU-27 58.0 % and 10.7 %).

The tax-per-GDP ratio fluctuated within the band of 47.9 % and 50.8 % in the last decade. The peak was reached in the year 2005 while the figure of 48.1 %, recorded both in 2008 and 2009 is towards the lower end. The structure of revenues remained stable, except for social security contributions that reached almost 2 % of GDP in the beginning of the decade but have been around 1 % since 2002.

Taxation of consumption, labour and capital; environmental taxation

The implicit tax rate on consumption, at 31.5 % (EU-27 20.9 %), remains the highest amongst the Member States, thanks to a 25% VAT rate and the absence of reduced rates. The rate has declined though since its high in 2006 (34.2%).

Despite the generally high level of taxation, the ITR on labour, at 35 %, is not amongst the EU's highest, but is exceeded in ten other Member States. It has been steadily falling since 2000, resulting at least partly from labour tax cuts introduced since the first tax reform in 1999.

The overall ITR on capital (43.8 %) is currently among the highest in the EU, but has decreased considerably from its peak of 49.9 % in 2005. The ITR on capital displays a strong fluctuation over the years, reflecting the fluctuation in the yield from pension scheme assets and thus the tax on these.

Denmark stands out also by its high level of environmental taxation. In 2009 environmental taxes yielded 4.8% of GDP, down from 5.7 % in the previous year. Hydrocarbon tax, which is the main pollution tax is an additional tax on profits, so the economic crisis is responsible for this abrupt drop. Nevertheless, Danish environmental tax yields remain the highest in the EU by a wide margin. This reflects its comprehensive and ambitious energy tax system, in which all energy projects are subject to both energy and CO₂ tax, as well as a wide range of other taxes levied on environmentally harmful substances and products as well as a significant car registration tax. Further increases in environmental taxation are phased in between 2010 and 2019 (see below).

Current topics and prospects; policy orientation

In the conditions of the global economic crisis the downturn of the Danish economy was rather deep in 2009 with GDP falling by 5.2% on a yearly basis. Since the end of 2009 the economic prospects, are however, improving mainly due to the developments in the international economy and the 2010 GDP growth rate is estimated to be 2%. A growth rate of 1.7%

is forecast for 2011. As a result of the recession and expansionary fiscal policy the general government finances deteriorated sharply. The budget balance turned from a surplus (3.3% in 2008) to a deficit of 2.8 % of GDP in 2009, 2.9% in 2010 and is expected to display an even larger deficit % in 2011.

Half of the weakening of general government budget balance by 7% from 2008 to 2010 is estimated to be caused by discretionary fiscal policy, which includes several public investment projects and the cuts of personal income taxation as a part of the tax reform adopted in 2009, the so called *Spring Package 2.0*. The reform is implemented between 2010-2019, reducing the high marginal tax rates on personal income and thus to stimulate labour supply in the medium to long-term. The tax reform was designed to be revenue neutral as a whole, but was underfinanced in the short run in order to stimulate the economy.

However, due to the deficit expected to exceed 3% of GDP, the Ecofin council recommended that Denmark tighten fiscal policy by at least 0.5% of GDP per year in the period 2011-2013. Hence, to consolidate the budget, a *Fiscal Consolidation Agreement* was reached in May 2010, somewhat modifying the prescriptions of the Spring Package of 2009. Thanks to large surpluses accumulated in the past, as well as the low level of public debt, the state of public finances is, however, more sustainable than in most other EU Member States.

The *Consolidation Agreement* implies a restrictive fiscal stance, with a 'fiscal effect' on GDP of -0.3% in 2011 and -0.5% in 2012.

The specific provisions of the Fiscal Consolidation Agreement include:

The suspension from 2011 until 2013 of automatic adjustments in various tax thresholds (including personal allowances).

Postponing from 2011 to 2014 the increase of the threshold for the top income tax rate (15%) from DKK 389 900 to 409 100 (€ 52 316 to 54 892). The increase was an element of the *Spring Package 2.0*.

The labour union membership fees' tax deductibility is limited to DKK 3 000 (€ 403) from the year 2011. The threshold is not adjusted.

From 2011, the annual amount of child allowance is limited to DKK 35 000 (€ 4 696), irrespective of the number of children. Child allowances will be gradually reduced by 5% until 2013.

At the beginning of 2011, the lower rate of the personal income tax was slightly reduced to 3.64% to offset an average increase in the municipality tax while the ordinary tax allowance of DKK 42 900 remains. Furthermore, a 6% tax is imposed from 2011 on pension payments exceeding DKK 362 800.

The bulk of the *Spring Package* remain unchanged, however, including higher energy, transport and environmental taxes to support the energy and climate policy objectives of the government, and also by increases of excise rates on health-related goods (fat, candy, sugary drinks, tobacco).

Main features of the tax system

Personal income tax

Personal income taxation in Denmark is characterised by relatively high average and marginal tax rates. Individuals pay an 8 % labour market contribution, levied on the gross wage before the deduction of any allowance. As in the other Nordic countries, local taxes play an important role in personal income taxation. Local tax rates are flat and vary from one municipality to the next. The average local PIT rate is 25.7 % (including the church tax). The personal allowance of DKK 42 900 (€ 5 756) is deducted.

Since the 2009 tax cuts, which removed the middle tax bracket, the state income tax system consists of two tax brackets. The rate of the bottom bracket is 3.64 % to which an 8 % health tax is added. Hence, 11.76 % is paid on labour and positive net capital income from which a labour market contribution and the personal allowance of DKK 42 900 (€ 5 756) is deducted. The top 15 % rate is levied on a similar tax base, but only on the amounts exceeding the top tax threshold, which is DKK 389 900 (€ 52 316) in 2011. The top bracket tax rate for positive net capital income is separated from the top bracket tax on other income and is gradually reduced from 15 % till 5.5 % from 2010 to 2014. Overall, the system remains highly progressive with marginal rates ranging from 8 % (up to the amount of personal allowance) to about 56.1 % (the upper ceiling plus the labour market contribution and the average church tax).

Net capital income (positive or negative) is included in the tax base for local income taxes and the health tax. Negative capital income consists typically of interest payments connected to mortgages. The tax value of net capital income and deductible expenses is gradually reduced from 33.7 % to 25.7 % between 2012-2019. Positive net capital income is part of the tax base for all the personal income taxes except the labour market contribution. From 2010 the first DKK 40 000 (DKK 80 000 for married couples, corresponding to € 5 367 and € 10 734) of positive net capital income is taxed at the bottom tax rate (37.3 %) irrespective of the person's total income above the personal allowance. Dividend income is taxed at two different rates: 28 % and 42 % depending on the level of dividend income. Also capital gains on selling shares are taxed at the same two rates.

Corporate taxation

The corporate tax rate has been gradually reduced from 30 % in 2005 to 25 % in 2007. There are no local taxes on corporations, but municipalities receive a share of corporate income tax revenue. Since 2004 there are mandatory national tax consolidation rules for permanent establishments and resident subsidiaries, while resident group-related subsidiaries of non-resident companies may apply for international consolidation. Loss carry-forward is allowed without limitation, but no carry-back is permitted. The CIT reform of 2007 introduced a limitation of interest deductibility through an EBIT rule and a ceiling over deductible interest (corresponding to 6.5 % of the tax assets except shares plus 20 % of the cost price of shares in foreign subsidiaries).

Tax depreciation is straight line over a 20-year period for buildings used for business purposes (not offices) and at a declining base for machinery and equipment (up to 25 %). The depreciation rate for buildings was reduced from 5 % to 4 % in 2008 as a part of the corporate tax reform, extending the depreciation period to 25 years. The depreciation rate for infrastructure was also reduced from 25 % to 7 % in 2008. Tax depreciation for ships, drilling rigs, aircraft, and trains will gradually be lowered from 25 % in 2007 to 15 % in 2016. Inventories are valued on a FIFO basis. Acquired goodwill and the acquisition costs of know-how, patents, copyrights and other intangibles may be depreciated over seven years using the straight-line method.

VAT and excise duties

The VAT rate is 25 % and only newspapers are taxed at a zero rate. As part of financing the 2009 tax reform the energy taxes, except on petrol and diesel, are increased by 15 % and also business and industry will pay energy taxes in the future at the rate of DKK 15 per GJ (€ 2/ GJ) (to be fully implemented by 2013). Energy taxes have been indexed with inflation from 2008 and the tax reform provides the continuation of indexation from 2016 onwards. A number of other environmentally or health related taxes are introduced or increased in the context of the tax reform.

Wealth and transaction taxes

Immovable property situated in Denmark is subject to municipal real estate tax. The rates vary between 1.6 % and 3.4 %.

Social contributions

As mentioned above, social security contributions play a limited role in Denmark.

ESTONIA											2009		
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	% of GDP	Ranking	€ bn
A. Structure of revenues													
Indirect taxes	12,3	12,3	12,5	12,1	12,3	13,4	13,5	13,7	12,4	15,2		6	2,1
VAT	8,4	8,2	8,4	8,2	7,7	8,7	9,1	9,0	8,0	9,1		4	1,3
Excise duties and consumption taxes	3,0	3,3	3,2	3,1	3,6	3,7	3,4	3,6	3,3	5,0		2	0,7
Other taxes on products (incl. import duties)	0,2	0,2	0,2	0,2	0,3	0,4	0,4	0,4	0,4	0,3		26	0,0
Other taxes on production	0,7	0,8	0,7	0,7	0,6	0,6	0,6	0,6	0,7	0,8		18	0,1
Direct taxes	7,7	7,2	7,5	8,0	7,9	7,0	7,1	7,6	7,9	7,5		20	1,0
Personal income	6,8	6,5	6,4	6,5	6,3	5,6	5,6	5,9	6,3	5,7		18	0,8
Corporate income	0,9	0,7	1,1	1,6	1,7	1,4	1,5	1,6	1,7	1,8		22	0,3
Other	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0		27	0,0
Social contributions	10,9	10,7	11,0	10,6	10,3	10,3	10,1	10,6	11,7	13,1		9	1,8
Employers´	10,7	10,5	10,5	10,2	9,9	9,9	9,8	10,3	11,4	12,4		1	1,7
Employees´	0,0	0,0	0,3	0,3	0,3	0,3	0,2	0,2	0,2	0,5		26	0,1
Self- and non-employed	0,2	0,1	0,2	0,1	0,1	0,1	0,1	0,1	0,1	0,2		25	0,0
Less: amounts assessed but unlikely to be collected	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.			
TOTAL	31,0	30,2	31,0	30,8	30,6	30,6	30,7	31,9	32,1	35,9		13	5,0
Cyclically adjusted total tax to GDP ratio	31,9	31,0	31,5	30,9	30,2	29,1	27,2	27,3	29,9	38,4			
B. Structure by level of government													
Central government	72,2	72,6	72,2	72,2	71,2	71,0	71,2	70,7	67,3	68,4		7	3,4
State government ²⁾	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		n.a.	n.a.
Local government	13,9	13,5	12,9	13,0	13,2	13,0	13,2	13,4	15,4	13,9		7	0,7
Social security funds	13,9	13,9	14,9	14,9	14,9	14,9	14,5	14,7	16,2	16,8		21	0,8
EU institutions	n.a.	n.a.	n.a.	n.a.	0,7	1,1	1,1	1,2	1,1	0,9		11	0,0
C. Structure by economic function													
Consumption	11,7	11,7	11,9	11,6	11,7	12,8	13,0	13,2	11,8	14,6		4	2,0
Labour	17,5	16,9	17,1	16,7	16,4	15,4	15,3	16,2	17,7	18,7		12	2,6
Employed	17,1	16,6	16,7	16,3	15,9	14,9	14,9	15,8	17,3	18,0		12	2,5
Paid by employers	10,7	10,5	10,5	10,2	9,9	9,9	9,8	10,3	11,4	12,4		2	1,7
Paid by employees	6,4	6,1	6,2	6,2	5,9	5,1	5,1	5,5	5,9	5,6		24	0,8
Non-employed	0,4	0,3	0,4	0,3	0,5	0,5	0,4	0,4	0,5	0,6		18	0,1
Capital	1,8	1,6	2,1	2,5	2,5	2,4	2,4	2,5	2,5	2,6		26	0,4
Capital and business income	1,2	0,9	1,4	1,9	1,9	1,9	1,8	2,0	1,9	2,0		26	0,3
Income of corporations	0,9	0,7	1,1	1,6	1,7	1,4	1,5	1,6	1,7	1,8		23	0,3
Income of households	0,2	0,1	0,2	0,2	0,1	0,3	0,2	0,2	0,2	0,1		23	0,0
Income of self-employed (incl. SSC)	0,1	0,1	0,2	0,1	0,1	0,1	0,1	0,1	0,1	0,1		27	0,0
Stocks of capital / wealth	0,7	0,6	0,6	0,6	0,6	0,6	0,5	0,5	0,6	0,6		27	0,1
D. Environmental taxes													
Environmental taxes	1,7	2,1	2,0	1,9	2,1	2,3	2,2	2,2	2,4	3,0		6	0,4
Energy	1,2	1,6	1,5	1,5	1,8	1,9	1,8	1,8	2,0	2,5		3	0,4
Of which transport fuel taxes	1,1	1,5	1,4	1,4	1,7	1,8	1,7	1,8	1,7	2,2		5	
Transport (excl. fuel)	0,2	0,2	0,2	0,0	0,1	0,1	0,1	0,1	0,0	0,0		26	0,0
Pollution/resources	0,2	0,3	0,3	0,3	0,2	0,3	0,3	0,3	0,3	0,4		3	0,1
E. Implicit tax rates													
Consumption	19,5	19,6	19,9	19,8	19,6	21,9	22,7	23,7	21,1	27,6		4	
Labour employed	37,8	37,3	37,8	36,9	35,8	33,8	33,6	34,0	33,7	35,0		12	
Capital	6,0	4,9	6,4	7,8	8,1	7,7	7,9	8,8	10,5	14,0			
Capital and business income	3,8	3,0	4,5	6,0	6,1	5,8	6,1	6,9	8,0	10,7			
Corporations	4,1	3,0	4,7	6,5	6,9	5,7	5,8	7,1	8,0	12,6			
Households	2,8	2,5	3,3	3,4	2,6	5,0	4,7	3,8	4,0	2,2			
Real GDP growth (annual rate)	10,0	7,5	7,9	7,6	7,2	9,4	10,6	6,9	-5,1	-13,9			

See Annex B for explanatory notes. For classification of taxes please visit <http://ec.europa.eu/taxtrends>

1) The ranking is calculated in descending order. A "1" indicates this is the highest value in the EU-27. No ranking is given if more than 10 % of data points are missing.

2) This level refers to the *Länder* in AT and DE, the *gewesten en gemeenschappen / régions et communautés* in BE and *comunidades autónomas* in ES.

n.a. not applicable, : not available

Source: Commission services

ESTONIA

Overall trends in taxation

Structure and development of tax revenues

The tax-to-GDP ratio of Estonia (including social security contributions) increased by nearly four percentage points in 2009 up to 35.9 % compared with the previous year (32.1 %). This was partly due to deliberate tax policy measures, mainly increases in indirect taxes, partly due to temporary factors, such as the suspension of payments to the second pension pillar. A factor affecting the tax-to-GDP ratio is also the change in GDP structure, as due to the rapid fall of exports GDP fell faster than tax receipts, which are not so much influenced by changes in export. The tax burden is expected to fall back towards the lower levels of early 2000s from 2011 onwards. The 2009 tax-to-GDP ratio is close to the EU-27 average level (35.8 %) and clearly higher than in other Baltic States.

As in many other new Member States, the share of indirect taxes in total taxation is relatively high in Estonia (42.4 % in 2009), which is the third highest in the European Union. Social security contributions also form an important proportion of total taxation (36.6 % in 2009, more than five percentage points above the Union average). The share of direct taxes, 21 % in 2009, has fallen by nearly nine percentage points since the late 1990s, following reforms that increased the basic allowance and decreased the tax rates on both personal and corporate income.

Local governments receive 13.9 % of tax revenues, which is the seventh highest proportion in the EU-27. Since 2004, the funding of local authorities is calculated based on gross income of residents before deductions instead of actual tax revenue, as was the case previously. This implies that the basic exemption and other deductions from taxable income impact only on the central government budget. Central government revenue accounts for 68.4 % of total taxation.

Taxation of consumption, labour and capital; environmental taxation

Consumption tax revenues in relation to GDP displayed an increasing trend from 2004 to 2007, reflecting the impact of rapidly growing private consumption, which increased VAT and excise duty revenues, but also the technical adaptation of the VAT system following accession to the European Union. This one-off measure resulted in a one-month shift in tax receipts and VAT revenues therefore decreased significantly in 2004. The ITR on consumption shows a similar trend, with a rapid increase from 2004 onwards. Both consumption tax revenues and the ITR on consumption fell in 2008, but display a conspicuous increase again in 2009, which undoubtedly reflects sharp increases in VAT and excise duty rates as a part of the government's strategy to shift the tax burden from labour towards consumption and the environment.

The ITR on labour displays a declining tendency since 2000, reflecting the cuts in personal income tax rates and the gradual increase in the basic allowance introduced by the tax reform. In 2009 it increased, however, compared with the previous year, up to 35 % (33.7 % in 2008) being somewhat above the EU -27 average level (32.9 %).

Taxes on capital represent only 7.2 % of total tax revenues, the lowest proportion in the EU-27, in accordance with the very low effective taxation of capital income. The ITR on capital (14 %) is among the lowest in the EU, although its level has substantially increased from 2001 onwards.

Revenue from environmental taxes forms 8.3 % of total taxation in 2009, exceeding the EU average by nearly one percentage point. The proportion of environmental tax revenues displays a rather steadily rising trend from 1995 onwards, reflecting partly the need to adjust the excise duties up to the EU minimum rates, but also a deliberate policy of the government to finance the cuts of personal income taxes by increases in consumption and environmental taxation.

Current topics and prospects; policy orientation

Estonia and its Baltic neighbours were more heavily hit by the global economic crisis than any other EU economy. In 2009 GDP fell in Estonia by 13.9 % as a result of a strong fall of both domestic demand and exports. Economic recovery has been, however, faster than predicted. In 2010 the GDP grew at the rate of 3.1 % and in 2011 the growth rate is expected to reach 4.9 %. The economic recession has had a high social cost, as the number of employed people decrease by 100 000 (out of the population of 1.3 million) and the unemployment rate reached 15.5 % in 2010, but is expected to fall somewhat to 13.9 % in 2011. The general government budget position became negative as a result of the economic recession, but the budget deficit did not fall below the Maastricht criterion of 3 % of GDP (it is 0.1 % in 2010 and - 0.6 % in 2011 according to economic forecasts). The government goal is to restore the budget balance in the medium term; the objective is that the general government budgetary position would reach the surplus of 0.1 % by 2013. The level of public debt is the lowest among the EU Member States, reaching 11.8 % of GDP in 2011. Estonia became a full member of European Economic and Monetary Union in the beginning of 2011, which has been the long-term goal of the government.

The prudent fiscal policy stance is reflected also in tax policy. The long-term plan to cut the income tax rate by one percentage point annually has been frozen and the personal and corporate tax rates were kept at 21 %, the level reached in 2008. Also the basic allowance (the amount of tax-free income) will remain EEK 27 000 (€ 1 726). In addition certain measures taken in 2009 somewhat tightened income taxation, including the abolition of the tax exemptions for the first child and the right to deduct trade union membership fees and interest on study loans in income taxation. Unemployment insurance payments have been increased twice in 2009, altogether from 0.9 % to 4.2 %.

The long-term aim of the tax policy is to shift the tax burden from income and employment towards consumption and the environment. Most of the excise duties have been increased in 2010, including those on alcohol, tobacco, transport fuels, liquid fuel and electricity. Excise duties on transport fuels and natural gas were increased also in 2009. All the excise duties exceed now substantially the EU minimum tax rates with the exception of oil shale, for which there is a transition period up to 2013.

The tax burden on consumption has been affected also by the rise of the standard VAT rate by two percentage points to 20 % in July 2009 and the removal of reduced rates on certain products (medical equipment, distant heating), as well as the rise of the reduced VAT rate from 5 % to 9 % in 2009. This reduced rate is applied on a narrow range of goods, which essentially includes books, periodicals, accommodation services, medicines and medical equipment for the personal use of the disabled.

Main features of the tax system*Personal income tax*

Estonia is one of the Member States applying a flat-rate system to the PIT. The single tax rate, 21 % since 2008, has been applied on all labour and personal capital income (dividends, interests, capital gains, royalties etc.). Only income exceeding a given threshold is taxed. The amount of the basic allowance has been increased yearly from EEK 12 000 (€ 767) in 2003 to EEK 24 000 (€ 1 534) in 2006 and EEK 27 000 (€ 1 726) since 2008. State pensions are subject to an additional allowance of € 2 300. Mortgage interest payments and training expenses can also be deducted from taxable income. The total amount of allowances is limited to € 3 195 per taxpayer during the period of taxation, or to no more than 50 % of the taxpayer's income.

The basic allowance makes the personal income tax system as a whole progressive, in the sense that the average tax rate increases with the income level, although the marginal tax rate remains constant.

Personal income tax is shared between the central and local governments; these receive 11.4 % of taxable income, the remainder goes to the central government level. The central government is entitled to the entirety of the income tax paid by non-residents and to the income tax paid on pensions and capital gains.

Corporate taxation

The corporate tax system was reformed in 2000 with the aim of providing more funds for investment and accelerating economic growth. The basic idea of the reform was to postpone the taxation of corporate income until the distribution of profits. Hence, the tax rate on retained earnings is zero, and distributed profits in gross terms are taxed at the same rate as personal income, i.e. at 21 % since 2008. This tax rate is applied also to gifts, donations, non-enterprise expenses and fringe benefits. The system is applied to Estonian resident companies and permanent establishments of non-resident companies. The 21 % withholding tax applied on the dividends paid to non-residents was removed as of 1 January 2009. A withholding tax may still apply to other payments to non-residents, if they do not have a permanent establishment in Estonia or unless the tax treaties provide otherwise. The measures to reduce fraud and tax evasion include CFC rules and regulations for minimising the use of transfer-pricing schemes, as well as a withholding tax of 21 % on the payments to off-shore companies for services.

VAT and excise duties

The VAT regime has been brought in line with the sixth Directive. The standard rate was increased to 20 % in July 2009. A 9 % reduced rate applies to a limited list of goods (see above).

Excise duties on alcoholic beverages were increased by 10 % in 2010 and that on tobacco by 10 % in 2010 and additionally 10% in 2012. The excise duties on unleaded petrol and diesel were increased both in 2009 and 2010 and now exceed by far the EU minimum tax rates. Taxes on coke and coal, natural gas and electricity were introduced as part of the green tax reform, and their rates have also been increased as part of fiscal consolidation measures in 2009 and 2010.

Social contributions

Social security is financed largely through a social tax, which is paid by the employer, generally at a rate of 33 % of gross salary for each employed person. The self-employed also pay the social tax. A 13 % quota from the tax is transferred to the state health insurance system and the remaining 20 % to the state pension insurance system. Employees who have joined the second pension pillar (obligatory for those born after 1983) pay an additional 2 % of their salary to the personal pension account. In this case, the 20 % for the pension insurance system is divided as 16 % to the state pension insurance system (the first pillar) and 4 % to the mandatory funded pension system (the second pillar).

The social tax, comparable to the employers' social security contributions in other countries, is a fiscally important tax in Estonia. In 2009 these contributions represented 34.7 % of total taxation, which is by far the highest proportion in the EU. Employees' social contributions, in contrast, represented only 1.5 % of tax revenues.

FINLAND											2009		
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	% of GDP	Ranking	€ bn
A. Structure of revenues													
Indirect taxes	13,9	13,4	13,7	14,3	14,0	14,1	13,9	13,3	13,2	13,8		12	23,6
VAT	8,2	8,0	8,1	8,6	8,5	8,7	8,7	8,4	8,4	8,8		6	15,0
Excise duties and consumption taxes	4,3	4,1	4,2	4,3	3,9	3,8	3,7	3,3	3,3	3,4		10	5,9
Other taxes on products (incl. import duties)	1,2	1,2	1,2	1,2	1,3	1,3	1,3	1,3	1,2	1,3		11	2,2
Other taxes on production	0,2	0,2	0,2	0,2	0,3	0,2	0,2	0,2	0,2	0,3		27	0,5
Direct taxes	21,4	19,3	19,2	18,1	17,8	17,9	17,7	17,8	17,9	16,5		3	28,3
Personal income	14,5	14,1	14,0	13,7	13,3	13,5	13,3	13,0	13,3	13,4		3	23,0
Corporate income	5,9	4,2	4,2	3,4	3,5	3,3	3,4	3,9	3,5	2,0		20	3,5
Other	1,0	1,0	1,0	1,0	1,1	1,0	1,0	0,9	1,0	1,0		7	1,8
Social contributions	11,9	12,1	11,9	11,8	11,7	12,0	12,2	11,9	12,1	12,8		11	22,0
Employers´	8,8	9,0	8,9	8,9	8,8	9,0	9,0	8,7	9,0	9,5		4	16,3
Employees´	2,2	2,2	2,1	2,1	2,1	2,2	2,4	2,3	2,2	2,4		21	4,1
Self- and non-employed	1,0	0,9	0,8	0,8	0,8	0,8	0,9	0,9	0,9	1,0		14	1,7
Less: amounts assessed but unlikely to be collected	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.			
TOTAL	47,2	44,8	44,7	44,1	43,5	43,9	43,8	43,0	43,1	43,1		5	73,8
Cyclically adjusted total tax to GDP ratio	45,9	44,0	44,5	44,3	43,2	43,5	42,6	40,4	41,0	45,1			
B. Structure by level of government													
Central government	52,2	50,1	51,4	51,6	51,9	51,4	50,5	50,4	49,4	45,9		22	33,9
State government ²⁾	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		n.a.	n.a.
Local government	21,6	22,1	21,5	21,1	20,8	20,7	21,1	21,3	22,0	23,8		3	17,6
Social security funds	25,2	26,9	26,5	26,7	26,8	27,3	27,9	27,7	28,0	29,8		15	22,0
EU institutions	1,0	0,9	0,6	0,7	0,5	0,5	0,6	0,6	0,6	0,5		22	0,4
C. Structure by economic function													
Consumption	13,6	13,2	13,4	14,0	13,6	13,7	13,5	12,8	12,9	13,4		7	23,0
Labour	23,7	23,8	23,7	23,3	22,7	23,2	23,0	22,3	23,0	23,8		4	40,7
Employed	20,8	21,1	20,9	20,6	20,0	20,4	20,3	19,6	20,4	21,2		5	36,2
Paid by employers	8,8	9,0	8,9	8,9	8,8	9,0	9,0	8,7	9,0	9,5		7	16,3
Paid by employees	12,0	12,1	12,0	11,7	11,2	11,4	11,3	10,9	11,4	11,6		7	19,9
Non-employed	2,9	2,7	2,8	2,7	2,7	2,8	2,8	2,7	2,6	2,6		4	4,5
Capital	9,9	7,9	7,7	6,8	7,1	7,1	7,3	7,9	7,3	5,9		17	10,1
Capital and business income	8,6	6,6	6,4	5,6	5,8	5,7	5,9	6,5	6,0	4,6		16	7,8
Income of corporations	5,9	4,2	4,2	3,4	3,5	3,3	3,4	3,9	3,5	2,0		20	3,5
Income of households	1,1	0,9	0,6	0,6	0,7	0,8	0,9	1,1	0,9	0,9		10	1,6
Income of self-employed (incl. SSC)	1,6	1,6	1,7	1,6	1,5	1,5	1,6	1,6	1,6	1,6		10	2,8
Stocks of capital / wealth	1,3	1,2	1,3	1,2	1,4	1,4	1,3	1,3	1,3	1,3		17	2,3
D. Environmental taxes													
Environmental taxes	3,1	3,0	3,1	3,2	3,2	3,1	3,0	2,7	2,7	2,7		9	4,6
Energy	2,0	2,0	2,0	2,0	1,9	1,9	1,8	1,6	1,7	1,8		17	3,1
Of which transport fuel taxes	:	:	1,5	1,5	1,5	1,4	1,4	1,3	1,3	1,4		16	
Transport (excl. fuel)	1,1	1,0	1,0	1,2	1,2	1,2	1,1	1,0	0,9	0,8		6	1,4
Pollution/resources	0,0	0,0	0,0	0,1	0,0	0,1	0,1	0,1	0,1	0,1		14	0,1
E. Implicit tax rates													
Consumption	28,5	27,6	27,7	28,1	27,7	27,6	27,2	26,5	26,0	25,7		7	
Labour employed	44,0	44,1	43,8	42,5	41,6	41,6	41,6	41,3	41,4	40,4		5	
Capital	36,4	26,0	28,3	26,9	27,1	27,5	25,0	26,6	28,0	29,9			
Capital and business income	31,5	21,9	23,6	22,0	21,9	22,1	20,5	22,1	22,9	23,1			
Corporations	31,2	19,1	22,2	20,0	19,5	18,7	16,4	18,2	19,6	18,6			
Households	22,5	21,0	19,3	18,5	18,3	20,9	22,4	22,9	21,5	21,2			
Real GDP growth (annual rate)	5,3	2,3	1,8	2,0	4,1	2,9	4,4	5,3	0,9	-8,2			

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2) This level refers to the *Länder* in AT and DE, the *gewesten en gemeenschappen / régions et communautés* in BE and *comunidades autónomas* in ES.

n.a. not applicable, : not available

Source: Commission services

FINLAND

Overall trends in taxation

Structure and development of tax revenues

In Finland the overall tax burden (including social security contributions) was 43.1 % of GDP in 2009, at the same level as in the previous year. The Finnish tax burden is among the highest in the EU, exceeded only by four countries (Denmark, Sweden, Belgium and Italy).

Direct taxes, in particular on personal income, represent the most important category of revenue, accounting for 38.3 % of total taxation. The share of indirect taxes (31.9 %) is below the EU-27 average (37.7 %). Social contributions, mainly paid by employers, account for 29.8 %, which is less than in most other Member States.

Local governments receive a rather large proportion of total tax revenues (23.8 % in 2009). These taxes consist mainly of municipal income and real estate taxes. In this regard the tax structure of Finland is similar to those of Denmark and Sweden, where roughly a third of tax receipts go to the municipalities. Central government collects somewhat less than half of all tax revenues and social security funds almost a third.

Since 1995 the overall tax burden has displayed a rather sustained downward trend, in particular, observing the cyclically adjusted ratios. The difference between 2008 and 1995 is nearly seven percentage points, when one compares cyclically adjusted ratios, while only about 2.5 percentage points, when one compares non-adjusted numbers. This reflects undoubtedly the deliberate efforts of the government to reduce the tax burden, in particular on labour, during the period considered. In 2009 state tax revenues fell sharply due to the economic recession, but the tax-to-GDP ratio as a whole remained stable, as GDP also fell by 8.2 %. The tax revenues on capital and business income declined the most, but the impact on the total tax burden was partly offset by increases in municipal taxes and social security contributions. Also tax revenues on labour income in percentage of GDP increased somewhat in spite of the measures taken to alleviate labour taxation.

Taxation of consumption, labour and capital; environmental taxation

The tax structure by economic factor in Finland (consumption 31.1 %, labour 55.2 % and capital 13.7 %) is marked by a somewhat higher share of labour and a correspondingly lower shares of consumption and capital taxation compared with the EU-27 averages (33.4 %, 48.0 % and 18.8 %).

The lower share of consumption taxation, however, reflects the high level of other taxes rather than a low tax burden on consumption. Indeed, the implicit tax rate (ITR) on consumption (25.7 %) is the seventh highest in the Union, although it has fallen somewhat relative to other countries and from the levels of late 1990s (29.3 % in 1999).

Labour taxes represented 23.8 % of GDP in 2009 (EU-27 17.5 %), which is more than two percentage points lower than in 1995, but still among the four highest ratios in the EU. In the 2000s the decline in labour tax revenues has slowed down compared with the late 1990s, but nevertheless, thanks to regular reductions in income taxes and social contributions, the drop in the ITR on labour has been significant, from 44.0 % in 2000 to 40.4 % in 2009.

The revenue from taxes on capital relative to GDP has dropped from its 2000 peak level (9.9 %) and remained relatively constant at around 7 % between 2003 and 2008, with the exception of the year 2007, when the revenues reached 7.9 % of GDP. The decrease of tax revenues on capital income from 7.3 % to 5.9 % since 2008 reflects the impact of the exceptionally sharp economic downturn in 2009, which affected strongly corporate and business income. The ITR on capital did not decline, however, in 2009 compared with 2008 perhaps due to the impact of the economic recession on tax bases.

Environmental tax revenues represent 2.7 % of GDP in 2009, close to the EU-27 average level (2.6 %) and the ninth highest in EU-27. The tax revenues have declined somewhat since 2004 reflecting the fact that nominal tax rates have been kept constant and were raised only in 2008. The level of energy taxation in relation to GDP (1.8 %) is at the same level as the EU average in 2009, while that of transport taxes (0.8 %) is somewhat higher due to relatively heavy vehicle taxation in the Finland.

Current topics and prospects; policy orientation

The Finnish economy recovered from the deep recession of 2009 more rapidly than expected. The GDP grew at the rate of 3.1 % in 2010 and is expected to grow at the rate above 3 % also in 2011. The unemployment rate is expected to fall from 8.4 % in 2010 to 7.8 % in 2011. The economic recession deteriorated the state of public finance and the public sector deficit was - 2.5 % of GDP still in 2010. According to the forecasts the deficit should be, however, well above the 3 % threshold at - 1.0 % of GDP in 2011. This is partly due to the economic recovery, which strengthens the tax bases, partly due to relatively contractionary fiscal policy in 2011. To ensure the long-run sustainability of public finances to respond to the challenge of aging population remains one of the main aims of the government policy.

The government tax revenues are expected to increase quite strongly in 2011 relative to the two previous years. The increase of all VAT rates by one percentage point in July 2010 is one of the factors that contribute to the revenue growth. Also the tax rates on heating and power generation fuels and electricity are increased. Structural changes made to energy taxation will take account of the energy content, carbon dioxide emissions and emissions into the local environment that have adverse health effects. New excise duty on sweets and ice-cream is introduced and the excise duty on soft drinks is increased. As a whole, the aim of the government is to shift the tax burden gradually from labour taxation towards consumption and the environment. The easing of labour taxation remains, however, modest in 2011, due to the constraints imposed by the aim to improve the state of public finances. The marginal tax rates in the progressive income tax schedule remain unchanged, but the thresholds of tax brackets and the labour income tax credit are increased to compensate for the increase in certain SSC and to prevent tightening of progressive income taxation due to rise in general income level. The basic allowance in municipal taxation is increased by € 50 easing somewhat the tax burden of low-income earners. On the other hand, the rise of municipal income tax rates and certain SSC increased the tax burden. As a whole, the tax rate of an average wage-earner is expected to remain at the same level in 2011 as in two previous years.

The final report of the Working Group for Developing the Tax System set by the Ministry of Finance was published late 2010. The Working Group recommends further shifts in the balance of taxation from labour towards consumption. This should be done by cutting PIT rates at all income levels, and increasing VAT rates and energy and other environmental tax rates further. The other main recommendation is to shift the balance of capital income taxation from corporate to personal capital income taxation. Thus, the CIT rate should be reduced from 26 % to 22 %; and personal capital income tax rate increased from 28 % to 30 %. Moreover, the taxation of dividends would be tightened by removing the exemptions that dividend income has been entitled to in the current system. These recommendations for tax reforms will be subject to negotiations between political parties after parliamentary elections in spring 2011.

Main features of the tax system

Personal income tax

Since 1993 the taxation of personal income has been based on a dual system. Personal income is divided into two separate components, earned income and capital income, taxed according to different rates and principles.

Central government taxation of earned income is progressive. From 2007 onwards there are four tax brackets. Marginal rates range from 6.5 % to 30.0 %, the taxable income threshold being € 15 600 in 2011. The municipal income tax is levied

at flat rates on earned income and the estates of deceased persons. The rate varies between 16.5 % and 21 %, the average being 19.17 in 2011 (up from 18.98 % in 2010). The church tax rate varies between 1 % and 2 %.

An earned income allowance in municipal taxation was introduced in 1997 with the intention of increasing the take-home pay of low- and medium-income earners. It reaches its maximum at a low income level, and gradually decreases thereafter. Since 2006 a labour income tax credit targeted to low- and medium-income earners has also been granted in state income taxation.

Capital income is taxed at a uniform flat rate of 28 % and is levied on dividends, rental income, interest income, capital gains, income from the sale of timber and a share of business income. All expenses from acquiring or maintaining capital income, including interest payments, are deductible from taxable capital income. In addition, interest payments on owner-occupied housing and student loans guaranteed by the state are deductible. If these deductions exceed taxable capital income, 28 % of the deficit, up to a € 1 400 limit, can be credited against taxes paid on earned income.

Corporate taxation

Corporate tax is levied at a 26 % rate on all corporate income, out of which expenses incurred for the purpose of acquiring or maintaining business income are deducted. Exceptions to this rule are certain capital gains and dividends which are not included in taxable corporate income, certain expenses related to tax-free income and certain capital losses. No local taxes are levied on corporate income so that 26 % is the final tax rate. Depreciation allowances for fixed assets are calculated according to the pool basis declining balance method; the maximum annual rates with regard to the most common items are 25 % for machinery and equipment and between 4 % and 7 % for buildings. The acquisition costs of intangible assets may be depreciated using a straight-line method over a period of 10 years. Losses are carried forward and set off in the subsequent ten tax years. No loss carry-back is allowed.

VAT and excise duties

The standard VAT rate is 23 % since 1 July 2010. The reduced rate of 13 % is applied on selected goods and services, including food and restaurants. Reduced rate of 9 % is applied e.g. on hotels, medicines, books and tickets to cultural events.

Finland has excise duty rates on energy products, alcohol and tobacco, which are amongst the highest in the EU. The excise duty on alcohol was increased in 2008 and two times in 2009 and that on tobacco in 2009 and 2010. Excise duty is also levied on sweets, ice cream and soft drinks, as well as certain beverage packages.

Wealth and transaction taxes

Municipalities levy a real estate tax on land and buildings at rates that usually vary between 0.6 % and 1.35 % (0.32 and 0.75 for permanent residents). The state levies a property transfer tax on the purchases of real estate or shares; purchases of the first owner-occupied dwelling are exempt. Inheritance and gift tax is levied by the state at rates ranging between 7 % and 32 %. The inheritance tax is paid on inheritances exceeding the value of € 20 000 and the gift tax on the gift exceeding the value of € 4000.

Social contributions

Social security contributions are paid both by employers and employees. The health insurance contribution for medical care is also paid by pensioners. In 2011 the rate is 1.19 % on employment income and 1.36 % on other income (pension and other benefits). Employees also pay an unemployment insurance contribution (0.60 % of gross income) and pension insurance contribution (6.0 % out of gross income for those above 53 years, 4.7 % for others), and a health insurance contribution for daily allowance (0.83 % of gross income for wage-earners and 0.92 for the self-employed). These contributions are deductible in earned income taxation.

FRANCE	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2009		
A. Structure of revenues											% of GDP	Ranking	€ bn
Indirect taxes	15,8	15,4	15,4	15,3	15,5	15,6	15,5	15,3	15,1	15,1	7	288,5	
VAT	7,3	7,2	7,1	7,1	7,2	7,3	7,3	7,2	7,0	6,8	18	129,4	
Excise duties and consumption taxes	2,6	2,5	2,6	2,5	2,3	2,2	2,3	2,0	2,0	2,0	27	38,8	
Other taxes on products (incl. import duties)	1,7	1,6	1,7	1,7	1,9	1,9	1,8	1,9	1,7	1,7	8	32,8	
Other taxes on production	4,2	4,1	4,1	4,1	4,2	4,3	4,2	4,3	4,3	4,6	2	87,4	
Direct taxes	12,5	12,6	11,8	11,4	11,6	11,8	12,2	11,9	11,9	10,2	14	194,3	
Personal income	8,4	8,2	7,9	7,9	7,9	8,0	7,8	7,5	7,7	7,5	12	142,9	
Corporate income	2,8	3,1	2,5	2,1	2,3	2,3	2,9	2,9	2,8	1,3	26	24,0	
Other	1,3	1,4	1,3	1,3	1,4	1,4	1,4	1,5	1,4	1,4	3	27,4	
Social contributions	16,1	16,1	16,2	16,4	16,2	16,3	16,4	16,2	16,2	16,6	1	315,8	
Employers´	11,1	11,0	11,0	11,1	11,0	11,0	11,1	10,9	11,0	11,2	2	213,8	
Employees´	4,0	4,0	4,0	4,1	4,0	4,1	4,1	4,1	4,0	4,1	8	77,7	
Self- and non-employed	1,0	1,1	1,1	1,1	1,2	1,2	1,2	1,2	1,2	1,3	13	24,2	
Less: amounts assessed but unlikely to be collected	0,3	0,3	0,2	0,1	0,2	0,1	0,2	0,2	0,2	0,3			
TOTAL	44,1	43,8	43,1	42,9	43,2	43,6	43,9	43,2	42,9	41,6	7	793,0	
Cyclically adjusted total tax to GDP ratio	43,3	43,1	42,9	43,0	43,0	43,3	43,3	42,1	42,2	42,6			
B. Structure by level of government											% of total taxation		
Central government	42,1	41,4	40,6	39,9	42,2	40,4	38,3	37,3	36,1	32,9	24	260,7	
State government ²⁾	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Local government	9,7	9,4	9,5	9,8	10,5	10,9	11,0	11,5	11,6	12,5	9	99,3	
Social security funds	47,5	48,5	49,2	49,9	47,1	48,3	50,6	51,2	52,3	54,8	1	434,7	
EU institutions	1,4	1,4	1,1	0,7	0,5	0,6	0,6	0,6	0,6	0,5	24	3,8	
C. Structure by economic function											% of GDP		
Consumption	11,6	11,3	11,3	11,1	11,2	11,2	11,1	10,9	10,7	10,6	18	202,6	
Labour	22,9	22,9	22,7	22,9	22,8	23,0	22,9	22,4	22,6	22,8	6	435,1	
Employed	22,2	22,2	22,1	22,2	22,1	22,3	22,2	21,8	21,9	22,2	2	424,1	
Paid by employers	12,1	12,1	12,1	12,2	12,1	12,2	12,3	12,2	12,2	12,6	1	239,6	
Paid by employees	10,1	10,1	10,0	10,0	9,9	10,1	9,9	9,7	9,7	9,7	11	184,5	
Non-employed	0,7	0,7	0,7	0,7	0,7	0,7	0,7	0,6	0,6	0,6	19	11,0	
Capital	9,9	10,0	9,3	9,0	9,3	9,5	10,1	10,1	9,8	8,4	7	160,7	
Capital and business income	5,4	5,6	5,0	4,6	4,7	4,8	5,5	5,4	5,4	3,8	18	73,3	
Income of corporations	2,8	3,1	2,5	2,1	2,3	2,3	2,9	2,9	2,8	1,3	27	24,0	
Income of households	0,9	0,9	0,8	0,8	0,8	0,9	1,0	1,0	1,1	1,0	8	19,3	
Income of self-employed (incl. SSC)	1,6	1,6	1,6	1,6	1,6	1,6	1,5	1,5	1,6	1,6	11	30,0	
Stocks of capital / wealth	4,5	4,5	4,4	4,4	4,6	4,7	4,6	4,7	4,5	4,6	1	87,4	
D. Environmental taxes											% of GDP		
Environmental taxes	2,5	2,2	2,3	2,3	2,3	2,2	2,2	2,1	2,1	2,1	21	39,9	
Energy	1,8	1,7	1,8	1,7	1,7	1,6	1,6	1,5	1,4	1,5	24	27,7	
Of which transport fuel taxes	:	:	:	1,4	1,4	1,3	1,3	1,2	1,2	1,1	24		
Transport (excl. fuel)	0,5	0,4	0,4	0,5	0,5	0,5	0,5	0,5	0,5	0,6	12	10,6	
Pollution/resources	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	9	1,6	
E. Implicit tax rates											%		
Consumption	20,9	20,3	20,3	20,0	20,1	20,1	19,9	19,5	19,1	18,5	17		
Labour employed	42,0	41,6	41,2	41,5	41,4	41,9	41,8	41,4	41,5	41,1	3		
Capital	38,4	38,8	37,4	36,5	38,0	39,3	41,1	39,1	38,1	35,6			
Capital and business income	20,8	21,5	19,9	18,7	19,4	19,9	22,2	20,9	20,7	16,2			
Corporations	29,6	32,9	29,0	24,4	26,4	26,1	31,8	28,4	27,0	15,4			
Households	13,5	13,0	12,7	13,1	12,5	13,1	13,4	13,0	13,5	13,5			
Real GDP growth (annual rate)	3,9	1,9	1,0	1,1	2,5	1,9	2,2	2,4	0,2	-2,6			

See Annex B for explanatory notes. For classification of taxes please visit <http://ec.europa.eu/taxtrends>

1) The ranking is calculated in descending order. A "1" indicates this is the highest value in the EU-27. No ranking is given if more than 10 % of data points are missing.

2) This level refers to the *Länder* in AT and DE, the *gewesten en gemeenschappen / régions et communautés* in BE and *comunidades autónomas* in ES.

n.a. not applicable, : not available

Source: Commission services

FRANCE

Overall trends in taxation

Structure and development of tax revenues

In 2009 the tax-to-GDP ratio in France stood at 41.6 %, almost six percentage points above the EU-27 average (35.8 %). The share of indirect taxes in percentage of GDP was at 15.1 %, above the EU-27 average (13.4 %), while the share of direct taxes ⁽⁸²⁾ was 1.3 percentage points below average (11.5 %). Social contributions represented the highest share relative to GDP in the EU. Employers' contributions make up two thirds of social contributions; in percentage of GDP employers' contributions were 70 % higher than the EU-27 average.

The central government raised 32.9 % of total taxes, the lowest share of any not fiscally federal Member State. The local governments' share of tax revenue (12.5 %) is slightly above the EU average (10.7 %) and well above the euro area average (8.8 %). It consists mainly of the local business tax, patent levies, real estate and housing taxes.

Starting from 44.1 % in 2000, the overall tax burden declined continuously between 2000 and 2003 (by 1.2 percentage points), notably owing to a drop in revenues from corporate taxes, probably linked to reductions in corporate income tax rates and to the cyclical slowdown. Indeed, the cyclically adjusted tax ratio shows less marked dynamics. Between 2003 and 2006 the ratio adjusted for the cycle has remained substantially stable in the range of 43 %. The total decline registered in 2007 (0.7 %) has to be attributed mainly to a decrease in personal income tax revenues. In 2008, indirect taxes slightly fell with the surge of the economic crisis. In 2009, CIT revenues suffered from the economic slowdown and the recovery packages dedicated to improve the cash flow of companies. This decline was moderated by a rise in revenue from social security contributions.

Taxation of consumption, labour and capital; environmental taxation

In 2009, the ITR on consumption was 2.4 percentage points below the EU average (20.9 %). While an important fall in the ratio is visible from 2000 to 2001 due to reductions in the VAT rates, the ITR remained remarkably stable from 2001 to 2006. Since 2007, the ITR has decreased by 1.0 percentage points mainly due to the accelerated reimbursement of VAT tax credits contained in the 2009 recovery package.

The ITR on labour income, 41.1 % in 2009, is among the highest in the Union (EU-27 32.9 %). In 2009, France recorded the highest value of employers' social security contributions in percentage of GDP. Under the definition of labour taxation used in this report, the increases in the CSG, the CRDS as well as the social levy of 2.2 %, booked in national accounts as taxes on personal income, have offset the effects of reductions in social contributions at the aggregate level.

The ITR on capital of 35.6 % is well above the EU-25 average (24.9 %). After declining in 2002 and 2003, the ITR picked up again rising 4.6 percentage points between 2003 and 2006. The recent 2.5 percentage points decline reflects mainly the dynamics in revenue from taxation on corporations. The French system relies on a number of other taxes on capital, such as the real estate tax, the housing tax, the wealth tax and the local business tax. Most of them are classified as taxes on stocks of capital/wealth, which altogether represented 4.6 % of GDP, the highest value in the EU (EU-27 1.8 %).

France has a relatively low share of environmental taxes on GDP. Their level declined from 2.5 to 2.1 % over the period concerned compared to the EU-27 average of 2.6 %.

⁽⁸²⁾ These shares are based on the Eurostat definition, which is based on the ESA95 codes (see Annex B for details). The French national definition differs in some important respects.

Current topics and prospects; policy orientation

The Finance Law 2011 increases the top PIT rate from 40 % to 41 %. The 3 % allowance which reduces the employment income subject to the generalized social contribution (*contribution sociale généralisée*, CSG) and the social security deficit contribution (*contribution pour le remboursement de la dette sociale*, CRDS) is capped. The optional final levy on dividends, interests and capital gains is increased from 18 % to 19 % (i.e. 31.3 % with the social taxes). These levies fall outside the tax shield mechanism (*bouclier fiscal*) as they are introduced to contribute the pension system. As from January 2011, the overall amount of tax incentives (*niches fiscales*) that a taxpayer may obtain during a fiscal year for individual income tax purposes is further capped on the level of the household (*foyer fiscal*) to € 18 000 (2010: € 20 000) plus 6 % (2010: 8 %) of the net taxable income. Many tax credits are abolished or reduced as part of a government plan to reduce the budget deficit by € 11 billion. As of 2010, certain passive income became fully subject to SSC at an overall rate of 12.1 % (*prélèvement social sur les revenus du patrimoine et produits de placement*). The Finance Law 2011 raises this social contribution from 2 % to 2.2 %. As a result, the overall rate of social taxes (i.e. social levies, CSG and CRDS) applicable to passive income is now 12.3 %. The final levy on gains derived from the exercise of employee stock options exceeding € 152 500 is increased from 40 % to 41 % (53.3 % with the social taxes, plus 8 % of employee contribution). The employer SSC due on gains derived from the exercise of employee stock options is increased from 10 % to 14 %.

In 2010, the current local business tax on business income has been replaced by a new "economic territorial contribution". The tax is no longer based on the annual value of commercial and industrial equipment, but consists of the annual rental value of immovable property and a new tax of 1.5 % on the added value of the business applicable to taxpayers with a turnover exceeding € 152 500 and allowances depending on the amount of the turnover. Since the Economic Modernisation Act, introduced in 2008, small closely held capital companies can opt for taxation under the PIT regime. At the end of 2010, a Finance Amendment Law introduced an optional regime allowing the consolidation of the payment of VAT within a group of companies, effective from 1 January 2012. Under the Finance Law 2011, the temporary regime granting an immediate refund of R&D credits is transformed into a permanent regime, but limited to SMEs, innovative new enterprises and newly created companies (previously in the recovery package: all companies). For expenses incurred after 1 January 2011, the law reduces the rate of the credit from 50 % to 40 % for the first year, and from 40 % to 35 % for the second. The abolition of the annual minimum lump-sum tax (*imposition forfaitaire annuelle*, IFA), which was scheduled for 1 January 2011 is postponed until 2014. As a result, companies with a turnover exceeding € 15 million will continue to be subject to that tax. Several anti-abuse provisions related to intra-group relations are introduced.

The 5.5 % reduced VAT rate applying to triple play services is replaced by the standard rate of 19.6% from January 1st 2011. The excise taxes on fuel (*Taxe Intérieure de consommation des Produits Pétroliers*) can vary between the administrative territories, as each regional council can determine the excise duties individually. As concerns environmental taxation, a penalty of € 160 applies to vehicles emitting more than 250 g CO₂ per kilometre since 2009. In addition, the general tax on polluting activities (TGAP) to the installations for incineration of household waste was extended. Other measures in the area of green taxes introduced tax credits for owners of residential properties built according to given environmental standards. In March 2010, the government suspended the introduction of a carbon tax on fossil fuels until 2012.

Main features of the tax system

Personal income tax

The PIT (IR) is levied annually on worldwide income according to a single progressive scale. For 2011 the top marginal rate is 41 % (applicable above € 70 830). The system takes into account the specific situation of each household by applying a family quotient. A noteworthy feature is the high number of thresholds and exemptions applied. In response to the crisis, in 2009 a temporary PIT reduction for low income households was introduced resulting in a cut of the PIT of 2/3 for these households. Investment income, such as bank and bond interest, and qualifying capital gains from the

sale of monetary investments are taxed at a flat rate of 19 %. Real estate gains are taxed at a 19% rate as well. Capital gains realized by individuals on the disposal of shares are subject to SSC (CSG, CRDS) at an overall rate of 12.3 %. There is no pay as you earn (PAYE) system in France; all individuals are responsible for paying their tax due along with their annual income tax return.

Since 1999, one of the main objectives of fiscal policy has been to reduce labour taxation. As part of a multi-annual tax reduction plan (2001–2003), the main tax-cutting measures consisted of reducing statutory PIT rates, SSC on low wages, the creation of a reimbursable tax credit for low income workers, and the reform of a local business (*taxe professionnelle*) tax with a gradual phasing out of the wages component from the tax base. As of 2005, the *avoir fiscal* imputation system was replaced by a mitigated classical system for resident individuals under which dividends are subject to income tax at ordinary rates, but only for 60 % of their amount. The equalisation tax due on the distribution of dividends was also abolished. In 2006, the income tax scale was overhauled through the reduction in the number of brackets, and simplification and lowering of the rates. The earned income tax credit was increased by 50 %. The total amount of taxes paid by individuals, including income, wealth and local taxes, was capped at 50 % of their income (*bouclier fiscal*).

Corporate taxation

The corporate tax affects all profits realised in France by companies and other legal entities. The standard rate is 33.33 %. SMEs are taxed at a reduced rate of 15 % on the first € 38 120 of the profits. Large companies (turnover over € 7 630 000 and taxable profit over € 2 289 000) are subject to an additional surcharge of 3.3 % (CSB) levied on the part of aggregate corporate tax which exceeds € 763 000. Hence, the effective tax rate is 34.43 %. France imposes a local business tax (*contribution économique territoriale*) payable by the self-employed and companies. The actual tax varies with location and depends on the value of the business' immovable property and value added and is capped to 3 % of value added. This tax was created in 2010, and the previous *taxe professionnelle* was abolished.

In the late 1990s, earlier increases in the CIT rates were reversed with the gradual phasing out of the 15 % surtax on corporate profits introduced in 1997. Furthermore, the 10 % surtax introduced in 1995 was lifted in several stages from 2001 onwards. The system was also modified for correcting double taxation of distributed intra-company dividends and capital gains. The R&D reimbursable tax credit (*credit d'impôt recherche*) was extended in 2008, with an amount of 30 % of all R&D expenses until € 100 million (5 % above).

VAT and excise duties

The standard VAT rate is 19.6 %. A reduced rate of 5.5 % applies to essential goods, the housing sector, accommodation and, as of July 2009, restaurant services. A reduced rate of 2.1 % applies to newspapers, theatre performances and approved medicines.

Wealth and transaction taxes

A net wealth tax (ISF) is levied on resident individuals on the value of assets owned, minus liabilities, if the net value of these assets exceeds € 790 000. Business assets, qualified shareholdings, certain life insurance policies, and various other assets are excluded from this tax. A 75 % exemption applies to certain nominative shares held by employees, managers or shareholders and a 50 % deduction from income tax applies to capital investment in SMEs (ISF PME).

Social contributions

The French social security system is mainly financed by contributions and taxes deducted from earnings. Employers' SSC are particularly high and range between 14 % (at the minimum wage, in SMEs with less than 20 workers) and 45 %, while employees' SSC are around 14 %. In general, personal income is also subject to the general social welfare contribution (CSG) and the welfare debt repayment levy (CRDS). In both cases, the base is somewhat narrower than the gross wage income. The standard CSG rate is 7.5 %, while the CRDS rate is 0.5 %.

GERMANY											2009	2009	
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	% of GDP	Ranking	€ bn
A. Structure of revenues											% of GDP		
Indirect taxes	12,5	12,2	12,1	12,2	12,0	12,1	12,4	12,9	12,8	12,9		16	310,2
VAT	6,8	6,6	6,4	6,3	6,2	6,2	6,3	7,0	7,1	7,4		12	177,7
Excise duties and consumption taxes	2,8	2,9	3,0	3,2	3,0	2,9	2,8	2,6	2,6	2,7		20	63,7
Other taxes on products (incl. import duties)	0,9	0,9	0,9	0,9	0,9	0,9	0,9	1,0	0,9	0,9		16	21,5
Other taxes on production	2,0	1,8	1,8	1,8	1,9	2,1	2,3	2,3	2,3	2,0		6	47,3
Direct taxes	12,5	11,0	10,7	10,6	10,2	10,3	10,9	11,3	11,5	11,0		12	264,5
Personal income	10,2	9,9	9,6	9,3	8,7	8,6	8,9	9,2	9,6	9,7		8	232,3
Corporate income	1,7	0,6	0,6	0,7	0,9	1,1	1,4	1,4	1,1	0,7		27	16,4
Other	0,6	0,6	0,5	0,5	0,6	0,6	0,7	0,7	0,7	0,7		13	15,8
Social contributions	16,9	16,7	16,7	16,9	16,5	16,3	15,9	15,1	15,1	15,7		2	377,4
Employers´	7,5	7,4	7,3	7,4	7,2	7,0	6,8	6,5	6,5	6,7		13	161,3
Employees´	6,8	6,7	6,6	6,7	6,5	6,4	6,3	6,1	6,1	6,3		2	150,3
Self- and non-employed	2,7	2,6	2,8	2,8	2,8	2,9	2,8	2,5	2,5	2,7		3	65,8
Less: amounts assessed but unlikely to be collected	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.			
TOTAL	41,9	40,0	39,5	39,6	38,7	38,8	39,1	39,3	39,4	39,7		8	952,1
Cyclically adjusted total	41,2	39,4	39,4	40,1	39,2	39,3	38,9	38,4	38,6	41,2			
B. Structure by level of government											% of total taxation		
Central government	28,4	28,2	28,5	28,6	28,0	28,5	28,8	30,0	30,0	30,3		25	288,7
State government ²⁾	22,7	21,9	21,6	21,3	21,5	21,3	21,9	22,7	22,6	21,9		3	208,0
Local government	7,0	6,8	6,7	6,6	7,1	7,4	7,9	8,0	8,2	7,6		15	72,3
Social security funds	40,4	41,8	42,3	42,5	42,6	42,0	40,5	38,5	38,4	39,6		6	377,4
EU institutions	1,5	1,3	0,9	0,9	0,7	0,8	0,8	0,8	0,8	0,6		20	5,7
C. Structure by economic function											% of GDP		
Consumption	10,5	10,5	10,4	10,5	10,2	10,1	10,1	10,6	10,7	11,1		15	265,1
Labour	24,5	24,2	24,1	24,1	23,1	22,6	22,1	21,4	22,0	22,7		7	544,8
Employed	21,8	21,5	21,3	21,2	20,2	19,6	19,2	18,8	19,3	19,8		7	475,1
Paid by employers	7,5	7,4	7,3	7,4	7,2	7,0	6,8	6,5	6,5	6,7		14	161,3
Paid by employees	14,3	14,1	14,0	13,8	13,0	12,6	12,5	12,2	12,8	13,1		4	313,8
Non-employed	2,8	2,7	2,9	2,9	2,9	3,0	2,9	2,6	2,6	2,9		3	69,7
Capital	6,8	5,3	5,0	5,1	5,5	6,0	6,9	7,3	6,8	5,9		16	142,2
Capital and business income	5,7	4,2	4,0	4,0	4,4	4,9	5,8	6,2	5,8	4,9		13	117,9
Income of corporations	3,0	1,7	1,7	1,9	2,2	2,5	3,0	3,0	2,8	2,0		21	48,8
Income of households	0,4	0,3	0,3	0,4	0,4	0,5	0,5	0,6	0,7	0,7		15	15,9
Income of self-employed (incl. SSC)	2,3	2,1	2,0	1,7	1,7	1,9	2,3	2,6	2,4	2,2		7	53,2
Stocks of capital / wealth	1,1	1,1	1,0	1,1	1,1	1,1	1,1	1,1	1,0	1,0		18	24,3
D. Environmental taxes											% of GDP		
Environmental taxes	2,4	2,5	2,5	2,7	2,5	2,5	2,4	2,2	2,2	2,3		20	54,2
Energy	2,0	2,1	2,2	2,3	2,2	2,1	2,0	1,9	1,8	1,9		15	45,9
Of which transport fuel taxes	:	:	:	1,8	1,7	1,6	1,5	1,4	1,4	1,5		14	
Transport (excl. fuel)	0,3	0,4	0,4	0,3	0,4	0,4	0,4	0,4	0,4	0,3		17	8,2
Pollution/resources	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0		23	0,0
E. Implicit tax rates											%		
Consumption	18,9	18,5	18,5	18,6	18,2	18,1	18,2	19,7	19,7	19,8		14	
Labour employed	40,7	40,5	40,4	40,4	39,2	38,8	38,9	38,7	39,2	38,8		8	
Capital	28,4	21,9	20,3	20,3	20,5	21,5	23,2	24,2	23,0	22,1			
Capital and business income	23,8	17,4	16,1	16,1	16,5	17,6	19,6	20,6	19,5	18,3			
Corporations	:	:	:	:	:	:	:	:	:	:			
Households	:	:	:	:	:	:	:	:	:	:			
Real GDP growth (annual rate)	3,2	1,2	0,0	-0,2	1,2	0,8	3,4	2,7	1,0	-4,7			

See Annex B for explanatory notes. For classification of taxes please visit: <http://ec.europa.eu/taxtrends>

1) The ranking is calculated in descending order. A "1" indicates this is the highest value in the EU-27. No ranking is given if more than 10 % of data points are missing.

2) This level refers to the *Länder* in AT and DE, the *gewesten en gemeenschappen / régions et communautés* in BE and *comunidades autónomas* in ES.

n.a. not applicable, : not available

Source: Commission services

GERMANY

Overall trends in taxation

Structure and development of tax revenues

In 2009, Germany's total tax-to-GDP ratio (including social security contributions) was 39.7 %, above both the EU-27 and the euro area averages (EU-27 35.8 %, EA-17 36.5 %). Compared to its neighbouring countries the overall tax ratio is higher than in Poland, Luxembourg and the Czech Republic, but lower than in Denmark, Belgium, France and Austria. The Netherlands has about the same level of taxation, even though the gap increased slightly in 2009.

Germany stands out for a high share of social contributions in total receipts (39.6 %, EU-27 31.4 %), while the shares of direct taxes (27.8 %) and especially indirect taxes (32.6 %) are far below the EU averages. This feature is unchanged, although in 2007 a shift away from SSC to direct and in particular indirect taxes could be observed. This change is mainly due to that year's increase in the VAT rate by three percentage points and simultaneous cut in the unemployment insurance rate. In Germany, the share of SSC in GDP exceeds the EU average by 4.6 percentage points: this is mainly due to employees' contributions, which are the second highest in the EU, whereas employers' contributions are in line with the average.

Compared with the other fiscally federal countries, state governments in Germany receive a proportion of total tax revenue (21.9 %) which is slightly lower than in Spain (24.0 %) and Belgium (24.6 %), but much higher compared to Austria (9.8 %). The German *Länder* receive a substantial share of revenue from VAT, the wage withholding tax, the PIT collected by assessment, the CIT and the withholding tax on interest. The *Länder* are also entitled to all revenue from other taxes such as inheritance and gift taxes, taxes on property transfer and taxes on motor vehicles (up to 30 June 2009). The entitlement to the revenue of taxes on motor vehicles passed to the central government on 1 July 2009. The *Länder* receive a financial compensation. Social security institutions receive the sixth largest share of revenues in the EU (39.6 %) exceeded as a proportion only by France (54.8 %), Slovakia (43.1 %), Belgium (41.9 %) and Spain and Lithuania (39.7 % each). The end result is that, at 30.3 %, the federal government receives the second smallest portion of tax receipts of any EU central government (EU-27 58.0 %). Lower levels can only be found in Spain and Belgium.

Following Germany's reunification, the tax-to-GDP ratio rose significantly in the early 1990s, with most of the increase coming in the form of higher social contributions. The increase continued in the 1995–2000 period as a result of growing revenues from personal and corporate income taxes. In 2000, the tax-to-GDP ratio stood at 41.9 %. The year 2001 marked a turning point: staggered reductions in PIT and CIT under the 'Tax Reform 2000' led to a drop in revenue by more than three percentage points up to 2005. The ratio increased again from 2005 onwards, however, mainly due to higher PIT and CIT revenue on the back of strong economic growth in 2006 and 2007 and as a consequence of the significant increase in the standard VAT rate. Interestingly, the economic downturn in 2008 and 2009 did not reverse this trend.

Taxation of consumption, labour and capital; environmental taxation

Consumption taxes as a percentage of GDP are below average (11.1 %, EU-27 11.7 %), as reflected in the low ITR on consumption (19.8 %, EU-27 20.9 %). After having remained roughly stable since 2000, the ITR on consumption has increased by 1.5 percentage points in 2007 owing to the VAT hike and remained on the same level in 2008 and 2009.

The tax on labour as a percentage of GDP (22.7 %, EU-27 17.5 %) is relatively high, ranking seventh in the Union. Social contributions account for around two thirds of the taxes on employed labour, driving the implicit tax rate on labour to 38.8 %, well above the European average (EU-27 32.9 %). Starting from a peak at 40.7 % in 2000, the ITR continuously decreased until 2005 as a consequence of income tax reform, and remained fairly stable thereafter.

Despite a strong increase in recent years, Germany still derives lower than average revenues from taxation of capital (5.9 % of GDP, EU-27 6.7 %). In 2009, the ratio dropped by almost one percentage point. The low contribution of capital is partly due to a low level of taxes on stocks of capital/wealth (1.0 %, EU-27 1.8 %). Moreover, as a result of the fact that in Germany a very low share of businesses is incorporated, a low overall level of taxes on corporations is observed (2.0 %, EU-27 2.8 %). On the other hand relatively high revenues are raised by the tax on the income of the self-employed (2.2 %, EU-27 1.4 %). These factors are reflected in the rather low implicit tax rate on capital (22.1 %).

Environmental taxes were strongly increased in the 1999–2003 period as a consequence of the ecological tax reform (from a pre-reform level of 2.1 % of GDP to 2.7 % in 2003). In the following years, however, they declined again to 2.3 % of GDP (in 2009) which is below the EU-27 average (2.6 %).

Current topics and prospects; policy orientation

The major reforms of the tax system were introduced when the German government took office. The coalition treaty contained some immediate tax changes which came into force in 2010 (see last year's report for more information). The Bill on acceleration of growth (*Wachstumsbeschleunigungsgesetz*) which came into force on 1 January 2010 contains most of the immediate tax changes of the coalition agreement.

In 2010, the government agreed on new tax measures in the context of budget consolidation. The annual tax act 2010 (*Jahressteuergesetz 2010*), the supplementary Budget Bill 2011 (*Haushaltsbegleitgesetz 2011*) and the nuclear fuel tax (*Kernbrennstoffsteuergesetz*) in particular included the new tax measures. As of January 2011, a duty on all airline tickets booked after 1 September 2010 will be levied for flights departing from Germany. The rates depend on the flight distance (€ 8 for short distance flights, € 25 for medium distance flights and € 45 for long distance flights). A tax on nuclear fuel is introduced as of 2011 (with estimated annual tax revenues of € 2.3 billion over the 2011-2016 period).

Main features of the tax system

Personal income tax

The bottom PIT rate is at 14 % with a basic allowance at € 8 004 as from 1 January 2010. PIT rates increase in two-linear progressive zones from the basic rate of 14 % to 42 % (applicable above € 52 552 respectively € 52 882 as from 1 January 2010). Since 2007, a top rate of 45 % applies to incomes above € 250 000. This value was increased to € 250 400 as from 1 January 2009 and € 250 730 as from 1 January 2010. A 5.5 % solidarity surcharge is levied on top of the PIT rates. Spouses living together are in general jointly assessed, their combined personal allowance thus being € 16 008 in 2010. Husband and wife each pay income tax on half the total of their combined incomes. On 1 January 2009 a final 25 % withholding tax (plus solidarity surcharge) on private households' capital income came into force, with an option on the assessment of private investment income and capital gains. A € 801 allowance (€ 1 602 for married couples) per year applies to investment income.

Another major reform was the introduction of a deferred taxation system exempting all retirement savings and the accruing interest tax exempt in 2005, while the resulting old-age income is taxed as ordinary income. The new tax treatment is being phased in over the years 2005 to 2040, with the share of retirement income subject to tax steadily rising, as an increasing proportion of the savings becomes deductible for PIT purposes.

Corporate taxation

The corporation tax system has been reformed several times in recent years, most recently in 2008. In particular, the CIT rates have been reduced from pre-1999 rates of 45 % (rate on non-distributed profits) and 30 % (rate on distributed profits) to a common 15 % rate. In order to finance the tax cuts, base-broadening measures were introduced. Among others, the depreciation on machinery and buildings was reduced. Moreover, the local tax on trade and industry (see below) is not deductible from the CIT base and its own base any more. Finally, as of January 2008 two measures to secure

the CIT base are in place: a so-called interest barrier rule (*Zinsschranke*), which introduces a profit-based limit on the deduction of interest expenses if net interest expenses exceed € 3 million, and a modified tax base rule, which adds parts of the interest expenses and portions of rents, leasing and licence fees to the tax base.

A further important tax on business is the trade tax. The trade tax, like the real property tax, belongs to the category of non-personal taxes. To the extent that it is conducted within the territory of the Federal Republic, any going business enterprise (with exceptions such as the operation of agricultural or forestry establishments or the provision of professional or other independent personal services) is liable to trade tax. The computation of trade tax proceeds from the basic tax. This is obtained by multiplying the amount of business profits by a fixed percentage of 3.5 % (the basic federal rate). Individuals and partnerships qualify for an allowance of € 24 500. The municipalities apply to the uniform basic tax (or in the case of allocation, to their allocated share) a multiplier (minimum 200 %) which they are entitled to determine.

As of January 2008 the CIT rate stands at 15 %, increased to 15.83 % by the 5.5 % solidarity surcharge. Together with the local trade tax (calculated with an average multiplier of 400 %) the overall tax rate is about 30 %. Two further aspects of the reform are the new preferential treatment of retained earnings in sole proprietorships and partnerships (non-incorporated businesses) and the introduction of a final withholding tax of 25 % that applies to interest payments, dividends and most forms of capital gains since 1 January 2009.

VAT and excise duties

The standard VAT rate was raised from 16 % to 19 % as of 1 January 2007. A 7 % reduced VAT rate is applied to certain products, e.g. for staple food, public transport and books, hotels and pensions. VAT exemptions are granted for few services like for rents, doctors' services.

Wealth and transaction taxes

Property tax is levied annually by all municipalities on the assessed tax value of land and buildings located in their region. The real estate transfer tax basically stands at 3.5 %, but as of 1 January 2007 the German *Länder* can set the rate themselves. Inheritance and gift taxes have been reformed in 2008. They are levied at rates ranging from 7 % to 50 % depending on the amount involved if it exceeds certain allowances. For siblings and children of siblings the tax rate range has been reduced to rates ranging from 15 % to 43 % (before between 30 % and 50 %) as of 1 January 2010. Inheritance of self-occupied housing is tax free within certain limits. The same holds for company successions where the taxation depends on how long the company is held by the heirs and how the payroll of the company changes.

Social contributions

Social security contributions to old-age insurance (19.9 % in 2010), unemployment insurance (2.8 %) nursing care insurance (1.95 %) and health insurance (14.0 %) are in general paid half by employers and half by employees up to a contribution assessment ceiling. However, employees pay a 0.9 % additional income linked contribution to health insurance leading to a total rate of 14.9 %. Employees without children pay an additional 0.25 % for nursing care insurance.

GREECE											2009		
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	% of GDP	Ranking	€ bn
A. Structure of revenues													
Indirect taxes	14,2	13,8	13,3	12,4	12,0	12,0	12,6	12,8	12,5	11,5		23	26,7
VAT	7,2	7,5	7,6	7,0	6,8	6,9	7,1	7,3	7,2	6,4		22	14,9
Excise duties and consumption taxes	3,1	3,1	2,9	2,8	2,6	2,6	2,5	2,5	2,3	2,6		21	5,9
Other taxes on products (incl. import duties)	3,3	2,7	2,4	2,3	2,2	2,2	2,7	2,6	2,6	2,1		6	4,8
Other taxes on production	0,6	0,5	0,3	0,3	0,3	0,3	0,4	0,4	0,4	0,5		25	1,1
Direct taxes	10,0	8,8	8,8	8,0	8,2	8,7	8,2	8,2	8,2	8,5		18	19,8
Personal income	5,0	4,5	4,5	4,3	4,4	4,6	4,7	4,9	4,9	5,1		20	12,0
Corporate income	4,1	3,4	3,4	2,9	3,0	3,3	2,7	2,5	2,5	2,4		14	5,7
Other	0,8	1,0	0,9	0,7	0,7	0,8	0,8	0,8	0,8	0,9		9	2,2
Social contributions	10,5	10,6	11,6	11,7	11,2	11,2	10,6	11,1	11,0	10,4		17	24,2
Employers´	4,9	4,9	5,5	5,4	5,1	5,1	4,8	5,1	5,2	4,7		21	11,1
Employees´	4,1	4,2	4,5	4,7	4,4	4,5	4,1	4,2	4,2	3,8		9	8,9
Self- and non-employed	1,5	1,5	1,6	1,6	1,6	1,7	1,7	1,8	1,7	1,8		7	4,2
Less: amounts assessed but unlikely to be collected	0,0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.			
TOTAL	34,6	33,2	33,7	32,1	31,3	31,9	31,5	32,1	31,7	30,3		21	70,7
Cyclically adjusted total tax to GDP ratio	35,1	33,6	34,1	31,6	30,3	31,2	29,9	29,4	28,9	28,8			
B. Structure by level of government													
Central government	67,6	65,8	63,9	62,1	63,2	63,8	63,8	63,2	62,7	63,7		11	45,0
State government ²⁾	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		n.a.	n.a.
Local government	0,8	0,9	0,8	0,8	0,8	0,8	0,8	0,8	0,8	0,7		26	0,5
Social security funds	29,9	31,6	34,2	36,1	35,1	34,5	34,6	35,1	35,5	34,7		10	24,6
EU institutions	1,7	1,7	1,2	1,1	0,9	0,9	0,9	0,9	0,9	0,9		7	0,6
C. Structure by economic function													
Consumption	12,4	12,7	12,4	11,4	11,2	11,2	11,5	11,7	11,4	10,8		17	25,1
Labour	12,4	12,2	13,1	13,1	12,6	12,9	12,5	12,9	13,0	12,5		21	29,1
Employed	11,5	11,3	12,2	12,2	11,8	12,0	11,4	11,8	11,8	11,1		25	25,9
Paid by employers	4,9	4,9	5,5	5,4	5,1	5,1	4,8	5,1	5,2	4,7		22	11,1
Paid by employees	6,6	6,4	6,7	6,8	6,6	6,9	6,6	6,7	6,6	6,4		20	14,9
Non-employed	0,9	0,9	0,9	0,9	0,9	1,0	1,1	1,2	1,2	1,4		10	3,1
Capital	9,8	8,4	8,2	7,6	7,4	7,8	7,5	7,5	7,3	7,1		10	16,5
Capital and business income	7,4	6,4	6,6	6,0	6,1	6,4	5,8	5,7	5,6	5,6		7	13,0
Income of corporations	4,1	3,4	3,4	2,9	3,0	3,3	2,7	2,5	2,5	2,4		15	5,7
Income of households	0,8	0,7	0,7	0,7	0,6	0,7	0,7	0,7	0,7	0,7		14	1,6
Income of self-employed (incl. SSC)	2,5	2,3	2,5	2,5	2,4	2,4	2,4	2,5	2,4	2,4		5	5,7
Stocks of capital / wealth	2,4	2,0	1,6	1,5	1,3	1,4	1,7	1,8	1,7	1,5		14	3,5
D. Environmental taxes													
Environmental taxes	2,3	2,5	2,3	2,2	2,2	2,1	2,0	2,1	1,9	2,0		24	4,6
Energy	1,6	1,5	1,4	1,3	1,3	1,2	1,2	1,2	1,1	1,2		27	2,8
Of which transport fuel taxes	:	:	:	1,2	1,2	1,1	1,1	1,1	1,1	1,0		27	
Transport (excl. fuel)	0,8	1,0	0,9	0,8	0,9	0,9	0,8	0,8	0,8	0,8		7	1,8
Pollution/resources	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0		25	0,0
E. Implicit tax rates													
Consumption	16,5	16,7	16,1	15,5	15,3	14,8	15,1	15,5	14,8	14,0		26	
Labour employed	34,5	34,6	34,4	35,0	33,6	34,0	32,5	33,0	32,2	29,7		19	
Capital	19,9	17,0	17,8	16,7	16,3	17,5	:	:	:	:			
Capital and business income	15,0	13,1	14,2	13,3	13,3	14,3	:	:	:	:			
Corporations	26,4	20,7	21,4	17,9	17,0	19,7	:	:	:	:			
Households	8,6	8,2	9,3	9,6	9,7	9,7	:	:	:	:			
Real GDP growth (annual rate)	4,5	4,2	3,4	5,9	4,4	2,3	4,5	4,3	1,3	-2,3			

See Annex B for explanatory notes. For classification of taxes please visit <http://ec.europa.eu/taxtrends>

1) The ranking is calculated in descending order. A "1" indicates this is the highest value in the EU-27. No ranking is given if more than 10 % of data points are missing.

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n.a. not applicable, : not available

Source: Commission services

GREECE

Overall trends in taxation

Structure and development of tax revenues

Greece's total tax-to-GDP ratio (including social security contributions) amounted to 30.3 % in 2009, well below the EU-27 average (35.8 %). This is among the lowest tax-to-GDP ratio for the countries in the euro area, where the average value stands at 36.5 %.

Revenues from indirect taxes account for 11.5 percentage points of GDP, whereas social contributions supply 10.4% of GDP in terms of revenue. Although their contribution is lower than the EU-27 average (13.4 % of GDP), in Greece indirect taxes play a more important role than direct taxes. Revenue from direct taxes expressed as a percentage of GDP is about three quarters of the EU-27 average (8.5 % as compared with 11.5 %). Revenues from personal income taxes in particular account for a mere 5.1 % of GDP, compared with an EU-27 average of 8.0 % of GDP. The structure of the tax mix reflects the high reliance on indirect taxes, which account for 37.8% of the total tax take, more than twice as large as the share of personal income taxes (16.9%). The vast majority of revenues, roughly 64 % of the total, flow to the central government while social security funds receive almost all of the remainder. Local government levies only a limited share of overall taxation, amounting to 0.7 % of GDP. While the share of the local government has remained fairly constant over time, the fraction of the taxes destined to the central government has declined since 2000, with a corresponding increase in receipts to the social security funds.

The overall tax burden increased rapidly from 1995 to 2000, when it reached a peak of 34.6 % of GDP (35.1 % if adjusted for the cycle), reflecting the effort to combat tax evasion and to reduce the government deficit in the run-up to the euro. The strongest relative increases in that period were recorded for corporate income and personal income taxes. From 2002 to 2004, the cyclically adjusted tax burden dropped by almost four percentage points of GDP with declines being recorded mostly for indirect taxes, employers' social security contributions and corporate taxes, following cuts in the rates. In 2009 it stood at 28.8 % of GDP, remaining roughly in line with the 2008 value.

Taxation of consumption, labour and capital; environmental taxation

In 2009 the implicit tax rate on consumption in Greece was 14 %, some 7 percentage points below the EU-27 average (20.9 %) and the second lowest value in the area after Spain. This is due to a broad application of reduced VAT rates as compared to the standard VAT rate and a moderate level of excise duties. The Greek ITR on consumption has declined steadily from its 16.7 % peak in 2001 to 14.8 % in 2005, and since 2007 has been on a declining trend. A reversal is expected as of 2010 following the significant increases in the VAT rates and excise duties introduced in the course of that year.

The implicit tax rate on labour is, at 29.7 %, roughly three percentage points below the EU-27 average. Given low direct taxes, the influence of social security contributions on the overall developments of the indicator is particularly relevant. In the period under consideration, the ITR on labour grew from a below average 34.5 % in 2000 to 35.0 % in 2003. It dropped markedly by 1.4 percentage points in 2004, inter alia due to the lagged effects of the tax measures already introduced in 2001, and has been on a downward trend since 2007.

Data on the ITR on capital are only available until 2005. Greece displayed a low rate of capital taxation in the previous years; with the ITR on capital at 17.5 % in 2005. As in many Member States, the ITR had decreased substantially in the years 2000–2004, but then it picked up by 1.2 % in 2005, remaining well below the EU-25 average of 24.9 %. Note also that a low ITR on capital may be linked to the structure of employment, characterised by a relatively high share of self-employed (whose income is treated as capital income in our methodology).

The role of environmental taxes has been decreasing over recent years in Greece: their share in terms of GDP has declined by a cumulative 0.5 percentage points since 2001. This decline was driven by shrinking revenues from energy taxation, for which Greece records the lowest value among the EU-27. In 2009 the ratio of environmental taxation stood at 2.0 % of GDP, a value among the lowest in the Union (the EU-27 average is 2.6 %). The new tax law 3943 enacted on 31 March 2011 includes a specific provision for VAT applicable to GHG emission allowances under Directive 2003/87/EC.

Current topics and prospects; policy orientation

Between 2004 and 2008, a number of reforms to the corporate and personal income tax systems were introduced with the aim of simplifying the tax code, fostering entrepreneurship, encouraging investment and innovation, providing for a more equitable distribution of the tax burden. Revenue-raising objectives motivate the fiscal measures adopted in 2010 in response to the economic crisis as a part of the broader fiscal consolidation effort linked to the EU and IMF package of financial assistance. In particular, law 3842 approved in April 2010 has overhauled the whole PIT system, increasing its progressivity and abolishing existing exemptions (see below).

The highest yield is expected from the measures in the domain of indirect taxation, particularly VAT and excise duties. In February 2010 a generalised increase in VAT rates was approved, with the standard rate raised by two points to 21 % and the reduced rate increased from 9 % to 10 %. A further 10 % increase, bringing the standard and the reduced rate, respectively, to 23 % and 11 % has been in place as of July 2010, alongside base-broadening measures. As of January 2011, the reduced rate has been increased to 13 %, whereas the super-reduced rate (previously at 4.5 %) has been raised to 6.5 %. Excise duties on cigarettes, alcohol and fuel have been increased as well, with an expected yield of 1.2 % of GDP in 2010.

Several other measures have been introduced in the first half of 2010. The real estate taxation regime has been substantially changed: the 1 % flat rate on large properties has been substituted with a progressive scale – the 1 % top rate applicable above € 800 000 is increased to 2 % for property values above € 5 million for a period of three years. Higher levies have been introduced on Church property not used for religious, educational or charitable purposes (at the same rate as the property of legal entities) and derived income (a 20 % rate is applicable); both real estate and money donations have been made subject to a 5 % levy. The progressivity of taxes on inheritance, gifts and parental provisions for closest relatives has been increased: four rates (instead of the previous two) have been introduced; transactions up to € 150 000 are exempted, while the top rate of 10 % is applicable above € 600 000. In addition, a special levy on luxury goods has been introduced, whereas the extra contribution charged on large profitable corporations has been extended until 2014.

In March 2011 a new tax law was passed which reduces the CIT rate to 20 % for income earned in 2011 and abandons the split system on retained and distributed profits introduced by law 3842 of April 2010.

Main features of the tax system

Personal income tax

The restructuring of the PIT enacted in early 2010 goes in the opposite direction compared to the reforms enacted in the early 2000s. The tax bill introduces nine tax brackets (instead of the previous four), with increased rates for higher tax brackets (a 45 % top marginal rate applicable above € 100 000), and the abolition of tax exemptions. The tax-free threshold amounts to € 12 000, and is directly linked to taxpayers' expenditures. The new unified scale will apply to all sources of income, thus eliminating the different treatment of employment income and pensions, and of other income in place in the previous system.

Individuals are subject only to a national income tax, as there are no local income taxes. Greek law defines six categories of taxable income: income from immovable property, i.e. land and buildings; income from movable property, i.e.

investment income; from business; from agriculture; from employment; and from professional activities and other sources. Income from immovable property is subject to additional taxation beyond the normal progressive income tax at the rate of 1.5 %. The rate rises to 3 % where the surface area of the residence is greater than 300 m². The amount of additional tax may not be greater than the amount payable on the taxpayer's total net income. There is no net wealth tax.

There are no personal allowances. In 2003 previous tax deductions were transformed into tax credits. However, life insurance premiums, social security contributions and cash donations for specific purposes remain fully deductible. The main tax credits are granted for medical expenses, home rent, annual educational expenses, for conversion or installation of environmentally friendly heating systems, for the annual mortgage interest on taxpayer's principal home and for the acquisition of long-term balanced or equity mutual funds.

Corporate taxation

Greece has been cutting the corporate tax rate over the last few years. The statutory tax rate for non-listed companies was cut from 40 % to 37.5 % in 2001 and to 35 % in 2002, followed by a cut to 29 % in 2006. It was then further reduced to 25 % in 2007. The tax reform enacted in 2008 foresaw a gradual reduction by 1 percentage point per year of the corporate income tax rate for the years between 2010 and 2014 (from 25 % to 20 %). Under the new tax law enacted in March 2011 the corporate income tax rate of 20 % shall apply to the total taxable income already from the year 2012 (for income earned in 2011), whereas a rate of 24 % shall apply only for the year 2011 (for income earned in 2010). The tax rate for civil law companies, joint ventures and civil law associations is 25%. The same tax rate applies to partnerships, with the exception of the portion relating to partners who are individuals, when 20 % applies. An additional tax of 3 % is levied on gross income derived from immovable property. This additional tax cannot exceed the tax calculated on the company's income. Under the new tax law of March 2011, a withholding tax of 25 % shall be levied from 2012 to profits distributed by corporations, limited liability companies and cooperatives; for the year 2011 the withholding tax rate is 21 %.

Companies are subject to corporate income taxes and real estate taxes, while local taxes are not significant. There is no group taxation in Greece, i.e. all entities are taxed separately. In general, tax losses may be carried forward for five years. No tax loss carry-backs are allowed. Expenses are deductible only if they are incurred for the purpose of earning income.

VAT and excise duties

VAT rates have been subject to generalised increases in the course of 2010 (see above). The standard rate is 23 % (up from 19 % applicable in 2009). The reduced rate - applicable to goods such as fresh food products, pharmaceuticals, transportation and electricity, as well as to certain professional services such as those supplied by hotels, restaurants, coffee shops and (non-exempt) services by doctors and dentists - is raised to 13 % as of January 2011 (up from 9 % in 2009). A 6.5 % rate (previously 4.5 %) applies to newspapers, periodicals, books and tickets for cultural events. For the region of the Dodecanese, the Cyclades and Eastern Aegean islands, the above rates are reduced by 30 %. In addition to VAT, an excise duty is levied on mineral oils, gasoline, tobacco, alcohol, beer and wine. Excises on electricity - with the exception of that produced by renewable resources - were introduced in the bill of early 2010 containing measures to improve the public finances.

Social contributions

Both employees and employers are obliged to pay contributions to social insurance. Employees' contributions are withheld by the employer and paid at a rate of 16 % for white-collar employees and 19.45 % for blue-collar workers. Following a generalized freeze on wages, the monthly ceiling for 2010 are the same as in 2009, that is € 2 432.25 if the employment has started prior to 1 January 1993 and € 5 543.55 if employment started thereafter.

HUNGARY											2009		
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	% of GDP	Ranking	€ bn
A. Structure of revenues													
Indirect taxes	16,3	15,3	14,9	15,7	16,2	15,8	15,3	16,0	15,9	16,6		3	15,5
VAT	8,7	8,0	7,8	8,2	8,8	8,5	7,6	8,0	7,7	8,4		8	7,8
Excise duties and consumption taxes	3,9	3,6	3,6	3,7	3,3	3,2	3,3	3,4	3,3	3,5		7	3,3
Other taxes on products (incl. import duties)	3,3	3,2	3,1	3,5	3,6	3,6	3,8	4,1	4,1	3,9		1	3,6
Other taxes on production	0,4	0,4	0,4	0,4	0,5	0,5	0,6	0,7	0,7	0,8		17	0,8
Direct taxes	9,7	10,1	10,1	9,6	9,0	9,1	9,4	10,3	10,5	9,8		16	9,1
Personal income	7,2	7,5	7,5	7,0	6,5	6,6	6,7	7,2	7,6	7,3		13	6,8
Corporate income	2,2	2,3	2,3	2,2	2,1	2,1	2,3	2,8	2,6	2,1		19	2,0
Other	0,3	0,3	0,3	0,3	0,4	0,4	0,4	0,3	0,3	0,4		20	0,4
Social contributions	13,0	12,8	12,8	12,6	12,2	12,6	12,5	13,6	13,6	13,0		10	12,1
Employers´	10,5	10,1	10,0	9,8	9,4	9,7	9,5	9,6	9,7	9,1		6	8,5
Employees´	2,0	2,1	2,2	2,2	2,3	2,3	2,4	3,3	3,2	3,2		12	2,9
Self- and non-employed	0,6	0,6	0,5	0,6	0,5	0,5	0,6	0,6	0,7	0,7		15	0,7
Less: amounts assessed but unlikely to be collected	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.			
TOTAL	39,0	38,2	37,8	37,8	37,4	37,5	37,3	39,9	40,0	39,5		9	36,7
Cyclically adjusted total tax to GDP ratio	39,1	38,3	37,6	37,4	36,2	36,1	35,1	38,2	38,5	41,5			
B. Structure by level of government													
Central government	59,6	58,9	58,6	58,1	57,6	57,0	57,0	56,7	61,4	61,9		12	22,7
State government ²⁾	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		n.a.	n.a.
Local government	9,8	10,3	10,5	11,4	12,0	11,6	11,7	11,1	6,4	6,7		17	2,5
Social security funds	30,7	30,7	30,8	30,5	29,9	30,6	30,6	31,3	31,3	30,7		14	11,3
EU institutions	n.a.	n.a.	n.a.	n.a.	0,5	0,8	0,8	0,9	0,9	0,7		18	0,3
C. Structure by economic function													
Consumption	15,5	14,5	14,1	14,6	14,9	14,5	13,9	14,6	14,4	15,0		2	14,0
Labour	19,0	19,0	19,0	18,5	17,9	18,3	18,3	19,9	20,6	19,7		10	18,3
Employed	18,3	18,3	18,7	18,2	17,6	18,0	18,0	19,1	19,6	18,8		9	17,4
Paid by employers	10,6	10,2	10,2	9,9	9,6	9,9	9,7	9,9	10,0	9,4		8	8,8
Paid by employees	7,7	8,1	8,5	8,2	8,0	8,1	8,3	9,1	9,7	9,3		12	8,7
Non-employed	0,7	0,7	0,3	0,3	0,3	0,3	0,3	0,8	1,0	0,9		15	0,9
Capital	4,5	4,7	4,7	4,7	4,6	4,6	5,0	5,5	5,1	4,7		22	4,4
Capital and business income	3,5	3,7	3,7	3,5	3,3	3,3	3,7	4,2	3,7	3,4		21	3,1
Income of corporations	2,2	2,3	2,3	2,2	2,1	2,2	2,4	2,8	2,7	2,3		17	2,1
Income of households	0,7	0,6	0,7	0,7	0,6	0,6	0,6	0,7	0,4	0,4		17	0,4
Income of self-employed (incl. SSC)	0,7	0,7	0,7	0,6	0,6	0,5	0,7	0,6	0,6	0,6		21	0,6
Stocks of capital / wealth	1,0	1,0	1,0	1,2	1,3	1,3	1,3	1,3	1,3	1,4		16	1,3
D. Environmental taxes													
Environmental taxes	3,0	2,8	2,8	2,6	2,7	2,7	2,8	2,8	2,7	2,6		11	2,4
Energy	2,4	2,3	2,2	2,3	2,0	2,1	2,1	2,0	1,9	2,0		12	1,8
Of which transport fuel taxes	:	:	:	:	1,8	1,8	1,9	1,8	1,8	1,8		9	
Transport (excl. fuel)	0,4	0,4	0,4	0,2	0,5	0,5	0,6	0,6	0,6	0,5		15	0,4
Pollution/resources	0,2	0,1	0,2	0,2	0,2	0,1	0,1	0,1	0,2	0,2		6	0,2
E. Implicit tax rates													
Consumption	27,5	25,6	25,3	26,0	27,4	26,3	25,6	27,0	26,6	28,2		2	
Labour employed	41,4	40,9	41,2	39,3	38,3	38,4	38,8	41,0	42,1	41,0		4	
Capital	17,1	17,4	16,8	17,7	16,8	17,4	16,7	18,7	18,6	18,8			
Capital and business income	13,4	13,6	13,2	13,4	11,9	12,3	12,4	14,3	13,7	13,4			
Corporations	28,7	25,6	20,1	19,3	17,4	18,3	15,5	18,3	18,9	19,1			
Households	6,7	7,3	7,8	8,1	6,9	7,0	8,4	9,0	7,5	7,6			
Real GDP growth (annual rate)	4,9	3,8	4,1	4,0	4,5	3,2	3,6	0,8	0,8	-6,7			

See Annex B for explanatory notes. For classification of taxes please visit <http://ec.europa.eu/taxtrends>

1) The ranking is calculated in descending order. A "1" indicates this is the highest value in the EU-27. No ranking is given if more than 10 % of data points are missing.

2) This level refers to the *Länder* in AT and DE, the *gewesten en gemeenschappen / régions et communautés* in BE and *comunidades autónomas* in ES.

n.a. not applicable, : not available

Source: Commission services

HUNGARY

Overall trends in taxation

Structure and development of tax revenues

As of 2009, with a total tax-to-GDP ratio of 39.5 % (including social security contributions), Hungary's tax burden is well above the EU average (35.8 %). Looking at neighbouring countries, Austria displays a higher tax ratio (42.7 %) but Slovenia has a lower ratio (37.6 %) and both Slovakia's and Romania's ratios (28.8 % and 27.0 % respectively) lie well below the Hungarian value.

Revenues from indirect taxes are substantial, their share accounting for 42.1 % of the total. After a five percentage-point hike in the standard rate, VAT revenues yielded 8.4 % of GDP which exceeds the EU average by one percentage point. Other taxes on products are the highest in the EU (3.9 % compared to the EU average of 1.3 %) mainly because of local business tax revenues. However the decreased car registration tax revenues resulted in a 0.2 percentage-point drop in 2009. In contrast, direct taxes are relatively low at 9.8 % of GDP (EU-27 11.5 %). Social contributions in relation to GDP are clearly above the European average (13.0 % v. 11.1 %); the majority of them fall on employers. Tax revenues are divided between central government, local government and the social security system. While central government remains by far the largest recipient of tax revenue, with over half of the total, local government taxes are, at 6.7 % of total taxation, not negligible. Local taxes grew rapidly until 2004 and since then they are showing a decreasing trend⁽⁸³⁾.

The overall tax burden declined gradually between 2000 and 2006 from 39.0 % to 37.3 % then quickly reached 40.0 % in 2008 as a result of a public finance consolidation. Despite the -6.7 % real GDP growth the total tax-to-GDP ratio dropped only 0.5 percentage points in 2009, partly due to the increased VAT revenues. The shares of the main categories of taxes evolved differently over the years, but social contributions paid by employees and the level of other taxes on products increased steadily from 2000 onwards.

Taxation of consumption, labour and capital; environmental taxation

The high level of indirect taxation in Hungary leads to a correspondingly elevated ITR on consumption (28.2 % in 2009). This value is the second highest in the EU. The ITR on consumption shows a general decline up to 2002 in line with the reduction in indirect tax revenue, however it bounced back thereafter in line with the hike in VAT rate.

The ITR on labour amounted to 41.0 % in 2009. This value is the fourth highest in the EU and it is well above the EU average (32.9 %). Since 2000, the ITR on labour showed a gradual decline over time until 2004, but increased by 3.8 points until 2008, then dropped by 1.1 percentage points reflecting the changes in the PIT system. The revenues from taxes on capital are, at 4.7 % of GDP, one of the lowest in the EU, due notably to low business income taxation. The ITR on capital remained stable between 2000 and 2006 but it has increased significantly in the last years, reflecting the changes in tax policy; however it is still well below the EU average.

Environmental taxes represented 2.6 % of GDP. This share is equal to the EU average and has remained roughly stable between 2003 and 2009. Taxes on energy account for the largest part of environmental tax revenues.

Current topics and prospects; policy orientation

After the general elections in April 2010 the new government made significant changes to the social security and tax system. The main goals were to reduce public debt and to reach the deficit target for 2011 (less than 3 % of GDP). To that effect the government introduced an economic stimulus package which includes major reform in the PIT system, a lower CIT burden and sector specific surtaxes. There were important structural changes in the pension system as well. To further

⁽⁸³⁾ The decreased share of local taxes in 2008 is purely due to statistical reclassification

simplify the tax system minor taxes, such as the tax on valuable properties, the community tax on entrepreneurs, the tourism tax on buildings and water management shareholding contributions were abolished.

Main features of the tax system

Personal income tax

On 1 January 2011 the progressive personal income tax (PIT) system was replaced by a 16 % flat rate system. It applies not only to salaries but also to all categories of income subject to PIT such as sale of real estate, dividends and interests. In 2011 the tax base still includes the employers' social security contributions (27 %). This amount will be reduced to 13.5 % in 2012, and will be eliminated from the base as of 2013. In the new system the pension benefits, the child care allowances, the scholarships and the employer's housing subsidies are excluded from the tax base. Effective from 1 January 2010 a "qualified investment income" category was introduced pertaining to capital gains and interest realized on long-term investments. In the event that such investment is held for at least 5 years capital gains can be realized without any tax charge.

As of 1 January 2011 a new family tax credit system has been introduced. The government has significantly increased children's allowances. Families with one or two children can reduce their tax base by HUF 62 500 (€ 230) and those with three or more children by HUF 206 250 (€ 750) a month for each child. The employment tax credit is calculated as 16 % of wage income earned, with a monthly maximum of HUF 12 100 (€ 44) and is applicable to workers whose annual income does not exceed HUF 3 960 000 (€ 14 400). For those with annual income between HUF 2 750 000 (€ 10 000) and HUF 3 960 000 a lower tax credit is applicable.

Effective from 30 December 2010 a 98 % surtax was introduced on certain income received by public servants in connection with their termination of employment. The surtax applies retroactively from 1 January 2005 and the tax base is the part of the income exceeding HUF 3.5 million (€ 13 000).

Corporate taxation

In recent years there has been a strong tendency to reduce corporate tax rates, particularly in new Member States. In this context Hungary has an established position as a low tax country, given that it introduced a corporate tax rate of 18 % already in 1995, further reduced to 16 % in 2004. Although on 1 January 2010 a broader tax base was introduced and the tax rate was increased to 19 %, at the same time the 4 % solidarity tax was discontinued with the result that the effective tax burden was lowered further by approximately one percentage point. A tax rate of 10 % is still applicable to income below a certain threshold but as of 1 July 2010 this threshold was increased from HUF 50 million (€ 180 000) to HUF 250 million (€ 0.9 million) for the second half of 2010, and to HUF 500 million (€ 1.8 million) as of 2011.

Small enterprises with less than HUF 25 million (€ 90 000) annual turnover may choose to reduce their administrative burden and use the simplified corporate income tax regime (EVA) with an overall 30 % tax rate. Besides the corporate income tax, municipalities may levy a local business tax (up to 2 %). Companies are also required to pay an innovation tax, at the rate of 0.3 %. To encourage R&D activities, as from 1 January 2010 this amount is deductible from the local business tax base. Micro and small enterprises are exempted from paying the innovation tax.

In 2010 a surtax on financial institutions was introduced. In 2011 the amount is 0.15 % and 0.53 % of the adjusted amount of balance sheet of 31 December 2009 up to and over HUF 50 billion (€ 182 million) respectively. For insurance companies progressive tax rates apply with a minimum of 1.5 % for income below HUF 1 billion (€ 3.6 million) and a maximum of 6.4 % if the adjusted income exceeds HUF 8 billion (€ 29 million). Credit institutions also pay 30 % surtax on their pre-tax profit but the total amount to be paid cannot exceed the amount calculated for the surtax on financial institutions. The surtax on pre-tax profit is deductible from the surtax on balance sheet, but the calculated difference can not be a negative amount. Effective from 4 December 2010 a sector specific surtax was promulgated, which will remain in

force until 31 December 2012. Retail trading, telecommunication and energy supplier activities are subject to it. The tax is 0.3 % and 1.05 % of the taxable turnover up to and over HUF 5 billion (€ 18 million) respectively for energy supply activities. Different progressive rates are applied for retail traders with a maximum rate of 2.5 % (over HUF 100 billion (€ 365 million) taxable turnover) and telecommunication activities with a maximum rate of 6.5 % (over HUF 5 billion (€ 18 million) taxable turnover).

Capital gains are generally included in the company's total ordinary income. As from 1 January 2010, capital gains of controlled foreign companies without a permanent establishment in Hungary are subject to taxation at the level of the private person owner if the person's ownership/voting share reaches 25 %. Dividends paid to Hungarian companies are generally deductible from the corporate tax base. However, dividends received from controlled foreign corporations are not deductible.

VAT

The standard VAT rate was increased from 20 % to 25 % in July 2009, while milk, milk products, bread, bakery products, and accommodation services became subject to a reduced 18 % rate. VAT rate on district heating services was first cut to 18 % on 1 August 2009, and on 15 January 2010 it was set to 5 %. This preferential reduced rate of 5 % applies also to a few other products such as specific medicines and medical materials, books, newspapers, etc. In accordance with Council Directive 2008/8/EC the place of supply of services to taxable persons was changed on 1 January 2010.

In 2009 and 2010 the excise duties on tobacco, alcohol and fuel were increased and as a second step, from 1 January 2010 an additional increase in excise duties took place. With a further increase in 2011 the excise duties for tobacco products are in line with the corresponding Council Directive 2008/118/EC.

Other taxes

From 1 January 2009 a new tax is to be levied on energy suppliers — the Special Energy Tax. The tax base is the pre-tax profit subject to certain tax base adjusting items.

On 1 January 2010, the duty payable on acquisition of assets was reduced from 10 % to 4 %.

A company car tax was introduced in 2009. Companies have to pay HUF 7 000 (€ 25) per month per car below 1 600 cm³ and HUF 15 000 (€ 54) for cars over 1 600 cm³.

Municipalities may levy a real estate tax on building and land. The maximum tax for buildings is either a fixed amount of HUF 1 100 (€ 4) per year per square metre or 3.6 % of the market value, and for land is either a fixed amount of HUF 200 (€ 0.7) per year per square metre or 3 % of the market value.

Social contributions

Social security contributions (SSC) consist of pension insurance contributions and health insurance contributions. In the case of pension contributions paid by employees, a ceiling applies. Additionally, health care charges are payable. The lump-sum health contribution was abolished on 1 January 2010. The tax credit for payments to voluntary funds or pension savings account was reduced from 30 % to 20 % as from 2011. The obligatory payment to private pension funds was abolished and the total amount of SSC goes to the state budget. (As regards members of private pension funds, previously 8 % went to private pension funds and 1.5 % to the state budget.)

Social security contributions include employers' social contributions of 27 % and employees' social contributions of 17.5 %, and these rates include employers and employees pay contributions (1 % and 1.5 % respectively) transferable to the employment fund.

IRELAND											2009		
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	% of GDP	Ranking	€ bn
A. Structure of revenues													
Indirect taxes	13,6	12,5	12,4	12,6	13,2	13,7	14,2	13,6	12,7	11,5		22	18,4
VAT	7,3	6,8	7,0	7,0	7,3	7,6	7,8	7,6	7,3	6,4		21	10,2
Excise duties and consumption taxes	3,2	2,8	2,9	2,8	2,7	2,6	2,4	2,4	2,4	2,7		19	4,3
Other taxes on products (incl. import duties)	2,3	2,0	1,7	2,0	2,2	2,6	3,0	2,6	1,8	1,1		13	1,7
Other taxes on production	0,8	0,8	0,8	0,9	0,9	0,9	1,0	1,0	1,1	1,3		12	2,1
Direct taxes	13,5	12,8	11,6	11,9	12,4	12,3	13,2	12,9	11,7	10,9		13	17,3
Personal income	9,2	8,7	7,5	7,7	8,3	8,4	8,8	8,9	8,2	7,9		10	12,5
Corporate income	3,8	3,6	3,7	3,8	3,7	3,5	3,9	3,5	2,9	2,5		12	3,9
Other	0,5	0,4	0,4	0,4	0,4	0,4	0,5	0,5	0,5	0,5		18	0,8
Social contributions	4,4	4,5	4,4	4,4	4,6	4,7	4,8	5,0	5,4	5,8		26	9,3
Employers´	2,7	2,8	2,7	2,7	2,7	2,7	2,9	3,1	3,3	3,3		25	5,3
Employees´	1,5	1,5	1,5	1,6	1,7	1,7	1,6	1,7	1,9	2,3		22	3,7
Self- and non-employed	0,2	0,2	0,2	0,2	0,2	0,2	0,2	0,2	0,2	0,2		23	0,3
Less: amounts assessed but unlikely to be collected	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.			
TOTAL	31,5	29,7	28,4	28,9	30,2	30,7	32,2	31,4	29,7	28,2		25	45,1
Cyclically adjusted total tax to GDP ratio	29,9	28,6	27,2	28,2	29,5	29,3	29,9	28,0	28,2	29,8			
B. Structure by level of government													
Central government	84,8	83,6	83,9	84,1	84,4	84,4	84,7	83,8	81,5	80,0		3	36,0
State government ²⁾	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		n.a.	n.a.
Local government	2,0	2,1	2,3	2,3	2,3	2,3	2,3	2,3	2,8	3,4		23	1,5
Social security funds	11,3	12,5	12,8	12,6	12,5	12,4	12,2	13,0	14,9	15,9		23	7,2
EU institutions	1,9	1,8	1,0	1,0	0,7	0,9	0,8	0,9	0,9	0,8		14	0,4
C. Structure by economic function													
Consumption	12,1	10,9	11,0	10,9	11,2	11,4	11,5	11,2	10,9	10,0		25	15,9
Labour	11,4	11,0	10,0	9,7	10,4	10,4	10,4	10,8	11,3	11,8		25	18,8
Employed	11,4	10,9	10,0	9,7	10,3	10,3	10,4	10,7	11,2	11,7		22	18,7
Paid by employers	2,7	2,8	2,7	2,7	2,7	2,7	2,9	3,1	3,3	3,3		25	5,3
Paid by employees	8,7	8,1	7,3	7,0	7,6	7,6	7,4	7,6	7,9	8,4		14	13,4
Non-employed	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1		27	0,1
Capital	8,0	7,8	7,4	8,3	8,6	8,9	10,2	9,5	7,5	6,5		13	10,3
Capital and business income	6,0	5,9	5,6	6,2	6,2	6,2	7,1	6,6	5,2	4,4		17	7,0
Income of corporations	3,8	3,6	3,7	3,8	3,7	3,5	3,9	3,5	2,9	2,5		13	3,9
Income of households	1,1	1,1	0,8	1,4	1,5	1,6	2,1	2,0	1,3	0,9		11	1,4
Income of self-employed (incl. SSC)	1,1	1,1	1,1	1,0	1,1	1,1	1,0	1,0	1,1	1,0		15	1,7
Stocks of capital / wealth	2,0	2,0	1,8	2,2	2,4	2,7	3,2	2,9	2,2	2,1		9	3,3
D. Environmental taxes													
Environmental taxes	2,9	2,4	2,4	2,3	2,5	2,5	2,5	2,5	2,5	2,4		18	3,8
Energy	1,4	1,2	1,3	1,3	1,4	1,3	1,3	1,2	1,3	1,5		23	2,3
Of which transport fuel taxes	:	:	:	1,1	1,2	1,2	1,2	1,1	1,2	1,3		19	
Transport (excl. fuel)	1,4	1,1	1,1	1,1	1,1	1,2	1,2	1,3	1,2	0,9		5	1,4
Pollution/resources	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0		22	0,0
E. Implicit tax rates													
Consumption	25,5	23,7	24,5	24,4	25,5	26,1	26,3	25,1	23,3	21,6		10	
Labour employed	28,5	27,4	26,0	25,0	26,3	25,3	25,3	25,7	25,3	25,5		22	
Capital	:	:	14,9	16,8	18,0	19,6	21,2	19,1	16,3	14,9			
Capital and business income	:	:	11,3	12,4	13,0	13,6	14,7	13,4	11,4	10,1			
Corporations	:	:	9,9	10,1	10,3	10,1	10,4	8,9	8,0	7,5			
Households	:	:	14,8	18,8	18,9	23,5	28,5	29,5	22,2	17,7			
Real GDP growth (annual rate)	9,7	5,7	6,5	4,4	4,6	6,0	5,3	5,6	-3,5	-7,6			

See Annex B for explanatory notes. For classification of taxes please visit <http://ec.europa.eu/taxtrends>

1) The ranking is calculated in descending order. A "1" indicates this is the highest value in the EU-27. No ranking is given if more than 10 % of data points are missing.

2) This level refers to the *Länder* in AT and DE, the *gewesten en gemeenschappen / régions et communautés* in BE and *comunidades autónomas* in ES.

n.a. not applicable, : not available

Source: Commission services

IRELAND

Overall trends in taxation

Structure and development of tax revenues

At 28.2 % in 2009, the total tax-to-GDP ratio in Ireland (including social security contributions) is the third lowest in the Union and the second lowest in the euro area. While this ratio has shown an upward trend from 2002 to 2006, it decreased by four percentage points from 2006 to 2009.

The taxation structure is characterised by a strong reliance on taxes rather than social security contributions. Indirect and direct taxation make up 40.8 % and 38.5 % of the total revenue in 2009 respectively, whereas the social security contributions raise only 20.7 % of total tax revenue. However, the share of the latter increased by almost 6 percentage points since 2006. Nevertheless, the structure of taxation differs considerably from the typical structure of the EU-27, where each item contributes roughly a third of the total. As in the majority of Member States, the largest share of indirect taxes is constituted by VAT receipts, which provide 55.7 % of total indirect taxes (55.2 % for the EU-27). The structure of direct taxation is similar to that found in the EU-27. Personal income taxes and corporate income taxes represent 7.9 % and 2.5 % of GDP, respectively, compared with 8.0 % and 2.7 % for the EU-27. Social security contributions represent a meagre 5.8 % of GDP (second lowest in the Union after Denmark), compared to an EU-27 average of 11.1 %. Employers' and employees' contributions are at 3.3 % and 2.3 % of GDP, respectively.

Ireland is one of the most fiscally centralised countries in Europe; local government has only low revenues (3.4 % of tax revenues). The social security fund receives just 15.9 % of tax revenues (EU-27 30.3 %), while the vast majority (80.0 %) of tax revenue accrues to central government. This ratio is exceeded only by Malta and the United Kingdom.

From 2000 to 2002, Ireland reduced the total tax burden across the board from 31.5 % to just 28.4 % of GDP. Since 2002, however, the total tax ratio has increased every year, reaching 32.2 % in 2006, in large part due to a surge in VAT receipts, capital gains tax and stamp duties. This upward trend was interrupted in 2007 when the total tax ratio decreased by almost one percentage point. In 2009, total tax revenue to GDP has reached the lowest level. This decrease was mainly driven by lower ratios of VAT, PIT, other taxes on products (incl. import duties), and corporate income taxes to GDP, caused by the worsening economic situation in Ireland.

Taxation of consumption, labour and capital; environmental taxation

The tax structure by economic factor (consumption 35.4 %, labour 41.7 %, capital 22.9 %) differs notably from the EU-27 average (33.4 %, 48.0 %, 18.8 %), with the tax system deriving one of the smallest proportion of tax receipts from labour of any EU country. Conversely, it raises a large proportion from capital taxes. Compared to 2007 the share of labour has increased by more than seven percentage points while the capital share decreased by more than seven percentage points. A possible reason for this could be that profits reacted much stronger to the economic crisis compared to employment as well as the introduction in 2009 of a pension levy on public sector wages and the two step increase in the employees' social security contributions ceiling.

Taxes on consumption in relation to GDP are at 10.0 % (EU-27 11.7 %). After a declining period from 13.0 % in 1995 to 10.9 % in 2001, this ratio has increased slightly to 11.5 % in 2006. This principally reflects buoyant economic activity in that period, which has driven VAT receipts up. However, the value decreased slightly since 2007 (11.2 %) in response to the economic crisis Ireland had to face and is now at 10.0 %. The weight of indirect taxes other than VAT and excise duties is also high by EU standards.

The very low social security contributions result in one of the lowest level of taxes on labour in the EU (11.8 % of GDP compared with 17.5 % in EU-27). As in many EU countries the implicit tax rate on labour increased steadily from the

early 1970s until the late 1980s. Having attained stability in the early 1990s, the rate fell from 29.3 % in 1996 to 25.5 % in 2009, as a result of successive cuts in personal income tax and social contributions.

The Irish case is notable in that the strong economic growth until 2007 offset the effects of the contemporaneous reductions in corporate income tax rates; the CIT rate was cut in half between 2000 and 2003. However, revenues from taxes on capital dropped to a historic low of 6.5 % of GDP in 2009. This pronounced effect is probably another result of the economic crisis of recent years. Similarly, the ITR on capital decreased, too. While the ITR on capital increased from 2002 to 2006 by more than six percentage points due to soaring receipts from the capital gains tax and stamp duty it is at 14.9 % in 2009 and therefore back to the level of 2002.

As for environmental taxation, it has almost continuously declined over the period in terms of GDP, moving from an above average level 2000 (2.9 % against 2.8 % for the EU-27) to a below average level of 2.4 % (compared to 2.6 % for the EU-27). Transport taxation is higher compared to the EU-27 average (0.3 % points above the EU-27 average) while taxation on energy (1.5 %) was the fifth lowest in the Union in 2009.

Current topics and prospects; policy orientation

The current tax policy in Ireland is framed by the National Recovery Programme. Revenue measures will provide one third of the budgetary adjustments foreseen in the recovery programme. 40 % of total revenue measures have been adopted in the 2011 Budget Bill. Over the period from 2011 to 2014 Ireland wants to raise more than € 5 billion. The biggest contribution to the consolidation in 2011 in terms of revenue comes from the income tax with more than € 1.2 billion mainly through the reduction of tax credits (€ 435 million) and changes in the rate band (€ 395 million). An important change was the abolition of the Income Levy and the Health Levy. They have been replaced by a Universal Social Charge (USC, see below). For 2011, the new levy is revenue neutral. The estimated additional annual revenue of the new levy is € 420 million in the future. The biggest revenue increase in the area of excises is foreseen from the increase in the Mineral Oil Tax on Petrol and Auto-Diesel. The former will be increased by 4 cent, the latter by 2 cent. The expected revenue from this measure is € 106 million. With regard to pensions, both, the employee as well as the employer contributions will be increased leading to higher revenue of € 40 million for each group.

Main features of the tax system

Personal income tax

The two statutory personal income tax rates have been reduced substantially over the last decade. The standard rate is currently at 20 % and the top rate at 41 %; tax allowances were also replaced by tax credits for equity reasons. The threshold for the higher rate in 2011 is € 32 800 for a single person with no dependants. The additional income levy (see last years report) was abolished. Instead, a Universal Social Charge was introduced in 2011. The following rates and thresholds apply. The levy is Zero for income below € 4 004. For people with a higher income the levy will be 2 % from € 0 to € 10 036, 4 % from € 10 037 to € 16 016 and 7 % for income above the latter amount. Taxation of individuals on capital gains is made at 25 % with an annual exemption of € 1 270.

Corporate taxation

While significant tax changes took place in the tax system, the CIT has not changed. Companies resident in Ireland and non-resident companies which carry on a trade in Ireland through a branch or agency, are, with a small number of specific exceptions, liable to corporation tax on their taxable profits. The corporation tax rate of 12.5 % is applied to trading profits in all sectors since 1 January 2003. The 10 % rate, which was introduced in 1981, has been phased out; it only applied to a small group of manufacturing companies until 2010. A 25 % rate applies to other passive (non-trading) income. Capital gains are subject to tax at 25 %. A profit resource rent tax of between 5 % and 15 %, based on the profit

ratio of a petroleum/gas field, was introduced in 2008 for exploration and production activities, which is in addition to the existing corporation tax rate of 25 % for non-trading income.

While withholding taxes on interest, dividends and patent royalties are imposed at 20 %, a number of specific exemptions mean that some payments received by companies are not subject to withholding tax. A surcharge of 20 % is levied on undistributed investment or estate income of a closely held company or a company providing professional services. Losses may be carried forward indefinitely: back one year in the case of continuing business and back three years in the case of a discontinued business. A substantial change in the ownership of a company, combined with a change in the nature of the trade, may result in the restriction of these losses. There are no controlled foreign company rules and no general schemes of transfer pricing or thin capitalisation rules.

VAT and excise duties

The standard VAT rate is 21 %. A reduced rate of 13.5 % applies to various services, newspapers, building work and household energy and fuels, while a zero rate applies to basic food, children's clothing, children's footwear and books.

Wealth and transaction taxes

Capital acquisitions tax is charged at a rate of 25 % on gifts and inheritances over a certain value, depending on the relationship of the beneficiary to the donor or deceased (just over € 542 544 for direct line). Stamp duty applies to sales, gifts, conveyances and leases of property. Rates of stamp duty ranging up to 6 % apply depending on whether property is for residential or non-residential purposes. There is a residential stamp duty rate of 1 % up to € 1 million and a 2 % rate on the excess. Shares and securities carry a fixed rate of 1 % while leases are subject to rates of 1 % to 12 % of the average annual rent depending on the amount. Capital duty on the issue of share capital was abolished in 2005. There is no net wealth tax.

Other taxes

There are no local taxes as such in Ireland, except for a levy imposed on businesses by local authorities called rates, calculated as a percentage of the notional rental value of the business premises, and certain service charges.

Social contributions

Employers' contributions amount to 10.75 % of the salary, without any ceiling. A reduced employers' contribution rate of 8.5 % applies in respect of employees with earnings below € 352 per week. Both rates include a national training fund levy of 0.7 %. The rate for employees' pay-related-social-insurance (PRSI) contributions stands at 4 %. The ceiling for this employee contribution is currently € 75 036. The self-employed pay a 3 % tax rate on all income above € 3 174 per annum, with no annual ceiling, and a minimum payment of € 253 per year applies. The health contribution levy (HCL, see last year's report) has been abolished and replaced by the USC.

ITALY	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2009	2009
A. Structure of revenues	% of GDP										Ranking ¹	€ bn
Indirect taxes	15.2	14.7	14.7	14.3	14.3	14.4	15.1	15.0	14.1	13.9	11	210.8
VAT	6.5	6.3	6.2	5.9	5.9	6.0	6.3	6.2	6.0	5.7	26	86.5
Excise duties and consumption taxes	2.6	2.5	2.3	2.4	2.3	2.2	2.2	2.1	1.9	2.1	25	32.2
Other taxes on products (incl. import duties)	2.7	2.5	2.6	2.5	2.9	2.8	3.0	3.0	2.9	3.0	2	45.8
Other taxes on production	3.4	3.5	3.6	3.5	3.3	3.5	3.6	3.7	3.3	3.0	4	46.3
Direct taxes	14.5	14.8	14.1	14.7	13.9	13.4	14.4	15.1	15.3	15.4	6	234.9
Personal income	11.5	11.0	10.7	10.6	10.5	10.5	11.0	11.4	11.8	11.7	5	178.1
Corporate income	2.4	3.2	2.7	2.3	2.4	2.3	2.9	3.3	3.0	2.4	15	36.9
Other	0.6	0.6	0.7	1.8	1.1	0.6	0.5	0.5	0.5	1.3	4	19.9
Social contributions	12.1	12.0	12.1	12.3	12.3	12.5	12.5	13.0	13.5	13.8	7	210.4
Employers'	8.4	8.3	8.4	8.7	8.6	8.8	8.7	9.0	9.2	9.5	5	144.1
Employees'	2.3	2.3	2.3	2.3	2.2	2.2	2.2	2.3	2.5	2.6	19	39.1
Self- and non-employed	1.4	1.3	1.4	1.4	1.5	1.6	1.6	1.7	1.8	1.8	9	27.3
Less: amounts assessed but unlikely to be collected	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		
TOTAL	41.8	41.5	40.9	41.3	40.6	40.4	42.0	43.0	42.9	43.1	4	656.2
Cyclically adjusted total tax to GDP ratio	41.2	40.7	40.4	41.4	40.3	40.1	41.0	41.5	42.1	44.9		
B. Structure by level of government	% of total taxation											
Central government	55.6	55.1	54.0	53.5	53.2	52.5	54.1	53.5	52.4	53.2	16	349.3
State government ²⁾	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local government	14.4	14.9	15.5	16.0	15.8	15.8	15.5	15.7	15.4	14.1	6	92.6
Social security funds	28.9	28.8	29.6	29.8	30.4	31.0	29.7	30.1	31.4	32.1	12	210.3
EU institutions	1.2	1.3	0.9	0.7	0.7	0.7	0.6	0.6	0.8	0.6	21	3.9
C. Structure by economic function	% of GDP											
Consumption	10.9	10.4	10.2	9.9	10.0	10.0	10.4	10.2	9.9	9.8	26	149.4
Labour	19.9	20.2	20.2	20.3	20.1	20.4	20.5	21.0	21.7	22.1	8	336.0
Employed	17.9	18.0	18.1	18.2	18.0	18.2	18.3	18.8	19.4	19.6	8	297.8
Paid by employers	10.0	10.1	10.2	10.4	10.3	10.5	10.5	10.7	10.8	11.0	4	166.8
Paid by employees	7.9	7.9	7.9	7.8	7.7	7.7	7.8	8.0	8.6	8.6	13	131.0
Non-employed	2.0	2.1	2.1	2.1	2.1	2.2	2.2	2.2	2.3	2.5	5	38.3
Capital	10.9	10.9	10.5	11.1	10.5	10.0	11.2	11.9	11.4	11.2	1	170.8
Capital and business income	8.3	8.4	7.6	8.5	7.7	7.4	8.4	9.1	8.9	8.3	2	126.8
Income of corporations	2.9	3.7	3.1	3.5	3.1	2.9	3.5	4.0	3.7	3.4	5	52.2
Income of households	2.1	1.4	1.3	1.1	1.1	1.2	1.4	1.4	1.5	1.4	3	21.8
Income of self-employed (incl. SSC)	3.3	3.3	3.2	3.8	3.5	3.3	3.5	3.7	3.7	3.5	2	52.7
Stocks of capital / wealth	2.6	2.5	2.8	2.6	2.8	2.6	2.7	2.7	2.5	2.9	4	44.0
D. Environmental taxes	% of GDP											
Environmental taxes	3.1	3.0	2.8	2.9	2.8	2.7	2.7	2.6	2.4	2.6	10	39.9
Energy	2.6	2.4	2.3	2.4	2.2	2.2	2.2	2.0	1.9	2.1	9	31.8
Of which transport fuel taxes	:	:	:	1.8	1.7	1.6	1.6	1.5	1.5	1.5	13	
Transport (excl. fuel)	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	14	7.6
Pollution/resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	17	0.5
E. Implicit tax rates	%											
Consumption	17.9	17.3	17.1	16.6	16.8	16.7	17.3	17.2	16.5	16.3	24	
Labour employed	42.2	42.1	42.0	41.9	41.6	41.3	41.1	42.4	43.0	42.6	1	
Capital	29.5	29.0	29.1	31.5	29.8	29.5	33.8	35.9	35.6	39.1		
Capital and business income	22.4	22.4	21.2	24.1	21.8	21.7	25.5	27.7	27.8	29.0		
Corporations	19.2	23.6	20.9	24.6	21.3	20.7	27.0	30.4	32.3	35.2		
Households	16.7	14.4	14.1	16.1	15.0	15.1	16.5	17.4	17.5	18.0		
Real GDP growth (annual rate)	3.7	1.8	0.5	0.0	1.5	0.7	2.0	1.5	-1.3	-5.0		

See Annex B for explanatory notes. For classification of taxes please visit: <http://ec.europa.eu/taxtrends>

1) The ranking is calculated in descending order. A "1" indicates this is the highest value in the EU-27. No ranking is given if more than 10% of data points are missing.

2) This level refers to the *Länder* in AT and DE, the *gewesten en gemeenschappen / régions et communautés* in BE and *comunidades autónomas* in ES.

n.a. not applicable, : not available

Source: Commission services

ITALY

Overall trends in taxation

Structure and development of tax revenues

In 2009, the total tax-to-GDP ratio (including social contributions) stood at 43.1 % in Italy, the highest value since 1997. Italy's overall tax burden ranks fourth highest in the EU, exceeding the EU-27 average by 7.3 points and the average for the euro area by 6.6 percentage points.

The share of indirect taxes on the total (32.1 %) lies well below the EU-27 average (37.7 %), reflecting Italy's heavy reliance on direct taxes (35.8 % v. 31.1 % for the EU-27); the social contributions share is closer to the average. The share of direct taxes has recently been increasing, owing to a pickup of PIT and other direct taxes, and to a decline in VAT and other taxes on production. In 2009, direct tax revenues were boosted significantly by special factors (payments linked to the introduction of IAS accounting standards), more than offsetting the decline in CIT revenues due to the recession and to a 2008 cut in rates. Revenues from VAT and excise duties, at 5.7 % and 2.1 % of GDP respectively, represent the second lowest and the third lowest value in the EU. In contrast, the comparatively high revenue (4th in the EU, though on a decreasing trend) from other taxes on production is due to the IRAP tax (*see section on corporate taxation*).

Local government collects a fairly elevated share of revenue (14.1 %, sixth highest in the EU, though declining sharply in 2009). The social security revenue share is above average and has been showing a marked upward trend.

The total tax-to-GDP ratio peaked in 1997 as the country consolidated public finances ahead of euro adoption. Subsequently it showed a tendency to decline, until it reached a 40.4 % minimum in 2005. In the following years the ratio picked up again, oscillating around 43 % of GDP. The total tax ratio remained above the 43 % mark even in 2009, despite a 5.0 % slump in real GDP, as both direct taxes and social contributions revenue kept increasing.

Taxation of consumption, labour and capital; environmental taxation

Despite the 1998 increase in the VAT rate from 18 % to 20 % and the abolition of the 16 % intermediate rate, the ITR on consumption, currently 16.3 %, is the fourth lowest in the EU. This is, however, also due to the fact that Italy applies a favourable VAT regime to housing⁽⁸⁴⁾.

At 42.6 %, Italy's ITR on labour is the highest in the EU, exceeding the EU-27 average by almost 30 %. The ITR on labour peaked in 1997 at 43.5 %, and declined regularly until 2006, but the subsequent increases have brought its level again close to historical peaks. Some recent reforms aimed at decreasing labour taxes have primarily focussed on lower incomes, and may therefore not visibly affect the ITR on labour, which depends on the average tax burden. It is also worth noting that the IRAP tax partly falls on labour⁽⁸⁵⁾.

Capital taxes currently yield, as a percent of GDP, the highest revenue in the EU. Revenue, boosted by the lagged effects of high growth in 2006, peaked in 2007 at 11.9 % of GDP, declining to 11.2 % over the next two years as the impact of the global recession was felt. All types of capital taxes contribute to the relatively high Italian value: tax revenue levied on the income of corporations is the fifth highest in the EU and was boosted in 2009 by the above-mentioned payments linked to the introduction of IAS accounting standards and by the so-called 'Robin tax' (see below), although the government concomitantly also granted investment tax credits and other tax base cuts. Furthermore, under the methodology used here, taxes and social contributions on the self-employed, a large group in Italy, are booked as capital income taxes⁽⁸⁶⁾.

⁽⁸⁴⁾ Strictly speaking, VAT paid on housing should not be counted in the ITR on consumption but as a tax on the capital stock. However, owing to statistical limitations, the data presented in this report attribute VAT paid on housing, for all countries, to consumption taxes. This tends to reduce the ITR on consumption for countries with a more favourable regime for housing (see methodology for details).

⁽⁸⁵⁾ Accordingly, our methodology allocates part of the tax revenue from IRAP to labour income. The remainder is attributed to the capital income of corporations or the self-employed.

⁽⁸⁶⁾ The number of self-employed is the fourth highest in the Union, exceeding the EU-27 average by about half.

Taxes on the stocks of capital or wealth, too, are above-average. Since 2009 these include receipts from the so-called 'tax shield' amnesty, which yielded 0.3 % of GDP. Overall, the ITR on capital, which had remained relatively constant since 2000, picked up after 2005, reaching an all-time high of 39.1 % in 2009.

In the late 1990s, Italy displayed one of the highest levels of environmental taxation in the EU, mainly on account of elevated energy taxes. Environmental tax revenues have, however, declined considerably since then, as a percentage of GDP, and are now equal to the EU average at 2.6 %.

Current topics and prospects; policy orientation

The government has adopted a series of measures to fight tax evasion. First, it has adopted the so-called 'taxometer', a procedure by which the tax administration determines a presumed level of income basing on expenses made by the taxpayer or ownership of housing or luxury goods (cars, boats etc.); this is compared with the taxpayer's return, and may trigger audit in case of a discrepancy between presumed and declared income exceeding 20 %. This approach had been used before and discarded, but the methodology has now been broadened to make it more reliable, e.g. by introducing regional variability and by taking into account spouses' income and consumption. Second, the government has introduced a limit on cash payments and the obligation to indicate a tax identification number on purchases above € 3 600; this will be used to trace purchases to individual taxpayers (the so-called 'expendituremeter'). These data will be used to corroborate the results of the 'taxometer'. In addition, the government has stepped up the number of inspections and adopted a number of measures targeting VAT fraud and companies operating in tax havens.

As for tax reform, the government has announced three priorities. The first is the reform of Italy's highly centralised tax system to devolve taxing power to regions and municipalities ('fiscal federalism'). The government has recently approved the framework for municipal-level taxation, removing central government transfers and basing municipalities' own resources mainly on the taxation of immovable property. Secondly, the government plans to rationalise the vast array of tax expenditures (242 measures have been identified, costing € 142 billion annually). Finally, the government intends to gradually shift the tax burden from direct to indirect taxation.

Main features of the tax system

Personal income tax

PIT rates range from 23 % to 43 %; the top rate applies to incomes above € 75 000. In addition, regions levy surcharges on the PIT, ranging from 0.9 % to 1.7 %. In addition, most municipalities levy an additional surcharge of up to 0.8 %. The tax is withheld at source for salaried workers. Since 2005, almost all personal allowances and deductions for expenses have been replaced by tax credits, typically subject to specific limits; there are several tax credits of variable amount depending on the form of income (e.g. employment or self-employed income, pension income), on personal circumstances and on admissible expenditure (e.g. for dependent persons, spending on medical treatment, life and health insurance premia, mortgage interest, fees for university or secondary education, and the renting of the main dwelling (but only if taxable income does not exceed € 30 987.41), as well as the above-mentioned 36 % allowance on home restructuring expenses (up to up to € 48 000 per dwelling). Many credits are based on a sliding scale and/or are subject to a limit. Individuals earning professional and business income, besides PIT, are subject to IRAP. Professional fees paid by businesses and professionals are subject to an advance withholding tax at a 20 % rate.

All categories of capital income are taxed. Final withholding tax rates of 12.5 % and 27 % apply, depending on duration and type of the investment. However, as from 2009, 49.72 % (previously 40 %) of the earnings realised on qualified shareholdings are taxed at basic PIT rates; capital gains on non-qualified shareholdings and bonds are instead taxed at 12.5 %. Stock options are taxed as ordinary labour income. Individuals' business income is taxed at the ordinary PIT rates; however, taxpayers may opt for separate taxation of their business income, taxed at a 27.5 % rate until drawn.

Individuals setting up a new business or professional activity may choose, if proceeds do not exceed € 61 974.83 (€ 30 987.41 in the case of services), a 10 % substitute tax regime for the first three years; those already running small businesses may opt for a 20 % substitute tax regime. PIT is chargeable on immovable property; the amount due is determined on the basis of the higher between cadastral income and any rent received (subject to a series of deductions).

Corporate taxation

The IRES corporate income tax has a statutory tax rate set at 27.5 % (progressively reduced from 37 % in the preceding years). Special regimes exist for investment funds and for non-operating companies, for which a minimum taxable income is presumed, based on a minimum return on assets. Pension funds are subject neither to IRES nor to IRAP (see below), but pay a final 11 % tax on the yearly net result. Since 2008, a surcharge on the CIT (initially 5.5 percentage points, later increased to 6.5) applies to companies operating in the energy sector ('Robin tax').

Resident companies are taxed on their worldwide income, non-resident entities (including partnerships) on income arising in Italy. Losses can be carried forward for five years (indefinitely if realised in the first three years of operation). It should be noted that, as from 1 January 2008, net interest expenditure is deductible only up to 30 % of gross operating income (EBITDA); the excess may, under certain conditions, be carried forward for deduction in following years.

Dividends received by resident companies from other resident companies are exempt from tax for 95 % of their amount. The treatment of capital gains depends on whether the assets are covered by the participation exemption regime; if applicable, 95 % of gains on the sale of shares or equivalent financial instruments are exempted after a one-year holding period (under some conditions). Other types of capital gain are taxed as ordinary income, but the payment of the tax due may be spread over four years. Group consolidation is allowed both at the domestic level and worldwide, if the parent company controls at least 50 % of the subsidiary. Finally, companies located in particularly depressed areas of the *Mezzogiorno* may apply for a tax credit on investments carried out in the 2007–2013 period, with certain exceptions. Since 2008, IAS financial statements are recognised for CIT purposes.

The base for IRAP is the net production value, i.e. the difference between the value of production and production inputs excluding personnel and interest costs as well as losses on bad debts. The basic 3.9 % rate can be augmented or reduced by up to one percentage point by the regions. The non-deductibility of labour and financial costs results in a wide base; indeed, typically IRAP raises more revenue than the CIT. Since 2007, social contributions, certain training costs incurred on new employees, the costs of R&D personnel, and a basic amount for each employee have been made exempt, and since 2009, 10 % of IRAP paid by employers is deductible from PIT and CIT. Special rules apply to SMEs.

VAT and excise duties

The standard VAT rate is 20 %. A reduced (10 %) and a super-reduced (4 %) rate exist. The super-reduced rate applies mostly to staple foodstuffs, newspapers, some medical appliances, and residential housing; while the reduced rate generally applies to non-luxury housing, other foodstuffs, electricity, mineral oil, medicines and artistic performances.

Wealth and transaction taxes

No wealth taxes as such exist. Until recently, the ICI property tax represented an important revenue-raising instrument, but its scope was substantially restricted in 2008. Transaction taxes exist, applying e.g. on property transfers; stamp duties are often due on official documents. Taxpayers may opt to be taxed at a flat rate of up to 23 % on rental income.

Social contributions

Several compulsory contributions exist, depending on the type and size of the business and the characteristics of the employee. The aggregate rates range from 40 % to 45 % approximately.

LATVIA	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2009		
A. Structure of revenues											% of GDP	Ranking	€ bn
Indirect taxes	12,3	11,8	11,2	12,1	11,9	12,7	13,2	12,6	11,1	10,9		25	2,0
VAT	7,0	6,7	6,7	7,2	7,0	7,8	8,6	8,2	6,7	6,0		24	1,1
Excise duties and consumption taxes	3,4	3,1	3,1	3,3	3,5	3,6	3,3	2,9	3,2	3,7		6	0,7
Other taxes on products (incl. import duties)	0,4	0,4	0,4	0,5	0,5	0,5	0,5	0,8	0,6	0,5		20	0,1
Other taxes on production	1,4	1,5	1,0	1,1	1,0	0,9	0,8	0,7	0,6	0,8		19	0,1
Direct taxes	7,3	7,6	7,8	7,6	7,9	7,9	8,5	9,2	9,7	7,2		23	1,3
Personal income	5,6	5,5	5,6	5,8	5,9	5,7	6,0	6,1	6,3	5,4		19	1,0
Corporate income	1,6	1,9	2,0	1,5	1,8	2,0	2,3	2,7	3,2	1,6		25	0,3
Other	0,2	0,2	0,2	0,2	0,2	0,2	0,2	0,4	0,2	0,2		24	0,0
Social contributions	9,9	9,2	9,3	8,9	8,7	8,4	8,8	8,7	8,2	8,5		21	1,6
Employers´	7,4	6,8	6,9	6,4	6,3	6,1	6,3	6,3	5,9	6,2		14	1,1
Employees´	2,5	2,4	2,4	2,4	2,4	2,3	2,4	2,4	2,2	2,3		23	0,4
Self- and non-employed	0,0	0,0	0,0	0,0	0,1	0,1	0,1	0,1	0,1	0,1		26	0,0
Less: amounts assessed but unlikely to be collected	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.			
TOTAL	29,5	28,5	28,3	28,5	28,5	29,0	30,4	30,5	29,1	26,6		27	4,9
Cyclically adjusted total tax to GDP ratio	30,5	29,2	28,9	28,9	28,1	27,2	26,6	24,8	25,6	29,0			
B. Structure by level of government											% of total taxation		
Central government	49,5	50,5	50,0	51,1	50,8	52,9	52,8	52,5	51,5	48,0		20	2,4
State government ²⁾	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		n.a.	n.a.
Local government	17,0	17,3	17,3	17,8	17,9	16,9	17,2	17,8	19,2	19,1		4	0,9
Social security funds	33,5	32,3	32,8	31,1	30,5	28,9	28,8	28,6	28,3	32,0		13	1,6
EU institutions	n.a.	n.a.	n.a.	n.a.	0,7	1,2	1,2	1,2	1,1	0,9		9	0,0
C. Structure by economic function											% of GDP		
Consumption	11,3	10,6	10,6	11,4	11,2	12,1	12,7	11,9	10,6	10,2		23	1,9
Labour	15,2	14,6	14,7	14,7	14,5	14,0	14,6	14,6	14,5	13,8		18	2,6
Employed	15,2	14,5	14,6	14,6	14,4	13,8	14,5	14,6	14,4	13,5		18	2,5
Paid by employers	7,4	6,8	6,9	6,5	6,3	6,1	6,3	6,3	6,0	6,1		15	1,1
Paid by employees	7,7	7,7	7,7	8,0	8,1	7,8	8,2	8,3	8,4	7,4		15	1,4
Non-employed	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,3		22	0,1
Capital	2,9	3,3	3,1	2,5	2,6	2,8	3,0	3,9	4,1	2,5		27	0,5
Capital and business income	1,7	2,0	2,2	1,7	1,9	2,1	2,4	2,9	3,3	1,7		27	0,3
Income of corporations	1,5	1,9	2,0	1,5	1,7	2,0	2,3	2,7	3,2	1,6		26	0,3
Income of households	0,2	0,1	0,2	0,1	0,0	0,0	0,1	0,1	0,1	0,0		25	0,0
Income of self-employed (incl. SSC)	0,0	0,0	0,0	0,1	0,1	0,1	0,1	0,1	0,1	0,1		26	0,0
Stocks of capital / wealth	1,2	1,3	0,8	0,9	0,8	0,7	0,6	1,0	0,8	0,8		23	0,2
D. Environmental taxes											% of GDP		
Environmental taxes	2,4	2,2	2,3	2,5	2,6	2,6	2,4	2,1	2,0	2,3		19	0,4
Energy	1,8	1,6	1,8	2,0	2,1	2,2	2,0	1,7	1,7	2,0		11	0,4
Of which transport fuel taxes	:	:	:	:	:	2,2	2,0	1,8	1,8	2,0		6	
Transport (excl. fuel)	0,3	0,3	0,3	0,4	0,4	0,3	0,3	0,3	0,2	0,2		22	0,0
Pollution/resources	0,2	0,2	0,2	0,2	0,1	0,1	0,1	0,1	0,1	0,1		13	0,0
E. Implicit tax rates											%		
Consumption	18,7	17,5	17,4	18,6	18,3	20,1	20,0	19,6	17,4	16,9		20	
Labour employed	36,6	36,5	37,8	36,6	36,4	33,0	33,0	31,1	28,5	28,7		20	
Capital	11,2	11,5	9,6	8,2	8,3	9,5	10,9	14,5	17,0	10,3			
Capital and business income	6,7	7,0	7,0	5,4	5,9	7,2	8,7	10,7	13,8	6,9			
Corporations	8,6	8,8	8,3	6,6	7,9	9,6	11,0	13,0	17,9	8,3			
Households	1,1	0,7	1,1	0,7	0,5	0,5	1,0	1,6	1,0	1,0			
Real GDP growth (annual rate)	6,9	8,0	6,5	7,2	8,7	10,6	12,2	10,0	-4,2	-18,0			

See Annex B for explanatory notes. For classification of taxes please visit <http://ec.europa.eu/taxtrends>

1) The ranking is calculated in descending order. A "1" indicates this is the highest value in the EU-27. No ranking is given if more than 10 % of data points are missing.

2) This level refers to the *Länder* in AT and DE, the *gewesten en gemeenschappen / régions et communautés* in BE and *comunidades autónomas* in ES.

n.a. not applicable, : not available

Source: Commission services

LATVIA

Overall trends in taxation

Structure and development of tax revenues

The overall tax-to-GDP ratio of Latvia is at 26.6 % in 2009, about nine percentage points lower than the EU-average (35.8 %). This tax ratio is the lowest in the EU, the tax ratio in neighbouring Lithuania and Estonia is higher by 2.7 points and 9.3 points of GDP respectively. Tax revenues have been attacked by the economic and financial crisis, which has hit Latvia particularly hard – GDP fell by 18 % in 2009 – the strongest decline on record.

The major share of total tax in Latvia is still comprised of indirect taxes. In 2009 revenues from indirect taxes represented 41.0 % of total revenues in 2009, which is 2.3 % higher than the EU-27 average. The largest share of indirect taxes is constituted by VAT receipts, which provide 22.5 % of total taxes revenues. The direct taxes account for only 7.2 % of GDP and 27.0 % of total taxation. In 2009, the share of direct taxes dropped sharply by 6.5 percentage points mainly due to the reduction in PIT rate from 25 % to 23 % and the increasing number of insolvent companies. Revenues from social contributions have been declining over the period of 2000-2008 from 33.5 % in 2000 to 28.3 % in 2008; in 2009 the share of the social contributions increased by 3.7 percentage points being above the EU-27 average.

There are only central government taxes in Latvia as local governments do not have any fiscal autonomy. Nevertheless, they ultimately receive 19.1 % of the total tax revenues, an almost double value than the EU-27 average (10.7 %). Since 2006, the bulk of local government receipts are obtained through a majority share of PIT revenue (82 % in 2011).

In the 2002-2007 period tax revenues as a share of GDP increased continuously from 28.3 % to 30.5 %. This upward trend was interrupted in 2008 when the total tax ratio decreased by 1.4 %. In 2009, total tax revenue to GDP has reached the lowest value. This decrease was mainly driven by the significant decrease in tax revenues caused by the heavy economic downturn. Disregarding the cyclical impact on the tax revenues, as done in the line cyclically adjusted budget total taxes, shows that tax revenues were actually declining over the whole period 2000-2007.

Taxation of consumption, labour and capital; environmental taxation

The level of Latvian taxes on consumption as a share of GDP is one of the lowest in the European Union after Estonia, Italy, Ireland and Luxembourg. Consumption tax revenues peaked at 12.7 % of GDP in 2006 after two years of growth, but declined substantially in the following years reaching 10.2 % of GDP in 2009, the lowest value over 2000-2009. The implicit tax rate on consumption, at 16.9 %, is 4.0 percentage points below the EU-27 average.

The ITR on labour is, at 28.7 %, 4.2 percentage points below the EU-27 average. It has declined significantly, by more than nine percentage points, from its peak in 2002. Over the past decade, employers' social security contributions have been brought down, while employees' contributions have remained constant, as a percentage of GDP.

After a five-year decreasing phase and an 8.2 % trough in 2003, the ITR on capital trended upwards in 2004-2008, reaching 17.0 % in 2008 boosted by very high growth. In 2009, however, owing to the slump and the increasing number of insolvent companies, it dropped sharply by 6.7 percentage points still representing one of the lowest rates of the ITR on capital in the EU, as the EU-25 average is 24.9 %. The ITR on capital income of households and the self-employed with 1.0 % in 2009 is significantly below the EU-25 average (12.7 %), but also considerably lower than in the other Baltic States.

In comparison with the previous years, in 2009 the revenue from environmental taxes grew up and was 2.3 % of GDP. This is mostly related to the increase of the transport fuel taxes.

Current topics and prospects; policy orientations

The State Budget 2011 continued the consolidation started in 2009, introducing a new consolidation package of around 4.5 % of GDP. The accompanying amendments to the tax laws were adopted in December 2010. Starting from 1 January 2011, the personal income tax rate is reduced from 26 % to 25 % (in 2009 the PIT rate was reduced from 25 % to 23 %, in 2010 it was increased to 26 %).

The amendment to CIT law envisages a 'substantial investment' incentive – tax allowances available if the total investment amount exceeds LVL 5 million (€ 3.548 million), subject to further conditions.

The standard VAT rate is increased from 21 % to 22 %, the reduced rate from 10 % to 12 %. Supply of electricity to households has become subject to the standard rate.

As from January 2011, the residential property progressive tax rate was doubled.

The state social insurance contributions rate paid by the employee has been increased from 9 % to 11 %, which increases the overall rate to 35.09 %.

The new Financial stability duty law entered in force in January 2011. The duty is applied to financial institutions and is intended to strengthen the financial system as a whole, in order to be able, if necessary, to fund measures to reduce the negative effects of credit institutions in difficulties on other financial market participants.

In order to stimulate development of small and medium size enterprises in Latvia the new Law on a micro-enterprise tax was adopted and entered in force on 1 September 2010.

Main features of the tax system*Personal income tax*

From 1 January 2011 the PIT tax rate has been reduced from 26 % to 25 %. The tax rate on individuals' business income was reduced accordingly to 25 %. A 15 % tax rate is applying to capital gains and the 10 % tax rate - to other income from capital (e.g. dividends, interest payments and income from pension and life insurance funds and income from disposal of growing wood or timber).

Latvian residents are taxed on annual employment income and any other worldwide income; non-residents are taxed only on income sourced in Latvia. Individuals resident in the EU or EEA that receive more than 75 % of their income in Latvia, are granted nearly all tax exemptions. Furthermore, the income obtained as a result of inheritance is exempt, except for author's copyrights.

Gains from the sale of immovable property is not taxed if it has been in that individual's ownership for at least 5 years and has, for at least the immediately preceding 12 months, been that individual's registered private residence.

Corporate income tax

The corporate income tax rate fell gradually during 2001-2004 from 25 % to 15 %. The tax is levied on the income of resident companies (with some exemptions) and of non-resident companies operating through a permanent establishment in Latvia.

Dividends are exempt from tax if received from domestic subsidiaries or subsidiaries in EEA countries. Dividends received from non-residents in third countries also are exempt if the Latvian company holds more than 25 % of the capital. Interest income paid out to a corporate non-resident related party is subject to a final 10 % withholding tax (5 % if paid by a bank). Otherwise, interest income paid to non-residents is not subject to the withholding tax.

As from 1 January 2009, in the case where a company is not distributing dividends partially or fully, taxable income is reduced by the amount of interest, which the company would have to pay for an equal loan. The reference rate used to calculate this notional interest amount is the Central Bank's average lending rate for national currency in the respective year.

From January 2011 CIT allowances for large investments (defined as LVL 5 million or more) are available to tax payers that have invested in supported priority sectors. The tax allowance is 25 % for the initial long-term investments up to LVL 35 million and 15 % for the investments exceeding LVL 35 million.

The new law on 'Micro-Enterprise Tax' enables small businesses (criteria: turnover doesn't exceed LVL 70 000, maximum number of employees/board members is 5) to pay flat-tax rate of 9 % on their turnover. It includes state social security contributions, the personal income tax, the corporate income tax and business risk charge for micro-enterprise employees.

VAT and excise duties

In January 2011 the standard rate of value added tax was increased by 1 percentage point from 21 % to 22 %, and the reduced rate from 10 % to 12 %. Furthermore the reduced rate is continued only on the following transactions: supplies of medicines, medical devices and medical goods, specialized products intended for infants, the inland public transport services, supplies of heating, and natural gas to households.

Excise tax is imposed on oil products, gas, tobacco products, alcoholic and non-alcoholic beverages and coffee. The minimal level of the excise tax for cigarettes is LVL 48 (€ 68) for 100 cigarettes, the excise tax rate for wine, fermented drinks and intermediate products with the absolute concentration not in excess of 15 % is LVL 45 (€ 63), for soft drinks is LVL 5.2 (€ 7). The rate of excise tax for gas (not applicable from 1 September 2010 till 30 June 2011) is LVL 15.6 (€ 22) per 1 000 cubic meters of gas used for heating, and at the rate of LVL 70 (€ 99) per 1 000 cubic meters of gas used as car fuel.

Social contributions and other taxes

Since 1995, a pension system based on the concept of notional defined-contribution (NDC) accounts is in force. Unlike in the previous PAYG system, the benefits are calculated on the basis of a person's contributions to a notional individual account, utilising a rate of return determined by the government taking into account economic and demographic indicators. No real funds are accumulated into the accounts, and financing the current cohort of retirees is based on payroll contributions. The contribution rate is increased from January 2011 to 35.09 %. This rate includes the 24.09 % rate that falls to employers and the 11.0 % rate payable by employees (increased by 2 % from 2011). The rate for the self-employed is marginally lower (31.52 %). The minimum taxable base for the self-employed is twelve times the minimum monthly wage (LVL 2 400 (€ 3 382)).

A real property tax is applicable to land, buildings and engineering constructions and is equal to 1.5 % of the cadastral value of land and buildings. The tax rate for residential property was increased in January 2011 and ranges from 0.2 % to 0.6 % of cadastral value of the property. A 3 % tax is levied on agricultural land not in use.

The new tax law is adopted in 2011 – On Vehicle tax and Company Tax. It combines the former Annual Vehicle duty and taxation of benefits from the private use of a company car

LITHUANIA											2009		
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	% of GDP	Ranking	€ bn
A. Structure of revenues													
Indirect taxes	12,6	12,2	12,4	11,7	11,2	11,4	11,4	11,9	11,9	11,8	20	3,1	
VAT	7,6	7,3	7,4	6,7	6,5	7,1	7,6	8,2	8,0	7,4	13	2,0	
Excise duties and consumption taxes	3,2	3,3	3,2	3,3	3,0	2,9	2,9	2,9	3,0	3,5	8	0,9	
Other taxes on products (incl. import duties)	1,2	1,0	1,2	1,1	1,1	0,8	0,4	0,4	0,4	0,4	22	0,1	
Other taxes on production	0,6	0,6	0,6	0,6	0,6	0,5	0,5	0,5	0,4	0,5	24	0,1	
Direct taxes	8,4	7,8	7,5	8,0	8,7	9,0	9,6	9,2	9,3	6,0	25	1,6	
Personal income	7,7	7,2	6,9	6,5	6,8	6,9	6,8	6,6	6,6	4,1	22	1,1	
Corporate income	0,7	0,5	0,6	1,4	1,9	2,1	2,8	2,6	2,7	1,8	23	0,5	
Other	0,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,1	26	0,0	
Social contributions	9,4	8,9	8,6	8,5	8,4	8,1	8,4	8,6	9,0	11,6	14	3,1	
Employers´	8,4	8,0	7,8	7,7	7,5	7,3	7,5	7,6	8,0	8,6	9	2,3	
Employees´	0,8	0,8	0,7	0,7	0,8	0,7	0,8	0,8	0,9	2,6	18	0,7	
Self- and non-employed	0,1	0,2	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,4	18	0,1	
Less: amounts assessed but unlikely to be collected	0,3	0,3	0,2	0,1	0,1	0,0	0,1	0,0	0,1	0,2			
TOTAL	30,1	28,6	28,4	28,1	28,3	28,5	29,4	29,7	30,2	29,3	22	7,8	
Cyclically adjusted total tax to GDP ratio	31,7	29,9	29,4	28,0	27,7	27,2	27,3	25,9	26,5	30,7			
B. Structure by level of government											% of total taxation		
Central government	42,2	42,6	53,5	54,0	53,2	53,8	54,3	53,0	51,0	47,6	21	3,7	
State government ²⁾	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Local government	20,2	20,0	9,8	9,4	9,9	9,7	9,7	10,2	11,3	11,9	10	0,9	
Social security funds	38,5	38,5	37,3	36,9	36,5	35,3	35,1	35,6	36,3	39,7	5	3,1	
EU institutions	n.a.	n.a.	n.a.	n.a.	0,7	1,3	1,2	1,4	1,5	1,4	2	0,1	
C. Structure by economic function											% of GDP		
Consumption	11,8	11,5	11,7	11,1	10,6	10,8	10,9	11,4	11,4	11,2	13	3,0	
Labour	16,3	15,4	14,9	14,6	14,7	14,5	14,6	14,6	14,9	15,1	16	4,0	
Employed	16,2	15,3	14,7	14,4	14,5	14,3	14,4	14,3	14,5	14,8	16	3,9	
Paid by employers	8,4	8,0	7,8	7,7	7,6	7,3	7,6	7,7	8,0	8,7	10	2,3	
Paid by employees	7,8	7,3	6,9	6,7	7,0	6,9	6,9	6,6	6,5	6,1	22	1,6	
Non-employed	0,0	0,1	0,2	0,2	0,2	0,2	0,2	0,2	0,3	0,3	21	0,1	
Capital	2,3	2,0	2,0	2,5	3,1	3,3	4,0	3,8	4,0	3,3	25	0,9	
Capital and business income	1,5	1,3	1,2	1,9	2,4	2,7	3,4	3,2	3,4	2,6	25	0,7	
Income of corporations	0,7	0,5	0,6	1,4	1,9	2,1	2,8	2,6	2,8	1,8	24	0,5	
Income of households	0,1	0,2	0,3	0,2	0,3	0,4	0,3	0,3	0,3	0,2	20	0,0	
Income of self-employed (incl. SSC)	0,6	0,5	0,4	0,3	0,2	0,2	0,3	0,3	0,4	0,6	22	0,2	
Stocks of capital / wealth	0,9	0,7	0,7	0,7	0,7	0,6	0,6	0,6	0,6	0,7	24	0,2	
D. Environmental taxes											% of GDP		
Environmental taxes	2,4	2,5	2,8	2,8	2,7	2,3	1,8	1,8	1,7	2,0	22	0,5	
Energy	1,8	1,8	2,0	2,0	1,8	1,7	1,6	1,6	1,5	1,9	14	0,5	
Of which transport fuel taxes	:	:	:	:	1,7	1,6	1,6	1,6	1,5	1,9	7		
Transport (excl. fuel)	0,7	0,7	0,7	0,7	0,8	0,5	0,1	0,1	0,0	0,0	27	0,0	
Pollution/resources	0,0	0,0	0,0	0,0	0,1	0,1	0,1	0,1	0,1	0,1	12	0,0	
E. Implicit tax rates											%		
Consumption	17,9	17,5	17,9	17,0	16,1	16,6	16,7	17,9	17,6	16,5	23		
Labour employed	41,2	40,3	38,1	36,9	36,1	34,9	33,7	33,2	32,7	33,1	14		
Capital	7,2	5,9	5,7	7,1	8,5	9,1	11,6	11,3	12,7	10,9			
Capital and business income	4,5	3,7	3,6	5,3	6,6	7,4	9,9	9,6	11,0	8,7			
Corporations	3,9	2,5	2,6	5,7	7,2	8,0	10,8	9,8	11,1	8,3			
Households	2,5	2,5	2,2	1,8	2,0	2,5	2,6	3,6	3,9	3,1			
Real GDP growth (annual rate)	3,3	6,7	6,9	10,2	7,4	7,8	7,8	9,8	2,9	-14,7			

See Annex B for explanatory notes. For classification of taxes please visit <http://ec.europa.eu/taxtrends>

1) The ranking is calculated in descending order. A "1" indicates this is the highest value in the EU-27. No ranking is given if more than 10 % of data points are missing.

2) This level refers to the *Länder* in AT and DE, the *gewesten en gemeenschappen / régions et communautés* in BE and *comunidades autónomas* in ES.

n.a. not applicable, : not available

Source: Commission services

LITHUANIA

Overall trends in taxation

Structure and development of tax revenues

In 2009, Lithuania exhibits the sixth lowest total tax burden (including social contributions) in the EU (29.3 % of GDP against an EU-27 average of 35.8 %). In comparison with the other two Baltic States, however, this level is intermediate between Latvia (26.6 %) and Estonia (35.9 %).

In terms of revenue structure, Lithuania relies most on indirect taxes (11.8 % of GDP) and on taxes from social contributions (11.6 % of GDP). VAT revenue in GDP terms decreased from 8.0 % in 2008 to 7.4 % in 2009 despite 2 percentage points increase in the standard VAT rate as of 1 September the same year. The importance of social contributions increased significantly by 2.6 percentage points of GDP from 2008 to 2009. This development refers to all payers of social contributions: employers' contributions increased from 8.0 % to 8.6 %, employees' from 0.9 % to 2.6 % and self- and non-employed from 0.1 % to 0.4 %. The revenue raise from social contributions is largely due to the fact that as from 2009 compulsory health insurance contributions have become part of social contributions. On the other hand, the revenue share of direct taxes to GDP decreased considerably by 3.3 percentage points in the same period and is, in 2009, the third lowest in the EU. This was due, to large extent, to the revenue fall from personal income taxes (from 6.6 % in 2008 to 4.1 % in 2009) and from corporate income taxes (from 2.7 % in 2008 to 1.8 % in 2009). The sharp decline in direct taxes in total is closely linked to the extremely high and negative change in GDP of 14.7 % in 2009.

In Lithuania, the proportion of total tax revenue received by central government of 47.6 % in total taxation lies in 2009 well below the EU-27 average (58 %). The local government however receives 11.9 % of total tax revenue, which is above EU-27 average (10.7 %). Remarkable is the fact that in Lithuania 39.7 % of total tax revenue is received by the social security funds; this contribution is the fifth highest among the EU Member States.

By observing the development of the tax-to-GDP ratio in Lithuania, one realises that despite remarkable economic growth from 2001 to 2008 the overall tax burden declined from 2000 to 2004. Since then till 2008, it has been picking up although not strong enough to even reach the 2000 level. In 2009, despite the dramatic drop in real GDP (from 2.9 % in 2008 to minus 14.7 %) the tax to GDP ratio declined only slightly from 30.2 % in 2008 to 29.3 % in 2009 on the back of higher revenue from social contributions.

Taxation of consumption, labour and capital; environmental taxation

Consumption tax revenue in percent of GDP declined moderately from 11.4 % (2008) to 11.2 % (2009). The ITR on consumption, at 16.5 %, is the fifth lowest in the EU-27 and has decreased by more than one percentage point from 2008 (17.6 %) to 2009. The ITR has oscillated in the 16 % to 18 % band since 2000.

Overall, labour taxes are the most important revenue source for the Lithuanian budget and bring in more than half of all revenues. The share of labour taxes as a percentage of GDP increased slightly, by 0.2 percentage points, from 2008 to 2009. At 33.1 % in 2009, the ITR on labour is close to EU average (32.9 %), although it decreased steadily from its 41.2 % peak in 2000, due notably to the increase in basic tax allowances and the successive cuts in the PIT rate. The ITR on labour is the only one of reported ITRs, which increased in 2009 compared to 2008 from 32.7 % to 33.1 %.

In Lithuania, taxes on capital to GDP are the third lowest in the EU, yielding less than half of the EU-27 average (3.3 % v 6.7 % for the EU-27). In addition, the share of capital taxes decreased significantly from 4.0 % (2008) to 3.3 % in 2009. Tax revenue from capital stocks is also one of the lowest in the Union. All of this is reflected in ITR on capital of 10.9 %, a ratio which has, however, continuously increased (from 2001 to 2008) on the back of both strong economic growth and base-broadening measures.

At 2.0 % of GDP, revenue from environmental taxation is the sixth lowest in the EU, due in particular to the very low revenue from transport taxes. Since 2003, environmental tax revenue, as a share of GDP, has fallen continuously till 2008. From 2008 to 2009 there has been an increase of 0.3 percentage points in revenue from environmental taxes.

Current topics and prospects; policy orientation

After significant reforms in 2006, 2008 and 2009 Lithuania introduced some tax policy measures during 2010. The Parliament adopted changes in the tax law concerning the rate of PIT applied on income of persons engaged in self-employed activities other than professional occupations. This rate has been reduced from 15 % to 5 % and is applied on profits derived from individuals' business activities like production (agriculture included), trade or various services. The general PIT rate of 15 % continues to be applied on profits from liberal professions (lawyers, notaries, consultants) as well as on real estate sales, lease activities and on revenues from the transfer of securities.

Regarding VAT, the temporary arrangement, whereby a 9 % reduced rate applies to books and non-periodical publications, has been extended for an indefinite period. The 5 % reduced VAT rate applying to medicines, was prolonged until the end of 2011; similarly, the 9 % reduced rate for residential heating is extended to 31 December 2011.

On 1 August 2010, amendments to the Law on State Social Insurance entered into force. The amendments introduce a social security contributions relief in respect of first-time employees (see social contributions).

Main features of the tax system

Personal income tax

In the Lithuanian tax system, income tax is imposed separately on different categories of income. The taxpayer may however elect to group the income across different categories (with the exception of business income taxed under lump-sum taxation) in order to apply personal deductions or allowances. Several categories of income (various types of pensions, certain insurance benefits, inheritance and gifts, some interest income, mariners' income, small agricultural income, scholarships etc.) are exempt from taxation under specific conditions. Capital income is taxed at 15 % of gross receipts. Capital gains are in principle subject to the general 15 % rate; however, various exemptions exist for capital gains on shares. Gains on disposal of immovable property are exempt if the owner has held the property for at least three years (two if the sale relates to the main dwelling of the taxpayer or if the proceeds are used within one year to acquire residential property in Lithuania or another EEA country). Dividend income is taxed at a 20 % (instead of 15 %) rate, but royalties continue to be taxed at 15 %. Rental income from immovable property is taxed at a rate of 15 % on the gross amount.

The 2009 reform restructured tax allowances. The basic personal allowance applies to employment income only and is determined on a sliding scale, declining as income increases. No basic personal allowance is granted to employees earning more than LTL 3 150 (€ 910) monthly. An additional personal allowance applies to taxpayers with minor children. For the first child the monthly amount is LTL 100 and for the second and each additional child LTL 200. If both parents raise the child(ren), the allowance is divided evenly between the parents.

A taxpayer may obtain a "business certificate" for certain types of independent activities (e.g. private accommodation services, barber and beauty shop services, handicrafts, translation). The income earned in this way is subject to a lump-sum tax, the amount of which depends upon the type of activity. By the end of 2010 the Lithuanian Parliament adopted changes in the tax law concerning the rate of personal income tax applied on self-employed income excluding professional occupations. This rate has been reduced from 15 % to 5 % and is applied on profits derived from individuals' business activities like production (agriculture included), trade or various services.

Corporate taxation

The CIT rate was progressively reduced from 29 % in 1995 to 15 % now, although there was a temporary increase in 2009. Small companies with up to 10 employees and taxable income not exceeding LTL 500 000 — approximately € 145 000 — benefit from a lower 5 % rate (down from 13 % in 2009).

From 2009 to 2013, an up to 50 % reduction in taxable profit, subject to conditions, has been granted to firms acquiring assets such as plant and machinery, structures, ICT equipment, and rights on intangible assets. Companies employing 20 % or more disabled persons also benefit from generous tax credits.

Lithuania adopts a modified classical system whereby dividends are taxed both at the level of the company and in the hands of the shareholder, in the case of a physical person. CIT is applied to all types of registered commercial enterprises, including sole proprietorships and partnerships, but a tonnage tax regime exists. Dividends distributed to another company are subject to the 15 % CIT rate, withheld by the distributing company, unless participation exemption applies. A 10 % withholding tax is applied to interest (with some exceptions) and royalties. Trading losses can be carried forward for five years. Both straight-line and declining-balance depreciation are permissible. Since 2007, capital gains on shares of EEA-registered entities, or countries having a tax treaty with Lithuania, are exempt if they are subject to corporate income taxation and the transferring entity has held more than one quarter of the capital for two years.

VAT and excise duties

After an increase by two points in standard VAT rate to 21 % as from 1 September 2009 an extension of reduced VAT rates was adopted in 2010. The temporary arrangement, whereby a 9 % reduced rate applies to books and non-periodical publications, has been extended for an indefinite period. The 5 % reduced VAT rate applies to medicines was prolonged until the end of 2011; similarly, the 9 % reduced rate for residential heating was extended to 31 December 2011. A 9% reduced rate on accommodation services is introduced as of January 2011 and will apply until the end of 2011.

Wealth and transaction taxes

Land tax is levied at 1.5 % of land value, while an immovable property tax ranges between 0.3 % and 1 % but applies only to legal persons or premises used for economic activities. Inheritance tax is levied at 5 % and 10 %, while gifts are taxed under the PIT. There is no net wealth tax.

Other taxes

A pollution tax is applied on emissions from stationary and mobile sources (automobiles equipped with an exhaust emission neutralisation system are exempt), certain goods (e.g. batteries, mercury lamps), as well as packaging. The rate depends on the specific pollution-related indices determined by state institutions. There is also a tax on natural resources.

Social contributions

The basic social insurance contribution is currently 30.8 % of which 27.8 % are contributed by employer and 3.0 % by employee. A basic health insurance of 9 % in total applies to employer (3 %) and to employee (6 %). The general rate for the insurance covering professional diseases and accidents at work stands at 0.3 %, but three special groups exist which are subject to different rates. Amendments of the Law on State Social Insurance entered on 1 August 2010 into force. A relief in social security contributions, in respect of first-time employees, was introduced. The amendments refer to all individuals, who are employed under a labour contract for the first time from 1 August 2010 until 31 July 2012. Under condition that their gross monthly salary does not exceed three times the minimum statutory monthly salary (i.e. the amount of LTL 2,400), they are not subject to pension insurance contribution paid by the employers and employees (23.3 % and 3 % respectively) for a period that does not extend one year.

LUXEMBOURG											2009		
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	% of GDP	Ranking	€ bn
A. Structure of revenues													
Indirect taxes	14,0	13,6	13,0	12,6	13,5	13,4	12,8	12,6	11,9	11,9		19	4,5
VAT	5,6	5,8	5,8	5,7	6,1	6,2	5,8	5,7	5,9	6,2		23	2,4
Excise duties and consumption taxes	4,5	4,2	4,4	4,3	4,6	4,2	3,8	3,6	3,5	3,4		11	1,3
Other taxes on products (incl. import duties)	1,5	1,3	1,1	1,1	1,1	1,2	1,1	1,3	1,0	0,8		18	0,3
Other taxes on production	2,3	2,2	1,7	1,5	1,7	1,9	2,0	2,0	1,5	1,5		11	0,6
Direct taxes	15,0	15,3	15,4	14,8	13,1	13,7	13,2	13,2	13,4	14,0		7	5,3
Personal income	7,2	7,0	6,4	6,5	6,6	7,1	7,5	7,1	7,7	7,7		11	2,9
Corporate income	7,0	7,3	8,0	7,3	5,7	5,8	5,0	5,3	5,1	5,5		3	2,1
Other	0,9	0,9	1,0	0,9	0,8	0,8	0,7	0,7	0,7	0,9		11	0,3
Social contributions	10,1	10,9	10,9	10,8	10,7	10,4	9,9	9,9	10,0	11,1		16	4,2
Employers´	4,4	4,8	4,8	4,7	4,7	4,6	4,3	4,2	4,3	4,8		20	1,8
Employees´	4,5	4,9	4,8	4,7	4,5	4,6	4,4	4,5	4,6	5,1		5	1,9
Self- and non-employed	1,2	1,3	1,3	1,3	1,6	1,3	1,2	1,2	1,2	1,3		12	0,5
Less: amounts assessed but unlikely to be collected	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.			
TOTAL	39,1	39,8	39,3	38,1	37,3	37,6	35,9	35,7	35,3	37,1		12	14,1
Cyclically adjusted total tax to GDP ratio	37,4	39,0	38,7	38,8	37,9	37,3	35,0	33,1	33,5	38,3			
B. Structure by level of government													
Central government	67,7	66,5	66,1	65,8	66,5	67,9	68,1	68,0	67,3	65,7		9	9,3
State government ²⁾	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		n.a.	n.a.
Local government	5,7	5,6	6,1	5,9	4,9	4,4	4,4	4,5	4,5	4,5		20	0,6
Social security funds	25,1	26,8	27,1	27,6	28,0	27,1	27,0	27,0	27,7	29,3		16	4,1
EU institutions	1,4	1,1	0,8	0,7	0,5	0,5	0,6	0,6	0,5	0,4		25	0,1
C. Structure by economic function													
Consumption	10,7	10,6	10,7	10,6	11,3	10,9	10,1	9,8	9,9	10,2		24	3,9
Labour	15,3	16,0	15,4	15,3	15,3	15,4	14,8	14,9	15,3	16,4		15	6,2
Employed	13,8	14,6	14,0	13,8	13,6	13,8	13,3	13,4	13,8	14,8		15	5,6
Paid by employers	4,4	4,8	4,8	4,7	4,7	4,6	4,3	4,2	4,3	4,8		21	1,8
Paid by employees	9,4	9,8	9,2	9,1	8,9	9,3	9,0	9,2	9,5	10,1		9	3,8
Non-employed	1,5	1,4	1,3	1,5	1,7	1,6	1,5	1,4	1,5	1,6		9	0,6
Capital	13,1	13,2	13,2	12,3	10,8	11,3	11,0	11,0	10,2	10,5		4	4,0
Capital and business income	8,9	9,2	9,9	9,3	7,8	8,0	7,6	7,4	7,5	7,9		3	3,0
Income of corporations	7,0	7,3	8,0	7,3	5,7	5,8	5,0	5,3	5,1	5,5		3	2,1
Income of households	0,8	0,9	0,8	0,9	0,9	1,1	1,6	1,1	1,3	1,3		4	0,5
Income of self-employed (incl. SSC)	1,2	1,1	1,1	1,1	1,2	1,1	1,0	1,1	1,1	1,1		14	0,4
Stocks of capital / wealth	4,2	3,9	3,3	2,9	3,0	3,3	3,4	3,6	2,7	2,6		6	1,0
D. Environmental taxes													
Environmental taxes	2,8	2,8	2,8	2,8	3,1	2,9	2,6	2,5	2,5	2,4		16	0,9
Energy	2,7	2,7	2,6	2,7	2,9	2,8	2,5	2,4	2,3	2,3		6	0,9
Of which transport fuel taxes	:	:	:	2,6	2,9	2,8	2,5	2,3	2,3	2,2		4	
Transport (excl. fuel)	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,2	0,2	0,2		24	0,1
Pollution/resources	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0		25	0,0
E. Implicit tax rates													
Consumption	23,0	22,6	22,6	23,8	25,4	26,3	26,4	27,1	27,3	27,3		5	
Labour employed	29,9	29,6	28,4	29,2	28,9	30,0	30,4	31,2	31,7	31,7		16	
Capital	:	:	:	:	:	:	:	:	:	:			
Capital and business income	:	:	:	:	:	:	:	:	:	:			
Corporations	:	:	:	:	:	:	:	:	:	:			
Households	:	:	:	:	:	:	:	:	:	:			
Real GDP growth (annual rate)	8,4	2,5	4,1	1,5	4,4	5,4	5,0	6,6	1,4	-3,7			

See Annex B for explanatory notes. For classification of taxes please visit <http://ec.europa.eu/taxtrends>

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n.a. not applicable, : not available

Source: Commission services

LUXEMBOURG

Overall trends in taxation

Structure and development of tax revenues

At 37.1 %, the tax-to-GDP ratio in Luxembourg was above the EU-27 average (35.8 %) in 2009. This ratio was lower than in the three neighbouring countries — Belgium, France and Germany.

Direct tax revenues, which were, as a percentage of GDP, 2.5 percentage points above the EU-27 average in 2009, have been on an upward trend in recent years. Despite relatively low rates the revenues from corporate income tax (CIT) are among the highest in the EU, which is partly due to the importance of the financial sector in the economy and the high degree of openness of the economy leading to substantial earnings from cross-border trade. PIT revenues are slightly below the Union average. Revenue from indirect taxes overall lay 1.5 percentage points below the EU-27 average owing to moderate VAT nominal rates.

Almost two thirds of levies accrue to the central administration and over a quarter to the Social Security funds. At 4.5 % of GDP, tax revenues accruing directly to local government are very low in comparison to the 10.7 % EU-27 average and decreased by around one fifth since 2000.

The overall tax burden has been decreasing nearly continuously since 2001. The lagged impacts of below potential growth in 2001–2003 and the 2001 and 2002 cuts in PIT and CIT placed tax revenues on a downward trajectory, so that by 2006 revenues from CIT as a percentage of GDP were down by more than one third from their 2002 peak. Since 2007, all tax and social security revenues have markedly increased in absolute terms, a phenomenon masked by real GDP growth. The 2009 increase in tax-to-GDP ratio is explained by the combination of rising corporate and social security revenues with negative GDP growth, while revenue from indirect taxation dropped because of a decrease in revenues from excise duties.

Taxation of consumption, labour and capital; environmental taxation

Consumption taxes (10.2 % of GDP) were 1.5 percentage points below the EU-27 average in 2009. The interpretation of the ITR on consumption for Luxembourg is affected by the small size of the territory and the high degree of openness of the economy. In particular, purchases of excisable goods by non-residents (minus purchases of these goods by Luxembourg residents abroad) are likely to push upward the ITR on consumption. Overall, the ITR on consumption stood at 27.3 % and is 6.4 percentage points above the EU-27 average (20.9 %).

Although it has increased in recent years, the ITR on labour (31.7 %) was, as of 2009, 1.2 percentage points lower than the EU-27 average (32.9 %). The lower level of labour taxation is a result of moderate levels of taxation of personal income and a relatively low level of social contributions.

Between 2000 and 2003, taxes on capital represented roughly one third of total revenue, the highest value in the EU. Although the share of capital taxes in total revenue has decreased to 28.3 %, it is still considerably above the EU-27 average (18.8 %). This is nearly entirely related to the high proceeds of the CIT, which, despite a marked decline compared to the beginning of the decade, remains among the highest in the EU as a share of GDP. The high revenue from taxes on capital in general and the CIT in particular, is linked to Luxembourg's large financial sector with a highly internationalised customer base.

Environmental taxation accounted for 2.4 % of GDP in 2009, down from 3.1 % in 2004. This drop, driven by lower energy tax revenues, caused Luxembourg's environmental tax revenues to fall below the EU-27 average (2.6 %).

Current topics and prospects; policy orientation

In December 2010, Luxembourg introduced various tax measures for 2011 to overcome the financial crisis and to achieve a balanced budget. The tax measures result in changes to both personal and corporate income tax regimes. The government announced an evaluation of the country's economic and financial situation in 2012.

As of January 2011, the top income tax rate is increased from 38 % to 39 %. In addition, the surcharge for the employment fund (solidarity tax) is increased from 2.5 % to 4 % for income up to € 150 000 and to 6 % for income above € 150 000. A temporary crisis tax amounting to 0.8 % levied on total income except minimum wage salaries is introduced for the years 2011 and 2012. As a result, the aggregate top personal income tax rate increases from 38.95 % to 42.14 %.

On 1 February 2010 a self-assessment system for corporate taxation entered into force: tax authorities issue tax assessments immediately on receipt of the corporate income tax, municipal tax, and net wealth tax returns provided by the taxpayer. The time limit for the tax administration to impose a corrective assessment is fixed at 5 years. The corporate tax rate remains unchanged. However, an increase of the surcharge from 4 % to 5 % for contributing to unemployment social security leads to a combined tax rate for Luxembourg City of 28.8 %, instead of 28.59 %. The 2011 tax plan also introduces a minimum fixed corporate income tax of € 1 500 per year, levied on holding companies (*Soparfis*) and resident companies which do not carry out commercial activities. The tax credit for investments is increased and additional measures (e.g. specific depreciation provisions) are introduced to promote energy saving and to protect the environment.

The annual subscription tax (*tax d'abonnement*) of 0.05 % for collective investments is abolished as of January 2011. The tax plan 2011 imposes restrictions on the deductibility of departure indemnities granted to employees.

Main features of the tax system*Personal income tax*

The main categories of income are employment income, business income, income from movable capital and miscellaneous income. Taxable income is computed on a cash basis, except for business income (accrual basis) and capital gains from a substantial participation (time of transaction). The top marginal rate is 39 %, applying to incomes of more than € 41 793. In general, expenses incurred to obtain or preserve income are deductible from taxable income. In addition, a resident taxpayer may claim deductions for special expenses and an allowance for extraordinary expenses from his aggregate income. Some former tax allowances have taken on the form of tax credits. They notably refer to child benefits and the compensatory amounts attributed to single parent taxpayers, the employed and the retired.

Married couples are jointly taxed, but a splitting system applies in the calculation of the tax due. Salaries, wages and pensions derived from former employment are subject to a wage withholding tax. The PIT is increased by a 4 % surcharge for the Employment Fund.

Dividends and interests are taxed as income from movable capital. Interest payments are subject to a 10 % final withholding tax. Dividends are subject to a 15 % withholding tax which is not final. Capital gains derived from speculative holdings and significant participation activities are subject to PIT.

Corporate taxation

Corporate income is subject to CIT, increased by a surcharge for the employment fund and a municipal business tax. The corporate tax system is, in principle, classical. The tax on profit is calculated by adding up the general CIT rate of 21 % (previously 22 %), a 5 % solidarity tax surcharge for the employment fund (the effective rate is 21.84 %) and a municipal business tax (which for Luxembourg City amounts to 6.75 %), taking the all-in effective rate to 28.8 % (for Luxembourg City). For SMEs whose taxable income is not more than € 15 000, the basic rate is 20 %.

Luxembourg also applies a system of investment credits and provides for specific tax incentives for new industrial investment (tax credit up to 12 %), venture capital investment and audiovisual investment (investment credit).

VAT and excise duties

Six VAT rates exist. The standard rate is 15 %; a super-reduced rate of 3 % applies to food and beverages, pharmaceutical products, books and newspapers and passenger transport. A reduced rate of 6 % applies to gas, electric power, flowers and labour-intensive services such as hairdressing and window cleaning. An intermediary rate of 12 % applies to wine and coal. Finally, flat rates of 4 % or 10 % apply to farmers and foresters subject to a specific regime.

Regarding excise duties on car fuels, the applicable rate for diesel-driven cars amounts to € 310 per 1 000 litres from 1 January 2010. Tobacco taxation has changed from 1 February 2010. The new excise rates applying to cigarettes are 47.84 % (proportional element) and € 16.89 per 1 000 cigarettes (specific element). The excise rates applying to fine-cut tobacco and other smoking tobaccos are 31.5 % (proportional element) and € 4 per kg (specific element).

Wealth and transaction taxes

Resident corporations are subject to wealth tax on their worldwide net worth. The tax rate is 0.5 %. The taxable base is determined as assets less liabilities. Since 2002, the tax may be reduced under certain conditions. Furthermore, in January 2006, the wealth tax applying to resident individuals was abolished. In parallel, a 10 % withholding tax on interest income from savings was introduced.

Local taxes

The most important local tax accruing directly to municipalities is the municipal business tax. It is levied on all business establishments located in Luxembourg. As explained in the chapter on corporation tax, the municipal business tax adds on to the general corporate tax rate of 21 % and the solidarity tax surcharge of 5 %.

Generally speaking, the volume of local taxes in terms of GDP is low compared to the EU average. Municipalities derive the most important part of their funding from the *Fonds Communal de Dotation financière*. This is a special fund redistributing part of the income collected by the central government from PIT, VAT, motor vehicle tax and excise tax on alcohol to municipalities in addition to a direct allocation from the budget.

Social contributions

Social security contributions for pension, health insurance and family allowances are levied on the gross wage. The pension scheme is financed by central government, and employers' and employees' contributions. A contribution of 16 % of gross wages is paid by both employers and employees. The central government participates with 8 % of total contributions paid on salaries. The health care scheme is financed by central government, and employers' and employees' contributions. A health care contribution of about 5 % of gross wages is paid by both employers and employees. The central government participates with 37 % of total contributions paid on salaries. For family allowances, the rate of 1.7 % is borne by the employee on his/her salary.

The 1.4 % contribution rate to long-term care insurance is borne by the employees (levied on total gross income including income derived from personal wealth). Unemployment benefits are paid from the Employment Fund. This special fund centralises income from the solidarity tax paid by employers and employees, excise income from certain mineral oil products and direct budgetary endowments from central government.

MALTA	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2009		
A. Structure of revenues											% of GDP	Ranking	€ bn
Indirect taxes	12,6	13,3	13,6	12,9	15,0	15,4	15,2	15,0	14,8	14,3	10	0,8	
VAT	6,0	6,4	7,0	6,2	7,4	8,2	8,0	7,6	7,9	7,8	10	0,5	
Excise duties and consumption taxes	2,5	2,8	2,7	2,7	2,8	3,1	3,0	3,3	3,1	3,0	15	0,2	
Other taxes on products (incl. import duties)	3,7	3,7	3,6	3,6	3,9	3,5	3,6	3,6	3,3	2,8	3	0,2	
Other taxes on production	0,3	0,4	0,4	0,4	0,8	0,6	0,5	0,5	0,5	0,6	22	0,0	
Direct taxes	9,2	10,2	11,4	12,0	11,4	12,0	12,1	13,5	13,1	13,9	8	0,8	
Personal income	5,6	6,2	6,1	6,3	6,4	6,2	6,3	6,4	5,6	6,3	15	0,4	
Corporate income	2,9	3,2	3,9	4,5	4,1	4,5	4,9	6,1	6,7	6,7	1	0,4	
Other	0,7	0,8	1,4	1,2	0,9	1,3	0,8	1,0	0,8	0,9	10	0,1	
Social contributions	6,4	6,9	6,5	6,5	6,5	6,4	6,1	5,8	6,1	6,0	25	0,4	
Employers´	2,8	3,1	2,9	2,9	2,9	2,9	2,8	2,6	2,7	2,7	26	0,2	
Employees´	2,8	3,1	2,9	2,9	2,9	2,9	2,7	2,6	2,7	2,7	15	0,2	
Self- and non-employed	0,8	0,7	0,7	0,7	0,7	0,6	0,6	0,6	0,6	0,6	16	0,0	
Less: amounts assessed but unlikely to be collected	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.			
TOTAL	28,2	30,4	31,5	31,4	32,9	33,7	33,4	34,3	33,9	34,2	17	2,0	
Cyclically adjusted total tax to GDP ratio	26,7	30,1	31,2	32,0	33,9	34,1	33,3	33,7	33,1	34,8			
B. Structure by level of government											% of total taxation		
Central government	100,0	100,0	100,0	100,0	99,1	98,6	98,8	98,7	98,6	99,0	1	2,0	
State government ²⁾	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Local government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Social security funds	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
EU institutions	n.a.	n.a.	n.a.	n.a.	0,9	1,4	1,3	1,3	1,4	1,0	4	0,0	
C. Structure by economic function											% of GDP		
Consumption	12,1	12,7	13,4	12,4	13,3	14,4	13,9	13,8	13,7	13,5	6	0,8	
Labour	9,7	10,7	10,2	10,3	10,5	10,2	10,1	9,7	9,4	9,8	27	0,6	
Employed	9,0	10,0	9,5	9,5	9,7	9,4	9,2	8,9	8,6	9,0	27	0,5	
Paid by employers	2,8	3,1	2,9	2,9	2,9	2,9	2,8	2,6	2,7	2,7	26	0,2	
Paid by employees	6,2	6,8	6,6	6,6	6,7	6,5	6,5	6,3	5,9	6,3	21	0,4	
Non-employed	0,7	0,8	0,7	0,8	0,8	0,8	0,9	0,8	0,7	0,8	16	0,0	
Capital	6,3	6,9	7,9	8,7	9,1	9,1	9,5	10,8	10,9	10,9	2	0,6	
Capital and business income	5,2	5,7	6,4	7,1	6,6	6,9	7,4	8,7	9,1	9,2	1	0,5	
Income of corporations	2,9	3,2	3,9	4,5	4,1	4,5	5,0	6,1	6,7	6,7	1	0,4	
Income of households	1,1	1,3	1,4	1,5	1,4	1,3	1,4	1,5	1,4	1,5	2	0,1	
Income of self-employed (incl. SSC)	1,2	1,1	1,1	1,1	1,1	1,1	1,1	1,1	1,0	1,0	16	0,1	
Stocks of capital / wealth	1,1	1,3	1,5	1,6	2,5	2,2	2,1	2,1	1,8	1,7	13	0,1	
D. Environmental taxes											% of GDP		
Environmental taxes	3,7	3,7	3,4	3,4	3,1	3,3	3,3	3,7	3,5	3,3	4	0,2	
Energy	1,4	1,5	1,4	1,3	1,3	1,3	1,3	1,8	1,5	1,5	22	0,1	
Of which transport fuel taxes	:	:	:	:	1,2	1,3	1,3	1,7	1,4	1,4	15		
Transport (excl. fuel)	2,3	2,1	2,0	2,1	1,8	1,8	1,8	1,7	1,7	1,6	1	0,1	
Pollution/resources	0,0	0,0	0,1	0,0	0,0	0,2	0,2	0,3	0,3	0,2	4	0,0	
E. Implicit tax rates											%		
Consumption	15,9	16,5	18,1	16,5	17,3	19,2	19,5	19,8	19,3	19,5	15		
Labour employed	20,6	21,4	20,8	20,4	20,4	20,8	20,7	20,5	19,6	20,2	27		
Capital	:	:	:	:	:	:	:	:	:	:			
Capital and business income	:	:	:	:	:	:	:	:	:	:			
Corporations	:	:	:	:	:	:	:	:	:	:			
Households	:	:	:	:	:	:	:	:	:	:			
Real GDP growth (annual rate)		-1,6	2,6	-0,3	0,9	4,7	3,3	3,9	2,7	-1,9			

See Annex B for explanatory notes. For classification of taxes please visit <http://ec.europa.eu/taxtrends>

1) The ranking is calculated in descending order. A "1" indicates this is the highest value in the EU-27. No ranking is given if more than 10 % of data points are missing.

2) This level refers to the *Länder* in AT and DE, the *gewesten en gemeenschappen / régions et communautés* in BE and *comunidades autónomas* in ES.

n.a. not applicable, : not available

Source: Commission services

MALTA

Overall trends in taxation

Structure and development of tax revenues

In 2009 the tax-to-GDP ratio (including social security contributions) stood at 34.2 % in Malta, 1.6 percentage points lower than the EU average (35.8 %). With respect to other countries bordering the Mediterranean, this level of taxation is well below that of Italy and France, but somewhat higher than that of Spain and Greece.

Malta relies heavily on indirect taxes; their share of the total tax lies well above the EU average (Malta 41.8 %, EU-27 37.7 %), so that the overall taxation structure is similar to that in the United Kingdom (indirect taxes, direct taxes, social contributions in a ratio of around 2:2:1), perhaps reflecting the fact that the Maltese tax system has its origin in the former British system. Although the Maltese are, on the whole, relatively lightly taxed the level of direct taxation is higher than the EU average (Malta 13.9 %, EU-27 11.5 %) Indirect taxes absorb a proportion of GDP (14.3 %) which is slightly higher than the EU average (13.4 %), while social security contributions yield little revenue, roughly two thirds of the EU average in GDP terms (6.0 % of GDP, EU-27 11.1 %). Within social security contributions, employees contribute less than the European average (Malta 2.7 %, EU-27 3.3 %), while employers contribute less than half the EU average (Malta 2.7 %, EU-27 6.6 %).

As Malta has no sub-central level of government collecting taxes, and does not maintain a social security fund separate from the central exchequer, 99.0 % of receipts are collected by central government (EU-27 average 58.0 %).

The country has experienced more than 21 % increase in tax revenue when expressed in terms of its share of GDP between 2000 and 2009. This increase was most notable in direct taxation; where revenues grew by over 51 %. This stems mostly from increase in CIT arising from the broadening of the base, and efforts to improve efficiency in collection. As a result Malta now ranks first in the EU for corporate income tax revenues as expressed in percentage of GDP. The increase in indirect taxes was 13 % while social security revenue decreased by 6 %, being one of the lowest values in the EU after Ireland (5.8 %) and Denmark (1 %).

Taxation of consumption, labour and capital

Taxes on consumption generate revenues of 13.5 % of GDP (EU-27 11.7 %), having increased by 1.4 percentage points since 2000. This is mainly due to the widening of the VAT base and the raising of excise duties to bring them in line with EU minimum rates. The ITR on consumption (19.5 %) also reflects this rise, having increased from 15.9 % in 2000. However, the rate remains lower than the EU average (EU-27 20.9 %), due partly to the high ratio of consumption to GDP.

The amount of revenue raised from taxation of labour is the lowest in the Union (Malta 9.8 % of GDP, EU-27 17.5 %). This figure results from the fact that employers' social security contributions are low. In 2009 labour taxes increased driven by those paid by employees. The ITR on labour is, at 20.2 %, 12.7 percentage points below the EU average (32.9 %), the lowest in the EU by a wide margin.

The taxation of capital yields substantial revenue (10.9 % of GDP, EU-27 6.7 %), putting Malta in second place in the EU. This is primarily due to the tax on corporations (at 6.7 % of GDP, the highest revenue in the EU) which increased by almost 4 percentage points since 2000 and remained stable in 2009, when for many countries the revenues dropped. By contrast the revenue from taxation of the self-employed is below the Union average. Unfortunately, owing to data limitations, no ITR on capital is available for Malta.

Environmental taxes are relatively high (Malta 3.3 % of GDP, EU-27 2.6 % of GDP). The high level of environmental tax revenue is attributable to taxation on transport, which is the highest in the Union (1.6 % of GDP, EU-27 0.6 %), while revenue from taxation on energy is somewhat below the EU average (1.5 %, EU-27 1.9 %).

Current topics and prospects; policy orientation

As a result of the current tax policy in accordance with Malta's stability programme the indirect taxes are projected to rise as a share of GDP in 2011, while direct taxes increase further in 2011 and stabilise in 2012. In 2011 there were no changes in the PIT system. The last reform in 2009 has further increased personal income tax thresholds after having already increased in 2008. These regulations also relieved family businesses as the spouse's salary could be deducted and family allowances had increased. In 2009 a primarily CO₂ emission-based registration tax has been introduced for vehicles in Malta. As of 2010 a registration tax is levied on Euro 3 and lower-standard commercial vehicles. The levy on credit cards (€ 16.31) was abolished in 2010.

Main features of the tax system

Personal income tax

From 2007 to 2009 Malta had a substantial personal income tax reform, with the aim to decrease the tax burden. Now Malta employs a four bracket system (0 %, 15 %, 25 % and 35 %). The 0 % rate is up to € 8 500 for single individuals and € 11 900 for married couples; while the 35 % rate applies for income over € 19 500 for single individuals and € 28 700 for married couples. To facilitate the return of women to labour market the current tax credit of up to € 5 000 had been extended to include self-employed mothers. From 2011 self-employed women working on a part-time basis will be given the opportunity to choose to pay a 15 % pro-rata contribution on their income, as per employed person, instead of the minimum currently stipulated by law (€ 26.37 per week).

Individuals who are permanent resident and domiciled in Malta (stay of more than 183 days a year) are taxable on their worldwide income e.g. from trades, professions, employments, interest, pensions, annuities, rents, dividends and capital gains. Any income arising in Malta is always taxable in Malta. Apart from the basic personal relief of € 8 500 for single individuals and of € 11 900 for married couples, the Maltese personal income tax system does not offer any other deductions or allowances of note. However, income tax paid by a company can be fully attributed to shareholders following the distribution of dividends by a company. Under this system, dividends paid by a company resident in Malta carry a tax credit equivalent to the tax paid by the company on its profits out of which the dividends are distributed. Shareholders are taxed on the gross dividend at the applicable tax rates, but are entitled to deduct the tax credit attaching to the dividend against their total income tax liability.

Corporate taxation

With a rate of 35 % (which is also the maximum personal tax rate), Malta exhibits one of the highest tax rates applicable to companies in the EU. However, Malta applies the full imputation system of taxation described above and there would be no further tax to pay when dividends are distributed to shareholders. Under this system, dividends paid by a company resident in Malta carry a tax credit equivalent to the tax paid by the company on its profits out of which the dividends are distributed. Shareholders are taxed on the gross dividend at their personal applicable tax rates, but are entitled to deduct the tax credit attaching to the dividend against their total income tax liability.

Therefore the maximum rate of tax payable on company profits — taking into account the tax paid by the company on its profits and the tax paid by the shareholders on dividends received — can never exceed 35 %. Trade losses may be carried forward indefinitely while carry-backs are not permissible. The tax code is restrictive on the use of provisioning for tax purposes (for doubtful debts or investment value losses) but depreciation allowances are available. Capital gains realised by companies are aggregated with other income and taxed at a 35 % rate. The imputation system described above also

applies with respect to profits distributed by companies arising out of such gains. Certain tax incentives are available for enterprises involved in shipping, targeted industrial sectors and free port activities.

Small and medium sized enterprises (with maximum of ten employees) are entitled to a 40 % tax credit if they invest in new technologies or create new jobs. (The tax credit is 60 % for SMEs in Gozo.)

VAT and excise duties

The standard VAT rate is 18 % with a 7 % reduced rate applicable to holiday accommodation, and a 5 % reduced rate on letting of sites for artistic or cultural activities, electricity, printed material, medical accessories and goods intended for the use of disabled persons. Zero-rated supplies include food, pharmaceutical goods, local transport and cultural services. VAT was introduced in 1995, replaced with a sales tax following a change of government, following which the revenues dropped by more than 1 % of GDP. A further change of government led to its reintroduction in 1999.

Excise duties are moderate on light alcoholic beverages, close to EU average on fuels and relatively high, in comparison with other new Member States, on both strong liquors and tobacco. Both VAT and excise duties generate revenues as a proportion of GDP comparable with the EU average, but other indirect taxes are well in excess of the EU average (2.8 % of GDP, EU-27 1.3 %). This is due to high levels of import duties, stamp duty and car registration duties. The latter also have the effect of raising the aggregate tax on transport well above the EU average. (1.6 % of GDP highest in the EU, EU-27 0.57 %)

Environmental taxes

In September 2004 the so-called eco-contribution was introduced in Malta mainly to finance the development of a waste water management system. It is chargeable on a number of white goods, containers, batteries, plastic bags, tyres and other specified products that are deemed to result in waste. Currently taxes on pollution yield 0.2 % of GDP, which is the fourth highest level in the EU.

From 2011, registration taxes of commercial vehicles up to Euro Standard 3 have been increased in order to encourage the newer and cleaner vehicles (Euro Standard 4 & 5). Companies can also benefit from a reduction in company tax up to 125 % on the amounts spent on electric cars. An excise duty of € 9 was introduced on every tonne of cement.

Wealth and transaction taxes

There is no wealth tax but the transfer of immovable property by individuals and companies is normally subject to a rate of 5 % of the transfer value (3.5 % on the first € 116 469 in the case of acquisitions for the purpose of establishing the purchaser's own residence). There is an option to opt out of a 12 % final withholding tax on transfers of immovable property and instead choose to tax the actual gain. This option has been extended from 5 to 7 years for transfers in 2010 and 2011. While there is no withholding tax on dividends or royalties, the distribution of untaxed corporate income, the interest paid by Maltese banks and government and the capital gains arising from the disposal of shares in investment schemes are subject to withholding tax at 15 %.

Social contributions

Maltese workers are covered by a social security system under which the employee, the employer, and the government each contribute 10 % of an employee's basic salary (up to a maximum contribution of € 33.03 per week for persons born up to 31st December 1962 and €35.39 for persons born from 31st December 1962 onwards); the self-employed contribute at a rate of 15 %, which is matched by the government, with contributions capped at an annual maximum of € 1 840 for employees and € 2 760 for self-employed persons. The employer's share of social security contributions is deductible for income tax purposes.

NETHERLANDS											2009		
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	% of GDP	Ranking	€ bn
A. Structure of revenues													
Indirect taxes	12,5	12,9	12,7	12,7	12,9	12,9	13,1	13,0	12,7	12,2	17	69,9	
VAT	6,9	7,3	7,2	7,3	7,3	7,2	7,4	7,5	7,2	7,0	16	40,1	
Excise duties and consumption taxes	2,6	2,5	2,5	2,4	2,6	2,5	2,5	2,4	2,3	2,3	23	13,1	
Other taxes on products (incl. import duties)	2,0	2,1	1,9	1,9	2,0	2,1	2,2	2,0	2,0	1,8	7	10,1	
Other taxes on production	1,0	1,1	1,1	1,1	1,1	1,1	1,0	1,0	1,1	1,2	14	6,7	
Direct taxes	12,0	11,7	11,8	11,0	10,7	11,7	11,9	12,2	11,9	12,1	10	69,5	
Personal income	6,0	6,2	6,8	6,5	6,0	6,6	6,9	7,4	7,2	8,6	9	49,0	
Corporate income	4,3	4,2	3,6	3,0	3,3	3,6	3,7	3,5	3,4	2,1	18	12,2	
Other	1,6	1,3	1,4	1,4	1,4	1,5	1,3	1,3	1,3	1,4	2	8,2	
Social contributions	15,4	13,7	13,3	13,8	13,9	12,9	14,0	13,5	14,5	13,8	8	79,0	
Employers'	4,5	4,3	4,3	4,3	4,3	4,0	4,6	4,5	4,8	4,9	19	28,0	
Employees'	7,9	6,7	6,4	6,7	6,9	6,4	6,5	6,1	6,6	5,9	4	33,8	
Self- and non-employed	3,1	2,6	2,5	2,8	2,7	2,5	2,9	2,9	3,1	3,0	1	17,1	
Less: amounts assessed but unlikely to be collected	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.			
TOTAL	39,9	38,3	37,7	37,4	37,5	37,6	39,0	38,7	39,1	38,2	10	218,4	
Cyclically adjusted total tax to GDP ratio	38,6	37,4	37,7	38,1	38,1	38,1	38,8	37,6	37,7	38,8			
B. Structure by level of government											% of total taxation		
Central government	55,9	58,9	59,7	57,8	57,6	60,2	59,5	60,4	58,3	59,2	14	129,2	
State government ²⁾	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Local government	3,4	3,6	3,7	3,9	4,0	4,1	3,3	3,3	3,3	3,7	21	8,1	
Social security funds	38,6	35,7	35,2	36,9	37,1	34,5	35,9	34,8	37,0	36,2	8	79,0	
EU institutions	2,0	1,8	1,4	1,4	1,3	1,3	1,3	1,4	1,4	1,0	5	2,1	
C. Structure by economic function											% of GDP		
Consumption	11,7	11,9	11,7	11,8	12,0	12,0	12,2	12,1	12,0	11,8	11	67,2	
Labour	20,4	18,0	18,4	18,8	18,6	18,2	19,6	19,5	20,3	20,9	9	119,6	
Employed	17,5	15,6	15,9	16,2	16,1	15,7	16,9	17,2	17,9	18,5	11	105,9	
Paid by employers	4,5	4,5	4,5	4,4	4,4	4,1	4,7	4,6	4,9	5,0	19	28,5	
Paid by employees	13,0	11,1	11,4	11,8	11,6	11,6	12,3	12,6	13,1	13,5	2	77,4	
Non-employed	2,9	2,4	2,5	2,6	2,6	2,6	2,7	2,2	2,3	2,4	7	13,7	
Capital	7,8	8,4	7,7	6,8	6,9	7,4	7,1	7,1	6,9	5,5	20	31,5	
Capital and business income	5,6	6,2	5,4	4,6	4,7	5,1	5,1	5,0	4,9	3,7	20	21,4	
Income of corporations	4,3	4,2	3,6	3,0	3,3	3,6	3,7	3,5	3,4	2,1	19	12,2	
Income of households	-1,1	0,1	-0,1	-0,4	-0,5	-0,5	-0,6	-0,5	-0,6	-0,6	27	-3,5	
Income of self-employed (incl. SSC)	2,3	1,9	2,0	2,0	1,9	1,9	2,0	2,0	2,1	2,2	8	12,6	
Stocks of capital / wealth	2,2	2,2	2,3	2,1	2,2	2,3	2,0	2,1	1,9	1,8	11	10,2	
D. Environmental taxes											% of GDP		
Environmental taxes	3,9	3,8	3,7	3,7	3,9	3,9	4,0	3,8	3,9	4,0	2	22,8	
Energy	1,9	1,8	1,8	1,8	1,9	2,0	2,0	1,8	1,9	2,0	10	11,7	
Of which transport fuel taxes	1,3	1,2	1,3	1,3	1,3	1,3	1,3	1,3	1,2	1,3	20		
Transport (excl. fuel)	1,4	1,3	1,2	1,2	1,3	1,3	1,4	1,4	1,3	1,2	4	7,0	
Pollution/resources	0,7	0,7	0,6	0,6	0,6	0,6	0,7	0,6	0,7	0,7	2	4,1	
E. Implicit tax rates											%		
Consumption	23,8	24,4	23,9	24,2	24,8	25,0	26,5	26,7	26,9	26,2	6		
Labour employed	34,5	30,6	30,9	31,5	31,4	31,6	34,4	35,1	36,2	35,5	10		
Capital	20,7	22,4	24,2	20,9	20,3	18,2	17,1	15,5	16,6	15,4			
Capital and business income	14,9	16,6	17,1	14,3	13,8	12,5	12,2	11,0	11,9	10,4			
Corporations	18,4	17,2	18,0	14,4	14,4	12,4	12,0	10,2	11,1	8,0			
Households	8,0	12,9	12,8	11,8	10,4	10,4	10,5	11,0	11,8	14,6			
Real GDP growth (annual rate)	3,9	1,9	0,1	0,3	2,2	2,0	3,4	3,9	1,9	-3,9			

See Annex B for explanatory notes. For classification of taxes please visit <http://ec.europa.eu/taxtrends>

1) The ranking is calculated in descending order. A "1" indicates this is the highest value in the EU-27. No ranking is given if more than 10 % of data points are missing.

2) This level refers to the *Länder* in AT and DE, the *gewesten en gemeenschappen / régions et communautés* in BE and *comunidades autónomas* in ES.

n.a. not applicable, : not available

Source: Commission Services

NETHERLANDS

Overall trends in taxation

Structure and development of tax revenues

In 2009, the tax-to-GDP ratio was 38.2 % in the Netherlands. This value is 2.4 percentage points above the EU-27 average (35.8 %) and somewhat above the euro area average (36.5 %).

Indirect taxes, direct taxes and social contributions each account for about one third of total tax revenues. Although indirect tax revenues decreased due to the crisis, on average, reliance on VAT has increased over the period concerned. The weight of corporate income tax (CIT) decreased because of a reduction in the statutory income tax rates. The 2001 tax reform lowered the burden on taxes and the social security premium. Most allowances were replaced by tax credits; these apply not only to the PIT but to social security contributions as well. Therefore, the relief of the 2001 tax reform is found mainly in social security contributions. Yet, social security contributions on employees and self-employed are among the highest in the EU.

From a fiscal viewpoint, the Netherlands display a fairly centralised tax structure as local government taxes account for merely 3.7 % of total tax revenues, a share which is just above a third of the EU-27 average (10.7 %). In contrast, the share of social security funds (36.2 %) is well above the European average (31.4 %). Revenues received by the central government are slightly above the EU-27 average.

Between 2000 and 2003 tax revenues as a share of GDP decreased continuously. The decline in the overall tax ratio was driven by decreases in revenues from direct taxes and social contributions, while indirect taxation has grown. The increases of the shares of personal income taxes and employers' social security contributions explain to a large extent the rise in the total tax burden since 2005. However, this increase seems to be mainly the result of the good economic conditions, as the cyclically adjusted tax revenues remained rather stable. The fall in the tax-to-GDP ratio in 2009, is explained by a significant drop revenues from corporate taxation and a decrease in revenue from indirect taxation due to the crisis. Revenues from personal income taxation, and to a lesser extent, environmental taxes and inheritance taxes, increased.

Taxation of consumption, labour and capital; environmental taxation

Adjusting for the effects of the crisis in 2008 and 2009, the implicit tax rate on consumption shows an increasing trend since 2002, partly as a result of increases in revenues from VAT and environmental taxes. In 2009, the implicit tax rate was 5.3 percentage points higher than the EU average (20.9 %).

The ITR on labour dropped significantly in 2001 as a result of the PIT reform reducing substantially employees' social contributions. Since then the ITR has increased by 4.9 percentage points. The large share of this increase is due to the replacement of private health care insurance contributions by a new public health care insurance system in 2006⁽⁸⁷⁾. In 2009, the ITR (35.5 %) was well above the EU average (32.9 %).

The ITR on capital increased significantly from 2000 to 2002. This increase stems largely from higher revenues from taxes paid by households. From 2003 onwards the ITR on corporations has been declining probably due to the lagged effects of cyclical factors and, as of 2005, due to the impact of strong CIT rate cuts. This drives down the general ITR on capital. In 2009, the ITR on capital in the Netherlands was 15.4 %, 9.5 percentage points below the EU-25 average. Revenue from taxes on the capital income of households is negative and, at - 0.6 % of GDP, the lowest in the EU. The

⁽⁸⁷⁾ Under the accounting conventions followed in this report, this replacement leads to an increase in the ITR on labour although disposable income of households is unaffected.

negative value is mainly due to the mortgage interest deduction (balanced with the deemed rental value of owner-occupied houses) and the deduction of contributions to pillar 2 pensions in the wage tax/income tax.

At 4.0 % of GDP, the Netherlands has the second highest level of environmental taxes as a percentage of GDP in the EU after Denmark. The Netherlands raises significant revenue from transport taxes and is one of the few countries in the Union with a non-negligible contribution of pollution taxes, originating from a tax on pollution of surface waters and sewerage charges (0.7 % of GDP, EU-27 0.1 %).

Current topics and prospects; policy orientation

As of January 2011, the tax rate in the first bracket of personal income tax and wages tax is reduced from 2.30 % to 1.85 %. As of January 2012, the rate will be 2.00 %. In addition, the imputed income for the owner-occupied dwelling is increased from 1.00 % to 1.05 % for the part of the value that exceeds € 1 020 000.

As of January 2010, the 'patents box' scheme was turned into an 'innovation box' for innovative entrepreneurs: income derived from R&D is taxed at a rate of 5 %, instead of 10 % and the ceilings were abolished. Furthermore, a 3-year carry-back period was introduced for losses incurred in 2009 and 2010. The tax plan 2010 also included a bill aiming at reducing the administrative and regulatory burden: employers will no longer be required to deduct social insurance contributions and healthcare insurance contributions from pay to employees under 23 who earn less than the threshold salary. As of 2011, the same applies to the levying of wage withholding tax. The 2011 tax plan decreases the environment investment deduction from 15 % to 13.5 %, from 30 % to 27 % and from 40 % to 36 %, depending on the type of investment⁽⁸⁸⁾. The tax credit for R&D activities is increased from € 12 031 to € 12 104 for entrepreneurs and from € 6 017 to € 6 054 for starting entrepreneurs.

As of January 2011, the corporate income tax rate is reduced to 25 % from 25.5 % for profits in excess of € 200 000. In 2008, the government decided to lower the SME tariff of the second tax bracket of corporate income tax from 23 % to 20 % for both 2009 and 2010. This tariff applies to amounts up to € 200 000. As of 1 January 2010, the profit exemption for SMEs, granted under the tax plan 2009, was raised from 10.5 % to 12 %. The minimum criterion for spending time on the business was dropped, making it more attractive to carry on a business alongside salaried employment. To foster business growth, the small-scale investment tax credit (KIA) was substantially increased. An exemption for investment in small and mid-sized enterprises (SMEs) is introduced in Box 2 of the personal income tax.

The tax plan 2011 introduces a temporary VAT rate reduction from 19 % to 6 % on labour used in the renovation of dwellings older than 2 years until 1 July 2011. The tax plan 2011 increases the exemption for business succession, introduced in 2010, from 75 % to 100 % for businesses with a maximum value up to € 1 006 000, and to 83 % for the excess. For the tax due, a 10-year tax deferral is granted. Excise duties on cigarettes and tobacco are increased as of 1 March 2011. The increase amounts to € 11.68 per 1 000 cigarettes.

As of January 2009, the basis for car taxation was changed from list prices to CO₂ emissions. Highly fuel-efficient cars are no longer subject to motor vehicle taxation and, as of January 2010, benefit from a € 500 (€ 750 in 2010) reduction from car purchase tax.

Main features of the tax system

Personal income tax

The Dutch PIT system consists of three so-called boxes: Box 1 consists of labour income items as well as some capital income items, such as the proceeds of capital that proprietors employ in their own businesses, the presumptive income from owner-occupied housing, interest and rental income. The sum of income in Box 1 is taxed at progressive rates

⁽⁸⁸⁾ As part of an extra crisis package, the rates of the environment investment deduction were temporarily increased from 15 %, 30 % and 40 % to 35 %, 50 % and 60 % from July 2009 till December 2010.

ranging from 33.45 % to 52 % (income tax and social security contributions). The highest rate applies to income above of € 54 367. Box 2 contains profit distributions and capital gains in connection with closely held companies, in which particular shareholders have a substantial interest. The nominal PIT rate on these income items is 25 %, but the effective overall tax rate is higher, because these items are also subject to the corporation tax at the level of the company. Box 3 includes the returns on individually held assets such as saving deposits, stocks, bonds, and real estate (except owner-occupied housing). The items in this box are subject to the presumptive capital income tax. The statutory rate is 30 % on a presumptive return of 4 % on the average value of the net assets during the taxable year.

Corporate taxation

In the Netherlands, profit for fiscal purposes is not necessarily calculated on the basis of the annual financial statements. Profits should be determined according to 'sound business practice', a concept that has mainly been developed in case law. One of its requirements is the use of consistent accounting methods. This means that the method of determining profits may be changed only if this is compatible with sound business practice.

Under certain conditions a parent company may be taxed as a group together with one or more of its subsidiaries. For corporate income tax (CIT) purposes this means that the parent company and subsidiary are deemed to be one fiscal entity. The main advantages of group taxation are that the losses of one company can be offset against profits from another company within the group, and that fixed assets can in principle be transferred tax free from one company to another. The current profits of corporations (publicly and closely held companies) are subject to the corporation tax at a rate of 25 % (20 % for profits up to € 200 000 as of 2009).

VAT and excise duties

There are two rates. The standard rate, which was increased from 17.5 % following the 2001 reform, is 19 %. The reduced rate of 6 % applicable to inter alia food, water, pharmaceuticals, art, cultural events and publications, has been extended until 2011 on labour used in the renovation of dwellings older than 2 years. The Netherlands applies a wide range of green taxes: environmental taxes (taxes on groundwater, tap water, waste materials, fuels and the regulatory energy tax), excise duties on petroleum oils and taxes on vehicles (goods vehicle tax, tax on private cars and motorcycles and tax on heavy goods vehicles).

Wealth and transaction taxes

The net wealth tax was abolished in 2001. As of 2010, inheritance and gift taxes are levied at rates ranging from 10 % to 40 % depending on the relationship between the donor and the beneficiary and the amount involved if the amounts exceed certain allowances.

Social contributions

The social security system is composed of national insurance and employee insurance. The national insurance applies to all inhabitants and its financing is integrated in the income tax and wage (withholding) tax levy. The employee insurance applies to employees and is financed by a levy calculated on gross salaries (with a maximum amount) and depends on the economic sector. For basic health insurance each adult pays a fixed amount of, on average, € 1 012 a year. In addition, 7.05 % of gross earnings are paid up to a maximum income of € 33 189. For the latter contribution an employee receives mandatory full compensation from his employer. This compensation is subject to the personal income tax.

POLAND											2009		
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	% of GDP	Ranking	€ bn
A. Structure of revenues													
Indirect taxes	12,6	12,5	13,2	13,2	13,1	13,9	14,5	14,4	14,4	13,1		13	40,6
VAT	6,9	6,8	7,2	7,1	7,2	7,7	8,1	8,3	8,0	7,4		11	23,1
Excise duties and consumption taxes	3,7	3,7	4,0	4,1	4,2	4,2	4,0	4,2	4,4	3,8		4	11,8
Other taxes on products (incl. import duties)	0,8	0,6	0,6	0,6	0,4	0,3	0,3	0,4	0,4	0,3		27	0,9
Other taxes on production	1,3	1,4	1,4	1,3	1,4	1,7	2,0	1,5	1,6	1,6		10	4,9
Direct taxes	7,2	6,7	6,9	6,6	6,4	7,0	7,5	8,6	8,6	7,5		21	23,2
Personal income	4,4	4,5	4,3	4,2	3,6	3,9	4,6	5,2	5,3	4,6		21	14,4
Corporate income	2,4	1,9	2,0	1,8	2,2	2,5	2,4	2,8	2,7	2,3		17	7,1
Other	0,3	0,3	0,6	0,6	0,5	0,6	0,5	0,6	0,6	0,5		17	1,7
Social contributions	12,9	13,4	12,9	12,8	12,3	12,3	12,2	12,0	11,3	11,3		15	35,2
Employers´	5,7	5,7	5,4	5,2	4,9	4,9	4,8	4,8	4,7	4,6		23	14,3
Employees´	5,5	5,5	5,1	5,2	5,0	4,8	4,9	4,8	4,6	4,2		7	13,0
Self- and non-employed	1,8	2,1	2,5	2,4	2,4	2,5	2,5	2,4	2,0	2,5		5	7,9
Less: amounts assessed but unlikely to be collected	0,2	0,4	0,4	0,3	0,3	0,4	0,4	0,1	0,1	0,1			
TOTAL	32,6	32,2	32,7	32,2	31,5	32,8	33,8	34,8	34,3	31,8		18	98,7
Cyclically adjusted total tax to GDP ratio	31,8	32,2	33,6	33,2	32,0	33,6	33,9	34,1	33,3	31,6			
B. Structure by level of government													
											% of total taxation		
Central government	51,8	50,0	51,6	51,8	48,5	50,1	51,6	52,0	52,9	50,7		17	50,0
State government ²⁾	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		n.a.	n.a.
Local government	9,1	9,5	9,9	9,5	12,8	12,6	12,7	13,2	13,5	13,2		8	13,1
Social security funds	39,7	41,6	39,6	39,7	39,2	37,6	36,1	34,3	33,0	35,7		9	35,2
EU institutions	n.a.	n.a.	n.a.	n.a.	0,7	0,8	0,7	0,8	0,8	0,7		16	0,7
C. Structure by economic function													
											% of GDP		
Consumption	11,3	11,1	11,8	11,9	11,8	12,3	12,6	12,9	12,9	11,5		12	35,8
Labour	14,2	14,4	13,4	13,2	12,5	12,8	13,4	13,0	13,1	12,1		23	37,7
Employed	13,5	13,6	12,7	12,5	11,8	12,1	12,6	12,2	12,2	11,3		24	35,2
Paid by employers	5,7	5,7	5,3	5,2	4,9	5,2	5,3	5,1	5,0	4,9		20	15,1
Paid by employees	7,8	7,9	7,3	7,3	6,9	6,9	7,3	7,1	7,2	6,5		19	20,0
Non-employed	0,7	0,8	0,7	0,7	0,7	0,7	0,8	0,8	0,8	0,8		17	2,5
Capital	7,2	7,0	7,8	7,4	7,5	8,0	8,1	9,1	8,5	8,2		8	25,5
Capital and business income	5,5	5,3	5,8	5,6	5,7	6,2	6,2	7,2	6,6	6,4		5	19,8
Income of corporations	2,4	1,9	2,0	1,8	2,2	2,5	2,4	2,8	2,7	2,3		18	7,1
Income of households	0,2	0,1	0,2	0,3	0,2	0,2	0,2	0,5	0,4	0,3		19	0,8
Income of self-employed (incl. SSC)	2,9	3,3	3,6	3,5	3,3	3,5	3,6	4,0	3,5	3,8		1	11,9
Stocks of capital / wealth	1,6	1,7	1,9	1,8	1,8	1,8	1,9	1,9	1,9	1,8		10	5,7
D. Environmental taxes													
											% of GDP		
Environmental taxes	2,1	2,1	2,4	2,5	2,6	2,7	2,8	2,7	2,6	2,6		13	7,9
Energy	1,8	1,8	2,0	2,1	2,1	2,3	2,3	2,3	2,2	2,1		8	6,5
Of which transport fuel taxes	:	:	:	:	1,7	1,8	1,9	2,0	1,8	1,8		8	
Transport (excl. fuel)	0,2	0,2	0,2	0,2	0,3	0,3	0,2	0,2	0,3	0,2		21	0,7
Pollution/resources	0,2	0,1	0,2	0,1	0,1	0,1	0,3	0,2	0,2	0,2		5	0,7
E. Implicit tax rates													
											%		
Consumption	17,8	17,2	17,9	18,3	18,4	19,7	20,4	21,4	21,1	19,0		16	
Labour employed	33,5	33,2	32,4	32,7	32,7	33,8	35,3	34,1	32,6	30,7		18	
Capital	20,5	20,7	22,4	20,7	19,1	20,7	21,2	23,4	22,8	20,5			
Capital and business income	15,9	15,7	16,9	15,6	14,5	15,9	16,1	18,6	17,8	15,9			
Corporations	37,1	37,2	37,0	21,9	18,6	21,0	19,0	20,4	20,3	14,7			
Households	10,0	10,8	11,9	12,6	11,6	12,6	13,5	16,2	15,0	15,4			
Real GDP growth (annual rate)	4,3	1,2	1,4	3,9	5,3	3,6	6,2	6,8	5,1	1,7			

See Annex B for explanatory notes. For classification of taxes please visit <http://ec.europa.eu/taxtrends>

1) The ranking is calculated in descending order. A "1" indicates this is the highest value in the EU-27. No ranking is given if more than 10 % of data points are missing.

2) This level refers to the *Länder* in AT and DE, the *gewesten en gemeenschappen / régions et communautés* in BE and *comunidades autónomas* in ES.

n.a. not applicable, : not available

Source: Commission services

POLAND

Overall trends in taxation

Structure and development of tax revenues

In Poland the overall tax burden in 2009 stood at 31.8 % of GDP, 4 percentage points below the EU-27 average (35.8 %). Among neighbouring countries, this value remains higher than in Slovakia (28.8 %), but is exceeded by the tax to-GDP-ratios in both the Czech Republic (34.5 %) and Germany (39.7 %).

Indirect taxes (13.1 % of GDP) accounted for 41.2 % of total tax receipts and continue to play a more important role than direct taxes, which in 2009 raised 23.5 % of total tax revenues. This ratio reflects the EU-27 trend where indirect and direct taxes make up respectively 37.7 % and 31.1 % of total taxes, even though this proportion is in this case more balanced. The main reason for the low level of direct taxes is the substantial shift from personal income tax to social security contributions that took place in 1999, with the introduction of a global reform of the social security system. As a consequence, social security contributions (11.3 % of GDP) accounted for over a third of total tax revenues in 2009 (35.7 %), distancing themselves further from the EU-27 average (31.4 %).

The share of receipts collected by the decentralised administration has been increasing steadily since the major administrative reform of 1999 and the local finance law enacted in 2004 (9.1 % in 2000). It has remained stable since 2007, oscillating around just over 13 % (13.2 % in 2009). The allocation to the central government (50.7 % in 2009) has also remained rather stable in the period under consideration. The share accruing to social security funds, after two years of modest decrease, in 2009 has risen slightly to the level of 35.7 % but can equally be considered rather durable.

The overall tax burden decreased progressively from 37.1 % of GDP in 1995 to 31.5 % in 2004, reflecting mostly the reduction of statutory tax rates. In contrast, the 2005–2007 period was characterised by an increase in the tax-to-GDP ratio, which reached a level of 34.8 % in 2007. This strong upward trend was driven mostly by an increase in VAT revenues as a result of a strong domestic consumption, and by robust growth in PIT revenue due to a rise in employment. It has decreased slightly in 2008 and a bit quicker in 2009 (a drop of more than 2 percentage points). This acceleration can be explained by changes to the PIT made in 2009: introduction of the two rates of 18 % and 32 %, scrapping the pre-2009 rates of 19 %, 30 % and 40 %, which change implied, all else equal, a net loss of the budget revenue coming from direct taxes. The hope was to compensate this loss with larger disposable income and thus higher revenues fuelled by the consumption taxes, which could still occur in the longer run.

Taxation of consumption, labour and capital; environmental taxation

After nearly a decade of a crawling rise, in 2009 the consumption taxes fell to 11.5 % of the GDP, nearly 1.5 percentage points down since 2008, reflecting the EU-27 average trend decreasing steadily since 2005 to reach 11.7 % in 2009. This is reflected as well in the corresponding ITR, which stood at 19.0 % in 2009 (lowest since 2004), 2 percentage points below the EU-27 average (20.9 %). The ITR on consumption, on a declining trend from 1995 to 2001, picked up since as a result of a strong VAT and excise duties revenue growth after the introduction of excise duties on energy, increased VAT rates on certain items in 2002, broadening of the VAT base, and in the aftermath of Poland's accession to the EU. The decrease in 2009 was caused by lower consumption levels triggering lower receipts from the VAT and excise but also change to the structure of VAT receipts (shift towards goods and services taxed at a preferential rate). Another reason might have been the shortening of the VAT refund period from 180 to 60 days.

Taxes on labour, amounting to 12.1 % of GDP, are among the lowest in the EU (the EU-27 average is 17.5 %). The ITR on labour has been steadily decreasing since its 10-year peak in 2006 (35.3 %), to reach 30.7 % in 2009, which is over 2 percentage points below the EU-27 average (32.9 %). This decrease is partly explained by the reduction of the mandatory disability contributions in 2007 and 2008.

In 2009 the ITR on capital stood at 20.5 % — a value well below the European average of 24. %. The increase registered after the 2004 low of 19.1 % has to be attributed mainly to the more effective collection of corporate taxes.

The ratio of environmental taxation to GDP was on a crawling upwards trend since 1995 and peaked in 2006 to start its equally steady decline. In 2009 it remained at its 2008 level (2.6 %), which equals the average value in the EU.

Current topics and prospects; policy orientation

In August 2010 the Polish government adopted a Multiannual Financial Plan proposing increase in indirect taxes (about 0.4 % of the GDP). A series of measures in the VAT area came into force in 2011, of which the most important is the temporary increase (for the years 2011-2013) of the VAT rates by 1 percentage point, from 7 % to 8 % and from 22 % to 23 %. At the same time, a new reduced rate of 5 % has been introduced for, amongst others, basic foodstuff. It is foreseen as well that should this increase in VAT rates not help to reduce the public debt (which is its main objective), two more such rises, each of 1 percentage point, will take place in the years to come.

At the same time the government forecasts steady increase in consumption (3.1 % in 2011 and 4 % annually as of 2012). This anticipated growth of private spending is related amongst others to the forecasted significant increase in employment, accompanied by the increase of wages. The two factors are also expected to boost the government's revenues from the personal income tax. The PIT rates and thresholds themselves are unlikely to be changed.

The government also considers gradual increase of the excise duties rates on tobacco products by 4 % a year. In line with the Energy Directive, as of 2012 the excise tax will be also applied to coal and coke, so far exempted.

In 2010 Poland's government unveiled as well its plans to reform the pension system scheme aimed at preventing public debt from rising to excessive levels, to enter into force in April 2011. The intention is to progressively cut transfers to privately managed pension funds from 7.3 % to 2.3 % of workers' salaries and redirect the 5 % into the public old-age pension system. This will not change the tax burden on neither the employees nor the employers.

Main features of the tax system

Personal income tax

The main emphasis of the tax measures undertaken since 1995 in the field of the PIT was on closing tax loopholes, reducing exemptions, and simplifying the tax code. Furthermore, PIT rates have been reduced four times since 1995. To counterbalance the decline in PIT progressivity in recent years, the tax base has been broadened by abolishing a number of tax deductions, perceived as distorting consumption, savings and investment decisions, and by including fringe benefits and benefits in kind within taxable income.

Since 2009 Poland applies two tax rates, i.e. 18 % and 32 %. The lower statutory rate applies to the vast majority of taxpayers: for 2009 98.41 % of those whose income was taxed according to the statutory rates fell under the 18 %, meaning that in the tax year they earned PLN 85 528 or less (around € 21 435). This threshold remained unchanged for 2010 and 2011. Dividends and interest payments are subject to a final withholding tax at a rate of 19 %.

Annual income below PLN 3 091 (around € 774) is exempted from the PIT. Additionally, there is a personal allowance of PLN 556.02 (around € 139), deductible from the PIT due and granted to all taxpayers. There are a limited number of allowed deductions that may reduce aggregate taxable income, e.g. donations to religious and public utility organisations or the costs of an Internet access in the taxpayer's premises. A tax credit is granted for contributions to the obligatory health insurance scheme (up to 7.75 %). Individuals are required to pay individual income tax and spouses are taxed separately. However, spouses may file a joint tax return, provided that they meet certain conditions. Under specific conditions it is also possible to file a joint tax return with one's child.

Corporate taxation

The Polish corporate income tax system is a classical one; corporate income is fully taxed at the company level, with the distributed profits being taxed again by way of a final withholding tax in the hands of the shareholders. The statutory CIT rate is applicable to income and capital gains. Capital gains are added to total ordinary income. Tax law provides for a list of non-deductible expenses. Tax losses may be carried forward for five consecutive years. The set-off may not exceed 50 % of the loss in each year. Tax loss carry-back is not allowed. Poland applies the notion of a tax group.

The regulatory framework for corporate taxation is set in the bill of 1992. Since then, a number of measures have been taken in the field, of which the most significant consisted of gradual reduction of the CIT rate from its 40 % peak in mid-1990s to the current 19 % in force since 2004. These cuts followed the general trend in other EU countries of lowering tax rates and broadening the tax bases. The Polish CIT tax base has been broadened by limiting or abolishing various incentive schemes, investment credits and property-related tax shelters. Depreciation for tax purposes has been brought more closely in line with economic depreciation and the number of depreciation schedules has been drastically reduced. A number of amendments have been made to the tax law in order to adapt it to the EU regulations on direct taxation and to the rulings of the European Court of Justice on withholding taxes and thin capitalisation.

In 2007 a new regulation applicable to small taxpayers and business start-ups was introduced. It allowed for a one-off depreciation of certain fixed assets. The deduction took place in the year when the fixed asset is recorded and after two years of increased maximum deduction threshold (€ 100 000) in 2011 it went back to the statutory € 50 000.

VAT and excise duties

As of 2011 the standard VAT rate in Poland is 23 %, to be applied within a transitional period of 3 years (see *Current topics and prospects; policy orientation*) and applicable to most goods and services. There are reduced rates of 8 % and 5 % as well as the 0 % rate. The 5 % rate replaces to some extent the super-reduced rate of 3 % which expired on the 31 December 2010 together with termination of the transitional agreement on reduced VAT rates on certain goods and services granted to Poland at the time of its accession to the EU.

On 1 January 2011 the EMCS PL (Excise Movement and Control System) entered into force, implying that all intra-EU transactions moved under excise duty suspension will be registered electronically in the EMCS system.

Wealth and transaction taxes

There is no wealth tax. The stamp duty applies to official acts performed on the basis of notification or upon request of the person concerned.

Social contributions

Both employers and employees have to pay social security contributions for the old-age pension scheme, at equal rates of 9.76 % of gross remuneration. Employees' contributions are withheld by the employer. There is a ceiling on contributions to the old-age pension scheme and disability insurance (see below) equal to the annual equivalent of 30 projected average monthly salaries in the calendar year – beyond that threshold the social contributions as mentioned above are paid no longer. In addition to the compulsory scheme there is a possibility to opt for employees' voluntary private pension plans and life insurance. The social security system includes also contributions for disability insurance (1.5 % paid by employee and 4.5 % by the employer); health and maternity insurance (paid at 2.45 % by employee) and injury insurance (paid by employer at 0.67 % to 3.33 % depending on the professional risk factor). Additionally, there is an obligatory health insurance contribution to cover medical expenses (paid at 9 % by employees), which is automatically creditable against the income tax liability, up to 7.75 %.

PORTUGAL											2009		
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	% of GDP	Ranking	€ bn
A. Structure of revenues													
Indirect taxes	13,5	13,5	14,0	14,6	14,0	14,8	15,2	14,8	14,4	12,9		15	21,7
VAT	7,7	7,5	7,6	7,7	7,8	8,5	8,6	8,5	8,4	7,1		15	12,0
Excise duties and consumption taxes	2,6	2,8	3,0	3,2	3,1	3,0	3,1	2,8	2,7	2,7		18	4,6
Other taxes on products (incl. import duties)	2,7	2,6	2,5	2,3	2,4	2,6	2,7	2,7	2,4	2,2		4	3,7
Other taxes on production	0,6	0,6	0,9	1,3	0,7	0,7	0,7	0,8	0,8	0,9		16	1,5
Direct taxes	9,6	9,2	9,1	8,5	8,4	8,3	8,7	9,5	9,7	9,1		17	15,2
Personal income	5,3	5,4	5,2	5,2	5,0	5,2	5,3	5,5	5,6	5,7		17	9,6
Corporate income	3,7	3,3	3,3	2,8	2,9	2,7	2,9	3,6	3,7	2,9		6	4,8
Other	0,5	0,5	0,6	0,5	0,4	0,4	0,4	0,4	0,5	0,5		19	0,8
Social contributions	8,0	8,3	8,4	8,6	8,3	8,4	8,4	8,5	8,7	9,0		19	15,1
Employers'	4,7	4,8	4,9	4,6	4,6	4,8	4,5	4,8	4,8	5,0		18	8,4
Employees'	2,9	3,0	3,1	3,5	3,2	3,2	3,6	3,5	3,5	3,6		10	6,1
Self- and non-employed	0,4	0,4	0,4	0,5	0,4	0,5	0,3	0,2	0,3	0,4		20	0,6
Less: amounts assessed but unlikely to be collected	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.			
TOTAL	31,1	30,9	31,5	31,7	30,6	31,5	32,3	32,9	32,8	31,0		19	52,1
Cyclically adjusted total tax to GDP ratio	30,0	29,6	30,7	31,9	30,6	31,7	32,2	32,1	32,2	31,7			
B. Structure by level of government											% of total taxation		
Central government	68,2	67,9	68,3	68,2	68,0	67,9	68,4	68,1	67,5	65,4		10	34,0
State government ²⁾	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		n.a.	n.a.
Local government	6,4	6,2	6,4	6,1	6,7	6,7	6,7	7,1	7,1	7,0		16	3,6
Social security funds	23,6	24,5	24,2	24,7	24,4	24,6	24,1	23,9	24,7	26,9		18	14,0
EU institutions	1,8	1,5	1,1	1,0	0,9	0,8	0,8	0,8	0,8	0,8		15	0,4
C. Structure by economic function³⁾											% of GDP		
Consumption	11,8	11,7	12,0	12,1	12,1	12,9	13,1	12,6	12,3	10,9		16	18,3
Labour	11,6	11,9	12,0	12,2	11,9	12,2	12,4	12,6	12,7	13,0		19	21,9
Employed	11,0	11,3	11,3	11,4	11,0	11,3	11,5	11,6	11,7	12,0		21	20,2
Paid by employers	4,7	4,8	4,9	4,6	4,6	4,8	4,5	4,8	4,8	5,0		18	8,4
Paid by employees	6,3	6,4	6,4	6,8	6,4	6,5	6,9	6,8	6,8	7,0		16	11,8
Non-employed	0,6	0,7	0,7	0,8	0,9	0,9	0,9	0,9	1,0	1,0		14	1,7
Capital	7,8	7,3	7,6	7,4	6,5	6,5	6,8	7,7	7,9	7,1		11	11,9
Capital and business income	5,6	5,1	5,0	4,5	4,4	4,2	4,3	5,1	5,4	4,6		15	7,7
Income of corporations	3,7	3,3	3,3	2,8	2,9	2,7	2,9	3,6	3,7	2,9		7	4,8
Income of households	1,0	1,0	0,9	0,9	0,8	0,8	0,7	0,9	1,0	1,0		7	1,7
Income of self-employed (incl. SSC)	0,8	0,9	0,8	0,8	0,7	0,7	0,7	0,7	0,7	0,7		19	1,2
Stocks of capital / wealth	2,2	2,2	2,6	2,9	2,2	2,3	2,4	2,6	2,5	2,4		7	4,1
D. Environmental taxes											% of GDP		
Environmental taxes	2,6	2,9	3,0	3,0	3,0	3,0	2,9	2,8	2,6	2,5		14	4,2
Energy	1,6	1,8	2,1	2,2	2,1	2,0	2,0	2,0	1,9	1,9		16	3,2
Of which transport fuel taxes	:	:	:	1,9	2,0	1,8	1,9	1,8	1,7	1,8		10	
Transport (excl. fuel)	1,1	1,1	1,0	0,9	0,9	0,9	0,9	0,9	0,7	0,6		10	1,0
Pollution/resources	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0		24	0,0
E. Implicit tax rates³⁾											%		
Consumption	18,2	18,2	18,7	18,8	18,7	19,6	19,9	19,0	18,0	16,2		25	
Labour employed	22,3	22,8	22,8	22,9	22,3	22,4	23,1	23,7	23,3	23,1		26	
Capital	31,3	30,0	32,2	31,8	27,5	29,1	31,0	33,7	37,5	33,8			
Capital and business income	22,5	21,0	21,3	19,4	18,5	18,9	19,9	22,4	25,5	22,1			
Corporations	24,5	21,8	22,1	19,4	19,3	20,5	22,3	:	:	:			
Households	13,0	12,7	12,8	12,6	9,6	8,4	7,5	:	:	:			
Real GDP growth (annual rate)	3,9	2,0	0,7	-0,9	1,6	0,8	1,4	2,4	0,0	-2,5			

See Annex B for explanatory notes. For classification of taxes please visit: <http://ec.europa.eu/taxtrends>

1) The ranking is calculated in descending order. A "1" indicates this is the highest value in the EU-27. No ranking is given if more than 10 % of data points are missing.

2) This level refers to the *Länder* in AT and DE, the *gewesten en gemeenschappen / régions et communautés* in BE and *comunidades autónomas* in ES.

3) Excludes PIT and SSC paid by EU officials living in Portugal directly to the EU Institutions and not to the Portuguese government sector

Source: Commission services

PORTUGAL

Overall trends in taxation

Structure and development of tax revenues

In 2009 the Portuguese overall tax burden (including social contributions) stands at 31.0 % of GDP, well below the EU-27 average (35.8 %).

Portugal's budget relies relatively heavily on indirect taxation for collecting tax revenue. In 2009, the proportion of indirect taxes in total taxation is the sixth highest in the EU (41.7 % against EU-27 average 37.7 %). This is in marked contrast with the lowest share in the EU-27 (29.5 % in Spain). Revenue from indirect taxes in GDP terms, however, declined significantly in Portugal from 14.4 % in 2008 to 12.9 % in 2009. The latter was partly due to a one percentage point cut in the standard VAT rate as from 1 July 2008. The importance of social contributions increased moderately by 0.3 percentage points of GDP from 2008 to 2009. This development refers to all payers of social contributions: employers' contributions increased from 4.8 % to 5.0 %, employees' from 3.5 % to 3.6 % and self- and non-employed increased from 0.3 % to 0.4 %. On the other hand, the revenue share of direct taxes to GDP decreased noticeably by 0.6 percentage points in the same period and lies in 2009 well below EU-27 average. This was due to the sharp revenue fall from corporate income taxes by 0.8 percentage points of GDP.

In Portugal, the proportion of total tax revenue (65.4 % of total taxation) collected by central government lies in 2009 well above the EU-27 (58 %). At the same time the local government receives 7.0 % of total receipts, which is below EU-27 average (10.7 %). The revenue share received by social security institutions (26.9 % of total taxation) is also smaller than EU-27 (30.3 %).

The tax-to-GDP ratio oscillated around the 30 % to 32 % band in the 2000–2004 period. In the following four years the ratio went up moderately, reaching its peak of 32.9 % in 2007. Whereas the augmentation in the ratio in 2005 was mainly due to higher VAT revenue following a rate increase, rising growth rates led to higher revenue, in particular from taxes on capital, in 2006 and 2007. In 2008, despite the growth slowdown, revenue from direct taxes and social contributions continued to grow. In 2009, however, the tax-to-GDP ratio declined considerably from 32.8 % in 2008 to 31.0 % on the back of negative GDP development of 2.5 %.

Taxation of consumption, labour and capital; environmental taxation

In line with high revenue from indirect taxes, taxes on consumption play an important role in Portugal, representing 35.2 % of total tax revenue. Despite the fact that this number is far from its peak in 2005 (40.8 %), the share of consumption taxes in total taxation is still well above EU-27 average (33.4 %). In 2009 consumption taxes declined noticeably from 12.3 % to 10.9 % of GDP. This fall is partly due to the temporary one percentage point cut in the VAT rate, which lasted till 1 July 2010. Against this background the ITR on consumption declined considerably from 18.0 % (2008) to 16.2 % (2009) and makes up the third lowest value in the EU-27.

In 2009, taxes on labour display the most important revenue source for Portugal. In total revenue terms, labour taxes yield 42.0 %, but stand significantly below EU-27 average (48.0 %). The amount of labour taxes in GDP terms increased moderately from 12.7 % in 2008 to 13.0 % in 2009. This development is due to taxes from labour employed. The ITR on labour, however, declined slightly from 23.3 % to 23.1 %. Against this background, it stands out that the Portuguese ITR on labour is the second lowest in the EU-27 after Malta (20.2 %).

Taxes on capital declined in Portugal considerably from 7.9 % in 2008 to 7.1 % in 2009 in GDP terms. The fall in tax revenue is primarily due to the decline in capital and business income taxes by 0.8 percentage point. This development is not surprising considering the GDP decrease and the fact that taxes on capital are very pro-cyclical. The importance of

this revenue source for Portugal is significant; capital taxes yield 22.8 % of total taxes, well above EU-27 average (18.8 %). The Portuguese ITR on capital (33.8 % in 2009) is more than twice higher than the ITR on consumption and considerably higher than the ITR on labour. Nonetheless it decreased from its 2008 peak of 37.5 % to 33.8 % in 2009.

At 2.5 % of GDP, Portugal's level of environmental taxes is close to the EU average (EU-27 2.6 %), notably with respect to energy taxes (76 % of total environmental taxes). The 2009 level is, however, well below the 2002-2005 value (3.0 % of GDP).

Current topics and prospects; policy orientation

In 2010 major tax measures have been adopted in Portugal. In March 2010 the Prime Minister presented an austerity plan to Parliament to reduce government deficit during 2010-2013. The plan called "Stability and Growth Programme" introduced as of 1 July 2010 an increase by 1 percentage point of the normal, intermediary and reduced VAT rate (from 20 % to 21 %; 12 % to 13 % and 5 % to 6 % respectively). For the Madeira and Azores islands, the standard and the intermediate rates were also increased (see VAT).

Regarding personal income tax, a new top rate of 45.88 % on income over EUR 150 000, applicable to the whole year 2010, was introduced (see personal income tax). An additional important measure adopted was the increase, from 1 July, by 1 percentage point (until the third bracket) and by 1.5 percentage points (from the fourth bracket till the seventh) of the individual income tax. Furthermore, withholding taxes on income derived by resident and non-resident individuals were increased by 1.5 percentage points and a tax rate of 20 % on capital gains exceeding EUR 500 annually was introduced. In respect to social security contributions base broadening and tax evasion measures were adopted. The bill provided also for the introduction of a state surtax of 2.5 % applied on corporate income exceeding EUR 2 million annually.

Important tax measures in line with the 2011 budget entered into force as from 1 January 2011. In Portugal mainland, the standard VAT rate was further increased by 2 percentage points and in Madeira and Azores by 1 percentage point (see VAT). The real estate tax on specified properties was increased from 1 % to 5 % and the reduced real estate transfer tax (of 4 % for certain properties) revoked. A general increase of 2.2 % of excise duties was adopted.

Regarding individual taxation, personal income tax brackets were increased by 2.2 % as from 1 January 2011 and total deductible tax expenses limited to 1.666 % of taxable income, up to EUR 1 100, for the two highest income tax brackets. In respect to corporate taxation, dividends distributed from resident to EU or EEA parent company are no longer exempt from withholding tax when the participation rate is below 10 %. A new non-deductible bank levy was introduced (see corporate taxation).

Main features of the tax system

Personal income tax

In Portugal the personal income tax (IRS) is levied on the aggregated base of six income categories. There is no personal allowance, but a single personal tax credit which is linked to the minimum wage and to the family situation of the taxpayer. Portugal applies a progressive tax system with eight brackets (from 11.5 % to 46.5 % in 2011), the top marginal rate being reached at an income over € 153 300. Unjustified increase of the personal income of more than € 100 000 is taxed at a special rate of 60 %. An increase in withholding taxes from 20 % to 21.5 % on income from dividends, interest and other forms of remuneration on shareholders' loans and share capital derived by resident and non-resident individuals was adopted in 2010. Capital gains exceeding annually 500 EUR are taxed at a rate of 20 %. Total deductible expenses are subject to limits of 1.666 % of taxable income, up to EUR 1 100, for the two highest brackets.

Spouses living in a single household have to file a joint return including the aggregated family income. However, they benefit from an income-splitting relief. The deduction of alimony payments is now subject to a limit of 2.5 times the

Social Benefits Index (419.22 for 2010) and taxpayers have to fiscally identify their dependents on the personal income tax return to be able to benefit from related tax deductions.

Corporate taxation

As of 1 January 2009, two corporate income tax rates (IRC) apply. Taxable profits up to € 12 500 (included) are subject to a 12.5 % rate. A 25 % rate is applied to taxable profits surpassing € 12 500. The 12.5 % rate is not applicable to companies that have undergone a major reorganisation or restructuring after 31 December 2008, if one of the resulting companies has taxable profit under € 12 500. Given the introduction of the 12.5 % rate, the simplified scheme for small companies with a reduced rate of 20 % was progressively abolished. In July 2010 a new surtax of 2.5 % levied on corporate income above EUR 2 million annually was introduced. On top of the corporate income tax, municipalities may levy a non-deductible surcharge of up to 1.5 % of taxable profit. In line with 2011 budget, dividends distributed from resident to EU and EEA parent company are no longer exempt from withholding tax in case the participation rate is below 10 %. The withholding tax on capital income gained by non-resident company was increased to 21.5 %.

As from 1 January 2011 a new bank levy, which is not deductible for corporate income purposes, was introduced. The charge is applied to domestic credit institutions and to local subsidiaries and branches of credit institutions whose head office and management are not in Portugal. The bank levy refers to specified liabilities at rates varying from 0.01 % to 0.05 % and the notional amount of derivative instruments at rates from 0.0001 % to 0.0002 %.

VAT and excise duties

In 2010 two major tax measures applying to all VAT rates were adopted. The austerity plan mentioned, provided for an increase by 1 percentage point of the normal, intermediary and reduced VAT rate from 20 % to 21 %; 12 % to 13 % and 5 % to 6 % as from 1 July 2010. For the Madeira and Azores islands, the standard and the intermediate rate were also increased from 14 % to 15 % and 8 % to 9 %. The reduced VAT rate of 4 % in Madeira and Azores islands has been, however, maintained. In line with the 2011 budget the standard VAT rate in Portugal mainland was increased again by two percentage points to 23 % and in Madeira and Azores by 1 percentage point to 16 %. In addition to that, several base broadening measures were adopted.

A general rise of 2.2 % in excise duties was introduced on 1 January 2011.

Wealth and transaction taxes

Currently, two property taxes are in force in Portugal: the municipal real estate tax (IMI) and the municipal real estate transfer tax (IMT). As from 1 January 2011 the IMI on a certain type of properties is increased from 1 % to 5 % and the reduced IMT of 4 % applicable to specific properties has been revoked. There is no net wealth tax. The gift and inheritance tax was abolished in 2004. A stamp tax is levied on transfers of property on death, gift and inheritance only if the donor and the beneficiary are not next of kin.

Local taxes

In addition to the taxes already mentioned, taxation at the local level also comprises a municipal tax on vehicles.

Social contributions

Employees pay contributions equal to 11 % of their gross salary without any ceiling. The applicable social contributions rate for employers differs according to the employment contract. In 2011 a rate of 23.75 % applies to permanent contracts and 26.1 % to fixed term contracts. For self-employed the contribution rate increased to 29.6% while employers have a contribution of 5 % if benefiting of at least 80 % of the self-employed activity. In 2010 the government's austerity plan provided for broadening the social security contributions base and tax evasion measures.

ROMANIA	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2009		
A. Structure of revenues											% of GDP	Ranking	€ bn
Indirect taxes	12,2	11,3	11,6	12,3	11,7	12,9	12,8	12,6	12,0	11,0	24	12,9	
VAT	6,5	6,2	7,1	7,2	6,7	8,1	7,9	8,1	7,9	6,7	20	7,9	
Excise duties and consumption taxes	3,0	2,8	2,6	3,5	3,6	3,3	3,2	3,0	2,7	3,2	14	3,7	
Other taxes on products (incl. import duties)	2,2	1,6	1,3	1,0	1,0	1,0	1,2	0,7	0,6	0,4	21	0,5	
Other taxes on production	0,5	0,6	0,6	0,6	0,5	0,5	0,6	0,8	0,8	0,7	21	0,8	
Direct taxes	7,0	6,4	5,8	6,0	6,4	5,3	6,0	6,7	6,7	6,5	24	7,7	
Personal income	3,5	3,3	2,7	2,8	2,9	2,3	2,8	3,3	3,4	3,5	25	4,1	
Corporate income	3,0	2,5	2,6	2,8	3,2	2,7	2,8	3,1	3,0	2,6	8	3,1	
Other	0,6	0,5	0,4	0,3	0,3	0,3	0,3	0,4	0,3	0,4	21	0,4	
Social contributions	11,1	10,9	10,7	9,4	9,1	9,6	9,7	9,7	9,3	9,4	18	11,1	
Employers´	8,1	7,1	6,5	6,2	5,9	6,4	6,3	6,2	6,0	6,0	15	7,0	
Employees´	3,0	3,8	4,2	3,1	3,0	3,0	3,3	3,3	3,2	3,3	11	3,9	
Self- and non-employed	0,0	0,0	0,1	0,2	0,2	0,2	0,1	0,2	0,1	0,2	24	0,2	
Less: amounts assessed but unlikely to be collected	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.			
TOTAL	30,2	28,6	28,1	27,7	27,2	27,8	28,5	29,0	28,0	27,0	26	31,7	
Cyclically adjusted total tax to GDP ratio	32,6	30,1	29,2	28,4	26,8	27,3	27,0	26,7	24,5	26,5			
B. Structure by level of government											% of total taxation		
Central government	59,5	59,7	60,1	62,8	63,4	63,0	63,0	62,2	62,9	61,0	13	19,3	
State government ²⁾	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Local government	3,9	3,8	3,1	3,5	3,4	3,1	3,4	4,0	3,2	3,5	22	1,1	
Social security funds	36,6	36,5	36,8	33,7	33,2	33,9	33,6	33,0	32,9	34,6	11	11,0	
EU institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0,9	0,9	0,8	n.a.	n.a.	
C. Structure by economic function											% of GDP		
Consumption	11,5	10,6	10,9	11,5	11,1	12,3	12,1	11,8	11,2	10,3	21	12,1	
Labour	13,2	12,9	12,4	11,1	10,7	11,0	11,6	11,8	11,6	11,9	24	13,9	
Employed	13,2	12,8	12,3	11,1	10,7	11,0	11,5	11,8	11,5	11,7	23	13,7	
Paid by employers	8,1	7,1	6,5	6,2	5,9	6,4	6,3	6,2	6,0	6,0	16	7,0	
Paid by employees	5,2	5,7	5,9	4,9	4,8	4,6	5,2	5,6	5,4	5,7	23	6,7	
Non-employed	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,1	0,1	0,2	25	0,2	
Capital	5,5	5,1	4,8	5,0	5,4	4,5	4,9	5,4	5,2	4,8	21	5,6	
Capital and business income	4,3	3,9	3,8	4,0	4,5	3,6	3,9	4,2	4,2	3,8	19	4,5	
Income of corporations	3,0	2,7	2,6	2,8	3,2	2,7	2,8	3,1	3,0	2,6	11	3,1	
Income of households	1,2	1,1	1,0	0,9	1,0	0,6	0,7	0,8	0,9	0,9	12	1,0	
Income of self-employed (incl. SSC)	0,1	0,2	0,2	0,3	0,4	0,3	0,3	0,4	0,3	0,3	25	0,4	
Stocks of capital / wealth	1,2	1,2	1,1	1,0	0,9	0,9	1,0	1,1	1,0	1,0	20	1,1	
D. Environmental taxes											% of GDP		
Environmental taxes	3,4	2,4	2,1	2,4	2,4	2,0	1,9	2,1	1,8	1,9	26	2,2	
Energy	3,2	1,9	1,7	2,0	2,1	1,8	1,7	1,7	1,4	1,6	20	1,9	
Of which transport fuel taxes	:	:	:	:	:	:	:	1,3	1,1	1,4	17		
Transport (excl. fuel)	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,3	0,4	0,3	20	0,3	
Pollution/resources	0,1	0,4	0,3	0,3	0,2	0,1	0,1	0,0	0,0	0,0	21	0,0	
E. Implicit tax rates											%		
Consumption	17,0	15,6	16,2	17,7	16,4	17,9	17,8	18,0	17,7	16,9	21		
Labour employed	33,5	31,0	31,2	29,6	29,0	28,1	30,1	30,2	27,3	24,3	25		
Capital	:	:	:	:	:	:	:	:	:	:			
Capital and business income	:	:	:	:	:	:	:	:	:	:			
Corporations	:	:	:	:	:	:	:	:	:	:			
Households	:	:	:	:	:	:	:	:	:	:			
Real GDP growth (annual rate)	2,4	5,7	5,1	5,2	8,5	4,2	7,9	6,3	7,3	-7,1			

See Annex B for explanatory notes. For classification of taxes please visit: <http://ec.europa.eu/taxtrends>

1) The ranking is calculated in descending order. A "1" indicates this is the highest value in the EU-27. No ranking is given if more than 10 % of data points are missing.

2) This level refers to the *Länder* in AT and DE, the *gewesten en gemeenschappen / régions et communautés* in BE and *comunidades autónomas* in ES.

n.a. not applicable, : not available

Source: Commission services

ROMANIA

Overall trends in taxation

Structure and development of tax revenues

The overall tax-to-GDP ratio of Romania is at 27.0 % in 2009, nine percentage points lower than the EU-27 average (35.8%). The level of taxation in Romania is the lowest in the EU apart from Latvia, but comparable to the level of taxation in Slovakia (28.8%) and Bulgaria (28.9 %).

The tax structure of Romania stands out in several respects in 2009. Romania has the ninth highest reliance on indirect taxes in the EU. Indirect taxes supply 40.9 % of total tax revenue compared to a 37.7 % EU-27 average, while the share of social contributions accounts for 35 % (EU-27 31.4 %) and direct taxes only for 24.2 % (EU-27 31.1 %). The share of VAT on total tax revenue in 2009 (24.8 %) was the fifth highest in the Union. The low level of direct taxes is mainly due to low personal income taxes (merely 3.5 % of GDP), while the EU-27 average is 8%.

Central government revenue forms more than half of the total (61 %), while local government revenues are marginal, consisting of only 3.5 %. The revenue shares received by the social security funds account for 35 %, almost four percentage points above the EU-27 average (31.4%). In per cent of GDP, however, the revenues of the social security funds are 1.4 percentage points below the EU average.

The tax-to-GDP ratio declined noticeably between 2000 and 2004, then picked up until 2007 as GDP growth accelerated. In the subsequent two years the tax ratio fell by two points due mainly to a sharp drop in VAT revenue. In 2009 the short term economic outlook for Romania was worse than expected with a huge GDP drop of 7.1 percentage points (annual average) compared to 2008. Inflation remained elevated, having been pushed up by increases in tobacco excise duties and the VAT rate (from 19 to 24%) and higher fuel prices. Financial market conditions in Romania remained fragile. Romania has received financial assistance (through a borrowing mechanism) from the EU in 2009 and 2010 in exchange for a package of fiscal measures such as adoption of a draft pension reform, adoption of a comprehensive Fiscal Responsibility Law, full implementation of fiscal consolidation measures. A number of minor measures were agreed on the revenue side, including the broadening of the personal income tax base to lunch vouchers, incomes from capital gains, interests on bank deposits and severance payments as well as the broadening of the tax base for social security contributions to intellectual property rights.

Taxation of consumption, labour and capital; environmental taxation

The ITR on consumption is at 16.9 % in 2009, 4 percentage points lower than the EU-27 average. Due to the very high share of final consumption of households in GDP, consumption taxes as per cent of GDP are nevertheless in line with the EU average (10.3 %, EU-27 11.7 %).

The ITR on labour has decreased by 9 percentage points between 2000 and 2009, while the same figure for the EU-27 has decreased by 3 percentage points. The ITR (24.3%) was markedly below the EU-27 average (32.9 %), mainly due to low revenues from personal income taxes on employed labour income.

Taxation of capital is one of the lowest in the EU (ranking 21), yielding merely 4.8 % of GDP as compared with 6.7 % in the EU average. Due to data limitations, no ITRs on capital are available for Romania.

Environmental tax revenue, at 1.9 % of GDP in 2009, lies well below the EU-27 average (2.6 %); in fact, this value is the second lowest in the EU. Most of this revenue is realised from energy, none from pollution and only 0.3% from transport (excluding fuel). However, the excise duty rates have been increased in 2010.

Current topics and prospects; policy orientation

The Romanian tax code was amended as of 1 January 2011. The main amendments concern withholding tax rates applicable to dividends paid to companies resident in the EEA, provided that the shareholding requirements for the participation exemption are not met – these are increased from 10% to 16%. In addition, small companies (having between 1 and 9 employees and a turnover of less than € 100 000) may opt for taxation at a rate of 3% of the turnover instead of the general CIT rate (16%). This regime does not apply to companies deriving income from banking, insurance, gambling, consultancy or management activities. Also, individuals who incur expenses or own assets with a value of more than 10% (but not less than € 11 655) than the income derived will be subject to a tax audit. Undeclared income, with unknown nature at the moment of the inspection, is subject to 16% income tax. The government also increased the excise duties on energy and cigarettes. Since 1 January 2011 there is an obligation to pay health contribution of 5.5% when pension income is higher than € 173 (i.e. contribution will apply to the total pension amount).

Legislation regarding social contributions was included in the Tax Code. There will be a single return in regard of social contributions, instead of returns for each type of contribution. Until recently, each social contribution was regulated through specific legislation.

Main features of the tax system*Personal income tax*

As from 2005, a flat rate tax system has replaced the previous four-bracket system, with tax rates ranging from 18 % to 40 %. The flat tax rate has been set at 16 %, the same applied on taxable corporate profits. This rate in general applies to income from independent work activity, royalties, income from movable and immovable property (such as rents), but also to short-term capital gains on listed shares. Interest income, too, is subject to a final withholding tax of 16 %. In October 2010, the Senate's Budget Committee approved the decrease of individual income tax rate from 16% to 10%. In order for the provision to enter into force, it has to be further approved by the Senate and by the Chamber of Deputies. Taxpayers do not need to fill in a tax return if they only receive labour income in Romania or from investments and other activities subject to a final withholding tax. Commuting expenses and expenses incurred on secondment are generally exempt, under conditions. Moreover, employment income earned by employees whose main activity is software development is also exempted from income tax. Benefits in kind are normally taxed, but meal vouchers are exempted from tax. Income from stock options is not taxed when the option is granted nor upon its exercise, but only when the acquired shares are sold. Pension income is taxed only for the portion exceeding a threshold, which is adjusted regularly (currently RON 1 000 per month, around € 250). People whose income comes from agricultural activities are required to pay a 2 % tax on their gross income.

Corporate taxation

Romanian corporate income tax follows the classical system: corporate profits are taxed at the company level and distributed profits are taxed again at the level of both corporate and individual shareholders. The standard flat-tax rate is 16 % (before 2005 it was 25 %). Dividends received from other Romanian resident companies are exempt from taxation. Capital gains are generally treated as ordinary business income and subject to the same rate.

A minimum corporate income tax has been introduced since 1 May 2009 and it may vary from RON 2 200 (€ 550) to RON 43 000 (€ 10 750) depending on the gross income. Expenses incurred for business purposes are generally deductible, but fuel expenses for company vehicles are not deductible in case the weight is below 3 500 kg or they have less than nine seats and are used only for passenger transport. However, fuel expenses for vehicles used for transportation of staff to and from work, as courier services or for a car driving school services are deductible from the corporate income tax. The same rules are valid for the self-employed individuals as well. For 2010 the advance payment system is used

where CIT is paid in advance by a trimester, adjusted to inflation, on an annual basis. The deadlines for the annual income tax declaration are extended.

There is a standard 16 % withholding tax. In conformity with the EC Parent-Subsidiary Directive, a 10 % withholding tax applies to interest and royalties if the non-resident is registered as a legal entity (or has a permanent establishment) in an EU Member State. Dividends paid to resident companies of the EEA have withholding tax rate applicable to them if the shareholding requirements for the participation exemption are not met. This rate was increased from 10% to 16%. On thin capitalization, the deductibility limit for interest on foreign currency loans was reduced from 8 % to 6 %.

VAT and excise duties

The standard VAT rate is 24 %; a reduced rate of 9 % applies to goods such as pharmaceutical products, medical equipment for disabled persons, books, newspapers, admission to cultural services and hotel accommodation. As mentioned above, as of 2009, a 5 % reduced rate applies to the supply of social and some private dwellings. The definition of a taxable person was broadened.

VAT exemptions without right of deduction apply to, among others, medical treatments, some educational and cultural activities, public postal services, certain banking and financial transactions, insurance and reinsurance. From 1 May 2009 to end 2010 taxable persons can not deduct VAT on importation or intra-community acquisition of passenger transport vehicles.

Wealth and transaction taxes

There are neither net wealth taxes nor gift or inheritance taxes in Romania.

Immovable property located in Romania is subject to a local building tax. The tax is levied at rates varying between 0.1 % for buildings owned by individuals and 0.25 % to 1.5 % for company-owned buildings. If the building has not been revalued during the last three years, the rates for company owned buildings vary from 5 % to 10 %. Land both inside and outside city limits is in general subject to local land tax. Local taxes have increased by approximately 20 % in 2010.

Social contributions

Social security contributions are payable at a combined rate for the employer and the employee. As of 1 February 2009, employees with normal working conditions must contribute for social security at 10.5 %. Employers contribute at a rate of 20.8 %. Higher rates for the employers may apply in certain cases. In addition, employees and employers both contribute to the health insurance fund and to the national unemployment fund. All social contributions are deductible for income tax purposes.

Other taxes

Pollution tax was increased by 45-50%.

SLOVAKIA											2009		
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	% of GDP	Ranking	€ bn
A. Structure of revenues													
Indirect taxes	12,5	11,3	11,4	11,9	12,3	12,6	11,4	11,4	10,7	10,6	26	6,7	
VAT	7,0	7,2	7,0	7,5	7,8	7,9	7,5	6,7	6,9	6,7	19	4,2	
Excise duties and consumption taxes	3,1	2,7	2,9	3,1	3,3	3,7	2,9	3,5	2,7	2,8	17	1,8	
Other taxes on products (incl. import duties)	1,7	0,7	0,7	0,7	0,5	0,3	0,3	0,4	0,4	0,4	23	0,3	
Other taxes on production	0,7	0,7	0,7	0,7	0,7	0,8	0,8	0,8	0,7	0,7	20	0,5	
Direct taxes	7,4	7,5	7,1	7,1	6,1	6,0	6,1	6,2	6,5	5,5	27	3,5	
Personal income	3,4	3,5	3,3	3,2	2,7	2,6	2,5	2,5	2,7	2,4	27	1,5	
Corporate income	2,6	2,6	2,5	2,8	2,6	2,7	2,9	3,0	3,1	2,5	11	1,6	
Other	1,5	1,4	1,3	1,2	0,8	0,6	0,6	0,6	0,6	0,6	16	0,4	
Social contributions	14,1	14,3	14,6	13,8	13,1	12,6	11,7	11,7	12,0	12,6	12	8,0	
Employers´	9,1	8,9	8,9	8,4	7,6	7,0	6,3	6,3	6,7	6,9	12	4,3	
Employees´	2,9	3,0	3,0	2,8	2,9	3,0	2,8	2,8	2,9	3,0	14	1,9	
Self- and non-employed	2,1	2,5	2,8	2,6	2,6	2,6	2,7	2,6	2,4	2,8	2	1,8	
Less: amounts assessed but unlikely to be collected	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.			
TOTAL	34,1	33,1	33,0	32,9	31,5	31,3	29,2	29,3	29,2	28,8	24	18,1	
Cyclically adjusted total tax to GDP ratio	35,0	34,1	34,0	33,8	32,3	31,7	28,7	27,2	26,8	28,9			
B. Structure by level of government											% of total taxation		
Central government	55,3	53,3	52,5	54,8	54,3	49,3	48,7	49,0	47,3	44,4	23	8,1	
State government ²⁾	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Local government	4,1	4,4	4,2	4,0	4,3	10,7	10,8	10,3	11,1	11,4	12	2,1	
Social security funds	40,6	42,3	43,4	41,1	40,9	39,1	39,5	39,4	40,4	43,1	2	7,8	
EU institutions	n.a.	n.a.	n.a.	n.a.	0,5	0,9	1,0	1,3	1,2	1,0	3	0,2	
C. Structure by economic function											% of GDP		
Consumption	12,2	11,0	11,0	11,6	11,9	12,3	11,2	11,1	10,5	10,3	22	6,5	
Labour	15,0	15,1	15,0	14,4	13,3	12,5	11,5	11,6	12,4	12,5	20	7,9	
Employed	14,8	14,7	14,6	14,0	12,7	12,2	11,2	11,2	12,0	12,1	20	7,6	
Paid by employers	9,1	8,9	8,9	8,4	7,6	7,0	6,3	6,3	6,7	6,9	12	4,3	
Paid by employees	5,7	5,9	5,7	5,6	5,1	5,2	4,9	5,0	5,3	5,3	26	3,3	
Non-employed	0,2	0,3	0,4	0,4	0,5	0,3	0,4	0,3	0,3	0,4	20	0,2	
Capital	6,9	7,0	7,0	6,9	6,3	6,5	6,5	6,5	6,4	5,9	15	3,7	
Capital and business income	6,1	6,3	6,3	6,1	5,5	5,7	5,9	5,9	5,8	5,3	10	3,3	
Income of corporations	3,5	3,4	3,2	3,4	3,0	3,0	3,2	3,2	3,4	2,7	9	1,7	
Income of households	0,3	0,3	0,2	0,2	0,1	0,1	0,1	0,1	0,1	0,1	24	0,0	
Income of self-employed (incl. SSC)	2,3	2,6	2,8	2,5	2,4	2,7	2,6	2,6	2,3	2,5	4	1,6	
Stocks of capital / wealth	0,8	0,8	0,8	0,7	0,8	0,7	0,6	0,6	0,6	0,6	25	0,4	
D. Environmental taxes											% of GDP		
Environmental taxes	2,2	2,0	2,2	2,4	2,5	2,4	2,3	2,1	2,0	1,9	25	1,2	
Energy	2,0	1,7	1,9	2,2	2,2	2,1	2,0	1,8	1,8	1,7	18	1,1	
Of which transport fuel taxes	:	:	:	:	:	2,1	1,9	1,8	1,7	1,6	12		
Transport (excl. fuel)	0,2	0,2	0,2	0,2	0,2	0,2	0,2	0,2	0,2	0,2	23	0,1	
Pollution/resources	0,0	0,0	0,1	0,1	0,1	0,1	0,1	0,1	0,0	0,0	15	0,0	
E. Implicit tax rates											%		
Consumption	21,7	18,8	19,0	20,7	21,1	21,8	19,9	20,2	18,7	17,3	19		
Labour employed	36,3	37,1	36,7	36,1	34,5	32,9	30,4	31,0	33,1	31,2	17		
Capital	22,9	21,6	22,4	22,3	18,4	19,4	18,1	17,5	16,9	17,1			
Capital and business income	20,2	19,3	19,9	19,9	16,2	17,3	16,3	15,9	15,3	15,3			
Corporations	40,2	32,5	34,4	34,8	22,6	23,3	20,3	19,8	22,0	23,4			
Households	11,8	12,5	13,2	12,5	12,0	13,4	13,0	12,4	10,3	10,8			
Real GDP growth (annual rate)	1,4	3,5	4,6	4,8	5,1	6,7	8,5	10,5	5,8	-4,8			

See Annex B for explanatory notes. For classification of taxes please visit <http://ec.europa.eu/taxtrends>

1) The ranking is calculated in descending order. A "1" indicates this is the highest value in the EU-27. No ranking is given if more than 10 % of data points are missing.

2) This level refers to the *Länder* in AT and DE, the *gewesten en gemeenschappen / régions et communautés* in BE and *comunidades autónomas* in ES.

n.a. not applicable, : not available

Source: Commission services

SLOVAKIA

Overall trends in taxation

Structure and development of tax revenues

In Slovakia the overall tax burden (including social security contributions) stood at 28.8 % of GDP in 2009, a value markedly below the EU-27 average (35.8 %). The tax-to-GDP ratio is the fourth lowest in the European Union, with only Ireland, Romania and Latvia displaying lower ratios.

Indirect taxes raised 10.6 % of GDP, 2.8 percentage points below the EU-27 average. Accounting for 36.9 % of total tax receipts, they play a much more important role in Slovakia than direct taxes (19.2 % of total revenues). Not surprisingly therefore, direct tax revenue is only 5.5 % of GDP compared to a 11.5 % of EU-27 average. The ratio of tax revenues from social security contributions to GDP has decreased over the recent years by 1.5 percentage points from 14.1 % in 2000 to 12.6 % in 2009. It was decreasing from 2002 to 2007 and started growing from 2008 onwards but still not reaching the level in 2000. The decrease was mainly driven by reduction of employers' social security contributions and, since 2005–2006, the introduction of a 'second pillar' fully funded pension scheme, as contributions to privately managed funds are not booked as government revenue.

The central government receives less than half of overall revenue, a comparatively low share, while social security funds receive most of the remainder; their share of revenue is the second highest in the Union after France. The proportion of tax receipts collected by local governments increased markedly (from 4.3 % in 2004 to 11.4 % in 2009) due to the implementation of a new financing system for regional self-government from 1 January 2005.

Slovakia's tax ratio has decreased significantly over the last decade. It stood at 40.3 % of GDP in 1995, well above the EU average, whereas the 28.8 % of GDP in 2009 falls short of the EU-27 average by seven percentage points. This declining trend is reflected in the cyclical adjusted tax ratio, which reduced by some eight percentage points between 2000 and 2008 (35.0 % v. 26.8 %) as a consequence of the overall cut in corporate and personal income tax rates. Despite the strong decrease of the real GDP in 2009, the tax-to-GDP ratio remained relatively stable, dropping only by 0.4 percentage points probably as a result of higher revenues from excise duties and social contributions.

Taxation of consumption, labour and capital; environmental taxation

Measured in terms of final consumption expenditure of households, taxation of consumption stood at 17.3 % in 2009. This value places Slovakia 3.6 points below the average EU-27 implicit tax rate (ITR) on consumption. After an increase phase in 2001–2005, due to stronger excise duties and VAT revenues in correspondence with changes in the VAT rates, the Slovak ITR on consumption has decreased and reached in 2009 its lowest value since 1995. The decline in consumption tax revenue in % of GDP was influenced by a shift of final demand towards exports, which are not subject to consumption taxation, and by the fact that, a reduced VAT rate of 10 % has been in force since 1 January 2007.

The ratio of taxes on labour income to GDP stood at 12.5 % in 2009, five percentage points below the EU-27 average (17.5 %). The ITR on labour in Slovakia has tended to decline over time in line with the decrease in tax levels, and has accelerated after the introduction of a 19 % flat PIT rate in 2004. One should note, however, that the introduction of a second pillar pension scheme in 2005–2006 also results, under our methodology, in a reduction of the ITR on labour, although payments to these funds have an impact on workers' disposable income which is analogous to traditional social security contributions. The ITR on labour has risen again in 2008 up to 33.1 % following the increase in the social contribution ceilings only to drop again in 2009 to 31.2 % (EU-27 32.9 %) due to the introduction of an employee tax credit and increase in the PIT allowance in 2009.

The ratio of capital taxes has remained constant between 2005 and 2008 but decreased by 0.5 percentage points to 5.9 % of GDP in 2009. The relatively low contribution of taxes on capital to total tax revenue and the relatively high share of capital base on GDP are also reflected in the low ITR on capital, 17.1 % in 2009. The fall of the ITR since 2000 is mainly driven by the progressive decrease in the corporate income tax rate since then. Despite the lower proceeds from capital taxation in 2009, the ITR increased marginally perhaps due to the impact of the economic recession on the tax base.

As of 2009, the ratio of environmental taxation stood at 1.9 % of GDP, the third lowest value in the EU, 0.7 percentage points below the EU-27 average (2.6 %). Revenues from environmental taxation have been declining from 2004 mainly due to shrinking receipts from energy taxation.

Current topics and prospects; policy orientation

Due to improvements in the banking sector in the years before 2008, the Slovakian financial sector was not too badly affected by the crisis. The adoption of the Euro on 1st January 2009 help protecting Slovakia from possible exchange rate pressure and bringing confidence during the crisis. The Government allowed full operation of automatic stabilisers and adopted anti-crisis measures, which complied with recommendations under the European Economic Recovery Plan. In 2009, Slovakia and eight other Member States were put under the Excessive Deficit Procedure (EDP). The decision was taken after the Slovak Republic has reported to the European Commission that it expected to have a deficit of 6.3 % of GDP. The Council addressed a recommendation specifying that the excessive deficit had to be corrected by 2013.

In order to mitigate the negative impact of the global financial and economic crisis, several anti-crisis measures were introduced in 2009. An employee tax credit as a form of negative income tax was introduced and the basic allowance was increased. Also, the rate of contribution to the social insurance agency was decreased to 2 % for mandatory insured self-employed. Among other measures, changes in the rules on property depreciation were adopted and excise duties on spirits increased since March 2010. In 2011, the standard VAT rate was increased temporarily from 19 % to 20 %. The rate will be applicable until the last day of the calendar year in which Eurostat declares that the deficit of the Slovak Republic is below 3 % of GDP. With effect from 1 January 2011 a tax on emission is introduced. It is imposed on the emission allowances allocated free of charge to the taxpayer in the period 2011-2012. The tax rate is 80 % of the tax base. Taxpayers are required to pay 6-months advance based on special rules. The deadline for first advance payment is 30 June 2011.

Main features of the tax system

Personal income tax

The introduction of the 19 % flat tax rate in 2004 has superseded the previous system of progressive rates. The new tax law has scrapped the majority of exceptions, exemptions and deductions. In 2009, an employee tax credit was introduced. It is a form of negative income tax which is paid to low income employees. As of 1 January 2011, the basic personal allowances can be claimed only with respect to aggregate income from employment, business activities and independent professional activities. The amount of the basic personal allowance and the relevant ceilings are generally based on the amount of the living minimum applicable on 1 January of the tax year, which is € 185.38 for 2011.

The PIT tax rate is 19 % of aggregate income. Income is defined broadly as any benefit in cash or in kind. Aggregate income includes income from employment, occupational pensions, business, rent, capital and other occasional activities. Capital gains are generally included in aggregate income with the exception of income from the sale of a dwelling used as a permanent residence of the taxpayer over the previous two years, and the income from the sale of other immovable property owned for at least five years; gains from the sale of movable property owned for at least five years; and gains from the sale of shares and other securities up to a total annual amount equal to five times the living minimum. No tax deductions are allowed and even deductions for contributions to supplementary pension insurance and pension savings schemes are abolished as of 1 January 2011. There are two kinds of tax allowances: the basic allowance available to every

taxpayer and the supplementary allowance for a spouse whose income, after deducting social security contributions, is below the basic allowance level.

A final withholding tax of 19 % is levied on income from participation certificates, vouchers and investment coupons; interest on bank deposits and current accounts; income from private life or pension insurance and payments from the supplementary pension insurance. However, a taxpayer may opt for including such income into the aggregate income so that the tax withheld is treated as a prepayment.

Corporate taxation

The corporate tax rate was reduced from 25 % to 19 % with effect from 1 January 2004. Exceptions and exemptions such as tax holidays, tax breaks, individual tax bases and special tax rates applicable under the old tax regime have been eliminated from the corporate income tax law, providing for more transparency. A number of amendments have been made to the tax law in order to adapt it to EU regulations on direct taxation such as the Parent-Subsidiary Directive, the Merger Directive, the Interest and Royalties Directive and the Savings Directive.

Taxable income is calculated based on the income computed according to the accounting rules and is adjusted for several items for tax purposes. For depreciation purposes, a straight-line or a specific accelerated depreciation method may be used. Capital gains are included in the company's taxable ordinary income. Income from participation certificates and interest on corporate bonds, bearer deposit certificates, deposit accounts or current bank accounts are subject to a 19 % withholding tax. This is treated as an advance payment of CIT and the income is included in the taxable corporate income of resident companies. Tax losses may be carried forward for up to seven years. No group taxation provisions exist; all entities are taxed separately. The thin capitalisation rules which were abolished with effect in 2004 were initially planned to be reintroduced in 2010; however, this decision was revoked.

VAT and excise duties

Prior to the tax reform in 2004 Slovakia applied two VAT rates: a standard rate of 20 % and a reduced rate of 14 %. As of 2004 a unified 19 % VAT rate was introduced for all goods and services and as of 2011 it is temporarily increased to 20 %. In 2007, a 10 % reduced rate was reintroduced; applicable to medicines, certain other medical and pharmaceutical products, and, since 2008, to books. Zero rate applies to intra-Community supply of goods, export of goods, provision of services consisting of work on movable assets returned to a third country, transport services and passenger transport, and services directly related to import and export of goods.

Higher excise duties on electricity, coal and natural gas are collected as from July 2008 in application of the EU energy taxation directive. In January 2010 a reduction of the excise duties on diesel fuel was approved, which would take diesel prices in line with those in Austria, but below those in Hungary and the Czech Republic.

Social contributions

Both employees and employers have to pay contributions for pension insurance (4 % and 14 % respectively), health insurance (4 % and 10 % respectively), disability insurance (both 3 %) and sick leave insurance (both 1.4 %), as well as unemployment insurance (both 1 %). Additionally, employers have to pay 0.8 % of employees' wages for accident insurance, 4.75 % to a solidarity fund and 0.25 % to the guarantee fund. A contributions ceiling applies to all types of insurance except accident insurance. Part of social contributions (nine percentage points) is accumulated in private pension funds. As of 1 July 2010 till 30 June 2011 the contribution ceilings for employers' and employees' social security contributions are € 2 978.00 for reserve fund as well as for pension, disability and unemployment insurance, € 2 233.50 for health insurance (as of 1 January 2011) and € 1 116.75 for sick leave insurance and guarantee fund.

SLOVENIA											2009		
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	% of GDP	Ranking	€ bn
A. Structure of revenues													
Indirect taxes	15,8	15,6	15,9	16,0	15,8	15,7	15,2	14,9	14,4	14,4		9	5,1
VAT	8,7	8,3	8,6	8,5	8,5	8,6	8,5	8,5	8,5	8,4		7	3,0
Excise duties and consumption taxes	3,0	3,4	3,4	3,4	3,4	3,3	3,3	3,3	3,3	4,1		3	1,5
Other taxes on products (incl. import duties)	1,8	1,4	1,3	1,3	1,1	0,9	0,9	1,1	1,0	0,8		17	0,3
Other taxes on production	2,3	2,5	2,5	2,8	2,8	2,9	2,5	2,1	1,6	1,0		15	0,4
Direct taxes	7,4	7,6	7,8	8,0	8,3	8,7	9,1	9,2	8,9	8,4		19	3,0
Personal income	5,6	5,7	5,7	5,7	5,7	5,5	5,7	5,5	5,8	5,9		16	2,1
Corporate income	1,2	1,3	1,6	1,7	1,9	2,8	3,0	3,2	2,5	1,8		24	0,7
Other	0,6	0,6	0,6	0,5	0,6	0,4	0,4	0,4	0,6	0,6		14	0,2
Social contributions	14,3	14,5	14,3	14,2	14,2	14,2	14,0	13,7	14,0	15,0		4	5,3
Employers´	5,5	5,5	5,4	5,4	5,4	5,5	5,5	5,4	5,5	5,8		17	2,0
Employees´	7,8	7,7	7,6	7,5	7,5	7,5	7,3	7,2	7,4	7,8		1	2,7
Self- and non-employed	1,0	1,3	1,3	1,3	1,4	1,2	1,2	1,1	1,1	1,4		10	0,5
Less: amounts assessed but unlikely to be collected	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,1	0,1			
TOTAL	37,5	37,7	38,0	38,2	38,3	38,6	38,3	37,8	37,2	37,6		11	13,3
Cyclically adjusted total tax to GDP ratio	37,4	38,1	38,3	38,9	38,8	38,7	37,3	35,0	33,7	38,4			
B. Structure by level of government													
Central government	55,1	54,6	55,4	55,6	55,3	55,6	55,4	54,1	53,1	50,3		18	6,7
State government ²⁾	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		n.a.	n.a.
Local government	7,3	7,4	7,4	7,6	7,6	7,4	7,7	9,0	8,9	9,9		13	1,3
Social security funds	37,7	38,1	37,2	36,8	36,8	36,5	36,2	35,9	37,3	39,3		7	5,2
EU institutions	n.a.	n.a.	n.a.	n.a.	0,4	0,7	0,8	1,1	1,0	0,7		17	0,1
C. Structure by economic function													
Consumption	13,9	13,4	13,7	13,8	13,6	13,4	13,2	13,2	13,4	14,0		5	5,0
Labour	20,7	21,0	20,8	20,9	20,8	20,6	20,2	19,2	19,3	19,6		11	6,9
Employed	19,9	20,1	19,9	19,9	19,8	19,7	19,3	18,3	18,5	18,5		10	6,6
Paid by employers	6,9	7,1	7,1	7,1	7,1	7,3	6,9	6,5	6,1	5,8		17	2,0
Paid by employees	13,0	13,0	12,8	12,7	12,7	12,5	12,4	11,8	12,4	12,8		5	4,5
Non-employed	0,7	0,9	0,9	1,0	1,0	0,9	0,9	0,8	0,9	1,0		13	0,4
Capital	3,0	3,3	3,5	3,5	3,9	4,7	4,9	5,4	4,6	4,1		24	1,5
Capital and business income	2,1	2,3	2,6	2,7	3,0	3,7	4,0	4,5	3,8	3,2		23	1,1
Income of corporations	1,2	1,3	1,6	1,7	1,9	2,8	3,0	3,2	2,5	1,8		25	0,7
Income of households	0,2	0,2	0,2	0,2	0,3	0,2	0,3	0,5	0,5	0,5		16	0,2
Income of self-employed (incl. SSC)	0,7	0,8	0,8	0,8	0,8	0,8	0,7	0,8	0,8	0,9		17	0,3
Stocks of capital / wealth	0,9	0,9	0,9	0,8	0,9	0,9	0,9	0,9	0,9	0,9		22	0,3
D. Environmental taxes													
Environmental taxes	2,9	3,3	3,3	3,3	3,3	3,2	3,0	3,0	3,0	3,6		3	1,3
Energy	2,4	2,7	2,7	2,6	2,6	2,5	2,3	2,3	2,4	3,0		1	1,1
Of which transport fuel taxes	1,8	2,2	2,2	2,2	2,2	2,1	2,1	2,1	2,2	2,8		1	
Transport (excl. fuel)	0,4	0,4	0,4	0,5	0,5	0,5	0,5	0,5	0,5	0,4		16	0,1
Pollution/resources	0,1	0,1	0,2	0,3	0,2	0,2	0,2	0,2	0,2	0,2		7	0,1
E. Implicit tax rates													
Consumption	23,5	23,0	23,9	24,0	23,9	23,6	23,8	23,8	23,9	24,2		8	
Labour employed	37,7	37,5	37,6	37,7	37,5	37,5	37,3	35,9	35,9	34,9		13	
Capital	15,7	17,5	17,4	17,0	19,0	22,1	21,9	23,6	21,7	21,0			
Capital and business income	11,1	12,5	13,1	13,2	14,7	17,7	17,8	19,7	17,7	16,4			
Corporations	19,6	22,2	24,6	21,0	23,0	33,8	30,5	30,5	28,3	23,8			
Households	7,0	8,0	7,5	7,8	8,8	7,3	7,9	10,0	9,6	10,9			
Real GDP growth (annual rate)	4,4	2,8	4,0	2,8	4,3	4,5	5,9	6,9	3,7	-8,1			

See Annex B for explanatory notes. For classification of taxes please visit <http://ec.europa.eu/taxtrends>

1) The ranking is calculated in descending order. A "1" indicates this is the highest value in the EU-27. No ranking is given if more than 10 % of data points are missing.

2) This level refers to the *Länder* in AT and DE, the *gewesten en gemeenschappen / régions et communautés* in BE and *comunidades autónomas* in ES.

n.a. not applicable, : not available

Source: Commission services

SLOVENIA

Overall trends in taxation

Structure and development of tax revenues

Slovenia's total tax-to-GDP ratio (including social security contributions) amounted to 37.6 % in 2009, a value that exceeds the EU average (35.8 %) and the euro area average (36.5 %). Compared to its neighbours, Slovenia's tax ratio lies well below Hungary's, Italy's and Austria's.

Despite a general downward trend since 2000, Slovenia displays a relatively high share of indirect taxes - 38.3 % of total taxes - which is 0.6 percentage points higher than the EU average. Social contributions, with a share of 39.8 %, that rank Slovenia fifth in the Union, also play an important role. This share has picked in 2001 at 38.5 %, declined regularly until 2007; and increased again in the last two years, reaching its highest value since 1996. It is worth of notice that employers liable for payment of social security contributions were also subject to a payroll tax (until 2008), introduced in the second half of 1996 to finance a cut of social security contributions from 42 % to 38 % of wages. As for employees' social contributions, measured as a percentage of GDP (7.8 %), they are the highest in the EU more than doubling its average. Given the predominance of indirect taxes and social contributions, direct taxes, experiencing a downward trend since they picked in 2007, yield a low share at 22.3 % of the total (EU-27 31.1 %).

Taxes collected by central government account for the largest part of total tax revenue (50.3 %). Local governments collect only 9.9 % of total taxes, i.e. 0.8 percentage points below the EU average (10.7 %) and 1.1 percentage point above the euro area average (8.8 %).

The total tax-to-GDP ratio has fluctuated within a narrow band ever since 2000. Several changes in the tax system have been enacted since 2005 – the gradual decrease of the CIT rate, the phasing out of payroll taxes, the introduction of dual system in the PIT taxation, combined with a reduction of the top tax rate, the number of tax brackets and the increase of the general allowances. As a result in the period 2005 – 2009, the total tax-to-GDP ratio dropped by 1 percentage point. However, the small decline was largely due to favourable economic conditions until 2007 as shown by the cyclically adjusted figures and stable revenues from indirect taxes in 2008 and 2009 resulting from increasing excise duty rates.

Taxation of consumption, labour and capital; environmental taxation

At 14 % of GDP, revenue from consumption taxes lies above the EU and euro area averages (11.7 % and 11.4 % of GDP, respectively). The ratio has remained relatively stable since 2000 and consequently the ITR has varied little overall, oscillating around 24 %. Despite the decreasing consumption expenditure in 2009 revenue from consumption taxes remained stable mainly due to increasing excise duty rates.

In line with the overall constancy of taxation levels, the ITR on labour has remained quite stable in the period 2000-2006 at around 37.5 %. However, it dropped by 2.4 percentage points during the last three years in observation, reaching 34.9 % in 2009, its lowest value since 1995. This decrease could be explained by the government's efforts to unburden the qualified workers (by reducing tax rates) and to enhance the incentives to work for low income earners (by increasing the general allowances). Given a relatively high level of employees' social security contributions, the ITR on labour still lies, in 2009, 2 percentage points above the EU average.

Revenues from taxes on capital were constantly increasing since 2000 and picked in 2007 at 5.4 % of GDP. Since then a rather sharp downward trend is observed leading to a value of 4.1 % in 2009. This development was mainly driven by the proceeds from corporate income taxation, which experienced an almost threefold increase in the period 2000-2007 and a rapid decrease over the next two years dropping to 1.8 % of GDP. The later resulted from gradual decrease of CIT rates and unfavourable economic conditions. Consequently, both indicators remain significantly lower than theirs EU

averages (6.7 % and 2.7 % of GDP respectively) in 2009. Although the ITR on corporate income at 32.8 % is still well above the EU averages (EU-25 18.4 %, EA-17 19.2 %), the overall ITR on capital (21 %) lies at around four points below the EU-25 and euro area average.

In 2009, environmental taxes represented 3.6 % of GDP, the third highest in the EU. This share rose by 0.6 percentage points from a 3.0 % value in 2006–2008 mainly due to increasing revenues from excise duties on mineral oil and gas. As in most countries, taxes on energy account for the lion's share of environmental tax revenues, which are high also in the international comparison as Slovenia ranks first in the Union in this respect. Despite their lower absolute revenue, pollution/resource taxes, too, are well developed in Slovenia, taking the seventh highest level in the EU.

Current topics and prospects; policy orientation

For 2010, the government planned the budget deficit to stabilise at 5.7 % of GDP and to decrease in the coming years. Recent tax related measures include increase in excise duties, with further increases being planned, thus gradually moving the tax burden away from incomes, towards indirect taxes. The government put forward initiatives to fight tax evasion and to improve tax collection. There are several changes in the tax system that have been approved in the past and took place in 2010. One of them is the reduction of the CIT rate from 21 % to 20 % in 2010, being the last step of a gradual reduction of the rate that started in 2007. In the area of VAT, amendments to the VAT law were adopted in 2010 in order to bring the VAT rules in line with the European Directives. In 2010 tax revenues are projected to increase by 0.8 percentage points of GDP compared to 2009.

Main features of the tax system

Personal income tax

A reform launched in 2005 introduced a differentiation in the taxation of individual incomes according to their character - 'active' income is taxed at progressive rates applied to the annual tax base, while 'passive' income (i.e. income from interest, dividends and capital gains) is taxed at a flat rate, as in dual income systems. In 2006, the number of PIT brackets was reduced from five to three and the top tax rate from 50 % to 41 %; the scheduler taxation of 'passive' income at a single 20 % rate was retained. In 2009, a new tax at the rate of 49 % was introduced, which is imposed on the income of management in companies receiving state aid.

The personal income tax is levied at central government level, part of the revenues being attributed to municipalities. Net 'active' income is taxed according to a progressive rate with three brackets: 16 %, 27 % and 41 %. The top rate applies to income above € 15 268.77. Each individual is taxed separately. There are general allowances ranging, in 2011, from € 3 143.57 to € 6 205.68 and special allowances for students, disabled persons, taxpayers older than 65, family allowances for every dependent child, etc. Tax credit limited to 13.5 % of the income is granted to pensioners and recipients of compensations for occupational disability. Dividends, interest and capital gains ('passive' income) are taxed according to a 20 % flat rate; the rate for capital gains is reduced progressively (by five points) every five years of the holding period.

Corporate taxation

The corporate tax rate has been gradually reduced from 25 % in 2006 to 20 % in 2010. Until 1 January 2010, a reduced rate of not less than 10 % was applicable, under certain conditions, for companies operating in special economic zones. A special rate of 0 % is applicable for investment funds, pension funds, insurance undertakings for pension plans and venture capital companies. Since 2008, qualifying taxpayers may opt to pay a tonnage tax instead of paying income tax under general rules, insofar as they render international maritime services using vessels of more than 100 gross tonnes each. Companies may carry forward losses indefinitely, but carry back is not allowed. There are depreciation allowances at a maximum rate of 3 % on buildings, 20 % on machinery and equipment, and 50 % on computers.

The taxable base is computed following accounting principles for business. In general, capital gains from regular income are included in taxable profit and taxed at the regular tax rate. Various exemptions exist such as the participation exemption for dividends and capital gains on the alienation of shares (under special conditions). As for incentives, two-fifths of the amounts spent on R&D (50% or 60% in certain regions), not exceeding the amount of the taxable base, are deductible; companies may also apply for an investment allowance equal to 30 % of the amount invested in equipment and intangible assets, up to € 30 000 or up to the amount of the taxable base. Other incentives exist for employment of disabled persons as well as for establishment in a special economic zone. As of 2010, taxpayers employing a person younger than 26 or older than 55 years who had been registered with the employment service of Slovenia as unemployed for at least six months prior to employment may apply for a tax allowance of 45 % of the salary of such employee, provided the employer does not reduce the average number of employees during that period. The dividend withholding tax rate is 15 % (unless a Double Taxation Treaty specifies otherwise).

VAT and excise duties

VAT was introduced on 1 July 1999 replacing the previous General Sales Tax. The current rate is 20 %. The reduced rate of 8.5 % applies to supply of goods and services including, inter alia, books, food, agricultural and pharmaceutical products, certain services provided at the local level. A flat-rate farmer can charge a flat rate at 8 % (increased from 4 % in 2010) on goods and services supplied in the course of his/her agricultural production.

Excise duties are regulated in the Excise Duty Act, which transposes relevant EU legislation in this area. Excise duties are levied on tobacco products, alcohol and alcoholic beverages, oil, gas, coke, coal and electricity (since 2007).

Wealth and transaction taxes

There is a property tax on premises owned by individuals and a charge for the use of a building land, which is levied on vacant and constructed building land. The property tax on premises depends on the type and the value of the property with progressive rates ranging from 0.1 % to 1.5 % (several exemptions apply). Inheritance and gift tax is levied at progressive rates, ranging from 5 % to 39 %, depending on the relationship between the deceased/donor and the beneficiary and the amounts involved. Spouses and all direct descendants are exempt. Tax on transfer of immovable property is levied on the selling price of real property at a rate of 2 % if VAT on the transaction was not charged (exemptions for certain types of immovable property apply).

A motor vehicle tax must be paid for passenger motor vehicles which are put into circulation in Slovenia for the first time. Till 1 March 2010, the tax rate was 1–13 % of the selling price of the vehicle and 5 % for transfer of used passenger cars. As of 1 March 2010, the tax is paid only at the first registration and the rate depends on the environmental criteria (CO₂ and Euro emission standards) ranging from 0.5 % to 28 % for petrol cars and from 1 % to 31 % for diesel cars. There is also a water vessel tax, which is based on the length of the vessel and its engine power.

Gambling tax and concession fees are levied on the gross gaming revenue (GGR) of an operator of games of chance. Two tax rates on gambling of 5 % and 18 % apply, depending on the type of game; operators of games of chance are subject to a 5 – 45 % concession fee on GGR.

Social contributions

Social security contributions cover pension, health, unemployment insurance and maternity leave. Employees contribute 22.1 % of their total gross wage, of which the pension insurance (15.5 %) is the biggest amount. Social contributions are also payable by employers on behalf of their employees (the total rate paid by employers is 16.1 %). The taxable base for both the employer and the employee is the amount of the gross wage, which includes gross leave pay, fringe benefits and remuneration of expenses related to work above a certain threshold. Contributions are deductible both from CIT and the PIT.

SPAIN	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2009		
A. Structure of revenues											% of GDP	Ranking	€ bn
Indirect taxes	11,9	11,5	11,6	11,9	12,2	12,6	12,7	12,1	10,2	9,0		27	94,5
VAT	6,1	5,9	5,8	6,0	6,1	6,3	6,4	6,1	5,3	4,1		27	43,4
Excise duties and consumption taxes	2,6	2,5	2,5	2,5	2,5	2,4	2,2	2,2	2,1	2,2		24	22,9
Other taxes on products (incl. import duties)	1,9	1,9	2,0	2,3	2,5	2,8	2,9	2,6	1,7	1,4		10	15,2
Other taxes on production	1,2	1,2	1,2	1,1	1,1	1,1	1,1	1,1	1,1	1,2		13	13,0
Direct taxes	10,5	10,4	10,8	10,5	10,6	11,4	12,2	13,4	11,3	10,0		15	105,2
Personal income	6,6	6,8	6,8	6,6	6,4	6,6	7,1	7,7	7,5	7,0		14	74,2
Corporate income	3,1	2,9	3,3	3,1	3,5	3,9	4,2	4,8	2,9	2,3		16	24,2
Other	0,8	0,8	0,7	0,8	0,8	0,8	0,9	0,9	0,9	0,6		15	6,8
Social contributions	12,0	12,2	12,1	12,2	12,2	12,1	12,1	12,2	12,3	12,4		13	130,7
Employers´	8,7	8,8	8,8	8,9	8,8	8,8	8,8	8,9	8,9	8,7		8	91,3
Employees´	1,9	1,9	1,9	1,9	1,9	1,9	1,9	1,9	2,0	1,9		24	20,5
Self- and non-employed	1,4	1,4	1,4	1,4	1,5	1,4	1,4	1,4	1,4	1,8		8	18,9
Less: amounts assessed but unlikely to be collected	0,6	0,6	0,6	0,6	0,4	0,4	0,5	0,5	0,6	0,9			
TOTAL	33,9	33,5	33,9	33,9	34,5	35,6	36,4	37,1	33,2	30,4		20	320,8
Cyclically adjusted total tax to GDP ratio	33,5	33,0	33,7	33,7	34,2	34,9	35,1	35,1	31,5	30,8			
B. Structure by level of government											% of total taxation		
Central government	48,7	48,3	38,7	36,9	35,6	36,2	37,0	38,3	33,2	29,0		26	93,1
State government ²⁾	7,8	7,7	18,5	20,4	21,7	22,1	22,2	21,6	22,5	24,0		2	77,0
Local government	9,1	8,9	8,7	8,4	8,8	8,8	8,9	8,7	9,1	9,4		14	30,0
Social security funds	34,5	35,3	34,8	35,0	34,3	33,1	32,4	32,0	36,2	39,7		4	127,4
EU institutions	1,7	1,5	1,1	1,1	0,9	1,0	0,9	0,9	0,9	0,9		8	2,9
C. Structure by economic function											% of GDP		
Consumption	9,9	9,5	9,4	9,6	9,6	9,8	9,7	9,4	8,4	7,2		27	75,7
Labour	15,8	16,2	16,3	16,2	16,0	16,2	16,3	16,9	17,2	16,7		14	176,3
Employed	15,1	15,4	15,5	15,4	15,2	15,3	15,5	16,1	16,2	15,6		14	164,6
Paid by employers	8,7	8,8	8,8	8,9	8,8	8,8	8,8	8,9	8,9	8,7		11	91,3
Paid by employees	6,4	6,6	6,7	6,5	6,4	6,5	6,7	7,2	7,3	7,0		17	73,3
Non-employed	0,8	0,8	0,8	0,8	0,8	0,9	0,9	0,9	1,0	1,1		12	11,7
Capital	8,8	8,3	8,7	8,7	9,2	10,1	10,9	11,2	8,3	7,4		9	78,5
Capital and business income	5,9	5,6	5,9	5,7	5,9	6,5	7,0	7,7	5,5	5,0		12	52,9
Income of corporations	3,1	2,9	3,3	3,1	3,5	3,9	4,2	4,8	2,9	2,3		16	24,2
Income of households	0,9	0,8	0,8	0,7	0,7	0,8	1,1	1,1	1,0	0,9		9	9,8
Income of self-employed (incl. SSC)	1,9	1,9	1,9	1,8	1,8	1,8	1,7	1,8	1,6	1,8		9	18,9
Stocks of capital / wealth	2,8	2,8	2,9	3,0	3,3	3,6	3,8	3,6	2,8	2,4		8	25,6
D. Environmental taxes											% of GDP		
Environmental taxes	2,2	2,1	2,1	2,1	2,0	1,9	1,9	1,8	1,6	1,6		27	17,2
Energy	1,7	1,7	1,7	1,6	1,6	1,5	1,4	1,4	1,3	1,3		25	14,0
Of which transport fuel taxes	1,5	1,4	1,5	1,4	1,4	1,3	1,2	1,2	1,1	1,1		25	
Transport (excl. fuel)	0,4	0,4	0,4	0,4	0,4	0,4	0,4	0,4	0,3	0,3		19	3,0
Pollution/resources	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0		19	0,1
E. Implicit tax rates											%		
Consumption	15,7	15,2	15,4	15,8	16,0	16,3	16,3	15,9	14,1	12,3		27	
Labour employed	30,5	31,4	31,8	31,8	31,9	32,3	32,8	33,7	33,1	31,8		15	
Capital	29,9	28,3	29,9	30,3	32,7	36,4	40,6	43,3	31,7	27,2			
Capital and business income	20,2	18,9	20,1	19,8	21,0	23,3	26,3	29,6	21,1	18,3			
Corporations	30,7	28,5	31,4	31,2	35,2	43,5	51,9	63,1	35,1	24,5			
Households	13,7	13,1	13,0	12,6	12,4	12,4	13,6	14,3	13,0	13,5			
Real GDP growth (annual rate)	5,0	3,6	2,7	3,1	3,3	3,6	4,0	3,6	0,9	-3,7			

See Annex B for explanatory notes. For classification of taxes please visit <http://ec.europa.eu/taxtrends>

1) The ranking is calculated in descending order. A "1" indicates this is the highest value in the EU-27. No ranking is given if more than 10 % of data points are missing.

2) This level refers to the *Länder* in AT and DE, the *gewesten en gemeenschappen / régions et communautés* in BE and *comunidades autónomas* in ES.

n.a. not applicable, : not available

Source: Commission services

SPAIN

Overall trends in taxation

Structure and development of tax revenues

The tax-to-GDP ratio in Spain amounted to a 30.4% of GDP. This value ranks 20th in the EU and is the lowest among the western Member states, alongside with Ireland.

Spain collects revenues almost equally from social contributions, direct taxes and indirect taxes (respectively 12.4, 10.0 and 9.0 % of GDP). Compared to other Member States, Spain has the lowest indirect taxes collection in percentage of GDP in the EU (some 4.4 percentage points lower than the EU-27 average). This can be attributed partly to the sharp decline in GDP in the last year. Another reason is that standard VAT rates are lower than the EU-27 average, even after the recent increase from 16 % to 18 %. In the last years, the share of VAT revenues in GDP fell from a high of 6.4 % in 2006 to 4.1 % in 2009, following the decline in GDP and thus reduced average available income to the average Spanish citizen. Compared to this drop in revenues, the share of excise duties in GDP remains stable at 2.2 %. The share of direct taxes and of social contributions in GDP are approximately at the same level as the EU-27 average. The decline in tax revenues from direct taxation is mainly due to the drop in tax on corporate income. The impact of the economic crisis on this type of tax revenues was bigger in Spain than in other EU Member States, and tax revenues fell from 4.8 % in 2007 to only 2.3 % in 2009 (EU-27: from 3.5 % to 2.7 %). Social security contributions have remained impressively stable over the period, with the lion's share of the burden resting on employers.

Spain has a quasi-federal tax system, with three levels of government. Traditionally, the central government and the social security funds collected the majority of the revenues. However, this has changed over the last two decades. Firstly, following the reform of the financing system of the regions (*Comunidades Autónomas*, 'State' in the table) in 1997, the share of regional taxes as a percentage of total taxation practically quintupled from less than 5 % before 1997 up to 24.0 % in 2009. This increase in the share of regional taxes was mirrored in a similar sharp decrease in revenues collected by the central government, from 48.7 % in 2000 down to 29.0 % in 2009. The shares of tax revenues collected by central and regional governments, respectively, are thus converging. Secondly, to tackle the impacts of the economic crisis, the increase in the share of social security funds since 2007 from 32.0 % to 39.7 % also took place at the expense of revenue collection by the central government.

Between 2000 and 2007, Spain enjoyed a booming economy, with annual growth rates between 2.7 and up to 5 %, boosting also tax revenues until 2007. Coming from the low range compared to EU-27, the total tax-to-GDP ratio in Spain peaked in 2007 at 37.1 %, the EU-27 arithmetic average. In 2008 and 2009, Spain experienced a strong impact from the economic crisis; GDP growth crashed from an increase of 3.6 % in 2007 down to a 3.7 % fall in 2009. Tax revenues dropped thus from 37.1 % of GDP in 2007 and 33.2 % in the previous year, to a new low of only 30.4 % in 2009. The steep decline of almost 7 percentage points between 2007 and 2009 compares to a more limited decline of tax revenues at the level of EU-27 of only 1.4 percentage points over the last two years. This implies that after having reached the EU-27 average in 2007, within two years the distance from this average became again rather big: the total tax ratio in Spain is now some 5.4 percentage points lower than the EU-27 arithmetic average.

Taxation of consumption, labour and capital; environmental taxation

The decline in the ratio of consumption taxes in proportion to GDP has further accelerated and dropped to only 7.2 % in 2009, although it already was the lowest in the EU-27 (11.7 % in EU-27). The implicit tax rate on consumption dropped to 12.3 % in 2009, the lowest in the Union. This development mimics VAT collection in percentage of GDP.

The ratio of taxes on labour income to GDP stood at 16.7 % in 2009, 0.8 percentage points below the EU-27 average (17.5 %). Throughout the years 2000–2009, Spain has displayed an average implicit tax rate (ITR) on labour slightly

below the EU-27, although this difference has decreased from slightly more than five percentage points in 2000 to slightly more than one percentage point in 2009. It now stands at 31.8 %.

While the ratio of capital taxes on GDP has increased slowly but monotonously during the previous two decades until 2007, it dropped in the last two years very fast as a consequence of the economic crisis from 11.2 % in 2007 to only 7.4 % in 2009 – a share last seen in the early nineties. The sharp decline in the last two years is all due to a drop in tax collection on income of corporations and on stock of capital and wealth. Similarly, the Implicit Tax Rates on capital experienced a large decline from a peak of 43.3 % in 2007 to 27.2 % in 2009. The Implicit Tax Rates on corporations collapsed from 63.1 % in 2007 to 24.5 % in 2009, partly due to the cut in Corporate Income Tax rates and partly to lower taxable profits following the economic crisis.

Environmental taxation remained constant albeit at the lowest in the EU-27 (1.6 % of GDP). As in the majority of Member States, it is mostly concentrated on energy (1.3 % of GDP).

Current topics and prospects; policy orientation

Since 2008, several measures have been taken in order to alleviate the consequences of the global financial and economic crisis. Tax credits have been introduced to support household purchasing power of working and self-employed taxpayers; for small and medium sized enterprises (SME), the thresholds have been lifted to widen the group of companies that can benefit from the special regime and a reduced corporate income tax rate. Companies that grow out of the group of SMEs are allowed to continue applying the special regime for three years. To cut the budget deficit, the general VAT rate was increased by 2 percentage points to 18 % from July 2010 while the reduced VAT rate of 7 % was increased to 8 %. Moreover, a number of tax credits have been abolished to this end, for instance tax credits for the acquisition or restoration of the taxpayer's primary residence. Finally, savings income is taxed at the progressive system of 19 % and 21 % (above € 6 000) from 2010 instead of a flat 18 % rate.

Main features of the tax system

Personal income tax

The personal income tax system has been further simplified in 2007 and reduced the tax scale applicable to the general component of taxable income from five brackets to four (24 %, 28 %, 37 % and 43 %). However, with the Budget bill for 2011 which will in general apply from 1st January 2011, the central government created now yet two additional tax bands for high personal income between € 120 000 and € 175 000 raising current central government top PIT marginal rate (21.5 %) by 1 and 2 percentage points, respectively. Regional governments are free to follow (or not) central government policy in setting their own regional PIT schedules applied to the general taxable base. Savings, including capital gains, are taxed at a progressive system of 19 % on the first € 6 000, and 21 % on 2010 income above. Personal and family allowances are included since 2007, as a general rule, in the first income bracket, which is taxed at a zero rate. In the context of measures taken to alleviate the consequences of the global financial crisis, Spain has in the past increased and newly introduced tax credits like the additional tax credit of € 400 to working and self-employed taxpayers to support household purchasing power. In order to cut the public deficit, this approach was complemented in 2010 by measures that cut tax credits in other areas. For instance, the 15 % tax credit for the acquisition or restoration of the taxpayer's primary residence has been abolished from 1 January 2011 if taxable income exceeds € 24 107. Similarly, the tax credit for each child born or adopted has been repealed.

Corporate taxation

The tax rate has been reduced from 35 % to 32.5 % in 2007 and to 30 % in 2008 (from 40 % to 37.5 % and 35 % for 2007 and 2008, respectively, for entities engaging in oil exploration, research, and exploitation). New measures to encourage investment and employment extend from the 1st January 2011 the special tax regime for small and medium sized

enterprises (SMEs): firstly, the annual turnover threshold to be included within the scope of the special regime increases from € 8 million to € 10 million. Secondly, the taxable amount taxed at the reduced tax rate has been increased from € 120 202.41 to € 300 000. Companies that have less than 25 employees and a turnover below € 5 million are taxed at 20 %. Furthermore, these companies are allowed to free depreciate their assets during 2009-2010. Companies that do no longer qualify for the SME special tax regime will nevertheless be able to apply the regime for three years following the loss for the SME qualification. Free depreciation is granted for all companies up to 2015. Some tax credits, including those for exports, are to be gradually phased out by 2011, 2012 or 2014. The rules regarding tax credits for reinvestment have also been revised, in particular with reference to the kind of assets involved. Finally, the R&D tax credit, which projected phase-out will not take place, has been expanded to companies with more than 25 % of their research activity in another EU Member State or member of the EEA.

VAT and excise duties

The standard VAT rate is 18 % as from 1st July 2010 (from 16 %). Two reduced rates of 8 % (up from 7 % from July 2010) and 4 % apply to specific categories of goods. The recent reform introduced a special VAT consolidation regime applicable to corporate groups, and the possibility of claiming immediate VAT refunds. Tax rates for tobacco and hydrocarbons had been slightly increased in June 2009 and once more tobacco tax rates were raised again in December 2010.

Wealth and transaction taxes

Inheritance and gift taxes are levied on behalf of the 17 autonomous regions, which set their own tax rates within certain limits. A tax on wealth transfers applies to rights and assets located in Spain. Since 2011, a stamp duty tax exemption applies in case company formation, capital raising, partner contributions, and move to Spain of Head Offices from countries outside the EU. For the transfer of real estate, this tax is levied depending on the Autonomous Community where the land is located. If no specific rate is set, a 7 % rate is levied on the value of real estate. A 100 % tax rebate has been introduced in the tax on wealth in 2008, abolishing it in practice.

Local taxes

Regional governments received a significant share of total tax revenue (33 % of personal income tax; 35 % of VAT; 40 % of excise duties on hydrocarbons, tobacco, beer and alcohol; 100 % of excise duties on electricity and car registration). Indirect tax revenues are transferred according to a territorial consumption index. Statutory personal income tax rates can be modified by the regional governments provided the structure retains progression and the number of tax brackets is unchanged. Taxes on inheritance and gift tax, registration duties and fees on lotteries and gambling are wholly assigned to territorial governments with almost complete jurisdictional powers.

Under the system applied since 2009, 90 % of all autonomous communities' resources will come from taxes. In this regard, autonomous communities will benefit from an increased share in the ceded taxes (50 % of Personal Income Tax and VAT and 58 % of Excise Taxes), as well as increased discretionary powers.

Social contributions

Each professional category has minimum and maximum contribution bases. For 2011, the maximum monthly base is € 3 230.10; the minimum varies depending on the type of work (ranging from 748.20 to 1 045.20 €/month). The total rate for the general regime (including general risk, unemployment insurance and professional education training) is 4.7 % of covered earnings for the employees and 23.6 % for employers for a total contribution of 28.3 %. Self-employed persons contribute between 26.5 % and 29.8 % of their earnings, with a minimum payment of € 250 per month.

SWEDEN											2009		
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	% of GDP	Ranking	€ bn
A. Structure of revenues													
Indirect taxes	16,4	16,4	16,6	16,7	16,5	16,6	16,8	16,7	18,1	19,0		1	55,2
VAT	8,6	8,7	8,8	8,8	8,8	9,0	8,9	9,0	9,3	9,7		2	28,2
Excise duties and consumption taxes	3,1	3,1	3,2	3,2	3,0	3,0	2,8	2,7	2,7	2,9		16	8,5
Other taxes on products (incl. import duties)	0,7	0,7	0,7	0,7	0,7	0,7	0,7	0,7	0,8	0,7		19	2,1
Other taxes on production	4,0	3,9	4,0	4,1	4,0	3,9	4,3	4,2	5,4	5,6		1	16,4
Direct taxes	22,6	20,8	19,6	20,2	20,9	22,0	22,2	21,2	19,8	19,7		2	57,3
Personal income	18,1	17,6	17,0	17,5	17,5	17,9	18,1	17,2	16,6	16,4		2	47,7
Corporate income	3,8	2,6	2,0	2,2	2,9	3,6	3,6	3,8	2,9	3,0		5	8,8
Other	0,7	0,6	0,5	0,5	0,5	0,5	0,5	0,2	0,3	0,3		23	0,8
Social contributions	12,5	12,2	11,3	10,9	10,7	10,3	9,3	9,4	8,5	8,2		22	23,9
Employers´	10,1	10,6	10,3	10,0	9,7	9,7	9,1	9,1	8,2	7,9		10	22,9
Employees´	2,1	1,4	0,7	0,7	0,7	0,4	0,0	0,0	0,1	0,1		27	0,3
Self- and non-employed	0,2	0,3	0,2	0,2	0,2	0,2	0,2	0,3	0,2	0,2		21	0,7
Less: amounts assessed but unlikely to be collected	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.			
TOTAL	51,5	49,5	47,5	47,8	48,1	48,9	48,3	47,3	46,5	46,9		2	136,4
Cyclically adjusted total tax to GDP ratio	50,4	49,2	47,5	48,1	47,6	48,2	46,7	45,1	45,4	49,2			
B. Structure by level of government													
Central government	60,6	59,1	58,9	58,6	59,2	60,8	61,6	61,2	58,6	57,6		15	78,6
State government ²⁾	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		n.a.	n.a.
Local government	28,9	31,0	32,7	33,2	32,9	32,2	32,0	32,5	34,7	35,6		1	48,6
Social security funds	9,5	9,0	7,7	7,4	7,3	6,4	5,8	5,9	6,2	6,3		24	8,7
EU institutions	1,0	0,9	0,7	0,7	0,6	0,6	0,6	0,4	0,5	0,4		26	0,6
C. Structure by economic function													
Consumption	12,3	12,5	12,6	12,6	12,4	12,6	12,4	12,4	12,7	13,3		9	38,8
Labour	30,8	30,8	29,7	29,9	29,6	29,1	28,4	27,3	27,7	27,4		1	79,8
Employed	26,9	26,9	25,7	25,4	25,1	24,9	24,1	23,5	24,0	23,6		1	68,6
Paid by employers	12,8	13,2	13,1	12,8	12,6	12,4	12,2	12,2	12,6	12,4		3	36,0
Paid by employees	14,1	13,7	12,7	12,6	12,5	12,4	11,9	11,3	11,4	11,2		8	32,5
Non-employed	3,8	3,9	4,0	4,5	4,5	4,2	4,3	3,8	3,7	3,8		2	11,2
Capital	8,4	6,2	5,2	5,3	6,1	7,2	7,5	7,7	6,0	6,1		14	17,8
Capital and business income	6,3	4,3	3,4	3,5	4,3	5,5	5,8	6,2	4,7	4,7		14	13,7
Income of corporations	3,8	2,6	2,0	2,2	2,9	3,6	3,6	3,8	2,9	3,0		6	8,8
Income of households	1,8	0,9	0,6	0,6	0,7	1,1	1,5	1,7	1,1	1,0		6	3,0
Income of self-employed (incl. SSC)	0,8	0,8	0,7	0,7	0,7	0,8	0,7	0,7	0,7	0,7		20	2,0
Stocks of capital / wealth	2,1	1,9	1,8	1,8	1,8	1,7	1,7	1,4	1,4	1,4		15	4,1
D. Environmental taxes													
Environmental taxes	2,8	2,8	2,8	2,9	2,8	2,8	2,7	2,6	2,7	2,8		8	8,2
Energy	2,3	2,4	2,4	2,5	2,4	2,4	2,3	2,2	2,2	2,3		5	6,6
Of which transport fuel taxes	:	:	1,4	1,4	1,3	1,4	1,3	1,2	1,2	1,3		22	
Transport (excl. fuel)	0,3	0,3	0,3	0,3	0,3	0,4	0,4	0,4	0,5	0,5		13	1,5
Pollution/resources	0,1	0,1	0,1	0,1	0,1	0,1	0,0	0,0	0,0	0,0		20	0,0
E. Implicit tax rates													
Consumption	26,3	26,5	26,8	26,9	26,8	27,2	27,1	27,4	27,8	27,6		3	
Labour employed	46,8	45,5	43,8	43,6	43,6	43,7	43,0	41,3	41,2	39,4		7	
Capital	42,8	33,6	29,2	29,0	27,8	33,6	28,9	33,6	26,2	33,5			
Capital and business income	32,0	23,4	19,1	19,4	19,7	25,6	22,3	27,2	20,3	25,8			
Corporations	32,7	23,7	18,8	18,1	18,1	23,3	18,4	23,2	17,4	25,8			
Households	25,7	18,7	16,1	17,7	19,3	24,1	25,5	27,0	19,3	18,9			
Real GDP growth (annual rate)	4,5	1,3	2,5	2,3	4,2	3,2	4,3	3,3	-0,6	-5,3			

See Annex B for explanatory notes. For classification of taxes please visit <http://ec.europa.eu/taxtrends>

1) The ranking is calculated in descending order. A "1" indicates this is the highest value in the EU-27. No ranking is given if more than 10 % of data points are missing.

2) This level refers to the *Länder* in AT and DE, the *gewesten en gemeenschappen / régions et communautés* in BE and *comunidades autónomas* in ES.

n.a. not applicable, : not available

Source: Commission services

SWEDEN

Overall trends in taxation

Structure and development of tax revenues

Swedish taxation levels are the second highest in the EU. In 2009, the tax-to-GDP ratio (including social security contributions) stood at 46.9 %, a staggering over 10 percentage points higher than the EU-27 average (35.8 %). Compared to the neighbouring countries, the rate is slightly lower than in Denmark (48.1 %) – the leader in the category, but considerably higher than in Finland (43.1 %) or Norway (41.4 %).

The Swedish tax system traditionally relied largely on direct taxation. Still in 2007 the difference in tax revenues from direct and indirect taxes was of more than 9 percentage points. Since then however this gap has begun to close down and in 2009 direct taxes raised only 1.5 percentage point more revenue than the indirect ones (42.0 % as opposed to 40.5 %). This tax mix still differs quite markedly from the EU-27 average where the direct and indirect taxes raise respectively 31.1 and 37.7 % of total tax revenues.

The revenues raised by social contributions have long been steadily decreasing, to reach a new record low of 17.5 % in the period under consideration. In the EU only Denmark with social contributions generating as little as 2.1 % of tax revenues and accounting for 1 % of the GDP, was behind Sweden. In the region, only Finland (29.8 % of total taxes) was within the range of EU-27 average of 31.4 %.

Most of the taxes are collected at the central government level (57.6 % in 2009) and this ratio has traditionally corresponded to the EU-27 average (58.0 % in 2009). Significant changes occur however when considering the local government (municipalities, municipal associations and county councils) and social security fund: the former, amounting in Sweden to 35.6 % of tax revenues is more than three times higher than the EU-27 average of 10.7 %. This continues to be by far the highest value in the EU, followed by Denmark (25.8 %) and Finland (23.8 %). Exactly the opposite can be noted for social security funds raising only 6.3 % of the Swedish taxes as opposed to the EU-27 average of 30.3 %. The only lower value can be observed in the neighbouring Denmark (2.0 %).

The overall tax burden decreased from its peak level of 51.5 % of GDP in 2000 staying below 50 % since. The accelerated decline of the overall tax-to-GDP level since 2007 was driven by equally faster decline of the PIT share in total tax revenues. This coincided with the 2007 introduction of an earned-income tax credit, further developed in the years 2008-2010. It implied an automatic reduction in tax liability of eligible individuals. Another reason might have been the 3 % decrease in the number of hours worked observed by the official statistics in the recession year 2009. Finally, the scrapping of certain taxes (see: *Wealth and transaction taxes*) might have played some role in the process.

Taxation of consumption, labour and capital; environmental taxation

Revenue from consumption taxes (13.3 % of GDP) is relatively close to the EU-27 average (11.7 %) although since a few years an accelerating widening of this gap can be observed. At the same time, the implicit tax rate on consumption, at 27.6 % in 2009, was the third highest in the EU (after Denmark's 31.5 and Hungary's 28.2 %) and roughly 7 percentage points above the EU-27 average (20.9 %). There are two reasons for the high ITR: Sweden has one of the highest statutory VAT rates (the maximum allowed 25 %) and above average rates for excise duties, and the Swedish share of private consumption in GDP (49.4 % according to the Eurostat data) is one of the lowest in the EU-27 (average of 58.4 %) although on an upwards trend.

The ratio of taxes on labour in proportion to GDP, standing at 27.4 % in 2009, is invariably the highest in the EU-27 (average of 17.5 %), followed closely by Denmark (27.1 %), Austria (24.2 %) and Finland (23.8 %). From its peak level in 1998, the implicit tax rate declined steadily, to fall in 2009 for the first time in the period under consideration below 40 %

(39.4 %). As argued above, this decrease, which accelerated in 2007, can be explained by tax reform in the field of PIT, granting additional tax credits to eligible tax payers.

The implicit tax rate on capital in Sweden has been far from constant in the period under consideration. On the day of joining the EU in 1995 it stood at 20.0 % and rocketed since to peak in 2000 (42.8 %). So did the revenues from capital taxes which grew from 10.1 % in 1995 (4.8 % of GDP) to 16.3 % in 2000 (8.3 % of GDP). This rapid increase was largely due to high economic growth. Since then the ITR was decreasing gradually and entered a sinusoidal trend since 2004-2005 to rise rapidly in 2009 to the 2007 and 2005 level of 33.5 %, well above the EU-25 average of 24.6 %. The most likely explanation to this is the high variability in capital gains for households and company profits. The tax revenues from capital as a proportion of total taxation remain nevertheless unchanged at the 2008 level of 13.0 %.

Environmental taxes as a proportion of GDP (2.8 % in 2009) are in line with the EU-27 average (2.6 % in 2009). Their level has been rather constant over the period under consideration. Revenue from environmental taxes remained equally stable and consists mostly of energy taxes.

Current topics and prospects; policy orientation

Sweden's economy accelerated away from last year's recession and the main measures that seem to have aided Sweden lay within strong public finances that allowed the government to continue to stimulate the economy in the era of fiscal austerity. The main focus has been on increasing employment and reducing social exclusion. In 2010 it introduced the fourth stage of the earned-income tax credit, reducing over the 4 years the tax on earned income by a total of SEK 71 billion (€ 7.84 billion). The Budget Bill for 2011 includes an increase in the basic allowance for individuals over 65 years old. As part of the government's long term planning, it is foreseen to further reduce the income tax for low or medium income tax payers, increase the threshold for national income tax for individuals, introduce incentives for individuals to work until the age of 69, reduce the VAT on catering and restaurant services or increase excise duties on alcohol and tobacco products.

Main features of the tax system

Personal income tax

In 1991, Sweden introduced a dual income tax system, separating individual progressive labour income tax from broadly defined income tax on capital, to which a flat national rate of 30 % applies (there is no tax-free amount and no municipal tax). On earned income, individuals pay both the national income tax and municipal income tax. For 2011, at the central government level, PIT rates of 20 % (taxable income above SEK 383 000 or € 42 293) and 25 % (taxable income above SEK 548 300 or € 60 546) apply. In addition, a municipal income tax applies at a flat rate. The level of the tax varies between municipalities. The weighted average for 2011 is 31.55 %. This tax is not deductible in computing tax liability at the national level.

A basic allowance varying between SEK 12 600 (€ 1 391) and 33 000 (€ 3 644) for 2011, depending on the amount of income, is deducted from the taxpayer's earned income. For individuals over the age of 65 an increased basic allowance was introduced in 2009 and reinforced both in 2010 and 2011. For these individuals the basic allowance vary between SEK 25 700 to 54 300 for 2011, depending on income. A limited number of personal deductions is also foreseen (such as, to a limited maximum, premiums paid to private pension schemes).

In 2007, Sweden introduced an in-work tax credit, which was subsequently increased in 2008, 2009 and 2010. The maximum amount of tax credit varies with the municipality tax rate and is on average SEK 21 250 (€ 2 347) for persons under 65 years old and SEK 30 000 (€ 3 313) for persons over 65 years.

Corporate taxation

Taxation of corporations follows the classical system, based on the principle of broad tax base with relatively low statutory tax rate. The corporate income tax has been imposed since 1994 at a flat rate of 28 %, which was reduced to 26.3 % in January 2009 and the same basic rules apply to all businesses regardless of size and legal status but 3/4 of the CIT revenue is paid by a small number of large companies (some 3 %). Capital gains are taxed as regular corporate profit and dividends paid to the shareholders are not deductible. Capital losses, generally deductible against profit, can normally be carried forward indefinitely. The notion of a tax group does not apply in Sweden.

VAT and excise duties

The standard VAT rate is 25 % and it applies to some 85 % of the non-export turnover. A reduced rate of 12 % applies to foodstuffs and to services related to tourism. A reduced rate of 6 % applies to domestic daily and weekly newspapers and periodicals, to domestic transportation of persons and ski-lift services, and to cinema, circus and concert tickets. The purchase and rental of immovable property, as well as medical, dental and social care, education, banking and other financial services and certain cultural and sporting activities are exempt from VAT. Zero-rated goods and services include prescription medicines, gold for investment purposes, and a number of financial services as well as insurance and reinsurance services.

Excise duties, historically an important source of government revenues, in modern times make up a mere 6.2 % of total tax revenue (together with other consumption taxes). The excise duty on alcohol is still a significant source of revenue, but about 2/3 of total excise revenue comes from environmental duties (energy).

Wealth and transaction taxes

The inheritance and gift tax was abolished as of 2005 and the wealth tax in 2007. The stamp duty is levied on the acquisition of real estate and registration of mortgages: for the former at a standard rate of 1.5 % of the property value for individuals and, as of 2011, 4.25 % for legal entities; for the latter at 1, 2, or 0.4 % depending on the collateral.

Concerning the tax on real estate as of 2008, a municipal fee replaces the central government real estate tax. However, the central government decides both the tax base and the tax rate.

Social contributions

There are three categories of social security contributions. The main part is paid by employers as a payroll tax at a rate of 31.42 %. Employees pay an additional pension insurance premium of 7 % (up to a ceiling of SEK 29 400 or € 3 246 and on income up to SEK 420 447 or € 46 428 for 2011), which may be fully credited against their income tax liability. No premiums are due from individuals who are 65 or older. Self-employed taxpayers must pay their own social security contributions computed on their business income at a rate of 28.97 %, without a ceiling.

As of July 2010, the total amount of social security contributions for the self-employed between the age of 26 and 65 is reduced by 5 % with a fixed maximum reduction. Furthermore, to facilitate young people's entry into the labour market, for 2011, the total of social security contributions for self-employed individuals between the age of 18 and 25 is reduced to 14.88 %. Also the employers' social security contributions are reduced for persons under 26 years old (to 15.49 %).

As from 2007, social security contributions are waived for persons who have been in receipt of unemployment benefits, sickness benefits, disability pension or social allowance for more than one year. From 2008 onwards, employers are repaid double the employer's contribution when employing persons who have received sickness benefits or disability pensions for more than one year.

UNITED KINGDOM											2009		
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	% of GDP	Ranking	€ bn
A. Structure of revenues													
Indirect taxes	13,9	13,5	13,4	13,2	13,2	12,9	12,9	12,8	12,3	12,0		18	188,2
VAT	6,6	6,6	6,6	6,8	6,8	6,7	6,6	6,6	6,4	5,8		25	90,4
Excise duties and consumption taxes	4,0	3,8	3,7	3,6	3,5	3,4	3,2	3,2	3,2	3,4		9	54,0
Other taxes on products (incl. import duties)	1,6	1,4	1,3	1,2	1,3	1,3	1,5	1,5	1,2	1,0		15	16,4
Other taxes on production	1,8	1,7	1,7	1,6	1,6	1,6	1,6	1,5	1,6	1,7		9	27,4
Direct taxes	16,7	16,8	15,7	15,2	15,4	16,4	17,1	16,8	18,3	16,1		4	251,9
Personal income	10,8	11,0	10,4	9,9	10,0	10,4	10,5	10,8	10,8	10,4		6	163,5
Corporate income	3,5	3,5	2,8	2,7	2,9	3,4	4,0	3,4	3,6	2,8		7	43,7
Other	2,3	2,4	2,4	2,5	2,6	2,6	2,6	2,6	4,0	2,9		1	44,7
Social contributions	6,2	6,2	5,9	6,3	6,6	6,7	6,7	6,6	6,8	6,8		24	106,2
Employers´	3,5	3,5	3,3	3,5	3,6	3,7	3,7	3,7	3,9	3,9		24	61,0
Employees´	2,5	2,5	2,4	2,5	2,7	2,8	2,8	2,7	2,6	2,7		16	41,8
Self- and non-employed	0,2	0,2	0,2	0,2	0,2	0,2	0,2	0,2	0,2	0,2		22	3,5
Less: amounts assessed but unlikely to be collected	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0			
TOTAL	36,7	36,4	34,9	34,7	35,1	36,0	36,7	36,3	37,5	34,9		15	546,1
Cyclically adjusted total tax to GDP ratio	36,2	36,1	34,8	34,4	34,6	35,4	35,7	34,8	36,5	36,4			
B. Structure by level of government													
Central government	94,3	94,5	94,3	94,1	94,3	94,4	94,5	94,5	94,6	94,0		2	513,1
State government ²⁾	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		n.a.	n.a.
Local government	4,0	4,1	4,4	4,7	4,7	4,7	4,6	4,6	4,6	5,2		19	28,5
Social security funds	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		n.a.	n.a.
E U institutions	1,8	1,5	1,3	1,2	0,9	0,9	0,9	0,9	0,9	0,9		10	4,8
C. Structure by economic function													
Consumption	11,8	11,7	11,5	11,6	11,4	11,2	10,9	10,9	10,6	10,4		20	162,9
Labour	14,1	14,2	13,5	13,5	13,7	14,3	14,3	14,4	14,2	14,0		17	219,8
Employed	14,0	14,0	13,3	13,3	13,5	14,1	14,1	14,2	14,0	13,9		17	216,9
Paid by employers	3,5	3,5	3,3	3,5	3,6	3,7	3,7	3,7	3,9	3,9		24	61,0
Paid by employees	10,5	10,5	10,0	9,8	9,9	10,4	10,4	10,5	10,1	10,0		10	155,9
Non-employed	0,2	0,2	0,2	0,2	0,2	0,2	0,2	0,2	0,2	0,2		24	2,9
Capital	10,8	10,8	9,9	9,7	9,9	10,7	11,6	11,3	12,5	10,5		3	164,1
Capital and business income	6,4	6,5	5,7	5,5	5,7	6,3	7,0	6,6	6,8	6,0		6	94,0
Income of corporations	3,5	3,5	2,8	2,7	2,8	3,4	4,0	3,4	3,6	2,8		8	43,7
Income of households	1,3	1,5	1,3	1,2	1,3	1,4	1,5	1,7	1,7	1,7		1	26,8
Income of self-employed (incl. SSC)	1,5	1,6	1,5	1,5	1,5	1,5	1,5	1,5	1,5	1,5		12	23,4
Stocks of capital / wealth	4,4	4,3	4,2	4,2	4,3	4,4	4,6	4,6	5,6	4,5		2	70,2
D. Environmental taxes													
Environmental taxes	3,0	2,8	2,7	2,7	2,6	2,5	2,4	2,5	2,4	2,6		12	40,6
Energy	2,4	2,2	2,1	2,1	2,0	2,0	1,9	1,8	1,8	1,9		13	30,4
Of which transport fuel taxes	2,1	1,9	1,9	1,8	1,8	1,7	1,6	1,6	1,6	1,7		11	
Transport (excl. fuel)	0,6	0,5	0,5	0,5	0,5	0,5	0,5	0,5	0,5	0,6		11	8,9
Pollution/resources	0,0	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1		10	1,3
E. Implicit tax rates													
Consumption	18,9	18,7	18,5	18,8	18,6	18,2	18,0	18,0	17,5	16,8		22	
Labour employed	25,6	25,3	24,3	24,7	25,2	26,1	26,3	26,5	26,4	25,1		24	
Capital	44,0	45,1	40,9	36,4	37,6	40,1	42,8	42,3	44,7	38,9			
Capital and business income	26,1	27,2	23,4	20,5	21,4	23,6	25,8	24,9	24,5	22,3			
Corporations	31,0	31,9	23,8	19,5	19,6	23,7	26,1	22,8	22,8	18,4			
Households	16,1	16,9	17,3	16,5	17,8	17,8	19,1	21,0	20,4	20,4			
Real GDP growth (annual rate)	3,9	2,5	2,1	2,8	3,0	2,2	2,8	2,7	-0,1	-4,9			

See Annex B for explanatory notes. For classification of taxes please visit <http://ec.europa.eu/taxtrends>

1) The ranking is calculated in descending order of 2006 data. A "*" indicates this is the highest value in the EU-27. No ranking is given if more than 10 % of data points are missing.

2) This level refers to the *Länder* in AT and DE, the *gewesten en gemeenschappen / régions et communautés* in BE and *comunidades autónomas* in ES.

n.a. not applicable, : not available

Source: Commission services

UNITED KINGDOM

Overall trends in taxation

Structure and development of tax revenues

In 2009, the United Kingdom tax-to-GDP ratio (including social security contributions) stood at 34.9 %, its lowest point since 2003 and some 2 ½ percentage points lower than in 2008 (which was marked by a sharp increase in revenue from capital levies resulting from the national accounting treatment of certain financial sector interventions, booked under "other direct taxes" ⁽⁸⁹⁾). The bulk of the decrease is due to lower corporate income tax and VAT collection.

The tax structure shows a comparatively high weight of direct taxes (at 16.1 % of GDP, the fourth highest ratio amongst Member States). Direct taxes represent the primary source of revenues (46.1 % of the total taxes), markedly larger than indirect taxes (34.5 %), and far outweighing social contributions (19.5 %), the fourth lowest share of taxes in the EU after Denmark, Sweden and Malta.

Besides a decline in 2003, revenue from personal income taxes have been relatively stable at around 10.4-10.8 % of GDP. Corporate income taxes, which increased from 2.8 % of GDP to 4.0 % of GDP between 2002 and 2006, went back to 3.4 % and 3.6 % of GDP in 2007 and 2008 respectively but dropped to 2.8 % in 2009. This latest value is still above the EU-27 arithmetic and GDP-weighted averages (respectively 2.7 % and 1.9 %). The overall tax burden increased by 2 percentage points from 1995 to 2000 but tended to decline between 2000 and 2003 (– 2 percentage points), and increased again between 2003 and 2006 (+ 2 percentage points). It eased in 2007 to 36.3 % of GDP, but rose – for reasons explained above – to 37.5 % of GDP in 2008, before decreasing to 34.9% in 2009.

Direct taxes other than corporate and personal income taxes were brought back to 2.9 % of GDP in 2009, a result in line with their historical levels (compared to an EU-27 average of 0.8 %). This category includes in particular council taxes on land and buildings and motor vehicle duties, but also financial sector interventions by public sector authorities between 2007 and August 2009 referred to above.

Finally, the United Kingdom is a highly centralised country in terms of tax collection with 94 % of revenues accruing to the central government.

Taxation of consumption, labour and capital; environmental taxation

The ITR on consumption stood at 16.8 % in 2009. This sets the United Kingdom 4.1 percentage points below the EU-27 average. The recent increase in VAT rate is likely to raise the ITR in the future.

As a result of relatively low social security contributions, labour taxes revenue (14.0 % of GDP) is lower than in most other European countries (EU-27 17.5 %). The ITR on labour employed is, at 25.1 %, the fourth lowest in the EU-27 and lies well below the EU-27 average (32.9 %). The index has decreased by more than one percentage point compared to 2008.

Revenue from taxes on capital (10.5 % of GDP) dropped back to their 2005 levels but remains the third highest in the EU-27 after Italy and Malta (EU-27 average at 6.7 %). The high contribution of taxes on capital to total tax revenue (11.3 percentage points over the 18.8 % EU-27 average) is reflected in the relatively high implicit tax rate on capital ⁽⁹⁰⁾ (38.9 %).

⁽⁸⁹⁾ In a number of financial sector interventions during 2008 the Financial Services Compensation Scheme (FSCS) was assigned rights over the assets of financial institutions. The realisation of these assets of failed institutions to finance the compensation of depositors has been classified as a capital tax for national accounting purposes (see: <http://www.statistics.gov.uk/articles/nojournals/Financial-crisis.pdf> page 33 and followings.). The UK is the main example of this type of intervention. The increase in capital levies revenue in 2008 was equivalent to approx. 1.3% of GDP.

⁽⁹⁰⁾ It should also be kept in mind that both the ITR on capital and capital income are biased upwards (compared to other EU countries) because the ITR base does not capture the full extent of taxable profits of financial companies, particularly capital gains. A further reason is that the UK figures allocate all tax on occupational (second pillar) and private pension benefits (third pillar) to capital income whilst for most other Member States the second pillar is allocated to transfer income and income of the non-employed.

Taxes on the capital stock (i.e. recurrent property taxes in the form of national domestic rates on business properties and council tax paid by owner-occupiers and tenants on the value of their dwellings) contribute substantially to the United Kingdom's relatively high tax burden on capital as they are not well captured in the capital base of the ITR. Taxes on capital are amongst the highest in the EU-27, even when accounting from the statistical break due to 2008 capital levies.

Revenues from environmental taxes (in % of GDP) are relatively stable at around 2.5 % of GDP despite the evolution of the collection of customs duty on mineral oils in recent years whose level has risen slower than GDP since 2001.

Current topics and prospects; policy orientation

The impact of the financial crisis and a change in government have triggered a number of major tax changes. The standard CIT rate has been reduced by 2 percentage point to 26 % and will be further reduced in stages to 23 % by 2014. The small profits rate has also been reduced. The standard VAT rate was increased by 2.5 percentage points to 20 % in January 2011 and several environmentally-related taxes were increased in recent years such as air passenger duty or landfill taxes. The system of capital gains tax has also been reformed. Following a consultation in October 2010 a bank levy was introduced in January 2011 based on bank balance sheets. The full rates are 0.075 % from May to December 2011 and 0.078 % thereafter. Finally, specific efforts have been made to simplify taxes with the establishment of an independent office of tax simplification.

Main features of the tax structure

Personal income tax

The basic and higher rates of income tax are 20 % and 40 % respectively. The basic rate limit is GBP 35 000 in 2011-2012 and will be frozen for 2013-2014 but the personal allowance is increased to GBP 7 475 in 2011-2012. As part of a long-term objective to raise it to GBP 10 000 it will be increased to GBP 8 105 in 2012-2013 and in line with inflation after that. A higher tax rate (50 %) applies to annual incomes above GBP 150 000 and the personal allowance restricted for annual incomes over GBP 100 000. Higher personal allowances are available for those aged 65 and over.

The capital gains tax rates for gains realised after June 2010 are 18 % and 28 % depending on the individual's total taxable income. The annual exempt amount is GBP 10 600 in 2011-2012 and increased annually in line with inflation. A 10 % rate also applies for gains qualifying for Entrepreneurs relief. For dividends three rates apply: 10 % starting rate, 32.5 % upper rate and an additional rate of 42.5 %.

From April 2011 the annual allowance for tax-privileged pension saving will be reduced from its current level of GBP 255 000 to GBP 50 000. The life time allowance for tax-privileged pension saving will be GBP 1.5 million (reduced from GBP 1.8 million in 2010-2011).

The inheritance tax allowance is frozen at its 2009-2010 level of GBP 325 000 for individuals until 2014-2015. Tax is payable at 40 % above this threshold.

Two tax credits are available; the child tax credit (CTC) and the working tax credit (WTC) aimed at low income working adults.

Corporate taxation

Corporate income tax is charged at two rates; the main rate and the small profits rate (for profits up to GBP 300 000). Marginal relief is available on profits between GBP 300 000 and GBP 1.5 million. The main rate of corporate income tax is reduced from 28 % to 26 % from April 2011. Further phased reductions in the rate are planned bringing it to 23 % by 2014. The small profits rate is also reduced; to by one percentage point to 20 % from April 2011. As part of the reform the capital allowance main rate is reduced from 20 % to 18 % and the special rate from 10 % to 8 % from April 2012. Also

from that date the Annual Investment Allowance is reduced from GBP 100 000 to GBP 25 000. An R&D tax credit is also available with two schemes in place claiming relief depending on the size of the company or organisation. The rate of relief for SMEs will increase to 200 % from April 2010.

VAT and excise duties

In 2011, the standard VAT rate has been increased from 17.5 % to 20 % (between 1 December 2008 and 31 December 2009, the rate was temporarily reduced to 15 %). Several reductions and exemptions apply. In particular, a reduced rate of 5 % applies, for example to fuel and power and also on the installation of energy-saving materials. A zero-rate is used extensively as it applies to some food items, books, new constructions, passenger transport, some supplies to charities and to children's clothing and footwear.

A review of alcohol taxation announced measures to encourage the consumption of lower strength beers. New additional duty will be introduced on beers over 7.5 % abv at a rate of 25 % of general beer duty. A reduced rate of 50 % of general duty will be introduced for beers of 2.8 % abv or below. General alcohol duty rates will increase by 2 % above inflation from March 2011.

Cigarette duties are also being restructured to support health objectives. Tobacco duty rates increase by 2 % above inflation from March 2011. The ad valorem duty on cigarettes will decrease and specific duty increase to target cheaper cigarette brands. The changes will add GBP 0.50 to an economy pack of cigarettes and GBP 0.33 to a packet of premium cigarettes.

The fuel duty escalator has been abolished and replaced by a fair fuel stabiliser. As part of the stabiliser fuel duty will increase by inflation when oil prices are high. In years when the oil price falls below a certain level fuel duty will increase by inflation plus one penny per litre.

Air Passenger Duty rates will be frozen for 2011-2012 with the planned deferred and implemented alongside the April 2012 inflation increase. A consultation on the structure of APD will also be held. The climate change levy will increase in line with inflation in 2012-2013 while the standard rate of landfill will be increased by GBP 8 to GBP 64 and the aggregates levy will increase from GBP 2 to GBP 2.10.

Social contributions

The main and additional rates of National Insurance Contributions (NICs) increase by one percentage point from April 2011.

There are six National Insurance Contributions (NICs) classes: Class 1 for employees (12 % between the Primary Threshold and the Upper Earnings Limit (GBP 817 per week) and 2 % above this) and Class 1 for employers (13.8 % on all earnings over the Secondary Threshold (GBP 136)); Class 1A, paid by employers and certain third parties on benefits in kind; Class 1B paid by employers on PAYE settlements; Class 2 for self-employed (at GBP 2.50 per week); Class 3 for voluntary contributions (fixed amount of GBP 12.60 per week); and Class 4 for the self-employed at a rate of 9 % on profits between the Lower Profits Limit and the Upper Profits Limit (GBP 42 475 per year) and 1 % rate on profits above this threshold. Class 1 NICs are lower (9.4 %) for those who have contracted out of the State Second Pension and moved to a private pension scheme.

EURO AREA 17

ARITHMETIC AVERAGES

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Revenue in 2009
A. Structure of revenues	% of GDP										€ bn
Indirect taxes	13.6	13.4	13.4	13.6	13.8	14.0	14.0	14.0	13.4	13.1	1 171.3
VAT	7.1	7.1	7.2	7.2	7.3	7.6	7.6	7.6	7.5	7.2	587.8
Excise duties and consumption taxes	3.0	3.0	3.0	3.0	3.1	3.0	2.9	2.8	2.7	2.9	211.3
Other taxes on products (incl. import duties)	2.0	1.8	1.7	1.7	1.8	1.8	1.9	1.9	1.7	1.5	149.2
Other taxes on production	1.6	1.6	1.5	1.6	1.6	1.6	1.7	1.7	1.6	1.6	223.0
Direct taxes	12.1	11.9	11.8	11.5	11.2	11.4	11.6	12.1	12.0	11.4	1 053.9
Personal income	7.8	7.8	7.6	7.5	7.3	7.4	7.5	7.7	7.8	7.7	810.7
Corporate income	3.4	3.3	3.3	3.0	3.0	3.1	3.3	3.6	3.4	2.8	151.5
Other	0.9	0.8	0.9	0.9	0.9	0.9	0.8	0.8	0.8	0.9	91.7
Social contributions	11.7	11.7	11.8	11.8	11.7	11.6	11.5	11.4	11.7	12.1	1 295.1
Employers'	6.7	6.7	6.7	6.7	6.6	6.6	6.5	6.5	6.7	6.9	739.4
Employees'	3.8	3.8	3.7	3.8	3.7	3.7	3.7	3.6	3.7	3.8	382.8
Self- and non-employed	1.2	1.2	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.4	172.9
TOTAL	37.3	37.0	36.9	36.8	36.6	37.0	37.1	37.4	37.0	36.5	3 505.0
B. Structure by level of government	% of total taxation										
Central government	59.9	59.5	58.9	58.6	58.4	58.1	58.1	58.2	56.8	55.1	1 400.3
State government ¹⁾	15.2	15.3	17.6	18.2	18.4	18.6	18.8	19.0	19.5	20.1	332.8
Local government	7.7	7.7	7.7	7.7	7.8	8.1	8.2	8.4	8.6	8.8	352.3
Social security funds	30.1	30.6	31.0	31.2	31.2	30.9	30.8	30.5	31.7	33.4	1 411.7
EU institutions	1.6	1.4	1.1	1.0	0.8	0.9	0.9	0.9	0.9	0.8	23.3
C. Structure by economic function	% of GDP										
Consumption	11.7	11.6	11.7	11.7	11.9	12.0	11.9	11.8	11.6	11.4	931.7
Labour	17.6	17.6	17.5	17.5	17.2	17.2	17.0	17.0	17.4	17.9	1 895.5
Employed	16.3	16.3	16.2	16.2	15.9	15.8	15.7	15.7	16.1	16.5	1 727.4
Paid by employers	7.1	7.1	7.2	7.2	7.1	7.1	7.0	6.9	7.1	7.3	796.2
Paid by employees	9.2	9.2	9.1	9.0	8.8	8.8	8.7	8.8	9.0	9.2	931.1
Non-employed	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.4	168.1
Capital	8.1	7.8	7.7	7.6	7.5	7.8	8.2	8.7	8.1	7.3	692.6
Capital and business income	6.0	5.8	5.7	5.6	5.4	5.6	6.0	6.4	6.1	5.4	470.9
Income of corporations	3.6	3.4	3.4	3.2	3.1	3.3	3.5	3.8	3.6	3.0	199.4
Income of households	0.7	0.7	0.7	0.7	0.7	0.7	0.9	1.0	0.9	0.7	74.9
Income of self-employed (incl. SSC)	1.7	1.7	1.7	1.7	1.6	1.6	1.6	1.7	1.6	1.7	196.6
Stocks of capital / wealth	2.1	2.0	2.0	2.0	2.1	2.2	2.2	2.3	2.0	1.9	221.7
D. Environmental taxes	% of GDP										
Environmental taxes	2.7	2.7	2.7	2.8	2.8	2.7	2.6	2.6	2.5	2.6	209.1
Energy	1.8	1.8	1.8	1.9	1.9	1.9	1.8	1.7	1.7	1.8	155.0
Of which transport fuel taxes	1.4	1.5	1.5	1.6	1.6	1.6	1.5	1.5	1.5	1.5	
Transport (excl. fuel)	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.7	0.7	0.7	46.9
Pollution/resources	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	7.2
E. Implicit tax rates	%										
Consumption	20.4	20.0	20.3	20.6	20.9	21.3	21.4	21.5	20.7	20.4	
Labour employed	34.5	34.4	34.2	34.1	33.8	33.7	33.6	33.8	34.0	33.5	
Capital ²⁾	25.1	24.1	24.3	24.2	24.0	24.6	25.4	25.9	25.2	24.7	
Capital and business income	18.6	17.8	17.6	17.3	17.1	17.6	18.3	19.0	18.6	17.6	
Corporations	23.5	22.6	22.3	21.1	20.3	21.6	22.6	23.4	21.6	19.5	
Households	11.8	11.9	12.0	12.3	11.8	12.4	13.1	13.5	12.8	12.8	
Real GDP growth (annual rate)	3.9	1.9	0.9	0.8	2.2	1.7	3.0	2.8	0.4	-4.1	

See Annex B for explanatory notes. For classification of taxes please visit: <http://ec.europa.eu/taxtrends>

1) This level refers to the *Länder* in AT and DE, the *gewesten en gemeenschappen / régions et communautés* in BE and *comunidades autónomas* in ES. Only these four countries are included in the EU average.

2) Adjusted averages

n.a. not applicable, : not available

Source: Commission services

EURO AREA 17

GDP-WEIGHTED AVERAGES

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Revenue in 2009
A. Structure of revenues	% of GDP										€ bn
Indirect taxes	13.9	13.5	13.5	13.5	13.5	13.7	13.8	13.8	13.3	13.1	1 171.3
VAT	6.9	6.8	6.7	6.6	6.6	6.7	6.8	6.9	6.8	6.6	587.8
Excise duties and consumption taxes	2.7	2.7	2.7	2.7	2.6	2.5	2.5	2.3	2.3	2.4	211.3
Other taxes on products (incl. import duties)	1.7	1.7	1.7	1.7	1.8	1.9	2.0	1.9	1.7	1.7	149.2
Other taxes on production	2.5	2.4	2.4	2.4	2.4	2.5	2.6	2.6	2.5	2.5	223.0
Direct taxes	12.9	12.5	12.1	11.9	11.7	11.8	12.3	12.7	12.5	11.7	1 053.9
Personal income	9.4	9.2	9.0	8.8	8.5	8.5	8.7	8.9	9.1	9.0	810.7
Corporate income	2.6	2.5	2.2	2.1	2.3	2.4	2.7	2.9	2.5	1.7	151.5
Other	0.9	0.9	0.9	1.1	1.0	0.9	0.9	0.9	0.9	1.0	91.7
Social contributions	14.5	14.3	14.3	14.5	14.3	14.2	14.1	13.9	14.1	14.4	1 295.1
Employers'	8.2	8.1	8.1	8.2	8.1	8.0	8.0	8.0	8.1	8.2	739.4
Employees'	4.6	4.5	4.4	4.4	4.3	4.3	4.2	4.2	4.2	4.3	382.8
Self- and non-employed	1.8	1.7	1.8	1.8	1.8	1.8	1.8	1.7	1.8	1.9	172.9
TOTAL	41.1	40.2	39.8	39.7	39.4	39.6	40.1	40.2	39.7	39.1	3 505.0
B. Structure by level of government	% of total taxation										
Central government	43.4	43.5	42.6	42.2	42.4	42.3	42.3	42.5	41.2	40.0	1 400.3
State government ¹⁾	19.2	18.5	20.1	20.4	20.7	20.7	21.1	21.5	21.7	21.6	332.8
Local government	9.1	9.1	9.1	9.2	9.6	9.8	9.8	10.0	10.1	10.1	352.3
Social security funds	37.5	38.1	38.5	38.8	38.3	38.2	38.0	37.5	38.7	40.3	1 411.7
EU institutions	1.5	1.4	1.0	0.9	0.7	0.8	0.8	0.8	0.8	0.7	23.3
C. Structure by economic function	% of GDP										
Consumption	11.1	10.8	10.8	10.7	10.7	10.7	10.8	10.8	10.5	10.4	931.7
Labour	21.5	21.3	21.2	21.2	20.7	20.6	20.5	20.3	20.8	21.1	1 895.5
Employed	19.6	19.5	19.4	19.3	18.9	18.7	18.6	18.6	19.0	19.3	1 727.4
Paid by employers	8.8	8.8	8.8	8.9	8.7	8.7	8.7	8.6	8.7	8.9	796.2
Paid by employees	10.9	10.7	10.6	10.5	10.1	10.0	10.0	10.0	10.3	10.4	931.1
Non-employed	1.8	1.8	1.8	1.9	1.8	1.9	1.8	1.7	1.8	1.9	168.1
Capital	8.7	8.2	7.9	7.9	8.0	8.3	9.0	9.3	8.6	7.7	692.6
Capital and business income	6.2	5.8	5.4	5.4	5.5	5.7	6.3	6.6	6.2	5.3	470.9
Income of corporations	3.1	2.9	2.7	2.6	2.7	2.9	3.3	3.4	3.0	2.2	199.4
Income of households	0.8	0.7	0.7	0.7	0.7	0.7	0.8	0.9	0.9	0.8	74.9
Income of self-employed (incl. SSC)	2.3	2.2	2.1	2.1	2.1	2.1	2.2	2.3	2.2	2.2	196.6
Stocks of capital / wealth	2.5	2.4	2.5	2.5	2.6	2.6	2.7	2.7	2.4	2.5	221.7
D. Environmental taxes	% of GDP										
Environmental taxes	2.6	2.6	2.6	2.6	2.6	2.5	2.5	2.3	2.3	2.3	209.1
Energy	2.0	1.9	1.9	2.0	1.9	1.9	1.8	1.7	1.7	1.7	155.0
Of which transport fuel taxes	1.4	1.3	1.4	1.6	1.5	1.5	1.4	1.4	1.3	1.3	
Transport (excl. fuel)	0.6	0.6	0.5	0.5	0.6	0.6	0.6	0.6	0.5	0.5	46.9
Pollution/resources	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	7.2
E. Implicit tax rates	%										
Consumption	19.6	19.2	19.2	19.1	19.1	19.1	19.3	19.6	19.1	18.5	
Labour employed	39.3	38.9	38.7	38.7	38.3	38.2	38.3	38.5	38.8	38.2	
Capital ²⁾	30.2	28.1	27.6	27.7	27.9	28.8	30.8	31.2	29.4	28.6	
Capital and business income	21.5	19.7	18.8	18.7	18.7	19.3	21.3	22.0	20.9	19.2	
Corporations	25.1	26.6	24.9	23.7	24.0	24.9	29.5	30.9	26.6	21.7	
Households	13.7	13.3	13.1	13.6	13.0	13.3	14.1	14.5	14.2	14.6	
Real GDP growth (annual rate)	3.9	1.9	0.9	0.8	2.2	1.7	3.0	2.8	0.4	-4.1	

See Annex B for explanatory notes. For classification of taxes please visit: <http://ec.europa.eu/taxtrends>

1) This level refers to the *Länder* in AT and DE, the *gewesten en gemeenschappen / régions et communautés* in BE and *comunidades autónomas* in ES. Only these four countries are included in the EU average.

2) Adjusted averages

n.a. not applicable, : not available

Source: Commission services

EUROPEAN UNION 27

ARITHMETIC AVERAGES

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Revenue in 2009
A. Structure of revenues	% of GDP										€ bn
Indirect taxes	13.7	13.4	13.4	13.6	13.9	14.1	14.2	14.1	13.7	13.4	1 548.2
VAT	7.3	7.2	7.3	7.4	7.5	7.8	7.9	7.9	7.7	7.4	783.7
Excise duties and consumption taxes	3.2	3.1	3.2	3.3	3.3	3.2	3.1	3.1	3.0	3.2	308.6
Other taxes on products (incl. import duties)	1.8	1.6	1.5	1.5	1.6	1.6	1.6	1.6	1.5	1.3	177.2
Other taxes on production	1.5	1.5	1.4	1.5	1.5	1.5	1.5	1.5	1.5	1.5	278.7
Direct taxes	12.2	12.0	11.8	11.6	11.5	11.7	12.0	12.4	12.3	11.5	1 485.3
Personal income	8.3	8.2	8.0	8.0	7.8	7.8	8.0	8.2	8.2	8.0	1 114.3
Corporate income	3.1	3.0	3.0	2.8	2.9	3.0	3.3	3.5	3.3	2.7	228.3
Other	0.8	0.7	0.8	0.8	0.8	0.9	0.7	0.7	0.8	0.8	142.8
Social contributions	11.1	11.1	11.0	11.0	10.9	10.8	10.7	10.6	10.8	11.1	1 514.3
Employers'	6.9	6.8	6.8	6.7	6.6	6.6	6.4	6.4	6.5	6.6	871.4
Employees'	3.3	3.3	3.3	3.3	3.2	3.2	3.2	3.2	3.2	3.3	453.1
Self- and non-employed	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.0	1.2	189.8
TOTAL	37.0	36.4	36.1	36.2	36.2	36.6	36.7	37.2	36.7	35.8	4 531.5
B. Structure by level of government	% of total taxation										
Central government	60.4	60.1	60.0	60.3	60.1	60.1	60.3	60.6	59.7	58.0	2 206.5
State government ¹⁾	15.2	15.3	17.6	18.2	18.4	18.6	18.8	19.0	19.5	20.1	332.8
Local government	10.4	10.6	10.4	10.1	10.2	10.4	10.5	10.3	10.5	10.7	482.5
Social security funds	28.8	29.0	29.1	29.0	28.9	28.6	28.3	27.9	28.7	30.3	1 495.2
EU institutions	1.5	1.3	1.0	1.0	0.7	0.9	0.9	0.9	0.9	0.8	30.6
C. Structure by economic function	% of GDP										
Consumption	12.0	11.8	11.8	12.0	12.1	12.4	12.3	12.2	12.0	11.7	1 254.4
Labour	17.8	17.7	17.5	17.4	17.2	17.1	17.0	17.0	17.3	17.5	2 359.3
Employed	16.5	16.5	16.3	16.2	15.9	15.8	15.7	15.7	16.0	16.1	2 157.3
Paid by employers	7.3	7.2	7.2	7.1	7.0	7.0	6.9	6.9	7.0	7.1	943.7
Paid by employees	9.3	9.3	9.1	9.0	8.8	8.8	8.8	8.9	9.0	9.0	1 213.6
Non-employed	1.2	1.2	1.2	1.3	1.3	1.3	1.3	1.2	1.3	1.4	202.1
Capital	7.3	7.1	6.9	6.8	6.9	7.2	7.5	8.0	7.4	6.7	933.9
Capital and business income	5.3	5.2	5.1	5.0	5.0	5.2	5.5	6.0	5.5	4.9	622.0
Income of corporations	3.2	3.1	3.1	3.0	3.0	3.1	3.4	3.7	3.4	2.8	276.4
Income of households	0.7	0.6	0.6	0.6	0.6	0.7	0.8	0.9	0.7	0.6	106.6
Income of self-employed (incl. SSC)	1.4	1.5	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	239.0
Stocks of capital / wealth	1.9	1.9	1.8	1.8	1.9	2.0	2.0	2.0	1.9	1.8	311.9
D. Environmental taxes	% of GDP										
Environmental taxes	2.8	2.7	2.7	2.8	2.9	2.8	2.7	2.7	2.6	2.6	286.6
Energy	2.0	1.9	1.9	2.0	2.0	2.0	1.9	1.9	1.8	1.9	212.2
Of which transport fuel taxes	1.5	1.5	1.5	1.6	1.6	1.6	1.6	1.6	1.5	1.6	
Transport (excl. fuel)	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.6	0.6	62.5
Pollution/resources	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.1	11.9
E. Implicit tax rates	%										
Consumption	20.8	20.3	20.5	20.9	21.3	21.7	21.8	22.0	21.4	20.9	
Labour employed	35.7	35.3	34.9	34.7	34.5	34.2	34.0	34.1	33.8	32.9	
Capital	:	:	:	:	:	:	:	:	:	:	
Capital and business income	:	:	:	:	:	:	:	:	:	:	
Corporations	:	:	:	:	:	:	:	:	:	:	
Households	:	:	:	:	:	:	:	:	:	:	
Real GDP growth (annual rate)	3.9	2.0	1.2	1.3	2.5	2.0	3.2	3.0	0.5	-4.2	

See Annex B for explanatory notes. For classification of taxes please visit: <http://ec.europa.eu/taxtrends>

1) This level refers to the *Länder* in AT and DE, the *gewesten en gemeenschappen / régions et communautés* in BE and *comunidades autónomas* in ES. Only these four countries are included in the EU average.

2) Adjusted averages

n.a. not applicable, : not available

Source: Commission services

EUROPEAN UNION 27

GDP-WEIGHTED AVERAGES

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Revenue in 2009
A. Structure of revenues											
	% of GDP										€ bn
Indirect taxes	14.0	13.6	13.6	13.6	13.6	13.7	13.8	13.8	13.4	13.1	1 548.2
VAT	7.0	6.8	6.8	6.8	6.8	6.9	7.0	7.1	6.9	6.6	783.7
Excise duties and consumption taxes	3.0	2.9	3.0	3.0	2.9	2.8	2.7	2.6	2.5	2.6	308.6
Other taxes on products (incl. import duties)	1.7	1.6	1.6	1.6	1.7	1.7	1.8	1.8	1.6	1.5	177.2
Other taxes on production	2.3	2.3	2.3	2.2	2.2	2.3	2.4	2.3	2.3	2.4	278.7
Direct taxes	13.9	13.5	13.0	12.8	12.7	13.0	13.5	13.7	13.6	12.6	1 485.3
Personal income	10.0	9.8	9.5	9.3	9.1	9.2	9.3	9.5	9.5	9.5	1 114.3
Corporate income	2.8	2.6	2.4	2.2	2.4	2.6	3.0	3.0	2.7	1.9	228.3
Other	1.1	1.1	1.1	1.3	1.2	1.2	1.1	1.2	1.3	1.2	142.8
Social contributions	12.7	12.6	12.5	12.7	12.5	12.5	12.4	12.2	12.5	12.8	1 514.3
Employers'	7.2	7.2	7.2	7.3	7.2	7.2	7.1	7.1	7.2	7.4	871.4
Employees'	4.1	4.0	3.9	3.9	3.9	3.8	3.8	3.7	3.8	3.8	453.1
Self- and non-employed	1.4	1.4	1.4	1.4	1.5	1.5	1.5	1.4	1.5	1.6	189.8
TOTAL	40.5	39.6	39.0	39.0	38.8	39.1	39.6	39.6	39.3	38.4	4 531.5
B. Structure by level of government											
	% of total taxation										
Central government	53.0	52.9	52.1	51.3	51.9	52.0	52.2	52.5	50.9	48.7	2 206.5
State government ¹⁾	19.2	18.5	20.1	20.4	20.7	20.7	21.1	21.5	21.7	21.6	332.8
Local government	9.6	9.6	9.8	10.0	10.3	10.4	10.4	10.3	10.5	10.7	482.5
Social security funds	35.2	35.8	36.1	36.3	35.7	35.5	35.3	34.9	35.9	37.5	1 495.2
EU institutions	1.5	1.4	1.1	0.9	0.8	0.8	0.8	0.8	0.8	0.7	30.6
C. Structure by economic function											
	% of GDP										
Consumption	11.4	11.1	11.1	11.1	11.0	11.1	11.0	11.0	10.8	10.6	1 254.4
Labour	20.3	20.1	19.9	20.0	19.6	19.6	19.4	19.3	19.7	20.0	2 359.3
Employed	18.7	18.6	18.3	18.3	17.9	17.9	17.8	17.8	18.1	18.3	2 157.3
Paid by employers	7.8	7.8	7.7	7.9	7.8	7.7	7.7	7.7	7.8	8.0	943.7
Paid by employees	10.9	10.8	10.6	10.5	10.2	10.2	10.1	10.1	10.3	10.3	1 213.6
Non-employed	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.5	1.6	1.7	202.1
Capital	8.9	8.5	8.1	8.0	8.2	8.6	9.3	9.4	8.9	7.9	933.9
Capital and business income	6.2	5.8	5.4	5.3	5.4	5.8	6.3	6.5	6.1	5.3	622.0
Income of corporations	3.2	3.0	2.7	2.6	2.8	3.0	3.4	3.4	3.1	2.3	276.4
Income of households	0.9	0.8	0.7	0.7	0.8	0.8	0.9	1.0	1.0	0.9	106.6
Income of self-employed (incl. SSC)	2.1	2.0	1.9	2.0	1.9	1.9	2.0	2.1	2.0	2.0	239.0
Stocks of capital / wealth	2.8	2.7	2.7	2.7	2.8	2.8	2.9	2.9	2.8	2.6	311.9
D. Environmental taxes											
	% of GDP										
Environmental taxes	2.7	2.7	2.7	2.7	2.6	2.6	2.5	2.4	2.4	2.4	286.6
Energy	2.1	2.0	2.0	2.0	2.0	1.9	1.9	1.8	1.7	1.8	212.2
Of which transport fuel taxes	1.8	1.6	1.6	1.6	1.6	1.5	1.5	1.4	1.4	1.4	
Transport (excl. fuel)	0.6	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.5	0.5	62.5
Pollution/resources	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	11.9
E. Implicit tax rates											
	%										
Consumption	19.9	19.5	19.5	19.6	19.6	19.6	19.7	19.9	19.4	18.9	
Labour employed	37.0	36.7	36.3	36.4	36.1	36.2	36.3	36.4	36.7	36.0	
Capital	:	:	:	:	:	:	:	:	:	:	
Capital and business income	:	:	:	:	:	:	:	:	:	:	
Corporations	:	:	:	:	:	:	:	:	:	:	
Households	:	:	:	:	:	:	:	:	:	:	
Real GDP growth (annual rate)	3.9	2.0	1.2	1.3	2.5	2.0	3.2	3.0	0.5	-4.2	

See Annex B for explanatory notes. For classification of taxes please visit: <http://ec.europa.eu/taxtrends>

¹⁾ This level refers to the *Länder* in AT and DE, the *gewesten en gemeenschappen / régions et communautés* in BE and *comunidades autónomas* in ES. Only these four countries are included in the EU average.

²⁾ Adjusted averages

n.a. not applicable, : not available

Source: Commission services

NORWAY											2009
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2009
A. Structure of revenues										% of GDP	€ bn
Indirect taxes	13,6	13,4	13,4	13,0	12,8	12,2	12,3	12,7	11,3	11,9	32,6
VAT	8,4	8,4	8,5	8,2	8,1	7,9	8,0	8,3	7,3	7,8	21,3
Excise duties and consumption taxes	2,8	2,7	2,7	2,6	2,4	2,2	2,1	2,1	2,0	2,2	6,1
Other taxes on products (incl. import duties)	1,9	1,8	1,7	1,7	1,8	1,6	1,6	1,6	1,4	1,3	3,6
Other taxes on production	0,5	0,6	0,5	0,5	0,5	0,5	0,6	0,6	0,6	0,6	1,5
Direct taxes	20,1	20,2	19,8	19,5	21,1	22,4	23,0	22,1	22,8	19,6	53,5
Personal income	10,3	10,4	10,7	10,5	10,3	9,7	9,1	9,7	9,2	10,3	28,1
Corporate income ¹	8,9	8,9	8,1	8,0	9,8	11,8	12,9	11,4	12,6	8,3	22,6
Other	0,9	0,9	1,0	1,0	1,0	1,0	0,9	1,0	0,9	1,0	2,8
Social contributions ²	8,9	9,2	9,9	9,8	9,4	8,9	8,7	9,1	9,0	9,8	26,8
Employers'	5,3	5,6	5,9	5,9	5,7	5,4	5,3	5,5	5,5	6,0	16,4
Employees'	3,6	3,7	3,9	3,9	3,7	3,5	3,4	3,5	3,5	3,8	10,4
Self- and non-employed	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	
Less: amounts assessed but unlikely to be collected	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
TOTAL	42,6	42,9	43,1	42,3	43,3	43,5	44,0	43,8	43,0	41,4	112,9
B. Structure by level of government										% of total taxation	
Central government	64,0	62,1	64,1	62,2	64,6	66,2	67,5	66,8	67,3	61,8	69,8
State government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local government	15,1	16,4	13,0	14,8	13,7	13,4	12,6	12,5	11,8	14,4	16,3
Social security funds	20,9	21,5	22,9	23,1	21,7	20,4	19,8	20,7	20,9	23,8	26,8
EU institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C. Structure by economic function										% of GDP	
Consumption	12,7	12,6	12,8	12,4	12,2	11,7	11,7	12,1	10,7	11,4	31,1
Labour	17,5	18,0	19,0	18,9	18,2	17,0	16,5	17,2	16,8	18,6	50,7
Employed	16,5	17,0	17,9	17,8	17,2	16,0	15,5	16,2	15,9	17,6	47,9
Paid by employers	5,4	5,6	6,0	5,9	5,7	5,4	5,4	5,6	5,5	6,0	16,5
Paid by employees	11,1	11,4	12,0	11,9	11,5	10,6	10,2	10,7	10,4	11,5	31,5
Non-employed	1,0	1,0	1,0	1,0	1,0	0,9	0,9	1,0	0,9	1,0	2,7
Capital	12,4	12,3	11,3	11,0	12,9	14,8	15,8	14,6	15,6	11,4	31,1
Capital and business income	6,8	6,6	6,1	5,7	6,7	7,5	8,0	7,8	7,8	6,1	16,6
Income of corporations ¹	5,2	4,9	4,5	4,2	5,2	5,9	6,7	6,2	6,4	4,5	12,2
Income of households	0,8	0,7	0,6	0,6	0,6	0,6	0,7	0,8	0,8	0,8	2,3
Income of self-employed	0,9	0,9	1,0	0,9	0,9	1,0	0,7	0,8	0,7	0,7	2,0
Stocks of capital / wealth	5,5	5,7	5,2	5,3	6,2	7,4	7,8	6,8	7,7	5,3	14,5
D. Environmental taxes										% of GDP	
Environmental taxes	3,4	3,4	3,4	3,3	3,3	3,1	3,1	3,0	2,7	2,7	7,4
Energy	1,7	1,7	1,7	1,6	1,5	1,4	1,3	1,3	1,2	1,3	3,6
Of which transport fuel taxes	:	:	:	:	0,9	0,8	0,8	0,7	0,7	0,9	
Transport (excl. fuel)	1,2	1,3	1,4	1,4	1,5	1,4	1,4	1,4	1,2	1,2	3,2
Pollution/resources	0,5	0,4	0,3	0,3	0,3	0,2	0,3	0,3	0,3	0,2	0,7
E. Implicit tax rates										%	
Consumption	31,2	30,6	29,7	28,4	28,9	29,6	30,9	31,4	29,4	28,9	
Labour employed	38,3	38,4	38,7	39,0	39,2	38,5	37,9	37,4	37,1	37,6	
Capital	41,1	41,6	41,6	38,1	40,6	41,0	42,6	42,1	43,6	37,8	
Capital and business income	22,7	22,4	22,5	19,8	21,0	20,6	21,7	22,6	22,0	20,1	
Corporations	21,7	21,2	21,6	19,3	20,6	19,4	21,0	20,8	20,1	18,0	
Households	20,3	23,7	17,4	14,2	14,6	14,4	24,4	28,8	29,8	25,5	
Real GDP growth (annual rate)	3,3	2,0	1,5	1,0	3,9	2,7	2,3	2,7	0,8	-1,4	

See Annex B for explanatory notes. For classification of taxes please visit: <http://ec.europa.eu/taxtrends>

1) The difference between the revenue from "corporate income" taxes in part A of the table and that from "income of corporations" in part C is mainly due to the exclusion from the latter of the special tax on petroleum income, which is booked under stocks of capital/wealth.

2) The figure for employees' social security contributions includes contributions paid by the self- and non-employed.

n.a. not applicable, : not available

Source: Commission services

NORWAY

Overall trends in taxation

Structure and development of tax revenues

Norway's total tax-to-GDP ratio amounted to 41.4 % in 2009; a value which exceeds the weighted European Union average by three percentage points. Compared with other Nordic countries, Norway's ratio is slightly lower than Finland's, but well below the Danish and Swedish level. The level and structure of revenues in Norway are clearly influenced by the important role played by oil and gas extraction in the economy.

The Norwegian tax system is characterised by a high share of direct taxes, although a sharp decline was experienced from 52.9 % of revenue in 2008 to 47.4 % in 2009. The high revenue from direct taxes is attributable in particular to the corporate tax which yielded, with 8.3 % of GDP in 2009, more than four times the EU-27 weighted average. Note that this is the result of the statistical classification of the special tax on petroleum income, which is considered as corporate tax revenue alongside the ordinary corporate income tax, thereby doubling its revenue. The slump in direct tax revenues in general is attributable to the decline of corporate income taxes, which fell by more than four percentage points relative to GDP from 2008 to 2009. Revenues from indirect taxes and from social contributions cover a smaller share of budgetary revenue; they are also lower than the EU average in terms of their ratio to GDP. Indirect taxes, standing at 11.9 % of GDP, are well below EU-27 weighted average (13.1 % of GDP) mainly due to below average revenue from excise duties (2.2 % of GDP) and other taxes on production (0.6 % of GDP); however, VAT revenue in percent of GDP were 1 percentage point higher in Norway than in the EU-27.

In 2009, 61.8 % of taxes were paid to the central government, while local government (municipalities and counties) received 14.4 % of the total; a share somewhat above the EU weighted average (10.7 %). Social security funds receive a relatively low share of government receipts, 23.8 % compared with 37.5 % in the EU-27 weighted average.

The overall tax ratio has not fluctuated much between 2000 and 2008. While direct taxes from personal income relative to GDP have decreased slightly, taxes on corporate income have increased considerably. As mentioned earlier this latter trend experienced a break in 2009, when personal income revenues at 10.3 % of GDP were higher than in any year since 2004.

Taxation of consumption, labour and capital; environmental taxes

Revenue from taxation of consumption was on a downward trend between 2002 (12.8 % of GDP) and 2008 (10.7 % of GDP), but slightly bounced back to 11.4 % in 2009. This is somewhat higher than the EU-27 weighted average (10.8 % of GDP). The ITR on consumption (28.9 % in 2009), is well above the EU-27 weighted average (18.9 %), with only Denmark displaying a higher rate. This discrepancy between a very high ITR on consumption and a the GDP share of consumption tax revenue that is close to average is due to a high VAT rate (25 %) and a remarkably low share of the final consumption expenditure of households when compared to Norway's GDP (about 40 %).

Taxation of labour was on a downward trend for half a decade before 2008 both in revenue terms and by the ITR measure. An increase, however, was experienced in 2009. The ITR of labour, at 37.6 % in 2009 is between the EU-27 weighted average and the euro area weighted average (36.0 % and 38.2 %, respectively).

Capital taxation yield, at 11.4 % of GDP, although down by more than 4 percentage points from 2008 to 2009, the highest level of revenue of all countries analysed in the report, is 3.5 percentage points above the EU-27 weighted average. As mentioned earlier, oil taxation contributes significantly to this peculiarity. These high tax revenues are mirrored in the ITR on capital, which exceeds the EU-25 weighted average by more than 7 percentage points.

Norway levies a wide range of environmental taxes, including not only the traditional excises on mineral oils but also significant levies on electricity consumption, CO₂ emissions, greenhouse gases, pesticides, sulphur and a tax on NO_x emissions. Transport taxes, in particular, are high (1.2 % of GDP) — more than twice the EU-27 weighted average — owing to a heavy tax burden on vehicles. In contrast, energy taxes, at 1.3 % of GDP, yield less revenue than the EU weighted average. Pollution/resource taxes yield 0.2 % of GDP, a comparatively high value; note that this amount does not include the special tax on oil companies' profits. Overall, in 2009 the share of environmental related tax revenues on GDP was 2.7 %, down from 3.4 % of GDP in 2000.

Current topics and prospects; policy orientation

Taxes in 2011 will be kept at the same level as in 2010, as far as the overall assessed impact of tax policy measures is concerned. This is in line with the Government's commitment from 2005 to return taxes to the 2004 level and to keep them at this level.

In the Budget for 2011, the Government adjusts the tax system to the ongoing pension reform intended i.a. to give older employees stronger incentives to work. The changes ensure favourable tax terms for combining work with pension. The tax limitation rule for early-retirement and old-age pensioners is replaced by a new tax allowance for pension income. The allowance is scaled down only against pension income, so that the marginal tax on earned income will be reduced to the same level as for wage earners. Also, the pension income social security contribution is increased.

Main features of the tax system

Personal income tax

Norway, like several other Nordic countries, has adopted a dual tax system. Income from labour and pensions is taxed at progressive rates, while the remaining forms of income are (mainly) taxed at a flat rate.

The basic element of the personal income tax is levied on so-called ordinary income, which includes all kinds of income, but also various allowances. The tax rate on ordinary income is 28 %; this rate combines central government, county and municipal taxes (*Finnmark* and *Nord-Troms* benefit, however, from a lower 24.5 % rate). The surtax (*toppskatt*) is the progressive element of the PIT. It is levied on the so-called personal income — i.e. gross wage income, gross pension income and a calculated income for the self-employed — provided annual personal income exceeds NOK 471 200 (€ 59 630). The surtax is levied at a rate of 9 % on income between this threshold and NOK 765 800 (€ 96 911) (7 % in *Finnmark* and *Nord-Troms*) and at a rate of 12 % on income above.

A main element of the tax reform in 2006 was to replace the split model and the imputation system with the shareholder model. The shareholder model involves a dividend and gains tax equipped with a cost of capital allowance to ensure neutral treatment of different sources of financing. The taxation of self-employed and partnerships was also adjusted along these lines, saving higher tax rates than the basic rate of 28 percent for returns above a cost of capital.

The top marginal tax rates on labour income were reduced in order to narrow the difference in marginal tax rates between share income and labour income and to stimulate labour supply. A main objective was to solve the problem of labour income being shifted to shareholder income at lower tax rates.

Corporate taxation

Companies are subject to corporate income tax of 28 %. Income and capital gains are pooled and taxed at the same rate. Special regimes apply to activities related to the exploration and exploitation of petroleum resources.

Since 2004 an exemption regime for corporate shareholders has been in force. Dividends derived by corporate shareholders from resident companies, savings banks and unit trusts are in principle exempt from tax, as well as capital gains on the disposal of shares in such entities. However, 3 % of such income is taxable in order to balance the deduction of costs related to such income. In general, all expenses incurred in acquiring, securing and maintaining income are deductible. Royalties and management fees are usually deductible, but must be made on an arm's-length basis if such payments are made to related parties. Capital gains derived from the sale of business assets are normally included in taxable income (with profit and loss account deferral). Losses may be carried forward — and also backward for the years 2008 and 2009 (maximum NOK 20 million (€ 2.5 million) per year) — to be set off against profits in succeeding years. A tax credit is granted to companies engaging in research and development projects approved by the Research Council of Norway.

VAT and excise duties

The Norwegian VAT standard rate is 25 %, and has fairly general use. There is a reduced rate of 14 % on foodstuffs and a rate of 8 % on passenger transport, broadcasting services, admission to cinemas, accommodation in hotels and camping sites and business letting of holiday homes. A zero rate applies to the sale of books and newspapers.

Wealth and transaction taxes

In 2006, a substantial base broadening combined with increased basic allowances has made the wealth tax more uniform and more re-distributive. Resident individuals are subject to national net wealth tax (tax rate 0.4 %) and municipal net wealth tax (0.7 %) above a threshold of NOK 700 000 (€ 88 585) with respect to their worldwide net wealth. The tax base was broadened in 2007, 2008, 2009 and in 2010, by increasing tax values for homes and for commercial real estate and by broadening the base for securities, but at the same time higher basic allowances were granted. The wealth tax is due independently of the income tax. A new system to assess the value of business premises and private homes was introduced in 2009 and 2010 in order to increase the system's fairness.

There is an inheritance and gift tax, with a zero rate up to taxable amounts of NOK 470 000 (€ 59 478). From this level, the rates range from 6 % to 15 % depending on the status of the beneficiary and the size of the taxable amount.

Social contributions

The national insurance contributions payable by employees are computed on gross salary and pension income. The general rate of 7.8 % applies to employment income including benefits in kind and remuneration of directors, members of committees, and so on. A reduced rate of 4.7 % (up from 3% in 2010) applies to pensions and life annuities, as well as to employment income earned by individuals under 17 or over 69 years. There is an exemption for incomes up to NOK 39 600 (€ 5 011) from the contributions. For income above this amount, the contributions are at a balancing rate of 25 % until the general rate of 7.8 % on employment income is achieved. The contributions payable by individuals are not deductible for income tax purposes. Regionally differentiated rates in employers' social security contributions were reintroduced in 2007 ranging from 0 % to 14.1 %. The self-employed pay national insurance contributions at a rate of 11 % (farmers pay at a rate of 7.8 %).

ICELAND	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2009
A. Structure of revenues	% of GDP										€ bn
Indirect taxes	18,2	15,9	15,9	16,7	17,8	19,1	19,4	18,6	15,6	13,9	1,2
VAT	10,6	9,4	9,4	9,7	10,4	11,1	11,3	10,5	9,1	8,0	0,7
Excise duties and consumption taxes	2,6	2,0	1,9	2,1	2,2	2,7	2,8	2,6	1,9	1,7	0,1
Other taxes on products (incl. import duties)	1,9	1,7	1,9	2,1	2,3	2,4	2,1	2,2	1,7	1,6	0,1
Other taxes on production	3,1	2,9	2,7	2,8	2,9	2,9	3,2	3,3	2,9	2,6	0,2
Direct taxes	16,1	16,5	16,5	16,8	17,0	18,3	18,8	18,9	18,3	16,7	1,5
Personal income	13,1	13,8	13,9	14,2	14,3	14,6	14,6	14,5	14,5	13,1	1,1
Corporate income	1,1	0,9	0,8	1,3	1,2	2,0	2,4	2,5	2,0	1,8	0,2
Other	1,8	1,8	1,8	1,3	1,5	1,7	1,7	1,8	1,8	1,8	0,2
Social contributions	2,9	2,8	2,9	3,1	3,1	3,2	3,3	3,0	2,8	3,1	0,3
Employers´	2,7	2,7	2,8	3,0	2,9	3,1	3,2	2,9	2,8	3,0	0,3
Employees´	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Self- and non-employed	0,2	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,0
Less: amounts assessed but unlikely to be collected	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	
TOTAL	37,1	35,3	35,2	36,7	37,9	40,6	41,4	40,5	36,7	33,7	2,9
B. Structure by level of government	% of total taxation										
Central government	76,6	75,0	75,2	75,7	76,4	77,1	75,7	74,9	74,1	72,6	2,1
State government ¹⁾	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local government	23,4	25,0	24,8	24,3	23,6	22,9	24,3	25,1	25,9	27,4	0,8
Social security funds	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
EU institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C. Structure by economic function	% of GDP										
Consumption	15,0	13,1	13,3	13,9	14,7	15,8	16,0	15,1	12,8	11,8	1,0
Labour	:	:	:	:	:	:	:	:	:	:	
Employed	:	:	:	:	:	:	:	:	:	:	
Paid by employers	2,8	2,7	2,8	3,0	3,0	3,1	3,2	3,1	2,9	3,2	0,3
Paid by employees	:	:	:	:	:	:	:	:	:	:	
Non-employed	:	:	:	:	:	:	:	:	:	:	
Capital	:	:	:	:	:	:	:	:	:	:	
Capital and business income	:	:	:	:	:	:	:	:	:	:	
Income of corporations	1,4	1,2	1,1	1,4	1,3	2,2	2,4	2,5	2,0	1,8	0,2
Income of households	:	:	:	:	:	:	:	:	:	:	
Income of self-employed (incl. SSC)	:	:	:	:	:	:	:	:	:	:	
Stocks of capital / wealth	3,6	3,3	3,1	3,2	3,6	3,7	3,8	3,9	3,1	2,7	0,2
D. Environmental taxes	% of GDP										
Environmental taxes	3,3	2,7	2,3	2,6	2,7	2,8	2,5	2,4	1,8	1,6	0,1
Energy	1,1	1,0	0,9	0,9	0,9	1,0	1,2	1,2	1,0	1,1	0,1
Of which transport fuel taxes	:	:	:	:	:	:	:	:	:	:	
Transport (excl. fuel)	1,7	1,3	1,2	1,4	1,5	1,5	1,0	1,0	0,6	0,2	0,0
Pollution/resources	0,4	0,4	0,2	0,2	0,3	0,2	0,3	0,2	0,2	0,2	0,0
E. Implicit tax rates	%										
Consumption	27,1	25,0	25,8	26,3	27,9	29,3	30,6	29,1	26,2	24,3	
Labour employed	:	:	:	:	:	:	:	:	:	:	
Capital	:	:	:	:	:	:	:	:	:	:	
Capital and business income	:	:	:	:	:	:	:	:	:	:	
Corporations	:	:	:	:	:	:	:	:	:	:	
Households	:	:	:	:	:	:	:	:	:	:	
Real GDP growth (annual rate)	4,3	3,9	0,1	2,4	7,7	7,5	4,6	6,0	1,0	-6,8	

See Annex B for explanatory notes. For classification of taxes please visit: <http://ec.europa.eu/taxtrends>

1) This level refers to the Länder in AT and DE, the gewesten en gemeenschappen / régions et communautés in BE and comunidades autónomas in ES.

n.a. not applicable, : not available

Source: Commission services

ICELAND

Overall trends in taxation

Structure and development of tax revenues

Iceland's total tax-to-GDP ratio amounted to 33.7 % in 2009; a value which falls below the weighted European Union average (38.4 %) by almost 5 percentage points. The level of taxation in Iceland is significantly lower compared with other Nordic countries; Iceland's ratio is lower by 7.7 percentage points than Norway's (41.4 %) and more than 13 percentage points lower than the Swedish level (46.9%). A characteristic of the Icelandic tax system, which is common to the other Nordic countries as well, is the high share of direct taxation, accounting to 49.6 % of the total taxation in 2009, compared to the EU-27 weighted average (32.8 %) it is 16.8 percentage points higher. Amongst the other Nordic countries this is not the highest share of direct tax revenues, with for instance Denmark yielding 62.8 %. The high level of revenue from direct taxes can be accounted for by the relatively high personal income taxes which bring in revenue of 13.1 % of GDP which is 3.6 percentage points more than the EU-27 weighted average (9.5 %). The level of indirect taxes is also significant, standing at 41.4 % of total taxation, while the same figure for the weighted EU average is 34.2 %. This level is the highest in comparison to the same for the other Nordic countries. Revenues from social contributions cover a very small share with only 9.1 % of total taxation, more than three times lower than the EU-27 weighted average (33.4 %).

In 2009, 72.6 % of taxes were paid to the central government, while local government received 27.4 % of the total; a share well above the EU weighted average of 48.7 % and 10.7% respectively. The social security funds do not receive any share of government receipts.

The tax-to-GDP ratio is at 33.7 %, equal to the level in 1995. After 1995, this ratio increased steadily until 41.1 % its peak in 2006. However, it fell by 7.7 % points due mainly to a slump in indirect tax revenues. Direct taxes from personal income relative to GDP had almost the same value, while taxes on corporate income have increased slightly until 2007. Social security contributions have hardly the same level as in 2003.

Taxation of consumption, labour and capital; environmental taxation

Revenues from taxation of consumption, at 11.8 % of GDP are at their lowest level in the last 15 years. Current levels are nevertheless above by 1.2 percentage points from the EU-27 weighted average (10.6 % of GDP). The ITR on consumption in 2009 is 24.3 % which is well above the EU-27 weighted average (18.9 %), and has been increasing from 2001 to 2006, but in 2009 it fell further after the decrease in 2007 and 2008.

Due to data limitations, the level of taxation on labour and capital, and the ITRs on labour and on capital are not available for Iceland.

Based on the available data, environmental tax revenue, at 1.6 % of GDP in 2009 lies well below the EU-27 weighted average (2.4 %); this value is below the lowest for the EU-27 Member States. Most of this revenue is raised on energy. Revenues from environmental taxes have decreased by 1.7 percentage points in the last nine years, mainly due to a substantial reduction in taxes on vehicles (-1.3 % of GDP from peak).

Current topics and prospects; policy orientation

The budget for 2011 contains the following main changes: the CIT rate for limited liability companies and the tax rate on capital incomes and capital gains of individuals are increased from 18 % to 20 %; a special tax on financial institutions is introduced; the carbon tax is raised by 50 %; the inheritance tax imposed on the beneficiary is increased from 5 % to 10 %; and the net wealth tax on individuals is raised from 1.25 % to 1.50 % and the tax exempt amount lowered.

The Income Tax Law was also changed to allow the tax payer a tax credit in tax years 2010 and 2011 against his national tax liability, of 50 % of the remuneration paid for construction, renovation or repair of the taxpayer's primary residence. The total credit is subject to an annual maximum of ISK 200,000 (€ 1 306).

In 2010 temporary legislation (applicable until 31 December 2013) on concessions available for direct investments made in Iceland was adopted. Direct investors in Iceland may apply for certain tax concessions (e.g. fixed income tax rates, exemption from industrial charges, etc.) in relation to their investment.

Main features of the tax system

Personal income tax

In the last decade personal income taxes were reduced by gradually lowering the standard income tax rate and introducing a flat tax on capital income previously subject to the common personal income tax rate. A special tax on higher income was abolished in 2006, but reintroduced in 2009. In 2010 the PAYE (pay as you earn) system which had been basically a flat rate system with or without a temporary surcharge, was replaced by a three-rate system. It includes the central government and the municipal income taxes. The rates for 2010 were set at 37.22 % for monthly incomes of up to 200 000 ISK, 40.12 % for incomes from 200 000 to 650 000 ISK and 46.12 % for incomes above 650 000 ISK monthly. Thereof the municipal tax is a flat rate of 24.1 %. Compared to 2009, the lowest rate increased by 0.02 percentage points and the two higher brackets were added. There are two annual flat taxes; ISK 8 400 (€ 52) for the elderly fund and ISK 17 700 (€ 109) for radio broadcast services, collected from each individual between 16 and 69 years with an income over the non-taxable ISK 1 425 218 (€ 8 804) per year. Investment income is taxed separately at a rate of 18 %.

In 2010, no personal income tax was levied on annual income below ISK 1 425 218 (€ 8 804). The basic annual tax credit amounting to ISK 530 466 (€ 3 277) is non-refundable and non-transferable between years but transferable between spouses. Seamen get a tax reduction of ISK 987 (€ 6.1) per day. Compulsory payments to pension funds are deductible from taxable income. Annual interest rebates are granted to purchasers of personal dwellings. The maximum level of this rebate in 2010 is ISK 246 944 (€ 1 525) for a single person; ISK 317 589 (€ 1 962) for a single parent and ISK 408 374 (€ 2 523) for a couple. Child benefits are granted subject to income thresholds and category.

Corporate taxation

Since 1999 Iceland has a classical corporate taxation system. The corporate net wealth tax has been abolished. Inflation accounting had been in effect for years but was replaced in 2002 by conventional historical accounting in conformity with international norms. As of 2002 accounting in foreign currency is allowed. There is a deduction system for inter-company dividends and for capital gains both for residents and non-resident companies. International companies trading exclusively with goods and services outside of Iceland have benefited from a favourable 5 % offshore corporate tax, which was however abolished in 2009. Profits and capital gains are taxed at the same corporate tax rate of 18 % in 2010; it was cut steadily from 50 % in 1989 to 15 % in 2008 and 2009 and raised back to 18 % in 2010. The rate for partnerships is 32.7 %. No taxes are levied by municipalities on corporate profits and all proceeds of the CIT accrue to the Treasury. All foreign entities, receiving interest income from Iceland are subject to limited tax liability as of 1 September 2009. Since 2008 significant amendments have been introduced, such as: no tax is levied on capital gains from the corporate sale of shares in companies; the rate on dividends paid to resident and non-resident companies is the same at 10 %; the withholding 10 % tax on dividends paid to EEA member state countries is reimbursable.

Companies and entrepreneurs experiencing financial difficulties in 2009-2011 may receive 50 % of income up to ISK 50 million (€ 326 541), and 75 % in excess, arising from the forgiveness of a debt, as tax exempt provided that the debts were incurred in general business operations. They may also amortize or depreciate assets by the amount of

forgiven debt that they have declared as taxable income. The company may declare the taxable amount of the forgiven debt in equal amounts over the following 3 years if the company does not own such assets.

VAT and excise duties

Reforms in the 2010 budget increased the standard VAT rate to 25.5% (up from 24.5 %). In 2007 the reduced rate of 14 % was diminished to 7 % and applies to all foodstuffs, restaurant services, hotel accommodation, books, newspaper, magazines, music discs, hot water, electricity and oil for heating homes, radio user fees and road tolls. All transactions are generally taxable with some exceptions: exemptions without credit for input tax include insurance services, health services and banking services. The most important exemption with credit for input tax (zero rated) is the export of goods and services.

Excise taxes are levied on selected goods; the most important ones are alcohol, tobacco, new cars, petrol and diesel. Those taxes are generally fixed in nominal terms per unit of consumption without price-indexation. After having been raised three times in the period December 2008 - January 2010 they have adjusted partly or fully to their original real value. Amendments in mid-2009 increased excise taxes on food products with high sugar content.

Wealth and transaction taxes

Net wealth tax was abolished in 2006 but reintroduced temporarily in 2010-2012. The rate is 1.25 % and the tax exempt amount is 90 million ISK for individuals and 120 million ISK for couples. Property tax is levied annually by municipalities on the basis of assessed value as registered in a government agency's database, and subject to a maximum of 0.5 % on residential housing or 1.32 % on hospitals, schools, industrial and commercial buildings. The sale of a home, owned for at least 2 years by the taxpayer, is exempt of taxes. No special tax is levied on the transfer of property, shares, bonds and other securities. Inheritance tax is imposed at a rate of 5 %. Stamp duties are levied on legal documents, varying between 0.25 % and 2 %.

Local taxes

The flat municipal income tax rate ranges from 11.24 % to 13.28 % and the average rate in 2010 is 13.12 %.

Social contributions

Social security contributions are levied on gross wages and paid by employers. On 1 July 2009 the rate was raised from 5.34 % to 7 % (2.21 % going to the Unemployment Insurance Fund) and 7.65 % for seamen. In 2010 the rate was raised further, to 8.65 %.

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Annex A

Tables

Table 1: Total Taxes (including SSC) as % of GDP

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	43.9	44.4	45.0	45.5	45.5	45.2	45.3	44.8	44.9	44.9	44.5	44.0	44.4	43.5	-0.5	-1.7	3	147 417	
BG	30.8	28.6	27.6	32.1	30.8	31.5	30.8	28.5	31.0	32.5	31.3	30.7	33.3	32.3	28.9	-2.0	-2.7	23	10 121
CZ	36.2	34.7	35.0	33.3	34.0	33.8	34.0	34.8	35.7	37.4	37.1	36.7	37.2	35.5	34.5	-1.7	0.6	16	47 265
DK	48.8	49.2	48.9	49.3	50.1	49.4	48.5	47.9	48.0	49.0	50.8	49.6	48.9	48.1	48.1	-0.7	-1.3	1	106 958
DE	39.8	40.7	40.7	40.9	41.7	41.9	40.0	39.5	39.6	38.7	38.8	39.1	39.3	39.4	39.7	-0.1	-2.1	8	952 050
EE	34.8	33.5	34.4	34.3	32.5	31.0	30.2	31.0	30.8	30.6	30.6	30.7	31.9	32.1	35.9	1.1	4.9	13	4 969
IE	33.1	33.1	32.4	31.7	31.9	31.5	29.7	28.4	28.9	30.2	30.7	32.2	31.4	29.7	28.2	-4.9	-3.3	25	45 056
EL	29.1	29.4	30.6	32.5	33.4	34.6	33.2	33.7	32.1	31.3	31.9	31.5	32.1	31.7	30.3	1.2	-4.3	21	70 704
ES	32.7	33.1	33.2	33.0	33.6	33.9	33.5	33.9	33.9	34.5	35.6	36.4	37.1	33.2	30.4	-2.3	-3.5	20	320 764
FR	42.7	43.9	44.1	44.0	44.9	44.1	43.8	43.1	42.9	43.2	43.6	43.9	43.2	42.9	41.6	-1.1	-2.5	7	792 984
IT	40.1	41.8	43.7	42.5	42.5	41.8	41.5	40.9	41.3	40.6	40.4	42.0	43.0	42.9	43.1	3.1	1.4	4	656 168
CY	26.7	26.2	25.6	27.7	28.0	30.0	30.9	31.2	33.0	33.4	35.5	36.5	40.9	39.1	35.1	8.4	5.2	14	5 955
LV	33.2	30.8	32.1	33.7	32.0	29.5	28.5	28.3	28.5	28.5	29.0	30.4	30.5	29.1	26.6	-6.5	-2.9	27	4 938
LT	27.5	27.1	30.6	31.7	31.7	30.1	28.6	28.4	28.1	28.3	28.5	29.4	29.7	30.2	29.3	1.8	-0.8	22	7 778
LU	37.1	37.6	39.3	39.4	38.3	39.1	39.8	39.3	38.1	37.3	37.6	35.9	35.7	35.3	37.1	0.0	-2.1	12	14 098
HU	40.8	39.3	37.8	37.6	38.3	39.0	38.2	37.8	37.8	37.4	37.5	37.3	39.9	40.0	39.5	-1.4	0.5	9	36 673
MT	26.8	25.4	27.5	25.6	27.3	28.2	30.4	31.5	31.4	32.9	33.7	33.4	34.3	33.9	34.2	7.5	6.0	17	1 995
NL	40.2	40.2	39.7	39.4	40.4	39.9	38.3	37.7	37.4	37.5	37.6	39.0	38.7	39.1	38.2	-2.0	-1.7	10	218 380
AT	41.4	42.9	44.4	44.4	44.0	43.2	45.3	43.9	43.8	43.4	42.3	41.8	42.0	42.6	42.7	1.3	-0.6	6	117 059
PL	37.1	37.2	36.5	35.4	34.9	32.6	32.2	32.7	32.2	31.5	32.8	33.8	34.8	34.3	31.8	-5.3	-0.8	18	98 727
PT	29.5	30.2	30.2	30.3	31.0	31.1	30.9	31.5	31.7	30.6	31.5	32.3	32.9	32.8	31.0	1.5	-0.1	19	52 089
RO	27.5	25.9	26.4	29.0	31.0	30.2	28.6	28.1	27.7	27.2	27.8	28.5	29.0	28.0	27.0	-0.5	-3.3	26	31 658
SI	39.2	38.1	37.0	37.8	38.2	37.5	37.7	38.0	38.2	38.3	38.6	38.3	37.8	37.2	37.6	-1.6	0.1	11	13 308
SK	40.3	39.4	37.3	36.7	35.4	34.1	33.1	33.0	32.9	31.5	31.3	29.2	29.3	29.2	28.8	-11.5	-5.3	24	18 135
FI	45.7	47.1	46.4	46.3	45.9	47.2	44.8	44.7	44.1	43.5	43.9	43.8	43.0	43.1	43.1	-2.6	-4.1	5	73 838
SE	47.9	50.3	50.7	51.2	51.5	51.5	49.5	47.5	47.8	48.1	48.9	48.3	47.3	46.5	46.9	-1.1	-4.6	2	136 381
UK	34.7	34.4	34.8	35.9	36.2	36.7	36.4	34.9	34.7	35.1	36.0	36.7	36.3	37.5	34.9	0.2	-1.8	15	546 075
NO	42.0	42.4	42.2	42.0	42.3	42.6	42.9	43.1	42.3	43.3	43.5	44.0	43.8	43.0	41.4	-0.6	-1.2		112 904
IS	33.3	34.3	34.6	34.4	36.8	37.1	35.3	35.2	36.7	37.9	40.6	41.4	40.5	36.7	33.7	0.4	-3.4		2 930
EU-27 averages																			
weighted	39.4	40.1	40.3	40.3	40.8	40.5	39.6	39.0	39.0	38.8	39.1	39.6	39.6	39.3	38.4	-1.0	-2.1		
arithmetic	36.6	36.5	36.7	37.1	37.2	37.0	36.4	36.1	36.2	36.2	36.6	36.7	37.2	36.7	35.8	-0.7	-1.1		
EA-17 averages																			
weighted	39.8	40.7	41.1	40.9	41.4	41.1	40.2	39.8	39.7	39.4	39.6	40.1	40.2	39.7	39.1	-0.7	-2.1		
arithmetic	36.7	36.9	37.1	37.2	37.3	37.3	37.0	36.9	36.8	36.6	37.0	37.1	37.4	37.0	36.5	-0.2	-0.8		
Convergence indicators																			
St.dev/mean	17.7	19.8	19.1	18.0	17.8	18.0	17.9	17.3	16.9	16.9	16.8	16.1	15.0	15.7	17.5	-0.2	-0.5		
Max-min	22.1	24.9	25.1	25.7	24.1	23.3	20.9	19.7	20.3	21.8	23.1	21.1	19.9	20.0	21.5	-0.6	-1.9		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 2: Cyclically adjusted total taxes (including SSC) as % of GDP

																Difference ¹⁾	
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009
BE	44.3	45.2	45.1	45.8	45.2	44.2	44.9	45.3	45.3	44.8	44.8	43.9	42.8	43.4	44.5	0.2	0.2
BG	:	:	:	:	:	32.5	31.8	29.4	31.6	32.4	30.5	29.2	31.0	29.0	28.7	-	-3.8
CZ	35.4	33.3	34.6	34.0	35.0	34.5	34.8	36.0	36.8	38.1	36.9	35.3	34.8	33.3	34.8	-0.6	0.4
DK	48.9	49.1	48.5	49.0	49.6	48.2	47.9	47.9	48.7	49.3	50.5	48.1	47.1	47.2	50.2	1.2	2.0
DE	39.7	40.9	41.0	41.1	41.7	41.2	39.4	39.4	40.1	39.2	39.3	38.9	38.4	38.6	41.2	1.5	0.0
EE	35.1	34.2	33.9	33.9	34.2	31.9	31.0	31.5	30.9	30.2	29.1	27.2	27.3	29.9	38.4	3.3	6.5
IE	34.7	34.7	32.7	31.9	31.0	29.9	28.6	27.2	28.2	29.5	29.3	29.9	28.0	28.2	29.8	-4.9	0.0
EL	29.9	30.3	31.3	33.2	34.1	35.1	33.6	34.1	31.6	30.3	31.2	29.9	29.4	28.9	28.8	-1.0	-6.3
ES	33.6	34.2	34.2	33.6	33.8	33.5	33.0	33.7	33.7	34.2	34.9	35.1	35.1	31.5	30.8	-2.7	-2.7
FR	43.3	44.9	45.1	44.4	44.8	43.3	43.1	42.9	43.0	43.0	43.3	43.3	42.1	42.2	42.6	-0.7	-0.8
IT	40.3	42.3	44.1	42.9	43.0	41.2	40.7	40.4	41.4	40.3	40.1	41.0	41.5	42.1	44.9	4.6	3.7
CY	26.4	26.4	26.3	28.1	28.0	29.6	30.3	31.2	33.5	33.6	35.5	36.0	39.5	37.4	35.0	8.6	5.4
LV	32.7	31.2	31.9	34.1	33.2	30.5	29.2	28.9	28.9	28.1	27.2	26.6	24.8	25.6	29.0	-3.7	-1.5
LT	27.5	27.2	30.3	30.8	32.7	31.7	29.9	29.4	28.0	27.7	27.2	27.3	25.9	26.5	30.7	3.2	-1.0
LU	38.0	39.9	41.3	40.7	38.2	37.4	39.0	38.7	38.8	37.9	37.3	35.0	33.1	33.5	38.3	0.3	0.8
HU	40.4	40.2	38.6	38.2	38.8	39.1	38.3	37.6	37.4	36.2	36.1	35.1	38.2	38.5	41.5	1.1	2.4
MT	27.5	25.9	27.5	25.5	26.9	26.7	30.1	31.2	32.0	33.9	34.1	33.3	33.7	33.1	34.8	7.3	8.1
NL	40.9	40.8	39.8	39.3	39.5	38.6	37.4	37.7	38.1	38.1	38.1	38.8	37.6	37.7	38.8	-2.1	0.2
AT	41.7	43.2	44.9	44.4	43.7	42.3	45.1	44.0	44.4	43.8	42.6	41.3	40.7	41.1	43.5	1.8	1.2
PL	38.0	37.6	35.9	34.7	34.1	31.8	32.2	33.6	33.2	32.0	33.6	33.9	34.1	33.3	31.6	-6.4	-0.1
PT	30.6	31.2	30.7	30.1	30.4	30.0	29.6	30.7	31.9	30.6	31.7	32.2	32.1	32.2	31.7	1.0	1.7
RO	25.6	23.3	26.1	30.5	33.4	32.6	30.1	29.2	28.4	26.8	27.3	27.0	26.7	24.5	26.5	1.0	-6.0
SI	39.3	38.5	37.1	38.2	38.2	37.4	38.1	38.3	38.9	38.8	38.7	37.3	35.0	33.7	38.4	-0.9	1.1
SK	40.6	38.7	36.4	35.7	35.5	35.0	34.1	34.0	33.8	32.3	31.7	28.7	27.2	26.8	28.9	-11.7	-6.1
FI	47.6	48.7	46.7	45.9	45.4	45.9	44.0	44.5	44.3	43.2	43.5	42.6	40.4	41.0	45.1	-2.5	-0.8
SE	48.6	51.4	51.8	51.6	51.1	50.4	49.2	47.5	48.1	47.6	48.2	46.7	45.1	45.4	49.2	0.6	-1.2
UK	35.2	34.9	35.2	36.0	36.1	36.2	36.1	34.8	34.4	34.6	35.4	35.7	34.8	36.5	36.4	1.3	0.2
EU-27 averages																	
weighted	:	:	:	:	:	36.3	35.9	36.0	36.3	36.1	36.4	35.9	35.7	35.6	37.0	-	0.7
arithmetic	:	:	:	:	:	36.7	36.4	36.3	36.5	36.2	36.2	35.5	35.0	34.9	36.8	-	0.1
EA-17 averages																	
weighted	40.1	41.3	41.6	41.2	41.4	40.4	39.6	39.6	39.9	39.4	39.5	39.4	38.9	38.7	40.2	0.1	-0.3
arithmetic	37.4	37.9	37.8	37.6	37.5	37.0	36.9	37.1	37.4	37.1	37.3	36.7	36.0	35.7	37.3	-0.1	0.4

1) In percentage points

See explanatory notes in Annex B

Source: Commission services

Table 3: Total Taxes (excluding SSC) as % of GDP

	1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009															Difference ¹⁾		Ranking Revenue ²⁾	
																1995 to 2009	2000 to 2009	2009	2009
BE	29.5	30.1	30.7	31.3	31.2	31.2	31.0	30.9	30.5	30.9	31.2	30.9	30.3	30.4	29.0	-0.6	-2.3	5	98 209
BG	21.2	20.4	19.5	22.9	20.9	20.7	21.0	18.9	20.7	22.3	21.5	22.4	25.2	24.5	21.2	0.0	0.5	19	7 425
CZ	21.8	20.5	20.4	19.3	20.0	19.6	19.8	19.9	20.7	21.4	21.0	20.4	21.0	19.3	19.1	-2.8	-0.6	22	26 150
DK	47.7	48.1	47.9	48.3	48.5	47.6	46.7	46.7	46.8	47.9	49.7	48.6	47.9	47.1	47.1	-0.6	-0.5	1	104 754
DE	22.9	23.3	23.0	23.5	24.5	25.0	23.3	22.8	22.8	22.2	22.5	23.3	24.2	24.3	24.0	1.0	-1.0	14	574 660
EE	23.0	22.1	23.0	23.0	21.5	20.1	19.6	20.0	20.2	20.2	20.4	20.6	21.3	20.4	22.7	-0.3	2.7	15	3 150
IE	28.1	28.5	28.1	27.6	27.6	27.1	25.2	24.0	24.5	25.6	26.0	27.4	26.5	24.3	22.4	-5.8	-4.7	17	35 740
EL	19.8	19.8	20.6	22.2	23.2	24.1	22.6	22.1	20.4	20.1	20.7	20.8	21.0	20.7	20.0	0.2	-4.2	21	46 553
ES	20.9	21.1	21.2	21.1	21.7	21.9	21.3	21.8	21.7	22.3	23.5	24.3	24.9	20.9	18.0	-2.9	-3.8	24	190 064
FR	24.2	25.3	26.0	27.9	28.6	28.0	27.7	27.0	26.5	27.0	27.3	27.5	27.0	26.7	25.0	0.9	-3.0	12	477 224
IT	27.4	27.6	29.2	30.3	30.3	29.7	29.5	28.8	29.0	28.2	27.9	29.5	30.1	29.4	29.3	1.9	-0.4	4	445 741
CY	20.2	19.5	18.8	20.8	21.3	23.4	24.1	24.5	26.0	25.7	27.3	28.6	33.4	31.4	26.5	6.3	3.1	9	4 491
LV	21.2	20.0	21.4	23.0	21.3	19.6	19.3	19.0	19.7	19.8	20.6	21.7	21.8	20.8	18.1	-3.1	-1.5	23	3 358
LT	20.4	19.5	22.2	22.7	22.5	20.7	19.7	19.7	19.6	19.9	20.4	21.0	21.1	21.2	17.7	-2.7	-3.0	25	4 690
LU	27.3	27.7	29.3	29.3	28.2	29.1	28.8	28.4	27.4	26.6	27.1	25.9	25.8	25.3	25.9	-1.3	-3.1	11	9 864
HU	26.1	25.7	23.9	24.0	25.3	26.0	25.4	25.0	25.3	25.2	25.0	24.7	26.3	26.4	26.5	0.4	0.5	10	24 593
MT	20.6	19.1	20.7	19.4	21.2	21.8	23.4	25.0	24.9	26.3	27.3	27.3	28.5	27.9	28.2	7.5	6.4	6	1 643
NL	24.3	25.0	24.6	24.5	24.8	24.5	24.7	24.5	23.6	23.6	24.6	25.0	25.2	24.6	24.4	0.1	-0.1	13	139 421
AT	26.5	27.9	29.2	29.3	29.0	28.4	30.4	29.3	29.0	28.6	27.7	27.4	27.8	28.3	27.7	1.2	-0.7	8	76 085
PL	25.8	25.6	24.7	23.7	21.2	19.6	18.8	19.8	19.4	19.1	20.5	21.6	22.9	23.0	20.5	-5.3	0.8	20	63 501
PT	21.8	22.6	22.4	22.5	23.2	23.1	22.6	23.1	23.1	22.3	23.1	23.8	24.3	24.1	22.0	0.2	-1.1	18	36 970
RO	19.9	18.6	19.4	19.7	20.0	19.1	17.7	17.4	18.2	18.1	18.2	18.8	19.3	18.7	17.5	-2.3	-1.6	26	20 586
SI	22.4	23.1	22.7	23.5	24.0	23.2	23.2	23.7	24.0	24.1	24.4	24.3	24.1	23.2	22.7	0.3	-0.5	16	8 018
SK	25.3	23.5	22.3	21.8	21.4	19.9	18.8	18.4	19.1	18.4	18.6	17.5	17.6	17.2	16.1	-9.2	-3.8	27	10 169
FI	31.6	33.5	33.6	33.7	33.3	35.3	32.7	32.8	32.3	31.8	31.9	31.6	31.1	31.0	30.3	-1.3	-5.0	3	51 843
SE	35.7	37.1	37.7	38.3	40.1	39.0	37.2	36.2	36.9	37.4	38.6	39.0	38.0	38.0	38.7	3.0	-0.4	2	112 467
UK	28.6	28.4	28.7	29.9	30.1	30.5	30.3	29.0	28.4	28.6	29.3	30.0	29.7	30.7	28.1	-0.5	-2.4	7	439 844
NO	32.2	32.8	32.6	31.8	32.2	33.7	33.6	33.2	32.5	33.9	34.6	35.2	34.7	34.1	31.5	-0.6	-2.2		86 057
IS	30.8	31.6	31.9	31.7	34.0	34.2	32.5	32.4	33.6	34.8	37.4	38.1	37.5	33.9	30.6	-0.2	-3.6		2 664
EU-27 averages																			
weighted	25.6	26.1	26.6	27.4	27.9	27.8	27.1	26.5	26.3	26.2	26.6	27.2	27.4	26.9	25.6	0.0	-2.2		
arithmetic	25.3	25.3	25.6	26.1	26.1	25.9	25.4	25.1	25.2	25.3	25.8	26.1	26.5	25.9	24.8	-0.6	-1.1		
EA-17 averages																			
weighted	24.3	24.9	25.3	26.1	26.7	26.6	25.9	25.4	25.3	25.1	25.4	26.1	26.4	25.6	24.6	0.3	-2.0		
arithmetic	24.5	24.7	25.0	25.4	25.6	25.6	25.2	25.1	25.0	25.0	25.4	25.6	26.1	25.3	24.4	-0.1	-1.3		
Convergence indicators																			
St.dev/mean	23.6	25.6	25.2	24.7	25.2	25.9	25.8	25.4	24.9	25.4	25.8	24.8	23.5	24.5	27.2	3.6	1.3		
Max-min	28.0	29.5	29.1	29.0	28.5	28.4	29.1	29.3	28.6	29.8	31.5	31.1	30.3	29.9	31.0	3.0	2.5		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 4: Total Taxes (excluding SSC) as % of Total Taxation

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	67.2	67.7	68.3	68.6	68.6	69.1	68.5	68.1	68.0	68.8	69.4	69.6	68.9	68.4	66.6	-0.6	-2.5	14	98 209
BG	68.9	71.4	70.6	71.4	68.1	65.6	68.1	66.4	66.8	68.5	68.9	73.0	75.6	75.9	73.4	4.5	7.7	7	7 425
CZ	60.4	59.0	58.4	57.9	58.8	58.1	58.2	57.3	57.9	57.1	56.6	55.7	56.3	54.4	55.3	-5.0	-2.7	27	26 150
DK	97.8	97.8	97.9	97.9	96.7	96.4	96.4	97.5	97.5	97.6	97.8	97.9	98.0	98.0	97.9	0.1	1.6	1	104 754
DE	57.7	57.2	56.5	57.4	58.8	59.6	58.2	57.7	57.5	57.4	58.0	59.5	61.5	61.6	60.4	2.7	0.7	21	574 660
EE	66.1	66.1	66.9	67.1	66.0	64.7	64.7	64.6	65.6	66.1	66.5	67.1	66.7	63.4	63.4	-2.7	-1.3	20	3 150
IE	85.0	86.2	86.7	87.0	86.5	86.0	84.8	84.5	84.7	84.7	84.7	85.1	84.2	81.9	79.3	-5.7	-6.7	5	35 740
EL	67.9	67.2	67.5	68.4	69.5	69.7	68.1	65.6	63.5	64.3	64.8	66.2	65.5	65.2	65.8	-2.1	-3.8	15	46 553
ES	64.0	63.8	64.0	64.0	64.5	64.5	63.7	64.2	64.0	64.8	66.0	66.8	67.2	62.9	59.3	-4.7	-5.3	25	190 064
FR	56.5	57.6	58.9	63.5	63.7	63.5	63.2	62.5	61.9	62.5	62.7	62.6	62.5	62.3	60.2	3.6	-3.4	24	477 224
IT	68.5	65.9	66.7	71.3	71.4	71.1	71.2	70.3	70.2	69.6	68.9	70.3	69.8	68.6	67.9	-0.6	-3.2	12	445 741
CY	75.7	74.7	73.6	75.2	76.3	78.2	78.1	78.5	78.8	77.0	76.8	78.6	81.6	80.3	75.4	-0.3	-2.8	6	4 491
LV	63.9	64.8	66.8	68.1	66.7	66.5	67.7	67.2	68.9	69.5	71.1	71.2	71.4	71.7	68.0	4.1	1.5	11	3 358
LT	74.0	71.8	72.7	71.7	71.0	68.9	68.8	69.6	69.7	70.3	71.4	71.4	71.2	70.3	60.3	-13.7	-8.6	22	4 690
LU	73.5	73.8	74.5	74.2	73.7	74.3	72.5	72.3	71.8	71.3	72.2	72.4	72.3	71.6	70.0	-3.5	-4.3	10	9 864
HU	63.9	65.3	63.4	63.9	66.1	66.6	66.5	66.2	66.8	67.4	66.5	66.4	65.9	66.0	67.1	3.2	0.4	13	24 593
MT	77.2	75.1	75.4	76.1	77.5	77.4	77.1	79.3	79.3	80.1	81.1	81.7	83.0	82.1	82.4	5.2	5.0	3	1 643
NL	60.5	62.1	62.0	62.0	61.5	61.4	64.3	64.8	63.1	62.9	65.5	64.1	65.2	63.0	63.8	3.3	2.5	19	139 421
AT	64.0	65.1	65.9	66.0	65.8	65.8	67.1	66.6	66.3	66.1	65.5	65.4	66.1	66.4	65.0	1.0	-0.8	17	76 085
PL	69.5	68.8	67.9	67.1	60.7	60.3	58.4	60.4	60.3	60.8	62.4	63.9	65.7	67.0	64.3	-5.2	4.1	18	63 501
PT	73.7	74.7	74.1	74.3	74.7	74.3	73.3	73.5	72.8	72.9	73.2	73.8	74.0	73.4	71.0	-2.7	-3.3	8	36 970
RO	72.2	72.0	73.6	68.2	64.5	63.3	61.7	61.8	65.9	66.4	65.6	66.0	66.6	66.7	65.0	-7.2	1.7	16	20 586
SI	57.0	60.5	61.4	62.0	63.0	61.9	61.5	62.4	62.8	62.8	63.2	63.4	63.7	62.3	60.2	3.2	-1.7	23	8 018
SK	62.7	59.6	59.8	59.5	60.5	58.5	56.9	55.8	58.0	58.4	59.6	59.9	60.1	58.9	56.1	-6.7	-2.4	26	10 169
FI	69.2	71.1	72.4	72.7	72.5	74.8	73.1	73.4	73.3	73.2	72.7	72.1	72.3	72.0	70.2	1.0	-4.5	9	51 843
SE	74.4	73.7	74.4	74.7	77.8	75.7	75.3	76.2	77.2	77.8	78.9	80.7	80.2	81.7	82.5	8.0	6.7	2	112 467
UK	82.5	82.7	82.5	83.2	83.1	83.2	83.1	83.1	81.9	81.3	81.3	81.6	81.7	81.8	80.5	-2.0	-2.6	4	439 844
NO	76.6	77.4	77.3	75.6	76.1	79.1	78.5	77.1	76.9	78.3	79.6	80.2	79.3	79.1	76.2	-0.4	-2.9		86 057
IS	92.6	92.1	92.1	92.0	92.4	92.2	92.0	91.9	91.6	91.9	92.1	92.1	92.5	92.3	90.9	-1.7	-1.3		2 664
EU-27 averages																			
weighted	65.1	65.1	65.9	67.9	68.3	68.7	68.3	68.0	67.4	67.6	68.1	68.8	69.1	68.3	66.6	1.5	-2.1		
arithmetic	69.4	69.5	69.7	70.1	69.9	69.6	69.3	69.3	69.4	69.6	70.1	70.6	71.0	70.3	68.6	-0.8	-1.0		
EA-17 averages																			
weighted	61.2	61.2	61.7	63.9	64.5	64.7	64.4	64.0	63.6	63.8	64.2	65.0	65.5	64.5	63.0	1.9	-1.7		
arithmetic	67.4	67.6	67.9	68.8	69.1	69.1	68.6	68.5	68.3	68.4	68.9	69.3	69.7	68.5	66.9	-0.6	-2.2		
Convergence indicators																			
St.dev/mean	13.3	13.1	13.1	12.8	12.8	13.1	13.1	13.6	13.3	13.1	12.9	12.9	12.8	13.3	14.0	0.7	0.9		
Max-min	41.3	40.6	41.4	40.5	38.0	38.3	39.6	41.7	40.0	40.5	41.2	42.2	41.7	43.6	42.6	1.4	4.3		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 5: Indirect Taxes as % of GDP - Total

																Difference ¹⁾		Ranking Revenue ²⁾	
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	12.8	13.3	13.5	13.5	13.8	13.7	13.2	13.2	13.3	13.4	13.5	13.6	13.3	13.1	13.0	0.2	-0.6	14	44 120
BG	12.2	11.2	10.4	14.2	13.3	13.8	13.4	12.6	14.5	16.3	16.6	17.2	17.0	17.8	15.4	3.1	1.6	4	5 380
CZ	12.3	12.1	11.5	11.0	11.5	11.3	11.0	10.8	11.1	11.8	11.8	11.3	11.5	11.3	11.7	-0.6	0.4	21	16 034
DK	17.0	17.4	17.6	18.3	18.3	17.2	17.4	17.5	17.4	17.6	18.0	18.1	17.9	17.4	17.0	0.0	-0.2	2	37 891
DE	12.0	11.9	11.9	12.0	12.6	12.5	12.2	12.1	12.2	12.0	12.1	12.4	12.9	12.8	12.9	0.9	0.4	16	310 160
EE	12.6	13.1	13.8	12.6	11.7	12.3	12.3	12.5	12.1	12.3	13.4	13.5	13.7	12.4	15.2	2.6	2.9	6	2 105
IE	14.5	14.5	14.1	13.8	13.7	13.6	12.5	12.4	12.6	13.2	13.7	14.2	13.6	12.7	11.5	-3.0	-2.1	22	18 404
EL	12.8	13.2	13.3	13.5	14.1	14.2	13.8	13.3	12.4	12.0	12.0	12.6	12.8	12.5	11.5	-1.4	-2.7	23	26 740
ES	10.7	10.7	11.0	11.5	12.0	11.9	11.5	11.6	11.9	12.2	12.6	12.7	12.1	10.2	9.0	-1.7	-3.0	27	94 488
FR	16.0	16.6	16.6	16.4	16.4	15.8	15.4	15.4	15.3	15.5	15.6	15.5	15.3	15.1	15.1	-0.9	-0.7	7	288 451
IT	12.4	12.2	12.7	15.6	15.3	15.2	14.7	14.7	14.3	14.3	14.4	15.1	15.0	14.1	13.9	1.4	-1.3	11	210 839
CY	11.4	11.0	10.2	11.1	10.7	12.4	13.0	13.3	16.4	17.0	17.1	17.9	19.6	18.6	15.3	3.9	2.9	5	2 595
LV	14.1	13.0	13.9	15.0	13.7	12.3	11.8	11.2	12.1	11.9	12.7	13.2	12.6	11.1	10.9	-3.1	-1.4	25	2 025
LT	12.0	11.5	13.5	13.8	13.6	12.6	12.2	12.4	11.7	11.2	11.4	11.4	11.9	11.9	11.8	-0.1	-0.7	20	3 137
LU	11.8	11.8	12.8	13.1	13.3	14.0	13.6	13.0	12.6	13.5	13.4	12.8	12.6	11.9	11.9	0.0	-2.1	19	4 520
HU	17.5	16.6	15.1	15.3	16.0	16.3	15.3	14.9	15.7	16.2	15.8	15.3	16.0	15.9	16.6	-0.8	0.3	3	15 451
MT	12.3	11.7	12.4	11.4	12.4	12.6	13.3	13.6	12.9	15.0	15.4	15.2	15.0	14.8	14.3	2.0	1.7	10	833
NL	11.8	12.0	12.2	12.3	12.7	12.5	12.9	12.7	12.7	12.9	12.9	13.1	13.0	12.7	12.2	0.4	-0.3	17	69 938
AT	14.8	15.2	15.7	15.6	15.7	15.3	15.3	15.4	15.3	15.1	14.9	14.4	14.3	14.4	15.0	0.1	-0.3	8	41 012
PL	14.2	14.4	13.9	13.1	13.6	12.6	12.5	13.2	13.2	13.1	13.9	14.5	14.4	14.4	13.1	-1.1	0.5	13	40 632
PT	13.5	13.6	13.4	13.8	14.1	13.5	13.5	14.0	14.6	14.0	14.8	15.2	14.8	14.4	12.9	-0.5	-0.6	15	21 744
RO	9.3	8.8	9.1	11.4	12.2	12.2	11.3	11.6	12.3	11.7	12.9	12.8	12.6	12.0	11.0	1.7	-1.1	24	12 935
SI	15.5	15.7	15.3	16.0	16.6	15.8	15.6	15.9	16.0	15.8	15.7	15.2	14.9	14.4	14.4	-1.1	-1.4	9	5 093
SK	14.5	13.8	13.1	12.8	12.4	12.5	11.3	11.4	11.9	12.3	12.6	11.4	11.4	10.7	10.6	-3.9	-1.9	26	6 696
FI	14.2	14.3	14.9	14.6	14.5	13.9	13.4	13.7	14.3	14.0	14.1	13.9	13.3	13.2	13.8	-0.4	-0.2	12	23 582
SE	15.9	16.4	16.6	17.3	18.4	16.4	16.4	16.6	16.7	16.5	16.6	16.8	16.7	18.1	19.0	3.0	2.5	1	55 179
UK	13.4	13.5	13.6	13.5	13.8	13.9	13.5	13.4	13.2	13.2	12.9	12.9	12.8	12.3	12.0	-1.4	-1.9	18	188 196
NO	16.0	15.9	15.8	15.9	15.3	13.6	13.4	13.4	13.0	12.8	12.2	12.3	12.7	11.3	11.9	-4.1	-1.7		32 592
IS	17.9	18.2	17.8	17.5	18.7	18.2	15.9	15.9	16.7	17.8	19.1	19.4	18.6	15.6	13.9	-4.0	-4.2		1 212
EU-27 averages																			
weighted	13.3	13.4	13.5	14.0	14.2	14.0	13.6	13.6	13.6	13.6	13.7	13.8	13.8	13.4	13.1	-0.1	-0.8		
arithmetic	13.4	13.3	13.4	13.8	13.9	13.7	13.4	13.4	13.6	13.9	14.1	14.2	14.1	13.7	13.4	0.0	-0.3		
EA-17 averages																			
weighted	13.1	13.2	13.3	13.9	14.1	13.9	13.5	13.5	13.5	13.5	13.7	13.8	13.8	13.3	13.1	0.0	-0.8		
arithmetic	13.2	13.2	13.3	13.5	13.6	13.6	13.4	13.4	13.6	13.8	14.0	14.0	14.0	13.4	13.1	-0.1	-0.6		
Convergence indicators																			
St.dev/mean	14.4	15.6	15.1	14.0	14.0	11.5	12.2	12.5	12.8	13.4	12.5	13.3	14.3	16.6	16.8	2.3	5.2		
Max-min	8.2	8.6	8.5	7.4	7.7	5.9	6.4	6.7	6.3	6.4	6.6	6.8	8.2	8.3	10.0	1.8	4.1		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 6: Indirect Taxes as % of Total Taxation - Total

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	29.2	30.0	30.1	29.6	30.4	30.2	29.2	29.2	29.6	29.9	30.2	30.7	30.2	29.5	29.9	0.7	-0.3	26	44 120
BG	39.7	39.1	37.7	44.2	43.2	43.8	43.6	44.1	46.8	50.2	53.2	56.1	51.1	55.3	53.2	13.4	9.4	1	5 380
CZ	33.9	34.9	33.0	32.9	33.9	33.5	32.3	31.1	31.0	31.5	31.8	30.7	30.9	31.9	33.9	0.1	0.4	20	16 034
DK	34.9	35.3	35.9	37.2	36.5	34.9	35.9	36.6	36.2	35.9	35.3	36.4	36.7	36.1	35.4	0.5	0.6	17	37 891
DE	30.2	29.3	29.3	29.4	30.2	29.9	30.6	30.5	30.7	31.1	31.3	31.6	32.8	32.6	32.6	2.4	2.7	21	310 160
EE	36.2	39.1	40.0	36.7	36.0	39.7	40.9	40.3	39.4	40.1	43.7	44.0	43.0	38.7	42.4	6.2	2.6	3	2 105
IE	43.9	43.7	43.4	43.5	43.0	43.3	41.9	43.6	43.6	43.6	44.6	44.1	43.2	42.6	40.8	-3.0	-2.4	10	18 404
EL	44.1	44.8	43.6	41.4	42.3	40.9	41.5	39.5	38.6	38.2	37.5	40.0	40.0	39.4	37.8	-6.3	-3.1	14	26 740
ES	32.6	32.4	33.1	34.9	35.8	35.2	34.4	34.2	34.9	35.3	35.2	34.8	32.5	30.9	29.5	-3.2	-5.7	27	94 488
FR	37.6	37.7	37.5	37.4	36.5	35.9	35.1	35.7	35.6	36.0	35.9	35.3	35.5	35.2	36.4	-1.2	0.5	16	288 451
IT	31.0	29.2	29.0	36.8	36.1	36.4	35.4	35.9	34.6	35.3	35.8	36.0	34.8	32.9	32.1	1.1	-4.2	22	210 839
CY	42.6	42.1	39.8	39.9	38.1	41.5	41.9	42.7	49.6	51.0	48.1	49.0	47.9	47.4	43.6	1.0	2.1	2	2 595
LV	42.4	42.2	43.3	44.4	42.7	41.8	41.3	39.7	42.4	41.8	43.9	43.3	41.2	38.3	41.0	-1.4	-0.8	8	2 025
LT	43.5	42.4	44.1	43.4	43.1	41.8	42.6	43.8	41.7	39.8	40.0	38.9	40.2	39.5	40.3	-3.2	-1.5	12	3 137
LU	31.9	31.5	32.5	33.3	34.6	35.8	34.1	33.1	33.0	36.1	35.6	35.7	35.4	33.6	32.1	0.1	-3.8	23	4 520
HU	42.8	42.3	40.1	40.7	41.9	41.8	40.1	39.5	41.5	43.3	42.2	41.0	40.2	39.7	42.1	-0.6	0.3	4	15 451
MT	46.1	46.1	45.1	44.8	45.3	44.6	43.6	43.2	41.1	45.5	45.6	45.4	43.7	43.6	41.8	-4.3	-2.8	5	833
NL	29.3	29.9	30.7	31.1	31.5	31.4	33.7	33.5	33.9	34.3	34.4	33.6	33.6	32.5	32.0	2.7	0.6	24	69 938
AT	35.8	35.5	35.4	35.1	35.6	35.3	33.8	35.0	34.9	34.9	35.1	34.5	34.1	33.7	35.0	-0.7	-0.3	18	41 012
PL	38.3	38.8	38.0	36.9	39.0	38.8	38.8	40.3	40.9	41.5	42.3	42.8	41.4	42.1	41.2	2.9	2.4	7	40 632
PT	45.6	45.2	44.3	45.6	45.3	43.5	43.6	44.6	46.0	45.6	46.9	47.0	45.0	43.8	41.7	-3.9	-1.7	6	21 744
RO	33.7	33.9	34.4	39.2	39.3	40.2	39.5	41.3	44.3	43.1	46.4	44.9	43.4	42.7	40.9	7.1	0.6	9	12 935
SI	39.5	41.2	41.4	42.3	43.5	42.2	41.4	41.8	41.9	41.4	40.7	39.7	39.5	38.6	38.3	-1.2	-4.0	13	5 093
SK	35.9	35.0	35.0	34.9	35.0	36.7	34.3	34.4	36.4	39.0	40.4	39.2	39.0	36.8	36.9	1.0	0.3	15	6 696
FI	31.0	30.4	32.1	31.4	31.6	29.5	30.0	30.6	32.3	32.2	32.0	31.8	30.9	30.6	31.9	0.9	2.4	25	23 582
SE	33.2	32.6	32.7	33.7	35.7	31.9	33.2	35.0	35.0	34.3	34.0	34.7	35.4	39.1	40.5	7.2	8.6	11	55 179
UK	38.8	39.3	38.9	37.7	38.2	37.8	37.0	38.2	38.2	37.5	35.9	35.1	35.4	32.9	34.5	-4.3	-3.4	19	188 196
NO	38.1	37.4	37.4	37.9	36.3	32.0	31.3	31.2	30.8	29.6	28.1	27.9	28.9	26.2	28.9	-9.2	-3.1		32 592
IS	53.9	53.2	51.4	50.9	50.7	48.9	45.2	45.1	45.7	47.1	47.0	46.8	45.9	42.6	41.4	-12.6	-7.6		1 212
EU-27 averages																			
weighted	33.7	33.4	33.5	34.7	34.9	34.5	34.4	34.8	34.8	35.1	35.0	34.9	34.8	34.0	34.2	0.5	-0.3		
arithmetic	37.2	37.2	37.1	37.7	37.9	37.7	37.4	37.7	38.3	38.8	39.2	39.1	38.4	37.8	37.7	0.5	0.0		
EA-17 averages																			
weighted	32.8	32.3	32.4	33.9	34.0	33.7	33.6	33.9	33.9	34.3	34.5	34.5	34.3	33.4	33.4	0.6	-0.3		
arithmetic	36.6	36.6	36.6	37.0	37.1	37.2	36.8	36.9	37.4	38.2	38.4	38.4	37.7	36.6	36.2	-0.4	-1.0		
Convergence indicators																			
St.dev/mean	14.3	14.5	13.7	12.9	12.0	12.3	12.2	12.5	13.8	14.3	15.2	15.9	14.1	15.6	14.0	-0.3	1.7		
Max-min	16.9	16.9	16.1	16.1	15.2	15.1	14.4	15.4	20.0	21.2	23.0	25.4	20.9	25.8	23.7	6.8	8.6		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 7: Indirect Taxes as % of GDP - VAT

																Difference ¹⁾		Ranking Revenue ²⁾	
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	6.6	6.8	6.8	6.7	7.1	7.2	6.9	6.9	6.8	6.9	7.1	7.1	7.1	7.0	7.0	0.3	-0.2	17	23 600
BG	6.9	7.3	6.2	8.4	7.8	8.3	8.4	7.3	8.6	9.9	10.2	10.7	10.4	10.9	9.0	2.1	0.7	5	3 156
CZ	6.3	6.4	6.3	6.1	6.6	6.5	6.3	6.3	6.4	7.3	7.2	6.6	6.6	7.1	7.1	0.9	0.7	14	9 784
DK	9.4	9.7	9.7	9.8	9.8	9.6	9.6	9.6	9.6	9.8	10.1	10.3	10.4	10.1	10.1	0.7	0.5	1	22 477
DE	6.5	6.5	6.4	6.6	6.8	6.8	6.6	6.4	6.3	6.2	6.2	6.3	7.0	7.1	7.4	0.9	0.6	12	177 680
EE	9.2	9.2	9.6	8.2	7.8	8.4	8.2	8.4	8.2	7.7	8.7	9.1	9.0	8.0	9.1	-0.2	0.6	4	1 255
IE	7.0	7.1	7.1	7.1	7.1	7.3	6.8	7.0	7.0	7.3	7.6	7.8	7.6	7.3	6.4	-0.6	-0.9	21	10 227
EL	6.1	6.2	6.4	6.7	7.1	7.2	7.5	7.6	7.0	6.8	6.9	7.1	7.3	7.2	6.4	0.2	-0.8	22	14 912
ES	5.2	5.3	5.5	5.6	6.1	6.1	5.9	5.8	6.0	6.1	6.3	6.4	6.1	5.3	4.1	-1.1	-2.0	27	43 396
FR	7.4	7.8	7.7	7.6	7.7	7.3	7.2	7.1	7.1	7.2	7.3	7.3	7.2	7.0	6.8	-0.6	-0.6	18	129 421
IT	5.5	5.4	5.6	6.1	6.1	6.5	6.3	6.2	5.9	5.9	6.0	6.3	6.2	6.0	5.7	0.1	-0.8	26	86 537
CY	4.6	4.5	4.5	5.0	4.8	5.8	6.2	7.1	8.8	9.1	9.7	10.4	11.1	11.3	9.1	4.5	3.3	3	1 546
LV	9.2	8.3	8.0	8.0	7.4	7.0	6.7	6.7	7.2	7.0	7.8	8.6	8.2	6.7	6.0	-3.2	-1.1	24	1 109
LT	7.4	6.8	8.3	8.0	7.9	7.6	7.3	7.4	6.7	6.5	7.1	7.6	8.2	8.0	7.4	0.0	-0.2	13	1 961
LU	5.2	5.2	5.4	5.6	5.4	5.6	5.8	5.8	5.7	6.1	6.2	5.8	5.7	5.9	6.2	1.0	0.6	23	2 360
HU	7.5	7.3	7.5	7.6	7.9	8.7	8.0	7.8	8.2	8.8	8.5	7.6	8.0	7.7	8.4	0.9	-0.3	8	7 820
MT	6.1	5.9	6.0	4.5	5.3	6.0	6.4	7.0	6.2	7.4	8.2	8.0	7.6	7.9	7.8	1.7	1.8	10	457
NL	6.5	6.7	6.7	6.8	7.0	6.9	7.3	7.2	7.3	7.3	7.2	7.4	7.5	7.2	7.0	0.5	0.1	16	40 086
AT	7.7	8.1	8.3	8.2	8.4	8.1	8.1	8.2	8.0	8.0	8.0	7.7	7.7	7.7	8.1	0.4	0.0	9	22 158
PL	6.2	6.9	7.4	7.1	7.5	6.9	6.8	7.2	7.1	7.2	7.7	8.1	8.3	8.0	7.4	1.2	0.5	11	23 056
PT	6.9	7.2	7.1	7.3	7.4	7.7	7.5	7.6	7.7	7.8	8.5	8.6	8.5	8.4	7.1	0.2	-0.5	15	11 973
RO	4.9	4.7	4.6	6.2	6.1	6.5	6.2	7.1	7.2	6.7	8.1	7.9	8.1	7.9	6.7	1.7	0.2	20	7 852
SI	n.a.	n.a.	n.a.	n.a.	4.8	8.7	8.3	8.6	8.5	8.5	8.6	8.5	8.5	8.5	8.4	-	-0.2	7	2 984
SK	8.4	7.6	7.2	7.5	6.8	7.0	7.2	7.0	7.5	7.8	7.9	7.5	6.7	6.9	6.7	-1.7	-0.3	19	4 221
FI	7.9	8.1	8.5	8.3	8.3	8.2	8.0	8.1	8.6	8.5	8.7	8.7	8.4	8.4	8.8	0.8	0.5	6	15 004
SE	9.1	8.5	8.6	8.7	8.8	8.6	8.7	8.8	8.8	8.8	9.0	8.9	9.0	9.3	9.7	0.6	1.1	2	28 226
UK	6.5	6.6	6.6	6.4	6.6	6.6	6.6	6.6	6.8	6.8	6.7	6.6	6.6	6.4	5.8	-0.7	-0.8	25	90 420
NO	9.4	9.3	9.4	9.7	9.4	8.4	8.4	8.5	8.2	8.1	7.9	8.0	8.3	7.3	7.8	-1.6	-0.6		21 335
IS	9.7	9.8	9.8	10.0	11.0	10.6	9.4	9.4	9.7	10.4	11.1	11.3	10.5	9.1	8.0	-1.7	-2.6		696
EU-27 averages																			
weighted	6.6	6.7	6.7	6.8	7.0	7.0	6.8	6.8	6.8	6.8	6.9	7.0	7.1	6.9	6.6	0.0	-0.3		
arithmetic	6.7	6.7	6.7	6.8	7.0	7.3	7.2	7.3	7.4	7.5	7.8	7.9	7.9	7.7	7.4	0.7	0.1		
EA-17 averages																			
weighted	6.5	6.6	6.6	6.7	6.9	6.9	6.8	6.7	6.6	6.6	6.7	6.8	6.9	6.8	6.6	0.1	-0.4		
arithmetic	6.3	6.3	6.4	6.3	6.7	7.1	7.1	7.2	7.2	7.3	7.6	7.6	7.6	7.5	7.2	0.9	0.1		
Convergence indicators																			
St.dev/mean	28.2	27.6	28.1	26.7	16.9	13.7	13.2	12.5	14.0	14.6	14.7	16.2	16.6	18.2	18.6	-9.6	4.8		
Max-min	9.4	9.7	9.7	9.8	5.0	4.0	3.8	3.9	4.0	4.0	4.3	4.9	5.4	6.0	6.0	-3.5	2.0		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 8: Indirect Taxes as % of Total Taxation - VAT

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	15.1	15.2	15.1	14.8	15.7	15.9	15.2	15.3	15.2	15.4	15.7	16.0	16.2	15.8	16.0	1.0	0.1	25	23 600
BG	22.5	25.6	22.3	26.3	25.3	26.4	27.4	25.6	27.8	30.3	32.7	34.9	31.1	33.8	31.2	8.7	4.8	1	3 156
CZ	17.3	18.4	18.1	18.2	19.3	19.1	18.7	18.1	17.8	19.4	19.4	18.1	17.6	19.9	20.7	3.4	1.6	16	9 784
DK	19.4	19.7	19.8	19.8	19.6	19.4	19.9	20.2	20.1	19.9	19.8	20.8	21.2	21.1	21.0	1.7	1.6	15	22 477
DE	16.3	15.9	15.8	16.1	16.4	16.2	16.5	16.1	16.0	16.0	16.1	16.2	17.8	18.0	18.7	2.3	2.4	20	177 680
EE	26.5	27.3	28.0	23.8	23.8	27.2	27.0	27.0	26.5	25.1	28.3	29.6	28.2	24.9	25.2	-1.3	-2.0	3	1 255
IE	21.2	21.6	22.0	22.4	22.2	23.1	23.0	24.7	24.2	24.3	24.8	24.2	24.1	24.6	22.7	1.4	-0.4	10	10 227
EL	21.1	21.2	21.1	20.5	21.2	20.8	22.5	22.7	21.8	21.7	21.5	22.4	22.8	22.7	21.1	0.0	0.3	14	14 912
ES	15.9	16.2	16.5	17.0	18.1	18.0	17.5	17.1	17.6	17.6	17.7	17.5	16.5	15.9	13.5	-2.4	-4.4	26	43 396
FR	17.3	17.7	17.5	17.3	17.0	16.6	16.4	16.4	16.4	16.6	16.7	16.5	16.6	16.4	16.3	-1.0	-0.3	24	129 421
IT	13.8	12.9	12.9	14.3	14.3	15.6	15.1	15.2	14.3	14.4	14.8	14.9	14.4	13.9	13.2	-0.6	-2.4	27	86 537
CY	17.2	17.3	17.6	17.9	17.1	19.3	20.0	22.9	26.8	27.2	27.4	28.5	27.2	28.9	26.0	8.8	6.6	2	1 546
LV	27.8	26.8	25.0	23.8	23.0	23.9	23.6	23.5	25.3	24.4	26.8	28.1	26.9	23.0	22.5	-5.3	-1.4	11	1 109
LT	26.9	24.9	27.0	25.3	24.9	25.2	25.4	26.0	24.0	22.9	25.0	25.9	27.5	26.6	25.2	-1.7	0.0	4	1 961
LU	14.0	13.8	13.8	14.1	14.0	14.3	14.6	14.7	14.9	16.2	16.4	16.1	16.1	16.7	16.7	2.7	2.4	22	2 360
HU	18.4	18.6	19.8	20.2	20.8	22.3	21.1	20.6	21.6	23.5	22.5	20.4	19.9	19.3	21.3	2.9	-0.9	13	7 820
MT	23.0	23.3	21.9	17.7	19.3	21.4	21.1	22.1	19.8	22.5	24.5	23.8	22.2	23.3	22.9	-0.1	1.5	9	457
NL	16.2	16.6	16.9	17.1	17.3	17.3	18.9	19.1	19.5	19.4	19.2	18.9	19.4	18.5	18.4	2.2	1.1	21	40 086
AT	18.6	18.9	18.7	18.5	19.1	18.8	17.9	18.7	18.3	18.4	18.8	18.4	18.3	18.2	18.9	0.4	0.2	19	22 158
PL	16.8	18.6	20.2	20.1	21.5	21.3	21.0	22.0	22.2	22.8	23.5	24.1	23.9	23.4	23.4	6.6	2.1	6	23 056
PT	23.4	23.8	23.5	24.1	24.0	24.6	24.2	24.2	24.4	25.4	26.8	26.6	25.8	25.6	23.0	-0.5	-1.6	8	11 973
RO	18.0	18.1	17.3	21.4	19.5	21.4	21.8	25.2	26.0	24.5	29.0	27.8	27.9	28.2	24.8	6.8	3.4	5	7 852
SI	0.0	0.0	0.0	0.0	12.5	23.1	22.1	22.6	22.3	22.3	22.3	22.2	22.4	22.8	22.4	22.4	-0.7	12	2 984
SK	20.8	19.3	19.3	20.3	19.3	20.4	21.9	21.2	22.7	24.7	25.1	25.5	23.0	23.6	23.3	2.5	2.9	7	4 221
FI	17.4	17.1	18.4	18.0	18.0	17.4	17.8	18.2	19.4	19.6	19.8	19.9	19.5	19.5	20.3	2.9	2.9	18	15 004
SE	18.9	16.9	17.0	17.1	17.0	16.7	17.6	18.6	18.5	18.3	18.4	18.5	19.1	20.0	20.7	1.8	4.0	17	28 226
UK	18.6	19.2	18.9	17.9	18.3	17.9	18.0	18.9	19.6	19.3	18.5	18.0	18.0	17.0	16.6	-2.1	-1.4	23	90 420
NO	22.4	21.8	22.2	23.0	22.2	19.7	19.5	19.6	19.4	18.6	18.1	18.1	19.0	17.1	18.9	-3.5	-0.8		21 335
IS	29.0	28.7	28.4	29.2	30.0	28.6	26.6	26.7	26.5	27.6	27.3	27.2	26.0	24.8	23.8	-5.3	-4.9		696
EU-27 averages																			
weighted	16.8	16.7	16.7	16.9	17.1	17.2	17.2	17.4	17.4	17.5	17.6	17.6	17.8	17.6	17.3	0.5	0.1		
arithmetic	18.6	18.7	18.7	18.7	19.2	20.1	20.2	20.6	20.9	21.2	21.9	22.0	21.6	21.5	21.0	2.4	0.8		
EA-17 averages																			
weighted	16.3	16.1	16.1	16.4	16.7	16.8	16.8	16.8	16.7	16.8	17.0	17.0	17.2	17.0	16.8	0.4	0.0		
arithmetic	17.5	17.5	17.6	17.3	18.2	19.4	19.5	19.9	20.0	20.4	20.9	21.0	20.6	20.5	19.9	2.4	0.5		
Convergence indicators																			
St.dev/mean	28.4	28.5	27.9	26.6	17.3	17.4	17.4	17.5	18.8	18.6	21.6	23.2	21.0	21.7	19.2	-9.1	1.9		
Max-min	27.8	27.3	28.0	26.3	12.8	12.9	12.7	12.3	13.5	15.9	17.9	20.0	16.7	19.9	18.0	-9.8	5.1		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 9: Indirect Taxes as % of GDP - Excise duties and consumption taxes

	1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009															Difference ¹⁾		Ranking Revenue ²⁾	
																1995 to 2009	2000 to 2009	2009	2009
BE	2.4	2.5	2.5	2.5	2.5	2.4	2.3	2.3	2.4	2.4	2.4	2.2	2.2	2.1	2.1	-0.3	-0.3	26	7 152
BG	2.7	1.6	2.1	3.5	3.7	3.9	3.7	3.9	4.4	4.8	4.7	4.8	5.8	5.9	5.4	2.7	1.5	1	1 905
CZ	3.7	3.4	3.4	3.2	3.4	3.3	3.3	3.2	3.4	3.5	3.7	3.8	4.0	3.4	3.8	0.1	0.5	5	5 196
DK	3.7	3.9	3.8	4.1	4.2	4.1	4.1	4.1	4.0	3.8	3.5	3.4	3.2	3.2	3.3	-0.4	-0.8	12	7 291
DE	2.6	2.6	2.6	2.5	2.7	2.8	2.9	3.0	3.2	3.0	2.9	2.8	2.6	2.6	2.7	0.0	-0.2	20	63 690
EE	2.6	3.1	3.3	3.6	3.2	3.0	3.3	3.2	3.1	3.6	3.7	3.4	3.6	3.3	5.0	2.4	2.1	2	697
IE	4.2	4.1	3.8	3.7	3.5	3.2	2.8	2.9	2.8	2.7	2.6	2.4	2.4	2.4	2.7	-1.5	-0.5	19	4 303
EL	4.2	4.2	3.7	3.5	3.3	3.1	3.1	2.9	2.8	2.6	2.6	2.5	2.5	2.3	2.6	-1.6	-0.5	21	5 947
ES	2.5	2.6	2.6	2.8	2.7	2.6	2.5	2.5	2.5	2.5	2.4	2.2	2.2	2.1	2.2	-0.3	-0.5	24	22 875
FR	2.8	2.8	2.7	2.7	2.7	2.6	2.5	2.6	2.5	2.3	2.2	2.3	2.0	2.0	2.0	-0.8	-0.6	27	38 823
IT	3.2	3.0	3.0	2.9	2.9	2.6	2.5	2.3	2.4	2.3	2.2	2.2	2.1	1.9	2.1	-1.1	-0.5	25	32 212
CY	2.7	2.6	2.2	2.2	2.3	2.5	3.2	2.8	3.8	4.4	4.1	3.9	3.7	3.3	3.2	0.5	0.7	13	539
LV	2.1	2.6	3.2	4.1	3.6	3.4	3.1	3.1	3.3	3.5	3.6	3.3	2.9	3.2	3.7	1.6	0.3	6	684
LT	2.3	2.5	2.9	3.6	3.7	3.2	3.3	3.2	3.3	3.0	2.9	2.9	2.9	3.0	3.5	1.2	0.3	8	924
LU	4.1	4.0	4.4	4.3	4.5	4.5	4.2	4.4	4.3	4.6	4.2	3.8	3.6	3.5	3.4	-0.6	-1.1	11	1 303
HU	4.1	3.9	3.7	4.2	4.2	3.9	3.6	3.6	3.7	3.3	3.2	3.3	3.4	3.3	3.5	-0.6	-0.4	7	3 263
MT	1.9	1.8	2.4	3.0	2.8	2.5	2.8	2.7	2.7	2.8	3.1	3.0	3.3	3.1	3.0	1.2	0.5	15	176
NL	2.8	2.7	2.7	2.8	2.8	2.6	2.5	2.5	2.4	2.6	2.5	2.5	2.4	2.3	2.3	-0.5	-0.3	23	13 108
AT	2.6	2.6	2.8	2.8	2.8	2.7	2.7	2.7	2.8	2.8	2.7	2.6	2.5	2.5	2.5	-0.1	-0.2	22	6 804
PL	4.6	4.4	3.5	3.6	3.9	3.7	3.7	4.0	4.1	4.2	4.2	4.0	4.2	4.4	3.8	-0.8	0.1	4	11 775
PT	3.6	3.6	3.3	3.4	3.2	2.6	2.8	3.0	3.2	3.1	3.0	3.1	2.8	2.7	2.7	-0.9	0.2	18	4 600
RO	1.7	1.6	2.0	2.5	3.3	3.0	2.8	2.6	3.5	3.6	3.3	3.2	3.0	2.7	3.2	1.4	0.2	14	3 734
SI	0.0	0.0	0.0	0.0	1.7	3.0	3.4	3.4	3.4	3.4	3.3	3.3	3.3	3.3	4.1	4.1	1.1	3	1 461
SK	3.5	3.3	3.0	2.9	3.1	3.1	2.7	2.9	3.1	3.3	3.7	2.9	3.5	2.7	2.8	-0.7	-0.3	17	1 762
FI	4.5	4.6	4.7	4.6	4.7	4.3	4.1	4.2	4.3	3.9	3.8	3.7	3.3	3.3	3.4	-1.1	-0.8	10	5 891
SE	3.4	3.7	3.5	3.5	3.3	3.1	3.1	3.2	3.2	3.0	3.0	2.8	2.7	2.7	2.9	-0.5	-0.2	16	8 475
UK	4.1	4.1	4.0	4.1	4.1	4.0	3.8	3.7	3.6	3.5	3.4	3.2	3.2	3.2	3.4	-0.7	-0.5	9	54 010
NO	3.4	3.3	3.3	3.2	3.2	2.8	2.7	2.7	2.6	2.4	2.2	2.1	2.1	2.0	2.2	-1.2	-0.6		6 100
IS	2.9	3.1	2.8	2.8	2.9	2.6	2.0	1.9	2.1	2.2	2.7	2.8	2.6	1.9	1.7	-1.2	-0.8		149
EU-27 averages																			
weighted	3.1	3.1	3.0	3.0	3.1	3.0	2.9	3.0	3.0	2.9	2.8	2.7	2.6	2.5	2.6	-0.4	-0.4		
arithmetic	3.1	3.0	3.0	3.2	3.3	3.2	3.1	3.2	3.3	3.3	3.2	3.1	3.1	3.0	3.2	0.1	0.0		
EA-17 averages																			
weighted	2.8	2.8	2.8	2.8	2.8	2.7	2.7	2.7	2.7	2.6	2.5	2.5	2.3	2.3	2.4	-0.5	-0.4		
arithmetic	2.9	2.9	2.9	3.0	3.0	3.0	3.0	3.0	3.0	3.1	3.0	2.9	2.8	2.7	2.9	-0.1	-0.1		
Convergence indicators																			
St.dev/mean	33.7	34.2	30.1	28.2	21.0	19.0	17.2	18.4	18.8	21.0	20.6	20.8	25.8	27.5	26.4	-7.3	7.4		
Max-min	4.6	4.6	4.7	4.6	2.9	2.2	1.9	2.1	2.0	2.6	2.5	2.6	3.8	4.0	3.4	-1.2	1.2		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 10: Indirect Taxes as % of Total Taxation - Excise duties and consumption taxes

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	5.4	5.6	5.6	5.5	5.5	5.3	5.0	5.1	5.3	5.4	5.4	5.1	4.9	4.6	4.9	-0.6	-0.4	27	7 152
BG	8.9	5.4	7.8	11.0	11.9	12.5	11.9	13.6	14.2	14.8	15.1	15.8	17.4	18.4	18.8	10.0	6.4	1	1 905
CZ	10.1	9.9	9.6	9.7	10.1	9.6	9.6	9.3	9.5	9.4	10.0	10.2	10.8	9.6	11.0	0.9	1.4	7	5 196
DK	7.5	7.8	7.7	8.3	8.5	8.2	8.5	8.5	8.3	7.7	7.0	6.8	6.6	6.6	6.8	-0.7	-1.4	20	7 291
DE	6.6	6.5	6.4	6.2	6.6	6.7	7.3	7.6	8.0	7.7	7.5	7.2	6.7	6.5	6.7	0.1	0.0	21	63 690
EE	7.5	9.4	9.7	10.6	9.7	9.6	10.8	10.5	10.0	11.9	12.0	11.1	11.4	10.4	14.0	6.5	4.4	2	697
IE	12.7	12.3	11.9	11.5	10.9	10.3	9.6	10.1	9.5	9.0	8.4	7.6	7.6	8.2	9.6	-3.2	-0.7	11	4 303
EL	14.4	14.4	12.2	10.9	10.0	8.9	9.3	8.7	8.7	8.5	8.2	7.9	7.9	7.2	8.4	-6.0	-0.4	17	5 947
ES	7.7	7.8	7.8	8.5	8.2	7.8	7.5	7.5	7.4	7.1	6.6	6.2	6.0	6.4	7.1	-0.6	-0.7	19	22 875
FR	6.5	6.3	6.2	6.2	6.0	5.9	5.7	6.0	5.8	5.4	5.0	5.2	4.7	4.8	4.9	-1.6	-1.0	26	38 823
IT	7.9	7.3	6.9	6.8	6.9	6.2	5.9	5.7	5.8	5.5	5.5	5.2	4.8	4.5	4.9	-3.0	-1.3	25	32 212
CY	9.9	9.7	8.6	7.9	8.2	8.4	10.2	9.0	11.5	13.1	11.4	10.7	9.0	8.4	9.1	-0.9	0.7	13	539
LV	6.4	8.5	9.9	12.3	11.3	11.6	10.8	10.9	11.6	12.2	12.4	10.9	9.4	11.0	13.9	7.4	2.2	3	684
LT	8.4	9.1	9.4	11.4	11.8	10.7	11.7	11.4	11.6	10.7	10.3	10.0	9.8	10.1	11.9	3.5	1.1	5	924
LU	10.9	10.6	11.2	11.0	11.7	11.6	10.5	11.2	11.3	12.3	11.2	10.7	10.0	9.8	9.2	-1.7	-2.4	12	1 303
HU	10.1	9.8	9.9	11.1	10.9	10.0	9.6	9.5	9.7	8.8	8.6	9.0	8.4	8.3	8.9	-1.2	-1.1	14	3 263
MT	6.9	7.1	8.8	11.6	10.3	8.9	9.2	8.5	8.5	8.6	9.1	9.1	9.7	9.0	8.8	1.9	-0.1	16	176
NL	7.0	6.6	6.8	7.0	6.9	6.5	6.5	6.5	6.5	6.8	6.6	6.4	6.3	6.0	6.0	-1.0	-0.5	23	13 108
AT	6.2	6.1	6.4	6.3	6.3	6.2	6.0	6.3	6.5	6.6	6.5	6.1	6.0	5.8	5.8	-0.4	-0.4	24	6 804
PL	12.4	11.8	9.7	10.0	11.1	11.2	11.5	12.1	12.7	13.2	12.8	11.9	12.0	13.0	11.9	-0.5	0.7	4	11 775
PT	12.2	11.8	11.1	11.2	10.3	8.2	9.1	9.7	10.0	10.0	9.5	9.6	8.5	8.3	8.8	-3.4	0.6	15	4 600
RO	6.3	6.3	7.6	8.7	10.6	9.8	9.8	9.4	12.7	13.3	11.8	11.1	10.5	9.6	11.8	5.5	2.0	6	3 734
SI	0.0	0.0	0.0	0.0	4.6	8.1	9.0	9.0	8.8	8.9	8.6	8.6	8.7	9.0	11.0	11.0	2.9	8	1 461
SK	8.7	8.4	8.1	8.0	8.6	9.1	8.2	8.9	9.5	10.5	11.7	9.9	12.1	9.2	9.7	1.0	0.6	10	1 762
FI	9.9	9.7	10.2	10.0	10.2	9.0	9.1	9.3	9.7	9.0	8.6	8.4	7.8	7.7	8.0	-2.0	-1.0	18	5 891
SE	7.2	7.4	6.8	6.8	6.5	6.1	6.3	6.7	6.6	6.3	6.1	5.9	5.8	5.8	6.2	-1.0	0.1	22	8 475
UK	11.8	11.9	11.5	11.4	11.3	10.8	10.4	10.7	10.4	10.1	9.4	8.8	8.9	8.6	9.9	-1.9	-0.9	9	54 010
NO	8.1	7.7	7.8	7.5	7.5	6.6	6.3	6.2	6.2	5.5	5.1	4.8	4.9	4.6	5.4	-2.7	-1.2		6 100
IS	8.8	9.0	8.2	8.1	7.8	6.9	5.6	5.4	5.8	5.9	6.6	6.6	6.4	5.2	5.1	-3.7	-1.8		149
EU-27 averages																			
weighted	7.7	7.6	7.5	7.6	7.6	7.4	7.4	7.6	7.6	7.4	7.1	6.8	6.6	6.5	6.8	-0.9	-0.6		
arithmetic	8.5	8.4	8.4	8.9	9.1	8.8	8.9	8.9	9.3	9.4	9.1	8.7	8.6	8.4	9.2	0.7	0.4		
EA-17 averages																			
weighted	7.1	6.9	6.8	6.8	6.8	6.6	6.7	6.8	6.9	6.7	6.4	6.2	5.8	5.7	6.0	-1.1	-0.6		
arithmetic	8.3	8.2	8.1	8.2	8.3	8.0	8.2	8.2	8.4	8.6	8.3	7.9	7.8	7.4	8.1	-0.2	0.0		
Convergence indicators																			
St.dev/mean	34.3	34.0	29.9	30.8	24.4	22.5	22.1	23.1	25.1	28.3	28.6	28.7	32.5	34.3	35.2	0.9	12.6		
Max-min	14.4	14.4	12.2	12.3	7.3	7.2	6.8	8.5	8.9	9.4	10.1	10.7	12.7	13.9	14.0	-0.5	6.8		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 11: Indirect Taxes as % of GDP - Other taxes on Products (incl. import duties)

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	2.0	2.1	2.2	2.2	2.2	2.2	2.2	2.1	2.2	2.2	2.3	2.4	2.4	2.3	2.1	0.2	-0.1	5	7 143
BG	2.4	2.2	2.1	2.0	1.3	1.0	0.8	0.8	0.8	0.9	1.0	1.1	0.4	0.4	0.3	-2.1	-0.7	25	123
CZ	1.5	1.5	1.2	1.1	0.9	1.0	0.8	0.8	0.8	0.5	0.5	0.5	0.5	0.5	0.4	-1.1	-0.6	24	529
DK	2.3	2.3	2.4	2.7	2.5	2.0	1.8	2.0	1.9	2.2	2.6	2.6	2.5	2.2	1.6	-0.7	-0.3	9	3 586
DE	1.1	0.9	1.0	1.0	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.9	1.0	0.9	0.9	-0.2	0.0	16	21 520
EE	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.4	0.4	0.4	0.4	0.3	0.1	0.1	26	43
IE	2.0	2.0	2.0	2.1	2.2	2.3	2.0	1.7	2.0	2.2	2.6	3.0	2.6	1.8	1.1	-1.0	-1.2	13	1 733
EL	1.9	2.0	2.6	2.7	3.1	3.3	2.7	2.4	2.3	2.2	2.2	2.7	2.6	2.6	2.1	0.1	-1.3	6	4 790
ES	1.7	1.5	1.6	1.8	1.9	1.9	1.9	2.0	2.3	2.5	2.8	2.9	2.6	1.7	1.4	-0.2	-0.5	10	15 194
FR	1.7	1.7	1.7	1.7	1.7	1.7	1.6	1.7	1.7	1.9	1.9	1.8	1.9	1.7	1.7	0.0	0.0	8	32 808
IT	2.5	2.6	2.7	2.9	2.9	2.7	2.5	2.6	2.5	2.9	2.8	3.0	3.0	2.9	3.0	0.5	0.3	2	45 790
CY	2.9	2.7	2.3	2.0	1.9	3.0	2.7	2.3	2.0	1.7	1.4	1.4	1.9	1.6	1.1	-1.9	-2.0	14	179
LV	0.8	0.7	0.7	0.6	0.6	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.8	0.6	0.5	-0.3	0.0	20	92
LT	1.8	1.7	1.7	1.5	1.4	1.2	1.0	1.2	1.1	1.1	0.8	0.4	0.4	0.4	0.4	-1.4	-0.7	22	119
LU	1.2	1.2	1.3	1.4	1.4	1.5	1.3	1.1	1.1	1.1	1.2	1.1	1.3	1.0	0.8	-0.5	-0.8	18	295
HU	5.7	5.2	3.6	3.2	3.5	3.3	3.2	3.1	3.5	3.6	3.6	3.8	4.1	4.1	3.9	-1.8	0.6	1	3 610
MT	4.1	3.7	3.7	3.6	4.0	3.7	3.7	3.6	3.6	3.9	3.5	3.6	3.6	3.3	2.8	-1.2	-0.9	3	165
NL	1.4	1.6	1.8	1.8	1.9	2.0	2.1	1.9	1.9	2.0	2.1	2.2	2.0	2.0	1.8	0.4	-0.2	7	10 083
AT	1.2	1.2	1.2	1.3	1.2	1.2	1.2	1.1	1.2	1.2	1.1	1.2	1.1	1.1	1.1	-0.1	-0.1	12	3 018
PL	1.8	1.6	1.5	1.1	0.9	0.8	0.6	0.6	0.6	0.4	0.3	0.3	0.4	0.4	0.3	-1.5	-0.5	27	926
PT	2.5	2.4	2.4	2.6	2.9	2.7	2.6	2.5	2.3	2.4	2.6	2.7	2.7	2.4	2.2	-0.3	-0.5	4	3 675
RO	2.0	2.2	2.3	2.3	2.3	2.2	1.6	1.3	1.0	1.0	1.0	1.2	0.7	0.6	0.4	-1.5	-1.8	21	528
SI	15.0	14.7	13.7	14.1	8.1	1.8	1.4	1.3	1.3	1.1	0.9	0.9	1.1	1.0	0.8	-14.2	-1.0	17	283
SK	1.7	1.7	2.0	1.7	1.8	1.7	0.7	0.7	0.7	0.5	0.3	0.3	0.4	0.4	0.4	-1.3	-1.3	23	250
FI	1.5	1.4	1.4	1.4	1.3	1.2	1.2	1.2	1.2	1.3	1.3	1.3	1.3	1.2	1.3	-0.2	0.1	11	2 234
SE	0.9	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.8	0.7	-0.2	0.0	19	2 098
UK	1.1	1.0	1.2	1.3	1.4	1.6	1.4	1.3	1.2	1.3	1.3	1.5	1.5	1.2	1.0	0.0	-0.5	15	16 399
NO	2.6	2.7	2.5	2.5	2.2	1.9	1.8	1.7	1.7	1.8	1.6	1.6	1.6	1.4	1.3	-1.3	-0.6		3 638
IS	2.7	2.7	2.6	1.9	1.9	1.9	1.7	1.9	2.1	2.3	2.4	2.1	2.2	1.7	1.6	-1.1	-0.3		139
EU-27 averages																			
weighted	1.6	1.6	1.6	1.7	1.7	1.7	1.6	1.6	1.6	1.7	1.7	1.8	1.8	1.6	1.5	-0.1	-0.2		
arithmetic	2.4	2.3	2.3	2.3	2.0	1.8	1.6	1.5	1.5	1.6	1.6	1.6	1.6	1.5	1.3	-1.1	-0.5		
EA-17 averages																			
weighted	1.6	1.6	1.7	1.8	1.8	1.7	1.7	1.7	1.7	1.8	1.9	2.0	1.9	1.7	1.7	0.0	-0.1		
arithmetic	2.6	2.6	2.6	2.6	2.3	2.0	1.8	1.7	1.7	1.8	1.8	1.9	1.9	1.7	1.5	-1.2	-0.5		
Convergence indicators																			
St.dev/mean	113.3	114.3	106.7	111.0	74.5	51.6	55.9	55.5	57.1	61.4	62.6	65.8	65.8	68.3	72.4	-40.9	20.8		
Max-min	14.7	14.5	13.5	13.9	7.9	3.5	3.5	3.4	3.4	3.6	3.3	3.5	3.7	3.7	3.6	-11.2	0.0		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 12: Indirect Taxes as % of Total Taxation - Other taxes on products (incl. import duties)

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	4.4	4.7	4.8	4.9	4.8	4.9	4.8	4.7	4.9	4.9	5.2	5.3	5.4	5.1	4.8	0.4	0.0	6	7 143
BG	7.9	7.6	7.5	6.4	4.1	3.2	2.7	2.7	2.7	2.9	3.1	3.6	1.3	1.4	1.2	-6.7	-2.0	24	123
CZ	4.1	4.2	3.4	3.2	2.7	2.9	2.4	2.2	2.2	1.5	1.3	1.2	1.3	1.3	1.1	-2.9	-1.8	25	529
DK	4.7	4.7	5.0	5.5	4.9	4.0	3.7	4.2	4.0	4.6	5.1	5.3	5.2	4.5	3.4	-1.4	-0.6	11	3 586
DE	2.7	2.3	2.3	2.4	2.3	2.2	2.2	2.3	2.2	2.3	2.3	2.4	2.5	2.4	2.3	-0.5	0.1	16	21 520
EE	0.6	0.6	0.6	0.5	0.5	0.6	0.6	0.6	0.6	1.0	1.3	1.3	1.4	1.3	0.9	0.2	0.3	27	43
IE	6.2	6.1	6.3	6.5	6.9	7.2	6.7	5.9	6.7	7.3	8.3	9.3	8.4	6.1	3.8	-2.3	-3.4	10	1 733
EL	6.7	6.9	8.6	8.4	9.3	9.6	8.3	7.0	7.1	7.1	6.9	8.5	8.1	8.2	6.8	0.1	-2.8	5	4 790
ES	5.1	4.7	5.0	5.5	5.6	5.7	5.7	5.9	6.6	7.3	7.8	8.0	7.0	5.1	4.7	-0.3	-1.0	7	15 194
FR	4.0	3.8	3.9	4.0	3.8	3.8	3.8	3.8	3.9	4.3	4.3	4.0	4.3	4.0	4.1	0.2	0.3	9	32 808
IT	6.3	6.2	6.1	6.8	6.9	6.5	6.0	6.3	6.0	7.1	6.8	7.2	7.0	6.8	7.0	0.7	0.5	4	45 790
CY	10.9	10.4	8.8	7.2	6.7	10.1	8.6	7.5	6.0	5.0	4.0	3.7	4.7	4.1	3.0	-7.9	-7.1	13	179
LV	2.5	2.4	2.2	1.9	1.7	1.5	1.5	1.5	1.6	1.7	1.6	1.7	2.6	2.1	1.9	-0.7	0.3	19	92
LT	6.6	6.3	5.7	4.9	4.3	3.9	3.4	4.2	4.1	4.0	2.8	1.3	1.3	1.4	1.5	-5.0	-2.4	22	119
LU	3.3	3.2	3.3	3.6	3.7	3.9	3.4	2.8	2.8	3.1	3.1	3.2	3.6	2.7	2.1	-1.2	-1.8	18	295
HU	13.9	13.1	9.5	8.6	9.2	8.5	8.5	8.3	9.1	9.6	9.6	10.2	10.2	10.3	9.8	-4.0	1.3	1	3 610
MT	15.2	14.8	13.4	14.3	14.5	13.2	12.1	11.3	11.4	11.9	10.3	10.8	10.4	9.8	8.3	-6.9	-4.9	2	165
NL	3.5	4.0	4.5	4.5	4.8	5.0	5.5	5.1	5.0	5.2	5.7	5.6	5.3	5.2	4.6	1.1	-0.4	8	10 083
AT	3.0	2.8	2.8	2.8	2.8	2.9	2.7	2.6	2.7	2.7	2.6	2.8	2.7	2.5	2.6	-0.4	-0.3	15	3 018
PL	4.8	4.3	4.0	3.0	2.6	2.3	1.9	1.8	1.8	1.2	0.9	0.8	1.1	1.2	0.9	-3.9	-1.4	26	926
PT	8.3	7.9	8.0	8.4	9.2	8.7	8.3	7.9	7.4	8.0	8.4	8.5	8.3	7.4	7.1	-1.2	-1.7	3	3 675
RO	7.2	8.5	8.7	8.0	7.6	7.4	5.7	4.5	3.5	3.5	3.7	4.1	2.4	2.2	1.7	-5.5	-5.7	20	528
SI	38.2	38.6	37.0	37.3	21.2	4.8	3.6	3.5	3.5	2.8	2.4	2.4	2.8	2.6	2.1	-36.0	-2.7	17	283
SK	4.3	4.3	5.5	4.6	5.0	5.0	2.0	2.0	2.0	1.6	1.1	1.1	1.3	1.5	1.4	-2.9	-3.6	23	250
FI	3.4	3.1	3.1	3.0	2.9	2.6	2.6	2.6	2.7	2.9	3.1	3.0	3.1	2.8	3.0	-0.3	0.4	12	2 234
SE	1.8	1.5	1.3	1.4	1.3	1.3	1.4	1.4	1.4	1.4	1.5	1.5	1.6	1.6	1.5	-0.3	0.2	21	2 098
UK	3.1	3.0	3.3	3.5	3.7	4.3	3.8	3.7	3.5	3.7	3.7	4.1	4.2	3.1	3.0	-0.1	-1.3	14	16 399
NO	6.3	6.4	5.9	5.9	5.2	4.5	4.1	4.0	3.9	4.2	3.7	3.6	3.7	3.2	3.2	-3.1	-1.2		3 638
IS	8.2	7.8	7.4	5.5	5.3	5.1	4.9	5.5	5.7	6.0	6.0	5.1	5.4	4.7	4.7	-3.5	-0.3		139
EU-27 averages																			
weighted	4.0	3.9	4.0	4.1	4.2	4.1	4.0	4.0	4.0	4.3	4.4	4.6	4.5	4.0	3.9	-0.1	-0.2		
arithmetic	6.8	6.7	6.5	6.3	5.7	5.0	4.5	4.3	4.3	4.4	4.3	4.5	4.4	4.0	3.5	-3.3	-1.5		
EA-17 averages																			
weighted	4.1	4.0	4.2	4.3	4.3	4.2	4.1	4.2	4.2	4.7	4.8	4.9	4.8	4.4	4.3	0.1	0.0		
arithmetic	7.4	7.3	7.3	7.3	6.5	5.7	5.1	4.8	4.8	5.0	4.9	5.1	5.1	4.6	4.0	-3.4	-1.6		
Convergence indicators																			
St.dev/mean	105.5	108.2	104.2	107.9	76.3	60.0	61.8	58.8	60.2	63.3	63.8	67.8	66.3	67.4	69.3	-36.3	9.3		
Max-min	37.5	38.0	36.4	36.8	20.7	12.6	11.5	10.7	10.8	10.9	9.4	10.0	9.3	9.1	9.0	-28.5	-3.6		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 13: Indirect Taxes as % of GDP - Other taxes on production

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	1.9	2.0	2.0	2.0	2.0	1.9	1.9	1.8	1.9	1.9	1.8	1.9	1.6	1.8	1.8	-0.1	0.0	8	6 225
BG	0.1	0.1	0.0	0.1	0.6	0.5	0.5	0.6	0.7	0.7	0.7	0.6	0.5	0.5	0.6	0.4	0.0	23	197
CZ	0.9	0.8	0.7	0.6	0.6	0.6	0.6	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4	-0.5	-0.2	26	525
DK	1.6	1.5	1.7	1.8	1.8	1.6	1.8	1.8	1.8	1.8	1.7	1.7	1.8	1.9	2.0	0.4	0.4	5	4 537
DE	1.8	1.9	1.9	2.0	2.0	2.0	1.8	1.8	1.8	1.9	2.1	2.3	2.3	2.3	2.0	0.2	0.0	6	47 270
EE	0.5	0.6	0.6	0.6	0.6	0.7	0.8	0.7	0.7	0.6	0.6	0.6	0.6	0.7	0.8	0.3	0.1	18	110
IE	1.2	1.2	1.1	1.0	0.9	0.8	0.8	0.8	0.9	0.9	1.0	1.0	1.1	1.1	1.3	0.1	0.5	12	2 142
EL	0.5	0.7	0.5	0.5	0.6	0.6	0.5	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.5	-0.1	-0.1	25	1 091
ES	1.3	1.3	1.3	1.3	1.3	1.2	1.2	1.2	1.1	1.1	1.1	1.1	1.1	1.1	1.2	-0.1	0.0	13	13 023
FR	4.2	4.4	4.4	4.4	4.3	4.2	4.1	4.1	4.1	4.2	4.3	4.2	4.3	4.3	4.6	0.4	0.4	2	87 399
IT	1.2	1.2	1.4	3.8	3.4	3.4	3.5	3.6	3.5	3.3	3.5	3.6	3.7	3.3	3.0	1.9	-0.3	4	46 300
CY	1.2	1.2	1.2	1.9	1.7	1.1	1.0	1.0	1.7	1.9	1.9	2.2	2.9	2.4	2.0	0.7	0.9	7	331
LV	1.9	1.4	2.0	2.2	2.1	1.4	1.5	1.0	1.1	1.0	0.9	0.8	0.7	0.6	0.8	-1.1	-0.6	19	140
LT	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.4	0.5	0.0	-0.1	24	133
LU	1.4	1.5	1.6	1.8	2.0	2.3	2.2	1.7	1.5	1.7	1.9	2.0	2.0	1.5	1.5	0.1	-0.9	11	562
HU	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.6	0.7	0.7	0.8	0.6	0.4	17	758
MT	0.3	0.2	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.8	0.6	0.5	0.5	0.5	0.6	0.4	0.3	22	36
NL	1.1	1.1	1.0	1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.1	1.0	1.0	1.1	1.2	0.1	0.1	14	6 661
AT	3.3	3.3	3.3	3.3	3.3	3.2	3.3	3.3	3.3	3.1	3.1	3.0	3.0	3.1	3.3	0.0	0.1	3	9 032
PL	1.6	1.5	1.5	1.3	1.3	1.3	1.4	1.4	1.3	1.4	1.7	2.0	1.5	1.6	1.6	0.0	0.3	10	4 874
PT	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.9	1.3	0.7	0.7	0.7	0.8	0.8	0.9	0.4	0.3	16	1 496
RO	0.6	0.3	0.2	0.3	0.5	0.5	0.6	0.6	0.6	0.5	0.5	0.6	0.8	0.8	0.7	0.1	0.2	21	820
SI	0.5	1.0	1.6	1.9	2.0	2.3	2.5	2.5	2.8	2.8	2.9	2.5	2.1	1.6	1.0	0.5	-1.3	15	365
SK	0.9	1.2	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.7	0.7	-0.1	0.0	20	463
FI	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.2	0.2	0.2	0.2	0.3	0.1	0.1	27	453
SE	2.5	3.4	3.8	4.3	5.6	4.0	3.9	4.0	4.1	4.0	3.9	4.3	4.2	5.4	5.6	3.1	1.6	1	16 380
UK	1.8	1.8	1.8	1.8	1.7	1.8	1.7	1.7	1.6	1.6	1.6	1.6	1.5	1.6	1.7	-0.1	0.0	9	27 366
NO	0.6	0.6	0.6	0.6	0.6	0.5	0.6	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.0	0.0		1 519
IS	2.6	2.6	2.6	2.8	2.8	3.1	2.9	2.7	2.8	2.9	2.9	3.2	3.3	2.9	2.6	0.0	-0.5		227
EU-27 averages																			
weighted	2.0	2.1	2.1	2.4	2.4	2.3	2.3	2.3	2.2	2.2	2.3	2.4	2.3	2.4		0.3	0.0		
arithmetic	1.2	1.3	1.3	1.5	1.6	1.5	1.5	1.4	1.5	1.5	1.5	1.5	1.5	1.5		0.3	0.1		
EA-17 averages																			
weighted	2.1	2.2	2.2	2.6	2.5	2.5	2.4	2.4	2.4	2.4	2.5	2.6	2.6	2.5	2.5	0.4	0.0		
arithmetic	1.3	1.4	1.4	1.6	1.6	1.6	1.6	1.5	1.6	1.6	1.6	1.7	1.7	1.6	1.6	0.3	0.0		
Convergence indicators																			
St.dev/mean	77.5	79.1	81.0	81.6	82.9	77.7	76.8	77.8	76.1	76.1	77.2	77.1	78.6	83.5	83.9	6.5	6.3		
Max-min	4.0	4.2	4.4	4.2	5.4	4.0	3.9	3.9	3.8	3.9	4.0	4.0	4.0	5.2	5.4	1.3	1.4		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 14: Indirect Taxes as % of Total Taxation - Other taxes on production

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	4.3	4.4	4.6	4.4	4.4	4.2	4.2	4.1	4.3	4.1	3.9	4.3	3.7	4.0	4.2	-0.1	0.1	11	6 225
BG	0.5	0.5	0.1	0.5	1.9	1.7	1.7	2.2	2.2	2.2	2.3	1.9	1.4	1.7	1.9	1.5	0.3	22	197
CZ	2.4	2.3	1.9	1.8	1.9	1.9	1.6	1.5	1.5	1.2	1.1	1.1	1.1	1.1	1.1	-1.3	-0.7	26	525
DK	3.3	3.1	3.4	3.6	3.6	3.3	3.7	3.8	3.8	3.7	3.4	3.5	3.6	3.9	4.2	1.0	0.9	10	4 537
DE	4.5	4.6	4.8	4.8	4.9	4.8	4.6	4.5	4.5	5.0	5.4	5.9	5.8	5.7	5.0	0.4	0.2	7	47 270
EE	1.5	1.7	1.7	1.8	1.9	2.3	2.5	2.3	2.2	2.1	2.1	2.1	2.0	2.2	2.2	0.7	-0.1	20	110
IE	3.7	3.7	3.3	3.1	2.9	2.6	2.8	2.9	3.1	3.1	3.1	3.0	3.1	3.7	4.8	1.0	2.1	9	2 142
EL	1.9	2.3	1.7	1.6	1.8	1.6	1.4	1.0	1.0	1.0	0.9	1.2	1.2	1.3	1.5	-0.3	-0.1	25	1 091
ES	4.0	3.8	3.8	4.0	3.8	3.7	3.7	3.6	3.3	3.2	3.2	3.1	3.0	3.4	4.1	0.1	0.4	12	13 023
FR	9.8	9.9	9.9	9.9	9.6	9.5	9.3	9.5	9.5	9.7	9.8	9.6	9.9	9.9	11.0	1.3	1.6	2	87 399
IT	2.9	2.8	3.1	8.9	7.9	8.1	8.4	8.7	8.4	8.2	8.7	8.6	8.5	7.6	7.1	4.1	-1.0	4	46 300
CY	4.6	4.7	4.8	7.0	6.1	3.7	3.1	3.3	5.2	5.7	5.3	6.1	7.1	6.0	5.6	1.0	1.9	5	331
LV	5.7	4.6	6.2	6.5	6.7	4.8	5.4	3.7	3.9	3.4	3.0	2.5	2.4	2.2	2.8	-2.9	-1.9	16	140
LT	1.7	2.1	2.0	1.9	2.0	1.9	2.1	2.2	2.0	2.1	1.9	1.8	1.7	1.4	1.7	0.1	-0.2	24	133
LU	3.7	3.9	4.2	4.6	5.2	6.0	5.6	4.4	4.0	4.5	5.0	5.7	5.7	4.4	4.0	0.3	-2.0	13	562
HU	0.5	0.8	0.9	0.8	1.0	1.0	1.0	1.0	1.1	1.4	1.4	1.5	1.7	1.7	2.1	1.6	1.0	21	758
MT	1.0	1.0	0.9	1.2	1.2	1.2	1.2	1.3	1.4	2.5	1.7	1.6	1.4	1.5	1.8	0.8	0.6	23	36
NL	2.7	2.7	2.5	2.5	2.6	2.6	2.8	2.9	2.8	2.9	2.9	2.7	2.7	2.7	3.1	0.4	0.5	14	6 661
AT	8.1	7.7	7.4	7.4	7.4	7.5	7.2	7.4	7.5	7.3	7.3	7.2	7.1	7.2	7.7	-0.3	0.3	3	9 032
PL	4.2	4.0	4.1	3.8	3.8	3.9	4.4	4.4	4.1	4.3	5.1	6.0	4.4	4.5	4.9	0.7	1.0	8	4 874
PT	1.7	1.6	1.7	1.8	1.8	1.9	2.1	2.8	4.2	2.2	2.2	2.3	2.4	2.6	2.9	1.2	1.0	15	1 496
RO	2.3	1.1	0.7	1.1	1.6	1.6	2.2	2.2	2.2	1.7	1.8	2.0	2.6	2.8	2.6	0.3	0.9	18	820
SI	1.3	2.6	4.4	5.0	5.2	6.2	6.7	6.7	7.3	7.4	7.5	6.5	5.6	4.3	2.7	1.4	-3.5	17	365
SK	2.2	3.0	2.1	2.0	2.0	2.1	2.2	2.3	2.2	2.2	2.5	2.7	2.6	2.4	2.6	0.4	0.4	19	463
FI	0.3	0.4	0.4	0.5	0.5	0.4	0.5	0.5	0.5	0.7	0.6	0.6	0.6	0.6	0.6	0.3	0.2	27	453
SE	5.3	6.8	7.5	8.5	10.8	7.8	7.8	8.4	8.5	8.3	8.0	8.8	8.9	11.6	12.0	6.7	4.2	1	16 380
UK	5.2	5.2	5.1	4.9	4.8	4.8	4.8	4.9	4.7	4.5	4.4	4.3	4.2	4.3	5.0	-0.2	0.2	6	27 366
NO	1.4	1.4	1.5	1.4	1.4	1.2	1.3	1.3	1.3	1.2	1.2	1.3	1.3	1.3	1.3	0.0	0.1		1 519
IS	7.9	7.7	7.4	8.0	7.6	8.3	8.1	7.6	7.6	7.6	7.1	7.8	8.1	7.9	7.7	-0.1	-0.6		227
EU-27 averages																			
weighted	5.1	5.2	5.3	6.1	5.9	5.8	5.8	5.8	5.8	5.8	5.9	6.0	5.9	5.9	6.1	1.0	0.4		
arithmetic	3.3	3.4	3.5	3.8	4.0	3.7	3.8	3.8	3.9	3.9	3.9	3.9	3.9	3.9	4.0	0.7	0.3		
EA-17 averages																			
weighted	5.3	5.3	5.3	6.4	6.1	6.1	6.1	6.1	6.1	6.2	6.4	6.4	6.4	6.3	6.4	1.1	0.3		
arithmetic	3.4	3.6	3.6	4.1	4.1	4.0	4.0	4.0	4.2	4.2	4.2	4.3	4.3	4.1	4.2	0.7	0.1		
Convergence indicators																			
St.dev/mean	68.3	66.2	69.0	70.4	68.0	64.6	63.5	64.2	63.1	63.6	65.7	65.6	67.4	69.8	68.4	0.1	3.8		
Max-min	9.4	9.5	9.8	9.4	10.3	9.0	8.8	9.0	9.0	9.0	9.2	9.0	9.3	11.1	11.4	2.0	2.4		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 15: Direct Taxes as % of GDP - Total

																Difference ¹⁾		Ranking Revenue ²⁾	
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	16.7	16.8	17.2	17.8	17.4	17.6	17.8	17.6	17.2	17.5	17.6	17.3	17.0	17.3	15.9	-0.8	-1.6	5	54 089
BG	9.0	9.3	9.1	8.7	7.7	6.9	7.5	6.4	6.2	6.0	4.9	5.2	8.2	6.7	5.8	-3.1	-1.1	26	2 045
CZ	9.6	8.4	8.9	8.3	8.5	8.3	8.8	9.1	9.6	9.6	9.2	9.2	9.5	8.0	7.4	-2.2	-0.9	22	10 116
DK	31.0	31.0	30.5	30.1	30.3	30.5	29.5	29.3	29.6	30.4	31.9	30.7	30.1	29.9	30.2	-0.8	-0.3	1	67 196
DE	10.9	11.3	11.1	11.4	11.9	12.5	11.0	10.7	10.6	10.2	10.3	10.9	11.3	11.5	11.0	0.1	-1.4	12	264 500
EE	10.4	9.0	9.3	10.4	9.8	7.7	7.2	7.5	8.0	7.9	7.0	7.1	7.6	7.9	7.5	-2.9	-0.2	20	1 045
IE	13.6	14.1	14.0	13.8	13.9	13.5	12.8	11.6	11.9	12.4	12.3	13.2	12.9	11.7	10.9	-2.8	-2.6	13	17 336
EL	6.9	6.6	7.3	8.8	9.1	10.0	8.8	8.8	8.0	8.2	8.7	8.2	8.2	8.2	8.5	1.6	-1.5	18	19 813
ES	10.3	10.4	10.6	10.3	10.4	10.5	10.4	10.8	10.5	10.6	11.4	12.2	13.4	11.3	10.0	-0.3	-0.6	15	105 241
FR	8.4	9.0	9.7	11.8	12.4	12.5	12.6	11.8	11.4	11.6	11.8	12.2	11.9	11.9	10.2	1.8	-2.3	14	194 259
IT	15.0	15.4	16.5	14.6	15.0	14.5	14.8	14.1	14.7	13.9	13.4	14.4	15.1	15.3	15.4	0.4	0.9	6	234 902
CY	8.8	8.5	8.6	9.8	10.7	11.0	11.2	11.2	9.6	8.7	10.2	10.8	13.8	12.9	11.2	2.3	0.2	11	1 896
LV	7.1	7.0	7.5	8.0	7.7	7.3	7.6	7.8	7.6	7.9	7.9	8.5	9.2	9.7	7.2	0.1	-0.1	23	1 332
LT	8.4	8.0	8.7	9.0	9.1	8.4	7.8	7.5	8.0	8.7	9.0	9.6	9.2	9.3	6.0	-2.3	-2.4	25	1 600
LU	15.4	15.9	16.5	16.1	14.9	15.0	15.3	15.4	14.8	13.1	13.7	13.2	13.2	13.4	14.0	-1.4	-1.0	7	5 344
HU	8.6	9.1	8.8	8.7	9.3	9.7	10.1	10.1	9.6	9.0	9.1	9.4	10.3	10.5	9.8	1.2	0.1	16	9 142
MT	8.3	7.4	8.3	8.0	8.8	9.2	10.2	11.4	12.0	11.4	12.0	12.1	13.5	13.1	13.9	5.6	4.7	8	809
NL	12.5	13.0	12.4	12.2	12.1	12.0	11.7	11.8	11.0	10.7	11.7	11.9	12.2	11.9	12.1	-0.4	0.2	10	69 483
AT	11.7	12.7	13.6	13.7	13.3	13.2	15.1	13.9	13.8	13.6	12.9	13.0	13.5	14.0	12.8	1.1	-0.4	9	35 244
PL	11.7	11.3	11.1	10.9	7.7	7.2	6.7	6.9	6.6	6.4	7.0	7.5	8.6	8.6	7.5	-4.3	0.3	21	23 183
PT	8.3	8.9	9.0	8.7	9.1	9.6	9.2	9.1	8.5	8.4	8.3	8.7	9.5	9.7	9.1	0.8	-0.5	17	15 226
RO	10.6	9.8	10.3	8.4	7.8	7.0	6.4	5.8	6.0	6.4	5.3	6.0	6.7	6.7	6.5	-4.1	-0.5	24	7 651
SI	6.9	7.4	7.5	7.5	7.5	7.4	7.6	7.8	8.0	8.3	8.7	9.1	9.2	8.9	8.4	1.4	1.0	19	2 966
SK	10.8	9.7	9.2	9.0	9.0	7.4	7.5	7.1	7.1	6.1	6.0	6.1	6.2	6.5	5.5	-5.3	-1.9	27	3 474
FI	17.4	19.2	18.7	19.1	18.8	21.4	19.3	19.2	18.1	17.8	17.9	17.7	17.8	17.9	16.5	-0.9	-4.9	3	28 261
SE	19.8	20.7	21.1	21.0	21.7	22.6	20.8	19.6	20.2	20.9	22.0	22.2	21.2	19.8	19.7	-0.1	-2.9	2	57 288
UK	15.2	14.9	15.2	16.4	16.3	16.7	16.8	15.7	15.2	15.4	16.4	17.1	16.8	18.3	16.1	0.9	-0.6	4	251 891
NO	16.2	17.0	16.8	15.8	16.9	20.1	20.2	19.8	19.5	21.1	22.4	23.0	22.1	22.8	19.6	3.4	-0.5		53 464
IS	12.9	13.3	14.1	14.2	15.3	16.1	16.5	16.5	16.8	17.0	18.3	18.8	18.9	18.3	16.7	3.8	0.6		1 452
EU-27 averages																			
weighted	12.4	12.8	13.1	13.5	13.7	13.9	13.5	13.0	12.8	12.7	13.0	13.5	13.7	13.6	12.6	0.2	-1.3		
arithmetic	12.0	12.0	12.2	12.3	12.2	12.2	12.0	11.8	11.6	11.5	11.7	12.0	12.4	12.3	11.5	-0.5	-0.8		
EA-17 averages																			
weighted	11.3	11.8	12.1	12.4	12.7	12.9	12.5	12.1	11.9	11.7	11.8	12.3	12.7	12.5	11.7	0.4	-1.1		
arithmetic	11.3	11.5	11.7	11.9	12.0	12.1	11.9	11.8	11.5	11.2	11.4	11.6	12.1	12.0	11.4	0.0	-0.7		
Convergence indicators																			
St.dev/mean	42.7	44.5	42.8	41.8	42.8	46.1	44.5	44.1	44.9	46.6	48.8	45.7	40.9	41.6	46.4	3.8	0.4		
Max-min	24.0	24.4	23.2	22.6	22.9	23.6	23.1	23.5	23.6	24.4	27.0	25.5	24.0	23.4	24.7	0.7	1.1		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 16: Direct Taxes as % of Total Taxation - Total

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	38.0	37.7	38.3	39.1	38.2	38.9	39.4	38.9	38.4	38.9	39.3	38.9	38.7	39.0	36.7	-1.3	-2.2	8	54 089
BG	29.1	32.4	32.9	27.3	24.9	21.9	24.5	22.3	19.9	18.3	15.7	16.9	24.5	20.6	20.2	-8.9	-1.7	26	2 045
CZ	26.5	24.1	25.4	25.0	24.9	24.6	26.0	26.2	27.0	25.7	24.7	25.0	25.4	22.4	21.4	-5.1	-3.2	23	10 116
DK	63.5	63.0	62.3	61.0	60.6	61.8	60.9	61.2	61.6	62.0	62.8	61.8	61.6	62.1	62.8	-0.6	1.0	1	67 196
DE	27.5	27.9	27.2	28.0	28.6	29.8	27.6	27.2	26.7	26.3	26.7	27.9	28.7	29.1	27.8	0.3	-2.0	16	264 500
EE	30.0	27.0	27.0	30.5	30.0	25.0	23.9	24.3	26.2	26.0	22.8	23.0	23.7	24.7	21.0	-8.9	-4.0	24	1 045
IE	41.2	42.5	43.3	43.4	43.6	42.8	42.9	40.8	41.1	41.1	40.1	41.0	41.0	39.3	38.5	-2.7	-4.3	5	17 336
EL	23.8	22.5	23.9	27.0	27.2	28.8	26.6	26.2	24.9	26.1	27.3	26.1	25.6	25.8	28.0	4.2	-0.8	15	19 813
ES	31.4	31.5	32.0	31.3	30.8	31.1	31.0	31.9	30.9	30.7	32.0	33.4	36.1	33.9	32.8	1.4	1.7	10	105 241
FR	19.7	20.5	21.9	26.8	27.7	28.3	28.9	27.3	26.5	26.9	27.0	27.7	27.6	27.7	24.5	4.8	-3.8	19	194 259
IT	37.5	36.7	37.7	34.5	35.4	34.8	35.7	34.5	35.6	34.3	33.2	34.3	35.1	35.7	35.8	-1.7	1.0	9	234 902
CY	33.1	32.5	33.8	35.3	38.2	36.7	36.2	35.8	29.2	26.0	28.6	29.6	33.6	32.8	31.8	-1.3	-4.9	11	1 896
LV	21.5	22.6	23.5	23.7	24.0	24.7	26.5	27.5	26.5	27.7	27.2	27.9	30.2	33.5	27.0	5.5	2.3	17	1 332
LT	30.4	29.4	28.5	28.3	28.8	28.1	27.3	26.4	28.3	30.8	31.6	32.6	31.0	31.0	20.6	-9.8	-7.5	25	1 600
LU	41.6	42.3	42.0	40.9	39.0	38.4	38.4	39.2	38.8	35.2	36.6	36.7	36.9	38.0	37.9	-3.7	-0.5	7	5 344
HU	21.1	23.1	23.3	23.2	24.3	24.9	26.4	26.7	25.3	24.1	24.3	25.3	25.7	26.3	24.9	3.8	0.1	18	9 142
MT	31.1	29.0	30.2	31.3	32.1	32.7	33.5	36.1	38.2	34.6	35.5	36.3	39.2	38.5	40.6	9.5	7.8	4	809
NL	31.2	32.3	31.2	30.9	30.0	30.0	30.6	31.3	29.3	28.6	31.2	30.5	31.6	30.5	31.8	0.6	1.8	12	69 483
AT	28.3	29.7	30.6	31.0	30.3	30.6	33.4	31.7	31.5	31.3	30.5	31.0	32.1	32.9	30.1	1.8	-0.4	13	35 244
PL	31.6	30.5	30.4	30.7	22.2	22.1	20.7	21.2	20.5	20.3	21.3	22.2	24.6	25.2	23.5	-8.2	1.4	21	23 183
PT	28.1	29.6	29.8	28.7	29.4	30.8	29.7	28.9	26.8	27.3	26.3	26.8	29.0	29.6	29.2	1.2	-1.6	14	15 226
RO	38.5	38.0	39.2	28.9	25.1	23.1	22.2	20.5	21.6	23.3	19.2	21.1	23.1	24.0	24.2	-14.4	1.1	20	7 651
SI	17.7	19.5	20.2	19.8	19.6	19.8	20.2	20.7	20.9	21.6	22.5	23.8	24.3	24.0	22.3	4.6	2.5	22	2 966
SK	26.8	24.6	24.8	24.5	25.5	21.9	22.6	21.3	21.7	19.4	19.2	20.7	21.0	22.2	19.2	-7.7	-2.7	27	3 474
FI	38.2	40.7	40.2	41.3	40.9	45.3	43.0	42.9	41.0	41.0	40.6	40.3	41.4	41.4	38.3	0.1	-7.0	6	28 261
SE	41.2	41.1	41.6	40.9	42.1	43.9	42.1	41.2	42.2	43.5	45.0	45.9	44.8	42.7	42.0	0.8	-1.9	3	57 288
UK	43.7	43.4	43.6	45.6	45.0	45.4	46.1	44.9	43.7	43.7	45.4	46.5	46.4	48.9	46.1	2.4	0.7	2	251 891
NO	38.5	40.0	39.9	37.7	39.9	47.1	47.2	46.0	46.1	48.7	51.4	52.2	50.4	52.9	47.4	8.9	0.2		53 464
IS	38.7	38.9	40.7	41.2	41.6	43.3	46.8	46.8	45.9	44.8	45.1	45.3	46.7	49.8	49.6	10.9	6.3		1 452
EU-27 averages																			
weighted	31.5	31.9	32.6	33.5	33.7	34.4	34.2	33.4	32.8	32.8	33.2	34.0	34.5	34.5	32.8	1.3	-1.7		
arithmetic	32.3	32.4	32.8	32.6	32.2	32.1	32.1	31.7	31.3	30.9	31.0	31.6	32.7	32.7	31.1	-1.2	-1.0		
EA-17 averages																			
weighted	28.5	29.0	29.5	30.3	30.7	31.3	31.0	30.4	30.0	29.7	29.9	30.7	31.5	31.4	30.1	1.6	-1.2		
arithmetic	30.9	31.0	31.4	32.0	32.2	32.1	32.0	31.7	31.0	30.3	30.6	31.1	32.1	32.1	31.0	0.1	-1.1		
Convergence indicators																			
St.dev/mean	29.2	29.0	27.9	26.9	27.8	30.0	29.1	29.5	30.2	30.8	32.5	30.8	27.9	28.4	31.7	2.6	1.7		
Max-min	45.7	43.5	42.2	41.2	41.0	42.0	40.6	40.7	41.7	43.7	47.1	44.9	40.5	41.5	43.7	-2.1	1.7		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 17: Direct Taxes as % of GDP - Personal income taxes

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	13.5	13.1	13.4	13.4	13.1	13.3	13.6	13.4	13.1	13.0	12.9	12.4	12.2	12.6	12.2	-1.3	-1.1	4	41 233
BG	4.2	4.0	3.9	4.6	4.4	4.0	3.5	3.2	3.2	3.1	2.7	2.6	3.2	2.9	2.9	-1.2	-1.1	26	1 029
CZ	4.8	4.8	4.8	4.7	4.5	4.6	4.5	4.7	4.9	4.8	4.6	4.2	4.3	3.7	3.6	-1.2	-0.9	24	4 973
DK	26.3	26.2	25.9	25.5	25.8	25.6	26.0	25.7	25.6	24.9	24.9	24.9	25.4	25.3	26.5	0.2	0.9	1	58 947
DE	9.3	9.4	9.2	9.5	9.9	10.2	9.9	9.6	9.3	8.7	8.6	8.9	9.2	9.6	9.7	0.4	-0.5	8	232 280
EE	8.1	7.5	7.5	8.0	7.8	6.8	6.5	6.4	6.5	6.3	5.6	5.6	5.9	6.3	5.7	-2.4	-1.2	18	789
IE	10.4	10.4	10.3	9.9	9.5	9.2	8.7	7.5	7.7	8.3	8.4	8.8	8.9	8.2	7.9	-2.5	-1.4	10	12 547
EL	3.6	3.7	4.0	4.9	5.1	5.0	4.5	4.5	4.3	4.4	4.6	4.7	4.9	4.9	5.1	1.5	0.1	20	11 971
ES	7.7	7.7	7.2	7.0	6.7	6.6	6.8	6.8	6.6	6.4	6.6	7.1	7.7	7.5	7.0	-0.7	0.4	14	74 240
FR	5.3	5.5	5.8	8.0	8.2	8.4	8.2	7.9	7.9	7.9	8.0	7.8	7.5	7.7	7.5	2.2	-0.9	12	142 869
IT	10.5	10.8	11.1	11.2	11.6	11.5	11.0	10.7	10.6	10.5	10.5	11.0	11.4	11.8	11.7	1.2	0.2	5	178 093
CY	3.9	3.1	3.3	3.7	3.7	3.6	3.9	4.3	4.4	3.5	3.9	4.6	6.2	5.0	3.9	0.0	0.3	23	668
LV	5.3	5.1	5.4	5.7	5.6	5.6	5.5	5.6	5.8	5.9	5.7	6.0	6.1	6.3	5.4	0.1	-0.1	19	1 006
LT	6.2	6.2	7.1	7.6	8.2	7.7	7.2	6.9	6.5	6.8	6.9	6.8	6.6	6.6	4.1	-2.1	-3.6	22	1 097
LU	8.0	8.1	8.1	7.5	7.2	7.2	7.0	6.4	6.5	6.6	7.1	7.5	7.1	7.7	7.7	-0.3	0.6	11	2 937
HU	6.5	7.0	6.7	6.4	6.8	7.2	7.5	7.5	7.0	6.5	6.6	6.7	7.2	7.6	7.3	0.7	0.1	13	6 768
MT	5.0	4.5	5.0	4.8	5.3	5.6	6.2	6.1	6.3	6.4	6.2	6.3	6.4	5.6	6.3	1.2	0.7	15	365
NL	7.7	7.2	6.3	6.1	6.0	6.0	6.2	6.8	6.5	6.0	6.6	6.9	7.4	7.2	8.6	0.9	2.6	9	49 036
AT	9.3	9.8	10.5	10.5	10.5	10.1	10.8	10.5	10.5	10.2	9.6	9.7	9.9	10.4	10.0	0.7	-0.1	7	27 384
PL	8.4	8.0	7.6	7.7	5.0	4.4	4.5	4.3	4.2	3.6	3.9	4.6	5.2	5.3	4.6	-3.7	0.2	21	14 404
PT	5.4	5.6	5.3	5.1	5.1	5.3	5.4	5.2	5.2	5.0	5.2	5.3	5.5	5.6	5.7	0.4	0.4	17	9 619
RO	6.9	6.7	5.3	4.6	3.5	3.5	3.3	2.7	2.8	2.9	2.3	2.8	3.3	3.4	3.5	-3.4	0.1	25	4 148
SI	5.9	6.0	5.9	5.6	5.6	5.6	5.7	5.7	5.7	5.7	5.5	5.7	5.5	5.8	5.9	0.0	0.3	16	2 088
SK	3.6	4.0	4.3	4.3	4.3	3.4	3.5	3.3	3.2	2.7	2.6	2.5	2.5	2.7	2.4	-1.2	-1.0	27	1 529
FI	14.2	15.4	14.3	13.9	13.5	14.5	14.1	14.0	13.7	13.3	13.5	13.3	13.0	13.3	13.4	-0.8	-1.0	3	23 011
SE	16.7	17.6	17.7	17.8	17.9	18.1	17.6	17.0	17.5	17.5	17.9	18.1	17.2	16.6	16.4	-0.3	-1.7	2	47 719
UK	10.2	9.5	9.1	10.2	10.4	10.8	11.0	10.4	9.9	10.0	10.4	10.5	10.8	10.8	10.4	0.2	-0.3	6	163 543
NO	10.7	10.7	10.9	11.7	11.4	10.3	10.4	10.7	10.5	10.3	9.7	9.1	9.7	9.2	10.3	-0.4	0.0		28 110
IS	10.5	11.3	11.3	11.6	12.4	13.1	13.8	13.9	14.2	14.3	14.6	14.6	14.5	14.5	13.1	2.6	0.0		1 141
EU-27 averages																			
weighted	9.2	9.3	9.2	9.7	9.9	10.0	9.8	9.5	9.3	9.1	9.2	9.3	9.5	9.5	9.5	0.2	-0.5		
arithmetic	8.4	8.4	8.3	8.5	8.3	8.3	8.2	8.0	8.0	7.8	7.8	8.0	8.2	8.2	8.0	-0.4	-0.3		
EA-17 averages																			
weighted	8.5	8.6	8.6	9.1	9.3	9.4	9.2	9.0	8.8	8.5	8.5	8.7	8.9	9.1	9.0	0.6	-0.3		
arithmetic	7.7	7.7	7.7	7.9	7.8	7.8	7.8	7.6	7.5	7.3	7.4	7.5	7.7	7.8	7.7	0.0	-0.1		
Convergence indicators																			
St.dev/mean	57.9	59.5	58.9	56.9	59.1	60.6	61.0	61.5	61.6	62.5	63.2	61.1	58.2	58.7	63.1	5.1	2.5		
Max-min	22.7	23.1	22.6	21.8	22.3	22.2	22.7	22.9	22.7	22.3	22.6	22.4	22.8	22.6	24.1	1.4	1.9		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 18: Direct Taxes as % of Total Taxation - Personal income taxes

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	30.7	29.6	29.7	29.4	28.7	29.4	30.1	29.6	29.2	28.8	28.8	27.9	27.9	28.5	28.0	-2.8	-1.4	5	41 233
BG	13.5	14.0	14.1	14.3	14.2	12.7	11.4	11.2	10.2	9.5	8.7	8.4	9.5	9.0	10.2	-3.3	-2.6	26	1 029
CZ	13.3	13.7	13.8	14.1	13.1	13.5	13.3	13.4	13.6	12.8	12.3	11.6	11.7	10.4	10.5	-2.7	-2.9	25	4 973
DK	53.9	53.4	52.9	51.8	51.6	51.9	53.6	53.6	53.2	50.9	49.0	50.1	51.8	52.6	55.1	1.2	3.2	1	58 947
DE	23.4	23.1	22.7	23.2	23.6	24.4	24.7	24.3	23.5	22.4	22.2	22.7	23.4	24.4	24.4	1.0	0.0	8	232 280
EE	23.3	22.3	21.8	23.3	23.9	22.1	21.5	20.7	21.0	20.5	18.2	18.2	18.5	19.5	15.9	-7.4	-6.2	19	789
IE	31.3	31.5	31.9	31.3	29.8	29.3	29.3	26.4	26.6	27.6	27.2	27.3	28.1	27.8	27.8	-3.4	-1.4	6	12 547
EL	12.5	12.4	13.2	15.1	15.4	14.4	13.6	13.5	13.6	14.2	14.5	15.1	15.2	15.4	16.9	4.4	2.5	18	11 971
ES	23.6	23.3	21.7	21.3	19.8	19.5	20.2	20.1	19.4	18.5	18.6	19.3	20.8	22.5	23.1	-0.4	3.6	10	74 240
FR	12.3	12.5	13.2	18.1	18.3	18.9	18.8	18.3	18.5	18.2	18.4	17.8	17.5	18.0	18.0	5.7	-0.9	17	142 869
IT	26.1	25.7	25.4	26.5	27.2	27.5	26.6	26.2	25.5	25.8	26.0	26.2	26.4	27.4	27.1	1.0	-0.4	7	178 093
CY	14.8	12.0	12.7	13.5	13.3	12.0	12.5	13.6	13.5	10.5	10.9	12.5	15.1	12.7	11.2	-3.6	-0.8	24	668
LV	16.0	16.7	16.8	16.8	17.6	18.8	19.3	19.7	20.4	20.8	19.6	19.8	20.1	21.8	20.4	4.4	1.5	13	1 006
LT	22.7	22.7	23.3	24.0	26.0	25.6	25.3	24.2	23.3	24.0	24.1	23.1	22.3	21.7	14.1	-8.6	-11.5	22	1 097
LU	21.7	21.7	20.6	19.1	18.8	18.3	17.7	16.2	17.2	17.8	19.0	20.9	20.0	21.7	20.8	-0.8	2.6	12	2 937
HU	16.0	17.9	17.6	17.0	17.7	18.5	19.6	19.9	18.6	17.5	17.6	18.1	18.0	19.0	18.5	2.4	0.0	15	6 768
MT	18.8	17.7	18.4	18.7	19.3	19.8	20.3	19.4	20.0	19.5	18.5	19.0	18.7	16.5	18.3	-0.5	-1.5	16	365
NL	19.2	17.9	15.9	15.5	14.9	15.0	16.1	18.1	17.5	16.0	17.5	17.8	19.1	18.4	22.5	3.3	7.4	11	49 036
AT	22.4	22.9	23.6	23.7	23.9	23.3	23.9	24.0	23.9	23.4	22.7	23.2	23.6	24.4	23.4	0.9	0.1	9	27 384
PL	22.6	21.5	21.0	21.7	14.2	13.5	13.9	13.1	13.1	11.6	12.0	13.6	15.0	15.6	14.6	-8.0	1.0	21	14 404
PT	18.1	18.5	17.5	16.9	16.4	17.1	17.4	16.6	16.4	16.5	16.4	16.3	16.7	17.0	18.5	0.3	1.3	14	9 619
RO	25.1	26.0	20.0	15.8	11.4	11.4	11.5	9.7	10.2	10.5	8.3	10.0	11.2	12.1	13.1	-12.0	1.7	23	4 148
SI	15.0	15.7	16.0	14.8	14.6	15.0	15.2	15.0	15.0	15.0	14.2	15.0	14.7	15.7	15.7	0.7	0.7	20	2 088
SK	8.9	10.1	11.6	11.8	12.2	9.9	10.6	9.9	9.8	8.5	8.4	8.6	8.7	9.4	8.4	-0.5	-1.5	27	1 529
FI	31.1	32.7	30.8	30.0	29.4	30.6	31.5	31.2	31.0	30.5	30.7	30.3	30.3	30.9	31.2	0.1	0.5	3	23 011
SE	34.8	34.9	34.9	34.7	34.8	35.2	35.6	35.8	36.5	36.4	36.6	37.5	36.3	35.8	35.0	0.2	-0.2	2	47 719
UK	29.5	27.8	26.1	28.4	28.8	29.4	30.0	29.8	28.6	28.3	28.9	28.7	29.8	28.7	29.9	0.5	0.6	4	163 543
NO	25.5	25.2	25.8	27.8	26.9	24.1	24.3	24.8	24.9	23.7	22.2	20.7	22.1	21.4	24.9	-0.6	0.8		28 110
IS	31.5	32.9	32.8	33.8	33.8	35.3	39.0	39.4	38.8	37.9	36.1	35.4	35.9	39.4	38.9	7.4	3.7		1 141
EU-27 averages																			
weighted	23.4	23.1	22.8	24.1	24.2	24.7	24.8	24.5	23.9	23.4	23.5	23.6	24.0	24.3	24.6	1.2	-0.1		
arithmetic	22.2	22.1	21.7	21.9	21.4	21.4	21.6	21.2	21.1	20.6	20.3	20.7	21.1	21.4	21.2	-1.0	-0.2		
EA-17 averages																			
weighted	21.3	21.1	20.9	22.3	22.3	22.8	22.8	22.5	22.1	21.5	21.6	21.7	22.1	22.9	23.1	1.9	0.4		
arithmetic	20.8	20.6	20.4	20.7	20.6	20.4	20.6	20.2	20.1	19.6	19.5	19.9	20.3	20.6	20.7	-0.1	0.3		
Convergence indicators																			
St.dev/mean	41.6	41.2	40.6	39.2	41.2	42.7	43.5	44.3	44.2	45.1	45.3	44.2	43.1	43.4	45.6	4.0	2.9		
Max-min	45.0	43.3	41.2	39.9	40.1	41.9	42.9	44.0	43.4	42.4	40.8	41.7	43.1	43.7	46.7	1.7	4.7		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 19: Direct Taxes as % of GDP - Corporate income tax

																Difference ¹⁾		Ranking Revenue ²⁾	
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	2.3	2.7	2.8	3.4	3.2	3.2	3.1	3.0	2.9	3.1	3.2	3.6	3.5	3.4	2.5	0.2	-0.7	9	8 611
BG	4.5	5.0	5.1	4.0	3.1	2.7	3.8	3.0	2.8	2.5	1.8	2.1	4.4	3.2	2.5	-2.0	-0.2	10	890
CZ	4.6	3.4	3.8	3.4	3.8	3.5	4.1	4.3	4.6	4.7	4.5	4.8	5.0	4.2	3.6	-1.0	0.2	4	4 983
DK	2.3	2.5	2.7	3.0	2.4	3.3	2.8	2.9	2.9	3.2	3.9	4.4	3.8	3.3	2.5	0.1	-0.8	13	5 461
DE	0.9	1.2	1.3	1.3	1.5	1.7	0.6	0.6	0.7	0.9	1.1	1.4	1.4	1.1	0.7	-0.2	-1.0	27	16 380
EE	2.3	1.5	1.8	2.4	2.0	0.9	0.7	1.1	1.6	1.7	1.4	1.5	1.6	1.7	1.8	-0.5	1.0	22	256
IE	2.8	3.1	3.2	3.4	3.9	3.8	3.6	3.7	3.8	3.7	3.5	3.9	3.5	2.9	2.5	-0.3	-1.3	12	3 944
EL	2.3	2.0	2.3	2.8	3.2	4.1	3.4	3.4	2.9	3.0	3.3	2.7	2.5	2.5	2.4	0.1	-1.7	14	5 690
ES	1.9	2.0	2.7	2.5	2.9	3.1	2.9	3.3	3.1	3.5	3.9	4.2	4.8	2.9	2.3	0.4	-0.8	16	24 244
FR	1.8	2.0	2.3	2.3	2.7	2.8	3.1	2.5	2.1	2.3	2.3	2.9	2.9	2.8	1.3	-0.5	-1.5	26	24 040
IT	3.3	3.8	4.1	2.5	2.8	2.4	3.2	2.7	2.3	2.4	2.3	2.9	3.3	3.0	2.4	-0.9	0.0	15	36 895
CY	4.0	4.4	4.4	4.9	5.9	6.2	6.2	6.0	4.3	3.7	4.6	5.5	6.8	7.0	6.5	2.5	0.3	2	1 096
LV	1.8	1.8	2.2	2.3	2.0	1.6	1.9	2.0	1.5	1.8	2.0	2.3	2.7	3.2	1.6	-0.2	0.0	25	291
LT	2.0	1.7	1.5	1.3	0.8	0.7	0.5	0.6	1.4	1.9	2.1	2.8	2.6	2.7	1.8	-0.2	1.2	23	489
LU	6.6	6.8	7.5	7.6	6.7	7.0	7.3	8.0	7.3	5.7	5.8	5.0	5.3	5.1	5.5	-1.1	-1.5	3	2 075
HU	1.8	1.8	1.9	2.1	2.3	2.2	2.3	2.3	2.2	2.1	2.1	2.3	2.8	2.6	2.1	0.3	-0.1	19	1 980
MT	2.6	2.3	2.6	2.5	2.7	2.9	3.2	3.9	4.5	4.1	4.5	4.9	6.1	6.7	6.7	4.1	3.8	1	391
NL	3.3	4.1	4.5	4.5	4.5	4.3	4.2	3.6	3.0	3.3	3.6	3.7	3.5	3.4	2.1	-1.1	-2.2	18	12 243
AT	1.6	2.1	2.2	2.3	2.0	2.2	3.3	2.4	2.3	2.4	2.3	2.3	2.6	2.6	1.9	0.3	-0.3	21	5 114
PL	2.7	2.7	2.7	2.6	2.4	2.4	1.9	2.0	1.8	2.2	2.5	2.4	2.8	2.7	2.3	-0.4	-0.1	17	7 114
PT	2.3	2.7	3.1	3.1	3.5	3.7	3.3	3.3	2.8	2.9	2.7	2.9	3.6	3.7	2.9	0.6	-0.9	6	4 842
RO	3.7	3.1	4.2	3.7	3.8	3.0	2.5	2.6	2.8	3.2	2.7	2.8	3.1	3.0	2.6	-1.1	-0.4	8	3 058
SI	0.5	0.9	1.0	1.0	1.2	1.2	1.3	1.6	1.7	1.9	2.8	3.0	3.2	2.5	1.8	1.3	0.7	24	652
SK	6.0	4.3	3.6	3.2	3.1	2.6	2.6	2.5	2.8	2.6	2.7	2.9	3.0	3.1	2.5	-3.5	-0.1	11	1 577
FI	2.3	2.8	3.5	4.3	4.3	5.9	4.2	4.2	3.4	3.5	3.3	3.4	3.9	3.5	2.0	-0.3	-3.9	20	3 494
SE	2.6	2.6	2.8	2.6	3.0	3.8	2.6	2.0	2.2	2.9	3.6	3.6	3.8	2.9	3.0	0.4	-0.7	5	8 751
UK	2.8	3.2	3.9	3.9	3.5	3.5	3.5	2.8	2.7	2.9	3.4	4.0	3.4	3.6	2.8	0.0	-0.8	7	43 695
NO	4.4	5.2	5.0	3.2	4.5	8.9	8.9	8.1	8.0	9.8	11.8	12.9	11.4	12.6	8.3	3.9	-0.6		22 551
IS	1.1	0.9	1.0	1.1	1.5	1.1	0.9	0.8	1.3	1.2	2.0	2.4	2.5	2.0	1.8	0.7	0.6		155
EU-27 averages																			
weighted	2.1	2.4	2.8	2.6	2.7	2.8	2.6	2.4	2.2	2.4	2.6	3.0	3.0	2.7	1.9	-0.1	-0.9		
arithmetic	2.8	2.8	3.1	3.1	3.1	3.1	3.0	3.0	2.8	2.9	3.0	3.3	3.5	3.3	2.7	-0.1	-0.4		
EA-17 averages																			
weighted	1.9	2.2	2.5	2.3	2.5	2.6	2.5	2.2	2.1	2.3	2.4	2.7	2.9	2.5	1.7	-0.2	-1.0		
arithmetic	2.8	2.9	3.1	3.2	3.3	3.4	3.3	3.3	3.0	3.0	3.1	3.3	3.6	3.4	2.8	0.1	-0.6		
Convergence indicators																			
St.dev/mean	49.2	45.3	43.8	42.8	42.1	47.9	49.4	51.4	45.6	34.4	35.2	32.5	34.4	38.1	52.0	2.8	4.1		
Max-min	6.0	5.9	6.4	6.6	5.9	6.3	6.8	7.5	6.6	4.8	4.7	4.1	5.4	5.9	6.0	0.0	-0.3		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 20: Direct Taxes as % of Total Taxation - Corporate income tax

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	5.3	6.0	6.3	7.4	7.1	7.1	6.9	6.7	6.4	6.9	7.2	8.0	8.0	7.6	5.8	0.5	-1.3	17	8 611
BG	14.6	17.6	18.4	12.4	10.2	8.6	12.5	10.5	8.9	7.8	5.9	6.8	13.1	9.8	8.8	-5.8	0.2	7	890
CZ	12.7	9.7	11.0	10.1	11.2	10.3	12.0	12.3	12.8	12.5	12.0	13.1	13.4	11.7	10.5	-2.1	0.3	4	4 983
DK	4.8	5.1	5.5	6.1	4.8	6.6	5.8	6.0	6.1	6.5	7.7	8.8	7.8	6.9	5.1	0.3	-1.5	22	5 461
DE	2.2	2.9	3.1	3.3	3.6	4.0	1.4	1.5	1.9	2.4	2.8	3.5	3.5	2.8	1.7	-0.5	-2.3	27	16 380
EE	6.7	4.6	5.1	7.1	6.0	2.9	2.3	3.6	5.1	5.4	4.7	4.9	5.2	5.1	5.2	-1.5	2.3	21	256
IE	8.3	9.4	9.9	10.6	12.1	12.0	12.1	13.1	13.1	12.2	11.4	12.3	11.3	9.8	8.8	0.4	-3.2	8	3 944
EL	8.0	6.8	7.5	8.6	9.4	12.0	10.1	10.0	9.1	9.6	10.3	8.6	7.9	7.9	8.0	0.0	-3.9	10	5 690
ES	5.8	6.1	8.1	7.7	8.7	9.2	8.6	9.6	9.3	10.0	11.0	11.6	12.8	8.8	7.6	1.8	-1.7	12	24 244
FR	4.2	4.7	5.2	5.3	5.9	6.3	7.0	5.9	5.0	5.4	5.3	6.6	6.7	6.4	3.0	-1.1	-3.3	26	24 040
IT	8.3	9.0	9.4	5.9	6.6	5.9	7.8	6.6	5.7	5.9	5.8	7.0	7.6	7.1	5.6	-2.7	-0.2	18	36 895
CY	14.9	16.8	17.1	17.7	21.3	20.6	20.1	19.2	13.1	11.1	13.1	15.0	16.6	18.0	18.4	3.5	-2.2	2	1 096
LV	5.5	5.9	6.8	6.8	6.4	5.3	6.6	7.1	5.3	6.1	6.9	7.5	8.9	10.9	5.9	0.4	0.6	16	291
LT	7.4	6.4	5.0	4.1	2.6	2.3	1.9	2.1	4.9	6.6	7.3	9.4	8.7	9.1	6.3	-1.1	4.0	15	489
LU	17.7	18.1	19.0	19.4	17.4	17.8	18.4	20.4	19.2	15.3	15.4	13.8	14.8	14.3	14.7	-2.9	-3.1	3	2 075
HU	4.5	4.5	4.9	5.5	5.9	5.6	6.0	6.1	5.8	5.6	5.6	6.3	6.9	6.5	5.4	0.9	-0.2	20	1 980
MT	9.8	9.0	9.4	9.6	10.0	10.3	10.6	12.3	14.4	12.5	13.3	14.8	17.7	19.8	19.6	9.8	9.3	1	391
NL	8.1	10.1	11.4	11.4	11.0	10.9	11.0	9.4	8.1	8.8	9.7	9.4	9.1	8.8	5.6	-2.5	-5.3	19	12 243
AT	3.8	4.9	5.0	5.3	4.5	5.0	7.2	5.5	5.3	5.6	5.5	5.6	6.2	6.2	4.4	0.6	-0.7	25	5 114
PL	7.3	7.1	7.5	7.3	6.9	7.5	5.8	6.3	5.6	7.1	7.6	7.1	7.9	7.9	7.2	-0.1	-0.3	13	7 114
PT	7.8	8.9	10.2	10.1	11.3	12.0	10.6	10.5	8.8	9.4	8.5	9.1	10.9	11.2	9.3	1.5	-2.7	6	4 842
RO	13.4	12.0	16.1	12.8	12.3	9.8	8.8	9.3	10.1	11.6	9.8	10.0	10.5	10.7	9.7	-3.7	-0.1	5	3 058
SI	1.3	2.4	2.8	2.6	3.1	3.1	3.4	4.1	4.6	5.0	7.2	7.7	8.6	6.7	4.9	3.6	1.8	23	652
SK	15.0	10.9	9.8	8.8	8.8	7.7	7.8	7.6	8.4	8.2	8.7	9.9	10.2	10.7	8.7	-6.3	1.0	9	1 577
FI	5.0	6.0	7.5	9.4	9.4	12.5	9.4	9.3	7.7	8.1	7.6	7.7	9.0	8.1	4.7	-0.3	-7.8	24	3 494
SE	5.4	5.1	5.6	5.1	5.9	7.3	5.3	4.3	4.6	6.0	7.3	7.5	8.0	6.3	6.4	1.0	-0.9	14	8 751
UK	7.9	9.2	11.1	10.8	9.8	9.7	9.5	8.2	7.9	8.1	9.3	10.8	9.4	9.6	8.0	0.1	-1.7	11	43 695
NO	10.5	12.3	11.8	7.5	10.7	20.9	20.7	18.9	18.9	22.7	27.0	29.4	26.0	29.3	20.0	9.5	-0.9		22 551
IS	3.4	2.6	3.0	3.1	4.0	3.1	2.6	2.2	3.4	3.1	5.0	5.9	6.3	5.6	5.3	1.9	2.2		155
EU-27 averages																			
weighted	5.2	6.0	6.8	6.5	6.7	7.0	6.7	6.1	5.7	6.2	6.7	7.6	7.6	6.9	5.0	-0.2	-2.0		
arithmetic	8.0	8.1	8.8	8.6	8.6	8.6	8.5	8.4	8.0	8.1	8.4	9.0	9.6	9.2	7.8	-0.2	-0.8		
EA-17 averages																			
weighted	4.7	5.5	6.1	5.7	6.1	6.4	6.1	5.7	5.2	5.7	6.0	6.8	7.1	6.3	4.3	-0.4	-2.1		
arithmetic	7.8	8.0	8.6	8.8	9.2	9.4	9.1	9.1	8.5	8.3	8.7	9.1	9.8	9.4	8.0	0.2	-1.4		
Convergence indicators																			
St.dev/mean	52.4	51.2	50.4	46.0	48.8	49.6	51.5	52.9	47.2	36.2	35.0	32.8	34.6	39.7	53.5	1.1	3.9		
Max-min	16.3	15.7	16.2	16.8	18.7	18.3	18.6	19.0	17.3	12.9	12.6	11.5	14.2	17.0	17.9	1.6	-0.4		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 21: Direct Taxes as % of GDP - Other

																Difference ¹⁾		Ranking Revenue ²⁾	
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	0.8	1.0	1.0	1.0	1.1	1.1	1.1	1.2	1.2	1.4	1.4	1.3	1.3	1.3	1.3	0.4	0.1	6	4 245
BG	0.3	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.4	0.5	0.6	0.6	0.4	0.0	0.2	22	127
CZ	0.2	0.3	0.2	0.2	0.2	0.3	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	-0.1	-0.2	25	160
DK	2.3	2.2	2.0	1.6	2.1	1.6	0.7	0.7	1.1	2.3	3.1	1.5	1.0	1.3	1.3	-1.1	-0.4	5	2 788
DE	0.7	0.8	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.6	0.6	0.7	0.7	0.7	0.7	-0.1	0.1	13	15 840
EE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	27	0
IE	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.0	0.0	18	845
EL	1.0	0.9	1.0	1.1	0.8	0.8	1.0	0.9	0.7	0.7	0.8	0.8	0.8	0.8	0.9	0.0	0.1	9	2 152
ES	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.7	0.8	0.8	0.8	0.9	0.9	0.9	0.6	0.0	-0.2	15	6 757
FR	1.4	1.5	1.6	1.5	1.6	1.3	1.4	1.3	1.3	1.4	1.4	1.4	1.5	1.4	1.4	0.0	0.1	3	27 350
IT	1.2	0.8	1.3	0.9	0.6	0.6	0.6	0.7	1.8	1.1	0.6	0.5	0.5	0.5	1.3	0.1	0.7	4	19 914
CY	0.9	1.0	1.0	1.1	1.0	1.2	1.1	0.9	0.9	1.5	1.7	0.7	0.8	0.8	0.8	-0.1	-0.5	12	132
LV	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.4	0.2	0.2	0.2	0.0	24	36
LT	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	26	14
LU	0.8	1.0	1.0	1.0	1.1	0.9	0.9	1.0	0.9	0.8	0.8	0.7	0.7	0.7	0.9	0.0	0.0	11	332
HU	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.3	0.3	0.4	0.2	0.1	20	394
MT	0.7	0.6	0.7	0.8	0.8	0.7	0.8	1.4	1.2	0.9	1.3	0.8	1.0	0.8	0.9	0.3	0.2	10	53
NL	1.6	1.7	1.6	1.6	1.6	1.6	1.3	1.4	1.4	1.4	1.5	1.3	1.3	1.3	1.4	-0.1	-0.2	2	8 204
AT	0.8	0.8	0.8	0.9	0.9	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.2	0.1	8	2 746
PL	0.7	0.7	0.7	0.6	0.4	0.3	0.3	0.6	0.6	0.5	0.6	0.5	0.6	0.6	0.5	-0.1	0.2	17	1 665
PT	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.6	0.5	0.4	0.4	0.4	0.4	0.5	0.5	-0.2	-0.1	19	765
RO	0.0	0.0	0.9	0.1	0.4	0.6	0.5	0.4	0.3	0.3	0.3	0.3	0.4	0.3	0.4	0.4	-0.2	21	445
SI	0.6	0.5	0.5	0.9	0.7	0.6	0.6	0.6	0.5	0.6	0.4	0.4	0.4	0.6	0.6	0.1	0.0	14	227
SK	1.2	1.4	1.2	1.4	1.6	1.5	1.4	1.3	1.2	0.8	0.6	0.6	0.6	0.6	0.6	-0.6	-0.9	16	368
FI	0.9	1.0	0.9	0.9	0.9	1.0	1.0	1.0	1.0	1.1	1.0	1.0	0.9	1.0	1.0	0.1	0.0	7	1 756
SE	0.5	0.6	0.6	0.6	0.7	0.7	0.6	0.5	0.5	0.5	0.5	0.5	0.2	0.3	0.3	-0.2	-0.4	23	818
UK	2.2	2.2	2.2	2.3	2.3	2.3	2.4	2.4	2.5	2.6	2.6	2.6	2.6	4.0	2.9	0.7	0.5	1	44 653
NO	1.0	1.1	1.0	1.0	1.0	0.9	0.9	1.0	1.0	1.0	1.0	0.9	1.0	0.9	1.0	0.0	0.1		2 804
IS	1.3	1.2	1.7	1.5	1.4	1.8	1.8	1.8	1.3	1.5	1.7	1.7	1.8	1.8	1.8	0.5	0.0		156
EU-27 averages																			
weighted	1.1	1.1	1.2	1.2	1.2	1.1	1.1	1.1	1.3	1.2	1.2	1.1	1.2	1.3	1.2	0.1	0.1		
arithmetic	0.8	0.8	0.8	0.8	0.8	0.8	0.7	0.8	0.8	0.8	0.9	0.7	0.7	0.8	0.8	0.0	0.0		
EA-17 averages																			
weighted	1.0	1.0	1.0	1.0	0.9	0.9	0.9	0.9	1.1	1.0	0.9	0.9	0.9	0.9	1.0	0.0	0.2		
arithmetic	0.8	0.9	0.9	0.9	0.9	0.9	0.8	0.9	0.9	0.9	0.9	0.8	0.8	0.8	0.9	0.0	0.0		
Convergence indicators																			
St.dev/mean	76.7	75.8	69.6	70.8	74.5	69.2	70.1	69.9	71.7	76.7	85.5	74.7	72.8	95.1	75.9	-0.7	6.8		
Max-min	2.3	2.2	2.2	2.3	2.3	2.3	2.4	2.4	2.5	2.6	3.1	2.6	2.6	4.0	2.9	0.5	0.5		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 22: Direct Taxes as % of Total Taxation - Other

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	1.9	2.2	2.2	2.3	2.4	2.4	2.4	2.7	2.8	3.2	3.2	2.9	2.9	2.8	2.9	1.0	0.4	6	4 245
BG	1.1	0.8	0.3	0.6	0.6	0.6	0.6	0.7	0.8	1.0	1.2	1.7	1.9	1.9	1.3	0.2	0.7	21	127
CZ	0.6	0.7	0.6	0.7	0.6	0.8	0.6	0.5	0.5	0.3	0.4	0.4	0.3	0.3	0.3	-0.2	-0.5	25	160
DK	4.8	4.5	4.0	3.2	4.2	3.3	1.5	1.6	2.3	4.7	6.1	2.9	2.0	2.7	2.6	-2.2	-0.7	8	2 788
DE	1.8	1.9	1.4	1.5	1.4	1.4	1.5	1.4	1.3	1.5	1.6	1.7	1.8	1.9	1.7	-0.2	0.3	18	15 840
EE	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	27	0
IE	1.5	1.6	1.5	1.5	1.6	1.5	1.4	1.3	1.5	1.4	1.4	1.5	1.6	1.8	1.9	0.3	0.3	15	845
EL	3.3	3.2	3.2	3.3	2.4	2.4	2.9	2.6	2.3	2.3	2.5	2.5	2.4	2.5	3.0	-0.2	0.6	4	2 152
ES	2.1	2.1	2.1	2.3	2.3	2.4	2.2	2.2	2.2	2.2	2.3	2.5	2.5	2.7	2.1	0.0	-0.2	13	6 757
FR	3.3	3.4	3.5	3.4	3.5	3.0	3.1	3.1	3.1	3.2	3.3	3.3	3.4	3.3	3.4	0.2	0.4	3	27 350
IT	3.0	2.0	2.9	2.2	1.5	1.4	1.3	1.7	4.4	2.6	1.4	1.1	1.1	1.1	3.0	0.0	1.6	5	19 914
CY	3.4	3.7	4.0	4.1	3.6	4.1	3.6	2.9	2.7	4.5	4.7	2.0	2.0	2.1	2.2	-1.2	-1.9	12	132
LV	0.0	0.0	0.0	0.0	0.0	0.6	0.6	0.7	0.8	0.7	0.7	0.6	1.2	0.8	0.7	0.7	0.1	23	36
LT	0.3	0.3	0.2	0.2	0.2	0.2	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.2	-0.1	0.0	26	14
LU	2.2	2.6	2.4	2.5	2.8	2.4	2.3	2.5	2.4	2.0	2.2	2.0	2.1	2.0	2.4	0.1	0.0	10	332
HU	0.6	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.9	1.0	1.1	1.0	0.8	0.8	1.1	0.5	0.3	22	394
MT	2.5	2.4	2.5	3.0	2.9	2.6	2.6	4.4	3.8	2.6	3.7	2.5	2.8	2.2	2.7	0.2	0.1	7	53
NL	3.9	4.2	4.0	4.1	4.0	4.1	3.5	3.7	3.7	3.8	3.9	3.3	3.4	3.4	3.8	-0.1	-0.3	2	8 204
AT	2.0	1.9	1.9	2.0	2.0	2.2	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	0.3	0.2	11	2 746
PL	1.8	1.8	1.9	1.7	1.0	1.1	1.0	1.8	1.8	1.7	1.7	1.5	1.7	1.7	1.7	-0.1	0.6	17	1 665
PT	2.1	2.1	2.0	1.8	1.7	1.7	1.7	1.8	1.5	1.4	1.4	1.4	1.3	1.4	1.5	-0.7	-0.2	19	765
RO	0.0	0.0	3.2	0.3	1.4	1.9	1.9	1.5	1.2	1.2	1.1	1.2	1.4	1.2	1.4	1.4	-0.4	20	445
SI	1.4	1.4	1.4	2.3	1.9	1.7	1.7	1.5	1.4	1.5	1.1	1.1	1.1	1.6	1.7	0.3	0.0	16	227
SK	2.9	3.6	3.3	3.9	4.6	4.3	4.1	3.8	3.5	2.7	2.0	2.2	2.1	2.1	2.0	-0.9	-2.2	14	368
FI	2.0	2.0	1.9	1.9	2.1	2.2	2.2	2.3	2.2	2.4	2.4	2.2	2.1	2.4	2.4	0.3	0.2	9	1 756
SE	1.0	1.1	1.2	1.2	1.4	1.4	1.2	1.1	1.1	1.1	1.0	1.0	0.5	0.6	0.6	-0.4	-0.8	24	818
UK	6.3	6.4	6.4	6.4	6.4	6.3	6.6	6.9	7.2	7.3	7.2	7.1	7.2	10.6	8.2	1.9	1.8	1	44 653
NO	2.5	2.5	2.4	2.4	2.3	2.1	2.2	2.3	2.3	2.3	2.2	2.1	2.3	2.2	2.5	0.0	0.3		2 804
IS	3.8	3.4	4.9	4.3	3.9	5.0	5.2	5.1	3.7	3.9	4.1	4.1	4.5	4.8	5.3	1.5	0.4		156
EU-27 averages																			
weighted	2.9	2.9	2.9	2.9	2.8	2.7	2.7	2.8	3.2	3.1	3.1	2.9	2.9	3.3	3.2	0.2	0.4		
arithmetic	2.1	2.1	2.2	2.1	2.1	2.1	2.0	2.1	2.1	2.2	2.2	1.9	1.9	2.1	2.1	0.0	0.0		
EA-17 averages																			
weighted	2.5	2.5	2.5	2.4	2.2	2.1	2.1	2.2	2.7	2.5	2.3	2.2	2.3	2.3	2.6	0.1	0.5		
arithmetic	2.3	2.4	2.4	2.5	2.4	2.3	2.3	2.4	2.4	2.3	2.3	2.0	2.1	2.1	2.3	0.0	0.0		
Convergence indicators																			
St.dev/mean	72.5	72.4	67.7	70.8	71.4	67.8	70.2	71.2	71.1	72.3	77.2	71.3	71.6	92.6	73.9	1.4	6.0		
Max-min	6.3	6.4	6.4	6.4	6.4	6.3	6.5	6.9	7.2	7.3	7.2	7.1	7.2	10.6	8.2	1.9	1.9		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 23: Social Contributions as % of GDP - Total

																Difference ¹⁾		Ranking Revenue ²⁾	
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	14.4	14.3	14.2	14.3	14.3	14.0	14.2	14.4	14.4	14.0	13.7	13.5	13.7	14.0	14.5	0.1	0.5	6	49 208
BG	9.6	8.2	8.1	9.2	9.8	10.8	9.8	9.6	10.3	10.2	9.7	8.3	8.1	7.8	7.7	-1.9	-3.1	23	2 696
CZ	14.3	14.2	14.6	14.0	14.0	14.2	14.2	14.9	15.0	16.0	16.1	16.2	16.3	16.2	15.4	1.1	1.2	3	21 115
DK	1.1	1.1	1.0	1.0	1.6	1.8	1.7	1.2	1.2	1.2	1.1	1.0	1.0	1.0	1.0	-0.1	-0.8	27	2 204
DE	16.8	17.4	17.7	17.4	17.2	16.9	16.7	16.7	16.9	16.5	16.3	15.9	15.1	15.1	15.7	-1.1	-1.2	2	377 390
EE	11.8	11.4	11.4	11.3	11.1	10.9	10.7	11.0	10.6	10.3	10.3	10.1	10.6	11.7	13.1	1.4	2.2	9	1 819
IE	5.0	4.6	4.3	4.1	4.3	4.4	4.5	4.4	4.4	4.6	4.7	4.8	5.0	5.4	5.8	0.9	1.4	26	9 316
EL	9.3	9.6	9.9	10.3	10.2	10.5	10.6	11.6	11.7	11.2	11.2	10.6	11.1	11.0	10.4	1.0	-0.1	17	24 151
ES	11.8	12.0	12.0	11.9	11.9	12.0	12.2	12.1	12.2	12.2	12.1	12.1	12.2	12.3	12.4	0.6	0.4	13	130 700
FR	18.6	18.6	18.1	16.1	16.3	16.1	16.1	16.2	16.4	16.2	16.3	16.4	16.2	16.2	16.6	-2.0	0.5	1	315 760
IT	12.6	14.3	14.6	12.2	12.1	12.1	12.0	12.1	12.3	12.3	12.5	12.5	13.0	13.5	13.8	1.2	1.8	7	210 427
CY	6.5	6.6	6.8	6.9	6.6	6.5	6.8	6.7	7.0	7.7	8.3	7.8	7.5	7.7	8.6	2.1	2.1	20	1 464
LV	12.0	10.8	10.6	10.8	10.7	9.9	9.2	9.3	8.9	8.7	8.4	8.8	8.7	8.2	8.5	-3.4	-1.4	21	1 580
LT	7.2	7.6	8.4	9.0	9.2	9.4	8.9	8.6	8.5	8.4	8.1	8.4	8.6	9.0	11.6	4.5	2.3	14	3 088
LU	9.8	9.8	10.0	10.2	10.1	10.1	10.9	10.9	10.8	10.7	10.4	9.9	9.9	10.0	11.1	1.3	1.1	16	4 235
HU	14.7	13.6	13.8	13.6	13.0	13.0	12.8	12.8	12.6	12.2	12.6	12.5	13.6	13.6	13.0	-1.7	0.0	10	12 080
MT	6.1	6.3	6.8	6.1	6.2	6.4	6.9	6.5	6.5	6.5	6.4	6.1	5.8	6.1	6.0	-0.1	-0.3	25	352
NL	15.9	15.2	15.1	15.0	15.5	15.4	13.7	13.3	13.8	13.9	12.9	14.0	13.5	14.5	13.8	-2.1	-1.6	8	78 959
AT	14.9	15.0	15.1	15.1	15.1	14.8	14.9	14.7	14.7	14.7	14.6	14.4	14.3	14.3	14.9	0.0	0.1	5	40 974
PL	11.3	11.6	11.7	11.6	13.7	12.9	13.4	12.9	12.8	12.3	12.3	12.2	12.0	11.3	11.3	0.0	-1.6	15	35 226
PT	7.8	7.6	7.8	7.8	7.8	8.0	8.3	8.4	8.6	8.3	8.4	8.4	8.5	8.7	9.0	1.2	1.0	19	15 119
RO	7.6	7.3	7.0	9.2	11.0	11.1	10.9	10.7	9.4	9.1	9.6	9.7	9.7	9.3	9.4	1.8	-1.7	18	11 073
SI	16.8	15.0	14.3	14.4	14.1	14.3	14.5	14.3	14.2	14.2	14.2	14.0	13.7	14.0	15.0	-1.9	0.7	4	5 291
SK	15.0	15.9	15.0	14.9	14.0	14.1	14.3	14.6	13.8	13.1	12.6	11.7	11.7	12.0	12.6	-2.4	-1.5	12	7 966
FI	14.1	13.6	12.8	12.6	12.6	11.9	12.1	11.9	11.8	11.7	12.0	12.2	11.9	12.1	12.8	-1.2	0.9	11	21 995
SE	12.3	13.2	13.0	13.0	11.4	12.5	12.2	11.3	10.9	10.7	10.3	9.3	9.4	8.5	8.2	-4.0	-4.3	22	23 914
UK	6.1	5.9	6.1	6.0	6.1	6.2	6.2	5.9	6.3	6.6	6.7	6.7	6.6	6.8	6.8	0.7	0.6	24	106 231
NO	9.8	9.6	9.6	10.3	10.1	8.9	9.2	9.9	9.8	9.4	8.9	8.7	9.1	9.0	9.8	0.0	0.9		26 847
IS	2.5	2.7	2.7	2.7	2.8	2.9	2.8	2.9	3.1	3.1	3.2	3.3	3.0	2.8	3.1	0.6	0.2		266
EU-27 averages																			
weighted	13.8	14.0	13.7	12.9	12.9	12.7	12.6	12.5	12.7	12.5	12.4	12.2	12.5	12.8		-0.9	0.2		
arithmetic	11.2	11.1	11.1	11.0	11.1	11.1	11.1	11.0	11.0	10.9	10.8	10.7	10.6	10.8	11.1	-0.1	0.0		
EA-17 averages																			
weighted	15.4	15.8	15.7	14.8	14.7	14.5	14.3	14.3	14.5	14.3	14.2	14.1	13.9	14.1	14.4	-1.0	-0.1		
arithmetic	12.2	12.2	12.1	11.8	11.7	11.7	11.7	11.8	11.8	11.7	11.6	11.5	11.4	11.7	12.1	-0.1	0.5		
Convergence indicators																			
St.dev/mean	38.2	38.5	37.7	35.4	34.1	33.2	32.7	33.9	33.9	33.6	33.4	34.2	33.9	34.1	33.3	-4.8	0.2		
Max-min	17.5	17.6	17.1	16.4	15.6	15.1	15.0	15.5	15.7	15.3	15.2	15.4	15.3	15.2	15.6	-1.9	0.4		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 24: Social Contributions as % of Total Taxation - Total

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	32.8	32.3	31.7	31.4	31.4	30.9	31.5	31.9	32.0	31.2	30.6	30.4	31.1	31.6	33.4	0.6	2.5	14	49 208
BG	31.1	28.6	29.4	28.6	31.9	34.4	31.9	33.6	33.2	31.5	31.1	27.0	24.4	24.1	26.6	-4.5	-7.7	21	2 696
CZ	39.6	41.0	41.6	42.1	41.2	41.9	41.8	42.7	42.1	42.9	43.4	44.3	43.7	45.6	44.7	5.0	2.7	1	21 115
DK	2.2	2.2	2.1	2.1	3.3	3.6	3.6	2.5	2.5	2.4	2.2	2.1	2.0	2.0	2.1	-0.1	-1.6	27	2 204
DE	42.3	42.8	43.5	42.6	41.2	40.4	41.8	42.3	42.5	42.6	42.0	40.5	38.5	38.4	39.6	-2.7	-0.7	7	377 390
EE	33.9	33.9	33.1	32.9	34.0	35.3	35.3	35.4	34.4	33.9	33.5	32.9	33.3	36.6	36.6	2.7	1.3	8	1 819
IE	15.0	13.8	13.3	13.0	13.5	14.0	15.2	15.5	15.3	15.3	15.3	14.9	15.8	18.1	20.7	5.7	6.7	23	9 316
EL	32.1	32.8	32.5	31.6	30.5	30.3	31.9	34.4	36.5	35.7	35.2	33.8	34.5	34.8	34.2	2.1	3.8	13	24 151
ES	36.0	36.2	36.0	36.0	35.5	35.5	36.3	35.8	36.0	35.2	34.0	33.2	32.8	37.1	40.7	4.7	5.3	3	130 700
FR	43.5	42.4	41.1	36.5	36.3	36.5	36.8	37.5	38.1	37.5	37.3	37.4	37.5	37.7	39.8	-3.6	3.4	4	315 760
IT	31.5	34.1	33.3	28.7	28.6	28.9	28.8	29.7	29.8	30.4	31.1	29.7	30.2	31.4	32.1	0.6	3.2	16	210 427
CY	24.3	25.3	26.4	24.8	23.7	21.8	21.9	21.5	21.2	23.0	23.2	21.4	18.4	19.7	24.6	0.3	2.8	22	1 464
LV	36.1	35.2	33.2	31.9	33.3	33.5	32.3	32.8	31.1	30.5	28.9	28.8	28.6	28.3	32.0	-4.1	-1.5	17	1 580
LT	26.0	28.2	27.3	28.3	29.0	31.1	31.2	30.4	30.3	29.7	28.6	28.6	28.8	29.7	39.7	13.7	8.6	6	3 088
LU	26.5	26.2	25.5	25.8	26.3	25.7	27.5	27.7	28.2	28.7	27.8	27.6	27.7	28.4	30.0	3.5	4.3	18	4 235
HU	36.1	34.7	36.6	36.1	33.9	33.4	33.5	33.8	33.2	32.6	33.5	33.6	34.1	34.0	32.9	-3.2	-0.4	15	12 080
MT	22.8	24.9	24.6	23.9	22.5	22.6	22.9	20.7	20.7	19.9	18.9	18.3	17.0	17.9	17.6	-5.2	-5.0	25	352
NL	39.5	37.9	38.0	38.0	38.5	38.6	35.7	35.2	36.9	37.1	34.5	35.9	34.8	37.0	36.2	-3.3	-2.5	9	78 959
AT	36.0	34.9	34.1	34.0	34.2	34.2	32.9	33.4	33.7	33.9	34.5	34.6	33.9	33.6	35.0	-1.0	0.8	11	40 974
PL	30.5	31.2	32.1	32.9	39.3	39.7	41.6	39.6	39.7	39.2	37.6	36.1	34.3	33.0	35.7	5.2	-4.1	10	35 226
PT	26.3	25.3	25.9	25.7	25.3	25.7	26.7	26.5	27.2	27.1	26.8	26.2	26.0	26.6	29.0	2.7	3.3	20	15 119
RO	27.8	28.0	26.4	31.8	35.5	36.7	38.3	38.2	34.1	33.6	34.4	34.0	33.4	33.3	35.0	7.2	-1.7	12	11 073
SI	43.0	39.5	38.6	38.0	37.0	38.1	38.5	37.6	37.2	37.2	36.8	36.6	36.3	37.7	39.8	-3.2	1.7	5	5 291
SK	37.3	40.4	40.2	40.5	39.5	41.5	43.1	44.2	42.0	41.6	40.4	40.1	39.9	41.1	43.9	6.7	2.4	2	7 966
FI	30.8	28.9	27.6	27.3	27.5	25.2	26.9	26.6	26.7	26.8	27.3	27.9	27.7	28.0	29.8	-1.0	4.5	19	21 995
SE	25.6	26.3	25.6	25.3	22.2	24.3	24.7	23.8	22.8	22.2	21.1	19.3	19.8	18.3	17.5	-8.0	-6.7	26	23 914
UK	17.5	17.3	17.5	16.8	16.9	16.8	16.9	16.9	18.1	18.7	18.7	18.4	18.3	18.2	19.5	2.0	2.6	24	106 231
NO	23.4	22.6	22.7	24.4	23.9	20.9	21.5	22.9	23.1	21.7	20.4	19.8	20.7	20.9	23.8	0.4	2.9		26 847
IS	7.4	7.9	7.9	8.0	7.6	7.8	8.0	8.1	8.4	8.1	7.9	7.9	7.5	7.7	9.1	1.7	1.3		266
EU-27 averages																			
weighted	34.9	34.9	34.1	32.1	31.7	31.3	31.7	32.0	32.6	32.4	31.9	31.2	30.9	31.7	33.4	-1.5	2.1		
arithmetic	30.6	30.5	30.3	29.9	30.1	30.4	30.7	30.7	30.6	30.4	29.9	29.4	29.0	29.7	31.4	0.8	1.0		
EA-17 averages																			
weighted	38.8	38.8	38.3	36.1	35.5	35.3	35.6	36.0	36.4	36.2	35.8	35.0	34.5	35.5	37.0	-1.9	1.7		
arithmetic	32.6	32.4	32.1	31.2	30.9	30.9	31.4	31.5	31.7	31.6	31.1	30.7	30.3	31.5	33.1	0.6	2.2		
Convergence indicators																			
St.dev/mean	30.2	29.8	30.1	30.0	29.7	30.0	29.6	30.6	30.1	29.9	30.1	31.0	31.3	31.5	30.5	0.3	0.5		
Max-min	41.3	40.6	41.4	40.5	38.0	38.3	39.6	41.7	40.0	40.5	41.2	42.2	41.7	43.6	42.6	1.4	4.3		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 25: Social Contributions as % of GDP - Employers

																Difference ¹⁾		Ranking Revenue ²⁾	
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	8.6	8.6	8.6	8.6	8.7	8.3	8.5	8.6	8.6	8.4	8.2	8.2	8.3	8.5	8.8	0.1	0.4	7	29 679
BG	9.1	7.7	7.6	8.5	8.7	8.6	7.7	7.3	7.9	7.8	6.9	5.6	5.5	4.8	4.6	-4.4	-4.0	22	1 623
CZ	9.9	10.0	10.2	9.9	9.8	9.9	9.9	10.4	10.5	10.3	10.3	10.3	10.3	10.3	9.7	-0.2	-0.3	3	13 241
DK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	27	19
DE	7.5	7.6	7.6	7.6	7.5	7.5	7.4	7.3	7.4	7.2	7.0	6.8	6.5	6.5	6.7	-0.8	-0.7	13	161 290
EE	11.6	11.2	11.2	11.1	10.9	10.7	10.5	10.5	10.2	9.9	9.9	9.8	10.3	11.4	12.4	0.9	1.7	1	1 723
IE	2.9	2.6	2.6	2.6	2.6	2.7	2.8	2.7	2.7	2.7	2.9	3.1	3.3	3.3	3.3	0.4	0.6	25	5 281
EL	4.3	4.5	4.6	4.8	4.6	4.9	4.9	5.5	5.4	5.1	5.1	4.8	5.1	5.2	4.7	0.5	-0.1	21	11 050
ES	8.2	8.4	8.4	8.4	8.5	8.7	8.8	8.8	8.9	8.8	8.8	8.8	8.9	8.9	8.7	0.5	0.0	8	91 317
FR	11.4	11.3	11.3	11.1	11.3	11.1	11.0	11.0	11.1	11.0	11.0	11.1	10.9	11.0	11.2	-0.2	0.1	2	213 815
IT	8.4	10.0	10.3	8.6	8.5	8.4	8.3	8.4	8.7	8.6	8.8	8.7	9.0	9.2	9.5	1.1	1.1	5	144 059
CY	4.3	4.4	4.5	4.6	4.5	4.4	4.5	4.5	4.7	5.3	5.9	5.5	5.1	5.3	5.9	1.6	1.5	16	994
LV	11.6	9.9	8.0	8.2	8.1	7.4	6.8	6.9	6.4	6.3	6.1	6.3	6.3	5.9	6.2	-5.5	-1.3	14	1 142
LT	6.9	7.3	8.0	8.6	8.8	8.4	8.0	7.8	7.7	7.5	7.3	7.5	7.6	8.0	8.6	1.8	0.2	9	2 291
LU	4.5	4.5	4.5	4.6	4.4	4.4	4.4	4.8	4.8	4.7	4.7	4.6	4.3	4.2	4.3	0.2	0.4	20	1 810
HU	11.8	11.0	11.2	11.1	10.3	10.5	10.1	10.0	9.8	9.4	9.7	9.5	9.6	9.7	9.1	-2.7	-1.3	6	8 473
MT	3.0	3.1	3.3	3.0	2.9	2.8	3.1	2.9	2.9	2.9	2.9	2.8	2.6	2.7	2.7	-0.3	-0.1	26	159
NL	2.0	2.0	1.8	4.5	4.5	4.5	4.3	4.3	4.3	4.0	4.6	4.5	4.8	4.9	4.9	2.9	0.4	19	28 042
AT	7.3	7.4	7.4	7.3	7.3	7.1	7.0	6.9	6.9	6.9	6.8	6.7	6.7	7.0	7.0	-0.4	-0.1	11	19 105
PL	5.9	5.9	6.1	6.1	5.9	5.7	5.7	5.4	5.2	4.9	4.9	4.8	4.8	4.7	4.6	-1.3	-1.1	23	14 340
PT	3.9	4.1	4.1	4.6	4.6	4.7	4.8	4.9	4.6	4.6	4.8	4.5	4.8	4.8	5.0	1.2	0.3	18	8 419
RO	7.6	7.2	7.0	7.0	7.8	8.1	7.1	6.5	6.2	5.9	6.4	6.3	6.2	6.0	6.0	-1.6	-2.1	15	7 031
SI	8.0	6.3	5.5	5.5	5.4	5.5	5.5	5.4	5.4	5.4	5.5	5.5	5.4	5.5	5.8	-2.2	0.3	17	2 039
SK	9.6	9.9	9.8	9.7	8.9	9.1	8.9	8.9	8.4	7.6	7.0	6.3	6.3	6.7	6.9	-2.7	-2.3	12	4 322
FI	9.9	9.6	9.1	9.2	9.3	8.8	9.0	8.9	8.9	8.8	9.0	9.0	8.7	9.0	9.5	-0.4	0.7	4	16 277
SE	10.4	10.9	10.4	9.9	8.4	10.1	10.6	10.3	10.0	9.7	9.7	9.1	9.1	8.2	7.9	-2.5	-2.2	10	22 945
UK	3.3	3.3	3.3	3.3	3.4	3.5	3.5	3.3	3.5	3.6	3.7	3.7	3.7	3.9	3.9	0.6	0.4	24	60 951
NO	5.8	5.7	5.7	6.1	6.1	5.3	5.6	5.9	5.9	5.7	5.4	5.3	5.5	5.5	6.0	0.2	0.7		16 423
IS	2.3	2.5	2.5	2.6	2.7	2.7	2.7	2.8	3.0	2.9	3.1	3.2	2.9	2.8	3.0	0.7	0.3		260
EU-27 averages																			
weighted	7.4	7.6	7.5	7.4	7.3	7.2	7.2	7.2	7.3	7.2	7.2	7.1	7.1	7.2	7.4	0.0	0.2		
arithmetic	7.1	7.0	6.9	7.0	6.9	6.9	6.8	6.8	6.7	6.6	6.6	6.4	6.4	6.5	6.6	-0.5	-0.3		
EA-17 averages																			
weighted	8.1	8.4	8.5	8.3	8.3	8.2	8.1	8.1	8.2	8.1	8.0	8.0	8.0	8.1	8.2	0.1	0.1		
arithmetic	6.8	6.8	6.8	6.8	6.7	6.7	6.7	6.7	6.7	6.6	6.6	6.5	6.5	6.7	6.9	0.1	0.2		
Convergence indicators																			
St.dev/mean	46.6	45.8	45.7	42.0	41.6	41.5	40.7	41.3	41.2	40.4	40.6	40.9	41.4	41.8	42.1	-4.5	0.6		
Max-min	11.8	11.3	11.3	11.1	11.3	11.0	11.0	11.0	11.1	11.0	11.0	11.1	10.9	11.4	12.4	0.6	1.4		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 26: Social Contributions as % of Total Taxation - Employers

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	19.6	19.3	19.1	18.9	19.0	18.5	18.7	19.1	19.2	18.6	18.4	18.4	18.8	19.0	20.1	0.5	1.7	12	29 679
BG	29.4	26.8	27.4	26.4	28.3	27.3	25.0	25.5	25.5	23.9	22.2	18.4	16.6	14.9	16.0	-13.4	-11.3	18	1 623
CZ	27.3	28.7	29.2	29.6	28.9	29.3	29.2	29.8	29.4	27.5	27.9	28.1	27.6	29.0	28.0	0.7	-1.3	4	13 241
DK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	27	19
DE	18.8	18.6	18.8	18.5	18.0	17.8	18.5	18.5	18.6	18.5	18.0	17.3	16.6	16.5	16.9	-1.9	-0.9	13	161 290
EE	33.3	33.4	32.6	32.4	33.5	34.7	34.8	34.0	33.1	32.5	32.2	32.0	32.4	35.5	34.7	1.4	0.0	1	1 723
IE	8.7	8.0	7.9	8.1	8.1	8.5	9.6	9.5	9.2	8.9	8.9	9.1	9.7	11.1	11.7	3.0	3.2	24	5 281
EL	14.6	15.2	15.1	14.6	13.9	14.1	14.7	16.3	16.8	16.4	16.0	15.4	15.9	16.3	15.6	1.0	1.5	19	11 050
ES	25.1	25.4	25.4	25.6	25.5	25.6	26.4	26.0	26.1	25.4	24.7	24.2	23.9	26.8	28.5	3.4	2.9	3	91 317
FR	26.7	25.7	25.6	25.3	25.1	25.1	25.2	25.6	25.9	25.5	25.2	25.3	25.3	25.6	27.0	0.3	1.9	5	213 815
IT	21.0	23.9	23.6	20.2	19.9	20.1	20.1	20.6	20.9	21.3	21.7	20.6	20.8	21.5	22.0	1.0	1.9	11	144 059
CY	16.0	16.9	17.7	16.6	15.9	14.7	14.7	14.4	14.3	15.8	16.5	15.1	12.5	13.5	16.7	0.7	2.0	15	994
LV	35.1	32.2	25.0	24.3	25.2	25.1	23.9	24.3	22.5	22.1	20.9	20.8	20.7	20.5	23.1	-12.0	-2.0	7	1 142
LT	25.0	27.1	26.2	27.2	27.7	28.1	28.0	27.4	27.3	26.7	25.6	25.6	25.7	26.5	29.5	4.4	1.4	2	2 291
LU	12.2	12.0	11.5	11.8	11.4	11.2	12.0	12.2	12.4	12.6	12.1	12.0	11.8	12.1	12.8	0.6	1.6	23	1 810
HU	29.0	28.0	29.8	29.5	26.9	26.8	26.5	26.5	25.9	25.1	26.0	25.4	24.2	24.2	23.1	-5.9	-3.7	8	8 473
MT	11.2	12.2	12.0	11.7	10.6	10.0	10.3	9.3	9.3	8.9	8.5	8.2	7.6	8.0	8.0	-3.3	-2.0	26	159
NL	5.0	4.9	4.5	11.5	11.0	11.2	11.3	11.5	11.6	11.5	10.7	11.7	11.7	12.3	12.8	7.9	1.6	22	28 042
AT	17.7	17.2	16.7	16.4	16.5	16.4	15.5	15.7	15.9	15.8	16.2	16.2	15.9	15.7	16.3	-1.4	-0.1	16	19 105
PL	15.8	16.0	16.8	17.4	17.0	17.4	17.8	16.4	16.1	15.7	15.0	14.3	13.8	13.8	14.5	-1.3	-2.9	21	14 340
PT	13.0	13.4	13.7	15.2	14.9	15.1	15.6	15.5	14.7	15.2	15.1	14.1	14.6	14.8	16.2	3.1	1.1	17	8 419
RO	27.8	28.0	26.4	24.1	25.2	26.7	24.9	23.0	22.4	21.7	23.0	22.1	21.4	21.6	22.2	-5.5	-4.5	9	7 031
SI	20.4	16.5	14.8	14.5	14.2	14.6	14.5	14.3	14.2	14.1	14.3	14.3	14.2	14.8	15.3	-5.1	0.7	20	2 039
SK	23.7	25.1	26.2	26.3	25.2	26.8	26.7	26.9	25.5	24.2	22.4	21.5	21.4	23.0	23.8	0.1	-3.0	6	4 322
FI	21.6	20.5	19.7	19.9	20.2	18.5	20.1	20.0	20.1	20.3	20.4	20.4	20.3	20.9	22.0	0.4	3.5	10	16 277
SE	21.7	21.8	20.4	19.4	16.3	19.6	21.3	21.7	20.8	20.2	19.8	18.8	19.2	17.7	16.8	-4.8	-2.8	14	22 945
UK	9.5	9.5	9.4	9.1	9.3	9.5	9.6	9.5	10.1	10.3	10.3	10.2	10.2	10.5	11.2	1.6	1.7	25	60 951
NO	13.9	13.4	13.5	14.6	14.3	12.5	13.0	13.8	13.9	13.1	12.4	12.1	12.6	12.8	14.5	0.7	2.0		16 423
IS	6.8	7.3	7.3	7.5	7.2	7.3	7.6	7.8	8.1	7.8	7.6	7.7	7.3	7.5	8.9	2.1	1.5		260
EU-27 averages																			
weighted	18.8	19.0	18.7	18.2	17.9	17.9	18.2	18.4	18.7	18.6	18.3	18.0	17.9	18.4	19.2	0.4	1.4		
arithmetic	19.6	19.5	19.1	19.1	18.8	19.0	19.1	19.0	18.8	18.5	18.2	17.8	17.5	18.0	18.7	-0.9	-0.3		
EA-17 averages																			
weighted	20.5	20.7	20.6	20.2	19.9	19.9	20.2	20.5	20.7	20.6	20.3	20.0	19.8	20.3	21.1	0.6	1.2		
arithmetic	18.2	18.1	17.9	18.1	17.8	17.8	18.1	18.2	18.1	18.0	17.7	17.4	17.3	18.1	18.9	0.7	1.0		
Convergence indicators																			
St.dev/mean	43.8	43.3	42.9	40.2	41.6	42.0	40.5	40.4	39.7	38.5	38.7	39.0	39.6	40.9	39.6	-4.2	-2.4		
Max-min	35.1	33.4	32.6	32.4	33.5	34.6	34.8	33.9	33.0	32.5	32.1	31.9	32.3	35.5	34.6	-0.4	0.0		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 27: Social Contributions as % of GDP - Employees

																Difference ¹⁾		Ranking Revenue ²⁾	
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	4.5	4.5	4.4	4.4	4.4	4.4	4.6	4.6	4.5	4.4	4.3	4.1	4.2	4.3	4.4	-0.1	-0.1	6	14 860
BG	0.0	0.3	0.4	0.5	0.7	1.7	1.5	1.8	1.9	1.9	2.1	2.1	2.1	2.5	2.6	2.6	0.9	17	915
CZ	3.7	3.6	3.6	3.5	3.5	3.5	3.5	3.6	3.7	3.6	3.6	3.6	3.6	3.6	3.1	-0.6	-0.4	13	4 243
DK	1.1	1.1	1.0	1.0	1.6	1.8	1.7	1.2	1.2	1.1	1.1	1.0	1.0	1.0	1.0	-0.1	-0.8	25	2 185
DE	6.7	6.9	7.0	6.9	6.8	6.8	6.7	6.6	6.7	6.5	6.4	6.3	6.1	6.1	6.3	-0.5	-0.5	2	150 280
EE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.5	0.5	26	75	
IE	1.9	1.7	1.5	1.4	1.5	1.5	1.5	1.5	1.6	1.7	1.7	1.6	1.7	1.9	2.3	0.5	0.8	22	3 721
EL	3.8	3.9	4.0	4.0	4.0	4.1	4.2	4.5	4.7	4.4	4.5	4.1	4.2	4.2	3.8	0.0	-0.3	9	8 875
ES	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	2.0	1.9	0.0	0.0	24	20 465
FR	5.8	5.8	5.4	3.9	4.0	4.0	4.0	4.0	4.1	4.0	4.1	4.1	4.1	4.0	4.1	-1.7	0.1	8	77 718
IT	2.4	2.6	2.6	2.4	2.3	2.3	2.3	2.3	2.2	2.2	2.2	2.2	2.3	2.5	2.6	0.1	0.3	19	39 106
CY	1.8	1.8	1.8	1.9	1.8	1.8	1.9	1.9	1.9	2.1	2.1	2.0	2.1	2.1	2.4	0.6	0.6	20	403
LV	0.3	0.9	2.6	2.5	2.6	2.5	2.4	2.4	2.4	2.4	2.3	2.4	2.4	2.2	2.3	2.0	-0.2	23	427
LT	0.2	0.2	0.3	0.3	0.3	0.8	0.8	0.7	0.7	0.8	0.7	0.8	0.8	0.9	2.6	2.4	1.8	18	686
LU	3.9	4.0	4.2	4.3	4.4	4.5	4.9	4.8	4.7	4.5	4.6	4.4	4.5	4.6	5.1	1.1	0.6	5	1 926
HU	2.3	2.0	2.1	2.0	2.1	2.0	2.1	2.2	2.2	2.3	2.3	2.4	3.3	3.2	3.2	0.9	1.2	12	2 935
MT	2.5	2.6	2.7	2.5	2.6	2.8	3.1	2.9	2.9	2.9	2.9	2.7	2.6	2.7	2.7	0.2	-0.1	15	159
NL	10.2	9.8	9.8	7.6	8.0	7.9	6.7	6.4	6.7	6.9	6.4	6.5	6.1	6.6	5.9	-4.3	-2.0	4	33 787
AT	6.3	6.3	6.3	6.1	6.1	6.0	6.1	6.0	6.1	6.0	5.9	5.9	5.8	5.8	6.1	-0.2	0.0	3	16 633
PL	4.7	4.7	4.9	4.9	6.3	5.5	5.5	5.1	5.2	5.0	4.8	4.9	4.8	4.6	4.2	-0.5	-1.3	7	12 997
PT	3.5	3.1	3.1	2.7	2.8	2.9	3.0	3.1	3.5	3.2	3.2	3.6	3.5	3.5	3.6	0.1	0.8	10	6 103
RO	0.0	0.0	0.0	2.2	2.9	3.0	3.8	4.2	3.1	3.0	3.0	3.3	3.3	3.2	3.3	3.3	0.3	11	3 856
SI	8.1	7.9	7.8	7.8	7.7	7.8	7.7	7.6	7.5	7.5	7.5	7.3	7.2	7.4	7.8	-0.3	-0.1	1	2 744
SK	2.8	3.2	3.1	2.9	2.8	2.9	3.0	3.0	2.8	2.9	3.0	2.8	2.8	2.9	3.0	0.1	0.1	14	1 887
FI	2.6	2.6	2.4	2.3	2.3	2.2	2.2	2.1	2.1	2.1	2.2	2.4	2.3	2.2	2.4	-0.3	0.2	21	4 065
SE	1.6	2.0	2.4	2.8	2.8	2.1	1.4	0.7	0.7	0.7	0.4	0.0	0.0	0.1	0.1	-1.5	-2.0	27	272
UK	2.5	2.4	2.6	2.6	2.5	2.5	2.5	2.4	2.5	2.7	2.8	2.8	2.7	2.6	2.7	0.1	0.2	16	41 763
NO	4.0	3.9	3.9	4.1	4.0	3.6	3.7	3.9	3.9	3.7	3.5	3.4	3.5	3.5	3.8	-0.2	0.2		10 425
IS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0
EU-27 averages																			
weighted	4.7	4.7	4.6	4.2	4.2	4.1	4.0	3.9	3.9	3.9	3.8	3.8	3.7	3.8	3.8	-0.9	-0.2		
arithmetic	3.2	3.2	3.3	3.2	3.3	3.3	3.3	3.3	3.3	3.2	3.2	3.2	3.2	3.2	3.3	0.2	0.0		
EA-17 averages																			
weighted	5.3	5.3	5.2	4.7	4.6	4.6	4.5	4.4	4.4	4.3	4.3	4.2	4.2	4.2	4.3	-1.1	-0.3		
arithmetic	4.1	4.0	4.0	3.7	3.7	3.8	3.8	3.7	3.8	3.7	3.7	3.7	3.6	3.7	3.8	-0.2	0.1		
Convergence indicators																			
St.dev/mean	80.9	77.6	73.9	65.8	64.5	61.3	59.7	59.8	60.0	59.5	58.9	59.4	57.4	57.6	52.8	-28.0	-8.4		
Max-min	10.2	9.8	9.8	7.8	8.0	7.9	7.7	7.3	7.2	7.2	7.2	7.3	7.2	7.3	7.7	-2.5	-0.2		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 28: Social Contributions as % of Total Taxation - Employees

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	10.3	10.1	9.8	9.7	9.7	9.8	10.1	10.1	10.1	9.9	9.5	9.3	9.6	9.6	10.1	-0.2	0.3	11	14 860
BG	0.0	0.9	1.5	1.6	2.4	5.3	4.9	6.3	6.0	5.7	6.9	6.9	6.4	7.9	9.0	9.0	3.7	13	915
CZ	10.3	10.3	10.4	10.5	10.3	10.4	10.3	10.5	10.3	9.6	9.8	9.9	9.7	10.2	9.0	-1.3	-1.5	14	4 243
DK	2.2	2.2	2.1	2.1	3.3	3.6	3.5	2.4	2.4	2.3	2.1	2.0	2.0	2.0	2.0	-0.2	-1.5	25	2 185
DE	16.9	16.9	17.2	17.0	16.4	16.2	16.8	16.8	16.8	16.7	16.5	16.2	15.5	15.5	15.8	-1.2	-0.4	2	150 280
EE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.9	0.9	0.9	0.5	0.5	0.6	1.5	1.5	1.5	26	75
IE	5.6	5.3	4.7	4.3	4.7	4.9	5.1	5.3	5.4	5.6	5.6	5.1	5.4	6.3	8.3	2.6	3.4	17	3 721
EL	13.2	13.3	13.2	12.3	12.1	11.9	12.6	13.3	14.5	14.0	14.0	13.1	13.0	13.1	12.6	-0.6	0.7	7	8 875
ES	5.8	5.9	5.7	5.7	5.6	5.7	5.8	5.7	5.7	5.5	5.4	5.3	5.2	5.9	6.4	0.6	0.7	22	20 465
FR	13.6	13.3	12.3	8.9	8.9	9.0	9.1	9.4	9.5	9.4	9.3	9.3	9.4	9.3	9.8	-3.8	0.8	12	77 718
IT	6.1	6.1	6.0	5.7	5.5	5.5	5.6	5.7	5.5	5.5	5.5	5.3	5.4	5.8	6.0	-0.1	0.5	23	39 106
CY	6.8	6.9	7.2	6.7	6.5	6.0	6.1	6.0	5.9	6.1	5.8	5.5	5.1	5.4	6.8	0.0	0.8	21	403
LV	0.9	2.9	8.0	7.5	8.1	8.4	8.2	8.4	8.4	8.3	7.8	7.8	7.7	7.6	8.6	7.7	0.3	16	427
LT	0.8	0.9	0.9	0.9	0.9	2.7	2.7	2.6	2.6	2.7	2.6	2.7	2.7	2.8	8.8	8.0	6.1	15	686
LU	10.6	10.7	10.6	10.8	11.6	11.4	12.2	12.3	12.4	11.9	12.3	12.4	12.6	13.0	13.7	3.1	2.2	5	1 926
HU	5.6	5.2	5.6	5.3	5.6	5.1	5.4	5.8	5.8	6.1	6.0	6.5	8.3	8.1	8.0	2.4	2.9	18	2 935
MT	9.3	10.1	9.9	9.7	9.5	9.9	10.3	9.3	9.3	8.9	8.5	8.2	7.6	8.0	8.0	-1.4	-2.0	19	159
NL	25.3	24.3	24.6	19.2	19.9	19.8	17.6	17.0	17.9	18.3	17.1	16.6	15.7	16.9	15.5	-9.8	-4.3	3	33 787
AT	15.2	14.6	14.1	13.8	13.9	14.0	13.5	13.7	13.8	13.8	14.0	14.0	13.8	13.7	14.2	-1.0	0.2	4	16 633
PL	12.6	12.7	13.4	13.8	18.1	16.9	17.2	15.6	16.1	15.8	14.8	14.4	13.7	13.4	13.2	0.5	-3.7	6	12 997
PT	11.8	10.2	10.4	8.9	8.9	9.2	9.8	9.7	10.9	10.5	10.2	11.1	10.7	10.8	11.7	-0.1	2.6	9	6 103
RO	0.0	0.0	0.0	7.7	9.5	10.0	13.2	14.9	11.1	10.9	10.8	11.4	11.4	11.3	12.2	12.2	2.2	8	3 856
SI	20.6	20.6	21.0	20.5	20.2	20.9	20.5	20.0	19.6	19.5	19.3	19.2	19.1	19.9	20.6	0.0	-0.3	1	2 744
SK	7.1	8.0	8.3	8.0	8.0	8.5	9.0	9.0	8.6	9.2	9.6	9.4	9.4	10.0	10.4	3.3	1.9	10	1 887
FI	5.8	5.5	5.2	5.0	5.1	4.7	4.9	4.7	4.8	4.8	5.0	5.4	5.2	5.1	5.5	-0.3	0.8	24	4 065
SE	3.3	4.0	4.7	5.5	5.5	4.1	2.9	1.6	1.5	1.5	0.8	0.1	0.1	0.1	0.2	-3.1	-3.9	27	272
UK	7.3	7.1	7.5	7.1	7.0	6.7	6.8	6.7	7.4	7.8	7.8	7.6	7.5	7.1	7.6	0.3	0.9	20	41 763
NO	9.5	9.2	9.1	9.8	9.5	8.4	8.6	9.1	9.2	8.6	8.1	7.7	8.1	8.1	9.2	-0.3	0.9		10 425
IS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0
EU-27 averages																			
weighted	12.0	11.6	11.3	10.3	10.3	10.0	10.1	10.0	10.1	10.0	9.8	9.6	9.4	9.6	10.0	-2.0	0.0		
arithmetic	8.4	8.4	8.7	8.5	8.8	8.9	9.0	9.0	9.0	8.9	8.8	8.7	8.6	8.9	9.5	1.0	0.5		
EA-17 averages																			
weighted	13.4	13.0	12.6	11.4	11.2	11.1	11.1	11.1	11.2	11.0	10.8	10.6	10.3	10.6	10.9	-2.4	-0.2		
arithmetic	10.8	10.7	10.6	9.8	9.8	9.8	9.9	9.9	10.1	10.0	9.9	9.8	9.6	9.9	10.4	-0.4	0.5		
Convergence indicators																			
St.dev/mean	76.5	72.8	69.9	61.5	60.8	57.9	56.8	56.2	56.4	56.3	55.8	56.4	55.3	54.6	48.1	-28.4	-9.8		
Max-min	25.3	24.3	24.6	20.5	20.2	20.9	20.5	19.0	18.7	18.6	18.6	19.1	19.0	19.8	20.4	-4.9	-0.5		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 29: Social Contributions as % of GDP - Self-employed

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.3	1.4	0.1	0.2	11	4 670
BG	0.5	0.2	0.1	0.2	0.4	0.5	0.6	0.5	0.6	0.6	0.6	0.5	0.5	0.4	0.4	-0.1	-0.1	17	158
CZ	0.7	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.9	2.1	2.1	2.3	2.4	2.3	2.6	1.9	1.9	4	3 632
DK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	27	0
DE	2.6	3.0	3.0	2.9	2.8	2.7	2.6	2.8	2.8	2.8	2.9	2.8	2.5	2.5	2.7	0.1	0.1	3	65 820
EE	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.0	0.0	25	22
IE	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.0	23	315
EL	1.3	1.2	1.3	1.5	1.5	1.5	1.5	1.6	1.6	1.6	1.7	1.7	1.8	1.7	1.8	0.6	0.3	7	4 226
ES	1.7	1.6	1.6	1.6	1.5	1.4	1.4	1.4	1.4	1.5	1.4	1.4	1.4	1.4	1.8	0.1	0.4	8	18 918
FR	1.4	1.5	1.4	1.0	1.0	1.0	1.1	1.1	1.1	1.2	1.2	1.2	1.2	1.2	1.3	-0.1	0.2	13	24 227
IT	1.8	1.7	1.6	1.2	1.3	1.4	1.3	1.4	1.4	1.5	1.6	1.6	1.7	1.8	1.8	0.0	0.4	9	27 262
CY	0.4	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.3	0.4	0.0	0.1	19	67
LV	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	26	11
LT	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.4	0.4	0.3	18	111
LU	1.4	1.3	1.3	1.3	1.3	1.2	1.3	1.3	1.3	1.6	1.3	1.2	1.2	1.2	1.3	-0.1	0.1	12	498
HU	0.6	0.6	0.5	0.5	0.5	0.6	0.6	0.5	0.6	0.5	0.5	0.6	0.6	0.7	0.7	0.1	0.2	15	672
MT	0.6	0.7	0.7	0.6	0.7	0.8	0.7	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.0	-0.2	16	34
NL	3.7	3.5	3.6	2.9	3.0	3.1	2.6	2.5	2.8	2.7	2.5	2.9	2.9	3.1	3.0	-0.7	-0.1	1	17 130
AT	1.3	1.3	1.4	1.7	1.7	1.6	1.7	1.7	1.8	1.9	1.8	1.8	1.8	1.8	1.9	0.6	0.3	6	5 237
PL	0.8	0.9	0.7	0.6	1.5	1.8	2.1	2.5	2.4	2.4	2.5	2.5	2.4	2.0	2.5	1.8	0.8	5	7 889
PT	0.4	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.5	0.4	0.5	0.3	0.2	0.3	0.4	-0.1	-0.1	20	597
RO	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.1	0.2	0.2	0.2	0.1	0.2	0.1	0.2	0.2	0.2	24	186
SI	0.8	0.9	1.0	1.1	1.0	1.0	1.3	1.3	1.3	1.4	1.2	1.2	1.1	1.1	1.4	0.7	0.5	10	508
SK	2.6	2.9	2.1	2.3	2.3	2.1	2.5	2.8	2.6	2.6	2.6	2.7	2.6	2.4	2.8	0.2	0.7	2	1 757
FI	1.6	1.4	1.3	1.1	1.0	1.0	0.9	0.8	0.8	0.8	0.8	0.9	0.9	0.9	1.0	-0.6	0.0	14	1 653
SE	0.3	0.3	0.2	0.2	0.2	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0.3	0.2	0.2	0.0	0.0	21	697
UK	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.0	22	3 517
NO	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0
IS	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	-0.1	-0.1		6
EU-27 averages																			
weighted	1.6	1.7	1.6	1.4	1.4	1.4	1.4	1.4	1.4	1.5	1.5	1.5	1.4	1.5	1.6	0.0	0.2		
arithmetic	1.0	1.0	0.9	0.9	0.9	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.0	1.2	0.2	0.2		
EA-17 averages																			
weighted	2.0	2.1	2.1	1.8	1.8	1.8	1.7	1.8	1.8	1.8	1.8	1.8	1.7	1.8	1.9	-0.1	0.2		
arithmetic	1.4	1.4	1.4	1.3	1.3	1.2	1.2	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.4	0.0	0.2		
Convergence indicators																			
St.dev/mean	94.3	95.7	95.7	93.3	88.2	87.4	84.7	88.0	86.7	83.9	84.8	87.1	86.4	85.1	83.9	-10.4	-3.5		
Max-min	3.7	3.5	3.6	2.9	3.0	3.1	2.6	2.8	2.8	2.8	2.9	2.9	2.9	3.1	3.0	-0.7	-0.1		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 30: Social Contributions as % of Total Taxation - Self-employed

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	2.9	2.9	2.8	2.7	2.6	2.6	2.6	2.7	2.7	2.7	2.7	2.7	2.7	2.9	3.2	0.3	0.5	12	4 670
BG	1.7	0.9	0.5	0.6	1.2	1.7	2.0	1.8	1.8	1.9	2.0	1.7	1.4	1.3	1.6	-0.2	-0.2	17	158
CZ	2.0	2.0	2.0	2.0	2.0	2.2	2.2	2.4	2.4	5.7	5.8	6.3	6.4	6.5	7.7	5.6	5.5	4	3 632
DK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	27	0
DE	6.6	7.3	7.4	7.2	6.8	6.4	6.6	7.1	7.1	7.3	7.5	7.0	6.4	6.3	6.9	0.3	0.6	5	65 820
EE	0.6	0.5	0.5	0.5	0.5	0.6	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.5	0.4	-0.1	-0.2	25	22
IE	0.6	0.6	0.7	0.7	0.7	0.6	0.5	0.7	0.7	0.8	0.8	0.7	0.7	0.8	0.7	0.1	0.1	21	315
EL	4.3	4.2	4.3	4.7	4.5	4.3	4.6	4.8	5.1	5.3	5.3	5.3	5.5	5.3	6.0	1.7	1.7	6	4 226
ES	5.1	5.0	5.0	4.7	4.4	4.3	4.2	4.2	4.2	4.2	4.0	3.8	3.7	4.4	5.9	0.8	1.6	7	18 918
FR	3.2	3.4	3.2	2.3	2.3	2.3	2.5	2.5	2.6	2.7	2.8	2.7	2.7	2.8	3.1	-0.1	0.7	13	24 227
IT	4.4	4.1	3.7	2.8	3.1	3.3	3.2	3.4	3.3	3.7	3.9	3.8	4.0	4.2	4.2	-0.3	0.9	9	27 262
CY	1.6	1.5	1.5	1.4	1.3	1.1	1.1	1.1	1.0	1.0	0.9	0.9	0.9	0.9	1.1	-0.4	0.0	20	67
LV	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	26	11
LT	0.2	0.2	0.2	0.2	0.4	0.4	0.5	0.4	0.4	0.3	0.4	0.4	0.4	0.4	1.4	1.2	1.1	18	111
LU	3.7	3.4	3.4	3.2	3.4	3.1	3.2	3.2	3.4	4.2	3.4	3.3	3.3	3.3	3.5	-0.1	0.4	11	498
HU	1.6	1.5	1.3	1.3	1.3	1.4	1.6	1.5	1.5	1.4	1.5	1.7	1.6	1.7	1.8	0.3	0.4	15	672
MT	2.3	2.6	2.7	2.5	2.5	2.7	2.3	2.1	2.1	2.0	1.9	1.9	1.8	1.8	1.7	-0.6	-1.0	16	34
NL	9.2	8.7	8.9	7.3	7.5	7.7	6.8	6.6	7.4	7.3	6.7	7.5	7.4	7.9	7.8	-1.4	0.2	3	17 130
AT	3.0	3.1	3.3	3.8	3.8	3.8	3.8	3.9	4.0	4.3	4.3	4.4	4.2	4.1	4.5	1.4	0.7	8	5 237
PL	2.0	2.5	1.9	1.7	4.2	5.4	6.7	7.5	7.6	7.7	7.8	7.3	6.8	5.8	8.0	6.0	2.6	2	7 889
PT	1.5	1.7	1.8	1.6	1.5	1.4	1.3	1.3	1.7	1.4	1.4	1.0	0.7	1.1	1.1	-0.3	-0.3	19	597
RO	0.0	0.0	0.0	0.0	0.8	0.0	0.1	0.3	0.6	0.9	0.6	0.5	0.6	0.4	0.6	0.6	0.6	23	186
SI	2.0	2.3	2.7	3.0	2.6	2.6	3.5	3.3	3.5	3.7	3.2	3.1	3.0	3.1	3.8	1.9	1.3	10	508
SK	6.5	7.3	5.7	6.2	6.4	6.2	7.4	8.4	7.9	8.2	8.4	9.2	9.1	8.1	9.7	3.2	3.5	1	1 757
FI	3.4	2.9	2.7	2.3	2.2	2.0	2.0	1.9	1.8	1.8	1.9	2.1	2.1	2.0	2.2	-1.2	0.2	14	1 653
SE	0.6	0.5	0.5	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.0	0.0	24	697
UK	0.6	0.7	0.6	0.5	0.6	0.6	0.6	0.6	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.0	0.1	22	3 517
NO	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0
IS	0.6	0.6	0.5	0.5	0.4	0.4	0.4	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	-0.4	-0.2		6
EU-27 averages																			
weighted	4.1	4.3	4.1	3.6	3.5	3.4	3.5	3.6	3.7	3.8	3.8	3.7	3.6	3.7	4.2	0.0	0.8		
arithmetic	2.6	2.6	2.5	2.4	2.5	2.5	2.6	2.7	2.8	3.0	2.9	2.9	2.9	2.8	3.3	0.7	0.8		
EA-17 averages																			
weighted	5.0	5.1	5.0	4.5	4.4	4.3	4.3	4.4	4.5	4.6	4.6	4.5	4.3	4.5	4.9	-0.1	0.7		
arithmetic	3.6	3.6	3.6	3.3	3.3	3.2	3.3	3.4	3.5	3.6	3.5	3.5	3.4	3.5	3.9	0.3	0.6		
Convergence indicators																			
St.dev/mean	89.0	90.2	91.2	89.7	84.0	84.9	85.1	89.3	87.8	85.6	87.2	90.2	90.1	86.8	87.1	-1.8	2.2		
Max-min	9.2	8.7	8.9	7.3	7.5	7.7	7.4	8.4	7.9	8.2	8.4	9.2	9.1	8.1	9.7	0.5	2.0		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 31: Taxes received by administrative level as % of GDP - Central Government

																Difference ¹⁾		Ranking Revenue ²⁾	
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	15.5	15.7	15.7	16.2	16.0	16.6	15.7	15.7	15.0	14.7	14.3	14.0	13.3	13.1	11.5	-4.0	-5.1	26	39 051
BG	17.8	17.0	16.1	19.0	17.4	17.5	17.5	15.7	20.2	21.8	21.0	21.7	24.0	23.1	20.1	2.3	2.6	15	7 045
CZ	27.7	26.5	26.6	25.4	25.8	25.7	26.2	26.3	26.9	27.1	25.9	25.5	26.0	24.6	23.6	-4.1	-2.1	9	32 336
DK	32.2	32.4	32.1	32.0	32.1	31.0	29.7	29.6	29.6	30.9	32.8	31.7	35.9	35.2	34.7	2.5	3.7	1	77 114
DE	11.1	10.8	10.7	10.9	11.7	11.9	11.3	11.3	11.4	10.9	11.1	11.3	11.8	11.8	12.0	1.0	0.1	25	288 680
EE	25.0	28.3	25.1	24.9	23.3	22.4	21.9	22.4	22.2	21.7	21.7	21.8	22.6	21.6	24.5	-0.5	2.1	6	3 401
IE	26.9	27.5	27.2	26.7	27.0	26.7	24.9	23.9	24.3	25.5	25.9	27.2	26.4	24.2	22.6	-4.3	-4.2	12	36 024
EL	19.0	19.0	20.1	21.8	22.5	23.4	21.9	21.5	19.9	19.8	20.4	20.1	20.3	19.9	19.3	0.4	-4.1	17	45 019
ES	16.3	16.5	16.0	15.9	16.3	16.5	16.2	13.1	12.5	12.3	12.9	13.5	14.2	11.0	8.8	-7.5	-7.7	27	93 055
FR	17.7	18.6	18.8	18.8	19.3	18.6	18.1	17.5	17.1	18.2	17.6	16.8	16.1	15.5	13.7	-4.0	-4.9	22	260 729
IT	24.0	23.5	25.2	24.1	24.6	23.2	22.8	22.1	22.1	21.6	21.2	22.7	23.0	22.5	23.0	-1.0	-0.2	10	349 312
CY	19.8	19.1	18.4	20.3	20.9	23.0	23.7	24.1	25.5	25.1	26.6	27.9	32.6	30.7	25.8	6.0	2.8	5	4 367
LV	14.7	13.7	16.2	17.5	16.3	14.6	14.4	14.1	14.6	14.5	15.4	16.1	16.0	15.0	12.8	-1.9	-1.8	23	2 371
LT	13.5	12.7	15.5	14.5	13.9	12.7	12.2	15.2	15.2	15.0	15.3	16.0	15.7	15.4	14.0	0.5	1.3	21	3 705
LU	24.2	24.8	26.4	26.4	25.7	26.5	26.4	26.0	25.1	24.8	25.5	24.4	24.2	23.8	24.4	0.2	-2.2	8	9 267
HU	24.7	24.1	22.2	21.9	22.7	23.2	22.5	22.2	22.0	21.5	21.4	21.2	22.6	24.6	24.4	-0.3	1.2	7	22 695
MT	26.8	25.4	27.5	25.6	27.3	28.2	30.4	31.5	31.4	32.6	33.2	33.0	33.9	33.5	33.9	7.1	5.7	2	1 974
NL	21.9	22.7	22.2	22.2	22.6	22.3	22.6	22.5	21.6	21.6	22.6	23.2	23.4	22.8	22.6	0.7	0.3	11	129 238
AT	20.3	21.4	22.6	22.8	22.7	22.3	24.2	23.6	23.7	23.4	22.6	22.1	22.4	22.3	21.0	0.7	-1.4	13	57 479
PL	21.3	21.3	20.5	19.7	18.2	16.9	16.1	16.9	16.7	15.2	16.4	17.4	18.1	18.2	16.1	-5.2	-0.7	20	50 028
PT	20.7	21.2	21.0	20.7	21.3	21.2	21.0	21.5	21.6	20.8	21.4	22.1	22.4	22.1	20.3	-0.4	-1.0	14	34 040
RO	17.3	16.2	17.0	17.9	17.1	18.0	17.1	16.9	17.4	17.3	17.5	18.0	18.0	17.6	16.4	-0.9	-1.5	19	19 307
SI	20.3	20.8	20.4	21.2	21.5	20.7	20.6	21.0	21.2	21.2	21.5	21.2	20.4	19.8	18.9	-1.4	-1.7	18	6 696
SK	24.1	22.3	21.1	20.9	20.2	18.9	17.7	17.3	18.0	17.1	15.4	14.2	14.3	13.8	12.8	-11.4	-6.1	24	8 058
FI	20.8	22.2	22.9	23.1	22.9	24.7	22.4	23.0	22.8	22.6	22.6	22.1	21.7	21.3	19.8	-1.0	-4.9	16	33 877
SE	28.7	29.8	30.4	30.9	31.5	31.2	29.2	28.0	28.0	28.5	29.7	29.8	29.0	27.2	27.0	-1.7	-4.2	4	78 565
UK	32.4	32.2	32.9	33.8	34.2	34.6	34.4	33.0	32.6	33.2	34.0	34.7	34.3	35.4	32.8	0.4	-1.8	3	513 062
NO	24.0	25.0	24.8	24.6	24.9	27.3	26.6	27.6	26.3	28.0	28.8	29.7	29.3	29.0	25.6	1.6	-1.7		69 762
IS	26.8	27.8	26.9	26.4	28.5	28.4	26.5	26.5	27.8	28.9	31.3	31.4	30.3	27.2	24.5	-2.3	-4.0		2 127
EU-27 averages																			
weighted	19.5	19.9	20.7	20.9	21.4	21.5	21.0	20.3	20.0	20.1	20.4	20.7	20.8	20.0	18.7	-0.8	-2.8		
arithmetic	21.6	21.7	21.9	22.0	22.0	21.9	21.5	21.3	21.4	21.4	21.7	21.8	22.3	21.7	20.6	-1.0	-1.3		
EA-17 averages																			
weighted	16.8	17.1	17.6	17.5	18.1	17.9	17.5	16.9	16.7	16.7	17.0	17.1	16.4	15.6		-1.2	-2.3		
arithmetic	20.8	21.2	21.3	21.3	21.5	21.6	21.3	21.1	20.9	20.8	21.0	21.0	21.3	20.6	19.7	-1.1	-1.9		
Convergence indicators																			
St.dev/mean	25.0	26.1	25.0	23.8	24.8	25.6	26.5	26.3	25.8	27.4	28.2	28.0	29.7	30.8	33.1	8.0	7.4		
Max-min	21.3	21.6	22.1	22.9	22.5	22.7	23.2	21.7	21.3	22.3	22.9	23.4	24.1	24.4	25.8	4.5	3.1		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 32: Taxes received by administrative level as % of Total Taxation - Central Government

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	35.3	35.2	34.9	35.6	35.1	36.7	34.8	34.6	33.4	32.7	32.0	31.5	30.2	29.4	26.5	-8.9	-10.2	27	39 051
BG	57.6	59.4	58.4	59.4	56.5	55.5	57.0	55.1	65.2	67.0	67.1	70.6	72.0	71.7	69.6	12.0	14.1	6	7 045
CZ	76.6	76.5	76.0	76.1	75.9	75.9	77.1	75.5	75.4	72.4	69.7	69.5	69.8	69.1	68.4	-8.2	-7.5	8	32 336
DK	65.9	66.0	65.5	64.9	64.0	62.7	61.3	61.8	61.7	63.1	64.5	64.0	73.5	73.2	72.1	6.2	9.4	5	77 114
DE	27.8	26.6	26.4	26.7	28.0	28.4	28.2	28.5	28.6	28.0	28.5	28.8	30.0	30.0	30.3	2.5	1.9	25	288 680
EE	72.1	84.7	72.9	72.6	71.6	72.2	72.6	72.2	72.2	71.2	71.0	71.2	70.7	67.3	68.4	-3.6	-3.8	7	3 401
IE	81.3	83.0	84.1	84.1	84.7	84.8	83.6	83.9	84.1	84.4	84.4	84.7	83.8	81.5	80.0	-1.3	-4.8	3	36 024
EL	65.1	64.4	65.8	67.0	67.6	67.6	65.8	63.9	62.1	63.2	63.8	63.8	63.2	62.7	63.7	-1.4	-3.9	11	45 019
ES	49.8	49.9	48.1	48.3	48.7	48.7	48.3	38.7	36.9	35.6	36.2	37.0	38.3	33.2	29.0	-20.8	-19.6	26	93 055
FR	41.4	42.4	42.6	42.6	43.1	42.1	41.4	40.6	39.9	42.2	40.4	38.3	37.3	36.1	32.9	-8.5	-9.2	24	260 729
IT	59.9	56.3	57.7	56.7	57.9	55.6	55.1	54.0	53.5	53.2	52.5	54.1	53.5	52.4	53.2	-6.7	-2.3	16	349 312
CY	74.1	73.0	71.7	73.4	74.7	76.8	76.6	77.2	77.5	75.0	74.9	76.6	79.8	78.4	73.3	-0.8	-3.4	4	4 367
LV	44.4	44.3	50.6	52.0	51.0	49.5	50.5	50.0	51.1	50.8	52.9	52.8	52.5	51.5	48.0	3.6	-1.5	20	2 371
LT	49.0	46.7	50.8	45.8	43.9	42.2	42.6	53.5	54.0	53.2	53.8	54.3	53.0	51.0	47.6	-1.4	5.4	21	3 705
LU	65.2	66.0	67.1	67.0	67.2	67.7	66.5	66.1	65.8	66.5	67.9	68.1	68.0	67.3	65.7	0.5	-2.0	9	9 267
HU	60.4	61.2	58.8	58.2	59.3	59.6	58.9	58.6	58.1	57.6	57.0	57.0	56.7	61.4	61.9	1.4	2.3	12	22 695
MT	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	99.1	98.6	98.8	98.7	98.6	99.0	-1.0	-1.0	1	1 974
NL	54.5	56.3	56.0	56.2	56.1	55.9	58.9	59.7	57.8	57.6	60.2	59.5	60.4	58.3	59.2	4.7	3.3	14	129 238
AT	48.9	50.0	51.0	51.4	51.6	51.7	53.5	53.7	54.1	54.0	53.3	52.9	53.2	52.3	49.1	0.2	-2.6	19	57 479
PL	57.4	57.1	56.2	55.8	52.1	51.8	50.0	51.6	51.8	48.5	50.1	51.6	52.0	52.9	50.7	-6.7	-1.1	17	50 028
PT	69.9	70.2	69.7	68.2	68.5	68.2	67.9	68.3	68.2	68.0	67.9	68.4	68.1	67.5	65.4	-4.6	-2.8	10	34 040
RO	63.1	62.4	64.5	61.9	55.2	59.5	59.7	60.1	62.8	63.4	63.0	63.0	62.2	62.9	61.0	-2.1	1.5	13	19 307
SI	51.8	54.5	55.2	56.0	56.3	55.1	54.6	55.4	55.6	55.3	55.6	55.4	54.1	53.1	50.3	-1.5	-4.8	18	6 696
SK	59.9	56.5	56.6	56.8	57.3	55.3	53.3	52.5	54.8	54.3	49.3	48.7	49.0	47.3	44.4	-15.5	-10.9	23	8 058
FI	45.5	47.1	49.4	49.8	49.8	52.2	50.1	51.4	51.6	51.9	51.4	50.5	50.4	49.4	45.9	0.4	-6.3	22	33 877
SE	59.8	59.1	59.9	60.3	61.3	60.6	59.1	58.9	58.6	59.2	60.8	61.6	61.2	58.6	57.6	-2.2	-3.0	15	78 565
UK	93.4	93.7	94.3	94.2	94.4	94.3	94.5	94.3	94.1	94.3	94.4	94.5	94.5	94.6	94.0	0.5	-0.3	2	513 062
NO	57.1	58.8	58.7	58.6	58.8	64.0	62.1	64.1	62.2	64.6	66.2	67.5	66.8	67.3	61.8	4.7	-2.2		69 762
IS	80.5	81.0	77.8	76.7	77.5	76.6	75.0	75.2	75.7	76.4	77.1	75.7	74.9	74.1	72.6	-7.9	-4.0		2 127
EU-27 averages																			
weighted	49.6	49.7	51.4	51.8	52.6	53.0	52.9	52.1	51.3	51.9	52.0	52.2	52.5	50.9	48.7	-0.9	-4.3		
arithmetic	60.4	60.8	60.9	60.8	60.4	60.4	60.1	60.0	60.3	60.1	60.1	60.3	60.6	59.7	58.0	-2.3	-2.3		
EA-17 averages																			
weighted	42.2	42.1	42.8	42.8	43.7	43.4	43.5	42.6	42.2	42.4	42.3	42.3	42.5	41.2	40.0	-2.2	-3.5		
arithmetic	59.0	59.8	59.4	59.6	59.9	59.9	59.5	58.9	58.6	58.4	58.1	58.1	58.2	56.8	55.1	-3.9	-4.9		
Convergence indicators																			
St.dev/mean	26.9	27.8	26.5	26.6	27.0	27.1	27.5	27.5	27.6	27.6	27.6	27.9	28.2	29.1	31.0	4.0	3.8		
Max-min	72.2	73.4	73.6	73.3	72.0	71.6	71.8	71.5	71.4	71.0	70.1	69.9	68.7	69.2	72.5	0.3	0.9		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 33: Taxes received by administrative level as % of GDP - State Government

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	10.0	10.2	10.4	10.6	10.8	10.3	10.9	10.4	10.7	10.5	10.8	10.7	10.7	10.9	10.7	0.7	0.4	1	36 289
BG	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
CZ	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
DK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
DE	8.4	9.0	8.9	9.1	9.4	9.5	8.8	8.5	8.5	8.3	8.2	8.6	8.9	8.9	8.7	0.2	-0.8	2	208 040
EE	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
IE	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
ES	1.5	1.5	2.4	2.5	2.7	2.7	2.6	6.3	6.9	7.5	7.9	8.1	8.0	7.5	7.3	5.8	4.7	3	76 997
FR	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
IT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
CY	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
LV	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
LT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
LU	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
HU	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
MT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
NL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
AT	3.3	3.4	3.4	3.5	3.4	3.3	3.4	3.2	3.1	3.1	3.0	3.0	3.1	3.5	4.2	0.9	0.9	4	11 444
PL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
PT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
RO	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
SI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
SK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
FI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
SE	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
UK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
NO	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
IS	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EU-27 averages																			
weighted	7.1	7.4	7.5	7.6	7.8	7.8	7.3	7.8	7.9	8.0	8.0	8.3	8.4	8.3	8.2	1.1	0.4		
arithmetic	5.8	6.0	6.3	6.4	6.5	6.4	6.4	7.1	7.3	7.4	7.5	7.6	7.7	7.7	7.7	1.9	1.3		
EA-17 averages																			
weighted	7.1	7.4	7.5	7.6	7.8	7.8	7.3	7.8	7.9	8.0	8.0	8.3	8.4	8.3	8.2	1.1	0.4		
arithmetic	5.8	6.0	6.3	6.4	6.5	6.4	6.4	7.1	7.3	7.4	7.5	7.6	7.7	7.7	7.7	1.9	1.3		
Convergence indicators																			
St.dev/mean	69.7	70.0	63.2	62.3	62.9	62.3	63.6	43.5	44.1	42.5	43.5	43.1	42.7	40.9	35.5	-34.2	-26.8		
Max-min	8.4	8.7	8.0	8.0	8.1	7.6	8.3	7.2	7.7	7.4	7.8	7.7	7.6	7.5	6.5	-1.9	-1.1		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 34: Taxes received by administrative level as % of Total Taxation - State Government

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	22.7	23.0	23.2	23.2	23.6	22.8	24.2	23.0	23.9	23.4	24.0	24.1	24.3	24.6	24.6	1.9	1.8	1	36 289
BG	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
CZ	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
DK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
DE	21.2	22.2	21.8	22.1	22.5	22.7	21.9	21.6	21.3	21.5	21.3	21.9	22.7	22.6	21.9	0.6	-0.9	3	208 040
EE	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
IE	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
ES	4.7	4.6	7.2	7.7	7.9	7.8	7.7	18.5	20.4	21.7	22.1	22.2	21.6	22.5	24.0	19.3	16.2	2	76 997
FR	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
IT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
CY	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
LV	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
LT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
LU	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
HU	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
MT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
NL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
AT	7.8	7.9	7.7	7.8	7.7	7.7	7.4	7.3	7.0	7.1	7.1	7.1	7.3	8.2	9.8	1.9	2.1	4	11 444
PL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
PT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
RO	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
SI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
SK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
FI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
SE	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
UK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
NO	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
IS	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EU-27 averages																			
weighted	18.2	18.7	18.7	19.0	19.2	19.2	18.5	20.1	20.4	20.7	20.7	21.1	21.5	21.7	21.6	3.5	2.5		
arithmetic	14.1	14.4	15.0	15.2	15.4	15.2	15.3	17.6	18.2	18.4	18.6	18.8	19.0	19.5	20.1	5.9	4.8		
EA-17 averages																			
weighted	18.2	18.7	18.7	19.0	19.2	19.2	18.5	20.1	20.4	20.7	20.7	21.1	21.5	21.7	21.6	3.5	2.5		
arithmetic	14.1	14.4	15.0	15.2	15.4	15.2	15.3	17.6	18.2	18.4	18.6	18.8	19.0	19.5	20.1	5.9	4.8		
Convergence indicators																			
St.dev/mean	64.9	66.0	58.2	56.6	57.2	56.8	58.6	40.3	41.7	41.2	41.8	41.7	41.6	39.0	34.7	-30.3	-22.1		
Max-min	18.0	18.3	16.0	15.5	15.9	15.1	16.7	15.7	16.9	16.3	17.0	16.9	17.1	16.5	14.8	-3.2	-0.3		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 35: Taxes received by administrative level as % of GDP - Local Government

																Difference ¹⁾		Ranking Revenue ²⁾	
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	2.1	2.2	2.2	2.1	2.2	1.9	2.1	2.2	2.3	2.2	2.2	2.2	2.3	2.0	2.4	0.3	0.5	17	8 164
BG	3.5	3.4	3.4	3.9	3.6	3.2	3.4	3.2	0.5	0.5	0.6	0.7	0.9	0.9	0.8	-2.7	-2.4	24	283
CZ	4.4	4.1	4.2	4.0	4.2	4.1	3.8	4.3	4.5	4.7	5.4	5.2	5.2	5.0	4.9	0.5	0.8	9	6 689
DK	15.6	15.7	15.8	16.2	16.3	16.5	17.0	17.1	17.2	16.9	16.9	16.8	11.9	11.9	12.4	-3.2	-4.1	2	27 596
DE	2.5	2.6	2.7	2.9	2.9	2.9	2.7	2.6	2.6	2.8	2.9	3.1	3.2	3.2	3.0	0.5	0.1	14	72 290
EE	4.6	0.5	4.7	4.9	4.8	4.3	4.1	4.0	4.0	4.0	4.0	4.1	4.3	4.9	5.0	0.4	0.7	8	693
IE	0.9	0.8	0.8	0.7	0.7	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.8	1.0	0.1	0.3	23	1 521
EL	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.3	0.3	0.2	-0.1	-0.1	26	475
ES	2.8	2.8	3.0	3.1	3.1	3.1	3.0	2.9	2.8	3.0	3.1	3.2	3.2	3.0	2.9	0.0	-0.2	15	30 044
FR	4.5	4.7	4.7	4.7	4.6	4.3	4.1	4.1	4.2	4.5	4.8	4.8	4.9	5.0	5.2	0.7	0.9	5	99 298
IT	3.1	3.4	3.5	5.7	5.3	6.0	6.2	6.3	6.6	6.4	6.4	6.5	6.8	6.6	6.1	3.0	0.1	4	92 646
CY	0.4	0.4	0.5	0.5	0.5	0.4	0.5	0.4	0.4	0.5	0.4	0.5	0.5	0.5	0.5	0.1	0.1	25	85
LV	6.5	6.3	5.2	5.4	5.0	5.0	4.9	4.9	5.1	5.1	4.9	5.2	5.4	5.6	5.1	-1.4	0.1	6	943
LT	5.0	5.0	4.4	6.0	6.5	6.1	5.7	2.8	2.6	2.8	2.8	2.9	3.0	3.4	3.5	-1.5	-2.6	12	926
LU	2.4	2.4	2.4	2.4	2.2	2.2	2.2	2.4	2.3	1.8	1.7	1.6	1.6	1.6	1.7	-0.7	-0.6	20	638
HU	2.7	2.9	3.1	3.4	3.7	3.8	3.9	4.0	4.3	4.5	4.3	4.3	4.4	2.6	2.6	0.0	-1.2	16	2 460
MT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
NL	1.3	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.5	1.5	1.5	1.3	1.3	1.3	1.4	0.1	0.0	21	8 079
AT	5.0	5.2	5.3	5.2	5.2	5.1	5.2	4.9	4.7	4.7	4.6	4.6	4.7	4.8	5.0	0.0	0.0	7	13 752
PL	4.7	4.5	4.5	4.2	3.2	3.0	3.1	3.3	3.1	4.0	4.1	4.3	4.6	4.6	4.2	-0.5	1.3	10	13 052
PT	1.6	1.7	1.7	1.8	2.0	2.0	1.9	2.0	1.9	2.1	2.1	2.2	2.3	2.3	2.2	0.6	0.2	18	3 641
RO	2.5	2.5	2.4	2.0	2.9	1.2	1.1	0.9	1.0	0.9	0.9	1.0	1.2	0.9	1.0	-1.6	-0.2	22	1 121
SI	2.5	2.5	2.5	2.5	2.7	2.7	2.8	2.8	2.9	2.9	2.8	3.0	3.4	3.3	3.7	1.2	1.0	11	1 322
SK	1.6	1.7	1.6	1.5	1.5	1.4	1.5	1.4	1.3	1.3	3.3	3.1	3.0	3.2	3.3	1.7	1.9	13	2 065
FI	10.2	10.7	10.1	10.1	10.0	10.2	9.9	9.6	9.3	9.1	9.1	9.2	9.2	9.5	10.3	0.1	0.1	3	17 600
SE	14.2	15.4	15.1	15.1	15.1	14.9	15.3	15.5	15.9	15.8	15.8	15.5	15.4	16.1	16.7	2.5	1.8	1	48 605
UK	1.3	1.3	1.3	1.4	1.4	1.5	1.5	1.6	1.6	1.7	1.7	1.7	1.7	1.7	1.8	0.6	0.4	19	28 499
NO	8.2	7.9	7.8	7.1	7.4	6.4	7.0	5.6	6.2	5.9	5.8	5.6	5.5	5.1	6.0	-2.2	-0.5		16 295
IS	6.5	6.5	7.7	8.0	8.3	8.7	8.8	8.7	8.9	8.9	9.3	10.1	10.2	9.5	9.2	2.8	0.5		802
EU-27 averages																			
weighted	3.5	3.6	3.6	3.9	3.9	3.9	3.8	3.8	3.9	4.0	4.1	4.1	4.1	4.1	4.1	0.6	0.2		
arithmetic	4.1	4.0	4.1	4.3	4.3	4.2	4.2	4.1	4.0	4.0	4.1	4.2	4.1	4.0	4.1	0.0	0.0		
EA-17 averages																			
weighted	3.1	3.3	3.3	3.8	3.7	3.7	3.7	3.6	3.7	3.8	3.9	3.9	4.0	4.0	3.9	0.8	0.2		
arithmetic	2.9	2.7	2.9	3.1	3.1	3.1	3.0	3.0	3.0	3.0	3.1	3.2	3.2	3.3	3.4	0.5	0.3		
Convergence indicators																			
St.dev/mean	93.7	100.6	95.3	93.0	92.9	97.1	99.0	101.8	106.2	103.4	100.2	98.6	87.5	90.8	92.9	-0.7	-4.2		
Max-min	15.3	15.4	15.5	15.9	16.1	16.2	16.7	16.8	16.9	16.6	16.6	16.6	15.1	15.9	16.5	1.2	0.3		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 36: Taxes received by administrative level as % of Total Taxation - Local Government

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	4.9	5.0	5.0	4.7	4.8	4.2	4.6	4.9	5.2	5.0	5.0	5.1	5.2	4.6	5.5	0.7	1.3	18	8 164
BG	11.2	12.0	12.2	12.0	11.6	10.2	11.1	11.3	1.6	1.6	1.8	2.3	2.6	2.9	2.8	-8.4	-7.4	24	283
CZ	12.1	11.7	12.1	12.0	12.4	12.0	11.2	12.4	12.5	12.5	14.6	14.2	14.1	14.1	14.2	2.0	2.2	5	6 689
DK	31.9	31.9	32.3	32.9	32.6	33.5	35.1	35.7	35.8	34.4	33.2	33.8	24.4	24.7	25.8	-6.1	-7.7	2	27 596
DE	6.4	6.5	6.6	7.0	7.0	7.0	6.8	6.7	6.6	7.1	7.4	7.9	8.0	8.2	7.6	1.2	0.6	15	72 290
EE	13.1	1.4	13.6	14.4	14.9	13.9	13.5	12.9	13.0	13.2	13.0	13.2	13.4	15.4	13.9	0.8	0.1	7	693
IE	2.6	2.5	2.4	2.2	2.1	2.0	2.1	2.3	2.3	2.3	2.3	2.3	2.3	2.8	3.4	0.7	1.4	23	1 521
EL	0.9	1.0	1.0	0.9	0.8	0.8	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.7	-0.2	-0.2	26	475
ES	8.7	8.5	8.9	9.4	9.4	9.1	8.9	8.7	8.4	8.8	8.8	8.9	8.7	9.1	9.4	0.7	0.3	14	30 044
FR	10.6	10.7	10.6	10.6	10.3	9.7	9.4	9.5	9.8	10.5	10.9	11.0	11.5	11.6	12.5	1.9	2.8	9	99 298
IT	7.8	8.2	7.9	13.3	12.5	14.4	14.9	15.5	16.0	15.8	15.8	15.5	15.7	15.4	14.1	6.3	-0.3	6	92 646
CY	1.6	1.7	1.9	1.8	1.6	1.4	1.5	1.3	1.3	1.4	1.2	1.4	1.3	1.3	1.4	-0.1	0.0	25	85
LV	19.5	20.5	16.2	16.1	15.6	17.0	17.3	17.3	17.8	17.9	16.9	17.2	17.8	19.2	19.1	-0.4	2.1	4	943
LT	18.3	18.5	14.4	18.8	20.5	20.2	20.0	9.8	9.4	9.9	9.7	9.7	10.2	11.3	11.9	-6.4	-8.3	10	926
LU	6.4	6.5	6.1	6.1	5.7	5.7	5.6	6.1	5.9	4.9	4.4	4.4	4.5	4.5	4.5	-1.8	-1.2	20	638
HU	6.6	7.3	8.2	9.0	9.6	9.8	10.3	10.5	11.4	12.0	11.6	11.7	11.1	6.4	6.7	0.1	-3.0	17	2 460
MT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
NL	3.2	3.4	3.5	3.6	3.4	3.4	3.6	3.7	3.9	4.0	4.1	3.3	3.3	3.3	3.7	0.5	0.3	21	8 079
AT	12.0	12.2	11.9	11.8	11.7	11.7	11.5	11.2	10.8	10.9	10.9	11.0	11.1	11.4	11.7	-0.3	0.0	11	13 752
PL	12.5	12.1	12.2	11.9	9.1	9.1	9.5	9.9	9.5	12.8	12.6	12.7	13.2	13.5	13.2	0.7	4.2	8	13 052
PT	5.4	5.5	5.5	5.9	6.4	6.4	6.2	6.4	6.1	6.7	6.7	6.7	7.1	7.1	7.0	1.5	0.6	16	3 641
RO	9.2	9.7	9.1	7.0	9.5	3.9	3.8	3.1	3.5	3.4	3.1	3.4	4.0	3.2	3.5	-5.7	-0.4	22	1 121
SI	6.3	6.6	6.8	6.5	7.1	7.3	7.4	7.4	7.6	7.6	7.4	7.7	9.0	8.9	9.9	3.6	2.7	13	1 322
SK	3.9	4.2	4.2	4.1	4.1	4.1	4.4	4.2	4.0	4.3	10.7	10.8	10.3	11.1	11.4	7.4	7.3	12	2 065
FI	22.3	22.8	21.7	21.8	21.7	21.6	22.1	21.5	21.1	20.8	20.7	21.1	21.3	22.0	23.8	1.6	2.2	3	17 600
SE	29.6	30.6	29.8	29.6	29.3	28.9	31.0	32.7	33.2	32.9	32.2	32.0	32.5	34.7	35.6	6.1	6.7	1	48 605
UK	3.7	3.7	3.8	3.8	3.9	4.0	4.1	4.4	4.7	4.7	4.7	4.6	4.6	4.6	5.2	1.6	1.3	19	28 499
NO	19.5	18.6	18.6	17.0	17.4	15.1	16.4	13.0	14.8	13.7	13.4	12.6	12.5	11.8	14.4	-5.1	-0.7		16 295
IS	19.5	19.0	22.2	23.3	22.5	23.4	25.0	24.8	24.3	23.6	22.9	24.3	25.1	25.9	27.4	7.9	4.0		802
EU-27 averages																			
weighted	8.8	9.1	8.9	9.8	9.5	9.6	9.6	9.8	10.0	10.3	10.4	10.4	10.3	10.5	10.7	1.8	1.1		
arithmetic	10.4	10.2	10.3	10.7	10.7	10.4	10.6	10.4	10.1	10.2	10.4	10.5	10.3	10.5	10.7	0.3	0.3		
EA-17 averages																			
weighted	7.9	8.1	8.0	9.2	8.9	9.1	9.1	9.1	9.2	9.6	9.8	9.8	10.0	10.1	10.1	2.2	1.0		
arithmetic	7.3	6.7	7.4	7.8	7.7	7.7	7.7	7.7	7.7	7.8	8.1	8.2	8.4	8.6	8.8	1.5	1.1		
Convergence indicators																			
St.dev/mean	77.6	82.2	75.8	75.3	75.1	78.8	80.7	82.8	87.6	84.3	80.4	80.1	73.3	76.8	76.4	-1.1	-2.3		
Max-min	31.0	30.9	31.4	32.1	31.8	32.7	34.2	34.9	35.0	33.6	32.5	33.1	31.7	33.9	35.0	3.9	2.3		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 37: Taxes received by administrative level as % of GDP - Social security funds

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	15.2	15.4	15.6	15.6	15.7	15.5	15.6	16.2	15.9	16.7	16.8	16.8	17.0	17.6	18.2	3.1	2.8	2	61 794
BG	9.6	8.2	8.1	9.2	9.8	10.8	9.8	9.6	10.3	10.2	9.7	8.3	8.1	7.8	7.7	-1.9	-3.1	20	2 696
CZ	4.1	4.1	4.1	4.0	4.0	4.1	4.0	4.2	4.3	5.4	5.5	5.6	5.7	5.6	5.7	1.6	1.6	22	7 853
DK	1.1	1.1	1.0	1.0	1.6	1.8	1.7	1.2	1.2	1.2	1.1	1.0	1.0	1.0	1.0	-0.1	-0.8	25	2 179
DE	16.8	17.4	17.7	17.4	17.2	16.9	16.7	16.7	16.9	16.5	16.3	15.9	15.1	15.1	15.7	-1.1	-1.2	3	377 390
EE	5.2	4.7	4.7	4.5	4.4	4.3	4.2	4.6	4.6	4.6	4.6	4.4	4.7	5.2	6.0	0.9	1.7	21	833
IE	4.2	3.9	3.6	3.5	3.5	3.6	3.7	3.7	3.6	3.8	3.8	3.9	4.1	4.4	4.5	0.3	0.9	23	7 152
EL	9.1	9.5	9.5	9.8	9.9	10.4	10.5	11.5	11.6	11.0	11.0	10.9	11.3	11.3	10.5	1.4	0.2	15	24 561
ES	11.4	11.6	11.6	11.5	11.6	11.7	11.8	11.8	11.9	11.8	11.8	11.8	11.9	12.0	12.1	0.7	0.4	11	127 390
FR	20.0	20.2	20.2	20.3	20.6	21.0	21.3	21.2	21.4	20.4	21.1	22.2	22.1	22.4	22.8	2.8	1.8	1	434 653
IT	12.3	14.3	14.6	12.2	12.1	12.1	11.9	12.1	12.3	12.3	12.5	12.5	13.0	13.5	13.8	1.5	1.8	5	210 327
CY	6.5	6.6	6.8	6.9	6.6	6.5	6.8	6.7	7.0	7.7	8.3	7.8	7.5	7.7	8.6	2.1	2.1	17	1 464
LV	12.0	10.8	10.6	10.8	10.7	9.9	9.2	9.3	8.9	8.7	8.4	8.8	8.7	8.2	8.5	-3.4	-1.4	18	1 580
LT	9.0	9.4	10.7	11.2	11.5	11.6	11.0	10.6	10.4	10.3	10.1	10.3	10.6	11.0	11.6	2.7	0.1	12	3 088
LU	9.7	9.6	9.8	9.9	9.8	9.8	10.7	10.6	10.5	10.5	10.2	9.7	9.6	9.8	10.9	1.2	1.0	14	4 136
HU	13.5	12.4	12.5	12.3	11.9	12.0	11.7	11.6	11.5	11.2	11.5	11.4	12.5	12.5	12.1	-1.4	0.2	10	11 256
MT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
NL	15.9	15.2	15.1	15.0	15.5	15.4	13.7	13.3	13.8	13.9	12.9	14.0	13.5	14.5	13.8	-2.1	-1.6	6	78 959
AT	12.2	12.1	12.3	12.2	12.2	12.0	12.0	11.9	11.9	11.9	11.9	11.8	11.7	11.8	12.4	0.2	0.4	9	33 960
PL	11.3	11.6	11.7	11.6	13.7	12.9	13.4	12.9	12.8	12.3	12.3	12.2	12.0	11.3	11.3	0.0	-1.6	13	35 226
PT	6.4	6.7	6.8	7.2	7.2	7.4	7.6	7.6	7.8	7.5	7.7	7.8	7.9	8.1	8.3	2.0	1.0	19	14 010
RO	7.6	7.2	7.0	9.0	11.0	11.1	10.4	10.4	9.3	9.0	9.4	9.6	9.6	9.2	9.3	1.7	-1.7	16	10 966
SI	16.5	14.8	14.1	14.2	14.0	14.1	14.4	14.1	14.1	14.1	14.1	13.9	13.6	13.9	14.8	-1.7	0.7	4	5 234
SK	14.6	15.5	14.6	14.4	13.7	13.8	14.0	14.3	13.5	12.9	12.2	11.6	11.5	11.8	12.4	-2.2	-1.4	8	7 824
FI	14.1	13.6	12.8	12.6	12.6	11.9	12.0	11.9	11.8	11.7	12.0	12.2	11.9	12.1	12.8	-1.2	0.9	7	21 971
SE	4.4	4.6	4.6	4.6	4.4	4.9	4.4	3.6	3.6	3.5	3.1	2.8	2.8	2.9	3.0	-1.4	-1.9	24	8 660
UK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
NO	9.8	9.6	9.6	10.3	10.1	8.9	9.2	9.9	9.8	9.4	8.9	8.7	9.1	9.0	9.8	0.0	0.9		26 847
IS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0
EU-27 averages																			
weighted	14.7	15.0	15.1	14.6	14.6	14.5	14.4	14.4	14.4	14.1	14.1	14.2	14.0	14.2	14.6	0.0	0.1		
arithmetic	10.5	10.4	10.4	10.4	10.6	10.6	10.5	10.5	10.4	10.4	10.3	10.3	10.3	10.4	10.7	0.2	0.1		
EA-17 averages																			
weighted	15.6	16.0	16.1	15.6	15.5	15.5	15.3	15.3	15.4	15.1	15.1	15.3	15.1	15.4	15.7	0.2	0.3		
arithmetic	11.9	11.9	11.9	11.7	11.7	11.6	11.7	11.8	11.8	11.7	11.7	11.7	11.6	12.0	12.4	0.5	0.7		
Convergence indicators																			
St.dev/mean	45.5	46.2	45.9	44.5	43.8	43.1	43.6	44.4	44.5	43.1	43.6	45.3	44.7	45.1	44.4	-1.1	1.3		
Max-min	18.9	19.1	19.2	19.2	19.0	19.2	19.5	20.1	20.2	19.2	20.0	21.2	21.1	21.5	21.8	2.9	2.6		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 38: Taxes received by administrative level as % of Total Taxation - Social security funds

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	34.5	34.5	34.6	34.3	34.5	34.2	34.5	35.7	35.6	37.2	37.4	37.9	38.6	39.7	41.9	7.4	7.7	3	61 794
BG	31.1	28.6	29.4	28.6	31.9	34.4	31.9	33.6	33.2	31.5	31.1	27.0	24.4	24.1	26.6	-4.5	-7.7	19	2 696
CZ	11.3	11.8	11.9	12.0	11.8	12.1	11.7	12.2	12.1	14.5	14.7	15.4	15.2	15.8	16.6	5.3	4.5	22	7 853
DK	2.2	2.2	2.1	2.1	3.3	3.6	3.6	2.5	2.5	2.4	2.2	2.1	2.0	2.0	2.0	-0.2	-1.6	25	2 179
DE	42.3	42.8	43.5	42.6	41.2	40.4	41.8	42.3	42.5	42.6	42.0	40.5	38.5	38.4	39.6	-2.7	-0.7	6	377 390
EE	14.8	13.9	13.6	13.0	13.5	13.9	13.9	14.9	14.9	14.9	14.9	14.5	14.7	16.2	16.8	1.9	2.9	21	833
IE	12.6	11.7	11.2	10.9	10.9	11.3	12.5	12.8	12.6	12.5	12.4	12.2	13.0	14.9	15.9	3.3	4.6	23	7 152
EL	31.4	32.2	31.2	30.2	29.8	29.9	31.6	34.2	36.1	35.1	34.5	34.6	35.1	35.5	34.7	3.3	4.8	10	24 561
ES	34.8	35.1	34.9	34.9	34.4	34.5	35.3	34.8	35.0	34.3	33.1	32.4	32.0	36.2	39.7	5.0	5.2	4	127 390
FR	46.8	45.9	45.8	46.1	45.9	47.5	48.5	49.2	49.9	47.1	48.3	50.6	51.2	52.3	54.8	8.0	7.3	1	434 653
IT	30.7	34.1	33.3	28.7	28.5	28.9	28.8	29.6	29.8	30.4	31.0	29.7	30.1	31.4	32.1	1.4	3.2	12	210 327
CY	24.3	25.3	26.4	24.8	23.7	21.8	21.9	21.5	21.2	23.0	23.2	21.4	18.4	19.7	24.6	0.3	2.8	20	1 464
LV	36.1	35.2	33.2	31.9	33.3	33.5	32.3	32.8	31.1	30.5	28.9	28.8	28.6	28.3	32.0	-4.1	-1.5	13	1 580
LT	32.7	34.8	34.9	35.4	36.5	38.5	38.5	37.3	36.9	36.5	35.3	35.1	35.6	36.3	39.7	7.0	1.2	5	3 088
LU	26.1	25.7	24.9	25.2	25.7	25.1	26.8	27.1	27.6	28.0	27.1	27.0	27.0	27.7	29.3	3.2	4.2	16	4 136
HU	33.0	31.5	33.0	32.8	31.1	30.7	30.7	30.8	30.5	29.9	30.6	30.6	31.3	31.3	30.7	-2.3	0.0	14	11 256
MT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
NL	39.5	37.9	38.0	38.0	38.5	38.6	35.7	35.2	36.9	37.1	34.5	35.9	34.8	37.0	36.2	-3.3	-2.5	8	78 959
AT	29.3	28.3	27.7	27.5	27.7	27.7	26.5	27.0	27.3	27.5	28.2	28.3	27.9	27.7	29.0	-0.3	1.3	17	33 960
PL	30.5	31.2	32.1	32.9	39.3	39.7	41.6	39.6	39.7	39.2	37.6	36.1	34.3	33.0	35.7	5.2	-4.1	9	35 226
PT	21.6	22.1	22.5	23.8	23.2	23.6	24.5	24.2	24.7	24.4	24.6	24.1	23.9	24.7	26.9	5.3	3.3	18	14 010
RO	27.6	27.9	26.4	31.1	35.4	36.6	36.5	36.8	33.7	33.2	33.9	33.6	33.0	32.9	34.6	7.0	-2.0	11	10 966
SI	42.0	39.0	38.2	37.6	36.6	37.7	38.1	37.2	36.8	36.8	36.5	36.2	35.9	37.3	39.3	-2.7	1.7	7	5 234
SK	36.2	39.3	39.2	39.1	38.6	40.6	42.3	43.4	41.1	40.9	39.1	39.5	39.4	40.4	43.1	7.0	2.5	2	7 824
FI	30.8	28.8	27.6	27.2	27.5	25.2	26.9	26.5	26.7	26.8	27.3	27.9	27.7	28.0	29.8	-1.0	4.5	15	21 971
SE	9.2	9.1	9.0	9.0	8.5	9.5	9.0	7.7	7.4	7.3	6.4	5.8	5.9	6.2	6.3	-2.9	-3.2	24	8 660
UK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
NO	23.4	22.6	22.7	24.4	23.9	20.9	21.5	22.9	23.1	21.7	20.4	19.8	20.7	20.9	23.8	0.4	2.9		26 847
IS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0
EU-27 averages																			
weighted	36.6	36.6	36.5	35.5	35.2	35.2	35.8	36.1	36.3	35.7	35.5	35.3	34.9	35.9	37.5	0.9	2.3		
arithmetic	28.5	28.3	28.2	28.0	28.5	28.8	29.0	29.1	29.0	28.9	28.6	28.3	27.9	28.7	30.3	1.9	1.5		
EA-17 averages																			
weighted	39.1	39.3	39.1	38.0	37.5	37.5	38.1	38.5	38.8	38.3	38.2	38.0	37.5	38.7	40.3	1.2	2.7		
arithmetic	31.1	31.0	30.8	30.2	30.0	30.1	30.6	31.0	31.2	31.2	30.9	30.8	30.5	31.7	33.4	2.2	3.3		
Convergence indicators																			
St.dev/mean	39.0	39.1	39.4	39.4	39.2	39.5	39.7	40.1	40.1	38.8	38.8	39.9	40.4	39.7	39.1	0.0	-0.5		
Max-min	44.6	43.7	43.7	44.0	42.6	43.9	45.0	46.8	47.4	44.8	46.1	48.5	49.2	50.3	52.8	8.2	8.9		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 39: Taxes received by administrative level as % of GDP - EU Institutions

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	1.1	1.0	1.0	1.0	0.9	0.9	0.9	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.6	-0.5	-0.3	1	2 120
BG	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.3	0.4	0.3	n.a.	n.a.	13	97
CZ	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.3	0.3	0.3	0.3	0.3	n.a.	n.a.	8	388
DK	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.0	26	402
DE	0.9	0.8	0.7	0.6	0.6	0.6	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.2	-0.7	-0.4	18	5 650
EE	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.3	0.4	0.4	0.3	0.3	n.a.	n.a.	5	43
IE	1.2	0.9	0.7	0.9	0.7	0.6	0.5	0.3	0.3	0.2	0.3	0.3	0.3	0.3	0.2	-0.9	-0.4	21	359
EL	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	-0.5	-0.3	11	649
ES	0.7	0.7	0.7	0.6	0.6	0.6	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	-0.4	-0.3	10	2 943
FR	0.8	0.7	0.7	0.6	0.6	0.6	0.6	0.5	0.3	0.2	0.3	0.3	0.3	0.3	0.2	-0.6	-0.4	24	3 790
IT	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	-0.4	-0.2	14	3 883
CY	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.2	0.2	0.2	0.2	0.2	n.a.	n.a.	20	39
LV	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.4	0.4	0.4	0.3	0.2	n.a.	n.a.	17	44
LT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.4	0.3	0.4	0.5	0.4	n.a.	n.a.	2	105
LU	0.9	0.7	0.7	0.6	0.5	0.5	0.4	0.3	0.3	0.2	0.2	0.2	0.2	0.1	0.1	-0.7	-0.4	27	57
HU	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.3	0.3	0.3	0.4	0.3	n.a.	n.a.	9	262
MT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.3	0.5	0.4	0.5	0.5	0.4	n.a.	n.a.	4	21
NL	1.1	0.9	1.0	0.9	0.8	0.8	0.7	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.4	-0.7	-0.4	3	2 104
AT	0.8	0.7	0.8	0.7	0.6	0.6	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.2	-0.6	-0.4	23	595
PL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.3	0.3	0.3	0.3	0.2	n.a.	n.a.	15	734
PT	0.9	0.7	0.7	0.6	0.6	0.6	0.5	0.3	0.3	0.3	0.2	0.3	0.3	0.3	0.2	-0.7	-0.3	16	397
RO	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.3	0.3	0.2	n.a.	n.a.	22	264
SI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.3	0.3	0.4	0.4	0.3	n.a.	n.a.	12	98
SK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.3	0.3	0.4	0.3	0.3	n.a.	n.a.	7	188
FI	0.7	0.6	0.6	0.5	0.5	0.5	0.4	0.3	0.3	0.2	0.2	0.3	0.3	0.2	0.2	-0.5	-0.2	19	390
SE	0.7	0.6	0.7	0.6	0.5	0.5	0.5	0.4	0.4	0.3	0.3	0.3	0.2	0.2	0.2	-0.5	-0.3	25	551
UK	1.0	0.9	0.7	0.7	0.6	0.6	0.6	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	-0.7	-0.3	6	4 757
NO	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
IS	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EU-27 averages																			
weighted	0.8	0.7	0.7	0.6	0.6	0.6	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	-0.6	-0.3		
arithmetic	0.8	0.7	0.7	0.6	0.6	0.6	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	-0.5	-0.3		
EA-17 averages																			
weighted	0.8	0.7	0.7	0.6	0.6	0.6	0.6	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	-0.6	-0.3		
arithmetic	0.9	0.8	0.7	0.7	0.6	0.6	0.6	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	-0.6	-0.3		
Convergence indicators																			
St.dev/mean	28.8	26.7	27.0	27.7	26.9	27.2	29.3	36.8	41.9	45.6	33.7	31.1	33.5	35.0	33.1	4.3	5.8		
Max-min	0.9	0.8	0.8	0.8	0.7	0.7	0.7	0.6	0.7	0.6	0.5	0.5	0.5	0.6	0.5	-0.5	-0.3		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 40: Taxes received by administrative level as % of Total Taxation - EU Institutions

																Difference ¹⁾		Ranking	Revenue ²⁾	
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009	
BE	2.5	2.3	2.3	2.2	1.9	2.1	2.0	1.8	1.9	1.7	1.6	1.5	1.6	1.7	1.4	-1.1	-0.7	1	2 120	
BG	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.0	1.2	1.0	n.a.	n.a.	6	97
CZ	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.6	0.9	0.9	0.9	1.0	0.8	n.a.	n.a.	13	388	
DK	0.5	0.4	0.5	0.4	0.4	0.4	0.4	0.3	0.3	0.4	0.4	0.4	0.4	0.5	0.4	-0.1	0.0	27	402	
DE	2.2	1.9	1.8	1.5	1.3	1.5	1.3	0.9	0.9	0.7	0.8	0.8	0.8	0.8	0.6	-1.7	-0.9	20	5 650	
EE	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.7	1.1	1.1	1.2	1.1	0.9	n.a.	n.a.	11	43	
IE	3.5	2.8	2.3	2.7	2.2	1.9	1.8	1.0	1.0	0.7	0.9	0.8	0.9	0.9	0.8	-2.7	-1.1	14	359	
EL	2.6	2.4	2.0	1.9	1.8	1.7	1.7	1.2	1.1	0.9	0.9	0.9	0.9	0.9	0.9	-1.7	-0.8	7	649	
ES	2.2	2.0	2.0	1.9	1.7	1.7	1.5	1.1	1.1	0.9	1.0	0.9	0.9	0.9	0.9	-1.2	-0.8	8	2 943	
FR	1.9	1.6	1.6	1.4	1.3	1.4	1.4	1.1	0.7	0.5	0.6	0.6	0.6	0.6	0.5	-1.5	-0.9	24	3 790	
IT	1.6	1.5	1.1	1.3	1.1	1.2	1.3	0.9	0.7	0.7	0.7	0.6	0.6	0.8	0.6	-1.0	-0.6	21	3 883	
CY	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.6	0.6	0.6	0.5	0.6	0.6	n.a.	n.a.	19	39	
LV	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.7	1.2	1.2	1.2	1.1	0.9	n.a.	n.a.	9	44	
LT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.7	1.3	1.2	1.4	1.5	1.4	n.a.	n.a.	2	105	
LU	2.3	1.8	1.8	1.6	1.4	1.4	1.1	0.8	0.7	0.5	0.5	0.6	0.6	0.5	0.4	-1.9	-1.0	25	57	
HU	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.5	0.8	0.8	0.9	0.9	0.7	n.a.	n.a.	18	262	
MT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.9	1.4	1.3	1.3	1.4	1.0	n.a.	n.a.	4	21	
NL	2.8	2.3	2.5	2.3	2.1	2.0	1.8	1.4	1.4	1.3	1.3	1.3	1.4	1.4	1.0	-1.8	-1.0	5	2 104	
AT	1.9	1.7	1.8	1.5	1.3	1.4	1.2	1.0	0.9	0.6	0.7	0.7	0.7	0.7	0.5	-1.4	-0.9	23	595	
PL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.7	0.8	0.7	0.8	0.8	0.7	n.a.	n.a.	16	734	
PT	3.0	2.2	2.3	2.1	1.9	1.8	1.5	1.1	1.0	0.9	0.8	0.8	0.8	0.8	0.8	-2.2	-1.0	15	397	
RO	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.9	0.9	0.8	n.a.	n.a.	12	264	
SI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.4	0.7	0.8	1.1	1.0	0.7	n.a.	n.a.	17	98	
SK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.5	0.9	1.0	1.3	1.2	1.0	n.a.	n.a.	3	188	
FI	1.5	1.3	1.3	1.1	1.1	1.0	0.9	0.6	0.7	0.5	0.5	0.6	0.6	0.6	0.5	-1.0	-0.5	22	390	
SE	1.4	1.2	1.3	1.2	1.0	1.0	0.9	0.7	0.7	0.6	0.6	0.6	0.4	0.5	0.4	-1.0	-0.6	26	551	
UK	2.9	2.5	2.0	2.0	1.8	1.8	1.5	1.3	1.2	0.9	0.9	0.9	0.9	0.9	0.9	-2.0	-0.9	10	4 757	
NO	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
IS	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EU-27 averages																				
weighted	2.1	1.8	1.7	1.6	1.4	1.5	1.4	1.1	0.9	0.8	0.8	0.8	0.8	0.8	0.7	-1.4	-0.8			
arithmetic	2.2	1.9	1.8	1.7	1.5	1.5	1.3	1.0	1.0	0.7	0.9	0.9	0.9	0.9	0.8	-1.4	-0.7			
EA-17 averages																				
weighted	2.1	1.8	1.7	1.6	1.4	1.5	1.4	1.0	0.9	0.7	0.8	0.8	0.8	0.8	0.7	-1.4	-0.8			
arithmetic	2.3	2.0	1.9	1.8	1.6	1.6	1.4	1.1	1.0	0.8	0.9	0.9	0.9	0.9	0.8	-1.6	-0.8			
Convergence indicators																				
St.dev/mean	34.8	32.8	30.7	33.7	32.4	30.3	31.2	34.0	38.2	38.2	33.4	31.0	34.2	34.7	33.5	-1.3	3.2			
Max-min	3.0	2.4	2.0	2.3	1.8	1.7	1.6	1.4	1.5	1.3	1.2	1.1	1.2	1.2	1.1	-2.0	-0.6			

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 41: Taxes on Consumption as % of GDP - Total

																Difference ¹⁾		Ranking Revenue ²⁾	
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	10.7	11.1	11.2	11.0	11.4	11.3	10.9	10.9	10.9	11.0	11.1	11.1	10.9	10.6	10.6	-0.1	-0.7	19	35 990
BG	12.2	11.1	10.3	14.0	12.6	13.2	12.8	11.9	13.8	15.5	15.8	16.5	16.4	17.2	14.7	2.5	1.5	3	5 138
CZ	11.4	11.3	10.8	10.2	10.8	10.6	10.2	10.1	10.4	11.2	11.3	10.7	10.9	10.8	11.2	-0.2	0.6	14	15 358
DK	15.4	15.8	15.9	16.3	16.4	15.7	15.7	15.8	15.6	15.8	16.2	16.3	16.1	15.5	15.2	-0.3	-0.5	1	33 755
DE	10.3	10.1	10.0	10.1	10.5	10.5	10.5	10.4	10.5	10.2	10.1	10.1	10.6	10.7	11.1	0.7	0.5	15	265 060
EE	12.0	12.5	13.1	11.9	11.1	11.7	11.7	11.9	11.6	11.7	12.8	13.0	13.2	11.8	14.6	2.5	2.9	4	2 020
IE	13.0	12.9	12.6	12.3	12.1	12.1	10.9	11.0	10.9	11.2	11.4	11.5	11.2	10.9	10.0	-3.0	-2.1	25	15 935
EL	12.0	12.1	12.2	12.3	12.5	12.4	12.7	12.4	11.4	11.2	11.2	11.5	11.7	11.4	10.8	-1.3	-1.7	17	25 082
ES	8.9	9.1	9.2	9.6	10.0	9.9	9.5	9.4	9.6	9.6	9.8	9.7	9.4	8.4	7.2	-1.8	-2.7	27	75 674
FR	12.1	12.4	12.3	12.1	12.1	11.6	11.3	11.3	11.1	11.2	11.2	11.1	10.9	10.7	10.6	-1.4	-0.9	18	202 614
IT	10.4	10.1	10.3	10.7	10.9	10.9	10.4	10.2	9.9	10.0	10.0	10.4	10.2	9.9	9.8	-0.6	-1.1	26	149 370
CY	10.4	10.1	9.2	9.3	9.1	10.6	11.8	12.4	14.7	15.2	15.2	15.4	16.1	15.9	13.4	3.0	2.8	8	2 267
LV	12.2	11.7	12.1	13.1	11.8	11.3	10.6	10.6	11.4	11.2	12.1	12.7	11.9	10.6	10.2	-2.0	-1.1	23	1 895
LT	11.2	10.6	12.6	12.9	12.8	11.8	11.5	11.7	11.1	10.6	10.8	10.9	11.4	11.4	11.2	0.0	-0.6	13	2 971
LU	10.0	9.9	10.5	10.6	10.5	10.7	10.6	10.7	10.6	11.3	10.9	10.1	9.8	9.9	10.2	0.2	-0.6	24	3 869
HU	17.0	16.0	14.5	14.6	15.2	15.5	14.5	14.1	14.6	14.9	14.5	13.9	14.6	14.4	15.0	-1.9	-0.5	2	13 968
MT	11.6	11.1	11.8	11.0	12.0	12.1	12.7	13.4	12.4	13.3	14.4	13.9	13.8	13.7	13.5	1.9	1.3	6	784
NL	11.3	11.5	11.5	11.6	11.9	11.7	11.9	11.7	11.8	12.0	12.0	12.2	12.1	12.0	11.8	0.5	0.1	11	67 242
AT	11.6	12.1	12.6	12.5	12.6	12.4	12.4	12.5	12.4	12.4	12.2	11.7	11.7	11.6	12.0	0.4	-0.3	10	33 018
PL	12.7	13.0	12.4	11.8	12.3	11.3	11.1	11.8	11.9	11.8	12.3	12.6	12.9	12.9	11.5	-1.2	0.2	12	35 759
PT	11.9	12.2	11.9	12.2	12.2	11.8	11.7	12.0	12.1	12.1	12.9	13.1	12.6	12.3	10.9	-1.0	-0.9	16	18 330
RO	8.6	8.5	9.0	10.9	11.5	11.5	10.6	10.9	11.5	11.1	12.3	12.1	11.8	11.2	10.3	1.7	-1.2	21	12 146
SI	15.1	14.8	13.8	14.4	14.9	13.9	13.4	13.7	13.8	13.6	13.4	13.2	13.2	13.4	14.0	-1.1	0.2	5	4 963
SK	14.1	13.2	12.7	12.5	12.0	12.2	11.0	11.0	11.6	11.9	12.3	11.2	11.1	10.5	10.3	-3.8	-1.8	22	6 509
FI	13.8	13.9	14.5	14.1	14.1	13.6	13.2	13.4	14.0	13.6	13.7	13.5	12.8	12.9	13.4	-0.4	-0.2	7	22 972
SE	13.4	13.0	12.9	12.9	12.8	12.3	12.5	12.6	12.6	12.4	12.6	12.4	12.4	12.7	13.3	0.0	1.0	9	38 806
UK	12.0	12.1	12.0	11.9	12.0	11.8	11.7	11.5	11.6	11.4	11.2	10.9	10.9	10.6	10.4	-1.6	-1.4	20	162 925
NO	14.7	14.5	14.4	14.8	14.3	12.7	12.6	12.8	12.4	12.2	11.7	11.7	12.1	10.7	11.4	-3.3	-1.3		31 110
IS	15.3	15.6	15.2	14.8	15.8	15.0	13.1	13.3	13.9	14.7	15.8	16.0	15.1	12.8	11.8	-3.5	-3.2		1 029
EU-27 averages																			
weighted	11.2	11.3	11.3	11.3	11.6	11.4	11.1	11.1	11.1	11.0	11.1	11.0	11.0	10.8	10.6	-0.6	-0.7		
arithmetic	12.1	11.9	11.9	12.1	12.2	12.0	11.8	11.8	12.0	12.1	12.4	12.3	12.2	12.0	11.7	-0.3	-0.3		
EA-17 averages																			
weighted	10.9	10.9	10.9	11.0	11.3	11.1	10.8	10.8	10.7	10.7	10.7	10.8	10.8	10.5	10.4	-0.5	-0.7		
arithmetic	11.7	11.7	11.7	11.7	11.8	11.7	11.6	11.7	11.7	11.9	12.0	11.9	11.8	11.6	11.4	-0.3	-0.3		
Convergence indicators																			
St.dev/mean	15.7	15.5	14.1	13.6	13.0	11.4	11.7	11.8	12.8	13.8	13.8	14.7	15.2	16.7	16.6	0.9	5.2		
Max-min	8.3	7.5	6.9	7.0	7.2	5.8	6.2	6.3	6.0	6.2	6.4	6.8	7.0	8.8	8.0	-0.3	2.2		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 42: Taxes on Consumption as % of Total Taxation - Total

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	24.4	25.1	24.8	24.2	25.1	25.0	24.1	24.2	24.3	24.5	24.7	25.1	24.7	24.0	24.4	0.0	-0.5	25	35 990
BG	39.4	38.6	37.4	43.7	41.0	41.8	41.6	41.6	44.5	47.8	50.7	53.9	49.3	53.2	50.8	11.3	9.0	1	5 138
CZ	31.6	32.5	30.8	30.6	31.7	31.3	30.1	29.1	29.1	30.0	30.4	29.1	29.3	30.4	32.5	0.9	1.2	15	15 358
DK	31.6	32.2	32.4	33.1	32.7	31.8	32.3	33.0	32.5	32.3	31.8	32.8	33.0	32.2	31.6	-0.1	-0.2	16	33 755
DE	25.9	25.0	24.6	24.7	25.2	25.2	26.2	26.2	26.4	26.2	26.1	25.9	27.0	27.0	27.8	1.9	2.7	22	265 060
EE	34.6	37.2	38.1	34.9	34.0	37.7	38.9	38.4	37.6	38.1	41.8	42.3	41.3	36.8	40.6	6.0	3.0	2	2 020
IE	39.2	38.9	38.8	38.8	37.9	38.4	36.7	38.7	37.5	37.1	37.2	35.7	35.7	36.8	35.4	-3.9	-3.0	13	15 935
EL	41.3	41.3	39.8	37.9	37.4	35.9	38.1	36.7	35.7	36.0	35.0	36.5	36.4	36.0	35.5	-5.8	-0.5	12	25 082
ES	27.3	27.4	27.7	29.1	29.8	29.2	28.4	27.9	28.2	28.0	27.5	26.7	25.4	25.2	23.6	-3.7	-5.6	26	75 674
FR	28.2	28.3	27.8	27.5	27.0	26.2	25.7	26.1	26.0	26.0	25.8	25.3	25.2	25.0	25.6	-2.7	-0.7	24	202 614
IT	25.9	24.1	23.6	25.3	25.8	26.2	25.1	24.9	23.9	24.7	24.7	24.7	23.7	23.0	22.8	-3.1	-3.4	27	149 370
CY	38.9	38.4	36.1	33.6	32.7	35.5	38.2	39.6	44.6	45.4	42.8	42.2	39.4	40.7	38.1	-0.8	2.6	8	2 267
LV	36.8	37.8	37.9	38.9	36.9	38.4	37.2	37.5	39.9	39.3	41.8	41.6	39.0	36.5	38.4	1.6	0.0	4	1 895
LT	40.7	39.1	41.2	40.7	40.3	39.1	40.2	41.3	39.4	37.4	37.9	36.9	38.4	37.8	38.2	-2.5	-0.9	6	2 971
LU	26.9	26.2	26.8	26.9	27.4	27.4	26.5	27.3	27.7	30.1	29.1	28.1	27.5	28.0	27.4	0.5	0.0	23	3 869
HU	41.5	40.6	38.4	38.8	39.8	39.7	37.9	37.2	38.7	39.8	38.7	37.4	36.5	35.9	38.1	-3.5	-1.7	7	13 968
MT	43.2	43.5	43.1	42.9	43.8	43.1	41.9	42.4	39.4	40.4	42.6	41.5	40.2	40.4	39.3	-3.9	-3.7	3	784
NL	28.0	28.6	29.0	29.4	29.5	29.3	31.1	30.9	31.5	31.9	31.8	31.4	31.3	30.6	30.8	2.8	1.5	18	67 242
AT	28.1	28.1	28.4	28.2	28.7	28.6	27.4	28.5	28.4	28.5	28.7	28.1	27.7	27.2	28.2	0.1	-0.4	21	33 018
PL	34.2	34.9	34.1	33.3	35.2	34.8	34.5	36.2	37.0	37.4	37.6	37.3	37.1	37.6	36.2	2.0	1.4	10	35 759
PT	40.4	40.3	39.3	40.3	39.4	37.8	37.9	37.9	38.1	39.7	40.8	40.7	38.4	37.4	35.2	-5.2	-2.6	14	18 330
RO	31.5	32.9	34.0	37.5	37.3	38.1	37.1	38.9	41.7	40.9	44.2	42.3	40.7	40.1	38.4	6.9	0.3	5	12 146
SI	38.5	39.0	37.4	38.1	39.0	37.0	35.6	36.2	36.1	35.4	34.7	34.4	34.9	35.9	37.3	-1.2	0.3	9	4 963
SK	35.0	33.5	33.9	34.0	34.0	35.7	33.2	33.4	35.3	37.9	39.4	38.2	38.1	35.8	35.9	0.9	0.2	11	6 509
FI	30.3	29.6	31.2	30.5	30.8	28.8	29.4	29.9	31.7	31.3	31.1	30.9	29.9	29.8	31.1	0.8	2.3	17	22 972
SE	27.9	25.8	25.3	25.2	24.8	24.0	25.2	26.5	26.4	25.9	25.8	25.7	26.2	27.3	28.5	0.6	4.5	20	38 806
UK	34.7	35.0	34.5	33.1	33.3	32.2	32.0	32.9	33.4	32.5	31.1	29.8	30.0	28.3	29.8	-4.8	-2.3	19	162 925
NO	35.0	34.1	34.2	35.1	33.8	29.9	29.4	29.7	29.4	28.1	26.9	26.6	27.5	24.8	27.6	-7.4	-2.3		31 110
IS	46.1	45.5	44.0	42.9	43.0	40.5	37.0	37.6	38.0	38.7	38.9	38.8	37.2	34.8	35.1	-11.0	-5.4		1 029
EU-27 averages																			
weighted	28.5	28.0	27.9	28.1	28.4	28.1	28.1	28.4	28.4	28.5	28.2	27.9	27.9	27.5	27.7	-0.8	-0.4		
arithmetic	33.6	33.5	33.2	33.4	33.3	33.2	33.1	33.5	33.9	34.2	34.6	34.2	33.6	33.3	33.4	-0.2	0.1		
EA-17 averages																			
weighted	27.3	26.8	26.5	26.9	27.2	26.9	26.9	27.1	27.0	27.2	27.1	26.8	26.7	26.4	26.6	-0.8	-0.4		
arithmetic	32.7	32.6	32.4	32.1	32.2	32.2	32.0	32.3	32.5	33.0	33.2	32.8	32.2	31.7	31.7	-1.0	-0.5		
Convergence indicators																			
St.dev/mean	17.3	17.7	17.1	17.6	16.6	17.0	17.0	17.1	18.1	18.6	20.3	21.2	19.3	20.3	19.0	1.7	2.0		
Max-min	18.8	19.4	19.4	19.5	18.9	19.1	17.8	18.2	20.6	23.2	26.0	29.2	25.5	30.2	28.0	9.2	8.9		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 43: Taxes on Consumption as % of GDP - Tobacco and Alcohol

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	0.7	0.7	0.7	0.7	0.8	0.8	0.7	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.0	0.0	22	2 414
BG	1.0	0.6	0.8	1.3	1.4	1.4	1.2	1.6	1.7	1.9	2.0	2.2	2.7	2.8	2.7	1.7	1.4	1	959
CZ	1.4	1.3	1.2	1.2	1.2	1.1	1.0	1.0	1.1	1.1	1.2	1.4	1.7	1.1	1.5	0.1	0.4	8	2 010
DK	1.1	1.1	1.0	1.0	1.0	0.9	0.9	0.9	0.8	0.7	0.7	0.7	0.6	0.6	0.6	-0.5	-0.3	25	1 377
DE	0.8	0.8	0.8	0.8	0.8	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.7	0.7	0.7	-0.1	0.0	23	16 736
EE	1.9	1.9	2.0	1.9	1.7	1.6	1.5	1.6	1.5	1.8	1.7	1.6	1.8	1.4	2.5	0.6	0.9	2	344
IE	2.5	2.3	2.2	2.0	1.9	1.8	1.7	1.6	1.5	1.4	1.3	1.2	1.2	1.2	1.4	-1.1	-0.4	10	2 184
EL	1.4	1.4	1.4	1.5	1.5	1.5	1.5	1.5	1.5	1.4	1.4	1.3	1.3	1.1	1.4	0.0	-0.1	11	3 157
ES	0.7	0.7	0.8	0.9	0.9	0.9	0.8	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.1	-0.1	19	8 691
FR	0.8	0.8	0.8	0.7	0.7	0.8	0.8	0.8	0.7	0.6	0.6	0.7	0.5	0.6	0.6	-0.2	-0.2	26	10 809
IT	0.7	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.8	0.7	0.8	0.8	0.1	0.1	20	11 781
CY	0.8	0.7	0.7	0.7	0.8	0.8	0.8	0.9	1.0	1.4	1.4	1.4	1.3	1.3	1.3	0.5	0.5	12	216
LV	1.0	1.1	1.3	1.4	1.4	1.4	1.2	1.2	1.2	1.2	1.3	1.3	1.1	1.5	1.6	0.5	0.2	4	292
LT	1.2	1.3	1.6	1.8	1.4	1.2	1.3	1.2	1.2	1.2	1.3	1.3	1.3	1.5	1.6	0.4	0.3	5	413
LU	1.5	1.5	1.8	1.8	2.1	2.1	1.7	2.0	1.9	1.9	1.6	1.5	1.4	1.3	1.4	-0.2	-0.7	9	522
HU	1.3	1.2	1.1	1.1	1.2	1.2	1.1	1.1	1.2	1.2	1.2	1.3	1.4	1.4	1.5	0.2	0.3	6	1 428
MT	1.0	1.0	1.2	1.4	1.2	1.1	1.3	1.3	1.4	1.6	1.5	1.5	1.3	1.3	1.3	0.3	0.1	15	74
NL	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.5	0.5	0.5	0.4	0.5	0.5	-0.1	0.0	27	2 624
AT	0.9	0.9	0.9	0.9	0.9	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.6	0.6	-0.2	-0.2	24	1 761
PL	2.3	2.3	2.2	2.0	2.0	1.7	1.9	1.9	1.9	1.9	2.0	1.9	1.8	2.2	1.6	-0.7	-0.1	3	5 047
PT	1.1	1.1	1.1	1.1	1.1	1.0	1.0	1.0	1.0	1.0	1.0	1.1	0.8	0.9	0.8	-0.2	-0.2	18	1 424
RO	0.0	0.0	0.0	0.0	0.0	0.0	0.9	1.0	1.2	1.2	1.2	1.2	1.3	1.2	1.5	1.5	1.5	7	1 787
SI	1.5	1.5	1.3	1.2	1.0	0.9	0.9	0.9	1.0	1.1	1.1	1.1	1.1	1.1	1.3	-0.2	0.4	13	449
SK	1.4	1.4	1.2	1.2	1.3	1.1	1.0	1.1	1.0	1.1	1.5	0.9	1.7	0.9	1.1	-0.3	0.0	17	696
FI	1.8	1.7	1.6	1.5	1.5	1.4	1.4	1.4	1.3	1.1	1.0	1.0	0.9	0.9	1.1	-0.7	-0.2	16	1 916
SE	1.0	1.0	0.9	0.9	0.9	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.7	-0.3	-0.1	21	2 176
UK	1.7	1.7	1.6	1.5	1.5	1.5	1.4	1.4	1.4	1.3	1.3	1.2	1.2	1.2	1.3	-0.5	-0.2	14	19 833
NO	1.2	1.2	1.2	1.2	1.2	1.1	1.0	1.0	1.0	0.9	0.8	0.8	0.8	0.7	0.8	-0.4	-0.3		2 216
IS	0.2	0.9	0.9	0.9	0.9	0.8	0.8	1.1	1.2	1.1	1.1	1.0	0.9	0.8	0.9	0.7	0.1		82
EU-27 averages																			
weighted	1.0	1.0	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.8	0.8	0.9	-0.1	-0.1		
arithmetic	1.2	1.2	1.2	1.2	1.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.2	1.1	1.2	0.0	0.1		
EA-17 averages																			
weighted	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.7	0.8	0.8	0.7	0.7	0.7	-0.1	-0.1		
arithmetic	1.2	1.2	1.1	1.1	1.1	1.0	1.1	1.1	1.1	1.1	1.1	1.0	1.0	0.9	1.1	-0.1	0.0		
Convergence indicators																			
St.dev/mean	46.4	46.7	44.7	41.8	40.8	40.3	33.0	34.0	32.8	36.5	36.4	36.3	43.4	45.9	44.5	-1.9	4.2		
Max-min	2.5	2.3	2.2	2.0	2.1	2.1	1.4	1.5	1.5	1.5	1.5	1.8	2.2	2.4	2.3	-0.2	0.2		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 44: Taxes on Consumption as % of Total Taxation - Tobacco and Alcohol

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	1.6	1.6	1.6	1.6	1.7	1.7	1.6	1.7	1.8	1.7	1.7	1.7	1.6	1.5	1.6	0.1	0.0	22	2 414
BG	3.3	2.0	2.9	4.1	4.5	4.3	3.8	5.6	5.3	5.8	6.3	7.2	8.0	8.8	9.5	6.2	5.2	1	959
CZ	3.7	3.7	3.6	3.6	3.6	3.3	2.9	3.0	3.1	3.0	3.3	3.7	4.6	3.2	4.3	0.5	1.0	9	2 010
DK	2.2	2.2	2.1	2.1	2.0	1.9	1.8	1.8	1.8	1.5	1.3	1.3	1.2	1.2	1.3	-1.0	-0.6	26	1 377
DE	1.9	1.9	1.9	1.8	1.8	1.7	1.8	2.0	2.1	2.0	2.0	2.0	1.8	1.7	1.8	-0.2	0.0	21	16 736
EE	5.4	5.8	5.7	5.5	5.2	5.1	5.1	5.2	5.0	6.0	5.7	5.2	5.7	4.2	6.9	1.5	1.8	2	344
IE	7.5	7.1	6.6	6.2	5.9	5.6	5.6	5.6	5.3	4.6	4.2	3.8	3.9	4.2	4.8	-2.6	-0.7	7	2 184
EL	4.7	4.7	4.7	4.5	4.5	4.3	4.7	4.5	4.5	4.4	4.2	4.1	4.1	3.6	4.5	-0.2	0.2	8	3 157
ES	2.1	2.2	2.4	2.7	2.6	2.6	2.5	2.5	2.5	2.5	2.3	2.2	2.2	2.5	2.7	0.6	0.1	18	8 691
FR	1.8	1.7	1.7	1.7	1.6	1.8	1.7	1.8	1.7	1.3	1.3	1.6	1.2	1.3	1.4	-0.4	-0.4	25	10 809
IT	1.6	1.5	1.4	1.5	1.6	1.7	1.6	1.7	1.6	1.7	1.8	1.8	1.7	1.8	1.8	0.2	0.1	20	11 781
CY	2.8	2.8	2.8	2.6	2.7	2.7	2.7	2.8	3.1	4.0	3.9	3.9	3.3	3.3	3.6	0.8	0.9	15	216
LV	3.1	3.5	4.2	4.2	4.5	4.7	4.4	4.1	4.0	4.4	4.5	4.2	3.6	5.2	5.9	2.8	1.2	3	292
LT	4.4	5.0	5.1	5.7	4.5	4.1	4.4	4.4	4.4	4.3	4.3	4.5	4.4	4.8	5.3	0.9	1.2	5	413
LU	4.2	3.9	4.6	4.6	5.4	5.3	4.2	5.0	4.9	5.2	4.3	4.1	3.9	3.8	3.7	-0.5	-1.6	12	522
HU	3.2	3.1	3.0	3.0	3.1	3.2	2.9	2.9	3.2	3.3	3.1	3.5	3.5	3.5	3.9	0.7	0.7	10	1 428
MT	3.8	3.8	4.2	5.3	4.5	4.0	4.2	4.2	4.4	4.8	4.5	4.4	3.7	3.7	3.7	-0.1	-0.3	13	74
NL	1.4	1.4	1.3	1.2	1.2	1.2	1.3	1.2	1.2	1.3	1.2	1.2	1.1	1.2	1.2	-0.2	0.0	27	2 624
AT	2.1	2.0	2.0	2.1	2.1	1.9	1.6	1.7	1.7	1.6	1.6	1.6	1.6	1.4	1.5	-0.6	-0.4	24	1 761
PL	6.3	6.1	5.9	5.6	5.6	5.3	5.8	5.7	5.9	6.1	6.1	5.6	5.3	6.4	5.1	-1.2	-0.2	6	5 047
PT	3.7	3.6	3.5	3.5	3.4	3.3	3.3	3.1	3.3	3.2	3.1	3.5	2.5	2.6	2.7	-0.9	-0.5	17	1 424
RO	0.0	0.0	0.0	0.0	0.0	0.0	3.1	3.5	4.4	4.4	4.4	4.3	4.4	4.4	5.6	5.6	5.6	4	1 787
SI	3.8	3.8	3.6	3.2	2.7	2.3	2.3	2.5	2.7	2.8	2.8	2.9	2.9	3.0	3.4	-0.4	1.1	16	449
SK	3.5	3.6	3.2	3.4	3.6	3.3	3.0	3.2	3.0	3.5	4.9	3.1	5.8	3.1	3.8	0.3	0.5	11	696
FI	3.9	3.6	3.5	3.3	3.3	2.9	3.0	3.0	3.0	2.5	2.3	2.2	2.1	2.2	2.6	-1.3	-0.3	19	1 916
SE	2.2	2.0	1.8	1.7	1.7	1.6	1.6	1.7	1.6	1.4	1.4	1.4	1.4	1.4	1.6	-0.6	0.0	23	2 176
UK	5.0	4.9	4.7	4.3	4.2	4.0	3.9	4.0	4.0	3.8	3.5	3.3	3.2	3.1	3.6	-1.4	-0.3	14	19 833
NO	2.9	2.8	2.9	2.9	2.9	2.5	2.3	2.3	2.3	2.1	1.9	1.7	1.7	1.7	2.0	-0.9	-0.5		2 216
IS	0.7	2.7	2.5	2.5	2.4	2.3	2.2	3.1	3.2	2.9	2.6	2.4	2.3	2.2	2.8	2.1	0.5		82
EU-27 averages																			
weighted	2.4	2.4	2.4	2.3	2.3	2.3	2.3	2.4	2.4	2.3	2.2	2.2	2.1	2.1	2.2	-0.2	-0.1		
arithmetic	3.3	3.3	3.3	3.3	3.2	3.1	3.1	3.3	3.3	3.4	3.3	3.3	3.3	3.2	3.6	0.3	0.5		
EA-17 averages																			
weighted	2.0	1.9	1.9	1.9	1.9	1.9	1.9	2.0	2.0	1.9	1.9	1.9	1.8	1.8	1.9	-0.1	0.0		
arithmetic	3.3	3.3	3.2	3.2	3.2	3.0	3.0	3.0	3.0	3.1	3.1	2.9	2.9	2.7	3.0	-0.2	0.0		
Convergence indicators																			
St.dev/mean	49.3	50.4	49.3	48.6	47.2	47.2	41.8	42.3	41.6	45.1	45.9	45.9	51.5	54.0	54.3	5.0	7.2		
Max-min	7.5	7.1	6.6	6.2	5.9	5.6	4.5	4.5	4.8	4.8	5.1	6.1	6.9	7.7	8.3	0.8	2.7		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 45: Taxes on Labour as % of GDP - Total

																Difference ¹⁾		Ranking Revenue ²⁾	
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	24.3	24.2	24.4	24.5	24.4	24.2	24.7	24.8	24.6	24.0	23.8	23.0	23.0	23.6	23.7	-0.6	-0.5	5	80 417
BG	13.2	11.7	11.6	13.1	13.6	14.2	12.7	12.1	12.9	12.8	11.8	10.3	10.5	9.9	9.9	-3.3	-4.3	26	3 461
CZ	17.4	17.3	17.7	17.1	16.9	17.1	17.0	17.8	18.1	19.0	19.1	19.0	19.1	18.6	17.5	0.0	0.4	13	23 954
DK	27.3	27.3	26.9	26.3	27.0	26.6	26.9	26.1	26.0	25.2	24.8	24.6	24.9	25.5	27.1	-0.1	0.5	2	60 381
DE	24.0	24.3	24.6	24.4	24.2	24.5	24.2	24.1	24.1	23.1	22.6	22.1	21.4	22.0	22.7	-1.3	-1.8	7	544 818
EE	19.6	18.6	18.4	18.8	18.6	17.5	16.9	17.1	16.7	16.4	15.4	15.3	16.2	17.7	18.7	-0.9	1.2	12	2 589
IE	13.5	13.2	12.7	12.1	11.8	11.4	11.0	10.0	9.7	10.4	10.4	10.4	10.8	11.3	11.8	-1.8	0.3	25	18 805
EL	10.5	10.9	11.4	12.0	12.2	12.4	12.2	13.1	13.1	12.6	12.9	12.5	12.9	13.0	12.5	2.0	0.1	21	29 097
ES	16.2	16.5	16.1	15.9	15.6	15.8	16.2	16.3	16.2	16.0	16.2	16.3	16.9	17.2	16.7	0.6	0.9	14	176 271
FR	22.7	22.9	22.9	22.7	23.2	22.9	22.9	22.7	22.9	22.8	23.0	22.9	22.4	22.6	22.8	0.1	-0.1	6	435 149
IT	18.2	19.9	20.8	20.8	20.4	19.9	20.2	20.2	20.3	20.1	20.4	20.5	21.0	21.7	22.1	3.8	2.2	8	336 001
CY	9.9	9.4	9.7	10.1	9.7	9.4	9.9	10.0	10.7	10.5	11.3	11.1	10.8	11.0	12.2	2.4	2.8	22	2 074
LV	17.2	15.9	15.9	16.4	16.1	15.2	14.6	14.7	14.7	14.5	14.0	14.6	14.6	14.5	13.8	-3.5	-1.5	18	2 552
LT	12.9	13.3	14.9	15.9	16.7	16.3	15.4	14.9	14.6	14.7	14.5	14.6	14.6	14.9	15.1	2.2	-1.2	16	3 996
LU	15.5	15.6	15.8	15.3	15.1	15.3	16.0	15.4	15.3	15.3	15.4	14.8	14.9	15.3	16.4	0.9	1.1	15	6 245
HU	20.3	19.4	19.4	19.0	18.7	19.0	19.0	19.0	18.5	17.9	18.3	18.3	19.9	20.6	19.7	-0.6	0.7	10	18 305
MT	9.1	8.8	9.7	8.9	9.4	9.7	10.7	10.2	10.3	10.5	10.2	10.1	9.7	9.4	9.8	0.7	0.1	27	572
NL	21.9	20.8	19.9	19.8	20.4	20.4	18.0	18.4	18.8	18.6	18.2	19.6	19.5	20.3	20.9	-1.0	0.5	9	119 628
AT	23.7	23.9	24.7	24.5	24.7	24.0	24.3	24.2	24.4	23.9	23.4	23.3	23.2	23.8	24.2	0.5	0.1	3	66 359
PL	17.0	17.2	16.9	16.9	15.7	14.2	14.4	13.4	13.2	12.5	12.8	13.4	13.0	13.1	12.1	-4.9	-2.1	23	37 689
PT	11.3	11.2	11.2	11.0	11.3	11.6	11.9	12.0	12.2	11.9	12.2	12.4	12.6	12.7	13.0	1.8	1.4	19	21 893
RO	11.8	11.3	10.2	12.1	13.0	13.2	12.9	12.4	11.1	10.7	11.0	11.6	11.8	11.6	11.9	0.0	-1.4	24	13 925
SI	22.1	20.7	20.4	20.4	20.3	20.7	21.0	20.8	20.9	20.8	20.6	20.2	19.2	19.3	19.6	-2.5	-1.1	11	6 924
SK	15.4	16.5	16.6	16.3	15.5	15.0	15.1	15.0	14.4	13.3	12.5	11.5	11.6	12.4	12.5	-2.9	-2.5	20	7 881
FI	26.1	26.8	24.8	24.3	23.8	23.7	23.8	23.7	23.3	22.7	23.2	23.0	22.3	23.0	23.8	-2.3	0.1	4	40 733
SE	29.8	31.5	31.4	32.0	31.6	30.8	30.8	29.7	29.9	29.6	29.1	28.4	27.3	27.7	27.4	-2.3	-3.3	1	79 777
UK	13.7	13.0	12.8	13.4	13.6	14.1	14.2	13.5	13.5	13.7	14.3	14.3	14.4	14.2	14.0	0.3	-0.1	17	219 822
NO	18.8	18.5	18.7	20.3	19.8	17.5	18.0	19.0	18.9	18.2	17.0	16.5	17.2	16.8	18.6	-0.2	1.0		50 668
IS	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
EU-27 averages																			
weighted	20.7	20.8	20.6	20.5	20.4	20.3	20.1	19.9	20.0	19.6	19.6	19.4	19.3	19.7	20.0	-0.7	-0.3		
arithmetic	17.9	17.9	17.8	17.9	17.9	17.8	17.7	17.5	17.4	17.2	17.1	17.0	17.0	17.3	17.5	-0.5	-0.3		
EA-17 averages																			
weighted	21.5	21.8	21.8	21.7	21.6	21.5	21.3	21.2	21.2	20.7	20.6	20.5	20.3	20.8	21.1	-0.4	-0.3		
arithmetic	17.9	17.9	17.9	17.8	17.7	17.6	17.6	17.5	17.5	17.2	17.2	17.0	17.0	17.4	17.9	0.0	0.3		
Convergence indicators																			
St.dev/mean	31.9	33.4	32.7	31.7	31.4	30.9	31.2	31.4	31.6	31.2	30.9	30.8	29.7	30.5	30.8	-1.1	-0.1		
Max-min	20.7	22.6	21.6	23.1	22.2	21.3	20.9	19.8	20.2	19.2	18.9	18.3	17.5	18.4	17.6	-3.1	-3.7		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 46: Taxes on Labour as % of Total Taxation - Total

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	55.4	54.4	54.3	53.8	53.5	53.6	54.7	54.8	54.8	53.4	52.9	51.8	52.3	53.1	54.6	-0.9	1.0	9	80 417
BG	42.7	40.9	42.1	40.7	44.2	44.9	41.2	42.5	41.6	39.2	37.8	33.4	31.6	30.5	34.2	-8.5	-10.7	26	3 461
CZ	48.2	50.0	50.7	51.4	49.7	50.5	50.1	51.2	50.7	50.8	51.4	51.9	51.4	52.5	50.7	2.5	0.2	15	23 954
DK	55.9	55.5	55.0	53.3	53.8	53.9	55.6	54.5	54.1	51.4	48.8	49.6	51.0	53.1	56.5	0.6	2.6	4	60 381
DE	60.4	59.8	60.4	59.6	58.1	58.6	60.6	61.1	60.7	59.6	58.3	56.5	54.4	55.7	57.2	-3.2	-1.3	2	544 818
EE	56.3	55.4	53.6	54.9	57.2	56.4	56.0	55.0	54.3	53.6	50.2	49.9	50.8	55.2	52.1	-4.2	-4.3	10	2 589
IE	40.9	39.8	39.2	38.0	37.0	36.3	37.0	35.2	33.7	34.4	33.8	32.5	34.2	38.0	41.7	0.8	5.5	21	18 805
EL	36.1	37.0	37.4	37.1	36.5	35.9	36.8	38.9	40.7	40.4	40.6	39.6	40.3	41.0	41.2	5.1	5.3	22	29 097
ES	49.4	49.8	48.4	48.0	46.5	46.7	48.5	48.2	47.8	46.5	45.5	44.9	45.7	51.8	55.0	5.6	8.2	6	176 271
FR	53.2	52.2	51.9	51.7	51.6	52.0	52.2	52.7	53.4	52.9	52.8	52.1	52.0	52.6	54.9	1.7	2.9	7	435 149
IT	45.5	47.6	47.7	49.0	47.9	47.6	48.7	49.5	49.2	49.6	50.5	48.8	48.7	50.5	51.2	5.7	3.6	14	336 001
CY	37.0	36.0	38.0	36.3	34.6	31.5	32.1	31.9	32.3	31.5	31.8	30.4	26.4	28.2	34.8	-2.2	3.3	25	2 074
LV	52.0	51.6	49.7	48.5	50.3	51.6	51.1	51.8	51.4	50.8	48.1	47.9	48.0	49.9	51.7	-0.3	0.0	12	2 552
LT	46.8	48.9	48.6	50.2	52.6	54.1	53.9	52.4	51.9	52.0	50.7	49.8	49.0	49.3	51.4	4.6	-2.7	13	3 996
LU	41.8	41.5	40.2	38.8	39.4	39.0	40.3	39.1	40.1	41.0	40.9	41.3	41.7	43.2	44.3	2.5	5.3	17	6 245
HU	49.8	49.5	51.4	50.5	48.8	48.7	49.8	50.3	48.8	47.8	48.9	49.2	49.8	51.5	49.9	0.2	1.2	16	18 305
MT	33.9	34.8	35.4	34.9	34.5	34.5	35.3	32.4	32.8	31.9	30.3	30.2	28.3	27.6	28.7	-5.2	-5.8	27	572
NL	54.5	51.8	50.3	50.1	50.5	51.2	47.0	48.7	50.3	49.6	48.5	50.3	50.3	51.8	54.8	0.3	3.6	8	119 628
AT	57.2	55.6	55.7	55.3	56.0	55.6	53.8	55.2	55.7	55.1	55.4	55.8	55.3	55.8	56.7	-0.5	1.1	3	66 359
PL	45.9	46.1	46.4	47.6	45.0	43.7	44.8	41.1	41.1	39.7	39.1	39.6	37.4	38.1	38.2	-7.7	-5.5	24	37 689
PT	38.2	37.2	37.0	36.4	36.3	37.3	38.6	38.0	38.6	38.9	38.6	38.3	38.2	38.6	42.0	3.9	4.8	20	21 893
RO	43.0	43.8	38.6	41.7	41.8	43.8	44.9	43.9	40.1	39.4	39.6	40.6	40.8	41.2	44.0	1.0	0.2	18	13 925
SI	56.3	54.5	55.0	54.0	53.1	55.2	55.8	54.8	54.7	54.4	53.4	52.8	50.8	51.9	52.0	-4.3	-3.1	11	6 924
SK	38.2	41.9	44.4	44.5	43.8	44.1	45.5	45.3	43.8	42.1	40.0	39.5	39.6	42.3	43.5	5.3	-0.6	19	7 881
FI	57.1	57.0	53.4	52.4	51.7	50.2	53.0	52.9	52.9	52.3	52.7	52.6	51.8	53.3	55.2	-1.9	5.0	5	40 733
SE	62.1	62.5	61.8	62.5	61.4	59.7	62.3	62.5	62.6	61.5	59.5	58.8	57.6	59.7	58.5	-3.6	-1.2	1	79 777
UK	39.6	37.8	36.7	37.4	37.7	38.5	38.9	38.5	39.0	39.0	39.7	38.9	39.6	38.0	40.3	0.7	1.8	23	219 822
NO	44.8	43.7	44.4	48.3	46.8	41.1	42.0	44.0	44.6	42.0	39.0	37.4	39.2	39.1	44.9	0.1	3.8		50 668
IS	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
EU-27 averages																			
weighted	52.5	51.9	51.1	50.9	50.2	50.1	50.8	51.1	51.3	50.5	50.0	49.0	48.6	50.0	52.1	-0.5	1.9		
arithmetic	48.0	47.9	47.5	47.4	47.2	47.2	47.7	47.5	47.3	46.6	45.9	45.4	45.1	46.5	48.0	-0.1	0.7		
EA-17 averages																			
weighted	54.0	53.5	53.1	52.9	52.1	52.2	52.9	53.3	53.3	52.6	52.1	51.0	50.4	52.2	54.1	0.0	1.9		
arithmetic	47.7	47.4	47.2	46.8	46.4	46.2	46.8	46.7	46.8	46.3	45.7	45.1	44.8	46.5	48.2	0.5	2.0		
Convergence indicators																			
St.dev/mean	17.0	16.5	16.2	16.3	16.5	16.9	16.9	17.6	17.7	17.6	17.5	18.1	18.8	19.3	17.0	-0.1	0.1		
Max-min	28.2	27.8	26.4	27.6	26.9	28.2	30.2	30.6	30.3	30.0	29.2	28.6	31.2	32.1	29.8	1.6	1.6		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 47: Taxes on Labour as % of GDP - Employed

																Difference ¹⁾		Ranking Revenue ²⁾	
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	22.3	22.1	22.3	22.4	22.3	22.2	22.6	22.7	22.4	22.2	21.9	21.3	21.3	21.8	22.0	-0.4	-0.2	3	74 486
BG	12.9	11.6	11.6	13.0	13.4	13.9	12.4	11.9	12.6	12.5	11.5	10.0	10.3	9.6	9.7	-3.3	-4.3	26	3 386
CZ	17.4	17.3	17.7	17.1	16.9	17.1	17.0	17.8	18.1	17.8	17.9	17.7	17.8	17.4	16.1	-1.3	-0.9	13	22 112
DK	21.1	21.2	21.4	21.0	21.8	21.7	22.1	21.2	20.9	20.3	20.0	19.9	20.2	20.6	20.7	-0.4	-1.0	6	46 115
DE	21.3	21.3	21.4	21.4	21.3	21.8	21.5	21.3	21.2	20.2	19.6	19.2	18.8	19.3	19.8	-1.5	-1.9	7	475 095
EE	19.3	18.3	18.2	18.6	18.2	17.1	16.6	16.7	16.3	15.9	14.9	14.9	15.8	17.3	18.0	-1.3	1.0	12	2 501
IE	13.4	13.0	12.5	11.9	11.7	11.4	10.9	10.0	9.7	10.3	10.3	10.4	10.7	11.2	11.7	-1.7	0.4	22	18 702
EL	9.8	10.2	10.6	11.1	11.2	11.5	11.3	12.2	12.2	11.8	12.0	11.4	11.8	11.8	11.1	1.3	-0.3	25	25 948
ES	15.1	15.5	15.2	15.0	14.9	15.1	15.4	15.5	15.4	15.2	15.3	15.5	16.1	16.2	15.6	0.5	0.5	14	164 569
FR	21.8	22.0	22.0	22.1	22.4	22.2	22.2	22.1	22.2	22.1	22.3	22.2	21.8	21.9	22.2	0.4	0.0	2	424 101
IT	16.4	18.0	18.8	18.6	18.3	17.9	18.0	18.1	18.2	18.0	18.2	18.3	18.8	19.4	19.6	3.2	1.7	8	297 751
CY	9.6	9.2	9.5	9.8	9.5	9.2	9.7	9.9	10.6	10.5	11.2	11.0	10.7	11.0	12.2	2.5	2.9	19	2 060
LV	17.2	15.9	15.9	16.3	16.0	15.2	14.5	14.6	14.6	14.4	13.8	14.5	14.6	14.4	13.5	-3.7	-1.7	18	2 502
LT	12.8	13.2	14.8	15.9	16.6	16.2	15.3	14.7	14.4	14.5	14.3	14.4	14.3	14.5	14.8	1.9	-1.5	16	3 911
LU	13.8	13.9	14.0	13.8	13.6	13.8	14.6	14.0	13.8	13.6	13.8	13.3	13.4	13.8	14.8	1.1	1.0	15	5 643
HU	19.5	18.8	18.8	18.3	18.0	18.3	18.3	18.7	18.2	17.6	18.0	18.0	19.1	19.6	18.8	-0.7	0.5	9	17 435
MT	8.5	8.3	9.1	8.4	8.8	9.0	10.0	9.5	9.5	9.7	9.4	9.2	8.9	8.6	9.0	0.5	0.0	27	524
NL	17.7	17.0	16.4	16.9	17.4	17.5	15.6	15.9	16.2	16.1	15.7	16.9	17.2	17.9	18.5	0.8	1.0	11	105 928
AT	21.7	21.8	22.5	22.2	22.2	21.7	21.9	21.7	21.8	21.4	21.0	20.9	20.9	21.3	21.7	0.0	0.0	4	59 480
PL	14.7	14.9	15.0	15.0	14.9	13.5	13.6	12.7	12.5	11.8	12.1	12.6	12.2	12.2	11.3	-3.3	-2.2	24	35 171
PT	10.8	10.7	10.6	10.5	10.7	11.0	11.3	11.3	11.4	11.0	11.3	11.5	11.6	11.7	12.0	1.2	1.0	21	20 176
RO	11.8	11.3	10.2	12.1	12.9	13.2	12.8	12.3	11.1	10.7	11.0	11.5	11.8	11.5	11.7	-0.1	-1.5	23	13 732
SI	21.5	20.1	19.7	19.7	19.5	19.9	20.1	19.9	19.9	19.8	19.7	19.3	18.3	18.5	18.5	-3.0	-1.4	10	6 557
SK	15.4	16.3	16.4	16.2	15.2	14.8	14.7	14.6	14.0	12.7	12.2	11.2	11.2	12.0	12.1	-3.2	-2.7	20	7 645
FI	21.9	22.6	21.2	21.1	20.8	20.8	21.1	20.9	20.6	20.0	20.4	20.3	19.6	20.4	21.2	-0.7	0.4	5	36 221
SE	25.2	27.1	27.1	27.9	27.6	26.9	26.9	25.7	25.4	25.1	24.9	24.1	23.5	24.0	23.6	-1.7	-3.3	1	68 581
UK	13.6	12.8	12.6	13.3	13.5	14.0	14.0	13.3	13.3	13.5	14.1	14.1	14.2	14.0	13.9	0.3	-0.1	17	216 929
NO	17.8	17.5	17.7	19.1	18.7	16.5	17.0	17.9	17.8	17.2	16.0	15.5	16.2	15.9	17.6	-0.2	1.0		47 919
IS	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
EU-27 averages																			
weighted	18.8	18.9	18.7	18.8	18.7	18.7	18.6	18.3	18.3	17.9	17.9	17.8	17.8	18.1	18.3	-0.5	-0.4		
arithmetic	16.5	16.5	16.5	16.6	16.7	16.5	16.5	16.3	16.2	15.9	15.8	15.7	15.7	16.0	16.1	-0.5	-0.5		
EA-17 averages																			
weighted	19.5	19.7	19.7	19.7	19.7	19.6	19.5	19.4	19.3	18.9	18.7	18.6	18.6	19.0	19.3	-0.2	-0.4		
arithmetic	16.5	16.5	16.5	16.4	16.4	16.3	16.3	16.2	16.2	15.9	15.8	15.7	15.7	16.1	16.5	0.0	0.2		
Convergence indicators																			
St.dev/mean	27.9	29.2	28.8	28.1	27.7	27.3	27.6	27.8	27.6	27.4	27.3	27.2	26.4	27.2	27.2	-0.7	-0.1		
Max-min	16.7	18.7	18.0	19.6	18.8	17.9	17.2	16.3	15.9	15.4	15.5	14.9	14.6	15.3	14.6	-2.1	-3.3		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 48: Taxes on Labour as % of Total Taxation - Employed

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	50.8	49.8	49.6	49.1	49.0	49.1	50.0	50.2	50.1	49.4	48.9	47.9	48.4	49.1	50.5	-0.3	1.4	5	74 486
BG	41.9	40.6	41.9	40.5	43.6	44.1	40.3	41.7	40.8	38.4	36.8	32.5	30.9	29.9	33.5	-8.5	-10.7	26	3 386
CZ	48.2	49.9	50.6	51.4	49.6	50.5	50.1	51.1	50.7	47.7	48.3	48.3	47.8	48.9	46.8	-1.4	-3.7	14	22 112
DK	43.3	43.2	43.8	42.7	43.6	44.0	45.6	44.3	43.5	41.3	39.3	40.1	41.4	42.9	43.1	-0.2	-0.9	17	46 115
DE	53.5	52.3	52.7	52.2	51.0	52.0	53.8	53.8	53.4	52.0	50.5	49.1	47.7	49.0	49.9	-3.6	-2.1	9	475 095
EE	55.6	54.8	53.0	54.4	55.9	55.1	55.0	53.8	53.1	52.0	48.8	48.6	49.7	53.8	50.3	-5.3	-4.8	6	2 501
IE	40.5	39.3	38.7	37.6	36.7	36.0	36.7	35.0	33.4	34.2	33.6	32.3	34.0	37.8	41.5	1.1	5.5	19	18 702
EL	33.7	34.6	34.8	34.3	33.7	33.1	34.0	36.2	38.0	37.6	37.5	36.2	36.7	37.2	36.7	3.0	3.6	23	25 948
ES	46.3	46.9	45.7	45.5	44.3	44.5	46.1	45.7	45.4	44.1	43.0	42.5	43.3	48.7	51.3	5.0	6.8	2	164 569
FR	51.0	50.0	49.8	50.2	50.0	50.3	50.6	51.2	51.8	51.2	51.1	50.5	50.5	51.2	53.5	2.4	3.1	1	424 101
IT	40.9	43.0	43.0	43.9	43.1	42.8	43.5	44.4	44.1	44.3	45.2	43.5	43.6	45.1	45.4	4.5	2.5	15	297 751
CY	36.0	35.1	37.1	35.4	33.8	30.8	31.3	31.6	32.0	31.3	31.6	30.1	26.2	28.0	34.6	-1.4	3.8	25	2 060
LV	52.0	51.6	49.7	48.5	50.0	51.4	50.8	51.5	51.1	50.4	47.7	47.6	47.9	49.5	50.7	-1.3	-0.7	4	2 502
LT	46.7	48.8	48.5	50.1	52.5	53.9	53.5	51.9	51.3	51.4	50.1	49.1	48.2	48.2	50.3	3.6	-3.6	8	3 911
LU	37.1	37.0	35.7	35.0	35.5	35.2	36.8	35.7	36.3	36.5	36.8	37.2	37.6	39.1	40.0	2.9	4.8	20	5 643
HU	47.7	47.8	49.9	48.8	47.0	46.8	48.0	49.5	48.0	47.0	48.0	48.3	47.8	49.1	47.5	-0.2	0.7	13	17 435
MT	31.7	32.7	33.2	32.7	32.1	32.0	32.8	30.1	30.3	29.4	27.9	27.6	25.9	25.5	26.2	-5.5	-5.8	27	524
NL	44.0	42.2	41.3	42.8	43.2	43.9	40.6	42.1	43.4	42.8	41.8	43.4	44.5	45.9	48.5	4.5	4.6	12	105 928
AT	52.4	50.7	50.6	50.0	50.5	50.2	48.3	49.4	49.7	49.3	49.7	50.0	49.6	50.0	50.8	-1.6	0.6	3	59 480
PL	39.5	39.9	41.1	42.2	42.6	41.4	42.4	38.8	38.8	37.6	36.9	37.2	35.0	35.7	35.6	-3.9	-5.8	24	35 171
PT	36.5	35.4	35.3	34.8	34.5	35.3	36.4	35.8	35.9	36.1	35.7	35.5	35.3	35.5	38.7	2.3	3.4	22	20 176
RO	42.9	43.7	38.6	41.7	41.8	43.8	44.9	43.9	40.0	39.3	39.5	40.4	40.6	41.0	43.4	0.4	-0.4	16	13 732
SI	54.8	52.7	53.2	52.0	51.0	53.2	53.4	52.4	52.1	51.8	51.1	50.5	48.5	49.6	49.3	-5.5	-4.0	10	6 557
SK	38.1	41.3	44.1	44.0	43.1	43.4	44.5	44.1	42.6	40.4	39.1	38.2	38.4	41.2	42.2	4.0	-1.3	18	7 645
FI	47.9	48.1	45.6	45.6	45.3	44.0	47.0	46.7	46.7	46.0	46.4	46.2	45.7	47.3	49.1	1.1	5.0	11	36 221
SE	52.6	53.8	53.5	54.5	53.5	52.2	54.4	54.2	53.1	52.1	50.9	49.9	49.6	51.6	50.3	-2.3	-1.9	7	68 581
UK	39.1	37.3	36.2	37.0	37.3	38.0	38.4	38.0	38.5	38.5	39.2	38.4	39.1	37.5	39.7	0.6	1.7	21	216 929
NO	42.4	41.3	42.0	45.5	44.1	38.8	39.6	41.6	42.2	39.7	36.8	35.4	37.0	37.0	42.4	0.0	3.7		47 919
IS	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
EU-27 averages																			
weighted	47.7	47.0	46.5	46.5	46.0	46.2	46.8	47.0	47.0	46.3	45.8	45.0	44.8	46.0	47.6	-0.1	1.4		
arithmetic	44.6	44.5	44.3	44.3	44.2	44.3	44.8	44.6	44.2	43.4	42.8	42.3	42.0	43.3	44.4	-0.2	0.1		
EA-17 averages																			
weighted	49.0	48.3	48.1	48.1	47.4	47.7	48.4	48.7	48.7	47.9	47.4	46.5	46.2	47.8	49.3	0.3	1.6		
arithmetic	44.2	43.9	43.7	43.5	43.1	43.0	43.6	43.4	43.4	42.8	42.3	41.7	41.5	43.2	44.6	0.4	1.6		
Convergence indicators																			
St.dev/mean	15.4	14.9	14.7	15.1	15.4	16.2	15.9	16.4	16.1	16.0	15.9	16.5	17.4	17.9	15.5	0.1	-0.7		
Max-min	23.9	22.0	20.3	21.8	23.8	24.4	23.7	24.1	23.0	22.7	23.2	22.9	24.6	28.3	27.2	3.4	2.8		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 49: Taxes on Labour as % of GDP - Employed paid by employers

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	8.6	8.6	8.6	8.6	8.7	8.3	8.5	8.6	8.6	8.4	8.2	8.2	8.3	8.5	8.8	0.1	0.4	9	29 685
BG	9.1	7.7	7.6	8.5	9.0	8.9	7.9	7.5	8.1	8.0	7.1	5.8	5.6	4.8	4.6	-4.5	-4.2	23	1 628
CZ	9.9	10.0	10.2	9.9	9.8	9.9	9.9	10.4	10.5	10.3	10.3	10.3	10.3	10.3	9.7	-0.2	-0.3	6	13 243
DK	0.5	0.5	0.5	0.7	0.6	0.5	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.1	0.1	27	1 174
DE	7.5	7.6	7.6	7.6	7.5	7.5	7.4	7.3	7.4	7.2	7.0	6.8	6.5	6.5	6.7	-0.8	-0.7	14	161 290
EE	11.6	11.2	11.2	11.1	10.9	10.7	10.5	10.5	10.2	9.9	9.9	9.8	10.3	11.4	12.4	0.9	1.7	2	1 722
IE	2.9	2.6	2.6	2.6	2.6	2.7	2.8	2.7	2.7	2.7	2.9	3.1	3.3	3.3	3.3	0.4	0.6	25	5 280
EL	4.3	4.5	4.6	4.8	4.6	4.9	4.9	5.5	5.4	5.1	5.1	4.8	5.1	5.2	4.7	0.5	-0.1	22	11 050
ES	8.2	8.4	8.4	8.4	8.5	8.7	8.8	8.8	8.9	8.8	8.8	8.8	8.9	8.9	8.7	0.5	0.0	11	91 317
FR	12.5	12.5	12.5	12.2	12.4	12.1	12.1	12.1	12.2	12.1	12.2	12.3	12.2	12.2	12.6	0.0	0.4	1	239 639
IT	8.7	10.2	10.8	10.6	10.0	10.0	10.1	10.2	10.4	10.3	10.5	10.5	10.7	10.8	11.0	2.3	1.0	4	166 783
CY	4.4	4.6	4.7	4.8	4.6	4.6	4.7	4.7	5.5	6.2	6.7	6.4	6.0	6.2	6.8	2.4	2.3	13	1 159
LV	11.6	9.9	8.0	8.2	8.0	7.4	6.8	6.9	6.5	6.3	6.1	6.3	6.3	6.0	6.1	-5.5	-1.3	15	1 138
LT	6.9	7.3	8.0	8.6	8.8	8.4	8.0	7.8	7.7	7.6	7.3	7.6	7.7	8.0	8.7	1.8	0.2	10	2 299
LU	4.5	4.5	4.5	4.6	4.4	4.4	4.8	4.8	4.7	4.7	4.6	4.3	4.2	4.3	4.8	0.2	0.4	21	1 810
HU	11.9	11.1	11.4	11.2	10.4	10.6	10.2	10.2	9.9	9.6	9.9	9.7	9.9	10.0	9.4	-2.5	-1.2	8	8 755
MT	3.0	3.1	3.3	3.0	2.9	2.8	3.1	2.9	2.9	2.9	2.9	2.8	2.6	2.7	2.7	-0.3	-0.1	26	159
NL	2.0	2.0	1.8	4.5	4.5	4.5	4.5	4.4	4.4	4.1	4.7	4.6	4.9	5.0	5.0	3.0	0.4	19	28 525
AT	10.0	10.0	10.1	9.9	9.9	9.7	9.7	9.5	9.6	9.4	9.4	9.3	9.2	9.3	9.8	-0.3	0.0	5	26 757
PL	5.9	5.9	6.1	6.1	5.9	5.7	5.7	5.3	5.2	4.9	5.2	5.3	5.1	5.0	4.9	-1.0	-0.8	20	15 124
PT	4.0	4.2	4.2	4.6	4.6	4.7	4.8	4.9	4.6	4.6	4.8	4.5	4.8	4.8	5.0	1.0	0.3	18	8 419
RO	7.6	7.2	7.0	7.0	7.8	8.1	7.1	6.5	6.2	5.9	6.4	6.3	6.2	6.0	6.0	-1.6	-2.1	16	7 031
SI	8.0	6.8	6.5	6.6	6.7	6.9	7.1	7.1	7.1	7.1	7.3	6.9	6.5	6.1	5.8	-2.3	-1.2	17	2 039
SK	9.6	9.9	9.8	9.7	8.9	9.1	8.9	8.9	8.4	7.6	7.0	6.3	6.3	6.7	6.9	-2.7	-2.3	12	4 322
FI	9.9	9.6	9.1	9.2	9.3	8.8	9.0	8.9	8.9	8.8	9.0	9.0	8.7	9.0	9.5	-0.4	0.7	7	16 278
SE	12.0	12.9	12.5	12.8	12.6	12.8	13.2	13.1	12.8	12.6	12.4	12.2	12.2	12.6	12.4	0.4	-0.4	3	36 040
UK	3.3	3.3	3.3	3.3	3.4	3.5	3.5	3.3	3.5	3.6	3.7	3.7	3.7	3.9	3.9	0.6	0.4	24	61 016
NO	5.9	5.7	5.7	6.2	6.1	5.4	5.6	6.0	5.9	5.7	5.4	5.4	5.6	5.5	6.0	0.2	0.7		16 455
IS	2.3	2.5	2.6	2.6	2.7	2.8	2.7	2.8	3.0	3.0	3.1	3.2	3.1	2.9	3.2	0.9	0.4		274
EU-27 averages																			
weighted	7.8	8.0	7.9	8.0	7.9	7.8	7.8	7.7	7.9	7.8	7.7	7.7	7.7	7.8	8.0	0.2	0.2		
arithmetic	7.3	7.3	7.2	7.4	7.3	7.3	7.2	7.2	7.1	7.0	7.0	6.9	6.9	7.0	7.1	-0.3	-0.2		
EA-17 averages																			
weighted	8.5	8.8	8.9	9.0	8.9	8.8	8.8	8.8	8.9	8.7	8.7	8.7	8.6	8.7	8.9	0.4	0.1		
arithmetic	7.0	7.1	7.1	7.2	7.1	7.1	7.1	7.2	7.2	7.1	7.1	7.0	6.9	7.1	7.3	0.3	0.2		
Convergence indicators																			
St.dev/mean	46.9	46.6	46.4	43.1	42.9	42.7	42.1	42.8	42.5	42.1	42.3	42.7	43.2	44.0	44.4	-2.5	1.7		
Max-min	12.1	12.4	12.0	12.1	12.0	12.3	12.7	12.5	12.3	12.1	12.0	11.8	11.7	12.0	12.0	0.0	-0.3		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 50: Taxes on Labour as % of Total Taxation - Employed paid by employers

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	19.6	19.3	19.1	18.9	19.0	18.5	18.7	19.1	19.2	18.6	18.4	18.4	18.8	19.1	20.1	0.6	1.7	14	29 685
BG	29.6	26.9	27.4	26.4	29.4	28.2	25.7	26.4	26.2	24.7	22.8	18.9	16.8	15.0	16.1	-13.5	-12.1	18	1 628
CZ	27.3	28.7	29.2	29.6	28.9	29.3	29.2	29.8	29.4	27.5	27.9	28.1	27.6	29.0	28.0	0.7	-1.3	5	13 243
DK	1.0	0.9	1.1	1.3	1.1	0.9	1.2	1.1	1.0	1.0	1.0	1.0	1.1	1.1	1.1	0.1	0.2	27	1 174
DE	18.8	18.6	18.8	18.5	18.0	17.8	18.5	18.5	18.6	18.5	18.0	17.3	16.6	16.5	16.9	-1.9	-0.9	16	161 290
EE	33.3	33.4	32.6	32.4	33.5	34.6	34.8	33.9	33.1	32.5	32.2	32.0	32.4	35.5	34.7	1.4	0.0	1	1 722
IE	8.7	8.0	7.9	8.1	8.1	8.5	9.6	9.5	9.2	8.9	8.9	9.1	9.7	11.1	11.7	3.0	3.2	24	5 280
EL	14.6	15.2	15.1	14.6	13.9	14.1	14.7	16.3	16.8	16.4	16.0	15.4	15.9	16.3	15.6	1.0	1.5	19	11 050
ES	25.1	25.4	25.4	25.6	25.5	25.6	26.4	26.0	26.1	25.4	24.7	24.2	23.9	26.8	28.5	3.4	2.9	4	91 317
FR	29.3	28.4	28.3	27.8	27.6	27.5	27.5	28.1	28.5	28.1	27.9	28.0	28.2	28.5	30.2	0.9	2.8	2	239 639
IT	21.6	24.4	24.8	24.9	23.6	24.0	24.3	24.9	25.2	25.4	26.0	25.0	24.9	25.2	25.4	3.8	1.4	7	166 783
CY	16.5	17.5	18.5	17.3	16.5	15.2	15.2	14.9	16.7	18.5	18.8	17.5	14.7	15.8	19.5	3.0	4.3	15	1 159
LV	35.1	32.2	25.0	24.3	25.0	25.1	23.9	24.3	22.8	22.1	20.9	20.8	20.7	20.6	23.1	-12.0	-2.0	10	1 138
LT	25.0	27.1	26.2	27.2	27.7	28.0	28.0	27.5	27.4	26.8	25.7	25.7	25.8	26.6	29.6	4.5	1.5	3	2 299
LU	12.2	12.0	11.5	11.8	11.4	11.2	12.0	12.2	12.4	12.6	12.1	12.0	11.8	12.1	12.8	0.6	1.6	23	1 810
HU	29.1	28.2	30.1	29.7	27.3	27.1	26.8	26.9	26.2	25.6	26.5	26.0	24.9	24.9	23.9	-5.2	-3.3	8	8 755
MT	11.2	12.2	12.0	11.7	10.6	10.0	10.3	9.3	9.3	8.9	8.5	8.2	7.6	8.0	8.0	-3.3	-2.0	26	159
NL	5.0	4.9	4.5	11.5	11.2	11.4	11.6	11.8	11.8	11.7	11.0	12.0	11.9	12.5	13.1	8.1	1.7	22	28 525
AT	24.2	23.4	22.8	22.4	22.5	22.5	21.4	21.7	21.9	21.7	22.2	22.2	21.9	21.9	22.9	-1.4	0.4	11	26 757
PL	15.8	16.0	16.8	17.4	17.0	17.4	17.8	16.4	16.1	15.7	15.7	15.5	14.5	14.6	15.3	-0.5	-2.1	21	15 124
PT	13.5	13.8	14.0	15.3	14.9	15.1	15.6	15.5	14.7	15.2	15.1	14.1	14.6	14.8	16.2	2.7	1.1	17	8 419
RO	27.8	28.0	26.4	24.1	25.2	26.7	24.9	23.0	22.4	21.7	23.0	22.1	21.4	21.6	22.2	-5.5	-4.5	12	7 031
SI	20.5	17.9	17.7	17.6	17.5	18.5	18.8	18.6	18.7	18.6	18.9	18.0	17.2	16.4	15.3	-5.2	-3.2	20	2 039
SK	23.7	25.1	26.2	26.3	25.2	26.8	26.7	26.9	25.5	24.2	22.4	21.5	21.4	23.0	23.8	0.1	-3.0	9	4 322
FI	21.6	20.5	19.7	19.9	20.2	18.5	20.1	20.0	20.1	20.3	20.4	20.4	20.3	20.9	22.0	0.4	3.5	13	16 278
SE	24.9	25.6	24.6	24.9	24.5	24.8	26.7	27.5	26.9	26.1	25.4	25.3	25.8	27.0	26.4	1.5	1.6	6	36 040
UK	9.5	9.5	9.4	9.1	9.3	9.5	9.6	9.5	10.1	10.3	10.3	10.2	10.3	10.5	11.2	1.6	1.7	25	61 016
NO	14.0	13.5	13.6	14.7	14.4	12.6	13.0	13.8	14.0	13.2	12.4	12.2	12.7	12.8	14.6	0.6	2.0		16 455
IS	6.9	7.4	7.4	7.5	7.3	7.4	7.7	7.9	8.3	7.9	7.7	7.8	7.6	7.9	9.4	2.5	1.9		274
EU-27 averages																			
weighted	19.7	19.9	19.7	19.7	19.3	19.2	19.6	19.8	20.2	20.0	19.8	19.4	19.3	19.9	20.8	1.1	1.7		
arithmetic	20.2	20.1	19.8	20.0	19.8	19.9	20.0	20.0	19.9	19.5	19.3	18.8	18.5	19.1	19.8	-0.4	-0.1		
EA-17 averages																			
weighted	21.4	21.6	21.7	21.9	21.4	21.3	21.8	22.1	22.3	22.2	22.0	21.6	21.4	21.9	22.7	1.3	1.4		
arithmetic	18.8	18.8	18.8	19.1	18.8	18.8	19.2	19.3	19.3	19.2	18.9	18.5	18.3	19.1	19.8	1.0	1.0		
Convergence indicators																			
St.dev/mean	43.0	42.3	41.6	38.7	39.8	40.6	38.9	39.2	38.3	37.4	37.7	37.9	38.7	39.9	38.7	-4.3	-1.8		
Max-min	34.1	32.5	31.5	31.1	32.4	33.7	33.6	32.9	32.0	31.5	31.2	31.0	31.3	34.4	33.6	-0.6	-0.2		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 51: Taxes on Labour as % of GDP - Employed paid by employees

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	13.7	13.6	13.7	13.7	13.6	13.9	14.2	14.1	13.8	13.8	13.7	13.1	13.0	13.3	13.2	-0.5	-0.7	3	44 801
BG	3.8	3.9	4.0	4.5	4.4	5.0	4.5	4.4	4.5	4.5	4.4	4.2	4.7	4.8	5.0	1.2	0.0	27	1 758
CZ	7.5	7.4	7.5	7.3	7.1	7.2	7.1	7.4	7.6	7.5	7.6	7.4	7.5	7.1	6.5	-1.1	-0.7	18	8 869
DK	20.7	20.8	20.9	20.4	21.2	21.3	21.6	20.7	20.4	19.8	19.5	19.4	19.7	20.1	20.2	-0.5	-1.1	1	44 941
DE	13.8	13.7	13.8	13.8	13.8	14.3	14.1	14.0	13.8	13.0	12.6	12.5	12.2	12.8	13.1	-0.7	-1.2	4	313 805
EE	7.8	7.2	7.0	7.5	7.3	6.4	6.1	6.2	6.2	5.9	5.1	5.1	5.5	5.9	5.6	-2.1	-0.7	24	779
IE	10.5	10.4	10.0	9.4	9.1	8.7	8.1	7.3	7.0	7.6	7.6	7.4	7.6	7.9	8.4	-2.1	-0.3	14	13 421
EL	5.6	5.7	6.0	6.4	6.6	6.6	6.4	6.7	6.8	6.6	6.9	6.6	6.7	6.6	6.4	0.8	-0.2	20	14 898
ES	6.9	7.1	6.7	6.6	6.3	6.4	6.6	6.7	6.5	6.4	6.5	6.7	7.2	7.3	7.0	0.0	0.5	17	73 252
FR	9.3	9.5	9.5	9.8	10.1	10.1	10.1	10.0	10.0	9.9	10.1	9.9	9.7	9.7	9.7	0.4	-0.4	11	184 462
IT	7.7	7.8	8.0	8.1	8.3	7.9	7.9	7.9	7.8	7.7	7.7	7.8	8.0	8.6	8.6	0.9	0.7	13	130 968
CY	5.2	4.6	4.8	5.0	4.8	4.7	5.0	5.2	5.1	4.3	4.5	4.6	4.7	4.8	5.3	0.1	0.7	25	901
LV	5.6	6.0	7.9	8.2	8.0	7.7	7.7	7.7	8.0	8.1	7.8	8.2	8.3	8.4	7.4	1.8	-0.4	15	1 364
LT	5.9	5.9	6.8	7.3	7.9	7.8	7.3	6.9	6.7	7.0	6.9	6.9	6.6	6.5	6.1	0.1	-1.7	22	1 612
LU	9.2	9.4	9.5	9.2	9.2	9.4	9.8	9.2	9.1	8.9	9.3	9.0	9.2	9.5	10.1	0.8	0.7	9	3 833
HU	7.6	7.7	7.5	7.2	7.6	7.7	8.1	8.5	8.2	8.0	8.1	8.3	9.1	9.7	9.3	1.7	1.7	12	8 679
MT	5.5	5.2	5.8	5.4	5.9	6.2	6.8	6.6	6.6	6.7	6.5	6.5	6.3	5.9	6.3	0.8	0.0	21	365
NL	15.7	15.0	14.6	12.3	12.9	13.0	11.1	11.4	11.8	11.6	11.6	12.3	12.6	13.1	13.5	-2.1	0.6	2	77 403
AT	11.7	11.7	12.3	12.2	12.3	12.0	12.2	12.2	12.2	11.9	11.7	11.6	11.6	12.0	11.9	0.2	-0.1	6	32 723
PL	8.8	8.9	8.8	8.8	8.9	7.8	7.9	7.3	7.3	6.9	6.9	7.3	7.1	7.2	6.5	-2.3	-1.4	19	20 047
PT	6.8	6.5	6.4	5.9	6.1	6.3	6.4	6.4	6.8	6.4	6.5	6.9	6.8	6.8	7.0	0.2	0.7	16	11 757
RO	4.2	4.1	3.2	5.1	5.1	5.2	5.7	5.9	4.9	4.8	4.6	5.2	5.6	5.4	5.7	1.5	0.6	23	6 702
SI	13.4	13.3	13.1	13.0	12.8	13.0	13.0	12.8	12.7	12.7	12.5	12.4	11.8	12.4	12.8	-0.7	-0.2	5	4 517
SK	5.8	6.4	6.7	6.5	6.3	5.7	5.9	5.7	5.6	5.1	5.2	4.9	5.0	5.3	5.3	-0.5	-0.4	26	3 322
FI	12.0	13.0	12.0	11.9	11.6	12.0	12.1	12.0	11.7	11.2	11.4	11.3	10.9	11.4	11.6	-0.4	-0.4	7	19 943
SE	13.3	14.2	14.6	15.2	15.0	14.1	13.7	12.7	12.6	12.5	12.4	11.9	11.3	11.4	11.2	-2.1	-2.9	8	32 542
UK	10.3	9.6	9.3	10.0	10.1	10.5	10.5	10.0	9.8	9.9	10.4	10.4	10.5	10.1	10.0	-0.3	-0.5	10	155 913
NO	12.0	11.8	12.0	12.9	12.6	11.1	11.4	12.0	11.9	11.5	10.6	10.2	10.7	10.4	11.5	-0.4	0.4		31 464
IS	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
EU-27 averages																			
weighted	11.0	10.9	10.8	10.8	10.9	10.9	10.8	10.6	10.5	10.2	10.2	10.1	10.1	10.3	10.3	-0.7	-0.6		
arithmetic	9.2	9.2	9.3	9.3	9.3	9.3	9.3	9.1	9.0	8.8	8.8	8.8	8.9	9.0	9.0	-0.2	-0.3		
EA-17 averages																			
weighted	11.0	10.9	10.8	10.7	10.8	10.9	10.7	10.6	10.5	10.1	10.0	10.0	10.0	10.3	10.4	-0.6	-0.5		
arithmetic	9.4	9.4	9.4	9.2	9.2	9.2	9.2	9.1	9.0	8.8	8.8	8.7	8.8	9.0	9.2	-0.3	0.0		
Convergence indicators																			
St.dev/mean	43.7	44.1	43.1	40.4	40.9	41.5	41.1	40.1	40.1	40.2	39.8	39.0	37.8	38.6	39.5	-4.2	-2.0		
Max-min	16.9	16.9	17.7	15.9	16.9	16.6	17.1	16.3	15.9	15.5	15.1	15.2	15.0	15.3	15.2	-1.7	-1.4		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 52: Taxes on Labour as % of Total Taxation - Employed paid by employees

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	31.2	30.5	30.5	30.1	30.0	30.7	31.3	31.1	30.9	30.8	30.5	29.5	29.6	30.1	30.4	-0.8	-0.3	5	44 801
BG	12.3	13.7	14.5	14.0	14.3	16.0	14.6	15.3	14.6	13.7	14.0	13.7	14.2	14.9	17.4	5.1	1.4	25	1 758
CZ	20.8	21.2	21.4	21.8	20.8	21.2	20.9	21.3	21.3	20.1	20.5	20.1	20.1	19.9	18.8	-2.1	-2.4	22	8 869
DK	42.3	42.3	42.7	41.4	42.4	43.1	44.5	43.2	42.5	40.3	38.3	39.1	40.3	41.9	42.0	-0.3	-1.1	1	44 941
DE	34.7	33.7	33.9	33.7	33.0	34.2	35.3	35.3	34.7	33.5	32.5	31.8	31.1	32.5	33.0	-1.7	-1.2	4	313 805
EE	22.3	21.4	20.4	22.0	22.4	20.5	20.2	19.9	20.1	19.4	16.6	16.6	17.3	18.3	15.7	-6.7	-4.8	26	779
IE	31.8	31.4	30.8	29.6	28.6	27.5	27.2	25.5	24.2	25.3	24.7	23.1	24.3	26.7	29.8	-2.0	2.3	6	13 421
EL	19.1	19.3	19.7	19.6	19.8	19.0	19.3	19.9	21.1	21.2	21.5	20.8	20.8	20.8	21.1	2.0	2.1	18	14 898
ES	21.2	21.5	20.3	19.9	18.8	18.9	19.7	19.7	19.3	18.6	18.4	18.3	19.4	21.9	22.8	1.7	3.9	15	73 252
FR	21.7	21.6	21.6	22.4	22.4	22.9	23.1	23.1	23.3	23.0	23.1	22.6	22.4	22.6	23.3	1.6	0.4	14	184 462
IT	19.3	18.6	18.2	19.0	19.5	18.9	19.2	19.4	18.9	18.9	19.1	18.6	18.7	19.9	20.0	0.6	1.1	21	130 968
CY	19.5	17.6	18.6	18.1	17.3	15.6	16.1	16.7	15.4	12.8	12.7	12.7	11.6	12.2	15.1	-4.4	-0.4	27	901
LV	16.9	19.5	24.7	24.2	25.0	26.3	26.9	27.2	28.2	28.3	26.8	26.8	27.1	28.9	27.6	10.7	1.4	9	1 364
LT	21.6	21.7	22.2	23.0	24.8	25.9	25.6	24.4	23.9	24.6	24.4	23.4	22.4	21.6	20.7	-0.9	-5.2	19	1 612
LU	24.9	25.0	24.2	23.2	24.1	24.0	24.8	23.5	23.9	23.9	24.7	25.2	25.8	27.0	27.2	2.3	3.2	10	3 833
HU	18.6	19.6	19.8	19.0	19.7	19.7	21.1	22.6	21.8	21.4	21.5	22.3	22.9	24.1	23.7	5.1	4.0	13	8 679
MT	20.5	20.6	21.2	21.0	21.5	22.0	22.5	20.8	21.0	20.5	19.4	19.3	18.3	17.4	18.3	-2.2	-3.8	24	365
NL	39.0	37.3	36.8	31.2	31.9	32.5	29.0	30.3	31.6	31.0	30.8	31.4	32.6	33.4	35.4	-3.6	3.0	2	77 403
AT	28.2	27.3	27.8	27.6	28.0	27.8	27.0	27.7	27.9	27.6	27.5	27.8	27.7	28.1	28.0	-0.3	0.2	8	32 723
PL	23.6	23.9	24.2	24.9	25.6	24.0	24.6	22.5	22.7	21.9	21.2	21.6	20.5	21.1	20.3	-3.3	-3.7	20	20 047
PT	23.0	21.6	21.2	19.4	19.6	20.2	20.8	20.3	21.3	20.9	20.6	21.4	20.8	20.8	22.6	-0.4	2.3	16	11 757
RO	15.2	15.7	12.2	17.5	16.6	17.1	20.0	20.8	17.7	17.6	16.5	18.3	19.2	19.4	21.2	6.0	4.1	17	6 702
SI	34.3	34.9	35.5	34.4	33.5	34.7	34.6	33.8	33.4	33.2	32.2	32.5	31.3	33.2	33.9	-0.3	-0.7	3	4 517
SK	14.4	16.3	17.8	17.6	17.9	16.6	17.8	17.2	17.1	16.2	16.8	16.7	17.0	18.3	18.3	4.0	1.7	23	3 322
FI	26.3	27.6	25.9	25.6	25.1	25.5	27.0	26.8	26.6	25.8	25.9	25.8	25.3	26.4	27.0	0.7	1.5	11	19 943
SE	27.7	28.2	28.9	29.6	29.0	27.4	27.7	26.7	26.3	26.0	25.4	24.6	23.8	24.6	23.9	-3.8	-3.6	12	32 542
UK	29.6	27.8	26.8	27.9	28.0	28.5	28.8	28.5	28.4	28.2	28.9	28.2	28.9	27.0	28.6	-1.0	0.0	7	155 913
NO	28.5	27.8	28.4	30.8	29.7	26.1	26.6	27.8	28.2	26.5	24.4	23.2	24.3	24.1	27.9	-0.6	1.7		31 464
IS	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
EU-27 averages																			
weighted	28.0	27.1	26.8	26.8	26.7	27.0	27.2	27.1	26.9	26.3	26.0	25.5	25.5	26.1	26.8	-1.2	-0.2		
arithmetic	24.4	24.4	24.5	24.4	24.4	24.5	24.8	24.6	24.4	23.9	23.5	23.4	23.5	24.2	24.7	0.2	0.2		
EA-17 averages																			
weighted	27.6	26.7	26.4	26.2	26.1	26.4	26.6	26.6	26.4	25.7	25.4	24.9	24.8	25.9	26.6	-1.0	0.2		
arithmetic	25.4	25.1	25.0	24.4	24.3	24.2	24.4	24.2	24.2	23.7	23.4	23.2	23.2	24.1	24.8	-0.6	0.6		
Convergence indicators																			
St.dev/mean	30.6	28.8	28.9	25.8	25.9	27.0	26.4	25.6	26.3	26.7	26.3	26.2	26.8	26.9	26.5	-4.1	-0.5		
Max-min	30.0	28.7	30.5	27.3	28.1	27.5	29.9	27.9	27.9	27.5	25.6	26.4	28.8	29.6	26.9	-3.1	-0.6		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 53: Taxes on Labour as % of GDP - Non-employed

																Difference ¹⁾		Ranking Revenue ²⁾	
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	2.0	2.1	2.1	2.1	2.0	2.0	2.1	2.1	2.1	1.8	1.8	1.7	1.7	1.8	1.7	-0.3	-0.3	8	5 932
BG	0.2	0.1	0.1	0.1	0.2	0.2	0.3	0.2	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.0	0.0	23	75
CZ	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.2	1.1	1.3	1.3	1.3	1.3	1.3	1.3	11	1 842
DK	6.1	6.0	5.5	5.2	5.1	4.9	4.8	4.9	5.1	4.9	4.8	4.7	4.7	4.9	6.4	0.3	1.5	1	14 266
DE	2.7	3.0	3.1	3.0	3.0	2.8	2.7	2.9	2.9	2.9	3.0	2.9	2.6	2.6	2.9	0.2	0.2	3	69 723
EE	0.2	0.2	0.2	0.2	0.4	0.4	0.3	0.4	0.3	0.5	0.5	0.4	0.4	0.5	0.6	0.4	0.3	18	88
IE	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	-0.1	0.0	27	103
EL	0.7	0.7	0.8	0.9	1.0	0.9	0.9	0.9	0.9	0.9	1.0	1.1	1.2	1.2	1.4	0.7	0.4	10	3 150
ES	1.0	1.0	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.9	0.9	0.9	1.0	1.1	0.1	0.4	12	11 702
FR	0.9	1.0	0.9	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.6	0.6	0.6	-0.3	-0.1	19	11 048
IT	1.9	1.9	2.0	2.2	2.0	2.0	2.1	2.1	2.1	2.1	2.2	2.2	2.2	2.3	2.5	0.7	0.5	5	38 251
CY	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	-0.2	-0.1	26	15
LV	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.3	0.3	0.2	22	50
LT	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	21	85
LU	1.8	1.7	1.8	1.5	1.5	1.4	1.3	1.5	1.7	1.6	1.5	1.4	1.5	1.6	1.6	-0.2	0.1	9	602
HU	0.8	0.7	0.6	0.6	0.7	0.7	0.7	0.3	0.3	0.3	0.3	0.3	0.8	1.0	0.9	0.1	0.2	15	870
MT	0.6	0.5	0.6	0.6	0.7	0.7	0.8	0.7	0.8	0.8	0.8	0.9	0.8	0.7	0.8	0.3	0.1	16	49
NL	4.2	3.8	3.6	2.9	3.0	2.9	2.4	2.5	2.6	2.6	2.6	2.7	2.2	2.3	2.4	-1.8	-0.5	7	13 700
AT	2.0	2.1	2.3	2.3	2.4	2.3	2.5	2.5	2.6	2.5	2.4	2.4	2.4	2.5	2.5	0.5	0.2	6	6 880
PL	2.4	2.3	1.9	1.9	0.8	0.7	0.8	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8	-1.6	0.1	17	2 518
PT	0.5	0.5	0.5	0.5	0.6	0.6	0.7	0.7	0.8	0.9	0.9	0.9	0.9	1.0	1.0	0.5	0.4	14	1 717
RO	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.2	0.1	0.2	25	192
SI	0.6	0.7	0.7	0.8	0.8	0.7	0.9	0.9	1.0	1.0	0.9	0.9	0.8	0.9	1.0	0.4	0.3	13	367
SK	0.0	0.2	0.1	0.2	0.2	0.2	0.3	0.4	0.4	0.5	0.3	0.4	0.3	0.3	0.4	0.3	0.1	20	237
FI	4.2	4.2	3.6	3.2	2.9	2.9	2.7	2.8	2.7	2.7	2.8	2.8	2.7	2.6	2.6	-1.5	-0.3	4	4 512
SE	4.5	4.4	4.2	4.1	4.0	3.8	3.9	4.0	4.5	4.5	4.2	4.3	3.8	3.7	3.8	-0.7	0.0	2	11 196
UK	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.0	24	2 894
NO	1.0	1.0	1.0	1.2	1.1	1.0	1.0	1.0	1.0	1.0	0.9	0.9	1.0	0.9	1.0	0.0	0.0		2 749
IS	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	
EU-27 averages																			
weighted	1.9	2.0	1.9	1.8	1.7	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.5	1.6	1.7	-0.2	0.1		
arithmetic	1.4	1.4	1.3	1.3	1.2	1.2	1.2	1.2	1.3	1.3	1.3	1.3	1.2	1.3	1.4	0.0	0.2		
EA-17 averages																			
weighted	2.0	2.1	2.1	2.0	1.9	1.8	1.8	1.8	1.9	1.8	1.9	1.8	1.7	1.8	1.9	-0.1	0.0		
arithmetic	1.4	1.4	1.4	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.4	0.0	0.1		
Convergence indicators																			
St.dev/mean	117.8	116.5	113.2	110.7	110.5	108.6	105.7	108.6	110.6	102.5	101.8	100.2	96.3	95.1	101.2	-16.6	-7.4		
Max-min	6.1	6.0	5.4	5.2	5.1	4.9	4.8	4.8	5.1	4.9	4.8	4.7	4.6	4.8	6.3	0.2	1.5		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 54: Taxes on Labour as % of Total Taxation - Non-employed

																Difference ¹⁾		Ranking	Revenue ²⁾	
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009	
BE	4.6	4.7	4.8	4.7	4.5	4.5	4.6	4.6	4.7	4.0	4.1	3.9	3.9	4.0	4.0	-0.6	-0.4	10	5 932	
BG	0.8	0.4	0.2	0.3	0.5	0.8	0.9	0.8	0.8	0.9	1.0	0.9	0.7	0.6	0.7	0.0	0.0	23	75	
CZ	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.2	3.0	3.6	3.6	3.6	3.9	3.9	3.9	11	1 842	
DK	12.6	12.3	11.1	10.6	10.2	9.9	9.9	10.1	10.5	10.0	9.5	9.5	9.6	10.2	13.3	0.7	3.4	1	14 266	
DE	6.9	7.5	7.7	7.4	7.1	6.6	6.8	7.2	7.4	7.6	7.8	7.3	6.7	6.7	7.3	0.4	0.7	3	69 723	
EE	0.7	0.6	0.6	0.6	1.3	1.2	1.0	1.2	1.1	1.7	1.5	1.3	1.1	1.5	1.8	1.1	0.6	18	88	
IE	0.5	0.5	0.4	0.4	0.3	0.3	0.2	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0.2	-0.2	0.0	27	103	
EL	2.4	2.5	2.6	2.8	2.9	2.7	2.8	2.7	2.7	2.8	3.0	3.4	3.7	3.8	4.5	2.1	1.7	8	3 150	
ES	3.1	2.9	2.8	2.6	2.2	2.2	2.4	2.5	2.5	2.4	2.4	2.4	2.4	3.1	3.6	0.5	1.4	12	11 702	
FR	2.1	2.2	2.0	1.6	1.6	1.7	1.6	1.5	1.6	1.7	1.7	1.6	1.4	1.4	1.4	-0.7	-0.3	19	11 048	
IT	4.6	4.6	4.7	5.1	4.8	4.8	5.2	5.1	5.1	5.3	5.4	5.2	5.1	5.4	5.8	1.2	1.1	7	38 251	
CY	1.0	0.8	0.9	0.9	0.8	0.8	0.8	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	-0.8	-0.5	26	15	
LV	0.0	0.0	0.0	0.1	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.3	0.2	0.5	1.0	1.0	0.7	22	50	
LT	0.1	0.1	0.1	0.1	0.1	0.2	0.4	0.5	0.6	0.6	0.6	0.7	0.8	1.1	1.1	1.0	0.9	21	85	
LU	4.7	4.5	4.5	3.8	4.0	3.8	3.5	3.4	3.9	4.5	4.1	4.1	4.1	4.2	4.3	-0.5	0.5	9	602	
HU	2.0	1.7	1.5	1.7	1.8	1.9	1.8	0.8	0.8	0.8	0.9	0.9	2.0	2.4	2.4	0.3	0.5	17	870	
MT	2.1	2.0	2.2	2.2	2.4	2.5	2.5	2.4	2.5	2.5	2.4	2.6	2.4	2.1	2.4	0.3	0.0	16	49	
NL	10.5	9.6	9.0	7.4	7.4	7.3	6.4	6.6	6.9	6.8	6.8	6.9	5.8	5.9	6.3	-4.2	-1.0	4	13 700	
AT	4.8	4.9	5.1	5.3	5.5	5.4	5.4	5.7	5.9	5.8	5.7	5.8	5.7	5.8	5.9	1.1	0.5	6	6 880	
PL	6.4	6.2	5.3	5.4	2.4	2.3	2.5	2.3	2.3	2.1	2.2	2.5	2.3	2.4	2.6	-3.8	0.3	15	2 518	
PT	1.7	1.8	1.7	1.7	1.8	1.9	2.2	2.2	2.6	2.8	2.9	2.8	2.9	3.0	3.3	1.6	1.4	13	1 717	
RO	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.2	0.2	0.2	0.6	0.5	0.6	24	192	
SI	1.5	1.7	1.8	2.0	2.0	1.9	2.4	2.4	2.6	2.6	2.3	2.3	2.2	2.3	2.8	1.2	0.8	14	367	
SK	0.1	0.6	0.3	0.5	0.7	0.7	1.0	1.3	1.2	1.7	0.9	1.2	1.2	1.1	1.3	1.2	0.6	20	237	
FI	9.1	8.9	7.7	6.8	6.4	6.2	6.0	6.2	6.2	6.2	6.3	6.4	6.2	6.0	6.1	-3.0	-0.1	5	4 512	
SE	9.5	8.7	8.3	8.0	7.8	7.5	7.9	8.4	9.5	9.4	8.6	8.9	8.0	8.0	8.2	-1.2	0.7	2	11 196	
UK	0.5	0.5	0.4	0.5	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.1	0.1	25	2 894	
NO	2.3	2.3	2.4	2.8	2.7	2.4	2.4	2.4	2.4	2.3	2.2	2.1	2.2	2.1	2.4	0.1	0.1		2 749	
IS	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:		:
EU-27 averages																				
weighted	4.8	4.9	4.6	4.4	4.2	4.0	4.0	4.1	4.2	4.2	4.2	4.1	3.8	4.0	4.5	-0.4	0.5			
arithmetic	3.4	3.3	3.2	3.1	2.9	2.9	2.9	2.9	3.1	3.2	3.1	3.2	3.1	3.2	3.5	0.1	0.7			
EA-17 averages																				
weighted	5.0	5.1	5.1	4.8	4.6	4.5	4.5	4.6	4.7	4.7	4.7	4.5	4.2	4.4	4.8	-0.3	0.3			
arithmetic	3.6	3.5	3.5	3.3	3.3	3.2	3.2	3.3	3.4	3.5	3.4	3.4	3.2	3.3	3.6	0.0	0.4			
Convergence indicators																				
St.dev/mean	105.3	103.7	101.5	98.2	96.5	94.8	92.1	96.0	97.3	88.6	88.2	87.0	84.1	82.3	85.0	-20.4	-9.8			
Max-min	12.6	12.3	11.1	10.5	10.2	9.9	9.9	10.1	10.5	10.0	9.4	9.3	9.4	10.0	13.1	0.5	3.2			

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 55: Taxes on Capital as % of GDP - Total

																Difference ¹⁾		Ranking Revenue ²⁾		
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009	
BE	8.7	8.9	9.2	9.8	9.6	9.5	9.4	9.3	9.2	9.7	9.9	10.1	9.9	10.0	9.0	0.3	-0.5	6	30 440	
BG	5.5	5.8	5.7	5.0	4.6	4.2	5.3	4.5	4.3	4.3	3.6	3.8	6.3	5.2	4.3	-1.2	0.1	23	1 501	
CZ	7.3	6.1	6.5	6.0	6.4	6.2	6.7	6.9	7.2	7.2	6.8	7.0	7.2	6.1	5.8	-1.5	-0.4	19	7 962	
DK	6.4	6.3	6.4	6.9	6.9	7.2	6.0	6.1	6.6	8.2	10.0	8.9	8.0	7.2	5.9	-0.5	-1.3	18	13 101	
DE	5.4	6.2	6.1	6.4	6.9	6.8	5.3	5.0	5.1	5.5	6.0	6.9	7.3	6.8	5.9	0.5	-0.9	16	142 172	
EE	3.2	2.5	2.9	3.5	2.9	1.8	1.6	2.1	2.5	2.5	2.4	2.4	2.5	2.5	2.6	-0.6	0.7	26	359	
IE	6.6	7.1	7.1	7.4	8.0	8.0	7.8	7.4	8.3	8.6	8.9	10.2	9.5	7.5	6.5	-0.1	-1.5	13	10 317	
EL	6.6	6.4	7.0	8.1	8.7	9.8	8.4	8.2	7.6	7.4	7.8	7.5	7.5	7.3	7.1	0.5	-2.7	10	16 525	
ES	7.6	7.6	8.3	8.3	8.7	8.8	8.3	8.7	8.7	9.2	10.1	10.9	11.2	8.3	7.4	-0.2	-1.3	9	78 484	
FR	8.3	8.9	9.2	9.5	9.9	9.9	10.0	9.3	9.0	9.3	9.5	10.1	10.1	9.8	8.4	0.2	-1.5	7	160 707	
IT	11.4	11.8	12.5	11.0	11.2	10.9	10.9	10.5	11.1	10.5	10.0	11.2	11.9	11.4	11.2	-0.2	0.3	1	170 797	
CY	6.5	6.7	6.6	8.3	9.1	9.9	9.2	8.9	7.6	7.7	9.0	10.0	14.0	12.2	9.5	3.1	-0.4	5	1 613	
LV	3.7	3.2	4.0	4.2	3.9	2.9	3.3	3.1	2.5	2.6	2.8	3.0	3.9	4.1	2.5	-1.3	-0.4	27	460	
LT	3.5	3.3	3.1	2.9	2.6	2.3	2.0	2.0	2.5	3.1	3.3	4.0	3.8	4.0	3.3	-0.2	0.9	25	865	
LU	11.6	12.1	13.0	13.5	12.7	13.1	13.2	13.2	12.3	10.8	11.3	11.0	11.0	10.2	10.5	-1.1	-2.7	4	3 984	
HU	3.6	3.9	3.9	4.0	4.3	4.5	4.7	4.7	4.7	4.6	4.6	5.0	5.5	5.1	4.7	1.2	0.2	22	4 400	
MT	6.1	5.5	5.9	5.7	5.9	6.3	6.9	7.9	8.7	9.1	9.1	9.5	10.8	10.9	10.9	4.8	4.6	2	638	
NL	7.0	7.9	8.2	8.1	8.1	7.8	8.4	7.7	6.8	6.9	7.4	7.1	7.1	6.9	5.5	-1.5	-2.3	20	31 510	
AT	6.1	7.0	7.1	7.3	6.8	6.9	8.6	7.3	7.1	7.1	6.8	6.8	7.2	7.3	6.5	0.4	-0.4	12	17 852	
PL	7.5	7.2	7.3	6.9	7.1	7.2	7.0	7.8	7.4	7.5	8.0	8.1	9.1	8.5	8.2	0.7	1.1	8	25 537	
PT	6.3	6.8	7.2	7.1	7.5	7.8	7.3	7.6	7.4	6.5	6.5	6.8	7.7	7.9	7.1	0.7	-0.7	11	11 853	
RO	7.0	6.0	7.2	6.0	6.5	5.5	5.1	4.8	5.0	5.4	4.5	4.9	5.4	5.2	4.8	-2.3	-0.7	21	5 588	
SI	2.1	2.5	2.8	3.0	3.1	3.0	3.3	3.5	3.5	3.9	4.7	4.9	5.4	4.6	4.1	2.1	1.2	24	1 463	
SK	10.8	9.7	8.1	7.9	7.9	6.9	7.0	7.0	6.9	6.3	6.5	6.5	6.5	6.4	5.9	-4.9	-1.0	15	3 745	
FI	5.8	6.3	7.2	7.9	8.0	9.9	7.9	7.7	6.8	7.1	7.1	7.3	7.9	7.3	5.9	0.2	-4.0	17	10 133	
SE	4.8	5.9	6.5	6.3	7.1	8.4	6.2	5.2	5.3	6.1	7.2	7.5	7.7	6.0	6.1	1.3	-2.3	14	17 787	
UK	8.9	9.3	10.1	10.6	10.5	10.8	10.8	9.9	9.7	9.9	10.7	11.6	11.3	12.5	10.5	1.6	-0.3	3	164 147	
NO	8.5	9.4	9.0	7.0	8.2	12.4	12.3	11.3	11.0	12.9	14.8	15.8	14.6	15.6	11.4	2.9	-1.0		31 097	
IS	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:		:
EU-27 averages																				
weighted	7.5	8.1	8.5	8.6	8.8	8.9	8.5	8.1	8.0	8.2	8.6	9.3	9.4	8.9	7.9	0.4	-1.0			
arithmetic	6.6	6.7	7.0	7.1	7.2	7.3	7.1	6.9	6.8	6.9	7.2	7.5	8.0	7.4	6.7	0.1	-0.6			
EA-17 averages																				
weighted	7.5	8.1	8.4	8.4	8.7	8.7	8.2	7.9	7.9	8.0	8.3	9.0	9.3	8.6	7.7	0.3	-1.0			
arithmetic	7.1	7.3	7.6	7.8	7.9	8.1	7.8	7.7	7.6	7.5	7.8	8.2	8.7	8.1	7.3	0.2	-0.8			
Convergence indicators																				
St.dev/mean	36.1	36.4	35.8	35.3	35.2	39.2	38.8	38.4	36.8	34.2	35.6	35.2	34.0	34.7	36.9	0.8	-2.3			
Max-min	9.5	9.6	10.1	10.6	10.2	11.3	11.6	11.2	9.8	8.3	8.8	9.2	11.5	9.9	8.7	-0.8	-2.6			

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 56: Taxes on Capital as % of Total Taxation - Total

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	19.8	20.1	20.5	21.6	21.0	21.1	20.8	20.6	20.4	21.5	22.0	22.8	22.6	22.5	20.6	0.8	-0.4	12	30 440
BG	17.9	20.4	20.5	15.6	14.8	13.3	17.1	15.9	13.9	13.1	11.4	12.5	18.9	16.1	14.8	-3.0	1.5	18	1 501
CZ	20.3	17.5	18.5	18.0	18.7	18.2	19.8	19.8	20.2	19.2	18.3	19.0	19.3	17.2	16.8	-3.4	-1.4	15	7 962
DK	13.0	12.8	13.0	14.0	13.8	14.6	12.4	12.8	13.7	16.7	19.8	17.9	16.3	14.9	12.2	-0.8	-2.4	22	13 101
DE	13.7	15.2	15.0	15.7	16.7	16.3	13.3	12.7	12.9	14.2	15.6	17.7	18.6	17.3	14.9	1.3	-1.3	17	142 172
EE	9.1	7.3	8.3	10.2	8.8	5.9	5.2	6.6	8.1	8.2	7.9	7.8	7.9	7.9	7.2	-1.9	1.3	27	359
IE	19.8	21.3	22.0	23.2	25.1	25.4	26.3	26.1	28.8	28.5	29.0	31.8	30.1	25.2	22.9	3.1	-2.5	9	10 317
EL	22.6	21.7	22.8	25.0	26.0	28.2	25.1	24.4	23.6	23.7	24.4	23.9	23.3	23.0	23.4	0.7	-4.8	8	16 525
ES	23.4	23.0	25.0	25.0	25.8	25.9	24.9	25.8	25.7	26.8	28.3	29.8	30.3	24.9	24.5	1.1	-1.4	7	78 484
FR	19.4	20.2	20.9	21.5	22.0	22.4	22.9	21.6	20.9	21.5	21.7	23.0	23.3	23.0	20.3	0.9	-2.2	13	160 707
IT	28.5	28.3	28.7	25.8	26.3	26.2	25.6	26.9	25.8	24.8	26.6	27.6	26.5	26.0		-2.5	-0.2	5	170 797
CY	24.1	25.6	25.9	30.1	32.7	33.0	29.7	28.5	23.1	23.2	25.4	27.5	34.2	31.1	27.1	2.9	-5.9	4	1 613
LV	11.3	10.5	12.4	12.6	12.1	9.8	11.7	10.8	8.8	9.2	9.5	9.9	12.9	13.9	9.3	-1.9	-0.5	26	460
LT	12.6	12.0	10.3	9.0	8.1	7.7	7.0	6.9	9.1	10.9	11.6	13.5	12.8	13.1	11.1	-1.5	3.4	24	865
LU	31.2	32.2	33.0	34.3	33.2	33.6	33.1	33.6	32.1	28.9	30.0	30.6	30.8	28.8	28.3	-3.0	-5.3	3	3 984
HU	8.7	9.9	10.2	10.7	11.4	11.6	12.3	12.4	12.5	12.3	12.4	13.4	13.7	12.7	12.0	3.3	0.4	23	4 400
MT	22.9	21.7	21.6	22.2	21.8	22.5	22.8	25.2	27.8	27.7	27.0	28.3	31.4	32.0	32.0	9.1	9.5	1	638
NL	17.5	19.7	20.7	20.5	20.0	19.6	22.0	20.4	18.2	18.4	19.7	18.3	18.4	17.6	14.4	-3.1	-5.1	19	31 510
AT	14.8	16.3	16.0	16.6	15.4	15.9	18.9	16.5	16.1	16.5	16.1	16.3	17.1	17.1	15.3	0.4	-0.7	16	17 852
PL	20.3	19.4	20.0	19.6	20.3	22.0	21.9	23.7	22.9	23.9	24.5	24.1	26.0	24.7	25.9	5.5	3.9	6	25 537
PT	21.4	22.5	23.7	23.3	24.3	25.0	23.5	24.0	23.3	21.4	20.5	21.0	23.4	24.0	22.8	1.3	-2.2	10	11 853
RO	25.5	23.3	27.3	20.8	20.9	18.1	18.0	17.2	18.2	19.7	16.2	17.1	18.5	18.7	17.6	-7.9	-0.5	14	5 588
SI	5.3	6.7	7.7	8.0	8.0	7.9	8.6	9.1	9.3	10.2	12.0	12.9	14.4	12.5	11.0	5.7	3.1	25	1 463
SK	26.8	24.6	21.7	21.5	22.3	20.2	21.2	21.3	20.9	19.9	20.6	22.3	22.4	21.8	20.7	-6.2	0.4	11	3 745
FI	12.6	13.4	15.4	17.1	17.5	21.0	17.6	17.1	15.5	16.4	16.2	16.5	18.3	16.9	13.7	1.1	-7.3	20	10 133
SE	10.1	11.7	12.9	12.2	13.8	16.3	12.5	10.9	11.1	12.7	14.7	15.6	16.2	13.0	13.0	3.0	-3.2	21	17 787
UK	25.8	27.2	28.9	29.5	28.9	29.3	29.6	28.4	27.9	28.3	29.8	31.6	31.0	33.3	30.1	4.3	0.7	2	164 147
NO	20.3	22.2	21.4	16.6	19.4	29.0	28.6	26.3	26.1	29.9	34.1	35.9	33.3	36.1	27.5	7.3	-1.5		31 097
IS	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
EU-27 averages																			
weighted	19.1	20.2	21.1	21.2	21.6	22.0	21.4	20.7	20.5	21.2	22.0	23.4	23.8	22.7	20.6	1.5	-1.4		
arithmetic	18.5	18.7	19.4	19.4	19.6	19.7	19.4	19.2	19.0	19.2	19.6	20.4	21.5	20.4	18.8	0.4	-0.9		
EA-17 averages																			
weighted	18.8	19.9	20.5	20.5	21.0	21.1	20.5	19.9	19.9	20.4	21.0	22.4	23.1	21.6	19.8	1.0	-1.4		
arithmetic	19.6	20.0	20.5	21.3	21.6	21.8	21.3	21.1	20.8	20.8	21.2	22.2	23.2	21.9	20.3	0.7	-1.5		
Convergence indicators																			
St.dev/mean	36.3	35.0	34.5	34.5	35.7	37.9	37.0	37.3	36.6	33.1	33.3	33.4	32.0	32.7	36.3	0.1	-1.6		
Max-min	25.9	25.5	25.3	26.3	25.2	27.6	28.0	27.0	24.1	20.7	22.0	24.1	26.3	25.3	24.8	-1.2	-2.9		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 57: Taxes on Capital as % of GDP - Capital and business income

																Difference ¹⁾		Ranking	Revenue ²⁾	
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009	
BE	5.8	5.8	5.9	6.4	6.2	6.2	6.1	5.9	5.7	5.9	6.2	6.4	6.3	6.3	5.4	-0.4	-0.8	9	18 257	
BG	5.1	5.5	5.5	4.7	4.2	3.8	4.9	4.0	3.7	3.6	2.8	3.0	5.3	4.1	3.4	-1.8	-0.5	22	1 175	
CZ	6.3	5.0	5.5	5.0	5.4	5.1	5.8	6.0	6.3	6.5	6.1	6.2	6.5	5.4	5.2	-1.1	0.1	11	7 123	
DK	4.5	4.5	4.6	4.9	4.9	4.8	3.4	3.5	3.8	5.4	7.3	6.1	5.2	4.3	3.0	-1.5	-1.8	24	6 709	
DE	4.3	5.0	5.0	5.3	5.8	5.7	4.2	4.0	4.0	4.4	4.9	5.8	6.2	5.8	4.9	0.6	-0.8	13	117 912	
EE	2.6	1.8	2.2	2.9	2.2	1.2	0.9	1.4	1.9	1.9	1.9	1.8	2.0	1.9	2.0	-0.6	0.8	26	274	
IE	4.6	5.0	5.2	5.4	5.9	6.0	5.9	5.6	6.2	6.2	6.2	7.1	6.6	5.2	4.4	-0.2	-1.6	17	7 004	
EL	5.1	4.7	5.1	6.3	6.4	7.4	6.4	6.6	6.0	6.1	6.4	5.8	5.7	5.6	5.6	0.5	-1.8	7	12 979	
ES	5.2	5.2	5.8	5.6	5.9	5.9	5.6	5.9	5.7	5.9	6.5	7.0	7.7	5.5	5.0	-0.2	-0.9	12	52 913	
FR	4.0	4.4	4.6	4.7	5.1	5.4	5.6	5.0	4.6	4.7	4.8	5.5	5.4	5.4	3.8	-0.2	-1.5	18	73 344	
IT	7.5	8.2	8.7	7.6	8.2	8.3	8.4	7.6	8.5	7.7	7.4	8.4	9.1	8.9	8.3	0.8	0.0	2	126 795	
CY	5.0	5.4	5.3	6.8	7.7	7.5	7.4	7.3	5.9	5.3	6.3	7.7	10.6	9.6	7.8	2.8	0.3	4	1 322	
LV	1.9	1.9	2.2	2.4	2.1	1.7	2.0	2.2	1.7	1.9	2.1	2.4	2.9	3.3	1.7	-0.2	-0.1	27	310	
LT	2.6	2.3	2.2	2.0	1.6	1.5	1.3	1.2	1.9	2.4	2.7	3.4	3.2	3.4	2.6	0.0	1.1	25	688	
LU	8.9	9.2	9.8	10.0	8.8	8.9	9.2	9.9	9.3	7.8	8.0	7.6	7.4	7.5	7.9	-1.0	-1.0	3	3 000	
HU	2.9	3.1	3.1	3.1	3.4	3.5	3.7	3.7	3.5	3.3	3.3	3.7	4.2	3.7	3.4	0.5	-0.2	21	3 130	
MT	4.8	4.3	4.8	4.5	4.8	5.2	5.7	6.4	7.1	6.6	6.9	7.4	8.7	9.1	9.2	4.4	4.0	1	539	
NL	5.2	5.9	6.2	6.0	5.9	5.6	6.2	5.4	4.6	4.7	5.1	5.1	5.0	4.9	3.7	-1.4	-1.9	20	21 351	
AT	4.9	5.8	6.0	6.2	5.7	5.8	7.4	6.1	5.9	6.1	5.8	5.8	6.2	6.3	5.5	0.6	-0.2	8	15 173	
PL	5.4	5.1	5.2	5.0	5.4	5.5	5.3	5.8	5.6	5.7	6.2	6.2	7.2	6.6	6.4	1.0	0.8	5	19 834	
PT	4.3	4.9	5.2	5.1	5.3	5.6	5.1	5.0	4.5	4.4	4.2	4.3	5.1	5.4	4.6	0.3	-1.0	15	7 744	
RO	6.4	5.8	6.3	5.4	5.4	4.3	3.9	3.8	4.0	4.5	3.6	3.9	4.2	4.2	3.8	-2.6	-0.5	19	4 455	
SI	1.5	1.9	2.2	2.1	2.2	2.1	2.3	2.6	2.7	3.0	3.7	4.0	4.5	3.8	3.2	1.8	1.1	23	1 141	
SK	9.9	8.5	7.2	7.1	7.1	6.1	6.3	6.3	6.1	5.5	5.7	5.9	5.9	5.8	5.3	-4.6	-0.8	10	3 346	
FI	4.6	5.1	5.9	6.6	6.8	8.6	6.6	6.4	5.6	5.8	5.7	5.9	6.5	6.0	4.6	0.0	-4.0	16	7 828	
SE	3.4	3.8	4.3	4.1	5.0	6.3	4.3	3.4	3.5	4.3	5.5	5.8	6.2	4.7	4.7	1.4	-1.6	14	13 697	
UK	5.3	5.7	6.3	6.7	6.4	6.4	6.5	5.7	5.5	5.7	6.3	7.0	6.6	6.8	6.0	0.7	-0.4	6	93 978	
NO	5.0	5.3	5.3	4.5	5.2	6.8	6.6	6.1	5.7	6.7	7.5	8.0	7.8	7.8	6.1	1.1	-0.8		16 561	
IS	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:		:
EU-27 averages																				
weighted	5.0	5.5	5.8	5.8	6.1	6.2	5.8	5.4	5.3	5.4	5.8	6.3	6.5	6.1	5.3	0.3	-0.9			
arithmetic	4.9	5.0	5.2	5.3	5.3	5.3	5.2	5.1	5.0	5.0	5.2	5.5	6.0	5.5	4.9	0.0	-0.5			
EA-17 averages																				
weighted	5.0	5.6	5.8	5.8	6.1	6.2	5.8	5.4	5.4	5.5	5.7	6.3	6.6	6.2	5.3	0.3	-1.0			
arithmetic	5.2	5.4	5.6	5.8	5.9	6.0	5.8	5.7	5.6	5.4	5.6	6.0	6.4	6.1	5.4	0.2	-0.6			
Convergence indicators																				
St.dev/mean	38.9	36.8	35.0	34.1	34.1	38.2	38.9	38.8	37.3	31.4	31.9	30.6	31.4	32.5	38.7	-0.2	0.5			
Max-min	8.5	7.4	7.6	8.0	7.3	7.7	8.3	8.7	7.7	5.9	6.1	6.6	8.6	7.7	7.6	-0.9	-0.2			

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 58: Taxes on Capital as % of Total Taxation - Capital and business income

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	13.2	13.2	13.2	14.1	13.5	13.6	13.5	13.1	12.6	13.2	13.8	14.3	14.3	14.2	12.4	-0.8	-1.2	16	18 257
BG	16.7	19.2	19.9	14.7	13.6	12.1	15.8	14.0	11.9	11.0	8.9	9.8	16.0	12.6	11.6	-5.1	-0.5	17	1 175
CZ	17.4	14.4	15.7	15.0	15.8	15.2	16.9	17.3	17.7	17.4	16.4	17.0	17.4	15.3	15.1	-2.3	-0.1	11	7 123
DK	9.2	9.2	9.3	10.0	9.8	9.7	7.1	7.2	8.0	11.0	14.3	12.4	10.7	8.9	6.3	-3.0	-3.4	26	6 709
DE	10.8	12.3	12.3	13.0	13.8	13.6	10.5	10.1	10.2	11.4	12.7	14.9	15.9	14.7	12.4	1.6	-1.2	15	117 912
EE	7.5	5.4	6.4	8.4	6.8	3.8	3.1	4.6	6.3	6.2	6.1	6.0	6.2	6.0	5.5	-2.0	1.7	27	274
IE	13.8	15.0	15.9	17.0	18.5	19.0	19.7	19.8	21.3	20.6	20.2	22.0	21.0	17.7	15.5	1.8	-3.4	10	7 004
EL	17.4	16.0	16.7	19.5	19.3	21.3	19.3	19.5	18.9	19.4	20.0	18.4	17.8	17.5	18.4	0.9	-2.9	7	12 979
ES	16.0	15.9	17.5	17.0	17.5	17.5	16.6	17.3	16.7	17.2	18.2	19.3	20.7	16.6	16.5	0.5	-1.0	9	52 913
FR	9.4	10.0	10.3	10.7	11.4	12.1	12.7	11.5	10.7	11.0	11.0	12.4	12.5	12.5	9.2	-0.1	-2.9	21	73 344
IT	18.8	19.7	20.0	17.9	19.3	19.9	20.3	18.6	20.5	18.9	18.3	20.0	21.2	20.7	19.3	0.5	-0.6	5	126 795
CY	18.8	20.5	20.7	24.6	27.6	24.9	23.9	23.5	17.9	15.8	17.8	21.1	25.9	24.6	22.2	3.4	-2.7	2	1 322
LV	5.6	6.1	7.0	7.1	6.5	5.9	7.1	7.9	5.8	6.5	7.1	7.9	9.6	11.3	6.3	0.7	0.4	25	310
LT	9.4	8.4	7.1	6.2	5.0	4.8	4.5	4.4	6.7	8.5	9.5	11.5	10.9	11.4	8.8	-0.6	4.0	22	688
LU	24.0	24.4	24.8	25.4	23.1	22.8	23.2	25.2	24.5	20.9	21.3	21.1	20.8	21.1	21.3	-2.7	-1.5	3	3 000
HU	7.1	7.8	8.1	8.4	8.9	9.1	9.6	9.8	9.4	8.8	8.8	9.9	10.5	9.3	8.5	1.5	-0.5	24	3 130
MT	18.0	17.1	17.3	17.6	17.6	18.5	18.7	20.3	22.6	20.2	20.5	22.1	25.3	26.7	27.0	9.0	8.5	1	539
NL	12.9	14.7	15.6	15.2	14.6	14.1	16.2	14.4	12.4	12.5	13.5	13.0	13.0	12.6	9.8	-3.1	-4.3	20	21 351
AT	11.9	13.6	13.5	14.0	12.9	13.4	16.4	14.0	13.6	14.0	13.6	13.8	14.7	14.9	13.0	1.0	-0.4	14	15 173
PL	14.5	13.8	14.2	14.3	15.5	17.0	16.6	17.8	17.3	18.1	18.8	18.3	20.7	19.2	20.1	5.6	3.1	4	19 834
PT	14.6	16.1	17.2	16.7	17.2	18.0	16.5	15.9	14.2	14.4	13.3	13.5	15.6	16.3	14.9	0.2	-3.1	12	7 744
RO	23.2	22.2	23.8	18.8	17.4	14.2	13.7	13.4	14.5	16.5	13.0	13.5	14.6	15.1	14.1	-9.2	-0.1	13	4 455
SI	3.7	5.1	5.8	5.6	5.7	5.6	6.1	6.9	7.2	7.9	9.7	10.5	12.0	10.1	8.6	4.9	3.0	23	1 141
SK	24.7	21.4	19.4	19.3	20.0	17.9	18.9	19.0	18.6	17.5	18.4	20.1	20.3	19.8	18.5	-6.2	0.5	6	3 346
FI	10.1	10.8	12.7	14.3	14.7	18.2	14.8	14.3	12.7	13.2	13.0	13.5	15.2	13.8	10.6	0.5	-7.6	18	7 828
SE	7.0	7.6	8.5	8.1	9.7	12.2	8.7	7.2	7.4	9.0	11.2	12.0	13.1	10.0	10.0	3.1	-2.1	19	13 697
UK	15.3	16.5	18.1	18.5	17.6	17.4	17.8	16.3	15.7	16.1	17.5	19.1	18.2	18.2	17.2	1.9	-0.1	8	93 978
NO	11.9	12.4	12.6	10.6	12.2	16.0	15.4	14.2	13.5	15.5	17.2	18.3	17.9	18.2	14.7	2.8	-1.4		16 561
IS	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
EU-27 averages																			
weighted	12.6	13.6	14.3	14.4	14.9	15.2	14.6	13.7	13.7	14.0	14.7	16.0	16.5	15.6	13.7	1.1	-1.5		
arithmetic	13.7	13.9	14.5	14.5	14.6	14.5	14.4	14.2	13.9	14.0	14.3	15.1	16.1	15.2	13.8	0.1	-0.7		
EA-17 averages																			
weighted	12.5	13.6	14.1	14.1	14.8	15.1	14.5	13.6	13.6	13.8	14.3	15.7	16.5	15.5	13.4	0.9	-1.7		
arithmetic	14.4	14.8	15.3	15.9	16.1	16.1	15.9	15.8	15.4	15.0	15.4	16.2	17.2	16.5	15.0	0.6	-1.1		
Convergence indicators																			
St.dev/mean	40.6	38.4	37.0	35.8	37.3	37.8	38.8	39.4	38.3	32.1	30.7	30.1	30.0	31.8	39.4	-1.2	1.6		
Max-min	21.0	19.3	19.0	19.8	22.6	21.0	20.8	20.9	18.7	14.7	15.2	16.1	19.7	20.7	21.5	0.5	0.5		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 59: Taxes on Capital as % of GDP - Income of Corporations

																Difference ¹⁾		Ranking Revenue ²⁾	
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	2.4	2.7	2.8	3.4	3.2	3.2	3.1	3.0	2.9	3.1	3.3	3.5	3.5	3.4	2.5	0.2	-0.7	12	8 611
BG	4.5	5.0	5.1	4.0	3.3	2.9	4.0	3.1	2.9	2.7	2.0	2.3	4.6	3.3	2.7	-1.8	-0.1	10	949
CZ	4.6	3.4	3.8	3.4	3.8	3.5	4.1	4.3	4.6	4.7	4.5	4.8	5.0	4.2	3.6	-1.0	0.2	4	4 984
DK	2.3	2.5	2.7	3.0	2.4	3.3	2.8	2.9	2.9	3.2	3.9	4.4	3.8	3.3	2.5	0.1	-0.8	14	5 459
DE	2.1	2.4	2.6	2.7	2.8	3.0	1.7	1.7	1.9	2.2	2.5	3.0	3.0	2.8	2.0	0.0	-0.9	21	48 800
EE	2.3	1.5	1.8	2.4	1.9	0.9	0.7	1.1	1.6	1.7	1.4	1.5	1.6	1.7	1.8	-0.5	1.0	23	256
IE	2.8	3.1	3.2	3.4	3.9	3.8	3.6	3.7	3.8	3.7	3.5	3.9	3.5	2.9	2.5	-0.3	-1.3	13	3 944
EL	2.3	2.0	2.3	2.8	3.1	4.1	3.4	3.4	2.9	3.0	3.3	2.7	2.5	2.5	2.4	0.1	-1.7	15	5 690
ES	1.9	2.0	2.7	2.5	2.9	3.1	2.9	3.3	3.1	3.5	3.9	4.2	4.8	2.9	2.3	0.4	-0.8	16	24 244
FR	1.8	2.0	2.3	2.3	2.7	2.8	3.1	2.5	2.1	2.3	2.3	2.9	2.9	2.8	1.3	-0.5	-1.5	27	24 040
IT	2.9	3.3	3.8	2.8	3.2	2.9	3.7	3.1	3.5	3.1	2.9	3.5	4.0	3.7	3.4	0.6	0.5	5	52 242
CY	4.2	4.7	4.6	5.8	6.7	6.2	6.2	6.0	4.3	3.7	4.6	5.5	6.8	7.0	6.5	2.2	0.3	2	1 096
LV	1.8	1.8	2.2	2.3	2.0	1.5	1.9	2.0	1.5	1.7	2.0	2.3	2.7	3.2	1.6	-0.3	0.0	26	289
LT	2.0	1.7	1.5	1.3	0.8	0.7	0.5	0.6	1.4	1.9	2.1	2.8	2.6	2.8	1.8	-0.2	1.2	24	490
LU	6.6	6.8	7.5	7.6	6.7	7.0	7.3	8.0	7.3	5.7	5.8	5.0	5.3	5.1	5.5	-1.1	-1.5	3	2 075
HU	1.8	1.8	1.9	2.1	2.3	2.2	2.3	2.3	2.2	2.1	2.2	2.4	2.8	2.7	2.3	0.4	0.1	17	2 133
MT	2.6	2.3	2.6	2.5	2.7	2.9	3.2	3.9	4.5	4.1	4.5	5.0	6.1	6.7	6.7	4.1	3.8	1	392
NL	3.3	4.1	4.5	4.5	4.5	4.3	4.2	3.6	3.0	3.3	3.6	3.7	3.5	3.4	2.1	-1.1	-2.2	19	12 243
AT	1.6	2.1	2.2	2.3	2.0	2.2	3.3	2.4	2.3	2.4	2.3	2.3	2.6	2.6	1.9	0.3	-0.3	22	5 115
PL	2.7	2.7	2.7	2.6	2.4	2.4	1.9	2.0	1.8	2.2	2.5	2.4	2.8	2.7	2.3	-0.4	-0.1	18	7 110
PT	2.3	2.7	3.1	3.1	3.5	3.7	3.3	3.3	2.8	2.9	2.7	2.9	3.6	3.7	2.9	0.6	-0.9	7	4 842
RO	3.8	3.2	4.3	3.7	3.8	3.0	2.7	2.6	2.8	3.2	2.7	2.8	3.1	3.0	2.6	-1.2	-0.4	11	3 057
SI	0.5	0.9	1.0	1.0	1.2	1.2	1.3	1.6	1.7	1.9	2.8	3.0	3.2	2.5	1.8	1.3	0.7	25	652
SK	6.6	5.0	4.3	4.1	4.1	3.5	3.4	3.2	3.4	3.0	3.0	3.2	3.2	3.4	2.7	-3.9	-0.7	9	1 711
FI	2.3	2.8	3.5	4.3	4.3	5.9	4.2	4.2	3.4	3.5	3.3	3.4	3.9	3.5	2.0	-0.3	-3.9	20	3 494
SE	2.6	2.6	2.8	2.6	3.0	3.8	2.6	2.0	2.2	2.9	3.6	3.6	3.8	2.9	3.0	0.4	-0.7	6	8 750
UK	2.8	3.2	3.9	3.9	3.5	3.5	3.5	2.8	2.7	2.8	3.4	4.0	3.4	3.6	2.8	0.0	-0.8	8	43 742
NO	3.2	3.5	3.6	2.8	3.5	5.2	4.9	4.5	4.2	5.2	5.9	6.7	6.2	6.4	4.5	1.3	-0.7		12 249
IS	1.5	1.2	1.5	1.4	1.8	1.4	1.2	1.1	1.4	1.3	2.2	2.4	2.5	2.0	1.8	0.3	0.4		155
EU-27 averages																			
weighted	2.3	2.7	3.0	3.0	3.1	3.2	3.0	2.7	2.6	2.8	3.0	3.4	3.4	3.1	2.3	0.0	-0.8		
arithmetic	2.9	2.9	3.2	3.2	3.2	3.2	3.1	3.1	3.0	3.0	3.1	3.4	3.7	3.4	2.8	-0.1	-0.4		
EA-17 averages																			
weighted	2.2	2.6	2.9	2.8	3.0	3.1	2.9	2.7	2.6	2.7	2.9	3.3	3.4	3.0	2.2	0.0	-0.9		
arithmetic	2.8	3.0	3.2	3.4	3.5	3.6	3.4	3.4	3.2	3.1	3.3	3.5	3.8	3.6	3.0	0.1	-0.6		
Convergence indicators																			
St.dev/mean	48.9	44.2	42.0	41.9	41.6	45.1	46.1	48.1	42.1	30.7	31.5	29.1	31.3	34.7	48.2	-0.7	3.1		
Max-min	6.1	5.9	6.4	6.6	5.9	6.3	6.8	7.4	5.9	4.1	4.4	4.0	5.1	5.4	5.5	-0.6	-0.8		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 60: Taxes on Capital as % of Total Taxation - Income of Corporations

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	5.3	6.0	6.3	7.4	7.1	7.1	6.9	6.7	6.4	6.9	7.4	8.0	7.9	7.6	5.8	0.5	-1.3	18	8 611
BG	14.6	17.6	18.4	12.6	10.7	9.1	12.9	10.9	9.3	8.4	6.3	7.4	13.7	10.3	9.4	-5.2	0.3	7	949
CZ	12.7	9.7	11.0	10.1	11.2	10.3	12.0	12.3	12.8	12.5	12.0	13.1	13.4	11.7	10.5	-2.1	0.3	4	4 984
DK	4.8	5.1	5.5	6.1	4.8	6.6	5.8	6.0	6.1	6.5	7.7	8.8	7.8	6.8	5.1	0.3	-1.5	23	5 459
DE	5.2	5.9	6.3	6.5	6.8	7.1	4.3	4.2	4.7	5.7	6.5	7.7	7.7	7.0	5.1	0.0	-2.0	22	48 800
EE	6.7	4.6	5.1	7.1	6.0	2.9	2.3	3.6	5.1	5.4	4.7	4.9	5.2	5.1	5.2	-1.5	2.3	21	256
IE	8.3	9.4	9.9	10.6	12.1	12.0	12.1	13.1	13.1	12.2	11.4	12.3	11.3	9.8	8.8	0.4	-3.2	9	3 944
EL	8.0	6.8	7.5	8.6	9.4	12.0	10.1	10.0	9.1	9.6	10.3	8.6	7.9	7.9	8.0	0.0	-3.9	10	5 690
ES	5.8	6.1	8.1	7.7	8.7	9.2	8.6	9.6	9.3	10.0	11.0	11.6	12.8	8.8	7.6	1.8	-1.7	13	24 244
FR	4.2	4.7	5.2	5.3	5.9	6.3	7.0	5.9	5.0	5.4	5.3	6.6	6.7	6.4	3.0	-1.1	-3.3	27	24 040
IT	7.1	8.0	8.6	6.6	7.6	6.9	8.9	7.7	8.6	7.6	7.1	8.3	9.2	8.7	8.0	0.8	1.0	12	52 242
CY	15.8	17.8	18.0	20.9	23.9	20.6	20.1	19.2	13.1	11.1	13.1	15.0	16.6	18.0	18.4	2.6	-2.2	2	1 096
LV	5.5	5.9	6.8	6.8	6.3	5.3	6.6	7.1	5.3	6.1	6.9	7.5	8.9	10.9	5.9	0.4	0.6	17	289
LT	7.4	6.4	5.0	4.1	2.6	2.3	1.9	2.1	4.9	6.6	7.3	9.4	8.7	9.1	6.3	-1.1	4.0	16	490
LU	17.7	18.1	19.0	19.4	17.4	17.8	18.4	20.4	19.2	15.3	15.4	13.8	14.8	14.3	14.7	-2.9	-3.1	3	2 075
HU	4.5	4.5	4.9	5.5	5.9	5.6	6.0	6.1	5.9	5.7	5.8	6.4	7.1	6.7	5.8	1.3	0.2	19	2 133
MT	9.8	9.0	9.5	9.7	10.0	10.3	10.6	12.3	14.5	12.6	13.3	14.8	17.7	19.8	19.7	9.9	9.3	1	392
NL	8.1	10.1	11.4	11.4	11.0	10.9	11.0	9.4	8.1	8.8	9.7	9.4	9.1	8.8	5.6	-2.5	-5.3	20	12 243
AT	3.8	4.9	5.0	5.3	4.5	5.0	7.2	5.5	5.3	5.6	5.5	5.6	6.2	6.2	4.4	0.5	-0.7	26	5 115
PL	7.3	7.1	7.5	7.3	6.9	7.5	5.8	6.2	5.6	7.0	7.6	7.1	7.9	7.9	7.2	-0.1	-0.3	14	7 110
PT	7.8	8.9	10.2	10.1	11.3	12.0	10.6	10.5	8.8	9.4	8.5	9.1	10.9	11.2	9.3	1.5	-2.7	8	4 842
RO	13.8	12.5	16.3	12.8	12.3	9.8	9.3	9.3	10.1	11.6	9.8	10.0	10.5	10.7	9.7	-4.1	-0.1	5	3 057
SI	1.3	2.4	2.8	2.6	3.1	3.1	3.4	4.1	4.6	5.0	7.2	7.7	8.6	6.7	4.9	3.6	1.8	24	652
SK	16.5	12.7	11.7	11.2	11.7	10.1	10.2	9.8	10.3	9.4	9.4	10.8	11.1	11.6	9.4	-7.0	-0.7	6	1 711
FI	5.0	6.0	7.5	9.4	9.4	12.5	9.4	9.3	7.7	8.1	7.6	7.7	9.0	8.1	4.7	-0.3	-7.8	25	3 494
SE	5.4	5.1	5.6	5.1	5.9	7.3	5.3	4.3	4.6	6.0	7.3	7.5	8.0	6.3	6.4	1.0	-0.9	15	8 750
UK	7.9	9.2	11.1	10.8	9.8	9.7	9.5	8.1	7.9	8.1	9.4	10.8	9.5	9.6	8.0	0.1	-1.7	11	43 742
NO	7.6	8.3	8.5	6.6	8.2	12.1	11.5	10.5	10.0	12.1	13.5	15.2	14.2	14.9	10.8	3.2	-1.2		12 249
IS	4.5	3.6	4.2	4.0	4.8	3.8	3.4	3.0	3.8	3.4	5.3	5.9	6.3	5.6	5.3	0.8	1.5		155
EU-27 averages																			
weighted	5.9	6.6	7.5	7.4	7.6	7.9	7.5	6.8	6.7	7.1	7.6	8.6	8.7	8.0	6.1	0.2	-1.8		
arithmetic	8.2	8.3	9.0	8.9	9.0	8.9	8.7	8.7	8.3	8.4	8.6	9.3	9.9	9.5	8.0	-0.1	-0.8		
EA-17 averages																			
weighted	5.6	6.3	7.0	6.8	7.3	7.6	7.2	6.7	6.6	7.0	7.2	8.2	8.5	7.7	5.7	0.1	-1.9		
arithmetic	8.0	8.3	8.9	9.4	9.8	9.8	9.5	9.5	9.0	8.7	9.0	9.5	10.2	9.8	8.4	0.4	-1.4		
Convergence indicators																			
St.dev/mean	52.2	50.6	49.3	46.7	49.6	46.8	48.4	49.8	43.8	32.5	31.2	29.4	31.6	36.4	49.7	-2.5	2.8		
Max-min	16.3	15.7	16.2	18.3	21.3	18.3	18.2	18.4	14.7	10.3	10.8	10.2	12.6	14.7	16.6	0.3	-1.7		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 61: Taxes on Capital as % of GDP - Income of households

																Difference ¹⁾		Ranking Revenue ²⁾	
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	1.0	0.7	0.7	0.6	0.5	0.5	0.6	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.4	-0.5	-0.1	18	1 491
BG	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1	21	49
CZ	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1	-0.1	-0.1	22	117
DK	0.9	0.8	0.8	0.6	1.2	0.4	-0.6	-0.5	-0.1	1.2	2.3	0.7	0.3	0.1	-0.2	-1.1	-0.6	26	-522
DE	0.3	0.3	0.3	0.4	0.4	0.4	0.3	0.3	0.4	0.4	0.5	0.5	0.6	0.7	0.7	0.4	0.3	15	15 874
EE	0.1	0.1	0.3	0.2	0.1	0.2	0.1	0.2	0.2	0.1	0.3	0.2	0.2	0.2	0.1	0.0	-0.1	23	10
IE	0.5	0.6	0.6	0.7	0.8	1.1	1.1	0.8	1.4	1.5	1.6	2.1	2.0	1.3	0.9	0.4	-0.2	11	1 398
EL	0.7	0.7	0.8	1.0	0.8	0.8	0.7	0.7	0.7	0.6	0.7	0.7	0.7	0.7	0.7	0.0	-0.1	14	1 614
ES	1.1	1.0	0.8	0.9	0.9	0.9	0.8	0.8	0.7	0.7	0.8	1.1	1.1	1.0	0.9	-0.2	0.1	9	9 778
FR	0.5	0.5	0.6	0.9	0.9	0.9	0.9	0.8	0.8	0.8	0.9	1.0	1.0	1.1	1.0	0.5	0.1	8	19 256
IT	1.8	2.0	2.0	1.6	1.6	2.1	1.4	1.3	1.1	1.1	1.2	1.4	1.4	1.5	1.4	-0.3	-0.7	3	21 835
CY	0.3	0.2	0.2	0.5	0.6	0.8	0.7	0.8	1.1	1.1	1.2	1.7	3.3	2.1	0.8	0.5	-0.1	13	132
LV	0.0	0.0	0.0	0.0	0.0	0.2	0.1	0.2	0.1	0.0	0.0	0.1	0.1	0.1	0.0	0.0	-0.1	25	8
LT	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.3	0.2	0.3	0.4	0.3	0.3	0.3	0.2	0.1	0.0	20	42
LU	0.8	0.9	0.8	0.9	0.9	0.8	0.9	0.8	0.9	0.9	1.1	1.6	1.1	1.3	1.3	0.5	0.5	4	4 889
HU	0.3	0.5	0.4	0.4	0.5	0.7	0.6	0.7	0.7	0.6	0.6	0.6	0.7	0.4	0.4	0.1	-0.2	17	410
MT	1.2	1.0	1.0	1.1	1.0	1.1	1.3	1.4	1.5	1.4	1.3	1.4	1.5	1.4	1.5	0.3	0.4	2	90
NL	-0.6	-0.7	-0.7	-0.7	-0.8	-1.1	0.1	-0.1	-0.4	-0.5	-0.5	-0.6	-0.5	-0.6	-0.6	0.0	0.4	27	-3 541
AT	1.0	1.1	1.0	1.0	0.9	0.9	0.9	0.9	0.8	0.8	0.8	0.9	1.1	1.2	1.1	0.1	0.2	5	2 960
PL	0.0	0.1	0.0	0.1	0.1	0.2	0.1	0.2	0.3	0.2	0.2	0.2	0.5	0.4	0.3	0.2	0.1	19	804
PT	1.2	1.2	1.1	1.1	1.0	1.0	1.0	0.9	0.9	0.8	0.8	0.7	0.9	1.0	1.0	-0.1	0.0	7	1 707
RO	2.3	2.2	1.8	1.6	1.2	1.2	1.1	1.0	0.9	1.0	0.6	0.7	0.8	0.9	0.9	-1.4	-0.3	12	1 023
SI	0.2	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.3	0.2	0.3	0.5	0.5	0.5	0.3	0.3	16	178
SK	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	-0.2	-0.3	24	45
FI	0.4	0.5	0.6	0.7	0.9	1.1	0.9	0.6	0.6	0.7	0.8	0.9	1.1	0.9	0.9	0.5	-0.2	10	1 556
SE	0.1	0.6	0.8	0.8	1.3	1.8	0.9	0.6	0.6	0.7	1.1	1.5	1.7	1.1	1.0	0.9	-0.7	6	2 980
UK	1.1	1.1	1.1	1.4	1.4	1.3	1.5	1.3	1.2	1.3	1.4	1.5	1.7	1.7	1.7	0.6	0.4	1	26 841
NO	0.7	0.7	0.7	0.6	0.7	0.8	0.7	0.6	0.6	0.6	0.6	0.7	0.8	0.8	0.8	0.2	0.1		2 304
IS	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:		:
EU-27 averages																			
weighted	0.7	0.7	0.8	0.8	0.9	0.9	0.8	0.7	0.7	0.8	0.8	0.9	1.0	1.0	0.9	0.2	0.0		
arithmetic	0.6	0.6	0.6	0.6	0.6	0.7	0.6	0.6	0.6	0.6	0.7	0.8	0.9	0.7	0.6	0.1	0.0		
EA-17 averages																			
weighted	0.6	0.7	0.7	0.7	0.7	0.8	0.7	0.7	0.7	0.7	0.7	0.8	0.9	0.9	0.8	0.2	0.0		
arithmetic	0.6	0.6	0.6	0.7	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.9	1.0	0.9	0.7	0.1	0.0		
Convergence indicators																			
St.dev/mean	105.7	100.5	94.7	84.2	84.1	91.7	81.2	80.3	79.9	77.2	83.4	82.5	89.2	81.7	88.8	-16.9	-2.9		
Max-min	2.9	2.9	2.7	2.3	2.5	3.1	2.0	1.9	1.8	2.0	2.7	2.7	3.8	2.7	2.3	-0.6	-0.8		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 62: Taxes on Capital as % of Total Taxation - Income of households

																Difference ¹⁾		Ranking	Revenue ²⁾	
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009	
BE	2.2	1.5	1.5	1.2	1.0	1.2	1.3	1.2	1.0	1.1	1.2	1.2	1.3	1.3	1.0	-1.2	-0.1	18	1 491	
BG	0.1	0.1	0.1	0.3	0.4	0.3	0.3	0.3	0.2	0.2	0.2	0.3	0.3	0.6	0.5	0.4	0.2	21	49	
CZ	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.3	0.3	0.3	0.2	0.2	-0.3	-0.3	22	117	
DK	1.8	1.5	1.5	1.3	2.4	0.8	-1.2	-1.0	-0.3	2.5	4.5	1.5	0.7	0.2	-0.5	-2.3	-1.3	26	-522	
DE	0.7	0.8	0.7	0.9	0.9	0.9	0.8	0.8	1.1	1.1	1.2	1.4	1.5	1.7	1.7	1.0	0.8	15	15 874	
EE	0.3	0.3	0.7	0.4	0.3	0.5	0.4	0.6	0.7	0.4	1.0	0.8	0.8	0.6	0.2	-0.1	-0.3	24	10	
IE	1.4	1.7	2.0	2.3	2.5	3.4	3.8	2.7	4.8	4.8	5.3	6.5	6.5	4.3	3.1	1.7	-0.3	7	1 398	
EL	2.3	2.4	2.5	3.0	2.4	2.2	2.1	2.1	2.1	2.0	2.2	2.3	2.3	2.2	2.3	0.0	0.1	11	1 614	
ES	3.3	2.9	2.5	2.7	2.7	2.6	2.4	2.2	2.1	1.9	2.2	3.0	3.1	3.0	3.0	-0.3	0.5	8	9 778	
FR	1.1	1.1	1.3	2.0	2.0	2.1	2.0	2.0	2.0	1.9	2.0	2.3	2.4	2.5	2.4	1.3	0.3	10	19 256	
IT	4.4	4.7	4.6	3.8	3.8	5.0	3.5	3.2	2.7	2.8	2.9	3.3	3.3	3.5	3.3	-1.0	-1.7	4	21 835	
CY	1.0	0.8	0.7	1.8	2.0	2.8	2.4	2.6	3.3	3.3	3.4	4.8	8.1	5.4	2.2	1.2	-0.6	12	132	
LV	0.0	0.1	0.1	0.1	0.1	0.5	0.3	0.6	0.3	0.2	0.0	0.2	0.4	0.2	0.2	0.1	-0.4	25	8	
LT	0.4	0.4	0.4	0.4	0.4	0.5	0.7	0.9	0.8	1.2	1.4	1.0	1.1	1.1	0.5	0.2	0.1	20	42	
LU	2.2	2.4	2.1	2.2	2.5	2.0	2.2	2.1	2.4	2.3	3.0	4.4	3.0	3.8	3.5	1.2	1.5	3	489	
HU	0.7	1.3	1.1	1.1	1.4	1.7	1.6	1.8	1.8	1.5	1.6	1.7	1.8	1.1	1.1	0.4	-0.6	17	410	
MT	4.5	4.1	3.6	4.2	3.8	4.0	4.3	4.6	4.7	4.2	4.0	4.1	4.4	4.0	4.5	0.0	0.5	2	90	
NL	-1.5	-1.6	-1.8	-1.7	-2.0	-2.7	0.2	-0.4	-1.0	-1.3	-1.3	-1.5	-1.3	-1.5	-1.6	-0.1	1.0	27	-3 541	
AT	2.3	2.5	2.3	2.2	2.0	2.0	2.1	2.1	1.9	1.9	1.8	2.1	2.7	2.9	2.5	0.2	0.5	9	2 960	
PL	0.1	0.2	0.1	0.2	0.3	0.5	0.4	0.7	0.8	0.5	0.5	0.6	1.4	1.0	0.8	0.7	0.3	19	804	
PT	3.9	4.0	3.8	3.6	3.1	3.3	3.1	2.9	2.9	2.6	2.4	2.3	2.6	3.1	3.3	-0.6	0.0	5	1 707	
RO	8.3	8.6	6.7	5.4	3.9	4.0	3.8	3.4	3.3	3.5	2.3	2.6	2.8	3.2	3.2	-5.1	-0.8	6	1 023	
SI	0.6	0.7	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.7	0.5	0.8	1.3	1.3	1.3	0.7	0.7	16	178	
SK	0.6	0.7	0.8	0.9	1.0	1.0	1.0	0.7	0.6	0.4	0.2	0.3	0.3	0.3	0.2	-0.4	-0.7	23	45	
FI	0.9	1.1	1.4	1.5	1.9	2.4	2.0	1.2	1.3	1.6	1.9	2.1	2.5	2.1	2.1	1.2	-0.3	14	1 556	
SE	0.2	1.1	1.5	1.7	2.5	3.4	1.9	1.3	1.3	1.5	2.2	3.0	3.5	2.3	2.2	1.9	-1.2	13	2 980	
UK	3.2	3.3	3.1	3.9	3.9	3.7	4.0	3.8	3.5	3.7	3.9	4.1	4.6	4.6	4.9	1.7	1.2	1	26 841	
NO	1.6	1.8	1.7	1.4	1.7	1.8	1.7	1.5	1.4	1.3	1.5	1.5	1.9	1.8	2.0	0.5	0.2		2 304	
IS	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:		:
EU-27 averages																				
weighted	1.7	1.9	1.9	2.1	2.1	2.3	2.1	1.9	1.9	2.0	2.1	2.4	2.5	2.4	2.4	0.6	0.1			
arithmetic	1.7	1.7	1.7	1.7	1.7	1.8	1.7	1.6	1.7	1.7	1.9	2.1	2.3	2.0	1.8	0.1	0.0			
EA-17 averages																				
weighted	1.6	1.7	1.7	1.8	1.8	2.0	1.8	1.7	1.7	1.7	1.8	2.1	2.2	2.2	2.1	0.5	0.1			
arithmetic	1.8	1.8	1.7	1.9	1.8	2.0	2.0	1.8	2.0	1.9	2.0	2.4	2.6	2.4	2.1	0.3	0.1			
Convergence indicators																				
St.dev/mean	116.2	113.1	101.4	89.7	83.0	88.4	81.4	80.9	85.3	81.3	80.1	84.6	87.3	80.5	87.4	-28.8	-1.0			
Max-min	9.9	10.2	8.5	7.1	5.9	7.6	5.5	5.5	5.8	6.2	6.6	8.1	9.5	6.8	6.5	-3.3	-1.1			

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 63: Taxes on Capital as % of GDP - Income of self-employed

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	2.5	2.5	2.4	2.5	2.5	2.4	2.4	2.4	2.3	2.3	2.3	2.3	2.2	2.4	2.4	-0.1	0.0	6	8 155
BG	0.6	0.4	0.4	0.6	0.8	0.9	0.8	0.8	0.7	0.8	0.8	0.6	0.6	0.6	0.5	-0.1	-0.4	24	176
CZ	1.5	1.5	1.5	1.4	1.4	1.5	1.5	1.6	1.6	1.7	1.5	1.4	1.4	1.2	1.5	0.0	0.0	13	2 022
DK	1.3	1.2	1.1	1.3	1.3	1.1	1.2	1.0	1.0	1.0	1.1	1.1	1.1	0.9	0.8	-0.5	-0.3	18	1 772
DE	2.0	2.3	2.2	2.3	2.6	2.3	2.1	2.0	1.7	1.7	1.9	2.3	2.6	2.4	2.2	0.3	-0.1	7	53 238
EE	0.2	0.2	0.2	0.3	0.2	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	-0.1	-0.1	27	8
IE	1.3	1.3	1.3	1.3	1.2	1.1	1.1	1.1	1.0	1.1	1.1	1.0	1.0	1.1	1.0	-0.3	-0.1	15	1 663
EL	2.1	2.0	2.1	2.5	2.5	2.5	2.3	2.5	2.5	2.4	2.4	2.4	2.5	2.4	2.4	0.4	0.0	5	5 675
ES	2.3	2.3	2.3	2.2	2.0	1.9	1.9	1.9	1.8	1.8	1.8	1.7	1.8	1.6	1.8	-0.5	-0.1	9	18 891
FR	1.8	1.8	1.7	1.5	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.5	1.5	1.6	1.6	-0.2	-0.1	11	30 049
IT	2.9	2.9	3.0	3.2	3.4	3.3	3.3	3.2	3.8	3.5	3.3	3.5	3.7	3.7	3.5	0.5	0.1	2	52 718
CY	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.0	0.1	23	94
LV	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	26	13
LT	0.4	0.4	0.5	0.5	0.6	0.6	0.5	0.4	0.3	0.2	0.2	0.3	0.3	0.4	0.6	0.1	0.0	22	156
LU	1.5	1.5	1.5	1.5	1.2	1.2	1.1	1.1	1.1	1.2	1.1	1.0	1.1	1.1	1.1	-0.4	0.0	14	436
HU	0.7	0.8	0.8	0.6	0.6	0.7	0.7	0.7	0.6	0.6	0.5	0.7	0.6	0.6	0.6	-0.1	0.0	21	587
MT	1.0	1.0	1.2	1.0	1.0	1.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.0	1.0	0.0	-0.2	16	57
NL	2.5	2.5	2.4	2.2	2.3	2.3	1.9	2.0	2.0	1.9	1.9	2.0	2.0	2.1	2.2	-0.3	-0.1	8	12 649
AT	2.4	2.7	2.7	2.9	2.8	2.7	3.2	2.8	2.8	2.9	2.7	2.6	2.5	2.5	2.6	0.2	-0.1	3	7 099
PL	2.6	2.4	2.4	2.4	2.9	2.9	3.3	3.6	3.5	3.3	3.5	3.6	4.0	3.5	3.8	1.2	0.9	1	11 920
PT	0.9	1.0	1.0	0.9	0.9	0.8	0.9	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.7	-0.2	-0.1	19	1 194
RO	0.3	0.3	0.2	0.2	0.4	0.1	0.2	0.2	0.3	0.4	0.3	0.3	0.4	0.3	0.3	0.0	0.2	25	374
SI	0.7	0.8	0.9	0.8	0.8	0.7	0.8	0.8	0.8	0.8	0.8	0.7	0.8	0.8	0.9	0.2	0.2	17	311
SK	3.0	3.2	2.6	2.7	2.6	2.3	2.6	2.8	2.5	2.4	2.7	2.6	2.6	2.3	2.5	-0.5	0.2	4	1 591
FI	1.9	1.7	1.8	1.6	1.5	1.6	1.6	1.7	1.6	1.5	1.5	1.6	1.6	1.6	1.6	-0.2	0.0	10	2 778
SE	0.6	0.7	0.7	0.7	0.7	0.8	0.8	0.7	0.7	0.7	0.8	0.7	0.7	0.7	0.7	0.0	-0.1	20	1 967
UK	1.4	1.4	1.4	1.4	1.5	1.5	1.6	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	0.1	0.0	12	23 395
NO	1.1	1.0	1.0	1.1	1.0	0.9	0.9	1.0	0.9	0.9	1.0	0.7	0.8	0.7	0.7	-0.4	-0.2		2 007
IS	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	
EU-27 averages																			
weighted	2.0	2.1	2.0	2.0	2.1	2.1	2.0	1.9	2.0	1.9	1.9	2.0	2.1	2.0	2.0	0.1	0.0		
arithmetic	1.4	1.5	1.4	1.4	1.5	1.4	1.5	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	0.0	0.0		
EA-17 averages																			
weighted	2.1	2.3	2.2	2.2	2.3	2.3	2.2	2.1	2.1	2.1	2.1	2.2	2.3	2.2	2.2	0.1	-0.1		
arithmetic	1.7	1.8	1.7	1.8	1.7	1.7	1.7	1.7	1.7	1.6	1.6	1.6	1.7	1.6	1.7	-0.1	0.0		
Convergence indicators																			
St.dev/mean	61.5	62.6	60.7	62.5	63.5	64.0	65.5	67.0	69.9	67.6	68.4	69.7	72.0	71.0	70.0	8.5	6.0		
Max-min	3.0	3.1	2.9	3.1	3.3	3.3	3.3	3.5	3.8	3.4	3.4	3.5	3.9	3.6	3.8	0.8	0.5		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 64: Taxes on Capital as % of Total Taxation - Income of self-employed

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	5.7	5.6	5.3	5.5	5.4	5.4	5.4	5.2	5.2	5.2	5.2	5.1	5.1	5.4	5.5	-0.1	0.2	9	8 155
BG	2.0	1.6	1.3	1.8	2.5	2.7	2.6	2.8	2.4	2.4	2.4	2.1	1.9	1.8	1.7	-0.3	-1.0	20	176
CZ	4.2	4.2	4.2	4.3	4.1	4.4	4.4	4.5	4.5	4.5	4.1	3.7	3.7	3.3	4.3	0.1	-0.1	11	2 022
DK	2.6	2.5	2.3	2.6	2.6	2.2	2.5	2.2	2.2	2.0	2.1	2.1	2.3	1.9	1.7	-1.0	-0.6	21	1 772
DE	4.9	5.5	5.3	5.6	6.1	5.6	5.4	5.1	4.4	4.5	5.0	5.8	6.6	6.0	5.6	0.7	0.0	8	53 238
EE	0.5	0.5	0.5	0.8	0.5	0.4	0.5	0.5	0.5	0.4	0.4	0.4	0.3	0.3	0.2	-0.4	-0.3	27	8
IE	4.0	4.0	4.1	4.1	3.9	3.6	3.8	4.0	3.4	3.6	3.5	3.2	3.3	3.6	3.7	-0.3	0.1	14	1 663
EL	7.1	6.8	6.7	7.8	7.4	7.1	7.0	7.3	7.7	7.8	7.5	7.5	7.6	7.5	8.0	0.9	0.9	4	5 675
ES	6.9	6.9	6.8	6.6	6.1	5.7	5.6	5.5	5.4	5.3	4.9	4.8	4.8	4.8	5.9	-1.0	0.2	6	18 891
FR	4.1	4.2	3.9	3.5	3.5	3.7	3.8	3.6	3.8	3.7	3.7	3.5	3.4	3.6	3.8	-0.3	0.1	12	30 049
IT	7.3	7.0	6.8	7.5	7.9	8.0	7.9	7.8	9.2	8.5	8.2	8.4	8.7	8.5	8.0	0.7	0.0	3	52 718
CY	2.0	1.9	1.9	1.8	1.7	1.5	1.5	1.7	1.5	1.4	1.3	1.3	1.2	1.2	1.6	-0.4	0.1	23	94
LV	0.1	0.1	0.2	0.2	0.1	0.1	0.1	0.2	0.2	0.2	0.3	0.2	0.3	0.2	0.3	0.2	0.1	26	13
LT	1.6	1.6	1.7	1.7	2.0	2.1	1.9	1.4	1.0	0.7	0.7	1.1	1.1	1.2	2.0	0.4	-0.1	19	156
LU	4.1	4.0	3.8	3.8	3.2	3.0	2.7	2.7	2.8	3.2	2.9	2.9	3.0	3.1	3.1	-1.0	0.1	15	436
HU	1.8	1.9	2.1	1.7	1.6	1.7	2.0	1.8	1.7	1.5	1.5	1.8	1.6	1.6	1.6	-0.2	-0.1	22	587
MT	3.7	4.0	4.2	3.8	3.8	4.1	3.7	3.4	3.4	3.4	3.2	3.2	3.1	2.9	2.8	-0.9	-1.3	16	57
NL	6.3	6.2	6.0	5.5	5.6	5.9	5.1	5.4	5.3	5.0	5.1	5.2	5.3	5.3	5.8	-0.5	-0.1	7	12 649
AT	5.8	6.2	6.1	6.5	6.4	6.3	7.1	6.5	6.4	6.6	6.3	6.1	5.8	5.8	6.1	0.3	-0.2	5	7 099
PL	7.1	6.5	6.5	6.8	8.3	9.0	10.3	10.9	11.0	10.6	10.7	10.6	11.4	10.3	12.1	5.0	3.1	1	11 920
PT	2.9	3.2	3.2	2.9	2.8	2.7	2.8	2.5	2.5	2.3	2.3	2.1	2.0	2.1	2.3	-0.6	-0.4	18	1 194
RO	1.1	1.1	0.7	0.6	1.2	0.4	0.6	0.6	1.0	1.3	1.0	1.0	1.2	1.2	1.2	0.0	0.8	25	374
SI	1.8	2.0	2.3	2.2	2.0	1.8	2.2	2.1	2.0	2.2	2.0	1.9	2.1	2.1	2.3	0.6	0.5	17	311
SK	7.6	8.0	6.9	7.3	7.3	6.8	7.7	8.5	7.7	7.8	8.7	9.0	8.9	7.9	8.8	1.2	2.0	2	1 591
FI	4.1	3.7	3.8	3.5	3.4	3.4	3.5	3.7	3.7	3.5	3.5	3.7	3.7	3.6	3.8	-0.3	0.4	13	2 778
SE	1.3	1.4	1.4	1.4	1.3	1.5	1.6	1.5	1.5	1.5	1.7	1.5	1.5	1.5	1.4	0.1	0.0	24	1 967
UK	4.1	4.0	3.9	3.9	4.0	4.0	4.3	4.3	4.4	4.3	4.2	4.2	4.2	4.1	4.3	0.2	0.3	10	23 395
NO	2.7	2.4	2.4	2.6	2.3	2.1	2.2	2.2	2.0	2.1	2.2	1.6	1.7	1.5	1.8	-0.9	-0.4		2 007
IS	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
EU-27 averages																			
weighted	5.0	5.1	4.9	5.0	5.2	5.1	5.1	5.0	5.1	4.9	4.9	5.0	5.3	5.2	5.3	0.3	0.2		
arithmetic	3.9	3.9	3.8	3.8	3.9	3.8	3.9	3.9	3.9	3.8	3.8	3.8	3.9	3.7	4.0	0.1	0.2		
EA-17 averages																			
weighted	5.4	5.6	5.4	5.5	5.6	5.5	5.4	5.3	5.4	5.2	5.3	5.4	5.7	5.6	5.6	0.3	0.1		
arithmetic	4.6	4.7	4.6	4.6	4.5	4.4	4.4	4.4	4.4	4.4	4.3	4.4	4.4	4.3	4.5	-0.1	0.1		
Convergence indicators																			
St.dev/mean	58.0	58.0	56.8	59.5	60.6	62.7	64.5	67.2	69.8	69.0	70.8	71.6	73.5	70.8	71.9	13.8	9.2		
Max-min	7.5	7.9	6.8	7.7	8.2	8.9	10.2	10.7	10.8	10.3	10.5	10.4	11.1	10.1	11.9	4.4	3.0		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 65: Taxes on Capital as % of GDP - Stocks of capital / wealth

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	2.9	3.1	3.3	3.4	3.4	3.4	3.3	3.4	3.5	3.8	3.7	3.8	3.6	3.7	3.6	0.7	0.2	3	12 183
BG	0.4	0.3	0.2	0.3	0.4	0.4	0.4	0.5	0.6	0.7	0.8	0.8	1.0	1.1	0.9	0.6	0.5	21	326
CZ	1.0	1.1	1.0	1.0	1.0	1.0	1.0	0.9	0.9	0.7	0.7	0.7	0.7	0.7	0.6	-0.4	-0.4	26	839
DK	1.8	1.8	1.8	2.0	2.0	2.4	2.6	2.7	2.8	2.8	2.8	2.7	2.7	2.9	2.9	1.0	0.4	5	6 392
DE	1.1	1.2	1.1	1.1	1.2	1.1	1.1	1.0	1.1	1.1	1.1	1.1	1.1	1.0	1.0	-0.1	-0.1	18	24 260
EE	0.5	0.7	0.7	0.6	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.6	0.6	0.1	0.0	27	85
IE	2.0	2.1	2.0	2.0	2.1	2.0	2.0	1.8	2.2	2.4	2.7	3.2	2.9	2.2	2.1	0.1	0.1	9	3 312
EL	1.5	1.7	1.9	1.8	2.3	2.4	2.0	1.6	1.5	1.3	1.4	1.7	1.8	1.7	1.5	0.0	-0.9	14	3 546
ES	2.4	2.4	2.5	2.7	2.8	2.8	2.8	2.9	3.0	3.3	3.6	3.8	3.6	2.8	2.4	0.0	-0.4	8	25 571
FR	4.3	4.5	4.7	4.7	4.7	4.5	4.5	4.4	4.4	4.6	4.7	4.6	4.7	4.5	4.6	0.3	0.0	1	87 363
IT	3.9	3.6	3.8	3.3	3.0	2.6	2.5	2.8	2.6	2.8	2.6	2.7	2.7	2.5	2.9	-1.0	0.3	4	44 002
CY	1.4	1.3	1.3	1.5	1.4	2.5	1.8	1.5	1.7	2.5	2.7	2.3	3.4	2.6	1.7	0.3	-0.7	12	291
LV	1.9	1.4	1.7	1.9	1.8	1.2	1.3	0.8	0.9	0.8	0.7	0.6	1.0	0.8	0.8	-1.1	-0.3	23	150
LT	0.9	1.0	1.0	0.9	1.0	0.9	0.7	0.7	0.7	0.7	0.6	0.6	0.6	0.5	0.7	-0.2	-0.2	24	177
LU	2.7	2.9	3.2	3.5	3.9	4.2	3.9	3.3	2.9	3.0	3.3	3.4	3.6	2.7	2.6	-0.1	-1.6	6	984
HU	0.7	0.8	0.8	0.9	0.9	1.0	1.0	1.0	1.2	1.3	1.3	1.3	1.3	1.3	1.4	0.7	0.4	16	1 270
MT	1.3	1.2	1.2	1.2	1.1	1.1	1.3	1.5	1.6	2.5	2.2	2.1	2.1	1.8	1.7	0.4	0.6	13	99
NL	1.9	2.0	2.0	2.1	2.2	2.2	2.2	2.3	2.1	2.2	2.3	2.0	2.1	1.9	1.8	-0.1	-0.4	11	10 159
AT	1.2	1.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.0	1.0	1.0	1.0	1.0	-0.2	-0.1	19	2 679
PL	2.2	2.1	2.1	1.9	1.7	1.6	1.7	1.9	1.8	1.8	1.8	1.9	1.9	1.9	1.8	-0.3	0.2	10	5 703
PT	2.0	1.9	2.0	2.0	2.2	2.2	2.2	2.6	2.9	2.2	2.3	2.4	2.6	2.5	2.4	0.4	0.3	7	4 110
RO	0.6	0.3	0.9	0.6	1.1	1.2	1.2	1.1	1.0	0.9	0.9	1.0	1.1	1.0	1.0	0.3	-0.2	20	1 133
SI	0.6	0.6	0.7	0.9	0.9	0.9	0.9	0.9	0.8	0.9	0.9	0.9	0.9	0.9	0.9	0.3	0.0	22	322
SK	0.9	1.2	0.9	0.8	0.8	0.8	0.8	0.8	0.7	0.8	0.7	0.6	0.6	0.6	0.6	-0.2	-0.2	25	399
FI	1.2	1.2	1.3	1.3	1.3	1.3	1.2	1.3	1.2	1.4	1.4	1.3	1.3	1.3	1.3	0.2	0.0	17	2 305
SE	1.5	2.0	2.2	2.1	2.1	2.1	1.9	1.8	1.8	1.8	1.7	1.7	1.4	1.4	1.4	-0.1	-0.7	15	4 089
UK	3.6	3.7	3.8	3.9	4.1	4.4	4.3	4.2	4.2	4.3	4.4	4.6	4.6	5.6	4.5	0.9	0.1	2	70 170
NO	3.5	4.1	3.7	2.5	3.0	5.5	5.7	5.2	5.3	6.2	7.4	7.8	6.8	7.7	5.3	1.8	-0.2		14 537
IS	3.1	3.1	3.2	3.2	3.3	3.6	3.3	3.1	3.2	3.6	3.7	3.8	3.9	3.1	2.7	-0.5	-0.9		231
EU-27 averages																			
weighted	2.6	2.6	2.7	2.7	2.8	2.8	2.7	2.7	2.7	2.8	2.8	2.9	2.9	2.8	2.6	0.1	-0.1		
arithmetic	1.7	1.7	1.8	1.8	1.9	1.9	1.9	1.8	1.8	1.9	2.0	2.0	2.0	1.9	1.8	0.1	-0.1		
EA-17 averages																			
weighted	2.5	2.6	2.6	2.6	2.6	2.5	2.4	2.5	2.5	2.6	2.6	2.7	2.7	2.4	2.5	0.0	0.0		
arithmetic	1.9	1.9	2.0	2.0	2.1	2.1	2.0	2.0	2.0	2.1	2.2	2.2	2.3	2.0	1.9	0.1	-0.2		
Convergence indicators																			
St.dev/mean	60.5	60.3	61.4	61.2	59.7	60.6	59.8	60.3	59.8	60.5	61.8	62.9	61.6	65.6	62.0	1.5	1.5		
Max-min	3.9	4.2	4.5	4.5	4.3	4.1	4.1	3.8	3.8	4.0	4.1	4.1	4.1	5.1	4.0	0.1	-0.2		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 66: Taxes on Capital as % of Total Taxation - Stocks of capital / wealth

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	6.6	6.9	7.3	7.5	7.5	7.4	7.3	7.5	7.8	8.4	8.2	8.5	8.3	8.3	8.3	1.7	0.8	3	12 183
BG	1.2	1.2	0.6	0.9	1.3	1.3	1.3	1.8	2.0	2.2	2.5	2.7	2.9	3.4	3.2	2.0	2.0	17	326
CZ	2.9	3.1	2.8	3.0	2.8	3.0	2.8	2.5	2.5	1.8	1.8	2.0	1.9	1.9	1.8	-1.1	-1.3	26	839
DK	3.8	3.6	3.7	4.0	4.0	4.9	5.3	5.6	5.7	5.7	5.5	5.5	5.6	6.0	6.0	2.2	1.0	9	6 392
DE	2.9	3.0	2.7	2.7	2.8	2.6	2.8	2.6	2.7	2.8	2.8	2.8	2.8	2.6	2.5	-0.3	-0.1	21	24 260
EE	1.6	2.0	1.9	1.9	2.0	2.1	2.0	2.0	1.8	2.0	1.9	1.7	1.7	1.9	1.7	0.1	-0.4	27	85
IE	6.1	6.3	6.1	6.2	6.6	6.4	6.6	6.3	7.5	7.9	8.8	9.8	9.1	7.5	7.4	1.3	0.9	6	3 312
EL	5.2	5.7	6.1	5.5	6.8	6.9	5.9	4.9	4.8	4.3	4.5	5.4	5.5	5.5	5.0	-0.2	-1.9	11	3 546
ES	7.4	7.1	7.5	8.0	8.3	8.4	8.3	8.5	9.0	9.6	10.1	10.5	9.6	8.4	8.0	0.6	-0.4	4	25 571
FR	10.0	10.2	10.5	10.8	10.5	10.3	10.2	10.1	10.2	10.6	10.7	10.6	10.8	10.4	11.0	1.0	0.7	2	87 363
IT	9.7	8.6	8.7	7.9	7.0	6.3	6.0	7.0	6.3	6.9	6.6	6.5	6.4	5.8	6.7	-3.0	0.4	8	44 002
CY	5.3	5.1	5.2	5.6	5.1	8.2	5.8	4.9	5.2	7.4	7.6	6.4	8.3	6.5	4.9	-0.4	-3.3	13	291
LV	5.7	4.4	5.4	5.5	5.6	3.9	4.6	3.0	3.0	2.7	2.4	2.0	3.4	2.6	3.0	-2.6	-0.9	19	150
LT	3.2	3.6	3.2	2.8	3.1	2.9	2.6	2.5	2.3	2.4	2.1	2.0	1.9	1.7	2.3	-0.9	-0.6	24	177
LU	7.3	7.8	8.2	8.9	10.1	10.8	9.9	8.4	7.7	8.0	8.7	9.5	10.0	7.7	7.0	-0.3	-3.8	7	984
HU	1.6	2.1	2.1	2.4	2.5	2.5	2.6	2.7	3.1	3.6	3.6	3.5	3.2	3.3	3.5	1.8	1.0	16	1 270
MT	4.8	4.7	4.2	4.5	4.2	4.0	4.2	4.9	5.2	7.5	6.5	6.2	6.1	5.3	5.0	0.1	1.0	12	99
NL	4.6	5.0	5.1	5.3	5.4	5.5	5.7	6.0	5.7	5.9	6.1	5.3	5.4	4.9	4.7	0.0	-0.8	14	10 159
AT	2.9	2.7	2.5	2.6	2.5	2.6	2.5	2.5	2.5	2.4	2.4	2.5	2.4	2.2	2.3	-0.6	-0.3	23	2 679
PL	5.8	5.7	5.8	5.3	4.8	5.0	5.3	5.9	5.6	5.8	5.6	5.8	5.4	5.4	5.8	0.0	0.8	10	5 703
PT	6.8	6.4	6.5	6.6	7.1	7.0	7.1	8.1	9.1	7.0	7.2	7.5	7.8	7.7	7.9	1.1	0.9	5	4 110
RO	2.3	1.1	3.6	2.0	3.5	3.9	4.2	3.9	3.7	3.2	3.1	3.6	3.9	3.6	3.6	1.3	-0.3	15	1 133
SI	1.6	1.6	1.9	2.4	2.3	2.3	2.5	2.3	2.1	2.3	2.4	2.4	2.4	2.3	2.4	0.8	0.1	22	322
SK	2.2	3.1	2.3	2.2	2.3	2.3	2.3	2.3	2.3	2.4	2.3	2.2	2.1	2.0	2.2	0.0	-0.1	25	399
FI	2.5	2.7	2.7	2.8	2.8	2.8	2.8	2.8	2.8	3.2	3.2	3.0	3.1	3.1	3.1	0.6	0.3	18	2 305
SE	3.1	4.1	4.4	4.1	4.1	4.1	3.8	3.8	3.7	3.7	3.5	3.6	3.1	2.9	3.0	-0.1	-1.1	20	4 089
UK	10.5	10.7	10.8	10.9	11.3	12.0	11.8	12.2	12.1	12.2	12.3	12.5	12.8	15.0	12.8	2.4	0.9	1	70 170
NO	8.4	9.7	8.8	6.0	7.2	13.0	13.2	12.1	12.6	14.4	16.9	17.6	15.4	17.9	12.9	4.5	-0.1		14 537
IS	9.4	9.1	9.2	9.3	9.0	9.6	9.3	8.7	8.8	9.5	9.2	9.1	9.6	8.6	7.9	-1.6	-1.7		231
EU-27 averages																			
weighted	6.5	6.6	6.8	6.8	6.8	6.8	6.8	7.0	6.9	7.2	7.3	7.4	7.3	7.1	6.9	0.4	0.1		
arithmetic	4.7	4.8	4.9	4.9	5.0	5.2	5.0	5.0	5.1	5.2	5.3	5.3	5.4	5.1	5.0	0.3	-0.2		
EA-17 averages																			
weighted	6.3	6.3	6.4	6.4	6.3	6.0	6.0	6.2	6.2	6.6	6.7	6.7	6.6	6.1	6.3	0.1	0.3		
arithmetic	5.1	5.2	5.3	5.4	5.5	5.6	5.4	5.4	5.5	5.8	5.9	5.9	6.0	5.4	5.3	0.2	-0.3		
Convergence indicators																			
St.dev/mean	56.9	55.1	55.2	55.9	55.1	56.4	54.2	55.5	56.4	56.5	58.1	59.6	58.8	61.5	57.6	0.6	1.2		
Max-min	9.3	9.6	10.2	10.0	10.0	10.7	10.5	10.3	10.3	10.4	10.4	10.8	11.1	13.3	11.1	1.9	0.4		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 67: Environmental taxes as % of GDP

																Difference ¹⁾		Ranking Revenue ²⁾	
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	2.2	2.5	2.5	2.4	2.5	2.3	2.3	2.2	2.3	2.4	2.3	2.2	2.1	2.0	2.0	-0.2	-0.2	23	6 874
BG	1.8	1.1	1.3	2.3	2.4	2.7	2.5	2.3	2.9	3.2	3.0	2.9	3.4	3.4	3.0	1.2	0.4	5	1 060
CZ	2.9	2.7	2.5	2.4	2.6	2.6	2.5	2.6	2.6	2.6	2.7	2.6	2.5	2.5	2.5	-0.4	-0.1	15	3 418
DK	4.5	4.8	4.9	5.3	5.4	5.3	5.2	5.4	5.2	5.6	6.0	6.2	5.9	5.7	4.8	0.2	-0.5	1	10 663
DE	2.3	2.2	2.2	2.1	2.3	2.4	2.5	2.5	2.7	2.5	2.5	2.4	2.2	2.2	2.3	-0.1	-0.1	20	54 164
EE	0.9	1.4	1.6	1.9	1.7	1.7	2.1	2.0	1.9	2.1	2.3	2.2	2.2	2.4	3.0	2.0	1.3	6	413
IE	3.1	3.1	3.0	3.0	3.0	2.9	2.4	2.4	2.3	2.5	2.5	2.5	2.5	2.5	2.4	-0.7	-0.5	18	3 781
EL	3.1	3.1	3.1	2.9	2.7	2.3	2.5	2.3	2.2	2.2	2.1	2.0	2.1	1.9	2.0	-1.1	-0.4	24	4 611
ES	2.2	2.2	2.1	2.3	2.3	2.2	2.1	2.1	2.1	2.0	1.9	1.9	1.8	1.6	1.6	-0.6	-0.6	27	17 163
FR	2.8	2.8	2.7	2.7	2.7	2.5	2.2	2.3	2.3	2.3	2.2	2.2	2.1	2.1	2.1	-0.7	-0.4	21	39 927
IT	3.5	3.4	3.4	3.3	3.4	3.1	3.0	2.8	2.9	2.8	2.7	2.7	2.6	2.4	2.6	-0.9	-0.5	10	39 865
CY	2.9	2.8	2.5	2.5	2.5	2.7	3.0	2.9	3.7	4.0	3.5	3.3	3.4	3.1	2.9	0.0	0.2	7	490
LV	1.2	1.7	2.2	3.0	2.4	2.4	2.2	2.3	2.5	2.6	2.6	2.4	2.1	2.0	2.3	1.1	-0.1	19	429
LT	1.9	1.9	2.1	2.5	2.9	2.4	2.5	2.8	2.8	2.7	2.3	1.8	1.8	1.7	2.0	0.2	-0.4	22	543
LU	3.0	2.9	3.0	2.9	2.8	2.8	2.8	2.8	2.8	3.1	2.9	2.6	2.5	2.5	2.4	-0.5	-0.3	16	931
HU	2.9	2.8	2.8	3.3	3.3	3.0	2.8	2.8	2.6	2.7	2.7	2.8	2.8	2.7	2.6	-0.3	-0.4	11	2 436
MT	3.2	3.1	3.5	3.9	4.1	3.7	3.7	3.4	3.4	3.1	3.3	3.3	3.7	3.5	3.3	0.2	-0.3	4	195
NL	3.6	3.8	3.8	3.8	3.9	3.9	3.8	3.7	3.7	3.9	3.9	4.0	3.8	3.9	4.0	0.3	0.1	2	22 764
AT	2.1	2.2	2.4	2.3	2.3	2.4	2.6	2.7	2.7	2.7	2.6	2.5	2.4	2.4	2.4	0.3	0.0	17	6 658
PL	1.8	1.9	1.8	1.8	2.1	2.1	2.1	2.4	2.5	2.6	2.7	2.8	2.7	2.6	2.6	0.7	0.5	13	7 944
PT	3.4	3.4	3.2	3.4	3.3	2.6	2.9	3.0	3.0	3.0	3.0	2.9	2.8	2.6	2.5	-0.9	-0.1	14	4 203
RO	1.8	1.8	2.8	3.1	3.9	3.4	2.4	2.1	2.4	2.4	2.0	1.9	2.1	1.8	1.9	0.1	-1.5	26	2 214
SI	4.2	4.4	4.5	5.1	4.2	2.9	3.3	3.3	3.3	3.3	3.2	3.0	3.0	3.0	3.6	-0.7	0.6	3	1 261
SK	2.3	2.1	2.0	1.9	2.0	2.2	2.0	2.2	2.4	2.5	2.4	2.3	2.1	2.0	1.9	-0.4	-0.3	25	1 225
FI	2.9	3.1	3.3	3.3	3.4	3.1	3.0	3.1	3.2	3.2	3.1	3.0	2.7	2.7	2.7	-0.3	-0.5	9	4 553
SE	2.8	3.1	2.9	3.0	2.8	2.8	2.8	2.8	2.9	2.8	2.8	2.7	2.6	2.7	2.8	0.1	0.1	8	8 213
UK	2.9	2.9	2.9	3.1	3.1	3.0	2.8	2.7	2.7	2.6	2.5	2.4	2.5	2.4	2.6	-0.3	-0.4	12	40 603
NO	4.4	4.5	4.3	4.1	3.9	3.4	3.4	3.4	3.3	3.3	3.1	3.1	3.0	2.7	2.7	-1.7	-0.7		7 371
IS	2.8	3.0	3.0	3.3	3.5	3.3	2.7	2.3	2.6	2.7	2.8	2.5	2.4	1.8	1.6	-1.3	-1.7		135
EU-27 averages																			
weighted	2.8	2.8	2.7	2.8	2.8	2.7	2.7	2.7	2.7	2.6	2.6	2.5	2.4	2.4	2.4	-0.3	-0.3		
arithmetic	2.7	2.7	2.8	3.0	3.0	2.8	2.7	2.7	2.8	2.9	2.8	2.7	2.7	2.6	2.6	-0.1	-0.2		
EA-17 averages																			
weighted	2.7	2.7	2.7	2.7	2.7	2.6	2.6	2.6	2.6	2.6	2.5	2.5	2.3	2.3	2.3	-0.4	-0.3		
arithmetic	2.8	2.9	2.9	2.9	2.9	2.7	2.7	2.7	2.8	2.8	2.7	2.6	2.6	2.5	2.6	-0.2	-0.1		
Convergence indicators																			
St.dev/mean	31.1	31.7	29.0	28.6	27.3	25.0	24.6	24.6	23.8	25.3	27.9	31.2	30.9	32.0	26.0	-5.1	1.0		
Max-min	3.6	3.8	3.5	3.4	3.7	3.6	3.3	3.4	3.3	3.6	4.0	4.4	4.1	4.1	3.2	-0.4	-0.4		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 68: Environmental taxes as % of Total Taxation

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	5.1	5.6	5.6	5.4	5.4	5.0	5.0	4.9	5.0	5.2	5.2	4.8	4.7	4.4	4.7	-0.4	-0.4	27	6 874
BG	5.9	3.7	4.8	7.1	7.8	8.4	8.2	8.2	9.5	9.8	9.6	9.4	10.1	10.7	10.5	4.5	2.1	1	1 060
CZ	8.0	7.8	7.3	7.3	7.7	7.6	7.7	7.3	7.4	7.1	7.3	7.0	6.7	6.9	7.2	-0.8	-0.3	13	3 418
DK	9.3	9.8	9.9	10.7	10.8	10.7	10.8	11.2	10.8	11.4	11.8	12.4	12.0	11.9	10.0	0.6	-0.7	3	10 663
DE	5.8	5.4	5.3	5.2	5.5	5.7	6.3	6.4	6.7	6.5	6.3	6.1	5.7	5.6	5.7	-0.2	0.0	23	54 164
EE	2.7	4.3	4.6	5.7	5.2	5.5	7.0	6.4	6.1	6.9	7.4	7.1	7.0	7.3	8.3	5.6	2.9	8	413
IE	9.2	9.4	9.3	9.4	9.3	9.1	7.9	8.3	8.1	8.3	8.2	7.7	7.9	8.4	8.4	-0.8	-0.7	7	3 781
EL	10.7	10.5	10.1	8.9	8.2	6.7	7.7	6.8	6.7	6.9	6.6	6.4	6.4	6.1	6.5	-4.2	-0.2	19	4 611
ES	6.7	6.6	6.4	6.9	6.9	6.5	6.2	6.1	6.1	5.8	5.4	5.1	4.9	4.9	5.4	-1.4	-1.1	25	17 163
FR	6.4	6.4	6.1	6.1	6.0	5.6	5.1	5.4	5.3	5.4	5.1	5.0	4.9	4.8	5.0	-1.4	-0.5	26	39 927
IT	8.8	8.2	7.8	7.8	8.0	7.4	7.1	6.9	7.1	6.8	6.7	6.4	6.0	5.7	6.1	-2.8	-1.3	21	39 865
CY	10.7	10.7	9.8	9.1	8.8	8.9	9.6	9.4	11.4	11.9	9.9	9.0	8.2	8.0	8.2	-2.4	-0.7	9	490
LV	3.7	5.5	6.8	9.0	7.6	8.1	7.6	8.1	8.8	9.1	9.1	7.8	6.8	6.7	8.7	5.0	0.6	6	429
LT	6.8	6.9	7.0	8.0	9.1	8.0	8.8	9.7	9.8	9.6	8.1	6.2	6.0	5.5	7.0	0.2	-1.1	15	543
LU	8.0	7.8	7.5	7.4	7.3	7.1	7.1	7.1	7.3	8.2	7.8	7.3	7.1	7.0	6.6	-1.4	-0.5	18	931
HU	7.2	7.2	7.5	8.8	8.6	7.6	7.4	7.4	7.0	7.3	7.3	7.6	7.0	6.7	6.6	-0.5	-1.0	17	2 436
MT	11.9	12.0	12.8	15.4	14.9	13.1	12.1	10.9	10.9	9.3	9.8	10.0	10.9	10.2	9.8	-2.1	-3.3	4	195
NL	9.1	9.6	9.5	9.7	9.8	9.8	9.9	9.7	9.9	10.3	10.5	10.3	9.8	9.9	10.4	1.4	0.6	2	22 764
AT	5.2	5.0	5.4	5.2	5.3	5.6	5.8	6.1	6.3	6.3	6.2	6.0	5.8	5.6	5.7	0.5	0.1	24	6 658
PL	5.0	5.2	5.0	5.2	6.0	6.4	6.4	7.3	7.6	8.2	8.1	8.2	7.7	7.6	8.0	3.1	1.6	11	7 944
PT	11.5	11.4	10.7	11.2	10.5	8.5	9.3	9.7	9.5	9.8	9.4	8.9	8.6	7.8	8.1	-3.4	-0.4	10	4 203
RO	6.4	6.8	10.6	10.6	12.6	11.4	8.2	7.6	8.5	8.7	7.2	6.8	7.1	6.3	7.0	0.6	-4.4	14	2 214
SI	10.8	11.5	12.2	13.4	10.9	7.9	8.6	8.6	8.7	8.7	8.3	7.9	8.0	8.1	9.5	-1.3	1.6	5	1 261
SK	5.8	5.4	5.5	5.2	5.6	6.5	5.9	6.6	7.4	7.9	7.6	7.8	7.2	7.0	6.8	1.0	0.2	16	1 225
FI	6.4	6.6	7.2	7.2	7.5	6.6	6.6	6.8	7.2	7.4	7.0	6.9	6.4	6.3	6.2	-0.3	-0.5	20	4 553
SE	5.8	6.2	5.8	5.8	5.5	5.4	5.6	6.0	6.0	5.8	5.8	5.6	5.5	5.8	6.0	0.2	0.7	22	8 213
UK	8.3	8.5	8.3	8.6	8.5	8.1	7.6	7.8	7.7	7.4	7.0	6.5	6.8	6.4	7.4	-0.9	-0.7	12	40 603
NO	10.4	10.5	10.3	9.7	9.1	8.0	8.0	7.9	7.8	7.5	7.0	7.0	6.9	6.2	6.5	-3.9	-1.5		7 371
IS	8.5	8.8	8.7	9.7	9.4	8.8	7.6	6.6	7.0	7.0	6.9	6.0	5.9	4.8	4.6	-3.9	-4.2		135
EU-27 averages																			
weighted	7.0	6.9	6.8	6.9	7.0	6.8	6.7	6.8	6.9	6.8	6.6	6.4	6.2	6.0	6.3	-0.7	-0.4		
arithmetic	7.5	7.6	7.7	8.2	8.1	7.7	7.6	7.7	7.9	8.0	7.7	7.4	7.2	7.1	7.4	-0.1	-0.3		
EA-17 averages																			
weighted	6.8	6.7	6.5	6.5	6.6	6.4	6.4	6.5	6.6	6.5	6.4	6.1	5.8	5.7	6.0	-0.9	-0.4		
arithmetic	7.9	8.0	8.0	8.2	8.0	7.4	7.5	7.4	7.6	7.7	7.5	7.2	7.0	6.9	7.1	-0.8	-0.2		
Convergence indicators																			
St.dev/mean	32.2	31.1	30.1	31.5	29.4	25.3	22.4	21.1	22.0	22.0	21.5	23.7	24.9	26.0	22.4	-9.8	-3.0		
Max-min	9.2	8.3	8.2	10.2	9.6	8.1	7.1	6.4	6.3	6.7	6.6	7.6	7.2	7.4	5.8	-3.4	-2.2		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 69: Environmental taxes as % of GDP - Energy

																Difference ¹⁾		Ranking Revenue ²⁾	
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	1.5	1.6	1.6	1.6	1.5	1.4	1.4	1.4	1.4	1.5	1.5	1.4	1.3	1.2	1.3	-0.2	-0.2	26	4 323
BG	1.7	0.9	1.3	2.2	2.2	2.5	2.4	2.1	2.6	2.8	2.6	2.5	3.0	3.0	2.7	1.0	0.2	2	932
CZ	2.3	2.2	2.1	2.0	2.2	2.1	2.3	2.2	2.3	2.4	2.5	2.4	2.3	2.3	2.3	0.0	0.2	4	3 183
DK	2.1	2.3	2.2	2.4	2.6	2.5	2.7	2.6	2.6	2.5	2.3	2.2	2.1	2.1	2.2	0.1	-0.3	7	4 882
DE	1.9	1.8	1.8	1.7	1.9	2.0	2.1	2.2	2.3	2.2	2.1	2.0	1.9	1.8	1.9	0.0	-0.1	15	45 944
EE	0.5	1.0	1.2	1.6	1.4	1.2	1.6	1.5	1.5	1.8	1.9	1.8	1.8	2.0	2.5	2.0	1.3	3	353
IE	1.7	1.7	1.7	1.7	1.6	1.4	1.2	1.3	1.3	1.4	1.3	1.3	1.2	1.3	1.5	-0.3	0.0	23	2 341
EL	2.5	2.5	2.3	2.1	1.8	1.6	1.5	1.4	1.3	1.3	1.2	1.2	1.2	1.1	1.2	-1.3	-0.4	27	2 784
ES	1.8	1.8	1.7	1.9	1.8	1.7	1.7	1.7	1.6	1.6	1.5	1.4	1.4	1.3	1.3	-0.5	-0.4	25	14 014
FR	2.0	2.0	2.0	2.0	2.0	1.8	1.7	1.8	1.7	1.7	1.6	1.6	1.5	1.4	1.5	-0.5	-0.4	24	27 718
IT	3.1	3.0	3.0	2.9	2.9	2.6	2.4	2.3	2.4	2.2	2.2	2.2	2.0	1.9	2.1	-1.1	-0.5	9	31 756
CY	0.5	0.5	0.5	0.5	0.5	0.7	1.0	1.0	1.9	2.1	1.9	1.8	1.8	1.6	1.6	1.1	0.9	21	274
LV	1.0	1.5	1.8	2.7	2.0	1.8	1.6	1.8	2.0	2.1	2.2	2.0	1.7	1.7	2.0	1.0	0.2	11	377
LT	1.1	1.1	1.3	1.7	2.1	1.8	1.8	2.0	2.0	1.8	1.7	1.6	1.6	1.5	1.9	0.8	0.2	14	514
LU	2.8	2.8	2.8	2.8	2.7	2.7	2.7	2.6	2.7	2.9	2.8	2.5	2.4	2.3	2.3	-0.6	-0.4	6	858
HU	2.6	2.4	2.3	2.8	2.7	2.4	2.3	2.2	2.3	2.0	2.1	2.1	2.0	1.9	2.0	-0.6	-0.5	12	1 847
MT	0.9	0.8	1.3	1.6	1.6	1.4	1.5	1.4	1.3	1.3	1.3	1.3	1.8	1.5	1.5	0.6	0.1	22	87
NL	1.7	1.7	1.8	1.8	1.9	1.9	1.8	1.8	1.8	1.9	2.0	2.0	1.8	1.9	2.0	0.4	0.2	10	11 676
AT	1.4	1.4	1.7	1.6	1.6	1.6	1.7	1.7	1.8	1.9	1.8	1.6	1.6	1.6	1.6	0.2	0.0	19	4 456
PL	1.2	1.4	1.3	1.5	1.8	1.8	1.8	2.0	2.1	2.1	2.3	2.3	2.3	2.2	2.1	0.9	0.3	8	6 505
PT	2.5	2.5	2.3	2.4	2.1	1.6	1.8	2.1	2.2	2.1	2.0	2.0	2.0	1.9	1.9	-0.6	0.3	16	3 192
RO	1.4	1.4	2.3	2.5	3.7	3.2	1.9	1.7	2.0	2.1	1.8	1.7	1.7	1.4	1.6	0.2	-1.6	20	1 904
SI	3.1	3.3	3.5	3.9	3.3	2.4	2.7	2.7	2.6	2.6	2.5	2.3	2.3	2.4	3.0	-0.1	0.5	1	1 060
SK	2.1	1.9	1.8	1.7	1.8	2.0	1.7	1.9	2.2	2.2	2.1	2.0	1.8	1.8	1.7	-0.4	-0.3	18	1 073
FI	2.1	2.1	2.3	2.2	2.2	2.0	2.0	2.0	2.0	1.9	1.9	1.8	1.6	1.7	1.8	-0.3	-0.2	17	3 102
SE	2.4	2.7	2.6	2.6	2.5	2.3	2.4	2.4	2.5	2.4	2.4	2.3	2.2	2.2	2.3	-0.1	-0.1	5	6 635
UK	2.3	2.3	2.3	2.4	2.4	2.4	2.2	2.1	2.1	2.0	2.0	1.9	1.8	1.8	1.9	-0.4	-0.4	13	30 401
NO	2.2	2.1	2.1	2.0	2.0	1.7	1.7	1.7	1.6	1.5	1.4	1.3	1.3	1.2	1.3	-0.9	-0.4		3 558
IS	1.4	1.4	1.3	1.1	1.1	1.1	1.0	0.9	0.9	0.9	1.0	1.2	1.2	1.0	1.1	-0.2	0.0		100
EU-27 averages																			
weighted	2.1	2.1	2.1	2.1	2.2	2.1	2.0	2.0	2.0	2.0	1.9	1.9	1.8	1.7	1.8	-0.3	-0.3		
arithmetic	1.9	1.9	1.9	2.1	2.1	2.0	1.9	1.9	2.0	2.0	2.0	1.9	1.9	1.8	1.9	0.0	0.0		
EA-17 averages																			
weighted	2.1	2.1	2.1	2.0	2.1	2.0	1.9	1.9	2.0	1.9	1.9	1.8	1.7	1.7	1.7	-0.4	-0.3		
arithmetic	1.9	1.9	2.0	2.0	1.9	1.8	1.8	1.8	1.9	1.9	1.9	1.8	1.7	1.7	1.8	-0.1	0.0		
Convergence indicators																			
St.dev/mean	38.3	36.8	32.3	30.6	30.1	27.5	23.6	22.6	20.8	21.0	20.7	20.2	21.3	22.9	22.6	-15.7	-4.8		
Max-min	2.6	2.8	3.0	3.4	3.2	2.5	1.8	1.7	1.4	1.7	1.6	1.4	1.8	1.8	1.8	-0.8	-0.7		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 70: Environmental taxes as % of Total Taxation - Energy

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	3.5	3.6	3.5	3.4	3.3	3.2	3.1	3.0	3.1	3.3	3.3	3.1	3.0	2.8	2.9	-0.5	-0.2	27	4 323
BG	5.4	3.3	4.7	6.7	7.3	7.9	7.7	7.2	8.3	8.6	8.3	8.2	9.0	9.3	9.2	3.8	1.3	1	932
CZ	6.4	6.3	6.1	6.1	6.4	6.3	6.7	6.3	6.4	6.5	6.7	6.5	6.2	6.4	6.7	0.3	0.4	5	3 183
DK	4.4	4.6	4.4	4.9	5.2	5.1	5.5	5.4	5.4	5.1	4.6	4.5	4.4	4.4	4.6	0.2	-0.6	20	4 882
DE	4.9	4.5	4.3	4.2	4.6	4.9	5.3	5.5	5.8	5.6	5.3	5.1	4.7	4.7	4.8	-0.1	0.0	18	45 944
EE	1.5	3.0	3.5	4.7	4.2	4.0	5.3	4.8	5.0	5.9	6.3	5.9	5.7	6.1	7.1	5.6	3.1	4	353
IE	5.2	5.2	5.2	5.2	5.0	4.5	4.0	4.5	4.4	4.5	4.3	3.9	3.9	4.3	5.2	0.0	0.7	14	2 341
EL	8.5	8.4	7.4	6.4	5.5	4.6	4.6	4.1	4.1	4.0	3.9	3.7	3.8	3.6	3.9	-4.6	-0.6	24	2 784
ES	5.5	5.4	5.2	5.6	5.5	5.1	4.9	4.9	4.8	4.6	4.2	3.9	3.7	3.9	4.4	-1.1	-0.8	21	14 014
FR	4.7	4.6	4.5	4.5	4.4	4.1	3.8	4.1	4.0	3.9	3.7	3.6	3.4	3.3	3.5	-1.2	-0.6	26	27 718
IT	7.9	7.2	6.8	6.7	6.8	6.2	5.9	5.6	5.8	5.5	5.4	5.2	4.8	4.4	4.8	-3.0	-1.3	17	31 756
CY	2.0	2.1	1.9	1.9	2.0	2.3	3.1	3.2	5.8	6.2	5.4	5.0	4.3	4.0	4.6	2.6	2.3	19	274
LV	3.1	5.0	5.6	7.9	6.4	6.2	5.8	6.2	6.9	7.4	7.7	6.5	5.6	5.7	7.6	4.6	1.4	3	377
LT	4.0	4.1	4.1	5.4	6.8	5.8	6.4	7.1	7.1	6.5	6.1	5.6	5.4	5.1	6.6	2.6	0.8	6	514
LU	7.6	7.4	7.2	7.1	7.0	6.8	6.8	6.7	7.0	7.9	7.6	7.0	6.6	6.6	6.1	-1.5	-0.7	9	858
HU	6.4	6.0	6.2	7.4	7.2	6.3	6.0	5.9	6.1	5.5	5.5	5.6	5.0	4.9	5.0	-1.4	-1.2	15	1 847
MT	3.2	3.2	4.6	6.2	5.8	4.9	5.0	4.3	4.1	3.8	3.8	3.9	5.2	4.4	4.3	1.2	-0.6	22	87
NL	4.2	4.3	4.6	4.6	4.6	4.6	4.7	4.8	4.9	5.1	5.3	5.2	4.7	4.9	5.3	1.2	0.7	13	11 676
AT	3.4	3.4	3.8	3.5	3.6	3.7	3.8	4.0	4.1	4.3	4.2	3.9	3.9	3.8	3.8	0.4	0.1	25	4 456
PL	3.3	3.7	3.6	4.1	5.1	5.4	5.5	6.1	6.5	6.7	6.9	6.7	6.6	6.4	6.6	3.3	1.2	7	6 505
PT	8.6	8.2	7.6	7.8	6.9	5.0	5.8	6.6	6.8	6.9	6.5	6.2	6.0	5.7	6.1	-2.4	1.1	8	3 192
RO	5.1	5.4	8.8	8.8	12.0	10.7	6.7	6.2	7.3	7.9	6.6	6.0	5.8	5.0	6.0	0.9	-4.7	10	1 904
SI	8.0	8.7	9.4	10.4	8.5	6.5	7.3	7.1	6.7	6.7	6.4	6.1	6.2	6.3	8.0	0.0	1.4	2	1 060
SK	5.2	4.8	4.9	4.6	5.0	5.8	5.2	5.7	6.5	7.1	6.8	6.8	6.3	6.1	5.9	0.7	0.1	11	1 073
FI	4.7	4.5	5.0	4.7	4.8	4.2	4.4	4.4	4.5	4.5	4.2	4.1	3.8	4.0	4.2	-0.5	0.0	23	3 102
SE	5.0	5.4	5.0	5.1	4.8	4.5	4.8	5.1	5.2	5.0	4.9	4.7	4.6	4.6	4.9	-0.2	0.3	16	6 635
UK	6.6	6.7	6.6	6.7	6.7	6.4	6.1	6.2	6.0	5.8	5.4	5.1	5.1	4.8	5.6	-1.1	-0.9	12	30 401
NO	5.3	5.0	5.0	4.8	4.6	4.1	4.0	3.9	3.9	3.4	3.2	3.0	3.0	2.8	3.2	-2.2	-1.0		3 558
IS	4.1	4.0	3.7	3.3	3.1	3.0	2.7	2.6	2.4	2.4	2.5	3.0	2.9	2.7	3.4	-0.7	0.4		100
EU-27 averages																			
weighted	5.4	5.3	5.2	5.2	5.3	5.1	5.1	5.2	5.2	5.1	4.9	4.7	4.5	4.4	4.7	-0.7	-0.4		
arithmetic	5.1	5.1	5.4	5.7	5.8	5.4	5.3	5.4	5.7	5.7	5.5	5.3	5.1	5.0	5.5	0.4	0.1		
EA-17 averages																			
weighted	5.3	5.1	5.0	4.9	5.0	4.8	4.8	4.9	5.0	4.9	4.7	4.5	4.2	4.2	4.4	-0.9	-0.4		
arithmetic	5.2	5.2	5.3	5.4	5.1	4.7	4.9	4.9	5.1	5.3	5.1	4.9	4.7	4.7	5.0	-0.2	0.3		
Convergence indicators																			
St.dev/mean	37.1	34.0	32.0	31.6	33.1	30.0	22.3	21.9	22.4	24.3	24.4	24.0	25.1	26.4	26.7	-10.4	-3.3		
Max-min	7.0	6.7	7.5	8.5	10.0	8.3	4.6	4.2	5.2	5.3	5.1	5.1	5.9	6.4	6.3	-0.8	-2.1		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 71: Energy taxes as % of GDP - Transport fuel taxes

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Difference ¹⁾		Ranking
																1995 to 2009	2000 to 2009	2009
BE	1.4	1.5	1.5	1.5	1.4	1.4	1.3	1.3	1.3	1.3	1.3	1.2	1.2	1.1	1.1	-0.3	-0.3	26
BG	:	:	:	:	:	:	:	:	:	:	:	:	2.7	2.9	2.6	n.a.	n.a.	2
CZ	:	:	:	:	:	:	:	:	:	2.3	2.3	2.2	2.2	2.1	2.2	n.a.	n.a.	3
DK	:	:	:	:	:	:	1.2	1.2	1.2	1.2	1.1	1.0	1.0	1.0	1.1	n.a.	n.a.	23
DE	:	:	:	:	:	:	:	:	1.8	1.7	1.6	1.5	1.4	1.4	1.5	n.a.	n.a.	14
EE	:	:	:	:	:	1.1	1.5	1.4	1.4	1.7	1.8	1.7	1.8	1.7	2.2	n.a.	1.1	5
IE	:	:	:	:	:	:	:	:	1.1	1.2	1.2	1.2	1.1	1.2	1.3	n.a.	n.a.	19
EL	:	:	:	:	:	:	:	:	1.2	1.2	1.1	1.1	1.1	1.1	1.0	n.a.	n.a.	27
ES	:	:	:	:	1.6	1.5	1.4	1.5	1.4	1.4	1.3	1.2	1.2	1.1	1.1	n.a.	-0.4	25
FR	:	:	:	:	:	:	:	:	1.4	1.4	1.3	1.3	1.2	1.2	1.1	n.a.	n.a.	24
IT	:	:	:	:	:	:	:	:	1.8	1.7	1.6	1.6	1.5	1.5	1.5	n.a.	n.a.	13
CY	:	:	:	:	:	:	:	:	:	1.5	1.6	1.4	1.3	1.3	1.4	n.a.	n.a.	18
LV	:	:	:	:	:	:	:	:	:	:	2.2	2.0	1.8	1.8	2.0	n.a.	n.a.	6
LT	:	:	:	:	:	:	:	:	:	1.7	1.6	1.6	1.6	1.5	1.9	n.a.	n.a.	7
LU	:	:	:	:	:	:	:	:	2.6	2.9	2.8	2.5	2.3	2.3	2.2	n.a.	n.a.	4
HU	:	:	:	:	:	:	:	:	:	1.8	1.8	1.9	1.8	1.8	1.8	n.a.	n.a.	9
MT	:	:	:	:	:	:	:	:	:	1.2	1.3	1.3	1.7	1.4	1.4	n.a.	n.a.	15
NL	:	:	:	:	:	1.3	1.2	1.3	1.3	1.3	1.3	1.3	1.3	1.2	1.3	n.a.	0.0	20
AT	:	:	:	1.3	1.3	1.2	1.3	1.3	1.4	1.4	1.4	1.3	1.3	1.3	1.3	n.a.	0.1	21
PL	:	:	:	:	:	:	:	:	:	1.7	1.8	1.9	2.0	1.8	1.8	n.a.	n.a.	8
PT	:	:	:	:	:	:	:	:	1.9	2.0	1.8	1.9	1.8	1.7	1.8	n.a.	n.a.	10
RO	:	:	:	:	:	:	:	:	:	:	:	:	1.3	1.1	1.4	n.a.	n.a.	17
SI	:	:	:	:	:	1.8	2.2	2.2	2.2	2.2	2.1	2.1	2.1	2.2	2.8	n.a.	1.0	1
SK	:	:	:	:	:	:	:	:	:	:	2.1	1.9	1.8	1.7	1.6	n.a.	n.a.	12
FI	:	:	:	:	:	:	:	1.5	1.5	1.5	1.4	1.4	1.3	1.3	1.4	n.a.	n.a.	16
SE	:	:	:	:	:	:	:	1.4	1.4	1.3	1.4	1.3	1.2	1.2	1.3	n.a.	n.a.	22
UK	:	:	:	:	2.2	2.1	1.9	1.9	1.8	1.8	1.7	1.6	1.6	1.6	1.7	n.a.	-0.4	11
NO	:	:	:	:	:	:	:	:	:	0.9	0.8	0.8	0.7	0.7	0.9	n.a.	n.a.	
IS	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	n.a.	n.a.	
EU-27 averages																		
weighted	1.4	1.5	1.5	1.4	1.9	1.8	1.6	1.6	1.6	1.6	1.5	1.5	1.4	1.4	1.4	0.0	-0.3	
arithmetic	1.4	1.5	1.5	1.4	1.6	1.5	1.5	1.5	1.6	1.6	1.6	1.6	1.6	1.5	1.6	0.2	0.1	
EA-17 averages																		
weighted	1.4	1.5	1.5	1.4	1.5	1.4	1.3	1.4	1.6	1.5	1.5	1.4	1.4	1.3	1.3	-0.1	-0.1	
arithmetic	1.4	1.5	1.5	1.4	1.4	1.4	1.5	1.5	1.6	1.6	1.6	1.5	1.5	1.5	1.5	0.1	0.1	
Convergence indicators																		
St.dev/mean	0.0	0.0	0.0	10.6	24.5	23.5	24.3	21.5	24.9	25.2	25.7	24.8	26.8	28.1	28.6	28.6	5.1	
Max-min	0.0	0.0	0.0	0.2	0.9	1.0	1.0	1.0	1.5	1.7	1.7	1.5	1.7	1.8	1.8	1.8	0.8	

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 72: Energy taxes as % of Total Taxation - Transport fuel taxes

																Difference ¹⁾		Ranking
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009
BE	3.2	3.3	3.3	3.2	3.1	3.0	2.9	2.9	2.9	3.0	2.9	2.7	2.7	2.5	2.5	-0.8	-0.5	26
BG	:	:	:	:	:	:	:	:	:	:	:	:	8.2	8.8	9.0	n.a.	n.a.	1
CZ	:	:	:	:	:	:	:	:	:	6.0	6.3	6.1	5.8	5.8	6.5	n.a.	n.a.	4
DK	:	:	:	:	:	:	2.4	2.5	2.5	2.4	2.1	2.1	2.1	2.1	2.4	n.a.	n.a.	27
DE	:	:	:	:	:	:	:	:	4.4	4.3	4.1	3.9	3.7	3.7	3.7	n.a.	n.a.	18
EE	:	:	:	:	:	3.7	4.9	4.5	4.6	5.6	6.0	5.6	5.5	5.3	6.1	n.a.	2.4	6
IE	:	:	:	:	:	:	:	:	3.9	4.1	3.9	3.6	3.6	3.9	4.7	n.a.	n.a.	13
EL	:	:	:	:	:	:	:	:	3.8	3.7	3.5	3.4	3.5	3.5	3.3	n.a.	n.a.	21
ES	:	:	:	:	4.8	4.5	4.3	4.3	4.2	4.0	3.7	3.4	3.2	3.3	3.7	n.a.	-0.8	17
FR	:	:	:	:	:	:	:	:	3.3	3.3	3.0	2.9	2.8	2.7	2.7	n.a.	n.a.	25
IT	:	:	:	:	:	:	:	:	4.3	4.1	4.0	3.8	3.5	3.5	3.5	n.a.	n.a.	19
CY	:	:	:	:	:	:	:	:	4.5	4.5	3.9	3.2	3.4	3.9		n.a.	n.a.	16
LV	:	:	:	:	:	:	:	:	:	7.7	6.5	6.0	6.1	7.6		n.a.	n.a.	2
LT	:	:	:	:	:	:	:	:	6.2	5.7	5.3	5.3	5.0	6.4		n.a.	n.a.	5
LU	:	:	:	:	:	:	:	:	6.8	7.7	7.4	6.9	6.5	6.4	6.0	n.a.	n.a.	7
HU	:	:	:	:	:	:	:	:	4.8	4.9	5.2	4.5	4.4	4.6		n.a.	n.a.	14
MT	:	:	:	:	:	:	:	:	3.8	3.7	3.7	4.9	4.1	4.2		n.a.	n.a.	15
NL	:	:	:	:	:	3.2	3.1	3.3	3.4	3.6	3.4	3.3	3.2	3.2	3.5	n.a.	0.2	20
AT	:	:	:	2.8	2.9	2.8	2.8	3.0	3.2	3.3	3.2	3.1	3.0	3.0	3.1	n.a.	0.2	23
PL	:	:	:	:	:	:	:	:	:	5.3	5.6	5.5	5.6	5.4	5.7	n.a.	n.a.	9
PT	:	:	:	:	:	:	:	:	5.9	6.4	5.8	5.8	5.6	5.3	5.8	n.a.	n.a.	8
RO	:	:	:	:	:	:	:	:	:	:	:	:	4.6	4.0	5.2	n.a.	n.a.	11
SI	:	:	:	:	:	4.8	5.7	5.9	5.7	5.8	5.5	5.5	5.7	5.8	7.4	n.a.	2.6	3
SK	:	:	:	:	:	:	:	:	:	6.6	6.6	6.0	5.9	5.6		n.a.	n.a.	10
FI	:	:	:	:	:	:	:	3.3	3.5	3.4	3.3	3.2	3.0	3.1	3.3	n.a.	n.a.	22
SE	:	:	:	:	:	:	:	3.0	2.9	2.8	2.8	2.6	2.6	2.7	2.8	n.a.	n.a.	24
UK	:	:	:	:	6.0	5.8	5.3	5.4	5.2	5.1	4.7	4.4	4.4	4.2	4.9	n.a.	-0.9	12
NO	:	:	:	:	:	:	:	:	:	2.2	1.9	1.8	1.7	1.7	2.1	n.a.	n.a.	
IS	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	n.a.	n.a.	
EU-27 averages																		
weighted	3.2	3.3	3.3	3.1	5.1	4.7	4.3	4.2	4.1	4.0	3.8	3.7	3.6	3.5	3.7	0.5	-1.0	
arithmetic	3.2	3.3	3.3	3.0	4.2	4.0	3.9	3.8	4.1	4.5	4.6	4.4	4.4	4.3	4.7	1.5	0.8	
EA-17 averages																		
weighted	3.2	3.3	3.3	3.1	3.9	3.6	3.5	3.6	4.0	3.9	3.7	3.5	3.4	3.3	3.4	0.2	-0.2	
arithmetic	3.2	3.3	3.3	3.0	3.6	3.7	4.0	3.9	4.3	4.4	4.4	4.2	4.1	4.0	4.3	1.1	0.6	
Convergence indicators																		
St.dev/mean	0.0	0.0	0.0	8.8	35.2	27.3	32.5	30.1	29.0	30.0	32.9	32.3	33.9	35.1	36.4	36.4	9.1	
Max-min	0.0	0.0	0.0	0.4	3.1	2.9	3.3	3.4	4.4	5.4	5.5	4.9	6.1	6.7	6.6	6.6	3.7	

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 73: Environmental taxes as % of GDP - Transport (excl. fuel)

																Difference ¹⁾		Ranking Revenue ²⁾	
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	0.6	0.7	0.7	0.7	0.7	0.6	0.7	0.7	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.0	0.0	9	2 046
BG	0.2	0.1	0.0	0.1	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.1	0.1	18	101
CZ	0.4	0.4	0.3	0.3	0.4	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.1	-0.3	-0.2	25	188
DK	2.1	2.1	2.1	2.3	2.2	1.8	1.7	1.9	1.8	2.0	2.2	2.3	2.2	1.8	1.5	-0.6	-0.3	2	3 350
DE	0.4	0.4	0.4	0.4	0.4	0.3	0.4	0.4	0.3	0.4	0.4	0.4	0.4	0.4	0.3	0.0	0.0	17	8 200
EE	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.1	0.1	0.1	0.1	0.0	0.0	-0.2	-0.2	26	6
IE	1.3	1.4	1.3	1.3	1.4	1.4	1.1	1.1	1.1	1.1	1.2	1.2	1.3	1.2	0.9	-0.4	-0.5	5	1 438
EL	0.6	0.6	0.8	0.8	0.9	0.8	1.0	0.9	0.8	0.9	0.9	0.8	0.8	0.8	0.8	0.1	0.0	7	1 827
ES	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.3	0.3	-0.1	-0.1	19	3 006
FR	0.6	0.7	0.6	0.6	0.6	0.5	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.6	-0.1	0.0	12	10 576
IT	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.1	0.0	14	7 617
CY	2.3	2.3	2.0	2.0	1.9	2.0	2.0	1.9	1.8	1.9	1.6	1.5	1.6	1.6	1.3	-1.0	-0.7	3	216
LV	0.0	0.0	0.0	0.1	0.2	0.3	0.3	0.3	0.4	0.4	0.3	0.3	0.3	0.2	0.2	0.2	-0.1	22	41
LT	0.7	0.7	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.8	0.5	0.1	0.1	0.0	0.0	-0.7	-0.6	27	12
LU	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.1	0.1	24	73
HU	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.2	0.5	0.5	0.6	0.6	0.6	0.5	0.3	0.1	15	432
MT	2.3	2.2	2.3	2.3	2.5	2.3	2.1	2.0	2.1	1.8	1.8	1.8	1.7	1.7	1.6	-0.7	-0.7	1	94
NL	1.3	1.5	1.3	1.4	1.5	1.4	1.3	1.2	1.2	1.3	1.3	1.4	1.4	1.3	1.2	-0.1	-0.2	4	7 024
AT	0.7	0.7	0.7	0.7	0.7	0.8	0.9	0.9	0.9	0.8	0.8	0.8	0.8	0.7	0.8	0.1	0.0	8	2 135
PL	0.2	0.2	0.3	0.1	0.1	0.2	0.2	0.2	0.2	0.3	0.3	0.2	0.2	0.3	0.2	0.0	0.0	21	706
PT	0.9	0.9	0.9	1.0	1.1	1.1	1.1	1.0	0.9	0.9	0.9	0.9	0.9	0.7	0.6	-0.3	-0.5	10	1 010
RO	0.0	0.0	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.3	0.4	0.3	0.3	0.2	20	302
SI	1.0	1.0	1.0	1.1	0.9	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.4	0.4	-0.6	0.0	16	147
SK	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.0	23	125
FI	0.8	1.0	1.0	1.1	1.2	1.1	1.0	1.0	1.2	1.2	1.2	1.1	1.0	0.9	0.8	0.0	-0.3	6	1 359
SE	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.5	0.5	0.2	0.2	13	1 542
UK	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.0	0.0	11	8 925
NO	1.4	1.5	1.4	1.5	1.4	1.2	1.3	1.4	1.4	1.5	1.4	1.4	1.4	1.2	1.2	-0.2	-0.1		3 155
IS	1.2	1.4	1.5	1.8	1.9	1.7	1.3	1.2	1.4	1.5	1.5	1.0	1.0	0.6	0.2	-1.0	-1.5		17
EU-27 averages																			
weighted	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.5	0.5	0.0	0.0		
arithmetic	0.7	0.7	0.7	0.7	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.6	0.6	-0.1	-0.1		
EA-17 averages																			
weighted	0.5	0.6	0.5	0.6	0.6	0.6	0.6	0.5	0.5	0.6	0.6	0.6	0.6	0.5	0.5	0.0	0.0		
arithmetic	0.8	0.9	0.8	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.7	0.7	0.7	-0.2	-0.2		
Convergence indicators																			
St.dev/mean	93.6	90.3	89.0	89.1	86.0	84.8	82.9	81.3	84.5	80.6	82.0	85.1	81.0	79.1	75.3	-18.3	-9.5		
Max-min	2.3	2.3	2.2	2.3	2.3	2.2	2.1	1.9	2.1	1.9	2.1	2.2	2.2	1.8	1.6	-0.8	-0.7		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 74: Environmental taxes as % of Total Taxation - Transport (excl. fuel)

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	1.3	1.5	1.5	1.4	1.6	1.4	1.5	1.5	1.5	1.4	1.5	1.4	1.4	1.3	1.4	0.1	0.0	11	2 046
BG	0.5	0.4	0.1	0.3	0.5	0.5	0.5	0.6	0.7	0.6	0.8	0.9	0.9	1.0	1.0	0.5	0.5	17	101
CZ	1.1	1.1	0.8	0.9	1.0	1.0	0.9	0.9	0.8	0.5	0.5	0.4	0.4	0.4	0.4	-0.7	-0.6	25	188
DK	4.3	4.3	4.4	4.6	4.3	3.7	3.5	3.9	3.7	4.1	4.3	4.6	4.5	3.8	3.1	-1.1	-0.6	5	3 350
DE	1.0	0.9	0.9	1.0	0.8	0.8	1.0	0.9	0.9	0.9	1.0	1.0	0.9	0.9	0.9	-0.1	0.0	20	8 200
EE	0.8	0.9	0.7	0.6	0.6	0.7	0.7	0.6	0.1	0.2	0.2	0.2	0.2	0.1	0.1	-0.7	-0.5	27	6
IE	3.9	4.1	4.0	4.1	4.3	4.5	3.9	3.7	3.7	3.8	3.9	3.8	4.0	4.1	3.2	-0.7	-1.3	4	1 438
EL	2.2	2.0	2.6	2.6	2.8	2.2	3.0	2.7	2.6	2.8	2.7	2.6	2.6	2.5	2.6	0.4	0.4	6	1 827
ES	1.2	1.2	1.1	1.3	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.1	1.0	0.9	-0.3	-0.3	19	3 006
FR	1.5	1.5	1.4	1.4	1.4	1.2	1.0	1.0	1.1	1.2	1.2	1.2	1.2	1.3	1.3	-0.1	0.2	12	10 576
IT	1.0	0.8	0.8	0.9	1.1	1.1	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	0.2	0.0	14	7 617
CY	8.7	8.6	7.8	7.2	6.9	6.6	6.5	6.3	5.5	5.7	4.5	4.0	3.9	4.0	3.6	-5.1	-2.9	2	216
LV	0.0	0.0	0.1	0.3	0.5	1.1	1.1	1.2	1.3	1.2	1.1	1.0	0.9	0.8	0.8	0.8	-0.3	21	41
LT	2.7	2.6	2.7	2.4	2.2	2.2	2.3	2.6	2.6	2.8	1.7	0.3	0.4	0.1	0.1	-2.5	-2.1	26	12
LU	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.5	0.5	0.5	0.1	0.2	24	73
HU	0.4	0.8	0.8	0.8	1.0	1.0	1.0	1.1	0.4	1.3	1.4	1.6	1.6	1.4	1.2	0.8	0.2	13	432
MT	8.7	8.8	8.2	9.1	9.0	8.1	7.1	6.3	6.8	5.4	5.3	5.4	4.8	4.9	4.7	-4.0	-3.4	1	94
NL	3.3	3.7	3.2	3.5	3.6	3.5	3.4	3.2	3.3	3.4	3.5	3.5	3.5	3.3	3.2	-0.1	-0.3	3	7 024
AT	1.7	1.6	1.6	1.6	1.6	1.9	1.9	2.0	2.1	1.9	2.0	2.0	1.8	1.8	1.8	0.1	0.0	9	2 135
PL	0.5	0.6	0.7	0.3	0.4	0.6	0.5	0.7	0.7	1.1	0.9	0.7	0.7	0.7	0.7	0.2	0.2	22	706
PT	2.9	3.1	3.1	3.4	3.6	3.4	3.4	3.1	2.7	3.0	2.9	2.7	2.6	2.1	1.9	-1.0	-1.5	7	1 010
RO	0.0	0.0	0.3	0.2	0.4	0.2	0.2	0.3	0.2	0.2	0.2	0.5	1.2	1.3	1.0	1.0	0.8	18	302
SI	2.6	2.7	2.6	2.9	2.3	1.2	1.2	1.1	1.2	1.3	1.3	1.2	1.3	1.3	1.1	-1.5	-0.1	16	147
SK	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.1	0.0	23	125
FI	1.7	2.0	2.1	2.3	2.5	2.3	2.2	2.3	2.6	2.9	2.6	2.6	2.4	2.1	1.8	0.2	-0.5	8	1 359
SE	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.9	1.1	1.1	0.5	0.5	15	1 542
UK	1.7	1.7	1.7	1.7	1.7	1.6	1.4	1.4	1.4	1.4	1.3	1.3	1.5	1.4	1.6	-0.1	0.1	10	8 925
NO	3.3	3.6	3.4	3.6	3.2	2.9	2.9	3.3	3.3	3.5	3.3	3.3	3.2	2.7	2.8	-0.5	-0.1		3 155
IS	3.7	4.2	4.4	5.3	5.2	4.7	3.7	3.4	3.9	4.0	3.8	2.4	2.4	1.5	0.6	-3.1	-4.1		17
EU-27 averages																			
weighted	1.4	1.4	1.4	1.5	1.5	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	0.0	0.0		
arithmetic	2.0	2.1	2.0	2.1	2.1	2.0	1.9	1.9	1.9	1.9	1.8	1.7	1.7	1.7	1.6	-0.5	-0.4		
EA-17 averages																			
weighted	1.4	1.4	1.3	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.3	0.0	0.0		
arithmetic	2.6	2.6	2.5	2.6	2.6	2.4	2.4	2.2	2.2	2.2	2.1	2.1	2.0	1.9	1.8	-0.7	-0.6		
Convergence indicators																			
St.dev/mean	109.2	106.9	103.1	103.0	98.6	96.2	90.4	85.4	88.3	80.5	78.5	81.5	76.5	77.3	73.7	-35.5	-22.5		
Max-min	8.7	8.8	8.2	9.0	8.7	7.9	6.8	6.1	6.7	5.5	5.0	5.2	4.7	4.8	4.6	-4.1	-3.3		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 75: Environmental taxes as % of GDP - Pollution/Resources

																Difference ¹⁾		Ranking Revenue ²⁾		
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009	
BE	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.0	0.0	8	505	
BG	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	11	28	
CZ	0.2	0.2	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	-0.1	16	47
DK	0.3	0.5	0.5	0.6	0.6	0.9	0.9	0.9	0.9	1.1	1.4	1.7	1.5	1.8	1.1		0.7	0.2	1	2430
DE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	23	20
EE	0.1	0.1	0.1	0.1	0.1	0.2	0.3	0.3	0.3	0.2	0.3	0.3	0.3	0.3	0.4	0.3	0.1	3	54	
IE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	22	2
EL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	25	0
ES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	19	143
FR	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	9	1 633
IT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	17	492
CY	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	25	0
LV	0.2	0.2	0.4	0.3	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	-0.1	-0.2	13	11
LT	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	12	18
LU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	25	0
HU	0.1	0.2	0.2	0.2	0.1	0.2	0.1	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.2	0.2	0.0	0.0	6	157
MT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.2	0.2	0.3	0.3	0.2	0.2	0.2	0.2	4	14
NL	0.6	0.6	0.7	0.6	0.6	0.7	0.7	0.6	0.6	0.6	0.6	0.7	0.6	0.7	0.7	0.7	0.1	0.1	2	4 064
AT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18	67
PL	0.4	0.3	0.3	0.3	0.2	0.2	0.1	0.2	0.1	0.1	0.1	0.3	0.2	0.2	0.2	0.2	-0.2	0.1	5	733
PT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	24	1
RO	0.4	0.4	0.4	0.5	0.0	0.1	0.4	0.3	0.3	0.2	0.1	0.1	0.0	0.0	0.0	0.0	-0.3	-0.1	21	7
SI	0.1	0.0	0.0	0.0	0.0	0.1	0.1	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	7	54
SK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	15	28
FI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	14	92
SE	0.0	0.1	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	20	36
UK	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	10	1 278
NO	0.7	0.8	0.8	0.6	0.5	0.5	0.4	0.3	0.3	0.3	0.2	0.3	0.3	0.3	0.2	0.2	-0.5	-0.2		658
IS	0.2	0.2	0.2	0.4	0.4	0.4	0.4	0.2	0.2	0.3	0.2	0.3	0.2	0.2	0.2	0.2	0.0	-0.2		18
EU-27 averages																				
weighted	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0		
arithmetic	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.1	0.1	0.0	0.0		
EA-17 averages																				
weighted	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0		
arithmetic	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0		
Convergence indicators																				
St.dev/mean	146.0	142.1	138.2	145.8	164.8	173.4	165.6	148.2	145.9	165.3	184.6	198.2	198.2	215.3	176.7	30.7	3.3			
Max-min	0.6	0.6	0.7	0.6	0.6	0.9	0.9	0.9	0.9	1.1	1.4	1.7	1.5	1.8	1.1	0.5	0.2			

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 76: Environmental taxes as % of Total Taxation - Pollution/Resources

																Difference ¹⁾		Ranking	Revenue ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009	2009
BE	0.4	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.5	0.5	0.4	0.3	0.3	0.3	0.0	-0.1	8	505
BG	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.5	0.6	0.5	0.4	0.2	0.4	0.3	0.3	0.3	9	28
CZ	0.6	0.5	0.4	0.3	0.2	0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	-0.5	-0.2	16	47
DK	0.7	0.9	1.1	1.2	1.3	1.9	1.8	1.8	1.8	2.2	2.8	3.4	3.1	3.6	2.3	1.6	0.4	1	2 430
DE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	23	20
EE	0.4	0.4	0.4	0.4	0.4	0.8	1.0	0.9	1.0	0.8	0.9	1.1	1.1	1.1	1.1	0.7	0.3	3	54
IE	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	22	2
EL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	25	0
ES	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	19	143
FR	0.3	0.3	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	-0.1	-0.1	13	1 633
IT	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	17	492
CY	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	25	0
LV	0.6	0.5	1.1	0.8	0.8	0.7	0.7	0.7	0.6	0.4	0.4	0.3	0.2	0.2	0.2	-0.4	-0.5	12	11
LT	0.1	0.2	0.2	0.1	0.2	0.0	0.0	0.0	0.1	0.3	0.3	0.2	0.2	0.2	0.2	0.1	0.2	11	18
LU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	25	0
HU	0.3	0.5	0.5	0.6	0.4	0.4	0.4	0.4	0.5	0.5	0.3	0.4	0.4	0.4	0.4	0.1	0.0	6	157
MT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.1	0.7	0.7	0.9	0.9	0.7	0.7	0.7	5	14
NL	1.6	1.6	1.6	1.6	1.6	1.6	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.9	0.3	0.2	2	4 064
AT	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	18	67
PL	1.1	0.8	0.7	0.7	0.5	0.5	0.4	0.5	0.4	0.4	0.3	0.8	0.5	0.5	0.7	-0.4	0.3	4	733
PT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	24	1
RO	1.3	1.4	1.6	1.6	0.1	0.5	1.3	1.2	1.0	0.6	0.4	0.3	0.1	0.0	0.0	-1.3	-0.5	21	7
SI	0.2	0.1	0.1	0.1	0.1	0.2	0.2	0.4	0.7	0.6	0.6	0.5	0.5	0.4	0.4	0.2	0.2	7	54
SK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.2	0.2	0.3	0.3	0.2	0.2	0.2	0.2	14	28
FI	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.1	0.1	0.1	0.0	15	92
SE	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	-0.1	-0.1	20	36
UK	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	10	1 278
NO	1.8	1.9	1.9	1.3	1.3	1.1	1.0	0.8	0.7	0.6	0.5	0.7	0.6	0.7	0.6	-1.2	-0.5		658
IS	0.7	0.7	0.7	1.1	1.1	1.1	1.2	0.5	0.7	0.7	0.6	0.6	0.5	0.5	0.6	-0.1	-0.5		18
EU-27 averages																			
weighted	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.1	0.0		
arithmetic	0.3	0.3	0.4	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.1	0.1		
EA-17 averages																			
weighted	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.0		
arithmetic	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.1	0.1		
Convergence indicators																			
St.dev/mean	147.0	141.7	140.1	146.4	153.6	156.1	154.5	134.6	133.1	142.3	154.1	166.2	172.0	187.3	157.7	10.7	1.6		
Max-min	1.6	1.6	1.6	1.6	1.6	1.9	1.8	1.8	1.8	2.2	2.8	3.4	3.1	3.6	2.3	0.7	0.4		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 77: Implicit tax rates in % - Consumption

																Difference ¹⁾		Ranking
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009
BE	20.5	21.1	21.3	21.1	22.1	21.8	20.9	21.4	21.4	22.1	22.3	22.4	22.0	21.2	20.9	0.5	-0.8	13
BG	17.3	14.5	13.9	19.8	17.4	18.5	17.7	16.6	19.5	22.0	22.8	23.6	22.9	24.9	21.4	4.1	2.9	12
CZ	22.1	21.2	19.4	18.6	19.7	19.4	18.9	19.3	19.6	21.8	22.2	21.2	22.0	21.1	21.6	-0.5	2.2	11
DK	30.5	31.6	31.9	32.7	33.7	33.4	33.5	33.7	33.3	33.3	33.9	34.2	33.9	32.6	31.5	1.0	-1.9	1
DE	18.8	18.3	18.1	18.3	19.0	18.9	18.5	18.5	18.6	18.2	18.1	18.2	19.7	19.7	19.8	1.0	0.9	14
EE	20.3	19.2	20.5	18.7	17.8	19.5	19.6	19.9	19.8	19.6	21.9	22.7	23.7	21.1	27.6	7.2	8.1	4
IE	24.8	24.6	25.1	25.3	25.6	25.5	23.7	24.5	24.4	25.5	26.1	26.3	25.1	23.3	21.6	-3.2	-3.9	10
EL	:	:	:	:	:	16.5	16.7	16.1	15.5	15.3	14.8	15.1	15.5	14.8	14.0	-	-2.4	26
ES	14.2	14.4	14.6	15.3	15.9	15.7	15.2	15.4	15.8	16.0	16.3	16.3	15.9	14.1	12.3	-1.9	-3.4	27
FR	21.5	22.1	22.2	22.0	22.1	20.9	20.3	20.3	20.0	20.1	20.1	19.9	19.5	19.1	18.5	-3.0	-2.3	17
IT	17.4	17.1	17.3	17.8	18.0	17.9	17.3	17.1	16.6	16.8	16.7	17.3	17.2	16.5	16.3	-1.2	-1.7	24
CY	12.6	12.3	11.3	11.5	11.3	12.7	14.3	15.4	18.9	20.0	20.0	20.4	21.0	20.8	17.9	5.3	5.2	18
LV	19.4	17.9	18.9	21.1	19.4	18.7	17.5	17.4	18.6	18.3	20.1	20.0	19.6	17.4	16.9	-2.5	-1.7	20
LT	17.7	16.4	20.4	20.7	19.2	17.9	17.5	17.9	17.0	16.1	16.6	16.7	17.9	17.6	16.5	-1.2	-1.4	23
LU	21.0	20.8	21.5	21.5	22.4	23.0	22.6	22.6	23.8	25.4	26.3	26.4	27.1	27.3	27.3	6.3	4.3	5
HU	29.6	28.6	26.4	26.8	27.1	27.5	25.6	25.3	26.0	27.4	26.3	25.6	27.0	26.6	28.2	-1.4	0.7	2
MT	14.8	14.0	14.8	13.8	14.8	15.9	16.5	18.1	16.5	17.3	19.2	19.5	19.8	19.3	19.5	4.6	3.6	15
NL	23.3	23.4	23.6	23.5	23.9	23.8	24.4	23.9	24.2	24.8	25.0	26.5	26.7	26.9	26.2	2.9	2.4	6
AT	20.5	21.1	22.1	22.3	22.8	22.1	22.1	22.5	22.2	22.1	21.7	21.3	21.6	21.6	21.7	1.2	-0.4	9
PL	20.7	20.7	19.7	18.9	19.5	17.8	17.2	17.9	18.3	18.4	19.7	20.4	21.4	21.1	19.0	-1.8	1.2	16
PT	18.1	18.6	18.3	19.0	19.0	18.2	18.2	18.7	18.8	18.7	19.6	19.9	19.0	18.0	16.2	-2.0	-2.0	25
RO	:	11.7	12.4	14.2	16.3	17.0	15.6	16.2	17.7	16.4	17.9	17.8	18.0	17.7	16.9	-	-0.1	21
SI	24.6	24.1	22.9	24.4	25.1	23.5	23.0	23.9	24.0	23.9	23.6	23.8	23.8	23.9	24.2	-0.5	0.7	8
SK	26.4	24.6	23.6	23.0	21.4	21.7	18.8	19.0	20.7	21.1	21.8	19.9	20.2	18.7	17.3	-9.1	-4.4	19
FI	27.6	27.4	29.2	29.0	29.3	28.5	27.6	27.7	28.1	27.7	27.6	27.2	26.5	26.0	25.7	-1.8	-2.7	7
SE	27.8	27.0	26.8	27.3	27.0	26.3	26.5	26.8	26.9	26.8	27.2	27.1	27.4	27.8	27.6	-0.2	1.4	3
UK	19.6	19.6	19.5	19.2	19.4	18.9	18.7	18.5	18.8	18.6	18.2	18.0	18.0	17.5	16.8	-2.9	-2.1	22
NO	31.0	31.1	31.9	31.6	31.4	31.2	30.6	29.7	28.4	28.9	29.6	30.9	31.4	29.4	28.9	-2.1	-2.2	
IS	28.2	28.5	28.2	27.5	28.6	27.1	25.0	25.8	26.3	27.9	29.3	30.6	29.1	26.2	24.3	-3.9	-2.8	
EU-27 average																		
weighted	:	19.9	19.9	20.0	20.4	19.9	19.5	19.5	19.6	19.6	19.6	19.7	19.9	19.4	18.9	-	-1.1	
weighted (adj.)	19.9	19.8	19.9	20.0	20.4	19.9	19.5	19.5	19.6	19.6	19.6	19.7	19.9	19.4	18.9	-1.0	-1.1	
arithmetic	:	20.5	20.6	21.0	21.1	20.8	20.3	20.5	20.9	21.3	21.7	21.8	22.0	21.4	20.9	-	0.1	
arithmetic (adj.)	20.7	20.3	20.5	20.8	20.9	20.8	20.3	20.5	20.9	21.3	21.7	21.8	22.0	21.4	20.9	0.2	0.1	
EA-17 average																		
weighted	19.4	19.3	19.4	19.6	20.1	19.6	19.2	19.2	19.1	19.1	19.1	19.3	19.6	19.1	18.5	-0.9	-1.1	
weighted (adj.)	19.4	19.3	19.4	19.6	20.0	19.6	19.2	19.2	19.1	19.1	19.1	19.3	19.6	19.1	18.5	-0.8	-1.1	
arithmetic	20.4	20.2	20.4	20.4	20.7	20.4	20.0	20.3	20.6	20.9	21.3	21.4	21.5	20.7	20.4	0.0	0.1	
arithmetic (adj.)	20.2	20.0	20.2	20.2	20.4	20.4	20.0	20.3	20.6	20.9	21.3	21.4	21.5	20.7	20.4	0.2	0.1	
EU-25 average																		
weighted	20.0	19.9	20.0	20.0	20.4	19.9	19.5	19.5	19.6	19.6	19.6	19.7	19.9	19.5	18.9	-1.1	-1.1	
weighted (adj.)	20.0	19.9	19.9	20.0	20.4	19.9	19.5	19.5	19.6	19.6	19.6	19.7	19.9	19.5	18.9	-1.1	-1.1	
arithmetic	21.4	21.1	21.2	21.3	21.5	21.0	20.6	20.9	21.1	21.4	21.8	21.9	22.1	21.4	21.0	-0.4	0.0	
arithmetic (adj.)	21.2	20.9	21.0	21.1	21.3	21.0	20.6	20.9	21.1	21.4	21.8	21.9	22.1	21.4	21.0	-0.2	0.0	
Convergence indicators																		
St.dev/mean	22.0	24.8	24.1	22.9	23.0	21.9	21.8	21.3	20.2	20.8	19.9	19.8	19.3	20.8	23.5	1.5	1.6	
St.dev/mean (adj.)	23.8	24.8	24.2	23.1	23.1	21.9	21.8	21.3	20.2	20.8	19.9	19.8	19.3	20.8	23.5	-0.3	1.6	
Max-min	17.9	19.9	20.6	21.2	22.4	20.7	19.3	18.3	17.8	18.0	19.1	19.1	18.4	18.5	19.2	1.3	-1.4	

1) in percentage points

See explanatory notes in Annex B

Source: Commission services

Table 78: Implicit tax rates in % - Labour

																Difference ¹⁾		Ranking
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	2009
BE	43.6	43.2	43.7	44.0	43.4	43.6	43.3	43.3	43.1	43.8	43.6	42.5	42.4	42.5	41.5	-2.0	-2.1	2
BG	30.8	31.6	34.3	33.5	34.7	38.1	33.9	33.4	35.5	35.7	33.2	29.6	30.4	27.4	25.5	-5.4	-12.6	23
CZ	40.5	39.5	40.3	40.7	40.5	40.7	40.3	41.2	41.4	41.8	41.7	41.2	41.5	39.2	36.4	-4.2	-4.3	9
DK	40.2	40.2	40.7	38.9	40.2	41.0	40.8	38.8	38.1	37.5	37.2	36.9	36.6	36.2	35.0	-5.2	-6.0	11
DE	39.4	39.6	40.6	40.6	40.4	40.7	40.5	40.4	40.4	39.2	38.8	38.9	38.7	39.2	38.8	-0.7	-2.0	8
EE	36.9	36.9	37.8	39.2	39.3	37.8	37.3	37.8	36.9	35.8	33.8	33.6	34.0	33.7	35.0	-1.9	-2.8	12
IE	29.7	29.3	29.3	28.5	28.7	28.5	27.4	26.0	25.0	26.3	25.3	25.3	25.7	25.3	25.5	-4.2	-2.9	22
EL	:	:	:	:	:	34.5	34.6	34.4	35.0	33.6	34.0	32.5	33.0	32.2	29.7	-	-4.8	19
ES	31.0	31.6	30.5	30.3	30.0	30.5	31.4	31.8	31.8	31.9	32.3	32.8	33.7	33.1	31.8	0.9	1.4	15
FR	41.2	41.4	41.7	42.2	42.4	42.0	41.6	41.2	41.5	41.4	41.9	41.8	41.4	41.5	41.1	0.0	-0.8	3
IT	38.2	41.8	43.5	43.3	42.7	42.2	42.1	42.0	41.9	41.6	41.3	41.1	42.4	43.0	42.6	4.4	0.4	1
CY	22.1	20.8	21.1	22.5	21.8	21.5	22.8	22.2	22.7	22.7	24.5	24.1	24.0	24.7	26.1	4.0	4.6	21
LV	39.2	34.6	36.1	37.2	36.7	36.6	36.5	37.8	36.6	36.4	33.0	33.0	31.1	28.5	28.7	-10.4	-7.9	20
LT	34.5	35.0	38.4	38.3	38.8	41.2	40.3	38.1	36.9	36.1	34.9	33.7	33.2	32.7	33.1	-1.4	-8.1	14
LU	29.3	29.6	29.3	28.8	29.6	29.9	29.6	28.4	29.2	28.9	30.0	30.4	31.2	31.7	31.7	2.5	1.9	16
HU	42.3	42.1	42.5	41.8	41.9	41.4	40.9	41.2	39.3	38.3	38.4	38.8	41.0	42.1	41.0	-1.3	-0.5	4
MT	19.0	17.8	19.9	18.2	19.2	20.6	21.4	20.8	20.4	20.4	20.8	20.7	20.5	19.6	20.2	1.2	-0.4	27
NL	34.6	33.6	32.8	33.2	34.1	34.5	30.6	30.9	31.5	31.4	31.6	34.4	35.1	36.2	35.5	0.8	1.0	10
AT	38.5	39.4	40.7	40.3	40.5	40.1	40.6	40.8	40.8	41.0	40.8	40.8	41.0	41.3	40.3	1.8	0.2	6
PL	36.8	36.3	35.9	35.6	35.8	33.5	33.2	32.4	32.7	32.7	33.8	35.3	34.1	32.6	30.7	-6.2	-2.9	18
PT	22.3	21.9	21.8	21.6	22.0	22.3	22.8	22.8	22.9	22.3	22.4	23.1	23.7	23.3	23.1	0.7	0.7	26
RO	31.4	29.8	31.4	31.6	37.3	33.5	31.0	31.2	29.6	29.0	28.1	30.1	30.2	27.3	24.3	-7.1	-9.2	25
SI	38.5	36.7	36.9	37.5	37.8	37.7	37.5	37.6	37.7	37.5	37.5	37.3	35.9	35.9	34.9	-3.7	-2.8	13
SK	38.5	39.4	38.3	38.0	37.4	36.3	37.1	36.7	36.1	34.5	32.9	30.4	31.0	33.1	31.2	-7.3	-5.1	17
FI	44.2	45.3	43.5	43.8	43.3	44.0	44.1	43.8	42.5	41.6	41.6	41.6	41.3	41.4	40.4	-3.8	-3.6	5
SE	46.8	48.0	48.4	49.3	48.5	46.8	45.5	43.8	43.6	43.6	43.7	43.0	41.3	41.2	39.4	-7.4	-7.4	7
UK	25.7	24.8	24.4	25.0	25.2	25.6	25.3	24.3	24.7	25.2	26.1	26.3	26.5	26.4	25.1	-0.7	-0.5	24
NO	38.0	38.2	38.5	38.5	38.3	38.3	38.4	38.7	39.0	39.2	38.5	37.9	37.4	37.1	37.6	-0.4	-0.7	
IS	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-	
EU-27 average																		
weighted	37.0	37.4	37.4	37.5	37.3	37.0	36.7	36.3	36.4	36.1	36.2	36.3	36.4	36.7	36.0	-1.0	-1.1	
weighted (adj.)	37.0	37.4	37.4	37.4	37.3	37.0	36.7	36.3	36.4	36.1	36.2	36.3	36.4	36.7	36.0	-1.0	-1.1	
arithmetic	35.2	35.0	35.5	35.5	35.8	35.7	35.3	34.9	34.7	34.5	34.2	34.0	34.1	33.8	32.9	-2.3	-2.8	
arithmetic (adj.)	35.2	35.0	35.5	35.5	35.8	35.7	35.3	34.9	34.7	34.5	34.2	34.0	34.1	33.8	32.9	-2.3	-2.8	
EA-17 average																		
weighted	38.4	39.1	39.6	39.7	39.5	39.3	38.9	38.7	38.7	38.3	38.2	38.3	38.5	38.8	38.2	-0.3	-1.1	
weighted (adj.)	38.3	39.0	39.5	39.6	39.4	39.3	38.9	38.7	38.7	38.3	38.2	38.3	38.5	38.8	38.2	-0.2	-1.1	
arithmetic	34.2	34.3	34.5	34.5	34.5	34.5	34.4	34.2	34.1	33.8	33.7	33.6	33.8	34.0	33.5	-0.7	-1.0	
arithmetic (adj.)	34.2	34.3	34.5	34.5	34.5	34.5	34.4	34.2	34.1	33.8	33.7	33.6	33.8	34.0	33.5	-0.7	-1.0	
EU-25 average																		
weighted	37.1	37.5	37.5	37.5	37.3	37.1	36.7	36.3	36.5	36.1	36.2	36.3	36.5	36.8	36.1	-0.9	-0.9	
weighted (adj.)	37.0	37.4	37.4	37.4	37.3	37.1	36.7	36.3	36.5	36.1	36.2	36.3	36.5	36.8	36.1	-0.9	-0.9	
arithmetic	35.5	35.4	35.8	35.8	35.8	35.7	35.5	35.1	34.9	34.6	34.5	34.4	34.4	34.3	33.5	-2.0	-2.2	
arithmetic (adj.)	35.5	35.3	35.7	35.7	35.8	35.7	35.5	35.1	34.9	34.6	34.5	34.4	34.4	34.3	33.5	-2.0	-2.2	
Convergence indicators																		
St.dev/mean	20.6	22.0	21.6	22.0	21.0	20.2	19.8	20.3	19.9	19.7	19.3	19.0	18.7	19.9	19.8	-0.7	-0.3	
St.dev/mean (adj.)	20.2	21.6	21.2	21.6	20.6	20.2	19.8	20.3	19.9	19.7	19.3	19.0	18.7	19.9	19.8	-0.4	-0.3	
Max-min	27.8	30.2	28.5	31.2	29.3	26.3	24.1	23.0	23.2	23.4	22.8	22.3	22.0	23.4	22.4	-5.4	-3.9	

1) in percentage points

See explanatory notes in Annex B

Source: Commission services

Table 79: Implicit tax rates in % - Capital

																		Difference ¹⁾	
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009		
BE	25.6	27.0	28.3	30.4	31.3	29.6	29.5	30.7	31.6	32.7	32.7	33.0	31.5	32.6	30.9	5.2	1.3		
BG	:	:	:	:	:	:	:	:	:	11.9	:	11.7	20.7	:	:	-	-		
CZ	26.3	22.3	23.9	20.1	21.3	20.9	22.3	23.7	24.8	24.1	22.0	21.8	22.2	19.8	19.3	-7.0	-1.6		
DK	29.9	30.9	31.7	38.7	38.6	36.0	31.0	30.8	36.9	45.9	49.9	44.5	47.2	43.4	43.8	13.9	7.7		
DE	21.8	24.9	23.8	25.1	28.3	28.4	21.9	20.3	20.3	20.5	21.5	23.2	24.2	23.0	22.1	0.3	-6.3		
EE	14.1	9.3	10.5	11.6	9.1	6.0	4.9	6.4	7.8	8.1	7.7	7.9	8.8	10.5	14.0	0.0	8.1		
IE	:	:	:	:	:	:	:	14.9	16.8	18.0	19.6	21.2	19.1	16.3	14.9	-	-		
EL	:	:	:	:	:	19.9	17.0	17.8	16.7	16.3	17.5	:	:	:	:	-	-		
ES	:	:	:	:	:	29.9	28.3	29.9	30.3	32.7	36.4	40.6	43.3	31.7	27.2	-	-2.7		
FR	32.5	35.5	36.2	36.3	38.8	38.4	38.8	37.4	36.5	38.0	39.3	41.1	39.1	38.1	35.6	3.1	-2.9		
IT	27.4	27.8	31.4	28.8	30.5	29.5	29.0	29.1	31.5	29.8	29.5	33.8	35.9	35.6	39.1	11.7	9.5		
CY	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-		
LV	20.5	15.7	17.6	22.2	18.9	11.2	11.5	9.6	8.2	8.3	9.5	10.9	14.5	17.0	10.3	-10.2	-0.9		
LT	12.7	10.5	10.3	10.1	9.5	7.2	5.9	5.7	7.1	8.5	9.1	11.6	11.3	12.7	10.9	-1.7	3.7		
LU	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-		
HU	14.8	14.7	13.4	14.0	15.2	17.1	17.4	16.8	17.7	16.8	17.4	16.7	18.7	18.6	18.8	4.0	1.7		
MT	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-		
NL	21.4	23.5	22.6	22.7	22.9	20.7	22.4	24.2	20.9	20.3	18.2	17.1	15.5	16.6	15.4	-6.0	-5.3		
AT	27.1	30.0	30.0	30.3	28.7	27.7	36.2	29.6	28.6	27.6	24.7	24.6	25.7	26.5	27.0	-0.1	-0.7		
PL	20.9	21.3	21.7	20.3	21.8	20.5	20.7	22.4	20.7	19.1	20.7	21.2	23.4	22.8	20.5	-0.4	0.0		
PT	21.3	23.8	26.1	26.5	28.7	31.3	30.0	32.2	31.8	27.5	29.1	31.0	33.7	37.5	33.8	12.4	2.5		
RO	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-		
SI	12.7	15.5	15.0	15.8	15.3	15.7	17.5	17.4	17.0	19.0	22.1	21.9	23.6	21.7	21.0	8.3	5.4		
SK	35.0	33.0	28.1	27.8	26.3	22.9	21.6	22.4	22.3	18.4	19.4	18.1	17.5	16.9	17.1	-18.0	-5.8		
FI	27.1	29.9	31.0	33.0	32.6	36.4	26.0	28.3	26.9	27.1	27.5	25.0	26.6	28.0	29.9	2.8	-6.5		
SE	20.0	27.0	29.6	30.0	35.6	42.8	33.6	29.2	29.0	27.8	33.6	28.9	33.6	26.2	33.5	13.5	-9.3		
UK	34.6	34.2	36.1	38.4	41.3	44.0	45.1	40.9	36.4	37.6	40.1	42.8	42.3	44.7	38.9	4.2	-5.1		
NO	37.1	37.9	36.1	33.1	37.7	41.1	41.6	41.6	38.1	40.6	41.0	42.6	42.1	43.6	37.8	0.8	-3.3		
IS	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-		
EU-27 average																			
weighted	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-		
arithmetic	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-		
EA-17 average																			
weighted	25.8	28.3	28.8	29.0	31.1	30.4	28.3	27.6	27.7	27.9	28.8	31.1	31.6	29.8	28.9	3.1	-1.5		
weighted (adj.)	25.9	28.1	28.6	28.7	30.5	30.2	28.1	27.6	27.7	27.9	28.8	30.8	31.2	29.4	28.6	2.7	-1.6		
arithmetic	24.2	25.5	25.7	26.2	26.6	25.9	24.9	24.3	24.2	24.0	24.6	26.0	26.5	25.8	25.2	1.0	-0.6		
arithmetic (adj.)	23.6	24.6	24.8	25.2	25.5	25.1	24.1	24.3	24.2	24.0	24.6	25.4	25.9	25.2	24.7	1.1	-0.4		
EU-25 average																			
weighted	26.8	28.9	29.8	30.5	32.9	32.9	31.1	29.7	29.0	29.5	30.8	32.8	33.3	31.7	30.2	3.4	-2.7		
weighted (adj.)	26.8	28.7	29.5	30.2	32.3	32.7	30.9	29.7	29.0	29.5	30.8	32.6	33.0	31.4	29.9	3.1	-2.8		
arithmetic	23.5	24.0	24.6	25.4	26.0	25.5	24.3	23.6	23.6	23.8	24.9	25.6	26.6	25.7	24.9	1.5	-0.6		
arithmetic (adj.)	23.2	23.7	24.2	24.8	25.4	25.0	23.9	23.6	23.6	23.8	24.9	25.2	26.1	25.3	24.6	1.4	-0.4		
Convergence indicators																			
St.dev/mean	29.6	32.6	32.8	33.9	36.8	42.3	41.9	39.7	38.9	43.2	43.1	43.5	40.8	38.8	39.9	10.2	-2.5		
St.dev/mean (adj.)	29.7	32.4	32.7	33.8	36.6	43.1	42.5	39.7	38.9	43.2	43.1	43.5	41.0	39.1	40.0	10.3	-3.1		
Max-min	22.4	26.1	25.9	28.6	32.2	38.1	40.2	35.2	29.8	37.9	42.3	36.6	38.4	34.2	33.5	11.2	-4.5		

1) in percentage points

See explanatory notes in Annex B

Source: Commission services

Table 80: Implicit tax rates in % - Capital and business income

																	Difference ¹⁾	
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009	
BE	17.1	17.7	18.2	19.9	20.1	19.1	19.2	19.5	19.5	20.0	20.6	20.7	20.0	20.6	18.5	1.4	-0.6	
BG	:	:	:	:	:	:	:	:	:	9.9	:	9.2	17.5	:	:	-	-	
CZ	22.6	18.3	20.3	16.7	18.0	17.4	19.1	20.7	21.8	21.8	19.8	19.5	20.0	17.7	17.3	-5.3	-0.1	
DK	21.2	22.1	22.7	27.6	27.4	23.9	17.7	17.3	21.4	30.3	36.1	30.8	31.0	26.0	22.4	1.2	-1.4	
DE	17.2	20.1	19.5	20.7	23.5	23.8	17.4	16.1	16.1	16.5	17.6	19.6	20.6	19.5	18.3	1.1	-5.4	
EE	11.6	6.8	8.1	9.5	7.0	3.8	3.0	4.5	6.0	6.1	5.8	6.1	6.9	8.0	10.7	-0.9	6.9	
IE	:	:	:	:	:	:	:	11.3	12.4	13.0	13.6	14.7	13.4	11.4	10.1	-	-	
EL	:	:	:	:	:	15.0	13.1	14.2	13.3	13.3	14.3	:	:	:	:	-	-	
ES	:	:	:	:	:	20.2	18.9	20.1	19.8	21.0	23.3	26.3	29.6	21.1	18.3	-	-1.9	
FR	15.7	17.5	17.9	18.1	20.2	20.8	21.5	19.9	18.7	19.4	19.9	22.2	20.9	20.7	16.2	0.5	-4.6	
IT	18.0	19.4	21.9	20.0	22.4	22.4	22.4	21.2	24.1	21.8	21.7	25.5	27.7	27.8	29.0	11.0	6.5	
CY	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-	
LV	10.2	9.2	9.9	12.4	10.2	6.7	7.0	7.0	5.4	5.9	7.2	8.7	10.7	13.8	6.9	-3.3	0.2	
LT	9.5	7.3	7.1	6.9	5.9	4.5	3.7	3.6	5.3	6.6	7.4	9.9	9.6	11.0	8.7	-0.8	4.2	
LU	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-	
HU	12.0	11.6	10.5	10.9	11.9	13.4	13.6	13.2	13.4	11.9	12.3	12.4	14.3	13.7	13.4	1.4	0.0	
MT	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-	
NL	15.8	17.5	17.1	16.9	16.7	14.9	16.6	17.1	14.3	13.8	12.5	12.2	11.0	11.9	10.4	-5.3	-4.5	
AT	21.8	25.0	25.3	25.6	24.1	23.2	31.4	25.1	24.1	23.5	21.0	20.8	22.1	23.0	22.9	1.1	-0.3	
PL	14.9	15.1	15.4	14.8	16.6	15.9	15.7	16.9	15.6	14.5	15.9	16.1	18.6	17.8	15.9	1.0	0.1	
PT	14.6	17.0	19.0	19.0	20.3	22.5	21.0	21.3	19.4	18.5	18.9	19.9	22.4	25.5	22.1	7.5	-0.5	
RO	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-	
SI	8.9	11.9	11.4	11.0	10.9	11.1	12.5	13.1	13.2	14.7	17.7	17.8	19.7	17.7	16.4	7.5	5.3	
SK	32.2	28.8	25.2	25.0	23.6	20.2	19.3	19.9	19.9	16.2	17.3	16.3	15.9	15.3	15.3	-17.0	-5.0	
FI	21.7	24.0	25.5	27.6	27.4	31.5	21.9	23.6	22.0	21.9	22.1	20.5	22.1	22.9	23.1	1.5	-8.4	
SE	13.9	17.6	19.6	19.8	25.0	32.0	23.4	19.1	19.4	19.7	25.6	22.3	27.2	20.3	25.8	11.9	-6.3	
UK	20.6	20.8	22.6	24.1	25.2	26.1	27.2	23.4	20.5	21.4	23.6	25.8	24.9	24.5	22.3	1.7	-3.8	
NO	21.7	21.3	21.3	21.2	23.7	22.7	22.4	22.5	19.8	21.0	20.6	21.7	22.6	22.0	20.1	-1.5	-2.6	
IS	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-	
EU-27 average																		
weighted	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-	
arithmetic	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-	
EA-17 average																		
weighted	17.1	19.2	19.7	19.9	21.8	21.7	19.8	18.8	18.7	18.7	19.3	21.5	22.2	21.0	19.3	2.2	-2.3	
weighted (adj.)	17.3	19.2	19.5	19.7	21.4	21.5	19.7	18.8	18.7	18.7	19.3	21.3	22.0	20.9	19.2	1.9	-2.3	
arithmetic	17.7	18.7	19.0	19.4	19.6	19.1	18.3	17.6	17.3	17.1	17.6	18.7	19.4	18.9	17.8	0.1	-1.3	
arithmetic (adj.)	17.2	18.0	18.3	18.6	18.8	18.6	17.8	17.6	17.3	17.1	17.6	18.3	19.0	18.6	17.6	0.3	-1.0	
EU-25 average																		
weighted	17.6	19.3	20.1	20.6	22.4	22.6	21.0	19.5	19.0	19.2	20.3	22.2	22.8	21.4	19.8	2.2	-2.8	
weighted (adj.)	17.6	19.3	19.9	20.4	22.1	22.4	20.9	19.5	19.0	19.2	20.3	22.0	22.6	21.3	19.7	2.0	-2.8	
arithmetic	16.8	17.2	17.7	18.2	18.8	18.5	17.4	16.7	16.6	16.9	17.9	18.5	19.5	18.6	17.3	0.5	-1.2	
arithmetic (adj.)	16.6	17.0	17.4	17.9	18.3	18.2	17.1	16.7	16.6	16.9	17.9	18.3	19.2	18.4	17.2	0.6	-1.0	
Convergence indicators																		
St.dev/mean	33.9	34.3	33.0	33.8	35.9	41.8	40.2	35.6	34.2	36.9	38.1	35.6	33.8	29.6	34.1	0.2	-7.7	
St.dev/mean (adj.)	32.9	33.4	32.4	33.3	35.4	42.4	40.6	35.6	34.2	36.9	38.1	35.4	33.9	29.6	33.7	0.9	-8.6	
Max-min	23.3	22.0	18.4	20.7	21.5	28.2	28.4	21.5	18.8	24.4	30.3	24.7	24.0	19.9	22.1	-1.2	-6.1	

1) in percentage points

See explanatory notes in Annex B

Source: Commission services

Table 81: Implicit tax rates in % - Corporate income

																		Difference ¹⁾	
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1995 to 2009	2000 to 2009		
BE	20.3	23.5	24.6	28.3	27.9	24.4	24.2	23.2	22.3	22.0	22.0	22.6	21.0	21.6	16.9	-3.5	-7.5		
BG	:	:	:	:	:	:	:	:	:	15.9	:	12.6	28.3	:	:	-	-		
CZ	47.2	31.4	41.4	27.8	30.1	26.2	28.2	30.3	32.0	29.8	25.5	25.5	25.7	23.8	19.9	-27.2	-6.3		
DK	19.3	21.1	21.1	27.4	19.7	23.1	21.1	20.0	22.3	24.9	26.7	28.7	29.1	24.0	23.1	3.9	0.0		
DE	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-		
EE	15.2	9.1	9.8	11.9	8.9	4.1	3.0	4.7	6.5	6.9	5.7	5.8	7.1	8.0	12.6	-2.5	8.5		
IE	:	:	:	:	:	:	:	9.9	10.1	10.3	10.1	10.4	8.9	8.0	7.5	-	-		
EL	:	:	:	:	:	26.4	20.7	21.4	17.9	17.0	19.7	:	:	:	:	-	-		
ES	:	:	:	:	:	30.7	28.5	31.4	31.2	35.2	43.5	51.9	63.1	35.1	24.5	-	-6.2		
FR	21.5	26.0	26.2	24.7	28.7	29.6	32.9	29.0	24.4	26.4	26.1	31.8	28.4	27.0	15.4	-6.1	-14.2		
IT	19.5	21.8	25.9	18.8	22.4	19.2	23.6	20.9	24.6	21.3	20.7	27.0	30.4	32.3	35.2	15.7	16.0		
CY	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-		
LV	61.6	47.9	14.9	17.1	12.5	8.6	8.8	8.3	6.6	7.9	9.6	11.0	13.0	17.9	8.3	-53.3	-0.3		
LT	20.1	12.7	10.5	10.3	7.4	3.9	2.5	2.6	5.7	7.2	8.0	10.8	9.8	11.1	8.3	-11.8	4.4		
LU	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-		
HU	:	:	23.6	22.7	25.8	28.7	25.6	20.1	19.3	17.4	18.3	15.5	18.3	18.9	19.1	-	-9.6		
MT	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-		
NL	19.8	23.5	22.3	22.7	21.8	18.4	17.2	18.0	14.4	14.4	12.4	12.0	10.2	11.1	8.0	-11.8	-10.4		
AT	24.8	27.9	28.5	29.4	27.6	27.1	37.6	28.7	27.1	26.2	23.7	23.1	24.3	25.2	25.0	0.2	-2.1		
PL	46.8	51.6	46.2	42.7	42.5	37.1	37.2	37.0	21.9	18.6	21.0	19.0	20.4	20.3	14.7	-32.1	-22.4		
PT	16.2	18.6	20.7	19.1	21.3	24.5	21.8	22.1	19.4	19.3	20.5	22.3	:	:	:	-	-		
RO	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-		
SI	16.7	28.3	20.7	19.0	16.6	19.6	22.2	24.6	21.0	23.0	33.8	30.5	30.5	28.3	23.8	7.1	4.1		
SK	51.2	52.8	49.8	52.7	49.7	40.2	32.5	34.4	34.8	22.6	23.3	20.3	19.8	22.0	23.4	-27.8	-16.7		
FI	18.4	21.9	23.9	26.7	26.2	31.2	19.1	22.2	20.0	19.5	18.7	16.4	18.2	19.6	18.6	0.2	-12.6		
SE	16.8	19.1	20.3	19.8	24.0	32.7	23.7	18.8	18.1	18.1	23.3	18.4	23.2	17.4	25.8	9.0	-6.8		
UK	23.3	24.6	29.1	29.3	30.1	31.0	31.9	23.8	19.5	19.6	23.7	26.1	22.8	22.8	18.4	-4.9	-12.6		
NO	23.7	21.8	21.4	21.7	23.7	21.7	21.2	21.6	19.3	20.6	19.4	21.0	20.8	20.1	18.0	-5.7	-3.7		
IS	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-		
EU-27 average																			
weighted	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-		
arithmetic	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-		
EA-17 average																			
weighted	20.7	24.1	25.6	23.1	25.6	25.4	27.0	24.9	23.7	24.0	24.9	29.8	31.6	27.0	21.7	1.0	-3.7		
weighted (adj.)	22.0	24.8	26.0	23.9	26.0	25.1	26.6	24.9	23.7	24.0	24.9	29.5	30.9	26.6	21.7	-0.3	-3.4		
arithmetic	22.4	25.3	25.3	25.3	25.1	24.6	23.6	22.3	21.1	20.3	21.6	22.8	23.8	21.7	19.2	-3.2	-5.4		
arithmetic (adj.)	22.3	24.6	24.6	24.6	24.5	23.5	22.6	22.3	21.1	20.3	21.6	22.6	23.4	21.6	19.5	-2.9	-4.0		
EU-25 average																			
weighted	21.9	24.7	26.7	25.2	26.9	27.2	28.1	24.6	22.6	22.7	24.4	28.0	28.6	25.3	20.9	-1.0	-6.3		
weighted (adj.)	22.7	25.1	26.8	25.5	27.0	27.0	27.8	24.6	22.6	22.7	24.4	27.8	28.3	25.1	20.9	-1.8	-6.0		
arithmetic	27.0	27.2	25.5	25.0	24.6	24.3	23.1	21.5	20.0	19.4	20.8	21.5	22.3	20.8	18.4	-8.6	-6.0		
arithmetic (adj.)	26.2	26.3	25.1	24.6	24.3	23.6	22.5	21.5	20.0	19.4	20.8	21.4	22.2	20.8	18.6	-7.6	-5.0		
Convergence indicators																			
St.dev/mean	54.2	46.1	42.3	40.5	42.4	40.4	42.5	42.7	40.4	37.3	41.9	48.4	53.5	36.2	40.3	-13.9	-0.1		
St.dev/mean (adj.)	52.2	45.1	42.3	40.7	42.3	42.7	44.5	42.7	40.4	37.3	41.9	47.4	51.3	34.4	38.1	-14.2	-4.6		
Max-min	46.4	43.7	40.0	42.5	42.3	36.2	35.1	34.4	29.1	28.3	37.7	46.0	56.0	27.1	27.7	-18.7	-8.5		

1) in percentage points

See explanatory notes in Annex B

Source: Commission services

Table 82: Implicit tax rates in % - Capital and business income of households and self-employed

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Difference ¹⁾	
																1995 to 2009	2000 to 2009
BE	13.6	13.2	13.2	13.1	13.1	12.9	13.0	13.8	14.2	14.9	15.6	15.2	15.0	15.5	16.1	2.4	3.1
BG	:	:	:	:	:	:	:	:	:	4.4	:	5.0	5.3	:	:	-	-
CZ	8.5	8.9	8.4	8.2	8.2	9.2	9.5	10.3	10.5	11.1	10.3	9.3	9.5	8.2	11.1	2.7	2.0
DK	21.9	21.6	23.0	24.7	38.9	22.2	8.6	9.0	15.3	34.5	50.0	27.0	26.0	21.7	14.9	-7.0	-7.3
DE	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-
EE	3.9	2.8	4.3	3.9	2.6	2.8	2.5	3.3	3.4	2.6	5.0	4.7	3.8	4.0	2.2	-1.7	-0.7
IE	:	:	:	:	:	:	:	14.8	18.8	18.9	23.5	28.5	29.5	22.2	17.7	-	-
EL	:	:	:	:	:	8.6	8.2	9.3	9.6	9.7	9.7	:	:	:	:	-	-
ES	:	:	:	:	:	13.7	13.1	13.0	12.6	12.4	12.4	13.6	14.3	13.0	13.5	-	-0.3
FR	11.4	11.9	11.8	12.4	13.2	13.5	13.0	12.7	13.1	12.5	13.1	13.4	13.0	13.5	13.5	2.1	0.0
IT	12.7	13.2	14.0	14.4	15.1	16.7	14.4	14.1	16.1	15.0	15.1	16.5	17.4	17.5	18.0	5.3	1.3
CY	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-
LV	0.3	0.4	0.3	0.4	0.5	1.1	0.7	1.1	0.7	0.5	0.5	1.0	1.6	1.0	1.0	0.7	-0.1
LT	2.1	2.1	2.4	2.6	3.0	2.5	2.5	2.2	1.8	2.0	2.5	2.6	3.6	3.9	3.1	1.0	0.6
LU	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-
HU	4.6	5.4	5.5	5.2	5.4	6.7	7.3	7.8	8.1	6.9	7.0	8.4	9.0	7.5	7.6	3.0	0.9
MT	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-
NL	10.7	10.2	9.3	8.5	8.6	8.0	12.9	12.8	11.8	10.4	10.4	10.5	11.0	11.8	14.6	3.9	6.6
AT	11.2	11.0	10.2	9.7	8.5	8.1	9.0	9.8	8.8	7.8	6.7	7.5	8.9	10.0	11.3	0.1	3.2
PL	8.1	7.9	8.0	8.0	10.0	10.0	10.8	11.9	12.6	11.6	12.6	13.5	16.2	15.0	15.4	7.4	5.4
PT	9.8	11.4	12.0	14.0	12.2	13.0	12.7	12.8	12.6	9.6	8.4	7.5	:	:	:	-	-
RO	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-
SI	6.9	7.6	7.8	7.8	7.5	7.0	8.0	7.5	7.8	8.8	7.3	7.9	10.0	9.6	10.9	4.0	4.0
SK	17.2	16.3	13.5	13.9	13.0	11.8	12.5	13.2	12.5	12.0	13.4	13.0	12.4	10.3	10.8	-6.4	-1.0
FI	20.4	20.8	21.6	21.9	21.7	22.5	21.0	19.3	18.5	18.3	20.9	22.4	22.9	21.5	21.2	0.9	-1.3
SE	7.5	12.6	15.5	16.8	22.2	25.7	18.7	16.1	17.7	19.3	24.1	25.5	27.0	19.3	18.9	11.4	-6.8
UK	13.7	13.1	12.6	14.8	15.8	16.1	16.9	17.3	16.5	17.8	17.8	19.1	21.0	20.4	20.4	6.7	4.2
NO	16.8	18.0	18.4	17.2	19.3	20.3	23.7	17.4	14.2	14.6	14.4	24.4	28.8	29.8	25.5	8.8	5.2
IS	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-
EU-27 average																	
weighted	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-
arithmetic	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-
EA-17 average																	
weighted	12.1	12.4	12.5	12.9	13.2	13.6	13.2	13.1	13.6	13.0	13.3	14.3	14.8	14.6	15.0	2.9	1.4
weighted (adj.)	12.2	12.5	12.6	12.9	13.2	13.7	13.3	13.1	13.6	13.0	13.3	14.1	14.5	14.2	14.6	2.4	1.0
arithmetic	11.8	11.8	11.8	12.0	11.6	11.6	11.7	12.0	12.3	11.8	12.4	13.4	14.4	13.5	13.6	1.8	2.1
arithmetic (adj.)	11.9	12.0	11.9	12.1	11.7	11.8	11.9	12.0	12.3	11.8	12.4	13.1	13.5	12.8	12.8	0.9	1.0
EU-25 average																	
weighted	12.3	12.6	12.7	13.6	14.8	14.7	13.9	13.9	14.3	14.6	15.3	15.8	16.7	15.8	15.9	3.6	1.2
weighted (adj.)	12.4	12.7	12.8	13.5	14.5	14.7	14.0	13.9	14.3	14.6	15.3	15.7	16.4	15.5	15.6	3.2	0.9
arithmetic	10.2	10.6	10.8	11.1	12.2	11.6	10.8	11.0	11.6	12.2	13.6	13.4	14.3	12.9	12.7	2.5	1.1
arithmetic (adj.)	10.6	10.8	11.0	11.3	12.2	11.8	11.0	11.0	11.6	12.2	13.6	13.2	13.8	12.5	12.3	1.8	0.6
Convergence indicators																	
St.dev/mean	57.2	54.7	54.9	57.3	73.3	57.5	48.4	43.1	44.4	62.1	76.6	60.9	58.2	49.9	46.4	-10.8	-11.1
St.dev/mean (adj.)	52.7	50.5	50.7	53.0	67.9	55.6	47.1	43.1	44.4	62.1	76.6	60.4	58.6	50.1	46.7	-6.0	-9.0
Max-min	21.6	21.3	22.7	24.3	38.4	24.5	20.2	18.2	18.1	34.0	49.5	27.5	27.9	21.3	20.2	-1.4	-4.3

1) in percentage points

See explanatory notes in Annex B

Source: Commission services

Annex B

**Methodology and
explanatory notes**

Annex B: Methodology and explanatory notes

The 'Taxation trends' survey assesses the tax system from a number of angles. The examination of the tax structures by tax type and by level of government illustrates the relative importance of the different tax instruments used in raising revenues and the distribution of financial resources among the constituent elements of the state apparatus, respectively. The breakdown into taxes on consumption, labour and capital allows an assessment of the manner in which the tax burden is distributed among the different factors. The implicit tax rates measure in turn the actual or effective average tax burden levied on different types of economic income or activities.

For the purposes of assembling these backward-looking aggregate metrics, national accounts provide time series for observing changes in the overall effective tax burden and a coherent framework for matching tax revenues with income flow data and economic aggregates. Given the consistency and harmonised computation of the ESA95 system, national accounts data provided by the Member States also allow a good degree of international comparability. However, it should be kept in mind that the tax base derived from national accounts data does not correspond to the actual or legal tax base used in computing tax liabilities. The bases calculated using national accounts are in some instances narrower (omitting capital gains on capital for instance) and in others broader (due to the exclusion of some deductions from the tax base).

This methodological section explains the methods of, and the reasoning behind, the calculation of the various ratios presented in the survey; approaching them in the order in which they appear in Annex A. Given that Parts A and B (Tax structure by tax type and Tax structure by level of government) follow ESA95 classifications, a simple description of the aggregates and the data sources is provided. Parts C and D (Tax structure by economic function and the Implicit tax rates) present statistics developed by the EU Commission Directorate-General for Taxation and Customs Union specifically for this publication, so the reasoning will be delved into in greater detail, with attention given to both their theoretical and practical limitations. Annex B concludes with an in-depth discussion of the approaches used in calculating the split of personal income tax according to its sources, a process critical to the creation of meaningful statistics for Parts C and D.

Data coverage

This publication presents time series of tax revenue data from National Accounts for the twenty-seven Member States Norway and Iceland. The seven EU outermost regions - Martinique, Guadeloupe, French Guiana and Réunion, Saint-Barthélemy, Saint-Martin, Madeira, the Azores and the Canary Islands – are not covered in this publication.

Data coverage and reliability have generally improved over time. On the other hand, in some cases a reassessment of the quality of the data has led us to reconsider publication of some series or data points as problems of comparability appeared. In particular, the coverage of the ITR on capital is patchy as the computation of the ITR on capital is quite demanding in terms of the required level of detail in national accounts data. In many cases it was not possible to compute the implicit tax rate on capital even though data on capital tax revenue were available, because the data needed to compute the denominator of the ITR (i.e. the sum of revenues accruing to capital) are missing. Overall, the degree of cross-country comparability seems satisfactory.

Ranking

In all the tables of Annex A, a ranking is given whereby the Member State with the highest ratio is listed with number 1, the second with number 2 and so on. The ranking refers to the order of the Member States for each specific ratio and only includes those Member States for which 2009 data are available in the respective table. The rankings are also shown in the country tables in Part III. No ranking is given if more than 10 % of data points are missing.

Total

In some countries the sum of the taxes in % of GDP in each of the Parts A, B and C of the country chapters data table and in the corresponding Annex A tables adds up to more than the total. This is the case whenever the table contains the item 'amounts assessed but unlikely to be collected' (ESA code D.995) because this item in general cannot be attributed with certainty to any detailed category and is therefore listed 'below the line'⁽⁹²⁾. The excess is, therefore, exactly equal to this amount.

Averages

This report computes arithmetic and weighted averages for three groups of countries: the EU as a whole (EU-27), the EU-25 (i.e. the EU-27 minus Bulgaria and Romania which joined the Union on 1 January 2007) and the euro area in its current 17-country composition (EA-17). EU-27 averages are calculated and presented in the tables and graphs only if data are available for both Bulgaria and Romania. In the report EU-27 averages are used whenever possible; however, given that often data for Bulgaria and Romania exist only for a limited number of years, when the focus is on the trend over the entire 1995–2009 period, we typically refer to the EU-25 average. Occasionally, averages for other groupings (the former EU-15, the NMS-10 and NMS-12) are used for illustrative purposes in the text of the main parts, but never in tables and graphs.

As already mentioned in Part I, when the type of average is not indicated explicitly, the arithmetic average is used. Except for the Implicit Tax Rates (ITRs), no adjustments for missing values are made in the tables and graphs in the main part of the report as well as in Annex A: the average shown is simply the result of the customary formula applied to the available data. However, for the purpose of calculating the EU averages of the ITRs on consumption, labour, capital and energy, missing values for Member States are substituted by the latest available data point (first available data point, if data for the beginning of the series are missing) for the respective country and the thus obtained EU average is indicated as "adjusted".

Data sources

The national accounts data utilised for this report were extracted from the Eurostat public database (formerly known as NewCronos) on 1 February 2011. In addition, more disaggregated tax data submitted to Eurostat (the National Tax List) were used for the classification of revenue according to economic functions and to determine the level of environmental taxes. Energy statistics data for 2009 should be regarded as provisional. In very few cases, estimates at the detailed level have been used if statistics were not available; in those cases, the estimates were either supplied by Member States administrations or computed using proxies. In the case of the base of the ITR on consumption (P.31_S.14dom – Final consumption of households on the economic territory (domestic concept)), no data were available for 2007, 2008 and 2009 for Bulgaria, for 2008 and 2009 for Portugal and Lithuania. Data for these years were estimated on the bases of growth rates for 'Private final consumption expenditure at current prices' from the AMECO database.

For the calculation of cyclically adjusted tax revenues (CAR), this report relies on the cyclical component of revenues (C) as calculated and published in the annual macro-economic (AMECO) database of the European Commission's Directorate General for Economic and Financial Affairs.⁽⁹³⁾ Note, however, that the cyclically adjusted tax revenues (CAR) in this report do not coincide with the data on cyclically adjusted revenues published in the AMECO database, because the latter also includes other government revenues in addition to taxes and social security contributions.

⁽⁹²⁾ For some countries more detailed breakdown is available and accessible on <http://ec.europa.eu/taxtrends>.

⁽⁹³⁾ The data can be found in the AMECO database: 17. Cyclical adjustment of public finance variables. 17.2 Based on trend GDP, cyclical component of revenue, % of GDP. http://ec.europa.eu/economy_finance/ameco/user/serie/SelectSerie.cfm. As for all variables the cut-off date was 01.February 2011.

The country chapters of the non-euro area Member States for illustrative reasons often contain not only data in national currency, but also rounded figures in euro, e.g. for income thresholds or changes in tax revenue. In these cases the exchange rates at the cut-off date (1 February 2011) were used.

Although all Member States authorities have provided disaggregated data on their tax revenue (the National Tax List), their level of detail varies. Information on the level of disaggregation utilised for the computation of the indicators for each Member State (formerly included in the report as Annex B) is available on the homepage of the Directorate-General for Taxation and Customs Union (url: <http://ec.europa.eu/taxtrends>).

Cyclically adjusted total tax revenues

This part is intended to elaborate on the technical details of Part I-1.1 on the measurement of the cyclical adjustment of tax revenues. As the estimation of cyclically adjusted data requires a) a measure of the cyclical position of the economy and b) the tax revenue sensitivity, the following section is arranged accordingly.

A) Measuring the cyclical position of the economy

As mentioned in Part I-1.1, the cyclical position is provided by the output gap, which is generally either calculated following the Production Function Approach (PFA) or a Hodrick-Prescott filter (HP-filter) approach.

The HP-filter is a statistical method which determines the trend output by using a trend on real data. Hodrick and Prescott (1980) calculate the trend by minimising the sum of the deviation of the output Y from its trend Y^P and the variability of the trend itself, depending on the weights (λ) attributed to these two goals.

$$\min_{y_t} \sum_{t=1}^T \left((Y_t - Y_t^P)^2 + \lambda (\Delta Y_{t+1}^P - \Delta Y_t^P)^2 \right)$$

The higher the preference for a smooth trend, the higher one should choose λ (constant trend for infinite λ). On the other hand, $\lambda = 0$ would imply a trend always equal to the original series ($Y = Y^P$), since in that case variations of the trend would not be 'penalised' at all. The HP-filtered output gap estimations in the AMECO database use a λ of 100, in line with recommendations in the literature.

For the Production Function approach, the idea is to determine a potential output, i.e. what output could be achieved when the production factors were at their trend level. As described in Denis et al. (2002) and an updated version in Denis et al. (2006) the key elements of the PFA are

- i) A Cobb-Douglas production function;
- ii) NAIRU estimates based upon multivariate Kalman-filtering, the cyclical component follows a Phillips curve type relationship, the NAIRU a random walk with stochastic drift term;
- iii) Total factor productivity of potential output is obtained as the HP-filtered Solow residual. The same filtering method is used to estimate the non-cyclical rate of labour force participation.

As already mentioned in of Part I-1.1, both methods have some pros and cons. While the PFA method rests on a sounder economic foundation, it needs detailed information for the trend total factor productivity, as well as the trend labour and trend capital stock. This is particularly difficult to obtain in countries undergoing structural changes. The HP-filter is a purely statistical method, lacking an economic foundation. While the advantage of this method lies clearly in its simplicity, it is subject to problems in the presence of structural breaks and, in general, at the end-points of the series. This end point problem – a purely statistical problem when estimating the trend – can however be solved by extending the

time series. As this publication analyses tax developments of t-2, 'natural' extensions of the time series are already given by the preliminary data for the year t-1 and projected values for at least years t and t+1, if not even t+2. For further information on the size of the end point problem please see Bouthevillain et al. (2001).

In general, both methodologies to calculate the output gap suffer from the uncertainty surrounding real-time output gap estimates. As Larch and Turrini (2009) have put it *"The fundamental problem in assessing the cycle in real time can be interpreted as a problem of forecasting. In order to make an assessment of where in the cycle the economy stands today, it's necessary to make assumptions about where one believes the economy will end up in the future; i.e. real-time output gap estimates are derived from expectations about future economic growth, which typically and inevitably deviate from actual outturn."* Hence, the revision of the output gap is the larger the larger the forecast error or the change in the forecast is. As the forecasted values also impact on the estimation of the trend, usually also past output gap estimates are affected by changes in forecasts or forecast errors, albeit by a decreasing degree the further they lie in the past. In this report, we do not estimate real time output gaps, but rely on lagged data, as the analysis only covers the year t-2 and hence uses ex-post output gap estimates. While significant changes in forecasts – usually at turning points – might still affect past output gap estimates, the impact for this report should be limited.

B) Estimating revenue sensitivities with respect to the output gap ⁽⁹⁴⁾

The revenue sensitivity for each country given in Table I-1.1 in of Part I - 1.1 is calculated by the OECD/EC method as the sum of the elasticities of the four main tax categories $\eta_{Ri,Y}$, personal income taxes, corporate income taxes, indirect taxes and social contributions, all weighted by their respective shares in GDP.

$$\varepsilon_R = \sum_{i=1}^4 (R_i / Y) \times \eta_{Ri,Y}$$

The individual revenue elasticities $\eta_{Ri,Y}$ with respect to output are obtained by multiplying two other elasticities. First the elasticity of the tax category with respect to its tax base is calculated $\eta_{Ri,B}$. Secondly, the elasticity of this tax base with respect to output is calculated $\eta_{B,Y}$. Multiplication of these two elasticities gives the elasticity with respect to the output gap.

$$\eta_{Ri,Y} = \eta_{Ri,B} \times \eta_{B,Y}$$

The macroeconomic variable chosen as a tax base is the one influencing the respective tax revenues the closest. Hence for PIT and SSC the respective tax base is compensation of employees. The tax base for indirect taxes is private consumption expenditure and for corporate income taxes the closest (available) tax base was considered to be the gross operating surplus. The OECD/EC method determines the PIT and SSC elasticities with respect to their tax bases by the structure of the tax system for each country, i.e. the elasticities are extracted from the tax legislation and fiscal data. CIT and indirect taxes are assumed to be proportional to their tax bases, which translates into an elasticity of one.

The elasticity of the tax base with respect to the output gap was derived by econometric estimations for the compensation of employees, which is the tax base for PIT and SSC. The responsiveness of gross operating surplus to output is proxied by the reciprocal of the wage bill (corresponding to the profit share). Due to problems in the estimation of the elasticity of private consumption to output, this elasticity was set to unity for all countries. ⁽⁹⁵⁾

⁽⁹⁴⁾ This section closely follows the descriptions given in Girouard, N. and C. André (2005) and in European Commission (2008)

⁽⁹⁵⁾ For further information on the estimation of elasticities see Girouard, N. and C. André (2005).

This method offers the obvious advantage that it was applied to all EU-27 countries in a consistent way. Consistency also calls for the consistent use of data, which for the EU is guaranteed by using data following the ESA-95 methodology. However, there might be country specific data issues – such as lags and leads in collecting and recording tax revenues – which are not correctly reflected in ESA95, but might influence the derived elasticities.

Furthermore, discretionary actions, such as changes in the tax rates or in the tax base, might influence the tax elasticities, which should preferably be taken into account when estimating tax elasticities. However, as the OECD/EC methodology was relying on tax codes and fiscal data till 2003 to derive elasticities, latest discretionary actions could not be taken into account. However, each discretionary action might change the derived tax elasticity and should hence be taken into account. This issue goes hand in hand with the assumption of constant tax elasticities (compare first equation in this section). While this is an acceptable approximation as long as short-term variations in the tax content of GDP remain small, Larch et Turrini (2009) point out that tax elasticities can depart substantially from their long-term values.

Hence, while cyclically adjusted tax revenues might give a useful indication of underlying developments, the methodological and technical issues mentioned in this chapter might produce unwelcome effects and misleading assessment of underlying developments, in particular in quantitative assessments. However, for qualitative assessment, the value added of cyclically adjusted analysis clearly outweighs its drawbacks.

Part A: Tax structure by tax type

Definition of the aggregates

Total taxes (incl. SSC) are defined as: taxes on production and imports (D.2), current taxes on income and wealth (D.5), capital taxes (D.91), actual compulsory social contributions (D.61111 + D.61121 + D.61131). Indirect taxes, direct taxes and social contributions add up to the total of taxes received by the general government.

Taxes (excl. SSC) are defined as total taxes (incl. SSC) minus actual compulsory social contributions.

'Indirect taxes' are defined as taxes linked to production and imports (code D.2 in the ESA95 system), i.e. as compulsory levies on producer units in respect of the production or importation of goods and services or the use of factors of production. They include VAT, import duties, excise duties and other specific taxes on services (transport, insurance etc.) and on financial and capital transactions. They also include taxes on production (D.29) defined as 'taxes that enterprises incur as a result of engaging in production', such as professional licences, taxes on land and building and payroll taxes.

Indirect taxes are defined as the sum of the following ESA95 tax categories:

- VAT: value added type taxes (D.211).
- Excise duties and consumption taxes: excise and consumption taxes (D.214a) + excise duties (D.2122c).
- Other taxes on products (incl. import duties): taxes and duties on imports excluding VAT (D.212), excluding excise duties (D.2122c), taxes on products, except VAT and import duties (D.214), excluding excise duties (D.214a).
- Other taxes on production (D.29).

'Direct taxes' are defined as current taxes on income and wealth (D.5) plus capital taxes including taxes such as inheritance or gift taxes (D.91). Income tax (D.51) is a subcategory, which includes personal income tax (PIT) and corporate income tax (CIT) as well as capital gains taxes.

Direct taxes are defined as the sum of the following ESA categories:

- personal income tax: taxes on individual or households income including holding gains (D.51a + D.51c1);
- corporate income tax: taxes on the income or profits of corporations including holding gains (D.51b + D.51c2);
- other income and capital taxes: other taxes on income corresponding to other taxes on holding gains (D.51c3), taxes on winnings from lottery or gambling (D.51d) and other taxes on income n.e.c. (D.51e); taxes on capital defined as other current taxes (D.59) and capital taxes (D.91).

Note that in some Member States, such as the United Kingdom, Sweden, Italy, and Ireland, the 'Taxes on individual or household holding gains' and 'Taxes on holding gains of corporations' are not included in D.51c1 and D.51c2, respectively, but in 'Other income and capital taxes'. This difference in reporting should be taken into consideration when comparing the levels of the three detailed categories of direct taxes between Member States.

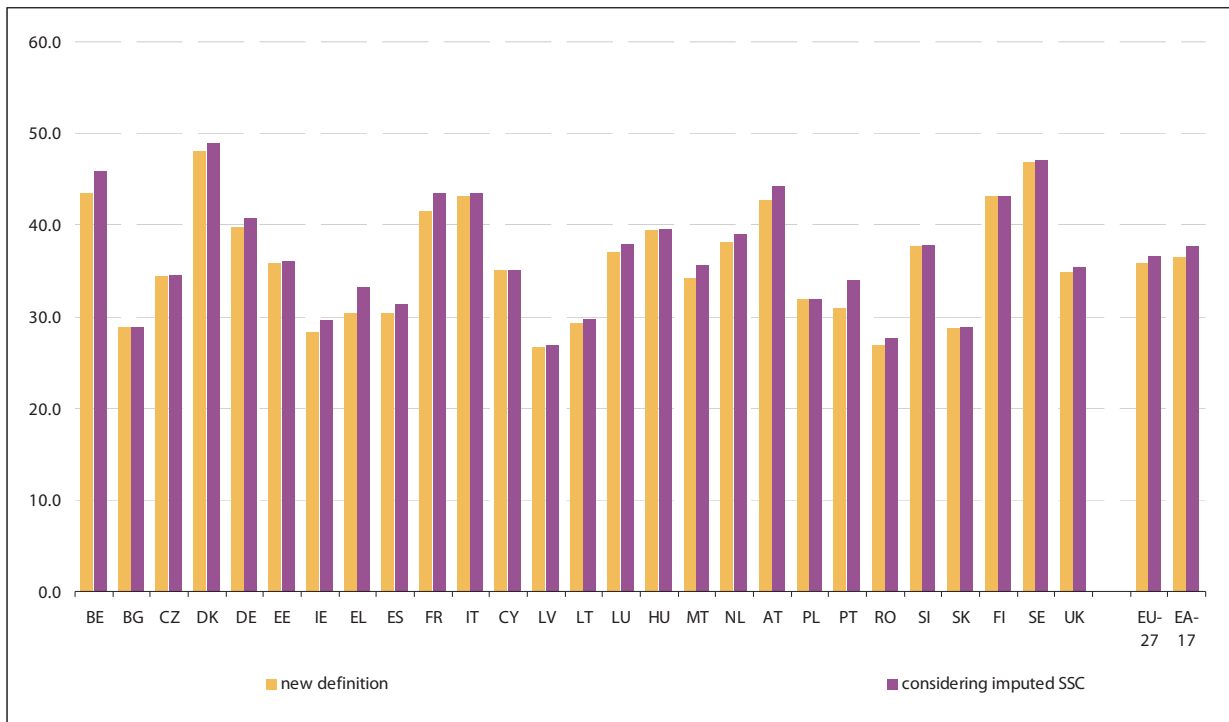
'Actual compulsory social contributions' are paid by employers and employees on the basis of a work contract, or by self- and non-employed persons. They include three subcategories:

- compulsory employers' actual social contributions (D.61111);

- compulsory employees' social contributions (D.61121);
- compulsory social contributions by self- and non-employed persons (D.61131).

Prior to the 2003 edition actual social contributions (ESA95 code D.611), which include both compulsory and voluntary contributions, were used for the purposes of calculating the statistics. Voluntary contributions vary in their purpose (e.g. the purchase of 'extra years' for pensions and the wish to complete a gap in the social contributions due to years worked abroad) and may vary in the degree to which they are voluntary in a real economic sense, but, as they are essentially a form of household saving they should not be considered as compulsory levies imposed by the government. In addition, 'imputed social contributions' (D.612), which relate to unfunded social security schemes, are excluded such that the definition used in this survey corresponds to Indicator 2 of the four indicators of general government and European Union levies issued by Eurostat (see Box A.1). In practice, imputed social contributions mainly relate to a number of EU governments, which do not pay actual contributions for their employees but nevertheless guarantee them a pension upon retirement; imputed social contributions represent the contributions the government should pay to a pension fund in order to provide a pension of an equivalent amount to the employees. Including imputed social contributions in the definition of compulsory levies would allow greater comparability over time and across countries, given that some governments make actual contributions for their employees while others simply pay social benefits to their employees as their entitlement arises. However, imputed social contributions are not based on actual transactions and the method for imputation may involve estimation errors. Ultimately it is found that, while including imputed social contributions in the definition of total taxes would result in a non-negligible level shift, yielding an increase of the tax ratio for the EU-27 average by around four fifths of a percentage point and for the EA-17 average by around one percentage point (see Graph A.1), the development of the ratios over time would not be affected (see European Commission, 2004, pp. 99–100, for a comparison of the time trend).

Graph A.1: **Sensitivity analysis: role of imputed social contributions**
2009, in %



Source: Commission services

Box A.1: Indicators on general government and European Union levies

In 2001, the Eurostat National Accounts Working Group defined four taxation indicators for general government and European Union levies, progressing from a narrower to a broader definition:

	Taxes on production and imports (D.2)
+	Current taxes on income, wealth, etc (D.5)
+	Capital taxes (D.91)
[-	Capital transfers from general government to relevant sectors representing taxes and social contributions assessed but unlikely to be collected (D.995)]
+	Compulsory actual social contributions payable to the social security funds sub-sector (S.1314) (D.61111 + D.61121 + D.61131, when payable to S.1314)
=	INDICATOR 1 (Total taxes and compulsory social security contributions)
+	Compulsory actual social contributions payable to the central government (S.1311), state government (S.1312), and local government (S.1313) sub-sectors as employers (D.61111 + D.61121 + D.61131, when payable to S.1311, S.1312 and S.1313)
=	INDICATOR 2 (Total taxes and compulsory actual social contributions payable to general government, including those for government as an employer)
+	Imputed social contributions (D.612) payable to general government as an employer
=	INDICATOR 3 (Total taxes and compulsory social contributions payable to general government, including those for government as an employer)
+	Voluntary actual social contributions payable to the general government sector (S.13) (D.61112 + D.61122 + D.61132)
=	INDICATOR 4 (Total taxes and social contributions payable to general government, including those for government as an employer)

Box A.2 shows a breakdown of taxes that Member States provide on a harmonised basis in the framework of European System of Accounts 95 (ESA95) Transmission Programme as well as the codes used in ESA95.

Box A.2: Scheme of ESA95 classification of taxes and social contributions

D.2 Taxes on Production and Imports	
D.21	Taxes on Products
D.211	Value added type taxes
D.212	Taxes and duties on imports excluding VAT
D.2121	Import duties
D.2122	Taxes on imports, excluding VAT and import duties
D.2122a	Levies on imported agricultural products
D.2122b	Monetary compensatory amounts on imports
D.2122c	Excise duties
D.2122d	General sales taxes
D.2122e	Taxes on specific services
D.2122f	Profits of import monopolies
D.214	Taxes on products, except VAT and import taxes
D.214a	Excise duties and consumption taxes
D.214b	Stamp taxes
D.214c	Taxes on financial and capital transactions
D.214d	Car registration taxes
D.214e	Taxes on entertainment
D.214f	Taxes on lotteries, gambling and betting
D.214g	Taxes on insurance premiums
D.214h	Other taxes on specific services
D.214i	General sales or turnover taxes
D.214j	Profits of fiscal monopolies
D.214k	Export duties and monetary comp. amounts on exports
D.214l	Other taxes on products n.e.c.
D.29	Other taxes on production
D.29a	Taxes on land, buildings and other structures
D.29b	Taxes on the use of fixed assets
D.29c	Total wage bill and payroll taxes
D.29d	Taxes on international transactions
D.29e	Business and professional licences
D.29f	Taxes on pollution
D.29g	Under-compensation of VAT (flat rate system)
D.29h	Other taxes on production n.e.c.
D.5 Current taxes on income, wealth, etc.	
D.51	Taxes on income
D.51a+D.51c1	Taxes on individual or household income incl. holding gains
D.51b+D.51c2	Taxes on the income or profits of corporations incl. holding gains
D.51c3	Other taxes on holding gains
D.51d	Taxes on winnings from lottery or gambling
D.51e	Other taxes on income n.e.c.
D.59	Other current taxes
D.59a	Current taxes on capital
D.59b	Poll taxes
D.59c	Expenditure taxes
D.59d	Payments by households for licences
D.59e	Taxes on international transactions
D.59f	Other current taxes n.e.c.

(Continued on the next page)

Box (continued)

D.91	Capital taxes
D.91a	Taxes on capital transfers
D.91b	Capital levies
D.91c	Other capital taxes n.e.c.
D.611	Actual social contributions
D.6111	Employers' actual social contributions
D.61111	Compulsory employers' actual social contributions
D.61112*	Voluntary employers' actual social contributions*
D.6112	Employees' social contributions
D.61121	Compulsory employees' social contributions
D.61122*	Voluntary employees' social contributions*
D.6113	Social contributions by self- and non-employed persons
D.61131	Compulsory contributions self- and non-employed persons
D.61132*	Voluntary contributions by self and non-employed persons*
D.612*	Imputed social contributions*

* Not included in the 'Taxation trends' definition of total taxes (incl. SSC)

Part B: Tax structure by level of government

Data sources: same as in Part A.

Definitions of the aggregates: total taxes received by the general government (institutional sector S.13 in ESA95) are broken down as taxes received by:

- central government (S.1311)
- state (region) government for federal states (S.1312)
- local government (S.1313)
- social security funds (S.1314)
- the EU institutions (S.212).

The taxes that are reported under these headings represent 'ultimately received' tax revenues. This means, for example, that not only the 'own' taxes are included, but also the part of the tax revenue that is automatically and unconditionally 'shared' between the government sub-sectors, even if these government sub-sectors have no power to vary the rate or the base of those particular taxes. Additional information was used for the classification of taxes for Belgium. Furthermore, Denmark treats the VAT revenues (D.211) paid to the EU institutions in a different way from other Member States. They are recorded under S1311 instead of under S.212; subsequently, a current transfer from S.13 to S.212 (under ESA95 code: D.7PAY) is booked. This treatment affects also D.21 and D.2 for S.1311 (central government) and S.13 (general government); compared to the other Member States, this results in a higher estimate of central government revenue and a lower estimate of the revenue at the level of the EU institutions. In Hungary, since 2008, total personal income tax (D.51A+D.51C1) for the local government (S.1313) is accounted for by the general government (S.1311) and after transferred under D.7 to S.1313. This method of recording results in a lower estimate of local government tax revenue in 2008 and 2009 compared to those for the period 1995-2007.

Part C: Tax structure by economic function

The calculation of Part C ratios is done on the basis of more detailed revenue data than the one published by Eurostat. The Eurostat database is therefore supplemented by a so-called National Tax List supplied by Member States. The economic allocation of taxes published in this report is applied to each tax contained in the National Tax List. Furthermore, a split of the personal income tax by economic function is used.

- The availability of detailed revenue data and the economic allocation for each country and each tax is available on the homepage of the Directorate-General for Taxation and Customs Union (<http://ec.europa.eu/taxtrends>).
- Compulsory social contributions of self-employed and non-employed (D.61131) needed to be split between non-employed (considered as part of labour) and self-employed (considered as part of capital). For some countries the split is directly available in the National Tax List; for others the split was computed by applying to D.61131 the share paid by non- and self-employed as reported by the Member States as part of the social protection data in the Eurostat public database, the so-called ESSPROS module of Eurostat ⁽⁹⁶⁾; where no statistics were available the share paid by the non-employed was assumed to be negligible. The data used in the report covers the period up to 2008.

Methodology and the allocation of taxes to economic functions

Taxes on consumption, labour and capital add up to the total of taxes received by general government. The separation of taxes into three economic functions and the identification of an environmental tax category inevitably lead to simplifications and somewhat hybrid categories. The exercise is currently complicated by the fact that the harmonised classification of taxes in ESA95 is not always consistently applied at the detailed level of individual taxes across Member States. A number of borderline cases and approximations had to be taken into account to arrive at a final classification of taxes. Tax data are not always recorded in sufficient detail to identify individual taxes and allocate them to the corresponding economic categories. In addition, some specific national features required a special treatment. The degree of decomposition provided by national statistical offices makes it sometimes difficult to identify sub-categories. General guidelines for the allocation of the taxes are given in the following Boxes C.1 to C.8. However, exceptions are made if necessary to reflect the true nature of a tax. Borderline cases, which mainly regard the split between taxes on stocks of capital and on consumption, are discussed with Member States.

A key methodological problem for classifying tax revenues across the economic functions is that some taxes relate to multiple sources of economic income. This holds most notably for the personal income tax. Therefore, a method was developed to break down personal income tax revenue, in most cases using unpublished data supplied by the national tax administrations. A breakdown of the personal income tax according to four sources of taxable income (labour, capital, self-employment income, and social transfers and pensions) is carried out by Member States' authorities according to a country specific methodology (so-called PIT split). Member States use data sets of individual taxpayers (Belgium, Denmark, Germany, France, Ireland, Luxembourg, Latvia, Malta, Netherlands, Poland, Finland, Sweden, Slovenia and United Kingdom) or income class data based on the data set of individual taxpayers (Cyprus, Greece, Spain, Italy, Lithuania, Bulgaria) or tax receipts from withholding and income tax statistics with certain corrections (Austria, Estonia, Czech Republic, Hungary, Portugal, Romania) ⁽⁹⁷⁾.

Several Member States were not able to provide full time-series coverage for all calendar years. In these cases a trend has been assumed using simple linear interpolations or the fractions were assumed to remain constant, i.e. the 2009 split was considered equal to that of 2008. Tables D.2 to D.5 give all the details on the PIT-split provided by each Member State. In some cases the number of estimates for the PIT split still falls short of the ideal, which to a limited extent affects the

⁽⁹⁶⁾ Eurostat (1996).

⁽⁹⁷⁾ The methodology utilised by Member States to arrive at the PIT split is described in more detail in a separate section of this annex (see 'Methods used to split the revenue from personal income tax' in Part D).

accuracy of the allocation of taxes to economic function and, therefore, of the implicit tax rates (ITRs). Additional details are given in a later section of this methodological note.

- Although, as a rule, taxes are classified under one single economic function, in some specific cases a breakdown of revenue has been carried out also for taxes other than the PIT. For example, local business taxes often relate to one or more sources of economic income and are allocated over the economic functions where possible. In those cases, examples of which are mentioned below, estimates from Member States have been used to distribute their revenue across the economic functions.
- The revenue from the French tax on types of accommodation (so-called *Taxe d'habitation*), for example, has been distributed among the categorie 'consumption' and '(stocks of) capital', using estimates from the national administration.
- Also, the revenue from the French generalised social contribution and from the contribution for the reduction of social security institutions' debt (commonly abbreviated to 'CSG' and 'CRDS', respectively) has been distributed over the categories 'labour' and 'capital (income of households)'.
- The revenue from the Italian Regional tax on Productive Activities (IRAP), for example, has been distributed among the categories 'labour' and 'capital', using data communicated to us by the Ministry of Finance. The tax is charged on Public Administrations (state, regions, municipalities, etc.), corporations, partnerships, self-employment and non-commercial bodies. The tax base is the difference between items classified in the production value and items classified in the production cost, as defined in the Civil Code. For the Public Administrations, the tax base is equal to the total employees' compensation and, therefore, fully attributed to the 'employed labour' component. The part paid by the private bodies is divided between labour and capital by estimating the labour cost from data provided by withholding agents in the tax returns and further calculating the production value net of the estimated labour cost, thus determining the capital share of IRAP.
- The German local business tax (*Gewerbesteuer*), has been fully allocated to the category 'capital income (of corporations)', as the part on business capital stocks is not applied in recent years. The French local business tax (*Taxe professionnelle*) has been fully allocated to the category 'Stocks of capital', as it is mostly levied on buildings and real estate, and the French government is reforming the tax with phasing out the payroll component from the tax base.
- In Italy, the earnings and the compulsory social contributions paid by self-employed persons working under the so called 'co.co.co' regime (coordinated and continuous collaboration, special work regime now abolished and substituted by project collaboration) are transferred from the category 'capital (income of self-employed)' to 'labour' (partly to employers and employees).

Taxes on consumption

Taxes on consumption are defined as taxes levied on transactions between final consumers and producers and on the final consumption goods. In the ESA classification these can be identified as the following categories (see Box C.1).

- Value added-type taxes (D.211).
- Taxes and duties on imports excluding VAT (D.212).
- Taxes on products except VAT and import duties (D.214), which include excise duties. Those taxes paid by companies on products used for production have been excluded from the category of consumption taxes,

whenever the level of detail enabled their identification ⁽⁹⁸⁾. But national accounts tax revenues do not allow such a split for excise duties, which are paid for a substantial part by companies. Moreover, some categories have been allocated to capital such as the stamp taxes (D.214b), when they could be identified as related to the stock exchange market or real estate investment. Taxes on financial and capital transactions (D.214c) as well as export duties and monetary compensatory amounts on exports (D.214k) have also been recorded as capital taxes.

- Other taxes on production (D.29). These are a typical border case since this category includes several taxes or professional licences paid by companies 'as a result of engaging in production'. Total wage bill and payroll taxes (D.29c) have been classified as a tax on labour; taxes on land, building and other structures (D.29a) have, been classified as taxes on the stock of capital. However, taxes on international transactions (D.29d), taxes on pollution (D.29f) and the under-compensation of VAT (flat-rate system) (D.29g) have been considered as consumption taxes.
- Some taxes defined as current taxes (D.5) in ESA95 such as poll taxes, expenditure taxes, or payments by households for licences have been attributed to consumption since they are expenditures made by households to obtain specific goods and services.

Box C.1: Definition of taxes on consumption

D.211 Value added type taxes
 D.212 Taxes and duties on imports excluding VAT
 D.214 Taxes on products except VAT and import duties less
 D.214b Stamp taxes
 D.214c Taxes on financial and capital transactions
 D.214k Export duties and monetary compensatory amounts on exports
 From D.29 Other taxes on production:
 D.29d Taxes on international transactions
 D.29f Taxes on pollution
 D.29g Under-compensation of VAT (flat rate system)
 From D.59 Other current taxes:
 D.59b Poll taxes
 D.59c Expenditure taxes
 D.59d Payments by households for licences

The ITR on consumption is split into four categories (only the numerator is broken down; the denominator remains the same for each subcategory). The categories are the following.

- VAT: the share of the ITR on consumption relating to VAT (D.211-type taxes).
- Energy: this subcategory includes all consumption taxes on energy listed in the National Tax List; these are mainly represented by excise duties on mineral oils, duties on electricity or similar taxes; this definition may differ slightly from the one utilised for Tables 69 and 70 in Annex A, notably as the latter may include also energy taxes levied on capital or labour.
- Tobacco and alcohol: these include all excise duties on alcohol and tobacco products listed in the National Tax List. For Italy, the revenues from stamp duties are included.
- Residual: all remaining consumption taxes are booked in this subcategory; they are obtained as a difference from the total.

⁽⁹⁸⁾ A possible breakdown of car registration taxes between those paid by companies and those paid by households would only be available for some countries. Hence, to avoid a different treatment in different Member States, all revenue from car registration taxes has been attributed to consumption.

The identification of the revenue is done on the basis of the National Tax List.

VAT reduced rate and base indicator

For each country, this indicator is calculated as defined in Box C.2:

Box C.2: Definition of VAT reduced rate and base indicator

VAT reduced rate and base indicator = standard VAT rate - VAT component of the ITR on consumption

Taxes on labour

Taxes on employed labour income

Taxes on employed labour comprise all taxes, directly linked to wages and mostly withheld at source, paid by employers and employees, including actual compulsory social contributions (see Box C.3). They include compulsory actual employers' social contributions (D.61111) and payroll taxes (D.29c), compulsory social contributions paid by employees (D.61121) and the part of personal income tax (D.51a) that is related to earned income. The personal income tax is typically levied on different sources of income, labour income, but also social benefits, including pensions, dividend and interest income and self-employment income. The next section explains how taxpayers' data have been used to allocate the personal income tax revenue across different sources of income.

Under the definition of taxes on employed labour income adopted in this report, the categories 'personal income tax' and 'social security contributions' are used in a wide sense including all other taxes that are susceptible of increasing the cost of labour. Therefore, the recorded amount of 'personal income tax' in the Nordic countries does not only consist of central government income tax, but also includes the state income tax, or municipality income tax and sometimes also church tax. In France, the generalised social contribution (CSG) and the contribution for the reduction in the debt of the social security institutions (CRDS) are partially booked as income tax on labour income. In Austria, the 'contributions to chambers' and the 'promotion residential building' are also partially booked as tax on labour income (and booked as 'personal income tax' and 'employers' SSC and payroll tax', respectively). In Hungary, the communal tax on enterprises is allocated to labour as 'employers' SSC and payroll tax'. In Portugal, the stamp duty on wages and salaries is allocated to 'employers' SSC and payroll taxes'. In Italy, part of the revenue from the IRAP tax, which is levied on a measure of value added by enterprises, has been allocated to labour and 'employers' social contributions' in particular (and also included in the denominator of the tax ratio). In Belgium and Portugal, personal income taxes and social security contributions paid by EU civil servants to the EU Institutions were excluded from the calculations.

Taxes on non-employed labour income

The category labour — non-employed comprises all taxes and compulsory social contributions raised on transfer income of non-employed persons, where these could be identified. This transfer income includes social transfers that are paid by the state (e.g. unemployment, invalidity and health care benefits) and benefits from old-age pension schemes (both state and occupational pension schemes). Most of these benefits paid to non-employed persons are in some way or the other linked to employment; contributions for current unemployment and State pension benefits are, for example, for the most part, paid by the active labour force, while occupational pension schemes are mostly funded while being employed. The calculation of the implicit tax rate on labour is, however, limited to the category employed labour.

- In some Member States social transfer payments by the State are subject to personal income taxation. In this case, part of what is paid by the State is immediately refunded to the budget (but not necessarily at the same level) in

the form of taxes. In many instances, however (e.g. for social assistance), the taxes raised on social transfers are more of an accounting convention than taxes in a proper sense, a means employed to yield a certain net transfer. Where such taxes could be identified they have been separated from other taxes and social contributions.

- Pension arrangements and their tax treatment vary considerably between, and in some cases within, Member States. Where there is up-front tax relief for contributions to funded pensions, this often tends to be given as an exemption from tax on labour income and estimates are not easy to make. The tax revenue collected on pension benefit payments is usually easier to estimate, but there is a conceptual and practical issue over whether to regard it as capital income (because pensions can be privately funded), deferred labour income (because they are actually taxed in this way) or a social transfer payment (because they are classified as such in national accounts or because they are guaranteed by the state). For state (first pillar) pensions, the solution is to treat them in the same way as social transfer payments but for occupational (second pillar) and private (third pillar) pensions the issue is more difficult, because they are generally privately funded and the benefits are not guaranteed by the state. The compromise solution adopted in this report classifies income tax on occupational pensions under the labour — non-employed category and does not include them in capital income. An important reason for doing this is that both state and occupational pension benefits are often treated as (deferred) labour income in the income tax, as they are directly linked to employment or the exercise of a profession. Another important argument is that occupational pension benefits are considered as (privately funded) social benefits in national accounts. In the United Kingdom, however, occupational pensions and also private pensions are allocated to capital giving an upward bias to the ITR on capital compared to other Member States.
- Private (third pillar) pensions may be used as a supplement for state or occupational pensions. They have many of the characteristics of occupational pensions, although participation is often not directly related to employment or the exercise of a profession, and is arranged individually by contract directly with a product provider (e.g. a life insurance company). It could therefore be argued that the taxes raised on private pension benefits should be allocated to capital income. It should however be noted that the statistical identification of private pension benefits is often complicated, and the amount of this type of income is so far not very significant in the majority of Member States (notable exceptions in this respect are Denmark, Belgium, the Netherlands and the United Kingdom).

Taxes on income of the self-employed

The question arose whether part of the self-employed income should be treated as a remuneration of labour and whether the related taxes should be included in taxes on labour. The best compromise between economic rationale and data availability was to consider self-employment income as income from capital: self-employed income is genuinely an entrepreneurial income and self-employed take the risk of incurring losses when exercising their activity. Personal income taxes as well as social contributions of self-employed are, therefore, allocated to the capital income subcategory for self-employed. This assumption includes the part of self-employment income equivalent to the remuneration of self-employment own labour. For some Member States, this assumption does not reflect the situation of some self-employed, whose economic status or income does not significantly differ from those of wage earners. In Italy, for example, the National Statistical Office (ISTAT) provides official estimates of the percentages of 'mixed income' that can be attributed to labour and capital.

Box C.3: Definition of taxes on labour

Employed labour
From D.51 Taxes on income: D.51a+D.51c1 Taxes on individual or household income including holding gains (part raised on labour income)
From D.29 Other current taxes: D.29c Total wage bill and payroll taxes
From D.611 Actual social contributions: D.61111 Compulsory employers' actual social contributions D.61121 Compulsory employees' social contributions
Non-employed labour
From D.51 Taxes on income: D.51a+D.51c1 Taxes on individual or household income including holding gains (part raised on social transfers and pensions)
From D.611 Actual contributions: D.61131 Compulsory social contributions by self- and non-employed persons (part paid by social transfer recipients)

Taxes on capital

Capital is defined broadly, including physical capital, intangibles and financial investment and savings (see Box C.4). Capital taxes include taxes on business income in a broad sense: not only taxes on profits but also taxes and levies that could be regarded as a prerequisite for earning profit, such as the real estate tax or the motor vehicle tax paid by enterprises. In their empirical study Desai and Hines (2001) confirmed that these indirect taxes also influence investment decisions of American multinational firms. They also include taxes on capital stocks of households or their transaction (e.g. on real estate). A distinction is drawn between taxes on capital and business income and taxes on capital stock:

Box C.4: Definition of taxes on capital

Capital and business income taxes:
From D.51- Taxes on income:
D.51a+D.51c1 Taxes on individual or household income including holding gains (part paid on capital and self-employed income)
D.51b+D.51c2 Taxes on the income or profits of corporations including holding gains
D.51c3 Other taxes on holding gains
D.51d Taxes on winnings from lottery and gambling
D.51e Other taxes on income n.e.c.
From D.611- Actual social contributions:
D.61131 Compulsory social contributions by self- and non-employed persons (part paid by self-employed)
Taxes on stocks (wealth):
From D.214- Taxes on products, except VAT and import taxes:
D.214b Stamp taxes
D.214c Taxes on financial and capital transactions
D.214k Export duties and monetary compensatory amounts on exports
From D.29- Other taxes on production:
D.29a Taxes on land, buildings or other structures
D.29b Taxes on the use of fixed assets
D.29e Business and professional licences
D.29h Other taxes on production n.e.c.
From D.59- Other current taxes:
D.59a Current taxes on capital
D.59f Other current taxes on capital n.e.c.
D.91 Capital taxes

'Taxes on capital and business income' that economic agents earn or receive from domestic resources or from abroad includes taxes on income or profits of corporations (Box C.5), taxes on income and social contributions of the self-employed, plus personal income tax raised on the capital income of households (rents, dividends and other property income) (Box C.6). In practice this is mainly the personal income tax paid on dividend, interest and entrepreneurial activity (part of D.51a + D.51c1) and corporate income tax (D.51b + D.51c2) as well as other taxes on holding gains (D.51c3). This metric is further subdivided into the 'Taxes on the income of corporations' (using the 'Taxes on the income or profits of corporations including holding gains' as a numerator) and 'Taxes on the income of households', which uses the residual of 'Capital and business income taxes'.

Box C.5: Definition of taxes on the income of corporations

Taxes on the income of corporations
From D.51-Taxes on income:
D.51b+D.51c2 Taxes on the income or profits of corporations including holding gains

Box C.6: Definition of taxes on the capital and business income of households

Taxes on capital and business income of households:

From D.51 Taxes on income:

D.51a+D.51c1 Taxes on individual or household income including holding gains (part paid on capital and self-employed income)

D.51c3 Other taxes on holding gains

D.51d Taxes on winnings from lottery and gambling

D.51e Other taxes on income n.e.c.

From D.611 Actual social contributions:

D.61131 Compulsory social contributions by self- and non-employed persons (part paid by self-employed)

'Taxes on capital stock' include the wealth tax (D.59a), capital taxes (D.91) including the inheritance tax (D.91a), the real estate tax (D.29a) or taxes on the use of fixed assets (D.29b), professional and business licences (D.29e), and some taxes on products (from the category D.214).

Environmental taxes

The definition of an environmental tax in "Environmental taxes – a statistical guideline" (European Commission 2001b) developed and used by the European Commission, the OECD and the International Energy Agency (IEA) refers to a tax 'whose tax base is a physical unit (or a proxy of it) of something that has a proven, specific negative impact on the environment'. While the motivation for introducing the taxes – fiscal or environmental – is not decisive for the classification, its impact on costs and prices is. As the statistical guideline states: 'The environmental effect of a tax comes primarily through the impact it has on the relative prices of environmentally related products and activities, in combination with the relevant price elasticities. With this in mind, the definition of environmental taxes used in the statistical framework puts emphasis on the potential effect of a given tax in terms of its impact on costs and prices.'

Environmental taxes comprise taxes on energy, transport, pollution and resources, but value added type taxes are excluded because they are levied on all products. Environmental taxes represent a sub-category of indirect taxes, in general consumption taxes, but may sometimes also represent taxes on the capital stock.

In line with the definition of the statistical guideline, in this publication environmental taxes are divided in three groups: energy taxes, transport taxes (excl. fuel) and a category combining pollution and resource taxes. However, for the purposes of this report some additions and adaptations have been made for borderline cases. In particular:

- Energy taxes include taxes on energy products used for both transport and stationary purposes (denoted E in the NTL). The most important energy products for transport purposes are petrol and diesel. Energy products for stationary use include fuel oils, natural gas, coal and electricity. CO₂ taxes are included under energy taxes rather than under pollution taxes, as it is often not possible to identify them separately in tax statistics. Furthermore, taxes levied on environmentally possibly harmful production such as on conventional or nuclear power producers are considered as increasing their long-term production costs and are hence classified as energy taxes, even in the absence of a strong link with quantities in the tax base.
- A further disaggregation is provided for energy taxes, namely a category giving the tax revenues stemming from the transport use of fuels. Transport fuel taxes include only those taxes which are levied on the transport use of fuels/energy products and hence form a subgroup of energy taxes. The derivation of these data is explained under the heading "Transport fuel taxes".
- Transport taxes (excl. fuel) mainly include taxes related to the ownership and use of motor vehicles (denoted T in the NTL). Taxes on other transport equipment (e.g. planes), and related transport services (e.g. duties on charter

or schedule flights) are also included here, when they conform to the general definition of environmental taxes. The transport taxes may be 'one-off' taxes related to imports or sales of the equipment or recurrent taxes such as an annual road tax. As indicated by the title, taxes on petrol, diesel and other transport fuels, are not included here but are included under energy taxes.

- The last group of pollution/resource taxes includes two groups of taxes (denoted P in the NTL). Pollution taxes are taxes on measured or estimated emissions to air and water, management of solid waste and noise – with the exception is the CO₂-taxes, which, as discussed above, are included under energy taxes. The second group – resource taxes – includes any tax linked to extraction or use of a natural resource. This means that licences paid for hunting, fishing and the like are classified as resource taxes, because these activities deplete natural resources. Note that in this publication, taxes on the extraction of oil or gas are booked as resource taxes, contrary to the statistical guideline which excludes taxes on oil and gas extraction altogether from the definition of environmental taxes. Taxes on oil and gas extraction increase the production cost and hence influence the decision whether or not to produce. While under the small country hypothesis, these taxes will not affect the market price, they might however affect the supply decision of the product. Resource taxes hence comprise all taxes levied on extraction as well as taxes directly linked to extraction activities (such as e.g. taxes on oil pipelines in Denmark).

For Slovenia, the data for energy tax revenues before the introduction of VAT in July 1999 are obtained from a breakdown of turnover tax revenues by type of goods, supplied courtesy of the Slovenian Statistical Office. It should be noted that the reduction in energy taxes from 1998 to 2000 is essentially a statistical artefact. Up to 1998, the excise duty represented all taxation of mineral oils, because no general sales tax such as VAT existed; when VAT was adopted, it was levied on mineral oils, too, as is typical of any general consumption tax. The Slovenian authorities hence reduced the excise duty rate in order to leave the final sale price broadly unchanged. Our methodology, however, counts only excise duties as energy taxes. Hence, the apparent decline in energy taxation was in fact a substitution of one tax for another, which left constant the tax burden for the final consumer.

The taxes included as environmental taxes and their respective categories are listed for each Member State on the homepage of the Taxation and Customs Union Directorate General. ⁽⁹⁹⁾

Transport fuel taxes

Transport fuel taxes are defined as taxes on energy products used for transport purposes only. This category aims at representing the tax burden falling on transport energy products, i.e. transport fuels.

Data sources

Thirteen Member States (Czech Republic, Germany, Estonia, Spain, Italy, Latvia, Lithuania, Netherlands, Austria, Slovenia, Finland, Sweden, United Kingdom) and Norway made ready-to-use data available. For the remaining Member States Commission Services estimated the transport fuel taxes applying the methodology described below. The following data sources were used for this estimation:

- National List of Taxes (NTL)
- The Taxation and Customs Union Excise Duty data (ED)⁽¹⁰⁰⁾ collects information on 'revenue from taxes on consumption (excise duties and similar charges) other than VAT on energy products and electricity'. This information is supplied by the EU-27 national authorities, but not necessarily following ESA95 methodology. The data provides information on tax revenue on energy products according to eight different product categories and two summary categories:

⁽⁹⁹⁾ http://ec.europa.eu/taxation_customs/taxation/gen_info/economic_analysis/tax_structures/article_5985_en.htm

⁽¹⁰⁰⁾ http://ec.europa.eu/taxation_customs/resources/documents/taxation/excise_duties/energy_products/rates/excise_duties_energy_products_en.pdf

Box C.7: Energy products

I)	Leaded petrol/Lead substitute petrol
II)	Unleaded petrol
III)	Diesel
IV)	LPG and Methane
V)	Heavy fuel oil
VI)	Sum of I)-IV): Total revenues from all mineral oils
VII)	Natural gas
VIII)	Coal and Coke
IX)	Electricity
X)	Overall sum: Total revenues from all energy products & electricity

- Eurostat public database: The Eurostat public database provides data on environment and energy ⁽¹⁰¹⁾. It contains information on final energy consumption volumes for transport use. It allows to separate final energy consumption volumes of different energy products for different uses (e.g. tons of petrol used for transport purposes or for industries). According to this sector categorisation final energy consumption for transport covers all transport sectors (rail, air and water) for all transport use (business, private) for different product categories.

Time span covered

Transport fuel tax revenues were calculated for the years 2003 – 2009 for the old Member States and for 2004 – 2009 for most new Member States due to limitations in data availability. For 2009 no data on final energy consumption volumes was available. The stability of the transport shares in final energy consumption, however, allows assuming constancy of the shares of transport use of fuels. Hence, for revenue estimations of the categories of mixed use for transport and stationary purpose the 2008 constant transport shares were applied to the 2009 tax revenues.

The data provided by the Member States covers different time spans.

Methodology: Estimating transport fuel tax revenues in ED data

The ED data provides a split of taxes on energy products in revenues on VI) Mineral oils, VII) Natural gas, VIII) Coal and coke and IX) Electricity. As the energy products coal and coke, electricity and natural gas are only used to a negligible part for transport purposes, revenues in these categories are assumed to stem from stationary energy use only and hence disregarded further on.

To determine which part of the VI) Tax revenues on mineral oils according to the ED data can be attributed to the transport use of fuels, data on final energy consumption volumes provided by the Eurostat public database on final energy consumption is used.

The public Eurostat database allows to separate final energy consumption for different energy products according to different sectors/usage. In line with the product categories in the ED data, i.e. petrol, diesel, LPG and heavy fuel oil, the transport use of final energy consumption of corresponding product categories were downloaded (namely the amount in tonnes used for transport purposes of the following products: 3220 LPG, 3230 Motor Spirit, 3260 Gas/diesel Oil and 3270 Residual Fuel Oil). The calculated usage shares indicate that motor spirit was exclusively used for transport purposes while residual fuel oil was hardly used for transport purposes. Hence, revenues from ED categories I) Leaded petrol/Lead substitute petrol and II) Unleaded petrol can exclusively be attributed to the transport use of fuel. Revenues from III) Diesel and IV) LPG and Methane stem from the mixed use of transport and stationary purpose, while V) Heavy fuel oil is almost exclusively attributed to stationary purposes.

⁽¹⁰¹⁾ Eurostat database on energy: http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database

For the mixed-use categories III) Diesel and IV) LPG and Methane, the tax revenues stemming from the transport use are disentangled from non-transport tax revenues. Generally, multiplying the amount of the product used for transport by the respective tax rate applied in the respective year should give the tax revenues levied on that specific product used for transport (see Box C.8). Doing so, two difficulties need to be addressed:

- The Eurostat database on final energy consumption uses tonnes as a measure of the volume of liquid components, whereas tax rates for Petrol and Diesel are usually given as Euro/litre. Hence, a conversion factor has to be used to transform tonnes into litres before applying the tax rates. For diesel/gas oil - petrol revenues don't have to be disentangled - a 'typical' conversion factor suggested by Eurostat of 1185l/1000kg is used.
- Moreover, usually more than one tax rate is in place for a product category used for transport purposes. Tax rates on transport diesel are often differentiated according to the diesel's sulphur or bio diesel content; LPG used for public transport is often taxed at reduced rates or tax exempt altogether. In case multiple tax rates prevented the application of the general formula 'tax rate x amount of transport fuel in litres', a different approach was used. Transport tax revenues were derived as the difference between total tax revenues according to the product category given by the ED data, namely III) Diesel or IV) LPG and Methane, and the non-transport tax revenues. Calculating non-transport tax revenues by applying the general formula proved feasible as non-transport tax rates are usually less differentiated.

Taking the sum over the tax revenues of categories I) Leaded petrol/Lead substitute petrol II) Unleaded petrol and the derived fuel tax revenues in categories III) Diesel and IV) LPG and Methane gives the overall transport tax fuels according to ED data methodology.

As the ED data is not necessarily following the ESA 95 methodology used in the NTL further adjustments have to be made to derive the amount of transport fuel taxes according to ESA 95 methodology. First, the shares of transport fuel taxes in mineral oil taxes and in overall energy taxes in ED data are calculated. This is achieved by the division of the estimated transport fuel taxes by VI) Total revenues from all mineral oils and by X) Total revenues from all energy products & electricity, respectively. The resulting shares are then applied to the respective categories in the NTL. Preferably, the ED share of transport fuel taxes to mineral oil taxes is applied to the NTL category of mineral oil tax revenues, as usually the concepts for mineral oil taxes as given in the NTL and in the ED data are linked closely. The application of this share gives hence a proxy of 'tax revenues stemming from the transport use of fuels' according to the ESA95 methodology, which is the one published in the report. In case of unavailability of the category mineral oil taxes in the NTL, the share of transport fuel taxes to energy taxes resulting from the ED data is applied to energy taxes in the NTL (See Box C.8 for the two methods).

Shares were also applied to data provided by the Member States in case the data were not provided according to ESA95 methodology. In this case the split between transport fuel tax revenues and other tax revenues as provided by the Member States – mostly in cash data - was applied to the respective category in the NTL, hence giving an approximation following the ESA95 methodology.

Box C.8: Transport fuel taxes in ED data**Sum over revenues on:**

I) Leaded petrol/Lead substitute petrol

II) Unleaded petrol

Tax rate for diesel/1000l x amount of diesel used for transport in 1000 l

Tax rate for LPG/1000kg x amount of LPG used for transport in 1000 kg

Tax rate for residual/heavy fuel oil/1000kg x amount of heavy fuel oil used for transport in 1000 kg

Share of transport fuel taxes in overall mineral oil taxes:

Numerator: Transport fuel taxes

Denominator: VI) Total revenues from all mineral oils

Share of transport fuel taxes in energy taxes:

Numerator: Overall transport fuel taxes

Denominator: X) Total revenues from all energy products & electricity

Part D: Implicit tax rates

The implicit tax rates are defined for each economic function. They are computed as the ratio of total tax revenues of the category (consumption, labour, and capital) to a proxy of the potential tax base defined using the production and income accounts of the national accounts.

Data sources

National accounts data used in the construction of the denominator are extracted from the Eurostat public database (formerly NewCronos), with further national accounts data acquired for calculating the bases of the implicit tax rates on capital and capital income. The numerators are taken from the ratios calculated in Part C. For a few countries limitations in data availability, particularly in the case of the denominator of the ITR on capital, affected or prevented the calculation of the ITR.

Methodology

The tax revenue relative to GDP statistics presented in this survey can be described as macro backward-looking tax burden indicators. In Part C the taxes raised on economic functions are shown as percentages of total GDP. However, the consideration of tax revenue as a proportion of GDP provides limited information as no insight is given as to whether, for example, a high share of capital taxes in GDP is a result of high tax rates or a large capital tax base. These issues are tackled through the presentation of ITRs which do not suffer from this shortcoming.

ITRs measure the actual or effective average tax burden directly or indirectly levied on different types of economic income or activities that could potentially be taxed by Member States. Note, however, that the final economic incidence of the burden of taxation can often be shifted from one taxpayer to another through the interplay of demand and supply: a typical example is when firms increase sales prices in response to a hike in corporate income taxation; to a certain extent the firms' customers end up bearing part of the increased tax burden. The ITRs cannot take these effects into account, as this can only be done within a general equilibrium framework. Despite this limitation, ITRs allow the monitoring of tax burden levels over time (enabling the identification of shifts between the taxation of different economic functions e.g. from capital to labour) and across countries. Alternative measures of effective tax rates exist, which, using tax legislation, simulate the tax burden generated by a given tax, and can be linked to individual behaviour. However, these 'forward-looking' effective tax rates do not allow the comparison of the tax burden implied by different taxes; nor do they facilitate the identification of shifts in the taxation of different economic income and activities.

The comparability of these indicators has been enhanced by the improved consistency and harmonised computation of ESA95 national accounts data. However, this improvement can only be fully exploited by using the same denominator for all countries and not accounting for country-specific peculiarities in national tax legislation. For capital, an average tax rate is estimated by dividing all taxes on capital by a broad approximation of the total capital and business income both for households and corporations. For labour, an average tax rate is estimated by dividing direct and indirect taxes on labour paid by employers and employees by the total compensation of employees. The attractiveness of the approach lies in the fact that all elements of taxation are implicitly taken into account, such as the combined effects of statutory rates, tax deductions and tax credits. They also include the effects due to the composition of income, or companies' profit distribution policies. Further, the effects of tax planning, as well as the tax relief available (e.g. tax bases which are exempted below a certain threshold, non-deductible interest expenses), are also taken implicitly into account. The advantage of the ITRs in capturing a wide set of influences on taxation is accompanied by difficulties in interpreting the trends when a complete and precise separation of the different forces of influence is not possible⁽¹⁰²⁾. In addition, any timing differences that arise because of lags in tax payments and business-cycle effects may give rise to significant

⁽¹⁰²⁾ OECD (2000, 2002b).

volatility in these measures. In short, they represent a reduced model of all variables influencing taxation, tax rates and bases.

Implicit tax rate on consumption

The ITR on consumption is defined as all consumption taxes divided by the final consumption expenditure of private households on the economic territory (domestic concept) (see Box D.1).

Box D.1: Definition of the implicit tax rate on consumption

Implicit tax rate on consumption (ESA95)	Taxes on consumption / (P.31_S.14dom)
<i>Numerator:</i> see Box C.1 – taxes on consumption	
<i>Denominator:</i> P.31_S.14dom: Final consumption expenditure of households on the economic territory (domestic concept)	

This simple metric, which replaced the more complex version used prior to the 2003 edition, is considered preferable on a number of counts. Under the previous approach government consumption net of government salaries was added to consumption of households on the economic territory to obtain the denominator ⁽¹⁰³⁾, given that some of the 'consumption taxes' are levied on these government purchases. However, the figure for 'government consumption minus wages and salaries' was only ever a rough approximation of the intermediate consumption of the government ⁽¹⁰⁴⁾⁽¹⁰⁵⁾.

Implicit tax rate on labour

The ITR on employed labour is defined as the sum of all direct and indirect taxes and employees' and employers' social contributions levied on employed labour income divided by the total compensation of employees working in the economic territory (see Box D.2). The ITR on labour is calculated for employed labour only (so excluding the tax burden falling on social transfers, including pensions). Direct taxes are defined as the revenue from personal income tax that can be allocated to labour income. Indirect taxes on labour income, currently applied in some Member States, are taxes such as payroll taxes paid by the employer. The compensation of employees is defined as total remuneration, in cash or in kind, payable by an employer to an employee in return for work done. It consists of gross wages (in cash or in kind) and thus also the amount paid as social insurance contributions and wage withholding tax. In addition, employers' contributions to social security (including imputed social contributions) as well as to private pensions and related schemes are included. Personal income taxes and social security contributions paid by EU civil servants to the EU Institutions are excluded. Compensation of employees is thus a broad measure of the gross economic income from employment before any charges are withheld.

Box D.2: Definition of the implicit tax rate on labour

Implicit tax rate on employed labour (ESA95)	Direct taxes, indirect taxes and compulsory actual social contributions paid by employers and employees, on employed labour income/ (D.1 + D.29c)
<i>Numerator:</i> see Box C.3 – employed labour	
<i>Denominator:</i> D.1 Compensation of employees, D.29c Wage bill and payroll taxes	

The fundamental methodological problem in calculating the ITR on labour and capital is that the personal income tax is typically broad-based and relates to multiple sources of income (i.e. employed labour, self-employed labour, income from capital and income in the form of social benefits and pensions received). The note on the PIT split explains the

⁽¹⁰³⁾ In this respect, the previous approach followed the formula proposed by Mendoza, Razin and Tesar (1994).

⁽¹⁰⁴⁾ An alternative solution, offered by the new availability of data on the intermediate consumption of the government under ESA95, would be to incorporate this figure into the denominator.

⁽¹⁰⁵⁾ A detailed analysis of the VAT on intermediate government consumption is contained in Annex C of the 2007 edition of this report (European Commission, 2007).

calculations for estimating the part of the revenue from personal income tax that can be attributed to labour income and other income sources.

The resulting ITR on labour should be seen as a summary measure that approximates an average effective tax burden on labour income in the economy. It must be recognised that the tax ratio may hide important variation in effective tax rates across different household types or at different wage levels ⁽¹⁰⁶⁾. For example, cuts in taxes or social contribution rates that are targeted on low-wage, low-skill workers or families with children may have a small impact on the overall ITR and yet be effective in raising take-home pay for the beneficiaries. The decomposition of total tax wedges, for example, may be quite different at relatively low or relatively high wage levels. Also, in some Member States the recent fiscal reforms may have had more pronounced effects on low-wage, low-qualified workers or on families with children.

When interpreting the time-series comparisons, it should be borne in mind that the evolution refers to an *ex post* trend, which does not disentangle cyclical, structural and policy elements. This implies that the observed changes may only partially reflect discretionary tax policy measures. In some Member States, for example, strong economic growth may have decreased the importance of allowances and tax credits and, therefore increased the average tax rate or have moved taxpayers into higher personal income tax brackets resulting in higher real tax payments (bracket creep). Moreover, taxpayers at the top of the pay scale may have witnessed relatively high increases in incomes, and such changes may have induced a cyclical swing in the ITR on labour that may to some extent offset the (*ex ante*) expected fall driven by the tax reforms (aimed at reducing the tax burden at the bottom to the middle end of the distribution, say). Even in the absence of strong economic growth but in the case of inflation, the described 'bracket creep' can operate if tax brackets are not adjusted taking inflation into account.

In addition, it should be noted that the figures in the national accounts often do not follow a real accrual principle. According to the ESA95 rules for the national accounts, taxes should normally be recorded when the underlying economic event/transaction takes place rather than when the actual tax payment is made. The personal income tax, for example, is often levied on incomes accrued one year prior to actual collection. However, ESA95 allows for considerable flexibility in interpreting the accrual time of recording, depending on the type of taxes. Most statistical offices in fact use 'time-adjusted' cash figures for a few months, which are allowed following an amendment of ESA95. This means that the effects of tax reforms may be reflected in the figures with some delay, even when time-shifted cash figures are used. In contrast, tax policy changes are by definition immediately visible in the tax wedge indicators.

In the chapter analysing the trends in the ITR on labour, the ITR on labour is compared with the tax wedge for a single worker at two thirds of average earnings. In the 2004 edition of this publication a comparison between the ITR on labour and the tax wedge for a single worker without children at average earnings was computed for the EU-15. The ITR on labour was lower than the tax wedge at average earnings in all but three Member States. The difference amounted to a maximum of well above 10 percentage points and to eight percentage points on the weighted EU-15 average. Somewhat surprisingly then the ITR on labour was closer to the tax wedge at two thirds of the average earnings than the one at average earnings. This can be due to the fact that employees at the lower end of the pay scale are generally subject to relatively lower taxation or even no taxation at all and have a substantial weight in the calculation of the ITR on labour. Another explanation for the lower level of the ITR on labour with respect to the tax wedge for a single worker without children at average earnings is the fact that the former takes account of non-standard tax reliefs (e.g. medical expenses) which are not considered by the latter. See European Commission (2004, pp. 101–104).

⁽¹⁰⁶⁾ See also Clark (2002).

*Implicit tax rates on capital**Properties of the implicit tax rate on capital*

The overall implicit tax rate on capital is computed as the ratio between revenue from all capital taxes, and all (in principle) potentially taxable capital and business income in the economy. It aims at representing the average tax burden falling on capital income.

Our definition of taxes on capital does not stop at taxes levied on capital income streams, such as the corporate income tax, but includes taxes on stocks of wealth or capital assets, stemming from savings and private sector investments in previous periods; as well as taxes on asset transactions. In other words not only taxes on profits are included but also, for instance, taxes and levies that could be regarded as a prerequisite to earn them, like the real estate tax or the motor vehicle tax paid by enterprises; this kind of taxes have to be paid also by non-profitable entities, and, therefore, cannot properly be treated as taxes on income streams. Given that national accounts do not provide any indicator for the tax base of taxes levied on capital stocks or their transactions (e.g. a harmonised measure of the stock of capital or of asset transactions), the overall ITR on capital simply uses as a denominator potential capital and business income; however, this publication also includes a more narrowly defined ITR on capital and business income which excludes taxes on wealth or the capital stock but simply measures the average effective tax burden on private sector investment and saving, as a ratio between taxes paid on capital income streams and the aggregate of capital and business income.

Of the various implicit tax rates, the ITR on capital is the most complex ⁽¹⁰⁷⁾. Its trend can reflect a very wide range of factors, which can also vary for different Member States. In particular, three main factors may distort the ITR on capital and business income in the short and medium run.

- Time lags: theoretical considerations as well as empirical evidence suggest that the ITR on capital income is sensitive to the business cycle. Unlike other taxes the corporate income tax is characterised by long and variable lags between the emergence of income and its taxation, due notably to the possibilities to defer taxation because of previously incurred losses or group taxation.
- Capital gains: expansionary phases, for example in the late 1990s, are accompanied by booming stock markets all over the EU. As a result, capital gains and the corresponding tax revenues may rise substantially. However, given that capital gains are not included in the denominator of any ITR on capital, this development clearly leads to an overestimation of the average effective tax burden on capital and business income, and partly explains the rise in the ITR for some Member States.
- Structural changes in the financing of companies: for example, national accounts data show that from 1995 to 2002, in most Member States a relative shift in financing from debt to equity occurred such that capital income consists less of interest and more of dividend payments. This happened against the background of falling interest rates. Most tax systems in the EU are not neutral concerning financing and allow interest payments to be deducted from the tax base. The shift towards higher dividend distributions results in an increase in the measured average tax burden ⁽¹⁰⁸⁾ at unchanged legislation.

Furthermore it is important to note that a cut in the statutory rate that is offset by an equivalent widening of the tax base will leave the ITR on capital unchanged. This is not a limitation of the indicator, but rather an advantage given that the ITR aims at measuring the effective tax burden. This property of the indicator may contribute to explain the relatively limited fall in the ITR on capital in the last years despite significant EU wide reductions in statutory corporate tax rates.

⁽¹⁰⁷⁾ The construction of this indicator and its possible sources of bias in measuring the effective tax burden on capital are explained in detail in European Commission (2004a).

⁽¹⁰⁸⁾ European Commission (2001a).

Interpreting the ITRs on capital one should bear in mind that the bases used for the computation are, particularly in the new Member States, not only narrower but also more volatile than GDP as a whole, and thus subject to wide swings. Hence, the overall volatility of this ratio is significantly higher than that of the other ITRs. A degree of caution is, therefore, advisable when making cross-country comparisons or comparisons of one Member State with the EU averages.

Large changes in backward-looking measures of the tax rate on capital are not unusual and not limited to macro indicators. Tests on Belgium and Sweden⁽¹⁰⁹⁾ report annual changes of several percentage points for effective tax rates derived both from national accounts data or tax statistics using micro data for companies. The calculations presented here have similar features.

Moreover, statistical issues related to the sectoral data used to compute the denominator of the ITRs might also influence the results. National accounting data are in fact regularly revised. In 2006, complying with the EU legislation⁽¹¹⁰⁾, the Member States were required to introduce a number of important methodological revisions in their national accounts in order to improve the measurement of GDP. In particular, the main change, as for the sectoral accounts, was the allocation of the Financial Intermediation Services Indirectly Measured (FISIM⁽¹¹¹⁾) to user sectors/industries, instead of intermediate consumption. Imports of FISIM have also been recorded. At the moment several Member States have not entirely conformed to the current methodological regulations. It is, therefore, possible that statistical artefacts influence the time series, particularly in those points where data compiled according to a new methodology are joined with old-series data.

The implicit tax rate on capital and the ITR on capital and business income

The implicit tax rate is calculated for total capital taxes and for the subcategory of taxes on capital income (which differs from capital taxes overall because it excludes taxes on the stock of capital)⁽¹¹²⁾. Both indicators have the same denominator, i.e. total profit and property income from both corporations and households. In the case of taxes on capital income, the denominator does not correspond to the actual tax base; it is in some ways narrower (omitting capital gains) and in other ways broader (excluding some deductions from the tax base). As for 'capital taxes on stocks and wealth', the denominator does not take into account any asset or wealth on which the tax is levied. In addition, two additional disaggregated ITRs, on corporate income and on capital and business income of households are computed. These do not add up to the ITR on capital and business income.

The computation of the ITRs for the whole 1995–2009 period is not possible for four (Cyprus, Luxembourg, Malta and Romania) out of the 27 Member States and only partly possible for another four Member States (Bulgaria, Ireland, Greece and Spain), mainly because of lack of data availability in the sectoral accounts. In order to obtain EU averages as accurate as possible, the missing values for the latter group of countries were replaced with the latest available figures and the average was labelled 'adjusted'. Likewise, if the data for the beginning of the series are missing, for the purpose of calculating EU averages only the value for the country is proxied by the first available data point. In the case of Luxembourg, following the methodological changes in national accounts regarding the FISIM and given the sizeable weight of the financial sector in this country, it no longer seems appropriate to employ a simplified methodology to compute the ITRs on capital as done until the 2007 publication of the report. The ITRs will be published when a complete set of sectoral accounts is available. Until the 2008 edition of the report, the ITR was computed with reference to a simplified set of data for Ireland. As of the 2009 edition, a full sectoral accounts dataset is available and the use of it resulted in a downward revision of the ITR.

⁽¹⁰⁹⁾ Valenduc (2001), Clarc (2002).

⁽¹¹⁰⁾ The legal reference for the definition, calculation and allocation of FISIM are Council Regulation (EC) No 448/98 of 16 February 1998 completing and amending Regulation (EC) No 2223/96 with respect to the allocation of Financial Intermediation Services Indirectly Measured (FISIM) within the European system of national and regional accounts (ESA) and Commission Regulation (EC) No 1889/2002 of 23 October 2002 on the implementation of Council Regulation (EC) No 448/98 completing and amending Regulation (EC) No 2223/96 with respect to the allocation of Financial Intermediation Services Indirectly Measured (FISIM) within the European System of national and regional Accounts (ESA).

⁽¹¹¹⁾ Financial intermediaries provide services for which no explicit charges are made. The estimate of this latter is known in national accounts as the Financial Intermediation Services Indirectly Measured (FISIM) and it is fixed by convention. Up to now FISIM has been recorded as intermediate consumption of a notional industry, for want of relative observable variables. (See http://europa.eu.int/estatref/info/sdds/en/na/na_changes2005.pdf for details).

⁽¹¹²⁾ The methodology is described in: European Commission (2004a).

Of the various implicit tax rates, the ITRs on capital are by far the most complex and given their limitations should be interpreted very carefully. A first problem is that as indicated below, the ITR on capital is broadly based and, therefore, reflects a wide range of factors. In particular, the definitions of the ITR denominators can only roughly approximate the worldwide capital income of a country's residents for domestic tax purposes. This does not mean that on the side of companies' profits of foreign affiliates are consolidated within the (domestic) parent company. National accounts disregard the foreign ownership of subsidiaries located on the economic territory when the generation of profits is recorded. They are simply treated as domestic companies ⁽¹¹³⁾. However, the base of the ITR does not measure the actual base of tax legislation, which drives tax revenues. So in practice it is not easy to link developments in the overall ITR on capital and business income to the various statutory tax rates and other policy changes.

Capital and business income according to national accounts is defined as profits and property income. Profits are defined as net operating surplus (B.2n) of the private sector including corporations (and quasi-corporations), private households, and non-profit institutions and mixed income (B.3n) of the self-employed. The net operating surplus of the government sector is excluded, because losses or profits of the government are not subject to taxation.

There is no simple way of approximating the tax base for property income (mainly interest and dividends) for the whole private sector. Compared to the reports based on ESA79 data, we switched from net interest payments of the government to a specifically defined balance of property income of the private sector (received minus paid). The objective for the definition of this balance was to approximate the potentially taxable profit of a company and the taxable capital income of private households.

Taxable profits of companies consist of net operating profit and property income received (financial income) less certain deductible elements of property income paid. The property income deductible from the tax base includes interest (D.41), property income attributed to insurance policyholders (D.44) and rents on land (D.45). Dividends (part of distributed income of corporations — D.42) are part of the financial income but they cannot be deducted to calculate the taxable base in national tax legislation ⁽¹¹⁴⁾. For private households, the taxable capital income consists almost completely of interest and dividend payments received and of property income attributed to policyholders received from insurance companies and pension funds.

The balance of D.44 received minus paid usually nets off for the whole private sector. The definition takes into account the received property income from abroad and improves the measurement of profits from banks and insurance companies. However, for the ITR on capital several sources of bias compared to taxable profits remain.

- Since the calculation of depreciation of fixed capital in national accounts uses prices of the current period, it differs a lot from methods used in profit and loss accounts. Additionally, the calculation of consumption of fixed capital is not comparable across countries. This could lead to additional biases in measuring the effective tax burden on capital.
- Capital gains are not part of profits in national accounts because they are not related to the production process. This important part of taxable profits of (financial) companies is disregarded in calculating the denominator and leads to an overestimation of the ITR on capital and business income as far as capital gains are taxed. The same is true as regards the capital gains of private households, which are often taxed under the personal income tax. All this is likely to affect international comparability, as some countries have a greater share of financial company profits including gains.

⁽¹¹³⁾ The profits of foreign affiliates are recorded in the distribution of income as 'reinvested earnings on foreign direct investment' (D.43) between the parent and subsidiary company. The flow D.43 paid in national accounts means that subsidiaries in the host country have retained profits and this is attributed to the parents abroad in national accounts. The flow D.43 received consists of retained profits of subsidiaries abroad attributed to the parent companies in the investigated country. Both flows can have a negative sign in the case of losses of the subsidiaries. The solution for the ITR tax base is not taking reinvested earnings on foreign direct investments into account. On the one hand the profit (or loss) of a parent earned abroad is not counted. On the other hand the retained profits (or losses) of foreign subsidiaries in the home country is not deducted from the ITR tax base.

⁽¹¹⁴⁾ The ITRs for the whole private sector avoid double counting of dividends that are distributed by domestic companies out of their operating profits by deducting dividends paid to domestic private households or other domestic companies from the capital ITR tax base. For more details on this issue see European Commission (2004a).

- Central banks are part of the financial corporations sector in national accounts. The inclusion of their (non-taxable) profits in the denominator leads to an underestimation of the ITR on capital and business income.
- For taxable third-pillar private pension benefits, treated as income from capital in the split of the personal income tax (PIT), no corresponding income flow is recorded in national accounts. Ignoring these benefits in the potentially taxable capital and business income in the denominator leads to an overestimation of the ITR.
- In the Eurostat data of national accounts for the EU Member States, interest payments by private households and self-employed are not available separately. Taking the total net interest as part of the denominator accounts for tax deductible interest payments of self-employed but leads to an overestimation of the ITR on capital because interest payments for mortgage and consumer loans are not tax deductible in most Member States.
- Unlike net operating surplus, taxable profits and tax revenues are reduced by losses carried forward, causing a cyclical mismatch with the base and cyclical fluctuation in the ITR, which sometimes makes the trend difficult to interpret. This may also distort international comparisons. In addition, the difference in the measurement of imputed rents on owner-occupied dwellings between national accounts and tax legislation is another source of bias.

Box D.3: Definition of the implicit tax rate on capital (income)

Implicit tax rate on capital (income)	Capital (income) taxes /
	$B.2n_S.11-12 + B.2n_S.14-15 + B.3n_S.14 +$ $D.41_S.11-12rec - D.41_S.11-12pay + D.44_S.11-12rec - D.44_S.11-12pay +$ $D.45_S.11-12rec - D.45_S.11-12pay +$ $D.42_S.11-12rec - D.42_S.11-12pay + D.42_S.13rec + D.42_S.2rec +$ $D.41_S.14-15rec - D.41_S.14-15pay + D.45_S.14-15rec - D.45_S.14-15pay +$ $D.42_S.14-15rec + D.44_S.14-15rec$
<i>Numerator:</i>	see Box C.4 – taxes on capital
<i>Denominator:</i>	
B.2n_S.11-12	Net operating surplus of non-financial and financial corporations (incl. quasi-corporations)
B.2n_S.14-15	Imputed rents of private households and net operating surplus of non-profit institutions
B.3n_S.14	Net mixed income of self-employed
D.41_S.11-12rec	Interest received by non-financial and financial corporations
D.41_S.11-12pay	Interest paid by non-financial and financial corporations
D.44_S.11-12rec	Insurance property income attributed to policy holders received by non-financial and financial corporations
D.44_S.11-12pay	Insurance property income attributed to policy holders paid by non-financial and financial corporations
D.45_S.11-12rec	Rents on land received by non-financial and financial corporations
D.45_S.11-12pay	Rents on land paid by non-financial and financial corporations
D.42_S.11-12rec	Dividends received by non-financial and financial corporations
D.42_S.11-12pay	Dividends paid by non-financial and financial corporations
D.42_S.13rec	Dividends received by general government
D.42_S.2rec	Dividends received by rest of the world
D.41_S.14-S15rec	Interest received by households, self-employed and non-profit organisations
D.41_S.14-S15pay	Interest paid by households, self employed and non-profit organisations
D.45_S.14-S15rec	Rents on land received by households, self employed and non-profit organisations
D.45_S.14-S15pay	Rents on land paid by households, self employed and non-profit organisations
D.42_S.14-15rec	Dividends received by private households, self-employed and non-profit organisations
D.44_S.14-15rec	Insurance property income attributed to policyholders received by private households, self-employed and non-profit organisations

The overall ITR on capital and business income for corporations and households is influenced through various channels. Therefore, developments of this indicator are sometimes difficult to explain.

The ITR on capital income of corporations and the ITR on capital income of households and self-employed

The interpretation of the overall ITR on capital and business income of corporations and households is complicated by the overlapping effects of the various channels previously described. Although difficulties of interpretation stemming from the backward-looking character of the indicator remain, the reading of the ratios is in fact simplified when splitting the ITR between an ITR for the corporate sector and another ITR for the households sector. However the breakdown is not perfect as the denominators of the two indicators are partly overlapping.

The numerator of the overall ITR can be split using the allocation of taxes to the category 'income corporations', '(capital) income households' and 'income self-employed'⁽¹¹⁵⁾. In most countries, tax revenues raised on corporate income equal the aggregate D.51b + D.51c2 'Taxes on the income or profits of corporations including holding gains' (Box D.4). For countries like Germany, Italy and Austria revenues from local or regional business taxes are added. In general, the other tax categories of the overall ITR numerator are allocated to the households sector (Box D.5). The other two categories ('(capital) income households' and 'income self-employed') are taken as numerator of the ITR on capital and business income for households. This includes mainly taxes on holding gains of households, the share of personal income tax on capital and on the self-employed and the social contributions paid by the latter.

The denominator includes the mixed income of the self-employed, the net operating surplus of households, dividends and attributed insurance property income received and the difference between received and paid interest and rents⁽¹¹⁶⁾. The denominator for corporations consists of their net operating surplus, the difference between received and paid interest and rents and a specific definition of dividends minus property income from insurance companies and pension funds attributed to policyholders⁽¹¹⁷⁾.

When splitting the ITR on capital income for (non-financial and financial) corporations and households, the flows of property income between these two sectors are of particular importance. A clear split can be made for the national accounts categories interest payments (D.41) and rents (D.45).

In principle, dividends are part of the taxable financial income of a company. They are subject to double taxation because corporate taxes have been levied on the profit at the level of the distributing company. In order to limit or offset the double taxation at the level of the shareholder (corporation or individual) Member States apply different taxation schemes. However, most countries do not offset fully the double taxation⁽¹¹⁸⁾. If the dividends received are part of the potentially taxable base, the ITR on corporate income will be lower in those countries which give greater relief for the double taxation of dividends compared to a country that fully applies the classical system.

⁽¹¹⁵⁾ A detailed classification of taxes to the different categories for each Member State is available on the homepage of the Directorate-General for Taxation and Customs Union (<http://ec.europa.eu/taxtrends>).

⁽¹¹⁶⁾ Note that as far as rent income is concerned, the definition adopted here departs from the customary tax treatment of property income, which in most cases is based on gross property income (possibly with some deduction of interest expenses).

⁽¹¹⁷⁾ Strictly speaking, it is the balance of attributed property income (D.44) paid mainly to private households and received property income attributed to insurance policyholders because also corporations and quasi-corporations can be insurance policyholders too.

⁽¹¹⁸⁾ For an overview of the schemes that apply for the individual shareholder see European Commission (2003b).

Box D.4: Definition of the implicit tax rate on corporate income

Implicit tax rate on corporate income	Taxes on corporate income/ B.2n_S11-12 + D.41_S11-12rec - D.41_S11-S12pay + D.45_S11-12rec - D.45_S11-12pay + D.42_S11-12rec - D.42_S11-12pay + D.42rec. by S13 + D.42rec. by S2 + D.42rec. by S14-15 + D.44_S11-12rec - D.44_S11-12pay
<i>Numerator:</i> D.51b+D.51c2	Taxes on the income or profits of corporations including holding gains
<i>Denominator:</i> B.2n_S11-12	Net operating surplus of non-financial and financial corporations (incl. quasi-corporations)
D.41_S11-12rec	Interest received by non-financial and financial corporations
D.41_S11-12pay	Interest paid by non-financial and financial corporations
D.45_S11-12rec	Rents on land received by non-financial and financial corporations
D.45_S11-12pay	Rents on land paid by non-financial and financial corporations
D.42_S11-12rec	Dividends received by non-financial and financial corporations
D.42_S11-12pay	Dividends paid by non-financial and financial corporations
D.42_S13rec	Dividends received by general government
D.42_S2rec	Dividends received by rest of the world
D.42_S14-15rec	Dividends received by households, self-employed and non-profit institutions
D.44_S11-12rec	Insurance property income attributed to policyholders received by non-financial and financial corporations
D.44_S11-12pay	Insurance property income attributed to policyholders paid by non-financial and financial corporations

However, it would be deceptive to count only the dividends received by financial and non-financial corporations. Because the net operating surplus out of which dividends are distributed is already part of the denominator the dividends would be partly counted twice. Dividends distributed by a company belonging to the sector for financial or non-financial corporations should not be counted. Only dividends received from abroad should be taken into account when constructing the ITR for all corporations.

Unfortunately, information on dividends distributed from the rest of the world to domestic corporations is not available in the Eurostat database of national accounts. For dividends (and nearly all other flows in national accounts) we only know what a specific sector receives from all other sectors and what it pays to all other sectors. However, this information can be used to approximate the dividends received by corporations from abroad. From the total sum of dividends received by corporations (D.42rec_S11-12) we deduct the dividends distributed by domestic corporations (D.42pay_S11-S12) in order to avoid double counting. However, this deduction is too large, as only the dividends distributed to domestic corporations should be subtracted. Therefore, dividends received by the government (D.42rec_S13), the rest of the world (D.42rec_S2) and households (D.42rec_S14-15) are added to the denominator. This approximation is only fully correct under the assumption that the government and households do not receive dividends directly from abroad but through domestic banks and insurance companies. While this assumption seems reasonable for the government, for households it can be expected that they receive a certain part of dividends from abroad, meaning that the dividends included in the denominator are overestimated.

Box D.5: Definition of the implicit tax rate on capital and business income of households and self-employed

Implicit tax rate on capital and business income of households (incl. self-employed)	Taxes on capital and business income of households / B.2n_S14-15 + B.3n_S14 + D.41_S14-15rec - D.41_S14-15pay + D.45_S14-15rec - D.45_S14-15pay + D.42_S14-15rec + D.44_S14-15rec
<i>Numerator:</i>	see Box C.6 - taxes on the capital and business income of households
<i>Denominator:</i>	
B.2n_S14-15	Imputed rents of private households and net operating surplus of non-profit institutions
B.3n_S14	Net mixed income of self-employed
D.41_S14-15rec	Interest received by households, self employed and non-profit organisations
D.41_S14-15pay	Interest paid by households, self employed and non-profit organisations
D.45_S14-15rec	Rents on land received by households, self employed and non-profit organisations
D.45_S14-15pay	Rents on land paid by households, self employed and non-profit organisations
D.42_S14-15rec	Dividends received by private households, self-employed and non-profit organisations
D.44_S14-15rec	Insurance property income attributed to policyholders received by private households, self-employed and non-profit organisations

Due to the double taxation of dividends at the company level and at the shareholder level these payments (or the underlying profits) need to be included in both indicators, for corporations and for households. With these definitions the ITRs on capital and business income for households and on corporate income do not sum up to the overall ITR. For the overall implicit tax rate on business and capital income the dividend payments between the corporations and the households' sector need to be consolidated.

But with the 'property income attributed to insurance policyholders (D.44)' there exists another income flow for distributing profits from financial corporations to private households ⁽¹¹⁹⁾. Insurance companies and pension funds collect contributions from their insurance policies or schemes, and after deducting their operating costs they invest them in the capital market or in other assets. From this (financial) investment they receive property income in the form of interest, dividends or rents as well as capital gains through trading stocks, bonds etc. This return on investment constitutes partly the profit of the insurance companies and partly belongs to the insurance policyholder as laid down in the insurance contract. It is that part attributed to the policyholders (excluding capital gains) ⁽¹²⁰⁾, which, in national accounts, is transferred via the D.44 mainly to private households in the period when this property income accrued.

In principle, most EU Member States provide a tax exemption of this income in the hands of the financial institution. Several methods are used. In some cases, the institution is tax exempt (certain pension funds); in other cases income is exempt or neutralised in the profit calculation by deducting an insurance technical reserve. However, some Member States levy a withholding/capital yield tax on this income which is not always neutralised on the level of the company.

The preliminary split of the ITR on capital income for corporations and households presented in the 2003 edition did not take the flow D.44 into account. This means that the return on investment was fully allocated to financial corporations. It was based on the fact that there is no actual flow of income in the period in which insurance companies earn income on behalf of policyholders. In national accounts, income received by insurance companies or pension funds by investing their technical reserves in financial assets or buildings is only 'attributed' to insurance policyholders. It is 're-collected' afterwards through imputed higher insurance contributions. Because these flows are purely imputed within national accounts, no taxes — at this stage — are raised on the level of the insurance policyholder.

⁽¹¹⁹⁾ For the private sector as a whole, including or excluding D.44 (received minus paid) from the tax base has no major empirical impact on the ITR on capital income since the net D.44 is close to zero and represents nearly exclusively a flow from financial corporations to households.

⁽¹²⁰⁾ The capital gains are not recorded in the generation and distribution of income accounts. Some information can be found in the revaluation accounts. Up to now we have not tested whether these data could be used for our purposes.

However, it seems that the tax exemption of such earnings is the dominant regime for the taxation of pension funds and insurance companies in Europe. It means that D.44 paid by financial corporations has to be deducted from the ITR tax base for corporate income. In the countries where capital yield taxes are levied on these earnings and the tax revenues are allocated to corporations, the ITR on corporations would be overestimated.

In turn, D.44 is added to the ITR tax base for the capital income of the households sector. In most countries, private households are taxed on the benefits or distributions by pension funds or insurance companies when the payoff period starts. This can be an amount of capital or an annuity. For the definition of an ITR on capital income for households this means that we encounter a problem of periodicity. With the property income earned on behalf of the policyholder period by period, insurance companies build up reserves (liabilities) in order to pay the benefits in later periods. However, D.44 could be regarded as proxy for the taxable part of pension benefits and insurance payoffs, which would not include the initial contributions or premiums.

The corporations sector in national accounts also comprises partly unincorporated enterprises, the so-called quasi-corporations. In many countries, these quasi-corporations also have to pay corporate income tax. However, there are some important exceptions. In Germany, partnerships (*Personengesellschaften*) constitute a large number of the country's companies and these are treated as quasi-corporations. Their production and profits etc. are recorded in the corporations sector in national accounts. Because they do not have an independent legal status, their owners are taxed under the PIT scheme. The related tax payments are recorded within the households sector in national accounts⁽¹²¹⁾. In the classification adopted in this publication, they are reported within 'taxes on self-employed'. This means that tax revenues are booked in a different sector than the underlying business income. Ignoring this booking principle by calculating ITRs on capital income for corporations or households (including self-employed), using the sector information of national accounts without corrections would lead to biased ITRs. Similar problems exist for Luxembourg, Austria, Finland and Portugal.

According to information from Statistics Finland, the bias in Finland's ITRs is of minor importance. For Austria and Portugal a correction of the ITR on corporations has been introduced. A fraction of PIT for owners of these quasi-corporations is not available. Therefore, the part of PIT from self-employed that includes the taxation of profits from partnerships is extracted from the ITR on households and allocated to the corporations sector. At the same time, the approximation of the tax base for self-employed is also assigned to the corporations sector, consisting of mixed income.

For Austria and Portugal the adjusted ITR represents the tax burden on all companies including the self-employed. For Germany, where partnerships are an important part of companies, it would be possible to employ a similar adjustment. However, the German authorities expressed doubts on whether this adjustment would lead to results that are fully comparable with other countries. The ITR on corporate income is generally lower than the statutory corporate tax rate. This can be explained by the fact that the ITR incorporates the effect of reduced rates (e.g. for certain assets, sectors or small profits), tax deductions affecting the base and the effects of tax planning by corporations in order to minimise their tax payments. It should furthermore be noted that the financial corporations described in national accounts include central banks and pension funds, while their profits, which are included in the denominator of the ITR, are not always subject to taxation. This is another element that explains the relatively low level of the ITRs. Making a comparison with an ITR using micro data from tax statistics, Valenduc (2001) finds that the ITR based on macro data tends to underestimate the effective taxation on company profits.

It is, however, possible that the ITR on corporate income exceeds the statutory corporate tax rate. This may depend, for instance, on the payment by corporation of taxes referring to profits earned earlier, or on taxes paid on capital gains (which are not included in our ITR denominator owing to a lack of statistics). A less straightforward but probably important effect is due to the impact of loss-making companies which not only individually display a zero ITR but

⁽¹²¹⁾ PIT revenues are also recorded in the government sector which receives the payments.

curiously drive up the ITR for all profit-making companies; their own negative net operating surplus in fact offsets an equivalent but positive NOS realised by other businesses which turn a profit and pay taxes on it.

The sensitivity to the business cycle is a general feature of backward-looking indicators that measure the average effective tax burden on economic activities. In principle, *ceteris paribus*, three different factors affect the ITR on capital income in an economic recovery.

- In countries with a progressive personal income tax, the ITR should rise in an upswing. If taxable income from capital and self-employment increases, the taxes raised on this income increase faster.
- Corporate tax schedules are generally not progressive and, therefore, the economic cycle should not affect the ITR via that channel of influence. However, some Member States do apply lower rates for small and medium-sized enterprises. In an ongoing upswing some of these companies will exceed the tax legislative thresholds resulting in a higher tax burden.
- Rules on carry forward of company losses will generally result in asymmetric effects on the ITR. First, there is an asymmetry with regards to the timing of tax payments: when relying on aggregate data from national accounts, corporate income tax revenues appearing in the numerator of the ITR are reduced by losses incurred in prior years, while the denominator is reduced by losses in current years. The numerator effect is caused by so-called loss 'carry forward' provisions in the tax legislation. The denominator effect results from the inclusion of loss-making firms, with current losses from loss-making firms offsetting profits of profitable firms in the aggregation. Losses are therefore incorporated in both the numerator and the denominator, but the losses are transmitted in the ITR asymmetrically in the sense that they refer to different periods. At the beginning of an economic upswing, more firms will make profits. Initially that the ITR on capital is reduced, because the resulting increase in profits is immediately reflected (in the denominator) but not fully in the tax payments (in the numerator) as losses from previous years are carried forward. However, one could expect that the latter effect diminishes over time, as loss-carry forward provisions are often restricted in time and more and more companies make profits as the upswing persists. This diminishing effect of loss carry-over provisions should therefore lead to a gradual increase in the ITR on capital due to progressive increases in tax payments. Second, a recessionary phase will generally exert an asymmetric impact on the numerator and the denominator of the ITR: the denominator will show the full amount of the decrease in aggregate corporate profits whereas the numerator will not reflect the full extent of the deterioration as a portion of taxpaying companies would have shown zero profits already in the preceding year and further deterioration is not taken into account (hence a greater effect on the denominator than on the numerator resulting in a slight anti-cyclical bias).

All in all, these effects are likely to offset each other to a certain extent in the initial phases of the cycle. However, in a long-lasting economic upturn these channels of influence will point most likely to an increase in the implicit tax rate on capital with a certain time lag.

Structural factors affecting the development of capital ITR

Beyond the effects of the business cycle, the changes in the ITRs might also reflect more structural changes, in particular in the composition of income. For example, given the increase in stock market capitalisation in the years 1995–2000, it is likely that significant capital gains were achieved by both companies and households, resulting in an increase in financial income. This change in the composition of income is not clearly discernible from national accounts income data, nor is it included in the tax base of the ITR. The additional tax revenues related to this kind of income could therefore have induced a rise in the ITRs on capital income, leading to an overestimation of the effective tax burden on capital income of the private sector. Following the same line of reasoning, the subsequent downturn in stock markets could be an important element in explaining the reduction in the ITR on capital income in 2001.

Moreover, different tax provisions for different sources of income offer an additional explanation for the increase in the ITR on corporate income. Specific tax rates or special types of tax relief apply to different sources of income or expenditure. A common feature of corporate tax systems, for instance, is to favour debt finance relative to the financing of new investments by issuing new equity. For the ITR, dividend and interest payments are aggregated within the tax base. If financial markets induced a shift from interest to dividend payments, the taxable base would increase. In this case, companies will pay more taxes on capital since the deduction of interest expenditure for determining taxable profits is phased out. At the same time, however, the aggregate and consolidated tax base of the ITR will net off all flows of dividend distributions or interest payments between different companies (for instance between non-financial companies as borrower and banks or insurance companies as creditor) and private households. If a shift occurs from interest to dividend payments, it will not show up in the denominators, and hence the capital ITR will remain constant. The overall result of the higher tax revenues would be an increase in the ITR reflecting a higher effective tax burden that is caused by the effects of the tax legislation ⁽¹²²⁾.

Implicit tax rate on energy

The nominal ITR on energy is calculated as the ratio between total energy tax revenues and final energy consumption, as calculated by Eurostat aggregating different energy sources on the basis of each source's net calorific value. Although out of analogy with the ITRs on labour, consumption, and capital the name ITR is employed, it should be noted that the former three are dimensional numbers while the ITR on energy is expressed in euro per tonne of oil equivalent.

The real ITR on energy differs from the nominal in the sense that the nominal euro amount in the numerator of the ratio is deflated with the cumulative percentage change in the final demand deflator from 2000.

Methods used to split the revenue from personal income tax:

The sources of personal income tax

Apart from the aggregate data in national accounts, additional data made available by Member States has been used to split recorded tax revenues into more detailed categories. This is of particular importance for the recorded personal income tax, which is typically broad-based, and relates to multiple sources of income. A method had to be developed to break down revenue from the personal income tax by economic function (i.e. labour, capital and consumption). This section describes the methods used by the Member States to generate estimates of this split of the personal income tax from tax return data. The methods attribute personal income tax to four main taxable income sources (see Box D.6):

⁽¹²²⁾ However, the tendency for the ITR to increase can be offset to some extent by the fact that interest is often more highly taxed than dividends in the hands of personal investors. Only countries with classical tax systems tax interest as much as dividends at the personal level. Others have some form of relief for double taxation of dividends. So there could be more personal income tax on interest than on dividends, offsetting some of the effect mentioned.

Box D.6: Broad definition of the selected income sources

Income source	Type of taxable income components included
Employed labour	Wages and salaries Fringe benefits in kind Directors' remuneration Foreign source earned income Financial participation schemes (e.g. stock options) Deemed income from private uses of company cars
Self-employed labour	Income from unincorporated businesses Profits from trade or business and proceeds from independent professional services (e.g. dividend distributions from closely held companies)
Capital	Income from movable property (e.g. dividends, interest, distributions, royalties) Income from immovable property (rents earned on letting a private dwelling, etc.) Periodic transfers and private pensions Taxable capital gains for some Member States Other (e.g. rental value owner-occupied housing)
Transfers and pensions	Taxable social benefits (e.g. unemployment, health care and social assistance benefits) State pension benefits Occupational pension benefits

The resulting estimates of the personal income tax revenue that could be attributed to these taxable income sources are used in the numerators for the implicit tax rates on labour and capital (using relevant aggregate economic incomes as denominators) and in the breakdown of taxes across the economic functions (i.e. taxes on consumption, labour and capital, as a percentage of GDP).

The flaws of aggregate data and advantages of micro data

Under an approach using only aggregate data, total personal income tax raised in respect of labour (capital) income is often estimated as the proportion of aggregate labour (capital) income in the aggregate taxpayer income. Another approach is to estimate a single average effective income tax rate on the basis of aggregate data. The total personal income tax revenue data is divided by the aggregate approximation of labour and capital income in the economy to get the overall effective personal income tax rate, which can subsequently be applied to the labour (capital) income in order to estimate the income tax levied from labour (capital) income⁽¹²³⁾. This ignores the fact that effective rates on personal income tax vary across different taxable income components and groups of taxpayers. Even where, for example, labour and capital income are pooled together for tax purposes at the individual level, such an approach may be criticised where aggregate labour income is believed to be subject, on average across taxpayers, to a significantly different average effective tax burden than capital income⁽¹²⁴⁾. A main concern associated with average effective (implicit) tax rate analysis is the manner in which estimates are derived for the aggregate amount of personal income tax revenue raised from different types of income included in a given country's personal income tax base. Under an approach using only aggregate data from national accounts, for example, total personal income tax raised in respect of labour (or capital or other forms of personal taxable income, for example social transfer or pension income) is often estimated as the proportion of aggregate labour (or capital) income in the aggregate taxpayer personal income. This approach implicitly assumes that labour and capital income (or other forms of taxable income) is subject to one (common) average effective tax rate⁽¹²⁵⁾. This

⁽¹²³⁾ This approach has been introduced by Mendoza, Razin and Tesar (1994) and was used in internal studies by the Economics and Financial Affairs Departments of both the European Commission and the OECD. See Martinez-Mongay (2000) and Carey and Rabesona (2002) for more details.

⁽¹²⁴⁾ See also OECD (2000, 2002b), Clark (2002) and De Haan, Sturm and Volkerink (2002).

⁽¹²⁵⁾ This approach has been introduced by Mendoza, Razin and Tesar (1994) and was used in internal studies by Economics and Financial Affairs departments of both the European Commission and the OECD. See Martinez-Mongay (2000) and Carey and Rabesona (2002) for more details.

assumption is generally unrealistic, and could be expected to lead to imprecise estimates of notional tax revenues raised in respect of different taxable income types and, therefore, imprecise estimates of average effective tax rates by economic income source⁽¹²⁶⁾.

Relying on micro-level data — that is, confidential tax data at the individual taxpayer level — Member States are able to generate more accurate estimates of personal income tax revenues raised on separate sources of income. Generally, capital income will tend to be concentrated at the right side of the Lorenz curve and therefore, be subject to higher marginal and average tax rates as compared to income from labour. On the other hand, special tax concessions may apply to income from capital, so that the average tax rate for capital income might not be significantly different from that for income from labour. For example, some Member States apply a so-called 'dual' income tax system, in which capital income is usually taxed at a relatively lower (fixed) rate as compared to other earned taxable income. Forcing the latter assumption (of special tax concessions) on the data would however be a shortcoming to the analysis. Also, most Member States tend to tax pension benefits or social benefits more favourably than earned income from labour, either by way of increased tax allowances or tax credits that are age-based, or by partial exemptions from the tax base. Using micro-data sets that include separate reported figures at the taxpayer level for the items of income on which the personal income tax is raised, it is possible to account for such effects⁽¹²⁷⁾.

The methodological approaches

Most Member States basically multiply individual income tax payments by proportions of the selected income sources in the total taxpayer's income (Belgium, Denmark, Germany, France, the Netherlands, Ireland, Luxembourg, Finland and Sweden). This is done both by way of micro-simulation models relying on samples from the total taxpayer population and by way of use of exhaustive tax return data sets (e.g. Belgium and Ireland). The corresponding estimates obtained at the taxpayer level are consequently aggregated to obtain estimates of the personal income tax raised in respect of the selected sources of income. For example, the total amount of personal income tax raised in respect of labour income, *PIT (labour)* could be estimated as follows:

$$PIT(labour) = \sum_j (W_j / Y_j) * PIT_j = \sum_j w_j * PIT_j$$

where W_j measures the labour income of the j -th taxpayer in a sample of individuals ($j = 1, \dots, n$) and where PIT_j measures the personal income tax payment of the j -th taxpayer on his total taxable income Y_j . The above equation therefore measures the total personal income tax raised on labour income as a weighted average of each individual taxpayer's payment PIT , with the weights $w_j = (W_j/Y_j)$ attached to these individual payments reflecting the distribution of total wages and salaries across taxpayers.

Some Member States (Spain, Italy and Greece) instead use tax return data that is aggregated at the level of a number of income classes or income tax brackets ($j = 1, \dots, n$), but essentially make the same calculations. The latter approach is likely to capture broadly comparable effects of the differences in tax treatment and the distribution of income sources across different groups of taxpayers.

Some Member States (Austria, Portugal) choose another approach and use tax receipts data from the wage (withholding) tax and (final) income tax statistics and apply a number of adjustments. Wage (withholding) tax is by its very nature designed to approximate the final income tax liability for wage earners as closely as possible, but in some cases there are certain adjustments for income tax assessments, because the wage tax withheld is not correct (e.g. because of different

⁽¹²⁶⁾ See also OECD (2000, 2002b) and De Haan, Sturm and Volkerink (2002).

⁽¹²⁷⁾ In order to illustrate the degree of precision that can be reached with using micro data rather than aggregate tax return data, the Ministries of Finance and Taxation in the Netherlands, Finland, Denmark and Italy have performed additional calculations on the basis of only aggregate tax return data for some years. It actually appeared that the differences for the estimated amounts of income tax raised on income from employed labour were rather small. The reason is that employed labour income is by far the most dominant income source, which means that the overall effective income tax rate (measured on the aggregate taxable income and across all taxpayers) is strongly influenced by the average effective tax rate on labour income. The differences were however significant for the other selected income sources. If only aggregate tax return data were used, generally higher fractions would be computed for capital income and income in the form of social transfers and pensions, and generally lower fractions would be computed for income from self-employed labour.

jobs or pensions during a single year). As this correction concerns only wage earners, in some cases the net amount of the correction is deducted from the total amount of recorded wage tax and, the amount of personal income tax is adjusted accordingly. Since wage tax can also be levied on social benefits (e.g. unemployment benefits, widower's benefits and invalidity benefits) or old-age pensions, the recorded wage tax is adjusted accordingly. The (adjusted) personal income tax is further split between income from self-employed businesses and capital income, either using aggregate proportions or information aggregated at the level of income classes (Austria). The latter approach is also likely to capture broadly comparable effects of the differences in tax treatment and the distribution of income sources across different groups of taxpayers as outlined above.

While in most Member States the personal income tax system is comprehensive in the sense that all subcategories of taxable income are pooled at the individual level, and the result is taxed at ascending statutory tax rates. However, some Member States apply a given statutory rate on a specific income category, as can occur under a 'dual income tax' system. In the Netherlands, Finland and Sweden, for example, capital income is currently taxed at a relatively lower statutory rate as compared to other earned income. In most cases, however, the tax receipts data are used to isolate the amount of tax collected on that particular income category. In Slovenia, capital income is taxed according to a flat rate while active income is taxed according to a progressive rate. In the United Kingdom, the personal income tax law actually prioritises the order of different types of income. For example, labour income is treated as the bottom of the taxable income and dividend income is treated as the top slice of taxable income. Unlike the method used in other Member States, the United Kingdom calculation therefore does not assume that the individual taxpayer has the same average effective income tax rate over all income sources (see also above). Instead, income source specific income tax rates are multiplied by the selected income sources at the taxpayer level.

Box D.7: Overview of methods to estimate the allocation of the personal income tax

Countries	Data	Basic method
BE, DK, DE, FR, NL, IE, LU, LV, MT, PL, FI, SE, SI, NO	Data set of individual taxpayers	Personal income tax payments multiplied by fractions of net taxable income sources (as percentage of the total tax base) at the level of the individual taxpayer
UK	Data set of individual taxpayers	Income source specific income tax rates multiplied by net taxable income sources at the level of the individual taxpayer
BG, CY, ES, EL, IT, LT	Income class data based on data set of individual taxpayers	Personal income tax payments multiplied by fractions of net taxable income sources (as percentage of the total tax base) at the level of income classes/tax brackets
AT, CZ, EE, HU, PT, RO	Tax receipts data from withholding and income tax statistics	Approach using aggregate withholding tax and final assessment income tax data with certain adjustments.

Credits and deductions

Income sources are, insofar as it is possible, measured net of tax base deductions or allowances that are exclusively earned on these income sources (e.g. allowance for savings, expenses incurred in maintaining labour income). This is important, as tax breaks and concessions given in respect of the tax on capital income can be quite substantial, with the result that the estimated fraction for personal income tax raised on capital income can be rather low, and in some cases even negative (e.g. in the Netherlands and in Denmark). It is generally attempted to allocate income-specific tax credits (e.g. an additional tax credit that is earned exclusively on income from labour) to the base for splitting purposes to which it relates. Against this, the revenue effects of general tax base deductions and credits are proportionately allocated across all income sources. Further complications in calculating the bases for splitting arise due to the fact that certain income tax receipts are collected at source and certain tax breaks are granted at source, whilst others are collected and granted in the

framework of the individual taxpayer's tax return. This is particularly an issue with certain components of capital income (interest, dividends, pensions, etc.). There are further conceptual and practical issues with pensions and the self-employed to which there are no easy answers.

As a result of data set limitations and a degree of inconsistency between the approaches adopted by the Member States (which affects most notably the allocation of income tax to capital and social transfers and pensions), the accuracy and comparability of the estimates of the ITRs on labour and capital have been somewhat compromised. The sources of these inconsistencies are various. In some Member States, for example, tax return data are only available at income-class level rather than at the taxpayer level. For some countries not all the taxable benefits from social security or old-age pension schemes could be separately identified from the tax return data. Some Member States could not incorporate the revenue effects of tax base deductions or tax credits specifically related to the main income sources. Inconsistency may also arise where Member States permit a joint assessment of the taxable income of the household (e.g. in France before 2001). To give an example, the principal earner of the household may earn labour income whereas the spouse is actually a social benefit recipient with a relatively lower income. In these cases, however, the same effective tax rate was applied to the taxpayers jointly assessed. There are further conceptual and practical problems with the treatment of pensions for which there are no straightforward solutions.

Some Member States were not able to provide full time-series coverage for all calendar years. In these cases, a trend has been assumed using simple linear interpolations, or the fractions were assumed to remain constant. In reality changes in the fractions would reflect changes either in the distribution of income or in the tax parameters. Applying linear interpolation seems a valid method only in the absence of major tax reforms. Apart from certain simplifying assumptions and estimates of the share of personal income tax limited to specific years this new treatment of the personal income tax is a major improvement on the methodology used prior to the 2003 edition. It is found to be vastly better than an approach based on aggregate data in estimating the tax burden on non-wage income sources (in particular for social transfers and pensions and self-employment income).

Individual country approaches by type of approach:

(A) Approach using micro-tax receipts data

- Belgium: The split of the personal income tax was estimated by the Ministry of Finance using detailed revenue statistics from the national tax administration based on individual tax returns. The data set covers any assessed income, and is exhaustive. In fact, the national tax administration already splits and allocates the aggregate personal income tax revenue raised on the so-called 'global income' to the different income sources on a case-by-case basis, in order to derive entitlements of individual taxpayers to certain tax credits that are related to specific income sources. For example, the tax credits for pensions, sickness or unemployment are limited to the income tax that relates proportionally to the corresponding net income. This allocation of the tax revenue raised on the 'global income' is calculated by multiplying individual tax payments by proportions of the income types in the total taxpayer's 'global income', as outlined above. The income types are measured net of tax base deductions that are exclusively earned on these income types. Subsequently, the estimated fractions of the aggregate personal tax revenue that is raised on the selected income types depend on a proportional division of the personal income tax that is due on the 'global income' and the income tax due on 'distinct income' sources that are taxed separately. The resulting fractions are consequently applied to the sum of revenues from advance payments on earnings, advance payments of tax on self-employed persons and the amount of the final income tax assessment. The revenue from withholding tax on income from movable capital and real estate tax is not included in the above calculations; they are directly assigned to the capital income.
- Denmark: The split of the personal income tax was estimated by the Ministry of Taxation using a micro-simulation model that is based on a sample of micro (taxpayer-level) data. The model incorporates the information of withholdings/prepayments and final income tax returns. The model is updated annually, and used

in planning the national tax policies and estimating policy alterations on tax revenues and on the income tax liabilities of taxpayers on different income levels. The model also covers other legislative areas, such as unemployment benefits, housing subsidies, social assistance and so on. The method basically multiplies individual tax payments by proportions of the income types in the total taxpayer's income, as outlined above. The income types are measured net of tax base deductions that are exclusively earned on these income types. By including net interest payments in the tax base of capital, for example, the Ministry of Taxation has taken into account the way the tax relief for mortgage interest payments and other interest payments on loans reduces the tax base of capital. This explains why the estimated part of capital income may be lower than zero. The method takes into account that from 2001 onwards negative capital income can only be deducted in the local income taxes (and from 2007 the so-called health care contribution as a consequence of the municipal reform) and that from 1998 to 2001 the after tax value of the deduction for negative capital income was gradually eroded. The so-called share income (which is taxed separately) is allocated directly to the part on capital income. As regards employed labour income, it should be recognised that in 1995 and 1999 wage income was taxed as follows: on the one hand the tax base for the municipal income tax and the lower limit central government tax was wage income less transport expenses and unemployment insurance contributions; on the other hand the tax base for the so-called middle bracket and top bracket income tax was the part of the wage income —without any reduction for expenses — that exceeded a certain amount. If one reduces the tax base with deductible 'wage expenses', then the part of the mean limit and an upper limit income tax that is attributed to wage income is too small. Whereas if it is not taken into account the part of the municipal income tax and lower limit central government tax that is attributed to wage income is too big. The Ministry of Taxation has chosen the latter approach as it is believed that the bias will be the smallest in this case.

- Germany: The split of the personal income tax was estimated by the Federal Ministry of Finance using a micro-simulation model. This model is based on a representative sample of micro (taxpayer-level) tax return data that is used for tax forecasting purposes and pre-assessing the consequences of changes in income tax legislation. In addition, the model allows the assessment of the solidarity tax, child benefits, the church tax and social contributions. The simulation model incorporates the information on withholdings/prepayments and final income tax returns (in Germany, nearly every private household liable to income tax must file an income tax return, employees only paying wage withholding tax are also included in the sample). The calculations do not take into account child benefits and tax-free cash grants for acquiring or constructing new occupational dwellings, which are credited against the income tax liability. These transfers are deemed as separate transfers in the context of social policy programmes. Basically, personal income tax payments were multiplied by the selected income sources at the micro level, as outlined above. The income sources are measured net of tax base deductions that are exclusively earned on these income sources. Germany employs a comprehensive income tax base. There are no income-specific rates such as lower flat-rates on income from capital investment as in countries with dual income tax systems, nor does Germany grant lower tax rates or tax credits on low wages. However, the tax base may be largely offset by income-specific allowances (such as the saving allowance), tax incentives or arrangements in computing income, but these effects are captured within the calculations, because the average effective tax rate is multiplied by the net taxable income sources.
- France: The decomposition of the PIT was based on a sample of around 500 000 tax declarations (2 % of the total). The method basically multiplies individual tax payments by proportions of the income types in the total taxpayer's income. The income types are measured net of tax base deductions that are exclusively earned on these income types. In addition, corrections were made for the revenue effects of tax credits that are exclusively earned on the selected income types (e.g. the reimbursable tax credit, the *prime pour l'emploi*, to encourage low-paid and low-skilled workers to resume active employment). It is worth noting that France employs a joint assessment of the taxable income in the household. For example, the principal earner in the household may earn labour income whereas the spouse receives social benefits, but the total amount of personal income is jointly assessed. In the calculations for the split of the personal income tax, however, in this case the same effective tax rate has been

applied to the partners jointly assessed. For the period 2001–2004 data provided by French authorities also include taxes paid on transfers. For the period 1999–2000 this was only possible if the household income included salary or self-employed labour revenues. In order to maintain comparability and consistency in the time series the split for 1999 and 2000 has been adjusted. Assuming that the changes in the shares from 2000 to 2001 are only due to the introduction of the category 'transfers', the absolute changes for the other three categories have been calculated accordingly and deducted from the original values provided.

- Ireland: The split of the personal income tax was estimated by the Inland Revenue using an exhaustive data set with micro (taxpayer-level) tax return data. The data set covers all taxpayers for which a return was received. The method basically multiplies individual tax payments by proportions of the income types in the total taxpayer's income, as outlined above. However, because there are some taxable personal income components that are taxed at a flat rate only, there is no actual split of tax revenues raised on these particular income components. The tax raised on such components is directly calculated from the tax return data. At this stage, the income types are not yet measured net of tax base deductions that are exclusively earned on these income types. This could be done in future updates of the split of the personal income tax.
- Latvia: The split of the personal income tax was estimated by the Ministry of Finance. Latvia's calculations are greatly simplified by the existence of one single rate of personal income tax. The calculations were based on data from personal income tax returns, in accordance with the individual taxpayers' data. The summary of salary declarations was used to calculate personal income tax revenue from employed labour income. Information on the personal income tax paid by the self-employed was derived from the Declaration of annual income and from the advance payment tax return. Information on tax on pension payments was obtained from the State Social Insurance Agency. The lack of any records of personal income capital taxation means that this amount was taken as the residual. A part of allowances (the non-taxable minimum and allowances for dependants) is applied at the moment of the tax calculation. The tax is collected, taking into account applicable allowances. Information on the applicable allowances is obtained from the tax returns. The other allowances are obtained only after submission of declarations of annual income to the State Revenue Service. The total PIT revenue is already shown in net form i.e. the PIT repayments made by the State Revenue Service are already taken away.
- Luxembourg: The split of the personal income tax was estimated by the National Statistical Office using detailed revenue statistics from the national tax administration (ACD) based on exhaustive household tax returns (in Luxembourg PIT is based on family taxation) and on withholding revenues on employed labour and transfers. For the part on tax returns, the method basically multiplies individual tax payments by proportions of the income types in the total taxpayer's income, as outlined above. Then the withholding revenues were considered, because it is not mandatory to compile tax return if there is only employed labour or pension income. Since the distinction between withheld amounts raised on labour employed and pension income is not available, data from the social security organisations were used. When only the total amount withheld was available from a social security organisation, the average rate of contribution was used as a proxy.
- Malta: The split of the personal income tax is based on the actual data available at the local tax authorities through the individual returns. When returning their annual declarations, all taxpayers are obliged to correctly indicate the exact source of their income on their individual tax form. This information is then captured at micro level, and is used to compile the figures submitted in the national PIT questionnaire. There is no further extrapolation on the data, except for the case of the withholding taxes on capital. Since the withholding tax is a flat percentage, this figure has been obtained based on the revenue generated from this particular source.
- The Netherlands: The split of the personal income tax was estimated by the Ministry of Finance using a micro-simulation model that is based on a sample with micro (taxpayer-level) data. The information is collected by Statistics Netherlands. The model is not updated annually, but annual projections are made for future years for planning the national tax policies and estimating policy alterations on tax revenues. It covers the combined tax

burden of wage withholding tax, personal income tax, social contributions and wealth tax. The method basically multiplies individual tax payments by proportions of the income types in the total taxpayer's income, as outlined above. In the Netherlands, the lowest two income tax rates consist of personal income tax and social contributions; the highest two rates consist solely of personal income tax. The split has therefore been computed for both personal income tax and social contributions (which are in principle levied on all taxable personal income types). The income types are measured net of tax base deductions that are exclusively earned on these income types. A special provision applies to the capital income of owner-occupied property. This is taxed at a notional rental value, which represents the balance of revenue and expenses connected with the use of the dwelling, and is assessed using statutory tables. As normal expenses are included in the notional rental value, no expenses other than mortgage interest and ground rent may be deducted. The deduction for mortgage interest payments explains why the estimated part of capital income is lower than zero for some years. A major tax reform was implemented in January 2001. Among a number of other important changes, this reform replaced the wealth tax and personal income taxation of interest, dividend and other capital income by a single tax on the imputed income from wealth. A 4 % yield imputed on all assets is now taxed at a flat rate of 30 %, which basically implies a 1.2 % tax rate on the total wealth. The tax reform also replaced the basic employed person's tax base allowance by a non-refundable tax credit for all employees and self-employed persons. Both measures are reflected in the estimates for 2001.

- Poland: The split of the personal income tax was estimated by the Ministry of Finance. Poland has a progressive tax system, hence the estimate is obtained with a bottom-up methodology, starting from taxpayer-level data and the aggregating the results. For taxes levied as lump sums, the method used simply multiplies the individual tax due by proportions of the income types in total taxpayer's income. The income types are measured net of estimated social security contributions. Adjustments were made for married couples' tax returns (their joint income was used in the calculations). Owing to an important reform in 1999, which introduced tax-deductible health insurance contributions, there are two different methodologies for the years 1995–1998 and 1999–2004. For the years after 1999, the Ministry of Finance arrives at the PIT due by subtracting the amounts due as health insurance contributions from the total revenue and the residual then represents the amount due for the PIT. The amounts due for the health insurance contributions are then split across economic functions and re-introduced in the PIT split so that the final PIT split given is homogeneous across the entire time period.
- Finland: The split of the personal income tax was estimated by the Ministry of Finance using a micro-simulation model that is based on a sample of micro (taxpayer-level) data. The information is collected by Statistics Finland. The model is updated annually, and used in planning the national tax policies and estimating policy alterations on tax revenues and on the income tax liabilities of taxpayers on different income levels. The method basically multiplies individual tax payments by proportions of the income types in the total taxpayer's income, as outlined above. However, because of the dual income tax system, there is no actual split of tax revenues raised on capital income. The tax raised on capital income is directly calculated from the tax return data. The income types are measured net of tax base deductions that are exclusively earned on these income types. The statistical information on dividend income in the model contains both dividend income of the self-employed that is treated as the capital part of the income, and the dividend income from investors, that is not income from self-employed labour but capital income from for example owning shares in a listed company. The statistical information is split into dividend income from self-employment and dividend income from saving and investments using an estimate. From year 2002 the method of splitting dividend income between dividends from listed companies and the dividends of the self-employed owners has been improved. Mortgage interest payments are not deducted from the capital income, since no rental value taxation of income from home-ownership is applied.
- Sweden: The split of the personal income tax was estimated by the Ministry of Finance using micro-simulation models that are mainly based on administrative sample data. The models are updated annually, and mainly used in planning the national tax policies and estimating policy alterations on tax revenues and on the income tax

liabilities of taxpayers on different income levels. The method basically multiplies individual tax payments by proportions of the income types in the total taxpayer's income, as outlined above. However, because of the dual income tax system, there is no actual split of tax revenues raised on capital income. The tax raised on capital income is directly calculated from the tax return data. The income types are measured net of tax base deductions that are exclusively earned on these income types. An alternative way to describe the method is to say that the individual specific average effective income tax rate is calculated to split the personal income tax across different taxable income sources. Note, however, that these average effective tax rates are computed while incorporating the revenue effects of tax credits that are exclusively earned on the selected income sources. The revenue effects of general tax credits for all taxpayers are proportionally allocated across all selected income sources.

- Slovenia: The split of the personal income tax was estimated by the Ministry of Finance. The calculations were based on data sets for individual taxpayers, except in the case of pensions. As most of the PIT from pensions is only accounted for but not collected the PIT from pensions is subtracted. Actual PIT collected from pensions is very close to prepayment of PIT from pensions during the year. Therefore, these prepayments are added to PIT from the transfer and pensions category. The method multiplies PIT payments by fractions of net taxable income sources (as a percentage of the total tax base) at the level of individual taxpayers. The allowances were deducted at the individual level (except in the case of pensions). In 2006, major changes in the PIT system were introduced — schedular system for capital income was introduced and tax prepayments became final payments. This reform resulted into two different sets of data for 2006: accrual individual data for employed labour income, self-employed income and social transfers and pensions; and cash cumulative data for capital income.
- Norway: The split of the personal income tax was estimated by the Ministry of Finance using a micro-simulation model called LOTTE. The model is based on a sample from the household income statistics of Statistics Norway. The personal income tax system has two tax bases: personal income, from which no deduction may be made, and ordinary income. Ordinary income includes all types of taxable income from labour, transfers, business and capital. Certain costs and expenses, including interest paid on debt, are deductible in the computation of ordinary income. Dividends are regarded solely as capital income in the calculations. With the exception of the standard allowance, the basic allowance and the allowance for gifts to voluntary organisations, all allowances are entirely allocated to one income source. The basic allowance is calculated as a certain percentage of wage and pension income with a lower and upper limit. In the calculations, the basic allowance is divided according to the size of wage and pension income, respectively, for each individual. Some basic allowance is reported separately for spouse supplementary pensions, child alimonies and pensions. These are allocated to transfer income. The allowance for gifts to voluntary organisations is a general allowance and is as such divided on all income sources. The SC and the central government income surtax are separated between the relevant income sources (labour, self-employed and transfer). The labour and transfer component in gross income is identified by the LOTTE model. Self-employed income is more difficult to identify because of some special limitation rules for this category of income included in the personal income tax base. Actual self-employed income might therefore be higher than the taxable self-employed income included in the gross personal income tax base. However, by hooking the LOTTE model to total gross personal income reported in the tax statistics, it is possible to identify the self-employed income in the tax base (by subtracting labour and transfer income from total gross personal income).
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Box D.8: Micro v Macro-data approach (1)

To illustrate the properties of the 'micro data approach', consider an economy with only two taxpayers ($j = 1,2$). One can model taxpayer 1's personal income tax liability as follows:

$$PIT_1 = t(W_1 - DW_1 + O_1 - DO_1 - A_1) - C_1 - CW_1 - CO_1$$

where $t(\cdot)$ denotes a progressive tax rate function, W measures gross income from labour, O measures 'other' gross taxable income, DW measures deductible expenses incurred in earnings and maintaining labour income, DO measures deductible expenses incurred in earnings and maintaining 'other' taxable income, A measures a personal basic tax-base allowance (depending on tax filing status), C measures a basic tax credit (may also depend on tax filing status), CW measures a tax credit earned on labour income and CO measures a tax credit earned on 'other' taxable income. The portion of taxpayer 1's income tax linked to labour income can be estimated as:

$$PIT(labour)_1 = \tau_1 \cdot (W_1 - DW_1)$$

with the amount raised on 'other' taxable income given by:

$$PIT(other)_1 = \tau_1 \cdot (O_1 - DO_1)$$

where τ_1 measures the taxpayer's 1 average effective tax rate on the aggregate of labour and 'other' taxable income:

$$\tau_1 = \frac{PIT_1}{(W_1 - DW_1 + O_1 - DO_1)}$$

This effective income tax rate, which is an increasing function of the progressive tax rate schedule, $t(\cdot)$, and a decreasing function of the tax base allowances, deductions and tax liability credits, reflects taxpayer 1's position. In fact, the average effective tax rate for taxpayer 1 will differ from that of taxpayer 2 to the extent that:

- Taxpayer 1 and taxpayer 2 have the same amount of aggregate taxable income, but different amounts of labour and 'other' taxable income, and the tax system treats these two types of income differently, for example, by way of special tax credits earned on labour income or 'other' taxable income;
- Taxpayer 1 and taxpayer 2 have different levels of total taxable income, and the personal income tax is progressive.

In contrast to the micro data approach, when relying on macro data, the notional personal income tax allocation and the measurement of the effective tax rate must rely on a single average effective tax rate estimate only, computed both across all income sources and all taxpayers. By applying this single effective tax rate to estimate the notional amount of taxes raised on the different income sources, one would omit important taxpayer- and tax treatment variation that are implicitly caught in the micro data.

In order to illustrate the degree of precision that can be reached with using micro rather than macro data, the Netherlands, Finland, Denmark and Italy have made additional calculations on the basis of only aggregate tax return data for some years. It appears that the differences for the estimated amounts of personal income tax raised on labour income were rather small. The reason is that labour income is by far the most important taxable personal income source, which means that the overall effective income tax rate (measured on the basis of the aggregate taxable income across all taxpayers) is strongly influenced by the average effective tax rate on labour income. The differences are however significant for the other taxable personal income types. If only aggregate data would be used, generally higher fractions would be computed for capital income and social transfer and pension income, and generally lower fractions would be computed for income from unincorporated businesses.

(1) See also Clark (2002).

(B) Approach using both micro and aggregate tax receipts data

The method employed in the United Kingdom is based on combining micro and aggregate tax record data. Also, unlike the methods outlined above, the method does not assume that the individual taxpayer has the same average effective

income tax rate over all income sources. Instead, income source specific tax rates are multiplied by the selected income sources at the taxpayer level.

- The United Kingdom: The split of the personal income tax was estimated by Her Majesty's Revenue & Customs using a micro-simulation model and aggregate tax receipt data. The micro-simulation model incorporates the information of withholding taxes (PAYE), self-assessment tax returns and claims by non-taxpayers for overpaid tax deducted at sources. The method does not assume that the individual taxpayer has the same average income tax rate over all selected income sources. Instead, income-source specific tax rates are computed, because the personal income tax law prioritises the order of different types of income. For example, labour income is at the bottom of the taxable income and dividend income is treated as the top slice of the taxable income. The total tax liability that results from the micro-simulation model, grossed up to the total taxpayer population for sampling, does not exactly correspond to the total recorded tax receipts from macro-tax receipt data, due to differences in definition and sampling error. The main differences between the micro and macro-tax receipt data occur because some components (i.e. company income tax and unallocated tax receipts) are not modelled. Also, there are various repayments of personal income tax which are made directly at source and are not captured in the model data, including payments to pension funds, charities, special savings schemes, life insurance relief, mortgage interest relief at source, child tax credits, working tax credits and vocational training relief. These elements of the macro-tax receipt data have also been allocated across the selected income types, whenever this was possible.

(C) Approach using tax return data aggregated at the level of income classes or tax brackets

In some Member States tax return data is used that is aggregated at the level of a number of income classes or tax brackets. Basically, the recorded personal income tax payments are multiplied by the selected income types over the sum of the taxable personal income sources at the level of income classes or tax brackets. This approach thus implicitly assumes that a (common) average effective tax rate applies to all selected income types at the level of the income class. The corresponding estimates are consequently aggregated to obtain the estimate of the split of the personal income tax. Calculations by Italy have shown that differences from using either macro-tax return data or micro data aggregated by income classes turn out to be significant for the taxable personal income types that are less important from a quantitative point of view. Although the method cannot provide the degree of accuracy of micro (taxpayer-level) data, it is believed that is likely to capture the effects of progression of the personal income tax system and the distribution of income sources across different groups of taxpayers.

- Bulgaria: The split of the personal income tax was calculated by the Ministry of Finance using information from the tax returns filed in the National Revenue Agency, representing aggregated micro data per tax return. The tax base of the different types of income besides labour income is divided over the total tax base and the ratio serves as weight to measure the share of the relevant income in the total tax due. The sum of the weighted tax revenues shall be the tax due for all income except labour income. For employees receiving only labour income, the PIT is withheld by the employer. The share of every type of non-labour income mentioned before is applied to the cash revenues from all types of income besides labour income. The revenues from labour income and from non-labour income form the total revenues. The share of the labour income revenues in total PIT revenues is known, the share of the total non-labour income revenues in total PIT revenues is also known, as well as the share of each type of non-labour income within the total non-labour income revenues. The relevant shares serve as the PIT split.
- Cyprus: The split of the personal income tax was estimated by the Ministry of Finance. The calculations were based on tax assessment data, which were grouped by category of income and by tax bracket into 26 income classes. The recorded personal income tax payments are multiplied by the taxable income sources for each class and then divided by the aggregate taxable income of the class. The income types are measured as net taxable personal incomes. All deductions have been allocated to the correct base class and category for the purposes of the split. The personal allowances have been allocated in proportion to the income sources.

- Greece: The split of the personal income tax was estimated by the Ministry of Finance in cooperation with the National Statistical Service and Professor Geogakopoulos from the Athens University of Economics. The calculations were based on data from personal income tax returns, which were grouped by category of income and tax bracket. Basically, the method multiplies tax payments by proportions of the income types in the total taxpayer's income, as outlined above, but aggregated at the level of income classes. The income types are measured as net taxable personal incomes. In order to split between income from employed labour and transfers data from the General Secretariat of Information Systems were used. The final percentages are comprehensive of tax on savings, which is included in category D.51a in addition to tax revenue from personal income tax; the total amount of this category constitutes tax on capital and, given that this tax is not calculated on the total income of households, it was added to income tax from capital in the calculations.
- Lithuania: The split of the personal income tax was estimated by the Ministry of Finance utilising data from the State Tax Inspectorate. Data coverage is very high (99.9 % to 100 % of actual payments by the different revenue group of personal income tax). Lithuania's calculations are simplified by the existence of a dual rate system for earned and unearned income. The categorisation of income taxes allowed most elements to be allocated to their economic functions without need for further individual or income class breakdowns. The split of personal income tax calculation breaks down the total amount of the tax refund across the various revenue groups. Payments from non-employment related or n.e.c. income were attributed to the payments from capital and income from individual activities, in proportion to the interrelation between respective incomes calculated according to tax return data. Adaptations to the methodology were done from 2002 to 2003 as a result of changes in the legislation which allowed deductions for life insurance and pension contributions and for certain interest payments. Note for the year 1999 data limitations required a special estimate which was based on a different methodology.
- Spain: The split of the personal income tax was estimated by the Ministry of Finance and the methodology was revised as of 2010. The estimates are covering not only PIT taxpayers' population – those who submit a PIT return – but even those PIT taxpayers not directly obliged to do so but whose contribution to the tax is made only through monthly withholding taxes and advance tax payments. The allocation of tax liabilities arising from earned income – wages and social benefits – is made directly through observed advance tax payments data files rather than calculating the weights based on the values of such income in accordance with the Spanish National Accounts (CNE), as it had been done until 2010. This latter change appreciably affects the final estimates and now reflects much more accurately the allocation of each of those income sources, since, as noted repeatedly in previous years, CNE data overstates the tax burden of pensions and other social benefits in the PIT. This is because it is not possible to deduct those pensions exempt from the tax, and furthermore under the former methodology it was not possible to take into account the different effective tax rates applied to both salaries and pensions, given that pensions usually pile up in lower income levels and therefore its taxation is substantially lower when applying a progressive tax schedule. Therefore, as of 2010 only tax data provided by the Spanish Tax Administration is used. The methodology is divided into three basic stages: (1) the final tax liability (by income sources) from PIT filers is directly obtained from tax data records broken down into 47 income brackets; (2) for non-PIT filers the final PIT tax liability distribution is obtained as the difference between the total amount of periodic withholding tax payments (filers and non-filers) and the advance payments of the latter obtained through annual tax returns submitted by third-parties; (3) the allocation of final tax liabilities arising from earned income among wages/salaries and social benefits is directly obtained through the annual observed tax statistics covering the whole tax population (filers and non-tax filers) related to periodic withholding and advance tax payments, and according to their own weight.
- Italy: The split of the personal income tax was estimated by the Ministry of Finance using a micro-data set containing IRPEF tax return data for all taxpayers. Instead of computing an average tax rate for each individual taxpayer, the information was allocated to 35 classes of gross income. Basically, the recorded personal income tax payments were multiplied by the selected net taxable income sources over the sum of the net taxable income

sources at the income class level. The income types are measured net of tax base deductions that are exclusively earned on these income types. In addition, corrections were made for the revenue effects of tax credits that are exclusively earned on the selected income types. In addition to the recorded IRPEF tax revenues, IRPEF payments received by the treasury on denominations other than IRPEF were incorporated in the calculations. These include tax on dividend distributions and dividend withholdings, which were directly allocated to the capital income category.

Taxes and social contributions paid by the self-employed are allocated to the capital and business income category⁽¹²⁸⁾. Italy proposed to split tax revenues from income of self-employed in 80 % and 20 %, because most of the self-employed in Italy are more comparable to dependent employed workers. The 80 % are related to labour and the 20 % are linked to capital income of self-employed. The mixed income of self-employed should be split accordingly. Social contributions of self-employed are attributed to labour in the Italian method. The following table shows how this different treatment of self-employed would affect the ratios of table C and D.

Table D.1: **Italian method**

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
C. Structure according to economic function as % of GDP															
Labour	20.9	22.5	23.5	23.5	23.3	22.8	23.0	23.0	23.6	23.1	23.3	23.6	24.2	24.9	25.2
Employed	16.4	18.0	18.8	18.6	18.3	17.9	18.0	18.1	18.2	18.0	18.2	18.3	18.8	19.4	19.6
Paid by employers	8.7	10.2	10.8	10.6	10.0	10.0	10.1	10.2	10.4	10.3	10.5	10.5	10.7	10.8	11.0
Paid by employees	7.7	7.8	8.0	8.1	8.3	7.9	7.9	7.9	7.8	7.7	7.7	7.8	8.0	8.6	8.6
Self-employed (80 % incl. SSC)	2.6	2.6	2.6	2.7	2.9	2.9	2.8	2.8	3.3	3.0	2.9	3.1	3.3	3.2	3.1
Non-employed	1.9	1.9	2.0	2.2	2.0	2.0	2.1	2.1	2.1	2.1	2.2	2.2	2.2	2.3	2.5
Capital	8.8	9.2	9.9	8.2	8.3	8.0	8.1	7.7	7.8	7.5	7.1	8.1	8.6	8.2	8.2
Capital and business income	4.9	5.6	6.1	4.9	5.3	5.4	5.6	4.8	5.2	4.7	4.5	5.3	5.9	5.7	5.3
Income of corporations	2.9	3.3	3.8	2.8	3.2	2.9	3.7	3.1	3.5	3.1	2.9	3.5	4.0	3.7	3.4
Income of households	1.8	2.0	2.0	1.6	1.6	2.1	1.4	1.3	1.1	1.1	1.2	1.4	1.4	1.5	1.4
Income of self-employed (20 %)	0.3	0.3	0.3	0.4	0.5	0.4	0.4	0.4	0.5	0.4	0.4	0.4	0.5	0.4	0.4
Stocks of capital / wealth	3.9	3.6	3.8	3.3	3.0	2.6	2.5	2.8	2.6	2.8	2.6	2.7	2.7	2.5	2.9
D. Implicit tax rates															
Labour employed	34.0	36.8	38.2	38.6	38.4	37.9	37.8	37.7	38.4	37.6	37.6	37.8	39.3	39.7	39.0
Capital	32.3	33.0	38.9	34.1	36.6	34.9	34.2	35.1	37.4	35.9	35.6	42.1	44.3	44.8	55.1
Capital and business income	18.0	20.1	24.0	20.3	23.5	23.5	23.7	22.1	24.9	22.5	22.3	27.8	30.2	31.1	35.6
Corporations	19.5	21.8	25.9	18.8	22.4	19.2	23.6	20.9	24.6	21.3	20.7	27.0	30.4	32.3	35.2
Households and self-employed	9.2	10.0	11.1	10.7	11.0	13.7	10.1	9.6	10.1	9.8	10.0	11.6	11.9	12.3	13.9

Source: Commission services

(D) Approach using aggregate withholding tax and final assessment income tax data with certain adjustments

In some Member States the estimates of the split of the personal income tax were computed on the basis of aggregates statistics of withholding tax and the final personal income tax by assessment.

- Austria: The split of the personal income tax was estimated by the Ministry of Finance using statistical information from the wage withholding tax and the final income tax by assessment. Taxes raised on income from employed labour are withheld by the employer at source, and the wage tax system is designed to approximate the final personal income tax as closely as possible, but in some cases certain repayments have to be made by the tax administration. This can for example occur if the taxpayer receives income from several jobs or pensions during one year, or if there are different payments per month or deductions for special expenses etc. As these repayments concern only wage taxpayers, the total net amount of the repayments was deducted from the total recorded wage tax, and the recorded income tax was adjusted accordingly. Also, the income from employment includes income in the form of social transfers and pension benefits received. The recorded revenue of the wage tax was also corrected for the relevant amount to arrive at the fraction of income tax levied on labour income. The revenue of the personal income tax by assessment largely reflects entrepreneurial income and income from capital. The (corrected) recorded revenue from the personal income was split between the two sources, using tax return data aggregated at the level of a number of income classes as outlined above.

⁽¹²⁸⁾ Except the income and taxes of 'continuous and coordinated collaborations' that are allocated to the labour category. The income of these self-employed workers is treated, for tax purposes, as income of employed workers.

- **Czech Republic:** The split of the personal income tax was estimated by the Ministry of Finance. Three PIT accounts exist; the first, wage tax withheld by the employer is purely labour, the second, withholding tax, is presumed to be purely capital, and the tax paid per tax return was split. The calculations were based on data from personal income tax returns, which were grouped by category of income and by tax bracket into 20 classes. The method multiplies tax payments by proportions of the income types in the total taxpayer's income, aggregated at the level of income classes. The income types are measured as net taxable personal incomes. In calculating the split between income from employed labour and transfers, it was found that almost all the transfers were tax exempt (0.001 % of the total PIT revenue) so all were allocated to employed labour. All deductions have been allocated to the correct base class and category for the purposes of the split.
- **Hungary:** The split of the personal income tax was estimated by the Ministry of Finance using aggregate statistical information from individual personal income tax returns and the declarations of enterprises on withholding tax. The share of the personal income tax on labour is related to the total revenue from the personal income tax by deduction of shares pertaining to capital and to self-employed income together with a weighted proportion of the tax credits from the latter.
- **Estonia:** The split of the personal income tax was estimated by the Ministry of Finance using micro-level data from the income tax returns and withholding tax statistics. Different approaches were used for determining the PIT splits depending on data availability. Thanks to the very good quality and detail of the data for 2004, the split for this year is the most thorough. Firstly, withholding tax returns were used to derive the split in the case of resident natural persons who didn't submit the 2004 income tax return. As in the case of withholding tax returns the income is already divided between 19 different income categories, the data was grouped between income from labour, capital and transfers. Secondly withholding tax returns, where payments to non-resident natural persons are declared and divided into 11 different income sources, were used and the PIT split obtained. In both cases the allowed deductions are taken into account finding the PIT split. In the third step, based on the income tax returns, firstly PIT from self-employed labour was estimated. As from 2004, the increased basic exemption in event of pension is declared on the income tax return; it was assumed that only resident natural persons who are entitled to pension declare it and would be able to use this deduction. In the case of other income sources, i.e. income from Estonia, gains from transfer of property, other income and income from abroad, all the deductions (including basic tax allowance) were allocated proportionally over the income sources, except the special deduction for self-employed persons in agriculture, which was allocated to their income. The split for the years 2001–2003 was made based on withholding tax returns of non-resident natural persons and on income tax returns. The estimates concerning 1996–2000 were made based solely on the income tax returns data.
- **Portugal:** The split of the personal income tax was estimated by the Ministry of Finance using information from personal income tax returns except for the amount of tax raised on capital income, which was estimated using information of both withholding taxes and personal income tax returns. The estimates are based on three data sets: (1) aggregate net taxable incomes by category of income; (2) tax liabilities by category of income or groups of categories, depending on the type of tax returns. Some households only earn income from one category of income (e.g. income from labour), and so the tax liability is directly imputable to that category but other households simultaneously earn income from more than one category (e.g. income from labour and income from self-employed labour); (3) aggregate data from withholding tax returns relating to incomes subject to a final withholding tax, which, in general, are not reported in tax returns (e.g. interest on bank deposits). The split of the personal income tax was estimated according to the following procedure. As the first step, the tax liability of households with one source of taxable personal income was directly allocated. As the second step, from the aggregates of the net taxable incomes by category of income the net taxable incomes of households with one source of income were subtracted. Third, the aggregate tax liability of households which earn more than income was split. This split was made in proportion to the aggregate taxable incomes for each category that resulted from the second step. In this step it was thus assumed that all categories of income are subject to a common average

effective tax rate. Finally, the revenue from the final withholding tax was added to the relevant categories. It should be noted that this assumes that none of the incomes subject to a final withholding tax is reported in the tax return and so could result in double counting. However, in practice, it is believed that the amounts concerned are not of great magnitude.

- Romania: The split of personal income tax was estimated by the Ministry of Finance in collaboration with the National statistical office using aggregate statistical information of the general personal income tax revenues, and the afferent taxable base, divided on the relevant categories.

Estimates of the split of personal income tax

The following tables present the resulting estimates for the split of the personal income tax. Looking at the estimates, there are some noticeable differences, in particular for the income tax allocated to capital and social transfer and pensions benefits. By including net interest payments in the tax base of capital, for example, some Member States (e.g. Denmark and the Netherlands) have taken into account the way the tax relief for mortgage interest payments and other interest payments on loans effectively reduces the tax base of capital. This explains why the estimated fraction for personal income tax raised on capital income is sometimes relatively low (or even negative) for a number of Member States. In some Member States such deductions are less significant or non-existent, while others were unable to take the revenue effects of such specific tax base deductions yet into account. Also, some Member States were unable to estimate the amount of personal income tax on (taxable) social transfers, while others could not distinguish between different types of pension benefits. Inevitably this may have had some consequences for the implicit tax rates on labour and capital. The estimates for the amount of personal income tax allocated to capital income and social transfers and pensions would benefit from future work. What is furthermore noteworthy from the table is the fact that the personal income tax revenue allocated to (employed) labour income appears to be relatively low in Greece, Spain and Italy.

Table D.2: Estimates for the split of personal income tax
Personal income tax revenue allocated to employed labour income

1995–2009, in % of total revenue of personal income tax

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
BE	74.9	74.1	74.7	74.0	74.4	75.0	74.7	74.9	74.8	76.5	76.5	76.7	76.7	76.7	76.7
BG	:	:	:	91.3	88.1	88.2	88.8	85.9	89.1	87.8	85.6	84.1	84.8	82.5	86.5
CZ	79.7	79.7	79.7	79.7	79.7	79.7	79.7	80.8	80.9	82.1	86.7	89.0	89.5	93.0	93.0
DK	72.4	72.8	73.8	72.5	72.8	75.5	75.8	75.5	74.5	73.7	72.6	72.6	72.7	75.3	75.2
DE	75.7	72.9	73.4	72.4	70.4	73.6	75.2	76.3	76.1	75.0	72.1	69.1	66.3	69.3	70.4
EE	95.9	95.9	93.7	94.5	93.6	92.9	93.8	91.5	91.3	90.2	86.4	88.6	90.4	90.4	89.3
IE	84.3	84.2	84.0	83.0	84.2	83.3	81.7	81.1	80.2	80.4	80.4	80.4	80.5	80.5	80.5
EL	47.3	48.4	49.7	48.4	49.8	49.5	49.4	48.7	48.7	50.7	51.9	51.0	50.7	50.0	50.3
ES	65.2	67.0	67.2	66.5	66.6	67.9	69.1	70.1	70.2	70.8	69.9	67.2	68.2	71.1	71.1
FR	60.3	60.3	60.3	60.3	60.3	58.3	60.3	59.3	59.3	59.3	59.4	58.2	58.4	58.4	58.4
IT	58.9	57.8	56.7	55.6	56.4	55.5	55.3	56.1	55.2	54.5	54.7	53.8	53.4	54.6	54.2
CY	89.1	89.1	89.1	89.1	89.1	89.1	89.1	91.5	91.5	91.5	91.5	91.5	91.5	91.5	91.5
LV	99.5	99.3	99.2	98.9	97.5	95.3	96.5	95.0	96.8	97.2	97.5	96.8	96.8	96.9	93.9
LT	91.7	91.7	91.7	91.7	91.7	90.8	90.4	90.0	91.2	91.3	90.1	89.6	88.0	86.2	84.3
LU	69.5	69.5	68.8	69.6	71.6	73.8	75.4	74.7	73.1	72.5	73.5	74.5	75.1	75.1	75.1
HU	81.3	80.5	80.5	80.9	80.2	79.0	80.3	84.5	84.9	86.3	86.2	85.6	79.6	82.8	82.8
MT	69.2	69.2	69.2	71.0	71.0	70.7	70.9	71.2	70.8	69.4	68.9	69.8	70.0	70.5	70.4
NL	65.5	65.1	64.7	65.9	67.0	68.2	64.3	65.9	67.4	68.8	70.2	70.2	73.0	73.0	73.0
AT	62.9	60.4	62.4	62.2	62.5	62.9	59.5	62.0	62.1	61.9	62.8	63.6	64.5	64.9	63.7
PL	48.8	52.0	51.7	51.0	52.5	52.6	53.0	51.9	50.9	53.1	51.5	50.1	45.0	49.3	49.0
PT	63.1	63.1	63.1	63.1	65.1	64.8	63.5	64.1	63.5	63.7	63.5	63.6	60.5	58.9	58.9
RO	62.1	62.1	62.1	62.1	62.1	62.1	62.1	62.1	64.3	63.4	69.0	69.2	68.9	67.1	68.6
SI	89.4	88.9	89.1	89.3	88.9	90.2	90.7	90.4	90.8	90.0	89.4	87.6	82.2	83.7	83.7
SK	81.9	81.9	81.9	81.9	81.9	81.9	83.0	83.0	87.3	82.6	84.8	85.4	86.4	88.1	93.9
FI	66.1	67.6	67.3	68.6	68.3	67.9	70.3	70.6	70.3	68.8	68.2	67.3	66.3	69.1	69.1
SE	71.5	70.9	70.6	71.1	68.8	67.6	71.1	71.6	69.0	68.4	68.3	66.3	66.3	69.8	68.6
UK	76.4	75.5	74.6	74.3	74.5	75.8	75.2	74.9	74.2	73.6	73.7	73.1	73.0	72.3	73.6
NO	74.3	74.2	74.6	75.4	75.2	73.8	74.1	75.4	76.3	75.6	73.6	75.0	73.6	74.9	74.9

Note: The numbers printed in bold are the actual estimates; the numbers printed in italics represent either linear interpolation or fractions that were assumed to remain constant.

Source: Commission services

Table D.3: Estimates for the split of personal income tax
Personal income tax revenue allocated to income of the self-employed

1995–2009, in % of total revenue of personal income tax

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
BE	12.7	13.0	12.2	12.9	13.2	12.9	12.5	12.1	12.2	12.5	12.5	12.7	12.7	12.7	12.7
BG	:	:	:	6.4	8.8	9.6	8.6	11.1	8.7	10.1	11.9	11.8	11.5	11.0	8.4
CZ	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.0	15.9	15.1	10.8	8.8	8.2	4.6	4.6
DK	5.7	5.6	5.4	6.1	6.3	5.5	6.0	5.2	5.2	5.2	5.5	5.5	5.6	4.7	4.2
DE	19.0	22.1	21.4	22.4	24.2	21.3	20.1	19.2	17.1	18.3	20.8	23.8	26.7	23.2	21.4
EE	2.2	2.2	2.5	3.3	2.1	2.0	2.3	2.4	2.2	1.8	2.0	2.1	1.5	1.3	1.0
IE	10.9	10.8	10.9	11.2	11.1	11.1	11.9	13.3	11.8	11.4	11.4	11.4	11.2	11.2	11.2
EL	27.9	26.5	24.5	25.9	23.8	24.5	24.2	24.8	24.8	23.2	20.3	20.2	19.7	19.5	17.8
ES	15.1	14.5	14.9	14.6	14.4	13.3	12.7	12.7	12.8	12.5	11.7	10.9	10.9	9.1	9.1
FR	15.9	15.9	15.9	15.9	15.9	17.9	17.4	16.9	16.9	16.8	16.8	15.7	15.4	15.4	15.4
IT	16.2	16.9	17.5	18.2	18.6	18.8	18.3	17.4	18.3	18.1	17.7	18.8	19.6	18.1	16.6
CY	3.3	3.3	3.3	3.3	3.3	3.3	3.3	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1
LV	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.4	0.4	0.3	0.2	0.2
LT	6.2	6.2	6.2	6.2	6.2	6.7	5.4	4.1	2.7	1.4	1.3	3.1	3.2	3.4	4.1
LU	12.1	12.1	11.6	13.3	10.2	10.5	8.2	9.8	9.7	10.1	9.5	10.0	9.9	9.9	9.9
HU	5.5	5.7	6.9	5.6	5.2	5.1	4.6	4.7	3.8	3.6	3.4	3.3	3.1	3.1	3.1
MT	9.0	9.0	9.0	8.1	7.9	8.2	8.0	8.0	8.1	8.1	8.3	8.2	8.5	8.0	7.7
NL	18.5	19.6	20.7	21.6	22.5	23.4	23.4	20.8	18.4	16.2	14.1	14.1	14.0	14.0	14.0
AT	17.6	19.5	17.4	17.8	17.2	17.0	20.4	16.9	16.1	17.0	16.5	15.3	14.3	13.9	14.7
PL	22.4	18.5	22.3	23.2	28.8	26.5	26.3	25.4	25.6	24.6	24.9	25.0	30.4	28.5	28.0
PT	9.3	9.3	9.3	9.3	9.6	9.2	10.6	9.1	8.7	9.2	9.1	8.9	9.1	8.3	8.3
RO	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.7	3.8	4.1	4.8	5.4	5.8	4.3
SI	5.7	5.8	5.5	5.1	5.7	4.9	4.6	4.8	4.9	5.3	5.5	5.0	7.0	6.0	6.0
SK	13.1	13.1	13.1	13.1	13.1	13.1	12.2	13.5	9.5	15.0	13.7	12.8	11.8	10.1	4.6
FI	8.2	7.4	7.9	7.5	7.4	7.4	7.4	8.2	8.1	7.8	7.6	7.7	7.9	7.2	7.2
SE	2.3	2.6	2.7	2.7	2.8	2.9	3.0	2.9	2.8	2.8	3.3	2.7	2.7	2.7	2.7
UK	12.1	12.2	12.6	11.9	12.4	12.1	12.7	12.9	13.2	13.2	12.7	12.7	12.3	12.9	12.9
NO	10.5	9.4	9.5	9.5	8.5	8.9	9.0	9.1	8.2	8.8	9.9	7.8	7.9	7.1	7.1

Note: The numbers printed in bold are the actual estimates; the numbers printed in italics represent either linear interpolation or fractions that were assumed to remain constant.

Source: Commission services

Table D.4: Estimates for the split of personal income tax
Personal income tax revenue allocated to capital income

1995–2009, in % of total revenue of personal income tax

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
BE	-1.6	-1.6	-1.7	-1.6	-1.7	-1.6	-1.1	-1.1	-1.4	-1.2	-1.2	-1.5	-1.5	-1.5	-1.5
BG	:	:	:	2.3	3.1	2.2	2.5	3.0	2.2	2.2	2.5	4.1	3.7	6.5	5.0
CZ	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.2	3.1	2.8	2.5	2.2	2.2	2.4	2.4
DK	-3.4	-3.7	-3.1	-1.8	-1.4	-2.8	-3.3	-2.8	-2.9	-2.0	-0.7	-0.2	0.3	-2.4	-4.1
DE	1.9	2.3	2.3	2.5	2.6	2.6	2.3	2.2	4.0	3.9	3.9	4.0	4.0	4.4	5.0
EE	1.4	1.4	3.4	1.9	1.1	2.4	1.7	2.8	3.2	2.0	5.7	4.3	4.2	3.1	1.3
IE	3.3	3.5	3.8	4.5	3.8	4.6	5.6	4.8	6.8	7.2	7.2	7.2	7.5	7.5	7.5
EL	11.4	11.5	11.7	12.0	12.4	12.1	12.1	12.3	12.3	12.0	11.8	11.8	11.4	11.4	11.3
ES	14.1	12.5	11.5	12.6	13.6	13.1	12.0	11.0	10.9	10.4	11.8	15.4	14.8	13.2	13.2
FR	7.0	7.0	7.0	7.0	7.0	7.0	5.5	7.0	7.0	6.6	7.3	9.5	9.3	9.3	9.3
IT	4.8	4.9	4.9	5.0	5.7	5.9	5.4	5.5	5.7	6.1	6.1	6.1	6.3	6.3	6.4
CY	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
LV	0.3	0.4	0.4	0.5	0.7	2.9	1.8	3.1	1.3	0.8	0.2	1.1	2.0	0.9	0.8
LT	1.6	1.6	1.6	1.6	1.6	1.9	2.8	3.7	3.5	4.9	6.0	4.4	5.0	5.2	3.9
LU	5.7	5.7	6.1	5.5	6.7	4.9	6.6	5.8	5.7	6.0	5.1	3.8	3.6	3.6	3.6
HU	4.5	7.3	6.1	6.7	7.9	9.3	8.4	9.3	9.8	8.5	8.7	9.1	10.0	5.7	5.9
MT	8.6	8.6	8.6	7.1	6.8	6.6	6.6	6.1	6.3	7.4	7.4	5.8	5.8	5.8	5.3
NL	-0.8	-0.8	-0.8	-2.8	-4.8	-6.8	0.9	0.8	0.7	0.5	0.2	0.2	0.0	0.0	0.0
AT	2.3	2.6	2.3	2.3	2.1	1.9	2.3	2.0	2.0	2.1	2.4	2.6	2.7	2.6	2.7
PL	0.5	0.7	0.6	0.9	1.8	4.0	3.0	5.3	5.8	4.2	6.6	7.6	9.0	6.6	5.5
PT	18.9	18.9	18.9	18.9	16.1	16.5	15.6	15.4	15.4	13.7	13.2	12.6	14.8	17.0	17.0
RO	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	31.4	32.3	25.8	24.7	23.7	25.1	22.6
SI	1.6	2.0	2.0	1.9	1.9	1.7	1.7	2.0	1.8	2.2	2.7	5.1	8.7	8.2	8.2
SK	5.0	5.0	5.0	5.0	5.0	5.0	4.8	3.5	3.2	2.5	1.5	1.8	1.9	1.8	1.5
FI	2.4	2.9	4.1	4.7	6.3	7.5	5.9	3.7	3.8	5.0	5.8	6.8	8.0	6.3	4.7
SE	-1.5	1.0	2.5	2.6	5.6	7.8	3.2	1.7	1.8	2.5	4.6	7.0	8.6	4.6	4.9
UK	10.0	10.7	11.2	12.2	11.6	10.6	10.6	10.4	10.9	11.5	12.0	12.5	13.1	13.0	11.7
NO	6.1	7.0	6.6	5.1	6.2	7.5	7.0	6.1	5.8	5.6	6.7	7.3	8.7	8.2	8.2

Note: The numbers printed in bold are the actual estimates; the numbers printed in italics represent either linear interpolation or fractions that were assumed to remain constant.

Source: Commission services

Table D.5: Estimates for the split of personal income tax
Personal income tax revenue allocated to social transfers and pensions

1995–2009, in % of total revenue of personal income tax

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
BE	14.0	14.5	14.7	14.6	14.1	13.7	13.9	14.0	14.4	12.2	12.2	12.2	12.2	12.2	12.2
BG	:	:	:	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CZ	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
DK	25.3	25.3	23.9	23.2	22.3	21.8	21.5	22.1	23.2	23.2	22.6	22.2	21.4	22.4	24.7
DE	3.3	2.7	2.9	2.7	2.8	2.5	2.4	2.3	2.8	2.8	3.2	3.1	3.0	3.1	3.2
EE	0.5	0.5	0.4	0.3	3.2	2.7	2.2	3.3	3.3	6.0	5.9	5.0	3.9	5.2	8.4
IE	1.5	1.5	1.3	1.2	1.0	1.0	0.8	0.8	1.2	0.9	<i>0.9</i>	<i>0.9</i>	0.9	<i>0.9</i>	<i>0.9</i>
EL	13.3	13.7	14.0	13.7	14.0	14.0	14.3	14.2	14.2	14.1	16.0	17.0	18.1	19.1	20.6
ES	5.5	6.0	6.4	6.3	5.4	5.7	6.2	6.2	6.1	6.3	6.5	6.6	6.2	6.6	<i>6.6</i>
FR	16.8	16.8	16.8	16.8	16.8	16.8	16.8	16.8	16.8	17.3	16.5	16.7	16.9	<i>16.9</i>	<i>16.9</i>
IT	20.1	20.5	20.8	21.3	19.3	19.8	21.0	20.9	20.9	21.4	21.6	21.4	20.7	21.0	22.8
CY	<i>6.9</i>	<i>6.9</i>	<i>6.9</i>	<i>6.9</i>	<i>6.9</i>	<i>6.9</i>	<i>6.9</i>	2.5	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>
LV	0.0	0.0	0.1	0.4	1.5	1.6	1.6	1.6	1.6	1.7	1.9	1.7	0.9	2.1	5.0
LT	0.5	0.5	0.5	0.5	0.5	0.6	1.4	2.2	2.5	2.5	2.6	3.0	3.7	5.2	7.7
LU	12.7	12.6	13.5	11.6	11.5	10.8	9.8	9.7	11.5	11.4	11.9	11.7	11.4	<i>11.4</i>	<i>11.4</i>
HU	8.7	6.5	6.5	6.8	6.7	6.6	6.7	1.5	1.6	1.6	1.8	1.9	7.4	8.4	8.3
MT	<i>13.2</i>	<i>13.2</i>	<i>13.2</i>	13.8	14.3	14.5	14.5	14.6	14.8	15.1	15.4	16.2	15.7	15.8	16.6
NL	16.8	16.1	15.4	15.3	15.2	15.1	11.4	<i>12.5</i>	<i>13.5</i>	<i>14.5</i>	15.5	<i>15.5</i>	13.0	<i>13.0</i>	<i>13.0</i>
AT	17.2	17.5	17.8	17.6	18.3	18.2	17.8	19.2	19.8	19.0	18.2	18.5	18.5	18.6	18.8
PL	28.3	28.8	25.4	24.9	16.9	16.8	17.7	17.4	17.7	18.1	16.9	17.3	15.6	15.6	17.5
PT	8.7	8.7	8.7	8.7	9.1	9.6	10.4	11.3	12.4	13.5	14.2	14.9	15.6	15.8	<i>15.8</i>
RO	0.3	0.3	0.3	<i>0.3</i>	<i>0.3</i>	<i>0.3</i>	<i>0.3</i>	0.3	0.5	0.5	1.1	1.4	1.9	1.9	4.5
SI	3.4	3.3	3.4	3.7	3.6	3.2	3.0	2.8	2.6	2.5	2.5	2.3	2.1	2.2	<i>2.2</i>
SK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FI	23.3	22.1	20.7	19.2	18.1	17.2	16.4	17.5	17.9	18.4	18.5	18.3	17.8	17.4	19.0
SE	27.8	25.5	24.3	23.6	22.8	21.7	22.7	23.8	26.5	26.3	23.9	24.1	22.4	22.9	23.8
UK	1.5	1.6	1.5	1.6	1.5	1.5	1.6	1.7	1.7	1.7	1.6	1.7	1.6	1.7	1.8
NO	9.2	9.3	9.3	10.0	10.0	9.8	9.9	9.5	9.7	9.9	9.8	9.9	9.9	9.8	<i>9.8</i>

Note: The numbers printed in bold are the actual estimates; the numbers printed in italics represent either linear interpolation or fractions that were assumed to remain constant.

Source: Commission services

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