

Taxation trends in the European Union

Data for the EU Member States and Norway



2007 edition



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PREFACE

'Taxation trends in the European Union' is an expanded and improved version of a previous annual publication, 'Structures of the taxation systems in the European Union', of which seven editions were printed since the early 1990s. Then, as now, the objective was to present a fairly complete view of the structure, level and trends of taxation in the Union over a medium- to long-term period. This year, we have adopted a clearer and more appealing graphic layout with the aim of conveying the contents in a more accessible manner.

The new name of the publication reflects these improvements as well as our wish to reach a wider audience than policymakers and tax experts; taxation is at the heart of citizens' relationship with the State and, in our contacts with the general public, we regularly receive questions about taxation levels in the EU and on how Member States compare with each other. We are confident that the statistics contained in this report provide a useful and unbiased reference in the debate on taxation in Europe; much effort has been devoted to making sure that the calculation of the ratios published here is done on the basis of a methodology allowing full cross-country comparability. This methodology has been developed jointly by statisticians from Eurostat and economists from the Directorate-General for Taxation and the Customs Union, who have drafted the report. They were closely assisted in their task by the national Statistical Offices and the Ministries of Finance of all countries covered; indeed, we would like to express to them our thanks for their suggestions and precious help, without which it would not have been possible to produce the report.

The improvements from last year's issue are not limited to a better form. 'Taxation trends in the European Union' for the first time covers the EU's two newest Member States, Bulgaria and Romania, which have joined the Union on 1 January of this year. We are proud to note that, thanks to a special effort by the Bulgarian and Romanian tax administrations and statistical offices as well as by Commission staff, extensive coverage of both countries' tax systems is assured already this year. In addition, the chapter dealing with consumption taxation has been much expanded and now includes a significantly deeper disaggregation of the implicit tax rates; a new indicator of the relative width of the VAT across Member States has also been introduced. Finally, it has been possible to publish a number of statistics that were previously unavailable for some Member States. The coverage of Norway, too, has been expanded thanks to information supplied by the Norwegian Ministry of Finance.

Although this report is based on statistical analysis it also includes a thorough economic discussion of revenue trends as well as, in the Country Chapters, a sketch of the main characteristics of each Member State's tax system. Since May 2007 the information contained in this report can be further complemented by visiting the 'Taxes in Europe' online database, which contains detailed and updated information on the 500 main taxes in force in the EU's Member States. Both the database and this report can be accessed free of charge from the European Union's Europa website.

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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 tax indicators, additional estimates provided by tax experts from national tax departments, consulted in the context of the Working Group on the Structures of the Taxation System 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. It should be noted, however, that the Commission departments bear sole responsibility for this publication and its content. Therefore, this report does not necessarily reflect the views of the tax departments in the Member States.

The data are available free of charge from the Eurostat website (<http://www.ec.europa.eu/comm/eurostat>). Any questions or suggestions relating to the analysis should be addressed to:

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TAXATION TRENDS IN THE EUROPEAN UNION 2007 EDITION

EXECUTIVE SUMMARY

Contents of the report

'Taxation trends in the European Union' covers the development of taxation in all 27 Members of the European Union and Norway in a comparable format since 1995. The report is organised as follows: Part I offers an overview of taxation in Europe, describing the trends in the total tax ratio, the structure of revenues by tax type, the distribution of revenues amongst government levels, and the main developments in the rates of the personal and corporate income tax. Part II focuses on taxation of consumption, labour, and capital, as well as on environmental taxation. Part III consists of 28 Country Chapters illustrating, for each Member State (and Norway), the revenue trends and supplying a summary description of the tax system. This chapter outlines the main results from Parts I and II.

The EU is a high tax area – on average

The EU is, taken as a whole, a high tax area. In 2005, the last year for which detailed tax data are available, the total tax ratio in the EU-27 amounted to 39.6 % (in the GDP-weighted average; see Table Tot_G in Annex A), about 13 percentage points of GDP above those recorded in the United States and Japan. The EU tax-to-GDP ratio is high not only compared with these two countries but generally; among the major non-European OECD members, only New Zealand has a tax ratio that exceeds 35 per cent of GDP¹⁾.

The high average, however, does not mean that all EU Member States individually display high tax ratios. On the contrary, there are wide differences in tax levels across the Union. Eight Member States display overall tax ratios below the 35 % mark, and the overall tax ratio ranges over more than twenty points of GDP, from 51.3 % in Sweden to merely 28.0 % in Romania. The width of this band reflects the significant differences in the role played by the State within the Member States. As a general rule tax-to-GDP ratios tend to be significantly higher in the "old" EU-15 than in the 12 new Member States that joined the Union since 2004, but there are exceptions; for example, Ireland's overall tax ratio is over six points below the EU-27 average, while Slovenia and Hungary's exceed it.

Overall tax ratios rose markedly in 2005

Compared to the previous year, in 2005 the overall tax ratio increased by half a percentage point in the arithmetic average. This increase is the first significant one since 1999; in most countries, that year marked a turning point from the continuous increase of the second half of the 1990s. The 2005 upturn is not strong enough to push the ratio back to its historical peak; the level of taxation is, however, now practically back at its 1995 level. Efforts to reduce taxes permanently after 2000 petered out gradually; reductions in tax ratios, fairly aggressive in 2001, lost importance in subsequent years and mostly stopped altogether in 2005; furthermore, in several of the new Member States most reductions in tax ratios took place in the 1990s; the following decade even saw increasing overall tax ratios in some of them.

Cyclical reasons contributed to slow the decline of the tax ratios after 2002. Particularly from 2004, growth in the EU reaccelerated, boosting the revenue of pro-cyclical taxes; in addition, Member States strove to reduce their deficits, which probably led them to postpone tax cuts. The 2005 upturn in taxation, however, coincided with a temporary slowdown in the pace of the recovery: EU-25 growth amounted to 1.7 % versus 2.4 % in 2004. This was

1) See OECD (2006a).

only a pause as in 2006 growth again reaccelerated to around 2.8 %. Growth was slightly lower in the euro area but followed broadly the same trends as in the EU as a whole.

The 2005 increase in the tax ratio was not limited to a narrow majority of countries but was quite generalised. Only in seven Member States out of 27 did the tax ratio decline; furthermore, in three of these the decline was purely marginal. The strongest declines took place in Austria and the Czech Republic, whereas the most sizeable increases in the tax ratio were recorded in Cyprus and Poland. Of the four largest Member States, the ratio declined very marginally in Germany and Italy but increased quite markedly in France and in the UK. The euro area followed a similar trend as the EU as a whole.

In the long-term comparison (1995-2005) an interesting feature is that the Member States, in which the tax ratio has changed most, both upward and downward, are those which started out from a low level of taxation; high-tax countries instead generally display small changes from the 1995 level.

Weight of direct taxation usually lower in the new Member States

Taxes are traditionally classified as direct or indirect; the first group as a rule allows greater redistribution as it is impractical to introduce progressivity in indirect taxes. Therefore, the recourse to direct taxes, which are more 'visible' to the electorate, tends to be greater in the countries where tax redistribution objectives are more pronounced; this usually results also in higher top personal income tax rates.

Generally, the new Member States have a different structure compared to the EU-15 countries; while most old Member States raise roughly equal shares of revenues from direct taxes, indirect taxes, and social contributions, the new Member states often display a substantially lower share of direct taxes on the total. The lowest shares of direct taxes are recorded in Bulgaria (merely 17.9 % of the total), Romania (19.1 %) and Poland (20.5 %); in the latter, the share of direct taxes has diminished by one third since 1995. One of the reasons for this difference can be found in the generally lower tax rates applied in the new Member States on corporate and personal income; as for progressivity, some of the new Member States have abandoned it almost completely by adopting flat tax systems (one example of this is Slovakia).

Amongst the old Member States, however, there are other interesting differences. The Nordic countries (i.e. Sweden, Denmark and Finland) rely primarily on direct taxation, whereas some southern countries (in particular, Portugal and Greece) have relatively high shares of indirect taxes. Denmark stands out in another respect; most welfare spending is financed out of general taxation instead of social contributions; therefore, the share of direct taxation in total tax revenues in Denmark is in fact the highest in the Union, while social security revenue is very low. Germany shows the opposite pattern: it has the highest share of social contributions and the lowest share of direct tax revenues in the EU-15; a similar pattern is found in France.

Top personal income tax rates differ very substantially, ranging from 16 % to 59 %

Although detailed data on revenues after 2005 are not available, the development of tax rates is known up to present. Currently, the top personal income rate amounts to 38.7 % on average in the EU-27. This rate varies very substantially within the Union, ranging from a minimum of 16 % in Romania to a maximum of 59 % in Denmark. As a rule, the new Member States display lower top rates; the ten lowest values of this variable in the Union do not refer to any of the EU-15 countries. As might be expected, the highest rates are typical of Member States with the most elevated overall tax ratios, such as the Nordic countries, although the Netherlands show the third highest top personal income rate while being ranked twelfth in terms of the overall tax ratio. Not surprisingly, the lowest rates are found in Romania and Slovakia, where the overall tax ratio is respectively the lowest and the third lowest in the Union.

Compared with last year, the trend is towards lower top rates: the EU-25 average rate was 41.0 % on 2005 income whereas the following year the average declined to 40.2 %.

Corporate income tax rates continue their rapid decline throughout the EU

Since the second half of the 1990s, corporate income tax rates in Europe have been cut forcefully. The tendency has continued also in 2006, as shown by a 0.8 percentage point drop in the EU-27 average. The cut was stronger in the euro area (1 point), where rates remain nevertheless significantly higher (the EA-13 average is at 28.5 %, four points above the average for the Union as a whole). Amongst countries cutting the corporate tax rate it is worth mentioning Bulgaria which, upon accession to the EU, cut the tax rate by one third and thus became the Union's second country after Cyprus to levy a 10 % rate. Other countries cutting their corporate income tax rate substantially include the Netherlands (down 4.1 points to 25.5 %), Greece (minus four points to 25 %), Spain (minus 2 ½ points to 32.5 %) and Slovenia (down two points to 23 %). Belgium, which levies a relatively high rate (34 %), has not cut its rate, but has introduced an allowance for notional interests (also known as allowance for corporate equity), which, compared to traditional tax systems, leads to significantly lighter taxation.

Although the downward trend has been quite general, corporate tax rates still vary substantially within the Union. The measure of the rate utilised in this report, which is adjusted to reflect surcharges of general application, varies between a minimum of 10 % (in Bulgaria and Cyprus) to a maximum of 38.7 % in Germany. As in the case of the personal income tax, the lowest rates are typical of countries with low overall tax ratios; consequently, the new Member States typically figure as having low rates (with the noteworthy exception of Malta, whose 35 % rate is the third highest in the Union). The reverse is, however, not true; unlike the case of the personal income tax, the two Member States with the highest overall tax-to-GDP ratios, i.e. Sweden and Denmark, display corporate tax rates that are not much above the average. This is linked to the adoption by these countries of Dual Income Tax systems, which by nature tax capital income at a moderate rate. Hence, the top positions in the ranking are occupied by Germany and Italy, whose overall tax ratios are not amongst the highest but traditionally impose relatively high corporate income tax rates. The German government has, however, recently announced a sizeable cut in the CIT.

Trends towards more funding to local and regional authorities continues, while social security receives a shrinking share of total revenue

In several EU Member States decentralisation has been an important feature for several years already. Accordingly, data for 2005 show that the share of total tax revenue accruing to state and local government remains on an increasing trend. In contrast, social security funds, possibly owing to pension reform, have received a shrinking portion of revenue. The trends for the central government level are less clear-cut. The trend towards a greater share of local or state (for federal countries) taxes is also quite clear in the comparison with the base year 1995: EU-25 local government tax revenue has risen by some 17 % to 4.1 % of GDP.

The "tax mix" receives renewed policy attention

The tax mix, or distribution of revenue by type of tax, is a structural variable that generally evolves only slowly. Nevertheless, it has been receiving renewed policy attention recently, in light of the worries that increased capital mobility and the accession to the EU of a group of low-tax countries might lead to even greater reliance on taxation of immobile factors (such as labour) than has been the case so far. Given that, owing to budgetary constraints, relatively few Member States have succeeded in decreasing rapidly the overall tax ratio, it is being argued that the only way to achieve quick reductions in the overall tax burden on labour is to shift the tax burden onto other bases, and in particular consumption. This report supplies interesting insights into this issue; in the majority of countries, the implicit tax rate (ITR) on consumption has been increased, although this has not generally been the case for the larger Member States. There is also a tentative trend towards a lower tax burden on labour, but this has been slowing down, as any substantial relief of labour would absorb substantial financial resources and is therefore difficult to

achieve in the context of an unchanging total tax ratio. As for capital taxation, the picture is not clear-cut; despite significantly lower corporate income tax rates, the revenues from taxes on capital have been growing again in importance since 2003, both in terms of GDP and as a share of total taxation.

Consumption taxes on the rise in most Member States

Data for the ITR on consumption, our preferred measure of the effective tax burden, confirm that taxation of consumption is, in most EU countries, on an uptrend since 2001. The EU-25 arithmetic average went up by some 1 ½ percentage points since that year and by half a point in 2005. The trend is particularly visible in the smaller Member States; several of these are new Member States, which in the last years have been increasing excise duties to conform to the EU minima. The larger Member States in contrast generally show slightly declining taxation of consumption. The trend towards higher taxation of consumption may, however, be at work also in the larger Member States, as highlighted by the hike in the standard German VAT rate by three points in 2007.

The trend towards an increase is quite broad; compared to 1995 levels, only ten countries have experienced declines. Since 2001 the trend has been even more general as only seven Member States have not experienced any pick-up; moreover, the only sizeable decline in the ITR took place in Greece (-2½ percentage points since 2001), followed by more modest ones (less than one point) in Lithuania, Germany, Italy, the United Kingdom, and Austria. Bulgaria, Cyprus and Romania show remarkable increases (around five points) in their ITRs on consumption for the period 2001-2005, which falls within the general picture that the new Member States have experienced the greatest increase.

The report includes a decomposition of the ITR on consumption into its constituent elements. It shows that the role played by taxes other than VAT is generally quite important; taxes on energy (typically, excise duties on mineral oils) and on tobacco and alcohol contribute substantially to the overall revenue from consumption taxes; differences amongst Member States are, however, quite marked in this respect. A comparison between the standard VAT rate and the VAT component of the ITR on consumption also highlights the significant differences amongst Member States in the extent of exemptions (either in the form of base reductions or of reduced rates) from VAT; in some Member States, their impact on the ITR is only equivalent to a couple of percentage points, but at the other extreme the impact reaches up to ten points.

Labour taxes: the declining trend, started at the turn of the century, has stopped in 2005

Despite a wide consensus on the desirability of lower taxes on labour, adjusted ITR on labour data confirm the persistent and widespread difficulty in achieving this aim. Although the tax burden on labour is off the peaks reached around the turn of the century, the downward trend came to a halt in 2005.

In 2005, reductions exceeding one percentage point in the ITR on labour are visible only in four countries, all of them new Member States (Bulgaria, Estonia, Slovakia and Romania). However, it would be wrong to conclude that the Central and Eastern European Member States display markedly lower ITRs on labour. In fact, the indicator is above the EU-27 average in six out of ten of these Member States. Overall, despite the presence of a number of low taxing countries, taxation on labour is, on average, much higher in the EU than in the main other industrialised economies.

In most Member States, social contributions account for a greater share of labour taxes than the personal income tax. On average, in 2005 about two thirds of the overall ITR on labour consists of non-wage labour costs paid by both employees and employers. Only in Denmark, Ireland and the United Kingdom do personal income taxes form a relatively large part of 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.

Capital taxation: base broadening and cyclical factors have so far broadly offset the cut in corporate tax rates

Despite the sizeable cuts in rates, revenues from the corporate income tax, the most important tax on capital income, have been stable or growing slightly already since 2003; a similar moderate rebound is visible also in other related indicators such as revenue from taxes on capital and business income taxes. Also in a longer time frame, compared with 1995, the ITR does not show, particularly in the case of the old Member States, a decline as would be expected given the cuts in the corporate tax rates (although it has to be kept in mind that the revenue data, stopping at 2005, do not yet reflect the effect of the latest round of cuts).

The timing of the pick-up in revenue suggests that cyclical effects, to which the ITR on capital is much more susceptible than the others, are playing an important role. The ITR reached a peak between 1999 and 2000 and then started falling, in line with the cyclical development. Also, the fact that in the last three years covered by the series, the majority of the countries have registered increases highlights the importance of cyclical effects: these years coincide with a cyclical rebound. Nevertheless, the extent by which the ITR has been diverging from the trend suggests that measures to broaden the corporate tax base, which have very frequently accompanied the rate cuts, have been playing an important role in sustaining the ITRs; the measures taken at EU level to limit harmful tax competition may also have resulted in less erosion of the base for capital taxes. Eventually, however, cyclical effects will fade out (as they depend largely on the existence of carry-over provisions for losses incurred in previous years and on capital gains) and base broadening has its limits. Another possibility is that, stimulated by the steep fall in corporate tax rates, growing incorporation is deceptively boosting revenues at the expense of the personal income tax.

The absolute levels of the ITRs on capital differ widely within the EU, ranging from over 46 % in Denmark (although the ratio was pushed up substantially by special factors over the last two years) to a mere 8.1 % in Estonia, despite the general fall in corporate tax rates. A decomposition of the ITR on capital, however, helps to explain this: in most cases the ITRs on capital and business income cluster around 20 %; the variation in the tax burden on capital largely derives from marked differences in the taxation of capital stocks/wealth, whose revenue is very limited in the Member States taxing least but contribute a significant amount of revenue in several others; in six Member States, taxation of capital stocks/wealth yielded in 2005 more than 3.2 % of GDP, i.e. the average revenue from the corporate income tax. The extreme case in this respect is France, where capital stocks/wealth taxation yields close to double the amount from the corporate income tax itself.

Environmental taxes declining in the EU-15 but increasing in the newly acceded Member States

The development of environmental taxes is at the centre of a number of different societal trends; on the one hand, an ongoing policy attention towards environmental protection, which may grow stronger as Europe grows more affluent and as attention is focused on the threat from global warming; on the other, a greater reliance on policy instruments other than taxes, such as emissions trading, and growing political pressure to accommodate the strong increases in the oil price recorded in the last few years by reducing taxation of energy, which contributes some three-quarters of revenues from environmental taxes.

Currently, roughly one euro out of every fifteen in revenue derives from environmental taxes. Data, however, show that while environmental tax revenues have increased considerably, particularly in the 1990-1994 period, in the last five years they have been on the decline, at least in the EU-15. This trend continued in 2005. In contrast, in the 12 newly acceded Member States, which originally levied low environmental taxes, revenues from this kind of taxes have shown a strong progression over time, so that by now there is practically no difference vis-à-vis the EU-15 in this respect; but this was not enough to offset the decline in the EU-15.

Equal revenue, however, does not mean equal tax rates. Countries with higher energy intensity may display the same revenue although the tax rates are lower. This is, indeed, what happens in the domain of energy taxation. The ITR on energy computed in the report shows that wide differences in the tax revenue raised per unit of energy consumed persist (the highest taxing country levies five times as much revenue per unit of energy than the least taxing Member State), and confirm that in the EU-15 taxation per unit of energy, particularly once adjusted for inflation, has been declining.

Concluding remarks

The contents of this report offer much food for thought for policymakers. As usual, careful investigation answers some questions but leads to new ones.

Given the fact that the EU is, in general, one of the most highly taxed areas in the world, the most important issue probably refers to the strength and the increase in tax ratios in 2005 and the fact that it involved a large majority of EU countries. *Prima facie*, an increase of this size seems difficult to ascribe to cyclical developments; although the output gap narrowed in 2005, real GDP decelerated. That year was also marked by a reduction in general government deficits; although this is a welcome development, does the increase in the tax ratios imply that, in Europe, the preferred avenue to deficit reductions inexorably remains an adjustment on the revenue side, structural considerations notwithstanding? The observation that, although with several exceptions, many of the Member States that have cut tax ratios drastically during the 1990s seem to be on a slightly increasing trend in the last few years, also adds to this point; as does the fact that the latest European Commission forecasts project a further marked increase in general government revenues after 2005.

One observation contained in this report is that the Member States with the highest tax ratios tend to show less short-term change in tax ratios than the others, as if high taxes somehow introduced elements of rigidity or, in other words, perpetuated themselves. Tax-reducing programmes have often been announced over the last ten years, but the results were frequently relatively modest. This has brought more policy attention to the issue of whether economic growth could not be stimulated by raising the same or a similar amount of revenue but in different forms. A reflection has started, notably, on whether offsetting cuts in direct taxes by raising consumption taxes would not be beneficial. The data in this report indeed show a trend, in most countries, towards a higher tax burden on consumption in recent years. It is however difficult to evaluate to what extent this process is intentional or the by-product of other factors, such as political expediency or, in the new Member States, the adaptation in excise duties to EU minima. At any rate, the three-point VAT hike in Germany, traditionally a low-VAT country, most likely implies that the trend towards higher consumption taxes will continue. Will this over time lead to lower labour taxes?

At the top end of the income distribution, EU tax systems are apparently becoming less progressive; both personal income top rates and the cut in the corporate income tax go in the same direction, given that corporations are typically primarily owned by higher-income individuals. In some Member States, the trend towards less progressivity has been made most clear by the adoption of flat rate systems; but the decline in top personal income tax rates is relatively widespread. At the same time, the reduction in corporate tax rates has been, on average, much stronger than that in personal income tax rates, so that the incentives to creating corporations rather than directly paying income taxes are growing.

Finally, the evidence from the survey of environmental taxation is sobering. Despite the added urgency in the public debate, the taxman's efforts to reducing energy consumption are letting up, at least in the EU-15. This may be justified by greater efforts done elsewhere, as in emissions trading; but is nevertheless at odds with the perceptions of the general public as well as with oft-stated policy objectives.

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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 (25 Member States)
EE	Estonia	EU-27	European Union (27 Member States)
IE	Ireland	EU-15	European Union (15 Member States)
EL	Greece	EA-13	Euro area (BE, DE, IE, GR, ES, FR, IT, LU, NL, AT, PT, SI, FI)
ES	Spain	NMS-10	New Member States (CZ, EE, CY, LV, LT, HU, MT, PL, SI, SK)
FR	France	ECSC	European Coal and Steel Community
IT	Italy		
CY	Cyprus	PIT	Personal Income Tax
LV	Latvia	CIT	Corporate Income Tax
LT	Lithuania	ESA79	European System of Accounts 1979
LU	Luxembourg	ESA95	European System of Accounts 1995
HU	Hungary	GDP	Gross Domestic Product
MT	Malta	ITR	Implicit Tax Rate
NL	Netherlands	SSC	Social Security Contributions
AT	Austria	VAT	Value Added Tax
PL	Poland		
PT	Portugal		
RO	Romania		
SI	Slovenia		
SK	Slovakia		
FI	Finland		
SE	Sweden		
UK	United Kingdom		
NO	Norway (Not member of the EU)		



Introduction

This publication presents time series of tax revenue data from National Accounts for the twenty-seven Member States and Norway. It provides a breakdown of taxes according to different classifications: by type of taxes (direct taxes, indirect taxes, social contributions), by level of government, 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, an economic classification of taxes has been developed and implicit tax rates have been computed for the different economic functions. Implicit tax rates (ITR) 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 account 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 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, though the underlying methodology used for the computation of environmental taxes has been published separately by Eurostat²⁾.

This edition of the publication 'Taxation trends in the European Union' covers the 1995-2005 period, corresponding to the years for which national accounts data are generally available in the ESA95 format.

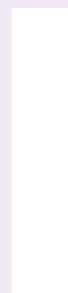
The publication is divided into three parts. Part I reviews the major trends and developments in taxation in the Union. Part II presents the economic classification of taxes and conducts a comparison of implicit tax rates between Member States. Part III contains 28 country chapters; in each of them, the 1995-2005 trends and the development in the overall tax burden are reviewed, and an overview of the tax system and the main recent policy changes is given. The table of statistics provided for each country presents the data in 4 blocks: A - Structure of revenues in % of GDP; B - Structure according to level of government in % of GDP; 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 simple or weighted EU averages. Annex B lists 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. Annex C 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 to allocate the revenue of the personal income tax to labour, capital or other sources of taxable income.

1) European Commission (1996).

2) European Communities (2003).

Overview of taxation in the European Union



1. OVERALL TAX BURDEN

This survey measures the overall tax burden in terms of the ratio of taxes and actual social contributions to GDP¹⁾.

In 2005, the tax-to-GDP ratio in the European Union amounted to 39.6 % in the GDP-weighted average²⁾, about 13 percentage points of GDP above those recorded in the United States and Japan. Tax-to-GDP ratios in the European Union are high not only compared with the U.S and Japan but generally; among the major non-European OECD members, only New Zealand has a tax ratio that exceeds 35 per cent of GDP³⁾.

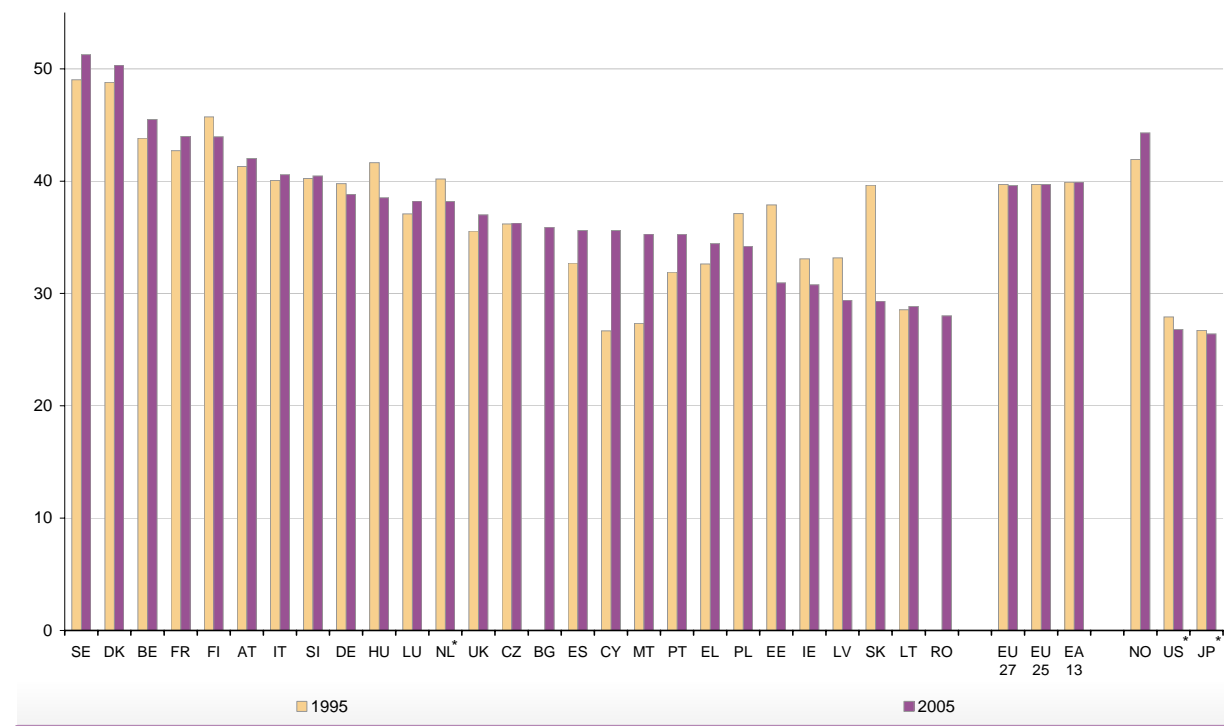
The tax-to-GDP ratios for the EU and individual Member States and the years 1995 to 2005 are given in Annex A. As illustrated by Graph I-1, there are wide differences in tax levels across the Union. These differences do not only reflect social choices such as public or private provision of services, e.g. old age and health risk protection, but also technical factors (see footnote 1).

Already before the 2004 enlargement, the Union showed wide variety of tax ratios. It included a number of Member States with tax ratios not too far from the 50 % mark, like the Scandinavian countries and Belgium, as well as several low-tax Member States, notably Ireland, Spain, the UK and Greece. For the EU-15, the gap in the ratio from the top ranking (Sweden) to the bottom (Ireland) indeed amounts to over 20 percentage points of GDP.

Already the 2004 accession of ten new Member States resulted in additional diversity as two of the new Member States, Lithuania and Latvia, had tax-to-GDP ratios even lower than Ireland's; the 2007 accession of Romania has added to this, given that the country is the lowest taxing of all 27 Member States. Given the usually significantly lower tax ratios in the accession countries, EU enlargement therefore resulted in a decline for the EU mean value. In the arithmetic average, the total tax-to-GDP ratio of the new Member States is almost seven percentage points lower than the average of the EU-15.

-
- 1) The tax-to-GDP ratio is a widely used measure of the overall tax burden. Nevertheless, as an indicator it suffers from certain limitations. In particular, the extent by which Member States provide social or economic assistance via tax expenditures rather than direct government spending, and whether or not social transfers are subject to taxes and social contributions affects the level of the tax-to-GDP ratios. Although in principle horizontal equity considerations would require that taxes be levied on social transfers, several Member States exempt in full or in part social transfers from taxation. Countries with a relatively high tax-to-GDP ratio often impose higher taxes on social transfers. Adema (2005) estimated that in 2001 taxes and social contributions on public transfers exceeded 2 per cent of GDP in Denmark, Sweden, Finland, Austria and the Netherlands, while at the other they accounted for merely 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 fourth of social spending. Member States also differ as regards the inclusion or exclusion in the statistics of certain social contributions. An interesting case in point is the Netherlands where the transition from the ESA79 to the ESA95 classification of National Accounts has resulted in a substantial decline of the recorded level of social contributions. In particular, certain benefits provided by employers through labour contracts, for example, are no longer considered. Inclusion of these benefits contributed to the Netherlands' high ranking in terms of the tax burden in the late 1980s the early 1990s.
 - 2) Unless otherwise indicated, the arithmetic average is used throughout the report as a benchmark for comparisons of a given Member State with the EU average. For comparisons between the EU as a whole and third countries the GDP-weighted average is instead normally utilised.
 - 3) See OECD (2006a).

Graph I-1 Tax to GDP ratio in EU countries, the US, Japan, and Norway
1995, and 2005, in % (ranked by 2005 level)



Note: Data for Japan 1995/2004. Figures for US in 2005 are provisional (OECD 2006a)

Source: Commission Services for the EU countries and OECD for the US and Japan.

There are substantial differences in the total tax burden not only between the EU-15 and the new Member States but also within this group. One may distinguish two groups of countries, one composed of Slovenia (40.5 %) and Hungary (38.5 %) with a level exceeding the EU-27 average (37.4 %) and the remaining new Member States: from the Czech Republic (36.3 %, i.e. one point below average) to Romania (28.0 %, i.e. nine and a half percentage points below average). Generally one might say that in terms of the tax ratio, the geographically peripheral countries (with the exception of the Nordics) tend to display lower taxation: the UK and Ireland, Portugal and Spain, Cyprus and Malta, the Baltic States and Poland, Slovakia and the newest two Member States Romania and Bulgaria have low tax ratios, whereas the 'continental' countries in the core as a rule have higher taxation: France, the Benelux, Germany, Austria, Czech Republic, Austria and Hungary, Slovenia exceed the average or are at least quite close to it.

No marked decline in tax ratios in the euro area since 2002

In several euro area members, economic programmes based on reducing taxes found growing political support already in the second half of the 1990s. However, decreases in the average overall tax ratio are discernible only since the turn of the century: both on weighted average and arithmetic average terms, the overall tax ratio continued to rise in the euro area until 1999. The following three years brought sizeable reductions in the averages, but the downward trend essentially stopped there for most countries. From 2002 to 2005, no further decline was recorded; the overall tax ratio actually increased perceptibly for the vast majority of euro area countries in the last year of the sample. As of 2005 the average tax ratio is essentially at the same level of 1995 or higher. There are however cases of significant reductions with respect of the 1995 baseline: Ireland (-2.3 points), the Netherlands (-2.0 points), Finland (-1.8 points), Germany (-1.0 points). The euro area countries with the most marked increases in taxation were Portugal (+3.4 points, although from a low level), Spain (+2.9, also starting from a low level), Greece and Belgium (+1.8 and +1.7 respectively).

At Union level, tax ratio on the increase in 2005

While the Union average is at a lower level than the euro area average, its trend is not stable but rather on the increase in the last few years. The arithmetic average bottomed out in 2002-2003 and picked up markedly in 2005 (+0.5 points). The weighted average, where euro area Members dominate the trend, bottomed out later, but picked up markedly in 2005, with a stronger upturn than recorded in the euro area. Under both the weighted and the unweighted average, the Union tax levels are essentially the same in 2005 as in 1995.

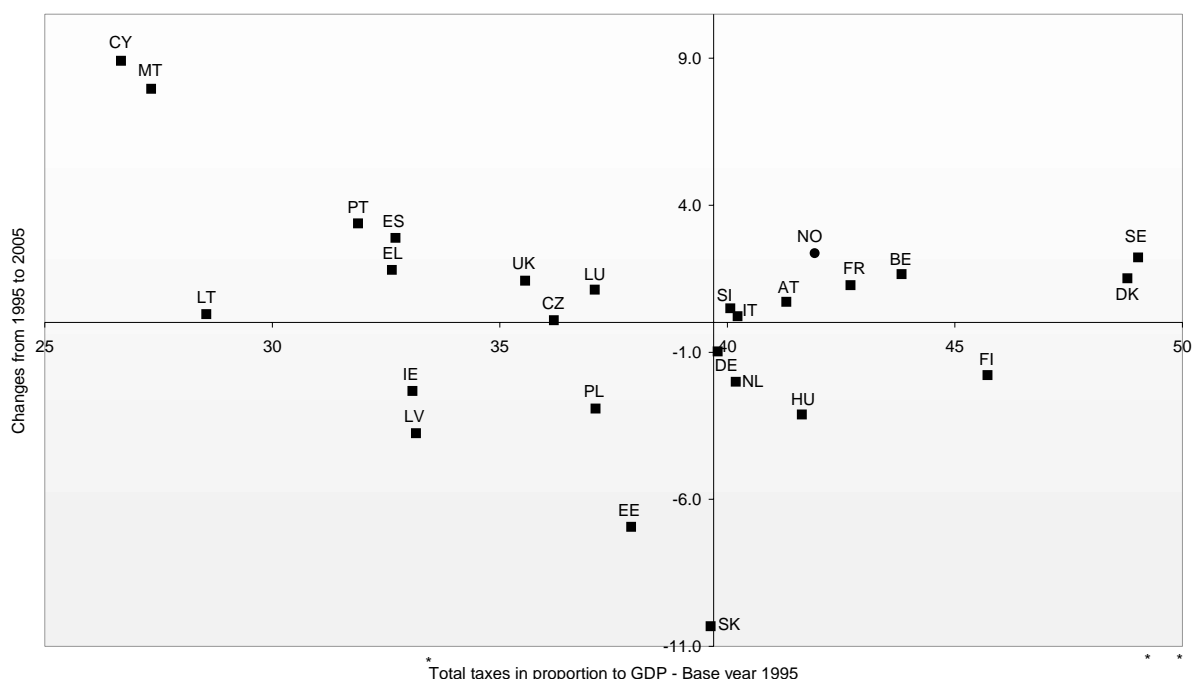
Examining the declines registered since 2000 in more detail, it becomes apparent that the modesty of the reduction in the average tax ratio masks rather different developments. Graph I-2 displays the changes in the tax-to-GDP ratios between 1995 and 2005 in percentage points of GDP, in comparison to the original levels in the base year 1995. The top half includes those Member States which have seen their overall tax ratio increase since 1995, while the right-left dimension identifies the starting point at the beginning of the decade compared with the 1995 mean; that is, countries in the right half are those that at the beginning of the period displayed higher-than-average total tax ratios.

Several facts are highlighted by this graph:

- countries with higher-than-average tax ratios (i.e. essentially the old Member States) have tended to carry out limited adjustments, as shown by the fact that they are located relatively close to the horizontal axis;
- on the left side of the graph, there is more north-south variation; this means that the most forceful changes tend to appear at the left side of the graph, among low-tax countries;
- more countries have increased their tax ratios (16) than reduced it (9);
- this is true also of countries that started out with a higher-than-average tax ratio, as shown by the fact that the top-right quadrant (high-average countries that have increased their ratio further) contains more data points than the bottom-right quadrant (high-average tax countries that have reduced their ratio). Only four above-average countries (Finland, Germany, Hungary and the Netherlands) have managed to reduce their overall tax ratio;
- More low-average Member states have increased their tax ratio than reduced it (9 vs. 5);

- Interestingly, low-tax countries tend to display large adjustments in either direction, upwards or downwards, whereas above the average the picture appears much more static. Overall, the figures suggest that there has been a positive but limited convergence to the average after 2000⁴;
- Amongst the new Member States, trends are quite diversified with further decreases in some Member States, increases in others. However, although this is not visible from the graph, the divergence appeared after 1999; before that date, there was a common downward movement in the ratios⁵;

Graph I-2 Level in 1995 and change of tax-to-GDP ratio¹⁾
until 2005 in %



Note: 1) Including social contributions

Source: Commission Services

- Four Member States have shown much larger variation than the others: Cyprus and Malta (upwards) and Slovakia and Estonia (downwards);
- Cyprus and Malta represent the major exceptions to the decline in tax ratios common to most of the new Member States; these two countries in fact witnessed large increases in the ratio (+8.9 and +8.0 percentage points respectively), albeit from a very low base as these Member States started from the two lowest tax ratios in 1995. They now rank 17th and 18th of 27 respectively in terms of the tax ratio, still below average by around 2 points of GDP;
- In Slovakia the tax ratio, already low by 1999, fell by a further 3.6 points from 2000 to 2005. Overall, over the entire 1995-2005 period, Slovakia stands out as the Member State that has carried out the most profound;

4) Both the difference between the maximum and the minimum and the ratio between the standard deviation and the mean have decreased since 2000; the opposite had taken place in the 1995-1999 period. Over a longer period, Cnossen (2001) reports convergence of the tax ratios over the period 1970-2000. In particular, in Greece, Portugal and Spain the rate of increase in the tax ratio greatly exceeded those of other Member States.

5) See the 2006 edition of this report, p. 26-27.

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 40.5 % of GDP, to having the third-lowest ratio in the EU-27 in 2005;

- In Estonia the bulk of the reduction in the tax ratio took place from 1995 to 2001; the ratio has remained roughly constant since;
- As for Bulgaria and Romania, not shown in the graph, data since the beginning of the series (i.e. 2000 for the former and 2001 for the latter) show respectively a trend increase (+2.9 points) and substantial stability (+0.2) to 2005;
- Amongst the old Member States, no dramatic changes in the tax ratio have taken place, although one might mention that the further decline in Ireland's tax ratio is noteworthy, given the already low starting point.

Determinants of the long-term increase in ratios

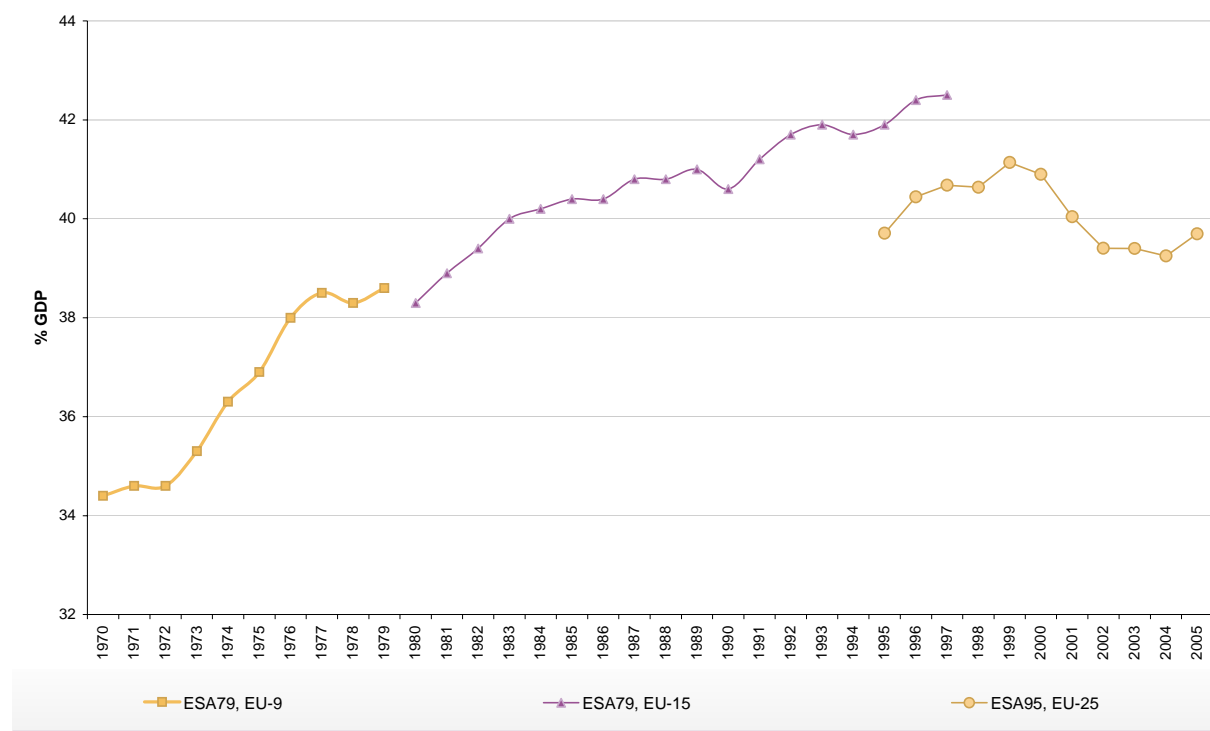
The relatively high tax-to-GDP ratios that we generally observe today in EU-15 countries are to a large extent the result of the persistent and largely unbroken⁶⁾ upward trend in the tax burden in the 1970s, and to a lesser extent also in the 1980s and early 1990s⁷⁾ (see Graph I-3). This long-run increase in the overall tax burden was closely linked to the growing share of the public sector in the economy in those years. Taxes and social contributions have been raised in order to finance increasing government spending and, in particular, labour taxes appear to have been steadily rising in order to finance social welfare commitments, especially as regards pensions, health care, education and other social benefits. The rise in unemployment also acted as a main underlying pressure to increase taxes in most EU countries between 1970 and the early 1990s⁸⁾.

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

7) 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).

8) Differences in the tax burdens are also mostly related to the weight of the public sector in the economy. The amount of net social expenditure in the US, for example, is at less than 18 % of GDP significantly lower than in most Member States (cf. Adema (2000). European Commission (2000a) presents a number of causality tests. Between 1970 and 1999, almost 75 % of the changes in the tax burden in EU Member States, the US and Japan appears to be related to changes in public expenditure. Also, more than 40 % of the changes in the average effective tax rate on labour appear to be associated with changes in current spending and over 70 % of the cross-country differences in the effective rate in labour correspond to differences in the ratio of current transfers to GDP.

Graph I-3 Long-term trends in the overall tax ratio (including SSC)
1970-2005, in % of GDP



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

Source: Commission Services.

Since the early 1990s, the Maastricht criteria of 1992 and later also the Stability and Growth Pact have created a framework in which Member States have implemented fiscal consolidation efforts. In a number of Member States the consolidation process relied primarily on restricting or scaling back primary public expenditures (e.g. by cutting or postponing public investment) and/or increasing taxes (in some cases temporarily). Meeting the EMU criteria and in particular reducing the overall debt-to-GDP ratio has also ruled out any major tax cuts in the run-up to the EMU for some Member States.

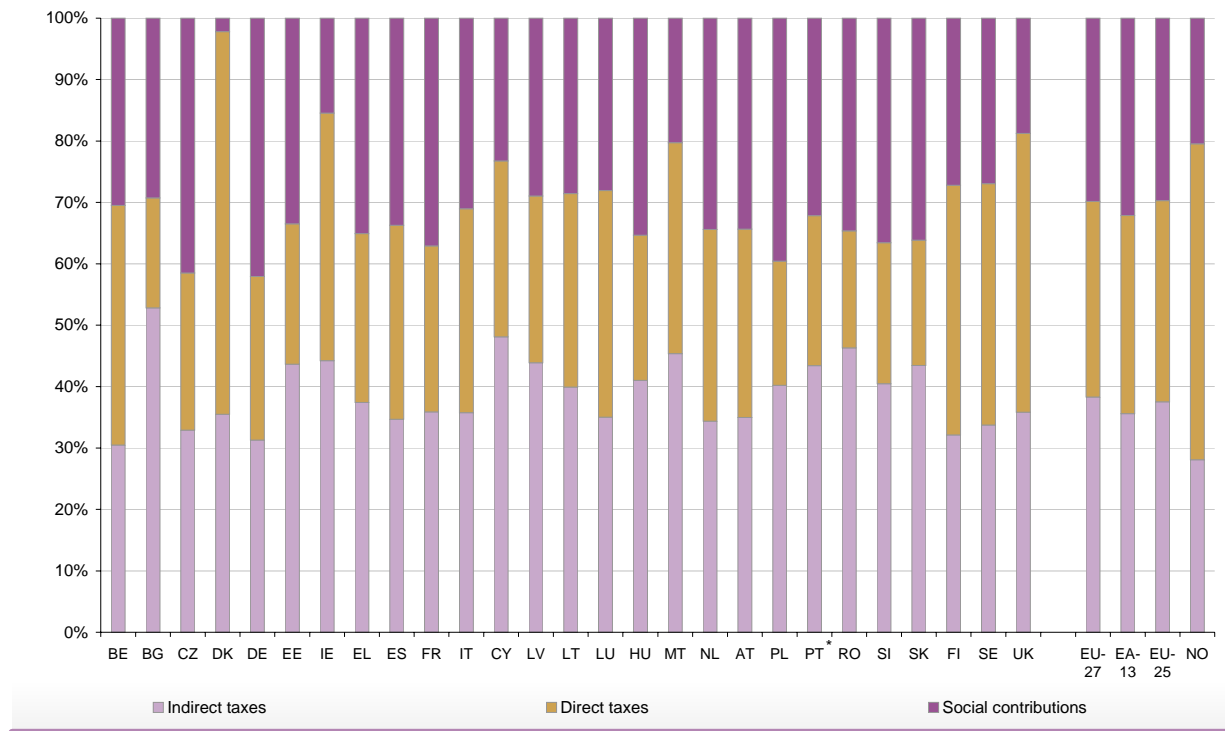
Only in the late 1990s, a number of Member States appear to have taken advantage of buoyant tax revenues to reduce the tax burden, most notably through cuts in personal income tax and social contributions, but also in the corporate income tax. However, the overall tax burden decreased only after 2000. One reason why the mentioned tax cuts did not show up immediately in the figures is that the economic upswing of the late 1990s may have lifted the measured overall tax burden, even while substantial cuts in statutory tax rates have been implemented. For example, strong economic growth may have moved taxpayers into higher nominal income tax brackets ('bracket creep') in some Member States, resulting in higher real tax payments. Also, during the expansionary phase between 1995 and 2000, more companies moved from a loss making to a profit making position, and with diminishing loss-carry over they paid more corporate income tax during recent years. The slowdown in EU-wide economic growth between 2001 and 2003 has arrested this trend and the tax reductions are finally visible in the figures between 2001 and 2002. However, especially in 2002, the effects of tax reductions have probably been amplified by diminishing revenues of taxes sensitive to cyclical fluctuations due to the economic slowdown and similar mechanisms (in reverse) as described before.

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 subject to strict limits. The Autumn 2006 EU Commission forecasts for the EU-25 show broad stability in general government expenditure from 2005 to 2006 and anticipate declines in 2007 and 2008 (by 0.5 and 0.3 points of GDP respectively, in the weighted average). A similar trend is anticipated for the euro area.

2. REVENUE STRUCTURE BY TYPE OF TAX

The structure of the tax revenues by major type of taxes (i.e. direct taxes, indirect taxes and social contributions) is shown in Graph I-4. Further information about the distribution of the overall tax burden among more detailed type of taxes (e.g. VAT, excise duties, personal and corporate income tax) can be found in Part III, which describes the structures and developments in the individual Member States.

Graph I-4 Structure of tax revenues by major type of taxes
2005, in % of the total tax burden

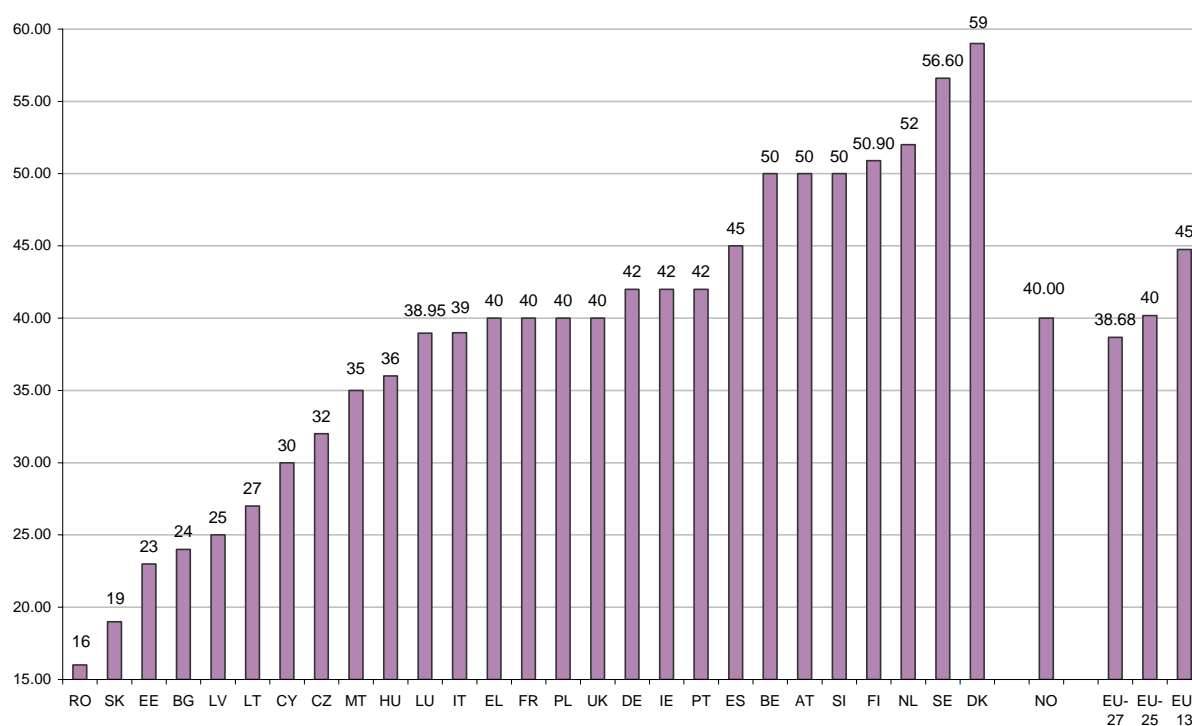


Note: PT, direct taxes 2004.

Source: Commission Services

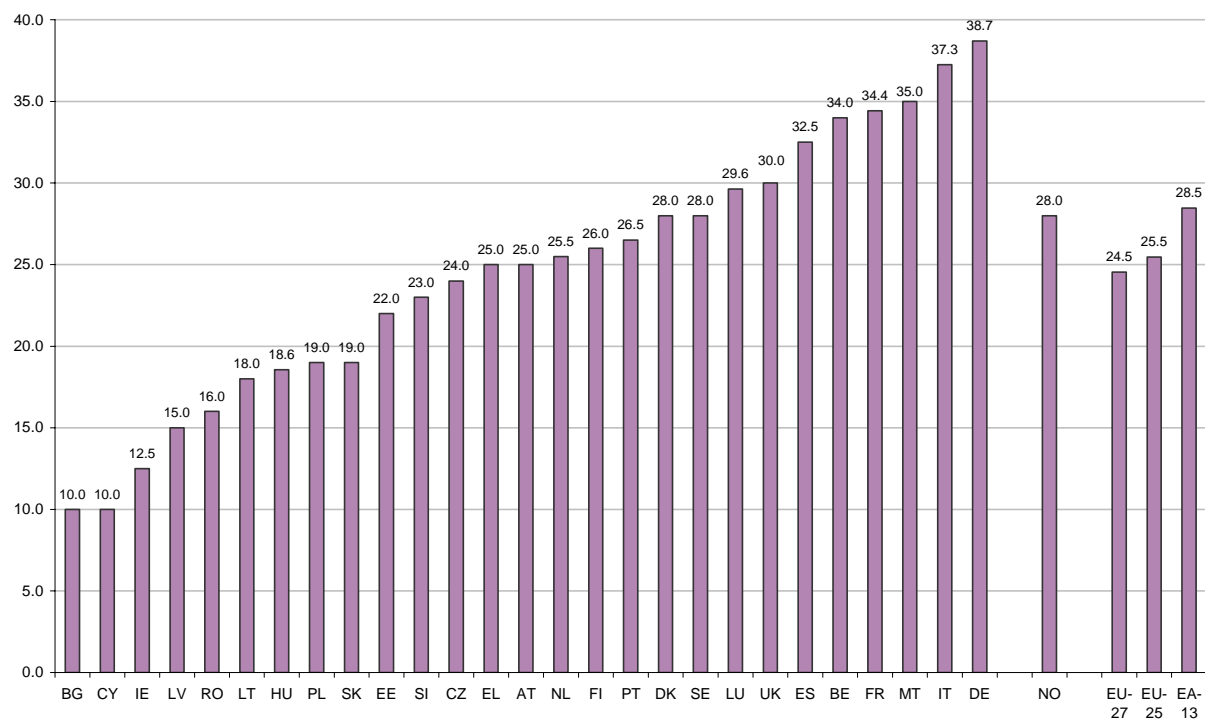
Generally, the new Member States have a different structure compared to the EU-15 countries; in particular while most old Member States raise roughly equal shares of revenues from direct taxes, indirect taxes, and social contributions, the new Member states often display a substantially lower share of direct taxes on the total. The lowest shares of direct taxes are recorded in Bulgaria (merely 17.9 % of the total), Romania (19.1 %) and Poland (20.5 %); in this country the share of direct taxes has diminished by one third since 1995. One of the reasons for this difference can be found in the generally lower tax rates applied in the new Member States regarding corporate tax and personal income tax (see Graphs I-5 and I-6).

Graph I-5 Top statutory personal income tax rate
2006 income, in %



Source: Commission Services. Note: Without surcharges. DK, FI, SE: State taxes plus municipality taxes

Graph I-6 Adjusted top statutory tax rate on corporate income
2007 income, in %



Source: Commission Services. Methodological notes: see note to Table II-5.1.

The low share of direct taxes in the new Member States is counterbalanced by generally higher shares of indirect taxes and social contributions on total tax revenues. The highest shares of indirect taxes are indeed found in Bulgaria and Cyprus, where they account for about half of revenues; Romania and Malta are not far behind. As for social contributions, high shares, close to the 40 % mark, are found in the Czech Republic and Poland, although France and Germany are also characterised by a similar level.

Also among the EU-15 countries there are some noticeable differences, as illustrated by Graph I-4. The Nordic countries (i.e. Sweden, Denmark and Finland) have relatively high shares of direct taxes in total tax revenues, whereas some southern countries (in particular, Portugal and Greece) have relatively high shares of indirect taxes. In Denmark and, to a lesser extent, also in the United Kingdom and Ireland the shares of social contributions to total tax revenues are relatively low compared to the EU-15 average. In Denmark, most welfare spending is financed out of general taxation. The share of direct taxation to total tax revenues in Denmark is in fact the highest in the Union. Germany has the highest share of social contributions in the total tax revenues. Germany's share of direct tax revenues, on the other hand, is the lowest in the EU-15. France also has a relatively high share of social contributions and a corresponding relatively low share of direct tax revenues, compared to the EU-15 average.

Reforms in tax systems

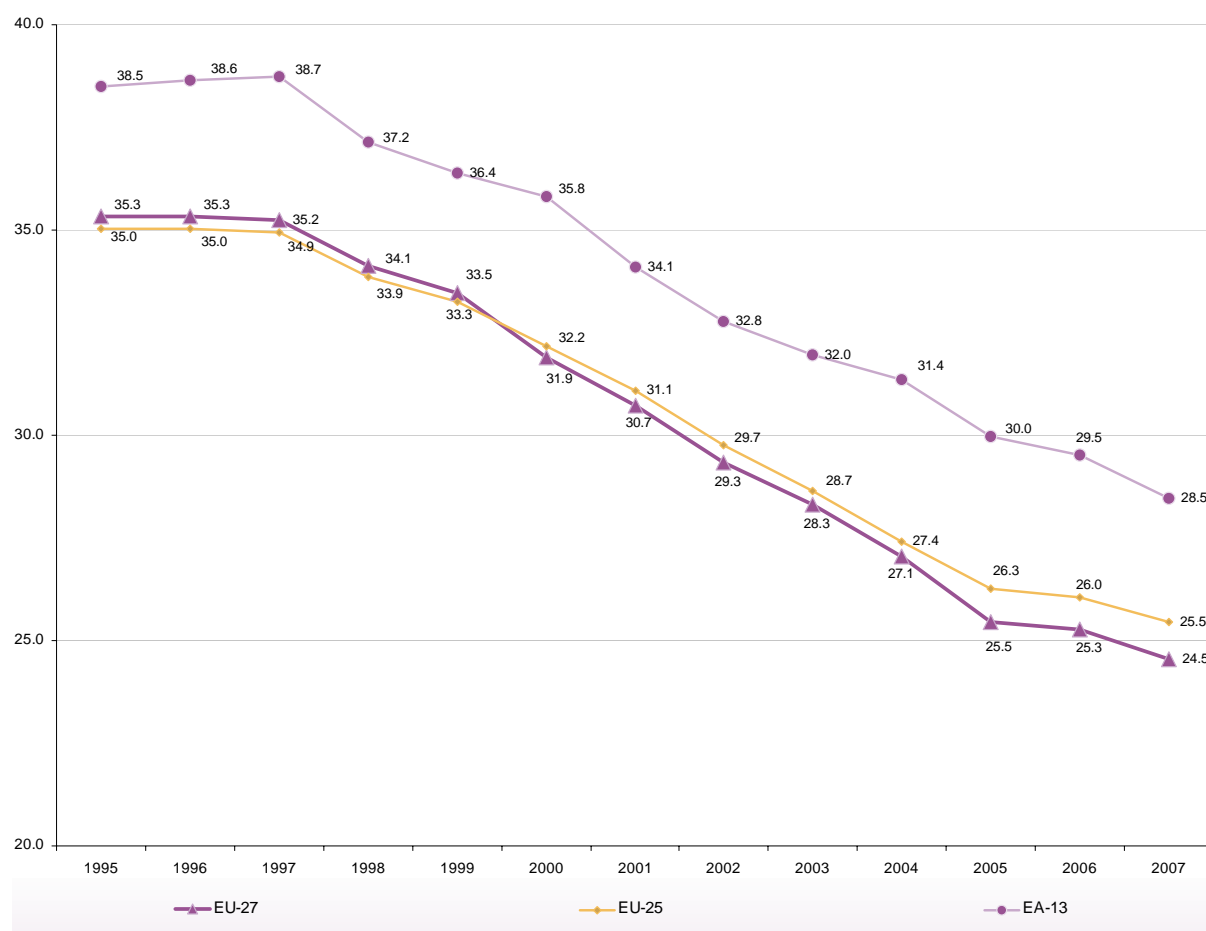
Since the mid-1990s, a number of Member States have implemented reforms to their tax systems. The reforms vary in coverage and depth, but they were often aimed at reducing the tax burden on labour, particularly at the low to middle end of the pay scale, at achieving a general reduction in corporate income tax rates (whilst broadening the base), and at improving the functioning of capital markets. Reforms of indirect taxation have been more diverse in nature. Increases in indirect taxation in some countries were driven by 'green' tax reforms, often as counterpart to the reduction in the taxation of labour⁹⁾. Some Member States also implemented measures that resulted in increases in the shares of total taxes that accrue to state (regional) governments. The measures were sometimes part of a reform-package that was stretched out over several years. While here some basic elements are touched upon with a few examples highlighted, further details are given in Part III, which describes the structures and the developments for the individual Member States.

Reforms of the personal income tax code have mainly consisted of lowering statutory rates (often relatively more at the lower end of the income distribution in order to maximise employment creation), reducing the number of tax brackets and increasing the minimum level of tax-exempt income. Member States have also often increased family allowances, in particular for the tax relief for families with children. Some Member States have replaced (basic family) tax allowances with individual tax credits (also in order to increase work incentives for spouses). A number of Member States have introduced additional (earned) tax credits (or tax allowances) that are exclusively earned on labour income. Most of these credits or allowances phase in for lower incomes and phase out for higher incomes. Some Member States have also implemented reforms in pensions taxation.

Reforms of taxes on capital income often aimed at improving the functioning of capital markets. Another aim was to create incentives for risk-taking, and support venture and intangible capital. Some Member States have fundamentally changed the taxation of capital income or capital gains in the personal income tax, often broadening the income tax base. Member States have also implemented reductions in statutory corporate income tax rates, but at the same time have reduced special incentive schemes, or cut back depreciation allowances. Some EU countries have tried to reduce the relative cost of financing new investment via own capital by introducing tax breaks directly through the corporate income tax; one interesting case in point is the introduction by Belgium, from 2006 onwards, of an allowance for corporate equity (*déduction pour intérêts notionnels*).

9) This approach is generally referred to as the 'double dividend' approach. In this respect it must be noted that incentives to work may also be influenced by the level of indirect taxation.

Graph I-7 Development of adjusted top statutory tax rate on corporate income 1995-2007, in %



Source: Commission Services. Methodological notes: see note to Table II-5.1.

Reforms are more diverse in the area of indirect taxation. In the second half of the 1990s, a number of Member States have implemented comprehensive 'green' tax reforms (Sweden, Denmark, the Netherlands, Germany, Italy, Austria and the United Kingdom). Existing indirect taxes were increased and new environmentally related taxes were introduced, often to finance, at least partly, the reduction of taxes on labour income. The Nordic countries were the forerunners in introducing green tax reforms. Most Member States apply reduced rates on labour intensive service sectors. Other Member States implemented increases in the standard VAT rate, while others implemented general VAT reductions or targeted reductions for certain products and/or sectors. Some Member States increased certain excise duties (e.g. on tobacco, diesel fuel or petrol), while others were being reduced.

Some Member States implemented general reductions in social contributions across the board. In line with similar measures taken in personal income taxation, a number of Member States have implemented targeted reductions of non-wage labour costs at the low end of the pay scale.

Since the end of the Nineties there has been a strong tendency to cut corporate tax rates (see Graph I-7), often curtailing special tax regimes at the same time. This trend started in the new Member States, but the old Member States followed suit and also reduced

their statutory corporate tax rates substantially¹⁰⁾. Overall, compared to 1995, all Member States except Malta, Finland and Sweden have cut the statutory rate. The downward trend is ongoing: in ten countries rate cuts were

introduced in 2006 or 2007 (Bulgaria, the Czech Republic, Estonia, Greece, Spain, France, Luxembourg, the Netherlands, Portugal, Slovenia¹¹) while only in two cases were rates increased (Lithuania, Hungary; see Table II.4-1 in the Capital chapter). The average corporate tax rate in the EU-27 is now 24.5 % (see Graph I-6), while in the euro area, comprising mostly old Member states, the average is four 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 (26 %) CIT (Corporate Income Tax) rate 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 22 %. A similar system had been introduced also in Lithuania, but later abolished. Other interesting developments, affecting not only corporate taxation, are the introduction of flat rate tax systems in several countries, e.g. Slovakia, which levies a 19 % flat rate tax on personal income, corporate income and consumption spending.

As for the personal income tax, the tax systems of new Member States are generally more in line with the EU-15, but the top statutory rate is often substantially lower than in the EU-15; Graph I-5 lists only one old Member State, Ireland, amongst the 12 countries with the lowest top statutory personal income tax rates .

Trends in PIT and CIT revenue by country

The gradual reduction in the top personal income tax rate in several countries is in line with a gradual reduction of personal income tax revenue in the EU-25 arithmetic average. The average, however, does not decline in the euro area, signalling that the cuts in PIT (Personal Income Tax) took place mostly in the new Member States. Nevertheless, the trend towards lower PIT revenues, compared to 1995, is quite general: only seven countries saw their revenue from this tax increase as a share of GDP, and only two of these by more than one percent: France, which hiked PIT in 1998, and Malta, where the process has involved later years. The cases where revenue declined are more numerous and involve bigger cuts; the most prominent were recorded in Poland (-4.4 % of GDP), Ireland (-2.9 %), and Estonia (-2.7 %).

As for corporate income taxes, it is quite striking that the decline in the corporate income tax rates has not resulted, so far, in marked reductions in tax revenue, both the euro area and the EU-25 average actually increasing slightly from the 1995 level. This is not obviously due to cyclical factors as both the output gap and real growth in the EU's four largest economies were higher in 1995, so it seems likely that base widening, an increase of corporatisation, or other factors are playing a role. The strongest declines in CIT revenue were recorded in Slovakia (-4.0 % of GDP), albeit from a very high level, Estonia and Italy (both -1.0 %), whereas notable increases were recorded in Slovenia (+2.3 % but from a very low level), Spain (+2.1 %), Denmark (+1.5 %) and Cyprus (+1.4 %).

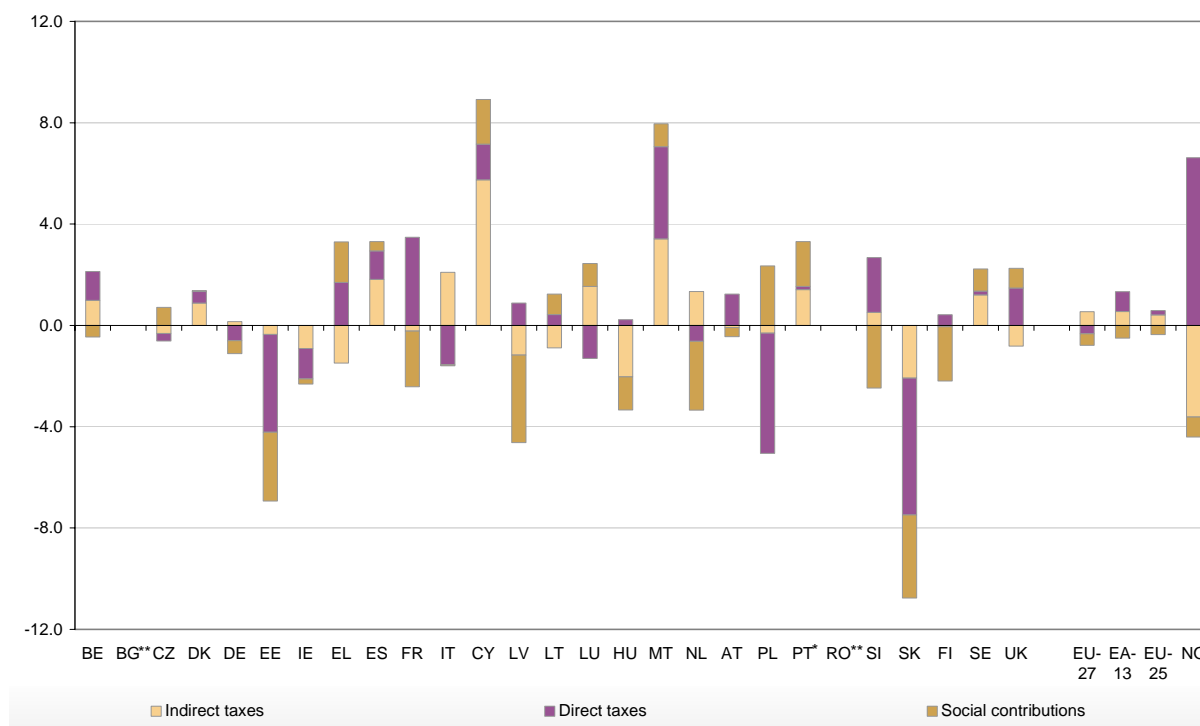
Changes in composition by main tax type

In Graph I-8, the change in overall tax burden has been broken down into changes of its three major components. As a result, the sum of the heights of each bar gives the change in the overall tax-to-GDP for all the countries. the graph highlights that most Member states have tended to adjust all types of taxes and only rarely shifted taxation clearly from one type of taxes to another; one example of shift in the burden between types has been Poland, which moved the burden of taxation from direct taxes to social contributions, and Slovenia, which did the opposite. Bulgaria and Romania, too, shifted taxation in a clear way towards indirect taxation in recent years, but this is not visible in the graph owing to the lack of 1995 data.

10) See European Commission (2006)

11) In Luxembourg and Portugal the decline is due to changes in local tax rates.

Graph I-8 Evolution by major type of taxes
1995-2005, differences in % of GDP



Note: *) PT, direct taxes 2004. **) BG, RO no data

Source: Commission Services

3. REVENUE STRUCTURE BY LEVEL OF GOVERNMENT

Graph I-9 displays a classification of aggregate tax revenue (including social contributions) by receiving level of government. In the ESA95 framework of national accounts, taxes are usually 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:

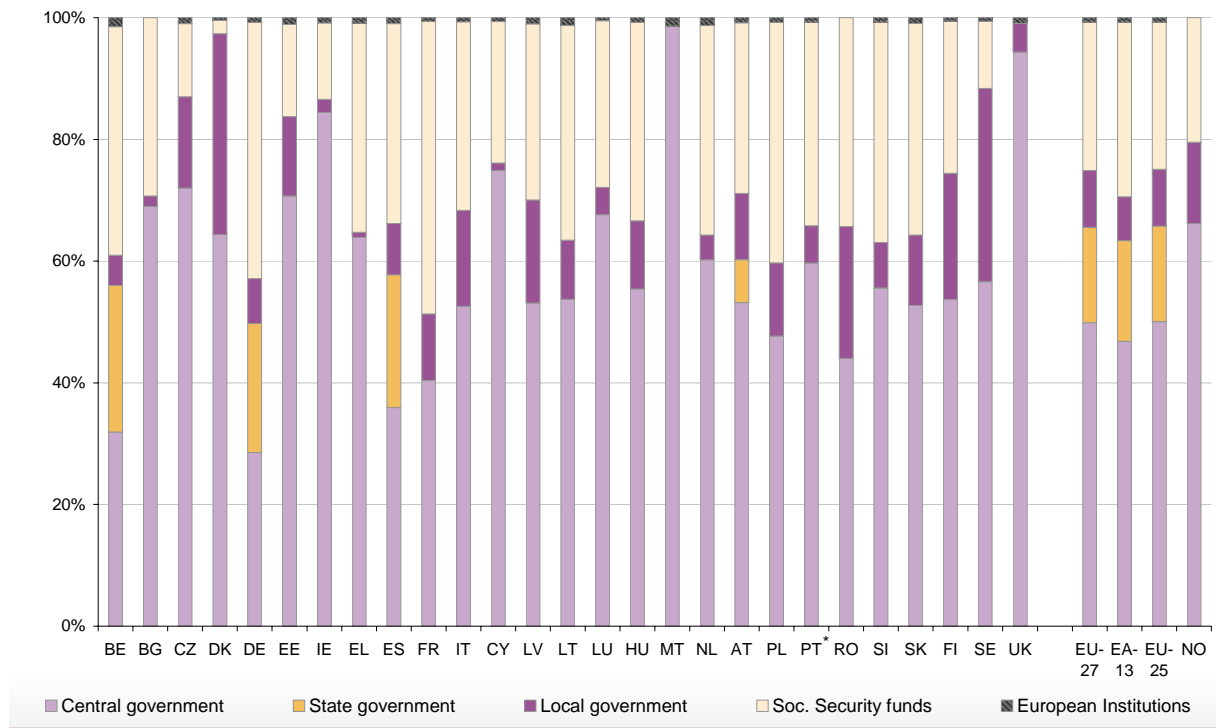
- Central (or federal or national) government, including all administrative departments and central agencies of the State whose competence extends normally over the whole economic territory, except for the administration of the social security funds;
- State (or regional) government, when relevant within 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-9 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 taxes¹². The figures displayed in Graph I-9 therefore convey relatively little information on the discretion provided to state and local authorities over their tax base and rates. It should furthermore be noted that the figures also exclude grants of all kinds between different levels of government. Also, 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 in VAT revenues.

In 2005 in the EU-27 about 59 % of the 'ultimately received' aggregate tax revenue (including social contributions) was claimed by the central or federal government, roughly 29 % accrued to the social security funds, and around 11 % to local government. Less than 1 % of tax revenue is paid to the institutions of the European Union. There are however considerable differences from one Member State to another. For instance, few Member States have a State government level (Belgium, Germany, Spain, and Austria). The share of sub-federal revenue (defined as regions and municipalities plus the State level where it exists) varies from less than 1 % in Greece to 33 % in Denmark. Not only Denmark, but also Sweden (32 %), Spain (31 %), Belgium and Germany (29 %) show relatively high shares of total taxes received by the non-central authorities. The share is around the EU average in Austria (18 %), Latvia (17 %) and Italy (16 %). The share is noticeably small in Greece (1 %), Cyprus (1 %), Bulgaria and Ireland (2 %). Concerning social security funds, the highest shares in the EU are reported by France and Germany.

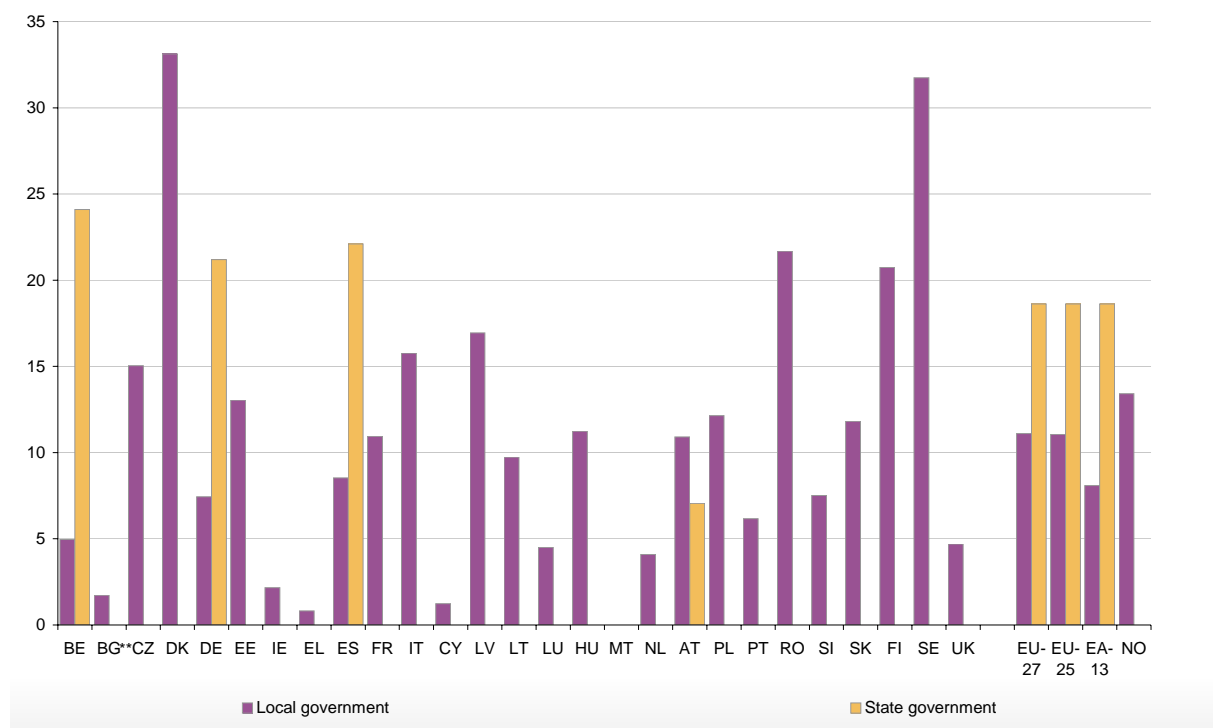
Graph I-9 Classification of tax revenues by ultimately receiving level of government
2005, in % of the total tax burden



Source: Commission Services

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

Graph I-10 Shares of aggregate tax revenue ultimately received by sub-central governments
2005, in % of tax revenues



Source: Commission Services

Graph I-10 shows the shares of revenue apportioned to local (municipalities) and state (regions) governments.

Significant changes in the shares of tax revenues of state and local governments occurred in Spain and Italy. In Spain, an increase in the share of state tax revenue is firstly visible from 1997 onwards. This mainly reflects the introduction of the new five-year (1997-2001) arrangement for sharing tax revenues between the autonomous regions. In 2002 Spain witnessed a substantial increase of the share collected by state governments by more than 10 percent of total taxes, due to the new financing agreement between the central government and the autonomous regions; the share rose further the following year as the second step of the reform was implemented. In Italy, an increase in the share of local tax revenues is visible from 1998 onwards. This can be attributed to the Italian 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.

The figures displayed in Graph I-10 indicate substantial differences in the structures of the taxation systems across the Union. However, as argued above, they give relatively little insight in 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 (iii) 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 tax¹³, 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 –

13) Except in Germany, where the *Länder* collect the tax.

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 (OECD 1999) has complemented tax revenue statistics by providing a typology of the 'taxing powers' of government sub-sectors, and by applying this typology to tax revenue statistics. The study shows important differences as regards the tax autonomy of the *Länder* and Regions within the group of Federal or quasi-Federal countries in the Union (i.e. Germany, Austria, Belgium and Spain). It also shows differences as regards the tax autonomy of local governments within the European Union. In addition, since publication of the study important changes have taken place in several Member States (e.g. Belgium, Spain and Italy) usually increasing the degree of sub-national fiscal autonomy.

Taxation according to economic functions



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. However, this tells little about the effective distribution of the tax burden amongst different categories of taxpayers (so-called *tax incidence*). This publication does not aim at providing a full tax incidence analysis; this would require computing the final impact on different categories of taxpayers taking into account the shifting of taxation from one group of taxpayers to the other via price or volume changes in supply and demand – a very difficult exercise¹⁾. Nevertheless, an intermediate result is obtained: on the basis of a national accounts framework, a broad classification into three economic functions - consumption, labour and capital - has been applied yielding not only the absolute levels of taxation by function but also implicit tax rates, i.e. average effective tax burden indicators²⁾. This is an important result given the policy relevance of information about the balance of taxes on the two factors labour and capital and given the distributional (and other) consequences of consumption taxation. The methodology utilised in this survey is discussed in detail in Annex C.

In addition, data on environmental taxation in the EU have also been computed for the purpose of this report. Please note that the definition of a tax as environmental is independent of its classification by economic function, so that a tax on consumption or on capital may also be classified as environmental if it specifically aims at reducing usage of natural resources or discouraging pollution by raising user costs. Environmental taxes are subsumed under the classification according to economic functions because the use of the environment is sometimes regarded as an additional production factor.

1) Fullerton and Metcalf (2002).

2) 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 tax burden according to economic function

chapter 1

1. DISTRIBUTION OF THE TAX BURDEN ACCORDING TO ECONOMIC FUNCTION

1.1. Coverage and data issues

Taxes on Consumption, Labour and Capital

Part I examined the distribution of the overall tax burden by major type of taxes and level of government ultimately receiving the revenue. Part II is instead devoted to tracing the evolution of the tax burden by economic function (i.e. consumption, labour and capital). This edition for the first time includes Romania and Bulgaria, which have joined the EU in 2007; coverage of these two Member States does not extend to the entire 1995-2005 time span, so that the EU-25 average has been generally utilised whenever the report discusses trends over time. Coverage for some other Member States has been improved, this is e.g. the case for Slovakia, where coverage is now almost complete, and Hungary, where data for environmental taxes are now available for the full time range. 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. Some work remains to be done in ensuring full comparability, in particular where the available tax statistics do not show a high level of detail; hence, if more disaggregated data become available in the future, there is a potential for revision in a number of indicators; this might be the case more particularly for environmental or capital taxes, or the taxes paid by the self- and non-employed. Nevertheless, the degree of comparability achieved is already satisfactory and supplies interesting insights into the sometimes marked differences in the tax structures of the 27 Member States.

Implicit tax rates

The coverage of the ITRs on consumption and labour for EU-25 Member States is nearly complete, following the improvement of coverage for Slovakia; for Portugal data for the year 2005 are missing. Coverage of Bulgaria and Romania is however limited, as for all data, to the last six or four years respectively. The coverage of the ITR on capital is however patchier because the computation of the ITR on capital is quite demanding in terms of the required level of detail in the statistics. In particular, in many cases it was not possible to compute the implicit tax rate on capital even though data on capital taxes were available, because data needed to compute the denominator of the ITR, i.e. the sum of revenues accruing to capital, were not available.

In addition to the analysis of taxation by economic function, Part II also investigates the development of environmental tax revenues and, as in previous editions, presents an indicator for the average effective tax burden on energy consumption.

1.2. Distribution of taxation by function

Graph II-1.1 displays a breakdown of the overall tax burden by economic function for the year 2005. Taxes levied on labour income (employed or non-employed), mostly withheld at source (i.e. personal income tax levied on wages and salaries income plus social contributions), clearly represent the most prominent source of tax revenue in most Member States: labour taxes contribute around half of total tax receipts in the Union's Member States.

The graph shows a correlation between overall tax levels and reliance on labour taxation; Member States with a relatively high tax-to-GDP ratio also tend to collect a relatively high amount of labour taxes, and conversely. This is notably the case in old Member States such as Ireland, the United Kingdom, Greece and Portugal where both overall and labour taxes are low; however, this correlation is often absent in the newly accessed Member States; some low-tax countries such as the Baltic Republics display average ITRs on labour despite having significantly lower overall tax ratios; others, such as the Czech Republic, display a relatively high ITR on labour despite an average overall tax ratio.



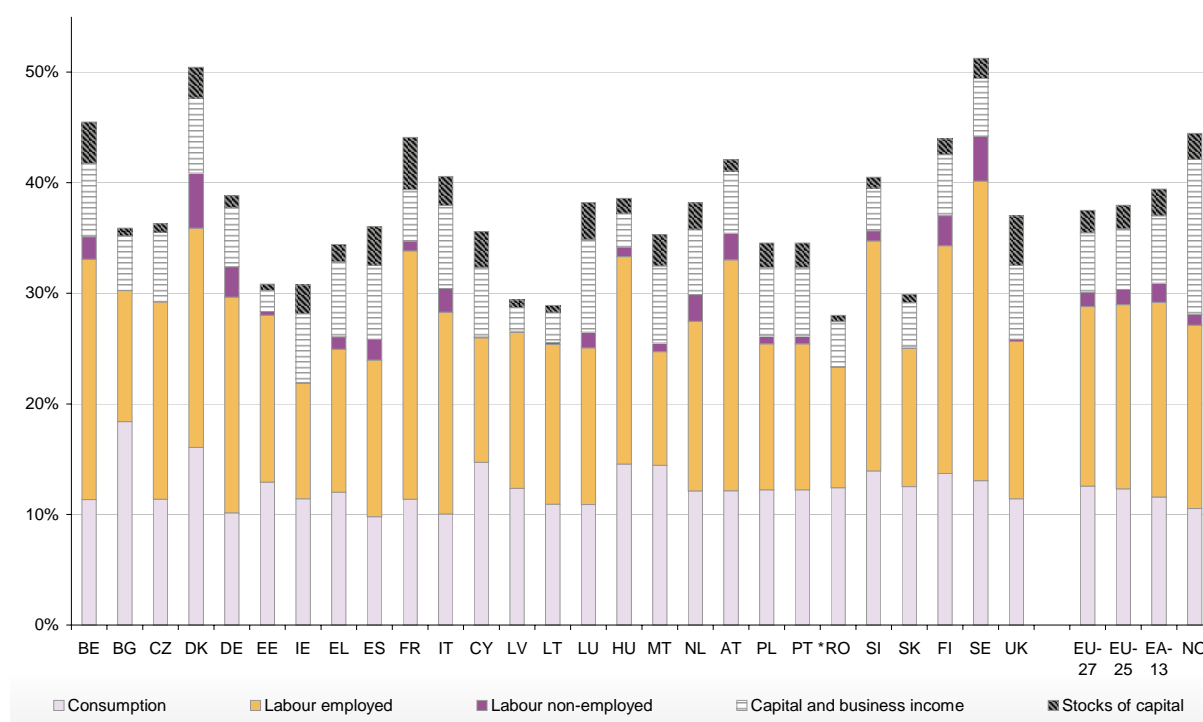
Taxation of the other economic functions typically yields less revenue. In the Union, taxes on capital usually account for one fifth of total tax receipts, while consumption taxes account for around one third. There are some differences in structure between old and new Member States; in the latter, consumption taxes usually account for a higher share of total tax revenues, while taxes on capital play, on average, a smaller role; indeed, the nine Member States with the highest share of consumption taxes on the total are all recently accessed countries. Bulgaria in particular is the only country where consumption taxes yield more than 50 % of the total; this share has furthermore grown very strongly since 2000; Romania displays the second highest share at 44.3 %, exactly ten points above the EU-27 arithmetic average. Differences in the shares of consumption taxes between Member States have been growing quite markedly in the past few years, as shown by the divergence indicators (see Annex A tables).

The share of revenue yielded by capital taxes is large in Luxembourg, the United Kingdom, Ireland, Spain, Malta, and Cyprus, where they contribute over one quarter of total taxes, and noticeably small in the Baltic Republics, Hungary, and Slovenia.

As for the composition of capital taxes, taxes raised on capital and business income are generally more important than taxes on the stocks of capital (wealth); one important exception is France, where high taxes on wealth lead to broadly equal proportions between the two types. The highest levels of taxes raised on stocks (wealth) of capital, as a share of GDP, are observed in France, the United Kingdom, Belgium, Spain and Luxembourg. In the recently accessed Member States, these taxes generally 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.

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) in % of GDP, 2005



Note: PT: 2004 data

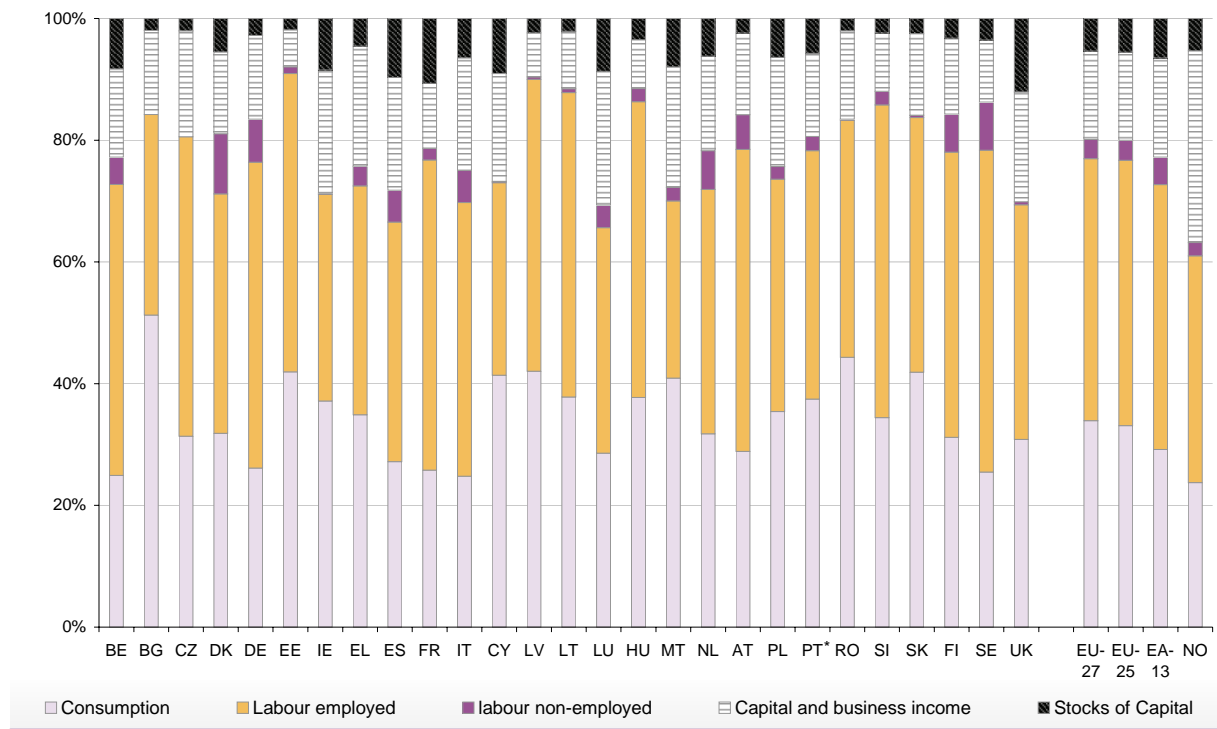
Source: Commission Services

The category 'labour non-employed' in Graph II-1.1 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 on the taxation of benefits and transfers, some of which are frequently exempted from taxation. Denmark, Germany, the Netherlands, Finland and Sweden tend to raise a substantial 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 are linked to the cycle and may therefore vary strongly over time. In other Member States the amount of tax raised on such benefits is generally lower, or even negligible. It should be pointed out that, since the statistical identification of these taxes is rather difficult owing to a lack of specification in the original tax statistics, such taxes could not be presented for all Member States and may well be underestimated by the ratios presented in this report³⁾. 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 income⁴⁾.

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

Graph II-1.2 Shares of tax revenues raised on labour (employed and non-employed), consumption and capital (capital and business income and stocks)
in % of total taxation, 2005



Note: PT: 2004 data

Source: Commission Services.

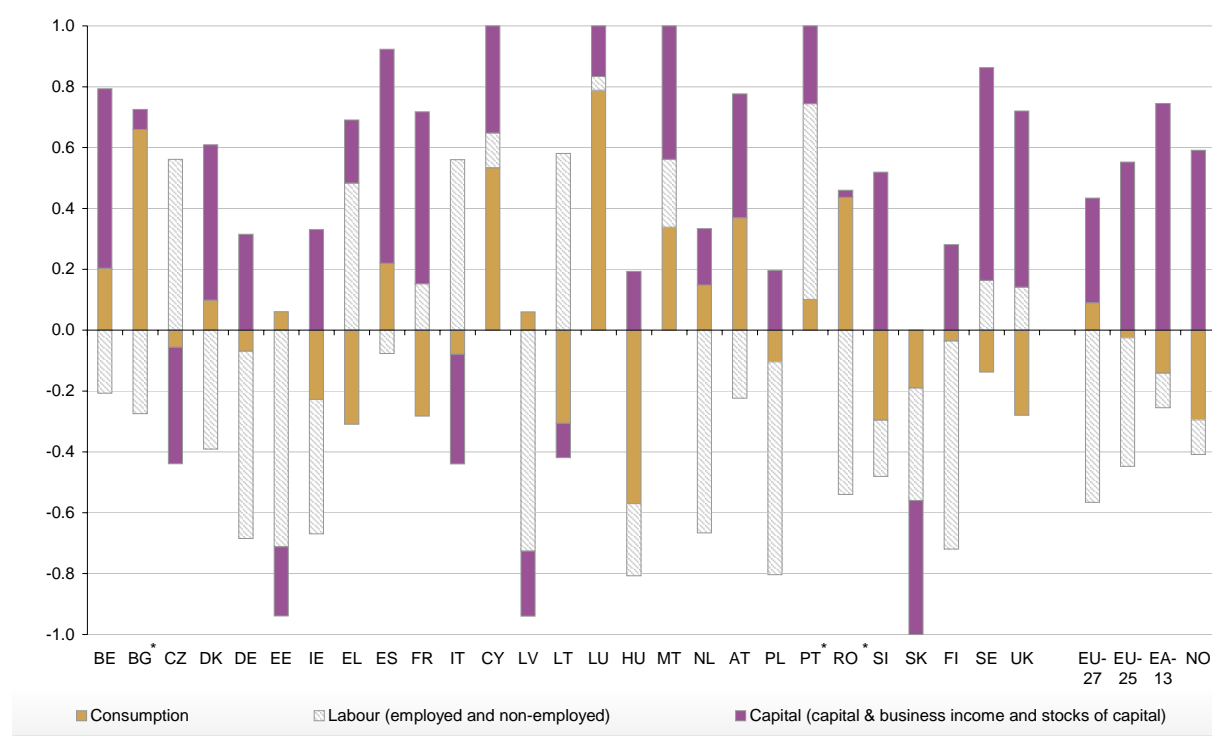
The distribution of the overall tax burden by economic function has undergone some important changes since the mid-1990s, and the pattern is rather mixed across Member States (see Graph II-1.3). The most striking feature of the past developments has been a - partly cyclically induced - increase in capital taxes as a percentage of GDP, and a

- 3) Like, for instance, for the UK, where taxes paid on pension benefits have been allocated to capital income.
- 4) Most of the people that receive social security and/or pension benefits have paid either compulsory or voluntary contributions to such schemes earlier, when they were active in the labour market; furthermore, such benefits are often taxed as (deferred) labour income in the wage withholding tax or personal income tax. In either case our data will generally show these payments as taxes paid on employed labour or on self-employment income.

slight decline of labour taxes since the late 1990s; labour taxes have indeed significantly increased only in five Member States. However, in many cases the stabilisation or decline in labour taxes often occurred after some initial increases in the second half of the 1990s. Also, a decline in measured capital taxation is discernible from 2001 or 2002 in some Member States.

Graph II-1.3 Relative contribution of taxes on labour, capital and consumption (in % of GDP) to the change in the total tax-to-GDP ratio, by country

1995-2005, sum of contributions in each column adds up to 100 %

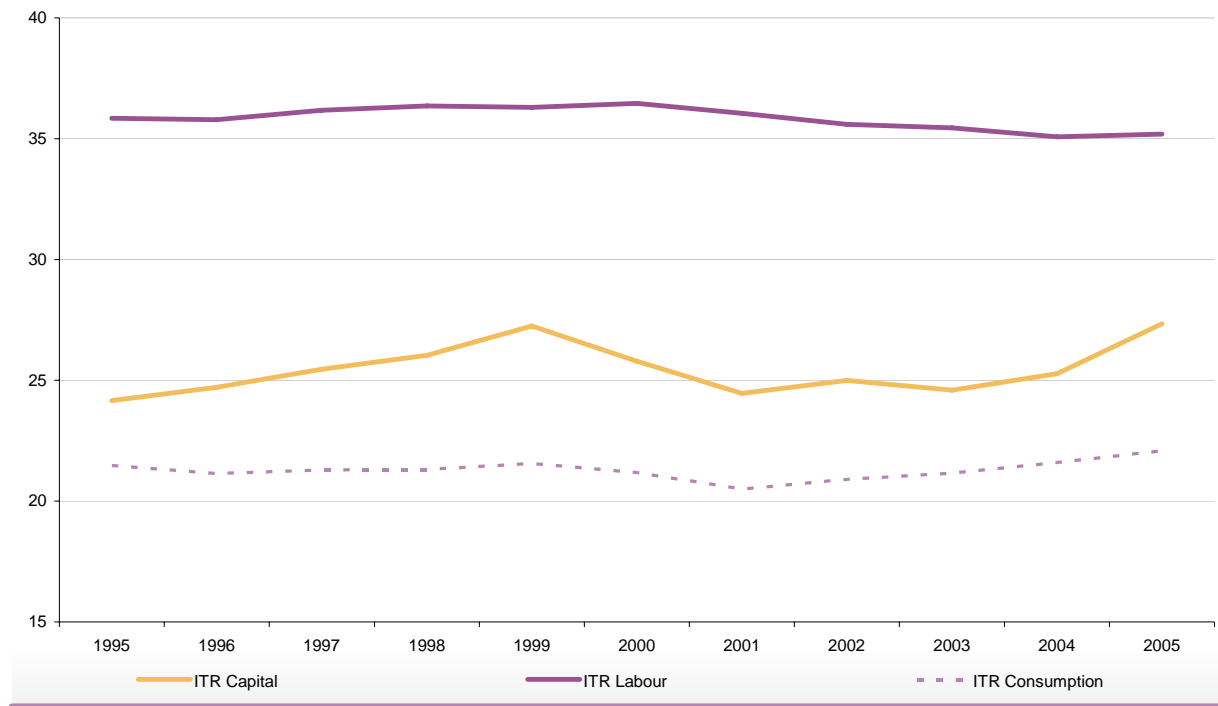


Note: *) PT 1995-2004, BG 2000-2005, RO 2002-2005

Source: Commission Services

Graph II-1.4 displays the evolution of all three main implicit tax rates (i.e. tax revenues expressed as a percentage of the potential tax base computed from national accounts), that on labour, on consumption and capital, between 1995 and 2005. These ITRs are computed only in this report and are commented in detail in the next chapters. They are here juxtaposed to highlight three main facts: first, that average effective tax rates on labour remain well above those for consumption and capital; second, that the decline in labour taxation is slow and has indeed shown signs of slowing down; third, that nevertheless there seems to be some convergence between the ITRs as that on consumption and that on capital show signs of an increasing trend since their 2001 trough.

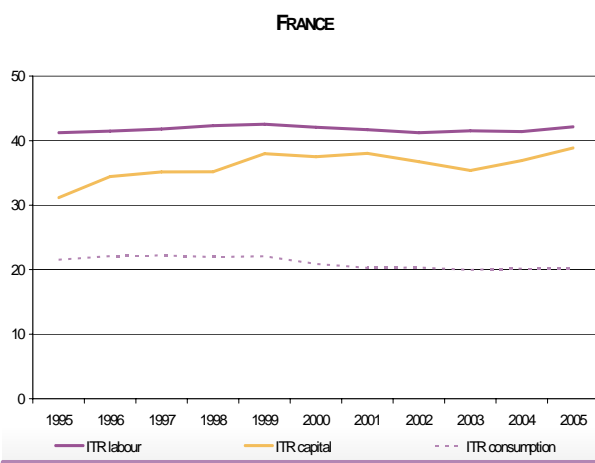
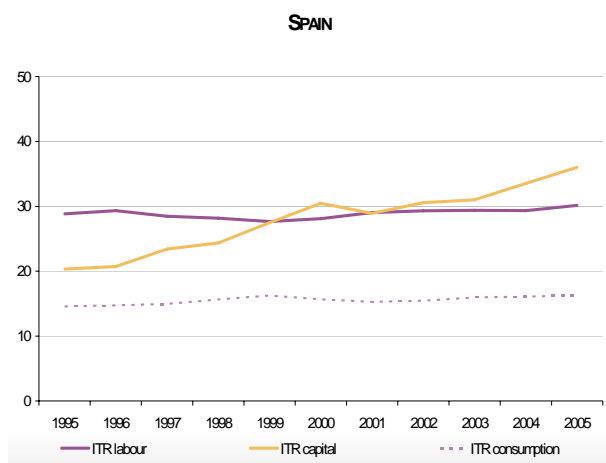
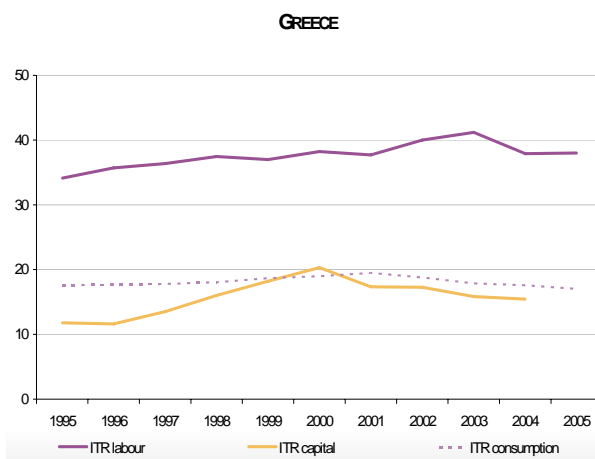
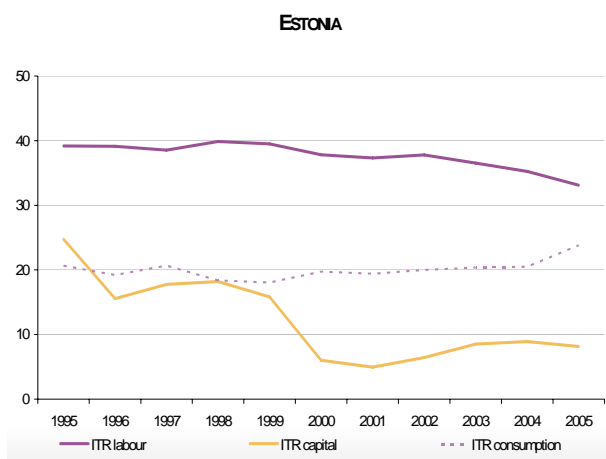
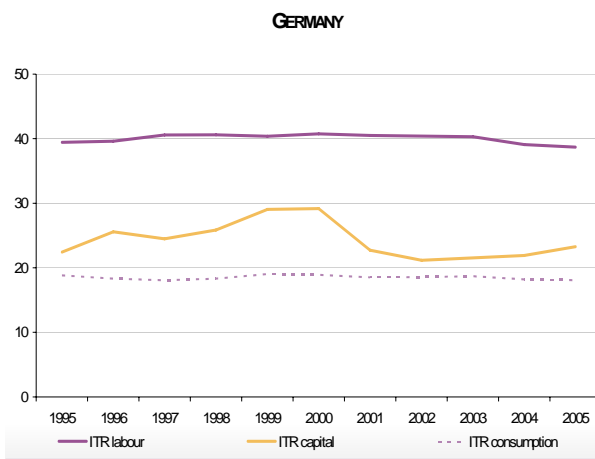
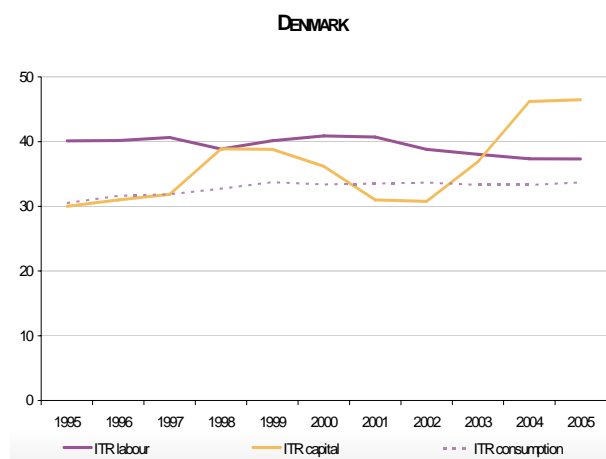
Graph II-1.4 Development of implicit tax rates for the EU average
1995 - 2005, in %

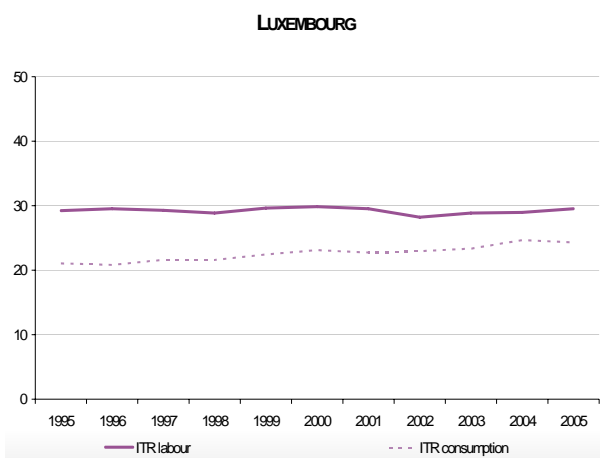
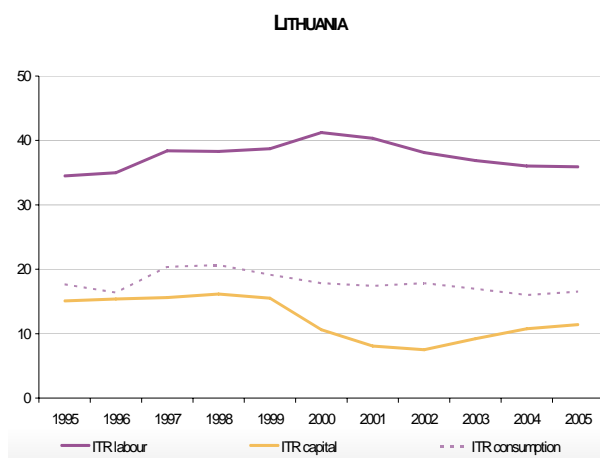
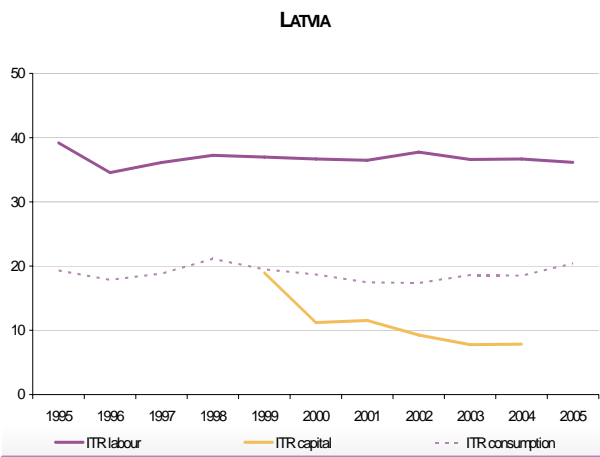
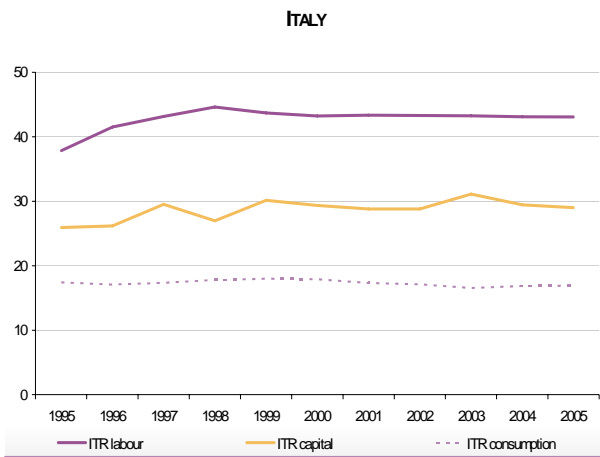
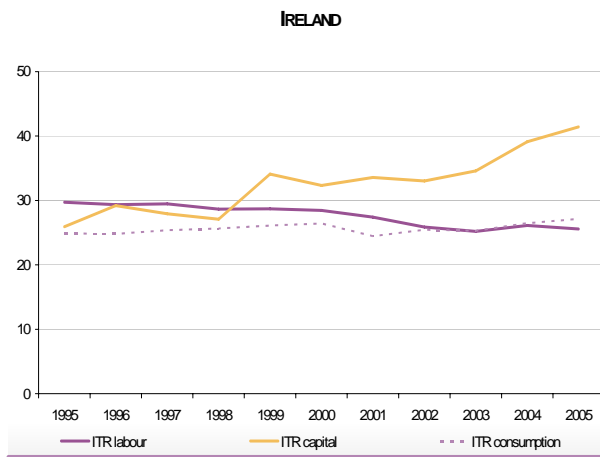


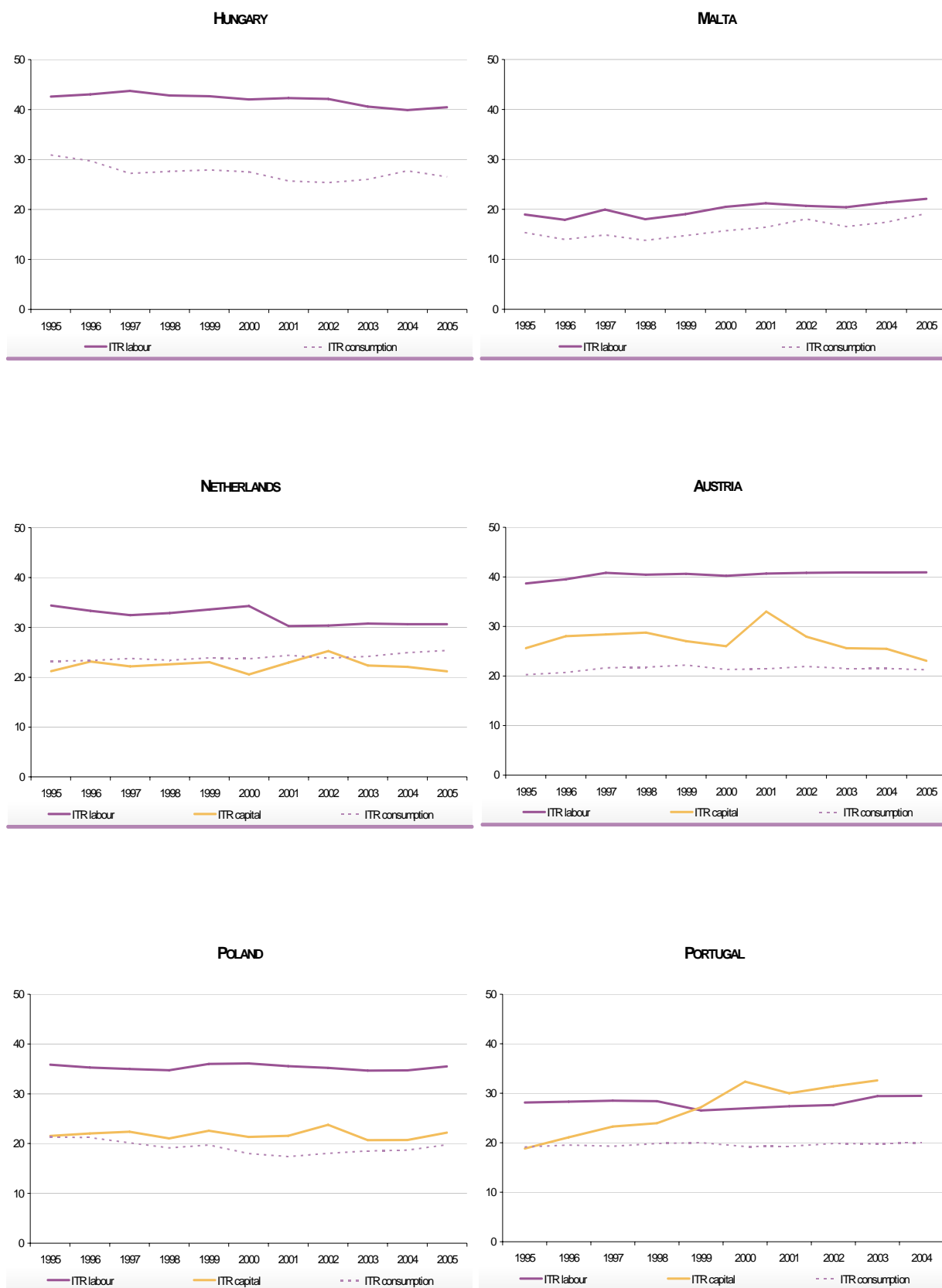
Source: Commission Services

Graph II-1.5 Development of implicit tax rates by Member State
1995 - 2005, in %

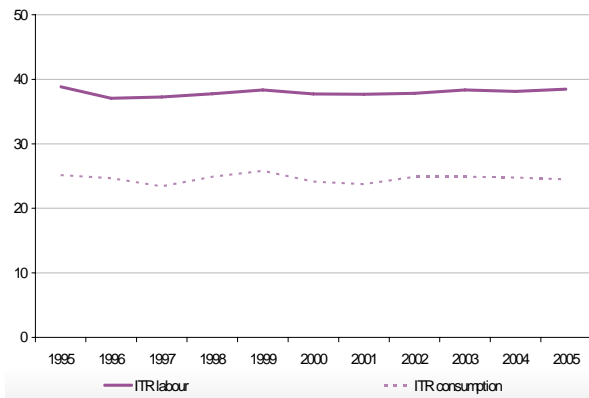




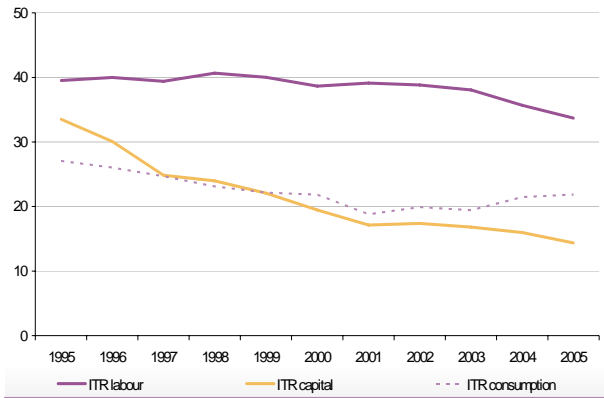




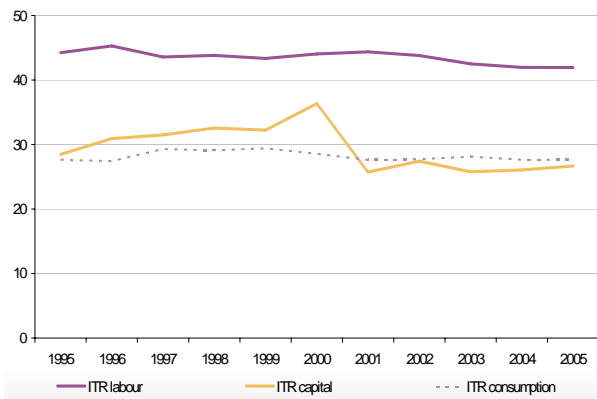
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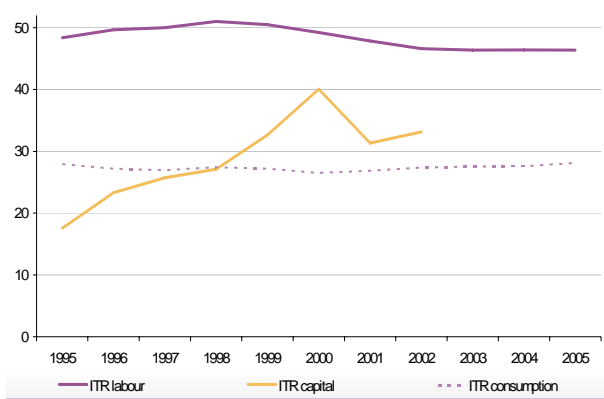
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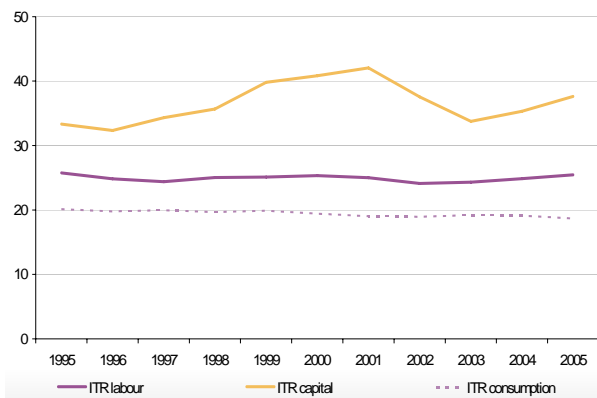
FINLAND



SWEDEN



UNITED KINGDOM



Trends in the implicit tax rate on consumption

chapter 2

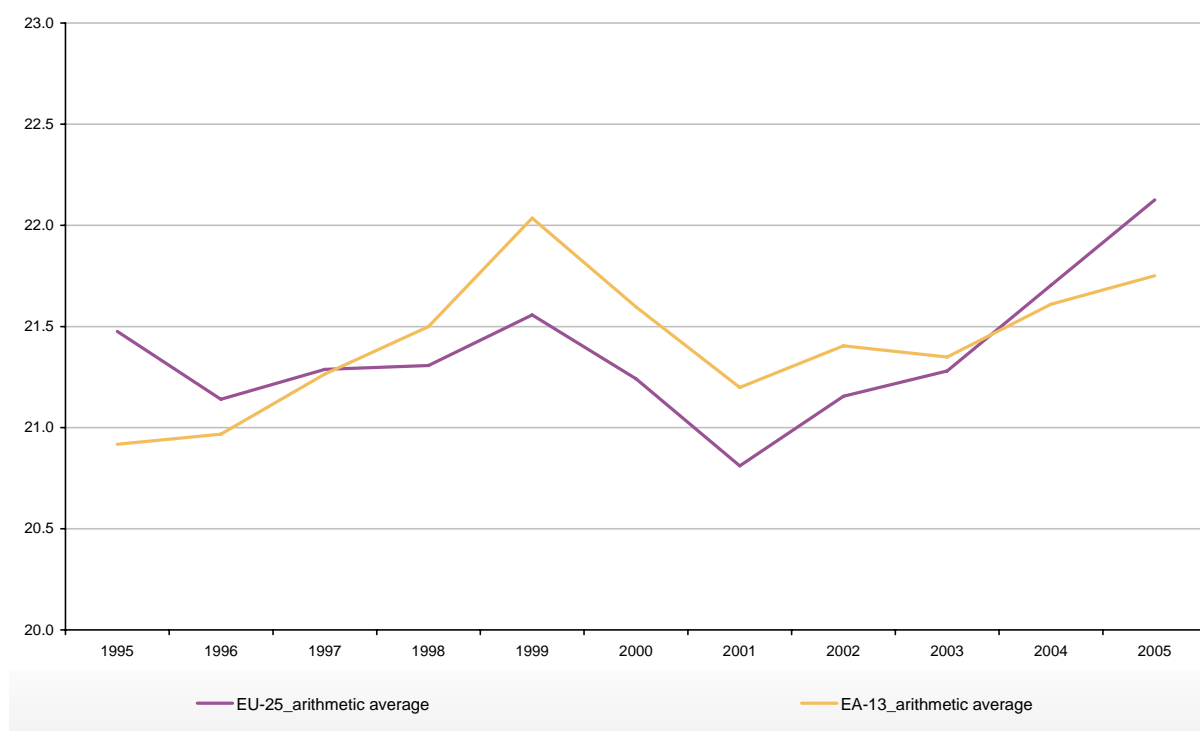
2. TRENDS IN THE IMPLICIT TAX RATE ON CONSUMPTION

2.1. Tax burden on consumption increasing

Previous editions of this report⁵⁾, based on the ESA79 system of national accounts, reported broad stability in the implicit tax rate on consumption in the EU-15 from the early 1970s until the early 1990s. This chapter presents an analysis of the data for the 1995-2005 period, based on the current national accounts methodology, i.e. ESA95. For many countries, ESA95 data exist only since 1995, which explains our choice of the period covered.

Graph II-2.1 and Table II-2.1 show the trend development of the ITR on consumption in the period under consideration⁶⁾. The ratio has experienced significant variation over time; a first rising phase, until 1999, was followed by a relatively steep drop; in two years it fell by over one percentage point. Since 2001, however, the ratio has been increasing steadily every year to reach 22.1 % in 2005. The decline at the turn of the century was not sufficient to offset the effects of the two periods of growth, so that over the entire period the ITR of consumption has climbed. This picture is broadly the same both for the euro area and for the Union as a whole, the main difference being that in the euro area the increase over 1995 is stronger, but in the last few years, since 2001, more moderate.

Graph II-2.1 Implicit tax rate on consumption
1995-2005, in %;



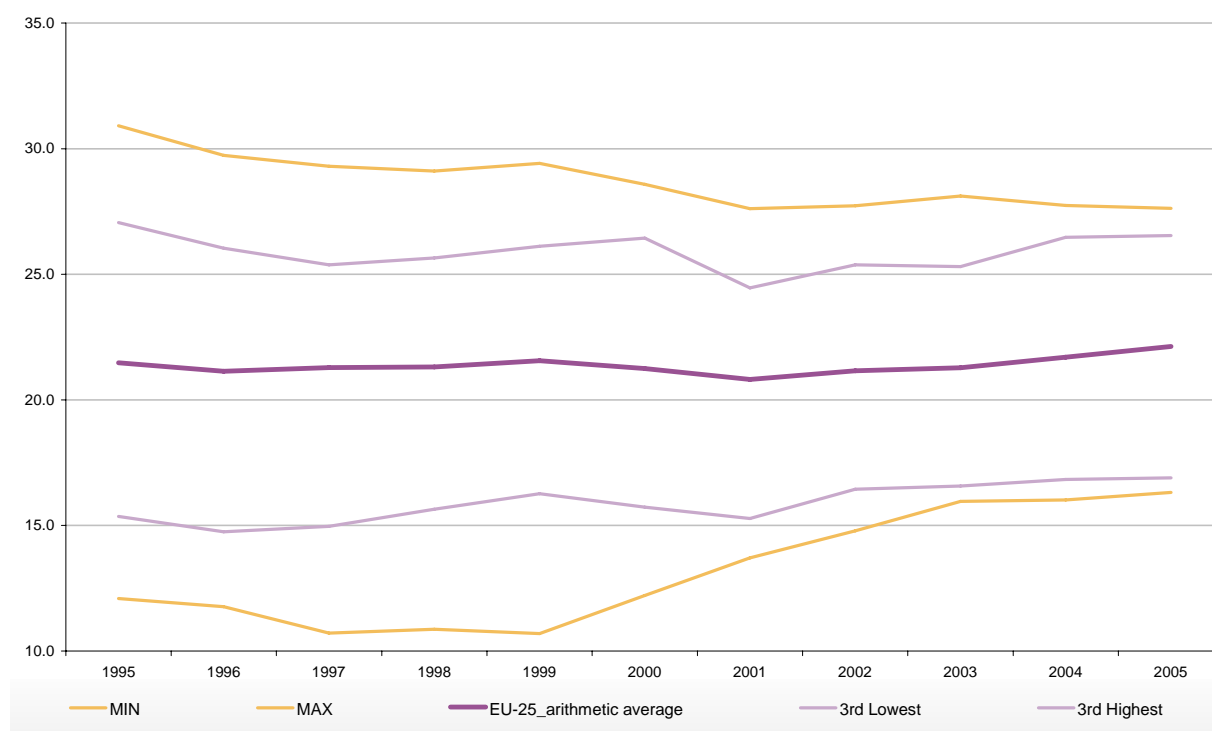
Source: Commission Services.

5) European Commission (2000 a, b).

6) Throughout the chapter the missing ITRs for Portugal in 2005 are assumed constant from 2004.

Graph II-2.2 Implicit tax rate on consumption

1995-2005, in %; minimum and maximum value, third lowest and highest, EU-25 average



Source: Commission Services

The trend increase has involved most of the Union. Compared to 1995 levels, only ten countries have experienced declines. Since 2001 the increasing trend has been even more general as only seven Member States have not experienced any pick-up; moreover, the only sizeable *decline* in the ITR was in Greece (-2.5 percentage points since 2001), followed by more moderate ones in Lithuania (-0.9), Germany, Italy, the United Kingdom (all -0.4) and Austria (-0.2). Furthermore, Bulgaria and Romania, not yet included in the calculation of the average, also show remarkable increases in their ITRs on consumption for the period 2001-2005 (5.7 and 4.1 percentage points respectively), which falls within the general picture that the countries from Central and Eastern Europe have experienced the greatest increase.

Graph II-2.2 gives an indication on 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 since 1999 the lowest ITRs on consumption are converging upwards to the average, while the highest ones are generally stable. Both the low consumption taxing and high consumption taxing countries have experienced a slow increase in the ITRs, which is reflected in the upward trend of the EU-25 arithmetic average. The same picture of increasing convergence is shown by the two other indicators shown in Table D.1 in Annex A, namely the difference between the maximum and minimum value and the ratio between the standard deviation and the mean; both indicators show increasing convergence, particularly since 1999. Note that the highest consumption taxing countries, which are left out of the inner bands, are Denmark and Finland, while the other extremes are typically Cyprus, Malta until 2000 and Spain afterwards.

2.2. Implicit tax rate on consumption in the EU-27: 2005 level

The arithmetic average implicit tax rate for the EU-27 is 22.1 % for 2005. The lowest ITR on consumption throughout the whole Union is for Spain (16.3 %), followed by Lithuania (16.5 %), Italy (16.9 %) and Greece (17 %). In the high consumption taxing countries Denmark stands out with 33.7 %, almost six percentage points above the following Member States – Sweden, Finland and Ireland.

The aggregate level of the ITR on consumption combines a number of taxes on consumption, which are different in nature and justification. Thus, a certain level of disaggregation is needed to highlight different the 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 a residual (see Graph II-2.2). This breakdown is presented for the first time in the report; it has been constructed on the basis of the National List of Taxes supplied by Member States (see also Annex B).

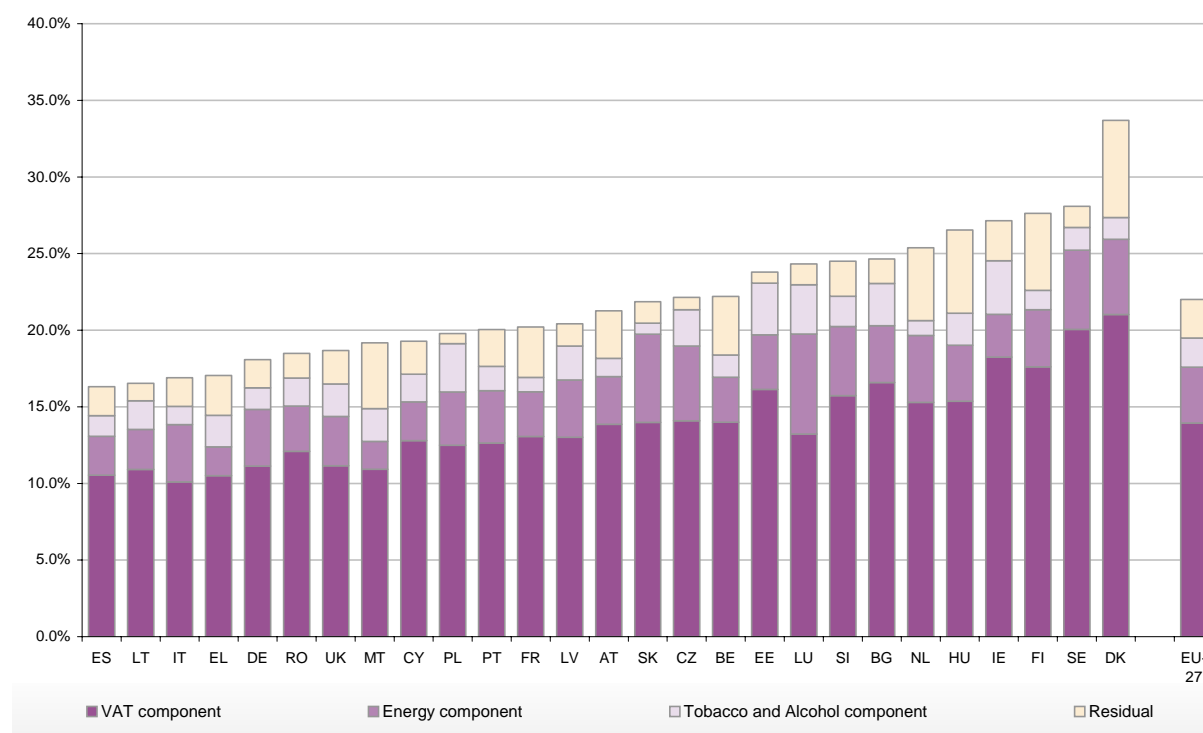
Table II-2.1 Implicit tax rates on consumption in the Union
1995-2005, in %

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
BE	20.6	21.3	21.6	21.4	22.5	21.8	21.0	21.3	21.3	22.0	22.2
BG	-	-	-	-	-	19.7	18.9	19.1	21.1	23.7	24.6
CZ	22.1	21.2	19.4	18.6	19.7	19.4	18.9	19.3	19.6	22.0	22.1
DK	30.5	31.6	31.9	32.7	33.7	33.4	33.5	33.7	33.3	33.3	33.7
DE	18.8	18.3	18.1	18.3	19.0	18.9	18.5	18.5	18.7	18.2	18.1
EE	20.6	19.2	20.7	18.4	18.0	19.7	19.4	20.0	20.4	20.5	23.8
IE	24.9	24.8	25.4	25.7	26.1	26.4	24.5	25.5	25.3	26.5	27.2
EL	17.6	17.7	17.8	18.1	18.7	19.0	19.5	18.8	17.9	17.6	17.0
ES	14.6	14.7	15.0	15.7	16.3	15.7	15.3	15.5	16.0	16.1	16.3
FR	21.5	22.1	22.2	22.0	22.1	20.9	20.3	20.3	20.0	20.2	20.2
IT	17.4	17.1	17.3	17.8	18.0	17.9	17.3	17.1	16.6	16.9	16.9
CY	12.1	11.8	10.7	10.9	10.7	12.2	13.7	14.8	18.3	19.4	19.3
LV	19.3	17.9	18.8	21.1	19.5	18.7	17.5	17.4	18.6	18.5	20.4
LT	17.7	16.4	20.4	20.7	19.2	17.8	17.4	17.8	17.0	16.0	16.5
LU	21.1	20.8	21.6	21.6	22.4	23.1	22.7	23.0	23.4	24.7	24.3
HU	30.9	29.7	27.2	27.6	27.9	27.5	25.7	25.4	26.0	27.7	26.5
MT	15.4	14.0	14.9	13.8	14.8	15.7	16.4	18.1	16.6	17.4	19.2
NL	23.2	23.3	23.8	23.4	23.9	23.7	24.4	23.8	24.2	24.9	25.4
AT	20.3	20.7	21.7	21.8	22.2	21.3	21.4	21.9	21.5	21.5	21.3
PL	21.3	21.2	20.1	19.1	19.7	18.0	17.4	18.0	18.5	18.7	19.8
PT	19.1	19.5	19.3	19.9	20.0	19.2	19.3	19.9	19.8	20.0	-
RO	-	-	-	-	-	-	14.4	16.4	18.3	16.8	18.5
SI	25.1	24.7	23.4	24.9	25.8	24.1	23.7	24.9	24.9	24.8	24.5
SK	27.1	26.0	25.4	23.1	22.2	21.8	18.8	19.9	19.4	21.5	21.9
FI	27.6	27.4	29.3	29.1	29.4	28.6	27.6	27.7	28.1	27.7	27.6
SE	27.9	27.2	26.9	27.4	27.2	26.5	26.9	27.4	27.5	27.6	28.1
UK	20.1	19.8	20.0	19.7	19.9	19.4	19.0	18.9	19.2	19.1	18.7
EU-25	21.5	21.1	21.3	21.3	21.6	21.2	20.8	21.2	21.3	21.7	22.1
EA-13	20.9	21.0	21.3	21.5	22.0	21.6	21.2	21.4	21.3	21.6	21.8

Source: Commission Services



Graph II-2.3 Decomposition of the ITR on consumption
2005, in %



Note: Data for 2004 used for Portugal due to lack of 2005 data. Italian data on tobacco and alcohol include revenue from stamp duties. The Estonian tobacco component is derived indirectly as the remaining excise duties besides those on energy products.

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 28.6 % in Sweden, 32.2 % in Estonia and 32.7 % in Bulgaria to highs of 45.6 % in Luxembourg and around 43 % in Malta and Hungary. While Malta and Hungary compensate the lower VAT revenues primarily with other consumption taxes, Luxembourg compensates them mostly with excise duties.

VAT component of the implicit tax rate

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 difference between the highest and lowest VAT component of the ITR exceeds 100 %, the variation in the energy component of the ITR and, even more so, for the tobacco and alcohol component and for the remaining consumption taxes is even wider.

The preceding paragraph highlights the fact that in breaking down the ITR on consumption for different components we use, as a single denominator, the value of private consumption. This is a fairly accurate measure for the ITR on VAT, but the measures of the other components are biased to a certain extent, because they are levied on specific goods and thus their tax base is only a small portion of final consumption. Although necessary to obtain an additive breakdown of the ITR, this fact should be borne in mind by the reader.

Energy component

The energy tax component, which includes excises on motor vehicle fuels, usually accounts for between two and five points of the ITR on consumption, the average being 3.6 points. The lowest values are found in Malta and Greece (respectively 1.8 and 1.9 percentage points), while the highest are found in Luxembourg (6.5 points), followed by Sweden (5.2 points), Denmark and the Czech Republic (4.9 points). Despite the transitional periods granted to most of the 12 recently acceded Member States, the energy component is in line with the EU average and rather high in some of them (in the Czech Republic, and in Slovenia 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. Note also that the energy component identified in this table does not necessarily include all the revenue data listed in Table C.4.1 in Annex A, as that may include energy taxes other than excises, although excises will generally represent the bulk of them.

High taxation of energy could in theory result even in a low energy component if the heavy taxes succeed in discouraging energy use. However, the elasticity of consumption of energy on income is relatively low (estimates typically hover around 0.7-0.8).

Tobacco and alcohol component

Taxation of alcohol and tobacco amounts to, on average, the equivalent of 2.0 percentage points of ITR. The range of variation is however wide, extending from 0.9 percentage points in France to 3.5 points in Ireland. Other countries where tobacco and alcohol taxes raise little revenue include the Netherlands (1.0), Italy and Austria (both 1.2), whereas in Estonia and Luxembourg this component accounts for a significant portion of the ITR (3.4 and 3.3 points respectively).

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 underestimated 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 above, 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 size but is also rather heterogeneous. It is largest in Denmark (6.3 %), Hungary (5.4 %) and Finland (5.0 %) and very limited in most of the countries of the Central and Eastern Europe. Denmark stands out for the great number of additional duties, most of which are also pollution and transport taxes (Tables C.4 to C.4.3 in Annex A list the revenue amounts for energy, pollution and transport taxes in detail). The residual component for Finland consists mainly of excise duties on motor cars and taxation on insurance and gambling. In the case of Hungary, however, the residual is almost fully due to the local tax on company sales, which is currently under discussion for conformity with the VAT *acquis*.

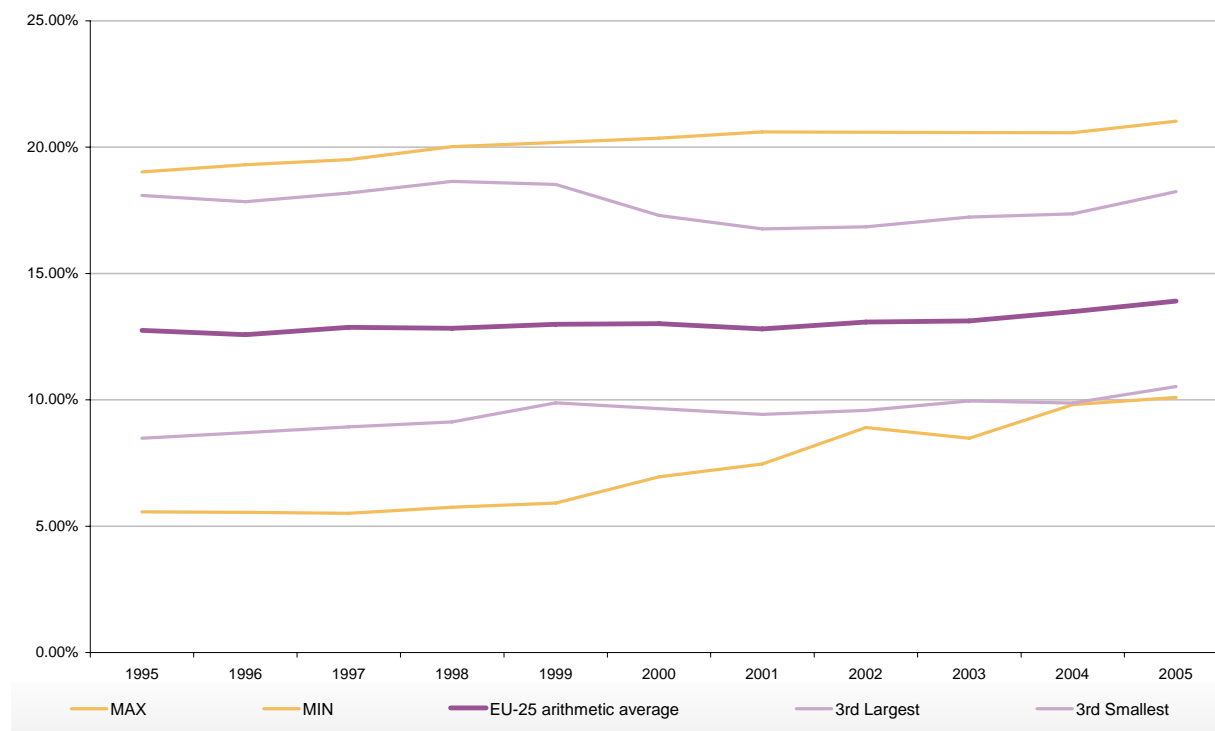
2.3. VAT component of the ITR on consumption

The trend of the VAT component of the ITR on consumption has been strictly upward since the beginning of the century (see Graph II-2.4); this applies both to the average and the bands. The high extremes are represented by Denmark and Sweden and the low by Cyprus and Malta. The latter explains the sharp and yet steady pick-up in the lower band schedule from 2001 onwards due to increasing statutory VAT rates (from 10 % to 15 % in Cyprus and from 15 % to 18 % in Malta) as well as to widening of the tax bases.



The general upward trend of the VAT component of the ITR on consumption is noticeable in 2005 too, where only three of all Member States experience slight decreases – the United Kingdom (-0.2 percentage points), Greece (-0.1 percentage points) and the Czech Republic (-0.9 percentage points), while only the Hungarian VAT component shows a larger decrease (-0.9 percentage points). The change at the other extreme is much wider: in Estonia, Romania, Bulgaria and Latvia the increase ranges from 1.6 percentage points to 2.5 percentage points.

Graph II-2.4 VAT component of the ITR on consumption
1995-2005, in %

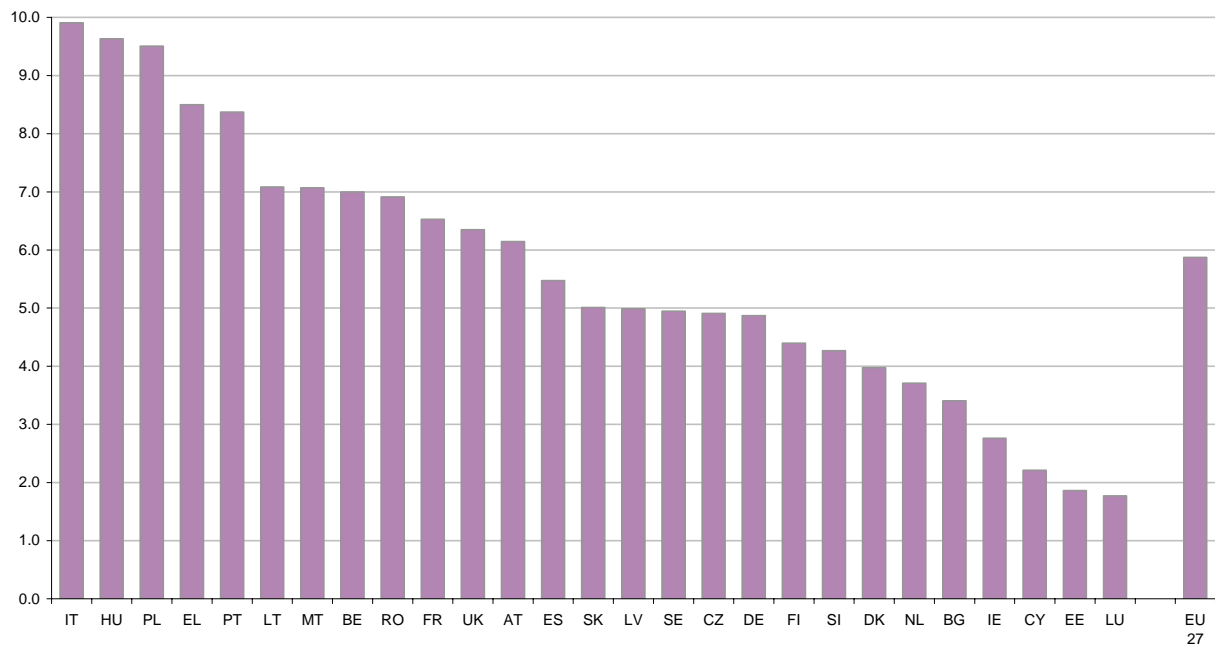


Source: Commission Services

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", is presented in this edition of the report for the first time; 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:

- A high registration threshold for VAT, implying taxation of only a share of intermediate consumption and not taxing value added by SMEs below the threshold;
- Significant levels of VAT evasion or avoidance.

Graph II-2.5 VAT reduced rate and base indicator
2005, in percentage points



Source: Commission Services

Graph II-2.5 shows that for Italy, Hungary and Poland the indicator reaches almost 10 percentage points, an outstanding value in itself. 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. Hungary, as of 2005, also applied super-reduced and reduced VAT rates to almost all items mentioned for Italy. In comparison with most EU Member States, Polish reduced rates are both more widely applicable and considerably lower: the super-reduced rate is 3 % and the reduced rate 7 %, while the standard rate is 22 %.

A large part of Member States from Central and Eastern Europe are grouped around a 4 %-5 % value, while no such grouping is observed for any other region. It is interesting to observe that some of those countries which feature high registration thresholds e.g. Czech Republic, Slovakia and Slovenia are showing values of more than one percentage point below the average. The lowest values (remarkably low at around 2 percentage points) are attributable to Cyprus, Estonia and Luxembourg. It is also noteworthy that the relatively high registration thresholds of €16 000 in Estonia and €15 600 in Cyprus are not leading to lower VAT revenues. As for Luxembourg, 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 low indicator value. Bulgaria, which maintained until recently a VAT account system notably to fight tax evasion, also displays a low value in 2005 (slightly above 3 %).

Table II-2.2 includes the standard VAT rates in the Member States, compared with the non-standard ones (reduced, super reduced and parking). Note that in some Member States the non-standard rates are imposed on a narrow range of goods or services, or on goods having a limited share in the final consumption of households.

Table II-2.2 VAT rates in the Member States
2005, in %

Code	Standard	Reduced	Super Reduced	Parking
BE	21	6	-	12
BG	20	7	-	-
CZ	19	5	-	-
DK	25	-	-	-
DE	16	7	-	-
EE	18	5	-	-
IE	21	13.5	4.4	13.5
EL	19	9	4,5	-
ES	16	7	4	-
FR	19.6	5.5	2.1	-
IT	20	10	4	-
CY	15	5	-	-
LV	18	5	-	-
LT	18	5/9	-	-
LU	15	6	3	12
HU	25	5/15	-	-
MT	18	5	-	-
NL	19	6	-	-
AT	20	10	-	12
PL	22	7	3	-
PT	21	5/12	-	-
RO	19	9	-	-
SI	20	8.5	-	-
SK	19	-	-	-
FI	22	17	-	-
SE	25	12	-	-
UK	17.5	5	-	-

Note: Before 2007, in Bulgaria the reduced rate was applied by way of reducing the tax base to 35 % and then applying the 20 % standard rate.

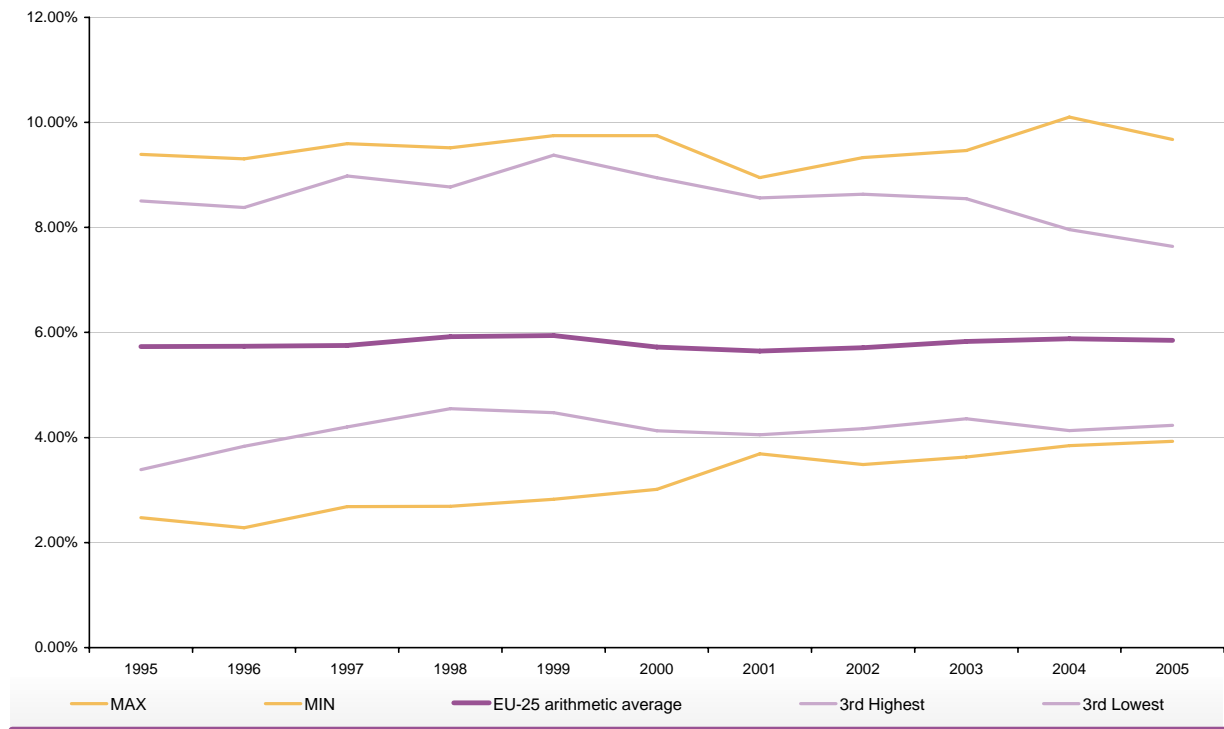
Source: Commission Services

2.4. Excise component of the ITR on consumption

All considerations mentioned above regarding the accuracy of the smaller components of the ITR on consumption apply here. The average of the excise component of the ITR on consumption is generally stable throughout the observed period. This stability may appear somewhat surprising since it is often asserted that the fact that many excises 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.

However, a more detailed look reveals an interesting situation where more dynamism is observed. Typically, the Member States with a high excise component of the ITR on consumption show a marked decrease, while the Member States with a low excise component of the ITR on consumption conversely seem to experience a steady increase (see Graph II-2.6).

Graph II-2.6 Excise component of the ITR on consumption
1995-2005, in %



Source: Commission Services

As of 2005 all four countries with high excises (Luxembourg, Denmark, Finland and Ireland) have experienced decreases in the excise component of the ITR on consumption, ranging from -0.55 percentage points in Denmark to -0.21 percentage points in Ireland. At the other extreme, the largest increases in the excise component of the ITR on consumption are found only in Member States that have recently joined the EU and have been increasing their excise duty rates to reach the EU minimum levels – Estonia (0.8 percentage points), Slovakia (0.5 percentage points), Malta (0.5 percentage points), Czech Republic (0.4 percentage points) and Latvia (0.3 percentage points).

The graph shows that despite the fact that there are still no maximum excise duty rates set in the *acquis*, there is evidence that the implicit excise duty rates, measured by way of the excise component of the ITR on consumption, are naturally converging in recent years towards the average, which has in itself shown a tendency to remain quite stable over the last years.

Trends in the implicit tax rate on labour

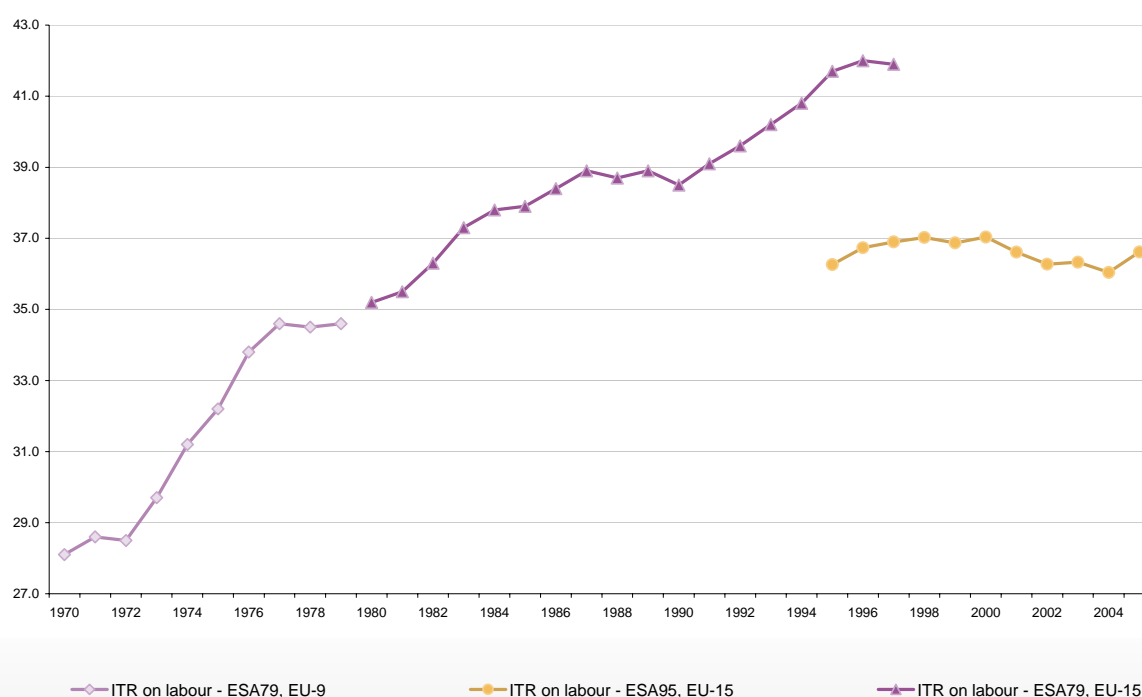
chapter 3

3. TRENDS IN THE IMPLICIT TAX RATE ON LABOUR

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

Since the early 1970s, the implicit tax rate on labour employed (henceforth ITR on labour), computed on the basis of ESA79 data, shows a common increasing trend in the EU-15 area⁷⁾, (see Graph II-3.1, which also shows the break in the series due to the introduction of the ESA95 accounting framework in the mid 1990s⁸⁾). This general increase, which was strong in the 1970s and still significant in the 1980s and the first half of the 1990s, was closely related to a rising public sector share in the economy, in particular due to an increase in social welfare spending (especially for pensions, health care and other social benefits). The increase in the first half of the 1990s was associated with increases in social contributions related to the recession at the beginning of the decade. Moreover, increases in the tax burden were related to restrictive budgetary policies in the run-up to EMU.

Graph II-3.1 Time trend of ITR on labour
1970-2005, 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 data the arithmetic average is used. Data based on ESA79 is only available for the EU-9 and EU-15 Member States (1970-1979 and 1980-1997, respectively).

Source: Commission Services

7) European Commission (2000a, 2000b).

8) 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 numerator, was revised upwards.

Over the whole time period covered by the ESA79 data, the EU-15 average ITR on labour increased from less than 30 % (1970) to almost 42 % (1997). ESA95 data, though not fully comparable, indicate that the EU-15 average ITR increased further until 1998 (from 36.3 % in 1995 to 37.0 % in 1998, see Graph II-3.1).

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

Since 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 incentives⁹⁾. Some Member States opted for cutting taxes or social contributions across the board while others focussed on targeted reductions in social contributions on behalf of low-paid and low-qualified workers. These cuts in social contributions were mostly aimed at granting relief to employers, although some countries have also implemented substantial cuts in employee social contributions. Reforms of personal income taxes have often varied, including lowering statutory tax rates, raising the minimum level of tax exempted income or introducing specific deductions, allowances or credits for low-income workers¹⁰⁾.

Although the impact of these measures on the ITR on labour remains smaller than could be expected, it is showing at least some effect¹¹⁾. The general long-run trend towards increasing the ITR on labour has mostly stopped in the late-1990s. After having been quite stable in 1999 (36.9 %) and 2000 (37.0 %), the (arithmetic) EU-15 average started to gradually decline and reached 36.0 % in 2004. For 2005 no data for Portugal is available. As Portugal has a low ITR on labour, this leads to an upward move in the average, which is largely an artefact. Adjusting the 2005 average by assuming the value for the Portuguese ITR on labour unchanged from the previous year yields a more or less constant 2005 ITR of 36.1 %

As can be seen from Implicit tax rates on labour in the Union, both the EU-25 and EA-13 averages followed essentially the same trend as the EU-15 one: they increased in the late 1990s and - after having remained stable for two years – slowly declined in the 2001-2004 period. In 2005 this downward trend stopped. However, the averages only marginally increased if corrected for the missing data for Portugal¹²⁾.

9) See also Carone and Salomäki (2001).

10) See Part III, Developments in Member States for more details.

11) A discussion of possible reasons for the smaller than expected decline can be found in Annex C, Part D.

12) As already described for the EU-15 average, the jump in 2005 is due to the fact that no data for Portugal (which has a low ITR on labour) is included in the 2005 averages, whereas it is contained in the averages of the previous years. Adjusting the 2005 averages by assuming the value for the Portuguese ITR on labour unchanged from the previous year yields a more or less constant ITR of 35.3 % (EU-25) and 36.3 % (EA-13).

Table II-3.1 Implicit tax rates on labour in the Union
1995-2005, in %

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Diff. 1995-2005	Diff. 2000-2005
BE	43.8	43.4	43.9	44.3	43.6	43.9	43.6	43.7	42.8	43.0	42.8	-1.0	-1.1
BG	-	-	-	-	-	38.8	34.4	33.0	35.5	36.3	34.2	-	-4.6
CZ	40.5	39.5	40.3	40.7	40.5	40.7	40.3	41.2	41.4	41.7	41.3	0.8	0.6
DK	40.1	40.2	40.6	38.8	40.1	40.9	40.7	38.8	38.0	37.4	37.3	-2.8	-3.6
DE	39.4	39.6	40.6	40.6	40.4	40.7	40.5	40.4	40.3	39.1	38.7	-0.7	-2.0
EE	39.2	39.1	38.5	39.8	39.5	37.8	37.3	37.8	36.5	35.2	33.1	-6.1	-4.7
IE	29.7	29.3	29.5	28.6	28.7	28.5	27.4	25.9	25.2	26.1	25.6	-4.1	-2.9
EL	34.1	35.7	36.4	37.5	37.0	38.2	37.7	40.0	41.2	37.9	38.0	3.9	-0.2
ES	28.9	29.3	28.5	28.2	27.7	28.1	29.0	29.3	29.4	29.3	30.1	1.3	2.0
FR	41.2	41.5	41.8	42.3	42.6	42.1	41.7	41.2	41.5	41.4	42.1	0.9	0.1
IT	37.8	41.5	43.2	44.6	43.7	43.2	43.4	43.3	43.3	43.1	43.1	5.2	-0.2
CY	23.1	22.3	22.4	23.4	22.6	22.3	23.6	23.0	23.4	22.8	24.6	1.5	2.3
LV	39.2	34.6	36.1	37.2	37.0	36.7	36.5	37.8	36.6	36.7	36.2	-3.0	-0.5
LT	34.5	35.0	38.4	38.3	38.7	41.2	40.3	38.1	36.9	36.0	35.9	1.4	-5.3
LU	29.3	29.6	29.3	28.8	29.6	29.9	29.5	28.2	28.9	29.0	29.5	0.3	-0.3
HU	42.6	43.0	43.7	42.8	42.7	42.0	42.3	42.1	40.6	39.9	40.5	-2.1	-1.6
MT	19.0	17.9	20.0	18.0	19.0	20.5	21.2	20.7	20.4	21.4	22.1	3.1	1.6
NL	34.4	33.3	32.5	32.9	33.6	34.3	30.3	30.4	30.8	30.6	30.7	-3.7	-3.7
AT	38.7	39.5	40.8	40.5	40.6	40.2	40.7	40.8	40.9	40.9	40.9	2.2	0.7
PL	35.9	35.3	35.0	34.7	36.0	36.1	35.6	35.2	34.7	34.7	35.5	-0.4	-0.6
PT	28.1	28.3	28.5	28.4	26.5	27.0	27.4	27.6	29.5	29.5	-	-	-
RO	-	-	-	-	-	-	-	31.5	29.7	28.1	26.7	-	-
SI	38.9	37.1	37.3	37.7	38.4	37.7	37.7	37.8	38.4	38.1	38.5	-0.4	0.7
SK	39.5	40.0	39.4	40.7	40.0	38.7	39.1	38.8	38.0	35.7	33.7	-5.8	-5.0
FI	44.3	45.3	43.6	43.8	43.4	44.1	44.4	43.8	42.5	42.0	42.0	-2.3	-2.1
SE	48.4	49.7	50.0	51.0	50.5	49.2	47.9	46.6	46.4	46.4	46.4	-2.0	-2.8
UK	25.8	24.8	24.4	25.0	25.1	25.3	25.0	24.1	24.3	24.9	25.5	-0.3	0.1
NO	37.8	38.0	38.3	38.4	38.2	38.2	38.3	38.7	38.9	39.1	39.4	1.6	1.2
EU-27	-	-	-	-	-	-	-	35.6	35.4	35.1	35.2	-	-
EU-25	35.8	35.8	36.2	36.4	36.3	36.4	36.1	35.9	35.7	35.3	35.6	-0.3	-0.8
EA-13	36.0	36.4	36.6	36.8	36.6	36.8	36.4	36.3	36.5	36.2	36.8	0.8	0.1

Source: Commission Services

3.3. Diverse development across Member States

The pattern of the changes over the 1995-2005 is quite diverse across Member States. This can be seen in the country-by-country breakdown of the ITRs on labour in Table II-3.1: notable reductions since 1995 are visible in Estonia, Slovakia, Ireland, the Netherlands, and Latvia. Romania and Bulgaria show a significant decrease for the time-period for which data is available (2000-2005 and 2002-2005, respectively). On the other hand, the ITR increased significantly in Italy, Greece, and Malta. The ITR in Malta, however, remains the lowest in the EU-27.

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

The 2005 average ITR on labour in the EU-27 lies at 35.2 % (see Table II-3.1). Corrected for the missing data for Portugal, the EU average would be 35.0 %¹³⁾.

Malta (22.1 %) and Cyprus (24.6 %) stand out with the lowest ITR on labour in the whole Union. This might be linked with their historical ties to Britain, as the United Kingdom and Ireland are the only other two countries whose ITR on labour is more than 9 percentage points below the EU-27 average. The Romanian ITR on labour (26.7 %) is

13) In the calculation of this average, the 2004 value for Portugal is used.

far below the European average, too. In contrast to these geographically more peripheral Member States, most 'continental' European Member States (France, Belgium Germany, Italy, Austria, Poland, Czech Republic, Slovenia, and Hungary) exhibit above average ITRs. The same applies to the Nordic countries. Between these two groups of countries Sweden, Italy, Belgium, France, Finland and the Czech Republic, stand out for reporting an ITR on labour which exceeds the EU-27 average by more than 6 percentage points. An interesting feature is that despite low taxation levels, the newly acceded central and eastern European Member States do not display, in general, markedly lower ITRs on labour. In fact, the indicator is above the EU-27 average in six out of these ten of these Member States.

Despite the presence of a number of low taxing countries, taxation on labour is, on average, much higher in the EU than in the main other industrialised economies. The effective tax rate on labour in the United States was estimated at just 23.9 % in 1999¹⁴⁾, compared with an EU-25 ITR of 36.3 % for that same year. Carey and Rabesona (2002) estimated a 24.9 % average effective tax rate on labour for the United States in 1999, i.e. 12 percentage points less than the estimate for the EU-15; the difference with Korea (13.9 %) was even more than 20 percentage points. Values for Japan (23.0 %), New Zealand (23.0 %), Australia (25.3 %), Canada (30.3 %), and Switzerland (31.1 %) were far below the EU-15 average, too. Martinez-Mongay (2000) found broadly similar differences between the EU and the United States and Japan. Indirectly this is confirmed by OECD data on the tax wedge¹⁵⁾.

3.5. Decomposition of the implicit tax rate on labour – high impact of social security contributions

For the majority of the countries in the Union, social security contributions have a higher impact on the level of the ITR than the personal income tax¹⁶⁾. On average, in 2005 about two thirds of the overall ITR on labour consists 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 form a relatively large part of 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 taxation¹⁷⁾. The relatively low tax burden on labour in Ireland and the United Kingdom can largely be explained by the relatively low shares of the social contributions in these countries. It is notable that in these two Member States the overall average ratio of personal income taxation (as a percentage of total labour costs) does not dramatically differ from or is even higher than that found in high tax countries like the Czech Republic, France and Italy. In some of the Member States, namely in Romania, Poland, Slovakia, Bulgaria, and Greece, only about 20 % or less of the ITR on labour consists of personal income tax.

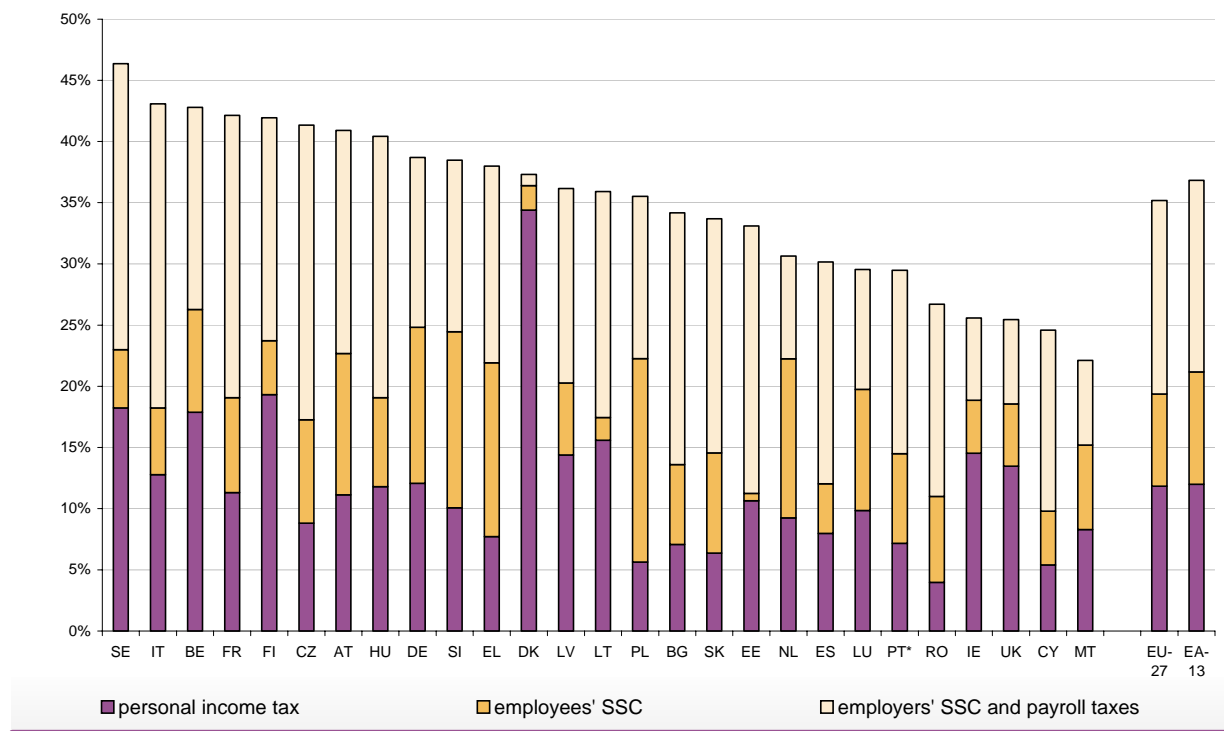
14) See European Commission (2000a).

15) See OECD (2006b).

16) It should be noted that, under the definition of labour taxation 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. For instance, in the Nordic countries the recorded amount of personal income tax does not only consist of central government income tax, but also 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 tax on industry and trade and the contribution to chambers are also partially booked as income tax on labour income. 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).

17) 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.

Graph II-3.2 Decomposition of the implicit tax rate on labour
2005, in %

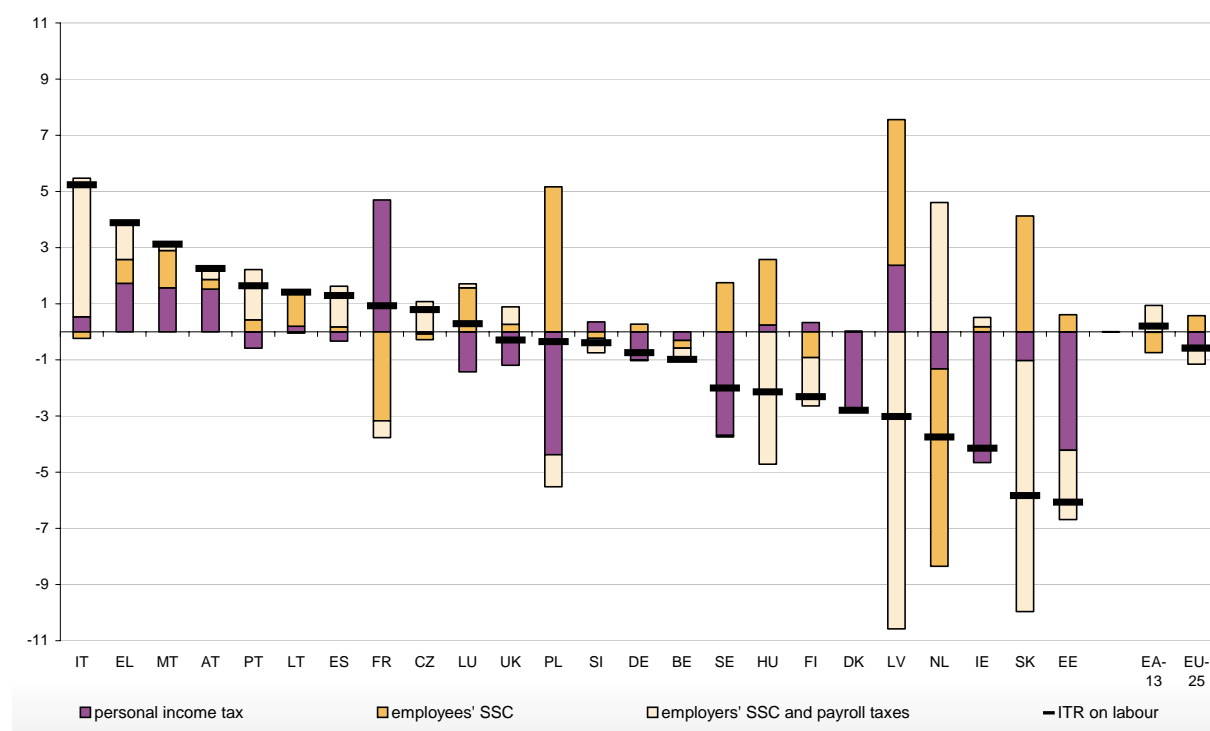


Note: * PT: 2004 data

Source: Commission Services

Between 1995 and 2005 the components of the ITR on labour have changed markedly in several Member States. In many countries, which have reduced personal income taxation in this period, this has been at least partly offset by an increase in social contributions. In fact, in ten out of 14 Member States in which the ratio of personal income taxation has gone down, social security contributions have increased (both as a percentage of total labour costs, see Graph II-3.3). In most cases the increase focused on SSC paid by employees. On average this has led to a partial offsetting of the reductions in personal income taxation. As a consequence, the share of the personal income tax in the ITR on labour has decreased by around 2 percentage points while the share of social contributions has gone up by the same amount. It should also be borne in mind that both inflation and real growth in per capita income tend to push up the tax component of the ITR on labour owing to progressivity. On the other hand, social security systems are often regressive. 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 is a policy decision too.

Graph II-3.3 Evolution of the components of the implicit tax rate on labour
1995-2005, differences in percentage points



Note: Countries are ordered by the change in the ITR on labour. For Portugal the 1995-2004 period is used. Bulgaria, Cyprus and Romania are not included as for a significant part of the time period no data is available.

Source: Commission Services

Another interesting aspect is that in most of the countries on the left hand side of Graph II-3.3, whose ITR on labour has gone up notably since 1995, all components have increased or at least remained more or less stable. On the other hand there are several countries where the components of the ITR on labour have changed in different directions and, thus, the composition has altered markedly, namely in France, Poland, Latvia, the Netherlands and Slovakia. In the case of Latvia, the Netherlands and Slovakia this mostly applies to a shift within the statutory incidence of the SSC either from the employees to the employers or the other way round. 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 a immediate impact on the cost structure, while the impact from employees' social contributions is more indirect (Arpaia and Carone (2004)).

Box II-1 at the end of the chapter presents an overview of the main fiscal measures affecting the ITR on labour.

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.

An OECD publication, *Taxing Wages*, provides annually 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. The 2005 edition of *Taxing Wages* broadens the definition of average earnings. The definition now includes both manual and non-manual workers, whereas previously it only referred to the average manual production worker¹⁸⁾. 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 ITRs 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). Furthermore, the choice of the earnings levels at which the calculation is done is arbitrary. This implies that in the case of policy measures, the indicator 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 minimize the impact of only targeted measures. Hence the two approaches are complementary.

Taxing Wages provides data only for the OECD Member States¹⁹⁾, but the European Commission services use the same approach to compute, for all 27 EU Member States, the 'Tax wedge on low paid workers', which is the tax wedge for a single worker without children at 2/3 of average earnings (see Table II-3.2). That indicator is notably used in the framework of the Lisbon Strategy to estimate the potential impact of tax provisions on the labour market.

The new definition of average wage is used for the first time in this report. Data for 1996-1999, however, have not been recalculated and continue to refer to the old definition of average earnings. Figures from 2000 onwards have been recalculated based on the new average wage concept in all countries except Bulgaria, Estonia, Ireland, Cyprus, Lithuania, Latvia, Malta, Slovenia, and Romania. The change in definition leads to a structural break in the year 2000. For most EU Member States this implies an increase in the gross wage earnings of the average worker, which in some cases amounted to more than 20 %. Table II-3.2 shows the difference between the 2000 tax wedges based on the new definition with the one based on the old definition, published in the previous edition of this report (European Commission 2006). Based on the new definition, the 2000 values of the indicators are between 0.2 percentage points (Czech Republic and Italy) lower and 7.8 percentage points (France) higher than the ones based on the old one. This leads to an increase in the 2000 EU-27 average and the euro area average by 1.2 and 2.3 percentage points, respectively.

The figures in Tax wedges for a single example worker at 2/3 of average earnings display a downward trend indicating a clear impact from targeted cuts in taxes and social security contributions. To avoid commenting on a time series with structural breaks, the following analysis will mostly focus on the 2000 to 2005 period. While the tax wedge is lower in 18 Members States in 2005 compared to 2000, the reductions appear to be particularly large in France, Hungary, Slovakia, Slovenia, Bulgaria, and Finland. Among the countries that have increased the tax wedge in this period, only Malta shows an increase of more than three percentage points; as in the case of the ITR on labour, however, the 2005 tax wedge is still the lowest in the EU-27. On average the tax wedge in the EU-27 decreased by 1.3 percentage points, while the reduction was somewhat stronger in the euro area with 1.7 percentage points.

18) OECD (2006b, p. 12).

19) Bulgaria, Cyprus, Estonia, Latvia, Lithuania, Malta, Romania, Slovenia are presently not members of the OECD.

Table II-3.2 Tax wedges for a single example worker at 2/3 of average earnings
1996-2005, in %

	1996	1997	1998	1999	2000 old	2000 new	2001	2002	2003	2004	2005	Diff. 2004-2005	Diff. 2000-2005
BE	50.5	49.5	51.1	51.0	50.0	51.3	50.7	50.5	49.6	48.9	49.1	0.2	-2.2
BG	40.3	37.8	39.1	37.1	40.0	40.0	36.9	36.2	36.0	35.8	36.3	0.5	-3.7
CZ	41.4	41.5	41.4	41.4	41.6	41.4	41.3	41.5	41.7	41.9	42.1	0.2	0.7
DK	41.3	41.7	40.4	41.3	41.2	41.2	40.5	39.8	39.8	39.3	39.3	0.0	-1.9
DE	46.5	47.7	47.5	47.0	46.5	48.6	47.7	48.2	45.5	47.9	46.7	-1.2	-1.9
EE	38.5	39.5	39.8	40.0	38.2	38.2	37.4	40.2	40.7	38.9	39.8	0.9	1.6
IE	26.5	24.9	23.4	21.5	18.1	18.1	17.3	16.7	16.2	20.5	19.9	-0.6	1.8
EL	34.9	35.0	35.1	34.3	34.3	35.5	35.1	34.3	34.4	34.4	34.4	0.0	-1.1
ES	34.4	34.8	35.1	32.6	32.8	34.7	35.3	35.7	34.7	35.2	35.7	0.5	1.0
FR	44.3	41.6	39.4	40.3	39.6	47.4	47.6	47.4	45.0	42.3	41.4	-0.9	-6.0
IT	48.3	48.8	44.4	44.1	43.3	43.1	42.7	42.7	41.1	41.4	41.7	0.3	-1.4
CY	16.0	16.2	16.3	16.5	16.7	16.7	17.0	17.3	18.6	18.6	19.1	0.5	2.4
LV	39.3	41.5	41.6	41.7	41.4	41.6	41.3	41.6	40.7	41.2	41.0	-0.2	-0.6
LT	37.6	39.3	39.5	39.7	42.0	42.0	42.2	41.3	39.5	40.0	43.2	3.2	1.2
LU	29.2	29.7	28.9	29.5	30.4	32.5	30.6	28.6	28.9	29.2	29.8	0.6	-2.7
HU	46.8	47.8	47.4	48.2	46.2	48.5	48.1	48.2	44.5	44.8	42.9	-1.9	-5.6
MT	15.8	15.8	15.9	16.4	15.6	15.6	16.6	17.8	19.3	18.0	18.7	0.7	3.1
NL	39.3	38.8	39.2	40.2	40.6	42.0	38.9	39.1	40.0	40.4	41.3	0.9	-0.7
AT	37.5	41.1	41.5	41.6	40.1	43.2	42.9	43.1	43.5	43.4	42.5	-0.9	-0.7
PL	43.6	42.9	42.1	41.9	41.9	42.2	41.8	41.7	41.9	42.2	42.4	0.2	0.2
PT	30.6	30.8	30.7	30.2	30.4	33.2	32.2	32.3	32.4	32.4	31.7	-0.7	-1.5
RO	42.7	42.9	45.1	48.2	44.7	44.7	45.2	44.6	43.4	42.9	42.4	-0.5	-2.3
SI	40.9	41.0	41.0	41.0	41.0	41.0	40.3	39.8	40.2	39.8	36.4	-3.4	-4.6
SK	40.3	40.5	40.7	42.3	39.6	40.6	41.3	40.8	40.9	39.6	35.3	-4.3	-5.3
FI	45.3	44.2	44.0	42.6	42.5	43.0	41.4	40.9	40.0	39.4	39.5	0.1	-3.5
SE	48.6	49.2	49.3	48.7	47.7	48.6	47.8	46.8	47.0	47.1	46.5	-0.6	-2.1
UK	26.8	28.4	28.5	25.8	25.3	28.3	28.0	28.1	29.6	29.7	29.9	0.2	1.6
NO	34.4	34.3	34.5	34.4	35.1	35.1	35.2	35.2	34.9	35.0	34.3	-0.7	-0.8
EU-27	38.0	38.3	38.1	38.0	37.5	38.6	38.1	38.0	37.6	37.6	37.4	-0.2	-1.3
EU-25	37.8	38.1	37.8	37.6	37.1	38.3	37.8	37.8	37.4	37.5	37.2	-0.2	-1.1
EA-13	39.3	39.5	39.0	38.6	37.7	39.9	39.2	38.9	38.3	38.7	38.2	-0.4	-1.7

Note: As of 2000 the definition of average earnings changes, which leads to a structural break in the time series. In order to show the impact of the change, 2000 data is given using the old and new definition. Data for Bulgaria, Estonia, Ireland, Cyprus, Lithuania, Latvia, Malta, Slovenia, and Romania are based on the old definition of average earnings for the whole time-period.

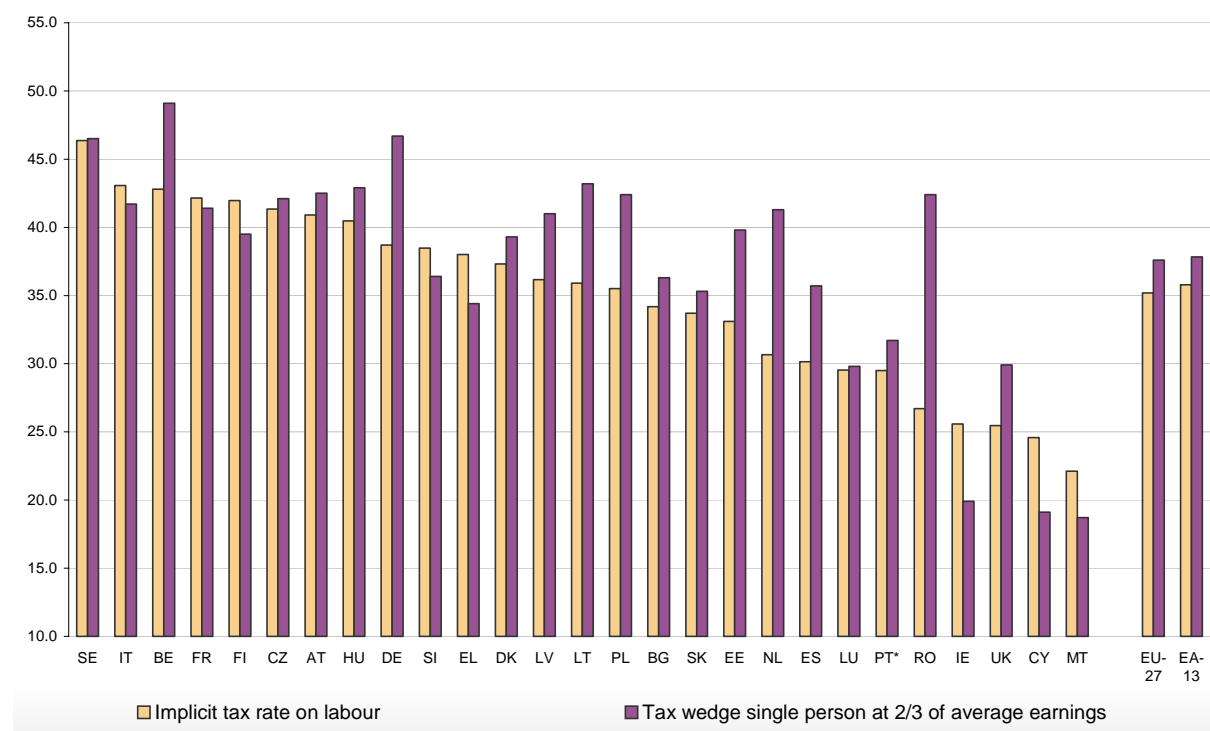
Source: Commission Services, data from the Lisbon Strategy structural indicators database – (OECD model).

Despite the differences between the two approaches, a comparison between the tax wedge indicator and the ITR on labour for the year 2005 shows a rather small difference at the level of the EU-27 and EA-13 (arithmetic) averages (see Graph II-3.4²⁰). The differences are somewhat bigger than in last year's edition, however, mainly due to the change in the definition of average earnings. At the level of individual Member States the results of the comparison of the two indicators appear mixed. For about half of them the difference between the two indicators is rather small. Four Member States have a tax wedge on low-paid workers which is substantially (more than three percentage points) lower than the ITR on labour, which appears reasonable considering the progressive structure of personal income tax. On the other hand, ten Member States present a tax wedge on low paid workers, which is substantially higher than the ITR on labour. This discrepancy is more surprising but could be explained mainly by two reasons: social contributions are often subject to ceilings, in which case low-paid workers have a social contributions rate, which is more elevated than the one of the high-paid workers. Furthermore, the tax wedge considered regards a single worker without children, so the effect of tax allowances linked to dependent relatives is not captured.

20) 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. On average the ITR on labour was 8 percentage points lower than the tax wedge at average earnings. Surprisingly then the ITR on labour was closer to the tax wedge at 2/3 of the average earnings than the one at average earnings. This can be due to 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. Moreover, only the ITR on labour takes account of non-standard tax reliefs (e.g. medical expenses). See European Commission (2004, pp. 101-104).

As a result, the ranking between the Member States may also be quite different. 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 paid workers generally also display relatively high ITRs on labour and the other way round. For example, Sweden and Belgium are consistently in the higher group regarding the taxation of labour, while Ireland, the United Kingdom, Cyprus and Malta are always in the lower range.

Graph II-3.4 Pair-wise comparisons of ITR on labour and tax wedge indicator
2005, in %



Note: Member States are ordered by level of the ITR on labour. * PT: 2004 data

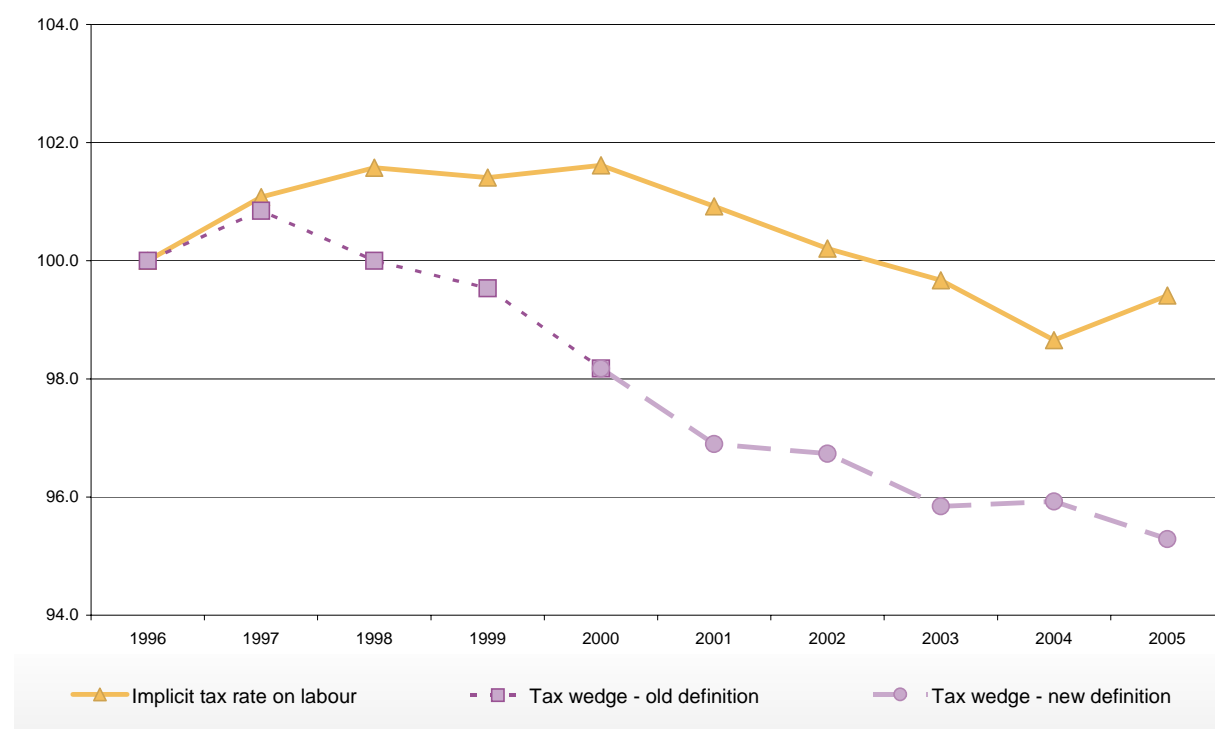
Source: Commission Services (using data from the Lisbon Strategy structural indicators database)

Graph II-3.5 compares the time-trends in the tax wedge indicator and the ITR on labour (with 1996=100). For each year EU-25 arithmetic averages are computed²¹⁾. As described above, 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.

21) The use of EU-27 averages was not possible as no data for Bulgaria and Romania are available for the ITR on labour for the 1995-1999 and 1995-2001 period, respectively.

Graph II-3.5 Time trend micro and macro indicators in the Union

EU-25, 1996-2005, arithmetic averages, index 1996=100



Source: Commission Services

Over the 1996-2005 period, the EU average tax burden on labour stabilized and then started to decline. This trend is visible in the development of both indicators. However, two periods can be distinguished. Up to 2000 the ITR on labour increased, whereas the tax wedge started to decrease markedly as of 1998. The gap between the tax wedge and the ITR on labour opens up indicating that targeted tax cuts were playing a growing role as can be seen from the overview of the main fiscal measures affecting the ITR on labour (see Box II-1) and the country chapters in Part III. In the second period, from 2001 on the two series run roughly parallel, both showing a downward trend²²⁾.

22) As described before, the jump in the 2005 figure for the ITR on labour is due to the fact that no data for Portugal (which has a low ITR on labour) is included in the 2005 average.

Box II-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).	Reduction in employers' contribution rates for health insurance and pay insurance schemes for 'blue collar' workers (2001).
Reduction in the income and wage tax of low and middle-income earners, reduction in the number of tax brackets (2004-2005).	
Belgium	
Indexing of tax brackets abandoned. Introduction of 'crisis tax' on top of all statutory rates plus 'solidarity levy' on personal income (1997). Reintroduction of automatic indexing of tax brackets (1999). Phasing out of additional 'crisis tax' (1997-2004).	Lowering of employers' contributions, especially in respect of the low-paid. The scope of the reductions in employers' social contributions was expanded to more social security schemes (1997-2001), and was followed by the introduction of the Estafette plan as well as the possibility for deductions of employers' contributions over the amount due (2005).
Personal income tax reform of which the main provisions are (a) lowering the 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 (2000-2006).	Flat rate reductions in employers' contributions for young workers, low skilled workers and workers aged over 45.
Introduction and increase of reductions in wage withholding tax for scientific researchers (2003-2006) and shift workers (2004-2006).	Replacement of the refundable employment tax credit by an increased reduction in employee contribution for low paid workers (2005).
Bulgaria	
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	Lowering of the social security contribution rates by 3 percentage points (2001) and by 6 percentage points (2006).
Introduction of annual allowances for children.	Introduction of second pillar and transfer of a share of the social security contributions to it for people born after 1 January 1960.
	Gradual increase of the share of the contributions paid by the employees and decrease in the one paid by the employers (2000-2006).
Cyprus	
Progressive increase of the non-taxable allowance (1995-2003).	No major alterations.
Cut in the PIT rates from 20/30/40 % to 20/25/30 % (2003).	

MEASURES IN THE DOMAIN OF TAXATION	MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
Czech Republic	
Reduction from 6 to 4 brackets (2000).	No major alterations.
Revision of several allowances (2001).	
Introduction of the family splitting for families with children (2005).	
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).	
Denmark	
Cut in rate of low tax bracket (1996-1999). Increase in rate of additional medium tax bracket (1997). Cuts in personal income tax, especially at the bottom to the middle end (1999-2002).	Increase in employees' social contribution rate (1997).
Increase in threshold of medium tax bracket and introduction of an earned income tax credit or employment allowance (2004).	Introduction of employees' contributions for special pension savings scheme (1999).
Abolition of county taxes along with an increase in municipal taxes and introduction of 8 percent healthcare state tax (2007).	Temporary suspension of obligatory contributions to the special pension scheme (2004-2007).
Estonia	
Gradual cut in flat income tax rate from 26 % (since 1994) to 20 % (2005 to 2009).	Introduction of the unemployment insurance premium (2002).
Gradual increase of basic allowance in nominal terms by 100 % (2003 to 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.
Decrease of the maximum amount for the deductions from 100 000 EEK to 50 000 EEK (2005).	Increase in the minimum rate for the social tax from 2000 EEK a month in 2007 to the previous year's minimum wage from 2009.
Additional basic allowance for the second child (2006).	
Finland	
Reductions in local income tax especially at the bottom to the middle end by means of earned income tax allowance (1995-2003).	Reductions in employees' and employers' contribution rates (1997-2002).
Abolition of the lowest state income tax bracket (increase in the tax exemption) (2001), subsequent increase in the tax exemption (2002).	Increase in employers' and employees' contribution rates (2004 and 2005).
Cut of marginal tax rates in state income taxation for all tax brackets (2003-2007) and reduction in the number of tax brackets from five to four in 2007.	

MEASURES IN THE DOMAIN OF TAXATION	MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
France	
Introduction of contribution for refunding of debt of social security institutions (CRDS) with a broader base than the generalised social contribution (CSG) (1996).	Reduction in employers' contributions for low-paid workers (1997-2001).
Gradual cut in tax rates and modification of tax-free allowance system targeted especially to low-income earners (2001-2003).	Reduction in employees' sickness contributions (1998).
A tax shield is introduced limiting direct taxes to maximum 60 % of income (2006).	Reduction in employees' and employers' unemployment contributions (2000-2001).
Remodelling of income tax brackets through a cut in income tax brackets and lowering of the rates (2006).	Enterprises of less than 20 employees benefit from a total exemption from employer's social security contributions for employees receiving the minimum statutory salary (2007).
Germany	
Across-the-board cuts in personal income tax bringing the highest marginal rate down from 53 % to 42 % and the lowest rate from 25.9 % to 15 % (1999-2005).	Increase in social contribution rates (1997).
Gradual increase of basic tax-free allowance by nearly a quarter (1998-2005).	Reduction in social contributions to the pension system funded by ecological tax reform (1999-2002).
Introduction of a second top marginal tax rate for very high incomes (2007).	Slight increase in contribution rate to the old-age insurance (2003).
	Reduction in the contribution rate to the unemployment insurance from 6.5 % to 4.2 %; slight increase in the contribution rate to the old-age insurance (2007).
Greece	
Cut in highest statutory personal income tax rate, indexing of tax brackets plus increase in the level of tax-exempt income (2000-2002).	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 in the threshold of tax free allowance for households; restructuring of the income tax brackets; limitation of tax deductions and allowances (2007).	

MEASURES IN THE DOMAIN OF TAXATION	MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
Hungary	
Income tax brackets reduced from six to three. Introduction of employees' tax credit (1999).	Employers' total payroll costs generally reduced to 33 % (1999).
Changes in tax brackets (2001 and 2003).	Employers' social contributions reduced (2001).
Reduction in the number of tax brackets to two through abolition of the middle bracket (2005).	Increase in employees' mandatory pension contributions (2003).
Cut in highest rate from 38 % to 36 % (2006).	Decrease in lump-sum health contribution (2005).
	Increase in employee's individual healthcare contribution from 6 % to 7 % (2007).
Ireland	
PIT rates cuts, the lower band from 27 % to 20 % and the higher band from 48 % to 42 %, and increases in basic tax allowances/credits (1997-2001).	Reductions in employers' and employees' 'PRSI' levies (1997-2002).
Widening and individualisation of the tax bands (1997-2002).	Reduction in employers' contribution in respect of the low-paid (2001).
Cut in top statutory PIT rate to 41 % (2007).	
Italy	
Cut in the second bracket of the income tax (2000).	Reduction in employers' health care contribution rate. Introduction of new regional tax ('IRAP') based on the value of production net of depreciations (1998).
Further general cuts in rates, in particular on the middle brackets (2001-2002).	Reductions in employers' social contributions in respect of new jobs and at the low end of the pay scale (1997-2000).
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).	
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.	

MEASURES IN THE DOMAIN OF TAXATION	MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
Latvia	
Gradual increase of non-taxable minimum and relief for dependants (2005, 2006 and 2007).	Gradual reduction in the rate of social insurance contributions from 38 % to 33.09 %, (1997, 2000, 2001 and 2003).
Lithuania	
Replacement of the progressive income tax with rates ranging from 18 % and 33 % with a dual system imposing a 15 % rate on unearned income and 33 % on earned income (2003).	Mandatory social contributions increased by 1 % (to 31 %) of gross wages for employers and by 2 % (to 3 %) for employees (2000).
Gradual reduction in the income tax rate from 33 % to 24 % (2006-2008).	
Luxembourg	
Across-the-board cut in personal income tax rates (1998 and 2001-2002).	Increase in contribution for sickness insurance (2000).
Increase in the minimum level of taxable income (2001).	Increase in employees' contribution rate to long-term care scheme from 1 % to 1.7 % (2007).
Malta	
Changes in the number of tax brackets (2002 and 2003), no change in range of rates.	No major alterations.
Reduction in number of tax brackets and increase in thresholds (2007).	
The Netherlands	
Across-the-board cut in personal income tax (2001).	Contribution for disability insurance scheme shifted from the employee to the employer (1998).
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.	Increases in employees' contribution rate for state pensions and medical expenses (1998-2000).
Cuts in personal income tax rates, except for the top rate, and increase in the allowances (2006).	Reductions in wage tax and employers' social contributions with respect to the long-term unemployed, the low-paid and for training purposes (1996-2001).
	Reductions in employees' contribution rate for unemployment insurance (2001).

MEASURES IN THE DOMAIN OF TAXATION	MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
Poland	
Cut in tax rates and limitation of tax deductions (up to 1998).	Global reform of the social security system (1999).
Rise of thresholds for the taxable income (2007).	
Portugal	
General cut in personal income tax rates (2001).	Targeted reductions in employers' social contributions (2001).
General cut in PIT rates (2005).	
Introduction of a new top tax bracket, changes in tax credits (2006).	
Romania	
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).	No major alterations.
Slovenia	
Reduction in the number of tax brackets from six to five and of the lowest rate from 17 % to 16 %, increase in tax allowances for taxpayers with children (2005).	Decrease of social contributions and introduction of payroll tax (1996).
Reduction of 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).	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.
Slovakia	
Increase in tax allowances, reduction in the number of tax brackets from 7 to 5 (1995-2002).	Reduction in employers' social contributions by 2.8 % (1995-2006).
Reduction in the top and in the bottom rates (2003).	Increase in employees' social contributions by 1.4 % (1995-2006).
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 x average wage).
Reduction in the non-taxable personal allowance (2007).	Introduction of healthcare contribution annual clearing (in 2006 for health contributions paid in 2005).
	Introduction of mandatory privately managed fully funded pillar at 9 % of gross earnings (2005).

MEASURES IN THE DOMAIN OF TAXATION	MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
Spain	
Across the board cut in personal income tax rates, increase in basic personal allowances and increase in work income allowance for low wages (1999).	Targeted reductions in social contributions (1997-2000).
Cut in personal income taxes (2003).	Reduction in unemployment contributions for employers and employees (2001).
Reduction in the tax scale applicable to the general component of taxable income from five brackets between 15 % and 45 % to four, between 24 % and 43 % (2007).	
Increase in personal and family allowances, which are now included in the first income bracket taxed at a zero rate (2007).	
Steady increase in the general tax allowance for employment based on a non-linear formula (2007).	
Sweden	
Reductions in central- and local income tax, especially at the bottom to the middle end (1999-2001).	Increases in employees' contribution rates (1995-1998).
Increase in threshold for State income tax (2000-2002) and increase in basic allowance (2001-2002).	Reductions in employers' contribution rates (2000-2001).
Increase in the tax reduction linked to pension contributions, higher basic tax allowance for low and middle income earners (2006).	Reduction in employers' social contributions (2004, 2006 and 2007).
Introduction of an earned income tax credit (2007)	
United Kingdom	
Personal income tax reductions, especially at the bottom to the middle end (1999-2000).	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).
	Increase of the NIC by 1 % for both employers and employees (2002).

Source: Commission Services



Trends in the implicit tax rate on capital

chapter 4

4. TRENDS IN THE IMPLICIT TAX RATE ON CAPITAL

4.1. Introduction

In recent years growing policy attention has been devoted to the taxes on capital. These include a variety of taxes paid both by enterprises and households: stamp taxes, taxes on financial and capital transaction; car registration taxes; 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.

The corporate income tax, although usually considered the main tax on capital, is not a major source of revenue in any of the Union's Member States. In 2005, it represents less than 4.5 % of GDP in all countries but Luxembourg (6.0 %) and Cyprus (5.4 %). Even after the inclusion of all other capital taxes the revenue from the taxation of this factor is never higher than 10.5 % of GDP, with the exception of Luxembourg (11.7 %) and the United Kingdom (11.1 %) where the high internationalisation of the financial system can be expected to boost this kind of revenues. The main reason why capital taxation attracts so much attention is therefore not, or at least not only, linked to the revenues yielded by this source.

A number of reasons contribute to this interest. Indications of possible distortive effects on the market, particularly if highly integrated like the EU Internal Market, might play a role. Equity considerations also feature prominently in the debate on capital taxation; on the one hand, there are considerations linked to the desirability of avoiding double taxation that would argue in favour of not taxing capital. On the other hand, the observation that capital is, as a rule, both more lightly taxed than labour income and often taxed at flat rates, calls for an effective taxation of capital income to avoid emptying the progressivity of the income tax of its meaning. Moreover, 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'). All these elements contribute to animate the debate.

The greater mobility of capital²³⁾ compared with labour explains why it is less taxed; policymakers fear that excessive levels of taxation scare away capital; or hope to attract capital from other countries by offering an attractive tax treatment (so-called 'tax competition'²⁴⁾). It is less clear, however, why this phenomenon has concerned the EU more than the remaining OECD²⁵⁾ countries, nor why the rate cuts started in the 1990s and not before. This has brought forth an extensive literature focussed on the analysis of tax competition, and in particular, given the recent steep decline of corporate income tax rates in the EU, whether a 'race to the bottom' in capital taxation (i.e. a trend towards zero or very low taxation, particularly in the corporate domain) is taking place²⁶⁾.

23) This mobility can assume different forms ranging from foreign direct investments to profit shifting.

24) See Nicodème (2006) for a recent review with a focus on the European Union.

25) See Devereux (2006) for a thorough analysis of corporate income taxation in the OECD countries.

26) See, among others, the papers of the 'Tax competition' work-package of the 'Tax benefit systems and growth potential of the EU' project (www.taxben.org) funded by the European Commission presented at the final conference, November 27, 2006 (Brussels).

Table II-4.1 Adjusted top statutory tax rate on corporate income
1995-2007, in %

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Difference 2007-1995
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	-6.2
BG	40.0	40.0	40.2	37.0	34.3	32.5	28.0	23.5	23.5	20.0	15.0	15.0	10.0	-30.0
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	-17.0
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	28.0	-6.0
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	-18.1
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	-4.0
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	-27.5
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	-15.0
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	-2.5
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	-2.2
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	-15.0
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	-15.0
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	-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	-11.0
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	-11.3
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	18.6	-1.1
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	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	-9.5
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	-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	-21.0
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	-13.1
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	-22.0
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	-2.0
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	-21.0
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	1.0
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	0.0
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	-3.0
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	0.0
EU-27	35.3	35.3	35.2	34.1	33.5	31.9	30.7	29.3	28.3	27.1	25.5	25.3	24.5	-10.8
EU-25	35.0	35.0	34.9	33.9	33.3	32.2	31.1	29.7	28.7	27.4	26.3	26.0	25.5	-9.6
EA-13	38.5	38.6	38.7	37.2	36.4	35.8	34.1	32.8	32.0	31.4	30.0	29.5	28.5	-10.0

Note: 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. **Germany:** From 1995 to 2000 the rates for Germany refer only to retained profits. For distributed profits lower rates applied. **Estonia:** As from 2000 the rate for Estonia refers only to distributed profits; the tax rate on retained earnings is zero. **France:** France applies a standard CIT rate of 33.3 %. The rates for France refer to large companies (turnover over €7,630,000) and include additional surcharges paid by them. As from 2000 the rates only apply to profits of large companies above €2,289,000. **Italy:** As from 1998 the rates for Italy include IRAP (rate 4.25 %), a local tax levied on a tax base broader than corporate income. The rate may vary up to 1 percentage point. **Portugal:** As from 2007 the rate for Portugal includes the maximum 1.5 % rate of a municipal surcharge, which municipalities may levy at a non deductible rate of the taxable profit. The municipal surcharge base corresponds to the taxable profit before the deduction of tax losses and tax benefits. **Lithuania:** A "Social tax" (applied as a surcharge) has been introduced in 2006 for 2 years (4 % in 2006 and 3 % in 2007). The tax base is the taxable profit as assessed for Corporate income tax.

Source: Commission Services

Two trends were prominent in corporate taxation in the Union in the last decade:

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 10.8 percentage points in the period 1995 to 2007 (see Table II-4.1).

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 regime and therefore encouraged Member State 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).

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 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 effective changes in the capital tax base²⁷⁾. Moreover, the weight of the base (total taxable capital) on GDP may differ considerably between countries. Hence, in this report we rely mainly on the so-called implicit tax rates, which allot each tax to its respective tax base. Despite its attractiveness, the indicator is not free from other limitations like the sensitivity to the business cycle and others discussed in detail in the Annex C.

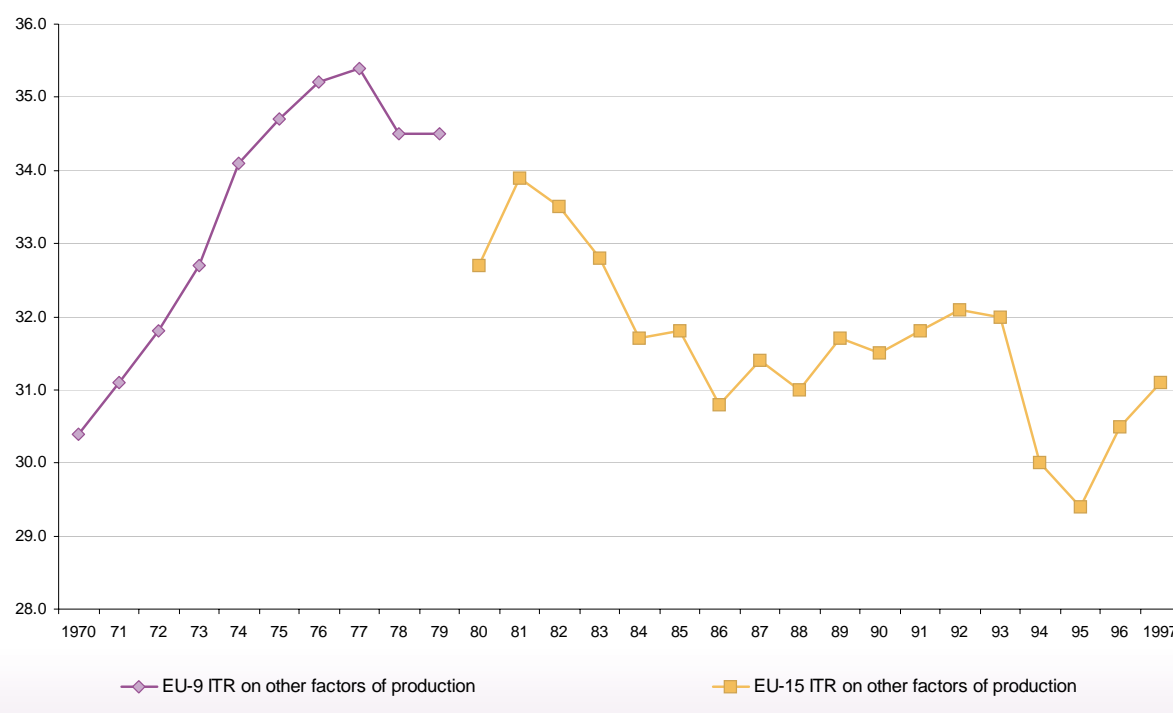
4.2. Implicit tax rates on capital: long-term trends

Although the ITR on capital is only available for the years starting from 1995, an indication of longer run trend starting from the '70s can be gleaned from a broader indicator, namely the 'tax rate on other production factors' which was computed in previous editions of this publication²⁸⁾. The definition of both numerator and denominator was different, somewhat broader and the data were based on the national accounts format ESA79.

27) The rules on computing taxable income can be construed to in such a way as to offer a strong incentive to foreign companies. For instance, allowing for the depreciation of buildings and the amortization 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.

28) European Commission (2000b).

Graph II-4.1 Implicit tax rate on other production factors
1970-1997, in %



Source: Commission Services

As shown in Graph II-4.1, this indicator shows for the European Union²⁹⁾ 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 format, 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 format ESA95. The methodology followed for the computation is described in Annex C.

29) The evolution of the ITR depicted in the Graph is referred to the EU-9 (BE, DK, DE, EI, FR, IT, LU, NL and UK) from 1970 to 1979 and to the EU-15 afterwards.

Table II-4.2 Implicit tax rate on capital
1995 – 2005, in %

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Diff.*
BE	25.3	26.7	27.9	30.0	31.0	29.3	29.4	30.7	33.2	33.9	34.5	9.3
BG	-	-	-	-	-	11.4	13.2	-	-	-	-	1.8
CZ	26.4	22.3	24.0	20.3	21.3	20.9	22.3	23.8	24.7	25.4	23.2	-3.2
DK	30.0	31.0	31.9	38.9	38.8	36.2	31.0	30.8	36.9	46.2	46.5	16.5
DE	22.4	25.6	24.5	25.9	29.1	29.2	22.7	21.2	21.5	21.9	23.3	0.8
EE	24.7	15.6	17.7	18.2	15.8	6.0	5.0	6.4	8.5	8.9	8.1	-16.6
IE ²⁾	25.9	29.2	27.9	27.1	34.1	32.3	33.6	33.0	34.6	39.1	41.4	15.5
EL	11.8	11.6	13.5	16.0	18.2	20.3	17.4	17.3	15.8	15.4	-	3.6
ES	20.3	20.7	23.4	24.4	27.5	30.5	28.9	30.6	31.0	33.5	36.0	15.7
FR	31.2	34.4	35.2	35.2	38.0	37.5	38.0	36.7	35.4	36.9	38.9	7.7
IT	25.9	26.2	29.5	27.0	30.1	29.3	28.8	28.8	31.1	29.5	29.0	3.1
LV	-	-	-	-	19.0	11.2	11.5	9.3	7.8	7.8	-	-11.1
LT	15.1	15.4	15.6	16.2	15.5	10.6	8.1	7.5	9.2	10.8	11.4	-3.7
NL	21.2	23.2	22.2	22.6	23.0	20.5	23.0	25.2	22.3	22.1	21.2	0.0
AT	25.6	28.0	28.4	28.8	27.0	26.0	33.0	27.9	25.6	25.5	23.1	-2.5
PL	21.5	22.0	22.4	21.0	22.6	21.3	21.6	23.8	20.7	20.7	22.2	0.7
PT	18.8	21.1	23.3	24.0	27.2	32.4	30.0	31.4	32.6	-	-	13.8
SK	33.5	30.1	24.9	24.0	22.1	19.5	17.1	17.4	16.8	16.0	14.4	-19.2
FI	28.5	30.9	31.5	32.6	32.2	36.4	25.7	27.4	25.8	26.1	26.7	-1.8
SE	17.5	23.3	25.7	27.1	32.6	40.0	31.3	33.1	-	-	-	15.6
UK	33.3	32.3	34.3	35.7	39.8	40.8	42.0	37.6	33.7	35.3	37.6	4.3
EU-27**	24.2	24.7	25.5	26.0	27.2	25.8	24.5	25.0	24.6	25.3	27.3	3.2
EU-25**	24.2	24.7	25.5	26.0	27.2	26.5	25.0	25.0	24.6	25.3	27.3	3.2
EA-13**	23.4	25.2	26.1	26.7	28.9	29.4	28.2	28.2	28.1	28.4	30.4	7.1

Note: 1) Data not available for Cyprus, Hungary, Luxembourg, Malta, Romania and Slovenia 2) Denominator including net insurance and property income (d44) * Difference refers to the first and last year available ** Arithmetic average of all data available

Source: Commission Services

Table II-4.2 shows the development of the ITR on capital for all the Member States and years available. Due to data limitations it is only possible to compute an incomplete time series for some of the countries (Bulgaria, Greece, Latvia, Portugal and Sweden) and no computation at all for some others (Cyprus, Hungary, Luxembourg, Malta, Romania and Slovenia). Indications on these countries linked to the development of taxation of capital, i.e. the numerator of the ITR, can be drawn from Part I of this report.

The overall ITR on capital substantially decreased in Slovakia, Estonia and Latvia (for the years available) and to a lesser extent in Lithuania, Czech Republic, Austria and Finland.

Starting from 1995, we notice an increase³⁰⁾ in the ratio for almost all the EU-15 countries³¹⁾. It reaches a peak between 1999 and 2000 (+7.4 percentage points in the EU-15 average) and then starts falling. This is in line with the cyclical development as the trough in the output gap was reached in 1996 for most countries while the peak was recorded in 2000. In the last three years, however the majority of the countries have registered following increases. The overall EU-25 average also reflects this tendency and it is now, always considering the missing values, back at the levels of 1999. The trend is confirmed when computing the average both considering the not available countries constant from the previous years and including only the countries for which the entire time series is available. The latter series is however on a higher level of 1 percentage point on average over the period.

Of all the EU-15 countries, Austria is the only one having registered in 2005 a decrease compared to the 1995 level. A different trend is shown by the new Member States³²⁾ for which new and more detailed data, though not complete yet, are now available. The six³³⁾ countries in this category show all, except slightly Poland, a lower level of the ITR compared to the first year available in their respective time series. A declining trend is clear in Slovakia and Latvia; in Lithuania and Estonia, it is evident taking into account the entire period, however in the last three years a tendency to increase is noticeable. Poland and the Czech Republic have followed a fluctuating trend.

4.3. Implicit tax rates on capital: sharp differences in levels

Graph II-4.2 presents the overall ITR on capital by Member State and its decomposition into an ITR on capital and business income and an ITR related to taxation of capital stocks proxied by the difference between the ITR on capital and the ITR on capital and business income. The graph also displays the maximum and minimum value of the overall ITR between 1995 and 2005.

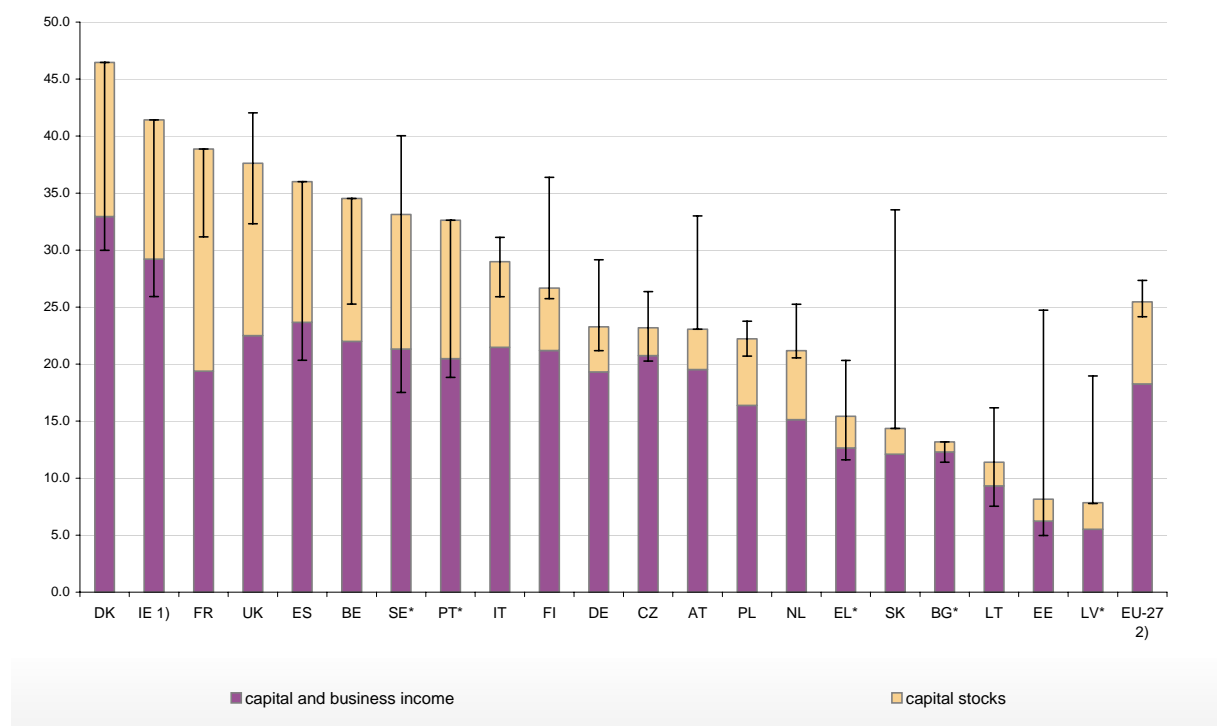
30) A more pronounced increase could be observed for the overall indicator when using a simplified denominator referring to the net operating surplus of the whole economy. Carey and Rabesona (2002) who used a similar (biased) denominator also reported increases in the implicit tax rate on capital.

31) For Ireland only a simplified definition of the denominator, including the balance of all property income for the private sector, is available. In order to compute the refined denominator in fact a full set of sectoral data in national accounts is necessary, which is currently not available. The analysis of these more detailed data in the other Member States suggests that the increase in the ITR is overestimated when using this simplified denominator. Likewise, the UK figures are known to be biased upwards due to the inclusion of tax on second-pillar pension benefits that are allocated to the capital income category whilst the benefits could not be incorporated in the denominator of the ITR. Other factors, which could affect/bias comparisons between Member States, are described in Annex C, 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.

32) The computation of the entire time series 1995-2005 for the ITR on capital is possible only for five of the NMS-12, namely the Czech Republic, Estonia, Lithuania, Poland and Slovakia. Partial data are available for Latvia and Bulgaria. The omission of the remaining Member States is clearly a gap in the overall picture. It will be hopefully filled in the next edition.

33) For Bulgaria only two years are available referring to period 2000-2001. It is therefore preferable here and in the remainder of the chapter not to include this country in the comparisons. In Latvia, the reference period is 1999-2004.

Graph II-4.2 Implicit tax rate on capital
2005, in %



Note: *BG: 1999-2004; EL, LV: 1995-2004; PT: 1995-2003; SE: 1995-2002 1) Simplified denominator, see Annex C, part D; 2) Arithmetic average of the last available data for all available countries

Source: Commission Services

The picture offered by Graph II-4.2 shows wide variability. The three Baltic Republics, consistently with a low level of taxation of capital, i.e. the numerator, stand out for the low level of both indicators (even if we are comparing the values of 2004 for Latvia): the average for these three countries in 2005 is 2.9 % against 7.4 % for the EU-27. However, the difference between the EU-15 and the (seven available) NMS-12 in general is broadly shaded: the Czech Republic and Poland have the most similar structure to the EU-15, on the other side Germany, Netherlands and Austria (and Greece for 2004) all present a low level of the ITR, particularly as for the capital stock component, when compared to the EU-15. At the other side of the scale we find Denmark, Ireland and France. The latter shows the highest level of taxation of capital stock in the European Union.

4.4. Driving forces behind changes of the ITR on capital

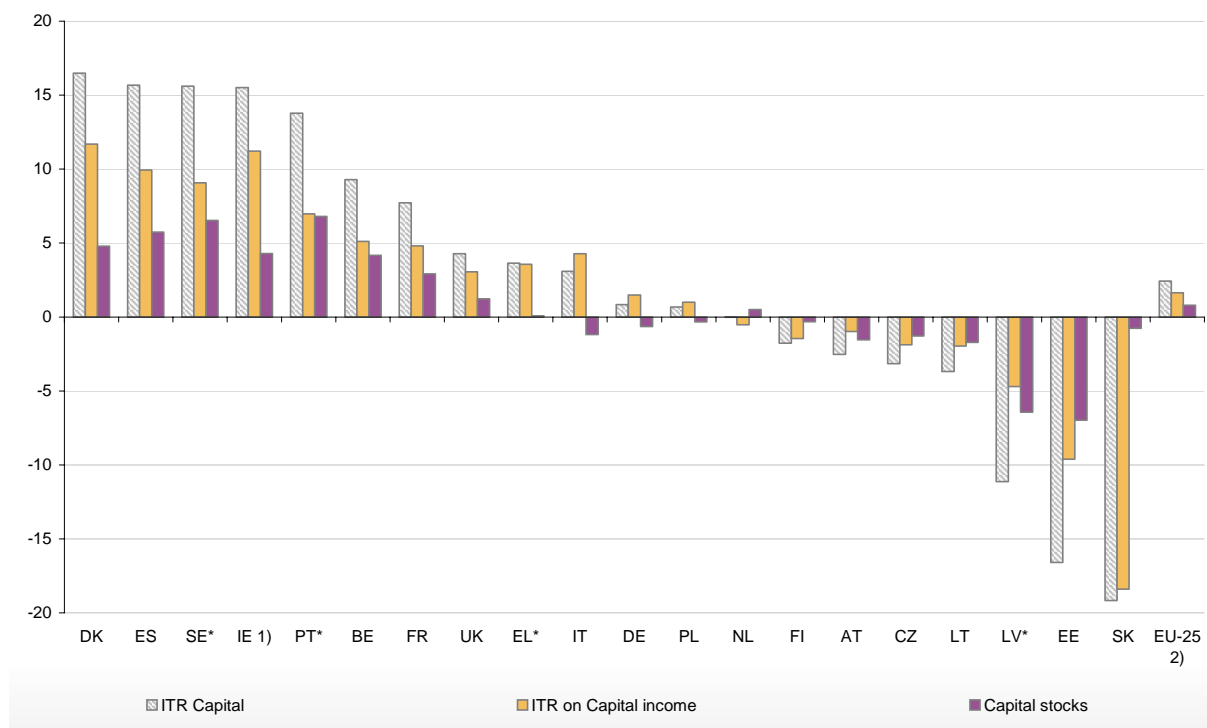
In order to disentangle some of the effects that may have influenced the ITR, it is sensible to disentangle the effect of taxation of capital stock or wealth, which follows a different logic, from the pure taxation of capital and business income. The latter is approximated by the second implicit tax rate computed in this report: the ITR on capital and business income (See Annex C, part D for details). This ratio typically covers taxes raised on savings and investment (i.e. the revenues from capital income) and those levied on the returns from entrepreneurship and business.

Graph II-4.3 shows the change of the ITR on capital and its decomposition between capital income and the part related to capital stocks or their transactions. The columns represent the absolute difference of these three indicators between 1995 and 2005, or between first and last year available, in percentage points. The choice of 1995 as a base year is linked to availability of ESA95 data; nevertheless taking this year as a starting point is not inappropriate

from an analytical viewpoint given that it is close to the cyclical trough, which as mentioned previously was recorded in 1996 in most EU Member States.

Graph II-4.3 Decomposition of the ITR on capital

Difference 2005 – 1995, in %



Note: *EL: 1995-2004; ES: 2000-2005; LV: 1999-2004; PT: 1995-2003; SE: 1995-2002 1) Simplified denominator, see Annex C, part D; 2) Arithmetic average of all available data

Source: Commission Services

Graph II-4.3 shows that the growth in the ITR on capital was mainly due to an increase in the implicit tax rates on capital income, with the only partial exception of Portugal. From 1995 to 2005, the ITR on capital and business income has on average increased (EU-25: +1.6 %) in line with the more general increase of the ITR on capital (+2.4 %). The reference to the difference partly hides the overall increase between 1995 and 2000, which has been offset by a drop in the ratios in 2001 and 2002. This change was particularly marked in some countries; in Germany it was related to the reduction of the corporate tax rate to a uniform rate of 25 % and related special transformation provisions³⁴⁾. In Finland³⁵⁾, the ITR fell back below its initial 1995 level, although its rise had been pronounced until 2000. In Austria, the ratio rose substantially only in 2001; before this, increases had been relatively modest³⁶⁾. Sweden and Denmark³⁷⁾, too, have shown wide swings in the ITR on capital and business income.

34) In 2001 the revenues from corporation tax fell dramatically from about €26 billion to €2 billion. Part of the reason for this drop was that legislation at that time permitted companies to recoup the difference between the higher tax rate on retained earnings, which had existed in the old tax system, and the lower one on distributed earnings by distributing these profits. Corporations massively applied these rules resulting in substantial refunds. At the same time, revenues from dividend tax and PIT increased due to the taxation of distributed profits at the individual level.

35) The Finnish statutory corporate tax rate was increased by 4 percentage points between 1995 and 2001 while the maximum annual depreciation rate of machinery and equipment was reduced to 25 % (1999).

36) The increase in 2001 is related to base broadening measures and significantly increasing tax pre-payments, in reaction to the introduction of interest charges on tax arrears from October 2001 onwards.

Table II-4.3 Implicit tax rate on capital and business income
1995 – 2005, in %

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Diff.*
BE	16.9	17.4	17.9	19.6	19.9	19.0	19.0	19.4	21.0	21.1	22.0	5.1
BG	-	-	-	-	-	10.5	12.3	-	-	-	-	1.8
CZ	22.6	18.3	20.3	16.9	18.1	17.4	19.1	20.8	21.7	22.9	20.7	-1.9
DK	21.3	22.2	22.8	27.7	27.6	24.0	17.6	17.3	21.4	30.5	33.0	11.7
DE	17.8	20.7	20.3	21.5	24.2	24.5	18.2	16.9	17.3	17.8	19.3	1.5
EE	15.8	8.6	10.7	12.8	11.2	3.8	3.0	4.5	6.6	6.8	6.2	-9.6
IE 2)	18.0	20.6	20.2	19.9	25.1	24.2	25.2	25.1	25.5	28.3	29.2	11.2
EL	9.1	8.6	9.9	12.5	13.5	15.4	13.3	13.8	12.6	12.7	-	3.6
ES	13.7	14.2	16.3	16.5	18.8	20.9	19.6	20.7	20.4	21.8	23.7	9.9
FR	14.6	16.6	16.9	17.0	19.2	20.0	20.7	19.1	17.6	18.5	19.4	4.8
IT	17.2	18.3	20.7	18.9	22.3	22.5	22.4	21.1	23.9	21.7	21.5	4.3
LV	-	-	-	-	10.2	6.7	7.0	6.7	5.1	5.5	-	-4.7
LT	11.3	10.7	10.7	11.1	9.7	6.7	5.2	4.8	6.9	8.4	9.3	-2.0
NL	15.7	17.3	17.0	16.9	17.0	14.8	17.0	18.1	15.7	15.5	15.1	-0.5
AT	20.5	23.3	23.8	24.1	22.6	21.6	28.6	23.7	21.5	21.7	19.5	-1.0
PL	15.4	15.6	15.9	15.3	17.2	16.5	16.4	17.9	15.7	15.7	16.4	1.0
PT	13.5	15.8	17.6	17.7	19.9	24.1	21.8	21.7	20.5	-	-	7.0
SK	30.5	25.7	21.8	20.8	19.1	16.7	14.6	14.8	14.2	13.3	12.1	-18.4
FI	22.7	24.7	25.9	27.3	27.1	31.5	21.7	22.9	21.1	20.9	21.2	-1.5
SE	12.3	15.3	17.0	17.9	23.0	29.8	21.7	21.3	-	-	-	9.1
UK	19.5	19.4	21.4	22.4	24.4	24.5	25.6	21.8	19.3	20.3	22.5	3.0
EU-27**	17.3	17.5	18.3	18.8	19.5	18.8	17.6	17.6	17.3	18.0	19.4	2.2
EU-25**	17.3	17.5	18.3	18.8	19.5	19.2	17.9	17.6	17.3	18.0	19.4	2.2
EA-13**	16.3	18.0	18.8	19.3	20.9	21.7	20.7	20.2	19.7	20.0	21.2	4.9

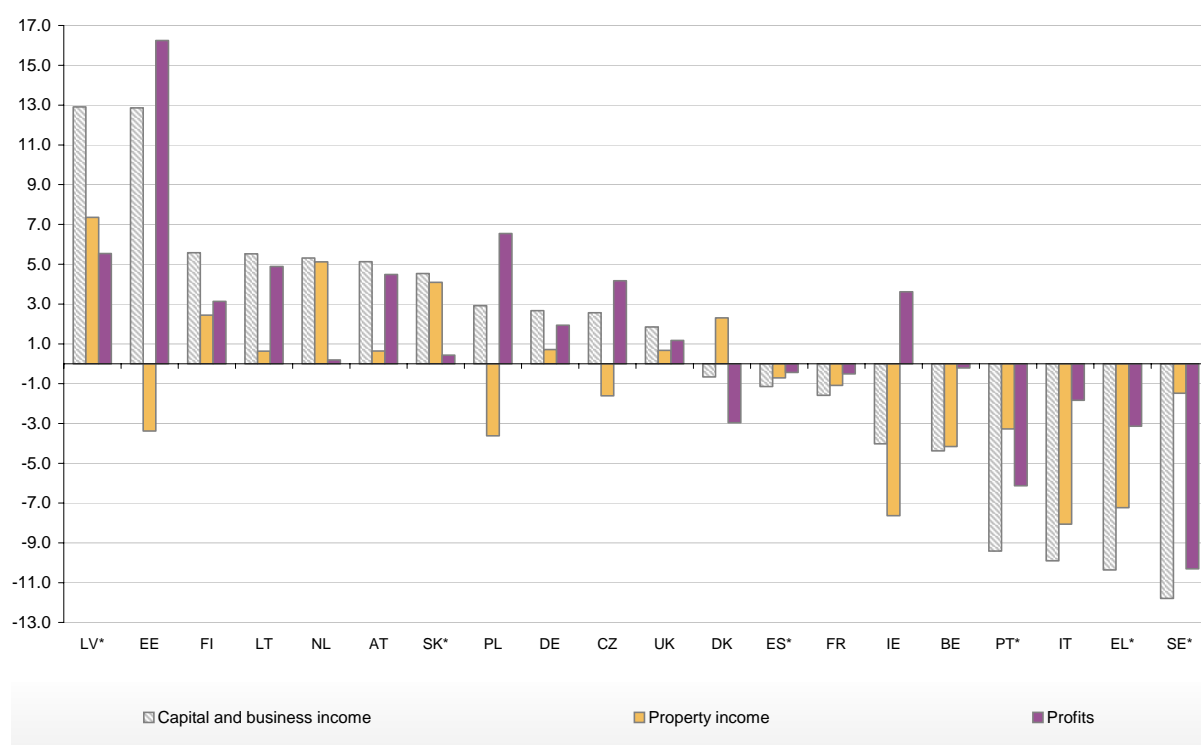
Note: 1) Data not available for Cyprus, Hungary, Luxembourg, Malta, Romania and Slovenia 2) Denominator including net insurance and property income (d44) * Difference refers to the first and last year available ** Arithmetic average of all data available

Source: Commission Services

Table II-4.3 presents the developments in the ITR on capital and business income for the period 1995-2005. An increase is visible in 13 countries out of the 21 available. In the majority of the EU-15 countries a peak was reached in 2000 or 2001. However, four countries reached the maximum level in 2005 (Belgium, Denmark, Ireland and Spain). The only EU-15 countries who show a decrease from the 1995 level are the Netherlands, Austria and Finland. Excluding these three countries, the average difference between 1995 and the last year available for the other EU-15 countries is roughly +6.5 percentage points. The opposite applies to the 12 newly acceded Member States, where the three Baltic Republics, already starting from low levels, followed a decreasing path, even if this tendency seems to be inverted in the last years. Slovakia, too, shows a reduction in its ratio over the period. The Czech Republic, after a fluctuating movement at the beginning of the time series, started to rise up to a maximum level in 2004, but tax changes during 2004-2006 (tax rate reduction, introduction of the R&D tax credits, tax depreciation acceleration) have contributed to a reduction of the ITR on capital and business income in 2005.

37) In Denmark, however, this trend is influenced by a peculiarity of the pension system. In fact yields of certain pension scheme assets are taxed and the capital income of households is therefore subject to large swings depending on the gains on traded securities owned by the pension funds.

Graph II-4.4 Composition of the denominator of ITR on capital and business income
Difference 2005 – 1995, in % of GDP



Note: * EL: 1995-2004; ES: 2000-2005; LV: 1999-2004; PT: 1995-2003; SE: 1995-2002 1) Simplified denominator, see Annex C, part D

Source: Commission Services

Graph II-4.4 provides further elements to deepen the analysis of the base of the ITR on capital and business income. It shows the influence of changes in property income on the move of the base of the ITR on business and capital income in one direction or the other. In 11 out of the 20 Member States for which data are available an increase of the base is registered and it corresponds mostly to an increase in the share of profits as percentage of GDP, particularly large in the case of Estonia and Poland. In Austria and Lithuania even if not particularly high the change in profits largely prevailed on the variation of property income. In Latvia, Netherlands, and Slovakia, property income has played a bigger role. In the countries who have witnessed a decrease in the base, this was mainly linked to a decrease in property income, particularly in Italy, Ireland and Greece. Portugal, Sweden and Denmark were instead more influenced by the development of profits.

4.5. Splitting the ITR on capital income between corporations and households

Additional indications on the development of taxation on capital can be derived from the last two indicators computed in this report. The ITR on corporate income allow focusing on the developments of taxation on companies. The ITR on capital income of households and self-employed, on the other hand, allows tailoring the indications of the broader ITR to these two categories.

The ITR on corporate income increased during the expansionary phase lasting until 2000. This is more visible for the EU-15 countries which on average increased by 7.7 percentage points (not including Spain) between 1995 and 2000, but also applies to the EU-25 average (+1.5 %, not including Spain, Latvia and Slovakia). Less pronounced increases are also discernible for the ITR on capital income of households (+2.7 excluding Spain in the EU-15 and +2.2 in the EU-25 average, excluding Spain, Latvia and Slovakia).

However, the response of taxes to the expansion during those five years was partly atypical. The 1995-2000 period saw fiscal consolidation and macroeconomic stabilisation. The reduction in public debt, changes in savings behaviour and in the financing of private sector investments, higher capital gains in a time of booming stock markets, all resulted in significant shifts in the profit and income distribution. Overall, this led to increases in the ITRs on capital income, which were likely to be larger, *ceteris paribus*, than usually experienced in an upswing of comparable strength and duration.

With the slowdown in stock market performance and in economic growth, a decline in the ITR on corporate income and - to a lesser extent - the ITR on capital income of households is already visible for some countries in 2001-2002. These cyclical factors are accompanied by the recent tax policy measures aimed at reducing the tax burden on corporations that show up in revenue data with a lag. However, it is too early to judge which of the elements influencing the developments of the ITRs will prevail.

A feature which is common to all available NMS-12, with a partial exception in Lithuania, is the significantly lower level of the ITR on capital income of households. In general, taxation on the capital income of households, i.e. the numerator of the ITR is low: not considering Cyprus and Malta, it is roughly one third of the average for the EU-15.

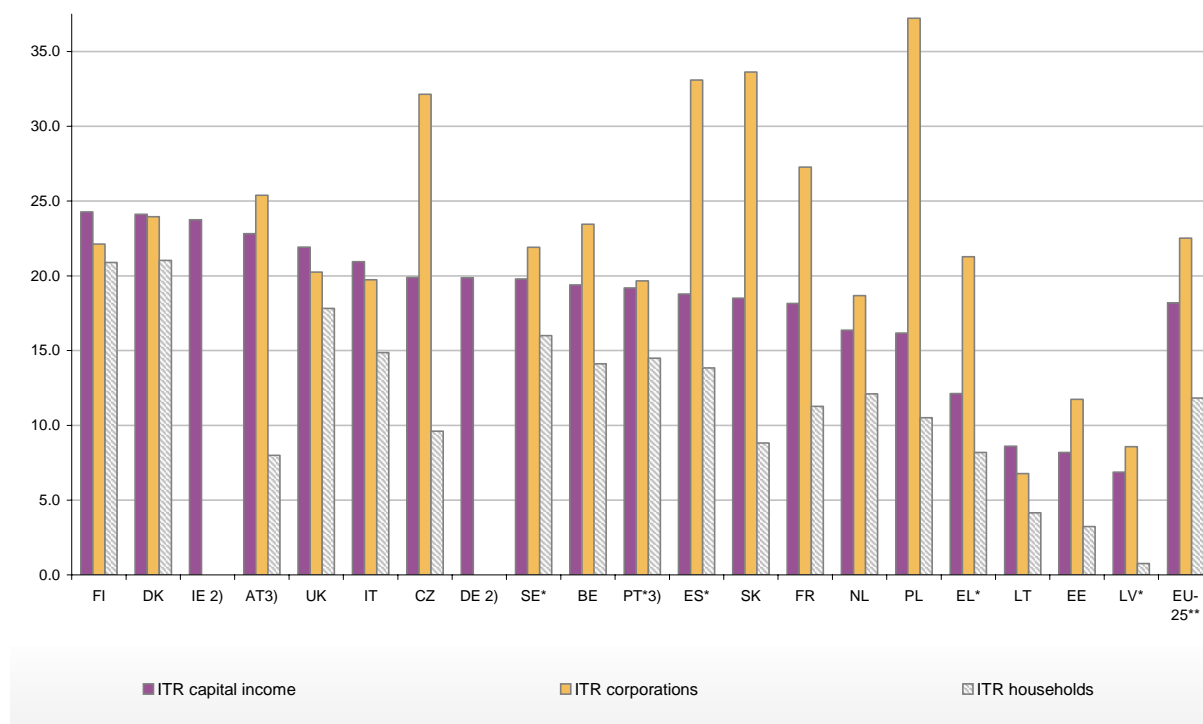
However, an overall lower weight of the ITR on households is noticeable in all countries (see Graph II-4.4). The only partial exceptions are Finland and, to a lesser extent, Denmark and the United Kingdom. The ITR on corporate income is on average almost at a double level.

Graph II-4.5 presents the average for the three ITRs: ITR on capital income, on the income of corporations and the capital income of households. In order to try to smooth out the influence of loss-carry-forward and -backward provisions, the average ITR for 1995 to 2005 is presented³⁸⁾

38) The coverage of the last two ITRs is lower than for the ITR on capital and business income and some adjustment are necessary. In particular, estimates for Germany and Ireland 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 to avoid publishing these results.

Graph II-4.5 ITR on corporate income and on capital income of households¹⁾

Average 1995 to 2005 – in %



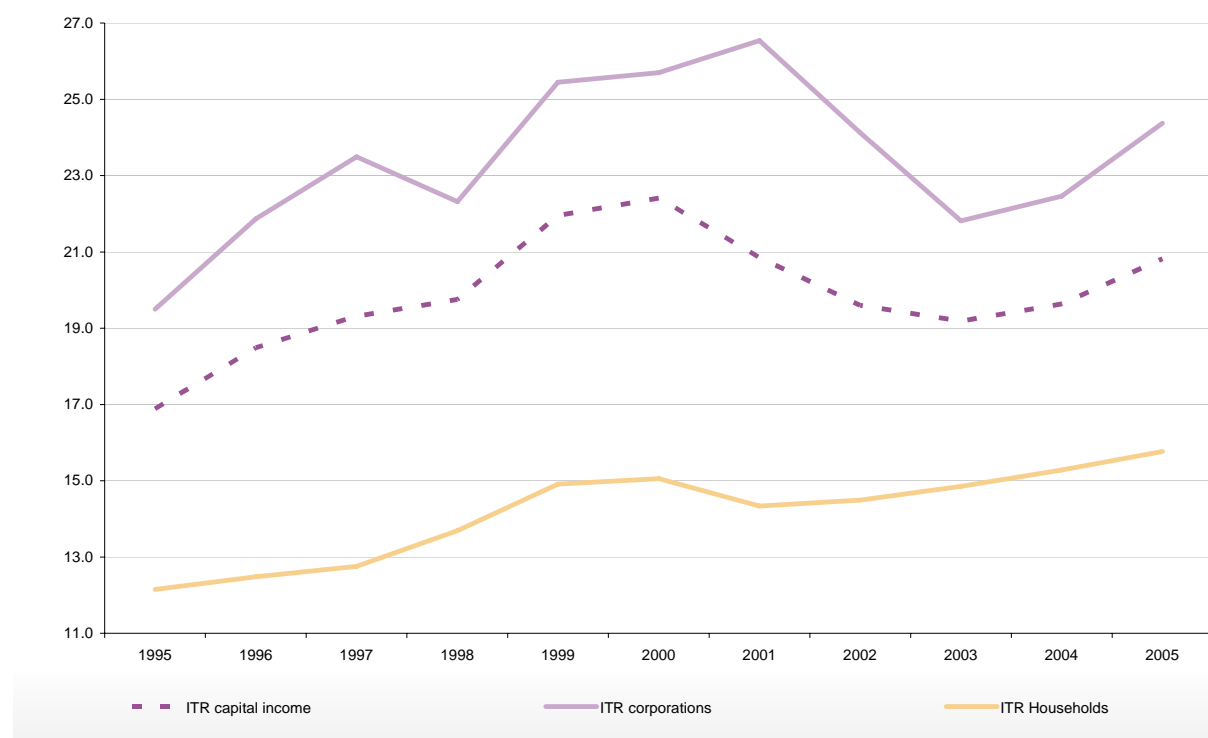
Note: *EL: 1995-2004; ES: 2000-2005; LV: 1999-2004; PT: 1995-2003; SE: 1995-2002 **Arithmetic average of available data 1) including self-employed 2) Split corporations/households not available; for EI simplified denominator, see Annex C, part D 3) self-employed allocated to corporations

Source: Commission Services

The ITR on corporate income is particularly high in Poland, Spain (2000-2005), Czech Republic, Slovakia and France. These countries share a lower than average level of the denominator as percentage of GDP. In Poland, however the high level of the indicator is probably linked to the high number of companies registering a loss. This has a resulting depressing effect on the net operating surplus, which constitutes an important share of the denominator. In Slovakia, it is probably more linked to the peculiar treatment of financial institutions. These were paying very high taxes, not completely related to their profits, at the beginning of the period; which preceded a crisis of the banking sector at the turn of the century.

Graph II-4.6 shows the development of the weighted average of the ITR on capital and business income during the period 1995 to 2005 for the EU-25 together with the ITR on corporate income and the ITR on capital income of households and self-employed.

Graph II-4.6 Development of ITRs on capital income for corporations and households
1995-2005, EU-25, weighted average, in %



Source: Commission Services

The ITR on corporate income moved more or less in step with the ITR on households. Until 2000 they both increased at a similar pace. Since the turn of the century, a slight average decrease is discernible that seem to be inverted in the last two years. It is however advisable to bear in mind that the changes in the ITR are not always fully in line with changes in fiscal policy. In particular, the full impact of the measures directed at a broadening of the capital tax base and of the tax reforms aimed at reducing the taxation of entrepreneurial income and other capital income could not yet be reflected in the data. There is in fact a certain lag between the change in legislation and the collection of the revenues, which the accrual principle followed by national accounts only partly corrects for³⁹⁾.

In addition, the figures could be affected by variations over time in the methods by which national tax administrations determine final tax liabilities and actually collect the tax revenues. The cash-based revenue figures consist of tax-prepayments that are determined on the basis of assessments for prior years. Separate calculations by the Ministry of Finance in the Netherlands using other (unpublished) accrual figures (in which the effect of such differences in collection methods has been eliminated) suggest a less pronounced increase in the ITR on capital income for that Member State.

Another important explanation for the overall increase in the implicit tax rate lies in the generally good condition of the European economy in the 1995-2000 period. The first year (1995) of the period under investigation was, in almost all countries, a year of recovery from the 1993 recession. The whole period until 2000 can be characterised as an upswing though with a slower pace in 1998 due to the impact of the Asian crisis.

39) In fact, ESA95 allows for considerable flexibility in interpreting the accrual time of recording, depending on the type of taxes. Most statistical offices use 'time adjusted' cash figures for a few months, which is permitted following amendment of ESA95.

4.6. Decomposition of the ITR changes by numerator and denominator

Interesting insights on the ITRs come from the analysis of their structure. The decomposition of the indicator by numerator and denominator allows a better understanding of the influence of the two components on its development. The results of this operation underscore the complexity of the mechanisms affecting the ITRs.

Table II-4.4 ITR on corporate and on household capital income

Corporation - levels 2005							Households - levels 2005						
ITR		Numerator		Denominator			ITR		Numerator		Denominator		
2005	Diff. 2005 to 1995	2005	Diff. 2005 to 1995	2005	Diff. 2005 to 1995		2005	Diff. 2005 to 1995	2005	Diff. 2005 to 1995	2005	Diff. 2005 to 1995	
%	%-points	% -points of GDP					%	%-points	% -points of GDP				
BE	23.7	4.3	3.5	1.1	14.7	2.7	BE	16.5	2.9	3.1	-0.4	18.8	-6.5
BG*	15.4	3.9	3.8	0.8	35.0	-2.4	BG	8.6	-0.6	1.8	-0.1	28.1	-4.3
CZ	26.0	-21.2	4.5	-0.1	17.2	7.5	CZ	12.2	3.7	1.8	0.1	15.2	-5.0
DK	27.9	7.6	3.8	1.5	13.7	2.2	DK	35.9	15.1	3.0	0.8	8.2	-2.2
DE	-	0.0	2.5	0.5	-	-	DE	-	-	2.8	0.4	-	-
EE	6.2	-22.8	1.4	-1.0	23.2	14.8	EE*	5.0	2.1	0.4	0.1	8.6	-1.5
IE	-	-	3.4	0.7	-	-	IE	-	-	2.8	1.0	-	-
EL*	18.8	3.7	3.3	0.7	17.5	0.2	EL*	9.4	3.0	3.3	0.2	35.3	-13.0
ES*	41.2	10.5	3.9	0.8	9.6	-0.7	ES*	13.4	-1.2	2.7	-0.3	20.5	0.0
FR	29.1	8.1	2.4	0.7	8.4	-0.1	FR	11.6	1.8	2.2	0.3	19.2	-0.8
IT	20.7	6.5	2.9	0.0	13.8	-6.3	IT	14.9	1.3	4.6	-0.2	31.2	-4.5
CY	-	-	4.7	0.4	-	-	CY	-	-	1.7	1.3	-	-
LV*	7.4	-5.1	1.7	-0.3	23.2	7.0	LV*	0.6	0.2	0.1	0.1	20.9	7.3
LT	7.8	-3.4	2.1	0.0	27.0	8.2	LT*	3.5	-0.6	0.6	0.1	17.8	3.9
LU	-	-	6.0	-0.6	-	-	LU	-	-	2.4	0.1	-	-
HU	-	-	2.2	0.3	-	-	HU	-	-	0.9	0.0	-	-
MT	-	-	4.0	1.3	-	-	MT	-	-	3.0	0.7	-	-
NL	13.2	-6.6	3.7	0.4	28.0	11.5	NL*	16.1	5.4	2.2	0.2	13.8	-5.1
AT ¹⁾	21.4	-1.2	2.3	0.7	23.1	5.7	AT ²⁾	5.9	-4.4	3.3	0.0	11.8	2.5
PL	22.4	-24.4	2.5	-0.2	11.1	5.3	PL*	12.7	4.7	3.7	1.0	29.2	-4.1
PT* ¹⁾	20.1	5.3	2.9	0.5	18.9	-3.3	PT* ²⁾	16.5	6.5	1.8	-0.2	5.2	-5.4
RO	-	-	2.7	0.2	-	-	RO	-	-	1.3	-0.1	-	-
SI	-	-	2.9	2.3	-	-	SI	-	-	1.0	0.0	-	-
SK*	23.3	-21.2	2.8	-1.1	12.0	3.3	SK*	5.7	-5.4	1.2	-1.1	21.6	0.4
FI	18.3	-1.2	3.3	1.0	18.2	6.4	FI	19.6	-1.4	2.2	-0.1	11.0	0.1
SE*	29.6	15.1	2.1	-0.5	7.1	-11.0	SE*	13.9	6.3	1.3	0.5	9.6	-0.8
UK	18.6	-0.6	3.4	0.6	18.6	3.7	UK	21.1	6.5	3.2	0.6	15.2	-2.1

* BG:2000-2001; EL:1995-2004; ES:2000-2005; LV:1999-2004; PT:1995-2003; SK: 1997-2005; SE:1995-2002

1) including self-employed

* BG:2000-2001; EL:1995-2004; ES:2000-2005; LV:1999-2004; PT:1995-2003; SK: 1997-2005; SE:1995-2002

2) excluding self-employed

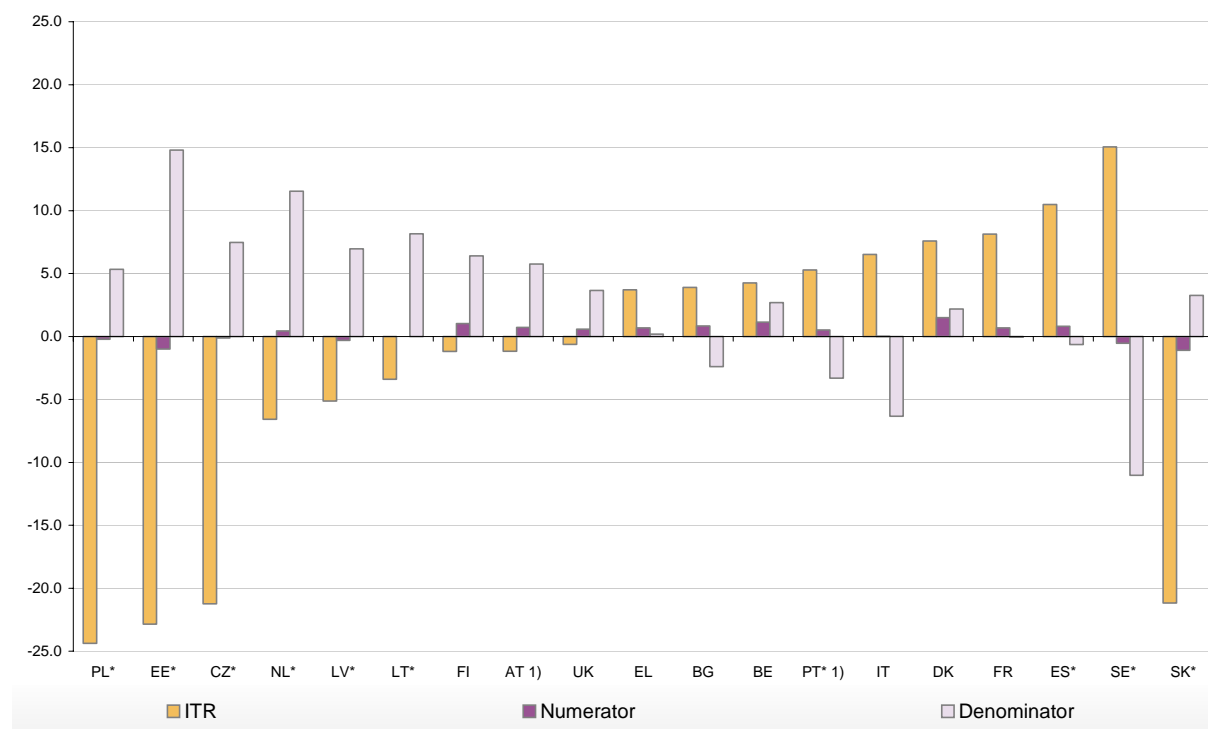
Source: Commission Services

Table II-4.4 depicts the levels in 2005 for the two ITRs and their respective numerator and denominator. Focussing on the numerator, it is possible to have indications also on the countries for which the computation of the ITR was not possible. In 2005, taxation on corporate income ranges from 1.4 in Estonia to 6.0 % of GDP in Luxembourg, with an average of 3.1 %. The same large variety is shown as for taxation of capital income of households and self-employed. Also here, the specificity of the Baltic Republics is confirmed. The low level of taxation is visible on all indicators, in particular as for taxation on households. In Lithuania, the low ITR on corporate income is associated with a level of the base as percentage of GDP, which lies largely above the average. In Estonia, on the other hand, the base is not particularly low and therefore the level of the ITR is better explained by a very low level of the numerator.

At the other side of the scale, France, Sweden and Spain experience the highest level of the ITR on corporate income together with the lowest level of the denominator.

As for the denominator, there is also a wide variability. Levels range from 7.1 % of GDP in Sweden to 35.0 % in Bulgaria. The highest levels registered in 2005 reflect the changes over the period, with the countries who increased the most being also those who rank at the first places in 2005 (the Netherlands, Lithuania and Estonia, not considering Bulgaria because of the limited time series).

Graph II-4.7 ITRs on capital income of corporations
Changes 1995-2005, in %



Note: *BG: 2000-2001; EL: 1995-2004; ES: 2000-2005; LV: 1999-2004; PT: 1995-2003; SK: 1997-2005; SE: 1995-2002 1) excluding self-employed

Source: Commission Services

Graph II-4.7 shows the changes between 1995 and 2005, or between the first and last year available, in the ITR and its components for all countries for which the computation of the indicator was possible.

Out of the 27 countries, only seven countries have decreased the revenue from taxation on corporate income from the beginning of the period under consideration, mostly in the new Member States. The biggest decreases are in Estonia and Slovakia⁴⁰⁾. The largest increase is registered in Slovenia⁴¹⁾. On average the difference in the numerator between the first and last year available for all countries has been of almost half percentage point of GDP.

As for the denominator, out of the 19 countries available six show a decrease (-4.0 % on average), however only for two of these the time series is complete. The biggest contraction is registered in Italy (6.3 %). The other countries

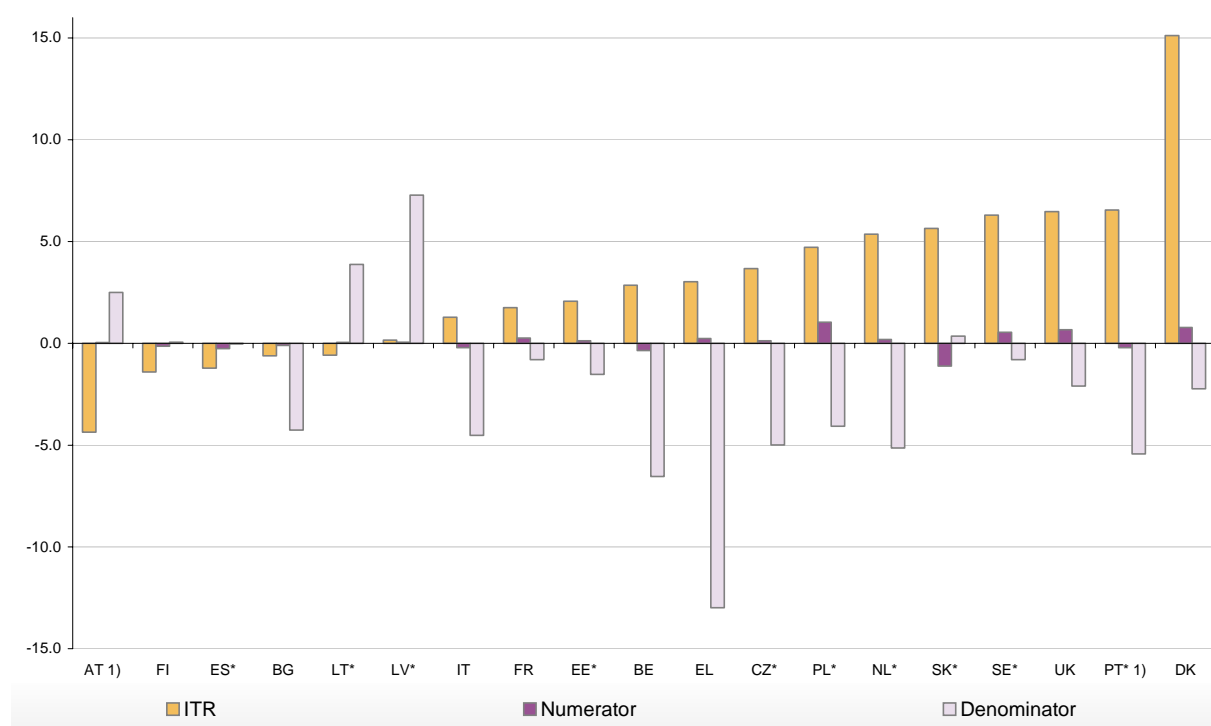
40) The latter country shows an even more marked decline if we also consider the first two years for which the computation of the ITR was not possible. The difference from 1995 to 2005 is then -4.0 percentage points of GDP, by large the greatest diminution in the European Union.

41) The only other country showing a similar trend is Spain between 1995 and 2005. However, the computation of the ITR on corporate income was not possible for the period 1995-1999.

have increased on average by 6.0 percentage points, with Netherlands being by far the more dynamic country in this respect (+11.5 %). Overall, we observe an increase in the denominator as percentage of the GDP (+2.9 %).

It is also interesting to look at the interactions between the development of the numerator and that of the denominator in order to see if they moved in step or towards opposite directions and in this latter case which of the two prevailed. In eight countries, the increase in the denominator has not been associated with a decrease in the numerator and the first effect has prevailed in five of them resulting in a decrease of the ITR. On the other hand, in Sweden the strong reduction in the denominator largely offset the diminution of the numerator. The ITR therefore registered the largest increase, even if we must only consider the period 1995-2002.

Graph II-4.8 ITRs on capital income of households and self-employed
Changes 1995-2005, in %



Note: *BG: 2000-2001; EL: 1995-2004; ES: 2000-2005; LV: 1999-2004; PT: 1995-2003; SK: 1997-2005; SE: 1995-2002 1) excluding self-employed

Source: Commission Services

Graph II-4.8 allows the same kind of analysis with reference to the ITR on capital income of households and self-employed. Limiting our attention to the countries for which the time series for the three elements are complete we observe a slight average increase (+0.2 %) with only three countries out of 12 showing a reduction of taxation. These countries (Lithuania, Austria and Finland) are also the only having increased their taxable base as percentage of GDP with as cumulative effect a decrease in the ITR. In general, a decrease in the denominator is more visible (-2.1 %) and resulted in an increase of the ITR. (+3.1 % on average). It will be interesting to observe the evolution when the data for the remaining countries will be complete. However including the other limited data available does not change the general trend: we still observe a slight increase in the numerator (+0.1 %) and a more clear reduction in the base (-2.2 %) with a consequent increase in the ITR (+3.0 %).

Trends in environmental taxes

chapter 5

5. TRENDS IN ENVIRONMENTAL TAXES

5.1. Revenue development and structure

The introduction of environmental tax reforms gained increasing support during the 1990s. The basic idea was that an increase in environmental taxes constituted an attractive instrument to not only reduce the damage wrought by human activities to the environment, but also to achieve another objective, that of reducing taxes on labour, which has proven elusive (see Chapter II-3 on labour). At the same time, care had to be taken to protect producers from any negative effect on competitiveness arising from increases in the cost of inputs, most particularly energy. Offsetting these cost increases is usually possible and has indeed been a key feature of the 'green' tax reforms that many Member States have introduced over the last decade. Among others, Denmark, Germany, Italy, the Netherlands, Austria, Sweden, Finland and the UK have introduced elements of environmental taxation. Some new Member states, too, have followed suit; one example is Hungary, where a law introducing a new environmental tax entered into force already in September 1995. Given the desirability of avoiding any risk to the mutual compatibility of the different taxation systems, particularly in the area of indirect taxation, this also gradually led to initiatives at European level⁴²⁾.

Despite this interest, environmental tax revenues have not been growing significantly in recent years, at least in the old Member States. In 2005, revenues from environmental taxes in the EU-27 (in the GDP-weighted average) accounted for 2.6 % of GDP and for 6.6 % of total revenues. Compared to 1980, when environmental taxes accounted for 0.5 % of GDP⁴³⁾, the increase is significant. However, in the EU-15, the main increase took place between 1990 and 1994 and was largely driven by the above-average increase of energy taxes; in the recently acceded Member States the situation is different as the increase in environmental taxes usually took place somewhat later and was partly linked with the EU accession process. Since the year 1999 environmental tax revenues, in the weighted average, have slightly decreased both in relation to GDP and as a share of total taxation; this overall decline is due essentially to the trend in the larger Member States, as the simple arithmetic average does not show any decline in revenue (see Table II-5.1).

Despite these trends, it is difficult to assess whether environmental taxation is on its way out. On the one hand, the growing popularity of non-fiscal instruments such as emissions trading, and the prospects for structurally higher world prices for oil than in the 1990s might lead to a reduced appetite for additional environmental taxation, at least as far as energy is concerned. An example of this trend could be the recent Swedish programme to provide tax relief from energy taxes to energy-intensive companies if, for a 5-year period, they implement an energy management system (including fixed energy reduction targets) and energy saving measures. On the other hand, the British and the Austrian governments have recently announced hikes in environmental taxes and several others have expressed a similar interest. One recent example was the introduction of taxes on air travel in several European countries.

42) In its 6th Environmental Action Programme, the European Community argued for a broadening of the range of policy instruments beyond environmental legislation. These should include increased use of market-based instruments, such as environment taxes, aiming to internalise external environmental costs and thereby stimulate both producers and consumers towards limiting environmental pressure and towards responsible use of natural resources. In October 2003, after six years of negotiations in the Council, the Directive (2003/96/EC) for restructuring the Community framework for the taxation of energy products and electricity was adopted by the Council. The Directive extended the Community system of minimum rates to coal, natural gas and electricity, and increased the existing minimum rates from their 1992 level to some extent.

43) European Commission (1996b, p. 60).

Table II-5.1 Environmental tax revenues
1995-2005, in % of GDP

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
BE	2.3	2.5	2.6	2.5	2.5	2.3	2.3	2.3	2.3	2.4	2.4
BG	-	-	-	-	-	2.5	2.8	2.3	3.0	3.4	3.1
CZ	2.9	2.7	2.5	2.4	2.6	2.6	2.6	2.5	2.6	2.8	2.8
DK	4.5	4.8	4.8	5.2	5.3	5.2	5.1	5.3	5.1	5.5	5.8
DE	2.3	2.2	2.2	2.1	2.3	2.4	2.5	2.5	2.7	2.5	2.5
EE	0.8	1.2	1.5	1.8	1.7	1.5	1.9	1.8	1.9	2.1	2.2
IE	3.1	3.1	3.0	3.0	3.0	2.9	2.3	2.3	2.3	2.5	2.3
EL	3.5	3.5	3.4	3.2	3.1	2.6	2.8	2.5	2.4	2.4	2.3
ES	2.2	2.2	2.1	2.3	2.3	2.2	2.1	2.1	2.1	2.0	2.0
FR	2.8	2.9	2.7	2.7	2.8	2.5	2.4	2.5	2.4	2.4	2.4
IT	3.6	3.5	3.5	3.4	3.5	3.2	3.0	2.9	3.0	2.8	2.8
CY	2.8	2.8	2.5	2.5	2.5	2.7	3.0	2.9	3.8	4.0	3.5
LV	1.1	1.6	2.1	3.0	2.5	2.4	2.2	2.3	2.5	2.6	2.7
LT	1.2	1.2	1.4	1.9	2.3	1.8	1.9	1.9	2.0	2.0	1.9
LU	3.0	2.9	3.0	2.9	2.8	2.8	2.8	2.8	2.8	3.1	3.0
HU	3.1	3.1	3.0	3.5	3.4	3.0	2.8	2.8	3.0	2.9	2.9
MT	3.3	3.1	3.5	3.9	4.0	3.7	3.7	3.5	3.5	3.2	3.5
NL	3.6	3.8	3.7	3.8	3.9	3.9	3.8	3.6	3.7	3.9	4.0
AT	2.1	2.1	2.3	2.3	2.3	2.4	2.6	2.6	2.7	2.7	2.6
PL	1.8	1.9	1.8	1.8	2.1	2.1	2.1	2.4	2.5	2.6	2.7
PT	3.5	3.5	3.3	3.5	3.4	2.7	3.0	3.1	3.1	3.1	-
RO	-	-	-	-	-	-	-	1.9	2.5	2.5	2.1
SI	-	-	-	-	2.2	3.0	3.4	3.4	3.4	3.4	3.3
SK	-	-	1.9	2.0	2.0	2.0	2.0	2.3	2.6	2.6	2.5
FI	2.9	3.1	3.3	3.3	3.4	3.1	2.9	3.0	3.2	3.2	3.0
SE	2.8	3.1	3.0	3.0	2.9	2.8	2.8	2.9	2.9	2.9	2.9
UK	2.9	3.0	3.0	3.1	3.2	3.1	2.8	2.7	2.6	2.6	2.5
NO	3.2	3.3	3.0	2.9	2.5	2.2	2.0	2.0	2.0	2.1	1.9
EA-13											
weighted average	2.7	2.7	2.7	2.7	2.8	2.7	2.6	2.6	2.7	2.6	2.6
arithmetic average	2.9	2.9	2.9	2.9	2.9	2.8	2.8	2.7	2.8	2.8	2.7
EU-25											
weighted average	2.8	2.8	2.8	2.8	2.9	2.8	2.7	2.7	2.7	2.7	2.6
arithmetic average	2.7	2.8	2.8	2.9	2.9	2.7	2.8	2.8	2.8	2.9	2.9

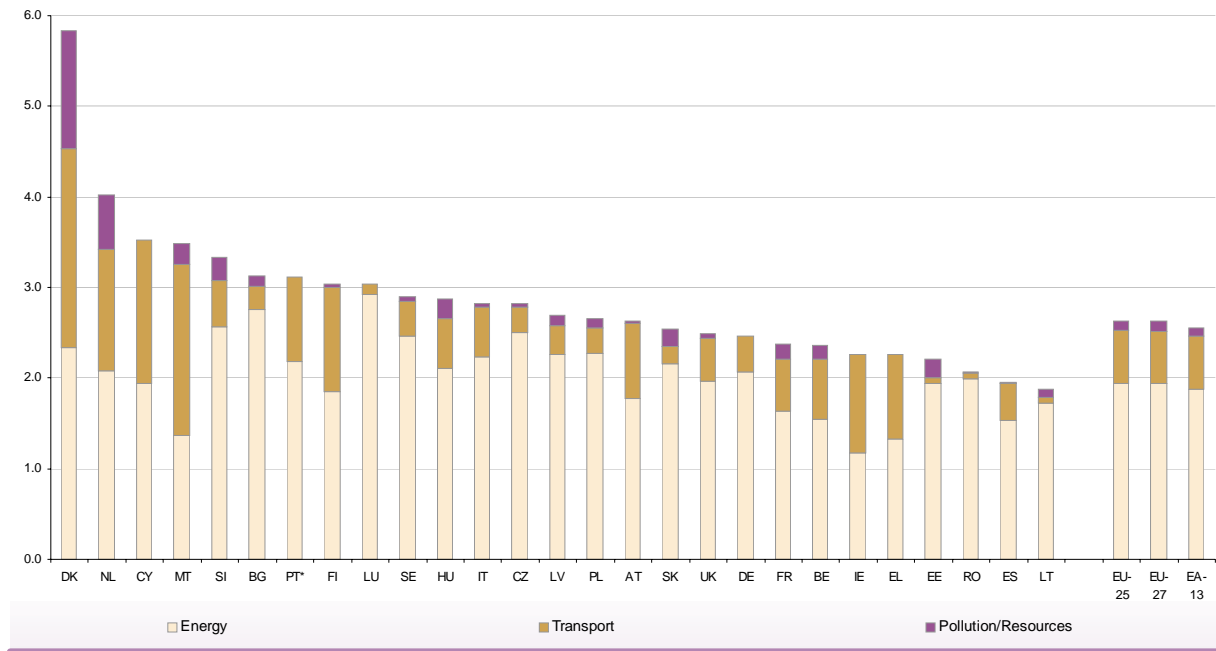
Source: Commission Services.

Environmental taxes can be divided into four broad categories (energy, transport, pollution and resource taxes; see Annex C 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, slightly less than one fourth of total environmental tax revenues and 1.5 % 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 just 4.1 % 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 in general, most MS tend to fall in a band ranging from 2 % to 3 % of GDP, or slightly higher. Only two Member States show levels below 2 % of GDP, while only in three countries environmental tax revenues exceed 3.5 % of GDP. At 5.8 % in 2005, Denmark displays by far 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 Lithuania (1.9 %), and Spain (rounded up to 2.0 %).

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 and Cyprus they account for nearly half of environmental taxes, while in Malta they represent an even higher share of environmental taxation, over 60 %. In Denmark, transport taxes raise almost the same amount of revenue as energy taxes, but on account of the high level of pollution and resource taxes in that country, constitute only a good third of environmental taxes.

Graph II-5.1 Environmental tax revenues by Member State and type of tax
2005, in % of GDP



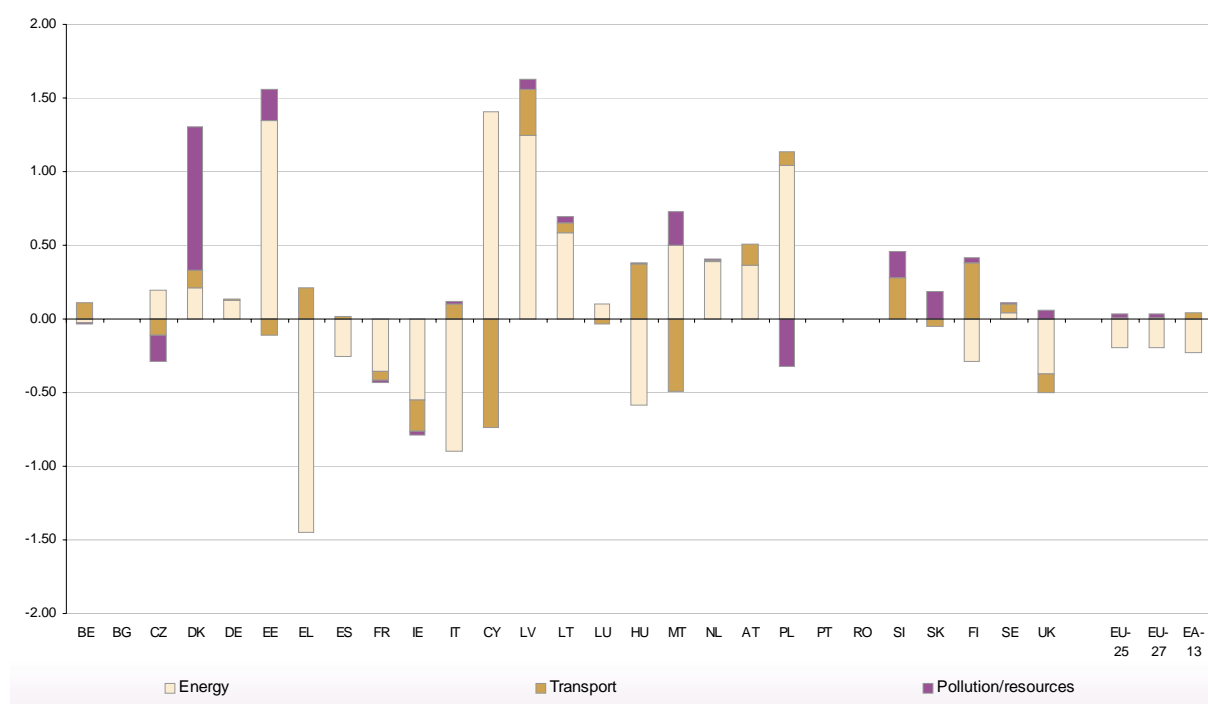
Note: *PT: 2004. EU-25, EU-27, EA-13: weighted average.

Source: Commission Services

In the 1995-2005 period, the levels of environmental taxation in the EU-15 and the new Member States converged. While several of the old Member States showed moderate declines in their tax-to-GDP ratio, leading to a decline in the EU-15 average, the new Member States, which initially had lower environmental taxes, witnessed a general increase in their level with an average increase by almost 1 percentage point (see 2006 edition of this report).

Graph II-5.2 shows the evolution in the structure of environmental taxes. The graph is interesting as it highlights that the overall near stability 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 four of them (Cyprus, Estonia, Latvia, Poland), the increase exceeds one percent of GDP. However, in Greece and in Italy, which started the period with above-average energy tax revenues, these have declined significantly since 1995. Amongst the biggest changes in non-energy taxes, it is worth highlighting the steep increase in pollution taxes in Denmark, due to the strong increase in hydrocarbon taxation, and in the opposite direction, the decline in pollution tax revenue in Poland, due to lower payments for environmental exploitation to the National Fund for Environmental Protection and Water Management.

Graph II-5.2 Evolution of the structure of environmental taxes
1995-2005, differences in % of GDP



Note: PT: 1995-2004

Source: Commission Services

5.2. 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, by not affecting the cost per kilometre, have a lower impact on emissions). In this case, environmental tax revenues – specifically, the car registration tax – are reduced. The revenues of the charges for using roads increase, but this does not translate into higher tax revenues because these are not booked as taxes. CO₂-emissions trading will probably also translate into less environmental tax revenues and a diminishing tax-to-GDP ratio.

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 constant⁴⁴⁾.

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. 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 tons 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. If tax rates however are graduated according to the environmental impact of different energy uses, the lack of differentiation by type of energy used would be of limited significance as a country with an environmentally friendly production would tend to show a low ITR on energy.

Table II-5.2 shows the amount of energy taxes, in euros, levied per unit of final energy consumption. In recent years, Denmark displays the highest ratio by a wide margin, followed by Italy, the United Kingdom, and Sweden. Generally, the new Member States display markedly lower levels of taxation, however, all of the Member states in this group have been increasing energy taxes significantly; Cyprus and Malta, in particular, show a very high growth compared with 1995. Together with Slovenia, they are the new Member states with the highest absolute level of taxation.

Table II-5.2 is based on nominal tax revenues. This has two consequences: first, for non-eurozone countries, the value shown reflects exchange rate movements. An appreciation of the currency, for instance, would result in a decline 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.

44) 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.

Table II-5.2 Energy tax revenues in relation to final energy consumption (nominal ITR on energy)

Euro per ton of oil equivalent

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Difference ¹⁾ 1995 to 2005
BE	98.9	97.9	98.5	98.6	101.3	101.7	101.1	106.1	106.3	118.9	123.2	24.3
BG	-	-	-	-	-	36.4	46.2	37.4	49.6	65.3	65.7	-
CZ	40.6	41.2	41.6	46.1	57.0	59.0	69.7	75.1	73.4	82.7	96.8	56.2
DK	200.5	212.9	218.0	248.9	284.6	301.6	317.5	327.4	328.0	326.8	321.1	120.6
DE	168.6	151.8	149.0	149.7	176.5	183.8	193.2	204.3	217.3	209.9	202.1	33.5
EE	6.8	11.9	18.7	29.7	31.2	30.5	43.4	45.0	49.9	61.2	77.9	71.1
IE	113.1	121.7	138.4	140.5	145.9	142.7	125.7	147.8	151.1	170.3	164.4	51.3
EL	158.0	161.6	157.5	138.9	132.5	117.6	118.3	111.1	111.3	115.7	118.9	-39.1
ES	128.4	134.7	129.2	138.8	144.3	138.2	135.0	141.9	142.1	141.5	147.1	18.6
FR	169.8	168.1	170.8	171.7	178.0	173.9	161.6	177.7	172.1	179.5	177.3	7.5
IT	237.2	261.0	271.5	260.5	264.0	248.2	239.9	236.5	244.0	235.4	240.8	3.7
CY	26.7	27.4	26.7	29.6	32.1	43.4	61.7	65.0	126.5	142.9	142.8	116.0
LV	10.1	19.4	26.0	43.7	40.9	48.8	42.7	48.0	52.7	61.6	75.1	65.0
LT	12.3	16.4	25.0	39.0	54.3	58.0	64.7	69.6	75.9	75.1	82.9	70.6
LU	141.2	138.9	143.0	151.6	159.2	164.7	164.8	170.1	174.4	183.9	195.8	54.6
HU	58.6	53.2	62.4	77.4	79.7	79.5	83.0	93.4	97.3	99.7	107.8	49.2
MT	52.0	61.4	72.5	127.9	140.3	143.6	177.8	136.6	121.0	123.8	136.4	84.5
NL	114.1	113.8	130.0	135.5	152.9	162.6	169.2	171.9	175.3	185.6	201.1	87.0
AT	127.7	120.9	141.5	133.9	141.5	148.8	152.0	157.6	157.1	169.5	170.3	42.5
PL	20.7	26.1	27.6	37.3	47.7	58.6	66.1	77.0	72.5	76.0	97.4	76.8
PT	172.5	170.4	159.5	164.9	158.5	116.8	133.7	158.1	168.3	155.7	-	-
RO	-	-	-	-	-	-	-	38.0	51.5	55.4	60.4	-
SI	-	-	-	-	80.2	118.5	136.1	143.5	141.7	145.9	148.1	-
SK	-	-	34.6	34.8	33.9	36.8	39.2	44.2	61.6	75.7	82.2	-
FI	97.0	96.4	106.9	105.1	110.0	107.1	110.0	111.8	111.0	111.2	109.5	12.5
SE	138.1	168.6	167.8	172.5	175.5	181.2	182.4	193.0	201.1	206.6	209.1	71.0
UK	142.5	148.1	185.7	211.2	226.1	250.7	238.8	245.6	223.6	234.3	231.7	89.2
EU27	165.4	167.1	175.2	179.9	192.9	188.4	185.6	192.5	191.9	193.4	193.2	27.8
EU25	165.4	167.1	175.2	179.9	192.9	196.9	194.7	202.9	202.0	204.0	205.2	39.8
EA13	167.0	166.7	170.1	169.1	180.8	178.4	177.4	185.1	189.2	188.4	188.6	21.6

Note: 1) in %-points

Source: Commission Services

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; the real burden of taxation on energy has, notably in some old Member States, been recently declining, offsetting increases in the other countries. Overall, in the euro area the real ITR on energy was in 2005 lower than ten years before.

Table II-5.3 Energy tax revenues in relation to final energy consumption (real ITR on energy)
Euro per ton of oil equivalent, deflated with cumulative % change in final demand deflator from the first year in the series

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Difference ¹⁾ 1995 to 2005
BE	98.9	96.7	94.6	94.3	96.6	91.4	89.0	93.0	93.1	101.6	102.0	3.1
BG	-	-	-	-	-	36.4	44.4	35.4	46.7	58.7	55.8	-
CZ	40.6	38.5	36.2	37.7	45.5	45.6	52.9	58.1	56.6	62.2	72.8	32.3
DK	200.5	209.8	210.3	239.3	270.9	275.9	284.2	290.6	289.4	282.9	269.1	68.6
DE	168.6	151.2	147.1	147.8	174.4	179.4	186.7	196.4	208.6	200.4	191.2	22.6
EE	6.8	9.9	14.1	21.1	21.5	20.1	27.3	27.9	30.3	36.6	45.0	38.2
IE	113.1	120.2	133.4	130.4	130.7	120.5	101.1	116.2	119.7	132.9	125.0	11.9
EL	158.0	151.1	139.1	117.0	108.6	90.0	88.4	80.8	78.8	79.7	79.1	-78.9
ES	128.4	130.9	122.4	129.4	131.8	120.0	113.7	116.3	113.2	108.9	108.8	-19.6
FR	169.8	165.6	166.5	167.0	173.8	166.0	152.3	165.7	158.6	162.9	157.6	-12.2
IT	237.2	251.1	254.8	239.7	239.2	215.2	201.8	193.6	195.3	182.7	181.1	-56.1
CY	26.7	26.7	25.3	27.5	29.2	37.8	52.3	54.5	102.7	112.8	109.2	82.5
LV	10.1	16.9	21.0	34.3	31.7	36.1	31.1	33.7	35.4	38.4	42.6	32.5
LT	12.3	14.4	20.2	31.1	44.0	46.3	52.1	57.0	63.2	61.7	63.8	51.5
LU	141.2	133.0	134.9	142.2	143.5	138.3	140.8	145.5	149.4	150.5	150.5	9.3
HU	58.6	43.9	44.0	48.7	46.7	42.0	41.5	45.6	45.8	46.2	49.5	-9.1
MT	52.0	60.0	70.4	121.6	131.7	123.8	155.9	117.1	103.3	106.1	113.0	61.1
NL	114.1	112.5	125.6	130.5	146.2	148.4	150.0	150.5	151.9	159.9	169.8	55.7
AT	127.7	119.2	139.1	131.0	137.4	141.8	142.9	146.9	145.1	154.2	151.7	24.0
PL	20.7	22.4	20.8	25.3	30.4	34.9	38.2	43.2	40.0	40.3	51.0	30.3
PT	172.5	166.5	150.5	152.1	143.2	100.9	112.5	129.9	136.3	122.9	-	-
RO	-	-	-	-	-	-	-	38.0	62.4	75.9	88.3	-
SI	-	-	-	-	80.2	128.2	158.9	177.1	182.4	193.9	202.2	-
SK	-	-	34.6	35.9	36.6	44.1	49.7	57.6	83.0	106.2	115.7	-
FI	97.0	95.6	104.8	101.7	106.8	100.2	101.3	102.8	102.3	101.7	99.0	2.0
SE	138.1	168.9	165.6	169.9	171.1	172.8	169.4	177.2	183.1	187.8	186.3	48.2
UK	142.5	144.3	180.0	203.3	214.4	233.8	219.1	221.3	196.6	202.1	195.1	52.5
EU27	165.4	163.7	168.9	171.9	183.0	174.0	168.2	172.0	169.3	167.8	163.6	-1.8
EU25	165.4	163.7	168.9	171.9	183.0	181.9	176.4	181.3	178.2	176.8	173.4	8.1
EA13	167.0	163.4	163.9	161.6	172.0	165.1	161.1	166.0	167.8	164.3	160.7	-6.2

Note: 1) in %-points

Source: Commission Services

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

Graph II-5.3 juxtaposes trends in the energy intensity of the economy, the real ITR on energy and the ITR on labour. The first two run roughly in parallel during the period under consideration. From 1995 to around 2000 final energy consumption grew at a much lower rate than the economy overall, leading to a rapid decline in the energy intensity ratio⁴⁵⁾, just as taxation of energy increased. Around 2000 the real burden of energy taxes started declining and the energy intensity of the economy more or less stopped falling. While this simple correlation does not of course represent conclusive evidence, it suggests that taxation may have played a role, alongside other structural factors.

45) For further data on energy efficiency in the EU-15 see European Communities (2002b).

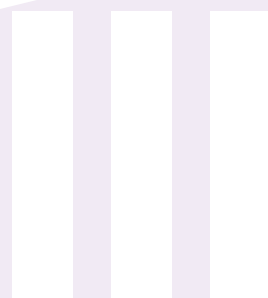
Graph II-5.3 Evolution of energy efficiency, ITR on energy and on labour in the EU-25
Index 1995=100; all series GDP-weighted



Source: Commission Services

As for the idea of financing cuts in the labour taxation from increases in environmental taxation, its implementation would imply a similar development of the ITRs on energy (inverted scale) and on labour in the graph. As can be seen, the two trends run parallel only to a limited extent, which is no surprise given the relatively small and (on average) declining revenue from energy taxes.

Developments in the Member States



AUSTRIA

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
A. Structure of revenues as % of GDP											
Indirect taxes	14.8	15.1	15.6	15.5	15.5	15.1	15.0	15.2	15.0	14.9	14.7
VAT	7.6	8.0	8.2	8.2	8.3	8.0	8.0	8.1	7.9	7.9	7.9
Excise duties and consumption taxes	2.7	2.7	2.9	2.9	2.9	2.7	2.7	2.8	2.8	2.9	2.8
Other taxes on products (incl. import duties)	1.3	1.2	1.3	1.3	1.2	1.2	1.2	1.1	1.1	1.1	1.1
Other taxes on production	3.2	3.1	3.2	3.2	3.1	3.1	3.1	3.1	3.1	3.0	2.9
Direct taxes	11.7	12.6	13.4	13.6	13.3	13.1	15.1	14.0	13.6	13.5	12.9
Personal income	9.3	9.8	10.4	10.5	10.5	10.0	10.7	10.5	10.4	10.1	9.6
Corporate income	1.6	2.1	2.3	2.4	2.0	2.2	3.3	2.4	2.4	2.4	2.4
Other	0.7	0.7	0.7	0.8	0.8	0.9	1.1	1.1	0.9	1.0	1.0
Social Contributions	14.8	14.8	15.0	14.9	14.9	14.6	14.6	14.5	14.5	14.5	14.5
Employers'	7.3	7.3	7.4	7.2	7.2	7.0	6.9	6.8	6.8	6.8	6.8
Employees'	6.3	6.2	6.2	6.1	6.1	6.0	6.0	6.0	6.0	5.9	5.9
Self- and non-employed	1.3	1.3	1.4	1.7	1.7	1.6	1.7	1.7	1.7	1.8	1.8
B. Structure according to level of government as % of GDP											
Central Government	20.1	21.1	22.3	22.5	22.4	22.0	23.8	23.5	23.3	23.1	22.4
State government	3.2	3.4	3.4	3.4	3.3	3.3	3.3	3.2	3.0	3.0	3.0
Local Government	5.0	5.2	5.2	5.2	5.1	5.0	5.1	4.9	4.7	4.7	4.6
Social Sec. Funds	12.1	12.0	12.2	12.1	12.1	11.8	11.8	11.7	11.8	11.8	11.8
EC Institutions	0.9	0.9	0.9	0.8	0.8	0.7	0.7	0.5	0.4	0.3	0.3
C. Structure according to economic function as % of GDP											
Consumption	11.6	12.0	12.5	12.4	12.5	12.1	12.3	12.5	12.3	12.3	12.1
Labour	23.6	23.7	24.5	24.4	24.4	23.7	24.0	24.0	24.1	23.6	23.3
Employed	21.6	21.6	22.3	22.0	22.0	21.4	21.5	21.5	21.5	21.1	20.9
Paid by employers	10.0	10.0	10.0	9.9	9.8	9.6	9.5	9.5	9.5	9.3	9.3
Paid by employees	11.6	11.6	12.2	12.2	12.2	11.9	12.0	12.1	12.1	11.7	11.6
Non-employed	2.0	2.1	2.2	2.3	2.4	2.3	2.4	2.5	2.6	2.5	2.4
Capital	6.1	6.9	7.0	7.3	6.8	6.9	8.4	7.2	6.8	7.0	6.7
Capital and business income	4.9	5.7	5.9	6.1	5.6	5.7	7.3	6.1	5.7	5.9	5.6
Income of corporations	1.6	2.1	2.2	2.3	2.0	2.2	3.2	2.4	2.2	2.3	2.3
Income of households	1.0	1.1	1.0	1.0	0.9	0.9	0.9	0.9	0.8	0.8	0.7
Income of self-employed (incl. sc)	2.3	2.6	2.6	2.8	2.8	2.7	3.2	2.8	2.7	2.8	2.6
Stocks (w ealth) of capital	1.2	1.2	1.1	1.2	1.1	1.2	1.1	1.1	1.1	1.0	1.0
Less: amounts assessed but unlikely to be collected	-	-	-	-	-	-	-	-	0.1	0.1	0.1
TOTAL	41.3	42.6	44.0	44.0	43.7	42.8	44.7	43.7	43.1	42.8	42.0
Of w hich environmental taxes	2.1	2.1	2.3	2.3	2.3	2.4	2.6	2.6	2.7	2.7	2.6
Energy	1.4	1.4	1.7	1.6	1.5	1.6	1.7	1.7	1.8	1.8	1.8
Transport	0.7	0.7	0.7	0.7	0.7	0.8	0.9	0.9	0.9	0.8	0.8
Pollution/Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
D. Implicit tax rates											
Consumption	20.3	20.7	21.7	21.8	22.2	21.3	21.4	21.9	21.5	21.5	21.3
Labour employed	38.7	39.5	40.8	40.5	40.6	40.2	40.7	40.8	40.9	40.9	40.9
Capital	25.6	28.0	28.4	28.8	27.0	26.0	33.0	27.9	25.6	25.5	23.1
Capital and business income	20.5	23.3	23.8	24.1	22.6	21.6	28.6	23.7	21.5	21.7	19.5
Corporations	22.6	25.7	26.7	26.8	25.2	24.7	33.5	26.1	23.2	23.5	21.4
Households	10.3	9.4	8.6	8.4	7.6	6.9	7.7	8.8	7.6	6.7	5.9
p.m.:											
Real GDP (% annual grow th rate)	1.9	2.6	1.8	3.6	3.3	3.4	0.8	0.9	1.1	2.4	2.0
Output gap (potential)	-0.9	-0.5	-0.9	0.4	1.3	2.2	0.7	-0.5	-1.5	-1.1	-1.3

1) See ANNEX B for classification of taxes and ANNEX C for explanatory notes.

Source: Commission Services

Overall trends in taxation

Structure and development of tax revenues

In Austria, the overall tax burden (including social contributions) is more than four percentage points of GDP above the EU average (42.0 %, EU-27 37.6 %), with Sweden, Denmark, Belgium, France and Finland exhibiting higher rates.

Austria derives 35.0 % of tax revenues from indirect taxes (EU-27 39.1 %), of which VAT accounts for more than half. Austria raises a substantial amount from other taxes on production (7.0 % of total taxation, EU-27 3.9 %), namely an employer's contribution to the fund for equalisation of family burdens and a payroll tax to communes. By contrast, excise duties bring in relatively little revenue, reflecting the moderate rates imposed. Direct taxes account for a proportion of revenue (30.7 %) in line with the EU average although they rely relatively more heavily on PIT (22.8 %, EU-27 20.1 %) than on CIT (5.7 %, EU-27 8.5 %). Social contributions account for a third of receipts (34.4 %, EU-27 30.3 %).

Among the federal countries in the EU, Austrian states receive the lowest proportion of total revenues (7.1 % as against 22.1 % in Spain, 21.2 % in Germany and 24.1 % in Belgium).

Efforts to improve the state of government finances in the run-up to EMU led to an increase in the overall tax-to-GDP ratio between 1995 and 1997 (from 41.3 % to 44.0 %), achieved mainly through the broadening of the base for corporate and personal income tax. Tax levels remained stable at this level until the cut in income taxation in 2000 led to a dip to 42.8 % while a rise to 44.7 % in 2001 resulted from base-broadening measures, reductions in tax credits and significantly increased tax pre-payments, stimulated by the introduction of interest charges on tax arrears. Additional reforms enacted since have resulted in a decline of the tax-to-GDP ratio to 42.0 % (2005). In particular the two steps of the *Steuerreform 2004/2005* lead to an annual tax relief of about €3 billion.

Taxation of consumption, labour and capital; environmental taxation

Taxes on consumption as a percentage of GDP are slightly below the EU-27 average (12.1 %, EU-27 12.6 %). The same applies to the implicit tax rate on consumption (21.3 %, EU-27 22.1 %). In contrast to the EU-25 average, the Austrian rates have somewhat decreased since 2002.

Taxes on employed labour represented 20.9 % of GDP in 2005, constituting around one half of the total tax burden. As in most EU countries, taxes on employed labour consist mainly of social contributions (12.7 % of Austrian GDP and 30.1 % of tax revenues). 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 fund for equalization of family burdens and the payroll tax - also contribute substantially to the overall burden. The balance of the total tax on labour is made up by the taxes on pensions. The Austrian implicit tax rate on labour (40.9 %) lies more than five percentage points above the European average and is the seventh highest in the EU-27. It has remained more or less stable in recent years.

The share of taxes on capital in GDP (6.7 %) is below the EU-27 average and well below the EA-13 average. This is in part due to the fact that the tax on capital stocks and transactions yields less than half of the amount averaged in the EA-13 (1.0 % of GDP, EA-13 2.4 %). Base-broadening measures and increased prepayments, in reaction the introduction of interest payments on tax arrears, led to a dramatic rise of revenues in 2001 before falling back down in the following years, as is reflected in the implicit tax rate on corporate income (2000 24.7 %, 2001 33.5 %, 2005 21.4 %). Taxes raised on corporate income in relation to GDP are low (2.3 %, EU-27 3.2 %) because of the large number of unincorporated companies in Austria.

Environmental taxes have gradually increased until 2001 and have remained rather stable since. Their revenues are now close to the EU-27 average (2.6 % of GDP, EU-27 2.8 %).

Current topics and prospects; policy orientation

According to the government programme (*Regierungsprogramm für die XXIII. Gesetzgebungsperiode*) the new federal government intends to implement a major tax reform with a significant tax relief in the course of the current election period lasting from 2007 to 2010.

The draft Tax Amendment Act 2007 (*Abgabenänderungsgesetz 2007*), inter alia, focuses on the environment. It contains an increase in the mineral oil tax on gasoline by three cent and the one on diesel by five cents. Moreover, the draft aims at strengthening tax compliance by reducing the scope for fraud.

Main features of the tax system

Personal income tax

Between 1988 and 2000 income tax rates were slashed and the base was broadened. The consolidation package of 2001 included the reduction of tax credits and other tax increasing measures. In 2004 step 1 of a far reaching tax reform (*Steuerreform 2004/2005*) focused on the reduction of the income and wage tax of low and middle income earners. Under Step 2 a new system with four brackets came into force in 2005 replacing the old five bracket system. Moreover, an average tax rate system was introduced. Further changes referred to, inter alia, the introduction of an additional children's tax credit for single parents and sole earners.

Austria has a comprehensive and progressive personal income tax scheme. The four brackets have marginal rates of 0 %, 38.333 %, 43.596 % and 50 %. The zero-zone goes up to a taxable income of €10 000, which means that annual gross earnings of about €15 800 for employees and €13 500 for pensioners are tax-free. The top rate starts at a taxable income of €51 000. For partnerships and other unincorporated enterprises only half of the average tax rate is applied to the first €100 000 of retained profits. 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 are usually not included in the taxable income. However, this does not apply for gains realized as part of commercial activity or on speculative gains and in the case of substantial shareholdings. Dividends, interest and investment fund income are subject to a final withholding tax of 25 % while royalties are taxed at the normal progressive rates.

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, which had existed since 2002. A further consequence is that the deductibility of notional interest payments on additional own-capital (introduced in 2001) is rendered redundant as, while profits after deduction had been subject to the standard rate, the notional interest was subject to 25 %. Since 2001 tax arrears have been subject to an interest charge. This led to a jump in corporate tax receipts in that year. 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 allowances and tax credits have been increased. There is an R&D allowance of 25 % with an option for an 8 % tax credit. The training allowance is 20 % of the qualifying expenses with an optional tax credit of 6 %.

The deduction of losses of former years is restricted to 75 % of taxable profits, but there is an indefinite loss carry-forward period. Similar rules apply to the personal income tax. In 2005 the group relief system (*Organschaft*) was

replaced by a system of optional group taxation. As a consequence of the 2005 tax reform, foreign losses are considered deductible in computing the domestic income tax base, making Austria one of the only countries in Europe in which this is permitted. If a group breaks up within 3 years the effects of group treatment will be reversed.

A number of taxes and contributions are based on payroll and borne by the employer, among them the municipal tax (3 % on the salaries and wages paid) and the contribution to the Family Burdens Equalization 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 and renting of residential immovable property. The quantitatively most important excise duties are on mineral oil, tobacco and energy (3.5 %, 1.3 % and 0.8 % of total taxation, respectively).

Wealth and transaction taxes

Inheritance and gift tax is levied at progressive rates determined by the relationship between the deceased/donor and the heir/donee and the value of the property. The real estate tax is levied at a basic federal rate (0.2 %), multiplied by a municipal coefficient (up to 500 %). There is no net wealth tax. Real estate transfer tax stands in general at 3.5 %.

Social contributions

In principle, all employees must be insured under the social security system. Both they and their employers must pay contributions as a percentage of their earnings up to a ceiling of €53 760 (2006: €52 500). The general overall employee's contribution rate is about 17 %. The rate for the employers is slightly above 21 %. However, in certain cases additional contribution rates apply.



BELGIUM

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
A. Structure of revenues as % of GDP											
Indirect taxes	12.9	13.4	13.6	13.5	13.9	13.8	13.3	13.3	13.4	13.6	13.9
VAT	6.6	6.8	6.8	6.8	7.1	7.2	6.9	6.9	6.8	7.0	7.2
Excise duties and consumption taxes	2.4	2.5	2.5	2.5	2.5	2.4	2.3	2.3	2.4	2.5	2.4
Other taxes on products (incl. import duties)	2.0	2.1	2.2	2.3	2.3	2.3	2.2	2.2	2.3	2.3	2.4
Other taxes on production	1.9	2.0	2.0	2.0	2.0	1.9	1.9	1.8	1.9	1.9	1.8
Direct taxes	16.6	16.7	17.1	17.7	17.3	17.5	17.7	17.6	17.2	17.5	17.8
Personal income	13.4	13.1	13.3	13.3	13.0	13.2	13.5	13.3	13.1	12.8	12.9
Corporate income	2.3	2.7	2.8	3.4	3.2	3.2	3.1	3.0	2.9	3.2	3.4
Other	0.8	1.0	1.0	1.0	1.1	1.1	1.1	1.2	1.3	1.5	1.5
Social Contributions	14.3	14.3	14.2	14.2	14.2	13.9	14.2	14.4	14.3	14.0	13.9
Employers'	8.6	8.6	8.6	8.7	8.7	8.4	8.5	8.7	8.7	8.4	8.4
Employees'	4.4	4.4	4.3	4.3	4.3	4.3	4.5	4.5	4.4	4.3	4.3
Self- and non-employed	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
B. Structure according to level of government as % of GDP ²⁾											
Central Government	16.4	16.2	15.6	16.1	16.0	16.6	15.7	15.7	15.0	14.7	14.5
State government	9.2	9.7	10.5	10.7	10.8	10.3	11.0	10.5	10.8	10.6	11.0
Local Government	2.1	2.2	2.2	2.1	2.2	1.9	2.1	2.2	2.3	2.2	2.3
Social Sec. Funds	15.1	15.3	15.6	15.7	15.7	15.5	15.6	16.2	16.0	16.8	17.1
EC Institutions	1.0	0.9	0.9	0.9	0.8	0.8	0.8	0.6	0.7	0.6	0.7
C. Structure according to economic function as % of GDP											
Consumption	10.8	11.2	11.2	11.1	11.5	11.4	11.0	11.0	11.0	11.2	11.3
Labour	24.4	24.2	24.5	24.5	24.4	24.3	24.9	25.0	24.3	23.8	23.8
Employed	22.3	22.2	22.3	22.4	22.4	22.3	22.8	22.9	22.2	21.8	21.7
Paid by employers	8.6	8.6	8.6	8.7	8.7	8.4	8.5	8.7	8.7	8.4	8.4
Paid by employees	13.7	13.6	13.7	13.7	13.7	13.9	14.3	14.2	13.6	13.3	13.3
Non-employed	2.0	2.1	2.1	2.1	2.0	2.0	2.1	2.1	2.1	2.0	2.0
Capital	8.7	8.9	9.2	9.8	9.6	9.5	9.4	9.3	9.6	10.0	10.4
Capital and business income	5.8	5.8	5.9	6.4	6.2	6.2	6.0	5.9	6.1	6.3	6.6
Income of corporations	2.3	2.7	2.8	3.4	3.2	3.2	3.1	3.0	2.9	3.2	3.5
Income of households	1.0	0.7	0.7	0.6	0.5	0.5	0.5	0.5	0.9	0.8	0.8
Income of self-employed (incl. sc)	2.5	2.5	2.4	2.5	2.5	2.4	2.4	2.4	2.3	2.3	2.3
Stocks (wealth) of capital	2.9	3.1	3.3	3.4	3.4	3.4	3.3	3.4	3.5	3.8	3.8
TOTAL	43.8	44.4	44.9	45.5	45.5	45.2	45.2	45.3	44.9	45.0	45.5
Of which environmental taxes	2.3	2.5	2.6	2.5	2.5	2.3	2.3	2.3	2.3	2.4	2.4
Energy	1.6	1.6	1.6	1.6	1.6	1.5	1.5	1.4	1.5	1.5	1.5
Transport	0.6	0.7	0.7	0.7	0.7	0.6	0.7	0.7	0.7	0.7	0.7
Pollution/Resources	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
D. Implicit tax rates											
Consumption	20.6	21.3	21.6	21.4	22.5	21.8	21.0	21.3	21.3	22.0	22.2
Labour employed	43.8	43.4	43.9	44.3	43.6	43.9	43.6	43.7	42.8	43.0	42.8
Capital	25.3	26.7	27.9	30.0	31.0	29.3	29.4	30.7	33.2	33.9	34.5
Capital and business income	16.9	17.4	17.9	19.6	19.9	19.0	19.0	19.4	21.0	21.1	22.0
Corporations	19.5	22.5	23.5	27.4	26.8	23.6	23.6	23.1	22.0	22.2	23.7
Households	13.6	13.2	13.2	13.0	13.2	13.0	13.0	13.6	16.4	16.5	16.5
p.m.:											
Real GDP (% annual growth rate)	4.3	1.2	3.5	1.7	3.4	3.7	0.8	1.5	1.0	3.0	1.1
Output gap (potential)	-0.8	-1.6	-0.3	-0.7	0.5	2.0	0.7	0.1	-0.8	0.1	-1.0

1) See ANNEX B for classification of taxes and ANNEX C for explanatory notes.

2) Additional information from the Belgian administration was used for this classification of taxes.

Source: Commission Services

Overall trends in taxation

Structure and development of tax revenues

Belgium traditionally belongs to the group of EU countries with the highest tax levels, alongside the Nordic countries. As of 2005 the total tax ratio was the third highest in the EU-27 after Sweden and Denmark.

The structure of the tax system, in terms of the share of revenue raised by the different taxes, has remained relatively stable since 1995, despite the fact that in 2000 a far-reaching tax reform of direct taxation, stretching over the period 2000-2006, was initiated. The structure is characterised by a relatively high share of direct taxes, reflecting a broad reliance on corporate and households income tax, and a lower weight of indirect taxes. The reform was preceded and complemented by targeted reductions in employers' social security contributions.

In 2001 an institutional reform granted further fiscal autonomy to the regions. This resulted in several non-symmetrical changes in registration duties and inheritance and estate taxes. About a quarter of tax revenues benefit the regions and communities. Local governments account for a modest share of the tax burden. Since 2002, social security contributions have overtaken central government taxes to account for the large share of revenues.

After a rise at the beginning of the 1990s, a fiscal moratorium caused the tax-to-GDP ratio to stabilise in 1999. Since then the ratio has oscillated within relatively narrow margins, due not least to the priority given to debt reduction over cutting taxes. In 2005 the ratio has risen back to its 1998-1999 peak: 45.5 %, i.e. 8.1 percentage points higher than the EU-27 average and 6.4 points above the euro area average.

Taxation of consumption, labour and capital; environmental taxation

The implicit tax rate (ITR) on consumption is very close to the EU-27 average (22.1 %), while the developments over the period are also quite in line with EU trends. In particular, the ITR has increased by 1.2 percentage points between 1995 and 2000, reflecting mainly increases in excises on fuels and tobacco.

Belgium imposes relatively heavy taxes on labour with an implicit tax rate of 42.8 %, the third highest in the Union. The tax policy in the second half of the 1990s has hardly influenced this feature. Throughout the whole period, targeted rebates in employers' social contributions were used as the main instrument to reduce labour costs while the PIT reform compensated for the increase in personal income taxation due to the high elasticity of PIT to income. This however does not necessarily reduce the ITR, which by construction assesses taxation over the whole range of incomes. Nevertheless, the 2000 reform paved the way for easing the tax burden on labour, so that the ITR has been declining since that year.

The ITR on capital increased from 25.3 to 34.5 % in the year 2005. The ITR on capital and business income, the ITR on corporations and the ITR on households exhibit a common upward trend. On the corporation side, the largest part of the increase occurred in the second half of the nineties and may be attributed to the effect of base broadening. On the household side, part of the increase might be explained by the booming of the real estate market that results in an increase of registration duties. The 2004 tax amnesty also affected revenue streams as well as the securitisation of tax revenues started at the end of 2005.

Revenue from environmental taxation has remained roughly stable since 1995 at close to 2½ % of GDP, a value somewhat below the EU-27 average (2.8 %).

Current topics and prospects; policy orientation

Since 1999, tax policy has been oriented at maintaining a (non-binding) a tax moratorium, introducing a multi-annual tax reform (2000-2006) and achieving budgetary equilibrium. A major reform program for personal income



tax was introduced in 2000, putting an end to the continuous increase in the tax burden, especially on labour, over the previous years. As a result, PIT revenues have been declining as a share of GDP. The further reduction of public debt remains a priority for the government in order to prepare the public finances for the budgetary impact of an ageing population. While the debt to GDP is steadily declining, it is still well above the EU-average.

In 2006, the full impact of the 2000-2006 PIT reform, estimated to be around €3.2 billion or 1.3 % of GDP, becomes noticeable. The key measures include changes in the tax brackets, the rates, increases in the first rate of the standard deduction for professional expenses, and an increase in tax exemption and separate taxation for couples (married or with cohabitation contract). The 2006 budget also increased a tax credit for individual pension savings in the PIT by 25 % from €620 to €780 per annum and cuts further the wage withholding tax for scientific researchers.

Another important measure was introduced in the domain of corporate taxation. In 2005, the government introduced a scheme for deducting 'notional' interests on company capital from taxable corporate income, applicable as from 1 January 2006. The measure reduces the traditional discrimination between the tax treatment of debt, on which the interest paid is deductible, and equity, where the cost of capital is not, and should therefore stimulate the self-financing capability of companies. Following introduction of this scheme, the Belgian government decided not to pursue the implementation of the new coordination centres regime agreed with the European Commission in September 2004.

In 2006, the Belgian government also widened the tax base for capital income by introducing a 15 % withholding tax on the interest capitalisation in SICAV investment funds holding at least 40 % of their funds in bonds (estimated revenue: €335 million) and a 1.1 % levy on the premiums for certain life insurance products. In addition, as a follow-up to the 2004 amnesty law, a new tax amnesty was introduced. According to the new amnesty law (December 2005), the standard tax rate applies to unreported income from savings, (self) employment income, and business income; however, the taxpayer is encouraged to repatriate unreported savings, as such income becomes subject to higher withholding taxes if it is reported after 1 July 2006: 20 % until 1 January 2007 and 25 % thereafter. Amnesty revenues have contributed to the budgetary balance and have increased revenue generated from capital taxation.

At the end of 2006 a reduced corporate income tax rate for the distribution or re-investment of tax-exempt reserves as well as a new improved tax regime for the diamond sector¹⁾ was decided. In the personal income tax, the rebates on wage withholding tax for scientific researchers were increased. Similar reductions apply to night and shift work and overtime pay. Deductions for energy savings investments by individuals are doubled to €2.600. Anti-abuse rules on VAT have been revised and reinforced, while under the income tax code a special provision for "cash companies" increases the liability for existing tax debts.

Main features of the tax system

Personal income tax

Belgian law lays down four categories of incomes: financial income, income related to real estate, professional income (including labour income) and other various incomes. In principle, the general rates are applied to all four categories, but there are exceptions, in particular in relation to financial income, income from private pension arrangements and other various incomes.

1) Tax revenue of 50 million euro already collected in December 2006.

In practice, the basis for taxation at the marginal rate actually consists of (deemed) property and professional income. A marital quotient exists: 30 % of the highest earned income is transferred towards the lowest income until the latter income does not exceed the amount of €8 330.

Dividends and interest are taxed at a modest flat rate at the source so financial income is no longer considered in the annual calculation. Taxation of private capital gains is almost non-existent, interest income of ordinary saving accounts are exempted and pension savings enjoy a special tax regime resulting in negative effective tax rates, as in many other EU countries. In 1995 the final withholding tax on dividends was lowered from 25 % to 15 % for new share issues. In 2002, the personal income tax law was amended with respect to stock options: employees now have the choice to opt for taxation when the stock options are received or to defer taxation when the stock options are exercised.

Corporate taxation

Between 1995 and 1999 a number of measures were taken in the field of business taxation in order to encourage business initiative, i.e. the time limit on recovery of business losses was abolished. The revenue-reducing effect of these measures was counterbalanced by a broadening of the tax base, notably by closing loopholes in legislation and tightening of the tax rules. In December 2002, the statutory rate was reduced from 40.17 % to 33.99 % (crisis surcharge included), the reduced rate for SMEs (maximum taxable profits of €322 500) was lowered from 28.84 % to 24.98 % (crisis surcharge included) and a tax-free reserve for new investments financed by retained earnings was introduced. A broadening in the tax base compensated for the cuts in rates and the budgetary cost of the tax-free reserve. As mentioned above, a deduction for notional interest was introduced in 2006.

Companies in Belgium and the subsidiaries of foreign companies are subject to a fixed tax rate of 33.99 % regardless of the origin and at the destination of the profits. There is no fiscal consolidation of companies in Belgium as the profits presented within company accounts form the basis for corporate taxation. Under certain conditions, a special scheme applies to SMEs having an assessed income lower than €332 500: 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 €332 500.

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. An intermediate rate of 12 % applies to a limited number of transactions. A zero rate applies to waste products and newspapers. 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 and subsidies from the state. The amounts are calculated based on the gross salary (basic salary plus bonuses, benefits in kind and so forth) and are paid to the National Office of Social Security (ONSS/RSZ). The standard social security contribution rate is approximately 13 % for employees and approximately 35 % for employers but there are rebates for low wages and some target groups.



BULGARIA

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
A. Structure of revenues as % of GDP											
Indirect taxes	-	-	-	-	-	15.1	14.6	14.6	16.1	18.0	19.0
VAT	-	-	-	-	-	9.7	9.1	9.3	9.8	10.9	12.4
Excise duties and consumption taxes	-	-	-	-	-	3.7	4.1	3.7	4.5	5.2	5.0
Other taxes on products (incl. import duties)	-	-	-	-	-	1.0	0.8	0.9	1.1	1.2	1.0
Other taxes on production	-	-	-	-	-	0.6	0.6	0.6	0.7	0.7	0.6
Direct taxes	-	-	-	-	-	7.1	7.4	7.0	7.0	6.6	6.4
Personal income	-	-	-	-	-	4.1	3.6	3.3	3.3	3.3	3.0
Corporate income	-	-	-	-	-	2.8	3.6	3.4	3.4	3.0	2.9
Other	-	-	-	-	-	0.2	0.2	0.3	0.3	0.4	0.5
Social Contributions	-	-	-	-	-	11.0	10.0	9.5	10.6	10.7	10.5
Employers'	-	-	-	-	-	8.1	7.3	6.6	7.5	7.5	6.9
Employees'	-	-	-	-	-	1.6	1.5	1.8	1.9	1.9	2.3
Self- and non-employed	-	-	-	-	-	1.2	1.2	1.1	1.2	1.3	1.3
B. Structure according to level of government as % of GDP											
Central Government	-	-	-	-	-	18.6	18.7	18.1	22.5	24.1	24.8
State government	-	-	-	-	-	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	-	-	-	-	-	3.5	3.4	3.5	0.5	0.6	0.6
Social Sec. Funds	-	-	-	-	-	11.0	10.0	9.5	10.6	10.7	10.5
EC Institutions	-	-	-	-	-	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C. Structure according to economic function as % of GDP											
Consumption	-	-	-	-	-	14.4	14.0	13.9	15.3	17.2	18.4
Labour	-	-	-	-	-	13.5	12.1	11.3	12.5	12.4	11.8
Employed	-	-	-	-	-	13.5	12.1	11.3	12.5	12.4	11.8
Paid by employers	-	-	-	-	-	8.5	7.6	6.9	7.7	7.7	7.1
Paid by employees	-	-	-	-	-	5.1	4.6	4.5	4.7	4.7	4.7
Non-employed	-	-	-	-	-	0.0	0.0	0.0	0.0	0.0	0.0
Capital	-	-	-	-	-	5.3	6.0	5.8	5.8	5.6	5.7
Capital and business income	-	-	-	-	-	4.8	5.6	5.3	5.2	4.9	4.9
Income of corporations	-	-	-	-	-	2.9	3.8	3.6	3.5	3.2	3.1
Income of households	-	-	-	-	-	0.1	0.1	0.1	0.1	0.1	0.1
Income of self-employed (incl. sc)	-	-	-	-	-	1.8	1.7	1.6	1.6	1.7	1.8
Stocks (wealth) of capital	-	-	-	-	-	0.4	0.4	0.5	0.6	0.7	0.7
TOTAL	-	-	-	-	-	33.1	32.1	31.0	33.6	35.3	35.9
Of which environmental taxes	-	-	-	-	-	2.5	2.8	2.3	3.0	3.4	3.1
Energy	-	-	-	-	-	2.3	2.6	2.0	2.6	3.0	2.8
Transport	-	-	-	-	-	0.2	0.2	0.2	0.3	0.2	0.2
Pollution/Resources	-	-	-	-	-	0.0	0.0	0.1	0.1	0.2	0.1
D. Implicit tax rates											
Consumption	-	-	-	-	-	19.7	18.9	19.1	21.1	23.7	24.6
Labour employed	-	-	-	-	-	38.8	34.4	33.0	35.5	36.3	34.2
Capital	-	-	-	-	-	11.4	13.2	-	-	-	-
Capital and business income	-	-	-	-	-	10.5	12.3	-	-	-	-
Corporations	-	-	-	-	-	11.5	15.4	-	-	-	-
Households	-	-	-	-	-	9.2	8.6	-	-	-	-
p.m.:											
Real GDP (% annual growth rate)	2.9	-9.4	-5.4	3.9	2.3	5.4	4.1	4.9	4.5	5.6	5.5
Output gap (potential)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

1) See ANNEX B for classification of taxes and ANNEX C for explanatory notes.

n.a.: not applicable, - : not available

Source: Commission Services

Overall trends in taxation

Structure and development of tax revenues

At 35.9 %, Bulgaria ranks fifteenth in the EU in terms of ratio of total taxes to GDP in 2005, only 1.5 percentage points below the EU average. Compared to neighbouring Romania, Bulgaria's total tax ratio is almost eight percentage points higher, while the difference from the remaining Central and Eastern European Member States is less marked.

Bulgaria is the EU Member State most clearly relying on indirect taxation. The share of indirect taxes on total taxation is the highest in the EU, amounting to 52.8 %, i.e. almost 14 percentage points above the average. In terms of its share on GDP, too, the level of indirect taxation is well above the EU average (19.0 % of GDP compared with 14.4 % for the EU-27); this value has been rising rapidly, growing by one fifth in six years. Direct taxes instead account for only 17.9 % of total taxation, 13 percentage points below the EU-27 average. The low share of direct taxation is mainly due to the modest PIT revenues, which yield just over a third of the EU average. Social security contributions are moderate and represent 29.3 % of total taxation, close to the EU-27 average (30.3 %).

Central government accounts for 69 % of total tax revenues, followed by social security funds (29.3 % of total tax revenues), while local government revenues are marginal. This is due to the abolition of the local CIT surcharge and discontinuing of the PIT sharing as of 2003. As a result, local government revenues fell from 3.5 % of GDP in 2002 to 0.5 % the following year. A recently observed marginal pick-up is due to the boom in the property sector.

The total tax to GDP ratio in 2005 (35.9 %) is almost three percentage points higher than in 2000. The decrease of the total tax to GDP ratio in 2001 and 2002 was mainly due to decreases in PIT and social security contributions rates. Strong unpredicted deficits in the social security funds, reported notably in 2001 (10 %) resulted both from personnel restructuring in a number of large privatised companies, and possibly from increase of the shadow economy. These developments led to the introduction of the minimum social security thresholds in 2003 followed by stabilization of the social security revenues.

Taxation of consumption, labour and capital; environmental taxation

The taxes on consumption in Bulgaria in 2005 amount to 18.4 % of GDP and are the highest throughout the EU, both in terms of VAT and excise duties. The high revenue from taxation of consumption is mainly due to an extraordinary share of domestic final consumption in GDP – 74.7 % in 2005, the average for the other Member States in Central and Eastern Europe being 59 %; the rate of taxation contributes less as the ITR on consumption of 24.6 % is only 2.5 percentage points above the average. This level in itself looks high as the standard VAT rate is 20 %, but looking specifically at the VAT component of the ITR (16.6 %) and comparing it with the statutory rate, the difference is only the fifth lowest throughout the EU. An explanation to the small difference could lie in the very limited scope for reduced VAT rates and arguably in a relatively tight VAT regime which included *inter alia* a system of VAT accounts. The increase of the ITR on consumption from 2003 onwards is notably due to the continuous increase of the excise duty rates, the lowering of the VAT registration threshold and the introduction of the VAT account.

Revenue from labour taxation as percentage of GDP for 2005 is 11.8 %, the fifth lowest in the Union. Nevertheless, because of the low share of compensation of employees in GDP (34.5 %), the ITR on labour of 34.2 % is only one percentage point below the EU-27 average. It dropped by two percentage points in 2005 compared to 2004 as a result of lower rates and a flattening of the tax brackets.

As data on the ITR on capital are available only for years 2000-2001, it is more fruitful to comment on the levels of taxes on capital as percentage of GDP. The revenue from taxes on capital as percentage of GDP in 2005 is 5.7 %,



only 1.7 percentage points lower than the EU-27 average and the third highest in the Member States from Central and Eastern Europe, but has been decreasing gradually since 2001. It is worth noting that the ratio of taxes on capital income of households is underestimated since personal income taxes (e.g. on dividends) withheld at source by the companies are not shown separately in the data used, and are thus attributed to the estimate for taxes on capital income of corporations. The ITRs on capital for the years available show very low levels; this seems to be mainly due to the high share of the net operating surplus in GDP.

Current topics and prospects; policy orientation

In recent years, public finances in Bulgaria have been experiencing an increasing budget surplus, maintained in order to counterbalance the heavy deficit in the current account. Nevertheless, a debate is under way on the possibilities of further reduction of the tax burden on the factors that are still considered highly taxed, i.e. labour.

Since 1998 fiscal policy has been targeted towards lowering the direct taxation burden and increasing reliance on indirect taxation. Other major objectives include equal treatment and simplification of procedures. All this, coupled with stricter tax control and targeted anti-fraud measures drove a number of businesses out of the gray sector, broadening the tax base. The corporate income tax rate has been slashed by three quarters since 1997. More preferential depreciation allowances were introduced, especially for initial investment and for computers and software – 50 %. Tax reliefs are available in depressed regions. PIT tax brackets were also 'flattened' in the course of those years. The recently adopted new tax laws were mainly targeted towards full compliance with the taxation *acquis*, as well as simplification of the legal texts and procedures. The 2007 budget plans envisage a surplus (0.8 % of GDP).

Main features of the tax system

Personal income tax

The applicable tax brackets have been continuously lowered, most significantly since 2001. The broadening of the tax base and a decrease in unemployment prevented significant revenue losses. Since 2006 there are only three tax brackets with rates of 20 %, 22 % and 24 % respectively (going down from 40 % in 1998). As of 1 January 2007 the non-taxable minimum allowance has been further increased. Annual allowances for children are in place.

The non-labour income of residents is also subject to the progressive tax rates mentioned above, however fixed deductions apply. Residents receiving local or inbound dividends are subject to a 7 % final withholding tax. The same rate applies to outbound dividends distributed to non-residents. Other personal income of non-residents is normally taxed at a 10 % rate. Small businesses in certain sectors performed by natural persons, including sole proprietors, are subject to lump-sum (so called 'patent') tax. Other sole proprietors derive their taxable result from the accounting result, amended for tax purposes and subject to the progressive rate tax brackets.

Pensions and other social security payments are exempt from taxation. Similarly, interest income on savings in Bulgarian banks, Bulgarian government securities, corporate bonds and debentures are also exempt. As of 1 January 2007 a non-discrimination rule exempts from withholding tax any income that is exempt for individuals, when paid to residents of EU and EEA.

Corporate taxation

In the course of the last decade, the corporate income taxation in Bulgaria has become increasingly favourable for business. Starting from the 40 % rate in 1997 for large enterprises, the rate was lowered almost every year to reach the 10 % rate applicable as of 1 January 2007. Initial investment, computers and software benefit from a special 50 % depreciation rate. Moreover, intangible assets resulting from research and development are fully expensed.

The taxable result is derived from the accounting result, amended for tax purposes. Losses are carried forward for 5 years. Dividends distributed between resident commercial companies are exempt. For outbound/inbound dividends exemption rules implementing the EU Parent-Subsidiary Directive apply. Otherwise, a 7 % withholding tax is levied on outbound dividends. Other income paid to non-resident companies is subject to 10 % withholding tax.

Investment tax credit amounting to 10 % of the investment is available to companies operating in regions with high unemployment. Another 100 % tax relief may be used by companies producing entirely in such depressed regions. Both major tax reliefs are compatible with the state aid *acquis*.

VAT and excise duties

The VAT system has been in place in Bulgaria since 1994 and has been amended a number of times. The reduced rates have been repealed and the general rate has been lowered from 22 % to 20 %. Only one reduced rate of 7 % is applicable to hotel accommodation if the latter is part of an organized trip. This system results in a high ITR on consumption, despite the high VAT registration threshold (BGN 50 000, approx. €25 600). To meet EU requirements, deduction procedures have been relaxed and the system of VAT blocked accounts was repealed as of 1 January 2007.

Excise duty rates were being increased nearly every year, but the rates for some goods such as unleaded petrol, diesel, kerosene and cigarettes and for which transitional periods have been granted, are still below the EU minimum ones.

Social security and other taxes

The trend in the social security contribution rates is downward. In 2000 the different contributions summed up to 35.7 %, while in 2006 they were decreased to 29.5 % (higher rates apply for employees in professions of higher risk and earlier retirement). After the 2002 reform, a share of the contributions paid by those born after 1 January 1960 is attributable to the second pillar of social security. Subject to good budgetary performance, social security contributions may be lowered further in mid-2007. The payment of the above-mentioned contributions is shared by the employer and the employee at 65:35 ratio. This ratio has been changing over years and is scheduled to reach gradually 50:50 in 2010.

CYPRUS

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
A. Structure of revenues as % of GDP											
Indirect taxes	11.4	11.0	10.1	11.1	10.7	12.4	13.0	13.3	16.4	17.1	17.1
VAT	4.6	4.5	4.5	5.0	4.8	5.8	6.2	7.2	8.9	9.1	9.8
Excise duties and consumption taxes	2.7	2.5	2.2	2.2	2.3	2.5	3.2	2.8	3.8	4.4	4.1
Other taxes on products (incl. import duties)	2.9	2.7	2.3	2.0	1.9	3.0	2.7	2.3	2.0	1.7	1.5
Other taxes on production	1.2	1.2	1.2	1.9	1.7	1.1	1.0	1.0	1.7	1.9	1.9
Direct taxes	8.8	8.5	8.7	9.8	10.7	11.0	11.2	11.2	9.7	8.7	10.2
Personal income	3.9	3.1	3.3	3.7	3.7	3.6	3.9	4.3	4.5	3.5	3.1
Corporate income	4.0	4.4	4.4	4.9	5.9	6.2	6.2	6.0	4.3	3.7	5.4
Other	0.9	0.9	1.0	1.1	1.0	1.2	1.1	0.9	0.9	1.5	1.7
Social Contributions	6.5	6.9	7.0	6.9	6.6	6.5	6.8	6.7	7.0	7.7	8.3
Employers'	-	-	-	-	-	-	-	-	-	5.3	5.9
Employees'	-	-	-	-	-	-	-	-	-	2.1	2.0
Self- and non-employed	-	-	-	-	-	-	-	-	-	0.3	0.3
B. Structure according to level of government as % of GDP											
Central Government	19.8	19.3	18.4	20.3	20.9	23.0	23.7	24.1	25.6	25.1	26.7
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	0.4	0.2	0.4	0.5	0.5	0.4	0.5	0.4	0.4	0.5	0.4
Social Sec. Funds	6.5	6.9	7.0	6.9	6.6	6.5	6.8	6.7	7.0	7.7	8.3
EC Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.2
C. Structure according to economic function as % of GDP											
Consumption	10.0	9.6	8.8	8.8	8.7	10.2	11.3	11.9	14.2	14.6	14.7
Labour	10.3	10.0	10.3	10.5	10.0	9.8	10.3	10.3	11.0	10.6	11.3
Employed	10.0	9.8	10.1	10.2	9.8	9.6	10.0	10.2	10.9	10.5	11.3
Paid by employers	6.7	7.0	7.1	7.1	6.8	6.7	6.9	6.9	7.8	6.2	6.8
Paid by employees	3.4	2.8	2.9	3.2	3.0	2.9	3.1	3.3	3.1	4.3	4.5
Non-employed	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1
Capital	6.4	6.7	6.7	8.4	9.3	10.0	9.3	9.0	7.8	8.3	9.5
Capital and business income	4.6	5.0	4.9	6.4	7.4	7.1	7.1	7.0	5.6	5.3	6.3
Income of corporations	4.2	4.7	4.6	5.8	6.7	6.2	6.2	6.0	4.3	3.7	4.7
Income of households	0.3	0.2	0.2	0.5	0.6	0.8	0.7	0.8	1.1	1.1	1.2
Income of self-employed (incl. sc)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.5	0.4
Stocks (wealth) of capital	1.8	1.7	1.8	2.0	1.9	2.9	2.3	2.0	2.2	3.0	3.2
TOTAL	26.7	26.4	25.8	27.7	28.0	30.0	30.9	31.2	33.1	33.5	35.6
Of which environmental taxes	2.8	2.8	2.5	2.5	2.5	2.7	3.0	2.9	3.8	4.0	3.5
Energy	0.5	0.5	0.5	0.5	0.5	0.7	1.0	1.0	1.9	2.1	1.9
Transport	2.3	2.2	2.0	2.0	1.9	2.0	2.0	2.0	1.8	1.9	1.6
Pollution/Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
D. Implicit tax rates											
Consumption	12.1	11.8	10.7	10.9	10.7	12.2	13.7	14.8	18.3	19.4	19.3
Labour employed	23.1	22.3	22.4	23.4	22.6	22.3	23.6	23.0	23.4	22.8	24.6
Capital	-	-	-	-	-	-	-	-	-	-	-
Capital and business income	-	-	-	-	-	-	-	-	-	-	-
Corporations	-	-	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-	-	-
p.m.:											
Real GDP (% annual growth rate)	-	1.8	2.3	5.0	4.8	5.0	4.0	2.0	1.8	4.2	3.9
Output gap (potential)	1.3	-0.8	-2.0	-0.8	0.4	2.0	2.8	1.3	-0.6	-1.2	-1.3

1) See ANNEX B for classification of taxes and ANNEX C for explanatory notes.

n.a.: not applicable, - : not available

Source: Commission Services

Overall trends in taxation

Structure and development of tax revenues

The tax-to-GDP ratio of Cyprus is, at 35.6 % in 2005, 1.8 percentage points of GDP lower than the EU-27 average. The level of taxation in Cyprus currently ranks 17th in the Union.

The tax structure of Cyprus stands out in several respects. Cyprus displays the second highest reliance on indirect taxes in the Union after Bulgaria. In Cyprus indirect taxes supply 48.1 % of total tax revenue compared with a 39.1 % EU-27 average in 2005 while the shares of direct taxes and social contributions account only for respectively 28.7 % and 23.2 %. In line with the above, the share of VAT on the total was in 2005 among the highest in the Union. The low level of direct taxes is due to low personal income taxes (merely 3.1 % of GDP in 2005), whereas corporate income taxes have historically been high; up to 2005 revenues were around double the EU average. The CIT was cut markedly in 2003, so that currently revenues as share of GDP lie above the EU average by 2.3 percentage point. Despite this cut, in 2005 revenues from the CIT rebounded and were higher than those from the PIT, an occurrence that is frequent in Cyprus but generally unusual.

In Cyprus there are no State governments and the share of taxes collected by local government is negligible (0.4 % of GDP in 2005). The revenue shares received by the Central Government and by the social security funds have remained fairly constant since 1995.

The tax-to-GDP ratio has increased substantially since 1995 when it was the lowest among the EU-25. The most remarkable increases took place in 1998 and 2003 by 1.9 percentage points and in 2005 by 2.1 percentage points of GDP.

Taxation of consumption, labour and capital; environmental taxation

Cyprus has followed a strategy of raising primarily consumption taxes. In 1995 the implicit tax rate on consumption for Cyprus (12.1 %) was the lowest of the EU-25 Member States; it now ranks in the middle of the countries. However, the ITR is, at 19.3 %, still 2.8 percentage points lower than the EU-27 average.

Cyprus exhibits the second lowest ITR on labour in the Union after Malta (24.6 %, EU-27 35.2 %). Despite a modest degree of fluctuation about the average, there has been a slight increase (by 1.5 percentage points) in the level between 1995 and 2005, up to an ITR of 24.6 %.

Taxation of capital stocks is well above the EU-27 average (3.2 % of GDP, EU-27 2.0 %). The capital income taxation of corporations, while having fallen substantially from 2002 to 2004 due to the tax reform (6 % of GDP to 3.7 %) has increased by 1 percentage point in 2005 and is now the second highest in the Union (following Luxembourg) due to the heavy weight of the Defence Contributions.

The share of environmental taxes on GDP in Cyprus (3.5 %) is one of the highest in the Union, following Denmark's and the Netherlands'. That is mainly due to the large share of transport taxes (1.6 % of GDP), 0.9 percentage points above the EU-27 average. Revenue from energy taxes has nearly quadrupled since 1995.

Current topics and prospects; policy orientation

Restructuring of the tax system in order to achieve a more efficient allocation of resources and enhance the supply side of the economy is a key policy priority for Cyprus. To this end, a major step was the comprehensive 2002-04 reform, which aimed at harmonising the tax system with the EU's code of conduct on business taxation, simplifying the income tax law, and adjusting VAT and excise rates in line with EU minimum levels. While shifting the tax burden from direct to indirect taxation, the tax reform significantly lowered the tax burden on capital and labour.



Despite the fact that the tax system is fairly simple and the tax burden relatively low, improving tax collection remains a key challenge for policymakers. Following the tax reform, policies have focused on the need to raise tax collection and enhance tax compliance. A tax amnesty has yielded considerable revenues, and is expected to help future tax compliance and boost tax collection in the future. The tax administration services are being strengthened with a series of measures designed to facilitate the collection of taxes and discourage tax evasion. The following measures were introduced as of January 2005:

- A partial lifting of bank secrecy has commenced and is expected to improve the tax authorities' ability to obtain information on individual cases;
- New legal provisions enable the tax authorities to prosecute the management of corporations in cases of delays in tax payments;
- Stiffer fines for past-due tax returns and payment of taxes were introduced.

Further revisions to the existing legislation were included in a bill adopted by the House of Representatives with effect from 1 January 2006:

- Introduction of a self-assessment system for self-employed individuals. This system requires payment of taxes concurrently with submission of tax returns;
- Compulsory submission of tax returns for all persons earning more than the tax-free threshold; a further increase of penalties for late submission of tax returns was also realised;
- Compulsory maintaining of accounting records by companies and self-employed individuals earning income above a certain threshold.

Main features of the tax system

Personal income tax

Cyprus applies a personal income tax with a progressive rate structure. Since 1991 three brackets were used, with rates at 20 %, 30 % and 40 %). The rates were however reduced in 2003 to 20 %, 25 % and 30 %. There is a standard relief (basic allowance) which has been progressively raised from 5 000 in 1995 up to the present 10 000 Cyprus pounds (€17 086), as a result of which the number of people subject to personal income tax has decreased substantially.

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.

Corporate taxation

As for corporate tax, Cyprus has lowered its rate from 20-25 % (stable since 1991) to 10 % from 1 January 2003. For the years 2003 and 2004 there was an additional 5 % corporate tax for chargeable income exceeding CYP 1 million (€1.7 million). Alongside the reduction of the tax rate, several tax incentives have been abolished. Special regimes apply, however, to the shipping sector. A company 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.

VAT and excise duties

The principles of the VAT are in line with EU law. The current 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). Reduced rates range from 0 % to 8 %. Cyprus has requested transitional measures, a zero VAT rate on foodstuffs and pharmaceuticals, a reduced VAT rate on restaurants and a VAT exemption for land. The excise duties on unleaded petrol and on diesel fuel will be gradually aligned with the EU minima.

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 real estate tax, which is levied on the estimated market value of the property in 1980. Rates range from 0 % to 0.4 %.

Social security

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 %. Employers must also pay a payroll tax (2 % of gross wage), which is not deductible for corporate income purposes. Employees also pay social security contributions.

Other taxes

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 and rental payments. 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 CYP 7 000 (€11 960) may apply for a 7 % refund. A 3 % rate applies to interest on savings certificates issued by the government; dividends and interest are however 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 exists 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.

CZECH REPUBLIC

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
A. Structure of revenues as % of GDP											
Indirect taxes	12.3	12.1	11.5	11.0	11.5	11.3	11.0	10.8	11.1	12.0	11.9
VAT	6.3	6.4	6.3	6.1	6.6	6.5	6.3	6.3	6.4	7.4	7.2
Excise duties and consumption taxes	3.7	3.4	3.4	3.2	3.4	3.3	3.3	3.2	3.4	3.6	3.7
Other taxes on products (incl. import duties)	1.5	1.5	1.2	1.1	0.9	1.0	0.8	0.8	0.8	0.6	0.5
Other taxes on production	0.9	0.8	0.7	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.5
Direct taxes	9.6	8.4	8.9	8.3	8.5	8.3	8.8	9.1	9.6	9.8	9.3
Personal income	4.8	4.8	4.8	4.7	4.5	4.6	4.5	4.7	4.9	4.9	4.6
Corporate income	4.6	3.4	3.8	3.4	3.8	3.5	4.1	4.3	4.6	4.8	4.5
Other	0.2	0.3	0.2	0.2	0.2	0.3	0.2	0.2	0.2	0.2	0.2
Social Contributions	14.3	14.2	14.6	14.0	14.0	14.2	14.2	14.9	15.0	15.0	15.1
Employers'	9.9	10.0	10.2	9.9	9.8	9.9	9.9	10.4	10.5	10.4	10.4
Employees'	3.7	3.6	3.6	3.5	3.5	3.5	3.5	3.6	3.7	3.6	3.6
Self- and non-employed	0.7	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.9	1.0	1.0
B. Structure according to level of government as % of GDP											
Central Government	27.8	26.5	26.6	25.4	25.9	25.7	26.2	26.3	27.0	27.6	26.1
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	4.4	4.1	4.2	4.0	4.2	4.1	3.8	4.3	4.5	4.7	5.5
Social Sec. Funds	4.1	4.1	4.1	4.0	4.0	4.1	4.0	4.2	4.3	4.3	4.4
EC Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.4
C. Structure according to economic function as % of GDP											
Consumption	11.4	11.3	10.8	10.2	10.8	10.6	10.2	10.1	10.4	11.4	11.4
Labour	17.4	17.3	17.7	17.1	16.9	17.1	17.0	17.8	18.1	18.0	17.8
Employed	17.4	17.3	17.7	17.1	16.9	17.1	17.0	17.8	18.1	18.0	17.8
Paid by employers	9.9	10.0	10.2	9.9	9.8	9.9	9.9	10.4	10.5	10.4	10.4
Paid by employees	7.5	7.4	7.5	7.3	7.1	7.2	7.1	7.4	7.6	7.6	7.5
Non-employed	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital	7.3	6.1	6.5	6.0	6.4	6.2	6.7	6.9	7.2	7.3	7.1
Capital and business income	6.3	5.0	5.5	5.0	5.4	5.1	5.8	6.0	6.4	6.6	6.3
Income of corporations	4.6	3.4	3.8	3.4	3.8	3.5	4.1	4.3	4.6	4.8	4.5
Income of households	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1
Income of self-employed (incl. sc)	1.5	1.5	1.5	1.4	1.4	1.5	1.5	1.6	1.6	1.7	1.7
Stocks (wealth) of capital	1.0	1.1	1.0	1.0	1.0	1.0	1.0	0.9	0.9	0.7	0.7
TOTAL	36.2	34.7	35.0	33.3	34.0	33.8	34.0	34.8	35.7	36.8	36.3
Of which environmental taxes	2.9	2.7	2.5	2.4	2.6	2.6	2.6	2.5	2.6	2.8	2.8
Energy	2.3	2.2	2.1	2.0	2.2	2.1	2.3	2.2	2.3	2.4	2.5
Transport	0.4	0.4	0.3	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.3
Pollution/Resources	0.2	0.2	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0
D. Implicit tax rates											
Consumption	22.1	21.2	19.4	18.6	19.7	19.4	18.9	19.3	19.6	22.0	22.1
Labour employed	40.5	39.5	40.3	40.7	40.5	40.7	40.3	41.2	41.4	41.7	41.3
Capital	26.4	22.3	24.0	20.3	21.3	20.9	22.3	23.8	24.7	25.4	23.2
Capital and business income	22.6	18.3	20.3	16.9	18.1	17.4	19.1	20.8	21.7	22.9	20.7
Corporations	47.2	31.4	41.4	28.0	30.1	26.2	28.3	30.3	31.8	32.7	26.0
Households	8.5	9.0	8.4	8.3	8.2	9.2	9.6	10.4	10.5	11.4	12.2
p.m.:											
Real GDP (% annual growth rate)	-	4.0	-0.7	-0.8	1.3	3.6	2.5	1.9	3.6	4.2	6.1
Output gap (potential)	-	-	-1.3	-3.5	-3.6	-1.9	-1.7	-2.9	-3.0	-2.8	-0.9

1) See ANNEX B for classification of taxes and ANNEX C for explanatory notes.

n.a.: not applicable, - : not available

Source: Commission Services

Overall trends in taxation

Structure and development of tax revenues

In 2005, the Czech Republic total fiscal revenues were 36.3 % of GDP. The tax ratio is one percentage point below the EU-27 level (37.4 %). Compared to neighbouring countries, the ratio is lower than in Austria and Germany but higher than in Slovakia and Poland.

The main source of revenues is social security contributions, which at 41.5 % of total taxes are more than 10 percentage points above the EU-27 average (30.3 %). The share of Czech social contributions in total revenues is the second highest in the EU, after Germany. Direct taxes (25.6 % of total taxation) are below the Union average (31.1 %), and play a less important role than indirect taxes (32.9 %). Given the predominance of social security contributions, the other sources of revenues tend to fall below the EU average. In particular, PIT revenue, thanks also to a rate cut in 2006, is among the lowest of the EU-27 (4.6 % of GDP); VAT revenue amounts to 7.2 % of GDP, slightly below the EU-27 average. As for the CIT, the Czech Republic has been cutting the rates forcefully, from 55 % in 1991 up to the current 24 %, which is in line with the EU average. Nevertheless, until now this has not markedly reduced CIT revenues, which have always remained close to 4 % of GDP. In 2005, revenue from this tax was, at 4.5 % of GDP, 1.4 percentage points above the EU-27 average. As a result, the Czech Republic is one of the handful of EU countries where the CIT raises a comparable amount of revenue as the PIT (the others being Bulgaria, Romania, Slovakia and Cyprus¹⁾).

Since the structure of the tax system is quite centralised, local government receives a rather small proportion of total tax revenues (15.0 %). The central government receives 72.0 % of total taxes, far above the EU-27 average (59.2 %). This level is only comparable to those of Cyprus (74.9 %), Estonia (70.7 %), Malta (98.6 %) and the United Kingdom (94.4 %).

After a decreasing phase up to 1998, the total tax burden rose until 2004; in 2005, however, despite a growth pickup, a 0.5 % point dip was recorded as direct tax revenue shrank. The reduction in direct tax revenue was in particular due to cuts in CIT tax rates (reduction to 28 % from 1 January 2004, to 26 % as of 1 January 2005, and to 24 % as of 1 January 2006), faster depreciation of selected items (e.g. computers, selected means of transport, machinery), increased R&D allowances amounting to up to 10 % of the tax basis, joint taxation of married couples and the replacement of child allowance by a tax credit, including a tax bonus. As a result, the total tax ratio is now, at 36.3 % practically unchanged from the 1995 value.

Taxation of consumption, labour and capital

The tax mix by economic function is consistent with the structure described above: taxation on labour is the main source of revenue (almost half of total taxes), followed by consumption (31.4 %) and capital (19.4 %). The greater part of the taxes on capital is borne by corporations.

The implicit tax rate (ITR) on consumption has declined from 1995 to 2001 but has picked up since then. In 2004, consumption taxation was thoroughly reviewed. Selected goods and services taxed earlier 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 2004 (e.g. construction works). On the other hand, from 1 May 2004, the standard VAT rate was cut from 22 % to 19 %. Furthermore, the excise duties on commodities, notably mineral oils, tobacco and spirits, with rates lower than the EU ones were raised above the EU minima. The increase in the ITR on consumption suggests that the overall effect of the changes in legislation has been to moderately increase taxation. By 2005 the ITR, at 22.1 %,

1) In Cyprus the CIT actually raises more revenue than the PIT.

was back to the same level as at the beginning of the period under consideration. This value is exactly the same as the EU-27 average.

The ITR on labour has been growing slowly since 1997, reaching 41.3 % in 2005. This level is comparatively high, 6.1 percentage points above the EU-27 average. The increase is linked with the growth in social contributions.

The ITR on capital was 23.2 % in 2005, marking a fall in comparison to previous years despite ongoing buoyant growth in the economy. In the long-run comparison, continuing erosion in revenue from taxes on wealth and capital stocks is visible.

Environmental tax revenue (2.8 % of GDP) is in line with the EU-27 average. The Czech Republic plans an environmental tax reform for 2008 that will lead to an increase of excises on fuels and electrical energy and stimulate environmentally friendly behaviour, as well as allow the reduction of other taxes.

Current topics and prospects; policy orientation

Besides the reduction in tax rates mentioned above, an important priority of the Czech government has simplifying the tax law and reinforcing growth incentives. Simplifying provisions have been adopted for securities and derivative taxation in the field of corporate income tax. Various growth-supporting measures such as reduced depreciation periods for movable assets and R&D tax allowances have been introduced. Furthermore, in 2005 tax legislation was amended with the aim to support private R&D investment. The amendments introduced new tax deductions from the CIT base and the PIT base.

Given that the employment rate for low-skilled workers is one of the lowest in the EU, tax changes introduced in 2006 aimed mainly at supporting low-income workers, in line with "make-work-pay" policies.

Main features of the tax system

Personal income tax

The Czech Republic applies a progressive tax rate with four brackets. As of January 2006, the two lowest marginal tax rates were reduced from 15 % to 12 % and from 20 % to 19 % respectively, the first tax bracket has been broadened and standard tax allowances have been replaced by tax credits. The aim is to increase disposable working income, notably for low-income groups, and to strengthen vertical tax equity. The top rate remained at 32 %.

Corporate taxation

The corporate income tax rate is 24 % since 2006. Losses incurred in one period may be carried forward against profits made within the following seven tax periods. Starting with tax losses assessed in 2004, the carry-forward period is reduced to five years. No provisions for group taxation are in force.

Capital gains are included in taxable profit and taxed at the regular tax rate. Investment funds, mutual funds and pension funds are subject to tax at a 5 % rate.

Dividends paid to parent companies registered in an EU member state are exempt from withholding tax. In general, dividends paid abroad are subject to 15 % withholding tax, unless a double tax treaty provides otherwise. A 15 % rate applies to interest for both resident and non-resident and for both corporations and individuals.

VAT and excise duties

The VAT regime has been brought in line with the 6th Directive in 2004. The standard VAT rate is 19 % and applies to most goods and services; a reduced rate of 5 % applies to certain services and essential goods (e.g. food, drugs, construction works for housing). Certain supplies (e.g., banking services, insurance, financial operations) are exempt. The Czech Republic was granted a transitional period for the continued application of the reduced VAT rate on several items until 31 December 2007. It also obtained derogations for the application of a VAT exemption on international passenger transport and VAT exemption and registration thresholds of €35 000 for SMEs.

Excise tax is imposed on mineral oils, lubricants, spirits, beer, wine, tobacco products. A suspension regime has been in place since 2004. The transitional period regarding delayed implementation of the excise duty rates on cigarettes and other tobacco products ended in 2006.

Wealth and transaction taxes

There is an inheritance and gift tax, a real estate transfer tax and a real property tax. For moveable assets, the tax base is the market price. For immovable assets, the tax base is in most cases the official valuation of the immovable. The acquisition of moveable property by inheritance is exempt from tax for direct relatives and spouses of the owner. The tax rate is based on the value of property and the relationship between the parties. This ranges for the gift tax from 1 % to 40 % and 1.5 % to 20 % for the inheritance tax. The real estate transfer tax was cut by two percentage points (from 5 % to 3 %) as of 1 January 2004.

Social security contributions

Employers, employees and self-employed persons must make social security contributions that cover health, occupational disability, old-age pension and unemployment insurance. Employees' contributions (total rate: 12.5 %) are calculated on the gross employment income with no ceiling amount. Employers' contributions (total rate: 35 %) are calculated from total gross wages paid by employer to employees.

The contribution base for the self-employed is determined from 2006 at 50 % of net income (income less expenses). The maximum base is CZK 486 000 (€17 700) per year. The total rate is 47.5 % (including 4.4 % for disability insurance, which is not compulsory). Mandatory social security contributions may be deducted from the aggregate income.

DENMARK

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
A. Structure of revenues as % of GDP											
Indirect taxes	17.0	17.4	17.6	18.3	18.3	17.2	17.4	17.5	17.4	17.7	17.9
VAT	9.4	9.7	9.7	9.8	9.8	9.6	9.6	9.6	9.6	9.8	10.0
Excise duties and consumption taxes	3.7	3.9	3.8	4.1	4.2	4.1	4.1	4.1	4.0	3.8	3.5
Other taxes on products (incl. import duties)	2.3	2.3	2.4	2.7	2.5	2.0	1.8	2.0	1.9	2.3	2.6
Other taxes on production	1.6	1.5	1.7	1.8	1.8	1.6	1.8	1.8	1.8	1.8	1.7
Direct taxes	31.0	31.0	30.5	30.1	30.3	30.5	29.5	29.3	29.5	30.5	31.4
Personal income	26.3	26.2	25.9	25.5	25.8	25.6	26.0	25.7	25.6	25.1	24.6
Corporate income	2.3	2.5	2.7	3.0	2.4	3.3	2.8	2.9	2.9	3.2	3.8
Other	2.3	2.2	2.0	1.6	2.1	1.6	0.7	0.7	1.1	2.3	3.0
Social Contributions	1.1	1.1	1.0	1.0	1.6	1.8	1.7	1.2	1.2	1.2	1.1
Employers'	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Employees'	1.1	1.1	1.0	1.0	1.6	1.8	1.7	1.2	1.2	1.1	1.1
Self- and non-employed ²⁾	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
B. Structure according to level of government as % of GDP											
Central Government	32.2	32.4	32.1	32.0	32.1	31.0	29.7	29.5	29.6	31.1	32.5
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	15.6	15.7	15.8	16.2	16.3	16.5	17.0	17.1	17.2	17.0	16.7
Social Sec. Funds	1.1	1.1	1.0	1.0	1.6	1.8	1.7	1.2	1.2	1.2	1.1
EC Institutions	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
C. Structure according to economic function as % of GDP											
Consumption	15.4	15.8	15.9	16.3	16.4	15.7	15.7	15.8	15.6	15.9	16.1
Labour	27.3	27.3	26.9	26.3	27.0	26.6	26.9	26.1	26.0	25.3	24.8
Employed	21.1	21.2	21.4	21.0	21.8	21.7	22.1	21.2	20.9	20.3	19.8
Paid by employers	0.5	0.5	0.5	0.7	0.6	0.5	0.6	0.5	0.5	0.5	0.5
Paid by employees	20.7	20.8	20.9	20.4	21.3	21.3	21.5	20.7	20.4	19.8	19.3
Non-employed	6.1	6.0	5.5	5.2	5.1	4.9	4.8	4.9	5.1	5.1	5.0
Capital	6.4	6.3	6.4	6.9	6.9	7.2	6.0	6.1	6.6	8.2	9.6
Capital and business income	4.5	4.5	4.6	4.9	4.9	4.8	3.4	3.4	3.8	5.4	6.8
Income of corporations	2.3	2.5	2.7	3.0	2.4	3.3	2.8	2.9	2.9	3.2	3.8
Income of households	0.9	0.8	0.8	0.6	1.2	0.4	-0.6	-0.5	-0.1	1.1	1.9
Income of self-employed (incl. sc)	1.3	1.2	1.1	1.3	1.3	1.1	1.2	1.0	1.0	1.0	1.0
Stocks (w/wealth) of capital	1.8	1.8	1.8	2.0	2.0	2.4	2.6	2.7	2.8	2.8	2.8
Less: amounts assessed but unlikely to be collected	0.3	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1
TOTAL	48.8	49.2	48.9	49.3	50.1	49.4	48.4	47.8	48.0	49.3	50.3
Of which environmental taxes	4.5	4.8	4.8	5.2	5.3	5.2	5.1	5.3	5.1	5.5	5.8
Energy	2.1	2.3	2.2	2.4	2.6	2.5	2.7	2.6	2.6	2.5	2.3
Transport	2.1	2.1	2.1	2.3	2.2	1.8	1.7	1.9	1.8	2.0	2.2
Pollution/Resources	0.3	0.4	0.5	0.6	0.6	0.8	0.8	0.8	0.8	1.0	1.3
D. Implicit tax rates											
Consumption	30.5	31.6	31.9	32.7	33.7	33.4	33.5	33.7	33.3	33.3	33.7
Labour employed	40.1	40.2	40.6	38.8	40.1	40.9	40.7	38.8	38.0	37.4	37.3
Capital	30.0	31.0	31.9	38.9	38.8	36.2	31.0	30.8	36.9	46.2	46.5
Capital and business income	21.3	22.2	22.8	27.7	27.6	24.0	17.6	17.3	21.4	30.5	33.0
Corporations	20.4	22.4	22.3	29.3	21.4	24.6	22.1	21.2	23.5	28.2	27.9
Households	20.7	20.4	21.5	22.9	33.8	19.6	7.8	7.8	13.2	28.0	35.9
p.m.:											
Real GDP (% annual growth rate)	3.1	2.8	3.2	2.2	2.6	3.5	0.7	0.5	0.4	2.2	3.0
Output gap (potential)	-0.2	0.3	1.1	0.9	1.3	2.5	1.2	-0.2	-1.3	-1.4	-0.6

1) See ANNEX B for classification of taxes and ANNEX C for explanatory notes.

2) Separate data for social contributions paid by self-employed and non-employed is not available but included in social contributions of employees.

n.a.: not applicable, - : not available

Source: Commission Services

Overall trends in taxation

Structure and development of tax revenues

Denmark shows the second highest tax-to-GDP ratio in the EU after Sweden; in both countries the ratio exceeds 50 %. It should be noted, however, that the tax-to-GDP ratio overestimates the Danish tax burden somewhat in relation to other countries, since transfer incomes are taxed, and not paid out on a net basis, although no corresponding income is taken into account when measuring GDP. Adjusting for this difference of 4-5 % of GDP would not however, substantially change its ranking as one of the EU's highest taxing countries.

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 62.5 % of total tax revenues (EU-25 32.1 %). Personal income taxes form the bulk of direct taxes, representing 48.8 % of total taxation in 2005. In contrast, the proportion of indirect taxes was 35.6 %, which is slightly below the EU-25 average (38.2 %); this however is due not to a low absolute level of indirect taxation but rather to the fact that the revenue from other taxes is comparatively higher; indeed, the effective tax burden on consumption, as measured by the ITR on consumption, is at 33.7 % in 2005 the highest in the EU.

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 the central government and particularly local government is elevated, respectively 64.5 % and 33.1 % (EU-25 59.4 % and 11.1 %).

The tax-to-GDP ratio first peaked at 50.1 % in 1999, then declined for three years in a row, but has been on the increase since 2002. In 2005 it reached 50.3 %, one full percentage point higher than in the previous year and a peak value for the 1995-2005 decade. The increase is largely explained by the pension fund yield tax, which is dependent on financial market developments and may fluctuate considerably from one year to the next. The pension fund yield tax was at the exceptionally high level in 2004 and 2005, but fell by nearly 2 %-points in 2006 and is expected to remain at this lower level also in subsequent years.

Taxation of consumption, labour and capital; environmental taxation

The implicit tax rate on consumption, at 33.7 % (EU-27 22.1 %), remains the highest amongst the Member States. After an increase from 1995 to 1999 it has remained relatively stable.

The ITR on labour, at 37.3 %, despite the generally high level of taxation, is not amongst the EU's highest, but is exceeded in eleven other Member States, including many with a lower overall tax ratio. It has been steadily falling since 2000, resulting at least partly from labour tax cuts introduced in 2004.

The overall implicit tax rate on capital is currently the highest in the EU, exceeding the EU-27 average by nearly 20 percentage points, mainly owing to strong revenue increases from the tax on yields from pension scheme assets and from the corporation tax in 2003 to 2005 as a result of the recent economic upturn. The implicit tax rate on capital displays a strong fluctuation over the years, reflecting fluctuation in the yield from pension scheme assets and the tax on these.

Particularly since the environmental tax reform implemented in 1999-2002, Denmark has a comprehensive and ambitious energy tax system. All energy products, including coal, natural gas and electricity, are subject to both CO₂ tax and energy tax. VAT registered companies do not pay energy tax for the energy used in industrial processes, and are also entitled to a refund of their CO₂ tax, the amount of which depends on whether the process is defined as

heavy or light and whether the company has concluded an energy saving agreement with the government or not. In 2005 environmental taxes yielded 5.8 % of GDP, the highest proportion in the EU by a wide margin.

Current topics and prospects; policy orientation

The government introduced in 2006 the Local Government Reform, which will have an impact on the structure, but not necessarily the level of taxation in Denmark. The number of municipalities has been cut from 270 to 98 and 14 counties have been replaced by five regions. The levels of taxation have been reduced from three to two – the state and local governments – as the regions will no longer impose taxes, but are financed through state subsidies and contributions from municipalities. Consequently the share of local governments in total taxation is expected to fall by approximately 8 percentage points and that of the central government to increase correspondingly. A new health care tax of 8 % has been introduced, which is part of state income taxation. The reform has come into force as of 1 January 2007.

The government has proposed a major corporate tax reform, gradually taking effect in 2007-2016. The aim of the reform is to prevent the corporate tax base from eroding through the excessive leverage of Danish companies and to make the Danish CFC rules compatible with EU law. As part of the reform package the corporate tax rate will be reduced from 28 % to 25 %, while at the same time certain base broadening measures have been taken. These measures most notably consist of a limitation of interest deductibility through introduction of 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) and a tightening of depreciation allowances for certain assets. CFC rules will be changed to cover income from Danish subsidiaries, and some restrictions with respect to dividend payments will be introduced. As of April 2007 this legislation was not yet adopted by Parliament.

Main features of the tax system

Personal income tax

Personal income taxation in Denmark is characterized by relatively high average and marginal tax rates. As in the other Nordic countries, local taxes play an important role in Danish personal income taxation. Local tax rates are flat and vary from one municipality to the next. The average local income tax rate was 33.3 % in 2005 and 2006 (including county, municipal and church tax), but has fallen to 25.3 % in 2007 as a consequence of the Local Government Reform.

State income taxation is progressive and consists of three tax brackets. The lowest rate is 5.48 % and is paid on personal income (income minus labour market contribution) after the deduction of personal allowance (DKK 38 500 in 2006, equivalent to €5 150). The medium rate is 6 % and is paid on the part of personal income, which exceeds the medium bracket tax allowance (DKK 265 500 in 2006, €35 600). The top 15 % rate is paid on the share of personal income plus individual contributions to capital pension schemes, which exceeds the top bracket basic allowance (DKK 318 700 in 2006, €42 700). Individual contributions to pension schemes are otherwise deductible from personal income. Because of the tax ceiling set at the 59 % marginal tax rate, the full 15 % is not paid in all municipalities. As of 2006, a minority of taxpayers pays progressive state taxes, 25 % fall in the intermediate bracket, while 20 % pay top bracket taxes. In addition to local and state income taxes, individuals pay an 8 % labour market contribution, calculated on the gross wage before deduction of any allowance. Overall, the system is highly progressive with marginal rates ranging from 8 % (up to the amount of personal allowance) to 63 % (the upper ceiling plus the labour market contribution and the average church tax). From 2007 onwards a new healthcare contribution of 8 % has been introduced as a part of State income taxation. The earned income tax credit (or employment allowance), established as a part of the Spring Package in 2004, remains at 2.5 % with a maximum allowance of 7 300 DKK in 2006.

Net capital income (positive or negative) is included in the tax base for both state taxes and local income taxes. However, though interest payments are a part of negative capital income, they are generally deductible only based on the flat local tax rate, and not on the progressive state income tax rate. Also earned income allowance and some other deductions are taken into account only in calculating the local income tax base.

At the personal level dividend income is taxed at two different rates: 28 % for the dividend income not exceeding, for 2006, DKK 44 300 (€5 900) and 43 % for the income above this level. Also capital gains on selling shares are generally taxed at the same two rates (28 % or 43 % depending on whether the net gains are below or above DKK 44 300) according to the new rules adopted in 2006. As an element of the mentioned corporate tax reform in 2007, a third rate at 45 % will come to apply for dividend income and capital gains on selling shares above 100.000 from 2008.

Corporate taxation

The corporate tax rate was reduced from 30 % to 28 % in 2005 and is in line with those of the other Nordic countries (Sweden and Norway 28 %, Finland 26 %), but will fall below this level, to 25 % in 2007, in the context of the planned corporate tax reform (see above). 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.

Tax depreciation is straight line over a 20 years 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 is to be reduced from 5 % to 4 % in 2008, extending the depreciation period to 25 years, as a part of the corporate tax reform. Tax depreciation for ships, drilling rigs, aircrafts, 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 7 years using the straight-line method (optional).

Denmark applies an R&D tax incentive scheme, which allows deduction of 150 % of the costs of the R&D projects, if paid to a public R&D institution, subject to a ceiling. The project must be related to the business of the company and be approved in advance by a public research council.

VAT and excise duties

The VAT rate is 25 % and only newspapers are taxed at a zero rate. Excise duties on tobacco, alcohol and soft drinks were reduced in 2003 in anticipation of changes in cross-border trade restrictions (abolition of 24 hour rules) from January 2004 onwards. Other minor reductions of excise duties on cross-boarder trade items have been adopted in the last few years.

Wealth and transaction taxes

Immovable property situated in Denmark is subject to municipal and county real estate taxes. The rate of municipal real estate tax varies between 0.6 % and 2.4 %, and that of the county real estate tax is 1 % with a 0.4 % rebate for pensioners in 2006. In 2007, after the Local Government Reform, immovable properties are subject only to a municipal real estate tax varying between 1.6 % and 3.4 %.

Social security contributions

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



ESTONIA

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
A. Structure of revenues as % of GDP											
Indirect taxes	13.9	14.0	14.6	12.8	12.2	12.4	12.1	12.5	12.4	12.5	13.5
VAT	9.7	9.5	9.8	8.2	8.0	8.5	8.0	8.4	8.4	7.9	8.8
Excise duties and consumption taxes	2.5	2.9	3.3	3.4	3.1	3.0	3.2	3.2	3.1	3.6	3.8
Other taxes on products (incl. import duties)	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.4
Other taxes on production	1.4	1.3	1.3	1.0	0.9	0.7	0.8	0.7	0.7	0.7	0.6
Direct taxes	10.9	9.5	9.6	10.5	10.1	7.8	7.3	7.6	8.3	8.2	7.1
Personal income	8.3	7.8	7.6	8.0	8.0	6.9	6.6	6.4	6.6	6.5	5.6
Corporate income	2.4	1.6	1.8	2.5	2.0	0.9	0.7	1.1	1.6	1.7	1.4
Other	0.1	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Social Contributions	13.1	12.1	11.6	11.6	12.4	11.0	10.7	11.0	10.9	10.7	10.4
Employers'	13.1	12.1	11.6	11.6	12.4	10.8	10.6	10.6	10.4	10.3	10.0
Employees'	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.3	0.3	0.3
Self- and non-employed	-	-	-	-	-	-	-	-	-	-	-
B. Structure according to level of government as % of GDP											
Central Government	19.5	19.3	18.9	18.1	17.2	22.5	21.8	22.4	22.7	22.2	21.9
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	5.3	4.3	5.3	5.2	5.0	4.4	4.1	4.1	4.1	4.2	4.0
Social Sec. Funds	13.1	12.1	11.6	11.6	12.4	4.3	4.2	4.6	4.7	4.7	4.7
EC Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.3	0.3
C. Structure according to economic function as % of GDP											
Consumption	12.4	12.7	13.4	11.8	11.4	11.8	11.5	11.9	11.8	11.9	12.9
Labour	21.1	19.6	18.8	19.2	20.1	17.4	16.9	17.0	17.0	16.8	15.4
Employed	21.1	19.5	18.8	19.2	19.9	17.3	16.8	16.7	16.8	16.4	15.1
Paid by employers	13.1	12.1	11.6	11.6	12.4	10.8	10.6	10.6	10.4	10.3	10.0
Paid by employees	8.0	7.5	7.2	7.6	7.5	6.4	6.2	6.2	6.3	6.1	5.1
Non-employed	0.0	0.0	0.0	0.0	0.3	0.2	0.1	0.2	0.2	0.4	0.3
Capital	4.3	3.4	3.7	4.1	3.2	1.9	1.6	2.1	2.6	2.6	2.5
Capital and business income	2.7	1.9	2.2	2.9	2.3	1.2	1.0	1.4	2.0	2.0	1.9
Income of corporations	2.4	1.6	1.8	2.5	2.0	0.9	0.7	1.1	1.6	1.7	1.4
Income of households	0.1	0.1	0.3	0.2	0.1	0.2	0.1	0.2	0.2	0.1	0.3
Income of self-employed (incl. sc)	0.2	0.2	0.2	0.3	0.2	0.1	0.2	0.2	0.1	0.1	0.1
Stocks (wealth) of capital	1.5	1.5	1.5	1.2	0.9	0.7	0.6	0.6	0.6	0.6	0.6
TOTAL	37.9	35.6	35.9	34.9	34.6	31.3	30.2	31.1	31.5	31.4	30.9
Of which environmental taxes	0.8	1.2	1.5	1.8	1.7	1.5	1.9	1.8	1.9	2.1	2.2
Energy	0.6	0.9	1.3	1.6	1.4	1.2	1.6	1.5	1.6	1.8	1.9
Transport	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.0	0.1	0.1
Pollution/Resources	0.0	0.0	0.0	0.0	0.2	0.2	0.3	0.3	0.3	0.2	0.2
D. Implicit tax rates											
Consumption	20.6	19.2	20.7	18.4	18.0	19.7	19.4	20.0	20.4	20.5	23.8
Labour employed	39.2	39.1	38.5	39.8	39.5	37.8	37.3	37.8	36.5	35.2	33.1
Capital	24.7	15.6	17.7	18.2	15.8	6.0	5.0	6.4	8.5	8.9	8.1
Capital and business income	15.8	8.6	10.7	12.8	11.2	3.8	3.0	4.5	6.6	6.8	6.2
Corporations	29.1	14.4	16.4	18.4	17.9	4.1	3.0	4.7	7.3	7.8	6.2
Households	3.0	2.4	4.1	3.9	2.6	2.8	2.5	3.3	3.4	2.6	5.0
p.m.:											
Real GDP (% annual growth rate)	4.5	4.4	11.1	4.4	0.3	10.8	7.7	8.0	7.1	8.1	10.5
Output gap (potential)	-6.2	-6.8	-0.3	-0.6	-4.4	-2.2	-0.7	0.0	-0.7	-1.2	0.0

1) See ANNEX B for classification of taxes and ANNEX C for explanatory notes.

n.a.: not applicable, - : not available

Source: Commission Services

Overall trends in taxation

Structure and development of tax revenues

The tax-to-GDP ratio of Estonia (incl. social security contributions) decreased substantially between 1995 and 2000, but has since then remained close to 31 %. Although this ratio is somewhat higher in Estonia than in the other Baltic States, it lies 6.5 percentage points below the EU-27 average. The ratio is expected to remain between 30-31 % of GDP in 2006-2011 according to Ministry of Finance projections.

As in many other new Member States, the share of indirect taxes in total taxation is relatively high in Estonia (43.7 % in 2005); social security contributions, too, form an important proportion of total taxation (33.5 % in 2004, 3.2 percentage points above the Union average). The share of direct taxes, 22.8 % in 2005, has fallen by six percentage-points since 1995 in accordance with tax reforms, which have significantly increased the basic allowance and decreased the tax rates of both personal and corporate income.

Local governments receive 13 % of tax revenues, which is the eighth highest proportion in the EU-27. Until 2003 local authorities' revenues consisted mainly of a share of the personal income tax assigned to them (56 %), and represented over 40 % of local government total revenues. Starting from 2004, local authorities receive an amount that is based on gross income before deductions (the base is gross income of residents instead of actual tax revenue). This implies that the basic exemption and other deductions from taxable income impact only on the central government budget tax revenue. In 2004 this share was 11.4 %; in 2005 11.6 %, in 2006 11.8 % and from 2007 it is 11.9 %.

Taxation of consumption, labour and capital; environmental taxation

The ITR on consumption remained remarkably constant from 1995 to 2004, oscillating around 20 %, but has jumped to 23.8 % in 2005 mainly on account of higher VAT revenues. Consumption tax revenues in relation to GDP have been more stable, but have also increased from 11.9 % to 12.9 % between 2004 and 2005. This increase was partly influenced by the technical adaptation of the VAT system following the accession to the European Union. This one-off measure resulted in a one-month shift in tax receipts and VAT revenues therefore decreased by 10 % in 2004.

Labour taxation has been declining steadily since 1995 reflecting the reductions in personal income tax rates and the gradual increase in the basic allowance introduced by the tax reforms. The ITR on labour (33.1 %) is now below the EU-27 average (35.2 %), while two years earlier it still exceeded it. The ratio can be expected to decline further in the years to come.

The taxes on capital represent only 7.9 % of total tax revenues, which is the lowest proportion in the EU-27 and is in accordance with the very low effective taxation of capital income. The ITR on capital (8.1 %) is now one third of what it was in 1995.

Revenue from environmental taxes on the total is, at 2.2 % of GDP, the fifth lowest in the Union. However, it is expected to increase in future years, as the government aims at financing reductions in personal income and corporate taxation partly through increases in environmental taxes and excise duties on alcohol and tobacco.

Current topics and prospects; policy orientation

According to the Income Tax Act, the flat personal income tax rate will be reduced gradually from 26 % to 20 % between 2004 and 2009. The same reduction is applied to the corporate income tax rate (i.e. the tax rate applied on gross distributed profits). The basic allowance is EEK 24 000 (€1 535) from 2006 onwards. For the time being there are no plans to increase it further.



To fill the gap in the state budget the government intends to increase indirect taxation¹⁾, mainly the excise duties and environmental taxes. Hence, for instance in 2005 the excise duties on alcohol, tobacco and various fuels were increased, as well as some other taxes (gambling tax). The impact of these increases is roughly 0.2 % of GDP. The net effect of income tax reductions, on the other hand is -0.6 % of GDP, which explains the reduction of the total tax burden (tax-to-GDP ratio) in 2005.

The tax reform should be seen in the context of the current macroeconomic situation. The Estonian economy has been growing fast in recent years; the GDP real growth rate has exceeded 7 % in every year since 2000. Private consumption and real wages are also growing at comparable rates, implying that also the revenues from both consumption and wage taxes will grow at a sustained pace. According to the Ministry of Finance the tax revenues at the end of 2006 exceeded the level of the previous year by 20.3 % in nominal terms despite the impact of income tax reduction. In light of this the radical reduction of personal income taxation does not seem to jeopardise the state of public finance; on the contrary, the general government budget displays a significant surplus both in 2005 and 2006 (1.6 % and 3,3²⁾ % of GDP respectively). The general government gross debt is only 4.0 % of GDP, the lowest value in the EU.

Main features of the tax system

Personal income tax

Estonia is one of the new Member States applying a flat rate system to the PIT. The single tax rate, 23 % in 2006 and 22 % in 2007, is 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. In 2005 it was EEK 20 400 (€1 304) and was increased to EEK 24 000 (€1 535) in 2006. Because of this basic allowance the personal income tax system as a whole is progressive in the sense that the average tax rate increases with the income level, although the marginal tax rate remains constant. (In the case of Estonia the average tax rate at the average wage level (roughly €6 200/year in 2005) is 18.8 %. However, at the level of 50 % of the average wage the tax rate is only 13.6 % and at the level 200 % average wage it is 21.4 %.)

Personal income tax is shared between the local governments and the state in such a way that local governments receive 11.9 % of taxable income (in 2007) and the state receives the rest. The state is entitled to the entirety of the income tax paid by non-residents and the income tax paid on pensions

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 is 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 22 % in 2007. 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. Withholding tax of 22 % is applied on dividends paid to non-resident shareholders. Other measures to reduce fraud and tax evasion include CFC rules and regulations for minimising the use of transfer-pricing schemes. Despite the zero tax on retained earnings corporate income tax revenues have been increasing rapidly since 2001 (roughly 260 % from 2001 to 2005 in nominal terms); a dip in revenue measured as a percent of GDP was however recorded in 2005.

1) In the case of tobacco and fuel excise, the increase is partially due to requirement to harmonize the rates with EU directives.

2) Estimate by the Ministry of Finance.

Estonia has been granted a transitional period in respect of the application of the EC Parent-Subsidiary Directive until 31 December 2008, during which it can continue to apply its domestic rules. The Interest and Royalty Directive and the Savings Directive are implemented through a parliamentary Act adopted in May 2004.

VAT and excise duties

The VAT regime has been brought in line with the 6th Directive. The standard rate is stable since 1992 at 18 %. A 5 % reduced rate applies to certain goods and services, such as books, newspapers, medicines (abolished for some medical equipment from 1st of January in 2007), heating (will be abolished from 1st of July in 2007), and accommodation.

All excise duties on alcohol beverages exceed EU minimum levels, in some cases substantially. Excises on cigarettes still remain below the EU minimum levels, but are being increased gradually to reach the EU level in 2010. The same applies to excise duties on unleaded petrol and diesel; the EU minimum levels on energy products are to be reached in 2010- 2013. As mentioned above all excise duties, as well as other environmental taxes, should be increased in the coming years as a part of the package to finance reductions in personal income tax rates.

Social tax

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. Also the self-employed 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 the 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).

In 2002 an unemployment insurance premium was introduced. The rate for employees is 0.6 % of gross wage and for employers 0.3 % of the employees' gross wage. These rates apply from the beginning of 2006. Previously the rates were 1 % and 0.5 % respectively.

The social tax, comparable to the employers' social security contributions in other countries, is a fiscally important tax in Estonia. In 2005 these contributions represented 32.2 % of total taxation, which is by far the highest proportion in the EU. Employees' social contributions, in contrast, represented only 0.9 % of tax revenues.

FINLAND

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
A. Structure of revenues as % of GDP											
Indirect taxes	14.2	14.3	14.9	14.5	14.5	13.9	13.4	13.6	14.2	14.0	14.1
VAT	7.9	8.1	8.5	8.3	8.3	8.2	7.9	8.1	8.5	8.5	8.7
Excise duties and consumption taxes	4.5	4.6	4.7	4.6	4.7	4.2	4.1	4.2	4.2	3.9	3.8
Other taxes on products (incl. import duties)	1.5	1.4	1.4	1.4	1.3	1.2	1.2	1.2	1.2	1.3	1.4
Other taxes on production	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.2
Direct taxes	17.5	19.1	18.6	19.0	18.7	21.4	19.2	19.1	18.0	17.8	17.9
Personal income	14.2	15.4	14.2	13.8	13.5	14.5	14.0	13.9	13.6	13.2	13.5
Corporate income	2.3	2.8	3.5	4.3	4.3	5.9	4.2	4.2	3.4	3.5	3.3
Other	0.9	1.0	0.9	0.9	0.9	1.0	1.0	1.0	1.0	1.1	1.0
Social Contributions	14.1	13.6	12.8	12.6	12.6	11.9	12.0	11.8	11.8	11.7	12.0
Employers'	9.9	9.6	9.1	9.2	9.2	8.7	8.9	8.9	8.8	8.8	8.9
Employees'	2.6	2.6	2.4	2.3	2.3	2.2	2.2	2.1	2.1	2.1	2.2
Self- and non-employed	1.6	1.4	1.3	1.1	1.0	1.0	0.9	0.8	0.8	0.8	0.8
B. Structure according to level of government as % of GDP											
Central Government	21.9	23.1	23.8	23.9	23.7	25.6	23.2	23.9	23.6	23.5	23.6
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	10.2	10.7	10.1	10.0	9.9	10.2	9.9	9.6	9.3	9.0	9.1
Social Sec. Funds	13.0	12.6	11.8	11.6	11.6	11.0	11.1	10.9	10.8	10.7	11.0
EC Institutions	0.7	0.6	0.6	0.5	0.5	0.5	0.4	0.3	0.3	0.2	0.2
C. Structure according to economic function as % of GDP											
Consumption	13.8	13.9	14.4	14.0	14.1	13.6	13.1	13.4	13.9	13.6	13.7
Labour	26.1	26.8	24.7	24.1	23.7	23.7	23.8	23.6	23.3	22.9	23.3
Employed	21.9	22.6	21.1	21.0	20.7	20.8	21.1	20.8	20.5	20.2	20.6
Paid by employers	9.9	9.6	9.1	9.2	9.2	8.7	8.9	8.9	8.8	8.8	8.9
Paid by employees	12.0	13.0	12.0	11.8	11.5	12.0	12.2	11.9	11.7	11.4	11.7
Non-employed	4.2	4.2	3.6	3.2	2.9	2.9	2.7	2.8	2.7	2.7	2.7
Capital	5.8	6.3	7.1	7.9	8.0	9.9	7.9	7.6	6.8	7.0	6.9
Capital and business income	4.6	5.1	5.9	6.6	6.7	8.6	6.6	6.4	5.6	5.6	5.5
Income of corporations	2.3	2.8	3.5	4.3	4.3	5.9	4.2	4.2	3.4	3.5	3.3
Income of households	0.4	0.5	0.6	0.7	0.9	1.1	0.9	0.6	0.6	0.5	0.5
Income of self-employed (incl. sc)	1.9	1.7	1.8	1.6	1.5	1.6	1.6	1.7	1.6	1.6	1.6
Stocks (wealth) of capital	1.2	1.3	1.3	1.3	1.3	1.3	1.2	1.3	1.2	1.4	1.4
TOTAL	45.7	47.0	46.3	46.1	45.8	47.2	44.6	44.6	44.0	43.4	43.9
Of which environmental taxes	2.9	3.1	3.3	3.3	3.4	3.1	2.9	3.0	3.2	3.2	3.0
Energy	2.1	2.1	2.3	2.2	2.2	2.0	1.9	2.0	2.0	1.9	1.8
Transport	0.8	1.0	1.0	1.1	1.2	1.1	1.0	1.0	1.2	1.2	1.2
Pollution/Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
D. Implicit tax rates											
Consumption	27.6	27.4	29.3	29.1	29.4	28.6	27.6	27.7	28.1	27.7	27.6
Labour employed	44.3	45.3	43.6	43.8	43.4	44.1	44.4	43.8	42.5	42.0	42.0
Capital	28.5	30.9	31.5	32.6	32.2	36.4	25.7	27.4	25.8	26.1	26.7
Capital and business income	22.7	24.7	25.9	27.3	27.1	31.5	21.7	22.9	21.1	20.9	21.2
Corporations	19.5	22.5	24.0	25.9	25.4	30.6	18.5	21.1	18.7	18.7	18.3
Households	21.0	21.5	22.3	22.5	22.4	23.3	21.6	19.6	18.6	17.5	19.6
p.m.:											
Real GDP (% annual growth rate)	3.9	3.7	6.1	5.2	3.9	5.0	2.6	1.6	1.8	3.5	2.9
Output gap (potential)	-3.2	-1.9	0.8	2.1	2.0	3.0	1.7	-0.1	-1.5	-1.3	-1.5

1) See ANNEX B for classification of taxes and ANNEX C for explanatory notes.

n.a.: not applicable

Source: Commission Services

Overall trends in taxation

Structure and development of tax revenues

In Finland the overall tax burden, including social security contributions, was 43.9 % of GDP in 2005, slightly above the level of the previous year but down by more than three percentage points from 2000. Still, the tax ratio is among the highest in the EU, exceeded currently only by four countries (Sweden, Denmark, Belgium and France).

Direct taxes, in particular on personal income, represent the most important category of revenue, accounting for 40.7 % of total taxation. The share of indirect taxes (32.1 %) is below the EU-27 average (39.1 %). Social contributions, mainly paid by employers, account for 27.2 %, which is less than in most other Member States.

Local governments in Finland receive a rather large proportion of total tax revenues (20.7 % in 2005). 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 roughly half of all tax revenues and social security funds a quarter.

Since 2000 the overall tax burden has displayed a rather marked downward trend, although this development seems to have stabilised during the last two years. The reduction was concentrated entirely in direct taxes, as social contributions remained roughly constant as a share of GDP and indirect taxes grew slightly in relation to GDP.

Taxation of consumption, labour and capital; environmental taxation

The tax structure by economic factor in Finland (consumption 31.2 %, labour 53.1 % and capital 15.7 %) is marked by a somewhat higher share of labour and correspondingly lower share of consumption and capital taxation compared with the EU-27 averages (34 %, 46.3 % and 19.9 %).

Due to the significance of excise duties and VAT within indirect taxes, the effective tax burden on consumption is, however, rather high in Finland. The implicit tax rate on consumption of 27.6 % is the third highest in the Union after Denmark and Sweden, although it has fallen from 29.4 % in 1999.

Labour taxes represented 23.3 % of GDP in 2005 (EU-27 17.5 %), which is nearly three percentage-points lower than in 1995, but still among the six highest rates in the EU. Thanks to reductions in income taxes and in social contributions, the ITR on labour has fallen from over 44 % to 42 % in four years.

The revenue from taxes on capital has shown significant swings over the period considered. It nearly doubled from a mere 5.8 % of GDP in 1995 to 9.9 % of GDP at its 2000 peak. An increase in the statutory corporate tax rate by four points between 1995 and 2001, the cut of depreciation rates for machinery and equipment to 25 % in 1999 and the generally improved company profitability during the strong economic upswing can explain this sharp rise, which is paralleled by an equivalent increase in the ITR on capital reaching the record level of 36.4 % in 2000. It should be noted, however, that the ITR on capital is biased upwards as capital gains, particularly strong in 2000, are not included in the base. The strong drop in the ITR after 2000 can likewise be related not only to tax cuts but also to the economic downturn and to capital losses arising from falling stock prices. By 2005 the ITR on capital had declined by nearly ten points from its peak displaying however a slightly increasing trend since 2003. In 2005, the corporate income tax rate was lowered from 29 % to 26 %, and the capital income tax rate from 29 % to 28 %. At the same time, the dividend imputation system was abolished, which increased the tax burden on capital and business income.

Environmentally related taxes represent 3 % of GDP in 2007, close to the EU-27 average level (2.9 %). Due to the relatively heavy vehicle taxation transport taxes in relation to GDP are at a higher level (1.2 %) and energy taxes

correspondingly at a lower level (1.8 %) than the EU-27 averages ((0.7 % and 2.1 % respectively. Planned tax cuts on industrial electricity use will further reduce the level of energy taxation.

Current topics and prospects; policy orientation

In November 2004 the government agreed with labour market organisations on wage moderation for the period 2005-2007. In return the government agreed to cut taxes on labour income by €1.7 billion spread out in the period 2005-2007. Part of these cuts compensates for increases in employees' health insurance contributions. Taking into account the € 1.1 billion cut already carried out in 2004, the tax rate of the average wage earner is estimated to decrease by 3 percentage points in the period 2004-2007 being slightly above 30 % in 2006.

In 2007 the amount of tax cut is €655 million. The tax cuts are carried out mainly by increasing the earned income allowance in state taxation and by adjusting the marginal tax rates of the state income tax scale. The number of tax brackets will be reduced from five to four, while the marginal rates of the third and fourth bracket will be cut by one and half percentage points respectively. The tax allowance for travel costs between home and workplace is increased from €4 700 to €7 000.

Reduced VAT rates for labour-intensive services are applied in Finland for the first time starting from 2007. The experiment will last until 2010 and covers hairdressing and small repair work. The VAT rates for these services are reduced from 22 % to 8 %, resulting in an annual budgetary shortfall of €43 million.

The 2007 budget also includes a proposal to cut the electricity tax on industry and commercial greenhouses by half, while removing at the same time certain tax subsidies applied on the use of bio- and waste fuels. The implementation of the proposal is conditional on the approval of the European Commission with respect to state aid rules.

Main features of the tax system

Personal income tax

Since 1993 the taxation of personal income is 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 with marginal rates ranging from 9.0 % to 32 %, the taxable income threshold being €12 400. The municipal income tax is levied at flat rates on earned income and the estates of deceased persons. The rate varies between 16 % and 21 %, and the average being 18.46 % in 2007. The church tax is between 1 % and 2.25 %.

An earned income allowance on municipal taxation was introduced in 1997 with the intention of increasing the take-home pay of low-income earners. It reaches its maximum at a low income level, and decreases thereafter gradually. The maximum level is €3 250 in 2007. An earned income tax credit targeted to low-income earners is granted in central government taxation since 2006, and its maximum amount is €400 in 2007.

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. In case 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 all 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, and 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 and maximum annual rates with regard to the most common items are: 25 % for machinery and equipment and from 4 % to 7 % for buildings. The acquisition costs of intangible assets may be depreciated using a straight-line method over a period of ten 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 has been 22 % since 1998. In addition there are two reduced rates: 17 % for food and fodder and 8 % for a list of goods, including medicines, books and subscription fees for newspapers and journals. In the years 2007 -2010, the 8 % rate is also applied to labour intensive services (hairdressing and small repair services).

Finland has excise duties rates which are among the highest in the EU on beer, wine, petrol and tobacco. However, since 2004 the excise duty on alcohol has been reduced by 33 % in an attempt to prevent further tax base erosion following the cessation of import restrictions formerly applicable to trade with new Member States. The registration tax on passenger cars, which formerly was one of the highest in the EU, was also reduced by 15 % on average in 2003

Wealth and transaction taxes

Municipalities levy a real estate tax on land and buildings at rates that usually vary between 0.5 % and 1 %. The rates are lower for residential buildings, and higher for other buildings, power plants and non-built building sites. 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 10 % and 16 %, and with a threshold for taxable income of 3 400. Wealth tax was abolished in 2006.

Social security contributions

Social security contributions are paid both by the employers and the employees. Health insurance contribution for medical care is paid also by the pensioners. In 2007 it is 1.28 % out of income from work and 1.45 % out of other income (pension and other benefits). Employees also pay a contribution for earned income health insurance (0.75 % of taxable income), unemployment insurance contribution (0.58 % of gross income) and pension insurance contribution (5.4 % out of gross income for those above 53 years, 4.3 % for others). These contributions are deductible in income taxation.

FRANCE

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
A. Structure of revenues as % of GDP											
Indirect taxes	16.0	16.6	16.5	16.4	16.4	15.8	15.4	15.4	15.3	15.5	15.8
VAT	7.4	7.7	7.7	7.6	7.7	7.3	7.2	7.1	7.1	7.2	7.4
Excise duties and consumption taxes	2.8	2.8	2.7	2.7	2.7	2.6	2.5	2.6	2.5	2.3	2.4
Other taxes on products (incl. import duties)	1.7	1.7	1.7	1.7	1.7	1.7	1.6	1.7	1.7	1.8	1.8
Other taxes on production	4.2	4.4	4.4	4.4	4.3	4.2	4.1	4.1	4.1	4.2	4.3
Direct taxes	8.4	9.0	9.7	11.8	12.5	12.5	12.6	11.8	11.4	11.6	11.9
Personal income	5.3	5.5	5.8	8.0	8.2	8.4	8.2	7.9	7.9	7.8	8.0
Corporate income	1.8	2.0	2.3	2.3	2.7	2.8	3.1	2.5	2.1	2.4	2.4
Other	1.4	1.5	1.6	1.5	1.6	1.3	1.4	1.3	1.3	1.4	1.5
Social Contributions	18.6	18.6	18.1	16.1	16.3	16.1	16.1	16.2	16.3	16.2	16.4
Employers´	11.4	11.3	11.3	11.1	11.3	11.1	11.0	11.0	11.1	11.0	11.1
Employees´	5.8	5.8	5.4	3.9	4.0	4.0	4.0	4.0	4.1	4.0	4.1
Self- and non-employed	1.4	1.5	1.4	1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.1
B. Structure according to level of government as % of GDP											
Central Government	17.7	18.6	18.8	18.7	19.4	18.6	18.1	17.5	17.1	18.2	17.8
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	4.5	4.7	4.7	4.7	4.6	4.3	4.1	4.1	4.2	4.5	4.8
Social Sec. Funds	20.0	20.1	20.2	20.3	20.6	21.0	21.3	21.2	21.3	20.3	21.2
EC Institutions	0.8	0.7	0.7	0.6	0.6	0.6	0.6	0.5	0.3	0.2	0.3
C. Structure according to economic function as % of GDP											
Consumption	12.1	12.4	12.3	12.1	12.1	11.6	11.3	11.3	11.1	11.2	11.4
Labour	23.0	23.1	23.1	23.0	23.5	23.2	23.1	22.9	23.1	22.9	23.3
Employed	21.8	22.0	22.0	22.1	22.5	22.3	22.2	22.1	22.3	22.1	22.5
Paid by employers	12.5	12.4	12.5	12.2	12.4	12.1	12.1	12.1	12.2	12.2	12.3
Paid by employees	9.3	9.5	9.5	9.9	10.2	10.1	10.1	10.0	10.0	9.9	10.2
Non-employed	1.1	1.1	1.1	0.9	0.9	0.9	0.9	0.8	0.8	0.8	0.9
Capital	8.0	8.7	9.0	9.2	9.6	9.6	9.8	9.1	8.7	9.1	9.4
Capital and business income	3.8	4.2	4.3	4.5	4.9	5.1	5.3	4.7	4.3	4.5	4.7
Income of corporations	1.8	2.0	2.3	2.3	2.7	2.8	3.1	2.5	2.1	2.4	2.4
Income of households	0.4	0.5	0.5	0.8	0.8	0.9	0.8	0.8	0.8	0.8	0.8
Income of self-employed (incl. sc)	1.5	1.7	1.5	1.3	1.4	1.5	1.5	1.4	1.4	1.4	1.4
Stocks (wealth) of capital	4.3	4.5	4.6	4.7	4.7	4.5	4.5	4.4	4.4	4.5	4.7
Less: amounts assessed but unlikely to be collected	0.3	0.3	0.2	0.3	0.2	0.3	0.3	0.2	0.1	0.1	0.1
TOTAL	42.7	43.9	44.1	44.0	44.9	44.1	43.8	43.1	42.8	43.1	44.0
Of which environmental taxes	2.8	2.9	2.7	2.7	2.8	2.5	2.4	2.5	2.4	2.4	2.4
Energy	2.0	2.0	2.0	2.0	2.0	1.8	1.7	1.8	1.7	1.7	1.6
Transport	0.6	0.7	0.6	0.6	0.7	0.6	0.5	0.6	0.6	0.6	0.6
Pollution/Resources	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
D. Implicit tax rates											
Consumption	21.5	22.1	22.2	22.0	22.1	20.9	20.3	20.3	20.0	20.2	20.2
Labour employed	41.2	41.5	41.8	42.3	42.6	42.1	41.7	41.2	41.5	41.4	42.1
Capital	31.2	34.4	35.2	35.2	38.0	37.5	38.0	36.7	35.4	36.9	38.9
Capital and business income	14.6	16.6	16.9	17.0	19.2	20.0	20.7	19.1	17.6	18.5	19.4
Corporations	21.0	25.5	25.9	24.6	29.4	30.0	33.7	29.8	24.1	26.8	29.1
Households	9.9	10.9	10.5	11.0	11.6	12.3	11.7	11.5	11.7	11.3	11.6
p.m.:											
Real GDP (% annual growth rate)	2.2	1.1	2.2	3.5	3.2	4.0	1.9	1.0	1.1	2.3	1.2
Output gap (potential)	-1.3	-2.0	-1.7	-0.3	0.8	2.4	1.9	0.9	-0.1	0.0	-0.8

1) See ANNEX B for classification of taxes and ANNEX C for explanatory notes.

n.a.: not applicable

Source: Commission Services

Overall trends in taxation

Structure and development of tax revenues

As of 2005, with a total-tax-to-GDP ratio of 44.0 % (EU-27 37.4 %), France's tax ratio ranks fourth in the Union, behind Sweden, Denmark and Belgium.

The share of indirect taxes in percentage of GDP is 1.4 % above the EU-27 average, while the share of direct taxes is clearly below average, although it has increased considerably since 1995. Social contributions represent the fourth highest share of total tax revenue in the EU-27. Employers contribute to over two thirds of social contributions: 65 % more than the EU-27 average. Substantial cuts in employees' social contributions for sickness insurance introduced in 1998 resulted in a clear drop in revenue data from that year.

The central government raises 40.5 % of total revenue, the lowest share of any non-federal Member States. The local governments' share of tax revenue is close to the EU average. It consists mainly of the local business tax, patent levies, real estate and housing taxes.

The overall tax burden peaked around the turn of the century (44.9 % in 1999). A relatively strong 1995-1999 increase (over 2 % of GDP) was followed by an equally marked decline from the peak (1.8 % of GDP) in 2004. In 2005 the ratio however bounced back by close to one point of GDP as revenue increased across-the-board. This general trend however masks different developments amongst the various revenue components. Social contributions, especially employees' contributions, have fallen significantly since 1995, reflecting the 1998 cuts, whereas direct taxes have increased substantially; in particular revenue from personal income taxes (PIT) has picked up by 50 % since 1995. After 2001, however, revenue from direct taxes has declined, notably owing to a drop in revenues from corporate taxes, probably linked to the cyclical slowdown and to reductions in CIT rates.

Taxation of consumption, labour and capital; environmental taxation

The ITR on consumption is 2 percentage points below the EU average (EU-27 22.1 %). It has remained remarkably stable from 1995 to 1999, while reductions in the ITR are visible in 2000-2001, notably because of reductions in the VAT rates.

The tax burden on labour income is comparatively high; indeed, in 2005 France ranked fourth in the EU after Sweden, Italy and Belgium. 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 %, 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 is one of the highest in the EU. After a short period of decline in 2002 and 2003, the ITR rose again by 2 percentage points in 2005. 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 capital stock (or wealth) which altogether represent 4.7 % of GDP (EU-27: 2 %). The recent increasing trend in the ITR on capital reflects mainly an increase in revenue from taxation on corporations. It should be noted however that most of the 2005 increase in CIT revenue and therefore of the ITRs on capital is due, besides a strong financial sector performance, to the reform of the final CIT tax advance for large companies, which brought forward an estimated €1.5 billion in revenue from April 2006 to December 2005, and is therefore merely transitory.

France has a relatively low share of environmental taxes on GDP. Their level has declined further since 1999 (to 2.4 %).



Current topics and prospects; policy orientation

Under the individual income tax reform adopted in 2006, the brackets contained in the individual income tax table have been reduced from seven to four. The supplementary deduction of 20 % of taxable income has also been directly integrated into the progressive income tax rates so that, for example, a marginal rate of 48.09 % is reduced to 40 %. Under the Finance Bill for 2007, the tax system is adjusted for inflation.

Since 1 January 2006, the annual minimum lump sum tax based on turnover (*Imposition forfaitaire annuelle*, IFA) is no longer deducted from tax due but from the tax base. Companies whose turnover is below €300 000 are now exempted from the tax. In addition, the local tax on businesses (*Taxe professionnelle*) was effectively capped at 3.5 % of value added and a tax relief to encourage new investments was implemented.

The Finance Bill for 2007 introduces a specific incentive for small and medium-sized enterprise (SMEs), consisting of a reduction in CIT and IFA during the period of the growth of the SME to encourage employment and self-investment. The tax incentive is capped over a 3-year period and applies retroactively from 1 January 2006 to 31 December 2008. Qualifying SMEs will also benefit from an immediate refund of the research and development (R&D) credit.

The final advance tax payment of large companies, which is determined on the basis of the current tax assessment year since 2006, now applies to companies with a turnover in excess of €500 million (previously, EUR 1 billion). Amendments to the tax consolidation regime aim at assuring the neutrality of restructuring operations within groups. New rules to limit thin capitalisation will apply from 2007. In addition, accelerated depreciation on some pollution-reducing assets will be available until 2008.

From 1 January 2007, a 95 % exemption on capital gains derived from the sale of a participation of more than 5 % (the participation exemption) will apply. Portfolio shareholdings with a cost price of at least €22.8 million become subject to CIT at the standard rate (previously 15 %). In order to stimulate R&D investment, since 2006, France grants a tax reduction equal to 65 % of payments made to research institutes or innovating SMEs or of expenses incurred for carrying out R&D activities; and a tax reduction equal to 25 % of the payments made by companies to acquire shares in innovating SMEs or innovation investment funds (FCPI).

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 2007 the top marginal rate is 40 %. 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. 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 16 %. 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 taxes on labour income. As part of a multi-annual tax reduction plan (2001-2003), the main tax-cutting measures for labour consisted in reducing statutory PIT rates, social contributions, the creation of a reimbursable tax credit (*Prime pour l'emploi*), and the reform of a local business tax (*Taxe professionnelle*) with a gradual phasing out of the wages component from the tax base. A further reduction by 3 % of statutory PIT rates and an increase in the employment bonus were enacted through the 2004 Budget Law. However, budgetary difficulties led to the suspension of the plan.

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 50 % (40 % since the 2006 PIT reform) of their amount. The equalisation tax (*précompte mobilier*) 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 a simplification and lowering of the rates. The earned income tax credit (*prime pour l'emploi*) was increased by 50 %. The total amount of taxes paid by individuals, including income, wealth and local taxes, was capped to 60 % of their income.

Corporate taxation

The corporate tax (IS) affects all profits realised in France by companies and other legal entities. The standard rate is 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 %. Regardless of whether a French company makes a profit or not, it is assessable to a minimum lump sum tax, which is calculated in reference to its turnover (IFA). Furthermore, France imposes a local business tax (*taxe professionnelle*) payable by the self-employed and companies. The actual tax varies with location, and is calculated in reference to the value of the business' fixed assets and value added.

In the late 1990's, earlier increases in the corporate tax 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. Part of these cuts were funded by broadening the tax base by reducing depreciation allowances and modifying the system for correcting double taxation of intra-company dividends distributed. The full and partial tax exemptions granted to new companies created between 1995 and 2004 was extended until 2009. In 2005, the corporate tax rate was cut and from 2007 the local business tax is simplified and reduced by capping the tax to 3.5 % of value added.

VAT and excise duties

The standard VAT rate is 19.6 %. A reduced rate of 5.5 % applies to essential goods and certain periodicals. A reduced rate of 2.1 % applies to daily newspapers, certain 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 €750 000. 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.

Social contributions

The French social security system is mainly financed by contributions and taxes deducted from earnings. Employers' social security ranges between 35 % and 45 %, while employee's social security contributions are between 14 % and 20 %.



GERMANY

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
A. Structure of revenues as % of GDP											
Indirect taxes	12.0	11.9	11.9	12.0	12.6	12.5	12.2	12.1	12.2	12.1	12.1
VAT	6.5	6.5	6.4	6.6	6.8	6.8	6.6	6.4	6.3	6.2	6.2
Excise duties and consumption taxes	2.6	2.6	2.6	2.5	2.7	2.8	2.9	3.0	3.2	3.0	2.9
Other taxes on products (incl. import duties)	1.1	0.9	1.0	1.0	1.0	0.9	0.9	0.9	0.9	0.9	0.9
Other taxes on production	1.8	1.9	1.9	2.0	2.0	2.0	1.8	1.8	1.8	1.9	2.1
Direct taxes	10.9	11.3	11.1	11.4	11.9	12.5	11.0	10.7	10.6	10.2	10.3
Personal income	9.3	9.4	9.2	9.5	9.9	10.2	9.9	9.6	9.3	8.7	8.6
Corporate income	0.9	1.2	1.3	1.3	1.5	1.7	0.6	0.6	0.7	0.9	1.1
Other	0.7	0.8	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.6	0.6
Social Contributions	16.8	17.4	17.7	17.4	17.2	16.9	16.7	16.7	16.9	16.6	16.3
Employers'	7.5	7.6	7.6	7.6	7.5	7.5	7.4	7.3	7.4	7.2	7.0
Employees'	6.7	6.9	7.0	6.9	6.8	6.8	6.7	6.6	6.7	6.5	6.4
Self- and non-employed	2.6	3.0	3.0	2.9	2.8	2.7	2.6	2.8	2.8	2.8	2.9
B. Structure according to level of government as % of GDP											
Central Government	11.1	10.8	10.7	10.9	11.7	11.9	11.3	11.3	11.4	10.9	11.1
State government	8.4	9.0	8.9	9.1	9.4	9.5	8.8	8.5	8.5	8.3	8.2
Local Government	2.5	2.6	2.7	2.9	2.9	2.9	2.7	2.6	2.6	2.8	2.9
Social Sec. Funds	16.8	17.4	17.7	17.4	17.2	16.9	16.7	16.7	16.9	16.6	16.3
EC Institutions	0.9	0.8	0.7	0.6	0.6	0.6	0.5	0.4	0.4	0.3	0.3
C. Structure according to economic function as % of GDP											
Consumption	10.3	10.1	10.0	10.1	10.5	10.5	10.5	10.4	10.5	10.2	10.1
Labour	23.9	24.1	24.4	24.2	24.1	24.3	24.0	23.9	23.8	22.8	22.3
Employed	21.3	21.3	21.4	21.4	21.3	21.8	21.5	21.3	21.1	20.1	19.5
Paid by employers	7.5	7.6	7.6	7.6	7.5	7.5	7.4	7.3	7.4	7.2	7.0
Paid by employees	13.8	13.7	13.8	13.8	13.8	14.3	14.1	14.0	13.7	12.9	12.5
Non-employed	2.6	2.9	2.9	2.8	2.8	2.6	2.5	2.7	2.7	2.7	2.7
Capital	5.6	6.4	6.3	6.6	7.1	7.0	5.5	5.2	5.4	5.8	6.4
Capital and business income	4.4	5.2	5.2	5.5	5.9	5.9	4.4	4.2	4.4	4.7	5.3
Income of corporations	2.1	2.4	2.6	2.7	2.8	3.0	1.7	1.7	1.9	2.2	2.5
Income of households	0.3	0.3	0.3	0.4	0.4	0.4	0.3	0.3	0.4	0.4	0.5
Income of self-employed (incl. sc)	2.1	2.4	2.3	2.5	2.7	2.5	2.3	2.2	2.1	2.0	2.3
Stocks (wealth) of capital	1.1	1.2	1.1	1.1	1.2	1.1	1.1	1.0	1.1	1.1	1.1
TOTAL	39.8	40.7	40.7	40.9	41.7	41.9	40.0	39.5	39.7	38.8	38.8
Of which environmental taxes	2.3	2.2	2.2	2.1	2.3	2.4	2.5	2.5	2.7	2.5	2.5
Energy	1.9	1.8	1.8	1.7	1.9	2.0	2.1	2.2	2.3	2.2	2.1
Transport	0.4	0.4	0.4	0.4	0.4	0.3	0.4	0.4	0.3	0.4	0.4
Pollution/Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
D. Implicit tax rates											
Consumption	18.8	18.3	18.1	18.3	19.0	18.9	18.5	18.5	18.7	18.2	18.1
Labour employed	39.4	39.6	40.6	40.6	40.4	40.7	40.5	40.4	40.3	39.1	38.7
Capital	22.4	25.6	24.5	25.9	29.1	29.2	22.7	21.2	21.5	21.9	23.3
Capital and business income	17.8	20.7	20.3	21.5	24.2	24.5	18.2	16.9	17.3	17.8	19.3
Corporations	-	-	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-	-	-
p.m.:											
Real GDP (% annual growth rate)	1.9	1.0	1.8	2.0	2.0	3.2	1.2	0.0	-0.2	1.2	0.9
Output gap (potential)	-0.2	-1.1	-1.0	-0.7	-0.3	1.3	1.2	0.0	-1.3	-1.0	-1.3

1) See ANNEX B for classification of taxes and ANNEX C for explanatory notes.

- : not available

Source: Commission Services

Overall trends in taxation

Structure and development of tax revenues

The total-tax-to-GDP ratio in Germany lies somewhat above the EU-27 average but slightly below the eurozone one (38.8 % in 2005, EU-27 37.4 %, EA-13 39.1 %). Compared to its neighbour countries the tax-ratio is higher than in Poland and the Czech Republic, but lower than in Denmark, Belgium, France and Austria. The Netherlands and Luxembourg are about the same level.

Germany stands out with a very high share of social contributions in total tax receipts (42.1 %, EU-27 30.3 %) while the shares of direct taxes (26.6 %) and especially indirect taxes (31.3 %) are among the lowest in the Union. The relatively low share of indirect taxes (second lowest after Belgium) is explained by moderate rates of excise duties and a low standard VAT rate at that time. Employers pay higher social contributions than employees; nevertheless, compared to the EU-27, average contributions in Germany fall particularly heavily on employees (6.4 % of GDP, EU-27 3.4 %) and on the self-employed (2.9 % of GDP, EU-27 1.1 %).

Compared with the other federal countries, state governments in Germany receive a proportion of total tax revenue (21.2 %) which is in line with Spain (22.1 %) and Belgium (24.1 %), but much higher than in Austria (7.1 %). The German *Länder* receive a substantial share in the revenue from VAT, the wage withholding tax, the personal income tax (PIT) collected by assessment, the corporate income tax 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 transfer of property and taxes on motor vehicles. Social security institutions receive the largest proportion of revenues in the EU (42.1 %) exceeded as a proportion only by France (48.2 %). The net result is that the federal government receives the smallest proportion of tax receipts of any EU central government (28.5 %, EU-27 59.2 %).

Following Germany's reunification, the tax-to-GDP ratio rose significantly in the early 1990s, most of the increase coming in the form of augmented social contributions. Between 1995 and 2000 the tax-to-GDP ratio increased further by around two percentage points (to 41.9 %) as a result of increases in revenues from personal and corporate income taxes. The year 2001 marked a turning point; primarily, reductions in personal and corporate income tax under the 'Tax Reform 2000' have let the level drop by more than three percentage points in the five years since 2000.

Taxation of consumption, labour and capital; environmental taxation

Consumption taxes as a percentage of GDP are, together with those in Italy and Spain, the lowest in the European Union (10.1 %; EU-27 12.6 %), as reflected by the low implicit tax rate on consumption (18.1 %, EU-27 22.1 %). Revenue from consumption taxes has remained roughly constant since 1995.

The tax on labour as a percentage of GDP (22.3 %, EU-27 17.5 %) is among the highest in the Union. Social contributions account for more than two thirds of the taxes on employed labour. The implicit tax rate on labour is well above the European average (38.7 %, EU-27 35.2 %). It increased from 1995 until 2000 when it reached its peak at 40.7 %, and has decreased since then because of the income tax reform.

Despite a strong increase in recent years, Germany still derives lower than average revenues from taxation of capital (6.4 % of GDP, EU-27 7.4 %), partly due to a low level of capital taxes on stocks of wealth (1.1 %, EU-27 2.0 %). Moreover, as a result of the fact that in Germany fewer companies are incorporated than in any other EU country a low overall level of taxes on corporations is observed (2.5 %, EU-27 3.2 %). On the other hand relatively high revenues are raised by the tax on the income of the self-employed (2.3 %, EU-27 1.5 %). These factors are likewise reflected in the rather low implicit tax rate on capital (23.3 %). The level of taxes on corporations (in % of GDP) has undergone dramatic changes in the last years. After a nearly fifty percent increase in the late 1990s, the effects of the

tax reform as well as the economic downturn resulted in a fall from 3.0 % (2000) to 1.7 % (2001), a level from which it has only partially recovered (2.5 % in 2005). Part of the reason for this drop was that legislation at that time permitted companies to recoup the difference between the higher tax rate on retained earnings, which had existed in the old tax system, and the lower one on distributed earnings by distributing these profits. The net result was a fall in corporate income tax receipts by €24 billion.

Despite the significant increase of taxes on energy since the 1999 ecological tax reform (from 4.2 % of total taxation in 1998 to 5.3 % in 2005), environmental tax revenue is still below the EU average (6.3 %, EU-27 7.6 %).

Current topics and prospects; policy orientation

In April 2006 the German Bundestag passed a law aimed at the promotion of economic growth and employment. With respect to enterprise taxation it, inter alia, contains a temporary accelerated depreciation rate for movable fixed assets. In the income tax system an extension of deductibility of childcare services and of the tax credit for domestic services will be introduced. Overall, the Bill is expected to lead to a shortfall in tax revenue of almost €21 billion in the years 2006 to 2010.

As of 1 January 2007 several changes to the tax system came into force. In particular, the standard rates of VAT and insurance tax increased by three percentage points. Part of the revenue will finance a cut in the unemployment insurance rate by more than two percentage points, the other part will be devoted to a budgetary consolidation. Furthermore, base broadening measures were implemented and a second top rate for very-high income earners was introduced.

Finally, a far-reaching reform of company taxation is planned to enter into force as of 2008. According to the draft proposal it is inter alia planned to reduce the corporate income tax rate from 25 % to 15 % and the overall tax burden for corporations from 38.7 % (2007) to below 30 %. The reform will be partly financed by tax-base-broadening measures and the expected repatriation of profits to Germany.

Main features of the tax system

Personal income tax

The income tax rates have been steadily reduced through reforms entering into force between 1999 and 2005 (the 'Tax Reform 2000' in particular). At the same time the personal allowance has been increased by nearly a quarter. These tax reductions have partially been financed by broadening the base. These reforms will lead to an annual tax relief of €59 billion by 2009.

Another major reform was the introduction of a deferred taxation (EET) system that renders all savings for retirement and the accruing interest tax exempt, 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 are deductible for PIT purposes.

The PIT is imposed at progressive rates on top of which a 5.5 % solidarity surcharge is levied. The personal allowance is €7 664 for a single person. The basic rate is 15 %; the top rate (42 %) is levied on incomes above €52 152. Since 2007 a second top rate of 45 % applies for incomes above €250 000 ('Reichensteuer'); temporarily it is not levied on income derived from entrepreneurial activity. Capital gains are included in the PIT tax computations. Half of the profits is taxed at normal rates if it exceeds €512, but there is no taxation if the capital gains are realised after a holding period of at least one year (shares) or ten years (properties).

Spouses living together are in general jointly assessed, their combined personal allowance thus being €15 329. Husband and wife each pay income tax on half the total of their combined incomes. A €750 (€1 500) allowance per year applies to investment income.

Corporate taxation

The corporation tax system was reformed in two major steps. As of January 1999, the corporate tax rate for non-distributed profits was reduced from 45 % to 40 % and as of January 2001 a single 25 % tax rate on corporate income was introduced replacing the 40 % rate on non-distributed profits and the 30 % rate on distributed profits. In order to finance the tax cuts, depreciation on machinery and buildings were reduced. At the same time, the imputation system was replaced by a 'half-income system' in order to make cross-border investment more attractive. To reduce double taxation of corporate profits by both corporation tax and the personal income tax of the shareholder, only 50 % of distributed profits are subject to the shareholder's individual income tax and there is no imputation of taxes paid by corporations.

The rate of corporate income tax on both retained and distributed profits is 25 %, increased to 26.38 % by the 5.5 % solidarity surcharge. In addition with the local tax on trade and industry (average rate across Germany 16.7 %) this leads to a combined corporate income tax rate of 38.7 %. The local tax on trade and industry is deductible from PIT on a flat rate base. Since 2002, corporate profits from the sale of shares of other corporations are tax-free.

VAT and excise duties

The standard VAT rate was raised from 16 % to 19 % as of 1 January 2007. The use of the 7 % reduced VAT rate (e.g. for staple food, public transport and books) and of exemptions (e.g. for rents, doctors' services) is rather limited compared to other Member States.

Wealth and transaction taxes

Inheritance and gift taxes are levied at rates ranging from 7 to 50 % depending on the relationship between the donor and the beneficiary and the amount involved if the amounts exceed certain allowances, i.e. for spouses €307 000, for (grand)children €205 000. 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.

Social contributions

Social security contributions to old-age insurance (19.9 % in 2007), unemployment insurance (4.2 %) nursing care insurance (1.7 %) and health insurance (estimated average 13.9 %) are in general paid half by employers and half by employees up to a contribution assessment ceiling. However, members of the statutory health insurance pay a 0.9 % additional income linked contribution. Employees without children pay an additional 0.25 % for nursing care insurance.



GREECE

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
A. Structure of revenues as % of GDP											
Indirect taxes	14.4	14.8	14.9	15.1	15.8	15.5	15.2	14.5	13.7	13.1	12.9
VAT	6.9	7.0	7.2	7.5	7.9	7.9	8.2	8.3	7.7	7.5	7.4
Excise duties and consumption taxes	4.7	4.8	4.2	4.0	3.7	3.4	3.4	3.2	3.1	2.9	2.8
Other taxes on products (incl. import duties)	2.2	2.3	2.9	3.0	3.5	3.6	3.0	2.6	2.5	2.4	2.3
Other taxes on production	0.6	0.7	0.6	0.6	0.7	0.6	0.5	0.4	0.4	0.3	0.3
Direct taxes	7.8	7.4	8.2	9.8	10.2	10.9	9.7	9.6	8.9	8.9	9.5
Personal income	4.1	4.1	4.5	5.5	5.7	5.5	5.0	5.0	4.8	4.8	5.1
Corporate income	2.6	2.3	2.6	3.1	3.5	4.5	3.7	3.7	3.2	3.3	3.6
Other	1.1	1.0	1.1	1.2	0.9	0.9	1.1	1.0	0.8	0.8	0.8
Social Contributions	10.5	10.8	11.1	11.5	11.4	11.5	11.7	12.6	13.0	12.3	12.1
Employers´	4.8	5.0	5.2	5.3	5.2	5.4	5.4	6.0	6.0	5.6	5.5
Employees´	4.3	4.4	4.5	4.5	4.5	4.5	4.6	4.9	5.2	4.8	4.8
Self- and non-employed	1.4	1.4	1.5	1.7	1.7	1.6	1.7	1.8	1.8	1.8	1.8
B. Structure according to level of government as % of GDP											
Central Government	21.2	21.2	22.6	24.4	25.2	25.6	24.1	23.5	22.1	21.7	22.0
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	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Social Sec. Funds	10.3	10.6	10.7	11.0	11.1	11.3	11.6	12.6	12.8	12.1	11.8
EC Institutions	0.8	0.8	0.7	0.7	0.7	0.6	0.6	0.4	0.4	0.3	0.3
C. Structure according to economic function as % of GDP											
Consumption	13.5	13.6	13.6	13.8	14.0	13.6	13.9	13.5	12.7	12.4	12.0
Labour	11.8	12.2	12.8	13.5	13.6	13.6	13.4	14.3	14.5	13.9	14.1
Employed	11.0	11.4	11.9	12.5	12.6	12.6	12.4	13.3	13.5	12.9	13.0
Paid by employers	4.8	5.0	5.2	5.3	5.2	5.4	5.4	6.0	6.0	5.6	5.5
Paid by employees	6.2	6.4	6.7	7.1	7.4	7.2	7.1	7.3	7.5	7.3	7.5
Non-employed	0.8	0.8	0.9	1.0	1.1	1.0	1.0	1.0	1.0	1.0	1.1
Capital	7.4	7.2	7.8	9.1	9.7	10.7	9.2	8.9	8.4	8.1	8.4
Capital and business income	5.7	5.3	5.7	7.1	7.2	8.1	7.0	7.2	6.7	6.6	6.8
Income of corporations	2.6	2.3	2.6	3.1	3.5	4.5	3.7	3.7	3.2	3.3	3.6
Income of households	0.8	0.8	0.8	1.1	0.9	0.8	0.8	0.8	0.7	0.7	0.8
Income of self-employed (incl. sc)	2.3	2.2	2.3	2.8	2.8	2.7	2.6	2.7	2.7	2.6	2.5
Stocks (wealth) of capital	1.7	1.9	2.1	2.0	2.5	2.6	2.1	1.8	1.7	1.4	1.6
<i>Less: amounts assessed but unlikely to be collected</i>	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	32.6	33.0	34.3	36.3	37.3	37.9	36.6	36.7	35.5	34.3	34.4
Of which environmental taxes	3.5	3.5	3.4	3.2	3.1	2.6	2.8	2.5	2.4	2.4	2.3
Energy	2.8	2.8	2.5	2.3	2.0	1.7	1.7	1.5	1.5	1.4	1.3
Transport	0.7	0.7	0.9	0.9	1.0	0.8	1.1	1.0	0.9	1.0	0.9
Pollution/Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
D. Implicit tax rates											
Consumption	17.6	17.7	17.8	18.1	18.7	19.0	19.5	18.8	17.9	17.6	17.0
Labour employed	34.1	35.7	36.4	37.5	37.0	38.2	37.7	40.0	41.2	37.9	38.0
Capital	11.8	11.6	13.5	16.0	18.2	20.3	17.4	17.3	15.8	15.4	-
Capital and business income	9.1	8.6	9.9	12.5	13.5	15.4	13.3	13.8	12.6	12.7	-
Corporations	15.1	13.1	18.5	21.9	26.1	31.4	23.3	25.1	19.4	18.8	-
Households	6.4	6.3	6.7	8.6	8.5	8.8	8.8	9.2	9.4	9.4	-
p.m.:											
Real GDP (% annual growth rate)	2.1	2.4	3.6	3.4	3.4	4.5	5.1	3.8	4.8	4.7	3.7
Output gap (potential)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

1) See ANNEX B for classification of taxes and ANNEX C for explanatory notes.

n.a.: not applicable

Source: Commission Services

Overall trends in taxation

Structure and development of tax revenues

As at 2005, the tax-to-GDP ratio (including social security contributions) stood at 34.4 % in Greece, a value markedly below the EU-27 average (37.4 %). It is the second lowest tax-to-GDP ratio among the countries of the euro area (4.7 percentage points below the EA-13 average).

Indirect taxes are lower than the EU-27 average (12.9 % of GDP vs. 14.4 % of GDP) but play a more important role in Greece than either direct taxes or social contributions. The revenue from direct taxes lies well below the EU-27 average (9.5 % of GDP as compared with 12.0 % of GDP). Revenues from personal income taxes account for merely 5.1 % of GDP, compared with the EU-27 average of 7.9 % of GDP. From the viewpoint of the tax mix, the Greek tax system shows a structure somewhat similar to that of Cyprus, with a relatively low total tax ratio, low direct and, in particular, personal income taxes, and a high share of indirect taxes on the total.

The vast majority of revenues, almost two thirds of the total, flow to the central government while social security funds receive most of the remainder. Local government levies only a limited share of overall taxation (note however that the value of 0.3 % of GDP does not include all local taxes). This structure has not shown marked changes since 1995, with the exception of a decline in the share of the taxes destined to the EC institutions.

The overall tax burden increased rapidly from 1995 to 2000, when it reached a peak of 37.9 % of GDP, reflecting the effort to reduce the government deficit in the run-up to the Euro and the success of measures to combat tax evasion. The strongest relative increases in that period were recorded for corporate income taxes and personal income taxes, which together accounted for a 3.3 percentage point increase. After the year 2000, the tax burden decreased rapidly (by 3.5 % of GDP in five years), with declines being recorded both for direct and indirect taxes, while revenues from social security contributions indicated an upward trend until 2003. The figures for 2005 show that revenues from social security contributions have, however, declined since then by 0.9 percentage points in 2005.

Taxation of consumption, labour and capital; environmental taxation

As of 2005, the implicit tax rate on consumption in Greece is below the EU-27 average (17.0 % compared with 22.1 %). The Greek ITR on consumption has declined steadily from its 19.5 % peak in 2001 to its current level, which is the lowest in the last ten years.

The implicit tax rate on labour is, at 38.0 %, well above the EU-27 average (35.2 %). Given low direct taxes, it is social contributions in particular, of which employers pay a higher share than employees that contribute to this level of labour taxation. In the period under consideration, the ITR on labour grew significantly from a below-average 34.1 % in 1995 to 41.2 % in 2003. This increase took place despite a reduction in personal income tax revenue since its 1999 peak, as the reduction was more than offset by increases in social contributions. The ITR on labour subsequently decreased by 3.3 percentage points in 2004 and remained relatively stable in 2005. This decline reflects inter alia the lagged effects of the tax measures introduced already in 2001.

The data on ITR on capital for 2005 are not available. Greece displayed a low rate of taxation of capital in the previous years; with the ITR on capital, at 15.4 % in 2004, being the third lowest in the Union. As in many Member States the ITR had increased substantially in the years 1995-2000 but then declined again in the following years.

As at 2005, the ratio of environmental taxation stood at 2.3 % of GDP, a value below the EU-27 average (2.8 %). The role of the environmental taxation has been decreasing over the last years: their level in 1995 and 1996

amounted to 3.5 % of GDP, well above the EU-25 average, but by 2005 they had fallen by more than a percentage point. The decline was driven by shrinking revenues from energy taxation.

Current topics and prospects; policy orientation

The central government budget deficit and high rate of public debt remained the main concern of the government policy debate in 2006. The medium-term economic policy for the following years focuses on restoring the fiscal balance and ensuring the long-term sustainability of public finances. Reducing taxes on low-income earners to achieve a more equitable distribution of the tax burden remains one of the main goals of the government's tax policy for the years 2005-2008. This is to be achieved, starting from 2007, by an increase in the threshold of tax free allowance for households and the restructuring of the income tax brackets as well as through the rationalisation of the system of tax deductions and allowances. The other main provision of the tax reform is, a slashing in the rate of income tax on corporations to 25 % by 2007. Furthermore, the introduction of new procedures and mechanisms for more objective tax audits as well as the reorganisation of control and audit mechanisms are directed at combating tax evasion and smuggling.

Main features of the tax system

Personal income tax

Greece has reduced the progressivity of the tax system over the last few years: a reduction of the highest statutory personal income tax rate was implemented, from 45 % to 42.5 % (for income earned in 2001) and to 40 % (for income earned in 2002 onwards). At the other end of the tax scale Greece has reduced the taxation of low-income earners. The level of tax-exempt income was raised, and the income tax brackets were indexed to the consumer price index every two years starting from 2001 onwards. The 2001 budget furthermore implemented an exemption from National Insurance Contributions for low-income earners. Finally, tax relief was increased for the elderly and disabled persons, and also for families with children.

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 %. Pensions are subject to taxation as employment income. There is no net wealth tax. Currently, there are three tax rates, i.e. 15 %, 30 % and 40 %. The top PIT rate 40 % applies to income above €23 000. From 2005 on the tax free threshold for employees and pensioners was increased from €10 000 to €11 000 and for other categories of taxpayers from €8 400 to €9 500. The thresholds are adjusted upwards according to the number of dependant children.

There are no personal allowances in the Greek tax system. In 2003 previous tax deductions were transformed into tax credits. However, life insurance premiums up to €1 100, 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 the long-term balanced or equity mutual funds. Domestic dividends are not subject to income tax or withholding tax, while interest is taxed at the source according to different schedules.

Corporate taxation

Greece has been cutting the corporate tax rate over the last few years and intends to reduce it even further in the near future. The statutory tax rate for non-listed companies was cut from 40 % to 37.5 % in 2001 and to 35 % in 2002 in

order to reduce disparities between listed and unlisted companies. Currently, for financial year 2006 the rate of corporate income tax amounts to 29 % and is going to be reduced to 25 % from 2007 onwards. The tax rate for partnerships and civil law associations is 22 % for 2006 and will be reduced to 20 % onwards.

Companies are subject to corporate income taxes and real estate taxes, while local taxes are not significant. An important feature of the Greek tax system is the tax exemption of dividends; these are paid from after-tax profits and are not taxed again at recipients' level. There is no group taxation in Greece, i.e. all entities are taxed separately. In general, tax losses may be carried forward for 5 years. No tax loss carry-backs are allowed. Expenses are deductible only if they are incurred for the purpose of earning income.

Withholding taxes are treated as prepayments (i.e. they are creditable against the final income tax liability.) Government bonds and treasury bills, bonds issued by resident companies (including banks and insurance companies) and bank deposits are subject to a withholding tax at the rate of 10 %. Interest on loans and interest received from abroad are taxed with a withholding tax at the rate of 20 % if the payment is effected in Greece. A 15 % withholding tax rate applies to fees paid to agents for supplies agreed with foreign entities; a 3 % rate applies to construction contractors' fees and 8 % to service fees. There is no withholding tax on domestic royalties.

VAT and excise duties

The standard VAT rate has been increased by one point to 19 % on 1 April 2005. Greece also applies a 9 % reduced rate to goods such as fresh food products, pharmaceuticals, transportation, 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; a super-reduced rate of 4.5 % applies to magazines and books. Overall, VAT revenue as a share of GDP is in line with the EU average.

In addition to VAT an excise duty is levied on mineral oils, gasoline, tobacco, alcohol, beer and wine.

Social security 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. There is a monthly income ceiling for social security contributions at €5 076.51.

HUNGARY

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
A. Structure of revenues as % of GDP											
Indirect taxes	17.8	17.1	15.6	15.8	16.3	16.1	15.3	14.9	15.6	16.3	15.8
VAT	7.7	7.5	7.7	7.9	8.1	8.6	8.1	7.8	8.1	8.8	8.4
Excise duties and consumption taxes	4.2	4.0	3.9	4.3	4.3	3.8	3.6	3.5	3.6	3.3	3.2
Other taxes on products (incl. import duties)	5.8	5.3	3.7	3.4	3.6	3.3	3.3	3.2	3.4	3.6	3.6
Other taxes on production	0.1	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.5	0.5
Direct taxes	8.9	9.4	9.2	9.1	9.6	9.6	10.1	10.1	9.5	9.1	9.1
Personal income	6.7	7.3	6.9	6.6	6.9	7.1	7.5	7.5	7.0	6.6	6.6
Corporate income	1.9	1.8	1.9	2.2	2.3	2.2	2.3	2.3	2.2	2.1	2.1
Other	0.3	0.3	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.4	0.4
Social Contributions	14.9	14.1	14.3	14.1	13.2	12.8	13.5	13.4	13.3	13.3	13.6
Employers'	12.2	11.6	11.8	11.7	10.6	10.3	10.8	10.1	9.8	9.4	9.7
Employees'	2.3	2.1	2.2	2.1	2.2	2.0	2.1	2.8	3.0	3.3	3.4
Self- and non-employed	0.4	0.3	0.2	0.3	0.5	0.5	0.6	0.5	0.6	0.5	0.5
B. Structure according to level of government as % of GDP											
Central Government	25.1	24.8	22.9	22.7	23.2	22.9	22.5	22.2	21.9	21.6	21.3
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	2.7	3.0	3.2	3.5	3.8	3.8	4.0	4.0	4.3	4.5	4.3
Social Sec. Funds	13.8	12.8	12.9	12.8	12.2	11.8	12.4	12.3	12.3	12.3	12.5
EC Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.3
C. Structure according to economic function as % of GDP											
Consumption	17.4	16.6	14.9	15.1	15.5	15.3	14.5	14.1	14.6	15.1	14.6
Labour	20.8	20.4	20.4	19.9	19.3	19.1	19.9	20.0	19.5	19.2	19.6
Employed	20.0	19.7	19.7	19.2	18.5	18.2	19.0	19.1	18.6	18.4	18.8
Paid by employers	12.3	11.7	12.0	11.8	10.7	10.4	10.9	10.2	9.9	9.6	9.9
Paid by employees	7.7	8.0	7.7	7.4	7.7	7.7	8.1	8.9	8.7	8.7	8.8
Non-employed	0.8	0.8	0.7	0.7	0.9	0.9	0.9	0.9	0.9	0.8	0.8
Capital	3.5	3.6	3.6	3.9	4.2	4.1	4.4	4.4	4.4	4.4	4.5
Capital and business income	2.8	2.8	2.8	3.0	3.3	3.1	3.4	3.4	3.2	3.1	3.1
Income of corporations	1.9	1.8	1.9	2.2	2.3	2.2	2.3	2.3	2.2	2.2	2.2
Income of households	0.6	0.7	0.6	0.6	0.6	0.6	0.7	0.7	0.6	0.6	0.6
Income of self-employed (incl. sc)	0.3	0.3	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.3
Stocks (wealth) of capital	0.7	0.9	0.8	0.9	1.0	1.0	1.0	1.0	1.2	1.3	1.3
TOTAL	41.6	40.6	39.0	39.0	39.1	38.5	38.9	38.5	38.4	38.6	38.5
Of which environmental taxes	3.1	3.1	3.0	3.5	3.4	3.0	2.8	2.8	3.0	2.9	2.9
Energy	2.7	2.4	2.4	2.9	2.8	2.4	2.3	2.2	2.3	2.1	2.1
Transport	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.5	0.5	0.5
Pollution/Resources	0.2	0.4	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2
D. Implicit tax rates											
Consumption	30.9	29.7	27.2	27.6	27.9	27.5	25.7	25.4	26.0	27.7	26.5
Labour employed	42.6	43.0	43.7	42.8	42.7	42.0	42.3	42.1	40.6	39.9	40.5
Capital	-	-	-	-	-	-	-	-	-	-	-
Capital and business income	-	-	-	-	-	-	-	-	-	-	-
Corporations	-	-	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-	-	-
p.m.:											
Real GDP (% annual growth rate)	1.5	1.3	4.6	4.9	4.2	8.1	4.1	4.3	4.1	4.9	4.2
Output gap (potential)	2.5	-0.8	-1.0	-0.9	-1.2	-0.5	-0.8	-0.8	-0.8	0.1	0.6

1) See ANNEX B for classification of taxes and ANNEX C for explanatory notes.

n.a.: not applicable, - : not available

Source: Commission Services

Overall trends in taxation

Structure and development of tax revenues

As of 2005, with a total-tax-to-GDP ratio of 38.5 % (including social security contributions), Hungary's tax burden is slightly above the Union average (37.4 %). Looking at the neighbouring countries, Austria and Slovenia display higher tax ratios (42 % and 40.5 % respectively) but both Slovakia's (29.3 %) and Romania's (28 %) ratios lie well below the Hungarian value.

Revenues from indirect taxes are substantial, their share accounting for over 41 % of the total. The high level of the standard VAT rate (25 %) contributes to high indirect taxes revenue, not only in relative but also in absolute terms: at the end of 2005, they amounted to 15.8 % of GDP. VAT revenues however decreased by 0.4 points in 2005, partly owing to a rate cut on fuels. In contrast, direct taxes are relatively low: at 9.1 % of GDP, they are lower than the EU-27 average by almost one fourth. Despite a marked decline since 1995, social contributions in relation to GDP remain clearly above the European average; the majority of them fall on employers.

Tax revenues are divided between central, 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 4.3 % in GDP, not negligible. Local taxes have grown rapidly until 2004 (70 % increase since 1995), although in 2005 they are dropped down slightly to the 2003 level.

The overall tax burden declined between 1995 and 1997; since then, it has stabilised close to the 39 % of GDP level. As a result of this decline in 2005 the overall tax burden exceeds the EU-25 average by 0.7 points, while the difference in 1995 was 3.9 points. The shares of the main categories of taxes evolved differently as the shares of indirect taxes and social contributions declined somewhat from 1995 levels while the share of direct taxes, including personal income taxes, has tended to increase up to 2002, showing a decline in 2003 and 2004 and stabilising at a 9.1 % level in 2005.

Taxation of consumption, labour and capital

The high level of indirect taxation in Hungary leads to a correspondingly elevated ITR on consumption (26.5 % in 2005). This value is close to that found for the Nordic Member States, a fact that is consistent with the similar share of indirect taxes on GDP in those countries. The ITR on consumption shows a general decline up to 2002 in line with the reduction in indirect tax revenue, then bounced back somewhat.

The ITR on labour amounted to 40.5 % in 2005. This value is 5.3 points above the EU-27 average. The ITR for labour shows a gradual decline over time until 2004, but increased by 0.6 points in 2005 reflecting mainly the changes in social security contributions.

The revenues from taxes on capital are, at 4.5 % of GDP, the lowest in the EU after the Baltic States, due notably to low business income taxation, but have been gradually increasing since 1995. Data limitations prevent computation of the ITR on capital.

Current topics and prospects; policy orientation

The government decided to introduce a tax on interests and capital gains derived from stock exchange activities (rate of 20 %) and a tax on real estate (effective from 2008, details to be decided). These taxes will increase the proportion of tax revenues from taxes on capital. Labour and personal income taxes, on the other hand are expected to fall in the next years. This structural modification will maintain the overall tax burden but converge to the EU structural trends. There have been some changes in corporate taxation; a solidarity tax has been introduced. The solidarity tax also affects private persons.



Main features of the tax system

Personal income tax

Personal income tax is applied at central government level. In the last years, Hungary has introduced a number of reforms in personal income taxation. The three-bracket system utilised since 1999 has been replaced, from 1 January 2005, with a two-bracket system. As from 2007 income up to HUF 1.7 million (€6 800) is taxed at an 18 % rate, whereas above that threshold the rate is 36 %. This highest rate decreased 2 percentage points in 2006 from the previous 38 %.

From 2007 onwards private persons with a combined annual income of more than HUF 6 748 850 (approx. €27 000) must pay solidarity tax. The tax base is the portion of the income over HUF 6 748 850, the tax rate is 4 %.

There is no basic allowance. In Hungary deductions are applied as tax credits: the most important ones are the employment credit (18 % of wage income), employees' contributions to mutual insurance funds (30 % of the contribution) and charitable contributions (30 %). In addition a family tax credit applies to households with 3 or more children. The maximum amount of tax credits is HUF 100 000 (€400); and no credits are available for those who have annual income above HUF 3.9 million (€15 600).

A 25 % withholding tax is imposed on the dividends from resident companies paid to individuals, up to 30 % of the value of equity's portion attributable to the individual's shareholding. The remaining 70 % is taxed at a rate of 35 %. Foreign source dividends are taxed at 25 % rate for the whole amount. Capital gains are also taxed at 25 % (with exceptions concerning the permanent home).

In order to secure a more equitable distribution of the tax burden between work and capital income, an interest and capital gains tax has been introduced in 1 September 2006. The rate of the tax is 20 % of interest and capital gains derived from stock exchange activities. No portion of these incomes is exempted from tax. The tax on interest gains is withheld by the payer, and the tax on capital gains in stock exchange deals is declared and paid by the private individual in their tax return.

Corporate taxation

In the last 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 % as of 2004. However, a considerable number of tax incentives for investors in Hungary was repealed as from 1 January 2003 and replaced by a new tax credit regime for the promotion of development.

The solidarity tax was introduced in 1 September 2006. The tax rate is 4 % on the adjusted pre-tax profit. R&D expenditure is deducted from the tax base.

In 2007 the government is preparing a new legislation on corporations following a Constitutional Court judgement invalidating the previous regime of expected tax base.

The rate of the simplified corporate tax (EVA) has increased from 15 % to 25 % effective from 1 October 2006. The rate increase should generate HUF 53 billion (0.2 % of GDP) additional revenues for the budget 2007.

Besides the corporate income tax, municipalities may levy a local business tax. In 2004, an 'innovation tax' was introduced: it is levied on the same base as that of the local business tax, but an amount equal to R&D expenditure carried out directly by the firm is deducted from the tax.

Since 2004, companies may carry the amount of trading losses forward indefinitely, but subject to limitations; carry-back of losses is not allowed. Only losses incurred during the first four years of a company's existence may be carried forward indefinitely.

Capital gains are generally included in the company's total ordinary income. However, 50 % of capital gains on transactions on a recognized stock exchange by a company other than an insurance or financial institution are exempt, subject to limitations. Capital gains derived by foreign companies without a permanent establishment in Hungary are exempt from Hungarian tax. Dividends paid to Hungarian companies are generally deductible from the corporate tax base.

VAT

VAT principles are in line with EU law. In this context the raise of 0 % reduced rate to 5 % from 1 January 2004 was an important step for the harmonization of Hungarian VAT system. Notwithstanding the 5 % reduced rate applies only to a few products (such as specific medicines and medical materials, daily newspapers, etc). In 2005 and 2006 the VAT system changed significantly. For almost all goods, the standard VAT rate was cut to 20 % from 25 % from 1 January 2006, but the 15 % reduced rate has increased to 20 % from 1 September 2006..

Other taxes

From 2007 banks have to pay a surtax on interest revenue from loans related to state subsidies, the rate is 5 %. From 2004 onwards the companies are also required to pay an innovation tax, in 2007 at the rate of 0.3 %.

The municipalities may levy a real estate tax on building and land. The maximum tax is either a fixed amount (HUF 900 per year per square meter for buildings, HUF 200 per year per square meter for land) or 3 % of the market value.

Social security contributions

The social security contributions 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.

Social security contributions include employers' social security contributions of 29 % and employees' social security contributions of 15.5 % (in the case of private pension fund members, 7.5 %) The health care tax charge of 11 % is generally assessed on those items of income that are not subject to the social security contributions, but are included in the aggregate taxable base.

In 1 September 2006 the rate of the employees' contribution increased from 1 % to 1.5 %.

IRELAND

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
A. Structure of revenues as % of GDP											
Indirect taxes	14.5	14.4	14.0	13.8	13.7	13.7	12.5	12.4	12.7	13.3	13.6
VAT	7.0	7.1	7.1	7.1	7.1	7.3	6.9	7.1	7.1	7.4	7.7
Excise duties and consumption taxes	4.9	4.8	4.6	4.4	4.3	4.2	3.5	3.5	3.4	3.4	3.2
Other taxes on products (incl. import duties)	1.6	1.5	1.5	1.5	1.6	1.5	1.5	1.3	1.6	1.8	2.1
Other taxes on production	1.0	1.0	0.8	0.7	0.7	0.6	0.6	0.6	0.7	0.7	0.6
Direct taxes	13.6	14.1	14.0	13.8	13.8	13.5	12.8	11.7	12.0	12.6	12.4
Personal income	10.3	10.3	10.1	9.7	9.0	8.6	8.1	7.1	6.8	7.5	7.3
Corporate income	2.7	3.1	3.2	3.3	3.8	3.7	3.5	3.7	3.7	3.6	3.4
Other	0.6	0.7	0.7	0.8	1.0	1.2	1.2	0.8	1.5	1.4	1.7
Social Contributions	4.9	4.6	4.3	4.1	4.3	4.4	4.5	4.4	4.5	4.7	4.8
Employers'	2.9	2.6	2.6	2.6	2.6	2.7	2.9	2.7	2.7	2.7	2.7
Employees'	1.9	1.7	1.5	1.4	1.5	1.5	1.5	1.5	1.6	1.7	1.8
Self- and non-employed	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
B. Structure according to level of government as % of GDP											
Central Government	26.9	27.4	27.2	26.7	26.9	26.8	24.8	23.8	24.4	25.8	26.0
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	0.9	0.8	0.8	0.7	0.7	0.6	0.6	0.6	0.7	0.7	0.7
Social Sec. Funds	4.2	3.9	3.6	3.5	3.5	3.6	3.7	3.7	3.7	3.8	3.9
EC Institutions	1.2	0.9	0.7	0.9	0.7	0.7	0.6	0.4	0.4	0.2	0.3
C. Structure according to economic function as % of GDP											
Consumption	13.0	12.9	12.5	12.3	12.0	12.1	10.9	11.0	10.9	11.3	11.4
Labour	13.5	13.2	12.7	12.1	11.7	11.5	11.0	10.1	9.9	10.6	10.5
Employed	13.4	13.0	12.6	12.0	11.7	11.4	11.0	10.0	9.8	10.5	10.4
Paid by employers	2.9	2.6	2.6	2.6	2.6	2.7	2.9	2.7	2.7	2.7	2.7
Paid by employees	10.5	10.4	10.0	9.4	9.1	8.7	8.1	7.3	7.1	7.8	7.7
Non-employed	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Capital	6.6	7.0	7.1	7.4	8.0	8.0	7.9	7.5	8.4	8.6	8.8
Capital and business income	4.5	5.0	5.2	5.4	5.9	6.0	5.9	5.7	6.2	6.3	6.2
Income of corporations	2.7	3.1	3.2	3.3	3.8	3.7	3.5	3.7	3.7	3.6	3.4
Income of households	0.5	0.6	0.7	0.8	0.8	1.1	1.2	0.8	1.4	1.4	1.6
Income of self-employed (incl. sc)	1.3	1.3	1.3	1.3	1.2	1.1	1.1	1.1	1.1	1.2	1.2
Stocks (wealth) of capital	2.0	2.1	2.0	2.0	2.1	2.0	2.0	1.8	2.2	2.4	2.6
TOTAL	33.1	33.1	32.4	31.7	31.8	31.7	29.8	28.5	29.1	30.5	30.8
Of which environmental taxes	3.1	3.1	3.0	3.0	3.0	2.9	2.3	2.3	2.3	2.5	2.3
Energy	1.7	1.7	1.7	1.7	1.6	1.4	1.2	1.3	1.2	1.3	1.2
Transport	1.3	1.4	1.3	1.3	1.4	1.4	1.1	1.1	1.1	1.1	1.1
Pollution/Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
D. Implicit tax rates											
Consumption	24.9	24.8	25.4	25.7	26.1	26.4	24.5	25.5	25.3	26.5	27.2
Labour employed	29.7	29.3	29.5	28.6	28.7	28.5	27.4	25.9	25.2	26.1	25.6
Capital	25.9	29.2	27.9	27.1	34.1	32.3	33.6	33.0	34.6	39.1	41.4
Capital and business income	18.0	20.6	20.2	19.9	25.1	24.2	25.2	25.1	25.5	28.3	29.2
Corporations	-	-	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-	-	-
p.m.:											
Real GDP (% annual growth rate)	10.9	8.3	11.7	8.5	10.7	9.4	5.8	6.0	4.3	4.3	5.5
Output gap (potential)	-3.3	-3.1	0.4	1.2	4.0	6.0	4.3	3.5	1.7	0.1	-0.5

1) See ANNEX B for classification of taxes and ANNEX C for explanatory notes.

n.a.: not applicable, - : not available

Source: Commission Services

Overall trends in taxation

Structure and development of tax revenues

The total tax to GDP ratio in Ireland (30.8 %, EU-27 37.4 %) is the fifth lowest in the Union, after Romania, Lithuania, Slovakia and Latvia. It is also, by a margin of 3.6 points of GDP, the lowest of the Euro-area.

The tax structure by tax type (indirect 44 %, direct 40 % and social security contributions 15 %) differs considerably from the structure typical for the EU-27 as a whole (39 %, 31 % and 30 %) and is comparable with the United Kingdom and Malta. The structure of Ireland's indirect taxes is nevertheless similar to the EU-27 average with VAT providing 56 % of total indirect taxes (EU-27 49 %) and excise duties providing 25.4 % (EU-27 19.9 %). The greater significance of indirect taxes in the total tax take counterbalances the generally light overall tax burden in Ireland such that the proportions of GDP absorbed are comparable (VAT and excise duties absorb 7.7 % and 3.2 % of GDP against an EU-27 average of 8.0 % and 3.3 %, respectively). Direct taxes absorb almost the same amount (12.4 %) of GDP as the average for the Union (12.0 %) but the revenues rely to a greater extent on corporate tax (3.4 % of GDP, EU-27 3.1 %) and on capital gains tax than elsewhere. Social security contributions absorb a mere 4.8 % of GDP (EU-27 11.2 %).

Ireland is one of the most centralised states in Europe with local government having few responsibilities and commensurate resources (2.2 % of tax revenues). With the social security fund receiving just 12.5 % of tax revenues (EU-27 28.9 %), the vast majority (over 84 %) of tax revenue accrues to central government, a ratio superseded only by Malta and the United Kingdom.

Since 1995, Ireland has reduced the total tax burden across the board falling 2.3 % from 33.1 % of GDP. In the last three years, however, the total tax ratio has bounced back over the level of 2001 in large part due to a surge in capital gains tax and stamp duties. Within indirect taxes, excise duties fell substantially as a proportion of GDP over the period (from 4.9 % to 3.2 %) primarily because revenues, while doubling in monetary terms over the period, failed to keep pace with the growth in the general economy. In 2002-2005, however, indirect revenues were buoyed by more than one percentage point of GDP as stamp duty revenues increased by one hundred and thirty three percent under the influence of the continuing property boom. Direct taxes have fallen over the period 1995 to 2005 by 1.2 % of GDP. Within this a contrast must be drawn between the startling reduction in personal income tax (from 10.3 % to 7.3 % of GDP), as a result of the lowering of rates and expansion of allowances and credits, and the significant rises in corporate income tax (from 2.7 to 3.4 of GDP) and capital gains tax (from 0.1 to 1.2 %), as a consequence of robust economic growth and despite substantial reductions in the rates.

Taxation of consumption, labour and capital; environmental taxation

The tax structure by economic factor in Ireland (consumption 37 %, labour 34 %, capital 29 %) differs notably from the EU-27 average (34 %, 46 %, 20 %), with the tax system deriving the smallest proportion of tax receipts from labour of any EU country, apart from Malta, Cyprus and Bulgaria. It takes a large proportion from capital, exceeded in this only by Luxembourg and the United Kingdom.

Taxes on consumption absorb 11.4 % of GDP (EU-27 12.6 %), having declined from 13.0 % in 1995. This is principally due to the slow decline of excise revenues, relative to GDP. The implicit tax rate on consumption stands at 27.2 % (EU-27 22.1 %) having increased from 24.9 % in 1995. The increase in the implicit tax rate even while tax on consumption as a percentage of GDP has decreased is explained by the decline of consumption as a proportion of GDP from 52.2 % to 42.0 % over the period, a development tied to the slower growth of GNP, on which consumption depends, relative to GDP, a large part of which is now composed of the repatriated profits of multinational enterprises.



The combination of very low social security contributions and a moderate PIT (7.3 % of GDP, EU-27 7.9 %) results in the lowest taxes on labour in the EU (10.5 % of GDP, EU-27 17.5 %). As in many EU countries the implicit tax rate on labour had increased steadily from the early 1970's until the late 1980's. Having attained stability in the early 1990's the rate fell from 29.7 % in 1995 to 25.6 % in 2005, as a result of the successive cuts in personal income tax and social contributions. This constitutes the third largest reduction in the ITR on labour obtained in any European country in the period, after Slovakia and Estonia.

For Ireland it is notable that the strong economic growth in the years 1995 to 2002 offset the effects of the contemporaneous reductions in corporate income tax rates, with tax on capital rising from 6.6 % to 8.8 % as a percentage of GDP. From 1995 to 2002 capital taxes as proportion of GDP were close to the EU-25 average. However, the levels diverge starting from 2003 as receipts from Irish capital gains tax and stamp duty collectively rose by 170 % over their 2002 level in the wake of the construction boom. The ITR on capital (41.4 %) has risen dramatically from 25.9 % in 1995 and it is now the second highest value among the available countries. However, the effective tax burden on capital in the last years is overestimated due to the omission of capital gains from the base¹⁾.

As for environmental taxation, it has almost continuously declined over the period moving from an above the average level in 1995 (3.1 against 2.7 for the EU25) to 0.5 GDP percentage points below (2.3 against 2.8). Transport taxation is relatively high compared to the EU25 average (0.5 % points above the average of the period) while taxation on energy was the lowest in the Union in 2005.

Current topics and prospects; policy orientation

Current tax policy is aimed at keeping down personal and business taxes in order to strengthen and maintain competitiveness. However, this approach is governed by the over-arching requirement to pursue responsible fiscal policies and to maintain the public finances in a healthy condition.

Main features of the tax system

Personal income tax

The two statutory personal income tax rates have been reduced substantially (from 27 % in 1996 to 20 % in 2001 for the standard rate and from 48 % to 42 %, and to 41 % starting from 2007 for the higher rate). In Budget 2007, the value of the basic personal credit was set at €1,760 for a single person, as was the value of the employee (PAYE) tax credit. The increases in these credits ensure that employees earning the minimum wage will stay out of the tax net in 2007. The threshold for the higher rate of tax is €34 000 for a single person in 2007. A person earning the average industrial wage as projected for 2007 will not be liable for tax at the higher rate in 2007. For the year, two-fifths of earners are expected to pay no tax, with a further two-fifths paying at an effective rate equal to or less than the standard rate and one-fifth paying at an effective rate of greater than the standard rate. A deposit interest retention tax, which is a final tax at the standard rate of tax (20 %), applies to interest payments made by financial institutions to Irish resident account holders.

Corporate taxation

Irish resident companies are taxed on their worldwide income and gains with non-resident companies subject to Irish tax on their Irish-source income and real estate gains. Corporation tax is levied on trading profits at 12.5 %, the rate having been reduced for companies outside the manufacturing sector in phases from 40 % between 1995 and

1) Likewise, the increasing value of properties generates higher revenues from stamp duties but is not reflected in the base. Furthermore, it is worth noticing that a simplified methodology is used for the computation of the ITRs on capital in Ireland (See the Annex C for details).

2003. The special 10 % rate has been phased out at the behest of the European Commission; it now only applies to a small group of manufacturing companies until 2010. A 25 % rate applies to other (passive) income. Capital gains are subject to tax at 20 %, although since 2004 there is a participation exemption for disposals of shareholdings in trading companies.

While withholding taxes on interest, dividends and patent royalties are imposed at 20 %, a string of exemptions mean that most 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 has stood at 21 % over the whole period, having been decreased once in 2001 only to revert in 2002. A reduced rate of 13.5 % applies to various services, building work and household energy and fuels, while a zero rate applies to basic food, children's clothing, children's footwear and books. A VAT relief for conference related accommodation expenses will be introduced as of 1 July 2007.

Wealth and transaction taxes

Capital acquisitions tax is charged at a rate of 20 % on gifts and inheritances of a value over a certain threshold, determined by reference to the relationship of the beneficiary to the donor or deceased. Stamp duty applies to sales, gifts, conveyances and leases of property. Rates of stamp duty ranging up to 9 % apply depending on whether property is for residential or non-residential purposes. Shares and securities carry a fixed rate of 1 % while leases are subject to rates of 1 % to 12 % of the average annual rent. Capital duty on the issue of share capital was abolished in 2005. There is no net worth tax.

Local 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 security

The rate for employees' Pay-Related-Social-Insurance (PRSI) contributions stands at 4 %. In Budget 2007 the earnings threshold for paying PRSI was raised to €339 per week. For 2007, the range of income which is subject to PRSI is €17 628 to €48 800. The self-employed pay a 3 % tax rate of on all income above €3 174 per annum with no annual ceiling and a minimum payment of €253 per year applies. A 'health contribution levy' (HCL) of 2 % of total income must be paid by wage earners with salaries in excess of €480 per week (€24 960 per year), for salaries over €1 925 per week (€100 100 per year) the rate is 2.5 %. Since 2004, employees receiving taxable benefits in kind have been taxed under the Pay-As-You-Earn System and the benefits have been liable to PRSI contributions and the HCL. Employers' PRSI contributions are levied at a rate of 10.75 % on salaries and benefits, with no annual ceiling. A reduced rate of 8.5 % applies in respect of employees with earnings below €356 per week. Both rates include a national training fund levy of 0.7 %.

ITALY

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
A. Structure of revenues as % of GDP											
Indirect taxes	12.4	12.2	12.7	15.6	15.3	15.2	14.7	14.7	14.3	14.3	14.5
VAT	5.5	5.4	5.6	6.1	6.1	6.5	6.3	6.2	5.9	5.9	6.0
Excise duties and consumption taxes	3.2	3.0	3.0	2.9	2.9	2.6	2.5	2.3	2.4	2.3	2.3
Other taxes on products (incl. import duties)	2.5	2.6	2.7	2.9	2.9	2.7	2.5	2.6	2.5	2.9	2.8
Other taxes on production	1.2	1.2	1.4	3.8	3.4	3.4	3.5	3.6	3.5	3.3	3.5
Direct taxes	15.0	15.4	16.5	14.6	15.0	14.5	14.8	14.1	14.7	13.9	13.5
Personal income	10.4	10.7	11.1	11.2	11.3	10.6	10.8	10.6	10.5	10.4	10.4
Corporate income	3.3	3.8	4.1	2.5	2.7	2.3	2.9	2.5	2.2	2.2	2.3
Other	1.2	0.9	1.3	1.0	1.0	1.6	1.1	1.0	2.1	1.3	0.7
Social Contributions	12.6	14.3	14.6	12.2	12.1	12.1	12.0	12.1	12.3	12.4	12.6
Employers'	8.4	10.0	10.3	8.6	8.5	8.4	8.4	8.4	8.7	8.7	8.9
Employees'	2.4	2.6	2.6	2.4	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Self- and non-employed	1.8	1.7	1.6	1.2	1.3	1.4	1.3	1.4	1.4	1.5	1.4
B. Structure according to level of government as % of GDP											
Central Government	24.0	23.5	25.2	24.1	24.6	23.2	22.8	22.1	22.1	21.6	21.3
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	3.1	3.4	3.5	5.7	5.3	6.0	6.2	6.3	6.6	6.4	6.4
Social Sec. Funds	12.3	14.3	14.6	12.2	12.1	12.1	11.9	12.1	12.3	12.4	12.6
EC Institutions	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.4	0.3	0.3	0.3
C. Structure according to economic function as % of GDP											
Consumption	10.4	10.1	10.3	10.7	10.9	10.9	10.4	10.2	9.9	10.0	10.1
Labour	18.1	19.7	20.7	20.6	20.1	19.6	20.0	20.0	20.1	20.0	20.4
Employed	16.2	17.8	18.6	18.4	18.1	17.6	17.8	17.9	18.0	17.9	18.2
Paid by employers	8.5	10.1	10.7	10.4	9.9	9.8	9.9	10.1	10.3	10.3	10.5
Paid by employees	7.7	7.7	7.9	8.0	8.2	7.8	7.9	7.9	7.7	7.6	7.7
Non-employed	1.9	1.9	2.0	2.2	2.1	2.0	2.2	2.1	2.1	2.1	2.2
Capital	11.6	12.0	12.7	11.1	11.4	11.2	11.1	10.7	11.3	10.6	10.1
Capital and business income	7.7	8.4	8.9	7.8	8.4	8.6	8.6	7.8	8.7	7.8	7.5
Income of corporations	2.9	3.3	3.8	2.8	3.4	3.2	3.9	3.2	3.6	3.1	2.9
Income of households	1.8	2.0	2.0	1.6	1.5	1.8	1.3	1.2	1.1	1.1	1.1
Income of self-employed (incl. sc)	3.1	3.1	3.1	3.4	3.6	3.6	3.4	3.4	4.0	3.7	3.5
Stocks (wealth) of capital	3.9	3.6	3.8	3.3	3.0	2.6	2.5	2.8	2.6	2.8	2.6
TOTAL	40.1	41.8	43.7	42.5	42.5	41.8	41.5	40.9	41.3	40.7	40.6
Of which environmental taxes	3.6	3.5	3.5	3.4	3.5	3.2	3.0	2.9	3.0	2.8	2.8
Energy	3.1	3.0	3.0	2.8	2.9	2.6	2.4	2.3	2.4	2.2	2.2
Transport	0.5	0.4	0.4	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Pollution/Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
D. Implicit tax rates											
Consumption	17.4	17.1	17.3	17.8	18.0	17.9	17.3	17.1	16.6	16.9	16.9
Labour employed	37.8	41.5	43.2	44.6	43.7	43.2	43.4	43.3	43.3	43.1	43.1
Capital ²	25.9	26.2	29.5	27.0	30.1	29.3	28.8	28.8	31.1	29.5	29.0
Capital and business income	17.2	18.3	20.7	18.9	22.3	22.5	22.4	21.1	23.9	21.7	21.5
Corporations	14.1	16.2	18.7	14.0	22.7	20.6	24.2	20.9	24.2	21.0	20.7
Households	13.6	13.8	14.9	15.3	15.1	16.2	14.3	14.2	16.3	15.1	14.9
p.m.:											
Real GDP (% annual growth rate)	2.8	0.7	1.9	1.4	1.9	3.6	1.8	0.3	0.0	1.1	0.0
Output gap (potential)	-0.3	-1.0	-0.6	-0.7	-0.2	1.8	2.1	1.1	0.0	-0.2	-1.4

1) See ANNEX B for classification of taxes and ANNEX C for explanatory notes.

2) Old series data for the years before 1999 (see footnote 2 in country chapter)

Source: Commission Services

Overall trends in taxation

Structure and development of tax revenues

In 2005 the total tax-to-GDP ratio (including social contributions) in Italy stood at a level of 40.6 %, which is 3.2 percentage points above the EU-27 average and 1.5 points above the euro area average. Italy's overall taxation level ranks seventh highest in the EU.

The share of indirect taxes in GDP (14.5 %) is very close to the EU-27 mean value, while social contributions (12.6 %) and more particularly direct taxes (13.5 %) are higher than the Union average (respectively 11.2 % and 12.0 % of GDP). Revenues from VAT and excise duties are well below the EU-27 average, but are counterbalanced by relatively higher indirect taxes on products and on production. The high revenue from direct taxes is mainly due to personal income taxation, which at 10.4 % of GDP stands 2.5 percentage points higher than the EU-27 average; only the Nordic Member States, Belgium and the UK display higher values. The structure of tax revenues was affected by an important tax reform in 1998: substantial reductions in employers' social contributions and corporate income taxes were partly compensated by an increase in indirect taxes (in particular other taxes on production, through introduction of the *Regional Tax on Productive Activities* (IRAP).

Local government collects a relatively high share of taxes (6.4 % of GDP, two percentage points higher than the EU average). Also the share of revenues collected by social security funds is comparatively high, while the opposite is true for the central government share.

The total tax-to-GDP ratio has remained above the 40 % mark throughout the period under consideration. After peaking at 43.7 % in 1997, the ratio has declined gradually to the current 40.6 % level. Between 2002 and 2003, however, the tax ratio was temporarily boosted by revenues from a tax amnesty.

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 implicit tax rate on consumption has declined over time to the current 16.9 % level, which is the third lowest in the Union after Spain and Lithuania.

Italy imposes a relatively high tax burden on labour income, not only in comparison to the Union as a whole but also to the euro area. In 2005 the implicit tax rate on labour stood almost eight percentage points higher than the EU-27 average and over six points over the EA-13 average. In contrast to the experience of most Member States from 1995 to 2005, in which the ITR on labour neither declined nor increased significantly, in Italy the ITR has increased markedly, despite the effects of the 1998 reform, as labour taxation has remained roughly constant since the turn of the century. More recent reforms aimed at decreasing labour taxation have primarily focussed on the lower incomes. It is also worth noting that IRAP partly weighs on labour¹⁾.

Over the period under consideration, the implicit tax rate on capital has been oscillating. The ITR amounted to 25.9 % in 1995; after two spikes in 1997 and 1999, the ITR declined again somewhat in the first years of the new century but picked up distinctly in 2003 (largely owing to the effects of the tax amnesty). In the following two years the ratio however declined by over two points reaching 29.0 %. It should be stressed however that the analysis of ITR trends is greatly complicated for Italy by the interlocking effects of various tax measures, of the business cycle and of the financial market consequences of the adoption of the Euro, as well as by statistical issues^{2) 3)}.

1) Accordingly, part of the tax revenue from IRAP has been allocated to labour income in the table. The remainder is booked as falling on the capital income of corporations or the self-employed.

At the beginning of the period under consideration, Italy displayed one of the highest levels of environmental taxation in the EU, mainly on account of elevated energy taxes. In terms of their revenue on GDP, these have however declined considerably since 1995, so that currently Italy is in line with the EU mean in this respect.

Current topics and prospects; policy orientation

The tax policy of the new government in power since 2006 has brought renewed emphasis to the fight against tax evasion. A series of anti-avoidance provisions have been introduced, related *inter alia* to non-operating companies, blacklisted countries, and stock options. Limitations were also introduced on loss carry-forwards and cost deductions for company vehicles. The inheritance and gift tax, which had been abolished, was re-introduced, though with a higher free allowance, at the end of 2006. On the other hand, both the PIT schedule and the system of family and other allowances have been reformed to increase progressivity.

Main features of the tax system

Personal income tax

PIT tax rates range from 23 % to 43 %, with the top rate applying to incomes above €75 000. In addition, regions and municipalities levy surcharges on the PIT (ranging from 0.9 % to 1.4 % for regions and up to 0.5 % for municipalities). The tax is withheld at source for salaried workers.

Individuals are taxed on their worldwide income, subject to exemptions, such as capital gains realised on disposal of property held for longer than five years or used as a principal dwelling. Individuals earning professional and business income are also subject to IRAP. In addition, professional fees paid by companies, businesses and professionals are subject to an advance withholding tax at a rate of 20 %.

Reforms since 1998 have broadened the tax base such that all categories of capital income are now taxed, whereas previously only interest was subject to taxation. Final withholding tax rates of 12.5 % and 27 % have been introduced; the rate applied depends on the duration and type of the investment. A special new regime on Italian Investment Funds was also adopted, introducing a substitute levy of 12.5 % on annual capital gains (even if not cashed in). As from 2004, a 40 per cent inclusion rate applies to gains realised on qualified shareholdings, with net taxable gains taxed at basic personal income tax rates. Net capital gains on non-qualified shareholdings and bonds are instead taxed at a proportional (flat) tax rate of 12.5 %.

Corporate taxation

Company taxation rules have been subject to several reforms. From 1997 to 2003 a dual income tax (DIT) model was in force, with a special regime for new entrepreneurial activities and a tax credit for the hiring of new employees. However, at the end of 2003 the corporate tax (*IRPEG*) and the DIT, was replaced by a new corporate income tax, *IRES*, with a statutory tax rate set at 33 % (progressively decreased from 37 % in the preceding years). Taxpayers not subject to *IRES* that are either self-employed or derive their income from a business activity and whose taxable income does not exceed €5 million may enter into an advance ruling (with a validity of three years) with the tax administration regarding the amount of their taxable income.

2) For a full discussion see the 2006 edition of this report, page 152, footnote 2. Note also that a new statistical methodology has been applied to sectoral accounts, currently only for the years 1999-2005, contributing largely to the jump in ITRs on capital in 1999.

3) An alternative methodology for calculating the ITRs on labour and capital has been suggested by the Italian authorities, in order to better reflect the features of the Italian self-employed sector. This method usually leads to a lower ITR on labour and a higher ITR on capital. Despite its merits this methodology has not been followed in order to safeguard maximum comparability with the other Member States. Annex C contains an example of Tables C and D calculated following this approach.

The 2004 reform of corporate taxation also provides for a general system of capital gains exemption with no deductibility of the corresponding capital losses. The imputation method previously used to eliminate dividend double taxation was replaced with an exemption method. Group consolidation for tax purposes has been introduced, both at the domestic level and worldwide, on condition that the parent company controls at least 50 % of the subsidiary.

IRAP

IRAP taxes the net production value of enterprises, i.e. the difference between the value of production and production inputs *excluding* personnel costs and interest costs. The basic rate is 4.25 %, which can be augmented or reduced by up to one percentage point by the regional authorities. The exclusion of labour and financial costs of course result in a particularly wide base; indeed, IRAP raises more revenue than the corporate income tax. 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 other non-luxury housing, other foodstuffs, electricity, mineral oil, medicines and artistic performances.

Wealth and transaction taxes

No wealth taxes as such exist in Italy. However, the ICI tax on property represents an important revenue-raising instrument for municipalities, yielding 0.8 % of GDP. ICI is calculated on the basis of the cadastral value of the property multiplied by a rate fixed by the local authority within a preset range. Several transaction taxes exist, applying e.g. on property transfers.

Social security and other taxes

Several compulsory contributions exist. The aggregate rates range from approximately 40 % to approximately 45 % of the salary.



LATVIA

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
A. Structure of revenues as % of GDP											
Indirect taxes	14.1	13.0	13.9	15.0	13.7	12.3	11.8	11.2	12.1	11.9	12.9
VAT	9.2	8.3	8.0	8.0	7.4	7.0	6.7	6.7	7.2	7.0	7.9
Excise duties and consumption taxes	2.1	2.6	3.2	4.1	3.6	3.4	3.1	3.1	3.3	3.5	3.7
Other taxes on products (incl. import duties)	0.8	0.7	0.7	0.6	0.6	0.4	0.4	0.4	0.5	0.5	0.5
Other taxes on production	1.9	1.4	2.0	2.2	2.1	1.4	1.5	1.0	1.1	1.0	0.9
Direct taxes	7.1	7.0	7.5	8.0	7.7	7.3	7.6	7.7	7.5	7.9	8.0
Personal income	5.3	5.1	5.4	5.7	5.6	5.6	5.5	5.6	5.8	6.0	5.8
Corporate income	1.8	1.8	2.2	2.3	2.0	1.6	1.9	1.9	1.5	1.7	2.0
Other	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.2	0.2	0.2	0.2
Social Contributions	12.0	10.8	10.6	10.8	10.7	9.9	9.2	9.3	8.9	8.7	8.5
Employers'	11.6	9.9	8.0	8.2	8.1	7.4	6.8	6.9	6.4	6.3	6.2
Employees'	0.3	0.9	2.6	2.5	2.6	2.5	2.4	2.4	2.4	2.4	2.3
Self- and non-employed	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
B. Structure according to level of government as % of GDP											
Central Government	15.1	13.7	16.2	17.5	16.3	14.6	14.4	14.1	14.5	14.5	15.6
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	6.1	6.3	5.2	5.4	5.0	5.0	4.9	4.9	5.1	5.1	5.0
Social Sec. Funds	12.0	10.8	10.6	10.8	10.7	9.9	9.2	9.3	8.9	8.7	8.5
EC Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.3
C. Structure according to economic function as % of GDP											
Consumption	12.1	11.6	12.1	13.1	11.9	11.3	10.6	10.6	11.4	11.3	12.4
Labour	17.2	15.9	15.9	16.4	16.2	15.3	14.6	14.6	14.6	14.6	14.2
Employed	17.2	15.9	15.9	16.3	16.2	15.2	14.5	14.6	14.5	14.5	14.1
Paid by employers	11.6	9.9	8.0	8.2	8.1	7.4	6.8	6.9	6.5	6.4	6.2
Paid by employees	5.6	6.0	7.9	8.2	8.1	7.8	7.7	7.7	8.0	8.1	7.9
Non-employed	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Capital	3.7	3.2	3.9	4.2	3.9	2.9	3.3	3.0	2.5	2.6	2.8
Capital and business income	1.8	1.9	2.2	2.3	2.1	1.7	2.0	2.1	1.6	1.8	2.1
Income of corporations	1.8	1.8	2.2	2.3	2.0	1.6	1.9	1.9	1.5	1.7	2.0
Income of households	0.0	0.0	0.0	0.0	0.0	0.2	0.1	0.2	0.1	0.1	0.0
Income of self-employed (incl. sc)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1
Stocks (wealth) of capital	1.9	1.4	1.7	1.9	1.8	1.2	1.3	0.8	0.9	0.8	0.7
TOTAL	33.2	30.8	32.1	33.7	32.0	29.5	28.5	28.2	28.5	28.5	29.4
Of which environmental taxes	1.1	1.6	2.1	3.0	2.5	2.4	2.2	2.3	2.5	2.6	2.7
Energy	1.0	1.5	1.8	2.7	2.1	1.8	1.6	1.8	2.0	2.1	2.3
Transport	0.0	0.0	0.0	0.1	0.2	0.3	0.3	0.3	0.4	0.4	0.3
Pollution/Resources	0.1	0.1	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.1	0.1
D. Implicit tax rates											
Consumption	19.3	17.9	18.8	21.1	19.5	18.7	17.5	17.4	18.6	18.5	20.4
Labour employed	39.2	34.6	36.1	37.2	37.0	36.7	36.5	37.8	36.6	36.7	36.2
Capital	-	-	-	-	19.0	11.2	11.5	9.3	7.8	7.8	-
Capital and business income	-	-	-	-	10.2	6.7	7.0	6.7	5.1	5.5	-
Corporations	-	-	-	-	12.6	8.6	8.8	7.9	6.2	7.4	-
Households	-	-	-	-	0.4	1.1	0.7	1.1	0.6	0.6	-
p.m.:											
Real GDP (% annual growth rate)	0.3	3.9	8.4	4.7	3.3	6.9	8.0	6.5	7.2	8.6	10.2
Output gap (potential)	-2.9	-2.1	1.8	0.2	-2.3	-1.7	-0.2	-0.7	-1.1	-1.0	-0.2

1) See ANNEX B for classification of taxes and ANNEX C for explanatory notes.

n.a.: not applicable, - : not available

Source: Commission Services

Overall trends in taxation

Structure and development of tax revenues

The ratio of total taxes to GDP in Latvia was 29.4 % in 2005, which is the fourth lowest in the EU-27 after Romania, Lithuania and Slovakia. The tax ratio in neighbouring Estonia is only marginally higher.

The structure of taxation has undergone significant changes since 1995 as social security contributions, particularly those paid by employers, have been cut drastically while indirect taxes have declined less and direct taxes revenue has remained roughly constant as a share of GDP. In 2005 indirect taxes constitute the most important source of tax revenues with a share on the total of 43.9 %, relatively more than the EU-27 average. The predominance of indirect taxation is a common feature of the tax systems of the Baltic countries; as in Lithuania and Estonia, the share of indirect taxes has been growing. Direct taxes contribute only 27.2 % of total revenue compared with 31.1 % in the EU-27 average. Within direct taxation, the low level of corporate income taxes stands out; the CIT yields 2.0 % of GDP, the third lowest value in the EU-27, in line with the other Baltic countries. The low CIT revenue is linked to a reform that lowered the CIT statutory rate from 25 % to 22 % starting from 2002, but is also connected with significant repayments to several big enterprises during the year. However, in spite of a further reduction of the tax rate to 15 % in 2004, CIT revenue has increased for both 2004 and 2005. As a result, in 2005 Latvia raised the same amount of CIT revenue measured as share of GDP as in 1999, with a considerably lower statutory rate. Revenues from social contributions have been declining markedly both as a percentage of GDP and as a share of total tax revenues, gradually decreasing from 36.1 % of the total in 1995 to 28.9 % in 2005. This is due to a strong overall reduction of the rate of social insurance contributions, from 38 % to 33.09 %, implemented over several years (1997, 2000, 2001 and 2003).

There are only central government taxes in Latvia as local governments do not have any fiscal autonomy; nevertheless, they ultimately receive 16.9 % of the total tax revenue, a much higher value than the EU-27 average (11.1 %). As from 2005, local governments receive 73 % of the revenue from the personal income tax.

As in several other Member States the tax ratio tended to increase after 1995 and decline around the turn of the century. In Latvia, the decline started in 1999 and was sizeable and rapid (over five percentage points of GDP, equivalent to one sixth of the total, in just three years). Since 2002, however, a moderate but steady upward trend has been recorded with cumulative effect of 1.2 percentage points until 2005, due essentially to higher VAT and PIT revenues. The growth in the revenue ratio between 2003 and 2005 could also be linked with a reacceleration in GDP growth, which has notably contributed to the pickup in CIT revenues since 2003.

Taxation of consumption, labour and capital; environmental taxation

The level of Latvian taxes on consumption as a share of GDP is close to the EU-27 average. The ITR on consumption is however almost two percentage points below the EU-27 arithmetic average, due to a relatively larger share of consumption in the GDP. Consumption tax revenue decreased by 2.5 % of GDP between 1998 and 2002; since then a rebound has been recorded, most notably in 2005 (1.1 percentage points as compared to 2004).

The ITR on labour, though declining, is slightly above the EU-27 average. Since 2002 it has maintained a descending trend in the employers' component, while the employees' remains roughly constant.

ITRs on capital are also available for Latvia, unfortunately only for the years 1999-2004. As of 2004, Latvia showed the least general ITR on capital in the Union, at a mere 7.8 %; a very low level of the ITR on capital is however common also to the other two Baltic republics. The indicator has declined continuously from 1999 to 2004. The ITR on capital shows a particularly large drop in the year 2000, which is almost entirely due to the ITR on capital and business income. The decrease can be explained mainly by a roughly 40 % jump in corporate profits, as measured

by 'Net operating surplus, interest and dividends paid by financial and non financial institutions', which boosts the denominator of the ITRs on capital and on corporations. The ITR on corporations however registers an increase of 1.2 percentage points for 2004, which represents an increase by one fifth. The ITRs on capital income of households and the self-employed are significantly below the EU-27 average, but also considerably lower than the other Baltic countries, probably due to a number of exemptions for personal capital income (e.g. interest or dividends).

Policy orientations

Current tax policy is mainly based on the continuation of the tax policy followed since the tax reform of 1995. With the aim of increasing foreign direct investment and promoting the development of the national economy, the current tax policy relies on shifting the tax burden from entrepreneurship to consumption. The strong decline in the tax to GDP ratio over the last years has been largely due to three major factors. First, the cut in social contributions; secondly, a cut in the corporate income tax rate from 25 % to 15 %; and, finally, the enforcement of a common rate of property tax. The recent developments in the tax system have been mainly targeted at abolishing discriminatory and restrictive provisions by extending the relevant exemptions. A proposed general cut of the personal income tax rate from 25 % to 15 % has been abandoned, mainly due to the perceived risk for the public finances and inflation. Nevertheless, the personal income tax rate on business income is planned to be reduced to 15 % as of 1 January 2008. Moreover, a number of goods have been granted taxation under the 5 % VAT reduced rate. New environmental taxes have been introduced namely on electrical and electronic equipment and the tax rates on packaging and resources extraction are increasing gradually.

Main features of the tax system

Personal income tax

Latvia applies a flat rate of 25 % since 1995. The non-taxable minimum of the personal income tax and the children allowances have been corrected upwards, but are still very low (LVL 50 or roughly €72 and LVL 35 or €50 respectively as of 1 January 2007).

Generally, domestic dividends and inbound dividends from companies resident in EU or EEA paid to a resident personal shareholder are tax-free, otherwise dividends are taxed at a 10 % rate. Interest payments and insurance premiums received by resident individuals are exempt in case they are paid out by credit institutions or insurance companies resident in Latvia, the EU or the EEA. Outbound interest payments to non-resident individuals are generally taxed with a 25 % withholding tax rate. Recent amendments extend to individuals resident in EU or EEA that receive more than 75 % of their income in Latvia almost all exemptions granted to residents.

Corporate income tax

Latvia has reduced its corporate income tax rate from 25 % in 2001 to 22 % in 2002, 19 % in 2003 and 15 % in 2004. 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 paid by a resident company to a non-resident corporate shareholder are subject to a 10 % withholding tax, except for those who are residents of the EU Member States or EEA countries (the participation threshold has been removed retroactively from 1 January 2006). However, if the distributing company is exempt from CIT or entitled to the tax benefits linked to one of the economic zones or free ports, the dividends are taxable for the recipient. 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. Latvia applies group taxation; losses can be offset between related companies.

VAT and Excise duties

The principles of the VAT legislation in Latvia are in accordance with EU requirements. The standard VAT rate is 18 % since 1995. Starting from 1 May 2004, the reduced VAT rate (introduced on 1 January 2003) has been lowered from 9 to 5 percent. It applies to goods such as medicines, medical equipment and goods for the disabled, books, products for infants, water and sewerage services, refuse treatment, hotel services, sport events, burial services, etc. Since 1 January 2005, the reduced VAT rate also applies to public passenger transport and since 1 January 2007 also to district heating (from 1 July), electricity and natural gas, renovation of private dwellings and hairdressing.

In order to harmonize the excise duty rates for oil products established by the Council Directive 2003/96/EC, amendments to the Law on Excise Tax came into force on 1 January 2007, providing for increased tax rates for oil products. The new rates already cover the EU minimum ones in the case of heavy fuel oil, leaded petrol and gas oil (except when used for propellant). Still, excise duty rates on diesel fuel, kerosene and most notably unleaded petrol remain well below the minimum rates.

The excise rates for cigarettes are still well below the respective rates in the EU. According to the accession treaty, Latvia has obtained a transitional period until 2010 to reach the EU minima for cigarettes; rates will be increased gradually every year until 2010. For 2007 the increase is foreseen as from 1 July.

Social security and other taxes

Latvia has undergone, as most of the other NMS-10, an extensive pension reform as the consequences of the previous system and demographic trends are putting pressure on the social security system. In 1995, a reform based on the concept of notional defined-contribution (NDC) accounts was approved. This implies that, unlike in the previous PAYG system, future 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. In 1998, the Law on State Compulsory Social Insurance entered into force. After a transition period January 1998-December 2001, the contribution rate has been reduced to 33.09 % from 35 %. This rate includes a 24.09 % rate falling on employers and a 9.0 % rate payable by employees. The self-employed pay a slightly lower rate (29.95 %). Social security contributions are payable from annual LVL 1 800 (approx. €2 560) to LVL 23 800 a year (approx. €33 865).

A property tax is applicable to land, buildings and constructions. Its rate was reduced from 4 % to 1.5 % in 2000. The tax rate is being applied to cadastral value of property. It is not imposed on houses owned by individuals for residential purposes.

LITHUANIA

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
A. Structure of revenues as % of GDP											
Indirect taxes	12.4	11.9	13.7	13.9	13.7	12.6	12.2	12.4	11.7	11.3	11.5
VAT	7.7	7.0	8.4	8.1	7.9	7.6	7.3	7.4	6.8	6.5	7.2
Excise duties and consumption taxes	2.4	2.6	2.9	3.6	3.8	3.2	3.3	3.2	3.3	3.0	3.0
Other taxes on products (incl. import duties)	1.9	1.7	1.8	1.6	1.4	1.2	1.0	1.2	1.1	1.1	0.8
Other taxes on production	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.5
Direct taxes	8.7	8.2	8.9	9.0	9.2	8.5	7.8	7.5	8.0	8.7	9.1
Personal income	6.5	6.3	7.2	7.7	8.3	7.7	7.3	6.9	6.6	6.8	7.0
Corporate income	2.1	1.8	1.6	1.3	0.8	0.7	0.5	0.6	1.4	1.9	2.1
Other	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Social Contributions	7.4	7.9	8.5	9.0	9.2	9.4	8.9	8.6	8.5	8.4	8.2
Employers´	7.1	7.6	8.1	8.7	8.8	8.5	8.0	7.8	7.7	7.5	7.4
Employees´	0.2	0.2	0.3	0.3	0.3	0.8	0.8	0.7	0.7	0.8	0.7
Self- and non-employed	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1
B. Structure according to level of government as % of GDP											
Central Government	14.0	13.0	15.7	14.6	14.0	12.7	12.2	15.2	15.2	15.1	15.5
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	5.2	5.2	4.5	6.0	6.5	6.1	5.7	2.8	2.6	2.8	2.8
Social Sec. Funds	9.3	9.7	10.8	11.3	11.6	11.6	11.0	10.6	10.4	10.3	10.2
EC Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.4
C. Structure according to economic function as % of GDP											
Consumption	11.6	10.9	12.8	13.0	12.8	11.8	11.5	11.7	11.1	10.6	10.9
Labour	13.3	13.6	15.1	16.1	16.7	16.3	15.4	14.9	14.6	14.7	14.6
Employed	13.3	13.6	15.0	16.0	16.7	16.3	15.4	14.7	14.5	14.5	14.4
Paid by employers	7.1	7.6	8.1	8.7	8.8	8.5	8.0	7.8	7.7	7.6	7.4
Paid by employees	6.2	6.1	6.9	7.3	7.9	7.8	7.4	6.9	6.7	7.0	7.0
Non-employed	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.2	0.2
Capital	3.6	3.4	3.2	2.9	2.6	2.3	2.0	2.0	2.5	3.1	3.3
Capital and business income	2.7	2.3	2.2	2.0	1.6	1.5	1.3	1.2	1.9	2.4	2.7
Income of corporations	2.1	1.8	1.6	1.3	0.8	0.7	0.5	0.6	1.4	1.9	2.1
Income of households	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.3	0.2	0.3	0.4
Income of self-employed (incl. sc)	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.4	0.3	0.2	0.2
Stocks (wealth) of capital	0.9	1.0	1.0	0.9	1.0	0.9	0.7	0.7	0.7	0.7	0.6
Less: amounts assessed but unlikely to be collected	0.0	0.0	0.0	0.0	0.3	0.3	0.3	0.2	0.1	0.1	0.0
TOTAL	28.6	27.9	31.0	32.0	31.8	30.1	28.7	28.4	28.2	28.3	28.9
Of which environmental taxes	1.2	1.2	1.4	1.9	2.3	1.8	1.9	1.9	2.0	2.0	1.9
Energy	1.1	1.1	1.3	1.7	2.1	1.8	1.8	1.9	1.9	1.8	1.7
Transport	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Pollution/Resources	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
D. Implicit tax rates											
Consumption	17.7	16.4	20.4	20.7	19.2	17.8	17.4	17.8	17.0	16.0	16.5
Labour employed	34.5	35.0	38.4	38.3	38.7	41.2	40.3	38.1	36.9	36.0	35.9
Capital	15.1	15.4	15.6	16.2	15.5	10.6	8.1	7.5	9.2	10.8	11.4
Capital and business income	11.3	10.7	10.7	11.1	9.7	6.7	5.2	4.8	6.9	8.4	9.3
Corporations	11.2	10.1	8.9	8.7	6.3	3.7	2.4	2.6	5.5	7.2	7.8
Households	4.0	4.3	4.9	5.1	5.7	4.4	4.3	3.6	3.0	3.0	3.5
p.m.:											
Real GDP (% annual growth rate)	4.9	5.1	8.5	7.5	-1.5	4.1	6.6	6.9	10.3	7.3	7.6
Output gap (potential)	-6.4	-5.7	-1.5	1.6	-3.7	-3.4	-1.8	-1.1	2.0	1.6	1.2

1) See ANNEX B for classification of taxes and ANNEX C for explanatory notes.

n.a.: not applicable, - : not available

Source: Commission Services

Overall trends in taxation

Structure and development of tax revenues

Lithuania exhibits the second lowest total tax burden (including social contributions) in the EU-27 (28.9 % of GDP against an EU-27 average of 37.4 %).

Lithuania relies marginally more heavily on indirect taxes than the Union average (40.0 % of total taxation against the EU-27 average of 39.1 %). However, in 2005 the share of indirect taxes on the total increased in Lithuania, in line with the development in the EU as a whole. Despite the above-average weight of indirect taxes on the total, given the light overall tax level in Lithuania the share of indirect taxes in GDP falls well below the EU-27 (11.5 %, EU-27 14.4 %). Direct taxes absorb 9.1 % of GDP (EU-27 12.0 %) while social security contributions also absorb much less than the average (8.2 %, EU-27 11.2 %). The tax mix has remained broadly stable since 1995.

The proportions of the total tax revenue received by central government (53.8 %) and local authorities (9.7 %) approximate to the EU-27 averages of 59.2 % and 11.1 %, respectively.

As in many Member States, the tax burden tended to rise from 1996 onwards, peaking at 32.0 % in 1998, and declining smoothly in the following years. The initial rise was primarily due to efforts to bring indirect taxation into line with EU practice by raising excise duty rates and reducing the applicability of reduced VAT rates. The decline since 1999 is quite general, affecting all major taxes and social contributions except the corporate income tax. In 2005, however, the overall tax ratio bounced up by 0.6 % of GDP, owing mostly to stronger VAT and direct taxes revenue. Revenues from corporate income tax in particular have been growing robustly in the past few years, more than quadrupling from its 2001 trough. This dynamism is linked to the growth upswing after the 1999 recession, to an increase in the incorporation rate and to base-broadening measures; all these effects have more than compensated for the 2002 slashing in the CIT rate from 24 % to 15 %.

Taxation of consumption, labour and capital

The ITR on consumption is low at 16.5 % (EU-27 22.1 %). While the ITR has been declining since 1998, the trend was reversed in 2005 owing to strong VAT receipts. Overall labour taxes bring in one half of all revenues, well over the EU-27 average (50.7 %, EU-27 46.3 %). The ITR on labour is slightly higher than the EU average (35.9 %; EU-27 35.2 %) but has been decreasing steadily from its 41.2 % peak in 2000, partly due to the increase in basic tax allowances. Taxes on capital, though growing significantly from the level of two years earlier, absorb less than half of the EU-27 average in GDP terms (3.3 %, EU-27 7.4 %) providing 11.6 % of all tax receipts (19.9 % EU-27). Typically, despite the recent dynamism, corporation tax receipts yield one third less than the EU-27 average (3.2 % of GDP). Also the taxes on the capital income of the self-employed and of households are low; they yield tax revenues at level of one fifth and three quarters of the EU-27 average, respectively. The self-employed notably benefit from favourable tax law provisions (allowing them to tax their gross income at 15 %) and from the use of business certificates, which allow small businesses to pay a small lump sum tax instead of standard income tax. The capital income of households is also subject to the lower 15 % rate. Wealth taxes stand at less than one third of the EU-27 average (0.6 % of GDP, EU-27 2.0 %). All of this is reflected in a low ITR on capital of 11.4 % (EU-27 27.3 %), which is still an increase from the 7.5 % of 2002 on the back of the base-broadening measures mentioned.

Environmental tax revenues have increased quite markedly since 1996, due mostly to higher energy taxation. Their level as a percentage of GDP remains however around one third below the EU-27 average.



Current topics and prospects; policy orientation

The parliament passed on 7 June 2005 a number of laws reforming the Lithuanian tax system. The laws shift part of the income tax burden from private individuals to businesses, by cutting the PIT rates and introducing (though in principle temporarily) a 'Social tax'. Further, a tax on commercial immovable property owned by individuals is introduced. Additional details are given below.

Main features of the tax system

Personal income tax

Since January 2003 Lithuanian individuals are taxed on their worldwide income under a dual rate system whereby a 15 % tax rate is levied on unearned incomes taking the form of dividends, interest, royalties, rent, capital gains, pensions while other items of income are subject to a tax rate of 27 %. For the self-employed, business and professional income can be taxed at 15 % on the gross amount, or, if so desired, at 27 % on the net income, which allows deduction for all business expenses. Loss carry-forwards or carry-backs are not permitted for individuals. The amendments to the Law on Income Tax of Individuals stipulate a reduction of the existing income tax to 24 % from 1 January 2008.

Corporate taxation

The corporate income tax rate has progressively been reduced from 29 % in 1995 to 24 % in 2000 to 15 % in 2002 (with reduced rates available for small companies, agriculture sector firms and credit unions). However, the former 0 % tax rate for reinvested earning has been abolished. Trading losses can be carried forward over 5 years but not carried back. Both straight line and declining balance depreciation methods are permissible and the rates are relatively generous. As of the year 2005 the profits of 'social enterprises' are taxable at 0 % tax rate.

Dividends distributed by a company to another company are subject to the 15 % corporate income tax which is withheld by the distributing company, unless the participation exemption applies (dividends are not taxable if the company receiving the dividends has held more than 10 % of the voting shares in the distributing company continuously for at least 12 months).

VAT and excise duties

The standard rate of VAT is 18 %, with a 9 % rate applying to certain construction services, a 5 % rate applying to, inter alia, transport services, media products, medicines, hotel accommodation, chilled meat, poultry and fish, organic food, and artistic, cultural and sporting events, while the zero rate is restricted to the export sector. Since 1 May 2004, excise rates have been raised towards the minimum EU rates, with the exception of the duties on the products for which Lithuania has been allowed a transitional period (such as petrol, gasoline, coal, coke, lignite, electricity and cigarettes). Excise duties on cigarettes and energy products will be gradually raised to reach the EU minima by the end of the transitional period. Coal, coke and lignite are taxed from 1 January 2007, and electricity, natural gas and orimulsion will be taxed from 1 January 2010.

Wealth and transaction taxes

Taxation of capital gains is included in computation of the personal income tax and corporate income tax. Land tax is levied at 1.5 % of land value, while an immovable property tax has a 1 % rate but applies only to legal persons or premises used for economic activities. Inheritance tax is levied at 5 % and 10 % while gifts are included in the personal income tax computation. There is no net wealth tax.

Other taxes

The pollution tax is applied on emissions from stationary and mobile sources (automobiles equipped with an exhaust emission neutralisation system not being subject to this tax), certain goods (e.g., batteries, mercury lamps, etc.), as well as packaging. The amount of tax depends on the specific pollution-related facts determined by state institutions.

Social contributions

The mandatory state social insurance contribution (SSC) rate stands at 34 % of which the employer contributes 31 % of the employees' gross wages to the State Social Insurance Fund (SSIF), while the employee contributes 3 %. The resulting breakdown of SSC (Employers 90 %, Employees 9 %, and Self-employed 1 %) provides a contrasting picture with the rest of Europe where the burden is shared more evenly (61 %, 31 %, and 9 %). However, the greater weight of SSC contributions on employers means that the taxation of labour is carried equally by employees and employers (7 % of GDP; 7.4 % of GDP).

The new so-called 'social tax' was introduced effective as of 1 January 2006. The law is called 'provisional' because it is intended to apply in 2006 and 2007 only. It is aimed at financing social-oriented programmes and measures. The main features are as follows: taxpayers are legal entities that pay corporate profit tax; the tax base is the taxable profit assessed in the same way as for corporate profit tax purposes; tax rates will be 4 % for 2006, and 3 % for 2007.

LUXEMBOURG

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
A. Structure of revenues as % of GDP											
Indirect taxes	11.8	11.8	12.8	13.1	13.3	14.0	13.6	12.9	12.7	13.6	13.4
VAT	5.2	5.2	5.4	5.6	5.4	5.6	5.8	5.7	5.7	6.1	5.9
Excise duties and consumption taxes	4.1	4.0	4.4	4.3	4.5	4.5	4.2	4.4	4.3	4.7	4.3
Other taxes on products (incl. import duties)	1.2	1.2	1.3	1.4	1.4	1.5	1.3	1.1	1.1	1.2	1.2
Other taxes on production	1.4	1.5	1.6	1.8	2.0	2.3	2.2	1.7	1.6	1.7	1.9
Direct taxes	15.4	15.9	16.5	16.1	14.9	15.0	15.3	15.3	14.9	13.4	14.1
Personal income	8.0	8.1	8.1	7.5	7.2	7.2	7.0	6.3	6.6	6.8	7.3
Corporate income	6.6	6.8	7.5	7.6	6.7	7.0	7.3	8.0	7.4	5.8	6.0
Other	0.8	1.0	1.0	1.0	1.1	0.9	0.9	1.0	0.9	0.8	0.8
Social Contributions	9.8	9.8	10.0	10.2	10.1	10.1	10.9	10.9	10.9	10.9	10.7
Employers'	4.5	4.5	4.5	4.6	4.4	4.4	4.8	4.8	4.8	4.8	4.7
Employees'	3.9	4.0	4.2	4.3	4.4	4.5	4.9	4.8	4.8	4.8	4.7
Self- and non-employed	1.4	1.3	1.3	1.3	1.3	1.2	1.3	1.3	1.3	1.3	1.3
B. Structure according to level of government as % of GDP											
Central Government	24.2	24.8	26.4	26.4	25.7	26.5	26.4	25.8	25.3	25.2	25.8
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	2.4	2.5	2.4	2.4	2.2	2.2	2.2	2.4	2.3	1.9	1.7
Social Sec. Funds	9.7	9.6	9.8	9.9	9.8	9.8	10.7	10.6	10.6	10.6	10.5
EC Institutions	0.9	0.7	0.7	0.6	0.5	0.5	0.4	0.3	0.3	0.2	0.2
C. Structure according to economic function as % of GDP											
Consumption	10.0	9.9	10.6	10.6	10.5	10.8	10.6	10.8	10.7	11.4	10.9
Labour	15.5	15.6	15.8	15.3	15.1	15.3	15.9	15.2	15.3	15.5	15.6
Employed	13.8	13.9	14.0	13.8	13.6	13.8	14.6	13.9	13.9	14.1	14.2
Paid by employers	4.5	4.5	4.5	4.6	4.4	4.4	4.8	4.8	4.8	4.8	4.7
Paid by employees	9.2	9.4	9.5	9.2	9.2	9.4	9.8	9.1	9.1	9.3	9.5
Non-employed	1.8	1.7	1.8	1.5	1.5	1.5	1.4	1.3	1.4	1.4	1.4
Capital	11.5	12.1	12.9	13.5	12.7	13.1	13.2	13.2	12.5	10.9	11.7
Capital and business income	8.9	9.2	9.8	10.0	8.8	8.9	9.3	10.0	9.6	7.9	8.4
Income of corporations	6.6	6.8	7.5	7.6	6.7	7.0	7.3	8.0	7.4	5.8	6.0
Income of households	0.8	0.9	0.8	0.9	0.9	0.8	0.7	0.6	0.7	0.6	0.9
Income of self-employed (incl. sc)	1.5	1.5	1.5	1.5	1.2	1.2	1.3	1.4	1.5	1.5	1.6
Stocks (wealth) of capital	2.7	2.9	3.2	3.5	3.8	4.2	3.9	3.2	2.9	3.0	3.3
TOTAL	37.1	37.6	39.3	39.4	38.3	39.1	39.8	39.1	38.5	37.9	38.2
Of which environmental taxes	3.0	2.9	3.0	2.9	2.8	2.8	2.8	2.8	2.8	3.1	3.0
Energy	2.8	2.8	2.8	2.8	2.7	2.7	2.7	2.6	2.7	3.0	2.9
Transport	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Pollution/Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
D. Implicit tax rates											
Consumption	21.1	20.8	21.6	21.6	22.4	23.1	22.7	23.0	23.4	24.7	24.3
Labour employed	29.3	29.6	29.3	28.8	29.6	29.9	29.5	28.2	28.9	29.0	29.5
Capital	-	-	-	-	-	-	-	-	-	-	-
Capital and business income	-	-	-	-	-	-	-	-	-	-	-
Corporations	-	-	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-	-	-
p.m.:											
Real GDP (% annual growth rate)	16.0	1.5	5.9	6.5	8.4	8.4	2.5	3.8	1.3	3.6	4.0
Output gap (potential)	-2.0	-4.7	-3.5	-1.7	1.2	4.7	2.3	1.5	-1.6	-1.9	-2.2

1) See ANNEX B for classification of taxes and ANNEX C for explanatory notes.

n.a.: not applicable, - : not available

Source: Commission Services

Overall trends in taxation

Structure and development of tax revenues

At 38.2 %, the tax-to-GDP ratio in Luxembourg is slightly above the EU-27 average (37.4 %). The ratio is however lower than in all the three neighbouring countries (Belgium, France and Germany).

Direct tax revenues, which are 2.1 percentage points above the EU-27 average, have been on a downward trend, notably because cuts in both the personal income tax (PIT) and the corporate income tax (CIT) were implemented over time. Moderate PIT nominal rates result in a share of PIT in GDP of 7.3 % in 2005, well below the euro area average (8.5 %). Despite relatively low rates the revenues from excise duties are among the highest in the EU thanks notably to substantial purchases by non-residents. Nevertheless, revenue from indirect taxes overall lies one percentage point below the EU-27 average owing to moderate VAT nominal rates. Social contributions have increased by about 1 percent of GDP since 1995, mainly owing to higher employees' contributions upon introduction of health insurance for long-term care.

Two thirds of levies accrue to the central administration, over a quarter to the Social Security funds. Local government tax revenues (1.7 % of GDP) are very low in comparison to the 4.4 % EU average.

The overall tax burden increased over the 1995-1998 period and started to decrease as of 2001, reflecting notably the lagged impact of cyclical developments on tax revenues. The 2002 cut in CIT rates coincided with a cyclical downturn, placing revenues from corporate tax on a downward trajectory from 2003 onwards, so that by 2005 revenues from CIT as % of GDP were down by one forth from their 2002 peak. The year 2005 brought a marginal increase in the overall tax ratio due mainly to higher PIT revenues.

Taxation of consumption, labour and capital

Consumption taxes (10.9 % of GDP) are 1.7 percentage points below the EU-27 average. The interpretation of the ITR on consumption for Luxembourg is affected by the smallness 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 bias upward the ITR on consumption. Overall, the ITR on consumption stands at 24.3 % and is around two percentage points above the EU-27 average (22.1 %).

The ITR on labour (29.5 %) is significantly lower than the EU-27 average (35.2 %); the difference from the euro area average is even more marked, exceeding seven percentage points. The low level of labour taxation is a result of moderate levels of taxation of personal income and a relatively low level of social contributions. The ITR has oscillated around the 29 % mark in the last decade, without exhibiting any clear trend.

Between 1995 and 2002, taxes on capital represented roughly one third of total taxes, the highest value in the EU. Although the share of capital taxes in total revenue has slightly decreased to 30.7 % since 2002, it is still considerably above the EU-27 average (19.9 %). This is nearly entirely related to the large proceeds of the CIT, which despite the recent decline remain 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 base¹⁾.

1) The ITR on capital, which was previously calculated on the basis of a simplified methodology, is no longer available for Luxembourg. See Annex C for details.

Current topics and prospects; policy orientation

Since the 1990s, several tax reforms were undertaken with the aim of reducing the tax burden on individuals and businesses, as well as of encouraging investment in Luxembourg and safeguarding the international competitiveness of resident companies.

The 2001-2002 reform programme consolidated the trend towards a decreasing tax burden, both in the PIT and in the CIT. The reform reduced personal income taxes across the board by an increase of the exemption threshold, a two-stage reduction of the marginal tax rates (the top marginal rate decreased from 46 % to 42 % in 2001 and to 38 % in 2002) and a modification in the structure of the brackets. In 2002 the statutory CIT rate was decreased from 30 % to 22 %.

In 2004, the Luxembourg government declared that it would extend the tax derogation foreseen by the law of 30 July 2002 until 31 December 2007, aimed at encouraging the marketing and the acquisition of building-sites and residential buildings. In addition, the 2006 budget prolongs the tax credit to employers for hiring unemployed people, amounting to 10 % of the gross salary, to 31 December 2008.

Moreover, a regulatory and tax framework for a new venture capital vehicle was adopted: *société d'investissement en capital à risque* (SICAR). Transparent SICARs are not subject to CIT and municipal income tax in Luxembourg. Non-transparent SICARs are fully taxable, but income derived from transferable securities also upon disposal, contribution or liquidation is excluded from the tax base. SICARs are also exempt from the annual subscription tax (in contrast to investment funds) and dividends distributed by SICARs are exempt from withholding tax.

Luxembourg has introduced some legislative changes in the area of capital taxation. A 10 % withholding tax is imposed on interest payments to individuals resident in Luxembourg accrued since 1 July 2005, but paid after 1 January 2006. The interest withholding tax is a final tax if the income is derived from assets that are part of the private property of an individual. The net wealth tax for individuals is abolished as of January 2006 and the dividend withholding tax is reduced from 20 % to 15 % as of 1 January 2007.

A bill on the abolition of the tax regime for '1929 holding companies' as of 1 January 2007 was submitted to parliament in October 2006. Under the bill, a transitional regime until the end of 2010 will apply for holdings established before 20 July 2006. A bill on the introduction of a private asset holding company (SPF) was submitted at the end of November 2006. The SPF intends to create a legal framework for the management of passive investment and would in principle be exempt from corporate tax, municipal business tax, net wealth tax and VAT.

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 rate is 38 %, applying to incomes above €34 501. In general, expenses incurred to obtain or preserve income are deductible in calculating the net result of each income category. In addition, a resident taxpayer may claim deductions for special expenses and extraordinary expenses from his aggregate income. Married couples are jointly taxed. Salaries, wages and pensions derived from former employment are subject to a wage withholding tax. The PIT is increased by a 2.5 % surcharge for the Employment Fund. For households including jointly assessed spouses, a split rate applies.

Dividends and interests are taxed as income from movable capital. A 50 % exemption is available for dividends and interest on profit-sharing bonds. Interests 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 personal income tax.

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. For individual shareholders, a 50 % exemption for dividends applies. The profit calculation is based on the accounting rules. Since January 2002 the general CIT rate is 22 % (previously 30 %). A 4 % surcharge for the employment fund is levied on the CIT due, making the effective rate 22.88 %. For SMEs whose taxable income is not more than €15 000, the basic rate is 20 % if the taxable income does not exceed €10 000 and €2 000 plus 26 % on the income exceeding €10 000 if the income is comprised between €10 001 and €15 000.

Since 2004 fiscal consolidation, allowable for corporate and business tax purposes, is extended to indirectly held Luxembourg subsidiaries through a non-resident company, provided that the non-resident company is subject to a tax that is comparable to the Luxembourg CIT with a minimum taxation of 11 %.

Luxembourg also applies a system of investment credits and provides for specific tax incentives for new industrial investment (tax holiday up to 25 % of the profit), venture capital investment (up to 30 % of the profit) and audio-visual 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 clothing, wine and coal. Finally, flat rates of 4 % or 8 % apply to farmers subject to a specific regime.

Wealth and transaction taxes

Resident corporations are subject to net worth tax on their worldwide net worth. The tax rate is 0.5 %. The taxable base is determined as assets less liabilities and does not take into account fiscal consolidation. Since January 2002 the credit against the corporation tax has been replaced by a reduction of net worth tax under certain conditions. As of January 2006, the net wealth tax on worldwide net wealth of resident individuals, i.e. the value of assets less liabilities on 1 January at a rate of 0.5 % is abolished.

Local taxes

A municipal business tax is levied on all business establishments located in Luxembourg, in addition to PIT and CIT. The tax is computed following the rules for the CIT, with certain exceptions. A basic deduction of €17 500 applies. The basic rate of 3 % is multiplied by coefficients determined by the municipality in which the business establishment is located. These coefficients vary from 2 to 3.5.

Social contributions

Social security contributions for pension, health insurance and family allowances are levied on the gross wage. For pensions, the rate is 16 %, equally shared by employer and employee. For the health insurance, the rate is 5.6 %, equally shared by employer and employee. For family allowances, the rate of 1.7 % is borne by the employer. The 1.7 % contribution rate to the long term care insurance is borne by the employees (levied on total gross income less a quarter of the minimum social salary). Unemployment insurance is entirely financed from tax revenues.



MALTA

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
A. Structure of revenues as % of GDP											
Indirect taxes	12.6	11.9	12.4	11.3	12.3	12.6	13.3	13.8	13.1	15.3	16.0
VAT	6.3	6.0	6.0	4.5	5.2	6.0	6.4	7.1	6.3	7.5	8.2
Excise duties and consumption taxes	1.9	1.8	2.4	2.9	2.8	2.5	2.8	2.7	2.7	2.9	3.2
Other taxes on products (incl. import duties)	4.2	3.8	3.7	3.6	3.9	3.7	3.7	3.6	3.6	4.0	3.7
Other taxes on production	0.3	0.2	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.8	0.9
Direct taxes	8.5	7.5	8.3	7.9	8.7	9.2	10.2	11.5	12.1	12.1	12.1
Personal income	5.1	4.6	5.1	4.7	5.2	5.6	6.2	6.2	6.4	7.0	6.8
Corporate income	2.7	2.3	2.6	2.4	2.7	2.9	3.2	3.9	4.5	4.2	4.0
Other	0.7	0.6	0.7	0.8	0.8	0.7	0.8	1.4	1.2	0.9	1.4
Social Contributions	6.2	6.4	6.8	6.0	6.1	6.4	6.9	6.6	6.6	6.8	7.2
Employers'	3.1	3.1	3.3	3.0	2.9	2.8	3.1	3.0	3.0	3.0	3.2
Employees'	2.6	2.6	2.7	2.5	2.6	2.8	3.1	3.0	3.0	3.0	3.2
Self- and non-employed	0.6	0.7	0.8	0.6	0.7	0.8	0.7	0.7	0.7	0.7	0.7
B. Structure according to level of government as % of GDP											
Central Government	27.3	25.8	27.5	25.3	27.1	28.2	30.4	31.9	31.8	33.8	34.8
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	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Social Sec. Funds	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EC Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.3	0.5
C. Structure according to economic function as % of GDP											
Consumption	11.8	11.2	11.8	10.7	11.6	11.9	12.5	13.3	12.3	13.3	14.4
Labour	9.3	9.0	9.7	8.7	9.3	9.7	10.7	10.3	10.4	11.0	11.1
Employed	8.7	8.5	9.2	8.2	8.6	9.0	9.9	9.5	9.6	10.1	10.3
Paid by employers	3.1	3.1	3.3	3.0	2.9	2.8	3.1	3.0	3.0	3.0	3.2
Paid by employees	5.6	5.3	5.9	5.3	5.8	6.2	6.8	6.6	6.7	7.1	7.0
Non-employed	0.6	0.5	0.6	0.5	0.6	0.7	0.7	0.7	0.8	0.8	0.8
Capital	6.3	5.7	6.0	5.9	6.2	6.7	7.3	8.4	9.2	10.0	9.8
Capital and business income	5.0	4.4	4.8	4.6	4.9	5.3	5.8	6.7	7.3	7.2	7.0
Income of corporations	2.7	2.3	2.6	2.5	2.7	2.9	3.2	3.9	4.6	4.2	4.0
Income of households	1.2	1.1	1.0	1.1	1.1	1.2	1.4	1.6	1.6	1.8	1.8
Income of self-employed (incl. sc)	1.0	1.0	1.2	1.0	1.1	1.2	1.2	1.1	1.1	1.2	1.2
Stocks (wealth) of capital	1.4	1.3	1.2	1.3	1.3	1.3	1.5	1.8	1.9	2.8	2.8
TOTAL	27.3	25.8	27.5	25.3	27.1	28.2	30.4	31.9	31.8	34.2	35.3
Of which environmental taxes	3.3	3.1	3.5	3.9	4.0	3.7	3.7	3.5	3.5	3.2	3.5
Energy	0.9	0.8	1.3	1.6	1.6	1.4	1.5	1.4	1.3	1.3	1.4
Transport	2.4	2.3	2.3	2.3	2.4	2.3	2.1	2.0	2.2	1.8	1.9
Pollution/Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.2
D. Implicit tax rates											
Consumption	15.4	14.0	14.9	13.8	14.8	15.7	16.4	18.1	16.6	17.4	19.2
Labour employed	19.0	17.9	20.0	18.0	19.0	20.5	21.2	20.7	20.4	21.4	22.1
Capital	-	-	-	-	-	-	-	-	-	-	-
Capital and business income	-	-	-	-	-	-	-	-	-	-	-
Corporations	-	-	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-	-	-
p.m.:											
Real GDP (% annual growth rate)	0.0	0.0	4.9	3.4	4.1	5.7	-1.1	1.9	-2.3	0.8	2.2
Output gap (potential)	-3.2	-2.2	-0.4	0.5	2.1	5.0	1.9	3.1	-0.8	-2.1	-2.1

1) See ANNEX B for classification of taxes and ANNEX C for explanatory notes.

n.a.: not applicable, - : not available

Source: Commission Services

Overall trends in taxation

Structure and development of tax revenues

As of 2005 the overall tax burden, including social security contributions, stands at 35.3 % of GDP, which is well below than the EU-27 average (37.4 %). With respect to other countries bordering the Mediterranean, this level of taxation is comparable to that of Greece, Spain, Cyprus, but well below that of Italy or France.

Malta relies heavily on indirect taxes; their share of total tax take lies well above the EU-27 average (Malta 45.4 %, EU-27 39 %), such that the overall taxation structure is similar to that in the UK (indirect taxes, direct taxes, social contributions in a rough 2:2:1 ratio), 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, indirect taxes therefore absorb a proportion of GDP (16 %) which is slightly higher than the EU average (14.4 %). Direct taxes however take in a proportion in line with the EU average (12 %) while social security contributions yield comparatively little revenue, roughly two-third of the EU average in GDP terms (7.2 % of GDP, EU-27 11.2 %). Within social security contributions, employees contribute somewhat below the European average (Malta 3.2 %, EU-27 3.4 %), while employers contribute less than half the EU-27 average (Malta 3.2 %, EU-27 6.7 %).

As Malta has no sub-central level of government, which collects taxes, and does not maintain a social security fund separate from the central exchequer, 98.6 % of receipts are collected by central government (EU-27 average 59.2 %).

The country has experienced a more than 29 % increase in taxation (8 % of GDP) between 1995 and 2005. All categories of revenue have witnessed an increase, but this was most notable in direct taxation; direct taxes revenue grew by over 40 %, while the increase in indirect taxes was 27 %. Social security revenue grew more moderately (16 %). This stems from higher VAT receipts resulting from a narrowing range of goods exempted or taxed at lower rates, increases in PIT and CIT arising from the broadening of the base, efforts to improve efficiency in collection.

Taxation of consumption, labour and capital

Taxes on consumption take in 14.4 % of GDP (EU-27 12.6 %) having increased 3.7 percentage points since 1998. 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 (19.2 %) also reflects this rise, having increased from 15.4 % in 1995. However, the rate remains among the lowest in the Union (EU-27 22.1 %), due partly to the high ratio of consumption to GDP.

Maltese taxation of labour is among the lowest in the Union, only Ireland and Romania displaying a lower rate (Malta 11.1 % of GDP, EU-27 17.5 % of GDP). This figure results from the fact that employer's social security contributions are quite low. The ITR on labour (22.1 %, EU-27 35.2 %) also reflects this factor.

The taxation of capital yields substantial revenue (9.8 % of GDP, EU-27 7.4 %), following Luxembourg, the UK, Belgium, Spain, and Italy in sixth place. This is primarily due to the tax on corporations (at 4.0 %, the fourth highest revenue after the Luxembourg, Cyprus and Czech Republic) and the tax on stocks of wealth (at 2.8 % relatively high compared to the EU-27 average 2 %). By contrast the tax on the income 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 3.5 % of GDP, EU-27 2.8 % of GDP) and have been increasing further recently. Taxation on transport in particular the second highest in the Union (1.9 % of GDP, EU-27 0.7 %) while revenue from taxation on energy is clearly below the EU average (1.4 %, EU-27 2.0 %).



Current topics and prospects; policy orientation

The 2007 budget brought some changes in personal income tax rates. As from 1 January 2007 Malta has introduced a new PIT system with fewer brackets. The new PIT regulations also help the family businesses as the spouse's salary can be deducted. There were also some minor changes in indirect taxation. VAT exemption has extended to all cultural services provided by non-profit organizations. Inherited property duties have been slightly reduced.

Main features of the tax system

Personal income tax

Since 2007, the six brackets system is replaced by a simpler 4 brackets system. Thresholds have also increased. In the new system the rates are 0, 15, 25 and 35 percent. The 0 % is up to MTL 3 250 (€7 600) for single individuals and MTL 4 500 (€10 500) for married couples; while 35 % applies for more than MTL 6 751 (single individuals) and MTL 10 000 (€23 200) (married couples). Personal income tax is applied to all individuals who have income chargeable to tax in Malta. Individuals who are ordinarily resident and domiciled in Malta are chargeable to tax 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 chargeable to tax in Malta. Apart from the basic personal relief of MTL 3 250 (€7 600) for single individuals and of MTL 4 500 (€10 500) 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 imputed to the 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 rate applicable to companies. 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 %. Corporate taxes provide 11.3 % of total tax take (EU-27 average 8.5 %). 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 applies also 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 Freeport activities.

VAT and excise duties

The standard VAT rate is 18 % with a 5 % reduced rate applicable to holiday accommodation, electricity, printed matter, medical accessories and goods intended for the use of disabled persons. Zero-rated supplies include food, pharmaceutical goods and local transport.

VAT was introduced in 1995, replaced with a sales tax following a government change, following which the revenues dropped by more than 1 % of GDP. A further change of government led to its reintroduction in 1999. Since then and in anticipation of Malta's accession to the European Union on 1 May 2004, VAT legislation was fully harmonised with that of the Sixth VAT Directive and other relevant legislation.

Excise duties are moderate on fuels and on light alcoholic beverages and relatively high, in comparison with other New Member states, on both strong liquors and tobacco. Both VAT and excise duties take in a proportion of GDP comparable with the EU average, but other indirect taxes are well in excess (3.7 % of GDP, EU-27 1.5 %). 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 above the EU average.

Environmental taxes

In September 2004 eco-contribution was introduced in Malta. It is chargeable on a number of white goods, containers, batteries, tyres and other specified products that are deemed to result in waste. Currently the taxes on pollution yield 0.24 % of GDP, which is the fourth highest value in the EU.

Wealth and transaction taxes

There is no wealth tax but the transfer of immovable property is subject to duty at a rate of 5 % of the transfer value (3.5 % on the first MTL 30 000 (€70 000) in the case of acquisitions for the purpose of establishing the purchaser's own residence). 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 %, which may be accepted as final.

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; the self-employed contribute at a rate of 15 %, which is matched by the government, with contributions capped at an annual maximum of MTL 6 750 (€15 700).



NETHERLANDS

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
A. Structure of revenues as % of GDP											
Indirect taxes	11.8	12.0	12.2	12.3	12.7	12.5	12.9	12.7	12.7	12.9	13.1
VAT	6.5	6.7	6.7	6.8	7.0	6.9	7.3	7.2	7.3	7.3	7.3
Excise duties and consumption taxes	2.8	2.7	2.8	2.8	2.8	2.6	2.5	2.5	2.4	2.6	2.5
Other taxes on products (incl. import duties)	1.4	1.6	1.7	1.8	1.9	2.0	2.1	1.9	1.9	2.0	2.2
Other taxes on production	1.1	1.1	1.0	1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.1
Direct taxes	12.5	13.0	12.4	12.2	12.1	12.0	11.7	11.8	11.0	10.8	11.9
Personal income	7.7	7.2	6.3	6.1	6.0	6.1	6.2	6.8	6.5	6.0	6.7
Corporate income	3.3	4.1	4.5	4.5	4.5	4.3	4.2	3.6	3.0	3.3	3.7
Other	1.6	1.7	1.6	1.6	1.6	1.6	1.3	1.4	1.4	1.4	1.5
Social Contributions	15.9	15.2	15.1	15.0	15.5	15.4	13.7	13.3	13.8	14.0	13.1
Employers'	1.9	1.9	1.7	4.5	4.4	4.5	4.3	4.3	4.3	4.4	4.1
Employees'	10.2	9.8	9.8	7.6	8.1	7.9	6.7	6.4	6.7	6.9	6.5
Self- and non-employed	3.7	3.5	3.6	2.9	3.0	3.1	2.6	2.5	2.8	2.7	2.6
B. Structure according to level of government as % of GDP											
Central Government	21.9	22.7	22.2	22.2	22.6	22.3	22.6	22.5	21.6	21.7	23.0
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	1.3	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.5	1.5	1.6
Social Sec. Funds	15.9	15.2	15.1	15.0	15.5	15.4	13.7	13.3	13.8	14.0	13.1
EC Institutions	1.1	0.9	1.0	0.9	0.8	0.8	0.7	0.5	0.5	0.5	0.5
C. Structure according to economic function as % of GDP											
Consumption	11.2	11.5	11.6	11.6	11.9	11.7	11.9	11.6	11.8	12.0	12.1
Labour	21.8	20.7	19.8	19.6	20.1	20.3	17.8	18.1	18.4	18.2	17.7
Employed	17.6	16.9	16.2	16.7	17.2	17.4	15.4	15.6	15.9	15.7	15.3
Paid by employers	1.9	1.9	1.7	4.5	4.5	4.5	4.5	4.5	4.4	4.4	4.2
Paid by employees	15.6	15.0	14.5	12.2	12.7	12.9	11.0	11.2	11.5	11.2	11.1
Non-employed	4.2	3.8	3.5	2.9	2.9	2.9	2.4	2.4	2.5	2.5	2.4
Capital	7.2	8.1	8.3	8.3	8.4	8.0	8.6	8.0	7.3	7.5	8.3
Capital and business income	5.3	6.0	6.4	6.2	6.2	5.8	6.4	5.8	5.1	5.3	5.9
Income of corporations	3.3	4.1	4.5	4.5	4.5	4.3	4.2	3.6	3.0	3.3	3.7
Income of households	-0.5	-0.5	-0.5	-0.4	-0.5	-0.8	0.3	0.1	0.0	0.0	0.2
Income of self-employed (incl. sc)	2.5	2.4	2.3	2.1	2.2	2.3	1.9	2.1	2.0	1.9	2.0
Stocks (wealth) of capital	1.9	2.0	1.9	2.1	2.2	2.2	2.2	2.3	2.2	2.3	2.4
TOTAL	40.2	40.2	39.7	39.4	40.4	39.9	38.3	37.7	37.4	37.7	38.2
Of which environmental taxes	3.6	3.8	3.7	3.8	3.9	3.9	3.8	3.6	3.7	3.9	4.0
Energy	1.7	1.8	1.9	1.9	1.9	1.9	1.9	1.9	1.9	2.0	2.1
Transport	1.3	1.5	1.3	1.4	1.5	1.4	1.3	1.2	1.2	1.3	1.3
Pollution/Resources	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.6	0.6	0.6	0.6
D. Implicit tax rates											
Consumption	23.2	23.3	23.8	23.4	23.9	23.7	24.4	23.8	24.2	24.9	25.4
Labour employed	34.4	33.3	32.5	32.9	33.6	34.3	30.3	30.4	30.8	30.6	30.7
Capital	21.2	23.2	22.2	22.6	23.0	20.5	23.0	25.2	22.3	22.1	21.2
Capital and business income	15.7	17.3	17.0	16.9	17.0	14.8	17.0	18.1	15.7	15.5	15.1
Corporations	19.8	23.5	22.3	22.7	21.8	18.1	17.2	18.0	14.4	14.3	13.2
Households	10.8	10.3	9.7	9.0	9.7	8.7	14.0	15.0	15.1	14.8	16.1
p.m.:											
Real GDP (% annual growth rate)	5.5	3.4	4.3	3.9	4.7	3.9	1.9	0.1	0.3	2.0	1.5
Output gap (potential)	-1.4	-1.0	0.1	0.8	2.3	3.2	2.2	-0.1	-1.8	-1.7	-2.0

1) See ANNEX B for classification of taxes and ANNEX C for explanatory notes.

n.a.: not applicable, - : not available

Source: Commission Services

Overall trends in taxation

Structure and development of tax revenues

The tax-to-GDP ratio is currently 38.2 % in the Netherlands, a value that lies 0.8 percentage point above the EU-27 average, but is lower than the tax burden in the neighbouring countries and in the euro area.

Indirect taxes, direct taxes and social contributions each account for about one third of total tax revenues. In the last decade reliance on indirect taxation increased, which makes tax revenue less sensitive to the business cycle. The weight of personal income tax (PIT) has decreased because of gradual erosion of the aggregate tax base and a reduction in the statutory income tax rates. In recent years this trend was reversed due to the 2001 tax reform, which caused a shift from social security contributions to taxes and also a decrease in the overall tax burden. Most allowances were replaced by tax credits. These credits are applicable to PIT and social security contributions as well. The increased share of the social contributions in the credit compared to the former allowances is the main reason for the reversed trend.

From a fiscal viewpoint, the Netherlands display a fairly centralised tax structure as local government taxes account for merely 4 % of the total, a share which is just over a third of the EU-27 average. The share has however been gradually increasing. In contrast, the Social Security share (34.4 %) is well above the European average.

From 1995 to 2000 tax revenues as a share of GDP oscillated around the 40 % mark. The 2001 reform however marked a turning point with a 1.6 percentage point drop in the overall tax burden. The decline in the overall tax ratio has been driven by decreases in revenues from direct taxes and social contributions, while indirect taxation has grown.

Taxation of consumption, labour and capital; environmental taxation

The implicit tax rate on consumption shows an increasing trend between 1995 and 2005 (2.2 percentage points), partly as a result of increases in revenues from VAT and environmental taxes. In 2005, the implicit tax rate was 3.3 percentage points higher than the EU average (22.1 %).

Mainly as a consequence of the increases in social contributions, the tax burden on labour grew steadily until the mid-1990s. Since then concerns about excessive labour costs and tax wedges have prompted a number of initiatives primarily directed towards reductions in marginal tax rates and the wedge between wage costs and take-home pay. The ITR rate on labour dropped significantly in 2001 as a result of the PIT reform reducing substantially employees' social contributions. Since then the ITR has remained stable. Most of the tax incentives with respect to labour were focused on a reduction of the wage costs for the employer in order to increase demand for labour.

The ITR on capital increased significantly from 1995 to 2002. This increase stems largely from business cycle effects, and higher revenues from taxes paid by corporations in particular. Other important elements relate to increases in revenues from the dividend tax, PIT raised on capital income, motor vehicle tax paid by enterprises, and real estate (transfer) tax. It is further believed that the increase in ITR on capital income is actually affected by differences over time in the way the tax administration determines the final tax liabilities and collects taxes. As for dividends, the Netherlands is the country that has recorded the largest increase in net dividend payments from abroad in the second half of the 1990s. From 2003 on the ITR on corporations has been declining probably due to cyclical factors as well as to the effects of rate cuts. This drives down the general ITR on capital.

The Netherlands has the second highest level of environmental taxes as a percentage of GDP in the Union 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 tax on pollution of surface waters and sewerage charges.

Current topics and prospects; policy orientation

Current policy is driven by the need to reduce the budget deficit while stimulating the economy and increasing labour participation. Newly introduced tax incentives are compensated by a broadening of the tax base. On 12 October 2006, the energy investment deduction and the environmental investment deduction, available to entrepreneurs, were suspended until the end of the year because of the substantial take up of the tax breaks.

On 3 October, the Parliament adopted the bill 'Work on profit', which will apply as of 1 January 2007, in order to further reduce the company taxation: the general CIT rate is reduced from 29.6 % in 2006 to 25.5 %. In addition, the tax rate on profits up to €25 000 is reduced to 20 % and to 23.5 % for profits between €25 000 and €60 000. 10 % of the profits of entrepreneurs, subject to personal income tax, are tax exempt, resulting in a reduction of the top income tax rate for entrepreneurs from 52 % to 46.8 %.

The bill also introduces a special box for income from R&D activities, which would be taxed at the rate of 10 %. In addition, an optional interest box for interest of group companies is introduced: the difference between interest received on group company loans and the interest paid to third parties would be taxed at the effective rate of 5 % in 2007. The ceiling on the base for the application of the tax would be equal to the average fiscal equity of a year multiplied with the amount of the tax collection interest (currently 4.25 %). The interest box is subject to the approval of the European Commission with respect to compatibility with EU State aid rules. Once the approval is granted, this measure may be implemented with retroactive effect.

Among other measures, the depreciation of business and industrial property is no longer possible if the book value of the building and land is below 50 % of its fair market value.

Main features of the tax system

Personal income tax

Since the tax reform in 2001, 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 and the income from owner-occupied housing (i.e. presumptive rental income minus mortgage interest), interest, rental income and realized capital gains on assets put at the disposal of companies in which shareholders (or close relatives) have a substantial interest (see also box 2). The sum of income in box 1 is taxed at progressive rates ranging from 33.65 % to 52 % (income tax and social security contributions).

Box 2 contains profit distributions of closely held companies, in which particular shareholders have a substantial interest. Also included in this box are capital gains realised when a part or the whole of a substantial interest is sold. The nominal PIT rate on these income items is 25 %, but the effective overall tax rate is higher, because these items are subject also to the corporation tax of 25.5 % (20 % for profits up to €25 000 and 23.5 % for profits between €25.000 and €60.000) 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' and consistent accounting methods. The concept of sound business practice has mainly been developed in case law. For example, according to sound business practice unrealized losses may be taken into consideration, while unrealized profits may be ignored. All commercial accounting methods have to be reviewed to confirm that they are acceptable under fiscal law. The requirement of consistent accounting methods 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 off set against profits from another group company, 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 25.5 % (20 % for profits up to €25 000 and 23.5 % for profits between €25 000 and €60 000).

VAT and excise duties

There are two rates. The standard rate, which was increased from 17.5 % following the 2001 reform, is 19 %. A reduced rate of 6 % applies to inter alia food, water, pharmaceuticals, art, cultural events and publications. In addition, a flat rate of 5.1 % applies to the sale of agricultural products.

Wealth and transaction taxes

The net wealth tax was abolished in 2001.

Social contributions

Social security contributions are not only levied on wages, salaries and pension benefits, but also on social benefits. The social security system (*sociale verzekeringen*) is composed of national insurance (*volksverzekeringen*) and employee insurance (*werknemersverzekeringen*). 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. Typically, the rates applied to gross wage are 5.15 % and 4.40 % paid by the employer for invalidity and unemployment insurance and 3.85 % paid by the employee for unemployment insurance (2007 rates). Employees pay a nominal health premium; depending on income, they can be entitled to a social health benefit (*zorgtoeslag*). Also a percentage 6.5 per cent of gross earnings is paid until a maximum of gross earnings of €30 015. For the last contribution, an employee receives mandatory compensation from his employer for the same amount. This compensation is included in the employee's taxable income.

POLAND

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
A. Structure of revenues as % of GDP											
Indirect taxes	14.2	14.4	13.9	13.1	13.6	12.6	12.5	13.2	13.2	13.1	13.9
VAT	6.2	6.9	7.4	7.1	7.5	6.9	6.8	7.2	7.2	7.2	7.7
Excise duties and consumption taxes	4.6	4.4	3.5	3.6	3.9	3.6	3.7	4.0	4.1	4.2	4.2
Other taxes on products (incl. import duties)	1.8	1.6	1.5	1.1	0.9	0.8	0.6	0.6	0.6	0.4	0.3
Other taxes on production	1.6	1.5	1.5	1.3	1.3	1.3	1.4	1.4	1.3	1.4	1.7
Direct taxes	11.7	11.3	11.1	10.9	7.7	7.2	6.7	6.9	6.6	6.4	7.0
Personal income	8.4	8.0	7.6	7.7	5.0	4.4	4.5	4.3	4.2	3.7	3.9
Corporate income	2.7	2.7	2.7	2.6	2.4	2.4	1.9	2.0	1.8	2.2	2.5
Other	0.7	0.7	0.7	0.6	0.4	0.3	0.3	0.6	0.6	0.5	0.6
Social Contributions	11.3	11.6	11.7	11.6	14.2	14.4	14.8	14.5	14.0	13.5	13.7
Employers'	5.9	5.9	6.1	6.1	5.9	5.7	5.7	5.4	5.2	4.9	4.9
Employees'	4.7	4.7	4.9	4.9	6.8	6.9	6.9	6.6	6.3	6.0	6.2
Self- and non-employed	0.8	0.9	0.7	0.6	1.5	1.8	2.2	2.6	2.5	2.5	2.6
B. Structure according to level of government as % of GDP											
Central Government	21.3	21.3	20.5	19.7	18.2	16.9	16.1	16.9	16.7	15.3	16.5
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	4.7	4.5	4.5	4.2	3.2	2.9	3.1	3.3	3.1	4.0	4.2
Social Sec. Funds	11.3	11.6	11.7	11.6	14.2	14.4	14.8	14.5	14.0	13.5	13.7
EC Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.3
C. Structure according to economic function as % of GDP ²⁾											
Consumption	12.7	13.0	12.4	11.8	12.3	11.3	11.1	11.9	11.9	11.8	12.2
Labour	17.0	17.2	16.9	16.9	16.1	15.6	15.8	14.9	14.4	13.6	13.9
Employed	14.7	14.9	15.0	15.0	15.3	14.9	15.0	14.2	13.6	12.9	13.2
Paid by employers	5.9	5.9	6.1	6.1	5.9	5.7	5.7	5.4	5.2	4.9	4.9
Paid by employees	8.8	8.9	8.8	8.8	9.4	9.2	9.2	8.8	8.4	8.0	8.3
Non-employed	2.4	2.3	1.9	1.9	0.8	0.7	0.8	0.7	0.7	0.7	0.7
Capital	7.5	7.2	7.3	6.9	7.1	7.2	7.1	7.9	7.5	7.6	8.4
Capital and business income	5.4	5.1	5.2	5.0	5.4	5.6	5.4	5.9	5.7	5.8	6.2
Income of corporations	2.7	2.7	2.7	2.6	2.4	2.4	1.9	2.0	1.8	2.2	2.5
Income of households	0.0	0.1	0.0	0.1	0.1	0.2	0.1	0.2	0.3	0.2	0.2
Income of self-employed (incl. sc)	2.6	2.4	2.4	2.4	2.9	3.0	3.3	3.6	3.6	3.4	3.5
Stocks (wealth) of capital	2.2	2.1	2.1	1.9	1.7	1.6	1.7	1.9	1.8	1.8	2.2
Less: amounts assessed but unlikely to be collected	0.2	0.2	0.2	0.2	0.2	0.2	0.4	0.4	0.3	0.3	0.4
TOTAL	37.1	37.2	36.5	35.4	35.3	34.0	33.6	34.3	33.4	32.6	34.2
Of which environmental taxes	1.8	1.9	1.8	1.8	2.1	2.1	2.1	2.4	2.5	2.6	2.7
Energy	1.2	1.4	1.3	1.5	1.8	1.8	1.8	2.0	2.1	2.1	2.3
Transport	0.2	0.2	0.3	0.1	0.1	0.2	0.2	0.2	0.2	0.3	0.3
Pollution/Resources	0.4	0.3	0.3	0.3	0.2	0.2	0.1	0.2	0.1	0.1	0.1
D. Implicit tax rates ²⁾											
Consumption	21.3	21.2	20.1	19.1	19.7	18.0	17.4	18.0	18.5	18.7	19.8
Labour employed	35.9	35.3	35.0	34.7	36.0	36.1	35.6	35.2	34.7	34.7	35.5
Capital	21.5	22.0	22.4	21.0	22.6	21.3	21.6	23.8	20.7	20.7	22.2
Capital and business income	15.4	15.6	15.9	15.3	17.2	16.5	16.4	17.9	15.7	15.7	16.4
Corporations	46.8	51.6	46.2	42.7	42.7	37.7	37.9	39.3	21.5	20.7	22.4
Households	8.0	8.2	8.3	8.3	10.4	10.4	11.3	12.6	12.8	12.5	12.7
p.m.:											
Real GDP (% annual growth rate)	0.0	6.2	7.1	5.0	4.5	4.2	1.1	1.4	3.8	5.3	3.5
Output gap (potential)	-5.0	-3.1	-0.9	-0.6	-0.2	0.7	-0.6	-2.0	-1.2	0.5	-0.3

1) See ANNEX B for classification of taxes and ANNEX C for explanatory notes.

2) Data in sections C and D of the table rely partly on Finance Ministry estimates.

n.a.: not applicable, - : not available

Source: Commission Services

Overall trends in taxation

Structure and development of tax revenues

As at 2005, the ratio of total taxes on GDP in Poland lied at 34.2 %, well below the EU-27 average (37.4 %). This is the seventh lowest ratio in the EU-27 and whereas it is comparable with the tax ratio in the two of the neighbouring countries such as in Slovakia (33.5 %) and in the Czech Republic (35 %) it is significantly higher than in Germany (40.2 %).

Indirect taxes play a much more important role in Poland than direct taxes, raising almost double the revenue (13.9 % of GDP compared to 7.0 %). Hence, the proceeds from indirect taxes revenue lie close to the EU mean value whereas direct tax revenue is well below the EU-27 average. Revenue from personal income taxes in particular account for merely 3.9 % of GDP, only half of the EU-27 average (7.9 % of GDP). The main reason for the low level of direct taxes is a substantial shift from personal income tax to social security contributions that occurred in 1999, with the introduction of a global reform of the social security system. Social security contributions play as important a role as indirect taxes, accounting for 13.7 % of GDP; such a level of revenue clearly exceeds the EU-27 average (11.2 %).

The distribution of revenue has changed considerably over the period under consideration as central government revenue has shrunk considerably, as a share of GDP, while the share collected by social security funds has increased markedly since 1995. Local government revenue, in percent of GDP, has oscillated around the 3 % mark after the introduction of the first major reform of the local governments in 1999 to increase to 4 % and more in 2004 and 2005 as a result of the new law on the incomes of the local governments.

The overall tax burden decreased progressively from 1995 to 2004 from 37.1 % of GDP to 32.6 % followed by a slight increase in 2005 to reach the level of 34.2 % of GDP, reflecting mostly the tax reforms conducted in these years. The strongest relative increases in that period were recorded for social security contributions and for VAT, which together accounted for an increase by 3.9 percentage points due to the major reform of the social security contributions in 1999 and the increased effectiveness of the VAT collection.

Taxation of consumption, labour and capital; environmental taxation

Revenue from consumption taxes is close to the EU-27 average (12.2 % of GDP compared to 12.6 % of GDP). The ITR on consumption declined markedly from 1995 to 2001 but has been picking up since.

The ITR on labour shows a less marked difference from the EU average than the revenues from personal income as the ITR reached the level of 35.5 % in 2005 compared to 35.2 % in the EU-27.

As at 2005, the ITR on capital stood at 22.2 % a value well below the EU-27 average (27.3 %). It increased by 1.5 percentage points from 2004 to 2005 mainly due to the higher effective collection rate of corporate taxes.

The ratio of environmental taxation has more than doubled over the last decade to reach the level of 2.7 % of GDP, a value slightly below the EU-27 average (2.8 %). The increase concerned energy taxation as other types of environmental taxes yielded a stable or even declining revenue.

Current topics and prospects; policy orientation

A number of amendments with regards to the personal income tax, corporate income tax, gift and inheritance tax and excise duty tax have become effective as of 1 January 2007. The amended PIT Law has introduced a definition of the place of residence and increased thresholds for taxable income. Moreover, a one-time amortization deduction of fixed assets (maximum €50 000) has been made available for small enterprises and start-ups. The amendments



to the corporate income tax regime relate to the exemption from withholding tax on dividends and the definition of tax-deductible cost. The tax on gifts and inheritances from relatives in the first line of affinity was abolished from 1 January 2007. In the area of excises, the duty imposed on second-hand cars imported to Poland has been set equal to the general rate for cars, whether new or second hand. The capital gains tax on real estate has been amended by the introduction of the flat tax at the rate of 19 %.

Main features of the tax system

Personal income tax

The main emphasis of the tax measures undertaken since 1995 in the field of the personal income tax was on closing tax loopholes and exemptions and simplifying the tax code. PIT rates have been reduced three 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.

In 2007 Poland applies three tax rates, i.e. 19 %, 30 % and 40 %. The lowest statutory rate applies to the vast majority of taxpayers; the threshold is set at PLN 43 405 (around €11 400). Income above PLN 85 528 (around €22 500) is charged at the highest rate of 40 %. Dividends and interest payments are subject to a final withholding tax at the rate of 19 per cent. A transfer tax at a 10 % rate was imposed on the sale price of real estate owned for less than 5 calendar years; an exemption applied in case the sale of real estate was used within 2 years for the acquisition of another property located in Poland.

There is no personal allowance and a standard tax credit of currently PLN 572.54 (around €150) is granted to all taxpayers. There is a limited number of allowed deductions that may reduce the aggregate taxable income, e.g. social security contributions, donations for purposes relating to religion and public utility organisations, the costs of an internet access in the taxpayer's premises and interest on a mortgage loan not exceeding PLN 189 000 (around €49 700). A tax credit for contributions to the obligatory health insurance is granted. A standard deduction for employees amounts to PLN 1 302 (around €340) for income derived from one employer and PLN 1 953.23 (around €515) for income derived from more than one employer. Moreover, a deduction of PLN 1 627.56 (at maximum, i.e. around €430) is granted if the taxpayer resides outside the place where the employer's seat is located. The amount of tax deduction increases for employees who reside outside the place where the employer's seat is located and derive income from more than one employer. If expenses incurred by a taxpayer for commuting by public transport exceed the above standard deductions, the actual expenses may be claimed. Individuals are required to pay individual income tax and spouses are taxed separately.

Corporate taxation

Since 1995 a number of tax measures were taken in the field of corporate taxation. Over the last few years, the corporate income tax has been cut alongside the personal income tax; in particular, tax rates have been significantly reduced through stepwise reductions to the current 19 % level (40 % in 1996, 38 % in 1997, 36 % in 1998, 34 % in 1999, 30 % in 2000, 28 % in 2001 and 2002, 27 % in 2003 and 19 % in 2004). The 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 such as the EC Parent-Subsidiary Directive, the EC Merger Directive and the Interest and Royalties Directive and to the rulings of the European Court of Justice on withholding taxes and thin capitalisation.

The Polish corporate income tax system is a classical tax system; 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 corporate income tax rate is 19 % and is applicable to income and capital gains. Capital gains are added to the taxpayer's total ordinary income. Tax law provides for a list of non-deductible expenses (e.g. representation expenses). Tax losses may be carried forward for five 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.

Dividends received from a resident company are subject to a withholding tax that is credited against the corporate income tax on the total income. The tax rate of the withholding tax is 19 %. Under the Law on Special Economic Zones, 14 special economic zones (SEZs) have been created since 1994. The granted period for SEZs will expire in 2017. Since 2001, the Law on State Aid introduced new rules on granting tax incentives, which replaced the former incentives system in SEZs. However, enterprises that were granted a permit to operate in SEZs before 1 January 2001 continue to enjoy incentives under the old regime. Under the new regime, enterprises may choose between two forms of regional aid, i.e. the aid for making new investments and the aid for creating new jobs.

VAT and excise duties

VAT law provides for the following tax rates: the basic 22 % rate, the reduced 7 % rate, 3 % super reduced rate and the 0 % rate. The standard rate is applicable to most goods and services. As a result of the accession negotiations Poland has been granted transitional arrangements in the area of indirect taxation (VAT and excise duties) until the end of 2007, during which period it may maintain its existing reduced VAT rate on restaurant services and construction and the zero rate on books. Also by 30 April 2008, the 3 % rate will apply to the supply of selected agricultural products and certain agricultural services. A special reduced rate of 5 % applies to lump-sum refunds to flat-scheme farmers.

Following a series of amendments the Polish system of excise duties now reflects to a large extent EU requirements.

Wealth and transaction taxes

There is no wealth tax. The stamp duty applies to official acts performed on the basis of the notification or upon request of the person concerned. The rate ranges from PLN 5 (around €1) to PLN 12 750 (around €3 350).

Social security contributions

Both employers and employees have to pay contributions for old-age pensions at equal rates of 9.76 % of the gross remuneration to the Social Security Fund. Employees' contributions are withheld by the employer. There is a ceiling for paying contributions for old-age pensions equal to the annual equivalent of 30 projected average monthly salaries in the calendar year (PLN 78 480 in 2007, i.e. around €20 650). 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 (6.50 % paid by both employee and employer); health and maternity insurance (paid at 2.45 % by employees) as well as injury insurance (paid solely by employer at 0.97 % to 3.86 %). Additionally, there is an obligatory health insurance contribution to cover medical expenses (paid at 9 % by employee), which is creditable against the income tax liability, up to 7.75 %.

PORTUGAL

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
A. Structure of revenues as % of GDP											
Indirect taxes	13.9	14.0	13.8	14.3	14.6	14.1	14.0	14.5	15.2	14.5	15.3
VAT	7.1	7.4	7.3	7.5	7.7	8.0	7.7	7.9	8.1	8.1	-
Excise duties and consumption taxes	3.7	3.6	3.4	3.5	3.3	2.7	2.9	3.1	3.3	3.2	-
Other taxes on products (incl. import duties)	2.5	2.5	2.5	2.6	3.0	2.8	2.7	2.6	2.4	2.5	-
Other taxes on production	0.5	0.5	0.5	0.6	0.6	0.6	0.7	0.9	1.4	0.7	-
Direct taxes	8.5	9.1	9.2	8.9	9.4	9.9	9.5	9.4	8.8	8.6	-
Personal income	5.6	5.8	5.5	5.4	5.3	5.6	5.6	5.4	5.5	5.3	-
Corporate income	2.4	2.8	3.2	3.2	3.6	3.9	3.4	3.4	2.9	3.0	-
Other	0.5	0.5	0.5	0.4	0.5	0.5	0.5	0.5	0.3	0.3	-
Social Contributions	9.5	9.7	10.0	9.9	10.1	10.3	10.5	10.8	11.1	11.1	11.3
Employers'	6.0	6.1	6.4	6.4	6.5	6.7	6.7	6.9	7.0	7.1	-
Employees'	3.1	3.0	3.1	3.0	3.1	3.2	3.4	3.4	3.6	3.5	-
Self- and non-employed	0.4	0.5	0.6	0.5	0.5	0.5	0.4	0.4	0.6	0.5	-
B. Structure according to level of government as % of GDP											
Central Government	19.4	20.3	20.2	20.3	21.0	21.0	20.6	21.1	21.2	20.3	21.0
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	1.7	1.7	1.7	1.8	2.1	2.1	2.0	2.1	2.0	2.1	2.2
Social Sec. Funds	9.9	10.1	10.3	10.3	10.4	10.7	10.8	11.1	11.6	11.5	11.8
EC Institutions	0.9	0.7	0.7	0.6	0.6	0.6	0.5	0.4	0.3	0.3	0.2
C. Structure according to economic function as % of GDP											
Consumption	12.6	12.8	12.5	12.8	12.9	12.4	12.4	12.7	12.8	12.8	-
Labour	13.3	13.5	13.5	13.4	13.6	14.1	14.3	14.5	14.9	14.7	-
Employed	12.7	12.9	13.0	12.9	13.1	13.5	13.6	13.8	14.1	13.9	-
Paid by employers	6.1	6.3	6.4	6.5	6.5	6.7	6.7	6.9	7.0	7.1	-
Paid by employees	6.6	6.7	6.5	6.4	6.6	6.8	6.9	6.9	7.1	6.8	-
Non-employed	0.5	0.6	0.5	0.5	0.6	0.6	0.7	0.7	0.8	0.8	-
Capital	6.0	6.5	6.9	6.9	7.5	7.8	7.2	7.4	7.4	6.6	-
Capital and business income	4.3	4.9	5.2	5.1	5.5	5.8	5.3	5.2	4.6	4.7	-
Income of corporations	2.4	2.8	3.2	3.2	3.6	3.9	3.4	3.4	2.9	3.0	-
Income of households	1.1	1.1	1.0	1.0	1.0	1.0	1.0	0.9	0.9	0.8	-
Income of self-employed (incl. sc)	0.9	1.0	1.0	0.9	0.9	0.9	0.9	0.8	0.9	0.9	-
Stocks (wealth) of capital	1.7	1.6	1.7	1.8	2.0	2.0	2.0	2.3	2.8	2.0	-
TOTAL	31.9	32.8	32.9	33.1	34.1	34.3	33.9	34.7	35.1	34.2	35.3
Of which environmental taxes	3.5	3.5	3.3	3.5	3.4	2.7	3.0	3.1	3.1	3.1	-
Energy	2.6	2.5	2.3	2.4	2.2	1.6	1.9	2.1	2.2	2.2	-
Transport	0.9	1.0	1.0	1.1	1.2	1.1	1.1	1.0	0.9	0.9	-
Pollution/Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
D. Implicit tax rates											
Consumption	19.1	19.5	19.3	19.9	20.0	19.2	19.3	19.9	19.8	20.0	-
Labour employed	28.1	28.3	28.5	28.4	26.5	27.0	27.4	27.6	29.5	29.5	-
Capital	18.8	21.1	23.3	24.0	27.2	32.4	30.0	31.4	32.6	-	-
Capital and business income	13.5	15.8	17.6	17.7	19.9	24.1	21.8	21.7	20.5	-	-
Corporations	14.8	17.1	18.3	17.4	19.2	25.6	22.5	22.0	20.1	-	-
Households	9.9	11.4	13.6	15.7	18.9	15.6	14.4	14.6	16.5	-	-
p.m.:											
Real GDP (% annual growth rate)	9.8	3.6	4.2	4.8	3.9	3.9	2.0	0.8	-1.1	1.2	0.4
Output gap (potential)	-2.6	-1.7	-0.5	1.1	2.0	3.2	2.8	1.5	-1.0	-1.2	-2.0

1) See ANNEX B for classification of taxes and ANNEX C for explanatory notes.

n.a.: not applicable, - : not available

Source: Commission Services

Overall trends in taxation

Structure and development of tax revenues

Only very limited data for the year 2005 are available yet. Therefore, all figures and comparisons with the EU-27 refer to the year 2004 except for the total tax-to-GDP ratio, which refers to the year 2005.

The total tax-to-GDP ratio was 35.3 % in 2005, more than two percentage points below the EU-27 average. Portugal's level is one of the lowest in the euro area and is slightly below the Spanish one.

Portugal relies relatively heavily on indirect taxation for collecting budget revenue. In 2004 the share of indirect taxes amounted to 42.4 % (EU-27 38.7 %). The share of VAT over GDP was 0.5 percentage points higher than the EU-27 average. The share of social contributions is above the EU average, too (32.5 %, EU-27 30.7 %). On the other hand, the share of direct taxes amounted to only 25.2 % of total tax revenue (EU-27 30.7 %).

As for the structure by level of government, the share of taxes collected by local government is rather low at 6.3 % (EU-27 10.9 %), whereas the percentage received by social security institutions is quite high (33.6 %, EU-27 29.4 %).

As a consequence of fiscal consolidation the tax-to-GDP ratio has increased quite significantly between the years 1995 and 1999. Tax revenue was stronger than foreseen due to a growth pattern in favour of domestic demand and, in particular, private consumption¹⁾. After being more or less stable for two years, the ratio increased further in 2002 and 2003. This was especially due to the implementation of a tax amnesty on direct taxes and social contributions and an increase in the standard VAT rate. In 2004 the ratio decreased, but increased again in 2005 mainly due to a further increase in revenues from indirect taxes.

Taxation of consumption, labour and capital; environmental taxation

Taxes on consumption play an important role in Portugal, representing more than one third of total tax revenue. Mainly due to the increase in the standard VAT in June 2002 the implicit tax rate on consumption increased in recent years, reaching 20.0 % in 2004. Nevertheless, it remained below the EU-27 average (21.6 %).

Taxes on labour as a percentage of GDP are below the EU average (14.7 %, EU-27 17.5 %). The implicit tax rate on labour has increased significantly in recent years, however, from 26.5 % (1999) to 29.5 % (2004), despite marginal reductions in personal income tax rates and targeted reductions of social contributions. Despite the trend increase the implicit tax rate on labour still remains well below the EU-27 average (35.1 %).

The ITR on capital was above the EU-27 average in 2003, the latest year for which data are available (32.6 % EU-27 24.6 %). This is reflected by the relatively high capital taxes to GDP ratio, which has however gone down in 2004 mainly due to a decrease in taxes on stocks of capital. This is linked to the abolition of the inheritance and gift tax and, in particular, a drop in revenue from received tax arrears, which had been very high in 2003.²⁾ Revenues from corporate taxation are in line with the EU average whereas taxes on business income from self-employed are less important. Although the statutory corporate tax rate was reduced by four percentage points in the period 1995-2001, corporation tax revenues in percent of GDP have increased. This could be explained by several factors; in particular, during the period of fiscal consolidation and preparation to EMU, Portugal experienced a sharp reduction in interest rates. This resulted in a significant reduction in interest payments by corporations, as proved by detailed capital income data. As a result, deductions for interest have been more limited than before. Moreover, it should be

1) European Commission (2000a, 2002b).

2) Banco de Portugal (2004, page 26).

kept in mind that the ITR tends to overestimate increases in the tax burden in the presence of large capital gains (capital gains can not be included in the base/denominator of the tax ratio because of data limitations).

Portugal's level of environmental taxes is above average (in 2004, 3.1 % of GDP, EU-27 2.8 %), notably with respect to energy taxes (70 % of total environmental taxes).

Current topics and prospects; policy orientation

In addition to the Budget Bill for 2007 enacted in December 2006, which in particular includes changes in the personal income tax, the corporate income tax and in tax benefits and incentives, a new Local Government Finance Law was enacted in January 2007. The latter amends the local government involvement in State tax revenues and changes the municipal corporate income tax surcharge on companies. The fiscal autonomy of the municipalities is increased, among others by enabling the municipalities to decide on the level of income tax levied on the taxpayers in their municipality (see below for details).

Main features of the tax system

Personal income tax

In 1999 deductible allowances in the personal income tax were converted into tax credits. In successive steps statutory PIT rates were reduced, thresholds were adjusted upwards and tax credits for savings, housing, health and education expenses were made more favourable. However, in 2006 a new top rate was introduced.

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 which is increased in order to take the family situation of the taxpayer into account. Portugal applies a progressive tax rate with seven brackets (from 10.5 % to 42.0 % in 2007), the top marginal rate being reached at an income of €61 260. In the Azores the rates are reduced by 20 %, while in Madeira the rates range from 8.5 % to 41 %. As of 2007 municipalities choose their share in the revenue from IRS, up to a maximum of 5 % of their resident taxpayers' tax liability. If the stake is below 5 %, a tax credit corresponding to the difference will be granted to the resident taxpayer.

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. Interest and dividends are subject to a withholding tax of 20 %. Resident individuals may opt to include 50 % of the gross domestic dividends (or dividends received from EU entities covered by the 'parent subsidiary directive') in their taxable income according to the partial exemption system and in the latter case the tax withheld at source constitutes an advance payment.

Corporate taxation

As of 2002 the partial imputation system was replaced by a partial exemption system. In 1999 to 2002 the tax base was broadened and measures were taken to combat tax evasion and fraud. As a consequence, the corporate tax rate could be reduced by five percentage points in 2004.

The general rate of the corporate income tax (IRC) is 25 %. For small companies taxed under the 'simplified scheme' a reduced rate of 20 % applies. Subject to certain conditions, companies operating in less developed inland areas may qualify for a reduced rate of 20 % (15 % for the first five years if they are start-ups) and other tax incentives. In addition to that, municipalities may levy a non-deductible surcharge of up to 1.5 % of the taxable profit. For the Azores and Madeira special rules apply. Capital gains are not taxed separately but are usually

included in ordinary income. Under special conditions there is a relief of 50 % if the proceeds are reinvested. Ordinary losses are deductible in the calculation of the tax base, whereas special rules apply for capital losses.

VAT and excise duties

As already mentioned, after an increase by two percentage points in 2002, the VAT standard rate was raised further from 19 % to 21 % in 2005. In the Azores and Madeira it was increased by two percentage points as well.

Portugal applies three rates for VAT: a standard rate of 21 %, an intermediate rate of 12 % (on restaurants, some wines, some foodstuffs, oil) and a reduced rate of 5 % (on basic foodstuffs, books, periodicals and newspapers, water and electricity among others). In the Azores and Madeira the standard rate is 15 %, whereas the intermediate rate is 8 % and the reduced rate is 4 %. Excise taxes are only levied on the consumption of certain goods. Among these, the most important ones are the tax on oil and energy products, the excise tax on tobacco, the excise tax on alcohol and alcoholic beverages and the tax on motor vehicles.

Wealth and transaction taxes

In December 2003 and January 2004 respectively, the local tax on real estate and the transfer tax were replaced by new municipal taxes. As of 2004 the gift and inheritance tax was abolished. Currently, two taxes on wealth are in force: The municipal real estate tax (IMI) and the municipal real estate transfer tax (IMT). There is no net wealth tax. A stamp tax is levied on transfers of property on death or gift 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 (10 % for members of the corporate board, but up to a ceiling). The employers' contribution rate is 23.75 % (21.25 %). Social security contributions are deductible from the PIT and the CIT.



ROMANIA

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
A. Structure of revenues as % of GDP											
Indirect taxes	-	-	-	-	-	-	11.4	11.7	12.5	11.8	13.0
VAT	-	-	-	-	-	-	6.3	7.1	7.2	6.7	8.1
Excise duties and consumption taxes	-	-	-	-	-	-	2.3	2.4	3.5	3.6	3.3
Other taxes on products (incl. import duties)	-	-	-	-	-	-	2.3	1.6	1.2	1.0	1.0
Other taxes on production	-	-	-	-	-	-	0.5	0.7	0.6	0.5	0.5
Direct taxes	-	-	-	-	-	-	6.1	5.7	5.7	6.3	5.3
Personal income	-	-	-	-	-	-	3.3	2.9	2.9	2.9	2.4
Corporate income	-	-	-	-	-	-	2.5	2.5	2.6	3.1	2.7
Other	-	-	-	-	-	-	0.3	0.3	0.2	0.3	0.3
Social Contributions	-	-	-	-	-	-	10.3	10.9	9.4	9.2	9.7
Employers'	-	-	-	-	-	-	6.4	6.5	6.1	5.9	6.4
Employees'	-	-	-	-	-	-	3.8	4.2	3.1	3.1	2.9
Self- and non-employed	-	-	-	-	-	-	0.1	0.2	0.2	0.2	0.4
B. Structure according to level of government as % of GDP											
Central Government	-	-	-	-	-	-	16.7	12.2	12.4	12.4	12.3
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	-	-	-	-	-	-	0.7	5.6	5.9	5.8	6.1
Social Sec. Funds	-	-	-	-	-	-	10.3	10.5	9.4	9.2	9.6
EC 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 according to economic function as % of GDP											
Consumption	-	-	-	-	-	-	10.9	11.2	11.9	11.3	12.4
Labour	-	-	-	-	-	-	-	12.5	11.1	10.9	11.0
Employed	-	-	-	-	-	-	-	12.4	11.1	10.8	10.9
Paid by employers	-	-	-	-	-	-	-	6.5	6.1	5.9	6.4
Paid by employees	-	-	-	-	-	-	-	6.0	5.0	4.9	4.5
Non-employed	-	-	-	-	-	-	-	0.0	0.0	0.0	0.1
Capital	-	-	-	-	-	-	-	4.6	4.6	5.2	4.6
Capital and business income	-	-	-	-	-	-	-	4.0	4.0	4.6	4.1
Income of corporations	-	-	-	-	-	-	-	2.6	2.6	3.2	2.7
Income of households	-	-	-	-	-	-	-	1.1	1.1	1.1	0.8
Income of self-employed (incl. sc)	-	-	-	-	-	-	-	0.3	0.3	0.4	0.5
Stocks (wealth) of capital	-	-	-	-	-	-	-	0.5	0.6	0.6	0.6
TOTAL	-	-	-	-	-	-	27.8	28.2	27.6	27.3	28.0
Of which environmental taxes	-	-	-	-	-	-	-	1.9	2.5	2.5	2.1
Energy	-	-	-	-	-	-	-	1.8	2.4	2.4	2.0
Transport	-	-	-	-	-	-	-	0.1	0.1	0.1	0.1
Pollution/Resources	-	-	-	-	-	-	-	0.0	0.0	0.0	0.0
D. Implicit tax rates											
Consumption	-	-	-	-	-	-	15.8	16.4	18.3	16.8	18.5
Labour employed	-	-	-	-	-	-	-	31.5	29.7	28.1	26.7
Capital	-	-	-	-	-	-	-	-	-	-	-
Capital and business income	-	-	-	-	-	-	-	-	-	-	-
Corporations	-	-	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-	-	-
p.m.:											
Real GDP (% annual growth rate)	-	-	-	-	-	-	5.7	5.1	5.2	8.4	4.1
Output gap (potential)	-	-	-	-	-	-	-	-	-	-	-

1) See ANNEX B for classification of taxes and ANNEX C for explanatory notes.

n.a.: not applicable, - : not available

Source: Commission Services

Overall trends in taxation

Structure and development of tax revenues

The tax-to-GDP ratio of Romania is, at 28.0 % in 2005, 9.4 percentage points lower than the EU-27 average. The level of taxation in Romania is the lowest in the EU.

The tax structure of Romania stands out in several respects. Romania displays the third highest reliance on indirect taxes in the Union after Bulgaria and Cyprus. Indirect taxes supply 46.3 % of total tax revenue compared with a 39.1 % EU-27 average in 2005, while the shares of direct taxes and social contributions account only for respectively 19.1 % and 34.6 %. In line with the above, the share of VAT on the total taxation (29.0 %) was in 2005 the second highest in the Union. The low level of direct taxes is mainly due to low personal income taxes (merely 2.4 % of GDP in 2005), which account for roughly one third of the EU-27 average. The revenues from corporate income taxes as a share of GDP also lie below the EU average by 0.4 percentage points.

In Romania there are no State governments and the share of taxes collected by local government is half the share of the Central Government (12.3 % and 6.1 % of GDP in 2005). The revenue shares received by the social security funds account for 9.6 % of GDP and therefore 1.1 percentage point below the EU-27 average.

The tax-to-GDP ratio has remained quite stable since 2001 (first year available), displaying only a modest degree of fluctuation.

Taxation of consumption, labour and capital; environmental taxation

Romania has followed a strategy of relying primarily on consumption taxes. Nevertheless, the ITR is in 2005, at 18.5 %, still 3.6 percentage points lower than the EU-27 average.

Romania exhibits a rather low ITR on labour (26.7 %, EU-27 35.2 %). During the last 4 years the ITR has been reduced significantly by 4.8 percentage points.

Taxation of capital stocks too is well below the EU-27 average (0.6 % of GDP, EU-27 2.0 %). The capital income taxation of corporations is relatively stable over the last 4 years and lies, in 2005, 0.5 percentage points below the EU-27 average.

The share of environmental taxes on GDP in Romania (2.1 %) is mainly due to energy taxation and lies below the EU-27 average of 2.9 %.

Current topics and prospects; policy orientation

From 1 January 2007, the date of Romania's accession to the EU, Romania has adopted European law, a step that has brought with itself an important series of reforms. In the tax domain, the measures include notably the following:

- Concerning Value Added Tax, Romania aimed to transpose the EU Sixth VAT Directive into the national legislation;
- Regarding the taxation of capital gains, Romania has decided on the following: capital gains derived from the sale of shares of limited liability companies and unlisted companies will be subject to tax at 16 % (final tax). Capital gains derived from the sale of shares of listed companies will be subject to tax at 1 %, which will be a pre-payment of the tax due. Losses will be recognized in respect of transactions involving the shares of listed companies, but carry-forward of net annual losses will not be allowed. The tax on capital



gains from real estate transactions will be replaced by a transfer tax. The tax depends on the holding period (more or less than 3 years) and the value of the real estate;

- The EC Parent-Subsidiary Directive will apply from 1 January 2007;
- The transitional period relating to implementation of the Interest and Royalties Directive, foresees that a 10 % withholding tax will apply to interest and royalties if the non-resident is registered as a legal entity in an EU Member State or has a permanent establishment in an EU Member State. In other circumstances, the standard withholding tax rate of 16 % will apply to interest and royalties.

Main features of the tax system

Personal income tax

As for 2005 a flat rate tax system applies to Romania replacing 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. A number of additional sources of revenues, such as capital gains, were included in the tax base. 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.

Corporate taxation

The system of the Romanian corporate income tax is a classical one: corporate profits are taxed at the company level and distributed profits are taxed again in the hands of both corporate and individual shareholders. The standard flat-tax rate is 16 % (before 2005 it was 25 %). Capital gains are generally treated as ordinary business income and are subject to the same rate.

For businesses, such as gambling, nightclubs and casinos, there is a minimum tax equal to 5 % of the turnover. Micro-enterprises (having between one and nine employees, a turnover of less than EUR 100,000 and not deriving more than 50 % of their income from consultancy and management) may opt for taxation at a rate of 2 % of the turnover instead of the general corporate income tax (the rate will be 2.5 % in 2008 and 3 % as of 2009).

VAT and excise duties

The standard VAT rate is 19 %; a reduced rate of 9 % applies to certain goods.

VAT exemptions without right of deduction apply to, among others: medical treatments; educational and cultural activities (except performances), the public postal services, certain banking and financial transactions; insurance and reinsurance; buildings and land (this exemption does not apply to a delivery made by a taxable person who is entitled to deduct the respective tax).

Wealth and transaction taxes

There are neither net wealth taxes nor gift taxes in Romania. The Inheritance tax rates are degressive and vary from 2 % to 0.5 %.

Immovable property located in Romania is subject to a local tax on building and land, which is levied at rates varying between 0.5 % and 1 %, depending on the building's location and book value. If the building has not been revalued during the last 3 years, the rates vary from 5 % to 10 %.

Social security

Social security contributions are payable at a combined rate for the employer and the employee. The employee must contribute for social security at 9.5 % calculated on the total gross salary. In addition employees must make contributions at 6.5 % (calculated on the total gross salary) to the health insurance fund and at 1 % (calculated on the gross base salary) to the national unemployment fund.

Taxpayers earning business or professional income must pay contributions to the health insurance fund at a rate of 6.5 % of taxable income. In addition, these self-employed taxpayers must pay general social security contributions at a rate of 29.25 % on the insured income, plus 0.75 % of the insured income as a contribution to the fund for medical leave and indemnity. They may also voluntarily contribute to the unemployment fund at a rate of 3.5 %.

All social contributions are deductible for income tax purposes.

SLOVAKIA

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
A. Structure of revenues as % of GDP											
Indirect taxes	15.1	14.9	13.9	13.1	13.0	12.8	11.5	12.0	11.4	12.5	13.0
VAT	9.4	8.5	7.9	7.5	7.4	7.6	7.4	7.5	6.7	7.8	8.0
Excise duties and consumption taxes	3.1	3.4	3.2	3.1	3.1	2.8	2.7	2.9	3.1	3.3	3.7
Other taxes on products (incl. import duties)	1.7	1.7	2.0	1.7	1.8	1.7	0.7	0.7	0.7	0.5	0.4
Other taxes on production	0.8	1.2	0.8	0.8	0.7	0.8	0.7	0.9	0.9	0.9	0.9
Direct taxes	11.5	10.5	10.0	9.1	8.8	7.7	7.3	7.1	7.1	6.0	6.1
Personal income	3.7	3.9	5.0	4.4	4.3	3.6	3.4	3.3	3.3	2.8	2.8
Corporate income	6.8	5.3	3.9	3.4	3.1	2.8	2.7	2.6	2.8	2.5	2.8
Other	1.0	1.3	1.1	1.3	1.5	1.3	1.3	1.2	1.1	0.7	0.5
Social Contributions	14.1	13.9	13.3	14.7	13.7	13.6	13.5	13.4	12.8	11.9	10.8
Employers´	11.8	10.0	9.6	10.9	9.9	9.8	9.6	9.6	9.4	8.5	7.1
Employees´	1.7	3.2	3.0	3.2	3.1	3.2	3.3	3.2	2.9	2.8	3.0
Self- and non-employed	0.6	0.8	0.8	0.7	0.7	0.7	0.7	0.6	0.5	0.6	0.7
B. Structure according to level of government as % of GDP											
Central Government	25.4	24.1	22.6	21.2	20.7	19.3	17.7	17.9	17.2	17.0	15.8
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	1.6	1.7	1.7	1.5	1.5	1.4	1.5	1.6	1.6	1.5	3.5
Social Sec. Funds	13.7	13.5	13.0	14.2	13.4	13.3	13.2	13.1	12.5	11.6	10.4
EC Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.3
C. Structure according to economic function as % of GDP											
Consumption	14.6	14.1	13.4	12.6	12.5	12.3	11.0	11.5	10.9	12.0	12.5
Labour	16.6	16.5	16.8	17.8	16.7	16.0	15.9	15.7	15.3	13.7	12.6
Employed	16.6	16.5	16.7	17.7	16.7	16.0	15.8	15.6	15.3	13.6	12.5
Paid by employers	11.8	10.0	9.6	10.9	9.9	9.8	9.6	9.6	9.4	8.5	7.1
Paid by employees	4.8	6.4	7.1	6.9	6.7	6.2	6.2	6.1	5.8	5.1	5.4
Non-employed	0.0	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Capital	9.5	8.6	7.1	6.5	6.3	5.7	5.4	5.3	5.1	4.7	4.8
Capital and business income	8.6	7.4	6.2	5.7	5.5	4.9	4.6	4.5	4.3	3.9	4.0
Income of corporations	6.8	5.3	3.9	3.4	3.1	2.8	2.7	2.6	2.8	2.5	2.8
Income of households	0.2	0.2	0.3	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.0
Income of self-employed (incl. sc)	1.7	1.9	2.1	2.1	2.2	1.9	1.8	1.7	1.4	1.4	1.2
Stocks (wealth) of capital	0.9	1.3	0.9	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.7
Less: amounts assessed but unlikely to be collected	1.0	1.3	2.2	1.3	1.3	1.2	0.8	0.6	0.4	0.6	0.6
TOTAL	39.6	38.0	35.0	35.6	34.2	32.9	31.6	31.9	30.9	29.7	29.3
Of which environmental taxes	-	-	1.5	2.0	2.0	2.0	2.0	2.3	2.6	2.6	2.5
Energy	-	-	1.3	1.8	1.8	1.7	1.7	1.9	2.1	2.2	2.2
Transport	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Pollution/Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.2	0.2
D. Implicit tax rates											
Consumption	27.1	26.0	24.7	23.1	22.2	21.8	18.8	19.9	19.4	21.5	21.9
Labour employed	39.5	40.0	39.4	40.7	40.0	38.7	39.1	38.8	38.0	35.7	33.7
Capital	33.5	30.1	24.9	24.0	22.1	19.5	17.1	17.4	16.8	16.0	14.4
Capital and business income	30.5	25.7	21.8	20.8	19.1	16.7	14.6	14.8	14.2	13.3	12.1
Corporations	-	-	44.4	48.9	41.0	34.4	27.2	30.5	29.9	23.0	23.3
Households	-	-	11.0	10.8	10.9	9.6	8.6	8.2	6.9	7.6	5.7
p.m.:											
Real GDP (% annual growth rate)	7.9	6.9	5.7	3.7	0.3	0.7	3.2	4.1	4.2	5.4	6.0
Output gap (potential)	0.0	0.2	2.2	2.2	0.0	-1.4	-1.4	-1.6	-3.0	-2.7	-2.0

1) See ANNEX B for classification of taxes and ANNEX C for explanatory notes.

n.a.: not applicable, - : not available

Source: Commission Services

Overall trends in taxation

Structure and development of tax revenues

As at 2005, the tax-to-GDP ratio (including social security contributions) stood at 29.3 % in Slovakia, a value markedly below the EU-27 average (37.4 %). Slovakia's overall tax ratio is the third lowest in the Union after Romania and Lithuania.

Indirect taxes raise 13.0 % of GDP as compared to 14.4 % of GDP for the EU-27 average. They play a much more important role in Slovakia than direct taxes, as the latter yield less than half as much revenue. Not surprisingly therefore, direct tax revenue lies well below the EU-27 average (6.1 % of GDP as compared to 12.0 % of GDP). As a result, Slovakia displays a comparatively high share of indirect taxes on the total (44.3 %, the fifth highest in the Union). The ratio of tax revenues from social security contributions to GDP has decreased over the last 10 years by 3.3 percentage points from 14.1 % of GDP in 1995 to 10.8 % of GDP in 2005. This reflects a significant reduction of social security contributions on the side of employers. Employees' social contributions have instead increased by 1.3 % percentage points since 1995 and reached the level of 3.0 % of GDP in 2005.

The vast majority of revenues, almost two-thirds of the total, flow to the central government while social security funds receive most of the remainder. The share of the local governments in taxes has been recently increased (from 1.5 % of GDP in 2004 to 3.5 % in 2005) due to the implementation of the new system of financing of the regional self-government since 1 January 2005.

Slovakia's tax ratio has decreased very significantly over the last decade, from 39.6 % of GDP in 1995, when Slovakia's tax ratio was above the EU-27 average by almost two points, to 29.3 % of GDP in 2005, when the ratio lies around eight points below the average. This cut in taxation by one fourth is by far the strongest in the EU-27.

Taxation of consumption, labour and capital; environmental taxation

As of 2005, the implicit tax rate (ITR) on consumption in Slovakia is below the EU-27 average (21.9 % compared with 22.1 %). Unlike the almost constant EU average, the Slovak ITR on consumption has fallen by more than five percentage points since 1995, although the ratio has rebounded by some three percentage points from its 2001 trough on account of stronger VAT and excise duties revenue.

The implicit tax rate on labour in Slovakia is, at 33.7 % in 2005, below the EU-27 average (35.2 %). The ratio has tended to decline over time in line with the decline in tax levels, but this process has accelerated over the last two years owing to the introduction of 19 % flat rate.

The relatively low contribution of taxes on capital to total tax revenue is also reflected in the low ITR on capital, at 14.4 % in 2005, which is the second lowest value in the EU-27 for the countries where ITR on capital is available. Capital taxation revenue has been more than halved since 1995; taxes on income of corporations have been slashed even more.

As at 2005, the ratio of environmental taxation stood at 2.5 % of GDP, a value slightly below the EU-27 average (2.8 %). The role of the environmental taxation has been increasing over the last years. Consequently consequence, the difference with the European Union average has become narrower: in 1997 it was almost one percentage point.

Current topics and prospects; policy orientation

Since 2004 Slovakia has switched over to a comprehensive flat tax system featuring a low 19 % basic rate for PIT, CIT and VAT and a wide base with a limited number of allowances. More recent tax changes following this major tax reform have aimed at aligning the taxable base even more closely with the accounting base. As far as the



personal income tax is concerned amendments to the Income Tax Act reducing the personal allowance have become effective as of 1 January 2007. In particular, the maximum amount of the general non-taxable allowance (SKK 95 616 in 2007, i.e. around €2 800) will be available only up to the yearly tax base of SKK 498 000 (around €14 500), i.e. 100 times of the subsistence level. The level of the allowance gradually decreases with tax base and stops being granted from SKK 880 464 (around €25 600). From 2007 onwards a reduced VAT rate of 10 % has been introduced on certain medical and pharmaceutical products.

Main features of the tax system

Personal income tax

The introduction of the flat tax rate in 2004 obviously has eliminated the progressive rates. Nevertheless, the personal income tax still maintains some limited progressivity as a result of the existence of the tax exempt income threshold (SKK 90 816 in 2006, i.e. around €2 600). Thus, the effective tax rate for individuals with low-income below the threshold is nil and the average tax rate increases gradually and asymptotically once income exceeds the threshold. The new tax law has eliminated majority of exceptions, exemptions and deductions. The restriction in the number of allowances and credits to the minimum naturally contributes strongly to the transparency and simplicity of the tax system.

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 the aggregate income with the exception of income from the sale of a dwelling, which was used as a permanent residence of the taxpayer over the last two years and the income from the sale of other immovable property owned for at least 5 years before the sale; gains from the sale of movable property owned for at least 5 years; and gains from the sale of shares and other securities up to a total annual amount equal to five times the living minimum (SKK 23 650 in 2006, i.e. around €690). No tax deductions are allowed except from deductions for contributions to supplementary pension insurance and pension savings schemes. 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 tax credit is granted for taxpayers with dependent children (SKK 6 480, i.e. around €190).

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 the tax withheld is treated as a prepayment.

Corporate taxation

The corporate tax rate was reduced from 25 % to 19 % with effect from January 1, 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. These include non-deductible items such as expenses related to non-taxable income, bad debts; contributions to the share capital as well as directors' remuneration and remuneration of members of the board of directors, members of the supervisory board, and members of other legal bodies if not paid in the framework of an employment relationship. 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 corporate income tax and the income is included in the taxable corporate income of resident companies. Tax losses may be carried forward for up to 5 years. No group taxation provisions exist; all entities are taxed separately. All thin capitalization rules were abolished with effect from January 1, 2004.

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 %. The tax reform introduced a unified 19 % VAT tax rate for all goods and services as of January 1 2004. The measure has been justified by the need to generate increased tax revenues to compensate for the revenue losses related to the introduction of low flat-rate direct taxation. Furthermore, the measure eliminates the economic distortions and inefficiencies associated with taxing various consumption goods with different tax rates.

The tax reform also introduced amendments to taxation of excise duties on mineral oils, tobacco and tobacco products, and beer in order to harmonise the Slovak tax law with EU regulations. As a result the amendments increased excise duty rates on these types of products so the Slovak excise duties have reached the required levels earlier than negotiated in Slovakia's accession treaty with the European Union.

Wealth and transactions taxes

Neither wealth nor transactions taxes apply.

Social security 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 the employees' wages for the accident insurance, 4.75 % to reserve fund and 0.25 % for the guarantee fund. There is a ceiling for paying contributions for all types of insurance with the exception of accident insurance. In 2005, a fully funded pillar (privately managed) of the pension system has been introduced. Part of social contributions (9 percentage points) is accumulated in private pension funds.

SLOVENIA

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
A. Structure of revenues as % of GDP											
Indirect taxes	15.9	16.1	15.7	16.4	17.1	16.3	16.1	16.4	16.6	16.4	16.4
VAT	0.0	0.0	0.0	0.0	4.9	8.9	8.6	8.9	8.8	8.8	9.0
Excise duties and consumption taxes	0.0	0.0	0.0	0.0	1.8	3.1	3.5	3.5	3.5	3.5	3.5
Other taxes on products (incl. import duties)	15.3	15.1	14.1	14.5	8.3	1.8	1.4	1.4	1.4	1.1	1.0
Other taxes on production	0.5	1.0	1.7	1.9	2.1	2.4	2.6	2.6	2.9	2.9	3.0
Direct taxes	7.1	7.6	7.7	7.7	7.7	7.6	7.9	8.1	8.3	8.5	9.3
Personal income	6.0	6.1	6.1	5.8	5.7	5.8	5.9	5.9	5.9	5.9	6.0
Corporate income	0.5	0.9	1.1	1.0	1.2	1.2	1.3	1.6	1.8	2.0	2.9
Other	0.6	0.6	0.5	0.9	0.8	0.6	0.6	0.6	0.5	0.6	0.5
Social Contributions	17.3	15.4	14.7	14.7	14.5	14.7	15.0	14.8	14.7	14.7	14.8
Employers´	8.2	6.5	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.8
Employees´	8.3	8.1	8.0	8.0	7.9	8.1	8.0	7.9	7.7	7.7	7.8
Self- and non-employed	0.8	0.9	1.0	1.1	1.0	1.0	1.3	1.3	1.4	1.4	1.3
B. Structure according to level of government as % of GDP											
Central Government	20.8	21.3	21.0	21.7	22.1	21.3	21.2	21.8	22.0	21.9	22.5
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	2.6	2.6	2.6	2.5	2.8	2.8	2.9	2.9	3.0	3.0	3.0
Social Sec. Funds	16.9	15.2	14.5	14.6	14.4	14.5	14.8	14.6	14.6	14.6	14.7
EC Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.3
C. Structure according to economic function as % of GDP											
Consumption	15.5	15.2	14.2	14.8	15.3	14.3	13.8	14.2	14.3	14.0	13.9
Labour	22.7	21.3	20.9	21.0	20.8	21.3	21.7	21.5	21.5	21.5	21.7
Employed	22.0	20.6	20.2	20.2	20.0	20.5	20.8	20.6	20.6	20.5	20.8
Paid by employers	8.2	7.0	6.7	6.8	6.9	7.2	7.3	7.3	7.4	7.4	7.6
Paid by employees	13.8	13.6	13.5	13.4	13.2	13.4	13.4	13.3	13.2	13.1	13.2
Non-employed	0.6	0.7	0.7	0.8	0.8	0.7	0.9	0.9	1.0	1.0	0.9
Capital	2.2	2.6	2.9	3.1	3.2	3.1	3.4	3.6	3.7	4.1	4.9
Capital and business income	1.5	2.0	2.2	2.2	2.2	2.2	2.4	2.7	2.9	3.2	3.9
Income of corporations	0.5	0.9	1.1	1.0	1.2	1.2	1.3	1.6	1.8	2.0	2.9
Income of households	0.2	0.3	0.3	0.3	0.3	0.2	0.2	0.3	0.2	0.3	0.2
Income of self-employed (incl. sc)	0.7	0.8	0.9	0.9	0.8	0.7	0.9	0.8	0.8	0.9	0.8
Stocks (wealth) of capital	0.7	0.6	0.7	0.9	0.9	0.9	1.0	0.9	0.8	0.9	1.0
Less: amounts assessed but unlikely to be collected	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	40.2	39.1	38.0	38.8	39.2	38.6	38.9	39.3	39.5	39.6	40.5
Of which environmental taxes	-	-	-	-	2.2	3.0	3.4	3.4	3.4	3.4	3.3
Energy	-	-	-	-	1.7	2.5	2.8	2.8	2.7	2.7	2.6
Transport	0.2	0.2	0.2	0.3	0.4	0.5	0.5	0.4	0.5	0.5	0.5
Pollution/Resources	0.1	0.0	0.0	0.1	0.0	0.1	0.1	0.2	0.3	0.2	0.2
D. Implicit tax rates											
Consumption	25.1	24.7	23.4	24.9	25.8	24.1	23.7	24.9	24.9	24.8	24.5
Labour employed	38.9	37.1	37.3	37.7	38.4	37.7	37.7	37.8	38.4	38.1	38.5
Capital	-	-	-	-	-	-	-	-	-	-	-
Capital and business income	-	-	-	-	-	-	-	-	-	-	-
Corporations	-	-	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-	-	-
p.m.:											
Real GDP (% annual growth rate)	4.1	3.7	4.8	3.9	5.4	4.1	2.7	3.5	2.7	4.4	4.0
Output gap (potential)	0.0	0.0	0.2	0.3	1.2	1.0	-0.3	-0.7	-1.8	-1.3	-1.1

1) See ANNEX B for classification of taxes and ANNEX C for explanatory notes.

n.a.: not applicable, - : not available

Source: Commission Services

Overall trends in taxation

Structure and development of tax revenues

Slovenia's total taxes to GDP ratio amounted to 40.5 %, in 2005 higher than the EU-27 average (37.4 %). The country is unique amongst the newly acceded Member States to display a higher ratio than the euro area average (39.1 %). Compared to its neighbours, its tax ratio lies above Hungary's, is in line with Italy's but is somewhat below Austria's.

Slovenia displays a high share of indirect taxes (40.5 % of total taxes); social contributions play an important role too with a share of 36.6 %, i.e. 6.3 points above the EU-27 average. Direct taxes consequently yield a relatively low share at 23.0 % of the total (EU-27: 31.1 %). It is worth noticing that employers liable for payment of social security contributions are also subject to a payroll tax, introduced in the second half of 1996 to finance a cut of social security contributions from 42 % to 38 % of wages.

Central government accounts for the largest part of tax revenue (55.6 % in 2005). Local governments collect only 7.5 % of total taxes, i.e. 3.6 percentage points below the EU-27 average (11.1 %), yet in line with the EA-13 average (8.1 %).

During the 1995-2005 period the total tax-to-GDP ratio fluctuated within a narrow band; in 2005, mainly owing to stronger corporate tax revenue, the ratio picked up by almost one point reaching a peak for the period under consideration. A major change in the tax system occurred in 1999 when the VAT replaced the previous sales tax. Overall collection from the new VAT and excise taxes was in line with expectations, as higher receipts from excise duties, introduced at the same time, compensated for small shortfalls in VAT collection. This resulted in an overall increase (+0.6 % GDP) of indirect tax revenues, which was absorbed in the following year.

Taxation of consumption, labour and capital; environmental taxation

Revenue from consumption taxes lies above the EU-27 and EA-13 averages (12.6 % and 11.6 % of GDP, respectively). A modest decrease in revenue has taken place in the second half of the period under consideration but the ITR has varied little overall.

In line with the overall stability of taxation levels, the ITR on labour has remained quite stable, oscillating around the 38 % mark. Given a relatively high level of social security contributions, its value lies 3.3 percentage points above the EU-27 average.

Revenues from taxes on capital have grown more than doubled since 1995, though remaining below the EU-27 and the average. In particular, an almost six-fold increase of revenue from taxes on corporate income has taken place, even if their level is still under the EU-27 average.

In 2005, environmental taxes represented 3.3 % of GDP. This share dropped by 0.1 percentage point from a constant 3.4 % value in 2001-2004. As in most countries, taxes on energy (6.3 % of total revenue in 2005) take the lion's share of environmental tax revenues. Despite their lower revenue, however, pollution and resource taxes are well developed in Slovenia, taking up the third highest level in the EU.

Current topics and prospects; policy orientation

To address the issue of the high tax burden on labour, reforms launched in 2005 started phasing out the payroll tax, which will be lifted completely in 2009. These reforms also introduced a differentiation in the taxation of individual incomes according to their character; while "active" income is still taxed at progressive rates applied to the annual tax base, "passive" income (including income from interest and dividends and capital gains), is taxed at a flat 20 % rate, as in dual income systems.



In October 2006 the Parliament adopted seven new draft tax laws. Apart from simplification, these laws particularly provide for: (i) a reduction of the personal income tax brackets from five to three and the top tax rate from 50 % to 41 %; (ii) retention of schedular taxation of passive income (income from property) introduced in 2006 at a single 20 % final rate; and (iii) a gradual reduction of corporate income tax from 25 % to 20 % accompanied by the abolition of the general investment tax credit by retaining tax relief for regional investment in research and development.

Main features of the tax system

Personal income tax

There are six categories of personal income: income from employment, business income, income from agriculture, rental income and royalties, income from capital (interest, dividends and capital gains) and other income.

The annual *active income* tax liability is computed in such a manner that the taxable bases of different sources of income earned in a calendar year are computed separately and then aggregated. The annual taxable base is computed after deduction of compulsory social security contributions and certain allowances. Net active income is taxed according to a progressive tax rate with three tax brackets ranging from 16 % to 41 %. The tax is levied at central government level, part of the revenues from the personal income tax being attributed to municipalities. There is a tax credit on pensions. Taxable income is reduced by a general allowance equivalent to 2 800 euros (for 2007). Other allowances apply as well (e.g. disabled person allowance, seniority allowance for taxpayers older than 65, special personal allowances such as student allowance and family allowances for every dependent child).

Dividends, interest and capital gains are taxed according to a flat rate. The tax rate for dividends is 20 % and for interest income 15 % (in 2006-2007 and 20 % thereafter). The tax rate for capital gains depends on the holding period. If capital is held for five years or longer, the capital gains tax is reduced progressively every five years of the holding period down to 0 % after 20 years.

Corporate taxation

The current corporate tax rate for the year 2007 is 23 % (10 % for companies operating in special economic zones and 0 % for investment funds, pension funds and insurance undertakings for pension plans under certain conditions). However, the corporate tax rate is going to drop in the years to come (22 % in 2008, 21 % in 2009 and 20 % from 2010 onwards). Companies may carry forward losses indefinitely, the carry back of losses is not allowed. Furthermore, they may benefit from depreciation allowances on buildings (at a maximum depreciation rate of 3 %), machinery and equipment (at a maximum depreciation rate of 20 %) and from incentives on R&D activities and purchase of R&D services.

The taxable base is computed following accounting principles for business. In general the capital gains 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). The withholding tax rate is 15 %. Both the Parent-Subsidiary Directive and the Directive applicable to interest and royalty payments have been introduced in the Slovenian body of law.

VAT and excise duties

VAT was introduced on 1 July 1999 replacing the previous General Sales Tax. The principles of the VAT are in line with EU law. The current VAT rate is 20 %. The reduced rate of 8.5 % applies to food, agricultural products and pharmaceutical products. Slovenia has requested transitional measures in the field of Value Added Taxation, namely a reduced VAT for the supply of restaurant and household. Fuel excise duties are below the average EU levels, but above the EU minima.

An excise duty on coal and coke was introduced and excise duties on cigarettes, mineral oil and gas were adjusted in 2005 in order to bring legislation in line with EU regulations. From 1 January 2007 excise duties are also payable on electricity.

Wealth and transaction taxes

There is a real estate tax and a property tax on premises and boats. The tax rate for real estate depends on the type the value of the property. The tax rate for dwellings varies from 0.10 % to 1 % of the value. The tax rates on premises used for rest and recreation are in the range of 0.20 % to 1.50 %. The tax rate for business premises varies from 0.15 % to 1.25 %. For business premises that are not used for attendant activities or are not rented, the tax rate is increased by 50 %. There are certain exemptions to the property tax, including buildings of less than 160 square meters, business premises used by the owner or user for business activity and boats less than eight meters in length. In addition there is a temporary exemption for ten years to taxpayers who own a newly constructed building or repaired or renovated buildings if the value of these buildings has increased as a result of renovation by more than 50 %.

The inheritance and gift tax for an inheritance or a gift of a value over a bottom limit level (spouse and all direct descendants are exempt) is levied at progressive rates (5 % to 30 %). The progression depends on the relationship between the deceased/donor and the beneficiary and on the value of each beneficiary's share of the inheritance or of the gift.

Social security contributions

Social security contributions cover pension, health, unemployment insurance and maternity leave. Employees contribute for social security 22.1 % of their total gross wage of which the pension insurance (15.5 %) is the biggest amount. Social security contributions are payable also by employers on behalf of their employees (the total rate paid by employers is 16.10 %). 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. The contributions are deductible for corporate income tax purposes.

Payroll tax is levied on employers who are obliged to pay social security contributions, usually those employing people on a permanent basis. The taxable base is the monthly gross wages and salaries of the employees with rates from 0 % to 8.9 % (for 2007). Payroll tax is levied on companies that employ individuals and are subject to social security contributions. An exemption applies to companies employing disabled persons and to diplomatic missions and consular posts in Slovenia. The payroll tax is deductible for corporate income tax purposes.

SPAIN

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
A. Structure of revenues as % of GDP											
Indirect taxes	10.7	10.7	11.0	11.5	12.0	11.9	11.5	11.6	11.9	12.2	12.5
VAT	5.2	5.3	5.5	5.6	6.1	6.1	5.9	5.8	6.0	6.1	6.3
Excise duties and consumption taxes	2.5	2.6	2.6	2.8	2.7	2.6	2.5	2.5	2.5	2.5	2.4
Other taxes on products (incl. import duties)	1.7	1.5	1.6	1.8	1.9	1.9	1.9	2.0	2.3	2.5	2.7
Other taxes on production	1.3	1.3	1.3	1.3	1.3	1.2	1.2	1.2	1.1	1.1	1.1
Direct taxes	10.3	10.4	10.6	10.3	10.4	10.5	10.4	10.8	10.5	10.6	11.4
Personal income	7.7	7.7	7.2	7.0	6.7	6.6	6.8	6.8	6.6	6.4	6.7
Corporate income	1.9	2.0	2.7	2.5	2.9	3.1	2.9	3.3	3.1	3.5	3.9
Other	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.7	0.8	0.8	0.8
Social Contributions	11.8	12.0	12.0	11.9	11.9	12.0	12.2	12.1	12.2	12.2	12.2
Employers'	8.1	8.3	8.3	8.2	8.3	8.4	8.6	8.6	8.6	8.5	8.5
Employees'	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Self- and non-employed	1.8	1.7	1.7	1.8	1.8	1.7	1.6	1.7	1.7	1.7	1.7
B. Structure according to level of government as % of GDP											
Central Government	16.3	16.5	16.0	15.9	16.3	16.5	16.2	13.1	12.5	12.3	12.9
State government	1.5	1.5	2.4	2.5	2.7	2.7	2.6	6.3	6.9	7.5	7.9
Local Government	2.8	2.8	3.0	3.1	3.1	3.1	3.0	2.9	2.8	3.0	3.0
Social Sec. Funds	11.4	11.6	11.6	11.5	11.6	11.7	11.8	11.8	11.9	11.8	11.8
EC Institutions	0.7	0.7	0.7	0.6	0.6	0.6	0.5	0.4	0.4	0.3	0.3
C. Structure according to economic function as % of GDP											
Consumption	8.9	9.1	9.2	9.6	10.0	9.9	9.5	9.4	9.6	9.7	9.8
Labour	16.4	16.6	16.1	15.8	15.5	15.7	16.0	16.2	16.1	15.8	16.1
Employed	14.1	14.4	14.1	14.0	13.7	13.9	14.3	14.3	14.2	14.0	14.2
Paid by employers	8.1	8.3	8.3	8.2	8.3	8.4	8.6	8.6	8.6	8.5	8.5
Paid by employees	6.0	6.1	5.8	5.7	5.5	5.5	5.7	5.7	5.6	5.5	5.7
Non-employed	2.3	2.2	2.0	1.9	1.8	1.7	1.8	1.9	1.8	1.8	1.9
Capital	7.4	7.5	8.2	8.3	8.8	9.0	8.5	8.9	8.9	9.5	10.2
Capital and business income	5.0	5.1	5.7	5.6	6.0	6.1	5.8	6.1	5.9	6.2	6.7
Income of corporations	1.9	2.0	2.7	2.5	2.9	3.1	2.9	3.3	3.1	3.5	3.9
Income of households	0.8	0.8	0.7	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.7
Income of self-employed (incl. sc)	2.3	2.3	2.3	2.3	2.3	2.2	2.1	2.1	2.0	2.0	2.0
Stocks (wealth) of capital	2.4	2.4	2.5	2.7	2.8	2.8	2.8	2.9	3.0	3.3	3.5
Less: amounts assessed but unlikely to be collected	0.0	0.0	0.4	0.7	0.7	0.6	0.6	0.6	0.6	0.4	0.4
TOTAL	32.7	33.1	33.2	33.0	33.6	33.9	33.5	33.9	33.9	34.5	35.6
Of which environmental taxes	2.2	2.2	2.1	2.3	2.3	2.2	2.1	2.1	2.1	2.0	2.0
Energy	1.8	1.8	1.7	1.9	1.8	1.7	1.7	1.7	1.6	1.6	1.5
Transport	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Pollution/Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
D. Implicit tax rates											
Consumption	14.6	14.7	15.0	15.7	16.3	15.7	15.3	15.5	16.0	16.1	16.3
Labour employed	28.9	29.3	28.5	28.2	27.7	28.1	29.0	29.3	29.4	29.3	30.1
Capital	20.3	20.7	23.4	24.4	27.5	30.5	28.9	30.6	31.0	33.5	36.4
Capital and business income	13.7	14.2	16.3	16.5	18.8	20.9	19.6	20.7	20.4	21.8	23.9
Corporations	-	-	-	-	-	30.7	28.5	31.4	31.3	35.5	41.2
Households	-	-	-	-	-	14.7	14.0	13.9	13.6	13.5	13.6
p.m.:											
Real GDP (% annual growth rate)	5.0	2.4	3.9	4.5	4.7	5.0	3.6	2.7	3.0	3.2	3.5
Output gap (potential)	-3.1	-3.3	-2.2	-0.8	0.7	2.2	2.2	1.1	0.2	-0.5	-0.8

1) See ANNEX B for classification of taxes and ANNEX C for explanatory notes.

- : not available

Source: Commission Services

Overall trends in taxation

Structure and development of tax revenues

The total tax-to-GDP ratio was 35.6 % in 2005, 1.8 percentage points lower than the EU-27 arithmetic average; this ratio is among the lowest in the EA13 together with EL, PT and IE.

Spain collects revenues almost equally from indirect taxes, direct taxes and social contributions (respectively 12.5, 11.4 and 12.2 % GDP). Indirect taxes are roughly 2 percentage points lower than the EU-27 average, while direct only are slightly below the same average and social contributions somewhat higher. The low level of taxation in Spain is particularly perceptible in direct taxes, which remained fairly constant over the period under consideration. However, a shift from personal income revenue tax (-1.0 % of GDP) to corporate income tax revenues (+2.0 percentage points) is also noticeable. Indirect taxes as percentage of GDP (12.5 %) are the lowest in the EU, after DE, CZ and LT. This can partly be attributed to a standard VAT rate (16 %) among the lowest in the Union and to two reduced rates (4 % and 7 %). However, this peculiarity also stems from excise duties and other taxes on production that are low in comparison to most EU MS. Social security contributions have remained stable on average over the period (12.0 %) at a level slightly higher than the EU-25 average (11.4 %).

Spain has a quasi-federal system with three levels of Government. The central government and the Social security funds collect the majority of the revenues (respectively 36.4 and 33.3 per cent of total taxes). However the financing system of the Regions (Comunidades Autonomas) was reformed in 1997 leading to a marked increase in regional taxes as a percentage of GDP ('State' in the table). The effect, visible already from 1997 appears more clearly starting from 2002 as the State government share more than doubled to reach the current level of 7.9 % of the GDP.

Although Spain remains a low-tax country, the overall tax burden perceptibly increased between 1995 and 2005 (+2.9 %). Substantial fiscal consolidation has been achieved since the mid-1990s, with a budget deficit declining particularly rapidly from 1995 to 2000 (over 5½ points of GDP); the deficit has remained at close to 1 % since then. Tax revenues were also boosted by increased VAT receipts and buoyant economic growth.

Taxation of consumption, labour and capital; environmental taxation

The ratio of consumption taxes in proportion to GDP (9.8 %) is 2.8 percentage points lower than the EU-27 average. Despite the increasing trend throughout the 1995-2005 period, the implicit tax rate on consumption remains the lowest in the Union as of 2005.

The ratio of taxes on labour income as a percentage of GDP stands at 16.1 % in 2005, some 1.4 percentage points below the EU-27 average (17.5 %). This has been a characteristic feature of the Spanish system throughout the years 1995-2005, when Spain had an average implicit tax rate (ITR) on labour of 28.9 % compared to an EU-27 average of 35.9 %. The lowest level of the ITR was recorded in 1999 (27.7 %) as a consequence of the personal income tax reform. Subsequent increases in the ITR on labour, as seen from 2000 to 2003, can be attributed to a noticeable increase in wages and salaries subject to tax as a result of the strong job creation process observed in the last few years. After being stable in the last three years, the ITR on labour is now at 30.1 % (+0.8 GDP points).

The ratio of capital taxes on GDP has increased substantially during recent years (+2.8 % in the period considered). Revenue from capital taxation is well above the EU average (10.2 % GDP, EU-27 7.4 %) and the implicit tax rate on capital shows a similar trend. This can be attributed to the increase in tax revenues raised on capital income of corporations (+2.0 % of GDP in the period), partly owing to strong growth, and is also reflected in the implicit tax rate on corporate income. On the other hand, the implicit tax rate on capital income of households and self-employed has declined slightly since 2000.

Environmental taxation is very low (2.0 % of GDP): only Lithuania ranks lower level in the EU-27. As in the majority of MS, it is mostly concentrated on energy (4.3 %); in taxation of transport Spain however ranks comparatively higher.



Current topics and prospects; policy orientation

Over recent years, the tax system has undergone significant reforms: in 1995, the corporate income tax and, in 1999, the personal income tax followed by a second step in 2003. A new reform will take place starting from 2007 with reference to both above cited taxes. The reforms were aimed at simplification and increasing the neutrality of the tax system, strengthening incentives for work, saving, risk-taking and investment.

Main features of the tax system

Personal income tax

The personal income tax system was already simplified in 1999 and 2003. A new reform will take effect from 2007. The tax scale applicable to the general component of taxable income is reduced from five brackets between 15 % and 45 % to four, between 24 % and 43 %. Savings, including capital gains, are taxed now at a single flat tax rate of 18 %, regardless of how long the assets have been owned. As for dividends, under certain condition the first €1 500 are exempt; any excess is taxed at an 18 % rate. Personal and family allowances have been increased and since 2007 are included in the first income bracket, which is taxed a zero rate. Until 2007, they were deducted from the tax base, which decreased the progressivity of the tax.

Corporate taxation

The tax rate is reduced from 35 % to 32.5 % for 2007 and to 30 % for 2008 (from 40 % to 37.5 % and 35 % for 2007 and 2008, respectively, for entities engaging in oil and gas exploration, research, and exploitation). For small companies, a 25 % tax rate (applicable to the first €120 202.41) will apply. Tax credits, including those for exports are gradually phased out by 2011, 2012 or 2014. The rules regarding tax credit for reinvestment have also been revised, in particular with reference to the kind of assets involved. Capital gains on the sale of certain assets are now effectively taxed at 18 per cent.

VAT and excise duties

The standard VAT rate is 16 %. Two reduced rates of 7 % and 4 % apply to specific categories of goods, namely, *inter alia*, to sport activities, food, health products, housing, entertainment services, hotels and restaurants, or agricultural services; and to some essential goods and books. In 2006, the Ecofin Council ratified the agreement to extend the reduced VAT for hairdressing and building workers until the end of 2010. In the Canary Islands, a special regime is applied with a standard rate of 5 %. A special duty on imports and certain goods in the Canary Islands is also applied. The recent reform introduced a special VAT consolidation regime applicable to corporate groups.

Wealth and transaction taxes

Net wealth tax and Inheritance and gift taxes are levied on behalf of the 17 autonomous regions which set their own tax rates within certain limits. In case they do not, national limits will apply. A Tax on wealth transfers applies for rights and assets located in Spain. For the transfer of real estate, it is levied at different rates depending on the Autonomous Community where the land is located. If no specific rate is set forth, a 7 % rate is levied on the value of the real estate.

In January 2006, the European Commission has referred Spain to the Court of Justice over its taxation of non-residents' capital gains realised on the sale of Spanish immovable property, subject to a 35 % tax rate against 15 % paid by residents. The decision of European Court on whether this contravenes EU agreements on the free flow of capital and non-discrimination is still pending. A second infringement procedure regarding capital gains has been started for not having complied with a judgement of the Court¹⁾.

Local taxes

Regional governments receive a significantly 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 unchanged. Taxes on wealth, inheritance and gift tax, registration duties and fees on lotteries and gambling are totally assigned to territorial governments with almost complete jurisdictional powers. If the estimated expenditure exceeds potential revenues, the regional government receives a compensatory transfer from the central government. Two out of the seventeen Comunidades Autonomas (Basque Countries and Navarra) have a special tax regime and apply, in particular, their own Personal Income and Corporate Income tax. For the others, the fiscal revenue sharing forms the object of multi-annual agreements. The financing system of the autonomous communities (accepted only by eleven) of 1997-2001 had been extended to the 2002-2006 period. Negotiations are underway on the updating of the current fiscal framework. Given that new autonomy statutes containing provisions altering significantly the fiscal framework are subject to approval, a final agreement will have to wait until the LOFCA (Ley Orgánica de Financiación de las Comunidades Autónomas) is reformed in the coming years.

Social Contribution

Each professional category has minimum and maximum contribution bases. For 2007 the maximum monthly base is €2 897.70; the minimum monthly bases vary depending on the type of work. The total rate (including general risk, unemployment insurance and professional education training) is 6.4 % for the employees and 30.6 % for employers. The self-employed pay an effective rate of 29.8 %, with a monthly taxable base ranging from € 785.70 to €2 897.70.

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- 1) By a judgement of 9.12.2004 in the case C-219/03, the Court decided that Spain violated the principles of free provision of services (Article 49 EC) and of free movement of capital (Article 56 EC) in applying capital gains tax under more favourable conditions to shares traded on Spanish stock exchanges than for shares traded on the stocks exchanges of other Member States.



SWEDEN

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
A. Structure of revenues as % of GDP											
Indirect taxes	16.1	16.6	16.8	17.6	18.7	16.8	16.8	17.2	17.4	17.1	17.3
VAT	9.2	8.6	8.8	8.9	9.0	8.8	8.9	9.1	9.2	9.1	9.3
Excise duties and consumption taxes	3.5	3.8	3.5	3.5	3.4	3.2	3.2	3.3	3.3	3.2	3.1
Other taxes on products (incl. import duties)	0.9	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Other taxes on production	2.6	3.5	3.9	4.4	5.7	4.1	4.0	4.2	4.3	4.2	4.1
Direct taxes	20.0	20.9	21.4	21.3	22.1	22.3	19.9	18.0	18.7	19.5	20.1
Personal income	16.5	17.4	17.6	17.7	18.0	17.4	16.3	15.0	15.6	15.7	15.6
Corporate income	2.6	2.6	2.9	2.6	3.1	3.8	2.7	2.1	2.3	3.0	3.8
Other	0.8	0.9	0.9	1.0	1.0	1.1	1.0	0.8	0.8	0.8	0.7
Social Contributions	12.9	14.0	13.8	13.8	12.5	14.3	14.6	14.5	14.1	13.8	13.8
Employers'	11.0	11.6	11.1	10.7	9.4	11.1	11.5	11.4	11.0	10.8	10.8
Employees'	1.6	2.1	2.4	2.9	2.9	2.8	2.9	2.9	2.9	2.8	2.8
Self- and non-employed	0.3	0.3	0.3	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3
B. Structure according to level of government as % of GDP											
Central Government	29.5	30.7	31.3	32.0	33.0	32.0	29.2	27.5	27.6	28.1	29.0
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	14.4	15.6	15.4	15.4	15.4	15.2	15.7	16.0	16.4	16.4	16.3
Social Sec. Funds	4.5	4.6	4.6	4.7	4.4	5.7	6.0	5.9	5.8	5.7	5.7
EC Institutions	0.7	0.6	0.7	0.6	0.5	0.5	0.5	0.4	0.4	0.3	0.3
C. Structure according to economic function as % of GDP											
Consumption	13.5	13.1	13.0	13.1	13.0	12.5	12.7	12.9	13.0	12.8	13.1
Labour	30.7	32.4	32.4	33.2	33.0	32.3	32.4	31.4	31.7	31.4	31.2
Employed	26.1	28.0	28.1	29.0	28.9	28.5	28.7	27.8	27.6	27.3	27.1
Paid by employers	12.6	13.6	13.2	13.6	13.7	13.9	14.2	14.2	14.0	13.7	13.7
Paid by employees	13.4	14.4	14.9	15.4	15.2	14.6	14.4	13.6	13.6	13.6	13.4
Non-employed	4.6	4.4	4.3	4.2	4.1	3.8	3.7	3.6	4.1	4.1	4.1
Capital	4.9	5.9	6.6	6.4	7.3	8.5	6.3	5.3	5.5	6.3	7.0
Capital and business income	3.4	3.9	4.4	4.2	5.1	6.4	4.4	3.4	3.6	4.4	5.2
Income of corporations	2.6	2.6	2.9	2.6	3.1	3.8	2.7	2.1	2.3	3.0	3.8
Income of households	0.1	0.6	0.8	0.9	1.3	1.7	0.9	0.6	0.6	0.7	0.8
Income of self-employed (incl. sc)	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.7	0.7	0.7	0.7
Stocks (wealth) of capital	1.5	2.1	2.2	2.2	2.2	2.2	1.9	1.9	1.9	1.9	1.8
TOTAL	49.0	51.5	52.0	52.7	53.3	53.4	51.4	49.7	50.2	50.5	51.3
Of which environmental taxes	2.8	3.1	3.0	3.0	2.9	2.8	2.8	2.9	2.9	2.9	2.9
Energy	2.4	2.7	2.6	2.6	2.5	2.4	2.4	2.5	2.5	2.5	2.5
Transport	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4
Pollution/Resources	0.0	0.1	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1
D. Implicit tax rates											
Consumption	27.9	27.2	26.9	27.4	27.2	26.5	26.9	27.4	27.5	27.6	28.1
Labour employed	48.4	49.7	50.0	51.0	50.5	49.2	47.9	46.6	46.4	46.4	46.4
Capital	17.5	23.3	25.7	27.1	32.6	40.0	31.3	33.1	-	-	-
Capital and business income	12.3	15.3	17.0	17.9	23.0	29.8	21.7	21.3	-	-	-
Corporations	14.5	16.1	17.6	18.4	22.7	32.3	24.0	29.6	-	-	-
Households	7.6	12.7	14.8	15.8	21.3	24.7	17.2	13.9	-	-	-
p.m.:											
Real GDP (% annual growth rate)	3.9	1.3	2.3	3.7	4.5	4.3	1.1	2.0	1.7	4.1	2.9
Output gap (potential)	-1.9	-2.4	-2.1	-1.1	0.5	1.9	0.1	-0.6	-1.5	-0.6	-0.5

1) See ANNEX B for classification of taxes and ANNEX C for explanatory notes.

n.a.: not applicable, - : not available

Source: Commission Services

Overall trends in taxation

Structure and development of tax revenues

Swedish taxation levels are the highest in the EU. As of 2005, the tax-to-GDP ratio (including social security contributions) stood at 51.3 %, compared with 37.4 % for the EU 27 average. Sweden and Denmark are the only countries that exceeded the 50 % mark in 2005.

The Swedish tax system relies to a comparatively greater extent on direct taxation, in particular personal income taxation, for raising tax revenues. Hence, the tax mix differs somewhat from the Union average: direct taxes account for 39.3 % of the Swedish tax revenue, while indirect taxes and social contributions respectively account for 33.8 % and 27.0 % of the tax revenue. This compares to EU-27 averages of respectively around 31.1 %, 39.1 %, and 30.3 %. Overall, the tax structure shows a certain resemblance to that of the other Nordic countries (with the exception of Denmark).

The structure according to level of government differs from the EU average in that social security funds account for a rather low portion of revenues, slightly more than one third of the EU-27 average, while local government revenues, at 16.3 % of GDP, amount to almost four times the EU average; a similarly high share of local government revenue is found only in Denmark.

The overall tax burden increased from 1995 to 2000, when it reached a peak of 53.4 % of GDP, then declined for two years. The increasing trend restarted in 2003. The increase in the tax-to-GDP ratio since 2003 is largely attributable to direct taxes, in particular higher CIT revenues. In the long-term comparison, it is mostly indirect taxes and social contributions that have increased most.

Taxation of consumption, labour and capital; environmental taxation

The implicit tax rate on consumption is well above the Union average. With one of the highest statutory VAT rates and above-average rates for excise duties, Sweden clearly belongs to the group of countries with relatively high consumption taxes, together with Denmark, Finland, and Hungary. The ITR on consumption varied slightly over the decade but reached 2005 with 28.1 %, nearly the same level as in 1995.

The ratio of taxes on labour in proportion to GDP is the highest in the Union, by a margin of over six percentage points from the second (Denmark). The ITR on labour shows an upward trend until 1998, mainly as a consequence of different fiscal measures to increase tax revenue. Since then, the implicit tax rate has been declining up until 2003, remaining stable in the last three years. In 2005, the observed rate of 46.4 % is below its initial level in 1995 (48.4 %).

The implicit tax rate on capital of Sweden is with 33.1 % for 2002 (last year available) well above the EU-27 average (25.0 %). However there was a sharp decrease from 2000 to 2001.

The increased capital tax burden for households in the 1995-2000 period can partly be explained by the taxation of increased capital gains due to the booming stock markets¹⁾. Another explanation lies in deductible net interest payments that have diminished substantially due to dropping interest rates. This development can be related to incentives in response to the tax reform, in combination with periods with a relatively high real interest rate.

Environmental taxes as a proportion of GDP are equal to the EU-27 average (2.8 % in 2005). Their level has been rather constant over the 1995-2005 period.

1) It is not possible within national accounts to account for the capital gains part of taxable income. For this reason the increase in the capital tax burden for Sweden is overestimated in that period.

Current topics and prospects; policy orientation

An earned income tax credit was introduced in Sweden in 2007. In the 2007 Spring Fiscal Policy Bill, the government proposes that the net wealth tax will be abolished as of 1 January 2007. Furthermore, the previous government's move to green taxes will be ended, for example, the recently introduced flight tax will be abolished.

Main features of the tax system

Personal income tax

A major tax reform in 1991 transformed the tax system into a so-called 'dual' income tax system. It combined a high progressive taxation of labour income, with a lower general rate on capital income. Local government levies a flat rate of around 30 % (depending on municipality and county) on earned income (i.e. labour income and income from unincorporated business). For incomes above SEK 316 700 respectively € 33 440 (in 2007) there is a state tax bracket with a tax rate of 20 %, while the top rate for labour income above SEK 476 700 (€ 50 330) is 25 %. For capital income, there is a 30 % flat rate.

The main recent changes in taxation policy relate to reductions of the income tax, mainly through the compensation for the employee's general pension contribution, and the introduction of a green tax reform.

An income tax reform was introduced, beginning in the year 2000. The idea was to compensate employees for the introduction of their pension contribution through the introduction of a tax credit. The credit was phased in over a few years at the same time the allowance for the contribution was removed. As of 2006, the credit amounts to 100 % of the contribution. In addition to this credit, the threshold for the state income tax has also been increased with the objective to reduce the number of income earners that pay this tax.

The policy of the green tax shift continued in 2004 with higher taxes on energy use and lower taxes on labour, mainly through raising the basic allowance. Also, the uniform state income tax on labour income was removed in 2004, leading to a cut by SEK 200 (€ 21) per year on all incomes.

In 2007 an earned income tax credit was introduced. The tax credit varies with earned income and the maximum tax credit amounts to almost SEK 12 000 (€ 1 270) per year. A higher tax credit can be received by people older than 65, with a maximum tax credit of about SEK 20 000 (€ 2 110) per year.

Corporate taxation

Taxation of corporations follows the classical system. Double taxation is eliminated or reduced, in the case of corporate shareholders by participation exemption or in the case of individual shareholders by the relief granted for dividends paid by small companies. The corporate income tax is imposed since 1994 at a flat rate of 28 %. Capital gains are taxed as regular corporate profit. Capital losses, generally deductible against profit, may normally be carried forward indefinitely.

VAT and excise duties

The standard VAT rate is 25 %. 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.

Zero-rated goods and services include prescription medicines, gold for investment purposes, a number of financial services as well as insurance and reinsurance services.

Wealth and transaction taxes

Personal wealth above a value of SEK 1.5 million (€158 360) for singles and SEK 3.0 million (€316 730) for couples assessed jointly is taxed at a rate of 1.5 percent until 2006. In the 2007 Spring Fiscal bill, the government proposes that the net wealth tax will be abolished as of 1 January 2007. In addition, single-family houses are taxed at a national rate of 1.0 percent of assessed value. However, the amount of tax paid by each household is limited. The property tax is under revision and a new system will be introduced in 2008.

The country decided to abolish its inheritance and gift tax as of 2005.

Social contributions

For employed individuals, most social security contributions are paid by employers. However, an employee must pay a pension insurance premium of 7 %. The premiums paid by an employee may be fully credited against his or her income tax liability. Self-employed taxpayers must pay their own social security contributions computed on their business income, without a ceiling. For 2007 the total contributions rate is 30.71 % plus a pension insurance premium of 7 %.

From 2007 Social security contributions will no longer be charged for people who have been in receipt of unemployment benefit, sickness benefit, disability pension or social allowance for more than 1 year. To facilitate young people's entry into the labour market social security contributions will be reduced from 32.42 % to 21.31 % for employees between the age of 18 and 25 from 1 July 2007 ongoing. The reduction will also apply for self-employed taxpayers.

To enhance the position of older people in the labour market the special employer's contribution of about 16 per cent for those over the age of 65, born in 1938 and later, is cancelled in 2007.

UNITED KINGDOM

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
A. Structure of revenues as % of GDP											
Indirect taxes	14.1	13.8	14.0	13.9	14.2	14.2	13.8	13.6	13.6	13.5	13.3
VAT	6.7	6.7	6.8	6.6	6.8	6.7	6.7	6.8	7.0	6.9	6.8
Excise duties and consumption taxes	4.1	4.1	4.0	4.0	4.0	3.9	3.7	3.6	3.5	3.4	3.2
Other taxes on products (incl. import duties)	1.2	1.1	1.3	1.4	1.5	1.8	1.6	1.6	1.5	1.6	1.6
Other taxes on production	2.1	2.0	1.9	1.8	1.8	1.8	1.8	1.7	1.7	1.6	1.6
Direct taxes	15.3	15.2	15.5	16.7	16.7	17.0	17.2	16.1	15.6	15.8	16.8
Personal income	10.3	9.6	9.3	10.2	10.4	10.8	10.9	10.4	10.0	10.0	10.5
Corporate income	2.8	3.2	3.9	3.8	3.4	3.4	3.3	2.8	2.7	2.8	3.3
Other	2.3	2.4	2.4	2.6	2.8	2.8	3.0	2.9	2.8	2.9	2.9
Social Contributions	6.2	6.1	6.2	6.2	6.3	6.3	6.3	6.0	6.4	6.7	6.9
Employers'	3.4	3.3	3.4	3.3	3.5	3.6	3.6	3.4	3.6	3.7	3.9
Employees'	2.6	2.5	2.7	2.6	2.6	2.5	2.5	2.4	2.6	2.8	2.9
Self- and non-employed	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
B. Structure according to level of government as % of GDP											
Central Government	33.2	32.9	33.7	34.6	35.0	35.4	35.2	33.7	33.5	33.9	34.9
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	1.3	1.3	1.3	1.4	1.4	1.5	1.5	1.6	1.7	1.7	1.7
Social Sec. Funds	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EC Institutions	1.0	0.9	0.7	0.7	0.6	0.7	0.6	0.5	0.4	0.3	0.3
C. Structure according to economic function as % of GDP											
Consumption	12.3	12.2	12.3	12.1	12.3	12.1	11.9	11.8	11.8	11.7	11.4
Labour	14.0	13.3	13.1	13.7	13.9	14.3	14.3	13.7	13.7	13.9	14.4
Employed	13.8	13.1	12.9	13.6	13.7	14.1	14.2	13.5	13.5	13.7	14.2
Paid by employers	3.4	3.3	3.4	3.3	3.5	3.6	3.6	3.4	3.6	3.7	3.9
Paid by employees	10.4	9.8	9.6	10.2	10.3	10.6	10.6	10.1	9.9	10.0	10.4
Non-employed	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Capital	9.3	9.6	10.3	10.8	10.9	11.2	11.1	10.3	10.0	10.3	11.1
Capital and business income	5.4	5.8	6.4	6.8	6.7	6.7	6.8	6.0	5.7	6.0	6.7
Income of corporations	2.9	3.3	4.0	4.0	3.7	3.6	3.6	2.9	2.8	2.9	3.4
Income of households	1.1	1.1	1.1	1.4	1.5	1.6	1.7	1.5	1.4	1.5	1.6
Income of self-employed (incl. sc)	1.5	1.4	1.4	1.4	1.5	1.5	1.6	1.5	1.5	1.5	1.6
Stocks (wealth) of capital	3.9	3.9	3.9	4.0	4.2	4.5	4.4	4.3	4.3	4.4	4.5
TOTAL	35.6	35.1	35.7	36.7	37.1	37.6	37.3	35.8	35.6	35.9	37.0
Of which environmental taxes	2.9	3.0	3.0	3.1	3.2	3.1	2.8	2.7	2.7	2.6	2.5
Energy	2.3	2.4	2.3	2.5	2.5	2.4	2.3	2.2	2.1	2.1	2.0
Transport	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5
Pollution/Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1
D. Implicit tax rates											
Consumption	20.1	19.8	20.0	19.7	19.9	19.4	19.0	18.9	19.2	19.1	18.7
Labour employed	25.8	24.8	24.4	25.0	25.1	25.3	25.0	24.1	24.3	24.9	25.5
Capital	33.3	32.3	34.3	35.7	39.8	40.8	42.0	37.6	33.7	35.3	37.6
Capital and business income	19.5	19.4	21.4	22.4	24.4	24.5	25.6	21.8	19.3	20.3	22.5
Corporations	19.2	20.0	23.5	22.3	23.9	23.1	24.0	17.7	15.1	15.4	18.6
Households	14.6	13.7	13.6	16.4	18.1	18.7	19.2	20.2	19.3	21.1	21.1
p.m.:											
Real GDP (% annual growth rate)	2.9	2.8	3.0	3.3	3.0	3.8	2.4	2.1	2.7	3.3	1.9
Output gap (potential)	-0.8	-0.6	-0.2	0.2	0.3	1.2	0.7	0.1	0.1	0.7	-0.3

1) See ANNEX B for classification of taxes and ANNEX C for explanatory notes.

n.a.: not applicable

Source: Commission Services

Overall trends in taxation

Structure and development of tax revenues

Alongside some other Member States which had close links with it in the past (Ireland, Malta, Cyprus), the UK stands out for a relatively low tax burden: in 2005, the tax-to-GDP ratio (including social security contributions) stood at 37.0 % in the United Kingdom, a value which, following the accession of the generally low-tax new Member States, is only slightly below the EU-27 average (37.4 %). but markedly beneath most members of the former EU-15.

The tax structure shows a comparatively high weight of direct taxes (16.8 % of GDP against an EU-27 average of 12.0 %), which largely reflects a marked reliance on personal income tax. After a declining trend in the last four years, revenue from this latter source slightly increased in 2005 (+0.5 % of GDP). At the same time, corporate income taxation, almost stable for 3 years, increased by 0.5 % of GDP, too. At 3.3 % of GDP in 2005, this value is in line with the EU-27 and EA-13 averages (respectively 3.1 % and 3.2 %). Direct taxes represent the primary source of revenues (45.4 % of the total taxes), slightly larger than indirect taxes (35.8 %), and far outweighing social contributions (18.8 %), whose revenue is the third lowest in the EU 27 after Denmark and Ireland.

Roughly 94 % of total revenue is raised by the central government, a value that confirms the United Kingdom as the most fiscally centralised Member State in the EU-27 after Malta. Local government only receives 4.7 % of total taxes. However, this figure is now 0.4 % points of GDP higher than in 1995.

The overall tax burden increased by two percentage points from 1995 to 2000 (37.6 % of GDP), almost entirely due to rises in direct taxation. After that peak the tax burden has tended to decline but has however increased again in the last two years (+1.4 %), remaining nevertheless always below the EU-27 average.

Taxation of consumption, labour and capital; environmental taxation

Looking at the economic classification of taxes, taxation of consumption (11.4 % of GDP) stood at 18.7 in 2005 when measured as percentage of final consumption expenditures of households. This ITR sets the United Kingdom 3.4 percentage points below the EU-27 average.

As a result of the relatively low social security contributions, labour taxes revenue (14.4 % of GDP) is lower than in most other European countries (EU-27 17.5 %). The ITR on labour is, at 25.5 %, the third lowest in the EU-27 (after Malta and Cyprus) and lies well below the EU-27 average (35.2 %). In the period 1995-2005, the index remained fairly stable, as it has since the early '70s.

Revenue from taxes on capital (11.1 % of GDP) is higher than the EU-27 average (7.4 %) despite the lower contribution of taxes on the income of corporations. The difference is accounted for by the higher taxation of households (+0.9 %) and of stocks of capital (+2.5 %). The high contribution of taxes on capital to total tax revenue (10.2 percentage points over the 19.9 % EU-27 average) is reflected in the relatively high implicit tax rate on capital (37.6 %). Both taxes on corporations and taxes on real estate (i.e. national domestic rates on business properties and council tax paid by owner-occupiers and tenants on the value of their dwellings) contribute substantially to determine the UK's relatively high tax burden on capital.

From 1995 to 2001, an increase in the implicit tax rate on capital is visible, as in many other Member States. This increase is reflected in the growth both of the implicit tax rate on capital and business income and of the revenues derived from taxes on the stock of wealth. Since then the ITR on capital has dropped by 4.4 percentage points. The increase in the implicit tax rate on capital and business income can partly be attributed¹⁾ to the pro-cyclical

behaviour of the implicit tax rate; economic growth has to some extent offset the effects of the reductions in statutory rates.

Revenues from environmental taxes are declining compared to the beginning of the period because of a decline in the revenue from the Customs duty on hydrocarbon oils in the last years and, mainly, following the reform of the Motor vehicle duties which is paid according to the amount of carbon emissions produced and motor vehicle duties. These two factors explain the downwards trend started in 2000-2001 which set the United Kingdom 0.3 % below the EU-27 average in 2005 against 0.2 above in 1995.

Current topics and prospects; policy orientation

During recent years, fiscal policy has focused on increasing the attractiveness of employment by improving the financial incentives to work and the tax system has been reorganised towards tax credit instead of direct delivery of social services. The tax structure has been reformed drastically since the 1970s when the higher rates were between 40 % and 83 %.

Main features of the tax structure

Personal income tax

In 2007-2008 tax rates of 10 %, 22 % and 40 % are applied to three income brackets (up to GBP 2 230 (€3 270), 2 131 to 34 600 and above 34 600 (€50 700), respectively). In April 2008 the starting rate will be removed and only two rates will remain: a 20 % rate and a 40 % higher rate. The 2007-2008 Budget report increased the personal income tax allowance (for those aged under 65) to GBP 5 225 (€7 750) (previously GBP 5 035). A larger increase for elderly tax-payer aged between 65 and 74 (to GBP 7 550 from GBP 7 280) and over 74 (to GBP 7 690 from GBP 7 420).

Since April 2003, two tax credits are available: the child tax credit (CTC), which is paid on top of universal child benefit, and the working tax credit²⁾ (WTC) which is intended for low-paid working adults, means-tested together with a full entitlement for families with a pre-tax income below GBP 5 225 (€7 750) per year.

Corporation taxation

The corporation tax regime has been modified repeatedly in recent years. The top statutory rate was reduced from 33 % in 1997 to 30 % in 1999, as was the small company rate for firms with profits below GBP 300 000 (€44 500), 19 % in 2006, down from 24 % in 1997. An additional rate initially at 10 %, reduced to 0 % in 2002, for firms with profits below GBP 10 000 was first introduced in 2000 and then completely abolished in 2005. In the Budget 2007, the corporate tax rate has been reduced from 30 % to 28 % (effective from April 2008) and R&D tax credits have been increased; however the reform is meant to be broadly neutral as reductions in capital allowances and an increase in the SME's tax rate (from 19 % to 20 % from April 2007, 21 % from April 2008 and 22 % from April 2009) have also been introduced. In particular, the 50 % first-year capital allowances for small enterprises will be

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- 1) It should also be kept in mind that both the ITR on capital and capital income are biased upwards (compared to other European Union 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.
 - 2) The CTC consists of a family element of GBP 545 per year and a child element of GBP 1 845 per child per year (increased for disabled or severely disabled children). The WTC consists of a basic element (GBP 1 730 per year) and an additional amount (GBP 1 700) for couples and single parents. An extra GBP 705 is given to people working at least 30 hours a week. In April 2008 the child element of the CTC will be GBP 2 080 a year and the WTC threshold GBP 6 420.

replaced in April 2008 by an Annual Investment Allowance (AIA) of £50,000 for all firms, regardless of size and legal form.

VAT and excise duties

The standard VAT rate is 17.5 %. Several reductions and exemptions apply. In particular, a reduced rate of 5% applies e.g. to fuel and power. An insurance premium tax, after being introduced at 2.5 per cent in 1994, is now at a standard rate of 5%; a higher rate of 17.5% applies to insurance sold by suppliers of vehicles and domestic appliances, and travel insurance sold by travel agents and tour operators.

Important reforms have been implemented on both tobacco and fuel, with the so-called 'tax escalator' playing an important part, i.e. the introduction (1993) of automatic annual increases in excise duty on both petrol (introduced at 3 % above inflation and then increased to 5 % above inflation) and cigarettes (3 % above inflation). Tax differentials between leaded and unleaded petrol have been increased and new differentials introduced between ultra-low sulphur and standard petrol and diesel. Excise duty on heavily polluting vehicles will rise to 300 GBP (from 210) in 2007 and again to 400 GBP in 2008. The duty on more environmentally friendly cars will be set at 30 GBP. A landfill tax was introduced in 1996 and a new climate change levy on companies for the use of gas, coal and electricity came into effect in April 2001. The Air Passenger duty has also been doubled as from February 2007 to GBP 10 for passengers flying to most European destinations and 40 for the remaining destinations; these amounts are doubled if not flying in the lowest fare class.

Social contribution

The thresholds for paying National Insurance Contributions (NIC's) are, since 2001, set to the level of the personal income tax personal allowance, both for employers and employees. The self-employed pay NICs based on similar principles. There are four contributions bands: for employees, for self-employed at GBP 2.20 per week; for voluntary contributions (fixed amount of GBP 7.80 per week); for the self-employed with profits between GBP 5 225 and 34 840 at a rate of 8 % and a lower 1 % rate for profits above that threshold. Since October 2003, a Pension Credit ensures a minimum income to elderly people, also rewarding those who saved modest amounts for their retirement. NICs are lower (9.4 %) for those who have contracted out of the State Second Pension and moved to a private pension scheme. Starting from April 2008 the upper limit for paying National Insurance contributions will be increased to GBP 3 900 a year. From April 2009, it will be fully aligned with the higher rate threshold of incomer tax.

NORWAY

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
A. Structure of revenues as % of GDP											
Indirect taxes	16.1	15.9	15.9	16.0	15.4	13.7	13.5	13.5	13.2	13.0	12.5
VAT	9.5	9.3	9.4	9.7	9.4	8.5	8.4	8.5	8.3	8.2	8.0
Excise duties and consumption taxes	2.2	2.0	2.1	1.9	1.9	1.7	1.7	1.7	1.7	1.5	1.4
Other taxes on products (incl. import duties)	3.7	3.8	3.6	3.6	3.4	2.9	2.7	2.7	2.6	2.7	2.4
Other taxes on production	0.7	0.8	0.8	0.8	0.7	0.6	0.7	0.6	0.7	0.6	0.6
Direct taxes	16.3	17.1	17.0	16.0	17.0	20.3	20.4	20.0	19.7	21.4	22.9
Personal income	10.8	10.7	11.0	11.8	11.4	10.3	10.5	10.8	10.7	10.4	9.9
Corporate income	3.2	3.5	3.5	2.7	3.5	5.2	4.9	4.5	4.2	5.2	5.9
Other	2.3	2.8	2.5	1.5	2.1	4.8	4.9	4.7	4.8	5.8	7.1
Social Contributions	9.9	9.6	9.6	10.3	10.2	9.0	9.3	9.9	9.9	9.5	9.1
Employers´	5.9	5.7	5.7	6.2	6.1	5.4	5.6	6.0	5.9	5.8	5.5
Employees´	4.0	3.9	3.9	4.2	4.1	3.6	3.7	4.0	3.9	3.8	3.6
Self- and non-employed	-	-	-	-	-	-	-	-	-	-	-
B. Structure according to level of government as % of GDP											
Central Government	24.1	25.1	25.0	24.8	25.0	27.5	26.8	27.9	26.6	28.4	29.4
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	8.2	7.9	7.9	7.2	7.4	6.5	7.1	5.7	6.3	6.0	5.9
Social Sec. Funds	9.9	9.6	9.6	10.3	10.2	9.0	9.3	9.9	9.9	9.5	9.1
EC 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 according to economic function as % of GDP											
Consumption	14.1	13.7	13.8	13.9	13.4	12.0	11.8	11.7	11.3	10.9	10.6
Labour	18.9	18.6	18.9	20.4	19.9	17.7	18.1	19.1	19.1	18.5	17.5
Employed	17.9	17.6	17.8	19.3	18.8	16.7	17.1	18.1	18.0	17.4	16.6
Paid by employers	5.9	5.8	5.8	6.2	6.1	5.4	5.6	6.0	6.0	5.8	5.5
Paid by employees	12.0	11.9	12.1	13.0	12.7	11.2	11.5	12.1	12.1	11.7	11.1
Non-employed	1.0	1.0	1.0	1.2	1.1	1.0	1.0	1.0	1.0	1.0	1.0
Capital	9.2	10.3	9.9	8.0	9.2	13.3	13.2	12.7	12.4	14.5	16.4
Capital and business income	6.8	7.7	7.4	5.4	6.8	11.2	11.1	10.4	10.1	12.1	14.0
Income of corporations	3.3	3.6	3.6	2.8	3.5	5.2	5.0	4.6	4.3	5.3	6.0
Income of households	2.4	3.1	2.7	1.5	2.3	5.1	5.2	4.8	4.9	5.8	7.1
Income of self-employed (incl. sc)	1.1	1.0	1.0	1.1	1.0	0.9	0.9	1.0	0.9	0.9	0.9
Stocks (wealth) of capital	2.4	2.6	2.5	2.5	2.4	2.1	2.1	2.3	2.3	2.5	2.4
Less: amounts assessed but unlikely to be collected	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2
TOTAL	41.9	42.4	42.2	42.0	42.3	42.8	42.9	43.3	42.5	43.8	44.3
Of which environmental taxes	3.2	3.3	3.0	2.9	2.5	2.2	2.0	2.0	2.0	2.1	1.9
Energy	1.1	1.0	1.0	1.0	0.8	0.7	0.6	0.6	0.5	0.5	0.5
Transport	1.1	1.2	1.1	1.2	1.0	0.9	0.9	1.1	1.1	1.3	1.3
Pollution/Resources	1.0	1.1	0.9	0.8	0.7	0.6	0.5	0.4	0.3	0.3	0.2
D. Implicit tax rates											
Consumption	30.2	29.8	30.6	30.1	30.0	29.9	29.2	27.5	26.2	26.4	27.1
Labour employed	37.8	38.0	38.3	38.4	38.2	38.2	38.3	38.7	38.9	39.1	39.4
Capital	-	-	-	-	-	-	-	-	-	-	-
Capital and business income	-	-	-	-	-	-	-	-	-	-	-
Corporations	-	-	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-	-	-
p.m.:											
Real GDP (% annual growth rate)	4.4	5.3	5.2	2.6	2.1	2.8	2.7	1.1	1.1	3.1	2.3
Output gap (potential)	-	-	-	-	-	-	-	-	-	-	-

1) See ANNEX B for classification of taxes and ANNEX C for explanatory notes.

n.a.: not applicable, - : not available

Source: Commission Services

Overall trends in taxation

Structure and development of tax revenues

Norway's total tax to GDP ratio amounted to 44.3 % in 2005; a value which exceeds by seven percentage points the European Union average. Total tax revenues in Norway are clearly influenced by tax income from petroleum related activities.

The Norwegian tax system is characterised by a high share of direct taxes on revenue, accounting in 2005 for 51.7 % of the total, which is more than 20 percentage points above the EU-27 average (31.1 %); amongst EU countries, only Denmark displays a higher share of direct tax revenues at 62.5 %. Revenues from indirect taxes and from social contributions correspondingly cover a lesser share of budgetary revenue; they are also lower than the EU average in terms of their share on GDP. The high revenue from direct tax is attributable both to the personal income tax and the corporate tax which yield, as a share of GDP, respectively 2.0 and 2.8 percentage points more than the EU-27 average. As for indirect taxes, the VAT share (8.0 % of GDP) is in line with the EU whilst excise duties represent 1.4 % of GDP, which is clearly below the EU-27 average.

Total tax revenues in Norway accumulated to about Euro 105 billion in 2005. Of this, about 66 % were paid to the central government, while local government (municipalities and counties) received 13 %, a share slightly above the EU average.

The overall tax ratio has been on a slow upward trend since 1995. Direct taxes from personal income relative to GDP have been relatively stable during the 1990s until today. Norway has however experienced a doubling in revenue from taxes on capital and business income, due both to increases in taxes levied on households and on corporations. The increase has been particularly notable since 2003.

Taxation of consumption, labour and capital; environmental taxes

Revenue from taxation on consumption has fallen substantially since 1998. In 2005 it is even nearly 2 percentage points below the average in the EU-27. However, the ITR on consumption (27.1 % in 2005) is still well above the EU-27 average (22.1 %) and only comparable to those of the Nordic countries.

Taxation on labour has been roughly stable in revenue terms, but the ITR on labour has been on an upward trend, particularly in the last two years. It amounted to 39.4 % in 2005, which is 4.2 percentage points above the EU-27 average but still below the ITRs observed in eight EU Member States.

Owing to data limitations no ITR on capital is available for Norway. Capital taxation yields, at 16.4 % of GDP, a very high level of revenue, over double the EU-27 average ratio and increasing.

In 2005 the share of environmental related tax revenues at the total tax revenue has been 4.2 % compared to 7.6 % for the EU-27 average.

Current topics and prospects; policy orientation

The Government's 2006 main proposals on direct and indirect taxes for 2007 are the following: The redistributive function of the tax system will be strengthened. Communal benefits for low income earners and strengthened welfare schemes take priority over tax reductions. Environmentally friendly consumption will be encouraged.

A tax on NO_x emissions was introduced from 1 January 2007 as a contribution to reduce long-range air pollution. Certain affected industries will be compensated.



Main features of the tax system

Personal income tax

Norway, like several other Nordic countries, has adopted a dual tax system. Income from (mainly) labour and pensions is taxed at progressive rates, while the remaining forms of income are taxed at a flat general 28 % rate, which combines State, county and municipal taxes (A lower rate of 24.5 % applies however to Finnmark and Nord-Troms).

The progressivity of the personal tax scheme in Norway is relatively high and has increased, especially from 1998 to 2004. After some reduction in progressivity introduced by the 2005 and 2006 budget laws (notably a significant cut in the top marginal employment income rate, from 55.3 % to 47.8 %), the main tax proposals for 2007 aim again at increasing progressivity. Those having a gross income of less than NOK 400,000 (€48,150) will on average pay the same or less tax, whilst those with a gross income in excess of €48,150 will pay more tax. The largest tax increases will apply to those with gross incomes in excess of €120,000 (NOK 1 million), mainly due to increases in the surtax and the net wealth tax. The largest tax reductions will apply to incomes between €18,050 and €24,075.

The 2006 tax reform introduced a dividend tax and increased the marginal tax rates on share incomes from 28 % to 48.16 % (corporate taxation included). In combination with lower marginal tax rates on labour income, it is no longer particularly profitable to have labour income taxed as dividends.

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 for and exploitation of petroleum sources. In some regions special legislation in the field of employers' social security contributions applies.

Until 31 December 2003, the imputation system applied for taxation of dividends for corporate and individual shareholders. For corporate shareholders, the imputation system was replaced with an exemption regime with effect from 1 January 2004. For individual shareholders, the imputation system was replaced with a modified classical system with effect from 1 January 2006.

Dividends derived by corporate shareholders from resident companies, savings banks and unit trusts are always exempt from tax. Capital gains on the disposal of shares in such entities are also exempt. In general, all expenses incurred in acquiring, securing and maintaining income are deductible. Royalties and management fees are generally deductible, but must be made on an arm's-length basis if such payments are made to related parties. Expenses incurred in order to earn exempt income, e.g. dividends and capital gains on shares, are not deductible. Thus, the deductibility of costs for holding companies is limited. Capital gains derived from the sale of business assets are normally included in taxable income.

Losses may be carried forward 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 general use. The rate for foodstuffs is 14 %. A zero rate applies to the sale of books and newspapers. The government introduced a general VAT on services from 1 July 2001. VAT on passenger transport, broadcasting services, admission to cinemas and accommodation in hotels and camping sites is 8 %.

Wealth and transaction taxes

There is an inheritance and gift tax with a zero-rate up to taxable amounts of NOK 250 000 (€38 890). From this level, the rates range from 8 % to 30 %, depending on the status of the beneficiary and the size of the taxable amount.

Resident individuals are subject to national net wealth tax above certain thresholds (tax rates from 0.2 % to 0.4 %) and municipal net wealth tax (0.7 %) with respect to their worldwide net wealth. The tax base was broadened in 2007, by increasing tax values for homes and other real estate and by broadening the base for securities, combined however with higher basic allowances.

Social security 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, etc. A reduced rate of 3 % applies to pensions and life annuities, as well as to employment income derived by individuals under 17 or over 69 years. There is an exemption for incomes up to NOK 39 600 (€4 770) 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 all income is achieved. The contributions payable by individuals are not deductible for income tax purposes. Regionally differentiated rates in employers' social security contributions are reintroduced in 2007.

The self-employed pay national insurance contributions at a rate of 10.7 %.

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46) As modified – notably – by Regulation 2516/2000 of the European Parliament and Council of 7 November 2000. A consolidated version of the Council Regulation (EC) is available on-line on the Eur-Lex web-site on: <http://ec.europa.eu/eur-lex/en/index.html>

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Tables

Annex A

Table Tot_G: Total Taxes (incl. SSC) as % of GDP

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	43.8	44.4	44.9	45.5	45.5	45.2	45.2	45.3	44.9	45.0	45.5	3	45.0	1.7
BG	-	-	-	-	-	33.1	32.1	31.0	33.6	35.3	35.9	15	33.5	-
CZ	36.2	34.7	35.0	33.3	34.0	33.8	34.0	34.8	35.7	36.8	36.3	14	35.0	0.1
DK	48.8	49.2	48.9	49.3	50.1	49.4	48.4	47.8	48.0	49.3	50.3	2	49.0	1.5
DE	39.8	40.7	40.7	40.9	41.7	41.9	40.0	39.5	39.7	38.8	38.8	9	40.2	-1.0
EE	37.9	35.6	35.9	34.9	34.6	31.3	30.2	31.1	31.5	31.4	30.9	22	33.2	-6.9
IE	33.1	33.1	32.4	31.7	31.8	31.7	29.8	28.5	29.1	30.5	30.8	23	31.1	-2.3
EL	32.6	33.0	34.3	36.3	37.3	37.9	36.6	36.7	35.5	34.3	34.4	20	35.4	1.8
ES	32.7	33.1	33.2	33.0	33.6	33.9	33.5	33.9	33.9	34.5	35.6	16	33.7	2.9
FR	42.7	43.9	44.1	44.0	44.9	44.1	43.8	43.1	42.8	43.1	44.0	4	43.7	1.3
IT	40.1	41.8	43.7	42.5	42.5	41.8	41.5	40.9	41.3	40.7	40.6	7	41.6	0.5
CY	26.7	26.4	25.8	27.7	28.0	30.0	30.9	31.2	33.1	33.5	35.6	17	29.9	8.9
LV	33.2	30.8	32.1	33.7	32.0	29.5	28.5	28.2	28.5	28.5	29.4	24	30.4	-3.8
LT	28.6	27.9	31.0	32.0	31.8	30.1	28.7	28.4	28.2	28.3	28.9	26	29.4	0.3
LU	37.1	37.6	39.3	39.4	38.3	39.1	39.8	39.1	38.5	37.9	38.2	11	38.6	1.1
HU	41.6	40.6	39.0	39.0	39.1	38.5	38.9	38.5	38.4	38.6	38.5	10	39.2	-3.1
MT	27.3	25.8	27.5	25.3	27.1	28.2	30.4	31.9	31.8	34.2	35.3	18	29.5	8.0
NL	40.2	40.2	39.7	39.4	40.4	39.9	38.3	37.7	37.4	37.7	38.2	12	39.0	-2.0
AT	41.3	42.6	44.0	44.0	43.7	42.8	44.7	43.7	43.1	42.8	42.0	6	43.2	0.7
PL	37.1	37.2	36.5	35.4	35.3	34.0	33.6	34.3	33.4	32.6	34.2	21	34.9	-2.9
PT	31.9	32.8	32.9	33.1	34.1	34.3	33.9	34.7	35.1	34.2	35.3	19	33.8	3.4
RO	-	-	-	-	-	-	27.8	28.2	27.6	27.3	28.0	27	27.8	-
SI	40.2	39.1	38.0	38.8	39.2	38.6	38.9	39.3	39.5	39.6	40.5	8	39.2	0.2
SK	39.6	38.0	35.0	35.6	34.2	32.9	31.6	31.9	30.9	29.7	29.3	25	33.5	-10.3
FI	45.7	47.0	46.3	46.1	45.8	47.2	44.6	44.6	44.0	43.4	43.9	5	45.3	-1.8
SE	49.0	51.5	52.0	52.7	53.3	53.4	51.4	49.7	50.2	50.5	51.3	1	51.4	2.2
UK	35.6	35.1	35.7	36.7	37.1	37.6	37.3	35.8	35.6	35.9	37.0	13	36.3	1.4
NO	41.9	42.4	42.2	42.0	42.3	42.8	42.9	43.3	42.5	43.8	44.3		42.8	2.4
EU-27														
weighted average	39.7	40.4	40.7	40.5	41.0	40.7	40.0	39.3	39.3	39.2	39.6		40.0	-0.1
arithmetic average	37.7	37.7	37.9	38.0	38.2	37.7	36.8	36.7	36.7	36.8	37.4		37.4	-0.4
EA-13														
weighted average	39.9	40.9	41.3	41.1	41.6	41.3	40.4	40.0	39.9	39.6	39.9		40.5	0.0
arithmetic average	38.6	39.2	39.5	39.6	39.9	39.9	39.3	39.0	38.8	38.7	39.1		39.2	0.5
EU-25														
weighted average	39.7	40.4	40.7	40.6	41.1	40.9	40.0	39.4	39.4	39.2	39.7		40.1	0.0
arithmetic average	37.7	37.7	37.9	38.0	38.2	37.9	37.4	37.2	37.2	37.3	37.8		37.7	0.1
Ratio st.dev. and mean in %														
	15.2	16.6	16.0	16.2	16.0	16.2	16.4	15.8	15.5	15.6	15.4			0.2
Difference max. and min.														
	22.3	25.7	26.2	27.4	26.2	25.2	23.6	21.5	22.5	23.2	23.2			0.9

1) The ranking is based on 2005 data 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services

Table A.1_G: Indirect Taxes as % of GDP: Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	12.9	13.4	13.6	13.5	13.9	13.8	13.3	13.3	13.4	13.6	13.9	14	13.5	1.0
BG	-	-	-	-	-	15.1	14.6	14.6	16.1	18.0	19.0	1	16.2	-
CZ	12.3	12.1	11.5	11.0	11.5	11.3	11.0	10.8	11.1	12.0	11.9	26	11.5	-0.3
DK	17.0	17.4	17.6	18.3	18.3	17.2	17.4	17.5	17.4	17.7	17.9	2	17.6	0.9
DE	12.0	11.9	11.9	12.0	12.6	12.5	12.2	12.1	12.2	12.1	12.1	25	12.2	0.1
EE	13.9	14.0	14.6	12.8	12.2	12.4	12.1	12.5	12.4	12.5	13.5	16	13.0	-0.4
IE	14.5	14.4	14.0	13.8	13.7	13.7	12.5	12.4	12.7	13.3	13.6	15	13.5	-0.9
EL	14.4	14.8	14.9	15.1	15.8	15.5	15.2	14.5	13.7	13.1	12.9	23	14.5	-1.5
ES	10.7	10.7	11.0	11.5	12.0	11.9	11.5	11.6	11.9	12.2	12.5	24	11.6	1.8
FR	16.0	16.6	16.5	16.4	16.4	15.8	15.4	15.4	15.3	15.5	15.8	7	15.9	-0.2
IT	12.4	12.2	12.7	15.6	15.3	15.2	14.7	14.7	14.3	14.3	14.5	11	14.2	2.1
CY	11.4	11.0	10.1	11.1	10.7	12.4	13.0	13.3	16.4	17.1	17.1	4	13.1	5.7
LV	14.1	13.0	13.9	15.0	13.7	12.3	11.8	11.2	12.1	11.9	12.9	22	12.9	-1.2
LT	12.4	11.9	13.7	13.9	13.7	12.6	12.2	12.4	11.7	11.3	11.5	27	12.5	-0.9
LU	11.8	11.8	12.8	13.1	13.3	14.0	13.6	12.9	12.7	13.6	13.4	17	13.0	1.5
HU	17.8	17.1	15.6	15.8	16.3	16.1	15.3	14.9	15.6	16.3	15.8	8	16.1	-2.0
MT	12.6	11.9	12.4	11.3	12.3	12.6	13.3	13.8	13.1	15.3	16.0	6	13.1	3.4
NL	11.8	12.0	12.2	12.3	12.7	12.5	12.9	12.7	12.7	12.9	13.1	19	12.5	1.3
AT	14.8	15.1	15.6	15.5	15.5	15.1	15.0	15.2	15.0	14.9	14.7	10	15.1	-0.1
PL	14.2	14.4	13.9	13.1	13.6	12.6	12.5	13.2	13.2	13.1	13.9	13	13.4	-0.3
PT	13.9	14.0	13.8	14.3	14.6	14.1	14.0	14.5	15.2	14.5	15.3	9	14.4	1.4
RO	-	-	-	-	-	-	11.4	11.7	12.5	11.8	13.0	21	12.1	-
SI	15.9	16.1	15.7	16.4	17.1	16.3	16.1	16.4	16.6	16.4	16.4	5	16.3	0.5
SK	15.1	14.9	13.9	13.1	13.0	12.8	11.5	12.0	11.4	12.5	13.0	20	13.0	-2.1
FI	14.2	14.3	14.9	14.5	14.5	13.9	13.4	13.6	14.2	14.0	14.1	12	14.1	-0.1
SE	16.1	16.6	16.8	17.6	18.7	16.8	16.8	17.2	17.4	17.1	17.3	3	17.1	1.2
UK	14.1	13.8	14.0	13.9	14.2	14.2	13.8	13.6	13.6	13.5	13.3	18	13.8	-0.8
NO	16.1	15.9	15.9	16.0	15.4	13.7	13.5	13.5	13.2	13.0	12.5		14.4	-3.6
EU-27														
weighted average	13.4	13.5	13.6	14.0	14.3	14.0	13.7	13.7	13.7	13.7	13.8		13.8	0.4
arithmetic average	13.8	13.8	13.9	14.0	14.2	14.0	13.6	13.6	13.8	14.1	14.4		13.9	0.5
EA-13														
weighted average	13.1	13.2	13.3	13.9	14.1	13.9	13.6	13.5	13.5	13.6	13.8		13.6	0.7
arithmetic average	13.5	13.6	13.8	14.2	14.4	14.2	13.8	13.8	13.8	13.9	14.0		13.9	0.5
EU-25														
weighted average	13.4	13.5	13.6	14.1	14.3	14.1	13.7	13.7	13.7	13.7	13.8		13.8	0.4
arithmetic average	13.8	13.8	13.9	14.0	14.2	13.9	13.6	13.7	13.8	14.0	14.3		13.9	0.4
Ratio st.dev. and mean in %														
	13.6	14.4	13.5	14.3	14.4	11.8	12.6	12.7	13.6	14.3	14.0			0.4
Difference max. and min.														
	7.2	6.7	7.4	7.4	8.1	5.9	6.4	6.7	6.3	6.7	7.4			0.3

1) The ranking is based on 2005 data 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services



Table A.1_T: Indirect Taxes as % of Total Taxation: Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	29.4	30.1	30.3	29.8	30.6	30.4	29.4	29.4	29.8	30.2	30.5	27	30.0	1.1
BG	-	-	-	-	-	45.4	45.6	46.9	47.7	51.0	52.8	1	48.2	-
CZ	33.9	34.9	33.0	32.9	33.9	33.5	32.3	31.1	31.0	32.5	32.9	24	32.9	-1.0
DK	34.9	35.3	35.9	37.2	36.5	34.9	35.9	36.6	36.2	35.9	35.6	18	35.9	0.7
DE	30.2	29.3	29.3	29.4	30.2	29.9	30.6	30.5	30.7	31.1	31.3	26	30.2	1.1
EE	36.6	39.3	40.8	36.7	35.2	39.6	40.2	40.3	39.4	39.8	43.7	8	39.2	7.1
IE	43.9	43.7	43.4	43.4	43.0	43.3	41.9	43.6	43.5	43.5	44.2	6	43.4	0.3
EL	44.1	44.8	43.6	41.4	42.4	40.9	41.5	39.5	38.6	38.3	37.4	14	41.1	-6.6
ES	32.6	32.4	33.1	34.9	35.8	35.2	34.4	34.2	34.9	35.3	35.1	19	34.3	2.5
FR	37.6	37.7	37.5	37.4	36.5	35.9	35.1	35.7	35.7	36.0	36.0	15	36.5	-1.6
IT	31.0	29.2	29.0	36.8	36.1	36.4	35.4	35.9	34.6	35.3	35.8	17	34.1	4.8
CY	42.7	41.8	39.4	39.9	38.1	41.5	41.9	42.7	49.6	51.0	48.1	2	43.3	5.5
LV	42.4	42.2	43.3	44.4	42.7	41.8	41.3	39.8	42.5	41.8	43.9	7	42.4	1.4
LT	43.5	42.4	44.1	43.4	43.1	41.8	42.6	43.8	41.7	39.8	40.0	13	42.4	-3.5
LU	31.9	31.5	32.5	33.3	34.6	35.8	34.1	33.0	33.0	36.0	35.0	20	33.7	3.1
HU	42.8	42.1	39.9	40.5	41.6	41.8	39.5	38.8	40.6	42.1	41.0	10	41.0	-1.8
MT	46.1	46.1	45.1	44.8	45.3	44.6	43.6	43.2	41.2	44.7	45.4	4	44.6	-0.7
NL	29.3	29.9	30.7	31.1	31.5	31.4	33.7	33.5	33.9	34.3	34.4	22	32.2	5.1
AT	35.8	35.5	35.4	35.2	35.6	35.3	33.6	34.7	34.8	34.8	35.0	21	35.1	-0.8
PL	38.3	38.8	38.0	36.9	38.5	37.1	37.2	38.5	39.4	40.1	40.6	11	38.5	2.4
PT	43.5	42.7	41.8	43.0	42.8	41.0	41.2	42.0	43.3	42.4	43.3	9	42.5	-0.2
RO	-	-	-	-	-	-	41.0	41.4	45.3	43.3	46.3	3	43.4	-
SI	39.5	41.2	41.4	42.3	43.5	42.2	41.4	41.8	41.9	41.4	40.5	12	41.5	1.1
SK	38.0	39.1	39.7	36.8	38.1	38.9	36.5	37.6	36.8	41.9	44.3	5	38.9	6.3
FI	31.0	30.4	32.1	31.4	31.6	29.5	30.0	30.6	32.3	32.2	32.1	25	31.2	1.1
SE	32.8	32.2	32.4	33.4	35.2	31.4	32.8	34.6	34.6	33.9	33.8	23	33.4	0.9
UK	39.6	39.4	39.1	37.8	38.2	37.8	36.9	38.1	38.2	37.5	35.8	16	38.0	-3.7
NO	38.4	37.6	37.7	38.1	36.5	32.1	31.4	31.3	30.9	29.7	28.2		33.8	-10.2
EU-27														
weighted average	33.8	33.4	33.5	34.6	34.8	34.4	34.3	34.8	34.8	35.0	35.0		34.4	1.2
arithmetic average	37.3	37.3	37.2	37.4	37.6	37.6	37.4	37.7	38.2	38.7	39.1		37.8	1.8
EA-13														
weighted average	32.8	32.3	32.3	33.9	34.0	33.7	33.6	33.8	33.8	34.2	34.4		33.5	1.6
arithmetic average	35.4	35.3	35.4	36.1	36.5	35.9	35.6	35.7	35.9	36.2	36.2		35.8	0.8
EU-25														
weighted average	33.8	33.4	33.5	34.6	34.8	34.4	34.3	34.7	34.7	35.0	34.9		34.4	1.1
arithmetic average	37.3	37.3	37.2	37.4	37.6	37.3	36.9	37.2	37.5	38.1	38.2		37.4	1.0
Ratio st.dev. and mean in %	15.8	16.3	15.3	13.5	12.7	13.7	13.2	13.5	15.0	15.4				-15.8
Difference max. and min.	16.8	16.9	16.1	15.3	15.2	15.9	16.1	17.5	19.8	20.8				-16.8

1) The ranking is based on 2005 data 2) in % of total tax and SSC revenue

See explanatory notes in Annex C

Source: Commission Services

Table A.1.1_G: Indirect Taxes as % of GDP: VAT

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	6.6	6.8	6.8	6.8	7.1	7.2	6.9	6.9	6.8	7.0	7.2	21	6.9	0.5
BG	-	-	-	-	-	9.7	9.1	9.3	9.8	10.9	12.4	1	10.2	-
CZ	6.3	6.4	6.3	6.1	6.6	6.5	6.3	6.3	6.4	7.4	7.2	19	6.5	1.0
DK	9.4	9.7	9.7	9.8	9.8	9.6	9.6	9.6	9.6	9.8	10.0	2	9.7	0.6
DE	6.5	6.5	6.4	6.6	6.8	6.8	6.6	6.4	6.3	6.2	6.2	24	6.5	-0.3
EE	9.7	9.5	9.8	8.2	8.0	8.5	8.0	8.4	8.4	7.9	8.8	6	8.7	-0.9
IE	7.0	7.1	7.1	7.1	7.1	7.3	6.9	7.1	7.1	7.4	7.7	15	7.2	0.6
EL	6.9	7.0	7.2	7.5	7.9	7.9	8.2	8.3	7.7	7.5	7.4	16	7.6	0.5
ES	5.2	5.3	5.5	5.6	6.1	6.1	5.9	5.8	6.0	6.1	6.3	23	5.8	1.1
FR	7.4	7.7	7.7	7.6	7.7	7.3	7.2	7.1	7.1	7.2	7.4	17	7.4	0.0
IT	5.5	5.4	5.6	6.1	6.1	6.5	6.3	6.2	5.9	5.9	6.0	25	6.0	0.5
CY	4.6	4.5	4.5	5.0	4.8	5.8	6.2	7.2	8.9	9.1	9.8	3	6.4	5.2
LV	9.2	8.3	8.0	8.0	7.4	7.0	6.7	6.7	7.2	7.0	7.9	13	7.6	-1.3
LT	7.7	7.0	8.4	8.1	7.9	7.6	7.3	7.4	6.8	6.5	7.2	20	7.4	-0.5
LU	5.2	5.2	5.4	5.6	5.4	5.6	5.8	5.7	5.7	6.1	5.9	26	5.6	0.7
HU	7.7	7.5	7.7	7.9	8.1	8.6	8.1	7.8	8.1	8.8	8.4	8	8.1	0.7
MT	6.3	6.0	6.0	4.5	5.2	6.0	6.4	7.1	6.3	7.5	8.2	9	6.3	2.0
NL	6.5	6.7	6.7	6.8	7.0	6.9	7.3	7.2	7.3	7.3	7.3	18	7.0	0.8
AT	7.6	8.0	8.2	8.2	8.3	8.0	8.0	8.1	7.9	7.9	7.9	12	8.0	0.3
PL	6.2	6.9	7.4	7.1	7.5	6.9	6.8	7.2	7.2	7.2	7.7	14	7.1	1.5
PT	7.1	7.4	7.3	7.5	7.7	8.0	7.7	7.9	8.1	8.1	-	n.a.	7.7	-
RO	-	-	-	-	-	-	6.3	7.1	7.2	6.7	8.1	10	7.1	-
SI	0.0	0.0	0.0	0.0	4.9	8.9	8.6	8.9	8.8	8.8	9.0	5	5.3	9.0
SK	9.4	8.5	7.9	7.5	7.4	7.6	7.4	7.5	6.7	7.8	8.0	11	7.8	-1.4
FI	7.9	8.1	8.5	8.3	8.3	8.2	7.9	8.1	8.5	8.5	8.7	7	8.3	0.8
SE	9.2	8.6	8.8	8.9	9.0	8.8	8.9	9.1	9.2	9.1	9.3	4	9.0	0.1
UK	6.7	6.7	6.8	6.6	6.8	6.7	6.7	6.8	7.0	6.9	6.8	22	6.8	0.1
NO	9.5	9.3	9.4	9.7	9.4	8.5	8.4	8.5	8.3	8.2	8.0		8.8	-1.4
EU-27														
weighted average	6.7	6.7	6.8	6.8	7.0	7.0	6.9	6.8	6.8	6.9	6.9		6.8	0.3
arithmetic average	6.9	6.8	7.0	6.8	7.2	7.5	7.3	7.4	7.5	7.6	8.0		7.3	1.1
EA-13														
weighted average	6.5	6.6	6.6	6.7	6.9	6.9	6.8	6.7	6.6	6.6	6.7		6.7	0.2
arithmetic average	6.1	6.2	6.4	6.4	6.9	7.3	7.2	7.2	7.2	7.2	7.2		6.9	1.1
EU-25														
weighted average	6.7	6.7	6.8	6.8	7.0	7.0	6.9	6.8	6.8	6.9	6.9		6.9	0.3
arithmetic average	6.9	6.8	7.0	6.8	7.2	7.4	7.3	7.4	7.4	7.6	7.8		7.2	0.9
Ratio st.dev. and mean in %	30.1	28.5	28.7	27.6	17.7	15.9	14.9	15.0	16.6	17.6	20.2			-9.8
Difference max. and min.	9.7	9.7	9.8	9.8	5.0	4.1	3.8	3.9	4.1	5.0	6.5			-3.2

1) The ranking is based on 2005 data 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services



Table A.1.1_T: Indirect Taxes as % of Total Taxation: VAT

													Average	Difference ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	1995-2005	1995 to 2005
BE	15.1	15.3	15.2	14.8	15.7	15.9	15.2	15.3	15.2	15.4	15.7	24	15.4	0.6
BG	-	-	-	-	-	29.3	28.5	29.8	29.2	30.8	34.5	1	30.4	-
CZ	17.3	18.4	18.1	18.2	19.3	19.1	18.7	18.1	17.8	20.0	20.0	14	18.6	2.7
DK	19.4	19.7	19.8	19.8	19.6	19.4	19.9	20.2	20.1	19.9	19.9	15	19.8	0.6
DE	16.3	15.9	15.8	16.1	16.4	16.2	16.5	16.1	16.0	16.0	16.1	23	16.1	-0.3
EE	25.5	26.8	27.4	23.4	23.0	27.3	26.6	26.9	26.6	25.3	28.3	3	26.1	2.8
IE	21.2	21.6	21.9	22.4	22.2	23.1	23.0	24.7	24.2	24.3	24.9	8	23.1	3.7
EL	21.1	21.2	21.1	20.5	21.2	20.9	22.5	22.7	21.8	21.7	21.5	13	21.5	0.4
ES	15.9	16.2	16.5	17.0	18.1	18.0	17.5	17.1	17.6	17.6	17.8	21	17.2	1.8
FR	17.3	17.7	17.5	17.3	17.0	16.6	16.4	16.4	16.5	16.7	16.7	22	16.9	-0.6
IT	13.8	12.9	12.9	14.3	14.3	15.6	15.1	15.2	14.3	14.4	14.8	26	14.3	1.0
CY	17.2	17.2	17.5	17.9	17.1	19.3	20.0	22.9	26.8	27.2	27.4	4	21.0	10.2
LV	27.8	26.8	25.0	23.8	23.0	23.9	23.6	23.6	25.3	24.5	26.8	6	24.9	-1.0
LT	26.9	24.9	27.0	25.3	24.9	25.2	25.4	26.0	24.0	22.9	25.0	7	25.2	-1.9
LU	14.0	13.8	13.8	14.1	14.0	14.3	14.6	14.6	14.9	16.1	15.5	25	14.5	1.5
HU	18.5	18.6	19.8	20.2	20.8	22.3	20.7	20.3	21.2	22.9	21.9	12	20.6	3.4
MT	23.0	23.3	21.9	17.7	19.3	21.4	21.1	22.1	19.9	21.9	23.3	9	21.4	0.4
NL	16.2	16.6	16.9	17.1	17.3	17.3	18.9	19.1	19.5	19.4	19.1	17	17.9	3.0
AT	18.5	18.9	18.7	18.5	19.1	18.7	17.9	18.6	18.3	18.4	18.8	18	18.6	0.3
PL	16.8	18.6	20.2	20.1	21.2	20.4	20.2	21.0	21.4	22.0	22.6	10	20.4	5.8
PT	22.4	22.5	22.2	22.8	22.6	23.2	22.8	22.8	23.0	23.6	-	n.a.	22.8	-
RO	-	-	-	-	-	-	22.7	25.2	26.0	24.5	29.0	2	25.5	-
SI	0.0	0.0	0.0	0.0	12.5	23.1	22.1	22.6	22.3	22.3	22.1	11	13.4	22.1
SK	23.7	22.4	22.5	21.0	21.8	23.1	23.4	23.7	21.7	26.2	27.3	5	23.3	3.6
FI	17.4	17.1	18.4	18.0	18.0	17.4	17.8	18.2	19.4	19.6	19.9	16	18.3	2.5
SE	18.7	16.7	16.9	16.9	16.8	16.5	17.4	18.3	18.3	18.0	18.2	20	17.5	-0.5
UK	18.8	18.9	19.0	17.9	18.3	17.9	18.0	18.9	19.6	19.3	18.4	19	18.6	-0.3
NO	22.5	22.0	22.4	23.2	22.3	19.8	19.6	19.7	19.4	18.7	18.2		20.7	-4.4
EU-27														
weighted average	16.8	16.6	16.7	16.8	17.1	17.2	17.2	17.4	17.4	17.5	17.5		17.1	0.7
arithmetic average	18.5	18.5	18.6	18.2	18.9	20.2	20.2	20.8	20.8	21.1	21.8		19.8	3.2
EA-13														
weighted average	16.3	16.1	16.0	16.4	16.7	16.8	16.7	16.7	16.6	16.7	16.8		16.5	0.5
arithmetic average	16.1	16.1	16.2	16.4	17.6	18.5	18.5	18.7	18.7	18.9	18.6		17.7	2.5
EU-25														
weighted average	16.8	16.6	16.7	16.8	17.1	17.1	17.2	17.4	17.3	17.5	17.4		17.1	0.6
arithmetic average	18.5	18.5	18.6	18.2	18.9	19.8	19.8	20.2	20.2	20.6	20.9		19.5	2.4
Ratio st.dev. and mean in %														
	32.3	32.1	32.0	28.6	18.3	22.1	20.8	22.6	22.8	22.7	28.4			-3.9
Difference max. and min.														
	27.8	26.8	27.4	25.3	12.5	15.0	13.8	15.2	14.9	16.4	19.7			-8.1

1) The ranking is based on 2005 data 2) in % of total tax and SSC revenue

See explanatory notes in Annex C

Source: Commission Services

Table A.1.2_G: Indirect Taxes as % of GDP: Excise duties and consumption taxes

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	2.4	2.5	2.5	2.5	2.5	2.4	2.3	2.3	2.4	2.5	2.4	23	2.4	0.1
BG	-	-	-	-	-	3.7	4.1	3.7	4.5	5.2	5.0	1	4.4	-
CZ	3.7	3.4	3.4	3.2	3.4	3.3	3.3	3.2	3.4	3.6	3.7	7	3.4	0.1
DK	3.7	3.9	3.8	4.1	4.2	4.1	4.1	4.1	4.0	3.8	3.5	10	3.9	-0.1
DE	2.6	2.6	2.6	2.5	2.7	2.8	2.9	3.0	3.2	3.0	2.9	19	2.8	0.3
EE	2.5	2.9	3.3	3.4	3.1	3.0	3.2	3.2	3.1	3.6	3.8	6	3.2	1.2
IE	4.9	4.8	4.6	4.4	4.3	4.2	3.5	3.5	3.4	3.4	3.2	14	4.0	-1.7
EL	4.7	4.8	4.2	4.0	3.7	3.4	3.4	3.2	3.1	2.9	2.8	20	3.6	-1.9
ES	2.5	2.6	2.6	2.8	2.7	2.6	2.5	2.5	2.5	2.5	2.4	25	2.6	-0.2
FR	2.8	2.8	2.7	2.7	2.7	2.6	2.5	2.6	2.5	2.3	2.4	24	2.6	-0.4
IT	3.2	3.0	3.0	2.9	2.9	2.6	2.5	2.3	2.4	2.3	2.3	26	2.7	-0.9
CY	2.7	2.5	2.2	2.2	2.3	2.5	3.2	2.8	3.8	4.4	4.1	4	3.0	1.4
LV	2.1	2.6	3.2	4.1	3.6	3.4	3.1	3.1	3.3	3.5	3.7	9	3.2	1.5
LT	2.4	2.6	2.9	3.6	3.8	3.2	3.3	3.2	3.3	3.0	3.0	18	3.1	0.6
LU	4.1	4.0	4.4	4.3	4.5	4.5	4.2	4.4	4.3	4.7	4.3	2	4.3	0.3
HU	4.2	4.0	3.9	4.3	4.3	3.8	3.6	3.5	3.6	3.3	3.2	16	3.8	-1.0
MT	1.9	1.8	2.4	2.9	2.8	2.5	2.8	2.7	2.7	2.9	3.2	13	2.6	1.4
NL	2.8	2.7	2.8	2.8	2.8	2.6	2.5	2.5	2.4	2.6	2.5	22	2.6	-0.3
AT	2.7	2.7	2.9	2.9	2.9	2.7	2.7	2.8	2.8	2.9	2.8	21	2.8	0.1
PL	4.6	4.4	3.5	3.6	3.9	3.6	3.7	4.0	4.1	4.2	4.2	3	4.0	-0.4
PT	3.7	3.6	3.4	3.5	3.3	2.7	2.9	3.1	3.3	3.2	-	n.a.	3.3	-
RO	-	-	-	-	-	-	2.3	2.4	3.5	3.6	3.3	12	3.0	-
SI	0.0	0.0	0.0	0.0	1.8	3.1	3.5	3.5	3.5	3.5	3.5	11	2.0	3.5
SK	3.1	3.4	3.2	3.1	3.1	2.8	2.7	2.9	3.1	3.3	3.7	8	3.1	0.6
FI	4.5	4.6	4.7	4.6	4.7	4.2	4.1	4.2	4.2	3.9	3.8	5	4.3	-0.8
SE	3.5	3.8	3.5	3.5	3.4	3.2	3.2	3.3	3.3	3.2	3.1	17	3.4	-0.4
UK	4.1	4.1	4.0	4.0	4.0	3.9	3.7	3.6	3.5	3.4	3.2	15	3.8	-0.9
NO	2.2	2.0	2.1	1.9	1.9	1.7	1.7	1.7	1.7	1.5	1.4		1.8	-0.7
EU-27														
weighted average	3.1	3.1	3.1	3.0	3.1	3.0	2.9	2.9	3.0	2.9	2.8		3.0	-0.3
arithmetic average	3.2	3.2	3.2	3.3	3.3	3.2	3.2	3.2	3.3	3.4	3.3		3.2	0.1
EA-13														
weighted average	2.8	2.8	2.8	2.8	2.9	2.7	2.7	2.7	2.8	2.6	2.6		2.8	-0.2
arithmetic average	3.1	3.1	3.1	3.1	3.2	3.1	3.0	3.1	3.1	3.0	2.9		3.1	-0.2
EU-25														
weighted average	3.1	3.1	3.1	3.1	3.1	3.0	2.9	3.0	3.0	2.9	2.8		3.0	-0.3
arithmetic average	3.2	3.2	3.2	3.3	3.3	3.2	3.2	3.2	3.3	3.3	3.2		3.2	0.1
Ratio st.dev. and mean in %	35.7	34.3	31.3	31.7	24.0	21.0	19.6	19.5	20.2	24.8	23.9			-11.8
Difference max. and min.	4.9	4.8	4.7	4.6	2.9	2.2	1.9	2.1	2.1	3.0	2.7			-2.2

1) The ranking is based on 2005 data 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services



Table A.1.2_T: Indirect Taxes as % of Total Taxation: Excise duties and consumption taxes

													Average	Difference ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	1995-2005	1995 to 2005
BE	5.4	5.7	5.6	5.5	5.5	5.3	5.1	5.1	5.3	5.5	5.4	26	5.4	-0.1
BG	-	-	-	-	-	11.2	12.7	12.0	13.3	14.8	13.8	1	13.0	-
CZ	10.1	9.9	9.6	9.7	10.1	9.6	9.6	9.3	9.5	9.7	10.3	11	9.8	0.2
DK	7.5	7.8	7.7	8.3	8.5	8.2	8.5	8.5	8.3	7.7	7.0	19	8.0	-0.5
DE	6.6	6.5	6.4	6.2	6.6	6.7	7.3	7.6	8.0	7.7	7.5	18	7.0	0.9
EE	6.7	8.2	9.3	9.7	9.1	9.4	10.5	10.4	9.9	11.4	12.2	5	9.7	5.5
IE	14.8	14.6	14.1	14.0	13.6	13.3	11.8	12.2	11.5	11.1	10.5	9	12.9	-4.3
EL	14.4	14.4	12.2	10.9	10.0	8.9	9.3	8.7	8.7	8.5	8.2	17	10.4	-6.3
ES	7.7	7.8	7.8	8.5	8.2	7.8	7.5	7.5	7.4	7.1	6.6	20	7.6	-1.1
FR	6.5	6.3	6.2	6.2	6.0	5.9	5.7	6.0	5.8	5.4	5.4	25	6.0	-1.1
IT	7.9	7.3	6.9	6.8	6.9	6.2	5.9	5.7	5.8	5.5	5.6	24	6.4	-2.4
CY	10.0	9.7	8.5	7.9	8.2	8.4	10.2	9.0	11.5	13.1	11.4	7	9.8	1.4
LV	6.4	8.5	9.9	12.3	11.3	11.6	10.8	11.0	11.6	12.2	12.4	3	10.7	6.0
LT	8.4	9.1	9.4	11.4	11.8	10.7	11.7	11.4	11.6	10.7	10.3	10	10.6	1.9
LU	10.9	10.6	11.2	11.0	11.7	11.6	10.5	11.2	11.3	12.3	11.4	8	11.2	0.4
HU	10.1	9.8	9.9	11.1	10.9	10.0	9.2	9.2	9.5	8.6	8.4	16	9.7	-1.7
MT	6.9	7.1	8.8	11.6	10.3	8.9	9.2	8.5	8.5	8.6	9.2	12	8.9	2.3
NL	7.0	6.6	7.0	7.0	6.9	6.5	6.5	6.5	6.5	6.8	6.6	22	6.7	-0.4
AT	6.5	6.4	6.7	6.5	6.5	6.4	6.1	6.4	6.6	6.7	6.6	21	6.5	0.1
PL	12.4	11.8	9.7	10.0	10.9	10.7	11.1	11.6	12.3	12.8	12.3	4	11.4	-0.1
PT	11.5	11.1	10.4	10.5	9.7	7.8	8.6	9.1	9.4	9.3	-	n.a.	9.8	-
RO	-	-	-	-	-	-	8.4	8.4	12.7	13.3	11.8	6	10.9	-
SI	0.0	0.0	0.0	0.0	4.6	8.1	9.0	9.0	8.8	8.9	8.6	15	5.2	8.6
SK	7.9	9.0	9.0	8.8	9.0	8.4	8.7	9.2	10.1	11.2	12.7	2	9.4	4.7
FI	9.9	9.7	10.2	10.0	10.2	9.0	9.1	9.3	9.7	9.0	8.6	14	9.5	-1.3
SE	7.1	7.3	6.8	6.7	6.4	6.0	6.3	6.6	6.5	6.2	6.1	23	6.5	-1.0
UK	11.6	11.7	11.2	11.0	10.9	10.4	9.9	10.0	9.7	9.4	8.7	13	10.4	-2.9
NO	5.2	4.8	4.9	4.6	4.5	4.0	3.9	3.8	3.9	3.4	3.3		4.2	-1.9
EU-27														
weighted average	7.7	7.6	7.5	7.5	7.6	7.4	7.4	7.5	7.5	7.3	7.1		7.5	-0.7
arithmetic average	8.6	8.7	8.6	8.9	8.9	8.7	8.9	8.9	9.3	9.4	9.1		8.9	0.6
EA-13														
weighted average	7.1	6.9	6.8	6.8	6.9	6.7	6.7	6.8	6.9	6.7	6.5		6.8	-0.6
arithmetic average	8.4	8.2	8.0	7.9	8.2	8.0	7.9	8.0	8.1	8.0	7.6		8.0	-0.8
EU-25														
weighted average	7.7	7.6	7.5	7.5	7.6	7.4	7.3	7.5	7.5	7.3	7.0		7.5	-0.7
arithmetic average	8.6	8.7	8.6	8.9	8.9	8.6	8.7	8.8	9.0	9.0	8.8		8.8	0.3
Ratio st.dev. and mean in %														
	40.4	39.2	36.1	38.4	30.6	28.2	27.6	26.4	30.0	36.2	36.3			-4.0
Difference max. and min.														
	14.8	14.6	14.1	14.0	9.0	8.0	7.7	7.1	8.0	9.4	8.5			-6.4

1) The ranking is based on 2005 data 2) in % of total tax and SSC revenue

See explanatory notes in Annex C

Source: Commission Services

Table A.1.3_G: Indirect Taxes as % of GDP: Other taxes on Products (incl. import duties)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	2.0	2.1	2.2	2.3	2.3	2.3	2.2	2.2	2.3	2.3	2.4	6	2.2	0.4
BG	-	-	-	-	-	1.0	0.8	0.9	1.1	1.2	1.0	17	1.0	-
CZ	1.5	1.5	1.2	1.1	0.9	1.0	0.8	0.8	0.8	0.6	0.5	22	1.0	-1.0
DK	2.3	2.3	2.4	2.7	2.5	2.0	1.8	2.0	1.9	2.3	2.6	5	2.3	0.3
DE	1.1	0.9	1.0	1.0	1.0	0.9	0.9	0.9	0.9	0.9	0.9	19	0.9	-0.2
EE	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.4	24	0.2	0.2
IE	1.6	1.5	1.5	1.5	1.6	1.5	1.5	1.3	1.6	1.8	2.1	9	1.6	0.5
EL	2.2	2.3	2.9	3.0	3.5	3.6	3.0	2.6	2.5	2.4	2.3	7	2.8	0.2
ES	1.7	1.5	1.6	1.8	1.9	1.9	1.9	2.0	2.3	2.5	2.7	4	2.0	1.1
FR	1.7	1.7	1.7	1.7	1.7	1.7	1.6	1.7	1.7	1.8	1.8	10	1.7	0.1
IT	2.5	2.6	2.7	2.9	2.9	2.7	2.5	2.6	2.5	2.9	2.8	3	2.7	0.2
CY	2.9	2.7	2.3	2.0	1.9	3.0	2.7	2.3	2.0	1.7	1.5	12	2.3	-1.5
LV	0.8	0.7	0.7	0.6	0.6	0.4	0.4	0.4	0.5	0.5	0.5	23	0.6	-0.4
LT	1.9	1.7	1.8	1.6	1.4	1.2	1.0	1.2	1.1	1.1	0.8	20	1.3	-1.1
LU	1.2	1.2	1.3	1.4	1.4	1.5	1.3	1.1	1.1	1.2	1.2	14	1.3	-0.1
HU	5.8	5.3	3.7	3.4	3.6	3.3	3.3	3.2	3.4	3.6	3.6	2	3.8	-2.2
MT	4.2	3.8	3.7	3.6	3.9	3.7	3.7	3.6	3.6	4.0	3.7	1	3.8	-0.5
NL	1.4	1.6	1.7	1.8	1.9	2.0	2.1	1.9	1.9	2.0	2.2	8	1.9	0.8
AT	1.3	1.2	1.3	1.3	1.2	1.2	1.2	1.1	1.1	1.1	1.1	15	1.2	-0.2
PL	1.8	1.6	1.5	1.1	0.9	0.8	0.6	0.6	0.6	0.4	0.3	26	0.9	-1.5
PT	2.5	2.5	2.5	2.6	3.0	2.8	2.7	2.6	2.4	2.5	-	n.a.	2.6	-
RO	-	-	-	-	-	-	2.3	1.6	1.2	1.0	1.0	16	1.4	-
SI	15.3	15.1	14.1	14.5	8.3	1.8	1.4	1.4	1.4	1.1	1.0	18	6.9	-14.4
SK	1.7	1.7	2.0	1.7	1.8	1.7	0.7	0.7	0.7	0.5	0.4	25	1.2	-1.4
FI	1.5	1.4	1.4	1.4	1.3	1.2	1.2	1.2	1.2	1.3	1.4	13	1.3	-0.2
SE	0.9	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	21	0.7	-0.1
UK	1.2	1.1	1.3	1.4	1.5	1.8	1.6	1.6	1.5	1.6	1.6	11	1.5	0.4
NO	3.7	3.8	3.6	3.6	3.4	2.9	2.7	2.7	2.6	2.7	2.4		3.1	-1.4
EU-27														
weighted average	1.6	1.6	1.6	1.7	1.7	1.7	1.6	1.6	1.6	1.7	1.7		1.7	0.1
arithmetic average	2.4	2.4	2.3	2.3	2.1	1.8	1.6	1.6	1.6	1.6	1.5		1.9	-0.9
EA-13														
weighted average	1.6	1.6	1.7	1.8	1.8	1.7	1.7	1.7	1.7	1.8	1.8		1.7	0.2
arithmetic average	2.8	2.7	2.8	2.9	2.5	2.0	1.8	1.7	1.8	1.8	1.8		2.2	-1.0
EU-25														
weighted average	1.6	1.6	1.6	1.7	1.7	1.7	1.6	1.6	1.6	1.7	1.7		1.7	0.1
arithmetic average	2.4	2.4	2.3	2.3	2.1	1.8	1.6	1.6	1.6	1.6	1.6		1.9	-0.9
Ratio st.dev. and mean in %	181.9	182.6	159.6	158.9	94.4	57.0	57.5	54.0	54.2	56.1	56.8			-125.1
Difference max. and min.	15.1	14.9	13.9	14.3	8.2	3.5	3.5	3.4	3.4	3.7	3.4			-11.7

1) The ranking is based on 2005 data 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services



Table A.1.3_T: Indirect Taxes as % of Total Taxation: Other taxes on Products (incl. import duties)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	4.6	4.8	5.0	5.0	5.0	5.1	4.9	4.8	5.0	5.1	5.4	8	5.0	0.8
BG	-	-	-	-	-	3.1	2.6	3.0	3.1	3.4	2.8	17	3.0	-
CZ	4.1	4.2	3.4	3.2	2.7	2.9	2.4	2.2	2.2	1.5	1.4	23	2.7	-2.7
DK	4.7	4.7	5.0	5.5	4.9	4.0	3.8	4.2	4.0	4.6	5.2	9	4.6	0.5
DE	2.7	2.3	2.3	2.4	2.3	2.2	2.2	2.3	2.2	2.3	2.3	20	2.3	-0.4
EE	0.7	0.5	0.5	0.6	0.4	0.5	0.6	0.6	0.6	1.0	1.3	24	0.7	0.7
IE	4.9	4.6	4.8	4.8	5.0	4.9	5.0	4.4	5.4	5.9	6.7	6	5.1	1.8
EL	6.7	6.9	8.6	8.4	9.3	9.6	8.3	7.0	7.1	7.1	6.8	5	7.8	0.1
ES	5.1	4.7	5.0	5.5	5.6	5.7	5.7	5.9	6.6	7.3	7.6	3	5.9	2.5
FR	4.0	3.8	3.9	4.0	3.8	3.8	3.8	3.8	3.9	4.3	4.0	12	3.9	0.1
IT	6.3	6.2	6.1	6.8	6.9	6.5	6.0	6.3	6.0	7.1	6.8	4	6.5	0.5
CY	10.9	10.3	8.8	7.2	6.7	10.1	8.6	7.5	6.0	5.0	4.1	11	7.7	-6.8
LV	2.5	2.4	2.2	1.9	1.7	1.5	1.5	1.5	1.6	1.7	1.6	21	1.8	-0.9
LT	6.6	6.3	5.7	4.9	4.3	3.9	3.4	4.2	4.1	4.0	2.8	16	4.6	-3.7
LU	3.3	3.1	3.3	3.6	3.7	3.9	3.4	2.8	2.8	3.1	3.1	15	3.3	-0.3
HU	13.9	13.1	9.5	8.6	9.2	8.5	8.5	8.4	9.0	9.3	9.4	2	9.8	-4.5
MT	15.2	14.7	13.4	14.3	14.5	13.2	12.1	11.3	11.5	11.8	10.4	1	12.9	-4.8
NL	3.5	4.0	4.3	4.5	4.8	5.0	5.5	5.1	5.0	5.2	5.7	7	4.8	2.2
AT	3.0	2.8	2.8	2.9	2.8	2.9	2.7	2.6	2.7	2.7	2.6	18	2.8	-0.5
PL	4.8	4.3	4.0	3.0	2.6	2.2	1.8	1.8	1.8	1.2	0.9	26	2.6	-4.0
PT	7.9	7.5	7.5	8.0	8.7	8.2	7.8	7.4	7.0	7.4	-	n.a.	7.8	-
RO	-	-	-	-	-	-	8.2	5.5	4.3	3.6	3.7	13	5.1	-
SI	38.2	38.6	37.0	37.3	21.2	4.8	3.6	3.5	3.5	2.8	2.4	19	17.5	-35.8
SK	4.3	4.5	5.8	4.7	5.2	5.1	2.1	2.1	2.1	1.7	1.2	25	3.5	-3.1
FI	3.4	3.1	3.1	3.0	2.9	2.6	2.6	2.6	2.7	2.9	3.1	14	2.9	-0.3
SE	1.8	1.4	1.3	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.4	22	1.4	-0.3
UK	3.3	3.2	3.6	3.9	4.1	4.7	4.3	4.4	4.1	4.3	4.3	10	4.0	1.0
NO	8.9	9.0	8.6	8.5	8.0	6.9	6.3	6.3	6.1	6.1	5.4		7.3	-3.5
EU-27														
weighted average	4.0	3.9	4.0	4.2	4.2	4.1	4.0	4.1	4.1	4.4	4.4		4.1	0.3
arithmetic average	6.7	6.5	6.3	6.2	5.6	4.9	4.5	4.3	4.3	4.4	4.1		5.2	-2.5
EA-13														
weighted average	4.1	4.0	4.1	4.3	4.3	4.2	4.1	4.2	4.2	4.7	4.6		4.3	0.5
arithmetic average	7.2	7.1	7.2	7.4	6.3	5.0	4.7	4.5	4.6	4.9	4.7		5.8	-2.5
EU-25														
weighted average	4.0	3.9	4.0	4.2	4.2	4.1	4.0	4.1	4.1	4.4	4.4		4.1	0.4
arithmetic average	6.7	6.5	6.3	6.2	5.6	4.9	4.5	4.3	4.3	4.4	4.2		5.3	-2.5
Ratio st.dev. and mean in %	184.2	193.9	174.8	169.7	106.3	72.4	70.1	61.3	60.9	60.2	59.2			-125.0
Difference max. and min.	37.5	38.1	36.5	36.8	20.7	12.6	11.5	10.7	10.8	10.8	9.5			-28.0

1) The ranking is based on 2005 data 2) in % of total tax and SSC revenue

See explanatory notes in Annex C

Source: Commission Services

Table A.1.4_G: Indirect Taxes as % of GDP: Other taxes on production

													Average	Difference ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	1995-2005	1995 to 2005
BE	1.9	2.0	2.0	2.0	2.0	1.9	1.9	1.8	1.9	1.9	1.8	9	1.9	-0.1
BG	-	-	-	-	-	0.6	0.6	0.6	0.7	0.7	0.6	19	0.6	-
CZ	0.9	0.8	0.7	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.5	24	0.6	-0.4
DK	1.6	1.5	1.7	1.8	1.8	1.6	1.8	1.8	1.8	1.8	1.7	10	1.7	0.1
DE	1.8	1.9	1.9	2.0	2.0	2.0	1.8	1.8	1.8	1.9	2.1	6	1.9	0.3
EE	1.4	1.3	1.3	1.0	0.9	0.7	0.8	0.7	0.7	0.7	0.6	20	0.9	-0.9
IE	1.0	1.0	0.8	0.7	0.7	0.6	0.6	0.6	0.7	0.7	0.6	18	0.7	-0.4
EL	0.6	0.7	0.6	0.6	0.7	0.6	0.5	0.4	0.4	0.3	0.3	25	0.5	-0.3
ES	1.3	1.3	1.3	1.3	1.3	1.2	1.2	1.2	1.1	1.1	1.1	14	1.2	-0.2
FR	4.2	4.4	4.4	4.4	4.3	4.2	4.1	4.1	4.1	4.2	4.3	1	4.2	0.1
IT	1.2	1.2	1.4	3.8	3.4	3.4	3.5	3.6	3.5	3.3	3.5	3	2.9	2.3
CY	1.2	1.2	1.2	1.9	1.7	1.1	1.0	1.0	1.7	1.9	1.9	8	1.4	0.6
LV	1.9	1.4	2.0	2.2	2.1	1.4	1.5	1.0	1.1	1.0	0.9	16	1.5	-1.0
LT	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.5	22	0.6	0.1
LU	1.4	1.5	1.6	1.8	2.0	2.3	2.2	1.7	1.6	1.7	1.9	7	1.8	0.6
HU	0.1	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.5	0.5	21	0.4	0.4
MT	0.3	0.2	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.8	0.9	17	0.4	0.6
NL	1.1	1.1	1.0	1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.1	13	1.1	0.0
AT	3.2	3.1	3.2	3.2	3.1	3.1	3.1	3.1	3.1	3.0	2.9	5	3.1	-0.3
PL	1.6	1.5	1.5	1.3	1.3	1.3	1.4	1.4	1.3	1.4	1.7	11	1.4	0.1
PT	0.5	0.5	0.5	0.6	0.6	0.6	0.7	0.9	1.4	0.7	-	n.a.	0.7	-
RO	-	-	-	-	-	-	0.5	0.7	0.6	0.5	0.5	23	0.5	-
SI	0.5	1.0	1.7	1.9	2.1	2.4	2.6	2.6	2.9	2.9	3.0	4	2.2	2.5
SK	0.8	1.2	0.8	0.8	0.7	0.8	0.7	0.9	0.9	0.9	0.9	15	0.9	0.1
FI	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.2	26	0.2	0.1
SE	2.6	3.5	3.9	4.4	5.7	4.1	4.0	4.2	4.3	4.2	4.1	2	4.1	1.6
UK	2.1	2.0	1.9	1.8	1.8	1.8	1.8	1.7	1.7	1.6	1.6	12	1.8	-0.5
NO	0.7	0.8	0.8	0.8	0.7	0.6	0.7	0.6	0.7	0.6	0.6		0.7	-0.1
EU-27														
weighted average	2.1	2.1	2.1	2.5	2.4	2.3	2.3	2.3	2.3	2.3	2.3		2.3	0.3
arithmetic average	1.3	1.4	1.5	1.6	1.7	1.5	1.5	1.5	1.5	1.5	1.5		1.5	0.2
EA-13														
weighted average	2.1	2.2	2.2	2.6	2.6	2.5	2.5	2.4	2.4	2.4	2.6		2.4	0.5
arithmetic average	1.4	1.5	1.6	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.9		1.7	0.5
EU-25														
weighted average	2.1	2.1	2.1	2.5	2.5	2.3	2.3	2.3	2.3	2.3	2.4		2.3	0.3
arithmetic average	1.3	1.4	1.5	1.6	1.7	1.5	1.5	1.5	1.6	1.6	1.6		1.5	0.3
Ratio st.dev. and mean in %														
	46.0	47.0	49.4	49.3	54.1	49.1	49.6	49.9	50.4	50.1	50.3			4.3
Difference max. and min.														
	4.0	4.2	4.2	4.2	5.5	4.0	3.9	3.9	4.0	3.9	4.1			0.0

1) The ranking is based on 2005 data 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services



Table A.1.4_T: Indirect Taxes as % of Total Taxation: Other taxes on production

													Average	Difference ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	1995-2005	1995 to 2005
BE	4.3	4.5	4.6	4.4	4.4	4.2	4.2	4.1	4.3	4.1	4.0	11	4.3	-0.3
BG	-	-	-	-	-	1.8	1.7	2.1	2.1	2.0	1.6	22	1.9	-
CZ	2.4	2.3	1.9	1.8	1.9	1.9	1.6	1.5	1.5	1.3	1.3	24	1.8	-1.1
DK	3.3	3.1	3.4	3.6	3.6	3.3	3.7	3.8	3.8	3.7	3.5	12	3.5	0.2
DE	4.5	4.6	4.8	4.8	4.9	4.8	4.6	4.5	4.5	5.0	5.4	6	4.8	0.9
EE	3.8	3.7	3.6	3.0	2.6	2.4	2.6	2.3	2.2	2.1	1.8	21	2.7	-1.9
IE	2.9	2.9	2.5	2.3	2.2	2.0	2.1	2.2	2.3	2.2	2.0	18	2.3	-0.9
EL	1.9	2.3	1.7	1.6	1.8	1.6	1.4	1.0	1.0	0.9	1.0	25	1.5	-0.9
ES	4.0	3.8	3.8	4.0	3.8	3.7	3.7	3.6	3.3	3.2	3.1	14	3.6	-0.9
FR	9.8	9.9	9.9	9.9	9.6	9.5	9.3	9.5	9.5	9.7	9.8	1	9.7	0.0
IT	2.9	2.8	3.1	8.9	7.9	8.1	8.4	8.7	8.4	8.2	8.6	2	6.9	5.7
CY	4.6	4.6	4.6	7.0	6.1	3.7	3.1	3.3	5.3	5.7	5.2	7	4.8	0.6
LV	5.7	4.6	6.2	6.5	6.7	4.8	5.4	3.7	3.9	3.4	3.0	15	4.9	-2.7
LT	1.7	2.1	2.0	1.9	2.0	1.9	2.1	2.2	2.0	2.1	1.9	19	2.0	0.2
LU	3.7	3.9	4.2	4.6	5.2	6.0	5.6	4.4	4.1	4.5	5.1	8	4.6	1.4
HU	0.3	0.6	0.7	0.6	0.8	1.0	1.0	1.0	1.1	1.3	1.4	23	0.9	1.0
MT	1.0	1.0	0.9	1.2	1.2	1.2	1.2	1.3	1.4	2.4	2.4	17	1.4	1.4
NL	2.7	2.7	2.5	2.5	2.6	2.6	2.8	2.9	2.8	2.9	2.9	16	2.7	0.2
AT	7.8	7.4	7.2	7.2	7.1	7.3	6.9	7.1	7.2	7.0	7.0	5	7.2	-0.8
PL	4.2	4.0	4.1	3.8	3.7	3.8	4.2	4.2	4.0	4.2	4.9	9	4.1	0.7
PT	1.6	1.6	1.7	1.7	1.7	1.8	1.9	2.7	3.9	2.0	-	n.a.	2.1	-
RO	-	-	-	-	-	-	1.6	2.3	2.2	1.8	1.8	20	2.0	-
SI	1.3	2.6	4.4	5.0	5.2	6.2	6.7	6.7	7.3	7.4	7.4	4	5.5	6.1
SK	2.1	3.2	2.4	2.2	2.2	2.3	2.3	2.7	2.8	2.9	3.1	13	2.6	1.0
FI	0.3	0.4	0.4	0.5	0.5	0.4	0.5	0.5	0.5	0.7	0.6	26	0.5	0.2
SE	5.2	6.7	7.4	8.4	10.7	7.7	7.8	8.4	8.5	8.2	8.1	3	7.9	2.8
UK	5.9	5.6	5.2	5.0	4.9	4.8	4.7	4.8	4.7	4.5	4.4	10	5.0	-1.6
NO	1.8	1.8	1.8	1.8	1.7	1.4	1.5	1.5	1.5	1.5	1.4		1.6	-0.4
EU-27														
weighted average	5.2	5.3	5.3	6.1	6.0	5.7	5.7	5.8	5.7	5.8	5.9		5.7	0.7
arithmetic average	3.5	3.6	3.7	4.1	4.1	3.8	3.8	3.8	3.9	3.8	3.9		3.8	0.4
EA-13														
weighted average	5.3	5.3	5.3	6.4	6.1	6.1	6.1	6.1	6.1	6.2	6.4		5.9	1.1
arithmetic average	3.7	3.8	3.9	4.4	4.4	4.5	4.5	4.4	4.6	4.5	4.7		4.3	1.1
EU-25														
weighted average	5.2	5.3	5.3	6.1	6.0	5.7	5.7	5.8	5.8	5.8	5.9		5.7	0.7
arithmetic average	3.5	3.6	3.7	4.1	4.1	3.9	3.9	3.9	4.0	4.0	4.1		3.9	0.6
Ratio st.dev. and mean in %														
	42.8	41.1	43.0	43.3	45.5	42.2	42.3	42.0	42.6	42.4	43.1			0.3
Difference max. and min.														
	9.4	9.5	9.5	9.4	10.2	9.0	8.8	9.0	9.0	9.0	9.2			-0.2

1) The ranking is based on 2005 data 2) in % of total tax and SSC revenue

See explanatory notes in Annex C

Source: Commission Services

Table A.2_G: Direct Taxes as % of GDP: Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	16.6	16.7	17.1	17.7	17.3	17.5	17.7	17.6	17.2	17.5	17.8	4	17.3	1.1
BG	-	-	-	-	-	7.1	7.4	7.0	7.0	6.6	6.4	24	6.9	-
CZ	9.6	8.4	8.9	8.3	8.5	8.3	8.8	9.1	9.6	9.8	9.3	18	9.0	-0.3
DK	31.0	31.0	30.5	30.1	30.3	30.5	29.5	29.3	29.5	30.5	31.4	1	30.3	0.5
DE	10.9	11.3	11.1	11.4	11.9	12.5	11.0	10.7	10.6	10.2	10.3	14	11.1	-0.6
EE	10.9	9.5	9.6	10.5	10.1	7.8	7.3	7.6	8.3	8.2	7.1	22	8.8	-3.9
IE	13.6	14.1	14.0	13.8	13.8	13.5	12.8	11.7	12.0	12.6	12.4	9	13.1	-1.2
EL	7.8	7.4	8.2	9.8	10.2	10.9	9.7	9.6	8.9	8.9	9.5	16	9.2	1.7
ES	10.3	10.4	10.6	10.3	10.4	10.5	10.4	10.8	10.5	10.6	11.4	13	10.6	1.1
FR	8.4	9.0	9.7	11.8	12.5	12.5	12.6	11.8	11.4	11.6	11.9	12	11.2	3.5
IT	15.0	15.4	16.5	14.6	15.0	14.5	14.8	14.1	14.7	13.9	13.5	7	14.7	-1.6
CY	8.8	8.5	8.7	9.8	10.7	11.0	11.2	11.2	9.7	8.7	10.2	15	9.9	1.4
LV	7.1	7.0	7.5	8.0	7.7	7.3	7.6	7.7	7.5	7.9	8.0	21	7.6	0.9
LT	8.7	8.2	8.9	9.0	9.2	8.5	7.8	7.5	8.0	8.7	9.1	19	8.5	0.4
LU	15.4	15.9	16.5	16.1	14.9	15.0	15.3	15.3	14.9	13.4	14.1	6	15.2	-1.3
HU	8.9	9.4	9.2	9.1	9.6	9.6	10.1	10.1	9.5	9.1	9.1	20	9.4	0.2
MT	8.5	7.5	8.3	7.9	8.7	9.2	10.2	11.5	12.1	12.1	12.1	10	9.8	3.6
NL	12.5	13.0	12.4	12.2	12.1	12.0	11.7	11.8	11.0	10.8	11.9	11	11.9	-0.6
AT	11.7	12.6	13.4	13.6	13.3	13.1	15.1	14.0	13.6	13.5	12.9	8	13.4	1.2
PL	11.7	11.3	11.1	10.9	7.7	7.2	6.7	6.9	6.6	6.4	7.0	23	8.5	-4.7
PT	8.5	9.1	9.2	8.9	9.4	9.9	9.5	9.4	8.8	8.6	-	n.a.	9.1	-
RO	-	-	-	-	-	-	6.1	5.7	5.7	6.3	5.3	26	5.8	-
SI	7.1	7.6	7.7	7.7	7.7	7.6	7.9	8.1	8.3	8.5	9.3	17	8.0	2.2
SK	11.5	10.5	10.0	9.1	8.8	7.7	7.3	7.1	7.1	6.0	6.1	25	8.3	-5.4
FI	17.5	19.1	18.6	19.0	18.7	21.4	19.2	19.1	18.0	17.8	17.9	3	18.8	0.4
SE	20.0	20.9	21.4	21.3	22.1	22.3	19.9	18.0	18.7	19.5	20.1	2	20.4	0.2
UK	15.3	15.2	15.5	16.7	16.7	17.0	17.2	16.1	15.6	15.8	16.8	5	16.2	1.5
NO	16.3	17.1	17.0	16.0	17.0	20.3	20.4	20.0	19.7	21.4	22.9		18.9	6.6
EU-27														
weighted average	12.5	12.9	13.2	13.5	13.8	14.0	13.6	13.1	12.8	12.8	13.1		13.2	0.7
arithmetic average	12.3	12.4	12.6	12.7	12.7	12.5	12.0	11.8	11.7	11.6	12.0		12.2	-0.3
EA-13														
weighted average	11.4	11.9	12.2	12.4	12.8	12.9	12.5	12.1	12.0	11.8	12.0		12.2	0.6
arithmetic average	11.9	12.4	12.7	12.9	12.9	13.2	12.9	12.6	12.3	12.1	12.7		12.6	0.8
EU-25														
weighted average	12.5	12.9	13.2	13.6	13.8	14.1	13.6	13.1	12.9	12.8	13.2		13.2	0.7
arithmetic average	12.3	12.4	12.6	12.7	12.7	12.7	12.4	12.2	12.1	12.0	12.5		12.4	0.2
Ratio st.dev. and mean in %	41.8	42.4	40.4	38.5	38.2	39.9	38.8	38.8	39.5	41.2	42.0			0.2
Difference max. and min.	23.8	24.0	23.0	22.4	22.7	23.4	23.4	23.6	23.9	24.6	26.1			2.2

1) The ranking is based on 2005 data 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services



Table A.2_T: Direct Taxes as % of Total Taxation: Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	37.9	37.7	38.2	39.0	38.1	38.8	39.3	38.8	38.3	38.8	39.0	6	38.5	1.1
BG	-	-	-	-	-	21.4	23.1	22.4	20.8	18.8	17.9	26	20.7	-
CZ	26.5	24.1	25.4	25.0	24.9	24.6	26.0	26.2	27.0	26.6	25.6	19	25.6	-0.9
DK	63.5	63.0	62.3	61.0	60.6	61.8	60.8	61.2	61.5	62.0	62.5	1	61.8	-1.0
DE	27.5	27.9	27.2	28.0	28.6	29.8	27.6	27.2	26.7	26.3	26.6	18	27.6	-0.9
EE	28.9	26.8	26.8	30.0	29.1	25.1	24.1	24.3	26.2	26.1	22.8	22	26.4	-6.0
IE	41.2	42.5	43.4	43.5	43.6	42.8	42.9	40.9	41.2	41.1	40.3	4	42.1	-0.8
EL	23.8	22.5	23.9	27.0	27.2	28.8	26.6	26.2	24.9	26.0	27.5	15	25.8	3.7
ES	31.4	31.5	32.0	31.3	30.8	31.1	31.0	31.9	30.9	30.7	32.0	10	31.3	0.6
FR	19.7	20.5	21.9	26.8	27.7	28.3	28.9	27.3	26.6	26.8	27.1	17	25.6	7.3
IT	37.5	36.7	37.7	34.5	35.4	34.8	35.7	34.5	35.6	34.2	33.2	9	35.4	-4.3
CY	32.9	32.2	33.6	35.3	38.2	36.7	36.2	35.8	29.2	26.0	28.7	14	33.2	-4.3
LV	21.5	22.6	23.5	23.7	24.0	24.7	26.5	27.3	26.4	27.6	27.2	16	25.0	5.7
LT	30.4	29.4	28.5	28.3	28.8	28.1	27.3	26.4	28.3	30.8	31.6	11	28.9	1.2
LU	41.6	42.3	42.0	40.9	39.0	38.4	38.4	39.2	38.7	35.2	36.9	7	39.3	-4.6
HU	21.3	23.3	23.5	23.4	24.5	24.9	25.9	26.3	24.8	23.5	23.6	20	24.1	2.3
MT	31.1	29.0	30.2	31.3	32.1	32.7	33.5	36.1	38.0	35.5	34.4	8	33.1	3.3
NL	31.2	32.3	31.2	30.9	30.0	30.0	30.6	31.3	29.3	28.6	31.2	12	30.6	0.0
AT	28.3	29.7	30.5	30.9	30.4	30.7	33.7	32.1	31.6	31.5	30.7	13	30.9	2.5
PL	31.6	30.5	30.4	30.7	21.9	21.1	19.9	20.3	19.8	19.6	20.5	24	24.2	-11.2
PT	26.6	27.8	27.9	27.0	27.6	28.9	27.9	27.0	25.0	25.2	-	n.a.	27.1	-
RO	-	-	-	-	-	-	21.9	20.1	20.6	23.1	19.1	25	20.9	-
SI	17.7	19.5	20.2	19.8	19.6	19.8	20.2	20.7	20.9	21.6	23.0	21	20.3	5.3
SK	29.0	27.7	28.6	25.5	25.9	23.3	23.2	22.4	23.1	20.2	20.8	23	24.5	-8.2
FI	38.2	40.7	40.2	41.3	40.9	45.3	43.0	42.9	41.0	41.0	40.7	3	41.4	2.5
SE	40.8	40.7	41.2	40.5	41.5	41.9	38.7	36.2	37.3	38.7	39.3	5	39.7	-1.5
UK	43.1	43.3	43.5	45.5	44.9	45.4	46.1	45.0	43.7	43.9	45.4	2	44.5	2.3
NO	38.8	40.3	40.2	38.0	40.2	47.4	47.5	46.2	46.3	48.9	51.7		44.1	12.9
EU-27														
weighted average	31.4	31.8	32.5	33.4	33.7	34.3	34.0	33.2	32.6	32.6	33.1		33.0	1.7
arithmetic average	32.1	32.2	32.6	32.8	32.6	32.3	31.8	31.5	31.0	30.7	31.1		31.9	-1.1
EA-13														
weighted average	28.5	29.0	29.5	30.3	30.7	31.3	31.0	30.4	30.0	29.6	30.0		30.0	1.5
arithmetic average	31.0	31.6	32.0	32.4	32.2	32.9	32.8	32.3	31.6	31.3	32.4		32.0	1.4
EU-25														
weighted average	31.4	31.8	32.5	33.4	33.7	34.4	34.1	33.2	32.7	32.6	33.2		33.0	1.8
arithmetic average	32.1	32.2	32.6	32.8	32.6	32.7	32.6	32.3	31.8	31.5	32.1		32.3	0.0
Ratio st.dev. and mean in %	30.7	30.2	28.7	26.9	26.9	27.9	27.4	28.0	28.5	28.8	29.4			-1.3
Difference max. and min.	45.7	43.5	42.2	41.2	41.0	42.0	41.0	41.1	41.8	43.2	44.6			-1.2

1) The ranking is based on 2005 data 2) in % of total tax and SSC revenue

See explanatory notes in Annex C

Source: Commission Services

Table A.2.1_G: Direct Taxes as % of GDP: Personal income taxes

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	13.4	13.1	13.3	13.3	13.0	13.2	13.5	13.3	13.1	12.8	12.9	4	13.2	-0.6
BG	-	-	-	-	-	4.1	3.6	3.3	3.3	3.3	3.0	24	3.4	-
CZ	4.8	4.8	4.8	4.7	4.5	4.6	4.5	4.7	4.9	4.9	4.6	21	4.7	-0.2
DK	26.3	26.2	25.9	25.5	25.8	25.6	26.0	25.7	25.6	25.1	24.6	1	25.7	-1.7
DE	9.3	9.4	9.2	9.5	9.9	10.2	9.9	9.6	9.3	8.7	8.6	8	9.4	-0.7
EE	8.3	7.8	7.6	8.0	8.0	6.9	6.6	6.4	6.6	6.5	5.6	19	7.1	-2.7
IE	10.3	10.3	10.1	9.7	9.0	8.6	8.1	7.1	6.8	7.5	7.3	10	8.6	-2.9
EL	4.1	4.1	4.5	5.5	5.7	5.5	5.0	5.0	4.8	4.8	5.1	20	4.9	1.0
ES	7.7	7.7	7.2	7.0	6.7	6.6	6.8	6.8	6.6	6.4	6.7	15	6.9	-1.1
FR	5.3	5.5	5.8	8.0	8.2	8.4	8.2	7.9	7.9	7.8	8.0	9	7.4	2.8
IT	10.4	10.7	11.1	11.2	11.3	10.6	10.8	10.6	10.5	10.4	10.4	6	10.7	0.0
CY	3.9	3.1	3.3	3.7	3.7	3.6	3.9	4.3	4.5	3.5	3.1	23	3.7	-0.8
LV	5.3	5.1	5.4	5.7	5.6	5.6	5.5	5.6	5.8	6.0	5.8	18	5.6	0.5
LT	6.5	6.3	7.2	7.7	8.3	7.7	7.3	6.9	6.6	6.8	7.0	12	7.1	0.5
LU	8.0	8.1	8.1	7.5	7.2	7.2	7.0	6.3	6.6	6.8	7.3	11	7.3	-0.7
HU	6.7	7.3	6.9	6.6	6.9	7.1	7.5	7.5	7.0	6.6	6.6	16	7.0	-0.1
MT	5.1	4.6	5.1	4.7	5.2	5.6	6.2	6.2	6.4	7.0	6.8	13	5.7	1.6
NL	7.7	7.2	6.3	6.1	6.0	6.1	6.2	6.8	6.5	6.0	6.7	14	6.5	-1.0
AT	9.3	9.8	10.4	10.5	10.5	10.0	10.7	10.5	10.4	10.1	9.6	7	10.1	0.3
PL	8.4	8.0	7.6	7.7	5.0	4.4	4.5	4.3	4.2	3.7	3.9	22	5.6	-4.4
PT	5.6	5.8	5.5	5.4	5.3	5.6	5.6	5.4	5.5	5.3	-	n.a.	5.5	-
RO	-	-	-	-	-	-	3.3	2.9	2.9	2.9	2.4	26	2.9	-
SI	6.0	6.1	6.1	5.8	5.7	5.8	5.9	5.9	5.9	5.9	6.0	17	5.9	-0.1
SK	3.7	3.9	5.0	4.4	4.3	3.6	3.4	3.3	3.3	2.8	2.8	25	3.7	-1.0
FI	14.2	15.4	14.2	13.8	13.5	14.5	14.0	13.9	13.6	13.2	13.5	3	14.0	-0.7
SE	16.5	17.4	17.6	17.7	18.0	17.4	16.3	15.0	15.6	15.7	15.6	2	16.6	-0.9
UK	10.3	9.6	9.3	10.2	10.4	10.8	10.9	10.4	10.0	10.0	10.5	5	10.2	0.2
NO	10.8	10.7	11.0	11.8	11.4	10.3	10.5	10.8	10.7	10.4	9.9		10.8	-0.9
EU-27														
weighted average	9.2	9.3	9.2	9.7	9.8	9.9	9.7	9.5	9.3	9.0	9.2		9.4	-0.1
arithmetic average	8.7	8.7	8.7	8.8	8.7	8.4	8.2	8.0	7.9	7.8	7.9		8.3	-0.8
EA-13														
weighted average	8.5	8.6	8.6	9.1	9.3	9.3	9.2	9.0	8.8	8.5	8.6		8.9	0.1
arithmetic average	8.6	8.7	8.6	8.7	8.6	8.6	8.6	8.4	8.3	8.1	8.5		8.5	-0.1
EU-25														
weighted average	9.2	9.3	9.2	9.8	9.9	9.9	9.8	9.5	9.3	9.1	9.2		9.5	0.0
arithmetic average	8.7	8.7	8.7	8.8	8.7	8.6	8.6	8.4	8.3	8.2	8.3		8.5	-0.4
Ratio st.dev. and mean in %	53.3	54.5	53.1	49.5	50.0	49.9	50.3	50.5	51.2	52.3	52.0			-1.3
Difference max. and min.	22.6	23.1	22.6	21.8	22.1	22.1	22.6	22.8	22.7	22.2	22.2			-0.4

1) The ranking is based on 2005 data 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services



Table A.2.1_T: Direct Taxes as % of Total Taxation: Personal income taxes

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	30.6	29.5	29.6	29.3	28.6	29.2	29.9	29.4	29.1	28.5	28.3	5	29.3	-2.4
BG	-	-	-	-	-	12.4	11.1	10.5	9.8	9.2	8.4	26	10.2	-
CZ	13.3	13.7	13.8	14.1	13.1	13.5	13.3	13.4	13.6	13.2	12.8	21	13.4	-0.5
DK	53.9	53.4	52.9	51.8	51.6	51.9	53.6	53.6	53.2	50.9	48.8	1	52.3	-5.1
DE	23.4	23.1	22.7	23.2	23.6	24.4	24.7	24.3	23.5	22.4	22.2	10	23.4	-1.2
EE	22.0	21.9	21.3	22.9	23.2	22.1	21.7	20.7	21.0	20.7	18.2	16	21.4	-3.8
IE	31.0	31.0	31.3	30.6	28.4	27.2	27.1	24.9	23.4	24.6	23.8	8	27.6	-7.2
EL	12.5	12.4	13.2	15.1	15.4	14.4	13.6	13.5	13.6	14.0	14.7	20	13.9	2.2
ES	23.6	23.3	21.7	21.3	19.8	19.5	20.2	20.1	19.4	18.5	18.7	14	20.5	-4.9
FR	12.3	12.5	13.2	18.1	18.3	18.9	18.8	18.3	18.5	18.0	18.2	15	16.8	5.9
IT	26.1	25.6	25.3	26.3	26.5	25.4	26.2	25.9	25.4	25.6	25.7	6	25.8	-0.3
CY	14.8	11.9	12.6	13.5	13.3	12.0	12.5	13.6	13.5	10.4	8.8	24	12.5	-6.0
LV	16.0	16.7	16.8	16.8	17.6	18.8	19.3	19.8	20.5	20.9	19.6	11	18.4	3.6
LT	22.7	22.7	23.3	24.0	26.0	25.6	25.3	24.2	23.3	24.0	24.1	7	24.1	1.4
LU	21.7	21.7	20.6	19.1	18.8	18.3	17.7	16.2	17.2	17.8	19.1	13	18.9	-2.5
HU	16.1	17.9	17.6	17.0	17.7	18.5	19.2	19.6	18.2	17.1	17.1	18	17.8	1.0
MT	18.8	17.7	18.4	18.7	19.3	19.8	20.3	19.4	20.1	20.6	19.2	12	19.3	0.3
NL	19.2	17.9	15.9	15.5	14.9	15.2	16.1	18.1	17.5	16.0	17.5	17	16.7	-1.7
AT	22.5	23.0	23.7	23.8	23.9	23.4	24.0	24.0	24.1	23.5	22.8	9	23.5	0.3
PL	22.6	21.5	21.0	21.7	14.1	13.0	13.4	12.5	12.6	11.2	11.5	22	15.9	-11.0
PT	17.5	17.7	16.8	16.3	15.6	16.2	16.5	15.6	15.8	15.6	-	n.a.	16.4	-
RO	-	-	-	-	-	-	12.0	10.1	10.5	10.7	8.4	25	10.3	-
SI	15.0	15.7	16.0	14.8	14.6	15.0	15.2	15.0	15.0	15.0	14.7	19	15.1	-0.2
SK	9.4	10.4	14.2	12.5	12.6	10.8	10.8	10.5	10.7	9.5	9.4	23	11.0	0.1
FI	31.1	32.7	30.8	30.0	29.4	30.6	31.5	31.2	31.0	30.5	30.7	2	30.9	-0.4
SE	33.7	33.8	33.9	33.6	33.8	32.7	31.6	30.3	31.1	31.2	30.5	3	32.4	-3.2
UK	28.9	27.4	25.9	27.9	28.2	28.8	29.1	29.1	28.3	27.9	28.5	4	28.2	-0.5
NO	25.7	25.4	26.0	28.0	27.0	24.2	24.5	24.9	25.0	23.8	22.3		25.2	-3.4
EU-27														
weighted average	23.3	23.0	22.7	24.0	24.0	24.2	24.4	24.1	23.6	23.0	23.2		23.6	-0.1
arithmetic average	22.3	22.2	22.1	22.3	21.9	21.4	21.3	20.9	20.7	20.3	20.1		21.4	-2.3
EA-13														
weighted average	21.3	21.1	20.9	22.3	22.2	22.4	22.7	22.5	22.0	21.4	21.6		21.8	0.3
arithmetic average	22.0	22.0	21.6	21.8	21.4	21.4	21.6	21.3	21.0	20.8	21.4		21.5	-0.7
EU-25														
weighted average	23.3	23.0	22.7	24.0	24.0	24.2	24.4	24.2	23.7	23.1	23.3		23.6	0.0
arithmetic average	22.3	22.2	22.1	22.3	21.9	21.8	22.1	21.7	21.6	21.1	21.0		21.8	-1.3
Ratio st.dev. and mean in %	40.1	40.2	39.0	35.6	36.2	36.4	37.4	37.8	38.0	38.5	38.5			-1.7
Difference max. and min.	44.5	43.0	40.3	39.3	39.0	41.1	42.8	43.5	43.4	41.6	40.4			-4.1

1) The ranking is based on 2005 data 2) in % of total tax and SSC revenue

See explanatory notes in Annex C

Source: Commission Services

Table A.2.2_G: Direct Taxes as % of GDP: Corporate income tax

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	2.3	2.7	2.8	3.4	3.2	3.2	3.1	3.0	2.9	3.2	3.4	10	3.0	1.1
BG	-	-	-	-	-	2.8	3.6	3.4	3.4	3.0	2.9	14	3.2	-
CZ	4.6	3.4	3.8	3.4	3.8	3.5	4.1	4.3	4.6	4.8	4.5	3	4.1	-0.1
DK	2.3	2.5	2.7	3.0	2.4	3.3	2.8	2.9	2.9	3.2	3.8	6	2.9	1.5
DE	0.9	1.2	1.3	1.3	1.5	1.7	0.6	0.6	0.7	0.9	1.1	26	1.1	0.2
EE	2.4	1.6	1.8	2.5	2.0	0.9	0.7	1.1	1.6	1.7	1.4	25	1.6	-1.0
IE	2.7	3.1	3.2	3.3	3.8	3.7	3.5	3.7	3.7	3.6	3.4	11	3.4	0.7
EL	2.6	2.3	2.6	3.1	3.5	4.5	3.7	3.7	3.2	3.3	3.6	9	3.3	0.9
ES	1.9	2.0	2.7	2.5	2.9	3.1	2.9	3.3	3.1	3.5	3.9	5	2.9	2.1
FR	1.8	2.0	2.3	2.3	2.7	2.8	3.1	2.5	2.1	2.4	2.4	19	2.4	0.7
IT	3.3	3.8	4.1	2.5	2.7	2.3	2.9	2.5	2.2	2.2	2.3	21	2.8	-1.0
CY	4.0	4.4	4.4	4.9	5.9	6.2	6.2	6.0	4.3	3.7	5.4	2	5.0	1.4
LV	1.8	1.8	2.2	2.3	2.0	1.6	1.9	1.9	1.5	1.7	2.0	24	1.9	0.2
LT	2.1	1.8	1.6	1.3	0.8	0.7	0.5	0.6	1.4	1.9	2.1	22	1.3	0.0
LU	6.6	6.8	7.5	7.6	6.7	7.0	7.3	8.0	7.4	5.8	6.0	1	7.0	-0.6
HU	1.9	1.8	1.9	2.2	2.3	2.2	2.3	2.3	2.2	2.1	2.1	23	2.1	0.2
MT	2.7	2.3	2.6	2.4	2.7	2.9	3.2	3.9	4.5	4.2	4.0	4	3.2	1.3
NL	3.3	4.1	4.5	4.5	4.5	4.3	4.2	3.6	3.0	3.3	3.7	8	3.9	0.4
AT	1.6	2.1	2.3	2.4	2.0	2.2	3.3	2.4	2.4	2.4	2.4	20	2.3	0.7
PL	2.7	2.7	2.7	2.6	2.4	2.4	1.9	2.0	1.8	2.2	2.5	18	2.4	-0.2
PT	2.4	2.8	3.2	3.2	3.6	3.9	3.4	3.4	2.9	3.0	-	n.a.	3.2	-
RO	-	-	-	-	-	-	2.5	2.5	2.6	3.1	2.7	17	2.7	-
SI	0.5	0.9	1.1	1.0	1.2	1.2	1.3	1.6	1.8	2.0	2.9	15	1.4	2.3
SK	6.8	5.3	3.9	3.4	3.1	2.8	2.7	2.6	2.8	2.5	2.8	16	3.5	-4.0
FI	2.3	2.8	3.5	4.3	4.3	5.9	4.2	4.2	3.4	3.5	3.3	12	3.8	1.0
SE	2.6	2.6	2.9	2.6	3.1	3.8	2.7	2.1	2.3	3.0	3.8	7	2.9	1.1
UK	2.8	3.2	3.9	3.8	3.4	3.4	3.3	2.8	2.7	2.8	3.3	13	3.2	0.6
NO	3.2	3.5	3.5	2.7	3.5	5.2	4.9	4.5	4.2	5.2	5.9		4.2	2.7
EU-27														
weighted average	2.1	2.4	2.8	2.6	2.7	2.8	2.6	2.3	2.2	2.4	2.6		2.5	0.6
arithmetic average	2.8	2.8	3.0	3.0	3.1	3.2	3.0	3.0	2.9	2.9	3.1		3.0	0.4
EA-13														
weighted average	1.9	2.2	2.5	2.3	2.5	2.6	2.4	2.2	2.0	2.2	2.4		2.3	0.5
arithmetic average	2.5	2.8	3.1	3.2	3.3	3.5	3.3	3.3	3.0	3.0	3.2		3.1	0.7
EU-25														
weighted average	2.1	2.4	2.8	2.6	2.7	2.8	2.6	2.3	2.2	2.4	2.6		2.5	0.6
arithmetic average	2.8	2.8	3.0	3.0	3.1	3.2	3.0	3.0	2.9	2.9	3.2		3.0	0.4
Ratio st.dev. and mean in %	70.2	54.2	47.9	52.0	49.9	55.2	58.2	65.7	59.4	42.2	41.8			-28.3
Difference max. and min.	6.2	5.9	6.4	6.6	5.9	6.3	6.8	7.4	6.6	4.9	4.9			-1.4

1) The ranking is based on 2005 data 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services



Table A.2.2_T: Direct Taxes as % of Total Taxation: Corporate income tax

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	5.4	6.0	6.3	7.4	7.1	7.1	6.9	6.7	6.4	7.1	7.5	15	6.7	2.2
BG	-	-	-	-	-	8.4	11.3	11.1	10.0	8.5	8.2	12	9.6	-
CZ	12.7	9.7	11.0	10.1	11.2	10.3	12.0	12.3	12.8	12.9	12.3	3	11.6	-0.4
DK	4.8	5.1	5.5	6.1	4.8	6.6	5.7	6.0	6.0	6.5	7.6	14	5.9	2.8
DE	2.2	2.9	3.1	3.3	3.6	4.0	1.4	1.5	1.9	2.4	2.8	26	2.6	0.6
EE	6.4	4.5	5.0	7.0	5.8	2.9	2.3	3.6	5.1	5.5	4.7	25	4.8	-1.8
IE	8.3	9.3	9.8	10.5	11.9	11.7	11.9	13.0	12.7	11.8	11.1	5	11.1	2.8
EL	8.0	6.8	7.5	8.6	9.5	12.0	10.1	10.0	9.1	9.6	10.3	7	9.2	2.3
ES	5.8	6.1	8.1	7.7	8.7	9.2	8.6	9.6	9.3	10.0	11.1	6	8.6	5.3
FR	4.2	4.7	5.2	5.3	5.9	6.3	7.0	5.9	5.0	5.6	5.6	23	5.5	1.4
IT	8.3	9.0	9.4	5.8	6.4	5.6	7.0	6.1	5.3	5.3	5.7	21	6.7	-2.6
CY	14.9	16.7	17.0	17.6	21.2	20.6	20.1	19.2	13.0	11.1	15.1	2	17.0	0.2
LV	5.5	5.9	6.8	6.8	6.4	5.3	6.6	6.8	5.2	6.0	6.9	20	6.2	1.4
LT	7.4	6.4	5.0	4.1	2.6	2.3	1.9	2.1	4.9	6.6	7.3	17	4.6	-0.1
LU	17.7	18.1	19.0	19.4	17.4	17.8	18.4	20.4	19.2	15.4	15.6	1	18.0	-2.1
HU	4.5	4.5	4.9	5.5	5.9	5.6	5.9	6.0	5.7	5.5	5.5	24	5.4	0.9
MT	9.8	9.0	9.4	9.6	10.0	10.3	10.6	12.3	14.2	12.2	11.3	4	10.8	1.6
NL	8.1	10.1	11.4	11.4	11.0	10.7	11.0	9.4	8.1	8.8	9.7	8	10.0	1.6
AT	4.0	5.0	5.2	5.4	4.6	5.2	7.3	5.6	5.5	5.7	5.7	22	5.4	1.7
PL	7.3	7.1	7.5	7.3	6.8	7.1	5.6	6.0	5.4	6.8	7.3	18	6.7	0.0
PT	7.4	8.4	9.6	9.5	10.6	11.3	10.0	9.9	8.2	8.7	-	n.a.	9.4	-
RO	-	-	-	-	-	-	8.8	9.0	9.2	11.5	9.6	9	9.6	-
SI	1.3	2.4	2.8	2.6	3.1	3.1	3.4	4.1	4.6	5.0	7.1	19	3.6	5.8
SK	17.1	13.9	11.1	9.4	8.9	8.5	8.4	8.3	9.1	8.2	9.5	10	10.2	-7.5
FI	5.0	6.0	7.5	9.4	9.4	12.5	9.4	9.3	7.7	8.1	7.6	13	8.4	2.6
SE	5.4	5.0	5.5	5.0	5.8	7.2	5.2	4.2	4.5	6.0	7.4	16	5.6	2.0
UK	7.8	9.0	10.8	10.4	9.1	9.0	8.9	7.7	7.6	7.9	9.0	11	8.9	1.2
NO	7.7	8.2	8.4	6.5	8.2	12.0	11.5	10.4	10.0	11.9	13.4		9.8	5.7
EU-27														
weighted average	5.2	5.9	6.8	6.4	6.5	6.8	6.4	5.9	5.6	6.1	6.7		6.2	1.5
arithmetic average	7.6	7.7	8.2	8.2	8.3	8.5	8.4	8.4	8.0	8.1	8.5		8.2	0.9
EA-13														
weighted average	4.7	5.5	6.1	5.6	6.1	6.3	5.9	5.5	5.1	5.6	6.0		5.7	1.3
arithmetic average	6.6	7.3	8.1	8.2	8.4	9.0	8.6	8.6	7.9	8.0	8.3		8.1	1.7
EU-25														
weighted average	5.2	5.9	6.8	6.4	6.5	6.8	6.4	5.9	5.6	6.1	6.7		6.2	1.5
arithmetic average	7.6	7.7	8.2	8.2	8.3	8.5	8.2	8.2	7.9	7.9	8.5		8.1	0.9
Ratio st.dev. and mean in %	79.9	65.5	57.2	61.2	65.3	62.9	67.1	75.2	67.7	48.0	45.3			-34.5
Difference max. and min.	16.3	15.7	16.2	16.8	18.7	18.3	18.6	19.0	17.3	12.9	12.8			-3.6

1) The ranking is based on 2005 data 2) in % of total tax and SSC revenue

See explanatory notes in Annex C

Source: Commission Services

Table A.2.3_G: Direct Taxes as % of GDP: Other

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	0.8	1.0	1.0	1.0	1.1	1.1	1.1	1.2	1.3	1.5	1.5	6	1.1	0.6
BG	-	-	-	-	-	0.2	0.2	0.3	0.3	0.4	0.5	19	0.3	-
CZ	0.2	0.3	0.2	0.2	0.2	0.3	0.2	0.2	0.2	0.2	0.2	24	0.2	0.0
DK	2.3	2.2	2.0	1.6	2.1	1.6	0.7	0.7	1.1	2.3	3.0	1	1.8	0.7
DE	0.7	0.8	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.6	0.6	16	0.6	-0.1
EE	0.1	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	26	0.1	-0.1
IE	0.6	0.7	0.7	0.8	1.0	1.2	1.2	0.8	1.5	1.4	1.7	4	1.1	1.0
EL	1.1	1.0	1.1	1.2	0.9	0.9	1.1	1.0	0.8	0.8	0.8	11	1.0	-0.2
ES	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.7	0.8	0.8	0.8	13	0.7	0.1
FR	1.4	1.5	1.6	1.5	1.6	1.3	1.4	1.3	1.3	1.4	1.5	7	1.4	0.1
IT	1.2	0.9	1.3	1.0	1.0	1.6	1.1	1.0	2.1	1.3	0.7	15	1.2	-0.5
CY	0.9	0.9	1.0	1.1	1.0	1.2	1.1	0.9	0.9	1.5	1.7	3	1.1	0.8
LV	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.2	0.2	0.2	0.2	23	0.1	0.2
LT	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	25	0.1	-0.1
LU	0.8	1.0	1.0	1.0	1.1	0.9	0.9	1.0	0.9	0.8	0.8	12	0.9	0.0
HU	0.3	0.3	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.4	0.4	21	0.3	0.1
MT	0.7	0.6	0.7	0.8	0.8	0.7	0.8	1.4	1.2	0.9	1.4	8	0.9	0.7
NL	1.6	1.7	1.6	1.6	1.6	1.6	1.3	1.4	1.4	1.4	1.5	5	1.5	0.0
AT	0.7	0.7	0.7	0.8	0.8	0.9	1.1	1.1	0.9	1.0	1.0	10	0.9	0.2
PL	0.7	0.7	0.7	0.6	0.4	0.3	0.3	0.6	0.6	0.5	0.6	17	0.5	-0.1
PT	0.5	0.5	0.5	0.4	0.5	0.5	0.5	0.5	0.3	0.3	-	n.a.	0.5	-
RO	-	-	-	-	-	-	0.3	0.3	0.2	0.3	0.3	22	0.3	-
SI	0.6	0.6	0.5	0.9	0.8	0.6	0.6	0.6	0.5	0.6	0.5	20	0.6	-0.1
SK	1.0	1.3	1.1	1.3	1.5	1.3	1.3	1.2	1.1	0.7	0.5	18	1.1	-0.5
FI	0.9	1.0	0.9	0.9	0.9	1.0	1.0	1.0	1.0	1.1	1.0	9	1.0	0.1
SE	0.8	0.9	0.9	1.0	1.0	1.1	1.0	0.8	0.8	0.8	0.7	14	0.9	-0.1
UK	2.3	2.4	2.4	2.6	2.8	2.8	3.0	2.9	2.8	2.9	2.9	2	2.7	0.7
NO	2.3	2.8	2.5	1.5	2.1	4.8	4.9	4.7	4.8	5.8	7.1		3.9	4.8
EU-27														
weighted average	1.2	1.2	1.2	1.2	1.3	1.3	1.3	1.2	1.3	1.3	1.3		1.3	0.1
arithmetic average	0.8	0.9	0.9	0.9	0.9	0.9	0.8	0.8	0.9	0.9	1.0		0.9	0.1
EA-13														
weighted average	1.0	1.0	1.0	1.0	1.0	1.1	1.0	0.9	1.1	1.0	1.0		1.0	0.0
arithmetic average	0.9	0.9	0.9	1.0	1.0	1.0	1.0	0.9	1.0	1.0	1.0		1.0	0.1
EU-25														
weighted average	1.2	1.2	1.2	1.2	1.3	1.4	1.3	1.2	1.4	1.3	1.3		1.3	0.1
arithmetic average	0.8	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	1.0		0.9	0.2
Ratio st.dev. and mean in %	49.6	49.9	46.8	47.5	50.6	46.9	47.5	47.5	46.6	51.3	59.8			10.1
Difference max. and min.	2.3	2.4	2.4	2.6	2.8	2.8	3.0	2.9	2.8	2.9	3.0			0.7

1) The ranking is based on 2005 data 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services



Table A.2.3_T: Direct Taxes as % of Total Taxation: Other

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	1.9	2.2	2.2	2.3	2.4	2.4	2.4	2.7	2.8	3.3	3.2	8	2.5	1.3
BG	-	-	-	-	-	0.6	0.6	0.8	1.0	1.1	1.3	19	0.9	-
CZ	0.6	0.7	0.6	0.7	0.6	0.8	0.6	0.5	0.5	0.5	0.5	24	0.6	0.0
DK	4.8	4.5	4.0	3.2	4.2	3.3	1.5	1.6	2.3	4.7	6.1	2	3.6	1.3
DE	1.8	1.9	1.4	1.5	1.4	1.4	1.5	1.4	1.3	1.5	1.6	17	1.5	-0.2
EE	0.4	0.4	0.5	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	26	0.2	-0.4
IE	1.9	2.2	2.3	2.5	3.2	3.9	3.9	3.0	5.0	4.7	5.4	3	3.5	3.5
EL	3.3	3.2	3.2	3.3	2.4	2.4	2.9	2.6	2.3	2.3	2.5	9	2.7	-0.8
ES	2.1	2.1	2.1	2.3	2.3	2.4	2.2	2.2	2.2	2.2	2.2	12	2.2	0.2
FR	3.3	3.4	3.5	3.4	3.5	3.0	3.1	3.1	3.1	3.3	3.3	7	3.3	0.0
IT	3.1	2.1	3.0	2.4	2.4	3.8	2.6	2.5	5.0	3.2	1.7	15	2.9	-1.3
CY	3.2	3.6	4.0	4.1	3.6	4.1	3.6	2.9	2.7	4.5	4.7	4	3.7	1.5
LV	0.0	0.0	0.0	0.0	0.0	0.6	0.6	0.7	0.8	0.7	0.7	23	0.4	0.7
LT	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	25	0.2	-0.2
LU	2.2	2.6	2.4	2.5	2.8	2.4	2.3	2.5	2.4	2.0	2.2	13	2.4	0.0
HU	0.7	0.8	0.9	0.9	0.9	0.8	0.8	0.8	0.9	1.0	1.1	21	0.9	0.4
MT	2.5	2.4	2.5	3.0	2.9	2.6	2.6	4.4	3.8	2.7	3.9	6	3.0	1.4
NL	3.9	4.2	4.0	4.1	4.0	4.1	3.5	3.7	3.7	3.8	4.0	5	3.9	0.1
AT	1.8	1.7	1.7	1.7	1.8	2.1	2.4	2.6	2.1	2.3	2.3	11	2.0	0.5
PL	1.8	1.8	1.9	1.7	1.0	1.0	0.9	1.8	1.7	1.6	1.6	16	1.5	-0.1
PT	1.7	1.6	1.5	1.2	1.4	1.4	1.4	1.5	0.9	0.8	-	n.a.	1.3	-
RO	-	-	-	-	-	-	1.1	1.0	0.9	0.9	1.0	22	1.0	-
SI	1.4	1.4	1.4	2.3	1.9	1.7	1.7	1.5	1.4	1.5	1.1	20	1.6	-0.3
SK	2.6	3.5	3.2	3.6	4.4	4.0	4.0	3.6	3.4	2.4	1.8	14	3.3	-0.7
FI	2.0	2.0	1.9	1.9	2.1	2.2	2.2	2.3	2.2	2.4	2.4	10	2.1	0.3
SE	1.7	1.8	1.8	1.9	1.9	2.0	1.9	1.7	1.7	1.6	1.4	18	1.8	-0.3
UK	6.3	6.8	6.7	7.2	7.6	7.6	8.1	8.1	7.8	8.0	7.9	1	7.5	1.6
NO	5.4	6.7	5.8	3.5	4.9	11.1	11.5	10.8	11.3	13.2	16.0		9.1	10.6
EU-27														
weighted average	2.9	2.9	3.0	3.0	3.2	3.3	3.2	3.1	3.4	3.4	3.3		3.2	0.3
arithmetic average	2.2	2.3	2.3	2.3	2.4	2.3	2.2	2.2	2.3	2.3	2.5		2.3	0.3
EA-13														
weighted average	2.5	2.5	2.5	2.4	2.4	2.6	2.4	2.3	2.8	2.6	2.4		2.5	-0.1
arithmetic average	2.3	2.4	2.4	2.4	2.4	2.5	2.5	2.4	2.7	2.6	2.7		2.5	0.3
EU-25														
weighted average	2.9	2.9	3.0	3.0	3.2	3.3	3.2	3.2	3.4	3.4	3.3		3.2	0.4
arithmetic average	2.2	2.3	2.3	2.3	2.4	2.4	2.3	2.3	2.4	2.5	2.6		2.4	0.4
Ratio st.dev. and mean in %	48.7	51.0	49.2	51.0	52.8	49.6	51.2	51.6	50.5	51.9	58.3			9.6
Difference max. and min.	6.3	6.8	6.7	7.2	7.6	7.5	8.0	8.0	7.8	8.0	7.9			1.6

1) The ranking is based on 2005 data 2) in % of total tax and SSC revenue

See explanatory notes in Annex C

Source: Commission Services

Table A.3_G: Social Contributions as % of GDP: Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	14.3	14.3	14.2	14.2	14.2	13.9	14.2	14.4	14.3	14.0	13.9	6	14.2	-0.5
BG	-	-	-	-	-	11.0	10.0	9.5	10.6	10.7	10.5	18	10.4	-
CZ	14.3	14.2	14.6	14.0	14.0	14.2	14.2	14.9	15.0	15.0	15.1	3	14.5	0.7
DK	1.1	1.1	1.0	1.0	1.6	1.8	1.7	1.2	1.2	1.2	1.1	27	1.3	0.0
DE	16.8	17.4	17.7	17.4	17.2	16.9	16.7	16.7	16.9	16.6	16.3	2	17.0	-0.5
EE	13.1	12.1	11.6	11.6	12.4	11.0	10.7	11.0	10.9	10.7	10.4	19	11.4	-2.7
IE	4.9	4.6	4.3	4.1	4.3	4.4	4.5	4.4	4.5	4.7	4.8	26	4.5	-0.2
EL	10.5	10.8	11.1	11.5	11.4	11.5	11.7	12.6	13.0	12.3	12.1	13	11.7	1.6
ES	11.8	12.0	12.0	11.9	11.9	12.0	12.2	12.1	12.2	12.2	12.2	12	12.0	0.4
FR	18.6	18.6	18.1	16.1	16.3	16.1	16.1	16.2	16.3	16.2	16.4	1	16.8	-2.2
IT	12.6	14.3	14.6	12.2	12.1	12.1	12.0	12.1	12.3	12.4	12.6	11	12.7	0.0
CY	6.5	6.9	7.0	6.9	6.6	6.5	6.8	6.7	7.0	7.7	8.3	22	7.0	1.8
LV	12.0	10.8	10.6	10.8	10.7	9.9	9.2	9.3	8.9	8.7	8.5	21	9.9	-3.5
LT	7.4	7.9	8.5	9.0	9.2	9.4	8.9	8.6	8.5	8.4	8.2	23	8.6	0.8
LU	9.8	9.8	10.0	10.2	10.1	10.1	10.9	10.9	10.9	10.9	10.7	17	10.4	0.9
HU	14.9	14.1	14.3	14.1	13.2	12.8	13.5	13.4	13.3	13.3	13.6	9	13.7	-1.3
MT	6.2	6.4	6.8	6.0	6.1	6.4	6.9	6.6	6.6	6.8	7.2	24	6.5	0.9
NL	15.9	15.2	15.1	15.0	15.5	15.4	13.7	13.3	13.8	14.0	13.1	10	14.5	-2.7
AT	14.8	14.8	15.0	14.9	14.9	14.6	14.6	14.5	14.5	14.5	14.5	5	14.7	-0.4
PL	11.3	11.6	11.7	11.6	14.2	14.4	14.8	14.5	14.0	13.5	13.7	8	13.2	2.3
PT	9.5	9.7	10.0	9.9	10.1	10.3	10.5	10.8	11.1	11.1	11.3	15	10.4	1.8
RO	-	-	-	-	-	-	10.3	10.9	9.4	9.2	9.7	20	9.9	-
SI	17.3	15.4	14.7	14.7	14.5	14.7	15.0	14.8	14.7	14.7	14.8	4	15.0	-2.5
SK	14.1	13.9	13.3	14.7	13.7	13.6	13.5	13.4	12.8	11.9	10.8	16	13.2	-3.3
FI	14.1	13.6	12.8	12.6	12.6	11.9	12.0	11.8	11.8	11.7	12.0	14	12.4	-2.1
SE	12.9	14.0	13.8	13.8	12.5	14.3	14.6	14.5	14.1	13.8	13.8	7	13.8	0.9
UK	6.2	6.1	6.2	6.2	6.3	6.3	6.3	6.0	6.4	6.7	6.9	25	6.3	0.8
NO	9.9	9.6	9.6	10.3	10.2	9.0	9.3	9.9	9.9	9.5	9.1		9.7	-0.8
EU-27														
weighted average	13.9	14.1	13.9	13.0	13.0	12.8	12.8	12.7	12.9	12.8	12.8		13.2	-1.1
arithmetic average	11.6	11.6	11.6	11.4	11.4	11.4	11.3	11.3	11.3	11.2	11.2		11.4	-0.4
EA-13														
weighted average	15.5	15.9	15.8	14.8	14.8	14.6	14.4	14.4	14.5	14.4	14.3		14.9	-1.2
arithmetic average	13.2	13.1	13.0	12.7	12.7	12.6	12.6	12.7	12.8	12.7	12.7		12.8	-0.5
EU-25														
weighted average	13.9	14.1	13.9	13.1	13.1	12.9	12.8	12.7	12.9	12.8	12.8		13.2	-1.1
arithmetic average	11.6	11.6	11.6	11.4	11.4	11.4	11.4	11.4	11.4	11.3	11.3		11.4	-0.4
Ratio st.dev. and mean in %	31.0	29.8	29.7	30.6	29.9	29.3	28.7	29.7	29.0	28.4	28.0			-3.0
Difference max. and min.	17.5	17.5	17.1	16.4	15.6	15.1	15.0	15.5	15.7	15.4	15.3			-2.2

1) The ranking is based on 2005 data 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services



Table A.3_T: Social Contributions as % of Total Taxation: Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	32.7	32.2	31.6	31.3	31.3	30.8	31.3	31.8	31.9	31.0	30.5	16	31.5	-2.2
BG	-	-	-	-	-	33.2	31.3	30.7	31.4	30.2	29.3	17	31.0	-
CZ	39.6	41.0	41.6	42.1	41.2	41.9	41.8	42.7	42.1	40.9	41.5	2	41.5	1.9
DK	2.2	2.2	2.1	2.1	3.3	3.6	3.6	2.5	2.5	2.4	2.2	27	2.6	0.0
DE	42.3	42.8	43.5	42.6	41.2	40.4	41.8	42.3	42.5	42.6	42.1	1	42.2	-0.3
EE	34.5	33.9	32.5	33.3	35.7	35.3	35.6	35.4	34.5	34.1	33.5	13	34.4	-1.0
IE	15.0	13.8	13.3	13.0	13.5	14.0	15.2	15.5	15.3	15.3	15.4	26	14.5	0.5
EL	32.1	32.8	32.5	31.6	30.5	30.3	31.9	34.4	36.5	35.7	35.1	8	33.0	3.0
ES	36.0	36.2	36.0	36.0	35.5	35.5	36.3	35.8	36.0	35.2	34.1	12	35.7	-1.9
FR	43.5	42.4	41.1	36.5	36.3	36.5	36.8	37.5	38.0	37.4	37.2	4	38.5	-6.3
IT	31.5	34.1	33.3	28.7	28.6	28.9	28.8	29.7	29.8	30.5	31.0	15	30.4	-0.5
CY	24.4	26.0	27.0	24.8	23.7	21.8	21.9	21.5	21.2	23.0	23.2	23	23.5	-1.2
LV	36.1	35.2	33.2	31.9	33.3	33.5	32.3	32.9	31.1	30.6	28.9	18	32.6	-7.2
LT	26.1	28.2	27.3	28.3	29.0	31.1	31.2	30.4	30.3	29.7	28.6	19	29.1	2.5
LU	26.5	26.2	25.5	25.8	26.3	25.7	27.5	27.8	28.2	28.8	28.1	20	26.9	1.6
HU	35.9	34.7	36.6	36.1	33.9	33.4	34.6	34.9	34.6	34.4	35.3	7	34.9	-0.5
MT	22.8	24.9	24.6	23.9	22.5	22.6	22.9	20.7	20.7	19.8	20.3	24	22.3	-2.6
NL	39.5	37.9	38.0	38.0	38.5	38.6	35.7	35.2	36.9	37.1	34.4	10	37.2	-5.1
AT	35.9	34.8	34.1	33.9	34.1	34.0	32.7	33.2	33.7	33.9	34.4	11	34.1	-1.5
PL	30.5	31.2	32.1	32.9	40.1	42.3	44.0	42.3	41.8	41.3	40.0	3	38.0	9.5
PT	29.9	29.5	30.3	30.0	29.6	30.1	30.9	31.0	31.7	32.5	32.1	14	30.7	2.1
RO	-	-	-	-	-	-	37.1	38.5	34.2	33.7	34.6	9	35.6	-
SI	43.0	39.5	38.6	38.0	37.0	38.1	38.5	37.6	37.2	37.2	36.6	6	38.3	-6.3
SK	35.6	36.6	38.0	41.2	40.0	41.3	42.9	42.0	41.5	40.1	36.9	5	39.6	1.3
FI	30.8	28.9	27.6	27.3	27.5	25.2	26.9	26.6	26.7	26.8	27.2	21	27.4	-3.6
SE	26.4	27.2	26.5	26.2	23.4	26.7	28.5	29.2	28.1	27.4	27.0	22	26.9	0.6
UK	17.3	17.3	17.5	16.8	16.9	16.8	17.0	16.9	18.1	18.6	18.8	25	17.4	1.4
NO	23.6	22.8	22.8	24.6	24.0	21.0	21.6	23.0	23.2	21.8	20.5		22.6	-3.1
EU-27														
weighted average	35.0	35.0	34.2	32.2	31.7	31.5	31.9	32.3	32.8	32.6	32.2		32.9	-2.8
arithmetic average	30.8	30.8	30.6	30.1	30.1	30.5	31.1	31.1	31.0	30.7	30.3		30.6	-0.5
EA-13														
weighted average	38.9	38.9	38.4	36.1	35.6	35.3	35.7	36.1	36.4	36.3	35.9		36.7	-3.0
arithmetic average	33.7	33.2	32.7	31.7	31.5	31.4	31.9	32.2	32.7	32.6	32.2		32.3	-1.6
EU-25														
weighted average	35.0	35.0	34.2	32.2	31.7	31.5	31.9	32.3	32.8	32.6	32.2		32.8	-2.8
arithmetic average	30.8	30.8	30.6	30.1	30.1	30.3	30.8	30.8	30.8	30.7	30.2		30.5	-0.6
Ratio st.dev. and mean in %	27.1	26.4	27.2	28.8	29.1	29.2	28.5	28.7	27.8	27.3	26.8			-0.3
Difference max. and min.	41.3	40.6	41.4	40.5	38.0	38.7	40.4	40.2	40.0	40.3	39.9			-1.4

1) The ranking is based on 2005 data 2) in % of total tax and SSC revenue

See explanatory notes in Annex C

Source: Commission Services

Table A.3.1_G: Social Contributions as % of GDP:Employers

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	8.6	8.6	8.6	8.7	8.7	8.4	8.5	8.7	8.7	8.4	8.4	9	8.6	-0.2
BG	-	-	-	-	-	8.1	7.3	6.6	7.5	7.5	6.9	13	7.3	-
CZ	9.9	10.0	10.2	9.9	9.8	9.9	9.9	10.4	10.5	10.4	10.4	3	10.1	0.5
DK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	26	0.0	0.0
DE	7.5	7.6	7.6	7.6	7.5	7.5	7.4	7.3	7.4	7.2	7.0	12	7.4	-0.5
EE	13.1	12.1	11.6	11.6	12.4	10.8	10.6	10.6	10.4	10.3	10.0	4	11.2	-3.1
IE	2.9	2.6	2.6	2.6	2.6	2.7	2.9	2.7	2.7	2.7	2.7	25	2.7	-0.1
EL	4.8	5.0	5.2	5.3	5.2	5.4	5.4	6.0	6.0	5.6	5.5	19	5.4	0.7
ES	8.1	8.3	8.3	8.2	8.3	8.4	8.6	8.6	8.6	8.5	8.5	8	8.4	0.4
FR	11.4	11.3	11.3	11.1	11.3	11.1	11.0	11.0	11.1	11.0	11.1	1	11.2	-0.3
IT	8.4	10.0	10.3	8.6	8.5	8.4	8.4	8.4	8.7	8.7	8.9	7	8.8	0.4
CY	-	-	-	-	-	-	-	-	-	5.3	5.9	17	5.6	-
LV	11.6	9.9	8.0	8.2	8.1	7.4	6.8	6.9	6.4	6.3	6.2	16	7.8	-5.5
LT	7.1	7.6	8.1	8.7	8.8	8.5	8.0	7.8	7.7	7.5	7.4	10	7.9	0.2
LU	4.5	4.5	4.5	4.6	4.4	4.4	4.8	4.8	4.8	4.8	4.7	21	4.6	0.2
HU	12.2	11.6	11.8	11.7	10.6	10.3	10.8	10.1	9.8	9.4	9.7	5	10.7	-2.5
MT	3.1	3.1	3.3	3.0	2.9	2.8	3.1	3.0	3.0	3.0	3.2	24	3.0	0.1
NL	1.9	1.9	1.7	4.5	4.4	4.5	4.3	4.3	4.3	4.4	4.1	22	3.7	2.1
AT	7.3	7.3	7.4	7.2	7.2	7.0	6.9	6.8	6.8	6.8	6.8	14	7.0	-0.5
PL	5.9	5.9	6.1	6.1	5.9	5.7	5.7	5.4	5.2	4.9	4.9	20	5.6	-1.0
PT	6.0	6.1	6.4	6.4	6.5	6.7	6.7	6.9	7.0	7.1	-	n.a.	6.6	-
RO	-	-	-	-	-	-	6.4	6.5	6.1	5.9	6.4	15	6.3	-
SI	8.2	6.5	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.8	18	5.9	-2.4
SK	11.8	10.0	9.6	10.9	9.9	9.8	9.6	9.6	9.4	8.5	7.1	11	9.6	-4.7
FI	9.9	9.6	9.1	9.2	9.2	8.7	8.9	8.9	8.8	8.8	8.9	6	9.1	-0.9
SE	11.0	11.6	11.1	10.7	9.4	11.1	11.5	11.4	11.0	10.8	10.8	2	10.9	-0.3
UK	3.4	3.3	3.4	3.3	3.5	3.6	3.6	3.4	3.6	3.7	3.9	23	3.5	0.5
NO	5.9	5.7	5.7	6.2	6.1	5.4	5.6	6.0	5.9	5.8	5.5		5.8	-0.4
EU-27														
weighted average	7.5	7.7	7.6	7.4	7.3	7.3	7.3	7.3	7.4	7.3	7.3		7.4	-0.2
arithmetic average	7.4	7.3	7.2	7.2	7.1	7.1	7.0	7.0	7.0	6.8	6.7		7.1	-0.7
EA-13														
weighted average	8.2	8.5	8.5	8.3	8.3	8.2	8.2	8.2	8.3	8.2	8.2		8.3	0.0
arithmetic average	6.9	6.9	6.8	6.9	6.9	6.8	6.9	6.9	7.0	6.9	6.9		6.9	0.0
EU-25														
weighted average	7.5	7.7	7.6	7.4	7.4	7.3	7.3	7.3	7.4	7.3	7.3		7.4	-0.2
arithmetic average	7.4	7.3	7.2	7.2	7.1	7.0	7.0	7.0	7.0	6.8	6.7		7.1	-0.7
Ratio st.dev. and mean in %	48.0	44.1	43.6	42.6	41.9	40.1	38.9	39.1	38.0	36.9	37.2			-10.8
Difference max. and min.	13.1	12.1	11.8	11.7	12.4	11.1	11.5	11.3	11.1	11.0	11.1			-2.0

1) The ranking is based on 2005 data 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services



Table A.3.1_T: Social Contributions as % of Total Taxation:Employers

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	19.7	19.4	19.2	19.0	19.1	18.6	18.8	19.2	19.3	18.7	18.4	14	19.0	-1.3
BG	-	-	-	-	-	24.6	22.7	21.3	22.2	21.2	19.3	13	21.9	-
CZ	27.3	28.7	29.2	29.6	28.9	29.3	29.2	29.8	29.4	28.3	28.6	2	28.9	1.3
DK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	26	0.0	0.1
DE	18.8	18.6	18.8	18.5	18.0	17.8	18.5	18.5	18.6	18.6	18.0	15	18.4	-0.8
EE	34.5	33.9	32.5	33.3	35.7	34.7	35.1	33.9	33.1	32.7	32.2	1	33.8	-2.3
IE	8.7	8.0	7.9	8.0	8.1	8.5	9.6	9.5	9.2	8.9	8.9	25	8.7	0.2
EL	14.6	15.2	15.1	14.6	13.9	14.1	14.7	16.3	16.8	16.4	15.9	18	15.3	1.3
ES	24.9	25.1	25.1	25.0	24.6	24.7	25.7	25.2	25.3	24.6	23.9	7	24.9	-1.0
FR	26.7	25.7	25.6	25.3	25.1	25.1	25.2	25.6	26.0	25.5	25.2	5	25.6	-1.5
IT	21.0	23.9	23.6	20.2	19.9	20.1	20.2	20.6	20.9	21.4	21.8	9	21.2	0.8
CY	-	-	-	-	-	-	-	-	-	15.9	16.7	16	16.3	-
LV	35.1	32.2	25.0	24.3	25.2	25.1	23.9	24.3	22.6	22.1	20.9	11	25.5	-14.2
LT	25.0	27.1	26.2	27.2	27.7	28.1	28.0	27.4	27.3	26.7	25.6	3	26.9	0.6
LU	12.2	12.0	11.5	11.8	11.4	11.2	12.0	12.2	12.4	12.7	12.3	21	12.0	0.0
HU	29.3	28.7	30.4	30.0	27.1	26.8	27.7	26.1	25.4	24.5	25.2	4	27.4	-4.1
MT	11.2	12.1	12.0	11.7	10.6	10.0	10.3	9.3	9.3	8.9	9.1	24	10.4	-2.1
NL	4.8	4.8	4.4	11.4	11.0	11.2	11.3	11.5	11.6	11.6	10.7	22	9.5	5.9
AT	17.7	17.1	16.7	16.3	16.4	16.3	15.4	15.7	15.9	15.8	16.1	17	16.3	-1.6
PL	15.8	16.0	16.8	17.4	16.8	16.7	17.1	15.6	15.5	15.1	14.4	19	16.1	-1.4
PT	18.8	18.7	19.3	19.4	19.1	19.5	19.8	20.0	19.8	20.8	-	n.a.	19.5	-
RO	-	-	-	-	-	-	23.0	23.0	22.2	21.6	22.9	8	22.5	-
SI	20.4	16.5	14.8	14.5	14.2	14.6	14.5	14.3	14.2	14.1	14.3	20	15.1	-6.1
SK	29.7	26.4	27.3	30.5	29.0	29.6	30.5	30.0	30.6	28.5	24.3	6	28.8	-5.5
FI	21.6	20.5	19.7	19.9	20.2	18.5	20.1	20.0	20.1	20.3	20.4	12	20.1	-1.2
SE	22.5	22.6	21.3	20.3	17.6	20.9	22.3	22.9	21.9	21.3	21.0	10	21.3	-1.5
UK	9.5	9.5	9.4	9.1	9.3	9.5	9.6	9.5	10.1	10.3	10.4	23	9.7	1.0
NO	14.0	13.5	13.6	14.7	14.4	12.6	13.0	13.8	14.0	13.2	12.4		13.6	-1.6
EU-27														
weighted average	18.9	19.1	18.8	18.3	17.9	17.9	18.3	18.5	18.8	18.6	18.4		18.5	-0.5
arithmetic average	19.6	19.3	18.8	19.1	18.7	19.0	19.4	19.3	19.2	18.8	18.3		19.0	-1.2
EA-13														
weighted average	20.5	20.7	20.7	20.2	19.9	19.8	20.2	20.5	20.7	20.6	20.4		20.4	-0.1
arithmetic average	17.7	17.4	17.1	17.2	17.0	16.9	17.4	17.6	17.7	17.6	17.2		17.3	-0.5
EU-25														
weighted average	18.9	19.1	18.8	18.3	17.9	17.9	18.2	18.5	18.8	18.6	18.4		18.5	-0.5
arithmetic average	19.6	19.3	18.8	19.1	18.7	18.8	19.1	19.1	19.0	18.5	18.1		18.9	-1.5
Ratio st.dev. and mean in %	47.3	45.4	44.7	44.7	46.0	45.3	43.5	42.2	40.7	38.8	38.9			-8.5
Difference max. and min.	35.1	33.9	32.5	33.3	35.7	34.6	35.1	33.9	33.0	32.6	32.1			-2.9

1) The ranking is based on 2005 data 2) in % of total tax and SSC revenue

See explanatory notes in Annex C

Source: Commission Services

Table A.3.2_G: Social Contributions as % of GDP: Employees

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	4.4	4.4	4.3	4.3	4.3	4.3	4.5	4.5	4.4	4.3	4.3	8	4.4	-0.2
BG	-	-	-	-	-	1.6	1.5	1.8	1.9	1.9	2.3	19	1.8	-
CZ	3.7	3.6	3.6	3.5	3.5	3.5	3.5	3.6	3.7	3.6	3.6	10	3.6	-0.1
DK	1.1	1.1	1.0	1.0	1.6	1.8	1.7	1.2	1.2	1.1	1.1	24	1.3	0.0
DE	6.7	6.9	7.0	6.9	6.8	6.8	6.7	6.6	6.7	6.5	6.4	3	6.7	-0.3
EE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.3	0.3	0.3	26	0.1	0.3
IE	1.9	1.7	1.5	1.4	1.5	1.5	1.5	1.5	1.6	1.7	1.8	23	1.6	-0.1
EL	4.3	4.4	4.5	4.5	4.5	4.5	4.6	4.9	5.2	4.8	4.8	6	4.6	0.5
ES	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	22	1.9	0.0
FR	5.8	5.8	5.4	3.9	4.0	4.0	4.0	4.0	4.1	4.0	4.1	9	4.5	-1.7
IT	2.4	2.6	2.6	2.4	2.3	2.3	2.3	2.3	2.3	2.3	2.3	17	2.4	-0.1
CY	-	-	-	-	-	-	-	-	-	2.1	2.0	21	2.0	-
LV	0.3	0.9	2.6	2.5	2.6	2.5	2.4	2.4	2.4	2.4	2.3	18	2.1	2.0
LT	0.2	0.2	0.3	0.3	0.3	0.8	0.8	0.7	0.7	0.8	0.7	25	0.5	0.5
LU	3.9	4.0	4.2	4.3	4.4	4.5	4.9	4.8	4.8	4.8	4.7	7	4.5	0.8
HU	2.3	2.1	2.2	2.1	2.2	2.0	2.1	2.8	3.0	3.3	3.4	11	2.5	1.1
MT	2.6	2.6	2.7	2.5	2.6	2.8	3.1	3.0	3.0	3.0	3.2	12	2.8	0.7
NL	10.2	9.8	9.8	7.6	8.1	7.9	6.7	6.4	6.7	6.9	6.5	2	7.9	-3.7
AT	6.3	6.2	6.2	6.1	6.1	6.0	6.0	6.0	6.0	5.9	5.9	5	6.0	-0.4
PL	4.7	4.7	4.9	4.9	6.8	6.9	6.9	6.6	6.3	6.0	6.2	4	5.9	1.5
PT	3.1	3.0	3.1	3.0	3.1	3.2	3.4	3.4	3.6	3.5	-	n.a.	3.2	-
RO	-	-	-	-	-	-	3.8	4.2	3.1	3.1	2.9	14	3.4	-
SI	8.3	8.1	8.0	8.0	7.9	8.1	8.0	7.9	7.7	7.7	7.8	1	7.9	-0.5
SK	1.7	3.2	3.0	3.2	3.1	3.2	3.3	3.2	2.9	2.8	3.0	13	2.9	1.3
FI	2.6	2.6	2.4	2.3	2.3	2.2	2.2	2.1	2.1	2.1	2.2	20	2.3	-0.5
SE	1.6	2.1	2.4	2.9	2.9	2.8	2.9	2.9	2.9	2.8	2.8	16	2.6	1.2
UK	2.6	2.5	2.7	2.6	2.6	2.5	2.5	2.4	2.6	2.8	2.9	15	2.6	0.3
NO	4.0	3.9	3.9	4.2	4.1	3.6	3.7	4.0	3.9	3.8	3.6		3.9	-0.4
EU-27														
weighted average	4.8	4.7	4.6	4.2	4.2	4.1	4.1	4.0	4.1	4.0	4.0		4.2	-0.8
arithmetic average	3.4	3.5	3.6	3.4	3.6	3.5	3.5	3.5	3.5	3.4	3.4		3.5	0.0
EA-13														
weighted average	5.3	5.3	5.2	4.7	4.7	4.6	4.5	4.4	4.5	4.4	4.4		4.7	-1.0
arithmetic average	4.8	4.7	4.7	4.3	4.4	4.4	4.4	4.3	4.4	4.3	4.4		4.5	-0.4
EU-25														
weighted average	4.8	4.7	4.6	4.2	4.2	4.2	4.1	4.0	4.1	4.0	4.0		4.3	-0.7
arithmetic average	3.4	3.5	3.6	3.4	3.6	3.6	3.6	3.6	3.6	3.5	3.5		3.5	0.1
Ratio st.dev. and mean in %	53.9	51.9	51.5	50.7	52.4	52.4	50.0	49.3	48.6	47.9	48.1			-5.7
Difference max. and min.	10.2	9.8	9.8	8.0	8.1	8.1	8.0	7.6	7.5	7.4	7.5			-2.7

1) The ranking is based on 2005 data 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services



Table A.3.2_T: Social Contributions as % of Total Taxation: Employees

													Average	Difference ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	1995-2005	1995 to 2005
BE	10.1	9.9	9.6	9.5	9.5	9.6	9.9	9.9	9.8	9.6	9.4	12	9.7	-0.7
BG	-	-	-	-	-	4.9	4.8	5.9	5.7	5.4	6.3	17	5.5	-
CZ	10.3	10.3	10.4	10.5	10.3	10.4	10.3	10.5	10.3	9.9	10.1	10	10.3	-0.2
DK	2.2	2.2	2.1	2.1	3.3	3.6	3.5	2.4	2.4	2.3	2.1	25	2.6	-0.1
DE	16.9	16.9	17.2	17.0	16.4	16.2	16.8	16.8	16.8	16.7	16.6	4	16.7	-0.4
EE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.9	0.9	0.9	26	0.3	0.9
IE	5.6	5.3	4.7	4.3	4.7	4.9	5.1	5.3	5.5	5.6	5.7	18	5.2	0.1
EL	13.2	13.3	13.2	12.3	12.1	11.9	12.6	13.3	14.5	14.0	14.1	5	13.1	0.9
ES	5.8	5.9	5.7	5.7	5.6	5.7	5.8	5.7	5.7	5.5	5.4	22	5.7	-0.4
FR	13.6	13.3	12.3	8.9	8.9	9.0	9.1	9.4	9.6	9.4	9.4	11	10.3	-4.1
IT	6.1	6.1	6.0	5.7	5.5	5.5	5.6	5.7	5.5	5.6	5.7	19	5.7	-0.4
CY	-	-	-	-	-	-	-	-	-	6.1	5.7	20	5.9	-
LV	0.9	2.9	8.0	7.5	8.1	8.4	8.2	8.4	8.4	8.3	7.8	15	7.0	6.9
LT	0.8	0.9	0.9	0.9	0.9	2.7	2.7	2.6	2.6	2.7	2.6	24	1.8	1.8
LU	10.6	10.7	10.6	10.8	11.6	11.4	12.2	12.3	12.5	12.7	12.4	7	11.6	1.8
HU	5.6	5.2	5.6	5.3	5.5	5.1	5.4	7.3	7.8	8.5	8.8	14	6.4	3.2
MT	9.3	10.1	9.9	9.7	9.5	9.9	10.3	9.3	9.3	8.9	9.1	13	9.6	-0.3
NL	25.4	24.4	24.7	19.2	19.9	19.8	17.6	17.0	17.9	18.2	17.0	3	20.1	-8.4
AT	15.2	14.5	14.1	13.8	13.9	13.9	13.5	13.7	13.8	13.8	14.0	6	14.0	-1.2
PL	12.6	12.7	13.4	13.8	19.1	20.3	20.5	19.2	18.8	18.5	18.1	2	17.0	5.4
PT	9.8	9.1	9.3	9.1	9.1	9.3	9.9	9.8	10.3	10.1	-	n.a.	9.6	-
RO	-	-	-	-	-	-	13.7	14.8	11.2	11.2	10.2	9	12.2	-
SI	20.6	20.6	21.0	20.5	20.2	20.9	20.5	20.0	19.6	19.5	19.2	1	20.2	-1.4
SK	4.3	8.3	8.5	8.9	9.1	9.6	10.3	10.0	9.3	9.5	10.4	8	8.9	6.1
FI	5.8	5.5	5.2	5.0	5.1	4.7	4.9	4.7	4.8	4.8	4.9	23	5.0	-0.8
SE	3.3	4.0	4.7	5.4	5.4	5.3	5.6	5.8	5.7	5.6	5.4	21	5.1	2.1
UK	7.3	7.1	7.4	7.1	7.0	6.8	6.8	6.8	7.4	7.7	7.7	16	7.2	0.4
NO	9.6	9.2	9.2	9.9	9.6	8.4	8.6	9.2	9.2	8.6	8.1		9.1	-1.5
EU-27														
weighted average	12.0	11.6	11.3	10.3	10.3	10.1	10.2	10.2	10.3	10.2	10.1		10.6	-1.9
arithmetic average	9.0	9.1	9.4	8.9	9.2	9.2	9.4	9.5	9.5	9.3	9.2		9.2	0.2
EA-13														
weighted average	13.4	13.0	12.6	11.4	11.2	11.1	11.2	11.1	11.2	11.0	10.9		11.6	-2.5
arithmetic average	12.2	12.0	11.8	10.9	11.0	11.0	11.0	11.0	11.2	11.2	11.2		11.3	-1.1
EU-25														
weighted average	12.0	11.6	11.3	10.3	10.3	10.2	10.2	10.2	10.3	10.2	10.1		10.6	-1.9
arithmetic average	9.0	9.1	9.4	8.9	9.2	9.4	9.5	9.4	9.5	9.4	9.3		9.3	0.3
Ratio st.dev. and mean in %														
	53.2	52.0	52.6	51.5	54.2	54.7	52.5	50.5	49.4	49.1	49.2			-4.0
Difference max. and min.														
	25.4	24.4	24.7	20.5	20.2	20.9	20.5	19.0	18.7	18.6	18.3			-7.1

1) The ranking is based on 2005 data 2) in % of total tax and SSC revenue

See explanatory notes in Annex C

Source: Commission Services

Table A.3.3_G: Social Contributions as % of GDP: Self-employed

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	11	1.2	-0.1
BG	-	-	-	-	-	1.2	1.2	1.1	1.2	1.3	1.3	8	1.2	-
CZ	0.7	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.9	1.0	1.0	13	0.8	0.3
DK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	25	0.0	0.0
DE	2.6	3.0	3.0	2.9	2.8	2.7	2.6	2.8	2.8	2.8	2.9	1	2.8	0.3
EE	-	-	-	-	-	-	-	-	-	-	-	n.a.	-	-
IE	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	21	0.2	0.0
EL	1.4	1.4	1.5	1.7	1.7	1.6	1.7	1.8	1.8	1.8	1.8	5	1.6	0.4
ES	1.8	1.7	1.7	1.8	1.8	1.7	1.6	1.7	1.7	1.7	1.7	6	1.7	0.0
FR	1.4	1.5	1.4	1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.1	12	1.2	-0.2
IT	1.8	1.7	1.6	1.2	1.3	1.4	1.3	1.4	1.4	1.5	1.4	7	1.4	-0.3
CY	-	-	-	-	-	-	-	-	-	0.3	0.3	19	0.3	-
LV	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	24	0.0	0.0
LT	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1	23	0.1	0.1
LU	1.4	1.3	1.3	1.3	1.3	1.2	1.3	1.3	1.3	1.3	1.3	9	1.3	-0.1
HU	0.4	0.3	0.2	0.3	0.5	0.5	0.6	0.5	0.6	0.5	0.5	17	0.5	0.1
MT	0.6	0.7	0.8	0.6	0.7	0.8	0.7	0.7	0.7	0.7	0.7	15	0.7	0.1
NL	3.7	3.5	3.6	2.9	3.0	3.1	2.6	2.5	2.8	2.7	2.6	3	3.0	-1.1
AT	1.3	1.3	1.4	1.7	1.7	1.6	1.7	1.7	1.7	1.8	1.8	4	1.6	0.5
PL	0.8	0.9	0.7	0.6	1.5	1.8	2.2	2.6	2.5	2.5	2.6	2	1.7	1.8
PT	0.4	0.5	0.6	0.5	0.5	0.5	0.4	0.4	0.6	0.5	-	n.a.	0.5	-
RO	-	-	-	-	-	-	0.1	0.2	0.2	0.2	0.4	18	0.2	-
SI	0.8	0.9	1.0	1.1	1.0	1.0	1.3	1.3	1.4	1.4	1.3	10	1.1	0.5
SK	0.6	0.8	0.8	0.7	0.7	0.7	0.7	0.6	0.5	0.6	0.7	16	0.7	0.1
FI	1.6	1.4	1.3	1.1	1.0	1.0	0.9	0.8	0.8	0.8	0.8	14	1.0	-0.7
SE	0.3	0.3	0.3	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	20	0.3	0.0
UK	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	22	0.2	0.0
NO	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EU-27														
weighted average	1.7	1.7	1.7	1.5	1.5	1.4	1.4	1.4	1.5	1.5	1.5		1.5	-0.2
arithmetic average	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.1		1.0	0.0
EA-13														
weighted average	2.0	2.1	2.1	1.9	1.9	1.8	1.7	1.8	1.8	1.8	1.9		1.9	-0.1
arithmetic average	1.5	1.5	1.5	1.4	1.4	1.4	1.4	1.4	1.4	1.5	1.5		1.5	0.0
EU-25														
weighted average	1.7	1.7	1.7	1.5	1.5	1.4	1.4	1.4	1.5	1.5	1.5		1.5	-0.2
arithmetic average	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.1	1.1	1.1		1.0	0.1
Ratio st.dev. and mean in %	54.4	51.6	54.4	56.0	55.9	56.1	55.4	56.4	57.2	56.5	55.4			1.1
Difference max. and min.	3.7	3.5	3.6	2.9	3.0	3.1	2.6	2.8	2.8	2.8	2.9			-0.8

1) The ranking is based on 2005 data 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services



Table A.3.3_T: Social Contributions as % of Total Taxation: Self-employed

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	2.9	2.9	2.8	2.7	2.7	2.6	2.6	2.7	2.7	2.7	2.7	12	2.7	-0.2
BG	-	-	-	-	-	3.7	3.9	3.5	3.5	3.6	3.6	7	3.6	-
CZ	2.0	2.0	2.0	2.0	2.0	2.2	2.2	2.4	2.4	2.6	2.8	11	2.2	0.8
DK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	25	0.0	0.0
DE	6.6	7.3	7.4	7.2	6.8	6.4	6.6	7.1	7.1	7.3	7.5	2	7.0	0.9
EE	-	-	-	-	-	-	-	-	-	-	-	n.a.	-	-
IE	0.6	0.6	0.7	0.7	0.7	0.6	0.5	0.7	0.7	0.8	0.8	20	0.7	0.2
EL	4.3	4.2	4.3	4.7	4.5	4.3	4.6	4.8	5.1	5.3	5.1	4	4.6	0.8
ES	5.4	5.2	5.3	5.3	5.3	5.1	4.9	4.9	5.0	5.1	4.9	5	5.1	-0.5
FR	3.2	3.4	3.2	2.3	2.3	2.3	2.5	2.5	2.5	2.5	2.6	13	2.7	-0.6
IT	4.4	4.1	3.7	2.8	3.1	3.3	3.1	3.4	3.3	3.6	3.5	8	3.5	-0.9
CY	-	-	-	-	-	-	-	-	-	1.0	0.9	19	0.9	-
LV	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	24	0.1	0.1
LT	0.2	0.2	0.2	0.2	0.4	0.4	0.5	0.4	0.4	0.3	0.4	23	0.3	0.2
LU	3.7	3.4	3.4	3.2	3.4	3.1	3.2	3.2	3.4	3.4	3.4	9	3.3	-0.3
HU	1.0	0.8	0.6	0.8	1.3	1.4	1.6	1.4	1.5	1.4	1.3	18	1.2	0.4
MT	2.3	2.6	2.7	2.5	2.5	2.7	2.3	2.1	2.1	2.0	2.1	15	2.4	-0.2
NL	9.2	8.7	8.9	7.3	7.5	7.7	6.8	6.6	7.4	7.3	6.7	3	7.6	-2.5
AT	3.0	3.1	3.3	3.8	3.8	3.8	3.8	3.9	4.0	4.3	4.3	6	3.7	1.3
PL	2.0	2.5	1.9	1.7	4.2	5.3	6.5	7.5	7.5	7.6	7.5	1	4.9	5.5
PT	1.4	1.6	1.7	1.5	1.4	1.3	1.2	1.2	1.6	1.6	-	n.a.	1.5	-
RO	-	-	-	-	-	-	0.5	0.7	0.7	0.9	1.5	17	0.9	-
SI	2.0	2.3	2.7	3.0	2.6	2.6	3.5	3.3	3.5	3.7	3.1	10	2.9	1.2
SK	1.5	2.0	2.2	1.9	1.9	2.1	2.1	2.0	1.6	2.1	2.2	14	2.0	0.7
FI	3.4	2.9	2.7	2.3	2.2	2.0	2.0	1.9	1.8	1.8	1.9	16	2.3	-1.5
SE	0.6	0.6	0.5	0.5	0.4	0.5	0.5	0.6	0.5	0.5	0.5	22	0.5	-0.1
UK	0.6	0.7	0.6	0.5	0.6	0.6	0.6	0.6	0.7	0.6	0.6	21	0.6	0.0
NO	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EU-27														
weighted average	4.2	4.3	4.1	3.6	3.6	3.5	3.5	3.6	3.7	3.8	3.7		3.8	-0.4
arithmetic average	2.6	2.7	2.7	2.5	2.6	2.7	2.6	2.7	2.8	2.8	2.8		2.7	0.2
EA-13														
weighted average	5.0	5.2	5.1	4.5	4.5	4.3	4.3	4.5	4.5	4.7	4.7		4.7	-0.4
arithmetic average	3.9	3.8	3.9	3.6	3.6	3.5	3.5	3.6	3.7	3.8	3.9		3.7	0.0
EU-25														
weighted average	4.2	4.3	4.1	3.6	3.6	3.5	3.5	3.7	3.7	3.8	3.8		3.8	-0.4
arithmetic average	2.6	2.7	2.7	2.5	2.6	2.6	2.7	2.8	2.8	2.8	2.8		2.7	0.2
Ratio st.dev. and mean in %	54.6	52.0	55.4	57.1	57.1	58.1	58.5	59.0	60.3	59.8	58.7			4.1
Difference max. and min.	9.2	8.7	8.9	7.3	7.5	7.7	6.8	7.5	7.5	7.6	7.5			-1.7

1) The ranking is based on 2005 data 2) in % of total tax and SSC revenue

See explanatory notes in Annex C

Source: Commission Services

Table B.1_G: Taxes received by administrative level as % of GDP: Central Government

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	16.4	16.2	15.6	16.1	16.0	16.6	15.7	15.7	15.0	14.7	14.5	24	15.7	-1.9
BG	-	-	-	-	-	18.6	18.7	18.1	22.5	24.1	24.8	9	21.1	-
CZ	27.8	26.5	26.6	25.4	25.9	25.7	26.2	26.3	27.0	27.6	26.1	6	26.5	-1.6
DK	32.2	32.4	32.1	32.0	32.1	31.0	29.7	29.5	29.6	31.1	32.5	3	31.3	0.3
DE	11.1	10.8	10.7	10.9	11.7	11.9	11.3	11.3	11.4	10.9	11.1	27	11.2	0.0
EE	19.5	19.3	18.9	18.1	17.2	22.5	21.8	22.4	22.7	22.2	21.9	15	20.6	2.4
IE	26.9	27.4	27.2	26.7	26.9	26.8	24.8	23.8	24.4	25.8	26.0	7	26.1	-0.9
EL	21.2	21.2	22.6	24.4	25.2	25.6	24.1	23.5	22.1	21.7	22.0	14	23.0	0.8
ES	16.3	16.5	16.0	15.9	16.3	16.5	16.2	13.1	12.5	12.3	12.9	25	15.0	-3.3
FR	17.7	18.6	18.8	18.7	19.4	18.6	18.1	17.5	17.1	18.2	17.8	19	18.2	0.1
IT	24.0	23.5	25.2	24.1	24.6	23.2	22.8	22.1	22.1	21.6	21.3	17	23.1	-2.7
CY	19.8	19.3	18.4	20.3	20.9	23.0	23.7	24.1	25.6	25.1	26.7	5	22.4	6.9
LV	15.1	13.7	16.2	17.5	16.3	14.6	14.4	14.1	14.5	14.5	15.6	22	15.1	0.5
LT	14.0	13.0	15.7	14.6	14.0	12.7	12.2	15.2	15.2	15.1	15.5	23	14.3	1.5
LU	24.2	24.8	26.4	26.4	25.7	26.5	26.4	25.8	25.3	25.2	25.8	8	25.7	1.7
HU	25.1	24.8	22.9	22.7	23.2	22.9	22.5	22.2	21.9	21.6	21.3	16	22.8	-3.8
MT	27.3	25.8	27.5	25.3	27.1	28.2	30.4	31.9	31.8	33.8	34.8	2	29.5	7.5
NL	21.9	22.7	22.2	22.2	22.6	22.3	22.6	22.5	21.6	21.7	23.0	11	22.3	1.1
AT	20.1	21.1	22.3	22.5	22.4	22.0	23.8	23.5	23.3	23.1	22.4	13	22.4	2.3
PL	21.3	21.3	20.5	19.7	18.2	16.9	16.1	16.9	16.7	15.3	16.5	20	18.1	-4.8
PT	19.4	20.3	20.2	20.3	21.0	21.0	20.6	21.1	21.2	20.3	21.0	18	20.6	1.6
RO	-	-	-	-	-	-	16.7	12.2	12.4	12.4	12.3	26	13.2	-
SI	20.8	21.3	21.0	21.7	22.1	21.3	21.2	21.8	22.0	21.9	22.5	12	21.6	1.7
SK	25.4	24.1	22.6	21.2	20.7	19.3	17.7	17.9	17.2	17.0	15.8	21	19.9	-9.6
FI	21.9	23.1	23.8	23.9	23.7	25.6	23.2	23.9	23.6	23.5	23.6	10	23.6	1.7
SE	29.5	30.7	31.3	32.0	33.0	32.0	29.2	27.5	27.6	28.1	29.0	4	30.0	-0.5
UK	33.2	32.9	33.7	34.6	35.0	35.4	35.2	33.7	33.5	33.9	34.9	1	34.2	1.7
NO	24.1	25.1	25.0	24.8	25.0	27.5	26.8	27.9	26.6	28.4	29.4		26.4	5.3
EU-27														
weighted average	19.7	20.1	20.9	20.9	21.5	21.5	21.1	20.4	20.1	20.2	20.5		20.6	0.8
arithmetic average	22.1	22.1	22.3	22.3	22.5	22.3	21.7	21.4	21.5	21.6	21.9		22.0	-0.2
EA-13														
weighted average	16.8	17.2	17.6	17.5	18.1	17.9	17.5	16.9	16.7	16.7	16.8		17.3	0.0
arithmetic average	20.1	20.6	20.9	21.1	21.4	21.4	20.8	20.4	20.1	20.1	20.3		20.7	0.2
EU-25														
weighted average	19.7	20.1	20.9	21.0	21.6	21.6	21.1	20.4	20.1	20.3	20.6		20.7	0.9
arithmetic average	22.1	22.1	22.3	22.3	22.5	22.5	22.0	21.9	21.8	21.8	22.2		22.1	0.1
Ratio st.dev. and mean in %	28.2	28.1	26.9	26.5	26.9	27.0	27.3	28.6	29.1	31.0	31.6			3.4
Difference max. and min.	22.2	22.1	23.0	23.7	23.4	23.5	24.0	22.5	22.1	23.0	23.8			1.7

1) The ranking is based on 2005 data 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services



Table B.1_T: Taxes received by administrative level as % of Total Taxation: Central Government

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	37.4	36.5	34.7	35.3	35.2	36.8	34.8	34.7	33.5	32.7	31.9	26	34.9	-5.5
BG	n.a.	n.a.	n.a.	n.a.	n.a.	56.1	58.3	58.2	67.0	68.2	69.0	7	62.8	-
CZ	76.7	76.6	76.2	76.1	76.0	76.0	77.2	75.5	75.4	74.9	72.0	5	75.7	-4.7
DK	65.9	66.0	65.5	64.9	64.0	62.7	61.2	61.8	61.7	63.1	64.5	9	63.8	-1.4
DE	27.8	26.6	26.4	26.7	28.0	28.4	28.2	28.5	28.6	28.0	28.5	27	27.8	0.7
EE	51.5	54.1	52.7	51.9	49.7	72.1	72.3	72.1	72.1	70.8	70.7	6	62.7	19.3
IE	81.3	83.0	84.1	84.2	84.7	84.6	83.2	83.6	83.8	84.5	84.4	3	83.8	3.2
EL	65.1	64.4	65.8	67.0	67.7	67.6	65.8	63.9	62.1	63.1	63.9	10	65.1	-1.2
ES	49.8	49.9	48.1	48.3	48.7	48.7	48.3	38.7	36.9	35.6	36.4	25	44.5	-13.4
FR	41.4	42.4	42.6	42.6	43.1	42.1	41.4	40.6	40.0	42.1	40.5	24	41.7	-0.9
IT	59.9	56.3	57.7	56.7	57.9	55.6	55.1	54.0	53.5	53.1	52.6	21	55.6	-7.4
CY	74.0	73.2	71.3	73.4	74.7	76.7	76.6	77.2	77.5	75.0	74.9	4	75.0	0.8
LV	45.6	44.3	50.6	52.0	51.0	49.5	50.5	49.8	51.0	50.9	53.1	20	49.9	7.5
LT	49.0	46.7	50.8	45.8	43.9	42.2	42.6	53.5	54.0	53.2	53.8	16	48.7	4.8
LU	65.2	66.0	67.1	67.0	67.2	67.7	66.5	66.0	65.8	66.5	67.6	8	66.6	2.4
HU	60.3	61.2	58.8	58.2	59.3	59.6	58.0	57.7	56.9	56.1	55.4	15	58.3	-4.9
MT	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	99.1	98.6	1	99.8	-1.4
NL	54.5	56.3	56.0	56.2	56.1	55.9	58.9	59.7	57.8	57.6	60.2	11	57.2	5.7
AT	48.7	49.6	50.7	51.2	51.3	51.5	53.2	53.7	54.0	53.9	53.3	19	51.9	4.6
PL	57.4	57.1	56.2	55.8	51.4	49.6	48.0	49.3	50.0	46.8	48.2	22	51.8	-9.2
PT	61.0	61.9	61.2	61.4	61.6	61.2	60.8	60.9	60.3	59.3	59.7	12	60.8	-1.3
RO	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	60.2	43.1	44.8	45.3	44.0	23	47.5	-
SI	51.8	54.5	55.2	56.0	56.3	55.1	54.6	55.4	55.6	55.3	55.6	14	55.0	3.9
SK	64.1	63.5	64.6	59.5	60.6	58.7	56.0	56.0	55.8	57.2	53.7	17	59.1	-10.3
FI	47.8	49.1	51.4	52.0	51.9	54.2	52.1	53.6	53.8	54.0	53.7	18	52.1	5.9
SE	60.2	59.5	60.3	60.7	61.8	59.9	56.8	55.3	55.0	55.7	56.6	13	58.4	-3.6
UK	93.5	93.7	94.3	94.2	94.4	94.3	94.4	94.3	94.1	94.3	94.4	2	94.2	0.9
NO	57.5	59.3	59.2	59.0	59.2	64.3	62.4	64.4	62.5	64.9	66.4		61.7	8.9
EU-27														
weighted average	49.6	49.7	51.3	51.8	52.6	52.9	52.7	51.8	51.1	51.6	51.8		51.5	2.1
arithmetic average	59.6	59.7	60.1	59.9	59.9	60.3	59.8	59.1	59.3	59.1	59.2		59.6	-0.4
EA-13														
weighted average	42.1	42.0	42.6	42.7	43.5	43.3	43.3	42.4	42.0	42.2	42.1		42.6	0.0
arithmetic average	53.2	53.6	53.9	54.2	54.6	54.6	54.1	53.3	52.7	52.7	52.9		53.6	-0.3
EU-25														
weighted average	49.6	49.7	51.3	51.8	52.6	52.9	52.7	51.9	51.1	51.6	51.8		51.5	2.2
arithmetic average	59.6	59.7	60.1	59.9	59.9	60.4	59.9	59.8	59.6	59.3	59.4		59.8	-0.2
Ratio st.dev. and mean in %	33.2	33.5	32.2	32.1	31.9	31.4	31.1	32.2	32.9	32.6	32.4			-0.8
Difference max. and min.	72.2	73.4	73.6	73.3	72.0	71.6	71.8	71.5	71.4	71.0	70.1			-2.1

1) The ranking is based on 2005 data 2) in % of total tax and SSC revenue

See explanatory notes in Annex C

Source: Commission Services

Table B.2_G: Taxes received by administrative level as % of GDP: State Government

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	9.2	9.7	10.5	10.7	10.8	10.3	11.0	10.5	10.8	10.6	11.0	1	10.5	1.8
BG	-	-	-	-	-	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.	-	-
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.	-	-
DE	8.4	9.0	8.9	9.1	9.4	9.5	8.8	8.5	8.5	8.3	8.2	2	8.8	-0.2
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.	-	-
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.	-	-
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.	-	-
ES	1.5	1.5	2.4	2.5	2.7	2.7	2.6	6.3	6.9	7.5	7.9	3	4.0	6.3
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.	-	-
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.	-	-
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.	-	-
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.	-	-
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.	-	-
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.	-	-
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.	-	-
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.	-	-
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.	-	-
AT	3.2	3.4	3.4	3.4	3.3	3.3	3.3	3.2	3.0	3.0	3.0	4	3.2	-0.2
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.	-	-
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.	-	-
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.	-	-
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.	-	-
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.	-	-
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.	-	-
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.	-	-
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.	-	-
NO	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		-	-
EU-27														
weighted average	7.0	7.4	7.5	7.6	7.8	7.8	7.3	7.8	7.9	8.0	8.0		7.7	1.0
arithmetic average	5.6	5.9	6.3	6.4	6.5	6.4	6.4	7.1	7.3	7.4	7.5		6.6	1.9
EA-13														
weighted average	7.0	7.4	7.5	7.6	7.8	7.8	7.3	7.8	7.9	8.0	8.0		7.7	1.0
arithmetic average	5.6	5.9	6.3	6.4	6.5	6.4	6.4	7.1	7.3	7.4	7.5		6.6	1.9
EU-25														
weighted average	7.0	7.4	7.5	7.6	7.8	7.8	7.3	7.8	7.9	8.0	8.0		7.7	1.0
arithmetic average	5.6	5.9	6.3	6.4	6.5	6.4	6.4	7.1	7.3	7.4	7.5		6.6	1.9
Ratio st.dev. and mean in %	54.0	55.2	53.7	53.3	53.0	51.9	56.3	39.8	41.0	39.8	41.6			-12.5
Difference max. and min.	7.7	8.2	8.1	8.2	8.1	7.7	8.4	7.3	7.8	7.6	8.0			0.3

1) The ranking is based on 2005 data 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services



Table B.2_T: Taxes received by administrative level as % of Total Taxation: State Government

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	21.0	22.0	23.4	23.6	23.7	22.8	24.2	23.1	24.0	23.5	24.1	1	23.2	3.1
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.	-	-
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.	-	-
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.	-	-
DE	21.2	22.2	21.8	22.1	22.5	22.7	21.9	21.6	21.3	21.5	21.2	3	21.8	0.0
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.	-	-
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.	-	-
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.	-	-
ES	4.7	4.6	7.2	7.7	7.9	7.8	7.7	18.5	20.4	21.7	22.1	2	11.9	17.4
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.	-	-
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.	-	-
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.	-	-
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.	-	-
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.	-	-
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.	-	-
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.	-	-
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.	-	-
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.	-	-
AT	7.8	7.9	7.7	7.8	7.6	7.6	7.4	7.3	7.0	7.1	7.1	4	7.5	-0.7
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.	-	-
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.	-	-
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.	-	-
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.	-	-
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.	-	-
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.	-	-
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.	-	-
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.	-	-
NO	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		-	-
EU-27														
weighted average	18.0	18.6	18.7	19.0	19.2	19.2	18.5	20.1	20.4	20.7	20.7		19.4	2.7
arithmetic average	13.7	14.2	15.0	15.3	15.4	15.2	15.3	17.6	18.2	18.5	18.6		16.1	4.9
EA-13														
weighted average	18.0	18.6	18.7	19.0	19.2	19.2	18.5	20.1	20.4	20.7	20.7		19.4	2.7
arithmetic average	13.7	14.2	15.0	15.3	15.4	15.2	15.3	17.6	18.2	18.5	18.6		16.1	4.9
EU-25														
weighted average	18.0	18.6	18.7	19.0	19.2	19.2	18.5	20.1	20.4	20.7	20.7		19.4	2.7
arithmetic average	13.7	14.2	15.0	15.3	15.4	15.2	15.3	17.6	18.2	18.5	18.6		16.1	4.9
Ratio st.dev. and mean in %	48.2	49.6	47.0	45.9	46.0	45.3	48.7	35.6	37.3	36.9	37.8			-10.4
Difference max. and min.	16.5	17.6	16.3	15.8	16.0	15.2	16.8	15.8	17.0	16.5	17.0			0.5

1) The ranking is based on 2005 data 2) in % of total tax and SSC revenue

See explanatory notes in Annex C

Source: Commission Services

Table B.3_G: Taxes received by administrative level as % of GDP: Local Government

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	2.1	2.2	2.2	2.1	2.2	1.9	2.1	2.2	2.3	2.2	2.3	18	2.2	0.1
BG	-	-	-	-	-	3.5	3.4	3.5	0.5	0.6	0.6	24	2.0	-
CZ	4.4	4.1	4.2	4.0	4.2	4.1	3.8	4.3	4.5	4.7	5.5	6	4.3	1.1
DK	15.6	15.7	15.8	16.2	16.3	16.5	17.0	17.1	17.2	17.0	16.7	1	16.5	1.1
DE	2.5	2.6	2.7	2.9	2.9	2.9	2.7	2.6	2.6	2.8	2.9	16	2.7	0.3
EE	5.3	4.3	5.3	5.2	5.0	4.4	4.1	4.1	4.1	4.2	4.0	12	4.5	-1.3
IE	0.9	0.8	0.8	0.7	0.7	0.6	0.6	0.6	0.7	0.7	0.7	23	0.7	-0.2
EL	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	26	0.3	0.0
ES	2.8	2.8	3.0	3.1	3.1	3.1	3.0	2.9	2.8	3.0	3.0	15	3.0	0.2
FR	4.5	4.7	4.7	4.7	4.6	4.3	4.1	4.1	4.2	4.5	4.8	8	4.5	0.3
IT	3.1	3.4	3.5	5.7	5.3	6.0	6.2	6.3	6.6	6.4	6.4	4	5.4	3.3
CY	0.4	0.2	0.4	0.5	0.5	0.4	0.5	0.4	0.4	0.5	0.4	25	0.4	0.0
LV	6.1	6.3	5.2	5.4	5.0	5.0	4.9	4.9	5.1	5.1	5.0	7	5.3	-1.1
LT	5.2	5.2	4.5	6.0	6.5	6.1	5.7	2.8	2.6	2.8	2.8	17	4.6	-2.4
LU	2.4	2.5	2.4	2.4	2.2	2.2	2.2	2.4	2.3	1.9	1.7	21	2.2	-0.6
HU	2.7	3.0	3.2	3.5	3.8	3.8	4.0	4.0	4.3	4.5	4.3	10	3.7	1.6
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.	-	-
NL	1.3	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.5	1.5	1.6	22	1.4	0.3
AT	5.0	5.2	5.2	5.2	5.1	5.0	5.1	4.9	4.7	4.7	4.6	9	5.0	-0.4
PL	4.7	4.5	4.5	4.2	3.2	2.9	3.1	3.3	3.1	4.0	4.2	11	3.8	-0.5
PT	1.7	1.7	1.7	1.8	2.1	2.1	2.0	2.1	2.0	2.1	2.2	19	1.9	0.5
RO	-	-	-	-	-	-	0.7	5.6	5.9	5.8	6.1	5	4.8	-
SI	2.6	2.6	2.6	2.5	2.8	2.8	2.9	2.9	3.0	3.0	3.0	14	2.8	0.5
SK	1.6	1.7	1.7	1.5	1.5	1.4	1.5	1.6	1.6	1.5	3.5	13	1.7	1.8
FI	10.2	10.7	10.1	10.0	9.9	10.2	9.9	9.6	9.3	9.0	9.1	3	9.8	-1.1
SE	14.4	15.6	15.4	15.4	15.4	15.2	15.7	16.0	16.4	16.4	16.3	2	15.6	1.9
UK	1.3	1.3	1.3	1.4	1.4	1.5	1.5	1.6	1.7	1.7	1.7	20	1.5	0.4
NO	8.2	7.9	7.9	7.2	7.4	6.5	7.1	5.7	6.3	6.0	5.9		6.9	-2.3
EU-27														
weighted average	3.5	3.7	3.6	3.9	3.9	3.9	3.8	3.9	4.0	4.0	4.1		3.9	0.6
arithmetic average	4.2	4.3	4.2	4.4	4.4	4.3	4.2	4.3	4.2	4.3	4.4		4.3	0.2
EA-13														
weighted average	3.2	3.3	3.3	3.8	3.7	3.7	3.7	3.7	3.7	3.8	3.9		3.6	0.7
arithmetic average	3.0	3.2	3.1	3.3	3.3	3.3	3.3	3.3	3.2	3.2	3.3		3.2	0.2
EU-25														
weighted average	3.5	3.7	3.6	4.0	3.9	3.9	3.9	3.9	4.0	4.0	4.1		3.9	0.6
arithmetic average	4.2	4.3	4.2	4.4	4.4	4.3	4.3	4.3	4.3	4.4	4.5		4.3	0.2
Ratio st.dev. and mean in %	113.6	113.2	112.5	105.1	106.9	105.1	108.3	106.2	107.1	103.4	99.9			-13.7
Difference max. and min.	15.3	15.5	15.5	15.9	16.0	16.2	16.7	16.8	16.9	16.7	16.4			1.1

1) The ranking is based on 2005 data 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services



Table B.3_T: Taxes received by administrative level as % of Total Taxation: Local Government

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	4.9	5.0	5.0	4.7	4.8	4.2	4.6	4.9	5.2	5.0	5.0	19	4.8	0.1
BG	n.a.	n.a.	n.a.	n.a.	n.a.	10.7	10.4	11.1	1.6	1.6	1.7	24	6.2	-
CZ	12.1	11.7	12.1	12.0	12.4	12.0	11.2	12.4	12.5	12.9	15.0	7	12.4	2.9
DK	31.9	31.9	32.3	32.9	32.6	33.5	35.1	35.7	35.7	34.4	33.1	1	33.6	1.2
DE	6.4	6.5	6.6	7.0	7.0	7.0	6.8	6.7	6.6	7.1	7.4	17	6.8	1.1
EE	14.0	12.0	14.8	14.8	14.6	14.0	13.7	13.0	13.0	13.3	13.0	8	13.7	-1.0
IE	2.6	2.5	2.4	2.2	2.1	2.0	2.1	2.3	2.3	2.3	2.2	23	2.3	-0.5
EL	0.9	1.0	1.0	0.9	0.8	0.8	0.9	0.8	0.8	0.8	0.8	26	0.9	-0.1
ES	8.7	8.5	8.9	9.4	9.4	9.1	8.9	8.7	8.4	8.8	8.5	15	8.8	-0.1
FR	10.6	10.7	10.6	10.6	10.3	9.7	9.4	9.5	9.8	10.5	10.9	12	10.2	0.3
IT	7.8	8.2	7.9	13.3	12.5	14.4	14.9	15.5	16.0	15.8	15.8	6	12.9	7.9
CY	1.6	0.8	1.7	1.8	1.6	1.4	1.5	1.3	1.3	1.4	1.2	25	1.4	-0.3
LV	18.3	20.5	16.2	16.1	15.6	17.0	17.3	17.3	17.8	17.9	16.9	5	17.4	-1.3
LT	18.3	18.5	14.4	18.8	20.5	20.2	20.0	9.8	9.4	9.9	9.7	14	15.4	-8.6
LU	6.4	6.5	6.1	6.1	5.7	5.7	5.6	6.1	5.9	4.9	4.5	21	5.8	-1.9
HU	6.6	7.3	8.2	9.0	9.6	9.8	10.2	10.4	11.2	11.7	11.3	11	9.6	4.7
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.	-	-
NL	3.2	3.4	3.5	3.6	3.4	3.4	3.6	3.7	3.9	4.1	4.1	22	3.6	0.9
AT	12.0	12.2	11.9	11.8	11.7	11.7	11.5	11.1	10.8	10.9	10.9	13	11.5	-1.1
PL	12.5	12.1	12.2	11.9	8.9	8.7	9.1	9.5	9.2	12.3	12.1	9	10.8	-0.4
PT	5.2	5.2	5.2	5.6	6.0	6.0	5.8	6.0	5.7	6.3	6.2	18	5.8	1.0
RO	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2.7	19.7	21.3	21.2	21.7	3	17.3	-
SI	6.3	6.6	6.8	6.5	7.1	7.3	7.4	7.4	7.6	7.6	7.5	16	7.1	1.2
SK	4.1	4.4	4.7	4.3	4.3	4.4	4.6	4.9	5.1	5.2	11.8	10	5.2	7.7
FI	22.3	22.8	21.7	21.8	21.7	21.6	22.1	21.5	21.1	20.8	20.7	4	21.7	-1.5
SE	29.3	30.2	29.5	29.2	28.8	28.4	30.6	32.1	32.7	32.4	31.7	2	30.5	2.5
UK	3.6	3.7	3.8	3.8	3.8	3.9	4.1	4.4	4.7	4.8	4.7	20	4.1	1.1
NO	19.7	18.7	18.7	17.1	17.5	15.2	16.5	13.1	14.8	13.8	13.4		16.2	-6.3
EU-27														
weighted average	8.8	9.1	8.9	9.8	9.5	9.6	9.6	9.9	10.1	10.3	10.4		9.6	1.6
arithmetic average	10.4	10.5	10.3	10.8	10.6	10.7	10.5	11.0	10.8	10.9	11.1		10.7	0.7
EA-13														
weighted average	7.9	8.1	8.0	9.2	8.9	9.1	9.1	9.2	9.3	9.6	9.7		8.9	1.8
arithmetic average	7.5	7.6	7.5	8.0	7.9	7.9	8.0	8.0	8.0	8.1	8.0		7.9	0.6
EU-25														
weighted average	8.8	9.1	8.9	9.8	9.5	9.6	9.6	9.8	10.0	10.3	10.4		9.6	1.6
arithmetic average	10.4	10.5	10.3	10.8	10.6	10.7	10.9	10.6	10.7	10.9	11.1		10.7	0.7
Ratio st.dev. and mean in %	94.7	94.1	91.3	85.3	87.5	86.1	89.4	87.0	88.5	84.3	81.3			-13.3
Difference max. and min.	31.0	31.1	31.4	32.1	31.8	32.7	34.3	34.9	35.0	33.6	32.3			1.3

1) The ranking is based on 2005 data 2) in % of total tax and SSC revenue

See explanatory notes in Annex C

Source: Commission Services

Table B.4_G: Taxes received by administrative level as % of GDP: Social security funds

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	15.1	15.3	15.6	15.7	15.7	15.5	15.6	16.2	16.0	16.8	17.1	2	15.9	2.0
BG	-	-	-	-	-	11.0	10.0	9.5	10.6	10.7	10.5	14	10.4	-
CZ	4.1	4.1	4.1	4.0	4.0	4.1	4.0	4.2	4.3	4.3	4.4	23	4.1	0.3
DK	1.1	1.1	1.0	1.0	1.6	1.8	1.7	1.2	1.2	1.2	1.1	25	1.3	0.0
DE	16.8	17.4	17.7	17.4	17.2	16.9	16.7	16.7	16.9	16.6	16.3	3	17.0	-0.5
EE	13.1	12.1	11.6	11.6	12.4	4.3	4.2	4.6	4.7	4.7	4.7	22	8.0	-8.4
IE	4.2	3.9	3.6	3.5	3.5	3.6	3.7	3.7	3.7	3.8	3.9	24	3.7	-0.3
EL	10.3	10.6	10.7	11.0	11.1	11.3	11.6	12.6	12.8	12.1	11.8	9	11.4	1.6
ES	11.4	11.6	11.6	11.5	11.6	11.7	11.8	11.8	11.9	11.8	11.8	10	11.7	0.5
FR	20.0	20.1	20.2	20.3	20.6	21.0	21.3	21.2	21.3	20.3	21.2	1	20.7	1.2
IT	12.3	14.3	14.6	12.2	12.1	12.1	11.9	12.1	12.3	12.4	12.6	7	12.6	0.3
CY	6.5	6.9	7.0	6.9	6.6	6.5	6.8	6.7	7.0	7.7	8.3	20	7.0	1.8
LV	12.0	10.8	10.6	10.8	10.7	9.9	9.2	9.3	8.9	8.7	8.5	19	9.9	-3.5
LT	9.3	9.7	10.8	11.3	11.6	11.6	11.0	10.6	10.4	10.3	10.2	17	10.6	0.9
LU	9.7	9.6	9.8	9.9	9.8	9.8	10.7	10.6	10.6	10.6	10.5	15	10.2	0.8
HU	13.8	12.8	12.9	12.8	12.2	11.8	12.4	12.3	12.3	12.3	12.5	8	12.5	-1.2
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.	-	-
NL	15.9	15.2	15.1	15.0	15.5	15.4	13.7	13.3	13.8	14.0	13.1	6	14.5	-2.7
AT	12.1	12.0	12.2	12.1	12.1	11.8	11.8	11.7	11.8	11.8	11.8	11	11.9	-0.3
PL	11.3	11.6	11.7	11.6	14.2	14.4	14.8	14.5	14.0	13.5	13.7	5	13.2	2.3
PT	9.9	10.1	10.3	10.3	10.4	10.7	10.8	11.1	11.6	11.5	11.8	12	10.8	1.9
RO	-	-	-	-	-	-	10.3	10.5	9.4	9.2	9.6	18	9.8	-
SI	16.9	15.2	14.5	14.6	14.4	14.5	14.8	14.6	14.6	14.6	14.7	4	14.9	-2.2
SK	13.7	13.5	13.0	14.2	13.4	13.3	13.2	13.1	12.5	11.6	10.4	16	12.9	-3.3
FI	13.0	12.6	11.8	11.6	11.6	11.0	11.1	10.9	10.8	10.7	11.0	13	11.4	-2.0
SE	4.5	4.6	4.6	4.7	4.4	5.7	6.0	5.9	5.8	5.7	5.7	21	5.2	1.2
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.	-	-
NO	9.9	9.6	9.6	10.3	10.2	9.0	9.3	9.9	9.9	9.5	9.1		9.7	-0.8
EU-27														
weighted average	14.8	15.1	15.2	14.6	14.7	14.6	14.6	14.6	14.6	14.3	14.4		14.7	-0.4
arithmetic average	11.2	11.1	11.1	11.0	11.2	10.8	10.8	10.8	10.8	10.7	10.7		10.9	-0.5
EA-13														
weighted average	15.7	16.1	16.2	15.6	15.6	15.6	15.4	15.4	15.5	15.2	15.3		15.6	-0.3
arithmetic average	12.9	12.9	12.9	12.7	12.7	12.7	12.7	12.8	12.9	12.8	12.9		12.8	0.0
EU-25														
weighted average	14.8	15.1	15.2	14.7	14.8	14.7	14.6	14.6	14.7	14.4	14.4		14.7	-0.3
arithmetic average	11.2	11.1	11.1	11.0	11.2	10.8	10.8	10.8	10.8	10.7	10.7		10.9	-0.4
Ratio st.dev. and mean in %	31.6	30.3	30.2	31.2	31.2	31.5	30.8	31.1	30.9	30.7	31.1			-0.5
Difference max. and min.	18.9	19.1	19.2	19.2	19.0	19.2	19.5	20.1	20.1	19.1	20.1			1.2

1) The ranking is based on 2005 data 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services



Table B.4_T: Taxes received by administrative level as % of Total Taxation: Social security funds

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	34.4	34.5	34.8	34.5	34.6	34.3	34.6	35.9	35.8	37.4	37.6	4	35.3	3.2
BG	n.a.	n.a.	n.a.	n.a.	n.a.	33.2	31.3	30.7	31.4	30.2	29.3	15	31.0	-
CZ	11.3	11.8	11.9	12.0	11.8	12.1	11.7	12.2	12.1	11.7	12.0	23	11.9	0.8
DK	2.2	2.2	2.1	2.1	3.3	3.6	3.6	2.5	2.5	2.4	2.2	25	2.6	0.0
DE	42.3	42.8	43.5	42.6	41.2	40.4	41.8	42.3	42.5	42.6	42.1	2	42.2	-0.3
EE	34.5	33.9	32.5	33.3	35.7	13.9	14.0	14.8	14.9	15.0	15.2	21	23.4	-19.4
IE	12.6	11.7	11.2	10.9	10.9	11.3	12.5	12.9	12.6	12.5	12.5	22	12.0	-0.1
EL	31.4	32.2	31.2	30.2	29.9	30.0	31.6	34.2	36.1	35.2	34.4	9	32.4	3.0
ES	34.8	35.1	34.9	34.9	34.4	34.5	35.3	34.8	35.0	34.3	33.3	12	34.6	-1.5
FR	46.8	45.9	45.8	46.1	45.9	47.5	48.5	49.2	49.8	47.1	48.2	1	47.4	1.4
IT	30.7	34.1	33.3	28.7	28.5	28.9	28.8	29.6	29.8	30.5	31.0	14	30.4	0.4
CY	24.4	26.0	27.0	24.8	23.7	21.8	21.9	21.5	21.2	23.0	23.2	20	23.5	-1.2
LV	36.1	35.2	33.2	31.9	33.3	33.5	32.3	32.9	31.1	30.6	28.9	16	32.6	-7.2
LT	32.7	34.8	34.9	35.4	36.5	38.5	38.5	37.3	36.9	36.5	35.3	7	36.1	2.7
LU	26.1	25.7	24.9	25.2	25.7	25.1	26.8	27.1	27.6	28.1	27.4	18	26.3	1.2
HU	33.1	31.5	33.0	32.8	31.1	30.7	31.9	32.0	32.0	31.8	32.6	13	32.0	-0.6
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.	-	-
NL	39.5	37.9	38.0	38.0	38.5	38.6	35.7	35.2	36.9	37.1	34.4	8	37.2	-5.1
AT	29.3	28.2	27.6	27.5	27.6	27.6	26.3	26.8	27.3	27.5	28.1	17	27.6	-1.2
PL	30.5	31.2	32.1	32.9	40.1	42.3	44.0	42.3	41.8	41.3	40.0	3	38.0	9.5
PT	31.0	30.8	31.4	31.1	30.6	31.1	31.9	32.1	33.1	33.6	33.5	11	31.8	2.5
RO	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	37.1	37.2	33.9	33.5	34.3	10	35.2	-
SI	42.0	39.0	38.2	37.6	36.6	37.7	38.1	37.2	36.8	36.8	36.2	5	37.8	-5.8
SK	34.5	35.5	37.0	39.7	39.0	40.4	41.9	41.1	40.6	39.2	35.5	6	38.6	1.0
FI	28.4	26.8	25.6	25.1	25.4	23.2	24.8	24.4	24.5	24.7	25.0	19	25.3	-3.4
SE	9.1	9.0	8.9	8.9	8.3	10.7	11.6	11.9	11.6	11.4	11.0	24	10.2	1.9
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.	-	-
NO	23.6	22.8	22.8	24.6	24.0	21.0	21.6	23.0	23.2	21.8	20.5		22.6	-3.1
EU-27														
weighted average	36.7	36.7	36.5	35.6	35.2	35.3	36.0	36.3	36.5	36.0	35.8		36.1	-0.8
arithmetic average	29.5	29.4	29.2	29.0	29.2	28.8	29.5	29.5	29.5	29.4	28.9		29.3	-0.5
EA-13														
weighted average	39.2	39.4	39.2	38.1	37.6	37.6	38.2	38.6	38.9	38.4	38.4		38.5	-0.9
arithmetic average	33.0	32.7	32.3	31.7	31.5	31.5	32.1	32.4	32.9	32.9	32.6		32.3	-0.4
EU-25														
weighted average	36.7	36.7	36.5	35.6	35.2	35.4	36.0	36.3	36.6	36.0	35.9		36.1	-0.8
arithmetic average	29.5	29.4	29.2	29.0	29.2	28.6	29.1	29.1	29.2	29.1	28.7		29.1	-0.8
Ratio st.dev. and mean in %	30.3	29.9	30.2	31.2	31.8	32.6	31.8	31.4	31.3	31.0	30.4			0.1
Difference max. and min.	44.6	43.7	43.7	44.0	42.6	43.9	45.0	46.8	47.3	44.7	46.0			1.4

1) The ranking is based on 2005 data 2) in % of total tax and SSC revenue

See explanatory notes in Annex C

Source: Commission Services

Table B.5_G: Taxes received by administrative level as % of GDP: EC Institutions

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	1.0	0.9	0.9	0.9	0.8	0.8	0.8	0.6	0.7	0.6	0.7	1	0.8	-0.3
BG	-	-	-	-	-	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.	0.2	0.4	5	0.3	-
DK	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	24	0.2	0.0
DE	0.9	0.8	0.7	0.6	0.6	0.6	0.5	0.4	0.4	0.3	0.3	12	0.5	-0.6
EE	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.3	0.3	9	0.3	-
IE	1.2	0.9	0.7	0.9	0.7	0.7	0.6	0.4	0.4	0.2	0.3	18	0.6	-0.9
EL	0.8	0.8	0.7	0.7	0.7	0.6	0.6	0.4	0.4	0.3	0.3	11	0.6	-0.5
ES	0.7	0.7	0.7	0.6	0.6	0.6	0.5	0.4	0.4	0.3	0.3	8	0.5	-0.4
FR	0.8	0.7	0.7	0.6	0.6	0.6	0.6	0.5	0.3	0.2	0.3	19	0.5	-0.6
IT	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.4	0.3	0.3	0.3	17	0.5	-0.4
CY	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.2	23	0.2	-
LV	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.3	13	0.2	-
LT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.4	4	0.3	-
LU	0.9	0.7	0.7	0.6	0.5	0.5	0.4	0.3	0.3	0.2	0.2	25	0.5	-0.7
HU	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.3	14	0.2	-
MT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.3	0.5	2	0.4	-
NL	1.1	0.9	1.0	0.9	0.8	0.8	0.7	0.5	0.5	0.5	0.5	3	0.8	-0.6
AT	0.9	0.9	0.9	0.8	0.8	0.7	0.7	0.5	0.4	0.3	0.3	7	0.7	-0.6
PL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.3	20	0.2	-
PT	0.9	0.7	0.7	0.6	0.6	0.6	0.5	0.4	0.3	0.3	0.2	21	0.5	-0.7
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.	-	-
SI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.3	15	0.2	-
SK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.3	16	0.2	-
FI	0.7	0.6	0.6	0.5	0.5	0.5	0.4	0.3	0.3	0.2	0.2	22	0.4	-0.4
SE	0.7	0.6	0.7	0.6	0.5	0.5	0.5	0.4	0.4	0.3	0.3	10	0.5	-0.4
UK	1.0	0.9	0.7	0.7	0.6	0.7	0.6	0.5	0.4	0.3	0.3	6	0.6	-0.7
NO	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		-	-
EU-27														
weighted average	0.8	0.7	0.7	0.6	0.6	0.6	0.5	0.4	0.4	0.3	0.3		0.6	-0.5
arithmetic average	0.8	0.7	0.7	0.7	0.6	0.6	0.5	0.4	0.4	0.3	0.3		0.5	-0.5
EA-13														
weighted average	0.8	0.7	0.7	0.6	0.6	0.6	0.6	0.4	0.4	0.3	0.3		0.5	-0.5
arithmetic average	0.9	0.8	0.7	0.7	0.6	0.6	0.6	0.4	0.4	0.3	0.3		0.6	-0.6
EU-25														
weighted average	0.8	0.7	0.7	0.6	0.6	0.6	0.5	0.4	0.4	0.3	0.3		0.6	-0.5
arithmetic average	0.8	0.7	0.7	0.7	0.6	0.6	0.5	0.4	0.4	0.3	0.3		0.5	-0.5
Ratio st.dev. and mean in %	27.2	25.3	26.6	26.4	26.3	24.6	26.7	27.9	31.6	34.5	32.0			4.8
Difference max. and min.	0.9	0.7	0.8	0.7	0.6	0.6	0.6	0.5	0.5	0.5	0.5			-0.5

1) The ranking is based on 2005 data 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services



Table B.5_T: Taxes received by administrative level as % of Total Taxation: EC Institutions

													Average	Difference ²⁾
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	1995-2005	1995 to 2005
BE	2.3	2.0	2.0	2.0	1.7	1.9	1.7	1.4	1.5	1.4	1.4	1	1.8	-0.8
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.	-	-
CZ	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.6	1.0	7	0.8	-
DK	0.5	0.4	0.5	0.4	0.4	0.4	0.4	0.3	0.3	0.4	0.4	25	0.4	0.0
DE	2.2	1.9	1.8	1.5	1.3	1.5	1.3	0.9	0.9	0.7	0.8	14	1.3	-1.5
EE	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.9	1.1	5	1.0	-
IE	3.5	2.8	2.3	2.7	2.2	2.1	2.2	1.3	1.3	0.7	0.9	12	2.0	-2.6
EL	2.6	2.4	2.0	1.9	1.8	1.7	1.7	1.2	1.1	0.9	0.9	11	1.6	-1.7
ES	2.2	2.0	2.0	1.9	1.7	1.7	1.5	1.1	1.1	0.9	1.0	8	1.5	-1.2
FR	1.9	1.6	1.6	1.4	1.3	1.4	1.4	1.1	0.8	0.5	0.6	21	1.2	-1.3
IT	1.6	1.5	1.1	1.3	1.1	1.2	1.3	0.9	0.7	0.7	0.7	19	1.1	-0.9
CY	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.6	0.6	20	0.6	-
LV	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.6	1.0	6	0.8	-
LT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.7	1.3	3	1.0	-
LU	2.3	1.8	1.8	1.6	1.4	1.4	1.1	0.8	0.7	0.5	0.5	24	1.3	-1.8
HU	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.5	0.8	16	0.6	-
MT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.9	1.4	2	1.2	-
NL	2.8	2.3	2.5	2.3	2.1	2.0	1.8	1.4	1.4	1.3	1.3	4	1.9	-1.5
AT	2.3	2.1	2.1	1.7	1.7	1.7	1.6	1.1	1.0	0.7	0.8	13	1.5	-1.5
PL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.6	0.8	15	0.7	-
PT	2.9	2.1	2.1	2.0	1.7	1.7	1.4	1.0	0.9	0.8	0.7	18	1.6	-2.2
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.	-	-
SI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.4	0.7	17	0.6	-
SK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.5	0.9	10	0.7	-
FI	1.5	1.3	1.3	1.1	1.1	1.0	0.9	0.6	0.7	0.5	0.5	23	0.9	-1.0
SE	1.4	1.2	1.3	1.2	1.0	1.0	0.9	0.7	0.7	0.6	0.6	22	1.0	-0.8
UK	2.9	2.5	2.0	2.0	1.7	1.8	1.5	1.3	1.2	0.9	0.9	9	1.7	-1.9
NO	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		-	-
EU-27														
weighted average	2.1	1.8	1.7	1.6	1.4	1.5	1.4	1.0	0.9	0.7	0.8		1.4	-1.3
arithmetic average	2.2	1.9	1.8	1.7	1.5	1.5	1.4	1.0	1.0	0.7	0.9		1.4	-1.3
EA-13														
weighted average	2.1	1.8	1.7	1.6	1.4	1.5	1.4	1.0	0.9	0.7	0.8		1.4	-1.3
arithmetic average	2.3	2.0	1.9	1.8	1.6	1.6	1.5	1.1	1.0	0.8	0.8		1.5	-1.5
EU-25														
weighted average	2.1	1.8	1.7	1.6	1.4	1.5	1.4	1.0	0.9	0.7	0.8		1.4	-1.3
arithmetic average	2.2	1.9	1.8	1.7	1.5	1.5	1.4	1.0	1.0	0.7	0.9		1.4	-1.3
Ratio st.dev. and mean in %														
	34.8	33.0	31.5	34.4	33.3	29.9	32.0	29.7	33.8	31.7	34.4			-0.4
Difference max. and min.														
	3.0	2.4	2.0	2.3	1.8	1.6	1.8	1.1	1.2	1.0	1.0			-2.0

1) The ranking is based on 2005 data 2) in % of total tax and SSC revenue

See explanatory notes in Annex C

Source: Commission Services

Table C.1_G: Taxes on Consumption as % of GDP: Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	10.8	11.2	11.2	11.1	11.5	11.4	11.0	11.0	11.0	11.2	11.3	21	11.1	0.6
BG	-	-	-	-	-	14.4	14.0	13.9	15.3	17.2	18.4	1	15.5	-
CZ	11.4	11.3	10.8	10.2	10.8	10.6	10.2	10.1	10.4	11.4	11.4	19	10.8	0.0
DK	15.4	15.8	15.9	16.3	16.4	15.7	15.7	15.8	15.6	15.9	16.1	2	15.9	0.6
DE	10.3	10.1	10.0	10.1	10.5	10.5	10.5	10.4	10.5	10.2	10.1	24	10.3	-0.2
EE	12.4	12.7	13.4	11.8	11.4	11.8	11.5	11.9	11.8	11.9	12.9	9	12.2	0.5
IE	13.0	12.9	12.5	12.3	12.0	12.1	10.9	11.0	10.9	11.3	11.4	17	11.8	-1.6
EL	13.5	13.6	13.6	13.8	14.0	13.6	13.9	13.5	12.7	12.4	12.0	16	13.3	-1.5
ES	8.9	9.1	9.2	9.6	10.0	9.9	9.5	9.4	9.6	9.7	9.8	26	9.5	0.9
FR	12.1	12.4	12.3	12.1	12.1	11.6	11.3	11.3	11.1	11.2	11.4	20	11.7	-0.7
IT	10.4	10.1	10.3	10.7	10.9	10.9	10.4	10.2	9.9	10.0	10.1	25	10.4	-0.3
CY	10.0	9.6	8.8	8.8	8.7	10.2	11.3	11.9	14.2	14.6	14.7	3	11.2	4.8
LV	12.1	11.6	12.1	13.1	11.9	11.3	10.6	10.6	11.4	11.3	12.4	12	11.7	0.2
LT	11.6	10.9	12.8	13.0	12.8	11.8	11.5	11.7	11.1	10.6	10.9	22	11.7	-0.7
LU	10.0	9.9	10.6	10.6	10.5	10.8	10.6	10.8	10.7	11.4	10.9	23	10.6	0.9
HU	17.4	16.6	14.9	15.1	15.5	15.3	14.5	14.1	14.6	15.1	14.6	4	15.3	-2.9
MT	11.8	11.2	11.8	10.7	11.6	11.9	12.5	13.3	12.3	13.3	14.4	5	12.3	2.7
NL	11.2	11.5	11.6	11.6	11.9	11.7	11.9	11.6	11.8	12.0	12.1	15	11.7	0.9
AT	11.6	12.0	12.5	12.4	12.5	12.1	12.3	12.5	12.3	12.3	12.1	14	12.2	0.5
PL	12.7	13.0	12.4	11.8	12.3	11.3	11.1	11.9	11.9	11.8	12.2	13	12.0	-0.5
PT	12.6	12.8	12.5	12.8	12.9	12.4	12.4	12.7	12.8	12.8	-	n.a.	12.7	-
RO	-	-	-	-	-	-	-	11.2	11.9	11.3	12.4	11	11.7	-
SI	15.5	15.2	14.2	14.8	15.3	14.3	13.8	14.2	14.3	14.0	13.9	6	14.5	-1.5
SK	14.6	14.1	13.8	12.6	12.5	12.3	11.0	11.5	10.9	12.0	12.5	10	12.5	-2.1
FI	13.8	13.9	14.4	14.0	14.1	13.6	13.1	13.4	13.9	13.6	13.7	7	13.8	-0.1
SE	13.5	13.1	13.0	13.1	13.0	12.5	12.7	12.9	13.0	12.8	13.1	8	13.0	-0.4
UK	12.3	12.2	12.3	12.1	12.3	12.1	11.9	11.8	11.8	11.7	11.4	18	12.0	-0.9
NO	14.1	13.7	13.8	13.9	13.4	12.0	11.8	11.7	11.3	10.9	10.6		12.5	-3.6
EU-27														
weighted average	11.3	11.3	11.4	11.3	11.6	11.4	11.2	11.2	11.1	11.1	11.1		11.3	-0.2
arithmetic average	12.4	12.3	12.3	12.2	12.3	12.2	11.9	12.0	12.1	12.3	12.6		12.2	0.2
EA-13														
weighted average	10.9	10.9	10.9	11.0	11.3	11.1	10.9	10.8	10.8	10.7	10.7		10.9	-0.2
arithmetic average	11.8	11.9	11.9	12.0	12.2	11.9	11.7	11.7	11.6	11.7	11.6		11.8	-0.2
EU-25														
weighted average	11.3	11.3	11.4	11.4	11.6	11.4	11.2	11.2	11.1	11.1	11.1		11.3	-0.2
arithmetic average	12.4	12.3	12.3	12.2	12.3	12.1	11.9	12.0	12.0	12.2	12.3		12.2	0.0
Ratio st.dev. and mean in %														
Ratio st.dev. and mean in %	17.3	17.0	15.3	15.7	15.2	13.2	13.5	13.3	14.6	16.1	17.5			0.2
Difference max. and min.														
Difference max. and min.	8.5	7.6	7.1	7.5	7.7	5.8	6.2	6.3	6.0	7.6	8.6			0.1

1) The ranking is based on 2005 data 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services



Table C.1_T: Taxes on Consumption as % of Total Taxation: Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	24.6	25.2	25.0	24.4	25.3	25.2	24.3	24.3	24.4	24.8	24.9	25	24.8	0.4
BG	-	-	-	-	-	43.3	43.5	44.7	45.6	48.9	51.3	1	46.2	-
CZ	31.6	32.5	30.8	30.6	31.7	31.3	30.1	29.1	29.1	31.0	31.4	16	30.8	-0.2
DK	31.6	32.2	32.4	33.1	32.7	31.8	32.3	33.0	32.5	32.3	31.9	14	32.4	0.3
DE	25.9	25.0	24.6	24.7	25.2	25.2	26.2	26.2	26.4	26.2	26.1	22	25.6	0.2
EE	32.9	35.7	37.2	33.9	33.0	37.6	38.3	38.4	37.6	37.8	41.8	5	36.7	8.9
IE	39.2	38.9	38.7	38.7	37.9	38.2	36.6	38.6	37.4	37.1	37.1	10	38.0	-2.1
EL	41.3	41.3	39.8	37.9	37.5	36.0	38.1	36.7	35.7	36.1	34.9	12	37.7	-6.4
ES	27.3	27.4	27.7	29.1	29.8	29.2	28.4	27.9	28.2	28.0	27.5	21	28.2	0.2
FR	28.2	28.3	27.8	27.5	27.0	26.2	25.7	26.1	26.0	26.1	25.8	23	26.8	-2.4
IT	25.9	24.1	23.6	25.3	25.8	26.2	25.1	24.9	23.9	24.6	24.8	26	24.9	-1.1
CY	37.4	36.5	34.1	31.8	31.0	34.0	36.7	38.1	42.9	43.7	41.4	6	37.0	4.0
LV	36.5	37.8	37.8	38.9	37.1	38.4	37.2	37.6	39.9	39.7	42.0	4	38.5	5.5
LT	40.6	39.1	41.1	40.7	40.3	39.1	40.2	41.3	39.4	37.4	37.9	8	39.7	-2.7
LU	27.1	26.3	26.9	27.0	27.5	27.5	26.7	27.5	27.8	30.2	28.5	20	27.5	1.5
HU	41.9	41.0	38.3	38.7	39.8	39.7	37.4	36.6	37.9	39.0	37.8	9	38.9	-4.1
MT	43.0	43.3	42.9	42.4	43.0	42.2	41.2	41.7	38.8	38.9	40.9	7	41.7	-2.1
NL	28.0	28.5	29.2	29.3	29.4	29.2	31.0	30.8	31.4	31.9	31.8	15	30.0	3.8
AT	28.1	28.2	28.4	28.1	28.6	28.4	27.5	28.5	28.5	28.7	28.9	19	28.4	0.8
PL	34.2	34.9	34.1	33.3	34.8	33.4	33.1	34.6	35.7	36.1	35.8	11	34.5	1.6
PT	39.4	39.0	37.9	38.6	37.9	36.3	36.5	36.6	36.4	37.5	-	n.a.	37.6	-
RO	-	-	-	-	-	-	-	39.6	43.2	41.2	44.3	2	42.1	-
SI	38.5	38.9	37.4	38.1	39.0	37.0	35.6	36.1	36.1	35.4	34.5	13	37.0	-4.0
SK	36.8	37.2	39.3	35.4	36.6	37.4	35.0	36.2	35.2	40.3	42.7	3	37.5	5.9
FI	30.3	29.6	31.2	30.5	30.8	28.8	29.4	29.9	31.7	31.3	31.2	17	30.4	0.9
SE	27.5	25.5	25.0	24.9	24.3	23.5	24.8	26.0	25.9	25.4	25.5	24	25.3	-2.0
UK	34.7	34.8	34.5	33.1	33.3	32.2	31.8	33.0	33.3	32.6	30.9	18	33.1	-3.8
NO	33.7	32.4	32.6	33.1	31.8	28.1	27.5	27.0	26.5	25.0	23.8		29.2	-9.9
EU-27														
weighted average	28.5	28.0	27.9	28.0	28.3	28.0	28.0	28.4	28.3	28.4	28.1		28.2	-0.4
arithmetic average	33.3	33.2	33.0	32.6	32.8	33.0	32.8	33.5	33.7	34.1	34.3		33.3	1.0
EA-13														
weighted average	27.3	26.7	26.5	26.8	27.1	26.9	26.9	27.0	26.9	27.1	26.8		26.9	-0.5
arithmetic average	31.1	30.8	30.6	30.7	30.9	30.2	30.1	30.3	30.3	30.6	29.7		30.5	-1.4
EU-25														
weighted average	28.5	28.0	27.9	28.0	28.3	28.0	28.0	28.3	28.3	28.3	27.9		28.1	-0.5
arithmetic average	33.3	33.2	33.0	32.6	32.8	32.6	32.4	32.8	32.9	33.3	33.2		32.9	-0.1
Ratio st.dev. and mean in %														
	20.5	21.4	21.0	19.8	19.1	20.4	20.1	20.5	21.4	22.0	25.2			4.7
Difference max. and min.														
	18.5	19.2	19.2	18.0	18.6	19.8	19.2	20.4	21.6	24.2	26.5			8.0

1) The ranking is based on 2005 data 2) in % of total tax and SSC revenue

See explanatory notes in Annex C

Source: Commission Services

Table C.2_G: Taxes on Labour as % of GDP: Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	24.4	24.2	24.5	24.5	24.4	24.3	24.9	25.0	24.3	23.8	23.8	3	24.4	-0.6
BG	-	-	-	-	-	13.5	12.1	11.3	12.5	12.4	11.8	22	12.3	-
CZ	17.4	17.3	17.7	17.1	16.9	17.1	17.0	17.8	18.1	18.0	17.8	11	17.5	0.4
DK	27.3	27.3	26.9	26.3	27.0	26.6	26.9	26.1	26.0	25.3	24.8	2	26.4	-2.5
DE	23.9	24.1	24.4	24.2	24.1	24.3	24.0	23.9	23.8	22.8	22.3	7	23.8	-1.6
EE	21.1	19.6	18.8	19.2	20.1	17.4	16.9	17.0	17.0	16.8	15.4	15	18.1	-5.7
IE	13.5	13.2	12.7	12.1	11.7	11.5	11.0	10.1	9.9	10.6	10.5	26	11.5	-3.0
EL	11.8	12.2	12.8	13.5	13.6	13.6	13.4	14.3	14.5	13.9	14.1	19	13.4	2.3
ES	16.4	16.6	16.1	15.8	15.5	15.7	16.0	16.2	16.1	15.8	16.1	13	16.0	-0.3
FR	23.0	23.1	23.1	23.0	23.5	23.2	23.1	22.9	23.1	22.9	23.3	4	23.1	0.4
IT	18.1	19.7	20.7	20.6	20.1	19.6	20.0	20.0	20.1	20.0	20.4	9	19.9	2.3
CY	10.3	10.0	10.3	10.5	10.0	9.8	10.3	10.3	11.0	10.6	11.3	23	10.4	1.0
LV	17.2	15.9	15.9	16.4	16.2	15.3	14.6	14.6	14.6	14.6	14.2	18	15.4	-3.0
LT	13.3	13.6	15.1	16.1	16.7	16.3	15.4	14.9	14.6	14.7	14.6	16	15.0	1.3
LU	15.5	15.6	15.8	15.3	15.1	15.3	15.9	15.2	15.3	15.5	15.6	14	15.5	0.1
HU	20.8	20.4	20.4	19.9	19.3	19.1	19.9	20.0	19.5	19.2	19.6	10	19.8	-1.2
MT	9.3	9.0	9.7	8.7	9.3	9.7	10.7	10.3	10.4	11.0	11.1	24	9.9	1.8
NL	21.8	20.7	19.8	19.6	20.1	20.3	17.8	18.1	18.4	18.2	17.7	12	19.3	-4.0
AT	23.6	23.7	24.5	24.4	24.4	23.7	24.0	24.0	24.1	23.6	23.3	6	23.9	-0.3
PL	17.0	17.2	16.9	16.9	16.1	15.6	15.8	14.9	14.4	13.6	13.9	20	15.7	-3.1
PT	13.3	13.5	13.5	13.4	13.6	14.1	14.3	14.5	14.9	14.7	-	n.a.	14.0	-
RO	-	-	-	-	-	-	-	12.5	11.1	10.9	11.0	25	11.4	-
SI	22.7	21.3	20.9	21.0	20.8	21.3	21.7	21.5	21.5	21.5	21.7	8	21.4	-1.0
SK	16.6	16.5	0.0	17.8	16.7	16.0	15.9	15.7	15.3	13.7	12.6	21	14.3	-4.0
FI	26.1	26.8	24.7	24.1	23.7	23.7	23.8	23.6	23.3	22.9	23.3	5	24.2	-2.8
SE	30.7	32.4	32.4	33.2	33.0	32.3	32.4	31.4	31.7	31.4	31.2	1	32.0	0.5
UK	14.0	13.3	13.1	13.7	13.9	14.3	14.3	13.7	13.7	13.9	14.4	17	13.8	0.5
NO	18.9	18.6	18.9	20.4	19.9	17.7	18.1	19.1	19.1	18.5	17.5		18.8	-1.4
EU-27														
weighted average	20.9	21.0	20.8	20.6	20.5	20.4	20.2	20.1	20.1	19.7	19.8		20.4	-1.1
arithmetic average	18.8	18.7	18.0	18.7	18.6	18.2	18.2	17.8	17.8	17.5	17.5		18.2	-1.2
EA-13														
weighted average	21.6	21.8	21.9	21.7	21.6	21.5	21.3	21.3	21.2	20.8	20.8		21.4	-0.8
arithmetic average	19.5	19.6	19.5	19.3	19.3	19.3	19.2	19.2	19.2	18.9	19.3		19.3	-0.2
EU-25														
weighted average	20.9	21.0	20.8	20.7	20.6	20.5	20.3	20.1	20.1	19.8	19.8		20.4	-1.0
arithmetic average	18.8	18.7	18.0	18.7	18.6	18.4	18.4	18.2	18.2	18.0	18.0		18.4	-0.7
Ratio st.dev. and mean in %	26.8	27.5	32.3	27.2	27.4	26.9	27.4	27.5	27.3	27.1	27.3			0.5
Difference max. and min.	21.4	23.4	32.4	24.5	23.8	22.6	22.1	21.4	21.9	20.9	20.7			-0.7

1) The ranking is based on 2005 data 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services



Table C.2_T: Taxes on Labour as % of Total Taxation: Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	55.6	54.6	54.5	53.9	53.7	53.8	55.0	55.2	54.2	52.9	52.3	7	54.1	-3.3
BG	-	-	-	-	-	40.8	37.8	36.5	37.0	35.1	33.0	24	36.7	-
CZ	48.2	49.9	50.6	51.4	49.6	50.5	50.1	51.1	50.7	49.1	49.2	13	50.0	1.0
DK	55.9	55.5	55.0	53.3	53.8	53.9	55.6	54.5	54.1	51.4	49.3	12	53.8	-6.6
DE	60.0	59.4	59.9	59.1	57.7	58.1	60.1	60.6	60.0	58.8	57.4	2	59.2	-2.7
EE	55.8	55.0	52.5	55.0	58.2	55.8	56.0	54.5	53.9	53.5	49.9	11	54.5	-5.9
IE	40.9	39.8	39.2	38.1	36.9	36.3	37.0	35.3	33.8	34.6	34.2	23	36.9	-6.8
EL	36.1	37.0	37.4	37.1	36.6	35.9	36.8	38.9	40.8	40.5	40.8	18	38.0	4.7
ES	50.0	50.1	48.6	48.0	46.1	46.2	47.9	47.6	47.3	45.9	45.1	16	47.5	-4.9
FR	53.8	52.6	52.4	52.3	52.2	52.6	52.7	53.2	53.9	53.1	53.0	6	52.9	-0.7
IT	45.1	47.2	47.3	48.5	47.4	47.0	48.1	49.0	48.7	49.2	50.3	10	48.0	5.1
CY	38.6	38.1	39.9	37.7	35.9	32.6	33.2	33.0	33.3	31.5	31.8	25	35.1	-6.8
LV	52.0	51.6	49.7	48.5	50.8	51.7	51.1	51.9	51.4	51.2	48.3	14	50.7	-3.6
LT	46.8	48.9	48.6	50.2	52.6	54.1	53.8	52.4	51.9	52.0	50.7	9	51.1	3.9
LU	41.8	41.5	40.2	38.8	39.4	39.0	40.1	38.8	39.7	41.0	40.7	19	40.1	-1.1
HU	49.9	50.4	52.3	51.1	49.4	49.6	51.3	52.0	50.8	49.7	50.8	8	50.7	0.9
MT	34.0	34.8	35.4	34.6	34.2	34.3	35.1	32.3	32.7	32.1	31.3	26	33.7	-2.6
NL	54.2	51.4	49.8	49.7	49.8	50.8	46.5	47.8	49.1	48.2	46.5	15	49.4	-7.7
AT	57.2	55.6	55.7	55.3	55.9	55.5	53.6	55.0	55.9	55.2	55.4	3	55.5	-1.7
PL	45.9	46.1	46.4	47.6	45.7	46.0	47.0	43.5	43.0	41.6	40.7	20	44.9	-5.2
PT	41.6	41.2	41.1	40.5	40.0	41.1	42.2	41.9	42.5	43.1	-	n.a.	41.5	-
RO	-	-	-	-	-	-	-	44.2	40.3	39.7	39.1	21	40.8	-
SI	56.3	54.5	55.0	54.0	53.1	55.2	55.8	54.8	54.5	54.3	53.6	4	54.7	-2.7
SK	41.9	43.5	0.0	49.9	48.9	48.7	50.4	49.3	49.7	46.1	43.0	17	42.9	1.2
FI	57.1	57.0	53.4	52.4	51.7	50.2	53.4	52.9	52.9	52.6	53.1	5	53.3	-4.0
SE	62.5	63.0	62.3	63.0	62.0	60.5	63.0	63.2	63.2	62.2	60.8	1	62.3	-1.7
UK	39.3	37.8	36.6	37.4	37.5	38.1	38.4	38.2	38.5	38.7	39.0	22	38.1	-0.3
NO	45.1	44.0	44.7	48.6	47.2	41.3	42.2	44.2	44.8	42.2	39.6		44.0	-5.5
EU-27														
weighted average	52.6	51.9	51.0	50.9	50.1	50.1	50.8	51.0	51.1	50.3	49.8		50.9	-2.8
arithmetic average	48.8	48.7	46.6	48.3	48.0	47.6	48.2	47.7	47.6	46.8	46.1		47.7	-2.7
EA-13														
weighted average	54.1	53.4	53.1	52.9	52.0	52.1	52.8	53.2	53.1	52.4	52.0		52.8	-2.1
arithmetic average	50.0	49.4	48.8	48.3	47.7	47.8	48.4	48.5	48.7	48.4	48.5		48.6	-1.4
EU-25														
weighted average	52.6	51.9	51.0	50.9	50.1	50.1	50.8	51.0	51.1	50.3	49.9		50.9	-2.7
arithmetic average	48.8	48.7	46.6	48.3	48.0	47.9	48.6	48.3	48.3	47.5	47.0		48.0	-1.8
Ratio st.dev. and mean in %	15.2	14.8	23.8	14.9	15.6	15.9	16.2	16.5	16.2	16.2	16.3			1.1
Difference max. and min.	28.6	28.1	62.3	28.4	27.8	27.9	29.8	31.0	30.5	30.6	29.5			0.9

1) The ranking is based on 2005 data 2) in % of total tax and SSC revenue

See explanatory notes in Annex C

Source: Commission Services

Table C.2.1_G: Taxes on Labour as % of GDP: Employed

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	22.3	22.2	22.3	22.4	22.4	22.3	22.8	22.9	22.2	21.8	21.7	3	22.3	-0.6
BG	-	-	-	-	-	13.5	12.1	11.3	12.5	12.4	11.8	22	12.3	-
CZ	17.4	17.3	17.7	17.1	16.9	17.1	17.0	17.8	18.1	18.0	17.8	11	17.5	0.4
DK	21.1	21.2	21.4	21.0	21.8	21.7	22.1	21.2	20.9	20.3	19.8	7	21.2	-1.3
DE	21.3	21.3	21.4	21.4	21.3	21.8	21.5	21.3	21.1	20.1	19.5	8	21.1	-1.8
EE	21.1	19.5	18.8	19.2	19.9	17.3	16.8	16.7	16.8	16.4	15.1	13	18.0	-6.0
IE	13.4	13.0	12.6	12.0	11.7	11.4	11.0	10.0	9.8	10.5	10.4	25	11.4	-2.9
EL	11.0	11.4	11.9	12.5	12.6	12.6	12.4	13.3	13.5	12.9	13.0	20	12.5	1.9
ES	14.1	14.4	14.1	14.0	13.7	13.9	14.3	14.3	14.2	14.0	14.2	16	14.1	0.1
FR	21.8	22.0	22.0	22.1	22.5	22.3	22.2	22.1	22.3	22.1	22.5	2	22.2	0.6
IT	16.2	17.8	18.6	18.4	18.1	17.6	17.8	17.9	18.0	17.9	18.2	10	17.9	2.0
CY	10.0	9.8	10.1	10.2	9.8	9.6	10.0	10.2	10.9	10.5	11.3	23	10.2	1.2
LV	17.2	15.9	15.9	16.3	16.2	15.2	14.5	14.6	14.5	14.5	14.1	18	15.4	-3.1
LT	13.3	13.6	15.0	16.0	16.7	16.3	15.4	14.7	14.5	14.5	14.4	14	15.0	1.1
LU	13.8	13.9	14.0	13.8	13.6	13.8	14.6	13.9	13.9	14.1	14.2	17	14.0	0.4
HU	20.0	19.7	19.7	19.2	18.5	18.2	19.0	19.1	18.6	18.4	18.8	9	19.0	-1.3
MT	8.7	8.5	9.2	8.2	8.6	9.0	9.9	9.5	9.6	10.1	10.3	26	9.2	1.6
NL	17.6	16.9	16.2	16.7	17.2	17.4	15.4	15.6	15.9	15.7	15.3	12	16.4	-2.2
AT	21.6	21.6	22.3	22.0	22.0	21.4	21.5	21.5	21.5	21.1	20.9	4	21.6	-0.8
PL	14.7	14.9	15.0	15.0	15.3	14.9	15.0	14.2	13.6	12.9	13.2	19	14.4	-1.5
PT	12.7	12.9	13.0	12.9	13.1	13.5	13.6	13.8	14.1	13.9	-	n.a.	13.4	-
RO	-	-	-	-	-	-	-	12.4	11.1	10.8	10.9	24	11.3	-
SI	22.0	20.6	20.2	20.2	20.0	20.5	20.8	20.6	20.6	20.5	20.8	5	20.6	-1.2
SK	16.6	16.5	0.0	17.7	16.7	16.0	15.8	15.6	15.3	13.6	12.5	21	14.2	-4.1
FI	21.9	22.6	21.1	21.0	20.7	20.8	21.1	20.8	20.5	20.2	20.6	6	21.0	-1.3
SE	26.1	28.0	28.1	29.0	28.9	28.5	28.7	27.8	27.6	27.3	27.1	1	27.9	1.0
UK	13.8	13.1	12.9	13.6	13.7	14.1	14.2	13.5	13.5	13.7	14.2	15	13.7	0.4
NO	17.9	17.6	17.8	19.3	18.8	16.7	17.1	18.1	18.0	17.4	16.6		17.8	-1.4
EU-27														
weighted average	18.9	19.0	18.8	18.8	18.8	18.7	18.6	18.4	18.4	18.0	18.1		18.6	-0.8
arithmetic average	17.2	17.1	16.5	17.3	17.3	16.9	16.9	16.6	16.5	16.2	16.3		16.8	-0.9
EA-13														
weighted average	19.5	19.6	19.7	19.7	19.6	19.6	19.4	19.3	19.3	18.8	18.8		19.4	-0.6
arithmetic average	17.7	17.7	17.7	17.6	17.6	17.6	17.6	17.5	17.5	17.3	17.6		17.6	-0.1
EU-25														
weighted average	18.9	19.0	18.8	18.9	18.8	18.8	18.7	18.4	18.4	18.1	18.1		18.6	-0.8
arithmetic average	17.2	17.1	16.5	17.3	17.3	17.1	17.1	16.9	16.9	16.6	16.7		17.0	-0.5
Ratio st.dev. and mean in %	24.2	24.7	30.4	24.8	24.9	24.2	24.8	24.8	24.3	24.1	24.3			0.2
Difference max. and min.	17.4	19.5	28.1	20.8	20.3	19.5	18.8	18.3	17.9	17.1	16.8			-0.5

1) The ranking is based on 2005 data 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services



Table C.2.1_T: Taxes on Labour as % of Total Taxation: Employed

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	51.0	49.9	49.7	49.2	49.2	49.3	50.3	50.5	49.6	48.4	47.8	11	49.5	-3.2
BG	-	-	-	-	-	40.8	37.8	36.5	37.0	35.1	33.0	24	36.7	-
CZ	48.2	49.9	50.6	51.4	49.6	50.5	50.1	51.1	50.7	49.1	49.2	7	50.0	1.0
DK	43.3	43.2	43.8	42.7	43.6	44.0	45.6	44.3	43.5	41.2	39.4	17	43.2	-3.9
DE	53.5	52.3	52.7	52.2	51.0	52.0	53.8	53.8	53.2	51.9	50.3	4	52.4	-3.2
EE	55.7	54.9	52.4	54.9	57.4	55.2	55.5	53.8	53.2	52.3	48.8	8	54.0	-6.9
IE	40.5	39.3	38.8	37.7	36.7	36.0	36.8	35.1	33.6	34.4	34.0	23	36.6	-6.5
EL	33.7	34.6	34.8	34.3	33.7	33.2	34.0	36.2	38.0	37.6	37.6	21	35.2	3.9
ES	43.1	43.5	42.6	42.3	40.8	41.0	42.7	42.1	41.9	40.6	39.8	16	41.9	-3.3
FR	51.1	50.1	49.9	50.3	50.2	50.5	50.7	51.3	52.0	51.2	51.1	3	50.7	0.0
IT	40.5	42.6	42.6	43.4	42.6	42.2	42.9	43.9	43.7	44.0	45.0	13	43.0	4.5
CY	37.6	37.2	39.0	36.9	35.1	31.9	32.4	32.7	33.1	31.3	31.6	25	34.4	-6.0
LV	52.0	51.6	49.7	48.5	50.5	51.4	50.8	51.6	51.1	50.8	47.9	10	50.5	-4.0
LT	46.6	48.8	48.5	50.1	52.4	54.0	53.6	51.9	51.3	51.4	50.1	5	50.8	3.4
LU	37.1	37.0	35.7	35.0	35.4	35.2	36.6	35.6	36.2	37.3	37.0	22	36.2	-0.1
HU	48.1	48.5	50.6	49.3	47.2	47.2	49.0	49.6	48.5	47.6	48.7	9	48.6	0.6
MT	31.8	32.8	33.2	32.5	31.9	31.8	32.6	29.9	30.3	29.7	29.1	26	31.4	-2.7
NL	43.7	41.9	40.9	42.3	42.6	43.6	40.2	41.4	42.4	41.6	40.1	15	41.9	-3.6
AT	52.4	50.7	50.6	50.0	50.4	50.1	48.2	49.3	49.9	49.2	49.7	6	50.1	-2.7
PL	39.5	39.9	41.1	42.2	43.3	43.8	44.6	41.3	40.7	39.6	38.6	19	41.3	-0.9
PT	40.0	39.4	39.4	38.9	38.4	39.3	40.2	39.8	40.2	40.8	-	n.a.	39.6	-
RO	-	-	-	-	-	-	-	44.1	40.2	39.5	38.9	18	40.7	-
SI	54.8	52.7	53.2	52.0	51.0	53.2	53.4	52.4	52.1	51.8	51.4	2	52.6	-3.4
SK	41.8	43.3	0.0	49.8	48.7	48.5	50.1	49.0	49.5	45.8	42.7	14	42.7	0.8
FI	47.9	48.1	45.6	45.6	45.3	44.0	47.3	46.7	46.7	46.5	46.9	12	46.4	-1.1
SE	53.2	54.3	54.0	55.0	54.3	53.4	55.8	56.0	55.0	54.0	52.9	1	54.4	-0.3
UK	38.9	37.3	36.1	36.9	37.0	37.6	37.9	37.7	38.0	38.2	38.5	20	37.7	-0.3
NO	42.8	41.7	42.3	45.8	44.4	38.9	39.8	41.9	42.4	39.8	37.4		41.6	-5.4
EU-27														
weighted average	47.5	46.9	46.2	46.4	45.8	46.0	46.6	46.8	46.8	46.0	45.5		46.4	-2.0
arithmetic average	45.0	45.0	43.0	44.9	44.7	44.6	45.1	44.7	44.5	43.7	43.1		44.4	-2.0
EA-13														
weighted average	48.8	48.1	47.8	47.9	47.2	47.5	48.1	48.4	48.3	47.5	47.1		47.9	-1.7
arithmetic average	45.3	44.8	44.4	44.1	43.6	43.8	44.4	44.5	44.6	44.2	44.2		44.4	-1.1
EU-25														
weighted average	47.5	46.9	46.2	46.4	45.8	46.0	46.6	46.8	46.8	46.0	45.6		46.4	-2.0
arithmetic average	45.0	45.0	43.0	44.9	44.7	44.8	45.4	45.1	45.0	44.2	43.7		44.6	-1.4
Ratio st.dev. and mean in %	14.4	14.0	23.9	14.7	15.5	15.8	15.8	15.8	15.3	15.2	15.3			0.9
Difference max. and min.	23.9	22.1	54.0	22.6	25.6	23.4	23.4	26.1	24.7	24.3	23.8			-0.1

1) The ranking is based on 2005 data 2) in % of total tax and SSC revenue

See explanatory notes in Annex C

Source: Commission Services

Table C.2.1.1_G: Taxes on Labour as % of GDP: Employed paid by employers

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	8.6	8.6	8.6	8.7	8.7	8.4	8.5	8.7	8.7	8.4	8.4	10	8.6	-0.2
BG	-	-	-	-	-	8.5	7.6	6.9	7.7	7.7	7.1	13	7.6	-
CZ	9.9	10.0	10.2	9.9	9.8	9.9	9.9	10.4	10.5	10.4	10.4	4	10.1	0.5
DK	0.5	0.5	0.5	0.7	0.6	0.5	0.6	0.5	0.5	0.5	0.5	26	0.5	0.0
DE	7.5	7.6	7.6	7.6	7.5	7.5	7.4	7.3	7.4	7.2	7.0	15	7.4	-0.5
EE	13.1	12.1	11.6	11.6	12.4	10.8	10.6	10.6	10.4	10.3	10.0	5	11.2	-3.1
IE	2.9	2.6	2.6	2.6	2.6	2.7	2.9	2.7	2.7	2.7	2.7	25	2.7	-0.1
EL	4.8	5.0	5.2	5.3	5.2	5.4	5.4	6.0	6.0	5.6	5.5	19	5.4	0.7
ES	8.1	8.3	8.3	8.2	8.3	8.4	8.6	8.6	8.6	8.5	8.5	9	8.4	0.4
FR	12.5	12.4	12.5	12.2	12.4	12.1	12.1	12.1	12.2	12.2	12.3	2	12.3	-0.2
IT	8.5	10.1	10.7	10.4	9.9	9.8	9.9	10.1	10.3	10.3	10.5	3	10.0	2.0
CY	6.7	7.0	7.1	7.1	6.8	6.7	6.9	6.9	7.8	6.2	6.8	16	6.9	0.1
LV	11.6	9.9	8.0	8.2	8.1	7.4	6.8	6.9	6.5	6.4	6.2	18	7.8	-5.4
LT	7.1	7.6	8.1	8.7	8.8	8.5	8.0	7.8	7.7	7.6	7.4	12	7.9	0.3
LU	4.5	4.5	4.5	4.6	4.4	4.4	4.8	4.8	4.8	4.8	4.7	21	4.6	0.2
HU	12.3	11.7	12.0	11.8	10.7	10.4	10.9	10.2	9.9	9.6	9.9	6	10.9	-2.3
MT	3.1	3.1	3.3	3.0	2.9	2.8	3.1	3.0	3.0	3.0	3.2	24	3.0	0.1
NL	1.9	1.9	1.7	4.5	4.5	4.5	4.5	4.5	4.4	4.4	4.2	22	3.7	2.3
AT	10.0	10.0	10.0	9.9	9.8	9.6	9.5	9.5	9.5	9.3	9.3	7	9.7	-0.7
PL	5.9	5.9	6.1	6.1	5.9	5.7	5.7	5.4	5.2	4.9	4.9	20	5.6	-1.0
PT	6.1	6.3	6.4	6.5	6.5	6.7	6.7	6.9	7.0	7.1	-	n.a.	6.6	-
RO	-	-	-	-	-	-	-	6.5	6.1	5.9	6.4	17	6.2	-
SI	8.2	7.0	6.7	6.8	6.9	7.2	7.3	7.3	7.4	7.4	7.6	11	7.3	-0.7
SK	11.8	10.0	0.0	10.9	9.9	9.8	9.6	9.6	9.4	8.5	7.1	14	8.8	-4.7
FI	9.9	9.6	9.1	9.2	9.2	8.7	8.9	8.9	8.8	8.8	8.9	8	9.1	-0.9
SE	12.6	13.6	13.2	13.6	13.7	13.9	14.2	14.2	14.0	13.7	13.7	1	13.7	1.0
UK	3.4	3.3	3.4	3.3	3.5	3.6	3.6	3.4	3.6	3.7	3.9	23	3.5	0.5
NO	5.9	5.8	5.8	6.2	6.1	5.4	5.6	6.0	6.0	5.8	5.5		5.8	-0.4
EU-27														
weighted average	7.8	8.1	8.0	8.0	7.9	7.8	7.8	7.8	7.9	7.8	7.9		7.9	0.0
arithmetic average	7.7	7.5	7.1	7.6	7.6	7.5	7.5	7.4	7.4	7.2	7.2		7.4	-0.5
EA-13														
weighted average	8.5	8.8	8.9	9.0	8.9	8.8	8.8	8.8	8.9	8.8	8.8		8.8	0.3
arithmetic average	7.2	7.2	7.2	7.4	7.4	7.3	7.4	7.5	7.5	7.4	7.5		7.4	0.3
EU-25														
weighted average	7.8	8.1	8.0	8.0	7.9	7.8	7.8	7.8	8.0	7.9	7.9		7.9	0.0
arithmetic average	7.7	7.5	7.1	7.6	7.6	7.4	7.5	7.4	7.4	7.3	7.2		7.4	-0.4
Ratio st.dev. and mean in %	46.7	43.7	46.8	41.8	42.0	40.2	40.0	39.3	38.5	38.2	38.8			-7.9
Difference max. and min.	12.6	13.1	13.2	12.9	13.1	13.4	13.7	13.7	13.5	13.2	13.2			0.6

1) The ranking is based on 2005 data 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services



Table C.2.1.1_T: Taxes on Labour as % of Total Taxation: Employed paid by employers

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	19.7	19.4	19.2	19.0	19.1	18.6	18.8	19.2	19.3	18.7	18.4	17	19.0	-1.3
BG	-	-	-	-	-	25.5	23.6	22.2	23.0	21.9	19.9	14	22.7	-
CZ	27.3	28.7	29.2	29.6	28.9	29.3	29.2	29.8	29.4	28.3	28.6	2	28.9	1.3
DK	1.0	0.9	1.1	1.3	1.1	0.9	1.2	1.1	1.0	1.0	1.0	26	1.1	0.0
DE	18.8	18.6	18.8	18.5	18.0	17.8	18.5	18.5	18.6	18.6	18.0	18	18.4	-0.8
EE	34.5	33.9	32.5	33.3	35.7	34.7	35.1	33.9	33.1	32.7	32.2	1	33.8	-2.3
IE	8.7	8.0	7.9	8.0	8.1	8.5	9.6	9.5	9.2	8.9	8.9	25	8.7	0.2
EL	14.6	15.2	15.1	14.6	13.9	14.1	14.7	16.3	16.8	16.4	15.9	19	15.3	1.3
ES	24.9	25.1	25.1	25.0	24.6	24.7	25.7	25.2	25.3	24.6	23.9	9	24.9	-1.0
FR	29.3	28.4	28.3	27.8	27.6	27.5	27.5	28.1	28.5	28.2	28.0	3	28.1	-1.4
IT	21.3	24.1	24.5	24.6	23.2	23.5	23.9	24.6	24.9	25.2	25.9	5	24.2	4.6
CY	24.9	26.6	27.7	25.5	24.3	22.3	22.4	22.0	23.6	18.5	19.0	15	23.4	-5.9
LV	35.1	32.2	25.0	24.3	25.2	25.1	23.9	24.3	22.9	22.3	21.1	12	25.6	-14.0
LT	25.0	27.1	26.2	27.2	27.7	28.1	28.0	27.5	27.4	26.8	25.7	7	27.0	0.7
LU	12.2	12.0	11.5	11.8	11.4	11.2	12.0	12.2	12.4	12.7	12.3	21	12.0	0.0
HU	29.5	28.9	30.7	30.3	27.4	27.1	28.0	26.5	25.7	24.9	25.8	6	27.7	-3.7
MT	11.2	12.2	12.0	11.7	10.6	10.0	10.3	9.3	9.3	8.9	9.1	24	10.4	-2.1
NL	4.8	4.8	4.4	11.5	11.2	11.4	11.6	11.8	11.8	11.8	11.0	22	9.6	6.2
AT	24.2	23.4	22.8	22.4	22.5	22.4	21.3	21.7	21.9	21.8	22.1	11	22.4	-2.0
PL	15.8	16.0	16.8	17.4	16.8	16.7	17.1	15.6	15.5	15.1	14.4	20	16.1	-1.4
PT	19.2	19.1	19.6	19.6	19.1	19.5	19.8	20.0	19.8	20.8	-	n.a.	19.6	-
RO	-	-	-	-	-	-	-	23.0	22.2	21.6	22.9	10	22.4	-
SI	20.5	17.9	17.7	17.6	17.5	18.5	18.8	18.6	18.7	18.6	18.7	16	18.5	-1.7
SK	29.7	26.4	0.0	30.5	29.0	29.6	30.5	30.0	30.6	28.5	24.3	8	26.3	-5.5
FI	21.6	20.5	19.7	19.9	20.2	18.5	20.1	20.0	20.1	20.3	20.4	13	20.1	-1.2
SE	25.8	26.4	25.5	25.8	25.7	26.0	27.7	28.6	27.9	27.1	26.7	4	26.6	0.9
UK	9.5	9.5	9.4	9.1	9.3	9.5	9.6	9.5	10.1	10.3	10.4	23	9.7	1.0
NO	14.1	13.6	13.7	14.8	14.5	12.7	13.1	13.9	14.0	13.2	12.4		13.6	-1.6
EU-27														
weighted average	19.7	19.9	19.7	19.7	19.3	19.1	19.5	19.8	20.2	20.0	19.8		19.7	0.1
arithmetic average	20.4	20.2	18.8	20.2	19.9	20.0	20.3	20.3	20.3	19.8	19.4		20.0	-1.0
EA-13														
weighted average	21.4	21.6	21.7	21.8	21.3	21.2	21.7	22.0	22.3	22.2	22.0		21.7	0.6
arithmetic average	18.5	18.2	18.0	18.5	18.2	18.2	18.6	18.9	19.0	19.0	18.6		18.5	0.2
EU-25														
weighted average	19.7	19.9	19.7	19.7	19.3	19.1	19.5	19.8	20.2	20.0	19.8		19.7	0.1
arithmetic average	20.4	20.2	18.8	20.2	19.9	19.8	20.2	20.2	20.2	19.6	19.2		19.9	-1.1
Ratio st.dev. and mean in %	45.2	43.7	46.8	41.3	42.5	42.1	40.8	39.2	38.0	36.9	37.3			-7.9
Difference max. and min.	34.1	33.0	32.5	31.9	34.6	33.8	34.0	32.8	32.1	31.7	31.2			-2.9

1) The ranking is based on 2005 data 2) in % of total tax and SSC revenue

See explanatory notes in Annex C

Source: Commission Services

Table C.2.1.2_G: Taxes on Labour as % of GDP: Employed paid by employees

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	13.7	13.6	13.7	13.7	13.7	13.9	14.3	14.2	13.6	13.3	13.3	3	13.7	-0.4
BG	-	-	-	-	-	5.1	4.6	4.5	4.7	4.7	4.7	24	4.7	-
CZ	7.5	7.4	7.5	7.3	7.1	7.2	7.1	7.4	7.6	7.6	7.5	18	7.4	-0.1
DK	20.7	20.8	20.9	20.4	21.3	21.3	21.5	20.7	20.4	19.8	19.3	1	20.6	-1.3
DE	13.8	13.7	13.8	13.8	13.8	14.3	14.1	14.0	13.7	12.9	12.5	5	13.7	-1.3
EE	8.0	7.5	7.2	7.6	7.5	6.4	6.2	6.2	6.3	6.1	5.1	23	6.7	-2.9
IE	10.5	10.4	10.0	9.4	9.1	8.7	8.1	7.3	7.1	7.8	7.7	16	8.7	-2.8
EL	6.2	6.4	6.7	7.1	7.4	7.2	7.1	7.3	7.5	7.3	7.5	17	7.1	1.2
ES	6.0	6.1	5.8	5.7	5.5	5.5	5.7	5.7	5.6	5.5	5.7	21	5.7	-0.3
FR	9.3	9.5	9.5	9.9	10.2	10.1	10.1	10.0	10.0	9.9	10.2	10	9.9	0.9
IT	7.7	7.7	7.9	8.0	8.2	7.8	7.9	7.9	7.7	7.6	7.7	15	7.8	0.0
CY	3.4	2.8	2.9	3.2	3.0	2.9	3.1	3.3	3.1	4.3	4.5	26	3.3	1.1
LV	5.6	6.0	7.9	8.2	8.1	7.8	7.7	7.7	8.0	8.1	7.9	14	7.5	2.3
LT	6.2	6.1	6.9	7.3	7.9	7.8	7.4	6.9	6.7	7.0	7.0	20	7.0	0.8
LU	9.2	9.4	9.5	9.2	9.2	9.4	9.8	9.1	9.1	9.3	9.5	11	9.3	0.2
HU	7.7	8.0	7.7	7.4	7.7	7.7	8.1	8.9	8.7	8.7	8.8	12	8.2	1.1
MT	5.6	5.3	5.9	5.3	5.8	6.2	6.8	6.6	6.7	7.1	7.0	19	6.2	1.4
NL	15.6	15.0	14.5	12.2	12.7	12.9	11.0	11.2	11.5	11.2	11.1	8	12.6	-4.5
AT	11.6	11.6	12.2	12.2	12.2	11.9	12.0	12.1	12.1	11.7	11.6	7	11.9	-0.1
PL	8.8	8.9	8.8	8.8	9.4	9.2	9.2	8.8	8.4	8.0	8.3	13	8.8	-0.5
PT	6.6	6.7	6.5	6.4	6.6	6.8	6.9	6.9	7.1	6.8	-	n.a.	6.7	-
RO	-	-	-	-	-	-	-	6.0	5.0	4.9	4.5	25	5.1	-
SI	13.8	13.6	13.5	13.4	13.2	13.4	13.4	13.3	13.2	13.1	13.2	4	13.4	-0.6
SK	4.8	6.4	0.0	6.9	6.7	6.2	6.2	6.1	5.8	5.1	5.4	22	5.4	0.6
FI	12.0	13.0	12.0	11.8	11.5	12.0	12.2	11.9	11.7	11.4	11.7	6	11.9	-0.4
SE	13.4	14.4	14.9	15.4	15.2	14.6	14.4	13.6	13.6	13.6	13.4	2	14.2	0.0
UK	10.4	9.8	9.6	10.2	10.3	10.6	10.6	10.1	9.9	10.0	10.4	9	10.2	-0.1
NO	12.0	11.9	12.1	13.0	12.7	11.2	11.5	12.1	12.1	11.7	11.1		11.9	-1.0
EU-27														
weighted average	11.0	10.9	10.8	10.8	10.9	10.9	10.8	10.6	10.4	10.2	10.2		10.7	-0.8
arithmetic average	9.5	9.6	9.4	9.6	9.7	9.5	9.4	9.2	9.1	9.0	9.1		9.4	-0.5
EA-13														
weighted average	10.9	10.8	10.8	10.7	10.8	10.8	10.7	10.5	10.4	10.0	10.0		10.6	-0.9
arithmetic average	10.5	10.5	10.4	10.2	10.2	10.3	10.2	10.1	10.0	9.9	10.1		10.2	-0.3
EU-25														
weighted average	11.0	10.9	10.8	10.8	10.9	11.0	10.9	10.6	10.5	10.2	10.3		10.7	-0.8
arithmetic average	9.5	9.6	9.4	9.6	9.7	9.7	9.6	9.5	9.4	9.3	9.4		9.5	-0.1
Ratio st.dev. and mean in %	36.5	37.0	40.2	35.0	35.3	36.0	36.5	35.5	35.6	34.7	34.7			-1.8
Difference max. and min.	17.3	18.0	20.9	17.2	18.2	18.4	18.5	17.4	17.3	15.5	14.9			-2.4

1) The ranking is based on 2005 data 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services



Table C.2.1.2_T: Taxes on Labour as % of Total Taxation: Employed paid by employees

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	31.3	30.6	30.6	30.2	30.0	30.7	31.5	31.3	30.2	29.7	29.3	4	30.5	-2.0
BG	-	-	-	-	-	15.3	14.2	14.4	14.0	13.2	13.1	25	14.0	-
CZ	20.8	21.2	21.4	21.8	20.8	21.2	20.9	21.3	21.3	20.7	20.5	18	21.1	-0.3
DK	42.3	42.3	42.7	41.4	42.4	43.1	44.5	43.2	42.5	40.2	38.5	1	42.1	-3.9
DE	34.7	33.7	33.9	33.7	33.0	34.2	35.3	35.3	34.6	33.3	32.3	3	34.0	-2.4
EE	21.1	21.0	20.0	21.7	21.7	20.5	20.4	19.9	20.1	19.6	16.6	22	20.2	-4.5
IE	31.8	31.4	30.9	29.7	28.6	27.5	27.2	25.5	24.4	25.5	25.1	11	28.0	-6.7
EL	19.1	19.3	19.7	19.6	19.8	19.0	19.3	19.9	21.1	21.2	21.7	17	20.0	2.6
ES	18.2	18.3	17.5	17.3	16.2	16.3	17.0	16.9	16.6	15.9	15.9	24	16.9	-2.3
FR	21.8	21.7	21.6	22.5	22.6	23.0	23.2	23.1	23.4	23.0	23.1	15	22.6	1.4
IT	19.2	18.5	18.1	18.8	19.4	18.7	19.0	19.2	18.7	18.8	19.0	20	18.9	-0.1
CY	12.7	10.6	11.4	11.4	10.8	9.6	10.0	10.7	9.5	12.8	12.6	26	11.1	-0.1
LV	16.9	19.5	24.7	24.2	25.2	26.3	26.9	27.2	28.2	28.6	26.9	8	25.0	10.0
LT	21.6	21.7	22.2	23.0	24.8	25.9	25.6	24.4	23.9	24.6	24.3	13	23.8	2.7
LU	24.9	25.0	24.2	23.2	24.1	24.0	24.6	23.3	23.8	24.6	24.8	12	24.2	-0.1
HU	18.6	19.6	19.8	19.1	19.8	20.1	20.9	23.2	22.8	22.6	23.0	16	20.9	4.3
MT	20.6	20.7	21.3	20.8	21.3	21.9	22.3	20.6	21.0	20.8	20.0	19	21.0	-0.6
NL	38.9	37.2	36.5	30.9	31.4	32.2	28.6	29.6	30.6	29.8	29.1	5	32.3	-9.7
AT	28.2	27.3	27.8	27.6	27.9	27.7	26.9	27.6	28.0	27.4	27.5	7	27.6	-0.7
PL	23.6	23.9	24.2	24.9	26.5	27.1	27.6	25.7	25.2	24.5	24.2	14	25.2	0.5
PT	20.8	20.3	19.9	19.3	19.2	19.8	20.4	19.8	20.3	20.0	-	n.a.	20.0	-
RO	-	-	-	-	-	-	-	21.1	18.0	18.0	16.0	23	18.3	-
SI	34.3	34.9	35.5	34.4	33.5	34.7	34.6	33.8	33.4	33.2	32.7	2	34.1	-1.6
SK	12.1	17.0	0.0	19.3	19.7	18.8	19.7	19.0	18.9	17.3	18.4	21	16.4	6.3
FI	26.3	27.6	25.9	25.6	25.2	25.5	27.3	26.8	26.6	26.2	26.5	9	26.3	0.2
SE	27.4	28.0	28.6	29.3	28.6	27.4	28.1	27.5	27.1	26.9	26.2	10	27.7	-1.2
UK	29.4	27.8	26.8	27.8	27.7	28.1	28.3	28.2	27.9	27.8	28.1	6	28.0	-1.3
NO	28.7	28.1	28.6	31.0	30.0	26.3	26.7	28.0	28.3	26.6	25.0		27.9	-3.7
EU-27														
weighted average	27.8	26.9	26.6	26.7	26.6	26.9	27.1	26.9	26.6	25.9	25.7		26.7	-2.1
arithmetic average	24.7	24.8	24.2	24.7	24.8	24.6	24.8	24.4	24.2	23.9	23.7		24.4	-1.0
EA-13														
weighted average	27.4	26.5	26.2	26.1	25.9	26.2	26.4	26.4	26.0	25.3	25.1		26.1	-2.4
arithmetic average	26.9	26.6	26.3	25.6	25.5	25.6	25.8	25.6	25.5	25.3	25.6		25.8	-1.3
EU-25														
weighted average	27.8	26.9	26.6	26.7	26.6	26.9	27.1	27.0	26.6	26.0	25.8		26.7	-2.0
arithmetic average	24.7	24.8	24.2	24.7	24.8	24.9	25.2	24.9	24.8	24.6	24.4		24.7	-0.2
Ratio st.dev. and mean in %	27.7	26.9	32.5	24.3	24.6	26.3	26.3	25.1	25.6	24.4	24.3			-3.4
Difference max. and min.	30.2	31.7	42.7	30.0	31.6	33.5	34.5	32.6	33.0	27.3	25.9			-4.4

1) The ranking is based on 2005 data 2) in % of total tax and SSC revenue

See explanatory notes in Annex C

Source: Commission Services

Table C.2.2_G: Taxes on Labour as % of GDP: Non-employed

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	2.0	2.1	2.1	2.1	2.0	2.0	2.1	2.1	2.1	2.0	2.0	8	2.1	0.0
BG	-	-	-	-	-	0.0	0.0	0.0	0.0	0.0	0.0	25	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	25	0.0	0.0
DK	6.1	6.0	5.5	5.2	5.1	4.9	4.8	4.9	5.1	5.1	5.0	1	5.2	-1.2
DE	2.6	2.9	2.9	2.8	2.8	2.6	2.5	2.7	2.7	2.7	2.7	3	2.7	0.2
EE	0.0	0.0	0.0	0.0	0.3	0.2	0.1	0.2	0.2	0.4	0.3	17	0.2	0.3
IE	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	23	0.1	-0.1
EL	0.8	0.8	0.9	1.0	1.1	1.0	1.0	1.0	1.0	1.0	1.1	11	1.0	0.3
ES	2.3	2.2	2.0	1.9	1.8	1.7	1.8	1.9	1.8	1.8	1.9	9	1.9	-0.4
FR	1.1	1.1	1.1	0.9	0.9	0.9	0.9	0.8	0.8	0.8	0.9	13	0.9	-0.3
IT	1.9	1.9	2.0	2.2	2.1	2.0	2.2	2.1	2.1	2.1	2.2	7	2.1	0.3
CY	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	22	0.2	-0.2
LV	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	20	0.1	0.1
LT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.2	0.2	19	0.1	0.1
LU	1.8	1.7	1.8	1.5	1.5	1.5	1.4	1.3	1.4	1.4	1.4	10	1.5	-0.3
HU	0.8	0.8	0.7	0.7	0.9	0.9	0.9	0.9	0.9	0.8	0.8	14	0.8	0.0
MT	0.6	0.5	0.6	0.5	0.6	0.7	0.7	0.7	0.8	0.8	0.8	15	0.7	0.2
NL	4.2	3.8	3.5	2.9	2.9	2.9	2.4	2.4	2.5	2.5	2.4	5	3.0	-1.8
AT	2.0	2.1	2.2	2.3	2.4	2.3	2.4	2.5	2.6	2.5	2.4	6	2.3	0.4
PL	2.4	2.3	1.9	1.9	0.8	0.7	0.8	0.7	0.7	0.7	0.7	16	1.3	-1.7
PT	0.5	0.6	0.5	0.5	0.6	0.6	0.7	0.7	0.8	0.8	-	n.a.	0.6	-
RO	-	-	-	-	-	-	-	0.0	0.0	0.0	0.1	24	0.0	-
SI	0.6	0.7	0.7	0.8	0.8	0.7	0.9	0.9	1.0	1.0	0.9	12	0.8	0.3
SK	0.0	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	21	0.1	0.1
FI	4.2	4.2	3.6	3.2	2.9	2.9	2.7	2.8	2.7	2.7	2.7	4	3.1	-1.4
SE	4.6	4.4	4.3	4.2	4.1	3.8	3.7	3.6	4.1	4.1	4.1	2	4.1	-0.5
UK	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	18	0.2	0.0
NO	1.0	1.0	1.0	1.2	1.1	1.0	1.0	1.0	1.0	1.0	1.0		1.0	0.0
EU-27														
weighted average	2.0	2.0	2.0	1.8	1.8	1.7	1.6	1.7	1.7	1.7	1.7		1.8	-0.3
arithmetic average	1.6	1.5	1.5	1.4	1.4	1.3	1.3	1.2	1.3	1.3	1.3		1.4	-0.3
EA-13														
weighted average	2.1	2.2	2.2	2.1	2.0	1.9	1.9	1.9	1.9	1.9	2.0		2.0	-0.1
arithmetic average	1.8	1.9	1.8	1.7	1.7	1.6	1.6	1.6	1.7	1.6	1.7		1.7	-0.1
EU-25														
weighted average	2.0	2.0	2.0	1.8	1.8	1.7	1.7	1.7	1.7	1.7	1.7		1.8	-0.3
arithmetic average	1.6	1.5	1.5	1.4	1.4	1.3	1.3	1.3	1.4	1.4	1.4		1.4	-0.2
Ratio st.dev. and mean in %	84.6	80.9	77.8	77.5	77.8	78.6	77.1	76.8	78.9	79.3	79.0			-5.6
Difference max. and min.	6.1	6.0	5.5	5.2	5.1	4.9	4.8	4.9	5.1	5.1	5.0			-1.2

1) The ranking is based on 2005 data 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services



Table C.2.2_T: Taxes on Labour as % of Total Taxation: Non-employed

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	4.6	4.7	4.8	4.7	4.5	4.5	4.7	4.7	4.6	4.5	4.5	9	4.6	-0.1
BG	-	-	-	-	-	0.0	0.0	0.0	0.0	0.0	0.0	25	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	25	0.0	0.0
DK	12.6	12.3	11.1	10.6	10.2	9.9	9.9	10.1	10.5	10.3	9.9	1	10.7	-2.7
DE	6.5	7.1	7.2	6.9	6.6	6.1	6.3	6.7	6.8	6.9	7.1	3	6.8	0.6
EE	0.1	0.1	0.1	0.1	0.7	0.6	0.5	0.7	0.7	1.2	1.1	17	0.5	1.0
IE	0.5	0.5	0.4	0.4	0.3	0.3	0.2	0.2	0.2	0.2	0.2	22	0.3	-0.3
EL	2.4	2.5	2.6	2.8	2.9	2.7	2.8	2.7	2.8	2.9	3.2	11	2.7	0.9
ES	6.9	6.6	6.1	5.7	5.3	5.1	5.3	5.5	5.4	5.3	5.3	8	5.7	-1.6
FR	2.7	2.5	2.5	2.0	2.0	2.1	2.0	2.0	2.0	2.0	2.0	16	2.2	-0.7
IT	4.7	4.6	4.7	5.1	4.8	4.8	5.2	5.1	5.1	5.3	5.3	7	5.0	0.7
CY	1.0	0.8	0.9	0.9	0.8	0.7	0.8	0.3	0.3	0.2	0.2	23	0.6	-0.8
LV	0.0	0.0	0.0	0.1	0.3	0.3	0.3	0.3	0.3	0.3	0.4	20	0.2	0.4
LT	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.5	0.6	0.6	0.6	18	0.3	0.5
LU	4.7	4.5	4.5	3.8	4.0	3.8	3.4	3.2	3.6	3.7	3.7	10	3.9	-1.0
HU	1.9	1.9	1.8	1.8	2.2	2.4	2.4	2.4	2.3	2.2	2.1	14	2.1	0.3
MT	2.1	2.0	2.2	2.1	2.3	2.4	2.5	2.3	2.4	2.4	2.2	12	2.3	0.1
NL	10.5	9.5	8.9	7.3	7.2	7.2	6.3	6.4	6.7	6.6	6.4	4	7.5	-4.1
AT	4.7	4.9	5.1	5.3	5.5	5.4	5.4	5.7	5.9	5.9	5.7	6	5.4	1.0
PL	6.4	6.2	5.3	5.4	2.4	2.2	2.4	2.2	2.2	2.0	2.1	15	3.5	-4.3
PT	1.7	1.7	1.7	1.6	1.7	1.8	2.0	2.1	2.4	2.3	-	n.a.	1.9	-
RO	-	-	-	-	-	-	-	0.1	0.1	0.2	0.2	24	0.2	-
SI	1.5	1.7	1.8	2.0	2.0	1.9	2.4	2.4	2.5	2.5	2.2	13	2.1	0.7
SK	0.0	0.2	0.0	0.2	0.2	0.2	0.3	0.3	0.2	0.3	0.3	21	0.2	0.3
FI	9.1	8.9	7.7	6.8	6.4	6.2	6.1	6.2	6.2	6.1	6.2	5	6.9	-2.9
SE	9.4	8.6	8.2	7.9	7.7	7.1	7.2	7.2	8.2	8.2	7.9	2	8.0	-1.4
UK	0.5	0.5	0.4	0.5	0.4	0.4	0.5	0.5	0.5	0.5	0.5	19	0.5	0.1
NO	2.4	2.4	2.4	2.8	2.7	2.4	2.4	2.4	2.4	2.3	2.2		2.4	-0.2
EU-27														
weighted average	5.0	5.0	4.8	4.5	4.3	4.1	4.1	4.2	4.3	4.3	4.3		4.5	-0.7
arithmetic average	3.8	3.7	3.5	3.4	3.2	3.0	3.0	3.0	3.1	3.1	3.1		3.3	-0.7
EA-13														
weighted average	5.3	5.4	5.3	5.0	4.8	4.6	4.7	4.8	4.9	4.9	4.9		5.0	-0.4
arithmetic average	4.7	4.6	4.5	4.2	4.1	4.0	4.0	4.1	4.2	4.2	4.3		4.2	-0.3
EU-25														
weighted average	5.0	5.0	4.8	4.5	4.3	4.1	4.1	4.2	4.3	4.3	4.3		4.5	-0.7
arithmetic average	3.8	3.7	3.5	3.4	3.2	3.1	3.2	3.2	3.3	3.3	3.3		3.4	-0.5
Ratio st.dev. and mean in %	73.5	70.1	68.0	66.6	66.0	67.2	65.9	66.3	67.5	66.9	67.1			-6.4
Difference max. and min.	12.6	12.3	11.1	10.6	10.2	9.9	9.9	10.1	10.5	10.3	9.9			-2.7

1) The ranking is based on 2005 data 2) in % of total tax and SSC revenue

See explanatory notes in Annex C

Source: Commission Services

Table C.3_G: Taxes on Capital as % of GDP: Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	8.7	8.9	9.2	9.8	9.6	9.5	9.4	9.3	9.6	10.0	10.4	3	9.5	1.7
BG	-	-	-	-	-	5.3	6.0	5.8	5.8	5.6	5.7	19	5.7	-
CZ	7.3	6.1	6.5	6.0	6.4	6.2	6.7	6.9	7.2	7.3	7.1	14	6.7	-0.3
DK	6.4	6.3	6.4	6.9	6.9	7.2	6.0	6.1	6.6	8.2	9.6	7	6.9	3.2
DE	5.6	6.4	6.3	6.6	7.1	7.0	5.5	5.2	5.4	5.8	6.4	18	6.1	0.8
EE	4.3	3.4	3.7	4.1	3.2	1.9	1.6	2.1	2.6	2.6	2.5	26	2.9	-1.8
IE	6.6	7.0	7.1	7.4	8.0	8.0	7.9	7.5	8.4	8.6	8.8	10	7.8	2.3
EL	7.4	7.2	7.8	9.1	9.7	10.7	9.2	8.9	8.4	8.1	8.4	12	8.6	1.0
ES	7.4	7.5	8.2	8.3	8.8	9.0	8.5	8.9	8.9	9.5	10.2	4	8.7	2.7
FR	8.0	8.7	9.0	9.2	9.6	9.6	9.8	9.1	8.7	9.1	9.4	9	9.1	1.4
IT	11.6	12.0	12.7	11.1	11.4	11.2	11.1	10.7	11.3	10.6	10.1	5	11.3	-1.5
CY	6.4	6.7	6.7	8.4	9.3	10.0	9.3	9.0	7.8	8.3	9.5	8	8.3	3.1
LV	3.7	3.2	3.9	4.2	3.9	2.9	3.3	3.0	2.5	2.6	2.8	25	3.3	-0.9
LT	3.6	3.4	3.2	2.9	2.6	2.3	2.0	2.0	2.5	3.1	3.3	24	2.8	-0.2
LU	11.5	12.1	12.9	13.5	12.7	13.1	13.2	13.2	12.5	10.9	11.7	1	12.5	0.2
HU	3.5	3.6	3.6	3.9	4.2	4.1	4.4	4.4	4.4	4.4	4.5	23	4.1	1.0
MT	6.3	5.7	6.0	5.9	6.2	6.7	7.3	8.4	9.2	10.0	9.8	6	7.4	3.5
NL	7.2	8.1	8.3	8.3	8.4	8.0	8.6	8.0	7.3	7.5	8.3	13	8.0	1.1
AT	6.1	6.9	7.0	7.3	6.8	6.9	8.4	7.2	6.8	7.0	6.7	17	7.0	0.6
PL	7.5	7.2	7.3	6.9	7.1	7.2	7.1	7.9	7.5	7.6	8.4	11	7.4	0.9
PT	6.0	6.5	6.9	6.9	7.5	7.8	7.2	7.4	7.4	6.6	-	n.a.	7.0	-
RO	-	-	-	-	-	-	-	4.6	4.6	5.2	4.6	22	4.7	-
SI	2.2	2.6	2.9	3.1	3.2	3.1	3.4	3.6	3.7	4.1	4.9	20	3.3	2.7
SK	9.5	8.6	0.1	6.5	6.3	5.7	5.4	5.3	5.1	4.7	4.8	21	5.6	-4.7
FI	5.8	6.3	7.1	7.9	8.0	9.9	7.9	7.6	6.8	7.0	6.9	16	7.4	1.1
SE	4.9	5.9	6.6	6.4	7.3	8.5	6.3	5.3	5.5	6.3	7.0	15	6.4	2.1
UK	9.3	9.6	10.3	10.8	10.9	11.2	11.1	10.3	10.0	10.3	11.1	2	10.5	1.9
NO	9.2	10.3	9.9	8.0	9.2	13.3	13.2	12.7	12.4	14.5	16.4		11.7	7.2
EU-27														
weighted average	7.6	8.2	8.6	8.6	8.9	9.0	8.6	8.2	8.2	8.4	8.8		8.5	1.2
arithmetic average	6.7	6.8	6.8	7.3	7.4	7.4	7.2	7.0	6.9	7.1	7.4		7.1	0.7
EA-13														
weighted average	7.5	8.2	8.5	8.5	8.8	8.8	8.3	8.0	8.0	8.2	8.6		8.3	1.1
arithmetic average	7.2	7.7	8.1	8.3	8.5	8.8	8.5	8.2	8.1	8.1	8.5		8.2	1.3
EU-25														
weighted average	7.6	8.2	8.6	8.7	9.0	9.1	8.6	8.2	8.2	8.4	8.9		8.5	1.3
arithmetic average	6.7	6.8	6.8	7.3	7.4	7.5	7.2	7.1	7.0	7.2	7.6		7.1	0.9
Ratio st.dev. and mean in %														
	30.9	29.9	34.0	29.7	29.2	32.6	32.8	32.9	31.7	29.2	30.1			-0.8
Difference max. and min.														
	9.4	9.4	12.9	10.6	10.1	11.2	11.6	11.2	10.0	8.3	9.3			-0.2

1) The ranking is based on 2005 data 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services



Table C.3_T: Taxes on Capital as % of Total Taxation: Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	19.8	20.1	20.5	21.6	21.1	21.1	20.7	20.5	21.4	22.3	22.8	10	21.1	2.9
BG	-	-	-	-	-	15.9	18.6	18.7	17.3	16.0	15.8	19	17.0	-
CZ	20.3	17.6	18.6	18.0	18.7	18.3	19.8	19.8	20.2	19.9	19.4	13	19.1	-0.8
DK	13.0	12.8	13.0	14.0	13.8	14.6	12.4	12.8	13.7	16.6	19.0	14	14.1	6.0
DE	14.0	15.7	15.4	16.2	17.1	16.7	13.7	13.2	13.6	14.9	16.5	16	15.2	2.5
EE	11.3	9.5	10.3	11.7	9.3	6.0	5.3	6.7	8.1	8.2	7.9	26	8.6	-3.4
IE	19.8	21.3	22.0	23.2	25.1	25.4	26.3	26.1	28.8	28.3	28.7	3	25.0	8.9
EL	22.6	21.7	22.7	25.0	26.1	28.2	25.1	24.4	23.6	23.5	24.3	9	24.3	1.7
ES	22.7	22.7	24.8	25.1	26.2	26.4	25.4	26.3	26.2	27.4	28.6	4	25.6	5.9
FR	18.8	19.7	20.3	20.9	21.3	21.9	22.3	21.1	20.3	21.1	21.3	12	20.8	2.6
IT	29.0	28.7	29.1	26.3	26.8	26.8	26.8	26.1	27.3	26.1	24.9	7	27.1	-4.0
CY	24.0	25.5	26.0	30.5	33.1	33.4	30.1	29.0	23.7	24.7	26.8	6	27.9	2.8
LV	11.2	10.4	12.3	12.5	12.1	9.8	11.7	10.5	8.6	9.2	9.6	25	10.7	-1.6
LT	12.6	12.0	10.3	9.0	8.1	7.7	7.1	6.9	9.0	10.9	11.6	23	9.6	-1.0
LU	31.1	32.1	32.9	34.2	33.1	33.5	33.2	33.6	32.4	28.8	30.7	1	32.3	-0.4
HU	8.3	9.0	9.3	10.1	10.8	10.6	11.4	11.4	11.4	11.5	11.6	24	10.5	3.2
MT	23.1	22.0	21.8	23.1	22.9	23.6	23.9	26.4	28.8	29.3	27.8	5	24.8	4.6
NL	17.9	20.1	21.0	21.0	20.8	20.0	22.5	21.3	19.4	20.0	21.7	11	20.5	3.9
AT	14.7	16.2	15.9	16.6	15.5	16.1	18.9	16.5	15.7	16.3	15.8	18	16.2	1.1
PL	20.3	19.4	20.0	19.6	20.0	21.1	21.0	22.9	22.3	23.3	24.6	8	21.3	4.3
PT	19.0	19.9	21.0	20.9	22.1	22.7	21.3	21.5	21.1	19.4	-	n.a.	20.9	-
RO	-	-	-	-	-	-	-	16.2	16.5	19.1	16.5	15	17.1	-
SI	5.4	6.7	7.7	8.0	8.0	7.9	8.7	9.1	9.4	10.4	12.0	22	8.5	6.6
SK	24.0	22.7	0.2	18.3	18.5	17.4	17.1	16.5	16.4	15.8	16.2	17	16.6	-7.7
FI	12.6	13.5	15.4	17.1	17.5	21.0	17.6	17.1	15.4	16.1	15.7	20	16.3	3.1
SE	10.0	11.5	12.8	12.1	13.6	16.0	12.2	10.7	10.9	12.4	13.7	21	12.4	3.8
UK	26.0	27.4	28.9	29.5	29.3	29.7	29.8	28.8	28.2	28.8	30.1	2	28.8	4.1
NO	22.0	24.3	23.4	19.0	21.8	31.1	30.8	29.3	29.2	33.2	37.0		27.4	15.0
EU-27														
weighted average	19.1	20.3	21.1	21.3	21.8	22.2	21.5	20.9	20.8	21.5	22.3		21.2	3.2
arithmetic average	18.1	18.3	18.1	19.4	19.6	19.7	19.4	19.1	18.9	19.3	19.8		19.0	1.7
EA-13														
weighted average	18.8	20.0	20.6	20.6	21.1	21.3	20.6	20.0	20.1	20.7	21.4		20.5	2.6
arithmetic average	19.0	19.9	20.7	21.2	21.6	22.1	21.7	21.3	21.1	21.1	21.9		21.1	2.9
EU-25														
weighted average	19.1	20.3	21.1	21.3	21.8	22.2	21.5	20.9	20.8	21.5	22.3		21.2	3.2
arithmetic average	18.1	18.3	18.1	19.4	19.6	19.8	19.4	19.2	19.0	19.4	20.1		19.1	2.0
Ratio st.dev. and mean in %	34.3	32.3	36.0	32.3	33.2	34.3	34.3	34.8	33.8	30.3	30.3			-4.1
Difference max. and min.	25.7	25.4	32.7	26.2	25.1	27.5	28.0	27.0	24.3	21.1	22.7			-3.0

1) The ranking is based on 2005 data 2) in % of total tax and SSC revenue

See explanatory notes in Annex C

Source: Commission Services

Table 3.1_G: Taxes on Capital as % of GDP: Capital and business income

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	5.8	5.8	5.9	6.4	6.2	6.2	6.0	5.9	6.1	6.3	6.6	8	6.1	0.8
BG	-	-	-	-	-	4.8	5.6	5.3	5.2	4.9	4.9	18	5.1	-
CZ	6.3	5.0	5.5	5.0	5.4	5.1	5.8	6.0	6.4	6.6	6.3	10	5.8	0.0
DK	4.5	4.5	4.6	4.9	4.9	4.8	3.4	3.4	3.8	5.4	6.8	5	4.6	2.3
DE	4.4	5.2	5.2	5.5	5.9	5.9	4.4	4.2	4.4	4.7	5.3	16	5.0	0.9
EE	2.7	1.9	2.2	2.9	2.3	1.2	1.0	1.4	2.0	2.0	1.9	26	1.9	-0.9
IE	4.5	5.0	5.2	5.4	5.9	6.0	5.9	5.7	6.2	6.3	6.2	11	5.6	1.7
EL	5.7	5.3	5.7	7.1	7.2	8.1	7.0	7.2	6.7	6.6	6.8	4	6.7	1.1
ES	5.0	5.1	5.7	5.6	6.0	6.1	5.8	6.1	5.9	6.2	6.7	6	5.8	1.7
FR	3.8	4.2	4.3	4.5	4.9	5.1	5.3	4.7	4.3	4.5	4.7	19	4.6	0.9
IT	7.7	8.4	8.9	7.8	8.4	8.6	8.6	7.8	8.7	7.8	7.5	2	8.2	-0.2
CY	4.6	5.0	4.9	6.4	7.4	7.1	7.1	7.0	5.6	5.3	6.3	9	6.1	1.7
LV	1.8	1.9	2.2	2.3	2.1	1.7	2.0	2.1	1.6	1.8	2.1	25	2.0	0.3
LT	2.7	2.3	2.2	2.0	1.6	1.5	1.3	1.2	1.9	2.4	2.7	24	2.0	0.0
LU	8.9	9.2	9.8	10.0	8.8	8.9	9.3	10.0	9.6	7.9	8.4	1	9.2	-0.5
HU	2.8	2.8	2.8	3.0	3.3	3.1	3.4	3.4	3.2	3.1	3.1	23	3.1	0.3
MT	5.0	4.4	4.8	4.6	4.9	5.3	5.8	6.7	7.3	7.2	7.0	3	5.7	2.0
NL	5.3	6.0	6.4	6.2	6.2	5.8	6.4	5.8	5.1	5.3	5.9	13	5.8	0.6
AT	4.9	5.7	5.9	6.1	5.6	5.7	7.3	6.1	5.7	5.9	5.6	14	5.9	0.8
PL	5.4	5.1	5.2	5.0	5.4	5.6	5.4	5.9	5.7	5.8	6.2	12	5.5	0.8
PT	4.3	4.9	5.2	5.1	5.5	5.8	5.3	5.2	4.6	4.7	-	n.a.	5.1	-
RO	-	-	-	-	-	-	-	4.0	4.0	4.6	4.1	20	4.2	-
SI	1.5	2.0	2.2	2.2	2.2	2.2	2.4	2.7	2.9	3.2	3.9	22	2.5	2.4
SK	8.6	7.4	0.0	5.7	5.5	4.9	4.6	4.5	4.3	3.9	4.0	21	4.9	-4.6
FI	4.6	5.1	5.9	6.6	6.7	8.6	6.6	6.4	5.6	5.6	5.5	15	6.1	0.9
SE	3.4	3.9	4.4	4.2	5.1	6.4	4.4	3.4	3.6	4.4	5.2	17	4.4	1.8
UK	5.4	5.8	6.4	6.8	6.7	6.7	6.8	6.0	5.7	6.0	6.7	7	6.3	1.3
NO	6.8	7.7	7.4	5.4	6.8	11.2	11.1	10.4	10.1	12.1	14.0		9.4	7.2
EU-27														
weighted average	5.0	5.5	5.8	5.9	6.1	6.3	5.9	5.5	5.5	5.6	6.0		5.7	1.0
arithmetic average	4.8	4.9	4.9	5.3	5.4	5.4	5.3	5.1	5.0	5.1	5.4		5.1	0.6
EA-13														
weighted average	5.0	5.6	5.9	5.8	6.2	6.3	5.9	5.5	5.6	5.6	5.9		5.8	0.9
arithmetic average	5.1	5.5	5.9	6.0	6.1	6.4	6.2	6.0	5.8	5.8	6.1		5.9	1.0
EU-25														
weighted average	5.0	5.5	5.8	5.9	6.2	6.3	5.9	5.5	5.5	5.6	6.0		5.7	1.0
arithmetic average	4.8	4.9	4.9	5.3	5.4	5.5	5.3	5.2	5.1	5.2	5.5		5.2	0.7
Ratio st.dev. and mean in %	36.8	33.1	36.3	31.8	30.5	33.6	35.2	36.3	34.7	29.1	28.0			-8.7
Difference max. and min.	7.4	7.3	9.8	8.0	7.3	7.7	8.4	8.7	8.0	6.1	6.5			-0.9

1) The ranking is based on 2005 data 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services



Table C.3.1_T: Taxes on Capital as % of Total Taxation: Capital and business income

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	13.3	13.2	13.2	14.2	13.5	13.6	13.4	13.0	13.5	13.9	14.5	12	13.6	1.3
BG	-	-	-	-	-	14.6	17.4	17.0	15.4	14.0	13.8	14	15.4	-
CZ	17.4	14.4	15.7	15.0	15.9	15.2	17.0	17.3	17.8	17.9	17.4	10	16.5	0.0
DK	9.2	9.2	9.3	10.0	9.8	9.7	7.0	7.2	7.9	10.9	13.5	17	9.4	4.2
DE	11.2	12.7	12.8	13.4	14.3	14.1	11.0	10.6	11.0	12.1	13.7	15	12.4	2.6
EE	7.2	5.3	6.2	8.2	6.5	3.8	3.2	4.6	6.3	6.3	6.1	26	5.8	-1.2
IE	13.8	15.0	15.9	17.0	18.5	19.0	19.7	19.8	21.2	20.5	20.2	2	18.2	6.5
EL	17.4	16.0	16.7	19.5	19.3	21.3	19.3	19.5	18.8	19.2	19.7	4	18.8	2.3
ES	15.3	15.5	17.2	17.0	17.9	18.1	17.2	17.9	17.3	17.8	18.8	5	17.3	3.4
FR	8.8	9.5	9.8	10.1	10.8	11.6	12.2	11.0	10.1	10.5	10.6	20	10.5	1.9
IT	19.2	20.1	20.4	18.4	19.8	20.5	20.8	19.1	21.0	19.2	18.5	6	19.7	-0.8
CY	17.3	18.8	19.1	23.1	26.3	23.8	22.8	22.5	16.9	15.7	17.7	9	20.4	0.4
LV	5.6	6.1	6.9	6.9	6.5	5.9	7.1	7.5	5.6	6.4	7.2	25	6.5	1.7
LT	9.4	8.4	7.1	6.2	5.0	4.8	4.6	4.4	6.7	8.5	9.5	23	6.8	0.1
LU	24.0	24.4	24.8	25.4	23.1	22.8	23.5	25.5	24.8	20.9	22.0	1	23.7	-2.0
HU	6.7	6.8	7.1	7.7	8.4	8.1	8.8	8.8	8.4	8.0	8.1	24	7.9	1.3
MT	18.1	17.2	17.4	18.1	18.0	18.9	19.0	20.9	22.9	21.1	19.8	3	19.2	1.7
NL	13.2	15.0	16.1	15.7	15.4	14.4	16.7	15.3	13.6	14.0	15.5	11	15.0	2.3
AT	11.8	13.5	13.3	13.9	12.9	13.4	16.4	14.0	13.2	13.9	13.4	18	13.6	1.6
PL	14.5	13.8	14.2	14.3	15.3	16.4	16.0	17.3	16.9	17.7	18.1	7	15.8	3.6
PT	13.6	14.9	15.9	15.4	16.1	16.9	15.5	14.9	13.2	13.7	-	n.a.	15.0	-
RO	-	-	-	-	-	-	-	14.2	14.4	16.9	14.5	13	15.0	-
SI	3.7	5.1	5.8	5.6	5.7	5.6	6.1	6.9	7.3	8.0	9.6	22	6.3	5.9
SK	21.8	19.4	0.0	15.9	16.0	14.9	14.6	14.0	13.9	13.1	13.7	16	14.3	-8.1
FI	10.1	10.8	12.7	14.3	14.7	18.2	14.9	14.3	12.6	12.9	12.5	19	13.5	2.4
SE	7.0	7.6	8.4	8.0	9.6	11.9	8.5	6.9	7.2	8.7	10.2	21	8.5	3.2
UK	15.2	16.5	18.0	18.5	17.9	17.8	18.1	16.7	16.2	16.6	18.0	8	17.2	2.8
NO	16.3	18.1	17.4	13.0	16.1	26.2	25.9	24.0	23.7	27.6	31.6		21.8	15.4
EU-27														
weighted average	12.6	13.7	14.3	14.5	15.0	15.4	14.8	13.9	13.9	14.3	15.1		14.3	2.5
arithmetic average	13.0	13.2	13.0	14.1	14.3	14.4	14.3	14.1	13.9	14.0	14.5		13.9	1.5
EA-13														
weighted average	12.5	13.7	14.2	14.2	14.9	15.3	14.6	13.8	13.9	14.2	14.7		14.2	2.2
arithmetic average	13.5	14.3	15.0	15.4	15.5	16.1	15.9	15.5	15.2	15.1	15.8		15.2	2.3
EU-25														
weighted average	12.6	13.7	14.3	14.5	15.0	15.4	14.8	13.9	13.9	14.3	15.1		14.3	2.5
arithmetic average	13.0	13.2	13.0	14.1	14.3	14.4	14.1	14.0	13.8	13.9	14.5		13.8	1.5
Ratio st.dev. and mean in %														
	41.2	36.8	39.3	36.0	36.5	36.0	38.3	40.2	38.3	31.7	29.1			-12.0
Difference max. and min.														
	20.2	19.3	24.8	19.8	21.3	19.9	20.3	21.1	19.2	14.9	15.9			-4.3

1) The ranking is based on 2005 data 2) in % of total tax and SSC revenue

See explanatory notes in Annex C

Source: Commission Services

Table C.3.1.1_G: Taxes on Capital as % of GDP: Income of Corporations

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	2.3	2.7	2.8	3.4	3.2	3.2	3.1	3.0	2.9	3.2	3.5	10	3.0	1.1
BG	-	-	-	-	-	2.9	3.8	3.6	3.5	3.2	3.1	14	3.3	-
CZ	4.6	3.4	3.8	3.4	3.8	3.5	4.1	4.3	4.6	4.8	4.5	3	4.1	-0.1
DK	2.3	2.5	2.7	3.0	2.4	3.3	2.8	2.9	2.9	3.2	3.8	6	2.9	1.5
DE	2.1	2.4	2.6	2.7	2.8	3.0	1.7	1.7	1.9	2.2	2.5	19	2.3	0.5
EE	2.4	1.6	1.8	2.5	2.0	0.9	0.7	1.1	1.6	1.7	1.4	26	1.6	-1.0
IE	2.7	3.1	3.2	3.3	3.8	3.7	3.5	3.7	3.7	3.6	3.4	12	3.4	0.7
EL	2.6	2.3	2.6	3.1	3.5	4.5	3.7	3.7	3.2	3.3	3.6	9	3.3	0.9
ES	1.9	2.0	2.7	2.5	2.9	3.1	2.9	3.3	3.1	3.5	3.9	5	2.9	2.1
FR	1.8	2.0	2.3	2.3	2.7	2.8	3.1	2.5	2.1	2.4	2.4	21	2.4	0.7
IT	2.9	3.3	3.8	2.8	3.4	3.2	3.9	3.2	3.6	3.1	2.9	16	3.3	0.0
CY	4.2	4.7	4.6	5.8	6.7	6.2	6.2	6.0	4.3	3.7	4.7	2	5.2	0.4
LV	1.8	1.8	2.2	2.3	2.0	1.6	1.9	1.9	1.5	1.7	2.0	25	1.9	0.2
LT	2.1	1.8	1.6	1.3	0.8	0.7	0.5	0.6	1.4	1.9	2.1	24	1.3	0.0
LU	6.6	6.8	7.5	7.6	6.7	7.0	7.3	8.0	7.4	5.8	6.0	1	7.0	-0.6
HU	1.9	1.8	1.9	2.2	2.3	2.2	2.3	2.3	2.2	2.2	2.2	23	2.1	0.3
MT	2.7	2.3	2.6	2.5	2.7	2.9	3.2	3.9	4.6	4.2	4.0	4	3.2	1.3
NL	3.3	4.1	4.5	4.5	4.5	4.3	4.2	3.6	3.0	3.3	3.7	8	3.9	0.4
AT	1.6	2.1	2.2	2.3	2.0	2.2	3.2	2.4	2.2	2.3	2.3	22	2.3	0.7
PL	2.7	2.7	2.7	2.6	2.4	2.4	1.9	2.0	1.8	2.2	2.5	20	2.4	-0.2
PT	2.4	2.8	3.2	3.2	3.6	3.9	3.4	3.4	2.9	3.0	-	n.a.	3.2	-
RO	-	-	-	-	-	-	-	2.6	2.6	3.2	2.7	18	2.8	-
SI	0.5	0.9	1.1	1.0	1.2	1.2	1.3	1.6	1.8	2.0	2.9	15	1.4	2.3
SK	6.8	5.3	0.0	3.4	3.1	2.8	2.7	2.6	2.8	2.5	2.8	17	3.1	-4.0
FI	2.3	2.8	3.5	4.3	4.3	5.9	4.2	4.2	3.4	3.5	3.3	13	3.8	1.0
SE	2.6	2.6	2.9	2.6	3.1	3.8	2.7	2.1	2.3	3.0	3.8	7	2.9	1.1
UK	2.9	3.3	4.0	4.0	3.7	3.6	3.6	2.9	2.8	2.9	3.4	11	3.4	0.6
NO	3.3	3.6	3.6	2.8	3.5	5.2	5.0	4.6	4.3	5.3	6.0		4.3	2.7
EU-27														
weighted average	2.3	2.7	3.0	3.0	3.1	3.2	3.0	2.7	2.6	2.8	3.0		2.9	0.7
arithmetic average	2.8	2.8	2.9	3.1	3.2	3.3	3.1	3.1	3.0	3.0	3.2		3.0	0.4
EA-13														
weighted average	2.2	2.6	2.9	2.8	3.1	3.2	2.9	2.7	2.6	2.8	2.9		2.8	0.7
arithmetic average	2.5	2.9	3.2	3.3	3.4	3.7	3.5	3.4	3.2	3.2	3.4		3.2	0.8
EU-25														
weighted average	2.3	2.7	3.0	3.0	3.1	3.3	3.0	2.7	2.6	2.8	3.0		2.9	0.7
arithmetic average	2.8	2.8	2.9	3.1	3.2	3.3	3.1	3.1	3.0	3.0	3.2		3.0	0.4
Ratio st.dev. and mean in %	60.4	47.2	46.2	45.8	44.0	46.3	49.3	54.9	47.6	33.4	32.0			-28.4
Difference max. and min.	6.2	5.9	7.5	6.6	5.9	6.3	6.8	7.4	6.0	4.1	4.5			-1.7

1) The ranking is based on 2005 data 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services



Table C.3.1.1_T: Taxes on Capital as % of Total Taxation: Income of Corporations

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	5.4	6.0	6.3	7.4	7.1	7.1	6.9	6.7	6.4	7.1	7.7	13	6.7	2.3
BG	-	-	-	-	-	8.9	11.8	11.5	10.4	9.0	8.6	12	10.0	-
CZ	12.7	9.7	11.0	10.1	11.2	10.3	12.0	12.3	12.8	12.9	12.3	3	11.6	-0.4
DK	4.8	5.1	5.5	6.1	4.8	6.6	5.7	6.0	6.0	6.5	7.6	15	5.9	2.8
DE	5.2	5.9	6.3	6.5	6.8	7.1	4.3	4.2	4.7	5.7	6.5	22	5.8	1.4
EE	6.4	4.5	5.0	7.0	5.8	2.9	2.3	3.6	5.1	5.5	4.7	26	4.8	-1.8
IE	8.3	9.3	9.8	10.5	11.9	11.7	11.9	13.0	12.7	11.8	11.1	5	11.1	2.8
EL	8.0	6.8	7.5	8.6	9.5	12.0	10.1	10.0	9.1	9.6	10.3	7	9.2	2.3
ES	5.8	6.1	8.1	7.7	8.7	9.2	8.6	9.6	9.3	10.0	11.1	6	8.6	5.3
FR	4.2	4.7	5.2	5.3	5.9	6.3	7.0	5.9	5.0	5.6	5.6	24	5.5	1.4
IT	7.1	8.0	8.6	6.7	7.9	7.6	9.4	7.9	8.6	7.5	7.0	20	7.9	-0.1
CY	15.8	17.6	17.9	20.9	23.9	20.6	20.1	19.2	13.1	11.1	13.1	2	17.6	-2.8
LV	5.5	5.9	6.8	6.8	6.4	5.3	6.6	6.8	5.2	6.0	6.9	21	6.2	1.4
LT	7.4	6.4	5.0	4.1	2.6	2.3	1.9	2.1	4.9	6.6	7.3	17	4.6	-0.1
LU	17.7	18.1	19.0	19.4	17.4	17.8	18.4	20.4	19.2	15.4	15.6	1	18.0	-2.1
HU	4.5	4.5	4.9	5.5	5.9	5.6	5.9	6.0	5.7	5.6	5.6	23	5.4	1.1
MT	9.8	9.0	9.5	9.7	10.0	10.4	10.7	12.3	14.3	12.3	11.4	4	10.9	1.6
NL	8.1	10.1	11.4	11.4	11.0	10.7	11.0	9.4	8.1	8.8	9.7	9	10.0	1.6
AT	3.8	4.9	5.0	5.3	4.5	5.1	7.2	5.5	5.2	5.5	5.5	25	5.2	1.7
PL	7.3	7.1	7.5	7.3	6.8	7.1	5.6	6.0	5.4	6.8	7.3	18	6.7	0.0
PT	7.4	8.4	9.6	9.5	10.6	11.3	10.0	9.9	8.2	8.7	-	n.a.	9.4	-
RO	-	-	-	-	-	-	-	9.1	9.4	11.6	9.8	8	10.0	-
SI	1.3	2.4	2.8	2.6	3.1	3.1	3.4	4.1	4.6	5.0	7.1	19	3.6	5.8
SK	17.1	13.9	0.0	9.4	8.9	8.5	8.4	8.3	9.1	8.2	9.5	10	9.2	-7.5
FI	5.0	6.0	7.5	9.4	9.4	12.5	9.4	9.3	7.7	8.1	7.6	14	8.4	2.6
SE	5.4	5.0	5.5	5.0	5.8	7.2	5.2	4.2	4.5	6.0	7.4	16	5.6	2.0
UK	8.1	9.4	11.2	10.9	9.8	9.7	9.5	8.2	7.9	8.2	9.3	11	9.3	1.3
NO	7.8	8.5	8.5	6.7	8.3	12.2	11.6	10.5	10.1	12.1	13.6		10.0	5.8
EU-27														
weighted average	5.9	6.6	7.5	7.4	7.6	8.0	7.5	6.9	6.7	7.2	7.7		7.2	1.8
arithmetic average	7.7	7.8	7.9	8.5	8.6	8.7	8.6	8.6	8.2	8.3	8.7		8.3	1.0
EA-13														
weighted average	5.5	6.3	7.0	6.8	7.3	7.7	7.2	6.7	6.5	7.0	7.3		6.8	1.7
arithmetic average	6.7	7.4	8.2	8.5	8.8	9.4	9.0	8.9	8.4	8.4	8.7		8.4	2.0
EU-25														
weighted average	5.9	6.6	7.5	7.4	7.6	8.0	7.5	6.8	6.7	7.1	7.6		7.2	1.8
arithmetic average	7.7	7.8	7.9	8.5	8.6	8.7	8.5	8.4	8.1	8.2	8.6		8.3	0.9
Ratio st.dev. and mean in %	70.0	58.4	55.6	56.5	59.3	52.6	56.9	63.0	54.2	38.1	34.4			-35.6
Difference max. and min.	16.3	15.7	19.0	18.3	21.3	18.3	18.2	18.4	14.7	10.3	10.9			-5.4

1) The ranking is based on 2005 data 2) in % of total tax and SSC revenue

See explanatory notes in Annex C

Source: Commission Services

Table C.3.1.2_G: Taxes on Capital as % of GDP: Income of households

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	1.0	0.7	0.7	0.6	0.5	0.5	0.5	0.5	0.9	0.8	0.8	9	0.7	-0.2
BG	-	-	-	-	-	0.1	0.1	0.1	0.1	0.1	0.1	24	0.1	-
CZ	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	23	0.2	0.0
DK	0.9	0.8	0.8	0.6	1.2	0.4	-0.6	-0.5	-0.1	1.1	1.9	1	0.6	1.0
DE	0.3	0.3	0.3	0.4	0.4	0.4	0.3	0.3	0.4	0.4	0.5	17	0.4	0.2
EE	0.1	0.1	0.3	0.2	0.1	0.2	0.1	0.2	0.2	0.1	0.3	19	0.2	0.2
IE	0.5	0.6	0.7	0.8	0.8	1.1	1.2	0.8	1.4	1.4	1.6	4	1.0	1.1
EL	0.8	0.8	0.8	1.1	0.9	0.8	0.8	0.8	0.7	0.7	0.8	12	0.8	0.0
ES	0.8	0.8	0.7	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.7	13	0.8	-0.1
FR	0.4	0.5	0.5	0.8	0.8	0.9	0.8	0.8	0.8	0.8	0.8	8	0.7	0.4
IT	1.8	2.0	2.0	1.6	1.5	1.8	1.3	1.2	1.1	1.1	1.1	6	1.5	-0.6
CY	0.3	0.2	0.2	0.5	0.6	0.8	0.7	0.8	1.1	1.1	1.2	5	0.7	0.9
LV	0.0	0.0	0.0	0.0	0.0	0.2	0.1	0.2	0.1	0.1	0.0	26	0.1	0.0
LT	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.3	0.2	0.3	0.4	18	0.2	0.3
LU	0.8	0.9	0.8	0.9	0.9	0.8	0.7	0.6	0.7	0.6	0.9	7	0.8	0.1
HU	0.6	0.7	0.6	0.6	0.6	0.6	0.7	0.7	0.6	0.6	0.6	15	0.6	0.0
MT	1.2	1.1	1.0	1.1	1.1	1.2	1.4	1.6	1.6	1.8	1.8	2	1.4	0.5
NL	-0.5	-0.5	-0.5	-0.4	-0.5	-0.8	0.3	0.1	0.0	0.0	0.2	20	-0.2	0.7
AT	1.0	1.1	1.0	1.0	0.9	0.9	0.9	0.9	0.8	0.8	0.7	14	0.9	-0.3
PL	0.0	0.1	0.0	0.1	0.1	0.2	0.1	0.2	0.3	0.2	0.2	21	0.1	0.1
PT	1.1	1.1	1.0	1.0	1.0	1.0	1.0	0.9	0.9	0.8	-	n.a.	1.0	-
RO	-	-	-	-	-	-	-	1.1	1.1	1.1	0.8	10	1.0	-
SI	0.2	0.3	0.3	0.3	0.3	0.2	0.2	0.3	0.2	0.3	0.2	22	0.2	-0.1
SK	0.2	0.2	0.0	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.0	25	0.1	-0.1
FI	0.4	0.5	0.6	0.7	0.9	1.1	0.9	0.6	0.6	0.5	0.5	16	0.7	0.1
SE	0.1	0.6	0.8	0.9	1.3	1.7	0.9	0.6	0.6	0.7	0.8	11	0.8	0.6
UK	1.1	1.1	1.1	1.4	1.5	1.6	1.7	1.5	1.4	1.5	1.6	3	1.4	0.6
NO	2.4	3.1	2.7	1.5	2.3	5.1	5.2	4.8	4.9	5.8	7.1		4.1	4.7
EU-27														
weighted average	0.7	0.7	0.7	0.8	0.8	0.9	0.8	0.8	0.8	0.8	0.9		0.8	0.2
arithmetic average	0.5	0.6	0.6	0.6	0.7	0.7	0.6	0.6	0.6	0.7	0.7		0.6	0.2
EA-13														
weighted average	0.6	0.7	0.7	0.7	0.7	0.8	0.7	0.7	0.7	0.7	0.7		0.7	0.1
arithmetic average	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7		0.7	0.1
EU-25														
weighted average	0.7	0.7	0.7	0.8	0.9	0.9	0.8	0.8	0.8	0.8	0.9		0.8	0.2
arithmetic average	0.5	0.6	0.6	0.6	0.7	0.7	0.6	0.6	0.6	0.7	0.7		0.6	0.2
Ratio st.dev. and mean in %	75.0	68.2	66.9	58.4	59.2	65.1	60.9	60.8	60.3	60.0	61.8			-13.2
Difference max. and min.	2.2	2.5	2.5	2.0	2.0	2.6	2.2	2.1	1.7	1.8	1.9			-0.3

1) The ranking is based on 2005 data 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services



Table C.3.1.2_T: Taxes on Capital as % of Total Taxation: Income of households

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	2.2	1.5	1.5	1.2	1.0	1.1	1.1	1.0	1.9	1.7	1.8	12	1.5	-0.5
BG	-	-	-	-	-	0.3	0.3	0.3	0.2	0.2	0.2	24	0.2	-
CZ	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	23	0.5	-0.1
DK	1.8	1.5	1.5	1.3	2.4	0.8	-1.2	-1.0	-0.3	2.3	3.8	4	1.2	2.0
DE	0.7	0.8	0.7	0.9	0.9	0.9	0.8	0.8	1.0	1.1	1.3	17	0.9	0.6
EE	0.3	0.3	0.7	0.4	0.3	0.5	0.4	0.6	0.7	0.4	1.0	19	0.5	0.7
IE	1.5	1.7	2.0	2.4	2.7	3.6	4.1	2.9	4.7	4.6	5.2	1	3.2	3.7
EL	2.3	2.4	2.5	3.1	2.4	2.2	2.1	2.1	2.1	2.0	2.2	9	2.3	-0.1
ES	2.5	2.4	2.1	2.3	2.4	2.4	2.3	2.2	2.1	2.0	2.0	10	2.3	-0.6
FR	1.0	1.0	1.2	1.7	1.8	2.0	1.8	1.9	1.9	1.7	1.8	11	1.6	0.8
IT	4.4	4.7	4.6	3.8	3.5	4.4	3.2	3.0	2.6	2.7	2.8	7	3.6	-1.6
CY	1.0	0.8	0.7	1.8	2.0	2.8	2.4	2.6	3.3	3.3	3.4	5	2.2	2.4
LV	0.0	0.1	0.1	0.1	0.1	0.5	0.3	0.6	0.3	0.2	0.1	26	0.2	0.1
LT	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.9	0.8	1.2	1.4	16	0.7	1.1
LU	2.2	2.4	2.1	2.2	2.5	2.0	1.7	1.6	1.8	1.6	2.3	8	2.0	0.1
HU	1.5	1.6	1.6	1.6	1.6	1.7	1.8	1.8	1.6	1.6	1.6	14	1.6	0.1
MT	4.5	4.1	3.7	4.5	4.0	4.2	4.6	5.0	5.0	5.4	5.0	2	4.5	0.5
NL	-1.1	-1.2	-1.2	-1.1	-1.1	-2.0	0.8	0.4	0.0	0.1	0.6	20	-0.5	1.7
AT	2.3	2.5	2.3	2.2	2.0	2.0	2.1	2.0	1.8	1.8	1.7	13	2.1	-0.7
PL	0.1	0.2	0.1	0.2	0.3	0.5	0.4	0.7	0.8	0.5	0.5	21	0.4	0.4
PT	3.3	3.3	3.2	3.1	2.9	3.0	2.9	2.7	2.4	2.4	-	n.a.	2.9	-
RO	-	-	-	-	-	-	-	4.1	3.9	4.0	2.9	6	3.7	-
SI	0.6	0.7	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.7	0.4	22	0.6	-0.2
SK	0.5	0.5	0.0	0.6	0.7	0.6	0.5	0.4	0.3	0.2	0.1	25	0.4	-0.3
FI	0.9	1.1	1.4	1.5	1.9	2.4	2.0	1.2	1.3	1.2	1.2	18	1.5	0.3
SE	0.2	1.1	1.5	1.6	2.4	3.3	1.7	1.2	1.2	1.4	1.5	15	1.6	1.2
UK	3.1	3.1	2.9	3.8	4.1	4.2	4.5	4.3	4.0	4.3	4.4	3	3.9	1.4
NO	5.7	7.2	6.4	3.6	5.5	11.9	12.1	11.2	11.6	13.4	16.1		9.5	10.3
EU-27														
weighted average	1.6	1.8	1.8	2.0	2.1	2.2	2.1	2.0	2.0	2.1	2.2		2.0	0.6
arithmetic average	1.5	1.5	1.5	1.6	1.7	1.7	1.6	1.6	1.7	1.8	1.9		1.7	0.4
EA-13														
weighted average	1.5	1.7	1.7	1.8	1.7	1.9	1.8	1.7	1.7	1.7	1.8		1.7	0.3
arithmetic average	1.8	1.8	1.8	1.8	1.8	1.9	2.0	1.7	1.9	1.8	1.9		1.8	0.2
EU-25														
weighted average	1.6	1.8	1.8	2.0	2.1	2.2	2.1	2.0	2.0	2.1	2.2		2.0	0.6
arithmetic average	1.5	1.5	1.5	1.6	1.7	1.8	1.7	1.6	1.7	1.8	1.9		1.7	0.5
Ratio st.dev. and mean in %	84.1	75.7	70.5	66.3	63.1	68.1	67.1	70.1	73.0	69.7	65.8			-18.3
Difference max. and min.	5.7	5.9	5.8	5.5	5.2	6.4	5.8	6.0	5.3	5.3	5.0			-0.6

1) The ranking is based on 2005 data 2) in % of total tax and SSC revenue

See explanatory notes in Annex C

Source: Commission Services

Table C.3.1.3_G: Taxes on Capital as % of GDP: Income of self-employed

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	2.5	2.5	2.4	2.5	2.5	2.4	2.4	2.4	2.3	2.3	2.3	5	2.4	-0.2
BG	-	-	-	-	-	1.8	1.7	1.6	1.6	1.7	1.8	9	1.7	-
CZ	1.5	1.5	1.5	1.4	1.4	1.5	1.5	1.6	1.6	1.7	1.7	10	1.5	0.2
DK	1.3	1.2	1.1	1.3	1.3	1.1	1.2	1.0	1.0	1.0	1.0	18	1.2	-0.3
DE	2.1	2.4	2.3	2.5	2.7	2.5	2.3	2.2	2.1	2.0	2.3	6	2.3	0.2
EE	0.2	0.2	0.2	0.3	0.2	0.1	0.2	0.2	0.1	0.1	0.1	25	0.2	-0.1
IE	1.3	1.3	1.3	1.3	1.2	1.1	1.1	1.1	1.1	1.2	1.2	15	1.2	-0.1
EL	2.3	2.2	2.3	2.8	2.8	2.7	2.6	2.7	2.7	2.6	2.5	4	2.6	0.2
ES	2.3	2.3	2.3	2.3	2.3	2.2	2.1	2.1	2.0	2.0	2.0	7	2.2	-0.3
FR	1.5	1.7	1.5	1.3	1.4	1.5	1.5	1.4	1.4	1.4	1.4	14	1.5	-0.1
IT	3.1	3.1	3.1	3.4	3.6	3.6	3.4	3.4	4.0	3.7	3.5	2	3.4	0.4
CY	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.5	0.4	22	0.2	0.3
LV	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	26	0.0	0.1
LT	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.4	0.3	0.2	0.2	24	0.5	-0.3
LU	1.5	1.5	1.5	1.5	1.2	1.2	1.3	1.4	1.5	1.5	1.6	13	1.4	0.1
HU	0.3	0.3	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.3	23	0.3	0.1
MT	1.0	1.0	1.2	1.0	1.1	1.2	1.2	1.1	1.1	1.2	1.2	16	1.1	0.2
NL	2.5	2.4	2.3	2.1	2.2	2.3	1.9	2.1	2.0	1.9	2.0	8	2.2	-0.5
AT	2.3	2.6	2.6	2.8	2.8	2.7	3.2	2.8	2.7	2.8	2.6	3	2.7	0.3
PL	2.6	2.4	2.4	2.4	2.9	3.0	3.3	3.6	3.6	3.4	3.5	1	3.0	0.9
PT	0.9	1.0	1.0	0.9	0.9	0.9	0.9	0.8	0.9	0.9	-	n.a.	0.9	-
RO	-	-	-	-	-	-	-	0.3	0.3	0.4	0.5	21	0.4	-
SI	0.7	0.8	0.9	0.9	0.8	0.7	0.9	0.8	0.8	0.9	0.8	19	0.8	0.1
SK	1.7	1.9	0.0	2.1	2.2	1.9	1.8	1.7	1.4	1.4	1.2	17	1.6	-0.5
FI	1.9	1.7	1.8	1.6	1.5	1.6	1.6	1.7	1.6	1.6	1.6	11	1.6	-0.3
SE	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.7	0.7	0.7	0.7	20	0.7	0.0
UK	1.5	1.4	1.4	1.4	1.5	1.5	1.6	1.5	1.5	1.5	1.6	12	1.5	0.1
NO	1.1	1.0	1.0	1.1	1.0	0.9	0.9	1.0	0.9	0.9	0.9		1.0	-0.3
EU-27														
weighted average	2.0	2.1	2.0	2.1	2.2	2.1	2.1	2.0	2.1	2.0	2.0		2.1	0.0
arithmetic average	1.5	1.5	1.4	1.5	1.5	1.5	1.5	1.5	1.4	1.4	1.5		1.5	0.0
EA-13														
weighted average	2.2	2.3	2.3	2.3	2.4	2.4	2.3	2.2	2.3	2.2	2.2		2.3	0.1
arithmetic average	1.9	2.0	2.0	2.0	2.0	2.0	1.9	1.9	1.9	1.9	2.0		2.0	0.1
EU-25														
weighted average	2.0	2.1	2.0	2.1	2.2	2.1	2.1	2.0	2.1	2.0	2.1		2.1	0.1
arithmetic average	1.5	1.5	1.4	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5		1.5	0.0
Ratio st.dev. and mean in %	43.9	42.1	45.1	45.1	45.4	45.0	46.1	48.6	49.5	48.2	46.9			3.0
Difference max. and min.	3.1	3.1	3.1	3.4	3.5	3.5	3.4	3.6	4.0	3.6	3.5			0.4

1) The ranking is based on 2005 data 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services



Table C.3.1.3_T: Taxes on Capital as % of Total Taxation: Income of self-employed

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	5.7	5.6	5.4	5.5	5.4	5.4	5.4	5.2	5.2	5.1	5.1	8	5.4	-0.6
BG	-	-	-	-	-	5.5	5.3	5.2	4.8	4.9	5.0	9	5.1	-
CZ	4.2	4.2	4.3	4.3	4.1	4.4	4.4	4.5	4.6	4.6	4.7	10	4.4	0.5
DK	2.6	2.5	2.3	2.6	2.6	2.2	2.5	2.2	2.2	2.1	2.0	19	2.4	-0.6
DE	5.3	6.0	5.8	6.1	6.6	6.0	5.8	5.6	5.2	5.3	5.9	5	5.8	0.6
EE	0.5	0.5	0.5	0.8	0.5	0.4	0.5	0.5	0.5	0.4	0.4	25	0.5	-0.1
IE	4.0	4.0	4.1	4.1	3.9	3.6	3.8	4.0	3.8	4.0	3.9	14	3.9	-0.1
EL	7.1	6.8	6.7	7.8	7.4	7.1	7.0	7.3	7.6	7.6	7.2	3	7.3	0.1
ES	7.1	7.0	7.0	7.0	6.8	6.4	6.3	6.1	5.9	5.9	5.7	6	6.5	-1.3
FR	3.6	3.8	3.4	3.1	3.1	3.4	3.4	3.2	3.3	3.2	3.2	17	3.3	-0.4
IT	7.7	7.4	7.2	7.9	8.4	8.5	8.3	8.3	9.7	9.0	8.6	2	8.3	0.9
CY	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.6	0.5	1.3	1.3	22	0.6	0.8
LV	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.2	0.2	0.2	0.2	26	0.1	0.2
LT	1.6	1.6	1.7	1.7	2.0	2.1	2.2	1.4	1.0	0.7	0.7	24	1.5	-0.9
LU	4.1	4.0	3.8	3.8	3.2	3.0	3.4	3.5	3.8	4.0	4.1	12	3.7	0.0
HU	0.7	0.7	0.6	0.6	0.9	0.8	1.1	1.0	1.0	0.9	0.9	23	0.8	0.2
MT	3.7	4.0	4.2	3.9	3.9	4.2	3.8	3.5	3.5	3.5	3.4	16	3.8	-0.3
NL	6.2	6.1	5.9	5.4	5.4	5.8	4.9	5.5	5.5	5.1	5.3	7	5.5	-0.9
AT	5.7	6.1	6.0	6.4	6.4	6.3	7.1	6.5	6.2	6.6	6.3	4	6.3	0.6
PL	7.1	6.5	6.5	6.8	8.2	8.7	10.0	10.6	10.8	10.4	10.3	1	8.7	3.3
PT	2.9	3.1	3.1	2.8	2.6	2.6	2.7	2.3	2.6	2.5	-	n.a.	2.7	-
RO	-	-	-	-	-	-	-	1.1	1.1	1.3	1.9	20	1.3	-
SI	1.8	2.0	2.3	2.2	2.0	1.8	2.2	2.1	2.1	2.3	2.1	18	2.1	0.3
SK	4.3	5.0	0.0	5.8	6.4	5.9	5.7	5.4	4.5	4.7	4.0	13	4.7	-0.3
FI	4.1	3.7	3.8	3.5	3.4	3.4	3.5	3.7	3.7	3.6	3.7	15	3.6	-0.4
SE	1.3	1.4	1.4	1.4	1.3	1.5	1.5	1.4	1.4	1.4	1.3	21	1.4	0.0
UK	4.1	4.0	3.9	3.9	4.0	4.0	4.2	4.3	4.3	4.2	4.2	11	4.1	0.2
NO	2.7	2.4	2.5	2.7	2.3	2.2	2.2	2.3	2.0	2.1	2.0		2.3	-0.7
EU-27														
weighted average	5.1	5.2	5.0	5.1	5.3	5.2	5.2	5.1	5.2	5.1	5.2		5.2	0.1
arithmetic average	3.8	3.9	3.6	3.9	4.0	4.0	4.1	3.9	3.9	3.9	3.9		3.9	0.1
EA-13														
weighted average	5.4	5.7	5.5	5.6	5.8	5.7	5.6	5.5	5.6	5.5	5.6		5.6	0.2
arithmetic average	5.0	5.0	5.0	5.0	5.0	4.9	4.9	4.9	5.0	4.9	5.1		5.0	0.1
EU-25														
weighted average	5.1	5.2	5.0	5.1	5.3	5.2	5.2	5.1	5.2	5.1	5.2		5.2	0.1
arithmetic average	3.8	3.9	3.6	3.9	4.0	3.9	4.0	4.0	4.0	3.9	3.9		3.9	0.1
Ratio st.dev. and mean in %	45.4	43.1	46.2	46.2	47.1	47.4	48.0	50.6	51.5	50.9	49.6			4.2
Difference max. and min.	7.7	7.4	7.2	7.9	8.3	8.6	9.8	10.5	10.6	10.1	10.1			2.4

1) The ranking is based on 2005 data 2) in % of total tax and SSC revenue

See explanatory notes in Annex C

Source: Commission Services

Table C.3.2_G: Taxes on Capital as % of GDP: Stocks (wealth) of capital

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	2.9	3.1	3.3	3.4	3.4	3.4	3.3	3.4	3.5	3.8	3.8	3	3.4	0.9
BG	-	-	-	-	-	0.4	0.4	0.5	0.6	0.7	0.7	22	0.6	-
CZ	1.0	1.1	1.0	1.0	1.0	1.0	1.0	0.9	0.9	0.7	0.7	21	0.9	-0.3
DK	1.8	1.8	1.8	2.0	2.0	2.4	2.6	2.7	2.8	2.8	2.8	8	2.3	0.9
DE	1.1	1.2	1.1	1.1	1.2	1.1	1.1	1.0	1.1	1.1	1.1	17	1.1	-0.1
EE	1.5	1.5	1.5	1.2	0.9	0.7	0.6	0.6	0.6	0.6	0.6	25	0.9	-1.0
IE	2.0	2.1	2.0	2.0	2.1	2.0	2.0	1.8	2.2	2.4	2.6	10	2.1	0.6
EL	1.7	1.9	2.1	2.0	2.5	2.6	2.1	1.8	1.7	1.4	1.6	14	1.9	-0.1
ES	2.4	2.4	2.5	2.7	2.8	2.8	2.8	2.9	3.0	3.3	3.5	4	2.8	1.1
FR	4.3	4.5	4.6	4.7	4.7	4.5	4.5	4.4	4.4	4.5	4.7	1	4.5	0.4
IT	3.9	3.6	3.8	3.3	3.0	2.6	2.5	2.8	2.6	2.8	2.6	9	3.1	-1.3
CY	1.8	1.7	1.8	2.0	1.9	2.9	2.3	2.0	2.2	3.0	3.2	6	2.3	1.4
LV	1.9	1.4	1.7	1.9	1.8	1.2	1.3	0.8	0.9	0.8	0.7	23	1.3	-1.2
LT	0.9	1.0	1.0	0.9	1.0	0.9	0.7	0.7	0.7	0.6	0.6	24	0.8	-0.3
LU	2.7	2.9	3.2	3.5	3.8	4.2	3.9	3.2	2.9	3.0	3.3	5	3.3	0.7
HU	0.7	0.9	0.8	0.9	1.0	1.0	1.0	1.0	1.2	1.3	1.3	16	1.0	0.7
MT	1.4	1.3	1.2	1.3	1.3	1.3	1.5	1.8	1.9	2.8	2.8	7	1.7	1.4
NL	1.9	2.0	1.9	2.1	2.2	2.2	2.2	2.3	2.2	2.3	2.4	11	2.2	0.5
AT	1.2	1.2	1.1	1.2	1.1	1.2	1.1	1.1	1.1	1.0	1.0	18	1.1	-0.2
PL	2.2	2.1	2.1	1.9	1.7	1.6	1.7	1.9	1.8	1.8	2.2	12	1.9	0.1
PT	1.7	1.6	1.7	1.8	2.0	2.0	2.0	2.3	2.8	2.0	-	n.a.	2.0	-
RO	-	-	-	-	-	-	-	0.5	0.6	0.6	0.6	26	0.6	-
SI	0.7	0.6	0.7	0.9	0.9	0.9	1.0	0.9	0.8	0.9	1.0	19	0.9	0.3
SK	0.9	1.3	0.1	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.7	20	0.8	-0.1
FI	1.2	1.3	1.3	1.3	1.3	1.3	1.2	1.3	1.2	1.4	1.4	15	1.3	0.2
SE	1.5	2.1	2.2	2.2	2.2	2.2	1.9	1.9	1.9	1.9	1.8	13	2.0	0.4
UK	3.9	3.9	3.9	4.0	4.2	4.5	4.4	4.3	4.3	4.4	4.5	2	4.2	0.6
NO	2.4	2.6	2.5	2.5	2.4	2.1	2.1	2.3	2.3	2.5	2.4		2.4	0.0
EU-27														
weighted average	2.6	2.7	2.8	2.8	2.8	2.8	2.7	2.7	2.7	2.8	2.9		2.7	0.3
arithmetic average	1.9	1.9	1.9	2.0	2.0	2.0	1.9	1.8	1.9	2.0	2.0		1.9	0.1
EA-13														
weighted average	2.5	2.6	2.6	2.6	2.6	2.5	2.4	2.5	2.5	2.6	2.7		2.6	0.2
arithmetic average	2.1	2.2	2.3	2.3	2.4	2.4	2.3	2.2	2.3	2.3	2.4		2.3	0.3
EU-25														
weighted average	2.6	2.7	2.8	2.8	2.8	2.8	2.7	2.7	2.7	2.8	2.9		2.8	0.3
arithmetic average	1.9	1.9	1.9	2.0	2.0	2.1	2.0	1.9	2.0	2.1	2.1		2.0	0.2
Ratio st.dev. and mean in %	38.0	36.6	40.1	38.3	39.5	42.8	41.7	41.0	41.4	42.5	44.3			6.3
Difference max. and min.	3.6	3.8	4.6	3.9	3.9	4.1	4.0	3.9	3.8	4.0	4.1			0.5

1) The ranking is based on 2005 data 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services



Table C.3.2_T: Taxes on Capital as % of Total Taxation: Stocks (wealth) of capital

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	6.6	7.0	7.4	7.5	7.5	7.5	7.3	7.5	7.9	8.4	8.3	7	7.5	1.7
BG	-	-	-	-	-	1.3	1.3	1.7	1.9	2.0	2.0	25	1.7	-
CZ	2.9	3.1	2.8	3.0	2.8	3.0	2.8	2.5	2.5	2.0	2.1	23	2.7	-0.8
DK	3.8	3.6	3.7	4.0	4.0	4.9	5.3	5.6	5.7	5.6	5.5	12	4.7	1.7
DE	2.9	3.0	2.7	2.7	2.8	2.6	2.8	2.6	2.7	2.8	2.8	17	2.8	-0.1
EE	4.1	4.2	4.1	3.4	2.7	2.2	2.1	2.0	1.8	2.0	1.9	26	2.8	-2.2
IE	6.1	6.3	6.1	6.2	6.6	6.4	6.6	6.3	7.5	7.8	8.5	6	6.8	2.4
EL	5.2	5.7	6.1	5.5	6.8	6.9	5.9	4.9	4.8	4.2	4.6	13	5.5	-0.6
ES	7.4	7.1	7.5	8.0	8.3	8.3	8.2	8.5	8.9	9.6	9.8	3	8.3	2.4
FR	10.0	10.2	10.5	10.8	10.6	10.2	10.2	10.1	10.2	10.5	10.7	2	10.4	0.7
IT	9.7	8.6	8.7	7.9	7.0	6.3	6.0	7.0	6.3	6.9	6.5	10	7.3	-3.3
CY	6.7	6.6	6.9	7.3	6.8	9.7	7.3	6.5	6.8	9.0	9.0	4	7.5	2.4
LV	5.7	4.4	5.4	5.5	5.6	3.9	4.6	3.0	3.0	2.7	2.4	21	4.2	-3.3
LT	3.2	3.6	3.2	2.8	3.0	2.9	2.6	2.5	2.3	2.4	2.1	22	2.8	-1.1
LU	7.1	7.7	8.1	8.8	10.0	10.7	9.7	8.1	7.6	7.9	8.7	5	8.6	1.5
HU	1.6	2.1	2.1	2.4	2.5	2.5	2.6	2.6	3.0	3.5	3.5	15	2.6	1.9
MT	5.0	4.9	4.4	5.0	4.9	4.8	4.9	5.6	5.9	8.2	8.0	8	5.6	2.9
NL	4.7	5.1	4.9	5.3	5.4	5.5	5.8	6.1	5.8	6.0	6.2	11	5.5	1.5
AT	2.9	2.7	2.6	2.7	2.5	2.7	2.5	2.5	2.5	2.4	2.4	19	2.6	-0.5
PL	5.8	5.7	5.8	5.3	4.7	4.8	5.1	5.7	5.4	5.6	6.5	9	5.5	0.7
PT	5.4	5.0	5.1	5.4	5.9	5.8	5.8	6.6	7.8	5.7	-	n.a.	5.9	-
RO	-	-	-	-	-	-	-	1.9	2.1	2.2	2.0	24	2.1	-
SI	1.6	1.6	1.9	2.4	2.4	2.4	2.5	2.3	2.1	2.3	2.4	20	2.2	0.8
SK	2.2	3.3	0.2	2.4	2.5	2.5	2.5	2.5	2.5	2.6	2.5	18	2.3	0.4
FI	2.6	2.7	2.7	2.8	2.8	2.8	2.8	2.8	2.8	3.2	3.2	16	2.8	0.7
SE	3.0	4.0	4.3	4.1	4.0	4.1	3.8	3.8	3.7	3.7	3.6	14	3.8	0.6
UK	10.8	11.0	10.9	11.0	11.3	11.9	11.7	12.1	12.0	12.2	12.1	1	11.5	1.3
NO	5.7	6.2	5.9	6.0	5.6	4.9	4.9	5.3	5.5	5.6	5.3		5.5	-0.4
EU-27														
weighted average	6.5	6.6	6.8	6.8	6.8	6.8	6.7	6.9	6.9	7.2	7.2		6.8	0.7
arithmetic average	5.1	5.2	5.1	5.3	5.3	5.3	5.1	4.9	5.0	5.2	5.3		5.2	0.2
EA-13														
weighted average	6.3	6.3	6.4	6.4	6.3	6.0	6.0	6.2	6.2	6.6	6.7		6.3	0.4
arithmetic average	5.6	5.6	5.7	5.9	6.0	6.0	5.8	5.8	5.9	6.0	6.2		5.9	0.6
EU-25														
weighted average	6.5	6.6	6.8	6.8	6.8	6.8	6.8	7.0	6.9	7.2	7.3		6.9	0.7
arithmetic average	5.1	5.2	5.1	5.3	5.3	5.4	5.3	5.2	5.3	5.5	5.5		5.3	0.5
Ratio st.dev. and mean in %	39.3	36.9	40.0	38.0	39.8	43.8	40.8	40.1	41.4	42.4	44.1			4.7
Difference max. and min.	9.2	9.4	10.8	8.6	9.0	10.6	10.4	10.4	10.2	10.2	10.2			1.0

1) The ranking is based on 2005 data 2) in % of total tax and SSC revenue

See explanatory notes in Annex C

Source: Commission Services

Table C.4_G: Environmental taxes as % of GDP

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	2.3	2.5	2.6	2.5	2.5	2.3	2.3	2.3	2.3	2.4	2.4	20	2.4	0.1
BG	-	-	-	-	-	2.5	2.8	2.3	3.0	3.4	3.1	6	2.8	-
CZ	2.9	2.7	2.5	2.4	2.6	2.6	2.6	2.5	2.6	2.8	2.8	12	2.6	-0.1
DK	4.5	4.8	4.8	5.2	5.3	5.2	5.1	5.3	5.1	5.5	5.8	1	5.2	1.3
DE	2.3	2.2	2.2	2.1	2.3	2.4	2.5	2.5	2.7	2.5	2.5	18	2.4	0.1
EE	0.8	1.2	1.5	1.8	1.7	1.5	1.9	1.8	1.9	2.1	2.2	23	1.7	1.4
IE	3.1	3.1	3.0	3.0	3.0	2.9	2.3	2.3	2.3	2.5	2.3	21	2.7	-0.8
EL	3.5	3.5	3.4	3.2	3.1	2.6	2.8	2.5	2.4	2.4	2.3	22	2.9	-1.2
ES	2.2	2.2	2.1	2.3	2.3	2.2	2.1	2.1	2.1	2.0	2.0	25	2.1	-0.2
FR	2.8	2.9	2.7	2.7	2.8	2.5	2.4	2.5	2.4	2.4	2.4	19	2.6	-0.4
IT	3.6	3.5	3.5	3.4	3.5	3.2	3.0	2.9	3.0	2.8	2.8	11	3.2	-0.8
CY	2.8	2.8	2.5	2.5	2.5	2.7	3.0	2.9	3.8	4.0	3.5	3	3.0	0.7
LV	1.1	1.6	2.1	3.0	2.5	2.4	2.2	2.3	2.5	2.6	2.7	13	2.3	1.6
LT	1.2	1.2	1.4	1.9	2.3	1.8	1.9	1.9	2.0	2.0	1.9	26	1.8	0.7
LU	3.0	2.9	3.0	2.9	2.8	2.8	2.8	2.8	2.8	3.1	3.0	8	2.9	0.1
HU	3.1	3.1	3.0	3.5	3.4	3.0	2.8	2.8	3.0	2.9	2.9	10	3.0	-0.2
MT	3.3	3.1	3.5	3.9	4.0	3.7	3.7	3.5	3.5	3.2	3.5	4	3.5	0.2
NL	3.6	3.8	3.7	3.8	3.9	3.9	3.8	3.6	3.7	3.9	4.0	2	3.8	0.4
AT	2.1	2.1	2.3	2.3	2.3	2.4	2.6	2.6	2.7	2.7	2.6	15	2.4	0.5
PL	1.8	1.9	1.8	1.8	2.1	2.1	2.1	2.4	2.5	2.6	2.7	14	2.2	0.8
PT	3.5	3.5	3.3	3.5	3.4	2.7	3.0	3.1	3.1	3.1	-	n.a.	3.2	-
RO	-	-	-	-	-	-	0.0	1.9	2.5	2.5	2.1	24	1.8	-
SI	-	-	-	-	2.2	3.0	3.4	3.4	3.4	3.4	3.3	5	3.2	-
SK	-	-	1.9	2.0	2.0	2.0	2.0	2.3	2.6	2.6	2.5	16	2.2	-
FI	2.9	3.1	3.3	3.3	3.4	3.1	2.9	3.0	3.2	3.2	3.0	7	3.1	0.1
SE	2.8	3.1	3.0	3.0	2.9	2.8	2.8	2.9	2.9	2.9	2.9	9	2.9	0.1
UK	2.9	3.0	3.0	3.1	3.2	3.1	2.8	2.7	2.6	2.6	2.5	17	2.9	-0.4
NO	3.2	3.3	3.0	2.9	2.5	2.2	2.0	2.0	2.0	2.1	1.9		2.5	-1.3
EU-27														
weighted average	2.8	2.8	2.8	2.8	2.9	2.8	2.7	2.7	2.7	2.7	2.6		2.7	-0.2
arithmetic average	2.7	2.8	2.8	2.9	2.9	2.7	2.7	2.7	2.8	2.9	2.8		2.8	0.1
EA-13														
weighted average	2.7	2.7	2.7	2.7	2.8	2.7	2.6	2.6	2.7	2.6	2.6		2.7	-0.2
arithmetic average	2.9	2.9	2.9	2.9	2.9	2.8	2.8	2.7	2.8	2.8	2.7		2.8	-0.2
EU-25														
weighted average	2.8	2.8	2.8	2.8	2.9	2.8	2.7	2.7	2.7	2.7	2.6		2.7	-0.2
arithmetic average	2.7	2.8	2.8	2.9	2.9	2.7	2.8	2.8	2.8	2.9	2.9		2.8	0.2
Ratio st.dev. and mean in %	31.9	29.8	28.4	28.6	27.6	26.4	32.0	25.8	24.5	27.2	30.4			-1.4
Difference max. and min.	3.8	3.6	3.4	3.5	3.6	3.7	5.1	3.4	3.2	3.6	4.0			0.2

1) The ranking is based on 2005 data 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services



Table C.4_T: Environmental taxes as % of Total Taxation

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	5.2	5.7	5.7	5.5	5.5	5.2	5.1	5.0	5.2	5.3	5.2	26	5.3	0.0
BG	-	-	-	-	-	7.4	8.6	7.3	9.0	9.7	8.7	6	8.5	-
CZ	8.0	7.8	7.3	7.3	7.7	7.6	7.7	7.3	7.4	7.5	7.8	11	7.6	-0.3
DK	9.3	9.7	9.9	10.6	10.7	10.5	10.6	11.1	10.7	11.2	11.6	1	10.5	2.3
DE	5.8	5.4	5.3	5.2	5.5	5.7	6.3	6.4	6.7	6.5	6.3	21	5.9	0.5
EE	2.0	3.4	4.2	5.1	5.0	4.7	6.4	5.9	6.1	6.7	7.1	15	5.2	5.1
IE	9.2	9.4	9.2	9.4	9.3	9.1	7.8	8.1	7.9	8.1	7.4	14	8.6	-1.9
EL	10.7	10.5	10.1	8.9	8.2	6.8	7.7	6.8	6.7	6.9	6.5	19	8.2	-4.2
ES	6.7	6.6	6.4	6.9	6.9	6.4	6.2	6.1	6.1	5.8	5.5	24	6.3	-1.2
FR	6.6	6.5	6.2	6.2	6.2	5.8	5.5	5.8	5.7	5.7	5.4	25	6.0	-1.2
IT	9.0	8.3	7.9	7.9	8.2	7.6	7.3	7.1	7.3	7.0	7.0	16	7.7	-2.0
CY	10.7	10.6	9.7	9.1	8.8	8.9	9.6	9.4	11.4	11.9	9.9	3	10.0	-0.8
LV	3.2	5.1	6.4	9.0	7.7	8.1	7.6	8.2	8.8	9.1	9.2	5	7.5	5.9
LT	4.1	4.4	4.6	5.8	7.1	6.0	6.7	6.8	7.1	6.9	6.5	20	6.0	2.4
LU	8.0	7.8	7.5	7.4	7.3	7.1	7.1	7.1	7.3	8.2	7.9	9	7.5	-0.1
HU	7.4	7.7	7.7	8.9	8.7	7.8	7.3	7.3	7.7	7.5	7.4	12	7.8	0.1
MT	11.9	12.0	12.8	15.4	14.9	13.1	12.1	10.9	10.9	9.3	9.9	4	12.1	-2.0
NL	9.0	9.5	9.4	9.7	9.7	9.7	9.8	9.6	9.9	10.3	10.5	2	9.7	1.5
AT	5.1	5.0	5.3	5.2	5.2	5.6	5.8	6.1	6.3	6.3	6.2	22	5.6	1.1
PL	5.0	5.2	5.0	5.2	5.9	6.2	6.2	7.0	7.4	7.9	7.8	10	6.2	2.8
PT	10.9	10.7	10.0	10.5	9.9	8.0	8.8	9.1	8.9	9.1	-	n.a.	9.6	-
RO	-	-	-	-	-	-	-	6.7	8.9	9.0	7.4	13	6.4	-
SI	-	-	-	-	5.5	7.9	8.6	8.6	8.7	8.7	8.2	8	8.0	-
SK	0.6	0.6	5.5	5.8	5.8	6.0	6.2	7.1	8.3	8.8	8.7	7	5.8	8.1
FI	6.4	6.6	7.2	7.2	7.4	6.6	6.6	6.8	7.2	7.4	6.9	17	6.9	0.5
SE	5.7	6.1	5.7	5.7	5.4	5.2	5.5	5.9	5.8	5.7	5.7	23	5.7	0.0
UK	8.3	8.4	8.3	8.5	8.5	8.1	7.6	7.6	7.4	7.2	6.7	18	7.9	-1.5
NO	7.6	7.8	7.2	7.0	6.0	5.1	4.7	4.7	4.6	4.9	4.2		5.8	-3.4
EU-27														
weighted average	7.0	6.9	6.8	6.9	7.0	6.8	6.8	6.8	6.9	6.8	6.6		6.8	-0.4
arithmetic average	7.0	7.2	7.4	7.8	7.6	7.3	7.5	7.4	7.8	7.9	7.6		7.5	0.6
EA-13														
weighted average	6.9	6.7	6.6	6.5	6.7	6.4	6.5	6.6	6.7	6.6	6.4		6.6	-0.5
arithmetic average	7.7	7.7	7.5	7.5	7.3	7.0	7.1	7.1	7.2	7.3	6.9		7.3	-0.8
EU-25														
weighted average	7.0	6.9	6.8	6.9	7.0	6.8	6.8	6.8	6.9	6.8	6.6		6.8	-0.4
arithmetic average	7.0	7.2	7.4	7.8	7.6	7.3	7.4	7.5	7.7	7.8	7.6		7.5	0.5
Ratio st.dev. and mean in %	41.1	38.6	32.0	35.2	31.8	27.6	32.5	22.1	23.6	24.8	24.8			-16.4
Difference max. and min.	11.3	11.4	8.7	10.3	9.8	8.3	12.1	6.0	6.2	6.6	6.4			-4.9

1) The ranking is based on 2005 data 2) in % of total tax and SSC revenue

See explanatory notes in Annex C

Source: Commission Services

Table C.4.1_G: Environmental taxes as % of GDP: Energy

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	1.6	1.6	1.6	1.6	1.6	1.5	1.5	1.4	1.5	1.5	1.5	22	1.5	0.0
BG	-	-	-	-	-	2.3	2.6	2.0	2.6	3.0	2.8	2	2.5	-
CZ	2.3	2.2	2.1	2.0	2.2	2.1	2.3	2.2	2.3	2.4	2.5	4	2.2	0.2
DK	2.1	2.3	2.2	2.4	2.6	2.5	2.7	2.6	2.6	2.5	2.3	6	2.4	0.2
DE	1.9	1.8	1.8	1.7	1.9	2.0	2.1	2.2	2.3	2.2	2.1	13	2.0	0.1
EE	0.6	0.9	1.3	1.6	1.4	1.2	1.6	1.5	1.6	1.8	1.9	17	1.4	1.3
IE	1.7	1.7	1.7	1.7	1.6	1.4	1.2	1.3	1.2	1.3	1.2	26	1.5	-0.6
EL	2.8	2.8	2.5	2.3	2.0	1.7	1.7	1.5	1.5	1.4	1.3	25	2.0	-1.4
ES	1.8	1.8	1.7	1.9	1.8	1.7	1.7	1.7	1.6	1.6	1.5	23	1.7	-0.3
FR	2.0	2.0	2.0	2.0	2.0	1.8	1.7	1.8	1.7	1.7	1.6	21	1.8	-0.4
IT	3.1	3.0	3.0	2.8	2.9	2.6	2.4	2.3	2.4	2.2	2.2	9	2.6	-0.9
CY	0.5	0.5	0.5	0.5	0.5	0.7	1.0	1.0	1.9	2.1	1.9	16	1.0	1.4
LV	1.0	1.5	1.8	2.7	2.1	1.8	1.6	1.8	2.0	2.1	2.3	8	1.9	1.2
LT	1.1	1.1	1.3	1.7	2.1	1.8	1.8	1.9	1.9	1.8	1.7	20	1.7	0.6
LU	2.8	2.8	2.8	2.8	2.7	2.7	2.7	2.6	2.7	3.0	2.9	1	2.8	0.1
HU	2.7	2.4	2.4	2.9	2.8	2.4	2.3	2.2	2.3	2.1	2.1	11	2.4	-0.6
MT	0.9	0.8	1.3	1.6	1.6	1.4	1.5	1.4	1.3	1.3	1.4	24	1.3	0.5
NL	1.7	1.8	1.9	1.9	1.9	1.9	1.9	1.9	1.9	2.0	2.1	12	1.9	0.4
AT	1.4	1.4	1.7	1.6	1.5	1.6	1.7	1.7	1.8	1.8	1.8	19	1.6	0.4
PL	1.2	1.4	1.3	1.5	1.8	1.8	1.8	2.0	2.1	2.1	2.3	7	1.7	1.0
PT	2.6	2.5	2.3	2.4	2.2	1.6	1.9	2.1	2.2	2.2	-	n.a.	2.2	-
RO	-	-	-	-	-	-	0.0	1.8	2.4	2.4	2.0	14	1.7	-
SI	-	-	-	-	1.7	2.5	2.8	2.8	2.7	2.7	2.6	3	2.5	-
SK	-	-	1.9	1.8	1.8	1.7	1.7	1.9	2.1	2.2	2.2	10	1.9	-
FI	2.1	2.1	2.3	2.2	2.2	2.0	1.9	2.0	2.0	1.9	1.8	18	2.1	-0.3
SE	2.4	2.7	2.6	2.6	2.5	2.4	2.4	2.5	2.5	2.5	2.5	5	2.5	0.0
UK	2.3	2.4	2.3	2.5	2.5	2.4	2.3	2.2	2.1	2.1	2.0	15	2.3	-0.4
NO	1.1	1.0	1.0	1.0	0.8	0.7	0.6	0.6	0.5	0.5	0.5		0.7	-0.6
EU-27														
weighted average	2.1	2.1	2.1	2.1	2.2	2.1	2.0	2.0	2.1	2.0	1.9		2.1	-0.2
arithmetic average	1.9	1.9	1.9	2.0	2.0	1.9	1.9	1.9	2.0	2.1	2.0		2.0	0.2
EA-13														
weighted average	2.1	2.1	2.1	2.0	2.1	2.0	2.0	2.0	2.0	1.9	1.9		2.0	-0.2
arithmetic average	2.1	2.1	2.1	2.1	2.0	1.9	1.9	1.9	2.0	2.0	1.9		2.0	-0.2
EU-25														
weighted average	2.1	2.1	2.1	2.1	2.2	2.1	2.0	2.0	2.1	2.0	1.9		2.1	-0.2
arithmetic average	1.9	1.9	1.9	2.0	2.0	1.9	1.9	1.9	2.0	2.0	2.0		2.0	0.1
Ratio st.dev. and mean in %	34.4	31.6	27.3	26.5	23.8	23.1	29.5	21.5	20.7	22.5	22.7			-11.8
Difference max. and min.	2.6	2.5	2.5	2.3	2.3	2.0	2.8	1.8	1.5	1.7	1.8			-0.9

1) The ranking is based on 2005 data 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services



Table C.4.1_T: Environmental taxes as % of Total Taxation: Energy

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	3.6	3.7	3.6	3.5	3.5	3.3	3.2	3.1	3.3	3.4	3.4	26	3.4	-0.2
BG	-	-	-	-	-	6.9	8.1	6.3	7.8	8.5	7.7	2	7.6	-
CZ	6.4	6.3	6.1	6.1	6.4	6.3	6.7	6.3	6.4	6.6	6.9	6	6.4	0.5
DK	4.4	4.6	4.4	4.9	5.2	5.1	5.5	5.4	5.4	5.1	4.6	18	5.0	0.3
DE	4.9	4.5	4.3	4.2	4.6	4.9	5.3	5.5	5.8	5.6	5.3	15	5.0	0.5
EE	1.6	2.6	3.5	4.5	4.1	3.8	5.2	4.8	4.9	5.7	6.3	9	4.3	4.7
IE	5.2	5.2	5.2	5.2	5.0	4.5	3.9	4.4	4.2	4.4	3.8	24	4.6	-1.4
EL	8.5	8.4	7.4	6.4	5.5	4.6	4.6	4.1	4.1	4.1	3.9	23	5.6	-4.7
ES	5.5	5.4	5.2	5.6	5.5	5.1	4.9	4.9	4.8	4.6	4.3	19	5.1	-1.2
FR	4.7	4.6	4.5	4.5	4.4	4.1	3.9	4.1	4.0	4.0	3.7	25	4.2	-1.0
IT	7.8	7.2	6.8	6.7	6.8	6.1	5.8	5.6	5.7	5.5	5.5	11	6.3	-2.3
CY	2.0	2.0	1.9	1.9	2.0	2.3	3.1	3.2	5.8	6.2	5.4	14	3.3	3.5
LV	3.1	5.0	5.6	7.9	6.4	6.2	5.8	6.2	6.9	7.5	7.7	1	6.2	4.6
LT	4.0	4.1	4.1	5.4	6.8	5.8	6.4	6.6	6.8	6.3	6.0	10	5.7	2.0
LU	7.6	7.4	7.2	7.1	7.0	6.8	6.8	6.7	7.0	7.9	7.7	3	7.2	0.0
HU	6.5	6.0	6.2	7.4	7.2	6.3	5.9	5.8	5.9	5.5	5.5	12	6.2	-1.0
MT	3.2	3.2	4.6	6.2	5.8	4.9	5.0	4.3	4.1	3.8	3.9	22	4.5	0.7
NL	4.2	4.4	4.7	4.7	4.8	4.9	5.0	5.0	5.1	5.3	5.5	13	4.9	1.2
AT	3.4	3.3	3.8	3.5	3.5	3.7	3.8	3.9	4.1	4.3	4.2	20	3.8	0.8
PL	3.3	3.7	3.6	4.1	5.1	5.2	5.2	5.8	6.3	6.5	6.7	7	5.0	3.3
PT	8.1	7.8	7.1	7.3	6.5	4.7	5.5	6.2	6.4	6.4	-	n.a.	6.6	-
RO	-	-	-	-	-	-	-	6.4	8.6	8.7	7.1	5	6.1	-
SI	-	-	-	-	4.4	6.5	7.3	7.1	6.7	6.7	6.3	8	6.4	-
SK	0.0	0.0	5.5	5.1	5.2	5.2	5.5	5.9	7.0	7.5	7.4	4	4.9	7.4
FI	4.7	4.5	5.0	4.7	4.8	4.2	4.4	4.4	4.5	4.5	4.2	21	4.5	-0.5
SE	5.0	5.3	5.0	5.0	4.7	4.5	4.8	5.1	5.1	4.9	4.8	17	4.9	-0.1
UK	6.6	6.7	6.5	6.7	6.7	6.4	6.1	6.1	5.9	5.7	5.3	16	6.3	-1.3
NO	2.5	2.3	2.3	2.4	1.8	1.6	1.3	1.3	1.3	1.2	1.0		1.7	-1.5
EU-27														
weighted average	5.4	5.2	5.2	5.2	5.3	5.1	5.1	5.2	5.2	5.1	4.9		5.2	-0.5
arithmetic average	4.8	4.8	5.1	5.4	5.3	5.1	5.3	5.3	5.7	5.7	5.5		5.2	0.8
EA-13														
weighted average	5.3	5.1	5.0	4.9	5.0	4.8	4.9	4.9	5.0	4.9	4.7		5.0	-0.6
arithmetic average	5.7	5.5	5.4	5.3	5.1	4.9	5.0	5.0	5.1	5.1	4.8		5.2	-0.9
EU-25														
weighted average	5.4	5.2	5.2	5.2	5.3	5.1	5.1	5.1	5.2	5.1	4.9		5.2	-0.5
arithmetic average	4.8	4.8	5.1	5.4	5.3	5.0	5.2	5.2	5.5	5.5	5.3		5.2	0.6
Ratio st.dev. and mean in %	39.8	36.9	26.4	27.7	24.3	22.7	30.6	20.9	24.7	28.3	28.0			-11.8
Difference max. and min.	8.5	8.4	5.5	6.0	5.2	4.5	8.1	3.9	5.3	5.3	4.3			-4.2

1) The ranking is based on 2005 data 2) in % of total tax and SSC revenue

See explanatory notes in Annex C

Source: Commission Services

Table C.4.2_G: Environmental taxes as % of GDP: Transport

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	0.6	0.7	0.7	0.7	0.7	0.6	0.7	0.7	0.7	0.7	0.7	9	0.7	0.1
BG	-	-	-	-	-	0.2	0.2	0.2	0.3	0.2	0.2	21	0.2	-
CZ	0.4	0.4	0.3	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.3	20	0.3	-0.1
DK	2.1	2.1	2.1	2.3	2.2	1.8	1.7	1.9	1.8	2.0	2.2	1	2.0	0.1
DE	0.4	0.4	0.4	0.4	0.4	0.3	0.4	0.4	0.3	0.4	0.4	16	0.4	0.0
EE	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.0	0.1	0.1	25	0.1	-0.1
IE	1.3	1.4	1.3	1.3	1.4	1.4	1.1	1.1	1.1	1.1	1.1	6	1.2	-0.2
EL	0.7	0.7	0.9	0.9	1.0	0.8	1.1	1.0	0.9	1.0	0.9	7	0.9	0.2
ES	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	15	0.4	0.0
FR	0.6	0.7	0.6	0.6	0.7	0.6	0.5	0.6	0.6	0.6	0.6	10	0.6	-0.1
IT	0.5	0.4	0.4	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	11	0.5	0.1
CY	2.3	2.2	2.0	2.0	1.9	2.0	2.0	2.0	1.8	1.9	1.6	3	2.0	-0.7
LV	0.0	0.0	0.0	0.1	0.2	0.3	0.3	0.3	0.4	0.4	0.3	18	0.2	0.3
LT	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	24	0.1	0.1
LU	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	23	0.1	0.0
HU	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.5	0.5	0.5	12	0.4	0.4
MT	2.4	2.3	2.3	2.3	2.4	2.3	2.1	2.0	2.2	1.8	1.9	2	2.2	-0.5
NL	1.3	1.5	1.3	1.4	1.5	1.4	1.3	1.2	1.2	1.3	1.3	4	1.3	0.0
AT	0.7	0.7	0.7	0.7	0.7	0.8	0.9	0.9	0.9	0.8	0.8	8	0.8	0.1
PL	0.2	0.2	0.3	0.1	0.1	0.2	0.2	0.2	0.2	0.3	0.3	19	0.2	0.1
PT	0.9	1.0	1.0	1.1	1.2	1.1	1.1	1.0	0.9	0.9	-	n.a.	1.0	-
RO	-	-	-	-	-	-	0.0	0.1	0.1	0.1	0.1	26	0.1	-
SI	0.2	0.2	0.2	0.3	0.4	0.5	0.5	0.4	0.5	0.5	0.5	13	0.4	0.3
SK	0.2	0.2	0.0	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	22	0.2	0.0
FI	0.8	1.0	1.0	1.1	1.2	1.1	1.0	1.0	1.2	1.2	1.2	5	1.1	0.4
SE	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	17	0.3	0.1
UK	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5	14	0.5	-0.1
NO	1.1	1.2	1.1	1.2	1.0	0.9	0.9	1.1	1.1	1.3	1.3		1.1	0.2
EU-27														
weighted average	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6		0.6	0.0
arithmetic average	0.7	0.7	0.7	0.7	0.8	0.7	0.7	0.7	0.7	0.7	0.7		0.7	0.0
EA-13														
weighted average	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6		0.6	0.0
arithmetic average	0.7	0.7	0.7	0.7	0.8	0.8	0.7	0.7	0.7	0.7	0.7		0.7	0.1
EU-25														
weighted average	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6		0.6	0.0
arithmetic average	0.7	0.7	0.7	0.7	0.8	0.7	0.7	0.7	0.7	0.7	0.7		0.7	0.0
Ratio st.dev. and mean in %	119.4	113.9	113.0	111.1	107.2	106.2	103.3	101.2	100.1	98.7	99.1			-20.3
Difference max. and min.	2.4	2.3	2.3	2.2	2.4	2.2	2.1	2.0	2.1	2.0	2.1			-0.2

1) The ranking is based on 2005 data 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services



Table C.4.2_T: Environmental taxes as % of Total Taxation: Transport

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	1.3	1.5	1.5	1.4	1.6	1.4	1.5	1.5	1.5	1.5	1.5	9	1.5	0.2
BG	-	-	-	-	-	0.5	0.5	0.7	0.8	0.7	0.7	21	0.6	-
CZ	1.1	1.1	0.8	0.9	1.0	1.0	0.9	0.9	0.8	0.8	0.8	19	0.9	-0.3
DK	4.3	4.3	4.4	4.6	4.3	3.7	3.5	3.9	3.7	4.1	4.4	3	4.1	0.1
DE	1.0	0.9	0.9	1.0	0.8	0.8	1.0	0.9	0.9	0.9	1.0	17	0.9	0.0
EE	0.5	0.7	0.5	0.6	0.5	0.2	0.2	0.2	0.1	0.2	0.2	26	0.3	-0.3
IE	3.9	4.1	4.0	4.1	4.3	4.5	3.8	3.7	3.7	3.8	3.5	4	4.0	-0.4
EL	2.2	2.0	2.6	2.6	2.8	2.2	3.0	2.7	2.6	2.9	2.7	6	2.6	0.5
ES	1.2	1.2	1.1	1.3	1.3	1.3	1.3	1.2	1.2	1.2	1.2	15	1.2	-0.1
FR	1.5	1.5	1.4	1.4	1.5	1.3	1.2	1.3	1.3	1.3	1.3	12	1.4	-0.2
IT	1.1	1.0	1.0	1.1	1.3	1.3	1.4	1.4	1.4	1.4	1.4	11	1.3	0.2
CY	8.7	8.5	7.8	7.2	6.8	6.6	6.5	6.2	5.5	5.7	4.5	2	6.7	-4.2
LV	0.0	0.0	0.1	0.3	0.5	1.1	1.1	1.2	1.3	1.2	1.1	16	0.7	1.1
LT	0.0	0.2	0.3	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.2	24	0.2	0.2
LU	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	23	0.3	-0.1
HU	0.4	0.8	0.8	0.8	1.0	1.0	1.0	1.0	1.2	1.4	1.4	10	1.0	1.0
MT	8.7	8.8	8.2	9.1	9.0	8.1	7.1	6.3	6.8	5.4	5.4	1	7.5	-3.4
NL	3.3	3.7	3.2	3.5	3.6	3.5	3.4	3.2	3.3	3.5	3.5	5	3.4	0.2
AT	1.7	1.6	1.5	1.6	1.6	1.8	1.9	2.0	2.1	1.9	2.0	8	1.8	0.3
PL	0.5	0.6	0.7	0.3	0.4	0.5	0.5	0.7	0.7	1.0	0.8	18	0.6	0.3
PT	2.8	3.0	2.9	3.2	3.4	3.3	3.3	2.9	2.5	2.7	-	n.a.	3.0	-
RO	-	-	-	-	-	-	-	0.2	0.2	0.2	0.2	25	0.2	-
SI	0.6	0.6	0.6	0.8	1.0	1.2	1.2	1.1	1.2	1.3	1.3	13	1.0	0.7
SK	0.6	0.6	0.0	0.6	0.6	0.7	0.7	0.7	0.7	0.6	0.6	22	0.6	0.0
FI	1.7	2.0	2.1	2.3	2.5	2.3	2.2	2.3	2.6	2.8	2.6	7	2.3	0.9
SE	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.7	0.6	0.6	0.7	20	0.6	0.1
UK	1.7	1.7	1.6	1.7	1.7	1.5	1.3	1.4	1.4	1.3	1.3	14	1.5	-0.4
NO	2.6	2.9	2.7	2.8	2.4	2.1	2.1	2.6	2.6	3.0	2.8		2.6	0.2
EU-27														
weighted average	1.4	1.5	1.4	1.5	1.5	1.4	1.4	1.4	1.4	1.5	1.5		1.5	0.0
arithmetic average	2.0	2.1	2.0	2.1	2.1	2.0	1.9	1.8	1.8	1.8	1.7		1.9	-0.3
EA-13														
weighted average	1.4	1.4	1.4	1.4	1.5	1.4	1.5	1.4	1.4	1.5	1.5		1.4	0.1
arithmetic average	1.7	1.8	1.8	1.9	2.0	1.9	2.0	1.9	1.9	2.0	1.8		1.9	0.1
EU-25														
weighted average	1.4	1.5	1.4	1.5	1.5	1.4	1.4	1.4	1.4	1.5	1.5		1.5	0.0
arithmetic average	2.0	2.1	2.0	2.1	2.1	2.0	2.0	1.9	1.9	1.9	1.8		2.0	-0.2
Ratio st.dev. and mean in %	160.8	158.4	152.5	149.6	142.3	137.0	125.2	115.7	113.4	104.0	98.8			-62.0
Difference max. and min.	8.7	8.8	8.2	8.9	8.8	8.0	7.1	6.1	6.7	5.5	5.1			-3.6

1) The ranking is based on 2005 data 2) in % of total tax and SSC revenue

See explanatory notes in Annex C

Source: Commission Services

Table C.4.3_G: Environmental taxes as % of GDP: Pollution/Ressources

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	9	0.2	0.0
BG	-	-	-	-	-	0.0	0.0	0.1	0.1	0.2	0.1	10	0.1	-
CZ	0.2	0.2	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	18	0.1	-0.2
DK	0.3	0.4	0.5	0.6	0.6	0.8	0.8	0.8	0.8	1.0	1.3	1	0.7	1.0
DE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	23	0.0	0.0
EE	0.0	0.0	0.0	0.0	0.2	0.2	0.3	0.3	0.3	0.2	0.2	6	0.2	0.2
IE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	22	0.0	0.0
EL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	23	0.0	0.0
ES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	21	0.0	0.0
FR	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	8	0.2	0.0
IT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	17	0.0	0.0
CY	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	23	0.0	0.0
LV	0.1	0.1	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.1	0.1	11	0.2	0.1
LT	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	13	0.0	0.0
LU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	23	0.0	0.0
HU	0.2	0.4	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	5	0.2	0.0
MT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.2	4	0.0	0.2
NL	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.6	0.6	0.6	0.6	2	0.6	0.0
AT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20	0.0	0.0
PL	0.4	0.3	0.3	0.3	0.2	0.2	0.1	0.2	0.1	0.1	0.1	12	0.2	-0.3
PT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	n.a.	0.0	-
RO	-	-	-	-	-	-	0.0	0.0	0.0	0.0	0.0	19	0.0	-
SI	0.1	0.0	0.0	0.1	0.0	0.1	0.1	0.2	0.3	0.2	0.2	3	0.1	0.2
SK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.2	0.2	7	0.1	0.2
FI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	16	0.0	0.0
SE	0.0	0.1	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	15	0.1	0.0
UK	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	14	0.0	0.1
NO	1.0	1.1	0.9	0.8	0.7	0.6	0.5	0.4	0.3	0.3	0.2		0.6	-0.9
EU-27														
weighted average	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
arithmetic average	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
EA-13														
weighted average	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
arithmetic average	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
EU-25														
weighted average	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
arithmetic average	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
Ratio st.dev. and mean in %	188.1	172.6	177.6	183.2	179.1	197.5	193.8	185.4	190.5	211.7	250.5			62.4
Difference max. and min.	0.6	0.6	0.6	0.6	0.6	0.8	0.8	0.8	0.8	1.0	1.3			0.7

1) The ranking is based on 2005 data 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services



Table C.4.3_T: Environmental taxes as % of Total Taxation: Pollution/Ressources

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	0.4	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.3	11	0.4	0.0
BG	-	-	-	-	-	0.0	0.0	0.3	0.4	0.5	0.3	10	0.3	-
CZ	0.6	0.5	0.4	0.3	0.2	0.3	0.1	0.1	0.1	0.1	0.1	17	0.2	-0.5
DK	0.7	0.9	1.0	1.1	1.2	1.6	1.6	1.7	1.6	2.0	2.6	1	1.4	1.9
DE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	23	0.0	0.0
EE	0.0	0.1	0.1	0.1	0.5	0.8	1.0	0.9	1.0	0.8	0.7	3	0.5	0.7
IE	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	22	0.0	-0.1
EL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	23	0.0	0.0
ES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	21	0.0	0.0
FR	0.4	0.4	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	9	0.4	0.0
IT	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	18	0.1	0.0
CY	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	23	0.0	0.0
LV	0.2	0.2	0.8	0.8	0.8	0.7	0.7	0.7	0.6	0.4	0.4	8	0.6	0.2
LT	0.1	0.2	0.2	0.1	0.2	0.0	0.0	0.0	0.1	0.3	0.3	13	0.1	0.2
LU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	23	0.0	0.0
HU	0.5	0.9	0.7	0.7	0.5	0.5	0.5	0.5	0.6	0.6	0.6	7	0.6	0.1
MT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.1	0.7	4	0.1	0.6
NL	1.5	1.4	1.4	1.4	1.4	1.4	1.4	1.5	1.5	1.6	1.6	2	1.5	0.1
AT	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	20	0.1	0.0
PL	1.1	0.8	0.7	0.7	0.5	0.5	0.4	0.4	0.4	0.4	0.3	12	0.6	-0.8
PT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	n.a.	0.0	-
RO	-	-	-	-	-	-	-	0.1	0.1	0.1	0.1	19	0.1	-
SI	0.2	0.1	0.1	0.1	0.1	0.2	0.2	0.4	0.7	0.6	0.6	6	0.3	0.4
SK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.7	0.7	0.6	5	0.2	0.6
FI	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	16	0.1	0.1
SE	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	15	0.1	0.0
UK	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	14	0.1	0.2
NO	2.5	2.6	2.2	1.8	1.7	1.4	1.2	0.8	0.7	0.7	0.4		1.5	-2.1
EU-27														
weighted average	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3		0.2	0.1
arithmetic average	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4		0.3	0.2
EA-13														
weighted average	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
arithmetic average	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.2	0.3		0.2	0.1
EU-25														
weighted average	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3		0.2	0.1
arithmetic average	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4		0.3	0.2
Ratio st.dev. and mean in %	185.8	167.4	175.5	177.9	170.8	183.7	185.4	174.0	181.0	187.9	211.4			25.5
Difference max. and min.	1.5	1.4	1.4	1.4	1.4	1.6	1.6	1.7	1.6	2.0	2.6			1.1

1) The ranking is based on 2005 data 2) in % of total tax and SSC revenue

See explanatory notes in Annex C

Source: Commission Services

Table D.1: Implicit tax rates in %: Consumption

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	20.6	21.3	21.6	21.4	22.5	21.8	21.0	21.3	21.3	22.0	22.2	11	21.6	1.6
BG	-	-	-	-	-	19.7	18.9	19.1	21.1	23.7	24.6	7	21.2	-
CZ	22.1	21.2	19.4	18.6	19.7	19.4	18.9	19.3	19.6	22.0	22.1	12	20.2	0.1
DK	30.5	31.6	31.9	32.7	33.7	33.4	33.5	33.7	33.3	33.3	33.7	1	32.9	3.2
DE	18.8	18.3	18.1	18.3	19.0	18.9	18.5	18.5	18.7	18.2	18.1	22	18.5	-0.7
EE	20.6	19.2	20.7	18.4	18.0	19.7	19.4	20.0	20.4	20.5	23.8	10	20.1	3.2
IE	24.9	24.8	25.4	25.7	26.1	26.4	24.5	25.5	25.3	26.5	27.2	4	25.6	2.3
EL	17.6	17.7	17.8	18.1	18.7	19.0	19.5	18.8	17.9	17.6	17.0	23	18.1	-0.5
ES	14.6	14.7	15.0	15.7	16.3	15.7	15.3	15.5	16.0	16.1	16.3	26	15.5	1.8
FR	21.5	22.1	22.2	22.0	22.1	20.9	20.3	20.3	20.0	20.2	20.2	16	21.1	-1.3
IT	17.4	17.1	17.3	17.8	18.0	17.9	17.3	17.1	16.6	16.9	16.9	24	17.3	-0.5
CY	12.1	11.8	10.7	10.9	10.7	12.2	13.7	14.8	18.3	19.4	19.3	18	14.0	7.2
LV	19.3	17.9	18.8	21.1	19.5	18.7	17.5	17.4	18.6	18.5	20.4	15	18.9	1.1
LT	17.7	16.4	20.4	20.7	19.2	17.8	17.4	17.8	17.0	16.0	16.5	25	17.9	-1.1
LU	21.1	20.8	21.6	21.6	22.4	23.1	22.7	23.0	23.4	24.7	24.3	9	22.6	3.3
HU	30.9	29.7	27.2	27.6	27.9	27.5	25.7	25.4	26.0	27.7	26.5	5	27.5	-4.4
MT	15.4	14.0	14.9	13.8	14.8	15.7	16.4	18.1	16.6	17.4	19.2	19	16.0	3.8
NL	23.2	23.3	23.8	23.4	23.9	23.7	24.4	23.8	24.2	24.9	25.4	6	24.0	2.2
AT	20.3	20.7	21.7	21.8	22.2	21.3	21.4	21.9	21.5	21.5	21.3	14	21.4	1.0
PL	21.3	21.2	20.1	19.1	19.7	18.0	17.4	18.0	18.5	18.7	19.8	17	19.3	-1.6
PT	19.1	19.5	19.3	19.9	20.0	19.2	19.3	19.9	19.8	20.0	-	n.a.	19.6	-
RO	-	-	-	-	-	-	14.4	16.4	18.3	16.8	18.5	21	16.9	-
SI	25.1	24.7	23.4	24.9	25.8	24.1	23.7	24.9	24.9	24.8	24.5	8	24.6	-0.6
SK	27.1	26.0	25.4	23.1	22.2	21.8	18.8	19.9	19.4	21.5	21.9	13	22.5	-5.2
FI	27.6	27.4	29.3	29.1	29.4	28.6	27.6	27.7	28.1	27.7	27.6	3	28.2	0.0
SE	27.9	27.2	26.9	27.4	27.2	26.5	26.9	27.4	27.5	27.6	28.1	2	27.3	0.2
UK	20.1	19.8	20.0	19.7	19.9	19.4	19.0	18.9	19.2	19.1	18.7	20	19.4	-1.5
NO	30.2	29.8	30.6	30.1	30.0	29.9	29.2	27.5	26.2	26.4	27.1		28.8	-3.1
EU-27														
weighted average	20.1	20.0	20.1	20.0	20.5	20.0	19.6	19.7	19.7	19.8	19.8		19.9	-0.3
arithmetic average	21.5	21.1	21.3	21.3	21.6	21.2	20.5	20.9	21.2	21.6	22.1		21.3	0.6
EA-13														
weighted average	19.4	19.4	19.5	19.7	20.1	19.7	19.3	19.3	19.2	19.2	19.2		19.4	-0.2
arithmetic average	20.9	21.0	21.3	21.5	22.0	21.6	21.2	21.4	21.3	21.6	21.8		21.4	0.8
EU-25														
weighted average	20.1	20.0	20.1	20.1	20.6	20.1	19.7	19.7	19.7	19.8	19.8		20.0	-0.3
arithmetic average	21.5	21.1	21.3	21.3	21.6	21.2	20.8	21.2	21.3	21.7	22.1		21.4	0.6
Ratio st.dev. and mean in %	23.9	24.5	23.6	24.2	24.1	22.9	22.7	21.9	21.2	22.0	21.8			-2.1
Difference max. and min.	18.8	19.9	21.1	21.9	23.0	21.2	19.8	18.9	17.4	17.3	17.4			-1.4

1) The ranking is based on 2005 data 2) in % points

See explanatory notes in Annex C

Source: Commission Services



Table D.2: Implicit tax rates in % : Labour

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	43.8	43.4	43.9	44.3	43.6	43.9	43.6	43.7	42.8	43.0	42.8	3	43.5	-1.0
BG	-	-	-	-	-	38.8	34.4	33.0	35.5	36.3	34.2	16	35.4	-
CZ	40.5	39.5	40.3	40.7	40.5	40.7	40.3	41.2	41.4	41.7	41.3	6	40.7	0.8
DK	40.1	40.2	40.6	38.8	40.1	40.9	40.7	38.8	38.0	37.4	37.3	12	39.4	-2.8
DE	39.4	39.6	40.6	40.6	40.4	40.7	40.5	40.4	40.3	39.1	38.7	9	40.0	-0.7
EE	39.2	39.1	38.5	39.8	39.5	37.8	37.3	37.8	36.5	35.2	33.1	18	37.6	-6.1
IE	29.7	29.3	29.5	28.6	28.7	28.5	27.4	25.9	25.2	26.1	25.6	23	27.7	-4.1
EL	34.1	35.7	36.4	37.5	37.0	38.2	37.7	40.0	41.2	37.9	38.0	11	37.6	3.9
ES	28.9	29.3	28.5	28.2	27.7	28.1	29.0	29.3	29.4	29.3	30.1	20	28.9	1.3
FR	41.2	41.5	41.8	42.3	42.6	42.1	41.7	41.2	41.5	41.4	42.1	4	41.8	0.9
IT	37.8	41.5	43.2	44.6	43.7	43.2	43.4	43.3	43.3	43.1	43.1	2	42.7	5.2
CY	23.1	22.3	22.4	23.4	22.6	22.3	23.6	23.0	23.4	22.8	24.6	25	23.0	1.5
LV	39.2	34.6	36.1	37.2	37.0	36.7	36.5	37.8	36.6	36.7	36.2	13	36.8	-3.0
LT	34.5	35.0	38.4	38.3	38.7	41.2	40.3	38.1	36.9	36.0	35.9	14	37.6	1.4
LU	29.3	29.6	29.3	28.8	29.6	29.9	29.5	28.2	28.9	29.0	29.5	21	29.2	0.3
HU	42.6	43.0	43.7	42.8	42.7	42.0	42.3	42.1	40.6	39.9	40.5	8	42.0	-2.1
MT	19.0	17.9	20.0	18.0	19.0	20.5	21.2	20.7	20.4	21.4	22.1	26	20.0	3.1
NL	34.4	33.3	32.5	32.9	33.6	34.3	30.3	30.4	30.8	30.6	30.7	19	32.2	-3.7
AT	38.7	39.5	40.8	40.5	40.6	40.2	40.7	40.8	40.9	40.9	40.9	7	40.4	2.2
PL	35.9	35.3	35.0	34.7	36.0	36.1	35.6	35.2	34.7	34.7	35.5	15	35.3	-0.4
PT	28.1	28.3	28.5	28.4	26.5	27.0	27.4	27.6	29.5	29.5	-	n.a.	28.1	-
RO	-	-	-	-	-	-	-	31.5	29.7	28.1	26.7	22	29.0	-
SI	38.9	37.1	37.3	37.7	38.4	37.7	37.7	37.8	38.4	38.1	38.5	10	38.0	-0.4
SK	39.5	40.0	39.4	40.7	40.0	38.7	39.1	38.8	38.0	35.7	33.7	17	34.9	-5.8
FI	44.3	45.3	43.6	43.8	43.4	44.1	44.4	43.8	42.5	42.0	42.0	5	43.5	-2.3
SE	48.4	49.7	50.0	51.0	50.5	49.2	47.9	46.6	46.4	46.4	46.4	1	48.4	-2.0
UK	25.8	24.8	24.4	25.0	25.1	25.3	25.0	24.1	24.3	24.9	25.5	24	24.9	-0.3
NO	37.8	38.0	38.3	38.4	38.2	38.2	38.3	38.7	38.9	39.1	39.4		38.5	1.6
EU-27														
weighted average	37.0	37.4	37.5	37.5	37.3	37.1	36.8	36.6	36.7	36.3	36.5		37.0	-0.5
arithmetic average	35.8	35.8	36.2	36.4	36.3	36.5	36.1	35.6	35.4	35.1	35.2		35.7	-0.7
EA-13														
weighted average	38.3	39.0	39.5	39.9	39.5	39.5	39.1	39.0	39.0	38.5	38.7		39.1	0.4
arithmetic average	36.0	36.4	36.6	36.8	36.6	36.8	36.4	36.3	36.5	36.2	36.8		36.5	0.8
EU-25														
weighted average	37.0	37.4	37.5	37.7	37.4	37.3	36.9	36.6	36.7	36.3	36.6		37.0	-0.4
arithmetic average	35.8	35.8	36.2	36.4	36.3	36.4	36.1	35.9	35.7	35.3	35.6		35.9	-0.3
Ratio st.dev. and mean in %	19.3	20.1	27.8	20.8	20.7	19.7	19.5	19.7	19.0	18.6	18.2			-1.1
Difference max. and min.	29.4	31.8	50.0	33.0	31.4	28.7	26.6	25.9	25.9	25.0	24.3			-5.1

1) The ranking is based on 2005 data 2) in %-points

See explanatory notes in Annex C

Source: Commission Services

Table D.3: Implicit tax rates in %: Capital

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	25.3	26.7	27.9	30.0	31.0	29.3	29.4	30.7	33.2	33.9	34.5	6	30.2	9.3
BG	-	-	-	-	-	11.4	13.2	-	-	-	-	n.a.	12.3	-
CZ	26.4	22.3	24.0	20.3	21.3	20.9	22.3	23.8	24.7	25.4	23.2	10	23.1	-3.2
DK	30.0	31.0	31.9	38.9	38.8	36.2	31.0	30.8	36.9	46.2	46.5	1	36.2	16.5
DE	22.4	25.6	24.5	25.9	29.1	29.2	22.7	21.2	21.5	21.9	23.3	9	24.3	0.8
EE	24.7	15.6	17.7	18.2	15.8	6.0	5.0	6.4	8.5	8.9	8.1	16	12.3	-16.6
IE	25.9	29.2	27.9	27.1	34.1	32.3	33.6	33.0	34.6	39.1	41.4	2	32.6	15.5
EL	11.8	11.6	13.5	16.0	18.2	20.3	17.4	17.3	15.8	15.4	-	n.a.	15.7	-
ES	20.3	20.7	23.4	24.4	27.5	30.5	28.9	30.6	31.0	33.5	36.0	5	27.9	15.7
FR	31.2	34.4	35.2	35.2	38.0	37.5	38.0	36.7	35.4	36.9	38.9	3	36.1	7.7
IT	25.9	26.2	29.5	27.0	30.1	29.3	28.8	28.8	31.1	29.5	29.0	7	28.7	3.1
CY	-	-	-	-	-	-	-	-	-	-	-	n.a.	-	-
LV	-	-	-	-	19.0	11.2	11.5	9.3	7.8	7.8	-	n.a.	11.1	-
LT	15.1	15.4	15.6	16.2	15.5	10.6	8.1	7.5	9.2	10.8	11.4	15	12.3	-3.7
LU	-	-	-	-	-	-	-	-	-	-	-	n.a.	-	-
HU	-	-	-	-	-	-	-	-	-	-	-	n.a.	-	-
MT	-	-	-	-	-	-	-	-	-	-	-	n.a.	-	-
NL	21.2	23.2	22.2	22.6	23.0	20.5	23.0	25.2	22.3	22.1	21.2	13	22.4	0.0
AT	25.6	28.0	28.4	28.8	27.0	26.0	33.0	27.9	25.6	25.5	23.1	11	27.2	-2.5
PL	21.5	22.0	22.4	21.0	22.6	21.3	21.6	23.8	20.7	20.7	22.2	12	21.8	0.7
PT	18.8	21.1	23.3	24.0	27.2	32.4	30.0	31.4	32.6	-	-	n.a.	26.8	-
RO	-	-	-	-	-	-	-	-	-	-	-	n.a.	-	-
SI	-	-	-	-	-	-	-	-	-	-	-	n.a.	-	-
SK	33.5	30.1	24.9	24.0	22.1	19.5	17.1	17.4	16.8	16.0	14.4	14	19.2	-19.2
FI	28.5	30.9	31.5	32.6	32.2	36.4	25.7	27.4	25.8	26.1	26.7	8	29.4	-1.8
SE	17.5	23.3	25.7	27.1	32.6	40.0	31.3	33.1	-	-	-	n.a.	28.8	-
UK	33.3	32.3	34.3	35.7	39.8	40.8	42.0	37.6	33.7	35.3	37.6	4	36.6	4.3
NO	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EU-27														
weighted average	25.7	27.5	28.6	29.1	32.0	32.4	30.7	29.7	29.1	29.9	31.4		29.6	5.7
arithmetic average	24.2	24.7	25.5	26.0	27.2	25.8	24.5	25.0	24.6	25.3	27.3		25.3	3.2
EA-13														
weighted average	24.8	27.0	27.7	27.9	30.6	30.6	28.6	28.1	28.2	28.7	30.1		28.4	5.3
arithmetic average	23.4	25.2	26.1	26.7	28.9	29.4	28.2	28.2	28.1	28.4	30.4		27.5	7.1
EU-25														
weighted average	25.7	27.5	28.6	29.1	32.0	32.4	30.7	29.7	29.1	29.9	31.4		29.6	5.7
arithmetic average	24.2	24.7	25.5	26.0	27.2	26.5	25.0	25.0	24.6	25.3	27.3		25.6	3.2
Ratio st.dev. and mean in %	23.0	22.4	28.9	22.2	23.2	31.8	31.8	31.2	32.7	36.6	35.3			12.3
Difference max. and min.	21.7	22.8	35.0	22.9	24.3	34.8	37.1	31.1	29.1	38.4	38.3			16.6

1) The ranking is based on 2005 data 2) in %-points

See explanatory notes in Annex C

Source: Commission Services



Table D.3.1: Implicit tax rates in %: Capital and business income

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	16.9	17.4	17.9	19.6	19.9	19.0	19.0	19.4	21.0	21.1	22.0	5	19.4	5.1
BG	-	-	-	-	-	10.5	12.3	-	-	-	-	n.a.	11.4	-
CZ	22.6	18.3	20.3	16.9	18.1	17.4	19.1	20.8	21.7	22.9	20.7	8	19.9	-1.9
DK	21.3	22.2	22.8	27.7	27.6	24.0	17.6	17.3	21.4	30.5	33.0	1	24.1	11.7
DE	17.8	20.7	20.3	21.5	24.2	24.5	18.2	16.9	17.3	17.8	19.3	11	19.9	1.5
EE	15.8	8.6	10.7	12.8	11.2	3.8	3.0	4.5	6.6	6.8	6.2	16	8.2	-9.6
IE	18.0	20.6	20.2	19.9	25.1	24.2	25.2	25.1	25.5	28.3	29.2	2	23.7	11.2
EL	9.1	8.6	9.9	12.5	13.5	15.4	13.3	13.8	12.6	12.7	-	n.a.	12.1	-
ES	13.7	14.2	16.3	16.5	18.8	20.9	19.6	20.7	20.4	21.8	23.7	3	18.8	9.9
FR	14.6	16.6	16.9	17.0	19.2	20.0	20.7	19.1	17.6	18.5	19.4	10	18.1	4.8
IT	17.2	18.3	20.7	18.9	22.3	22.5	22.4	21.1	23.9	21.7	21.5	6	21.0	4.3
CY	-	-	-	-	-	-	-	-	-	-	-	n.a.	-	-
LV	-	-	-	-	10.2	6.7	7.0	6.7	5.1	5.5	-	n.a.	6.9	-
LT	11.3	10.7	10.7	11.1	9.7	6.7	5.2	4.8	6.9	8.4	9.3	15	8.6	-2.0
LU	-	-	-	-	-	-	-	-	-	-	-	n.a.	-	-
HU	-	-	-	-	-	-	-	-	-	-	-	n.a.	-	-
MT	-	-	-	-	-	-	-	-	-	-	-	n.a.	-	-
NL	15.7	17.3	17.0	16.9	17.0	14.8	17.0	18.1	15.7	15.5	15.1	13	16.4	-0.5
AT	20.5	23.3	23.8	24.1	22.6	21.6	28.6	23.7	21.5	21.7	19.5	9	22.8	-1.0
PL	15.4	15.6	15.9	15.3	17.2	16.5	16.4	17.9	15.7	15.7	16.4	12	16.2	1.0
PT	13.5	15.8	17.6	17.7	19.9	24.1	21.8	21.7	20.5	-	-	n.a.	19.2	-
RO	-	-	-	-	-	-	-	-	-	-	-	n.a.	-	-
SI	-	-	-	-	-	-	-	-	-	-	-	n.a.	-	-
SK	30.5	25.7	21.8	20.8	19.1	16.7	14.6	14.8	14.2	13.3	12.1	14	16.5	-18.4
FI	22.7	24.7	25.9	27.3	27.1	31.5	21.7	22.9	21.1	20.9	21.2	7	24.3	-1.5
SE	12.3	15.3	17.0	17.9	23.0	29.8	21.7	21.3	-	-	-	n.a.	19.8	-
UK	19.5	19.4	21.4	22.4	24.4	24.5	25.6	21.8	19.3	20.3	22.5	4	21.9	3.0
NO	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EU-27														
weighted average	16.9	18.5	19.3	19.8	22.0	22.4	20.8	19.6	19.2	19.6	20.8		19.9	3.9
arithmetic average	17.3	17.5	18.3	18.8	19.5	18.8	17.6	17.6	17.3	18.0	19.4		18.1	2.2
EA-13														
weighted average	16.5	18.4	19.0	19.2	21.4	21.9	20.0	19.2	19.2	19.4	20.3		19.5	3.8
arithmetic average	16.3	18.0	18.8	19.3	20.9	21.7	20.7	20.2	19.7	20.0	21.2		19.7	4.9
EU-25														
weighted average	16.9	18.5	19.3	19.8	22.0	22.4	20.8	19.6	19.2	19.6	20.8		19.9	3.9
arithmetic average	17.3	17.5	18.3	18.8	19.5	19.2	17.9	17.6	17.3	18.0	19.4		18.3	2.2
Ratio st.dev. and mean in %	29.1	26.3	31.1	23.0	24.1	32.9	31.7	30.7	30.7	34.7	32.3			3.2
Difference max. and min.	21.4	17.1	25.9	16.7	17.9	27.7	25.6	20.6	20.5	25.0	26.7			5.3

1) The ranking is based on 2005 data 2) in %-points

See explanatory notes in Annex C

Source: Commission Services

Table D.3.1.1: Implicit tax rates in %: Corporate income

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	19.5	22.5	23.5	27.4	26.8	23.6	23.6	23.1	22.0	22.2	23.7	5	23.4	4.3
BG	-	-	-	-	-	11.5	15.4	-	-	-	-	n.a.	13.5	-
CZ	47.2	31.4	41.4	28.0	30.1	26.2	28.3	30.3	31.8	32.7	26.0	4	32.1	-21.2
DK	20.4	22.4	22.3	29.3	21.4	24.6	22.1	21.2	23.5	28.2	27.9	3	23.9	7.6
DE	-	-	-	-	-	-	-	-	-	-	-	n.a.	-	-
EE	29.1	14.4	16.4	18.4	17.9	4.1	3.0	4.7	7.3	7.8	6.2	14	11.7	-22.8
IE	-	-	-	-	-	-	-	-	-	-	-	n.a.	-	-
EL	15.1	13.1	18.5	21.9	26.1	31.4	23.3	25.1	19.4	18.8	-	n.a.	21.3	-
ES	-	-	-	-	-	30.7	28.5	31.4	31.3	35.5	41.2	1	33.1	-
FR	21.0	25.5	25.9	24.6	29.4	30.0	33.7	29.8	24.1	26.8	29.1	2	27.3	8.1
IT	14.1	16.2	18.7	14.0	22.7	20.6	24.2	20.9	24.2	21.0	20.7	9	19.7	6.5
CY	-	-	-	-	-	-	-	-	-	-	-	n.a.	-	-
LV	-	-	-	-	12.6	8.6	8.8	7.9	6.2	7.4	-	n.a.	8.6	-
LT	11.2	10.1	8.9	8.7	6.3	3.7	2.4	2.6	5.5	7.2	7.8	13	6.8	-3.4
LU	-	-	-	-	-	-	-	-	-	-	-	n.a.	-	-
HU	-	-	-	-	-	-	-	-	-	-	-	n.a.	-	-
MT	-	-	-	-	-	-	-	-	-	-	-	n.a.	-	-
NL	19.8	23.5	22.3	22.7	21.8	18.1	17.2	18.0	14.4	14.3	13.2	12	18.7	-6.6
AT	22.6	25.7	26.7	26.8	25.2	24.7	33.5	26.1	23.2	23.5	21.4	8	25.4	-1.2
PL	46.8	51.6	46.2	42.7	42.7	37.7	37.9	39.3	21.5	20.7	22.4	7	37.2	-24.4
PT	14.8	17.1	18.3	17.4	19.2	25.6	22.5	22.0	20.1	-	-	n.a.	19.7	-
RO	-	-	-	-	-	-	-	-	-	-	-	n.a.	-	-
SI	-	-	-	-	-	-	-	-	-	-	-	n.a.	-	-
SK	-	-	44.4	48.9	41.0	34.4	27.2	30.5	29.9	23.0	23.3	6	28.7	-
FI	19.5	22.5	24.0	25.9	25.4	30.6	18.5	21.1	18.7	18.7	18.3	11	22.1	-1.2
SE	14.5	16.1	17.6	18.4	22.7	32.3	24.0	29.6	-	-	-	n.a.	21.9	-
UK	19.2	20.0	23.5	22.3	23.9	23.1	24.0	17.7	15.1	15.4	18.6	10	20.2	-0.6
NO	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EU-27														
weighted average	19.5	21.9	23.5	22.3	25.5	25.7	26.5	24.1	21.8	22.5	24.4		23.4	4.9
arithmetic average	22.3	22.1	24.9	24.8	24.4	23.2	22.0	22.3	19.9	20.2	21.4		22.3	-0.9
EA-13														
weighted average	18.5	21.5	22.7	21.2	25.6	25.8	27.3	25.5	23.8	24.6	26.4		23.9	7.9
arithmetic average	18.3	20.8	22.2	22.6	24.6	26.1	25.0	24.2	21.9	22.6	23.9		22.9	5.6
EU-25														
weighted average	19.5	21.9	23.5	22.3	25.5	25.7	26.5	24.1	21.8	22.5	24.4		23.4	4.9
arithmetic average	22.3	22.1	24.9	24.8	24.4	23.9	22.4	22.3	19.9	20.2	21.4		22.6	-0.9
Ratio st.dev. and mean in %	55.8	45.2	46.3	44.5	34.5	38.9	36.0	40.0	37.1	37.6	36.4			-19.4
Difference max. and min.	35.9	41.4	46.2	40.2	36.4	34.0	35.4	36.7	26.3	28.3	34.9			-1.0

1) The ranking is based on 2005 data 2) in %-points

See explanatory notes in Annex C

Source: Commission Services



Table D.3.1.2: Implicit tax rates in %: Capital and business income of households and self-employed

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ¹⁾	Average 1995-2005	Difference ²⁾ 1995 to 2005
BE	13.6	13.2	13.2	13.0	13.2	13.0	13.0	13.6	16.4	16.5	16.5	4	14.1	2.9
BG	-	-	-	-	-	9.2	8.6	-	-	-	-	n.a.	8.9	-
CZ	8.5	9.0	8.4	8.3	8.2	9.2	9.6	10.4	10.5	11.4	12.2	9	9.6	3.7
DK	20.7	20.4	21.5	22.9	33.8	19.6	7.8	7.8	13.2	28.0	35.9	1	21.0	15.1
DE	-	-	-	-	-	-	-	-	-	-	-	n.a.	-	-
EE	3.0	2.4	4.1	3.9	2.6	2.8	2.5	3.3	3.4	2.6	5.0	13	3.2	2.1
IE	-	-	-	-	-	-	-	-	-	-	-	n.a.	-	-
EL	6.4	6.3	6.7	8.6	8.5	8.8	8.8	9.2	9.4	9.4	-	n.a.	8.2	-
ES	-	-	-	-	-	14.7	14.0	13.9	13.6	13.5	13.4	7	13.8	-
FR	9.9	10.9	10.5	11.0	11.6	12.3	11.7	11.5	11.7	11.3	11.6	10	11.3	1.8
IT	13.6	13.8	14.9	15.3	15.1	16.2	14.3	14.2	16.3	15.1	14.9	6	14.9	1.3
CY	-	-	-	-	-	-	-	-	-	-	-	n.a.	-	-
LV	-	-	-	-	0.4	1.1	0.7	1.1	0.6	0.6	-	n.a.	0.8	-
LT	4.0	4.3	4.9	5.1	5.7	4.4	4.3	3.6	3.0	3.0	3.5	14	4.2	-0.6
LU	-	-	-	-	-	-	-	-	-	-	-	n.a.	-	-
HU	-	-	-	-	-	-	-	-	-	-	-	n.a.	-	-
MT	-	-	-	-	-	-	-	-	-	-	-	n.a.	-	-
NL	10.8	10.3	9.7	9.0	9.7	8.7	14.0	15.0	15.1	14.8	16.1	5	12.1	5.4
AT	10.3	9.4	8.6	8.4	7.6	6.9	7.7	8.8	7.6	6.7	5.9	11	8.0	-4.4
PL	8.0	8.2	8.3	8.3	10.4	10.4	11.3	12.6	12.8	12.5	12.7	8	10.5	4.7
PT	9.9	11.4	13.6	15.7	18.9	15.6	14.4	14.6	16.5	-	-	n.a.	14.5	-
RO	-	-	-	-	-	-	-	-	-	-	-	n.a.	-	-
SI	-	-	-	-	-	-	-	-	-	-	-	n.a.	-	-
SK	-	-	11.0	10.8	10.9	9.6	8.6	8.2	6.9	7.6	5.7	12	7.6	-
FI	21.0	21.5	22.3	22.5	22.4	23.3	21.6	19.6	18.6	17.5	19.6	3	20.9	-1.4
SE	7.6	12.7	14.8	15.8	21.3	24.7	17.2	13.9	-	-	-	n.a.	16.0	-
UK	14.6	13.7	13.6	16.4	18.1	18.7	19.2	20.2	19.3	21.1	21.1	2	17.8	6.5
NO	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EU-27														
weighted average	12.2	12.5	12.8	13.7	14.9	15.0	14.3	14.5	14.9	15.3	15.8		14.2	3.6
arithmetic average	10.8	11.2	11.6	12.2	12.8	12.1	11.0	11.2	11.4	12.0	13.9		11.8	3.1
EA-13														
weighted average	11.6	12.0	12.2	12.6	12.8	13.4	13.1	13.1	13.8	13.2	13.5		12.8	1.9
arithmetic average	11.9	12.1	12.5	12.9	13.4	13.3	13.3	13.4	13.9	13.1	14.0		13.1	2.1
EU-25														
weighted average	12.2	12.5	12.8	13.7	14.9	15.1	14.3	14.5	14.9	15.3	15.8		14.2	3.6
arithmetic average	10.8	11.2	11.6	12.2	12.8	12.2	11.2	11.2	11.4	12.0	13.9		11.9	3.1
Ratio st.dev. and mean in %	43.2	41.5	46.9	40.6	54.9	43.2	37.7	36.0	37.7	46.7	53.0			9.8
Difference max. and min.	18.0	19.1	22.3	19.0	33.4	23.6	20.9	19.1	18.7	27.5	32.4			14.4

1) The ranking is based on 2005 data 2) in %-points

See explanatory notes in Annex C

Source: Commission Services

Table D.4_T: Implicit tax rates: Energy¹⁾

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ²⁾	Average 1995-2005
BE	98.9	97.9	98.5	98.6	101.3	101.7	101.1	106.1	106.3	118.9	123.2	15	104.8
BG	-	-	-	-	-	36.4	46.2	37.4	49.6	65.3	65.7	25	50.1
CZ	40.6	41.2	41.6	46.1	57.0	59.0	69.7	75.1	73.4	82.7	96.8	20	62.1
DK	200.5	212.9	218.0	248.9	284.6	301.6	317.5	327.4	328.0	326.8	321.1	1	280.7
DE	168.6	151.8	149.0	149.7	176.5	183.8	193.2	204.3	217.3	209.9	202.1	5	182.4
EE	6.8	11.9	18.7	29.7	31.2	30.5	43.4	45.0	49.9	61.2	77.9	23	36.9
IE	113.1	121.7	138.4	140.5	145.9	142.7	125.7	147.8	151.1	170.3	164.4	10	142.0
EL	158.0	161.6	157.5	138.9	132.5	117.6	118.3	111.1	111.3	115.7	118.9	16	131.0
ES	128.4	134.7	129.2	138.8	144.3	138.2	135.0	141.9	142.1	141.5	147.1	12	138.3
FR	169.8	168.1	170.8	171.7	178.0	173.9	161.6	177.7	172.1	179.5	177.3	8	172.8
IT	237.2	261.0	271.5	260.5	264.0	248.2	239.9	236.5	244.0	235.4	240.8	2	249.0
CY	26.7	27.4	26.7	29.6	32.1	43.4	61.7	65.0	126.5	142.9	142.8	13	65.9
LV	10.1	19.4	26.0	43.7	40.9	48.8	42.7	48.0	52.7	61.6	75.1	24	42.6
LT	12.3	16.4	25.0	39.0	54.3	58.0	64.7	69.6	75.9	75.1	82.9	21	52.1
LU	141.2	138.9	143.0	151.6	159.2	164.7	164.8	170.1	174.4	183.9	195.8	7	162.5
HU	58.6	53.2	62.4	77.4	79.7	79.5	83.0	93.4	97.3	99.7	107.8	18	81.1
MT	52.0	61.4	72.5	127.9	140.3	143.6	177.8	136.6	121.0	123.8	136.4	14	117.6
NL	114.1	113.8	130.0	135.5	152.9	162.6	169.2	171.9	175.3	185.6	201.1	6	155.6
AT	127.7	120.9	141.5	133.9	141.5	148.8	152.0	157.6	157.1	169.5	170.3	9	147.3
PL	20.7	26.1	27.6	37.3	47.7	58.6	66.1	77.0	72.5	76.0	97.4	19	55.2
PT	172.5	170.4	159.5	164.9	158.5	116.8	133.7	158.1	168.3	155.7	-	n.a.	155.8
RO	-	-	-	-	-	-	-	38.0	51.5	55.4	60.4	26	51.3
SI	-	-	-	-	80.2	118.5	136.1	143.5	141.7	145.9	148.1	11	130.6
SK	-	-	34.6	34.8	33.9	36.8	39.2	44.2	61.6	75.7	82.2	22	49.2
FI	97.0	96.4	106.9	105.1	110.0	107.1	110.0	111.8	111.0	111.2	109.5	17	106.9
SE	138.1	168.6	167.8	172.5	175.5	181.2	182.4	193.0	201.1	206.6	209.1	4	181.4
UK	142.5	148.1	185.7	211.2	226.1	250.7	238.8	245.6	223.6	234.3	231.7	3	212.6
EU27													
GDP-weighted average	165.4	167.1	175.2	179.9	192.9	188.4	185.6	192.5	191.9	193.4	193.2		184.1
base-weighted average	145.8	146.7	153.2	159.1	171.6	173.7	172.6	177.0	177.5	179.3	181.2		167.1
arithmetic average	105.9	109.7	112.6	120.3	125.9	125.1	129.8	130.9	135.4	141.1	145.6		125.7
EA-13													
GDP-weighted average	167.0	166.7	170.1	169.1	180.8	178.4	177.4	185.1	189.2	188.4	188.6		178.2
base-weighted average	164.9	162.8	165.8	165.3	177.1	174.6	173.9	181.7	185.8	185.3	186.1		174.8
arithmetic average	143.9	144.8	149.6	149.1	149.6	148.0	149.3	156.8	159.4	163.3	166.5		152.8
EU-25													
GDP-weighted average	165.4	167.1	175.2	179.9	192.9	196.9	194.7	202.9	202.0	204.0	205.2		189.7
base-weighted average	145.8	146.7	153.2	159.1	171.6	174.8	173.6	181.0	181.3	183.1	185.0		168.7
arithmetic average	105.9	109.7	112.6	120.3	125.9	128.6	133.1	138.3	142.2	147.6	152.5		128.8

1) Energy taxes in Euro per tons of oil equivalent (TOE) 2) The ranking is based on 2005 data

See explanatory notes in Annex C

Source: Commission Services



Table D.5_T: Implicit tax rates, deflated: Energy¹⁾

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking ²⁾	Average 1995-2005
BE	98.9	96.7	94.6	94.3	96.6	91.4	89.0	93.0	93.1	101.6	102.0	16	95.6
BG	-	-	-	-	-	36.4	44.4	35.4	46.7	58.7	55.8	22	46.2
CZ	40.6	38.5	36.2	37.7	45.5	45.6	52.9	58.1	56.6	62.2	72.8	20	49.7
DK	200.5	209.8	210.3	239.3	270.9	275.9	284.2	290.6	289.4	282.9	269.1	1	256.6
DE	168.6	151.2	147.1	147.8	174.4	179.4	186.7	196.4	208.6	200.4	191.2	4	177.4
EE	6.8	9.9	14.1	21.1	21.5	20.1	27.3	27.9	30.3	36.6	45.0	25	23.7
IE	113.1	120.2	133.4	130.4	130.7	120.5	101.1	116.2	119.7	132.9	125.0	11	122.1
EL	158.0	151.1	139.1	117.0	108.6	90.0	88.4	80.8	78.8	79.7	79.1	19	106.4
ES	128.4	130.9	122.4	129.4	131.8	120.0	113.7	116.3	113.2	108.9	108.8	15	120.4
FR	169.8	165.6	166.5	167.0	173.8	166.0	152.3	165.7	158.6	162.9	157.6	8	164.2
IT	237.2	251.1	254.8	239.7	239.2	215.2	201.8	193.6	195.3	182.7	181.1	6	217.4
CY	26.7	26.7	25.3	27.5	29.2	37.8	52.3	54.5	102.7	112.8	109.2	14	55.0
LV	10.1	16.9	21.0	34.3	31.7	36.1	31.1	33.7	35.4	38.4	42.6	26	30.1
LT	12.3	14.4	20.2	31.1	44.0	46.3	52.1	57.0	63.2	61.7	63.8	21	42.4
LU	141.2	133.0	134.9	142.2	143.5	138.3	140.8	145.5	149.4	150.5	150.5	10	142.7
HU	58.6	43.9	44.0	48.7	46.7	42.0	41.5	45.6	45.8	46.2	49.5	24	46.6
MT	52.0	60.0	70.4	121.6	131.7	123.8	155.9	117.1	103.3	106.1	113.0	13	105.0
NL	114.1	112.5	125.6	130.5	146.2	148.4	150.0	150.5	151.9	159.9	169.8	7	141.8
AT	127.7	119.2	139.1	131.0	137.4	141.8	142.9	146.9	145.1	154.2	151.7	9	139.7
PL	20.7	22.4	20.8	25.3	30.4	34.9	38.2	43.2	40.0	40.3	51.0	23	33.4
PT	172.5	166.5	150.5	152.1	143.2	100.9	112.5	129.9	136.3	122.9	-	n.a.	138.7
RO	-	-	-	-	-	-	-	38.0	62.4	75.9	88.3	18	66.2
SI	-	-	-	-	80.2	128.2	158.9	177.1	182.4	193.9	202.2	2	160.4
SK	-	-	34.6	35.9	36.6	44.1	49.7	57.6	83.0	106.2	115.7	12	62.6
FI	97.0	95.6	104.8	101.7	106.8	100.2	101.3	102.8	102.3	101.7	99.0	17	101.2
SE	138.1	168.9	165.6	169.9	171.1	172.8	169.4	177.2	183.1	187.8	186.3	5	171.8
UK	142.5	144.3	180.0	203.3	214.4	233.8	219.1	221.3	196.6	202.1	195.1	3	195.7
EU27													
GDP-weighted average	165.4	163.7	168.9	171.9	183.0	174.0	168.2	172.0	169.3	167.8	163.6		169.8
base-weighted average	145.8	143.5	147.2	151.2	161.7	159.4	155.4	157.2	156.0	155.2	153.3		153.3
arithmetic average	105.9	106.5	106.5	111.6	115.4	111.1	113.7	113.8	117.5	121.1	122.1		113.2
EA-13													
GDP-weighted average	167.0	163.4	163.9	161.6	172.0	165.1	161.1	166.0	167.8	164.3	160.7		164.8
base-weighted average	164.9	159.7	159.7	157.9	168.2	161.4	158.0	163.1	165.0	161.8	159.2		161.7
arithmetic average	143.9	141.1	142.7	140.3	139.4	133.9	133.8	139.6	141.1	142.5	143.2		140.1
EU-25													
GDP-weighted average	165.4	163.7	168.9	171.9	183.0	181.9	176.4	181.3	178.2	176.8	173.4		174.6
base-weighted average	145.8	143.5	147.2	151.2	161.7	160.4	156.3	160.7	159.0	157.8	155.6		154.5
arithmetic average	105.9	106.5	106.5	111.6	115.4	114.1	116.5	119.9	122.6	125.4	126.3		115.5

1) Energy taxes in Euro per tons of oil equivalent (TOE) 2) The ranking is based on 2005 data

See explanatory notes in Annex C

Source: Commission Services

Lists of taxes according to economic function

Annex B

ANNEX B: Lists of Taxes According to economic function

LIST OF ABBREVIATIONS

ALLOCATION BY ECONOMIC FUNCTION

C	Consumption tax
Leyrs	Labour tax on Employers
Lees	Labour tax on Employees
Lnon	Labour tax on the Non-Employed (Pensioners/Unemployed)
KIC	Capital tax on the income of Corporations
KIH	Capital tax on the income of Households
KISe	Capital tax on the income of the Self-employed
KS	Capital tax on Stocks of Wealth
SPLIT_1	'PIT Split' between Lees, Lnon, KIH, KISe (See Annex C, Part D for details)
SPLIT_2	Split between Lnon and KISe (See Annex C, Part C for details)

ALLOCATION BY ENVIRONMENTAL FUNCTION

T	Transport tax
E	Energy tax
P	Pollution tax

The position of the codes for the economic function in the lists indicates the source of the data used in the calculations. If the code is listed next to the name of the tax (in *italics*), then detailed data provided by Member States administrations have been utilised. If instead the code is listed next to the ESA95 category, this means that the source of the data used is the Eurostat public database.

AUSTRIA

ESA95 code	ESA95 text	Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports			
d21	Taxes on products			
d211	Value added type taxes (VAT)			
		<i>Value added tax</i>	C	
		<i>Under-compensation of VAT (flat rate system), agriculture</i>	C	
d212	Taxes and duties on imports excluding VAT			
d2121	Import duties			
		<i>Other import duties</i>	C	
		<i>Customs duties</i>	C	
d2122	Taxes on imports excluding VAT and import duties			
d2122a	Levies on imported agricultural products			
		<i>Import equalization duties</i>	C	
d2122c	Excise duties			
		<i>Import duties not collected on the national border</i>	C	
d2122e	Taxes on specific services			
		<i>Contribution to promote foreign trade</i>	C	
d214	Taxes on products, except VAT and import taxes			
d214a	Excise duties and consumption taxes			
		<i>Duty promotion milk distribution</i>	C	
		<i>Duty on spirit</i>	C	
		<i>Special duty on alcoholic drinks</i>	C	
		<i>Contribution to the Agricultural Fund</i>	C	
		<i>Tax on beer</i>	C	
		<i>Tax on energy</i>	C	E
		<i>Beverage tax</i>	C	
		<i>Market Organisation Act - grain</i>	C	
		<i>Market Organisation Act - milk</i>	C	
		<i>Tax on mineral oils</i>	C	E
		<i>Duty on vehicles based on fuel consumption</i>	C	T
		<i>Other receipts - Market Organisation Act</i>	C	
		<i>Tax on sparkling wine</i>	C	
		<i>Special tax on mineral oils</i>	C	E
		<i>Duty on starch products</i>	C	
		<i>Tax on tobacco</i>	C	
		<i>Transport equality levy</i>	C	
		<i>Tax on wine</i>	C	
		<i>Levy on sugar</i>	C	
d214b	Stamp taxes			
		<i>Stamp fees</i>	KS	
d214c	Taxes on financial and capital transactions			
		<i>Land transfer tax</i>	KS	
		<i>Capital transfer tax</i>	KS	
d214d	Car registration taxes			
		<i>Car registration taxes paid by corporations</i>	C	T
d214e	Taxes on entertainment			
		<i>Entertainment tax</i>	C	
		<i>Amusement tax</i>	C	
d214f	Taxes on lotteries, gambling and betting			
		<i>Tax on gambling stakes 2</i>	C	
		<i>Tax on gambling stakes 1</i>	C	
		<i>Duty on casinos</i>	C	
d214g	Taxes on insurance premiums			
		<i>Fire protection tax</i>	C	
		<i>Insurance tax</i>	C	
d214h	Other taxes on specific services			
		<i>Levy on dangerous waste</i>	C	P
		<i>Announcement tax</i>	C	
		<i>Advertisement tax</i>	C	
		<i>Tax on tourism</i>	C	
		<i>Duty for airways security</i>	C	T
		<i>Tax on advertisement</i>	C	
d214j	Profits of fiscal monopolies			
		<i>Federal monopolies, spirits</i>	C	

	<i>Federal monopolies, gambling</i>	C	
d214l	Other taxes on products n.e.c.		
	<i>Contribution to the artists' social security fund</i>	C	
d29	Other taxes on production		
d29a	Taxes on land, buildings and other structures		
	<i>Tax on vacant plots</i>	KS	
	<i>Land tax (except farm land)</i>	KS	
d29c	Total wage bill and payroll taxes		
	<i>Employers contribution of family burdens</i>	Leyrs	
	<i>Disabled persons, equalization levy</i>	KS	
	<i>Tax on sum of wages</i>	Leyrs	
	<i>Tax on employment (Vienna underground)</i>	Leyrs	
d29g	Under-compensation of VAT (flat rate system)		
	<i>Under-compensation of VAT (flat rate system), agriculture</i>	C	
d29h	Other taxes on production n.e.c.		
	<i>Road transport duty</i>	KS	T
	<i>Hunting and fishing duties</i>	C	
	<i>Certain users fee</i>	KS	
	<i>Land tax A (farm land)</i>	KS	
	<i>Motor vehicles tax 1, paid by enterprises</i>	KS	T
	<i>Motor vehicles tax 2, paid by enterprises</i>	KS	T
	<i>Fines related to tax offences, taxes on production and imports</i>	KS	
	<i>Embossment fee</i>	KS	
	<i>Other taxes, taxes on production n.e.c.</i>	KS	
	<i>Stamp fees</i>	KS	
	<i>Other fees, taxes on production n.e.c.</i>	KS	
	<i>Contribution to the Road Safety Fund, paid by enterprises</i>	KS	
	<i>Administration duties</i>	KS	
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
d51a	Taxes on individual or household income		
	<i>Income tax</i>	SPLIT_1	
	<i>Tax on industry and trade</i>	KISe	
	<i>Contr. to chambers</i>		
	- <i>SPLIT to Lees: 0,27</i>	Lees	
	- <i>SPLIT to Leyrs: 0,25</i>	Leyrs	
	- <i>SPLIT to KISe: 0,48</i>	KISe	
	<i>Tax on capital yields</i>	KIH	
	<i>Tax on interest</i>	KIH	
	<i>Wage tax</i>	SPLIT_1	
d51b	Taxes on the income or profits of corporations		
	<i>Directors tax</i>	KIH	
	<i>Tax on industry and trade</i>	KIC	
	<i>Contribution to chambers</i>		
	- <i>SPLIT to Lees: 0,27</i>	Lees	
	- <i>SPLIT to Leyrs: 0,25</i>	Leyrs	
	- <i>SPLIT to KIC: 0,48</i>	KIC	
	<i>Tax on capital yields</i>	KIC	
	<i>Tax on interest</i>	KIC	
	<i>Corporation tax</i>	KIC	
d51e	Other taxes on income n.e.c.		
	<i>Duty on contributions to political parties</i>	KIC	
	<i>Credit of taxpayers</i>		
	- <i>SPLIT to KISe: 0,5</i>	KISe	
	- <i>SPLIT to KIC: 0,5</i>	KIC	
	<i>Tax on financial institutions</i>	KIC	
	<i>Promotion residential buildings</i>		
	- <i>SPLIT to Lees: 0,5</i>	Lees	
	- <i>SPLIT to Leyrs: 0,5</i>	Leyrs	
d59	Other current taxes		
d59a	Current taxes on capital		
	<i>Duty on farms</i>	KS	
	<i>Farm contribution</i>	KS	
	<i>Capital death duty</i>	KS	
	<i>Farm contribution to chambers</i>	KS	
	<i>Capital tax</i>	KS	
d59f	Other current taxes n.e.c.		
	<i>Contribution for the promotion of arts</i>	C	
	<i>Tax on radio and TV-licences</i>	C	
	<i>Hunting and fishing duties</i>	C	



	<i>Contributions to students' association</i>	Lnon	
	<i>Dog tax</i>	C	
	<i>Motor vehicles tax 1, paid by households</i>	C	T
	<i>Motor vehicles tax 2, paid by households</i>	C	T
	<i>Fines related to tax offences, taxes on income, wealth etc.</i>	KS	
	<i>Other taxes</i>	C	
	<i>Stamp fees</i>	KS	
	<i>Other fees</i>	C	
	<i>Contribution to the Road Safety Fund, paid by households</i>	C	
	<i>Administration duties</i>	C	
d91	Capital taxes		
d91a	Taxation of capital transfers		
	<i>Estate, inheritance and gift tax</i>	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions		
	<i>Unemployment insurance contributions</i>	Leyrs	
	<i>Special health insurance contributions</i>	Leyrs	
	<i>Special unemployment insurance contributions, construction workers</i>	Leyrs	
	<i>Contributions to sickness benefit fund</i>	Leyrs	
	<i>Contributions to insolvency fund</i>	Leyrs	
	<i>Health insurance contributions, local government employees</i>	Leyrs	
	<i>Health insurance contributions</i>	Leyrs	
	<i>Special pension contributions, nightshift worker</i>	Leyrs	
	<i>Pension contributions, civil servants</i>	Leyrs	
	<i>Pension insurance contributions</i>	Leyrs	
	<i>Special unemployment insurance contributions, construction workers, until 1996</i>	Leyrs	
	<i>Accident insurance contributions</i>	Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions		
	<i>Unemployment insurance contributions</i>	Lees	
	<i>Special unemployment insurance contributions, construction workers</i>	Lees	
	<i>Health insurance contributions, local government employees</i>	Lees	
	<i>Health insurance contributions</i>	Lees	
	<i>Pension contributions, civil servants</i>	Lees	
	<i>Pension insurance contributions</i>	Lees	
	<i>Special unemployment insurance contributions, construction workers, until 1996</i>	Lees	
	<i>Accident insurance contributions</i>	Lees	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons		
	<i>Health insurance contributions, local government employees</i>	SPLIT_2	
	<i>Health insurance contributions</i>	SPLIT_2	
	<i>Special pension contributions, civil servants (retired)</i>	SPLIT_2	
	<i>Pension insurance contributions</i>	SPLIT_2	
	<i>Accident insurance contributions</i>	SPLIT_2	

	<i>Pénalisation dépassement du quota laitier</i>	C	
	<i>Cotisations obligatoires des producteurs d'animaux et de produits animaux (SANITEL)</i>	C	
	<i>Prélèvement CECA</i>	C	
	<i>Cotisation d'emballage</i>	C	
	<i>Ecotaxes</i>	C	P
d214b	Stamp taxes		
	<i>Droits de timbre</i>	KS	
d214c	Taxes on financial and capital transactions		
	<i>Droits d'enregistrement</i>	KS	
	<i>Droits d'hypothèque</i>	KS	
	<i>Droits de greffe</i>	KS	
	<i>Taxe sur les opérations de bourse et de reports</i>	KS	
	<i>Taxe sur les livraisons de titres au porteur</i>	KS	
d214d	Car registration taxes		
	<i>Taxe d'immatriculation</i>	KS	T
	<i>Taxe de mise en circulation</i>	C	T
d214e	Taxes on entertainment		
	<i>Taxes sur les spectacles et divertissements</i>	C	
d214f	Taxes on lotteries, gambling and betting		
	<i>Taxe sur les jeux et paris</i>	C	
d214g	Taxes on insurance premiums		
	<i>Taxes sur les contrats d'assurance</i>	C	
	<i>Supplément au montant des primes d'assurance accidents de travail</i>	Lees	
	<i>Supplément au montant des primes d'assurance automobile</i>	C	
	<i>Supplément au montant des primes d'assurance incendie</i>	C	
	<i>Supplément au montant des primes d'assurance hospitalisation</i>	C	
	<i>Recettes au profit de la Croix-Rouge de Belgique</i>	C	
d214h	Other taxes on specific services		
	<i>Autres impôts sur des services déterminés</i>	C	
d214i	General sales or turnover taxes		
	<i>Impôts généraux sur les ventes ou le chiffre d'affaires</i>	C	
	<i>Taxes assimilées au timbre</i>	C	
d214j	Profits of fiscal monopolies		
	<i>Bénéfices de la loterie nationale</i>	C	
d214k	Export duties and monetary compensatory amounts on exports		
	<i>Montants compensatoires prélevés à l'exportation</i>	C	
d214l	Other taxes on products n.e.c.		
	<i>Taxe d'affichage</i>	KS	
	<i>Cotisation sur le chiffre d'affaire de l'industrie pharmaceutique</i>	KS	
	<i>Redevance sur certains produits pharmaceutiques</i>	KS	
d29	Other taxes on production		
d29a	Taxes on land, buildings and other structures		
	<i>Précompte immobilier (PP)</i>	KS	
	<i>Précompte immobilier (Soc)</i>	KS	
	<i>Taxe d'ouverture</i>	KS	
	<i>Taxe de patente</i>	KS	
	<i>Taxe régionale (Région Bruxelles-Capitale) - A partir de 2002, uniquement taxe régionale à charge des propriétaires d'immeubles</i>	KS	
d29b	Taxes on the use of fixed assets		
	<i>Taxe de circulation payée par les entreprises</i>	KS	T
	<i>Taxe sur les appareils automatiques de divertissement</i>	KS	
	<i>Eurovignette</i>	KS	T
	<i>Taxe assimilée au droit d'accise payée par les entreprises</i>	KS	T
d29c	Total wage bill and payroll taxes		
	<i>Taxe sur les centres de coordination</i>	KS	
d29d	Taxes on international transactions		
	<i>Impôts sur les transactions internationales</i>	C	
d29e	Business and professional licences		
	<i>Impôts sur les autorisations commerciales ou professionnelles</i>	C	
d29f	Taxes on pollution		
	<i>Taxes sur les déchets industriels (Région Flamande et Région Wallonne)</i>	C	P
	<i>Taxe sur le lisier (Région Flamande)</i>	C	P
	<i>Taxes sur les eaux (Région Flamande, Région Wallonne et Région Bruxelles-Capitale)</i>	C	P
d29g	Under-compensation of VAT (flat rate system)		
	<i>Sous-compensation TVA</i>	C	
d29h	Other taxes on production n.e.c.		
	<i>Annuité de brevets</i>	KS	
	<i>Rente de monopole (Belgacom)</i>	KS	
	<i>Rente de monopole (Loterie nationale)</i>	C	

	<i>Cotisation unique des sociétés</i>	KS	
	<i>Remboursement biologie clinique</i>	KS	
	<i>Redevance radio et télévision (Communauté flamande, Communauté française et Communauté germanophone) - partim</i>	C	
	<i>Cotisation exceptionnelle des producteurs d'électricité</i>	KS	
	<i>Cotisation unique à charge du secteur pétrolier</i>	KS	
	<i>Autres impôts à la production</i>	KS	
d5	Current taxes on income, wealth, etc.		
	<i>Impôts courants sur le revenu, le patrimoine, etc.</i>		
d51	Taxes on income		
	<i>Impôts sur le revenu</i>		
d51a_d51c1	Taxes on individual or household income including holding gains		
d51a	Taxes on individual or household income		
	<i>Précompte mobilier (PP)</i>	KIH	
	<i>Précompte professionnel (PP)</i>	SPLIT_1	
	<i>Versements anticipés (PP)</i>	SPLIT_1	
	<i>Rôles (PP)</i>	SPLIT_1	
	<i>Taxe annuelle sur les participations bénéficiaires</i>	KIH	
	<i>Cotisation spéciale de sécurité sociale</i>	Lees	
	<i>Cotisation sur les hauts revenus</i>	Lees	
	<i>Taxe sur la participation des travailleurs aux bénéfices ou au capital de la société</i>	KIH	
	<i>autres impôts sur le revenu</i>	SPLIT_1	
d51b	Taxes on the income or profits of corporations		
	<i>Précompte mobilier (Soc)</i>	KIC	
	<i>Versements anticipés (Soc)</i>	KIC	
	<i>Impôts des non-résidents (Soc)</i>	KIC	
	<i>Rôles (Soc)</i>	KIC	
	<i>Autres impôts sur le revenu</i>	KIC	
d51c	Taxes on holding gains		
	<i>Impôts sur les gains de détention</i>	KIH	
d51d	Taxes on winnings from lottery or gambling		
	<i>Taxes sur les gains des loteries et des paris</i>	KIH	
d51e	Other taxes on income n.e.c.		
	<i>anciens impôts sur le revenu</i>	KIH	
	<i>Impôts des non-résidents (PP)</i>	Lees	
	<i>autres impôts sur le revenu</i>	KIH	
d59	Other current taxes		
d59a	Current taxes on capital		
	<i>Taxes sur le patrimoine (terrains et bâtiments)</i>	KS	
	<i>Taxe sur les associations sans but lucratif</i>	KS	
	<i>Taxe annuelle sur les titres cotés en bourse</i>	KS	
	<i>Taxe annuelle sur les organismes de placement collectif</i>	KS	
	<i>Transfert au Fonds des accidents de travail en provenance des caisses privées d'assurance contre les accidents de travail</i>	KS	
d59b	Poll taxes		
	<i>Taxe sur les déchets ménagers (Région Wallonne)</i>	C	P
	<i>Taxe régionale forfaitaire (Région Bruxelles-Capitale)</i>	C	
d59c	Expenditure taxes		
	<i>Impôts sur la dépense</i>	C	
d59d	Payments by households for licences		
	<i>Taxe de circulation payée par les ménages</i>	C	T
	<i>Taxe assimilée au droit d'accise payée par les ménages</i>	C	T
d59e	Taxes on international transactions		
	<i>Impôts sur les transactions internationales</i>	C	
d59f	Other current taxes n.e.c.		
	<i>Redevance radio et télévision (Région Wallonne)</i>	C	
	<i>Titrisation (PP)</i>	Split_1	
	<i>Titrisation (Soc)</i>	KIC	
	<i>Autres taxes</i>	C	
d91	Capital taxes		
d91a	Taxes on capital transfers		
	<i>Droits de succession</i>	KS	
	<i>Droits sur les donations</i>	KS	
d91b	Capital levies		
	<i>Taxe sur l'épargne à long terme</i>	KS	
	<i>Déclaration libératoire unique (DLU)</i>	KS	
d91c	Other capital taxes n.e.c.		
	<i>Autres impôts en capital n.d.a.</i>	KS	
d2_d5_d91	Total tax receipts		
	<i>Total des taxes</i>		

d611	Actual social contributions		
	<i>Cotisations sociales effectives</i>		
d6111	Employers' actual social contributions		
	<i>Cotisations sociales effectives à la charge des employeurs</i>		
d61111	Compulsory employers' actual social contributions		
	. à charge des administrations publiques	Leyrs	
	. à charge des autres secteurs	Leyrs	
d6112	Employees' social contributions		
	<i>Cotisations sociales à la charge des salariés</i>		
d61121	Compulsory employees' social contributions		
	. sur salaires et traitements bruts	Lees	
	. sur prestations sociales	Lees	
d6113	Social contributions by self- and non-employed persons		
	<i>Cotisations sociales des travailleurs indépendants et des personnes n'occupant pas d'emploi</i>		
d61131	Compulsory social contributions by self- and non-employed persons		
	. à charge des travailleurs indépendants	KISe	
	. à charge des expatriés (OSSOM)	Lnon	
	. à charge des inactifs	Lnon	



BULGARIA

ESA95 code	ESA95 text	Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports			
d21	Taxes on products			
d211	Value added type taxes (VAT)			
d212	Taxes and duties on imports excluding VAT			
d2121	Import duties			
		<i>Import custom duties - Customs Act</i>	C	
d2122	Taxes on imports excluding VAT and import duties			
d2122a	Levies on imported agricultural products			
		<i>Veterinary levies, sanitary licenses and others- Customs act</i>	C	
d2122c	Excise duties			
		<i>Tobacco</i>	C	
		<i>Fuel</i>	C	E
		<i>Alcohol</i>	C	
		<i>Beer</i>	C	
		<i>Cars</i>	C	T
		<i>Coffee</i>	C	
		<i>Other</i>	C	
d214	Taxes on products, except VAT and import taxes			
d214a	Excise duties and consumption taxes			
		<i>Tobacco</i>	C	
		<i>Fuel</i>	C	E
		<i>Alcohol</i>	C	
		<i>Beer</i>	C	
		<i>Other</i>	C	
d214b	Stamp taxes			
		<i>Government tax stamps for legalizing documents from the Ministry of Finance and tax stamps of municipal councils - Special regulation act</i>	KS	
d214d	Car registration taxes			
		<i>State taxes on registration of motor vehicles - Special regulation act</i>	C	T
d214e	Taxes on entertainment			
		<i>Municipal resort taxes - Local Taxes Fees Act</i>	C	
d214f	Taxes on lotteries, gambling and betting			
		<i>Final tax over gambling stakes</i>	KIC	
d214g	Taxes on insurance premiums			
		<i>Insurance premium taxes - Corporate Income Tax Act</i>	KIC	
d214k	Export duties and monetary compensatory amounts on exports			
		<i>Customs export duties - Customs Act</i>	C	
d29	Other taxes on production			
d29a	Taxes on land, buildings and other structures			
		<i>Taxes on buildings - Local Taxes and Fees Act</i>	KS	
d29b	Taxes on the use of fixed assets			
		<i>Motor vehicles tax paid by producers - Local Taxes and Fees Act</i>	KS	T
d29c	Total wage bill and payroll taxes			
		<i>Social expenditures tax made by employers benefit for their employees - Corporate Income Tax Act</i>	Leyrs	
d29e	Business and professional licences			
		<i>Business licenses</i>	KS	
		<i>Municipal taxes on extraction of quarry materials - Local Taxes and Fees Act</i>	KS	P
d29f	Taxes on pollution			
		<i>Water usage taxes</i>	KS	P
		<i>Air preserving taxes</i>	KS	P
		<i>Vehicle pollution taxes</i>	KS	P
d29h	Other taxes on production n.e.c.			
		<i>Taxes over corporate luxury expenditures - Corporate Income Tax Act</i>	KS	
		<i>Corporate vehicle expenditures tax - Corporate Income Tax Act</i>	KS	T
		<i>Tax on company expenditures for donations</i>	KS	
		<i>Tax on expenditures made by employees for employer's insurance</i>	Leyrs	
d5	Current taxes on income, wealth, etc.			
d51	Taxes on income			
d51a	Taxes on individual or household income			
		<i>Personal income tax - labour contracts, sole traders, free professions, civil contracts etc.</i>	SPLIT_1	
		<i>Final annual patent tax</i>	KISe	
d51b	Taxes on the income or profits of corporations			

	<i>Taxes over dividends</i>	KIC	
	<i>Income taxes</i>	KIC	
d51e	Other taxes on income n.e.c.		
	<i>Budgetary enterprises income tax</i>	KIC	
d59	Other current taxes		
d59a	Current taxes on capital		
	<i>Property tax paid by households - Local Taxes and Fees Act</i>	KS	
d59d	Payments by households for licences		
	<i>Hunting and fishing licenses</i>	C	
d59f	Other current taxes n.e.c.		
	<i>Vehicles tax paid by households</i>	C	T
d91	Capital taxes		
	<i>Capital Taxes</i>		
d91a	Taxes on capital transfers		
	<i>Inheritance tax</i>	KS	
	<i>Donations taxes, taxes on sponsorships and taxes on acquisition of property</i>	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions	Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions	Lees	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons	SPLIT_2	



CYPRUS

ESA95 code	ESA95 text	Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports			
d21	Taxes on products			
d211	Value added type taxes (VAT)			
		<i>VAT on products</i>	C	
		<i>VAT paid to Institutions of the EU</i>	C	
d212	Taxes and duties on imports excluding VAT			
d2121	Import duties			
		<i>Import Duties</i>	C	
		<i>Import Duties-Postal Services</i>	C	
		<i>Import Duties-Sovereign Base Areas</i>	C	
d2122	Taxes on imports excluding VAT and import duties			
d2122b	Monetary compensatory amounts on imports			
		<i>Temporary Refugee Levy on Imports</i>	C	
d2122c	Excise duties			
		<i>Excise - Motor Vehicles</i>	C	T
d2122d	General sales taxes			
		<i>Motor Vehicles for transport of 10 or more persons</i>	C	T
		<i>Motor Vehicles of the Jeep and land-rover type</i>	C	T
		<i>Double cabin motor vehicles</i>	C	T
		<i>Vessels for pleasure and their Engines</i>	C	T
		<i>Motor-cycles</i>	C	T
		<i>Cigars and Cigarillos</i>	C	
		<i>Apparel articles of furskins</i>	C	
		<i>Sparkling Wines</i>	C	
		<i>Baths and baths' accessories</i>	C	
		<i>Articles of lead crystal</i>	C	
		<i>Other</i>	C	
		<i>Motor Vehicles of the "Van" type</i>	C	T
d214	Taxes on products, except VAT and import taxes			
d214a	Excise duties and consumption taxes			
		<i>Tax on energy conservation - funds</i>	C	E
		<i>Excise - Tobacco</i>	C	
		<i>Excise - Spirits</i>	C	
		<i>Excise - Beer</i>	C	
		<i>Excise - Salt</i>	C	
		<i>Excise - Matches</i>	C	
		<i>Excise - Hydrocarbon Oils</i>	C	E
		<i>Arrears Excise Duties</i>	C	
		<i>Excise - Aerated Soft Drinks</i>	C	
d214b	Stamp taxes			
		<i>Stamp Duties</i>	KS	
		<i>Refugee Stamp</i>	KS	
d214c	Taxes on financial and capital transactions			
		<i>Stock Exchange Fee</i>	KS	
d214e	Taxes on entertainment			
		<i>Tax on Entertainment</i>	C	
		<i>Tax on Hotels</i>	C	
d214f	Taxes on lotteries, gambling and betting			
		<i>Tax on horseracing betting</i>	C	
		<i>Additional Charge on Pool Betting</i>	C	
		<i>Tax on Horse Betting</i>	C	
		<i>Tax on Pool Betting</i>	C	
d214l	Other taxes on products n.e.c.			
		<i>CTO</i>	C	
		<i>Tax on Rent</i>	C	
		<i>Lands and Surveys Fees</i>	KS	
d29	Other taxes on production			
d29a	Taxes on land, buildings and other structures			
		<i>Property Taxes-Lands and Surveys Fees-Gross (enterprises)</i>	KS	
		<i>Tax on Ownership of Land</i>	KS	
		<i>Wireless licences land based</i>	KS	
d29b	Taxes on the use of fixed assets			
d29c	Total wage bill and payroll taxes			
		<i>Payroll Tax</i>	Leyrs	
		<i>Social cohesion Fund , Wage Bill and Payroll Taxes</i>	Leyrs	
d29e	Business and professional licences			
		<i>Satellite Earth Stations Licences</i>	KS	
		<i>Registration Fees-Gross/Official Receiver</i>	KS	
		<i>Licences on bonded warehouses</i>	KS	

	<i>Timber and other Licences</i>	KS	
	<i>Tobacco Selling Licences</i>	KS	
	<i>Other Licences (Pool Betting)</i>	KS	
	<i>Drivers' licence (public use)</i>	KS	T
	<i>Motor Vehicle Taxes-Registration (public use)</i>	KS	T
	<i>Ship registration fees</i>	KS	T
	<i>Radio Station fees</i>	KS	
	<i>Mobil Radio Systems Licences</i>	KS	
	<i>Lawyers' Registration Fees</i>	KS	
	<i>Professional Permit for Animal Kipper/Trainer</i>	KS	
	<i>Certification Fees under the Protection of Competition Law</i>	KS	
	<i>Fees of Private Employment Bureau</i>	KS	
	<i>Insurance Agents' Registration Fees</i>	KS	
	<i>High Speed Vessels Navigation Licences</i>	KS	T
	<i>Road Transport Licences</i>	KS	
	<i>Fees for Professional Licences of Road Transporters</i>	KS	T
	<i>Sale of Drug Licences</i>	KS	
	<i>Liquor Selling Licences</i>	KS	
	<i>Weights and Measures Licences</i>	KS	
	<i>Tax on Professional Licences</i>	KS	
	<i>Tax on Dog Licences</i>	C	
	<i>Tax on Selling Licence</i>	KS	
	<i>Tax on Entertainment Licence</i>	KS	
d29h	Other taxes on production n.e.c.		
	<i>Tax on Services</i>	C	
	<i>Defence contributions</i>	KIC	
	<i>Ships wireless license</i>	KS	T
	<i>Tonnage tax</i>	KS	T
	<i>Tax of Ship Management Services</i>	KS	T
	<i>Tax on Sale of Tobacco</i>	C	
	<i>Tax on services</i>	C	
	<i>Tax on community services</i>	C	
	<i>Motor Vehicle Taxes-Licenses (public use)</i>	KS	T
	<i>Other Licences and permits</i>	C	
	<i>Tax on other licences and grants</i>	C	
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
d51a	Taxes on individual or household income		
	<i>Income Tax-Government</i>	SPLIT_1	
	<i>Income Tax-Employees (Total, from 2004 Private Sector only)</i>	SPLIT_1	
	<i>Income Tax-Employees (Offshore)</i>	SPLIT_1	
	<i>Income Tax-Self-employed</i>	SPLIT_1	
	<i>Capital Gains Tax</i>	KIH	
	<i>Charges on Taxes in Arrears</i>	KIH	
	<i>Income Tax-Semi Govt Organisations' Employees</i>	SPLIT_1	
d51b	Taxes on the income or profits of corporations		
	<i>Income Tax-Legal Persons</i>	KIC	
	<i>Income Tax-Offshore Companies</i>	KIC	
	<i>Corporation Tax</i>	KIC	
	<i>Corporation Tax-Offshore Companies</i>	KIC	
	<i>Defence contributions</i>	KIC	
d51e	Other taxes on income n.e.c.		
	<i>Collection of Taxes, Rates and Charges</i>	Lees	
	<i>Special Contribution</i>	Lees	
	<i>Income Tax on Dividends</i>	SPLIT_1	
	<i>Income Tax levied on remitt. of interest abroad</i>	SPLIT_1	
	<i>Income Tax- According to the articles 30-32</i>	KIH	
d59	Other current taxes		
d59a	Current taxes on capital		
	<i>Immovable Property Tax</i>	KS	
d59d	Payments by households for licences		
	<i>Streets and Buildings Regulation Licences</i>	KS	
	<i>Motor Vehicle Taxes-Registration (private use)</i>	KS	T
	<i>Motor Vehicle Taxes-Licenses (private use)</i>	KS	T
	<i>Drivers' Licences (private use)</i>	KS	T
d59f	Other current taxes n.e.c.		
	<i>Building Permits</i>	KS	
d91	Capital taxes		
d91a	Taxes on capital transfers		
	<i>Property Taxes-Estate Duty-Gross</i>	KS	
d91b	Capital levies	KS	
d611	Actual social contributions	Leyrs	
d6111	Employers' actual social contributions	Leyrs	
d61111	Compulsory employers' actual social contributions		
	<i>Employers' and Employees' Social Insurance Contributions</i>		
	<i>General Government Social Insurance Contributions</i>		
	<i>Private Sector - Supplementary Contribution</i>		



	<i>Public Sector - Supplementary Contribution</i> <i>Private Sector - Unemployment Benefit</i> <i>Public Sector - Unemployment Benefit</i> <i>Private sector - Holiday Fund</i> <i>Public sector - Holiday Fund</i> <i>Private sector - Redundancy Fund</i> <i>Public sector - Redundancy Fund</i> <i>Social Security Fund</i>	
d6112	Employees' social contributions	Lees
d6113	Social contributions by self- and non-employed persons	SPLIT_2

CZECH REPUBLIC

ESA95 code	ESA95 text	Name of the tax	Economic function	Environmental tax
d2		Taxes on production and imports		
d21		Taxes on products		
d211		Value added type taxes (VAT)		
		<i>Value added tax</i>	C	
d212		Taxes and duties on imports excluding VAT		
d2121		Import duties		
		<i>Customs duties</i>	C	
d2122		Taxes on imports excluding VAT and import duties		
d2122a		Levies on imported agricultural products		
		<i>Agricultural duties</i>	C	
d2122b		Monetary compensatory amounts on imports		
d2122c		Excise duties		
		<i>Excise duty on hydrocarbon fuels and lubricants</i>	C	E
		<i>Excise duty on alcohol</i>	C	
		<i>Excise duty on beer</i>	C	
		<i>Excise duty on wine</i>	C	
		<i>Excise duty on tobacco products</i>	C	
d2122d		General sales taxes		
d2122e		Taxes on specific services		
d2122f		Profits of import monopolies		
d214		Taxes on products, except VAT and import taxes		
d214a		Excise duties and consumption taxes		
		<i>Excise duty on hydrocarbon fuels and lubricants</i>	C	E
		<i>Excise duty on alcohol</i>	C	
		<i>Excise duty on beer</i>	C	
		<i>Excise duty on wine</i>	C	
		<i>Excise duty on tobacco products</i>	C	
		<i>Sugar levies</i>	C	
		<i>Duty on CFC</i>	C	P
d214b		Stamp taxes		
d214c		Taxes on financial and capital transactions		
		<i>Levy on withdrawal of land from agriculture</i>	KS	
		<i>Levy on withdrawal of land from forestry</i>	KS	
		<i>Real property transfer tax</i>	KS	
d214d		Car registration taxes	C	
d214e		Taxes on entertainment		
		<i>Fees on entry tickets</i>	C	
		<i>Fees collected by the Cinematography extra-budgetary fund</i>	C	
d214f		Taxes on lotteries, gambling and betting		
		<i>Fees on operated gambling machines</i>	C	
d214g		Taxes on insurance premiums		
d214h		Other taxes on specific services		
		<i>Resort and recreation fees on visitors</i>	C	
		<i>Fees on recreational units (based on capacity)</i>	C	
		<i>Fee from advertisement</i>	C	
		<i>Fees on sale of alcohol drinks and tobacco products</i>	C	
		<i>Other fees and taxes on selected activities and services n.e.s.</i>	C	
d214i		General sales or turnover taxes		
		<i>Levy collected by Vine-grower fund</i>	C	
d214j		Profits of fiscal monopolies		
d214k		Export duties and monetary compensatory amounts on exports		
d29		Other taxes on production		
d29a		Taxes on land, buildings and other structures		
		<i>Real property tax</i>	KS	
		<i>Levy on temp. withdrawal of land from agriculture</i>	KS	
		<i>Levy on withdrawal of land from forestry</i>	KS	
		<i>Motor vehicle entry fees</i>	ks	T
		<i>Levy collected by Vine-grower fund</i>	KS	
d29b		Taxes on the use of fixed assets		
		<i>Road tax</i>	KS	T
d29c		Total wage bill and payroll taxes		
d29d		Taxes on international transactions		
d29e		Business and professional licences		
		<i>Fee on registration and recording of packaging</i>	KS	
d29f		Taxes on pollution		
		<i>Water pollution fee</i>	C	P
		<i>Underground water pollution fee</i>	C	P
		<i>Air pollution fee</i>	C	P
		<i>Waste deposit fee</i>	C	P

	<i>Radioactive waste fee</i>	C	P
d29g	Under-compensation of VAT (flat rate system)		
d29h	Other taxes on production n.e.c.		
	<i>Highway fee</i>	KS	T
	<i>Administrative fees</i>	KS	
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
d51a	Taxes on individual or household income		
d51a_d51c1	Taxes on individual or household income including holding gains		
	<i>Tax on wages and salaries</i>	Split_1	
	<i>Tax of unincorporated individuals</i>	Split_1	
	<i>Tax on interest and dividends</i>	Split_1	
d51b	Taxes on the income or profits of corporations		
d51b_d51c2	Taxes on the income or profits of corporations including holding gains		
	<i>Corporate income tax</i>	KIC	
	<i>Income tax paid by municipalities</i>	KIC	
	<i>Income tax paid by regions</i>	KIC	
d51c	Taxes on holding gains		
d51c1	Taxes on individual or household holding gains		
d51c2	Taxes on holding gains of corporations		
d51c3	Other taxes on holding gains		
d51d	Taxes on winnings from lottery or gambling		
	<i>Levy on lottery revenue</i>	C	
d51e	Other taxes on income n.e.c.		
d59	Other current taxes		
d59a	Current taxes on capital		
	<i>Real property tax</i>	KS	
d59b	Poll taxes		
d59c	Expenditure taxes		
d59d	Payments by households for licences		
	<i>Highway fee</i>	C	T
d59e	Taxes on international transactions		
d59f	Other current taxes n.e.c.		
	<i>Dog fees</i>	C	
	<i>Motor vehicle entry fees</i>	ks	T
	<i>Other tax revenue</i>	ks	
	<i>Administrative fees</i>	C	
d91	Capital taxes		
d91a	Taxes on capital transfers		
	<i>Inheritance tax</i>	KS	
	<i>Gift tax</i>	KS	
d91b	Capital levies		
	<i>Fee on building land betterment</i>	KS	
d91c	Other capital taxes n.e.c.		
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions	Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions	Lees	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons	Split_2	



DENMARK

ESA95 code	ESA95 text	Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports			
d21	Taxes on products			
d211	Value added type taxes (VAT)			
	VAT		C	
d212	Taxes and duties on imports excluding VAT			
d2121	Import duties			
	<i>Customs duties</i>		C	
	<i>Import and export duties on agricultural produce</i>		C	
d2122	Taxes on imports excluding VAT and import duties			
d2122a	Levies on imported agricultural products			
	<i>Sugar storing duty</i>		C	
	<i>Duty paid to European Coal and Steel Community</i>		C	
	<i>Duty on the production of sugar</i>		C	
	<i>Milk co-responsibility levy</i>		C	
d214	Taxes on products, except VAT and import taxes			
d214a	Excise duties and consumption taxes			
	<i>Duty on petrol</i>		C	E
	<i>Cigarette and tobacco duty</i>		C	
	<i>Duty on cigars, cheroots and cigarillos</i>		C	
	<i>Income from sale of revenue labels</i>		C	
	<i>Sales duties on chocolate and sugar confectionery, etc.</i>		C	
	<i>Raw material duty on chocolate and sugar confectionery, etc.</i>		C	
	<i>Special tax on chocolate and sugar confectionery, etc.</i>		C	
	<i>Duty on ice-cream</i>		C	
	<i>Duty on coffee, etc.</i>		C	
	<i>Duty on mineral water</i>		C	
	<i>Duty on beer</i>		C	
	<i>Duty on wine</i>		C	
	<i>Duty on spirits</i>		C	
	<i>Duty on grammophone records</i>		C	
	<i>Duty on electric bulbs and fuses, etc.</i>		C	P
	<i>Income from sale of number plates</i>		C	T
	<i>Duty on building certificates</i>		C	
	<i>Duty on tea</i>		C	
	<i>Duty on electricity</i>		C	E
	<i>Duty on certain oil products</i>		C	E
	<i>Duty on certain retail containers</i>		C	P
	<i>Duty on gas</i>		C	E
	<i>Duty on extraction and import of raw materials</i>		C	P
	<i>Duty on disposable tableware</i>		C	P
	<i>Duty on insecticides, herbicides, etc.</i>		C	P
	<i>Duty on coal, etc.</i>		C	E
	<i>Large yachts registration duty</i>		C	T
	<i>Duty on waste</i>		C	P
	<i>Duty on CFC</i>		C	P
	<i>Duty on CO2</i>		C	E
	<i>Duty on cigarette paper</i>		C	
	<i>Duty on piped water</i>		C	P
	<i>Duty on carrier bags made of paper or plast, etc.</i>		C	P
	<i>Duty on nickel/cadmium batteries</i>		C	P
	<i>Duty on tires</i>		C	T
	<i>Duty on sulphur</i>		C	P
	<i>Duty on chlorinated solvents</i>		C	P
	<i>Duty on natural gas</i>		C	E
	<i>Effluent charges</i>		C	P
	<i>Duty on nitrogen</i>		C	P
	<i>Duty on special growth stimulants</i>		C	P
	<i>Duty on PVC film</i>		C	P
	<i>Duty on PVC and phthalates</i>		C	P
	<i>Duty on lead accumulators</i>		C	P
	<i>Duty on mineral phosphorus</i>			
	<i>Surcharge on alcoholic soft drinks</i>			

d214b	Stamp taxes		
	<i>Stamp duties</i>	KS	
d214c	Taxes on financial and capital transactions		
	<i>Land development duty</i>	KS	
	<i>Duties to the register of companies and associations</i>	KS	
	<i>Duty on transfers of shares</i>	KS	
d214d	Car registration taxes		
	<i>Motor vehicle registration duty</i>	C	T
d214f	Taxes on lotteries, gambling and betting		
	<i>Gambling tax on racing</i>	C	
	<i>Sales tax on football pools</i>	C	
d214g	Taxes on insurance premiums		
	<i>Duty on motor vehicle third-party liability insurance</i>	C	T
	<i>Duty on insurance on pleasure boats</i>	C	T
d214h	Other taxes on specific services		
	<i>Duty on casinos</i>	C	
	<i>Passenger duty</i>	C	T
	<i>Duty on the Danish State Lottery</i>	C	
	<i>Duty on oil pipeline</i>	C	
	<i>Duty on slot machines</i>	C	
d214l	Other taxes on products n.e.c.		
	<i>Other duties on goods and services</i>	C	
d29	Other taxes on production		
d29a	Taxes on land, buildings and other structures		
	<i>County tax on land</i>	KS	
	<i>Municipal tax on land</i>	KS	
	<i>County reimbursement duty on land value of public properties</i>	KS	
	<i>County reimbursement duty on buildings value of public properties</i>	KS	
	<i>Municipal reimbursement duty on land value of public properties</i>	KS	
	<i>Municipal reimbursement duty on buildings value of public properties</i>	KS	
	<i>Municipal reimbursement duty on buildings value of business properties</i>	KS	
d29b	Taxes on the use of fixed assets		
	<i>Motor vehicle weight duty from producers</i>	KS	T
	<i>Road charges</i>	C	T
d29c	Total wage bill and payroll taxes		
	<i>Contributions to scheme for refunding trainee cost</i>	Leyrs	
	<i>Contributions to scheme for refunding trainee cost</i>	Leyrs	
	<i>Labour market contributions from employers</i>	Leyrs	
	<i>General work environment duty</i>	Leyrs	
	<i>Duty on wage and salary costs</i>	Leyrs	
d29h	Other taxes on production n.e.c.		
	<i>Duties paid to the working environment fund</i>	KS	
	<i>Pharmacy fees, etc.</i>	KS	
	<i>Fees to Danish Cultural Foundation</i>	KS	
	<i>Fees submitted for operation of training ship »Danmark«</i>	KS	
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
	<i>Taxes on revenue</i>		
d51a	Taxes on individual or household income		
	<i>Central government income tax</i>	SPLIT_1	
	<i>County income tax</i>	SPLIT_1	
	<i>Municipality income tax</i>	SPLIT_1	
	<i>Church tax</i>	SPLIT_1	
	<i>Taxes on pension schemes with lump sum disbursements</i>	Lnon	
	<i>Special income tax</i>	SPLIT_1	
	<i>Duty on released rent increases</i>	KS	
	<i>Duty on releases from fund for employers' index-regulated pay increases</i>	KS	
	<i>Labour market contributions</i>	Lees	
	<i>Tax on imputed income from owner-occupied dwelling</i>	KS	
d51b	Taxes on the income or profits of corporations		
	<i>Corporation tax</i>	KIC	
	<i>Municipality income tax from certain public (state) enterprises</i>	KIC	
	<i>Tax on hydrocarbon</i>	KIC	P
	<i>Tax on funds and associations</i>	KIC	
	<i>Corporation tax on hydrocarbon manufacturing</i>	KIC	P
d51d	Taxes on winnings from lottery or gambling		
	<i>Tax on winnings from lotteries, horse-racing, pools, etc.</i>	KIH	
d59	Other current taxes		
d59a	Current taxes on capital		



	<i>Tax on yields of certain pension scheme assets</i>	KIH	
	<i>Wealth tax on persons</i>	KS	
	<i>Wealth tax on deceased persons' estate</i>	KS	
	<i>Motor vehicle weight duty from households</i>	C	T
	<i>Recycling fee on cars</i>	C	T
d91	Capital taxes		
d91a	Taxes on capital transfers		
	<i>Inheritance duty</i>	KS	
d91c	Other capital taxes n.e.c.		
	<i>Property release duty</i>	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
	<i>Ship-owners' cont. to sickness assistance for seamen in foreign trade</i>	Leyrs	
	<i>Contributions to employees' wage guarantee fund</i>	Leyrs	
d6112	Employees' social contributions		
	<i>Unemployment insurance contributions</i>	Lees	
	<i>Special pension-scheme savings</i>	Lees	
	<i>Early retirement contributions</i>	Lees	
	<i>Flexible benefit contributions</i>	Lees	

ESTONIA

ESA95 code	ESA95 text	Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports			
d21	Taxes on products			
d211	Value added type taxes (VAT)			
		VAT	C	
		Statistical adjustment (EU Institutions part)	C	
d212	Taxes and duties on imports excluding VAT			
d2121	Import duties			
		Customs duties	C	
		Statistical adjustment (EU Institutions part)	C	
d2122	Taxes on imports excluding VAT and import duties			
d2122c	Excise duties		C	
		Fuel excise		E
d214	Taxes on products, except VAT and import taxes			
d214a	Excise duties and consumption taxes			
		Alcohol excise	C	
		Tobacco excise	C	
		Fuel excise	C	E
		Motor vehicle excise	C	T
		Package excise	C	P
		Package excise (domestic)	C	P
d214d	Car registration taxes			
		Car registration fee	C	T
d214f	Taxes on lotteries, gambling and betting			
		Gambling tax	KS	
d214h	Other taxes on specific services			
		Advertising tax	KS	
d214i	General sales or turnover taxes			
		Sales tax	C	
d29	Other taxes on production			
d29a	Taxes on land, buildings and other structures			
		Land tax	KS	
d29b	Taxes on the use of fixed assets			
		Heavy vehicle tax	KS	T
d29e	Business and professional licences			
		Business and professional licences	KS	
d29f	Taxes on pollution			
		Pollution fee	C	P
d29h	Other taxes on production n.e.c.			
		Specific use of water	KS	P
		Closure of roads, streets, squares, etc.	KS	
		Fees on hunting and fishing	C	P
		Other taxes and fees (1)	KS	
		Advertising tax (1)	KS	
d5	Current taxes on income, wealth, etc.			
d51	Taxes on income			
d51a	Taxes on individual or household income			
		Personal income tax	SPLIT_1	
d51b	Taxes on the income or profits of corporations			
		Corporate income tax	KIC	
d59	Other current taxes			
d59f	Other current taxes n.e.c.			
		Motor vehicle tax	C	T
		Boat tax	C	T
		Stock-raising tax	C	
		Other taxes and fees (1)		
d611	Actual social contributions			
d6111	Employers' actual social contributions			
d61111	Compulsory employers' actual social contributions		Leyrs	
		Pension insurance (20%)		
		Health insurance (13%)		
		Allotment to retirement planning (4%) (minus)		
		Compulsory employers actual social contributions (employer's unemployment insurance payment)		
d6112	Employees' social contributions			
d61121	Compulsory employees' social contributions		Lees	

FINLAND

ESA95 code	ESA95 text	Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports			
d21	Taxes on products			
d211	Value added type taxes (VAT)			
		VAT	C	
		VAT / Turnover tax	C	
d2121	Import duties			
		Custom duties, levies on agricultural goods	C	
		Customs duties	C	
		Other taxes	C	
		Repayments	C	
d214	Taxes on products, except VAT and import taxes			
d214a	Excise duties and consumption taxes			
		Excise duty on alcoholic beverages	C	
		Excise duty on confectionery	C	
		Excise duty on liquid fuels	C	E
		Excise duty on motor cars	C	T
		Excise duty on non-alcoholic beverages	C	
		Excise duty on tobacco	C	
		Excise on certain beverage packages	C	
		Oil damage levy	C	P
		Oil waste levy	C	P
		Penalties for late payments of taxes	C	
		Pharmacy levy	C	
		Other taxes	C	
		Repayments	C	
		Stock-building levies on liquid fuels	C	E
		Sugar levy	C	
d214B	Stamp taxes			
		Stamp duties	KS	
d214C	Taxes on financial and capital transactions			
		Transfer tax	KS	
d214F	Taxes on lotteries, gambling and betting			
		Central governments share of Oy Veikkaus Ab's and money-lotteries' profit	C	
		Revenue from RAY (The Finnish Slot Machine Association)	C	
		Tax on lottery prizes	C	
		Other taxes	C	
d214G	Taxes on insurance premiums			
		Tax on fire insurance	C	
		Tax on insurance premiums	C	
d214H	Other taxes on specific services			
		Rail tax	C	
		Telecommunication tax	C	
d214L	Other taxes on products n.e.c.			
		Other taxes	KS	
d29	Other taxes on production			
d29B	Taxes on the use of fixed assets			
		Penalties for late payments of taxes	KS	
		Tax on motor vehicles paid by enterprises	KS	T
		User charge on passenger vehicles paid by enterprises	KS	T
d29C	Total wage bill and payroll taxes			
		Seamen's welfare and rescue levy	Leyrs	
d29F	Taxes on pollution			
		Tax on waste	C	P
d29H	Other taxes on production n.e.c.			
		Nuclear energy research levy	C	
d51	Taxes on income			
d51A	Taxes on individual or household income			
		Duty on interests	SPLIT_1	
		Income tax of households	SPLIT_1	
		Municipal tax of households	SPLIT_1	
d51B	Taxes on the income or profits of corporations			
		Church tax of corporations	KIC	

	<i>Income tax of corporations</i>	KIC	
	<i>Municipal corporation tax</i>	KIC	
d51E	Other taxes on income n.e.c.		
	<i>Penalties for late payments of taxes</i>	KIH	
d59	Other current taxes		
d59a	Current taxes on capital		
	<i>Tax on real-estate</i>	KS	
	<i>Wealth tax</i>	KS	
d59D	Payments by households for licences		
	<i>Hunting and fishing licenses</i>	C	
	<i>Penalties for late payments of taxes</i>	C	
	<i>Tax on dogs</i>	C	
	<i>Tax on motor vehicles paid by households</i>	C	T
	<i>User charge on passenger vehicles paid by households</i>	C	T
d91	Capital taxes		
d91a	Taxes on capital transfers		
	<i>Inheritance and gift tax</i>	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions	Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions	Lees	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons	SPLIT_2	



FRANCE

ESA95 code	ESA95 text	Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports			
d21	Taxes on products			
d211	Value added type taxes (VAT)			
		<i>TVA Reçue par le BG</i>	C	
		<i>TVA Reçue par le S2</i>	C	
d212	Taxes and duties on imports excluding VAT			
d2121	Import duties			
		<i>Amendes et confiscations</i>	C	
		<i>Recettes non fiscales (tableau 500) et calage ACCT</i>	C	
		<i>Octroi de mer</i>	C	
		<i>Droits d'importation</i>	C	
d2122	Taxes on imports excluding VAT and import duties			
d2122b	Monetary compensatory amounts on imports			
		<i>Prélèvements et taxes compensatoires à l'importation</i>	C	
d2122c	Excise duties			
		<i>Partie ligne 301. Taxe de protection sanitaire marché des viandes</i>	C	
		<i>Recettes diverses des receveurs des douanes</i>	C	
d214	Taxes on products, except VAT and import taxes			
d214a	Excise duties and consumption taxes			
		<i>902.12 - Fonds de soutien aux hydrocarbures - redevances</i>	C	E
		<i>ACOSS - Taxe sur les alcools</i>	C	
		<i>AEME - Produits des taxes</i>	C	
		<i>AEME - Produits des taxes sur huiles, air et déchets</i>	C	P
		<i>Autres taxes intérieures</i>	C	
		<i>BAPSA - Tabacs</i>	C	
		<i>Corrections pour droits et obligations</i>	C	
		<i>TOTAL CEE</i>	C	
		<i>Droits de consommation sur alcools (Corse)</i>	C	
		<i>Droits de consommation sur les alcools</i>	C	
		<i>Droits de consommation sur les tabacs et taxe sur les allumettes et les briquets</i>	C	
		<i>FIOM - Taxe sur les produits de la pêche (OFIMER)</i>	C	P
		<i>FOREC - Correction décalage 1999 - 2000</i>	C	
		<i>FOREC - Fonds d'allègement de charges (alcools)</i>	C	
		<i>FOREC - Fonds d'allègement de charges (tabacs)</i>	C	
		<i>Octroi de mer</i>	C	P
		<i>Prélèvement sur droit de fabrication des alcools</i>	C	
		<i>Produit taxe sur consommations d'eau</i>	C	P
		<i>redevance/conso. d'eau</i>	C	
		<i>Régime maladie - Droits sur les boissons</i>	C	
		<i>SNCF - Taxe additionnelle assurance automobile</i>	C	
		<i>Tabacs (Corse)</i>	C	
		<i>Taxe fiscale affectée</i>	C	
		<i>Taxe générale sur les activités polluantes détail (autres lignes)</i>	C	P
		<i>Taxe intérieure sur les produits pétroliers</i>	C	E
		<i>Taxe pour le fonds du service public de production d'électricité</i>	C	E
		<i>Taxe sanitaire</i>	C	
		<i>Taxe sur les achats de viande</i>	C	
		<i>Taxe sur les carburants</i>	C	E
		<i>Taxe sur les corps gras alimentaires</i>	C	
		<i>Taxe sur les eaux minérales</i>	C	
		<i>Taxe sur les farines</i>	C	
		<i>Taxe sur les rhums</i>	C	
		<i>Taxes sur les tabacs (Réunion)</i>	C	
		<i>TIPP - Contrepartie RMI</i>	C	E
		<i>Taxes BAPSA Agriculture</i>	C	
		<i>Taxes ANDA (Association nationale de développement agricole) agriculture (A01)</i>	C	
		<i>Taxes ANDA (Association nationale de développement agricole) agriculture (A02)</i>	C	
		<i>Taxe sur les transactions céréalières (FASC)</i>	C	
		<i>Taxe au profit de l'IFP (institut français du pétrole)</i>	C	E

	ANDA (association nationale de développement agricole)- Taxe sur les vins	C	
	CRPCEN (Caisse de retraite des notaires et clercs) - Participation des compagnies d'assurance	C	
	Redevances des CANSSM (Caisse autonome nationale de sécurité sociale dans les mines)	C	P
	CNAM (Caisse nationale d'assurance maladie) - Contribution des entreprises préparant des médicaments	C	
	CNAM (Caisse nationale d'assurance maladie) - Taxe sur les tabacs	C	
	CNAM (Caisse nationale d'assurance maladie) -Taxe sur les alcools	C	
	CANSSM (Caisse autonome nationale de sécurité sociale dans les mines) - Redevances hydrocarbures	C	E
	CANSSM (Caisse autonome nationale de sécurité sociale dans les mines) -Taxe additionnelle assurance automobile	C	T
	MSA (Mutualité sociale agricole) - Taxe additionnelle assurance auto	C	T
	IFREMER (Institut français de recherche et d'exploitation de la mer) - Taxes sur les étiquettes de salubrité	C	
	Fonds de solidarité vieillesse - Droits sur les boissons	C	
	Centre national pour l'aménagement des structures des exploitations agricoles) - Recettes du service public de l'équarissage	C	
	FCAATA (Fonds de cessation anticipé d'activité des travailleurs de l'amiante) - Droits sur les tabacs	C	
	CANAM (Caisse nationale d'assurance maladie des professions indépendantes) - Taxes versées par les laboratoires non conventionnés	C	
	CANAM (Caisse nationale d'assurance maladie des professions indépendantes) - Contribution des grossistes répartiteurs	C	
	Taxes boissons perçues par le FFIPSA (Fonds de financement des prestations sociales agricoles)	C	
	NSAL (régime des non-salariés agricoles) - Taxe sur les alcools	C	
	CMU - Taxe sur les alcools	C	
	FFIPSA - Tabacs	C	
d214c	Taxes on financial and capital transactions		
	Impôt sur les opérations traitées dans les bourses de valeurs	KS	
	Taxe sur la valeur ajoutée (TVA sur terrains)	KS	
	Droits d'enregistrement (taxe addi.)	KS	
d214e	Taxes on entertainment		
	902.10 - Industrie cinématographique - Taxe additionnelle au prix des places	C	
	902.10 - Industrie cinématographique - Taxes et prélèvement (L. 10)	C	
	902.10 - Industrie cinématographique - Taxes sur les vidéogrammes	C	
	902.10 - Industrie cinématographique - Prélèvement spécial sur les bénéfices	C	
	Taxe sur les spectacles	C	
	Taxe sur les jeux et spectacles	C	
	Taxe sur les ski de fond	C	
d214f	Taxes on lotteries, gambling and betting		
	Produits de la loterie nationale et du loto	C	
	Prélèvement sur produits des jeux dans les casinos	C	
	Prélèvement sur PMU et sociétés de courses	C	
	902.17 - Fonds national pour le développement du sport - Prélèvement sur le pari mutuel	C	
	902.17 - Fonds national pour le développement du sport - Produit du prélèvement sur les jeux de loterie	C	
	902.19 - Fonds national des haras et des activités hippiques - Produit du prélèv. élevage / les sommes engagées / hippodromes	C	
	902.19 - Fonds national des haras et des activités hippiques - Produit du prélèvement élevage / sommes engagées au PMU	C	
	902.20 - Fonds national pour le développement de la vie associative	C	
d214g	Taxes on insurance premiums		
	Cotisations sur primes d'assurances	C	
	FGAC - Contribution des assurances	C	
	CMU - Taxe sur les mutuelles	C	
	FGTI fonds de garantie des victimes des actes terroristes et d'autres infractions) - Contributions	C	
	FCRAC - contribution additionnelle	C	
	FNGCA (Fonds national de garantie contre les calamités agricoles) - Contribution additionnelle aux contrats d'assurance	C	
	CANSSM (Caisse autonome nationale de sécurité sociale dans les mines) -Taxe additionnelle assurance automobile	C	
	FCATA (Fonds commun des accidents du travail agricole) - Contribution des exploitants agricoles	C	
	ENIM (établissement national des invalides de la marine) - Participation des compagnies d'assurance	C	
	CRPCEN (Caisse de retraite des notaires et clercs) - Participation des compagnies d'assurance	C	



	<i>CNMSS (Caisse nationale militaire de sécurité sociale) - Participation des compagnies d'assurance</i>	C	
	<i>SNCF - Taxe additionnelle assurance automobile</i>	C	T
	<i>BdF - Taxe additionnelle assurance automobile</i>	C	T
	<i>CNAM (Caisse nationale d'assurance maladie) - Taxe additionnelle assurance automobile</i>	C	T
	<i>FOREC - Cotisations primes assurance auto</i>	C	T
	<i>MSA (Mutualité sociale agricole) - Taxe additionnelle assurance auto</i>	C	T
	<i>CANAM (Caisse nationale d'assurance maladie des professions indépendantes) - Taxe additionnelle assurance automobile</i>	C	T
	<i>Taxe sur primes d'assurance auto</i>	C	T
	<i>FCATA (Fonds commun des accidents du travail agricole) - Contribution des compagnies d'assurance</i>	C	
	<i>Taxe spéciale sur les conventions d'assurance</i>	C	
	<i>FGAC (Fonds de Garantie Contre les Accidents)</i>	C	
d214h	Other taxes on specific services		
	<i>Baux</i>	KS	
	<i>Contribution représentative du droit de bail(IR)</i>	KS	
	<i>Contribution représentative du droit de bail(IS)</i>	KS	
	<i>part taxe aviation civile affectée au Fonds d'Intervention pour les aéroports (10%)</i>	C	T
	<i>Conventions et actes civils entre sociétés</i>	KS	
	<i>Droits fixes</i>	C	
	<i>Fonds de commerce</i>	C	
	<i>Fonds pour la modernisation de la presse</i>	C	
	<i>Fonds pour le logement des personnes en difficultés</i>	C	
	<i>Immeubles et droits immobiliers</i>	C	
	<i>Impôt sur énergie électrique</i>	C	E
	<i>Meubles corporels</i>	C	
	<i>Meubles: créances, ventes, prix et office</i>	C	
	<i>Partages</i>	C	
	<i>Participation pour dépassement COS</i>	C	
	<i>Participation pour non réalisation de stationnement</i>	C	
	<i>Pénalités</i>	C	
	<i>Pollution domestiques contre valeur - 757.3</i>	C	P
	<i>Prod. de la taxe /titulaires d'ouvrages hydroelectriques concédés</i>	C	E
	<i>Produit de la taxe de péréquation des transports aériens</i>	C	T
	<i>Produit de la taxe sur certaines dépenses publicitaires</i>	C	
	<i>Produit de la taxe sur les concessionnaires d'autoroutes</i>	C	T
	<i>Produit de la taxe sur les titulaires d'ouvrages hydroelectriques concedes</i>	C	E
	<i>Recettes diverses du fonds de soutien à l'expression radiophonique orale</i>	C	
	<i>redevance départementale sur les espaces verts</i>	C	
	<i>Redevances prélèvements distri. eau et collec. - 757.12</i>	C	P
	<i>Redevances prélèvements irrigants - 757.13</i>	C	
	<i>Taxe additionnelle au droit de bail</i>	KS	
	<i>Taxe conseil d'architecture et d'urbanisme</i>	C	
	<i>Taxe de l'aviation civile</i>	C	T
	<i>Taxe de publicité foncière</i>	C	
	<i>Taxe de sécurité et sureté</i>	C	
	<i>Taxe de séjour</i>	C	
	<i>Taxe locale d'équipement</i>	C	
	<i>Taxe remontées mécaniques</i>	C	
	<i>Taxe spéciale sur conventions d'assurance</i>	C	
	<i>Taxe spéciale sur la publicité télévisée</i>	C	
	<i>Taxe sur énergie hydraulique</i>	C	E
	<i>Taxe sur enseignes et affiches</i>	C	
	<i>Taxe sur les emplacements publicitaires</i>	C	
	<i>Taxe sur les transports (CORSE)</i>	C	T
	<i>Taxes sur syndicats énergie</i>	C	E
	<i>Versement pour dépassement PLD</i>	C	
	<i>CNBA (chambre nationale de la batellerie artisanale)- Taxe sur utilisation des voies navigables</i>	C	T
	<i>Redevance prélèvement industriels - 757.11 AFB (Agences françaises de bassin) (agences financières de bassin)</i>	C	
	<i>Taxe spéciale d'équipement (IDF (Ile-de-France)+EPML (établissement public de la métropole Lorraine))</i>	C	
	<i>Taxe complémentaire à la TLE (Taxe locale d'équipement) (IDF (Ile-de-France))</i>	C	
	<i>Redevance droit de construction (EPAD (Etablissement public d'aménagement de la Défense))</i>	C	

	<i>Produit de la taxe sur la publicité diffusée par radios et télévisions</i>	C	
	<i>Taxe sur le conventions d'assurance (TCA) aux départements (LF 2005, Art 52 & 53)</i>	C	
d214i	General sales or turnover taxes		
	<i>Participation des grossistes répartiteurs</i>	C	
	<i>Participation grossistes répartiteurs</i>	C	
	<i>CNAM (Caisse nationale d'assurance maladie) - Contribution des grossistes répartiteurs</i>	C	
d214l	Other taxes on products n.e.c.		
	<i>Amendes, confiscations et droits sur acquis non rentrés</i>	C	
	<i>Autres droits et recettes à différents titres</i>	C	
	<i>Autres taxes</i>	C	
	<i>Droits de consommation sur les alcools</i>	C	
	<i>Edition</i>	C	
	<i>Garantie des matières d'or et d'argent</i>	C	
	<i>Recettes diverses</i>	C	
	<i>Recettes diverses et pénalités</i>	C	
	<i>Recettes fiscales diverses</i>	C	
	<i>Reproduction</i>	C	
	<i>Taxe forfaitaire sur les métaux précieux, les bijoux, les objets d'art et d'antiquité</i>	C	
	<i>Taxe générale sur les activités polluantes détail (autres lignes)</i>	C	P
	<i>Taxes Funéraires</i>	C	
	<i>FACE (fonds d'amortissement des charges d'électrification rurale)- Contribution des distributeurs</i>	C	
	<i>CNBF (Caisse nationale des barreaux français) - Droits de plaidoirie</i>	C	
	<i>Droits de circulation sur les vins, poires et hydromels</i>	C	
	<i>Droits sur les bières et les boissons non alcoolisées</i>	C	
d29	Other taxes on production		
d29a	Taxes on land, buildings and other structures		
	<i>Taxe en application de la loi du 9/4/53</i>	KS	T
	<i>Taxe sur utilisation des voies navigables</i>	KS	
	<i>Chambre agriculture (partie)</i>	KS	
	<i>Contribution logements sociaux</i>	KS	
	<i>Cotisation de péréquation</i>	KS	
	<i>Cotisation minim. taxes profession.</i>	KS	
	<i>Foncier non bâti (partie)</i>	KS	
	<i>Produit de l'imposition chambre de commerce</i>	KS	
	<i>Reversement à l'Eiat de la TACA</i>	KS	
	<i>Taxe / grandes surfaces ORGANIC</i>	KS	
	<i>Taxe additionnelle sur le foncier non bâti</i>	KS	
	<i>Taxe chambre des métiers</i>	KS	
	<i>Taxe locaux communs résidentiels</i>	KS	
	<i>Taxe sur les locaux à usage de bureaux</i>	KS	
	<i>Taxes foncière et Taxe professionnelle La poste et France Telecom</i>	KS	
	<i>Taxe professionnelle (entr. non agricoles)</i>	KS	
	<i>Foncier bâti</i>	KS	
	<i>Fds pour amén. IDF (Ile-de-France) = prod de la taxe sur les bureaux</i>	KS	
	<i>Taxe sur la création de bureaux en IDF (Ile-de-France)</i>	KS	
	<i>Taxe à l'exploitation ANDA (Association nationale de développement agricole)</i>	KS	
	<i>Taxe ADAR (Association de développement agricole et rural)</i>	KS	
d29b	Taxes on the use of fixed assets		
	<i>Contrats de transports</i>	KS	T
	<i>Fonds national des abattoirs</i>	KS	P
	<i>FOREC - Taxe sur les véhicules de tourisme des sociétés</i>	KS	T
	<i>Lancement matériel aérien ou d'armement</i>	KS	T
	<i>Matériel aérien</i>	KS	T
	<i>Taxe d'usage de l'abattoir</i>	KS	P
	<i>Taxe spéciale sur véhicules routiers (t. à l'essieu)</i>	KS	T
	<i>Taxe sur les cartes grises</i>	KS	T
	<i>Taxe sur les véhicules à moteur payées par les prod.</i>	KS	T
	<i>Taxe sur les véhicules de tourisme des sociétés</i>	KS	T
d29c	Total wage bill and payroll taxes		
	<i>Contribution UESL</i>	Leyrs	
	<i>Participation des employ. à l'effort de construc.</i>	Leyrs	
	<i>Participation employeurs à la construction</i>	Leyrs	
	<i>Prod.de la construc. des organismes collect.</i>	Leyrs	
	<i>Reversement BG diverses ressources</i>	Leyrs	
	<i>Taxe apprentissage FNIC payé par S11/S14A(A/C de 1997 nouvelle appellation FNCTA)</i>	Leyrs	



	Versements entreprises industrielles FNE	Leyrs	
	Taxe au profit du FNAL (fonds national d'aide au logement)	Leyrs	
	Taxe au profit de l'OMI (office des migrations internationales)	Leyrs	
	Taxe au profit de l'AGS (association sur la garantie des salaires)	Leyrs	
	CNSA (Caisse Nationale de solidarité pour l'autonomie)- Jour férié supprimé	Leyrs	
	Versement transports	Leyrs	T
	AGCC Agence centrale pour la Gestion des Conventions de Conversions	Leyrs	
	Cotisation de prévoyance	Leyrs	
	Versement transports	Leyrs	T
	Impôts sur les sociétés	Leyrs	
	Impôts divers sur rôle	Leyrs	
	Taxe sur les salaires	Leyrs	
	Taxe d'apprentissage	Leyrs	
	Taxe particip. employeurs / FP continue	Leyrs	
	Taxe sur les contributions patronales au financement de la prévoyance complémentaire	Leyrs	
	Fonds de solidarité vieillesse - Contribution préretraites	Leyrs	
	Fonds National de Développement de l'Apprentissage (FNDMA)	Leyrs	
	Contribution FCAATA (Fonds de cessation anticipée d'activité des travailleurs de l'amiante)	Leyrs	
d29e	Business and professional licences		
	Excédent t. spéc. débits boissons	KS	
	Licence des débits de boisson	KS	
	Taxe au profit de l'INPI (institut national de la propriété intellectuelle)	KS	
	Taxe spéciale sur débits de boissons	KS	
d29f	Taxes on pollution		
	FOREC - Taxe sur les activités polluantes	C	P
	Taxe générale sur les activités polluantes	C	P
	Taxe sur les activités polluantes	C	P
	Taxe au profit des services communaux	C	P
	Taxe au profit des services départementaux	C	P
	TGAP taxe générale sur les activités polluantes (partie)	C	P
	AFB (Agences françaises de bassin) Crues(757.14) Taxe d'assainissement	C	P
	AFB (Agences françaises de bassin) (757.2) Redevances pollution industriels	C	P
	AFB (Agences françaises de bassin) (657.52) Reduction redevance exercicé antérieur	C	P
	AFB (Agences françaises de bassin) (657.223) Primes pour épuration industries	C	P
	AFB (Agences françaises de bassin) redevances d'intérêt loc. (757.19)	C	P
	AFB (757.14) taxe d'assainissement	C	P
	Taxe perçue au profit de l'ADEME (Agence de l'environnement et de la maîtrise de l'énergie)	C	P
d29g	Under-compensation of VAT (flat rate system)		
	Sous-compensation TVA/CI agriculture	C	
	Sous-compensation TVA/FBCF agriculture	C	
d29h	Other taxes on production n.e.c.		
	Association pour le soutien des théâtres privés	KS	
	Autres droits et recettes accessoires	KS	
	Autres lignes (899) - TGAP	KS	
	Autres ODAC divers. Org. culturels	KS	
	autres taxes indirectes	KS	
	C3SETAT- Contribution sociale de solidarité des sociétés	KS	
	Contri. des états publics pour appel au con. fin. de l'Etat	KS	
	Contribution des institutions financières	KS	
	Divers	KS	
	Fond forestier National	KS	
	Mutilés - handicapés	KS	
	Pénalités et amendes	KS	
	Recettes diverses et pénalités	KS	
	Recettes fiscales diverses	KS	
	Reversement BG diverses ressources	KS	
	Services extérieurs du trésor	KS	
	Surtaxes locales temporaires	KS	
	TVA sur subventions APUL	KS	
	TVA sur subventions GEN	KS	
	TVA sur subventions ODAC	KS	
	TVA sur subventions STIF (APUL)	KS	

	Versement ONF au BG	KS	
	Taxe au profit du CNC (centre national de la cinématographie)	KS	
	industrie	KS	
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
d51a	Taxes on individual or household income		
	1 % vieillesse	SPLIT_1	
	2%social - CNAF	SPLIT_1	
	CADES : ex ant : recettes RDS (reclas. D59)	Lees/KIH	
	CADES : RDS Frais de recouvrement (frais d'assiette)	Lees/KIH	
	CADES : RDS sur patrimoine	Lees/KIH	
	CADES : RDS sur produits de placements	Lees/KIH	
	CADES : RDS/gains aux jeux (recl.D59)	Lees/KIH	
	CADES : RDS/salaires et traitements (recl.D291)	Lees/KIH	
	CADES : RDS/var créances en cours	Lees/KIH	
	CADES : RDS/ventes de bijoux et métaux précieux(recl.D59)	Lees/KIH	
	CSG ACOSS	Lees/KIH	
	CSG régimes de non-salariés	Lees/KIH	
	CSG régimes particuliers de salariés	Lees/KIH	
	Fond APA (0,1 point de CSG)	Lees/KIH	
	Fonds de solidarité contribution des fonctionnaires	SPLIT_1	
	Impôt sur le revenu	SPLIT_1	
	Prélèvement sur bons anonymes	SPLIT_1	
	PRCM (prélèvements sur capitaux mobiliers) payé par ménages	SPLIT_1	
	Avoir fiscal utilisé	SPLIT_1	
	CNSA (Caisse Nationale de solidarité pour l'autonomie)- Jour férié supprimé	SPLIT_1	
	1% CNAF (Caisse nationale d'allocations familiales)	SPLIT_1	
	CSG Fonds de solidarité vieillesse	Lees/KIH	
	CSG CNAM (Caisse nationale d'assurance maladie)	Lees/KIH	
	2% FRR (Fonds de réserve des retraites)	KIH	
	2% CNAM (Caisse nationale d'assurance maladie)	SPLIT_1	
	2% Fonds de solidarité vieillesse	SPLIT_1	
	CSG CNAF (Caisse nationale d'allocations familiales)	Lees/KIH	
	2%social - CNAF (Caisse nationale d'assurance vieillesse)	SPLIT_1	
	Caisse nationale de solidarité pour l'autonomie CNSA (0,1 point de CSG)	Lees/KIH	
d51b	Taxes on the income or profits of corporations		
	Charbonnages de France	KIC	E
	Contribution sociale sur les bénéfices des sociétés (CSB)	KIC	
	Contribution des laboratoires	KIC	
	Contribution sociale sur les bénéfices des sociétés	KIC	
	Frais de poursuite	KIC	
	Impôt forfaitaire annuel	KIC	
	Impôts sur les sociétés	KIC	
	Impôts sur les sociétés	KIC	
	Majoration de 10%	KIC	
	Précompte sur bénéfices distribués (prélèvement exceptionnel de 25% en 2005)	KIC	
	Prélèvement entreprises assurances	KIC	
	Prélèvement sur les bénéfices de la construction immobilière	KIC	
	Prélèvements sur excédent des entreprises pétrolières	KIC	E
	Retenue sur les bénéfices non commerciaux	KIC	
	PRCM (prélèvements sur capitaux mobiliers)	KIC	
	Avoir fiscal utilisé	KIC	
	Avoir fiscal distribué	KIC	
	Cotisation de prévoyance	KIC	
	Contribution de la CDC (Caisse des dépôts et consignations) à l'impôt sur les sociétés	KIC	
	Contribution de solidarité PAM conventionnés (CANAM (Caisse nationale d'assurance maladie des professions indépendantes))	KIC	
d51e	Other taxes on income n.e.c.		
	Recettes diverses	C	
	Ressources cumul des rémunérations	C	
d59	Other current taxes		
d59a	Current taxes on capital		
	Chambre d'agriculture (partie)	KS	
	Impôt de solidarité sur la fortune	KS	
	Taxe additionnelle sur le foncier non bâti	KS	
	Taxe d'habitation		



	- <i>SPLIT</i> to C: 0.5	C	
	- <i>SPLIT</i> to KS: 0.5	KS	
	<i>Taxe sur le foncier non bâti (partie)</i>	KS	
	<i>Taxe sur les logements vacants</i>	KS	
	<i>Versements sur recettes</i>	KS	
d59d	Payments by households for licences		
	<i>Cartes grises (partie)</i>	C	T
	<i>Taxe sur véhicules (partie)</i>	C	T
d59f	Other current taxes n.e.c.		
	<i>Autres impôts directs</i>	C	
	<i>Recettes d'impôts et de taxes</i>	C	
	<i>Recettes diverses</i>	C	
	<i>Recettes diverses pénalités</i>	C	
	<i>Recettes fiscales diverses</i>	C	
	<i>Vers. taxes paraf. et taxes div. versées par org. collec.</i>	C	
d91	Capital taxes		
d91a	Taxes on capital transfers		
	<i>entre vifs (donations)</i>	KS	
	<i>par décès (successions)</i>	KS	
d91b	Capital levies		
	<i>Prélèvement exceptionnel sur les entreprises d'assurances</i>	KS	
	<i>Versement exceptionnel Unigrains</i>	KS	
d91c	Other capital taxes n.e.c.		
	<i>Recettes diverses et pénalités</i>	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions	Leyrs	
d6112	Employees' social contributions	Lees	
d6113	Social contributions by self- and non-employed persons	SPLIT_2	

GERMANY

ESA95 code	ESA95 text	Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports			
d21	Taxes on products			
d211	Value added type taxes (VAT)			
		<i>Value added type taxes (Mehrwertsteuern)</i>	C	
d212	Taxes and duties on imports excluding VAT			
d2121	Import duties			
		<i>Customs duties (Zölle)</i>	C	
d2122	Taxes on imports excluding VAT and import duties			
d2122a	Levies on imported agricultural products			
		<i>Customs on agricultural products (Abschöpfungs-u. Währungsausgleichsbeträge)</i>	C	
d2122c	Excise duties			
		<i>Import duties (Importsteuern)</i>	C	
d214	Taxes on products, except VAT and import taxes			
d214a	Excise duties and consumption taxes		C	
		<i>Duties on electricity (Stromsteuer)</i>		E
		<i>Duties on mineral oil (Mineralölsteuer)</i>		E
		<i>Duties on tobacco (Tabaksteuer)</i>		
		<i>Duties on wine (Branntweinabgaben)</i>		
		<i>Duties on coffee (Kaffeesteuer)</i>		
		<i>Duties on sparkling wines (Schaumweinsteuer)</i>		
		<i>Duties on beer (Biersteuer)</i>		
		<i>Other excise duties (sonstige Verbrauchsteuern)</i>		
		<i>Less import taxes (abzüglich Importsteuern)</i>		
d214b	Stamp taxes			
		<i>Real estate transfer tax (Grunderwerbsteuer)</i>	KS	
d214c	Taxes on financial and capital transactions			
		<i>Capital duty (Gesellschaftsteuer)</i>	KS	
		<i>Stock exchange turnover tax (Börsenumsatzsteuer)</i>	KS	
d214f	Taxes on lotteries, gambling and betting			
		<i>Betting and gambling tax (Rennwett-Lotteriesteuer)</i>	C	
d214g	Taxes on insurance premiums			
		<i>Insurance tax (Versicherungsteuer)</i>	C	
		<i>Fire insurance tax (Feuerschutzsteuer)</i>	C	
d214l	Other taxes on products n.e.c.			
		<i>Coal tax (Kohlepfennig)</i>	C	E
		<i>Community taxes (übrige Gemeindesteuern)</i>	KS	
		<i>Sugar levy (Produktionsabgaben für Zucker)</i>	C	
		<i>Tax to support sales of products in the field of fishing and agriculture (Absatzfondsgesetz)</i>	KS	
		<i>Tax on overproduction of milk and corn paid by Farmers (Milch-u. Getreidemitverantwortungsabgaben)</i>	KS	
d29	Other taxes on production			
d29a	Taxes on land, buildings and other structures			
		<i>Tax on real estate (Grundsteuer A und B)</i>	KS	
d29b	Taxes on the use of fixed assets			
		<i>Tax on motor vehicles paid by enterprises (KFZ-Steuer von Unternehmen)</i>	KS	T
d29e	Business and professional licences			
		<i>Administrative charges for enterprises (Verwaltungsgebühren von Unternehmen)</i>	KS	
d29g	Under-compensation of VAT (flat rate system)			
		<i>Undercompensation VAT (Unterkompensation Umsatzsteuer)</i>	C	
d29h	Other taxes on production n.e.c.			
		<i>Quasi tax receipts (steuerähnliche Einnahmen)</i>	KS	
		<i>Other taxes on production (übrige Produktionsabgaben)</i>	KS	
		<i>Tax on industry and trade (Gewerbesteuer)</i>	KIC	
d5	Current taxes on income, wealth, etc.			
d51	Taxes on income			
d51a	Taxes on individual or household income			
		<i>Wage tax (Lohnsteuer)</i>	SPLIT_1	
		<i>Assessed income tax (Veranlagte Einkommensteuer)</i>	SPLIT_1	
		<i>Other income tax, incl. capital yields tax and interest income deduction for households (Kapitalertragsteuer und Zinabschlag)</i>	SPLIT_1	
d51b	Taxes on the income or profits of corporations			
		<i>Corporation tax (Körperschaftsteuer)</i>	KIC	

	<i>Other income tax, incl. capital yields tax and interest income deduction for corporations (Kapitalertragsteuer und Zinsabschlag)</i>	KIC	
d51e	Other taxes on income n.e.c.		
	<i>Income taxes from rest of the world (Einkommensteuer von der übrigen Welt)</i>	KIH	
d59	Other current taxes		
d59a	Current taxes on capital		
	<i>Wealth tax for private households (Vermögensteuer von privaten Haushalten)</i>	KS	
	<i>Wealth tax for corporations (Vermögensteuer von Kapitalgesellschaften)</i>	KS	
d59d	Payments by households for licences		
	<i>Tax on Motor Vehicles for private Households (KFZ-Steuern von privaten Haushalten)</i>	C	T
	<i>Taxes on dogs (Hundesteuer)</i>	C	
	<i>Hunting and Fishing tax (Jagd- und Fischereisteuer)</i>	C	
d59f	Other current taxes n.e.c.		
	<i>Other community taxes (sonstige Gemeindesteuern der Stadtstaaten)</i>	C	
	<i>Administrative charges for private households (Verwaltungsgebühren von privaten Haushalten)</i>	C	
d91	Capital taxes		
d91a	Taxes on capital transfers		
	<i>Succession and gift tax (Erbchaftsteuer)</i>	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions	Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions	Lees	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons	SPLIT_2	



GREECE

ESA95 code	ESA95 text	Name of the tax	Economic function	Environmental tax
d2		Taxes on production and imports		
d21		Taxes on products		
d211		Value added type taxes (VAT)	C	
d212		Taxes and duties on imports excluding VAT		
d2121		Import duties	C	
d2122		Taxes on imports excluding VAT and import duties		
d2122a		Levies on imported agricultural products	C	
d2122b		Monetary compensatory amounts on imports	C	
d2122c		Excise duties	C	
d2122d		General sales taxes	C	
d214		Taxes on products, except VAT and import taxes		
d214a		Excise duties and consumption taxes		
		<i>Excise duties on cars</i>	C	T
		<i>Excise duties on oil products (benzine, petroleum etc.)</i>	C	E
		<i>Excise duties on tobacco products</i>	C	
		<i>Taxes on beer</i>	C	
		<i>Taxes on alcoholic drinks</i>	C	
		<i>Taxes on other products</i>	C	
d214b		Stamp taxes		
		<i>Stamp taxes on products</i>	C	
		<i>Stamp taxes on legal documents</i>	KS	
d214c		Taxes on financial and capital transactions		
		<i>Taxes on the sale of non-financial assets</i>	KS	
		<i>Taxes on the sale of financial assets</i>	KS	
d214d		Car registration taxes	C	T
d214e		Taxes on entertainment		
		<i>Amusement taxes</i>	C	
d214f		Taxes on lotteries, gambling and betting		
		<i>Taxes on lotteries</i>	C	
		<i>Taxes on gambling and betting</i>	C	
		<i>Duty on casino</i>	C	
d214g		Taxes on insurance premiums		
		<i>Taxes on insurance premiums</i>	C	
d214h		Other taxes on specific services		
		<i>Taxes on advertising</i>	C	
		<i>Taxes on hotels, restaurants, etc</i>	C	
		<i>Taxes on the use of mobile phones</i>	C	
d214i		General sales or turnover taxes		
		<i>Wholesale sale taxes</i>	C	
		<i>Other general sales taxes</i>	C	
d214k		Export duties and monetary compensatory amounts on exports	C	
d214l		Other taxes on products n.e.c.	C	
d29		Other taxes on production		
d29a		Taxes on land, buildings and other structures		
		<i>Taxes on land, buildings or other structures</i>	KS	
d29b		Taxes on the use of fixed assets		
		<i>Taxes on the use of docks, streets, lighting</i>	KS	
d29e		Business and professional licences		
		<i>Professional licences</i>	KS	
		<i>Vehicle licences for businesses</i>	KS	T
		<i>Various</i>	KS	
		<i>Statistical adjustment</i>	KS	
d29h		Other taxes on production n.e.c.		
		<i>Taxes on capital accumulation</i>	KS	
		<i>Various</i>	KS	
d5		Current taxes on income, wealth, etc.		
d51		Taxes on income		
d51a		Taxes on individual or household income		
		<i>Taxes on income from rents</i>	SPLIT_1	
		<i>Income taxes on individuals</i>	SPLIT_1	
		<i>Taxes on interest, and other taxes on individuals</i>	SPLIT_1	
d51b		Taxes on the income or profits of corporations		
		<i>Income taxes on corporations</i>	KIC	
		<i>Taxes on ship owners</i>	KIC	

	<i>Various corporations taxes</i>	KIC	
d51d	Taxes on winnings from lottery or gambling	KIH	
d51e	Other taxes on income n.e.c.		
	<i>Tax penalties and fines</i>	KIH	
	<i>Various</i>	KIH	
d59	Other current taxes		
d59a	Current taxes on capital		
	<i>Taxes on household buildings</i>	KS	
d59d	Payments by households for licences		
	<i>Car registration licences</i>	C	T
	<i>Various</i>	C	
d59e	Taxes on international transactions		
d59f	Other current taxes n.e.c.		
	<i>Tax on buildings</i>	KS	
	<i>Various</i>	KS	
d91	Capital taxes		
d91a	Taxes on capital transfers	KS	
d91b	Capital levies	KS	
d91c	Other capital taxes n.e.c.	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions	Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions	Lees	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons	SPLIT_2	



HUNGARY

ESA95 code	ESA95 text	Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports			
d21	Taxes on products			
d211	Value added type taxes (VAT)			
		<i>Value Added Tax</i>	C	
d212	Taxes and duties on imports excluding VAT			
d2121	Import duties			
		<i>Customs Duties</i>	C	
d2122	Taxes on imports excluding VAT and import duties			
d2122a	Levies on imported agricultural products			
d2122b	Monetary compensatory amounts on imports			
d2122c	Excise duties			
d2122d	General sales taxes			
d2122e	Taxes on specific services			
d2122f	Profits of import monopolies			
d214	Taxes on products, except VAT and import taxes			
		<i>Simplified Corporation Tax</i>	C/Split1/KIC	
d214a	Excise duties and consumption taxes			
		<i>Coffee</i>	C	
		<i>Alcohol</i>	C	
		<i>Tobacco</i>	C	
		<i>Fuels</i>	C	E
		<i>Wine</i>	C	
		<i>Environmental Protection Fees On</i>		
		<i>Rubber Tyre</i>	C	P
		<i>Pack Material</i>	C	P
		<i>Refrigerators</i>	C	P
		<i>Discharged Batteries/Accumulator</i>	C	P
		<i>Oil/Lubricant</i>	C	P
		<i>Other</i>	C	P
		<i>Alcohol Production Duty</i>	C	
		<i>Fishing Development Contribution</i>	C	P
		<i>Nuclear Contribution</i>	C	E
		<i>Tax For Protection Of Wild Animals</i>	C	P
		<i>Innovation Tax</i>	C	
d214b	Stamp taxes			
		<i>Stamp Duties</i>	KS	
d214c	Taxes on financial and capital transactions		KS	
d214d	Car registration taxes			
		<i>Motor Vehicle Registration Duty</i>	C	T
d212/214	<i>Car Registration Taxes</i>		C	T
d214e	Taxes on entertainment			
		<i>Cultural Contribution</i>	C	
d214f	Taxes on lotteries, gambling and betting			
		<i>Gambling Tax</i>	C	
d214g	Taxes on insurance premiums		C	
d214h	Other taxes on specific services			
		<i>Forestry Fund Tax</i>	C	P
		<i>Contribution To Tourism</i>	C	
		<i>Breeding Contribution</i>	C	
		<i>Water Fund Tax</i>	C	P
d214i	General sales or turnover taxes		C	
		<i>Local Tax On Company Sales</i>		
d214j	Profits of fiscal monopolies		C	
d214k	Export duties and monetary compensatory amounts on exports			
d214l	Other taxes on products n.e.c.			
		<i>Energy Taxes</i>	C	
d29	Other taxes on production			
d29a	Taxes on land, buildings and other structures		KS	
d29b	Taxes on the use of fixed assets			
		<i>Duties On Conveyances. Inheritance And Gift</i>	KS	
d29c	Total wage bill and payroll taxes			
		<i>Rehabilitation Contribution</i>	Leyrs	
		<i>Training Levy</i>	Leyrs	

d29d	Taxes on international transactions		
d29e	Business and professional licences		
	<i>Licence Fees</i>	KS	
d29f	Taxes on pollution		
	<i>Communal Taxes On Enterprises</i>	Leyrs	P
	<i>Environmental Pollution/Charges/Tax</i>	Leyrs	P
d29h	Other taxes on production n.e.c.		
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
d51a	Taxes on individual or household income		
	<i>Personal Income Tax</i>	SPLIT_1	
d51b	Taxes on the income or profits of corporations		
	<i>Corporate Income Tax</i>	KIC	
d59	Other current taxes		
	<i>Tourism Tax</i>		
d59a	Current taxes on capital	KS	
	<i>Building Tax</i>		
d59b	Poll taxes		
d59c	Expenditure taxes		
d59d	Payments by households for licences	C	
	<i>Central gov. Taxes Conveyed To Local gov.</i>		
	<i>Tax On Domestically Registered Vehicles-Local</i>		T
	<i>Tax On Domestically Registered Vehicles-Central</i>		T
	<i>Tax On Foreign Registered Vehicles-Central</i>		T
d59e	Taxes on international transactions		
d59f	Other current taxes n.e.c.	KS	
d59	<i>Development Land Tax</i>		
d59	<i>Communal Tax On Households</i>		
	<i>Tax On Recreational Homes</i>		
d91	Capital taxes	KS	
d91a	Taxes on capital transfers		
d91b	Capital levies		
	<i>Land Protection Contribution</i>		P
d91c	Other capital taxes n.e.c.		
d611	Actual social contributions		
d6111	Employers' actual social contributions	Leyrs	
d61111	Compulsory employers' actual social contributions		
d6112	Employees' social contributions	Lees	
d61121	Compulsory employees' social contributions		
d6113	Social contributions by self- and non-employed persons	Split_2	
d61131	Compulsory social contributions by self- and non-employed persons		



IRELAND

ESA95 code	ESA95 text	Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports			
d21	Taxes on products			
d211	Value added type taxes (VAT)			
		<i>Value added tax</i>	C	
d212	Taxes and duties on imports excluding VAT			
d2121	Import duties			
		<i>Customs duties (protective)</i>	C	
d2122	Taxes on imports excluding VAT and import duties			
d2122a	Levies on imported agricultural products			
		<i>Levies on agricultural goods</i>	C	
d2122c	Excise duties			
		<i>Duty on mineral hydrocarbon light oil</i>	C	E
		<i>Duty on other sorts of oil</i>	C	E
		<i>Duty on tobacco</i>	C	
		<i>Duty on spirits</i>	C	
		<i>Duty on wine</i>	C	
		<i>Duty on beer</i>	C	
		<i>Duty on cider and perry</i>	C	
d214	Taxes on products, except VAT and import taxes			
d214a	Excise duties and consumption taxes			
		<i>Duty on mineral hydrocarbon light oil</i>	C	E
		<i>Duty on other sorts of oil</i>	C	E
		<i>Duty on tobacco</i>	C	
		<i>Duty on spirits</i>	C	
		<i>Duty on wine</i>	C	
		<i>Duty on beer</i>	C	
		<i>Duty on cider and perry</i>	C	
		<i>Duty on motor vehicle parts and access</i>	C	T
d214b	Stamp taxes			
		<i>Stamp duties</i>	KS	
		<i>Fee stamps</i>	KS	
d214c	Taxes on financial and capital transactions			
		<i>Bank levy</i>	KS	
d214d	Car registration taxes			
		<i>Motor vehicle duties paid by enterprises</i>	KS	T
d214e	Taxes on entertainment			
		<i>Entertainment licences</i>	C	
d214f	Taxes on lotteries, gambling and betting			
		<i>Sweepstake duties</i>	C	
		<i>Betting taxes</i>	C	
d214g	Taxes on insurance premiums			
		<i>Taxes on insurance policies</i>	C	
d214h	Other taxes on specific services			
		<i>Broadcasting licence fees</i>	KS	
d29	Other taxes on production			
d29a	Taxes on land, buildings and other structures			
		<i>Rates</i>	KS	
		<i>Residential property tax</i>	KS	
d29e	Business and professional licences			
		<i>Business and professional licences</i>	KS	
d29h	Other taxes on production n.e.c.			
		<i>Other taxes linked to production</i>	KS	
d5	Current taxes on income, wealth, etc.			
d51	Taxes on income			
d51a	Taxes on individual or household income			
		<i>Income tax</i>	Split_1	
		<i>Youth employment levy</i>	Split_1	
		<i>Income levy</i>	Split_1	
d51b	Taxes on the income or profits of corporations			
		<i>Corporation tax</i>	KIC	
d51c	Taxes on holding gains			
		<i>Capital gains tax</i>	KIH	
d51e	Other taxes on income n.e.c.			

	<i>Levies under sect. 93/94 finance act, 1986</i>	KIH	
	<i>Fees under petroleum and mineral development</i>	KIH	P
	<i>Estate</i>	KIH	
d59	Other current taxes		
d59d	Payments by households for licences		
	<i>Motor vehicle duties paid by households</i>	C	T
d59f	Other current taxes n.e.c.		
	<i>Vehicle & driving licensing expenses</i>	C	
d91	Capital taxes		
d91a	Taxes on capital transfers		
	<i>Capital acquisition tax</i>	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
	<i>Employers' actual social contributions</i>	Leyrs	
d61111	Compulsory employers' actual social contributions		
d6112	Employees' social contributions		
	<i>Employees' actual social contributions</i>	Lees	
d61121	Compulsory employees' social contributions		
d6113	Social contributions by self- and non-employed persons		
	<i>Social contributions self-employed</i>	Split_2	



ITALY

ESA95 code	ESA95 text	Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports			
d21	Taxes on products			
d211	Value added type taxes (VAT)			
		<i>VAT total to General government</i>	C	
		<i>VAT to Institutions of the EU</i>	C	
d212	Taxes and duties on imports excluding VAT			
d2121	Import duties			
		<i>Import duties to Institutions of the EU</i>	C	
d2122	Taxes on imports excluding VAT and import duties			
d2122c	Excise duties			
		<i>Excise duty on coffee</i>	C	
		<i>Excise duty on cocoa</i>	C	
		<i>Excise duty on bananas</i>	C	
		<i>Other taxes on imports</i>	C	
		<i>In-bond surcharge on mineral oils</i>	C	E
		<i>In-bond surcharge on liquefied petroleum gases and other surcharges of which environmental</i>	C	E
d214	Taxes on products, except VAT and import taxes			
d214a	Excise duties and consumption taxes			
		<i>Excise duty on mineral oils</i>	C	E
		<i>Excise duty on liquefied petroleum gases</i>	C	E
		<i>Excise duty on methane</i>	C	E
		<i>Excise duty on beer</i>	C	
		<i>Excise duty on sugars</i>	C	
		<i>Excise duty on electricity</i>	C	E
		<i>Surcharge on electricity duty charged to the Enel</i>	C	E
		<i>Excise duty on sound and video recording and playing equipment</i>	C	
		<i>Special duty on table waters</i>	C	
		<i>Surcharges accruing to National Rice Administration</i>	C	
		<i>Water consumption tax</i>	C	P
		<i>Excise duties to Institutions of the EU</i>	C	
d214b	Stamp taxes			
		<i>Excise duty on tobacco</i>	C	
		<i>Excise duty on spirits</i>	C	
		<i>Receipts from sale of denaturing agents and government seals</i>	C	
		<i>Stamp duties</i>	KS	
		<i>Registration tax</i>	KS	
		<i>Duty in lieu of registration and stamp duties (excl. Insurance tax)</i>	KS	
		<i>Mortgage taxes and land registry duties</i>	KS	
		<i>Surcharges accruing on cadastral acts</i>	KS	
d214d	Car registration taxes			
		<i>Car registration tax (Public motor vehicle register tax)</i>	C	T
d214e	Taxes on entertainment			
		<i>Entertainment tax</i>	C	
		<i>Casino takings, special duties, etc.</i>	C	
d214f	Taxes on lotteries, gambling and betting			
		<i>Tax on lotto, lotteries and betting</i>	C	
		<i>Single tax on games of skill and betting-levied indirectly on production</i>	C	
		<i>Tax on TOTIP (game and horse races bets)</i>	C	
		<i>Tax on Totocalcio game</i>	C	
d214g	Taxes on insurance premiums			
		<i>Provincial tax on motor vehicle insurances</i>	C	T
d214h	Other taxes on specific services			
		<i>Municipal tax on advertising</i>	KS	
		<i>Municipal tax on building licences</i>	KS	
		<i>Regional special tax on landfill dumping</i>	KS	P
d214j	Profits of fiscal monopolies			
		<i>Excise duty on products of Monopoli di Stato</i>	C	
d214l	Other taxes on products n.e.c.			
		<i>Special duties similar indirect tax on products</i>	C	
		<i>Municipal surcharges accruing on slaughters</i>	C	
d29	Other taxes on production			
d29a	Taxes on land, buildings and other structures			

	<i>Municipal real estate tax (ICI) - Part on buildings</i>	KS	
d29b	Taxes on the use of fixed assets		
	<i>Motor vehicle duty paid by firms</i>	KS	T
d29c	Total wage bill and payroll taxes		
	<i>Contribution to GESCAL - employers' contribution</i>	Leyrs	
d29e	Business and professional licences		
	<i>Surcharge accruing to chambers of commerce</i>	KS	
	<i>Duty on official franchises</i>	KS	
	<i>Refunds of taxes on production and imports</i>	KS	
d29f	Taxes on pollution		
	<i>SO2 and NOx pollution tax</i>	KS	P
	<i>Local tax for environmental protection</i>	KS	P
d29h	Other taxes on production n.e.c.		
	<i>Other special duties on production</i>	KS	
	<i>Tourist and temporary residence tax</i>	C	
	<i>Other taxes on production</i>	C	
	<i>Telecommunication licences tax</i>	C	
	<i>Surcharges accruing on notarial acts</i>	KS	
	<i>Surcharges accruing to provincial tourist offices</i>	C	
	<i>IRAP</i>		
	- Split to Leyrs	Leyrs	
	- Split to KIC	KIC	
	- Split to KISe	KISe	
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
d51a	Taxes on individual or household income		
	<i>Personal income tax</i>	SPLIT_1	
	<i>Withholding tax on income from deposits paid by households</i>	KIH	
	<i>Local income tax paid by households</i>	KIH	
	<i>Tax on income from investments</i>	KIH	
	<i>10% Surcharge on income</i>	KIH	
	<i>Contributions to GESCAL - employees' contribution</i>	Lees	
	<i>Municipal capital gains tax on buildings paid by households</i>	KS	
	<i>Withholding tax on company dividends paid by households</i>	KIH	
	<i>Municipal tax on industry, crafts and professions</i>	KS	
	<i>Tax on life insurance and supplementary pension schemes</i>	KS	
	<i>Tax on actuarial reserve</i>	KS	
d51b	Taxes on the income or profits of corporations		
	<i>Withholding tax on income from deposits paid by firms</i>	KIC	
	<i>Corporation tax</i>	KIC	
	<i>Local income tax paid by firms</i>	KIC	
	<i>Municipal capital gains tax on buildings paid by firms</i>	KS	
	<i>Tax on companies and bonds (Company franchise and liabilities tax)</i>	KS	
	<i>Withholding tax on company dividends paid by firms</i>	KIC	
	<i>Tax on net wealth of enterprises</i>	KS	
	<i>New tax on imputed income derived from the appreciation of corporate assets</i>	KIC	0,0
d51c	Taxes on holding gains		
d51c1	Taxes on individual or household holding gains	KIH	
d51c2	Taxes on holding gains of corporations	KIC	
d51c3	Other taxes on holding gains	KIH	
d51d	Taxes on winnings from lottery or gambling		
	<i>Tax on games of skill and betting-levied on current income and assets</i>	KIH	
d51e	Other taxes on income n.e.c.		
	<i>Surcharges on state and local taxes</i>	KIH	
d59	Other current taxes		
d59a	Current taxes on capital		
	<i>Municipal real estate tax (ICI) - Part on building plots</i>	KS	
	<i>Municipal Surcharge on buildings</i>	KS	
d59d	Payments by households for licences		
	<i>Driving licence and passport tax</i>	C	
	<i>Motor vehicle duty paid by household</i>	C	T
d59f	Other current taxes n.e.c.		
	<i>Tax on dogs</i>	C	
	<i>Substitute tax on income derived from the appreciation of severance indemnity funds</i>	KS	
d91	Capital taxes		
d91a	Taxes on capital transfers		
	<i>Inheritance and gift duty</i>	KS	
	<i>Estate duty</i>	KS	
d91b	Capital levies		



	<i>Tax on imputed income derived from the appreciation of corporate assets</i>	KS	
	<i>Withholding tax on the severance pay</i>	Leyrs	
	<i>Special tax of Europe</i>	KS	
	<i>Extraordinary property tax on the value of buildings (ISI)</i>	KS	
	<i>Extraordinary tax on the value of deposits, current accounts and deposit certificates</i>	KS	
	<i>Substitute tax on assets of enterprises</i>	KS	
	<i>Extraordinary tax on certain luxury goods (Decree-Law No 384 of 19/9/92)</i>	KS	
d91c	Other capital taxes n.e.c.		
	<i>Recover of paid taxes in delay</i>	KS	
	<i>Penalties and settlements - direct taxes</i>	KS	
	<i>Penalties and settlements -indirect taxes</i>	KS	
	<i>Tax shield (on incomes from abroad)</i>	KS	
	<i>Amnesty on illegal buildings</i>		
	<i>- Tax amnesty part on capital income of corporations</i>	KIC	
	<i>- Tax amnesty - part on self-employed</i>	Kise	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions	Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions	Lees	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons	SPLIT_2	

LATVIA

ESA95 code	ESA95 text	Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports			
d21	Taxes on products			
d211	Value added type taxes (VAT)			
		<i>Value added tax</i>	C	
d212	Taxes and duties on imports excluding VAT			
d2121	Import duties			
		<i>Customs duties</i>	C	
d2122	Taxes on imports excluding VAT and import duties			
d2122a	Levies on imported agricultural products			
d214	Taxes on products, except VAT and import taxes			
d214a	Excise duties and consumption taxes			
		<i>Excise tax on alcohol</i>	C	
		<i>Excise tax on beer</i>	C	
		<i>Excise tax on oil products</i>	C	E
		<i>Excise tax on tobacco</i>	C	
		<i>Excise tax on other excise goods:</i>		
		<i>Excise tax on gold and other precious metals</i>	C	
		<i>Excise tax on cars</i>	C	T
		<i>Excise tax on coffee, non-alcohol, gold and other precious metals</i>	C	
		<i>Excise tax on cars and motorcycles</i>	C	T
d214b	Stamp taxes			
d214c	Taxes on financial and capital transactions			
		<i>Duties on transactions with privatization vouchers</i>	KS	
d214d	Car registration taxes			
		<i>Car tax</i>	C	T
d214f	Taxes on lotteries, gambling and betting			
		<i>Lottery and gambling tax</i>	C	
d214h	Other taxes on specific services			
		<i>Passenger departure duty</i>	C	T
d214k	Export duties and monetary compensatory amounts on exports			
		<i>Export duties</i>	KS	
d29	Other taxes on production			
d29a	Taxes on land, buildings and other structures			
		<i>Taxes on property</i>	KS	
d29c	Total wage bill and payroll taxes			
		<i>Risk duty of business</i>	Leyrs	
d29e	Business and professional licences			
		<i>Lottery of goods and services organization duty</i>	C	
		<i>State duties and payments for issue and registration of documents that commensurate correspondence of professional qualification</i>	KS	
		<i>Lottery and gambling state duty</i>	C	
		<i>Gambling equipment marking duty</i>	C	
		<i>Payment for rental of commercial fishing rights</i>	KS	P
d29f	Taxes on pollution			
		<i>Natural resources tax</i>	C	P
d29h	Other taxes on production n.e.c.			
		<i>Other special target state duties</i>	KS	
		<i>Income from woodland</i>	KS	
		<i>Land tax</i>	KS	
d5	Current taxes on income, wealth, etc.			
d51	Taxes on income			
d51a	Taxes on individual or household income			
		<i>Personal income tax</i>	SPLIT_1	
d51b	Taxes on the income or profits of corporations			
		<i>Corporate income tax</i>	KIC	
d59	Other current taxes			
d59a	Current taxes on capital			
		<i>Annual vehicle duty</i>	C	T
d611	Actual social contributions			
d6111	Employers' actual social contributions			
d61111	Compulsory employers' actual social contributions			Leyrs
d6112	Employees' social contributions			
d61121	Compulsory employees' social contributions			Lees
d6113	Social contributions by self- and non-employed persons			
d61131	Compulsory social contributions by self- and non-employed persons			SPLIT_2

LITHUANIA

ESA95 code	ESA95 text	Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports			
d21	Taxes on products			
d211	Value added type taxes (VAT)			
		<i>Value added tax</i>	C	
d212	Taxes and duties on imports excluding VAT			
d2121	Import duties			
		<i>Taxes on international trade and transactions</i>	C	
d2122	Taxes on imports excluding VAT and import duties			
d2122a	Levies on imported agricultural products			
		<i>Levies on agricultural goods</i>	C	
d2122c	Excise duties			
		<i>Alcoholic beverages</i>	C	
		<i>Manufactured tobacco</i>	C	
		<i>Oil and other oil products</i>	C	E
		<i>Electricity</i>	C	E
		<i>Luxury cars</i>	C	T
		<i>Sugar</i>	C	
		<i>Other former minor excises</i>	C	
d2122d	General sales taxes			
		<i>Turnover tax on publications of erotic and violent nature</i>	C	
		<i>Turnover tax on motor cars</i>	C	T
		<i>Turnover tax on goods containing ethyl</i>	C	
d214	Taxes on products, except VAT and import taxes			
d214a	Excise duties and consumption taxes			
		<i>Wine and sparkling wine</i>	C	
		<i>Beer</i>	C	
		<i>Other alcoholic beverages</i>	C	
		<i>Manufactured tobacco</i>	C	
		<i>Oil and other oil products</i>	C	E
		<i>Electricity</i>	C	E
		<i>Sugar</i>	C	
		<i>Other former minor excises</i>	C	
d214b	Stamp taxes			
		<i>Stamp tax</i>	KS	
d214f	Taxes on lotteries, gambling and betting			
		<i>Tax on gambling</i>	C	
d214i	General sales or turnover taxes			
		<i>Deductions according to the role on the financing of road maintenance and development and on the forestry law</i>	C	
		<i>Deductions from income generated by sales of electricity</i>	C	
d29	Other taxes on production			
d29a	Taxes on land, buildings and other structures			
		<i>Tax on land from corporations</i>	KS	
		<i>Tax on immovable property</i>	KS	
d29b	Taxes on the use of fixed assets			
		<i>Conveyance tax</i>	KS	T
d29c	Total wage bill and payroll taxes			
		<i>Payments to guarantee fund</i>	Leyrs	
d29e	Business and professional licences			
		<i>Tax on market place</i>	KS	
d29f	Taxes on pollution			
		<i>Taxes on pollution</i>	KS	P
d29h	Other taxes on production n.e.c.			
		<i>Other taxes linked to production</i>	KS	
d5	Current taxes on income, wealth, etc.			
d51	Taxes on income			
d51a	Taxes on individual or household income		SPLIT_1	
		<i>Tax on payroll and workforce</i>		
		<i>Tax on income from individual activities</i>		
		<i>Tax on capital income</i>		
d51b	Taxes on the income or profits of corporations			
		<i>Tax on corporate profit</i>	KIC	
d59	Other current taxes			
d59a	Current taxes on capital			

	<i>Tax on land from households</i>	KS	
d59d	Payments by households for licences		
	<i>Licences for hunting, fishing and etc.</i>	C	
d91	Capital taxes		
d91a	Taxes on capital transfers		
	<i>Estate gift and inheritance taxes</i>	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions		
	<i>Pay related social insurance</i>	Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions		
	<i>Pay related social insurance</i>	Lees	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons		
	<i>Pay related social insurance</i>	SPLIT_2	



LUXEMBOURG

ESA95 code	ESA95 text	Name of the tax	Economic function	Environmental tax
d2		Taxes on production and imports		
d21		Taxes on products		
d211		Value added type taxes (VAT)		
		<i>Taxes du type TVA</i>	C	
d212		Taxes and duties on imports excluding VAT		
d2121		Import duties		
		<i>Droits sur les importations</i>	C	
d2122		Taxes on imports excluding VAT and import duties		
d2122a		Levies on imported agricultural products		
		<i>Prélèvements sur les produits agricoles importés</i>	C	
d2122b		Monetary compensatory amounts on imports		
		<i>Montants compensatoires monétaires prélevés à l'importation</i>	C	
d2122c		Excise duties		
		<i>Taxe de consommation à l'importation d'alcool</i>	C	
		<i>Droits d'accises autonomes sur certaines huiles minérales</i>	C	E
		<i>Droits d'accise sur les huiles minérales</i>	C	E
		<i>Taxe complémentaire prélevée sur les carburants</i>	C	E
		<i>Redevance de contrôle sur le fuel domestique</i>	C	E
		<i>Droits d'accises sur les gaz liquéfiés</i>	C	E
		<i>Droits d'accises sur les benzols</i>	C	E
		<i>Droits d'accises sur les importations de tabacs</i>	C	
		<i>Droits d'accises sur les alcools étrangers</i>	C	
		<i>Droits d'accises sur les importations de bières</i>	C	
		<i>Droits d'accise boissons fermentées fruits</i>	C	
		<i>Droits d'accise boissons fermentées mousseuses</i>	C	
		<i>Droits d'accises sur le sucre</i>	C	
d2122d		General sales taxes		
		<i>Impôts généraux sur les ventes</i>	C	
d2122e		Taxes on specific services		
		<i>Impôts sur des services déterminés</i>	C	
d2122f		Profits of import monopolies		
		<i>Bénéfices sur monopoles à l'importation</i>	C	
d214		Taxes on products, except VAT and import taxes		
d214a		Excise duties and consumption taxes		
		<i>Droits d'accises sur les alcools indigènes</i>	C	
d214b		Stamp taxes		
		<i>Impôt sur les billets de banque</i>	C	
d214c		Taxes on financial and capital transactions		
		<i>Taxe de consommation (partie sur la production nationale)</i>	C	
		<i>Droits d'accises sur les bières indigènes</i>	C	
		<i>Droits d'accise sur le tabac (partie sur la production nationale)</i>	C	
		<i>Surtaxe sur les mutations immobilières</i>	KS	
		<i>Droits d'enregistrement</i>	KS	
		<i>Droits d'hypothèques</i>	KS	
		<i>Hypothèques salaires</i>	KS	
d214d		Car registration taxes		
		<i>Taxes à l'immatriculation de véhicules</i>	C	T
d214e		Taxes on entertainment		
		<i>Taxe sur les amusements publics (nuits blanches)</i>	C	
d214f		Taxes on lotteries, gambling and betting		
		<i>Prélèvements sur les jeux de casino (partie Etat central)</i>	C	
		<i>Prélèvements sur les jeux de casino (partie communes)</i>	C	
		<i>Taxe sur le loto</i>	C	
		<i>Taxes et prélèvement sur les paris relatifs aux épreuves sportives</i>	C	
d214g		Taxes on insurance premiums		
		<i>Taxe sur les assurances</i>	C	
d214h		Other taxes on specific services		
		<i>Taxe due pour la construction dans les secteurs centraux</i>	C	
		<i>Taxe de séjour</i>	C	
		<i>Taxe sur les cabarets</i>	C	
		<i>Taxe sur les transports</i>	C	T
d214i		General sales or turnover taxes		
		<i>Impôt sur le chiffre d'affaires</i>	C	
d214j		Profits of fiscal monopolies		

	<i>Bénéfices des monopoles fiscaux</i>	KIC	
d214k	Export duties and monetary compensatory amounts on exports		
	<i>Droits sur les exportations et les montants compensatoires monétaires</i>	C	
d214l	Other taxes on products n.e.c.		
	<i>Taxe supplémentaire sur l'électricité</i>	C	E
	<i>Taxe sur la distribution d'électricité</i>	C	E
	<i>Taxe sur la production d'électricité</i>	C	E
d29	Other taxes on production		
d29a	Taxes on land, buildings and other structures		
	<i>Impôt foncier</i>	KS	
	<i>Taxe sur les résidences secondaires</i>	KS	
d29b	Taxes on the use of fixed assets		
	<i>Taxe sur véhicules automoteurs à charge des entreprises</i>	KS	T
	<i>Taxe d'immatriculation des navires</i>	KS	T
d29c	Total wage bill and payroll taxes		
	<i>Impôt sur la somme des salaires</i>	Leyrs	
d29e	Business and professional licences		
	<i>Taxe sur le colportage</i>	KS	
d29f	Taxes on pollution		
	<i>Impôts sur les émissions polluantes</i>	C	P
d29g	Under-compensation of VAT (flat rate system)		
	<i>Sous-compensation de la TVA</i>		
d29h	Other taxes on production n.e.c.		
	<i>Registre aux firmes</i>	KS	
	<i>Prélèvement CECA</i>	KS	
	<i>Taxe d'abonnement sur les titres de société</i>	KS	
	<i>TVA reclassée en autres impôts sur la production</i>	KS	
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
d51a	Taxes on individual or household income		
	<i>Impôt retenu sur les traitements et salaires</i>	SPLIT_1	
	<i>Impôt retenu sur certains revenus échus à des contrib. non-résidents</i>	KS	
	<i>Impôt sur le revenu des personnes physiques fixé par voie d'assiette</i>	SPLIT_1	
	<i>Impôt solidarité majoration personnes physiques</i>	SPLIT_1	
	<i>Impôt retenu sur les revenus de capitaux</i>	KIH	
	<i>Impôt sur les tantièmes</i>	KIH	
d51b	Taxes on the income or profits of corporations		
	<i>Impôt sur le revenu des collectivités</i>	KIC	
	<i>Impôt de solidarité sur le revenu des collectivités</i>	KIC	
	<i>Impôt commercial communal</i>	KIC	
d51c	Taxes on holding gains		
	<i>Impôts sur les gains de détention</i>	KIH	
d51d	Taxes on winnings from lottery or gambling		
	<i>Prélèvements sur gains dans paris</i>	KIH	
d51e	Other taxes on income n.e.c.		
	<i>Autres impôts sur le revenu non compris ailleurs</i>	KIH	
d59	Other current taxes		
d59a	Current taxes on capital		
	<i>Impôt sur la fortune</i>	KS	
	<i>Impôt foncier</i>	KS	
d59c	Expenditure taxes		
	<i>Impôts sur la dépense</i>	C	
d59d	Payments by households for licences		
	<i>Taxes acquittées par les ménages pour des licences</i>	C	
d59e	Taxes on international transactions		
	<i>Impôts sur les transactions internationales par les ménages</i>	KS	
d59f	Other current taxes n.e.c.		
	<i>Droits de timbre</i>	C	
	<i>Recettes concernant les départements des affaires étrangères</i>	C	
	<i>Timbres de chancellerie</i>	C	
	<i>Taxe sur les chiens</i>	C	
	<i>Taxe sur véhicules automoteurs à charge des ménages</i>	C	T
	<i>Taxe bateaux ou navires de plaisance</i>	C	T
d91	Capital taxes		
d91a	Taxes on capital transfers		
	<i>Droits de succession</i>	KS	
d91b	Capital levies		
	<i>Prélèvements sur le capital</i>	KS	
d91c	Other capital taxes n.e.c.		
	<i>Autres impôts en capital non compris ailleurs</i>	KS	
d611	Actual social contributions		



d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions		
	<i>Cotisations sociales effectives obligatoires à la charge des employeurs</i>	Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions		
	<i>Cotisations sociales obligatoires à la charge des salariés</i>	Lees	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons		
	<i>Cotisations sociales obligatoires des trav. ind. et des pers. sans emploi</i>	SPLIT_2	

MALTA

ESA95 code	ESA95 text	Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports			
		Value Added Tax	C	
		Customs & Excise Tax	C	
d2121	Total Import Duties			
		Grain	C	
		Cattle & Meat	C	
		Petroleum	C	E
		Milk	C	
		Cement	C	
		Ad Val - Motor Vehicles	C	T
		AV - Electrical Household App	C	
		AD Val- Telecom Household App	C	
		AD VAL - Clothing	C	
		AD VAL - Import Duty	C	
		AD VAL - Miscellaneous	C	
		Import Duties - Others	C	
		Wines		
		Beer		
		Spirits		
		Sugar		
		Tobacco		
		Concentrates and Crown Corks		
d2122	Total Taxes on imports excl VAT & Duties			
		Levy on Imported Goods	C	
d214	Total Taxes on products			
		Excise Levies - Machine Made Cigarettes	C	
		Excise Beer	C	
		Excise Levies - Spirits	C	
		Excise Levies - Petroleum	C	E
		Excise Levies - Tobacco	C	
		Excise Duties - Wines	C	
		Excise Levies - Mobile Telephony Services	C	
		Excise Duties - Concentrates & Crown Corks	C	
		Excise Duties - Television Sets	C	
d214c	Levy - Sale of Immov. Property		KS	
		Motor Vehicle Registration Tax	C	T
		Miscellaneous Duties / Taxes etc	C	
d214b	Duty on Documents - Movable		KS	
		Duty on Documents - Immovables	KS	
		Duty on Docs - Shares	KS	
		Duty on Docs - Emphy Grants	KS	
		Duty on Docs - Cheque Forms	KS	
		Duty on Docs - Franking Machine	KS	
		Duty on Docs - Documents	KS	
		Duty on Docs - Valuations	KS	
		Duty on Docs - Part & Exchange	KS	
		Duty on Docs - Insurance Policy	KS	
		Duty on Docs - Legal Fees	KS	
		Duty on Docs - Penalties on VA	KS	
		Duty on Documents - Unclassified	KS	
		Levy on Restaurant Services	C	
		Levy on Accommodation	C	
		Airport Tax	C	T
		Sale of Number plates - Govt	C	T
		Sale of Number plates - HH	C	T
		Adm. Charge - Test Motor Vehicle	C	T
		Royalties from Cable TV	C	
		Royalties under Telecomm.	C	
		Gaming Taxes	C	
		Eco-Contribution	C	P
d29	Total Other Taxes on Production			

	Entertainment Duty	C	
	Wines & Spirits	KS	
	Trading Licences	KS	
	Importers' Licences	KS	
	Hotel & Catering Establishment	KS	
	Radio Station Licences	KS	
	Bonded Stores Licences	KS	
	Operating Licence - Maltapost	KS	
	Operating Licence - Maltacom	KS	
	Operating Licence - MIA	KS	
	Mobile Telephone Licence	KS	
	Fixed Telephone Licence	KS	
	Gaming Licences	KS	
	Miscellaneous Licences	KS	
	Motor Vehicle Licences- Business	KS	T
	Sale of Number Plates - Business	KS	T
	TV & Radio Licences - Business	KS	
	Oil Rental Licences	KS	P
	Television Licence fees - Business	KS	
	Fees for right of Use - Business	KS	
	MCA - Authority Service	KS	
d5	Taxes on Income & Wealth		
d51	Taxes on income		
	Tax on Bearer Accounts	KIH	
	Holding Gains Other	KIH	
	Income Tax - Individuals	SPLIT_1	
	Holding Gains Individual	KIH	
	Income Tax by Companies	KIC	
	Holding Gains Corporations	KIC	
	Other Unallocated Inc. Tax	KIH	
	Penalties paid by individuals	SPLIT_1	
	Penalties paid by companies	KIC	
	Penalties paid by others	KS	
	Other Unallocated Income Tax	KIH	
	Penalties paid by individuals	SPLIT_1	
	Penalties paid by companies	KIC	
	Penalties paid by others	KS	
d59	Total Other current taxes		
	Sporting Licences	C	
	Dog Licences	C	
	Driving Licences	C	T
	Motor Vehicle Licences - Households	C	T
	Wir. Licences. TV & Radio Licences. - HH	C	
	Television Licence fees - Households		
	Fees for right of use - Households		
	Levy on exp incurred on overseas travel	C	
	Investment Registration Scheme	C	
	Accruals Adjustment		
d91	Taxes on Capital		
	Death & Donation Duty	KS	
	Duty on Docs - Donations	KS	
	Duty on Docs - Property Trans	KS	
	Duty on Docs - Int. on Prop. Trans	KS	
d611	Social Security Contributions		
	SSC-Employers' Soc. Contr. GOV	Leyrs	
	SSC-Employers' Soc. Contr. Private	Leyrs	
	SSC-Penalties on Employers	Leyrs	
	SSC-Employees' Social Contributions	Lees	
	SSC-Penalties on Employees	Lees	
	Refund of social security contributions	Lees	
	SSC-Self & Non Emp. Soc. Contributions	SPLIT_2	
	SSC-Penalties on Self & non emp.	SPLIT_2	



THE NETHERLANDS

ESA95 code	ESA95 text	Name of the tax	Economic function	Environmental tax
d2		Taxes on production and imports		
d21		Taxes on products		
d211		Value added type taxes (VAT)		
		<i>Value added tax (VAT)</i>	C	
d212		Taxes and duties on imports excluding VAT		
d2121		Import duties		
		<i>Import duties to the EU</i>	C	
d2122		Taxes on imports excluding VAT and import duties		
d2122a		Levies on imported agricultural products	C	
		<i>EU levies on food products</i>		
d2122c		Excise duties	C	
d2122e		Taxes on specific services	C	
d214		Taxes on products, except VAT and import taxes		
d214a		Excise duties and consumption taxes	C	
		<i>Excise duties on gas</i>		E
		<i>Excise duties on other mineral oils</i>		E
		<i>Excise duties on tobacco</i>		
		<i>Excise duties on alcohol</i>		
		<i>Other excise duties</i>		
		<i>Tax on non-alcoholic beverages etc.</i>		
		<i>Taxes on passenger cars and motorcycles</i>		T
d214c		Taxes on financial and capital transactions	KS	
		<i>Real estate transfer tax (Overdrachtsbelasting)</i>		
		<i>Tax on capital (Kapitaalsbelasting)</i>		
d214f		Taxes on lotteries, gambling and betting		
		<i>Tax on lotteries and gambling</i>	C	
d214g		Taxes on insurance premiums	C	
		<i>Insurance premium tax (Assurantiebelasting)</i>		
d214l		Other taxes on products n.e.c.		
		<i>Energy levies</i>	C	E
d29		Other taxes on production		
d29a		Taxes on land, buildings and other structures		
		<i>Real estate tax (Onroerende Zaak Belasting)</i>	KS	
d29b		Taxes on the use of fixed assets		
		<i>Motor vehicle tax paid by enterprises (Motorrijtuigenbelasting)</i>	KS	T
d29c		Total wage bill and payroll taxes	Leyrs	
d29e		Business and professional licences	KS	
d29f		Taxes on pollution		
		<i>Sewerage charges (Rioolrechten)</i>	C	P
		<i>Levies on water pollution (Heffingen op waterverontreiniging)</i>	C	P
		<i>Polder-board levies (Omslagheffing waterschappen)</i>	KS	P
		<i>Other environmental taxes (Overige milieuheffingen)</i>	C	P
d29h		Other taxes on production n.e.c.	KS	
		<i>Other (Overige)</i>		
d5		Current taxes on income, wealth, etc.		
d51		Taxes on income		
d51a		Taxes on individual or household income		
		<i>Wage tax (Loonbelasting)</i>	SPLIT_1	
		<i>Income tax (Inkomstenbelasting 1)</i>	SPLIT_1	
		<i>Dividend tax</i>	KIH	
		<i>- Rest of the world</i>	KIH	
d51b		Taxes on the income or profits of corporations	KIC	
		<i>Corporation tax (Vennootschapsbelasting)</i>		
		<i>Liquidation holding companies (Eenmalig inkomen ivm liquidatie houdstermaatschappijen)</i>		
		<i>Discrepancy</i>		
d51d		Taxes on winnings from lottery or gambling	KIH	
		<i>Tax on lotteries and gambling (Kansspelbelasting)</i>		
d59		Other current taxes		
d59a		Current taxes on capital		
		<i>Real estate tax (Onroerende Zaak Belasting)</i>	KS	
		<i>Tax on net wealth of individuals (Vermogensbelasting)</i>	SPLIT_1	
d59d		Payments by households for licences	KS	
		<i>Other</i>		
d59f		Other current taxes n.e.c.		

	<i>Motor vehicle tax (Motorrijtuigenbelasting)</i>	C	T
	<i>Sewerage charges (Rioolrechten)</i>	C	P
	<i>Levies on water pollution (Heffingen op waterverontreiniging)</i>	C	P
	<i>Polder-board levies (Omslagheffing waterschappen)</i>	KS	P
	<i>Other</i>	KS	
d91	Capital taxes		
d91a	Taxes on capital transfers	KS	
d91b	Capital levies	KS	
d91c	Other capital taxes n.e.c.	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions	Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions		
	- <i>Split to Lees</i>	Lees	
	- <i>Split to KISe</i>	KISe	
	- <i>Split to KIH</i>	KIH	
	- <i>Split to Lnon</i>	Lnon	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons		
	- <i>Split to Lees</i>	Lees	
	- <i>Split to KISe</i>	KISe	
	- <i>Split to KIH</i>	KIH	
	- <i>Split to Lnon</i>	Lnon	



POLAND

ESA95 code	ESA95 text	Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports			
d21	Taxes on products			
d211	Value added type taxes (VAT)		C	
d212	Taxes and duties on imports excluding VAT			
d2121	Import duties		C	
d2122	Taxes on imports excluding VAT and import duties			
d2122c	Excise duties			
		<i>Excise duty on petrol and gas oils</i>	C	E
		<i>Excise duty on spirits</i>	C	
		<i>Excise duty on tobacco products</i>	C	
		<i>Excise duty on beer</i>	C	
		<i>Excise duty on wine</i>	C	
		<i>Excise duty on electricity</i>	C	E
		<i>Excise duty on cars</i>	C	T
		<i>Excise duty on gas oils used for heating purposes</i>	C	E
		<i>Excise duty on liquid petroleum gas (LPG)</i>	C	E
		<i>Excise duty on other non-harmonised products</i>	C	
		<i>Import levy</i>	C	
d214	Taxes on products, except VAT and import taxes			
d214a	Excise duties and consumption taxes			
		<i>Excise duty on petrol and gas oils</i>	C	E
		<i>Excise duty on spirits</i>	C	
		<i>Excise duty on tobacco products</i>	C	
		<i>Excise duty on beer</i>	C	
		<i>Excise duty on wine</i>	C	
		<i>Excise duty on electricity</i>	C	E
		<i>Excise duty on cars</i>	C	T
		<i>Excise duty on gas oils used for heating purposes</i>	C	E
		<i>Excise duty on liquid petroleum gas (LPG)</i>	C	E
		<i>Excise duty on other non-harmonised products</i>	C	
d214f	Taxes on lotteries, gambling and betting		C	
d214l	Other taxes on products n.e.c.		C	
d29	Other taxes on production			
d29a	Taxes on land, buildings and other structures			
		<i>Real estate tax</i>	KS	
d29b	Taxes on the use of fixed assets			
		<i>Receipts from transportation levies</i>	KS	T
		<i>Tax on means of transportation</i>	KS	T
d29e	Business and professional licences			
		<i>Receipts from fees for alcohol trading licences</i>	KS	
d29h	Other taxes on production n.e.c.			
		<i>The National Fund for Environmental Protection and Water Management - Payments for exploitation of Environment</i>	KS	P
		<i>Receipts from product fee</i>	KS	P
		<i>Receipts from stamp duty</i>	KS	
		<i>Tax on civil law transactions</i>	KS	
		<i>Contributions of employing establishments to the National Fund for Rehabilitation of the Disabled (PFRON)</i>	KS	
		<i>Incomes from waste managing</i>	KS	P
		<i>The National Road Fund - fuel fee</i>	KS	E
d5	Current taxes on income, wealth, etc.			
d51	Taxes on income			
d51a_d51c1	Taxes on individual or household income including holding gains			
		<i>Employed labour</i>	Lees	
		<i>Self-employed labour</i>	KISe	
		<i>Social transfers and social benefits</i>	Lnon	
		<i>Capital</i>	KIH	
d51b_d51c2	Taxes on the income or profits of corporations including holding gains			
		<i>Taxes on the income or profits of corporations including holding gains</i>	KIC	
d51d	Taxes on winnings from lottery or gambling			
		<i>Taxes on winnings from lottery or gambling</i>	KIH	
d59	Other current taxes			
d59a	Current taxes on capital			
		<i>Real estate tax</i>	KS	

	<i>Land tax</i>	KS	
	<i>Forest tax</i>	KS	P
d59d	Payments by households for licences		
	<i>Tax on means of transportation</i>	C	T
	<i>Receipts from location tax</i>	C	
d59f	Other current taxes n.e.c.		
	<i>Dog-owner's tax</i>	C	
	<i>Receipts from stamp duty</i>	KS	
	<i>Receipts from transportation levies</i>	C	T
	<i>Receipts from other local levies charged by local government units under separate laws</i>	KS	
	<i>Tax on civil law transactions</i>	KS	
	<i>Arrears under discontinued taxes</i>	KS	
	<i>Various receipts</i>	KS	
d91	Capital taxes		
d91a	Taxes on capital transfers		
	<i>Inheritance and donation tax</i>	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions		
	<i>Compulsory employers' actual social contributions</i>	Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions		
	<i>Compulsory employees' social contributions</i>	Lees	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons		
	<i>Compulsory social contributions by self- and non-employed persons</i>	KISe	



PORTUGAL

ESA95 code	ESA95 text	Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports			
d21	Taxes on products			
d211	Value added type taxes (VAT)			
		<i>VAT on products</i>	C	
d212	Taxes and duties on imports excluding VAT			
d2121	Import duties		C	
		<i>Import levies</i>		
		<i>Import surtax</i>		
d2122	Taxes on imports excluding VAT and import duties			
d2122a	Levies on imported agricultural products		C	
		<i>Agricultural levies</i>		
		<i>Production levy on sugar and iso-glucose</i>		
d2122c	Excise duties		C	
		<i>Excise duties on imported tobacco</i>		
		<i>Excise duties on imported ethyl alcohol</i>		
		<i>Excise duties on imported alcoholic beverages</i>		
		<i>Excise duties on imported beer</i>		
d214	Taxes on products, except VAT and import taxes			
d214a	Excise duties and consumption taxes		C	
		<i>Excise duties on tobacco</i>		
		<i>Excise duties on ethyl alcohol</i>		
		<i>Excise duties on alcoholic beverages</i>		
		<i>Excise duties on beer</i>		
		<i>Tax on oil products</i>		E
d214b	Stamp taxes		KS	
		<i>Fiscal stamps</i>		
		<i>Stamp duty on bank transactions</i>		
		<i>Stamp duty on insurance premiums</i>		
		<i>Stamp duty on entertainment services</i>		
		<i>Stamp duty on leasing of buildings</i>		
		<i>Stamp duty on debt related operations</i>		
		<i>Stamp duty on registrations and mortgages</i>		
		<i>Stamp duty on commercial transactions</i>		
		<i>Stamp duty on the raising of capital</i>		
		<i>Stamp duty - miscellaneous</i>		
d214d	Car registration taxes			
		<i>Tax on motor vehicle sales</i>	C	T
d214e	Taxes on entertainment			
		<i>Duty on consumption in places of entertainment</i>	C	
d214f	Taxes on lotteries, gambling and betting			
		<i>Gambling tax</i>	C	
d214g	Taxes on insurance premiums		C	
		<i>Tax on accidents and life insurance premiums</i>		
		<i>Tax on fire insurance premiums</i>		
		<i>Tax on crop insurance premiums</i>		
d214h	Other taxes on specific services			
		<i>Tax on energy services</i>	C	E
		<i>Tax on transport via railways</i>	C	T
		<i>Safety tax - civil aviation</i>	C	T
		<i>License on television activities</i>	C	
		<i>Tax on gambling inspections and checks</i>	C	
		<i>Real estate transfer tax</i>	KS	
d214i	General sales or turnover taxes			
		<i>Tax on liqueur wine sales</i>	C	
		<i>Tax on sales of Madeira embroidery, tapestry and craftwork</i>	C	
d214j	Profits of fiscal monopolies			
		<i>Profits of mutual betting and gambling agency</i>	C	
d214l	Other taxes on products n.e.c.			
		<i>Tax on the value of public contracts</i>	KS	
		<i>Duties levied by IROMA (Agricultural Markets Regulation and Guidance Institute)</i>	KS	
		<i>Penalties for exceeding production quotas</i>	KS	
d29	Other taxes on production			
d29a	Taxes on land, buildings and other structures			

	<i>Real estate tax</i>	KS	
d29b	Taxes on the use of fixed assets	KS	T
	<i>Local tax on vehicles</i>		
	<i>Road tax - traffic</i>		
	<i>Road tax - haulage</i>		
d29c	Total wage bill and payroll taxes		
	<i>Local tax on transportation</i>	Leyrs	T
d29e	Business and professional licences	KS	
	<i>Duties on public entertainments</i>		
	<i>Tax on the distribution and showing of films</i>		
	<i>Tax on the wine industry</i>		
	<i>Fishery license tax</i>		P
	<i>General services and licenses granted to corporations</i>		
	<i>Fees collected by notaries</i>		
	<i>Other miscellaneous business and professional licences</i>		
d29h	Other taxes on production n.e.c.	KS	
	<i>Fees collected by courts of justice</i>		
	<i>Other miscellaneous taxes on production</i>		
	<i>Tax arrears received</i>		
	<i>Fees collected by Electrical Sector Supervision Body</i>		
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
d51a	Taxes on individual or household income		
	<i>Individual income tax</i>	SPLIT_1	
	<i>Stamp duty on wages and salaries</i>	Leyrs	
d51b	Taxes on the income or profits of corporations		
	<i>Corporate income tax - Central Government</i>	KIC	
	<i>Corporate income tax - Local Government</i>	KIC	
d51d	Taxes on winnings from lottery or gambling		
	<i>Taxes on winnings from Sports Mutual betting</i>	KIH	
	<i>Taxes on winnings from Public Lotto</i>	KIH	
	<i>Taxes on winnings from "Joker" lottery</i>	KIH	
	<i>Taxes on winnings from other lotteries</i>	KIH	
d51e	Other taxes on income n.e.c.		
	<i>Stamp duty on wages and salaries</i>	Leyrs	
d59	Other current taxes		
d59a	Current taxes on capital		
	<i>Local tax on vehicles</i>	C	T
	<i>Road tax - compensation</i>	C	
d59d	Payments by households for licences	C	
	<i>Tax on the use, carrying and possession of weapons</i>		
	<i>Hunting Licenses</i>		
	<i>Other payments by households for miscellaneous licenses</i>		
d59f	Other current taxes n.e.c.	C	
	<i>Fees collected by courts of justice</i>		
	<i>Stamp duty on interests</i>		
	<i>Other miscellaneous current taxes</i>		
	<i>Tax on vehicles</i>		T
	<i>Road tax-compensation</i>		T
d91	Capital taxes		
d91b	Capital levies		
	<i>Inheritance and gift tax</i>	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions	Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions	Lees	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons	SPLIT_2	

ROMANIA

ESA95 code	ESA95 text	Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports			
d21	Taxes on products			
d211	Value added type taxes (VAT)		C	
d212	Taxes and duties on imports excluding VAT			
d2121	Import duties		C	
		<i>Customs duties from legal persons</i>		
		<i>Customs duties and other customs revenues from individuals</i>		
		<i>Social stamp tax on imported new cars value</i>		
d2122	Taxes on imports excluding VAT and import duties			
d2122c	Excise duties			
		<i>Revenues with special destination from the unique quota on inland supplied or imported gasoline</i>	C	
d2122e	Taxes on specific services			
		<i>Taxes for authorizing the sales of alcohol, alcoholic beverages, tobacco products and coffee</i>	C	
d214	Taxes on products, except VAT and import taxes			
d214a	Excise duties and consumption taxes		C	
		<i>Excises from sale of mineral oils</i>		E
		<i>Excises from sale of alcohol and alcoholic beverages</i>		
		<i>Excises from sale of tobacco products</i>		
		<i>Excises from sale of coffee</i>		
		<i>Excises from sale of electric energy</i>		E
		<i>Excises from sale of other products</i>		
		<i>Excises from sale of auto vehicles from internal production</i>		T
		<i>Excises from sale of air conditioning equipment</i>		
		<i>Revenues with special destination included in the tariff of thermal and electric energy</i>		E
		<i>Tax on internal production of crude oil and natural gas</i>		E
d214b	Stamp taxes		KS	
		<i>Legal stamp tax</i>		
		<i>Incomes from judicial stamp</i>		
		<i>Extra-legal stamp tax</i>		
		<i>Stamp tax of notary activities</i>		
		<i>Social stamp tax on gambling</i>		
		<i>Legal stamp tax</i>		
		<i>Extra-legal stamp tax</i>		KS
		<i>Stamp tax of notarial activities</i>		
d214c	Taxes on financial and capital transactions		KS	
		<i>Tax on revenues from accounting expertise and judicial technique</i>		
d214d	Car registration taxes		C	T
d214e	Taxes on entertainment		C	
		<i>Tax on entertainment</i>		
d214f	Taxes on lotteries, gambling and betting		C	
		<i>Taxes on gambling</i>		
d214h	Other taxes on specific services		C	
		<i>Contribution of economic operators from tourism</i>		
		<i>Other taxes on specific services</i>		
		<i>Miscellaneous indirect taxes</i>		
d214i	General sales or turnover taxes			
		<i>Tax on micro-enterprises incomes</i>	C	
		<i>Revenues from trade surplus quota</i>	C	
		<i>Revenues from turnover quota in electronic communication field</i>	C	
d214j	Profits of fiscal monopolies			
		<i>Tax on revenues from service conventions/contracts, according to the civil code requirements</i>	KIC	
d214k	Export duties and monetary compensatory amounts on exports			
d214l	Other taxes on products n.e.c.		C	
		<i>Other revenues from indirect taxes</i>		
		<i>Development fee included into electric and thermal energy tariff</i>		
		<i>Miscellaneous indirect taxes</i>		
		<i>Special taxes</i>		
		<i>Special fees</i>		
d29	Other taxes on production			
d29a	Taxes on land, buildings and other structures			
		<i>Tax on buildings held by legal persons</i>	KS	

	<i>Tax on land held by legal persons</i>	KS	
d29b	Taxes on the use of fixed assets		
	<i>Tax (Fee) on the use of Government land</i>	KS	
	<i>Motor vehicle tax (legal persons)</i>	C	T
d29d	Taxes on international transactions		
	<i>Revenues with special destination from custom services</i>	C	
d29e	Business and professional licences		
	<i>Tax on revenues from sale of intellectual rights</i>	KS	
	<i>License tax</i>	KS	
	<i>Taxes for authorizing the sales of alcohol, alcoholic beverages, tobacco products and coffee</i>	KS	
	<i>License tax</i>	KS	
d29f	Taxes on pollution		
	<i>Environmental fees</i>	C	P
	<i>Environmental protection fees</i>	C	P
d29h	Other taxes on production n.e.c.		
	<i>Tax on mineral extraction activities</i>	C	E
	<i>Taxes on health harming activities and their advertising</i>	C	P
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
d51a	Taxes on individual or household income	Split_1	
	<i>Taxes on wages</i>		
	<i>Taxes on the revenues from independent activities</i>		
	<i>Taxes on the revenues on wages</i>		
	<i>Taxes on the revenue from cession of goods use</i>		
	<i>Tax on dividends</i>		
	<i>Tax on interest income</i>		
	<i>Tax on other revenues</i>		
	<i>Tax on pensions income</i>		
	<i>Tax on revenues from lotteries, gambling and betting and money/in kind prizes</i>		
	<i>Tax on revenues from transfers of stocks and shares ownership and sales of partner's shares</i>		
	<i>Regularization</i>		
	<i>Tax on revenues from sale of intellectual rights</i>		
	<i>Tax on revenues of non-resident individuals</i>		
	<i>Tax on income of attorneys and public notaries</i>		
	<i>Tax on income from micro-enterprises created by association from an individual and a legal person, not generating a legal person</i>		
	<i>Tax on land held by individuals</i>		
	<i>Other taxes and fees on individuals</i>		
d51b	Taxes on the income or profits of corporations		
	<i>Tax on profits from economic operators</i>	KIC	
	<i>Tax on profits from commercial banks</i>	KIC	
	<i>Tax on profits from the Romanian National Bank</i>	KIC	
	<i>Tax on revenues from operations of selling-buying currency on term, on a contract base</i>	KIC	
	<i>Tax on revenues of non-resident individuals and legal persons</i>	KIC	
	<i>Tax on income from illegal activities or from the Consumer Protection Law violation</i>	KIC	
	<i>Tax on dividends from trading companies</i>	KIC	
	<i>Contribution of economic operators for state education</i>	KIC	
	<i>Tax on profit from individuals in association with a legal person</i>	KIC	
	<i>Tax on land out of town</i>	KIC	
	<i>Tax on micro-enterprises incomes</i>	KIC	
	<i>Tax on profits</i>	KIC	
	<i>Tax on land out of town</i>	KIC	
	<i>Tax on agricultural land</i>	KIC	
d51c	Taxes on holding gains		
	<i>Tax on revenues from agricultural activities</i>	KIC	
d51c1	Taxes on individual or household holding gains		
	<i>Tax on revenues from own patrimony real estate properties transfer</i>	KIH	
	<i>Other taxes on income, profit and capital gain from individuals</i>	KIH	
d51d	Taxes on winnings from lottery or gambling		
	<i>Tax on revenues from lotteries, gambling and betting and money/in kind prizes</i>	KIH	
d51e	Other taxes on income n.e.c.	KIC	
	<i>Tax on revenues from selling goods in consignment system</i>		
	<i>Amounts transferred for non profit entities sponsorship</i>		
	<i>Tax on revenues of foreign firms' Romanian branches</i>		
	<i>Tax on revenues from accounting expertise and judicial technique</i>		



	Miscellaneous direct taxes		
	Other taxes and fees		
	Other taxes and fees on income, profit and capital gain		
	Other indirect taxes		
d59	Other current taxes		
d59a	Current taxes on capital		
	Tax on buildings of individuals	KIH	
d59b	Poll taxes		
	Revenues from selling the dwellings built from government funds	KIH	
d59c	Expenditure taxes		
d59d	Payments by households for licences		
	Motor vehicle taxes (individuals)	C	T
d59e	Taxes on international transactions		
d59f	Other current taxes n.e.c.		
	Revenues from budgetary claim cancellation process	C	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions	Leyrs	
	Contribution of economic operators for handicapped persons		
	Revenues from claim capitalization by The Authority for State Assets Recovery		
	Revenues from claim capitalization by Banking Assets Capitalization Agency		
	The Risk Fund		
	Employers' social security contributions		
	Employers' contributions for work accidents and professional diseases		
	Employers' and assimilated legal persons' contributions		
	Contributions of legal and physical persons using employed workers		
	Revenues from claim capitalization by The Authority for State Assets Recovery		
	Contributions for holidays and indemnities from individuals or legal persons		
	Spare of the Initial Fund for working accidents and professional diseases insurance system operation		
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions	Lees	
	Employees' and other assimilated persons' social security contributions		
	Other insured individuals' contributions for work accidents and professional diseases		
	Employees' contributions for the unemployment fund		
	Contributions from individuals with unemployment insurance contract		
	Insured employees' contribution		
	Contributions for holidays and indemnities owed by insured persons		
	Other social contributions owed by insured persons		
	Individual contribution for social security		
	Contribution for supplemental pension		
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons	Split_2	
	Individual contribution for social security		
	Contribution for supplemental pension		
	Other insured individuals' social security contributions		
	Employees' social security contributions		
	Individual contributions		
	Health insurance contributions from unemployed persons		
	Social security contributions owed by unemployed persons		
	Other insured individuals' contributions		

SLOVAKIA

ESA95 code	ESA95 text	Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports			
	<i>Taxes on production and imports</i>			
d21	Taxes on products			
d211	Value added type taxes (VAT)			
	VAT		C	
	VAT paid to Institutions of the EU		C	
d212	Taxes and duties on imports excluding VAT			
d2121	Import duties			
	Import duty		C	
	Import duty paid to Institutions of the EU		C	
d2122	Taxes on imports excluding VAT and import duties			
d2122a	Levies on imported agricultural products			
	Levies paid to Institutions of the EU		C	
d2122b	Monetary compensatory amounts on imports			
	Import surcharge		C	
	Other customs gains		C	
d2122c	Excise duties			
	Excise taxes on imported goods		C	
	Mineral oils			E
	Alcohol			
	Beer			
	Wine			
	Tobacco and tobacco products			
d214	Taxes on products, except VAT and import taxes			
d214a	Excise duties and consumption taxes		C	
	On mineral oils			E
	On alcohol			
	On beer			
	On wine			
	On tobacco and tobacco products			
d214b	Stamp taxes			
	Taxes on specific services - Sales tax on alcohol beverages and tobacco products		C	
d214c	Taxes on financial and capital transactions			
	Tax on transfer and assignment of real estate		KS	
d214d	Car registration taxes			
d214e	Taxes on entertainment			
	Taxes on specific services - on automatic gambling machines		C	
	Taxes on specific services - on entry fees		C	
d214f	Taxes on lotteries, gambling and betting			
	Takes on lottery and similar games		C	
d214g	Taxes on insurance premiums			
d214h	Other taxes on specific services			
	Taxes on specific services - on automatic vendors		C	
	Taxes on specific services - on accommodation capacities in recreational establishments		C	
	Taxes on specific services - on advertising		C	
	Taxes on specific services - for dog		C	
	Taxes on specific services - on stays at a spa or in a recreational area		C	
d29	Other taxes on production			
d29a	Taxes on land, buildings and other structures			
	Tax on use of apartments for other than housing purposes		KS	
	Tax on use of public premises		KS	
	Real estate tax (property tax) - paid by legal entities, related with production		KS	
d29b	Taxes on the use of fixed assets			
	Taxes on specific services - on permits to enter historical city district with motor vehicle			
	Road tax - domestic		C	T
	Road tax - international transport		C	T
	Taxes on specific services - on permits to enter historical city district with motor vehicle		C	T
d29e	Business and professional licences			
	Administrative charges - legal person		KS	
	Court fees			

	Earnings from sales of fiscal stamps		
	Hallmarking charges		
	Other administrative fees		
	Administrative charges - individuals		
	Tax on installing nuclear equipment	KS	E
	Tax on excavation areas	KS	P
	Tax on gas and liquid storage	KS	E
d29f	Taxes on pollution		
	Tax on atmospheric pollution	C	P
d29h	Other taxes on production n.e.c.		
	Tax for waste disposal	C	P
	Other taxes on goods and services	C	
	Other taxes	C	
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
	Taxes on income and profit		
d51a	Taxes on individual or household income		
	Income tax individuals - income from dependent activities and functional benefits	Split_1	
	Income tax individuals - from business and other independent gainful activities	Split_1	
d51c1	Taxes on individual or household holding gains		
d51b	Taxes on the income or profits of corporations		
	Corporate income tax - having their sites in the resident country	KIC	
	Corporate income tax - having their sites abroad	KIC	
d51e	Other taxes on income n.e.c.		
	Withholding income tax from individuals	Split_1	
	Withholding income tax from legal persons	KISe	
	Withholding income tax from unidentifiable persons		
d59	Other current taxes		
d59a	Current taxes on capital		
	Tax on transfer and assignment of real estate	ks	
	Real estate tax on land, buildings, apartments (property tax) - paid by individuals unrelated with production	ks	
d59d	Payments by households for licences		
	Administrative charges - individuals	C	
	Taxes on specific services - on permits to enter historical city district with motor vehicle	C	T
	Taxes on specific services - for dog	C	
	Taxes on specific services - on stays at a spa or in a recreational area	C	
	Administrative charges - legal person	C	
	Court fees	C	
	Earnings from sales of fiscal stamps	C	
	Hallmarking charges	C	
	Other administrative fees	C	
d91	Capital taxes		
d91a	Taxes on capital transfers		
	Inheritance tax	KS	
	Tax on gifts inter vivos	KS	
d611	Actual social contributions		
	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions	Leyrs	
	Social contributions of security units (MoD SR, MoI SR) - Employers		
	Insurance in sickness absence		
	Contributions for pension insurance		
	Contributions for old-age pension insurance		
	Contributions for disability insurance		
	Contributions for liability for damage insurance		
	Contributions for health insurance		
	Contributions for unemployment insurance		
	Guaranty fund contributions		
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions	Lees	
	Social contributions of security units		
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons	Split_2	
	Self-employed persons and co-operators		



SLOVENIA

ESA95 code	ESA95 text	Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports			
d21	Taxes on products			
d211	Value added type taxes (VAT)			
		<i>Value added taxes</i>	C	
		<i>Revenue to the EU institutions</i>	C	
d212	Taxes and duties on imports excluding VAT			
d2121	Import duties			
		<i>Customs duties total revenue</i>	C	
		<i>Special taxes on balance of tax burden</i>	C	
		<i>Special taxes on customs recording</i>	C	
d2122	Taxes on imports excluding VAT and import duties			
d2122a	Levies on imported agricultural products			
		<i>Levies on imported agricultural products total revenue</i>	C	
d2122c	Excise duties			
		<i>Excise duties on imports</i>	C	
d2122d	General sales taxes			
		<i>Special import duties and customs charges</i>	C	
		<i>Customs duties paid by individuals</i>	C	
d214	Taxes on products, except VAT and import taxes			
d214a	Excise duties and consumption taxes			
		<i>Alcohol and alcoholic drinks</i>	C	
		<i>Mineral oil and gas</i>	C	E
		<i>Tobacco</i>	C	
		<i>Duty-free shops</i>	C	
		<i>Electric power and coal</i>	C	E
d214c	Taxes on financial and capital transactions			
		<i>Tax on sale of immovable property - from legal entities</i>	KS	
		<i>Tax on sale of immovable property - from individuals</i>	KS	
d214d	Car registration taxes			
		<i>Tax on sales of new motor vehicles</i>	C	T
		<i>Tax on sales of used motor vehicles</i>	C	T
d214f	Taxes on lotteries, gambling and betting			
		<i>Tax on special gambling (gambling in casinos)</i>	C	
		<i>Tax on classical gambling (lotteries,...)</i>	C	
		<i>Special tax on slot machines</i>	C	
d214g	Taxes on insurance premiums			
		<i>Tax on insurance services</i>	C	
d214h	Other taxes on specific services			
		<i>Visitors' tax</i>	C	
d214i	General sales or turnover taxes			
		<i>Special turnover tax on alcohol</i>	C	
		<i>Turnover tax on goods</i>	C	
		<i>Turnover tax on services</i>	C	
d214l	Other taxes on products n.e.c.			
		<i>Taxes on air pollution</i>	C	E
d29	Other taxes on production			
d29a	Taxes on land, buildings and other structures			
		<i>Compensation for the use of building-ground - paid by legal entities</i>	KS	
		<i>Compensation for the use of building-ground - paid by natural persons</i>	KS	
d29b	Taxes on the use of fixed assets			
		<i>Registration fees on motor vehicles, boats and airplanes - paid by legal entities</i>	KS	T
		<i>Registration fees on tractors</i>	KS	T
d29c	Total wage bill and payroll taxes			
		<i>Payroll tax</i>	Leyrs	
d29f	Taxes on pollution			
		<i>Tax on water pollution</i>	C	P
		<i>Taxes on waste pollution</i>	C	P
		<i>Tax on air pollution - caused by hard fuels</i>	C	E
		<i>Contribution of Nuclear power plant to finance its decomposition</i>	C	E
		<i>Indemnity for restricted use of area on the territory of Nuclear power plant</i>	C	E
d29g	Under-compensation of VAT (flat rate system)			
		<i>Negative compensation of farmers in a VAT flat rate system</i>	C	

d29h	Other taxes on production n.e.c.		
	<i>Concessions</i>	KS	
	<i>Concessions duties on special gambling (gambling in casinos)</i>	KS	
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
d51a	Taxes on individual or household income		
	<i>Personal income tax - wages and salaries</i>	SPLIT_1	
	<i>Personal income tax - pensions</i>	SPLIT_1	
	<i>Personal income tax - contractual work</i>	SPLIT_1	
	<i>Personal income tax - state and other awards</i>	SPLIT_1	
	<i>Personal income tax - entrepreneurial activities</i>	SPLIT_1	
	<i>Annual final assessment</i>	SPLIT_1	
d51b	Taxes on the income or profits of corporations		
	<i>Corporate income tax</i>	KIC	
d51d	Taxes on winnings from lottery or gambling		
	<i>Tax on winnings from lottery or gambling</i>	KIH	
d51e	Other taxes on income n.e.c.		
	<i>Tax on work-contracts</i>	Lees	
	<i>Tax on income - copy rights, patents and trademarks</i>	KIH	
	<i>Special contribution for the reconstruction of Posocje region</i>	Lees	
d59	Other current taxes		
d59a	Current taxes on capital		
	<i>Property tax on buildings</i>	KS	
	<i>Property tax on weekend cottages</i>	KS	
	<i>Property tax on boats</i>	KS	
d59d	Payments by households for licences		
	<i>Registration fees on motor vehicles, boats and airplanes - paid by individuals</i>	C	T
d59e	Taxes on international transactions		
d59f	Other current taxes n.e.c.		
	<i>Fire protection tax</i>	KS	
d91	Capital taxes		
d91a	Taxes on capital transfers		
	<i>Inheritance and gift tax</i>	KS	
d91b	Capital levies		
	<i>Payments for the change of use of agricultural and forest land</i>	KS	
d91c	Other capital taxes n.e.c.		
	<i>Tax on balance wealth paid by banks</i>	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions		
	<i>Contributions for employment</i>	Leyrs	
	<i>Contributions for maternity leave</i>	Leyrs	
	<i>Contributions for health insurance</i>	Leyrs	
	<i>Contributions for pension and disability insurance</i>	Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions		
	<i>Contributions for employment</i>	Lees	
	<i>Contributions for maternity leave</i>	Lees	
	<i>Contributions for health insurance</i>	Lees	
	<i>Contributions for pension and disability insurance</i>	Lees	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons		
	<i>Contributions for employment</i>	SPLIT_2	
	<i>Contributions for maternity leave</i>	SPLIT_2	
	<i>Contributions for health insurance</i>	SPLIT_2	
	<i>Contributions for pension and disability insurance</i>	SPLIT_2	



SPAIN

ESA95 code	ESA95 text	Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports			
d21	Taxes on products			
d211	Value added type taxes (VAT)			
		VAT	C	
		VAT in the Canary island	C	
d212	Taxes and duties on imports excluding VAT			
d2121	Import duties			
		Common external tariff	C	
		Duties on nationally produced goods in the Canary Island: imports	C	
		Tax on supplies of goods in the Canary Island (AIEM): imports	C	
		Duties on nationally produced goods in Ceuta and Melilla: imports	C	
		Taxes on production, services and imports in Ceuta and Melilla (IPSI): imports	C	
		Other import duties	C	
d2122	Taxes on imports excluding VAT and import duties			
d2122a	Levies on imported agricultural products			
		Agricultural levies	C	
		Other taxes	C	
d2122c	Excise duties			
		Special duties on imported goods	C	
d214	Taxes on products, except VAT and import taxes			
d214a	Excise duties and consumption taxes			
		Excise duties on hydrocarbon oil	C	E
		Excise duties on electricity	C	E
		Excise duties on alcoholic drinks	C	
		Excise duties on beer	C	
		Excise duties on intermediate products	C	
		Excise duties on tobacco	C	
		Excise duties on oil derivatives	C	E
		Excise duties on hydrocarbon sales	C	E
		Canary island duties on nationally produced goods: production	C	
		Tax on supplies of goods in the Canary Island (AIEM)	C	
		Duties on nationally produced goods in Ceuta and Melilla: production	C	
		Taxes on production, services and imports in Ceuta and Melilla (IPSI): production	C	
		Sales tax in the canary island, Ceuta and Melilla (IGTE)	C	
		Levies on luxury goods	C	
		Taxes of the Comisión Nacional de la Energía	C	E
d214b	Stamp taxes			
		Tax on wealth transfers and official documents	KS	
d214c	Taxes on financial and capital transactions			
		Tax on wealth transfers and official documents (stamps)	KS	
		Taxes of the National commission for the stock exchange	KS	
d214d	Car registration taxes			
		Taxes on transports	C	T
d214f	Taxes on lotteries, gambling and betting			
		Taxes on games	C	
d214g	Taxes on insurance premiums			
		Taxes on insurance premiums	C	
d214i	General sales or turnover taxes			
		Taxes of the National Commission of telecommunications market	C	
d214l	Other taxes on products n.e.c.			
		Taxes on constructions, buildings,...	KS	
		Taxes on fuel	C	E
		CECA Contribution	C	
		Taxes on sugar	C	
		Tax for the financing of the reduction of milk production	C	
		Other taxes	C	
d29	Other taxes on production			
d29a	Taxes on land, buildings and other structures			
		Taxes on immovable properties	KS	
		Special levy on immovable properties of non resident	KS	

	<i>Taxes on big surfaces</i>	KS	
	<i>Other taxes</i>	KS	
	<i>Other abolished direct or indirect taxes</i>	KS	
d29b	Taxes on the use of fixed assets		
	<i>Taxes on vehicles</i>	KS	T
d29e	Business and professional licences		
	<i>Taxes on economic activities</i>	KS	
	<i>Local tax compensation (National Telephone Company of Spain)</i>	C	
	<i>Planning permissions</i>	KS	
	<i>Public prices for private use</i>	C	
	<i>Fiscal charges</i>	C	
	<i>Technical vehicle inspection fee (ITV fee)</i>	C	
d29f	Taxes on pollution		
	<i>Taxes on waste, hydrocarbon use and mine surfaces</i>	C	P
	<i>Taxes on pollution</i>	C	P
	<i>Impuesto sobre aprovechamientos cinegéticos</i>	C	
	<i>Tax on production and transportation of energy</i>	C	E
	<i>Taxes on installations affecting the environment</i>	C	P
	<i>Other environmental taxes</i>	C	P
d29h	Other taxes on production n.e.c.		
	<i>Taxes on credit institutions deposits</i>	KS	
	<i>Other taxes</i>	KS	
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
d51a	Taxes on individual or household income		
	<i>Personal Income tax</i>	SPLIT_1	
d51b	Taxes on the income or profits of corporations		
	<i>Corporate income tax</i>	KIC	
d51e	Other taxes on income n.e.c.		
	<i>Other taxes</i>	KIH	
d59	Other current taxes		
d59a	Current taxes on capital		
	<i>Taxes on property</i>	C	
d59d	Payments by households for licences		
	<i>Taxes on vehicles</i>	C	T
	<i>Hunting and fishing licences</i>	C	
	<i>Other fees</i>	C	
	<i>Other taxes</i>		
d59f	Other current taxes n.e.c.		
	<i>Other taxes</i>	KS	
d91	Capital taxes		
d91a	Taxes on capital transfers		
	<i>Inheritance tax</i>	KS	
d91b	Capital levies		
	<i>Special contributions</i>	KS	
	<i>Urbanisation share</i>	KS	
	<i>Taxes on the land value increase</i>	KS	
	<i>Urban usage</i>	KS	
d91c	Other capital taxes n.e.c.		
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions	Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions	Lees	
d6113	Social contributions by self- and non-employed persons	Split_2	



SWEDEN

ESA95 code	ESA95 text	Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports			
d21	Taxes on products			
d211	Value added type taxes (VAT)			
		<i>Value added type taxes</i>	C	
		<i>Value added type taxes from S212</i>	C	
d212	Taxes and duties on imports excluding VAT			
d2121	Import duties			
		<i>Taxes on imports</i>	C	
d2122	Taxes on imports excluding VAT and import duties			
d2122a	Levies on imported agricultural products			
d2122c	Excise duties			
		<i>Levies on imported alcoholic beverages</i>	C	
d214	Taxes on products, except VAT and import taxes			
d214a	Excise duties and consumption taxes			
		<i>Energy tax on fuel</i>	C	E
		<i>Carbon-dioxide-tax-on fuel</i>	C	E
		<i>Energy tax on petrol</i>	C	E
		<i>Carbon dioxide tax on petrol</i>	C	E
		<i>Tax on sulphur</i>	C	P
		<i>Diesel oil tax</i>	C	E
		<i>Energy tax on electricity</i>	C	E
		<i>Tax on water power</i>	C	E
		<i>Special tax on electric power from nuclear power stations</i>	C	E
		<i>Tax on nuclear fuel</i>	C	E
		<i>Tax on spirits</i>	C	
		<i>Tax on wine</i>	C	
		<i>Tax on beer</i>	C	
		<i>Tobacco tax</i>	C	
		<i>Packaging tax</i>	C	
		<i>Tax on natural gravel</i>	C	P
		<i>Various excise duties</i>	C	
		<i>Excise duties and consumption from Institutions of the EU</i>	C	
d214c	Taxes on financial and capital transactions			
		<i>Stamp taxes</i>	KS	
d214d	Car registration taxes			
		<i>Car registration taxes</i>	C	T
d214f	Taxes on lotteries, gambling and betting			
		<i>Tax on gambling</i>	C	
		<i>Tax on Bingo (gambling)</i>	C	
		<i>Tax on goods -gambling</i>	C	
d214h	Other taxes on specific services			
		<i>Tax on advertising</i>	C	
		<i>Travelling tax</i>	C	
d214i	General sales or turnover taxes			
		<i>Tax on securities</i>	C	
		<i>Turnover tax for central testings</i>	C	
d214j	Profits of fiscal monopolies			
		<i>Profits of fiscal monopoly, alcoholic beverages</i>	C	
		<i>Surplus from gambling</i>	C	
		<i>Surplus from pools</i>	C	
		<i>Surplus from lotteries</i>	C	
d214l	Other taxes on products n.e.c.			
		<i>Regulation fee for agriculture</i>	C	
		<i>Regulation fee for muck</i>	C	
		<i>Tax on radio stations at close quarters</i>	KS	
		<i>Tax on means of control</i>	KS	
		<i>Tax on fertilizers</i>	KS	P
		<i>Tax on chemicals</i>	KS	
		<i>Tax on waste</i>	KS	P
		<i>Fee to the vehicle scrap fund</i>	C	
		<i>Fee to the battery fund</i>	C	
d29	Other taxes on production			
d29a	Taxes on land, buildings and other structures			

	<i>Tax on real-estate</i>	KS	
d29b	Taxes on the use of fixed assets		
	<i>Tax on motor-vehicle paid by enterprises</i>	KS	T
	<i>Kilometre tax</i>	KS	
	<i>Special tax on nuclear power stations</i>	KS	E
d29c	Total wage bill and payroll taxes		
	<i>General payroll tax</i>	Leyrs	
	<i>Part of pension fee to state budget</i>	Leyrs	
	<i>Tax on salaried employees life insurance</i>	Leyrs	
	<i>Special payroll tax</i>	Leyrs	
	<i>Tax for occupational safety</i>	Leyrs	
d29e	Business and professional licences		
	<i>Tax on roulette</i>	KS	
	<i>Fee to a check-up committee for radio and TV</i>	KS	
	<i>Licenses for lottery</i>	KS	
	<i>Licenses for local radio stations</i>	KS	
	<i>Fee for lorries</i>	KS	
	<i>Fee for motor vehicle</i>	KS	
d29f	Taxes on pollution		
	<i>Environmental protection fee</i>	C	P
	<i>Environmental tax on internal air traffic</i>	C	P
d29h	Other taxes on production n.e.c.		
	<i>Concession fee for telecasting</i>	KS	
	<i>Guarantee-fee for deposits in banks</i>	KS	
	<i>Fee for telecommunication</i>	KS	
	<i>Fee to the vehicle scrap fund</i>	KS	T
	<i>Fee to the battery fund</i>	KS	P
	<i>Fee for discharge of nitrogen</i>	KS	
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
d51a	Taxes on individual or household income		
	<i>Income tax , households</i>	SPLIT_1	
d51b	Taxes on the income or profits of corporations		
	<i>Income tax, enterprises</i>	KIC	
d51c	Taxes on holding gains		
d51c1	Taxes on individual or household holding gains		
	<i>Tax on holding gains</i>	KIH	
d51d	Taxes on winnings from lottery or gambling		
	<i>Tax on winnings on lotteries or gambling</i>	KIH	
d59	Other current taxes		
d59a	Current taxes on capital		
	<i>Wealth tax from households</i>	KS	
	<i>Wealth tax from enterprises</i>	KS	
d59d	Payments by households for licences		
	<i>Tax on motor vehicles paid by households</i>	C	T
d91	Capital taxes		
d91a	Taxes on capital transfers	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions		
	<i>Retirement Pension contribution, social security sector</i>	Leyrs	
	<i>Pension contribution, National Debt Office</i>	Leyrs	
	<i>Retirement pension contribution, the old system</i>	Leyrs	
	<i>Sick insurance contribution</i>	Leyrs	
	<i>Part-time pension contribution</i>	Leyrs	
	<i>Industrial injuries, contributions</i>	Leyrs	
	<i>Labour market, employment, contributions</i>	Leyrs	
	<i>Survivors pension, contribution</i>	Leyrs	
	<i>Parental insurance contributions</i>	Leyrs	
	<i>Wages guarantee, contributions</i>	Leyrs	
	<i>Sailors pensions, contributions</i>	Leyrs	
	<i>Miscellaneous, contributions</i>	Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions		
	<i>General health insurance</i>	Lees	
	<i>General pension contribution</i>	Lees	
	<i>Fee for financing of cash benefit at unemployment</i>	Lees	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons		
	<i>Reduction in contributions</i>	SPLIT_2	
	<i>Pension contributions to social security sector</i>	SPLIT_2	

Pension, National Debt Office
Pension, old system
Sick insurance contribution
Part time pension
Industrial injuries
Unemployment
Survivors pension, contribution
Parental insurance contributions

SPLIT_2
SPLIT_2
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UNITED KINGDOM

ESA95 code	ESA95 text	Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports			
d21	Taxes on products			
d211	Value added type taxes (VAT)			
		<i>Paid to central government</i>	C	
		<i>Paid to European Union</i>	C	
d212	Taxes and duties on imports excluding VAT			
d2121	Import duties			
		<i>Paid to central government</i>	C	
		<i>Paid to European Union</i>	C	
d214	Taxes on products, except VAT and import taxes			
		<i>Paid to central government</i>		
		<i>Paid to European Union</i>		
d214a	Excise duties and consumption taxes			
		<i>Customs duty on beer</i>	C	
		<i>Customs duty on wines, cider, perry & spirits</i>	C	
		<i>Customs duty on tobacco</i>	C	
		<i>Customs duty on hydrocarbon oils</i>	C	E
		<i>Other customs duties</i>	C	
		<i>Fossil fuel levy</i>	C	E
		<i>Gas levy</i>	C	E
		<i>Hydro benefit</i>	C	
		<i>Aggregates levy</i>	C	P
d214b	Stamp taxes			
		<i>Stamp duties</i>	KS	
d214c	Taxes on financial and capital transactions			
d214f	Taxes on lotteries, gambling and betting			
		<i>Taxes on lotteries, gaming and betting (Camelot payments)</i>	C	
		<i>Betting, gaming and lottery</i>	C	
d214g	Taxes on insurance premiums			
		<i>Taxes on insurance premiums</i>	C	
d214h	Other taxes on specific services			
		<i>Milk Super levy</i>	C	
		<i>Climate change levy</i>	C	E
		<i>Channel4 Tax - ITV Subsidy</i>	C	
		<i>Renewable Obligation Certificates (ROCs)</i>	C	
d214i	General sales or turnover taxes			
		<i>Car tax</i>	C	T
		<i>Purchase tax</i>	C	
		<i>Air passenger duty</i>	C	T
		<i>Other</i>	C	
		<i>Levies on exports (3rd country)</i>	C	
d214l	Other taxes on products n.e.c.			
		<i>Sugar levy</i>	C	
		<i>European Coal and Steel Community</i>	C	
		<i>Landfill tax</i>	C	P
		<i>Other taxes and levies</i>	C	
d29	Other taxes on production			
		<i>Paid to central government</i>		
		<i>Paid to local government</i>		
d29a	Taxes on land, buildings and other structures			
		<i>National non-domestic rates</i>	KS	
		<i>Old style rates paid to central government</i>	KS	
		<i>Old style rates paid to local government</i>	KS	
d29b	Taxes on the use of fixed assets			
		<i>Motor vehicle duties paid by businesses</i>	KS	T
d29c	Total wage bill and payroll taxes			
		<i>Selective employment tax</i>	Leyrs	
d29e	Business and professional licences			
		<i>Independent Broadcasting Authority levy</i>	KS	
		<i>Regulator fees</i>	KS	
		<i>Consumer and credit act fees</i>	KS	
		<i>Levies paid to CG levy funded bodies</i>	C	
d29h	Other taxes on production n.e.c.			

	<i>London regional transport levy</i>	C	
	<i>National insurance surcharge</i>	Leyrs	
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
	<i>Taxes on income</i>		
d51a	Taxes on individual or household income		
	<i>Paid to central government</i>	Split_1	
d51b	Taxes on the income or profits of corporations	KIC	
	<i>Other taxes on income</i>		
	<i>Petroleum revenue tax</i>		
	<i>Windfall tax</i>		
d51c	Taxes on holding gains		
d51c1	Taxes on individual or household holding gains	KIH	
d51c2	Taxes on holding gains of corporations	KIC	
d51e	Other taxes on income n.e.c.		
	<i>Tax credits and charitable donations</i>	KIH	
d59	Other current taxes		
	<i>Paid to central government</i>		
	<i>Paid to local government</i>		
d59a	Current taxes on capital		
	<i>Council tax</i>	KS	
	<i>Old style domestic rates paid to local government</i>	KS	
	<i>Old style domestic rates paid to central government</i>	KS	
	<i>National non-domestic rates paid by non-market sectors</i>	KS	
d59b	Poll taxes		
	<i>Community charge</i>	C	
d59d	Payments by households for licences		
	<i>Motor vehicle duty paid by households</i>	C	T
	<i>Licences</i>		
	<i>Passport fees</i>	C	
	<i>Television licence fee</i>	C	
d91	Capital taxes		
d91a	Taxes on capital transfers		
	<i>Inheritance tax</i>	KS	
	<i>Other capital transfers</i>	KS	
d91b	Capital levies		
	<i>Development land tax and others</i>	KS	
d91c	Other capital taxes n.e.c.		
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions	Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions	Lees	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons	Split_2	



NORWAY

ESA95 code	ESA95 Name of the tax text	Economic function	Environmental tax
d2	Taxes on production and imports		
d21	Taxes on products		
d211	Value added type taxes (VAT)	C	
d2121	Import duties	C	
d214a	Excise duties and consumption taxes	C	
	<i>Taxes on petrol</i>		E
d214b	Stamp taxes		
	<i>Taxes on tobacco</i>	C	
d214c	Taxes on financial and capital transactions	KS	
d214d	Car registration taxes	KS	T
	<i>Other taxes on motor vehicles etc.</i>		
d214e	Taxes on entertainment	C	
d214f	Taxes on lotteries, gambling and betting	C	
d214h	Other taxes on specific services	C	
d214i	General sales or turnover taxes	C	
d214j	Profits of fiscal monopolies	C	
d214l	Other taxes on products n.e.c.	C	P
d29	Other taxes on production		
d29a	Taxes on land, buildings and other structures	KS	% P
d29b	Taxes on the use of fixed assets	KS	
d29c	Total wage bill and payroll taxes	Leyrs	
d29d	Taxes on international transactions	C	
d29e	Business and professional licences	KS	
d29f	Taxes on pollution	C	P
d29h	Other taxes on production n.e.c.	KS	
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
d51a	Taxes on individual or household income	SPLIT_1	
d51b	Taxes on the income or profits of corporations	KIC	
d51c1	Taxes on individual or household holding gains	KIH	
d51c2	Taxes on holding gains of corporations	KIC	
d51c3	Other taxes on holding gains	KIC	
d51e	Other taxes on income n.e.c.	KIH	
d59	Other current taxes		
d59d	Payments by households for licences	C	
	<i>Annual tax on motor vehicles paid by households</i>		T
d91	Capital taxes	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions	Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions	Lees	

Methodology and explanatory notes

Annex C

ANNEX C: METHODOLOGY AND EXPLANATORY NOTES

The 'Taxation trends' 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 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 C 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.

Ranking

In all the tables of Annex A a ranking is given whereby the Member state with the highest ratio is listed with number one, the second with number two 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 2005 data is available in the respective table.

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' (d995) because this item cannot be attributed with certainty to any category and is therefore listed "below the line". 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 (EA-13). In the report EU-27 averages are used whenever the focus of the discussion is on the situation at the current end; in contrast, discussions of trends refer to the EU-25 as data for Bulgaria and Romania exist only for a limited number of years. 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 not in tables and graphs.

As already mentioned in the text, when the type of average is not indicated, the arithmetic average is meant. In the tables and graphs in the main part of the report as well as in Annex A no adjustment for missing values is made: the average shown is simply the result of the customary formula applied to the available data. In the main text previous year's values are occasionally used in place of the missing values to avoid distortions due to structural breaks in the averages. These instances are always clearly indicated in the text.

Data sources

The national accounts data utilised for this report were extracted from the Eurostat public database (formerly known as NewCronos) on 1 February 2007. 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. Data for 2005 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 the growth rate of the corresponding aggregate tax category.

The output gap measure shown in the Country Chapters is based on the production function approach and is taken from the AMECO database.

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 rates as at the end of 2006 were used.

Although all Member States authorities have provided disaggregated data on their tax revenue (the National Tax List), its level of detail varies. Hence, Annex B shows the level of disaggregation utilised for the computation of the indicators for each Member State.



Part A: Tax structure by tax type

Definition of the aggregates

Total taxes are defined as: taxes on production and imports (d2), current taxes on income and wealth (d5), capital taxes (d91), actual compulsory social contributions (d61111+ d61121+ d61131). Indirect taxes, direct taxes and social contributions add up to the total of taxes received by the general government.

'Indirect taxes' are defined as taxes linked to production and imports (code d2 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 (d29) 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 (d211).
- Excise duties and consumption taxes: Excise and consumption taxes (d214a) + Excise duties (d2122c).
- Other taxes on products (incl. import duties): Taxes and duties on imports excluding VAT (d212), excluding excise duties (d2122c), Taxes on products, except VAT and import duties (d214), excluding excise duties (d214a).
- Other taxes on production (d29).

'Direct taxes' are defined as current taxes on income and wealth (d5) plus capital taxes including taxes such as inheritance or gift taxes (d91). Income tax (d51) is a sub-category, 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 (d51a+d51c1).
- Corporate income tax: Taxes on the income or profits of corporations including holding gains (d51b+d51c2).
- Other income and capital taxes: other taxes on income corresponding to other taxes on holding gains (d51c3), taxes on winnings from lottery or gambling (d51d) and other taxes on income n.e.c. (d51e); taxes on capital defined as other current taxes (d59) and capital taxes (d91).

'Social contributions' are paid by employers and employees on the basis of a work contract, or by self- and non-employed persons.

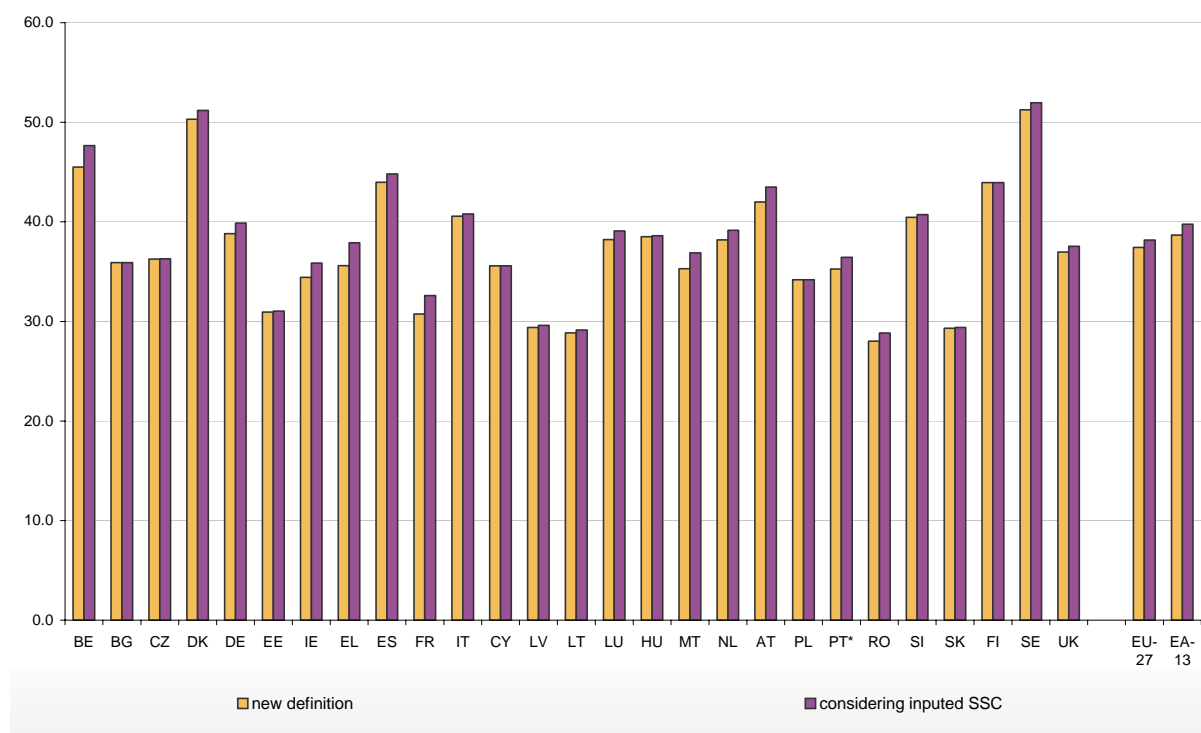
Social contributions include three subcategories:

- Compulsory Employers' actual social contributions (d61111).
- Compulsory employees' social contributions (d61121).
- Compulsory social contributions by self- and non-employed persons (d61131).

Prior to the 2003 edition actual social contributions (ESA95 code d611), 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' (d612), 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 C.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 almost 1 percentage point, the development of the ratio over time would not be affected (see Graph Annex C.1)

Graph Annex C.1 **Sensitivity analysis: role of imputed social contributions**
2005, in %



Source: Commission Services



Box C.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 (d2)

+ Current taxes on income, wealth, etc (d5)

+ Capital taxes (d91)

- Capital transfers from general government to relevant sectors representing taxes and social

+ Compulsory actual social contributions payable to the social security funds sub-sector (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 (d61111 + d61121 + d61131, 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 (d612) 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) (d61112 + d61122 + d61132)

= INDICATOR 4 (Total taxes and social contributions payable to general government, including those for government as an employer)

Box C.2 shows a breakdown of taxes that Member States have agreed to provide on a harmonised basis as well as the codes used in ESA95.

Box C.2: Scheme of ESA95 classification of taxes and social contributions

d2	Taxes on Production and Imports
d21	Taxes on Products
d211	Value added type taxes
d212	Taxes and duties on imports excluding VAT
d2121	Import duties
d2122	Taxes on imports, excluding VAT and import duties
d2122a	Levies on imported agricultural products
d2122b	Monetary compensatory amounts on imports
d2122c	Excise duties
d2122d	General sales taxes
d2122e	Taxes on specific services
d2122f	Profits of import monopolies
d214	Taxes on products, except VAT and import taxes
d214a	Excise duties and consumption taxes
d214b	Stamp taxes
d214c	Taxes on financial and capital transactions
d214d	Car registration taxes
d214e	Taxes on entertainment
d214f	Taxes on lotteries, gambling and betting
d214g	Taxes on insurance premiums
d214h	Other taxes on specific services
d214i	General sales or turnover taxes
d214j	Profits of fiscal monopolies
d214k	Export duties and monetary comp. amounts on exports
d214l	Other taxes on products n.e.c.
d29	Other taxes on production
d29a	Taxes on land, buildings and other structures
d29b	Taxes on the use of fixed assets
d29c	Total wage bill and payroll taxes
d29d	Taxes on international transactions
d29e	Business and professional licences
d29f	Taxes on pollution
d29g	Under-compensation of VAT (flat rate system)
d29h	Other taxes on production n.e.c.



Box C.2 Continued

d5	Current taxes on income, wealth, etc.
d51	Taxes on income
d51a+d51c1	Taxes on individual or household income incl. holding gains
d51b+d51c2	Taxes on the income or profits of corporations incl. holding gains
d51c3	Other taxes on holding gains
d51d	Taxes on winnings from lottery or gambling
d51e	Other taxes on income n.e.c.
d59	Other current taxes
d59a	Current taxes on capital
d59b	Poll taxes
d59c	Expenditure taxes
d59d	Payments by households for licences
d59e	Taxes on international transactions
d59f	Other current taxes n.e.c.
d91	Capital taxes
d91a	Taxes on capital transfers
d91b	Capital levies
d91c	Other capital taxes n.e.c.
d611	Actual social contributions
d6111	Employers' actual social contributions
d61111	Compulsory employers' actual social contributions
d61112*	Voluntary employers' actual social contributions*
d6112	Employees' social contributions
d61121	Compulsory employees' social contributions
d61122*	Voluntary employees' social contributions*
d6113	Social contributions by self- and non-employed persons
d61131	Compulsory contributions self- and non-employed persons
d61132*	Voluntary contributions by self and non-employed persons*
d612*	Imputed social contributions*

Note: * Not included in the 'Taxation trends' definition of total taxes (incl. social contributions)

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 S13 in ESA95) are broken down as taxes received by:

- Central government (S1311)
- State (region) government for federal states (S1312)
- Local government (S1313)
- Social security funds (S1314)
- The EC institutions (S212)

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 (D211) paid to the EU institutions in a different way from other Member States. They are recorded under S1311 instead of under S212; subsequently, a current transfer from S13 to S212 (under ESA95 code: D7PAY) is booked. This treatment affects also D21 and D2 for S1311(Central government) and S13 (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.



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 List of Taxes supplied by Member States. The economic allocation of taxes published in this report is applied to each tax contained in the National List of Taxes. Furthermore, a split of the personal income tax by economic function.

- The availability of detailed revenue data and the economic allocation is listed in Annex B for each country and each tax.
- Compulsory social contributions of self-employed and non-employed (d61131) needed to be split between non-employed (considered as part of labour) and self-employed considered as part of capital. The split is not available from the Eurostat public database (formerly NewCronos), although some national sources of national accounts make it available. The split has been computed by applying to d61131 the share of non-employed 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 Eurostat¹⁾; where no statistics were available (e.g. for Cyprus) the share paid by the non-employed was assumed to be negligible. The data used in the report covers the period up to 2002; however, the stability of the shares of self-employed and non-employed allows assuming constancy of the ratios in the computations. For Belgium more detailed national accounts data on the separate contribution of self-employed, and non-employed have been used instead.

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.5 to C.9. However, exceptions are made if necessary to reflect the true nature of a tax. Borderline cases, which mainly affect 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 tax payers (BE, DK, DE, FR, IE, LU, LV, MT, NL, PL, FI, SE, SI and UK) or income class data based on data-set of individual taxpayers (CY, EL, ES, IT, LT, BG) or tax receipts from withholding and income tax statistics with certain corrections (AT, EE, CZ, HU, PT, RO)²⁾.

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 2005 split has been considered equal to that of 2004. Table E gives all the details on the PIT-split provided by each

1) Eurostat (1996).

2) 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).

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 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. 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 accommodations (so-called *Taxe d'habitation*), for example, has been distributed among the categories '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)'.
- Local business taxes often relate to one or more sources of economic income and are allocated over the economic functions where possible. The revenue from the Italian Regional tax on Productive Activities ('IRAP'), for example, has been distributed among the categories 'labour' and 'capital (income of corporations)', using revenue data from the public administration. The German local business tax (*Gewerbesteuer*), on the other hand, was 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 (wealth) 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.

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 new ESA classification these can be identified as the following categories (see Box C.3):

- Value added type taxes (d211).
- Taxes and duties on imports excluding VAT (d212).
- Taxes on products except VAT and import duties (d214), 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 identification³⁾. 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 (d214b), when they could be identified as related to the stock exchange market or real estate investment. Taxes on financial and capital transactions (d214c) have also been recorded as capital taxes.
- Other taxes on production (d29). 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 (d29c) have been classified as a tax on labour, taxes on land, building and other structures (d29a) have, e.g., been classified as taxes on the stock of capital. However, taxes on international transactions (d29d), taxes on pollution (d29f) and the under-compensation of VAT (flat rate system) (d29g) have been considered as consumption taxes.

3) 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.



- Some taxes defined as current taxes (d5) 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.3: Definition of taxes on consumption

d211 Value added type taxes
d212 Taxes and duties on imports excluding VAT
d214 Taxes on products except VAT and import duties less
 d214b Stamp taxes
 d214c Taxes on financial and capital transactions
From d29 Other taxes on production:
 d29d Taxes on international transactions
 d29f Taxes on pollution
 d29g Under-compensation of VAT (flat rate system)
From d59 Other current taxes:
 d59b Poll taxes
 d59c Expenditure taxes
 d59d Payments by households for licences

Starting from the current edition, a breakdown of the ITR on consumption according to four categories has been introduced. Only the numerator is broken down – the denominator remains the same for each sub-category. The categories are the following:

- **VAT:** the share of the ITR on consumption relating to VAT (d211-type taxes). For Portugal, the value of this indicator was supposed to be the same as in 2005. In the case of Slovenia, in the absence of a breakdown by economic function of turnover taxes for the period 1995-1998, for the purpose of Graphs II-2.3 and 2.4, the share of excise duty revenue from 1999 was assumed constant and unchanged from 1999.
- **Energy:** this subcategory includes all consumption taxes on energy listed in the National List of Taxes; 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 C.4.1_G and C.4.1_T, notably as the latter may include also energy taxes levied on capital or labour. In the case of Slovenia for years prior to 1999 a similar assumption as for VAT was utilised.
- **Tobacco and alcohol :** these include all excise duties on alcohol and tobacco products listed in the National List of Taxes. 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.

The identification of the revenue is done on the basis of the National List of Taxes.

VAT reduced rate and base indicator

For each country, this indicator is calculated as follows:

VAT gap = standard VAT rate – ITR on consumption

The averages shown (e.g. EU-27) are simple arithmetic averages of all countries.

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 compulsory social contributions (see Box C.4). They include compulsory actual employers' social contributions (d61111) and payroll taxes (d29c), compulsory social contributions paid by employees (d61121) and the part of personal income tax (d51a) 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.

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 sub-category 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 Central Statistical Office (ISTAT) provides official estimates of the percentages of 'mixed income' that can be attributed to labour and capital.

Box C.4: Definition of taxes on labour

Employed labour
From d51 Taxes on income: d51a+d51c1 Taxes on individual or household income including holding gains (part raised on labour income)
From d29 Other current taxes: d29c Total wage bill and payroll taxes
From d611 Actual social contributions: d61111 Compulsory employers' actual social contributions d61121 Compulsory employees' social contributions
Non-employed labour
From d51 Taxes on income: d51a+d51c1 Taxes on individual or household income including holding gains (part raised on social transfers and pensions)
From d611 Actual contributions: d61131 Compulsory social contributions by self- and non-employed persons (part paid by social transfer recipients)

Box C.5: Definition of taxes on capital

Capital and business income taxes:
From d51 Taxes on income: d51a+d51c1 Taxes on individual or household income including holding gains (part paid on capital and self-employed income) d51b+d51c2 Taxes on the income or profits of corporations including holding gains d51c3 Other taxes on holding gains d51d Taxes on winnings from lottery and gambling d51e Other taxes on income n.e.c.
From d611- Actual social contributions: d61131 Compulsory social contributions by self- and non-employed persons (part paid by self-employed)
Taxes on stocks (wealth):
From d214 Taxes on products, except VAT and import taxes: d214b Stamp taxes d214c Taxes on financial and capital transactions
From d29- Other taxes on production: d29a Taxes on land, buildings or other structures d29b Taxes on the use of fixed assets d29e Business and professional licenses d29h Other taxes on production n.e.c.
From d59 Other current taxes: d59a Current taxes on capital d59f Other current taxes on capital n.e.c. d91 Capital taxes



Taxes on capital

Capital is defined broadly, including physical capital, intangibles and financial investment and savings (see Box C.5). 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:

- 'Taxes on capital and business income' that economic agents earn or receive from domestic resources or from abroad. This includes taxes on income or profits of corporations (Box C.6), 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.7). In practice this is mainly the personal income tax paid on dividend, interest and entrepreneurial activity (part of d51a+d51c1) and corporate income tax (d51b+d51c2) as well as other taxes on holding gains (d51c3). 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.6: Definition of taxes on the income of corporations

Taxes on the income of corporations

From d51-Taxes on income:

d51b+d51c2 Taxes on the income or profits of corporations including holding gains

Box C.7: Definition of taxes on the capital and business income of households

Taxes on capital and business income of households:

From d51 Taxes on income:

d51a+d51c1 Taxes on individual or household income including holding gains (part paid on capital and self-employed income)

d51c3 Other taxes on holding gains

d51d Taxes on winnings from lottery and gambling

d51e Other taxes on income n.e.c.

From d611 Actual social contributions:

d61131 Compulsory social contributions by self- and non-employed persons (part paid by self-employed)

- 'Taxes on capital stock' include the wealth tax (d59a), capital taxes (d91) including the inheritance tax (d91a), the real estate tax (d29a) or taxes on the use of fixed assets (d29b), professional and business licences (d29e), and some taxes on products (from the category d214).

Environmental taxes

Environmental taxes include energy taxes, transport taxes (including registration and circulation car taxes), and pollution taxes. This is a sub-category of indirect taxes or consumption taxes. The taxes included for each Member State are listed in Annex B⁴⁾.

Box C.8: Classification and features of environmental taxes

The definition of an environmental tax that is commonly 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' (European Commission 2001b). It was decided to include all taxes on energy and transport in the definition and to exclude value-added type taxes from it. This means that the motivation for introducing the taxes – fiscal or environmental – is not decisive for the classification. Therefore the OECD uses the more precise term 'environmentally related taxes'. In this publication environmental taxes are divided in three groups.

Energy taxes include taxes on energy products used for both transport and stationary purposes. 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. The CO₂ taxes are included under energy taxes rather than under pollution taxes. There are several reasons for this. First of all, it is often not possible to identify CO₂ taxes separately in tax statistics, because they are a component of energy taxes. In addition, the revenue from these taxes is often large compared to the one from the pollution taxes. This means that including CO₂ taxes in pollution taxes rather than energy taxes would distort international comparisons.

Transport taxes mainly include taxes related to the ownership and use of motor vehicles. 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. The title 'transport taxes' might be somewhat misleading because the most important part, taxes on petrol, diesel and other transport fuels, are included under energy taxes. In this respect, one alternative name for this tax category might be 'taxes on vehicles'.

The last group of pollution/resource taxes includes taxes on measured or estimated emissions to air and water, management of solid waste and noise. An exception is the CO₂-taxes, which, as discussed above, are included under energy taxes. Taxes on resources pose some particular problems. There are differences in opinion on whether resource extraction is environmentally harmful in itself, although there is broad agreement that it can lead to environmental problems, such as pollution and soil erosion.

4) For a full description of the methodology utilised in compiling the environmental statistics contained in this publication, see European Commission (2001b) and European Communities, 2003.



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 account data acquired for calculating the bases of the implicit tax rates on capital and capital income. Ireland and Luxembourg have derogations to the ESA95 regulation to provide simplified income and distribution accounts. 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 possible⁵⁾. In addition, any timing differences that arise because of lags in tax payments and

business cycle effects may give rise to significant 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 C.9).

Box C.9: Definition of the implicit tax rate on consumption

Implicit tax rate on consumption (ESA95)	Taxes on consumption / (P31_S14dom)
<p><i>Numerator:</i> see Box 3 – taxes on consumption</p> <p><i>Denominator:</i> P31_S14dom: Final consumption expenditure of households on the economic territory (domestic concept)</p>	

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 denominator⁶⁾, 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 government⁷⁾.

VAT on intermediate government consumption

The importance of intermediate government consumption for the implicit tax rate can be estimated for VAT. Share of different categories of internal demand in the total taxable VAT-base (EU-15) indicates the share of taxable intermediate consumption of the government and non profit-institutions in the total taxable VAT-base. For 2000 this lies between 4 % and 19 % in different Member States (see Table Annex C.1). There are, however, other final demand components contributing to a similar extent to the VAT-base which remain excluded. From the viewpoint of VAT, which is only one part of the consumption taxes included in the ITR, other corrections to the denominator would be justified. On the other hand there is a clear indication that private consumption of households is by far the most important component of the tax base. This is a good reason to keep the overall ITR on consumption simple and include only the final domestic consumption of households in the denominator, accepting as a consequence the overestimation of the tax burden on private consumers.

5) OECD (2000, 2002b).

6) In this respect, the previous approach followed the formula proposed by Mendoza, Razin and Tesar (1994).

7) 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.



Table Annex C.1 Share of different categories of internal demand in the total taxable VAT-base (EU-15)
2000 - in %

Member States	Final consumption of households	Intermediate consumption of private non-profit institutions and general government	Intermediate consumption of other sectors	Gross fixed capital formation of private non-profit institutions and general government	Gross fixed capital formation of other sectors	Others
Belgium	71	5	9	3	10	2
Denmark	59	12	13	3	13	0
Germany	61	9	11	3	16	0
Greece	67	7	0	6	19	0
Spain	73	5	6	4	9	2
France	64	8	11	5	12	1
Ireland	60	5	9	6	17	3
Italy	74	5	12	2	7	0
Luxembourg	64	4	19	6	7	0
Netherlands	63	6	12		17 ¹⁾	2
Austria	72	8	6		12 ²⁾	2
Portugal	68	9	12	7	4	0
Finland	64	14	11	5	4	2
Sweden	60	19	12	4	5	0
United-Kingdom	68	9	15	2	6	1
Mean	66	8	11	4	10	1
Coefficient of variation	7	47	41	58	48	104
Min/Max	60/74	4/19	0/19	0/7	4/19	0/3

Note: 1) No split between GFCF of government and GFCF of other sectors is available in our database. Therefore, descriptive statistics are computed without the Netherlands and Austria. 2) No split between GFCF of government and GFCF of other sectors is available in our database. Therefore, descriptive statistics are computed without Netherlands and Austria.

Source: Commission Services

This reasoning holds not only for VAT. Excise duties are a major category of 'consumer' taxes, which are also paid by companies. One could argue that companies could recoup the cost of excise duties by maintaining prices at a higher level, resulting in higher tax burdens on end consumers, although assumptions of this sort are normally subject to a final incidence analysis of the tax burden. In any case, measures of effective tax rates generally disregard tax shifting. To obtain an accurate measurement of the tax burden for consumers it would be beneficial to split the revenues from the taxes and charges that are paid by consumers, the government and enterprises. This approach has already been followed for taxes and duties on motor vehicles, where only payments by households are included in our tax ratio. However, the division of taxes between households and companies for all excise duties and other 'consumer' taxes is constrained by data limitations. For the time being, the inclusion of all taxes potentially levied on private consumption in the tax ratio yields a simple and comparable indicator of the tax burden on consumers in different Member States, despite the overestimation bias. Improvements, such as the split of ITR on consumption by type of taxes (VAT, excise duties, others), might fruitfully be pursued in future editions.

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 C.10). 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. Compensation of employees is thus a broad measure of the gross economic income from employment before any charges are withheld.

Box C.10: 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
<p><i>Numerator:</i> see Box 4 – employed labour</p> <p><i>Denominator:</i></p> <p>d1 Compensation of employees</p> <p>d29c Wage bill and payroll taxes</p>	

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 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 tax rate 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 levels⁸⁾. For example, cuts in taxes or social contribution rates that are targeted on low-paid, 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-paid, 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 moved taxpayers into higher personal income tax brackets resulting in higher real tax payments ('bracket creep'), or 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 is 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.

8) 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 (such as, 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 complex⁹⁾. 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:** The expansionary phase in the late 1990s was accompanied by booming stock markets all over the EU. As a result, capital gains and the corresponding tax revenues had risen 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:** 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 burden¹⁰⁾ 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.

9) 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).

10) 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 Sweden¹¹⁾ 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. Last year, complying with the EU legislation¹²⁾, 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 (FISIM¹³⁾) 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 regulations¹⁴⁾. 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 (e.g. in the case of Spain for the years 1999-2000).

The implicit tax rate on capital and the implicit tax rate on capital and business income

The implicit tax rate is calculated for total capital taxes and for the sub-category of taxes on capital income (which differs from capital taxes overall because it excludes taxes on the stock of capital)¹⁵⁾. 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 is not possible for six (CY, LU, HU, MT, RO, SI) out of the 27 Member States, mainly because of lack of data availability in the sectoral accounts. In the case of Luxembourg, following the methodological changes in national accounts regarding the FISIM and given the sizeable weight of the financial

11) Valenduc (2001), Clarc (2002).

12) The legal reference for the definition, calculation and allocation of FISIM are the "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 the "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)".

13) 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).

14) More in detail, Greece and the United Kingdom should update the entire time series soon, while Bulgaria will only do it in the longer term. Spain and Portugal have only updated the time series from 2000 on. Finally, Cyprus and Slovenia have provided a shorter time series, but data are however insufficient for the computation of the ITRs.

15) The methodology is described in: European Commission (2004a).



sector in this country, it no longer seems appropriate to employ a simplified methodology to compute the ITRs on capital as done until the last publication of the report. The ITRs will be published as soon as a complete set of sectoral accounts is available. The ITR is computed with reference to a simplified set of data for Ireland.

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 world-wide 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.¹⁶⁾ 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 (B2n) of the private sector including corporations (and quasi-corporations), private households, and non-profit institutions and mixed income (B3n) 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 'Structures' 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 (d41), property income attributed to insurance policy holders (d44) and rents on land (d45). Dividends (part of distributed income of corporations - d42) are part of the financial income but they cannot be deducted to calculate the taxable base in national tax legislation¹⁷⁾. For private households, the taxable capital income consists almost completely of interest and dividend payments received and of property income attributed to policy holders received from insurance companies and pension funds.

The balance of d44 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

16) The profits of foreign affiliates are recorded in the distribution of income as 'reinvested earnings on foreign direct investment' (d43) between the parent and subsidiary company. The flow d43 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 d43 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.

17) 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).

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.
- 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 C.11: Definition of the implicit tax rate on capital (income)

Implicit tax rate on capital (income)	Capital (income) taxes/ $B2n_S11-12 + B2n_S14-15 + B3n_S14 +$ $d41_S11-12rec - d41_S11-12pay + d44_S11-12rec - d44_S11-12pay +$ $d45_S11-12rec - d45_S11-12pay +$ $d42_S11-12rec - d42_S11-12pay + d42_S13rec + d42_S2rec +$ $d41_S14-15rec - d41_S14-15pay + d45_S14-15rec - d45_S14-15pay +$ $d42_S14-15rec + d44_S14-15rec$
<i>Numerator:</i>	see Box 5 – taxes on capital
<i>Denominator:</i>	
B2n_S11-12	Net operating surplus of non-financial and financial corporations (incl. quasi-corporations)
B2n_S14-15	Imputed rents of private households and net operating surplus of non-profit institutions
B3n_S14	Net mixed income of self-employed
d41_S11-12rec	Interest received by non-financial and financial corporations
d41_S11-12pay	Interest paid by non-financial and financial corporations
d44_S11-12rec	Insurance property income attributed to policy holders received by non-financial and financial corporations
d44_S11-12pay	Insurance property income attributed to policy holders paid by non-financial and financial corporations
d45_S11-12rec	Rents on land received by non-financial and financial corporations
d45_S11-12pay	Rents on land paid by non-financial and financial corporations
d42_S11-12rec	Dividends received by non-financial and financial corporations
d42_S11-12pay	Dividends paid by non-financial and financial corporations
d42_S13rec	Dividends received by general government
d42_S2rec	Dividends received by rest of the world
d41_S14-S15rec	Interest received by households, self employed and non-profit organisations
d41_S14-S15pay	Interest paid by households, self employed and non-profit organisations
d45_S14-S15rec	Rents on land received by households, self employed and non-profit organisations
d45_S14-S15pay	Rents on land paid by households, self employed and non-profit organisations
d42_S14-15rec	Dividends received by private households, self-employed and non-profit organisations
d44_S14-15rec	Insurance property income attributed to policy holders 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 household 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 denominator 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'¹⁸⁾. In most countries, tax revenues raised on corporate income equal the aggregate d51b+d51c2 'Taxes on the income or profits of corporations including holding gains' (Box 12 Definition of the implicit tax rate on corporate income¹²⁾). 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 (Definition of the implicit tax rate on capital and business income of households¹³⁾). 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 rents¹⁹⁾. 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 policy holders²⁰⁾.

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 (d41) and rents (d45).

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.²¹⁾ 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.

18) Annex B shows for each Member State a detailed classification of taxes to the different categories.

19) 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).

20) Strictly speaking, it is the balance of attributed property income (d44) paid mainly to private households and received property income attributed to insurance policy holders because also corporations and quasi- corporations can be insurance policy holders too.

21) For an overview of the schemes that apply for the individual shareholder see European Commission (2003b).



Box C.12: Definition of the implicit tax rate on corporate income

Implicit tax rate on corporate income	Taxes on corporate income/ B2n_S11-12 + d41_S11-12rec - d41_S11-S12pay + d45_S11-12rec - d45_S11-12pay + d42_S11-12rec - d42_S11-12pay + d42rec. by S13 + d42rec. by S2 + d42rec. by S14-15 + d44_S11-12rec – d44_S11-12pay
<i>Numerator:</i> d51b+d51c2	Taxes on the income or profits of corporations including holding gains
<i>Denominator:</i> B2n_S11-12	Net operating surplus of non-financial and financial corporations (incl. quasi-corporations)
d41_S11-12rec	Interest received by non-financial and financial corporations
d41_S11-12pay	Interest paid by non-financial and financial corporations
d45_S11-12rec	Rents on land received by non-financial and financial corporations
d45_S11-12pay	Rents on land paid by non-financial and financial corporations
d42_S11-12rec	Dividends received by non-financial and financial corporations
d42_S11-12pay	Dividends paid by non-financial and financial corporations
d42_S13rec	Dividends received by general government
d42_S2rec	Dividends received by rest of the world
d42_S14-15rec	Dividends received by households, self-employed and non-profit institutions
d44_S11-12rec	Insurance property income attributed to policy holders received by non-financial and financial corporations
d44_S11-12pay	Insurance property income attributed to policy holders 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 (d42rec_S11-12) we deduct the dividends distributed by domestic corporations (d42pay_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 (d42rec_S13), the rest of the world (d42rec_S2) and households (d42rec_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 C.13: Definition of the implicit tax rate on capital and business income of households

Implicit tax rate on capital and business income of households (incl. self-employed)	Taxes on capital and business income of households/ B2n_S14-15 + B3n_S14 + d41_S14-15rec - d41_S14-15pay d45_S14-15rec - d45_S14-15pay d42_S14-15rec + d44_S14-15rec
<i>Numerator:</i>	<i>see Box 7 - taxes on the capital and business income of house</i>
<i>Denominator:</i>	
B2n_S14-15	Imputed rents of private households and net operating surplus of non-profit institutions
B3n_S14	Net mixed income of self-employed
d41_S14-S15rec	Interest received by households, self employed and non-profit organisations
d41_S14-S15pay	Interest paid by households, self employed and non-profit organisations
d45_S14-S15rec	Rents on land received by households, self employed and non-profit organisations
d45_S14-S15pay	Rents on land paid by households, self employed and non-profit organisations
d42_S14-15rec	Dividends received by private households, self-employed and non-profit organisations
d44_S14-15rec	Insurance property income attributed to policy holders 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 policy holders (d44)' there exists another income flow for distributing profits from financial corporations to private households.²²⁾ 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 policy holder as laid down in the insurance contract. It is that part attributed to the policy holders (excluding capital gains)²³⁾, which, in national accounts, is transferred via the d44 mainly to private households in the period when this property income accrued.

22) For the private sector as a whole, including or excluding d44 (received minus paid) from the tax base has no major empirical impact on the ITR on capital income since the net d44 is close to 0 and represents nearly exclusively a flow from financial corporations to households.

23) 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.



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 last edition of the Structures of the taxation systems did not take the flow d44 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 policy insurance holders. 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 policy holder.

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 d44 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, d44 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 policy holder period by period, insurance companies build up reserves (liabilities) in order to pay the benefits in later periods. However, d44 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 accounts²⁴). 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.

24) PIT revenues are also recorded in the government sector which receives the payments.

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 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 legislation²⁵⁾.

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 euros per ton 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 % change in the final demand deflator from the first year in the series. Note that this introduces a slight distortion in the European averages on account of the different starting points in time.

25) 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.

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 C.14):

Box C.14: 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) income²⁶. 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 income²⁷. 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 rate²⁸. This 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 source²⁹.

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 effects³⁰.

26) 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.

27) See also OECD (2000, 2002b), Clark (2002) and De Haan, Sturm and Volkerink (2002).

28) 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.

29) See also OECD (2000, 2002b) and De Haan, Sturm and Volkerink (2002).

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 ($j=1,...,n$) 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 ($j=1,...,n$), 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 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 sub-categories 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 the United Kingdom, the personal

30) 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.



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 C.15: 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, EE, CZ, 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 is lower than zero. The method takes into account that from 2001 onwards negative capital income can only be deducted in the municipal income tax and that from 1998 to 2001 the after tax value of the deduction for negative capital income was gradually eroded. 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 mean limit and upper limit 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. The method in this edition treated differently the so-called share income (which is taxed separately) allocating it directly to the part on capital income.

- 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 dataset 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 labor 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 organizations were used. When only the total amount withheld was available from a social security organization, 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 Maltese tax authorities are currently in the process of further improving their data reporting structure. Such further enhancement will eliminate the present need for aggregation. The availability of data in a detailed format which can be treated by adequate IT means reaches back to 1998, implying that the improvements currently under way will permit refining the estimates back until that date; before 1998 less accurate estimates will have to be produced by other means.
- *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 Transfer and pensions category. The method multiplies PIT payments by fractions of net taxable income sources (as % of total tax base) at the level of individual taxpayers. The allowances were deducted at the individual level (except in the case of pensions).
- *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 the Income and Property Survey for households, collected by 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 organizations, 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 organizations is a general allowance and is as such divided on all income sources. Furthermore, imputed income from owner occupied dwellings from the tax returns is added to capital income. 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).

Micro vs. Macro-data approach³¹⁾

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

31) See also Clark (2002).



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.

(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.

- United Kingdom:** The split of the personal income tax was estimated by the Inland Revenue 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, working family 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 it 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 Prof. 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 d51a 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 income 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 using tax return data aggregated in 46 income classes or intervals of the taxable base. For each individual taxpayer, the final income tax liability of the annual declaration can be obtained as the function of the taxable personal income types, certain tax allowances in the taxable base, a double tax schedule, their allotment between the regular taxable base and the irregular one (for incomes or capital gains realised in more than one year) and a series of tax credits to the tax liability. Following this structure and certain procedures specified for the assignment of deductions to certain income sources, it is supposed that the tax liability corresponding to the regular part of the taxable base is distributed among the income types in a proportional way to the weight of each one in the total amount of the declared income, as outlined above. The personal income tax reform of 1999 has changed the structure of the tax system. The method has been adapted to take account of the most important changes. The fraction of the personal income tax raised in respect of social transfers and pension benefits could not be estimated by using the personal income tax statistics. The Ministry of Finance used statistics from the national accounts for this purpose. It is however believed that using national accounts figures leads to an overestimation of the fraction of personal income tax that can be attributed to social transfers and pension benefits. The social transfers in national accounts also include some social transfers which are not taxed. Furthermore, the amount of some social transfers is probably situated below the income tax threshold, and



therefore, may not be included in the personal income tax returns. A much more detailed (technical) description of the method employed by the Ministry of Finance is available upon request.

- *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 thirty-five 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 category³²). 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 Annex C.2 Italian method

Method Italy:	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
C. Structure according to economic function as % of GDP											
Labour	23.7	25.3	26.3	26.5	26.4	26.0	26.1	26.1	26.2	26.2	26.5
Employed	16.2	17.8	18.6	18.4	18.1	17.6	17.8	17.9	18.0	17.9	18.2
Paid by employers	8.5	10.1	10.7	10.4	9.9	9.8	9.9	10.1	10.3	10.3	10.5
Paid by employees	7.7	7.7	7.9	8.0	8.2	7.8	7.9	7.9	7.7	7.6	7.7
Self-employed (80% incl. scc)	5.7	5.6	5.6	5.9	6.3	6.4	6.1	6.1	6.1	6.2	6.1
Non-employed	1.9	1.9	2.0	2.2	2.1	2.0	2.2	2.1	2.1	2.1	2.2
Capital	8.8	9.2	9.9	8.2	8.3	8.1	8.1	7.7	7.7	7.4	7.0
Capital and business income	4.9	5.6	6.1	4.9	5.3	5.4	5.6	4.8	5.1	4.6	4.4
Income of corporations	2.9	3.3	3.8	2.8	3.4	3.2	3.9	3.2	3.6	3.1	2.9
Income of households	1.8	2.0	2.0	1.6	1.5	1.8	1.3	1.2	1.1	1.1	1.1
Income of self-employed (20%)	0.3	0.3	0.3	0.4	0.5	0.4	0.4	0.4	0.4	0.4	0.4
Stocks (wealth) of capital	3.9	3.6	3.8	3.3	3.0	2.6	2.5	2.8	2.6	2.8	2.6
D. Implicit tax rates											
Labour employed	37.7	40.5	42.2	42.8	42.6	42.2	42.1	42.1	41.2	41.4	41.5
Capital	25.9	26.4	30.7	26.5	30.1	28.7	28.4	28.5	30.8	29.6	29.2
Capital and business income	14.4	16.0	18.9	15.8	19.3	19.4	19.7	18.0	20.3	18.3	18.3
Corporations	14.1	16.2	18.7	14.0	22.7	20.6	24.2	20.9	24.2	21.0	20.7
Households and self-employed	8.2	8.8	9.9	9.2	8.4	9.8	7.6	7.3	7.5	7.4	7.6

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.

³²⁾ Except the income and taxes of 'continuous and co-ordinated 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.

- *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.
- *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 labor, 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 labor 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, *id est* 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 on 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 Annex C.3 Estimates for the split of the personal income tax
 Personal income tax revenue allocated to employed labour income

1995-2005, in % of total revenue of personal income tax

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
BE	0.749	0.741	0.747	0.740	0.744	0.750	0.752	0.753	0.723	<i>0.723</i>	<i>0.723</i>
BG	-	-	-	-	-	0.882	0.888	0.859	0.891	0.878	0.856
CZ	<i>0.797</i>	<i>0.797</i>	<i>0.797</i>	<i>0.797</i>	<i>0.797</i>	<i>0.797</i>	0.797	0.808	0.809	0.821	<i>0.821</i>
DK	0.724	0.728	0.738	0.725	0.728	0.755	0.758	0.755	0.745	0.733	<i>0.733</i>
DE	0.757	0.729	0.734	0.724	0.704	0.736	0.752	0.763	0.754	0.741	0.707
EE	0.959	0.959	0.937	0.945	0.936	0.929	0.938	0.916	0.914	0.903	0.863
GR	0.473	0.484	0.497	0.484	0.498	0.495	0.494	0.487	0.487	0.507	0.519
ES	0.527	0.535	0.544	0.545	0.536	0.546	0.557	0.558	0.564	0.564	<i>0.564</i>
FR	<i>0.603</i>	<i>0.603</i>	<i>0.603</i>	<i>0.603</i>	0.603	0.583	0.603	0.593	0.593	0.593	<i>0.593</i>
IE	0.843	0.842	0.840	0.830	0.842	0.833	0.817	0.811	<i>0.811</i>	<i>0.811</i>	<i>0.811</i>
IT	0.589	<i>0.578</i>	<i>0.567</i>	0.556	0.564	0.555	0.553	0.561	0.552	0.545	<i>0.545</i>
CY	<i>0.891</i>	<i>0.891</i>	<i>0.891</i>	<i>0.891</i>	<i>0.891</i>	<i>0.891</i>	0.891	0.915	<i>0.915</i>	<i>0.915</i>	<i>0.915</i>
LV	<i>0.995</i>	<i>0.993</i>	<i>0.992</i>	<i>0.989</i>	0.975	0.953	0.965	0.950	0.968	0.972	0.971
LT	<i>0.917</i>	<i>0.917</i>	<i>0.917</i>	<i>0.917</i>	0.917	0.908	<i>0.908</i>	0.900	0.912	0.913	0.901
LU	<i>0.695</i>	0.695	0.687	0.696	0.716	0.736	0.745	0.736	0.724	<i>0.724</i>	<i>0.724</i>
HU	<i>0.810</i>	<i>0.810</i>	<i>0.810</i>	<i>0.810</i>	<i>0.810</i>	<i>0.810</i>	<i>0.810</i>	0.810	0.815	<i>0.815</i>	<i>0.815</i>
MT	<i>0.693</i>	<i>0.693</i>	<i>0.693</i>	0.693	0.697	0.696	0.699	0.701	0.697	<i>0.697</i>	<i>0.697</i>
NL	0.655	<i>0.651</i>	0.647	<i>0.659</i>	<i>0.670</i>	0.682	0.643	<i>0.643</i>	<i>0.643</i>	<i>0.643</i>	<i>0.643</i>
AT	0.630	0.605	0.624	0.622	0.625	0.629	0.595	0.620	0.621	0.613	0.625
PL	0.488	0.520	0.517	0.510	0.525	0.526	0.530	0.519	0.509	0.530	<i>0.530</i>
PT	<i>0.631</i>	<i>0.631</i>	<i>0.631</i>	0.631	0.651	0.648	0.635	0.641	0.635	<i>0.635</i>	-
RO	-	-	-	-	-	-	-	0.621	0.643	0.634	0.690
SI	0.894	0.889	0.891	0.893	0.889	0.902	0.907	0.904	0.908	0.900	<i>0.900</i>
SK	<i>0.819</i>	<i>0.819</i>	<i>0.819</i>	<i>0.819</i>	<i>0.819</i>	0.819	0.830	0.830	0.873	0.802	0.845
FI	0.661	0.676	0.673	0.686	0.683	0.679	0.712	0.706	0.703	<i>0.703</i>	<i>0.703</i>
SE	0.715	0.709	0.706	0.711	0.688	0.676	0.711	0.716	0.690	0.684	0.681
UK	0.764	0.755	0.746	0.743	0.735	0.743	0.739	0.736	0.726	0.723	0.716
NO	0.743	0.742	0.746	0.754	0.752	0.738	0.741	0.754	0.763	0.756	<i>0.756</i>

Note: The numbers printed in bold are the actual estimates; the numbers printed in italics represents either linear interpolations or fractions that were assumed to remain constant

Source: Commission services on the basis of estimates by Member States



Table Annex C.4 Estimates for the split of the personal income tax
 Personal income tax revenue allocated to income of the self-employed

1995-2005, in % of total revenue of personal income tax

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
BE	0.127	0.130	0.122	0.129	0.132	0.129	0.126	0.122	0.120	<i>0.120</i>	<i>0.120</i>
BG	-	-	-	-	-	0.096	0.086	0.111	0.087	0.101	0.119
CZ	<i>0.165</i>	<i>0.165</i>	<i>0.165</i>	<i>0.165</i>	<i>0.165</i>	<i>0.165</i>	0.165	0.160	0.159	0.151	<i>0.151</i>
DK	0.253	0.253	0.239	0.232	0.223	0.218	0.215	0.221	0.232	0.238	<i>0.238</i>
DE	0.190	0.221	0.214	0.224	0.242	0.213	0.201	0.192	0.183	0.193	0.221
EE	0.022	0.022	0.025	0.033	0.021	0.020	0.023	0.024	0.022	0.018	0.020
GR	0.279	0.265	0.245	0.259	0.238	0.245	0.242	0.248	0.248	0.232	0.203
ES	0.152	0.144	0.148	0.145	0.146	0.134	0.130	0.131	0.126	0.125	<i>0.125</i>
FR	<i>0.159</i>	<i>0.159</i>	<i>0.159</i>	<i>0.159</i>	0.159	0.179	0.174	0.169	0.169	0.168	<i>0.168</i>
IE	0.109	0.108	0.109	0.112	0.111	0.111	0.119	0.133	<i>0.133</i>	<i>0.133</i>	<i>0.133</i>
IT	0.162	<i>0.169</i>	<i>0.175</i>	0.182	0.186	0.188	0.183	0.174	0.183	0.181	<i>0.181</i>
CY	<i>0.033</i>	<i>0.033</i>	<i>0.033</i>	<i>0.033</i>	<i>0.033</i>	<i>0.033</i>	0.033	0.051	<i>0.051</i>	<i>0.051</i>	<i>0.051</i>
LV	<i>0.002</i>	<i>0.002</i>	<i>0.002</i>	<i>0.002</i>	<i>0.002</i>	<i>0.002</i>	0.002	0.002	0.002	0.003	0.004
LT	<i>0.062</i>	<i>0.062</i>	<i>0.062</i>	<i>0.062</i>	0.062	0.067	<i>0.067</i>	0.041	0.027	0.014	0.013
LU	<i>0.121</i>	0.121	0.116	0.133	0.102	0.106	0.121	0.145	0.159	<i>0.159</i>	<i>0.159</i>
HU	<i>0.019</i>	<i>0.019</i>	<i>0.019</i>	<i>0.019</i>	<i>0.019</i>	<i>0.019</i>	<i>0.019</i>	0.019	0.016	<i>0.016</i>	<i>0.016</i>
MT	<i>0.091</i>	<i>0.091</i>	<i>0.091</i>	0.091	0.086	0.088	0.084	0.085	0.085	<i>0.085</i>	<i>0.085</i>
NL	0.185	<i>0.196</i>	0.207	<i>0.216</i>	<i>0.225</i>	0.234	0.234	<i>0.234</i>	<i>0.234</i>	<i>0.234</i>	<i>0.234</i>
AT	0.175	0.194	0.175	0.178	0.172	0.170	0.205	0.170	0.163	0.172	0.164
PL	0.224	0.185	0.223	0.232	0.288	0.265	0.263	0.254	0.256	0.246	<i>0.246</i>
PT	<i>0.093</i>	<i>0.093</i>	<i>0.093</i>	0.093	0.096	0.092	0.106	0.091	0.087	<i>0.087</i>	-
RO	-	-	-	-	-	-	-	0.035	0.037	0.038	0.041
SI	0.057	0.058	0.055	0.051	0.057	0.049	0.046	0.048	0.049	0.053	<i>0.053</i>
SK	<i>0.131</i>	<i>0.131</i>	<i>0.131</i>	<i>0.131</i>	<i>0.131</i>	0.131	0.122	0.135	0.095	0.173	0.140
FI	0.082	0.074	0.079	0.075	0.074	0.074	0.075	0.082	0.081	<i>0.081</i>	<i>0.081</i>
SE	0.023	0.026	0.027	0.027	0.028	0.029	0.030	0.029	0.028	0.028	0.026
UK	0.121	0.122	0.126	0.120	0.122	0.119	0.124	0.127	0.129	0.127	0.128
NO	0.105	0.094	0.095	0.095	0.085	0.089	0.090	0.091	0.082	0.088	<i>0.088</i>

Note: The numbers printed in bold are the actual estimates; the numbers printed in italics represents either linear interpolations or fractions that were assumed to remain constant

Source: Commission services on the basis of estimates by Member States

Table Annex C.5 Estimates for the split of the personal income tax
 Personal income tax revenue allocated to capital income

1995-2005, in % of total revenue of personal income tax

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
BE	-0.016	-0.016	-0.017	-0.016	-0.017	-0.016	-0.018	-0.017	0.019	0.019	0.019
BG	-	-	-	-	-	0.022	0.025	0.030	0.022	0.022	0.025
CZ	0.038	0.038	0.038	0.038	0.038	0.038	0.038	0.032	0.031	0.028	0.028
DK	-0.034	-0.037	-0.031	-0.018	-0.014	-0.028	-0.033	-0.028	-0.029	-0.025	-0.025
DE	0.019	0.023	0.023	0.025	0.026	0.026	0.023	0.022	0.037	0.041	0.047
EE	0.014	0.014	0.034	0.019	0.011	0.024	0.017	0.028	0.032	0.020	0.057
GR	0.114	0.115	0.117	0.120	0.124	0.121	0.121	0.123	0.123	0.120	0.118
ES	0.108	0.105	0.097	0.107	0.123	0.125	0.116	0.109	0.109	0.106	0.106
FR	0.070	0.070	0.070	0.070	0.070	0.070	0.055	0.070	0.070	0.066	0.066
IE	0.033	0.035	0.038	0.045	0.038	0.046	0.056	0.048	0.048	0.048	0.048
IT	0.048	0.049	0.049	0.050	0.057	0.059	0.054	0.055	0.057	0.061	0.061
CY	0.007	0.007	0.007	0.007	0.007	0.007	0.007	0.009	0.009	0.009	0.009
LV	0.003	0.004	0.004	0.005	0.007	0.029	0.018	0.031	0.013	0.008	0.006
LT	0.016	0.016	0.016	0.016	0.016	0.019	0.019	0.037	0.035	0.049	0.060
LU	0.057	0.057	0.061	0.055	0.067	0.049	0.038	0.026	0.015	0.015	0.015
HU	0.091	0.091	0.091	0.091	0.091	0.091	0.091	0.091	0.090	0.090	0.090
MT	0.086	0.086	0.086	0.086	0.079	0.076	0.077	0.073	0.078	0.078	0.078
NL	-0.008	-0.008	-0.008	-0.028	-0.048	-0.068	0.009	0.009	0.009	0.009	0.009
AT	0.023	0.026	0.023	0.023	0.021	0.019	0.022	0.019	0.018	0.019	0.018
PL	0.005	0.007	0.006	0.009	0.018	0.040	0.030	0.053	0.058	0.043	0.043
PT	0.189	0.189	0.189	0.189	0.161	0.165	0.156	0.154	0.154	0.154	-
RO	-	-	-	-	-	-	-	0.335	0.305	0.311	0.247
SI	0.016	0.020	0.020	0.019	0.019	0.017	0.017	0.020	0.018	0.022	0.022
SK	0.050	0.050	0.050	0.050	0.050	0.050	0.048	0.035	0.032	0.025	0.015
FI	0.024	0.029	0.041	0.047	0.063	0.075	0.060	0.037	0.038	0.038	0.038
SE	-0.015	0.010	0.025	0.026	0.056	0.078	0.032	0.017	0.018	0.025	0.033
UK	0.100	0.107	0.112	0.121	0.128	0.124	0.122	0.121	0.128	0.133	0.139
NO	0.061	0.070	0.066	0.051	0.062	0.075	0.070	0.061	0.058	0.056	0.056

Note: The numbers printed in bold are the actual estimates; the numbers printed in italics represents either linear interpolations or fractions that were assumed to remain constant

Source: Commission services on the basis of estimates by Member States



Table Annex C.6 Estimates for the split of the personal income tax
 Personal income tax revenue allocated to social transfers and pensions

1995-2005, in % of total revenue of personal income tax

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
BE	0.140	0.145	0.147	0.147	0.141	0.138	0.140	0.142	0.139	<i>0.139</i>	<i>0.139</i>
BG	-	-	-	-	-	0.000	0.000	0.000	0.000	0.000	0.000
CZ	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	0.000	0.000	0.000	0.000	<i>0.000</i>
DK	0.057	0.056	0.054	0.061	0.063	0.055	0.060	0.052	0.052	0.054	<i>0.054</i>
DE	0.033	0.027	0.029	0.027	0.028	0.025	0.024	0.023	0.026	0.025	0.025
EE	0.005	0.005	0.004	0.003	0.032	0.027	0.022	0.033	0.033	0.060	0.059
GR	0.133	0.137	0.140	0.137	0.140	0.140	0.143	0.142	0.142	0.141	0.160
ES	0.213	0.216	0.211	0.203	0.195	0.194	0.196	0.203	0.201	0.205	<i>0.205</i>
FR	<i>0.168</i>	<i>0.168</i>	<i>0.168</i>	<i>0.168</i>	0.168	0.168	0.168	0.168	0.168	0.173	<i>0.173</i>
IE	0.015	0.015	0.013	0.012	0.010	0.010	0.008	0.008	<i>0.008</i>	<i>0.008</i>	<i>0.008</i>
IT	0.201	<i>0.205</i>	<i>0.208</i>	0.212	0.194	0.198	0.210	0.209	0.209	0.214	<i>0.214</i>
CY	<i>0.069</i>	<i>0.069</i>	<i>0.069</i>	<i>0.069</i>	<i>0.069</i>	<i>0.069</i>	0.069	0.025	<i>0.025</i>	<i>0.025</i>	<i>0.025</i>
LV	0.000	0.000	0.001	0.004	0.015	0.016	0.016	0.016	0.016	0.017	0.019
LT	<i>0.005</i>	<i>0.005</i>	<i>0.005</i>	<i>0.005</i>	0.005	0.006	<i>0.006</i>	0.022	0.025	0.025	0.026
LU	<i>0.127</i>	0.127	0.136	0.116	0.115	0.109	0.095	0.093	0.103	<i>0.103</i>	<i>0.103</i>
HU	<i>0.080</i>	<i>0.080</i>	<i>0.080</i>	<i>0.080</i>	<i>0.080</i>	<i>0.080</i>	<i>0.080</i>	0.080	0.079	<i>0.079</i>	<i>0.079</i>
MT	<i>0.132</i>	<i>0.132</i>	<i>0.132</i>	0.132	0.139	0.141	0.142	0.144	0.143	<i>0.143</i>	<i>0.143</i>
NL	0.168	<i>0.161</i>	0.154	<i>0.153</i>	<i>0.152</i>	0.151	0.114	<i>0.114</i>	<i>0.114</i>	<i>0.114</i>	<i>0.114</i>
AT	0.172	0.175	0.178	0.176	0.183	0.182	0.178	0.192	0.198	0.196	0.193
PL	0.283	0.288	0.254	0.249	0.169	0.168	0.177	0.174	0.177	0.181	<i>0.181</i>
PT	0.087	0.087	0.087	0.087	0.091	0.096	0.104	0.113	0.124	<i>0.124</i>	-
RO	-	-	-	-	-	-	-	0.009	0.014	0.017	0.022
SI	0.034	0.033	0.034	0.037	0.036	0.032	0.030	0.028	0.026	0.025	<i>0.025</i>
SK	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	0.000	0.000	0.000	0.000	0.000	0.000
FI	0.233	0.221	0.207	0.192	0.181	0.172	0.167	0.175	0.179	<i>0.179</i>	<i>0.179</i>
SE	0.278	0.255	0.243	0.236	0.228	0.217	0.227	0.238	0.265	0.263	0.260
UK	0.015	0.016	0.015	0.016	0.015	0.014	0.016	0.017	0.017	0.017	0.017
NO	0.092	0.093	0.093	0.100	0.100	0.098	0.099	0.095	0.097	0.099	<i>0.099</i>

Note: The numbers printed in bold are the actual estimates; the numbers printed in italics represents either linear interpolations or fractions that were assumed to remain constant

Source: Commission services on the basis of estimates by Member States

European Commission

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