Taxation Trends Report 2020

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TAXUD.D4
The Taxation Trends Report

• Provide updated data on some key taxation indicators: Tax revenues, tax rates, revenues by economic function, Implicit Tax rates,..

• Main audience are policymakers and academia

• Focus on the indicators: what and how to measure.

• It complements with the Tax Survey, more focused on the analysis
The ‘Tax policies in the EU’ survey

- It’s not a survey!, maybe it will change its name this year
- Analytical report with a focus on the performance of tax systems. Very relevant for the taxation work done in the European Semester
- Analysis of the national tax reforms on taxation
- Reviews the EU’s taxation policy agenda
The main sections of Taxation Trends

• Part 1: Analysis on main trends

• Part 2: Country profiles

• Part 3: Detailed indicators

• Part 4: Methodology
Which are the main data sources?

- National Accounts
- National Tax Lists (NTL) and the economic function

Taxes in Europe Database (TAXUD)

Member States (Working group: Structures of taxation)
Evolution of the tax burden in the EU

Tax burden (tax revenues as % of GDP)

Source: Eurostat
(*) data for 2017
At Member State level the evolution is diverse

The majority of Member States show increases in their tax burden over the last year and over a 5 years period.

Source: Eurostat
Possible impact of COVID-19

Tax burden (tax revenues as % of GDP)

Source: Eurostat and ECFIN forecast (Spring)
Distributions of revenues are stable

Over a 5 years period the main classifications of taxes show almost no variation at EU-27 level

Source: TAXUD based on Eurostat data
Revenues by Economic Function

Tax revenues by economic function (% of GDP)

Source: TAXUD based on Eurostat data
Evolution of main tax rates: standard VAT rates

Between 2000-2018 VAT revenues increased by 5%
(0.4 pps of GDP up to 7.2%)

Source: TEDB (TAXUD)
Evolution of main tax rates: Top PIT rates

EU27 – average top PIT rate (%)

Since 2007 labour tax revenues have increased 1.4 pps of GDP (From 19.4% to 20.8% in 2018)

Source: TEDB (TAXUD)
Evolution of main tax rates: Corporate rates

EU27 – average CIT rate and EATR (%)

EU27 – Corporate income tax revenues (% of GDP)

Source: TEDB (TAXUD) and ZEW study on EATR
Implicit tax rates (ITRs)

ITRs help to understand if taxes are low or high.

Source: TAXUD based on Eurostat data
Environmental taxes

EU27 – environmental tax revenues (% of GDP)

Source: TAXUD based on Eurostat data
Thank you