European Commission —
Taxation and customs union

Taxation trends in the European Union

Data for the EU Member States, Iceland and Norway

2010 edition

eurostat
EUROPEAN COMMISSION

European Commission —
Taxation and customs union

Taxation trends in the European Union

Data for the EU Member States, Iceland and Norway

2010 edition

eurostat
EUROPEAN COMMISSION

Europe Direct is a service to help you find answers to your questions about the European Union.

Freephone number (*):

00 800 6 7 8 9 10 11

(*) Certain mobile telephone operators do not allow access to 00 800 numbers or these calls may be billed.

More information on the European Union is available on the Internet (http://europa.eu).

Cataloguing data can be found at the end of this publication.

Luxembourg: Publications Office of the European Union, 2010

ISBN 978-92-79-15801-8
ISSN 1831-8789
doi:10.2785/4922
Cat. KS-DU-10-001-EN-C

Theme: Economy and finance
Collection: Statistical books

Printed in Belgium

PRINTED ON ELEMENTAL CHLORINE-FREE BLEACHED PAPER (ECF)

PREFACE

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

Taxation is at the heart of citizens' relationship with the State. Not only government experts and academics, but also citizens regularly address us questions about taxation levels in the EU and on how Member States compare with each other; this report, which is published annually, is one way of answering these questions. In drafting it, much effort has been devoted to making sure that the data it contains are computed 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. Experts from national Statistical Offices and from the Ministries of Finance of all countries covered have actively contributed to the report by supplying data and insightful comments; we would like to express our thanks for their suggestions and help, without which it would not have been possible to produce the report.

As has been the custom over the last years, a number of additions have been made, making the report even richer. This year's edition introduces data series on cyclically adjusted total tax revenues, complementing the detailed analysis of nominal tax revenues. Observed tax revenues are substantially influenced by cyclical variations of economic activity. Hence, filtering out, to the extent possible, the impact of cyclical - and hence temporary – factors from permanent developments reveals important information to analysts and policy makers. This information is particularly useful when economic activity, as is the case now, is subject to wide swings.

Another improvement concerns the data on VAT rates: until now, the report included only data for the current year; in this edition coverage has been extended backwards until 2000. Furthermore, in light of the possible accession of Iceland to the EU, the coverage of the report was extended to Iceland. Finally, the table introduced last year, synthesising, for each Member State, the measures taken in the tax domain to counteract the global financial crisis has been enriched considerably. It now comprises not only a complete listing of the tax measures taken since the end of 2008 in reaction to the crisis, but also a quantification of the budgetary impact of these measures.

Besides an analysis of revenue trends, the report includes a sketch of the main characteristics of each Member State's tax system. Since last year, the information can be complemented by a full listing of revenue by tax, the National Tax List, at the most disaggregated level available, accessible free of charge from the report's web page (http://ec.europa.eu/taxtrends). Finally, the 'Taxes in Europe' database (http://ec.europa.eu/tedb) contains detailed and updated information on the 650 most important taxes in force in the EU Member States.

Walter Deffaa	Walter Radermacher
Director-General	Director-General
Directorate-General for Taxation and Customs Union	Eurostat

Origin of this report

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

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

Any questions or suggestions relating to the analysis should be addressed to:
Jean-Pierre De Laet, Head of the unit 'Economic analysis, evaluation & impact assessment support'
European Commission, DG Taxation and Customs Union
B-1049 Brussels
taxud-structures@ec.europa.eu

Language and dissemination

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

Additional information

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

Acknowledgements

Directorate-General for Taxation and Customs Union	
Editor:	Marco Fantini
Deputy editor:	Doris Prammer
Authors:	Marco Fantini (Main results, Part I), Doris Prammer (Parts I.1.1, II.1, II.5.2), Jean-Pierre De Laet (II.2), Gaëtan Nicodème (II.3), Thomas Hemmelgarn (II.4), Katri Kosonen (II.5), Mayya Hristova and Doris Prammer (Annex B)
Country chapters:	Marco Fantini, Serena Fatica, Thomas Hemmelgarn, Mayya Hristova, Katri Kosonen, Viktoriya Krasteva, Tatjana Lapunova, Gaëtan Nicodème, Milán Pein, Doris Prammer, Werner Vanborren
Statistician:	Mayya Hristova
Data management and layout:	Milán Pein, Mayya Hristova, Freddy De Buysscher (Table II-2.2, II-3.2, II-4.1, II-4.2)
Editorial assistance:	Seija Nevala
Eurostat	
ESA95:	Alessandro Lupi, John Verrinder
Printing:	Petra Rusinova

TABLE OF CONTENTS

LIST OF TABLES

LIST OF TABLES IN ANNEX A

LIST OF GRAPHS AND MAPS

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-16**	Euro area (BE, DE, IE, EL, ES, FR, IT, CY, LU, MT, NL, AT, PT, SI, SK, FI)
ES	Spain	**NMS-12**	New Member States (BG, CZ, EE, CY, LV, LT, HU, MT, PL, RO, SI, SK)
FR	France	**NMS-10**	New Member States (CZ, EE, CY, LV, LT, HU, MT, PL, SI, SK)
IT	Italy	**ECSC**	European Coal and Steel Community
CY	Cyprus	**EEA**	European Economic Area
LV	Latvia		
LT	Lithuania	**PIT**	Personal Income Tax
LU	Luxembourg	**CIT**	Corporate Income Tax
HU	Hungary	**ESA79**	European System of Accounts 1979
MT	Malta	**ESA95**	European System of Accounts 1995
NL	Netherlands	**GDP**	Gross Domestic Product
AT	Austria	**ITR**	Implicit Tax Rate
PL	Poland	**SSC**	Social Security Contributions
PT	Portugal	**VAT**	Value Added Tax
RO	Romania	**NTL**	National Tax List
SI	Slovenia		
SK	Slovakia	**:**	Not available
FI	Finland	**n.a.**	Not applicable
SE	Sweden		
UK	United Kingdom		
IS	Iceland (not a member of the EU)		
NO	Norway (not a member of the EU)		

Introduction

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

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

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

This edition of the publication 'Taxation trends in the European Union' covers the 1995-2008 period, corresponding to the years for which national accounts data are generally available in the ESA95 format.

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

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

([1]) European Commission (1996).

TAXATION TRENDS IN THE EUROPEAN UNION
2010 EDITION

Main Results

Introduction

This year's edition of the *Taxation trends in the European Union* appears two years from the start of a global recession that, in Europe, has led to the strongest slump in post-war economic history. The effects of the global economic and financial crisis have hit the EU with increasing force from the second half of 2008, which is the last year for which we possess tax revenues data with the high level of disaggregation needed for the purposes of this report. This means that our revenue data refer only to the beginning of the recession, and not to its entire development. Developments in 2008 were also marked by the circumstance that many countries still recorded satisfactory growth in the first six months of 2008, so that the year as a whole is made up of two rather uneven halves. Nevertheless, as we shall see, the recession had a clear impact on revenues already in 2008, not only on capital taxes (typically highly sensitive to the pace of growth), but also on consumption taxes, which are usually expected to be somewhat more resilient in a slowdown; in particular, consumption tax revenue shrunk more than the volume of consumption itself. The overall revenue impact was a decline by 0.4 percentage points of GDP, compared with the year before, for capital taxes, while revenue from consumption taxes contracted by 0.3 points of GDP.

The report takes stock of the wide range of tax policy measures enacted by EU governments in response to the crisis, up to spring 2010. These measures are described in detail in the Country Chapters; in addition, an overview and a complete list are presented at the end of this section. In this edition, thanks to the input from the delegates of the Working Group on the Structures of Taxation, it was possible to quantify the budgetary impact of the most important policy measures.

We shall focus on the latest developments in the second part of this chapter, after sketching out the structural characteristics of the EU Member States' tax systems.

The EU is a high tax area — on average

The European Union is, taken as a whole, a high tax area. In 2008, the overall tax ratio, i.e. the sum of taxes and social security contributions in the 27 Member States (EU-27) amounted to 39.3 % in the GDP-weighted average, more than one third above the levels recorded in the United States and Japan. The tax level in the EU is high not only compared to those two countries but also compared to other economies in general; among the major non-European OECD members, only New Zealand has a tax ratio that exceeds 34.5 % of GDP([2]). As for less developed countries, they are typically characterised by relatively low tax ratios.

The high EU overall tax ratio is not new, dating back essentially to the last third of the 20th century. In those years, the role of the public sector became more extensive, leading to a strong upward trend in the tax ratio in the 1970s, and to a lesser extent also in the 1980s and early 1990s. In the late 1990s, first the Maastricht Treaty and then the Stability and Growth Pact encouraged EU Member States to adopt a series of fiscal consolidation packages. In some Member States, the consolidation process relied primarily on restricting or scaling back primary public expenditures, in others the focus was rather on increasing taxes (in some cases temporarily). At the end of that decade, a number of countries took advantage of buoyant tax revenues to reduce the tax burden, through cuts in the personal income tax, social security contributions, but also in the corporate income tax.

([2]) See OECD (2009).

The overall tax ratio decreased from 2000 onwards, but, on average, only for a couple of years. Owing at least partly to the need, in several countries, to reduce the general government deficit, efforts to cut taxes permanently petered out gradually. Indeed, overall tax ratios, which had been declining from 1999 to 2002, picked up again on average until 2007. Cyclical factors, however, contributed significantly to this development; growth slowed in the years immediately after 2000, reducing tax revenue, whereas from 2004 onwards, growth in the EU accelerated again; once the impact of the business cycle is stripped out, data suggest that there was no structural increase in the overall tax ratio, but rather a stagnation lasting from 2002 to 2006. The increase in the tax ratios in that period seems therefore mainly attributable to the stronger GDP growth, rather than to tax increases.

Despite the high average level of the overall tax ratio, eleven Member States display ratios below the 35 % mark, highlighting that differences in taxation levels across the Union are quite marked; the overall tax ratio ranges over more than twenty points of GDP, from 28.0 % in Romania to 48.2 % in Denmark. In other words, the tax burden in the highest-taxing EU Member State is over 70 % higher than in the least taxing one.

These large differences of course depend mainly on social policy choices like public or private provision of services such as old age pensions, health insurance and education, on the extent of public employment, or of State activities, etc.. Technical factors also play a role: some Member States provide social or economic assistance via tax reductions rather than direct government spending, while social transfers are exempted from taxes and social security contributions in some Member States but not in others. It should also be highlighted that the GDP value, that constitutes the denominator of the overall tax ratio, includes estimates of production by the informal sector (the 'grey' and 'black' economy); so that not only low taxes, but also high tax evasion can result in a low overall tax ratio.

As a general rule, tax-to-GDP ratios tend to be significantly higher in the old EU-15 Member States (i.e. the 15 Member States that joined the Union before 2004) than in the 12 new Members; the first seven positions in terms of overall tax ratio are indeed occupied by old Member States. There are exceptions, however; for example, Ireland's and Greece's tax ratios are amongst the lowest in the EU; the Spanish overall tax ratio, having dropped by some four points in 2008, is now relatively low too, ranking just above Greece's. Consequently, since the euro area (EA-16) is mostly composed of old Member States, it shows a slightly higher overall tax ratio than the EU-27 (about half a percentage point difference in the arithmetic average).

Despite these large differences, over the last years, until 2007 the overall tax ratio tended to converge. The ratio between the standard deviation and the mean of the overall tax ratios declined from 2001 to 2007; also the gap between the highest and the lowest overall tax ratio showed a similar trend. In 2008, however, tax ratios diverged again slightly, possibly owing to the rather different extent of the slowdown within Member States.

Overall tax ratios declined markedly in 2008

In 2008, under the impact of the recession, the overall tax ratio broke with the increasing trend registered in the previous four years and posted a relatively marked decline (0.4 points of GDP). Nevertheless, this decline only brought back the ratio to its 2006 level, given that in 2007 the tax ratio had also increased by 0.4 points. In the longer term comparison, the current level of the total tax-to-GDP ratio in 2008 was slightly below the 2000 level.

In 2008, the effect of the crisis was more strongly felt on the expenditure side than on the revenue side, probably because of the adoption of spending programmes aiming to pre-empt the impact of the crisis. In all but four Member States the general government balance deteriorated, while in nine countries revenues increased from 2007 (as a share of GDP). By and large however, the year 2008 was characterised by a fairly general decline in tax revenue, with marked differences in its extent as some countries saw strong drops (e.g. Spain, Bulgaria, Cyprus, Ireland), while in most others the effect was more limited.

The growth picture deteriorated especially in the second half of 2008, so that although the real growth rate plunged by over two points, to 0.8 %, in the EU-27 weighted average, several countries were still able to post fairly good average growth for the year as a whole. For instance, Romania, Bulgaria and Slovakia all recorded real GDP growth rates in excess of 6 %, and one third of Member States achieved GDP growth rates greater than 2 %. On the other hand, other countries were already hard hit in 2008: Latvia's, Estonia's, and Ireland's economies all contracted by 3 % or more already in 2008, while in other three countries GDP shrank by a more limited extent. Given the dependence of tax revenues on growth, this differentiated picture helps explaining the increase in the divergence of the overall tax ratio in 2008. Overall, almost one third of EU Member States posted an increase in the tax ratio, another third posted a decline exceeding half a point of GDP, and the remainder showed more limited declines.

As for future trends, the spring 2010 EU Commission forecasts project the EU-27 general government revenue as a percentage of GDP, a measure that is different but closely related to the overall tax ratio, to remain well below 2008 levels (by three quarters of a point of GDP, in the weighted average), over the entire projection period until 2011, as low growth takes its toll and governments are keen to maintain favourable conditions for the recovery to restart. However, in the longer term, the accumulation of debt by Member States leads to expect that governments will strive to gradually consolidate their budgets, so that the room for tax cuts will be limited. In addition, EU general government expenditure has increased considerably: from 2007 to 2010, according to the same forecast, it has risen by more than five points of GDP, surpassing the 50 % mark. The expenditure ratio is expected to start declining only in 2011.

Weight of direct taxation typically 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. Social security contributions are, as a rule, directly linked with a right to benefits such as old age pensions or unemployment and health insurance; in theory, a strict application of actuarial equivalence would preclude redistribution, but in practice the modalities for calculating contributions and benefits allow considerable leeway in this respect and the situation is quite diversified among Member States.

Generally, the new Member States have a different structure compared with the old Member States; in particular, while most old Member States raise roughly equal shares of revenues from direct taxes, indirect taxes, and social security contributions, the new Member States, with the notable exception of Malta, typically display a lower share of direct taxes in the total. The lowest shares of direct taxes are recorded in Bulgaria (only 21.0 % of the total, still markedly up from 16.9 % in 2005, Slovakia (only 22.1 % of the total), and the Czech Republic (23.8 %). One of the reasons for the low direct tax revenues can be found in the generally more moderate tax rates applied in the new Member States on the corporate income tax and on the personal income tax. Several of these countries have adopted flat rate systems, which typically induce a stronger reduction in direct than indirect tax rates.

Also among the old Member States (the EU-15) there are some noticeable differences. The Nordic countries as well as the United Kingdom and Ireland have relatively high shares of direct taxes in total tax revenues. In Denmark and, to a lesser extent, also in Ireland and the United Kingdom the shares of social security contributions to total tax revenues are low. There is a specific reason for the extremely low share of social security contributions in Denmark: most welfare spending is financed out of general taxation. This requires high direct tax levels and indeed the share of direct taxation to total tax revenues in Denmark is by far the highest in the Union. Among the old Member States, the German and French tax systems represent in this respect the opposite of Denmark's with high shares of social security contributions in the total tax revenues, and relatively low shares of direct tax revenues.

Downward trend in top personal income tax rates since 1995

Currently, the top personal income tax (PIT) rate amounts to 37.5 %, on average, in the EU. This rate varies very substantially within the Union, ranging from a minimum of 10 % in Bulgaria to a maximum of 56.4 in Sweden, as Denmark, which levied the highest PIT maximum rate until last year, has cut it to 51.5 %. As a rule, as has been the case in recent years, the new Member States, with the exception of Slovenia and Hungary, display below-average top rates, while 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 ranking 15th in terms of the tax ratio (excluding social security contributions). The lowest rates are found in Bulgaria, the Czech Republic and Lithuania. In the latter two the overall tax ratio (excluding SSCs) is among the lowest in the Union, which is however not really the case in Bulgaria.

For the first time in several years, the top PIT rate has increased, on average, in 2010, despite the sizeable Danish cut, as several EU Member States enacted increases (the UK introduced a new 50 % rate, ten points higher than the previous maximum, but Greece and Latvia too hiked their top rates). It is plausible to attribute this reversal to the effect of the economic and financial crisis as until this year, there had been a clear, steady and widespread downward trend in the top rate. From 1995 to 2009, almost all EU Member States cut their top rate, with only three keeping it unchanged (Malta, Austria and the United Kingdom) and one (Portugal) increasing it slightly. Even taking into account the subsequent 0.4 average rate increase in 2010, all in all, the EU-27 average has gone down by 9.9 percentage points since 1995, accelerating after 2000. The post-2000 acceleration is most noticeable in the Central and Eastern European countries, with the biggest cuts having taken place in four countries that adopted flat rate systems, Bulgaria (– 30.0 percentage points), the Czech Republic (– 17.0), Romania (– 24.0) and Slovakia (– 23.0); the acceleration was, however, visible also in the old EU Member States. One should nevertheless note that the increase in the average in 2010 is due to sizeable hikes in a small number of countries, while the overwhelming majority of Member States, including several that have been amongst the strongest hit by the crisis, have kept their top PIT rate constant.

Lower PIT top rates do not necessarily imply a trend towards lower PIT revenues, because in systems with several tax brackets, the percentage of taxpayers taxed under the highest rate is typically quite limited. In addition, changes in the tax threshold can have important effects on the tax liability, even at unchanged rates; for example, in 2009, Austria increased the threshold for the top 50 % bracket by around 18 %, reducing the tax liability, but this is not visible when looking only at the rate. Several countries, however, have moved towards systems with fewer brackets, or to flat rate systems, which are characterised by a single PIT tax rate, so that any reduction is immediately reflected in the tax revenue. Furthermore, cuts in the top PIT rate typically do not occur in isolation, but are part of balanced packages which may include tax reductions for lower-income taxpayers or measures to offset the loss of revenue.

The Taxation Trends report for the first time this year lists those Member States that have adopted flat PIT tax systems (see Table II-3.2) with the respective rate level and date of adoption. As of 2010, these Member States comprise Bulgaria, the Czech Republic, Estonia, Latvia, Lithuania, Romania, and Slovakia. As can be seen, all flat rate systems in the EU were introduced by new Member States, the latest two being Bulgaria and the Czech Republic in 2008. All of these show a lower than average revenue from the PIT, although the distance from the EU mean value is not very marked for the three Baltic States.

Corporate income tax rates continue their rapid decline throughout the EU

Similarly to the trend recorded for the PIT, since the second half of the 1990s, corporate income tax (CIT) rates in Europe have been cut forcefully, from a 35.3 % average in 1995 to 23.2 % now. Unlike the case of the PIT, this trend has not been interrupted by the financial crisis, on the contrary a few Member States introduced further cuts in 2010 (the Czech Republic, Greece, Lithuania, Hungary, Slovenia) and none increased them.

Although the downward trend has been quite general, corporate tax rates still vary substantially within the Union. The adjusted statutory tax rate on corporate income varies between a minimum of 10 % (in Bulgaria and Cyprus) to a maximum of 35.0 % in Malta, although the gap between the minimum and the maximum has shrunk since 1995. 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 generally figure as having low rates (with the noteworthy exception of Malta, which is also the only Member State that has not changed its CIT rate since 1995). The reverse is, however, not true: unlike the case of the personal income tax, the two Member States with the highest tax burden, Denmark and Sweden, 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 their very nature tax capital income at a moderate rate.

Trend towards more funding to local and regional authorities continues

In 2008 about 60 % of the 'ultimately received' aggregate tax revenue in the EU-27 (including social contributions) was claimed by the central or federal government, roughly 30 % accrued to the social security funds, and around 10 % to local government. Less than 1 % of revenue accrues to the institutions of the European Union. There are considerable differences in structure from one Member State to another; for instance, some Member States are federal or grant regions a very high degree of fiscal autonomy (Belgium, Germany, Austria, Spain). In the United Kingdom and Malta, the social security system is not separate from the central government level from an accounting viewpoint, whereas in Denmark most social security is financed through general taxation.

The share of sub-federal revenue (defined as municipalities plus the state level where it exists) varies from less than 1 % to just over one third of the total. Sweden, Spain, Germany, and Belgium in particular show high shares of total taxes received by the non-central authorities. At the other end, this share is just around 1 % in Greece and Cyprus, while in Malta local government does not receive directly any tax funds. As for the share of revenue accruing to social security funds, the highest values in the EU are reported by France and Slovakia. The amount of the ultimately received shares of revenue, however, is a very imperfect indicator of fiscal autonomy, as a given government level may be assigned revenue streams which it has little legal authority to increase or decrease.

In several EU Member States decentralisation has been an important feature for several years already. Accordingly, data show that the share of total tax revenue accruing to state and local government has been gradually increased.

Consumption taxes: a long rise in most Member States was reversed by a sharp drop in 2008

Data for the ITR on consumption, our preferred measure of the effective tax burden, show that effective taxation of consumption, which had been on an uptrend since 2001, dropped sharply in 2008. The EU-27 arithmetic average declined by 0.7 percentage points that year, the sharpest fall in a single year on record. Nevertheless, given the previous relatively strong growth since 2001, the indicator still exceeds its 2000 level by 0.6 points in 2008.

The downward trend in 2008 was quite broad; compared with the year before; the ITR has fallen in 22 countries. In three cases (Germany, Luxembourg and Slovenia) the indicator increased very marginally, while in Austria and Sweden the increase was relatively marked, about half a percentage point in both cases. Estonia and Ireland experienced the greatest decrease at over 2.5 points.

This sharp and broad drop cannot be attributed to declines in VAT rates, as only Portugal cut rates in 2008 (VAT is the most important consumption tax), and seem therefore rather attributable to the first effects of the crisis on consumption behaviour. The extent and rapidity of this development is striking given that the ITR on consumption should arguably, by construction, show a lesser susceptibility to cyclical developments than other ITRs (it is unaffected by the corporate losses cycle and by bracket drift, at least under homothetic consumption preferences). The sharpness of the drop is therefore probably the result of a combination of factors, such as a shift in consumption patterns towards primary goods, typically subject to lower VAT rates, or involuntary inventory build-ups by businesses, which due to the severity of the downturn at the end of 2008 might have led to significant VAT refunds by tax administrations.

Although VAT yields the bulk of consumption tax revenue, a decomposition of the ITR on consumption in its constituent elements reveals that the role played by taxes other than VAT is not negligible; taxes on energy (typically, excise duties on mineral oils), and on tobacco and alcohol together make up, on average, around one quarter of the revenue from consumption taxes. The differences in consumption of excisable goods are such that their revenue effects go well beyond the spread in tax rates: in % of GDP Bulgaria raises from alcohol and tobacco excises almost six times as much revenue as the Netherlands.

The 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 about 10 percentage points.

Labour taxes: slight decline since the turn of the century, but mostly concentrated in the new Member States

Despite a wide consensus on the desirability of lower taxes on labour, the levels of the ITR on labour confirm the 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 essentially came to a halt in the euro area as several countries witnessed increases in the last few years. Unlike for the ITR on consumption, the crisis did not induce any visible reduction of the ITR on labour in 2008, possibly because of the tendency for labour markets to lag behind cyclical developments. The EU-25 average remained constant and the euro area even recorded an increase in the ITR on labour, so that the marginal (0.1 percentage points) decline in the adjusted EU-27 average were solely due to reductions in Romania and Bulgaria. Overall, the ten Central and Eastern European Member States that acceded to the EU in 2004 and 2007, show a much stronger decline than the arithmetic EU-27 average: the average in these Member States has gone down by about 3.3 percentage points since 2000, while the EU-27 average decreased by only 1.7 points. As a result, the average of the new Member States is now, at 31.7 %, below the EU-27 average of 34.2 %; in 2000, the respective figures were 35.0 % for these Member States and 35.8 % for the EU-27.

Looking at a country-by-country breakdown, the highest reductions in the ITR on labour have taken place in Bulgaria, Latvia and Lithuania (all above 8 percentage points), as well as in Denmark, Estonia, Romania, Ireland, Sweden, Slovakia and Finland; it is quite interesting to note that all three Nordic Member States, which are characterised by a high overall tax ratio, have in recent years striven forcefully to bring the tax burden on labour closer to the EU average. On the other hand, the ITR increased markedly in Cyprus, Portugal and Greece, but in the first two countries the ITR remains well below the Union average. In all the other Member States the change amounted to less than 2.5 percentage points.

The lowest overall ITRs on labour are found in Malta and Cyprus. This structural aspect of their tax system might perhaps be linked to their historical ties to Britain, given that the United Kingdom, as well as Ireland, stand out for a low ITR on labour. The highest ITR on labour is recorded in Italy (at 42.8 %) followed by Belgium (42.6 %). It should also be noted that despite the generally lower level of overall taxation in the new Member States, this does not always apply to labour taxation as highlighted for example by Hungary (third highest ITR on labour); the Czech Republic, too, has an above-average ITR. As for the composition of labour taxation, in most Member States, social security contributions account for a greater share of labour taxes than the personal income tax. On average, 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, while in countries like Romania, Greece or Slovakia less than 20 % of the ITR on labour consists of the personal income tax.

Capital taxation: revenue held up well until 2008 but now set to decrease under impact of recession and rate cuts

Despite the sizeable decline in rates, revenues from the corporate income tax, the most important tax on capital income, have grown steadily from 2003 to 2007 and underwent only a minor reduction in 2008, a decline of 0.2 % of GDP in the EU-27 average. A broadly similar trend is visible also in other related indicators such as revenue from taxes on capital and business income taxes. The ITR on capital shows a stronger decline for 2008, 0.7 points in the EU-25 average, but this level remains the second highest on record after the 2007 figure.

Various factors suggest that, barring introduction of new taxes, the ITR on capital is unlikely to remain at these high levels in the next few years. First, the ITR on capital has historically been sensitive to the business cycle: the EU-25 ITR on capital reached a peak between 1999 and 2000, then declined, and picked up again, in line with the business cycle. Inevitably, given the in-built lag in CIT payments, the effects of the recession will increasingly affect the ITR already in the short term.

In addition, the strong cuts in the CIT statutory rate should increasingly translate in lower revenues. One interesting issue in this respect is how the ITR on capital could keep increasing until 2007 despite such marked drops in the statutory tax rate of the CIT, one of its main components. One explanation is simply linked with the business cycle. Furthermore, however, it seems likely that the measures to broaden the corporate tax base, which have very frequently accompanied the statutory rate cuts, have been playing an important role in sustaining the ITRs; and a series of measures taken at EU level to limit harmful tax competition may too have had an impact. Eventually, however, both factors should fade out: cyclical effects 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, suggesting that a decline will take place in the coming years. One imponderable, however, is the possibility, that, stimulated by the steep fall in corporate tax rates, which in some countries are now well below the top PIT rate, growing incorporatisation has been boosting CIT revenues at the expense of the personal income tax.

The absolute levels of the ITRs on capital differ widely within the EU, ranging from 45.9 % in the UK to a mere 10.7 % in Estonia. A breakdown of the ITR on capital shows that in most cases, the ITRs on capital and business income cluster around 20 %; the variation in the tax burden on capital derives largely from wide differences in the taxation of capital stocks/wealth. Their proceeds are very limited in some Member States, but contribute a significant amount of revenue in several others, depending not only on the tax rates but also on the size and profitability of the capital stock. In three Member States, taxation of capital stocks/wealth yielded in 2008 more than the average revenue from the corporate income tax. In the UK and France in particular, taxation of capital stocks/wealth yields significantly more than the corporate income tax itself.

Environmental tax revenue has been declining

The development of environmental tax revenue is currently subject to opposite forces; on the one hand, policymakers give high priority to environmental protection, a trend which may grow even stronger as attention focuses on the threat from global warming; on the other, 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.

Currently, roughly one euro out of every fourteen in revenue is raised from environmental taxes. Data, however, show that, as a percentage of GDP, environmental tax revenues have been slowly declining since 2004, particularly in the euro area. This trend continued in 2008 and has recently been applying also to the majority of new Member States, where revenues from this kind of taxes had previously shown a clear progression over time. By now there is practically no difference in revenue vis-à-vis the EU-15 in this respect; one should also note that a higher energy intensity of the economy in the new Member States tends to offset lower excise rates in revenue terms.

This highlights that, in general, equal revenue 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, which contributes some three-quarters of revenues from environmental taxes. The implicit tax rate on energy shows that wide differences in the tax revenue raised per unit of energy consumed persist (the highest taxing country levies four times as much revenue per unit of energy than the least taxing Member State), and indicates that in the weighted average, once adjusted for inflation, taxation of energy has been gradually declining.

Since the 2009 edition, the Taxation Trends report contains a breakdown of energy taxes. The data show that in the vast majority of cases, Member States raise little revenue from energy taxes on sources other than transport fuels, such as electricity.

The reaction of tax authorities to the global economic and financial crisis

The revenue data covered in the Taxation Trends report cover the years up to 2008, before the global economic and financial crisis spread to Europe. From the second half of 2008 onwards, however, governments have introduced a wide array of measures to support the economy or to consolidate public finances. A full budgetary analysis of these measures lies outside the scope of this report, which aims instead at giving a broad picture of the variety of measures introduced in the tax domain. Besides the more detailed country-by-country description in Part III of the report, the main tax measures adopted by EU governments in this period are listed in three boxes in the following pages.

The overview in Box 1 distinguishes between generally applicable changes in the tax rate and reforms that instead leave the rate unchanged, but introduce (or restrict) tax breaks, allowances or special regimes; all these are listed as measures affecting the tax base. The box also lists the measures that result in a more (or less) favourable timing for the tax payment, as these have been a notable feature of the crisis. The more detailed listing by country in Box 2 gives an approximate quantification of the budgetary impact of the measures, where this was available. Finally, given the importance and range of the tax reforms decided in Greece, Box 3 describes the most recent tax measures adopted by the Hellenic government. It should be noted that as we are going to print (end May 2010), many other EU governments are planning a new round of fiscal consolidation; these measures are not considered here, but the first reports about them seem to indicate that in the majority of cases they will consist primarily of spending cuts rather than introduce new taxes or increase existing ones.

Looking at the list of measures adopted from the end of 2008 to May 2010, a number of trends stand out :

Number and scope of measures

Member States differed in the degree of reliance on automatic stabilisers and hence on the number and scope of the tax measures. Generally, however, governments have followed an activist stance: our table shows an average of ten important tax policy measures taken per Member State since the end of 2008, with those Member States that have been strongest affected by the crisis tending to approve a higher number of measures;

Size of the budgetary impact

Although the majority of the measures adopted has had an estimated budgetary impact of well below a half point of GDP, the overall impact of the adjustment has been quite high as several measures, typically those involving adjustments in the tax rate, amount to nearly one percent point of GDP or, in a few cases, even more. Reforms of the VAT, the PIT or the reforms of social security, as well as some excise rate increases, have often involved large amounts. The headline impact of a reform on the budget balance cannot, however, be taken as a measure of its importance; the microeconomic impact of a targeted measure on a specific sector can be quite high even in the absence of a large budgetary effect, as the impact is not spread over a large population. In other words, one should not confuse the budgetary implication of a measure with its economic impact. Furthermore, the quantification provided in the table is approximate and, owing to methodological differences, not exactly comparable across countries.

Tax increases vs. tax cuts

Within all main tax categories, both tax increases and tax cuts have been introduced over the past two years, often in the same country and sometimes even within the same tax. This is partly due to the fact that in the initial phases of the crisis, almost all governments put a greater emphasis on supporting economic activity, but in a later phase aimed at consolidation. Another explanation is that governments typically utilised the reforms as an opportunity to carry out some needed 'maintenance' of the tax system, trimming some tax breaks at the same time as they introduced new incentives.

Choice between general rate cuts and specific tax breaks

Changes in the statutory tax rate, given their high visibility and the fact that they affect a greater number of taxpayers, should normally have a stronger impact on agents' expectations, but typically cost more (in budgetary terms, in the case of a rate cut, and in political terms, in the case of a rate increase) than measures aiming at the tax base such as the introduction of exemptions or allowances. In addition, focusing on the tax base usually allows targeting the impact to a specific group of taxpayers. Hence, it is not surprising that measures affecting the tax base have been adopted more frequently than changes in the tax rate. Furthermore, base-narrowing measures have been most common in the PIT and CIT, because the structure of these taxes lends itself to this and also because Member States have more latitude in direct taxes than in harmonised EU taxes such as VAT or excise duties. Finally, many EU governments have introduced preferential tax regimes, including the introduction of special low rates on certain activities, which the table classifies as measures narrowing the tax base.

Qualitative composition of measures

Cuts dominate in corporate and personal income taxation, while increases were clearly prevalent in excise duties and VAT. In particular:

- Several countries chose to cut the **corporate income tax rate,** even though during a deep recession, this will not give an immediate benefit for the many loss-making companies. This choice seems therefore primarily linked with the wish to give a political signal on the long-term attractiveness of the country to investors. There was also considerable activity on the corporate income tax base and on special tax regimes: many Member States attempted to support business investment through measures such as more generous depreciation allowances or investment tax credits; in a few cases, the cuts were targeted towards SMEs. Several Member States have opted for granting these incentives for a limited period of time only, in order to give an immediate boost to capital spending.

- As for the **personal income tax,** one of the most common types of measure was the direct support of household spending power by reductions in the PIT. This happened more often through increases in allowances than cuts in rates, not only because of the considerations outlined above but also because an increase in allowances, having a proportionally higher impact on lower-income households, is expected to more directly boost private consumption.

- In a few cases, PIT rates were increased, but this was typically limited to higher incomes. Some countries suffering from particularly pronounced drops in GDP decided to defer previously decided PIT rate cuts.

- Surprisingly, although governments were striving to maintain or increase the employability of workers, our overview table records relatively few measures in the field of **social security contributions,** and many of them involve hikes. The net effect of this on the cost of labour is, however, unclear, as several countries have raised basic allowances or taken other measures reducing the tax burden on the low paid. At least in some cases, the apparent inaction has been linked to the desire to postpone any tightening of provisions made necessary by the deteriorating labour market situation.

- In the case of **VAT,** the situation is not clear-cut as there has been a predominance of rate increases but also a high number of measures narrowing the base. Base narrowing was in many cases linked to equity considerations, as some countries reduced the tax burden on food or necessities. Generally, however, the measures increasing the standard VAT rates have had a much larger (positive) budgetary impact than the base narrowing measures; for the cases for which we have information, the ratio is almost 5:1. Overall, therefore, given also the widespread increases in **excise duties**, one of the effects of the crisis on tax systems seems likely to be a reinforcement of the trend of the last few years towards higher consumption taxes.

Tax fairness

The fairness of the tax system has been a major concern. Several countries have introduced measures to safeguard lower incomes, usually by raising allowances or, in a few cases, by raising the top PIT rate. This seems to point towards some increase in progressivity in the coming years. Furthermore, as mentioned above, several countries have striven to shield from tax increases expenditure on food or other essentials. Focussing relief on lower-income households also has the advantage that a greater proportion of the tax break is spent immediately, supporting demand.

Temporary vs. permanent measures

The depth and severity of the crisis has induced several governments to introduce measures with an explicit end date, in order to encourage spending by consumers and businesses in the short term. The UK notably has made significant use of temporary measures, most notably introducing a temporary VAT reduction to boost consumer spending, but several other countries utilised extensively temporary measures, typically with the aim of encouraging investment in the construction sector or to strengthen the structural competitiveness of firms.

Sectoral schemes

A wide variety of measures targeting individual sectors has been introduced. In particular, several Member States tried to dampen the slump in the housing sector by granting tax reductions of various kinds; several countries took measures to support the labour-intensive restaurant or tourism sector, notably by VAT rate cuts; others adopted measures aimed at supporting stock prices or reducing inheritance taxes.

Measures aimed at easing liquidity constraints

A notable feature of the tax authorities' reaction to the crisis was widespread introduction of measures aiming at improving the liquidity of businesses and individuals, by stretching out the payment terms. In contrast, only very few governments have tightened up payment terms. Easier payment terms were granted most frequently on VAT, CIT and PIT.

Concluding remarks

Given the fact that the EU is, in general, one of the most highly taxed areas in the world, one pressing issue is what lessons tax policy should learn from the global financial crisis. In theory, its well-developed welfare systems, made possible precisely by those high taxation levels, should have made Europe more resilient; in addition, heavy taxation is usually believed to take a higher toll on growth during cyclical upturns, when it contributes to factor scarcity and exacerbates inflation, rather than in a recession, when the spending it funds should sustain demand; yet, although the crisis originated in the United States, it spread quickly to the EU and resulted in a slump of comparable proportions. Does the crisis suggest that another fiscal policy model would have been preferable? This is a question that will probably occupy economists and policymakers for some time. Indeed, although there is a fairly wide consensus that the crisis did not originate from taxation, there is little doubt that the EU will have to act decisively to face the twin challenges of financing a significantly increased government debt and the incipient retirement of the large baby-boom generation. The issue of whether tax systems could be reformed to contribute not only to speed up GDP growth but also to stabilise the economy, will be at the forefront of the policy reflection for the foreseeable future.

The report analyses in detail the measures introduced by Member States in these last two eventful years. They vary considerably across Member States, but the substantial differences in the impact of the crisis and in Member States' budgetary and financial constraints justified a differentiated response. Nevertheless, the array of measures targeting individual sectors raise the question of whether industry-specific instruments represent an optimal response to an economy-wide slump, not to mention that such a patchwork of incentives risks being incoherent at European level.

The analysis of the measures introduced seems to point to a continuation of the recent trend towards greater reliance on consumption rather than labour or capital taxes. This would be in line with the remarkable decline in CIT rates observed since the end of the 1980s and which the statistics in this report document to be ongoing. It probably also will fuel the debate about the fairness of tax systems.

One effect of the crisis on the policy debate has been that demands for fairness have come to the forefront much more clearly than was the case even in the recent past. Public anger with profiteers and evaders, together with budgetary needs, has stimulated international cooperation on ensuring more effective taxation of portfolio investments held abroad. There is now visibly greater international consensus on information exchange, the final objective of the Savings Directive and of the Mutual Assistance Directive, which embody the EU approach in this area.

The substantial increase of tax levels incurred over the last four decades has created an understandable concern about stealth tax encroachment by governments, which helps finance levels of public expenditure that are difficult to sustain in a deep recession. In this respect, one interesting new observation contained in the report is that, as highlighted the discussion on cyclically-adjusted tax ratios, which have been included in the Taxation Trends report this year for the first time, the marked increase in the overall tax ratio between 2004 and 2007 was due rather to faster GDP growth than to revenue-raising measures. In light of the oft-repeated pledges by policymakers, about the desirability of a lower tax burden to spur European competitiveness, it is comforting that the revenue increase was not due to deliberate tax increases.

Box 1: Overview of recent tax measures, by type

	Corporate Income Taxation		
	Base or special regimes	Statutory rate	Timing (revenue effect)
Increase	2009		
	IE, EL (2009-2013), IT, LT (2009-2011)	LT	IE
	2010		
	BE, BG, HU	HU	
Decrease	2009		
	AT , DE, NL, PT , RO, SE , IT , CY , PT , PL, ES (2009-2011) , UK (2009-2011)	CZ, LU, SI, SE	AT , FR, DE, NL, PT, IT
	2010		
	AT, BE (2010-2011), DE, LT, NL, RO, SK	CZ, HU, LT, EL (2010-2014), SI	AT, DE, NL

	Personal Income Taxation		
	Base or special regimes	Rates	Timing (revenue effect)
Increase	2009		
	EL, IE, LT	EL, IE	
	2010		
	DK, EE, EL, HU, LV, PT, ES	FR, EL, LV, PT, SI, UK (1)	
Decrease	2009		
	AT, BE, BG, FI, DE, HU, IE, IT, LV, LU, NL, PL, PT, RO, SK, SI, ES (2008), SE	AT, FI, FR, DE, HU, LV, LT, RO	BE, DE, DK, PT
	2010		
	BG, DK, FI, DE, HU, IT, RO, SK, SI, SE	DK, FI, DE, HU	DE, DK, RO

	Social Security Contributions		
	Base or special regimes	Rates	Timing (revenue effect)
Increase	2009		
	EE, LT	CY, EE, RO, SK	
	2010		
	BG, CZ, LV	FI, HU	
Decrease	2009		
	FI	BG, CZ, HU, RO, SE	
	2010		
	FI	BG, HU, SE	

(1) new top rate

(Continued on the next page)

Box (continued)

	Value Added Taxes		
	Base or special regimes	Standard rate	Timing (revenue effect)
Increase	2009		
	EE, LV, LT	EE, HU, LV, LT	
	2010		
		CZ, FI, EL, ES	CY
Decrease	2009		
	BE, CY, FR, MT, RO	FI, UK (12.2008-2009)	BE, DK, FR, IT, NL, PL, PT, SK
	2010		
	BE, CY, DE, FI, HU, LT, NL, SI	IE	DK, ES, SI

	Excise Duties		
	Base or special regimes	Rates	Timing (revenue effect)
Increase	2009		
		EE, EL, HU, IE, LV, LT, RO, SI, ES, PT	
	2010		
	DK, FI, EL, LV	BG, DK, EE (2010, 2011), FI, EL, HU, IE, LV, PL	
Decrease	2009		
		IT, LT (2009-2011)	
	2010		
	BG	PL, SK	

Note: Box 1 is based on the contents of Box 2, for which it gives a qualitative overview. Smaller-scale measures or measures with an ambiguous effect on the base have been omitted. Changes in rates applying to reduced-rate or special regimes have been attributed to the base column, as the Rate column has been reserved for general changes in standard rates. A given measure may be listed in several cells as it may impact simultaneously on the rate, base, and timing of the payment. Measures on depreciation of corporate assets have as a rule been counted as affecting both the base and the timing.

Box 2: Main recent tax measures by country (up to March 2010)

Type of tax	Measure	In force	% of GDP
Austria			
PIT	Changes in the income tax system (€ 2.3 billion): lowering of the marginal rates of the second and third brackets; increase in the width of the zero-rate bracket by € 1 000 (to € 11 000); increase in the tax bracket for the top rate of 50 % by € 9 000 (to € 60 000) Originally the measure should be introduced in 2010, due to the crisis it was introduced in 2009.	2009	- 0.9
PIT	Introduction of family tax relief package (€ 0.5 billion): increase in child allowances and child-related tax credits, tax allowances for childcare costs, tax exemptions for childcare subsidies paid by employers. Increased commuter tax credit. Tax deductibility of certain donations.	2009	- 0.2
PIT	Increase in the tax allowances for enterprises from 10 % to 13 % from 2010 onwards; cancellation of tax favourable treatment of retained earnings (€ 0.15 billion net effect).	2010	- 0.05
CIT	Accelerated depreciation of 30 % in the year of investment introduced for the years 2009 and 2010 (overall € 0.7 billion). The major part of the reduction of tax revenue will be off-set in the years 2014 to 2020.	2009 - 2010	- 0.1
Belgium ([1])			
VAT	VAT rate reduction (from 21 % to 12 %) for food served in restaurants and catering services.	2010	- 0.15
VAT	VAT rate reduction (from 21 % to 6 %) for the construction of private (for € 50 000) and social dwellings	2009 – 2010q1	- 0.13
VAT	Acceleration of VAT restitutions.	2009	- 0.05
PIT	Increase in the structural reduction for the wage withholding tax (partial exemption of payment) from 0.25 % to 0.75 % from 1 June 2009 and to 1 % as from 1 January 2010, in the reduction for scientific personnel to 75 % (from 1 January 2009), and in the reduction for night and shift workers from 10.7 % to 15.6 % (from 1 June 2009).	2009	- 0.61
PIT	Extension of wage withholding reductions to some public sector enterprises (structural reduction, night and shift work, overtime work). Extension to more public sector enterprises from 2010 onwards	2009	-0.09
PIT	Increase in the number of overtime hours which qualify for reduced wage withholding tax from 65 hours to 100 hours in 2009 and to 130 hours in 2010.	2009	- 0.02

([1]) For Belgium the list is based on federal budgetary documents only. The quantification is based on the total budgetary impact in cash terms for 2009, 2010 and 2011 with respect to the base year 2008.

(Continued on the next page)

Box (continued)

CIT	Adaptation of deductions of fuel costs for business cars to provide incentives to use low-emission cars	2010	0.05
CIT	Temporary lowering (2010 and 2011) of the cap on the ACE-rate to 3.8%	2010-2011	-0.10
Bulgaria			
PIT	Introduction of mortgage interest deduction for dwellings of young families.	2009 - 2010	
PIT	A reporting obligation is put on individuals to declare received/extended loans (above certain amount), which are not paid back.	2010	
PIT	The current exemption for producers of unprocessed agricultural products is substituted by a tax base reduction of 60 %.	2010	
PIT	The taxable income of seamen is decreased by 90 %.	2010	
SSC	Lowering of the SSC rates by 2 percentage points in 2009 and another 2 percentage points in 2010.	2009	- 0.59
SSC	Increase of the minimum monthly amount of self-employed insurance income, on which contributions have to be paid.	2010	0.15
CIT	Increase of the tax rate on the gross proceeds from gambling from 10 % to 15 %. The lump-sum taxes on some gambling machines are also increased.	2010 -	0.07
Other	The exemption threshold for the real estate tax was decreased. The limits within which the real estate tax and transfer tax rates set by the municipalities may vary were broadened.	2010	
Other	Abolition of excise duties on cars.	2010	- 0.22
Other	Increase of excise duties on electricity (for industrial needs), coal and cigarettes.	2010	0.34
Other	Proposal for an introduction of a tax on gambling and lottery prizes	2010	0.12
Other	Proposal for an increase of the tax on luxury assets	2010	0.05
Cyprus			
VAT	Temporary reduction of the VAT for hotel accommodation and restaurant services by 3 percentage points to 5 % (originally till 30.04.2010 extended to 31.12.2010). Combat against VAT fraud and shortened VAT collection periods.	2009- 2010	
SSC	Increase in SSC of employers and employees by 0.5 percentage points	2009	
CIT	Decrease in the CIT rate for semi-governmental organisations from 25 % to 10 %.	2009	
Other	Decrease in the airport landing fees levied on airline companies and cancelled overnight stay fees levied by local authorities.	2009	
Other	Proposal to change assessment of property values reflecting 2010 values	2010	0.6
Czech Republic			
VAT	The VAT rate increased by 1 %; the basic rate is 20 %, the reduced – 10 %.	2010	
SSC	Reduction in employers' and employees' SSC rates.	2009	

(Continued on the next page)

Box (continued)

SSC	The SSC base increased from 4 to 6 times the average annual salary. The maximum basis of assessment for social and health insurance payments is increased to from 48 to 72 multiple of the average salary.	2010	
CIT	Reduction of CIT rate to 20 % in 2009 and 19 % in 2010.	2009 - 2010	
Other	Acceleration in depreciation of particular assets.	2009	
Denmark			
VAT/PIT	Terms of credit for payment of VAT and withheld personal income taxes is prolonged by one month from February 2009 till December 2009. In 2010 credit for withheld personal income taxes is prolonged by 14 days.	2009 - 2010	- 0.1 (interest of postponed taxes)
PIT	The reduction of the bottom tax bracket from 5.26 % to 3.76 %. The abolition of the medium tax bracket of 6 %. Top marginal tax rate incl. SSC is reduced from 63 to 56 %. Increase in the threshold of the top tax bracket by DKK 27 700. Green check of DKK 1 300 per adult with income below DKK 362 800.	2010	- 1.6
PIT	Increased taxation of fringe benefits Ceiling of DKK 100 000 for payments to pension schemes with less than life-long coverage	2010	0.1
PIT	Introduction of an allowance in tax on positive net capital income of DKK 40 000 Reduction of the tax rate on dividend income from 45 %,43 % and 28 % to 42 % and 27 %	2010	- 0.02
Other	Increase of energy taxes – except petrol and diesel – on business and households by 15 % Increase in excise duties on tobacco and candy. Introduction and increases of a number of other environmental and health related taxes	2010	0.4
Other	Savings of DKK 45 billion in the compulsory supplementary pension scheme can be withdrawn in 2009 with a favourable tax treatment. After many savers choose to withdraw their deposit, the remaining deposits where automatically paid out.	2009	- 1.5
Estonia			
VAT	Increase in the reduced VAT rate from 5 % to 9 %, narrowing of the range of goods to which the reduced rate is applicable.	2009	0.15
VAT	Increase of the standard VAT rate to 20 %.	2009	0.35
PIT	Deferral of the planned income tax rate cut from 21 % to 20 %.	2008, 2009	0.38
PIT	Deferral of the planned increase in the annual personal allowance.	2008, 2009	0.17
PIT	Cancelling of additional basic allowance for the first child. Impact in 2010.	2010	0.35
SSC	Increase in the minimum obligation for the social tax from EEK 2 700 to EEK 4 350 per month.	2009	0.45

(Continued on the next page)

Box (continued)

SSC	Increase in the unemployment insurance rates as of 1 June 2009: for employees 2.0 % (formerly 0.6 %) of gross wage and for employers 1.0 % (formerly 0.3 %) of employee's gross wage. Increase in the unemployment insurance rates as of 1 August 2009: for employees 2.8 % of gross wage and for employers 1.4 % of employee's gross wage.	2009	0.46
Other	Increase of the excise duty on fuel by 10-127 %.	2009	0.1
Other	Increase of the excise duty on fuel, tobacco and alcohol by 5 – 64 %.	2010	0.3
Other	Increase of the excise duty on electricity by 40 %.	2010	0.5
Other	Increase of the excise duty on tobacco by 20 %.	2011	0.02
Finland			
VAT	Decrease in the VAT rate on food from 17 % to 12 % as of 1 October 2009.	2009	
VAT	Increase of the VAT rate on food form 12 % to 13 %. Increase of the standard VAT rate and all the reduced rates by 1 % -point. Decrease of the VAT rate on restaurants from 22 % to 13 %.	2010	
SSC	Decrease in the national pension contribution paid by employers by 0.8 percentage points as of 1 April 2009. Removed definitely in 2010.	2009, 2010	
SSC	Increase of pension, health insurance and unemployment insurance contributions of the employees by 0.2 – 0.3 % points.	2010	
PIT	Adjustment for inflation of the income tax scale by 4 %.	2009	
PIT	Rate reduction in all the four state income tax brackets (between 1 and 1.5 percentage points).	2009	
PIT	Increase in the pension income allowances in state and municipal income taxation.	2009, 2010	
PIT	Increase in the tax credit for paid household work to € 3 000 per taxable person.	2009	
PIT	Reduction of the tax rate of all the four state income tax brackets by half a % points and adjustment of the income tax scales to inflation. Increase of the income employment deduction and basic allowance in municipal taxation.	2010	
Other	Increase of the excise duty on tobacco by 5-15 %. Introduction of taxes on sugar and soft drinks	2010	
France			
VAT	Treasury measures for firms: VAT reimbursements are anticipated.		- 0.3
VAT	As from 1 July 2009 a reduced VAT rate of 5.5 % applies to restaurant services.	2009	- 0.15
PIT	PIT reduction for low-income households resulting in a cut of 2/3 in 2009 PIT for people concerned.	2009	- 0.05

(Continued on the next page)

Box (continued)

PIT	A 50% tax is levied on bonuses exceeding € 27 500 paid in 2009 by financial institutions to their traders.	2010	
CIT	The local business tax is replaced by an "economic territorial contribution". This is no longer based on the annual value of commercial and industrial equipment, but consists of the annual rental value of immovable property and a new tax of 0.4 % (from a turnover exceeding € 500 000) to 1.5 % (above € 50 million) on the added value of the business (*cotisation sur la valeur ajoutée des entreprises*). The overall tax can not exceed 3 % of the added value of the business.	2010	- 0.6
CIT	Treasury measures for firms: tax credit reimbursements (research tax credit and carry-back tax credits)	2009	- 0.4
Germany			
VAT	Reduced VAT rate of 7 % on short-term accommodation as supplied by hotels, pensions and guesthouses	2010	- 0.0
PIT	Improved deductibility of payments for health and nursing care insurance. Cost for health and similar insurances will be fully deductible.	2010	- 0.4
PIT	Changes in income tax rate: Reduction of the bottom PIT rate from 15 % to 14 %. PIT thresholds are increased by € 400 retroactively as from 1 January 2009 and again by € 330 as from 1 January 2010. Increase in the basic allowance from € 7 664 to € 7 834 retroactively as from 1 January 2009 and to € 8 004 as from 1 January 2010.	2009 and 2010	- 0.1 and - 0.2
PIT	Increase in the PIT credit for services supplied by self-employed persons for household repairs to 20 % of € 6 000 (i.e. maximum € 1 200).	2009-	- 0.1
PIT	One-off payment of € 100 per child in 2009 (*Kinderbonus*).	2009	- 0.1
PIT	Increase of the tax allowance for children from EUR 5 808 to EUR 6 024 and of the alternatively granted child credit by EUR 100 per month for the first and second child and EUR 16 per month for every further child	2009	- 0.1
PIT	Increase of the tax allowance for children from EUR 6 024 to EUR 7 008 and of the alternatively granted child credit by EUR 20 per month and child	2010	- 0.2
PIT/CIT	Introduction of declining-balance depreciation at a rate of 25 % for movable fixed assets acquired or produced after 1 January 2009 and before 31 December 2010.	2009 - 2010	- 0.1
CIT	Changes in the corporate tax system (relaxed interest barrier rule, restructuring clause etc.)	2008	- 0.1
CIT	Increase in the thresholds for the expensing of movable fixed assets for SMEs.	2009 - 2010	- 0.0

(Continued on the next page)

Box (continued)

Other	Incentives for buyers of environmentally friendly cars.	2009 - 2010	- 0.0
Greece (1)			
VAT	Planned gradual broadening of the VAT base by including current exempted services and by applying the standard rate to a range of products currently subject to the reduced rate.	2011	0.4
VAT	VAT rates are increased in two phases as follows: the standard rate from 19% to 21 % and subsequently to 23 %, the reduced rate from 9 % to 10 % and then to 11 %, and the super-reduced rate from 4.5 % to 5 %.	2010	0.84
PIT	Introduction of extra tax on personal income for high income earners (income above € 60 000). The tax is gradually increased from € 1 000 for income between € 60 001 and € 80 000 to € 25 000 for income above € 900 000.	2009	0.1
PIT	Income policy 2009 for public servants, doctors in the national healthcare system, employees of public law corporate bodies, local authorities, Police, Fire Department, Port's Corps and the Army, consists of a non-taxable amount of € 500 for gross income up to € 1 500, and € 300 for gross income between € 1 501 and € 1 700.	2009	- 0.2
PIT	Introduction of a special solidarity allowance to low-income earners, pensioners and farmers. The benefit ranges from € 300 to € 1 300.	2009	- 0.3
PIT	Changes to the personal income tax system: all sources of income are subject to a unified progressive taxation scheme with 9 brackets; the 45 % top rate is applicable above € 100 000. Tax exemptions and autonomous taxation provisions are eliminated.	2010	0.5
PIT	Special levy at progressive rates (between 20 and 90 %) on bonuses to business executives in the financial sector.	2010	
PIT	Planned enforcement of presumptive taxation of professionals.	2011	0.2
CIT	Extra contribution charged on large profitable corporations (based on 2008 profits).	2009 - 2013	0.4 (2010) 0.3 (2011)
CIT	Gradual reduction of rate from 25 % by one percentage point each year between 2010 and 2014.	2010-2014	
Other	Reduction from 2.0 % to 0.5 % of local authorities duty imposed on short stay accommodation (in hotels, motels, bungalows, rooms-to-let facilities, camping) and on gross revenue of restaurants, clubs, bars, etc	2009	
Other	Car registration tax reduction of 50 % for the period April–August 2009.	2009	

(1) For Greece the table includes the measures taken in April 2010

(Continued on the next page)

Box (continued)

Other	Increase in the road tax on motor vehicles (up to € 300), calculated on the basis of the engine capacity and the environmental impact. An additional road tax (ranging from € 150 to € 650) is collected on high capacity private vehicles and motorcycles.	2009	
Other	Increase in duties on mobile telephones and excises on petrol.	2009	0.13 (2009) 0.2 (2010)
Other	Special levy on high value real estate.	2009 - 2010	0.1
Other	Increase in fuel taxes.	2010	0.6
Other	Introduction of excise taxes on electricity.	2010	0.1
Other	Increase in excise duties on cigarettes and alcohol.	2010	0.6
Other	Reintroduction of a progressive tax on large property to replace the previous flat tax of 1 %. The 1 % top rate applicable above € 800 000 is increased to 2 % for property values above € 5 million for a period of three years. Church property not used for religious, educational or r charitable purposes is included in the base.	2010	0.2
Other	Increase in the progressivity of taxation on inheritance, gifts and parental provisions. The new system has four brackets, with a 10 % top rate applicable above € 600 000.	2010	
Other	Introduction of a special levy on luxury goods.	2010	0.03
Other	Planned broadening of the base for the real estate tax by increasing the legal value of property.	2011	0.2
Other	Planned increase in taxation of wages in kind, including car lease payments.	2011	0.1
Other	Planned introduction of a "green tax" on CO2 emissions.	2011	0.1
Other	Planned taxation on unauthorized establishments.	2011	0.4
Other	Planned introduction of special levies on illegal buildings in order to regularise land use violations.	2011	0.2
Other	Planned introduction of excise duties on non-alcoholic beverages.	2012	0.1
Other	Planned measures to reduce tax evasion and tax avoidance.	2010	1
Hungary			
VAT	As of 1 July 2009, the standard VAT rate was increased from 20 % to 25 %. In addition a reduced 18 % VAT rate was introduced for dairy and bakery products. The reduced VAT rate of 18 % is applicable for public accommodation services (as of 9 July 2009) and for district heating (as of 1 August 2009).As of 15 January 2010, the reduced VAT rate of 5 % is applicable for district heating. However, the negative annual budgetary impact of this measure per se is supposed to be less than 0.1 % of the GDP of Hungary.	2009	1.6

(Continued on the next page)

Box (continued)

SSC	As from 1 July 2009, the employers' SSC was decreased by 5 percentage points (applied up to the double of the minimal wage).	2009	- 0.3
SSC	As of 1 January 2010, 5 % points decrease of the employers' SSC will be a general reduction.	2010	- 1.1
SSC	Changes in health contribution system	2010	0.3
PIT	Most of tax-free benefits become taxable	2010	0.4
PIT	As of 1 January 2009, the personal income tax bracket has increased retroactively to HUF 1.9 million.	2009	- 0.2
PIT	From 2010 on, gross income plus employer's contributions (27 %) qualify as the base of the personal income tax. The tax bracket increased to HUF 5 million, the tax rates modified from the earlier 18 % and 36 % to 17 % and 32 %, respectively. The employment tax credit is calculated as 17 % of wage income earned, with a monthly maximum of HUF 15 100. This tax credit is applicable to workers whose annual income does not exceed HUF 3 188 000. Parallel to that, the special tax of private persons (4 %) was deleted.	2010	- 1
CIT / PIT	The 4 % solidarity tax for corporations and private persons with high income was abolished.	2010	- 0.8
CIT	Broadening the CIT base	2010	0.3
CIT	Increase of the CIT rate (from 16 % to 19 %)	2010	0.4
Other	As of 1 July 2009, excise duties on all excisable products were increased. The rate of increase was 5.3 % for petrol, 6.5 % for diesel, between 6-7 % for alcoholic beverages and an average 5 % for tobacco products.	2009	0.1
Other	As of 1 January 2010 an additional increase in excise duties took place: by 10% for petrol, by 7.6% for diesel, by 10% for alcoholic beverages and an average 9 % for tobacco products. The rate of energy tax was also generally increased by 17 %	2010	0.3
Ireland			
VAT	Reduction of the standard VAT rate from 21.5 % to 21 %. This brings back the VAT rate to the value it had before December 2008 when the standard rate was increased from 21 % to 21.5 %.	2010	
PIT	Widening of the standard tax band by € 1 000 for a single person, and by € 2 000 for a married couple with 2 incomes.	2009	
PIT	Introduction of income levy of 1 % on gross income up to € 100 100 per annum and a rate of 2 % for income above this amount. On income in excess of € 250 120 a further 1 % is payable. Social welfare payments are excluded from this levy. From 1st May 2009 the income levy rates are doubled to 2 %, 4 % and 6 %. The exemption threshold is € 15 028. The 4 % rate applies to income in excess of € 75 036 and the 6 % rate to income in excess of € 174 980.	2009	

(Continued on the next page)

Box (continued)

PIT	Introduction of a pension levy on public sector wages. New arrangement: first € 15 000 of earnings exempt, 5 % on next € 5000 of earnings, 10 % on earnings between € 20 000 and € 60 000 and 10.5 % on earnings above € 60 000.	2009	
PIT	Increase in the employee SSC ceiling from € 50 700 to € 52 000. From 1st May 2009 increase in the employee SSC ceiling from € 52 000 to € 75 036.		
CIT	Payment dates for corporation and capital gains tax are to be brought forward in 2009.		
CIT	Increase in the capital gains tax from 20 % to 22 %. From 8 April 2009 increase to 25 %.		
Other	Introduction of a Carbon Tax which is levied at a rate of 15 Euro per tonne on fossils fuels. It came into effect for petrol and auto-diesel on 9 December 2009. On 1 May 2010 taxation will also include Kerosene, Marked Gas Oil, Liquid Petroleum Gas, Fuel Oil and Natural Gas.	2009 - 2010	
Other	From 8 April 2009 increase in capital acquisitions tax rate from 22 % to 25 %.		
Other	From 8 April 2009 increase in Deposit Interest Retention Tax (DIRT) from 23 % to 25 %.		
Other	Increase in the R & D tax credit from 20 % to 25 % of incremental expenditure.		
Other	Reduction of the stamp duty top rate from 9 % to 6 %.		
	Italy		
VAT / PIT	Extension until 2012 of the measures supporting housing renovation, i.e. the 36 % PIT tax credit on renovation expenses, and the reduction to 10 % of the applicable VAT rate. Reform of tax incentives for energy-saving restructuring of buildings. Limitation of the possibilities to offset VAT credits with VAT debts within, however, higher ceilings.	2008 - 2012 (but 10% VAT rate does not expire)	-0.02 (2012) -0.04 (2013) -0.04 (2014)
VAT	VAT payments are no longer due upon issuing of invoice but on receipt of payment by customer	2009	-0.01 (2009) -0.00 (2010-)
PIT	10 % special tax rate on overtime/flexitime pay or productivity-based pay increase	July 2008 – December 2008	-0.04 (2008) -0.03 (2009)
PIT	Extension of the 10 % special tax rate only on productivity-based pay increases.	2009 – 2010	-0.03 (2009); -0.06 (2010) -0.02 (2011)
PIT	Tax amnesty on undeclared assets held abroad ("Tax shield")	Aug. 2009 – April 2010	0.20-0.26
CIT	50 % tax credit for investments in machinery and equipment for entities generating business income ('Tremonti-ter')	July 2009 – June 2010	-0.13 (2009) -0.14 (2010)
CIT	Optional group taxation regime for Industrial Districts	2009	-0.00

(Continued on the next page)

Box (continued)

CIT/ PIT	10 % of IRAP paid by employers made deductible from CIT or PIT.	2009	-0.04
CIT/PIT	CIT and PIT deduction of investments costs, sustained in 2010 by companies in the textile and fashion industry sector, in research and development aimed at creating samples.	April – December 2010	-0.00
CIT	Reductions in advance tax payments by incorporated companies.	2009	
CIT	Introduction of a 5.5 point surcharge on the CIT, applicable to companies operating in research and exploitation of hydrocarbons, oil refining, production and sale of petrol, gas and similar products, and to production and sale of electricity (so-called 'Robin tax').	2009	0.11 (2009) 0.05 (2010,2011)
CIT	Increase of 'Robin Tax' surcharge to 6.5 percent	2009	0.00
CIT	Substitute taxation (on an optional basis) at a reduced rate on asset revaluations, bringing tax accounting better in line with company accounting.	2009	-0.04
Other	Stronger measures to fight tax evasion.	2009	
Other	Cut on excise duties on gas for large industrial users and cuts of taxes and social contributions for road haulage operators.	2009	-0.00
Other	Capping of the interest rate for variable-rate mortgages (the Government will reimburse the difference to the banks through tax credits).	2009	
Other	Tax incentives for purchases of household appliances and furniture.	February – December 2009	-0.01
Other	Extension of tax incentives for replacement of cars and motorbikes.	2008 - 2009	-0.02 (cash)
Other	Substantial cut of taxes on housing, freeing the first property owned from the municipal property tax (ICI).	2008	-0.17
All	Suspension of tax payments from the areas struck by the 2009 earthquake	2009	-0.03
Latvia			
VAT	Increase in the standard VAT rate from 18 % to 21 %.	2009	1.4
VAT	Increase in the reduced VAT rate from 5 % to 10 %. Various types of goods have been made ineligible for the reduced rate.	2009	0.7
PIT	Reduction of the PIT rate from 25 % to 23 % and increase of the basic tax allowance, the allowance for dependent persons and the disability allowances.	January 2009-	-0.8
PIT	Reduction in the basic tax allowance	July 2009-	0.3
PIT	Increase in the PIT rate from 23 % to 26 %. The tax rate on individuals' business income increased from 15 % to 26 %.	2010	0.8
PIT/SSC	The benefit gained from the private use of a company car is included into the PIT and SSC tax base.	2010	0.3
PIT	Introduction of a 15 % tax to capital gains and a 10 % tax to dividends and income from interests	2010	0.2

(Continued on the next page)

Box (continued)

PIT/SSC	Abolishing of exemption from PIT and SSC of one employee's bonus up to LVL 180	2010	0.2
PIT	Introduction of taxation of gifts exceeding LVL 1 000 per year, if received from persons not related to the recipient by marriage of from persons other than relatives up to the third degree.	2010	0.03
PIT	Changes to the existing tax incentives for savings (with private pension funds, insurance companies and investment funds).	2010	0.02
Other	Increase in excise duty on cigarettes, fuel, smoking tobacco, coffee, alcohol and non-alcoholic beverages.	2009	0.9
Other	Introduction of minimum excise duty on cigarettes – LVL 48 per 1 000 cigarettes	2010	0.05
Other	Introduction of excise duty on natural gas utilized for heating and fuelling	2010	0.04
Other	Increase in the annual vehicle duty rate	2010	0.2
Other	Introduction of progressive taxation of residential property – tax rate from 0.1 % to 0.3 % of the cadastral value.	2010	0.07
Other	Increase of the tax rate applied to the land and buildings serving business purposes from 1.0 % to 1.5 %.	2010	0.1
Other	Introduction of taxation of engineering structures at the rate of 1.5 % and taxation of uncultivated agricultural land at the rate of 3.0 %.	2010	0.06
Lithuania			
VAT	Increase in the standard VAT rate by one point to 19 %.	2009	0.4
VAT	New increase in VAT standard rate, to 21 %, from 1 September.	2009	0.2
VAT	The 9 % VAT rate applying to construction services and the 5 % super-reduced rate are abolished, although short transitional regimes apply to some of these.	2009	0.3
VAT	Application of reduced rates on residential heating, books and medicines extended (for heating, only up to 31 August).	2010	-0.2
SSC	Significant adjustments are made to the social security system, mainly with the aim of better integrating in the system various categories of self-employed persons.	2009	
PIT	Cut of the PIT rate to a flat 15 % and introduction of separate compulsory health insurance contribution of 6 % (instead of allocating 30 % share of PIT to compulsory health insurance fund), bringing the combined rate on employment income to 21 %.	2009	-0.4
PIT	The application procedure of the tax-exempt minimum is increased for low-income persons. The basic personal allowance applies only to employment income and is determined on a sliding scale, declining as income increases. The additional tax-exempt amount is also increased.	2009	0.2

(Continued on the next page)

Box (continued)

CIT	The CIT rate was increased from 15 % to 20 % in 2009, then was cut back again to 15%. Special small companies rate cut from 13 % to 5 %.	2009, 2010	-0.2
CIT	More favourable treatment for agricultural income replaced with special 10 % reduced rate for agricultural income (below certain limits), for 2010 only. Rate will go up to the general 15 % in 2011.	2010	0.1
Other	Introduction of significant investment incentives for the period up to 2013.	2009 - 2013	-1.1
Other	Increase in excise duties on fuel, alcohol and cigarettes. Decrease in excise duties on diesel from 1 August 2009 until 2011	2009 - 2011	0.7
Luxembourg			
PIT	Policy of converting tax relief into tax credits: replacement of the general tax allowance and the tax allowance for the retired of € 600 by a tax credit of € 300; replacement of the deduction of € 1 920 applied to unmarried taxpayers with dependent children by a tax credit of € 750.	2009	
PIT	Linear indexation by 9 % of the PIT brackets without modifying the underlying tax rates.	2009	
CIT	Reduction of the CIT rate from 22 % to 21 %.	2009	
CIT	Introduction of a self-assessment system for corporate taxation	2010	
Other	Abolition of capital duty.	2009	
Other	Housing: increase in the deduction ceiling for the one-off premium paid as part of a temporary life insurance policy; increase of the deductibility ceiling for interest paid on a housing credit; decrease of the 'social' credit rate; extension of the preferential tax treatment for the construction or renovation of owner-occupied dwellings (reduced VAT rate of 3 %).	2009	
Other	Extension of the 80 % tax exemption for income and gains from intellectual property rights to internet domain names.	2008	
Other	Qualifying intellectual property is exempted from net wealth tax.	2009	
Malta			
VAT	Extension of VAT exemptions to cultural services and to registration tax on trucks.	2009	
PIT	Increase in the PIT thresholds.	2009	- 0.2
Other	Travellers' departure tax is abolished.	2009	
Netherlands			
VAT	Companies may pay VAT quarterly instead of monthly.	2009	0
VAT	Introduction of a reduced VAT rate of 6 % targeted at refurbishing homes older than two years, (house)painting and stuccowork and the acquisition of modern educational media.	2010	- 0.01
PIT	Increase in the tax relief for working parents.	2009	- 0.08
PIT	Introduction of a bonus of up to € 3 000 for employees working after reaching the age of 62. Increase in the ceiling for the deduction of annuity premiums related to private pensions.	2009	- 0.05

(Continued on the next page)

Box (continued)

PIT	An exemption of 1.4 % of the wage bill for tax purposes replaces 29 categories of tax-free allowances and benefits-in-kind	2010	0
PIT	Several measures stimulating and/or simplifying the position of the director-shareholder/owner (dga).	2010	0
PIT	Introduction of a number of administrative simplifications in the tax systems	2010	0
CIT	Easing of depreciation rules for investments and easing of requirements on loss compensation for 2009 and 2010.	2009, 2010	- 0.04
CIT	Tax cuts for SMEs, including a profit exemption granted to a larger share of their profits (10.5 %). Increase in the relief for new enterprises (startersaftrek).	2009	0
CIT	The profit exemption for SMEs is raised from 10.5 % to 12 %. Increase in the small-scale investment tax credit (KIA) + relaxation of the rules for relief for individual entrepreneurs (zelfstandigenaftrek).	2010	- 0.02
CIT	The 'patents box' scheme is turned into an 'innovation box' for innovative entrepreneurs: income derived from R&D is taxed at a rate of 5 %, instead of 10 % and the ceilings are abolished.	2010	- 0.04
CIT	Simplification of the Dutch participation exemption with respect to the qualification as portfolio investment.	2010	0
Other	Increase in WBSO tax credits for R&D investments and in EIA/MIA/VAMIL environmental subsidies.	2009	- 0.01
Other	Second increase in WBSO tax credits for R&D investments. Increase in EIA/MIA/VAMIL environmental subsidies.	2010	- 0.01
Other	Change of the basis for car taxation from list prices to CO_2 emissions. For highly fuel-efficient cars the motor vehicle tax is abolished and for cars running on natural gas the motor vehicle tax is reduced. A tax exemption is introduced for hydrogen. Demolition subsidy for old cars.	2009	0
Other	Fuel-efficient cars benefit from a EUR 750 reduction from car purchase tax.	2010	0
Other	Several measures stimulating the use highly fuel-efficient cars (including zero-emission and electric cars)	2010	0
Other	Abolition of tax on flight tickets.	2009	- 0.05
Poland ([1])			
VAT	Decrease of the period for VAT refund from 180 to 60 days.	2009	-0.12
VAT	Enabling a settlement of tax on import of goods according to some simplified procedures in a tax declaration	2009	-0.11
VAT	Increase in the threshold for VAT registration.	2010	2010 -0.02 2011 -0.01
PIT	Introduction of new PIT rates of 18 % and 32 % (replacing the 2008 rates of 19 %, 30 % and 40 %).	2009	-0.6

([1]) For Poland the budgetary impact is presented on cash basis and for general government revenue

(Continued on the next page)

Box (continued)

CIT / PIT	Increase in the investment incentive (i.e. an immediate accelerated depreciation of certain fixed assets, which is available to small taxpayers and newly established entities under both personal and corporate income taxes).	2009	-0.03
Other	Excise duty relief on bio-components for motor fuel; increase in excises on cigarettes.	2010	-0.07
Portugal			
VAT	Reduction of the VAT reimbursement threshold.	2009	
VAT / PIT	Anticipation of VAT and PIT reimbursements.	2009	
PIT	Exclusion of commuting expenses from the taxable income.	2009	
PIT	Increase in the personal deduction allowance for disabled taxpayers.	2009	
PIT/CIT	Law 100/2009 Taxation of compensations (as a result of termination of functions) to managers and board members	2010	
PIT	New tax investment code (Decree Law 249/2009)	2009 - 2019	
PIT	Special PIT rate for unjustified wealth increase	2010	
CIT	Introduction of a new general 12.5 % CIT rate for taxable profits up to € 12 500.	2009	
CIT	Introduction of tax credits for investment — CIT deduction and exemption from the payment of municipal real estate tax, municipal real estate sales tax and stamp duty tax.	2009	
CIT	Special prepayment amount reduced from € 1 250 to € 1 000 which corresponds to 1 % of the company's turnover	2010	
CIT	Reduction in advance payments for SMEs.	2009	
Other	Reduction in the top real estate tax rate and extension of the period of payment exemption.	2009	
Romania			
VAT	VAT rate reduction (from 19 % to 5 %) for the construction of social dwellings and, subject to conditions, private dwellings not exceeding 120 m2 and a value of RON 380 000 (about € 90 000).	2009	
SSC	Increase in employee's and employers' SSC rates; decrease in employers' contributions for work accidents and professional diseases by 0.5 %.	2009	
PIT	Taxpayers who derive income from agricultural activities will be required to pay a 2 % tax on their gross income.	2009	
PIT	Increase in level of deductibility of voluntary health insurance (from € 200 to € 250) and threshold of deduction for employees' contribution to facultative pension schemes (€ 200 to € 400).	2009	
PIT	Specific types of capital gains realised by non-residents are now subject to permanent tax exemption.	2009	
PIT	Reduction in dividend taxes of non-residents from 16 % to 10 %.	2009	
PIT	Income as interest on term deposits and/or saving instruments are non-taxable income	2009	

(Continued on the next page)

Box (continued)

PIT/CIT	Increase in the cap for the deductibility for voluntary pension and health contributions from corporate and personal income.	2009	
PIT/CIT	Temporary tax exemptions on capital gains from trading securities on the Romanian stock market.	2009 - 2010	
PIT/CIT	Deferral of tax liabilities	January-June 2010	
CIT	Simplification measures for persons undergoing insolvency	2010	
Other	Reduction in the car pollution tax.	2009	
Other	Increase in excise duties on alcohol beverages, cigarettes and fuel.	2009	
Slovakia			
VAT	Reduction of the period for refunding the VAT deductions from 60 days to 30 days.	April 2009	0
SSC	Decrease in the rate of contribution to the Social Insurance Agency (reserve fund of solidarity) from 4.75 % to 2 % for mandatorily insured self-employed.	April 2009	2009: - 0.02 2010: - 0.04
PIT	Increase in the PIT basic allowance from € 3 435.27 to € 4 025.70 per year.	March 2009-2011	2009: - 0.23 2010: - 0.2
PIT	Introduction of an employee tax credit as a form of negative income tax in the maximum amount of € 181.03 per year.	2009	2009: 0 2010: - 0.05
CIT	Changes in tax legislation concerning business environment — group registration of VAT, retroactive registration and simplification of record-keeping for tax purposes for small entrepreneurs.	March 2009	0
CIT	State subsidy and corporate income tax allowance for research activities carried out by the business sector.	2009 - 2010	2009: - 0.04 2010: - 0.1
CIT	The tax base for advance payments of the CIT can be adjusted by the amount of any tax credits claimed.	2010	0
CIT	The period of loss carry-forward is extended from 5 to 7 years.	2010	
Other	Changes in rules of property depreciation — increase in input price for investment property depreciation, accelerated depreciation and depreciation of components.	March 2009	2009: - 0.02 2010: - 0.04
Other	Decrease in excise duties on diesel fuel.	March 2010	- 0.02
Slovenia			
VAT	VAT refund period was shortened from 60 to 21 days.	2010	-0.27
VAT	The reduced rate of 8.5 % will be applicable for certain services provided at the local level.	2010	
VAT	Increase in the flat rate compensation from 4 % to 8 %	2010	
PIT	Extension of the scope of the investment allowance to individual entrepreneurs earning professional income.	2009 - 2010	-0.08

(Continued on the next page)

Box (continued)

PIT	Introduction of a new additional tax at the rate of 49 %, which is imposed on the income of management in companies receiving state aid.	2009 - 2010	
PIT	Increase of general allowances.	2010	-0.03
CIT	Gradual decrease of the CIT rate from 22 % to 21 % in 2009 and further down to 20 % in 2010.	2009 - 2010	2009: -0.10; 2010: -0.21
CIT	Increase in investment allowance rate and amount.	2009 - 2010	
Other	Increase in excise duties on petrol, gas oil and on alcohol beverages. Planned increase of excise duties on tobacco products.	2009	0.71
Spain			
VAT	The general VAT rate is being increased to 18 % from 1 July 2010 while the reduced VAT rate of 7 % is increased to 8 %.	2010	0.25
VAT	Acceleration of VAT restitutions.	2009	-0.54
SSC	Abatements and reductions of SSC for hiring unemployed workers with children.		
PIT	An additional tax credit of € 400 is granted to working and self-employed taxpayers to support household purchasing power.	2008 - 2009	-0.55 (2008) -0.55 (2009)
PIT	Phase-out of € 400 tax credit for working and self-employed taxpayers over € 12 000	2010	0.49
CIT	CIT rate for small companies that maintain or increase their workforce has been temporarily decreased by 5 percentage points for the years 2009-2011	2009 - 2011	-0.03 (2009) -0.03 (2010)
CIT	Elimination of projected phase-out for R & D tax deduction in the CIT.	2009	-0.03
Other	Savings income is taxed at the progressive system of 19 % and 21 % (above EUR 6 000) from 2010 instead of a flat 18 % rate	2010	0.07
Other	Temporary non-taxation from Tax on Capital Transfers and Documented Legal Act (ITP/AJD) for residential property registration purposes.	2009 - 2010	
Other	A 100 % tax rebate on the wealth tax.	2008	-0.17
Other	Free depreciation for companies maintaining employment.	2009 - 2010	
Other	Interest rate reduction in case of deferment of tax payments.	2009	
Other	Deadline extension of contributions made to housing bank accounts schemes and own-housing reinvestment.	2009	
Other	Advanced claim of own housing mortgage tax deduction through monthly withholding tax payments.	2009	-0.05
Other	Increase in excises tax rates for tobacco and hydrocarbons	June 2009	0.05 (2009) 0.04 (2010)
Sweden			
SSC	Reduction in the rate of SSC by 1 percentage point for employees and self-employed.	2009	-0.2
SSC	Further reductions of SSC for persons aged under 26.	2009	-0.1
PIT	Increase in the in-work tax credit	2009, 2010	-0.6
PIT	Increase in the lower tax bracket for central government income tax.	2009	-0.2

(Continued on the next page)

Box (continued)

PIT	Increase in the tax-free personal allowance for taxpayers aged over 65 years old.	2009, 2010	-0.2
CIT	Cut in the CIT rate from 28 % to 26.3 %.	2009	-0.2
CIT	Amendment of the 3:12 rule, applicable to closely held companies, by reducing the amount taxed as employment income.	2009	0.0
Other	Limitations on the tax deductibility of intra-group interest payments.	2009	0.4
Other	Introduction of a tax credit for renovations, conversions and building maintenance (for households).	2009	-0.1
United Kingdom			
VAT	Temporary reduction in the standard VAT rate from 17.5 % to 15 % with effect from 1 December 2008 to 31 December 2009.	2008 - 2009	-0.87
PIT	A new higher tax rate (50 %) applies for annual incomes above GBP 150 000 and the personal allowance is restricted for annual incomes over GBP 100 000.	2010	
CIT	Deferral of the planned increase in the small companies' rate of corporation tax to April 2011.	2009 - 2011	2008/09 -0.00 2009/10 -0.03 2010/11 -0.01
Other	One-off payroll tax of 50 % on bonuses over GBP 25 000 paid by banks and building societies between 9 December 2009 and 5 April 2010	2010	0.04
Other	Increase in alcohol and tobacco duty to offset the effects of the VAT reduction.	2008	2008/09 0.07
Other	Temporary exemption from Stamp Duty Land Tax (SDLT) for acquisitions of residential property worth not more than GBP 175 000 for land transactions between September 2008 and end-2009.	2008 - 2009	-0.02
Other	Temporary increase in threshold at which empty property becomes liable for business rates.	2008 - 10	-0.02
Other	An increase in capital allowances for new investment to 40% for one year with effect from April 2009.	2009 - 10	-0.13
Norway			
VAT	Proposed increase in VAT for certain cultural and sport activities to 8 % from 0 %. Fighting VAT fraud by new rules on VAT deductions.	2010	
PIT	Adjustment of limit for tax free net income under tax limitation rule for pensioners.	2009	-0.02
PIT	15 per cent tax on Norwegian pensions for pensioners not domiciled in Norway.	2010	0.01

(Continued on the next page)

Box (continued)

CIT	Introduction of allowance to carry back company losses (maximum NOK 20 million (€ 2.3 million) per year) to the preceding two years. The rules are temporary and affect company losses in 2008 and 2009.	2009	-0.02
CIT	A one-time initial depreciation allowance of 10 % for machines, etc.	2009	-0.04
CIT	Increase in tax credit for companies engaged in research and development projects approved by the Research Council of Norway.	2009	-0.01
CIT	Limitation of exemption regime for corporate shareholders to balance deduction of costs related to share income	2008	0.02 (2009)
Other	Reform of assessment base for net wealth tax (2009 and 2010) and inheritance tax (2009) and increase of tax free allowances of net wealth tax (2009and 2010) and of inheritance tax (2009).	2009 2010	-0.04
Other	Increase of taxes on non alcoholic beverages.	2009	0.02
Other	Increase in excise duty rates on tobacco.	2010	0.01
Iceland			
VAT	VAT refund on housing renovation to households and municipalities increased from 60 % to 100 % (temporary).	2009 - 2010	
VAT	VAT standard rate increased from 24.5 % to 25.5 %.	2010	
VAT	Collectable VAT levied at import partly deferred by 1-2 months.	Nov. 2008 - Dec 2011	
SSC	Security tax rate of 5.34 % rose to 7 %.	July 2009	
SSC	Security tax rate of 7 % rose to 8.65 %.	2010	
PIT	Tax rate increased from 35.72 % to 37.2 % and tax-free minimum increased from ISK 1.1 billion (€ 6 423) to ISK 1.4 billion (€ 7 649).	2009	
PIT	Monthly incomes in excess of ISK 700 000 (€ 4 867) subject to a temporary surcharge of 8 %.	July 2009- December 2009	
PIT	Introduction of a three-level taxation of individual income with a tax-free minimum of ISK 1.4 billion (€ 8 007) with a minimum 37.22 % rate and a maximum 46.12 % rate.	2009	
PIT	Semi-annual investment income in excess of ISK 250 000 (€ 1 404) is subject to a temporary surcharge of 5 %.	July 2009- December 2009	
PIT	Increased frequency of collection of withheld tax on investment income; quarterly instead of annually.	July 2009	
PIT	Tax rate on investment income increased from 10 % to 18 %.	2010	
CIT	Corporate income tax rate increased from 15 % to 18 %.	2010	

(Continued on the next page)

Box (continued)

Other	Excise tax on alcohol, tobacco, petrol, diesel and new cars; and motor vehicle annual fee increased in the range 10-21 % in nominal terms.	May 2009	
Other	Excise tax on alcohol, tobacco, petrol, diesel and new cars; and motor vehicle annual fee increased by 12.5 % in nominal terms.	December 2009	
Other	Excise tax on alcohol, tobacco, petrol, diesel and new cars; and motor vehicle annual fee increased in the range 3-12 % in nominal terms.	January 2010	
Other	New carbon tax on transport fuels, ½ of ETS emission permit price (temporary).	2010	
Other	New resource tax on electricity (ISK 0.12/kWh) and geothermal hot water (2 % rate) (temporary).	2010	
Other	New 1.25 % tax on net wealth of households in excess of ISK 90 million (€ 505 618) for an individual and ISK 120 million (€ 674 157) for couples.	2010	
Other	Various charges under Act 88/1991 (court charges, charges for various certificates, licenses etc.) increased, by 50 % in most cases.	2010	

Note: The data in this table have been collected from Member States' authorities. The methods used to quantify the budgetary impact of the tax measures are based on national estimates, typically drawn up for budgetary purposes. These methods differ from one Member State to the next and therefore are not strictly comparable. In particular, in some cases no estimate drawn up on an accrual basis exists; in these cases, a cash quantification is supplied.

Box 3: Tax policy measures in Greece in 2010

Following the EU Council Decision and Recommendation of 16 February 2010 ([1]), Greece has introduced a number of fiscal measures in response to the economic crisis in order to safeguard the targets of the Stability and Growth Programme. The interventions aim at correcting budgetary imbalances in order to achieve a sound and sustainable fiscal position in the medium and long term, deemed as a necessary condition to restore market confidence in the whole Greek economy. In particular, a reduction of the deficit below the reference value of 3 % of GDP by 2014, from an estimated 13.6 % in 2009, is envisaged; the debt-to-GDP ratio, estimated over 115 percentage points in 2009, should be placed on a downward trajectory from 2013 on.

In addition to significant expenditure cuts, focusing mainly on reducing the public sector wage bill, cutting pension outlays and operating expenditures of all ministries, a large number of revenue-raising measures have been enacted in early 2010 in the areas of both direct and indirect taxation. The Tax Bill approved by the Parliament on April 20th, which has reformed the PIT (see country chapter), has also substantially changed the real estate taxation regime. The 1 % flat rate on large properties has been substituted with a progressive scale – the 1 % top rate applicable above € 800 000 is increased to 2 % for property values above € 5 million for a period of three years. Higher levies are introduced on Church property not used for religious, educational or charitable purposes (at the same rate as the property of legal entities) and derived income (a 20 % rate is applicable); both real estate and money donations are made subject to a 5 % levy. Excise duties on cigarettes and alcohol, fuel taxes and VAT rates have been increased, and excises on electricity introduced (see country chapter). Furthermore, a special levy on luxury goods has been envisaged. Taxation on inheritance, gifts and parental provisions for closest relatives has been made more progressive: four rates (instead of the previous two) are envisaged; transactions up to € 150 000 are exempted, while the top rate of 10 % is applicable above € 600 000. Moreover, the taxation of company benefits to employees (e.g. company cars) is foreseen. Bonuses to business executives in banks and financial corporations are made subject to a special taxation regime with progressive rates ranging between 20 % and 90 %; exemption is granted to bonuses not exceeding 10 % of income, for incomes up to € 60 000. Finally, the government has planned several interventions to fight tax evasion and tax avoidance, including the reorganisation and modernisation of the tax administration.

Other fiscal policy measures have been envisaged in the framework of the three-year economic and financial programme that represents the conditionality for the agreement on the financing package released by the EU and the International Monetary Fund (IMF). The total financial assistance will be of € 110 billion over three years (€ 30 billion in 2010), of which € 80 billion in bilateral loans from Euro area Member States and € 30 billion from the IMF. The draft legislation adopting the programme has been approved by the Greek Parliament on May 6th. Among the tax measures having immediate effect, a further 10 % increase in the standard and reduced VAT rates, as well as in excise duties on alcohol, cigarettes and fuel has been introduced. With effect from 2011, the VAT base will be enlarged by including exempted services and by moving a significant proportion (at least 30 %) of goods and services currently subject to the reduced rate to the standard rate; non-alcoholic beverages will be subject to excise duties. Other interventions to broaden the base subject to the standard rate are planned to further increase VAT revenues in 2012. The other provisions planned as from 2011 include: broadening of the base for the real estate tax through the increase of the legal value of property; phasing in of a "green tax" on CO_2 emissions; the introduction of a tax of unauthorized establishments; the introduction of special levies on illegal buildings in order to regularise land use violations (to be discontinued in 2014). Additional revenues are expected from enforcing a system of presumptive taxation of professionals (0.2 percentage points of GDP in 2011) and from collecting royalties and income from licenses of gaming (0.3 % of GDP in 2011). Finally, the special levy on profitable firms introduced as a temporary measure in 2009 will be prolonged further, and discontinued only in 2014.

Overall, those measures should increase revenue by an equivalent of around 4 % of GDP through 2013; a contribution of further 7 percentage points of GDP is expected on the expenditure side.

([1]) Council Recommendation to Greece of 16 February 2010 with a view to ending the inconsistency with the broad guidelines of the economic policies in Greece and removing the risk of jeopardising the proper functioning of the economic and monetary union (2010/190/EU).

Overview of taxation in the European Union

1. TAX STRUCTURES AND RECENT DEVELOPMENTS IN THE ENLARGED UNION

A broad or a narrow measure of taxation?

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

Use of the different averages

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

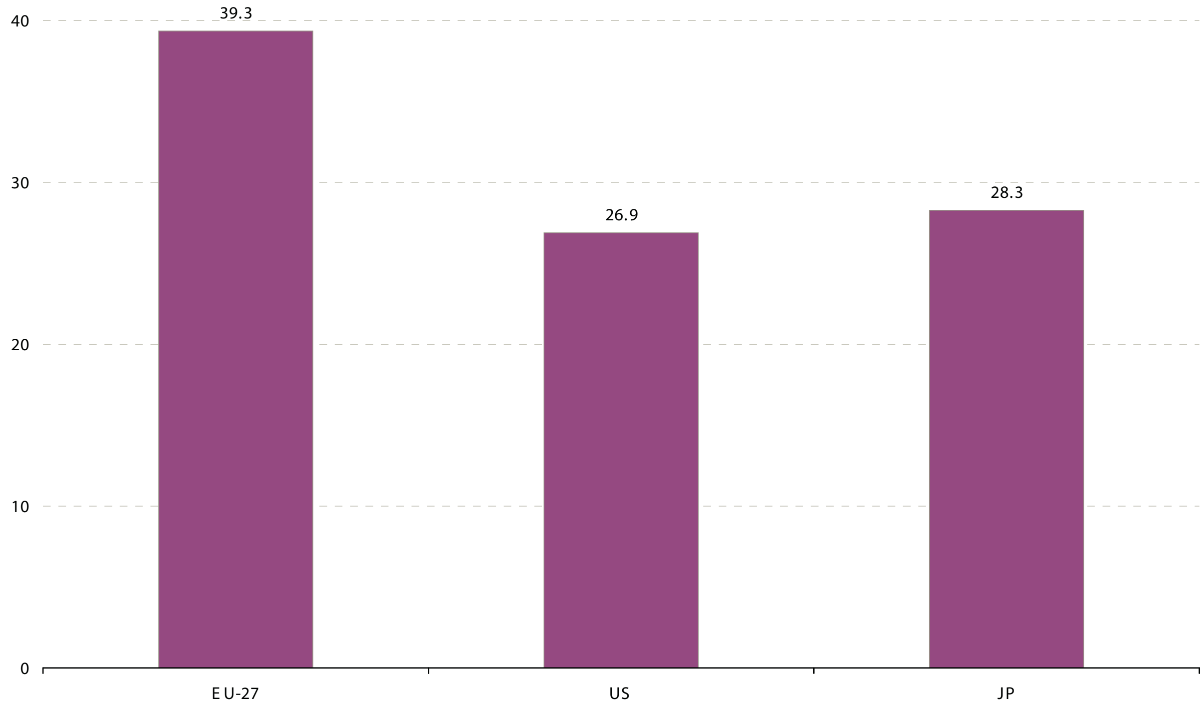
The report shows averages for the EU with its current membership (EU-27), the euro area in its current 16-country composition (EA-16), as well as for the EU at 25 Member States (EU-25), i.e. the membership before the accession of Romania and Bulgaria. The EU-25 average is used whenever a trend over the entire 1995–2008([3]) period is discussed; this choice is due to the fact that data for Romania and Bulgaria do not stretch back to 1995, making the EU-27 average incomplete for the early years analysed.

Level and long-term development of the overall tax burden

In 2008, the overall tax-to-GDP ratio (including social security contributions) in the European Union amounted to 39.3 % in the GDP-weighted average, more than one third above the levels recorded in the United States and Japan. The tax level in the EU is high not only compared with to those two countries but more generally; among the major non-European OECD members, only New Zealand has a tax ratio that exceeds 34.5 % of GDP ([4]).

([3]) Data prior to 1995 are not analysed, because they were computed under a different statistical framework (ESA79) and are therefore not directly comparable.
([4]) See OECD (2009).

Graph I-1.1: Overall tax-to-GDP ratio (incl. SSC) in the EU, US and Japan
2008, in %

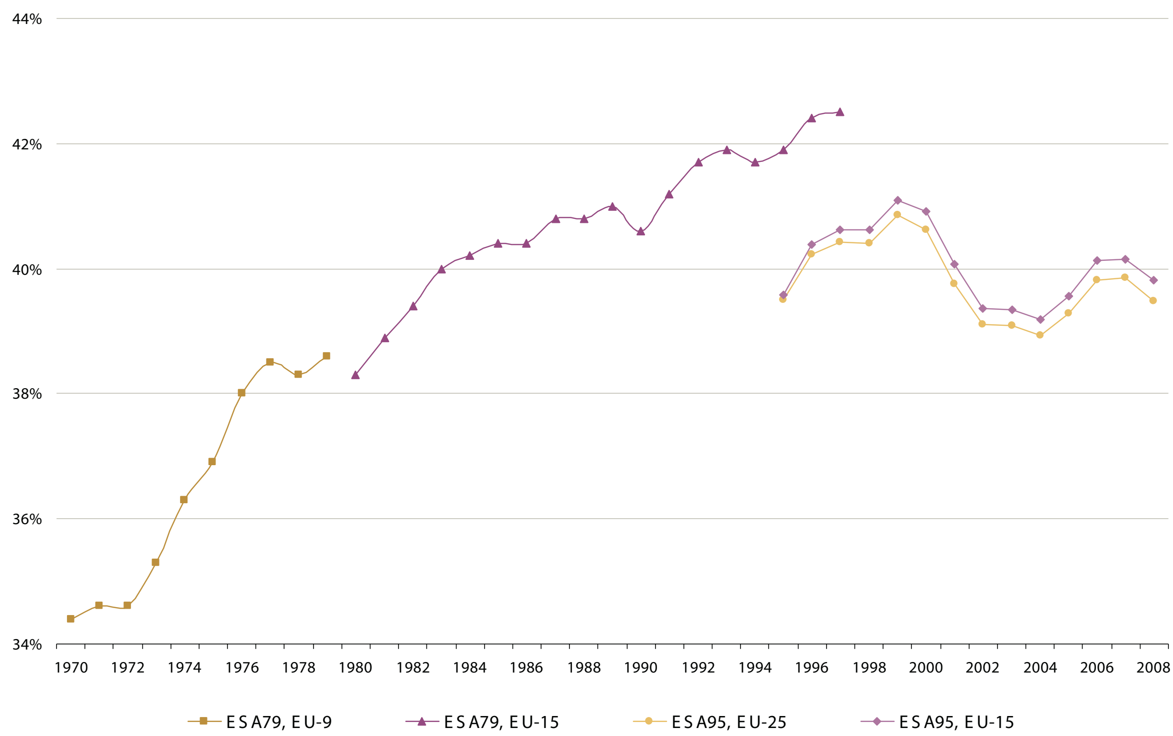


Note: EU-27 weighted average. Data for Japan refer to 2007. Figures for US are provisional
Source: Commission Services for the EU, OECD for the US and Japan

The high tax-to-GDP ratios in the EU, particularly the EU-15 (the Union of 15 Member States, prior to the 2004 enlargement), are to a large extent the result of the persistent and largely unbroken([5]) upward trend in the tax burden in the 1970s, and to a lesser extent also in the 1980s and early 1990s ([6]). This long-run increase in the overall tax burden was the result of the growing share of the public sector in the economy in those years. Taxes and social contributions were raised in order to finance increasing government spending; labour taxes in particular were increased steadily in order to finance expenditure on the welfare state, notably for old-age pensions, health care, access to education and other social benefits([7]). In most EU countries, a rise in unemployment levels between 1970 and the early 1990s also contributed to the pressure to increase taxes.

([5]) Some marked decreases have occurred in single years, for example in 1994 as a result of the severe recession in 1993.
([6]) 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).
([7]) A discussion of the factors behind the expansion of the public economy in the earlier years of that period can be found in Cameron (1978).

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



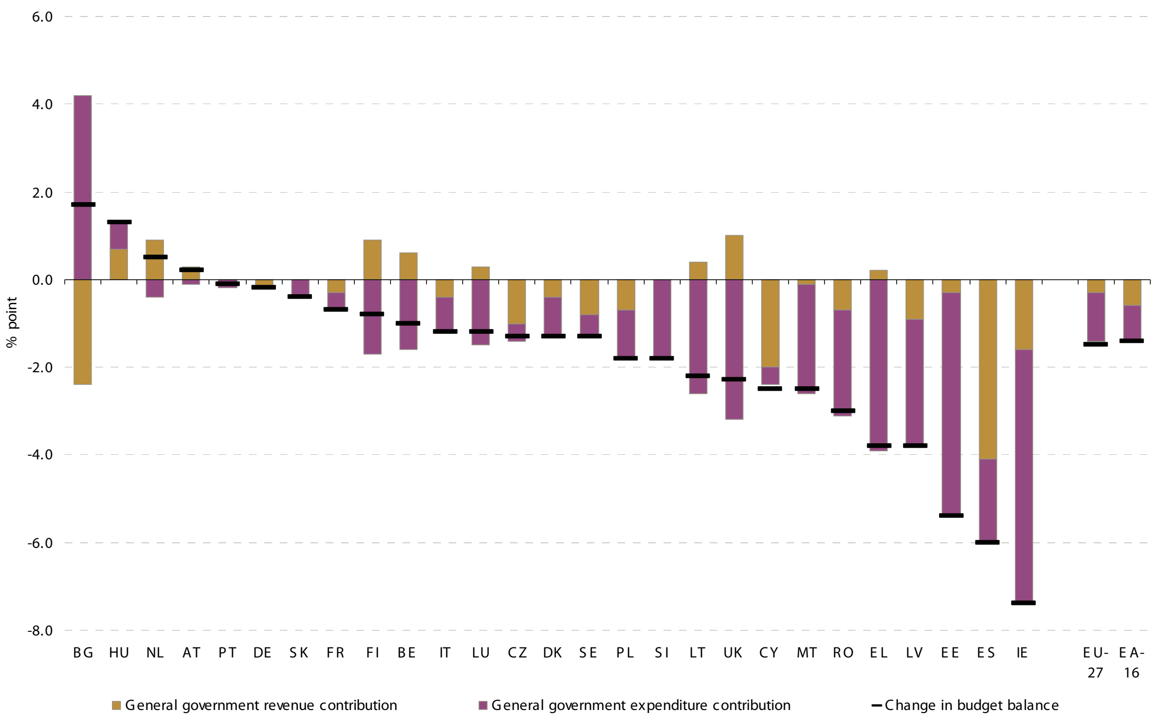
Note: The statistical break is due to a change in classification at Eurostat. All data are GDP-weighted.
Source: Commission services

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

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

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

Graph I-1.3: Change in the budget balance (2007-2008)



Source: Commission services

In 2008, the economic and financial crisis started to drive down tax revenues, even though the bulk of the effect came through only the following year. The graph above(8) highlights that in 2008, the effect on the general government balance was more strongly felt on the expenditure side than on the revenue side, probably because of the adoption of spending programmes aiming to pre-empt the impact of the crisis. In all but four Member States the general government balance deteriorated, but in nine countries revenue increased from 2007 (as a share of GDP). By and large however, 2008 saw a

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

fairly general decline in revenues, but with marked differences in its extent as some countries saw strong drops (e.g. Spain, Bulgaria, Cyprus, Ireland) while in most others the effect was more limited.

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 normally subject to strict limits. The autumn 2009 European Commission forecasts project an increase by almost four points of GDP in EU general government expenditure from 2007 to 2010 (in the weighted average) ([9]). The forecast for the euro area shows a similar development. The expenditure ratio is expected to start declining only in 2011.

Wide disparities in tax levels across Member States

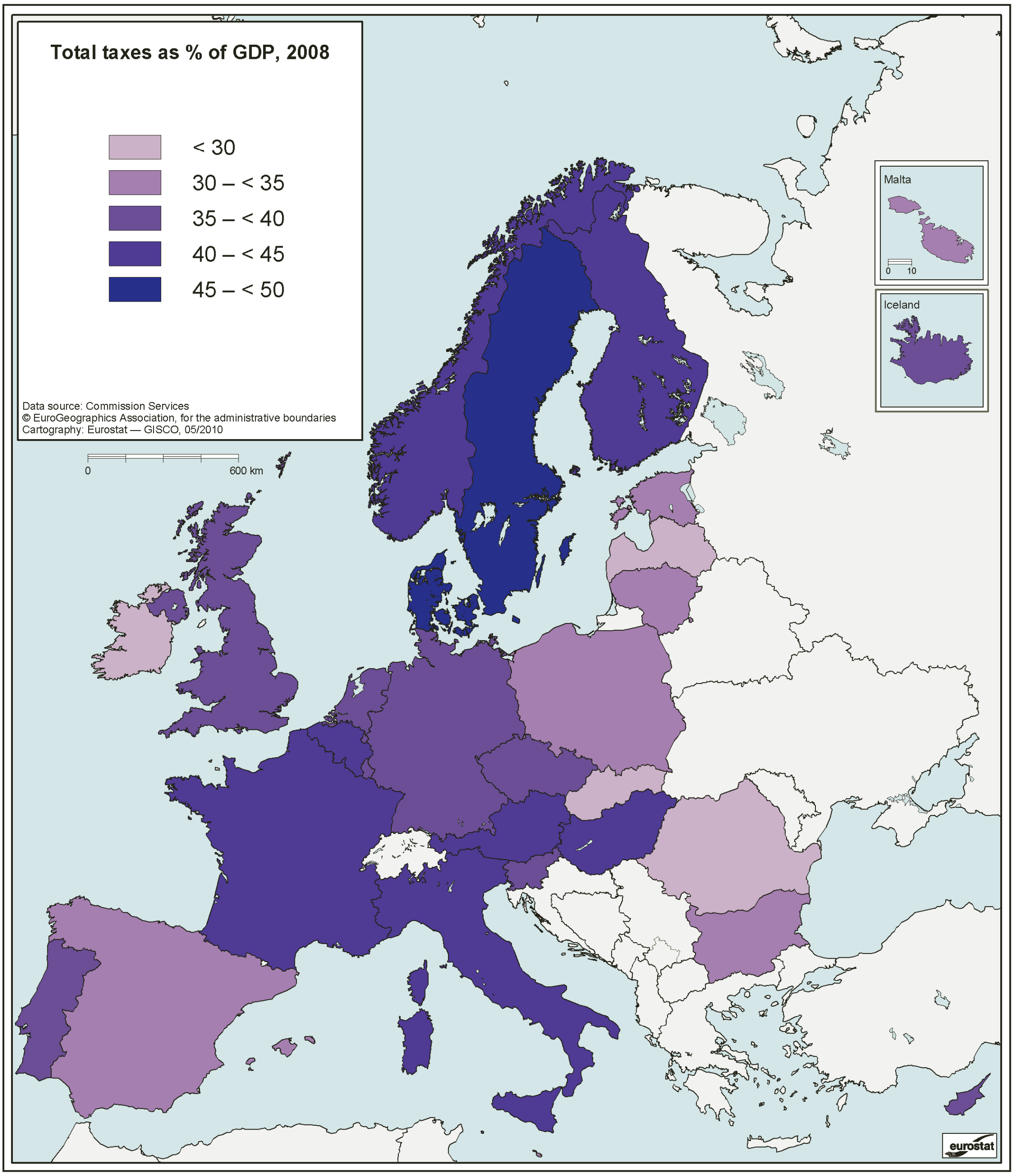
As illustrated by Graph I-1.4, there are wide differences in tax levels across the Union. These differences not only reflect social policy choices such as public or private provision of services, e.g. old-age and health risk protection, but also technical factors: some Member States provide social or economic assistance via tax reductions rather than direct government spending, while social transfers are exempted from taxes and social contributions in some Member States but not in others ([10]); both of these choices affect the level of the tax-to-GDP ratios. As can be seen in Map I-1.1, there are two groups of high-tax countries, the Nordic countries (i.e. Denmark, Sweden and Finland), and a cluster of five Member States towards the centre of the EU, namely Belgium, Austria Italy, France and Hungary, all of which had a tax ratio in excess of 40 % in 2008. Neighbouring Germany and the Netherlands are just below this level at 39.3% and 39.1 % of GDP respectively. With the exception of the Nordic Member States and Cyprus (whose tax rate was well below average just a few years ago), the geographically more peripheral countries tend to show lower tax ratios, particularly in Central and Eastern Europe.

The wide variety of tax ratios in the Union is not new. Even before the 2004 enlargement, the EU included a number of Member States with tax ratios close to the 50 % mark, such as the Scandinavian countries, but also several low tax Member States, such as Ireland, Greece, Spain and Portugal. However, given the generally lower tax ratios in the new Member States, the 2004 and 2007 enlargements resulted in a significant decline for the EU mean value; this is apparent in Graph I-1.4 where the new Member States concentrate on the right side. Indeed, the total tax-to-GDP ratio in the new Member States is six percentage points lower than the average of the former EU-15. The range of variation within the Union also increased as first the Baltic Republics and then Romania had levels of taxation well below the previous minimum, although in the years since 2004 the dispersion has decreased as the 12 newer members have seen their tax ratios increase more than the old EU-15. This, together with the expansion of the euro area to a growing number of new Member States in it, has had the result that the tax ratio in the euro area is no longer significantly higher than that of the EU as a whole (37.6 % v. 37.0 % of GDP).

([9]) European Commission, European Economic Forecast autumn 2009, p. 205, available at http://ec.europa.eu/economy_finance/publications

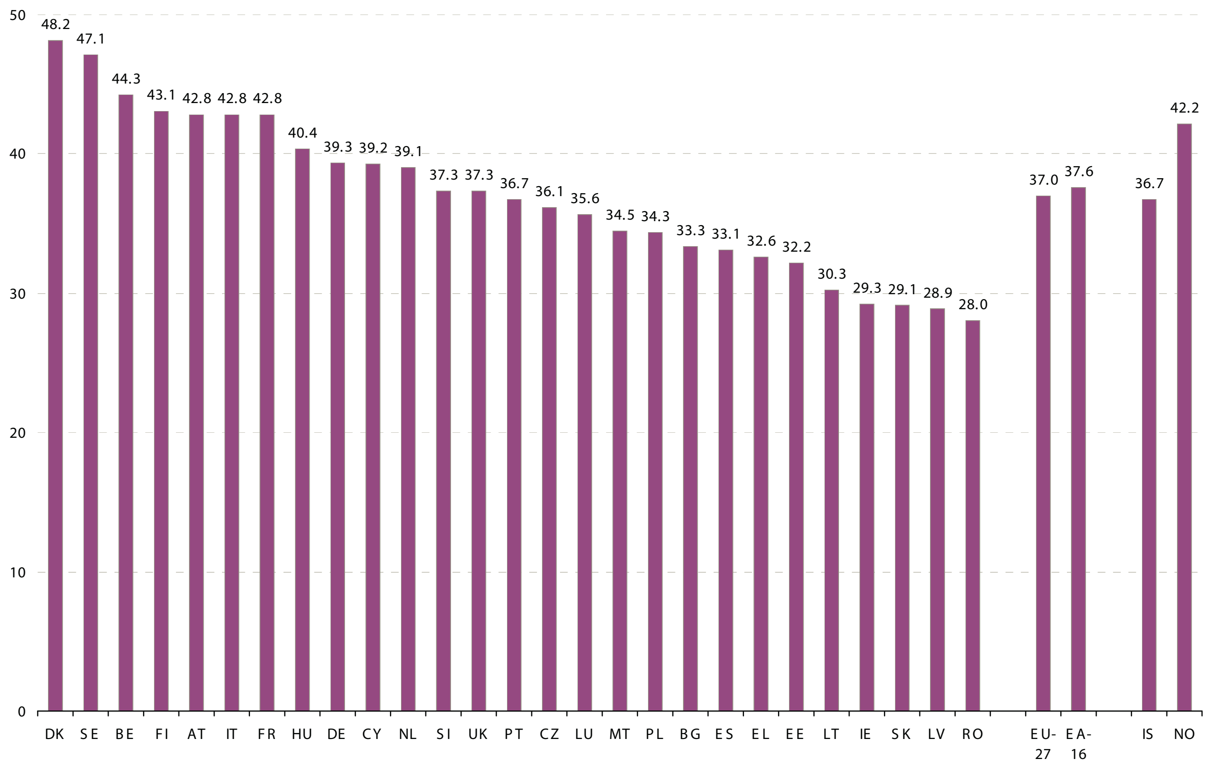
([10]) Taxation of transfers mechanically pushes the tax-to-GDP ratio up, compared to countries that pay transfers on an exempt basis. In addition, countries with a relatively high tax-to-GDP ratio often impose higher taxes on social transfers, perhaps because this is more congruent with pure horizontal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

Map I-1.1: Distribution of total tax burden



There are substantial differences in the total tax burden not only between the old and the new Member States but also amongst the latter. One may distinguish two groups of countries, a smaller one composed of three countries (Hungary, Cyprus, and Slovenia) with tax levels level exceeding the EU-27 average (37.0 %) and the remaining new Member States with lower tax ratios: from the Czech Republic (36.1 %, less than one percentage point below the average) to Romania (28.0 %, i.e. 9.0 percentage points below the average). Graph I-1.4 shows the tax-to-GDP ratios in more detail for the EU Member States and some other countries.

Graph I-1.4: Overall tax-to-GDP ratio (incl. SSC) in the EU, Iceland and Norway
2008, in %



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

Development of the tax ratio excluding social contributions

Looking at the data excluding SSCs, the most striking changes in the country ranking are, of course, visible for those countries, such as the Czech Republic, France, or Germany, where the level of social contributions is highest (see Annex A Table 3: Total Taxes (excluding SSC)). The first country in particular ranks very low in terms of the tax level if SSCs are excluded (25th). Compared with the ranking including social contributions, the picture changes more at the top than in the bottom half, where the least taxed countries remain more or less the same. One old Member State, Greece, becomes one of the least taxing countries in the EU (fourth lowest place). Overall, in the years since 2000, social contributions revenue has decreased slightly.

Revenue drop in 2008 brings overall tax ratio below year 2000 levels for the first time this century

As a result of the drop in revenues in 2008, the EU average tax-to-GDP ratio was lower in 2008 than in our reference year 2000, both in the simple arithmetic (although only slightly) and (more markedly) in the weighted average. There are nevertheless 11 cases in which the overall tax ratio increased, some of which by significant amounts. The increase in revenue in Cyprus stands out for its size (9.3 % of GDP, of which almost half in 2007 alone) while another large increase, 6.3 % of GDP, took place in another Mediterranean country, Malta. In Portugal and the Czech Republic, too, the increases were relatively marked at over 2 % of GDP from 2000 to 2008. Spain saw a significant increase in revenue from 2000 to 2007, over 3% of GDP, but this was more than reversed by a steep drop in revenue in 2008, amounting to 4% of GDP. As for reductions, over the entire 2000-2008 period the most remarkable case is Slovakia, which, after having cut the overall tax ratio by 6.2 % of GDP from 1995 to 2000, reduced the tax burden by an additional 5.0 percentage points of

GDP after 2000. Finland and Sweden, too, though remaining high-tax countries, have cut the tax burden significantly since 2000, by 4.7 and 4.1 points respectively.

Graph I-1.5 charts, for every country, the changes in the tax-to-GDP ratios between 2000 and 2008 in percentage points of GDP, in comparison with their starting point in the base year 2000. The main purpose of the graph is to show to what extent countries starting with a higher than average tax ratio tend to reduce it over time.

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

Several facts are highlighted by this graph:

- Over the period under consideration, the graph shows a broad tendency for convergence to the average. This can be most intuitively seen from the distribution of the data points in the four quadrants. The bottom right and the top left quadrant show respectively which countries that were high tax in 2000 have tended to reduce their tax ratio, and which low-tax countries have tended to increase the ratio; the two quadrants together show what Member States moved towards the 2000 average. In other words, the north-west to south-east axis represents convergence. Two thirds of Member States are located along this axis. This is confirmed by the convergence indicators, which show a similar picture for the 2007-2007 period although there tax ratios spread out slightly in again in 2008 (see Table 3 in Annex A). Among Member States that did not converge to the average, this was, for all countries except Italy, because they lowered the tax ratio even though it was already below average in 2000.

- This convergence, however, took place more often in the sense that low-tax countries have increased their tax ratio (the top left quadrant, containing 10 cases) than in the case of high-tax countries cutting their tax ratios (the bottom right quadrant includes eight countries).

- Slightly more countries have reduced their tax ratios (16) than increased it (11); nevertheless, in the period under consideration, the arithmetic average of the tax ratio for the EU-27 declined only marginally because of large increases in Malta and Cyprus.

- If one takes the GDP of the Member States into account and uses the weighted average, the result is that the strength of the tax ratio decline since 2000 is more sizeable (1.3 points of GDP). It should be considered, however, that 1999 represented an all-time peak in tax levels, so the 2000 benchmark is not a stringent one, on the contrary. Indeed, if the benchmark were 2002 instead of 2000, the comparison would show an increase not only in the arithmetic but also in the weighted average.

- Only one above-average Member State saw the tax ratio increase further from 2000 levels —Italy; in contrast, eight countries who were below average in 2000 reduced their overall tax ratio further — although only very marginally in three cases.

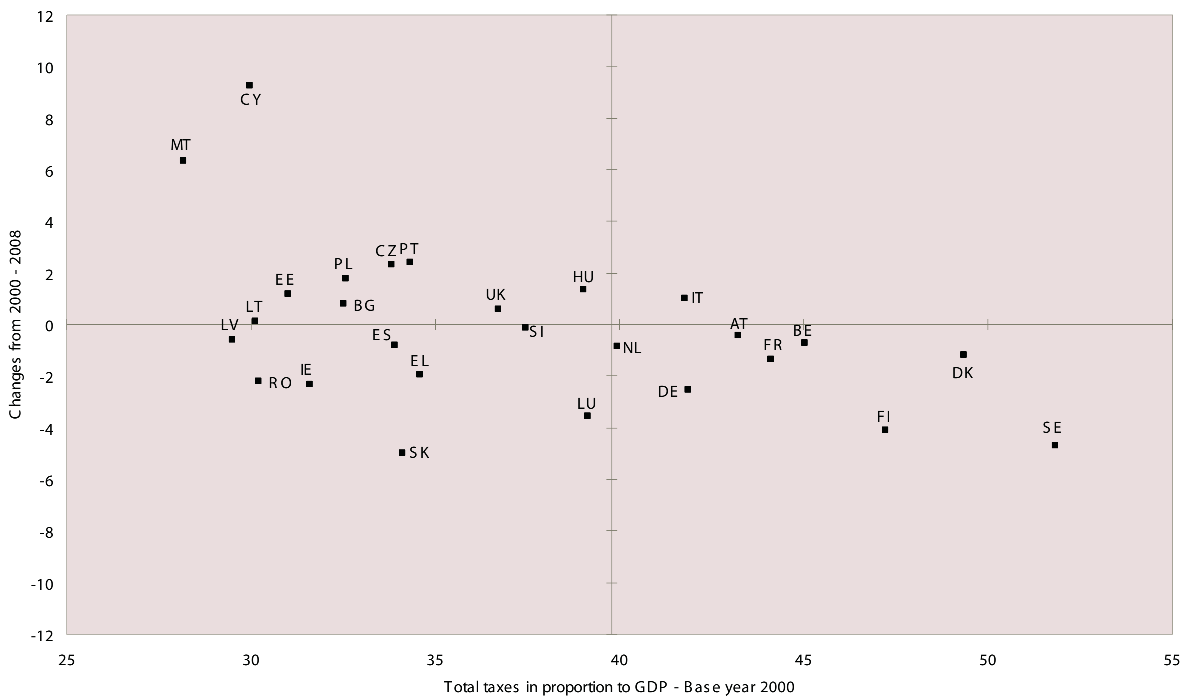
- Despite the general trend downwards, fewer below average Member States have reduced their tax ratio than increased it (8 reduced v. 10 increased, several of which only by very small amounts).

- Only two Member States have shown increases larger than 5% of GDP: Cyprus and Malta. The increases in Cyprus and Malta amounted to respectively 9.3 and 6.3 percentage points of GDP, albeit from a very low base as these Member States started from two tax ratios of around 30 % in 2000. Following a sharp jump in 2007, partly offset in 2008, Cyprus' tax ratio is now the tenth highest in the EU at 39.2 %, whereas Malta's (34.7 %) still ranks below the majority of countries (17th place).

- There have also been a number of notable reductions in the overall tax ratio. In Slovakia the ratio, which was already low in 2000, has fallen by a further 5.0 points of GDP since then; the year 2006 in fact saw another sharp decline, from 31.5 % to 29.4 % of GDP, while in the following years no big changes were recorded. Overall, over the entire period for which data are available (1995–2008), Slovakia is the Member State that has carried out the most profound restructuring of its tax system, with the tax ratio declining by over one quarter. The country thus changed its ranking significantly, from being essentially in line with the old Member States' average in 1995 at 40.3 % of GDP, to having the third lowest ratio in the EU-27 in 2008.

- Two Nordic countries, too, show remarkable declines in the overall tax burden. Finland's tax ratio has fallen steadily by almost one tenth since its 2000 peak. Sweden reduced its tax ratio even more (4.7 percentage points of GDP), although from an even higher peak level (51.8 % of GDP, the highest on record).

Graph I-1.5: Level in 2000 and change of tax-to-GDP ratio until 2008
in %



Source: Commission services

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

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

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

Conversely, economic downturns are characterised by a deterioration of company profits and only moderate wage developments if not the loss of numerous jobs. Hence, tax and social security revenues based on these macroeconomic variables decrease disproportionately.

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

In practice, assessments of this kind are usually based on correcting nominal tax revenue developments for the economic cycle. The resulting cyclically adjusted tax revenue data show primarily the development of the structural components, which are largely the result of discretionary fiscal policy decisions.

1.1.2. How are cyclically adjusted revenues measured?

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

$$CAR = R - C$$

The cyclical component of tax revenues (C) is hence that part of revenue which is due to cyclical developments. In order to determine (C) two measures are necessary: First, a measure of the cyclical position of the economy has to be derived, measuring the deviation of GDP from its "normal" level, i.e. the level that would have been achieved if GDP growth was on its "normal" path over time. In this report, the cyclical position is provided by the HP – filtered output gap, i.e. the difference between actual real GDP and a measure of the trend real GDP – derived by using the Hodrick-Prescott filtering procedure - expressed in percentage points. If the output gap is positive the economy is above its "normal" GDP level and hence also tax revenues are higher than under normal economic conditions. Obviously, the output gap can still be positive in times of below trend growth rates, provided that the cumulative effect of above trend growth rates outperform the output growth loss. The exact amount, i.e. by how much tax revenues to GDP exceed their normal values, is given by the second measure - the tax revenue sensitivity. The tax revenue sensitivity is defined as the percent change in tax revenues (as a ratio to GDP) in reaction to a 1 % change in the output gap. The cyclical component of tax revenues (C) is hence calculated as the product of the HP-filtered output gap and the tax revenue sensitivity. By subtracting the cyclically determined part of tax revenues (C) from overall tax revenues we arrive at the cyclically adjusted or "structural" tax revenues, highlighting the effects of discretionary policy action on tax revenues.

For the calculation of cyclically adjusted tax revenues (CAR), this report relies on the cyclical component of revenues (C) as calculated using the HP-filtered output gap and published in the annual macro-economic (AMECO) database of the European Commission's Directorate General for Economic and Financial Affairs ([11]). The tax sensitivities used to calculate the cyclical component of tax revenues in the AMECO database are estimated on the basis of a methodology developed by the OECD and extended to non-OECD countries by the Commission Services. ([12]) These are the sensitivities agreed upon at EU level and currently used in the EU fiscal surveillance framework for assessing the cyclically adjusted positions. The revenue sensitivities for the EU-27 countries are displayed in Table I-1.1 in the next

([11]) The data can be found in the AMECO database: 17. Cyclical adjustment of public finance variables. 17.2 Based on trend GDP, cyclical component of revenue, % of GDP. http://ec.europa.eu/economy_finance/ameco/user/serie/SelectSerie.cfm. As for all variables the cut off date was 01.February 2010.

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

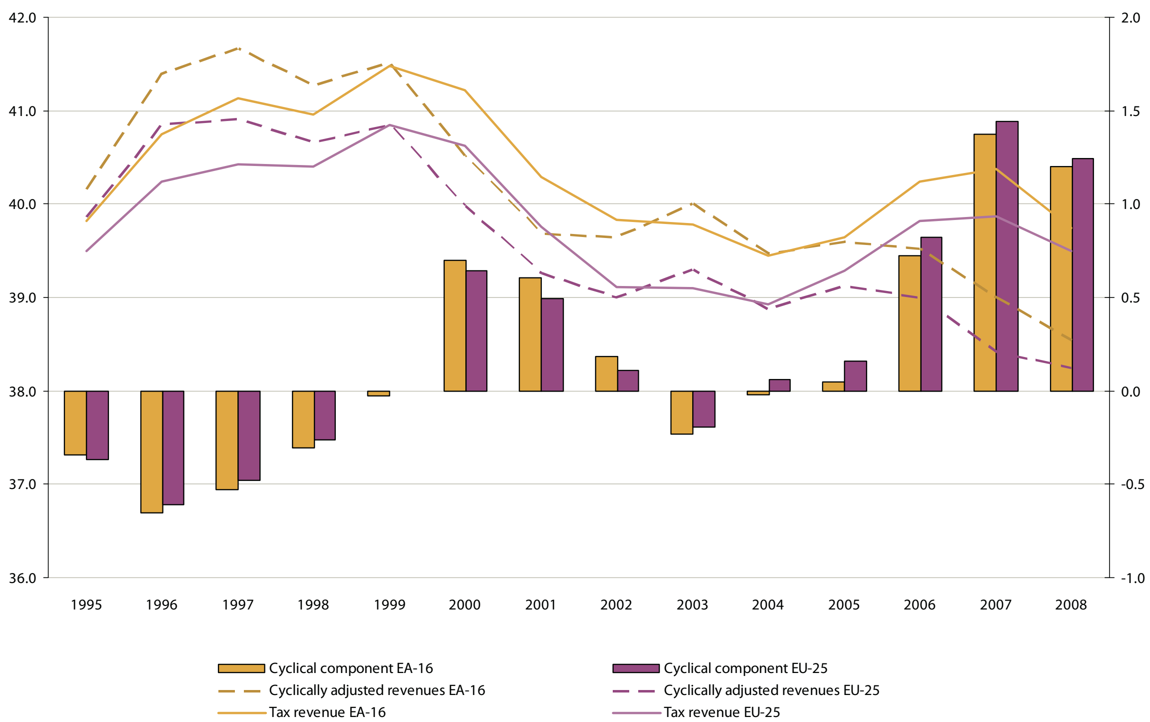
section. While using the HP-filtered cyclical component as given in the AMECO database, the cyclically adjusted tax revenues (CAR) in this report do not coincide with the data on cyclically adjusted revenues published in the AMECO database. This is, because the latter also includes other government revenues in addition to taxes and social security contributions. Cyclically adjusted tax revenues do not coincide with the data used for the assessment of the Stability and Growth Pact either, as the latter uses a different method to calculate the output gap, namely the production function approach (PFA). ([13])

Both methods to calculate the output gap, the HP-filter approach and the PFA, have some pros and cons. ([14]) While the PFA method rests on a sounder economic foundation, it needs detailed information for the trend total factor productivity, as well as the trend labour and trend capital stock. This is particularly difficult to obtain in countries undergoing structural changes. The HP-filter is a purely statistical method, lacking an economic foundation. While the advantage of this method lies clearly in its simplicity, it is subject to problems in the presence of structural breaks and, in general, at the end-points of the series. As in this report we stop at 2008, the end point problem is not a major issue here since (preliminary) GDP data for 2009 and projections for 2010 and 2011 are used for the estimation of the output gap. Furthermore, due to its simplicity the HP-filter approach can be applied to any macroeconomic variable, giving the opportunity to calculate the economic position of tax base variables. The choice to use cyclical components based on the HP-filtered output gap in this report was driven by the fact that it would facilitate any possible extension of the analysis to major tax categories such as SSC, direct taxes on households and companies and indirect taxes.

([13]) For further details on the PFA please see Denis et al. (2002 and 2006) and Roeger (2006).
([14]) For further details on the estimation of output gaps and any possible issues see Annex B Methodology and explanatory notes.

1.1.3. Trends and developments

Graph I-1.6: Cyclically adjusted tax revenues
1995-2008, in % of GDP



Source: Commission services

Graph I-1.6 displays tax revenues and cyclically adjusted tax revenues (both GDP-weighted) in % of GDP for the EA-16 and EU-25 on the left hand scale of the graph. The right hand scale of the graph shows the GDP-weighted cyclical components in % of GDP for the EA-16 and the EU-25 respectively.

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

Comparing cyclically adjusted tax revenues (dashed lines) with actual tax revenues unveils interesting tax trends that are masked by the economic cycle. The high tax burden observed in 1995-1999 was actually realised against the backdrop of unfavourable economic conditions, resulting in an even higher tax burden in cyclically adjusted terms. The run-up to the EMU did obviously not allow Member States to engage in countercyclical tax cuts, but rather asked for the introduction of additional taxes. The following period of consolidation fatigue can be observed much clearer in cyclically adjusted tax revenue terms, which showed a remarkable fall in the tax burden. In other words, the cyclical situation in the boom year 2000 and still in 2001 sustained actual tax revenues on a high level, despite tax cuts or the expiry of temporary tax increasing measures. Nevertheless, the biggest contribution of the cycle to tax revenues was recorded in the most recent years 2006-2008. The high positive cyclical component in 2008 is the result of the effects of above trend growth in the preceding years on the actual GDP level, which is still outperforming the below trend growth in 2008. However, due to the below trend growth the output gap and hence the cyclical component diminish in 2008.

Unadjusted total tax revenues, both for the EA-16 and the EU-25, suggest that consolidation fatigue after the run up to the EMU led to a continuous decrease of the tax burden till 2004. However, cyclically adjusted data shows that there were actually efforts to increase tax revenues in 2003 as indicated by the peak in cyclically adjusted tax revenues. While unadjusted tax revenue data would give the impression that tax revenues - steadily increasing from 2004 onwards - were back to their (third-highest) 2001 level in 2007, cyclically adjusted revenues draw a completely different picture. In fact, cyclically adjusted revenues were about one percentage point higher in 2003 than in 2007. This decline probably reflects a series of tax cuts such as in the CIT (the average rate dropped by around –4.3 percentage points for EU-25) during this period. Only in 2008, when economic conditions started to worsen, did both cyclically adjusted and unadjusted tax revenues decrease, reflecting further tax cuts. While actual tax revenues were sustained on a relatively high level, cyclically adjusted tax revenues reached their lowest level during the observation period. Summing up, the tax revenue increase experienced from 2005 until 2007 was only due to the good overall economic situation, while the structural tax revenues decreased considerably.

However, the EU-25 and EA-16 developments mask a wide variety of different developments in the individual Member States. Some of these developments are the result of different policy choices, such as reducing/increasing tax rates and their timing. Others are the result of the initial tax system, which makes tax revenues more or less responsive to economic activity. Generally, tax systems with a lot of progressive taxes show a more pronounced reaction of tax revenues to the cycle than systems with only proportional or flat taxes. Last, but not least, also the business cycle position varied among Member States, affecting tax revenues differently.

Table I-1.1: Tax revenue sensitivity

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

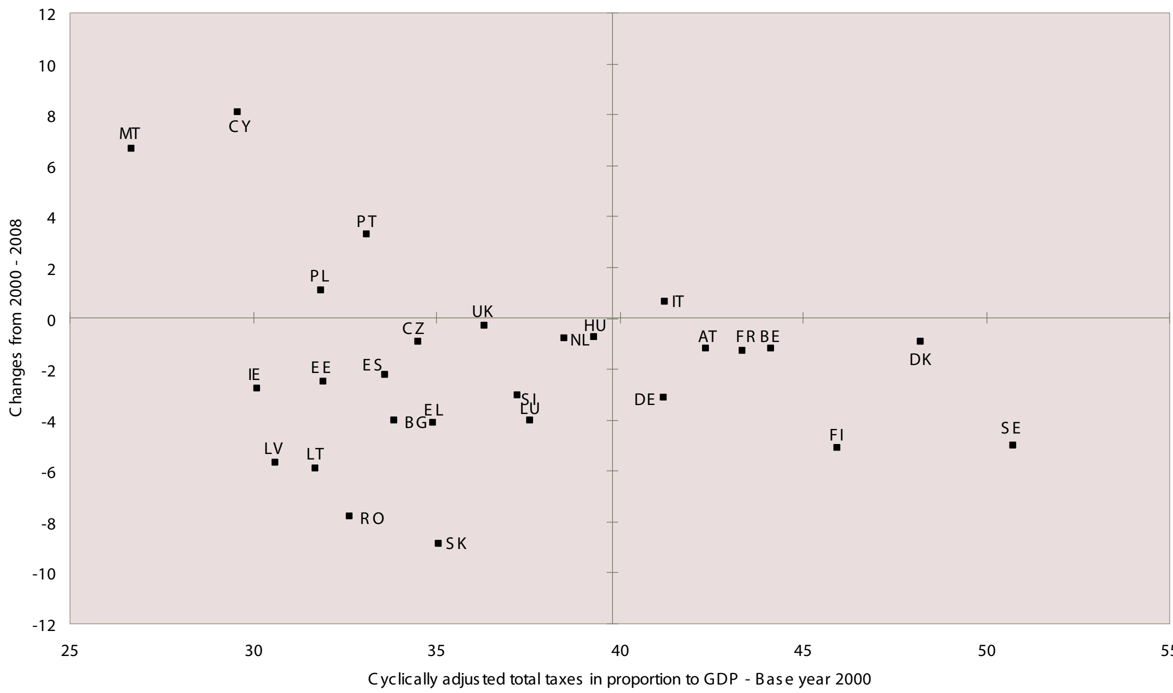
Source: OECD, Commission services

As displayed in Table I-1.1 the countries showing the highest sensitivity of tax revenues to economic developments are Denmark (0.50), Italy (0.49) Sweden and Luxembourg (both 0.48), while Latvia, Lithuania and Slovakia (0.26 and 0.27 respectively) display the lowest reaction to the cycle. ([15]) Even though Latvia is exposed to the lowest tax sensitivity, Latvian tax revenues are those which are most significantly impacted by cyclical developments in the EU (i.e having the highest cyclical component). This is due to the fact that the Latvian economy has enjoyed extraordinary high economic growth since 2000, peaking in an output gap of 23.5 % in 2007. Only the other two Baltic countries display a similar

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

exposure to the cycle, while the rest of the Member States have output gaps of up to 10.6 % (the majority of Member States however reach only around 5 %). In general, new Member States show considerably higher economic growth translating into higher cyclical components than the EU-15, even though the latter face higher tax sensitivities. As the EU-25 and EA-16 GDP weighted averages are mainly driven by countries like Germany, France, the UK, Italy and Spain with output gaps well below 3 % of GDP, the overall reaction of tax revenues is rather limited.

Graph I-1.7: Cyclically adjusted level in 2000 and change of tax-to-GDP ratio until 2008
in %



Source: Commission services

Similar to Graph I-1.5, Graph I-1.7 charts, for all countries available, the changes in the cyclically adjusted tax-to-GDP ratios between 2000 and 2008 in percentage points of GDP, in comparison with their starting point in the base year 2000.

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

The graph on cyclically adjusted data indicates:

- All except five Member States are in the bottom half of the graph, indicating that the majority of Member States experienced a decrease in the tax burden between 2000 and 2008. This is true both for countries whose cyclically adjusted tax ratios were above, and below the average in 2000, respectively.
- The two countries with the lowest cyclically adjusted tax revenues in 2000, namely Malta and Cyprus, have increased their tax ratios considerably (more than six percentage points). The two other countries converging to the average from below were Portugal and Poland, as indicated by their position in the top left quadrant.

- Among the high tax-countries Italy was the only Member State which, net of cyclical effects, increased its tax burden compared to 2000, albeit only marginally.

- Other high tax countries – all of which old Member States – saw the tax ratio decrease from 2000 levels. However, only Finland, Sweden and Germany experienced decreases in the cyclically adjusted total tax burden of more than three percentage points, while Austria, France, Belgium and Denmark decreased their tax levels by less than one percentage point. Hence, convergence by the means of lowering tax ratios is only taking place very slowly.

- In total there are 11 countries that showed some convergence to the 2000 average - the four countries with below average tax ratios in the top left quadrant which were increasing their tax ratios, and the seven high tax countries in the bottom right quadrant decreasing their tax ratios.

- The distribution of data shows, however, that most Members States find themselves in the bottom left quadrant. This indicates that those countries with already below average tax ratios have decreased their tax burden further since 2000, therefore diverging further from the average of that year. This development is even more pronounced for those countries that displayed already the lowest tax ratios in cyclically adjusted terms in 2000 such as Latvia and Lithuania. Slovakia and Romania experienced the highest tax cuts in cyclically adjusted terms, starting from only slightly higher tax ratios in 2000 than the Baltic States.

Given these developments, cyclically adjusted overall tax ratios point to a further divergence in tax ratios, caused by the tax burden decreases in – according to EU standards - already low-tax Member States.

2. REVENUE STRUCTURE BY TYPE OF TAX

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

Graph I-2.1: Structure of tax revenues by major type of taxes
2008, % of the total tax burden

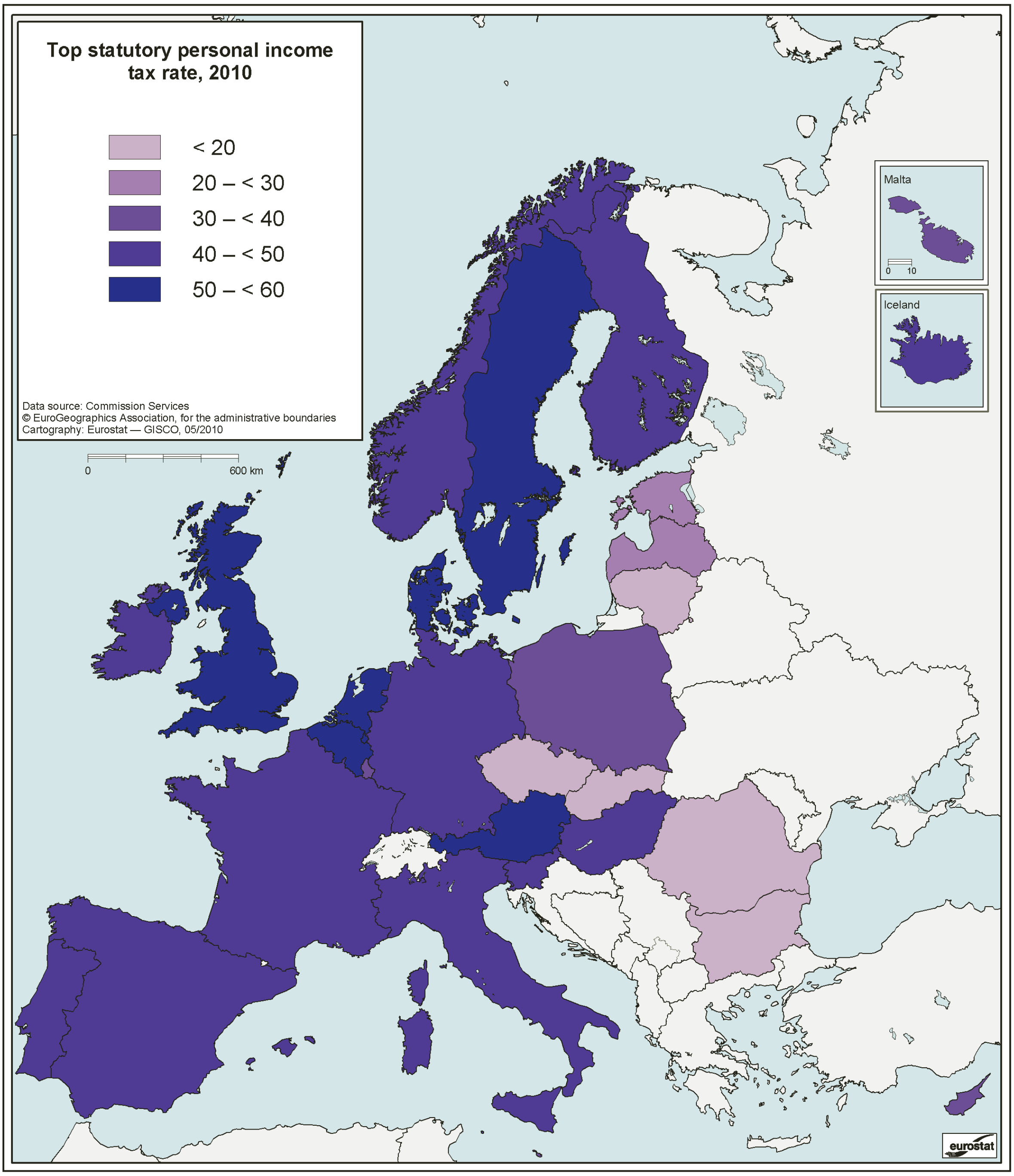
Source: Commission services

Generally, the new Member States often show a different structure compared to the old Member States; 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 frequently display a substantially lower share of direct taxes in the total. The lowest shares of direct taxes are recorded in Bulgaria (only 21.0 % of the total), Slovakia (22.1 %), and the Czech Republic (23.8 %); in Poland the share of direct taxes shrank by one third between 1995 and 2004 but has increased again since then and currently stands at 25.2 %. One of the reasons for the low direct tax revenue can be found in the generally more moderate tax rates applied in the new Member States for corporate tax and personal income tax (see Maps I-2.1 and I-2.2). Several of these countries have adopted flat-rate systems which typically induce a stronger reduction in the rates of direct taxes than in those for indirect taxes.

The low share of direct taxes in the new Member States is counterbalanced by generally higher shares of either indirect taxes or social contributions, or both, in total tax revenues. The highest shares of indirect taxes by far are indeed found in Bulgaria, where the share is well over half of revenue, and Cyprus, where it is not far from the 50 % mark. Malta and Romania, too, show relatively high indirect tax shares. As for social contributions, the Czech Republic stands out with its 44.9 % share, but Slovakia, Germany and France, too, are characterised by a rather high level.

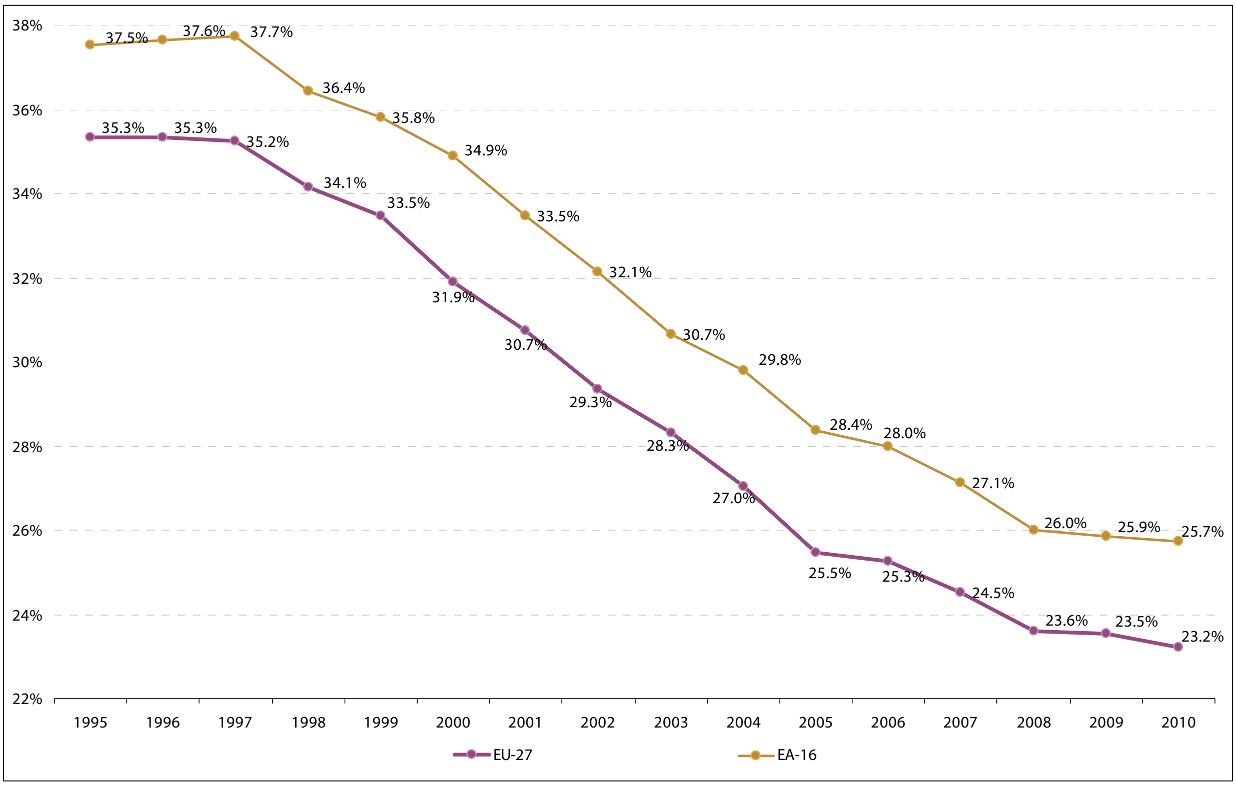
Also among the old Member States (EU-15) there are some noticeable differences. The Nordic countries as well as the United Kingdom and Ireland have relatively high shares of direct taxes in total tax revenues. In Denmark and, to a lesser extent, also in Ireland and the United Kingdom the shares of social contributions to total tax revenues are low. There is a specific reason for the extremely low share of social contributions in Denmark: most welfare spending is financed out of general taxation. This requires high direct tax levels and indeed the share of direct taxation to total tax revenues in Denmark is by far the highest in the Union.

Map I-2.1: Distribution of top personal tax rates



Map I-2.1 shows the geographical distribution of top PIT rates in the EU. The map highlights the fact that Western European Member States generally tend to adopt higher top rates than Eastern European Member States; the highest top rates are found in a band running from the UK to Finland, across Belgium, the Netherlands, Denmark and Sweden, with the addition of Austria more to the south-east. Compared with last year's edition of the report, an increase in the top PIT rate has taken place in the UK. A more detailed discussion of PIT rates, including their development over time, can be found in Part II.2 of this report.

Graph I-2.2: Development of adjusted statutory tax rate on corporate income
1995-2010, EU-27 and euro area averages; in %



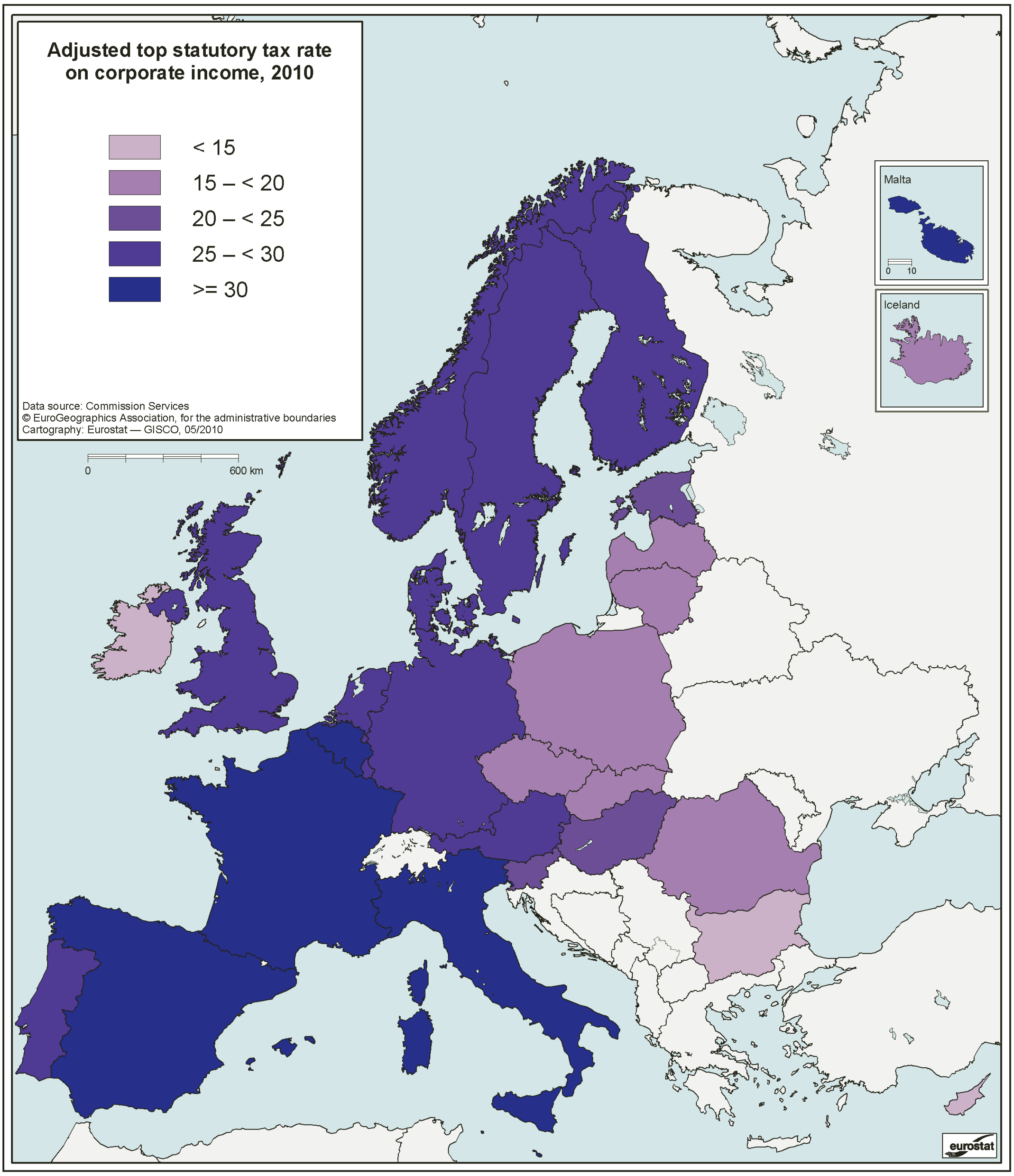
Note: Methodological notes: see note to Table II-5.1.
Source: Commission services

Since the end of the 1990s there has been a strong trend towards lower corporate tax rates (see Graph I-2.2). Tax cuts were often coupled with limitations in special tax regimes, or their outright abolition. This trend started in the new Member States, but the old Member States followed suit and reduced their corporate tax rates substantially([16]). Overall all Member States except Malta, Hungary and Finland show lower statutory rates in 2010 than in 1995. The downward trend is ongoing: in seven countries rate cuts were introduced in the last two years (Czech Republic, Greece, Luxembourg, Hungary, Slovenia, Sweden, United Kingdom)([17]), see Table II.4-1 in Part II.4). The average corporate tax rate in the EU-27 has now fallen to 23.2 % (see Graph I-2.2), while in the euro area, comprising mostly old Member States, the average is around two and a half percentage points higher.

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

([16]) See European Commission (2006).
([17]) In Luxembourg the national tax was reduced. In Lithuania the tax rate was increased by five percentage points in 2009, but this increase was reversed in 2010 going back to the 2008 level.

Map I-2.2: Distribution of corporate tax rates



Map I-2.2 shows the distribution of current CIT rate levels; again, an east-west dimension exists, but the Nordic countries no longer appear in the group of the highest rates, as they all levy rates below 30 %, a level reached by several countries in the south and west of Europe. In addition, a comparison between Map I-2.1 and Map I-2.2 shows that CIT rates now frequently lie below top PIT rates, a situation which can potentially lead to distortions such as 'corporatisation' ([18]). A more detailed discussion of CIT rates and their recent trends is supplied in Part II.4 of this report.

Trends in PIT and CIT revenue by country

The latest data show a partial reversal of the reduction of personal income tax revenue achieved in the early years of the 21st century. Revenues have, in fact, been picking up since 2005, despite the first effects of the crisis in 2008. Compared with the year 2000, twelve countries saw their PIT revenues increase, and in those where revenues decreased, only in six countries (Bulgaria, Sweden, Slovakia, Lithuania, Ireland and the Czech Republic) was the decline stronger than by one tenth. Only one country, Sweden, reduced PIT revenue by more than 2 % of GDP; in Bulgaria the reduction was smaller as a percentage of GDP, but represented a stronger relative reduction -28.0 % from 2000. The highest increase was recorded in Cyprus (1.4 percentage points of GDP, of which 1.6 in 2007 alone, followed by a drop in 2008).

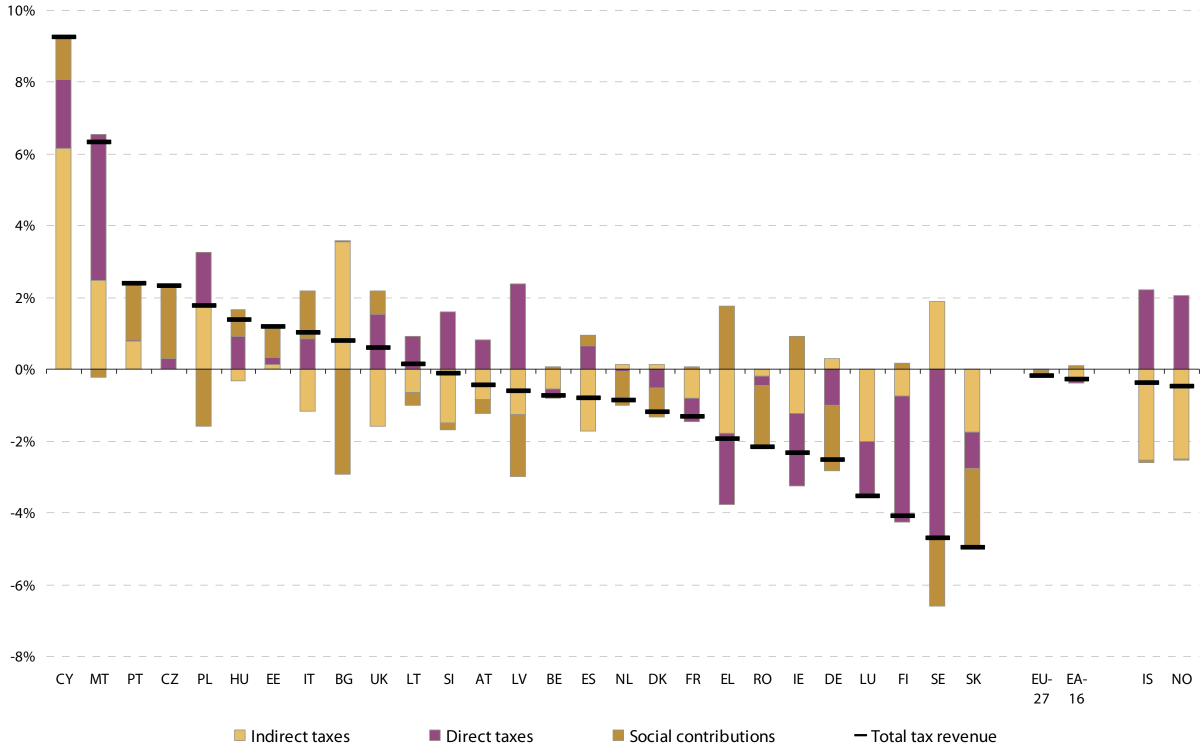
As for corporate income taxes, it is striking that the rather strong decline in the corporate income tax rates has not resulted, so far, in marked reductions in tax revenue; indeed, in 17 out of 27 EU countries CIT revenues, as a share of GDP, increased since 2000 (although only marginally in a few cases). The major exceptions to this trend were Finland and Luxembourg, where CIT revenues declined by 2.4 % and 1.9 % of GDP compared to 2000, although in Finland's case the 2000 figure represented an outlier. The general increase in revenue cannot be straightforwardly attributed to GDP growth, as this was higher in 2000 (and in the four years before 2000) than in 2004-2008. Hence, it seems likely that base widening, an increase in the degree of corporatisation of the economy, or other factors have played a role. The strongest increase in CIT revenue was recorded in Malta, where CIT revenue more than doubled since 2000. Malta has not cut CIT rates.

Changes in composition by main tax type

Graph I-2.3 breaks down the change in the overall tax burden into (positive or negative) changes of its three major components; the black line shows the change in the overall tax-to-GDP ratio for all the countries. The graph highlights that, in the period under consideration, only some Member States shifted taxation clearly from one type of taxes to another; increases or decreases of revenues are more commonly shared out amongst all three categories; indeed, in the European averages on the right, all three components go in the same direction. Examples of significant changes in the tax mix are Bulgaria, which shifted the burden of taxation from social contributions to indirect taxes, Latvia and Slovenia, where direct tax increases almost compensated for decreases in, respectively, social contributions and indirect taxes; Greece, where a strong decline in both direct and indirect tax revenues was partly offset by increases in social contributions; in Sweden, higher indirect tax revenue partly accounted for a strong decline in direct tax and social contributions revenue. It is nevertheless debatable to what extent the shifts in the tax mix over this eight-year period were a deliberate result and not a by-product of separate policy decisions. An example of a deliberate shift in the burden of taxation was the 2007 reform in Germany, in which part of the revenue from a VAT increase was used to finance a cut in social security contributions; however, in revenue terms the effects of this measure do not stand out clearly when comparing the 2008 tax mix with its 2000 equivalent.

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

Graph I-2.3: Evolution by major type of taxes
2000-2008, differences in % of GDP



Source: Commission services

3. REVENUE STRUCTURE BY LEVEL OF GOVERNMENT

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

- Central (or federal or national) government, including all administrative departments and central agencies of the State whose competence extends normally over the whole economic territory, except for the administration of the social security funds;

- State (or regional) government, when relevant within a Member State, which are separate institutional units exercising some of the functions of government at a level below that of central government and above that at local level, except for the administration of social security funds;

- Local (or municipal) government, whose competence extends to only a local part of the economic territory, apart from local agencies or social security funds;

- Social security funds, including all central, state and local institutional units whose principal activity is to provide social benefits.

The figures shown in Graph I-3.1 represent 'ultimately received' tax revenues. This means that the shares displayed under state and local governments do not only include 'own' taxes of government sub-sectors, but mostly also the relevant part of the tax revenue that is actually 'shared' between the different levels of the general government, even in cases where a government sub-sector has practically no power to vary the rate or the base of those particular taxes.([19]) Furthermore, these figures exclude grants between different levels of government.([20]) The taxes received by the institutions of the European Union do not only include taxes paid directly to them (i.e. the ECSC levy on mining and iron and steel producing enterprises paid by resident producer units), but also taxes collected by general governments on behalf of the EU, such as receipts from the Common Agricultural Policy (CAP), customs duties on imports from third countries and a share of VAT revenues.

In 2008, in the EU Member States about 59 % of the 'ultimately received' aggregate tax revenue (including social contributions) was claimed by the central or federal government, roughly 29 % was received by the social security funds, and around 10 % by local government. Less than 1 % of tax revenue accrues to the institutions of the European Union. There are considerable differences in structure from one Member State to another; for instance, some Member States are federal or grant regions a very high degree of fiscal autonomy (Belgium, Germany, Austria, and Spain). In the United Kingdom and Malta, the social security system is not separate from the central government level from an accounting viewpoint. The share of sub-federal revenue (defined as municipalities plus the state level where it exists) varies from 0.8 % in Greece to 34.7 % in Sweden. Also Spain, Germany and Belgium show high shares of total taxes received by the non-central authorities. At the other end, this share is noticeably small in Cyprus (1.3 %), as well as in Malta, where local government does not receive directly any tax funds. Concerning social security funds, the highest shares in the EU are reported by France, the only EU country where the share exceeds 50 %, and to a lesser extent Slovakia and Belgium, at about 40 %.

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

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

Graph I-3.1: Revenue structure by level of government
2008, in % of the total tax burden

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

Significant changes in the shares of tax revenues of state and local governments have occurred in Spain and various European countries (see Tables 34 and 36 in Annex A). Compared to 1995, a trend towards a higher revenue share for States or regions is visible in all countries. Developments in Spain, in particular, have been a key driver in this trend. There, the share of state tax revenue started increasing in 1997, reflecting the introduction of a new five-year arrangement for sharing tax revenues between the autonomous regions. The share collected by state governments rose again substantially, by more than 10 % of total taxes, in 2002, when the new financing agreement between the central government and the autonomous regions came into force; the share rose further in the following years as the reform was implemented. This trend is likely to continue in the coming years as in December 2009 the financing agreement was again reformed and under the new system autonomous communities will benefit from an increased share in the ceded taxes as well as increased discretionary powers.

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

The data shown in Graph I-3.1 indicate substantial differences in the structures of the taxation systems across the Union. These data give, however, little insight into the degree of tax autonomy of sub-central levels of government as such. Generally speaking, taxation involves: (i) setting a tax base, (ii) defining statutory tax rates, (iii) collecting the tax, and (iv) attributing its revenues. At each stage, one or several levels of government may be involved. Furthermore, the degree of fiscal autonomy may vary. For example, in the case of 'own' taxes, the central or sub-central government unit is responsible for all phases of the tax-raising process. When the tax is 'joint', the central government is usually solely responsible for: (i) setting the base, and (ii) collecting the tax, but operates together with the regions in (ii) setting the rates. The term 'shared tax' generally means that the central government is responsible for: (i) setting the base, (ii) defining the tax rates, and also for (iii) collecting the tax([21]), but the sub-central governments are automatically and unconditionally entitled to a percentage of the tax revenue collected or arising in their territory. Other modalities may also exist. In practice, the fiscal organisation of government — including the fiscal relations, the constitutional arrangements and the tax raising process — is quite complex, and varies considerably from one Member State to another. An OECD study (2006c) complements tax revenue statistics by offering a typology of the 'taxing powers' of government sub-sectors, and by applying this typology to tax revenue statistics. The study shows important differences in the degree of tax autonomy within the group of Member States which are federal or grant regions a very high degree of fiscal autonomy (i.e. Germany, Austria, Belgium (all federal) and Spain)([22]). It also shows differences as regards the tax autonomy of local governments within the European Union.

([21]) Except in Germany, where the Länder collect the tax.
([22]) See also OECD (2002d) for the results of a study on this topic covering six of the EU's new Member States.

II

Taxation by economic function

Introduction

The tax-to-GDP ratio and the breakdown of tax revenues into standard categories such as direct taxes, indirect taxes and social contributions provide a first insight into cross-country differences in terms of tax levels and its composition in terms of tax type. This information is, however, already available from the National Statistical Offices. This publication additionally provides a broad classification of taxation in three economic functions - consumption, labour and capital. The report contains data on the absolute level of taxation by economic function and computes implicit tax rates or ITRs, i.e. average effective tax burden indicators([23]); unlike simple measures of the tax revenue, these take into account the size of the potential tax base, which often differs substantially from one country to the other. The methodology utilised in this survey is discussed in detail in Annex B.

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

([23]) 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.

1

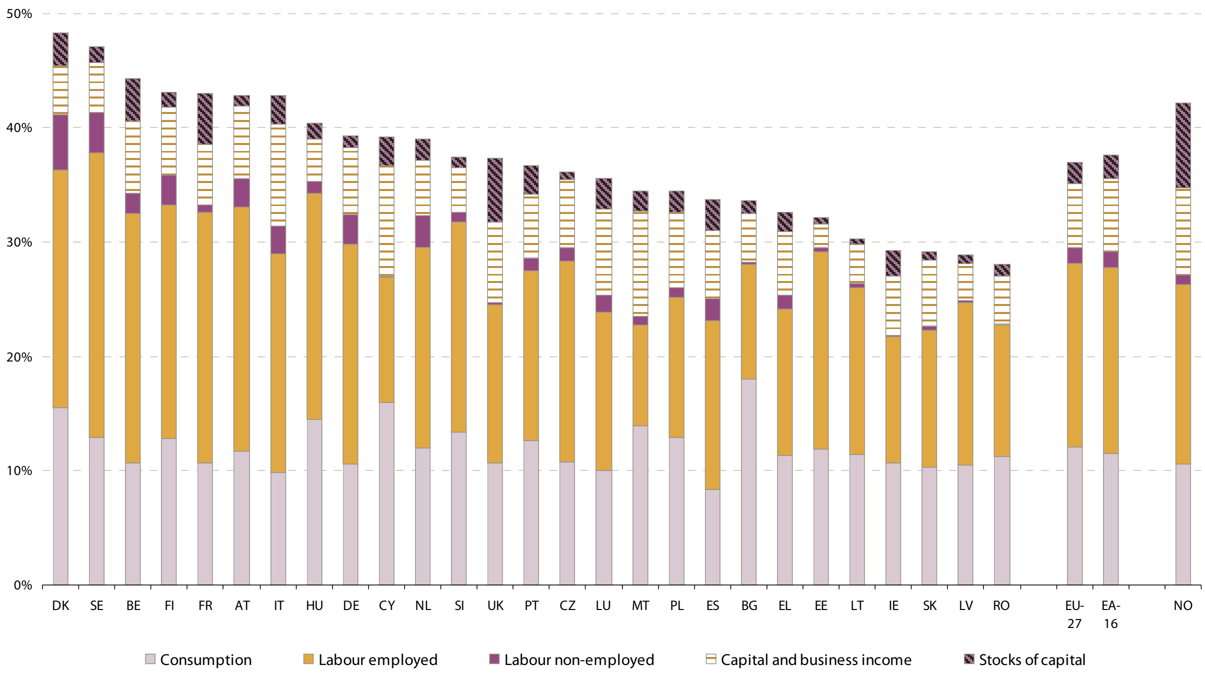
Distribution of the total tax burden by economic function

1. DISTRIBUTION OF THE TOTAL TAX BURDEN BY ECONOMIC FUNCTION

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

Graph II-1.1 ranks Member States by overall tax burden and displays a breakdown of revenue by economic function for the year 2008. The graph shows quite a lot of variation both in terms of the overall level and in its composition. In particular, despite the fact that the most important indirect taxes are harmonised at EU level, there is substantial variation in the amount of revenues raised from consumption taxes. This is due to the fact that harmonisation usually does not directly translate into the setting of actual tax rates (e.g. equalizing them), but that structures and some minimum requirements are harmonised (e.g. minimum excise duties on mineral oils). Even greater variation is visible in revenues from capital and business income, while some smaller revenue sources, such as taxation of stocks of capital/wealth and taxation of non-employed labour (essentially pensions and social security benefits) range from significant to negligible. This primarily reflects the choice made in the different Member States to provide social benefits and pensions either on a gross or a net basis. Overall, the taxes levied on (employed) labour income, which are usually withheld at source (i.e. personal income tax levied on wages and salaries income plus social contributions), represent the most prominent source of revenue, contributing over 40 % of overall receipts on average, followed by consumption at roughly one third and then capital at just over one fifth.

Graph II-1.1: Distribution of the total tax burden according to economic function
Taxes on labour (employed and non-employed), consumption and capital (capital and business income and stocks) 2008, in % of GDP



Source: Commission services

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

Graph II-1.2: Distribution of the total tax burden according to economic function
2008, in % of total tax burden

Source: Commission services

The results shown in the first panel, on the share of consumption taxes in overall revenues, are interesting in several respects. First, there is a clear outlier, Bulgaria, where the share of consumption taxes is more than 13 percentage points higher than in the second group of countries, Cyprus, Malta and Romania, all still displaying consumption tax shares of around 40 %. For Bulgaria, the outstanding revenues in consumption taxes are mainly due to the high share of domestic final consumption in GDP — nearly three quarters. Second, it is a distinctive feature of the new Member States to display a high reliance on consumption taxes: with the exception of Ireland, the first 11 positions in the ranking refer to countries that joined the Union in the last two enlargement rounds. Only the remaining new Member State, the Czech Republic, displays a share of consumption taxes below the EU average.

Apart from the fact that generally final domestic consumption amounts to a large share of GDP in the new Member States, two additional factors explain the high revenue share of consumption taxes. First, purely statistically, the comparatively lower taxation of labour (Malta and Cyprus) symmetrically tends to boost the share of consumption taxation. Moreover, this distribution is also linked to other structural factors, such as the fact that in the new Member States the energy intensity of the economy is generally higher (an important element of consumption taxes is represented by mineral oil excise duties). Together with EU-wide minimum tax rates on energy products and electricity and minimum tax rates on tobacco and alcohol, these taxes generally account for a greater share of total taxation there. This is exemplified with the share of taxes on alcohol and tobacco amounting to an average of 4.1 % of total taxation in the new Member States, while only accounting for 2.2 % of total taxation in the old Member States.

For the old Member States, the low share from consumption taxes is mostly the mirror image of high labour taxation (Sweden, Austria, Germany, Belgium and France). Moreover, for Italy, France and Spain, relatively low VAT revenue is partly owing to exemptions and reduced rates, which are applied to a relatively large base, as well as a low standard rate for Spain. Another interesting fact is that differences in the shares of consumption taxes between Member States have been growing quite markedly in the 2000-2006 period, a trend that was only temporarily reversed in 2007, as shown by divergence indicators (see Table 42 in Annex A). Currently, after a small increase in 2008 the dispersion among the Member States is still much larger compared to the one in 2000. Accordingly, the difference between the highest and the lowest share has been increasing by more than 50 % over the same time period. This is driven by the fact that those countries where the share of consumption taxes is highest, have been increasing further their reliance on this type of taxes, while countries with low consumption taxes have for the most part seen revenue dwindle or stagnate. In three of the four highest ranking countries, Bulgaria, Cyprus, and Romania the share of consumption taxes has grown markedly since the beginning of the decade, possibly owing in part to the adaptation of their tax systems to the EU excise minima in a context where low general taxation levels lead naturally to a high share of consumption taxes in revenue. At the bottom end, Spain, Italy, France and Belgium, reduced their share further, which was, however, not due to reductions in the VAT rates.

The second panel in Graph II-1.2 presents the level of labour taxes in overall tax revenue. The importance of labour taxes is highlighted by the fact that 14 of the EU Member States derive around half or more of their revenue from labour taxes: 10 raise between 50 % and 55 % of the total, while Sweden, Austria, Germany and Estonia obtain more than 55 %. The bottom half of the distribution is more dispersed, with Malta raising the least amount of financing from labour, a mere 27.7 % of the total. Taxes on labour comprise, in addition to taxes on wages and payroll taxes, social security contributions and taxes on other income (see Box C.3 in Methodology Part C). This, together with the fact that high top PIT do not contain any information about average rates, is the reason why high top PIT rates do not necessarily translate into a high tax share on labour. However, in the three lowest ranking countries Malta, Cyprus and Bulgaria the top PIT rates lie well below the EU average; the top PIT rate (flat rate) of 10 % is particularly low in Bulgaria. Of those countries obtaining more than 55 % of their tax revenues from labour taxation, the top PIT rates for Austria and Germany are about 50 %, and higher still in Sweden with 56.4 %.

Another interesting feature of this graph is the great variation in tax revenue from non-employed labour; this category refers to personal income tax and/or social contributions that are raised on old-age pension benefits and social benefits.

Revenues vary markedly from country to country given widely different traditions in the taxation of benefits and transfers, some of which are frequently exempted from taxation. Denmark, Sweden, the Netherlands, Germany and Finland 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 over time. In particular it is likely that the revenue share of non-employed labour is higher in economic downturns, as first more cyclically dependent benefits are granted and second the overall tax revenues tend to be lower. In the other Member States the amount of tax raised on such benefits is generally lower, if not negligible. Countries with low taxation of employed labour usually tax the non-employed lightly or not at all ([24]).

The bottom panel in Graph II-1.2 highlights the differences in the extent of capital taxation. The share of revenue yielded by capital taxes is large in the United Kingdom, Malta, Cyprus, Luxembourg, Italy, Spain, and Ireland where they contribute over one quarter of total taxes. These countries with the exception of Cyprus and Ireland raise corporate income taxes at a top tax rate of around 30 %, which is well above the EU-27 average of 23.6 %. The revenue share on capital taxes is noticeably small in Estonia, Sweden, Hungary, Slovenia and the remaining two Baltic Republics with less than one seventh. This is partly reflecting the below average top corporate income tax rates, high revenue shares in other taxes such as in labour taxation for Sweden or tax exemptions of retained earnings such as in Estonia. As for their composition, taxes raised on capital and business income are generally more important than taxes on stocks of capital/wealth; one important exception is France, where high taxes on wealth lead to broadly equal proportions between the two types. In the recently accessed Member States, these taxes by and large yield a lower share of revenue than in the EU-15; this might be linked, however, to a lower aggregate value and productivity of the capital stock.

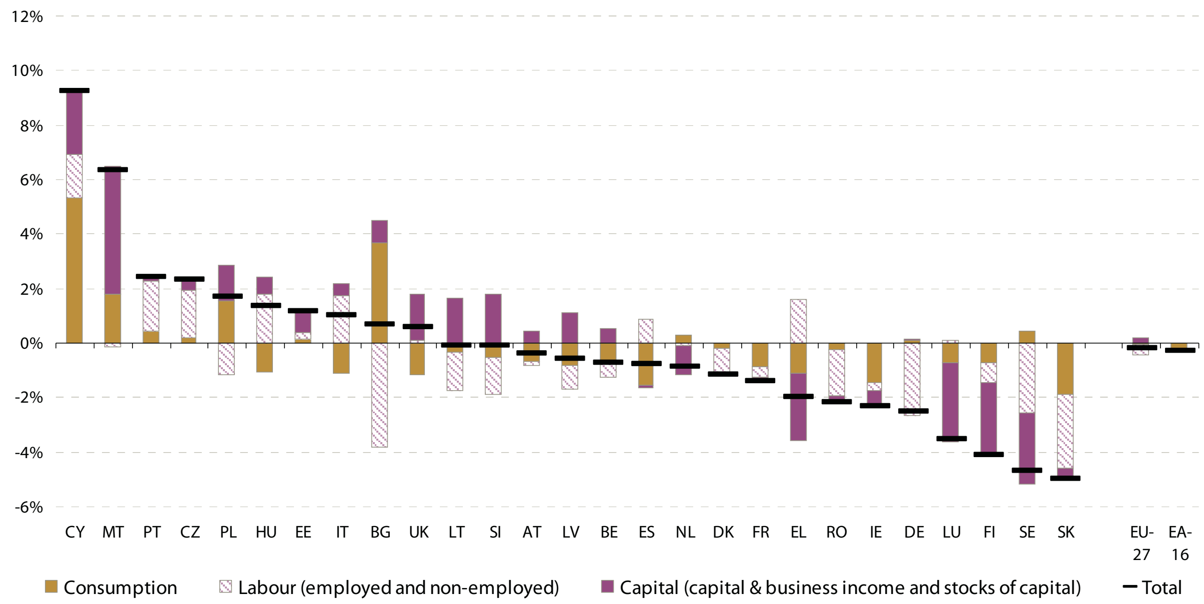
Additional details on the structures of the taxation systems by economic function in the individual Member States are given in the country chapters in Part III of this publication.

Breakdown of revenue by economic function: changes over time

The distribution of the overall tax burden by economic function has undergone some important changes since 2000, and the pattern is rather mixed across Member States (see Graph II-1.3 ; the black line represents the sum of the changes of the different components as % of GDP). Strikingly, on an overall EU basis, taxes on capital as a percentage of GDP have not changed since 2000. However, this is not only masking the developments in the meantime, but also the development in individual Member States. While almost all Member States (exceptions Hungary, Malta and Sweden) cut top corporate tax rates, some such as Malta and Cyprus envisaged a considerable increase in capital taxes. Compared to 2000 the contribution of labour and consumption taxes has slightly declined; labour taxes have indeed significantly increased only in seven Member States, while in 12 others they contributed in a non-negligible way to reducing overall taxation. Despite significant changes in many Member States, consumption taxes as % of GDP are, on average, only slightly below their 2000 levels. The biggest increase in consumption taxes are envisaged in New Member States, where adjustments to EU requirements in these fields, such as minimum tax rate on energy products, still had to be made.

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

Graph II-1.3: Relative contribution of taxes on labour, capital and consumption to the change in the total tax-to-GDP ratio, by country
2000-2008, in % of GDP

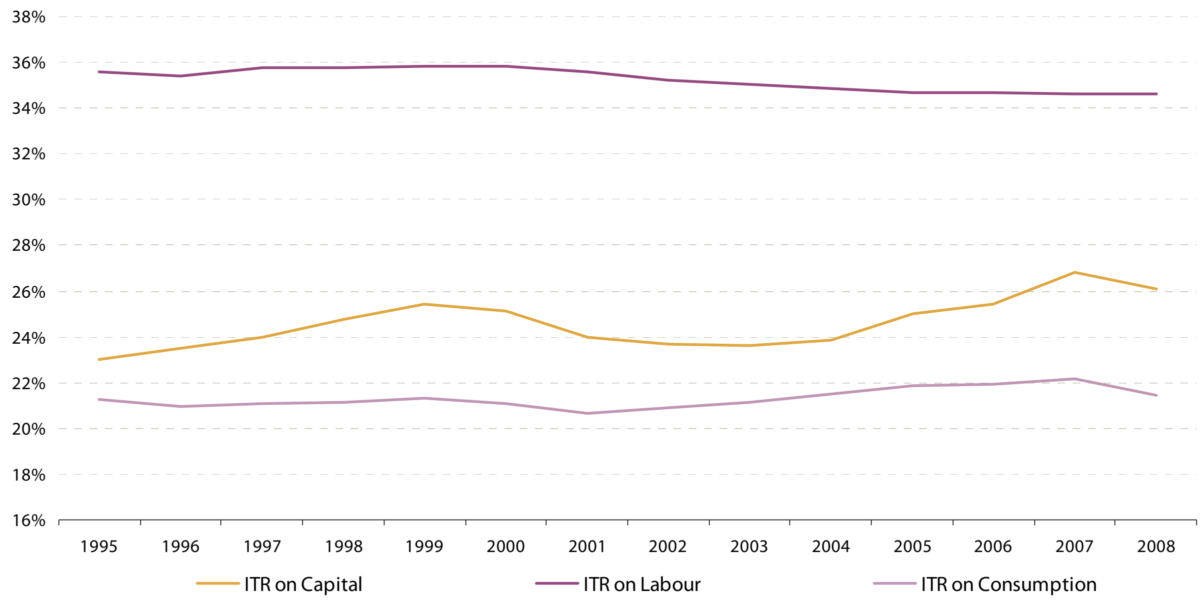


Source: Commission services

Overall trends in implicit tax rates

Graph II-1.4 displays the evolution of the three main implicit tax rates, on labour, on consumption and capital, between 1995 and 2008. These ITRs are commented in detail in the next chapters. They are here juxtaposed to highlight four main facts: first, that implicit tax rates on labour remain well above those for capital and consumption; second, that after a declining trend, labour taxation stabilised from 2004 onwards; third, that effective taxation of capital was on the increase till 2007; this was the case despite considerable cuts in the top corporate tax rates, most likely indicating a base broadening. Finally, that since 2001 consumption taxation has been trending upwards slowly, before falling slightly in 2008.

Graph II-1.4: Development of implicit tax rates
EU-25 average, 1995-2008, in %



Source: Commission services

2

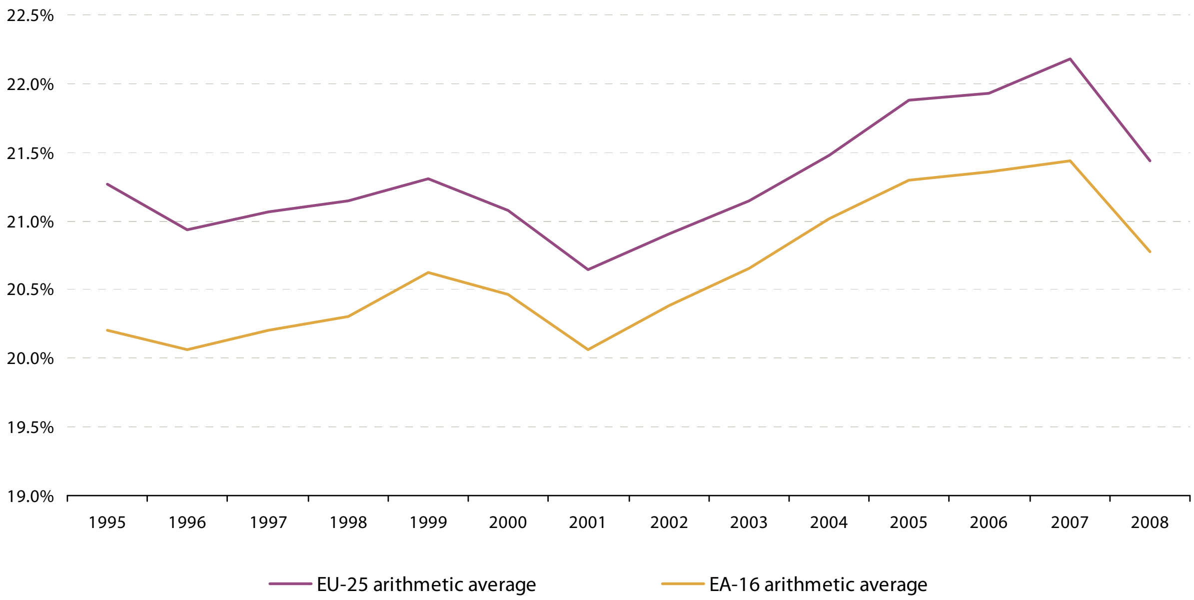
Trends in the implicit tax rate on consumption

2. TRENDS IN THE IMPLICIT TAX RATE ON CONSUMPTION

Tax burden on consumption increasing

Graph II-2.1 and Table II-2.1 show the trend development of the ITR on consumption in the period under consideration([25]). The ratio has experienced significant variation over time; a first rising phase, until 1999, was followed by a drop; in two years it fell by around three quarters of a percentage point. From 2001 to 2007, the ratio has been increasing steadily every year to reach 22.2 % in 2007. A significant decrease of about three quarters of a percentage point was recorded in 2008. Compared with 2000, the base year for this report, the evolution is broadly parallel for the euro area and for the EU-27; the increase of ITR on consumption is 0.6 percentage points for the EU-27 and 0.3 percentage points for the EA-16. The ITR on consumption is somewhat lower, on average, in the euro area than in the Union as a whole.

Graph II-2.1: Implicit tax rate on consumption
1995-2008



Source: Commission services

([25]) Previous editions of this report, based on the earlier 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.

Table II-2.1: Implicit tax rates on consumption in the Union
1995–2008, in %

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference 1995-2008	Difference 2000-2008
BE	20.5	21.1	21.3	21.1	22.1	21.8	20.9	21.4	21.4	22.1	22.3	22.5	22.1	21.2	0.7	-0.6
BG	:	:	:	18.8	17.6	19.7	18.9	18.7	20.6	23.2	24.4	25.5	26.6	26.4	:	6.8
CZ	22.1	21.2	19.4	18.6	19.7	19.4	18.9	19.3	19.6	21.8	22.2	21.2	22.1	21.1	-0.9	1.7
DK	30.5	31.6	31.9	32.7	33.7	33.4	33.5	33.7	33.3	33.3	33.9	34.2	33.8	32.4	1.8	-1.0
DE	18.8	18.3	18.1	18.3	19.0	18.9	18.5	18.5	18.6	18.2	18.1	18.3	19.8	19.8	1.0	0.9
EE	21.2	19.7	20.4	18.5	17.8	19.5	19.6	19.9	19.8	19.7	22.0	22.8	23.8	20.9	-0.3	1.5
IE	24.8	24.7	25.2	25.4	25.7	25.7	23.8	24.7	24.5	25.7	26.3	26.5	25.6	22.9	-1.9	-2.8
EL	:	:	:	:	:	16.5	16.7	16.1	15.5	15.3	14.8	15.2	15.5	15.1	:	-1.4
ES	14.2	14.4	14.6	15.3	15.9	15.7	15.2	15.4	15.8	16.0	16.3	16.3	15.9	14.1	-0.1	-1.6
FR	21.5	22.1	22.2	22.0	22.1	20.9	20.3	20.3	20.0	20.1	20.1	19.9	19.5	19.1	-2.5	-1.8
IT	17.4	17.1	17.3	17.8	18.0	17.9	17.3	17.1	16.6	16.8	16.7	17.3	17.2	16.4	-1.0	-1.5
CY	12.6	12.3	11.3	11.5	11.3	12.7	14.3	15.4	18.9	20.0	20.0	20.4	21.0	20.6	8.0	7.8
LV	19.4	17.9	18.9	21.1	19.5	18.7	17.5	17.4	18.6	18.5	20.2	20.1	19.6	17.5	-1.9	-1.2
LT	17.7	16.4	20.4	20.7	19.2	18.0	17.5	17.9	17.0	16.1	16.5	16.7	17.9	17.5	-0.1	-0.4
LU	21.0	20.8	21.5	21.5	22.4	23.0	22.6	22.6	23.8	25.4	26.3	26.3	27.0	27.1	6.1	4.1
HU	29.6	28.6	26.4	26.8	27.0	27.5	25.6	25.3	26.0	27.4	26.3	25.7	27.1	26.9	-2.7	-0.6
MT	14.8	14.0	14.8	13.8	14.8	15.9	16.5	18.1	16.5	17.5	19.7	19.9	20.3	20.0	5.1	4.1
NL	23.3	23.4	23.6	23.5	23.9	23.8	24.4	23.9	24.2	24.8	25.0	26.5	26.8	26.7	3.4	2.9
AT	20.5	21.1	22.1	22.3	22.8	22.1	22.1	22.5	22.2	22.1	21.7	21.2	21.6	22.1	1.6	0.0
PL	20.7	20.7	19.7	18.9	19.5	17.8	17.2	17.9	18.3	18.4	19.7	20.5	21.4	21.0	0.3	3.2
PT	18.7	19.1	18.9	19.6	19.7	18.9	18.9	19.4	19.5	19.3	20.3	20.6	20.1	19.1	0.4	0.2
RO	:	:	:	14.4	16.3	17.0	15.6	16.2	17.7	16.4	17.9	17.8	18.0	17.7	:	0.7
SI	24.6	24.1	22.9	24.4	25.1	23.5	23.0	23.9	24.0	23.9	23.6	23.8	23.8	23.9	-0.7	0.4
SK	26.4	24.6	23.6	23.0	21.4	21.7	18.8	19.1	20.7	21.2	21.9	19.9	20.2	18.4	-8.0	-3.3
FI	27.6	27.4	29.2	29.0	29.3	28.5	27.6	27.7	28.1	27.7	27.6	27.2	26.5	26.0	-1.6	-2.5
SE	27.6	26.9	26.7	27.2	26.9	26.3	26.6	26.8	26.9	26.9	27.3	27.4	27.8	28.4	0.8	2.2
UK	19.6	19.6	19.5	19.2	19.4	18.9	18.6	18.5	18.7	18.7	18.1	18.0	18.0	17.6	-2.1	-1.4
NO	*30.8*	*30.8*	*31.5*	*31.1*	*31.0*	*30.7*	*30.2*	*29.3*	*27.9*	*28.1*	*28.7*	*29.9*	*30.3*	*28.5*	*-2.3*	*-2.2*
IS	*28.2*	*28.5*	*28.2*	*27.5*	*28.6*	*27.1*	*25.0*	*25.8*	*26.3*	*27.9*	*29.3*	*30.6*	*29.1*	*26.2*	*-2.0*	*-0.9*
EU-27	20.9	20.6	20.7	20.8	21.0	20.9	20.4	20.6	21.0	21.3	21.8	21.9	22.2	21.5	0.6	0.6
EU-25	21.3	20.9	21.1	21.1	21.3	21.1	20.6	20.9	21.2	21.5	21.9	21.9	22.2	21.4	0.2	0.4
EA-16	20.2	20.1	20.2	20.3	20.6	20.5	20.1	20.4	20.7	21.0	21.3	21.4	21.4	20.8	0.6	0.3

Source: Commission services

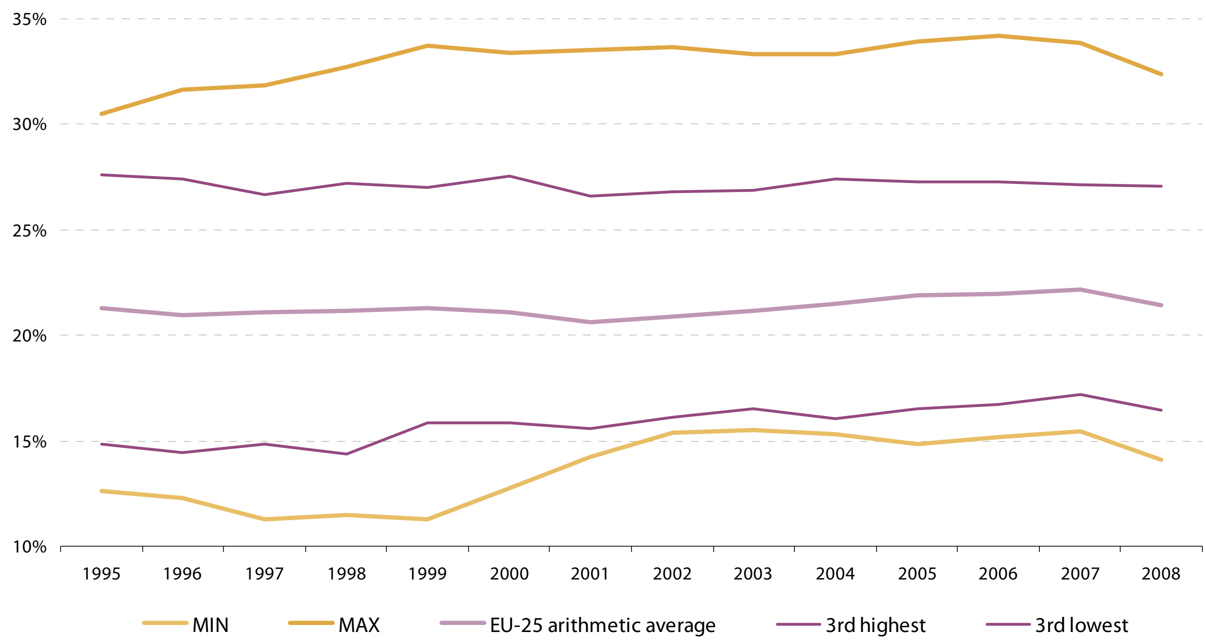
The 2008 economic and financial crisis has interrupted the broad trend towards higher consumption taxation that prevailed in a large number of Member states. The EU-27 average ITR on consumption decreased by 0.7 percentage points from 2007 to 2008. While final expenditure of households in the EU has increased by 1.2 % from 2007 to 2008, the revenues of consumption taxes have decreased by 1.3 %. This development may be the consequence of a shift in consumption patterns towards goods subject to lower VAT rates following the crisis. In addition, involuntary inventories accumulated by businesses due to the severity of the downturn at the end of 2008 might have led to significant VAT refunds by tax administrations. In 2008, the ITR decreased in 22 EU Member States. Some countries have experienced particularly large decreases in their ITR in 2008: Estonia (-2.9 percentage points) and Ireland (-2.7 percentage points).

As a result, 13 Member States have experienced declines during the reference period 2000-2008. The most notable declines in the ITR were in Slovakia (-3.3 percentage points), Ireland (-2.8 percentage points), Finland (– 2.5 percentage points) and in France (– 1.8), Spain (-1.6), Italy (-1.5), Greece and the United Kingdom (both – 1.4), Latvia (-1.2) and Denmark (-1.0). However, a majority of the new Members States show gradual increases in their ITRs on consumption. In the period 2000–2008, the most remarkable increase of ITR on consumption is noticed in Cyprus (by 7.8 percentage points), in Bulgaria (by 6.8 percentage points), in Malta (by 4.1 percentage points) and in Poland (by 3.2 percentage points).

Graph II-2.2 gives an indication of the degree of convergence by showing the minimum and maximum values for the ITRs on consumption for the relevant years, followed by the third extreme values; the respective lines form 'external' and 'internal' bands. The external bands depict the maximum deviation of the ITRs, within which all the rates are located, while the internal bands give a good picture of the majority of Member States. The graph clearly shows that during the period 1999-2007 the lowest ITRs on consumption were strictly converging upwards to the average, while the highest ones were almost stable with a slight tendency to decrease from 2006. Both the low consumption taxing and high consumption taxing countries experienced a slow increase in the ITRs, which is reflected in the upward trend of the EU-25 arithmetic average. The picture changed significantly in 2008. Both the maximum and minimum rates decreased in a more important way than the average. Convergence can be analysed with the two other indicators shown in Table 77 in Annex A, namely the difference between the maximum and minimum value and the ratio between the standard deviation and the mean. The indicators show convergence over the period 1999-2007; this was mostly due to the rise in the ITRs in most of the New Member States. Notably, the ITR for Cyprus has increased significantly in the examined period from the lowest EU level in 1995 to a level close to the EU average.

In 2008 , the difference between the maximum and minimum value declined further while the ratio between the standard deviation and mean increased significantly and reached its highest level since 2002.

Graph II-2.2: Implicit tax rate on consumption in the EU-27: 2008 level
1995–2008



Source: Commission services

Implicit tax rate on consumption in the EU-27: 2008 level

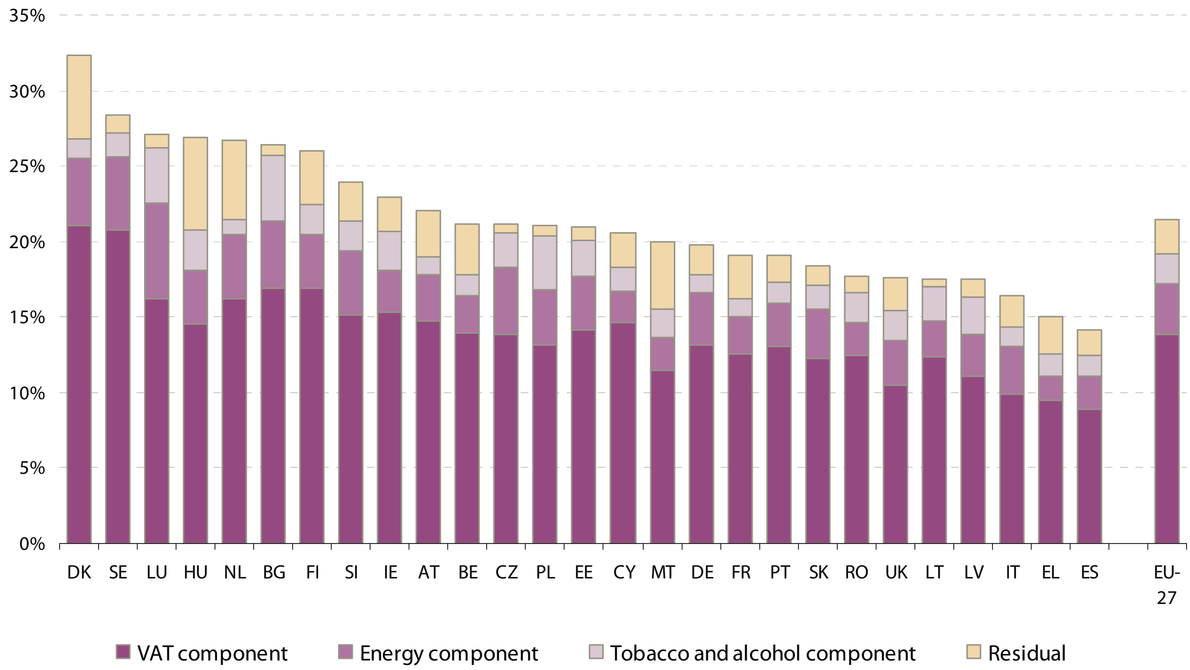
The arithmetic average implicit tax rate for the EU-27 is 21.5 % for 2008. The lowest ITR on consumption throughout the whole Union is for Spain (14.1 %) followed by Greece (15.1 %), Italy (16.4 %), Latvia and Lithuania (both 17.5 %). In the high consumption taxing countries Denmark stands out with 32.4 %, four percentage points above the second Member State: Sweden, followed by Luxembourg, Hungary and the Netherlands.

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 components of the ITR on consumption and their share in the composition of the aggregate. The approach taken in this report has been to classify consumption taxes into four main sub-components: VAT, energy, excise duties on tobacco and alcohol and residual

Consumption

(see Graph II-2.3). This breakdown follows the approach introduced the first time in the 2007 report constructed on the basis of the National List of Taxes supplied by Member States (see online version of the report).

Graph II-2.3: Decomposition of the ITR on consumption
2008



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

Not surprisingly, the VAT component is the largest. Nevertheless in all Member States the non-VAT component of the ITR is far from negligible; it ranges from lows of respectively 26.8 % in Sweden, 28.9 % in Cyprus and 29.5 % in Lithuania up to highs of 40.1 % for Luxembourg, 40.3 % for the UK, 42.3 % for Malta and 46.1 % for Hungary.

VAT component of the ITR

The variation in the VAT component of the ITR, while non-negligible, is not as marked as that registered for the other three. Although the difference between the highest and lowest VAT component of the ITR exceeds 100 %, the variation in the energy component of the ITR and 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 precise measure for the ITR on VAT, but it introduces a statistical bias in the measures of the other components, because they refer to taxes levied on specific goods and thus their tax base is only a small portion of the 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 consists mainly of excises on motor vehicle fuels, usually accounts for between two and five percentage points, the average being 3.3 points. The lowest values are found in Greece (1.6 percentage points) followed by Cyprus (2.0 percentage points) Malta and Spain (2.2 percentage points both), while the highest are found in Luxembourg (6.3 percentage points), followed by Sweden (4.8 percentage points), Bulgaria and the Czech Republic (both 4.5 percentage points) as well as Denmark (4.4 percentage points). Despite the transitional periods granted to most of the new Member States, the energy component is in line with the EU average and rather high in some of them (in Bulgaria and the Czech Republic (both 4.5 percentage points), in Slovenia (4.2 percentage points) as well as in Hungary and Poland where the component amounts to 3.7 percentage points in both countries. A high contribution of the energy component does however not necessarily imply high excise rates but may be due to a comparatively high share of energy use in the economy; conversely high taxation of energy could in theory result in a low energy component if the heavy taxes succeed in discouraging energy use (see also chapter on environmental taxation)([26]).

Tobacco and alcohol component

Taxation of alcohol and tobacco amounts to, on average, the equivalent of 1.4 percentage points. The range of variation is however wide, extending from 1.0 percentage points in the Netherlands to 4.3 percentage points in Bulgaria. Other countries where tobacco and alcohol taxes raise little income include Austria, France, Denmark and Italy (all 1.2 percentage points) whereas in Luxembourg and Poland this component accounts for a significant portion of the ITR (3.6 percentage points in both cases).

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

Residual

The residual component in the ITR on consumption not only varies a lot among Member States in size but is also rather heterogeneous. It is largest in Hungary (6.1 %) and Denmark (5.6 %) whereas it is very limited in most of the countries of central and Eastern Europe. Denmark stands out for the great number of additional duties, most of which are also pollution and transport taxes (Tables 67 to 76 in Annex A list the revenue amounts for energy, pollution and transport taxes in detail). In the case of Hungary, however the residual is to a large extent due to the local tax on company sales.

VAT component of the ITR on consumption

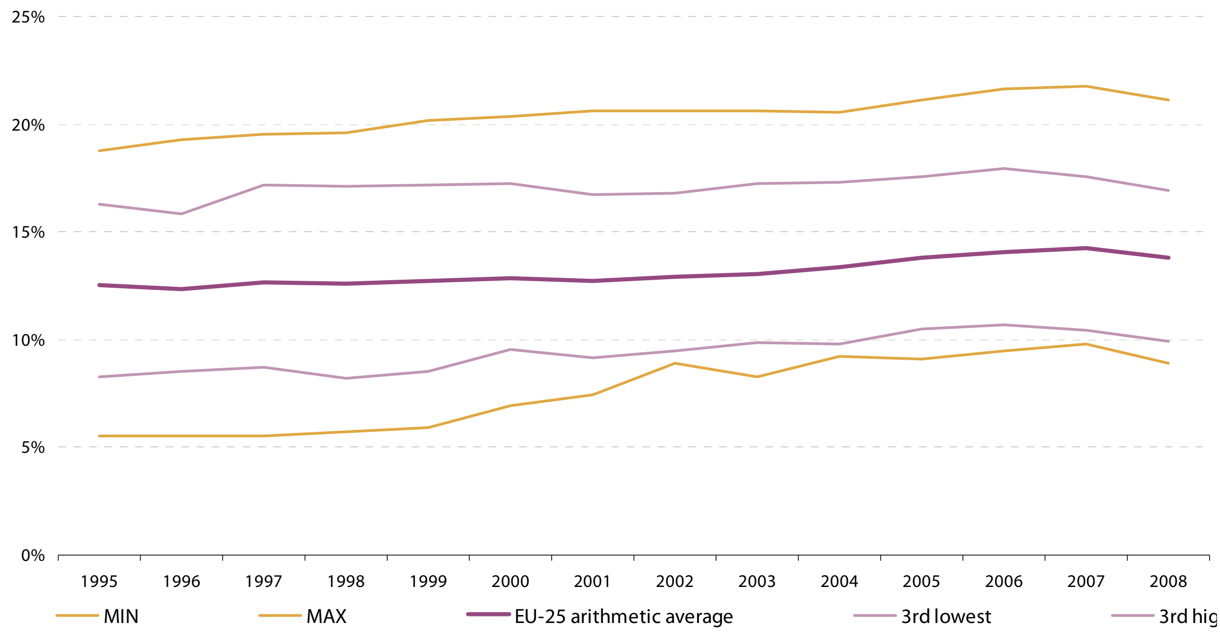
The upward trend of the VAT component of the ITR on consumption which can be noticed over the 1995-2007 period has been partly reversed in 2008 (see Graph II-2.4) and this applies both to the average and the extremes, while less clear in the third smallest and third highest value. The value observed for the EU-25 average decreased by 0.44 % while significant reductions were also recorded for the minimum, maximum third lowest and third highest values. The high extremes in 2008, which are left out of the inner bands, are represented by Denmark and Sweden and the low by Spain and Greece.

In 2008 eighteen Member States experienced decreases in the VAT component of the ITR. Given the absence of indications of a reduction of VAT rates (see Table II-2.2), this result can be explained by a shift of consumption towards goods and services subject to lower rates, possibly as a result of the crisis, or revenue collection problems. The most important reductions took place in Latvia (-2.5 percentage points), Estonia (-2.1 percentage points), Ireland (-2 percentage points) and Spain (-1.4 percentage points). On the other side, in countries such as Sweden and the Czech Republic the increase is in the range of 0.5 percentage points.

([26]) 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.

Consumption

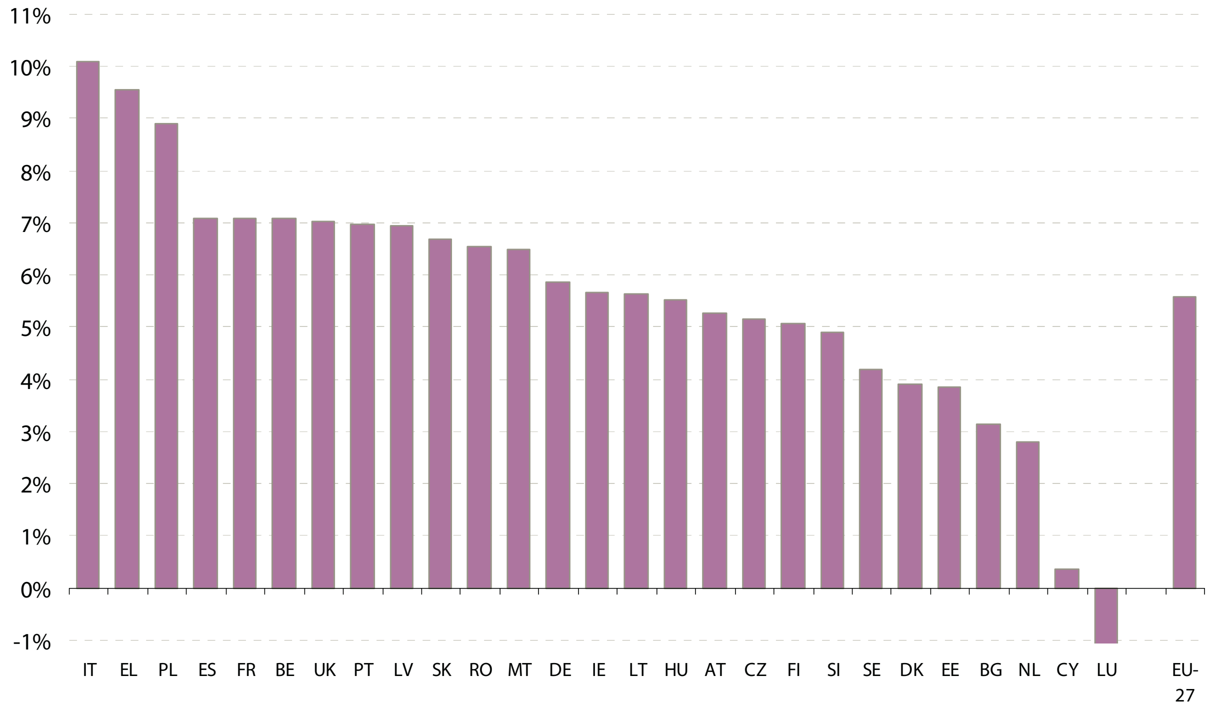
Graph II-2.4: VAT component of the ITR on consumption
1995-2008



Source: Commission services

A better insight into the peculiarities of the VAT tax bases in the Member States' tax systems is given by a specific indicator representing the difference between the generally applicable statutory VAT rate (disregarding reduced rates) and the VAT component of the ITR on consumption. This indicator, which we call 'VAT reduced rate and base indicator', was presented for the first time in the 2007 edition of the report; it aims at giving a snapshot of the extent by which a given VAT system approximates a 'pure' consumption tax, characterised by a flat rate and the widest possible tax base (i.e. the entire value of private consumption without exemptions). A low value of this indicator suggests that the VAT tax base approximates the value of private consumption and, hence, reduced rates and VAT exemptions play a minor role, while a high value represents an indication that a substantial share of private consumption is spared from taxation at the standard VAT rate. Other factors contributing to a high indicator value could also be represented either by a high registration threshold for VAT, implying taxation of only a share of intermediate consumption or significant levels of VAT evasion or avoidance.

Graph II-2.5: VAT reduced rate and base indicator
2008, in percentage points



Source: Commission services

Graph II-2.5 shows that for Italy, Greece and Poland the indicator reaches more than eight percentage points. A major explanation for the high value of the indicator for Italy lies in the wide application of the reduced (10 %) and super-reduced (4 %) rates; these apply to widely consumed goods and services such as foodstuffs, transport, books and periodicals, pharmaceuticals, public facilities, hotel accommodation, restaurant services, and residential housing; the favourable treatment of housing in particular is likely to have a significant impact on revenues. In Greece, lower rates are applicable to agricultural products, hotel accommodation and restaurant services as well as to part of the territory. In Poland, as of 2006, the reduced rates are also widely applicable and considerably lower: the super-reduced rate is 3 % and the reduced rate 7 %.

The lowest value (remarkably low at less than one percentage point) is attributable to Cyprus. As for Luxembourg (the indicator is – 1.2 %), the geographical smallness of the territory and the significant expenditure by non-residents generally make the interpretation of the ITR difficult; revenues from consumption taxes paid by non-residents might therefore be the main cause for its negative indicator value. The Netherlands and Bulgaria also display low values in 2008 (2.8 % and 3.1 % respectively).

As compared with 2007, the EU-27 average indicator has increased by 0.35 percentage points, which can reflect a shift in consumption towards goods and services subject to lower rates or revenue collection problems.

Table II-2.2: VAT rates in the Member States

2000-2010, in %

Member State	VAT rate	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
BE	Standard	21	21	21	21	21	21	21	21	21	21	21
	Reduced	6/12	6/12	6/12	6/12	6/12	6/12	6/12	6/12	6/12	6/12	6/12
BG	Standard	20	20	20	20	20	20	20	20	20	20	20
	Reduced	-	-	-	-	-	-	-	7	7	7	7
CZ	Standard	22	22	22	22	19	19	19	19	19	19	20
	Reduced	5	5	5	5	5	5	5	5	9	9	10
DK	Standard	25	25	25	25	25	25	25	25	25	25	25
	Reduced	-	-	-	-	-	-	-	-	-	-	-
DE	Standard	16	16	16	16	16	16	16	19	19	19	19
	Reduced	7	7	7	7	7	7	7	7	7	7	7
EE	Standard	18	18	18	18	18	18	18	18	18	20	20
	Reduced	5	5	5	5	5	5	5	5	5	9	9
IE	Standard	21	20	21	21	21	21	21	21	21	21.5	21
	Reduced	12.5 (4.2)	12.5 (4.3)	12.5 (4.3)	13.5 (4.3)	13.5 (4.4)	13.5 (4.8)	13.5 (4.8)	13.5 (4.8)	13.5 (4.8)	13.5 (4.8)	13.5 (4.8)
EL	Standard	18	18	18	18	18	19	19	19	19	19	23
	Reduced	8 (4)	8 (4)	8 (4)	8 (4)	8 (4)	9 (4.5)	9 (4.5)	9 (4.5)	9 (4.5)	9 (4.5)	11 (4.5)
ES	Standard	16	16	16	16	16	16	16	16	16	16	18
	Reduced	7 (4)	7 (4)	7 (4)	7 (4)	7 (4)	7 (4)	7 (4)	7 (4)	7 (4)	7 (4)	8 (4)
FR	Standard	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6
	Reduced	5.5 (2.1)	5.5 (2.1)	5.5 (2.1)	5.5 (2.1)	5.5 (2.1)	5.5 (2.1)	5.5 (2.1)	5.5 (2.1)	5.5 (2.1)	5.5 (2.1)	5.5 (2.1)
IT	Standard	20	20	20	20	20	20	20	20	20	20	20
	Reduced	10 (4)	10 (4)	10 (4)	10 (4)	10 (4)	10 (4)	10 (4)	10 (4)	10 (4)	10 (4)	10 (4)
CY	Standard	10	10	13	15	15	15	15	15	15	15	15
	Reduced	5	5	5	5	5	5	5/8	5/8	5/8	5/8	5/8
LV	Standard	18	18	18	18	18	18	18	18	18	21	21
	Reduced	-	-	-	9	5	5	5	5	5	10	10
LT	Standard	18	18	18	18	18	18	18	18	18	19	21
	Reduced	5	5/9	5/9	5/9	5/9	5/9	5/9	5/9	5/9	5/9	5/9
LU	Standard	15	15	15	15	15	15	15	15	15	15	15
	Reduced	6/12 (3)	6/12 (3)	6/12 (3)	6/12 (3)	6/12 (3)	6/12 (3)	6/12 (3)	6/12 (3)	6/12 (3)	6/12 (3)	6/12 (3)
HU	Standard	25	25	25	25	25	25	20	20	20	25	25
	Reduced	0/12	0/12	0/12	0/12	5/15	5/15	5/15	5	5	5/18	5/18
MT	Standard	15	15	15	15	18	18	18	18	18	18	18
	Reduced	5	5	5	5	5	5	5	5	5	5	5
NL	Standard	17.5	19	19	19	19	19	19	19	19	19	19
	Reduced	6	6	6	6	6	6	6	6	6	6	6
AT	Standard	20	20	20	20	20	20	20	20	20	20	20
	Reduced	10	10	10	10	10	10	10	10	10	10	10
PL	Standard	22	22	22	22	22	22	22	22	22	22	22
	Reduced	7 (3)	7 (3)	7 (3)	7 (3)	7 (3)	7 (3)	7 (3)	7 (3)	7 (3)	7 (3)	7 (3)
PT	Standard	17	17	19	19	19	21	21	21	20	20	20
	Reduced	5/12	5/12	5/12	5/12	5/12	5/12	5/12	5/12	5/12	5/12	5/12
RO	Standard	19	19	19	19	19	19	19	19	19	19	19
	Reduced	-	-	-	-	9	9	9	9	9	9	9
SI	Standard	19	19	20	20	20	20	20	20	20	20	20
	Reduced	8	8	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
SK	Standard	23	23	23	20	19	19	19	19	19	19	19
	Reduced	10	10	10	14	-	-	-	10	10	10	6/10
FI	Standard	22	22	22	22	22	22	22	22	22	22	23
	Reduced	8/17	8/17	8/17	8/17	8/17	8/17	8/17	8/17	8/17	8/17	9/13
SE	Standard	25	25	25	25	25	25	25	25	25	25	25
	Reduced	6/12	6/12	6/12	6/12	6/12	6/12	6/12	6/12	6/12	6/12	6/12
UK	Standard	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	15	17.5
	Reduced	5	5	5	5	5	5	5	5	5	5	5
EU-27	Standard	19.2	20.0	20.0	19.9	19.8	19.7	19.4	19.4	19.5	19.3	20.2

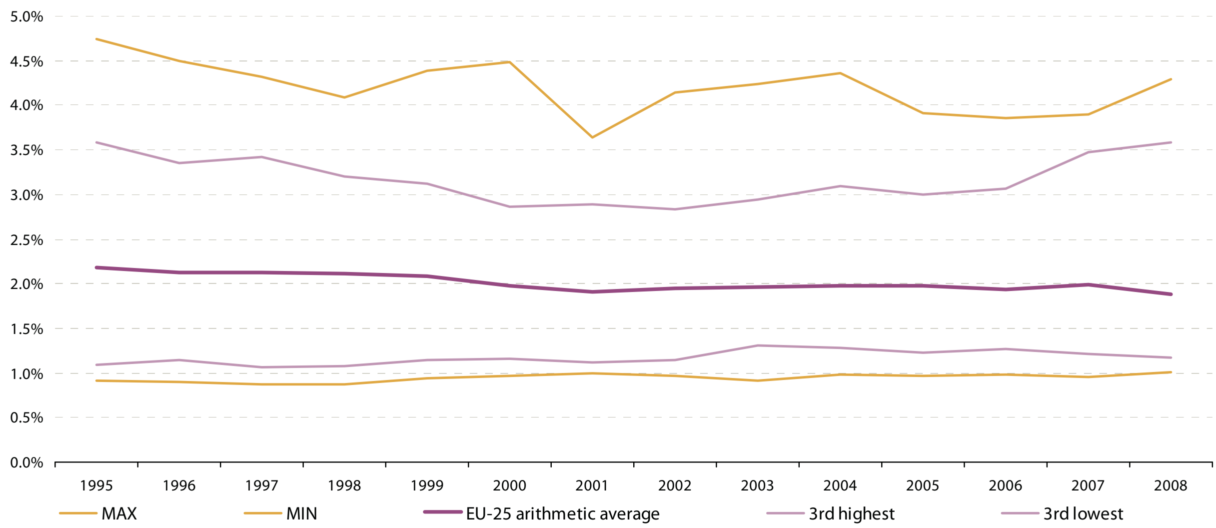
Note: If two VAT rates were applicable during a year the one being in force for more than six months or introduced on 1 July is indicated in the table. Super reduced rates are shown in brackets

Source: Commission services

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

The average of the excise duty on tobacco and alcohol component of the ITR on consumption has been generally stable throughout the 1995-2007 period. However in 2008, the EU-25 arithmetic average decreased by 0.11 %. Diverging developments were observed in 2008 for the other indicators displayed on the graph: the third lowest decreased while the highest, third highest and lowest all increased. The stability which has been noticed during a long period for the EU-25 average 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 and may reflect excise increases in some Member States.

Graph II-2.6: Tobacco and alcohol component of the ITR on consumption
1995–2008, in %



Source: Commission services

As of 2008 Bulgaria and Luxembourg have demonstrated the highest tobacco and alcohol component of the ITR on consumption (4.3 and 3.6 percentage points respectively). In 2008, in total, fourteen countries show a decrease in the tobacco and alcohol component of the ITR on consumption. The highest decreases were noticed in Slovakia (-1.5 percentage points), in the Czech Republic (-1.2 percentage points) and in Estonia (-0.9 percentage points). In seventeen Member states the tobacco and alcohol component of the ITR on consumption remains stable with a slight deviation of less than 0.1 percentage points. More noticeable increases were recorded in Latvia (0.7 percentage points, in Poland (0.5 percentage points), in Bulgaria (0.4 percentage points) and in Lithuania (0.2 percentage points). The graph shows that despite the fact that there are still no maximum excise duty rates provided in the *acquis*, there is evidence that the implicit excise duty rates on tobacco and alcohol, measured by way of the excise component of alcohol and tobacco of the ITR on consumption, were slightly converging until 2007 towards the average, which had in itself shown a tendency to remain quite stable. In 2008, however this convergence process has been partly reversed while the EU-25 average decreased.

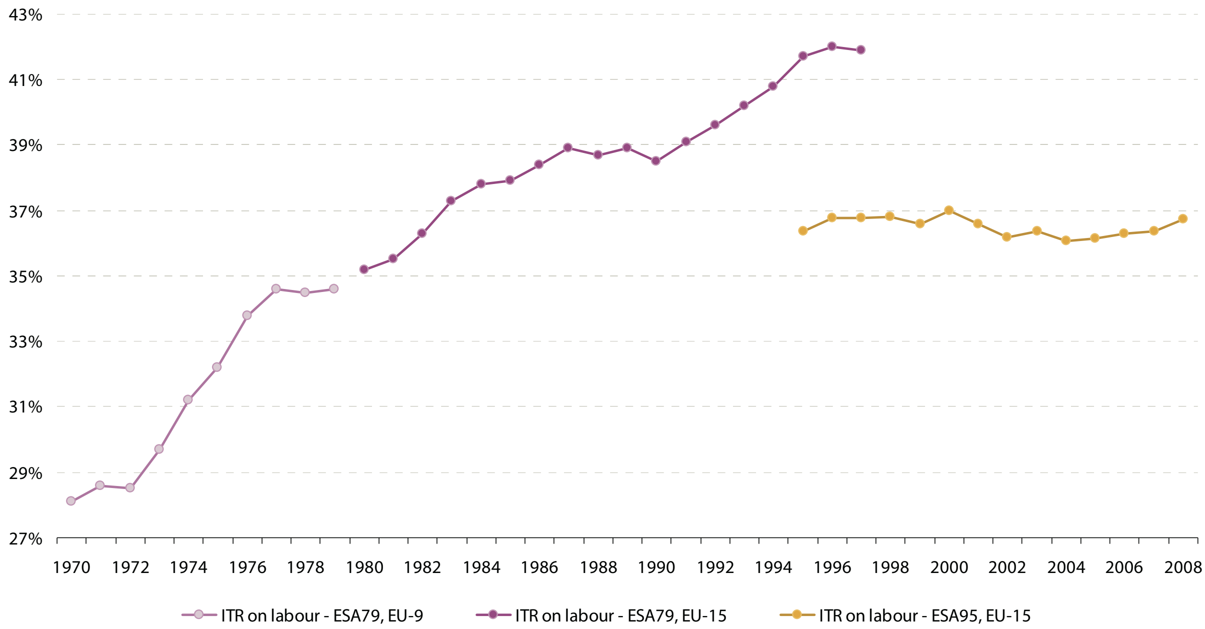
3

Trends in the Implicit tax rate on labour

3. Trends in the Implicit tax rate on labour

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

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



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

The tax burden on labour in the European Union started growing strongly in the early 1970s. The increase was very marked in the 1970s, decelerating only slightly in the 1980s and the first half of the 1990s. As shown in Graph II-3.1, the weighted EU-15 average implicit tax rate on labour employed (ITR on labour) increased from about 28 % (1970) to almost 42 % (1997)([27]). Labour taxes rose so forcefully because they were the only ones that could provide the volume of funds necessary to finance the additional government expenditure and because unlike consumption taxes, they could be made progressive in line with the social and political demands of the time. In the first half of the 1990s, further increases were due to the rise in unemployment caused by the recession at the beginning of the decade. Finally, in the second half of the decade, budgetary consolidation in the run-up to EMU forced several Member States to increase the tax burden([28]). Available data indicate that the ITR did not stop increasing until 1998.

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

Starting from the late 1990s, concerns about excessive labour costs prompted initiatives to lower the tax burden on labour income, in order to boost the demand for labour and foster work incentives([29]). Some Member States opted for cutting

([27]) See European Commission (2000a, 2000b).

([28]) Data for the 1995–2007 period is based on ESA95 and not fully comparable with previous ESA79 data. ITRs on labour computed on the basis of ESA95 data are generally lower than those on the basis of ESA79 data over the same period. This is notably due to the numerator of the indicator, as taxes on labour employed (as % of GDP) are generally lower in the new series. This is attributable to improved methods for estimating the allocation of personal income tax across different income sources. In many cases compensation of employees, as the main component of the denominator, was revised upwards.

([29]) See also Carone and Salomäki (2001).

taxes or social contributions across the board while others focused on targeted reductions in social contributions for low-wage and unskilled workers([30]). These cuts in social contributions were mostly aimed at granting relief to employers, although some countries have also implemented substantial cuts in employees' social contributions (see below for a more detailed analysis). Reforms of personal income taxes have varied, including lowering tax rates, raising the minimum level of tax exempt income or introducing specific deductions, allowances or credits for low-income workers([31]). The EU-27 arithmetic average has slightly decreased from 36.0 % in 1999 to 34.2 % in 2008. Eight Member States have ITRs on labour below the 30 % mark and seven are above the 40 % threshold.

When looking at the different types of averages calculated, it is noticeable that the arithmetic averages clearly lie below the weighted averages discussed so far([32]). This is due to the fact that the tax burden in many large Member States is above the EU average. The trend in the arithmetic and weighted averages is, on top of this, rather dissimilar. While the arithmetic average is decreasing, the weighted average has increased since 2004.

3.3. Diverse development across Member States since 2000

The pattern of the changes over the 2000–2008 period is quite diverse across Member States. In general, the ten Central and Eastern European Member States that acceded to the EU in 2004 and 2007, show a much stronger decline than the arithmetic EU-27 average in this time period: the average in these Member States has gone down by about 4.4 percentage points since 2000, while the EU-27 average decreased by only 1.6 percentage point. As a result of this development, the average of the new Member States is now, at 33.4 %, below the EU-27 average of 34.2 %. In 2000, the respective figures were 37.8 % for these Member States and 35.8 % for the EU-27.

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

([30]) For a discussion of tax reforms in the 2000–06 period in those 19 EU Member States that are also OECD member countries see OECD (2008). Bulgaria, Cyprus, Estonia, Latvia, Lithuania, Malta, Romania, Slovenia are not presently members of the OECD.
([31]) See Box 'Main fiscal measures affecting the ITR on labour' and Part III, Developments in Member States for more details.
([32]) See Annex A, Table 78 for details.

Table II-3.1: Implicit tax rate on labour in the Union
1995-2008, in %

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference 1995-2008	Difference 2000-2008
BE	43.6	43.2	43.7	44.0	43.4	43.6	43.3	43.3	43.1	43.8	43.6	42.5	42.4	42.6	-0.9	-1.0
BG	:	:	:	33.3	35.9	38.7	34.3	32.9	35.5	36.3	34.7	30.6	29.9	27.6	:	-11.1
CZ	40.5	39.5	40.3	40.7	40.5	40.7	40.3	41.2	41.4	41.8	41.7	41.2	41.4	39.5	-1.0	-1.2
DK	40.2	40.2	40.7	38.9	40.2	41.0	40.8	38.8	38.1	37.5	37.1	37.2	36.5	36.4	-3.7	-4.5
DE	39.4	39.6	40.6	40.6	40.4	40.7	40.5	40.4	40.4	39.2	38.8	38.9	38.6	39.2	-0.3	-1.6
EE	38.6	37.8	37.6	38.9	39.3	37.8	37.3	37.8	36.9	35.8	33.8	33.6	34.0	33.7	-4.9	-4.1
IE	29.7	29.3	29.3	28.5	28.7	28.5	27.4	26.0	25.0	26.3	25.4	25.4	25.7	24.6	-5.2	-3.9
EL	:	:	:	:	:	34.5	34.6	34.4	35.0	33.7	34.4	34.8	35.9	37.0	:	2.5
ES	29.0	29.5	28.7	28.6	28.3	28.7	29.5	29.8	29.9	29.9	30.3	30.7	31.4	30.5	1.5	1.9
FR	41.2	41.4	41.7	42.2	42.4	42.0	41.7	41.2	41.5	41.4	41.9	41.9	41.4	41.4	0.3	-0.6
IT	38.2	41.8	43.5	43.3	42.7	42.2	42.1	42.0	41.9	41.6	41.3	41.1	42.6	42.8	4.6	0.6
CY	22.1	20.8	21.1	22.5	21.8	21.5	22.8	22.2	22.7	22.7	24.5	24.1	24.0	24.5	2.4	2.9
LV	39.2	34.6	36.1	37.2	36.9	36.7	36.5	37.8	36.6	36.7	33.2	33.1	31.1	28.2	-10.9	-8.4
LT	34.5	35.0	38.4	38.3	38.7	41.2	40.2	38.1	36.9	36.0	34.9	33.6	33.1	33.0	-1.5	-8.2
LU	29.3	29.6	29.3	28.8	29.6	29.9	29.6	28.4	29.2	29.5	30.0	30.2	31.0	31.5	2.2	1.6
HU	42.3	42.1	42.5	41.8	41.9	41.4	40.9	41.2	39.3	38.3	38.4	38.8	41.0	42.4	0.1	1.0
MT	19.0	17.8	19.9	18.2	19.2	20.6	21.4	20.8	20.4	21.0	21.3	21.3	19.9	20.2	1.2	-0.4
NL	34.6	33.6	32.8	33.2	34.1	34.5	30.6	30.9	31.5	31.4	31.6	34.4	34.2	35.4	0.8	0.9
AT	38.5	39.4	40.7	40.3	40.5	40.1	40.6	40.8	40.8	41.0	40.8	40.8	41.0	41.3	2.8	1.2
PL	36.8	36.3	35.9	35.6	35.8	33.6	33.2	32.4	32.7	32.7	33.8	35.4	34.0	32.8	-4.1	-0.8
PT	26.5	26.4	26.3	26.2	26.6	27.0	27.4	27.6	27.8	27.9	28.1	28.6	29.6	29.6	3.1	2.7
RO	:	:	:	29.9	37.3	33.5	31.0	31.2	29.6	29.0	28.1	30.1	30.2	29.5	:	-4.0
SI	38.5	36.7	36.9	37.5	37.8	37.7	37.5	37.6	37.7	37.5	37.5	37.3	35.9	35.7	-2.9	-2.0
SK	38.5	39.4	38.3	38.0	37.4	36.3	37.1	36.7	36.1	34.5	32.9	30.4	31.0	33.5	-5.0	-2.8
FI	44.3	45.3	43.6	43.8	43.3	44.1	44.1	43.8	42.5	41.5	41.5	41.6	41.3	41.3	-2.9	-2.7
SE	45.2	46.5	46.8	47.8	47.0	46.0	45.1	43.8	43.9	44.0	44.2	43.8	42.5	42.1	-3.1	-3.8
UK	25.7	24.8	24.4	25.0	25.1	25.3	25.0	24.1	24.3	24.9	25.6	26.0	26.0	26.1	0.3	0.7
NO	*38.0*	*38.2*	*38.5*	*38.5*	*38.3*	*38.3*	*38.4*	*38.7*	*39.0*	*39.2*	*38.5*	*37.9*	*37.4*	*36.9*	*-1.1*	*-1.4*
IS	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*
EU-27	35.3	35.1	35.4	35.5	35.9	35.8	35.4	35.0	34.8	34.7	34.4	34.4	34.3	34.2	-1.1	-1.7
EU-25	35.6	35.4	35.7	35.8	35.8	35.8	35.6	35.2	35.0	34.8	34.7	34.7	34.6	34.6	-1.0	-1.2
EA-16	34.2	34.3	34.4	34.4	34.4	34.5	34.4	34.1	34.1	33.9	34.0	34.0	34.1	34.4	0.3	0.0

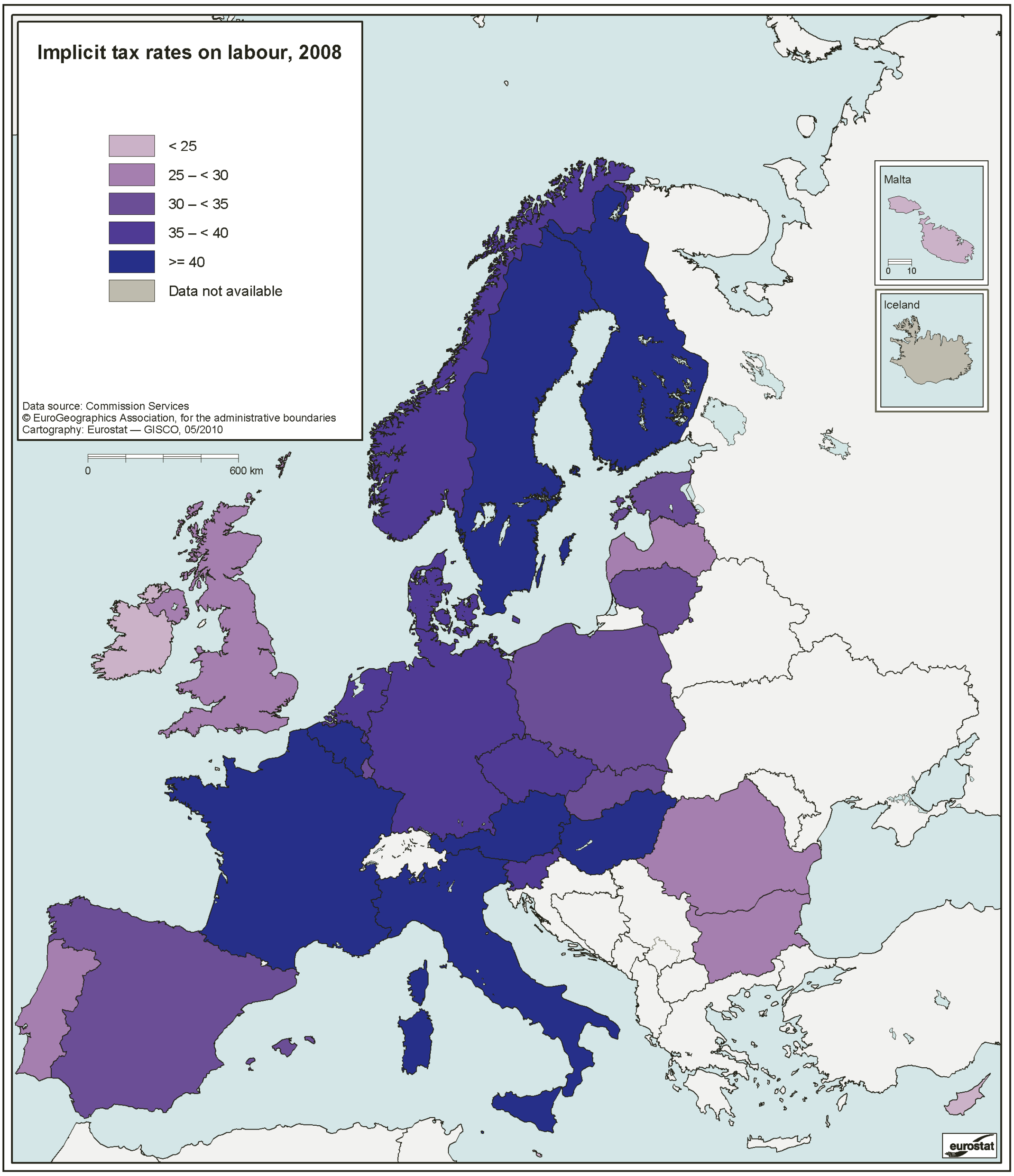
Source: Commission services

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

There are large differences in the level of labour taxation among the Member States (see Table II-3.1). At one extreme, Malta (20.2 %), Cyprus (24.5 %) and Ireland (24.6 %) stand out with the lowest ITR on labour in the Union. Other countries, too, have low taxes on labour. In contrast, Italy, Belgium, Hungary, Sweden, France, Austria and Finland stand out for reporting an ITR on labour which exceeds 40 %. When comparing the ITR on labour with the overall tax-to-GDP ratio, it is noticeable that those Member States that exhibit a high ITR on labour in most cases also have a high tax-to-GDP ratio. The same applies to low-tax countries. The coefficient of correlation is 66.4 % for the entire sample. This result is in line with the high share of labour taxes in overall tax revenues.

Labour

Map II-3.1: Tax burden on labour



3.5. Composition of the implicit tax rate on labour

The tax burden on labour is essentially composed of personal income taxes and social security contributions. In most Member States the personal income tax contains several rates. However, a description of the entire rate structure goes beyond the scope of this chapter(33). Therefore, the focus lies on the top rate, which is also of importance when comparing CIT and PIT rates. Table II-3.2 contains the top PIT rates (including surcharges and local taxes) for the EU Member States and Norway on 1995–2010 income.

Table II-3.2: Top personal income tax rates
1995-2010 income

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Difference 1995-2010	2000-2010
BE	60.6	60.6	60.6	60.6	60.6	60.6	60.1	56.4	53.7	53.7	53.7	53.7	53.7	53.7	53.7	53.7	-6.9	-7.0
BG	50.0	50.0	40.0	40.0	40.0	40.0	38.0	29.0	29.0	29.0	24.0	24.0	24.0	*10.0*	*10.0*	*10.0*	-40.0	-30.0
CZ	43.0	40.0	40.0	40.0	40.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0	*15.0*	*15.0*	*15.0*	-28.0	-17.0
DK	63.5	62.0	62.9	61.4	61.1	59.7	59.6	59.8	59.8	59.0	59.0	59.0	59.0	59.0	59.0	51.5	-12.0	-8.2
DE	57.0	57.0	57.0	55.9	55.9	53.8	51.2	51.2	51.2	47.5	44.3	44.3	47.5	47.5	47.5	47.5	-9.5	-6.3
EE	*26.0*	*26.0*	*26.0*	*26.0*	*26.0*	*26.0*	*26.0*	*26.0*	*26.0*	*26.0*	*24.0*	*23.0*	*22.0*	*21.0*	*21.0*	*21.0*	-5.0	-5.0
IE	48.0	48.0	48.0	46.0	46.0	44.0	42.0	42.0	42.0	42.0	42.0	42.0	41.0	41.0	41.0	41.0	-7.0	-3.0
EL	45.0	45.0	45.0	45.0	45.0	45.0	42.5	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	45.0	0.0	0.0
ES	56.0	56.0	56.0	56.0	48.0	48.0	48.0	48.0	45.0	45.0	45.0	45.0	43.0	43.0	43.0	43.0	-13.0	-5.0
FR	59.1	59.6	57.7	59.0	59.0	59.0	58.3	57.8	54.8	53.4	53.5	45.8	45.8	45.8	45.8	45.8	-13.3	-13.2
IT	51.0	51.0	51.0	46.0	46.0	45.9	45.9	46.1	46.1	46.1	44.1	44.1	44.9	44.9	45.2	45.2	-5.8	-0.7
CY	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	-10.0	-10.0
LV	*25.0*	*25.0*	*25.0*	*25.0*	*25.0*	*25.0*	*25.0*	*25.0*	*25.0*	*25.0*	*25.0*	*25.0*	*25.0*	*25.0*	*23.0*	*26.0*	1.0	1.0
LT	33.0	*33.0*	*33.0*	*33.0*	*33.0*	*33.0*	*33.0*	*33.0*	*33.0*	*33.0*	*33.0*	*27.0*	*27.0*	*24.0*	*15.0*	*15.0*	-18.0	-18.0
LU	51.3	51.3	51.3	47.2	47.2	47.2	43.1	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	-12.3	-8.2
HU	44.0	44.0	44.0	44.0	44.0	44.0	40.0	40.0	40.0	38.0	38.0	36.0	40.0	40.0	40.0	40.6	-3.4	-3.4
MT	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	0.0	0.0
NL	60.0	60.0	60.0	60.0	60.0	60.0	52.0	52.0	52.0	52.0	52.0	52.0	52.0	52.0	52.0	52.0	-8.0	-8.0
AT	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	0.0	0.0
PL	45.0	45.0	44.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	32.0	32.0	-13.0	-8.0
PT	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	42.0	42.0	42.0	42.0	42.0	2.0	2.0
RO	40.0	40.0	40.0	48.0	40.0	40.0	40.0	40.0	40.0	40.0	*16.0*	*16.0*	*16.0*	*16.0*	*16.0*	*16.0*	-24.0	-24.0
SI	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	41.0	41.0	41.0	41.0	-9.0	-9.0
SK	42.0	42.0	42.0	42.0	42.0	42.0	42.0	38.0	38.0	*19.0*	*19.0*	*19.0*	*19.0*	*19.0*	*19.0*	*19.0*	-23.0	-23.0
FI	62.2	61.2	59.5	57.8	55.6	54.0	53.5	52.5	52.2	52.1	51.0	50.9	50.5	50.1	49.1	48.6	-13.6	-5.4
SE	61.3	61.4	54.4	56.7	53.6	51.5	53.1	55.5	54.7	56.5	56.6	56.6	56.6	56.4	56.4	56.4	-4.9	4.9
UK	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	50.0	10.0	10.0
NO	41.7	41.7	41.7	41.7	41.5	47.5	47.5	47.5	47.5	47.5	43.5	40.0	40.0	40.0	40.0	40.0	-1.7	-7.5
IS	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	46.1	:	:
EU-27	47.3	47.1	46.4	46.1	45.3	44.7	43.7	42.9	42.2	41.2	39.9	39.3	39.1	37.8	37.1	37.5	-9.9	-7.2
EU-25	47.5	47.3	46.9	46.3	45.7	45.0	44.1	43.6	42.8	41.8	41.4	40.9	40.6	39.8	39.0	39.4	-8.1	-5.6
EA-16	50.4	50.4	50.2	49.4	48.8	48.4	47.1	46.1	44.9	43.4	43.0	42.7	42.1	42.1	42.1	42.4	-8.1	-6.0

Note: Figures in italics represent flat-rate tax. **BE:** including crisis tax (1993-2002) and local surcharge, **DE:** including solidarity surcharge, **FR:** including general social welfare contribution and welfare debt repayment levy (since 1996), which are partly deductible from PIT, **HU:** including solidarity tax in 2007, 2008 and 2009; SSC in 2010, **IT:** including regional surcharge (currently up to 1.4 %) and municipal surcharge (up to 0.8%), **LU:** including 2.5% solidarity surcharge for Unemployment Fund (since 2002), **FI, SE:** state taxes plus municipality taxes, **NO:** including surtax

Source: Commission services

The table shows a clear downward trend over the whole period. Twenty-two EU Member States have cut the rate over the time period covered whereas only three countries increased it. Portugal introduced a new top PIT rate in 2006 and Latvia increased it in 2010 to consolidate public finance, in the light of the financial crisis. The rate in Hungary was composed in 2009 of a top 36 % rate and an additional 4 % solidarity tax. In 2010, the solidarity tax was repealed and the top rate decreased to 32 %. However, employers' social security contributions (27 %) are now included in the tax base, rising the top marginal rate to roughly 40.6 %. The last case is the UK that introduced a 50 % top marginal PIT rate from April 2010. In just two cases has the rate not changed (in Austria and Malta). The EU-27 average went down by 9.9 percentage points since 1995 and 7.2 percentage points since 2000. The reduction since 1995 is most noticeable in the Central and Eastern European countries that joined the European Union in 2004 and 2007, with the biggest cuts having taken place in

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

four countries that moved to flat rate systems, Bulgaria (– 40.0 percentage points), the Czech Republic (– 28.0), Romania (– 24.0) and Slovakia (– 23.0). On average, the twelve newest Member States have reduced the top PIT rate by more than 12 percentage points since 2000, whereas the former EU-15 countries have reduced the top rate by 3.5 percentage points.

The average top PIT rate on 2010 income of the newly acceded Central and Eastern European countries is, at 25.1 %, well-below the average of the former EU-15 countries (46.4 %), with the EU-27 average standing at 37.5 %.

Graph II-3.2: Composition of the implicit tax rate on labour
2008, in %

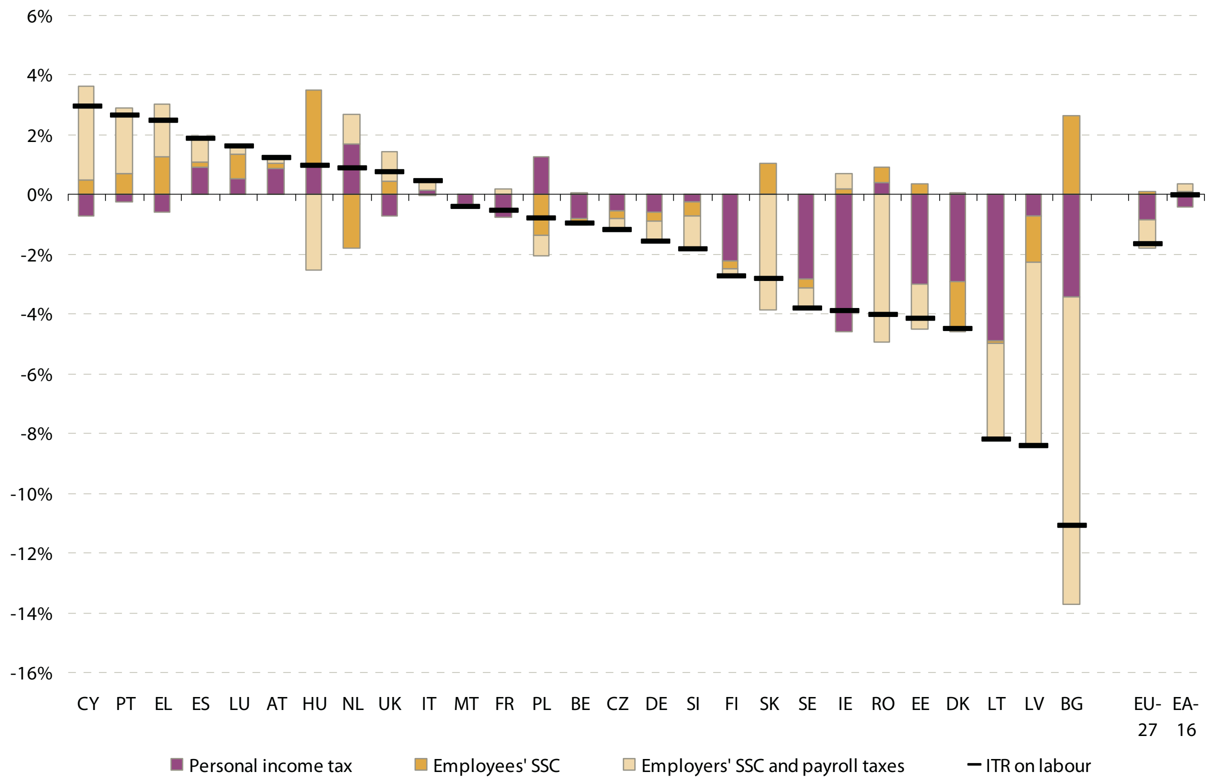
Source: Commission service

Of course, the picture given by the rates is incomplete. Not only is the level and change of the top PIT rate relevant but also the income level at which they are applied. Moreover, the progression of PIT rates applied, the structure of allowances and tax credits, and the definition of the tax base play a key role in defining the effective tax burden. This is very aptly illustrated by the fact that the ITR on labour only marginally declined in the 1995–2008 period, despite the strong reduction in the top PIT rates. Moreover, in the majority of the Member States social security contributions have a higher impact on the level of the ITR than the PIT. On average, nearly two thirds of the overall ITR on labour consist of non-wage labour costs paid by both employees and employers (see Graph II-3.2). Only in Denmark, Ireland and the United Kingdom do personal income taxes have an above 50 % share in the total charges paid on labour income. In Denmark, the share of social contributions in government receipts is very low as most welfare spending is financed by general taxation([34]). As a result, Denmark has only the 11th highest ITR on labour in the EU, although the ratio of PIT (as a percentage of total labour costs) is, at around 36 % in 2008, by far the highest of all Member States (see Graph II-3.2). In some of the Member States, namely Romania, Greece and Slovakia less than 20 % of the ITR on labour consists of personal income tax.

([34]) 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.

Between 2000 and 2008 the components of the ITR on labour have changed markedly in several Member States (see Graph II-3.3). For the EU-27 average the following development can be observed: personal income taxation of labour as well as employers' SSC and payroll taxes have gone down, while employees' SSC have very slightly increased (all as a percentage of total labour costs). It is interesting to note, that on average hardly any changes can be observed for the euro area.

Graph II-3.3: Evolution of the components of the implicit tax rate on labour
2000-2008, differences in percentage points



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

When looking at the shares of the ITR on labour over time, it should be borne in mind that both inflation and real earnings growth tend to push up the ITR on labour owing to progressivity, the so-called 'fiscal drag'. On the other hand, social security systems are often regressive owing to the existence of contribution ceilings. Depending on which of these two influences is stronger, the ITR will tend to drift upwards or downwards over the years even in the absence of explicit adjustments in tax brackets and thresholds. In a sense, of course, not adjusting for inflation and real earnings growth is a policy decision too. Moreover, one has to note that, according to an OECD study[35], a (partial) automatic or discretionary adjustment of the income tax system to inflation is in place in 10 out of those 19 EU Member States (EU-19) that are also OECD member countries, whereas such adjustments for real earnings growth are only in place in two of these Member States. In the case of social contributions, automatic adjustments for the so-called fiscal drag apply in at least 13 of these Member States.

When looking at the changes in single Member States, an 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 2000, all components have increased or at least

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

remained more or less stable. As concerns the countries that have reduced the ITR on labour in this time period, this change is to a large extent driven by reductions in PIT and employers' SSC and payroll taxes. Only in four countries can a real shift in the different components of the tax burden be observed. In the case of Bulgaria, a large decrease in personal income taxes and in employers' SSC has been partially compensated by an increase in employees' SSC. In the case of Hungary, employers' SSC and payroll taxes were reduced, while employees' SSC increased. In the case of Romania, the tax burden paid by employers was markedly reduced, while the one by employees (SSC share and PIT) increased. As concerns the Netherlands, the shift took place within the share paid by the employees (from SSC to PIT). From an economic point of view, it is often thought that in the long run both components of the SSC are shifted to labour, whereas in the short run the impact may differ as increases in employers' social contributions have an immediate impact on the cost structure, while the impact from employees' social contributions is more indirect([36]). Box II-3.1 at the end of this chapter presents an overview of the main fiscal measures affecting the ITR on labour([37]).

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

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

The annual OECD publication *Taxing Wages*, provides internationally comparable data on total tax wedges for various household types and different representative wage levels. The representative wage levels are linked to the average gross earnings of an adult full-time worker, including both manual and non-manual workers. The tax wedges are calculated on the basis of tax legislation in force, by expressing the sum of personal income tax, employee's plus employer's social security contributions together with any payroll tax, as a percentage of total labour costs. These indicators can theoretically identify discretionary tax policy measures as regards personal income tax and social contributions while at the same time excluding the effects of cyclical factors (which are not filtered out by the ITR on labour). However, because of the approach followed, the method has no link to actual tax revenue, nor does it incorporate all the elements of the tax system that may be relevant, such as effects of special tax reliefs (which are instead incorporated in the ITR). This implies that in the case of policy measures, the indicator at any selected income level will tend to show either a large response or none at all depending on whether the representative worker utilised for the computation falls within the circle of its beneficiaries or not; the ITR, in contrast, will tend to minimise the impact of only targeted measures. Hence the two approaches are complementary. Besides, the tax wedge indicator has the advantage of being available also for those OECD member countries that are not EU Member States([38]).

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

Table II-3.3 contains the tax wedge data for the 2000–2008 period([39]). The figures display a downward trend indicating a clear, although not particularly strong, impact from targeted cuts in taxes and social security contributions that came to a

([36]) See Arpaia and Carone (2004).
([37]) For an overview of recent policy measures not only in the area of taxation but in the overall tax benefit system see Carone et al. (2009).
([38]) These data published by the OECD show that the tax burden in the main other industrialised countries is much lower that in the EU: the EU-19 averages of the tax wedge are in general clearly above the overall OECD averages (OECD, 2008a).
([39]) Pre-2000 data are not fully comparable due to changes in the definition of the average wage (see OECD, 2006b, and European Commission, 2007).

halt in some Member States in 2006. While the tax wedge is lower in nineteen Members States in 2008 compared to 2000 ([40]), the reductions appear to be particularly large in Sweden, Bulgaria, Hungary, Finland and Slovakia. Among the countries that have increased the tax wedge in this period, Greece shows the biggest increase with 1.6 percentage points.

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference 2000-2008
BE	51.3	50.7	50.5	49.6	49.0	49.3	49.4	50.0	50.3	-1.0
BG	40.0	36.9	36.2	36.0	35.8	36.3	31.5	32.3	35.1	-4.9
CZ	41.4	41.3	41.5	41.7	41.9	42.0	40.1	40.6	40.0	-1.4
DK	41.2	40.5	39.9	39.8	39.3	39.2	39.3	39.3	38.9	-2.3
DE	48.6	47.7	48.1	48.8	47.8	48.2	48.4	47.8	47.3	-1.3
EE	38.2	37.4	40.2	40.7	38.9	39.1	38.3	38.7	38.2	0.0
IE	18.1	17.3	16.7	16.2	20.0	16.8	16.1	15.0	:	:
EL	35.6	35.3	35.7	34.4	35.2	34.9	35.9	36.8	37.2	1.6
ES	34.7	35.3	35.7	34.7	35.2	35.5	35.9	35.7	33.8	-0.9
FR	47.4	47.6	47.4	45.0	42.4	41.4	45.5	45.4	45.5	-1.9
IT	43.5	43.1	43.0	41.7	41.9	42.2	42.5	42.6	43.0	-0.5
CY	16.7	17.0	17.3	18.6	18.6	11.9	11.9	11.9	:	:
LV	42.2	42.0	42.2	41.4	41.9	41.8	41.8	41.2	39.9	-2.3
LT	42.9	42.9	43.1	40.9	41.6	42.6	40.6	41.2	40.3	-2.6
LU	32.8	31.2	29.0	29.3	29.6	30.2	30.6	29.9	29.6	-3.2
HU	51.4	50.9	48.2	44.5	44.8	43.1	43.3	46.0	46.7	-4.7
MT	16.6	17.0	17.7	17.4	17.6	17.9	18.4	17.9	17.9	1.3
NL	42.0	38.9	39.1	40.0	40.8	41.7	40.9	40.7	41.7	-0.3
AT	43.2	42.9	43.1	43.6	43.9	43.3	43.7	44.1	44.4	1.2
PL	42.0	41.5	41.4	41.7	41.9	42.2	42.5	41.8	38.7	-3.3
PT	33.2	32.2	32.3	32.4	33.0	32.4	32.6	33.0	32.9	-0.3
RO	44.7	45.2	44.6	43.4	42.9	42.4	42.2	41.8	:	:
SI	41.0	43.2	43.2	43.2	43.2	41.6	41.2	40.9	40.3	-0.7
SK	40.6	41.3	40.8	40.9	39.6	35.2	35.6	35.6	36.1	-4.5
FI	43.0	41.4	40.9	40.1	39.4	39.5	38.8	38.2	38.3	-4.7
SE	48.6	47.8	46.8	47.0	47.2	46.6	45.9	43.3	42.5	-6.1
UK	29.1	28.6	28.7	30.3	30.5	30.5	30.6	30.7	29.7	0.6
NO	*35.1*	*35.2*	*35.2*	*34.9*	*35.0*	*34.3*	*34.3*	*34.2*	*34.3*	*-0.8*
IS	*19.8*	*20.9*	*22.6*	*23.8*	*24.5*	*24.7*	*24.9*	*23.4*	*23.7*	*3.9*
EU-27	38.9	38.4	38.3	37.9	37.9	37.3	37.2	37.1	36.9	-2.0
EU-25	38.6	38.2	38.1	37.8	37.8	37.2	37.2	37.1	36.8	-1.8
EA-16	36.8	36.4	36.3	36.0	36.1	35.1	35.5	35.3	35.3	-1.4

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

Despite the differences between the two approaches, a comparison between the tax wedge indicator and the ITR on labour for the year 2008 shows a rather small difference at the level of the EU-27 and euro area (arithmetic) averages (see Graph II-3.4)([41]). At the level of individual Member States the results of the comparison of the two indicators appear mixed. For a large number of Member States the difference between the two indicators is rather small. Two Member States – Ireland and Cyprus – have a tax wedge on low wage workers which is substantially lower than the ITR on labour, which appears reasonable considering the progressive structure of personal income tax. On the other hand, about 15 Member States present a tax wedge on low wage workers which is substantially higher than the ITR on labour. This discrepancy is more surprising but could be explained by the following reasons: the tax wedge considered relates to a single worker without children, so the effect of tax allowances linked to dependent relatives is not captured. Furthermore, social contributions are often subject to ceilings, in which case low wage workers have a social contributions rate, which is more elevated than that of high-paid workers. Another aspect that needs to be considered is that average earnings based on the OECD definition refer to full-time equivalents and are, therefore, rather high. Finally, the income

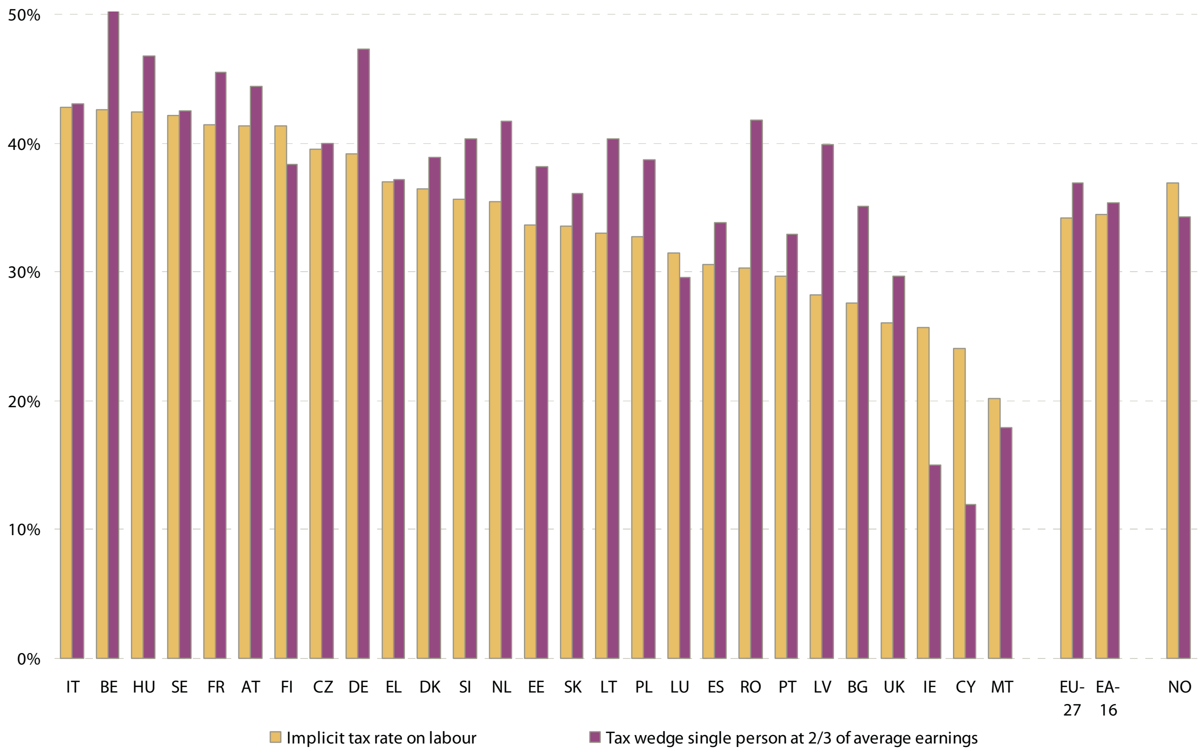
([40]) 2008 data for Cyprus, Ireland and Romania were not available at the time of writing.

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

distribution in the EU Member States is left skewed, which implies that the earnings of the median workers are well below the average earnings.

As a result, the ranking between the Member States may also be quite different ([42]). The differences are not specific to a single year. Nevertheless, the correlation between the macro and micro indicators is still fairly robust. Member States with a high tax wedge on low wage workers generally also display relatively high ITRs on labour and the other way around.

Graph II-3.4: Pair-wise comparisons of the ITR on labour and tax wedge indicator
2008, in %



Note: Countries are ordered by the level of the ITR on labour
Source: Commission services (using data from the Lisbon Strategy structural indicators database)

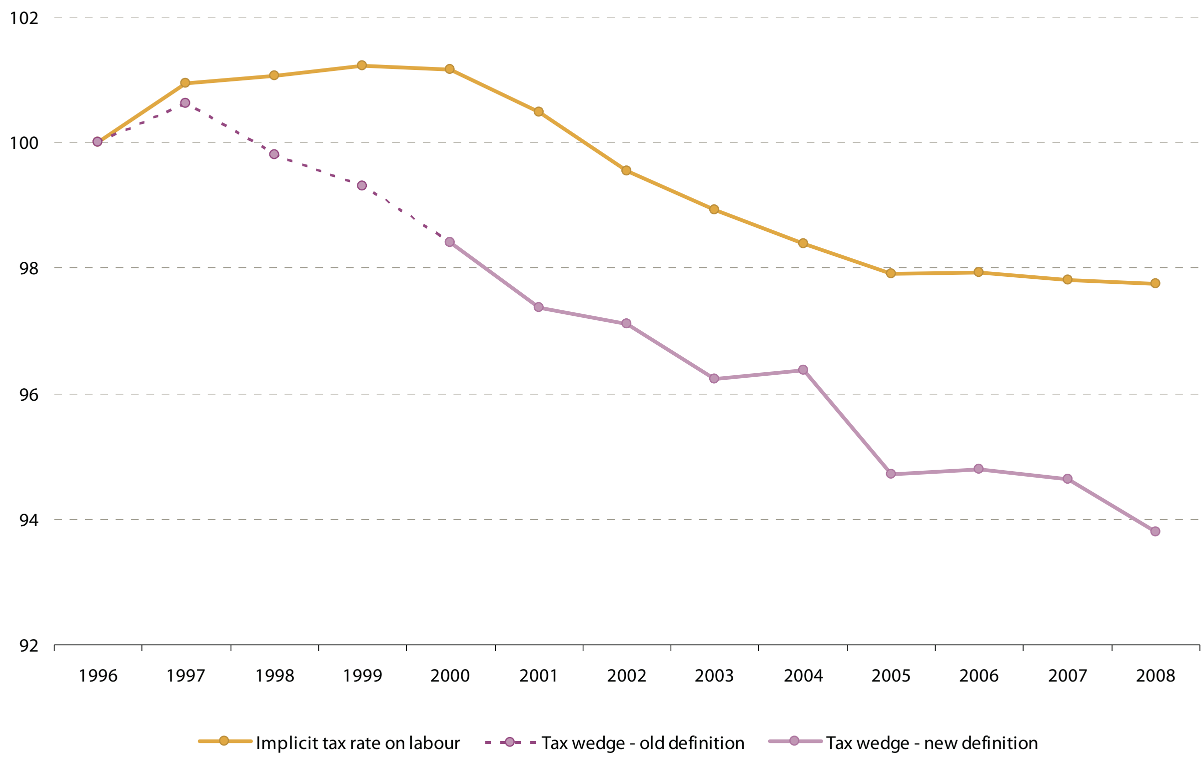
Graph II-3.5 compares the trends over time in the tax wedge indicator and the ITR on labour (with 1996 = 100). For each year EU-25 arithmetic averages are computed. Indices representing the trend of both variables have been plotted into the graph([43]). When comparing the trends it should be borne in mind that tax policy changes are immediately integrated in the Taxing Wages model but might be reflected with some time lag only in the ITR on labour([44]).

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

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

([44]) See Annex B, Part D, for an explanation.

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



Source: Commission services

Over the 1996–2008 period, the EU average tax burden on labour stabilised and then started to slowly decline. This trend is visible in the development of both indicators. However, the indicators do not always develop in parallel. Two periods can be distinguished: up to 2000 the ITR on labour increased, whereas the tax wedge started to decrease markedly already as of 1998. The gap between the two indicators opened up indicating that targeted tax cuts were playing a growing role (see Graph II-3.1)([45]). In the second period, from 2001–2005, the two series run roughly parallel, both showing a downward trend. Despite changes in single years, the gap overall remained nearly unchanged over these years. Between 2006 and 2008, the downward trend in the tax wedge slowly continues, whereas in the case of the ITR on labour, the decrease in the average rate somewhat levelled off.

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

Labour

Box II-4.1: Overview of main fiscal measures affecting the ITR on labour

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

(Continued on the next page)

Taxation and Customs Union

Box (continued)

MEASURES IN THE DOMAIN OF TAXATION		MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
PIT reform (2001-2004) of which the main provisions are (a) lowering of tax burden on earned income including the introduction and subsequent increase of refundable employment tax credit aimed at low paid workers (b) a neutral tax treatment of spouses and singles (c) more favourable treatment of dependent children (d) greening of the tax system.	2001	
Introduction and increase of tax rebates for scientific researchers (2003-2009) and shift workers (2004-2009). The tax rebate is granted on the amount of wage withholding tax that has to be paid by the employer to the tax administration. As they do not affect PIT, these rebates are recorded as subsidies to the employers in the national accounts.	2003	
	2004	Structural reduction in employers' contributions.
Overtime pay: tax reduction for the employees; for the employers tax rebate granted on the amount of withholding tax paid by the employer to the tax administration (2005-2010).	2005	Replacement of the refundable employment tax credit by an increased reduction in employee contribution for low paid workers.
Additional allowance for dependent persons aged more than 65. Increase of the first bracket of lump sum professional expenses.	2006	
New increase of the first bracket of lump sum professional expenses.	2007	
Increase of the basic allowance in the PIT for low- or middle-income taxpayers. Exemption of non-recurring bonuses linked to enterprise's results.	2008	
Doubling of deductible commuting expenses.	2009	
Increase of the structural exemption of payment of wage withholding tax (from 0.25 % to 0.75 % from 1 June 2009 and to 1 % from 1 January 2010) and increase of the tax rebates for overtime and for scientific researchers (cf 2003, 2005)	2009	
New increase of the first bracket of lump sum professional expenses (from 27.2 % to 28.7 %).	2009	
	Bulgaria	
	2001	Lowering of the SSC rates by 3 percentage points.
Continuous lowering of the top PIT rate, increase of the non-taxable minimum and flattening of the tax brackets almost annually, most notably since 2002	2002	Introduction of second pillar and transfer of it to a share of SSCs for people born after 1st January 1960. (supplemented SG No. 10/2002)
Introduction of annual allowances for children.	2004	
	2006	Lowering of the SSC rates by 6 percentage points.

(Continued on the next page)

Box (continued)

MEASURES IN THE DOMAIN OF TAXATION		MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
	2007	Lowering of the SSC rates by 3 percentage points.
Introduction of a 10 % flat PIT rate without allowance and abolition of tax credit for dependants. Disabled individuals are granted an annual allowance of BGN 7 920.	2008	
	2009	Lowering of the SSC rates by 2 percentage points.
	2010	Lowering of the SSC rates by 2 percentage points.
	2010	Increase of the minimum monthly amount of self-employed insurance income, on which contributions have to be paid, from BGN 260 (€ 133) to BGN 420 (€ 215).
	Cyprus	
Progressive increase of the non-taxable allowance (1995-2003).	1995	
Cut in the PIT rates from 20/30/40 % to 20/25/30 %.	2003	
Extension of basic tax free allowance.	2008	
	2009	Increase in the SSC rates by 0.5 percentage points for employers and employees.
	Czech Republic	
Reduction from 6 to 4 brackets.	2000	
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	
Introduction of a 15 % flat PIT rate and increase in tax credits.	2008	
	2009	Reduction in employers' and employees' contribution rates.
	2010	Increase in maximum basis of assessment for social and health insurance payments.
	Denmark	
Cut in rate of low tax bracket (1996-1999).	1996	
Increase in rate of additional medium tax bracket.	1997	Increase in employees' social contribution rate.

(Continued on the next page)

Box (continued)

MEASURES IN THE DOMAIN OF TAXATION		MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
Cuts in PIT, especially at the bottom to the middle end (1999-2002).	1999	Introduction of employees' contributions for special pension savings scheme.
Increases in thresholds of medium and top tax bracket and introduction of an earned income tax credit or employment allowance.	2004	Temporary suspension of obligatory contributions to the special pension scheme (2004-2008).
Abolition of county taxes along with an offsetting increase in municipal taxes and introduction of 8 percent healthcare state tax.	2007	
Increase in personal allowance as well as rate and upper limit of earned income tax credit.	2008	
Increases in threshold of medium tax bracket and further increase of rate and upper limit of earned income tax credit.	2009	
Reduction of the rate of the bottom tax bracket, abolition of the medium tax bracket and increase of the tax threshold of the top tax bracket in 2010 and 2011 as part of a fully financed tax reform. Gradual decrease in tax value of interest deductions and deductible expenses from 2012-19. Several measures to broaden the tax base and to increase the taxation of fringe benefits.	2010	
	Estonia	
Gradual cut in flat income tax rate from 26 % to 21 % (1994 - 2009).	1994	
	2002	Introduction of the unemployment insurance premium.
Gradual increase of basic allowance in nominal terms by 100 % (2003 to 2006) and further increase by 50 % (2011).	2003	
Decrease of the maximum amount for the deductions from 100 000 EEK to 50 000 EEK.	2005	
	2006	Reduction in the unemployment insurance rates (2006): for employees 0.6 % (formerly 1.0 %) of gross wage and for employers 0.3 % (formerly 0.5 %) of employee's gross wage.
Additional basic allowance for the first child. Impact on tax receipts in 2009.	2008	

(Continued on the next page)

Box (continued)

MEASURES IN THE DOMAIN OF TAXATION		MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
Cancelling of additional basic allowance for the first child. Additional basic allowance for the second child and next children remains. Impact on tax receipts in 2010. Deferral of planned cut of PIT rates by %-points. Deferral of the planned increase of basic allowance.	2009	Increase in the minimum obligation for the social tax. Previously calculated from 2700 EEK a month; starting in 2009 the tax is calculated from current year's minimum wage (4350 EEK per month in 2009). Increase in the unemployment insurance rates as of 1 June 2009: for employees 2.0 % (formerly 0.6 %) of gross wage and for employers 1.0 % (formerly 0.3 %) of employee's gross wage. Increase in the unemployment insurance rates as of 1 August 2009: for employees 2.8 % of gross wage and for employers 1.4 % of employee's gross wage.
	Finland	
Annual cuts of marginal tax rates in state income taxation in 1997 and 1999 - 2009, and increases in the lowest amount of income subject to state income taxation (1995-2009). Reductions in local income tax especially at the bottom to the middle end by means of earned income tax allowance (1997-2008).	1995	
	1997	Reductions in employees' and employers' contribution rates (1997-2002).
Abolition of the lowest state income tax bracket (increase in the tax exemption), subsequent annual increase in the lowest amount of income subject to state taxation.	2001	
	2003	Regional reductions in employees' and employers' contribution rates (2003 – 2009).
	2004	Increase in employers' and employees' contribution rates (2004 and 2005).
Introduction of earned income tax credit in state income taxation.	2006	Reduction in the state employers' national pension insurance and health insurance contributions. Reduction in employers' and employees' pension insurance contributions.
Reduction in the number of tax brackets from five to four. Increase in earned income tax credit in state income taxation, to be replaced by a labour income tax credit in 2009.	2007	
Rate reduction in all the four state income tax brackets (between 1 and 1.5 percentage points). Adjustment for inflation of the income tax scale by 4 %. Employment income deduction, targeted to low- and medium-income earners, introduced.	2009	Reduction in the employers' national pension insurance contribution. Reduction in employees' and employers' unemployment insurance contributions.

(Continued on the next page)

Box (continued)

MEASURES IN THE DOMAIN OF TAXATION		MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
Reduction of the rates of state income tax brackets by half a %-point. Adjustment of the tax scale for inflation. Increase of employment income deduction and basic allowance in municipal taxation.	2010	The employers' national health insurance contribution removed definitely. Pension insurance, health insurance and unemployment insurance contributions of the employees increased by 0.2 – 0.3 %-points.
	France	
Introduction of contribution for refunding of debt of social security institutions (CRDS) with a broader base than the generalised social contribution (CSG).	1996	
Increase in CSG tax rate from 2.4 % to 3.4 %.	1997	Reduction in employers' contributions for low-paid workers (1997-2001).
CSG tax rate moved from 3.4 % to 7.5 % and became partly deductible from income tax.	1998	Reduction in employees' sickness contributions.
	2000	Reduction in employees' and employers' unemployment contributions (2000-2001).
Introduction of the Prime pour l'Emploi targeted especially to low-income earners.	2001	
Increase of the Prime pour l'Emploi.	2004	
Introduction of a tax shield limiting direct taxes to maximum 60 % of income. Remodelling of income tax through a reduction in the number of income tax brackets from six to four and by lowering the rates.	2006	
Increase of the Prime pour l'Emploi.	2007	Enterprises of less than 20 employees benefit from a total exemption from employer's SSCs for employees receiving the minimum statutory salary.
Reinforcement of tax shield to 50 % of income. Social contributions (CSG and CRDS) are then included into the tax shield.	2008	
Temporary decrease of the PIT for low and medium income people.	2009	
Overall amount of PIT tax incentives (niches fiscales) capped on the level of the household (foyer fiscal)	2010	
	Germany	
	1997	Increase in social contribution rates.
Gradual increase of basic tax-free allowance by nearly a quarter (1998-2005).	1998	
Across-the-board cuts in PIT bringing the highest marginal rate down from 53 % to 42 % and the lowest rate from 25.9 % to 15 % (1999-2005).	1999	Reduction in social contributions to the pension system funded by ecological tax reform (1999-2002).
	2003	Slight increases in contribution rate to the old-age insurance.

(Continued on the next page)

Box (continued)

MEASURES IN THE DOMAIN OF TAXATION		MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
Introduction of a new top marginal tax rate of 45 %.	2007	Slight increases in contribution rate to the old-age insurance (2007). Overall reduction in the contribution rate to the unemployment insurance from 6.5 % to 2.8 % (2007, 2008, 2009).
Reduction in lowest marginal tax rate (2009), increase in basic tax allowance (2009-2010).	2009	Increase and subsequent reduction in health insurance contribution rate.
Annual tax deduction for children together with the deduction for child care were increased from EUR 6 024 to EUR 7 008 for jointly assessed spouses (half value otherwise)	2010	
	Greece	
Cut in highest statutory PIT rate, indexing of tax brackets plus increase in the level of tax-exempt income (2000-2002).	2000	
	2001	Reductions in employers' and employees' pension contributions in respect of new staff and at the low end of the wage scale (2001-2002).
Conversion of tax deductions into tax credits.	2003	
Increase of the non-taxable income and expansion of the central tax scales. Abolition of PIT rate of 15 %. Gradual reduction of PIT rates for the taxable income of € 12 000 up to the level of € 75 000, for income earned in the 2007-2009 period. PIT rate remains 40 % for income higher than € 75 000.	2007	
Introduction of extra tax on personal income for high income earners (income above € 60 000); tax is gradually increased from € 1 000 for income between € 60 001 and € 80 000 to € 25 000 for income above € 900 000.	2009	
Introduction of a special solidarity allowance to low-income earners, pensioners and farmers. The benefit ranges from € 300 to € 1 300.	2010	
Planned introduction of a unified progressive scale for all sources of income earned from 2010 onwards. The new system envisages 9 brackets, with a 45% top rate applicable above € 100 000. Exemptions and provisions for autonomous taxation are abolished.	2010	
	Hungary	
Income tax brackets reduced from six to three. Decrease in employees' tax credit.	1999	Employers' total payroll costs generally reduced to 37.5 %.
Changes in tax brackets.	2001	Employers' social contributions reduced.

(Continued on the next page)

Box (continued)

MEASURES IN THE DOMAIN OF TAXATION		MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
Increase in employees' tax credit.	2002	
Changes in tax brackets.	2003	Increase in employees' mandatory pension contributions.
Reduction in the number of tax brackets to two through abolition of the middle bracket.	2005	Decrease in lump-sum health contribution.
Cut in highest rate from 38 % to 36 %, introduction of a 4 % solidarity tax on high salaries.	2006	Increase in employee's individual healthcare contribution from 4 % to 6 % (September 2006) and to 7 % (2007).
Change in tax brackets.	2007	
	2008	Decrease in employee's healthcare contribution from 7 % to 6 %, increase in employees' mandatory pension contributions from 8.5 % to 9.5 %, decrease in employers' healthcare contribution from 8 % to 5 % and increase in employers' pension contributions from 21 % to 24 %.
Increase in lowest PIT bracket (as from 1 January 2009).	2009	Decrease in employers' SSC by 5 percentage points (up to double of minimal wage, as from 1 July 2009).
Increase in lowest PIT bracket (as from 1 January 2009).	2009	Decrease in employers' SSC by 5 percentage points (up to double of minimal wage, as from 1 July 2009).
As of 1 January 2010 gross income plus employer's contributions (27 %) qualify as the base of the personal income tax. As of 1 January 2010, the tax bracket increased from HUF 1.9 to 5 million, the tax rates modified from the former 18 % and 36 % to 17 % and 32 %, respectively. The employment tax credit is calculated as 17 % of wage income earned, with a monthly maximum of HUF 15 100. This tax credit is applicable to workers whose annual income does not exceed HUF 3 188 000. Parallel to that, the special tax of private persons (4 %) was deleted.	2010	As of 1 January 2010, 5 % points decrease of the employers' SSC will be a general reduction.
	Ireland	
PIT rate cuts: of the lower band from 27 % to 20 % (1997-2001) and the higher band from 48 % to 42 % (1998-2001). Increases in basic tax allowances/credits (1997-2008). Widening and individualisation of the tax bands (1997-2008).	1997	Reduction in employers' 'PRSI' contributions (1997-2002). Reductions in employees' 'PRSI' contributions (1997-2008).
Revenue-neutral move from a system of tax allowances to a system of tax credits (completed in 2001).	2001	

(Continued on the next page)

Box (continued)

MEASURES IN THE DOMAIN OF TAXATION		MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
Reduction in higher PIT band from 42 % to 41 %.	2007	
Introduction of an additional income levy of 1 % on gross income up to € 100 100 per annum and a rate of 2 % for income above this amount. On income in excess of € 250 120 a further 1 % is payable. Doubling of income levy to 2 % (above exemption threshold of € 15 028), 4 % (income in excess of € 75 036) and 6 % (above € 174 980) as of 1 May 2009.	2009	Introduction of a pension levy on public sector wages. Two step increase in employee SSC ceiling.
	Italy	
	1997	Reductions in employers' social contributions in respect of new jobs and at the low end of the pay scale (1997-2000).
	1998	Reduction in employers' health care contribution rate. Introduction of new regional tax ('IRAP') based on the value of production net of depreciations (1998).
Cut in the second bracket of the income tax.	2000	
Further general cuts in rates, in particular on the middle brackets (2001-2002).	2001	
Family allowance supplemented by an additional tax credit depending on the number of dependent children.	2002	
Introduction of a 'no tax area' for low level of income (2003). Revision of PIT tax rates (2003 and 2005).	2003	
2007 finance bill introduced several changes mainly in the direction of increasing the equity of the tax system, raise in tax-exempt basic allowances; introduction of cuts to second and third bracket (from 33 % to 27 % and from 39 % to 38 %) for different levels of income; introduction of new fourth 41 % rate bracket; fifth 43 % bracket now applies to incomes from € 75 001 instead of € 100 000. Deduction from IRAP of the employer's social contributions paid plus € 5 000 for each non temporary worker (€10000 in depressed areas; as from 2008: €4200 and €9200)	2007	
Reduction of IRAP tax rate from 4.25 % to 3.9 %.Granting of tax credit of up to € 333 per month (€ 416 for women in high female unemployment areas) granted to enterprises located in depressed areas, per each new employee.	2008	

(Continued on the next page)

Box (continued)

MEASURES IN THE DOMAIN OF TAXATION		MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
Special 10 % rate regime on over- or flexitime pay and pay linked to productivity gains	7/2008-12/2010	
IRAP paid by employers is now 10 % deductible from CIT or PIT. Extension of the 10 % special tax rate only on productivity-based pay increases. (2009 – 2010)	2009	
	Latvia	
	1997	Gradual reduction in the rate of social insurance contributions from 38 % to 33.09 % (1997, 2000, 2001 and 2003).
Gradual increase of non-taxable minimum and relief for dependants (2005-2009).	2005	
Reduction in PIT rate from 25 % to 23 %. Introduction of tax allowances for groups negatively affected by the flat tax scheme. Increase in non-taxable minimum for dependent persons.	2009	Abolition of the ceiling of SSCs for all insured persons.
Reduction in non-taxable minimum.		
Increase of PIT rate to 26 % and extension of the tax base.	2010	Application of SSC on personal benefit gained from the private us of company car.
Application of the 26 % PIT rate to sole proprietors (before 15 %). Application of personal income tax on personal benefit gained from the private use of company car.		
	Lithuania	
Gradual increase of basic tax-exempt allowance from LTL 142 to LTL 320 and corresponding increase of individual allowances for disabled and single parents (1996 to 2008).	1996	
	2000	Mandatory social contributions increased by 1 % (to 31 %) of gross wages for employers and by 2 % (to 3 %) for employees.
Introduction of additional tax-exempt allowance for the first second child (0.1 of basic tax-exempt allowance, 2003).	2003	
Gradual reduction in the income tax rate from 33 % to 27 % (from 1 July 2006) and to 24 % (from 1 January 2008).	2006	

(Continued on the next page)

Box (continued)

MEASURES IN THE DOMAIN OF TAXATION		MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
Reduction in tax burden on employment income. Previous all-in 24 % rate replaced with 15 % PIT rate + 6 % compulsory health insurance contribution for a total of 21 %. Various changes in personal allowances or deductions	2009	Introduction of health insurance contribution (see tax section).
	Luxembourg	
Cut in PIT rate from 50 % to 46 %.	1998	
Substantial increase in tax allowance for house and child care.	1999	Introduction of a new long term care scheme with a contribution rate of 1 % of taxable income.
Cut in PIT from 46 % to 42 % (maximal rate) and increase in the minimum threshold of taxation. Extension of deduction possibilities for different types of income, a.o. for privately held pension plans.	2001	
Cut in PIT from 42 % to 38 %.	2002	
	2007	Increase in contribution rate to long-term care scheme from 1 % to 1.4 % of income.
Increase of tax brackets. Introduction of child bonus (transformation of tax relief for families with children into tax credit).	2008	
Increase of tax brackets. Introduction of tax credits for income earners, the retired and monoparental families, (replacing former tax relief for these categories).	2009	Introduction of new uniform paid sick leave scheme.
	Malta	
Reduction in the number of tax brackets and change in range of rates.	2000	
Increase in tax thresholds.	2002	
Increase in the number of tax brackets and change in the tax thresholds.	2003	
Reduction in the number of tax brackets and change in range of rates.	2007	
Increase in tax thresholds.	2008	
Increase in tax thresholds.	2009	
	Netherlands	
	1996	Reductions in wage tax and employers' social contributions with respect to the long-term unemployed, the low-paid and for training purposes (1996-2001).

(Continued on the next page)

Taxation and Customs Union
eurostat EUROPEAN COMMISSION

Box (continued)

MEASURES IN THE DOMAIN OF TAXATION		MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
	1998	Contribution for disability insurance scheme shifted from the employee to the employer. Increases in employees' contribution rate for state pensions and medical expenses (1998-2000).
Across-the-board cut in PIT. Introduction of a tax credit for all employees and self-employed (2001-2002), in return, lump sum deductions for labour cost expenses and self-employed were abolished in 2001.	2001	Reductions in employees' contribution rate for unemployment insurance.
	2006	Introduction of new health care insurance system.
Increase in the tax credit for working parents and introduction of a bonus for older employees.	2009	Abolition of the employee's contribution to the unemployment social security scheme.
	2010	An exemption of 1.5% of the wage bill for tax purposes replaces 29 categories of tax-free allowances and benefits-in-kind
Introduction of a number of administrative simplifications in the tax and social security systems.	2010	
	Poland	
Cut in tax rates and limitation of tax deductions (up to 1998).	1998	
	1999	Global reform of the social security system.
Rise of thresholds for the taxable income.	2007	Cut in rates of disability insurance contribution from 13% to 6% (2007-2008)
Introduction of new PIT rates of 18 % and 32 % (replacing the 2008 rates of 19 %, 30 % and 40 %.)	2009	
	Portugal	
General cut in PIT rates.	2001	Targeted reductions in employers' social contributions.
General cut in PIT rates.	2005	
Introduction of a new top tax bracket, changes in tax credits.	2006	
Exclusion from public transport commuting expenses from taxable income.	2009	
	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	
	2006	Reductions in employees' and employers' contribution rates (2006-2008).

(Continued on the next page)

Box (continued)

MEASURES IN THE DOMAIN OF TAXATION		MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
	2008	Global reform of the social security system: broadening of the tax base by the inclusion of bonuses; removal of the ceiling of five average gross wages on the payment of SSC etc. Reform of pension system - introduction of a compulsory second pillar (starting with 2008).
Increase in level of deductibility of voluntary health insurance (from €200 to €250) and threshold of deduction for employees' contribution to facultative pension schemes (€ 200 to € 400).	2009	Increase in employee's and employers' contribution rates; decrease in employers' contributions for work accidents and professional diseases by 0.5 %.
	Slovakia	
Increase in tax allowances, reduction in the number of tax brackets from 7 to 5 (1995-2002).	1995	Reduction in employers' social contributions by 2.8 % (1995-2006) and increase in employees' social contributions by 1.4 % (1995-2006).
Reduction in the top and in the bottom tax rates.	2003	
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).
	2005	Introduction of mandatory privately managed fully funded pillar at 9 % of gross earnings.
	2006	Introduction of healthcare contribution annual clearing (in 2006 for health contributions paid in 2005).
Reduction in the non-taxable personal allowance.	2007	
	2008	Increase in contributions ceiling (payroll tax cap) from 3 to 4 times the average wage.
Introduction of an employee tax credit as a form of negative income tax; increase in basic allowance.	2009	
	Slovenia	
	1996	Decrease of social contributions and introduction of payroll tax.
Reduction in the number of tax brackets from six to five and of the lowest rate from 17 % to 16 %, increase in general allowance for all taxpayers (from € 1 474 to € 2 355) and in tax allowances for taxpayers with children.	2005	Phasing out of payroll tax by 1 January 2009 (2005-2009). Rates are 0 %, 2.3 %, 4.7 % and 8.9 % in 2007 and 0 %, 1.1 %, 2.3 % and 4.4 % in 2008.
Introduction of a dual income tax system (dividends, interests and capital gains are taxed separately by proportional rates.	2006	

(Continued on the next page)

Box (continued)

MEASURES IN THE DOMAIN OF TAXATION		MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
Reduction in the number of tax brackets from five to three; increase in general allowance for all taxpayers (from € 2 522 to € 2 800), increase in tax allowances for taxpayers with three or more children.	2007	
Further increase in general allowance to € 5 118 (if the taxable income is up to € 8 557), € 4 082 (if the taxable income is between € 8 557 and € 9 897), € 3 051 (if the taxable income is above € 9 897)	2008	
Introduction of a new special tax rate of 49 % imposed on the income of management in companies receiving state aid. The tax will apply only until the end of 2010.	2009	
Further increase in general allowance to € 6 120 (if the taxable income is up to € 10 200), € 4 147.67 (if the taxable income is between € 10 200 and € 11 800), € 3 100.17 (if the taxable income is above € 11 800)	2010	
	Spain	
	1997	Targeted reductions in social contributions (1997-2000).
Across the board cut in PIT rates, increase in basic personal allowances and increase in work income allowance for low wages.	1999	
	2001	Reduction in unemployment contributions for employers and employees.
Cut in PIT and introduction of a non-wastable annual tax credit of € 1 200 for working females with children under 3 years of age.	2003	
	2006	Introduction of various abatements and reductions in social contributions for hiring of disadvantaged workers.
Reduction in the tax scale applicable to the general component of taxable income from five brackets (15 % to 45 %) to four (24 % to 43 %). Increase in personal and family allowances, which are now included in the first income bracket taxed at a zero rate. Steady increase in the general tax allowance for employment based on a non-linear formula (2007). Introduction of general tax deductions (for women giving birth to children).	2007	Reduction of SSC of up to 40 % for research workers.
Indexing of main PIT tax parameters. Introduction of a € 400 general tax rebate for working and self-employed income earners. Introduction of a tax deduction for taxpayers renting their permanent dwelling.	2008	

(Continued on the next page)

Box (continued)

MEASURES IN THE DOMAIN OF TAXATION		MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
Several temporary tax measures taken in relation with the global financial and economic crisis mainly addressed to tackle taxpayers' housing problems (up to 2010): Deadline extension of contributions to housing bank account schemes and own housing reinvestment and advanced claim of own housing mortgage tax deduction through monthly withholding tax payments. Continued application of € 400 general tax rebate for working and self-employed income earners.	2009	Introduction of abatements and reductions in SSC for hiring unemployed workers with children.
The above mentioned general tax rebate of € 400 is granted for working and self-employed taxpayers under € 8 000 and then phased-out as income increases up to € 12 000	2010	
	Sweden	
	1995	Increases in employees' contribution rates (1995-1998).
Reductions in central- and local income tax, especially at the bottom to the middle end (1999-2001).	1999	
Increase in threshold for State income tax (2000-2002) and increase in basic allowance (2001-2002).	2000	Reductions in employers' contribution rates (2000-2001).
	2004	Reduction in employers' social contributions (2004, 2006 and 2007).
Increase in the tax reduction linked to pension contributions, higher basic tax allowance for low and middle income earners (2006).	2006	
Introduction of an earned income tax credit in three steps (2007, 2008, 2009) and subsequent increase (2010).	2007	
	2007 2009	Reduction in SSC for young people (18-26 yrs)
	2009	Reduction in employees' social contributions (-1 percentage point).
	2010	Reduction in SSC for self-employed persons
	United Kingdom	
PIT reductions, especially at the bottom to the middle end (1999-2000).	1999	Increase in starting point for paying national insurance contributions (NIC) for employers and employees. Reduction in employers' contribution rates to compensate for introduction of climate levy (1999-2001).
	2002	Increase of the NIC by 1 % for both employers and employees.
Abolition of the 10 % rate of income tax for non-savings income. Decrease in the basic rate of PIT from 22 % to 20 %. Increase in tax-free personal allowance for taxpayers under 65.	2008	

(Continued on the next page)

Box (continued)

MEASURES IN THE DOMAIN OF TAXATION		MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
An additional rate of income tax (50 %) applied for annual incomes above GBP 150 000; restriction of PIT allowance for annual incomes over GBP 100 000.	2010	
One-off payroll tax of 50% on bonuses over GBP 25,000 paid by banks and building societies between 9th December 2009 and 5th April 2010	2010	
The personal allowance (GBP 6,475) and basic rate limit (GBP 37 400) are held at 2009-10 levels	2010	
	2011	Increase in national insurance contributions by 1 % for employees, employers and self-employed accompanied by an increase in the Primary Threshold (starting point for paying national insurance contributions).
	Norway	
Reduction of surtax (1999, 2002-2006). Increase of minimum allowance (1999-2002, 2006, 2007).	1999	
Increase of surtax (2000, 2007).	2000	
Taxation of rehabilitation benefits as wage.	2002	
	2004	Phasing-out of regionally differentiated employers' SSC (2004-2006).
Increase in allowance for labour union fees (2006-2009).	2006	
	2007	Reintroduction of regionally differentiated employers' SSC.
Increase in parent allowance.	2008	
	Iceland	
The social security tax rate of 5.34 % rose to 7 % and 7.65 % for seamen.	2009	
Temporary (2010-2012) a 1.25 % rate is imposed on net wealth exceeding ISK 90 million (€ 505 618). Introduction of a three-level taxation of individual income with no tax-free minimum, with a minimum 24.1 % rate and a maximum 33 % rate. Increase in the personal tax credit to ISK 530 466 (€ 2 980).	2010	Social security contribution paid by the employers was increased to 8.6 %.

4

Trends in the implicit tax rate on capital

4. TRENDS IN THE IMPLICIT TAX RATE ON CAPITAL

Introduction

In recent years growing policy attention has been devoted to the taxation of capital and in particular to the level of corporate income taxation. Corporate income tax, although usually considered the main tax on capital, is not a major source of revenue in the vast majority of the Union's Member States. In 2008, it represented on average 3.3% of GDP in the EU([46]) and was less than 4 % of GDP in all countries but four: Cyprus (7.1 %), Malta (6.8 %), Luxembourg (5.1 %), and Czech Republic (4.4 %). Compared to 2007 the EU-average decreased by 0.2 percentage points from 3.5 % to 3.3 % in 2008. This might partly be attributed to the deterioration of the economic situation which started in 2008. The strongest decline was observed in Spain (-1.9 percentage points), Sweden (-0.9 percentage points), and Ireland (-0.6 percentage points). After the inclusion of all other capital taxes, the revenue from overall capital taxation reaches more than 10 % of GDP in some Member States — United Kingdom (12.6 %), Cyprus (12.2 %), Italy (11.4 %), Malta (11.0 %); Luxembourg (10.2 %). At 7.5 % on average for the EU, taxes on capital can be split up into those on corporate income (3.4 %), those on capital income of self-employed (1.4 %), of households (0.8 %), and those on the stock of capital (wealth) (1.9 %).

There is a wide interest in the development of capital taxes for a number of reasons. The increase of capital mobility especially during the last two decades([47]) has raised concerns among policymakers that excessive levels of taxation could scare away capital and especially book profits to low tax jurisdictions. At the same time there are hopes to attract foreign capital investments by offering an attractive tax treatment (so-called tax competition([48]). Like most taxes, taxes on capital may have distortive effects on the market([49]), particularly in highly integrated areas like the EU Internal Market. These distortions may also impact the personal income taxes because taxes on capital reduce capital accumulation and therefore negatively impact productivity levels, which in turn depress wages. Next, the fact that capital is generally more mobile than labour has generated the apprehension that the burden of taxation would be shifted from the former to the latter. Equity considerations also feature prominently in the debate on the taxation of capital held by individuals given that capital is, as a rule, both more lightly taxed than labour income and often taxed at flat rates, which calls for an effective taxation of capital income to avoid emptying the progressivity of the income tax of its meaning. Next, recent substantial cuts in the corporate income rate have highlighted the risk that a comparatively light taxation of capital induces individuals to take on the legal form of corporation, only to avoid the payment of the personal income tax on their labour income (backstop function of the corporate income tax). Finally, the relative mobility of capital has stimulated the apprehension of tax competition and a subsequent race-to-the-bottom in capital tax rates.

([46]) See Table 19 in Annex A.
([47]) This mobility can take different forms ranging from foreign direct investments to profit shifting.
([48]) See Nicodème (2007) for a recent review with a focus on the European Union.
([49]) Distortions come from the fact that taxes will deter economic activity. They are usually measured by the size of so-called deadweight losses, or excess burden of taxation. These represent a loss of economic efficiency that occurs when taxation creates a wedge between supply and demand by distorting price equilibrium. In other words, there is a loss of consumer and producer surpluses due to the fact that equilibrium is reached at a lower quantity of inputs.

Table II-4.1: Adjusted top statutory tax rate on corporate income

1995-2010, in %

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Difference 1995-2010	Difference 2000-2010
BE	40.2	40.2	40.2	40.2	40.2	40.2	40.2	40.2	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	-6.2	-6.2
BG	40.0	40.0	40.2	37.0	34.3	32.5	28.0	23.5	23.5	19.5	15.0	15.0	10.0	10.0	10.0	10.0	-30.0	-22.5
CZ	41.0	39.0	39.0	35.0	35.0	31.0	31.0	31.0	31.0	28.0	26.0	24.0	24.0	21.0	20.0	19.0	-22.0	-12.0
DK	34.0	34.0	34.0	34.0	32.0	32.0	30.0	30.0	30.0	30.0	28.0	28.0	25.0	25.0	25.0	25.0	-9.0	-7.0
DE	56.8	56.7	56.7	56.0	51.6	51.6	38.3	38.3	39.6	38.3	38.7	38.7	38.7	29.8	29.8	29.8	-27.0	-21.8
EE	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0	24.0	23.0	22.0	21.0	21.0	21.0	-5.0	-5.0
IE	40.0	38.0	36.0	32.0	28.0	24.0	20.0	16.0	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	-27.5	-11.5
EL	40.0	40.0	40.0	40.0	40.0	40.0	37.5	35.0	35.0	35.0	32.0	29.0	25.0	25.0	25.0	24.0	-16.0	-16.0
ES	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	32.5	30.0	30.0	30.0	-5.0	-5.0
FR	36.7	36.7	41.7	41.7	40.0	37.8	36.4	35.4	35.4	35.4	35.0	34.4	34.4	34.4	34.4	34.4	-2.3	-3.4
IT	52.2	53.2	53.2	41.3	41.3	41.3	40.3	40.3	38.3	37.3	37.3	37.3	37.3	31.4	31.4	31.4	-20.8	-9.9
CY	25.0	25.0	25.0	25.0	25.0	29.0	28.0	28.0	15.0	15.0	10.0	10.0	10.0	10.0	10.0	10.0	-15.0	-19.0
LV	25.0	25.0	25.0	25.0	25.0	25.0	25.0	22.0	19.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	-10.0	-10.0
LT	29.0	29.0	29.0	29.0	29.0	24.0	24.0	15.0	15.0	15.0	15.0	19.0	18.0	15.0	20.0	15.0	-14.0	-9.0
LU	40.9	40.9	39.3	37.5	37.5	37.5	37.5	30.4	30.4	30.4	30.4	29.6	29.6	29.6	28.6	28.6	-12.3	-8.9
HU	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	17.6	17.5	17.5	21.3	21.3	21.3	20.6	1.0	1.0
MT	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	0.0	0.0
NL	35.0	35.0	35.0	35.0	35.0	35.0	35.0	34.5	34.5	34.5	31.5	29.6	25.5	25.5	25.5	25.5	-9.5	-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	25.0	25.0	25.0	-9.0	-9.0
PL	40.0	40.0	38.0	36.0	34.0	30.0	28.0	28.0	27.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	-21.0	-11.0
PT	39.6	39.6	39.6	37.4	37.4	35.2	35.2	33.0	33.0	27.5	27.5	27.5	26.5	26.5	26.5	26.5	-13.1	-8.7
RO	38.0	38.0	38.0	38.0	38.0	25.0	25.0	25.0	25.0	25.0	16.0	16.0	16.0	16.0	16.0	16.0	-22.0	-9.0
SI	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	23.0	22.0	21.0	20.0	-5.0	-5.0
SK	40.0	40.0	40.0	40.0	40.0	29.0	29.0	25.0	25.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	-21.0	-10.0
FI	25.0	28.0	28.0	28.0	28.0	29.0	29.0	29.0	29.0	29.0	26.0	26.0	26.0	26.0	26.0	26.0	1.0	-3.0
SE	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	26.3	26.3	-1.7	-1.7
UK	33.0	33.0	31.0	31.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	28.0	28.0	-5.0	-2.0
EU-27	35.3	35.3	35.2	34.1	33.5	31.9	30.7	29.3	28.3	27.0	25.5	25.3	24.5	23.6	23.5	23.2	-12.1	-8.7
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	24.4	24.4	24.0	-11.0	-8.1
EA-16	37.5	37.6	37.7	36.4	35.8	34.9	33.5	32.1	30.7	29.8	28.4	28.0	27.1	26.0	25.9	25.7	-11.8	-9.2

Source: Commission services

Table II-4.1 (50) shows the statutory corporate tax rates for the EU Member States, while Table II-4.2 shows the statutory rate for six non-EU OECD countries and the BRIC (Brazil, Russia, India, and China). Two trends were prominent in corporate taxation in the Union in the last decade.

(50) Only the 'basic' (non-targeted) top rate is presented here. Existing surcharges and averages of local taxes are included. Some countries also apply small profits rates or special rates, e.g., in case the investment is financed through issuing new equity, or alternative rates for different sectors. Such targeted tax rates can be substantially lower than the effective top rate. **Belgium**: a) A 3 % 'crisis' surcharge is applicable since 1993; b) since 1/1/2006 Belgium, applies a system of notional interest (ACE) which reduces the 'effective tax rate' with several percentage points, depending on the difference between the rate of return and the rate of the notional interest deduction. **Germany**: The rate includes the solidarity surcharge of 5.5 % and the average rate for the trade tax ('Gewerbesteuer', which is also an allowable expense for the purpose of calculating the income on which corporation tax is payable). From 1995 to 2000 the rates for Germany refer only to retained profits. For distributed profits lower rates applied. As from 2008 enterprises are subject to an overall tax burden of 29.8 % nominally. This is the result of the reduction of the corporate tax rate from 25 % to 15 % and the reduction of the base measure for trade tax from 5 % to 3.5 %. The adjusted top statutory tax rate is calculated with an average multiplier of 400 % for the trade tax. **Estonia**: As from 2000 the rate for Estonia refers only to the gross amount of distributed profits; the tax rate on retained earnings is zero. **France**: France applies a standard CIT rate of 33.5 %. Large companies (turnover over € 7 630 000 and taxable profit over € 2 289 000) are subject to an additional surcharge of 3.3 % levied on the part of aggregate corporate tax which exceeds € 763 000. An annual minimum lump-sum tax (IFA) based on turnover is payable when turnover is more than € 400 000. **Cyprus**: In 2003 and 2004 the rate includes the additional 5 % surcharge on companies with income exceeding € 1.7 million. Hungary: An 'Innovation tax' of 0.3 % is due on the same base as the local business tax while micro and small enterprises are exempted from paying. In 2010 the corporate income tax in **Hungary** consists of two components: the standard CIT rate of 19 %, a local tax of maximum 2 % that applies on the gross operating profit (turnover minus costs). Starting from a gross operating profit of 100, companies would pay the local tax of 2. The CIT base is calculated as the profit before tax of 98. A CIT rate of 19 % gives a tax of 18.62. In total the tax paid is 18.62 + 2 = 20.62. **Ireland**: 25 % for non-trading income, gains and profits from mining petroleum and land dealing activities. Until 2003, Ireland applied a 10 % CIT rate to qualifying manufacturing and services companies. **Italy**: As from 1998 the rates for Italy include IRAP (rate 3.90 %), a local tax levied on a tax base broader than corporate income. The rate may vary up to 1 percentage point depending on location. "Robin tax" on financial institutions is not included. **Lithuania**: A 'social tax' (applied as a surcharge) has been introduced in 2006 and 2007 (at 4 % and 3 % respectively). As from 2010, companies with up to ten employees and taxable income not exceeding LTL 500 000 (approx. EUR 144 810), benefit from a reduced tax rate of 5 % Malta: The rate shown does not take into account the corporate tax refund system **Luxembourg**: Basic local tax (municipal business tax) is 3 % to be multiplied by a municipal factor ranging from 2 to 3.5. The rate in the table is for Luxembourg City. **Portugal**: As from 2007 the rate for Portugal includes the maximum 1.5 % rate of a municipal surcharge.

Table II-4.2: Adjusted top statutory tax rate on corporate income - EU v. third countries
1995-2010, in %

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Difference 1995-2010	Difference 2000-2010
EU-27	35.3	35.3	35.2	34.1	33.5	31.9	30.7	29.3	28.3	27.0	25.5	25.3	24.5	23.6	23.5	23.2	-12.1	-8.7
Non-EU countries																		
OECD-7	37.6	38.1	38.1	38.0	37.0	35.3	34.2	33.5	33.2	32.8	32.4	32.4	32.4	32.5	32.5	32.5	-5.1	-2.8
AU	33.0	36.0	36.0	36.0	36.0	34.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	-3.0	-4.0
CA	44.6	44.6	44.6	44.6	44.6	44.6	42.1	38.6	36.6	36.1	36.1	36.1	36.1	34.6	34.6	34.0	-10.6	-10.6
CH	28.5	28.5	28.5	27.5	25.1	24.9	24.7	24.4	24.1	24.1	21.3	21.3	21.3	21.3	21.3	21.3	-7.2	-3.6
JP	51.6	51.6	51.6	51.6	48.0	40.9	40.9	40.9	40.9	39.5	39.5	39.5	39.5	42.0	42.0	30.0	-21.6	-10.9
IS	33.0	33.0	33.0	33.0	30.0	30.0	30.0	18.0	18.0	18.0	18.0	18.0	18.0	15.0	15.0	18.0	-15.0	-12.0
NO	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	0.0	0.0
US	40.0	40.0	40.0	40.0	40.0	39.3	39.3	39.3	39.3	39.3	39.3	39.3	39.3	39.0	39.0	39.0	-1.0	-0.3
BRIC	38.9	34.9	34.9	34.9	34.0	35.9	35.4	31.7	31.9	31.7	31.9	31.2	31.2	29.2	28.2	28.2	-10.7	-7.6
BR	47.7	31.5	31.5	31.5	33.0	37.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	-13.7	-3.0
RU	35.0	35.0	35.0	35.0	35.0	35.0	35.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	20.0	20.0	-15.0	-15.0
IN	40.0	40.0	40.0	40.0	35.0	38.5	39.6	35.7	36.8	35.9	36.6	33.7	34.0	34.0	34.0	34.0	-6.0	-4.5
CN	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	25.0	25.0	25.0	-8.0	-8.0

Note: Rates are those applicable in capital city (e.g. Washington DC for the USA); Brazil applies a variant of an Allowance for Corporate Equity (only allowing the tax deduction of notional interest when it is actually paid out to shareholders as "interest on equity').

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

Firstly, the European Union countries moved towards lowering CIT rates, in one case even abolishing the tax altogether on retained earnings (Estonia). Taking local taxes and surcharges into account, the average general corporate tax rate in the EU-27 was reduced by 12.1 percentage points in the period 1995 to 2010. This reduction is however not a new phenomenon as cuts in corporate tax rates started as early as in the 1980s. The same trend towards lower statutory corporate tax rates also occurred — albeit less dramatically — in many third countries.

Secondly, the scale of deductions and exemptions was reduced. This trend was also due to the Code of Conduct for business taxation (which has played a role in limiting preferential tax regimes and therefore encouraged Member States to prefer adjusting the tax rate rather then the base) and to the necessity to conform to EU rules limiting State aid to enterprises (as some State aid may be in the form of tax breaks). There was also a tendency in many Member States in recent years to enlarge the corporate tax base via less generous depreciation rules and deductions([51]). The policy of broadening the tax base while reducing the rates is usually referred to a 'Tax rate cut cum base broadening'. The Belgian ACE (allowance for corporate equity) forms a striking exception on this general base broadening trend.

Finally, the EU has by and large become a low-tax area in terms of statutory corporate tax rates. The EU average of 23.2 % is lower than the statutory tax rate in all selected OECD countries and the BRIC with the exception of Switzerland, Russia, and Iceland.

An analysis of the combined impact of these changes based on the use of simple metrics, such as statutory tax rates or simple tax-to-GDP ratios, would however not give an accurate picture. National provisions for computing the taxable base to which the statutory tax rates are applied differ greatly across countries. The simple tax-to-GDP ratio, while superior to the statutory tax rates in describing the effective tax burden, fails to capture changes in the capital tax base([52]). Moreover, the weight of the base (total taxable capital) on GDP may differ considerably between countries. Hence, in this report we compute implicit tax rates (ITRs), which put each tax in relation to its respective tax base.

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

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

C
a
p
i
t
a
l

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

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

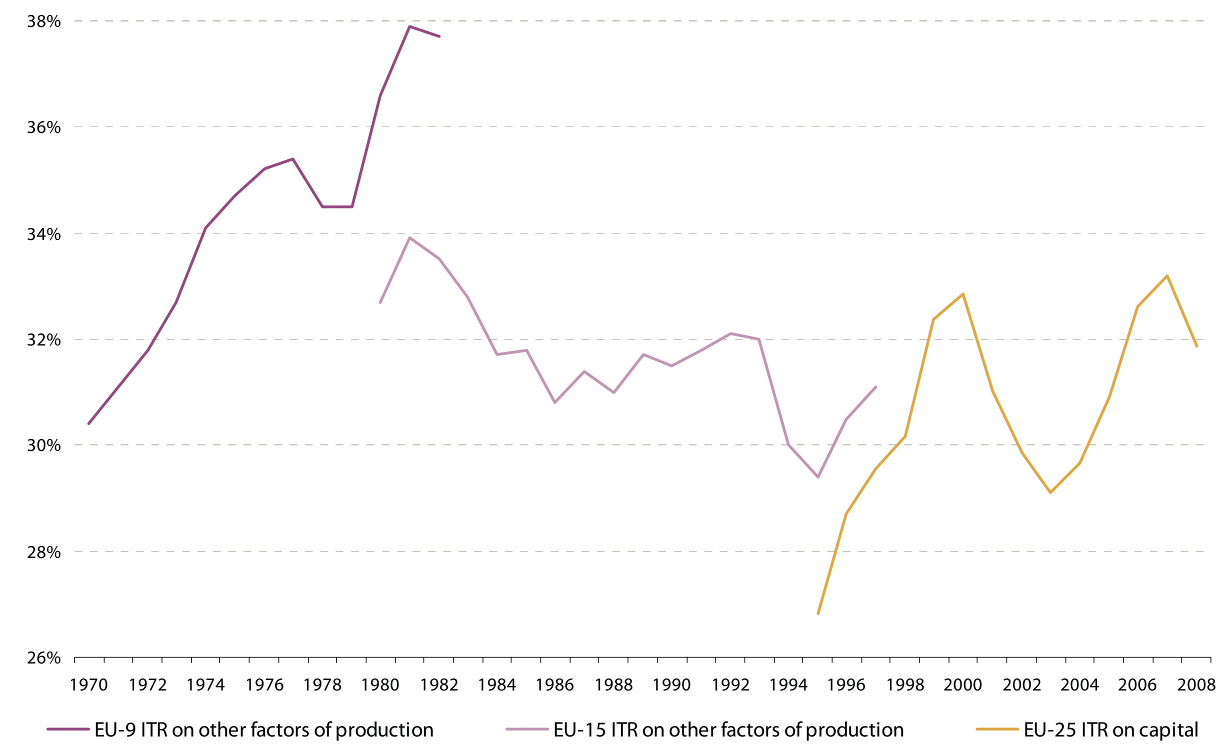
Implicit tax rates on capital: long-term trends

Although the ITR on capital is only available for the years starting from 1995, an indication of a longer-run trend starting from the 1970s can be gleaned from a broader indicator, namely the 'tax rate on other production factors' which was computed in previous editions of this report([53]). The definition of both numerator and denominator was different, somewhat broader and the data were based on the national accounts format ESA79. In addition, the composition of the Union was also different.

As shown in Graph II-4.1, this indicator shows for the European Union([54]) 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. This indicator increases dramatically between 1995 and 2001, before showing a three-year decrease and a new rise since 2003. From 2007 to 2008 the indicator declined again. Interestingly, this evolution corresponds closely to the one of the business cycle([55]). The methodology followed for the computation is described in Annex B.

([53]) European Commission (2000b).
([54]) The evolution of the ITR on other production factors depicted in the Graph is referred to the EU-9 (BE, DK, DE, IE, FR, IT, LU, NL and UK) from 1970 to 1980 and to the EU-15 afterwards.
([55]) The computation of the entire time series 1995–2008 for the ITR on capital is possible only for nine of the NMS-12, namely the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Poland Slovenia and Slovakia. Partial data are available for Bulgaria.

Graph II-4.1: Implicit tax rate on other production factors and implicit tax rate on capital
1970-2008, in %



Note: All averages are GDP-weighted.
Source: Commission services

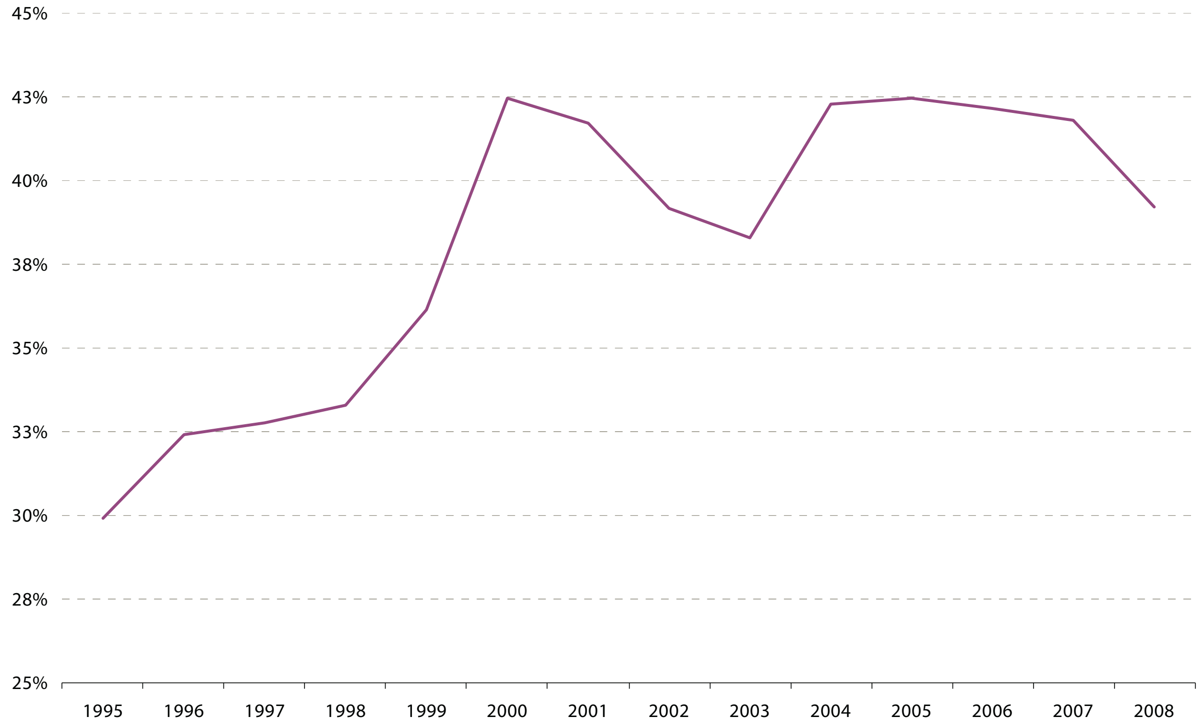
Table 79 in Annex A shows the development of the ITR on capital for all the Member States and years available. Comparing 2000 and 2008, the overall ITR on capital decreased in six Member States: Sweden (– 15.3 percentage points), Finland (– 7.9 percentage points), Slovakia (– 6.2 percentage points), Germany (– 5.3 percentage points), the Netherlands (– 3.7 percentage points), and Austria (– 0.3 percentage points). The ITR on capital has risen([56]) in other countries with some very large increases recorded for example in Cyprus (12.9 percentage points) and Denmark (7.1 percentage points). This difference in trends has unsurprisingly led to an (temporary) increase in the dispersion of the ITR on capital as measured by the coefficient of variation in 2005([57]) (see Graph II-4.2). However, country values have converged again since 2006, leading to a decrease of the variation coefficient. The still relatively low degree of convergence may be prima facie unexpected given the increased integration of capital markets in the European Union.

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

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

Capital

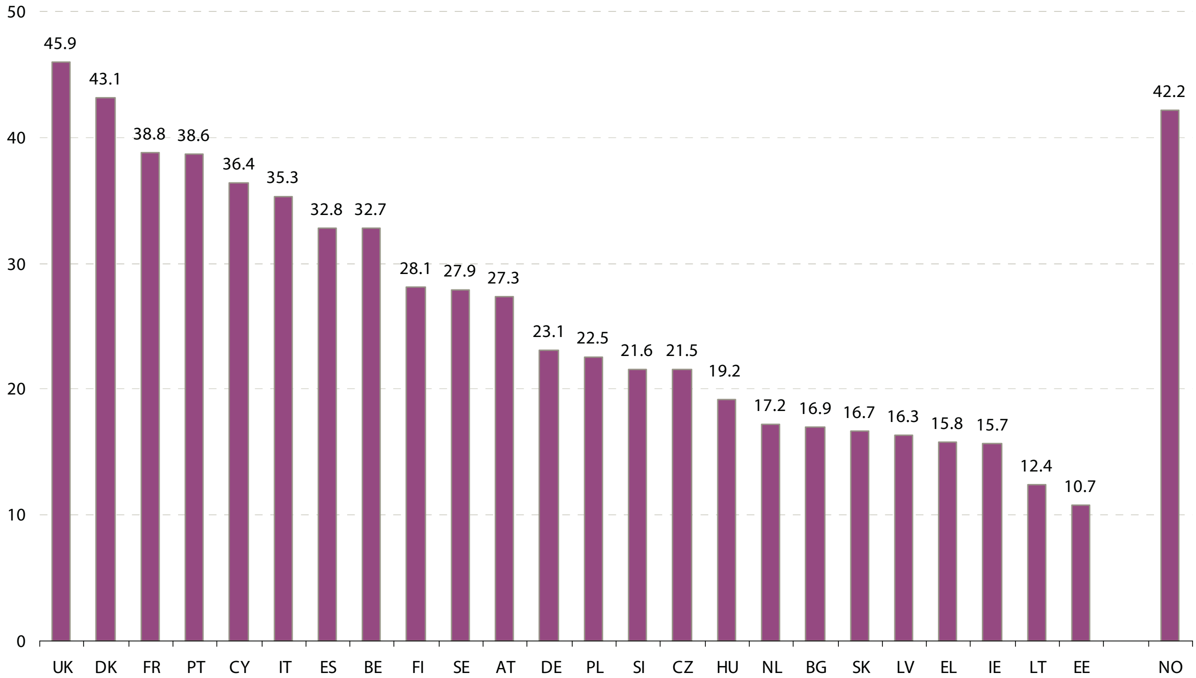
Graph II-4.2: Coefficient of variation of the implicit tax rate on capital
Ratio between standard deviation and mean, in %



Source: Commission services

In terms of levels for 2008, the UK tops the ranking with an ITR on capital of 45.9 %. The values for Denmark, France, Portugal, Cyprus, and Italy are above 35 %. At the other extreme of the scale, Estonia at 10.7 %, Lithuania at 12.4 % and Ireland at 15.7 % display very low levels of ITR on capital.

Graph II-4.3: Implicit tax rate on capital
2008, in %



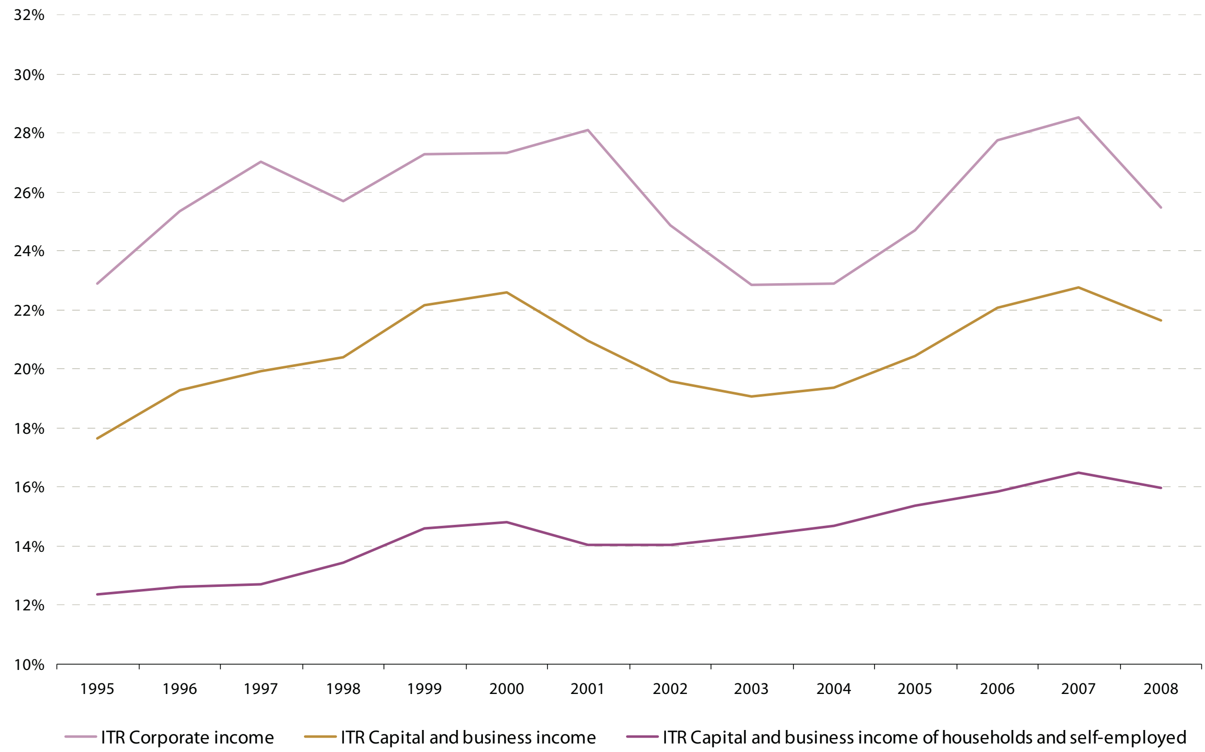
Note: No data for LU, MT, RO and IS. Data for BG and NO refer to 2007; data for EL refer to 2006
Source: Commission services

Implicit tax rates on capital and business income.

As explained in the introduction and detailed in the appendix, the implicit tax rate on capital and business income differs from the ITR on capital as it excludes the taxes on the stock of wealth. It can be broken down further into corporate income or capital and business income of households and the self-employed (in the form of rents, dividends, interest, insurance income, etc.)([58]).

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

Graph II-4.4: Implicit tax rate on capital and business income in EU-25 1995-2008



Note: GDP-weighted averages of available sample.
Source: Commission services

The ITR on capital and business income for the EU-25 rose from 16.5 % in 1995 to 19.0 % in 2008. While the ITR for corporations decreased from 26.3 % to 21.7 % and the ITR for households increased from 10.3 % to 12.7 %. From Tables 80 to 82 in Annex A, the developments in the ITR on capital and business income for the period 2000-2008 show no clear general pattern in the Member States for which data are available. Rather, one can distinguish five groups of countries:

Slovakia, Finland and Sweden are the only three Member States that record a decrease in the ITR on capital and business income and its two components over the 2000-2008 period. In Slovakia, the ITR has reached with 14.9 % its lowest level ever.

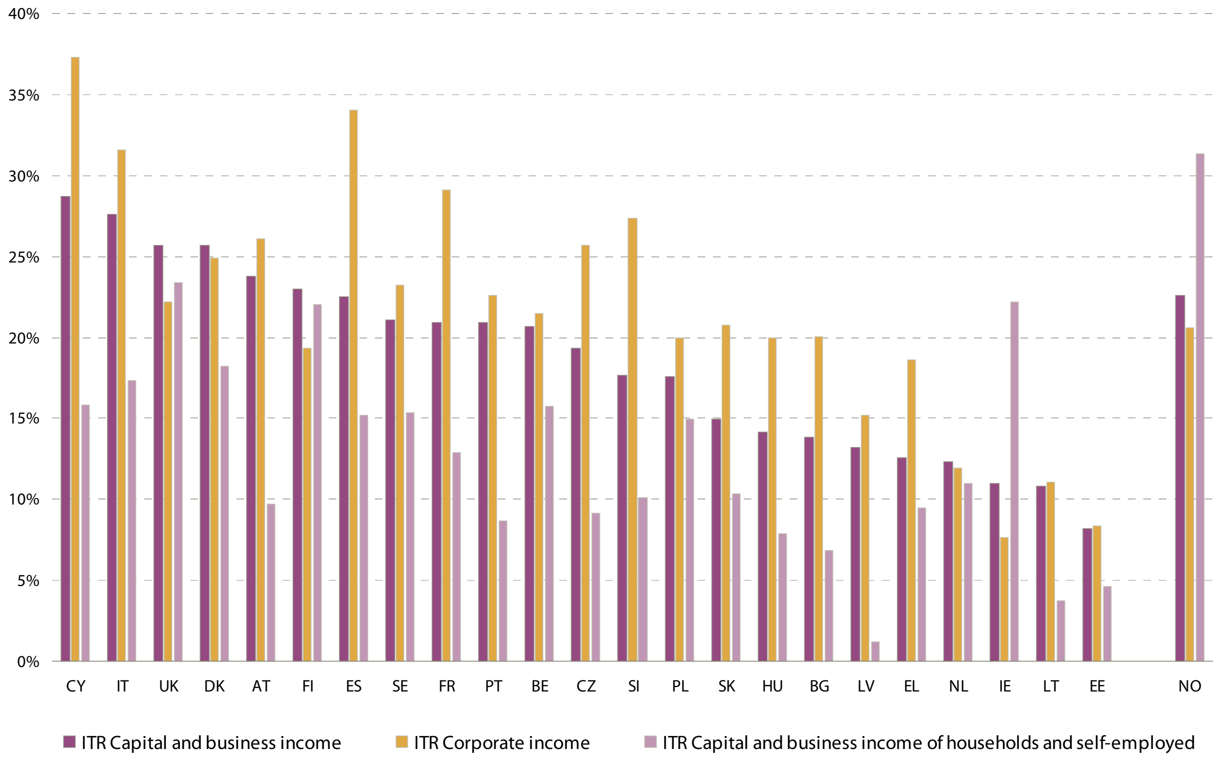
A second group of Member States have shown an increase in the ITR on capital and business income and its two components over the period from 2000 to 2008. Estonia, Spain, Italy, Cyprus, Latvia, Lithuania and Slovenia constitute this group.

The ITR on capital and business income has also risen in Belgium, Czech Republic, Hungary, Austria and Poland, but it reflects an increase in the ITR on capital and business income of households and self-employed and a decrease in the ITR on corporate income between 2000 and 2008.

For France ITR on capital and business income as well as the ITR on corporate income and the ITR on households remained relatively stable for the 2000 to 2008 period.

Finally, the decrease in the ITR on capital and business income in the Netherlands and the United Kingdom between 2000 and 2008 reflects an increase in the ITR on households and a decrease in the ITR for corporate income.

Graph II-4.5: Implicit tax rate on capital and business income
2008



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

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

Developments of the capital base

Finally, it is interesting to analyse the evolution of the capital base in the various Member States. Table II-4.3 provides the evolution of the denominator of the ITR on capital in percentage of GDP for each Member State. A first element is that this ratio varies for most Member States between 25 % and 35 % of GDP. At the low end, Denmark provides a low ratio of only 16.6 % while at the high end the ratio of capital base to GDP in Ireland and Greece is above 40 %.

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

A first group of countries have experienced a relatively stable ITR on capital over the period 2000-2008. This is because both the taxes collected and the base have been increasing at the same pace (Poland, Belgium, and France). A second group of countries has seen its ITR declining as the result of a growth in collection of taxes on capital as percentage of GDP that was inferior to the growth of the capital tax base in percentage of GDP. Those Member States are Germany and Austria. A third group of countries has also seen its ITR on capital decreasing, but the cause was a decrease in the collection of taxes on capital in percentage of GDP, while the capital base in percentage of GDP was either relatively stable or increasing. Those Member States are Greece, Netherlands, Slovakia, Finland and Sweden. Next, a fourth group has seen its ITR on capital increasing thanks to an increase in the ratio of capital taxes to GDP which was larger than the increase in the ratio of the capital tax base to GDP. This is the case for Czech Republic, Ireland, Lithuania, Hungary, Slovenia, and the United Kingdom. Finally, some Member States have recorded increases in their ITR on capital, which is the combination of increased tax collection combined with stagnant or declining capital tax base in percentage of GDP. This situation occurred in Denmark, Estonia, Spain, Italy, Cyprus, and Latvia. In Portugal, both ratios decreased but a slower decrease in tax collection allowed the ITR to rise. ([59])

Table II-4.3: Capital tax base to GDP

1995-2008, in %

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
BE	34.0	33.0	32.6	32.4	30.6	32.2	31.8	30.4	29.0	29.6	30.1	30.6	31.4	30.6
BG	:	:	:	:	:	:	:	:	:	37.0	:	34.4	32.4	:
CZ	27.8	27.3	27.1	29.9	29.9	29.5	30.1	29.0	29.1	29.8	30.8	32.0	32.4	30.5
DK	21.3	20.4	20.1	17.8	17.9	20.0	19.4	20.0	17.9	17.8	20.1	20.0	17.0	16.6
DE	24.9	24.9	25.6	25.6	24.5	24.0	24.2	24.7	25.2	26.7	28.0	29.5	30.0	29.7
EE	23.5	26.9	27.0	29.9	31.2	30.9	31.8	32.1	31.9	31.1	31.8	29.6	27.7	24.5
IE	:	:	:	:	:	:	:	50.0	49.8	48.0	45.8	48.4	50.8	47.3
EL	:	:	:	:	:	49.0	47.2	46.4	46.2	46.1	46.4	45.5	:	:
ES	:	:	:	:	:	29.4	29.4	29.2	28.7	28.3	27.7	26.8	26.1	26.3
FR	25.5	25.0	25.4	26.1	25.4	25.7	25.8	24.9	24.6	24.5	24.1	24.6	25.3	25.2
IT	41.8	42.5	40.0	38.0	36.7	37.1	37.6	35.9	35.2	35.1	34.0	33.0	33.0	32.2
CY	38.1	37.8	37.0	39.1	39.6	41.7	40.5	38.0	32.9	33.0	33.7	33.6	34.6	33.6
LV	18.2	20.7	22.5	19.1	20.5	25.9	28.9	31.9	30.6	31.5	28.9	27.6	27.2	24.6
LT	27.3	31.0	30.4	28.5	27.0	32.0	34.3	34.5	35.8	36.2	36.3	34.3	33.7	32.0
LU	:	:	:	:	:	:	:	:	:	:	:	:	:	:
HU	24.0	26.3	29.0	28.8	28.7	26.3	27.0	28.0	26.6	27.4	26.7	29.5	29.2	26.7
MT	:	:	:	:	:	:	:	:	:	:	:	:	:	:
NL	32.5	33.4	36.1	35.2	35.1	37.5	37.3	31.6	32.4	34.0	40.5	41.8	44.4	39.3
AT	22.7	23.3	23.6	24.2	23.6	24.9	23.7	24.5	24.7	25.9	27.5	27.5	27.4	26.8
PL	36.1	34.0	33.6	34.1	32.4	34.9	34.0	34.6	35.7	39.3	38.7	38.4	38.7	37.6
PT	29.5	28.4	26.6	25.8	25.4	23.8	23.6	23.1	23.5	23.9	22.6	22.0	22.9	21.0
RO	:	:	:	:	:	:	:	:	:	:	:	:	:	:
SI	16.3	16.4	19.0	19.1	20.0	18.9	18.6	19.9	20.8	20.7	21.1	22.5	23.0	22.0
SK	30.8	29.3	28.7	28.4	29.9	30.1	32.4	31.4	30.7	34.0	33.2	36.0	37.7	38.9
FI	20.6	20.7	22.8	24.2	25.0	27.5	30.7	27.9	26.4	27.0	26.5	30.1	29.8	25.9
SE	24.2	21.7	21.9	20.7	19.7	19.3	18.0	17.6	17.4	21.1	19.7	25.2	21.9	20.6
UK	25.8	27.3	27.9	27.6	25.3	24.4	23.9	24.3	26.5	26.4	26.8	27.4	26.9	27.5
NO	*23.0*	*24.8*	*25.0*	*21.1*	*21.8*	*30.1*	*29.4*	*27.3*	*29.0*	*31.9*	*36.2*	*36.5*	*34.4*	*:*

Source: Commission services

([59]) One possible reason for the increased tax collection combined with declining tax base might be that the CIT prepayments are mainly referred to the tax base of the previous year, the numerator of the ratio, however, is influenced by the economic performance of the current year. This could create a time-lag between the numerator and the denominator. This phenomenon might become more evident for the 2011 edition which will analyze the year 2009 where the effects of the crisis will be more evident in the data.

Box II-4.1: Taxation of the financial sector

An international debate about the taxation of the financial sector is currently taking place. The goal of this debate is twofold: on one hand, such taxation is supposed to make the financial sector contribute to the cost of the recent crisis and potentially future crises; on the other, taxes are seen as instruments that could create a double dividend and increase efficiency while creating revenue. When this report went to press this debate was ongoing and it was not yet clear whether and a new tax on the financial sector will indeed be introduced and what form it might take. However, the Commission services have issued a Staff Working Document (SEC(2010) 409) on innovative financing at a global level in April 2010 which next to other innovative financing instruments, also discusses some instruments related to the taxation of the financial sector.

The Staff Working Document (SWD) explores innovative financing options from the revenue raising perspective and examines their advantages and drawbacks, including from economic and administrative perspectives, to identify the most promising instruments. The importance of global coordination is emphasised, while EU leadership in the absence of global action is not excluded.

The main instruments taken up by the SWD on how to make the financial sector contribute to the fiscal burden related to financial instability are:

- Pricing of leverage and risk-taking by putting a levy on banks' liabilities (i.e. by excluding capital and reserves and insured deposits) on a consolidated basis.
- A financial transactions tax (FTT) on transactions of various financial products, including foreign exchange transactions.
- Taxation of bonus payments in the financial sector, such as the schemes recently introduced in the UK and in France.
- An internationally coordinated increase in profit taxation of the financial system, which could have the advantage of relying on existing tax systems and taxing at least partly pure profits.

These measures are analysed along the following four criteria in the Staff Working Document. (1) Potential to raise revenues given the serious budgetary challenges to be addressed in the future. (2) Effects on market efficiency with regards to the potential internalisation of external costs and benefits (“double dividend”). (3) Effects on equity and income distribution and tax incidence (4) Administrative and legal aspects of the different options.

5 Trends in environmental taxes

5. TRENDS IN ENVIRONMENTAL TAXES

Revenue development and structure

The introduction of environmental tax reforms gained increasing support during the 1990s. The basic idea was to shift the tax burden from the production factor labour towards the use of natural resources and environmentally harmful goods and activities. With the publication of Jacques Delors' White Paper on Growth, Competitiveness and Employment in 1993 the idea of such a fiscal reform became politically attractive, as it offered a means to promote simultaneously growth, jobs and better environmental quality. Similar ideas have been later endorsed also in many strategies and actions of the European Union ([60]). In the Member States the ideas of green tax reforms have met varying success. Among others, Denmark, Finland, Germany, the Netherlands, Sweden and the United Kingdom have introduced the elements of green tax reforms over the last decade. They have increased environmentally related taxes and used additional tax revenues to finance tax cuts on labour or personal income, with the intention to boost employment. At the same time they have taken measures, in the form of rate reductions or refund schemes, to protect producers form any negative effect on competitiveness arising from increases in input costs. Some new Member States, too, have followed suit; one example is Slovenia, where a CO2 tax is applied on all energy products since 1997. In Estonia the increases in excise duties have been used to finance substantial cuts of personal income taxes up to 2008. The Czech Republic introduced an environmental tax reform in 2008, which would increase the tax rates of most energy products over the period 2008 – 2012 and would use the tax revenues to support the state employment policy.

Despite this interest, environmental tax revenues have not been growing in recent years at the EU average level. In 2008, revenues from environmental taxes in the EU-27 (in the GDP-weighted average) accounted for 2.4 % of GDP and for 6.1 % of total revenues. Compared to 1999, when environmental taxes reached their peak level (2.9 % in relation to GDP and 7.0 % out of total taxation), the fall is quite significant. In particular, one can observe a steady fall in the level of environmental taxes from 2004 onwards. This development measured at the weighted EU average level hides, however, substantial differences between the Member States. In fact, the share of environmental taxation out of total taxation has increased since 1995 in a number of the EU Member States (Denmark, Estonia, Latvia, Netherlands, Austria, Poland and Slovakia), but remained stagnant or decreased in the others. Many big Member States figure in the last group, which explains the falling trend of the EU weighted average. In new Member States the increase has been largely driven by the EU accession process, although some of them made use of the occasion to increase energy tax levels beyond the strict requirement of the EU provisions. Also in some old Member States environmental taxes have been increased recurrently, often as a part of broader fiscal reforms.

To understand the fall of environmental tax revenues in relation to GDP it should be kept in mind that environmental taxes are levied per unit of physical consumption (unit taxes) and usually fixed in nominal terms. Hence, unlike ad valorem taxes, their real value in relation to GDP tends to fall, unless they are adjusted for inflation or otherwise increased at regular intervals. The problem could be easily solved by indexing the nominal tax rates to inflation, but so far only one Member State, Denmark, uses this option. There may be several reasons for the real value erosion of environmental taxation. First, energy demand has a tendency to grow slower than income, which implies that the share of taxes paid on energy goes down, when the economy grows. Secondly, energy tax increases in recent years may have also reduced energy consumption and thus eroded the tax base of energy taxation, although the expenditure on energy as such may not have decreased. Thirdly, the governments may be simply unwilling to constantly increase the tax rates on products, which affect the energy costs of households and industry. There was no compelling cause to do so either, as the EU minimum rates on mineral oils was kept constant from 1992 to 2004, when the Energy Tax Directive (2003/96/EC) came into force. The growing popularity of non-fiscal instruments such as emissions trading, and high world prices for

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

oil in the early 2000s might also have led to a reduced appetite for additional environmental taxation, at least as far as energy is concerned.

Table II-5.1: Environmental tax revenues in the Union
1995-2008, in % of GDP

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995-2008	Difference[1] 2000-2008
BE	2.2	2.5	2.5	2.4	2.5	2.3	2.3	2.2	2.3	2.4	2.3	2.2	2.1	2.0	-0.3	-0.3
BG	:	:	:	2.0	2.3	2.5	2.8	2.2	3.0	3.4	3.1	3.1	3.4	3.5	:	1.1
CZ	2.9	2.7	2.5	2.4	2.6	2.6	2.6	2.5	2.6	2.6	2.7	2.6	2.5	2.5	-0.5	-0.1
DK	4.5	4.8	4.9	5.3	5.4	5.3	5.2	5.4	5.2	5.6	6.0	6.2	5.9	5.7	1.2	0.4
DE	2.3	2.2	2.2	2.1	2.3	2.4	2.5	2.5	2.7	2.5	2.5	2.4	2.2	2.2	-0.1	-0.2
EE	1.0	1.5	1.6	1.9	1.7	1.7	2.1	2.0	1.9	2.1	2.3	2.2	2.3	2.4	1.4	0.7
IE	3.1	3.1	3.0	3.0	3.0	2.9	2.4	2.4	2.4	2.5	2.5	2.5	2.5	2.4	-0.6	-0.4
EL	3.1	3.1	3.1	2.9	2.7	2.3	2.5	2.3	2.2	2.1	2.1	2.0	2.0	2.0	-1.1	-0.4
ES	2.2	2.2	2.1	2.3	2.3	2.2	2.1	2.1	2.1	2.0	1.9	1.9	1.8	1.6	-0.6	-0.6
FR	2.8	2.8	2.7	2.7	2.7	2.5	2.3	2.5	2.4	2.4	2.3	2.3	2.2	2.1	-0.7	-0.4
IT	3.5	3.4	3.4	3.3	3.4	3.1	3.0	2.8	2.9	2.8	2.7	2.7	2.6	2.4	-1.1	-0.7
CY	2.9	2.8	2.5	2.5	2.5	2.7	3.0	2.9	3.7	4.0	3.5	3.3	3.4	3.1	0.3	0.5
LV	1.2	1.7	2.2	3.0	2.5	2.4	2.2	2.3	2.5	2.6	2.7	2.4	2.1	1.9	0.7	-0.5
LT	1.9	1.9	2.1	2.5	2.9	2.4	2.5	2.8	2.8	2.7	2.3	1.8	1.8	1.7	-0.2	-0.8
LU	3.0	2.9	3.0	2.9	2.8	2.8	2.8	2.8	2.8	3.1	2.9	2.6	2.5	2.5	-0.5	-0.3
HU	2.9	2.8	2.8	3.3	3.3	3.0	2.8	2.8	2.6	2.7	2.7	2.8	2.8	2.7	-0.2	-0.3
MT	3.2	3.1	3.5	3.9	4.1	3.7	3.7	3.4	3.4	3.1	3.3	3.4	3.8	3.5	0.3	-0.2
NL	3.6	3.8	3.8	3.8	3.9	3.9	3.8	3.7	3.7	3.9	3.9	4.0	3.8	3.9	0.2	0.0
AT	2.1	2.2	2.4	2.3	2.3	2.4	2.6	2.7	2.7	2.7	2.6	2.5	2.4	2.4	0.3	0.0
PL	1.8	1.9	1.8	1.8	2.1	2.1	2.1	2.4	2.5	2.6	2.7	2.8	2.7	2.6	0.7	0.5
PT	3.5	3.5	3.3	3.5	3.4	2.7	3.0	3.2	3.1	3.1	3.1	3.0	2.9	2.6	-0.9	-0.1
RO	1.9	1.8	2.8	3.0	3.9	3.4	2.4	2.1	2.4	2.4	2.0	1.9	2.1	1.8	-0.1	-1.7
SI	4.2	4.4	4.5	5.1	4.2	2.9	3.3	3.3	3.3	3.3	3.2	3.0	3.0	3.0	-1.2	0.1
SK	2.3	2.1	2.1	1.9	2.0	2.2	2.0	2.2	2.4	2.5	2.4	2.3	2.1	2.0	-0.4	-0.2
FI	2.9	3.1	3.3	3.3	3.4	3.1	3.0	3.1	3.2	3.2	3.1	3.0	2.7	2.7	-0.2	-0.4
SE	2.8	3.1	2.9	3.0	2.9	2.8	2.8	2.9	2.9	2.8	2.9	2.8	2.7	2.7	0.0	-0.1
UK	2.9	2.9	2.9	3.1	3.1	3.0	2.8	2.7	2.7	2.6	2.5	2.4	2.5	2.4	-0.5	-0.6
NO	*4.4*	*4.5*	*4.3*	*4.1*	*3.9*	*3.4*	*3.4*	*3.4*	*3.3*	*3.3*	*3.1*	*3.1*	*3.0*	*2.7*	*-1.7*	*-0.8*
IS	*2.8*	*3.0*	*3.0*	*3.3*	*3.5*	*3.3*	*2.7*	*2.3*	*2.6*	*2.7*	*2.8*	*2.5*	*2.4*	*1.8*	*-1.1*	*-1.5*
EU-27 averages																
weighted	:	:	:	2.8	2.9	2.7	2.7	2.7	2.7	2.7	2.6	2.5	2.5	2.4	:	-0.3
arithmetic	:	:	:	2.9	3.0	2.8	2.8	2.7	2.8	2.9	2.8	2.7	2.7	2.6	:	-0.2
EU-25 averages																
weighted	2.8	2.8	2.8	2.8	2.8	2.7	2.7	2.7	2.7	2.7	2.6	2.5	2.5	2.4	-0.4	-0.3
arithmetic	2.8	2.8	2.8	3.0	3.0	2.8	2.8	2.8	2.8	2.9	2.8	2.8	2.7	2.6	-0.2	-0.2
EA-16 averages																
weighted	2.7	2.7	2.7	2.7	2.7	2.6	2.6	2.6	2.6	2.6	2.5	2.5	2.4	2.3	-0.4	-0.3
arithmetic	2.9	3.0	3.0	3.0	3.0	2.8	2.8	2.7	2.8	2.8	2.8	2.7	2.6	2.5	-0.4	-0.2

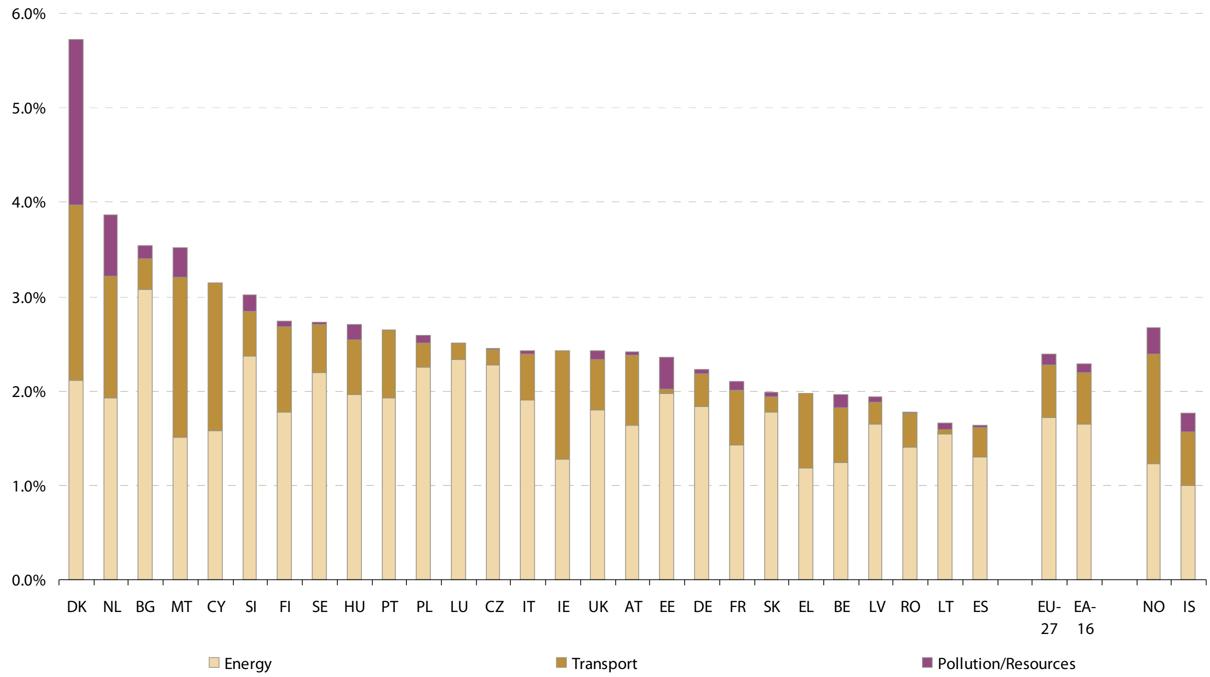
Source: Commission services

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

Graph II-5.1 shows the environmental tax-to-GDP ratio by Member State and breaks it down by type of tax. The relative importance of each type varies across countries, but in general, most Member States tend to fall in a band ranging from 2 % to 3 % of GDP, or slightly higher. Only four Member States show levels below 2 % of GDP, while in four other countries environmental tax revenues exceed or are equal to 3.5 % of GDP. At 5.7 % in 2008, Denmark displays by far the highest level of 'green' taxes followed by the Netherlands (3.9 %). The lowest environmental tax revenues in relation to GDP are instead found in Latvia, Lithuania, Spain and Romania, all below 2 % in 2008.

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

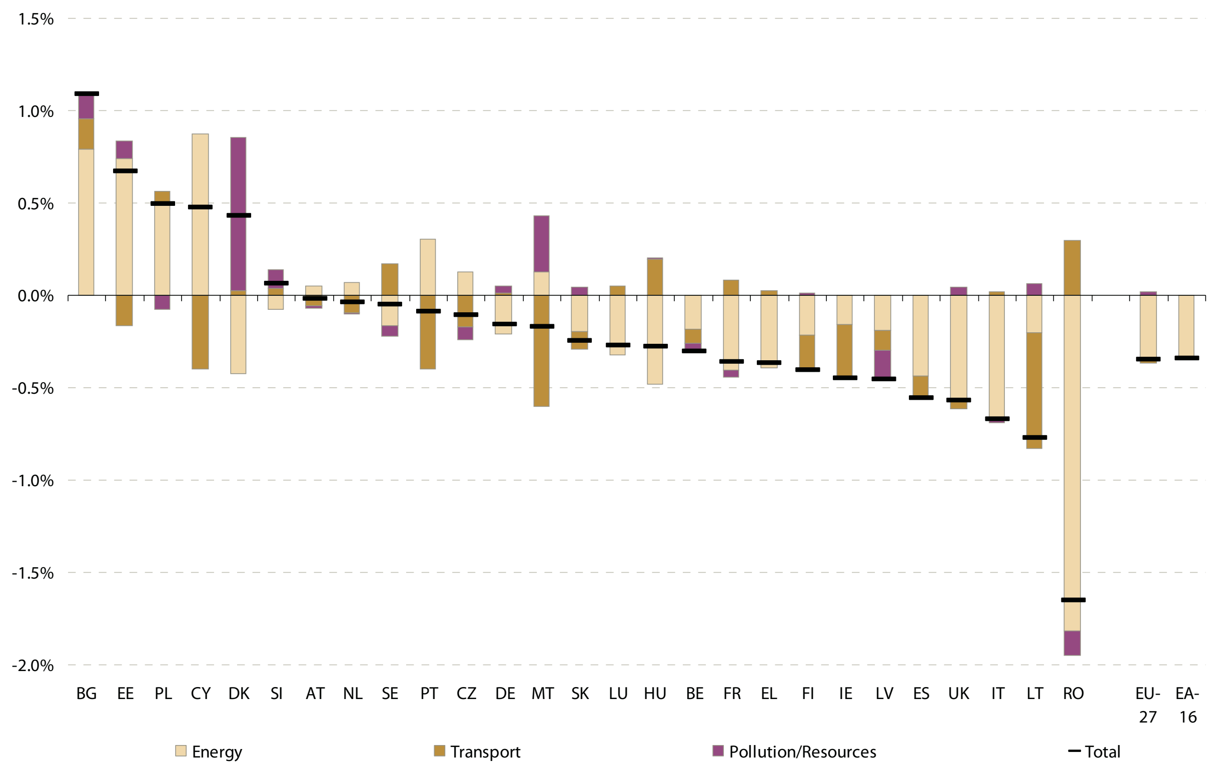
Graph II-5.1: Environmental tax revenues by Member States and type of tax
2008, in % of GDP



Note: Weighted averages
Source: Commission services

Graph II-5.2 shows the evolution in the structure of environmental taxes between 2000 and 2008. The graph highlights that the moderate decrease in the EU average conceals a number of opposing changes in composition in some Member States. For instance, the overall slight decline in energy taxation should be put in the context of marked increases in several countries; in one of them (Cyprus) the increase is close to 1 % of GDP, and in three others (Bulgaria, Poland and Estonia) at or above 0.5 % of GDP. On the other hand, there has been a strong decrease of energy taxes in Romania amounting to almost 2 % of GDP. 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 corporate hydrocarbon taxes, and in Malta, where the strong decrease of transport taxes is partly offset by increases in energy and pollution/resource taxes.

Graph II-5.2: Evolution of the structure of environmental taxes
2000-2008, difference in % of GDP



Note: Weighted averages
Source: Commission services

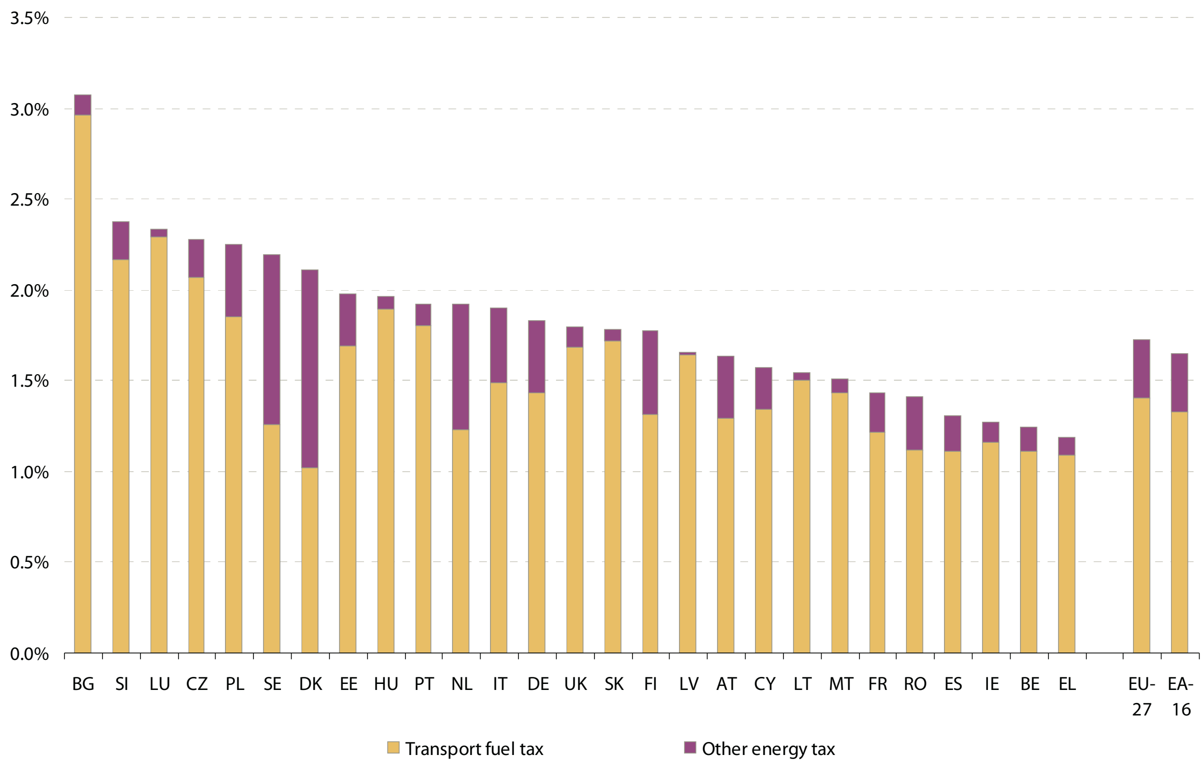
Transport fuel taxes

Energy taxes comprise taxes on both transport and stationary ([61]) use of energy products. Graph II-5.3 shows the energy tax-to-GDP ratio by Member State and displays which share is stemming from transport fuel taxes. The graph highlights that Bulgaria levies by far the highest energy taxes in % of GDP (3.1 % of GDP) and that the vast majority of energy taxes is levied on transport fuels. The reason for Bulgaria's high energy tax to GDP ratio is not its high tax rates – they are around the minimum levels set in the Council Directive (2003/96/EC). However, its share of final energy consumption is rather high compared to its GDP – resulting in high energy tax revenues as % of GDP.

The predominance of transport fuel taxes is particularly striking for the new Member States; most of which levy well above 90 % of their energy taxes on transport fuels. The exceptions are Cyprus and Poland and since 2008 Estonia, who — in line with the old Member States — only collect about 80 % of energy taxes on transport fuels. The relative homogeneity with respect to high transport fuel shares in energy taxation in the new Member States is explained by the fact that they enjoy exemptions or at least considerably reduced rates from the minimum excise duty for the taxation of other products in the category energy taxes such as electricity, natural gas and coal (Council Directive 2004/74/EC). As these energy products are hardly taxed their energy tax revenue from any other source but fuel taxes is very low. Poland and, since 2008, Estonia represent the exceptions with a tax rate exceeding the minimum excise duty on electricity by ten and six times respectively. Hence, Poland generates about 10 % of its energy tax revenues on taxation of electricity, while Estonia still yields 7 % of its energy tax revenues from electricity. All other new Member States yield less than 2 % of their energy tax revenues from electricity.

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

Graph II-5.3: Energy tax revenues by Member States
2008, in % of GDP



Note: Weighted averages
Source: Commission services

In contrast to the new Member States, the relative importance of fuel taxes varies considerably across the old Member States. The band spreads from a fuel tax revenue share in energy taxes of above 90 % for Ireland, Greece, Portugal and the United Kingdom to only about 50 % for Denmark and Sweden. The difference in the shares is due to the tax revenues on natural gas and electricity. While the latter two countries receive significant revenues from taxes on electricity and natural gas (about 25 % of energy taxes), Ireland, Greece, Luxembourg and Portugal only collect negligible revenues on these items (less than 2 % of energy taxes). Hence, differences in the taxation of natural gas and electricity persist, despite the attempt to reduce differences in the level of taxation in Member States by the introduction of minimum tax rates on energy products and electricity in the Energy Tax Directive (2003/96/EC). The difference results from the choices made by the individual Member States. In Denmark the statutory tax rate levied on electricity used by non-industrial sectors exceeds the minimum rate by more than 80 times (Sweden still about 30 times) ([62]). Contrastingly, other countries enjoy derogations for compliance with the minimum excise duty, reflected in zero tax rates. However, some of these countries like the United Kingdom levy more general taxes like a climate change levy, taxing 'energy products for lighting, heating and power for the business and public sector', also comprising the tax on electricity.

With respect to fuel taxes (transport and non-transport use) only, which account for the major part of energy taxes, the differences between old and new Member States are smaller than with respect to energy taxation as a whole. Most of the EU Member States raise the largest part (more than 90 %) of fuel taxes on transport. The exceptions to this, i.e. countries raising considerable shares of fuel tax revenues on the non-transport use , are Romania (19 %), Italy, Sweden and Cyprus (all around 13 %) and Germany and Denmark (around 10 %). In Sweden and Germany this high share can be attributed to relatively high revenues from gas oil for heating purposes and heavy fuel oils, which are generally not used as fuels. In

([62]) In the Netherlands the tax rate on electricity exceeds the minimum excise duty by up to 100 times. However, due to data limitations the revenue share of taxes on electricity in energy taxes could not be calculate exactly; it should be around the same magnitude as for Denmark and Sweden.

Denmark the comparably high tax revenues are mainly the result of high tax rates on heavy fuel oils, while in Germany the large share of these fuels used for business and heating purposes results in these high tax revenues on non-transport fuels.

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

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

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

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

The implicit tax rate on energy; properties and trends

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

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

It is also worth pointing out that the decrease in environmental tax revenues on GDP in recent years could be due in part to innovations in policy instruments. An example of this could be represented by an increased recourse to road pricing systems accompanied by a reduction in lump sum car circulation taxes, which would lead to lower tax revenues, since road charges are not booked as taxes. Another example of innovative instruments is the EU CO2 emissions trading system, which is likely to 'crowd-out' energy taxation in the sectors covered by the scheme.

The paradoxes outlined above suggest the introduction of an effective or implicit tax rate (ITR) for environmental taxes for analytical purposes. The interpretation of an ITR is generally more straightforward because this class of indicators is not affected by the erosion in the base due to the disincentive effect of the tax; a properly defined implicit tax rate would remain constant.([63])

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.([64]) The data include energy consumed in the transport, industrial, commercial, agricultural, public and households sectors excluding the energy transformation sector and to the energy industries themselves. The various energy sources are aggregated on the basis of their net calorific value, and expressed in tonnes of oil equivalent; this measure is taken as the denominator of the ITR on energy published in this report, while the numerator is constituted by the revenue from all energy taxes.

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

Table II-5.2 shows the amount of energy tax, in euro, levied per unit of final energy consumption. In recent years, Denmark displays the highest ratio by a wide margin, followed by Italy, the Netherlands, 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, the Czech Republic, Bulgaria, Poland and Estonia show high growth compared with 2000. Cyprus and Slovenia are the new Member states with the highest absolute level of taxation.

([63]) 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.
([64]) At the data cut-off date, provisional data was available up to 2008 except for Greece, France and Malta.

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

Euro per tonne of oil equivalent

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference 1995-2008	Difference 2000-2008
BE	91.6	90.8	90.6	91.1	92.4	92.4	92.2	97.3	97.2	109.2	116.3	115.2	128.1	115.2	23.6	22.8
BG	:	:	:	21.7	29.1	36.4	46.3	37.4	49.5	63.9	61.9	68.0	90.1	109.5	-	73.1
CZ	38.7	41.4	42.0	46.0	51.9	55.2	65.4	74.5	72.3	81.6	96.4	103.1	114.1	132.9	94.1	77.7
DK	200.5	213.1	217.7	248.7	284.1	300.8	316.1	325.6	325.5	323.8	315.6	310.8	310.1	316.7	116.2	15.9
DE	168.3	151.9	149.6	150.3	177.5	192.7	200.4	211.6	225.0	218.7	213.8	211.0	215.3	208.1	39.8	15.4
EE	6.5	13.4	18.7	30.5	30.6	32.2	44.2	46.3	51.0	63.4	77.4	86.9	96.4	105.1	98.6	72.9
IE	112.2	121.0	139.5	140.4	144.7	140.5	126.6	150.3	155.0	172.4	170.8	170.8	174.5	175.1	62.9	34.6
EL	157.7	161.3	157.0	138.6	132.2	117.3	118.0	110.8	111.1	115.4	115.7	114.6	124.7	:	-	-
ES	128.1	134.3	128.9	138.5	144.0	137.8	134.6	141.5	141.4	141.2	140.3	146.5	148.3	148.8	20.7	11.0
FR	169.1	167.2	169.0	170.0	176.6	173.2	162.5	178.6	172.7	177.7	175.3	180.0	180.9	:	-	-
IT	237.9	261.6	272.1	260.9	264.5	248.7	240.4	237.5	243.6	236.1	236.4	246.0	240.2	233.2	-4.7	-15.5
CY	26.4	27.1	26.4	29.3	31.9	43.1	61.2	64.6	125.3	145.4	145.8	146.5	147.6	138.3	111.9	95.3
LV	10.1	18.1	26.7	44.7	41.6	48.3	43.2	48.2	51.7	60.8	72.2	76.1	82.9	92.0	81.8	43.7
LT	12.3	16.4	25.0	38.9	54.4	58.0	64.8	75.6	79.7	77.7	81.6	83.3	92.6	102.5	90.2	44.5
LU	140.9	138.6	142.7	151.2	158.8	164.3	164.3	169.7	173.8	185.7	193.7	194.6	202.7	212.8	71.9	48.5
HU	58.5	53.1	62.2	77.0	79.3	79.7	82.4	92.9	96.5	96.6	100.8	103.8	118.6	121.6	63.1	42.0
MT	52.0	60.8	72.1	126.8	139.3	142.2	176.9	157.2	120.3	121.4	134.1	153.8	228.5	:	-	-
NL	112.4	110.9	125.6	131.2	146.4	154.4	160.0	164.4	169.1	179.9	197.9	214.3	200.0	221.1	108.7	66.7
AT	122.8	116.7	136.3	129.7	135.2	141.8	148.1	150.9	151.2	163.0	159.6	154.3	167.8	172.4	49.6	30.6
PL	20.6	26.0	27.5	37.5	47.8	58.9	66.6	77.3	72.0	75.2	95.8	101.3	120.9	131.8	111.2	72.9
PT	164.6	163.5	152.5	159.4	151.4	111.8	133.4	157.7	167.7	155.3	167.5	171.7	177.0	175.0	10.4	63.3
RO	15.1	13.6	25.3	36.1	56.0	58.2	37.8	36.5	43.7	51.5	59.4	67.2	87.8	79.1	64.0	20.9
SI	126.0	125.8	138.5	177.3	155.0	118.3	135.9	144.6	141.4	145.7	144.9	147.4	165.7	168.8	42.8	50.6
SK	29.9	29.5	32.1	32.2	33.2	42.4	37.1	44.2	59.3	70.3	77.4	83.1	95.6	107.9	78.0	65.5
FI	96.7	96.2	106.6	104.6	109.8	108.7	112.7	113.7	112.4	113.3	116.0	111.6	111.4	126.5	29.7	17.8
SE	138.3	169.2	168.0	172.7	178.3	182.0	181.6	194.5	204.7	208.9	210.7	217.9	218.7	218.9	80.7	37.0
UK	142.6	148.2	185.9	211.5	225.7	249.5	238.7	247.3	227.1	238.4	234.9	240.0	253.5	219.7	77.1	-29.8
NO	*150.8*	*151.3*	*169.8*	*148.8*	*156.9*	*176.1*	*175.6*	*185.7*	*180.6*	*165.0*	*184.6*	*195.0*	*197.3*	*201.8*	*51.0*	*25.7*
IS	*42.7*	*44.1*	*46.4*	*45.3*	*46.1*	*49.2*	*39.9*	*38.8*	*38.8*	*43.2*	*60.6*	*69.9*	*:*	*:*	*-*	*-*
EU-27 averages																
GDP-weighted	:	:	:	171.3	184.0	188.8	186.0	194.0	193.4	195.0	193.6	196.8	199.9	196.3	-	7.4
GDP-weighted (adj.)	158.4	159.8	167.6	171.3	184.0	188.8	186.0	194.0	193.4	195.0	193.6	196.8	199.9	192.5	34.1	3.7
base-weighted	:	:	:	154.2	167.2	171.7	170.2	177.9	178.1	180.0	181.1	184.4	189.4	187.3	-	15.6
base-weighted (adj.)	139.2	140.0	147.9	154.2	167.2	171.7	170.2	177.9	178.1	180.0	181.1	184.4	189.4	187.3	48.1	15.6
arithmetic	:	:	:	114.7	121.2	121.8	125.6	131.5	134.8	140.5	144.9	148.9	159.0	159.7	-	37.9
arithmetic (adj.)	96.4	99.7	105.9	114.7	121.2	121.8	125.6	131.5	134.8	140.5	144.9	148.9	159.0	161.8	65.4	39.9
EU-25 averages																
GDP-weighted	158.6	160.0	167.8	172.1	184.7	189.6	186.9	195.0	194.5	196.1	194.9	198.2	201.3	198.2	39.5	8.5
GDP-weighted (adj.)	158.6	160.0	167.8	172.1	184.7	189.6	186.9	195.0	194.5	196.1	194.9	198.2	201.3	194.0	35.4	4.4
base-weighted	143.7	144.8	152.3	158.3	170.6	175.1	173.9	182.0	182.0	183.8	184.7	188.0	192.4	190.9	47.2	15.8
base-weighted (adj.)	143.7	144.8	152.3	158.3	170.6	175.1	173.9	182.0	182.0	183.8	184.7	188.0	192.4	190.9	47.2	15.8
arithmetic	102.6	106.2	112.5	121.6	127.5	127.8	132.3	139.1	141.9	147.1	151.6	155.4	164.6	165.7	63.1	37.9
arithmetic (adj.)	102.6	106.2	112.5	121.6	127.5	127.8	132.3	139.1	141.9	147.1	151.6	155.4	164.6	167.2	64.6	39.4
EA-16 averages																
GDP-weighted	165.4	165.1	168.4	167.5	179.3	179.1	178.0	185.8	189.7	189.0	188.1	191.1	191.9	194.7	29.3	15.5
GDP-weighted (adj.)	165.4	165.1	168.4	167.5	179.3	179.1	178.0	185.8	189.7	189.0	188.1	191.1	191.9	190.0	24.6	10.8
base-weighted	161.2	159.3	162.1	162.0	173.8	173.3	172.6	180.3	184.5	184.3	184.3	187.4	188.9	191.3	30.0	18.0
base-weighted (adj.)	161.2	159.3	162.1	162.0	173.8	173.3	172.6	180.3	184.5	184.3	184.3	187.4	188.9	191.3	30.0	18.0
arithmetic	121.0	122.3	127.5	133.2	137.0	133.1	137.8	143.4	147.9	153.2	156.6	160.1	169.3	169.5	48.5	36.4
arithmetic (adj.)	121.0	122.3	127.5	133.2	137.0	133.1	137.8	143.4	147.9	153.2	156.6	160.1	169.3	171.1	50.1	38.0

Note: 2008: Provisional data

Source: Commission services

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

To address the second issue a 'real' ITR on energy has been calculated, deflating tax revenues by the deflator of final demand (Table II-5.3). This adjustment shows that in real terms, taxation on energy has been trending downward, on average, since 1999, and that the fall has been sharpest towards the end of the period. Overall, in the EU-27 at the

(GDP-weighted) average level the real ITR on energy was in 2008 clearly at the lowest level since 1995. Concerning individual countries one can observe that the real burden of taxation on energy has been declining significantly in several old Member States (Denmark, Italy, Spain, United Kingdom), offsetting increases in most new Member States and the majority of old Member States (most significantly in the Netherlands, Ireland, Luxembourg, Austria, Sweden).

Table II-5.3: Energy tax revenues in relation to final energy consumption (real ITR on energy)
Euro per tonne of oil equivalent, deflated with cumulative % change in final demand deflator (2000=100)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference 1995-2008	Difference 2000-2008
BE	97.0	96.2	94.8	95.0	95.8	92.4	90.6	95.3	94.5	103.6	106.9	103.0	112.3	97.1	0.1	4.7
BG	:	:	:	24.8	31.9	36.4	44.5	35.5	46.8	57.5	52.6	52.8	65.2	71.7	-	35.3
CZ	50.0	49.9	47.2	48.7	53.6	55.2	64.3	74.6	72.1	78.9	93.5	99.4	108.5	127.1	77.1	71.9
DK	219.2	229.6	229.6	261.4	295.6	300.8	309.3	315.9	313.9	306.6	290.3	279.8	272.6	267.8	48.6	-33.1
DE	172.4	154.9	151.3	152.1	179.7	192.7	198.3	208.3	221.0	213.3	206.6	202.0	203.5	193.8	21.5	1.1
EE	10.0	17.1	21.4	33.4	32.4	32.2	42.0	42.9	46.3	56.0	65.4	68.8	70.5	71.5	61.5	39.3
IE	133.0	141.7	159.0	154.0	153.8	140.5	120.5	139.9	144.7	158.8	154.7	150.7	153.2	153.1	20.1	12.5
EL	206.1	197.1	181.2	152.5	141.6	117.3	114.5	104.7	102.0	103.2	100.3	96.3	102.0	:	-	-
ES	147.5	150.3	140.5	148.7	151.3	137.8	130.6	133.5	129.8	125.0	119.3	119.8	117.7	114.6	-32.8	-23.2
FR	177.0	172.6	172.6	173.3	180.6	173.2	160.3	174.5	166.7	168.9	163.0	163.3	160.7	:	-	-
IT	270.5	287.4	291.9	274.8	274.2	248.7	234.2	225.6	226.4	213.8	208.0	210.1	200.2	187.4	-83.1	-61.3
CY	30.4	30.4	28.8	31.3	33.2	43.1	59.6	62.2	116.8	131.9	128.2	125.5	122.6	110.0	79.6	66.9
LV	13.7	21.3	29.1	47.3	43.6	48.3	42.6	45.8	47.0	51.3	55.1	52.9	49.8	48.4	34.7	0.1
LT	14.9	17.6	25.1	38.8	55.5	58.0	65.4	77.4	83.0	79.8	78.3	74.5	77.4	78.5	63.7	20.5
LU	167.8	158.1	160.4	169.0	170.6	164.3	167.3	172.2	177.6	181.2	177.7	168.5	167.6	173.3	5.5	9.0
HU	110.8	83.0	83.2	91.5	88.0	79.7	77.2	85.2	85.9	84.1	86.8	85.6	97.8	98.0	-12.8	18.3
MT	60.7	69.5	81.7	140.6	152.6	142.2	179.8	156.4	119.3	118.2	127.1	138.3	197.0	:	-	-
NL	123.1	120.1	133.0	138.5	153.3	154.4	155.4	157.6	160.6	169.5	182.2	193.1	177.5	189.8	66.6	35.3
AT	128.5	120.5	140.6	133.1	137.7	141.8	146.2	148.1	147.0	156.1	149.5	141.3	150.2	150.2	21.7	8.4
PL	34.7	37.6	34.9	42.8	51.4	58.9	64.7	72.9	66.6	66.7	84.2	87.6	101.3	108.0	73.2	49.0
PT	190.6	184.9	166.6	170.2	158.3	111.8	129.9	150.0	156.7	141.7	148.8	148.1	149.1	143.4	-47.2	31.6
RO	160.2	98.4	77.1	77.2	79.0	58.2	27.9	22.3	22.1	23.0	24.7	26.2	32.2	26.2	-134.0	-32.0
SI	180.3	161.6	165.6	201.4	167.8	118.3	126.1	126.7	118.9	118.4	114.5	113.7	123.9	121.7	-58.5	3.4
SK	40.1	37.2	38.1	37.3	36.9	42.4	35.2	40.8	52.9	60.2	65.0	67.8	77.3	84.6	44.5	42.2
FI	103.4	101.9	111.7	108.2	113.8	108.7	111.0	111.8	110.8	110.7	111.7	105.1	102.7	114.5	11.1	5.8
SE	144.7	177.4	173.8	178.3	182.3	182.0	176.7	187.1	195.2	198.8	196.9	199.6	196.6	190.1	45.4	8.1
UK	152.3	154.0	192.3	217.8	229.4	249.5	235.0	239.0	214.1	220.8	212.5	210.9	218.0	180.2	27.9	-69.3
NO	*188.9*	*183.4*	*201.4*	*177.0*	*178.4*	*176.1*	*172.8*	*187.7*	*178.0*	*155.0*	*162.4*	*160.7*	*159.1*	*150.7*	*-38.1*	*-25.4*
IS	*49.6*	*49.8*	*51.4*	*48.5*	*48.1*	*49.2*	*35.6*	*33.5*	*33.7*	*36.5*	*51.2*	*52.9*	*:*	*:*	*-*	*-*
EU-27 averages																
GDP-weighted	:	:	:	177.7	189.0	188.8	182.5	187.7	184.5	182.8	177.4	175.8	174.9	166.4	-	-22.5
GDP-weighted (adj.)	170.9	169.7	175.2	177.7	189.0	188.8	182.5	187.7	184.5	182.8	177.4	175.8	174.9	164.3	-6.6	-24.6
base-weighted	:	:	:	161.3	172.4	171.7	166.8	171.7	169.4	168.1	165.3	164.3	164.9	158.2	-	-13.5
base-weighted (adj.)	155.5	151.9	156.6	161.3	172.4	171.7	166.8	171.7	169.4	168.1	165.3	164.3	164.9	158.2	2.6	-13.5
arithmetic	:	:	:	123.8	127.6	121.8	122.6	126.2	127.4	129.6	129.8	129.1	133.6	129.2	-	7.4
arithmetic (adj.)	117.2	114.6	116.9	123.8	127.6	121.8	122.6	126.2	127.4	129.6	129.8	129.1	133.6	131.9	14.7	10.1
EU-25 averages																
GDP-weighted	171.1	169.8	175.4	178.4	189.7	189.6	183.5	188.7	185.6	183.9	178.7	177.4	176.6	168.6	-2.5	-21.0
GDP-weighted (adj.)	171.1	169.8	175.4	178.4	189.7	189.6	183.5	188.7	185.6	183.9	178.7	177.4	176.6	166.1	-5.0	-23.6
base-weighted	156.8	154.7	159.9	164.6	175.5	175.1	170.6	176.0	173.6	172.3	169.3	168.3	168.6	162.5	5.6	-12.6
base-weighted (adj.)	156.8	154.7	159.9	164.6	175.5	175.1	170.6	176.0	173.6	172.3	169.3	168.3	168.6	162.5	5.6	-12.6
arithmetic	119.1	118.9	122.2	129.6	133.3	127.8	129.5	133.9	134.8	136.7	137.1	136.2	140.4	136.5	17.4	8.7
arithmetic (adj.)	119.1	118.9	122.2	129.6	133.3	127.8	129.5	133.9	134.8	136.7	137.1	136.2	140.4	138.5	19.4	10.7
EA-16 averages																
GDP-weighted	178.0	175.4	176.1	173.7	184.4	179.1	174.8	180.0	181.6	177.9	173.2	171.8	169.3	167.4	-10.6	-11.7
GDP-weighted (adj.)	178.0	175.4	176.1	173.7	184.4	179.1	174.8	180.0	181.6	177.9	173.2	171.8	169.3	164.3	-13.7	-14.8
base-weighted	174.6	169.7	169.8	168.2	179.0	173.3	169.4	174.6	176.6	173.4	169.5	168.6	166.4	164.6	-10.0	-8.7
base-weighted (adj.)	174.6	169.7	169.8	168.2	179.0	173.3	169.4	174.6	176.6	173.4	169.5	168.6	166.4	164.6	-10.0	-8.7
arithmetic	139.3	136.5	138.6	142.5	143.8	133.1	135.0	138.0	140.4	142.2	141.5	140.4	144.8	141.0	1.8	7.9
arithmetic (adj.)	139.3	136.5	138.6	142.5	143.8	133.1	135.0	138.0	140.4	142.2	141.5	140.4	144.8	143.3	4.1	10.2

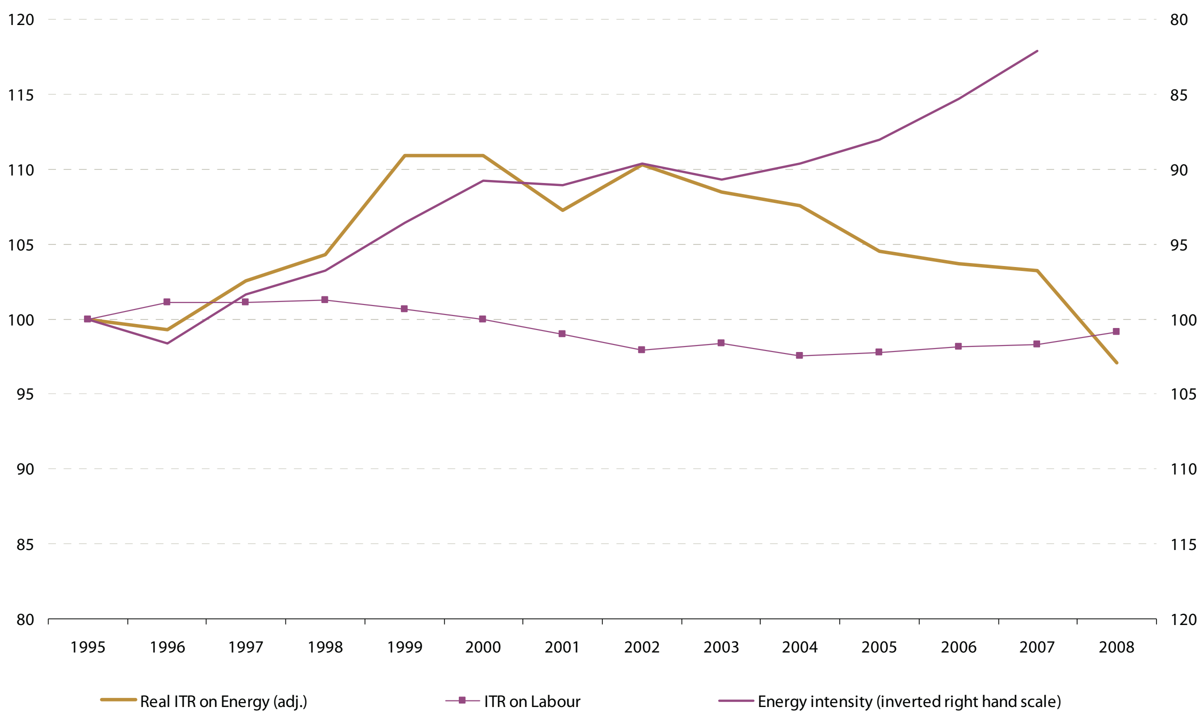
Note: 2008: Provisional data
Source: Commission services

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

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

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

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



Note: GDP-weighted averages
Source: Commission services

As for the idea of financing cuts in the labour taxation from increases in environmental taxation, its implementation would imply an opposite development of the ITRs on energy and on labour in the graph: as the ITR on energy increases, taxation of labour should fall. This has not really been the case; in fact, the development of the two trends is nearly the opposite with the ITR on labour showing a slight increase from 2004 onwards, while the ITR on energy has been declining quite sharply during the same period. These developments at the EU average level are, however, an outcome of diverging trends in individual Member States. Thus the effective tax burden on labour has been reduced, and that on energy increased in a number of them. Taking into account only the changes between 2000 and 2008 these countries include most of the new Member States (the Czech Republic, Estonia, Latvia, Lithuania, Poland, Slovenia and Slovakia) and also quite many of the old Member States (Belgium, Germany, Ireland, Finland and Sweden).

III

Developments in the Member States

Austria

AUSTRIA	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008 Ranking[1]	2008 € bn
A. Structure of revenues									% of GDP	Ranking [1]	€ bn
Indirect taxes	15.3	15.3	15.4	15.3	15.1	14.9	14.5	14.4	14.4	10	40.7
VAT	8.1	8.1	8.2	8.0	8.0	8.0	7.7	7.7	7.8	14	21.9
Excise duties and consumption taxes	2.7	2.7	2.7	2.8	2.8	2.7	2.6	2.5	2.5	20	7.0
Other taxes on products (incl. import duties)	1.2	1.2	1.1	1.2	1.2	1.1	1.2	1.1	1.1	15	3.1
Other taxes on production	3.2	3.3	3.3	3.3	3.1	3.1	3.0	3.0	3.1	4	8.7
Direct taxes	13.2	15.1	13.9	13.8	13.6	12.9	13.0	13.5	14.0	7	39.6
Personal income	10.1	10.8	10.5	10.5	10.2	9.6	9.7	10.0	10.4	7	29.4
Corporate income	2.2	3.3	2.4	2.3	2.4	2.3	2.3	2.6	2.6	22	7.5
Other	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	7	2.7
Social contributions	14.8	14.9	14.7	14.7	14.7	14.6	14.5	14.3	14.4	5	40.5
Employers´	7.1	7.0	6.9	6.9	6.9	6.9	6.8	6.7	6.7	12	19.0
Employees´	6.0	6.1	6.0	6.1	6.0	5.9	5.9	5.8	5.9	4	16.5
Self- and non-employed	1.6	1.7	1.7	1.8	1.9	1.8	1.8	1.8	1.8	8	5.0
Less: amounts assessed but unlikely to be collected	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1		
TOTAL	43.2	45.3	43.9	43.8	43.4	42.3	41.9	42.2	42.8	5	120.7
Cyclically adjusted total tax to GDP ratio	42.4	45.1	44.0	44.4	43.7	42.5	41.4	40.8	41.2		
B. Structure by level of government									% of total taxation		
Central government	51.7	53.5	53.7	54.1	54.0	53.3	52.9	53.2	52.3	19	63.1
State government[2)]	7.7	7.4	7.3	7.0	7.1	7.1	7.1	7.3	8.1	4	9.8
Local government	11.7	11.5	11.2	10.8	10.9	10.9	11.0	11.1	11.4	10	13.7
Social security funds	27.7	26.5	27.0	27.3	27.5	28.2	28.3	27.9	27.7	16	33.5
EU institutions	1.4	1.2	1.0	0.9	0.6	0.7	0.7	0.7	0.7	21	0.8
C. Structure by economic function									% of GDP		
Consumption	12.4	12.4	12.5	12.4	12.4	12.2	11.8	11.7	11.7	13	32.9
Labour	24.0	24.3	24.2	24.4	23.9	23.4	23.4	23.3	23.9	3	67.4
Employed	21.7	21.9	21.7	21.8	21.4	21.0	21.0	20.9	21.4	4	60.4
Paid by employers	9.7	9.7	9.5	9.6	9.4	9.4	9.3	9.2	9.4	7	26.5
Paid by employees	12.0	12.2	12.2	12.2	11.9	11.7	11.7	11.7	12.0	7	33.9
Non-employed	2.3	2.5	2.5	2.6	2.5	2.4	2.4	2.4	2.5	6	7.0
Capital	6.9	8.6	7.3	7.1	7.1	6.8	6.8	7.2	7.3	12	20.6
Capital and business income	5.8	7.4	6.1	5.9	6.1	5.8	5.8	6.2	6.4	7	17.9
Income of corporations	2.2	3.3	2.4	2.3	2.4	2.3	2.3	2.6	2.6	24	7.5
Income of households	0.9	0.9	0.9	0.8	0.8	0.8	0.9	1.1	1.2	7	3.5
Income of self-employed (incl. SSC)	2.7	3.2	2.8	2.8	2.9	2.7	2.6	2.5	2.5	3	7.0
Stocks of capital / wealth	1.1	1.1	1.1	1.1	1.1	1.0	1.0	1.0	1.0	21	2.7
D. Environmental taxes									% of GDP		
Environmental taxes	2.4	2.6	2.7	2.7	2.7	2.6	2.5	2.4	2.4	17	6.8
Energy	1.6	1.7	1.7	1.8	1.9	1.8	1.6	1.6	1.6	18	4.6
Of which transport fuel taxes	1.2	1.3	1.3	1.4	1.4	1.4	1.3	1.3	1.3	18	
Transport (excl. fuel)	0.8	0.9	0.9	0.9	0.8	0.8	0.8	0.8	0.8	8	2.1
Pollution/resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18	0.1
E. Implicit tax rates									%		
Consumption	22.1	22.1	22.5	22.2	22.1	21.7	21.2	21.6	22.1	10	
Labour employed	40.1	40.6	40.8	40.8	41.0	40.8	40.8	41.0	41.3	6	
Capital	27.7	36.2	29.6	28.6	27.6	24.7	24.9	26.3	27.3		
Capital and business income	23.2	31.4	25.1	24.1	23.5	21.0	21.1	22.6	23.7		
Corporations	27.1	37.6	28.7	27.1	26.2	23.7	23.5	25.1	26.1		
Households	8.1	9.0	9.8	8.8	7.8	6.7	7.4	9.0	9.7		
Real GDP growth (annual rate)	3.7	0.5	1.6	0.8	2.5	2.5	3.5	3.5	2.0		

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

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

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

n.a. not applicable, : not available

Source: Commission Services

AUSTRIA

Overall trends in taxation

Structure and development of tax revenues

In Austria, the overall tax burden (including social contributions) is at 42.8 % almost five percentage points of GDP above the EU average (EU-27 37.0 %), with only the Nordic Countries, and Belgium recording higher rates.

Austria derives 33.7 % of tax revenues from indirect taxes (EU-27 37.6 %), of which VAT accounts for more than half. Austria raises a substantial amount from other taxes on production (7.2 % of total taxation, EU-27 3.9 %), in particular from an employers' contribution to the fund for equalisation of family burdens and a payroll tax payable to communes. By contrast, excise duties account for relatively little revenue. This reflects the moderate rates imposed, in particular on alcoholic beverages. Direct taxes account for a proportion of revenue (32.8 %) in line with the EU average although they rely more heavily on PIT (24.4 %, EU-27 21.1 %) than on CIT (6.2 %, EU-27 9.2 %). Social contributions account for one third of total tax receipts (33.6 %, EU-27 30.2 %).

Among the federal countries in the EU, Austrian states receive the lowest proportion of total tax revenues (8.1 % as against more than 20 % in Belgium, Germany and Spain). The share of local governments (11.4 %) is in line with the EU-27 average.

The political goal of achieving a balanced budget position in 2001 resulted in a hike of the tax-to-GDP ratio by 2.1 percentage points. The peak total tax revenues of 45.3 % of GDP in 2001 were achieved despite a considerable economic slowdown. The rise was due to base-broadening measures, reductions in tax credits and above all significantly increased tax pre-payments, stimulated by the introduction of interest charges on tax arrears. Reforms enacted since then resulted in a continuous decline of the tax-to-GDP ratio until 2006. In particular the two steps of the tax reform 2004/05, focusing on the reduction of wage and corporate taxation, led to an estimated tax relief of about € 3 billion (1.2 % of GDP). The renewed increase of the tax-to-GDP ratio by almost one percentage points to 42.8 % of GDP since 2006 is due to a pick up in direct tax revenues. However, this rather reflects the strong economic growth (increases in the wage sum and sustained corporate profits) than significant changes in the tax system. Hence, cyclically adjusted total tax revenues remain at their lowest levels since 2000.

Taxation of consumption, labour and capital; environmental taxation

Taxes on consumption as a percentage of GDP (11.7 %) are slightly below the EU-27 average (12.0 %). As the implicit tax rate on consumption increased considerably in 2008 it now stands at 22.1 % for the first time since 2004 above the EU-27 average of currently 21.5%.

Taxes on employed labour represented 21.4 % of GDP in 2008, constituting around one half of the total tax burden. As in most EU countries, the tax burden on employed labour consists mainly of social contributions. In addition to the personal income tax, levied in the form of a withholding tax on wages and salaries, indirect labour taxes — such as the contribution by employers to the Family Burdens Equalisation Fund and the payroll tax — also contribute substantially to the overall taxation burden. The Austrian implicit tax rate on labour was about seven percentage points above the EU-27 average in 2007 (41.3 %, EU-27 34.2 %). Despite the tax reform 2004/05 it has remained more or less stable since 2002, showing the largest increase in 2008.

The share of taxes on capital in GDP (7.3 %) is slightly below the EU-27 average and below the euro area average (EU-27 7.5 %, EA-16 8.5 %). This is partly due to the fact that the tax on capital stocks and wealth yields less than half of the average amount in the euro area (1.0 % of GDP, EA-16 2.1 % of GDP). Base-broadening measures and increased prepayments, in reaction to the introduction of interest payments on tax arrears, led to a dramatic rise of revenues in

2001 before falling back in the following years, as is reflected in the implicit tax rate on corporate income (2000 27.1 %, 2001 37.6 %, 2002 28.7 %). The fall of the ITR on capital by almost three percentage points in 2005 is mainly driven by the fall in the ITR on corporations, in line with the decrease in the corporate income tax rate from 34 % to 25 %. Capital taxes raised on income of corporations in relation to GDP are in general low (2.6 %, EU-27 3.4 %) because of the large number of unincorporated businesses in Austria.

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

Current topics and prospects; policy orientation

As a tax reform targeting an annual tax relief of about € 3 billion (1.1 % of GDP) was adopted in 2009 *(Steuerreformgesetz 2009*), no major changes to the tax system were introduced in 2010. In light of the financial and economic crises the reform was shifted forward by one year (to 2009) to stabilise the economy. Its key elements are changes in the income tax system (€ 2.3 billion) and the relief of families (€ 0.5 billion). The four brackets system was retained, but the marginal rates of the second and third brackets were lowered. The width of the zero rate bracket was increased by € 1 000, while the tax bracket for the top rate of 50 % was increased by € 9 000. The family tax relief package comprises increases in child allowances and child related tax credits, tax allowances for childcare costs, as well as wage tax exemptions for childcare subsidies paid by employers. In 2010, an increased commuter tax credit, originally intended to expire in 2009, was extended to 2010.

For unincorporated businesses the 2009 tax reform offered a tax relief achieved by the increase in the tax allowances for business profits from 10 % to 13 % from 2010 onwards; however, this was partly offset by the cancellation of the tax favourable treatment for retained earnings. As a contribution to counteract the recession an increased accelerated depreciation of 30 % in the year of investment was introduced for the years 2009 and 2010 which will lead to a tax relief of about € 700 million for both years. Furthermore, the preferential treatment for stock options was abolished as of 1 April 2009.

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 tax reform 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. Further changes referred to, inter alia, the introduction of an additional children's tax credit for single parents and sole earners. Originally intended to counteract high inflation, the commuter tax credit and the negative income tax for low income commuters, first introduced in 2007, were increased further in 2008. While originally intended to expire at the end of 2009, this increased tax credit was extended to 2010.

Austria has a comprehensive and progressive personal income tax scheme. From 2005-2008, the four brackets had marginal rates of 0 %, 38.333 %, 43.596 % and 50 %; as from 2009 the marginal tax rates applied for the brackets are: 0 %, 36.5 %, 43.2143 % and 50 %. Since 2009, the zero-rate bracket goes up to a taxable income of € 11 000 (2008: € 10 000), which means that — as a result of other tax credits — annual gross earnings of about € 16 800 for employees and € 15 000 for pensioners are tax-free (2008: € 15 800 and € 13 500, respectively). The top rate of 50 % applies as of a taxable income of € 60 000 (2008: € 51 000). Since 2009 donations to humanitarian charities have been made tax deductible. For partnerships and other unincorporated enterprises the tax allowance for profit income was increased to 13% while the favourable tax treatment of retained profits was abolished in 2010. As a substantial proportion of enterprises are unincorporated, the reform of PIT affects both individuals and enterprises to a greater extent than elsewhere.

Capital gains are usually not included in taxable income. However, this does not apply for gains realised as part of commercial activity or on speculative gains (e.g. from shares within a one-year holding period and immovable property within a 10-year period) 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. 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; now allowing for an additional tax deduction of 25 % of qualifying expenditures or alternatively an 8 % R&D premium. Similarly, the training allowance is 20 % of the qualifying expenses with an alternative tax credit of 6 %. Since 2001 tax arrears have been subject to an interest charge, which led to a jump in corporate tax receipts in that year. As a contribution to counteract the cyclical decline (*Konjunkturbelebungsgesetz 2009*), an accelerated depreciation of 30 % in the year of investment was introduced for the years 2009 and 2010.

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

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

VAT and excise duties

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

Wealth and transaction taxes

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

Social contributions

In principle, the entire labour force must be insured under the social security system. For employees, they and their employers must pay contributions as a percentage of their earnings up to a ceiling of € 57 540 (2009: € 56 280); this ceiling is also applicable to self-employed. The overall employees' contribution rate is about 18 % in general. The rate for the employers is slightly above 21 ½ %. However, in certain cases additional contribution rates or reduced rates, such as reduced unemployment insurance contributions for old and low income earners, apply. The rate for self –employed is about 25 %.

BELGIUM	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008 Ranking [1]	2008 € bn
A. Structure of revenues									% of GDP	*Ranking* [1]	*€ bn*
Indirect taxes	13.7	13.2	13.2	13.3	13.4	13.5	13.7	13.3	13.1	*14*	*45.2*
VAT	7.2	6.9	6.9	6.8	6.9	7.1	7.1	7.1	7.0	*21*	*24.1*
Excise duties and consumption taxes	2.4	2.3	2.3	2.4	2.4	2.4	2.2	2.2	2.1	*25*	*7.1*
Other taxes on products (incl. import duties)	2.2	2.2	2.1	2.2	2.2	2.3	2.4	2.4	2.3	*6*	*7.8*
Other taxes on production	1.9	1.9	1.8	1.9	1.9	1.8	1.9	1.6	1.8	*8*	*6.1*
Direct taxes	17.5	17.7	17.5	17.1	17.4	17.5	17.2	17.0	17.2	*5*	*59.4*
Personal income	13.2	13.5	13.3	13.0	12.9	12.9	12.3	12.2	12.6	*4*	*43.5*
Corporate income	3.2	3.1	3.0	2.9	3.1	3.2	3.6	3.5	3.3	*11*	*11.5*
Other	1.1	1.1	1.2	1.2	1.4	1.4	1.3	1.3	1.3	*5*	*4.4*
Social contributions	13.9	14.1	14.3	14.2	13.9	13.6	13.5	13.6	13.9	*7*	*48.0*
Employers´	8.3	8.5	8.6	8.6	8.4	8.2	8.2	8.2	8.4	*8*	*29.0*
Employees´	4.3	4.5	4.5	4.4	4.3	4.2	4.1	4.2	4.2	*8*	*14.6*
Self- and non-employed	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.3	*10*	*4.5*
Less: amounts assessed but unlikely to be collected	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
TOTAL	**45.0**	**45.0**	**45.1**	**44.6**	**44.7**	**44.7**	**44.3**	**43.9**	**44.3**	***3***	***152.6***
Cyclically adjusted total tax to GDP ratio	44.1	44.7	45.1	45.2	44.7	44.6	43.7	42.4	43.0		
B. Structure by level of government									% of total taxation		
Central government	36.8	34.9	34.8	33.6	32.8	32.1	31.6	30.3	29.6	*27*	*45.2*
State government [2]	22.9	24.3	23.1	24.1	23.6	24.1	24.1	24.4	24.7	*1*	*37.7*
Local government	4.3	4.6	4.9	5.2	5.0	5.0	5.1	5.3	4.6	*18*	*7.0*
Social security funds	34.3	34.6	35.8	35.8	37.4	37.6	38.0	38.7	39.9	*3*	*60.8*
EU institutions	1.7	1.6	1.3	1.4	1.2	1.2	1.3	1.3	1.3	*4*	*1.9*
C. Structure by economic function									% of GDP		
Consumption	11.3	10.9	10.9	10.9	11.0	11.1	11.2	10.9	10.7	*20*	*36.7*
Labour	24.2	24.7	24.8	24.6	24.0	23.8	23.0	23.0	23.6	*4*	*81.3*
Employed	22.2	22.6	22.7	22.4	22.2	21.9	21.3	21.3	21.8	*3*	*75.2*
Paid by employers	8.3	8.5	8.6	8.6	8.4	8.2	8.2	8.2	8.4	*10*	*29.0*
Paid by employees	13.9	14.2	14.1	13.8	13.8	13.7	13.1	13.0	13.4	*2*	*46.2*
Non-employed	2.0	2.1	2.1	2.1	1.8	1.8	1.7	1.7	1.8	*9*	*6.1*
Capital	9.5	9.4	9.3	9.2	9.7	9.9	10.1	10.0	10.0	*6*	*34.6*
Capital and business income	6.2	6.1	5.9	5.7	5.9	6.2	6.4	6.3	6.3	*8*	*21.8*
Income of corporations	3.2	3.1	3.0	2.9	3.1	3.3	3.5	3.5	3.3	*13*	*11.5*
Income of households	0.5	0.6	0.5	0.5	0.5	0.6	0.6	0.6	0.6	*16*	*2.1*
Income of self-employed (incl. SSC)	2.4	2.4	2.4	2.3	2.3	2.3	2.3	2.2	2.4	*5*	*8.2*
Stocks of capital / wealth	3.4	3.3	3.4	3.5	3.8	3.7	3.8	3.7	3.7	*3*	*12.8*
D. Environmental taxes									% of GDP		
Environmental taxes	2.3	2.3	2.2	2.3	2.4	2.3	2.2	2.1	2.0	*23*	*6.8*
Energy	1.4	1.4	1.4	1.4	1.5	1.5	1.4	1.3	1.2	*26*	*4.3*
Of which transport fuel taxes	1.4	1.3	1.3	1.3	1.3	1.3	1.2	1.2	1.1	*24*	
Transport (excl. fuel)	0.6	0.7	0.7	0.7	0.7	0.7	0.6	0.6	0.6	*12*	*2.0*
Pollution/resources	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	*7*	*0.5*
E. Implicit tax rates									%		
Consumption	21.8	20.9	21.4	21.4	22.1	22.3	22.5	22.1	21.2	*11*	
Labour employed	43.6	43.3	43.3	43.1	43.8	43.6	42.5	42.4	42.6	*2*	
Capital	29.6	29.5	30.7	31.6	32.7	32.8	33.1	31.8	32.7		
Capital and business income	19.1	19.2	19.5	19.5	20.0	20.6	20.8	20.1	20.6		
Corporations	24.4	24.2	23.2	22.3	22.0	22.0	22.7	20.9	21.4		
Households	12.9	13.0	13.8	14.2	14.9	15.6	15.2	15.3	15.7		
Real GDP growth (annual rate)	3.7	0.8	1.4	0.8	3.2	1.8	2.8	2.9	1.0		

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

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

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

n.a. not applicable, : not available

Source: Commission Services

BELGIUM

Overall trends in taxation

Structure and development of tax revenues

The structure of the Belgian tax system, in terms of the share of revenue raised by the different taxes, has remained relatively stable since 2000, in spite of a far-reaching tax reform of direct taxation over the last years. The structure is characterised by a relatively high share of direct taxes (38.9 %, EU-27 32.4 %), reflecting a broad reliance on corporate and personal income taxes. By contrast, with 29.6 %, the share of indirect taxes is the lowest in the EU (EU-27 37.6 %). Following the 2002 corporate tax reform and a favourable business cycle, the share of corporate tax revenue had significantly increased. A reduction in the tax base of corporations thanks to the ACE system (see below) seems to have reversed this trend. The tax reform was complemented by successive targeted reductions in employers' social security contributions.

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

Belgium belongs to the group of EU countries with the highest tax levels, alongside the Nordic countries and Austria. Slightly increasing by 0.4 percentage points, the 2008 total tax ratio was, at 44.3 %, the third highest in the EU after Denmark and Sweden (EU-27 37.0 %). This difference is equally reflected when the cyclically-adjusted indicator is taken into account (43.0 % compared to 35.0 %).

Taxation of consumption, labour and capital; environmental taxation

The implicit tax rate on consumption further declined in 2008. At 21.2 %, it was slightly below the EU average for the second time in a row since 2000 (EU-27 21.5 %). As a percentage of GDP, VAT and excise duties collection are amongst the lowest in the EU-27 at respectively 7.0 % and 2.1 % (EU-27 7.8 % and 3.0 %).

Despite noticeable labour taxation reforms, Belgium still imposes relatively heavy taxes on labour with an implicit tax rate of 42.6 %, the second highest in the EU. Targeted rebates in employers' social contributions were used as the main instrument to reduce labour costs([65]). The 2000–2006 reform programme paved the way for easing the tax burden on labour and led to a decrease in the ITR by 1.3 percentage points between 2004 and 2006([66]). The ITR on labour has been relatively stable since 2006.

The ITR on capital somewhat increased from 29.6 % in 2000 to 32.7 % in the year 2008. By and large, the 2008 ITR on capital and business income of households is comparable to its 2005 level, while the ITR on corporations has slightly decreased compared to 2006. On the household side, the gradual increase since 2000 might be explained in part by the boom in the real estate market that has resulted in an increase of registration duties. In 2008, taxes on stocks of capital/wealth amounted to 3.7 % of GDP. This level is stable since 2004 and is the third highest value in the EU.

Revenues from environmental taxation have declined in percentage of GDP since 2004. In 2008 environmental tax revenue amounted to 2.0 % of GDP, below the EU-27 average (2.6 %). The low revenues from energy taxation explain this difference (1.2 % compared to EU-27 1.8 %).

([65]) However, some of theses rebates are considered as wages subsidies according to the Belgian National Accounts and are consequently not deducted from the tax revenue.
([66]) When accounting with the amount of rebates that are considered as wage subsidy in the national accounts, an additional drop should be taken into account.

Current topics and prospects; policy orientation

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

In response to the economic downturn, several measures were announced at the end of 2008 and formally approved in early 2009. The 'recovery plan' includes a VAT rate reduction (from 21 % to 6 %) on the construction of private (up to € 50 000) and social dwellings as well as a VAT rate reduction (from 21 % to 12 %) on food served in restaurants and catering services. Moreover, an acceleration of VAT restitutions and a temporary prolonged payment delay for the wage withholding tax was approved. The measures target energy saving (tax deductions and interest bonuses), tax reductions for overtime, cuts in wage withholding taxes for scientific researchers and a decrease in the general wage withholding tax. The general reduction in wage withholding taxes increases from 0.25 % to 0.75 % from 1 June 2009 and to 1 % as from 1 January 2010, whereas the reduction for scientific personnel increased to 75 % (from 1 January 2009), and the reduction for night and shift workers increased from 10.7 % to 15.6 % (from 1 June 2009). In addition, the number of overtime hours which qualify for reduced wage withholding tax was also increased from 65 hours to 100 hours in 2009 and to 130 hours in 2010.

Several additional measures aimed at providing incentives for individuals and companies to favour cars with low emission levels. For individuals, a credit (directly on the invoice) of 15 % of the purchase price (with a maximum of € 4 270) is granted for cars emitting less than 105g CO2/km. The credit is reduced to 3 % (with a maximum of € 800) for cars emitting between 105 and 115 g CO2/km. For companies, zero-emission cars used for business purposes became deductible at 120 %, while the deduction of fuel costs for cars used for business and private purposes has been reduced from 100 % to 75 % (50 % for high-emission cars used for business purposes).

Finally, while several anti-abuse measures have been introduced, the cap on the rate of the notional interest deduction was temporally lowered from 6.5 % to 3.8 % in 2010 and 2011. So the actual Allowance for Corporate Equity rate drops from 4.473 % in 2009 to 3.8 % (4.3 % for SME) in 2010 and 2011.

Main features of the tax system

Personal income tax

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

In practice, the basis for taxation at the marginal rate consists of (deemed) property and professional income. Spouses are taxed separately, although a marital quotient exists: 30 % of the higher income is transferred to the lower one, provided it does not exceed € 8 880. A major reform was implemented in 2000–2006, introducing changes in brackets, rates, deductions and exemptions as well as a tax credit for lower incomes. There are currently 5 brackets (beside the basic allowance) between 25 and 50 % and a municipal surcharge varying between 0 and 9.5 %. Within certain limits, regions have the option to levy additional surcharges or to grant tax reductions.

Dividends (25 % or 15 %) and interest (15 %) are taxed at a final withholding tax; however taxpayers can opt to include those in their annual income with a tax credit for the withholding tax paid. Taxation of private capital gains is almost non-existent (except for those on some capitalisation vehicles), interest on ordinary saving accounts is exempt up to € 1 730 and pension savings enjoy a special regime resulting in negative effective rates, as in other EU countries.

Corporate taxation

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

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

VAT and excise duties

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

Wealth and transaction taxes

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

Social contributions

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

BULGARIA	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008	
A. Structure of revenues									% of GDP	*Ranking* [1]	*€ bn*
Indirect taxes	15.0	14.6	14.4	15.8	17.5	18.7	19.4	18.9	18.6	*2*	*6.3*
VAT	9.7	9.1	9.2	9.8	10.7	12.1	12.4	12.1	11.5	*1*	*3.9*
Excise duties and consumption taxes	3.7	4.1	3.7	4.5	5.1	4.9	5.2	5.9	6.1	*1*	*2.1*
Other taxes on products (incl. import duties)	1.0	0.8	0.8	0.9	1.0	1.0	1.2	0.4	0.5	*23*	*0.2*
Other taxes on production	0.5	0.5	0.6	0.7	0.7	0.6	0.6	0.4	0.5	*23*	*0.2*
Direct taxes	7.0	7.6	6.4	6.7	6.0	5.7	6.0	7.2	7.0	*25*	*2.4*
Personal income	4.1	3.6	3.2	3.3	3.2	2.9	2.7	3.2	3.0	*26*	*1.0*
Corporate income	2.7	3.8	2.9	3.1	2.4	2.4	2.7	3.2	3.3	*10*	*1.1*
Other	0.2	0.2	0.2	0.3	0.4	0.4	0.6	0.7	0.7	*14*	*0.2*
Social contributions	11.0	10.0	9.5	10.6	10.5	10.3	8.7	8.7	8.1	*22*	*2.8*
Employers´	8.1	7.3	6.6	7.4	7.4	6.8	5.4	5.4	5.0	*20*	*1.7*
Employees´	1.6	1.5	1.8	1.9	1.9	2.2	2.2	2.3	2.6	*18*	*0.9*
Self- and non-employed	1.2	1.2	1.1	1.2	1.2	1.3	1.1	1.0	0.4	*18*	*0.2*
Less: amounts assessed but unlikely to be collected	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4		
TOTAL	**32.5**	**30.9**	**29.6**	**32.2**	**33.1**	**34.0**	**33.2**	**34.2**	**33.3**	***19***	***11.4***
Cyclically adjusted total tax to GDP ratio	33.9	32.2	30.4	32.7	32.8	33.1	31.5	31.7	29.8		
B. Structure by level of government									% of total taxation		
Central government	57.5	60.5	59.2	68.3	69.6	70.0	74.0	72.3	72.5	*6*	*8.2*
State government [2]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	*n.a.*	*n.a.*
Local government	10.0	11.2	11.0	1.5	1.6	1.7	2.3	2.7	3.0	*23*	*0.3*
Social security funds	33.8	32.5	32.0	32.8	31.8	30.3	26.3	25.3	24.3	*19*	*2.8*
EU institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.1	1.2	*n.a.*	*n.a.*
C. Structure by economic function									% of GDP		
Consumption	14.4	14.0	13.7	15.1	16.8	18.0	18.7	18.4	18.0	*1*	*6.1*
Labour	14.0	12.6	11.8	12.9	12.8	12.2	10.5	10.8	10.2	*26*	*3.5*
Employed	13.5	12.1	11.3	12.4	12.2	11.6	10.0	10.3	10.0	*26*	*3.4*
Paid by employers	8.4	7.5	6.8	7.7	7.6	7.0	5.6	5.5	5.0	*20*	*1.7*
Paid by employees	5.1	4.6	4.5	4.7	4.6	4.6	4.4	4.9	5.0	*26*	*1.7*
Non-employed	0.6	0.6	0.5	0.5	0.6	0.6	0.6	0.5	0.2	*22*	*0.1*
Capital	4.6	5.6	4.8	5.0	4.5	4.5	4.8	5.5	5.4	*21*	*1.8*
Capital and business income	4.2	5.2	4.3	4.4	3.8	3.8	3.9	4.5	4.3	*20*	*1.5*
Income of corporations	2.8	3.9	3.1	3.2	2.6	2.5	2.9	3.4	3.5	*8*	*1.2*
Income of households	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	*22*	*0.1*
Income of self-employed (incl. SSC)	1.3	1.1	1.1	1.1	1.1	1.2	0.9	0.9	0.6	*22*	*0.2*
Stocks of capital / wealth	0.4	0.4	0.5	0.6	0.7	0.7	0.8	1.0	1.1	*18*	*0.4*
D. Environmental taxes									% of GDP		
Environmental taxes	2.5	2.8	2.2	3.0	3.4	3.1	3.1	3.4	3.5	*3*	*1.2*
Energy	2.3	2.6	2.0	2.6	3.0	2.7	2.7	3.0	3.1	*1*	*1.0*
Of which transport fuel taxes	:	:	:	:	:	:	:	2.9	3.0	*1*	
Transport (excl. fuel)	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	*19*	*0.1*
Pollution/resources	0.0	0.0	0.1	0.2	0.2	0.1	0.1	0.1	0.1	*8*	*0.0*
E. Implicit tax rates									%		
Consumption	19.7	18.9	18.7	20.6	23.2	24.4	25.5	26.6	26.4	*6*	
Labour employed	38.7	34.3	32.9	35.5	36.3	34.7	30.6	29.9	27.6	*23*	
Capital	:	:	:	:	12.2	:	13.9	16.9	:		
Capital and business income	:	:	:	:	10.3	:	11.5	13.9	:		
Corporations	:	:	:	:	14.8	:	15.3	20.0	:		
Households	:	:	:	:	6.2	:	6.8	6.9	:		
Real GDP growth (annual rate)	5.4	4.1	4.5	5.0	6.6	6.2	6.3	6.2	6.0		

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

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

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

n.a. not applicable, : not available

Source: Commission services

BULGARIA

Overall trends in taxation

Structure and development of tax revenues

At 33.3 % in 2008, 3.7 percentage points below the EU average, Bulgaria ranks 19th in the EU in terms of the total tax-to-GDP ratio. Compared to neighbouring Romania, Bulgaria's total tax ratio is 5.3 percentage points higher, while the difference from the remaining Central and Eastern European Member States is most marked with Hungary, 7.1 percentage points lower.

Bulgaria is the EU Member State most reliant on indirect taxation; the share of indirect taxes on total taxation amounts to 55.7 %. In terms of its share in GDP the level of indirect taxation is also well above the EU average (18.6 %, EU-27 13.8 %) being the second highest in the EU. VAT accounts for 62 % and excise duties account for 33 % of indirect taxes. The latter increased by 65 % since 2000, the highest change in the EU, which reflects partly the necessary adjustments of the excise duties to the EU required minimum but also the consistent government policy of shifting the tax burden from direct to indirect taxation. Consequently, direct taxes account for only 21 % of total taxation, the second lowest value in the Union. The low share of direct taxation is mainly due to the modest PIT revenues, which yield only 40 % of the EU average. Social security contributions have been reduced significantly over the last eight years; as of 2008 they represent only 24.3 % of total taxation (EU 30.2 %), around 60 % of which are paid by the employer.

Central government accounts for 72.5 % of total tax revenues, followed by social security funds (24.3 % of total tax revenues), while local government revenues are marginal. This is due to the abolition of the local CIT surcharge and discontinuing of PIT sharing as of 2003. As a result, local government revenues fell from 11 % of total tax revenue in 2002 to 1.5 % 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 2008 (33.3 %) is almost one percentage point higher than in 2000. The decrease of the ratio in 2001 and 2002 was mainly due to cuts in PIT and social security contribution rates. However, later developments resulted in the introduction of minimum social security thresholds in 2003 which led to a stabilisation of social security revenues. In the period 2006-2008, a decline in revenues from social contributions and VAT was offset by further growth in receipts from excise duties as well as from PIT and CIT, so that the overall tax-to-GDP ratio remained almost unchanged. However, this was rather due to favourable economic conditions, as the cyclically adjusted ratios reveal an opposite downward trend decreasing four points during the period 2000-2008. This reflects the government's efforts to decrease the tax burden in direct taxation, especially the one falling on labour, in order to attract investment and promote job growth.

Taxation of consumption, labour and capital; environmental taxation

Taxes on consumption in Bulgaria amounted to 18.0 % of GDP in 2008, the highest value in the EU. This is mainly due to a high share of domestic final consumption in GDP — nearly three quarters. The rate of taxation contributes less to this high level as shown by the ITR on consumption which — at 26.4 % — is only the sixth highest in the EU. The ITR on consumption is driven up to well above the VAT standard rate (20 %) by a high level of excise duties which yield as much as 50 % of VAT revenues. The increase of the ITR during the last several years is notably due to the continuous increase of excise duty rates, the lowering of the VAT registration threshold and the introduction of VAT accounts.

In 2008, revenue from labour taxation amounted to only 10.2 % of GDP, the second lowest value in the Union and 7.3 percentage points below the EU average. Among other factors, this is due to the relatively low level of compensation of employees (36.2 % of GDP) and the very low proceeds from employed labour taxation. At 27.6 %, the ITR on labour, is also well below the EU average (34.2 %). The ratio was decreasing steadily for the last several years largely due to the government's effort of reducing the tax burden falling on the employer by cutting down on several occasions the employers' social contributions.

Revenues from taxes on capital amounted to 5.4 % of GDP in 2008, two percentage points below the EU average. The ratio decreased gradually from 2001 to 2005, but picked up in 2006 owing to higher proceeds from corporate income taxation. The ITRs on capital for the years available show relatively low levels, one reason for which could be the high share of the operating surplus in GDP. Due to increasing share of capital taxes to GDP and decreasing ratio of capital tax base to GDP, the ITRs on capital increased in the period 2004-2007.

At 3.5 % of GDP, revenues from environmental taxes are the third highest in the EU (2.6 %). This is due to high revenue from energy taxation, which — at 3.1 % of GDP — is the highest in the EU (1.8 %). This again reflects the strong reliance of the country on revenues from indirect taxes and the high share of excise duties in total taxation, 50% of which comes only from excise duties on fuel. Consequently, the country ranks first in revenues from energy taxes levied on transport fuel – 3 % of GDP in 2008, while transport taxes excluding fuel are of somewhat lesser importance amounting to only 0.3 % of GDP.

Current topics and prospects; policy orientation

In the context of the current recession, the Bulgarian government is following a policy aiming to both limit expenditures and to increase revenues collection. In 2010 the tax rate on the gross proceeds from gambling was increased from 10 % to 15 % and the excise duties on cigarettes were set to a rate almost 20 % above the EU required minima. In order to raise revenues from social security contributions and limit the grey economy, the minimum monthly amount of self-employed insurance income, on which contributions have to be paid, was increased from BGN 260 (€ 133) to BGN 420 (€ 215), as of 1 January 2010. One of the measures planned to have the strongest impact on protecting jobs and vulnerable groups of the labour market is the reduction in social security contributions for the Pension fund by 2 percentage points in 2010; another 3 percentage points reduction being planned by 2012. In addition, the mortgage interest deduction for dwellings of young families, which was introduced temporarily in 2009, was prolonged and will stay effective in 2010 as well. At the end of March 2010 the government proposed an anti-crisis package consisting of 60 measures, which is expected to bring in around BGN 1.5 billion (€ 0.8 billion) in revenues. Some of the main measures in the plan include emissions trading, privatization of state-owned minority stakes, land lease and sale, concessions, selling unused greenhouse gas quotas, tax on gambling and national lottery prizes, and a tax on luxury assets.

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 an increase in employment prevented significant revenue losses. In 2006 and 2007 three tax brackets with rates of 20 %, 22 % and 24 % respectively were in place (the latter down from 40 % in 1998). As of 1 January 2008 Bulgaria has introduced a 10 % flat-rate tax system, which replaced the previous progressive income tax rates.

The flat tax is levied on income from six sources and only very few tax reliefs are in force. The net income of sole proprietors is taxed separately by way of 15 % final flat tax. In certain sectors small businesses operated by natural persons, including sole proprietors, are subject to a lump sum ('patent') tax provided that they are not registered for VAT.

The current system does not provide for tax credits or general and child allowance; only disabled individuals are granted an annual allowance of BGN 7 920 (€ 4 049). Donations to certain qualifying institutional beneficiaries, mandatory social security contributions and certain voluntary contributions and premiums are deductible from the aggregate taxable income. As of 1 January 2009, a mortgage interest deduction for dwellings of young families is introduced. The deduction is limited to the interest on the first BGN 100 000 (€ 51 129) of the mortgage loan.

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

Corporate taxation

In the course of the last decade, corporate income taxation in Bulgaria has become increasingly favourable to business. Starting from the 40 % rate in 1995 for large enterprises, the rate was lowered almost every year to reach the 10 % rate applicable as from 1 January 2007. Initial investment, computers and software as well as mobile phones benefit from a special 50 % depreciation rate. Moreover, the 50 % depreciation rate is applicable to any type of investment in new assets, if made to promote energy efficiency.

The taxable result is derived from the accounting result, amended for tax purposes. Losses are carried forward for five years. Dividends distributed between resident commercial companies are exempt. As of 1 January 2009, EEA inbound and outbound dividends are exempt from withholding tax. Otherwise, a 5 % withholding tax is levied on outbound dividends. Other income paid to non-resident companies is subject to a 10 % withholding tax.

VAT and excise duties

The VAT system has been in place in Bulgaria since 1994 and follows the one adopted by the EU Member States. The reduced rates have been repealed and the general rate has been lowered from 22 % to 20 %. Only one reduced rate of 7 % is applicable to hotel accommodation if the latter is a part of an organised trip.

Excise duty rates have been increased nearly every year and as of 2010 the minimum level criteria of these rates are already satisfied. As of 1 January 2010 excise duties on electricity (for industrial needs), coal and cigarettes were increased, the latter to a rate which is 19 % above the EU minimum, while excise duties on cars were abolished.

Wealth and transaction taxes

Gift/inheritance tax is levied at rates set by the municipalities within the limits set by the law. The rates may vary between 0.4 % and 0.8 % (if received by relatives in the lateral line) and between 3.3 % and 6.6 % (if received by any other beneficiary). Transfer of a property is taxed at a rate of 0.1 % to 3 %. A real estate tax applies at rates of 0.01 % to 0.25 % of the value of the immovable property, depending on the municipality. A 50 % discount is granted if the property is the main residence of the taxpayer.

Social contributions

Contributions are due for the public social insurance funds, covering pension rights, general sickness and maternity, health, and unemployment. In 2010, the different contributions sum up to a maximum of 28.5 % of the income, subject to monthly income minimum and ceiling. Of these, the biggest item is the contribution to the Pension fund, which was decreased as of 2010 from 18 % to 16 %. In addition, the State transfers annually to the Pension fund an amount equal to 12 % of the social insurance income of all insured people for the calendar year. There were no changes in the rates of all other social contributions and the share paid by the employer and employee stays at 60:40. Furthermore, the employer has to pay additional contributions to the Labour Accident and Professional Disease Fund (0.4 %–1.1 %) and to the Guaranteeing the Receivables of Workers and Employees in Case of Insolvency of Employers Fund (0.1 %).

CYPRUS	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008	
A. Structure of revenues									% of GDP	*Ranking* [1]	*€ bn*
Indirect taxes	12.4	13.0	13.3	16.4	17.0	17.1	17.9	19.6	18.6	*1*	*3.2*
VAT	5.8	6.2	7.1	8.8	9.1	9.7	10.4	11.1	11.3	*2*	*2.0*
Excise duties and consumption taxes	2.5	3.2	2.8	3.8	4.4	4.1	3.9	3.7	3.3	*9*	*0.6*
Other taxes on products (incl. import duties)	3.0	2.7	2.3	2.0	1.7	1.4	1.4	1.9	1.6	*12*	*0.3*
Other taxes on production	1.1	1.0	1.0	1.7	1.9	1.9	2.2	2.9	2.4	*5*	*0.4*
Direct taxes	11.0	11.2	11.2	9.6	8.7	10.2	10.8	13.8	12.9	*10*	*2.2*
Personal income	3.6	3.9	4.3	4.4	3.5	3.9	4.6	6.2	5.0	*22*	*0.9*
Corporate income	6.2	6.2	6.0	4.3	3.7	4.6	5.5	6.8	7.1	*1*	*1.2*
Other	1.2	1.1	0.9	0.9	1.5	1.7	0.7	0.8	0.9	*9*	*0.1*
Social contributions	6.5	6.8	6.7	7.0	7.7	8.3	7.8	7.5	7.7	*23*	*1.3*
Employers´	4.4	4.5	4.5	4.7	5.3	5.9	5.5	5.1	5.3	*19*	*0.9*
Employees´	1.8	1.9	1.9	1.9	2.1	2.1	2.0	2.1	2.1	*22*	*0.4*
Self- and non-employed	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.3	*19*	*0.1*
Less: amounts assessed but unlikely to be collected	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
TOTAL	**30.0**	**30.9**	**31.2**	**33.0**	**33.4**	**35.5**	**36.5**	**40.9**	**39.2**	***10***	***6.8***
Cyclically adjusted total tax to GDP ratio	29.6	30.3	31.2	33.5	33.6	35.4	36.0	39.7	37.7		
B. Structure by level of government									% of total taxation		
Central government	76.8	76.6	77.2	77.5	75.0	74.9	76.6	79.8	78.4	*4*	*5.3*
State government [2]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	*n.a.*	*n.a.*
Local government	1.4	1.5	1.3	1.3	1.4	1.2	1.4	1.3	1.3	*25*	*0.1*
Social security funds	21.8	21.9	21.5	21.2	23.0	23.2	21.4	18.4	19.7	*20*	*1.3*
EU institutions	n.a.	n.a.	n.a.	n.a.	0.6	0.6	0.6	0.5	0.6	*23*	*0.0*
C. Structure by economic function									% of GDP		
Consumption	10.6	11.8	12.4	14.7	15.2	15.2	15.4	16.1	15.9	*2*	*2.7*
Labour	9.4	9.9	10.0	10.7	10.5	11.3	11.1	10.8	11.1	*25*	*1.9*
Employed	9.2	9.7	9.9	10.6	10.5	11.2	11.0	10.7	11.0	*25*	*1.9*
Paid by employers	4.6	4.7	4.7	5.5	6.2	6.7	6.4	6.0	6.2	*15*	*1.1*
Paid by employees	4.7	5.0	5.2	5.1	4.3	4.5	4.6	4.7	4.8	*27*	*0.8*
Non-employed	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	*25*	*0.0*
Capital	9.9	9.2	8.9	7.6	7.7	9.0	10.0	14.0	12.2	*2*	*2.1*
Capital and business income	7.5	7.4	7.3	5.9	5.3	6.3	7.7	10.6	9.6	*1*	*1.7*
Income of corporations	6.2	6.2	6.0	4.3	3.7	4.6	5.5	6.8	7.1	*1*	*1.2*
Income of households	0.8	0.7	0.8	1.1	1.1	1.2	1.7	3.3	2.1	*1*	*0.4*
Income of self-employed (incl. SSC)	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	*23*	*0.1*
Stocks of capital / wealth	2.5	1.8	1.5	1.7	2.5	2.7	2.3	3.4	2.6	*7*	*0.4*
D. Environmental taxes									% of GDP		
Environmental taxes	2.7	3.0	2.9	3.7	4.0	3.5	3.3	3.4	3.1	*5*	*0.5*
Energy	0.7	1.0	1.0	1.9	2.1	1.9	1.8	1.8	1.6	*19*	*0.3*
Of which transport fuel taxes	:	:	:	:	1.5	1.6	1.4	1.3	1.3	*16*	
Transport (excl. fuel)	2.0	2.0	1.9	1.8	1.9	1.6	1.5	1.6	1.6	*3*	*0.3*
Pollution/resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	*25*	*0.0*
E. Implicit tax rates									%		
Consumption	12.7	14.3	15.4	18.9	20.0	20.0	20.4	21.0	20.6	*15*	
Labour employed	21.5	22.8	22.2	22.7	22.7	24.5	24.1	24.0	24.5	*26*	
Capital	23.7	22.7	23.3	23.2	23.4	26.8	29.8	40.4	36.4		
Capital and business income	17.9	18.3	19.3	18.0	16.0	18.8	22.9	30.6	28.7		
Corporations	28.6	29.3	30.7	28.3	23.0	26.8	30.4	34.2	37.3		
Households	6.0	5.4	7.2	9.1	8.7	9.3	12.7	22.1	15.8		
Real GDP growth (annual rate)	5.0	4.0	2.1	1.9	4.2	3.9	4.1	5.1	3.6		

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

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

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

n.a. not applicable, : not available

Source: Commission services

CYPRUS

Overall trends in taxation

Structure and development of tax revenues

In 2008, the overall tax burden (including social contributions) fell by 1.7 percentage points reaching 39.2 % of GDP. Only Spain and Ireland experienced a sharper drop in the overall tax ratio. Despite this drop Cyprus' tax burden is for the second time - starting the year before due to the hike of 4.5 percentage points - well above the EU average (EU-27 37.0 %).

The tax structure of Cyprus' tax system stands out in several respects. Cyprus displays the highest reliance on indirect taxes in the EU-27. It derives 47.4 % of tax revenues from indirect taxes (EU-27 37.6 %), of which VAT accounts for more than half. This is due to the high share of consumption in the economy, as VAT rates are among the lowest in the EU. Direct taxes account for a proportion of revenue (32.9 %) in line with the EU average. However, they are more heavily based on CIT revenues (18.0 %) than in all other EU-27 countries except for Malta, showing a further increase in 2008. On the contrary, PIT taxes do not contribute much more than half of EU-27 average to the total tax revenues (12.7 %, EU-27 21.1 %). Social contributions account for less than one fifth of receipts, ten percentage points below EU-27 average. The share of revenue received by the social security funds has decreased markedly since the late 1990s.

The share of taxes received by local government is negligible (1.3 % of total taxation in 2008); only Greek local government receives a lower share in tax revenues.

The tax-to-GDP ratio has increased substantially (about 9 percentage points) since 2000, albeit starting from a very low level. The increase was steady but most notable in 2007, when the pick-up amounted to almost five percent of GDP. Although tax revenues were falling in 2008, they were still benefiting from favourable economic conditions; hence they were higher than cyclically adjusted revenues. Compared to 2000, revenue went up in all major tax categories, but the increase was strongest in indirect taxes — in particular in VAT — which doubled and was still increasing in 2008. The high level of activity in the construction and property sector continued in 2008, increasing corporate income taxes further.

Taxation of consumption, labour and capital; environmental taxation

Revenues from taxes on consumption as a percentage of GDP (15.9 %) are well above the EU-27 average (12.0 %). As mentioned above, this level of revenues is largely due to a high consumption share in the economy, nine percentage points above the EU-27 average. In addition, Cyprus has been following a strategy of raising primarily consumption taxes. VAT and excise duties revenues were boosted by increases in minimum tax rates prescribed by the *acquis*; furthermore, several VAT base broadening measures were introduced since EU accession.

In 2000, the implicit tax rate on consumption was by far the lowest of the EU-27 Member States; it now ranks at the median. Despite low VAT rates, the ITR on consumption is currently only 0.9 percentage points lower than the EU-27 average, reaching 20.6 %. This discrepancy is likely to be at least partly due to the construction boom of the last years, as VAT spent on building and renovation is counted as consumption tax revenue is this report([67]).

Taxes on employed labour represented 11.0 % of GDP in 2008, constituting a bit more than one quarter of the overall tax burden. Despite an increase in the ITR on labour by 3.0 percentage points since 2000, Cyprus still exhibits the second lowest ITR on labour (24.5 %) in the Union after Malta (EU-27 average: 34.2).

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

The share of taxes on capital in GDP (12.2 %) is the second highest in the EU, almost twice the EU-27 average. This is due to both the capital income taxation of corporations, which includes the Defence Contributions, and the capital income taxation of households, which is three times higher than the EU-27 average. Since 2000, the ITR on capital increased by 12.7 percentage points, reaching 36.4 % in 2008 — about 10 percentage points above EU-25 and euro area averages. In 2008 the decrease of the ITR on capital was driven by the drop in the ITR of capital and business income of households and self-employed. The high ITR most likely overstates the underlying development because, while capital gains taxes from real estate sales form part of the nominator of the ITR on capital, capital gains are not part of profits in national accounts and hence are not comprised in the ITR's denominator.

Albeit on a decreasing path, the share of environmental taxes in GDP in Cyprus (3.1 %) is still above EU-27 average. This is mainly due to the large share of transport taxes (1.6 % of GDP), one percentage point above the EU-27 average. Revenue from energy taxes has more than doubled since 2000 as a proportion of GDP, but has been trending downwards in the past few years, just like the deflated ITR on energy.

Current topics and prospects; policy orientation

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

In October 2009, the parliament passed amendments to the Income Tax Law and Special Contribution for Defence providing new advantages for Collective Investment Schemes.

In the 2010 budget the government announced measures to improve the fiscal situation, among which the combat against tax evasion. VAT collection periods for the largest firms were reduced from three months to one (€ 200 Mio in cash terms in 2010). Furthermore, a proposal to assess property values reflecting 2010 prices instead of 1980 values was put forward (€ 80-100 Mio), but has not been decided yet.

Main features of the tax system

Personal income tax

Cyprus applies a personal income tax with a progressive rate structure. After 1991, three brackets were used, with rates set at 20 %, 30 % and 40 %. The rates were reduced, however, in 2003 to 20 %, 25 % and 30 %. There is a standard relief (basic allowance) which has been progressively raised from € 8 500 in 1995 up to € 19 500 in 2010, as a result of which the number of people subject to personal income tax has decreased substantially. Special provisions apply to individuals not having been resident of Cyprus before taking up the employment for the first 3 years.

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

Corporate taxation

Cyprus has lowered its corporate tax rate from 20–25 % (stable since 1991) to 10 % from 1 January 2003. For semi-governmental bodies the tax rate was only reduced to 10 % in 2009, bringing it finally in line with the corporate tax rate applied to non-governmental corporations. In the years 2003 and 2004, there was an additional 5 % corporate tax for chargeable income exceeding € 1.7 million. Alongside the reduction of the tax rate, several tax incentives have been abolished. Special regimes apply, however, to the shipping sector. Companies can carry forward trading losses indefinitely (up to 2002 a five-year limit applied), but carrying back is not allowed. Inventories may be valued at the lower of cost or net realisable value.

Other taxes (Defence Contribution)

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

VAT and excise duties

The current standard VAT rate is 15 % (the standard rate was 10 % until the second half of 2002, but was increased to 13 % on 1 July 2002 and to 15 % in January 2003). The two reduced rates amount to 5 % and 8 %, respectively. In addition Cyprus applies a zero VAT rate on foodstuffs and pharmaceuticals, and exempts certain products – letting of immovable property, cultural and sport services, banking and insurance services, and medical and hospital services – from VAT altogether. While for zero rate supplies businesses are entitled to recover the VAT on their purchases, this is not the case for tax exempt products. During the years 2007–09, several amendments to the VAT law aimed at applying reduced VAT rates, or applying the lowest reduced VAT rate on a number of services. To improve the competitive situation of the Cypriot tourism sector in light of the financial and economic crises, the government reduced temporarily (01.05.2009-31.12.2010) VAT for hotel accommodation and restaurant services by three percentage points to 5 %, decreased airport landing fees levied on airline companies and cancelled overnight stay fees levied by local authorities.

The excise duties on energy, in particular on unleaded petrol and on diesel still has to be gradually aligned with the EU minima using the derogations provided.

Wealth and transaction taxes

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

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

Social contributions

Employers' social security contributions are due for the Social Security Fund, redundancy insurance and for the Training Development Fund. Altogether, the employers' contribution rate amounts to 8.5 %. Employers must also pay a payroll tax (2 % of gross wage) to the social cohesion fund, which is not deductible for corporate income purposes. Employees pay 6.8 % of their salary as social security contribution up to a ceiling of € 48 048. The self-employed pay 12.6 % of notional income as social security contribution. Social security contributions of employed and self-employed are augmented by a 4.3 % payment of the state. In general, employers have to contribute to the Central Holiday Fund; the contribution rates vary according to the annual leave entitlement of the employee.

CZECH REPUBLIC	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008	
A. Structure of revenues									% of GDP	*Ranking* [1]	*€ bn*
Indirect taxes	11.3	11.0	10.8	11.1	11.8	11.8	11.3	11.5	11.3	*24*	*16.8*
VAT	6.5	6.3	6.3	6.4	7.3	7.2	6.6	6.6	7.1	*18*	*10.4*
Excise duties and consumption taxes	3.3	3.3	3.2	3.4	3.5	3.7	3.8	4.0	3.4	*4*	*5.1*
Other taxes on products (incl. import duties)	1.0	0.8	0.8	0.8	0.5	0.5	0.5	0.5	0.5	*22*	*0.7*
Other taxes on production	0.6	0.6	0.5	0.5	0.4	0.4	0.4	0.4	0.4	*26*	*0.6*
Direct taxes	8.3	8.8	9.1	9.6	9.6	9.2	9.2	9.5	8.6	*22*	*12.7*
Personal income	4.6	4.5	4.7	4.9	4.8	4.6	4.2	4.3	4.0	*24*	*6.0*
Corporate income	3.5	4.1	4.3	4.6	4.7	4.5	4.8	5.0	4.4	*4*	*6.6*
Other	0.3	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	*25*	*0.2*
Social contributions	14.2	14.2	14.9	15.0	16.0	16.1	16.2	16.3	16.2	*1*	*24.0*
Employers´	9.9	9.9	10.4	10.5	10.3	10.3	10.3	10.3	10.3	*3*	*15.2*
Employees´	3.5	3.5	3.6	3.7	3.6	3.6	3.6	3.6	3.6	*10*	*5.3*
Self- and non-employed	0.7	0.8	0.8	0.9	2.1	2.1	2.3	2.4	2.3	*4*	*3.4*
Less: amounts assessed but unlikely to be collected	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
TOTAL	**33.8**	**34.0**	**34.8**	**35.7**	**37.4**	**37.1**	**36.7**	**37.2**	**36.1**	***15***	***53.4***
Cyclically adjusted total tax to GDP ratio	34.5	34.8	36.0	36.8	38.1	36.8	35.1	34.6	33.6		
B. Structure by level of government									% of total taxation		
Central government	75.9	77.1	75.5	75.4	72.4	69.7	69.5	69.8	69.0	*7*	*36.9*
State government [2]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	*n.a.*	*n.a.*
Local government	12.0	11.2	12.4	12.5	12.5	14.6	14.2	14.1	14.6	*7*	*7.8*
Social security funds	12.1	11.7	12.2	12.1	14.5	14.7	15.4	15.2	15.5	*22*	*8.3*
EU institutions	n.a.	n.a.	n.a.	n.a.	0.6	0.9	0.9	0.9	0.9	*10*	*0.5*
C. Structure by economic function									% of GDP		
Consumption	10.6	10.2	10.1	10.4	11.2	11.3	10.7	10.9	10.8	*17*	*16.0*
Labour	17.1	17.0	17.8	18.1	19.0	19.1	19.0	19.1	18.8	*12*	*27.8*
Employed	17.1	17.0	17.8	18.1	17.8	17.9	17.7	17.8	17.5	*12*	*25.9*
Paid by employers	9.9	9.9	10.4	10.5	10.3	10.3	10.3	10.3	10.3	*5*	*15.2*
Paid by employees	7.2	7.1	7.4	7.6	7.5	7.6	7.4	7.5	7.2	*17*	*10.6*
Non-employed	0.0	0.0	0.0	0.0	1.2	1.1	1.3	1.3	1.3	*11*	*1.9*
Capital	6.2	6.7	6.9	7.2	7.2	6.8	7.0	7.2	6.6	*18*	*9.7*
Capital and business income	5.1	5.8	6.0	6.3	6.5	6.1	6.2	6.5	5.9	*11*	*8.7*
Income of corporations	3.5	4.1	4.3	4.6	4.7	4.5	4.8	5.0	4.4	*4*	*6.6*
Income of households	0.2	0.2	0.1	0.2	0.1	0.1	0.1	0.1	0.1	*24*	*0.1*
Income of self-employed (incl. SSC)	1.5	1.5	1.6	1.6	1.7	1.5	1.4	1.4	1.4	*13*	*2.0*
Stocks of capital / wealth	1.0	1.0	0.9	0.9	0.7	0.7	0.7	0.7	0.7	*25*	*1.0*
D. Environmental taxes									% of GDP		
Environmental taxes	2.6	2.6	2.5	2.6	2.6	2.7	2.6	2.5	2.5	*13*	*3.6*
Energy	2.1	2.3	2.2	2.3	2.4	2.5	2.4	2.3	2.3	*4*	*3.4*
Of which transport fuel taxes	:	:	:	:	2.3	2.3	2.2	2.2	2.1	*4*	
Transport (excl. fuel)	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	*24*	*0.2*
Pollution/resources	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	*20*	*0.0*
E. Implicit tax rates									%		
Consumption	19.4	18.9	19.3	19.6	21.8	22.2	21.2	22.1	21.1	*12*	
Labour employed	40.7	40.3	41.2	41.4	41.8	41.7	41.2	41.4	39.5	*8*	
Capital	20.9	22.3	23.7	24.8	24.1	22.0	21.8	22.3	21.5		
Capital and business income	17.4	19.1	20.7	21.8	21.8	19.8	19.5	20.1	19.3		
Corporations	26.2	28.3	30.3	32.0	29.8	25.5	25.5	25.7	25.7		
Households	9.2	9.5	10.3	10.5	11.1	10.3	9.3	9.7	9.1		
Real GDP growth (annual rate)	3.6	2.5	1.9	3.6	4.5	6.3	6.8	6.1	2.5		

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

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

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

n.a. not applicable, : not available

Source: Commission services

CZECH REPUBLIC

Overall trends in taxation

Structure and development of tax revenues

In 2008, the total tax-to-GDP ratio (including social contributions) stood at 36.1 % in the Czech Republic. This tax ratio is marginally below the EU-27 average (37.0 %). Compared to neighbouring countries, the ratio is lower than in Austria and Germany but higher than in Slovakia and Poland.

The main source of tax revenue is social security contributions, which reach 44.9 % of total taxes and are over 14 percentage points above the EU-27 average (30.2 %). The share of Czech social contributions in total revenues has been the highest in the EU for several years, followed by Slovakia and Germany in 2008. The share of direct taxes (23.8 % of total taxation) is conversely 8.6 percentage points below the Union average (32.4 %), as these levies play a less important role than indirect taxes (31.4 %). Given the predominance of social security contributions, the other sources of revenue tend to fall below the EU average. In particular, indirect tax revenue is one of the lowest in the EU as a share of revenue being in line with Belgium, Finland and Spain. PIT revenue stands at 4.0 % of GDP, among the lowest values of the EU; the Czech Republic is one of only five EU countries where CIT revenues are more sizeable than PIT revenues. In 2008, CIT revenue, which is relatively high in the Czech Republic (3.1 percentage points above the EU-27 average), exceeded PIT revenue by 1.1 percentage points. Despite the forceful cut in the CIT rate from 55 % in 1991 to 19 % in 2010, CIT revenues have not markedly declined until now.

Since the structure of the tax system is quite centralised, local government receives 14.6 % of total tax revenues (4.2 percentage points above the EU-27 average). The central government receives 69.0 % of total taxes, almost 10 percentage points more than the EU-27 average (59.2 %). This level is the seventh highest in the EU.

The total tax burden rose steadily from 2000 to 2004 peaking at 37.4 % of GDP. In the 2005–2008 period the tax-to-GDP ratio has remained below this level (being 36.1 % in 2008, 0.9 percentage points below the EU-27 average). Since 2005, the cyclically-adjusted tax ratio has been declining much faster than the unadjusted tax ratio, suggesting that the reforms enacted since 2004 have effectively reduced the tax burden beyond the relatively modest decline in the headline ratio.

Taxation of consumption, labour and capital; environmental taxation

The tax mix by economic function is consistent with the structure described above: taxation on labour is the main source of revenue (52.0 %, 3.3 percentage points above the EU-27 average), followed by consumption (29.8 %) and capital (18.2 %). In the 2003-2008 period, the share of labour taxation revenues has tended to increase while the share of capital taxation revenues has declined by 2 percentage points.

The implicit tax rate (ITR) on consumption at 21.1 %, is broadly in line with the EU-27 average. It grew substantially in 2004 following a revision of consumption taxation. Selected goods and services earlier taxed at a reduced 5 % VAT rate were made subject to the standard EU rate in two steps; from 1 January 2004 (e.g. telecommunications) and from 1 May (e.g. construction works). The ITR on labour income has been declining from its peak level of 41.8 % in 2004. In 2008, the PIT reform led to another decline, so that the ITR reached 39.5 % in 2008. This level is still comparatively high, 5.3 percentage points above the EU-27 average. The elevated ratio is due to the high level of social security contributions.

The ITR on capital increased gradually from 2000 to 2004, but then the trend inverted. During 2005–2008, the ITR on capital declined to 21.5 % (5.0 percentage points below the EU-25 average).

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

Current topics and prospects; policy orientation

The 2008 tax reform introduced important changes in the tax system of the country. In accordance with the approved legislation there was a further gradual cut in the corporate income tax to 19 % in 2010. In October 2009, in order to decrease the budget deficit the government's austerity package was approved. It mainly affects the tax regulations for 2010.

The value added tax rate was increased by 1 % from 01 January 2010; the basic VAT rate will be 20 %, the reduced 10 %. The personal income tax rate remains the same, 15 % in 2010, but the lump-sum deductions that can be claimed by entrepreneurs instead of actual expenses are reduced for certain categories of tax-payers from 60 % to 40 % of income.

The property tax rate has been doubled, including the tax on land and buildings; only the taxes for buildings and non-residential spaces used for other business activity were unchanged. The annual security contributions base is limited to six times the average annual salary (previously, four times). The maximum basis of assessment for social and health insurance payments is increased to from 48 to 72 multiples of the average salary. Some excises duties were slightly increased (tax on alcohol, tobacco products, mineral oils and fuels).

Main features of the tax system

Personal income tax

Until 2007, the Czech Republic applied progressive personal income taxation with four brackets, where the top rate was 32 %. A flat tax rate of 15 % was introduced in 2008. The tax base for income from employment is a so-called super gross wage (a gross wage increased by the amount corresponding to social insurance and general health insurance, which is paid from the said income by the employer). Business, rent and other personal income is usually taxed via filing a personal income tax return in which the respective income is declared. The expenditure lump-sums valid for 2010 are 80 % for incomes from agriculture and crafts, 60 % for businesses except the crafts and 40 % for other incomes.

Corporate taxation

Corporate income tax is levied mainly on corporate entities, limited liability companies and limited partnership. Legal persons with their registered office in the Czech Republic are subject to tax liability, which is related to incomes resulting from both resources in the Czech Republic and resources abroad. The corporate income tax rate was gradually reduced from 24 % in 2007 to 19 % in 2010. The rate for all withholding taxes is 15 %, and the reduced rate is 5 %. A 15 % rate applies to interest, dividends and royalties for both residents and non-residents and for both corporations and individuals. Dividends paid and capital gains derived by parent companies registered in an EU Member State are exempt from the withholding tax. Dividends and interest paid to qualifying foreign pension may be exempt from the withholding tax. In addition, qualifying foreign pension funds may benefit from a reduced 5 % corporate income tax rate.

VAT and excise duties

VAT in the Czech Republic is charged at two rates. The standard rate of 20 % applies on the sale of goods and services; the reduced rate of 10 % applies on the sale of certain goods such as food products, pharmaceuticals used for health care, nappies, printed books and periodicals, as well as on other services such as the land, waterway and air transport of passengers, health care goods, certain cultural activities etc. Certain services (e.g. banking services, insurance, financial operations) are exempted.

Excise tax is imposed on mineral oils, lubricants, spirits, beer, wine and tobacco products. A suspension regime has been in place since 2004. The transitional period for delayed implementation of the excise duty rates on cigarettes and other tobacco products ended in 2007. Starting in 2008, taxes on cigarettes and tobacco were increased accordingly in 2010. There is also an environmental tax on electricity, natural gas and solid fuels. Reductions in taxation are available for renewable and alternative electricity, biogas and CHPs and specified environmentally sound vehicles. A tax refund is available also for public transportation using green electricity.

Wealth and transaction taxes

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

Social contributions

Employers, employees and self-employed persons must make social security contributions that cover health, occupational disability, old-age pension and unemployment insurance. Since the introduction of the flat rate, social security contributions are fully taxable. The employees' total rate of social and health insurance is 11.0 % (comprised of 6.5 % contributions to pension insurance and 4.5 % of compulsory health insurance). Employers' contributions total rate is 34 %. In 2010, the caps of the assessment base used for the calculation of social security and health insurance premiums are 72 times the national average wage – CZK 1 707 048 (€ 65 500).

DENMARK	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008	
A. Structure of revenues									% of GDP	*Ranking [1]*	*€ bn*
Indirect taxes	17.2	17.4	17.5	17.4	17.6	18.0	18.1	18.0	17.4	*4*	*40.5*
VAT	9.6	9.6	9.6	9.6	9.8	10.1	10.3	10.4	10.1	*3*	*23.5*
Excise duties and consumption taxes	4.1	4.1	4.1	4.0	3.8	3.5	3.4	3.2	3.2	*12*	*7.4*
Other taxes on products (incl. import duties)	2.0	1.8	2.0	1.9	2.2	2.6	2.6	2.6	2.2	*7*	*5.1*
Other taxes on production	1.6	1.8	1.8	1.8	1.8	1.7	1.7	1.8	1.9	*7*	*4.4*
Direct taxes	30.5	29.5	29.3	29.6	30.4	31.9	30.7	30.1	30.0	*1*	*69.9*
Personal income	25.6	26.0	25.7	25.6	24.9	24.9	24.9	25.4	25.3	*1*	*58.9*
Corporate income	3.3	2.8	2.9	2.9	3.2	3.9	4.4	3.8	3.4	*9*	*8.0*
Other	1.6	0.7	0.7	1.1	2.3	3.1	1.5	1.0	1.3	*4*	*3.0*
Social contributions	1.8	1.7	1.2	1.2	1.2	1.1	1.0	1.0	1.0	*27*	*2.3*
Employers´	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	*27*	*0.0*
Employees´	1.8	1.7	1.2	1.2	1.1	1.1	1.0	1.0	1.0	*25*	*2.2*
Self- and non-employed	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	*27*	*0.0*
Less: amounts assessed but unlikely to be collected	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2		
TOTAL	**49.4**	**48.5**	**47.9**	**48.0**	**49.0**	**50.8**	**49.6**	**49.0**	**48.2**	***1***	***112.3***
Cyclically adjusted total tax to GDP ratio	48.2	47.9	48.0	48.7	49.3	50.5	48.2	47.1	47.3		
B. Structure by level of government									% of total taxation		
Central government	62.7	61.3	61.8	61.7	63.1	64.5	64.0	73.5	73.0	*5*	*82.0*
State government [2]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	*n.a.*	*n.a.*
Local government	33.5	35.1	35.7	35.8	34.4	33.2	33.8	24.3	24.8	*2*	*27.8*
Social security funds	3.6	3.6	2.5	2.5	2.4	2.2	2.1	2.0	2.0	*25*	*2.2*
EU institutions	0.4	0.4	0.3	0.3	0.4	0.4	0.4	0.5	0.5	*25*	*0.5*
C. Structure by economic function									% of GDP		
Consumption	15.7	15.7	15.8	15.6	15.8	16.2	16.3	16.2	15.5	*3*	*36.1*
Labour	26.6	26.9	26.1	26.0	25.2	24.8	24.6	25.0	25.7	*2*	*59.9*
Employed	21.7	22.1	21.2	20.9	20.3	20.0	20.0	20.3	20.8	*5*	*48.6*
Paid by employers	0.5	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	*27*	*1.2*
Paid by employees	21.3	21.5	20.7	20.4	19.8	19.5	19.5	19.8	20.3	*1*	*47.3*
Non-employed	4.9	4.8	4.9	5.1	4.9	4.8	4.5	4.7	4.9	*1*	*11.3*
Capital	7.2	6.0	6.1	6.6	8.2	10.0	8.9	8.0	7.1	*15*	*16.6*
Capital and business income	4.8	3.4	3.5	3.8	5.4	7.3	6.2	5.2	4.3	*21*	*9.9*
Income of corporations	3.3	2.8	2.9	2.9	3.2	3.9	4.4	3.8	3.4	*11*	*8.0*
Income of households	0.4	-0.6	-0.5	-0.1	1.2	2.3	0.8	0.3	0.0	*26*	*0.0*
Income of self-employed (incl. SSC)	1.1	1.2	1.0	1.0	1.0	1.1	1.1	1.1	0.8	*19*	*1.9*
Stocks of capital / wealth	2.4	2.6	2.7	2.8	2.8	2.8	2.7	2.7	2.9	*4*	*6.7*
D. Environmental taxes									% of GDP		
Environmental taxes	5.3	5.2	5.4	5.2	5.6	6.0	6.2	5.9	5.7	*1*	*13.3*
Energy	2.5	2.7	2.6	2.6	2.5	2.3	2.2	2.1	2.1	*7*	*4.9*
Of which transport fuel taxes	:	1.2	1.2	1.2	1.2	1.1	1.0	1.0	1.0	*27*	
Transport (excl. fuel)	1.8	1.7	1.9	1.8	2.0	2.2	2.3	2.2	1.9	*1*	*4.3*
Pollution/resources	0.9	0.9	0.9	0.9	1.1	1.4	1.7	1.5	1.8	*1*	*4.1*
E. Implicit tax rates									%		
Consumption	33.4	33.5	33.7	33.3	33.3	33.9	34.2	33.8	32.4	*1*	
Labour employed	41.0	40.8	38.8	38.1	37.5	37.1	37.2	36.5	36.4	*11*	
Capital	36.0	31.0	30.8	36.9	45.9	49.9	44.6	47.0	43.1		
Capital and business income	23.9	17.7	17.3	21.4	30.3	36.1	30.9	30.8	25.7		
Corporations	23.0	21.1	20.0	22.3	24.9	26.7	28.7	28.9	24.9		
Households	22.2	8.6	9.0	15.3	34.5	50.0	27.3	25.8	18.2		
Real GDP growth (annual rate)	3.5	0.7	0.5	0.4	2.3	2.4	3.4	1.7	-0.9		

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

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

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

n.a. not applicable, : not available

Source: Commission services

DENMARK

Overall trends in taxation

Structure and development of tax revenues

Although the tax-to-GDP ratio has dropped by over two and a half percentage points from 2005 to 48.2 % in 2008, Denmark still shows the highest ratio in the EU. In terms of cyclically adjusted tax-to-GDP ratios the drop from 2005 is somewhat larger reflecting the impact of favourable economic conditions on tax revenues in 2007 and 2008. The tax on pension fund yield may fluctuate considerably from one year to the next and was at an exceptionally high level in 2004 and 2005, contributing thus to the high ratio in those years. It should also be noted that the tax-to-GDP ratio overestimates the Danish tax burden somewhat in relation to some other countries, since transfer incomes (for example, pensions) are taxed, and not paid out on a net basis, although no corresponding income is taken into account when measuring GDP.

The Danish tax structure stands out in a number of respects. Social contributions are very low as most welfare spending is financed out of general taxation, notably personal income taxation. Correspondingly direct taxes form 62.3 % of total tax revenues (EU-27 32.4 %). Personal income taxes form the bulk of direct taxes, representing 52.5 % of total taxation in 2008. In contrast, the proportion of indirect taxes was 36 %, which is slightly below the EU-27 average (37.6 %). This is not due to a low absolute level of indirect taxation, however, but rather to the fact that the revenues from other taxes are high in comparison with other countries.

In terms of the distribution of revenue between levels of government, Denmark differs substantially from the EU average because of the small role played by social security funds. As a result, the share of taxes raised by central government and particularly local government is elevated, respectively 73 % and 24.8 % (EU-27 59.2 % and 10.4 %).

Taxation of consumption, labour and capital; environmental taxation

The implicit tax rate on consumption, at 32.4 % (EU-27 21.5 %), remains the highest amongst the Member States. The rate is slightly lower than in the previous year (33.8 %).

Despite the generally high level of taxation, the ITR on labour, at 36.4 %, is not amongst the EU's highest, but is exceeded in ten other Member States. It has been steadily falling since 2000, resulting at least partly from labour tax cuts introduced since the first tax reform in 1999.

The overall ITR on capital (43.1 %) is currently among the highest in the EU, but has decreased considerably from its peak of 49.9 % in 2005. The ITR on capital displays a strong fluctuation over the years, reflecting the fluctuation in the yield from pension scheme assets and thus the tax on these.

Denmark stands out also by its high level of environmental taxation. In 2008 environmental taxes yielded 5.7 % of GDP and 11.9 % of total tax revenues, the highest proportions in the EU by a wide margin. This reflects its comprehensive and ambitious energy tax system, in which all energy projects are subject to both energy and CO2 tax, as well as a wide range of other taxes levied on environmentally harmful substances and products. The level of environmental taxation is further increased in the context of the tax reforms to be phased in form 2010 to 2019 (see below).

Current topics and prospects; policy orientation

In the conditions of the global economic crisis the downturn of the Danish economy was rather deep in 2009 with GDP falling by 4.3% on the yearly basis. Since the end of 2009 the economic prospects, are however, improving mainly due to the developments in the international economy and the GDP growth rate is expected to reach 1.3 % in 2010. As a result of the economic recession and expansionary fiscal policy the general government finances deteriorated sharply. The budget balance turned from a surplus to a deficit of 2.7 % of GDP in 2009 and is expected to display an even larger deficit of 5.5 % in 2010. One third of the weakening of general government budget balance is estimated to be caused by discretionary fiscal policy, which includes several public investment projects and the cuts of personal income taxation as a part of the tax reform taking effect from 2010 onwards (see below). The remaining weakening is explained by automatic stabilizers, which in the case of Denmark, due to the high level of social benefits, are stronger than in most other countries. Due to large surpluses accumulated in the past, as well as the low level of public debt, the state of public finances is, however, more sustainable than in most other EU Member States.

In 2009 the government initiated a major tax reform to be phased in from 2010 to 2019. The reform aims at reducing the high marginal tax rates on personal income and thus to stimulate labour supply in the medium to long-term. The tax reform is planned to be revenue neutral as a whole, but is underfinanced in the short run in order to stimulate the economy. The reform contains tax cuts of DKK 29 billion in 2010 and the financing is DKK 13 billion (€ 1.8 billion) lower in 2010. The main measures taken in 2010 include the reduction of the rate of the bottom tax bracket from 5.26 % to 3.76 %, abolition of the medium tax bracket with the 6 % rate altogether, and increase the top tax bracket threshold by DKK 28 800 (€ 3 860). The top tax threshold will be further increased by DKK 19 100 (€ 2 560) in 2011. The reform will decrease the lowest marginal tax rate form 42.4 % to 41.0 % and the highest marginal tax rate from 63.0 % to 56.1 %. The total labour supply effect is estimated at 19 300 full time employed.

The reform is partly financed by higher energy, transport and environmental taxes to support the energy and climate policy objectives of the government, and also by increases of excise rates on health-related goods (fat, candy, sugary drinks, tobacco). These increases are partly compensated to the households by giving a 'green check' of DKK 1 300 (€ 175) to everybody above 18 years and DKK 300 per child for up to two children. The 'green check' is nominally fixed and is rapidly phased out for income above DKK 360 000 (€ 48 300). These measures will increase government tax revenues by about DKK 8.7 billion (€ 1.2 billion) in 2011 before the green check (DKK 4.4 billion in 2011). Broadening of the tax base is another main source financing the reform. The measures include a gradual reduction from 2012 to 2019 of the tax value from 33.5 % to 25.5 % of assessment oriented deductions and limitations of the tax deductibility of net interest payments over a nominal threshold of DKK 50 000 (DKK 100 000 for married couples). Also the deductibility of payments above DKK 100 000 a year to individual pension insurance schemes with less than life-long coverage is limited, as well as tightening of the tax treatment of company cars and other fringe benefits. Also certain other measures, which will increase the tax burden on enterprises by around DKK 5 billion, are introduced.

Main features of the tax system

Personal income tax

Personal income taxation in Denmark is characterised by relatively high average and marginal tax rates. Individuals pay an 8 % labour market contribution, levied on the gross wage before the deduction of any allowance. As in the other Nordic countries, local taxes play an important role in personal income taxation. Local tax rates are flat and vary from one municipality to the next. The average local PIT rate is 25.5 % (including the church tax).

The state income tax system undergoes a major change in the context of the new tax reform. It will consist of only two tax brackets after the middle bracket is removed. The rate of the bottom bracket is 3.76 % to which an 8 % health tax is added. Hence 11.76 % is paid on labour and positive net capital income from which labour market contribution and the personal allowance of DKK 42 900 (€ 5 760) is deducted. The top 15 % rate is levied on the similar tax base but only on the amounts exceeding the top tax threshold, which is DKK 389 900 (€ 52 335) in 2010. Overall, the system remains highly progressive with marginal rates ranging from 8 % (up to the amount of personal allowance) to 56.1 % (the upper ceiling plus the labour market contribution and the average church tax).

Net capital income (positive or negative) is included in the tax base for local income taxes and the health tax. Negative capital income consists typically of interest payments connected to mortgages.

Positive net capital income is part of the tax base for all the personal income taxes except the labour market contribution. From 2010 the first DKK 40 000 (DKK 80 000 for married couples, corresponding to € 5 372 and € 10 745) of positive net capital income is taxed at the bottom tax rate (37.3 %) irrespective of the person's total income. Dividend income is taxed at two different rates: 27 % and 42 % depending on the level of dividend income. Also capital gains on selling shares are generally taxed at the same two rates.

Corporate taxation

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

Tax depreciation is straight line over a 20 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 was reduced from 5 % to 4 % in 2008 as a part of the corporate tax reform, extending the depreciation period to 25 years. The depreciation rate for infrastructure was also reduced from 25 % to 7 % in 2008. Tax depreciation for ships, drilling rigs, 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 seven years using the straight-line method.

VAT and excise duties

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

Wealth and transaction taxes

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

Social contributions

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

ESTONIA	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008	
A. Structure of revenues									% of GDP	*Ranking [1]*	*€ bn*
Indirect taxes	12.3	12.3	12.5	12.1	12.3	13.4	13.7	13.9	12.5	*17*	*2.0*
VAT	8.4	8.2	8.4	8.2	7.7	8.7	9.2	9.1	8.0	*11*	*1.3*
Excise duties and consumption taxes	3.0	3.3	3.2	3.1	3.6	3.7	3.4	3.7	3.3	*8*	*0.5*
Other taxes on products (incl. import duties)	0.2	0.2	0.2	0.2	0.3	0.4	0.4	0.4	0.4	*26*	*0.1*
Other taxes on production	0.7	0.8	0.7	0.7	0.6	0.6	0.6	0.6	0.7	*19*	*0.1*
Direct taxes	7.7	7.2	7.5	8.0	7.9	7.0	7.2	7.7	7.9	*24*	*1.3*
Personal income	6.8	6.5	6.4	6.5	6.3	5.6	5.6	6.0	6.3	*17*	*1.0*
Corporate income	0.9	0.7	1.1	1.6	1.7	1.4	1.5	1.7	1.7	*26*	*0.3*
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	*27*	*0.0*
Social contributions	10.9	10.7	11.0	10.6	10.3	10.3	10.2	10.8	11.8	*15*	*1.9*
Employers´	10.7	10.5	10.5	10.2	9.9	9.9	9.9	10.5	11.4	*1*	*1.8*
Employees´	n.a.	n.a.	0.3	0.3	0.3	0.3	0.2	0.2	0.2	*27*	*0.0*
Self- and non-employed	0.2	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1	*23*	*0.0*
Less: amounts assessed but unlikely to be collected	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
TOTAL	**31.0**	**30.2**	**31.0**	**30.8**	**30.6**	**30.6**	**31.1**	**32.3**	**32.2**	***22***	***5.2***
Cyclically adjusted total tax to GDP ratio	31.9	30.9	31.3	30.6	29.9	28.7	27.4	27.5	29.4		
B. Structure by level of government									% of total taxation		
Central government	72.2	72.6	72.2	72.2	71.2	71.0	71.2	70.7	67.3	*9*	*3.5*
State government[2)]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	*n.a.*	*n.a.*
Local government	13.9	13.5	12.9	13.0	13.2	13.0	13.2	13.4	15.4	*5*	*0.8*
Social security funds	13.9	13.9	14.9	14.9	14.9	14.9	14.5	14.7	16.2	*21*	*0.8*
EU institutions	n.a.	n.a.	n.a.	n.a.	0.7	1.1	1.1	1.2	1.1	*7*	*0.1*
C. Structure by economic function									% of GDP		
Consumption	11.7	11.7	11.9	11.6	11.7	12.8	13.1	13.3	11.8	*12*	*1.9*
Labour	17.5	16.9	17.1	16.7	16.4	15.4	15.5	16.4	17.7	*13*	*2.8*
Employed	17.1	16.6	16.7	16.4	15.9	14.9	15.1	16.1	17.3	*13*	*2.8*
Paid by employers	10.7	10.5	10.5	10.2	9.9	9.9	9.9	10.5	11.4	*3*	*1.8*
Paid by employees	6.4	6.1	6.2	6.2	5.9	5.1	5.2	5.6	5.9	*23*	*0.9*
Non-employed	0.4	0.3	0.4	0.3	0.5	0.5	0.4	0.4	0.4	*19*	*0.1*
Capital	1.8	1.6	2.1	2.5	2.5	2.4	2.4	2.6	2.6	*27*	*0.4*
Capital and business income	1.2	0.9	1.4	1.9	1.9	1.9	1.9	2.0	2.0	*27*	*0.3*
Income of corporations	0.9	0.7	1.1	1.6	1.7	1.4	1.5	1.7	1.7	*27*	*0.3*
Income of households	0.2	0.1	0.2	0.2	0.1	0.3	0.2	0.3	0.3	*21*	*0.0*
Income of self-employed (incl. SSC)	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1	*26*	*0.0*
Stocks of capital / wealth	0.7	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.6	*26*	*0.1*
D. Environmental taxes									% of GDP		
Environmental taxes	1.7	2.1	2.0	1.9	2.1	2.3	2.2	2.3	2.4	*18*	*0.4*
Energy	1.2	1.6	1.5	1.5	1.8	1.9	1.8	1.9	2.0	*8*	*0.3*
Of which transport fuel taxes	:	:	:	:	1.7	1.8	1.7	1.8	1.7	*9*	
Transport (excl. fuel)	0.2	0.2	0.2	0.0	0.1	0.1	0.1	0.1	0.0	*27*	*0.0*
Pollution/resources	0.2	0.3	0.3	0.3	0.2	0.3	0.3	0.3	0.3	*3*	*0.1*
E. Implicit tax rates									%		
Consumption	19.5	19.6	19.9	19.8	19.7	22.0	22.8	23.8	20.9	*14*	
Labour employed	37.8	37.3	37.8	36.9	35.8	33.8	33.6	34.0	33.7	*14*	
Capital	6.0	4.9	6.4	7.8	8.1	7.7	8.2	9.2	10.7		
Capital and business income	3.8	3.0	4.5	6.0	6.1	5.8	6.3	7.3	8.2		
Corporations	4.1	3.0	4.7	6.5	6.9	5.7	6.5	7.7	8.3		
Households	2.8	2.5	3.3	3.4	2.6	5.0	3.9	3.6	4.6		
Real GDP growth (annual rate)	10.0	7.5	7.9	7.6	7.2	9.4	10.0	7.2	-3.6		

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

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

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

n.a. not applicable, : not available

Source: Commission services

ESTONIA

Overall trends in taxation

Structure and development of tax revenues

The tax-to-GDP ratio of Estonia (including social security contributions) has remained roughly at the same level as in the previous year, at 32.2 % in 2008. The cyclically adjusted rates were, however, clearly below the non-adjusted rates in 2007 and 2008, reflecting the fact that the tax revenues were then at the exceptionally high levels due to the effect of rapid economic growth in the previous years. The tax-to-GDP ratio is one of the lowest in the EU, over four percentage points below the EU average, but is somewhat higher than in the other Baltic States.

As in many other new Member States, the share of indirect taxes in total taxation is relatively high in Estonia (38.7 % in 2008), although their share has dropped from the previous year (43.0 %). Social security contributions also form an important proportion of total taxation (36.6 % in 2008, more than six percentage points above the Union average). The share of direct taxes, 24.7 % in 2008, has fallen by nearly six percentage points since the late 1990s, following reforms that increased the basic allowance and decreased the tax rates on both personal and corporate income.

Local governments receive 15.4 % of tax revenues, which is the fifth highest proportion in the EU-27. Since 2004, the funding of local authorities is calculated based on gross income of residents before deductions instead of actual tax revenue, as was the case previously. This implies that the basic exemption and other deductions from taxable income impact only on the central government budget. Central government revenue accounts for 67.3 % of total taxation.

The overall tax burden in Estonia dropped by over 5 % of GDP between 1995 and 2000. After 2000, the overall tax ratio remained roughly constant at around 31 % up to 2006. The rise in 2007 and 2008 is largely explained by the accumulated effects of several years of rapid economic growth.

Taxation of consumption, labour and capital; environmental taxation

Consumption tax revenues in relation to GDP displayed an increasing trend from 2004 to 2007, reflecting the impact of rapidly growing private consumption on VAT and excise duty revenues, but also the technical adaptation of the VAT system following accession to the European Union. This one-off measure resulted in a one-month shift in tax receipts and VAT revenues therefore decreased significantly in 2004. The ITR on consumption shows a similar trend, with a rapid increase from 2004 onwards. From the 2007 peak level the ITR on consumption has dropped by nearly three percentage points to 20.9 % in 2008, and the share of consumption taxes in total tax revenues has similarly fallen quite strongly, from 41.3 % in 2007 to 36.8 % in 2008, in spite of the increases in many excise duties and VAT rates.

The ITR on labour has been rather declining steadily since 2000, reflecting the cuts in personal income tax rates and the gradual increase in the basic allowance introduced by the tax reform. In 2008 it is at 33.7 %, below the EU-27 average (34.2 %), while four years earlier it still exceeded it.

Taxes on capital represent only 8.2 % of total tax revenues, the lowest proportion in the EU-27, in accordance with the very low effective taxation of capital income. The ITR on capital (10.7 %) is the lowest in the EU, although its level has steadily increased from 2001 onwards.

Revenue from environmental taxes forms now 7.3 % of total taxation, exceeding the EU average by 0.2 percentage points. The proportion of environmental tax revenues displays a rather steadily rising trend from 1995 onwards, reflecting partly the need to adjust the excise duties up to the EU minimum rates, but also a deliberate policy of the government to finance the cuts of personal income taxes by increases in consumption and environmental taxation.

Current topics and prospects; policy orientation

Estonia and its Baltic neighbours were more heavily hit by the global economic crisis than any other EU economy. In 2009 GDP fell in Estonia by 14.5 % as a result of a strong fall of both domestic demand and exports. Economic growth is expected to remain negative also in 2010. The economic recession has had a high social cost, as the number of employed people decrease by 100 000 (out of the population of 1.3 million) and the unemployment rate reached 14 % in 2009 and is expected to increase to 16.8 % in 2010. Also the general government budget position became negative in 2008 and the balance is expected to remain so until 2013. However, the budget deficit is not expected to fall below the Maastricht criterion of 3% of GDP (it is -2.7 % in 2008 and -1.7 % in 2009). The government goal is to restore the budget balance in the medium term, as well as to preserve the currency board system with a fixed exchange rate, in view of fulfilling the criteria required to become a full member of the European Economic and Monetary Union, which remains the main policy objective of the Estonian government.

The prudent fiscal policy stance is reflected also in tax policy. The long-term plan to cut the income tax rate by one percentage point annually has been frozen and the personal and corporate tax rates will be kept at 21 %, the level reached in 2008. Also the basic allowance (the amount of tax-free income) will remain EEK 27 000 (€ 1 730). The increased basic allowance is applicable only from the second child (and not from the first child as in 2008).

The long-term aim of the tax policy is to shift the tax burden from income and employment towards consumption and the environment. The excise duties on transport fuels have been increased substantially and those on coal, coke, natural gas and electricity were introduced. Most of these excise duties currently clearly exceed the level of the EU minimum rates. The tax exemption of shale-driven fuel has been abolished.

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

Main features of the tax system

Personal income tax

Estonia is one of the Member States applying a flat-rate system to the PIT. The single tax rate, 21 % since 2008, has been applied on all labour and personal capital income (dividends, interests, capital gains, royalties etc.). Only income exceeding a given threshold is taxed. The amount of the basic allowance has been increased yearly from EEK 12 000 (approximately € 770) in 2003 to EEK 24 000 (€ 1 535) in 2006 and EEK 27 000 (€ 1 730) in since 2008. An additional allowance (same amount as basic allowance) is given to one resident parent for each child of up to 17 years of age, starting with the second child. An increased basic allowance is also applied on pension income (€ 2 300). Mortgage interest payments and training expenses can also be deducted from taxable income. The total amount of allowances is limited to € 3 195 per taxpayer during the period of taxation, or to no more than 50 % of the taxpayer's income.

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

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

Corporate taxation

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

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

VAT and excise duties

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

Excise duties on alcoholic beverages and tobacco were increased substantially in 2008, and now exceed the EU minimum levels, in the case of alcohol by wide margins. The excise duties on unleaded petrol and diesel were increased to the EU minimum levels from 1 January 2008, implying a rise in rates by 25 % and 35 % respectively. The excise duty on light heating oil, which already exceeded the EU minimum level, was increased by nearly 40 %, and taxes on coke and coal, natural gas (at the EU minimum level) and electricity (well above the EU minimum level) were introduced as part of the green tax reform, as explained above.

Social contributions

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

In 2002 an unemployment insurance premium was introduced. Since the beginning of 2006, the rate for employees was 0.6 % of gross wage and for employers 0.3 % of the employees' gross wage. An unemployment insurance rate increase took place on 1 June 2009 resulting in unemployment insurance premium of 2 % for employees and 1 % for employers. There was a second increase of unemployment insurance rates as of 1 August 2009 resulting in a rate of 2.8 % for employees and 1.4 %.for employers.

The social tax, comparable to the employers' social security contributions in other countries, is a fiscally important tax in Estonia. In 2008 these contributions represented 35.5 % of total taxation, which is by far the highest proportion in the EU. Employees' social contributions, in contrast, represented only 0.6 % of tax revenues.

Finland

FINLAND	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008	
A. Structure of revenues									% of GDP	*Ranking [1]*	*€ bn*
Indirect taxes	13.9	13.4	13.7	14.2	14.0	14.1	13.8	13.3	13.2	*13*	*24.4*
VAT	8.2	8.0	8.1	8.5	8.5	8.7	8.6	8.4	8.4	*7*	*15.5*
Excise duties and consumption taxes	4.3	4.1	4.2	4.3	3.9	3.8	3.7	3.4	3.4	*6*	*6.2*
Other taxes on products (incl. import duties)	1.2	1.2	1.2	1.2	1.3	1.4	1.3	1.3	1.2	*13*	*2.2*
Other taxes on production	0.2	0.2	0.2	0.2	0.3	0.2	0.2	0.2	0.2	*27*	*0.4*
Direct taxes	21.4	19.2	19.1	18.0	17.8	17.9	17.5	17.8	17.8	*3*	*33.0*
Personal income	14.5	14.0	13.9	13.7	13.3	13.5	13.2	13.0	13.3	*3*	*24.6*
Corporate income	5.9	4.2	4.2	3.4	3.5	3.3	3.4	3.9	3.5	*7*	*6.5*
Other	1.0	1.0	1.0	1.0	1.1	1.0	1.0	0.9	1.0	*6*	*1.9*
Social contributions	11.9	12.0	11.9	11.8	11.7	12.0	12.1	11.9	12.1	*12*	*22.3*
Employers´	8.8	8.9	8.9	8.9	8.8	9.0	8.9	8.7	9.0	*6*	*16.7*
Employees´	2.2	2.2	2.1	2.1	2.1	2.2	2.3	2.3	2.2	*21*	*4.0*
Self- and non-employed	1.0	0.9	0.8	0.8	0.8	0.8	0.9	0.9	0.9	*14*	*1.6*
Less: amounts assessed but unlikely to be collected	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
TOTAL	**47.2**	**44.6**	**44.6**	**44.0**	**43.5**	**44.0**	**43.5**	**43.0**	**43.1**	*4*	*79.6*
Cyclically adjusted total tax to GDP ratio	45.9	43.7	44.4	44.2	43.3	43.7	42.1	40.6	40.9		
B. Structure by level of government									% of total taxation		
Central government	54.2	52.1	53.6	53.8	54.0	53.6	52.5	52.4	51.5	*20*	*41.0*
State government [2]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	*n.a.*	*n.a.*
Local government	21.6	22.1	21.5	21.1	20.8	20.7	21.1	21.3	22.0	*3*	*17.5*
Social security funds	23.2	24.8	24.4	24.5	24.7	25.2	25.8	25.7	26.0	*18*	*20.7*
EU institutions	1.0	0.9	0.6	0.7	0.5	0.5	0.6	0.6	0.6	*24*	*0.5*
C. Structure by economic function									% of GDP		
Consumption	13.6	13.1	13.4	13.9	13.6	13.7	13.4	12.8	12.9	*9*	*23.8*
Labour	23.7	23.7	23.6	23.3	22.7	23.2	22.9	22.3	23.0	*5*	*42.4*
Employed	20.8	21.0	20.9	20.5	20.0	20.4	20.1	19.6	20.4	*6*	*37.7*
Paid by employers	8.8	8.9	8.9	8.9	8.8	9.0	8.9	8.7	9.0	*8*	*16.7*
Paid by employees	12.0	12.0	11.9	11.7	11.2	11.4	11.2	10.9	11.4	*8*	*21.0*
Non-employed	2.9	2.7	2.8	2.7	2.7	2.8	2.8	2.7	2.6	*5*	*4.8*
Capital	9.9	7.8	7.7	6.8	7.1	7.1	7.2	7.9	7.3	*14*	*13.4*
Capital and business income	8.6	6.6	6.4	5.6	5.8	5.7	5.9	6.5	6.0	*9*	*11.0*
Income of corporations	5.9	4.2	4.2	3.4	3.5	3.3	3.4	3.9	3.5	*9*	*6.5*
Income of households	1.1	0.9	0.6	0.6	0.7	0.8	0.9	1.1	0.9	*11*	*1.7*
Income of self-employed (incl. SSC)	1.6	1.6	1.7	1.6	1.5	1.6	1.6	1.6	1.6	*10*	*2.9*
Stocks of capital / wealth	1.3	1.2	1.3	1.2	1.4	1.4	1.3	1.3	1.3	*17*	*2.4*
D. Environmental taxes									% of GDP		
Environmental taxes	3.1	3.0	3.1	3.2	3.2	3.1	3.0	2.7	2.7	*7*	*5.0*
Energy	2.0	1.9	2.0	2.0	1.9	1.9	1.8	1.6	1.8	*16*	*3.3*
Of which transport fuel taxes	:	:	1.4	1.4	1.4	1.4	1.3	1.3	1.3	*17*	
Transport (excl. fuel)	1.1	1.0	1.0	1.2	1.2	1.2	1.1	1.0	0.9	*6*	*1.7*
Pollution/resources	0.0	0.0	0.0	0.1	0.0	0.1	0.1	0.1	0.1	*14*	*0.1*
E. Implicit tax rates									%		
Consumption	28.5	27.6	27.7	28.1	27.7	27.6	27.2	26.5	26.0	*7*	
Labour employed	44.1	44.1	43.8	42.5	41.5	41.5	41.6	41.3	41.3	*7*	
Capital	36.1	25.5	27.5	25.9	26.4	26.9	23.9	26.4	28.1		
Capital and business income	31.2	21.5	22.9	21.2	21.3	21.6	19.5	21.9	23.0		
Corporations	30.4	18.5	21.2	18.7	18.7	17.9	15.2	17.8	19.3		
Households	23.1	21.2	19.4	18.7	18.5	21.1	22.6	23.2	22.0		
Real GDP growth (annual rate)	5.1	2.7	1.6	1.8	3.7	2.8	4.9	4.2	1.0		

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

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

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

n.a. not applicable, : not available

Source: Commission services

FINLAND

Overall trends in taxation

Structure and development of tax revenues

In Finland the overall tax burden (including social security contributions) was 43.1 % of GDP in 2008, nearly at the same level as in the previous year. The cyclically adjusted tax-to-GDP ratios are, however, below the non-adjusted numbers reflecting the impact of relatively favourable economic conditions on tax revenues in 2007 and 2008. One can also observe that the cyclically adjusted ratios display a much stronger downward trend from 1995 onwards than non-adjusted ratios. The Finnish tax burden is still among the highest in the EU, exceeded only by Denmark, Sweden and Belgium.

Direct taxes, in particular on personal income, represent the most important category of revenue, accounting for 41.4 % of total taxation. The share of indirect taxes (30.6 %) is below the EU-27 average (37.6 %). Social contributions, mainly paid by employers, account for 28 %, which is less than in most other Member States.

Local governments receive a rather large proportion of total tax revenues (22 % in 2008). 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 1995 the overall tax burden has displayed a rather sustained downward trend, in particular, observing the cyclically adjusted ratios. The difference between 2008 and 1995 is nearly seven percentage points, when one compares cyclically adjusted ratios, while only about 2.5 percentage points, when one compares non-adjusted numbers. This reflects undoubtedly the deliberate efforts of the government to reduce the tax burden, in particular on labour, during the period considered.

Taxation of consumption, labour and capital; environmental taxation

The tax structure by economic factor in Finland (consumption 29.8 %, labour 53.3 % and capital 16.9 %) is marked by a somewhat higher share of labour and a correspondingly lower shares of consumption and capital taxation compared with the EU-27 averages (33.1 %, 46.7 % and 20.4 %).

The lower share of consumption taxation, however, reflects the high level of other taxes rather than a low tax burden on consumption. Indeed, the implicit tax rate (ITR) on consumption (26 %) is the seventh highest in the Union, although it has fallen somewhat relative to other countries and from the levels of late 1990s (29.3 % in 1999).

Labour taxes represented 23.0 % of GDP in 2007 (EU-27 17.5 %), which is more than three percentage points lower than in 1995, but still among the five highest ratios in the EU. In the 2000s the decline in labour tax revenues has somewhat slowed down compared with the late 1990s, but nevertheless, thanks to regular reductions in income taxes and social contributions, the drop in the ITR on labour has been significant, from 44.1 % in 2000 to 41.3 % in 2008.

The revenue from taxes on capital relative to GDP has dropped from its 2000 peak level (9.9 %) and remained relatively constant at around 7 % between 2003 and 2008, with the exception of the year 2007, when the revenues reached 7.9 % of GDP. The ITR on capital was also at its record level in 2000 (36.1 %), mainly due to the strong economic upswing, after which it has fluctuated between 23 % and 28 %. The rise of the ITR on capital to 28.1 % in 2008, mirroring a similar increase in the ITRs on capital and business income, and corporate income, reflects the relatively favourable economic conditions that prevailed in Finland in pre-crisis years.

Environmental tax revenues represent 2.7 % of GDP in 2008, close to the EU-27 average level (2.6 %) and the seventh highest in EU-27. The tax revenues have declined steadily since 2004 reflecting the fact that nominal tax rates have been kept constant and were raised only in 2008. The level of energy taxation in relation to GDP (1.8 %) is at the same level as the EU average in 2008, while that of transport taxes (0.9 %) is somewhat higher due to relatively heavy vehicle taxation in the Finland.

Current topics and prospects; policy orientation

The Finnish economy was relatively severely hit by the global economic crisis in 2009 with GDP falling by 7.6 % from the previous year. The growth is expected to remain weak, below one percentage point, also in 2010. The state of public finances also deteriorated rapidly and the public sector budget balance turned to a deficit of 2.2 % of GDP in 2009, having displayed rather hefty surpluses during the past ten years. The deficit is expected to fall further to 3.6 % of GDP in 2010. The deficit is caused partly by the operation of automatic stabilisers, in particular by the drop of the revenues for corporate and capital income taxation, partly by the deliberate measures taken to stimulate the economy. The stimulating measures took to a large extent the form of tax cuts, mostly in personal income taxation, although the size of the measures was clearly more important in 2009 than in 2010.

In 2010 personal income taxation is alleviated by reducing tax rates of all the four state income tax brackets by half a percentage points and by increasing the employment income deduction and the basic allowance on municipal taxation. The latter two measures are targeted to low-income earners. Also the taxation of pension income is eased to ensure that the tax burden of pensioners does not exceed that of wage-earners. These measures are meant partly to compensate the increases of social security contributions for the employees (including pension, health and unemployment insurance contributions), as well as the expected rise of municipal income tax rates, which both are likely to increase the tax burden in 2010.

As a measure to reduce indirect labour costs and stimulate employment the employers' the national health insurance contribution, which was temporarily abolished in 2009, is removed definitely in 2010.

In the field of indirect taxation, a major restructuring of VAT rates is undertaken. In accordance with the government programme the VAT rate on food was reduced from 17 % to 12 % in October 2009. As a result of a political compromise the government decided to increase the VAT on food back from 12 % to 13 %, but reduce the VAT on restaurants at the same time from the standard rate of 22 % to 13 %. To compensate revenues losses the standard VAT rate and all the reduced rates are increased by one percentage point. All the changes take place 1 July 2010. The measures entail a revenue loss of 350 millions in 2010, but will increase tax revenues in subsequent years. Other changes in indirect taxation include the increase of excises on tobacco by 5 – 15%, as well as the introduction of a tax on sugar and soft drinks at the end of the year.

Main features of the tax system

Personal income tax

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

Central government taxation of earned income is progressive. From 2007 onwards there are four tax brackets. Marginal rates range from 6.5 % to 30.5 %, the taxable income threshold being € 15 200 in 2010. The municipal income tax is levied at flat rates on earned income and the estates of deceased persons. The rate varies between 16.5 % and 21 %, the average being 18.59 % (in 2009). The church tax rate varies between 1 % and 2 %.

An earned income allowance in municipal taxation was introduced in 1997 with the intention of increasing the take-home pay of low-income earners. It reaches its maximum at a low income level, and gradually decreases thereafter. Since

2006 an earned income tax credit targeted to low-income earners has also been granted in state income taxation. In 2009 the earned income tax credit in state income taxation is replaced by labour employment income deduction.

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

Corporate taxation

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

VAT and excise duties

The standard VAT rate has been 22 % since 1998 and in addition there are two reduced rates: 12 % for food (since October 2009) and 8 % for a list of goods, including medicines, books and subscriptions for newspapers. For the years 2007–2010, the 8 % rate also applies to labour-intensive services (hairdressing, small repair services). All these rates are increased by one percentage point from 1 July 2010 onwards.

Finland has excise duty rates on beer, wine, petrol and tobacco which are among the highest in the EU. The excise duty on alcohol was increased by 11.5 % in 2008 and that on tobacco will be increased by 5-15 % in 2010.

Wealth and transaction taxes

Municipalities levy a real estate tax on land and buildings at rates that usually vary between 0.5 % and 1 % (0.22 and 0.5 for permanent residents). The state levies a property transfer tax on the purchases of real estate or shares; purchases of the first owner-occupied dwelling are exempt. Inheritance and gift tax is levied by the state at rates ranging between 7 % and 32 % for inheritance tax and 10 % and 32 % for gift tax. The inheritance tax is paid on inheritances exceeding the value of € 20 000 and the gift tax on the gift exceeding the value of € 4000.

Social contributions

Social security contributions are paid both by employers and employees. The health insurance contribution for medical care is also paid by pensioners. In 2009 the rate is 1.28 % on employment income and 1.45 % on other income (pension and other benefits). Employees also pay an unemployment insurance contribution (0.20 % of gross income) and pension insurance contribution (5.4 % out of gross income for those above 53 years, 4.3 % for others), and a health insurance contribution for daily allowance (0.7 % of gross income for wage-earners and 0.79 for the self-employed). These contributions are deductible from income taxes. Pension, health insurance and unemployment insurance contributions are increased by 0.2-0.3 percentage points in 2010.

F r a n c e

FRANCE	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008	
A. Structure of revenues									% of GDP	*Ranking* [1]	*€ bn*
Indirect taxes	15.8	15.4	15.4	15.3	15.5	15.6	15.5	15.3	15.0	*7*	*293.0*
VAT	7.3	7.2	7.1	7.1	7.2	7.3	7.3	7.2	7.0	*20*	*136.8*
Excise duties and consumption taxes	2.6	2.5	2.6	2.5	2.3	2.2	2.3	2.0	2.0	*26*	*38.5*
Other taxes on products (incl. import duties)	1.7	1.6	1.7	1.7	1.9	1.9	1.8	1.9	1.8	*10*	*34.8*
Other taxes on production	4.2	4.1	4.1	4.1	4.2	4.3	4.2	4.3	4.3	*2*	*82.9*
Direct taxes	12.5	12.6	11.8	11.4	11.6	11.8	12.2	11.9	11.8	*12*	*231.0*
Personal income	8.4	8.2	7.9	7.9	7.9	8.0	7.8	7.5	7.7	*12*	*149.3*
Corporate income	2.8	3.1	2.5	2.1	2.3	2.3	2.9	2.9	2.8	*19*	*54.4*
Other	1.3	1.4	1.3	1.3	1.4	1.4	1.4	1.5	1.4	*2*	*27.3*
Social contributions	16.1	16.1	16.2	16.4	16.2	16.3	16.4	16.2	16.1	*2*	*314.9*
Employers´	11.1	11.0	11.0	11.1	11.0	11.0	11.1	11.0	11.0	*2*	*214.0*
Employees´	4.0	4.0	4.0	4.1	4.0	4.1	4.1	4.1	4.0	*9*	*77.9*
Self- and non-employed	1.0	1.1	1.1	1.1	1.2	1.2	1.2	1.2	1.2	*11*	*23.0*
Less: amounts assessed but unlikely to be collected	0.3	0.3	0.2	0.1	0.2	0.1	0.2	0.2	0.2		
TOTAL	**44.1**	**43.8**	**43.1**	**42.9**	**43.2**	**43.6**	**43.9**	**43.2**	**42.8**	*7*	*834.3*
Cyclically adjusted total tax to GDP ratio	43.3	43.2	42.9	43.1	43.0	43.4	43.3	42.2	42.1		
B. Structure by level of government									% of total taxation		
Central government	42.1	41.4	40.6	39.9	42.2	40.4	38.3	37.3	36.1	*24*	*300.9*
State government[2)]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	*n.a.*	*n.a.*
Local government	9.7	9.4	9.5	9.8	10.5	10.9	11.0	11.5	11.6	*9*	*96.5*
Social security funds	47.5	48.5	49.2	49.9	47.1	48.3	50.6	51.1	52.3	*1*	*436.4*
EU institutions	1.4	1.4	1.1	0.7	0.5	0.6	0.6	0.6	0.6	*22*	*5.1*
C. Structure by economic function									% of GDP		
Consumption	11.6	11.3	11.3	11.1	11.2	11.2	11.1	10.9	10.7	*19*	*208.4*
Labour	23.0	22.9	22.8	22.9	22.8	23.1	22.9	22.5	22.6	*6*	*440.1*
Employed	22.2	22.2	22.1	22.2	22.1	22.3	22.2	21.8	21.9	*2*	*427.4*
Paid by employers	12.1	12.1	12.1	12.2	12.1	12.2	12.3	12.2	12.2	*2*	*238.4*
Paid by employees	10.1	10.1	10.0	10.0	10.0	10.1	9.9	9.6	9.7	*11*	*188.9*
Non-employed	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.6	0.7	*18*	*12.7*
Capital	9.9	10.0	9.3	9.0	9.3	9.4	10.1	10.1	9.8	*7*	*190.4*
Capital and business income	5.4	5.5	4.9	4.6	4.7	4.8	5.4	5.4	5.3	*16*	*102.9*
Income of corporations	2.8	3.1	2.5	2.1	2.3	2.3	2.9	2.9	2.8	*19*	*54.4*
Income of households	0.9	0.8	0.8	0.8	0.8	0.8	1.0	1.0	1.0	*9*	*19.9*
Income of self-employed (incl. SSC)	1.6	1.6	1.6	1.6	1.6	1.6	1.5	1.5	1.5	*11*	*28.6*
Stocks of capital / wealth	4.5	4.5	4.4	4.4	4.6	4.7	4.6	4.7	4.5	*2*	*87.5*
D. Environmental taxes									% of GDP		
Environmental taxes	2.5	2.3	2.5	2.4	2.4	2.3	2.3	2.2	2.1	*20*	*41.1*
Energy	1.8	1.7	1.8	1.7	1.7	1.6	1.6	1.5	1.4	*22*	*27.9*
Of which transport fuel taxes	:	:	:	1.5	1.5	1.4	1.3	1.3	1.2	*21*	
Transport (excl. fuel)	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	*11*	*11.3*
Pollution/resources	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1	*9*	*1.9*
E. Implicit tax rates									%		
Consumption	20.9	20.3	20.3	20.0	20.1	20.1	19.9	19.5	19.1	*18*	
Labour employed	42.0	41.7	41.2	41.5	41.4	41.9	41.9	41.4	41.4	*5*	
Capital	38.3	38.7	37.4	36.5	37.9	39.2	40.9	39.8	38.8		
Capital and business income	20.8	21.5	19.8	18.7	19.3	19.8	22.1	21.3	21.0		
Corporations	29.6	32.9	29.0	24.4	26.4	26.1	31.8	30.5	29.1		
Households	13.5	12.9	12.6	13.0	12.4	13.0	13.3	12.8	12.9		
Real GDP growth (annual rate)	3.9	1.9	1.0	1.1	2.5	1.9	2.2	2.3	0.4		

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

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

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

n.a. not applicable, : not available

Source: Commission services

FRANCE

Overall trends in taxation

Structure and development of tax revenues

In 2008 the tax-to-GDP ratio in France stood at 42.8 %, almost six percentage points above the EU-27 average (37.0 %).

The share of indirect taxes in percentage of GDP was at 15.0 %, slightly above the EU-27 average (13.8 %), while the share of direct taxes ([68]) was 0.4 percentage points below average. Social contributions represented the second highest share relative to GDP in the EU, after the Czech Republic. Employers' contributions make up over two thirds of social contributions; in % of GDP employers' contributions were 67 % higher than the EU-27 average.

The central government raised 36.1 % of total taxes, the lowest share of any not fiscally federal Member State. The local governments' share of tax revenue (11.6 %) is slightly above the EU average (10.4 %) and well above the euro area average (8.1 %). It consists mainly of the local business tax, patent levies, real estate and housing taxes.

Starting from 44.1 % in 2000, the overall tax burden declined continuously between 2000 and 2003 (by 1.2 percentage points), notably owing to a drop in revenues from corporate taxes, probably linked to reductions in corporate income tax rates and to the cyclical slowdown. Indeed, the cyclically adjusted tax ratio shows less marked dynamics. Between 2003 and 2006 the ratio adjusted for the cycle has remained substantially stable in the range of 43 %. The decline registered in 2007 (0.7 %) has to be attributed mainly to a decrease in personal income tax revenues. In 2008 the cyclically adjusted tax ratio was at its lowest level of 42.1 %.

Taxation of consumption, labour and capital; environmental taxation

In 2008, the ITR on consumption was 2.4 percentage points below the EU average (21.5 %). While an important fall in the ratio is visible from 2000 to 2001 due to reductions in the VAT rates, the ITR remained remarkably stable from 2001 to 2006. Since 2007, the ITR has decreased by 0.8 percentage points due to targeted rate reductions in VAT followed by the economic slowdown.

The ITR on labour income, 41.4 % in 2008, is among the highest in the European Union (EU-27 34.2 %). In 2008, France recorded the second highest value of employers' social security contributions in percentage of GDP after the Czech Republic. 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 of 38.8 % is well above the EU-25 average (26.5 %). After declining in 2002 and 2003, the ITR picked up again rising 3.7 percentage points between 2003 and 2007. The recent increases in the ITR on capital, as well as the decline in 2008, reflect mainly the dynamics in revenue from taxation on corporations. The French system relies on a number of other taxes on capital, such as the real estate tax, the housing tax, the wealth tax and the local business tax. Most of them are classified as taxes on stocks of capital/wealth, which altogether represented 4.5 % of GDP, the second highest value in the EU after the UK (EU-27 1.9 %).

France has a relatively low share of environmental taxes on GDP. Their level declined further in 2008 to 2.1 % compared to the EU-27 average of 2.6 %.

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

Current topics and prospects; policy orientation

As from January 2010, the overall amount of tax incentives (niches fiscales) that a taxpayer may obtain during a fiscal year for individual income tax purposes is capped on the level of the household (foyer fiscal) to € 20 000 plus 8 % of the taxable income. From 1 January 2010, capital gains realized by individuals on the disposal of shares are fully subject to social security contributions at an overall rate of 12.1 %. On 20 January 2010, the government introduced an amending Finance Law 2010 to the French Parliament providing for a tax of 50 % on bonuses exceeding € 27 500 paid in 2009 by financial institutions to their traders.

Since 1 January 2010, the current local business tax on business income has been replaced by a new "economic territorial contribution" (*contribution économique territoriale*). The tax is no longer based on the annual value of commercial and industrial equipment, but consists of the annual rental value of immovable property (*cotisation locale d'activité*) and a new tax of 1.5 % on the added value of the business applicable to taxpayers with a turnover exceeding € 152 500 and allowances depending on the amount of the turnover (*cotisation complémentaire*).

Since the Economic Modernisation Act (*Loi pour la Modernisation de l'Economie —LME*), introduced in August 2008, small closely held capital companies can opt for taxation under the personal income tax regime. Since 2009, under certain conditions, capital invested in SMEs gives rise to a tax credit of 25 % for individual income tax purposes. This favourable regime is extended by the Finance Law 2010. From 1 January 2009, French SMEs are allowed to set-off against their French-source taxable income the losses suffered by their foreign subsidiaries or branches.

Under certain conditions, capital gains derived from the occasional sale of shares by a private individual are tax exempt. In response to the crisis, firms can benefit from treasury measures; tax credit reimbursements (research tax credit and carry-back tax credits) and VAT reimbursements are anticipated. As from 1 July 2009 the 5.5 % reduced VAT rate has been extended to restaurant services. The reduced VAT on air conditioning equipment is abolished with effect from 1 January 2010. The excise taxes on fuel (*Taxe Intérieure de consommation des Produits Pétroliers*) can vary between the administrative territories (*régions*), as each regional council can determine the excise duties individually.

As concerns environmental taxation, the Finance Amendment Law 2008 introduces a penalty of € 160, which applies to vehicles emitting more than 250 g CO2 per kilometre as of 1 January 2009. In addition, the Finance Law 2009 provides the extension of the general tax on polluting activities (TGAP) to the installations for incineration of household waste. Other measures in the area of green taxes introduce tax credits for owners of residential properties built according to given environmental standards.

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 2010 the top marginal rate is 40 % (applicable above € 69 783). The system takes into account the specific situation of each household by applying a family quotient. A noteworthy feature is the high number of thresholds and exemptions applied. In response to the crisis, in 2009 a PIT reduction for low income households was introduced resulting in a cut of the PIT of 2/3 for these households. Investment income, such as bank and bond interest, and qualifying capital gains from the sale of monetary investments are taxed at a flat rate of 16 %. In 2009, capital gains realized by individuals on the disposal of shares were exempt from social security contributions (CSG, CRDS) up to € 25.730, but become subject to social security contributions at an overall rate of 12.1 % as of 1 January 2010. 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 of 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.

As of 2005, the *avoir fiscal* imputation system was replaced by a mitigated classical system for resident individuals under which dividends are subject to income tax at ordinary rates, but only for 60 % of their amount. The equalisation tax (*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 at 50 % of their income.

Corporate taxation

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

In the late 1990s, 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 was funded by broadening the tax base by reducing depreciation allowances and modifying the system for correcting double taxation of distributed intra-company dividends. The full and partial tax exemptions granted to new companies created between 1995 and 2004 and situated in some specific places was extended until 2009. In 2005, the corporate tax rate was cut and from 2007 the local business tax (*taxe professionnelle*) was simplified and reduced. In 2010, the local business tax is replaced by the economic territorial contribution.

VAT and excise duties

The standard VAT rate is 19.6 %. A reduced rate of 5.5 % applies to essential goods, certain periodicals and restaurant services. A reduced rate of 2.1 % applies to newspapers, theatre performances and approved medicines.

Wealth and transaction taxes

A net wealth tax (ISF) is levied on resident individuals on the value of assets owned, minus liabilities, if the net value of these assets exceeds € 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 and a 75 % deduction from income tax applies to capital investment in SMEs.

Social contributions

The French social security system is mainly financed by contributions and taxes deducted from earnings. Employers' social security contributions are particularly high and range between 35 % and 45 %, while employee's social security contributions are around 14 %. In general, personal income is also subject to the general social welfare contribution (CSG) and the welfare debt repayment levy (CRDS). In both cases, the base is somewhat narrower than the gross wage income. The standard CSG rate is 7.5 %, while the CRDS rate is 0.5 %.

GERMANY	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008	
A. Structure of revenues									% of GDP	*Ranking* [1]	*€ bn*
Indirect taxes	12.5	12.2	12.1	12.2	12.0	12.1	12.4	12.9	12.8	*15*	*319.5*
VAT	6.8	6.6	6.4	6.3	6.2	6.2	6.3	7.0	7.0	*19*	*175.9*
Excise duties and consumption taxes	2.8	2.9	3.0	3.2	3.0	2.9	2.8	2.6	2.5	*19*	*63.6*
Other taxes on products (incl. import duties)	0.9	0.9	0.9	0.9	0.9	0.9	0.9	1.0	0.9	*18*	*23.1*
Other taxes on production	2.0	1.8	1.8	1.8	1.9	2.1	2.3	2.3	2.3	*6*	*57.0*
Direct taxes	12.5	11.0	10.7	10.6	10.2	10.3	10.9	11.3	11.5	*14*	*286.0*
Personal income	10.2	9.9	9.6	9.3	8.7	8.6	8.9	9.2	9.6	*8*	*239.3*
Corporate income	1.7	0.6	0.6	0.7	0.9	1.1	1.4	1.4	1.1	*27*	*27.5*
Other	0.6	0.6	0.5	0.5	0.6	0.6	0.7	0.7	0.8	*11*	*19.2*
Social contributions	16.9	16.7	16.7	16.9	16.5	16.3	15.9	15.2	15.1	*3*	*376.1*
Employers´	7.5	7.4	7.3	7.4	7.2	7.0	6.8	6.5	6.5	*14*	*162.4*
Employees´	6.8	6.7	6.6	6.7	6.5	6.4	6.3	6.1	6.1	*3*	*151.9*
Self- and non-employed	2.7	2.6	2.8	2.8	2.8	2.9	2.8	2.5	2.5	*2*	*61.9*
Less: amounts assessed but unlikely to be collected	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
TOTAL	**41.9**	**40.0**	**39.5**	**39.6**	**38.7**	**38.8**	**39.2**	**39.4**	**39.3**	***9***	***981.6***
Cyclically adjusted total	41.2	39.4	39.5	40.1	39.1	39.2	38.8	38.4	38.1		
B. Structure by level of government									% of total taxation		
Central government	28.4	28.2	28.5	28.6	28.0	28.5	28.8	30.0	30.1	*26*	*295.2*
State government [2)]	22.7	21.9	21.6	21.3	21.5	21.3	21.9	22.7	22.6	*2*	*222.2*
Local government	7.0	6.8	6.7	6.6	7.1	7.4	7.9	8.0	8.1	*15*	*80.0*
Social security funds	40.4	41.8	42.3	42.5	42.6	42.0	40.5	38.5	38.3	*4*	*376.1*
EU institutions	1.5	1.3	0.9	0.9	0.7	0.8	0.8	0.8	0.8	*17*	*8.1*
C. Structure by economic function									% of GDP		
Consumption	10.5	10.5	10.4	10.5	10.2	10.1	10.1	10.6	10.6	*22*	*265.2*
Labour	24.5	24.2	24.1	24.1	23.1	22.6	22.1	21.4	21.8	*7*	*545.2*
Employed	21.8	21.5	21.3	21.2	20.2	19.6	19.2	18.8	19.2	*8*	*479.4*
Paid by employers	7.5	7.4	7.3	7.4	7.2	7.0	6.8	6.5	6.5	*14*	*162.4*
Paid by employees	14.3	14.1	14.0	13.8	13.0	12.6	12.5	12.2	12.7	*3*	*317.0*
Non-employed	2.8	2.7	2.9	2.9	2.9	3.0	2.9	2.6	2.6	*4*	*65.8*
Capital	6.8	5.3	5.0	5.1	5.5	6.0	6.9	7.4	6.9	*16*	*171.2*
Capital and business income	5.7	4.2	4.0	4.0	4.4	4.9	5.8	6.3	5.8	*12*	*145.7*
Income of corporations	3.0	1.7	1.7	1.9	2.2	2.5	3.0	3.0	2.7	*21*	*68.6*
Income of households	0.4	0.3	0.3	0.4	0.4	0.5	0.5	0.6	0.7	*14*	*18.1*
Income of self-employed (incl. SSC)	2.3	2.1	2.0	1.7	1.7	1.9	2.3	2.6	2.4	*6*	*59.0*
Stocks of capital / wealth	1.1	1.1	1.0	1.1	1.1	1.1	1.1	1.1	1.0	*19*	*25.6*
D. Environmental taxes									% of GDP		
Environmental taxes	2.4	2.5	2.5	2.7	2.5	2.5	2.4	2.2	2.2	*19*	*55.5*
Energy	2.0	2.1	2.2	2.3	2.2	2.1	2.0	1.9	1.8	*13*	*45.7*
Of which transport fuel taxes	:	:	:	1.8	1.7	1.6	1.5	1.4	1.4	*14*	
Transport (excl. fuel)	0.3	0.4	0.4	0.3	0.4	0.4	0.4	0.4	0.4	*18*	*8.8*
Pollution/resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	*16*	*1.0*
E. Implicit tax rates									%		
Consumption	18.9	18.5	18.5	18.6	18.2	18.1	18.3	19.8	19.8	*17*	
Labour employed	40.7	40.5	40.4	40.4	39.2	38.8	38.9	38.6	39.2	*9*	
Capital	28.4	21.9	20.3	20.3	20.5	21.5	23.4	24.5	23.1		
Capital and business income	23.8	17.4	16.1	16.1	16.5	17.6	19.7	20.8	19.7		
Corporations	:	:	:	:	:	:	:	:	:		
Households	:	:	:	:	:	:	:	:	:		
Real GDP growth (annual rate)	3.2	1.2	0.0	-0.2	1.2	0.8	3.2	2.5	1.3		

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

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

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

n.a. not applicable, : not available

Source: Commission services

GERMANY

Overall trends in taxation

Structure and development of tax revenues

In 2008, Germany's total tax-to-GDP ratio (including social security contributions) was 39.3 %, above both the EU-27 and the euro area averages (EU-27 37.0 %, EA-16 37.6 %). Compared to its neighbouring countries the overall tax ratio is higher than in Poland, Luxembourg and the Czech Republic, but lower than in Denmark, Belgium, France and Austria. The Netherlands has about the same level of taxation. The cyclically adjusted total tax to GDP ratio was higher than the unadjusted value from 2003 to 2005, reflecting the only moderate growth in that period. In 2008, the adjusted value reached its lowest value since 2000.

Germany stands out for a high share of social contributions in total receipts (38.3 %, EU-27 30.2 %), while the shares of direct taxes (29.1 %) and especially indirect taxes (32.6 %) are far below the EU averages. This feature is unchanged, although in 2007 a shift away from SSC to direct and in particular indirect taxes could be observed. This change is mainly due to that year's increase in the VAT rate and simultaneous cut in the unemployment insurance rate. In Germany, SSC exceed the EU average by 4.1 % of GDP: this is mainly due to employees' contributions, which are the third highest in the EU, whereas employers' contributions are in line with the average.

Compared with the other federal countries, state governments in Germany receive a proportion of total tax revenue (22.6 %) which is in line with Spain (22.5 %) and Belgium (24.7 %), but much higher than in Austria (8.1 %). The German *Länder* receive a substantial share of revenue from VAT, the wage withholding tax, the PIT collected by assessment, the CIT and the withholding tax on interest. The *Länder* are also entitled to all revenue from other taxes such as inheritance and gift taxes, taxes on property transfer and taxes on motor vehicles. Social security institutions receive the fourth largest share of revenues in the EU (38.3 %) exceeded as a proportion only by France (52.3 %), Slovakia (40.4 %) and Belgium (39.9 %). The end result is that, at 30.1 %, the federal government receives the second smallest portion of tax receipts of any EU central government (EU-27 59.2 %), just 0.5 percentage points more than Belgium.

Following Germany's reunification, the tax-to-GDP ratio rose significantly in the early 1990s, with most of the increase coming in the form of higher social contributions. The increase continued in the 1995–2000 period as a result of growing revenues from personal and corporate income taxes. In 2000, the tax-to-GDP ratio stood at 41.9 %. The year 2001 marked a turning point: staggered reductions in PIT and CIT under the 'Tax Reform 2000' led to a drop in revenue by more than three percentage points up to 2005. The ratio increased again in 2006 and 2007, however, mainly due to higher PIT and CIT revenue on the back of strong economic growth and as a consequence of the significant increase in the standard VAT rate.

Taxation of consumption, labour and capital; environmental taxation

Consumption taxes as a percentage of GDP are among the lowest in the European Union (10.6 %, EU-27 12.0 %), as reflected in the low ITR on consumption (19.8 %, EU-27 21.5 %). After having remained roughly stable since 2000, the ITR on consumption has increased by more than 1.5 percentage points in 2007 owing to the VAT hike and remained on the same level in 2008.

The tax on labour as a percentage of GDP (21.8 %, EU-27 17.5 %) is relatively high, ranking seventh in the Union. Social contributions account for around two thirds of the taxes on employed labour, driving the implicit tax rate on labour to 39.2 %, well above the European average (EU-27 34.2 %). Starting from a peak at 40.7 % in 2000, the ITR continuously decreased until 2005 as a consequence of income tax reform, and stabilised thereafter with a slight increase in 2008.

Despite a strong increase in recent years, Germany still derives lower than average revenues from taxation of capital (6.9 % of GDP, EU-27 7.5 %), partly due to a low level of taxes on stocks of capital/wealth (1.0 %, EU-27 1.9 %). Moreover, as a result of the fact that in Germany a very low share of businesses is incorporated, a low overall level of taxes on corporations is observed (2.7 %, EU-27 3.4 %). On the other hand relatively high revenues are raised by the tax on the income of the self-employed (2.4 %, EU-27 1.4 %). These factors are likewise reflected in the rather low implicit tax rate on capital (23.1 %). The level of taxes on corporations (including the trade tax) has undergone substantial changes due to the reforms in the last years (see the 2008 report for more information).

Environmental taxes were strongly increased in the 1999–2003 period as a consequence of the ecological tax reform (from a pre-reform level of 2.1 % of GDP to 2.7 % in 2003). In the following years, however, they declined again to 2.2 % of GDP (in 2008) and now again lie clearly below the EU-27 average (2.6 %).

Current topics and prospects; policy orientation

In the coalition treaty of the new German government - next to long-term reforms of the tax system - some immediate tax changes were agreed upon. The Bill on acceleration of growth (*Wachstumsbeschleunigungsgesetz*) which came into force on 1 January 2010 contains most of the immediate tax changes of the coalition agreement. In particular, the annual tax deduction for children together with the deduction for child care were increased from € 6 024 to € 7 008 for jointly assessed spouses (half value otherwise). A reduced VAT rate of 7 % on short-term accommodation as supplied by hotels, pensions and guesthouses was introduced. Changes were also made in the inheritance tax to decrease the tax burden on siblings and children of siblings. The interest barrier rule in the corporate tax system was relaxed by increasing the limit of net interest expenses from € 1 million to € 3 million.

An important decision taken by the former government also came into force on 1 January 2010: The Bill for improved deductibility of payments for health and nursing care insurance (*Bürgerentlastungsgesetz Krankenversicherung*). The Bill was the consequence of a decision by the Federal Constitutional Court that the cost for health and similar insurances must be fully deductible. The cost of this measure is estimated to be around € 9.5 billion per annum.

Main features of the tax system

Personal income tax

The economic stimulus package reduced the bottom PIT rate from 15 % to 14 % while the basic allowance was increased from € 7 664 to € 7 834 retroactively as from 1 January 2009 and to € 8 004 as from 1 January 2010. PIT rates increase in two-linear progressive zones from the new basic rate of 14 % to 42 % (applicable above € 52 552 respectively € 52 882 as from 1 January 2010). Since 2007, a top rate of 45 % applies to incomes above € 250 000. This value has been increased to € 250 400 as from 1 January 2009 and € 250 730 as from 1 January 2010. A 5.5 % solidarity surcharge is levied on top of the PIT rates. Spouses living together are in general jointly assessed, their combined personal allowance thus being € 16 008 in 2010. Husband and wife each pay income tax on half the total of their combined incomes. On 1 January 2009 a final 25 % withholding tax (plus solidarity surcharge) on private households' capital income came into force, with an option on the assessment of private investment income and capital gains. A € 801 allowance (€ 1 602 for married couples) per year applies to investment income.

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

Corporate taxation

The corporation tax system has been reformed several times in recent years. In particular, the CIT rates have been reduced from pre-1999 rates of 45 % (rate on non-distributed profits) and 30 % (rate on distributed profits) to a common 15 % rate. In order to finance the tax cuts, base-broadening measures were introduced. Among others, the depreciation on machinery and buildings was reduced. Moreover, the local tax on trade and industry (see below) is not deductible from the CIT base and its own base any more. Finally, as of January 2008 two measures to secure the CIT base are in place: a so-called interest barrier rule (*Zinsschranke*), which introduces a profit-based limit on the deduction of interest expenses if net interest expenses exceed € 3 million, and a modified tax base rule, which adds parts of the interest expenses and portions of rents, leasing and licence fees to the tax base.

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

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

VAT and excise duties

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

Wealth and transaction taxes

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

Social contributions

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

GREECE	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008	
A. Structure of revenues									% of GDP	*Ranking* [1]	*€ bn*
Indirect taxes	14.2	13.8	13.3	12.4	11.9	11.9	12.4	12.5	12.4	*19*	*29.6*
VAT	7.2	7.5	7.6	7.0	6.8	6.9	7.2	7.3	7.1	*17*	*17.0*
Excise duties and consumption taxes	3.1	3.1	2.9	2.8	2.6	2.6	2.5	2.5	2.3	*23*	*5.5*
Other taxes on products (incl. import duties)	3.3	2.7	2.4	2.3	2.2	2.2	2.4	2.4	2.5	*4*	*6.1*
Other taxes on production	0.6	0.5	0.3	0.3	0.3	0.3	0.3	0.3	0.4	*25*	*1.0*
Direct taxes	10.0	8.8	8.8	8.0	8.1	8.7	8.1	8.1	8.0	*23*	*19.1*
Personal income	5.0	4.5	4.5	4.3	4.4	4.6	4.7	4.8	4.7	*23*	*11.4*
Corporate income	4.1	3.4	3.4	2.9	3.0	3.3	2.7	2.5	2.5	*25*	*5.9*
Other	0.8	1.0	0.9	0.7	0.7	0.8	0.8	0.8	0.8	*10*	*1.9*
Social contributions	10.5	10.6	11.6	11.7	11.1	11.2	11.1	11.7	12.2	*11*	*29.3*
Employers´	4.9	4.9	5.5	5.4	5.1	5.1	5.2	5.5	5.7	*17*	*13.6*
Employees´	4.1	4.2	4.5	4.7	4.4	4.4	4.4	4.5	4.7	*5*	*11.3*
Self- and non-employed	1.5	1.5	1.6	1.6	1.6	1.7	1.6	1.8	1.8	*7*	*4.4*
Less: amounts assessed but unlikely to be collected	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
TOTAL	**34.6**	**33.2**	**33.7**	**32.1**	**31.2**	**31.8**	**31.7**	**32.4**	**32.6**	***21***	***78.0***
Cyclically adjusted total tax to GDP ratio	34.9	33.4	34.0	31.6	30.2	31.3	30.6	30.5	30.8		
B. Structure by level of government									% of total taxation		
Central government	67.6	65.8	63.9	62.1	63.2	63.8	63.5	62.2	60.1	*12*	*46.9*
State government [2]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	*n.a.*	*n.a.*
Local government	0.8	0.9	0.8	0.8	0.8	0.8	0.7	0.8	0.8	*26*	*0.6*
Social security funds	30.0	31.6	34.2	36.1	35.1	34.5	34.9	36.1	38.2	*5*	*29.8*
EU institutions	1.7	1.7	1.2	1.1	0.9	0.9	0.9	0.9	0.9	*16*	*0.7*
C. Structure by economic function									% of GDP		
Consumption	12.4	12.7	12.4	11.4	11.2	11.2	11.5	11.6	11.3	*15*	*27.1*
Labour	12.4	12.2	13.1	13.1	12.6	12.9	13.0	13.4	14.0	*20*	*33.5*
Employed	11.5	11.3	12.2	12.2	11.7	11.9	11.9	12.4	12.8	*20*	*30.6*
Paid by employers	4.9	4.9	5.5	5.4	5.1	5.1	5.2	5.5	5.7	*19*	*13.6*
Paid by employees	6.6	6.4	6.7	6.8	6.6	6.9	6.8	7.0	7.1	*18*	*17.0*
Non-employed	0.9	0.9	0.9	0.9	0.9	1.0	1.1	1.0	1.2	*12*	*2.9*
Capital	9.8	8.4	8.2	7.6	7.4	7.8	7.2	7.4	7.3	*13*	*17.4*
Capital and business income	7.4	6.4	6.6	6.0	6.0	6.4	5.7	5.8	5.6	*14*	*13.4*
Income of corporations	4.1	3.4	3.4	2.9	3.0	3.3	2.7	2.5	2.5	*26*	*5.9*
Income of households	0.8	0.7	0.7	0.7	0.6	0.7	0.7	0.7	0.7	*15*	*1.6*
Income of self-employed (incl. SSC)	2.5	2.3	2.5	2.5	2.4	2.4	2.3	2.6	2.5	*4*	*5.9*
Stocks of capital / wealth	2.4	2.0	1.6	1.5	1.3	1.4	1.5	1.6	1.7	*14*	*4.1*
D. Environmental taxes									% of GDP		
Environmental taxes	2.3	2.5	2.3	2.2	2.1	2.1	2.0	2.0	2.0	*22*	*4.7*
Energy	1.6	1.5	1.4	1.3	1.3	1.2	1.2	1.2	1.2	*27*	*2.8*
Of which transport fuel taxes	:	:	:	1.2	1.2	1.1	1.1	1.1	1.1	*26*	
Transport (excl. fuel)	0.8	1.0	0.9	0.8	0.9	0.9	0.8	0.8	0.8	*7*	*1.9*
Pollution/resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	*25*	*0.0*
E. Implicit tax rates									%		
Consumption	16.5	16.7	16.1	15.5	15.3	14.8	15.2	15.5	15.1	*26*	
Labour employed	34.5	34.6	34.4	35.0	33.7	34.4	34.8	35.9	37.0	*10*	
Capital	19.9	17.7	17.7	16.4	16.0	16.8	15.8	:	:		
Capital and business income	15.1	13.6	14.1	13.1	13.1	13.7	12.6	:	:		
Corporations	29.0	25.1	26.0	21.0	20.1	21.6	18.6	:	:		
Households	8.9	8.7	9.4	9.6	9.7	9.7	9.5	:	:		
Real GDP growth (annual rate)	4.5	4.2	3.4	5.9	4.6	2.2	4.5	4.5	2.0		

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

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

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

n.a. not applicable, : not available

Source: Commission services

GREECE

Overall trends in taxation

Structure and development of tax revenues

Greece's total tax-to-GDP ratio (including social security contributions) amounted to 32.6 % in 2008, well below the EU-27 average (37.0 %). This is the third lowest tax-to-GDP ratio among the countries in the euro area, where the average value stands at 37.6 %.

Indirect taxes and social contributions supply approximately the same amount of revenue (12.4 % and 12.2 % of GDP, respectively). Although their proportion is lower than the EU-27 average (13.8 % of GDP), in Greece indirect taxes play a more important role than direct taxes. Revenue from direct taxes is only about two thirds of the EU-27 average (8.0 % of GDP as compared with 12.2 % of GDP). Revenues from personal income taxes in particular account for a mere 4.7 % of GDP, compared with an EU-27 average of 8.1 % of GDP. Looking at the tax mix, the structure of the Greek tax system is to some extent similar to that of Cyprus, with low personal income taxes and a high share of indirect taxes in the total (38 %).

The vast majority of revenues, roughly 60 % of the total, flow to the central government while social security funds receive almost all of the remainder. Local government levies only a limited share of overall taxation, amounting to 0.8 % of GDP. This structure has shown two significant changes since 1995, with the decline in the share of the taxes destined to the central government and corresponding increase in receipts to the social security funds.

The overall tax burden increased rapidly from 1995 to 2000, when it reached a peak of 34.6 % of GDP (34.9 % if adjusted for the cycle), reflecting the effort to combat tax evasion and to reduce the government deficit in the run-up to the euro. The strongest relative increases in that period were recorded for corporate income and personal income taxes. From 2002 to 2004, the cyclically adjusted tax burden dropped by almost four percentage points of GDP with declines being recorded mostly for indirect taxes, employers' social security contributions and corporate taxes, following cuts in the rates. After reaching 31.3 % of GDP in 2005, the tax ratio remained roughly stable thereafter, amounting at 30.8 % of GDP in 2008.

Taxation of consumption, labour and capital; environmental taxation

As of 2008, the implicit tax rate on consumption in Greece was 15.1 %, some 6 percentage points below the EU-27 average (21.5 %) and the second lowest value in the area after Spain. This is due to a broad application of reduced VAT rates as compared to the standard VAT rate and a moderate level of excise duties. The Greek ITR on consumption has declined steadily from its 16.7 % peak in 2001 to 14.8 % in 2005, and has since then stabilised above 15 %.

The implicit tax rate on labour is, at 37.0 %, 2.8 percentage points above the EU-27 average. Given low direct taxes, this high rate is due, in particular, to social security contributions. In the period under consideration, the ITR on labour grew from a below average 34.5 % in 2000 to 35.0 % in 2003. It dropped markedly by 1.3 percentage points in 2004, inter alia due to the lagged effects of the tax measures already introduced in 2001, and has increased gradually since then.

Data on the ITR on capital are only available until 2006. Greece displayed a low rate of capital taxation in the previous years; with the ITR on capital at 15.8 % in 2006. As in many Member States, the ITR had decreased substantially in the years 2000–2004, but then it picked up by 0.8 % in 2005 and dropped again by 1.0 % in 2006, remaining well below the EU-25 average of 25.4 %. Note also that a low ITR on capital may be linked to the structure of employment, characterised by a relatively high share of self-employed (whose income is treated as capital income in our methodology).

The role of environmental taxation has been decreasing over recent years in Greece: their share in terms of GDP has declined steadily by a cumulative 0.5 percentage points since 2001. This decline was driven by shrinking revenues from energy taxation. In 2008 the ratio of environmental taxation stood at 2.0 % of GDP, a value among the lowest in the Union (the EU-27 average is 2.6 %).

Current topics and prospects; policy orientation

In 2004 a tax reform law was passed to foster entrepreneurship, encourage investment and innovation and provide for a more equitable distribution of the tax burden. The first phase of the reform reduced the corporate tax rate from 35 % to 25 %, increased tax-free personal income by € 1 000 and simplified the tax code. The second stage was launched in 2007 and focused on lowering personal income taxes. In particular, the tax rate applied to the second tax bracket has been reduced from 27 % for income earned in 2008 to 25 % for income earned in 2009. The tax reform enacted in 2008 foresees a gradual reduction by 1 percentage point per year of the corporate income tax rate for the years between 2010 and 2014 (from 25 % to 20 %). A similar gradual decrease of the 25 % rate of the personal income tax has been repealed by the provisions of the bill amending the PIT system approved in April 2010 (see below).

In order to mitigate the negative economic and budgetary impact of the global crisis, several measures have been introduced in 2009. The most relevant are: an extra tax on personal income above € 60 000, gradually increased from € 1 000 (for income between € 60 001 and € 80 000) to € 25 000 (for income above € 900 000); a special solidarity allowance, ranging from € 300 to € 1 300, to low income pensioners, farmers-pensioners and long term unemployed; increase in duties on mobile telephones and excises on petrol; interventions to strengthen the tourism sector. Additional provisions are: an extra contribution charged on large profitable corporations, a special levy on high value real estate and an increase in the road tax on motor vehicles – calculated on the basis of the engine capacity and the environmental impact – collected with an extra levy on high-capacity private vehicles and motorcycles. In addition to the PIT reform mentioned above, further measures, mainly in the domain of indirect taxation, have been decided in early 2010 in order to correct public finance imbalances. They are described in the box Tax policy measures in Greece in 2010.

Main features of the tax system

Personal income tax

Greece has reduced the progressivity of the tax system over the last few years: the highest statutory personal income tax rate was cut, from 45 % to 40 % in 2001–2002, and the tax burden on low-income earners reduced as well. The level of tax-exempt income was raised, while the 2001 budget also introduced an exemption from National Insurance Contributions for low-income earners. The tax relief for the elderly, the disabled, and for families with children was increased. The restructuring of the PIT enacted in early 2010 is going in the opposite direction. The tax bill envisages nine tax brackets (instead of the previous four), with a 45 % top marginal rate applicable above € 100 000, and the abolition of tax exemptions. The new unified scale will apply to all sources of income, thus eliminating the different treatment of employment income and pensions, and of other income in place in the previous system.

Individuals are subject only to a national income tax, as there are no local income taxes. Greek law defines six categories of taxable income: income from immovable property, i.e. land and buildings; income from movable property, i.e. investment income; from business; from agriculture; from employment; and from professional activities and other sources. Income from immovable property is subject to additional taxation beyond the normal progressive income tax at the rate of 1.5 %. The rate rises to 3 % where the surface area of the residence is greater than 300 m^2. The amount of additional tax may not be greater than the amount payable on the taxpayer's total net income. There is no net wealth tax.

There are no personal allowances. In 2003 previous tax deductions were transformed into tax credits. However, life insurance premiums, social security contributions and cash donations for specific purposes remain fully deductible. The main tax credits are granted for medical expenses, home rent, annual educational expenses, for conversion or installation of environmentally friendly heating systems, for the annual mortgage interest on taxpayer's principal home and for the acquisition of long-term balanced or equity mutual funds. As of April 2010, dividends distributed by domestic corporations and limited liability companies from after-tax profits are included in the tax base of natural entities. The 40 % withholding tax levied on such dividends is creditable against the final income tax liability.

Corporate taxation

Greece has been cutting the corporate tax rate over the last few years. The statutory tax rate for non-listed companies was cut from 40 % to 37.5 % in 2001 and to 35 % in 2002, followed by a cut to 29 % in 2006. It was then further reduced to 25 % in 2007. The tax rate for partnerships and civil law associations was reduced from 24 % to 22 % in 2006, and cut to 20 % from 2007 onwards. An additional tax of 3 % is levied on gross income derived from immovable property. This additional tax cannot exceed the tax calculated on the company's income.

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

As mentioned above, from April 2010, a 40 % withholding tax is levied on all dividends (distributed or not) by corporations and limited liability companies. Like in the case of interest income from government bonds and treasury bills, bonds issued by resident companies (including banks and insurance companies) and bank deposits, the withholding tax is treated as a prepayment (i.e. it is creditable against the final income tax liability).

VAT and excise duties

In February 2010 a generalised increase in VAT rates has been approved. The standard rate is increased by two points to 21 %.The reduced rate - applicable to goods such as fresh food products, pharmaceuticals, transportation and electricity, as well as to certain professional services such as those supplied by hotels, restaurants, coffee shops and (non-exempt) services by doctors and dentists – is raised from 9 % to 10 %. A further 10 % increase, bringing the standard and the reduced rate, respectively, to 23 % and 11 % has been decided in May 2010, alongside base-broadening measures. A super-reduced rate of 5 % (previously 4.5 %) applies to newspapers, periodicals, books and theatre tickets. For the region of the Dodecanese, the Cyclades and Eastern Aegean islands, the above rates are reduced by 30 %. In addition to VAT, an excise duty is levied on mineral oils, gasoline, tobacco, alcohol, beer and wine. Excises on electricity – with the exception of that produced by renewable resources – were introduced in the bill of early 2010 containing measures to improve the public finances.

Social contributions

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

Hungary

HUNGARY	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008	
A. Structure of revenues									% of GDP	*Ranking [1]*	*€ bn*
Indirect taxes	16.3	15.3	14.9	15.7	16.2	15.8	15.3	16.0	16.0	*5*	*16.9*
VAT	8.7	8.0	7.8	8.2	8.8	8.4	7.6	7.9	7.8	*13*	*8.2*
Excise duties and consumption taxes	3.9	3.7	3.6	3.7	3.3	3.2	3.3	3.3	3.4	*5*	*3.6*
Other taxes on products (incl. import duties)	3.3	3.2	3.1	3.5	3.6	3.6	3.8	4.1	4.2	*1*	*4.4*
Other taxes on production	0.4	0.4	0.4	0.4	0.5	0.5	0.6	0.7	0.7	*20*	*0.7*
Direct taxes	9.7	10.1	10.1	9.6	9.0	9.1	9.4	10.2	10.6	*16*	*11.2*
Personal income	7.2	7.5	7.5	7.0	6.6	6.6	6.7	7.1	7.7	*11*	*8.1*
Corporate income	2.2	2.3	2.3	2.2	2.1	2.1	2.3	2.8	2.6	*23*	*2.8*
Other	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.3	0.3	*21*	*0.4*
Social contributions	13.0	12.8	12.8	12.6	12.2	12.5	12.5	13.5	13.8	*8*	*14.5*
Employers´	10.5	10.1	10.0	9.8	9.4	9.7	9.5	9.6	9.8	*4*	*10.3*
Employees´	2.0	2.1	2.2	2.2	2.3	2.3	2.4	3.3	3.3	*12*	*3.5*
Self- and non-employed	0.6	0.6	0.5	0.6	0.5	0.5	0.6	0.6	0.7	*15*	*0.7*
Less: amounts assessed but unlikely to be collected	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
TOTAL	**39.0**	**38.2**	**37.8**	**37.9**	**37.4**	**37.5**	**37.2**	**39.8**	**40.4**	***8***	***42.6***
Cyclically adjusted total tax to GDP ratio	39.3	38.5	37.8	37.5	36.3	36.0	34.8	37.7	38.5		
B. Structure by level of government									% of total taxation		
Central government	59.6	58.9	58.6	58.1	57.6	57.0	57.0	56.7	61.3	*11*	*26.1*
State government[2)]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	*n.a.*	*n.a.*
Local government	9.8	10.3	10.5	11.4	12.0	11.6	11.7	11.1	6.4	*17*	*2.7*
Social security funds	30.7	30.7	30.8	30.5	29.9	30.6	30.6	31.3	31.4	*13*	*13.4*
EU institutions	n.a.	n.a.	n.a.	n.a.	0.5	0.8	0.8	0.9	0.9	*15*	*0.4*
C. Structure by economic function									% of GDP		
Consumption	15.5	14.5	14.1	14.7	14.9	14.5	13.9	14.5	14.5	*4*	*15.3*
Labour	19.0	19.0	19.0	18.5	17.9	18.3	18.3	19.8	20.8	*9*	*22.0*
Employed	18.3	18.3	18.7	18.2	17.6	18.0	18.0	19.0	19.9	*7*	*20.9*
Paid by employers	10.6	10.3	10.2	9.9	9.6	9.9	9.7	9.9	10.1	*6*	*10.6*
Paid by employees	7.7	8.1	8.5	8.2	8.0	8.1	8.3	9.1	9.8	*10*	*10.3*
Non-employed	0.7	0.7	0.3	0.3	0.3	0.3	0.3	0.8	1.0	*14*	*1.0*
Capital	4.5	4.7	4.7	4.7	4.6	4.6	5.0	5.5	5.1	*23*	*5.4*
Capital and business income	3.5	3.7	3.7	3.5	3.3	3.3	3.7	4.2	3.8	*24*	*4.0*
Income of corporations	2.2	2.3	2.3	2.2	2.1	2.2	2.4	2.8	2.7	*23*	*2.8*
Income of households	0.7	0.6	0.7	0.7	0.6	0.6	0.6	0.7	0.4	*18*	*0.5*
Income of self-employed (incl. SSC)	0.7	0.7	0.7	0.6	0.6	0.5	0.7	0.6	0.6	*20*	*0.7*
Stocks of capital / wealth	1.0	1.0	1.0	1.2	1.3	1.3	1.3	1.3	1.3	*16*	*1.4*
D. Environmental taxes									% of GDP		
Environmental taxes	3.0	2.8	2.8	2.6	2.7	2.7	2.8	2.8	2.7	*9*	*2.9*
Energy	2.4	2.3	2.2	2.3	2.0	2.1	2.1	2.0	2.0	*9*	*2.1*
Of which transport fuel taxes	:	:	:	:	1.8	1.8	1.9	1.9	1.9	*5*	
Transport (excl. fuel)	0.4	0.4	0.4	0.2	0.5	0.5	0.6	0.6	0.6	*10*	*0.6*
Pollution/resources	0.2	0.1	0.2	0.2	0.2	0.1	0.1	0.1	0.2	*6*	*0.2*
E. Implicit tax rates									%		
Consumption	27.5	25.6	25.3	26.0	27.4	26.3	25.7	27.1	26.9	*4*	
Labour employed	41.4	40.9	41.2	39.3	38.3	38.4	38.8	41.0	42.4	*3*	
Capital	17.1	17.4	16.8	17.8	16.8	17.4	16.9	18.7	19.2		
Capital and business income	13.4	13.6	13.2	13.4	12.0	12.3	12.5	14.3	14.1		
Corporations	28.7	25.6	20.1	19.3	17.4	18.2	15.6	18.1	19.9		
Households	6.7	7.3	7.8	8.1	6.9	7.3	8.6	9.4	7.9		
Real GDP growth (annual rate)	4.9	4.1	4.4	4.3	4.9	3.5	4.0	1.0	0.6		

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

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

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

n.a. not applicable, : not available

Source: Commission services

HUNGARY

Overall trends in taxation

Structure and development of tax revenues

As of 2008, with a total tax-to-GDP ratio of 40.4 % (including social security contributions), Hungary's tax burden is well above the EU average (37.0 %). Looking at neighbouring countries, Austria displays a higher tax ratio (42.8 %) but Slovenia has a lower ratio (37.3 %) and both Slovakia's and Romania's ratios (29.1 % and 28.0 % respectively) lie well below the Hungarian value.

Revenues from indirect taxes are substantial, their share accounting for 39.6 % of the total. Of those, VAT revenues yield 7.8 % of GDP which equals to the EU average. Other taxes on products are the highest in the EU (4.2 % compared to the EU average of 1.5 %) mainly because of local business tax revenues. In contrast, direct taxes are relatively low at 10.6 % of GDP. Social contributions in relation to GDP are clearly above the European average (13.8 % vs. 11.0 %); the majority of them fall on employers.

Tax revenues are divided between central government, local government and the social security system. While central government remains by far the largest recipient of tax revenue, with over half of the total, local government taxes are, at 6.4 % of total taxation, not negligible. Local taxes grew rapidly until 2004 since then they are showing a decreasing trend ([69]).

The overall tax burden declined gradually between 2000 and 2006 from 39.0 % to 37.2 % then quickly reached 40.4 % in 2008, the eighth highest in the EU. The shares of the main categories of taxes evolved differently over the years, but social contributions paid by employees and the level of other taxes on products increased steadily from 2000 onwards. The cyclically adjusted ratios have developed roughly similarly to the unadjusted figures.

Taxation of consumption, labour and capital; environmental taxation

The high level of indirect taxation in Hungary leads to a correspondingly elevated ITR on consumption (26.9 % in 2008). This value is the fourth highest in the EU. The ITR on consumption shows a general decline up to 2002 in line with the reduction in indirect tax revenue, however it bounced back thereafter in line with the changes in VAT system.

The ITR on labour amounted to 42.4 % in 2008. This value is the third highest in the EU and it is well above the EU average (34.2 %). Since 2000, the ITR on labour showed a gradual decline over time until 2004, but increased by 3.6 points in the last two years, mainly due to the changes in social contribution system. The revenues from taxes on capital are, at 5.1 % of GDP, one of the lowest in the EU, due notably to low business income taxation. For the first time this year ITR on capital is available for all years. The ITR on capital remained stable between 2000 and 2006 but it has increased significantly in the last years, reflecting the changes in tax policy; however it is still well below the EU average.

Environmental taxes represented 2.7 % of GDP. This share is slightly above the EU average (2.6 %) and has remained roughly stable between 2000 and 2008. As in most countries, taxes on energy account for the largest part of environmental tax revenues.

Current topics and prospects; policy orientation

In recent times the tax changes have been mainly driven by crisis management and simplification of the tax system. On 1 January 2010 personal income taxation was completely restructured. PIT allowances ceased to exist, the PIT rates were cut while the thresholds to the brackets increased, and the social contributions paid by employers are now included in the

([69]) The decreased share of local taxes in 2008 is purely due to statistical reclassification tax base. Employers' social contributions were reduced by 5 percentage points and the lump-sum health contribution was abolished. The 4 % solidarity surtax was also abolished. As a consequence of these changes the top marginal tax rate dropped from 40 % to 32 %. Moreover, from 1 July 2009 the standard VAT rate was increased from 20 % to 25 %. In 2010 a property tax was introduced on four different types of high value assets: housing property, water vehicles, airborne vehicles and high performance cars. A Constitutional Court decision in February 2010 abolished the part on housing property, after which the future of this tax is being debated. A company car tax was introduced in 2009 and since 1 January 2010 every company car has been subject to this tax. Companies have to pay HUF 7 000 (€ 25) per month per car below 1 600 cm^3 and HUF 15 000 (€ 52) for cars over 1 600 cm^3.

Main features of the tax system

Personal income tax

On 1 January 2009 the personal income tax bracket was increased retroactively to HUF 1.9 million (€ 7 500). As from January 2010 income up to HUF 5 million (€ 18 500) is taxed at a 17 % rate (roughly equal to 21.6 % with contributions), whereas above that threshold the rate is 32 % (roughly equal to 40.6 % with contributions). These rates decreased from 18 % and 36 % and the bracket increased to HUF 5 million (roughly equal to HUF 3.9 million without contributions) from a previous HUF 1.9 million. From 2010 on, the employers' social security contributions (27 %) are included in the tax base. The 4 % solidarity surtax was deleted.

In continuation of simplifying the tax system, as of 1 January 2010 personal income tax allowances in general ceased to exist. There are few exceptions for taxpayers entitled to a state family allowance, small-scale agricultural producers, disabled persons and long-term savings.

The employment tax credit is calculated as 17 % of wage income earned, with a monthly maximum of HUF 15 100 (€ 55). This tax credit is applicable to workers whose annual income does not exceed HUF 3 188 000 (€ 11 700).

A 30 % withholding tax is imposed on the dividends from resident companies paid to individuals. The 35 % rate has been abolished as of 1 January 2009. Foreign source dividends are also taxed at a 30 % rate. In order to secure a more equitable distribution of the tax burden between work and capital income, a tax on interest and a tax on capital gains from stock exchange transactions were introduced on 1 September 2006. The rate of these taxes has been set at 20 %. No portion of these incomes is exempted from tax. The tax on interest is withheld by the payer, and the tax on capital gains in stock exchange deals is declared and paid by private individuals in their tax return. Capital gains from immovable property are subject to tax at a 25 % rate.

Corporate taxation

In recent years there has been a strong tendency to reduce corporate tax rates, particularly in new Member States. In this context Hungary has an established position as a low tax country, given that it introduced a corporate tax rate of 18 % already in 1995, further reduced to 16 % in 2004. On 1 January 2010 a broader tax base was introduced and the tax rate was increased to 19 %, but at the same time the 4 % solidarity tax was discontinued with the result that the effective tax burden is lowered by approximately one percentage point. Under certain conditions a rate of 10 % is still applicable to that part of the tax base which does not exceed HUF 50 million (€ 184 500).

The rate of the simplified corporate tax (EVA) was increased from 15 % to 25 % in 2006, and it further increased to 30 % in 2010. Besides the corporate income tax, municipalities may levy a local business tax (up to 2 %). From 2004 onwards companies are also required to pay an innovation tax, in 2007 at the rate of 0.3 %. The innovation tax 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. To encourage R&D activities, as from 1 January 2010 these costs are deductible from the local business tax base. Micro and small enterprises are exempted from paying the innovation tax.

Capital gains are generally included in the company's total ordinary income. However, 50 % of capital gains on transactions on a recognised stock exchange by a company other than an insurance or financial institution is exempt, subject to limitations. As from 1 January 2010, capital gains of foreign companies without a permanent establishment in Hungary are subject to taxation at the level of the private person owner if the person's ownership/voting share reaches 25 %. Dividends paid to Hungarian companies are generally deductible from the corporate tax base.

VAT

After the VAT rate cut from 25 % to 20 % in 2005 and 2006 the standard VAT rate was increased again to 25 % in July 2009, while milk, milk products, bread, bakery products, and accommodation services are subject to a reduced 18 % rate. VAT rate on district heating services was first cut to 18 % on 1 August 2009, and on 15 January 2010 it was set to 5 %. This preferential reduced rate of 5 % applies also to a few other products such as specific medicines and medical materials, books, newspapers, etc. The Act on VAT (No 127/2007) which has come into force on 1 January 2007 follows much more closely the structure of Council Directive 2006/112/EC and has also introduced a relevant new measure, the reverse charge scheme for waste commerce. In 2008, the sectoral reverse charge system was extended to various services linked to immovable property as well. In accordance with Council Directive 2008/8/EC the place of supply of services to taxable persons was changed on 1 January 2010.

Other taxes

From 1 January 2009 to 1 January 2011 a new tax is to be levied on energy suppliers — the Special Energy Tax. The tax base is the pre-tax profit subject to certain tax base adjusting items. On January 2009, due to harmonization with EU legislation, the application of energy tax was extended to coal products as well. On 1 January 2010 the rate of energy tax was generally increased by 17 %.

On 1 January 2010, the duty payable on acquisition of assets was reduced from 10 % to 4 %.

From 2007 banks have to pay a surtax on interest revenue from loans related to state subsidies at a 5 % rate.

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 metre for buildings, HUF 200 per year per square metre for land) or 3 % of the market value.

In 2009 and 2010 the excise duties on tobacco, alcohol and fuel were further increased. As of 1 July 2009, the rate of increase was 5.3 % for petrol, 6.5 % for diesel, between 6-7 % for alcoholic beverages and an average 5 % for tobacco products. As a second step, from 1 January 2010 an additional increase in excise duties took place: by 10 % for petrol, by 7.6 % for diesel, by 10 % for alcoholic beverages and an average 9 % for tobacco products.

Social contributions

On 1 July 2009 there was a 5 percentage points reduction up to double the minimum wage and in 2010 there was a general 5 percentage points reduction (3 percentage points from the social security contributions). 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. The lump-sum health contribution was abolished on 1 January 2010.

Social security contributions include employers' social security contributions of 27 % (up to a certain threshold) and employees' social security contributions of 15.5 % (health contribution 6 % plus pension contribution 9.5 %; in the case of private pension fund members the health contribution is 6 %, the pension contribution is 1.5 % and 8 % is paid to private pension funds). 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. As from 1 January 2010 employers and employees pay contributions (1 % and 1.5 % respectively) to the employment fund.

IRELAND	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008 Ranking [1]	2008 € bn
A. Structure of revenues									% of GDP	*Ranking* [1]	*€ bn*
Indirect taxes	13.7	12.5	12.4	12.6	13.2	13.7	14.2	13.6	12.4	*18*	*22.6*
VAT	7.3	6.8	7.0	7.0	7.3	7.6	7.8	7.6	7.1	*16*	*13.0*
Excise duties and consumption taxes	3.2	2.9	2.9	2.8	2.7	2.6	2.4	2.4	2.4	*21*	*4.4*
Other taxes on products (incl. import duties)	2.3	2.0	1.7	2.0	2.2	2.6	3.0	2.6	1.8	*9*	*3.3*
Other taxes on production	0.8	0.8	0.8	0.9	0.9	0.9	1.0	1.0	1.1	*13*	*2.0*
Direct taxes	13.5	12.8	11.6	11.9	12.4	12.3	13.2	12.9	11.5	*13*	*20.9*
Personal income	9.2	8.7	7.5	7.7	8.3	8.4	8.8	8.8	8.2	*9*	*14.8*
Corporate income	3.8	3.6	3.7	3.8	3.7	3.5	4.0	3.5	2.9	*18*	*5.2*
Other	0.5	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	*19*	*0.8*
Social contributions	4.4	4.5	4.4	4.4	4.6	4.7	4.8	5.0	5.3	*26*	*9.7*
Employers´	2.7	2.8	2.7	2.7	2.7	2.7	2.9	3.0	3.3	*25*	*5.9*
Employees´	1.5	1.5	1.5	1.6	1.7	1.7	1.7	1.7	1.8	*24*	*3.3*
Self- and non-employed	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	*21*	*0.4*
Less: amounts assessed but unlikely to be collected	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
TOTAL	**31.6**	**29.8**	**28.5**	**29.0**	**30.3**	**30.8**	**32.3**	**31.4**	**29.3**	***24***	***53.2***
Cyclically adjusted total tax to GDP ratio	30.1	28.8	27.5	28.5	29.8	29.6	30.2	27.9	27.4		
B. Structure by level of government									% of total taxation		
Central government	84.8	83.6	83.9	84.1	84.4	84.4	84.7	83.8	81.3	*3*	*43.3*
State government [2]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	*n.a.*	*n.a.*
Local government	2.0	2.1	2.3	2.3	2.3	2.3	2.3	2.3	2.8	*24*	*1.5*
Social security funds	11.3	12.5	12.8	12.6	12.5	12.4	12.2	13.0	15.0	*23*	*8.0*
EU institutions	1.9	1.8	1.0	1.0	0.7	0.9	0.8	0.9	0.9	*13*	*0.5*
C. Structure by economic function									% of GDP		
Consumption	12.1	10.9	11.0	10.9	11.2	11.5	11.5	11.3	10.7	*18*	*19.4*
Labour	11.5	11.0	10.0	9.8	10.4	10.4	10.5	10.7	11.2	*24*	*20.3*
Employed	11.4	10.9	10.0	9.7	10.4	10.3	10.4	10.7	11.1	*24*	*20.2*
Paid by employers	2.7	2.8	2.7	2.7	2.7	2.7	2.9	3.0	3.3	*25*	*5.9*
Paid by employees	8.7	8.1	7.3	7.0	7.7	7.6	7.5	7.6	7.8	*15*	*14.2*
Non-employed	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	*27*	*0.1*
Capital	8.0	7.8	7.4	8.4	8.6	8.9	10.3	9.5	7.4	*11*	*13.5*
Capital and business income	6.0	5.9	5.6	6.2	6.2	6.2	7.1	6.6	5.2	*17*	*9.4*
Income of corporations	3.8	3.6	3.7	3.8	3.7	3.5	4.0	3.5	2.9	*18*	*5.2*
Income of households	1.1	1.1	0.8	1.4	1.5	1.6	2.1	2.0	1.3	*6*	*2.3*
Income of self-employed (incl. SSC)	1.1	1.1	1.1	1.0	1.1	1.1	1.0	1.1	1.1	*14*	*2.0*
Stocks of capital / wealth	2.0	2.0	1.8	2.2	2.4	2.7	3.2	2.9	2.2	*10*	*4.0*
D. Environmental taxes									% of GDP		
Environmental taxes	2.9	2.4	2.4	2.4	2.5	2.5	2.5	2.5	2.4	*15*	*4.4*
Energy	1.4	1.2	1.3	1.3	1.4	1.3	1.3	1.2	1.3	*25*	*2.3*
Of which transport fuel taxes	:	:	:	1.1	1.2	1.2	1.2	1.1	1.2	*22*	
Transport (excl. fuel)	1.4	1.1	1.1	1.1	1.1	1.2	1.2	1.2	1.1	*5*	*2.1*
Pollution/resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	*23*	*0.0*
E. Implicit tax rates									%		
Consumption	25.7	23.8	24.7	24.5	25.7	26.3	26.5	25.6	22.9	*9*	
Labour employed	28.5	27.4	26.0	25.0	26.3	25.4	25.4	25.7	24.6	*25*	
Capital	:	:	14.9	16.8	17.9	19.5	21.2	18.6	15.7		
Capital and business income	:	:	11.3	12.4	13.0	13.6	14.7	13.0	11.0		
Corporations	:	:	10.0	10.2	10.4	10.2	10.4	8.7	7.6		
Households	:	:	14.3	18.2	18.3	22.9	27.9	28.1	22.2		
Real GDP growth (annual rate)	9.4	5.7	6.5	4.4	4.6	6.2	5.4	6.0	-3.0		

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

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

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

n.a. not applicable, : not available

Source: Commission services

IRELAND

Overall trends in taxation

Structure and development of tax revenues

At 29.3 % in 2008, the total tax-to-GDP ratio in Ireland (including social security contributions) is the fourth lowest in the Union and the second lowest in the euro area. While this ratio has shown an upward trend from 2002 to 2006, it decreased by three percentage points from 2006 to 2008. The trend is similar for the cyclical adjusted tax revenue. While the difference between adjusted and unadjusted total tax to GDP was only 0.5 percentage points in 2004 it increased to a peak 3.5 percentage points in 2007, before decreasing to 1.9 percentage points in 2008. This highlights that the comparably high tax revenues were mainly the result of favourable economic conditions.

The taxation structure is characterised by a heavy reliance on taxes rather than social security contributions. Indirect and direct taxation make up 42.5 % and 39.3 % of the total revenue respectively, whereas there social security contributions raise only 18.2 % of total tax revenue. In this respect, the structure of taxation differs considerably from the typical structure of the EU-27, where each item contributes roughly a third of the total. As in the majority of Member States, the largest share of indirect taxes is constituted by VAT receipts, which provide 57.4 % of total indirect taxes (56.9 % for the EU-27). The structure of direct taxation is similar to that found in the EU-27. Personal income taxes and corporate income taxes represent 8.2 % and 2.9 % of GDP, respectively, compared with 8.1 % and 3.3 % for the EU-27. Social security contributions represent a meagre 5.3 % of GDP (second lowest in the Union after Denmark), compared to an EU-27 average of 11.0 %. Employers' and employees' contributions are at 3.3 % and 1.8 % of GDP, respectively.

Ireland is one of the most fiscally centralised countries in Europe; local government has only low revenues (2.8 % of tax revenues). The social security fund receives just 15.0 % of tax revenues (EU-27 29.3 %), while the vast majority (81.3 %) of tax revenue accrues to central government. This ratio is exceeded only by Malta and the United Kingdom.

From 2000 to 2002, Ireland reduced the total tax burden across the board from 31.6 % to just 28.5 % of GDP. Since 2002, however, the total tax ratio has increased every year, reaching 32.3 % in 2006, in large part due to a surge in VAT receipts, capital gains tax and stamp duties. This upward trend was interrupted in 2007 when the total tax ratio decreased by almost one percentage point. In 2008, total tax revenue to GDP is back to the levels in 2003. This decrease was mainly driven by lower ratios of VAT, PIT, other taxes on products (incl. import duties), and corporate income taxes to GDP, caused by the worsening economic situation.

Taxation of consumption, labour and capital; environmental taxation

The tax structure by economic factor (consumption 36.5 %, labour 38.2 %, capital 25.3 %) differs notably from the EU-27 average (33.1 %, 46.7 %, 20.4 %), with the tax system deriving one of the smallest proportion of tax receipts from labour of any EU country. Conversely, it raises a large proportion from capital taxes, exceeded only by the United Kingdom. Compared to 2007 the share of labour has increased by four percentage points while the capital share decreased by almost five percentage points. A possible reason for this could be that profits reacted faster to the economic crisis compared to employment.

Taxes on consumption in relation to GDP are at 10.7 % (EU-27 12.0 %). After a declining period from 13.0 % in 1995 to 10.9 % in 2001, this ratio has increased slightly to 11.5 % in 2006. This principally reflects buoyant economic activity in that period, which has driven VAT receipts up. However, the value decreased slightly since 2007 (11.3 %) for the first time since 2003.The weight of indirect taxes other than VAT and excise duties is also high by EU standards.

The very low social security contributions result in one of the lowest level of taxes on labour in the EU (11.2 % of GDP compared with 17.5 % in EU-27). As in many EU countries the implicit tax rate on labour increased steadily from the early 1970s until the late 1980s. Having attained stability in the early 1990s, the rate fell from 29.3 % in 1996 to 24.6 % in 2008, as a result of successive cuts in personal income tax and social contributions. This constitutes the second largest reduction in the ITR on labour in any European country in the period, after Latvia.

The Irish case is notable in that the strong economic growth until 2007 offset the effects of the contemporaneous reductions in corporate income tax rates; the CIT rate was cut in half between 2000 and 2003. Indeed, revenues from taxes on capital, at 9.5 % of GDP in 2007, were higher than in 2000. Much of this was due to soaring receipts from the capital gains tax and stamp duty, which collectively rose to reach respectively 500 % and 337 % of their 2002 level in 2007 in the wake of the construction boom. The increase of tax revenue despite lower tax rates is also pictured by the ITR on capital. It is at 15.7 % in 2008 and reached its peak at 21.1 % in 2006. From 2002 to 2006 the ITR on capital increased by more than six percentage points.

As for environmental taxation, it has almost continuously declined over the period, moving from an above average level 2000 (2.9 % against 2.8 % for the EU-27) to a below average level of 2.4 % (compared to 2.6 % for the EU-27). Transport taxation is relatively high compared to the EU-27 average (0.5 % points above the EU-27 average) while taxation on energy (1.3 %) was the third lowest in the Union in 2008.

Current topics and prospects; policy orientation

Ireland currently focuses on reducing the budget deficit and announced a number measures in the 2010 Budget Bill. While the major part of measures concern the expenditure side, Ireland also announced changes in the tax system. However, the biggest revenue impact stems from the Carbon Tax. The tax is levied at a rate of € 15 per tonne on fossils fuels. It came into effect for petrol and auto-diesel on 9 December 2009. On 1 May 2010 taxation will also include Kerosene, Marked Gas Oil, Liquid Petroleum Gas, Fuel Oil and Natural Gas. The estimated revenue is € 330 million (including VAT) per year. The biggest tax reduction stems from a reduction of the standard VAT rate from 21.5 % to 21 %. This brings back the VAT rate to the level before December 2008 when the standard VAT rate was increased from 21 % to 21.5 %. The estimated revenue loss for the full year is € 167 million. Other tax decreases concern excise duties on alcohol (€ 90 million). Taken with other less revenue relevant measures the tax measures announced lead to higher tax revenue of € 126 million for the whole year. An important measure with regard to the housing market is the fading out of the mortgage interest relief by end-2017.

Main features of the tax system

Personal income tax

The two statutory personal income tax rates have been reduced substantially over the last decade. The standard rate is currently at 20 % and the top rate at 41 %; tax allowances were also replaced by tax credits for equity reasons. The threshold for the higher rate in 2010 is € 36 400 for a single person with no dependants. An additional income levy of 2 % on gross income up to € 75 036 per annum and a rate of 4 % for income above this amount. On income in excess of € 174 980 a 6 % levy is payable. Social welfare payments are excluded from this levy. Taxation of individuals on capital gains is made at 25 % with an annual exemption of € 1 270.

Corporate taxation

Companies resident in Ireland and non-resident companies which carry on a trade in Ireland through a branch or agency, are, with a small number of specific exceptions, liable to corporation tax on their taxable profits. The corporation tax rate of 12.5 % is applied to trading profits in all sectors since 1 January 2003. The 10 % rate, which was introduced in 1981, has been phased out; it now only applies to a small group of manufacturing companies until 2010. A 25 % rate applies to other passive (non-trading) income. Capital gains are subject to tax at 25 %. A profit resource rent tax of between 5 % and 15 %, based on the profit ratio of a petroleum/gas field, was introduced in 2008 for exploration and production activities, which is in addition to the existing corporation tax rate of 25 % for non-trading income.

While withholding taxes on interest, dividends and patent royalties are imposed at 20 %, a number of specific exemptions mean that some payments received by companies are not subject to withholding tax. A surcharge of 20 % is levied on undistributed investment or estate income of a closely held company or a company providing professional services. Losses may be carried forward indefinitely: back one year in the case of continuing business and back three years in the case of a discontinued business. A substantial change in the ownership of a company, combined with a change in the nature of the trade, may result in the restriction of these losses. There are no controlled foreign company rules and no general schemes of transfer pricing or thin capitalisation rules.

VAT and excise duties

The standard VAT rate is now back at 21 % compared with 21.5 % in 2009. A reduced rate of 13.5 % applies to various services, newspapers, building work and household energy and fuels, while a zero rate applies to basic food, children's clothing, children's footwear and books.

Wealth and transaction taxes

Capital acquisitions tax is charged at a rate of 25 % on gifts and inheritances over a certain value, depending on the relationship of the beneficiary to the donor or deceased (just over € 542 544 for direct line). Stamp duty applies to sales, gifts, conveyances and leases of property. Rates of stamp duty ranging up to 6 % apply depending on whether property is for residential or non-residential purposes. There is a residential stamp duty rate of zero up to € 125 000 and a 7 % rate on the excess up to a limit of € 1 million. Properties in excess of € 1 million incur a rate of 9 %. First time buyers are exempt; as are, for the most part, purchases of new properties by owner-occupiers. Shares and securities carry a fixed rate of 1 % while leases are subject to rates of 1 % to 12 % of the average annual rent depending on the amount. Capital duty on the issue of share capital was abolished in 2005. There is no net wealth tax.

Other taxes

There are no local taxes as such in Ireland, except for a levy imposed on businesses by local authorities called rates, calculated as a percentage of the notional rental value of the business premises, and certain service charges.

Social contributions

Employers' contributions amount to 10.75 % of the salary, without any ceiling. A reduced employers' contribution rate of 8.5 % applies in respect of employees with earnings below € 352 per week. Both rates include a national training fund levy of 0.7 %. The rate for employees' pay-related-social-insurance (PRSI) contributions stands at 4 %. The ceiling for this employee contribution is currently € 75 036. The self-employed pay a 3 % tax rate on all income above € 3 174 per annum, with no annual ceiling, and a minimum payment of € 253 per year applies. On top of this, a health contribution levy (HCL) of 2 % of total income must be paid by all wage earners, raising the total contribution to 6 % and 5 % for employees and the self-employed respectively. 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.

Italy

ITALY	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008	
A. Structure of revenues									% of GDP	*Ranking* [1]	*€ bn*
Indirect taxes	15.2	14.7	14.7	14.3	14.3	14.4	15.1	15.0	14.0	*12*	*220.6*
VAT	6.5	6.3	6.2	5.9	5.9	6.0	6.3	6.2	5.9	*26*	*92.8*
Excise duties and consumption taxes	2.6	2.5	2.3	2.4	2.3	2.2	2.2	2.1	1.9	*27*	*30.4*
Other taxes on products (incl. import duties)	2.7	2.5	2.6	2.5	2.9	2.8	3.0	3.0	3.0	*3*	*46.9*
Other taxes on production	3.4	3.5	3.6	3.5	3.3	3.5	3.6	3.7	3.2	*3*	*50.5*
Direct taxes	14.5	14.8	14.1	14.7	13.9	13.4	14.4	15.1	15.4	*6*	*241.9*
Personal income	11.5	11.0	10.7	10.6	10.5	10.5	11.0	11.4	11.7	*5*	*184.3*
Corporate income	2.4	3.2	2.7	2.3	2.4	2.3	2.9	3.3	3.2	*12*	*49.6*
Other	0.6	0.6	0.7	1.8	1.1	0.6	0.5	0.5	0.5	*18*	*7.9*
Social contributions	12.1	12.0	12.1	12.3	12.3	12.5	12.5	13.0	13.4	*9*	*210.3*
Employers´	8.4	8.3	8.4	8.7	8.6	8.8	8.7	8.9	9.1	*5*	*143.7*
Employees´	2.3	2.3	2.3	2.3	2.2	2.2	2.2	2.3	2.4	*19*	*37.4*
Self- and non-employed	1.4	1.3	1.4	1.4	1.5	1.6	1.6	1.8	1.9	*6*	*29.2*
Less: amounts assessed but unlikely to be collected	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
TOTAL	**41.8**	**41.5**	**40.9**	**41.3**	**40.6**	**40.4**	**42.0**	**43.1**	**42.8**	***6***	***672.8***
Cyclically adjusted total tax to GDP ratio	41.2	40.7	40.5	41.5	40.4	40.2	41.1	41.6	41.9		
B. Structure by level of government									% of total taxation		
Central government	55.6	55.1	54.0	53.5	53.2	52.5	54.1	53.5	52.7	*18*	*354.7*
State government[2)]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	*n.a.*	*n.a.*
Local government	14.4	14.9	15.5	16.0	15.8	15.8	15.5	15.7	15.3	*6*	*102.8*
Social security funds	28.9	28.8	29.6	29.8	30.4	31.0	29.7	30.1	31.2	*14*	*210.2*
EU institutions	1.2	1.3	0.9	0.7	0.7	0.7	0.6	0.6	0.8	*19*	*5.1*
C. Structure by economic function									% of GDP		
Consumption	10.9	10.4	10.2	9.9	10.0	10.0	10.4	10.2	9.8	*26*	*154.1*
Labour	19.9	20.2	20.2	20.3	20.1	20.4	20.5	21.2	21.6	*8*	*340.0*
Employed	17.9	18.0	18.1	18.2	18.0	18.2	18.3	18.8	19.2	*9*	*301.3*
Paid by employers	10.0	10.1	10.2	10.4	10.3	10.5	10.5	10.7	10.8	*4*	*169.3*
Paid by employees	7.9	7.9	7.9	7.8	7.7	7.7	7.8	8.1	8.4	*13*	*131.9*
Non-employed	2.0	2.1	2.1	2.1	2.1	2.2	2.2	2.4	2.5	*7*	*38.7*
Capital	10.9	10.9	10.5	11.1	10.5	10.0	11.2	11.7	11.4	*3*	*178.7*
Capital and business income	8.3	8.4	7.6	8.5	7.7	7.4	8.4	8.9	8.9	*3*	*139.7*
Income of corporations	2.9	3.7	3.1	3.5	3.1	2.9	3.5	3.9	3.7	*6*	*58.5*
Income of households	2.1	1.4	1.3	1.1	1.1	1.2	1.4	1.4	1.4	*3*	*22.7*
Income of self-employed (incl. SSC)	3.3	3.3	3.2	3.8	3.5	3.3	3.5	3.6	3.7	*1*	*58.4*
Stocks of capital / wealth	2.6	2.5	2.8	2.6	2.8	2.6	2.7	2.7	2.5	*9*	*39.1*
D. Environmental taxes									% of GDP		
Environmental taxes	3.1	3.0	2.8	2.9	2.8	2.7	2.7	2.6	2.4	*14*	*38.2*
Energy	2.6	2.4	2.3	2.4	2.2	2.2	2.2	2.1	1.9	*12*	*29.9*
Of which transport fuel taxes	:	:	:	1.8	1.7	1.6	1.6	1.5	1.5	*13*	
Transport (excl. fuel)	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	*15*	*7.8*
Pollution/resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	*17*	*0.5*
E. Implicit tax rates									%		
Consumption	17.9	17.3	17.1	16.6	16.8	16.7	17.3	17.2	16.4	*25*	
Labour employed	42.2	42.1	42.0	41.9	41.6	41.3	41.1	42.6	42.8	*1*	
Capital	29.5	29.0	29.1	31.5	29.8	29.5	33.8	35.3	35.3		
Capital and business income	22.4	22.4	21.2	24.1	21.8	21.7	25.5	27.0	27.6		
Corporations	19.2	23.6	20.9	24.6	21.3	20.7	27.0	30.0	31.5		
Households	16.7	14.4	14.1	16.1	15.0	15.1	16.5	16.8	17.4		
Real GDP growth (annual rate)	3.7	1.8	0.5	0.0	1.5	0.7	2.0	1.6	-1.0		

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

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

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

n.a. not applicable, : not available

Source: Commission services

ITALY

Overall trends in taxation

Structure and development of tax revenues

In 2008, the total tax-to-GDP ratio (including social contributions) stood at 42.8 % in Italy. This level exceeds both the average for the Union as a whole and that for the euro area, by respectively 5.8 and 5.2 percentage points. Italy's overall tax burden ranks sixth highest in the EU.

The share of indirect taxes on the total (32.8 %) lies well below the EU-27 average (37.6 %), reflecting Italy's reliance on direct taxes (36.0 % v. 32.4 % for the EU-27), while the share of revenue from social contributions is closer to the average. In the last three years of the data series, the share of direct taxes has continued to increase, owing to a marked pickup of PIT and CIT revenue and a decline, in percentage of GDP, in VAT and excise duties revenue; the latter in particular shows a clear downward trend since 2000. Revenues from VAT and excise duties, at 5.9 % and 1.9 % of GDP respectively, represent the second lowest and the lowest value in the EU. In contrast, the comparatively high revenue from other taxes on production is due to the IRAP tax (*see section on corporate taxation*). Direct taxes revenue is mainly driven by the PIT; at 11.7 % of GDP, it exceeds the EU-27 average by nearly 45 %.

Local government collects a fairly elevated share of revenue (15.3 %, fourth highest in the EU). Also the volume of revenues collected by social security lies above the EU average and has shown an upward trend in recent years.

The total tax-to-GDP ratio has oscillated above the 40 % level throughout the 1995-2008 period; in the last three years of our time series, however, the ratio climbed above the 42 % mark. The pick-up in 2006-2008 is also visible in the cyclically-adjusted figures, suggesting that the increase does not depend just from higher growth. In 2008, the total tax ratio declined by a relatively modest 0.3 points, despite a -1.0 % drop in GDP.

Taxation of consumption, labour and capital; environmental taxation

Despite the 1998 increase in the VAT rate from 18 % to 20 % and the abolition of the 16 % intermediate rate, the ITR on consumption, currently 16.4 %, is the third lowest in the EU. This is, however, also due to the fact that Italy applies a favourable VAT regime to housing ([70]).

At 42.8 %, Italy's ITR on labour is the highest in the EU; in 2008, the tax burden on labour exceeded the EU-27 average by one quarter. The ITR on labour peaked in 1997 at 43.5 %, and declined regularly until 2006; in the last two years in the series, however, it increased markedly again. More recent reforms aimed at decreasing labour taxes have primarily focussed on lower incomes, and may therefore not visibly affect the ITR on labour, which depends on the average tax burden. It is also worth noting that the IRAP tax partly falls on labour ([71]).

Capital taxes currently yield the third highest revenue in the EU; note however that, under the methodology used here, receipts from taxes and social contributions levied on the self-employed, a large group in Italy, are booked as capital taxes. Revenue from taxes on capital, boosted by the lagged effects of high growth in 2006, peaked in 2007 and declined only marginally in 2008 as the impact of the global recession started to be felt only towards the end of the year. Taxes on the stocks of capital/wealth, too, are above-average. The ITR on capital, which had remained relatively constant since 2000, picked up strongly in the 2006-2008 period, reaching an all-time high of 35.5 %[(72),(73)].

(70) Strictly speaking, VAT paid on housing should not be counted in the ITR on consumption but as a tax on the capital stock. However, owing to statistical limitations, the data presented in this report attribute VAT paid on housing, for all countries, to consumption taxes. This tends to reduce the ITR on consumption for countries with a more favourable regime for housing (see methodology for details).

(71) Accordingly, our methodology allocates part of the tax revenue from IRAP to labour income. The remainder is attributed to the capital income of corporations or the self-employed.

(72) The analysis of the ITR for Italy is complicated by various factors. For a full discussion see the 2006 edition of this report, p. 152, footnote 2.

In the late 1990s, Italy displayed one of the highest levels of environmental taxation in the EU, mainly on account of elevated energy taxes. Environmental tax revenues have, however, declined considerably since then, as a percentage of GDP, and are now slightly below the EU average.

Current topics and prospects; policy orientation

As in 2009, the 2010 Budget Law contained few tax measures as the government had brought forward the main adjustments to the so-called "summer decree". The decree contained a range of measures, one of the most important ones being a tax amnesty ("Tax Shield"), aimed at attracting undeclared funds held offshore by Italian residents (including partnerships and non-commercial entities but excluding companies) as of 31 December 2008. The amnesty, the third such measure enacted in a decade, clears applicants from administrative and criminal prosecution upon payment of 5 % of the value of the capital declared to the tax authorities. Initially slated to expire on 15 December 2009, the amnesty was subsequently extended to 30 April 2010, although with higher rates. To relaunch investment, the government introduced a 50 % exemption from the CIT of investments in machinery carried out between August 2009 and June 2010 ("Tremonti-ter"). The measure is estimated to decrease net cash revenues by a total of about € 4 billion. The decree also included a suspension of tax payments from the areas struck by the 2009 earthquake and tighter rules on utilising VAT credits to offset amounts due to the Treasury (although with an increase of the total admissible amount).

The main tax measure contained in the 2010 budget law was the extension until 2012 of the 36 % tax break for home restructuring expenses, on which a 10 % VAT rate will be applicable. The government has announced it will not renew tax incentives for car purchases.

Main features of the tax system

Personal income tax

PIT rates range from 23 % to 43 %; the top rate applies to incomes above € 75 000. In addition, regions and municipalities levy surcharges on the PIT (ranging from 0.9 % to 1.4 % for regions and from 0.2 % to 0.8 % for municipalities). The tax is withheld at source for salaried workers. Since 2005, almost all personal allowances and deductions for expenses have been replaced by tax credits, typically subject to specific limits; there are several tax credits of variable amount depending on the form of income (e.g. employment or self-employed income, pension income), on personal circumstances and on admissible expenditure (e.g. for dependent persons, spending on medical treatment, life and health insurance premia, mortgage interest, fees for university or secondary education, and the renting of the main dwelling (but only if taxable income does not exceed € 30 987.41), as well as the above-mentioned 36 % allowance on home restructuring expenses (up to € 36 000 per dwelling). Many credits are based on a sliding scale and/or are subject to a limit. Individuals earning professional and business income, besides PIT, are subject to IRAP. Professional fees paid by businesses and professionals are subject to an advance withholding tax at a 20 % rate.

All categories of capital income are taxed. Final withholding tax rates of 12.5 % and 27 % apply, depending on the duration and type of the investment. However, as from 2009, 49.72 % (previously 40 %) of the earnings realised on qualified shareholdings are taxed at basic PIT rates; capital gains on non-qualified shareholdings and bonds are instead taxed at 12.5 %. Since 2008, stock options are taxed as ordinary labour income. Individuals' business income is normally taxed at the ordinary progressive rates; however, taxpayers may opt for separate taxation of their business income, taxed at a 27.5 % rate until drawn.

Individuals setting up a new business or professional activity may choose, if proceeds do not exceed € 61 974.83 (€ 30 987.41 in the case of services), a 10 % substitute tax regime for the first three years; those already running small

(73) The Italian authorities have suggested an alternative methodology for calculating the ITRs on labour and capital , in order to better reflect the features of the Italian self-employed sector (see Annex B for an example of Tables C and D calculated following this approach). Despite its merits this methodology has not been followed in order to safeguard maximum comparability with the other Member States.

businesses may opt for a 20 % substitute tax regime. PIT is chargeable on immovable property; the amount due is determined on the basis of the lower between cadastral value and any rent received (subject to a series of deductions).

Corporate taxation

The IRES corporate income tax has a statutory tax rate set at 27.5 % (progressively reduced from 37 % in the preceding years). A special regime exists for investment funds and for non-operating companies, for which a minimum taxable income is presumed, based on a minimum return on assets. Pension funds are subject neither to IRES nor to IRAP (see below), but pay a final 11 % tax on the yearly net result. A tonnage tax regime exists for shipping companies. Since 2008, a surcharge on the CIT (initially 5.5 percentage points, later increased to 6.5) applies to companies operating in the energy sector ('Robin tax').

Resident companies are taxed on their worldwide income, non-resident entities (including partnerships) on income arising in Italy. Losses can be carried forward for five years (indefinitely if realised in the first three years of operation). It should be noted that, as from 1 January 2008, net interest expenditure is deductible only up to 30 % of gross operating income (EBITDA); the excess may, under certain conditions, be carried forward for deduction in following years.

Dividends received by resident companies from other resident companies are exempt from tax for 95 % of their amount. The treatment of capital gains depends on whether the assets are covered by the participation exemption regime; if applicable, 95 % of gains on the sale of shares or equivalent financial instruments are exempted from taxes after a one-year holding period (under some conditions). Other types of capital gain are taxed as ordinary income, but the payment of the tax due may be spread over four years. Group consolidation is allowed both at the domestic level and worldwide, if the parent company controls at least 50 % of the subsidiary. Finally, companies located in particularly depressed areas of the *Mezzogiorno* may apply for a tax credit on investments carried out in the 2007–2013 period, with certain exceptions. Since 2008, IAS financial statements are recognised for CIT purposes.

The base for IRAP is the net production value, i.e. the difference between the value of production and production inputs *excluding* personnel and interest costs as well as losses on bad debts. The basic 3.9 % rate can be augmented or reduced by up to one percentage point by the regions. The non-deductibility of labour and financial costs results in a wide base; indeed, typically IRAP raises more revenue than the CIT. Since 2007, social contributions, certain training costs incurred on new employees, the costs of R&D personnel, and a basic amount for each employee have been made exempt, and since 2009, 10 % of IRAP paid by employers is deductible from PIT and CIT. Special rules apply to SMEs.

VAT and excise duties

The standard VAT rate is 20 %. A reduced (10 %) and a super-reduced (4 %) rate exist. The super-reduced rate applies mostly to staple foodstuffs, newspapers, some medical appliances, and residential housing; while the reduced rate generally applies to non-luxury housing, other foodstuffs, electricity, mineral oil, medicines and artistic performances.

Wealth and transaction taxes

No wealth taxes as such exist. Until recently, the ICI property tax represented an important revenue-raising instrument, but its scope has been substantially restricted by the 2008 reform. Transaction taxes exist, applying e.g. on property transfers; stamp duties are often due on official documents.

Social contributions

Several compulsory contributions exist, depending on the type and size of the business and the characteristics of the employee. The aggregate rates range from 40 % to 45 % approximately.

LATVIA	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008	
A. Structure of revenues									% of GDP	*Ranking [1]*	*€ bn*
Indirect taxes	12.3	11.8	11.2	12.1	11.9	12.7	13.2	12.6	11.1	*25*	*2.6*
VAT	7.0	6.7	6.7	7.2	7.0	7.8	8.6	8.2	6.6	*23*	*1.5*
Excise duties and consumption taxes	3.4	3.1	3.1	3.3	3.5	3.6	3.3	2.9	3.2	*11*	*0.7*
Other taxes on products (incl. import duties)	0.5	0.4	0.4	0.5	0.5	0.5	0.5	0.8	0.6	*20*	*0.1*
Other taxes on production	1.4	1.5	1.0	1.1	1.0	0.9	0.8	0.7	0.6	*21*	*0.1*
Direct taxes	7.3	7.6	7.8	7.6	7.9	7.9	8.5	9.2	9.7	*18*	*2.2*
Personal income	5.6	5.5	5.6	5.8	5.9	5.7	6.0	6.1	6.3	*16*	*1.5*
Corporate income	1.6	1.9	2.0	1.5	1.8	2.0	2.3	2.7	3.1	*13*	*0.7*
Other	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.4	0.2	*24*	*0.1*
Social contributions	9.9	9.2	9.3	8.9	8.7	8.4	8.8	8.7	8.2	*21*	*1.9*
Employers´	7.4	6.8	6.9	6.4	6.3	6.1	6.3	6.3	5.9	*16*	*1.4*
Employees´	2.5	2.4	2.4	2.4	2.4	2.3	2.4	2.4	2.2	*20*	*0.5*
Self- and non-employed	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	*26*	*0.0*
Less: amounts assessed but unlikely to be collected	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
TOTAL	**29.5**	**28.5**	**28.3**	**28.5**	**28.5**	**29.0**	**30.4**	**30.5**	**28.9**	***26***	***6.7***
Cyclically adjusted total tax to GDP ratio	30.6	29.2	29.0	28.9	28.1	27.1	26.3	24.3	24.9		
B. Structure by level of government									% of total taxation		
Central government	49.5	50.5	50.0	51.1	50.8	52.9	52.8	52.5	51.5	*21*	*3.4*
State government [2]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	*n.a.*	*n.a.*
Local government	17.0	17.3	17.3	17.8	17.9	16.9	17.2	17.8	19.2	*4*	*1.3*
Social security funds	33.5	32.3	32.8	31.1	30.5	28.9	28.8	28.6	28.3	*15*	*1.9*
EU institutions	n.a.	n.a.	n.a.	n.a.	0.7	1.2	1.2	1.2	1.1	*8*	*0.1*
C. Structure by economic function									% of GDP		
Consumption	11.3	10.6	10.6	11.4	11.3	12.2	12.7	11.9	10.5	*23*	*2.4*
Labour	15.3	14.6	14.6	14.6	14.6	14.0	14.7	14.6	14.4	*18*	*3.3*
Employed	15.2	14.5	14.6	14.5	14.5	13.9	14.6	14.6	14.2	*17*	*3.3*
Paid by employers	7.4	6.8	6.9	6.5	6.3	6.1	6.4	6.3	5.9	*18*	*1.4*
Paid by employees	7.8	7.7	7.7	8.0	8.1	7.8	8.2	8.3	8.3	*14*	*1.9*
Non-employed	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	*24*	*0.0*
Capital	2.9	3.3	3.1	2.5	2.6	2.8	3.0	3.9	4.0	*25*	*0.9*
Capital and business income	1.7	2.0	2.2	1.7	1.9	2.1	2.4	2.9	3.3	*26*	*0.8*
Income of corporations	1.6	1.9	2.0	1.5	1.8	2.0	2.3	2.7	3.1	*14*	*0.7*
Income of households	0.2	0.1	0.2	0.1	0.0	0.0	0.1	0.1	0.1	*25*	*0.0*
Income of self-employed (incl. SSC)	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	*27*	*0.0*
Stocks of capital / wealth	1.2	1.3	0.8	0.9	0.8	0.7	0.6	1.0	0.8	*23*	*0.2*
D. Environmental taxes									% of GDP		
Environmental taxes	2.4	2.2	2.3	2.5	2.6	2.7	2.4	2.1	1.9	*24*	*0.4*
Energy	1.8	1.6	1.8	2.0	2.1	2.2	2.0	1.7	1.7	*17*	*0.4*
Of which transport fuel taxes	:	:	:	:	:	2.2	2.0	1.7	1.6	*11*	
Transport (excl. fuel)	0.3	0.3	0.3	0.4	0.4	0.3	0.3	0.3	0.2	*22*	*0.1*
Pollution/resources	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	*13*	*0.0*
E. Implicit tax rates									%		
Consumption	18.7	17.5	17.4	18.6	18.5	20.2	20.1	19.6	17.5	*24*	
Labour employed	36.7	36.5	37.8	36.6	36.7	33.2	33.1	31.1	28.2	*22*	
Capital	11.2	11.5	9.6	8.2	8.4	9.6	11.0	14.5	16.3		
Capital and business income	6.7	7.0	7.0	5.4	5.9	7.2	8.8	10.7	13.2		
Corporations	8.6	8.8	8.3	6.6	8.0	9.6	11.1	13.1	15.2		
Households	1.1	0.7	1.1	0.7	0.5	0.5	1.0	1.6	1.2		
Real GDP growth (annual rate)	6.9	8.0	6.5	7.2	8.7	10.6	12.2	10.0	-4.6		

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

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

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

n.a. not applicable, : not available

Source: Commission services

LATVIA

Overall trends in taxation

Structure and development of tax revenues

In 2008 the overall tax burden stood at 28.9 % in Latvia, a value considerably lower than the EU average (37.0 %). The level of taxation was the second lowest in the European Union after Romania (28.0 %). The tax ratio in neighbouring Lithuania and Estonia is higher by 1.4 points and 3.3 points of GDP respectively.

The structure of taxation has undergone significant changes since 2000. While the major share of total tax revenues in Latvia is still comprised of indirect taxes, it has been decreasing over the last four years. Revenues from indirect taxes declined to 38.3 % of total revenues in 2008, which is only 0.7 % higher than the EU-27 average. By contrast, direct taxes have been on a by and large increasing trend since 2000, now contributing 33.5 % of total tax revenues - slightly above the EU-27 average of 32.4 %. Revenues from social contributions have been declining quite markedly; as a share of total tax revenues they decreased from 33.5 % of the total in 2000 to 28.3 % in 2008. These developments are also mirrored in the share of these taxes to GDP. In recent years the share of direct taxes as a percentage of GDP has increased by 2.4 percentage points from 7.3 % of GDP in 2000 to 9.7 % of GDP in 2008, whereas the share of social contributions has decreased to 8.2 % (EU-27 average 11.0 %). Social security contributions, particularly those paid by employers, have decreased notably due to an overall reduction of the rate of social insurance contributions for employers.

There are only central government taxes in Latvia as local governments do not have any fiscal autonomy. Nevertheless, they ultimately receive 19.2 % of the total tax revenues, an almost double value than the EU-27 average (10.4 %). Since 2006, the bulk of local government receipts are obtained through a majority share of PIT revenue (increasing progressively from 73 % in 2005 to 83 % in 2009 before falling back to 80 % in 2010).

In the 2002-2007 period tax revenues as a share of GDP increased continuously from 28.3 % to 30.5 %. In 2008, however, this upward trend was interrupted when the total tax ratio decreased by 1.6 percentage points. Changes in the overall tax-to-GDP level were driven mostly by the significant decrease in revenues of value added tax and social contributions. Disregarding the cyclical impact on the tax revenues, as done in the line cyclically adjusted budget total taxes, shows that tax revenues were actually declining over the whole period 2000-2007. Since 2004 cyclical developments have helped to retain tax revenues despite cutting tax rates.

Taxation of consumption, labour and capital; environmental taxation

The level of Latvian taxes on consumption as a share of GDP is one of the lowest in the European Union after Estonia, Italy, Luxembourg and Slovakia. Consumption tax revenues peaked at 12.7 % of GDP in 2006 after two years of growth, but declined considerably in the following years reaching 10.5 % of GDP in 2008.The implicit tax rate on consumption, at 17.5 % is 4.0 percentage points below the EU-27 average, due to comparably low VAT rates.

The ITR on labour is, at 28.2 %, six percentage points below the EU-27 average. It has declined significantly, by more than nine percentage points, from its peak in 2002. Over the past decade, employers' social security contributions have been brought down, while employees' contributions have remained constant, as a percentage of GDP.

After a five-year decreasing phase and an 8.2 % trough in 2003, the ITR on capital has trended clearly upwards, reaching 16.3 % in 2008. This still represents one of the lowest rates of the ITR on capital in the EU, as the EU-25 average is 26.5 %. The ITR on capital income of households and the self-employed with 1.2 % in 2008 is significantly below the EU-25 average (13.0 %), but also considerably lower than in the other Baltic States, probably due to a number of exemptions for personal capital income.

Revenue from environmental taxes has tended to decrease from 2005 and remains one of the lowest in the EU with 1.9 % of GDP after Lithuania and Romania.

Current topics and prospects; policy orientations

With the Latvian economy being amongst the hardest hit by the global financial crisis, the country has introduced changes to its taxation system in order to boost budget revenues and stabilise the economy promoting business development. In general, the changes bring a slight shift to direct, in particular personal income taxation. Starting from January 2010, the personal income tax rate is increased from 23 % to 26 % - just after the PIT rate has been reduced from 25 % to 23 % in 2009. To be line with the PIT rate for employed, the income tax rate for the self-employed persons is increased from 15 % up to 26 %. The tax base is expanded, by introducing capital gains tax and tax on interest income from deposits into the taxable bases of PIT. The benefit gained from the use of employer's motorcar for personal needs is considered as an income from employment.

As from January 2010, the progressive taxation of residential property is introduced.

In order to encourage the use of more economic and environmentally friendly cars and motorcycles, the tax on cars and motorcycle will be calculated taking into account the emission of greenhouse gases (carbon dioxide) and the volume of motorcycle engines and the annual vehicle duty is doubled. To promote the usage of fuel with admixture of bio-fuels, a higher excise tax rate is set for fossil fuels than for fuel containing at least 5 % of bio-fuels. Finally, excise duties on cigarettes, wine and fermented beverages were increased in February 2010 and natural gas (used for heating and as fuel) has been made subject to excise duties as of 1 May 2010.

Main features of the tax system

Personal income tax

From 1 January 2010 the PIT tax rate has been increased from 23 % to 26 % and the taxable basis of PIT has been broadened (all capital gains have been included). The tax rate on individuals' business income was increased to 26 % (in 2008 and 2009 it was 15 %). A 15 % tax rate is applying to capital gains and the 10 % tax rate - to other income from capital (e.g. dividends, interest payments and income from pension and life insurance funds and income from disposal of growing wood or timber).

Latvian residents are taxed on annual employment income and any other worldwide income; non-residents are taxed only on income sourced in Latvia. Individuals resident in the EU or EEA that receive more than 75 % of their income in Latvia, are granted nearly all tax exemptions. Furthermore, the income obtained as a result of inheritance is exempt, except for author's copyrights.

Gains from the sale of immovable property is not taxed if it has been in that individual's ownership for at least 5 years and has, for at least the immediately preceding 12 months, been that individual's registered private residence.

Corporate income tax

The corporate income tax rate fell gradually during 2001-2004 from 25 % to 15 %. The tax is levied on the income of resident companies (with some exemptions) and of non-resident companies operating through a permanent establishment in Latvia.

Dividends are exempt from tax if received from domestic subsidiaries or subsidiaries in EEA countries. Dividends received from non-residents in third countries also are exempt if the Latvian company holds more than 25 % of the capital. Interest income paid out to a corporate non-resident related party is subject to a final 10 % withholding tax (5 % if paid by a bank). Otherwise, interest income paid to non-residents is not subject to the withholding tax.

As from 1 January 2009, in the case where a company is not distributing dividends partially or fully, taxable income is reduced by the amount of interest, which the company would have to pay for an equal loan. The reference rate used to calculate this notional interest amount is the Central Bank's average lending rate for national currency in the respective year.

VAT and excise duties

As of year 2009 the standard rate of value added tax is increased by 3 percentage points from 18 % to 21 %, and the reduced rate from 5 % to 10 %. Furthermore the reduced rate is continued only on the following transactions: supplies of medicines, medical devices and medical goods, specialized products intended for infants, the inland public transport services, supplies of heating, electricity, and natural gas to households.

In 2010 the excise tax for certain products has been increased and natural gas has been added to the range of products subject to excise tax. Thus, the minimal level of the excise tax for cigarettes shall be LVL 48 (€ 68) for 100 cigarettes, and excise tax for wine and fermented drinks will be increased by 12.5 %, while for intermediate products with the absolute concentration not in excess of 15 % the tax shall be increased by 7.1 %. The excise tax for gas is introduced as of 1 May 2010 at the rate of LVL 15.6 (€ 22) per 1 000 cubic meters of gas used for heating, and at the rate of LVL 70 (€ 99) per 1 000 cubic meters of gas used as car fuel.

Social contributions and other taxes

Since 1995, a pension system based on the concept of notional defined-contribution (NDC) accounts is in force. Unlike in the previous PAYG system, the benefits are calculated on the basis of a person's contributions to a notional individual account, utilising a rate of return determined by the government taking into account economic and demographic indicators. No real funds are accumulated into the accounts, and financing the current cohort of retirees is based on payroll contributions. The contribution rate is currently 33.09 %. This rate includes the 24.09 % rate that falls to employers and the 9.0 % rate payable by employees. The rate for the self-employed is marginally lower (28.17 %). The minimum taxable base for the self-employed is twelve times the minimum monthly wage (LVL 2 160 (€ 3 050)).

A real property tax is applicable to land, buildings and engineering constructions and is equal to 1.5 % of the cadastral value of land and buildings. The tax rate for residential property ranges from 0.1 % to 0.3 %. A 3 % tax is levied on agricultural land not in use.

Lithuania

LITHUANIA	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008	
A. Structure of revenues									% of GDP	*Ranking* [1]	*€ bn*
Indirect taxes	12.6	12.2	12.4	11.7	11.2	11.4	11.4	11.9	11.9	*23*	*3.8*
VAT	7.6	7.3	7.4	6.7	6.5	7.1	7.6	8.2	8.1	*8*	*2.6*
Excise duties and consumption taxes	3.2	3.3	3.2	3.3	3.0	2.9	2.9	2.9	3.1	*14*	*1.0*
Other taxes on products (incl. import duties)	1.2	1.0	1.2	1.1	1.1	0.8	0.4	0.4	0.4	*27*	*0.1*
Other taxes on production	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.4	*24*	*0.1*
Direct taxes	8.4	7.8	7.5	8.0	8.7	9.0	9.6	9.2	9.4	*19*	*3.0*
Personal income	7.7	7.2	6.9	6.5	6.8	6.9	6.8	6.6	6.6	*15*	*2.1*
Corporate income	0.7	0.5	0.6	1.4	1.9	2.1	2.8	2.6	2.8	*20*	*0.9*
Other	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	*26*	*0.0*
Social contributions	9.4	8.9	8.6	8.5	8.4	8.1	8.4	8.6	9.0	*20*	*2.9*
Employers´	8.4	8.0	7.8	7.7	7.5	7.3	7.5	7.6	8.0	*10*	*2.6*
Employees´	0.8	0.8	0.7	0.7	0.8	0.7	0.8	0.8	0.9	*26*	*0.3*
Self- and non-employed	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	*24*	*0.0*
Less: amounts assessed but unlikely to be collected	0.3	0.3	0.2	0.1	0.1	0.0	0.1	0.0	0.0		
TOTAL	**30.1**	**28.6**	**28.4**	**28.1**	**28.3**	**28.5**	**29.4**	**29.7**	**30.3**	***23***	***9.7***
Cyclically adjusted total tax to GDP ratio	31.7	29.9	29.3	27.9	27.5	26.9	26.8	25.3	25.8		
B. Structure by level of government									% of total taxation		
Central government	42.2	42.6	53.5	54.0	53.2	53.8	54.3	53.0	51.0	*22*	*5.0*
State government [2]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	*n.a.*	*n.a.*
Local government	20.2	20.0	9.8	9.4	9.9	9.7	9.7	10.2	11.3	*11*	*1.1*
Social security funds	38.5	38.5	37.3	36.9	36.5	35.3	35.1	35.6	36.3	*8*	*3.5*
EU institutions	n.a.	n.a.	n.a.	n.a.	0.7	1.3	1.2	1.4	1.5	*1*	*0.1*
C. Structure by economic function									% of GDP		
Consumption	11.8	11.5	11.7	11.1	10.6	10.8	10.9	11.4	11.4	*14*	*3.7*
Labour	16.3	15.4	14.9	14.6	14.7	14.4	14.6	14.6	14.9	*17*	*4.8*
Employed	16.3	15.3	14.7	14.4	14.5	14.3	14.4	14.3	14.6	*16*	*4.7*
Paid by employers	8.4	8.0	7.8	7.7	7.6	7.3	7.6	7.7	8.0	*11*	*2.6*
Paid by employees	7.8	7.3	6.9	6.7	7.0	6.9	6.9	6.6	6.5	*20*	*2.1*
Non-employed	0.0	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.3	*20*	*0.1*
Capital	2.3	2.0	2.0	2.5	3.1	3.3	4.0	3.8	4.0	*26*	*1.3*
Capital and business income	1.5	1.3	1.2	1.9	2.4	2.7	3.4	3.2	3.5	*25*	*1.1*
Income of corporations	0.7	0.5	0.6	1.4	1.9	2.1	2.8	2.6	2.8	*20*	*0.9*
Income of households	0.1	0.2	0.3	0.2	0.3	0.4	0.3	0.3	0.3	*20*	*0.1*
Income of self-employed (incl. SSC)	0.6	0.5	0.4	0.3	0.2	0.2	0.3	0.3	0.4	*24*	*0.1*
Stocks of capital / wealth	0.9	0.7	0.7	0.6	0.7	0.6	0.6	0.6	0.5	*27*	*0.2*
D. Environmental taxes									% of GDP		
Environmental taxes	2.4	2.5	2.8	2.8	2.7	2.3	1.8	1.8	1.7	*26*	*0.5*
Energy	1.8	1.8	2.0	2.0	1.8	1.7	1.6	1.6	1.5	*20*	*0.5*
Of which transport fuel taxes	:	:	:	:	1.7	1.7	1.6	1.6	1.5	*12*	
Transport (excl. fuel)	0.7	0.7	0.7	0.7	0.8	0.5	0.1	0.1	0.0	*26*	*0.0*
Pollution/resources	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	*12*	*0.0*
E. Implicit tax rates									%		
Consumption	18.0	17.5	17.9	17.0	16.1	16.5	16.7	17.9	17.5	*23*	
Labour employed	41.2	40.2	38.1	36.9	36.0	34.9	33.6	33.1	33.0	*16*	
Capital	7.2	5.9	5.7	7.1	8.5	9.1	11.6	11.3	12.4		
Capital and business income	4.5	3.7	3.6	5.3	6.6	7.4	9.9	9.6	10.8		
Corporations	3.9	2.5	2.6	5.7	7.2	8.0	10.8	9.8	11.1		
Households	2.5	2.5	2.2	1.8	2.0	2.5	2.6	3.6	3.8		
Real GDP growth (annual rate)	3.3	6.7	6.9	10.2	7.4	7.8	7.8	9.8	2.8		

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

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

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

n.a. not applicable, : not available

Source: Commission services

LITHUANIA

Overall trends in taxation

Structure and development of tax revenues

Lithuania exhibits the fifth lowest total tax burden (including social contributions) in the EU (30.3 % of GDP against an EU-27 average of 37.0 %). Compared to the other Baltic States, this level is intermediate between Latvia and Estonia.

In terms of the share of revenue, Lithuania relies more heavily on indirect taxes than on direct taxes or social contributions. However, compared to the beginning of the decade, the share of indirect taxes in the total has decreased in favour of direct taxes as corporate tax revenues have grown so robustly as to offset lower PIT revenues. Direct taxes represent, as of 2008, 9.4 % of GDP (EU-27 12.2 %); social security contributions also yield much less than the average (9.0 %, EU-27 11.0 %).

The proportion of total tax revenue received by central government (51.0 %) lies below the EU-27 average. In Lithuania, the proceeds from the personal income tax are shared between central government, local government and the social security fund. The national budget receives 70 % of collected personal income tax, while the remaining 30 % goes to the compulsory health insurance fund. About two thirds of the funds accruing to the national budget are directed to the local budgets and the remainder to the central government. These proportions are established by law and revised annually. The corporate income tax conversely accrues entirely to the central government.

Despite accelerating growth, from 2000 to 2003 the already low overall tax burden declined further, by two percentage points of GDP. Since then, however, it has been picking up moderately, so that the overall tax ratio is currently roughly on a par with the 2000 level. However, the increase was due to the strong growth upswing after the 1999 recession, as shown by the progressive decline in the cyclically-adjusted tax-to-GDP ratio until 2007. Revenues from CIT in particular, which is a very procyclical tax, grew robustly, from a very low 2001 trough (0.5 % of GDP) to a 2.8 % level in 2008, still below the EU average. In addition, base-broadening measures partly compensated for the 2002 cut in the CIT rate from 24 % to 15 %. In 2008, although GDP growth slowed markedly, from 9.8 % to 2.8 %, the tax ratio increased slightly on the back of higher revenue from direct taxes and social contributions.

Taxation of consumption, labour and capital; environmental taxation

The ITR on consumption, at 17.5 %, is the fifth lowest in the EU (EU-27 21.5 %). The ITR has oscillated in the 16 % to 18 % band since 2000.

Overall, labour taxes bring in almost half of all revenues, over the EU average (49.3 %, EU-27 46.7 %). At 33.0 %, the ITR on labour is only marginally lower than the EU average (34.2 %), but has been decreasing steadily and forcefully from its 41.2 % peak in 2000, due notably to the increase in basic tax allowances and the successive cuts in the PIT rate. In perspective, the 2009 tax reforms should lead to a further decline in the ITR on labour.

Taxes on capital are the second lowest in the EU in revenue terms, yielding only slightly more than half of the EU-27 average in GDP terms (4.0 % v 7.5 % for the EU-27) and providing just 13.1 % of all tax receipts (compared with 20.4 % for the EU-27). Despite the recent strong revenue increase, taxes on corporations remain moderate, while the revenue from capital income taxes on the self-employed is among the lowest in the EU. The self-employed have notably benefited from favourable tax law provisions (their gross incomes was taxed, until 2009, at 15 %) and from 'business certificates' (see PIT section). The capital income of households is also subject to the lower 15 % rate. Furthermore, the revenue from wealth taxes is the lowest in the Union. All of this is reflected in a low ITR on capital of 12.4 %, a ratio which has however more than doubled since 2002 on the back of both strong economic growth and the base-broadening measures mentioned.

At 1.7 % of GDP, revenue from environmental taxation is the second lowest in the EU, due in particular to the very low revenue from transport taxes. Since 2003, environmental tax revenue, as a share of GDP, has fallen by almost 40 %.

Current topics and prospects; policy orientation

Following significant reforms already in 2006 and 2008, Lithuania again introduced important tax policy measures during 2009. In the summer, a two-point hike in the VAT rate was decided and entered into force on 1st September. In October, a National Accord was signed between the government and the nation's most important business, labour and social groups on policies to accelerate the recovery and put the economy back on track for euro adoption. Even after budget cuts in 2009 equivalent to 7 % of GDP, it was agreed that further consolidation was needed to bring the fiscal deficit to below 3 % of GDP as soon as possible. The government announced cuts in public sector wages by an average 10 %, measures to streamline or eliminate State institutions and an increase in the retirement age to 65 for both sexes. Reductions in pensions and maternity benefits were to be carried out minimising the impact on the poorest households.

As for tax policy, the government pledged not to introduce new taxes or increase tax rates in the next two years, except for a maximum 2 percentage points increase in the social security tax (which has not materialised so far). In addition, the National Accord stipulated a cut of the CIT rate from 20 % to 15 %, reverting the increase from 15 % to 20 % that took place on 1.1.2009. In addition, companies with up to ten employees and taxable income not exceeding LTL 500 000 (approx. € 144 810), were granted a reduced tax rate of 5 %. The government also cut withholding taxes on dividends from 20 % to 15 %. Other new rules extended the scope of deductions and introduced conditions for transferring a tax loss from one to another entity within the same group.

Personal income tax rates were left unchanged in the 2010 budget; however, the PIT rate had already been cut to a flat 15 % on 1 January 2009 (21 % including a compulsory health insurance contribution).

Main features of the tax system

Personal income tax

In the Lithuanian tax system, income tax is imposed separately on different categories of income. The taxpayer may however elect to group the income across different categories (with the exception of business income taxed under lump-sum taxation) in order to apply personal deductions or allowances. Several categories of income (various types of pensions, certain insurance benefits, inheritance and gifts, some interest income, mariners' income, small agricultural income, scholarships etc.) are exempt from taxation under specific conditions. Capital income is taxed at 15 % of gross receipts. Capital gains are in principle subject to the general 15 % rate; however, various exemptions exist for capital gains on shares. Gains on disposal of immovable property are exempt if the owner has held the property for at least three years (two if the sale relates to the main dwelling of the taxpayer or if the proceeds are used within one year to acquire residential property in Lithuania or another EEA country).

A taxpayer may obtain a "business certificate" for certain types of independent activities (e.g. private accommodation services, barber and beauty shop services, handicrafts, translation). The income earned in this way is subject to a lump-sum tax, the amount of which depends upon the type of activity.

The 2009 reform restructured tax allowances. The basic personal allowance applies to employment income only and is determined on a sliding scale, declining as income increases. No basic personal allowance is granted to employees earning more than LTL 3 150 (€ 910) monthly. A number of allowances were abolished (e.g. interest on new mortgages acquired after 1.1.2009) or reduced. The total amount of personal deductions cannot exceed one quarter of income.

The 15 % tax rate also applies to self-employed income (previously, individual entrepreneurs were taxed either at 15 % on a gross basis or at 24 % on a net basis). The self-employed are, however, also subject to a 9 % health insurance contribution (calculated on their gross income). Partnerships are taxed at the entity level as companies; from

1 January 2010, the exemption on the first 4000 LTL (€ 1160) of their profits has been abolished. Dividend income is now taxed at a 20 % (instead of 15 %) rate and is subject to the general 6 % health contribution. Royalties continue to be taxed at 15 %, but the health contribution rate, again, applies. Agricultural income is subject to a 10 % rate in 2010 only.

Corporate taxation

The CIT rate was progressively reduced from 29 % in 1995 to 15 % now, although there was a temporary increase in 2009. Small companies with up to 10 employees and taxable income not exceeding LTL 500 000 — approximately € 145 000 — benefit from a lower 5 % rate (down from 13 % in 2009).

From 2009 to 2013, an up to 50 % reduction in taxable profit, subject to conditions, has been granted to firms acquiring assets such as plant and machinery, structures, ICT equipment, and rights on intangible assets. Companies employing 20 % or more disabled persons also benefit from generous tax credits.

Lithuania adopts a modified classical system whereby dividends are taxed both at the level of the company and in the hands of the shareholder, in the case of a physical person. CIT is applied to all types of registered commercial enterprises, including sole proprietorships and partnerships, but a tonnage tax regime exists. Dividends distributed to another company are subject to the 15 % CIT rate, withheld by the distributing company, unless participation exemption applies. A 10 % withholding tax is applied to interest (with some exceptions) and royalties. Trading losses can be carried forward for five years. Both straight-line and declining-balance depreciation are permissible. Since 2007, capital gains on shares of EEA-registered entities, or countries having a tax treaty with Lithuania, are exempt if they are subject to corporate income taxation and the transferring entity has held more than one quarter of the capital for two years.

VAT and excise duties

The standard VAT rate was increased by two points to 21 % with effect from 1 September 2009. Furthermore, the 9 % rate applying to construction services and the 5 % super-reduced rate were abolished, although transitional regimes apply. However, a temporary arrangement whereby a 9 % reduced rate applies to books and non-periodical publications and a 5 % rate to medicines was extended until the end of 2010; similarly, the 9 % reduced rate for residential heating was extended to 31 August 2010. Excise duties on alcohol, cigarettes, and fuels have also been increased.

Wealth and transaction taxes

Land tax is levied at 1.5 % of land value, while an immovable property tax ranges between 0.3 % and 1 % but applies only to legal persons or premises used for economic activities. Inheritance tax is levied at 5 % and 10 %, while gifts are taxed under the PIT. There is no net wealth tax.

Other taxes

A pollution tax is applied on emissions from stationary and mobile sources (automobiles equipped with an exhaust emission neutralisation system are exempt), certain goods (e.g. batteries, mercury lamps), as well as packaging. The rate depends on the specific pollution-related indices determined by state institutions. There is also a tax on natural resources.

Social contributions

The general rate for mandatory state social insurance contribution stands at close to 34 %, of which employers contribute 30.7 % of employees' gross wages to the State Social Insurance Fund (SSIF), while employees typically contribute 3 % for compulsory health insurance. The general rate for the insurance covering professional diseases and accidents at work stands at 0.3 %, but three special groups exist which are subject to different rates.

LUXEMBOURG	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008	
A. Structure of revenues									% of GDP	*Ranking* [1]	*€ bn*
Indirect taxes	14.0	13.6	13.0	12.6	13.5	13.4	12.7	12.7	12.0	*21*	*4.7*
VAT	5.6	5.8	5.8	5.7	6.1	6.2	5.7	5.8	6.0	*25*	*2.4*
Excise duties and consumption taxes	4.5	4.2	4.4	4.3	4.6	4.2	3.8	3.6	3.5	*3*	*1.4*
Other taxes on products (incl. import duties)	1.5	1.3	1.1	1.1	1.1	1.2	1.1	1.3	0.9	*17*	*0.4*
Other taxes on production	2.3	2.2	1.7	1.5	1.7	1.9	2.0	2.0	1.6	*12*	*0.6*
Direct taxes	15.0	15.3	15.4	14.8	13.1	13.7	13.1	13.2	13.5	*8*	*5.3*
Personal income	7.2	7.0	6.4	6.5	6.6	7.1	7.5	7.1	7.7	*10*	*3.0*
Corporate income	7.0	7.3	8.0	7.3	5.7	5.8	4.9	5.3	5.1	*3*	*2.0*
Other	0.9	0.9	1.0	0.9	0.8	0.8	0.7	0.7	0.7	*13*	*0.3*
Social contributions	10.1	10.9	10.9	10.8	10.7	10.4	9.8	9.9	10.1	*18*	*4.0*
Employers´	4.4	4.8	4.8	4.7	4.7	4.6	4.3	4.2	4.3	*23*	*1.7*
Employees´	4.5	4.9	4.8	4.7	4.7	4.6	4.4	4.5	4.6	*6*	*1.8*
Self- and non-employed	1.2	1.3	1.3	1.3	1.3	1.3	1.2	1.2	1.1	*13*	*0.5*
Less: amounts assessed but unlikely to be collected	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
TOTAL	**39.1**	**39.8**	**39.3**	**38.1**	**37.3**	**37.6**	**35.6**	**35.7**	**35.6**	***16***	***14.0***
Cyclically adjusted total tax to GDP ratio	37.5	39.1	38.8	38.8	37.8	37.2	34.1	32.5	33.5		
B. Structure by level of government									% of total taxation		
Central government	67.7	66.5	66.1	65.8	66.5	67.9	68.0	68.0	67.3	*8*	*9.4*
State government [2)]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	*n.a.*	*n.a.*
Local government	5.7	5.6	6.1	5.9	4.9	4.4	4.4	4.5	4.5	*20*	*0.6*
Social security funds	25.1	26.8	27.1	27.6	28.0	27.1	27.0	27.0	27.7	*17*	*3.9*
EU institutions	1.4	1.1	0.8	0.7	0.5	0.5	0.6	0.6	0.5	*26*	*0.1*
C. Structure by economic function									% of GDP		
Consumption	10.7	10.6	10.7	10.6	11.3	10.9	10.0	9.9	10.0	*25*	*3.9*
Labour	15.3	16.0	15.4	15.3	15.4	15.4	14.7	14.9	15.4	*16*	*6.1*
Employed	13.8	14.6	14.0	13.8	13.9	13.8	13.2	13.4	13.9	*18*	*5.5*
Paid by employers	4.4	4.8	4.8	4.7	4.7	4.6	4.3	4.2	4.3	*23*	*1.7*
Paid by employees	9.4	9.8	9.2	9.1	9.2	9.3	9.0	9.2	9.6	*12*	*3.8*
Non-employed	1.5	1.4	1.3	1.5	1.5	1.6	1.5	1.4	1.5	*10*	*0.6*
Capital	13.1	13.2	13.2	12.3	10.7	11.3	10.9	11.0	10.2	*5*	*4.0*
Capital and business income	8.9	9.2	9.9	9.3	7.7	8.0	7.5	7.4	7.5	*4*	*3.0*
Income of corporations	7.0	7.3	8.0	7.3	5.7	5.8	4.9	5.3	5.1	*3*	*2.0*
Income of households	0.8	0.9	0.8	0.9	0.9	1.1	1.6	1.1	1.3	*5*	*0.5*
Income of self-employed (incl. SSC)	1.2	1.1	1.1	1.1	1.1	1.1	1.0	1.1	1.1	*15*	*0.4*
Stocks of capital / wealth	4.2	3.9	3.3	2.9	3.0	3.3	3.4	3.6	2.7	*5*	*1.1*
D. Environmental taxes									% of GDP		
Environmental taxes	2.8	2.8	2.8	2.8	3.1	2.9	2.6	2.5	2.5	*12*	*1.0*
Energy	2.7	2.7	2.6	2.7	2.9	2.8	2.5	2.4	2.3	*3*	*0.9*
Of which transport fuel taxes	:	:	:	2.6	2.9	2.8	2.5	2.3	2.3	*2*	
Transport (excl. fuel)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	*23*	*0.1*
Pollution/resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	*25*	*0.0*
E. Implicit tax rates									%		
Consumption	23.0	22.6	22.6	23.8	25.4	26.3	26.3	27.0	27.1	*3*	
Labour employed	29.9	29.6	28.4	29.2	29.5	30.0	30.2	31.0	31.5	*18*	
Capital	:	:	:	:	:	:	:	:	:		
Capital and business income	:	:	:	:	:	:	:	:	:		
Corporations	:	:	:	:	:	:	:	:	:		
Households	:	:	:	:	:	:	:	:	:		
Real GDP growth (annual rate)	8.4	2.5	4.1	1.5	4.4	5.4	5.6	6.5	0.0		

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

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

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

n.a. not applicable, : not available

Source: Commission services

LUXEMBOURG

Overall trends in taxation

Structure and development of tax revenues

At 35.6 %, the tax-to-GDP ratio in Luxembourg was below the EU-27 average (37.0 %) in 2008. This ratio was lower than in the three neighbouring countries — Belgium, France and Germany.

Direct tax revenues, which were, as a percentage of GDP, 1.3 percentage points above the EU-27 average in 2008, have been on a downward trend in recent years. Despite relatively low rates the revenues from corporate income tax (CIT) and excise duties are among the highest in the EU, which is partly due to the importance of the financial sector in the economy and the high degree of openness of the economy leading to substantial earnings from cross-border trade. PIT revenues are slightly below the Union average. Revenue from indirect taxes overall lay 1.8 percentage points below the EU-27 average owing to moderate VAT nominal rates.

Over two thirds of levies accrue to the central administration and over a quarter to the Social Security funds. At 1.6 % of GDP, tax revenues accruing directly to local government are very low in comparison to the 4.1 % EU-27 average and decreased by around one fifth since 2000.

The overall tax burden has been decreasing nearly continuously since 2001. The lagged impacts of below potential growth in 2001–2003 and the 2001 and 2002 cuts in PIT and CIT placed tax revenues on a downward trajectory, so that by 2006 revenues from CIT as a percentage of GDP were down by more than one third from their 2002 peak. The cyclically-adjusted figures confirm the picture of a sizeable cut in the tax burden since 2001.

Taxation of consumption, labour and capital; environmental taxation

Consumption taxes (10.0 % of GDP) were two percentage points below the EU-27 average in 2008. The interpretation of the ITR on consumption for Luxembourg is affected by the small size of the territory and the high degree of openness of the economy. In particular, purchases of excisable goods by non-residents (minus purchases of these goods by Luxembourg residents abroad) are likely to push upward the ITR on consumption. Overall, the ITR on consumption stood at 27.1 % and is 5.6 percentage points above the EU-27 average (21.5 %).

Although it has increased in recent years, the ITR on labour (31.5 %) was, as of 2008, significantly lower than the EU-27 average (34.2 %). 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.

Between 2000 and 2003, taxes on capital represented roughly one third of total revenue, the highest value in the EU. Although the share of capital taxes in total revenue has decreased to 28.7 %, it is still considerably above the EU-27 average (20.4 %). This is nearly entirely related to the high proceeds of the CIT, which, despite a marked decline compared to the beginning of the decade, remains among the highest in the EU as a share of GDP. The high revenue from taxes on capital in general and the CIT in particular, is linked to Luxembourg's large financial sector with a highly internationalised customer base.

Environmental taxation accounted for 2.5 % of GDP in 2008, down from 3.1 % in 2004. This drop, driven by lower energy tax revenues, caused Luxembourg's environmental tax revenues to fall marginally below the EU-27 average (2.6 %).

Current topics and prospects; policy orientation

On 1 February 2010 a self-assessment system for corporate taxation entered into force: tax authorities issue tax assessments immediately on receipt of the corporate income tax, municipal tax, and net wealth tax returns provided by the taxpayer. The time limit for the tax administration to impose a corrective assessment is fixed at 5 years.

The ratios used for the revaluation of the original acquisition price of shares and real estate are adjusted as of 1 January 2010, varying from 151.64 for the year 1918 to 1 for 2008.

The current Budget Bill contains an extension of the exemptions for the income and net wealth tax, applicable to various organizations. From 1 January 2010 the exemptions are extended to institutions established in EU Member States.

In 2008 a regime on intellectual property rights was introduced, under which 80 % of the income is exempt from corporate income tax. The effective tax rate is currently 5.7 %. In 2009 IP rights have been exempted from the net wealth tax.

Main features of the tax system

Personal income tax

The main categories of income are employment income, business income, income from movable capital and miscellaneous income. Taxable income is computed on a cash basis, except for business income (accrual basis) and capital gains from a substantial participation (time of transaction). The top marginal rate is 38 %, applying to incomes of more than € 39 885. In general, expenses incurred to obtain or preserve income are deductible from taxable income. In addition, a resident taxpayer may claim deductions for special expenses and an allowance for extraordinary expenses from his aggregate income. Some former tax allowances have taken on the form of tax credits. They notably refer to child benefits and the compensatory amounts attributed to single parent taxpayers, the employed and the retired.

Married couples are jointly taxed, but a splitting system applies in the calculation of the tax due. Salaries, wages and pensions derived from former employment are subject to a wage withholding tax. The PIT is increased by a 2.5 % surcharge for the Employment Fund.

Dividends and interests are taxed as income from movable capital. Interest payments are subject to a 10 % final withholding tax. Dividends are subject to a 15 % withholding tax which is not final. Capital gains derived from speculative holdings and significant participation activities are subject to PIT.

Corporate taxation

Corporate income is subject to CIT, increased by a surcharge for the employment fund and a municipal business tax. The corporate tax system is, in principle, classical. The tax on profit is calculated by adding up the general CIT rate of 21 % (previously 22 %), a 4 % solidarity tax surcharge for the employment fund (the effective rate is 21.84 %) and a municipal business tax (which for Luxembourg City amounts to 6.75 %), taking the all-in effective rate to 28.59 % (for Luxembourg City). For SMEs whose taxable income is not more than € 15 000, the basic rate is 20 %.

Luxembourg also applies a system of investment credits and provides for specific tax incentives for new industrial investment (tax credit up to 12 %), venture capital investment and audiovisual investment (investment credit).

VAT and excise duties

Six VAT rates exist. The standard rate is 15 %; a super-reduced rate of 3 % applies to food and beverages, pharmaceutical products, books and newspapers and passenger transport. A reduced rate of 6 % applies to gas, electric power, flowers and labour-intensive services such as hairdressing and window cleaning. An intermediary rate of 12 % applies to wine and coal. Finally, flat rates of 4 % or 10 % apply to farmers and foresters subject to a specific regime.

Regarding excise duties on car fuels, the applicable rate for diesel-driven cars amounts to € 310 per 1 000 litres from 1 January 2010. Tobacco taxation has changed from 1 February 2010. The new excise rates applying to cigarettes are 47.84 % (proportional element) and € 16.89 per 1 000 cigarettes (specific element). The excise rates applying to fine-cut tobacco and other smoking tobaccos are 31.5 % (proportional element) and € 4 per kg (specific element).

Wealth and transaction taxes

Resident corporations are subject to wealth tax on their worldwide net worth. The tax rate is 0.5 %. The taxable base is determined as assets less liabilities. Since 2002, the tax may be reduced under certain conditions. Furthrermore, in January 2006, the wealth tax applying to resident individuals was abolished. In parallel, a 10 % withholding tax on interest income from savings was introduced.

Local taxes

The most important local tax accruing directly to municipalities is the municipal business tax. It is levied on all business establishments located in Luxembourg. As explained in the chapter on corporation tax, the municipal business tax adds on to the general corporate tax rate of 21 % and the solidarity tax surcharge of 4 %.

Generally speaking, the volume of local taxes in terms of GDP is low compared to the EU average. Municipalities derive the most important part of their funding from the *Fonds Communal de Dotation financière*. This is a special fund redistributing part of the income collected by the central government from PIT, VAT, motor vehicle tax and excise tax on alcohol to municipalities in addition to a direct allocation from the budget.

Social contributions

Social security contributions for pension, health insurance and family allowances are levied on the gross wage. The pension scheme is financed by central government, and employers' and employees' contributions. A contribution of 16 % of gross wages is paid by both employers and employees. The central government participates with 8 % of total contributions paid on salaries. The health care scheme is financed by central government, and employers' and employees' contributions. A health care contribution of about 5 % of gross wages is paid by both employers and employees. The central government participates with 37 % of total contributions paid on salaries. For family allowances, the rate of 1.7 % is borne by the employee on his/her salary.

The 1.4 % contribution rate to long-term care insurance is borne by the employees (levied on total gross income including income derived from personal wealth). Unemployment benefits are paid from the Employment Fund. This special fund centralises income from the solidarity tax paid by employers and employees, excise income from certain mineral oil products and direct budgetary endowments from central government.

MALTA	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008 Ranking [1]	2008 € bn
A. Structure of revenues									% of GDP	*Ranking* [1]	*€ bn*
Indirect taxes	12.6	13.3	13.6	12.9	15.0	15.5	15.3	15.2	15.0	*6*	*0.9*
VAT	6.0	6.4	7.0	6.2	7.4	8.3	8.0	7.7	8.0	*9*	*0.5*
Excise duties and consumption taxes	2.5	2.8	2.7	2.7	2.8	3.1	3.1	3.4	3.1	*13*	*0.2*
Other taxes on products (incl. import duties)	3.7	3.7	3.6	3.6	3.9	3.5	3.6	3.6	3.4	*2*	*0.2*
Other taxes on production	0.3	0.4	0.4	0.4	0.8	0.6	0.5	0.5	0.5	*22*	*0.0*
Direct taxes	9.2	10.2	11.4	12.0	11.4	12.0	12.2	13.6	13.3	*9*	*0.8*
Personal income	5.6	6.2	6.1	6.3	6.4	6.3	6.4	5.9	5.8	*20*	*0.3*
Corporate income	2.9	3.2	3.9	4.5	4.1	4.5	5.0	6.7	6.8	*2*	*0.4*
Other	0.7	0.8	1.4	1.2	0.9	1.3	0.8	1.0	0.8	*12*	*0.0*
Social contributions	6.4	6.9	6.5	6.5	6.5	6.4	6.2	5.9	6.2	*25*	*0.4*
Employers´	2.8	3.1	2.9	2.9	2.9	2.9	2.8	2.6	2.8	*26*	*0.2*
Employees´	2.8	3.1	2.9	2.9	2.9	2.9	2.8	2.6	2.8	*15*	*0.2*
Self- and non-employed	0.8	0.7	0.7	0.7	0.7	0.7	0.6	0.6	0.6	*16*	*0.0*
Less: amounts assessed but unlikely to be collected	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
TOTAL	**28.2**	**30.4**	**31.5**	**31.4**	**32.9**	**33.9**	**33.7**	**34.6**	**34.5**	***17***	***2.0***
Cyclically adjusted total tax to GDP ratio	26.7	30.1	31.2	31.9	34.0	34.3	33.4	33.7	33.4		
B. Structure by level of government									% of total taxation		
Central government	100.0	100.0	100.0	100.0	99.1	98.6	98.8	98.7	98.6	*1*	*1.9*
State government[2]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	*n.a.*	*n.a.*
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 security funds	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	*n.a.*	*n.a.*
EU institutions	n.a.	n.a.	n.a.	n.a.	0.9	1.4	1.3	1.3	1.4	*2*	*0.0*
C. Structure by economic function									% of GDP		
Consumption	12.1	12.7	13.4	12.4	13.3	14.5	14.0	13.9	13.9	*5*	*0.8*
Labour	9.7	10.7	10.2	10.3	10.5	10.3	10.2	9.3	9.6	*27*	*0.5*
Employed	9.0	10.0	9.5	9.5	9.6	9.5	9.3	8.6	8.8	*27*	*0.5*
Paid by employers	2.8	3.1	2.9	2.9	2.9	2.9	2.8	2.6	2.8	*26*	*0.2*
Paid by employees	6.2	6.8	6.6	6.6	6.7	6.6	6.5	5.9	6.0	*21*	*0.3*
Non-employed	0.7	0.8	0.7	0.8	0.8	0.8	0.9	0.8	0.8	*17*	*0.0*
Capital	6.3	6.9	7.9	8.7	9.1	9.2	9.5	11.4	11.0	*4*	*0.6*
Capital and business income	5.2	5.7	6.4	7.1	6.7	7.0	7.4	9.3	9.2	*2*	*0.5*
Income of corporations	2.9	3.2	3.9	4.5	4.1	4.5	5.0	6.7	6.8	*2*	*0.4*
Income of households	1.1	1.3	1.4	1.5	1.4	1.4	1.4	1.5	1.4	*4*	*0.1*
Income of self-employed (incl. SSC)	1.2	1.1	1.1	1.1	1.1	1.1	1.1	1.0	1.0	*16*	*0.1*
Stocks of capital / wealth	1.1	1.3	1.5	1.6	2.5	2.2	2.1	2.1	1.8	*13*	*0.1*
D. Environmental taxes									% of GDP		
Environmental taxes	3.7	3.7	3.4	3.4	3.1	3.3	3.4	3.8	3.5	*4*	*0.2*
Energy	1.4	1.5	1.4	1.3	1.3	1.3	1.3	1.8	1.5	*21*	*0.1*
Of which transport fuel taxes	:	:	:	:	1.2	1.3	1.3	1.7	1.4	*15*	
Transport (excl. fuel)	2.3	2.1	2.0	2.1	1.8	1.8	1.8	1.7	1.7	*2*	*0.1*
Pollution/resources	0.0	0.0	0.1	0.0	0.0	0.2	0.2	0.3	0.3	*4*	*0.0*
E. Implicit tax rates									%		
Consumption	15.9	16.5	18.1	16.5	17.5	19.7	19.9	20.3	20.0	*16*	
Labour employed	20.6	21.4	20.8	20.4	21.0	21.3	21.3	19.9	20.2	*27*	
Capital	:	:	:	:	:	:	:	:	:		
Capital and business income	:	:	:	:	:	:	:	:	:		
Corporations	:	:	:	:	:	:	:	:	:		
Households	:	:	:	:	:	:	:	:	:		
Real GDP growth (annual rate)	:	-1.6	2.6	-0.3	0.7	4.0	3.5	4.0	2.1		

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

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

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

n.a. not applicable, : not available

Source: Commission services

MALTA

Overall trends in taxation

Structure and development of tax revenues

In 2008 the tax-to-GDP ratio (including social security contributions) stood at 34.5 % in Malta, 2.5 % percentage points lower than the EU average (37.0 %). With respect to other countries bordering the Mediterranean, this level of taxation is well below that of Italy, France and Cyprus, but somewhat higher than that of Spain and Greece.

Malta relies heavily on indirect taxes; their share of the total tax lies well above the EU average (Malta 43.6 %, EU-27 37.6 %), so that the overall taxation structure is similar to that in the United Kingdom (indirect taxes, direct taxes, social contributions in a ratio of around 2:2:1), perhaps reflecting the fact that the Maltese tax system has its origin in the former British system. Although the Maltese are, on the whole, relatively lightly taxed, indirect taxes therefore absorb a proportion of GDP (15.0 %) which is higher than the EU average (13.8 %). The level of direct taxation is slightly higher than the EU average (Malta 13.3 %, EU-27 12.2 %) while social security contributions yield comparatively little revenue, roughly two thirds of the EU average in GDP terms (6.2 % of GDP, EU-27 11 %). Within social security contributions, employees contribute less than the European average (Malta 2.8 %, EU-27 3.3 %), while employers contribute less than half the EU average (Malta 2.8 %, EU-27 6.6 %).

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

The country has experienced more than 22 % increase in tax revenue when expressed in terms of its share of GDP between 2000 and 2008. All categories of revenue have witnessed an increase, but this was most notable in direct taxation; direct taxes revenue grew by over 44 %. This stems partly from increase in CIT arising from the broadening of the base, and efforts to improve efficiency in collection. The increase in indirect taxes was 19 % while social security revenue decreased by 3 %, being now one of the lowest values in the EU. Cyclically-adjusted figures suggest that the increase took place in the 2000-2005 period, as the later increase in the tax-to-GDP ratio simply reflects better GDP growth.

Taxation of consumption, labour and capital

Taxes on consumption generate revenues of 13.9 % of GDP (EU-27 12.0 %), having increased by 1.8 percentage points since 2000. This is mainly due to the widening of the VAT base and the raising of excise duties to bring them in line with EU minimum rates. The ITR on consumption (20.0 %) also reflects this rise, having increased from 15.9 % in 2000. However, the rate remains lower than the Union average (EU-27 21.5 %), due partly to the high ratio of consumption to GDP.

The amount of revenue raised from taxation of labour is the lowest in the Union (Malta 9.6 % of GDP, EU-27 17.5 %). This figure results from the fact that employers' social security contributions are low. The ITR on labour is, at 20.2 %, 14 percentage points below the EU average (34.2 %), the lowest in the EU by a wide margin.

The taxation of capital yields substantial revenue (11.0 % of GDP, EU-27 7.5 %), putting Malta in fourth place in the EU. This is primarily due to the tax on corporations (at 6.8 % of GDP, the second highest revenue after Cyprus). By contrast the revenue from taxation of the self-employed is below the Union average. Unfortunately, owing to data limitations, no ITR on capital is available for Malta.

Environmental taxes are relatively high (Malta 3.5 % of GDP, EU-27 2.6 % of GDP). The high level of environmental tax revenue is attributable to taxation on transport, which is the second highest in the Union (1.7 % of GDP, EU-27 0.6 %), while revenue from taxation on energy is somewhat below the EU average (1.5 %, EU-27 1.8 %).

Current topics and prospects; policy orientation

In 2010 there were no changes in the PIT system. The last reform in 2009 has further increased personal income tax thresholds after having already increased in 2008. These regulations also relieved family businesses as the spouse's salary could be deducted and family allowances had increased. In 2009 a primarily CO2 emission-based registration tax has been introduced for vehicles in Malta. As of 2010 a registration tax will be levied on Euro 3 and lower-standard commercial vehicles. The levy on credit cards (€ 16.31) was abolished in 2010.

Main features of the tax system

Personal income tax

From 2007 to 2009 Malta had a substantial personal income tax reform, with the aim to decrease the tax burden. Now Malta employs a four bracket system (0 %, 15 %, 25 % and 35 %). The 0 % rate is up to € 8 500 for single individuals and € 11 900 for married couples; while the 35 % rate applies for income over € 19 500 for single individuals and € 28 700 for married couples. To facilitate the return of women to labour market the current tax credit of up to € 5 000 had been extended to include self-employed mothers. Individuals who are ordinarily resident and domiciled in Malta are taxable on their worldwide income e.g. from trades, professions, employments, interest, pensions, annuities, rents, dividends and capital gains. Any income arising in Malta is always taxable in Malta. Apart from the basic personal relief of € 8 500 for single individuals and of € 11 900 for married couples, the Maltese personal income tax system does not offer any other deductions or allowances of note. However, income tax paid by a company can be fully attributed to shareholders following the distribution of dividends by a company. Under this system, dividends paid by a company resident in Malta carry a tax credit equivalent to the tax paid by the company on its profits out of which the dividends are distributed. Shareholders are taxed on the gross dividend at the applicable tax rates, but are entitled to deduct the tax credit attaching to the dividend against their total income tax liability.

Corporate taxation

With a rate of 35 % (which is also the maximum personal tax rate), Malta exhibits one of the highest tax rates applicable to companies in the EU. However, Malta applies the full imputation system of taxation described above and there would be no further tax to pay when dividends are distributed to shareholders. Under this system, dividends paid by a company resident in Malta carry a tax credit equivalent to the tax paid by the company on its profits out of which the dividends are distributed. Shareholders are taxed on the gross dividend at their personal applicable tax rates, but are entitled to deduct the tax credit attaching to the dividend against their total income tax liability.

Therefore the maximum rate of tax payable on company profits — taking into account the tax paid by the company on its profits and the tax paid by the shareholders on dividends received — can never exceed 35 %. Trade losses may be carried forward indefinitely while carry-backs are not permissible. The tax code is restrictive on the use of provisioning for tax purposes (for doubtful debts or investment value losses) but depreciation allowances are available. Capital gains realised by companies are aggregated with other income and taxed at a 35 % rate. The imputation system described above also applies with respect to profits distributed by companies arising out of such gains. Certain tax incentives are available for enterprises involved in shipping, targeted industrial sectors and free port activities.

Small and medium sized enterprises (with maximum of ten employees) are entitled to a 40 % tax credit if they invest in new technologies or create new jobs. (The tax credit is 60 % for SMEs in Gozo.)

VAT and excise duties

The standard VAT rate is 18 % with a 5 % reduced rate applicable to holiday accommodation, letting of sites for artistic or cultural activities, electricity, printed material, medical accessories and goods intended for the use of disabled persons.

Zero-rated supplies include food, pharmaceutical goods, local transport and cultural services. VAT was introduced in 1995, replaced with a sales tax following a change of government, following which the revenues dropped by more than 1 % of GDP. A further change of government led to its reintroduction in 1999.

Excise duties are moderate on light alcoholic beverages, close to EU average on fuels and relatively high, in comparison with other new Member States, on both strong liquors and tobacco. Both VAT and excise duties generate revenues as a proportion of GDP comparable with the EU average, but other indirect taxes are well in excess of the EU average (3.4 % 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 the so-called eco-contribution was introduced in Malta mainly to finance the development of a waste water management system. It is chargeable on a number of white goods, containers, batteries, tyres and other specified products that are deemed to result in waste. Currently taxes on pollution yield 0.3 % of GDP, which is the fourth highest level in the EU.

Wealth and transaction taxes

There is no wealth tax but the transfer of immovable property by individuals and companies is normally subject to a rate of 5 % of the transfer value (3.5 % on the first € 116 469 in the case of acquisitions for the purpose of establishing the purchaser's own residence). There is an option to opt out of a 12 % final withholding tax on transfers of immovable property and instead choose to tax the actual gain. This option has been extended from 5 to 7 years for transfers in 2010 and 2011. While there is no withholding tax on dividends or royalties, the distribution of untaxed corporate income, the interest paid by Maltese banks and government and the capital gains arising from the disposal of shares in investment schemes are subject to withholding tax at 15 %.

Social contributions

Maltese workers are covered by a social security system under which the employee, the employer, and the government each contribute 10 % of an employee's basic salary; the self-employed contribute at a rate of 15 %, which is matched by the government, with contributions capped at an annual maximum of € 1 711 for employees and € 2 567 for self-employed persons.

NETHERLANDS	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008	
A. Structure of revenues									% of GDP	Ranking [1]	€ bn
Indirect taxes	12.5	12.9	12.7	12.7	12.9	12.9	13.1	13.1	12.7	16	75.5
VAT	6.9	7.3	7.2	7.3	7.3	7.2	7.4	7.5	7.3	15	43.2
Excise duties and consumption taxes	2.6	2.5	2.5	2.4	2.6	2.5	2.5	2.4	2.4	22	14.0
Other taxes on products (incl. import duties)	2.0	2.1	1.9	1.9	2.0	2.1	2.2	2.0	2.0	8	12.0
Other taxes on production	1.0	1.1	1.1	1.1	1.1	1.1	1.0	1.0	1.0	15	6.2
Direct taxes	12.0	11.7	11.8	11.0	10.7	11.7	11.9	12.3	11.9	11	71.0
Personal income	6.0	6.2	6.8	6.5	6.0	6.6	6.9	7.4	7.2	14	42.9
Corporate income	4.3	4.2	3.6	3.0	3.3	3.6	3.7	3.5	3.4	8	20.4
Other	1.6	1.3	1.4	1.4	1.4	1.5	1.3	1.3	1.3	3	7.8
Social contributions	15.4	13.7	13.3	13.8	13.9	12.9	14.0	13.5	14.5	4	86.3
Employers´	4.5	4.3	4.3	4.3	4.3	4.0	4.6	4.5	4.9	21	28.9
Employees´	7.9	6.7	6.4	6.7	6.9	6.4	6.5	6.3	6.8	2	40.6
Self- and non-employed	3.1	2.6	2.5	2.8	2.7	2.5	2.9	2.7	2.8	1	16.7
Less: amounts assessed but unlikely to be collected	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
TOTAL	**39.9**	**38.3**	**37.7**	**37.4**	**37.5**	**37.6**	**39.0**	**38.9**	**39.1**	**11**	**232.8**
Cyclically adjusted total tax to GDP ratio	38.5	37.2	37.4	37.8	37.8	37.8	38.5	37.7	37.7		
B. Structure by level of government									% of total taxation		
Central government	55.9	58.9	59.7	57.8	57.6	60.2	59.5	60.5	58.3	14	135.8
State government [2]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local government	3.4	3.6	3.7	3.9	4.0	4.1	3.3	3.3	3.3	21	7.7
Social security funds	38.6	35.7	35.2	36.9	37.1	34.5	35.9	34.8	37.1	7	86.3
EU institutions	2.0	1.8	1.4	1.4	1.3	1.3	1.3	1.4	1.3	3	3.1
C. Structure by economic function									% of GDP		
Consumption	11.7	11.9	11.7	11.8	12.0	12.0	12.2	12.2	12.0	11	71.3
Labour	20.4	18.0	18.4	18.8	18.6	18.2	19.6	19.6	20.3	10	121.2
Employed	17.5	15.6	15.9	16.2	16.1	15.7	16.9	16.9	17.6	11	104.7
Paid by employers	4.5	4.5	4.5	4.4	4.4	4.1	4.7	4.6	4.9	22	29.5
Paid by employees	13.0	11.1	11.4	11.8	11.6	11.6	12.3	12.3	12.6	4	75.2
Non-employed	2.9	2.4	2.5	2.6	2.6	2.6	2.7	2.7	2.8	3	16.6
Capital	7.8	8.4	7.7	6.8	6.9	7.4	7.1	7.1	6.8	17	40.3
Capital and business income	5.6	6.2	5.4	4.6	4.7	5.1	5.1	5.0	4.9	18	29.0
Income of corporations	4.3	4.2	3.6	3.0	3.3	3.6	3.7	3.5	3.4	10	20.4
Income of households	-1.1	0.1	-0.1	-0.4	-0.5	-0.5	-0.6	-0.6	-0.6	27	-3.8
Income of self-employed (incl. SSC)	2.3	1.9	2.0	2.0	1.9	1.9	2.0	2.0	2.1	8	12.4
Stocks of capital / wealth	2.2	2.2	2.3	2.1	2.2	2.3	2.0	2.1	1.9	11	11.3
D. Environmental taxes									% of GDP		
Environmental taxes	3.9	3.8	3.7	3.7	3.9	3.9	4.0	3.8	3.9	2	23.0
Energy	1.9	1.8	1.8	1.8	1.9	2.0	2.0	1.8	1.9	11	11.5
Of which transport fuel taxes	1.3	1.2	1.3	1.3	1.3	1.3	1.3	1.2	1.2	20	
Transport (excl. fuel)	1.4	1.3	1.2	1.2	1.3	1.3	1.4	1.4	1.3	4	7.7
Pollution/resources	0.7	0.7	0.6	0.6	0.6	0.6	0.7	0.6	0.6	2	3.9
E. Implicit tax rates									%		
Consumption	23.8	24.4	23.9	24.2	24.8	25.0	26.5	26.8	26.7	5	
Labour employed	34.5	30.6	30.9	31.5	31.4	31.6	34.4	34.2	35.4	13	
Capital	20.8	22.6	24.3	21.0	20.4	18.2	17.1	15.9	17.2		
Capital and business income	15.0	16.7	17.2	14.3	13.9	12.5	12.2	11.2	12.4		
Corporations	18.5	17.3	18.1	14.4	14.4	12.5	12.0	10.7	11.9		
Households	8.0	13.0	12.9	11.9	10.5	10.4	10.5	10.4	11.0		
Real GDP growth (annual rate)	3.9	1.9	0.1	0.3	2.2	2.0	3.4	3.6	2.0		

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

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

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

n.a. not applicable, : not available

Source: Commission Services

NETHERLANDS

Overall trends in taxation

Structure and development of tax revenues

In 2008, the tax-to-GDP ratio was 39.1 % in the Netherlands. This value is 2.1 percentage points above the EU-27 average (37.0 %) and somewhat above the euro area average (37.6 %).

Indirect taxes, direct taxes and social contributions each account for about one third of total tax revenues. Since 2000 reliance on VAT has increased, making tax revenues less sensitive to the business cycle. The weight of corporate income tax (CIT) decreased because of a reduction in the statutory income tax rates. The 2001 tax reform lowered the burden on taxes and the social security premium. Most allowances were replaced by tax credits; these apply not only to the PIT but to social security contributions as well. Therefore, the relief of the 2001 tax reform is found mainly in social security contributions.

From a fiscal viewpoint, the Netherlands display a fairly centralised tax structure as local government taxes account for merely 3.3 % of total tax revenues, a share which is below a third of the EU-27 average (10.4 %). In contrast, the share of social security funds (37.1 %) is well above the European average (29.3 %). Revenues received by the central government are slightly below the EU-27 average.

Between 2000 and 2003 tax revenues as a share of GDP decreased continuously. The decline in the overall tax ratio was driven by decreases in revenues from direct taxes and social contributions, while indirect taxation has grown. The increases of the shares of personal income taxes and employers' social security contributions explain to a large extent the rise in the total tax burden since 2005. However, this increase seems to be mainly the result of the good economic conditions, as the cyclically adjusted tax revenues remained rather stable.

Taxation of consumption, labour and capital; environmental taxation

The implicit tax rate on consumption shows an increasing trend since 2002, partly as a result of increases in revenues from VAT and environmental taxes. In 2008, the implicit tax rate was 5.2 percentage points higher than the EU average (21.5 %).

The ITR on labour dropped significantly in 2001 as a result of the PIT reform reducing substantially employees' social contributions. Since then the ITR has increased by 4.8 percentage points. The large share of this increase is due to the replacement of private health care insurance contributions by a new public health care insurance system in 2006([74]). In 2008, the ITR (35.4 %) was slightly above the EU average (34.2 %).

The ITR on capital increased significantly from 2000 to 2002. This increase stems largely from higher revenues from taxes paid by households. From 2003 onwards the ITR on corporations has been declining probably due to the lagged effects of cyclical factors and, as of 2005, due to the impact of strong CIT rate cuts. This drives down the general ITR on capital. In 2008, the ITR on capital in the Netherlands was 17.2 %, almost 9 percentage points below the EU-25 average. Revenue from taxes on the capital income of households are negative and, at – 0.6 % of GDP, the lowest in the EU. The negative value is mainly due to the mortgage interest deduction (balanced with the deemed rental value of owner-occupied houses) and the deduction of contributions to pillar 2 pensions in the wage tax/income tax.

At 3.9 % of GDP, the Netherlands has the second highest level of environmental taxes as a percentage of GDP in the EU after Denmark. The Netherlands raises significant revenue from transport taxes and is one of the few countries in the

([74]) Under the accounting conventions followed in this report, this replacement leads to an increase in the ITR on labour although disposable income of households is unaffected.

Union with a non-negligible contribution of pollution taxes, originating from a tax on pollution of surface waters and sewerage charges (0.6 % of GDP, EU-27 0.2 %).

Current topics and prospects; policy orientation

As of January 2009, the tax credits for private pensions and life-long-saving schemes, as well as for working parents and employees as of 62 years of age were strengthened. The employee's contribution to the unemployment social security scheme was abolished (formerly 3.5 %). The tax plan 2010 introduces a number of administrative simplifications in the tax and social security systems: a new harmonised definition of "salary" for the wage withholding tax, the various social insurance contributions and the income-related health-care insurance contribution (representing an estimated saving for employers of € 380 million), and an exemption of 1.5 % of the wage bill for tax purposes replaces 29 categories of tax-free allowances and benefits-in-kind.

In November 2008, the existing depreciation rules for 2009 were eased in order to encourage businesses to invest in new assets. In March 2009, tax facilities for environmental investments and the tax credit for R&D were expanded. As of January 2010, the ‘patents box’ scheme is turned into an ‘innovation box’ for innovative entrepreneurs: income derived from R&D is taxed at a rate of 5 %, instead of 10 % and the ceilings are abolished. Furthermore, the easing of the rules for loss compensation, initiated in March 2009, is complemented by the introduction of a 3-year carry-back period for losses incurred in 2009 and 2010, with accelerated depreciation still allowed in this latter year. The tax plan 2010 also includes a bill aiming at reducing the administrative and regulatory burden: employers will no longer be required to deduct social insurance contributions and healthcare insurance contributions from pay to employees under 23 who earn less than the threshold salary. As of 2011, the same will apply to the levying of wage withholding tax.

In 2008, the government decided to lower the SME tariff of the second tax bracket of corporate income tax from 23 % to 20 % for both 2009 and 2010. This tariff applies to amounts up to € 200 000. As of 1 January 2010, the profit exemption for SMEs, granted under the tax plan 2009, is raised from 10.5 % to 12 %. The minimum criterion for spending time on the business is dropped, making it more attractive to carry on a business alongside salaried employment. To foster business growth, the small-scale investment tax credit (KIA) is substantially increased.

In March 2009, it was decided to allow companies to pay the due VAT quarterly instead of monthly. As of January 2010, the introduction of a reduced VAT rate of 6 % is targeted at refurbishing homes older than two years and the acquisition of modern educational media. At the end of 2009 the government approved a bill to simplify and modernise the inheritance tax regime with entry into force on 1 January 2010. The bill reduces the number of categories of tax payers and the tax brackets to two, with a maximum rate of 40 % and aims to simplify the rules for obtaining the exemption for business succession. The rate reduction would be financed through a broadening of the tax base, and through combating the avoidance of inheritance tax.

As of January 2009, the basis for car taxation was changed from list prices to CO2 emissions. Highly fuel-efficient cars are no longer subject to motor vehicle taxation and, as of January 2010, benefit from a € 700 reduction from car purchase tax. The Dutch government is also seeking to extend the tonnage tax regime to a wider range of transport-related activities. The ticket tax on air plane tickets, introduced in 2008, was abolished as of 1 July 2009.

Main features of the tax system

Personal income tax

The Dutch PIT system consists of three so-called boxes:

Box 1 consists of labour income items as well as some capital income items, such as the proceeds of capital that proprietors employ in their own businesses, the presumptive income from owner-occupied housing, interest and rental income. The sum of income in Box 1 is taxed at progressive rates ranging from 33.5 % to 52 % (income tax and social security contributions). The highest rate applies to income above of € 54 776.

Box 2 contains profit distributions and capital gains in connection with closely held companies, in which particular shareholders have a substantial interest. The nominal PIT rate on these income items is 25 %, but the effective overall tax rate is higher, because these items are also subject to the corporation tax at the level of the company.

Box 3 includes the returns on individually held assets such as saving deposits, stocks, bonds, and real estate (except owner-occupied housing). The items in this box are subject to the presumptive capital income tax. The statutory rate is 30 % on a presumptive return of 4 % on the average value of the net assets during the taxable year.

Corporate taxation

In the Netherlands, profit for fiscal purposes is not necessarily calculated on the basis of the annual financial statements. Profits should be determined according to 'sound business practice', a concept that has mainly been developed in case law. One of its requirements is the use of consistent accounting methods. This means that the method of determining profits may be changed only if this is compatible with sound business practice.

Under certain conditions a parent company may be taxed as a group together with one or more of its subsidiaries. For corporate income tax (CIT) purposes this means that the parent company and subsidiary are deemed to be one fiscal entity. The main advantages of group taxation are that the losses of one company can be offset against profits from another company within the group, and that fixed assets can in principle be transferred tax free from one company to another. The current profits of corporations (publicly and closely held companies) are subject to the corporation tax at a rate of 25.5 % (20 % for profits up to € 200 000 as of 2009).

VAT and excise duties

There are two rates. The standard rate, which was increased from 17.5 % following the 2001 reform, is 19 %. The reduced rate of 6 % applicable to inter alia food, water, pharmaceuticals, art, cultural events and publications, has been extended as of January 2010 to other items (see above).

The Netherlands applies a wide range of green taxes: environmental taxes (taxes on groundwater, tap water, waste materials, fuels and the regulatory energy tax), excise duties on petroleum oils and taxes on vehicles (goods vehicle tax, tax on private cars and motorcycles and tax on heavy goods vehicles).

Wealth and transaction taxes

The net wealth tax was abolished in 2001. After the reform mentioned above, as of 2010, inheritance and gift taxes are levied at rates ranging from 10 % to 40 % depending on the relationship between the donor and the beneficiary and the amount involved if the amounts exceed certain allowances.

Social contributions

The social security system is composed of national insurance and employee insurance. The national insurance applies to all inhabitants and its financing is integrated in the income tax and wage (withholding) tax levy. The employee insurance applies to employees and is financed by a levy calculated on gross salaries (with a maximum amount) and depends on the economic sector. For basic health insurance each adult pays a fixed amount of, on average, € 1 012 a year. In addition, 7.05 % of gross earnings are paid up to a maximum income of € 33 189. For the latter contribution an employee receives mandatory full compensation from his employer. This compensation is subject to the personal income tax. Furthermore low-income taxpayers can receive a compensation for the fixed health care insurance payments.

POLAND	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008 Ranking[1]	2008 € bn
A. Structure of revenues									% of GDP	Ranking[1]	€ bn
Indirect taxes	12.6	12.5	13.2	13.2	13.1	13.9	14.5	14.4	14.4	*9*	*52.3*
VAT	6.9	6.8	7.2	7.1	7.2	7.7	8.1	8.3	8.0	*10*	*29.1*
Excise duties and consumption taxes	3.7	3.7	4.0	4.1	4.2	4.2	4.0	4.2	4.4	*2*	*16.0*
Other taxes on products (incl. import duties)	0.8	0.6	0.6	0.6	0.4	0.3	0.3	0.4	0.4	*25*	*1.5*
Other taxes on production	1.3	1.4	1.4	1.3	1.4	1.7	2.0	1.5	1.6	*11*	*5.7*
Direct taxes	7.2	6.7	6.9	6.6	6.4	7.0	7.5	8.6	8.6	*21*	*31.3*
Personal income	4.4	4.5	4.3	4.2	3.6	3.9	4.6	5.2	5.4	*21*	*19.4*
Corporate income	2.4	1.9	2.0	1.8	2.2	2.5	2.4	2.8	2.7	*21*	*9.8*
Other	0.3	0.3	0.6	0.6	0.5	0.6	0.5	0.6	0.6	*16*	*2.1*
Social contributions	12.9	13.4	12.9	12.8	12.3	12.3	12.2	12.0	11.4	*16*	*41.2*
Employers´	5.7	5.7	5.4	5.2	4.9	4.9	4.8	4.8	4.8	*22*	*17.2*
Employees´	5.5	5.5	5.1	5.2	5.0	4.8	4.9	4.8	4.6	*7*	*16.7*
Self- and non-employed	1.8	2.1	2.5	2.4	2.4	2.5	2.5	2.4	2.0	*5*	*7.3*
Less: amounts assessed but unlikely to be collected	0.2	0.4	0.4	0.3	0.3	0.4	0.4	0.1	0.1		
TOTAL	**32.6**	**32.2**	**32.7**	**32.2**	**31.5**	**32.8**	**33.8**	**34.8**	**34.3**	***18***	***124.5***
Cyclically adjusted total tax to GDP ratio	31.9	32.3	33.7	33.2	32.1	33.5	33.8	33.9	33.0		
B. Structure by level of government									% of total taxation		
Central government	51.8	50.0	51.6	51.8	48.5	50.1	51.6	52.0	52.9	*16*	*65.9*
State government[2)]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	*n.a.*	*n.a.*
Local government	9.1	9.5	9.9	9.5	12.8	12.6	12.7	13.2	13.5	*8*	*16.8*
Social security funds	39.7	41.6	39.6	39.7	39.2	37.6	36.1	34.3	33.1	*11*	*41.2*
EU institutions	n.a.	n.a.	n.a.	n.a.	0.7	0.8	0.7	0.8	0.8	*18*	*1.0*
C. Structure by economic function									% of GDP		
Consumption	11.3	11.1	11.8	11.9	11.8	12.3	12.6	12.9	12.9	*8*	*46.7*
Labour	14.2	14.4	13.4	13.2	12.5	12.8	13.4	13.0	13.1	*21*	*47.4*
Employed	13.5	13.6	12.7	12.5	11.8	12.1	12.6	12.2	12.3	*21*	*44.4*
Paid by employers	5.7	5.7	5.4	5.2	4.9	5.2	5.3	5.0	5.0	*21*	*18.2*
Paid by employees	7.8	7.9	7.3	7.3	6.9	6.9	7.3	7.1	7.2	*16*	*26.2*
Non-employed	0.7	0.8	0.7	0.7	0.7	0.7	0.8	0.8	0.8	*16*	*3.0*
Capital	7.2	7.0	7.8	7.4	7.5	8.0	8.1	9.1	8.5	*9*	*30.7*
Capital and business income	5.5	5.3	5.8	5.6	5.7	6.2	6.2	7.2	6.6	*6*	*24.0*
Income of corporations	2.4	1.9	2.0	1.8	2.2	2.5	2.4	2.8	2.7	*22*	*9.8*
Income of households	0.2	0.1	0.2	0.3	0.2	0.2	0.2	0.5	0.4	*19*	*1.3*
Income of self-employed (incl. SSC)	2.9	3.3	3.6	3.5	3.3	3.5	3.6	4.0	3.5	*2*	*12.8*
Stocks of capital / wealth	1.6	1.7	1.9	1.8	1.8	1.8	1.9	1.9	1.9	*12*	*6.8*
D. Environmental taxes									% of GDP		
Environmental taxes	2.1	2.1	2.4	2.5	2.6	2.7	2.8	2.7	2.6	*11*	*9.4*
Energy	1.8	1.8	2.0	2.1	2.1	2.3	2.3	2.4	2.3	*5*	*8.2*
Of which transport fuel taxes	:	:	:	:	1.7	1.8	1.9	2.0	1.9	*6*	
Transport (excl. fuel)	0.2	0.2	0.2	0.2	0.3	0.3	0.2	0.2	0.3	*21*	*0.9*
Pollution/resources	0.2	0.1	0.2	0.1	0.1	0.1	0.3	0.1	0.1	*11*	*0.3*
E. Implicit tax rates									%		
Consumption	17.8	17.2	17.9	18.3	18.4	19.7	20.5	21.4	21.0	*13*	
Labour employed	33.6	33.2	32.4	32.7	32.7	33.8	35.4	34.0	32.8	*17*	
Capital	20.5	20.7	22.5	20.7	19.1	20.7	21.2	23.4	22.5		
Capital and business income	15.9	15.7	16.9	15.6	14.5	15.9	16.1	18.6	17.6		
Corporations	37.1	37.2	37.0	21.9	18.7	21.0	19.1	20.3	20.0		
Households	10.0	10.8	11.9	12.6	11.7	12.6	13.5	16.2	14.9		
Real GDP growth (annual rate)	4.3	1.2	1.4	3.9	5.3	3.6	6.2	6.8	5.0		

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

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

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

n.a. not applicable, : not available

Source: Commission services

POLAND

Overall trends in taxation

Structure and development of tax revenues

In Poland the overall tax burden stood at 34.3 % of GDP in 2008, almost three percentage points below the EU-27 average (37.0 %). Among neighbouring countries, this value remains higher than in Slovakia (29.1 %), but is exceeded by the tax ratios in both the Czech Republic (36.1 %) and Germany (39.3 %).

Indirect taxes (14.4 % of GDP) account for 42.0 % of total receipts, well above the EU-27 average (37.6 %). They play a much more important role in Poland than direct taxes, which raise one fourth of total revenues (EU-27 average 32.4 %). The main reason for the low level of direct taxes is the substantial shift from personal income tax to social security contributions that took place in 1999, with the introduction of a global reform of the social security system. As a consequence, social security contributions (11.4 % of GDP) account for one third of total tax revenues in 2008, roughly the same share as the EU-27 average (30.2 %).

The major reform of local governments in 1999 and the new law on local finance enacted in 2004 brought about significant changes in the distribution of revenue between levels of government. Indeed, the share of receipts collected by the decentralised administration has reached 13.5 % in 2008, up from 9.1 % in 2000. The allocation to the central government (52.9 % in 2008) has remained rather stable in the period under consideration. The share accruing to social security funds has decreased to 33.1 %.

The overall tax burden decreased progressively from 37.1 % of GDP in 1995 to 31.5 % in 2004, reflecting mostly the reduction of tax rates in the framework of general reorganization and simplification of the system carried out in those years. In contrast, the 2004–2007 period was characterised by an increase in the tax-to-GDP ratio, which reached a level of 34.8 % of GDP in 2007. This strong upward trend has been driven mostly by an increase in VAT revenues, as a result of a strong domestic consumption, and by robust growth in PIT revenue due to a rise in employment. As such, it is not mirrored by the cyclically-adjusted figures. In 2008, the value adjusted for the cycle reached 33.0 %.

Taxation of consumption, labour and capital; environmental taxation

Reaching 12.9 %, consumption taxes as a percentage of GDP are roughly in line with the EU-27 average (12.0 %). This is reflected in the corresponding ITR, which stands at 21.0 % in 2008, half percentage point below the EU-27 average. The ITR on consumption, on a declining trend from 1995 to 2001, has been picking up since, reflecting strong VAT and excise duties revenue growth after the introduction of excises on energy and increased VAT rates on certain items in 2002.

Taxes on labour, amounting to 13.1 % of GDP, are among the lowest in the European Union (the EU-27 average is 17.5 %). The ITR on labour for 2008 decreased to 32.8 %, 1.4 percentage points below the EU-27 average. Although remaining below the peak level recorded in 1995, the ratio had been picking up steadily between 2002 and 2006, to decline afterwards. This decrease is partly explained by the reduction of the mandatory disability contributions to be paid by both, employees in 2007 and 2008 (from 6.5 % to 3.5 % in 2007 and to 1.5 % in 2008) and by employers (down from 6.5 % to 4.5 % in 2008).

In 2008 the ITR on capital stood at 22.5 % — a value well below the European average. The increase registered after the 2004 low of 19.1 % has to be attributed mainly to the more effective collection of corporate taxes.

The ratio of environmental taxation to GDP has increased by half percentage point since 2000, to reach 2.6 % of GDP in 2008, which equals the average value in the European Union. With a value of 1.9 percentage points, revenues from transport fuel taxation over GDP are among the largest in the EU.

Current topics and prospects; policy orientation

From 1 January 2009, the new personal income tax rates of 18 % and 32 % have been introduced, replacing the 2008 rates of 19 %, 30 % and 40 %.

The investment incentive (i.e. an immediate accelerated depreciation of certain fixed assets), which is available to small taxpayers and newly established entities under both personal and corporate income taxes, has been increased from € 50 000 to € 100 000.

At the end of 2008, new amendments to the VAT law have been introduced. The period for VAT refund has been shortened from 180 to 60 days. VAT on bad debts lasting more than 180 days will be refunded to the seller by the tax authorities. VAT payers are allowed to report to the authorities on a quarterly basis, yet the payments are due on a monthly basis. In 2010 the turnover threshold for VAT exemption is increased from PLN 50 000 (around € 12 500) to PLN 100 000 (€ 25 000), up to PLN 150 000 (€ 37 500) in 2011.

In the 2010 budget the excise duties reliefs on the use of bio-components in motor fuels have been increased. At the same time, excise duties on cigarettes will be raised by 2.57 %.

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, reducing exemptions, and simplifying the tax code. Furthermore, PIT rates have been reduced four times since 1995. To counterbalance the decline in PIT progressivity in recent years, the tax base has been broadened by abolishing a number of tax deductions, perceived as distorting consumption, savings and investment decisions, and by including fringe benefits and benefits in kind within taxable income.

Since 2009 Poland applies two tax rates, i.e. 18 % and 32 %. The lowest statutory rate applies to the vast majority of taxpayers; for 2010 the threshold remains at PLN 85 528 (around € 21 000). Income above such threshold is charged at 32 %. Dividends and interest payments are subject to a final withholding tax at a rate of 19 %.

There is a personal allowance of PLN 3 089 (around € 770), which is granted to all taxpayers. There are a limited number of allowed deductions that may reduce aggregate taxable income, e.g. social security contributions, donations to religious and public utility organisations and the costs of an Internet access in the taxpayer's premises. A tax credit is granted for contributions to the obligatory health insurance scheme (up to 7.75 % of the tax base). Individuals are required to pay individual income tax and spouses are taxed separately. However, spouses may elect to file a joint tax return, provided that they were married during the entire tax year.

Corporate taxation

Since 1995 a number of tax measures have been 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 from 40 % in 1996. 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 total ordinary income. Tax law provides for a list of non-deductible expenses (e.g. representation expenses). From 1 January 2007 donations made to public organisations registered in Poland or another EEA country (EU Member States, Iceland, Liechtenstein and Norway), as well as donations for religious purposes, are deductible from taxable income up to a maximum of 10 % of income.

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.

In 2007 a new regulation applicable to small taxpayers and business start-ups was introduced. It allows for a one-off depreciation of certain fixed assets. The deduction takes place in the year when the fixed asset is recorded. The maximum amount of deduction has been raised from € 50 000 to € 100 000 from 2009 onwards.

VAT and excise duties

VAT law provides for the following tax rates: the basic 22 % rate, the reduced 7 % rate, the 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 was granted transitional arrangements in the area of indirect taxation (VAT and excise duties) until the end of 2007, and therefore, it maintained the reduced VAT rate on restaurant services and construction and the zero rate on books. The application of the transitional arrangements has been prolonged until 2010.

On 1 March 2009, a new excise duties law entered in force which aligns to a major extent the Polish provisions with EU legislation in the field. The law introduces, inter alia, a new definition of excise goods, namely energy products, electricity, alcohol, alcoholic beverages, manufactured tobacco and passenger cars.

Wealth and transaction taxes

There is no wealth tax. The stamp duty applies to official acts performed on the basis of notification or upon request of the person concerned.

Social contributions

Both employers and employees have to pay social security fund contributions for old-age pensions, at equal rates of 9.76 % of gross remuneration. Employees' contributions are withheld by the employer. There is a ceiling on contributions to the old-age pension fund equal to the annual equivalent of 30 projected average monthly salaries in the calendar year. In addition to the compulsory scheme there is a possibility to opt for employees' voluntary private pension plans and life insurance. The social security system includes also contributions for disability insurance (1.5 % paid by employee and 4.5 % by the employer); health and maternity insurance (paid at 2.45 % by employee), 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 employees), which is creditable against the income tax liability, up to 7.75 %.

PORTUGAL	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008	
A. Structure of revenues									% of GDP	*Ranking [1]*	*€ bn*
Indirect taxes	14.1	14.0	14.5	15.1	14.4	15.3	15.7	15.3	14.9	*8*	*24.7*
VAT	8.0	7.8	7.9	8.0	8.0	8.7	8.8	8.8	8.7	*5*	*14.4*
Excise duties and consumption taxes	2.7	2.9	3.1	3.3	3.2	3.1	3.2	2.9	2.8	*15*	*4.7*
Other taxes on products (incl. import duties)	2.8	2.7	2.6	2.4	2.5	2.7	2.9	2.8	2.5	*5*	*4.2*
Other taxes on production	0.6	0.7	0.9	1.4	0.7	0.7	0.8	0.8	0.9	*16*	*1.4*
Direct taxes	9.9	9.5	9.4	8.7	8.6	8.5	8.8	9.8	9.9	*17*	*16.5*
Personal income	5.6	5.6	5.4	5.4	5.2	5.3	5.5	5.7	5.8	*19*	*9.6*
Corporate income	3.9	3.4	3.4	2.9	3.0	2.8	3.0	3.7	3.7	*5*	*6.2*
Other	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4	*20*	*0.7*
Social contributions	10.3	10.5	10.8	11.1	11.1	11.4	11.4	11.7	11.9	*14*	*19.8*
Employers´	6.7	6.7	6.9	6.9	7.1	7.3	7.4	7.6	7.8	*11*	*13.0*
Employees´	3.2	3.4	3.4	3.6	3.5	3.5	3.4	3.5	3.6	*11*	*5.9*
Self- and non-employed	0.5	0.4	0.4	0.6	0.5	0.5	0.5	0.6	0.6	*17*	*0.9*
Less: amounts assessed but unlikely to be collected	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
TOTAL	**34.3**	**33.9**	**34.7**	**34.8**	**34.1**	**35.1**	**35.9**	**36.8**	**36.7**	***14***	***61.1***
Cyclically adjusted total tax to GDP ratio	33.1	32.6	33.8	34.9	34.0	35.1	35.7	36.1	36.4		
B. Structure by level of government									% of total taxation		
Central government	61.2	60.8	60.9	60.3	59.2	59.3	60.1	59.9	59.2	*13*	*36.2*
State government [2]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	*n.a.*	*n.a.*
Local government	6.0	5.8	6.0	5.7	6.2	6.2	6.2	6.5	6.5	*16*	*4.0*
Social security funds	31.1	31.9	32.1	33.0	33.7	33.7	33.0	32.8	33.5	*10*	*20.5*
EU institutions	1.7	1.4	1.0	0.9	0.8	0.7	0.8	0.8	0.7	*20*	*0.4*
C. Structure by economic function									% of GDP		
Consumption	12.2	12.1	12.4	12.5	12.5	13.3	13.6	13.1	12.7	*10*	*21.1*
Labour	14.1	14.3	14.5	14.8	14.8	15.2	15.3	15.7	15.9	*15*	*26.5*
Employed	13.5	13.6	13.8	13.9	13.9	14.2	14.3	14.6	14.8	*14*	*24.7*
Paid by employers	6.7	6.7	6.9	6.9	7.1	7.3	7.4	7.6	7.8	*12*	*13.0*
Paid by employees	6.8	6.9	6.9	7.0	6.8	6.9	6.9	6.9	7.0	*19*	*11.7*
Non-employed	0.6	0.7	0.7	0.9	0.9	1.0	1.0	1.1	1.1	*13*	*1.8*
Capital	8.0	7.5	7.8	7.6	6.7	6.6	7.0	8.0	8.1	*10*	*13.5*
Capital and business income	5.8	5.3	5.2	4.6	4.6	4.3	4.6	5.5	5.6	*15*	*9.2*
Income of corporations	3.9	3.4	3.4	2.9	3.0	2.8	3.0	3.7	3.7	*5*	*6.2*
Income of households	1.0	1.0	0.9	0.9	0.8	0.8	0.7	0.9	0.9	*10*	*1.5*
Income of self-employed (incl. SSC)	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.9	0.9	*17*	*1.5*
Stocks of capital / wealth	2.2	2.2	2.6	2.9	2.2	2.3	2.4	2.6	2.5	*8*	*4.2*
D. Environmental taxes									% of GDP		
Environmental taxes	2.7	3.0	3.2	3.1	3.1	3.1	3.0	2.9	2.6	*10*	*4.4*
Energy	1.6	1.9	2.1	2.2	2.2	2.1	2.0	2.0	1.9	*10*	*3.2*
Of which transport fuel taxes	:	:	:	1.9	2.0	1.9	1.9	1.9	1.8	*7*	
Transport (excl. fuel)	1.1	1.1	1.0	0.9	0.9	1.0	0.9	0.9	0.7	*9*	*1.2*
Pollution/resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	*24*	*0.0*
E. Implicit tax rates									%		
Consumption	18.9	18.9	19.4	19.5	19.3	20.3	20.6	20.1	19.1	*19*	
Labour employed	27.0	27.4	27.6	27.8	27.9	28.1	28.6	29.6	29.6	*20*	
Capital	33.6	31.7	33.5	32.2	28.2	29.4	31.9	35.0	38.6		
Capital and business income	24.3	22.3	22.3	19.7	19.1	19.2	20.9	23.9	26.5		
Corporations	25.5	22.7	22.4	19.0	18.8	19.4	22.6	:	:		
Households	16.3	14.9	15.1	15.0	11.8	10.3	8.6	:	:		
Real GDP growth (annual rate)	3.9	2.0	0.8	-0.8	1.5	0.9	1.4	1.9	0.0		

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

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

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

n.a. not applicable, : not available

Source: Commission services

PORTUGAL

Overall trends in taxation

Structure and development of tax revenues

In 2008 the Portuguese overall tax burden (including social contributions) stood at 36.7 % of GDP, slightly below the EU-27 and euro area averages (37.0 % and 37.6 %, respectively). Historically, Portugal's tax-to-GDP ratio is usually very close to the Spanish ratio, but in 2008 the Portuguese ratio remained virtually constant from the year before, compared with a sharp decline in neighbouring Spain.

Portugal relies relatively heavily on indirect taxation for collecting budget revenue. In 2008 the share of indirect taxes amounted to 40.5 % (EU-27 37.6 %). The amount of VAT revenue, relative to GDP, was one percentage point higher than the EU-27 average. The share of social contributions in total taxation, too, is above the EU average (32.5 %, EU-27 30.2 %), mainly due to a high share of employers' social security contributions. The share of direct taxes amounted to 27.1 % of total tax revenue (EU-27 32.4 %), mainly due to moderate PIT levels. Corporate income tax revenue is relatively high, ranking fifth in the Union as a share of GDP.

As for the structure by level of government, the share of taxes collected by local government is quite low, though growing, at 6.5 % (EU-27 10.4 %), whereas the percentage received by social security institutions is rather high (33.5 %, EU-27 29.3 %). The share of the central government is equal to the EU-27 average.

The tax-to-GDP ratio oscillated around the 34 % mark in the 2000–2004 period. In the following three years the ratio went up by more than 2 ½ percentage points. Whereas the augmentation in the ratio in 2005 was mainly due to higher VAT revenue following a rate increase, rising growth rates led to higher revenue, in particular from taxes on capital, in 2006 and 2007. Overall, despite the growth slowdown in 2008, revenue from direct taxes and social contributions continued to grow that year. The cyclically-adjusted figures, which show an unbroken upward trend since 2004, suggest that this trend is not solely due to GDP growth.

Taxation of consumption, labour and capital; environmental taxation

In line with high revenue from indirect taxes, taxes on consumption play an important role in Portugal, representing 34.5 % of total tax revenue. Mainly due to the increase in the VAT standard rate in 2002 and 2005 the implicit tax rate on consumption increased, but declined again after 2006, mainly owing to weaker revenue from other taxes on products, reaching 19.1 % in 2008. This value is well below the EU-27 average (21.5 %).

Taxes on labour as a percentage of GDP are below the EU average (15.9 %, EU-27 17.5 %). The implicit tax rate on labour has increased in recent years, from 27.0 % (2000) to 29.6 % (2008), despite marginal reductions in personal income tax rates and targeted reductions of social contributions. Nevertheless, it still remains well below the EU-27 average (34.2 %).

The ITR on capital, at 38.6 % in 2008, was well above the EU-25 average (EU-25 26.1 % in the adjusted arithmetic average). Despite zero GDP growth in 2008, the capital tax-to-GDP ratio did not change significantly compared to 2007.

After several years with increases in corporate tax revenues (as a percentage of GDP), the ratio declined from 3.9 % of GDP in 2000 to 2.8 % in 2005, in line with the strong reduction in the top statutory CIT rate and as a consequence of lower growth rates. By 2008, however, the ratio nearly reached the 2000 peak again (3.7 %).

At 2.6 % of GDP, Portugal's level of environmental taxes is equal to the EU average (EU-27 2.6 %), notably with respect to energy taxes (around 66 % of total environmental taxes). The 2008 level is, however, well below the 2002 peak (3.2 % of GDP).

Current topics and prospects; policy orientation

Law no. 100/2009 creates a new tax regime for severance compensations and is applicable on two levels of taxation (see under PIT and CIT). A number of tax measures were approved with retroactive effect as from 1 January 2008 regarding the PIT and the municipal property tax.

The new investment tax code sets a new tax regime for non-habitual resident individuals from 2009 to 2019. The code grants benefits, amongst which elimination of double taxation on passive income and royalties if in compliance with certain rules. A supplementary state budget for 2009 was approved by the Parliament as an additional measure against the international financial crisis.

Anti-tax fraud and evasion measures have been enacted at the end of 2009, bank secrecy was further limited, and a special personal income tax rate was introduced for unjustified wealth increase.

Main features of the tax system

Personal income tax

In Portugal the personal income tax (IRS) is levied on the aggregated base of six income categories. There is no personal allowance, but a single personal tax credit which is linked to the minimum wage and to the family situation of the taxpayer. Portugal applies a progressive tax rate with seven brackets (from 10.5 % to 42.0 % in 2009), the top marginal rate being reached at an income of € 64 110. Unjustified increase of the personal income of more than € 100 000 is taxed at a special rate of 60 %. Under law 100/2009, severance compensations to managers and board members who terminate their employment are taxed on the full amount while previously they benefited from an exemption of taxation up to a certain limit. In the Azores, the rates are reduced by 20 %, while in Madeira the rates range from 8.5 % to 41 %. As for expenses for permanent housing, the maximum allowable deduction increased of 50 % for the first two income brackets, 20 % for the third bracket and 10 % for the fourth bracket.

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 20 % withholding tax. 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 1 January 2009, two corporate income tax rates (IRC) apply. Taxable profits up to € 12 500 (included) are subject to a 12.5 % rate. A 25 % rate is applied to taxable profits surpassing € 12 500. The 12.5 % rate is not applicable to companies that have undergone a major reorganisation or restructuring after 31 December 2008. Given the introduction of the 12.5 % rate, the simplified scheme for small companies with a reduced rate of 20 % is progressively abolished. Under the Madeira International Business Centre, special reduced corporate income tax rates are foreseen for entities licensed under the 2003 and the 2007 special regimes, depending on the creation of jobs. According to the supplementary state budget for 2009, the special prepayment amount is reduced from € 1 250 to € 1 000 which corresponds to 1 % of the company's turnover.

On top of the corporate income tax, municipalities may levy a non-deductible surcharge of up to 1.5 % of the taxable profit (before the deduction of tax losses). Capital gains are not taxed separately but are usually included in ordinary income. Under special conditions, a 50 % tax relief is granted if the proceeds are reinvested. Ordinary losses are deductible in the calculation of the tax base, whereas special rules apply for capital losses derived from the sale of shares.

VAT and excise duties

After increases of two percentage points in 2002 (to 19 %) and 2005 (to 21 %), the standard VAT rate was cut by one percentage point to 20 %, effective as of 1 July 2008.

Portugal applies three VAT rates: a standard 20 % rate, an intermediate 12 % rate (on restaurants, some wines, certain foodstuffs, fuel oil and coloured diesel) and a reduced 5 % rate (mainly on basic foodstuffs, books, periodicals and newspapers, water and electricity). In the Azores and Madeira the standard rate is 15 %, whereas the intermediate rate is 8 % and the reduced rate is 4 %. Excise duty revenues are in line with the EU-27 average.

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. 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. The gift and inheritance tax was abolished in 2004. 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.

R o m a n i a

ROMANIA	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008	
A. Structure of revenues									% of GDP	*Ranking [1]*	*€ bn*
Indirect taxes	12.2	11.3	11.6	12.3	11.7	12.9	12.8	12.6	12.0	*22*	*16.7*
VAT	6.5	6.2	7.1	7.2	6.7	8.1	7.9	8.1	7.9	*12*	*11.0*
Excise duties and consumption taxes	3.0	2.8	2.6	3.5	3.6	3.3	3.2	3.0	2.7	*17*	*3.8*
Other taxes on products (incl. import duties)	2.2	1.6	1.3	1.0	1.0	1.0	1.2	0.7	0.6	*21*	*0.8*
Other taxes on production	0.5	0.6	0.6	0.6	0.5	0.5	0.6	0.8	0.8	*17*	*1.1*
Direct taxes	7.0	6.4	5.8	6.0	6.4	5.3	6.0	6.7	6.7	*26*	*9.4*
Personal income	3.5	3.3	2.7	2.8	2.9	2.3	2.8	3.3	3.4	*25*	*4.7*
Corporate income	3.0	2.5	2.6	2.8	3.2	2.7	2.8	3.1	3.0	*15*	*4.2*
Other	0.6	0.5	0.4	0.3	0.3	0.3	0.3	0.4	0.3	*22*	*0.5*
Social contributions	11.1	10.9	10.7	9.4	9.1	9.6	9.7	9.7	9.3	*19*	*13.0*
Employers´	8.1	7.1	6.5	6.2	5.9	6.4	6.3	6.2	6.0	*15*	*8.4*
Employees´	3.0	3.8	4.2	3.1	3.0	3.0	3.3	3.3	3.2	*13*	*4.4*
Self- and non-employed	0.0	0.0	0.1	0.2	0.2	0.2	0.1	0.2	0.1	*25*	*0.2*
Less: amounts assessed but unlikely to be collected	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
TOTAL	**30.2**	**28.6**	**28.1**	**27.7**	**27.2**	**27.8**	**28.5**	**29.0**	**28.0**	***27***	***39.2***
Cyclically adjusted total tax to GDP ratio	32.6	30.1	29.2	28.4	26.8	27.3	27.0	26.7	24.8		
B. Structure by level of government									% of total taxation		
Central government	59.5	59.7	60.1	62.8	63.4	63.0	63.0	62.2	62.9	*10*	*24.6*
State government[2)]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	*n.a.*	*n.a.*
Local government	3.9	3.8	3.1	3.5	3.4	3.1	3.4	4.0	3.2	*22*	*1.3*
Social security funds	36.6	36.5	36.8	33.7	33.2	33.9	33.6	33.0	32.9	*12*	*12.9*
EU institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.9	0.9	*n.a.*	*n.a.*
C. Structure by economic function									% of GDP		
Consumption	11.5	10.6	10.9	11.5	11.1	12.3	12.1	11.8	11.2	*16*	*15.7*
Labour	13.2	12.9	12.4	11.1	10.7	11.0	11.6	11.8	11.6	*23*	*16.2*
Employed	13.2	12.8	12.3	11.1	10.7	11.0	11.5	11.8	11.5	*23*	*16.1*
Paid by employers	8.1	7.1	6.5	6.2	5.9	6.4	6.3	6.2	6.0	*17*	*8.4*
Paid by employees	5.2	5.7	5.9	4.9	4.8	4.6	5.2	5.6	5.4	*24*	*7.6*
Non-employed	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	*26*	*0.1*
Capital	5.5	5.1	4.8	5.0	5.4	4.5	4.9	5.4	5.2	*22*	*7.3*
Capital and business income	4.3	3.9	3.8	4.0	4.5	3.6	3.9	4.2	4.2	*22*	*5.9*
Income of corporations	3.0	2.7	2.6	2.8	3.2	2.7	2.8	3.1	3.0	*15*	*4.2*
Income of households	1.2	1.1	1.0	0.9	1.0	0.6	0.7	0.8	0.9	*12*	*1.2*
Income of self-employed (incl. SSC)	0.1	0.2	0.2	0.3	0.4	0.3	0.3	0.4	0.3	*25*	*0.5*
Stocks of capital / wealth	1.2	1.2	1.1	1.0	0.9	0.9	1.0	1.1	1.0	*20*	*1.4*
D. Environmental taxes									% of GDP		
Environmental taxes	3.4	2.4	2.1	2.4	2.4	2.0	1.9	2.1	1.8	*25*	*2.5*
Energy	3.2	1.9	1.7	2.0	2.1	1.8	1.7	1.7	1.4	*23*	*2.0*
Of which transport fuel taxes	:	:	:	:	:	:	:	1.3	1.1	*23*	
Transport (excl. fuel)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.3	0.4	*17*	*0.5*
Pollution/resources	0.1	0.4	0.3	0.3	0.2	0.1	0.1	0.0	0.0	*22*	*0.0*
E. Implicit tax rates									%		
Consumption	17.0	15.6	16.2	17.7	16.4	17.9	17.8	18.0	17.7	*21*	
Labour employed	33.5	31.0	31.2	29.6	29.0	28.1	30.1	30.2	29.5	*21*	
Capital	:	:	:	:	:	:	:	:	:		
Capital and business income	:	:	:	:	:	:	:	:	:		
Corporations	:	:	:	:	:	:	:	:	:		
Households	:	:	:	:	:	:	:	:	:		
Real GDP growth (annual rate)	2.4	5.7	5.1	5.2	8.5	4.2	7.9	6.3	7.3		

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

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

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

n.a. not applicable, : not available

Source: Commission services

ROMANIA

Overall trends in taxation

Structure and development of tax revenues

The overall tax-to-GDP ratio of Romania is at 28.0 % in 2008, nine percentage points lower than the EU-27 average (37.0 %). The level of taxation in Romania is the lowest in the EU and markedly lower than in neighbouring Bulgaria (33.3 %) and Hungary (40.4 %).

The tax structure of Romania stands out in several respects. Romania has the fourth highest reliance on indirect taxes in the EU after Bulgaria, Cyprus and Malta. Indirect taxes supply 42.7 % of total tax revenue compared to a 37.6 % EU-27 average, while the share of social contributions accounts for 33.3 % (EU-27 30.2 %) and direct taxes only for 24.0 % (EU-27 32.4 %). Because of this structure, the share of VAT on total tax (including social contributions) revenue in 2008 (28.2 %) was the third highest in the Union. The low level of direct taxes is mainly due to low personal income taxes (merely 3.4 % of GDP), amounting to around 42 % of the EU-27 average.

The share of central government revenue forms more than half of the total (62.9 %), while local government revenues are marginal, consisting of only 3.2 %. The revenue shares received by the social security funds account for 32.9 %, almost four percentage points above the EU-27 average. In per cent of GDP, however, the revenues of the social security funds are 1.5 percentage points below the EU average.

The tax-to-GDP ratio declined continuously in the 2000–2004 period by overall three percentage points, mainly due to a reduction in revenues from social security contributions paid by employers, which went down by more than one quarter. Higher revenues in all three major tax categories subsequently led to an increase in the tax-to-GDP ratio from 27.2 % (in 2004) to 29.0 % in 2007. In 2008 the ratio declined again to 28.0 %. The cyclically-adjusted data suggest that in structural terms the tax ratio has remained approximately constant in 2004 – 2007 but declined again in 2008.

Taxation of consumption, labour and capital; environmental taxation

The ITR on consumption is at 17.7 % in 2008, 3.8 percentage points lower than the EU-27 average. Due to the very high share of final consumption of households in GDP, consumption taxes as per cent of GDP are nevertheless in line with the EU average (11.2 %, EU-27 12.0 %).

The ITR on labour steadily declined from 2000 to 2005, altogether by more than five percentage points. The strongest reduction of nearly one percentage point can be observed in 2005, the year of the introduction of the flat PIT. In 2006, however, the ITR on labour picked up by two percentage points and remained rather stable in 2007, but decreased in 2008 to 29.5 %. The ITR was markedly below the EU-27 average (EU-27 34.2 %), mainly due to low revenues from personal income taxes on employed labour income.

Taxation of capital is one of the lowest in the EU, yielding merely 5.2 % of GDP as compared with 7.5 % in the EU average. This is due to low revenues from all categories of capital taxes but those on the capital income of households, which are equal to the EU average. In line with the EU averages, the capital income taxation of corporations is increasing fairly constantly since 2005 and currently is 0.4 percentage points below the EU-27 average. Due to data limitations, no ITRs on capital are available for Romania.

Based on available data, environmental tax revenue, at 1.8 % of GDP in 2008, lies well below the EU-27 average (2.6 %); in fact, this value is the third lowest in the EU. Most of this revenue is realised on energy: the other two categories of environmental taxes, transport and pollution/resources, each raise less than half the EU average. Revenues from environmental taxes have overall decreased in recent years.

Current topics and prospects; policy orientation

The Romanian tax code was amended recently as EC directives were transposed into the legislation. The amendments concern the CIT, the VAT and the excise duties. In May 2009, government emergency ordinance no. 46/2009 entered in force making changes to several tax laws. For instance, taxpayers were considered inactive if they failed to report for two consecutive deadlines. Currently, taxpayers who fail to file a tax return for a semester or declare a false registration office with the scope of tax audit avoidance are considered inactive. A tax record with insolvent debtors and their legal representatives will be listed on the web page of the Ministry of Finance. Taxpayers are now allowed to reschedule tax payments if a number of requirements are met, among which all tax liabilities and outstanding tax payments are settled by 31 July 2009. The government has introduced temporary option for taxpayers for deferral of outstanding tax liabilities until 30 June 2010.

As of 1 January 2009 an amendment in the fiscal code changed the maximum deductible rate for interest on loans in foreign currency received from non-financial institutions from 7 % to 8 %. Goods and services delivered or supplied to or by people undergoing insolvency are not subject to reverse charge mechanism, an exception to the rule being retail goods.

Main features of the tax system

Personal income tax

As from 2005, a flat rate tax system has replaced the previous four-bracket system, with tax rates ranging from 18 % to 40 %. The flat tax rate has been set at 16 %, the same applied on taxable corporate profits. This rate in general applies to income from independent work activity, royalties, income from movable and immovable property (such as rents), but also to short-term capital gains on listed shares. Interest income, too, is subject to a final withholding tax of 16 %.

Taxpayers do not need to fill in a tax return if they only receive labour income in Romania or from investments and other activities subject to a final withholding tax. Commuting expenses and expenses incurred on secondment are generally exempt, under conditions. Moreover, employment income earned by employees whose main activity is software development is also exempted from income tax. Benefits in kind are normally taxed, but meal vouchers are exempted from tax. Income from stock options is not taxed when the option is granted nor upon its exercise, but only when the acquired shares are sold. Pension income is taxed only for the portion exceeding a threshold, which is adjusted regularly (currently RON 1 000 per month, around € 250).

Corporate taxation

Romanian corporate income tax follows the classical system: corporate profits are taxed at the company level and distributed profits are taxed again at the level of both corporate and individual shareholders. The standard flat-tax rate is 16 % (before 2005 it was 25 %). Dividends received from other Romanian resident companies are exempt from taxation. Capital gains are generally treated as ordinary business income and subject to the same rate.

A minimum corporate income tax has been introduced since 1 May 2009 and it may vary from RON 2 200 (€ 550) to RON 43 000 (€ 10 750) depending on the gross income. Expenses incurred for business purposes are generally deductible, but fuel expenses for company vehicles are not deductible in case the weight is below 3 500 kg or they have less than nine seats and are used only for passenger transport. However, fuel expenses for vehicles used for transportation of staff to and from work, as courier services or for a car driving school services are deductible from the corporate income tax. The same rules are valid for the self-employed individuals as well. For 2010 the advance payment system is used where CIT is paid in advance by a trimester, adjusted to inflation, on an annual basis. The deadlines for the annual income tax declaration are extended.

There is a standard 16 % withholding tax. In conformity with the EC Parent-Subsidiary Directive, a 10 % withholding tax applies to interest and royalties if the non-resident is registered as a legal entity (or has a permanent establishment) in an EU Member State.

For businesses such as gambling, nightclubs and casinos, there is a minimum tax equal to 5 % of the turnover. Micro-enterprises pay the general corporate income tax.

VAT and excise duties

The standard VAT rate is 19 %; a reduced rate of 9 % applies to goods such as pharmaceutical products, medical equipment for disabled persons, books, newspapers, admission to cultural services and hotel accommodation. As mentioned above, as of 2009, a 5 % reduced rate applies to the supply of social and some private dwellings. The definition of a taxable person was broadened.

VAT exemptions without right of deduction apply to, among others, medical treatments, some educational and cultural activities, public postal services, certain banking and financial transactions, insurance and reinsurance. From 1 May 2009 to end 2010 taxable persons can not deduct VAT on importation or intra-community acquisition of passenger transport vehicles.

Wealth and transaction taxes

There are neither net wealth taxes nor gift or inheritance taxes in Romania.

Immovable property located in Romania is subject to a local building tax. The tax is levied at rates varying between 0.1 % for buildings owned by individuals and 0.25 % to 1.5 % for company-owned buildings. If the building has not been revalued during the last three years, the rates for company owned buildings vary from 5 % to 10 %. Land both inside and outside city limits is in general subject to local land tax. Local taxes have increased by approximately 20 % in 2010.

Social contributions

Social security contributions are payable at a combined rate for the employer and the employee. As of 1 February 2009, employees with normal working conditions must contribute for social security at 10.5 %. Employers contribute at a rate of 20.8 %. Higher rates for the employers may apply in certain cases. In addition, employees and employers both contribute to the health insurance fund and to the national unemployment fund. All social contributions are deductible for income tax purposes.

SLOVAKIA	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008 Ranking [1]	2008 € bn
A. Structure of revenues									% of GDP	*Ranking* [1]	*€ bn*
Indirect taxes	12.5	11.4	11.4	12.0	12.3	12.7	11.5	11.4	10.8	26	7.0
VAT	7.0	7.2	7.0	7.5	7.8	7.9	7.5	6.7	6.9	22	4.5
Excise duties and consumption taxes	3.1	2.7	3.0	3.1	3.3	3.7	2.9	3.5	2.7	18	1.7
Other taxes on products (incl. import duties)	1.7	0.7	0.7	0.7	0.5	0.3	0.3	0.4	0.4	24	0.3
Other taxes on production	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8	18	0.5
Direct taxes	7.5	7.5	7.1	7.1	6.1	6.0	6.1	6.2	6.4	27	4.2
Personal income	3.4	3.5	3.3	3.2	2.7	2.6	2.5	2.5	2.8	27	1.8
Corporate income	2.6	2.6	2.5	2.8	2.6	2.7	2.9	3.0	3.1	14	2.0
Other	1.5	1.4	1.3	1.2	0.8	0.6	0.6	0.6	0.5	17	0.3
Social contributions	14.2	14.3	14.6	13.8	13.1	12.7	11.7	11.7	12.0	13	7.7
Employers´	9.1	8.9	8.9	8.4	7.6	7.0	6.3	6.3	6.7	13	4.3
Employees´	2.9	3.0	3.0	2.8	2.9	3.0	2.8	2.8	2.9	14	1.9
Self- and non-employed	2.1	2.5	2.8	2.6	2.6	2.6	2.7	2.6	2.4	3	1.5
Less: amounts assessed but unlikely to be collected	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
TOTAL	**34.1**	**33.1**	**33.1**	**32.9**	**31.5**	**31.3**	**29.2**	**29.3**	**29.1**	25	18.9
Cyclically adjusted total tax to GDP ratio	35.1	34.2	34.0	33.8	32.3	31.7	28.6	27.0	26.2		
B. Structure by level of government									% of total taxation		
Central government	55.3	53.3	52.5	54.8	54.3	49.3	48.7	49.0	47.4	23	8.9
State government [2]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local government	4.1	4.4	4.2	4.0	4.3	10.7	10.8	10.3	11.0	12	2.1
Social security funds	40.6	42.3	43.4	41.1	40.9	39.1	39.5	39.4	40.4	2	7.6
EU institutions	n.a.	n.a.	n.a.	n.a.	0.5	0.9	1.0	1.3	1.2	6	0.2
C. Structure by economic function									% of GDP		
Consumption	12.2	11.0	11.0	11.6	12.0	12.3	11.2	11.1	10.3	24	6.7
Labour	15.0	15.1	15.0	14.4	13.3	12.5	11.5	11.6	12.3	22	8.0
Employed	14.8	14.8	14.6	14.0	12.7	12.3	11.2	11.2	12.0	22	7.8
Paid by employers	9.1	8.9	8.9	8.4	7.6	7.0	6.3	6.3	6.7	13	4.3
Paid by employees	5.7	5.9	5.7	5.6	5.1	5.2	4.9	5.0	5.4	25	3.5
Non-employed	0.2	0.3	0.4	0.4	0.5	0.3	0.4	0.3	0.3	21	0.2
Capital	6.9	7.0	7.0	6.9	6.3	6.5	6.5	6.5	6.5	19	4.2
Capital and business income	6.1	6.3	6.3	6.1	5.5	5.8	5.9	5.9	5.8	13	3.8
Income of corporations	3.5	3.4	3.2	3.4	3.0	3.0	3.2	3.2	3.4	12	2.2
Income of households	0.3	0.3	0.2	0.2	0.1	0.1	0.1	0.1	0.1	23	0.1
Income of self-employed (incl. SSC)	2.3	2.6	2.8	2.5	2.4	2.7	2.6	2.6	2.3	7	1.5
Stocks of capital / wealth	0.8	0.8	0.8	0.7	0.8	0.7	0.6	0.6	0.7	24	0.4
D. Environmental taxes									% of GDP		
Environmental taxes	2.2	2.0	2.2	2.4	2.5	2.4	2.3	2.1	2.0	21	1.3
Energy	2.0	1.7	1.9	2.2	2.2	2.1	2.0	1.8	1.8	15	1.2
Of which transport fuel taxes	:	:	:	:	:	2.1	1.9	1.8	1.7	8	
Transport (excl. fuel)	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	25	0.1
Pollution/resources	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.0	15	0.0
E. Implicit tax rates									%		
Consumption	21.7	18.8	19.1	20.7	21.2	21.9	19.9	20.2	18.4	20	
Labour employed	36.3	37.1	36.7	36.1	34.5	32.9	30.4	31.0	33.5	15	
Capital	22.9	21.7	22.4	22.4	18.5	19.4	18.1	17.3	16.7		
Capital and business income	20.3	19.3	20.0	19.9	16.3	17.3	16.3	15.7	14.9		
Corporations	40.2	32.5	34.4	34.8	22.6	23.3	20.3	19.4	20.7		
Households	11.8	12.6	13.3	12.5	12.0	13.4	13.0	12.4	10.3		
Real GDP growth (annual rate)	1.4	3.5	4.6	4.8	5.0	6.7	8.5	10.6	6.2		

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

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

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

n.a. not applicable, : not available

Source: Commission services

SLOVAKIA

Overall trends in taxation

Structure and development of tax revenues

In Slovakia the overall tax burden (including social security contributions) stood at 29.1 % of GDP in 2008, a value markedly below the EU-27 average (37.0 %). The tax-to-GDP ratio is the third lowest in the European Union, with only Latvia and Romania displaying lower ratios.

Indirect taxes raised 10.8 % of GDP, three percentage points below the EU-27 average. Accounting for 36.9 % of total tax receipts, they play a much more important role in Slovakia than direct taxes (22.1 % of total revenues). Not surprisingly therefore, direct tax revenue is only 6.4 % of GDP compared to a 12.2 % of EU-27 average. The ratio of tax revenues from social security contributions to GDP has decreased over the recent years by 2.2 percentage points from 14.2 % of GDP in 2000 to 12.0 % of GDP in 2008. This reflects a significant reduction of employers' social security contributions. Since 2005–2006, the introduction of a 'second pillar' fully funded pension scheme led to a further reduction in social security receipts, as contributions to privately managed funds are not booked as government revenue.

The central government receives less than half of overall revenue, a comparatively low share, while social security funds receive most of the remainder; their share of revenue is the second highest in the Union after France. The proportion of tax receipts collected by local governments increased markedly (from 4.3 % in 2004 to 11 % in 2008) due to the implementation of a new financing system for regional self-government from 1 January 2005.

Slovakia's tax ratio has decreased significantly over the last decade. It stood at 40.3 % of GDP in 1995, well above the EU average, whereas the 29.1 % of GDP in 2008 falls short of the EU-27 average by eight percentage points. This declining trend is reflected in the cyclical adjusted tax ratio, reduced by some 9 percentage points between 2000 and 2008 (35.1 % v. 26.2 %) as a consequence of the overall cut in corporate and personal income tax rates.

Taxation of consumption, labour and capital; environmental taxation

Measured in terms of final consumption expenditure of households, taxation of consumption stood at 18.4 % in 2008. This value places Slovakia three points below the average EU-27 implicit tax rate (ITR) on consumption. After a recent increase phase, due to stronger excise duties and VAT revenues in correspondence with changes in the VAT rates, the Slovak ITR on consumption has decreased to a value close to its 2001 low (18.8 %). The decline in consumption tax revenue in % of GDP was influenced by a shift of final demand towards exports, which are not subject to consumption taxation, and by the fact that, a reduced VAT rate of 10 % has been in force since 1 January 2007.

The ratio of taxes on labour income to GDP stood at 12.3 % in 2008, around 5 percentage points below the EU-27 average (17.5 %). The ITR on labour in Slovakia has tended to decline over time in line with the decrease in tax levels, and has accelerated after the introduction of a 19 % flat PIT rate in 2004. One should note, however, that the introduction of a second pillar pension scheme in 2005–2006 also results, under our methodology, in a reduction of the ITR on labour, although payments to these funds have an impact on workers' disposable income which is analogous to traditional social security contributions. The ITR on labour has risen again in 2008 up to 33.5 % (EU-27 34.2 %), following the evolution of social security contributions after the increase in the contribution ceilings.

The ratio of capital taxes has remained constant at 6.5 % in GDP between 2005 and 2008. The relatively low contribution of taxes on capital to total tax revenue is also reflected in the low ITR on capital, at 16.7 % in 2008. The fall of the ITR is mainly driven by the progressive decrease in the corporate income tax rate since 1999.

As of 2008, the ratio of environmental taxation stood at 2.0 % of GDP, a value slightly below the EU-27 average (2.6 %). Revenues from environmental taxation have been declining from 2004 mainly due to shrinking receipts from energy taxation.

Current topics and prospects; policy orientation

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 generally aimed at aligning the taxable base with the accounting base. Significant amendments to the CIT rules on reserves and provisions for losses were introduced in January 2008; previously, losses on loans and receivables were fully deductible with almost no restrictions, especially in the case of bank loans. These rules have now been tightened, through introduction of time limits and prerequisites, in order to encourage a more active stance by creditors.

A reduced 10 % VAT rate was introduced in 2007. In addition, higher excise duties on electricity, coal and natural gas are collected as from July 2008 in application of the EU energy taxation directive. In January 2010 a reduction of the excise duties on diesel fuel was approved, which would take diesel prices in line with those in Austria, but below those in Hungary and the Czech Republic. Finally, in the domain of social security, as already mentioned, a second pillar has been introduced.

In order to mitigate the negative impact of the global financial and economic crisis, several anti-crisis measures were introduced in 2009. An employee tax credit as a form of negative income tax has been introduced and the basic allowance has been increased. While the first is a permanent measure, the latter is temporary (only for two years). In addition, the rate of contribution to the social insurance agency was decreased to 2 % for mandatory insured self-employed. Among other measures, changes in the rules on property depreciation were adopted (increase in input price for investment property depreciation, accelerated depreciation and depreciation of components) and excise duties on spirits increased since March 2010.

Main features of the tax system

Personal income tax

The introduction of the flat tax rate in 2004 has superseded the previous system of progressive rates. The new tax law has scrapped the majority of exceptions, exemptions and deductions. The restriction in the number of allowances and credits to the minimum obviously contributes strongly to the transparency and simplicity of the tax system. The basic allowance increased from 19.2 to 22.5 times the minimum monthly subsistence level; in 2010 the basic allowance is frozen at the level of 2009. As the goal of this measure was to target the tax cut on the low and middle-income class, the threshold from which the basic allowance is gradually withdrawn has been lowered, so that the high-income class will not be affected by this measure. This measure is in force until 2010. Employee tax credit was introduced on 1 January 2009. It is a form of negative income tax which is paid to low income employees.

The PIT tax rate is 19 % of aggregate income. Income is defined broadly as any benefit in cash or in kind. Aggregate income includes income from employment, occupational pensions, business, rent, capital and other occasional activities. Capital gains are generally included in aggregate income with the exception of income from the sale of a dwelling used as a permanent residence of the taxpayer over the previous two years, and the income from the sale of other immovable property owned for at least five years; gains from the sale of movable property owned for at least five years; and gains from the sale of shares and other securities up to a total annual amount equal to five times the living minimum. No tax deductions are allowed except for 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 final withholding tax of 19 % is levied on income from participation certificates, vouchers and investment coupons; interest on bank deposits and current accounts; income from private life or pension insurance and payments from the supplementary pension insurance. However, a taxpayer may opt for including such income into the aggregate income so that the tax withheld is treated as a prepayment.

Corporate taxation

The corporate tax rate was reduced from 25 % to 19 % with effect from 1 January 2004. Exceptions and exemptions such as tax holidays, tax breaks, individual tax bases and special tax rates applicable under the old tax regime have been eliminated from the corporate income tax law, providing for more transparency. A number of amendments have been made to the tax law in order to adapt it to EU regulations on direct taxation such as the Parent-Subsidiary Directive, the Merger Directive, the Interest and Royalties Directive and the Savings Directive.

Taxable income is calculated based on the income computed according to the accounting rules and is adjusted for several items for tax purposes. 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 seven years (five years until 2009). No group taxation provisions exist; all entities are taxed separately. The thin capitalisation rules which were abolished with effect from 1 January 2004 were initially planned to be reintroduced as of 1 January 2010; however, this decision was revoked.

VAT and excise duties

Prior to the tax reform in 2004 Slovakia applied two VAT rates: a standard rate of 20 % and a reduced rate of 14 %. The tax reform introduced a unified 19 % VAT tax rate for all goods and services as of 1 January 2004. In 2007, a 10 % reduced rate was reintroduced; it applies to medicines, certain other medical and pharmaceutical products, and, since 2008, to books.

The tax reform also introduced amendments to excise duties on mineral oils, tobacco and tobacco products, and beer in order to harmonise Slovak tax law with EU regulations. These amendments increased excise duty rates on these types of products, so that Slovak excise duties have reached the required levels earlier than negotiated in Slovakia's EU Accession Treaty.

Social contributions

Both employees and employers have to pay contributions for pension insurance (4 % and 14 % respectively), health insurance (4 % and 10 % respectively), disability insurance (both 3 %) and sick leave insurance (both 1.4 %), as well as unemployment insurance (both 1 %). Additionally, employers have to pay 0.8 % of employees' wages for accident insurance, 4.75 % to a solidarity fund and 0.25 % to the guarantee fund. A contributions ceiling applies to all types of insurance except accident insurance. Part of social contributions (nine percentage points) is accumulated in private pension funds. In 2010 the contribution ceilings for employers' and employees' social security contributions are € 2 922.90 for reserve fund as well as for pension, disability and unemployment insurance, € 2 169.09 for health insurance and € 1 096.09 for sick leave insurance and guarantee fund.

SLOVENIA	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008	
A. Structure of revenues									% of GDP	*Ranking* [1]	*€ bn*
Indirect taxes	15.8	15.6	15.9	16.0	15.8	15.7	15.2	14.9	14.3	*11*	*5.3*
VAT	8.7	8.3	8.6	8.5	8.5	8.6	8.5	8.5	8.4	*6*	*3.1*
Excise duties and consumption taxes	3.0	3.4	3.4	3.4	3.4	3.3	3.3	3.3	3.4	*7*	*1.2*
Other taxes on products (incl. import duties)	1.8	1.4	1.3	1.3	1.1	0.9	0.9	1.1	1.0	*16*	*0.4*
Other taxes on production	2.3	2.5	2.5	2.8	2.8	2.9	2.5	2.1	1.6	*9*	*0.6*
Direct taxes	7.4	7.6	7.8	8.0	8.3	8.7	9.1	9.2	9.0	*20*	*3.3*
Personal income	5.6	5.7	5.7	5.7	5.7	5.5	5.7	5.5	5.9	*18*	*2.2*
Corporate income	1.2	1.3	1.6	1.7	1.9	2.8	3.0	3.2	2.5	*24*	*0.9*
Other	0.6	0.6	0.6	0.5	0.6	0.4	0.4	0.4	0.6	*15*	*0.2*
Social contributions	14.3	14.5	14.3	14.2	14.2	14.2	14.0	13.7	14.1	*6*	*5.2*
Employers´	5.5	5.5	5.4	5.4	5.4	5.5	5.5	5.4	5.5	*18*	*2.0*
Employees´	7.8	7.7	7.6	7.5	7.5	7.5	7.3	7.2	7.4	*1*	*2.8*
Self- and non-employed	1.0	1.3	1.3	1.3	1.4	1.2	1.2	1.1	1.1	*12*	*0.4*
Less: amounts assessed but unlikely to be collected	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
TOTAL	**37.5**	**37.7**	**38.0**	**38.2**	**38.3**	**38.6**	**38.3**	**37.8**	**37.3**	***12***	***13.9***
Cyclically adjusted total tax to GDP ratio	37.2	37.9	38.1	38.7	38.5	38.5	37.1	34.9	34.2		
B. Structure by level of government									% of total taxation		
Central government	55.1	54.6	55.4	55.6	55.3	55.6	55.4	54.1	53.0	*15*	*7.4*
State government [2]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	*n.a.*	*n.a.*
Local government	7.3	7.4	7.4	7.6	7.6	7.4	7.7	9.0	8.9	*14*	*1.2*
Social security funds	37.7	38.1	37.2	36.8	36.8	36.5	36.2	35.9	37.3	*6*	*5.2*
EU institutions	n.a.	n.a.	n.a.	n.a.	0.4	0.7	0.8	1.1	1.0	*9*	*0.1*
C. Structure by economic function									% of GDP		
Consumption	13.9	13.4	13.7	13.8	13.6	13.4	13.2	13.2	13.3	*6*	*5.0*
Labour	20.7	21.0	20.8	20.9	20.8	20.6	20.2	19.2	19.3	*11*	*7.2*
Employed	19.9	20.1	19.9	19.9	19.8	19.7	19.3	18.3	18.4	*10*	*6.8*
Paid by employers	6.9	7.1	7.1	7.1	7.1	7.3	6.9	6.5	6.1	*16*	*2.3*
Paid by employees	13.0	13.0	12.8	12.7	12.7	12.5	12.4	11.8	12.3	*5*	*4.6*
Non-employed	0.7	0.9	0.9	1.0	1.0	0.9	0.9	0.8	0.9	*15*	*0.3*
Capital	3.0	3.3	3.5	3.5	3.9	4.7	4.9	5.4	4.8	*24*	*1.8*
Capital and business income	2.1	2.3	2.6	2.7	3.0	3.7	4.0	4.5	3.9	*23*	*1.4*
Income of corporations	1.2	1.3	1.6	1.7	1.9	2.8	3.0	3.2	2.5	*25*	*0.9*
Income of households	0.2	0.2	0.2	0.2	0.3	0.2	0.3	0.5	0.5	*17*	*0.2*
Income of self-employed (incl. SSC)	0.7	0.8	0.8	0.8	0.8	0.8	0.7	0.8	0.8	*18*	*0.3*
Stocks of capital / wealth	0.9	0.9	0.9	0.8	0.9	0.9	0.9	0.9	0.9	*22*	*0.3*
D. Environmental taxes									% of GDP		
Environmental taxes	2.9	3.3	3.3	3.3	3.3	3.2	3.0	3.0	3.0	*6*	*1.1*
Energy	2.4	2.7	2.7	2.6	2.6	2.5	2.3	2.3	2.4	*2*	*0.9*
Of which transport fuel taxes	1.8	2.2	2.2	2.2	2.2	2.1	2.1	2.1	2.2	*3*	
Transport (excl. fuel)	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	*16*	*0.2*
Pollution/resources	0.1	0.1	0.2	0.3	0.2	0.2	0.2	0.2	0.2	*5*	*0.1*
E. Implicit tax rates									%		
Consumption	23.5	23.0	23.9	24.0	23.9	23.6	23.8	23.8	23.9	*8*	
Labour employed	37.7	37.5	37.6	37.7	37.5	37.5	37.3	35.9	35.7	*12*	
Capital	15.7	17.5	17.4	17.0	19.0	22.1	21.9	23.6	21.6		
Capital and business income	11.1	12.5	13.1	13.2	14.7	17.7	17.8	19.7	17.7		
Corporations	19.6	22.2	24.6	21.0	23.0	33.8	30.5	30.5	27.4		
Households	7.0	8.0	7.5	7.8	8.8	7.3	7.9	10.0	10.1		
Real GDP growth (annual rate)	4.4	2.8	4.0	2.8	4.3	4.5	5.8	6.8	3.5		

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

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

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

n.a. not applicable, : not available

Source: Commission services

SLOVENIA

Overall trends in taxation

Structure and development of tax revenues

Slovenia's total tax-to-GDP ratio (including social security contributions) amounted to 37.3 % in 2008, a value that slightly exceeds the EU average (37 %) and is just below the euro area average (37.6 %). Compared to its neighbours, Slovenia's tax ratio lies well below Hungary's, Italy's and Austria's.

Slovenia displays a relatively high share of indirect taxes (38.4 % of total taxes). Social contributions play an important role, too, with a share of 37.6 %, i.e. 7.4 percentage points above the EU average; this share has, however, progressively decreased since 2001. Given the predominance of indirect taxes and social contributions, direct taxes yield a low share at 24.1 % of the total (EU-27 32.4 %). It is worth noting that employers liable for payment of social security contributions were also subject to a payroll tax (until 2008), introduced in the second half of 1996 to finance a cut of social security contributions from 42 % to 38 % of wages. As for employees' social contributions, measured as a percentage of GDP they are the highest in the EU.

Central government accounts for the largest part of tax revenue (53 %). Local governments collect only 8.9 % of total taxes, i.e. 1.5 percentage points below the EU average (10.4 %) and slightly above the euro area average (8.1 %).

The total tax-to-GDP ratio has fluctuated within a narrow band ever since 2000. Several changes in the tax system have been enacted since 2005 – the gradual decrease of the CIT rate, the phasing out of payroll taxes, the introduction of dual system in the PIT taxation, combined with a reduction of the top tax rate, the number of tax brackets and the increase of the general allowances. As a result in the period 2005 – 2008, the total tax-to-GDP ratio dropped by just above 1 percentage point. However, the small decline in this period was largely due to favourable economic conditions as shown by much larger decrease of the cyclically adjusted figures – 4.3 percentage points for the same period.

Taxation of consumption, labour and capital; environmental taxation

At 13.3 % of GDP, revenue from consumption taxes lies above the EU and euro area averages (12 % 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, oscillating around the 24 % mark.

In line with the overall constancy of taxation levels, the ITR on labour has remained quite stable in the period 2000-2006 at around 37 %. However, it dropped by almost two percentage points during the last two years, reaching a value of 35.7 % in 2008 – a decrease which could be explained by the government's efforts to unburden the qualified workers (by reducing tax rates) and to enhance the incentives to work for low income earners (by increasing the general allowances). Given a relatively high level of employees' social security contributions, the ITR on labour still lies, in 2008, 1.5 percentage points above the EU average.

Revenues from taxes on capital have constantly increased till 2007 and then slightly dropped down to 4.8 % of GDP in 2008. This development was mainly driven by the proceeds from corporate income taxation, which experienced an almost threefold increase in the period 2000-2007 and a decrease in 2008 to an amount, which was still twice as high as in 2000. Nevertheless, both levels still remain lower than the EU average (7.5 % and 3.4 % of GDP respectively) in 2008. Although the ITR on corporate income at 27.4 % is still well above the EU averages (EU-25 21.7 %, EA-16 23.7 %), the overall ITR on capital (21.6 %) lies at around five points below the EU-25 and euro area average.

In 2008, environmental taxes represented 3.0 % of GDP. This share dropped by 0.3 percentage points from a 3.3 % value in 2001–2004, but remains well above the EU average (2.6 %). As in most countries, taxes on energy account for the lion's share of environmental tax revenues; their revenue is high also in the international comparison (Slovenia ranks second in the Union in this respect). Despite their lower absolute revenue, pollution/resource taxes, too, are well developed in Slovenia, taking the fifth highest level in the EU.

Current topics and prospects; policy orientation

There are several changes in the tax system that have been approved in the past and are taking place in 2010. One of them is the reduction of the CIT rate from 21 % to 20 % in 2010, being the last step of a gradual reduction of the rate that started in 2007 and which is expected to contribute to the economic recovery and could be considered as part of the fiscal stimulus in 2010. In the area of VAT, amendments to the VAT law were adopted in 2010 in order to bring the VAT rules in line with the European Directives and also to mitigate the negative effects of the financial crisis. In particular, measures to prevent VAT fraud and ensure competitive conditions for the business were introduced, which would serve as an indirect increase in revenue flow due to the effect of reduced future tax losses. At the end of 2009 a new tax was introduced on the income earned by the management of companies receiving state aid. The rate of the tax is 49 % and the threshold above which the tax will be applicable depends on the category of the income – e.g. for monthly salary the threshold is € 12 500. The tax will apply only until the end of 2010 but all income received in 2009 will be retroactively subject to it.

Main features of the tax system

Personal income tax

A reform launched in 2005 introduced a differentiation in the taxation of individual incomes according to their character - 'active' income is taxed at progressive rates applied to the annual tax base, while 'passive' income (i.e. income from interest, dividends and capital gains) is taxed at a flat rate, as in dual income systems. In 2006, the number of PIT brackets was reduced from five to three and the top tax rate from 50 % to 41 %; the schedular taxation of 'passive' income at a single 20 % rate was retained. In 2009, a new tax at the rate of 49 % was introduced, which is imposed on the income of management in companies receiving state aid.

The personal income tax is levied at central government level, part of the revenues being attributed to municipalities. Net 'active' income is taxed according to a progressive rate with three brackets: 16 %, 27 % and 41 %. The top rate applies to income above € 15 057.96. Each individual is taxed separately. There are general allowances ranging, in 2010, from € 3 100 to € 6 120 and special allowances for disabled persons, taxpayers older than 65, students, family allowances for every dependent child, etc. Tax credit limited to 13.5 % of the income is granted to pensioners and recipients of compensations for occupational disability. Dividends, interest and capital gains ('passive' income) are taxed according to a 20 % flat rate (in 2006-2007, the rate for interest was 15 %); the rate for capital gains is reduced progressively (by five points) every five years of the holding period.

Corporate taxation

The corporate tax rate has been gradually reduced from 25 % in 2006 to 20 % in 2010. Until 1 January 2010, a reduced rate of not less than 10 % was applicable, under certain conditions, for companies operating in special economic zones. A special rate of 0 % is applicable for investment funds, pension funds, insurance undertakings for pension plans and venture capital companies. Since 2008, qualifying taxpayers may opt to pay a tonnage tax instead of paying income tax under general rules, insofar as they render international maritime services using vessels of more than 100 gross tonnes each. Companies may carry forward losses indefinitely, but carry back is not allowed. There are depreciation allowances at a maximum rate of 3 % on buildings, 20 % on machinery and equipment, and 50 % on computers.

The taxable base is computed following accounting principles for business. In general, capital gains from regular income are included in taxable profit and taxed at the regular tax rate. Various exemptions exist such as the participation exemption for dividends and capital gains on the alienation of shares (under special conditions). As for incentives, one fifth of the amounts spent on R&D (up to 40 % in certain regions), not exceeding the amount of the taxable base, are deductable; companies may also apply for an investment allowance equal to 30 % of the amount invested in equipment and intangible assets, up to € 30 000 or up to the amount of the taxable base. Other incentives exist for employment of trainees and disabled persons as well as for establishment in a special economic zone. The dividend withholding tax rate is 15 % (unless a Double Taxation Treaty specifies otherwise).

VAT and excise duties

VAT was introduced on 1 July 1999 replacing the previous General Sales Tax. The current rate is 20 %. The reduced rate of 8.5 % applies to supply of goods and services including, inter alia, food, agricultural and pharmaceutical products and since 2010 to certain services provided at the local level and to the supply of books on all physical media. A flat-rate farmer can charge a flat rate at 8 % (increased from 4 % in 2010) on goods and services supplied in the course of his/her agricultural production.

Excise duties are regulated in the Excise Duty Act, which transposes relevant EU legislation in this area. Excise duties are levied on tobacco products, alcohol and alcoholic beverages, oil, gas, coke, coal and electricity (since 2007). An increase of the excise duties on cigarettes, electricity for business purposes as well as on gas oil for heating purposes is envisaged for the coming years.

Wealth and transaction taxes

There is a property tax on premises owned by individuals and a charge for the use of a building land, which is levied on vacant and constructed building land. The property tax on premises depends on the type and the value of the property with progressive rates ranging from 0.1 % to 1.5 %. There are several exemptions to the property tax, for example, for residential premises of less than 160 m^2 used by the owner or his family, for premises used by the owner for business activity, or for newly constructed or renovated buildings. Inheritance and gift tax is levied at progressive rates, ranging from 5 % to 39 %, depending on the relationship between the deceased/donor and the beneficiary and the amounts involved. Spouses and all direct descendants are exempt. Tax on transfer of immoveable property is levied on the selling price of real property at a rate of 2 % if VAT on the transaction was not charged (exemptions for certain types of immoveable property apply).

A motor vehicle tax must be paid for passenger motor vehicles which are put into circulation in Slovenia for the first time. Till 1 March 2010, the tax rate was 1–13 % of the selling price of the vehicle; the rate was 5 % for transfer of used passenger cars. As of 1 March 2010, the tax is paid only at the first registration and the rate depends on the environmental criteria (CO2 and Euro emission standards) ranging from 0.5 % to 28 % for petrol cars and from 1 % to 31 % for diesel cars. There is also a water vessel tax, which is based on the length of the vessel and its engine power.

Gambling tax and concession fees are levied on the gross gaming revenue (GGR) of an operator of games of chance. Two tax rates on gambling of 5 % and 18 % apply, depending on the type of game; operators of games of chance are subject to a 5 – 45 % concession fee on GGR.

Social contributions

Social security contributions cover pension, health, unemployment insurance and maternity leave. Employees contribute 22.1 % of their total gross wage, of which the pension insurance (15.5 %) is the biggest amount. Social contributions are also payable by employers on behalf of their employees (the total rate paid by employers is 16.1 %). The taxable base for both the employer and the employee is the amount of the gross wage, which includes gross leave pay, fringe benefits and remuneration of expenses related to work above a certain threshold. Contributions are deductible both from CIT and the PIT.

Spain

SPAIN	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008 Ranking [1]	2008 € bn
A. Structure of revenues									% of GDP	Ranking [1]	€ bn
Indirect taxes	11.9	11.5	11.6	11.9	12.2	12.6	12.7	12.1	10.2	27	111.0
VAT	6.1	5.9	5.8	6.0	6.1	6.3	6.4	6.1	5.3	27	57.3
Excise duties and consumption taxes	2.6	2.5	2.5	2.5	2.5	2.4	2.2	2.2	2.1	24	23.2
Other taxes on products (incl. import duties)	1.9	1.9	2.0	2.3	2.5	2.8	2.9	2.6	1.7	11	18.5
Other taxes on production	1.2	1.2	1.2	1.1	1.1	1.1	1.1	1.1	1.1	14	12.0
Direct taxes	10.5	10.4	10.8	10.5	10.6	11.4	12.2	13.4	11.2	15	122.2
Personal income	6.6	6.8	6.8	6.6	6.4	6.6	7.1	7.7	7.5	13	81.3
Corporate income	3.1	2.9	3.3	3.1	3.5	3.9	4.2	4.8	2.9	17	31.4
Other	0.8	0.8	0.7	0.8	0.8	0.8	0.9	0.9	0.9	8	9.4
Social contributions	12.0	12.2	12.1	12.2	12.2	12.1	12.1	12.2	12.3	10	133.8
Employers´	8.7	8.8	8.8	8.9	8.8	8.8	8.8	8.9	8.9	7	96.4
Employees´	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	2.0	23	21.3
Self- and non-employed	1.4	1.4	1.4	1.4	1.5	1.4	1.4	1.4	1.5	9	16.2
Less: amounts assessed but unlikely to be collected	0.6	0.6	0.6	0.6	0.4	0.4	0.5	0.5	0.5		
TOTAL	33.9	33.5	33.9	33.9	34.5	35.6	36.4	37.1	33.1	20	360.3
Cyclically adjusted total tax to GDP ratio	33.6	33.1	33.8	33.8	34.3	35.0	35.2	35.2	31.4		
B. Structure by level of government									% of total taxation		
Central government	48.7	48.3	38.7	36.9	35.6	36.2	37.0	38.3	33.3	25	119.8
State government [2)]	7.8	7.7	18.5	20.4	21.7	22.1	22.2	21.6	22.5	3	81.2
Local government	9.1	8.9	8.7	8.4	8.8	8.8	8.9	8.7	8.9	13	32.0
Social security funds	34.5	35.3	34.8	35.0	34.3	33.1	32.4	32.0	36.2	9	130.6
EU institutions	1.7	1.5	1.1	1.1	0.9	1.0	0.9	0.9	0.9	11	3.4
C. Structure by economic function									% of GDP		
Consumption	9.9	9.5	9.4	9.6	9.6	9.8	9.7	9.4	8.4	27	90.9
Labour	15.9	16.2	16.3	16.2	16.0	16.2	16.3	16.9	16.7	14	182.1
Employed	14.2	14.5	14.5	14.5	14.3	14.4	14.5	14.9	14.8	15	161.0
Paid by employers	8.7	8.8	8.8	8.9	8.8	8.8	8.8	8.9	8.9	9	96.4
Paid by employees	5.5	5.7	5.7	5.6	5.5	5.6	5.7	6.1	5.9	22	64.6
Non-employed	1.7	1.7	1.8	1.8	1.8	1.8	1.8	2.0	1.9	8	21.1
Capital	8.7	8.3	8.8	8.7	9.3	10.1	10.9	11.3	8.6	8	94.0
Capital and business income	5.9	5.6	5.9	5.7	6.0	6.5	7.1	7.8	5.9	10	64.5
Income of corporations	3.1	2.9	3.3	3.1	3.5	3.9	4.2	4.8	2.9	17	31.4
Income of households	0.8	0.8	0.7	0.7	0.7	0.8	1.1	1.2	1.2	8	12.9
Income of self-employed (incl. SSC)	2.0	1.9	1.9	1.8	1.8	1.8	1.7	1.8	1.9	9	20.2
Stocks of capital / wealth	2.8	2.8	2.9	3.0	3.3	3.6	3.8	3.6	2.7	6	29.5
D. Environmental taxes									% of GDP		
Environmental taxes	2.2	2.1	2.1	2.1	2.0	1.9	1.9	1.8	1.6	27	17.8
Energy	1.7	1.7	1.7	1.6	1.6	1.5	1.4	1.4	1.3	24	14.2
Of which transport fuel taxes	1.5	1.4	1.5	1.4	1.4	1.3	1.2	1.2	1.1	25	
Transport (excl. fuel)	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.3	20	3.4
Pollution/resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	21	0.2
E. Implicit tax rates									%		
Consumption	15.7	15.2	15.4	15.8	16.0	16.3	16.3	15.9	14.1	27	
Labour employed	28.7	29.5	29.8	29.9	29.9	30.3	30.7	31.4	30.5	19	
Capital	29.8	28.3	30.0	30.3	32.7	36.5	40.7	43.4	32.8		
Capital and business income	20.1	18.9	20.1	19.7	21.1	23.4	26.4	29.7	22.5		
Corporations	30.7	28.5	31.4	31.2	35.2	43.5	51.9	61.8	34.0		
Households	13.6	13.1	13.0	12.5	12.4	12.6	13.8	14.7	15.2		
Real GDP growth (annual rate)	5.0	3.6	2.7	3.1	3.3	3.6	4.0	3.6	0.9		

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

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

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

n.a. not applicable, : not available

Source: Commission services

SPAIN

Overall trends in taxation

Structure and development of tax revenues

After several years of gradual increases, the total tax-to-GDP ratio severely dropped from 37.1 % in 2007 to 33.1 % in 2008 (from 35.2 % to 31.4 % when cyclically-adjusted), almost 4 percentage points lower than the EU-27 arithmetic average; this ratio is in the low range for the euro area. This dramatic decrease is mainly due to a sharp reduction in CIT and VAT collection, reflecting a drop in real GDP growth from 3.6 to 0.9 %.

Spain collects revenues almost equally from social contributions, direct taxes and indirect taxes (respectively 12.3, 11.2 and 10.2 % GDP). Spain has the lowest indirect taxes collection in percentage of GDP in the EU (roughly 3.6 percentage points lower than the EU-27 average). This can be attributed to a low standard VAT rate (16 %) and to two reduced rates (4 % and 7 %) that apply to a sizeable share of the tax base and to a sharp break in GDP growth. Direct taxes and social contributions are respectively 1.0 percentage point lower and 1.3 percentage point higher than the EU-27 average. Spain's buoyant economic activity had boosted tax revenues until 2007. Personal income taxes have soared to 7.7 % of GDP in 2007 after a trough in 2004 at 6.4 %. However, the most noticeable change has been the increase in corporate income tax receipts which reached 4.8 % of GDP in 2007 (up from 2.9 % in 2001 and 1.9 % in 1995). Social security contributions had remained stable on average over the period, with the lion's share of the burden resting on employers. Slow growth in 2008 and a cut in the statutory rate dramatically decreased tax collection for CIT (from 4.8 % to 2.9 % of GDP), VAT (from 6.1 % to 5.3 % of GDP) and other indirect taxes on products (from 2.6 % to 1.7 % of GDP). Other taxes, notably taxes on labour, were more resilient.

Spain has a quasi-federal tax system, with three levels of government. The central government and the social security funds collect the majority of the revenues (respectively 33.3 and 36.2 per cent of total taxes), albeit the crisis has affected the revenues collected by the central government. However the financing system of the regions (*Comunidades Autónomas*) 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 7.5 % of the GDP.

Taxation of consumption, labour and capital; environmental taxation

The ratio of consumption taxes in proportion to GDP (8.4 %) dropped in 2008, although it already was the lowest in the EU-27 (12.0 % EU-27). After an increasing trend throughout the 2001–2006 period, the implicit tax rate on consumption dropped to 14.1 % in 2008 and becomes the lowest in the Union. This development mimics VAT collection in percentage of GDP.

The ratio of taxes on labour income to GDP stood at 16.7 % in 2008, 0.8 percentage points below the EU-27 average (17.5 %). Moreover, throughout the years 2000–2008, Spain has displayed an average implicit tax rate (ITR) on labour below the EU-27 and especially the euro area average, although this difference has decreased from slightly more than seven percentage points in 2000 to 3.7 percentage points in 2008. It now stands at 30.5 %. The lowest level was recorded in 1999 (28.3 %) as a consequence of the personal income tax reform. Subsequent increases in the ITR on labour, as seen from 2000 to 2007, could be attributed to a noticeable increase in taxable wages and salaries.

The ratio of capital taxes on GDP has increased substantially during previous years (+ 3.0 percentage points for 2001–2007 period) but dropped from 11.3 % in 2007 to 8.6 % in 2008, all due to a drop in tax collection on income of corporations and on stock of capital and wealth. Similarly, the ITR on capital experienced a large decline from 43.4 % in 2007 (its highest level) to 32.8 % in 2008. The ITR on corporations felt from 61.8 % in 2007 to 34.0 % in 2008, partly due to the cut in CIT rates and lower taxable profits.

Environmental taxation decreased again and remains the lowest in the EU-27 (1.6 % of GDP). As in the majority of Member States, it is mostly concentrated on energy (1.3 % of GDP).

Current topics and prospects; policy orientation

In 2007 and 2008, the personal income and corporate income tax systems have undergone new significant reforms. The reforms were aimed at simplifying and increasing the neutrality of the tax system, and strengthening incentives for work, saving, risk-taking and investment. Throughout 2008 and 2009, several measures have been taken in relation with the global financial and economic crisis. The CIT rate for small companies that maintain or increase their workforce has been temporarily decreased by 5 percentage points for the years 2009-2011. To alleviate budgetary effects of the crisis, the general VAT rate is being increased by 2 percentage points to 18 % from July 2010 while the reduced VAT rate of 7 % is increased to 8 %. Finally, savings income is taxed at the progressive system of 19 % and 21 % (above € 6 000) from 2010 instead of a flat 18 % rate.

Main features of the tax system

Personal income tax

The personal income tax system was already simplified in 1999 and 2003. A new reform took effect from 2007, by which the tax scale applicable to the general component of taxable income has been reduced from five brackets to four (24 %, 28 %, 37 % and 43 %). Savings, including capital gains, are taxed at a progressive system of 19 % and 21 % since 2010. Personal and family allowances have been increased and since 2007 are included, as a general rule, in the first income bracket, which is taxed at a zero rate. Until 2007, they were deducted from the tax base, which decreased the progressivity of the tax. In the context of measures taken to alleviate the consequences of the global financial crisis, Spain has increased tax credits, social security rebates and deadlines of payments to specific categories of workers. In addition, an additional tax credit of € 400 has been granted to working and self-employed taxpayers to support household purchasing power. Since 2010, this tax credit is granted to working and self-employed taxpayers under € 8 000 of earned income, and it will be phased-out as income increases up to € 12 000.

Corporate taxation

The tax rate has been reduced from 35 % to 32.5 % in 2007 and to 30 % in 2008 (from 40 % to 37.5 % and 35 % for 2007 and 2008, respectively, for entities engaging in oil exploration, research, and exploitation). For small and medium companies (those with a turnover less than € 8 million), a 25 % tax rate (applicable to the first € 120 202.41) applies. This rate is reduced to 20 % during 2009-2011 for companies that have less than 25 employees, a turnover below € 5 million and that maintain or increase employment. Furthermore, these companies are allowed to free depreciate their assets during 2009-2010. Some tax credits, including those for exports, are to be gradually phased out by 2011, 2012 or 2014. The rules regarding tax credits for reinvestment have also been revised, in particular with reference to the kind of assets involved. Finally, the R&D tax credit, which projected phase-out will not take place, has been expanded to companies with more than 25 % of their research activity in another EU Member State or member of the EEA.

VAT and excise duties

The standard VAT rate is 18 % as from 1st July 2010 (from 16 %). Two reduced rates of 8 % (up from 7 % from July 2010) and 4 % apply to specific categories of goods, namely, inter alia, to sports activities, food, health products, housing, entertainment services, hotels and restaurants, and agricultural services; and to some essential goods and books. In the Canary Islands, an indirect tax similar to the VAT 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, and the possibility of claiming immediate VAT refunds. Besides, tax rates for tobacco and hydrocarbons have been slightly increased since June 2009.

Wealth and transaction taxes

Inheritance and gift taxes are levied on behalf of the 17 autonomous regions, which set their own tax rates within certain limits. If they do not, national limits apply. A tax on wealth transfers applies to rights and assets located in Spain. For the transfer of real estate, this tax is levied at different rates depending on the Autonomous Community where the land is located. If no specific rate is set, a 7 % rate is levied on the value of real estate. A 100 % tax rebate has been introduced in the tax on wealth, abolishing it in practice, in 2008.

Local taxes

Regional governments receive a significant share of total tax revenue (33 % of personal income tax; 35 % of VAT; 40 % of excise duties on hydrocarbons, tobacco, beer and alcohol; 100 % of excise duties on electricity and car registration). Indirect tax revenues are transferred according to a territorial consumption index. Statutory personal income tax rates can be modified by the regional governments provided the structure retains progression and the number of tax brackets is unchanged. Taxes on inheritance and gift tax, registration duties and fees on lotteries and gambling are wholly assigned to territorial governments with almost complete jurisdictional powers. If the estimated expenditure exceeds potential revenues, the regional government receives a compensatory transfer from the central government. Two out of the 17 Comunidades Autónomas (Basque Country and Navarra) have a special tax regime and apply, in particular, their own personal income and corporate income taxes. For the others, fiscal revenue sharing forms the object of multi-annual agreements.

The financing system of the autonomous communities (accepted only by 11) of 1997–2001 was renegotiated in 2001. This new arrangement (in force for the period 2002-2008) increased the financial resources of the autonomous communities as well as their taxing power in the aforementioned way. In December 2009, the financing arrangement was again reformed. The agreement reached between the central government and the autonomous communities within the Council for Fiscal and Financial Policy was enforced by means of the Autonomous Communities Financing Organic Law 3/2009 (LOFCA amended) and the system's act, Law 22/2009, which stipulated the necessary provisions for its application since 2009.

The new model mainly focuses on the principles of solidarity and equality among all citizens and, as such increased equity and sufficiency in the financing of the set of responsibilities that have been devolved to the autonomous communities. It enhances fiscal co-responsibility and gives greater financial autonomy to the regions, which will become more self-reliant and less dependent on central government transfers. Under the new system, 90 % of all autonomous communities' resources will come from taxes. In this regard, autonomous communities will benefit form an increased share in the ceded taxes (50 % of Personal Income Tax and VAT and 58 % of Excise Taxes), as well as increased discretionary powers.

Social contributions

Each professional category has minimum and maximum contribution bases. For 2010 the maximum monthly base is € 3 198; the minimum monthly base varies depending on the type of work (ranging from 738.98 to 1 031.40 €/month). The total rate for the general regime (including general risk, unemployment insurance and professional education training) is 6.35 % for the employees and 29.9 % for employers.

Sweden

SWEDEN	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008	
A. Structure of revenues									% of GDP	Ranking [1]	€ bn
Indirect taxes	16.5	16.6	16.8	16.9	16.7	16.8	17.0	17.1	18.4	3	60.5
VAT	8.7	8.8	8.9	9.0	8.9	9.1	9.1	9.2	9.4	4	30.9
Excise duties and consumption taxes	3.2	3.2	3.2	3.2	3.1	3.0	2.9	2.8	2.8	16	9.0
Other taxes on products (incl. import duties)	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.8	0.8	19	2.5
Other taxes on production	4.0	3.9	4.0	4.1	4.0	4.0	4.3	4.3	5.5	1	18.0
Direct taxes	22.1	19.6	17.6	18.3	19.1	19.9	19.9	19.0	17.4	4	57.2
Personal income	17.6	16.4	15.1	15.6	15.7	15.8	15.7	14.9	14.2	2	46.6
Corporate income	3.8	2.6	2.1	2.2	2.9	3.6	3.7	3.9	3.0	16	9.7
Other	0.7	0.6	0.5	0.5	0.5	0.5	0.5	0.2	0.3	23	0.9
Social contributions	13.2	13.7	13.5	13.1	12.8	12.8	12.1	12.2	11.3	17	36.9
Employers´	10.2	10.7	10.4	10.1	9.9	9.8	9.2	9.3	8.3	9	27.3
Employees´	2.8	2.8	2.8	2.8	2.7	2.7	2.7	2.6	2.7	16	8.9
Self- and non-employed	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0.3	0.2	20	0.8
Less: amounts assessed but unlikely to be collected	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
TOTAL	**51.8**	**49.9**	**47.9**	**48.3**	**48.7**	**49.5**	**49.0**	**48.3**	**47.1**	**2**	**154.6**
Cyclically adjusted total tax to GDP ratio	50.7	49.7	47.8	48.6	48.2	48.5	47.0	46.0	45.7		
B. Structure by level of government									% of total taxation		
Central government	59.3	56.3	54.6	54.4	55.1	56.1	56.2	55.7	52.9	17	81.7
State government[2)]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local government	28.8	31.0	32.6	33.2	32.8	32.2	31.9	32.4	34.7	1	53.7
Social security funds	10.9	11.8	12.1	11.8	11.5	11.2	11.2	11.4	12.0	24	18.5
EU institutions	1.0	0.9	0.7	0.7	0.6	0.6	0.6	0.4	0.5	27	0.7
C. Structure by economic function									% of GDP		
Consumption	12.4	12.6	12.7	12.7	12.6	12.8	12.6	12.7	12.9	7	42.3
Labour	31.0	31.2	30.1	30.4	30.1	29.7	29.1	28.4	28.5	1	93.5
Employed	26.6	26.9	26.0	25.9	25.5	25.5	24.9	24.6	24.9	1	81.6
Paid by employers	12.9	13.4	13.2	13.0	12.7	12.6	12.4	12.4	12.7	1	41.8
Paid by employees	13.7	13.6	12.8	12.9	12.8	12.9	12.5	12.1	12.1	6	39.8
Non-employed	4.5	4.3	4.1	4.5	4.5	4.2	4.2	3.8	3.6	2	11.8
Capital	8.3	6.1	5.1	5.2	6.0	7.0	7.4	7.2	5.7	20	18.8
Capital and business income	6.2	4.2	3.3	3.5	4.3	5.3	5.6	5.7	4.3	19	14.2
Income of corporations	3.8	2.6	2.1	2.2	2.9	3.6	3.7	3.9	3.0	16	9.7
Income of households	1.7	0.9	0.6	0.6	0.7	1.0	1.3	1.2	0.8	13	2.6
Income of self-employed (incl. SSC)	0.7	0.7	0.6	0.6	0.6	0.7	0.6	0.6	0.6	21	2.0
Stocks of capital / wealth	2.1	1.9	1.8	1.8	1.8	1.7	1.7	1.5	1.4	15	4.6
D. Environmental taxes									% of GDP		
Environmental taxes	2.8	2.8	2.9	2.9	2.8	2.9	2.8	2.7	2.7	8	8.9
Energy	2.4	2.4	2.5	2.5	2.4	2.4	2.3	2.2	2.2	6	7.2
Of which transport fuel taxes	:	:	1.4	1.4	1.4	1.4	1.3	1.3	1.3	19	
Transport (excl. fuel)	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.5	14	1.7
Pollution/resources	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	19	0.1
E. Implicit tax rates									%		
Consumption	26.3	26.6	26.8	26.9	26.9	27.3	27.4	27.8	28.4	2	
Labour employed	46.0	45.1	43.8	43.9	44.0	44.2	43.8	42.5	42.1	4	
Capital	43.2	34.0	29.1	30.1	28.7	35.7	29.2	32.9	27.9		
Capital and business income	32.2	23.5	18.8	19.9	20.2	26.9	22.3	26.1	21.1		
Corporations	41.0	30.8	23.5	25.3	22.7	31.7	21.9	28.4	23.2		
Households	22.4	15.5	13.3	13.4	14.8	18.3	20.3	19.5	15.3		
Real GDP growth (annual rate)	4.4	1.1	2.4	1.9	4.1	3.3	4.2	2.5	-0.2		

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

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

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

n.a. not applicable, : not available

Source: Commission services

SWEDEN

Overall trends in taxation

Structure and development of tax revenues

Swedish taxation levels are the second highest in the EU. In 2008, the tax-to-GDP ratio (including social security contributions) stood at 47.1 %, compared with 37.0 % for the EU-27 average. Compared to the neighbouring countries, the rate is slightly lower than in Denmark (48.2 %), but significantly higher than in Finland (43.1 %). The cyclically adjusted tax to GDP ratio is 1.4 percentage points below the unadjusted value pointing to the fact that tax revenues still benefitted from good economic conditions in the previous years.

The Swedish tax system relies largely on direct taxation, in particular personal income taxation, for raising revenue. Hence, the tax mix differs quite markedly from the Union average: direct taxes account for 37.0 % of the Swedish tax revenue, while indirect taxes and social contributions respectively account for 39.1 % and 23.9 % of tax revenue. This compares to EU-27 averages of around 32.4 %, 37.6 %, and 30.2 % respectively.

The structure by level of government differs from the EU average. Social security funds account for a rather low proportion of revenues, around 40 % of the EU-27 average, while local government revenues, at 34.7 % of total tax revenues, amount to more than three times the EU average. This is the highest value in the EU.

The overall tax burden decreased from its peak level of 51.8% of GDP in 2000 staying below 50 % (all the time) from 2001-2008. In 2008 it reached the lowest value. Changes in the overall tax-to-GDP level were largely driven by PIT and CIT revenue, which were particularly low in 2008 and rather high in 2005. Revenues from indirect taxes showed a slight increase in 2008 compared to the relative stable values in the years before.

Taxation of consumption, labour and capital; environmental taxation

Revenue from consumption taxes (12.9 % of GDP) is close to the EU-27 average (12.0 %). However, the implicit tax rate on consumption was at 28.4 % in 2008, the second highest in the Union and 6.9 percentage points above the EU-27 average. There are two reasons for the high ITR: Sweden has one of the highest statutory VAT rates and above average rates for excise duties, and the Swedish share of private consumption in GDP is one of the lowest in the Union.

The ratio of taxes on labour in proportion to GDP is the highest in the Union, by a margin of over 2.8 percentage points from the second (Denmark). From its peak level in 1998, the implicit tax rate declined until 2003, remaining stable until 2006. The decrease from 2006 onwards to 42.1 % - the lowest value measured so far – can be explained by additional tax credits.

The implicit tax rate on capital of Sweden is, at 27.9 % for 2008, in line with the EU-25 average. During 1995–2008, revenues from capital taxation over GDP have undergone significant changes. The strong increase by around three quarters from 1995 (4.8 % of GDP) to 2000 (8.3 %), is largely due to high economic growth. Among others, it led to a strong increase in revenue from the taxation of capital gains due to the booming stock markets([75]).

Another explanation lies in deductible net interest payments that have diminished substantially due to dropping interest rates. As also seen in the ITR on capital, revenue from taxes on capital fell sharply up to 2002 (5.1 %) due to a slowdown in growth. In recent years, however, it has increased again because of the pickup in the economy. In 2008, revenue from taxes on capital as per cent of GDP in Sweden (5.7 %) is below the EU-27 average (7.5 %).

([75]) 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.

Environmental taxes as a proportion of GDP (2.7 %) are in line with the EU-27 average (2.6 % in 2008). Their level has been rather constant over the period from 2000–2008. Revenue from environmental taxes consists, to a relatively large extent, of energy taxes.

Current topics and prospects; policy orientation

The Swedish government's tax policy focuses on mitigating the effects of the current crisis on employment levels while encouraging growth, defending core welfare activities and protecting the environment. In the 2010 budget the expansion of the in-work tax credit is a key proposal. This is the fourth increase of the in-work tax credit since 2007. Taken together the four steps from 2007-2010 reduced the tax on earned income by a total of about SEK 71 billion (€ 7 billion). The budget also announced measures to raise pensioners' disposable income. The income tax for people who are at least 65 years old was reduced on 1 January 2010. The estimated tax reduction is around SEK 3.5 billion (€ 345 million) per year. Another measure in the field of corporate taxation was the reduction of the corporate tax rate. In January 2009 the corporate income tax was reduced to 26.3 % in January 2009 from previously 28 %.

While no concrete changes in the VAT taxation have been announced, Sweden is considering the option of reduced VAT rates in certain service sectors. Currently, this option is investigated in order to introduce reduced VAT rates in certain sectors beginning 1 January 2011.

Main features of the tax system

Personal income tax

In 1991, Sweden introduced a dual income tax system. It combines a highly progressive taxation of labour income (the top marginal tax rate was 67 %) with a 30 % flat tax on broadly defined capital income. In order to prevent income transformation, special rules have been in place for active owners of closely held companies. Accordingly, dividends and capital gains to active owners are split into capital income and earned income. However, the rules have been changed several times; the last major reform was undertaken in 2006, when the portion that could be taxed as capital income was enlarged, especially for companies with many employees.

The policy of the green tax shift, which started already in 1991 with the introduction of a carbon tax, continued in 2004 with higher taxes on energy use and lower taxes on labour, mainly through raising the basic allowance. In addition, 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, Sweden introduced an in-work tax credit. The tax credit was subsequently increased in 2008, 2009 and 2010. The maximum amount of tax credit is SEK 21 045 (€ 2 071) for persons under 65 years old and SEK 30 000 (€ 2 953) for persons over 65 years old. The fourth step in 2010 is supposed to increase disposable income by SEK 10 billion. Overall, the four steps of the earned income tax credit amounts to SEK 71 billion (€ 7 billion). In January 2010, the basic allowance on pension income was increased, resulting in lower taxes on pension income of SEK 3.5 billion (€ 0.3 billion). The basic allowance for pension income varies depending on the amount of pension income and the municipal tax rate to be applied.

At the central government level, PIT rates of 20 % (taxable income above SEK 384 600 or € 37 854) and 25 % (taxable income above SEK 545 200 or € 53 661) apply. In addition, a local income tax applies at a flat rate between 28.89 % and 34.17 % depending on the municipality.

To increase labour supply and combat black market activities, a special tax credit was introduced in July 2007 for households that purchase certain household services. The tax credit equals 50 % of the services purchased up to a ceiling of SEK 50 000 (€ 4 930) per person and year (in 2009). Since 2008, the tax reduction is also granted for household services received as a taxable benefit from the employer. Both systems were coordinated in 2009.

Corporate taxation

Taxation of corporations follows the classical system. Double taxation is eliminated or reduced, in the case of corporate shareholders, by participation exemption, and in the case of individual shareholders by the relief granted for dividends paid by small companies. The corporate income tax has been imposed since 1994 at a flat rate of 28 %, which was reduced to 26.3 % in January 2009. Capital gains are taxed as regular corporate profit. Capital losses, generally deductible against profit, can 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, and a number of financial services as well as insurance and reinsurance services.

Wealth and transaction taxes

The inheritance and gift tax was abolished as of 2005 and the wealth tax in 2007.

Concerning the tax on real estate, new rules apply as from January 2008: a municipal fee replaces the central government real estate tax. However, the central government decides both the tax base and the tax rate. For owner-occupied houses, the fee is 2010 SEK 6 387 (€ 629) per year and limited to a maximum of 0.75 % of the assessed value. For apartment buildings, the fee is SEK 1 277 (€ 127) per flat and year and limited to 0.4 % of the assessed value of the property. In 2008, the capital gains tax on housing was raised from 20 % to 22 %. When selling a permanent house and reinvesting the capital gain in a new permanent house, a deferral of taxation is possible up to a limit of SEK 1.6 million (€ 173 000). Since 2008, a yearly interest of 0.5 % is charged.

Social contributions

Employers pay the main part of social security contributions for employed individuals. In 2010 the total employer's contribution rate is 31.42 %. Employees pay an additional pension insurance premium of 7 % (up to a ceiling), which 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 at a rate of 29.71 % (28.97 % as from July 1st), without a ceiling.

As from 2007, social security contributions are waived for persons who have been in receipt of unemployment benefits, sickness benefits, disability pension or social allowance for more than one year. From 2008 onwards, employers are repaid double the employer’s contribution when employing persons who have received sickness benefits or disability pensions for more than one year. To facilitate young people's entry into the labour market, employers' social security contributions are reduced for persons under 26 years old. The social security contributions for young people amount to 15.49 % and social security contributions for self-employed amount to15.07 %. For people over 65 years old who were born in 1938 or later only an old-age pension contribution of 10.21 per cent is paid. No contributions are paid on wages and other remuneration to people born in 1937 or earlier.

UNITED KINGDOM	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008	
A. Structure of revenues									% of GDP	*Ranking* [1]	*€ bn*
Indirect taxes	13.9	13.5	13.4	13.2	13.2	12.9	12.9	12.9	12.3	*20*	*223.9*
VAT	6.6	6.6	6.6	6.8	6.8	6.7	6.6	6.6	6.3	*24*	*115.5*
Excise duties and consumption taxes	4.0	3.8	3.7	3.6	3.5	3.4	3.2	3.2	3.2	*10*	*58.3*
Other taxes on products (incl. import duties)	1.6	1.4	1.3	1.2	1.3	1.3	1.5	1.5	1.2	*14*	*21.1*
Other taxes on production	1.8	1.7	1.7	1.6	1.6	1.6	1.6	1.5	1.6	*10*	*29.1*
Direct taxes	16.7	16.8	15.7	15.2	15.4	16.4	17.1	16.9	18.2	*2*	*331.1*
Personal income	10.8	11.0	10.4	9.9	10.0	10.4	10.6	10.9	10.7	*6*	*195.1*
Corporate income	3.5	3.5	2.8	2.7	2.9	3.4	4.0	3.4	3.6	*6*	*65.4*
Other	2.3	2.4	2.4	2.5	2.6	2.6	2.6	2.6	3.9	*1*	*70.6*
Social contributions	6.2	6.2	5.9	6.3	6.6	6.7	6.8	6.7	6.8	*24*	*123.9*
Employers´	3.5	3.5	3.3	3.5	3.6	3.7	3.7	3.7	3.9	*24*	*71.5*
Employees´	2.5	2.5	2.4	2.5	2.7	2.8	2.8	2.7	2.7	*17*	*48.5*
Self- and non-employed	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	*22*	*3.9*
Less: amounts assessed but unlikely to be collected	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
TOTAL	**36.7**	**36.4**	**34.9**	**34.7**	**35.1**	**36.0**	**36.8**	**36.5**	**37.3**	***13***	***678.8***
Cyclically adjusted total tax to GDP ratio	36.3	36.2	34.9	34.5	34.7	35.5	35.8	35.0	36.0		
B. Structure by level of government									% of total taxation		
Central government	94.3	94.5	94.3	94.1	94.3	94.4	94.5	94.5	94.5	*2*	*641.7*
State government [2]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	*n.a.*	*n.a.*
Local government	4.0	4.1	4.4	4.7	4.7	4.7	4.6	4.6	4.6	*19*	*31.0*
Social security funds	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	*n.a.*	*n.a.*
EU institutions	1.8	1.5	1.3	1.2	0.9	0.9	0.9	0.9	0.9	*14*	*6.2*
C. Structure by economic function									% of GDP		
Consumption	11.8	11.6	11.5	11.6	11.5	11.1	10.9	10.9	10.6	*21*	*193.6*
Labour	14.0	14.0	13.3	13.3	13.6	14.0	14.1	14.1	14.1	*19*	*255.9*
Employed	13.8	13.8	13.2	13.2	13.4	13.8	13.9	13.9	13.9	*19*	*252.6*
Paid by employers	3.5	3.5	3.3	3.5	3.6	3.7	3.7	3.7	3.9	*24*	*71.5*
Paid by employees	10.3	10.3	9.8	9.7	9.8	10.2	10.2	10.2	10.0	*9*	*181.0*
Non-employed	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	*23*	*3.3*
Capital	10.9	10.9	10.1	9.8	10.1	10.9	11.8	11.5	12.6	*1*	*229.5*
Capital and business income	6.5	6.6	5.8	5.6	5.8	6.5	7.2	6.9	7.1	*5*	*128.5*
Income of corporations	3.5	3.5	2.8	2.7	2.9	3.4	4.0	3.4	3.6	*7*	*65.4*
Income of households	1.5	1.6	1.5	1.4	1.5	1.6	1.7	2.0	2.0	*2*	*36.9*
Income of self-employed (incl. SSC)	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.4	*12*	*26.3*
Stocks of capital / wealth	4.4	4.3	4.3	4.2	4.3	4.4	4.6	4.6	5.6	*1*	*101.0*
D. Environmental taxes									% of GDP		
Environmental taxes	3.0	2.8	2.7	2.7	2.6	2.5	2.4	2.5	2.4	*16*	*44.0*
Energy	2.4	2.2	2.2	2.1	2.0	2.0	1.9	1.8	1.8	*14*	*32.6*
Of which transport fuel taxes	:	:	:	1.9	1.9	1.8	1.7	1.7	1.7	*10*	
Transport (excl. fuel)	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	*13*	*9.8*
Pollution/resources	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	*10*	*1.6*
E. Implicit tax rates									%		
Consumption	18.9	18.6	18.5	18.7	18.7	18.1	18.0	18.0	17.6	*22*	
Labour employed	25.3	25.0	24.1	24.3	24.9	25.6	26.0	26.0	26.1	*24*	
Capital	44.7	45.6	41.6	36.9	38.3	40.5	43.1	42.9	45.9		
Capital and business income	26.8	27.7	24.0	21.1	22.1	24.1	26.3	25.6	25.7		
Corporations	31.0	31.8	23.9	19.4	19.6	23.5	25.5	22.1	22.2		
Households	17.1	17.6	18.2	17.4	18.9	18.8	20.6	23.1	23.4		
Real GDP growth (annual rate)	3.9	2.5	2.1	2.8	3.0	2.2	2.9	2.6	0.5		

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

1) The ranking is calculated in descending order of 2006 data. A "1" indicates this is the highest value in the EU-27. No ranking is given if more than 10 % of data points are missing.

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

n.a. not applicable, : not available

Source: Commission services

UNITED KINGDOM

Overall trends in taxation

Structure and development of tax revenues

In 2008, the United Kingdom tax-to-GDP ratio (including social security contributions) stood at 37.3 %, its highest point since 2000 and above the 37.0 % EU-27 average for the first time (cyclically-adjusted figures are 36.0 % and 35.0 % respectively). The rise in the tax burden between 2007 and 2008 is attributable to an increase in revenue from capital levies resulting from the national accounting treatment of certain financial sector interventions([76]).

The tax structure shows a comparatively high weight of direct taxes (at 18.2 % of GDP, its highest level ever and also second highest ratio amongst Member States, after Denmark). Direct taxes represent the primary source of revenues (48.8 % of the total taxes), markedly larger than indirect taxes (33.0 %), and far outweighing social contributions (18.3 %), the fourth lowest share of taxes in the EU after Denmark, Malta and Ireland.

After a declining trend at the turn of the century, revenue from personal income taxes increased between 2004 and 2008 (+ 0.7 % of GDP). Corporate income taxes, which increased from 2.8 % of GDP to 4.0 % of GDP between 2002 and 2006, went back to 3.4 % and 3.6 % of GDP in 2007 and 2008 respectively. This latest value is now above the EU-27 and EA-16 averages (respectively 3.3 % and 3.5 %). The overall tax burden increased by 2 percentage points from 1995 to 2000 but tended to decline between 2000 and 2003 (– 2 percentage points), and increased again between 2003 and 2006 (+ 2.1 percentage points). It eased in 2007 to 36.5 % of GDP, but rose – for reasons explained above – to 37.3 % of GDP in 2008. The absence of capital levies would most probably have resulted in a decrease of this ratio.

Direct taxes other than corporate and personal income taxes jumped from a stable 2.6 % of GDP in 2004-2007 to 3.9 % in 2008 (to be compared to an EU-27 average of 0.8 %). This category includes in particular council taxes on land and buildings and motor vehicle duties, but also financial crisis interventions by public sector authorities between 2007 and August 2009 . The UK has activated deposit guarantee insurance (through the failure of banks), which involves the recording of a substantial tax revenue. Indeed, if the assets in a defaulting bank are insufficient, any shortfall is covered by a levy on the other members of that class of the scheme, which is then classified as tax revenue. These capital levies amount in 2008 to almost GBP 19 billion or 1.3 % GDP, explaining the 2008 increase.

Finally, the United Kingdom is a highly centralised country in terms of tax collection with 94.5 % of revenues accruing to the central government.

Taxation of consumption, labour and capital; environmental taxation

The ITR on consumption stood at 17.6 % in 2008. This sets the United Kingdom 3.9 percentage points below the EU-27 average.

As a result of relatively low social security contributions, labour taxes revenue (14.1 % of GDP) is lower than in most other European countries (EU-27 17.5 %). The ITR on labour employed is, at 26.1 %, the fourth lowest in the EU-27 and lies well below the EU-27 average (34.2 %). The index has shown recently a tendency to slightly increase since its lowest point in 2002 at 24.1 %.

Revenue from taxes on capital (12.6 % of GDP) is the highest in the EU-27 (EU-27 average at 7.5 %), with all sub-categories being above this average. The high contribution of taxes on capital to total tax revenue (13.4 percentage points over the 20.4 % EU-27 average) is reflected in the relatively high implicit tax rate on capital (45.9 %). Taxes on the capital

([76]) In a number of financial sector interventions during 2008 the Financial Services Compensation Scheme (FSCS) was assigned rights over the assets of financial institutions. These have been classified as a capital tax for national accounting purposes (see: http://www.statistics.gov.uk/articles/nojournal/Financial-crisis.pdf page 33 and followings.). The UK is the main example of this type of intervention. The increase in capital levies revenue is equivalent to approx. 1.3% of GDP.

stock (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 the United Kingdom's relatively high tax burden on capital as they are not well captured in the capital base of the ITR. Taxes on capital are amongst the highest in the EU-27, even when accounting from the statistical break due to 2008 capital levies.

Revenues from environmental taxes (in % of GDP) have fallen. This is mainly due to the evolution of the collection of customs duty on mineral oils in recent years as its level has risen slower than GDP since 2001.

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 credits instead of direct delivery of social services. Sizeable tax measures have also been taken recently to promote a low-carbon economy. Most recently, important measures have been taken to decrease taxes to alleviate the effects of the global financial crisis. The standard VAT rate was temporarily decreased from 17.5 % to 15 % between 1st December 2008 and 1st January 2010. The planned increase in the corporate tax rate for SMEs from 21 % to 22 % has been postponed and the carry-back of companies' losses has been increased from 1 to 3 years for losses up to GBP 50 000. A temporary exemption from Stamp Duty Land Tax was introduced for acquisitions of residential property worth not more than GBP 175 000 for land transactions between September 2008 and end-2009. Finally, the UK has introduced a one-off payroll tax of 50 % on bonuses over GBP 25 000 paid by banks and building societies between 9th December 2009 and 5th April 2010.

Main features of the tax structure

Personal income tax

From fiscal year 2008–2009, the basic starting marginal tax rate of 10 % has been suppressed (except for savings income for which the limit is GBP 2 440) and the basic rate reduced from 22 % to 20 %. For 2010-11 the basic and higher rates of income tax will remain at 20 % and 40 % respectively. The personal allowance (GBP 6 475) and basic rate limit (GBP 37 400) are held at 2009-10 levels. A new higher tax rate (50 %) will be applied for annual incomes above GBP 150 000 from April 2010 and the personal allowance will be restricted for annual incomes over GBP 100 000. For dividend income, the rates applicable for the 2008-09 and 2009-10 are the 10 % ordinary rate and the 32.5 % dividend upper rate. For tax year 2010-11, as well as these rates there is a new dividend additional rate of 42.5 %. For taxpayers aged between 65 and 74 the personal allowance for 2010-2011 is GBP 9 490 and GBP 9 640 for those over 74.

Since April 2003, two tax credits have been available: the child tax credit (CTC), which is paid on top of universal child benefit, and the working tax credit (WTC)([77]) which is intended for low-paid working adults, means-tested together with a full entitlement for families with a pre-tax income below GBP 6 420 per year.

With effect from 2008–2009, the government has introduced a single capital tax gains tax rate of 18 %, with an annual exempt amount of GBP 10 100 per year. The inheritance tax allowance is frozen at its 2009-10 level of GBP 325 000 for individuals until 2014-15. Finally, a two-year relief from Stamp Duty Land Tax for first time buyers of residential property of up to GBP 250 000 will take effect from March 2010 and a new 5% rate of stamp duty introduced in 2011-12 for purchases of residential property worth over GBP 1m.

Corporate taxation

The corporation tax regime was modified several times in the last decade. The main statutory rate was reduced from 33 % in 1997 to 30 % in 1999. The small company rate (firms with profits below GBP 300 000) was reduced progressively from

([77]) The CTC consists of a family element of GBP 545 per year (unchanged in 2009–2010) and a child element of GBP 2 235 (up from GBP 2 085) per child and per year (increased for disabled or severely disabled children). The WTC consists of a basic element (GBP 1 890 per year) and an additional amount (GBP 1 860) for couples and single parents. An extra GBP 775 is given to people working at least 30 hours a week. From April 2009, the WTC threshold is GBP 6 420 (unchanged from 2008–2009).

24 % in 1997 to 19 % in 2006. An additional rate was introduced in 2000 at an initial 10 % and applied to company profits below GBP 10 000, but was reduced to 0 % in 2002 and then completely abolished in 2005. From April 2008, the corporate tax rate was reduced from 30 % to 28 %, the small companies rate was raised from 19 % to 22 % phased over three years, the rates of capital allowance on plant and machinery were reduced from 25 % to 20 % and the annual investment allowance (AIA), which allows for capital spending of GBP 50 000 to be offset against profits in the first year for all firms, was introduced. Additional measures, such as an increase in R&D tax credits and a phasing-out of capital allowances on industrial buildings have also been adopted in recent years. The 2009 Budget announced the deferral of the planned increase in the small companies' rate, leaving it at 21 % for 2009–2010 and for 2010-2011.

VAT and excise duties

The standard VAT rate is 17.5 % (between 1 December 2008 and 31 December 2009, the rate was temporarily reduced to 15 %). Several reductions and exemptions apply. In particular, a reduced rate of 5 % applies, for example to fuel and power, but also on the installation of energy-saving materials. A zero-rate is used quite extensively as it applies to some food items, books, new constructions, passenger transport, some supplies to charities and to children's clothing and footwear.

Recently, important tax reforms have been implemented or planned on tobacco, fuel and other polluting activities. Specifically, tax differentials between leaded and unleaded petrol have been increased and new differentials introduced between ultra-low sulphur and standard petrol and diesel. Fuel duty rates will increase in coming years ([78]). 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 rates for air passenger duty were doubled as of February 2007 to GPB 10 for European Economic Area destinations and GBP 40 for all other destinations, for the lowest class of travel. From November 2009, the government restructured the air passenger duty to a four-distance band structure at 2 000 mile intervals from London and increased the rates. The landfill tax will increase by GBP 8 per tonne from April 2014 and will not fall below GBP 80 per tonne in future. Tobacco duties will increase by 1 % above inflation in March 2010 and by 2 % above inflation each year between 2011 and 2012. Cider duties will increase by 10 % above inflation in March 2010 to bring them more in line with other alcohol products. Alcohol duty rates on beer, wine and spirits will increase by 2 % above inflation in March 2010 and continue to increase at that rate for a further two years until 2014-2015.

Social contributions

The Primary and Secondary Thresholds for paying Class 1 NICs are currently aligned for employers and employees at £ 110 per week ([79]). Since April 2009, the Upper Earnings Limit and Upper Profits Limit are aligned with the higher rate Income Tax threshold, set at GBP 43 875 for 2010-2011. From April 2011, the Class 1 and Class 4 NICs rates will be increased by 1 % as part of fiscal consolidation measures accompanied by an increase in the Primary Threshold and the Lower Profits Limit to protect those on low incomes. The Lower Profits Limit is set at GBP 5 715 for 2010-2011.

([78]) The main road fuel duty rate (This applies to unleaded petrol and ultra-low-sulphur and sulphur-free diesel) will increase by 1p per litre on 1 April 2010. It will then increase by a further 1p per litre on 1 October 2010, by a further 0.76p per litre on 1 January 2011, and by 1p per litre in real terms on 1 April each year from 2011 to 2014. The excise duty on heavily polluting vehicles rose from GBP 210 to GDP 300 in 2007–2008, to GBP 400 in 2008–2009, GDP 405 in 2009-10 and GBP 435 in 2010-11. No duty is payable for the most environmentally friendly cars.

([79]) There are six National Insurance Contributions (NICs) classes: Class 1 for employees (11% between the Primary Threshold and the Upper Earnings Limit (GBP 844 per week) and 1% above this) and Class 1 for employers (12.8% on all earnings over the Secondary Threshold); Class 1A, paid by employers and certain third parties on benefits in kind; Class 1B paid by employers on PAYE settlements; Class 2 for self-employed (at GBP 2.40 per week); Class 3 for voluntary contributions (fixed amount of GBP 12.05 per week); and Class 4 for the self-employed at a rate of 8 % on profits between the Lower Profits Limit and the Upper Profits Limit and 1% rate on profits above this threshold. Class 1 NICs are lower (9.4 %) for those who have contracted out of the State Second Pension and moved to a private pension scheme.

EURO AREA 16

ARITHMETIC AVERAGES

	2000	2001	2002	2003	2004	2005	2006	2007	2008	Revenue in 2008
A. Structure of revenues									% of GDP	*€ bn*
Indirect taxes	14.0	13.5	13.5	13.7	13.9	14.1	14.1	14.0	13.5	*1 228.0*
VAT	7.0	7.0	7.1	7.2	7.3	7.5	7.6	7.5	7.5	*624.4*
Excise duties and consumption taxes	3.0	2.9	3.0	3.0	3.1	3.0	2.9	2.8	2.6	*209.8*
Other taxes on products (incl. import duties)	2.1	1.9	1.8	1.8	1.9	1.9	2.0	2.0	1.8	*163.4*
Other taxes on production	1.6	1.6	1.6	1.7	1.7	1.7	1.7	1.7	1.6	*230.4*
Direct taxes	12.4	12.2	12.0	11.7	11.4	11.7	11.9	12.4	12.2	*1 156.4*
Personal income	7.8	7.9	7.7	7.6	7.4	7.5	7.7	7.8	7.9	*838.6*
Corporate income	3.6	3.5	3.4	3.1	3.1	3.3	3.5	3.8	3.5	*232.7*
Other	0.9	0.9	0.9	1.0	0.9	0.9	0.8	0.8	0.8	*85.0*
Social contributions	11.9	11.9	11.9	12.0	11.9	11.9	11.7	11.7	12.0	*1 309.6*
Employers´	6.5	6.6	6.6	6.6	6.6	6.5	6.5	6.5	6.6	*751.7*
Employees´	4.0	4.0	4.0	4.0	4.0	3.9	3.9	3.9	4.0	*391.8*
Self- and non-employed	1.3	1.3	1.3	1.4	1.4	1.4	1.4	1.4	1.4	*166.2*
TOTAL	**37.9**	**37.6**	**37.4**	**37.3**	**37.2**	**37.6**	**37.7**	**38.1**	**37.6**	***0.0***
B. Structure by level of government									% of total taxation	
Central government	58.9	58.4	57.7	57.4	57.2	56.9	56.9	56.9	55.6	*1 514.9*
State government[1)]	15.3	15.3	17.6	18.2	18.5	18.6	18.9	19.0	19.5	*351.0*
Local government	7.2	7.3	7.3	7.3	7.4	7.8	7.8	8.0	8.1	*367.4*
Social security funds	31.5	32.1	32.4	32.7	32.7	32.4	32.4	32.1	33.4	*1 430.7*
EU institutions	1.5	1.4	1.0	1.0	0.7	0.8	0.8	0.9	0.9	*30.0*
C. Structure by economic function									% of GDP	
Consumption	11.8	11.6	11.7	11.7	11.9	12.0	11.9	11.8	11.6	*969.9*
Labour	17.7	17.8	17.7	17.7	17.5	17.5	17.3	17.2	17.6	*1 923.7*
Employed	16.3	16.4	16.3	16.3	16.0	16.0	15.9	15.8	16.2	*1 744.8*
Paid by employers	7.0	7.1	7.1	7.1	7.1	7.0	7.0	6.9	7.1	*810.1*
Paid by employees	9.4	9.3	9.2	9.2	9.0	9.0	8.9	8.9	9.1	*934.7*
Non-employed	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	*178.9*
Capital	8.5	8.2	8.1	7.9	7.9	8.2	8.5	9.1	8.5	*800.4*
Capital and business income	6.3	6.2	6.0	5.8	5.6	5.9	6.2	6.7	6.4	*574.8*
Income of corporations	3.7	3.6	3.6	3.3	3.2	3.4	3.6	3.9	3.7	*282.8*
Income of households	0.7	0.8	0.7	0.7	0.7	0.8	0.9	1.0	0.9	*83.7*
Income of self-employed (incl. SSC)	1.8	1.8	1.8	1.7	1.7	1.7	1.7	1.8	1.7	*208.3*
Stocks of capital / wealth	2.2	2.1	2.1	2.1	2.2	2.3	2.3	2.4	2.1	*225.6*
D. Environmental taxes									% of GDP	
Environmental taxes	2.8	2.8	2.7	2.8	2.8	2.8	2.7	2.6	2.5	*211.8*
Energy	1.8	1.8	1.8	1.9	1.9	1.9	1.8	1.7	1.7	*152.9*
Of which transport fuel taxes	1.4	1.5	1.5	1.6	1.6	1.6	1.5	1.5	1.4	
Transport (excl. fuel)	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.7	*50.6*
Pollution/resources	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	*8.2*
E. Implicit tax rates									%	
Consumption	20.5	20.1	20.4	20.7	21.0	21.3	21.4	21.4	20.8	
Labour employed	34.5	34.4	34.1	34.1	33.9	34.0	34.0	34.1	34.4	
Capital[2)]	26.5	25.6	25.6	25.3	25.1	25.9	26.9	28.2	27.2	
Capital and business income	19.7	19.0	18.7	18.1	17.8	18.5	19.5	20.7	20.1	
Corporations	25.6	25.0	24.7	22.9	21.7	23.2	24.4	25.4	23.7	
Households	12.3	12.3	12.5	12.9	12.4	12.9	13.8	14.8	13.9	
Real GDP growth (annual rate)	3.9	1.9	0.9	0.8	2.1	1.7	3.0	2.7	0.6	

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

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

2) Adjusted averages

n.a. not applicable, : not available

Source: Commission services

EURO AREA 16

GDP-WEIGHTED AVERAGES

	2000	2001	2002	2003	2004	2005	2006	2007	2008	Revenue in 2008
A. Structure of revenues									% of GDP	€ bn
Indirect taxes	14.0	13.5	13.5	13.5	13.5	13.7	13.9	13.8	13.3	*1 228.0*
VAT	6.9	6.8	6.7	6.6	6.6	6.7	6.8	6.9	6.7	*624.4*
Excise duties and consumption taxes	2.7	2.7	2.7	2.8	2.6	2.5	2.5	2.4	2.3	*209.8*
Other taxes on products (incl. import duties)	1.7	1.7	1.7	1.7	1.8	1.9	2.0	2.0	1.8	*163.4*
Other taxes on production	2.5	2.4	2.4	2.4	2.4	2.5	2.6	2.6	2.5	*230.4*
Direct taxes	12.9	12.5	12.1	11.9	11.7	11.8	12.3	12.7	12.5	*1 156.4*
Personal income	9.4	9.2	9.0	8.8	8.5	8.5	8.7	8.9	9.1	*838.6*
Corporate income	2.6	2.5	2.2	2.1	2.3	2.4	2.7	2.9	2.5	*232.7*
Other	0.9	0.9	0.9	1.1	1.0	0.9	0.9	0.9	0.9	*85.0*
Social contributions	14.6	14.4	14.4	14.5	14.3	14.2	14.1	14.0	14.1	*1 309.6*
Employers´	8.2	8.2	8.2	8.3	8.2	8.1	8.1	8.0	8.1	*751.7*
Employees´	4.6	4.5	4.4	4.4	4.3	4.3	4.2	4.2	4.2	*391.8*
Self- and non-employed	1.8	1.7	1.8	1.8	1.8	1.8	1.8	1.8	1.8	*166.2*
TOTAL	**41.2**	**40.3**	**39.8**	**39.8**	**39.5**	**39.6**	**40.2**	**40.4**	**39.7**	***0.0***
B. Structure by level of government									% of total taxation	
Central government	43.4	43.4	42.5	42.1	42.4	42.2	42.2	42.4	41.1	*1 514.9*
State government[1)]	19.2	18.5	20.1	20.4	20.7	20.7	21.2	21.5	21.7	*351.0*
Local government	9.1	9.1	9.1	9.2	9.6	9.7	9.8	10.0	10.0	*367.4*
Social security funds	37.6	38.2	38.6	38.9	38.4	38.3	38.1	37.6	38.9	*1 430.7*
EU institutions	1.5	1.4	1.0	0.9	0.7	0.8	0.8	0.8	0.8	*30.0*
C. Structure by economic function									% of GDP	
Consumption	11.1	10.8	10.8	10.7	10.7	10.7	10.8	10.8	10.5	*969.9*
Labour	21.5	21.3	21.3	21.2	20.8	20.7	20.6	20.4	20.8	*1 923.7*
Employed	19.6	19.4	19.3	19.3	18.8	18.7	18.6	18.5	18.8	*1 744.8*
Paid by employers	8.8	8.8	8.8	8.9	8.8	8.7	8.7	8.7	8.7	*810.1*
Paid by employees	10.8	10.6	10.5	10.4	10.0	10.0	9.9	9.9	10.1	*934.7*
Non-employed	1.9	1.9	1.9	2.0	2.0	2.0	1.9	1.9	1.9	*178.9*
Capital	8.7	8.2	7.9	7.9	8.0	8.3	9.0	9.3	8.6	*800.4*
Capital and business income	6.2	5.8	5.4	5.4	5.5	5.7	6.3	6.6	6.2	*574.8*
Income of corporations	3.1	2.9	2.7	2.6	2.7	2.9	3.3	3.4	3.1	*282.8*
Income of households	0.8	0.7	0.7	0.7	0.6	0.7	0.8	0.9	0.9	*83.7*
Income of self-employed (incl. SSC)	2.3	2.2	2.1	2.1	2.1	2.1	2.2	2.3	2.2	*208.3*
Stocks of capital / wealth	2.5	2.4	2.5	2.5	2.6	2.6	2.7	2.7	2.4	*225.6*
D. Environmental taxes									% of GDP	
Environmental taxes	2.6	2.6	2.6	2.6	2.6	2.5	2.5	2.4	2.3	*211.8*
Energy	2.0	2.0	2.0	2.0	1.9	1.9	1.8	1.7	1.7	*152.9*
Of which transport fuel taxes	:	:	:	1.6	1.5	1.5	1.4	1.4	1.3	
Transport (excl. fuel)	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.5	*50.6*
Pollution/resources	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	*8.2*
E. Implicit tax rates									%	
Consumption	19.6	19.2	19.2	19.1	19.1	19.1	19.4	19.6	19.1	
Labour employed	39.2	38.9	38.7	38.7	38.2	38.1	38.3	38.4	38.6	
Capital[2)]	30.2	28.1	27.6	27.6	27.9	28.8	30.9	31.5	29.8	
Capital and business income	21.6	19.7	18.8	18.7	18.7	19.3	21.3	22.2	21.1	
Corporations	25.2	26.8	25.1	23.9	24.1	25.0	29.5	31.3	27.0	
Households	13.7	13.3	13.2	13.7	13.0	13.4	14.1	14.3	14.4	
Real GDP growth (annual rate)	3.9	1.9	0.9	0.8	2.1	1.7	3.0	2.7	0.6	

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

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

2) Adjusted averages

n.a. not applicable, : not available

Source: Commission services

EUROPEAN UNION 25

ARITHMETIC AVERAGES

	2000	2001	2002	2003	2004	2005	2006	2007	2008	Revenue in 2008
A. Structure of revenues									% of GDP	*€ bn*
Indirect taxes	14.0	13.5	13.6	13.7	13.9	14.1	14.1	14.1	13.6	*1 647.3*
VAT	7.3	7.2	7.3	7.4	7.5	7.7	7.8	7.8	7.6	*847.5*
Excise duties and consumption taxes	3.2	3.1	3.1	3.2	3.2	3.2	3.0	3.0	2.9	*311.5*
Other taxes on products (incl. import duties)	1.8	1.6	1.6	1.6	1.6	1.6	1.7	1.7	1.5	*199.1*
Other taxes on production	1.5	1.5	1.5	1.6	1.5	1.6	1.6	1.6	1.6	*289.2*
Direct taxes	12.6	12.4	12.2	12.0	11.9	12.2	12.4	12.8	12.6	*1 676.3*
Personal income	8.6	8.6	8.4	8.3	8.1	8.2	8.3	8.5	8.5	*1 177.3*
Corporate income	3.2	3.0	3.0	2.8	2.9	3.1	3.3	3.6	3.4	*336.8*
Other	0.8	0.8	0.8	0.8	0.9	0.9	0.7	0.7	0.8	*162.2*
Social contributions	11.3	11.3	11.2	11.2	11.2	11.1	11.0	11.1	11.2	*1 559.1*
Employers´	6.8	6.8	6.8	6.8	6.7	6.7	6.6	6.6	6.7	*899.1*
Employees´	3.4	3.4	3.4	3.4	3.4	3.3	3.3	3.3	3.4	*477.6*
Self- and non-employed	1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.1	1.1	*182.4*
TOTAL	**37.6**	**37.1**	**36.9**	**36.9**	**36.9**	**37.3**	**37.5**	**37.9**	**37.5**	***0.0***
B. Structure by level of government									% of total taxation	
Central government	60.4	59.9	59.8	59.7	59.2	59.2	59.3	59.6	58.5	*2 461.1*
State government[1)]	15.3	15.3	17.6	18.2	18.5	18.6	18.9	19.0	19.5	*351.0*
Local government	10.7	10.9	10.6	10.7	10.9	11.1	11.1	10.9	11.1	*510.5*
Social security funds	28.5	28.9	29.1	29.1	29.2	28.8	28.7	28.5	29.4	*1 520.5*
EU institutions	1.4	1.3	1.0	0.9	0.7	0.9	0.9	0.9	0.9	*39.6*
C. Structure by economic function									% of GDP	
Consumption	12.0	11.8	11.9	12.0	12.1	12.3	12.2	12.1	11.8	*1 327.8*
Labour	18.2	18.2	18.0	18.0	17.7	17.7	17.6	17.6	18.0	*2 441.1*
Employed	16.8	16.8	16.7	16.6	16.3	16.3	16.2	16.2	16.6	*2 229.6*
Paid by employers	7.3	7.3	7.3	7.2	7.1	7.1	7.1	7.1	7.2	*974.5*
Paid by employees	9.6	9.6	9.4	9.4	9.2	9.1	9.1	9.1	9.3	*1 255.1*
Non-employed	1.4	1.3	1.3	1.4	1.4	1.4	1.4	1.4	1.4	*211.5*
Capital	7.5	7.2	7.1	7.0	7.1	7.5	7.8	8.2	7.7	*1 113.7*
Capital and business income	5.5	5.3	5.2	5.1	5.1	5.4	5.7	6.1	5.7	*766.3*
Income of corporations	3.3	3.1	3.1	3.0	3.0	3.2	3.4	3.7	3.5	*387.0*
Income of households	0.7	0.6	0.6	0.6	0.6	0.7	0.8	0.9	0.8	*125.3*
Income of self-employed (incl. SSC)	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	*254.1*
Stocks of capital / wealth	2.0	1.9	1.9	1.9	2.0	2.1	2.1	2.1	2.0	*347.4*
D. Environmental taxes									% of GDP	
Environmental taxes	2.8	2.8	2.8	2.8	2.9	2.8	2.8	2.7	2.6	*295.3*
Energy	1.9	1.9	1.9	2.0	2.0	2.0	1.9	1.8	1.8	*212.5*
Of which transport fuel taxes	1.4	1.4	1.5	1.6	1.6	1.7	1.6	1.6	1.5	
Transport (excl. fuel)	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.6	*68.2*
Pollution/resources	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	*14.6*
E. Implicit tax rates									%	
Consumption	21.1	20.6	20.9	21.2	21.5	21.9	21.9	22.2	21.4	
Labour employed	35.8	35.6	35.2	35.0	34.8	34.7	34.7	34.6	34.6	
Capital[2)]	25.1	24.0	23.7	23.6	23.9	25.0	25.4	26.8	26.1	
Capital and business income	18.3	17.3	16.9	16.7	16.9	18.0	18.5	19.7	19.0	
Corporations	24.4	23.3	22.3	20.7	19.9	21.4	21.9	22.9	21.7	
Households	11.6	10.7	10.9	11.4	12.0	13.3	13.0	13.9	12.7	
Real GDP growth (annual rate)	3.9	2.0	1.2	1.3	2.5	2.0	3.2	2.8	0.7	

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

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

2) Adjusted averages

n.a. not applicable, : not available

Source: Commission services

EUROPEAN UNION 25

GDP-WEIGHTED AVERAGES

	2000	2001	2002	2003	2004	2005	2006	2007	2008	Revenue in 2008
A. Structure of revenues									% of GDP	€ bn
Indirect taxes	14.0	13.6	13.6	13.6	13.6	13.7	13.9	13.8	13.4	*1 647.3*
VAT	7.0	6.8	6.8	6.8	6.8	6.9	7.0	7.1	6.9	*847.5*
Excise duties and consumption taxes	3.0	2.9	3.0	3.0	2.9	2.8	2.7	2.6	2.5	*311.5*
Other taxes on products (incl. import duties)	1.7	1.6	1.6	1.6	1.7	1.7	1.8	1.8	1.6	*199.1*
Other taxes on production	2.3	2.3	2.3	2.3	2.3	2.3	2.4	2.4	2.3	*289.2*
Direct taxes	14.0	13.6	13.0	12.8	12.7	13.0	13.5	13.7	13.6	*1 676.3*
Personal income	10.0	9.8	9.5	9.3	9.1	9.2	9.3	9.5	9.5	*1 177.3*
Corporate income	2.8	2.6	2.4	2.2	2.4	2.6	3.0	3.0	2.7	*336.8*
Other	1.1	1.1	1.1	1.3	1.2	1.2	1.2	1.2	1.3	*162.2*
Social contributions	12.7	12.7	12.6	12.8	12.7	12.6	12.5	12.4	12.6	*1 559.1*
Employers´	7.3	7.2	7.2	7.3	7.2	7.2	7.2	7.2	7.3	*899.1*
Employees´	4.1	4.0	3.9	4.0	3.9	3.9	3.9	3.8	3.9	*477.6*
Self- and non-employed	1.4	1.4	1.4	1.5	1.5	1.5	1.5	1.4	1.5	*182.4*
TOTAL	**40.6**	**39.8**	**39.1**	**39.1**	**38.9**	**39.3**	**39.8**	**39.9**	**39.5**	***0.0***
B. Structure by level of government									% of total taxation	
Central government	52.9	52.8	51.9	51.1	51.7	51.8	51.9	52.2	50.5	*2 461.1*
State government[1)]	19.2	18.5	20.1	20.4	20.7	20.7	21.2	21.5	21.7	*351.0*
Local government	9.6	9.7	9.8	10.1	10.3	10.4	10.4	10.4	10.5	*510.5*
Social security funds	35.3	36.0	36.3	36.5	36.0	35.8	35.7	35.2	36.3	*1 520.5*
EU institutions	1.5	1.3	1.0	0.9	0.7	0.8	0.8	0.8	0.8	*39.6*
C. Structure by economic function									% of GDP	
Consumption	11.4	11.1	11.1	11.1	11.0	11.0	11.0	11.0	10.8	*1 327.8*
Labour	20.4	20.2	20.0	20.1	19.7	19.7	19.5	19.4	19.8	*2 441.1*
Employed	18.7	18.5	18.3	18.3	18.0	17.9	17.8	17.8	18.1	*2 229.6*
Paid by employers	7.8	7.8	7.8	7.9	7.8	7.8	7.8	7.7	7.9	*974.5*
Paid by employees	10.9	10.7	10.5	10.4	10.1	10.1	10.1	10.0	10.2	*1 255.1*
Non-employed	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	*211.5*
Capital	9.0	8.5	8.1	8.1	8.3	8.7	9.3	9.5	9.0	*1 113.7*
Capital and business income	6.2	5.8	5.4	5.3	5.5	5.8	6.4	6.6	6.2	*766.3*
Income of corporations	3.2	3.0	2.7	2.6	2.8	3.0	3.4	3.4	3.1	*387.0*
Income of households	0.9	0.8	0.8	0.8	0.8	0.9	1.0	1.0	1.0	*125.3*
Income of self-employed (incl. SSC)	2.1	2.0	2.0	2.0	1.9	1.9	2.0	2.1	2.1	*254.1*
Stocks of capital / wealth	2.8	2.7	2.7	2.7	2.8	2.9	2.9	2.9	2.8	*347.4*
D. Environmental taxes									% of GDP	
Environmental taxes	2.7	2.7	2.7	2.7	2.7	2.6	2.5	2.5	2.4	*295.3*
Energy	2.1	2.0	2.0	2.0	2.0	1.9	1.9	1.8	1.7	*212.5*
Of which transport fuel taxes	:	:	:	1.6	1.6	1.5	1.5	1.4	1.4	
Transport (excl. fuel)	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	*68.2*
Pollution/resources	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	*14.6*
E. Implicit tax rates									%	
Consumption	20.0	19.5	19.6	19.6	19.6	19.6	19.7	20.0	19.5	
Labour employed	36.9	36.6	36.2	36.3	36.0	36.1	36.3	36.3	36.6	
Capital[2)]	32.8	31.0	29.9	29.1	29.7	30.9	32.6	33.2	31.9	
Capital and business income	22.6	21.0	19.6	19.1	19.4	20.4	22.1	22.8	21.6	
Corporations	27.3	28.1	24.9	22.9	22.9	24.7	27.8	28.5	25.4	
Households	14.8	14.0	14.0	14.3	14.7	15.4	15.8	16.5	16.0	
Real GDP growth (annual rate)	3.9	2.0	1.2	1.3	2.5	2.0	3.2	2.8	0.7	

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

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

2) Adjusted averages

n.a. not applicable, : not available

Source: Commission services

EUROPEAN UNION 27

ARITHMETIC AVERAGES

	2000	2001	2002	2003	2004	2005	2006	2007	2008	Revenue in 2008
A. Structure of revenues									% of GDP	€ bn
Indirect taxes	14.0	13.5	13.5	13.7	13.9	14.2	14.3	14.2	13.8	1 670.3
VAT	7.4	7.3	7.4	7.4	7.6	7.9	8.0	8.0	7.8	862.4
Excise duties and consumption taxes	3.2	3.2	3.2	3.3	3.3	3.2	3.1	3.1	3.0	317.3
Other taxes on products (incl. import duties)	1.8	1.6	1.5	1.5	1.6	1.6	1.6	1.6	1.5	200.1
Other taxes on production	1.5	1.5	1.4	1.5	1.5	1.5	1.5	1.5	1.5	290.5
Direct taxes	12.2	12.0	11.7	11.6	11.5	11.7	11.9	12.3	12.2	1 688.1
Personal income	8.3	8.2	8.0	7.9	7.8	7.8	7.9	8.1	8.1	1 183.0
Corporate income	3.1	3.0	3.0	2.9	2.9	3.1	3.3	3.5	3.3	342.1
Other	0.8	0.7	0.8	0.8	0.8	0.9	0.7	0.7	0.8	162.9
Social contributions	11.2	11.2	11.2	11.1	11.1	11.0	10.9	10.9	11.0	1 574.9
Employers´	6.9	6.9	6.8	6.8	6.7	6.7	6.5	6.6	6.6	909.2
Employees´	3.3	3.4	3.3	3.3	3.3	3.3	3.3	3.3	3.3	483.0
Self- and non-employed	1.0	1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.0	182.7
TOTAL	**37.2**	**36.6**	**36.3**	**36.3**	**36.4**	**36.9**	**37.0**	**37.4**	**37.0**	**0.0**
B. Structure by level of government									% of total taxation	
Central government	60.2	59.9	59.8	60.1	59.8	59.7	59.9	60.1	59.2	2 494.0
State government[1]	15.3	15.3	17.6	18.2	18.5	18.6	18.9	19.0	19.5	351.0
Local government	10.4	10.6	10.4	10.1	10.2	10.4	10.5	10.3	10.4	512.1
Social security funds	29.0	29.4	29.5	29.4	29.4	29.0	28.8	28.5	29.3	1 536.2
EU institutions	:	:	:	:	:	:	:	0.9	0.9	40.1
C. Structure by economic function									% of GDP	
Consumption	12.1	11.8	11.9	12.1	12.2	12.5	12.4	12.4	12.0	1 349.7
Labour	17.9	17.8	17.6	17.5	17.3	17.2	17.1	17.2	17.5	2 460.8
Employed	16.6	16.5	16.3	16.2	16.0	15.9	15.8	15.8	16.1	2 249.1
Paid by employers	7.3	7.3	7.2	7.2	7.1	7.1	7.0	7.0	7.1	984.7
Paid by employees	9.2	9.2	9.1	9.0	8.9	8.8	8.8	8.8	9.0	1 264.4
Non-employed	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	211.7
Capital	7.3	7.1	6.9	6.8	6.9	7.2	7.6	8.0	7.5	1 122.9
Capital and business income	5.4	5.2	5.1	5.0	5.0	5.3	5.6	5.9	5.6	773.6
Income of corporations	3.2	3.1	3.1	3.0	3.0	3.2	3.4	3.6	3.4	392.4
Income of households	0.7	0.6	0.6	0.6	0.6	0.7	0.8	0.9	0.8	126.6
Income of self-employed (incl. SSC)	1.5	1.5	1.4	1.4	1.4	1.4	1.4	1.5	1.4	254.7
Stocks of capital / wealth	1.9	1.9	1.8	1.8	1.9	2.0	2.0	2.0	1.9	349.2
D. Environmental taxes									% of GDP	
Environmental taxes	2.8	2.8	2.7	2.8	2.9	2.8	2.7	2.7	2.6	299.0
Energy	2.0	1.9	1.9	2.0	2.0	2.0	1.9	1.9	1.8	215.5
Of which transport fuel taxes	1.4	1.4	1.5	1.6	1.6	1.7	1.6	1.6	1.6	
Transport (excl. fuel)	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.6	68.8
Pollution/resources	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	14.7
E. Implicit tax rates									%	
Consumption	20.9	20.4	20.6	21.0	21.3	21.8	21.9	22.2	21.5	
Labour employed	35.8	35.4	35.0	34.8	34.7	34.4	34.4	34.3	34.2	
Capital	:	:	:	:	:	:	:	:	:	
Capital and business income	:	:	:	:	:	:	:	:	:	
Corporations	:	:	:	:	:	:	:	:	:	
Households	:	:	:	:	:	:	:	:	:	
Real GDP growth (annual rate)	3.9	2.0	1.2	1.3	2.5	2.0	3.2	2.9	0.8	

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

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

2) Adjusted averages

n.a. not applicable, : not available

Source: Commission services

EUROPEAN UNION 27

GDP-WEIGHTED AVERAGES

	2000	2001	2002	2003	2004	2005	2006	2007	2008	Revenue in 2008
A. Structure of revenues									% of GDP	€ bn
Indirect taxes	14.0	13.6	13.6	13.6	13.6	13.7	13.9	13.8	13.4	*1 670.3*
VAT	7.0	6.8	6.8	6.8	6.8	6.9	7.0	7.1	6.9	*862.4*
Excise duties and consumption taxes	3.0	2.9	3.0	3.0	2.9	2.8	2.7	2.6	2.5	*317.3*
Other taxes on products (incl. import duties)	1.7	1.6	1.6	1.6	1.7	1.7	1.8	1.8	1.6	*200.1*
Other taxes on production	2.3	2.3	2.3	2.2	2.2	2.3	2.4	2.3	2.3	*290.5*
Direct taxes	13.9	13.5	13.0	12.7	12.7	12.9	13.4	13.6	13.5	*1 688.1*
Personal income	10.0	9.8	9.5	9.3	9.0	9.1	9.3	9.4	9.5	*1 183.0*
Corporate income	2.8	2.6	2.4	2.2	2.4	2.6	3.0	3.0	2.7	*342.1*
Other	1.1	1.1	1.1	1.3	1.2	1.2	1.1	1.2	1.3	*162.9*
Social contributions	12.7	12.6	12.6	12.8	12.6	12.6	12.5	12.4	12.6	*1 574.9*
Employers´	7.3	7.2	7.2	7.3	7.2	7.2	7.2	7.1	7.3	*909.2*
Employees´	4.1	4.0	3.9	4.0	3.9	3.9	3.9	3.8	3.9	*483.0*
Self- and non-employed	1.4	1.4	1.4	1.4	1.5	1.5	1.5	1.4	1.5	*182.7*
TOTAL	**40.6**	**39.7**	**39.0**	**39.0**	**38.9**	**39.2**	**39.7**	**39.7**	**39.3**	***0.0***
B. Structure by level of government									% of total taxation	
Central government	52.9	52.8	51.9	51.1	51.8	51.8	52.0	52.3	50.7	*2 494.0*
State government[1)]	19.2	18.5	20.1	20.4	20.7	20.7	21.2	21.5	21.7	*351.0*
Local government	9.6	9.6	9.8	10.0	10.3	10.4	10.4	10.3	10.4	*512.1*
Social security funds	35.3	36.0	36.3	36.5	36.0	35.8	35.6	35.2	36.2	*1 536.2*
EU institutions	:	:	:	:	:	:	:	0.8	0.8	*40.1*
C. Structure by economic function									% of GDP	
Consumption	11.4	11.1	11.1	11.1	11.1	11.1	11.1	11.1	10.8	*1 349.7*
Labour	20.3	20.2	19.9	20.0	19.6	19.6	19.5	19.3	19.7	*2 460.8*
Employed	18.6	18.5	18.3	18.3	17.9	17.9	17.8	17.7	18.0	*2 249.1*
Paid by employers	7.8	7.8	7.8	7.9	7.8	7.8	7.8	7.7	7.9	*984.7*
Paid by employees	10.9	10.7	10.5	10.4	10.1	10.1	10.0	10.0	10.1	*1 264.4*
Non-employed	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.6	1.7	*211.7*
Capital	8.9	8.5	8.1	8.0	8.3	8.6	9.3	9.4	9.0	*1 122.9*
Capital and business income	6.2	5.8	5.4	5.3	5.5	5.8	6.4	6.6	6.2	*773.6*
Income of corporations	3.2	3.0	2.7	2.6	2.8	3.0	3.4	3.4	3.1	*392.4*
Income of households	0.9	0.8	0.8	0.8	0.8	0.9	1.0	1.0	1.0	*126.6*
Income of self-employed (incl. SSC)	2.0	2.0	1.9	2.0	1.9	1.9	2.0	2.1	2.0	*254.7*
Stocks of capital / wealth	2.8	2.7	2.7	2.7	2.8	2.8	2.9	2.9	2.8	*349.2*
D. Environmental taxes									% of GDP	
Environmental taxes	2.7	2.7	2.7	2.7	2.7	2.6	2.5	2.5	2.4	*299.0*
Energy	2.1	2.0	2.0	2.0	2.0	1.9	1.9	1.8	1.7	*215.5*
Of which transport fuel taxes	:	:	:	1.6	1.6	1.5	1.5	1.4	1.4	
Transport (excl. fuel)	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	*68.8*
Pollution/resources	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	*14.7*
E. Implicit tax rates									%	
Consumption	19.9	19.5	19.5	19.6	19.6	19.6	19.7	20.0	19.5	
Labour employed	36.9	36.5	36.1	36.3	36.0	36.0	36.2	36.2	36.5	
Capital	:	:	:	:	:	:	:	:	:	
Capital and business income	:	:	:	:	:	:	:	:	:	
Corporations	:	:	:	:	:	:	:	:	:	
Households	:	:	:	:	:	:	:	:	:	
Real GDP growth (annual rate)	3.9	2.0	1.2	1.3	2.5	2.0	3.2	2.9	0.8	

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

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

2) Adjusted averages

n.a. not applicable, : not available

Source: Commission services

Norway

NORWAY	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008
A. Structure of revenues									% of GDP	€ bn
Indirect taxes	13.6	13.4	13.4	13.0	12.8	12.2	12.3	12.6	11.1	*34.4*
VAT	8.4	8.4	8.5	8.2	8.1	7.9	8.0	8.3	7.3	*22.5*
Excise duties and consumption taxes	2.8	2.7	2.7	2.6	2.4	2.2	2.1	2.1	2.0	*6.2*
Other taxes on products (incl. import duties)	1.9	1.8	1.7	1.7	1.8	1.6	1.6	1.6	1.3	*4.0*
Other taxes on production	0.5	0.6	0.5	0.5	0.5	0.5	0.6	0.6	0.6	*1.7*
Direct taxes	20.1	20.2	19.8	19.5	21.1	22.4	23.0	22.0	22.2	*68.5*
Personal income	10.3	10.4	10.7	10.5	10.3	9.7	9.1	9.7	9.2	*28.3*
Corporate income[1]	8.9	8.9	8.1	8.0	9.8	11.8	12.9	11.4	12.1	*37.3*
Other	0.9	0.9	1.0	1.0	1.0	1.0	0.9	1.0	0.9	*2.9*
Social contributions [2]	8.9	9.2	9.9	9.8	9.4	8.9	8.7	9.1	8.9	*27.5*
Employers´	5.3	5.6	5.9	5.9	5.7	5.4	5.3	5.5	5.5	*16.9*
Employees´	3.6	3.7	3.9	3.9	3.7	3.5	3.4	3.5	3.4	*10.6*
Self- and non-employed	:	:	:	:	:	:	:	:	:	
Less: amounts assessed but unlikely to be collected	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
TOTAL	**42.6**	**42.9**	**43.1**	**42.3**	**43.3**	**43.5**	**44.0**	**43.7**	**42.2**	***130.4***
B. Structure by level of government									% of total taxation	
Central government	64.0	62.1	64.1	62.2	64.6	66.2	67.5	66.7	66.9	*87.2*
State government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	*n.a.*
Local government	15.1	16.4	13.0	14.8	13.7	13.4	12.6	12.5	12.1	*15.7*
Social security funds	20.9	21.5	22.9	23.1	21.7	20.4	19.8	20.8	21.1	*27.5*
EU institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	*n.a.*
C. Structure by economic function									% of GDP	
Consumption	12.7	12.6	12.8	12.4	12.2	11.7	11.7	12.0	10.6	*32.9*
Labour	17.5	18.0	19.0	18.8	18.2	17.0	16.5	17.2	16.6	*51.2*
Employed	16.5	17.0	17.9	17.8	17.2	16.0	15.6	16.2	15.6	*48.4*
Paid by employers	5.4	5.6	6.0	5.9	5.7	5.4	5.4	5.6	5.5	*16.9*
Paid by employees	11.1	11.4	12.0	11.9	11.5	10.6	10.2	10.7	10.2	*31.5*
Non-employed	1.0	1.0	1.0	1.0	1.0	0.9	0.9	1.0	0.9	*2.8*
Capital	12.4	12.3	11.3	11.0	12.9	14.8	15.8	14.5	15.0	*46.4*
Capital and business income	6.8	6.6	6.1	5.7	6.7	7.5	8.0	7.8	7.6	*23.5*
Income of corporations[1]	5.2	4.9	4.5	4.2	5.2	5.9	6.7	6.2	6.1	*18.8*
Income of households	0.8	0.7	0.6	0.6	0.6	0.6	0.7	0.8	0.8	*2.5*
Income of self-employed	0.9	0.9	1.0	0.9	0.9	1.0	0.7	0.8	0.7	*2.2*
Stocks of capital / wealth	5.5	5.7	5.2	5.3	6.2	7.4	7.8	6.8	7.4	*22.9*
D. Environmental taxes									% of GDP	
Environmental taxes	3.4	3.4	3.4	3.3	3.3	3.1	3.1	3.0	2.7	*8.2*
Energy	1.7	1.7	1.7	1.6	1.5	1.4	1.3	1.3	1.2	*3.8*
Of which transport fuel taxes	:	:	:	:	0.9	0.9	0.8	0.8	0.7	
Transport (excl. fuel)	1.2	1.3	1.4	1.4	1.5	1.4	1.4	1.4	1.2	*3.6*
Pollution/resources	0.5	0.4	0.3	0.3	0.3	0.2	0.3	0.3	0.3	*0.9*
E. Implicit tax rates									%	
Consumption	30.7	30.2	29.3	27.9	28.1	28.7	29.9	30.3	28.5	
Labour employed	38.3	38.4	38.7	39.0	39.2	38.5	37.9	37.4	36.9	
Capital	41.1	41.6	41.6	38.0	40.6	41.0	43.2	42.2	:	
Capital and business income	22.7	22.4	22.5	19.7	21.0	20.7	22.0	22.5	:	
Corporations	21.6	21.2	21.6	19.2	20.6	19.4	21.4	20.6	:	
Households	20.3	23.7	17.4	14.2	14.6	14.4	24.2	31.4	:	
Real GDP growth (annual rate)	3.3	2.0	1.5	1.0	3.9	2.5	2.1	2.7	1.8	

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

1) The difference between the revenue from "corporate income" taxes in part A of the table and that from "income of corporations" in part C is mainly due to the exclusion from the latter of the special tax on petroleum income, which is booked under stocks of capital/wealth.

2) The figure for employees' social security contributions includes contributions paid by the self- and non-employed.

n.a. not applicable, : not available

Source: Commission services

NORWAY

Overall trends in taxation

Structure and development of tax revenues

Norway's total tax-to-GDP ratio amounted to 42.2 % in 2008; a value which exceeds the weighted European Union average by almost three percentage points. Compared with other Nordic countries, Norway's ratio is slightly lower than Finland's, but well below the Danish and Swedish level. The level and structure of revenues in Norway are clearly influenced by the important role played by oil and gas extraction in the economy.

The Norwegian tax system is characterised by a high share of direct taxes, accounting in 2008 for 52.6 % of revenue, i.e. 18.3 percentage points above the EU-27 weighted average; amongst EU countries, only Denmark displays a higher share of direct tax revenues at 62.3 %. The high revenue from direct taxes is attributable in particular to the corporate tax which yields, with 12.1 % of GDP, more than four times the EU-27 weighted average. Note that this is the result of the statistical classification of the special tax on petroleum income, which is considered as corporate tax revenue alongside the ordinary corporate income tax, thereby doubling its revenue. Revenues from indirect taxes and from social contributions correspondingly cover a smaller share of budgetary revenue; they are also lower than the EU average in terms of their ratio to GDP. Indirect taxes, standing at 11.1 % of GDP, are well below EU-27 weighted average (13.4 % of GDP) mainly due to below average revenue from excise duties (2.0 % of GDP) and other taxes on production (0.6 % of GDP).

In 2008, 66.9 % of taxes were paid to the central government, while local government (municipalities and counties) received 12.1 % of the total; a share somewhat above the EU weighted average (10.4 %). Social security funds receive a relatively low share of government receipts, 21.1 % compared with 36.2 % in the EU-27 weighted average.

The overall tax ratio has not fluctuated much since 2000. While direct taxes from personal income relative to GDP have decreased slightly, taxes on corporate income have increased considerably. This is mainly due to a sharp increase in petroleum tax revenue, which almost tripled since 2000. While indirect taxes have followed a downward trend, social security contributions after increasing in 2001 and 2002, have fallen back to their 2000 levels.

Taxation of consumption, labour and capital; environmental taxes

Revenue from taxation of consumption, at 10.6 % of GDP, has been on a downward trend since 2002 (12.8 % of GDP), only reversed in 2007 due to good economic conditions. Current levels are in line with the EU-27 weighted average (10.8 % of GDP). The ITR on consumption (28.5 % in 2008), however, is well above the EU-27 weighted average (19.5 %), with only Denmark displaying a higher rate. This discrepancy in ratios is due to a high VAT rate and a remarkably low share of the final consumption expenditure of households when compared to Norway's GDP (about 40 %).

Taxation of labour has been on the decline since 2002 in revenue terms, except for 2007, when the surtax on personal income tax was increased. The ITR on labour has been on a downward trend since 2004. The value of 36.9 % recorded in 2008 is between the EU-27 weighted average and the euro area weighted average (36.5 % and 38.6 %, respectively).

Capital taxation yields, at 15.0 % of GDP, the highest level of revenue of all countries analysed in the report, six percentage points above the EU-27 weighted average. Oil taxation contributes significantly to this peculiarity. The special tax on petroleum income, which is booked as a tax on the stocks of capital/wealth, is a major component of the revenue from capital taxation; oil companies then also pay corporate income tax at the ordinary rate. These high tax revenues are mirrored in the ITR on capital, which exceed the EU-25 weighted average by one third.

Norway levies a wide range of environmental taxes, including not only the traditional excises on mineral oils but also significant levies on electricity consumption, CO2 emissions, greenhouse gases, pesticides, sulphur and a tax on NOX emissions — only introduced in 2007. Transport taxes, in particular, are high (1.2 % of GDP) — twice the EU-27 average — owing to a heavy tax burden on vehicles. In contrast, energy taxes, at 1.2 % of GDP, yield less revenue than the EU weighted average. Pollution/resource taxes yield 0.3 % of GDP, a comparatively high value; note that this amount does not include the special tax on oil companies' profits. Overall, in 2008 the share of environmental related tax revenues on GDP was 2.7 %, down from 3.4 % of GDP in 2000.

Current topics and prospects; policy orientation

The 2010 budget brought measures to improve the net wealth tax, strengthen the environmental aspects of the tax system and to fight tax fraud. The basic allowance in the net wealth tax was increased considerably, reducing the number of wealth-tax payers by about 120 000. At the same time, a new formula-based system for determining the tax-assessed value of homes and of non-rented business premises subject to the net wealth tax was introduced. A formula-based system for rented business premises was introduced in 2009. The new formulas – based on size, geographical location, age, etc. of the building - offer a better correlation between the market value and the assessed value and hence should render the system fairer.

To set further environmental incentives, the CO2 emissions element of the car registration tax was increased. Furthermore, the tax exemption for biodiesel in ordinary diesel will be phased out in 2010 and 2011.

Anti-fraud measures on the taxation side comprise the interdiction of tax deductions of input VAT if a payment exceeding NOK 10 000 (€ 1 220) is made in cash. If a cash payment is made, the recipient may be held (jointly) responsible for the tax liability, if the service provider defaults.

Excises taxes have been increased on tobacco products. A VAT rate on cultural and sport activities of 8 % has been announced for intended implementation from 1 July 2010, still allowing for various tax exemptions.

A 15 % tax on Norwegian pensions for pensioners not domiciled in Norway has been introduced from 2010. A condition for the tax obligation with regard to private pensions is that the pensioner has acquired pension rights in the public social security system.

Main features of the tax system

Personal income tax

Norway, like several other Nordic countries, has adopted a dual tax system. Income from labour and pensions is taxed at progressive rates, while the remaining forms of income are (mainly) taxed at a flat rate.

The basic element of the personal income tax is levied on so-called ordinary income, which includes all kinds of income, but also various allowances. The tax rate on ordinary income is 28 %; this rate combines State, county and municipal taxes (*Finnmark* and *Nord-Troms* benefit, however, from a lower 24.5 % rate). The surtax (*toppskatt*) is the progressive element of the PIT. It is levied on the so-called personal income — i.e. gross wage income, gross pension income and a calculated income for the self-employed — provided annual personal income exceeds NOK 456 400 (€ 55 682). The surtax is levied at a rate of 9 % on income between this threshold and NOK 741 700 (€ 90 490) (7 % in *Finnmark* and *Nord-Troms*) and at a rate of 12 % on income above.

The 2006 tax reform abolished the imputation system of taxation of dividends. The reform introduced a tax exempt amount on dividends received by individuals equivalent to the risk-free return on invested capital (this is normally set at the after-tax return on three-month government paper). This tax-free return may be carried forward and be set against future dividend income or capital gains; the excess is taxed at the ordinary rate of 28 %. This, in combination with lower marginal tax rates on labour income, has made it no longer particularly profitable to have labour income taxed as dividends, thus reducing the problem of income shifting.

Corporate taxation

Companies are subject to corporate income tax of 28 %. Income and capital gains are pooled and taxed at the same rate. Special regimes apply to activities related to the exploration and exploitation of petroleum resources.

Since 2004 an exemption regime for corporate shareholders has been in force. Dividends derived by corporate shareholders from resident companies, savings banks and unit trusts are in principle exempt from tax, as well as capital gains on the disposal of shares in such entities. However, 3 % of such income is taxable in order to balance the deduction of costs related to such income. In general, all expenses incurred in acquiring, securing and maintaining income are deductible. Royalties and management fees are usually deductible, but must be made on an arm's-length basis if such payments are made to related parties. Capital gains derived from the sale of business assets are normally included in taxable income (with profit and loss account deferral). Losses may be carried forward — and also backward for the years 2008 and 2009 (maximum NOK 20 million (€ 2.3 million) per year) — to be set off against profits in succeeding years. A tax credit is granted to companies engaging in research and development projects approved by the Research Council of Norway.

VAT and excise duties

The Norwegian VAT standard rate is 25 %, and has fairly general use. There is a reduced rate of 14 % on foodstuffs and a rate of 8 % on passenger transport, broadcasting services, admission to cinemas, accommodation in hotels and camping sites and business letting of holiday homes and, probably from 01.07.2010, on cultural and sport services. A zero rate applies to the sale of books and newspapers.

Wealth and transaction taxes

Resident individuals are subject to national net wealth tax (tax rate 0.4 %) and municipal net wealth tax (0.7 %) above a certain threshold with respect to their worldwide net wealth. The tax base was broadened in 2007, 2008, 2009 and in 2010, by increasing tax values for homes and for commercial real estate and by broadening the base for securities, but at the same time higher basic allowances were granted. The wealth tax is due independently of the income tax. The rule limiting the total "net wealth" tax burden to 80 % of total "ordinary" income was abolished in 2009. In 2010 the zero tax bracket was increased considerably from NOK 470 000 (€ 57 342) to NOK 700 000 (€ 85 402). At the same time a new system to assess the value of private homes and business premises was introduced in order to increase the system's fairness.

There is an inheritance and gift tax, with a zero rate up to taxable amounts of NOK 470 000 (€ 57 342). From this level, the rates range from 6 % to 15 % — considerably reduced in 2009 by 2, 10 and 15 percentage points respectively — depending on the status of the beneficiary and the size of the taxable amount.

Social contributions

The national insurance contributions payable by employees are computed on gross salary and pension income. The general rate of 7.8 % applies to employment income including benefits in kind and remuneration of directors, members of committees, and so on. A reduced rate of 3 % applies to pensions and life annuities, as well as to employment income earned by individuals under 17 or over 69 years. There is an exemption for incomes up to NOK 39 600 (€ 4 832) from the contributions. For income above this amount, the contributions are at a balancing rate of 25 % until the general rate of 7.8 % on employment income is achieved. The contributions payable by individuals are not deductible for income tax purposes. Regionally differentiated rates in employers' social security contributions were reintroduced in 2007 ranging from 0 % to 14.1 %. The self-employed pay national insurance contributions at a rate of 11 %.

Iceland

ICELAND	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008
A. Structure of revenues									% of GDP	€ bn
Indirect taxes	18.2	15.9	15.9	16.7	17.8	19.1	19.4	18.7	15.6	1.6
VAT	10.6	9.4	9.4	9.7	10.4	11.1	11.3	10.6	9.1	0.9
Excise duties and consumption taxes	2.6	2.0	1.9	2.1	2.2	2.7	2.8	2.6	1.9	0.2
Other taxes on products (incl. import duties)	1.9	1.7	1.9	2.1	2.3	2.4	2.1	2.2	1.7	0.2
Other taxes on production	3.1	2.9	2.7	2.8	2.9	2.9	3.2	3.3	2.9	0.3
Direct taxes	16.1	16.5	16.5	16.8	17.0	18.3	18.8	19.0	18.3	1.9
Personal income	13.1	13.8	13.9	14.2	14.3	14.6	14.6	14.6	14.5	1.5
Corporate income	1.1	0.9	0.8	1.3	1.2	2.0	2.4	2.5	2.0	0.2
Other	1.8	1.8	1.8	1.3	1.5	1.7	1.7	1.8	1.8	0.2
Social contributions	2.9	2.8	2.9	3.1	3.1	3.2	3.3	3.0	2.8	0.3
Employers´	2.7	2.7	2.8	3.0	2.9	3.1	3.2	3.0	2.8	0.3
Employees´	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Self- and non-employed	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
Less: amounts assessed but unlikely to be collected	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
TOTAL	**37.1**	**35.3**	**35.2**	**36.7**	**37.9**	**40.6**	**41.4**	**40.7**	**36.7**	**3.8**
B. Structure by level of government									% of total taxation	
Central government	76.6	75.0	75.2	75.7	76.4	77.1	75.7	74.9	74.1	2.8
State government[1]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local government	23.4	25.0	24.8	24.3	23.6	22.9	24.3	25.1	25.9	1.0
Social security funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EU institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C. Structure by economic function									% of GDP	
Consumption	15.0	13.1	13.3	13.9	14.7	15.8	16.1	15.1	12.8	1.3
Labour	:	:	:	:	:	:	:	:	:	
Employed	:	:	:	:	:	:	:	:	:	
Paid by employers	2.8	2.7	2.8	3.0	3.0	3.1	3.2	3.1	2.9	0.3
Paid by employees	:	:	:	:	:	:	:	:	:	
Non-employed	:	:	:	:	:	:	:	:	:	
Capital	:	:	:	:	:	:	:	:	:	
Capital and business income	:	:	:	:	:	:	:	:	:	
Income of corporations	1.4	1.2	1.1	1.4	1.3	2.2	2.4	2.5	2.0	0.2
Income of households	:	:	:	:	:	:	:	:	:	
Income of self-employed (incl. SSC)	:	:	:	:	:	:	:	:	:	
Stocks of capital / wealth	3.6	3.3	3.1	3.2	3.6	3.7	3.8	3.9	3.1	0.3
D. Environmental taxes									% of GDP	
Environmental taxes	3.3	2.7	2.3	2.6	2.7	2.8	2.5	2.4	1.8	0.2
Energy	1.1	1.0	0.9	0.9	0.9	1.0	1.3	1.2	1.0	0.1
Of which transport fuel taxes	:	:	:	:	:	:	:	:	:	
Transport (excl. fuel)	1.7	1.3	1.2	1.4	1.5	1.5	1.0	1.0	0.6	0.1
Pollution/resources	0.4	0.4	0.2	0.2	0.3	0.2	0.3	0.2	0.2	0.0
E. Implicit tax rates									%	
Consumption	27.1	25.0	25.8	26.3	27.9	29.3	30.6	29.1	26.2	
Labour employed	:	:	:	:	:	:	:	:	:	
Capital	:	:	:	:	:	:	:	:	:	
Capital and business income	:	:	:	:	:	:	:	:	:	
Corporations	:	:	:	:	:	:	:	:	:	
Households	:	:	:	:	:	:	:	:	:	
Real GDP growth (annual rate)	3.3	2.0	1.5	1.0	3.9	2.5	2.1	2.7	1.8	

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

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

n.a. not applicable, : not available

Source: Commission services

ICELAND

Overall trends in taxation

Structure and development of tax revenues

Iceland's total tax-to-GDP ratio amounted to 36.7 % in 2008; a value which falls below the weighted European Union average by 2.6 percentage points. The level of taxation in Iceland is significantly lower compared with other Nordic countries; Iceland's ratio is lower by 5.5 percentage points than Norway's and more than 10 percentage points lower than the Swedish level.

A characteristic of the Icelandic tax system, which is common to the other Nordic countries as well, is the high share of direct taxation, accounting to 49.8 % of the total taxation in 2008, compared to the EU-27 weighted average (34.3 %) it is 15.5 percentage points higher. This share has been constantly growing since 2004. Amongst the other Nordic countries this is not the highest share of direct tax revenues, with for instance Denmark yielding 62.3 % and Finland 41.4 %. The high level of revenue from direct taxes can be accounted for by the relatively high personal income taxes which bring in revenue of 14.5 % of GDP which is 5 percentage points more than the EU-27 weighted average. The level of indirect taxes is also significant, standing at 15.6 % of GDP as in Denmark, with a little difference of over 2 percentage points compared to the EU-27 weighted average. Incomes from social contributions cover a very small share with only 2.8 % of GDP, more than four times lower than the EU-27 weighted average.

In 2008, 74.1 % of taxes were paid to the central government, while local government received 25.9 % of the total; a share well above the EU weighted average of 10.4 %. The Social security funds do not receive any share of government receipts, compared with 14.4 % in the EU-27 weighted average.

The tax-to-GDP ratio increased from 35.2 % to 41.4 % between 2002- 2006, but fell strongly in 2008 due mainly to a slump in indirect tax revenues; currently it is at 36.7 %. Direct taxes from personal income relative to GDP had almost the same value, while taxes on corporate income have increased slightly until 2007. Indirect tax revenues have been oscillating strongly since 2000; social security contributions have hardly the same level as in 2000.

Taxation of consumption, labour and capital; environmental taxation

Revenues from taxation of consumption, at 12.8 % of GDP, have declined markedly in 2008 reaching the lowest rate since 2000. Current levels are nevertheless above by 2 percentage points from the EU-27 weighted average (10.8 % of GDP). The ITR on consumption in 2008 is 26.2 % which is well above the EU-27 weighted average (19.5 %), and has been increasing from 2001 to 2006, but in 2008 it fell further after the decrease in 2007.

Due to data limitations, the level of taxation on labour and capital, and the ITRs on labour and on capital are not available for Iceland.

Based on the available data, environmental tax revenue, at 1.8 % if of GDP in 2008 lies well below the EU-27 weighted average (2.4 %); this value corresponds to the third lowest in the EU-27 Member States. Most of this revenue is raised on energy. Revenues from environmental taxes have overall decreased in recent years (3.3 % in 2000).

Current topics and prospects; policy orientation

In response to the economic slump a number of tax reforms were introduced and entered into force as of July 2009 (additional details below). In late 2009 new legislation was adopted making further direct and indirect tax reforms effective as of 1 January 2010, including the VAT system, the individual taxation system and the corporate taxation system. The top VAT rate was raised to 25.5 % but the reduced rate was left unchanged at 7 %. Taxes on alcohol and tobacco, petrol and diesel were increased. New temporary taxes were introduced for the period 2010-2012; a carbon tax on transport fuels and an energy tax on the consumption of electricity and hot water. A three-level taxation of individual income will be introduced with a minimum 37.22 % rate and a maximum 46.12 % rate (combined central and local income tax rates). The personal tax credit will increase to ISK 530 466 (€ 2 980), resulting in the monthly tax-free minimum increasing to ISK 118 768 (€ 667). Instead of 10 %, individual investment income over ISK 100 000 (€ 562) will be taxed at 18 %. Temporarily (2010-2012), a 1.25 % rate will be imposed on net wealth exceeding ISK 90 million (€ 505 618) for an individual and ISK 120 million (€ 674 157) for couples. The corporate income tax for companies and partnerships will increase to 18 % and 32.7 % respectively. Social security contributions paid by the employer will rise to 8.65 % after having been raised from 5.34 % to 7.00 % in July 2009.

Main features of the tax system

Personal income tax

In the last decade personal income taxes were reduced by gradually lowering the standard income tax rate and introducing a flat tax on capital income previously subject to the common personal income tax rate. A special tax on higher income was abolished in 2006, but reintroduced in 2009.

The Personal Income Tax structure in Iceland is based on a PAYE (pay as you earn) flat rate and it includes the central government and the municipal income taxes. The rate for 2009 has been set at 37.2 % of which 24.1 % is the central government tax and an average of 13.1 % is the municipal tax rate. Compared to 2008, the rate increased by 1.48 %. Monthly incomes in the period 1 July 2009 until 31 December 2009 in excess of ISK 700 000 (€ 3 933) are subject to a temporary 8 % surcharge. An additional flat tax of ISK 7 534 (€ 42) is collected for the elderly fund from each individual between 16 and 69 years with an income over the non-taxable ISK 1 361 467 (€ 7 649) per year. Investment income is taxed separately at a rate of 10 % but investment income over ISK 250 000 (€ 1 404) was taxed at 15 % as of July 2009 until 31 December 2009.

For annual income below ISK 1 361 467 (€ 7 649) no tax is levied. The basic annual tax credit amounting to ISK 506 466 (€ 2 845) is non-refundable and non-transferable between years but transferable between spouses. Seamen get a tax reduction of ISK 987 (€ 5.5) per day. Compulsory payments to pension funds are deductible from taxable income. Interest rebates are granted to purchasers of personal dwellings. The maximum level of this rebate in 2009 is ISK 189 957 (€ 1 067) for a single person; ISK 244 299 (€ 1 372) for a single parent and ISK 314 134 (€ 1 765) for a couple. Child benefits are granted subject to income thresholds and category.

Corporate taxation

Since 1999 Iceland has a classical corporate taxation system. Corporate net wealth tax has been abolished. Inflation accounting had been in effect for years but was replaced in 2002 by conventional historical accounting in conformity with international norms. As of 2002 accounting in foreign currency is allowed. There is a deduction system for inter-company dividends and for capital gains both for residents and non-resident companies. International companies trading exclusively with goods and services outside of Iceland have benefited from a favourable 5 % offshore corporate tax, which was however abolished in 2009.

Income and capital gains are taxed at the same corporate tax rate of 15 % in 2009; it has been cut steadily from 50 % in 1989 to 15 % in 2008. The rate for partnerships has decreased to 23.5 %. No taxes are levied by municipalities on corporate profits and all proceeds of the CIT accrue to the Treasury. All foreign entities, receiving interest income from Iceland are subject to limited tax liability as of 1 September 2009. Since 2008 significant amendments have been introduced, such as: no tax is levied on capital gains from the corporate sale of shares in companies; the rate on dividends paid to resident and non-resident companies is the same at 10 %; the withholding 10 % tax on dividends paid to EEA member state countries is reimbursable.

VAT and excise duties

Reforms in the 2010 budget increased the standard VAT rate to 25.5% (up from 24.5 %). In 2007 the reduced rate of 14 % was diminished to 7 % and applies to all foodstuffs, restaurant services, hotel accommodation, books, newspaper, magazines, music discs, hot water, electricity and oil for heating homes, radio user fees and road tolls. All transactions are generally taxable with some exceptions: exemptions without credit for input tax include insurance services, health services and banking services. The most important exemption with credit for input tax (zero rated) is the export of goods and services.

Excise taxes are levied on selected goods; the most important ones are alcohol, tobacco, new cars, petrol and diesel. Those taxes are generally fixed in nominal terms per unit of consumption without price-indexation. After having been raised three times in the period December 2008 - January 2010 they have adjusted partly or fully to their original real value. Amendments in mid-2009 increased excise taxes on food products with high sugar content.

Wealth and transaction taxes

Net wealth tax was abolished in 2006 but will be reintroduced temporarily in 2010-2012. Property tax is levied annually by municipalities on the basis of assessed value as registered in a government agency's database, and subject to a maximum of 0.5 % on residential housing or 1.32 % on hospitals, schools, industrial and commercial buildings. The sale of a home, owned for at least 2 years by the taxpayer, is exempt of taxes. No special tax is levied on the transfer of property, shares, bonds and other securities. Inheritance tax is imposed at a rate of 5 %. Stamp duties are levied on legal documents, varying between 0.25 % and 2 %.

Local taxes

The flat municipal income tax rate ranges from 11.24 % to 13.28 % and the average rate in 2009 is 13.10 %.

Social contributions

Social security contributions are levied on gross wages and paid by employers. On 1 July 2009 the rate was raised from 5.34 % to 7 % (2.21 % going to the Unemployment Insurance Fund) and 7.65 % for seamen. In 2010 the rate will be raised further, to 8.65 %.

Bibliography

Adema, W., 'Revisiting real social spending across countries: a brief note', *OECD Economic Studies*, No 30, OECD, Paris, 2000.

Adema, W., 'Net Social Expenditure, 2nd edition', *OECD Labour Market and Social Policy Occasional Papers*, No 52, OECD, Paris, 2001.

Adema, W., and M. Ladaique, 'Net Social Expenditure, 2005 Edition — More comprehensive measures of social support', *OECD Social, Employment and Migration Working Papers*, No 29, OECD, Paris, 2005.

Arpaia, A., and G. Carone, 'Do labour taxes (and their composition) affect wages in the short and long run? ', *European Economy — Economic Papers*, No 216, 2004.

Banco de Portugal, *Economic Bulletin*, Vol. 10, No 1, March 2004.

Bouthevillain, C., P. Cour-Thimann, G. van den Dool, P. Hernandez de Cos, G. Langenus, M. Mohr, S. Momigliano and M. Tujula. 2001. Cyclically Adjusted Budget Balances: An Alternative Approach. In: ECB Working Paper 77.

Cameron, D. R., 'The Expansion of the Public Economy: A Comparative Analysis', *American Political Science Review* 72, pp. 1243–61, December 1978.

Carey, D., and J. Rabesona, 'Average effective tax rates on capital, labour and consumption', paper presented at the CESifo conference on measuring the tax burden on labour and capital, Venice, July 2002.

Carone, G., and A. Salomäki, 'Reforms in tax-benefit systems in order to increase employment incentives in the EU', *European Commission Economic Paper*, No 160, Brussels, 2001.

Carone, G., Pierini, F., Stovicek, K., and E. Sail, 'Recent reforms of the tax benefit systems in the framework of flexicurity', *Occasional Paper*, No 43, European Commission, Directorate-General for Economic and Financial Affairs, 2009.

Clark, S., 'Using micro data to assess average effective tax rates', paper presented at the CESifo conference on measuring the tax burden on labour and capital, Venice, July 2002.

Cnossen, S., 'Tax Policy in the European Union — A Review of Issues and Options', *FinanzArchiv*, Vol. 58, pp. 466–558, 2001.

Georgakopoulos, T., 'More jobs, less tax evasion, cleaner environment, options for compensating reductions in the taxation of labour — taxation of other factors of production: case study', Greece, Athens University of Economics and Business, March 1998.

De Haan, J., Sturm, J. E., and B. Volkerink, 'How to measure the tax burden on labour', paper presented at the CESifo conference on measuring the tax burden on labour and capital, Venice, July 2002.

Deloitte, Corporate Tax Rates at a Glance, various issues.

De Mooij, R. A., and G. Nicodème, 'Corporate Tax Policy and Incorporation in the EU', *Taxation Papers*, No 11, 2008.

Denis, C., Mc Morrow, K., and W. Röger, 'Production function approach to calculating potential growth and output gaps — estimates for the EU Member States and the US', *European Economy — Economic Papers*, No 176, 2002.

Denis, C., D. Grenouilleau, K. Mc Morrow and W. Röger (2006), " Calculating potential growth rates and output gaps - A revised production function approach ", Economic Papers 247, European Commission (March)

Desai, A., Foley, C. F., and J. R. Hines, 'Chains of Ownership, Tax Competition, and Foreign Direct Investment', paper presented at the CESifo conference on measuring the tax burden on labour and capital, Venice, July 2002.

Devereux, M. P., Griffith R., and A. Klemm, 'Corporate income tax reforms and international tax competition', *Economic Policy*, Vol. 35, pp. 451–488, 2002.

Devereux, M. P., 'Developments in the taxation of corporate profit in the OECD since 1965: rates v revenue', prepared for the Conference of the Alliance for Competitive Taxation, Washington DC, June 2006.

European Commission, 'Council Regulation (EC) No 2223/96 of 25 June 1996 on the European system of national and regional accounts in the Community', *Official Journal* L 310, pp. 1–469, November 1996a([80]).

European Commission, Structures of the taxation systems in the European Union, Luxembourg, 1996b.

European Commission, 'Commission Decision of 10 February 1997 on the definition of a methodology for the transition between the European System of National Accounts in the Community (ESA95) and the European System of Integrated Economic Accounts (ESA second edition)', *Official Journal* L 75, pp. 44–75, March 1997.

European Commission, 'Implementation of the new system of accounts (ESA95)', *Statistics in Focus*, Economy and Finance, National Accounts — Theme 2, 27, 1999.

European Commission, 'Public finances in EMU 2000', *Reports and Studies*, No 3, Brussels, 2000a.

European Commission, Structures of the taxation systems in the European Union 1970–1997, 2000 edition, Luxembourg, 2000b.

European Commission, 'Company taxation in the internal market', *Commission Staff Working Paper* COM(2001) 582, 2001a.

European Commission, Environmental taxes — a statistical guide, Eurostat, 2001b.

European Commission, 'Public finances in EMU 2002', *Reports and Studies*, No 3, Brussels, 2002a.

European Commission, 'Environmental taxes in the EU, 1980–1999', *Statistics in Focus,* Economy and Finance, Eurostat, August 2002b.

European Commission, Structures of the taxation systems in the European Union, 2003 edition, Luxembourg, 2003a.

European Commission, 'Public finances in EMU 2003', *Reports and Studies*, No 3, Brussels, 2003b.

European Commission, 'Public finances in EMU 2008', European Economy. **4**. July 2008, Brussels, 2008

European Commission, Directorate-General Taxation and Customs Union, 'Methodology of the Structures of the Taxation Systems in the EU: the implicit tax rate on capital', *Staff Working Paper*, 2004a.

European Commission, Structures of the taxation systems in the European Union, 2004 edition, Luxembourg, 2004b.

European Commission, Structures of the taxation systems in the European Union, 2005 edition, Luxembourg, 2005.

European Commission, Structures of the taxation systems in the European Union, 2006 edition, Luxembourg, 2006.

European Commission, *Taxation trends in the European Union*, 2007 edition, Luxembourg, 2007.

([80]) As modified — notably — by Regulation (EC) No 2516/2000 of the European Parliament and of the Council, 7 November 2000. A consolidated version of the Regulation is available online at the eur-Lex website: http://ec.europa.eu/eur-lex/en/index.html

European Commission, *Taxation trends in the European Union*, 2008 edition, Luxembourg, 2008.

European Commission, Taxes in Europe database, http://ec.europa.eu/tedb

European Commission, 'Commission Regulation (EC) No 995/2001 of 22 May 2001 implementing Regulation (EC) No 2516/2000 of the European Parliament and of the Council modifying the common principles of the European System of national and regional accounts in the Community (ESA95) as concerns taxes and social contributions', *Official Journal* L139, 23.5.2001, pp. 3–8.

European Communities, 'Energy efficiency indicators: data 1990–1999', *Statistics in Focus*, Theme 8: Environment and Energy, Eurostat, 2002.

European Communities, 'Environmental taxes in the European Union 1980-2001', *Statistics in Focus*, Theme 8: Environment and Energy, Eurostat, June 2003.

Eurostat, *ESSPROS Manual*, 1996.

Eurostat, 'Tax revenue in EU Member States', *Statistics in Focus* 3/2005, Luxembourg, 2005.

Eurostat, 'Tax revenue in the EU', *Statistics in Focus* 2/2006, Luxembourg, 2006.

IBFD, 'Tax News Service', European Taxation Database and European Tax Handbook, various issues.

Fullerton, D., and G. E. Metcalf, 'Tax incidence', in A. J. Auerbach and M. Feldstein (eds.), *Handbook of Public Economics*, Vol. 4, pp. 1787–1872, Amsterdam, 2002.

Fullerton, D., and G. E. Metcalf, 'The distribution of tax burdens: an introduction', *NBER Working Paper*, No 8978, June 2002.

Girouard, N. and C. Andre. 2005. Measuring Cyclically Adjusted Budget Balances in OECD Countries. In: Economics Department Working Paper 434. OECD.

Griffith, R. and A. Klemm, 'What has been the tax competition experience for the last 20 years?', *IFS Working Paper* 04/05, 2004.

Jacobs, O. H., Spengel, C., et al., *Company taxation in the new EU Member States*, Frankfurt am Main/Mannheim, 2003.

Jacobs, O. H., Spengel, C., Finkenzeller, M., and M. Roche, *Company Taxation in the New EU Member States*, 2nd edition, Frankfurt am Main/Mannheim, 2004.

KPMG, KPMG's Corporate Tax Rates Survey, various issues.

Larch, M. and A. Turrini, 2009. "The Cyclically Adjusted Budget Balance in EU Fiscal Policymaking. Love at First Sight Turned into a Mature Relationship," *MPRA Paper 20594,* University Library of Munich, Germany.

Martinez-Mongay, C., 'ECFIN's effective tax rates, properties and comparisons with other tax indicators', *European Commission Economic Paper*, No 146, Brussels, 2000.

Mendoza, E. G., Razin, A., and L. L. Tesar, 'Effective tax rates in macroeconomics. Cross-country estimates of tax rates on factor incomes and consumption', *Journal of Monetary Economics*, Vol. 34, pp. 297–323, 1994.

Ministry of Finance of Denmark, *Economic Survey*, December 2002 (and later editions).

Ministry of Economy and Finance of Italy, I° Documento annuale di comparazione dei sistemi fiscali sotto il profile giuridico - tributario, economico e di competitività nell'attrazione dei capitali internazionali, Rome, 2002.

Nicodeme, G., 'Computing effective corporate tax rates: comparison and results', European Commission, Directorate-General for Economic and Financial Affairs, *Economic Paper* No 153, June 2001.

Nicodème, G., 'Corporate tax competition and coordination in the European Union: what do we know? Where do we stand? ', in *International Taxation Handbook*, C. Read and G.N. Gregoriou (eds), Elsevier, London, Chapter 8, pp. 171–208, 2007.

Nicodème, G. (2008), 'Corporate Income Tax and Economic Distortions', *CESifo Working Paper* No 2477.

OECD, Organisation for Economic Co-operation and Development, 'Taxing powers of state and local government', *OECD Tax Policy Studies*, No 1, Paris, 1999; for an update of data see www.oecd.org/ctp/federalism

OECD, Organisation for Economic Co-operation and Development, 'Tax burdens: alternative measures', *OECD Tax Policy Studies*, No 2, Paris, 2000.

OECD, Organisation for Economic Co-operation and Development, 'Tax systems in European Union countries', *OECD Tax Policy Studies*, No 34, Paris, 2002a.

OECD, Organisation for Economic Co-operation and Development, 'Tax ratios: a critical survey', *OECD Tax Policy Studies*, No 05, Paris, 2002b.

OECD, Organisation for Economic Co-operation and Development, 'The truth about tax burdens', *OECD Observer*, Paris, 2002c.

OECD, Organisation for Economic Co-operation and Development, 'Fiscal Design Surveys across Levels of Government', *OECD Tax Policy Studies*, No 07, Paris, 2002d.

OECD, Organisation for Economic Co-operation and Development, *Taxing Wages* 2001-2002, 2002 edition, Paris, 2003.

OECD, Organisation for Economic Co-operation and Development, *Revenue Statistics* 2005 edition, 2005.

OECD, Organisation for Economic Co-operation and Development, *Revenue Statistics* 2006 edition, 2006a.

OECD, Organisation for Economic Co-operation and Development, *Taxing Wages* 2005 edition, 2006b.

OECD, Organisation for Economic Co-operation and Development, *OECD Economic Studies* No 43, 2006/2, 2006c.

OECD, Organisation for Economic Co-operation and Development, *Revenue Statistics* 2007 edition, 2007.

OECD, Organisation for Economic Co-operation and Development, *Taxing Wages* 2006-2007, 2007 edition, 2008a.

OECD, Organisation for Economic Co-operation and Development, *Revenue Statistics* 2008 edition, 2008b.

OECD, Organisation for Economic Co-operation and Development, *Revenue Statistics* 2009 edition, 2009

Ravets, C., and C. Hublard, 'Le SEC 95: nouveaux concepts et premiers résultats', Association de comptabilité nationale, Paris, 19–21 January 2000.

Roeger, W., 'The Production Function Approach to Calculating Potential Growth and Output Gaps: Estimates for EU Member States and the US'. 2006. Paper prepared for the workshop on Perspectives on potential output and productivity growth, organised by Banque de France and Bank of Canada, April 24 and 25, 2006.

Valenduc, C., ‘Effective or implicit tax rates? ’, paper presented at the conference on corporate and capital income taxation in the European Union: The EU Commission report on companies' taxation and beyond organised by Facultés universitaires catholiques de Mons and CESifo, December 2001.

Annex A

Tables

Tables

Table 1: Total Taxes (including SSC) as % of GDP

															Difference[1]		Ranking	Revenue[2]
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	1995 to 2008	2000 to 2008	2008	2008
BE	43.8	44.3	44.8	45.4	45.3	45.0	45.0	45.1	44.6	44.7	44.7	44.3	43.9	44.3	0.5	-0.7	3	152 627
BG	:	:	:	31.2	30.6	32.5	30.9	29.6	32.2	33.1	34.0	33.2	34.2	33.3	-	0.8	19	11 369
CZ	36.2	34.7	35.0	33.3	34.0	33.8	34.0	34.8	35.7	37.4	37.1	36.7	37.2	36.1	0.0	2.3	15	53 446
DK	48.8	49.2	48.9	49.3	50.1	49.4	48.5	47.9	48.0	49.0	50.8	49.6	49.0	48.2	-0.6	-1.2	1	112 267
DE	39.8	40.7	40.7	40.9	41.7	41.9	40.0	39.5	39.6	38.7	38.8	39.2	39.4	39.3	-0.5	-2.5	9	981 620
EE	36.3	34.3	34.3	34.0	32.5	31.0	30.2	31.0	30.8	30.6	30.6	31.1	32.3	32.2	-4.1	1.2	22	5 171
IE	33.1	33.1	32.4	31.7	31.9	31.6	29.8	28.5	29.0	30.3	30.8	32.3	31.4	29.3	-3.8	-2.3	24	53 193
EL	29.1	29.4	30.6	32.5	33.3	34.6	33.2	33.7	32.1	31.2	31.8	31.7	32.4	32.6	3.5	-2.0	21	78 000
ES	32.7	33.1	33.2	33.0	33.6	33.9	33.5	33.9	33.9	34.5	35.6	36.4	37.1	33.1	0.4	-0.8	20	360 318
FR	42.7	43.9	44.1	44.0	44.9	44.1	43.8	43.1	42.9	43.2	43.6	43.9	43.2	42.8	0.1	-1.3	7	834 349
IT	40.1	41.8	43.7	42.5	42.5	41.8	41.5	40.9	41.3	40.6	40.4	42.0	43.1	42.8	2.7	1.0	6	672 800
CY	26.7	26.2	25.6	27.7	28.0	30.0	30.9	31.2	33.0	33.4	35.5	36.5	40.9	39.2	12.5	9.3	10	6 768
LV	33.2	30.8	32.1	33.7	32.0	29.5	28.5	28.3	28.5	28.5	29.0	30.4	30.5	28.9	-4.3	-0.6	26	6 694
LT	27.5	27.1	30.6	31.7	31.7	30.1	28.6	28.4	28.1	28.3	28.5	29.4	29.7	30.3	2.7	0.1	23	9 743
LU	37.1	37.6	39.3	39.4	38.3	39.1	39.8	39.3	38.1	37.3	37.6	35.6	35.7	35.6	-1.5	-3.5	16	14 015
HU	40.8	39.3	37.8	37.6	38.2	39.0	38.2	37.8	37.9	37.4	37.5	37.2	39.8	40.4	-0.4	1.4	8	42 635
MT	26.8	25.4	27.5	25.6	27.3	28.2	30.4	31.5	31.4	32.9	33.9	33.7	34.6	34.5	7.7	6.3	17	1 967
NL	40.2	40.2	39.7	39.4	40.4	39.9	38.3	37.7	37.4	37.5	37.6	39.0	38.9	39.1	-1.1	-0.9	11	232 752
AT	41.4	42.9	44.4	44.4	44.0	43.2	45.3	43.9	43.8	43.4	42.3	41.9	42.2	42.8	1.4	-0.4	5	120 653
PL	37.1	37.2	36.5	35.4	34.9	32.6	32.2	32.7	32.2	31.5	32.8	33.8	34.8	34.3	-2.8	1.8	18	124 470
PT	32.1	32.9	33.0	33.2	34.1	34.3	33.9	34.7	34.8	34.1	35.1	35.9	36.8	36.7	4.6	2.4	14	61 083
RO	29.1	27.0	26.6	28.7	31.0	30.2	28.6	28.1	27.7	27.2	27.8	28.5	29.0	28.0	-1.1	-2.2	27	39 174
SI	39.2	38.1	37.0	37.8	38.2	37.5	37.7	38.0	38.2	38.3	38.6	38.3	37.8	37.3	-1.9	-0.1	12	13 869
SK	40.3	39.4	37.3	36.8	35.4	34.1	33.1	33.1	32.9	31.5	31.3	29.2	29.3	29.1	-11.2	-5.0	25	18 873
FI	45.7	47.0	46.3	46.1	45.8	47.2	44.6	44.6	44.0	43.5	44.0	43.5	43.0	43.1	-2.6	-4.1	4	79 642
SE	47.9	50.4	50.9	51.5	51.8	51.8	49.9	47.9	48.3	48.7	49.5	49.0	48.3	47.1	-0.8	-4.7	2	154 601
UK	34.7	34.4	34.8	35.9	36.2	36.7	36.4	34.9	34.7	35.1	36.0	36.8	36.5	37.3	2.7	0.6	13	678 751
NO	*42.0*	*42.4*	*42.2*	*42.0*	*42.3*	*42.6*	*42.9*	*43.1*	*42.3*	*43.3*	*43.5*	*44.0*	*43.7*	*42.2*	*0.2*	*-0.5*		*130 417*
IS	*33.3*	*34.3*	*34.6*	*34.4*	*36.8*	*37.1*	*35.3*	*35.2*	*36.7*	*37.9*	*40.6*	*41.4*	*40.7*	*36.7*	*3.4*	*-0.4*		*3 771*
EU-27 averages																		
weighted	:	:	:	40.3	40.8	40.6	39.7	39.0	39.0	38.9	39.2	39.7	39.7	39.3	:	-1.2		
arithmetic	:	:	:	37.1	37.3	37.2	36.6	36.3	36.3	36.4	36.9	37.0	37.4	37.0	:	-0.2		
EA-16 averages																		
weighted	39.8	40.7	41.1	41.0	41.5	41.2	40.3	39.8	39.8	39.5	39.6	40.2	40.4	39.7	-0.1	-1.5		
arithmetic	36.9	37.2	37.5	37.5	37.8	37.9	37.6	37.4	37.3	37.2	37.6	37.7	38.1	37.6	0.7	-0.3		
EU-25 averages																		
weighted	39.5	40.2	40.4	40.4	40.9	40.6	39.8	39.1	39.1	38.9	39.3	39.8	39.9	39.5	0.0	-1.1		
arithmetic	37.3	37.3	37.6	37.7	37.8	37.6	37.1	36.9	36.9	36.9	37.3	37.5	37.9	37.5	0.1	-0.2		
Convergence indicators																		
St.dev/mean	17.0	19.0	18.3	17.8	17.6	17.6	17.6	17.0	16.7	16.7	16.4	15.6	14.8	15.4	-1.6	-2.2		
Max-min	22.1	25.0	25.3	26.0	24.5	23.7	21.4	19.8	20.7	21.8	23.1	21.1	20.0	20.1	-1.9	-3.5		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 2: Cyclically adjusted total taxes (including SSC) as % of GDP

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	2000 to 2008
BE	44.2	45.1	44.9	45.7	45.1	44.1	44.7	45.1	45.2	44.7	44.6	43.7	42.4	43.0	-1.2	-1.2
BG	:	:	:	:	:	33.9	32.2	30.4	32.7	32.8	33.1	31.5	31.7	29.8	:	-4.0
CZ	35.5	33.3	34.6	34.0	35.1	34.5	34.8	36.0	36.8	38.1	36.8	35.1	34.6	33.6	-1.9	-0.9
DK	49.0	49.1	48.6	49.0	49.6	48.2	47.9	48.0	48.7	49.3	50.5	48.2	47.1	47.3	-1.7	-0.9
DE	39.7	41.0	41.0	41.1	41.8	41.2	39.4	39.5	40.1	39.1	39.2	38.8	38.4	38.1	-1.6	-3.1
EE	36.4	34.9	33.8	33.9	34.2	31.9	30.9	31.3	30.6	29.9	28.7	27.4	27.5	29.4	-7.0	-2.5
IE	34.8	34.6	32.7	31.8	31.1	30.1	28.8	27.5	28.5	29.8	29.6	30.2	27.9	27.4	-7.4	-2.7
EL	29.8	30.2	31.2	33.0	33.9	34.9	33.4	34.0	31.6	30.2	31.3	30.6	30.5	30.8	1.0	-4.1
ES	33.6	34.2	34.2	33.7	33.8	33.6	33.1	33.8	33.8	34.3	35.0	35.2	35.2	31.4	-2.2	-2.2
FR	43.3	44.9	45.1	44.4	44.9	43.3	43.2	42.9	43.1	43.0	43.4	43.3	42.2	42.1	-1.2	-1.3
IT	40.3	42.3	44.1	43.0	43.0	41.2	40.7	40.5	41.5	40.4	40.2	41.1	41.6	41.9	1.6	0.6
CY	26.4	26.5	26.3	28.1	28.0	29.6	30.3	31.2	33.5	33.6	35.4	36.0	39.7	37.7	11.3	8.1
LV	32.8	31.2	32.0	34.2	33.3	30.6	29.2	29.0	28.9	28.1	27.1	26.3	24.3	24.9	-7.9	-5.7
LT	27.6	27.3	30.3	30.9	32.7	31.7	29.9	29.3	27.9	27.5	26.9	26.8	25.3	25.8	-1.8	-5.9
LU	38.1	39.9	41.4	40.8	38.3	37.5	39.1	38.8	38.8	37.8	37.2	34.1	32.5	33.5	-4.5	-4.0
HU	40.5	40.2	38.5	38.2	38.9	39.3	38.5	37.8	37.5	36.3	36.0	34.8	37.7	38.5	-1.9	-0.8
MT	27.5	25.9	27.5	25.5	27.0	26.7	30.1	31.2	31.9	34.0	34.3	33.4	33.7	33.4	5.9	6.7
NL	40.9	40.8	39.8	39.2	39.4	38.5	37.2	37.4	37.8	37.8	37.8	38.5	37.7	37.7	-3.1	-0.8
AT	41.7	43.3	44.9	44.4	43.7	42.4	45.1	44.0	44.4	43.7	42.5	41.4	40.8	41.2	-0.5	-1.2
PL	38.0	37.6	36.0	34.7	34.2	31.9	32.3	33.7	33.2	32.1	33.5	33.8	33.9	33.0	-5.1	1.1
PT	33.1	33.8	33.5	33.0	33.5	33.1	32.6	33.8	34.9	34.0	35.1	35.7	36.1	36.4	3.2	3.3
RO	27.2	24.5	26.3	:	33.5	32.6	30.1	29.2	28.4	26.8	27.3	27.0	26.7	24.8	-2.4	-7.8
SI	39.4	38.5	37.1	38.2	38.0	37.2	37.9	38.1	38.7	38.5	38.5	37.1	34.9	34.2	-5.2	-3.0
SK	40.7	38.7	36.5	35.8	35.6	35.1	34.2	34.0	33.8	32.3	31.7	28.6	27.0	26.2	-14.4	-8.8
FI	47.8	48.7	46.7	45.7	45.2	45.9	43.7	44.4	44.2	43.3	43.7	42.1	40.6	40.9	-6.9	-5.1
SE	48.5	51.4	51.9	52.1	51.5	50.7	49.7	47.8	48.6	48.2	48.5	47.0	46.0	45.7	-2.8	-5.0
UK	35.2	34.9	35.2	36.1	36.2	36.3	36.2	34.9	34.5	34.7	35.5	35.8	35.0	36.0	0.8	-0.3
EU-27 averages																
weighted	:	:	:	:	:	39.9	39.2	38.9	39.2	38.8	39.0	38.9	38.3	38.1 #	:	-1.9
arithmeti	:	:	:	:	:	36.9	36.5	36.4	36.7	36.3	36.4	35.7	35.2	35.0	:	-1.9
EA-16 averages																
weighted	40.2	41.4	41.7	41.3	41.5	40.5	39.7	39.6	40.0	39.5	39.6	39.5	39.0	38.5	-1.6	-2.0
arithmeti	37.6	38.0	37.9	37.7	37.6	37.2	37.1	37.3	37.6	37.3	37.5	36.9	36.3	36.0	-1.6	-1.2
EU-25 averages																
weighted	39.9	40.8	40.9	40.7	40.9	40.0	39.3	39.0	39.3	38.9	39.1	39.0	38.4	38.2	-1.6	-1.7
arithmeti	37.8	37.9	37.9	37.9	37.9	37.2	36.9	37.0	37.1	36.8	36.9	36.2	35.7	35.6	-2.2	-1.6

1) In percentage points
See explanatory notes in Annex B
Source: Commission services

Table 3: Total Taxes (excluding SSC) as % of GDP

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference [1] 1995 to 2008	Difference [1] 2000 to 2008	Ranking 2008	Revenue [2] 2008
BE	29.5	30.0	30.7	31.2	31.1	31.2	30.9	30.8	30.4	30.8	31.1	30.9	30.3	30.3	0.9	-0.8	6	104 605
BG	:	:	:	22.1	20.6	21.5	20.9	20.1	21.6	22.5	23.7	24.5	25.6	25.2	-	3.7	13	8 612
CZ	21.8	20.5	20.4	19.3	20.0	19.6	19.8	19.9	20.7	21.4	21.0	20.4	21.0	19.9	-1.9	0.3	25	29 475
DK	47.7	48.1	47.9	48.3	48.5	47.6	46.7	46.7	46.8	47.9	49.7	48.6	48.0	47.2	-0.5	-0.4	1	110 011
DE	22.9	23.3	23.0	23.5	24.5	25.0	23.3	22.8	22.8	22.2	22.5	23.3	24.2	24.3	1.3	-0.7	16	605 500
EE	24.0	22.7	22.9	22.8	21.5	20.1	19.6	20.0	20.2	20.2	20.4	20.8	21.5	20.4	-3.6	0.3	23	3 281
IE	28.1	28.5	28.1	27.6	27.6	27.2	25.3	24.1	24.6	25.6	26.1	27.5	26.5	23.9	-4.2	-3.2	17	43 522
EL	19.8	19.8	20.6	22.2	23.1	24.1	22.6	22.1	20.4	20.1	20.6	20.6	20.6	20.4	0.6	-3.7	24	48 715
ES	20.9	21.1	21.2	21.1	21.7	21.9	21.3	21.8	21.7	22.3	23.5	24.3	24.9	20.8	-0.1	-1.1	21	226 477
FR	24.2	25.3	26.0	27.9	28.6	28.0	27.7	27.0	26.5	27.0	27.3	27.5	27.0	26.6	2.5	-1.4	10	519 458
IT	27.4	27.6	29.2	30.3	30.3	29.7	29.5	28.8	29.0	28.2	27.9	29.5	30.1	29.4	2.0	-0.3	7	462 541
CY	20.2	19.5	18.8	20.8	21.3	23.4	24.1	24.5	26.0	25.7	27.3	28.6	33.4	31.5	11.3	8.1	3	5 436
LV	21.2	20.0	21.4	23.0	21.3	19.6	19.3	19.0	19.7	19.8	20.6	21.7	21.8	20.7	-0.5	1.1	22	4 802
LT	20.4	19.5	22.2	22.7	22.5	20.7	19.7	19.7	19.6	19.9	20.4	21.0	21.1	21.3	0.9	0.5	20	6 845
LU	27.3	27.7	29.3	29.2	28.2	29.1	28.8	28.4	27.4	26.6	27.1	25.8	25.9	25.5	-1.7	-3.5	12	10 044
HU	26.1	25.7	23.9	24.0	25.3	26.0	25.4	25.0	25.3	25.2	24.9	24.7	26.2	26.6	0.6	0.6	11	28 094
MT	20.6	19.1	20.7	19.4	21.2	21.8	23.4	25.0	24.9	26.3	27.5	27.5	28.7	28.3	7.7	6.5	9	1 616
NL	24.3	25.0	24.6	24.5	24.8	24.5	24.7	24.5	23.6	23.6	24.6	25.0	25.3	24.6	0.3	0.1	15	146 494
AT	26.5	27.9	29.2	29.3	29.0	28.4	30.4	29.3	29.0	28.6	27.7	27.4	27.9	28.4	1.9	0.0	8	80 111
PL	25.8	25.6	24.7	23.7	21.2	19.6	18.8	19.8	19.4	19.1	20.5	21.6	22.9	23.0	-2.8	3.4	19	83 304
PT	22.4	23.1	23.0	23.2	24.0	24.0	23.4	23.9	23.8	23.0	23.7	24.5	25.1	24.8	2.4	0.8	14	41 251
RO	21.0	19.5	19.6	19.6	20.0	19.1	17.7	17.4	18.2	18.1	18.2	18.8	19.3	18.7	-2.4	-0.4	26	26 126
SI	22.4	23.1	22.7	23.5	24.0	23.2	23.2	23.7	24.0	24.1	24.4	24.3	24.1	23.3	0.9	0.1	18	8 648
SK	25.3	23.5	22.3	21.9	21.4	20.0	18.8	18.4	19.1	18.4	18.7	17.5	17.6	17.2	-8.1	-2.8	27	11 131
FI	31.6	33.4	33.5	33.5	33.2	35.3	32.6	32.8	32.3	31.8	32.0	31.3	31.1	31.0	-0.6	-4.3	4	57 336
SE	35.7	37.1	37.9	38.5	40.4	38.6	36.2	34.5	35.2	35.9	36.7	36.9	36.1	35.9	0.2	-2.7	2	117 662
UK	28.6	28.4	28.7	29.9	30.1	30.5	30.3	29.0	28.4	28.6	29.3	30.0	29.8	30.5	1.9	0.0	5	554 873
NO	*32.2*	*32.8*	*32.6*	*31.8*	*32.2*	*33.7*	*33.6*	*33.2*	*32.5*	*33.9*	*34.6*	*35.2*	*34.6*	*33.3*	*1.1*	*-0.4*		*102 913*
IS	*30.8*	*31.6*	*31.9*	*31.7*	*34.0*	*34.2*	*32.5*	*32.4*	*33.6*	*34.8*	*37.4*	*38.1*	*37.7*	*33.9*	*3.1*	*-0.3*		*3 482*
EU-27 averages																		
weighted	:	:	:	27.4	27.9	27.8	27.0	26.5	26.2	26.2	26.6	27.2	27.4	26.8	:	-1.1		
arithmetic	:	:	:	26.0	26.1	25.9	25.3	25.1	25.2	25.3	25.8	26.1	26.5	25.9	:	0.0		
EA-16 averages																		
weighted	24.3	24.9	25.4	26.2	26.7	26.7	25.9	25.5	25.3	25.1	25.4	26.1	26.4	25.6	1.3	-1.0		
arithmetic	24.6	24.9	25.2	25.6	25.9	26.0	25.6	25.5	25.3	25.3	25.7	26.0	26.4	25.7	1.1	-0.4		
EU-25 averages																		
weighted	25.7	26.2	26.6	27.4	27.9	27.9	27.1	26.5	26.3	26.3	26.7	27.3	27.5	26.8	1.2	-1.0		
arithmetic	25.8	25.8	26.1	26.5	26.6	26.4	25.8	25.7	25.6	25.7	26.2	26.5	26.8	26.2	0.5	-0.1		
Convergence indicators																		
St.dev/mean	23.3	25.3	24.9	24.8	25.2	25.6	25.4	24.8	24.3	24.9	25.1	24.0	23.0	23.9	0.6	-1.6		
Max-min	28.0	29.0	29.1	29.0	28.5	28.4	29.1	29.3	28.6	29.8	31.5	31.1	30.4	30.0	2.1	1.6		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 4: Total Taxes (excluding SSC) as % of Total Taxation

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference [1] 1995 to 2008	Difference [1] 2000 to 2008	Ranking 2008	Revenue [2] 2008
BE	67.3	67.8	68.4	68.7	68.7	69.2	68.7	68.3	68.1	68.9	69.5	69.6	69.0	68.5	1.2	-0.7	13	104 605
BG	:	:	:	70.8	67.4	66.2	67.5	68.0	67.2	68.2	69.7	73.7	74.7	75.7	-	9.6	7	8 612
CZ	60.4	59.0	58.4	57.9	58.8	58.1	58.2	57.3	57.9	57.1	56.6	55.7	56.3	55.1	-5.2	-2.9	27	29 475
DK	97.8	97.8	97.9	97.9	96.7	96.4	96.4	97.5	97.5	97.6	97.8	97.9	98.0	98.0	0.2	1.6	1	110 011
DE	57.7	57.2	56.5	57.4	58.8	59.6	58.2	57.7	57.5	57.4	58.0	59.5	61.5	61.7	4.0	2.1	25	605 500
EE	66.1	66.1	66.9	67.1	66.0	64.7	64.7	64.6	65.6	66.1	66.5	67.1	66.7	63.4	-2.7	-1.3	19	3 281
IE	85.0	86.2	86.7	87.0	86.5	86.0	84.8	84.5	84.7	84.7	84.7	85.1	84.2	81.8	-3.2	-4.2	3	43 522
EL	67.9	67.2	67.5	68.4	69.5	69.7	68.1	65.6	63.5	64.3	64.8	64.8	63.7	62.5	-5.4	-7.2	22	48 715
ES	64.0	63.8	64.0	64.0	64.5	64.5	63.7	64.2	64.0	64.8	66.0	66.8	67.2	62.9	-1.1	-1.7	21	226 477
FR	56.5	57.6	58.9	63.5	63.7	63.5	63.2	62.5	61.9	62.5	62.7	62.6	62.5	62.3	5.7	-1.3	24	519 458
IT	68.5	65.9	66.7	71.3	71.4	71.1	71.2	70.3	70.2	69.6	68.9	70.3	69.8	68.7	0.3	-2.4	12	462 541
CY	75.7	74.7	73.6	75.2	76.3	78.2	78.1	78.5	78.8	77.0	76.8	78.6	81.6	80.3	4.6	2.1	5	5 436
LV	63.9	64.8	66.8	68.1	66.7	66.5	67.7	67.2	68.9	69.5	71.1	71.2	71.4	71.7	7.8	5.3	9	4 802
LT	74.0	71.8	72.7	71.7	71.0	68.9	68.8	69.6	69.7	70.3	71.4	71.4	71.2	70.3	-3.7	1.4	11	6 845
LU	73.5	73.8	74.5	74.2	73.7	74.3	72.5	72.3	71.8	71.3	72.2	72.3	72.4	71.7	-1.8	-2.6	10	10 044
HU	63.9	65.3	63.4	63.9	66.1	66.6	66.5	66.2	66.8	67.4	66.5	66.4	65.9	65.9	2.0	-0.7	18	28 094
MT	77.2	75.1	75.4	76.1	77.5	77.4	77.1	79.3	79.3	80.1	81.1	81.7	83.0	82.1	4.9	4.8	2	1 616
NL	60.5	62.1	62.0	62.0	61.5	61.4	64.3	64.8	63.1	62.9	65.5	64.1	65.2	62.9	2.4	1.6	20	146 494
AT	64.0	65.1	65.9	66.0	65.8	65.8	67.1	66.6	66.3	66.1	65.5	65.4	66.1	66.4	2.4	0.6	17	80 111
PL	69.5	68.8	67.9	67.1	60.7	60.3	58.4	60.4	60.3	60.8	62.4	63.9	65.7	66.9	-2.6	6.7	15	83 304
PT	69.8	70.4	69.7	69.9	70.4	69.9	69.1	69.0	68.3	67.4	67.6	68.3	68.2	67.5	-2.2	-2.4	14	41 251
RO	72.2	72.0	73.6	68.2	64.5	63.3	61.7	61.8	65.9	66.4	65.6	66.0	66.6	66.7	-5.6	3.4	16	26 126
SI	57.0	60.5	61.4	62.0	63.0	61.9	61.5	62.4	62.8	62.8	63.2	63.4	63.7	62.4	5.3	0.4	23	8 648
SK	62.7	59.6	59.8	59.5	60.5	58.5	56.9	55.8	58.0	58.4	59.6	59.9	60.1	59.0	-3.8	0.5	26	11 131
FI	69.2	71.1	72.4	72.7	72.5	74.8	73.1	73.4	73.3	73.2	72.7	72.1	72.3	72.0	2.8	-2.8	8	57 336
SE	74.4	73.7	74.4	74.7	77.9	74.5	72.5	71.9	72.9	73.6	74.2	75.3	74.8	76.1	1.7	1.6	6	117 662
UK	82.5	82.7	82.5	83.2	83.1	83.2	83.1	83.1	81.9	81.3	81.3	81.6	81.7	81.7	-0.8	-1.4	4	554 873
NO	*76.6*	*77.4*	*77.3*	*75.6*	*76.1*	*79.1*	*78.5*	*77.1*	*76.9*	*78.3*	*79.6*	*80.2*	*79.2*	*78.9*	*2.3*	*-0.2*		*102 913*
IS	*92.6*	*92.1*	*92.1*	*92.0*	*92.4*	*92.2*	*92.0*	*91.9*	*91.6*	*91.9*	*92.1*	*92.1*	*92.5*	*92.3*	*-0.3*	*0.1*		*3 482*
EU-27 averages																		
weighted	:	:	:	67.8	68.3	68.6	68.1	67.8	67.3	67.5	67.9	68.5	68.9	68.9	:	0.3		
arithmetic	:	:	:	69.9	69.7	69.4	69.0	69.0	69.1	69.3	69.7	70.2	70.5	69.8	:	0.4		
EA-16 averages																		
weighted	61.1	61.2	61.6	63.9	64.4	64.7	64.3	63.9	63.6	63.7	64.1	64.8	65.4	64.4	3.3	-0.2		
arithmetic	67.3	67.4	67.7	68.6	69.0	69.1	68.6	68.4	68.2	68.2	68.7	69.0	69.4	68.3	1.0	-0.8		
EU-25 averages																		
weighted	65.0	65.1	65.8	67.8	68.3	68.6	68.2	67.8	67.3	67.5	67.9	68.5	68.9	68.0	3.0	-0.6		
arithmetic	69.2	69.1	69.4	70.0	70.1	69.8	69.4	69.3	69.3	69.4	69.9	70.2	70.5	69.7	0.5	-0.1		
Convergence indicators																		
St.dev/mean	13.5	13.3	13.3	12.7	12.8	13.0	13.1	13.4	13.1	12.9	12.7	12.8	12.7	13.1	-0.4	0.1		
Max-min	41.3	40.6	41.4	40.5	38.0	38.3	39.6	41.7	40.0	40.5	41.2	42.2	41.7	42.8	1.6	4.5		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Tables

Table 5: Indirect Taxes as % of GDP - Total

															Difference[1)]		Ranking	Revenue[2)]
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	1995 to 2008	2000 to 2008	2008	2008
BE	12.8	13.3	13.5	13.5	13.8	13.7	13.2	13.2	13.3	13.4	13.5	13.7	13.3	13.1	0.3	-0.5	14	45 177
BG	:	:	:	13.5	13.7	15.0	14.6	14.4	15.8	17.5	18.7	19.4	18.9	18.6	-	3.6	2	6 330
CZ	12.3	12.1	11.5	11.0	11.5	11.3	11.0	10.8	11.1	11.8	11.8	11.3	11.5	11.3	-0.9	0.0	24	16 764
DK	17.0	17.4	17.6	18.3	18.3	17.2	17.4	17.5	17.4	17.6	18.0	18.1	18.0	17.4	0.3	0.2	4	40 462
DE	12.0	11.9	11.9	12.0	12.6	12.5	12.2	12.1	12.2	12.0	12.1	12.4	12.9	12.8	0.8	0.3	15	319 540
EE	13.1	13.4	13.7	12.5	11.7	12.3	12.3	12.5	12.1	12.3	13.4	13.7	13.9	12.5	-0.7	0.1	17	2 003
IE	14.5	14.5	14.1	13.8	13.7	13.7	12.5	12.4	12.6	13.2	13.7	14.2	13.6	12.4	-2.1	-1.2	18	22 632
EL	12.8	13.2	13.3	13.5	14.1	14.2	13.8	13.3	12.4	11.9	11.9	12.4	12.5	12.4	-0.5	-1.8	19	29 606
ES	10.7	10.7	11.0	11.5	12.0	11.9	11.5	11.6	11.9	12.2	12.6	12.7	12.1	10.2	-0.5	-1.7	27	111 030
FR	16.0	16.6	16.6	16.4	16.4	15.8	15.4	15.4	15.3	15.5	15.6	15.5	15.3	15.0	-1.0	-0.8	7	293 021
IT	12.4	12.2	12.7	15.6	15.3	15.2	14.7	14.7	14.3	14.3	14.4	15.1	15.0	14.0	1.6	-1.2	12	220 636
CY	11.4	11.0	10.2	11.1	10.7	12.4	13.0	13.3	16.4	17.0	17.1	17.9	19.6	18.6	7.2	6.2	1	3 209
LV	14.1	13.0	13.9	15.0	13.7	12.3	11.8	11.2	12.1	11.9	12.7	13.2	12.6	11.1	-3.0	-1.3	25	2 562
LT	12.0	11.5	13.5	13.8	13.6	12.6	12.2	12.4	11.7	11.2	11.4	11.4	11.9	11.9	0.0	-0.6	23	3 845
LU	11.8	11.8	12.8	13.1	13.3	14.0	13.6	13.0	12.6	13.5	13.4	12.7	12.7	12.0	0.2	-2.0	21	4 721
HU	17.4	16.6	15.1	15.3	16.0	16.3	15.3	14.9	15.7	16.2	15.8	15.3	16.0	16.0	-1.4	-0.3	5	16 886
MT	12.3	11.7	12.4	11.4	12.4	12.6	13.3	13.6	12.9	15.0	15.5	15.3	15.2	15.0	2.7	2.5	6	858
NL	11.8	12.0	12.2	12.3	12.7	12.5	12.9	12.7	12.7	12.9	12.9	13.1	13.1	12.7	0.9	0.1	16	75 465
AT	14.8	15.2	15.7	15.6	15.7	15.3	15.3	15.4	15.3	15.1	14.9	14.5	14.4	14.4	-0.4	-0.8	10	40 691
PL	14.2	14.4	13.9	13.1	13.6	12.6	12.5	13.2	13.2	13.1	13.9	14.5	14.4	14.4	0.2	1.8	9	52 324
PT	13.9	14.0	13.8	14.3	14.6	14.1	14.0	14.5	15.1	14.4	15.3	15.7	15.3	14.9	1.0	0.8	8	24 719
RO	9.8	9.2	9.2	11.3	12.2	12.2	11.3	11.6	12.3	11.7	12.9	12.8	12.6	12.0	2.2	-0.2	22	16 738
SI	15.5	15.7	15.3	16.0	16.6	15.8	15.6	15.9	16.0	15.8	15.7	15.2	14.9	14.3	-1.1	-1.5	11	5 328
SK	14.5	13.8	13.1	12.8	12.4	12.5	11.4	11.4	12.0	12.3	12.7	11.5	11.4	10.8	-3.7	-1.8	26	6 966
FI	14.2	14.3	14.9	14.5	14.5	13.9	13.4	13.7	14.2	14.0	14.1	13.8	13.3	13.2	-1.0	-0.7	13	24 364
SE	15.9	16.4	16.7	17.4	18.5	16.5	16.6	16.8	16.9	16.7	16.8	17.0	17.1	18.4	2.5	1.9	3	60 506
UK	13.4	13.5	13.6	13.5	13.8	13.9	13.5	13.4	13.2	13.2	12.9	12.9	12.9	12.3	-1.1	-1.6	20	223 944
NO	*16.0*	*15.9*	*15.8*	*15.9*	*15.3*	*13.6*	*13.4*	*13.4*	*13.0*	*12.8*	*12.2*	*12.3*	*12.6*	*11.1*	*-4.9*	*-2.5*		*34 376*
IS	*17.9*	*18.2*	*17.8*	*17.5*	*18.7*	*18.2*	*15.9*	*15.9*	*16.7*	*17.8*	*19.1*	*19.4*	*18.7*	*15.6*	*-2.3*	*-2.5*		*1 605*
EU-27 averages																		
weighted	:	:	:	14.0	14.2	14.0	13.6	13.6	13.6	13.6	13.7	13.9	13.8	13.4	:	-0.6		
arithmetic	:	:	:	13.8	14.0	13.8	13.5	13.5	13.7	13.9	14.2	14.3	14.2	13.8	:	0.0		
EA-16 averages																		
weighted	13.1	13.2	13.3	13.9	14.1	13.9	13.5	13.5	13.5	13.5	13.7	13.9	13.8	13.3	0.2	-0.6		
arithmetic	13.2	13.2	13.3	13.6	13.8	13.8	13.5	13.5	13.7	13.9	14.1	14.1	14.0	13.5	0.3	-0.3		
EU-25 averages																		
weighted	13.3	13.4	13.5	14.0	14.2	14.0	13.6	13.6	13.6	13.6	13.7	13.9	13.8	13.4	0.1	-0.6		
arithmetic	13.6	13.6	13.7	13.9	14.1	13.8	13.5	13.6	13.7	13.9	14.1	14.1	14.1	13.6	0.0	-0.2		
Convergence indicators																		
St.dev/mean	14.1	15.2	14.5	14.1	14.0	11.7	12.4	12.6	13.2	14.0	13.6	14.6	15.3	17.3	3.1	5.6		
Max-min	7.6	8.2	8.4	7.4	7.8	5.9	6.4	6.7	6.3	6.4	7.3	8.1	8.2	8.4	0.8	2.5		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 6: Indirect Taxes as % of Total Taxation - Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1)] 1995 to 2008	Difference[1)] 2000 to 2008	Ranking 2008	Revenue[2)] 2008
BE	29.3	30.1	30.2	29.7	30.5	30.3	29.3	29.3	29.8	30.0	30.3	30.8	30.4	29.6	0.3	-0.7	27	45 177
BG	:	:	:	43.1	44.7	46.1	47.1	48.5	49.1	53.0	54.9	58.4	55.1	55.7	-	9.6	1	6 330
CZ	33.9	34.9	33.0	32.9	33.9	33.5	32.3	31.1	31.0	31.5	31.8	30.7	30.9	31.4	-2.5	-2.1	24	16 764
DK	34.9	35.3	35.9	37.2	36.5	34.9	35.9	36.6	36.2	35.9	35.3	36.4	36.7	36.0	1.2	1.2	16	40 462
DE	30.2	29.3	29.3	29.4	30.2	29.9	30.6	30.5	30.7	31.1	31.3	31.6	32.7	32.6	2.4	2.7	22	319 540
EE	36.2	39.1	40.0	36.7	36.0	39.7	40.9	40.3	39.4	40.1	43.7	44.0	43.0	38.7	2.6	-1.0	11	2 003
IE	43.9	43.7	43.4	43.5	43.0	43.3	41.9	43.6	43.6	43.6	44.6	44.1	43.3	42.5	-1.3	-0.7	5	22 632
EL	44.1	44.8	43.6	41.4	42.4	40.9	41.5	39.5	38.6	38.2	37.5	39.2	38.8	38.0	-6.1	-3.0	14	29 606
ES	32.6	32.4	33.1	34.9	35.8	35.2	34.4	34.2	34.9	35.3	35.2	34.8	32.5	30.8	-1.8	-4.4	25	111 030
FR	37.6	37.7	37.5	37.4	36.5	35.9	35.1	35.7	35.6	36.0	35.9	35.3	35.5	35.1	-2.5	-0.7	17	293 021
IT	31.0	29.2	29.0	36.8	36.1	36.4	35.4	35.9	34.6	35.3	35.8	36.0	34.8	32.8	1.8	-3.6	21	220 636
CY	42.6	42.1	39.8	39.9	38.1	41.5	41.9	42.7	49.6	51.0	48.1	49.0	47.9	47.4	4.8	6.0	2	3 209
LV	42.4	42.2	43.3	44.4	42.7	41.8	41.3	39.7	42.4	41.8	43.9	43.3	41.2	38.3	-4.2	-3.5	13	2 562
LT	43.5	42.4	44.1	43.4	43.1	41.8	42.6	43.8	41.7	39.8	40.0	38.9	40.2	39.5	-4.1	-2.3	9	3 845
LU	31.9	31.5	32.5	33.3	34.6	35.8	34.1	33.1	33.0	36.1	35.6	35.6	35.5	33.7	1.8	-2.1	19	4 721
HU	42.8	42.3	40.1	40.7	41.9	41.8	40.1	39.5	41.5	43.3	42.2	41.0	40.2	39.6	-3.2	-2.2	8	16 886
MT	46.1	46.1	45.1	44.8	45.3	44.6	43.6	43.2	41.1	45.5	45.6	45.4	43.7	43.6	-2.5	-1.0	3	858
NL	29.3	29.9	30.7	31.1	31.5	31.4	33.7	33.5	33.9	34.3	34.4	33.6	33.6	32.4	3.1	1.0	23	75 465
AT	35.8	35.5	35.4	35.1	35.6	35.3	33.8	35.0	34.9	34.9	35.1	34.5	34.1	33.7	-2.0	-1.6	18	40 691
PL	38.3	38.8	38.0	36.9	39.0	38.8	38.8	40.3	40.9	41.5	42.3	42.8	41.4	42.0	3.8	3.3	6	52 324
PT	43.3	42.7	41.8	43.0	42.7	41.0	41.2	42.0	43.3	42.3	43.5	43.7	41.7	40.5	-2.8	-0.5	7	24 719
RO	33.7	33.9	34.4	39.2	39.3	40.2	39.5	41.3	44.3	43.1	46.4	44.9	43.5	42.7	9.0	2.5	4	16 738
SI	39.5	41.2	41.4	42.3	43.5	42.2	41.4	41.8	41.9	41.4	40.7	39.7	39.5	38.4	-1.0	-3.8	12	5 328
SK	35.9	35.0	35.0	34.9	35.0	36.7	34.3	34.4	36.4	39.0	40.4	39.2	39.0	36.9	1.0	0.3	15	6 966
FI	31.0	30.4	32.1	31.4	31.6	29.5	30.0	30.6	32.3	32.2	32.0	31.8	30.9	30.6	-0.4	1.1	26	24 364
SE	33.2	32.6	32.7	33.7	35.7	31.9	33.2	35.1	35.0	34.3	34.0	34.7	35.4	39.1	5.9	7.2	10	60 506
UK	38.8	39.3	38.9	37.7	38.2	37.8	37.0	38.2	38.2	37.5	35.9	35.1	35.3	33.0	-5.8	-4.8	20	223 944
NO	*38.1*	*37.4*	*37.4*	*37.9*	*36.3*	*32.0*	*31.3*	*31.2*	*30.8*	*29.6*	*28.1*	*27.9*	*28.9*	*26.4*	*-11.8*	*-5.6*		*34 376*
IS	*53.9*	*53.2*	*51.4*	*50.9*	*50.7*	*48.9*	*45.2*	*45.1*	*45.7*	*47.1*	*47.0*	*46.8*	*45.9*	*42.6*	*-11.4*	*-6.4*		*1 605*
EU-27 averages																		
weighted	:	:	:	34.6	34.9	34.5	34.4	34.8	34.8	35.0	35.0	34.9	34.8	33.9	:	-0.5		
arithmetic	:	:	:	37.6	37.9	37.7	37.4	37.8	38.3	38.8	39.1	39.1	38.4	37.6	:	-0.1		
EA-16 averages																		
weighted	32.8	32.3	32.3	33.9	34.0	33.7	33.6	33.8	33.9	34.3	34.5	34.4	34.2	33.3	0.5	-0.3		
arithmetic	36.5	36.3	36.2	36.8	37.0	36.9	36.4	36.6	37.1	37.9	37.9	37.8	37.1	36.2	-0.3	-0.7		
EU-25 averages																		
weighted	33.7	33.3	33.5	34.6	34.9	34.4	34.3	34.8	34.7	35.0	34.9	34.8	34.7	33.8	0.1	-0.6		
arithmetic	37.1	37.1	37.0	37.3	37.6	37.3	37.0	37.2	37.6	38.1	38.2	38.1	37.5	36.7	-0.5	-0.6		
Convergence indicators																		
St.dev/mean	14.2	14.5	13.6	12.4	11.9	12.4	12.5	12.9	13.9	14.6	15.2	16.2	14.8	15.5	1.3	3.1		
Max-min	16.8	16.9	16.1	15.3	15.2	16.6	17.8	19.2	19.9	23.0	24.6	27.7	24.8	26.1	9.3	9.5		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 7: Indirect Taxes as % of GDP - VAT

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	Difference[1] 2000 to 2008	Ranking 2008	Revenue[2] 2008
BE	6.6	6.8	6.8	6.7	7.1	7.2	6.9	6.9	6.8	6.9	7.1	7.1	7.1	7.0	0.4	-0.2	21	24 126
BG	:	:	:	8.2	8.3	9.7	9.1	9.2	9.8	10.7	12.1	12.4	12.1	11.5	-	1.8	1	3 921
CZ	6.3	6.4	6.3	6.1	6.6	6.5	6.3	6.3	6.4	7.3	7.2	6.6	6.6	7.1	0.8	0.6	18	10 437
DK	9.4	9.7	9.7	9.8	9.8	9.6	9.6	9.6	9.6	9.8	10.1	10.3	10.4	10.1	0.7	0.5	3	23 534
DE	6.5	6.5	6.4	6.6	6.8	6.8	6.6	6.4	6.3	6.2	6.2	6.3	7.0	7.0	0.5	0.3	19	175 870
EE	9.6	9.4	9.6	8.1	7.8	8.4	8.2	8.4	8.2	7.7	8.7	9.2	9.1	8.0	-1.6	-0.4	11	1 288
IE	7.0	7.1	7.1	7.1	7.1	7.3	6.8	7.0	7.0	7.3	7.6	7.8	7.6	7.1	0.1	-0.2	16	12 989
EL	6.1	6.2	6.4	6.7	7.1	7.2	7.5	7.6	7.0	6.8	6.9	7.2	7.3	7.1	1.0	-0.1	17	17 002
ES	5.2	5.3	5.5	5.6	6.1	6.1	5.9	5.8	6.0	6.1	6.3	6.4	6.1	5.3	0.1	-0.8	27	57 298
FR	7.4	7.8	7.7	7.6	7.7	7.3	7.2	7.1	7.1	7.2	7.3	7.3	7.2	7.0	-0.4	-0.3	20	136 838
IT	5.5	5.4	5.6	6.1	6.1	6.5	6.3	6.2	5.9	5.9	6.0	6.3	6.2	5.9	0.4	-0.6	26	92 811
CY	4.6	4.5	4.5	5.0	4.8	5.8	6.2	7.1	8.8	9.1	9.7	10.4	11.1	11.3	6.8	5.5	2	1 955
LV	9.2	8.3	8.0	8.0	7.4	7.0	6.7	6.7	7.2	7.0	7.8	8.6	8.2	6.6	-2.6	-0.4	23	1 538
LT	7.4	6.8	8.3	8.0	7.9	7.6	7.3	7.4	6.7	6.5	7.1	7.6	8.2	8.1	0.6	0.5	8	2 593
LU	5.2	5.2	5.4	5.6	5.4	5.6	5.8	5.8	5.7	6.1	6.2	5.7	5.8	6.0	0.8	0.4	25	2 356
HU	7.5	7.3	7.5	7.6	7.9	8.7	8.0	7.8	8.2	8.8	8.4	7.6	7.9	7.8	0.3	-0.9	13	8 224
MT	6.1	5.9	6.0	4.5	5.3	6.0	6.4	7.0	6.2	7.4	8.3	8.0	7.7	8.0	1.9	2.0	9	458
NL	6.5	6.7	6.7	6.8	7.0	6.9	7.3	7.2	7.3	7.3	7.2	7.4	7.5	7.3	0.8	0.4	15	43 221
AT	7.7	8.1	8.3	8.2	8.4	8.1	8.1	8.2	8.0	8.0	8.0	7.7	7.7	7.8	0.1	-0.3	14	21 935
PL	6.2	6.9	7.4	7.1	7.5	6.9	6.8	7.2	7.1	7.2	7.7	8.1	8.3	8.0	1.8	1.1	10	29 103
PT	7.1	7.4	7.3	7.5	7.7	8.0	7.8	7.9	8.0	8.0	8.7	8.8	8.8	8.7	1.5	0.7	5	14 432
RO	5.2	4.9	4.6	6.2	6.1	6.5	6.2	7.1	7.2	6.7	8.1	7.9	8.1	7.9	2.7	1.4	12	11 036
SI	n.a.	n.a.	n.a.	n.a.	4.8	8.7	8.3	8.6	8.5	8.5	8.6	8.5	8.5	8.4	-	-0.2	6	3 130
SK	8.4	7.6	7.2	7.5	6.8	7.0	7.2	7.0	7.5	7.8	7.9	7.5	6.7	6.9	-1.5	-0.1	22	4 454
FI	7.9	8.1	8.5	8.3	8.3	8.2	8.0	8.1	8.5	8.5	8.7	8.6	8.4	8.4	0.4	0.2	7	15 478
SE	9.1	8.5	8.7	8.8	8.8	8.7	8.8	8.9	9.0	8.9	9.1	9.1	9.2	9.4	0.4	0.8	4	30 942
UK	6.5	6.6	6.6	6.4	6.6	6.6	6.6	6.6	6.8	6.8	6.7	6.6	6.6	6.3	-0.1	-0.2	24	115 480
NO	*9.4*	*9.3*	*9.4*	*9.7*	*9.4*	*8.4*	*8.4*	*8.5*	*8.2*	*8.1*	*7.9*	*8.0*	*8.3*	*7.3*	*-2.1*	*-1.1*		*22 477*
IS	*9.7*	*9.8*	*9.8*	*10.0*	*11.0*	*10.6*	*9.4*	*9.4*	*9.7*	*10.4*	*11.1*	*11.3*	*10.6*	*9.1*	*-0.6*	*-1.5*		*934*
EU-27 averages																		
weighted	:	:	:	6.8	7.0	7.0	6.8	6.8	6.8	6.8	6.9	7.0	7.1	6.9	:	-0.1		
arithmetic	:	:	:	6.8	7.1	7.4	7.3	7.4	7.4	7.6	7.9	8.0	8.0	7.8	:	0.4		
EA-16 averages																		
weighted	6.5	6.6	6.6	6.7	6.9	6.9	6.8	6.7	6.6	6.6	6.7	6.8	6.9	6.7	0.2	-0.2		
arithmetic	6.1	6.2	6.2	6.2	6.6	7.0	7.0	7.1	7.2	7.3	7.5	7.6	7.5	7.5	1.3	0.4		
EU-25 averages																		
weighted	6.6	6.7	6.7	6.8	7.0	7.0	6.8	6.8	6.8	6.8	6.9	7.0	7.1	6.9	0.2	-0.1		
arithmetic	6.8	6.7	6.9	6.8	7.1	7.3	7.2	7.3	7.4	7.5	7.7	7.8	7.8	7.6	0.9	0.3		
Convergence indicators																		
St.dev/mean	28.9	28.2	28.5	26.6	17.2	14.9	13.8	13.5	15.0	15.7	17.2	18.3	18.6	19.0	-9.8	4.1		
Max-min	9.6	9.7	9.7	9.8	5.0	4.1	3.8	3.9	4.1	4.9	6.2	6.7	6.3	6.2	-3.4	2.1		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 8: Indirect Taxes as % of Total Taxation - VAT

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	Difference[1] 2000 to 2008	Ranking 2008	Revenue[2] 2008
BE	15.1	15.3	15.2	14.9	15.7	16.0	15.3	15.4	15.2	15.5	15.8	16.0	16.3	15.8	0.7	-0.2	26	24 126
BG	:	:	:	26.3	27.2	29.9	29.5	31.2	30.5	32.4	35.7	37.4	35.4	34.5	-	4.6	1	3 921
CZ	17.3	18.4	18.1	18.2	19.3	19.1	18.7	18.1	17.8	19.4	19.4	18.1	17.6	19.5	2.3	0.4	16	10 437
DK	19.4	19.7	19.8	19.8	19.6	19.4	19.9	20.2	20.1	19.9	19.8	20.8	21.3	21.0	1.6	1.6	14	23 534
DE	16.3	15.9	15.8	16.1	16.4	16.2	16.5	16.1	16.0	16.0	16.1	16.2	17.8	17.9	1.6	1.7	21	175 870
EE	26.5	27.3	28.0	23.8	23.8	27.2	27.0	27.0	26.5	25.1	28.3	29.6	28.2	24.9	-1.6	-2.3	5	1 288
IE	21.2	21.6	22.0	22.4	22.2	23.1	23.0	24.7	24.2	24.3	24.8	24.2	24.2	24.4	3.2	1.3	6	12 989
EL	21.1	21.2	21.1	20.5	21.2	20.9	22.5	22.7	21.8	21.7	21.5	22.8	22.6	21.8	0.7	0.9	13	17 002
ES	15.9	16.2	16.5	17.0	18.1	18.0	17.5	17.1	17.6	17.6	17.7	17.5	16.5	15.9	0.0	-2.1	25	57 298
FR	17.3	17.7	17.5	17.3	17.0	16.6	16.4	16.4	16.4	16.6	16.7	16.5	16.6	16.4	-0.9	-0.2	24	136 838
IT	13.8	12.9	12.9	14.3	14.3	15.6	15.1	15.2	14.3	14.4	14.8	14.9	14.4	13.8	0.0	-1.8	27	92 811
CY	17.2	17.3	17.6	17.9	17.1	19.3	20.0	22.9	26.8	27.2	27.4	28.5	27.2	28.9	11.7	9.5	2	1 955
LV	27.8	26.8	25.0	23.8	23.0	23.9	23.6	23.5	25.3	24.4	26.8	28.1	26.9	23.0	-4.8	-0.9	11	1 538
LT	26.9	24.9	27.0	25.3	24.9	25.2	25.4	26.0	24.0	22.9	25.0	25.9	27.5	26.6	-0.3	1.4	4	2 593
LU	14.0	13.8	13.8	14.1	14.0	14.3	14.6	14.7	14.9	16.2	16.4	16.1	16.2	16.8	2.8	2.5	23	2 356
HU	18.4	18.6	19.8	20.2	20.8	22.3	21.1	20.6	21.6	23.5	22.5	20.4	19.9	19.3	0.9	-3.0	18	8 224
MT	23.0	23.3	21.9	17.7	19.3	21.4	21.1	22.1	19.8	22.5	24.5	23.8	22.2	23.3	0.3	1.9	10	458
NL	16.2	16.6	16.9	17.1	17.3	17.3	18.9	19.1	19.5	19.4	19.2	18.9	19.4	18.6	2.4	1.3	19	43 221
AT	18.6	18.9	18.7	18.5	19.1	18.8	17.9	18.7	18.3	18.4	18.8	18.4	18.3	18.2	-0.4	-0.6	20	21 935
PL	16.8	18.6	20.2	20.1	21.5	21.3	21.0	22.0	22.2	22.8	23.5	24.1	23.9	23.4	6.6	2.1	9	29 103
PT	22.2	22.5	22.2	22.7	22.6	23.2	22.8	22.8	23.0	23.5	24.9	24.7	23.9	23.6	1.4	0.4	7	14 432
RO	18.0	18.1	17.3	21.4	19.5	21.4	21.8	25.2	26.0	24.5	29.0	27.8	27.9	28.2	10.2	6.7	3	11 036
SI	n.a.	n.a.	n.a.	n.a.	12.5	23.1	22.1	22.6	22.3	22.3	22.3	22.2	22.4	22.6	-	-0.5	12	3 130
SK	20.8	19.3	19.3	20.3	19.3	20.4	21.9	21.2	22.7	24.7	25.1	25.5	23.0	23.6	2.8	3.2	8	4 454
FI	17.4	17.1	18.4	18.0	18.0	17.4	17.8	18.2	19.4	19.6	19.8	19.9	19.5	19.4	2.1	2.0	17	15 478
SE	18.9	16.9	17.0	17.1	17.0	16.7	17.6	18.6	18.5	18.3	18.4	18.5	19.1	20.0	1.1	3.3	15	30 942
UK	18.6	19.2	18.9	17.9	18.3	17.9	18.0	18.9	19.6	19.3	18.5	18.0	18.0	17.0	-1.6	-0.9	22	115 480
NO	*22.4*	*21.8*	*22.2*	*23.0*	*22.2*	*19.7*	*19.5*	*19.6*	*19.4*	*18.6*	*18.1*	*18.1*	*19.0*	*17.2*	*-5.1*	*-2.4*		*22 477*
IS	*29.0*	*28.7*	*28.4*	*29.2*	*30.0*	*28.6*	*26.6*	*26.7*	*26.5*	*27.6*	*27.3*	*27.2*	*26.0*	*24.8*	*-4.3*	*-3.9*		*934*
EU-27 averages																		
weighted	:	:	:	16.9	17.1	17.2	17.2	17.4	17.4	17.5	17.6	17.6	17.8	17.5	:	0.3		
arithmetic	:	:	:	18.6	19.2	20.2	20.3	20.8	20.9	21.2	21.9	22.0	21.7	21.4	:	1.2		
EA-16 averages																		
weighted	16.3	16.1	16.1	16.4	16.7	16.8	16.8	16.8	16.6	16.8	16.9	16.9	17.2	17.0	0.6	0.2		
arithmetic	16.9	16.8	16.9	16.8	17.8	18.8	19.0	19.4	19.5	20.0	20.3	20.4	20.0	20.1	3.2	1.2		
EU-25 averages																		
weighted	16.8	16.6	16.7	16.8	17.1	17.2	17.2	17.4	17.4	17.5	17.5	17.5	17.7	17.4	0.6	0.2		
arithmetic	18.4	18.4	18.5	18.2	18.9	19.8	19.8	20.2	20.3	20.6	21.1	21.2	20.9	20.6	2.2	0.8		
Convergence indicators																		
St.dev/mean	28.7	28.3	28.2	26.3	17.7	18.5	18.0	19.3	19.5	19.2	22.6	24.2	22.5	21.9	-6.8	3.4		
Max-min	27.8	27.3	28.0	26.3	14.8	15.5	14.9	16.5	16.2	18.0	20.9	22.5	21.1	20.7	-7.1	5.2		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 9: Indirect Taxes as % of GDP - Excise duties and consumption taxes

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	Difference[1] 2000 to 2008	Ranking 2008	Revenue[2] 2008
BE	2.4	2.5	2.5	2.5	2.5	2.4	2.3	2.3	2.4	2.4	2.4	2.2	2.2	2.1	-0.3	-0.3	25	7 146
BG	:	:	:	3.0	3.5	3.7	4.1	3.7	4.5	5.1	4.9	5.2	5.9	6.1	-	2.4	1	2 084
CZ	3.7	3.4	3.4	3.2	3.4	3.3	3.3	3.2	3.4	3.5	3.7	3.8	4.0	3.4	-0.2	0.2	4	5 065
DK	3.7	3.9	3.8	4.1	4.2	4.1	4.1	4.1	4.0	3.8	3.5	3.4	3.2	3.2	-0.5	-0.9	12	7 401
DE	2.6	2.6	2.6	2.5	2.7	2.8	2.9	3.0	3.2	3.0	2.9	2.8	2.6	2.5	-0.1	-0.3	19	63 591
EE	2.7	3.2	3.3	3.6	3.2	3.0	3.3	3.2	3.1	3.6	3.7	3.4	3.7	3.3	0.6	0.4	8	537
IE	4.2	4.1	3.8	3.7	3.5	3.2	2.9	2.9	2.8	2.7	2.6	2.4	2.4	2.4	-1.8	-0.8	21	4 363
EL	4.2	4.2	3.7	3.5	3.3	3.1	3.1	2.9	2.8	2.6	2.6	2.5	2.5	2.3	-1.9	-0.7	23	5 540
ES	2.5	2.6	2.6	2.8	2.7	2.6	2.5	2.5	2.5	2.5	2.4	2.2	2.2	2.1	-0.4	-0.5	24	23 210
FR	2.8	2.8	2.7	2.7	2.7	2.6	2.5	2.6	2.5	2.3	2.2	2.3	2.0	2.0	-0.8	-0.6	26	38 511
IT	3.2	3.0	3.0	2.9	2.9	2.6	2.5	2.3	2.4	2.3	2.2	2.2	2.1	1.9	-1.2	-0.7	27	30 429
CY	2.7	2.6	2.2	2.2	2.3	2.5	3.2	2.8	3.8	4.4	4.1	3.9	3.7	3.3	0.7	0.8	9	571
LV	2.1	2.6	3.2	4.1	3.6	3.4	3.1	3.1	3.3	3.5	3.6	3.3	2.9	3.2	1.1	-0.2	11	737
LT	2.3	2.5	2.9	3.6	3.7	3.2	3.3	3.2	3.3	3.0	2.9	2.9	2.9	3.1	0.7	-0.2	14	983
LU	4.1	4.0	4.4	4.3	4.5	4.5	4.2	4.4	4.3	4.6	4.2	3.8	3.6	3.5	-0.5	-1.0	3	1 387
HU	4.1	3.9	3.7	4.2	4.2	3.9	3.7	3.6	3.7	3.3	3.2	3.3	3.3	3.4	-0.7	-0.5	5	3 553
MT	1.9	1.8	2.4	3.0	2.8	2.5	2.8	2.7	2.7	2.8	3.1	3.1	3.4	3.1	1.3	0.6	13	178
NL	2.8	2.7	2.7	2.8	2.8	2.6	2.5	2.5	2.4	2.6	2.5	2.5	2.4	2.4	-0.4	-0.2	22	14 038
AT	2.6	2.6	2.8	2.8	2.8	2.7	2.7	2.7	2.8	2.8	2.7	2.6	2.5	2.5	-0.1	-0.2	20	6 972
PL	4.6	4.4	3.5	3.6	3.9	3.7	3.7	4.0	4.1	4.2	4.2	4.0	4.2	4.4	-0.2	0.8	2	16 043
PT	3.7	3.7	3.5	3.5	3.3	2.7	2.9	3.1	3.3	3.2	3.1	3.2	2.9	2.8	-0.9	0.1	15	4 674
RO	1.8	1.7	2.0	2.5	3.3	3.0	2.8	2.6	3.5	3.6	3.3	3.2	3.0	2.7	0.8	-0.3	17	3 759
SI	0.0	0.0	0.0	0.0	1.7	3.0	3.4	3.4	3.4	3.4	3.3	3.3	3.3	3.4	3.4	0.3	7	1 247
SK	3.5	3.3	3.0	2.9	3.1	3.1	2.7	3.0	3.1	3.3	3.7	2.9	3.5	2.7	-0.8	-0.4	18	1 740
FI	4.5	4.6	4.7	4.6	4.7	4.3	4.1	4.2	4.3	3.9	3.8	3.7	3.4	3.4	-1.2	-0.9	6	6 214
SE	3.4	3.7	3.5	3.5	3.4	3.2	3.2	3.2	3.2	3.1	3.0	2.9	2.8	2.8	-0.7	-0.4	16	9 031
UK	4.1	4.1	4.0	4.1	4.1	4.0	3.8	3.7	3.6	3.5	3.4	3.2	3.2	3.2	-0.9	-0.8	10	58 304
NO	*3.4*	*3.3*	*3.3*	*3.2*	*3.2*	*2.8*	*2.7*	*2.7*	*2.6*	*2.4*	*2.2*	*2.1*	*2.1*	*2.0*	*-1.4*	*-0.8*		*6 186*
IS	*2.9*	*3.1*	*2.8*	*2.8*	*2.9*	*2.6*	*2.0*	*1.9*	*2.1*	*2.2*	*2.7*	*2.8*	*2.6*	*1.9*	*-1.0*	*-0.6*		*197*
EU-27 averages																		
weighted	:	:	:	3.0	3.1	3.0	2.9	3.0	3.0	2.9	2.8	2.7	2.6	2.5	:	-0.5		
arithmetic	:	:	:	3.2	3.3	3.2	3.2	3.2	3.3	3.3	3.2	3.1	3.1	3.0	:	-0.2		
EA-16 averages																		
weighted	2.8	2.8	2.8	2.8	2.8	2.7	2.7	2.7	2.8	2.6	2.5	2.5	2.4	2.3	-0.6	-0.5		
arithmetic	3.0	2.9	2.9	2.9	3.0	3.0	2.9	3.0	3.0	3.1	3.0	2.9	2.8	2.6	-0.3	-0.3		
EU-25 averages																		
weighted	3.1	3.1	3.0	3.1	3.1	3.0	2.9	3.0	3.0	2.9	2.8	2.7	2.6	2.5	-0.5	-0.5		
arithmetic	3.1	3.1	3.1	3.2	3.3	3.2	3.1	3.1	3.2	3.2	3.2	3.0	3.0	2.9	-0.2	-0.3		
Convergence indicators																		
St.dev/mean	33.9	32.7	29.7	28.3	20.9	18.6	17.7	18.2	18.9	21.7	20.9	21.9	26.0	28.2	-5.6	9.6		
Max-min	4.6	4.6	4.7	4.6	2.9	2.2	1.9	2.1	2.1	2.9	2.7	3.0	3.9	4.2	-0.4	2.0		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 10: Indirect Taxes as % of Total Taxation - Excise duties and consumption taxes

															Difference 1)		Ranking	Revenue 2)
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	1995 to 2008	2000 to 2008	2008	2008
BE	5.4	5.7	5.6	5.5	5.5	5.3	5.1	5.2	5.3	5.5	5.4	5.1	5.0	4.7	-0.8	-0.6	25	7 146
BG	:	:	:	9.8	11.3	11.4	13.2	12.6	13.8	15.5	14.3	15.7	17.2	18.3	-	6.9	1	2 084
CZ	10.1	9.9	9.6	9.7	10.1	9.6	9.6	9.3	9.5	9.4	10.0	10.2	10.8	9.5	-0.6	-0.2	8	5 065
DK	7.5	7.8	7.7	8.3	8.5	8.2	8.5	8.5	8.3	7.7	7.0	6.8	6.6	6.6	-0.9	-1.6	19	7 401
DE	6.6	6.5	6.4	6.2	6.6	6.7	7.3	7.6	8.0	7.7	7.5	7.2	6.7	6.5	-0.1	-0.2	20	63 591
EE	7.5	9.4	9.7	10.6	9.7	9.6	10.8	10.5	10.0	11.9	12.0	11.1	11.4	10.4	2.9	0.8	4	537
IE	12.7	12.3	11.9	11.5	10.9	10.3	9.6	10.1	9.5	9.0	8.4	7.6	7.6	8.2	-4.5	-2.1	15	4 363
EL	14.4	14.4	12.2	10.9	10.0	8.9	9.3	8.7	8.7	8.5	8.2	7.8	7.8	7.1	-7.3	-1.8	18	5 540
ES	7.7	7.8	7.8	8.5	8.2	7.8	7.5	7.5	7.4	7.1	6.6	6.2	6.0	6.4	-1.2	-1.4	21	23 210
FR	6.5	6.3	6.2	6.2	6.0	5.9	5.7	6.0	5.8	5.4	5.0	5.2	4.6	4.6	-1.9	-1.3	26	38 511
IT	7.9	7.3	6.9	6.8	6.9	6.2	5.9	5.7	5.8	5.5	5.5	5.2	4.8	4.5	-3.4	-1.7	27	30 429
CY	9.9	9.7	8.6	7.9	8.2	8.4	10.2	9.0	11.5	13.1	11.4	10.7	9.0	8.4	-1.5	0.1	13	571
LV	6.4	8.5	9.9	12.3	11.3	11.6	10.8	10.9	11.6	12.2	12.4	10.9	9.4	11.0	4.6	-0.6	3	737
LT	8.4	9.1	9.4	11.4	11.8	10.7	11.7	11.4	11.6	10.7	10.3	10.0	9.8	10.1	1.7	-0.7	5	983
LU	10.9	10.6	11.2	11.0	11.7	11.6	10.5	11.2	11.3	12.3	11.2	10.7	10.0	9.9	-1.0	-1.7	6	1 387
HU	10.1	9.8	9.9	11.1	10.9	10.0	9.6	9.5	9.7	8.8	8.6	9.0	8.4	8.3	-1.7	-1.6	14	3 553
MT	6.9	7.1	8.8	11.6	10.3	8.9	9.2	8.5	8.5	8.6	9.1	9.1	9.7	9.0	2.1	0.1	10	178
NL	7.0	6.6	6.8	7.0	6.9	6.5	6.5	6.5	6.5	6.8	6.6	6.4	6.3	6.0	-0.9	-0.5	22	14 038
AT	6.2	6.1	6.4	6.3	6.3	6.2	6.0	6.3	6.5	6.6	6.5	6.1	6.0	5.8	-0.4	-0.5	24	6 972
PL	12.4	11.8	9.7	10.0	11.1	11.2	11.5	12.1	12.7	13.2	12.8	11.9	12.0	12.9	0.5	1.7	2	16 043
PT	11.6	11.1	10.5	10.6	9.7	7.8	8.6	9.1	9.4	9.3	8.8	8.9	7.9	7.7	-3.9	-0.1	17	4 674
RO	6.3	6.3	7.6	8.7	10.6	9.8	9.8	9.4	12.7	13.3	11.8	11.1	10.5	9.6	3.3	-0.2	7	3 759
SI	0.0	0.0	0.0	0.0	4.6	8.1	9.0	9.0	8.8	8.9	8.6	8.6	8.7	9.0	9.0	0.9	11	1 247
SK	8.7	8.4	8.1	8.0	8.6	9.1	8.2	8.9	9.5	10.5	11.7	9.9	12.1	9.2	0.5	0.1	9	1 740
FI	9.9	9.7	10.2	10.0	10.2	9.0	9.1	9.3	9.7	9.0	8.6	8.4	7.8	7.8	-2.1	-1.2	16	6 214
SE	7.2	7.4	6.8	6.8	6.5	6.1	6.3	6.7	6.6	6.3	6.1	5.9	5.8	5.8	-1.4	-0.2	23	9 031
UK	11.8	11.9	11.5	11.4	11.3	10.8	10.4	10.7	10.4	10.1	9.4	8.8	8.8	8.6	-3.2	-2.2	12	58 304
NO	*8.1*	*7.7*	*7.8*	*7.5*	*7.5*	*6.6*	*6.3*	*6.2*	*6.2*	*5.5*	*5.1*	*4.8*	*4.8*	*4.7*	*-3.4*	*-1.9*		*6 186*
IS	*8.8*	*9.0*	*8.2*	*8.1*	*7.8*	*6.9*	*5.6*	*5.4*	*5.8*	*5.9*	*6.6*	*6.6*	*6.4*	*5.2*	*-3.6*	*-1.7*		*197*
EU-27 averages																		
weighted	:	:	:	7.6	7.6	7.4	7.4	7.6	7.6	7.4	7.1	6.8	6.6	6.4	:	-1.0		
arithmetic	:	:	:	8.8	9.0	8.7	8.9	8.9	9.2	9.4	9.0	8.7	8.5	8.4	:	-0.4		
EA-16 averages																		
weighted	7.1	6.9	6.8	6.8	6.8	6.6	6.7	6.8	6.9	6.7	6.4	6.2	5.8	5.7	-1.4	-0.9		
arithmetic	8.3	8.1	8.0	8.0	8.2	7.9	8.0	8.0	8.3	8.4	8.1	7.7	7.5	7.2	-1.1	-0.7		
EU-25 averages																		
weighted	7.7	7.6	7.5	7.6	7.6	7.4	7.4	7.6	7.6	7.4	7.1	6.8	6.5	6.4	-1.3	-1.0		
arithmetic	8.6	8.6	8.5	8.8	8.9	8.6	8.7	8.7	8.9	9.0	8.7	8.3	8.1	7.9	-0.6	-0.7		
Convergence indicators																		
St.dev/mean	34.8	33.2	30.2	30.5	24.1	22.0	23.1	22.2	24.8	28.9	28.1	28.7	32.4	34.3	-0.5	12.3		
Max-min	14.4	14.4	12.2	12.3	7.2	6.3	8.1	7.4	8.5	10.2	9.3	10.6	12.5	13.8	-0.6	7.5		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 11: Indirect Taxes as % of GDP - Other taxes on Products (incl. import duties)

															Difference[1]		Ranking	Revenue[2]
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	1995 to 2008	2000 to 2008	2008	2008
BE	2.0	2.1	2.2	2.2	2.2	2.2	2.2	2.1	2.2	2.2	2.3	2.4	2.4	2.3	0.3	0.1	6	7 828
BG	:	:	:	2.1	1.3	1.0	0.8	0.8	0.9	1.0	1.0	1.2	0.4	0.5	-	-0.6	23	160
CZ	1.5	1.5	1.2	1.1	0.9	1.0	0.8	0.8	0.8	0.5	0.5	0.5	0.5	0.5	-1.0	-0.5	22	699
DK	2.3	2.3	2.4	2.7	2.5	2.0	1.8	2.0	1.9	2.2	2.6	2.6	2.6	2.2	-0.1	0.2	7	5 124
DE	1.1	0.9	1.0	1.0	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.9	1.0	0.9	-0.2	0.0	18	23 119
EE	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.4	0.4	0.4	0.4	0.2	0.2	26	67
IE	2.0	2.0	2.0	2.1	2.2	2.3	2.0	1.7	2.0	2.2	2.6	3.0	2.6	1.8	-0.2	-0.5	9	3 269
EL	1.9	2.0	2.6	2.7	3.1	3.3	2.7	2.4	2.3	2.2	2.2	2.4	2.4	2.5	0.6	-0.8	4	6 070
ES	1.7	1.5	1.6	1.8	1.9	1.9	1.9	2.0	2.3	2.5	2.8	2.9	2.6	1.7	0.0	-0.2	11	18 523
FR	1.7	1.7	1.7	1.7	1.7	1.7	1.6	1.7	1.7	1.9	1.9	1.8	1.9	1.8	0.1	0.1	10	34 755
IT	2.5	2.6	2.7	2.9	2.9	2.7	2.5	2.6	2.5	2.9	2.8	3.0	3.0	3.0	0.5	0.3	3	46 915
CY	2.9	2.7	2.3	2.0	1.9	3.0	2.7	2.3	2.0	1.7	1.4	1.4	1.9	1.6	-1.3	-1.4	12	276
LV	0.8	0.7	0.7	0.6	0.6	0.5	0.4	0.4	0.5	0.5	0.5	0.5	0.8	0.6	-0.2	0.2	20	143
LT	1.8	1.7	1.7	1.5	1.4	1.2	1.0	1.2	1.1	1.1	0.8	0.4	0.4	0.4	-1.4	-0.8	27	132
LU	1.2	1.2	1.3	1.4	1.4	1.5	1.3	1.1	1.1	1.1	1.2	1.1	1.3	0.9	-0.3	-0.6	17	368
HU	5.7	5.2	3.6	3.2	3.5	3.3	3.2	3.1	3.5	3.6	3.6	3.8	4.1	4.2	-1.5	0.8	1	4 387
MT	4.1	3.7	3.7	3.6	4.0	3.7	3.7	3.6	3.6	3.9	3.5	3.6	3.6	3.4	-0.7	-0.3	2	193
NL	1.4	1.6	1.8	1.8	1.9	2.0	2.1	1.9	1.9	2.0	2.1	2.2	2.0	2.0	0.6	0.0	8	12 001
AT	1.2	1.2	1.2	1.3	1.2	1.2	1.2	1.1	1.2	1.2	1.1	1.2	1.1	1.1	-0.1	-0.2	15	3 051
PL	1.8	1.6	1.5	1.1	0.9	0.8	0.6	0.6	0.6	0.4	0.3	0.3	0.4	0.4	-1.4	-0.3	25	1 515
PT	2.5	2.5	2.5	2.6	3.0	2.8	2.7	2.6	2.4	2.5	2.7	2.9	2.8	2.5	0.0	-0.3	5	4 177
RO	2.1	2.3	2.3	2.3	2.3	2.2	1.6	1.3	1.0	1.0	1.0	1.2	0.7	0.6	-1.5	-1.6	21	848
SI	15.0	14.7	13.7	14.1	8.1	1.8	1.4	1.3	1.3	1.1	0.9	0.9	1.1	1.0	-14.0	-0.8	16	357
SK	1.7	1.7	2.0	1.7	1.8	1.7	0.7	0.7	0.7	0.5	0.3	0.3	0.4	0.4	-1.3	-1.3	24	280
FI	1.5	1.4	1.4	1.4	1.3	1.2	1.2	1.2	1.2	1.3	1.4	1.3	1.3	1.2	-0.3	0.0	13	2 224
SE	0.9	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.8	0.8	-0.1	0.1	19	2 504
UK	1.1	1.0	1.2	1.3	1.4	1.6	1.4	1.3	1.2	1.3	1.3	1.5	1.5	1.2	0.1	-0.4	14	21 111
NO	*2.6*	*2.7*	*2.5*	*2.5*	*2.2*	*1.9*	*1.8*	*1.7*	*1.7*	*1.8*	*1.6*	*1.6*	*1.6*	*1.3*	*-1.4*	*-0.6*		*3 968*
IS	*2.7*	*2.7*	*2.6*	*1.9*	*1.9*	*1.9*	*1.7*	*1.9*	*2.1*	*2.3*	*2.4*	*2.1*	*2.2*	*1.7*	*-1.0*	*-0.2*		*177*
EU-27 averages																		
weighted	:	:	:	1.7	1.7	1.7	1.6	1.6	1.6	1.7	1.7	1.8	1.8	1.6	:	-0.1		
arithmetic	:	:	:	2.3	2.0	1.8	1.6	1.5	1.5	1.6	1.6	1.6	1.6	1.5	:	-0.3		
EA-16 averages																		
weighted	1.6	1.6	1.7	1.8	1.8	1.7	1.7	1.7	1.7	1.8	1.9	2.0	2.0	1.8	0.1	0.0		
arithmetic	2.8	2.7	2.7	2.8	2.5	2.1	1.9	1.8	1.8	1.9	1.9	2.0	2.0	1.8	-1.0	-0.4		
EU-25 averages																		
weighted	1.6	1.5	1.6	1.7	1.7	1.7	1.6	1.6	1.6	1.7	1.7	1.8	1.8	1.6	0.0	0.0		
arithmetic	2.4	2.3	2.3	2.3	2.1	1.8	1.6	1.6	1.6	1.6	1.6	1.7	1.7	1.5	-0.9	-0.3		
Convergence indicators																		
St.dev/mean	115.2	115.9	108.3	110.8	74.4	51.7	56.0	55.6	57.1	61.3	62.5	65.7	65.8	68.7	-46.5	17.0		
Max-min	14.7	14.5	13.5	13.9	7.9	3.5	3.5	3.4	3.4	3.6	3.3	3.5	3.7	3.7	-11.0	0.2		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 12: Indirect Taxes as % of Total Taxation - Other taxes on products (incl. import duties)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	Difference[1] 2000 to 2008	Ranking 2008	Revenue[2] 2008
BE	4.5	4.7	4.8	4.9	4.9	4.9	4.8	4.7	4.9	4.9	5.2	5.4	5.4	5.1	0.7	0.2	9	7 828
BG	:	:	:	6.7	4.2	3.1	2.7	2.6	2.7	3.0	3.0	3.5	1.2	1.4	-	-1.7	23	160
CZ	4.1	4.2	3.4	3.2	2.7	2.9	2.4	2.2	2.2	1.5	1.3	1.2	1.3	1.3	-2.8	-1.6	25	699
DK	4.7	4.7	5.0	5.5	4.9	4.0	3.7	4.2	4.0	4.6	5.1	5.3	5.2	4.6	-0.1	0.6	10	5 124
DE	2.7	2.3	2.3	2.4	2.3	2.2	2.2	2.3	2.2	2.3	2.3	2.4	2.5	2.4	-0.4	0.2	18	23 119
EE	0.6	0.6	0.6	0.5	0.5	0.6	0.6	0.6	0.6	1.0	1.3	1.3	1.4	1.3	0.7	0.7	26	67
IE	6.2	6.1	6.3	6.5	6.9	7.2	6.7	5.9	6.7	7.3	8.3	9.3	8.4	6.1	0.0	-1.1	6	3 269
EL	6.7	6.9	8.6	8.4	9.3	9.6	8.3	7.0	7.1	7.1	6.9	7.6	7.4	7.8	1.1	-1.8	3	6 070
ES	5.1	4.7	5.0	5.5	5.6	5.7	5.7	5.9	6.6	7.3	7.8	8.0	7.0	5.1	0.1	-0.6	8	18 523
FR	4.0	3.8	3.9	4.0	3.8	3.8	3.8	3.8	3.9	4.3	4.3	4.0	4.3	4.2	0.2	0.3	11	34 755
IT	6.3	6.2	6.1	6.8	6.9	6.5	6.0	6.3	6.0	7.1	6.8	7.2	7.0	7.0	0.7	0.5	4	46 915
CY	10.9	10.4	8.8	7.2	6.7	10.1	8.6	7.5	6.0	5.0	4.0	3.7	4.7	4.1	-6.8	-6.0	12	276
LV	2.5	2.4	2.2	1.9	1.7	1.5	1.5	1.5	1.6	1.7	1.6	1.7	2.6	2.1	-0.4	0.6	20	143
LT	6.6	6.3	5.7	4.9	4.3	3.9	3.4	4.2	4.1	4.0	2.8	1.3	1.3	1.4	-5.2	-2.6	24	132
LU	3.3	3.2	3.3	3.6	3.7	3.9	3.4	2.8	2.8	3.1	3.1	3.2	3.6	2.6	-0.7	-1.3	15	368
HU	13.9	13.1	9.5	8.6	9.2	8.5	8.5	8.3	9.1	9.6	9.6	10.2	10.2	10.3	-3.6	1.8	1	4 387
MT	15.2	14.8	13.4	14.3	14.5	13.2	12.1	11.3	11.4	11.9	10.3	10.8	10.4	9.8	-5.4	-3.4	2	193
NL	3.5	4.0	4.5	4.5	4.8	5.0	5.5	5.1	5.0	5.2	5.7	5.6	5.3	5.2	1.7	0.2	7	12 001
AT	3.0	2.8	2.8	2.8	2.8	2.9	2.7	2.6	2.7	2.7	2.6	2.8	2.7	2.5	-0.4	-0.3	17	3 051
PL	4.8	4.3	4.0	3.0	2.6	2.3	1.9	1.8	1.8	1.2	0.9	0.8	1.1	1.2	-3.6	-1.1	27	1 515
PT	7.9	7.5	7.5	7.9	8.7	8.2	7.8	7.4	7.0	7.4	7.8	8.0	7.7	6.8	-1.0	-1.4	5	4 177
RO	7.2	8.5	8.7	8.0	7.6	7.4	5.7	4.5	3.5	3.5	3.7	4.1	2.4	2.2	-5.0	-5.2	19	848
SI	38.2	38.6	37.0	37.3	21.2	4.8	3.6	3.5	3.5	2.8	2.4	2.4	2.8	2.6	-35.6	-2.2	16	357
SK	4.3	4.3	5.5	4.6	5.0	5.0	2.0	2.0	2.0	1.6	1.1	1.1	1.3	1.5	-2.8	-3.5	22	280
FI	3.4	3.1	3.1	3.0	2.9	2.6	2.6	2.6	2.7	2.9	3.1	3.0	3.1	2.8	-0.6	0.2	14	2 224
SE	1.8	1.5	1.3	1.4	1.3	1.3	1.4	1.4	1.4	1.4	1.5	1.5	1.6	1.6	-0.2	0.3	21	2 504
UK	3.1	3.0	3.3	3.5	3.7	4.3	3.8	3.7	3.5	3.7	3.7	4.1	4.2	3.1	0.0	-1.2	13	21 111
NO	*6.3*	*6.4*	*5.9*	*5.9*	*5.2*	*4.5*	*4.1*	*4.0*	*3.9*	*4.2*	*3.7*	*3.6*	*3.7*	*3.0*	*-3.2*	*-1.4*		*3 968*
IS	*8.2*	*7.8*	*7.4*	*5.5*	*5.3*	*5.1*	*4.9*	*5.5*	*5.7*	*6.0*	*6.0*	*5.1*	*5.4*	*4.7*	*-3.5*	*-0.4*		*177*
EU-27 averages																		
weighted	:	:	:	4.1	4.2	4.1	3.9	4.0	4.0	4.3	4.4	4.6	4.5	4.1	:	0.0		
arithmetic	:	:	:	6.3	5.7	5.0	4.5	4.3	4.3	4.4	4.3	4.4	4.3	3.9	:	-1.1		
EA-16 averages																		
weighted	4.1	4.0	4.2	4.3	4.3	4.2	4.1	4.2	4.2	4.7	4.8	4.9	4.8	4.4	0.3	0.2		
arithmetic	7.8	7.7	7.7	7.7	6.9	6.0	5.4	5.1	5.0	5.2	5.1	5.3	5.2	4.7	-3.1	-1.3		
EU-25 averages																		
weighted	4.0	3.8	4.0	4.1	4.1	4.1	3.9	4.0	4.0	4.4	4.4	4.6	4.6	4.1	0.1	0.0		
arithmetic	6.7	6.5	6.3	6.2	5.6	5.0	4.5	4.4	4.4	4.5	4.4	4.5	4.5	4.1	-2.6	-0.9		
Convergence indicators																		
St.dev/mean	108.5	111.1	107.1	107.9	76.3	59.8	61.5	58.5	60.0	63.0	63.4	67.2	65.7	66.8	-41.7	7.0		
Max-min	37.5	38.0	36.4	36.8	20.7	12.6	11.5	10.7	10.8	10.9	9.4	10.0	9.3	9.1	-28.4	-3.5		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 13: Indirect Taxes as % of GDP - Other taxes on production

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	Difference[1] 2000 to 2008	Ranking 2008	Revenue[2] 2008
BE	1.9	2.0	2.0	2.0	2.0	1.9	1.9	1.8	1.9	1.9	1.8	1.9	1.6	1.8	-0.1	-0.1	8	6 078
BG	:	:	:	0.1	0.6	0.5	0.5	0.6	0.7	0.7	0.6	0.6	0.4	0.5	-	-0.1	23	165
CZ	0.9	0.8	0.7	0.6	0.6	0.6	0.6	0.5	0.5	0.4	0.4	0.4	0.4	0.4	-0.5	-0.2	26	563
DK	1.6	1.5	1.7	1.8	1.8	1.6	1.8	1.8	1.8	1.8	1.7	1.7	1.8	1.9	0.3	0.2	7	4 403
DE	1.8	1.9	1.9	2.0	2.0	2.0	1.8	1.8	1.8	1.9	2.1	2.3	2.3	2.3	0.5	0.3	6	56 960
EE	0.6	0.6	0.6	0.6	0.6	0.7	0.8	0.7	0.7	0.6	0.6	0.6	0.6	0.7	0.1	0.0	19	112
IE	1.2	1.2	1.1	1.0	0.9	0.8	0.8	0.8	0.9	0.9	0.9	1.0	1.0	1.1	-0.1	0.3	13	2 012
EL	0.5	0.7	0.5	0.5	0.6	0.6	0.5	0.3	0.3	0.3	0.3	0.3	0.3	0.4	-0.1	-0.2	25	994
ES	1.3	1.3	1.3	1.3	1.3	1.2	1.2	1.2	1.1	1.1	1.1	1.1	1.1	1.1	-0.2	-0.1	14	11 999
FR	4.2	4.4	4.4	4.4	4.3	4.2	4.1	4.1	4.1	4.2	4.3	4.2	4.3	4.3	0.1	0.1	2	82 917
IT	1.2	1.2	1.4	3.8	3.4	3.4	3.5	3.6	3.5	3.3	3.5	3.6	3.7	3.2	2.0	-0.2	3	50 481
CY	1.2	1.2	1.2	1.9	1.7	1.1	1.0	1.0	1.7	1.9	1.9	2.2	2.9	2.4	1.1	1.3	5	407
LV	1.9	1.4	2.0	2.2	2.1	1.4	1.5	1.0	1.1	1.0	0.9	0.8	0.7	0.6	-1.3	-0.8	21	144
LT	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.4	0.0	-0.2	24	138
LU	1.4	1.5	1.6	1.8	2.0	2.3	2.2	1.7	1.5	1.7	1.9	2.0	2.0	1.6	0.2	-0.8	12	610
HU	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.6	0.7	0.7	0.5	0.3	20	723
MT	0.3	0.2	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.8	0.6	0.5	0.5	0.5	0.2	0.2	22	29
NL	1.1	1.1	1.0	1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.1	1.0	1.0	1.0	0.0	0.0	15	6 205
AT	3.3	3.3	3.3	3.3	3.3	3.2	3.3	3.3	3.3	3.1	3.1	3.0	3.0	3.1	-0.2	-0.1	4	8 734
PL	1.6	1.5	1.5	1.3	1.3	1.3	1.4	1.4	1.3	1.4	1.7	2.0	1.5	1.6	0.0	0.3	11	5 663
PT	0.5	0.5	0.5	0.6	0.6	0.6	0.7	0.9	1.4	0.7	0.7	0.8	0.8	0.9	0.4	0.2	16	1 437
RO	0.7	0.3	0.2	0.3	0.5	0.5	0.6	0.6	0.6	0.5	0.5	0.6	0.8	0.8	0.1	0.3	17	1 094
SI	0.5	1.0	1.6	1.9	2.0	2.3	2.5	2.5	2.8	2.8	2.9	2.5	2.1	1.6	1.1	-0.7	9	594
SK	0.9	1.2	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8	-0.1	0.0	18	493
FI	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.2	0.2	0.2	0.2	0.1	0.0	27	448
SE	2.5	3.4	3.8	4.4	5.6	4.0	3.9	4.0	4.1	4.0	4.0	4.3	4.3	5.5	3.0	1.4	1	18 029
UK	1.8	1.8	1.8	1.8	1.7	1.8	1.7	1.7	1.6	1.6	1.6	1.6	1.5	1.6	-0.2	-0.2	10	29 050
NO	*0.6*	*0.6*	*0.6*	*0.6*	*0.6*	*0.5*	*0.6*	*0.5*	*0.5*	*0.5*	*0.5*	*0.6*	*0.6*	*0.6*	*0.0*	*0.0*		*1 745*
IS	*2.6*	*2.6*	*2.6*	*2.8*	*2.8*	*3.1*	*2.9*	*2.7*	*2.8*	*2.9*	*2.9*	*3.2*	*3.3*	*2.9*	*0.3*	*-0.2*		*297*
EU-27 averages																		
weighted	:	:	:	2.4	2.4	2.3	2.3	2.3	2.2	2.2	2.3	2.4	2.3	2.3	:	0.0		
arithmetic	:	:	:	1.5	1.6	1.5	1.5	1.4	1.5	1.5	1.5	1.5	1.5	1.5	:	0.0		
EA-16 averages																		
weighted	2.1	2.2	2.2	2.6	2.5	2.5	2.4	2.4	2.4	2.4	2.5	2.6	2.6	2.5	0.4	0.0		
arithmetic	1.3	1.4	1.5	1.7	1.6	1.6	1.6	1.6	1.7	1.7	1.7	1.7	1.7	1.6	0.3	0.0		
EU-25 averages																		
weighted	2.0	2.1	2.1	2.5	2.4	2.3	2.3	2.3	2.3	2.3	2.3	2.4	2.4	2.3	0.3	0.0		
arithmetic	1.3	1.4	1.4	1.6	1.6	1.5	1.5	1.5	1.6	1.5	1.6	1.6	1.6	1.6	0.3	0.0		
Convergence indicators																		
St.dev/mean	74.1	75.8	77.2	81.6	83.0	77.7	76.8	77.9	76.1	76.2	77.6	77.6	79.1	84.0	9.9	6.3		
Max-min	4.0	4.2	4.2	4.2	5.4	4.0	3.9	3.9	3.9	3.9	4.0	4.1	4.1	5.3	1.2	1.3		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 14: Indirect Taxes as % of Total Taxation - Other taxes on production

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	2000 to 2008	Ranking 2008	Revenue[2] 2008
BE	4.3	4.5	4.6	4.4	4.4	4.2	4.2	4.1	4.3	4.2	3.9	4.3	3.7	4.0	-0.3	-0.2	11	6 078
BG	:	:	:	0.5	1.9	1.7	1.7	2.1	2.1	2.2	1.8	1.7	1.3	1.5	-	-0.2	23	165
CZ	2.4	2.3	1.9	1.8	1.9	1.9	1.6	1.5	1.5	1.2	1.1	1.1	1.1	1.1	-1.4	-0.8	26	563
DK	3.3	3.1	3.4	3.6	3.6	3.3	3.7	3.8	3.8	3.7	3.4	3.5	3.6	3.9	0.6	0.6	12	4 403
DE	4.5	4.6	4.8	4.8	4.9	4.8	4.6	4.5	4.5	5.0	5.4	5.9	5.8	5.8	1.3	1.0	6	56 960
EE	1.5	1.7	1.7	1.8	1.9	2.3	2.5	2.3	2.2	2.1	2.1	2.1	2.0	2.2	0.6	-0.2	19	112
IE	3.7	3.7	3.3	3.1	2.9	2.6	2.8	2.9	3.1	3.1	3.1	3.0	3.1	3.8	0.0	1.1	13	2 012
EL	1.9	2.3	1.7	1.6	1.8	1.6	1.4	1.0	1.0	1.0	0.9	1.0	1.0	1.3	-0.6	-0.4	25	994
ES	4.0	3.8	3.8	4.0	3.8	3.7	3.7	3.6	3.3	3.2	3.2	3.1	3.0	3.3	-0.6	-0.3	14	11 999
FR	9.8	9.9	9.9	9.9	9.6	9.5	9.3	9.5	9.5	9.7	9.8	9.6	9.9	9.9	0.2	0.5	2	82 917
IT	2.9	2.8	3.1	8.9	7.9	8.1	8.4	8.7	8.4	8.2	8.7	8.6	8.5	7.5	4.6	-0.6	3	50 481
CY	4.6	4.7	4.8	7.0	6.1	3.7	3.1	3.3	5.2	5.7	5.3	6.1	7.1	6.0	1.4	2.4	5	407
LV	5.7	4.6	6.2	6.5	6.7	4.8	5.4	3.7	3.9	3.4	3.0	2.5	2.4	2.2	-3.6	-2.6	20	144
LT	1.7	2.1	2.0	1.9	2.0	1.9	2.1	2.2	2.0	2.1	1.9	1.8	1.7	1.4	-0.2	-0.5	24	138
LU	3.7	3.9	4.2	4.6	5.2	6.0	5.6	4.4	4.0	4.5	5.0	5.7	5.7	4.4	0.7	-1.6	8	610
HU	0.5	0.8	0.9	0.8	1.0	1.0	1.0	1.0	1.1	1.4	1.4	1.5	1.7	1.7	1.2	0.7	21	723
MT	1.0	1.0	0.9	1.2	1.2	1.2	1.2	1.3	1.4	2.5	1.7	1.6	1.4	1.5	0.5	0.3	22	29
NL	2.7	2.7	2.5	2.5	2.6	2.6	2.8	2.9	2.8	2.9	2.9	2.7	2.6	2.7	0.0	0.1	16	6 205
AT	8.1	7.7	7.4	7.4	7.4	7.5	7.2	7.4	7.5	7.3	7.3	7.2	7.1	7.2	-0.8	-0.2	4	8 734
PL	4.2	4.0	4.1	3.8	3.8	3.9	4.4	4.4	4.1	4.3	5.1	6.0	4.4	4.5	0.3	0.6	7	5 663
PT	1.6	1.5	1.6	1.7	1.7	1.8	1.9	2.7	3.9	2.0	2.0	2.1	2.2	2.4	0.8	0.5	18	1 437
RO	2.3	1.1	0.7	1.1	1.6	1.6	2.2	2.2	2.2	1.7	1.8	2.0	2.7	2.8	0.5	1.2	15	1 094
SI	1.3	2.6	4.4	5.0	5.2	6.2	6.7	6.7	7.3	7.4	7.5	6.5	5.6	4.3	3.0	-2.0	9	594
SK	2.2	3.0	2.1	2.0	2.0	2.1	2.2	2.3	2.2	2.2	2.5	2.7	2.6	2.6	0.4	0.5	17	493
FI	0.3	0.4	0.4	0.5	0.5	0.4	0.5	0.5	0.5	0.7	0.6	0.6	0.6	0.6	0.2	0.1	27	448
SE	5.3	6.8	7.5	8.5	10.8	7.8	7.8	8.4	8.5	8.3	8.0	8.8	8.9	11.7	6.4	3.9	1	18 029
UK	5.2	5.2	5.1	4.9	4.8	4.8	4.8	4.9	4.7	4.5	4.4	4.3	4.2	4.3	-0.9	-0.5	10	29 050
NO	*1.4*	*1.4*	*1.5*	*1.4*	*1.4*	*1.2*	*1.3*	*1.3*	*1.3*	*1.2*	*1.2*	*1.3*	*1.3*	*1.3*	*0.0*	*0.1*		*1 745*
IS	*7.9*	*7.7*	*7.4*	*8.0*	*7.6*	*8.3*	*8.1*	*7.6*	*7.6*	*7.6*	*7.1*	*7.8*	*8.1*	*7.9*	*0.0*	*-0.5*		*297*
EU-27 averages																		
weighted	:	:	:	6.1	5.9	5.7	5.8	5.8	5.8	5.8	5.9	5.9	5.9	5.9	:	0.2		
arithmetic	:	:	:	3.8	4.0	3.7	3.8	3.8	3.9	3.9	3.8	3.9	3.8	3.9	:	0.1		
EA-16 averages																		
weighted	5.3	5.3	5.3	6.4	6.1	6.0	6.1	6.1	6.1	6.2	6.4	6.4	6.4	6.3	1.0	0.2		
arithmetic	3.5	3.7	3.7	4.3	4.2	4.1	4.1	4.1	4.3	4.3	4.4	4.4	4.4	4.2	0.7	0.1		
EU-25 averages																		
weighted	5.2	5.2	5.3	6.1	6.0	5.8	5.8	5.8	5.8	5.8	5.9	6.0	5.9	5.9	0.8	0.2		
arithmetic	3.5	3.6	3.7	4.1	4.1	3.9	4.0	3.9	4.0	4.0	4.0	4.1	4.0	4.0	0.6	0.1		
Convergence indicators																		
St.dev/mean	65.4	63.3	65.2	70.5	68.1	64.8	63.6	64.5	63.3	63.9	66.5	66.5	68.1	70.3	4.9	5.6		
Max-min	9.4	9.5	9.5	9.4	10.3	9.0	8.8	9.0	9.0	9.0	9.2	9.0	9.3	11.1	1.7	2.1		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 15: Direct Taxes as % of GDP - Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference 1) 1995 to 2008	Difference 1) 2000 to 2008	Ranking 2008	Revenue 2) 2008
BE	16.6	16.7	17.1	17.7	17.3	17.5	17.7	17.5	17.1	17.4	17.5	17.2	17.0	17.2	0.6	-0.3	5	59 428
BG	:	:	:	8.7	7.7	7.0	7.6	6.4	6.7	6.0	5.7	6.0	7.2	7.0	-	0.0	25	2 388
CZ	9.6	8.4	8.9	8.3	8.5	8.3	8.8	9.1	9.6	9.6	9.2	9.2	9.5	8.6	-1.0	0.3	22	12 711
DK	31.0	31.0	30.5	30.1	30.3	30.5	29.5	29.3	29.6	30.4	31.9	30.7	30.1	30.0	-1.0	-0.5	1	69 891
DE	10.9	11.3	11.1	11.4	11.9	12.5	11.0	10.7	10.6	10.2	10.3	10.9	11.3	11.5	0.5	-1.0	14	285 960
EE	10.9	9.2	9.2	10.4	9.8	7.7	7.2	7.5	8.0	7.9	7.0	7.2	7.7	7.9	-2.9	0.2	24	1 277
IE	13.6	14.1	14.0	13.8	13.9	13.5	12.8	11.6	11.9	12.4	12.3	13.2	12.9	11.5	-2.1	-2.0	13	20 890
EL	6.9	6.6	7.3	8.8	9.1	10.0	8.8	8.8	8.0	8.1	8.7	8.1	8.1	8.0	1.1	-2.0	23	19 109
ES	10.3	10.4	10.6	10.3	10.4	10.5	10.4	10.8	10.5	10.6	11.4	12.2	13.4	11.2	1.0	0.7	15	122 161
FR	8.4	9.0	9.7	11.8	12.4	12.5	12.6	11.8	11.4	11.6	11.8	12.2	11.9	11.8	3.4	-0.6	12	230 968
IT	15.0	15.4	16.5	14.6	15.0	14.5	14.8	14.1	14.7	13.9	13.4	14.4	15.1	15.4	0.4	0.9	6	241 905
CY	8.8	8.5	8.6	9.8	10.7	11.0	11.2	11.2	9.6	8.7	10.2	10.8	13.8	12.9	4.1	1.9	10	2 227
LV	7.1	7.0	7.5	8.0	7.7	7.3	7.6	7.8	7.6	7.9	7.9	8.5	9.2	9.7	2.5	2.4	18	2 240
LT	8.4	8.0	8.7	9.0	9.1	8.4	7.8	7.5	8.0	8.7	9.0	9.6	9.2	9.4	1.0	0.9	19	3 018
LU	15.4	15.9	16.5	16.1	14.9	15.0	15.3	15.4	14.8	13.1	13.7	13.1	13.2	13.5	-1.9	-1.5	8	5 322
HU	8.6	9.1	8.8	8.7	9.3	9.7	10.1	10.1	9.6	9.0	9.1	9.4	10.2	10.6	2.0	0.9	16	11 208
MT	8.3	7.4	8.3	8.0	8.8	9.2	10.2	11.4	12.0	11.4	12.0	12.2	13.6	13.3	5.0	4.1	9	758
NL	12.5	13.0	12.4	12.2	12.1	12.0	11.7	11.8	11.0	10.7	11.7	11.9	12.3	11.9	-0.6	0.0	11	71 029
AT	11.7	12.7	13.6	13.7	13.3	13.2	15.1	13.9	13.8	13.6	12.9	13.0	13.5	14.0	2.3	0.8	7	39 601
PL	11.7	11.3	11.1	10.9	7.7	7.2	6.7	6.9	6.6	6.4	7.0	7.5	8.6	8.6	-3.1	1.5	21	31 346
PT	8.5	9.1	9.2	8.9	9.4	9.9	9.5	9.4	8.7	8.6	8.5	8.8	9.8	9.9	1.4	0.0	17	16 532
RO	11.2	10.3	10.5	8.3	7.8	7.0	6.4	5.8	6.0	6.4	5.3	6.0	6.7	6.7	-4.5	-0.3	26	9 388
SI	6.9	7.4	7.5	7.5	7.5	7.4	7.6	7.8	8.0	8.3	8.7	9.1	9.2	9.0	2.1	1.6	20	3 344
SK	10.8	9.7	9.2	9.0	9.0	7.5	7.5	7.1	7.1	6.1	6.0	6.1	6.2	6.4	-4.4	-1.0	27	4 166
FI	17.5	19.1	18.6	19.0	18.7	21.4	19.2	19.1	18.0	17.8	17.9	17.5	17.8	17.8	0.4	-3.5	3	32 972
SE	19.8	20.7	21.2	21.1	21.9	22.1	19.6	17.6	18.3	19.1	19.9	19.9	19.0	17.4	-2.3	-4.6	4	57 156
UK	15.2	14.9	15.2	16.4	16.3	16.7	16.8	15.7	15.2	15.4	16.4	17.1	16.9	18.2	3.0	1.5	2	331 098
NO	*16.2*	*17.0*	*16.8*	*15.8*	*16.9*	*20.1*	*20.2*	*19.8*	*19.5*	*21.1*	*22.4*	*23.0*	*22.0*	*22.2*	*6.0*	*2.1*		*68 538*
IS	*12.9*	*13.3*	*14.1*	*14.2*	*15.3*	*16.1*	*16.5*	*16.5*	*16.8*	*17.0*	*18.3*	*18.8*	*19.0*	*18.3*	*5.4*	*2.2*		*1 877*
EU-27 averages																		
weighted	:	:	:	13.5	13.7	13.9	13.5	13.0	12.7	12.7	12.9	13.4	13.6	13.5	:	-0.4		
arithmetic	:	:	:	12.3	12.2	12.2	12.0	11.7	11.6	11.5	11.7	11.9	12.3	12.2	:	0.0		
EA-16 averages																		
weighted	11.3	11.8	12.1	12.4	12.7	12.9	12.5	12.1	11.9	11.7	11.8	12.3	12.7	12.5	1.1	-0.4		
arithmetic	11.4	11.6	11.9	12.0	12.2	12.4	12.2	12.0	11.7	11.4	11.7	11.9	12.4	12.2	0.8	-0.1		
EU-25 averages																		
weighted	12.4	12.8	13.2	13.5	13.8	14.0	13.6	13.0	12.8	12.7	13.0	13.5	13.7	13.6	1.2	-0.4		
arithmetic	12.2	12.2	12.5	12.6	12.6	12.6	12.4	12.2	12.0	11.9	12.2	12.4	12.8	12.6	0.5	0.0		
Convergence indicators																		
St.dev/mean	42.5	44.5	42.9	41.8	42.7	45.7	43.9	43.4	43.9	45.8	47.5	44.3	40.5	40.6	-1.8	-5.1		
Max-min	24.0	24.4	23.2	22.6	22.9	23.5	23.1	23.5	23.6	24.4	26.6	24.7	24.0	23.6	-0.5	0.0		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 16: Direct Taxes as % of Total Taxation - Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference 1) 1995 to 2008	Difference 1) 2000 to 2008	Ranking 2008	Revenue 2) 2008
BE	38.0	37.7	38.3	39.0	38.2	38.9	39.3	38.9	38.4	38.9	39.2	38.8	38.7	38.9	1.0	0.1	5	59 428
BG	:	:	:	27.8	25.2	21.4	24.5	21.6	20.7	18.1	16.9	17.9	20.9	21.0	-	-0.4	27	2 388
CZ	26.5	24.1	25.4	25.0	24.9	24.6	26.0	26.2	27.0	25.7	24.7	25.0	25.4	23.8	-2.7	-0.8	25	12 711
DK	63.5	63.0	62.3	61.0	60.6	61.8	60.9	61.2	61.6	62.0	62.8	61.8	61.5	62.3	-1.2	0.5	1	69 891
DE	27.5	27.9	27.2	28.0	28.6	29.8	27.6	27.2	26.7	26.3	26.7	27.9	28.7	29.1	1.6	-0.6	16	285 960
EE	30.0	27.0	27.0	30.5	30.0	25.0	23.9	24.3	26.2	26.0	22.8	23.0	23.7	24.7	-5.3	-0.3	21	1 277
IE	41.2	42.5	43.3	43.4	43.6	42.8	42.9	40.8	41.1	41.1	40.1	41.0	40.9	39.3	-1.9	-3.5	4	20 890
EL	23.8	22.5	23.9	27.0	27.2	28.8	26.6	26.2	24.9	26.1	27.3	25.7	25.0	24.5	0.7	-4.3	22	19 109
ES	31.4	31.5	32.0	31.3	30.8	31.1	31.0	31.9	30.9	30.7	32.0	33.4	36.1	33.9	2.5	2.8	10	122 161
FR	19.7	20.5	21.9	26.8	27.7	28.3	28.9	27.3	26.5	26.9	27.0	27.7	27.5	27.7	7.9	-0.6	17	230 968
IT	37.5	36.7	37.7	34.5	35.4	34.8	35.7	34.5	35.6	34.3	33.2	34.3	35.1	36.0	-1.5	1.2	9	241 905
CY	33.1	32.5	33.8	35.3	38.2	36.7	36.2	35.8	29.2	26.0	28.6	29.6	33.6	32.9	-0.2	-3.8	12	2 227
LV	21.5	22.6	23.5	23.7	24.0	24.7	26.5	27.5	26.5	27.7	27.2	27.9	30.2	33.5	12.0	8.8	11	2 240
LT	30.4	29.4	28.5	28.3	28.8	28.1	27.3	26.4	28.3	30.8	31.6	32.6	31.0	31.0	0.6	2.9	14	3 018
LU	41.6	42.3	42.0	40.9	39.0	38.4	38.4	39.2	38.8	35.2	36.6	36.7	36.9	38.0	-3.6	-0.4	7	5 322
HU	21.1	23.1	23.3	23.2	24.3	24.9	26.4	26.7	25.3	24.1	24.3	25.3	25.7	26.3	5.2	1.4	19	11 208
MT	31.1	29.0	30.2	31.3	32.1	32.7	33.5	36.1	38.2	34.6	35.5	36.3	39.2	38.5	7.4	5.8	6	758
NL	31.2	32.3	31.2	30.9	30.0	30.0	30.6	31.3	29.3	28.6	31.2	30.5	31.6	30.5	-0.7	0.5	15	71 029
AT	28.3	29.7	30.6	31.0	30.3	30.6	33.4	31.7	31.5	31.3	30.5	31.0	32.1	32.8	4.5	2.3	13	39 601
PL	31.6	30.5	30.4	30.7	22.2	22.1	20.7	21.2	20.5	20.3	21.3	22.2	24.6	25.2	-6.5	3.1	20	31 346
PT	26.5	27.7	27.9	26.9	27.6	28.9	27.9	27.0	25.0	25.1	24.2	24.6	26.5	27.1	0.6	-1.8	18	16 532
RO	38.5	38.0	39.2	28.9	25.1	23.1	22.2	20.5	21.6	23.3	19.2	21.1	23.1	24.0	-14.6	0.9	24	9 388
SI	17.7	19.5	20.2	19.8	19.6	19.8	20.2	20.7	20.9	21.6	22.5	23.8	24.3	24.1	6.4	4.3	23	3 344
SK	26.8	24.6	24.8	24.5	25.5	21.9	22.6	21.3	21.7	19.4	19.2	20.7	21.0	22.1	-4.8	0.2	26	4 166
FI	38.2	40.7	40.2	41.3	40.9	45.3	43.0	42.9	41.0	41.0	40.6	40.3	41.4	41.4	3.2	-3.9	3	32 972
SE	41.2	41.1	41.6	41.0	42.2	42.6	39.3	36.8	37.9	39.3	40.2	40.5	39.4	37.0	-4.2	-5.6	8	57 156
UK	43.7	43.4	43.6	45.6	45.0	45.4	46.1	44.9	43.7	43.7	45.4	46.5	46.4	48.8	5.1	3.4	2	331 098
NO	*38.5*	*40.0*	*39.9*	*37.7*	*39.9*	*47.1*	*47.2*	*46.0*	*46.1*	*48.7*	*51.4*	*52.2*	*50.4*	*52.6*	*14.1*	*5.4*		*68 538*
IS	*38.7*	*38.9*	*40.7*	*41.2*	*41.6*	*43.3*	*46.8*	*46.8*	*45.9*	*44.8*	*45.1*	*45.3*	*46.7*	*49.8*	*11.1*	*6.5*		*1 877*
EU-27 averages																		
weighted	:	:	:	33.5	33.7	34.4	34.1	33.2	32.7	32.6	33.0	33.8	34.3	34.3	:	-0.1		
arithmetic	:	:	:	32.5	32.1	31.9	31.9	31.5	31.1	30.7	30.8	31.3	32.3	32.4	:	0.4		
EA-16 averages																		
weighted	28.5	29.0	29.5	30.3	30.7	31.3	31.0	30.3	29.9	29.6	29.8	30.7	31.5	31.4	2.9	0.1		
arithmetic	30.8	31.1	31.6	32.0	32.2	32.4	32.4	32.0	31.2	30.5	30.9	31.4	32.4	32.3	1.5	-0.1		
EU-25 averages																		
weighted	31.5	31.8	32.6	33.5	33.7	34.4	34.1	33.3	32.7	32.7	33.1	33.9	34.4	34.4	3.0	0.0		
arithmetic	32.1	32.1	32.4	32.8	32.7	32.7	32.6	32.3	31.9	31.5	31.8	32.3	33.1	33.2	1.0	0.5		
Convergence indicators																		
St.dev/mean	29.7	29.7	28.7	27.0	27.9	30.1	29.0	29.5	29.9	30.6	32.0	30.3	28.2	28.2	-1.5	-1.9		
Max-min	45.7	43.5	42.2	41.2	41.0	42.0	40.6	40.7	41.1	43.9	45.9	43.9	40.6	41.2	-4.5	-0.8		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B 18.2

Source: Commission services

Table 17: Direct Taxes as % of GDP - Personal income taxes

															Difference[1)]		Ranking	Revenue[2)]
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	1995 to 2008	2000 to 2008	2008	2008
BE	13.4	13.1	13.3	13.3	13.0	13.2	13.5	13.3	13.0	12.9	12.9	12.3	12.2	12.6	-0.8	-0.6	4	43 500
BG	:	:	:	4.6	4.4	4.1	3.6	3.2	3.3	3.2	2.9	2.7	3.2	3.0	-	-1.1	26	1 008
CZ	4.8	4.8	4.8	4.7	4.5	4.6	4.5	4.7	4.9	4.8	4.6	4.2	4.3	4.0	-0.8	-0.5	24	5 965
DK	26.3	26.2	25.9	25.5	25.8	25.6	26.0	25.7	25.6	24.9	24.9	24.9	25.4	25.3	-1.0	-0.3	1	58 922
DE	9.3	9.4	9.2	9.5	9.9	10.2	9.9	9.6	9.3	8.7	8.6	8.9	9.2	9.6	0.3	-0.6	8	239 290
EE	8.5	7.7	7.5	7.9	7.8	6.8	6.5	6.4	6.5	6.3	5.6	5.6	6.0	6.3	-2.2	-0.6	17	1 011
IE	10.4	10.4	10.3	9.9	9.5	9.2	8.7	7.5	7.7	8.3	8.4	8.8	8.8	8.2	-2.2	-1.1	9	14 843
EL	3.6	3.7	4.0	4.9	5.1	5.0	4.5	4.5	4.3	4.4	4.6	4.7	4.8	4.7	1.1	-0.2	23	11 355
ES	7.7	7.7	7.2	7.0	6.7	6.6	6.8	6.8	6.6	6.4	6.6	7.1	7.7	7.5	-0.2	0.9	13	81 310
FR	5.3	5.5	5.8	8.0	8.2	8.4	8.2	7.9	7.9	7.9	8.0	7.8	7.5	7.7	2.4	-0.7	12	149 279
IT	10.5	10.8	11.1	11.2	11.6	11.5	11.0	10.7	10.6	10.5	10.5	11.0	11.4	11.7	1.2	0.2	5	184 340
CY	3.9	3.1	3.3	3.7	3.7	3.6	3.9	4.3	4.4	3.5	3.9	4.6	6.2	5.0	1.0	1.4	22	862
LV	5.3	5.1	5.4	5.7	5.6	5.6	5.5	5.6	5.8	5.9	5.7	6.0	6.1	6.3	1.0	0.7	16	1 459
LT	6.2	6.2	7.1	7.6	8.2	7.7	7.2	6.9	6.5	6.8	6.9	6.8	6.6	6.6	0.3	-1.1	15	2 118
LU	8.0	8.1	8.1	7.5	7.2	7.2	7.0	6.4	6.5	6.6	7.1	7.5	7.1	7.7	-0.3	0.6	10	3 036
HU	6.5	7.0	6.7	6.4	6.8	7.2	7.5	7.5	7.0	6.6	6.6	6.7	7.1	7.7	1.1	0.5	11	8 085
MT	5.0	4.5	5.0	4.8	5.3	5.6	6.2	6.1	6.3	6.4	6.3	6.4	5.9	5.8	0.7	0.2	20	329
NL	7.7	7.2	6.3	6.1	6.0	6.0	6.2	6.8	6.5	6.0	6.6	6.9	7.4	7.2	-0.5	1.2	14	42 861
AT	9.3	9.8	10.5	10.5	10.5	10.1	10.8	10.5	10.5	10.2	9.6	9.7	10.0	10.4	1.1	0.3	7	29 419
PL	8.4	8.0	7.6	7.7	5.0	4.4	4.5	4.3	4.2	3.6	3.9	4.6	5.2	5.4	-3.0	0.9	21	19 403
PT	5.6	5.8	5.5	5.3	5.3	5.6	5.6	5.4	5.4	5.2	5.3	5.5	5.7	5.8	0.2	0.2	19	9 605
RO	7.3	7.0	5.3	4.5	3.5	3.5	3.3	2.7	2.8	2.9	2.3	2.8	3.3	3.4	-3.9	-0.1	25	4 743
SI	5.9	6.0	5.9	5.6	5.6	5.6	5.7	5.7	5.7	5.7	5.5	5.7	5.5	5.9	0.0	0.3	18	2 188
SK	3.6	4.0	4.3	4.4	4.3	3.4	3.5	3.3	3.2	2.7	2.6	2.5	2.5	2.8	-0.8	-0.6	27	1 796
FI	14.2	15.4	14.2	13.8	13.5	14.5	14.0	13.9	13.7	13.3	13.5	13.2	13.0	13.3	-0.9	-1.1	3	24 596
SE	16.7	17.6	17.7	17.9	18.0	17.6	16.4	15.1	15.6	15.7	15.8	15.7	14.9	14.2	-2.5	-3.4	2	46 584
UK	10.2	9.5	9.1	10.2	10.4	10.8	11.0	10.4	9.9	10.0	10.4	10.6	10.9	10.7	0.5	-0.1	6	195 132
NO	*10.7*	*10.7*	*10.9*	*11.7*	*11.4*	*10.3*	*10.4*	*10.7*	*10.5*	*10.3*	*9.7*	*9.1*	*9.7*	*9.2*	*-1.6*	*-1.1*		*28 316*
IS	*10.5*	*11.3*	*11.3*	*11.6*	*12.4*	*13.1*	*13.8*	*13.9*	*14.2*	*14.3*	*14.6*	*14.6*	*14.6*	*14.5*	*4.0*	*1.4*		*1 485*
EU-27 averages																		
weighted	:	:	:	9.7	9.9	10.0	9.8	9.5	9.3	9.0	9.1	9.3	9.4	9.5	:	-0.5		
arithmetic	:	:	:	8.5	8.3	8.3	8.2	8.0	7.9	7.8	7.8	7.9	8.1	8.1	:	-0.2		
EA-16 averages																		
weighted	8.5	8.6	8.6	9.1	9.3	9.4	9.2	9.0	8.8	8.5	8.5	8.7	8.9	9.1	0.6	-0.3		
arithmetic	7.7	7.8	7.8	7.9	7.8	7.8	7.9	7.7	7.6	7.4	7.5	7.7	7.8	7.9	0.1	0.0		
EU-25 averages																		
weighted	9.2	9.3	9.2	9.8	9.9	10.0	9.8	9.5	9.3	9.1	9.2	9.3	9.5	9.5	0.3	-0.5		
arithmetic	8.7	8.7	8.6	8.8	8.7	8.6	8.6	8.4	8.3	8.1	8.2	8.3	8.5	8.5	-0.2	-0.1		
Convergence indicators																		
St.dev/mean	56.7	58.3	57.8	56.8	58.9	60.0	60.2	60.3	60.3	61.2	61.5	59.4	57.2	57.1	0.4	-2.9		
Max-min	22.7	23.1	22.6	21.8	22.3	22.2	22.7	22.9	22.7	22.3	22.6	22.4	22.8	22.5	-0.2	0.3		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 18: Direct Taxes as % of Total Taxation - Personal income taxes

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	Difference[1] 2000 to 2008	Ranking 2008	Revenue[2] 2008
BE	30.7	29.5	29.7	29.3	28.6	29.3	30.0	29.5	29.1	28.8	28.7	27.8	27.8	28.5	-2.2	-0.8	5	43 500
BG	:	:	:	14.6	14.5	12.6	11.6	11.0	10.2	9.7	8.6	8.1	9.4	8.9	-	-3.8	27	1 008
CZ	13.3	13.7	13.8	14.1	13.1	13.5	13.3	13.4	13.6	12.8	12.3	11.6	11.7	11.2	-2.1	-2.3	25	5 965
DK	53.9	53.4	52.9	51.8	51.6	51.9	53.6	53.6	53.2	50.9	49.0	50.1	51.8	52.5	-1.4	0.6	1	58 922
DE	23.4	23.1	22.7	23.2	23.6	24.4	24.7	24.3	23.5	22.4	22.2	22.7	23.4	24.4	0.9	0.0	9	239 290
EE	23.3	22.3	21.8	23.3	23.9	22.1	21.5	20.7	21.0	20.5	18.2	18.2	18.5	19.5	-3.7	-2.5	14	1 011
IE	31.3	31.5	31.9	31.3	29.8	29.3	29.3	26.4	26.6	27.6	27.2	27.3	28.1	27.9	-3.4	-1.4	6	14 843
EL	12.5	12.4	13.2	15.1	15.4	14.4	13.6	13.5	13.6	14.2	14.5	14.7	14.8	14.6	2.0	0.1	22	11 355
ES	23.6	23.3	21.7	21.3	19.8	19.5	20.2	20.1	19.4	18.5	18.6	19.3	20.8	22.6	-1.0	3.0	10	81 310
FR	12.3	12.5	13.2	18.1	18.3	18.9	18.8	18.3	18.5	18.2	18.4	17.8	17.4	17.9	5.6	-1.1	17	149 279
IT	26.1	25.7	25.4	26.5	27.2	27.5	26.6	26.2	25.5	25.8	26.0	26.2	26.3	27.4	1.3	-0.1	7	184 340
CY	14.8	12.0	12.7	13.5	13.3	12.0	12.5	13.6	13.5	10.5	10.9	12.5	15.1	12.7	-2.0	0.7	23	862
LV	16.0	16.7	16.8	16.8	17.6	18.8	19.3	19.7	20.4	20.8	19.6	19.8	20.1	21.8	5.8	3.0	11	1 459
LT	22.7	22.7	23.3	24.0	26.0	25.6	25.3	24.2	23.3	24.0	24.1	23.1	22.3	21.7	-0.9	-3.8	12	2 118
LU	21.7	21.7	20.6	19.1	18.8	18.3	17.7	16.2	17.2	17.8	19.0	20.9	20.0	21.7	0.0	3.4	13	3 036
HU	16.0	17.9	17.6	17.0	17.7	18.5	19.6	19.9	18.6	17.5	17.6	18.1	18.0	19.0	2.9	0.5	15	8 085
MT	18.8	17.7	18.4	18.7	19.3	19.8	20.3	19.4	20.0	19.5	18.6	19.0	17.0	16.7	-2.1	-3.1	18	329
NL	19.2	17.9	15.9	15.5	14.9	15.0	16.1	18.1	17.5	16.0	17.5	17.8	19.1	18.4	-0.8	3.4	16	42 861
AT	22.4	22.9	23.6	23.7	23.9	23.3	23.9	24.0	23.9	23.4	22.7	23.2	23.6	24.4	1.9	1.1	8	29 419
PL	22.6	21.5	21.0	21.7	14.2	13.5	13.9	13.1	13.1	11.6	12.0	13.6	15.0	15.6	-7.0	2.0	21	19 403
PT	17.3	17.6	16.6	16.0	15.6	16.2	16.5	15.6	15.5	15.3	15.2	15.2	15.5	15.7	-1.6	-0.5	20	9 605
RO	25.1	26.0	20.0	15.8	11.4	11.4	11.5	9.7	10.2	10.5	8.3	10.0	11.2	12.1	-13.0	0.7	24	4 743
SI	15.0	15.7	16.0	14.8	14.6	15.0	15.2	15.0	15.0	15.0	14.2	15.0	14.7	15.8	0.8	0.8	19	2 188
SK	8.9	10.1	11.6	11.8	12.2	9.9	10.6	9.9	9.8	8.5	8.4	8.6	8.7	9.5	0.6	-0.4	26	1 796
FI	31.1	32.7	30.8	30.0	29.4	30.6	31.5	31.2	31.0	30.5	30.7	30.3	30.3	30.9	-0.2	0.3	2	24 596
SE	34.8	34.9	34.9	34.7	34.8	33.9	32.8	31.5	32.2	32.2	31.9	32.0	30.8	30.1	-4.6	-3.8	3	46 584
UK	29.5	27.8	26.1	28.4	28.8	29.4	30.0	29.8	28.6	28.3	28.9	28.7	29.8	28.7	-0.7	-0.6	4	195 132
NO	*25.5*	*25.2*	*25.8*	*27.8*	*26.9*	*24.1*	*24.3*	*24.8*	*24.9*	*23.7*	*22.2*	*20.7*	*22.1*	*21.7*	*-3.8*	*-2.4*		*28 316*
IS	*31.5*	*32.9*	*32.8*	*33.8*	*33.8*	*35.3*	*39.0*	*39.4*	*38.8*	*37.9*	*36.1*	*35.4*	*35.9*	*39.4*	*7.8*	*4.1*		*1 485*
EU-27 averages																		
weighted	:	:	:	24.1	24.2	24.6	24.7	24.3	23.8	23.2	23.3	23.4	23.8	24.0	:	-0.6		
arithmetic	:	:	:	21.9	21.4	21.3	21.5	21.0	20.9	20.4	20.1	20.4	20.8	21.1	:	-0.2		
EA-16 averages																		
weighted	21.2	21.1	20.9	22.3	22.3	22.8	22.8	22.5	22.0	21.5	21.5	21.6	22.0	22.8	1.5	0.0		
arithmetic	20.6	20.4	20.2	20.5	20.3	20.2	20.5	20.1	20.0	19.5	19.6	19.9	20.2	20.6	0.0	0.3		
EU-25 averages																		
weighted	23.4	23.0	22.8	24.2	24.2	24.7	24.7	24.4	23.8	23.3	23.4	23.5	23.9	24.2	0.8	-0.5		
arithmetic	22.4	22.3	22.1	22.4	22.1	22.0	22.3	21.9	21.7	21.2	21.1	21.3	21.6	22.0	-0.5	-0.1		
Convergence indicators																		
St.dev/mean	41.2	40.9	40.4	39.3	41.3	42.6	43.1	43.8	43.6	44.4	44.5	43.4	42.7	42.5	1.3	-0.1		
Max-min	45.0	43.3	41.2	39.9	40.1	41.9	42.9	44.0	43.4	42.4	40.8	42.0	43.1	43.6	-1.4	1.7		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Tables

Table 19: Direct Taxes as % of GDP - Corporate income tax

															Difference[1]		Ranking	Revenue[2]
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	1995 to 2008	2000 to 2008	2008	2008
BE	2.3	2.7	2.8	3.4	3.2	3.2	3.1	3.0	2.9	3.1	3.2	3.6	3.5	3.3	1.0	0.1	11	11 494
BG	:	:	:	3.8	3.1	2.7	3.8	2.9	3.1	2.4	2.4	2.7	3.2	3.3	-	0.7	10	1 139
CZ	4.6	3.4	3.8	3.4	3.8	3.5	4.1	4.3	4.6	4.7	4.5	4.8	5.0	4.4	-0.1	1.0	4	6 566
DK	2.3	2.5	2.7	3.0	2.4	3.3	2.8	2.9	2.9	3.2	3.9	4.4	3.8	3.4	1.1	0.2	9	7 970
DE	0.9	1.2	1.3	1.3	1.5	1.7	0.6	0.6	0.7	0.9	1.1	1.4	1.4	1.1	0.2	-0.6	27	27 510
EE	2.4	1.6	1.8	2.4	2.0	0.9	0.7	1.1	1.6	1.7	1.4	1.5	1.7	1.7	-0.8	0.8	26	266
IE	2.8	3.1	3.2	3.4	3.9	3.8	3.6	3.7	3.8	3.7	3.5	4.0	3.5	2.9	0.1	-0.9	18	5 213
EL	2.3	2.0	2.3	2.8	3.2	4.1	3.4	3.4	2.9	3.0	3.3	2.7	2.5	2.5	0.1	-1.7	25	5 875
ES	1.9	2.0	2.7	2.5	2.9	3.1	2.9	3.3	3.1	3.5	3.9	4.2	4.8	2.9	1.0	-0.2	17	31 428
FR	1.8	2.0	2.3	2.3	2.7	2.8	3.1	2.5	2.1	2.3	2.3	2.9	2.9	2.8	1.0	0.0	19	54 415
IT	3.3	3.8	4.1	2.5	2.8	2.4	3.2	2.7	2.3	2.4	2.3	2.9	3.3	3.2	-0.2	0.7	12	49 645
CY	4.0	4.4	4.4	4.9	5.9	6.2	6.2	6.0	4.3	3.7	4.6	5.5	6.8	7.1	3.1	0.9	1	1 218
LV	1.8	1.8	2.2	2.3	2.0	1.6	1.9	2.0	1.5	1.8	2.0	2.3	2.7	3.1	1.3	1.6	13	727
LT	2.0	1.7	1.5	1.3	0.8	0.7	0.5	0.6	1.4	1.9	2.1	2.8	2.6	2.8	0.7	2.1	20	888
LU	6.6	6.8	7.5	7.6	6.7	7.0	7.3	8.0	7.3	5.7	5.8	4.9	5.3	5.1	-1.5	-1.9	3	2 003
HU	1.8	1.8	1.9	2.1	2.3	2.2	2.3	2.3	2.2	2.1	2.1	2.3	2.8	2.6	0.8	0.4	23	2 763
MT	2.6	2.3	2.6	2.5	2.7	2.9	3.2	3.9	4.5	4.1	4.5	5.0	6.7	6.8	4.1	3.9	2	386
NL	3.3	4.1	4.5	4.5	4.5	4.3	4.2	3.6	3.0	3.3	3.6	3.7	3.5	3.4	0.2	-0.9	8	20 410
AT	1.6	2.1	2.2	2.3	2.0	2.2	3.3	2.4	2.3	2.4	2.3	2.3	2.6	2.6	1.1	0.5	22	7 462
PL	2.7	2.7	2.7	2.6	2.4	2.4	1.9	2.0	1.8	2.2	2.5	2.4	2.8	2.7	0.0	0.3	21	9 838
PT	2.4	2.8	3.2	3.2	3.6	3.9	3.4	3.4	2.9	3.0	2.8	3.0	3.7	3.7	1.4	-0.1	5	6 235
RO	3.9	3.3	4.3	3.7	3.8	3.0	2.5	2.6	2.8	3.2	2.7	2.8	3.1	3.0	-0.9	0.0	15	4 185
SI	0.5	0.9	1.0	1.0	1.2	1.2	1.3	1.6	1.7	1.9	2.8	3.0	3.2	2.5	2.0	1.4	24	936
SK	6.0	4.3	3.7	3.2	3.1	2.6	2.6	2.5	2.8	2.6	2.7	2.9	3.0	3.1	-2.9	0.5	14	2 031
FI	2.3	2.8	3.5	4.3	4.3	5.9	4.2	4.2	3.4	3.5	3.3	3.4	3.9	3.5	1.2	-2.4	7	6 471
SE	2.6	2.6	2.8	2.6	3.1	3.8	2.6	2.1	2.2	2.9	3.6	3.7	3.9	3.0	0.4	-0.8	16	9 700
UK	2.8	3.2	3.9	3.9	3.5	3.5	3.5	2.8	2.7	2.9	3.4	4.0	3.4	3.6	0.8	0.0	6	65 369
NO	*4.4*	*5.2*	*5.0*	*3.2*	*4.5*	*8.9*	*8.9*	*8.1*	*8.0*	*9.8*	*11.8*	*12.9*	*11.4*	*12.1*	*7.7*	*3.2*		*37 348*
IS	*1.1*	*0.9*	*1.0*	*1.1*	*1.5*	*1.1*	*0.9*	*0.8*	*1.3*	*1.2*	*2.0*	*2.4*	*2.5*	*2.0*	*0.9*	*0.9*		*210*
EU-27 averages																		
weighted	:	:	:	2.6	2.7	2.8	2.6	2.4	2.2	2.4	2.6	3.0	3.0	2.7	:	-0.1		
arithmetic	:	:	:	3.1	3.1	3.1	3.0	3.0	2.9	2.9	3.1	3.3	3.5	3.3	:	0.2		
EA-16 averages																		
weighted	1.9	2.2	2.5	2.3	2.5	2.6	2.5	2.2	2.1	2.3	2.4	2.7	2.9	2.5	0.6	-0.1		
arithmetic	2.8	2.9	3.2	3.2	3.4	3.6	3.5	3.4	3.1	3.1	3.3	3.5	3.8	3.5	0.7	0.0		
EU-25 averages																		
weighted	2.1	2.4	2.8	2.6	2.7	2.8	2.6	2.4	2.2	2.4	2.6	3.0	3.0	2.7	0.7	-0.1		
arithmetic	2.7	2.7	3.0	3.0	3.1	3.2	3.0	3.0	2.8	2.9	3.1	3.3	3.6	3.4	0.6	0.2		
Convergence indicators																		
St.dev/mean	49.7	44.5	43.7	42.7	42.1	47.9	49.4	51.4	45.3	34.5	34.3	31.6	35.8	38.2	-11.5	-9.7		
Max-min	6.0	5.9	6.4	6.6	5.9	6.3	6.8	7.5	6.6	4.8	4.7	4.1	5.4	6.0	-0.1	-0.3		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 20: Direct Taxes as % of Total Taxation - Corporate income tax

															Difference[1]		Ranking	Revenue[2]
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	1995 to 2008	2000 to 2008	2008	2008
BE	5.4	6.0	6.3	7.4	7.1	7.1	6.9	6.7	6.4	6.9	7.2	8.1	7.9	7.5	2.2	0.4	18	11 494
BG	:	:	:	12.3	10.1	8.2	12.3	9.9	9.5	7.3	7.0	8.1	9.5	10.0	-	1.8	9	1 139
CZ	12.7	9.7	11.0	10.1	11.2	10.3	12.0	12.3	12.8	12.5	12.0	13.1	13.4	12.3	-0.4	2.0	4	6 566
DK	4.8	5.1	5.5	6.1	4.8	6.6	5.8	6.0	6.1	6.5	7.7	8.8	7.7	7.1	2.3	0.5	20	7 970
DE	2.2	2.9	3.1	3.3	3.6	4.0	1.4	1.5	1.9	2.4	2.8	3.5	3.5	2.8	0.6	-1.2	27	27 510
EE	6.7	4.6	5.1	7.1	6.0	2.9	2.3	3.6	5.1	5.4	4.7	4.9	5.2	5.1	-1.5	2.3	26	266
IE	8.3	9.4	9.9	10.6	12.1	12.0	12.1	13.1	13.1	12.2	11.4	12.3	11.2	9.8	1.5	-2.2	10	5 213
EL	8.0	6.8	7.5	8.6	9.5	12.0	10.1	10.0	9.1	9.6	10.3	8.5	7.8	7.5	-0.5	-4.4	17	5 875
ES	5.8	6.1	8.1	7.7	8.7	9.2	8.6	9.6	9.3	10.0	11.0	11.6	12.8	8.7	3.0	-0.5	14	31 428
FR	4.2	4.7	5.2	5.3	5.9	6.3	7.0	5.9	5.0	5.4	5.3	6.6	6.8	6.5	2.4	0.2	22	54 415
IT	8.3	9.0	9.4	5.9	6.6	5.9	7.8	6.6	5.7	5.9	5.8	7.0	7.6	7.4	-1.0	1.5	19	49 645
CY	14.9	16.8	17.1	17.7	21.3	20.6	20.1	19.2	13.1	11.1	13.1	15.0	16.6	18.0	3.1	-2.6	2	1 218
LV	5.5	5.9	6.8	6.8	6.4	5.3	6.6	7.1	5.3	6.1	6.9	7.5	8.9	10.9	5.4	5.6	5	727
LT	7.4	6.4	5.0	4.1	2.6	2.3	1.9	2.1	4.9	6.6	7.3	9.4	8.7	9.1	1.7	6.8	12	888
LU	17.7	18.1	19.0	19.4	17.4	17.8	18.4	20.4	19.2	15.3	15.4	13.8	14.8	14.3	-3.4	-3.5	3	2 003
HU	4.5	4.5	4.9	5.5	5.9	5.6	6.0	6.1	5.8	5.6	5.6	6.3	6.9	6.5	2.0	0.9	23	2 763
MT	9.8	9.0	9.4	9.6	10.0	10.3	10.6	12.3	14.4	12.5	13.2	14.8	19.4	19.6	9.8	9.3	1	386
NL	8.1	10.1	11.4	11.4	11.0	10.9	11.0	9.4	8.1	8.8	9.7	9.4	9.1	8.8	0.6	-2.1	13	20 410
AT	3.8	4.9	5.0	5.3	4.5	5.0	7.2	5.5	5.3	5.6	5.5	5.6	6.2	6.2	2.4	1.1	25	7 462
PL	7.3	7.1	7.5	7.3	6.9	7.5	5.8	6.3	5.6	7.1	7.6	7.1	7.9	7.9	0.6	0.4	16	9 838
PT	7.4	8.4	9.6	9.5	10.6	11.3	10.0	9.9	8.2	8.7	7.9	8.4	10.1	10.2	2.8	-1.1	8	6 235
RO	13.4	12.0	16.1	12.8	12.3	9.8	8.8	9.3	10.1	11.6	9.8	10.0	10.5	10.7	-2.7	0.9	7	4 185
SI	1.3	2.4	2.8	2.6	3.1	3.1	3.4	4.1	4.6	5.0	7.2	7.7	8.6	6.7	5.4	3.6	21	936
SK	15.0	10.9	9.8	8.8	8.8	7.7	7.8	7.6	8.4	8.2	8.7	9.9	10.2	10.8	-4.2	3.1	6	2 031
FI	5.0	6.0	7.5	9.4	9.4	12.5	9.4	9.3	7.7	8.1	7.6	7.7	9.0	8.1	3.1	-4.4	15	6 471
SE	5.4	5.1	5.6	5.1	5.9	7.3	5.3	4.3	4.6	6.0	7.3	7.5	8.1	6.3	0.9	-1.0	24	9 700
UK	7.9	9.2	11.1	10.8	9.8	9.7	9.5	8.2	7.9	8.1	9.3	10.8	9.4	9.6	1.7	0.0	11	65 369
NO	*10.5*	*12.3*	*11.8*	*7.5*	*10.7*	*20.9*	*20.7*	*18.9*	*18.9*	*22.7*	*27.0*	*29.4*	*26.0*	*28.6*	*18.2*	*7.7*		*37 348*
IS	*3.4*	*2.6*	*3.0*	*3.1*	*4.0*	*3.1*	*2.6*	*2.2*	*3.4*	*3.1*	*5.0*	*5.9*	*6.3*	*5.6*	*2.2*	*2.5*		*210*
EU-27 averages																		
weighted	:	:	:	6.5	6.7	7.0	6.7	6.1	5.7	6.2	6.7	7.6	7.6	7.0	:	-0.1		
arithmetic	:	:	:	8.5	8.6	8.6	8.4	8.4	8.0	8.1	8.4	9.0	9.5	9.2	:	0.6		
EA-16 averages																		
weighted	4.7	5.5	6.1	5.7	6.1	6.4	6.1	5.6	5.2	5.7	6.0	6.8	7.1	6.3	1.6	-0.1		
arithmetic	7.8	8.2	8.8	8.9	9.3	9.7	9.5	9.4	8.7	8.5	8.9	9.4	10.1	9.6	1.7	-0.2		
EU-25 averages																		
weighted	5.2	5.9	6.8	6.4	6.7	7.0	6.6	6.1	5.7	6.2	6.7	7.6	7.6	6.9	1.7	-0.1		
arithmetic	7.5	7.6	8.1	8.2	8.4	8.5	8.3	8.3	7.9	8.0	8.4	9.0	9.5	9.1	1.6	0.6		
Convergence indicators																		
St.dev/mean	52.5	48.7	48.4	46.0	48.8	49.6	51.4	52.9	47.3	36.3	34.5	32.4	36.0	39.5	-13.0	-10.1		
Max-min	16.3	15.7	16.2	16.8	18.7	18.3	18.6	19.0	17.3	12.9	12.6	11.5	15.9	16.8	0.5	-1.5		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 21: Direct Taxes as % of GDP - Other

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	2000 to 2008	Ranking 2008	Revenue[2] 2008
BE	0.8	1.0	1.0	1.0	1.1	1.1	1.1	1.2	1.2	1.4	1.4	1.3	1.3	1.3	0.4	0.2	5	4 434
BG	:	:	:	0.3	0.2	0.2	0.2	0.2	0.3	0.4	0.4	0.6	0.7	0.7	-	0.5	14	241
CZ	0.2	0.3	0.2	0.2	0.2	0.3	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	-0.1	-0.2	25	180
DK	2.3	2.2	2.0	1.6	2.1	1.6	0.7	0.7	1.1	2.3	3.1	1.5	1.0	1.3	-1.0	-0.3	4	2 999
DE	0.7	0.8	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.6	0.6	0.7	0.7	0.8	0.0	0.2	11	19 160
EE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	27	0
IE	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	-0.1	0.0	19	834
EL	1.0	0.9	1.0	1.1	0.8	0.8	1.0	0.9	0.7	0.7	0.8	0.8	0.8	0.8	-0.2	-0.1	10	1 879
ES	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.7	0.8	0.8	0.8	0.9	0.9	0.9	0.2	0.1	8	9 423
FR	1.4	1.5	1.6	1.5	1.6	1.3	1.4	1.3	1.3	1.4	1.4	1.4	1.5	1.4	0.0	0.1	2	27 274
IT	1.2	0.8	1.3	0.9	0.6	0.6	0.6	0.7	1.8	1.1	0.6	0.5	0.5	0.5	-0.7	-0.1	18	7 920
CY	0.9	1.0	1.0	1.1	1.0	1.2	1.1	0.9	0.9	1.5	1.7	0.7	0.8	0.9	-0.1	-0.4	9	148
LV	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.4	0.2	0.2	0.1	24	54
LT	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	26	12
LU	0.8	1.0	1.0	1.0	1.1	0.9	0.9	1.0	0.9	0.8	0.8	0.7	0.7	0.7	-0.1	-0.2	13	283
HU	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.3	0.3	0.1	0.0	21	359
MT	0.7	0.6	0.7	0.8	0.8	0.7	0.8	1.4	1.2	0.9	1.3	0.8	1.0	0.8	0.1	0.0	12	44
NL	1.6	1.7	1.6	1.6	1.6	1.6	1.3	1.4	1.4	1.4	1.5	1.3	1.3	1.3	-0.3	-0.3	3	7 758
AT	0.8	0.8	0.8	0.9	0.9	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.1	0.0	7	2 721
PL	0.7	0.7	0.7	0.6	0.4	0.3	0.3	0.6	0.6	0.5	0.6	0.5	0.6	0.6	-0.1	0.2	16	2 105
PT	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4	-0.1	-0.1	20	692
RO	0.0	0.0	0.9	0.1	0.4	0.6	0.5	0.4	0.3	0.3	0.3	0.3	0.4	0.3	0.3	-0.2	22	461
SI	0.6	0.5	0.5	0.9	0.7	0.6	0.6	0.6	0.5	0.6	0.4	0.4	0.4	0.6	0.0	0.0	15	220
SK	1.2	1.4	1.2	1.4	1.6	1.5	1.4	1.3	1.2	0.8	0.6	0.6	0.6	0.5	-0.7	-0.9	17	338
FI	0.9	1.0	0.9	0.9	0.9	1.0	1.0	1.0	1.0	1.1	1.0	1.0	0.9	1.0	0.1	0.0	6	1 905
SE	0.5	0.6	0.6	0.6	0.7	0.7	0.6	0.5	0.5	0.5	0.5	0.5	0.2	0.3	-0.2	-0.4	23	872
UK	2.2	2.2	2.2	2.3	2.3	2.3	2.4	2.4	2.5	2.6	2.6	2.6	2.6	3.9	1.7	1.6	1	70 597
NO	*1.0*	*1.1*	*1.0*	*1.0*	*1.0*	*0.9*	*0.9*	*1.0*	*1.0*	*1.0*	*1.0*	*0.9*	*1.0*	*0.9*	*-0.1*	*0.0*		*2 874*
IS	*1.3*	*1.2*	*1.7*	*1.5*	*1.4*	*1.8*	*1.8*	*1.8*	*1.3*	*1.5*	*1.7*	*1.7*	*1.8*	*1.8*	*0.5*	*-0.1*		*182*
EU-27 averages																		
weighted	:	:	:	1.2	1.2	1.1	1.1	1.1	1.3	1.2	1.2	1.1	1.2	1.3	:	0.2		
arithmetic	:	:	:	0.8	0.8	0.8	0.7	0.8	0.8	0.8	0.9	0.7	0.7	0.8	:	0.0		
EA-16 averages																		
weighted	1.0	1.0	1.0	1.0	0.9	0.9	0.9	0.9	1.1	1.0	0.9	0.9	0.9	0.9	-0.1	0.0		
arithmetic	0.9	0.9	0.9	1.0	0.9	0.9	0.9	0.9	1.0	0.9	0.9	0.8	0.8	0.8	-0.1	-0.1		
EU-25 averages																		
weighted	1.1	1.2	1.2	1.2	1.2	1.1	1.1	1.1	1.3	1.2	1.2	1.2	1.2	1.3	0.2	0.2		
arithmetic	0.8	0.8	0.8	0.8	0.9	0.8	0.8	0.8	0.8	0.9	0.9	0.7	0.7	0.8	0.0	0.0		
Convergence indicators																		
St.dev/mean	76.1	74.4	66.7	70.4	74.7	69.3	70.2	69.8	71.7	76.7	85.4	75.1	73.0	94.0	17.9	24.6		
Max-min	2.3	2.2	2.2	2.3	2.3	2.3	2.4	2.4	2.5	2.6	3.1	2.6	2.6	3.9	1.6	1.6		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 22: Direct Taxes as % of Total Taxation - Other

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1)] 1995 to 2008	Difference[1)] 2000 to 2008	Ranking 2008	Revenue[2)] 2008
BE	1.9	2.2	2.2	2.3	2.4	2.4	2.4	2.7	2.8	3.2	3.2	2.9	2.9	2.9	1.0	0.5	4	4 434
BG	:	:	:	0.9	0.7	0.6	0.6	0.7	0.9	1.1	1.3	1.7	2.1	2.1	-	1.5	12	241
CZ	0.6	0.7	0.6	0.7	0.6	0.8	0.6	0.5	0.5	0.3	0.4	0.4	0.3	0.3	-0.2	-0.5	25	180
DK	4.8	4.5	4.0	3.2	4.2	3.3	1.5	1.6	2.3	4.7	6.1	2.9	2.0	2.7	-2.1	-0.6	5	2 999
DE	1.8	1.9	1.4	1.5	1.4	1.4	1.5	1.4	1.3	1.5	1.6	1.7	1.9	2.0	0.1	0.6	14	19 160
EE	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	27	0
IE	1.5	1.6	1.5	1.5	1.6	1.5	1.4	1.3	1.5	1.4	1.4	1.5	1.6	1.6	0.0	0.0	18	834
EL	3.3	3.2	3.2	3.3	2.4	2.4	2.9	2.6	2.3	2.3	2.5	2.4	2.4	2.4	-0.9	0.0	7	1 879
ES	2.1	2.1	2.1	2.3	2.3	2.4	2.2	2.2	2.2	2.2	2.3	2.5	2.5	2.6	0.5	0.3	6	9 423
FR	3.3	3.4	3.5	3.4	3.5	3.0	3.1	3.1	3.1	3.2	3.3	3.3	3.4	3.3	0.0	0.2	3	27 274
IT	3.0	2.0	2.9	2.2	1.5	1.4	1.3	1.7	4.4	2.6	1.4	1.1	1.1	1.2	-1.8	-0.2	19	7 920
CY	3.4	3.7	4.0	4.1	3.6	4.1	3.6	2.9	2.7	4.5	4.7	2.0	2.0	2.2	-1.3	-1.9	11	148
LV	0.0	0.0	0.0	0.0	0.0	0.6	0.6	0.7	0.8	0.7	0.7	0.6	1.2	0.8	0.8	0.2	23	54
LT	0.3	0.3	0.2	0.2	0.2	0.2	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1	-0.2	-0.1	26	12
LU	2.2	2.6	2.4	2.5	2.8	2.4	2.3	2.5	2.4	2.0	2.2	2.0	2.1	2.0	-0.2	-0.3	13	283
HU	0.6	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.9	1.0	1.1	1.0	0.8	0.8	0.3	0.1	22	359
MT	2.5	2.4	2.5	3.0	2.9	2.6	2.6	4.4	3.8	2.6	3.7	2.5	2.8	2.2	-0.2	-0.4	10	44
NL	3.9	4.2	4.0	4.1	4.0	4.1	3.5	3.7	3.7	3.8	3.9	3.3	3.4	3.3	-0.6	-0.8	2	7 758
AT	2.0	1.9	1.9	2.0	2.0	2.2	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	0.2	0.1	9	2 721
PL	1.8	1.8	1.9	1.7	1.0	1.1	1.0	1.8	1.8	1.7	1.7	1.5	1.7	1.7	-0.1	0.6	16	2 105
PT	1.8	1.7	1.6	1.4	1.4	1.4	1.4	1.5	1.2	1.1	1.1	1.0	1.0	1.1	-0.6	-0.3	21	692
RO	0.0	0.0	3.2	0.3	1.4	1.9	1.9	1.5	1.2	1.2	1.1	1.1	1.3	1.2	1.2	-0.7	20	461
SI	1.4	1.4	1.4	2.3	1.9	1.7	1.7	1.5	1.4	1.5	1.1	1.1	1.1	1.6	0.2	-0.1	17	220
SK	2.9	3.6	3.3	3.9	4.6	4.3	4.1	3.8	3.5	2.7	2.0	2.2	2.1	1.8	-1.1	-2.5	15	338
FI	2.0	2.0	1.9	1.9	2.1	2.2	2.2	2.3	2.2	2.4	2.4	2.2	2.1	2.4	0.4	0.2	8	1 905
SE	1.0	1.1	1.2	1.2	1.4	1.4	1.2	1.1	1.1	1.1	1.0	1.0	0.5	0.6	-0.4	-0.8	24	872
UK	6.3	6.4	6.4	6.4	6.4	6.3	6.6	6.9	7.2	7.3	7.2	7.1	7.2	10.4	4.1	4.1	1	70 597
NO	*2.5*	*2.5*	*2.4*	*2.4*	*2.3*	*2.1*	*2.2*	*2.3*	*2.3*	*2.3*	*2.2*	*2.1*	*2.3*	*2.2*	*-0.3*	*0.1*		*2 874*
IS	*3.8*	*3.4*	*4.9*	*4.3*	*3.9*	*5.0*	*5.2*	*5.1*	*3.7*	*3.9*	*4.1*	*4.1*	*4.5*	*4.8*	*1.0*	*-0.1*		*182*
EU-27 averages																		
weighted	:	:	:	2.9	2.8	2.7	2.7	2.8	3.2	3.1	3.1	2.9	2.9	3.3	:	0.6		
arithmetic	:	:	:	2.1	2.1	2.1	2.0	2.1	2.1	2.2	2.2	1.9	1.9	2.1	:	0.0		
EA-16 averages																		
weighted	2.5	2.5	2.5	2.3	2.2	2.1	2.1	2.2	2.7	2.5	2.3	2.2	2.3	2.3	-0.2	0.2		
arithmetic	2.4	2.5	2.5	2.6	2.5	2.5	2.4	2.5	2.6	2.5	2.5	2.1	2.2	2.2	-0.3	-0.3		
EU-25 averages																		
weighted	2.9	2.9	2.9	2.9	2.8	2.7	2.7	2.8	3.2	3.2	3.1	2.9	2.9	3.3	0.4	0.6		
arithmetic	2.2	2.2	2.2	2.2	2.2	2.2	2.0	2.1	2.2	2.3	2.3	1.9	1.9	2.1	-0.1	-0.1		
Convergence indicators																		
St.dev/mean	72.5	71.8	65.3	70.5	71.9	68.3	70.6	71.5	71.4	72.7	77.7	72.1	72.1	92.3	19.8	24.0		
Max-min	6.3	6.4	6.4	6.4	6.4	6.3	6.5	6.9	7.2	7.3	7.2	7.1	7.2	10.4	4.1	4.1		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 23: Social Contributions as % of GDP - Total

															Difference[1]		Ranking	Revenue[2]
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	1995 to 2008	2000 to 2008	2008	2008
BE	14.3	14.2	14.1	14.2	14.2	13.9	14.1	14.3	14.2	13.9	13.6	13.5	13.6	13.9	-0.4	0.1	7	48 021
BG	:	:	:	9.1	10.0	11.0	10.0	9.5	10.6	10.5	10.3	8.7	8.7	8.1	-	-2.9	22	2 757
CZ	14.3	14.2	14.6	14.0	14.0	14.2	14.2	14.9	15.0	16.0	16.1	16.2	16.3	16.2	1.9	2.0	1	23 971
DK	1.1	1.1	1.0	1.0	1.6	1.8	1.7	1.2	1.2	1.2	1.1	1.0	1.0	1.0	-0.1	-0.8	27	2 256
DE	16.8	17.4	17.7	17.4	17.2	16.9	16.7	16.7	16.9	16.5	16.3	15.9	15.2	15.1	-1.8	-1.8	3	376 120
EE	12.3	11.6	11.3	11.2	11.1	10.9	10.7	11.0	10.6	10.3	10.3	10.2	10.8	11.8	-0.5	0.8	15	1 891
IE	5.0	4.6	4.3	4.1	4.3	4.4	4.5	4.4	4.4	4.6	4.7	4.8	5.0	5.3	0.4	0.9	26	9 670
EL	9.3	9.6	9.9	10.3	10.2	10.5	10.6	11.6	11.7	11.1	11.2	11.1	11.7	12.2	2.9	1.8	11	29 285
ES	11.8	12.0	12.0	11.9	11.9	12.0	12.2	12.1	12.2	12.2	12.1	12.1	12.2	12.3	0.5	0.3	10	133 841
FR	18.6	18.6	18.1	16.1	16.3	16.1	16.1	16.2	16.4	16.2	16.3	16.4	16.2	16.1	-2.4	0.1	2	314 891
IT	12.6	14.3	14.6	12.2	12.1	12.1	12.0	12.1	12.3	12.3	12.5	12.5	13.0	13.4	0.7	1.3	9	210 259
CY	6.5	6.6	6.8	6.9	6.6	6.5	6.8	6.7	7.0	7.7	8.3	7.8	7.5	7.7	1.2	1.2	23	1 333
LV	12.0	10.8	10.6	10.8	10.7	9.9	9.2	9.3	8.9	8.7	8.4	8.8	8.7	8.2	-3.8	-1.7	21	1 893
LT	7.2	7.6	8.4	9.0	9.2	9.4	8.9	8.6	8.5	8.4	8.1	8.4	8.6	9.0	1.8	-0.4	20	2 899
LU	9.8	9.8	10.0	10.2	10.1	10.1	10.9	10.9	10.8	10.7	10.4	9.8	9.9	10.1	0.3	0.0	18	3 971
HU	14.7	13.6	13.8	13.6	12.9	13.0	12.8	12.8	12.6	12.2	12.5	12.5	13.5	13.8	-0.9	0.8	8	14 541
MT	6.1	6.3	6.8	6.1	6.2	6.4	6.9	6.5	6.5	6.5	6.4	6.2	5.9	6.2	0.1	-0.2	25	352
NL	15.9	15.2	15.1	15.0	15.5	15.4	13.7	13.3	13.8	13.9	12.9	14.0	13.5	14.5	-1.4	-0.9	4	86 258
AT	14.9	15.0	15.1	15.1	15.1	14.8	14.9	14.7	14.7	14.7	14.6	14.5	14.3	14.4	-0.5	-0.4	5	40 542
PL	11.3	11.6	11.7	11.6	13.7	12.9	13.4	12.9	12.8	12.3	12.3	12.2	12.0	11.4	0.0	-1.6	16	41 166
PT	9.7	9.7	10.0	10.0	10.1	10.3	10.5	10.8	11.1	11.1	11.4	11.4	11.7	11.9	2.2	1.6	14	19 832
RO	8.1	7.6	7.0	9.1	11.0	11.1	10.9	10.7	9.4	9.1	9.6	9.7	9.7	9.3	1.3	-1.7	19	13 048
SI	16.8	15.0	14.3	14.4	14.1	14.3	14.5	14.3	14.2	14.2	14.2	14.0	13.7	14.1	-2.8	-0.2	6	5 221
SK	15.0	15.9	15.0	14.9	14.0	14.2	14.3	14.6	13.8	13.1	12.7	11.7	11.7	12.0	-3.1	-2.2	13	7 741
FI	14.1	13.6	12.8	12.6	12.6	11.9	12.0	11.9	11.8	11.7	12.0	12.1	11.9	12.1	-2.0	0.2	12	22 306
SE	12.3	13.3	13.0	13.0	11.5	13.2	13.7	13.5	13.1	12.8	12.8	12.1	12.2	11.3	-1.0	-2.0	17	36 939
UK	6.1	5.9	6.1	6.0	6.1	6.2	6.2	5.9	6.3	6.6	6.7	6.8	6.7	6.8	0.8	0.6	24	123 879
NO	*9.8*	*9.6*	*9.6*	*10.3*	*10.1*	*8.9*	*9.2*	*9.9*	*9.8*	*9.4*	*8.9*	*8.7*	*9.1*	*8.9*	*-0.9*	*0.0*		*27 504*
IS	*2.5*	*2.7*	*2.7*	*2.7*	*2.8*	*2.9*	*2.8*	*2.9*	*3.1*	*3.1*	*3.2*	*3.3*	*3.0*	*2.8*	*0.4*	*-0.1*		*290*
EU-27 averages																		
weighted	:	:	:	13.0	12.9	12.7	12.6	12.6	12.8	12.6	12.6	12.5	12.4	12.6	:	-0.1		
arithmetic	:	:	:	11.1	11.2	11.2	11.2	11.2	11.1	11.1	11.0	10.9	10.9	11.0	:	-0.2		
EA-16 averages																		
weighted	15.5	15.8	15.8	14.8	14.8	14.6	14.4	14.4	14.5	14.3	14.2	14.1	14.0	14.1	-1.3	-0.4		
arithmetic	12.3	12.4	12.3	11.9	11.9	11.9	11.9	11.9	12.0	11.9	11.9	11.7	11.7	12.0	-0.4	0.1		
EU-25 averages																		
weighted	13.8	14.1	13.8	13.0	12.9	12.7	12.7	12.6	12.8	12.7	12.6	12.5	12.4	12.6	-1.2	-0.1		
arithmetic	11.5	11.5	11.5	11.3	11.3	11.3	11.3	11.2	11.2	11.2	11.1	11.0	11.1	11.2	-0.3	0.0		
Convergence indicators																		
St.dev/mean	37.7	37.6	36.9	34.7	33.4	32.5	32.1	33.3	33.2	32.8	32.5	33.0	32.8	32.8	-4.9	0.3		
Max-min	17.5	17.6	17.1	16.4	15.6	15.1	15.0	15.5	15.7	15.3	15.2	15.4	15.3	15.2	-2.2	0.1		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 24: Social Contributions as % of Total Taxation - Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1)] 1995 to 2008	Difference[1)] 2000 to 2008	Ranking 2008	Revenue[2)] 2008
BE	32.7	32.2	31.6	31.3	31.3	30.8	31.3	31.7	31.9	31.1	30.5	30.4	31.0	31.5	-1.2	0.7	15	48 021
BG	:	:	:	29.2	32.6	33.8	32.5	32.0	32.8	31.8	30.3	26.3	25.3	24.3	-	-9.6	21	2 757
CZ	39.6	41.0	41.6	42.1	41.2	41.9	41.8	42.7	42.1	42.9	43.4	44.3	43.7	44.9	5.2	2.9	1	23 971
DK	2.2	2.2	2.1	2.1	3.3	3.6	3.6	2.5	2.5	2.4	2.2	2.1	2.0	2.0	-0.2	-1.6	27	2 256
DE	42.3	42.8	43.5	42.6	41.2	40.4	41.8	42.3	42.5	42.6	42.0	40.5	38.5	38.3	-4.0	-2.1	3	376 120
EE	33.9	33.9	33.1	32.9	34.0	35.3	35.3	35.4	34.4	33.9	33.5	32.9	33.3	36.6	2.7	1.3	9	1 891
IE	15.0	13.8	13.3	13.0	13.5	14.0	15.2	15.5	15.3	15.3	15.3	14.9	15.8	18.2	3.2	4.2	25	9 670
EL	32.1	32.8	32.5	31.6	30.5	30.3	31.9	34.4	36.5	35.7	35.2	35.2	36.3	37.5	5.4	7.2	6	29 285
ES	36.0	36.2	36.0	36.0	35.5	35.5	36.3	35.8	36.0	35.2	34.0	33.2	32.8	37.1	1.1	1.7	7	133 841
FR	43.5	42.4	41.1	36.5	36.3	36.5	36.8	37.5	38.1	37.5	37.3	37.4	37.5	37.7	-5.7	1.3	4	314 891
IT	31.5	34.1	33.3	28.7	28.6	28.9	28.8	29.7	29.8	30.4	31.1	29.7	30.2	31.3	-0.3	2.4	16	210 259
CY	24.3	25.3	26.4	24.8	23.7	21.8	21.9	21.5	21.2	23.0	23.2	21.4	18.4	19.7	-4.6	-2.1	23	1 333
LV	36.1	35.2	33.2	31.9	33.3	33.5	32.3	32.8	31.1	30.5	28.9	28.8	28.6	28.3	-7.8	-5.3	19	1 893
LT	26.0	28.2	27.3	28.3	29.0	31.1	31.2	30.4	30.3	29.7	28.6	28.6	28.8	29.7	3.7	-1.4	17	2 899
LU	26.5	26.2	25.5	25.8	26.3	25.7	27.5	27.7	28.2	28.7	27.8	27.7	27.6	28.3	1.8	2.6	18	3 971
HU	36.1	34.7	36.6	36.1	33.9	33.4	33.5	33.8	33.2	32.6	33.5	33.6	34.1	34.1	-2.0	0.7	10	14 541
MT	22.8	24.9	24.6	23.9	22.5	22.6	22.9	20.7	20.7	19.9	18.9	18.3	17.0	17.9	-4.9	-4.8	26	352
NL	39.5	37.9	38.0	38.0	38.5	38.6	35.7	35.2	36.9	37.1	34.5	35.9	34.8	37.1	-2.4	-1.6	8	86 258
AT	36.0	34.9	34.1	34.0	34.2	34.2	32.9	33.4	33.7	33.9	34.5	34.6	33.9	33.6	-2.4	-0.6	11	40 542
PL	30.5	31.2	32.1	32.9	39.3	39.7	41.6	39.6	39.7	39.2	37.6	36.1	34.3	33.1	2.6	-6.7	13	41 166
PT	30.2	29.6	30.3	30.1	29.6	30.1	30.9	31.0	31.7	32.6	32.4	31.7	31.8	32.5	2.2	2.4	14	19 832
RO	27.8	28.0	26.4	31.8	35.5	36.7	38.3	38.2	34.1	33.6	34.4	34.0	33.4	33.3	5.6	-3.4	12	13 048
SI	43.0	39.5	38.6	38.0	37.0	38.1	38.5	37.6	37.2	37.2	36.8	36.6	36.3	37.6	-5.3	-0.4	5	5 221
SK	37.3	40.4	40.2	40.5	39.5	41.5	43.1	44.2	42.0	41.6	40.4	40.1	39.9	41.0	3.8	-0.5	2	7 741
FI	30.8	28.9	27.6	27.3	27.5	25.2	26.9	26.6	26.7	26.8	27.3	27.9	27.7	28.0	-2.8	2.8	20	22 306
SE	25.6	26.3	25.6	25.3	22.1	25.5	27.5	28.1	27.1	26.4	25.8	24.7	25.2	23.9	-1.7	-1.6	22	36 939
UK	17.5	17.3	17.5	16.8	16.9	16.8	16.9	16.9	18.1	18.7	18.7	18.4	18.3	18.3	0.8	1.4	24	123 879
NO	*23.4*	*22.6*	*22.7*	*24.4*	*23.9*	*20.9*	*21.5*	*22.9*	*23.1*	*21.7*	*20.4*	*19.8*	*20.8*	*21.1*	*-2.3*	*0.2*		*27 504*
IS	*7.4*	*7.9*	*7.9*	*8.0*	*7.6*	*7.8*	*8.0*	*8.1*	*8.4*	*8.1*	*7.9*	*7.9*	*7.5*	*7.7*	*0.3*	*-0.1*		*290*
EU-27 averages																		
weighted	:	:	:	32.2	31.7	31.4	31.9	32.2	32.7	32.5	32.1	31.5	31.1	32.0	:	0.6		
arithmetic	:	:	:	30.1	30.3	30.6	31.0	31.0	30.9	30.7	30.3	29.8	29.5	30.2	:	-0.4		
EA-16 averages																		
weighted	38.9	38.8	38.4	36.1	35.6	35.3	35.7	36.1	36.4	36.3	35.9	35.2	34.6	35.6	-3.3	0.2		
arithmetic	32.7	32.6	32.3	31.4	31.0	30.9	31.4	31.6	31.8	31.8	31.3	31.0	30.6	31.7	-1.0	0.8		
EU-25 averages																		
weighted	35.0	34.9	34.2	32.2	31.7	31.4	31.8	32.2	32.7	32.5	32.1	31.5	31.1	32.0	-3.0	0.6		
arithmetic	30.8	30.9	30.6	30.0	29.9	30.2	30.6	30.7	30.7	30.6	30.1	29.8	29.5	30.3	-0.5	0.1		
Convergence indicators																		
St.dev/mean	30.5	29.9	30.4	29.6	29.4	29.5	29.1	29.9	29.4	29.2	29.3	30.1	30.3	30.3	-0.1	0.8		
Max-min	41.3	40.6	41.4	40.5	38.0	38.3	39.6	41.7	40.0	40.5	41.2	42.2	41.7	42.8	1.6	4.5		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 25: Social Contributions as % of GDP - Employers

															Difference[1]		Ranking	Revenue[2]
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	1995 to 2008	2000 to 2008	2008	2008
BE	8.6	8.6	8.6	8.6	8.7	8.3	8.5	8.6	8.6	8.4	8.2	8.2	8.2	8.4	-0.2	0.1	8	28 970
BG	:	:	:	8.5	8.6	8.1	7.3	6.6	7.4	7.4	6.8	5.4	5.4	5.0	-	-3.2	20	1 705
CZ	9.9	10.0	10.2	9.9	9.8	9.9	9.9	10.4	10.5	10.3	10.3	10.3	10.3	10.3	0.4	0.4	3	15 237
DK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	27	24
DE	7.5	7.6	7.6	7.6	7.5	7.5	7.4	7.3	7.4	7.2	7.0	6.8	6.5	6.5	-1.0	-1.0	14	162 350
EE	12.1	11.4	11.2	11.0	10.9	10.7	10.5	10.5	10.2	9.9	9.9	9.9	10.5	11.4	-0.7	0.7	1	1 836
IE	2.9	2.6	2.6	2.6	2.6	2.7	2.8	2.7	2.7	2.7	2.7	2.9	3.0	3.3	0.4	0.6	25	5 929
EL	4.3	4.5	4.6	4.8	4.6	4.9	4.9	5.5	5.4	5.1	5.1	5.2	5.5	5.7	1.4	0.8	17	13 641
ES	8.2	8.4	8.4	8.4	8.5	8.7	8.8	8.8	8.9	8.8	8.8	8.8	8.9	8.9	0.6	0.2	7	96 370
FR	11.4	11.3	11.3	11.1	11.3	11.1	11.0	11.0	11.1	11.0	11.0	11.1	11.0	11.0	-0.4	-0.1	2	214 001
IT	8.4	10.0	10.3	8.6	8.5	8.4	8.3	8.4	8.7	8.6	8.8	8.7	8.9	9.1	0.7	0.7	5	143 656
CY	4.3	4.4	4.5	4.6	4.5	4.4	4.5	4.5	4.7	5.3	5.9	5.5	5.1	5.3	1.0	0.9	19	910
LV	11.6	9.9	8.0	8.2	8.1	7.4	6.8	6.9	6.4	6.3	6.1	6.3	6.3	5.9	-5.7	-1.5	16	1 369
LT	6.9	7.3	8.0	8.6	8.8	8.4	8.0	7.8	7.7	7.5	7.3	7.5	7.6	8.0	1.1	-0.4	10	2 579
LU	4.5	4.5	4.5	4.6	4.4	4.4	4.8	4.8	4.7	4.7	4.6	4.3	4.2	4.3	-0.2	-0.1	23	1 695
HU	11.8	11.0	11.2	11.1	10.3	10.5	10.1	10.0	9.8	9.4	9.7	9.5	9.6	9.8	-2.0	-0.7	4	10 319
MT	3.0	3.1	3.3	3.0	2.9	2.8	3.1	2.9	2.9	2.9	2.9	2.8	2.6	2.8	-0.2	0.0	26	158
NL	2.0	2.0	1.8	4.5	4.5	4.5	4.3	4.3	4.3	4.3	4.0	4.6	4.5	4.9	2.9	0.4	21	28 938
AT	7.3	7.4	7.4	7.3	7.3	7.1	7.0	6.9	6.9	6.9	6.9	6.8	6.7	6.7	-0.6	-0.4	12	19 020
PL	5.9	5.9	6.1	6.1	5.9	5.7	5.7	5.4	5.2	4.9	4.9	4.8	4.8	4.8	-1.1	-0.9	22	17 225
PT	6.1	6.2	6.4	6.5	6.5	6.7	6.7	6.9	6.9	7.1	7.3	7.4	7.6	7.8	1.7	1.1	11	12 971
RO	8.1	7.6	7.0	6.9	7.8	8.1	7.1	6.5	6.2	5.9	6.4	6.3	6.2	6.0	-2.0	-2.0	15	8 446
SI	8.0	6.3	5.5	5.5	5.4	5.5	5.5	5.4	5.4	5.4	5.5	5.5	5.4	5.5	-2.5	0.0	18	2 042
SK	9.6	9.9	9.8	9.7	8.9	9.1	8.9	8.9	8.4	7.6	7.0	6.3	6.3	6.7	-2.9	-2.5	13	4 319
FI	9.9	9.6	9.1	9.2	9.2	8.8	8.9	8.9	8.9	8.8	9.0	8.9	8.7	9.0	-0.8	0.3	6	16 681
SE	10.4	11.0	10.4	10.0	8.5	10.2	10.7	10.4	10.1	9.9	9.8	9.2	9.3	8.3	-2.1	-1.9	9	27 285
UK	3.3	3.3	3.3	3.3	3.4	3.5	3.5	3.3	3.5	3.6	3.7	3.7	3.7	3.9	0.6	0.4	24	71 543
NO	*5.8*	*5.7*	*5.7*	*6.1*	*6.1*	*5.3*	*5.6*	*5.9*	*5.9*	*5.7*	*5.4*	*5.3*	*5.5*	*5.5*	*-0.4*	*0.1*		*16 861*
IS	*2.3*	*2.5*	*2.5*	*2.6*	*2.7*	*2.7*	*2.7*	*2.8*	*3.0*	*2.9*	*3.1*	*3.2*	*3.0*	*2.8*	*0.5*	*0.0*		*283*
EU-27 averages																		
weighted	:	:	:	7.4	7.3	7.3	7.2	7.2	7.3	7.2	7.2	7.2	7.1	7.3	:	0.0		
arithmetic	:	:	:	7.0	6.9	6.9	6.9	6.8	6.8	6.7	6.7	6.5	6.6	6.6	:	-0.3		
EA-16 averages																		
weighted	8.2	8.5	8.5	8.3	8.3	8.2	8.2	8.2	8.3	8.2	8.1	8.1	8.0	8.1	-0.1	-0.1		
arithmetic	6.6	6.6	6.6	6.7	6.6	6.5	6.6	6.6	6.6	6.6	6.5	6.5	6.5	6.6	0.0	0.1		
EU-25 averages																		
weighted	7.5	7.7	7.6	7.4	7.3	7.3	7.2	7.2	7.3	7.2	7.2	7.2	7.2	7.3	-0.2	0.0		
arithmetic	7.1	7.0	7.0	7.0	6.8	6.8	6.8	6.8	6.8	6.7	6.7	6.6	6.6	6.7	-0.4	-0.1		
Convergence indicators																		
St.dev/mean	46.5	45.7	45.4	41.1	40.6	40.6	40.0	40.7	40.3	39.5	39.7	39.9	40.6	40.5	-5.9	0.0		
Max-min	12.1	11.4	11.3	11.1	11.3	11.0	11.0	11.0	11.1	11.0	11.0	11.1	11.0	11.4	-0.7	0.4		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 26: Social Contributions as % of Total Taxation - Employers

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	Difference[1] 2000 to 2008	Ranking 2008	Revenue[2] 2008
BE	19.7	19.3	19.1	19.0	19.1	18.5	18.8	19.2	19.3	18.7	18.4	18.5	18.8	19.0	-0.7	0.5	13	28 970
BG	:	:	:	27.3	28.1	25.1	23.5	22.2	23.1	22.3	20.0	16.3	15.7	15.0	-	-10.1	18	1 705
CZ	27.3	28.7	29.2	29.6	28.9	29.3	29.2	29.8	29.4	27.5	27.9	28.1	27.6	28.5	1.2	-0.8	2	15 237
DK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	27	24
DE	18.8	18.6	18.8	18.5	18.0	17.8	18.5	18.5	18.6	18.5	18.0	17.3	16.6	16.5	-2.3	-1.3	16	162 350
EE	33.3	33.4	32.6	32.4	33.5	34.7	34.8	34.0	33.1	32.5	32.2	32.0	32.4	35.5	2.2	0.8	1	1 836
IE	8.7	8.0	7.9	8.1	8.1	8.5	9.6	9.5	9.2	8.9	8.9	9.1	9.7	11.1	2.5	2.6	24	5 929
EL	14.6	15.2	15.1	14.6	13.9	14.1	14.7	16.3	16.8	16.4	16.0	16.3	16.8	17.5	2.9	3.3	15	13 641
ES	25.1	25.4	25.4	25.6	25.5	25.6	26.4	26.0	26.1	25.4	24.7	24.2	23.9	26.7	1.6	1.2	3	96 370
FR	26.7	25.7	25.6	25.3	25.1	25.1	25.2	25.6	25.9	25.5	25.2	25.3	25.4	25.6	-1.1	0.6	5	214 001
IT	21.0	23.9	23.6	20.2	19.9	20.1	20.1	20.6	20.9	21.3	21.7	20.6	20.7	21.4	0.4	1.3	9	143 656
CY	16.0	16.9	17.7	16.6	15.9	14.7	14.7	14.4	14.3	15.8	16.5	15.1	12.5	13.4	-2.5	-1.3	21	910
LV	35.1	32.2	25.0	24.3	25.2	25.1	23.9	24.3	22.5	22.1	20.9	20.8	20.7	20.5	-14.6	-4.7	12	1 369
LT	25.0	27.1	26.2	27.2	27.7	28.1	28.0	27.4	27.3	26.7	25.6	25.6	25.7	26.5	1.4	-1.6	4	2 579
LU	12.2	12.0	11.5	11.8	11.4	11.2	12.0	12.2	12.4	12.6	12.1	12.0	11.8	12.1	-0.1	0.9	23	1 695
HU	29.0	28.0	29.8	29.5	26.9	26.8	26.5	26.5	25.9	25.1	26.0	25.4	24.2	24.2	-4.8	-2.6	6	10 319
MT	11.2	12.2	12.0	11.7	10.6	10.0	10.3	9.3	9.3	8.9	8.5	8.2	7.6	8.0	-3.2	-1.9	26	158
NL	5.0	4.9	4.5	11.5	11.0	11.2	11.3	11.5	11.6	11.5	10.7	11.7	11.7	12.4	7.5	1.2	22	28 938
AT	17.7	17.2	16.7	16.4	16.5	16.4	15.5	15.7	15.9	15.8	16.2	16.2	15.9	15.8	-2.0	-0.7	17	19 020
PL	15.8	16.0	16.8	17.4	17.0	17.4	17.8	16.4	16.1	15.7	15.0	14.3	13.8	13.8	-2.0	-3.6	20	17 225
PT	19.1	18.9	19.4	19.6	19.1	19.5	19.8	20.0	19.9	20.9	20.9	20.6	20.8	21.2	2.1	1.8	10	12 971
RO	27.8	28.0	26.4	24.1	25.2	26.7	24.9	23.0	22.4	21.7	23.0	22.1	21.4	21.6	-6.2	-5.2	8	8 446
SI	20.4	16.5	14.8	14.5	14.2	14.6	14.5	14.3	14.2	14.1	14.3	14.3	14.2	14.7	-5.7	0.1	19	2 042
SK	23.7	25.1	26.2	26.3	25.2	26.8	26.7	26.9	25.5	24.2	22.4	21.5	21.4	22.9	-0.9	-3.9	7	4 319
FI	21.6	20.5	19.7	19.9	20.2	18.5	20.1	20.0	20.1	20.3	20.4	20.4	20.3	20.9	-0.7	2.4	11	16 681
SE	21.7	21.8	20.4	19.4	16.3	19.6	21.3	21.7	20.8	20.3	19.8	18.8	19.2	17.6	-4.0	-2.0	14	27 285
UK	9.5	9.5	9.4	9.1	9.3	9.5	9.6	9.5	10.1	10.3	10.3	10.2	10.2	10.5	1.0	1.0	25	71 543
NO	*13.9*	*13.4*	*13.5*	*14.6*	*14.3*	*12.5*	*13.0*	*13.8*	*13.9*	*13.1*	*12.4*	*12.1*	*12.7*	*12.9*	*-1.0*	*0.4*		*16 861*
IS	*6.8*	*7.3*	*7.3*	*7.5*	*7.2*	*7.3*	*7.6*	*7.8*	*8.1*	*7.8*	*7.6*	*7.7*	*7.3*	*7.5*	*0.7*	*0.2*		*283*
EU-27 averages																		
weighted	:	:	:	18.3	17.9	17.9	18.3	18.5	18.8	18.6	18.4	18.1	18.0	18.5	:	0.6		
arithmetic	:	:	:	19.3	19.0	19.1	19.2	19.1	18.9	18.6	18.4	18.0	17.7	18.3	:	-0.8		
EA-16 averages																		
weighted	20.5	20.8	20.7	20.3	20.0	19.9	20.3	20.6	20.8	20.7	20.4	20.1	19.9	20.4	-0.1	0.5		
arithmetic	17.6	17.5	17.4	17.5	17.1	17.0	17.4	17.5	17.5	17.4	17.2	17.0	16.8	17.5	-0.1	0.4		
EU-25 averages																		
weighted	18.9	19.1	18.8	18.3	17.9	17.9	18.2	18.5	18.8	18.6	18.4	18.0	17.9	18.5	-0.4	0.6		
arithmetic	19.1	19.1	18.7	18.7	18.3	18.5	18.8	18.8	18.6	18.4	18.1	17.9	17.7	18.3	-0.9	-0.3		
Convergence indicators																		
St.dev/mean	43.3	43.2	42.7	39.8	41.0	41.2	39.9	39.7	38.9	37.9	38.2	38.4	39.1	40.0	-3.3	-1.2		
Max-min	35.1	33.4	32.6	32.4	33.5	34.6	34.8	33.9	33.0	32.5	32.1	31.9	32.3	35.5	0.4	0.9		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 27: Social Contributions as % of GDP - Employees

															Difference[1)]		Ranking	Revenue[2)]
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	1995 to 2008	2000 to 2008	2008	2008
BE	4.4	4.4	4.3	4.3	4.3	4.3	4.5	4.5	4.4	4.3	4.2	4.1	4.2	4.2	-0.2	-0.1	8	14 588
BG	:	:	:	0.4	0.7	1.6	1.5	1.8	1.9	1.9	2.2	2.2	2.3	2.6	-	1.0	18	901
CZ	3.7	3.6	3.6	3.5	3.5	3.5	3.5	3.6	3.7	3.6	3.6	3.6	3.6	3.6	-0.1	0.1	10	5 341
DK	1.1	1.1	1.0	1.0	1.6	1.8	1.7	1.2	1.2	1.1	1.1	1.0	1.0	1.0	-0.1	-0.8	25	2 232
DE	6.7	6.9	7.0	6.9	6.8	6.8	6.7	6.6	6.7	6.5	6.4	6.3	6.1	6.1	-0.7	-0.7	3	151 910
EE	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.3	0.3	0.3	0.3	0.2	0.2	0.2	-	-	27	31
IE	1.9	1.7	1.5	1.4	1.5	1.5	1.5	1.5	1.6	1.7	1.7	1.7	1.7	1.8	0.0	0.3	24	3 336
EL	3.8	3.9	4.0	4.0	4.0	4.1	4.2	4.5	4.7	4.4	4.4	4.4	4.5	4.7	0.9	0.6	5	11 293
ES	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	2.0	0.1	0.0	23	21 278
FR	5.8	5.8	5.4	3.9	4.0	4.0	4.0	4.0	4.1	4.0	4.1	4.1	4.1	4.0	-1.8	0.0	9	77 855
IT	2.4	2.6	2.6	2.4	2.3	2.3	2.3	2.3	2.3	2.2	2.2	2.2	2.3	2.4	-0.1	0.1	19	37 408
CY	1.8	1.8	1.8	1.9	1.8	1.8	1.9	1.9	1.9	2.1	2.1	2.0	2.1	2.1	0.3	0.3	22	364
LV	0.3	0.9	2.6	2.5	2.6	2.5	2.4	2.4	2.4	2.4	2.3	2.4	2.4	2.2	1.9	-0.3	20	512
LT	0.2	0.2	0.3	0.3	0.3	0.8	0.8	0.7	0.7	0.8	0.7	0.8	0.8	0.9	0.6	0.0	26	277
LU	3.9	4.0	4.2	4.3	4.4	4.5	4.9	4.8	4.7	4.7	4.6	4.4	4.5	4.6	0.7	0.2	6	1 824
HU	2.3	2.0	2.1	2.0	2.1	2.0	2.1	2.2	2.2	2.3	2.3	2.4	3.3	3.3	1.0	1.3	12	3 485
MT	2.5	2.6	2.7	2.5	2.6	2.8	3.1	2.9	2.9	2.9	2.9	2.8	2.6	2.8	0.3	0.0	15	158
NL	10.2	9.8	9.8	7.6	8.0	7.9	6.7	6.4	6.7	6.9	6.4	6.5	6.3	6.8	-3.4	-1.1	2	40 642
AT	6.3	6.3	6.3	6.1	6.1	6.0	6.1	6.0	6.1	6.0	5.9	5.9	5.8	5.9	-0.4	-0.2	4	16 543
PL	4.7	4.7	4.9	4.9	6.3	5.5	5.5	5.1	5.2	5.0	4.8	4.9	4.8	4.6	-0.1	-0.9	7	16 667
PT	3.1	3.0	3.1	3.0	3.1	3.2	3.4	3.4	3.6	3.5	3.5	3.4	3.5	3.6	0.4	0.4	11	5 914
RO	0.0	0.0	0.0	2.2	2.9	3.0	3.8	4.2	3.1	3.0	3.0	3.3	3.3	3.2	3.2	0.2	13	4 431
SI	8.1	7.9	7.8	7.8	7.7	7.8	7.7	7.6	7.5	7.5	7.5	7.3	7.2	7.4	-0.7	-0.4	1	2 752
SK	2.8	3.2	3.1	2.9	2.8	2.9	3.0	3.0	2.8	2.9	3.0	2.8	2.8	2.9	0.1	0.0	14	1 891
FI	2.6	2.6	2.4	2.3	2.3	2.2	2.2	2.1	2.1	2.1	2.2	2.3	2.3	2.2	-0.5	0.0	21	4 028
SE	1.6	2.0	2.4	2.8	2.8	2.8	2.8	2.8	2.8	2.7	2.7	2.7	2.6	2.7	1.1	-0.1	16	8 857
UK	2.5	2.4	2.6	2.6	2.5	2.5	2.5	2.4	2.5	2.7	2.8	2.8	2.7	2.7	0.1	0.2	17	48 453
NO	*4.0*	*3.9*	*3.9*	*4.1*	*4.0*	*3.6*	*3.7*	*3.9*	*3.9*	*3.7*	*3.5*	*3.4*	*3.5*	*3.4*	*-0.6*	*-0.1*		*10 643*
IS	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*		*0*
EU-27 averages																		
weighted	:	:	:	4.2	4.2	4.1	4.0	3.9	4.0	3.9	3.9	3.9	3.8	3.9	:	-0.2		
arithmetic	:	:	:	3.2	3.3	3.3	3.4	3.3	3.3	3.3	3.3	3.3	3.3	3.3	:	0.0		
EA-16 averages																		
weighted	5.3	5.3	5.2	4.7	4.6	4.6	4.5	4.4	4.4	4.3	4.3	4.2	4.2	4.2	-1.1	-0.4		
arithmetic	4.3	4.3	4.2	3.9	4.0	4.0	4.0	4.0	4.0	4.0	3.9	3.9	3.9	4.0	-0.3	0.0		
EU-25 averages																		
weighted	4.7	4.7	4.6	4.2	4.2	4.1	4.0	3.9	4.0	3.9	3.9	3.9	3.8	3.9	-0.9	-0.2		
arithmetic	3.4	3.4	3.5	3.3	3.4	3.4	3.4	3.4	3.4	3.4	3.3	3.3	3.3	3.4	0.0	0.0		
Convergence indicators																		
St.dev/mean	77.3	74.4	70.9	65.8	64.1	60.3	57.5	56.2	56.5	56.0	54.5	54.4	52.6	53.1	-24.3	-7.2		
Max-min	10.2	9.8	9.8	7.8	8.0	7.9	7.7	7.3	7.2	7.2	7.2	7.2	7.0	7.2	-3.0	-0.7		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 28: Social Contributions as % of Total Taxation - Employees

															Difference 1)		Ranking	Revenue 2)
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	1995 to 2008	2000 to 2008	2008	2008
BE	10.1	9.9	9.6	9.5	9.5	9.6	9.9	9.9	9.8	9.6	9.4	9.2	9.5	9.6	-0.6	-0.1	12	14 588
BG	:	:	:	1.3	2.4	5.0	4.9	6.1	6.0	5.7	6.5	6.7	6.6	7.9	-	2.9	16	901
CZ	10.3	10.3	10.4	10.5	10.3	10.4	10.3	10.5	10.3	9.6	9.8	9.9	9.7	10.0	-0.3	-0.4	10	5 341
DK	2.2	2.2	2.1	2.1	3.3	3.6	3.5	2.4	2.4	2.3	2.1	2.0	2.0	2.0	-0.2	-1.6	26	2 232
DE	16.9	16.9	17.2	17.0	16.4	16.2	16.8	16.8	16.8	16.7	16.5	16.2	15.5	15.5	-1.5	-0.7	3	151 910
EE	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.9	0.9	0.9	0.9	0.5	0.5	0.6	-	-	27	31
IE	5.6	5.3	4.7	4.3	4.7	4.9	5.1	5.3	5.4	5.6	5.6	5.1	5.4	6.3	0.6	1.4	19	3 336
EL	13.2	13.3	13.2	12.3	12.1	11.9	12.6	13.3	14.5	14.0	14.0	13.8	14.0	14.5	1.3	2.6	4	11 293
ES	5.8	5.9	5.7	5.7	5.6	5.7	5.8	5.7	5.7	5.5	5.4	5.3	5.2	5.9	0.1	0.2	20	21 278
FR	13.6	13.3	12.3	8.9	8.9	9.0	9.1	9.4	9.5	9.4	9.3	9.3	9.4	9.3	-4.2	0.3	13	77 855
IT	6.1	6.1	6.0	5.7	5.5	5.5	5.6	5.7	5.5	5.5	5.5	5.3	5.4	5.6	-0.5	0.1	22	37 408
CY	6.8	6.9	7.2	6.7	6.5	6.0	6.1	6.0	5.9	6.1	5.8	5.5	5.1	5.4	-1.4	-0.6	23	364
LV	0.9	2.9	8.0	7.5	8.1	8.4	8.2	8.4	8.4	8.3	7.8	7.8	7.7	7.6	6.7	-0.7	17	512
LT	0.8	0.9	0.9	0.9	0.9	2.7	2.7	2.6	2.6	2.7	2.6	2.7	2.7	2.8	2.0	0.1	25	277
LU	10.6	10.7	10.6	10.8	11.6	11.4	12.2	12.3	12.4	12.6	12.3	12.4	12.6	13.0	2.4	1.6	7	1 824
HU	5.6	5.2	5.6	5.3	5.6	5.1	5.4	5.8	5.8	6.1	6.0	6.5	8.3	8.2	2.6	3.1	14	3 485
MT	9.3	10.1	9.9	9.7	9.5	9.9	10.3	9.3	9.3	8.9	8.5	8.2	7.6	8.0	-1.3	-1.9	15	158
NL	25.3	24.3	24.6	19.2	19.9	19.8	17.6	17.0	17.9	18.3	17.1	16.6	16.1	17.5	-7.8	-2.3	2	40 642
AT	15.2	14.6	14.1	13.8	13.9	14.0	13.5	13.7	13.8	13.8	14.0	14.0	13.8	13.7	-1.5	-0.3	5	16 543
PL	12.6	12.7	13.4	13.8	18.1	16.9	17.2	15.6	16.1	15.8	14.8	14.4	13.7	13.4	0.8	-3.5	6	16 667
PT	9.7	9.1	9.2	9.0	9.1	9.3	9.9	9.8	10.3	10.1	9.9	9.6	9.5	9.7	0.0	0.4	11	5 914
RO	0.0	0.0	0.0	7.7	9.5	10.0	13.2	14.9	11.1	10.9	10.8	11.4	11.4	11.3	11.3	1.4	8	4 431
SI	20.6	20.6	21.0	20.5	20.2	20.9	20.5	20.0	19.6	19.5	19.3	19.2	19.1	19.8	-0.8	-1.1	1	2 752
SK	7.1	8.0	8.3	8.0	8.0	8.5	9.0	9.0	8.6	9.2	9.6	9.4	9.4	10.0	3.0	1.5	9	1 891
FI	5.8	5.5	5.2	5.0	5.1	4.7	4.9	4.7	4.8	4.8	5.0	5.4	5.2	5.1	-0.7	0.4	24	4 028
SE	3.3	4.0	4.7	5.5	5.4	5.4	5.7	5.9	5.8	5.6	5.5	5.4	5.5	5.7	2.4	0.3	21	8 857
UK	7.3	7.1	7.5	7.1	7.0	6.7	6.8	6.7	7.4	7.8	7.8	7.6	7.5	7.1	-0.2	0.4	18	48 453
NO	*9.5*	*9.2*	*9.1*	*9.8*	*9.5*	*8.4*	*8.6*	*9.1*	*9.2*	*8.6*	*8.1*	*7.7*	*8.1*	*8.2*	*-1.4*	*-0.2*		*10 643*
IS	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*		*0*
EU-27 averages																		
weighted	:	:	:	10.3	10.2	10.1	10.2	10.1	10.2	10.1	10.0	9.8	9.6	9.8	:	-0.3		
arithmetic	:	:	:	8.4	8.8	8.9	9.1	9.2	9.1	9.1	9.0	8.9	8.8	9.1	:	0.2		
EA-16 averages																		
weighted	13.3	12.9	12.6	11.4	11.2	11.1	11.1	11.1	11.2	11.0	10.8	10.6	10.4	10.6	-2.7	-0.5		
arithmetic	11.4	11.3	11.2	10.4	10.4	10.5	10.6	10.5	10.6	10.6	10.5	10.3	10.2	10.5	-0.8	0.1		
EU-25 averages																		
weighted	12.0	11.6	11.3	10.3	10.3	10.1	10.1	10.1	10.2	10.1	10.0	9.7	9.6	9.8	-2.2	-0.3		
arithmetic	9.0	9.0	9.3	8.8	9.0	9.1	9.1	9.1	9.2	9.1	9.0	8.9	8.8	9.1	0.1	0.0		
Convergence indicators																		
St.dev/mean	72.9	69.9	67.4	61.8	60.8	57.3	55.1	53.4	53.6	53.5	52.5	52.6	51.5	51.1	-21.8	-6.2		
Max-min	25.3	24.3	24.6	20.5	20.2	20.9	20.5	19.0	18.7	18.6	18.4	18.6	18.5	19.2	-6.1	-1.7		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 29: Social Contributions as % of GDP - Self-employed

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	Difference[1] 2000 to 2008	Ranking 2008	Revenue[2] 2008
BE	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.3	0.0	0.1	10	4 463
BG	:	:	:	0.2	0.6	1.2	1.2	1.1	1.2	1.2	1.3	1.1	1.0	0.4	-	-0.8	18	152
CZ	0.7	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.9	2.1	2.1	2.3	2.4	2.3	1.6	1.6	4	3 394
DK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	27	0
DE	2.6	3.0	3.0	2.9	2.8	2.7	2.6	2.8	2.8	2.8	2.9	2.8	2.5	2.5	-0.1	-0.2	2	61 860
EE	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1	-0.1	0.0	23	24
IE	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.0	21	406
EL	1.3	1.2	1.3	1.5	1.5	1.5	1.5	1.6	1.6	1.6	1.7	1.6	1.8	1.8	0.6	0.3	7	4 351
ES	1.7	1.6	1.6	1.6	1.5	1.4	1.4	1.4	1.4	1.5	1.4	1.4	1.4	1.5	-0.2	0.0	9	16 193
FR	1.4	1.5	1.4	1.0	1.0	1.0	1.1	1.1	1.1	1.2	1.2	1.2	1.2	1.2	-0.2	0.1	11	23 035
IT	1.8	1.7	1.6	1.2	1.3	1.4	1.3	1.4	1.4	1.5	1.6	1.6	1.8	1.9	0.1	0.5	6	29 195
CY	0.4	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.3	-0.1	0.0	19	58
LV	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.0	0.0	26	12
LT	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	24	43
LU	1.4	1.3	1.3	1.3	1.3	1.2	1.3	1.3	1.3	1.3	1.3	1.2	1.2	1.1	-0.2	-0.1	13	451
HU	0.6	0.6	0.5	0.5	0.5	0.6	0.6	0.5	0.6	0.5	0.5	0.6	0.6	0.7	0.1	0.1	15	737
MT	0.6	0.7	0.7	0.6	0.7	0.8	0.7	0.7	0.7	0.7	0.7	0.6	0.6	0.6	0.0	-0.1	16	36
NL	3.7	3.5	3.6	2.9	3.0	3.1	2.6	2.5	2.8	2.7	2.5	2.9	2.7	2.8	-0.9	-0.3	1	16 678
AT	1.3	1.3	1.4	1.7	1.7	1.6	1.7	1.7	1.8	1.9	1.8	1.8	1.8	1.8	0.5	0.1	8	4 980
PL	0.8	0.9	0.7	0.6	1.5	1.8	2.1	2.5	2.4	2.4	2.5	2.5	2.4	2.0	1.3	0.2	5	7 273
PT	0.4	0.5	0.6	0.5	0.5	0.5	0.4	0.4	0.6	0.5	0.5	0.5	0.6	0.6	0.1	0.1	17	946
RO	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.1	0.2	0.2	0.2	0.1	0.2	0.1	0.1	0.1	25	171
SI	0.8	0.9	1.0	1.1	1.0	1.0	1.3	1.3	1.3	1.4	1.2	1.2	1.1	1.1	0.4	0.2	12	427
SK	2.6	2.9	2.1	2.3	2.3	2.1	2.5	2.8	2.6	2.6	2.6	2.7	2.6	2.4	-0.2	0.3	3	1 532
FI	1.6	1.4	1.3	1.1	1.0	1.0	0.9	0.8	0.8	0.8	0.8	0.9	0.9	0.9	-0.7	-0.1	14	1 597
SE	0.3	0.3	0.2	0.2	0.2	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0.3	0.2	0.0	0.0	20	797
UK	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.0	22	3 883
NO	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*-*	*-*		*:*
IS	*0.2*	*0.2*	*0.2*	*0.2*	*0.2*	*0.2*	*0.1*	*0.1*	*0.1*	*0.1*	*0.1*	*0.1*	*0.1*	*0.1*	*-0.1*	*-0.1*		*7*
EU-27 averages																		
weighted	:	:	:	1.4	1.4	1.4	1.4	1.4	1.4	1.5	1.5	1.5	1.4	1.5	:	0.1		
arithmetic	:	:	:	0.9	0.9	1.0	1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.0	:	0.1		
EA-16 averages																		
weighted	2.0	2.1	2.1	1.8	1.8	1.8	1.7	1.8	1.8	1.8	1.8	1.8	1.8	1.8	-0.2	0.0		
arithmetic	1.4	1.5	1.4	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.4	1.4	1.4	1.4	-0.1	0.1		
EU-25 averages																		
weighted	1.6	1.7	1.6	1.4	1.4	1.4	1.4	1.4	1.5	1.5	1.5	1.5	1.4	1.5	-0.2	0.1		
arithmetic	1.0	1.1	1.0	1.0	1.0	1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.1	1.1	0.1	0.1		
Convergence indicators																		
St.dev/mean	93.9	93.6	92.8	93.2	86.6	84.8	82.5	85.6	84.2	81.7	82.1	83.7	81.6	82.4	-11.5	-2.4		
Max-min	3.7	3.5	3.6	2.9	3.0	3.1	2.6	2.8	2.8	2.8	2.9	2.9	2.7	2.8	-0.9	-0.3		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 30: Social Contributions as % of Total Taxation - Self-employed

															Difference[1]		Ranking	Revenue[2]
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	1995 to 2008	2000 to 2008	2008	2008
BE	2.9	2.9	2.8	2.7	2.7	2.6	2.6	2.7	2.7	2.7	2.7	2.7	2.7	2.9	0.0	0.3	12	4 463
BG	:	:	:	0.6	2.1	3.8	4.0	3.7	3.7	3.8	3.8	3.4	2.9	1.3	-	-2.4	18	152
CZ	2.0	2.0	2.0	2.0	2.0	2.2	2.2	2.4	2.4	5.7	5.8	6.3	6.4	6.3	4.3	4.2	3	3 394
DK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	27	0
DE	6.6	7.3	7.4	7.2	6.8	6.4	6.6	7.1	7.1	7.3	7.5	7.0	6.4	6.3	-0.3	-0.1	4	61 860
EE	0.6	0.5	0.5	0.5	0.5	0.6	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.5	-0.1	-0.2	23	24
IE	0.6	0.6	0.7	0.7	0.7	0.6	0.5	0.7	0.7	0.8	0.8	0.7	0.7	0.8	0.1	0.2	20	406
EL	4.3	4.2	4.3	4.7	4.5	4.3	4.6	4.8	5.1	5.3	5.3	5.1	5.5	5.6	1.3	1.3	6	4 351
ES	5.1	5.0	5.0	4.7	4.4	4.3	4.2	4.2	4.2	4.2	4.0	3.8	3.7	4.5	-0.6	0.2	7	16 193
FR	3.2	3.4	3.2	2.3	2.3	2.3	2.5	2.5	2.6	2.7	2.8	2.7	2.7	2.8	-0.4	0.4	13	23 035
IT	4.4	4.1	3.7	2.8	3.1	3.3	3.2	3.4	3.3	3.7	3.9	3.8	4.1	4.3	-0.1	1.0	8	29 195
CY	1.6	1.5	1.5	1.4	1.3	1.1	1.1	1.1	1.0	1.0	0.9	0.9	0.9	0.9	-0.7	-0.3	19	58
LV	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.1	0.1	26	12
LT	0.2	0.2	0.2	0.2	0.4	0.4	0.5	0.4	0.4	0.3	0.4	0.4	0.4	0.4	0.2	0.1	24	43
LU	3.7	3.4	3.4	3.2	3.4	3.1	3.2	3.2	3.4	3.5	3.4	3.3	3.3	3.2	-0.5	0.1	10	451
HU	1.6	1.5	1.3	1.3	1.3	1.4	1.6	1.5	1.5	1.4	1.5	1.7	1.6	1.7	0.2	0.3	16	737
MT	2.3	2.6	2.7	2.5	2.5	2.7	2.3	2.1	2.1	2.0	1.9	1.9	1.8	1.8	-0.5	-0.9	15	36
NL	9.2	8.7	8.9	7.3	7.5	7.7	6.8	6.6	7.4	7.3	6.7	7.5	7.0	7.2	-2.0	-0.5	2	16 678
AT	3.0	3.1	3.3	3.8	3.8	3.8	3.8	3.9	4.0	4.3	4.3	4.4	4.2	4.1	1.1	0.3	9	4 980
PL	2.0	2.5	1.9	1.7	4.2	5.4	6.7	7.5	7.6	7.7	7.8	7.3	6.8	5.8	3.8	0.4	5	7 273
PT	1.4	1.6	1.7	1.5	1.4	1.3	1.2	1.2	1.6	1.6	1.6	1.5	1.5	1.5	0.2	0.2	17	946
RO	0.0	0.0	0.0	0.0	0.8	0.0	0.1	0.3	0.6	0.9	0.6	0.5	0.6	0.4	0.4	0.4	25	171
SI	2.0	2.3	2.7	3.0	2.6	2.6	3.5	3.3	3.5	3.7	3.2	3.1	3.0	3.1	1.1	0.5	11	427
SK	6.5	7.3	5.7	6.2	6.4	6.2	7.4	8.4	7.9	8.2	8.4	9.2	9.1	8.1	1.7	1.9	1	1 532
FI	3.4	2.9	2.7	2.3	2.2	2.0	2.0	1.9	1.8	1.8	1.9	2.1	2.1	2.0	-1.4	0.0	14	1 597
SE	0.6	0.5	0.5	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.0	0.0	22	797
UK	0.6	0.7	0.6	0.5	0.6	0.6	0.6	0.6	0.7	0.6	0.6	0.6	0.6	0.6	0.0	0.0	21	3 883
NO	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*-*	*-*		*:*
IS	*0.6*	*0.6*	*0.5*	*0.5*	*0.4*	*0.4*	*0.4*	*0.3*	*0.3*	*0.3*	*0.2*	*0.2*	*0.2*	*0.2*	*-0.4*	*-0.2*		*7*
EU-27 averages																		
weighted	:	:	:	3.6	3.5	3.4	3.5	3.6	3.7	3.8	3.8	3.7	3.6	3.7	:	0.3		
arithmetic	:	:	:	2.4	2.5	2.6	2.7	2.8	2.8	3.0	3.0	3.0	2.9	2.9	:	0.3		
EA-16 averages																		
weighted	5.0	5.1	5.0	4.5	4.4	4.3	4.3	4.4	4.5	4.6	4.6	4.5	4.3	4.5	-0.5	0.2		
arithmetic	3.8	3.8	3.7	3.5	3.5	3.4	3.5	3.6	3.7	3.8	3.7	3.7	3.7	3.7	-0.1	0.3		
EU-25 averages																		
weighted	4.2	4.3	4.1	3.6	3.5	3.4	3.5	3.6	3.7	3.8	3.8	3.7	3.6	3.7	-0.4	0.3		
arithmetic	2.7	2.8	2.7	2.5	2.6	2.6	2.7	2.8	2.9	3.1	3.1	3.1	3.0	3.0	0.3	0.4		
Convergence indicators																		
St.dev/mean	89.5	88.8	88.9	89.8	82.5	82.8	83.4	87.2	85.7	83.7	85.0	87.0	85.6	84.9	-4.6	2.1		
Max-min	9.2	8.7	8.9	7.3	7.5	7.7	7.4	8.4	7.9	8.2	8.4	9.2	9.1	8.1	-1.1	0.4		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Tables

Table 31: Taxes received by administrative level as % of GDP - Central Government

															Difference[1]		Ranking	Revenue[2]
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	1995 to 2008	2000 to 2008	2008	2008
BE	15.5	15.7	15.7	16.2	16.0	16.6	15.7	15.7	15.0	14.7	14.3	14.0	13.3	13.1	-2.4	-3.5	25	45 172
BG	:	:	:	18.3	17.8	18.7	18.7	17.5	22.0	23.0	23.8	24.6	24.7	24.2	-	5.4	8	8 242
CZ	27.7	26.5	26.6	25.4	25.8	25.7	26.2	26.3	26.9	27.1	25.9	25.5	26.0	24.9	-2.8	-0.7	5	36 865
DK	32.2	32.4	32.1	32.0	32.1	31.0	29.7	29.6	29.6	30.9	32.8	31.7	36.0	35.2	3.0	4.2	2	82 008
DE	11.1	10.8	10.7	10.9	11.7	11.9	11.3	11.3	11.4	10.9	11.1	11.3	11.8	11.8	0.8	-0.1	26	295 190
EE	26.2	29.0	25.0	24.7	23.3	22.4	21.9	22.4	22.2	21.7	21.7	22.1	22.9	21.7	-4.5	-0.7	16	3 481
IE	26.9	27.5	27.2	26.7	27.0	26.8	24.9	23.9	24.4	25.5	26.0	27.3	26.4	23.8	-3.1	-3.0	10	43 264
EL	19.0	19.0	20.1	21.8	22.5	23.4	21.9	21.5	19.9	19.7	20.3	20.1	20.1	19.6	0.7	-3.8	18	46 887
ES	16.3	16.5	16.0	15.9	16.3	16.5	16.2	13.1	12.5	12.3	12.9	13.5	14.2	11.0	-5.3	-5.5	27	119 843
FR	17.7	18.6	18.8	18.8	19.3	18.6	18.1	17.5	17.1	18.2	17.6	16.8	16.1	15.4	-2.3	-3.1	22	300 871
IT	24.0	23.5	25.2	24.1	24.6	23.2	22.8	22.1	22.1	21.6	21.2	22.7	23.1	22.6	-1.5	-0.7	12	354 687
CY	19.8	19.1	18.4	20.3	20.9	23.0	23.7	24.1	25.5	25.1	26.6	27.9	32.6	30.8	11.0	7.8	4	5 306
LV	14.7	13.7	16.2	17.5	16.3	14.6	14.4	14.1	14.6	14.5	15.4	16.1	16.0	14.9	0.2	0.3	23	3 447
LT	13.5	12.7	15.5	14.5	13.9	12.7	12.2	15.2	15.2	15.0	15.3	16.0	15.7	15.4	2.0	2.7	21	4 974
LU	24.2	24.8	26.4	26.4	25.7	26.5	26.4	26.0	25.1	24.8	25.5	24.2	24.3	24.0	-0.2	-2.5	9	9 436
HU	24.6	24.1	22.2	21.9	22.7	23.2	22.5	22.2	22.0	21.5	21.4	21.2	22.6	24.8	0.1	1.5	7	26 138
MT	26.8	25.4	27.5	25.6	27.3	28.2	30.4	31.5	31.4	32.6	33.5	33.2	34.2	34.0	7.3	5.8	3	1 940
NL	21.9	22.7	22.2	22.2	22.6	22.3	22.6	22.5	21.6	21.6	22.6	23.2	23.5	22.8	0.9	0.5	11	135 754
AT	20.3	21.4	22.6	22.8	22.7	22.3	24.2	23.6	23.7	23.4	22.6	22.2	22.5	22.4	2.1	0.0	13	63 053
PL	21.3	21.3	20.5	19.7	18.2	16.9	16.1	16.9	16.7	15.2	16.4	17.4	18.1	18.2	-3.1	1.3	19	65 857
PT	19.5	20.3	20.2	20.4	21.0	21.0	20.6	21.1	21.0	20.2	20.8	21.6	22.0	21.7	2.3	0.7	15	36 169
RO	18.4	16.9	17.2	17.8	17.1	18.0	17.1	16.9	17.4	17.3	17.5	18.0	18.0	17.6	-0.8	-0.3	20	24 639
SI	20.3	20.8	20.4	21.2	21.5	20.7	20.6	21.0	21.2	21.2	21.5	21.2	20.4	19.8	-0.5	-0.8	17	7 358
SK	24.1	22.3	21.1	20.9	20.3	18.9	17.7	17.4	18.0	17.1	15.5	14.2	14.3	13.8	-10.3	-5.1	24	8 947
FI	21.9	23.1	23.8	23.9	23.7	25.6	23.2	23.9	23.7	23.5	23.6	22.8	22.5	22.2	0.3	-3.4	14	41 014
SE	28.7	29.8	30.5	31.1	31.8	30.7	28.1	26.1	26.3	26.8	27.8	27.6	26.9	24.9	-3.8	-5.8	6	81 725
UK	32.4	32.2	32.9	33.8	34.2	34.6	34.4	33.0	32.6	33.2	34.0	34.8	34.4	35.3	2.9	0.7	1	641 713
NO	*24.0*	*25.0*	*24.8*	*24.6*	*24.9*	*27.3*	*26.6*	*27.6*	*26.3*	*28.0*	*28.8*	*29.7*	*29.2*	*28.2*	*4.2*	*0.9*		*87 192*
IS	*26.8*	*27.8*	*26.9*	*26.4*	*28.5*	*28.4*	*26.5*	*26.5*	*27.8*	*28.9*	*31.3*	*31.4*	*30.5*	*27.2*	*0.4*	*-1.2*		*2 794*
EU-27 averages																		
weighted	:	:	:	20.9	21.5	21.5	21.0	20.3	20.0	20.1	20.3	20.7	20.8	19.9	:	-1.5		
arithmetic	:	:	:	22.0	22.1	22.0	21.5	21.3	21.4	21.4	21.8	21.9	22.3	21.7	:	-0.3		
EA-16 averages																		
weighted	16.8	17.1	17.6	17.5	18.1	17.9	17.5	16.9	16.7	16.7	16.7	17.0	17.1	16.3	-0.4	-1.5		
arithmetic	20.6	20.7	21.0	21.1	21.5	21.6	21.3	21.0	20.9	20.8	21.0	21.0	21.3	20.6	0.0	-1.0		
EU-25 averages																		
weighted	19.6	20.0	20.7	20.9	21.5	21.5	21.0	20.3	20.0	20.1	20.3	20.7	20.8	20.0	0.4	-1.5		
arithmetic	22.0	22.1	22.3	22.3	22.5	22.3	21.8	21.7	21.6	21.5	21.8	22.0	22.4	21.8	-0.3	-0.5		
Convergence indicators																		
St.dev/mean	25.0	26.0	24.7	24.0	24.8	25.4	26.1	25.7	25.5	27.2	28.0	27.7	29.5	30.8	5.7	5.4		
Max-min	21.3	21.6	22.1	22.9	22.5	22.7	23.2	21.7	21.3	22.3	22.9	23.5	24.2	24.3	3.0	1.5		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 32: Taxes received by administrative level as % of Total Taxation - Central Government

															Difference[1)]		Ranking	Revenue[2)]
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	1995 to 2008	2000 to 2008	2008	2008
BE	35.5	35.4	35.0	35.7	35.3	36.8	34.9	34.8	33.6	32.8	32.1	31.6	30.3	29.6	-5.9	-7.2	27	45 172
BG	:	:	:	58.7	58.2	57.5	60.5	59.2	68.3	69.6	70.0	74.0	72.3	72.5	-	15.0	6	8 242
CZ	76.6	76.5	76.0	76.1	75.9	75.9	77.1	75.5	75.4	72.4	69.7	69.5	69.8	69.0	-7.6	-6.9	7	36 865
DK	65.9	66.0	65.5	64.9	64.0	62.7	61.3	61.8	61.7	63.1	64.5	64.0	73.5	73.0	7.1	10.3	5	82 008
DE	27.8	26.6	26.4	26.7	28.0	28.4	28.2	28.5	28.6	28.0	28.5	28.8	30.0	30.1	2.2	1.7	26	295 190
EE	72.1	84.7	72.9	72.6	71.6	72.2	72.6	72.2	72.2	71.2	71.0	71.2	70.7	67.3	-4.7	-4.9	9	3 481
IE	81.3	83.0	84.1	84.1	84.7	84.8	83.6	83.9	84.1	84.4	84.4	84.7	83.8	81.3	0.0	-3.5	3	43 264
EL	65.1	64.4	65.8	67.0	67.7	67.6	65.8	63.9	62.1	63.2	63.8	63.5	62.2	60.1	-5.0	-7.5	12	46 887
ES	49.8	49.9	48.1	48.3	48.7	48.7	48.3	38.7	36.9	35.6	36.2	37.0	38.3	33.3	-16.5	-15.4	25	119 843
FR	41.4	42.4	42.6	42.6	43.1	42.1	41.4	40.6	39.9	42.2	40.4	38.3	37.3	36.1	-5.4	-6.0	24	300 871
IT	59.9	56.3	57.7	56.7	57.9	55.6	55.1	54.0	53.5	53.2	52.5	54.1	53.5	52.7	-7.2	-2.9	18	354 687
CY	74.1	73.0	71.7	73.4	74.7	76.8	76.6	77.2	77.5	75.0	74.9	76.6	79.8	78.4	4.3	1.6	4	5 306
LV	44.4	44.3	50.6	52.0	51.0	49.5	50.5	50.0	51.1	50.8	52.9	52.8	52.5	51.5	7.1	2.0	21	3 447
LT	49.0	46.7	50.8	45.8	43.9	42.2	42.6	53.5	54.0	53.2	53.8	54.3	53.0	51.0	2.0	8.8	22	4 974
LU	65.2	66.0	67.1	67.0	67.2	67.7	66.5	66.1	65.8	66.5	67.9	68.0	68.0	67.3	2.1	-0.4	8	9 436
HU	60.4	61.2	58.8	58.2	59.3	59.6	58.9	58.6	58.1	57.6	57.0	57.0	56.7	61.3	0.9	1.7	11	26 138
MT	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	99.1	98.6	98.8	98.7	98.6	-1.4	-1.4	1	1 940
NL	54.5	56.3	56.0	56.2	56.1	55.9	58.9	59.7	57.8	57.6	60.2	59.5	60.5	58.3	3.8	2.4	14	135 754
AT	48.9	50.0	51.0	51.4	51.6	51.7	53.5	53.7	54.1	54.0	53.3	52.9	53.2	52.3	3.3	0.6	19	63 053
PL	57.4	57.1	56.2	55.8	52.1	51.8	50.0	51.6	51.8	48.5	50.1	51.6	52.0	52.9	-4.5	1.1	16	65 857
PT	60.7	61.8	61.2	61.3	61.6	61.2	60.8	60.9	60.3	59.2	59.3	60.1	59.9	59.2	-1.5	-2.0	13	36 169
RO	63.1	62.4	64.5	61.9	55.2	59.5	59.7	60.1	62.8	63.4	63.0	63.0	62.2	62.9	-0.2	3.4	10	24 639
SI	51.8	54.5	55.2	56.0	56.3	55.1	54.6	55.4	55.6	55.3	55.6	55.4	54.1	53.0	1.3	-2.1	15	7 358
SK	59.9	56.5	56.6	56.8	57.3	55.3	53.3	52.5	54.8	54.3	49.3	48.7	49.0	47.4	-12.5	-7.9	23	8 947
FI	47.8	49.1	51.4	52.0	51.9	54.2	52.1	53.6	53.8	54.0	53.6	52.5	52.4	51.5	3.7	-2.7	20	41 014
SE	59.8	59.1	59.9	60.3	61.3	59.3	56.3	54.6	54.4	55.1	56.1	56.2	55.7	52.9	-6.9	-6.4	17	81 725
UK	93.4	93.7	94.3	94.2	94.4	94.3	94.5	94.3	94.1	94.3	94.4	94.5	94.5	94.5	1.1	0.2	2	641 713
NO	*57.1*	*58.8*	*58.7*	*58.6*	*58.8*	*64.0*	*62.1*	*64.1*	*62.2*	*64.6*	*66.2*	*67.5*	*66.7*	*66.9*	*9.8*	*2.9*		*87 192*
IS	*80.5*	*81.0*	*77.8*	*76.7*	*77.5*	*76.6*	*75.0*	*75.2*	*75.7*	*76.4*	*77.1*	*75.7*	*74.9*	*74.1*	*-6.5*	*-2.5*		*2 794*
EU-27 averages																		
weighted	:	:	:	51.8	52.6	52.9	52.8	51.9	51.1	51.8	51.8	52.0	52.3	50.7	:	-2.3		
arithmetic	:	:	:	60.6	60.3	60.2	59.9	59.8	60.1	59.8	59.7	59.9	60.1	59.2	:	-1.0		
EA-16 averages																		
weighted	42.1	42.1	42.7	42.8	43.6	43.4	43.4	42.5	42.1	42.4	42.2	42.2	42.4	41.1	-1.0	-2.3		
arithmetic	57.7	57.8	58.1	58.5	58.9	58.9	58.4	57.7	57.4	57.2	56.9	56.9	56.9	55.6	-2.2	-3.3		
EU-25 averages																		
weighted	49.5	49.6	51.3	51.8	52.6	52.9	52.8	51.9	51.1	51.7	51.8	51.9	52.2	50.5	1.0	-2.4		
arithmetic	60.1	60.6	60.6	60.6	60.6	60.4	59.9	59.8	59.7	59.2	59.2	59.3	59.6	58.5	-1.6	-1.9		
Convergence indicators																		
St.dev/mean	27.2	28.1	26.8	26.5	26.8	27.0	27.4	27.4	27.6	27.7	27.7	28.0	28.3	29.2	1.9	2.2		
Max-min	72.2	73.4	73.6	73.3	72.0	71.6	71.8	71.5	71.4	71.0	70.1	69.9	68.7	69.0	-3.1	-2.6		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 33: Taxes received by administrative level as % of GDP - State Government

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	Difference[1] 2000 to 2008	Ranking 2008	Revenue[2] 2008
BE	10.0	10.2	10.4	10.6	10.8	10.3	10.9	10.4	10.7	10.5	10.8	10.7	10.7	10.9	1.0	0.7	1	37 720
BG	:	:	:	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
CZ	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
DK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
DE	8.4	9.0	8.9	9.1	9.4	9.5	8.8	8.5	8.5	8.3	8.2	8.6	8.9	8.9	0.5	-0.6	2	222 200
EE	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
IE	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
EL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
ES	1.5	1.5	2.4	2.5	2.7	2.7	2.6	6.3	6.9	7.5	7.9	8.1	8.0	7.5	5.9	4.8	3	81 217
FR	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
IT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
CY	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
LV	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
LT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
LU	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
HU	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
MT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
NL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
AT	3.3	3.4	3.4	3.5	3.4	3.3	3.4	3.2	3.1	3.1	3.0	3.0	3.1	3.5	0.2	0.2	4	9 814
PL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
PT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
RO	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
SI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
SK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
FI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
SE	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
UK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
NO	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	-	-		*n.a.*
IS	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	-	-		*n.a.*
EU-27 averages																		
weighted	7.1	7.4	7.5	7.6	7.8	7.8	7.3	7.8	7.9	8.0	8.0	8.3	8.4	8.3	1.2	0.5		
arithmetic	5.8	6.0	6.3	6.4	6.5	6.4	6.4	7.1	7.3	7.4	7.5	7.6	7.7	7.7	1.9	1.3		
EA-16 averages																		
weighted	7.1	7.4	7.5	7.6	7.8	7.8	7.3	7.8	7.9	8.0	8.0	8.3	8.4	8.3	1.2	0.5		
arithmetic	5.8	6.0	6.3	6.4	6.5	6.4	6.4	7.1	7.3	7.4	7.5	7.6	7.7	7.7	1.9	1.3		
EU-25 averages																		
weighted	7.1	7.4	7.5	7.6	7.8	7.8	7.3	7.8	7.9	8.0	8.0	8.3	8.4	8.3	1.2	0.5		
arithmetic	5.8	6.0	6.3	6.4	6.5	6.4	6.4	7.1	7.3	7.4	7.5	7.6	7.7	7.7	1.9	1.3		
Convergence indicators																		
St.dev/mean	69.7	70.0	63.2	62.3	62.9	62.3	63.6	43.5	44.1	42.5	43.5	43.0	42.6	41.0	-28.8	-21.4		
Max-min	8.4	8.7	8.0	8.0	8.1	7.6	8.3	7.2	7.7	7.4	7.8	7.7	7.6	7.5	-1.0	-0.2		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 34: Taxes received by administrative level as % of Total Taxation - State Government

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	Difference[1] 2000 to 2008	Ranking 2008	Revenue[2] 2008
BE	22.8	23.0	23.3	23.3	23.7	22.9	24.3	23.1	24.1	23.6	24.1	24.1	24.4	24.7	1.9	1.9	1	37 720
BG	:	:	:	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
CZ	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
DK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
DE	21.2	22.2	21.8	22.1	22.5	22.7	21.9	21.6	21.3	21.5	21.3	21.9	22.7	22.6	1.4	-0.1	2	222 200
EE	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
IE	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
EL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
ES	4.7	4.6	7.2	7.7	7.9	7.8	7.7	18.5	20.4	21.7	22.1	22.2	21.6	22.5	17.8	14.7	3	81 217
FR	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
IT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
CY	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
LV	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
LT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
LU	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
HU	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
MT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
NL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
AT	7.8	7.9	7.7	7.8	7.7	7.7	7.4	7.3	7.0	7.1	7.1	7.1	7.3	8.1	0.3	0.5	4	9 814
PL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
PT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
RO	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
SI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
SK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
FI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
SE	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
UK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
NO	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	-	-		*n.a.*
IS	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	-	-		*n.a.*
EU-27 averages																		
weighted	18.2	18.7	18.7	19.0	19.2	19.2	18.5	20.1	20.4	20.7	20.7	21.2	21.5	21.7	3.6	2.5		
arithmetic	14.1	14.5	15.0	15.3	15.4	15.3	15.3	17.6	18.2	18.5	18.6	18.9	19.0	19.5	5.4	4.2		
EA-16 averages																		
weighted	18.2	18.7	18.7	19.0	19.2	19.2	18.5	20.1	20.4	20.7	20.7	21.2	21.5	21.7	3.6	2.5		
arithmetic	14.1	14.5	15.0	15.3	15.4	15.3	15.3	17.6	18.2	18.5	18.6	18.9	19.0	19.5	5.4	4.2		
EU-25 averages																		
weighted	18.2	18.7	18.7	19.0	19.2	19.2	18.5	20.1	20.4	20.7	20.7	21.2	21.5	21.7	3.6	2.5		
arithmetic	14.1	14.5	15.0	15.3	15.4	15.3	15.3	17.6	18.2	18.5	18.6	18.9	19.0	19.5	5.4	4.2		
Convergence indicators																		
St.dev/mean	65.0	66.0	58.3	56.7	57.3	56.9	58.8	40.4	41.8	41.3	41.9	41.7	41.6	39.2	-25.8	-17.7		
Max-min	18.1	18.4	16.1	15.6	16.0	15.2	16.8	15.8	17.0	16.4	17.1	17.0	17.1	16.6	-1.5	1.4		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 35: Taxes received by administrative level as % of GDP - Local Government

															Difference[1]		Ranking	Revenue[2]
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	1995 to 2008	2000 to 2008	2008	2008
BE	2.1	2.2	2.2	2.1	2.2	1.9	2.1	2.2	2.3	2.2	2.2	2.2	2.3	2.0	-0.1	0.1	18	6 995
BG	:	:	:	3.8	3.6	3.2	3.4	3.3	0.5	0.5	0.6	0.8	0.9	1.0	-	-2.3	22	337
CZ	4.4	4.1	4.2	4.0	4.2	4.1	3.8	4.3	4.5	4.7	5.4	5.2	5.2	5.3	0.9	1.2	6	7 789
DK	15.6	15.7	15.8	16.2	16.3	16.5	17.0	17.1	17.2	16.9	16.9	16.8	11.9	11.9	-3.6	-4.6	2	27 825
DE	2.5	2.6	2.7	2.9	2.9	2.9	2.7	2.6	2.6	2.8	2.9	3.1	3.2	3.2	0.7	0.3	14	79 980
EE	4.8	0.5	4.7	4.9	4.8	4.3	4.1	4.0	4.0	4.0	4.0	4.1	4.3	4.9	0.2	0.6	8	794
IE	0.9	0.8	0.8	0.7	0.7	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.8	-0.1	0.2	24	1 484
EL	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.3	0.3	0.0	0.0	26	624
ES	2.8	2.8	3.0	3.1	3.1	3.1	3.0	2.9	2.8	3.0	3.1	3.2	3.2	2.9	0.1	-0.1	15	32 026
FR	4.5	4.7	4.7	4.7	4.6	4.3	4.1	4.1	4.2	4.5	4.8	4.8	4.9	5.0	0.4	0.7	7	96 547
IT	3.1	3.4	3.5	5.7	5.3	6.0	6.2	6.3	6.6	6.4	6.4	6.5	6.8	6.5	3.4	0.5	4	102 844
CY	0.4	0.4	0.5	0.5	0.5	0.4	0.5	0.4	0.4	0.5	0.4	0.5	0.5	0.5	0.1	0.1	25	90
LV	6.5	6.3	5.2	5.4	5.0	5.0	4.9	4.9	5.1	5.1	4.9	5.2	5.4	5.5	-0.9	0.5	5	1 283
LT	5.0	5.0	4.4	6.0	6.5	6.1	5.7	2.8	2.6	2.8	2.8	2.9	3.0	3.4	-1.6	-2.7	11	1 102
LU	2.4	2.4	2.4	2.4	2.2	2.2	2.2	2.4	2.3	1.8	1.7	1.6	1.6	1.6	-0.8	-0.6	20	632
HU	2.7	2.9	3.1	3.4	3.7	3.8	4.0	4.0	4.3	4.5	4.3	4.3	4.4	2.6	-0.1	-1.2	16	2 735
MT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
NL	1.3	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.5	1.5	1.5	1.3	1.3	1.3	0.0	-0.1	21	7 672
AT	5.0	5.2	5.3	5.2	5.2	5.1	5.2	4.9	4.7	4.7	4.6	4.6	4.7	4.9	-0.1	-0.2	9	13 716
PL	4.7	4.5	4.5	4.2	3.2	3.0	3.1	3.3	3.1	4.0	4.1	4.3	4.6	4.6	0.0	1.7	10	16 801
PT	1.7	1.7	1.7	1.8	2.1	2.1	2.0	2.1	2.0	2.1	2.2	2.2	2.4	2.4	0.7	0.3	17	3 992
RO	2.7	2.6	2.4	2.0	2.9	1.2	1.1	0.9	1.0	0.9	0.9	1.0	1.2	0.9	-1.8	-0.3	23	1 268
SI	2.5	2.5	2.5	2.5	2.7	2.7	2.8	2.8	2.9	2.9	2.8	3.0	3.4	3.3	0.8	0.6	12	1 231
SK	1.6	1.7	1.6	1.5	1.5	1.4	1.5	1.4	1.3	1.3	3.3	3.1	3.0	3.2	1.6	1.8	13	2 085
FI	10.2	10.7	10.1	10.1	9.9	10.2	9.9	9.6	9.3	9.1	9.1	9.2	9.2	9.5	-0.7	-0.7	3	17 505
SE	14.2	15.4	15.2	15.2	15.2	14.9	15.5	15.6	16.0	16.0	15.9	15.7	15.6	16.4	2.2	1.4	1	53 652
UK	1.3	1.3	1.3	1.4	1.4	1.5	1.5	1.6	1.6	1.7	1.7	1.7	1.7	1.7	0.4	0.3	19	31 047
NO	*8.2*	*7.9*	*7.8*	*7.1*	*7.4*	*6.4*	*7.0*	*5.6*	*6.2*	*5.9*	*5.8*	*5.6*	*5.5*	*5.1*	*-3.1*	*-1.4*		*15 721*
IS	*6.5*	*6.5*	*7.7*	*8.0*	*8.3*	*8.7*	*8.8*	*8.7*	*8.9*	*8.9*	*9.3*	*10.1*	*10.2*	*9.5*	*3.0*	*0.8*		*978*
EU-27 averages																		
weighted	:	:	:	3.9	3.9	3.9	3.8	3.8	3.9	4.0	4.1	4.1	4.1	4.1	:	0.2		
arithmetic	:	:	:	4.3	4.3	4.2	4.2	4.1	4.0	4.0	4.1	4.2	4.1	4.1	:	-0.1		
EA-16 averages																		
weighted	3.1	3.3	3.3	3.8	3.7	3.7	3.7	3.6	3.7	3.8	3.9	3.9	4.0	4.0	0.8	0.2		
arithmetic	2.8	2.9	2.8	3.0	3.0	3.0	3.0	2.9	2.9	2.9	3.1	3.1	3.2	3.2	0.4	0.2		
EU-25 averages																		
weighted	3.5	3.7	3.6	3.9	3.9	3.9	3.8	3.9	3.9	4.0	4.1	4.1	4.1	4.1	0.7	0.2		
arithmetic	4.2	4.1	4.2	4.4	4.4	4.3	4.3	4.2	4.3	4.3	4.4	4.4	4.3	4.3	0.1	0.0		
Convergence indicators																		
St.dev/mean	94.5	101.8	96.5	93.1	92.9	97.1	99.0	101.8	106.4	103.6	100.3	98.7	87.8	91.2	-3.4	-5.9		
Max-min	15.3	15.4	15.5	15.9	16.1	16.2	16.7	16.8	16.9	16.6	16.6	16.6	15.4	16.1	0.8	-0.2		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 36: Taxes received by administrative level as % of Total Taxation - Local Government

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	Difference[1] 2000 to 2008	Ranking 2008	Revenue[2] 2008
BE	4.9	5.0	5.0	4.7	4.8	4.3	4.6	4.9	5.2	5.0	5.0	5.1	5.3	4.6	-0.3	0.3	18	6 995
BG	:	:	:	12.2	11.7	10.0	11.2	11.0	1.5	1.6	1.7	2.3	2.7	3.0	-	-7.0	23	337
CZ	12.1	11.7	12.1	12.0	12.4	12.0	11.2	12.4	12.5	12.5	14.6	14.2	14.1	14.6	2.5	2.6	7	7 789
DK	31.9	31.9	32.3	32.9	32.6	33.5	35.1	35.7	35.8	34.4	33.2	33.8	24.3	24.8	-7.2	-8.7	2	27 825
DE	6.4	6.5	6.6	7.0	7.0	7.0	6.8	6.7	6.6	7.1	7.4	7.9	8.0	8.1	1.8	1.1	15	79 980
EE	13.1	1.4	13.6	14.4	14.9	13.9	13.5	12.9	13.0	13.2	13.0	13.2	13.4	15.4	2.2	1.5	5	794
IE	2.6	2.5	2.4	2.2	2.1	2.0	2.1	2.3	2.3	2.3	2.3	2.3	2.3	2.8	0.2	0.8	24	1 484
EL	0.9	1.0	1.0	0.9	0.8	0.8	0.9	0.8	0.8	0.8	0.8	0.7	0.8	0.8	-0.1	0.0	26	624
ES	8.7	8.5	8.9	9.4	9.4	9.1	8.9	8.7	8.4	8.8	8.8	8.9	8.7	8.9	0.2	-0.2	13	32 026
FR	10.6	10.7	10.6	10.6	10.3	9.7	9.4	9.5	9.8	10.5	10.9	11.0	11.5	11.6	1.0	1.9	9	96 547
IT	7.8	8.2	7.9	13.3	12.5	14.4	14.9	15.5	16.0	15.8	15.8	15.5	15.7	15.3	7.5	0.9	6	102 844
CY	1.6	1.7	1.9	1.8	1.6	1.4	1.5	1.3	1.3	1.4	1.2	1.4	1.3	1.3	-0.2	-0.1	25	90
LV	19.5	20.5	16.2	16.1	15.6	17.0	17.3	17.3	17.8	17.9	16.9	17.2	17.8	19.2	-0.4	2.2	4	1 283
LT	18.3	18.5	14.4	18.8	20.5	20.2	20.0	9.8	9.4	9.9	9.7	9.7	10.2	11.3	-7.0	-8.9	11	1 102
LU	6.4	6.5	6.1	6.1	5.7	5.7	5.6	6.1	5.9	4.9	4.4	4.4	4.5	4.5	-1.9	-1.2	20	632
HU	6.6	7.3	8.2	9.0	9.6	9.8	10.3	10.5	11.4	12.0	11.6	11.7	11.1	6.4	-0.1	-3.3	17	2 735
MT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
NL	3.2	3.4	3.5	3.6	3.4	3.4	3.6	3.7	3.9	4.0	4.1	3.3	3.3	3.3	0.1	-0.1	21	7 672
AT	12.0	12.2	11.9	11.8	11.7	11.7	11.5	11.2	10.8	10.9	10.9	11.0	11.1	11.4	-0.7	-0.3	10	13 716
PL	12.5	12.1	12.2	11.9	9.1	9.1	9.5	9.9	9.5	12.8	12.6	12.7	13.2	13.5	1.0	4.4	8	16 801
PT	5.2	5.2	5.2	5.6	6.0	6.0	5.8	6.0	5.7	6.2	6.2	6.2	6.5	6.5	1.4	0.5	16	3 992
RO	9.2	9.7	9.1	7.0	9.5	3.9	3.8	3.1	3.5	3.4	3.1	3.4	4.0	3.2	-6.0	-0.7	22	1 268
SI	6.3	6.6	6.8	6.5	7.1	7.3	7.4	7.4	7.6	7.6	7.4	7.7	9.0	8.9	2.5	1.6	14	1 231
SK	3.9	4.2	4.2	4.1	4.1	4.1	4.4	4.2	4.0	4.3	10.7	10.8	10.3	11.0	7.1	7.0	12	2 085
FI	22.3	22.8	21.7	21.8	21.7	21.6	22.1	21.5	21.1	20.8	20.7	21.1	21.3	22.0	-0.3	0.4	3	17 505
SE	29.6	30.6	29.8	29.5	29.3	28.8	31.0	32.6	33.2	32.8	32.2	31.9	32.4	34.7	5.1	5.9	1	53 652
UK	3.7	3.7	3.8	3.8	3.9	4.0	4.1	4.4	4.7	4.7	4.7	4.6	4.6	4.6	0.9	0.6	19	31 047
NO	*19.5*	*18.6*	*18.6*	*17.0*	*17.4*	*15.1*	*16.4*	*13.0*	*14.8*	*13.7*	*13.4*	*12.6*	*12.5*	*12.1*	*-7.5*	*-3.1*		*15 721*
IS	*19.5*	*19.0*	*22.2*	*23.3*	*22.5*	*23.4*	*25.0*	*24.8*	*24.3*	*23.6*	*22.9*	*24.3*	*25.1*	*25.9*	*6.5*	*2.5*		*978*
EU-27 averages																		
weighted	:	:	:	9.8	9.5	9.6	9.6	9.8	10.0	10.3	10.4	10.4	10.3	10.4	:	0.8		
arithmetic	:	:	:	10.7	10.7	10.4	10.6	10.4	10.1	10.2	10.4	10.5	10.3	10.4	:	0.0		
EA-16 averages																		
weighted	7.9	8.1	8.0	9.2	8.9	9.1	9.1	9.1	9.2	9.6	9.7	9.8	10.0	10.0	2.1	0.9		
arithmetic	6.9	7.0	6.9	7.3	7.2	7.2	7.3	7.3	7.3	7.4	7.8	7.8	8.0	8.1	1.2	0.8		
EU-25 averages																		
weighted	8.8	9.1	8.9	9.8	9.5	9.6	9.7	9.8	10.1	10.3	10.4	10.4	10.4	10.5	1.7	0.9		
arithmetic	10.4	10.1	10.3	10.7	10.7	10.7	10.9	10.6	10.7	10.9	11.1	11.1	10.9	11.1	0.6	0.4		
Convergence indicators																		
St.dev/mean	79.6	84.6	78.0	75.4	75.2	79.0	80.8	83.0	87.7	84.5	80.6	80.4	73.4	77.1	-2.5	-1.9		
Max-min	31.0	30.9	31.4	32.1	31.8	32.7	34.2	34.9	35.0	33.6	32.5	33.1	31.6	33.9	2.9	1.2		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 37: Taxes received by administrative level as % of GDP - Social security funds

															Difference[1]		Ranking	Revenue[2]
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	1995 to 2008	2000 to 2008	2008	2008
BE	15.2	15.4	15.6	15.6	15.7	15.5	15.6	16.2	15.9	16.7	16.8	16.8	17.0	17.6	2.5	2.2	2	60 823
BG	:	:	:	9.1	10.0	11.0	10.0	9.5	10.6	10.5	10.3	8.7	8.7	8.1	-	-2.9	19	2 757
CZ	4.1	4.1	4.1	4.0	4.0	4.1	4.0	4.2	4.3	5.4	5.5	5.6	5.7	5.6	1.5	1.5	22	8 289
DK	1.1	1.1	1.0	1.0	1.6	1.8	1.7	1.2	1.2	1.2	1.1	1.0	1.0	1.0	-0.1	-0.8	25	2 231
DE	16.8	17.4	17.7	17.4	17.2	16.9	16.7	16.7	16.9	16.5	16.3	15.9	15.2	15.1	-1.8	-1.8	3	376 120
EE	5.4	4.8	4.6	4.4	4.4	4.3	4.2	4.6	4.6	4.6	4.6	4.5	4.7	5.2	-0.2	0.9	23	840
IE	4.2	3.9	3.6	3.5	3.5	3.6	3.7	3.7	3.6	3.8	3.8	3.9	4.1	4.4	0.2	0.8	24	7 960
EL	9.1	9.5	9.5	9.8	9.9	10.4	10.5	11.5	11.6	10.9	11.0	11.1	11.7	12.5	3.3	2.1	8	29 812
ES	11.4	11.6	11.6	11.5	11.6	11.7	11.8	11.8	11.9	11.8	11.8	11.8	11.9	12.0	0.6	0.3	10	130 557
FR	20.0	20.2	20.2	20.3	20.6	21.0	21.3	21.2	21.4	20.4	21.1	22.2	22.1	22.4	2.4	1.4	1	436 378
IT	12.3	14.3	14.6	12.2	12.1	12.1	11.9	12.1	12.3	12.3	12.5	12.5	13.0	13.4	1.1	1.3	6	210 152
CY	6.5	6.6	6.8	6.9	6.6	6.5	6.8	6.7	7.0	7.7	8.3	7.8	7.5	7.7	1.2	1.2	20	1 333
LV	12.0	10.8	10.6	10.8	10.7	9.9	9.2	9.3	8.9	8.7	8.4	8.8	8.7	8.2	-3.8	-1.7	18	1 893
LT	9.0	9.4	10.7	11.2	11.5	11.6	11.0	10.6	10.4	10.3	10.1	10.3	10.6	11.0	2.0	-0.6	15	3 538
LU	9.7	9.6	9.8	9.9	9.8	9.8	10.7	10.6	10.5	10.5	10.2	9.6	9.6	9.9	0.2	0.0	16	3 880
HU	13.5	12.4	12.5	12.3	11.9	12.0	11.7	11.6	11.6	11.2	11.5	11.4	12.5	12.7	-0.8	0.7	7	13 388
MT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
NL	15.9	15.2	15.1	15.0	15.5	15.4	13.7	13.3	13.8	13.9	12.9	14.0	13.5	14.5	-1.4	-0.9	4	86 258
AT	12.2	12.1	12.3	12.2	12.2	12.0	12.0	11.9	11.9	11.9	11.9	11.9	11.8	11.9	-0.3	-0.1	11	33 465
PL	11.3	11.6	11.7	11.6	13.7	12.9	13.4	12.9	12.8	12.3	12.3	12.2	12.0	11.4	0.0	-1.6	13	41 166
PT	10.0	10.2	10.4	10.4	10.4	10.7	10.8	11.1	11.5	11.5	11.8	11.8	12.1	12.3	2.3	1.6	9	20 481
RO	8.1	7.5	7.0	8.9	11.0	11.1	10.4	10.4	9.3	9.0	9.4	9.6	9.6	9.2	1.2	-1.8	17	12 901
SI	16.5	14.8	14.1	14.2	14.0	14.1	14.4	14.1	14.1	14.1	14.1	13.9	13.6	13.9	-2.6	-0.2	5	5 167
SK	14.6	15.5	14.6	14.4	13.7	13.8	14.0	14.3	13.5	12.9	12.3	11.6	11.5	11.8	-2.8	-2.1	12	7 616
FI	13.0	12.6	11.8	11.6	11.6	11.0	11.1	10.9	10.8	10.7	11.1	11.2	11.0	11.2	-1.8	0.2	14	20 670
SE	4.4	4.6	4.6	4.6	4.4	5.6	5.9	5.8	5.7	5.6	5.5	5.5	5.5	5.6	1.2	0.0	21	18 524
UK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
NO	*9.8*	*9.6*	*9.6*	*10.3*	*10.1*	*8.9*	*9.2*	*9.9*	*9.8*	*9.4*	*8.9*	*8.7*	*9.1*	*8.9*	*-0.9*	*0.0*		*27 504*
IS	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*		*0*
EU-27 averages																		
weighted	:	:	:	14.6	14.7	14.6	14.5	14.5	14.6	14.2	14.3	14.4	14.2	14.4	:	-0.2		
arithmetic	:	:	:	10.5	10.7	10.7	10.7	10.6	10.6	10.6	10.6	10.5	10.6	10.7	:	0.0		
EA-16 averages																		
weighted	15.6	16.1	16.1	15.6	15.6	15.5	15.4	15.4	15.5	15.2	15.2	15.3	15.2	15.5	-0.2	-0.1		
arithmetic	12.5	12.6	12.5	12.3	12.3	12.3	12.3	12.4	12.4	12.4	12.4	12.4	12.4	12.7	0.2	0.4		
EU-25 averages																		
weighted	14.8	15.1	15.2	14.7	14.7	14.6	14.6	14.5	14.6	14.3	14.3	14.4	14.3	14.5	-0.3	-0.2		
arithmetic	10.8	10.8	10.8	10.6	10.7	10.7	10.7	10.7	10.7	10.7	10.6	10.7	10.7	10.9	0.1	0.2		
Convergence indicators																		
St.dev/mean	44.5	45.0	45.0	43.5	42.7	41.7	41.8	42.1	42.2	40.7	40.9	42.3	41.7	42.1	-2.3	0.5		
Max-min	18.9	19.1	19.2	19.2	19.0	19.2	19.5	20.1	20.2	19.2	20.0	21.2	21.1	21.4	2.5	2.2		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 38: Taxes received by administrative level as % of Total Taxation - Social security funds

															Difference[1]		Ranking	Revenue[2]
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	1995 to 2008	2000 to 2008	2008	2008
BE	34.6	34.7	34.8	34.4	34.6	34.3	34.6	35.8	35.8	37.4	37.6	38.0	38.7	39.9	5.2	5.5	3	60 823
BG	:	:	:	29.2	32.6	33.8	32.5	32.0	32.8	31.8	30.3	26.3	25.3	24.3	-	-9.6	19	2 757
CZ	11.3	11.8	11.9	12.0	11.8	12.1	11.7	12.2	12.1	14.5	14.7	15.4	15.2	15.5	4.2	3.4	22	8 289
DK	2.2	2.2	2.1	2.1	3.3	3.6	3.6	2.5	2.5	2.4	2.2	2.1	2.0	2.0	-0.2	-1.6	25	2 231
DE	42.3	42.8	43.5	42.6	41.2	40.4	41.8	42.3	42.5	42.6	42.0	40.5	38.5	38.3	-4.0	-2.1	4	376 120
EE	14.8	13.9	13.6	13.0	13.5	13.9	13.9	14.9	14.9	14.9	14.9	14.5	14.7	16.2	1.4	2.3	21	840
IE	12.6	11.7	11.2	10.9	10.9	11.3	12.5	12.8	12.6	12.5	12.4	12.2	13.0	15.0	2.4	3.6	23	7 960
EL	31.4	32.2	31.2	30.2	29.9	30.0	31.6	34.2	36.1	35.1	34.5	34.9	36.1	38.2	6.8	8.3	5	29 812
ES	34.8	35.1	34.9	34.9	34.4	34.5	35.3	34.8	35.0	34.3	33.1	32.4	32.0	36.2	1.5	1.7	9	130 557
FR	46.8	45.9	45.8	46.1	45.9	47.5	48.5	49.2	49.9	47.1	48.3	50.6	51.1	52.3	5.5	4.8	1	436 378
IT	30.7	34.1	33.3	28.7	28.5	28.9	28.8	29.6	29.8	30.4	31.0	29.7	30.1	31.2	0.6	2.4	14	210 152
CY	24.3	25.3	26.4	24.8	23.7	21.8	21.9	21.5	21.2	23.0	23.2	21.4	18.4	19.7	-4.6	-2.1	20	1 333
LV	36.1	35.2	33.2	31.9	33.3	33.5	32.3	32.8	31.1	30.5	28.9	28.8	28.6	28.3	-7.8	-5.3	15	1 893
LT	32.7	34.8	34.9	35.4	36.5	38.5	38.5	37.3	36.9	36.5	35.3	35.1	35.6	36.3	3.6	-2.2	8	3 538
LU	26.1	25.7	24.9	25.2	25.7	25.1	26.8	27.1	27.6	28.0	27.1	27.0	27.0	27.7	1.6	2.6	17	3 880
HU	33.0	31.5	33.0	32.8	31.1	30.7	30.7	30.8	30.5	29.9	30.6	30.6	31.3	31.4	-1.6	0.7	13	13 388
MT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
NL	39.5	37.9	38.0	38.0	38.5	38.6	35.7	35.2	36.9	37.1	34.5	35.9	34.8	37.1	-2.4	-1.6	7	86 258
AT	29.3	28.3	27.7	27.5	27.7	27.7	26.5	27.0	27.3	27.5	28.2	28.3	27.9	27.7	-1.6	0.1	16	33 465
PL	30.5	31.2	32.1	32.9	39.3	39.7	41.6	39.6	39.7	39.2	37.6	36.1	34.3	33.1	2.6	-6.7	11	41 166
PT	31.3	30.9	31.5	31.2	30.6	31.1	31.9	32.1	33.0	33.7	33.7	33.0	32.8	33.5	2.2	2.4	10	20 481
RO	27.6	27.9	26.4	31.1	35.4	36.6	36.5	36.8	33.7	33.2	33.9	33.6	33.0	32.9	5.3	-3.7	12	12 901
SI	42.0	39.0	38.2	37.6	36.6	37.7	38.1	37.2	36.8	36.8	36.5	36.2	35.9	37.3	-4.8	-0.4	6	5 167
SK	36.2	39.3	39.2	39.1	38.6	40.6	42.3	43.4	41.1	40.9	39.1	39.5	39.4	40.4	4.2	-0.2	2	7 616
FI	28.4	26.8	25.6	25.1	25.4	23.2	24.8	24.4	24.5	24.7	25.2	25.8	25.7	26.0	-2.5	2.7	18	20 670
SE	9.2	9.1	9.0	9.0	8.5	10.9	11.8	12.1	11.8	11.5	11.2	11.2	11.4	12.0	2.8	1.1	24	18 524
UK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	n.a.	n.a.
NO	*23.4*	*22.6*	*22.7*	*24.4*	*23.9*	*20.9*	*21.5*	*22.9*	*23.1*	*21.7*	*20.4*	*19.8*	*20.8*	*21.1*	*-2.3*	*0.2*		*27 504*
IS	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*		*0*
EU-27 averages																		
weighted	:	:	:	35.5	35.2	35.3	36.0	36.3	36.5	36.0	35.8	35.6	35.2	36.2	:	0.9		
arithmetic	:	:	:	28.2	28.7	29.0	29.4	29.5	29.4	29.4	29.0	28.8	28.5	29.3	:	0.2		
EA-16 averages																		
weighted	39.2	39.4	39.2	38.1	37.6	37.6	38.2	38.6	38.9	38.4	38.3	38.1	37.6	38.9	-0.4	1.2		
arithmetic	32.7	32.6	32.4	31.8	31.5	31.5	32.1	32.4	32.7	32.7	32.4	32.4	32.1	33.4	0.7	1.8		
EU-25 averages																		
weighted	36.7	36.7	36.6	35.6	35.2	35.3	36.0	36.3	36.5	36.0	35.8	35.7	35.2	36.3	-0.4	1.0		
arithmetic	28.7	28.7	28.5	28.1	28.2	28.5	28.9	29.1	29.1	29.2	28.8	28.7	28.5	29.4	0.7	0.8		
Convergence indicators																		
St.dev/mean	39.2	39.4	39.8	39.1	38.8	38.8	38.6	38.5	38.6	37.2	37.1	37.9	38.3	37.8	-1.4	-1.0		
Max-min	44.6	43.7	43.7	44.0	42.6	43.9	45.0	46.8	47.4	44.8	46.1	48.5	49.1	50.3	5.7	6.4		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 39: Taxes received by administrative level as % of GDP - EU Institutions

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	Difference[1] 2000 to 2008	Ranking 2008	Revenue[2] 2008
BE	1.0	0.8	0.9	0.8	0.7	0.8	0.7	0.6	0.6	0.5	0.6	0.6	0.6	0.6	-0.4	-0.2	1	1 916
BG	:	:	:	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.4	0.4	-	-	5	139
CZ	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.3	0.3	0.3	0.3	-	-	10	503
DK	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.0	24	544
DE	0.9	0.8	0.7	0.6	0.6	0.6	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.3	-0.6	-0.3	12	8 130
EE	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.3	0.4	0.4	0.3	-	-	8	56
IE	1.2	0.9	0.7	0.9	0.7	0.6	0.5	0.3	0.3	0.2	0.3	0.3	0.3	0.3	-0.9	-0.3	19	484
EL	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.4	0.3	0.3	0.3	0.3	0.3	0.3	-0.5	-0.3	16	677
ES	0.7	0.7	0.7	0.6	0.6	0.6	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.3	-0.4	-0.3	14	3 389
FR	0.8	0.7	0.7	0.6	0.6	0.6	0.6	0.5	0.3	0.2	0.3	0.3	0.3	0.3	-0.6	-0.3	22	5 084
IT	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.4	0.3	0.3	0.3	0.3	0.3	0.3	-0.3	-0.2	13	5 117
CY	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.2	0.2	0.2	0.2	-	-	25	40
LV	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.4	0.4	0.4	0.3	-	-	15	72
LT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.4	0.3	0.4	0.5	-	-	4	149
LU	0.9	0.7	0.7	0.6	0.5	0.5	0.4	0.3	0.3	0.2	0.2	0.2	0.2	0.2	-0.7	-0.4	27	67
HU	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.3	0.3	0.3	0.4	-	-	7	374
MT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.3	0.5	0.4	0.5	0.5	-	-	3	28
NL	1.1	0.9	1.0	0.9	0.8	0.8	0.7	0.5	0.5	0.5	0.5	0.5	0.5	0.5	-0.6	-0.3	2	3 068
AT	0.8	0.7	0.8	0.7	0.6	0.6	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.3	-0.5	-0.3	18	788
PL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.3	0.3	0.3	0.3	-	-	17	1 013
PT	0.9	0.7	0.7	0.6	0.6	0.6	0.5	0.4	0.3	0.3	0.3	0.3	0.3	0.3	-0.6	-0.3	20	442
RO	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.3	0.3	-	-	21	365
SI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.3	0.3	0.4	0.4	-	-	6	137
SK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.3	0.3	0.4	0.3	-	-	9	225
FI	0.7	0.6	0.6	0.5	0.5	0.5	0.4	0.3	0.3	0.2	0.2	0.3	0.3	0.2	-0.4	-0.2	23	453
SE	0.7	0.6	0.7	0.6	0.5	0.5	0.5	0.4	0.4	0.3	0.3	0.3	0.2	0.2	-0.4	-0.3	26	700
UK	1.0	0.9	0.7	0.7	0.6	0.6	0.6	0.4	0.4	0.3	0.3	0.3	0.3	0.3	-0.7	-0.3	11	6 161
NO	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	-	-		*n.a.*
IS	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	-	-		*n.a.*
EU-27 averages																		
weighted	:	:	:	0.6	0.6	0.6	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.3	:	-0.3		
arithmetic	:	:	:	0.6	0.6	0.6	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.3	:	-0.2		
EA-16 averages																		
weighted	0.8	0.7	0.7	0.6	0.6	0.6	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.3	-0.5	-0.3		
arithmetic	0.9	0.7	0.7	0.7	0.6	0.6	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.3	-0.5	-0.3		
EU-25 averages																		
weighted	0.8	0.7	0.7	0.6	0.6	0.6	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.3	-0.5	-0.3		
arithmetic	0.8	0.7	0.7	0.6	0.6	0.6	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.3	-0.5	-0.2		
Convergence indicators																		
St.dev/mean	27.8	25.0	24.9	25.1	24.1	23.5	24.3	28.3	30.4	33.4	27.1	26.4	27.8	28.6	0.8	5.2		
Max-min	0.9	0.7	0.8	0.7	0.6	0.6	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4	-0.5	-0.2		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 40: Taxes received by administrative level as % of Total Taxation - EU Institutions

															Difference[1]		Ranking	Revenue[2]
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	1995 to 2008	2000 to 2008	2008	2008
BE	2.2	1.9	1.9	1.8	1.6	1.7	1.6	1.3	1.4	1.2	1.2	1.3	1.3	1.3	-0.9	-0.4	4	1 916
BG	:	:	:	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.1	1.2	-	-	5	139
CZ	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.6	0.9	0.9	0.9	0.9	-	-	10	503
DK	0.5	0.4	0.5	0.4	0.4	0.4	0.4	0.3	0.3	0.4	0.4	0.4	0.5	0.5	0.0	0.1	25	544
DE	2.2	1.9	1.8	1.5	1.3	1.5	1.3	0.9	0.9	0.7	0.8	0.8	0.8	0.8	-1.4	-0.6	17	8 130
EE	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.7	1.1	1.1	1.2	1.1	-	-	7	56
IE	3.5	2.8	2.3	2.7	2.2	1.9	1.8	1.0	1.0	0.7	0.9	0.8	0.9	0.9	-2.6	-1.0	13	484
EL	2.6	2.4	2.0	1.9	1.8	1.7	1.7	1.2	1.1	0.9	0.9	0.9	0.9	0.9	-1.7	-0.8	16	677
ES	2.2	2.0	2.0	1.9	1.7	1.7	1.5	1.1	1.1	0.9	1.0	0.9	0.9	0.9	-1.2	-0.8	11	3 389
FR	1.9	1.6	1.6	1.4	1.3	1.4	1.4	1.1	0.7	0.5	0.6	0.6	0.6	0.6	-1.3	-0.8	22	5 084
IT	1.6	1.5	1.1	1.3	1.1	1.2	1.3	0.9	0.7	0.7	0.7	0.6	0.6	0.8	-0.8	-0.4	19	5 117
CY	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.6	0.6	0.6	0.5	0.6	-	-	23	40
LV	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.7	1.2	1.2	1.2	1.1	-	-	8	72
LT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.7	1.3	1.2	1.4	1.5	-	-	1	149
LU	2.3	1.8	1.8	1.6	1.4	1.4	1.1	0.8	0.7	0.5	0.5	0.6	0.6	0.5	-1.8	-0.9	26	67
HU	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.5	0.8	0.8	0.9	0.9	-	-	15	374
MT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.9	1.4	1.3	1.3	1.4	-	-	2	28
NL	2.8	2.3	2.5	2.3	2.1	2.0	1.8	1.4	1.4	1.3	1.3	1.3	1.4	1.3	-1.5	-0.7	3	3 068
AT	1.9	1.7	1.8	1.5	1.3	1.4	1.2	1.0	0.9	0.6	0.7	0.7	0.7	0.7	-1.2	-0.7	21	788
PL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.7	0.8	0.7	0.8	0.8	-	-	18	1 013
PT	2.9	2.1	2.1	1.9	1.8	1.7	1.4	1.0	0.9	0.8	0.7	0.8	0.8	0.7	-2.1	-1.0	20	442
RO	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.9	0.9	-	-	12	365
SI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.4	0.7	0.8	1.1	1.0	-	-	9	137
SK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.5	0.9	1.0	1.3	1.2	-	-	6	225
FI	1.5	1.3	1.3	1.1	1.1	1.0	0.9	0.6	0.7	0.5	0.5	0.6	0.6	0.6	-0.9	-0.4	24	453
SE	1.4	1.2	1.3	1.2	1.0	1.0	0.9	0.7	0.7	0.6	0.6	0.6	0.4	0.5	-0.9	-0.6	27	700
UK	2.9	2.5	2.0	2.0	1.8	1.8	1.5	1.3	1.2	0.9	0.9	0.9	0.9	0.9	-2.0	-0.9	14	6 161
NO	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	-	-		*n.a.*
IS	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	-	-		*n.a.*
EU-27 averages																		
weighted	:	:	:	:	:	:	:	:	:	:	:	:	0.8	0.8	:	:		
arithmetic	:	:	:	:	:	:	:	:	:	:	:	:	0.9	0.9	:	:		
EA-16 averages																		
weighted	2.1	1.8	1.7	1.5	1.4	1.5	1.4	1.0	0.9	0.7	0.8	0.8	0.8	0.8	-1.3	-0.6		
arithmetic	2.3	1.9	1.8	1.7	1.6	1.5	1.4	1.0	1.0	0.7	0.8	0.8	0.9	0.9	-1.4	-0.7		
EU-25 averages																		
weighted	2.1	1.8	1.7	1.6	1.4	1.5	1.3	1.0	0.9	0.7	0.8	0.8	0.8	0.8	-1.3	-0.6		
arithmetic	2.1	1.8	1.7	1.6	1.5	1.4	1.3	1.0	0.9	0.7	0.9	0.9	0.9	0.9	-1.3	-0.6		
Convergence indicators																		
St.dev/mean	34.5	32.6	29.9	33.0	31.7	28.7	29.3	29.3	31.2	30.5	30.7	29.1	31.5	32.0	-2.5	3.3		
Max-min	3.0	2.4	2.0	2.3	1.8	1.6	1.4	1.1	1.1	0.9	1.0	0.9	1.0	1.1	-1.9	-0.5		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 41: Taxes on Consumption as % of GDP - Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	Difference[1] 2000 to 2008	Ranking 2008	Revenue[2] 2008
BE	10.7	11.1	11.2	11.0	11.4	11.3	10.9	10.9	10.9	11.0	11.1	11.2	10.9	10.7	-0.1	-0.6	20	36 749
BG	:	:	:	13.3	13.0	14.4	14.0	13.7	15.1	16.8	18.0	18.7	18.4	18.0	-	3.7	1	6 150
CZ	11.4	11.3	10.8	10.2	10.8	10.6	10.2	10.1	10.4	11.2	11.3	10.7	10.9	10.8	-0.6	0.2	17	15 951
DK	15.4	15.8	15.9	16.3	16.4	15.7	15.7	15.8	15.6	15.8	16.2	16.3	16.2	15.5	0.1	-0.2	3	36 103
DE	10.3	10.1	10.0	10.1	10.5	10.5	10.5	10.4	10.5	10.2	10.1	10.1	10.6	10.6	0.3	0.1	22	265 171
EE	12.6	12.8	13.1	11.9	11.1	11.7	11.7	11.9	11.6	11.7	12.8	13.1	13.3	11.8	-0.7	0.2	12	1 905
IE	13.0	12.9	12.6	12.3	12.1	12.1	10.9	11.0	10.9	11.2	11.5	11.5	11.3	10.7	-2.3	-1.4	18	19 431
EL	12.0	12.1	12.2	12.3	12.5	12.4	12.7	12.4	11.4	11.2	11.2	11.5	11.6	11.3	-0.7	-1.1	15	27 085
ES	8.9	9.1	9.2	9.6	10.0	9.9	9.5	9.4	9.6	9.6	9.8	9.7	9.4	8.4	-0.6	-1.5	27	90 906
FR	12.1	12.4	12.3	12.1	12.1	11.6	11.3	11.3	11.1	11.2	11.2	11.1	10.9	10.7	-1.4	-0.9	19	208 386
IT	10.4	10.1	10.3	10.7	10.9	10.9	10.4	10.2	9.9	10.0	10.0	10.4	10.2	9.8	-0.6	-1.1	26	154 118
CY	10.4	10.1	9.2	9.3	9.1	10.6	11.8	12.4	14.7	15.2	15.2	15.4	16.1	15.9	5.6	5.3	2	2 750
LV	12.2	11.7	12.1	13.1	11.9	11.3	10.6	10.6	11.4	11.3	12.2	12.7	11.9	10.5	-1.7	-0.8	23	2 437
LT	11.2	10.6	12.6	12.9	12.8	11.8	11.5	11.7	11.1	10.6	10.8	10.9	11.4	11.4	0.2	-0.4	14	3 678
LU	10.0	9.9	10.5	10.6	10.5	10.7	10.6	10.7	10.6	11.3	10.9	10.0	9.9	10.0	0.0	-0.7	25	3 932
HU	16.9	16.0	14.5	14.6	15.2	15.5	14.5	14.1	14.7	14.9	14.5	13.9	14.5	14.5	-2.5	-1.0	4	15 267
MT	11.6	11.1	11.8	11.0	12.0	12.1	12.7	13.4	12.4	13.3	14.5	14.0	13.9	13.9	2.4	1.8	5	795
NL	11.3	11.5	11.5	11.6	11.9	11.7	11.9	11.7	11.8	12.0	12.0	12.2	12.2	12.0	0.7	0.3	11	71 252
AT	11.6	12.1	12.6	12.5	12.6	12.4	12.4	12.5	12.4	12.4	12.2	11.8	11.7	11.7	0.0	-0.7	13	32 883
PL	12.7	13.0	12.4	11.8	12.3	11.3	11.1	11.8	11.9	11.8	12.3	12.6	12.9	12.9	0.2	1.5	8	46 684
PT	12.3	12.5	12.2	12.6	12.7	12.2	12.1	12.4	12.5	12.5	13.3	13.6	13.1	12.7	0.4	0.5	10	21 087
RO	9.2	8.9	9.1	10.8	11.5	11.5	10.6	10.9	11.5	11.1	12.3	12.1	11.8	11.2	2.1	-0.2	16	15 718
SI	15.1	14.8	13.8	14.4	14.9	13.9	13.4	13.7	13.8	13.6	13.4	13.2	13.2	13.3	-1.8	-0.5	6	4 957
SK	14.1	13.2	12.7	12.5	12.0	12.2	11.0	11.0	11.6	12.0	12.3	11.2	11.1	10.3	-3.8	-1.9	24	6 661
FI	13.9	13.9	14.4	14.0	14.1	13.6	13.1	13.4	13.9	13.6	13.7	13.4	12.8	12.9	-1.0	-0.7	9	23 766
SE	13.4	13.0	12.9	13.0	12.9	12.4	12.6	12.7	12.7	12.6	12.8	12.6	12.7	12.9	-0.5	0.5	7	42 278
UK	12.0	12.1	12.0	11.9	12.1	11.8	11.6	11.5	11.6	11.5	11.1	10.9	10.9	10.6	-1.4	-1.2	21	193 586
NO	*14.7*	*14.5*	*14.4*	*14.8*	*14.3*	*12.7*	*12.6*	*12.8*	*12.4*	*12.2*	*11.7*	*11.7*	*12.0*	*10.6*	*-4.1*	*-2.1*		*32 856*
IS	*15.3*	*15.6*	*15.2*	*14.8*	*15.8*	*15.0*	*13.1*	*13.3*	*13.9*	*14.7*	*15.8*	*16.1*	*15.1*	*12.8*	*-2.6*	*-2.3*		*1 312*
EU-27 averages																		
weighted	:	:	:	11.3	11.6	11.4	11.1	11.1	11.1	11.1	11.1	11.1	11.1	10.8	:	-0.6		
arithmetic	:	:	:	12.1	12.2	12.1	11.8	11.9	12.1	12.2	12.5	12.4	12.4	12.0	:	0.0		
EA-16 averages																		
weighted	10.9	10.9	10.9	11.0	11.3	11.1	10.8	10.8	10.7	10.7	10.7	10.8	10.8	10.5	-0.4	-0.6		
arithmetic	11.7	11.7	11.7	11.7	11.8	11.8	11.6	11.7	11.7	11.9	12.0	11.9	11.8	11.6	-0.2	-0.2		
EU-25 averages																		
weighted	11.2	11.3	11.3	11.3	11.6	11.4	11.1	11.1	11.1	11.0	11.0	11.0	11.0	10.8	-0.5	-0.6		
arithmetic	12.2	12.1	12.1	12.1	12.2	12.0	11.8	11.9	12.0	12.1	12.3	12.2	12.1	11.8	-0.4	-0.2		
Convergence indicators																		
St.dev/mean	15.7	15.4	13.9	13.4	13.0	11.9	12.1	12.1	13.4	14.6	15.5	16.5	16.7	17.7	2.0	5.8		
Max-min	8.0	7.1	6.8	7.0	7.2	5.8	6.2	6.3	6.0	7.1	8.3	9.0	8.9	9.7	1.7	3.9		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 42: Taxes on Consumption as % of Total Taxation - Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	Difference[1] 2000 to 2008	Ranking 2008	Revenue[2] 2008
BE	24.5	25.2	24.9	24.3	25.2	25.1	24.2	24.3	24.4	24.7	24.8	25.2	24.9	24.1	-0.4	-1.0	26	36 749
BG	:	:	:	42.7	42.5	44.2	45.2	46.2	46.9	50.7	53.0	56.5	53.7	54.1	-	9.9	1	6 150
CZ	31.6	32.5	30.8	30.6	31.7	31.3	30.1	29.1	29.1	30.0	30.4	29.1	29.3	29.8	-1.7	-1.4	17	15 951
DK	31.6	32.2	32.4	33.1	32.7	31.8	32.3	33.0	32.5	32.3	31.8	32.8	33.1	32.2	0.5	0.4	15	36 103
DE	25.9	25.0	24.6	24.7	25.2	25.2	26.2	26.2	26.4	26.2	26.1	25.9	27.0	27.0	1.1	1.8	23	265 171
EE	34.6	37.2	38.1	34.9	34.0	37.7	38.9	38.4	37.6	38.2	41.8	42.3	41.3	36.8	2.2	-0.9	7	1 905
IE	39.2	38.9	38.8	38.8	37.9	38.4	36.7	38.7	37.5	37.1	37.2	35.7	35.8	36.5	-2.7	-1.8	8	19 431
EL	41.3	41.3	39.8	37.9	37.5	36.0	38.1	36.7	35.7	36.0	35.0	36.4	35.7	34.7	-6.5	-1.3	13	27 085
ES	27.3	27.4	27.7	29.1	29.8	29.2	28.4	27.9	28.2	28.0	27.5	26.7	25.4	25.2	-2.1	-3.9	24	90 906
FR	28.2	28.3	27.8	27.5	27.0	26.2	25.7	26.1	26.0	26.0	25.8	25.3	25.2	25.0	-3.2	-1.2	25	208 386
IT	25.9	24.1	23.6	25.3	25.8	26.2	25.1	24.9	23.9	24.7	24.7	24.7	23.7	22.9	-3.0	-3.3	27	154 118
CY	38.9	38.4	36.1	33.6	32.7	35.5	38.2	39.6	44.5	45.4	42.8	42.2	39.4	40.6	1.8	5.2	2	2 750
LV	36.8	37.8	37.9	38.9	37.1	38.4	37.2	37.5	39.9	39.6	42.1	41.8	39.0	36.4	-0.4	-2.0	9	2 437
LT	40.7	39.1	41.2	40.7	40.3	39.1	40.2	41.3	39.4	37.4	37.9	36.9	38.3	37.7	-2.9	-1.4	5	3 678
LU	26.9	26.2	26.8	26.9	27.4	27.4	26.5	27.3	27.7	30.1	29.1	28.1	27.6	28.1	1.1	0.6	20	3 932
HU	41.5	40.6	38.4	38.8	39.8	39.7	37.9	37.2	38.7	39.8	38.7	37.4	36.5	35.8	-5.7	-3.9	10	15 267
MT	43.2	43.5	43.1	42.9	43.8	43.1	41.9	42.4	39.4	40.4	42.6	41.5	40.2	40.4	-2.9	-2.7	3	795
NL	28.0	28.6	29.0	29.4	29.5	29.3	31.1	30.9	31.5	31.9	31.8	31.4	31.3	30.6	2.6	1.4	16	71 252
AT	28.1	28.1	28.4	28.2	28.7	28.6	27.4	28.5	28.4	28.5	28.7	28.1	27.7	27.3	-0.8	-1.3	22	32 883
PL	34.2	34.9	34.1	33.3	35.2	34.8	34.5	36.2	37.0	37.4	37.6	37.3	37.0	37.5	3.3	2.7	6	46 684
PT	38.3	38.0	37.0	37.9	37.2	35.6	35.8	35.7	35.8	36.8	37.8	37.8	35.6	34.5	-3.8	-1.1	14	21 087
RO	31.5	32.9	34.0	37.5	37.3	38.1	37.1	38.9	41.7	40.9	44.2	42.3	40.7	40.1	8.7	2.1	4	15 718
SI	38.5	39.0	37.4	38.1	39.0	37.0	35.6	36.2	36.1	35.4	34.7	34.4	34.9	35.7	-2.8	-1.3	11	4 957
SK	35.0	33.5	33.9	34.0	34.0	35.7	33.2	33.4	35.3	37.9	39.4	38.2	38.1	35.3	0.3	-0.4	12	6 661
FI	30.3	29.6	31.2	30.5	30.8	28.8	29.4	29.9	31.7	31.3	31.1	30.9	29.9	29.8	-0.5	1.1	18	23 766
SE	27.9	25.8	25.3	25.2	24.8	24.0	25.2	26.6	26.4	25.9	25.9	25.7	26.3	27.3	-0.5	3.4	21	42 278
UK	34.7	35.0	34.5	33.1	33.3	32.2	31.9	33.0	33.3	32.6	31.0	29.7	29.8	28.5	-6.1	-3.7	19	193 586
NO	*35.0*	*34.1*	*34.2*	*35.1*	*33.8*	*29.9*	*29.4*	*29.7*	*29.3*	*28.1*	*26.9*	*26.6*	*27.5*	*25.2*	*-9.8*	*-4.7*		*32 856*
IS	*46.1*	*45.5*	*44.0*	*42.9*	*43.0*	*40.5*	*37.0*	*37.6*	*38.0*	*38.7*	*38.9*	*38.8*	*37.2*	*34.8*	*-11.3*	*-5.8*		*1 312*
EU-27 averages																		
weighted	:	:	:	28.1	28.4	28.1	28.1	28.4	28.4	28.4	28.2	27.8	27.8	27.4	:	-0.6		
arithmetic	:	:	:	33.3	33.3	33.3	33.1	33.6	33.9	34.3	34.6	34.2	33.6	33.1	:	-0.2		
EA-16 averages																		
weighted	27.3	26.7	26.5	26.8	27.1	26.9	26.9	27.0	27.0	27.1	27.0	26.8	26.7	26.3	-1.0	-0.6		
arithmetic	32.5	32.2	31.9	31.8	32.0	31.7	31.5	31.8	32.0	32.5	32.5	32.0	31.4	31.1	-1.4	-0.6		
EU-25 averages																		
weighted	28.5	28.0	27.9	28.0	28.3	28.0	28.0	28.4	28.3	28.4	28.1	27.7	27.7	27.3	-1.2	-0.7		
arithmetic	33.3	33.2	32.9	32.7	32.8	32.6	32.5	32.8	33.1	33.3	33.5	33.0	32.5	32.0	-1.3	-0.6		
Convergence indicators																		
St.dev/mean	17.2	17.6	17.2	17.2	16.6	17.3	17.6	17.8	18.5	19.1	20.8	21.9	20.4	20.5	3.3	3.2		
Max-min	18.7	19.4	19.4	18.6	18.9	20.2	21.0	21.9	23.0	26.0	28.4	31.8	29.9	31.2	12.5	11.0		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 43: Taxes on Consumption as % of GDP - Tobacco and Alcohol

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	Difference[1] 2000 to 2008	Ranking 2008	Revenue[2] 2008
BE	0.7	0.7	0.7	0.7	0.8	0.8	0.7	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.0	-0.1	21	2 388
BG	:	:	:	1.1	1.3	1.4	1.4	1.7	1.7	2.0	2.0	2.4	2.7	2.9	2.9	1.6	1	998
CZ	1.4	1.3	1.2	1.2	1.2	1.1	1.0	1.0	1.1	1.1	1.2	1.4	1.7	1.1	-0.2	0.0	13	1 692
DK	1.1	1.1	1.0	1.0	1.0	0.9	0.9	0.9	0.8	0.7	0.7	0.7	0.6	0.6	-0.5	-0.3	26	1 391
DE	0.8	0.8	0.8	0.8	0.8	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.7	0.7	-0.1	0.0	23	16 903
EE	2.0	2.0	2.0	1.9	1.7	1.6	1.5	1.6	1.5	1.8	1.7	1.6	1.8	1.4	-0.6	-0.2	6	219
IE	2.5	2.3	2.2	2.0	1.9	1.8	1.7	1.6	1.5	1.4	1.3	1.2	1.2	1.2	-1.2	-0.5	11	2 241
EL	1.4	1.4	1.4	1.5	1.5	1.5	1.5	1.5	1.5	1.4	1.3	1.3	1.3	1.1	-0.2	-0.4	14	2 698
ES	0.7	0.7	0.8	0.9	0.9	0.9	0.8	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.1	-0.1	19	8 835
FR	0.8	0.8	0.8	0.8	0.7	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.7	-0.1	-0.1	24	12 814
IT	0.7	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.8	0.7	0.7	0.1	0.0	20	11 737
CY	0.8	0.7	0.7	0.7	0.8	0.8	0.8	0.9	1.0	1.4	1.4	1.4	1.3	1.3	0.5	0.5	9	220
LV	1.0	1.1	1.3	1.4	1.5	1.4	1.2	1.2	1.2	1.3	1.3	1.3	1.1	1.5	0.5	0.1	3	346
LT	1.2	1.3	1.6	1.8	1.4	1.2	1.3	1.2	1.2	1.2	1.2	1.3	1.3	1.5	0.3	0.2	4	472
LU	1.5	1.5	1.8	1.8	2.1	2.1	1.7	2.0	1.9	1.9	1.6	1.5	1.4	1.3	-0.2	-0.7	7	529
HU	1.3	1.2	1.1	1.1	1.2	1.2	1.1	1.1	1.2	1.2	1.2	1.3	1.4	1.4	0.1	0.2	5	1 502
MT	1.0	1.0	1.2	1.4	1.2	1.1	1.3	1.3	1.4	1.6	1.5	1.5	1.3	1.3	0.3	0.2	8	73
NL	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.5	0.5	0.5	0.4	0.5	-0.1	0.0	27	2 688
AT	0.9	0.9	0.9	0.9	0.9	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.6	-0.3	-0.2	25	1 738
PL	2.3	2.3	2.2	2.0	2.0	1.7	1.9	1.9	1.9	1.9	2.0	1.9	1.8	2.2	-0.1	0.5	2	7 946
PT	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.0	1.1	1.0	1.0	1.2	0.9	0.9	-0.2	-0.2	18	1 485
RO	0.0	0.0	0.0	0.0	0.0	0.0	0.9	1.0	1.2	1.2	1.2	1.2	1.3	1.2	1.2	1.2	10	1 727
SI	1.5	1.5	1.3	1.2	1.0	0.9	0.9	0.9	1.0	1.1	1.1	1.1	1.1	1.1	-0.4	0.3	15	415
SK	1.4	1.4	1.2	1.2	1.3	1.1	1.0	1.1	1.0	1.1	1.5	0.9	1.7	0.9	-0.5	-0.2	17	590
FI	1.8	1.7	1.6	1.5	1.5	1.4	1.4	1.4	1.3	1.1	1.0	1.0	0.9	0.9	-0.9	-0.4	16	1 741
SE	1.0	1.0	0.9	0.9	0.9	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.7	-0.4	-0.1	22	2 237
UK	1.7	1.7	1.6	1.5	1.5	1.5	1.4	1.4	1.4	1.3	1.3	1.2	1.2	1.2	-0.6	-0.3	12	21 256
NO	*1.2*	*1.2*	*1.2*	*1.2*	*1.2*	*1.1*	*1.0*	*1.0*	*1.0*	*0.9*	*0.8*	*0.8*	*0.8*	*0.7*	*-0.5*	*-0.3*		*2 234*
IS	*0.2*	*0.9*	*0.9*	*0.9*	*0.9*	*0.8*	*0.8*	*1.1*	*1.2*	*1.1*	*1.1*	*1.0*	*0.9*	*0.8*	*0.6*	*0.0*		*83*
EU-27 averages																		
weighted	:	:	:	0.9	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	:	-0.1		
arithmetic	:	:	:	1.2	1.2	1.1	1.1	1.1	1.1	1.2	1.2	1.1	1.2	1.1	:	0.0		
EA-16 averages																		
weighted	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.7	0.7	-0.1	-0.1		
arithmetic	1.1	1.1	1.1	1.1	1.1	1.0	1.0	1.0	1.0	1.1	1.0	1.0	1.0	0.9	-0.2	-0.1		
EU-25 averages																		
weighted	1.0	1.0	1.0	0.9	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.8	-0.1	-0.1		
arithmetic	1.2	1.2	1.2	1.2	1.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	-0.2	-0.1		
Convergence indicators																		
St.dev/mean	41.7	40.1	38.8	36.1	34.8	34.3	33.0	34.1	32.7	36.3	35.9	37.8	42.9	46.2	4.5	11.9		
Max-min	1.9	1.8	1.6	1.5	1.6	1.6	1.4	1.5	1.5	1.6	1.6	2.0	2.3	2.5	0.6	0.9		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 44: Taxes on Consumption as % of Total Taxation - Tobacco and Alcohol

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference 1) 1995 to 2008	Difference 1) 2000 to 2008	Ranking 2008	Revenue 2) 2008
BE	1.6	1.6	1.6	1.6	1.7	1.7	1.6	1.7	1.8	1.7	1.7	1.7	1.6	1.6	0.0	-0.1	22	2 388
BG	:	:	:	3.5	4.3	4.2	4.4	5.6	5.2	6.1	5.9	7.3	7.9	8.8	-	4.6	1	998
CZ	3.7	3.7	3.6	3.6	3.6	3.3	2.9	3.0	3.1	3.0	3.3	3.7	4.6	3.2	-0.6	-0.1	13	1 692
DK	2.2	2.2	2.1	2.1	2.0	1.9	1.8	1.8	1.8	1.5	1.3	1.3	1.2	1.2	-1.0	-0.6	26	1 391
DE	1.9	1.9	1.9	1.8	1.8	1.7	1.8	2.0	2.1	2.0	2.0	2.0	1.8	1.7	-0.2	0.0	21	16 903
EE	5.4	5.8	5.7	5.5	5.2	5.1	5.1	5.2	5.0	6.0	5.7	5.2	5.7	4.2	-1.2	-0.9	6	219
IE	7.5	7.1	6.6	6.2	5.9	5.6	5.6	5.6	5.3	4.6	4.2	3.8	3.9	4.2	-3.3	-1.3	7	2 241
EL	4.7	4.7	4.7	4.5	4.5	4.3	4.7	4.5	4.5	4.4	4.2	4.1	4.1	3.5	-1.2	-0.8	11	2 698
ES	2.1	2.2	2.4	2.7	2.6	2.6	2.5	2.5	2.5	2.5	2.3	2.2	2.2	2.5	0.3	-0.1	17	8 835
FR	1.8	1.7	1.7	1.7	1.7	1.7	1.7	1.8	1.7	1.7	1.6	1.6	1.5	1.5	-0.3	-0.2	23	12 814
IT	1.6	1.5	1.4	1.5	1.6	1.7	1.6	1.7	1.6	1.7	1.8	1.8	1.7	1.7	0.1	0.0	20	11 737
CY	2.8	2.8	2.8	2.6	2.7	2.7	2.7	2.8	3.1	4.0	3.9	3.9	3.3	3.3	0.4	0.6	12	220
LV	3.1	3.5	4.2	4.2	4.5	4.7	4.4	4.1	4.0	4.4	4.5	4.2	3.6	5.2	2.1	0.5	3	346
LT	4.4	5.0	5.1	5.7	4.5	4.1	4.4	4.4	4.4	4.3	4.3	4.5	4.4	4.8	0.5	0.7	4	472
LU	4.2	3.9	4.6	4.6	5.4	5.3	4.2	5.0	4.9	5.2	4.3	4.1	3.9	3.8	-0.4	-1.6	8	529
HU	3.2	3.1	3.0	3.0	3.1	3.2	2.9	2.9	3.2	3.3	3.1	3.5	3.5	3.5	0.4	0.4	10	1 502
MT	3.8	3.8	4.2	5.3	4.5	4.0	4.2	4.2	4.4	4.8	4.5	4.4	3.7	3.7	0.0	-0.3	9	73
NL	1.4	1.4	1.3	1.2	1.2	1.2	1.3	1.2	1.2	1.3	1.2	1.2	1.1	1.2	-0.3	0.0	27	2 688
AT	2.1	2.0	2.0	2.1	2.1	1.9	1.6	1.7	1.7	1.6	1.6	1.6	1.6	1.4	-0.7	-0.4	25	1 738
PL	6.3	6.1	5.9	5.6	5.6	5.3	5.8	5.7	5.9	6.1	6.1	5.6	5.3	6.4	0.1	1.1	2	7 946
PT	3.5	3.4	3.3	3.3	3.2	3.1	3.1	2.9	3.1	2.9	2.8	3.2	2.3	2.4	-1.0	-0.7	18	1 485
RO	0.0	0.0	0.0	0.0	0.0	0.0	3.1	3.5	4.4	4.4	4.4	4.3	4.4	4.4	4.4	4.4	5	1 727
SI	3.8	3.8	3.6	3.2	2.7	2.3	2.3	2.5	2.7	2.8	2.8	2.9	2.9	3.0	-0.8	0.7	16	415
SK	3.5	3.6	3.2	3.4	3.6	3.3	3.0	3.2	3.0	3.5	4.9	3.1	5.8	3.1	-0.4	-0.2	15	590
FI	3.9	3.6	3.5	3.3	3.3	2.9	3.0	3.0	3.0	2.5	2.3	2.2	2.1	2.2	-1.8	-0.7	19	1 741
SE	2.2	2.0	1.8	1.7	1.7	1.6	1.6	1.7	1.6	1.4	1.4	1.4	1.4	1.4	-0.7	-0.2	24	2 237
UK	5.0	4.9	4.7	4.3	4.2	4.0	3.9	4.0	4.0	3.8	3.5	3.3	3.2	3.1	-1.9	-0.8	14	21 256
NO	*2.9*	*2.8*	*2.9*	*2.9*	*2.9*	*2.5*	*2.3*	*2.3*	*2.3*	*2.1*	*1.9*	*1.7*	*1.7*	*1.7*	*-1.2*	*-0.8*		*2 234*
IS	*0.7*	*2.7*	*2.5*	*2.5*	*2.4*	*2.3*	*2.2*	*3.1*	*3.2*	*2.9*	*2.6*	*2.4*	*2.3*	*2.2*	*1.5*	*-0.1*		*83*
EU-27 averages																		
weighted	:	:	:	2.3	2.3	2.3	2.3	2.4	2.4	2.3	2.3	2.2	2.2	2.2	:	-0.1		
arithmetic	:	:	:	3.4	3.4	3.2	3.2	3.3	3.3	3.4	3.3	3.3	3.3	3.2	:	0.0		
EA-16 averages																		
weighted	2.0	2.0	1.9	1.9	1.9	1.9	1.9	2.0	2.0	2.0	2.0	1.9	1.9	1.8	-0.2	-0.1		
arithmetic	3.1	3.1	3.1	3.1	3.0	2.9	2.8	2.9	2.9	2.9	2.9	2.7	2.7	2.5	-0.6	-0.3		
EU-25 averages																		
weighted	2.4	2.4	2.4	2.3	2.3	2.3	2.3	2.4	2.4	2.3	2.3	2.2	2.2	2.1	-0.3	-0.2		
arithmetic	3.4	3.4	3.4	3.4	3.3	3.2	3.1	3.2	3.2	3.2	3.2	3.1	3.1	3.0	-0.5	-0.2		
Convergence indicators																		
St.dev/mean	45.1	44.9	44.9	43.7	41.9	42.1	42.0	42.5	41.5	45.1	44.9	46.1	50.8	53.8	8.7	11.7		
Max-min	6.1	5.7	5.4	5.0	4.6	4.4	4.5	4.5	4.8	4.9	4.9	6.1	6.8	7.6	1.5	3.3		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Tables

Table 45: Taxes on Labour as % of GDP - Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	Difference[1] 2000 to 2008	Ranking 2008	Revenue[2] 2008
BE	24.3	24.2	24.4	24.5	24.4	24.2	24.7	24.8	24.6	24.0	23.8	23.0	23.0	23.6	-0.8	-0.6	4	81 302
BG	:	:	:	13.0	13.7	14.0	12.6	11.8	12.9	12.8	12.2	10.5	10.8	10.2	-	-3.8	26	3 485
CZ	17.4	17.3	17.7	17.1	16.9	17.1	17.0	17.8	18.1	19.0	19.1	19.0	19.1	18.8	1.3	1.7	12	27 780
DK	27.3	27.3	26.9	26.3	27.0	26.6	26.9	26.1	26.0	25.2	24.8	24.6	25.0	25.7	-1.6	-0.9	2	59 885
DE	24.0	24.3	24.6	24.4	24.2	24.5	24.2	24.1	24.1	23.1	22.6	22.1	21.4	21.8	-2.2	-2.7	7	545 207
EE	20.4	19.0	18.4	18.7	18.6	17.5	16.9	17.1	16.7	16.4	15.4	15.5	16.4	17.7	-2.7	0.2	13	2 844
IE	13.5	13.2	12.7	12.1	11.8	11.5	11.0	10.0	9.8	10.4	10.4	10.5	10.7	11.2	-2.4	-0.3	24	20 296
EL	10.5	10.9	11.4	12.0	12.2	12.4	12.2	13.1	13.1	12.6	12.9	13.0	13.4	14.0	3.5	1.6	20	33 479
ES	16.4	16.6	16.2	16.0	15.7	15.9	16.2	16.3	16.2	16.0	16.2	16.3	16.9	16.7	0.3	0.9	14	182 117
FR	22.7	22.9	22.9	22.7	23.2	23.0	22.9	22.8	22.9	22.8	23.1	22.9	22.5	22.6	-0.1	-0.4	6	440 105
IT	18.2	19.9	20.8	20.8	20.4	19.9	20.2	20.2	20.3	20.1	20.4	20.5	21.2	21.6	3.4	1.7	8	339 961
CY	9.9	9.4	9.7	10.1	9.7	9.4	9.9	10.0	10.7	10.5	11.3	11.1	10.8	11.1	1.2	1.6	25	1 908
LV	17.2	15.9	15.9	16.4	16.2	15.3	14.6	14.6	14.6	14.6	14.0	14.7	14.6	14.4	-2.9	-0.9	18	3 328
LT	12.9	13.3	14.9	15.9	16.7	16.3	15.4	14.9	14.6	14.7	14.4	14.6	14.6	14.9	2.0	-1.4	17	4 804
LU	15.5	15.6	15.8	15.3	15.1	15.3	16.0	15.4	15.3	15.4	15.4	14.7	14.9	15.4	-0.1	0.1	16	6 055
HU	20.3	19.5	19.4	19.0	18.7	19.0	19.0	19.0	18.5	17.9	18.3	18.3	19.8	20.8	0.5	1.8	9	21 973
MT	9.1	8.8	9.7	8.9	9.4	9.7	10.7	10.2	10.3	10.5	10.3	10.2	9.3	9.6	0.5	-0.2	27	545
NL	21.9	20.8	19.9	19.8	20.4	20.4	18.0	18.4	18.8	18.6	18.2	19.6	19.6	20.3	-1.6	-0.1	10	121 247
AT	23.7	23.9	24.7	24.5	24.7	24.0	24.3	24.2	24.4	23.9	23.4	23.4	23.3	23.9	0.2	-0.2	3	67 352
PL	17.0	17.2	16.9	16.9	15.7	14.2	14.4	13.4	13.2	12.5	12.8	13.4	13.0	13.1	-3.9	-1.1	21	47 440
PT	13.3	13.5	13.5	13.4	13.7	14.1	14.3	14.5	14.8	14.8	15.2	15.3	15.7	15.9	2.6	1.8	15	26 517
RO	12.5	11.9	10.3	12.0	13.0	13.2	12.9	12.4	11.1	10.7	11.0	11.6	11.8	11.6	-1.0	-1.7	23	16 158
SI	22.1	20.7	20.4	20.4	20.3	20.7	21.0	20.8	20.9	20.8	20.6	20.2	19.2	19.3	-2.8	-1.4	11	7 168
SK	15.4	16.5	16.6	16.4	15.5	15.0	15.1	15.0	14.4	13.3	12.5	11.5	11.6	12.3	-3.1	-2.7	22	7 997
FI	26.1	26.8	24.7	24.2	23.7	23.7	23.7	23.6	23.3	22.7	23.2	22.9	22.3	23.0	-3.1	-0.7	5	42 438
SE	29.8	31.5	31.5	32.3	31.8	31.0	31.2	30.1	30.4	30.1	29.7	29.1	28.4	28.5	-1.3	-2.6	1	93 492
UK	13.7	13.0	12.8	13.4	13.6	14.0	14.0	13.3	13.3	13.6	14.0	14.1	14.1	14.1	0.4	0.1	19	255 879
NO	*18.8*	*18.5*	*18.7*	*20.3*	*19.8*	*17.5*	*18.0*	*19.0*	*18.8*	*18.2*	*17.0*	*16.5*	*17.2*	*16.6*	*-2.2*	*-1.0*		*51 182*
IS	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*-*	*-*		*:*
EU-27 averages																		
weighted	:	:	:	20.6	20.5	20.3	20.2	19.9	20.0	19.6	19.6	19.5	19.3	19.7	:	-0.7		
arithmetic	:	:	:	18.0	18.0	17.9	17.8	17.6	17.5	17.3	17.2	17.1	17.2	17.5	:	-0.4		
EA-16 averages																		
weighted	21.6	21.8	21.9	21.7	21.6	21.5	21.3	21.3	21.2	20.8	20.7	20.6	20.4	20.8	-0.8	-0.8		
arithmetic	17.9	18.0	18.0	17.8	17.8	17.7	17.8	17.7	17.7	17.5	17.5	17.3	17.2	17.6	-0.3	-0.1		
EU-25 averages																		
weighted	20.8	20.9	20.7	20.6	20.5	20.4	20.2	20.0	20.1	19.7	19.7	19.5	19.4	19.8	-1.0	-0.6		
arithmetic	18.5	18.5	18.5	18.5	18.4	18.2	18.2	18.0	18.0	17.7	17.7	17.6	17.6	18.0	-0.5	-0.2		
Convergence indicators																		
St.dev/mean	30.9	32.1	31.5	31.2	30.8	30.4	30.9	31.1	31.2	30.8	30.4	30.2	29.7	29.9	-1.0	-0.6		
Max-min	20.7	22.7	21.8	23.3	22.4	21.6	21.3	20.1	20.6	19.6	19.4	18.9	19.1	18.9	-1.8	-2.7		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 46: Taxes on Labour as % of Total Taxation - Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	Difference[1] 2000 to 2008	Ranking 2008	Revenue[2] 2008
BE	55.6	54.7	54.5	54.0	53.7	53.8	54.9	55.0	55.0	53.7	53.1	52.0	52.4	53.3	-2.3	-0.5	7	81 302
BG	:	:	:	41.6	44.8	43.2	40.9	39.8	40.3	38.7	35.9	31.7	31.6	30.7	-	-12.5	25	3 485
CZ	48.2	50.0	50.7	51.4	49.7	50.5	50.1	51.2	50.7	50.8	51.4	51.9	51.3	52.0	3.8	1.5	10	27 780
DK	55.9	55.5	55.0	53.3	53.8	53.9	55.6	54.5	54.1	51.4	48.8	49.5	51.0	53.3	-2.6	-0.5	5	59 885
DE	60.4	59.8	60.4	59.6	58.1	58.6	60.6	61.1	60.7	59.6	58.3	56.5	54.3	55.5	-4.9	-3.0	3	545 207
EE	56.3	55.4	53.6	54.9	57.2	56.4	56.0	55.0	54.3	53.6	50.2	49.9	50.8	55.0	-1.3	-1.4	4	2 844
IE	40.9	39.8	39.2	38.0	36.9	36.3	37.0	35.2	33.7	34.4	33.8	32.5	34.1	38.2	-2.8	1.9	22	20 296
EL	36.1	37.0	37.4	37.1	36.6	35.9	36.8	38.9	40.7	40.4	40.6	40.9	41.4	42.9	6.8	7.0	19	33 479
ES	50.1	50.3	48.9	48.5	46.7	46.8	48.5	48.2	47.9	46.4	45.4	44.8	45.5	50.5	0.4	3.7	13	182 117
FR	53.2	52.2	51.9	51.7	51.6	52.1	52.2	52.8	53.4	52.9	52.9	52.1	52.0	52.7	-0.4	0.7	8	440 105
IT	45.5	47.6	47.7	49.0	47.9	47.6	48.7	49.5	49.2	49.6	50.5	48.8	49.2	50.5	5.0	2.9	14	339 961
CY	37.0	36.0	38.0	36.3	34.6	31.5	32.1	31.9	32.3	31.5	31.8	30.4	26.4	28.2	-8.8	-3.3	26	1 908
LV	52.0	51.6	49.7	48.5	50.7	51.7	51.1	51.7	51.3	51.1	48.4	48.2	48.0	49.7	-2.2	-2.0	15	3 328
LT	46.8	48.9	48.6	50.2	52.6	54.1	53.9	52.4	51.9	52.0	50.7	49.8	49.0	49.3	2.5	-4.8	16	4 804
LU	41.8	41.5	40.2	38.8	39.4	39.0	40.3	39.1	40.1	41.2	40.9	41.3	41.7	43.2	1.4	4.2	18	6 055
HU	49.8	49.5	51.4	50.5	48.8	48.7	49.8	50.3	48.8	47.8	48.9	49.2	49.8	51.5	1.8	2.8	12	21 973
MT	33.9	34.8	35.4	34.9	34.5	34.5	35.3	32.4	32.8	31.8	30.4	30.2	26.9	27.7	-6.2	-6.8	27	545
NL	54.5	51.8	50.3	50.1	50.5	51.2	47.0	48.7	50.3	49.6	48.5	50.3	50.5	52.1	-2.4	0.9	9	121 247
AT	57.2	55.6	55.7	55.3	56.0	55.6	53.8	55.2	55.7	55.1	55.4	55.8	55.3	55.8	-1.4	0.2	2	67 352
PL	45.9	46.1	46.4	47.6	45.0	43.7	44.8	41.1	41.1	39.7	39.0	39.7	37.3	38.1	-7.8	-5.6	23	47 440
PT	41.6	40.9	40.8	40.3	40.1	41.1	42.2	41.9	42.5	43.5	43.3	42.6	42.6	43.4	1.8	2.3	17	26 517
RO	43.0	43.8	38.6	41.7	41.8	43.8	44.9	43.9	40.1	39.4	39.6	40.6	40.8	41.2	-1.8	-2.6	21	16 158
SI	56.3	54.5	55.0	54.0	53.1	55.2	55.8	54.8	54.7	54.4	53.4	52.8	50.8	51.7	-4.6	-3.5	11	7 168
SK	38.2	41.9	44.4	44.5	43.8	44.1	45.5	45.3	43.8	42.1	40.0	39.5	39.6	42.4	4.2	-1.7	20	7 997
FI	57.1	57.0	53.4	52.4	51.7	50.2	53.0	52.9	52.9	52.3	52.7	52.6	51.9	53.3	-3.8	3.1	6	42 438
SE	62.1	62.5	61.9	62.6	61.4	59.9	62.6	62.8	62.8	61.7	59.9	59.3	58.8	60.5	-1.6	0.6	1	93 492
UK	39.6	37.8	36.7	37.4	37.5	38.0	38.4	38.2	38.5	38.6	38.9	38.3	38.6	37.7	-1.9	-0.3	24	255 879
NO	*44.8*	*43.7*	*44.4*	*48.3*	*46.8*	*41.1*	*42.0*	*44.0*	*44.6*	*42.0*	*39.0*	*37.4*	*39.3*	*39.2*	*-5.5*	*-1.9*		*51 182*
IS	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*-*	*-*		*:*
EU-27 averages																		
weighted	:	:	:	51.0	50.2	50.1	50.8	51.1	51.3	50.5	50.0	49.0	48.7	50.0	:	-0.1		
arithmetic	:	:	:	47.6	47.4	47.3	47.8	47.5	47.4	46.8	46.0	45.6	45.2	46.7	:	-0.6		
EA-16 averages																		
weighted	54.1	53.5	53.2	53.0	52.1	52.3	52.9	53.4	53.4	52.7	52.2	51.1	50.6	52.2	-1.9	0.0		
arithmetic	47.5	47.2	47.1	46.5	46.0	45.8	46.5	46.4	46.6	46.2	45.7	45.2	44.7	46.3	-1.1	0.5		
EU-25 averages																		
weighted	52.7	52.0	51.2	51.0	50.2	50.2	50.8	51.1	51.3	50.6	50.0	49.1	48.7	50.1	-2.5	0.0		
arithmetic	48.6	48.5	48.3	48.0	47.7	47.6	48.2	48.0	48.0	47.4	46.7	46.3	46.0	47.5	-1.1	-0.1		
Convergence indicators																		
St.dev/mean	16.8	16.0	15.8	15.9	16.1	16.7	16.7	17.6	17.6	17.4	17.5	18.1	19.0	18.8	2.0	2.2		
Max-min	28.2	27.8	26.5	27.7	27.0	28.4	30.5	30.8	30.5	30.3	29.6	29.1	32.4	32.8	4.5	4.3		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 47: Taxes on Labour as % of GDP - Employed

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	2000 to 2008	Ranking 2008	Revenue[2] 2008
BE	22.3	22.1	22.3	22.4	22.3	22.2	22.6	22.7	22.4	22.2	21.9	21.3	21.3	21.8	-0.5	-0.4	3	75 171
BG	:	:	:	12.9	13.4	13.5	12.1	11.3	12.4	12.2	11.6	10.0	10.3	10.0	-	-3.5	26	3 411
CZ	17.4	17.3	17.7	17.1	16.9	17.1	17.0	17.8	18.1	17.8	17.9	17.7	17.8	17.5	0.1	0.4	12	25 886
DK	21.1	21.2	21.4	21.0	21.8	21.7	22.1	21.2	20.9	20.3	20.0	20.0	20.3	20.8	-0.3	-0.9	5	48 552
DE	21.3	21.3	21.4	21.4	21.3	21.8	21.5	21.3	21.2	20.2	19.6	19.2	18.8	19.2	-2.1	-2.6	8	479 370
EE	20.2	18.8	18.2	18.5	18.2	17.1	16.6	16.7	16.4	15.9	14.9	15.1	16.1	17.3	-2.9	0.2	13	2 781
IE	13.4	13.0	12.5	11.9	11.7	11.4	10.9	10.0	9.7	10.4	10.3	10.4	10.7	11.1	-2.3	-0.3	24	20 173
EL	9.8	10.2	10.6	11.1	11.2	11.5	11.3	12.2	12.2	11.7	11.9	11.9	12.4	12.8	3.0	1.3	20	30 607
ES	14.2	14.4	14.2	14.2	14.0	14.2	14.5	14.5	14.5	14.3	14.4	14.5	14.9	14.8	0.6	0.6	15	160 973
FR	21.8	22.0	22.0	22.1	22.4	22.2	22.2	22.1	22.2	22.1	22.3	22.2	21.8	21.9	0.1	-0.3	2	427 376
IT	16.4	18.0	18.8	18.6	18.3	17.9	18.0	18.1	18.2	18.0	18.2	18.3	18.8	19.2	2.8	1.3	9	301 265
CY	9.6	9.2	9.5	9.8	9.5	9.2	9.7	9.9	10.6	10.5	11.2	11.0	10.7	11.0	1.4	1.8	25	1 895
LV	17.2	15.9	15.9	16.3	16.1	15.2	14.5	14.6	14.5	14.5	13.9	14.6	14.6	14.2	-3.0	-0.9	17	3 298
LT	12.8	13.2	14.8	15.9	16.6	16.3	15.3	14.7	14.4	14.5	14.3	14.4	14.3	14.6	1.7	-1.7	16	4 693
LU	13.8	13.9	14.0	13.8	13.6	13.8	14.6	14.0	13.8	13.9	13.8	13.2	13.4	13.9	0.1	0.1	18	5 472
HU	19.5	18.8	18.8	18.3	18.0	18.3	18.3	18.7	18.2	17.6	18.0	18.0	19.0	19.9	0.4	1.6	7	20 950
MT	8.5	8.3	9.1	8.4	8.8	9.0	10.0	9.5	9.5	9.6	9.5	9.3	8.6	8.8	0.3	-0.2	27	502
NL	17.7	17.0	16.4	16.9	17.4	17.5	15.6	15.9	16.2	16.1	15.7	16.9	16.9	17.6	-0.1	0.0	11	104 664
AT	21.7	21.8	22.5	22.2	22.2	21.7	21.9	21.7	21.8	21.4	21.0	21.0	20.9	21.4	-0.3	-0.3	4	60 353
PL	14.7	14.9	15.0	15.0	14.9	13.5	13.6	12.7	12.5	11.8	12.1	12.6	12.2	12.3	-2.4	-1.2	21	44 410
PT	12.8	12.9	12.9	12.9	13.1	13.5	13.6	13.8	13.9	13.9	14.2	14.3	14.6	14.8	2.0	1.4	14	24 701
RO	12.5	11.8	10.3	12.0	12.9	13.2	12.8	12.3	11.1	10.7	11.0	11.5	11.8	11.5	-1.0	-1.7	23	16 060
SI	21.5	20.1	19.7	19.7	19.5	19.9	20.1	19.9	19.9	19.8	19.7	19.3	18.3	18.4	-3.0	-1.5	10	6 850
SK	15.4	16.3	16.4	16.2	15.3	14.8	14.8	14.6	14.0	12.7	12.3	11.2	11.2	12.0	-3.3	-2.8	22	7 791
FI	21.9	22.6	21.1	21.0	20.8	20.8	21.0	20.9	20.5	20.0	20.4	20.1	19.6	20.4	-1.5	-0.4	6	37 681
SE	24.4	26.2	26.3	27.2	26.9	26.6	26.9	26.0	25.9	25.5	25.5	24.9	24.6	24.9	0.5	-1.7	1	81 644
UK	13.6	12.8	12.6	13.3	13.4	13.8	13.8	13.2	13.2	13.4	13.8	13.9	13.9	13.9	0.3	0.1	19	252 571
NO	*17.8*	*17.5*	*17.7*	*19.1*	*18.7*	*16.5*	*17.0*	*17.9*	*17.8*	*17.2*	*16.0*	*15.6*	*16.2*	*15.6*	*-2.2*	*-0.9*		*48 386*
IS	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-		:
EU-27 averages																		
weighted	:	:	:	18.7	18.7	18.6	18.5	18.3	18.3	17.9	17.9	17.8	17.7	18.0	:	-0.7		
arithmetic	:	:	:	16.7	16.7	16.6	16.5	16.3	16.2	16.0	15.9	15.8	15.8	16.1	:	-0.4		
EA-16 averages																		
weighted	19.4	19.6	19.7	19.7	19.6	19.6	19.4	19.3	19.3	18.8	18.7	18.6	18.5	18.8	-0.6	-0.8		
arithmetic	16.4	16.4	16.5	16.4	16.3	16.3	16.4	16.3	16.3	16.0	16.0	15.9	15.8	16.2	-0.2	-0.1		
EU-25 averages																		
weighted	18.8	18.9	18.7	18.7	18.7	18.7	18.5	18.3	18.3	18.0	17.9	17.8	17.8	18.1	-0.7	-0.6		
arithmetic	16.9	16.9	17.0	17.0	17.0	16.8	16.8	16.7	16.6	16.3	16.3	16.2	16.2	16.6	-0.3	-0.3		
Convergence indicators																		
St.dev/mean	26.9	27.7	27.4	27.2	26.8	26.7	27.2	27.5	27.4	27.1	26.9	26.9	26.4	26.6	-0.3	-0.1		
Max-min	15.9	17.9	17.2	18.9	18.2	17.6	17.2	16.5	16.4	15.9	16.0	15.6	16.0	16.1	0.2	-1.5		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 48: Taxes on Labour as % of Total Taxation - Employed

															Difference[1]		Ranking	Revenue[2]
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	1995 to 2008	2000 to 2008	2008	2008
BE	51.0	50.0	49.7	49.3	49.2	49.3	50.3	50.4	50.3	49.6	49.0	48.0	48.5	49.3	-1.7	-0.1	7	75 171
BG	:	:	:	41.4	43.8	41.5	39.1	38.2	38.6	37.0	34.2	30.0	30.2	30.0	-	-11.5	25	3 411
CZ	48.2	49.9	50.6	51.4	49.6	50.5	50.1	51.1	50.7	47.6	48.3	48.2	47.7	48.4	0.3	-2.0	10	25 886
DK	43.3	43.2	43.8	42.7	43.6	44.0	45.6	44.3	43.5	41.3	39.3	40.4	41.4	43.2	-0.1	-0.7	16	48 552
DE	53.5	52.3	52.7	52.2	51.0	52.0	53.8	53.8	53.4	52.0	50.5	49.1	47.7	48.8	-4.7	-3.2	9	479 370
EE	55.6	54.8	53.0	54.4	55.9	55.2	55.0	53.8	53.2	52.0	48.8	48.6	49.7	53.8	-1.8	-1.4	1	2 781
IE	40.5	39.3	38.7	37.6	36.7	36.0	36.7	35.0	33.4	34.2	33.6	32.2	33.9	37.9	-2.5	1.9	22	20 173
EL	33.7	34.6	34.8	34.3	33.7	33.2	34.0	36.2	38.0	37.6	37.5	37.6	38.3	39.2	5.5	6.1	20	30 607
ES	43.3	43.7	42.9	42.9	41.7	41.9	43.3	42.8	42.7	41.3	40.3	39.8	40.2	44.7	1.4	2.8	15	160 973
FR	51.0	50.0	49.8	50.2	50.0	50.4	50.6	51.2	51.9	51.2	51.1	50.6	50.5	51.2	0.2	0.8	3	427 376
IT	40.9	43.0	43.0	43.9	43.1	42.8	43.5	44.3	44.1	44.3	45.1	43.5	43.7	44.8	3.9	1.9	14	301 265
CY	36.0	35.1	37.1	35.4	33.8	30.8	31.3	31.6	32.0	31.3	31.6	30.1	26.2	28.0	-8.0	-2.8	26	1 895
LV	52.0	51.6	49.7	48.5	50.4	51.4	50.8	51.4	51.0	50.8	48.0	47.9	47.9	49.3	-2.7	-2.2	6	3 298
LT	46.7	48.8	48.5	50.1	52.5	54.0	53.5	51.9	51.3	51.4	50.1	49.1	48.2	48.2	1.5	-5.8	11	4 693
LU	37.1	37.0	35.7	35.0	35.5	35.2	36.8	35.7	36.3	37.2	36.8	37.2	37.6	39.0	1.9	3.8	21	5 472
HU	47.7	47.8	49.9	48.8	47.0	46.8	48.0	49.5	48.0	47.0	48.0	48.3	47.8	49.1	1.4	2.3	8	20 950
MT	31.7	32.7	33.2	32.7	32.1	32.0	32.8	30.1	30.3	29.3	27.9	27.6	24.7	25.5	-6.2	-6.5	27	502
NL	44.0	42.2	41.3	42.8	43.2	43.9	40.6	42.1	43.4	42.8	41.8	43.4	43.5	45.0	1.0	1.1	13	104 664
AT	52.4	50.7	50.6	50.0	50.5	50.2	48.3	49.4	49.7	49.3	49.7	50.0	49.6	50.0	-2.4	-0.2	4	60 353
PL	39.5	39.9	41.1	42.2	42.6	41.4	42.3	38.8	38.8	37.6	36.9	37.2	35.0	35.7	-3.8	-5.8	24	44 410
PT	39.9	39.3	39.2	38.7	38.4	39.3	40.2	39.8	40.0	40.8	40.5	39.8	39.6	40.4	0.5	1.2	19	24 701
RO	42.9	43.7	38.6	41.7	41.8	43.8	44.9	43.9	40.1	39.3	39.5	40.4	40.6	41.0	-1.9	-2.8	18	16 060
SI	54.8	52.7	53.2	52.0	51.0	53.2	53.4	52.4	52.1	51.8	51.1	50.5	48.5	49.4	-5.4	-3.9	5	6 850
SK	38.1	41.3	44.1	44.0	43.1	43.4	44.5	44.1	42.6	40.4	39.1	38.2	38.4	41.3	3.2	-2.1	17	7 791
FI	47.9	48.1	45.6	45.6	45.3	44.0	47.0	46.7	46.7	46.0	46.4	46.2	45.7	47.3	-0.6	3.3	12	37 681
SE	50.9	52.0	51.8	52.8	52.0	51.3	53.9	54.2	53.5	52.5	51.5	50.8	50.9	52.8	2.0	1.5	2	81 644
UK	39.1	37.3	36.2	37.0	37.0	37.6	37.9	37.7	38.0	38.1	38.4	37.8	38.1	37.2	-1.9	-0.4	23	252 571
NO	*42.4*	*41.3*	*42.0*	*45.5*	*44.1*	*38.7*	*39.6*	*41.7*	*42.2*	*39.7*	*36.8*	*35.4*	*37.1*	*37.1*	*-5.3*	*-1.6*		*48 386*
IS	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*-*	*-*		*:*
EU-27 averages																		
weighted	:	:	:	46.4	45.8	46.0	46.6	46.8	46.8	46.1	45.6	44.8	44.5	45.7	:	-0.3		
arithmetic	:	:	:	44.3	44.2	44.3	44.8	44.5	44.2	43.5	42.8	42.3	42.0	43.4	:	-0.9		
EA-16 averages																		
weighted	48.8	48.1	47.9	48.0	47.3	47.6	48.2	48.5	48.5	47.7	47.2	46.3	45.9	47.4	-1.5	-0.2		
arithmetic	43.5	43.3	43.2	42.9	42.4	42.4	42.9	42.9	42.9	42.5	42.0	41.5	41.0	42.6	-0.9	0.3		
EU-25 averages																		
weighted	47.5	46.9	46.3	46.4	45.8	46.0	46.6	46.8	46.9	46.1	45.6	44.8	44.6	45.8	-1.8	-0.2		
arithmetic	44.8	44.7	44.7	44.6	44.4	44.4	45.0	44.7	44.6	43.9	43.2	42.9	42.5	44.0	-0.8	-0.4		
Convergence indicators																		
St.dev/mean	15.2	14.4	14.4	14.5	14.9	16.0	15.7	16.3	16.0	15.9	16.1	16.7	17.6	17.3	2.1	1.3		
Max-min	23.9	22.0	20.0	21.7	23.9	24.4	23.7	24.1	23.2	23.1	23.6	23.2	26.2	28.3	4.4	3.9		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 49: Taxes on Labour as % of GDP - Employed paid by employers

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	Difference[1] 2000 to 2008	Ranking 2008	Revenue[2] 2008
BE	8.6	8.6	8.6	8.6	8.7	8.3	8.5	8.6	8.6	8.4	8.2	8.2	8.2	8.4	-0.2	0.1	10	28 976
BG	:	:	:	8.5	8.9	8.4	7.5	6.8	7.7	7.6	7.0	5.6	5.5	5.0	-	-3.4	20	1 714
CZ	9.9	10.0	10.2	9.9	9.8	9.9	9.9	10.4	10.5	10.3	10.3	10.3	10.3	10.3	0.4	0.4	5	15 237
DK	0.5	0.5	0.5	0.7	0.6	0.5	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.1	0.1	27	1 214
DE	7.5	7.6	7.6	7.6	7.5	7.5	7.4	7.3	7.4	7.2	7.0	6.8	6.5	6.5	-1.0	-1.0	14	162 350
EE	12.1	11.4	11.2	11.0	10.9	10.7	10.5	10.5	10.2	9.9	9.9	9.9	10.5	11.4	-0.7	0.7	3	1 836
IE	2.9	2.6	2.6	2.6	2.6	2.7	2.8	2.7	2.7	2.7	2.7	2.9	3.0	3.3	0.4	0.6	25	5 929
EL	4.3	4.5	4.6	4.8	4.6	4.9	4.9	5.5	5.4	5.1	5.1	5.2	5.5	5.7	1.4	0.8	19	13 641
ES	8.2	8.4	8.4	8.4	8.5	8.7	8.8	8.8	8.9	8.8	8.8	8.8	8.9	8.9	0.6	0.2	9	96 370
FR	12.5	12.5	12.5	12.2	12.4	12.1	12.1	12.1	12.2	12.1	12.2	12.3	12.2	12.2	-0.3	0.1	2	238 449
IT	8.7	10.2	10.8	10.6	10.0	10.0	10.1	10.2	10.4	10.3	10.5	10.5	10.7	10.8	2.1	0.8	4	169 343
CY	4.4	4.6	4.7	4.8	4.6	4.6	4.7	4.7	5.5	6.2	6.7	6.4	6.0	6.2	1.8	1.6	15	1 067
LV	11.6	9.9	8.0	8.2	8.1	7.4	6.8	6.9	6.5	6.3	6.1	6.4	6.3	5.9	-5.7	-1.5	18	1 373
LT	6.9	7.3	8.0	8.6	8.8	8.4	8.0	7.8	7.7	7.6	7.3	7.6	7.7	8.0	1.2	-0.4	11	2 590
LU	4.5	4.5	4.5	4.6	4.4	4.4	4.8	4.8	4.7	4.7	4.6	4.3	4.2	4.3	-0.2	-0.1	23	1 695
HU	11.9	11.1	11.4	11.2	10.4	10.6	10.3	10.2	9.9	9.6	9.9	9.7	9.9	10.1	-1.8	-0.5	6	10 613
MT	3.0	3.1	3.3	3.0	2.9	2.8	3.1	2.9	2.9	2.9	2.9	2.8	2.6	2.8	-0.2	0.0	26	158
NL	2.0	2.0	1.8	4.5	4.5	4.5	4.5	4.5	4.4	4.4	4.1	4.7	4.6	4.9	2.9	0.4	22	29 451
AT	10.0	10.0	10.1	9.9	9.9	9.7	9.7	9.5	9.6	9.4	9.4	9.3	9.2	9.4	-0.6	-0.3	7	26 454
PL	5.9	5.9	6.1	6.1	5.9	5.7	5.7	5.4	5.2	4.9	5.2	5.3	5.0	5.0	-0.9	-0.7	21	18 186
PT	6.3	6.3	6.5	6.6	6.5	6.7	6.7	6.9	6.9	7.1	7.3	7.4	7.6	7.8	1.5	1.1	12	12 971
RO	8.1	7.6	7.0	6.9	7.8	8.1	7.1	6.5	6.2	5.9	6.4	6.3	6.2	6.0	-2.0	-2.0	17	8 446
SI	8.0	6.8	6.5	6.6	6.7	6.9	7.1	7.1	7.1	7.1	7.3	6.9	6.5	6.1	-1.9	-0.8	16	2 272
SK	9.6	9.9	9.8	9.7	8.9	9.1	8.9	8.9	8.4	7.6	7.0	6.3	6.3	6.7	-2.9	-2.5	13	4 319
FI	9.9	9.6	9.1	9.2	9.2	8.8	8.9	8.9	8.9	8.8	9.0	8.9	8.7	9.0	-0.8	0.3	8	16 682
SE	12.0	12.9	12.5	12.9	12.7	12.9	13.4	13.2	13.0	12.7	12.6	12.4	12.4	12.7	0.8	-0.1	1	41 799
UK	3.3	3.3	3.3	3.3	3.4	3.5	3.5	3.3	3.5	3.6	3.7	3.7	3.7	3.9	0.6	0.4	24	71 543
NO	*5.9*	*5.7*	*5.7*	*6.2*	*6.1*	*5.4*	*5.6*	*6.0*	*5.9*	*5.7*	*5.4*	*5.4*	*5.6*	*5.5*	*-0.4*	*0.1*		*16 899*
IS	*2.3*	*2.5*	*2.6*	*2.6*	*2.7*	*2.8*	*2.7*	*2.8*	*3.0*	*3.0*	*3.1*	*3.2*	*3.1*	*2.9*	*0.6*	*0.2*		*298*
EU-27 averages																		
weighted	:	:	:	8.0	7.9	7.8	7.8	7.8	7.9	7.8	7.8	7.8	7.7	7.9	:	0.1		
arithmetic	:	:	:	7.4	7.4	7.3	7.3	7.2	7.2	7.1	7.1	7.0	7.0	7.1	:	-0.2		
EA-16 averages																		
weighted	8.5	8.8	9.0	9.0	8.9	8.8	8.8	8.8	8.9	8.8	8.7	8.7	8.7	8.7	0.2	-0.1		
arithmetic	6.9	6.9	7.0	7.1	7.0	7.0	7.1	7.1	7.1	7.1	7.0	7.0	6.9	7.1	0.2	0.1		
EU-25 averages																		
weighted	7.8	8.0	8.0	8.0	7.9	7.8	7.8	7.8	7.9	7.8	7.8	7.8	7.7	7.9	0.1	0.1		
arithmetic	7.4	7.3	7.3	7.4	7.3	7.3	7.3	7.3	7.2	7.1	7.1	7.1	7.1	7.2	-0.1	0.0		
Convergence indicators																		
St.dev/mean	46.8	46.4	46.1	42.1	42.0	41.8	41.4	42.1	41.6	41.1	41.4	41.6	42.3	42.6	-4.2	0.8		
Max-min	12.1	12.4	12.0	12.2	12.1	12.4	12.8	12.7	12.5	12.2	12.1	11.9	11.9	12.2	0.2	-0.2		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 50: Taxes on Labour as % of Total Taxation - Employed paid by employers

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	Difference[1] 2000 to 2008	Ranking 2008	Revenue[2] 2008
BE	19.7	19.3	19.1	19.0	19.1	18.5	18.8	19.2	19.3	18.7	18.4	18.5	18.8	19.0	-0.7	0.5	15	28 976
BG	:	:	:	27.3	29.2	25.9	24.4	23.1	23.9	23.1	20.6	16.8	15.9	15.1	-	-10.8	20	1 714
CZ	27.3	28.7	29.2	29.6	28.9	29.3	29.2	29.8	29.4	27.5	27.9	28.1	27.6	28.5	1.2	-0.8	3	15 237
DK	1.0	0.9	1.1	1.3	1.1	0.9	1.2	1.1	1.0	1.0	1.0	1.0	1.1	1.1	0.1	0.2	27	1 214
DE	18.8	18.6	18.8	18.5	18.0	17.8	18.5	18.5	18.6	18.5	18.0	17.3	16.6	16.5	-2.3	-1.3	17	162 350
EE	33.3	33.4	32.6	32.4	33.5	34.7	34.8	34.0	33.1	32.5	32.2	32.0	32.4	35.5	2.2	0.8	1	1 836
IE	8.7	8.0	7.9	8.1	8.1	8.5	9.6	9.5	9.2	8.9	8.9	9.1	9.7	11.1	2.5	2.6	24	5 929
EL	14.6	15.2	15.1	14.6	13.9	14.1	14.7	16.3	16.8	16.4	16.0	16.3	16.8	17.5	2.9	3.3	16	13 641
ES	25.1	25.4	25.4	25.6	25.5	25.6	26.4	26.0	26.1	25.4	24.7	24.2	23.9	26.7	1.6	1.2	5	96 370
FR	29.3	28.4	28.3	27.8	27.6	27.5	27.5	28.1	28.5	28.1	27.9	28.0	28.2	28.6	-0.8	1.1	2	238 449
IT	21.6	24.4	24.8	24.9	23.6	24.0	24.3	24.9	25.2	25.4	26.0	25.0	24.8	25.2	3.6	1.2	7	169 343
CY	16.5	17.5	18.5	17.3	16.5	15.2	15.2	14.9	16.7	18.5	18.8	17.5	14.7	15.8	-0.7	0.6	19	1 067
LV	35.1	32.2	25.0	24.3	25.2	25.1	23.9	24.3	22.8	22.3	21.0	20.9	20.7	20.5	-14.6	-4.6	14	1 373
LT	25.0	27.1	26.2	27.2	27.7	28.1	28.0	27.5	27.4	26.8	25.7	25.7	25.8	26.6	1.5	-1.5	6	2 590
LU	12.2	12.0	11.5	11.8	11.4	11.2	12.0	12.2	12.4	12.6	12.1	12.0	11.8	12.1	-0.1	0.9	23	1 695
HU	29.1	28.2	30.1	29.7	27.3	27.1	26.8	26.9	26.2	25.6	26.5	26.0	24.9	24.9	-4.2	-2.3	8	10 613
MT	11.2	12.2	12.0	11.7	10.6	10.0	10.3	9.3	9.3	8.9	8.5	8.2	7.6	8.0	-3.2	-1.9	26	158
NL	5.0	4.9	4.5	11.5	11.2	11.4	11.6	11.8	11.8	11.7	11.0	12.0	11.9	12.7	7.7	1.3	22	29 451
AT	24.2	23.4	22.8	22.4	22.5	22.5	21.4	21.7	21.9	21.7	22.2	22.2	21.9	21.9	-2.3	-0.6	10	26 454
PL	15.8	16.0	16.8	17.4	17.0	17.4	17.8	16.4	16.1	15.7	15.7	15.6	14.5	14.6	-1.2	-2.8	21	18 186
PT	19.5	19.3	19.7	19.7	19.1	19.5	19.8	20.0	19.9	20.9	20.9	20.6	20.8	21.2	1.7	1.8	12	12 971
RO	27.8	28.0	26.4	24.1	25.2	26.7	24.9	23.0	22.4	21.7	23.0	22.1	21.4	21.6	-6.2	-5.2	11	8 446
SI	20.5	17.9	17.7	17.6	17.5	18.5	18.8	18.6	18.7	18.6	18.9	18.0	17.2	16.4	-4.1	-2.2	18	2 272
SK	23.7	25.1	26.2	26.3	25.2	26.8	26.7	26.9	25.5	24.2	22.4	21.5	21.4	22.9	-0.9	-3.9	9	4 319
FI	21.6	20.5	19.7	19.9	20.2	18.5	20.1	20.0	20.1	20.3	20.4	20.4	20.3	20.9	-0.7	2.4	13	16 682
SE	24.9	25.6	24.6	24.9	24.5	24.8	26.8	27.5	26.9	26.1	25.5	25.3	25.8	27.0	2.1	2.2	4	41 799
UK	9.5	9.5	9.4	9.1	9.3	9.5	9.6	9.5	10.1	10.3	10.3	10.2	10.2	10.5	1.0	1.0	25	71 543
NO	*14.0*	*13.5*	*13.6*	*14.7*	*14.4*	*12.6*	*13.0*	*13.8*	*13.9*	*13.2*	*12.4*	*12.2*	*12.7*	*13.0*	*-1.0*	*0.4*		*16 899*
IS	*6.9*	*7.4*	*7.4*	*7.5*	*7.3*	*7.4*	*7.7*	*7.9*	*8.3*	*7.9*	*7.7*	*7.8*	*7.6*	*7.9*	*1.0*	*0.5*		*298*
EU-27 averages																		
weighted	:	:	:	19.8	19.3	19.2	19.6	19.9	20.2	20.1	19.8	19.5	19.4	20.0	:	0.8		
arithmetic	:	:	:	20.1	20.0	20.0	20.1	20.0	20.0	19.7	19.4	19.0	18.8	19.4	:	-0.6		
EA-16 averages																		
weighted	21.5	21.7	21.8	21.9	21.4	21.4	21.8	22.1	22.4	22.3	22.1	21.7	21.5	22.0	0.5	0.6		
arithmetic	18.3	18.2	18.3	18.5	18.1	18.1	18.5	18.6	18.7	18.7	18.4	18.2	17.9	18.5	0.3	0.4		
EU-25 averages																		
weighted	19.7	19.9	19.7	19.8	19.3	19.2	19.6	19.9	20.2	20.1	19.8	19.5	19.4	20.0	0.3	0.8		
arithmetic	19.7	19.7	19.5	19.7	19.4	19.5	19.7	19.8	19.7	19.5	19.2	19.0	18.8	19.4	-0.3	0.0		
Convergence indicators																		
St.dev/mean	42.6	42.3	41.4	38.2	39.1	39.7	38.3	38.4	37.4	36.6	37.1	37.2	38.1	38.9	-3.8	-0.9		
Max-min	34.1	32.5	31.5	31.1	32.4	33.7	33.6	32.9	32.0	31.5	31.2	31.0	31.3	34.4	0.3	0.7		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 51: Taxes on Labour as % of GDP - Employed paid by employees

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	Difference[1] 2000 to 2008	Ranking 2008	Revenue[2] 2008
BE	13.7	13.6	13.7	13.7	13.6	13.9	14.2	14.1	13.8	13.8	13.7	13.1	13.0	13.4	-0.3	-0.5	2	46 195
BG	:	:	:	4.4	4.5	5.1	4.6	4.5	4.7	4.6	4.6	4.4	4.9	5.0	-	-0.1	26	1 696
CZ	7.5	7.4	7.5	7.3	7.1	7.2	7.1	7.4	7.6	7.5	7.6	7.4	7.5	7.2	-0.3	0.0	17	10 649
DK	20.7	20.8	20.9	20.4	21.3	21.3	21.5	20.7	20.4	19.8	19.5	19.5	19.8	20.3	-0.3	-0.9	1	47 338
DE	13.8	13.7	13.8	13.8	13.8	14.3	14.1	14.0	13.8	13.0	12.6	12.5	12.2	12.7	-1.1	-1.6	3	317 020
EE	8.1	7.3	7.0	7.5	7.3	6.4	6.1	6.2	6.2	5.9	5.1	5.2	5.6	5.9	-2.2	-0.5	23	945
IE	10.5	10.4	10.0	9.4	9.1	8.7	8.1	7.3	7.0	7.7	7.6	7.5	7.6	7.8	-2.7	-0.9	15	14 245
EL	5.6	5.7	6.0	6.4	6.6	6.6	6.4	6.7	6.8	6.6	6.9	6.8	7.0	7.1	1.5	0.5	18	16 966
ES	6.0	6.1	5.8	5.7	5.5	5.5	5.7	5.7	5.6	5.5	5.6	5.7	6.1	5.9	0.0	0.4	22	64 603
FR	9.3	9.5	9.5	9.8	10.1	10.1	10.1	10.0	10.0	10.0	10.1	9.9	9.6	9.7	0.4	-0.4	11	188 927
IT	7.7	7.8	8.0	8.1	8.3	7.9	7.9	7.9	7.8	7.7	7.7	7.8	8.1	8.4	0.7	0.5	13	131 923
CY	5.2	4.6	4.8	5.0	4.8	4.7	5.0	5.2	5.1	4.3	4.5	4.6	4.7	4.8	-0.4	0.1	27	828
LV	5.6	6.0	7.9	8.2	8.1	7.8	7.7	7.7	8.0	8.1	7.8	8.2	8.3	8.3	2.7	0.6	14	1 925
LT	5.9	5.9	6.8	7.3	7.8	7.8	7.3	6.9	6.7	7.0	6.9	6.9	6.6	6.5	0.6	-1.3	20	2 104
LU	9.2	9.4	9.5	9.2	9.2	9.4	9.8	9.2	9.1	9.2	9.3	9.0	9.2	9.6	0.4	0.2	12	3 777
HU	7.6	7.7	7.5	7.2	7.6	7.7	8.1	8.5	8.2	8.0	8.1	8.3	9.1	9.8	2.2	2.1	10	10 336
MT	5.5	5.2	5.8	5.4	5.9	6.2	6.8	6.6	6.6	6.7	6.6	6.5	5.9	6.0	0.5	-0.2	21	344
NL	15.7	15.0	14.6	12.3	12.9	13.0	11.1	11.4	11.8	11.6	11.6	12.3	12.3	12.6	-3.1	-0.4	4	75 213
AT	11.7	11.7	12.3	12.2	12.3	12.0	12.2	12.2	12.2	11.9	11.7	11.7	11.7	12.0	0.3	0.0	7	33 899
PL	8.8	8.9	8.8	8.8	8.9	7.8	7.9	7.3	7.3	6.9	6.9	7.3	7.1	7.2	-1.5	-0.6	16	26 224
PT	6.5	6.6	6.4	6.3	6.6	6.8	6.9	6.9	7.0	6.8	6.9	6.9	6.9	7.0	0.5	0.3	19	11 730
RO	4.4	4.3	3.2	5.0	5.1	5.2	5.7	5.9	4.9	4.8	4.6	5.2	5.6	5.4	1.0	0.3	24	7 614
SI	13.4	13.3	13.1	13.0	12.8	13.0	13.0	12.8	12.7	12.7	12.5	12.4	11.8	12.3	-1.1	-0.7	5	4 578
SK	5.8	6.4	6.7	6.5	6.3	5.7	5.9	5.7	5.6	5.1	5.2	4.9	5.0	5.4	-0.4	-0.3	25	3 472
FI	12.0	13.0	12.0	11.8	11.5	12.0	12.0	11.9	11.7	11.2	11.4	11.2	10.9	11.4	-0.7	-0.7	8	20 999
SE	12.4	13.3	13.8	14.4	14.2	13.7	13.6	12.8	12.9	12.8	12.9	12.5	12.1	12.1	-0.3	-1.5	6	39 845
UK	10.3	9.6	9.4	10.0	10.0	10.3	10.3	9.8	9.7	9.8	10.2	10.2	10.2	10.0	-0.3	-0.4	9	181 028
NO	*12.0*	*11.8*	*12.0*	*12.9*	*12.6*	*11.1*	*11.4*	*12.0*	*11.9*	*11.5*	*10.6*	*10.2*	*10.7*	*10.2*	*-1.8*	*-1.0*		*31 487*
IS	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*-*	*-*		*:*
EU-27 averages																		
weighted	:	:	:	10.7	10.8	10.9	10.7	10.5	10.4	10.1	10.1	10.0	10.0	10.1	:	-0.7		
arithmetic	:	:	:	9.2	9.3	9.2	9.2	9.1	9.0	8.9	8.8	8.8	8.8	9.0	:	-0.2		
EA-16 averages																		
weighted	10.9	10.8	10.8	10.7	10.7	10.8	10.6	10.5	10.4	10.0	10.0	9.9	9.9	10.1	-0.8	-0.7		
arithmetic	9.5	9.5	9.5	9.3	9.3	9.4	9.3	9.2	9.2	9.0	9.0	8.9	8.9	9.1	-0.3	-0.2		
EU-25 averages																		
weighted	11.0	10.8	10.7	10.8	10.8	10.9	10.7	10.5	10.4	10.1	10.1	10.1	10.0	10.2	-0.8	-0.7		
arithmetic	9.5	9.6	9.7	9.6	9.7	9.6	9.6	9.4	9.4	9.2	9.1	9.1	9.1	9.3	-0.2	-0.2		
Convergence indicators																		
St.dev/mean	42.1	42.5	41.6	40.4	40.8	41.6	41.2	40.3	40.4	40.4	40.1	39.6	38.4	38.9	-3.2	-2.6		
Max-min	16.2	16.5	17.7	16.0	16.8	16.6	17.0	16.2	15.7	15.5	15.0	15.2	15.0	15.5	-0.7	-1.1		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 52: Taxes on Labour as % of Total Taxation - Employed paid by employees

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	Difference[1] 2000 to 2008	Ranking 2008	Revenue[2] 2008
BE	31.3	30.6	30.6	30.3	30.1	30.8	31.5	31.2	31.0	30.9	30.6	29.5	29.7	30.3	-1.1	-0.5	5	46 195
BG	:	:	:	14.0	14.6	15.6	14.7	15.0	14.7	13.9	13.6	13.2	14.3	14.9	-	-0.6	26	1 696
CZ	20.8	21.2	21.4	21.8	20.8	21.2	20.9	21.3	21.3	20.1	20.5	20.1	20.1	19.9	-0.9	-1.2	18	10 649
DK	42.3	42.3	42.7	41.4	42.4	43.1	44.5	43.2	42.5	40.3	38.3	39.4	40.4	42.2	-0.2	-0.9	1	47 338
DE	34.7	33.7	33.9	33.7	33.0	34.2	35.3	35.3	34.7	33.5	32.5	31.8	31.1	32.3	-2.4	-1.9	4	317 020
EE	22.3	21.4	20.4	22.0	22.4	20.5	20.2	19.9	20.1	19.4	16.6	16.6	17.3	18.3	-4.1	-2.2	23	945
IE	31.8	31.4	30.8	29.6	28.6	27.5	27.2	25.5	24.2	25.3	24.7	23.1	24.2	26.8	-5.0	-0.7	9	14 245
EL	19.1	19.3	19.7	19.6	19.8	19.0	19.3	19.9	21.1	21.2	21.5	21.3	21.5	21.8	2.6	2.7	15	16 966
ES	18.2	18.3	17.5	17.3	16.2	16.3	17.0	16.8	16.6	15.9	15.7	15.6	16.3	17.9	-0.3	1.6	24	64 603
FR	21.7	21.6	21.6	22.4	22.4	22.9	23.1	23.1	23.4	23.1	23.2	22.6	22.3	22.6	0.9	-0.2	14	188 927
IT	19.3	18.6	18.2	19.0	19.5	18.9	19.2	19.4	18.9	18.9	19.1	18.6	18.9	19.6	0.3	0.8	19	131 923
CY	19.5	17.6	18.6	18.1	17.3	15.6	16.1	16.7	15.4	12.8	12.7	12.7	11.6	12.2	-7.3	-3.3	27	828
LV	16.9	19.5	24.7	24.2	25.2	26.3	26.9	27.1	28.2	28.5	26.9	26.9	27.1	28.8	11.9	2.5	6	1 925
LT	21.6	21.7	22.2	23.0	24.8	25.9	25.5	24.4	23.9	24.6	24.3	23.4	22.4	21.6	0.0	-4.3	16	2 104
LU	24.9	25.0	24.2	23.2	24.1	24.0	24.8	23.5	23.9	24.6	24.7	25.2	25.8	27.0	2.1	2.9	8	3 777
HU	18.6	19.6	19.8	19.0	19.7	19.7	21.1	22.6	21.8	21.4	21.5	22.3	22.9	24.2	5.7	4.5	13	10 336
MT	20.5	20.6	21.2	21.0	21.5	22.0	22.5	20.8	21.0	20.4	19.4	19.4	17.1	17.5	-3.0	-4.6	25	344
NL	39.0	37.3	36.8	31.2	31.9	32.5	29.0	30.3	31.6	31.0	30.8	31.4	31.6	32.3	-6.7	-0.2	3	75 213
AT	28.2	27.3	27.8	27.6	28.0	27.8	27.0	27.7	27.9	27.6	27.5	27.8	27.7	28.1	-0.1	0.3	7	33 899
PL	23.6	23.9	24.2	24.9	25.6	24.0	24.6	22.5	22.7	21.9	21.1	21.7	20.5	21.1	-2.6	-2.9	17	26 224
PT	20.4	20.0	19.5	19.0	19.3	19.8	20.4	19.8	20.1	19.9	19.6	19.2	18.9	19.2	-1.2	-0.6	21	11 730
RO	15.2	15.7	12.2	17.5	16.6	17.1	20.0	20.9	17.7	17.6	16.5	18.3	19.2	19.4	4.2	2.4	20	7 614
SI	34.3	34.9	35.5	34.4	33.5	34.7	34.6	33.8	33.4	33.2	32.2	32.5	31.3	33.0	-1.3	-1.7	2	4 578
SK	14.4	16.3	17.8	17.6	17.9	16.6	17.8	17.2	17.1	16.2	16.8	16.7	17.0	18.4	4.0	1.8	22	3 472
FI	26.3	27.6	25.9	25.6	25.1	25.5	27.0	26.8	26.6	25.8	25.9	25.8	25.3	26.4	0.0	0.9	11	20 999
SE	25.9	26.5	27.1	27.9	27.5	26.4	27.2	26.7	26.7	26.3	26.1	25.5	25.1	25.8	-0.1	-0.7	12	39 845
UK	29.6	27.8	26.8	27.9	27.7	28.1	28.3	28.2	27.9	27.8	28.2	27.6	27.9	26.7	-2.9	-1.4	10	181 028
NO	*28.5*	*27.8*	*28.4*	*30.8*	*29.7*	*26.1*	*26.6*	*27.8*	*28.2*	*26.5*	*24.4*	*23.2*	*24.4*	*24.1*	*-4.3*	*-2.0*		*31 487*
IS	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*-*	*-*		*:*
EU-27 averages																		
weighted	:	:	:	26.6	26.5	26.8	27.0	26.9	26.6	26.0	25.7	25.2	25.1	25.7	:	-1.1		
arithmetic	:	:	:	24.2	24.3	24.3	24.6	24.4	24.2	23.8	23.4	23.3	23.2	24.0	:	-0.3		
EA-16 averages																		
weighted	27.4	26.5	26.2	26.1	25.9	26.2	26.4	26.4	26.1	25.5	25.1	24.6	24.4	25.4	-2.0	-0.8		
arithmetic	25.2	25.0	25.0	24.4	24.3	24.2	24.5	24.2	24.2	23.8	23.6	23.3	23.1	24.1	-1.1	-0.2		
EU-25 averages																		
weighted	27.8	26.9	26.6	26.7	26.5	26.8	27.0	26.9	26.7	26.1	25.8	25.3	25.2	25.8	-2.0	-1.0		
arithmetic	25.0	25.0	25.2	24.9	25.0	24.9	25.2	24.9	24.9	24.4	24.0	23.9	23.8	24.6	-0.5	-0.4		
Convergence indicators																		
St.dev/mean	29.8	28.2	28.5	26.3	26.3	27.7	26.9	26.3	26.9	27.4	27.1	27.3	27.5	27.4	-2.3	-0.3		
Max-min	28.0	26.6	30.5	27.3	27.8	27.5	29.7	28.2	27.8	27.5	25.6	26.7	28.8	29.9	2.0	2.4		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 53: Taxes on Labour as % of GDP - Non-employed

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	Difference[1] 2000 to 2008	Ranking 2008	Revenue[2] 2008
BE	2.0	2.1	2.1	2.1	2.0	2.0	2.1	2.1	2.1	1.8	1.8	1.7	1.7	1.8	-0.2	-0.2	9	6 131
BG	:	:	:	0.1	0.3	0.6	0.6	0.5	0.5	0.6	0.6	0.6	0.5	0.2	-	-0.3	22	74
CZ	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.2	1.1	1.3	1.3	1.3	1.3	1.3	11	1 894
DK	6.1	6.0	5.5	5.2	5.1	4.9	4.8	4.9	5.1	4.9	4.8	4.5	4.7	4.9	-1.3	0.0	1	11 334
DE	2.7	3.0	3.1	3.0	3.0	2.8	2.7	2.9	2.9	2.9	3.0	2.9	2.6	2.6	-0.1	-0.1	4	65 837
EE	0.2	0.2	0.2	0.2	0.4	0.4	0.3	0.4	0.3	0.5	0.5	0.4	0.4	0.4	0.1	0.0	19	63
IE	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	-0.1	0.0	27	123
EL	0.7	0.7	0.8	0.9	1.0	0.9	0.9	0.9	0.9	0.9	1.0	1.1	1.0	1.2	0.5	0.3	12	2 873
ES	2.2	2.2	2.0	1.8	1.7	1.7	1.7	1.8	1.8	1.8	1.8	1.8	2.0	1.9	-0.3	0.3	8	21 145
FR	0.9	1.0	0.9	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.6	0.7	-0.3	-0.1	18	12 729
IT	1.9	1.9	2.0	2.2	2.0	2.0	2.1	2.1	2.1	2.1	2.2	2.2	2.4	2.5	0.6	0.5	7	38 696
CY	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	-0.2	-0.1	25	13
LV	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	24	30
LT	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	20	110
LU	1.8	1.7	1.8	1.5	1.5	1.5	1.4	1.3	1.5	1.5	1.6	1.5	1.4	1.5	-0.3	0.0	10	583
HU	0.8	0.7	0.6	0.6	0.7	0.7	0.7	0.3	0.3	0.3	0.3	0.3	0.8	1.0	0.1	0.2	14	1 023
MT	0.6	0.5	0.6	0.6	0.7	0.7	0.8	0.7	0.8	0.8	0.8	0.9	0.8	0.8	0.2	0.1	17	43
NL	4.2	3.8	3.6	2.9	3.0	2.9	2.4	2.5	2.6	2.6	2.6	2.7	2.7	2.8	-1.4	-0.1	3	16 583
AT	2.0	2.1	2.3	2.3	2.4	2.3	2.5	2.5	2.6	2.5	2.4	2.4	2.4	2.5	0.5	0.2	6	7 000
PL	2.4	2.3	1.9	1.9	0.8	0.7	0.8	0.7	0.7	0.7	0.7	0.8	0.8	0.8	-1.5	0.1	16	3 029
PT	0.5	0.6	0.5	0.5	0.6	0.6	0.7	0.7	0.9	0.9	1.0	1.0	1.1	1.1	0.6	0.5	13	1 817
RO	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.1	26	98
SI	0.6	0.7	0.7	0.8	0.8	0.7	0.9	0.9	1.0	1.0	0.9	0.9	0.8	0.9	0.3	0.1	15	318
SK	0.0	0.2	0.1	0.2	0.2	0.2	0.3	0.4	0.4	0.5	0.3	0.4	0.3	0.3	0.3	0.1	21	206
FI	4.2	4.2	3.6	3.2	2.9	2.9	2.7	2.8	2.7	2.7	2.8	2.8	2.7	2.6	-1.6	-0.3	5	4 757
SE	5.4	5.3	5.1	5.0	4.9	4.5	4.3	4.1	4.5	4.5	4.2	4.2	3.8	3.6	-1.8	-0.9	2	11 848
UK	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.0	23	3 308
NO	*1.0*	*1.0*	*1.0*	*1.2*	*1.1*	*1.0*	*1.0*	*1.0*	*1.0*	*1.0*	*0.9*	*0.9*	*1.0*	*0.9*	*-0.1*	*-0.1*		*2 796*
IS	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*-*	*-*		*:*
EU-27 averages																		
weighted	:	:	:	1.9	1.8	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.6	1.7	:	0.0		
arithmetic	:	:	:	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	:	0.1		
EA-16 averages																		
weighted	2.1	2.2	2.2	2.1	2.0	1.9	1.9	1.9	2.0	2.0	2.0	1.9	1.9	1.9	-0.2	0.0		
arithmetic	1.5	1.6	1.5	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	-0.1	0.1		
EU-25 averages																		
weighted	2.0	2.1	2.0	1.9	1.8	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	-0.3	0.0		
arithmetic	1.6	1.6	1.5	1.5	1.4	1.4	1.3	1.3	1.4	1.4	1.4	1.4	1.4	1.4	-0.2	0.1		
Convergence indicators																		
St.dev/mean	113.9	112.0	109.2	110.8	109.9	106.2	102.9	104.7	105.9	98.6	97.4	94.5	92.8	92.1	-21.8	-14.1		
Max-min	6.1	6.0	5.4	5.2	5.1	4.9	4.8	4.8	5.0	4.9	4.8	4.5	4.6	4.8	-1.3	-0.1		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 54: Taxes on Labour as % of Total Taxation - Non-employed

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	Difference[1] 2000 to 2008	Ranking 2008	Revenue[2] 2008
BE	4.6	4.7	4.8	4.7	4.5	4.5	4.6	4.6	4.7	4.1	4.1	3.9	3.9	4.0	-0.6	-0.5	10	6 131
BG	:	:	:	0.3	0.9	1.7	1.8	1.7	1.7	1.7	1.7	1.7	1.4	0.7	-	-1.0	22	74
CZ	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.2	3.0	3.6	3.6	3.5	3.5	3.5	12	1 894
DK	12.6	12.3	11.1	10.6	10.2	9.9	9.9	10.1	10.5	10.0	9.5	9.2	9.6	10.1	-2.5	0.2	1	11 334
DE	6.9	7.5	7.7	7.4	7.1	6.6	6.8	7.2	7.4	7.6	7.8	7.3	6.7	6.7	-0.2	0.1	4	65 837
EE	0.7	0.6	0.6	0.6	1.3	1.2	1.0	1.2	1.1	1.7	1.5	1.3	1.1	1.2	0.5	0.0	19	63
IE	0.5	0.5	0.4	0.4	0.3	0.3	0.2	0.2	0.3	0.2	0.2	0.2	0.2	0.2	-0.2	0.0	26	123
EL	2.4	2.5	2.6	2.8	2.9	2.7	2.8	2.7	2.7	2.8	3.0	3.3	3.1	3.7	1.3	1.0	11	2 873
ES	6.8	6.5	6.0	5.6	5.0	4.9	5.1	5.3	5.2	5.1	5.0	5.0	5.3	5.9	-1.0	0.9	6	21 145
FR	2.1	2.2	2.0	1.6	1.6	1.7	1.6	1.5	1.6	1.7	1.7	1.6	1.4	1.5	-0.6	-0.1	18	12 729
IT	4.6	4.6	4.7	5.1	4.8	4.8	5.2	5.1	5.1	5.3	5.3	5.2	5.5	5.8	1.1	1.0	8	38 696
CY	1.0	0.8	0.9	0.9	0.8	0.7	0.8	0.3	0.3	0.2	0.2	0.2	0.2	0.2	-0.8	-0.6	27	13
LV	0.0	0.0	0.0	0.1	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.3	0.2	0.4	0.4	0.2	24	30
LT	0.1	0.1	0.1	0.1	0.1	0.2	0.4	0.5	0.6	0.6	0.6	0.7	0.8	1.1	1.0	1.0	20	110
LU	4.7	4.5	4.5	3.8	4.0	3.8	3.5	3.4	3.9	4.0	4.1	4.1	4.0	4.2	-0.6	0.4	9	583
HU	2.0	1.7	1.5	1.7	1.8	1.9	1.8	0.8	0.8	0.8	0.9	0.9	2.0	2.4	0.4	0.5	15	1 023
MT	2.1	2.0	2.2	2.2	2.4	2.5	2.5	2.4	2.5	2.5	2.5	2.6	2.2	2.2	0.1	-0.3	17	43
NL	10.5	9.6	9.0	7.4	7.4	7.3	6.4	6.6	6.9	6.8	6.8	6.9	7.0	7.1	-3.4	-0.2	3	16 583
AT	4.8	4.9	5.1	5.3	5.5	5.4	5.4	5.7	5.9	5.8	5.7	5.8	5.7	5.8	1.0	0.4	7	7 000
PL	6.4	6.2	5.3	5.4	2.4	2.3	2.5	2.3	2.3	2.1	2.2	2.5	2.3	2.4	-4.0	0.2	14	3 029
PT	1.6	1.7	1.6	1.6	1.7	1.8	2.0	2.1	2.5	2.7	2.8	2.8	3.0	3.0	1.3	1.2	13	1 817
RO	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.2	0.2	0.3	0.2	0.2	25	98
SI	1.5	1.7	1.8	2.0	2.0	1.9	2.4	2.4	2.6	2.6	2.3	2.3	2.2	2.3	0.8	0.4	16	318
SK	0.1	0.6	0.3	0.5	0.7	0.7	1.0	1.3	1.2	1.7	0.9	1.2	1.2	1.1	1.0	0.4	21	206
FI	9.1	8.9	7.7	6.8	6.4	6.2	6.0	6.2	6.2	6.2	6.3	6.4	6.2	6.0	-3.2	-0.2	5	4 757
SE	11.2	10.5	10.1	9.8	9.5	8.7	8.6	8.6	9.3	9.3	8.4	8.5	7.9	7.7	-3.6	-1.0	2	11 848
UK	0.5	0.5	0.4	0.5	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.0	0.0	23	3 308
NO	*2.3*	*2.3*	*2.4*	*2.8*	*2.7*	*2.4*	*2.4*	*2.4*	*2.4*	*2.3*	*2.2*	*2.1*	*2.2*	*2.1*	*-0.2*	*-0.2*		*2 796*
IS	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*-*	*-*		*:*
EU-27 averages																		
weighted	:	:	:	4.6	4.4	4.2	4.2	4.3	4.4	4.4	4.4	4.2	4.1	4.3	:	0.1		
arithmetic	:	:	:	3.2	3.1	3.0	3.1	3.1	3.2	3.3	3.2	3.3	3.2	3.3	:	0.3		
EA-16 averages																		
weighted	5.3	5.4	5.3	5.0	4.8	4.7	4.7	4.9	4.9	4.9	5.0	4.8	4.7	4.9	-0.4	0.2		
arithmetic	4.0	3.9	3.8	3.6	3.6	3.5	3.5	3.6	3.7	3.7	3.7	3.7	3.6	3.7	-0.2	0.2		
EU-25 averages																		
weighted	5.1	5.1	4.9	4.6	4.4	4.2	4.2	4.3	4.4	4.4	4.4	4.3	4.2	4.3	-0.8	0.2		
arithmetic	3.9	3.8	3.6	3.5	3.3	3.2	3.3	3.3	3.4	3.5	3.4	3.5	3.4	3.6	-0.3	0.3		
Convergence indicators																		
St.dev/mean	102.3	99.8	97.6	98.0	95.4	92.2	89.5	92.7	93.2	85.2	84.7	82.4	81.8	81.4	-20.9	-10.8		
Max-min	12.6	12.3	11.1	10.5	10.2	9.9	9.9	10.1	10.5	10.0	9.4	9.0	9.4	9.9	-2.7	0.0		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Tables

Table 55: Taxes on Capital as % of GDP - Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	Difference[1] 2000 to 2008	Ranking 2008	Revenue[2] 2008
BE	8.7	8.9	9.2	9.8	9.6	9.5	9.4	9.3	9.2	9.7	9.9	10.1	10.0	10.0	1.3	0.5	6	34 576
BG	:	:	:	4.9	4.7	4.6	5.6	4.8	5.0	4.5	4.5	4.8	5.5	5.4	-	0.8	21	1 840
CZ	7.3	6.1	6.5	6.0	6.4	6.2	6.7	6.9	7.2	7.2	6.8	7.0	7.2	6.6	-0.8	0.4	18	9 715
DK	6.4	6.3	6.4	6.9	6.9	7.2	6.0	6.1	6.6	8.2	10.0	8.9	8.0	7.1	0.8	-0.1	15	16 621
DE	5.4	6.2	6.1	6.4	6.9	6.8	5.3	5.0	5.1	5.5	6.0	6.9	7.4	6.9	1.4	0.1	16	171 243
EE	3.3	2.5	2.8	3.5	2.9	1.8	1.6	2.1	2.5	2.5	2.4	2.4	2.6	2.6	-0.7	0.8	27	423
IE	6.6	7.1	7.1	7.4	8.0	8.0	7.8	7.4	8.4	8.6	8.9	10.3	9.5	7.4	0.8	-0.6	11	13 465
EL	6.6	6.4	7.0	8.1	8.7	9.8	8.4	8.2	7.6	7.4	7.8	7.2	7.4	7.3	0.7	-2.5	13	17 436
ES	7.4	7.4	8.1	8.1	8.6	8.7	8.3	8.8	8.7	9.3	10.1	10.9	11.3	8.6	1.2	-0.1	8	94 009
FR	8.3	8.9	9.2	9.5	9.9	9.9	10.0	9.3	9.0	9.3	9.4	10.1	10.1	9.8	1.5	-0.1	7	190 389
IT	11.4	11.8	12.5	11.0	11.2	10.9	10.9	10.5	11.1	10.5	10.0	11.2	11.7	11.4	-0.1	0.4	3	178 721
CY	6.4	6.7	6.6	8.3	9.1	9.9	9.2	8.9	7.6	7.7	9.0	10.0	14.0	12.2	5.8	2.3	2	2 110
LV	3.7	3.2	4.0	4.2	3.9	2.9	3.3	3.1	2.5	2.6	2.8	3.0	3.9	4.0	0.3	1.1	25	930
LT	3.5	3.3	3.1	2.9	2.6	2.3	2.0	2.0	2.5	3.1	3.3	4.0	3.8	4.0	0.5	1.7	26	1 280
LU	11.6	12.1	13.0	13.5	12.7	13.1	13.2	13.2	12.3	10.7	11.3	10.9	11.0	10.2	-1.3	-2.9	5	4 028
HU	3.5	3.9	3.9	4.0	4.3	4.5	4.7	4.7	4.7	4.6	4.6	5.0	5.5	5.1	1.6	0.6	23	5 396
MT	6.1	5.5	5.9	5.7	5.9	6.3	6.9	7.9	8.7	9.1	9.2	9.5	11.4	11.0	4.9	4.7	4	627
NL	7.0	7.9	8.2	8.1	8.1	7.8	8.4	7.7	6.8	6.9	7.4	7.1	7.1	6.8	-0.3	-1.1	17	40 253
AT	6.1	7.0	7.1	7.3	6.8	6.9	8.6	7.3	7.1	7.1	6.8	6.8	7.2	7.3	1.2	0.4	12	20 599
PL	7.5	7.2	7.3	6.9	7.1	7.2	7.0	7.8	7.4	7.5	8.0	8.1	9.1	8.5	0.9	1.3	9	30 712
PT	6.4	6.9	7.3	7.2	7.7	8.0	7.5	7.8	7.6	6.7	6.6	7.0	8.0	8.1	1.7	0.1	10	13 479
RO	7.4	6.3	7.3	6.0	6.5	5.5	5.1	4.8	5.0	5.4	4.5	4.9	5.4	5.2	-2.2	-0.3	22	7 297
SI	2.1	2.5	2.8	3.0	3.1	3.0	3.3	3.5	3.5	3.9	4.7	4.9	5.4	4.8	2.7	1.8	24	1 767
SK	10.8	9.7	8.1	7.9	7.9	6.9	7.0	7.0	6.9	6.3	6.5	6.5	6.5	6.5	-4.3	-0.4	19	4 214
FI	5.8	6.3	7.1	7.9	8.0	9.9	7.8	7.7	6.8	7.1	7.1	7.2	7.9	7.3	1.5	-2.7	14	13 438
SE	4.8	5.9	6.5	6.3	7.1	8.3	6.1	5.1	5.2	6.0	7.0	7.4	7.2	5.7	0.9	-2.6	20	18 830
UK	8.9	9.3	10.1	10.6	10.6	10.9	10.9	10.1	9.8	10.1	10.9	11.8	11.5	12.6	3.7	1.7	1	229 456
NO	*8.5*	*9.4*	*9.0*	*7.0*	*8.2*	*12.4*	*12.3*	*11.3*	*11.0*	*12.9*	*14.8*	*15.8*	*14.5*	*15.0*	*6.5*	*2.6*		*46 379*
IS	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*-*	*-*		*:*
EU-27 averages																		
weighted	:	:	:	8.5	8.8	8.9	8.5	8.1	8.0	8.3	8.6	9.3	9.4	9.0	:	0.0		
arithmetic	:	:	:	7.1	7.2	7.3	7.1	6.9	6.8	6.9	7.2	7.6	8.0	7.5	:	0.2		
EA-16 averages																		
weighted	7.5	8.1	8.4	8.4	8.7	8.7	8.2	7.9	7.9	8.0	8.3	9.0	9.3	8.6	1.2	-0.1		
arithmetic	7.3	7.6	7.8	8.1	8.3	8.5	8.2	8.1	7.9	7.9	8.2	8.5	9.1	8.5	1.2	0.0		
EU-25 averages																		
weighted	7.5	8.1	8.5	8.6	8.9	9.0	8.5	8.1	8.1	8.3	8.7	9.3	9.5	9.0	1.5	0.1		
arithmetic	6.6	6.8	7.0	7.2	7.4	7.5	7.2	7.1	7.0	7.1	7.5	7.8	8.2	7.7	1.0	0.2		
Convergence indicators																		
St.dev/mean	36.3	36.7	36.0	35.3	35.1	39.0	38.7	38.3	36.4	34.0	34.9	34.5	34.8	34.6	-1.7	-4.4		
Max-min	9.5	9.6	10.1	10.6	10.2	11.3	11.6	11.2	9.8	8.2	8.8	9.4	11.4	10.0	0.5	-1.3		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 56: Taxes on Capital as % of Total Taxation - Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1)] 1995 to 2008	2000 to 2008	Ranking 2008	Revenue[2)] 2008
BE	19.9	20.2	20.6	21.7	21.1	21.1	20.9	20.7	20.6	21.6	22.1	22.9	22.7	22.7	2.8	1.5	10	34 576
BG	:	:	:	15.9	15.3	14.0	18.0	16.2	15.5	13.6	13.1	14.4	16.0	16.2	-	2.2	20	1 840
CZ	20.3	17.5	18.5	18.0	18.7	18.2	19.8	19.8	20.2	19.2	18.3	19.0	19.4	18.2	-2.1	-0.1	15	9 715
DK	13.0	12.8	13.0	14.0	13.8	14.6	12.4	12.8	13.7	16.7	19.8	18.0	16.3	14.8	1.8	0.2	21	16 621
DE	13.7	15.2	15.0	15.7	16.7	16.3	13.3	12.7	12.9	14.2	15.6	17.7	18.7	17.4	3.8	1.2	16	171 243
EE	9.1	7.3	8.3	10.2	8.8	5.9	5.2	6.6	8.1	8.2	7.9	7.8	7.9	8.2	-0.9	2.2	27	423
IE	19.8	21.3	22.0	23.2	25.1	25.4	26.3	26.1	28.8	28.5	29.0	31.8	30.1	25.3	5.5	0.0	7	13 465
EL	22.6	21.7	22.8	25.0	26.1	28.2	25.1	24.4	23.6	23.7	24.4	22.8	22.9	22.4	-0.3	-5.9	11	17 436
ES	22.6	22.5	24.5	24.6	25.5	25.8	24.9	25.8	25.7	26.8	28.4	29.9	30.5	26.1	3.5	0.3	6	94 009
FR	19.4	20.2	20.9	21.5	22.0	22.4	22.8	21.6	20.9	21.5	21.6	22.9	23.3	22.8	3.5	0.5	9	190 389
IT	28.5	28.3	28.7	25.8	26.3	26.2	26.2	25.6	26.9	25.8	24.8	26.6	27.1	26.6	-2.0	0.3	5	178 721
CY	24.1	25.6	25.9	30.1	32.7	33.0	29.7	28.5	23.1	23.2	25.4	27.5	34.2	31.2	7.0	-1.9	3	2 110
LV	11.3	10.5	12.4	12.6	12.2	9.8	11.7	10.8	8.8	9.3	9.6	10.0	12.9	13.9	2.6	4.0	22	930
LT	12.6	12.0	10.3	9.0	8.1	7.7	7.0	6.9	9.0	10.9	11.6	13.5	12.8	13.1	0.6	5.4	23	1 280
LU	31.2	32.2	33.0	34.3	33.2	33.6	33.1	33.6	32.1	28.6	30.0	30.6	30.7	28.7	-2.5	-4.8	4	4 028
HU	8.7	9.9	10.2	10.7	11.4	11.6	12.3	12.4	12.5	12.3	12.4	13.4	13.7	12.7	4.0	1.1	25	5 396
MT	22.9	21.7	21.6	22.2	21.8	22.5	22.8	25.2	27.8	27.8	27.0	28.3	32.9	31.9	9.0	9.4	2	627
NL	17.5	19.7	20.7	20.5	20.0	19.6	22.0	20.4	18.2	18.4	19.7	18.3	18.2	17.3	-0.2	-2.3	17	40 253
AT	14.8	16.3	16.0	16.6	15.4	15.9	18.9	16.5	16.1	16.5	16.1	16.3	17.1	17.1	2.3	1.2	18	20 599
PL	20.3	19.4	20.0	19.6	20.3	22.0	21.9	23.8	22.9	23.9	24.4	24.1	26.0	24.7	4.4	2.7	8	30 712
PT	20.1	21.0	22.1	21.7	22.7	23.3	22.0	22.4	21.7	19.8	18.9	19.5	21.8	22.1	2.0	-1.2	13	13 479
RO	25.5	23.3	27.3	20.8	20.9	18.1	18.0	17.2	18.2	19.7	16.2	17.1	18.5	18.6	-6.9	0.5	14	7 297
SI	5.3	6.7	7.7	8.0	8.0	7.9	8.6	9.1	9.3	10.2	12.0	12.9	14.4	12.7	7.4	4.8	24	1 767
SK	26.8	24.6	21.7	21.5	22.3	20.2	21.2	21.3	20.9	19.9	20.6	22.3	22.4	22.3	-4.5	2.1	12	4 214
FI	12.6	13.4	15.4	17.1	17.5	21.0	17.6	17.1	15.5	16.4	16.2	16.5	18.3	16.9	4.3	-4.2	19	13 438
SE	10.0	11.6	12.8	12.2	13.7	16.1	12.2	10.7	10.8	12.4	14.2	15.0	14.9	12.2	2.1	-3.9	26	18 830
UK	25.8	27.2	28.9	29.5	29.2	29.8	29.9	28.9	28.2	28.8	30.1	32.0	31.6	33.8	8.0	4.0	1	229 456
NO	*20.3*	*22.2*	*21.4*	*16.6*	*19.4*	*29.0*	*28.6*	*26.3*	*26.1*	*29.9*	*34.1*	*35.9*	*33.2*	*35.6*	*15.3*	*6.5*		*46 379*
IS	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*-*	*-*		*:*
EU-27 averages																		
weighted	:	:	:	21.2	21.7	22.1	21.4	20.8	20.6	21.3	22.0	23.4	23.7	22.8	:	0.8		
arithmetic	:	:	:	19.3	19.6	19.6	19.4	19.2	19.0	19.2	19.6	20.4	21.3	20.4	:	0.7		
EA-16 averages																		
weighted	18.7	19.9	20.5	20.5	21.0	21.1	20.5	19.8	19.9	20.4	21.0	22.4	23.0	21.7	3.0	0.6		
arithmetic	20.1	20.7	21.2	21.8	22.3	22.7	22.2	21.9	21.5	21.4	22.0	22.9	24.1	22.7	2.6	0.1		
EU-25 averages																		
weighted	19.0	20.1	21.1	21.2	21.7	22.1	21.4	20.8	20.6	21.3	22.1	23.4	23.8	22.9	3.8	0.8		
arithmetic	18.1	18.4	18.9	19.4	19.7	19.9	19.5	19.3	19.1	19.4	20.0	20.8	21.6	20.6	2.5	0.7		
Convergence indicators																		
St.dev/mean	36.9	35.7	35.1	34.4	35.5	37.8	37.0	37.4	36.4	33.2	33.1	33.2	33.2	32.8	-4.1	-5.0		
Max-min	25.9	25.5	25.3	26.3	25.2	27.6	28.0	27.0	24.1	20.6	22.2	24.3	26.3	25.6	-0.3	-2.0		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 57: Taxes on Capital as % of GDP - Capital and business income

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	Difference[1] 2000 to 2008	Ranking 2008	Revenue[2] 2008
BE	5.8	5.8	5.9	6.4	6.2	6.2	6.1	5.9	5.7	5.9	6.2	6.4	6.3	6.3	0.5	0.2	8	21 811
BG	:	:	:	4.7	4.3	4.2	5.2	4.3	4.4	3.8	3.8	3.9	4.5	4.3	-	0.1	20	1 469
CZ	6.3	5.0	5.5	5.0	5.4	5.1	5.8	6.0	6.3	6.5	6.1	6.2	6.5	5.9	-0.4	0.8	11	8 722
DK	4.5	4.5	4.6	4.9	4.9	4.8	3.4	3.5	3.8	5.4	7.3	6.2	5.2	4.3	-0.2	-0.5	21	9 918
DE	4.3	5.0	5.0	5.3	5.8	5.7	4.2	4.0	4.0	4.4	4.9	5.8	6.3	5.8	1.5	0.1	12	145 653
EE	2.7	1.8	2.2	2.8	2.2	1.2	0.9	1.4	1.9	1.9	1.9	1.9	2.0	2.0	-0.7	0.8	27	324
IE	4.6	5.0	5.2	5.4	5.9	6.0	5.9	5.6	6.2	6.2	6.2	7.1	6.6	5.2	0.6	-0.8	17	9 440
EL	5.1	4.7	5.1	6.3	6.4	7.4	6.4	6.6	6.0	6.0	6.4	5.7	5.8	5.6	0.5	-1.8	14	13 367
ES	5.0	5.1	5.7	5.5	5.8	5.9	5.6	5.9	5.7	6.0	6.5	7.1	7.8	5.9	0.9	0.0	10	64 462
FR	4.0	4.4	4.6	4.7	5.1	5.4	5.5	4.9	4.6	4.7	4.8	5.4	5.4	5.3	1.3	-0.1	16	102 928
IT	7.5	8.2	8.7	7.6	8.2	8.3	8.4	7.6	8.5	7.7	7.4	8.4	8.9	8.9	1.3	0.6	3	139 653
CY	5.0	5.4	5.3	6.8	7.7	7.5	7.4	7.3	5.9	5.3	6.3	7.7	10.6	9.6	4.6	2.2	1	1 664
LV	1.9	1.9	2.2	2.4	2.1	1.7	2.0	2.2	1.7	1.9	2.1	2.4	2.9	3.3	1.4	1.5	26	755
LT	2.6	2.3	2.2	2.0	1.6	1.5	1.3	1.2	1.9	2.4	2.7	3.4	3.2	3.5	0.9	2.0	25	1 112
LU	8.9	9.2	9.8	10.0	8.8	8.9	9.2	9.9	9.3	7.7	8.0	7.5	7.4	7.5	-1.4	-1.4	4	2 954
HU	2.9	3.1	3.1	3.1	3.4	3.5	3.7	3.7	3.5	3.3	3.3	3.7	4.2	3.8	0.9	0.2	24	3 973
MT	4.8	4.3	4.8	4.5	4.8	5.2	5.7	6.4	7.1	6.7	7.0	7.4	9.3	9.2	4.4	4.0	2	524
NL	5.2	5.9	6.2	6.0	5.9	5.6	6.2	5.4	4.6	4.7	5.1	5.1	5.0	4.9	-0.3	-0.8	18	28 981
AT	4.9	5.8	6.0	6.2	5.7	5.8	7.4	6.1	5.9	6.1	5.8	5.8	6.2	6.4	1.4	0.6	7	17 905
PL	5.4	5.1	5.2	5.0	5.4	5.5	5.3	5.8	5.6	5.7	6.2	6.2	7.2	6.6	1.2	1.1	6	23 952
PT	4.4	5.0	5.3	5.2	5.5	5.8	5.3	5.2	4.6	4.6	4.3	4.6	5.5	5.6	1.1	-0.2	15	9 241
RO	6.8	6.0	6.3	5.4	5.4	4.3	3.9	3.8	4.0	4.5	3.6	3.9	4.2	4.2	-2.6	-0.1	22	5 885
SI	1.5	1.9	2.2	2.1	2.2	2.1	2.3	2.6	2.7	3.0	3.7	4.0	4.5	3.9	2.4	1.8	23	1 444
SK	10.0	8.5	7.2	7.1	7.1	6.1	6.3	6.3	6.1	5.5	5.8	5.9	5.9	5.8	-4.1	-0.3	13	3 770
FI	4.6	5.1	5.9	6.6	6.7	8.6	6.6	6.4	5.6	5.8	5.7	5.9	6.5	6.0	1.4	-2.6	9	10 999
SE	3.3	3.8	4.3	4.1	5.0	6.2	4.2	3.3	3.5	4.3	5.3	5.6	5.7	4.3	1.0	-1.9	19	14 244
UK	5.3	5.7	6.3	6.7	6.5	6.5	6.6	5.8	5.6	5.8	6.5	7.2	6.9	7.1	1.8	0.5	5	128 501
NO	*5.0*	*5.3*	*5.3*	*4.5*	*5.2*	*6.8*	*6.6*	*6.1*	*5.7*	*6.7*	*7.5*	*8.0*	*7.8*	*7.6*	*2.6*	*0.7*		*23 458*
IS	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*-*	*-*		*:*
EU-27 averages																		
weighted	:	:	:	5.8	6.1	6.2	5.8	5.4	5.3	5.5	5.8	6.4	6.6	6.2	:	0.0		
arithmetic	:	:	:	5.3	5.3	5.4	5.2	5.1	5.0	5.0	5.3	5.6	5.9	5.6	:	0.2		
EA-16 averages																		
weighted	5.0	5.5	5.8	5.8	6.1	6.2	5.8	5.4	5.4	5.5	5.7	6.3	6.6	6.2	1.2	0.0		
arithmetic	5.3	5.6	5.8	6.0	6.1	6.3	6.2	6.0	5.8	5.6	5.9	6.2	6.7	6.4	1.0	0.1		
EU-25 averages																		
weighted	5.0	5.5	5.8	5.8	6.1	6.2	5.8	5.4	5.3	5.5	5.8	6.4	6.6	6.2	1.3	0.0		
arithmetic	4.8	4.9	5.1	5.3	5.4	5.5	5.3	5.2	5.1	5.1	5.4	5.7	6.1	5.7	0.9	0.2		
Convergence indicators																		
St.dev/mean	39.7	37.6	35.8	34.2	34.0	37.9	38.9	38.7	36.9	31.0	30.8	29.5	32.2	32.4	-7.3	-5.5		
Max-min	8.5	7.3	7.6	8.0	7.3	7.7	8.3	8.7	7.7	5.8	6.1	6.5	8.6	7.6	-0.9	-0.1		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 58: Taxes on Capital as % of Total Taxation - Capital and business income

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	Difference[1] 2000 to 2008	Ranking 2008	Revenue[2] 2008
BE	13.3	13.2	13.2	14.2	13.6	13.7	13.6	13.2	12.7	13.2	13.9	14.4	14.4	14.3	1.0	0.6	16	21 811
BG	:	:	:	14.9	14.0	12.8	16.7	14.5	13.5	11.5	11.0	11.9	13.1	12.9	-	0.1	18	1 469
CZ	17.4	14.4	15.7	15.0	15.8	15.2	16.9	17.3	17.7	17.4	16.4	17.0	17.5	16.3	-1.1	1.1	11	8 722
DK	9.2	9.2	9.3	10.0	9.8	9.7	7.1	7.2	8.0	11.0	14.3	12.4	10.7	8.8	-0.4	-0.9	26	9 918
DE	10.8	12.3	12.3	13.0	13.8	13.6	10.5	10.1	10.2	11.4	12.7	14.9	15.9	14.8	4.1	1.2	15	145 653
EE	7.5	5.4	6.4	8.4	6.8	3.8	3.1	4.6	6.3	6.2	6.1	6.0	6.2	6.3	-1.3	2.4	27	324
IE	13.8	15.0	15.9	17.0	18.5	19.0	19.7	19.8	21.3	20.6	20.2	22.0	21.0	17.7	4.0	-1.2	9	9 440
EL	17.4	16.0	16.7	19.5	19.3	21.3	19.3	19.5	18.9	19.4	20.0	18.1	18.0	17.1	-0.3	-4.2	10	13 367
ES	15.2	15.4	17.0	16.6	17.2	17.4	16.6	17.3	16.7	17.3	18.2	19.4	20.9	17.9	2.7	0.4	8	64 462
FR	9.4	10.0	10.3	10.7	11.4	12.1	12.7	11.5	10.7	10.9	10.9	12.3	12.5	12.3	3.0	0.2	20	102 928
IT	18.8	19.7	20.0	17.9	19.3	19.9	20.3	18.6	20.5	18.9	18.3	20.0	20.7	20.8	2.0	0.8	4	139 653
CY	18.8	20.5	20.7	24.6	27.6	24.9	23.9	23.5	17.9	15.8	17.8	21.1	25.9	24.6	5.7	-0.3	2	1 664
LV	5.6	6.1	7.0	7.1	6.6	5.9	7.1	7.9	5.8	6.5	7.2	8.0	9.6	11.3	5.6	5.4	22	755
LT	9.4	8.4	7.1	6.2	5.0	4.8	4.5	4.4	6.7	8.5	9.5	11.5	10.9	11.4	2.0	6.6	21	1 112
LU	24.0	24.4	24.8	25.4	23.1	22.8	23.2	25.2	24.5	20.6	21.3	21.1	20.7	21.1	-2.9	-1.7	3	2 954
HU	7.1	7.8	8.1	8.4	8.9	9.1	9.6	9.8	9.4	8.8	8.8	9.9	10.5	9.3	2.3	0.3	24	3 973
MT	18.0	17.1	17.3	17.6	17.6	18.5	18.7	20.3	22.6	20.3	20.5	22.1	26.7	26.6	8.6	8.1	1	524
NL	12.9	14.7	15.6	15.2	14.6	14.1	16.2	14.4	12.4	12.5	13.5	13.0	12.8	12.5	-0.4	-1.6	19	28 981
AT	11.9	13.6	13.5	14.0	12.9	13.4	16.4	14.0	13.6	14.0	13.6	13.8	14.7	14.8	2.9	1.5	14	17 905
PL	14.5	13.8	14.2	14.3	15.5	17.0	16.6	17.8	17.3	18.1	18.8	18.3	20.7	19.2	4.7	2.2	6	23 952
PT	13.8	15.1	16.1	15.7	16.1	16.9	15.5	14.9	13.3	13.4	12.4	12.8	14.8	15.1	1.3	-1.7	12	9 241
RO	23.2	22.2	23.8	18.8	17.4	14.2	13.7	13.4	14.5	16.5	13.0	13.5	14.6	15.0	-8.2	0.8	13	5 885
SI	3.7	5.1	5.8	5.6	5.7	5.6	6.1	6.9	7.2	7.9	9.7	10.5	12.0	10.4	6.7	4.8	23	1 444
SK	24.7	21.5	19.4	19.3	20.0	17.9	18.9	19.0	18.6	17.5	18.4	20.1	20.3	20.0	-4.7	2.1	5	3 770
FI	10.1	10.8	12.7	14.3	14.7	18.2	14.8	14.3	12.7	13.2	13.0	13.5	15.2	13.8	3.7	-4.4	17	10 999
SE	7.0	7.6	8.4	8.0	9.6	12.0	8.4	6.9	7.2	8.7	10.7	11.5	11.8	9.2	2.2	-2.8	25	14 244
UK	15.3	16.5	18.1	18.5	17.9	17.8	18.1	16.7	16.1	16.6	17.9	19.6	18.9	18.9	3.6	1.1	7	128 501
NO	*11.9*	*12.4*	*12.6*	*10.6*	*12.2*	*16.0*	*15.4*	*14.2*	*13.5*	*15.5*	*17.2*	*18.3*	*17.7*	*18.0*	*6.1*	*2.0*		*23 458*
IS	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*-*	*-*		*:*
EU-27 averages																		
weighted	:	:	:	14.4	14.9	15.3	14.7	13.8	13.7	14.1	14.8	16.0	16.5	15.7	:	0.5		
arithmetic	:	:	:	14.4	14.5	14.5	14.4	14.2	13.9	14.0	14.4	15.1	16.0	15.3	:	0.8		
EA-16 averages																		
weighted	12.5	13.6	14.1	14.1	14.7	15.1	14.4	13.6	13.6	13.8	14.3	15.7	16.4	15.6	3.1	0.5		
arithmetic	14.8	15.3	15.7	16.3	16.6	16.8	16.7	16.4	15.9	15.4	15.9	16.8	17.9	17.1	2.3	0.3		
EU-25 averages																		
weighted	12.5	13.6	14.3	14.4	14.9	15.3	14.7	13.8	13.7	14.1	14.8	16.1	16.5	15.7	3.2	0.5		
arithmetic	13.2	13.3	13.8	14.2	14.5	14.6	14.3	14.2	13.9	14.0	14.6	15.3	16.1	15.4	2.2	0.8		
Convergence indicators																		
St.dev/mean	41.6	38.9	37.4	35.8	37.2	37.7	38.9	39.5	38.3	32.1	30.3	29.8	31.5	32.0	-9.6	-5.7		
Max-min	21.0	19.3	19.0	19.8	22.6	21.0	20.8	20.9	18.7	14.4	15.2	16.0	20.5	20.4	-0.6	-0.7		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 59: Taxes on Capital as % of GDP - Income of Corporations

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	Difference[1] 2000 to 2008	Ranking 2008	Revenue[2] 2008
BE	2.4	2.7	2.8	3.4	3.2	3.2	3.1	3.0	2.9	3.1	3.3	3.5	3.5	3.3	1.0	0.1	13	11 462
BG	:	:	:	4.0	3.2	2.8	3.9	3.1	3.2	2.6	2.5	2.9	3.4	3.5	-	0.7	8	1 208
CZ	4.6	3.4	3.8	3.4	3.8	3.5	4.1	4.3	4.6	4.7	4.5	4.8	5.0	4.4	-0.1	1.0	4	6 566
DK	2.3	2.5	2.7	3.0	2.4	3.3	2.8	2.9	2.9	3.2	3.9	4.4	3.8	3.4	1.1	0.2	11	7 970
DE	2.1	2.4	2.6	2.7	2.8	3.0	1.7	1.7	1.9	2.2	2.5	3.0	3.0	2.7	0.7	-0.2	21	68 550
EE	2.4	1.6	1.8	2.4	2.0	0.9	0.7	1.1	1.6	1.7	1.4	1.5	1.7	1.7	-0.8	0.8	27	266
IE	2.8	3.1	3.2	3.4	3.9	3.8	3.6	3.7	3.8	3.7	3.5	4.0	3.5	2.9	0.1	-0.9	18	5 213
EL	2.3	2.0	2.3	2.8	3.1	4.1	3.4	3.4	2.9	3.0	3.3	2.7	2.5	2.5	0.1	-1.7	26	5 875
ES	1.9	2.0	2.7	2.5	2.9	3.1	2.9	3.3	3.1	3.5	3.9	4.2	4.8	2.9	1.0	-0.2	17	31 428
FR	1.8	2.0	2.3	2.3	2.7	2.8	3.1	2.5	2.1	2.3	2.3	2.9	2.9	2.8	1.0	0.0	19	54 415
IT	2.9	3.3	3.8	2.8	3.2	2.9	3.7	3.1	3.5	3.1	2.9	3.5	3.9	3.7	0.9	0.8	6	58 539
CY	4.2	4.7	4.6	5.8	6.7	6.2	6.2	6.0	4.3	3.7	4.6	5.5	6.8	7.1	2.8	0.9	1	1 218
LV	1.8	1.8	2.2	2.3	2.0	1.6	1.9	2.0	1.5	1.8	2.0	2.3	2.7	3.1	1.3	1.6	14	727
LT	2.0	1.7	1.5	1.3	0.8	0.7	0.5	0.6	1.4	1.9	2.1	2.8	2.6	2.8	0.7	2.1	20	888
LU	6.6	6.8	7.5	7.6	6.7	7.0	7.3	8.0	7.3	5.7	5.8	4.9	5.3	5.1	-1.5	-1.9	3	2 003
HU	1.8	1.8	1.9	2.1	2.3	2.2	2.3	2.3	2.2	2.1	2.2	2.4	2.8	2.7	0.8	0.5	23	2 836
MT	2.6	2.3	2.6	2.5	2.7	2.9	3.2	3.9	4.5	4.1	4.5	5.0	6.7	6.8	4.2	3.9	2	386
NL	3.3	4.1	4.5	4.5	4.5	4.3	4.2	3.6	3.0	3.3	3.6	3.7	3.5	3.4	0.2	-0.9	10	20 410
AT	1.6	2.1	2.2	2.3	2.0	2.2	3.3	2.4	2.3	2.4	2.3	2.3	2.6	2.6	1.1	0.5	24	7 462
PL	2.7	2.7	2.7	2.6	2.4	2.4	1.9	2.0	1.8	2.2	2.5	2.4	2.8	2.7	0.0	0.3	22	9 838
PT	2.4	2.8	3.2	3.2	3.6	3.9	3.4	3.4	2.9	3.0	2.8	3.0	3.7	3.7	1.4	-0.1	5	6 235
RO	4.0	3.4	4.4	3.7	3.8	3.0	2.7	2.6	2.8	3.2	2.7	2.8	3.1	3.0	-1.0	0.0	15	4 185
SI	0.5	0.9	1.0	1.0	1.2	1.2	1.3	1.6	1.7	1.9	2.8	3.0	3.2	2.5	2.0	1.4	25	936
SK	6.6	5.0	4.4	4.1	4.1	3.5	3.4	3.2	3.4	3.0	3.0	3.2	3.2	3.4	-3.2	-0.1	12	2 203
FI	2.3	2.8	3.5	4.3	4.3	5.9	4.2	4.2	3.4	3.5	3.3	3.4	3.9	3.5	1.2	-2.4	9	6 471
SE	2.6	2.6	2.8	2.6	3.1	3.8	2.6	2.1	2.2	2.9	3.6	3.7	3.9	3.0	0.4	-0.8	16	9 700
UK	2.8	3.2	3.9	3.9	3.5	3.5	3.5	2.8	2.7	2.9	3.4	4.0	3.4	3.6	0.8	0.0	7	65 369
NO	*3.2*	*3.5*	*3.6*	*2.8*	*3.5*	*5.2*	*4.9*	*4.5*	*4.2*	*5.2*	*5.9*	*6.7*	*6.2*	*6.1*	*2.9*	*0.9*		*18 782*
IS	*1.5*	*1.2*	*1.5*	*1.4*	*1.8*	*1.4*	*1.2*	*1.1*	*1.4*	*1.3*	*2.2*	*2.4*	*2.5*	*2.0*	*0.6*	*0.6*		*209*
EU-27 averages																		
weighted	:	:	:	3.0	3.1	3.2	3.0	2.7	2.6	2.8	3.0	3.4	3.4	3.1	:	-0.1		
arithmetic	:	:	:	3.2	3.2	3.2	3.1	3.1	3.0	3.0	3.2	3.4	3.6	3.4	:	0.2		
EA-16 averages																		
weighted	2.2	2.6	2.9	2.8	3.0	3.1	2.9	2.7	2.6	2.7	2.9	3.3	3.4	3.1	0.8	-0.1		
arithmetic	2.9	3.1	3.3	3.4	3.6	3.7	3.6	3.6	3.3	3.2	3.4	3.6	3.9	3.7	0.8	-0.1		
EU-25 averages																		
weighted	2.3	2.7	3.0	3.0	3.1	3.2	3.0	2.7	2.6	2.8	3.0	3.4	3.4	3.1	0.8	-0.1		
arithmetic	2.8	2.8	3.1	3.2	3.2	3.3	3.1	3.1	3.0	3.0	3.2	3.4	3.7	3.5	0.7	0.2		
Convergence indicators																		
St.dev/mean	49.5	43.6	42.0	41.8	41.6	45.1	46.0	48.0	41.9	30.7	30.6	28.2	32.7	34.9	-14.6	-10.3		
Max-min	6.1	5.9	6.4	6.6	5.9	6.3	6.8	7.4	5.9	4.1	4.4	4.0	5.1	5.4	-0.7	-0.9		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 60: Taxes on Capital as % of Total Taxation - Income of Corporations

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	2000 to 2008	Ranking 2008	Revenue[2] 2008
BE	5.4	6.0	6.3	7.4	7.1	7.1	6.9	6.7	6.4	6.9	7.4	8.0	7.9	7.5	2.1	0.4	19	11 462
BG	:	:	:	12.8	10.6	8.7	12.8	10.4	9.9	7.9	7.4	8.7	10.1	10.6	-	1.9	8	1 208
CZ	12.7	9.7	11.0	10.1	11.2	10.3	12.0	12.3	12.8	12.5	12.0	13.1	13.4	12.3	-0.4	2.0	4	6 566
DK	4.8	5.1	5.5	6.1	4.8	6.6	5.8	6.0	6.1	6.5	7.7	8.8	7.7	7.1	2.3	0.5	20	7 970
DE	5.2	5.9	6.3	6.5	6.8	7.1	4.3	4.2	4.7	5.7	6.5	7.7	7.6	7.0	1.8	-0.1	21	68 550
EE	6.7	4.6	5.1	7.1	6.0	2.9	2.3	3.6	5.1	5.4	4.7	4.9	5.2	5.1	-1.5	2.3	27	266
IE	8.3	9.4	9.9	10.6	12.1	12.0	12.1	13.1	13.1	12.2	11.4	12.3	11.2	9.8	1.5	-2.2	10	5 213
EL	8.0	6.8	7.5	8.6	9.5	12.0	10.1	10.0	9.1	9.6	10.3	8.5	7.8	7.5	-0.5	-4.4	18	5 875
ES	5.8	6.1	8.1	7.7	8.7	9.2	8.6	9.6	9.3	10.0	11.0	11.6	12.8	8.7	3.0	-0.5	14	31 428
FR	4.2	4.7	5.2	5.3	5.9	6.3	7.0	5.9	5.0	5.4	5.3	6.6	6.8	6.5	2.4	0.2	24	54 415
IT	7.1	8.0	8.6	6.6	7.6	6.9	8.9	7.7	8.6	7.6	7.1	8.3	9.1	8.7	1.6	1.8	15	58 539
CY	15.8	17.8	18.0	20.9	23.9	20.6	20.1	19.2	13.1	11.1	13.1	15.0	16.6	18.0	2.2	-2.6	2	1 218
LV	5.5	5.9	6.8	6.8	6.4	5.3	6.6	7.1	5.3	6.1	6.9	7.5	8.9	10.9	5.4	5.6	6	727
LT	7.4	6.4	5.0	4.1	2.6	2.3	1.9	2.1	4.9	6.6	7.3	9.4	8.7	9.1	1.7	6.8	12	888
LU	17.7	18.1	19.0	19.4	17.4	17.8	18.4	20.4	19.2	15.3	15.4	13.8	14.8	14.3	-3.4	-3.5	3	2 003
HU	4.5	4.5	4.9	5.5	5.9	5.6	6.0	6.1	5.9	5.7	5.8	6.4	7.1	6.7	2.1	1.0	23	2 836
MT	9.8	9.0	9.5	9.7	10.0	10.3	10.6	12.3	14.5	12.6	13.2	14.8	19.4	19.6	9.8	9.3	1	386
NL	8.1	10.1	11.4	11.4	11.0	10.9	11.0	9.4	8.1	8.8	9.7	9.4	9.1	8.8	0.6	-2.1	13	20 410
AT	3.8	4.9	5.0	5.3	4.5	5.0	7.2	5.5	5.3	5.6	5.5	5.6	6.2	6.2	2.4	1.1	26	7 462
PL	7.3	7.1	7.5	7.3	6.9	7.5	5.8	6.3	5.6	7.1	7.6	7.1	7.9	7.9	0.6	0.4	17	9 838
PT	7.4	8.4	9.6	9.5	10.6	11.3	10.0	9.9	8.2	8.7	7.9	8.4	10.1	10.2	2.8	-1.1	9	6 235
RO	13.8	12.5	16.3	12.8	12.3	9.8	9.3	9.3	10.1	11.6	9.8	10.0	10.5	10.7	-3.1	0.9	7	4 185
SI	1.3	2.4	2.8	2.6	3.1	3.1	3.4	4.1	4.6	5.0	7.2	7.7	8.6	6.7	5.4	3.6	22	936
SK	16.5	12.7	11.7	11.2	11.7	10.1	10.2	9.8	10.3	9.4	9.4	10.8	11.1	11.7	-4.8	1.5	5	2 203
FI	5.0	6.0	7.5	9.4	9.4	12.5	9.4	9.3	7.7	8.1	7.6	7.7	9.0	8.1	3.1	-4.4	16	6 471
SE	5.4	5.1	5.6	5.1	5.9	7.3	5.3	4.3	4.6	6.0	7.3	7.5	8.1	6.3	0.9	-1.0	25	9 700
UK	7.9	9.2	11.1	10.8	9.8	9.7	9.5	8.2	7.9	8.1	9.3	10.8	9.4	9.6	1.7	0.0	11	65 369
NO	*7.6*	*8.3*	*8.5*	*6.6*	*8.2*	*12.1*	*11.5*	*10.5*	*10.0*	*12.1*	*13.5*	*15.2*	*14.1*	*14.4*	*6.8*	*2.3*		*18 782*
IS	*4.5*	*3.6*	*4.2*	*4.0*	*4.8*	*3.8*	*3.4*	*3.0*	*3.8*	*3.4*	*5.3*	*5.9*	*6.3*	*5.6*	*1.1*	*1.7*		*209*
EU-27 averages																		
weighted	:	:	:	7.4	7.6	7.9	7.5	6.8	6.7	7.1	7.6	8.6	8.7	8.0	:	0.1		
arithmetic	:	:	:	8.9	8.9	8.8	8.7	8.6	8.3	8.4	8.7	9.3	9.8	9.5	:	0.7		
EA-16 averages																		
weighted	5.6	6.3	7.0	6.8	7.3	7.6	7.2	6.7	6.6	7.0	7.2	8.2	8.5	7.7	2.1	0.1		
arithmetic	8.1	8.5	9.1	9.5	10.0	10.1	9.9	9.8	9.2	8.9	9.3	9.8	10.5	10.0	1.9	-0.2		
EU-25 averages																		
weighted	5.9	6.6	7.5	7.3	7.6	7.9	7.4	6.8	6.7	7.1	7.6	8.6	8.6	7.9	2.1	0.1		
arithmetic	7.7	7.8	8.4	8.6	8.8	8.8	8.5	8.5	8.2	8.2	8.7	9.3	9.8	9.4	1.7	0.6		
Convergence indicators																		
St.dev/mean	52.4	48.4	47.5	46.8	49.6	46.8	48.4	49.8	43.8	32.6	30.8	29.1	32.8	36.3	-16.2	-10.6		
Max-min	16.3	15.7	16.2	18.3	21.3	18.3	18.2	18.4	14.7	10.3	10.8	10.2	14.3	14.5	-1.8	-3.8		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 61: Taxes on Capital as % of GDP - Income of households

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	Difference[1] 2000 to 2008	Ranking 2008	Revenue[2] 2008
BE	1.0	0.7	0.7	0.6	0.5	0.5	0.6	0.5	0.5	0.5	0.6	0.6	0.6	0.6	-0.4	0.1	16	2 128
BG	:	:	:	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	-	0.1	22	63
CZ	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.2	0.1	0.1	0.1	0.1	0.1	-0.1	-0.1	24	133
DK	0.9	0.8	0.8	0.6	1.2	0.4	-0.6	-0.5	-0.1	1.2	2.3	0.8	0.3	0.0	-0.9	-0.4	26	44
DE	0.3	0.3	0.3	0.4	0.4	0.4	0.3	0.3	0.4	0.4	0.5	0.5	0.6	0.7	0.5	0.3	14	18 147
EE	0.1	0.1	0.3	0.2	0.1	0.2	0.1	0.2	0.2	0.1	0.3	0.2	0.3	0.3	0.1	0.1	21	42
IE	0.5	0.6	0.6	0.7	0.8	1.1	1.1	0.8	1.4	1.5	1.6	2.1	2.0	1.3	0.8	0.2	6	2 273
EL	0.7	0.7	0.8	1.0	0.8	0.8	0.7	0.7	0.7	0.6	0.7	0.7	0.7	0.7	0.0	-0.1	15	1 630
ES	0.8	0.8	0.7	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.8	1.1	1.2	1.2	0.4	0.4	8	12 876
FR	0.5	0.5	0.6	0.9	0.9	0.9	0.8	0.8	0.8	0.8	0.8	1.0	1.0	1.0	0.6	0.1	9	19 916
IT	1.8	2.0	2.0	1.6	1.6	2.1	1.4	1.3	1.1	1.1	1.2	1.4	1.4	1.4	-0.3	-0.6	3	22 742
CY	0.3	0.2	0.2	0.5	0.6	0.8	0.7	0.8	1.1	1.1	1.2	1.7	3.3	2.1	1.8	1.3	1	363
LV	0.0	0.0	0.0	0.0	0.0	0.2	0.1	0.2	0.1	0.0	0.0	0.1	0.1	0.1	0.0	-0.1	25	13
LT	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.3	0.2	0.3	0.4	0.3	0.3	0.3	0.2	0.2	20	109
LU	0.8	0.9	0.8	0.9	0.9	0.8	0.9	0.8	0.9	0.9	1.1	1.6	1.1	1.3	0.5	0.6	5	529
HU	0.3	0.5	0.4	0.4	0.5	0.7	0.6	0.7	0.7	0.6	0.6	0.6	0.7	0.4	0.2	-0.2	18	474
MT	1.2	1.0	1.0	1.1	1.0	1.1	1.3	1.4	1.5	1.4	1.4	1.4	1.5	1.4	0.2	0.3	4	82
NL	-0.6	-0.7	-0.7	-0.7	-0.8	-1.1	0.1	-0.1	-0.4	-0.5	-0.5	-0.6	-0.6	-0.6	0.0	0.4	27	-3 842
AT	1.0	1.1	1.0	1.0	0.9	0.9	0.9	0.9	0.8	0.8	0.8	0.9	1.1	1.2	0.3	0.4	7	3 458
PL	0.0	0.1	0.0	0.1	0.1	0.2	0.1	0.2	0.3	0.2	0.2	0.2	0.5	0.4	0.3	0.2	19	1 306
PT	1.2	1.2	1.2	1.1	1.0	1.0	1.0	0.9	0.9	0.8	0.8	0.7	0.9	0.9	-0.3	-0.1	10	1 509
RO	2.4	2.3	1.8	1.5	1.2	1.2	1.1	1.0	0.9	1.0	0.6	0.7	0.8	0.9	-1.5	-0.3	12	1 248
SI	0.2	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.3	0.2	0.3	0.5	0.5	0.3	0.3	17	200
SK	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.1	0.1	0.1	0.1	0.1	-0.2	-0.2	23	59
FI	0.4	0.5	0.6	0.7	0.9	1.1	0.9	0.6	0.6	0.7	0.8	0.9	1.1	0.9	0.5	-0.2	11	1 662
SE	0.1	0.6	0.8	0.9	1.3	1.7	0.9	0.6	0.6	0.7	1.0	1.3	1.2	0.8	0.7	-0.9	13	2 562
UK	1.1	1.1	1.1	1.4	1.5	1.5	1.6	1.5	1.4	1.5	1.6	1.7	2.0	2.0	0.9	0.5	2	36 861
NO	*0.7*	*0.7*	*0.7*	*0.6*	*0.7*	*0.8*	*0.7*	*0.6*	*0.6*	*0.6*	*0.6*	*0.7*	*0.8*	*0.8*	*0.1*	*0.0*		*2 450*
IS	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*-*	*-*		*:*
EU-27 averages																		
weighted	:	:	:	0.8	0.9	0.9	0.8	0.8	0.8	0.8	0.9	1.0	1.0	1.0	:	0.1		
arithmetic	:	:	:	0.6	0.6	0.7	0.6	0.6	0.6	0.6	0.7	0.8	0.9	0.8	:	0.1		
EA-16 averages																		
weighted	0.6	0.7	0.7	0.7	0.7	0.8	0.7	0.7	0.7	0.6	0.7	0.8	0.9	0.9	0.3	0.1		
arithmetic	0.6	0.6	0.6	0.7	0.7	0.7	0.8	0.7	0.7	0.7	0.8	0.9	1.0	0.9	0.3	0.2		
EU-25 averages																		
weighted	0.7	0.7	0.7	0.8	0.9	0.9	0.8	0.8	0.8	0.8	0.9	1.0	1.0	1.0	0.4	0.1		
arithmetic	0.5	0.6	0.6	0.6	0.6	0.7	0.6	0.6	0.6	0.6	0.7	0.8	0.9	0.8	0.2	0.1		
Convergence indicators																		
St.dev/mean	104.6	98.8	92.1	84.5	84.8	92.0	82.4	81.7	80.9	78.6	84.1	82.9	90.5	84.3	-20.2	-7.6		
Max-min	3.0	3.0	2.7	2.3	2.5	3.1	2.2	1.9	1.8	2.0	2.7	2.7	3.9	2.7	-0.3	-0.4		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 62: Taxes on Capital as % of Total Taxation - Income of households

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	Difference[1] 2000 to 2008	Ranking 2008	Revenue[2] 2008
BE	2.2	1.5	1.5	1.2	1.0	1.2	1.3	1.2	1.0	1.1	1.2	1.2	1.4	1.4	-0.8	0.2	17	2 128
BG	:	:	:	0.3	0.4	0.3	0.3	0.3	0.2	0.2	0.2	0.3	0.3	0.6	-	0.3	22	63
CZ	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.3	0.3	0.3	0.2	-0.3	-0.3	24	133
DK	1.8	1.5	1.5	1.3	2.4	0.8	-1.2	-1.0	-0.3	2.5	4.5	1.5	0.7	0.0	-1.8	-0.8	26	44
DE	0.7	0.8	0.7	0.9	0.9	0.9	0.8	0.8	1.1	1.1	1.2	1.4	1.6	1.8	1.2	0.9	14	18 147
EE	0.3	0.3	0.7	0.4	0.3	0.5	0.4	0.6	0.7	0.4	1.0	0.8	0.8	0.8	0.5	0.3	21	42
IE	1.4	1.7	2.0	2.3	2.5	3.4	3.8	2.7	4.8	4.8	5.3	6.5	6.4	4.3	2.9	0.9	3	2 273
EL	2.3	2.4	2.5	3.0	2.4	2.2	2.1	2.1	2.1	2.0	2.2	2.3	2.3	2.1	-0.2	-0.1	12	1 630
ES	2.5	2.4	2.1	2.3	2.4	2.4	2.3	2.2	2.1	2.0	2.3	3.1	3.3	3.6	1.0	1.1	6	12 876
FR	1.1	1.1	1.3	2.0	2.0	2.1	1.9	1.9	1.9	1.8	1.9	2.3	2.3	2.4	1.3	0.3	11	19 916
IT	4.4	4.7	4.6	3.8	3.8	5.0	3.5	3.2	2.7	2.8	3.0	3.3	3.3	3.4	-1.0	-1.6	7	22 742
CY	1.0	0.8	0.7	1.8	2.0	2.8	2.4	2.6	3.3	3.3	3.4	4.8	8.1	5.4	4.3	2.5	2	363
LV	0.0	0.1	0.1	0.1	0.1	0.5	0.3	0.6	0.3	0.2	0.0	0.2	0.4	0.2	0.1	-0.4	25	13
LT	0.4	0.4	0.4	0.4	0.4	0.5	0.7	0.9	0.8	1.2	1.4	1.0	1.1	1.1	0.8	0.6	18	109
LU	2.2	2.4	2.1	2.2	2.5	2.0	2.2	2.1	2.4	2.3	3.0	4.4	3.0	3.8	1.5	1.8	5	529
HU	0.7	1.3	1.1	1.1	1.4	1.7	1.6	1.8	1.8	1.5	1.6	1.7	1.8	1.1	0.4	-0.6	19	474
MT	4.5	4.1	3.6	4.2	3.8	4.0	4.3	4.6	4.7	4.3	4.0	4.1	4.3	4.2	-0.3	0.2	4	82
NL	-1.5	-1.6	-1.8	-1.7	-2.0	-2.7	0.2	-0.4	-1.0	-1.3	-1.3	-1.5	-1.5	-1.7	-0.1	1.0	27	-3 842
AT	2.3	2.5	2.3	2.2	2.0	2.0	2.1	2.1	1.9	1.9	1.8	2.1	2.6	2.9	0.5	0.9	9	3 458
PL	0.1	0.2	0.1	0.2	0.3	0.5	0.4	0.7	0.8	0.5	0.5	0.6	1.4	1.0	0.9	0.5	20	1 306
PT	3.6	3.7	3.5	3.4	2.9	3.0	2.9	2.7	2.7	2.4	2.2	2.1	2.4	2.5	-1.2	-0.6	10	1 509
RO	8.3	8.6	6.7	5.4	3.9	4.0	3.8	3.4	3.3	3.5	2.3	2.6	2.8	3.2	-5.1	-0.8	8	1 248
SI	0.6	0.7	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.7	0.5	0.8	1.3	1.4	0.8	0.8	16	200
SK	0.6	0.7	0.8	0.9	1.0	1.0	1.0	0.7	0.6	0.4	0.2	0.3	0.3	0.3	-0.3	-0.7	23	59
FI	0.9	1.1	1.4	1.5	1.9	2.4	2.0	1.2	1.3	1.6	1.9	2.1	2.5	2.1	1.2	-0.3	13	1 662
SE	0.3	1.1	1.5	1.7	2.5	3.3	1.8	1.3	1.3	1.4	2.0	2.7	2.5	1.7	1.4	-1.7	15	2 562
UK	3.2	3.3	3.1	3.8	4.2	4.2	4.4	4.3	4.0	4.3	4.5	4.8	5.4	5.4	2.2	1.2	1	36 861
NO	*1.6*	*1.8*	*1.7*	*1.4*	*1.7*	*1.8*	*1.7*	*1.5*	*1.4*	*1.3*	*1.5*	*1.5*	*1.9*	*1.9*	*0.3*	*0.1*		*2 450*
IS	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*-*	*-*		*:*
EU-27 averages																		
weighted	:	:	:	2.0	2.1	2.3	2.1	2.0	1.9	2.0	2.2	2.5	2.6	2.6	:	0.3		
arithmetic	:	:	:	1.7	1.7	1.8	1.7	1.6	1.7	1.8	1.9	2.1	2.3	2.0	:	0.2		
EA-16 averages																		
weighted	1.5	1.7	1.7	1.8	1.8	2.0	1.8	1.7	1.7	1.6	1.8	2.1	2.2	2.3	0.7	0.3		
arithmetic	1.8	1.8	1.8	1.9	1.9	2.0	2.1	1.9	2.0	1.9	2.1	2.5	2.7	2.5	0.7	0.5		
EU-25 averages																		
weighted	1.7	1.8	1.9	2.0	2.1	2.3	2.1	2.0	1.9	2.0	2.2	2.5	2.6	2.6	0.9	0.3		
arithmetic	1.5	1.5	1.5	1.6	1.7	1.8	1.7	1.6	1.7	1.7	1.9	2.1	2.3	2.1	0.6	0.3		
Convergence indicators																		
St.dev/mean	113.7	110.4	98.6	89.8	83.6	88.9	82.7	82.3	86.2	82.9	81.6	85.8	89.7	83.7	-30.0	-5.2		
Max-min	9.9	10.2	8.5	7.1	6.2	7.6	5.7	5.5	5.8	6.2	6.6	8.1	9.7	7.1	-2.8	-0.6		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Tables

Table 63: Taxes on Capital as % of GDP - Income of self-employed

															Difference[1]		Ranking	Revenue[2]
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	1995 to 2008	2000 to 2008	2008	2008
BE	2.5	2.5	2.4	2.5	2.5	2.4	2.4	2.4	2.3	2.3	2.3	2.3	2.2	2.4	-0.1	0.0	5	8 221
BG	:	:	:	0.6	0.9	1.3	1.1	1.1	1.1	1.1	1.2	0.9	0.9	0.6	-	-0.7	22	198
CZ	1.5	1.5	1.5	1.4	1.4	1.5	1.5	1.6	1.6	1.7	1.5	1.4	1.4	1.4	-0.2	-0.1	13	2 023
DK	1.3	1.2	1.1	1.3	1.3	1.1	1.2	1.0	1.0	1.0	1.1	1.1	1.1	0.8	-0.5	-0.3	19	1 904
DE	2.0	2.3	2.2	2.3	2.6	2.3	2.1	2.0	1.7	1.7	1.9	2.3	2.6	2.4	0.4	0.0	6	58 956
EE	0.2	0.2	0.2	0.3	0.2	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1	-0.1	0.0	26	15
IE	1.3	1.3	1.3	1.3	1.2	1.1	1.1	1.1	1.0	1.1	1.1	1.0	1.1	1.1	-0.3	-0.1	14	1 954
EL	2.1	2.0	2.1	2.5	2.5	2.5	2.3	2.5	2.5	2.4	2.4	2.3	2.6	2.5	0.4	0.0	4	5 862
ES	2.3	2.3	2.3	2.2	2.1	2.0	1.9	1.9	1.8	1.8	1.8	1.7	1.8	1.9	-0.4	-0.1	9	20 157
FR	1.8	1.8	1.7	1.5	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.5	1.5	1.5	-0.3	-0.2	11	28 597
IT	2.9	2.9	3.0	3.2	3.4	3.3	3.3	3.2	3.8	3.5	3.3	3.5	3.6	3.7	0.8	0.4	1	58 371
CY	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	-0.1	0.0	23	83
LV	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	27	15
LT	0.4	0.4	0.5	0.5	0.6	0.6	0.5	0.4	0.3	0.2	0.2	0.3	0.3	0.4	-0.1	-0.3	24	115
LU	1.5	1.5	1.5	1.5	1.2	1.2	1.1	1.1	1.1	1.1	1.1	1.0	1.1	1.1	-0.4	-0.1	15	422
HU	0.7	0.8	0.8	0.6	0.6	0.7	0.7	0.7	0.6	0.6	0.5	0.7	0.6	0.6	-0.1	0.0	20	662
MT	1.0	1.0	1.2	1.0	1.0	1.2	1.1	1.1	1.1	1.1	1.1	1.1	1.0	1.0	0.0	-0.2	16	55
NL	2.5	2.5	2.4	2.2	2.3	2.3	1.9	2.0	2.0	1.9	1.9	2.0	2.0	2.1	-0.4	-0.3	8	12 413
AT	2.4	2.7	2.7	2.9	2.8	2.7	3.2	2.8	2.8	2.9	2.7	2.6	2.5	2.5	0.1	-0.2	3	6 986
PL	2.6	2.4	2.4	2.4	2.9	2.9	3.3	3.6	3.5	3.3	3.5	3.6	4.0	3.5	0.9	0.6	2	12 809
PT	0.9	1.0	1.0	0.9	0.9	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.9	0.9	0.0	0.0	17	1 496
RO	0.3	0.3	0.2	0.2	0.4	0.1	0.2	0.2	0.3	0.4	0.3	0.3	0.4	0.3	0.0	0.2	25	453
SI	0.7	0.8	0.9	0.8	0.8	0.7	0.8	0.8	0.8	0.8	0.8	0.7	0.8	0.8	0.1	0.1	18	308
SK	3.0	3.2	2.6	2.7	2.6	2.3	2.6	2.8	2.5	2.4	2.7	2.6	2.6	2.3	-0.7	0.0	7	1 508
FI	1.9	1.7	1.8	1.6	1.5	1.6	1.6	1.7	1.6	1.5	1.6	1.6	1.6	1.6	-0.3	0.0	10	2 866
SE	0.6	0.7	0.7	0.7	0.6	0.7	0.7	0.6	0.6	0.6	0.7	0.6	0.6	0.6	0.0	-0.1	21	1 982
UK	1.4	1.4	1.4	1.4	1.4	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.4	0.0	0.0	12	26 271
NO	*1.1*	*1.0*	*1.0*	*1.1*	*1.0*	*0.9*	*0.9*	*1.0*	*0.9*	*0.9*	*1.0*	*0.7*	*0.8*	*0.7*	*-0.4*	*-0.2*		*2 226*
IS	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*-*	*-*		*:*
EU-27 averages																		
weighted	:	:	:	2.0	2.1	2.0	2.0	1.9	2.0	1.9	1.9	2.0	2.1	2.0	:	0.0		
arithmetic	:	:	:	1.4	1.5	1.5	1.5	1.4	1.4	1.4	1.4	1.4	1.5	1.4	:	-0.1		
EA-16 averages																		
weighted	2.1	2.3	2.2	2.2	2.3	2.3	2.2	2.1	2.1	2.1	2.1	2.2	2.3	2.2	0.1	0.0		
arithmetic	1.8	1.9	1.8	1.8	1.8	1.8	1.8	1.8	1.7	1.7	1.7	1.7	1.8	1.7	-0.1	0.0		
EU-25 averages																		
weighted	2.0	2.1	2.0	2.0	2.1	2.1	2.0	2.0	2.0	1.9	1.9	2.0	2.1	2.1	0.1	0.0		
arithmetic	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	0.0	0.0		
Convergence indicators																		
St.dev/mean	60.2	60.5	58.3	62.5	63.1	63.0	64.6	66.3	69.0	66.9	67.3	68.5	70.3	70.6	10.4	7.6		
Max-min	3.0	3.1	2.9	3.1	3.3	3.3	3.3	3.5	3.8	3.4	3.4	3.5	3.9	3.6	0.6	0.3		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 64: Taxes on Capital as % of Total Taxation - Income of self-employed

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	Difference[1] 2000 to 2008	Ranking 2008	Revenue[2] 2008
BE	5.7	5.6	5.4	5.5	5.4	5.4	5.4	5.2	5.2	5.2	5.2	5.1	5.1	5.4	-0.3	0.0	8	8 221
BG	:	:	:	1.9	3.0	3.9	3.7	3.8	3.4	3.4	3.4	2.8	2.7	1.7	-	-2.1	19	198
CZ	4.2	4.2	4.2	4.3	4.1	4.4	4.4	4.5	4.5	4.5	4.1	3.7	3.8	3.8	-0.4	-0.6	11	2 023
DK	2.6	2.5	2.3	2.6	2.6	2.2	2.5	2.2	2.2	2.0	2.1	2.1	2.3	1.7	-0.9	-0.5	20	1 904
DE	4.9	5.5	5.3	5.6	6.1	5.6	5.4	5.1	4.4	4.5	5.0	5.8	6.6	6.0	1.1	0.4	5	58 956
EE	0.5	0.5	0.5	0.8	0.5	0.4	0.5	0.5	0.5	0.4	0.4	0.4	0.3	0.3	-0.2	-0.1	26	15
IE	4.0	4.0	4.1	4.1	3.9	3.6	3.8	4.0	3.4	3.6	3.5	3.2	3.4	3.7	-0.3	0.1	12	1 954
EL	7.1	6.8	6.7	7.8	7.4	7.1	7.0	7.3	7.7	7.8	7.5	7.3	7.9	7.5	0.4	0.4	4	5 862
ES	6.9	6.8	6.8	6.6	6.1	5.8	5.7	5.5	5.4	5.3	4.9	4.8	4.8	5.6	-1.3	-0.2	7	20 157
FR	4.1	4.2	3.9	3.5	3.5	3.7	3.8	3.6	3.8	3.7	3.7	3.5	3.4	3.4	-0.7	-0.3	14	28 597
IT	7.3	7.0	6.8	7.5	7.9	8.0	7.9	7.8	9.2	8.5	8.2	8.4	8.3	8.7	1.4	0.7	2	58 371
CY	2.0	1.9	1.9	1.8	1.7	1.5	1.4	1.7	1.5	1.4	1.3	1.3	1.2	1.2	-0.8	-0.2	23	83
LV	0.1	0.1	0.2	0.2	0.1	0.1	0.1	0.2	0.2	0.2	0.3	0.2	0.3	0.2	0.1	0.1	27	15
LT	1.6	1.6	1.7	1.7	2.0	2.1	1.9	1.4	1.0	0.7	0.7	1.1	1.1	1.2	-0.4	-0.9	24	115
LU	4.1	4.0	3.8	3.8	3.2	3.0	2.7	2.7	2.8	3.0	2.9	2.9	3.0	3.0	-1.0	0.0	15	422
HU	1.8	1.9	2.1	1.7	1.6	1.7	2.0	1.8	1.7	1.5	1.5	1.8	1.6	1.6	-0.3	-0.2	21	662
MT	3.7	4.0	4.2	3.8	3.8	4.1	3.7	3.4	3.4	3.4	3.2	3.1	2.9	2.8	-0.9	-1.3	16	55
NL	6.3	6.2	6.0	5.5	5.6	5.9	5.1	5.4	5.3	5.0	5.1	5.2	5.3	5.3	-0.9	-0.5	9	12 413
AT	5.8	6.2	6.1	6.5	6.4	6.3	7.1	6.5	6.4	6.6	6.3	6.1	5.9	5.8	0.0	-0.5	6	6 986
PL	7.1	6.5	6.5	6.8	8.3	9.0	10.3	10.9	11.0	10.6	10.7	10.6	11.4	10.3	3.2	1.3	1	12 809
PT	2.8	3.0	3.0	2.8	2.6	2.6	2.7	2.3	2.4	2.3	2.3	2.4	2.3	2.4	-0.3	-0.1	17	1 496
RO	1.1	1.1	0.7	0.6	1.2	0.4	0.6	0.6	1.0	1.3	1.0	1.0	1.2	1.2	0.0	0.7	25	453
SI	1.8	2.0	2.3	2.2	2.0	1.8	2.2	2.1	2.0	2.2	2.0	1.9	2.1	2.2	0.5	0.4	18	308
SK	7.6	8.0	6.9	7.3	7.3	6.8	7.7	8.5	7.7	7.8	8.7	9.0	8.9	8.0	0.4	1.2	3	1 508
FI	4.1	3.7	3.8	3.5	3.4	3.4	3.5	3.7	3.7	3.5	3.5	3.6	3.7	3.6	-0.5	0.2	13	2 866
SE	1.3	1.4	1.3	1.3	1.2	1.4	1.4	1.4	1.3	1.3	1.4	1.3	1.3	1.3	0.0	-0.1	22	1 982
UK	4.1	4.0	3.9	3.9	4.0	4.0	4.2	4.3	4.3	4.2	4.1	4.0	4.0	3.9	-0.3	-0.1	10	26 271
NO	*2.7*	*2.4*	*2.4*	*2.6*	*2.3*	*2.1*	*2.2*	*2.2*	*2.0*	*2.1*	*2.2*	*1.6*	*1.7*	*1.7*	*-1.0*	*-0.4*		*2 226*
IS	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*-*	*-*		*:*
EU-27 averages																		
weighted	:	:	:	5.0	5.2	5.1	5.1	5.0	5.0	4.9	4.9	5.0	5.2	5.2	:	0.1		
arithmetic	:	:	:	3.8	3.9	3.9	3.9	3.9	3.9	3.9	3.8	3.8	3.9	3.8	:	-0.1		
EA-16 averages																		
weighted	5.4	5.6	5.4	5.5	5.6	5.5	5.4	5.3	5.4	5.2	5.3	5.4	5.7	5.7	0.3	0.1		
arithmetic	4.9	4.9	4.8	4.9	4.8	4.7	4.7	4.7	4.7	4.6	4.6	4.6	4.7	4.7	-0.2	0.0		
EU-25 averages																		
weighted	5.0	5.1	4.9	5.0	5.2	5.1	5.1	5.0	5.1	4.9	4.9	5.0	5.2	5.2	0.2	0.1		
arithmetic	4.1	4.1	4.0	4.0	4.0	4.0	4.1	4.1	4.0	4.0	3.9	4.0	4.0	4.0	-0.1	0.0		
Convergence indicators																		
St.dev/mean	57.5	56.8	55.3	59.7	60.4	62.1	64.0	66.8	69.3	68.5	70.3	70.7	72.4	70.9	13.4	8.8		
Max-min	7.5	7.9	6.8	7.7	8.2	8.9	10.2	10.7	10.8	10.3	10.5	10.4	11.1	10.1	2.6	1.2		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 65: Taxes on Capital as % of GDP - Stocks of capital / wealth

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	Difference[1] 2000 to 2008	Ranking 2008	Revenue[2] 2008
BE	2.9	3.1	3.3	3.4	3.4	3.4	3.3	3.4	3.5	3.8	3.7	3.8	3.7	3.7	0.8	0.3	3	12 765
BG	:	:	:	0.3	0.4	0.4	0.4	0.5	0.6	0.7	0.7	0.8	1.0	1.1	-	0.7	18	371
CZ	1.0	1.1	1.0	1.0	1.0	1.0	1.0	0.9	0.9	0.7	0.7	0.7	0.7	0.7	-0.4	-0.4	25	993
DK	1.8	1.8	1.8	2.0	2.0	2.4	2.6	2.7	2.8	2.8	2.8	2.7	2.7	2.9	1.0	0.4	4	6 703
DE	1.1	1.2	1.1	1.1	1.2	1.1	1.1	1.0	1.1	1.1	1.1	1.1	1.1	1.0	-0.1	-0.1	19	25 590
EE	0.6	0.7	0.6	0.6	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.6	0.0	0.0	26	99
IE	2.0	2.1	2.0	2.0	2.1	2.0	2.0	1.8	2.2	2.4	2.7	3.2	2.9	2.2	0.2	0.2	10	4 025
EL	1.5	1.7	1.9	1.8	2.3	2.4	2.0	1.6	1.5	1.3	1.4	1.5	1.6	1.7	0.2	-0.7	14	4 069
ES	2.4	2.4	2.5	2.7	2.8	2.8	2.8	2.9	3.0	3.3	3.6	3.8	3.6	2.7	0.3	-0.1	6	29 547
FR	4.3	4.5	4.7	4.7	4.7	4.5	4.5	4.4	4.4	4.6	4.7	4.6	4.7	4.5	0.2	0.0	2	87 461
IT	3.9	3.6	3.8	3.3	3.0	2.6	2.5	2.8	2.6	2.8	2.6	2.7	2.7	2.5	-1.4	-0.1	9	39 068
CY	1.4	1.3	1.3	1.5	1.4	2.5	1.8	1.5	1.7	2.5	2.7	2.3	3.4	2.6	1.2	0.1	7	446
LV	1.9	1.4	1.7	1.9	1.8	1.2	1.3	0.8	0.9	0.8	0.7	0.6	1.0	0.8	-1.1	-0.4	23	175
LT	0.9	1.0	1.0	0.9	1.0	0.9	0.7	0.7	0.6	0.7	0.6	0.6	0.6	0.5	-0.3	-0.3	27	168
LU	2.7	2.9	3.2	3.5	3.9	4.2	3.9	3.3	2.9	3.0	3.3	3.4	3.6	2.7	0.0	-1.5	5	1 074
HU	0.7	0.8	0.8	0.9	0.9	1.0	1.0	1.0	1.2	1.3	1.3	1.3	1.3	1.3	0.7	0.4	16	1 423
MT	1.3	1.2	1.2	1.2	1.1	1.1	1.3	1.5	1.6	2.5	2.2	2.1	2.1	1.8	0.5	0.7	13	104
NL	1.9	2.0	2.0	2.1	2.2	2.2	2.2	2.3	2.1	2.2	2.3	2.0	2.1	1.9	0.0	-0.3	11	11 272
AT	1.2	1.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.0	1.0	1.0	1.0	-0.2	-0.1	21	2 694
PL	2.2	2.1	2.1	1.9	1.7	1.6	1.7	1.9	1.8	1.8	1.8	1.9	1.9	1.9	-0.3	0.2	12	6 759
PT	2.0	1.9	2.0	2.0	2.2	2.2	2.2	2.6	2.9	2.2	2.3	2.4	2.6	2.5	0.5	0.3	8	4 239
RO	0.7	0.3	0.9	0.6	1.1	1.2	1.2	1.1	1.0	0.9	0.9	1.0	1.1	1.0	0.4	-0.2	20	1 412
SI	0.6	0.6	0.7	0.9	0.9	0.9	0.9	0.9	0.8	0.9	0.9	0.9	0.9	0.9	0.2	0.0	22	323
SK	0.9	1.2	0.9	0.8	0.8	0.8	0.8	0.8	0.7	0.8	0.7	0.6	0.6	0.7	-0.2	-0.1	24	444
FI	1.2	1.2	1.3	1.3	1.3	1.3	1.2	1.3	1.2	1.4	1.4	1.3	1.3	1.3	0.2	0.0	17	2 439
SE	1.5	2.0	2.2	2.1	2.1	2.1	1.9	1.8	1.8	1.8	1.7	1.7	1.5	1.4	-0.1	-0.7	15	4 586
UK	3.6	3.7	3.8	3.9	4.1	4.4	4.3	4.3	4.2	4.3	4.4	4.6	4.6	5.6	1.9	1.2	1	100 954
NO	*3.5*	*4.1*	*3.7*	*2.5*	*3.0*	*5.5*	*5.7*	*5.2*	*5.3*	*6.2*	*7.4*	*7.8*	*6.8*	*7.4*	*3.9*	*1.9*		*22 921*
IS	*3.1*	*3.1*	*3.2*	*3.2*	*3.3*	*3.6*	*3.3*	*3.1*	*3.2*	*3.6*	*3.7*	*3.8*	*3.9*	*3.1*	*0.0*	*-0.4*		*323*
EU-27 averages																		
weighted	:	:	:	2.7	2.8	2.8	2.7	2.7	2.7	2.8	2.8	2.9	2.9	2.8	:	0.0		
arithmetic	:	:	:	1.8	1.9	1.9	1.9	1.8	1.8	1.9	2.0	2.0	2.0	1.9	:	0.0		
EA-16 averages																		
weighted	2.5	2.6	2.6	2.6	2.6	2.5	2.4	2.5	2.5	2.6	2.6	2.7	2.7	2.4	-0.1	0.0		
arithmetic	2.0	2.0	2.0	2.1	2.1	2.2	2.1	2.1	2.1	2.2	2.3	2.3	2.4	2.1	0.2	-0.1		
EU-25 averages																		
weighted	2.6	2.6	2.7	2.8	2.8	2.8	2.7	2.7	2.7	2.8	2.9	2.9	2.9	2.8	0.2	0.1		
arithmetic	1.8	1.9	1.9	1.9	2.0	2.0	1.9	1.9	1.9	2.0	2.1	2.1	2.1	2.0	0.2	0.0		
Convergence indicators																		
St.dev/mean	57.6	57.3	57.8	61.2	59.7	60.4	59.7	60.4	59.8	60.5	61.9	63.2	61.7	65.0	7.4	4.6		
Max-min	3.7	4.2	4.0	4.5	4.3	4.1	4.1	3.9	3.8	4.0	4.1	4.1	4.1	5.0	1.3	0.9		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 66: Taxes on Capital as % of Total Taxation - Stocks of capital / wealth

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	Difference[1] 2000 to 2008	Ranking 2008	Revenue[2] 2008
BE	6.6	7.0	7.4	7.5	7.6	7.5	7.3	7.5	7.8	8.4	8.2	8.5	8.4	8.4	1.8	0.9	3	12 765
BG	:	:	:	0.9	1.3	1.2	1.3	1.7	1.9	2.1	2.1	2.5	2.9	3.3	-	2.0	17	371
CZ	2.9	3.1	2.8	3.0	2.8	3.0	2.8	2.5	2.5	1.8	1.8	2.0	1.9	1.9	-1.0	-1.2	26	993
DK	3.8	3.6	3.7	4.0	4.0	4.9	5.3	5.6	5.7	5.7	5.5	5.5	5.6	6.0	2.2	1.0	9	6 703
DE	2.9	3.0	2.7	2.7	2.8	2.6	2.8	2.6	2.7	2.8	2.8	2.8	2.8	2.6	-0.3	0.0	21	25 590
EE	1.6	2.0	1.9	1.9	2.0	2.1	2.0	2.0	1.8	2.0	1.9	1.7	1.7	1.9	0.3	-0.2	25	99
IE	6.1	6.3	6.1	6.2	6.6	6.4	6.6	6.3	7.5	7.9	8.8	9.8	9.1	7.6	1.5	1.2	6	4 025
EL	5.2	5.7	6.1	5.5	6.8	6.9	5.9	4.9	4.8	4.3	4.5	4.7	4.9	5.2	0.0	-1.7	13	4 069
ES	7.4	7.1	7.5	8.0	8.3	8.4	8.3	8.5	9.0	9.6	10.1	10.5	9.6	8.2	0.8	-0.2	4	29 547
FR	10.0	10.2	10.5	10.8	10.6	10.2	10.2	10.1	10.2	10.6	10.7	10.6	10.8	10.5	0.5	0.3	2	87 461
IT	9.7	8.6	8.7	7.9	7.0	6.3	6.0	7.0	6.3	6.9	6.6	6.5	6.4	5.8	-3.9	-0.5	10	39 068
CY	5.3	5.1	5.2	5.6	5.1	8.2	5.8	4.9	5.2	7.4	7.6	6.4	8.3	6.6	1.3	-1.6	8	446
LV	5.7	4.4	5.4	5.5	5.6	3.9	4.6	2.9	3.0	2.7	2.4	2.0	3.4	2.6	-3.0	-1.3	20	175
LT	3.2	3.6	3.2	2.8	3.0	2.9	2.6	2.5	2.3	2.4	2.1	2.0	1.9	1.7	-1.4	-1.1	27	168
LU	7.3	7.8	8.2	8.9	10.1	10.8	9.9	8.4	7.7	8.0	8.7	9.5	10.0	7.7	0.4	-3.1	5	1 074
HU	1.6	2.1	2.1	2.4	2.5	2.5	2.6	2.7	3.1	3.6	3.6	3.5	3.2	3.3	1.7	0.8	16	1 423
MT	4.8	4.7	4.2	4.5	4.2	4.0	4.2	4.9	5.2	7.5	6.5	6.2	6.1	5.3	0.4	1.3	12	104
NL	4.6	5.0	5.1	5.3	5.4	5.5	5.7	6.0	5.7	5.9	6.1	5.3	5.3	4.8	0.2	-0.7	14	11 272
AT	2.9	2.7	2.5	2.6	2.5	2.6	2.5	2.5	2.5	2.4	2.4	2.5	2.4	2.2	-0.6	-0.3	24	2 694
PL	5.8	5.7	5.8	5.3	4.8	5.0	5.3	5.9	5.6	5.8	5.6	5.8	5.3	5.4	-0.4	0.5	11	6 759
PT	6.3	5.9	6.0	6.1	6.6	6.4	6.5	7.5	8.4	6.4	6.5	6.7	6.9	6.9	0.7	0.5	7	4 239
RO	2.3	1.1	3.6	2.0	3.5	3.9	4.2	3.9	3.7	3.2	3.1	3.6	3.9	3.6	1.3	-0.3	15	1 412
SI	1.6	1.6	1.9	2.4	2.3	2.3	2.5	2.3	2.1	2.3	2.4	2.4	2.4	2.3	0.7	0.0	23	323
SK	2.2	3.1	2.3	2.2	2.3	2.3	2.3	2.3	2.3	2.4	2.3	2.2	2.1	2.4	0.2	0.0	22	444
FI	2.5	2.7	2.7	2.8	2.8	2.8	2.8	2.8	2.8	3.2	3.2	3.0	3.1	3.1	0.5	0.3	18	2 439
SE	3.1	4.1	4.4	4.1	4.1	4.1	3.8	3.8	3.7	3.7	3.5	3.6	3.1	3.0	-0.1	-1.1	19	4 586
UK	10.5	10.7	10.8	10.9	11.3	12.0	11.7	12.2	12.1	12.2	12.2	12.5	12.7	14.9	4.4	2.9	1	100 954
NO	*8.4*	*9.7*	*8.8*	*6.0*	*7.2*	*13.0*	*13.2*	*12.1*	*12.5*	*14.4*	*16.9*	*17.6*	*15.5*	*17.6*	*9.2*	*4.6*		*22 921*
IS	*9.4*	*9.1*	*9.2*	*9.3*	*9.0*	*9.6*	*9.3*	*8.7*	*8.8*	*9.5*	*9.2*	*9.1*	*9.6*	*8.6*	*-0.9*	*-1.1*		*323*
EU-27 averages																		
weighted	:	:	:	6.8	6.8	6.8	6.8	7.0	6.9	7.2	7.3	7.3	7.2	7.1	:	0.3		
arithmetic	:	:	:	4.9	5.0	5.1	5.0	5.0	5.0	5.2	5.2	5.3	5.3	5.1	:	-0.1		
EA-16 averages																		
weighted	6.3	6.3	6.4	6.4	6.3	6.0	6.0	6.2	6.2	6.6	6.7	6.7	6.6	6.1	-0.1	0.1		
arithmetic	5.3	5.4	5.4	5.6	5.7	5.8	5.6	5.5	5.6	6.0	6.1	6.1	6.2	5.6	0.3	-0.2		
EU-25 averages																		
weighted	6.5	6.6	6.8	6.8	6.8	6.8	6.8	7.0	6.9	7.2	7.3	7.4	7.3	7.1	0.6	0.3		
arithmetic	4.9	5.0	5.1	5.2	5.2	5.3	5.2	5.1	5.2	5.4	5.4	5.4	5.5	5.2	0.3	-0.1		
Convergence indicators																		
St.dev/mean	54.4	52.5	51.7	55.9	55.1	56.4	54.1	55.5	56.1	56.6	58.5	60.1	59.0	61.0	6.7	4.7		
Max-min	8.9	9.6	9.0	10.0	10.0	10.8	10.5	10.5	10.3	10.4	10.3	10.7	11.0	13.1	4.3	2.4		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 67: Environmental taxes as % of GDP

															Difference[1]		Ranking	Revenue[2]
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	1995 to 2008	2000 to 2008	2008	2008
BE	2.2	2.5	2.5	2.4	2.5	2.3	2.3	2.2	2.3	2.4	2.3	2.2	2.1	2.0	-0.3	-0.3	23	6 780
BG	:	:	:	2.0	2.3	2.5	2.8	2.2	3.0	3.4	3.1	3.1	3.4	3.5	-	1.1	3	1 209
CZ	2.9	2.7	2.5	2.4	2.6	2.6	2.6	2.5	2.6	2.6	2.7	2.6	2.5	2.5	-0.5	-0.1	13	3 628
DK	4.5	4.8	4.9	5.3	5.4	5.3	5.2	5.4	5.2	5.6	6.0	6.2	5.9	5.7	1.2	0.4	1	13 329
DE	2.3	2.2	2.2	2.1	2.3	2.4	2.5	2.5	2.7	2.5	2.5	2.4	2.2	2.2	-0.1	-0.2	19	55 468
EE	1.0	1.5	1.6	1.9	1.7	1.7	2.1	2.0	1.9	2.1	2.3	2.2	2.3	2.4	1.4	0.7	18	379
IE	3.1	3.1	3.0	3.0	3.0	2.9	2.4	2.4	2.4	2.5	2.5	2.5	2.5	2.4	-0.6	-0.4	15	4 409
EL	3.1	3.1	3.1	2.9	2.7	2.3	2.5	2.3	2.2	2.1	2.1	2.0	2.0	2.0	-1.1	-0.4	22	4 716
ES	2.2	2.2	2.1	2.3	2.3	2.2	2.1	2.1	2.1	2.0	1.9	1.9	1.8	1.6	-0.6	-0.6	27	17 773
FR	2.8	2.8	2.7	2.7	2.7	2.5	2.3	2.5	2.4	2.4	2.3	2.3	2.2	2.1	-0.7	-0.4	20	41 058
IT	3.5	3.4	3.4	3.3	3.4	3.1	3.0	2.8	2.9	2.8	2.7	2.7	2.6	2.4	-1.1	-0.7	14	38 193
CY	2.9	2.8	2.5	2.5	2.5	2.7	3.0	2.9	3.7	4.0	3.5	3.3	3.4	3.1	0.3	0.5	5	542
LV	1.2	1.7	2.2	3.0	2.5	2.4	2.2	2.3	2.5	2.6	2.7	2.4	2.1	1.9	0.7	-0.5	24	449
LT	1.9	1.9	2.1	2.5	2.9	2.4	2.5	2.8	2.8	2.7	2.3	1.8	1.8	1.7	-0.2	-0.8	26	534
LU	3.0	2.9	3.0	2.9	2.8	2.8	2.8	2.8	2.8	3.1	2.9	2.6	2.5	2.5	-0.5	-0.3	12	986
HU	2.9	2.8	2.8	3.3	3.3	3.0	2.8	2.8	2.6	2.7	2.7	2.8	2.8	2.7	-0.2	-0.3	9	2 853
MT	3.2	3.1	3.5	3.9	4.1	3.7	3.7	3.4	3.4	3.1	3.3	3.4	3.8	3.5	0.3	-0.2	4	201
NL	3.6	3.8	3.8	3.8	3.9	3.9	3.8	3.7	3.7	3.9	3.9	4.0	3.8	3.9	0.2	0.0	2	23 049
AT	2.1	2.2	2.4	2.3	2.3	2.4	2.6	2.7	2.7	2.7	2.6	2.5	2.4	2.4	0.3	0.0	17	6 795
PL	1.8	1.9	1.8	1.8	2.1	2.1	2.1	2.4	2.5	2.6	2.7	2.8	2.7	2.6	0.7	0.5	11	9 377
PT	3.5	3.5	3.3	3.5	3.4	2.7	3.0	3.2	3.1	3.1	3.1	3.0	2.9	2.6	-0.9	-0.1	10	4 398
RO	1.9	1.8	2.8	3.0	3.9	3.4	2.4	2.1	2.4	2.4	2.0	1.9	2.1	1.8	-0.1	-1.7	25	2 486
SI	4.2	4.4	4.5	5.1	4.2	2.9	3.3	3.3	3.3	3.3	3.2	3.0	3.0	3.0	-1.2	0.1	6	1 120
SK	2.3	2.1	2.1	1.9	2.0	2.2	2.0	2.2	2.4	2.5	2.4	2.3	2.1	2.0	-0.4	-0.2	21	1 283
FI	2.9	3.1	3.3	3.3	3.4	3.1	3.0	3.1	3.2	3.2	3.1	3.0	2.7	2.7	-0.2	-0.4	7	5 049
SE	2.8	3.1	2.9	3.0	2.9	2.8	2.8	2.9	2.9	2.8	2.9	2.8	2.7	2.7	0.0	-0.1	8	8 938
UK	2.9	2.9	2.9	3.1	3.1	3.0	2.8	2.7	2.7	2.6	2.5	2.4	2.5	2.4	-0.5	-0.6	16	44 034
NO	*4.4*	*4.5*	*4.3*	*4.1*	*3.9*	*3.4*	*3.4*	*3.4*	*3.3*	*3.3*	*3.1*	*3.1*	*3.0*	*2.7*	*-1.7*	*-0.8*		*8 241*
IS	*2.8*	*3.0*	*3.0*	*3.3*	*3.5*	*3.3*	*2.7*	*2.3*	*2.6*	*2.7*	*2.8*	*2.5*	*2.4*	*1.8*	*-1.1*	*-1.5*		*181*
EU-27 averages																		
weighted	:	:	:	2.8	2.9	2.7	2.7	2.7	2.7	2.7	2.6	2.5	2.5	2.4	:	-0.3		
arithmetic	:	:	:	2.9	3.0	2.8	2.8	2.7	2.8	2.9	2.8	2.7	2.7	2.6	:	-0.2		
EA-16 averages																		
weighted	2.7	2.7	2.7	2.7	2.7	2.6	2.6	2.6	2.6	2.6	2.5	2.5	2.4	2.3	-0.4	-0.3		
arithmetic	2.9	3.0	3.0	3.0	3.0	2.8	2.8	2.7	2.8	2.8	2.8	2.7	2.6	2.5	-0.4	-0.2		
EU-25 averages																		
weighted	2.8	2.8	2.8	2.8	2.8	2.7	2.7	2.7	2.7	2.7	2.6	2.5	2.5	2.4	-0.4	-0.3		
arithmetic	2.8	2.8	2.8	3.0	3.0	2.8	2.8	2.8	2.8	2.9	2.8	2.8	2.7	2.6	-0.2	-0.2		
Convergence indicators																		
St.dev/mean	30.4	29.0	27.1	29.1	27.5	25.1	24.4	24.7	23.6	25.3	27.8	31.1	31.0	32.1	1.8	7.0		
Max-min	3.6	3.3	3.3	3.4	3.7	3.6	3.3	3.4	3.3	3.6	4.0	4.4	4.1	4.1	0.5	0.5		

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 68: Environmental taxes as % of Total Taxation

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference 1) 1995 to 2008	2000 to 2008	Ranking 2008	Revenue 2) 2008
BE	5.1	5.6	5.6	5.4	5.4	5.0	5.0	4.9	5.1	5.3	5.2	4.9	4.8	4.4	-0.7	-0.6	27	6 780
BG	:	:	:	6.4	7.5	7.5	9.0	7.5	9.3	10.2	9.0	9.3	10.0	10.6	-	3.1	2	1 209
CZ	8.0	7.8	7.3	7.3	7.7	7.6	7.7	7.3	7.4	7.1	7.3	7.0	6.7	6.8	-1.3	-0.8	13	3 628
DK	9.3	9.8	9.9	10.7	10.8	10.7	10.8	11.2	10.8	11.4	11.8	12.4	12.0	11.9	2.5	1.2	1	13 329
DE	5.8	5.4	5.3	5.2	5.5	5.7	6.3	6.4	6.7	6.5	6.3	6.1	5.7	5.7	-0.2	0.0	22	55 468
EE	2.7	4.3	4.6	5.7	5.2	5.5	7.0	6.4	6.1	6.9	7.4	7.1	7.0	7.3	4.6	1.9	9	379
IE	9.2	9.4	9.3	9.4	9.3	9.1	7.9	8.3	8.1	8.3	8.2	7.7	7.8	8.3	-0.9	-0.8	5	4 409
EL	10.7	10.5	10.1	8.9	8.2	6.8	7.7	6.8	6.7	6.9	6.6	6.3	6.3	6.0	-4.7	-0.7	19	4 716
ES	6.7	6.6	6.4	6.9	6.9	6.5	6.2	6.1	6.1	5.8	5.4	5.1	4.9	4.9	-1.8	-1.5	25	17 773
FR	6.5	6.5	6.2	6.1	6.0	5.6	5.3	5.8	5.6	5.6	5.3	5.2	5.0	4.9	-1.6	-0.7	26	41 058
IT	8.8	8.2	7.8	7.8	8.0	7.4	7.1	6.9	7.1	6.8	6.7	6.4	6.0	5.7	-3.2	-1.7	21	38 193
CY	10.7	10.7	9.8	9.1	8.8	8.9	9.6	9.4	11.4	11.9	9.9	9.0	8.2	8.0	-2.7	-0.9	7	542
LV	3.7	5.5	6.8	9.0	7.7	8.1	7.6	8.1	8.8	9.1	9.2	7.9	6.8	6.7	3.1	-1.4	14	449
LT	6.8	6.9	7.0	8.0	9.1	8.1	8.8	9.7	9.8	9.6	8.1	6.1	6.0	5.5	-1.3	-2.6	24	534
LU	8.0	7.8	7.5	7.4	7.3	7.1	7.1	7.1	7.3	8.2	7.8	7.3	7.1	7.0	-1.0	-0.1	11	986
HU	7.2	7.2	7.5	8.8	8.6	7.6	7.4	7.4	7.0	7.3	7.3	7.6	7.0	6.7	-0.5	-0.9	15	2 853
MT	11.9	12.0	12.8	15.4	14.9	13.1	12.1	10.9	10.9	9.3	9.8	10.0	10.9	10.2	-1.7	-2.9	3	201
NL	9.1	9.6	9.5	9.7	9.8	9.8	9.9	9.7	9.9	10.3	10.5	10.3	9.8	9.9	0.8	0.1	4	23 049
AT	5.2	5.0	5.4	5.2	5.3	5.6	5.8	6.1	6.3	6.3	6.2	6.0	5.8	5.6	0.5	0.0	23	6 795
PL	5.0	5.2	5.0	5.2	6.0	6.4	6.4	7.3	7.6	8.2	8.1	8.2	7.7	7.5	2.6	1.1	8	9 377
PT	10.9	10.8	10.0	10.5	9.9	8.0	8.8	9.1	8.9	9.1	8.7	8.3	8.0	7.2	-3.7	-0.8	10	4 398
RO	6.4	6.8	10.6	10.6	12.6	11.4	8.2	7.6	8.5	8.7	7.2	6.8	7.1	6.3	-0.1	-5.0	17	2 486
SI	10.8	11.5	12.2	13.4	10.9	7.9	8.6	8.6	8.7	8.7	8.3	7.9	8.0	8.1	-2.7	0.2	6	1 120
SK	5.8	5.4	5.5	5.2	5.6	6.5	5.9	6.6	7.4	7.9	7.6	7.8	7.2	6.8	1.0	0.3	12	1 283
FI	6.4	6.6	7.2	7.2	7.5	6.6	6.6	6.8	7.2	7.4	7.0	6.9	6.4	6.3	-0.1	-0.3	18	5 049
SE	5.8	6.2	5.8	5.8	5.5	5.4	5.6	6.0	6.0	5.8	5.8	5.6	5.5	5.8	0.0	0.4	20	8 938
UK	8.3	8.5	8.3	8.6	8.6	8.1	7.6	7.8	7.7	7.4	6.9	6.5	6.7	6.5	-1.8	-1.7	16	44 034
NO	*10.4*	*10.5*	*10.3*	*9.7*	*9.1*	*8.0*	*8.0*	*7.9*	*7.8*	*7.5*	*7.0*	*7.0*	*6.9*	*6.3*	*-4.1*	*-1.7*		*8 241*
IS	*8.5*	*8.8*	*8.7*	*9.7*	*9.4*	*8.8*	*7.6*	*6.6*	*7.0*	*7.0*	*6.9*	*6.0*	*5.9*	*4.8*	*-3.7*	*-4.0*		*181*
EU-27 averages																		
weighted	:	:	:	6.9	7.0	6.8	6.7	6.9	6.9	6.8	6.6	6.4	6.2	6.1	:	-0.7		
arithmetic	:	:	:	8.1	8.1	7.6	7.6	7.6	7.9	8.0	7.7	7.4	7.2	7.1	:	-0.6		
EA-16 averages																		
weighted	6.8	6.7	6.5	6.5	6.6	6.4	6.5	6.5	6.7	6.6	6.4	6.2	5.8	5.8	-1.1	-0.6		
arithmetic	8.2	8.2	8.1	8.3	8.1	7.5	7.5	7.5	7.7	7.8	7.5	7.2	7.0	6.8	-1.4	-0.7		
EU-25 averages																		
weighted	7.0	6.9	6.8	6.9	7.0	6.7	6.7	6.9	6.9	6.8	6.6	6.4	6.2	6.1	-1.0	-0.7		
arithmetic	7.5	7.7	7.7	8.1	7.9	7.5	7.6	7.6	7.8	7.9	7.7	7.3	7.1	7.0	-0.6	-0.5		
Convergence indicators																		
St.dev/mean	31.9	28.9	29.0	31.5	29.3	25.3	22.2	20.6	21.5	21.8	21.0	23.4	24.7	25.8	-6.1	0.5		
Max-min	9.2	7.8	8.2	10.2	9.6	8.0	7.1	6.3	6.3	6.7	6.5	7.6	7.2	7.4	-1.8	-0.6		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 69: Environmental taxes as % of GDP - Energy

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1)] 1995 to 2008	Difference[1)] 2000 to 2008	Ranking 2008	Revenue[2)] 2008
BE	1.5	1.6	1.6	1.6	1.5	1.4	1.4	1.4	1.4	1.5	1.5	1.4	1.3	1.2	-0.3	-0.2	26	4 297
BG	:	:	:	1.9	2.1	2.3	2.6	2.0	2.6	3.0	2.7	2.7	3.0	3.1	-	0.8	1	1 048
CZ	2.3	2.2	2.1	2.0	2.2	2.1	2.3	2.2	2.3	2.4	2.5	2.4	2.3	2.3	0.0	0.1	4	3 363
DK	2.1	2.3	2.2	2.4	2.6	2.5	2.7	2.6	2.6	2.5	2.3	2.2	2.1	2.1	0.0	-0.4	7	4 923
DE	1.9	1.8	1.8	1.7	1.9	2.0	2.1	2.2	2.3	2.2	2.1	2.0	1.9	1.8	-0.1	-0.2	13	45 678
EE	0.6	1.0	1.2	1.6	1.4	1.2	1.6	1.5	1.5	1.8	1.9	1.8	1.9	2.0	1.4	0.7	8	318
IE	1.7	1.7	1.7	1.7	1.6	1.4	1.2	1.3	1.3	1.4	1.3	1.3	1.2	1.3	-0.5	-0.2	25	2 311
EL	2.5	2.5	2.3	2.1	1.8	1.6	1.5	1.4	1.3	1.3	1.2	1.2	1.2	1.2	-1.3	-0.4	27	2 839
ES	1.8	1.8	1.7	1.9	1.8	1.7	1.7	1.7	1.6	1.6	1.5	1.4	1.4	1.3	-0.5	-0.4	24	14 211
FR	2.0	2.0	2.0	2.0	2.0	1.8	1.7	1.8	1.7	1.7	1.6	1.6	1.5	1.4	-0.6	-0.4	22	27 864
IT	3.1	3.0	3.0	2.9	2.9	2.6	2.4	2.3	2.4	2.2	2.2	2.2	2.1	1.9	-1.2	-0.7	12	29 897
CY	0.5	0.5	0.5	0.5	0.5	0.7	1.0	1.0	1.9	2.1	1.9	1.8	1.8	1.6	1.0	0.9	19	272
LV	1.0	1.5	1.8	2.7	2.1	1.8	1.6	1.8	2.0	2.1	2.2	2.0	1.7	1.7	0.6	-0.2	17	383
LT	1.1	1.1	1.3	1.7	2.1	1.8	1.8	2.0	2.0	1.8	1.7	1.6	1.6	1.5	0.5	-0.2	20	498
LU	2.8	2.8	2.8	2.8	2.7	2.7	2.7	2.6	2.7	2.9	2.8	2.5	2.4	2.3	-0.5	-0.3	3	919
HU	2.6	2.4	2.3	2.8	2.7	2.4	2.3	2.2	2.3	2.0	2.1	2.1	2.0	2.0	-0.7	-0.5	9	2 072
MT	0.9	0.8	1.3	1.6	1.6	1.4	1.5	1.4	1.3	1.3	1.3	1.3	1.8	1.5	0.7	0.1	21	86
NL	1.7	1.7	1.8	1.8	1.9	1.9	1.8	1.8	1.8	1.9	2.0	2.0	1.8	1.9	0.2	0.1	11	11 450
AT	1.4	1.4	1.7	1.6	1.6	1.6	1.7	1.7	1.8	1.9	1.8	1.6	1.6	1.6	0.2	0.0	18	4 603
PL	1.2	1.4	1.3	1.5	1.8	1.8	1.8	2.0	2.1	2.1	2.3	2.3	2.4	2.3	1.0	0.5	5	8 163
PT	2.6	2.6	2.4	2.4	2.2	1.6	1.9	2.1	2.2	2.2	2.1	2.0	2.0	1.9	-0.7	0.3	10	3 201
RO	1.5	1.5	2.3	2.5	3.7	3.2	1.9	1.7	2.0	2.1	1.8	1.7	1.7	1.4	-0.1	-1.8	23	1 968
SI	3.1	3.3	3.5	3.9	3.3	2.4	2.7	2.7	2.6	2.6	2.5	2.3	2.3	2.4	-0.8	-0.1	2	881
SK	2.1	1.9	1.8	1.7	1.8	2.0	1.7	1.9	2.2	2.2	2.1	2.0	1.8	1.8	-0.3	-0.2	15	1 153
FI	2.1	2.1	2.3	2.2	2.2	2.0	1.9	2.0	2.0	1.9	1.9	1.8	1.6	1.8	-0.4	-0.2	16	3 272
SE	2.4	2.7	2.6	2.6	2.5	2.4	2.4	2.5	2.5	2.4	2.4	2.3	2.2	2.2	-0.2	-0.2	6	7 189
UK	2.3	2.3	2.3	2.4	2.4	2.4	2.2	2.2	2.1	2.0	2.0	1.9	1.8	1.8	-0.5	-0.6	14	32 633
NO	*2.2*	*2.1*	*2.1*	*2.0*	*2.0*	*1.7*	*1.7*	*1.7*	*1.6*	*1.5*	*1.4*	*1.3*	*1.3*	*1.2*	*-1.0*	*-0.5*		*3 807*
IS	*1.4*	*1.4*	*1.3*	*1.1*	*1.1*	*1.1*	*1.0*	*0.9*	*0.9*	*0.9*	*1.0*	*1.3*	*1.2*	*1.0*	*-0.4*	*-0.1*		*102*
EU-27 averages																		
weighted	:	:	:	2.1	2.2	2.1	2.0	2.0	2.0	2.0	1.9	1.9	1.8	1.7	:	-0.4		
arithmetic	:	:	:	2.1	2.1	2.0	1.9	1.9	2.0	2.0	2.0	1.9	1.9	1.8	:	-0.1		
EA-16 averages																		
weighted	2.1	2.1	2.1	2.0	2.1	2.0	2.0	2.0	2.0	1.9	1.9	1.8	1.7	1.7	-0.5	-0.3		
arithmetic	2.0	2.0	2.0	2.0	2.0	1.8	1.8	1.8	1.9	1.9	1.9	1.8	1.7	1.7	-0.3	-0.1		
EU-25 averages																		
weighted	2.1	2.1	2.1	2.1	2.2	2.1	2.0	2.0	2.0	2.0	1.9	1.9	1.8	1.7	-0.4	-0.4		
arithmetic	1.9	1.9	2.0	2.1	2.0	1.9	1.9	1.9	2.0	2.0	2.0	1.9	1.8	1.8	-0.1	-0.1		
Convergence indicators																		
St.dev/mean	38.7	35.3	31.9	30.8	30.1	27.1	24.0	22.7	20.9	21.6	21.0	20.8	21.9	23.4	-15.2	-3.7		
Max-min	2.6	2.8	3.0	3.4	3.2	2.5	1.8	1.7	1.4	1.7	1.6	1.5	1.8	1.9	-0.7	-0.6		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 70: Environmental taxes as % of Total Taxation - Energy

															Difference[1]		Ranking	Revenue[2]
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	1995 to 2008	2000 to 2008	2008	2008
BE	3.5	3.6	3.5	3.4	3.3	3.2	3.1	3.0	3.2	3.3	3.3	3.1	3.0	2.8	-0.7	-0.4	27	4 297
BG	:	:	:	6.1	6.9	7.0	8.5	6.6	8.2	9.0	8.0	8.1	8.9	9.2	-	2.2	1	1 048
CZ	6.4	6.3	6.1	6.1	6.4	6.3	6.7	6.3	6.4	6.5	6.7	6.5	6.2	6.3	-0.1	-0.1	5	3 363
DK	4.4	4.6	4.4	4.9	5.2	5.1	5.5	5.4	5.4	5.1	4.6	4.5	4.4	4.4	0.0	-0.8	18	4 923
DE	4.9	4.5	4.3	4.2	4.6	4.9	5.3	5.5	5.8	5.6	5.3	5.1	4.7	4.7	-0.2	-0.2	15	45 678
EE	1.5	3.0	3.5	4.7	4.2	4.0	5.3	4.8	5.0	5.9	6.3	5.9	5.7	6.1	4.6	2.2	6	318
IE	5.2	5.2	5.2	5.2	5.0	4.5	4.0	4.5	4.4	4.5	4.3	3.9	3.9	4.3	-0.9	-0.2	20	2 311
EL	8.5	8.4	7.4	6.4	5.5	4.6	4.6	4.1	4.1	4.0	3.9	3.7	3.7	3.6	-4.9	-0.9	25	2 839
ES	5.5	5.4	5.2	5.6	5.5	5.1	4.9	4.9	4.8	4.6	4.2	3.9	3.7	3.9	-1.5	-1.2	23	14 211
FR	4.7	4.6	4.5	4.5	4.4	4.2	3.9	4.1	4.0	4.0	3.7	3.6	3.4	3.3	-1.4	-0.8	26	27 864
IT	7.9	7.2	6.8	6.7	6.8	6.2	5.9	5.6	5.8	5.5	5.4	5.2	4.8	4.4	-3.4	-1.7	17	29 897
CY	2.0	2.1	1.9	1.9	2.0	2.3	3.1	3.2	5.8	6.2	5.4	5.0	4.3	4.0	2.0	1.7	22	272
LV	3.1	5.0	5.6	7.9	6.4	6.2	5.8	6.2	6.9	7.5	7.7	6.5	5.6	5.7	2.7	-0.5	8	383
LT	4.0	4.1	4.1	5.4	6.8	5.8	6.4	7.1	7.1	6.5	6.1	5.6	5.4	5.1	1.1	-0.7	10	498
LU	7.6	7.4	7.2	7.1	7.0	6.8	6.8	6.7	7.0	7.9	7.6	7.0	6.6	6.6	-1.1	-0.2	3	919
HU	6.4	6.0	6.2	7.4	7.2	6.3	6.0	5.9	6.1	5.5	5.5	5.6	5.0	4.9	-1.6	-1.4	13	2 072
MT	3.2	3.2	4.6	6.2	5.8	4.9	5.0	4.3	4.1	3.8	3.8	3.9	5.2	4.4	1.2	-0.5	19	86
NL	4.2	4.3	4.6	4.6	4.6	4.6	4.7	4.8	4.9	5.1	5.3	5.2	4.6	4.9	0.8	0.3	12	11 450
AT	3.4	3.4	3.8	3.5	3.6	3.7	3.8	4.0	4.1	4.3	4.2	3.9	3.9	3.8	0.4	0.2	24	4 603
PL	3.3	3.7	3.6	4.1	5.1	5.4	5.5	6.1	6.5	6.7	6.9	6.7	6.8	6.6	3.2	1.2	2	8 163
PT	8.1	7.8	7.1	7.3	6.5	4.7	5.5	6.2	6.4	6.4	6.0	5.7	5.6	5.2	-2.9	0.5	9	3 201
RO	5.1	5.4	8.8	8.8	12.0	10.7	6.7	6.2	7.3	7.9	6.6	6.0	5.8	5.0	-0.1	-5.6	11	1 968
SI	8.0	8.7	9.4	10.4	8.5	6.5	7.3	7.1	6.7	6.7	6.4	6.1	6.2	6.4	-1.6	-0.2	4	881
SK	5.2	4.8	4.9	4.6	5.0	5.8	5.2	5.7	6.5	7.1	6.8	6.8	6.3	6.1	0.9	0.3	7	1 153
FI	4.7	4.5	5.0	4.7	4.8	4.2	4.4	4.4	4.5	4.5	4.2	4.1	3.8	4.1	-0.6	-0.1	21	3 272
SE	5.0	5.4	5.0	5.1	4.8	4.5	4.8	5.1	5.2	5.0	4.9	4.7	4.6	4.7	-0.4	0.1	16	7 189
UK	6.6	6.7	6.6	6.7	6.7	6.5	6.1	6.2	6.0	5.8	5.4	5.0	5.0	4.8	-1.8	-1.6	14	32 633
NO	*5.3*	*5.0*	*5.0*	*4.8*	*4.6*	*4.1*	*4.0*	*3.9*	*3.9*	*3.4*	*3.2*	*3.0*	*3.0*	*2.9*	*-2.4*	*-1.2*		*3 807*
IS	*4.1*	*4.0*	*3.7*	*3.3*	*3.1*	*3.0*	*2.7*	*2.6*	*2.4*	*2.4*	*2.5*	*3.0*	*2.9*	*2.7*	*-1.4*	*-0.3*		*102*
EU-27 averages																		
weighted	:	:	:	5.2	5.3	5.1	5.1	5.2	5.2	5.1	4.9	4.7	4.5	4.4	:	-0.7		
arithmetic	:	:	:	5.7	5.7	5.3	5.4	5.3	5.6	5.7	5.5	5.2	5.1	5.0	:	-0.3		
EA-16 averages																		
weighted	5.3	5.1	5.0	4.9	5.0	4.8	4.8	4.9	5.0	4.9	4.7	4.5	4.2	4.2	-1.1	-0.7		
arithmetic	5.4	5.3	5.3	5.4	5.2	4.8	4.9	4.9	5.1	5.2	5.0	4.8	4.6	4.5	-0.9	-0.2		
EU-25 averages																		
weighted	5.4	5.3	5.2	5.2	5.3	5.1	5.1	5.2	5.2	5.1	4.9	4.7	4.4	4.4	-1.0	-0.7		
arithmetic	5.1	5.2	5.2	5.6	5.4	5.1	5.2	5.3	5.5	5.5	5.4	5.1	4.9	4.8	-0.2	-0.2		
Convergence indicators																		
St.dev/mean	37.5	33.0	32.1	31.4	32.9	29.4	23.3	21.1	22.0	24.6	23.8	23.9	25.1	26.1	-11.3	-3.3		
Max-min	7.0	6.7	7.5	8.5	10.0	8.3	5.4	4.1	5.0	5.7	4.7	5.0	5.9	6.4	-0.6	-1.9		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 71: Energy taxes as % of GDP - Transport fuel taxes

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	Difference[1] 2000 to 2008	Ranking 2008
BE	1.4	1.5	1.5	1.5	1.4	1.4	1.3	1.3	1.3	1.3	1.3	1.2	1.2	1.1	-0.3	-0.2	24
BG	:	:	:	:	:	:	:	:	:	:	:	:	2.9	3.0	-	-	1
CZ	:	:	:	:	:	:	:	:	:	2.3	2.3	2.2	2.2	2.1	-	-	4
DK	:	:	:	:	:	:	1.2	1.2	1.2	1.2	1.1	1.0	1.0	1.0	-	-	27
DE	:	:	:	:	:	:	:	:	1.8	1.7	1.6	1.5	1.4	1.4	-	-	14
EE	:	:	:	:	:	:	:	:	:	1.7	1.8	1.7	1.8	1.7	-	-	9
IE	:	:	:	:	:	:	:	:	1.1	1.2	1.2	1.2	1.1	1.2	-	-	22
EL	:	:	:	:	:	:	:	:	1.2	1.2	1.1	1.1	1.1	1.1	-	-	26
ES	:	:	:	:	1.6	1.5	1.4	1.5	1.4	1.4	1.3	1.2	1.2	1.1	-	-0.4	25
FR	:	:	:	:	:	:	:	:	1.5	1.5	1.4	1.3	1.3	1.2	-	-	21
IT	:	:	:	:	:	:	:	:	1.8	1.7	1.6	1.6	1.5	1.5	-	-	13
CY	:	:	:	:	:	:	:	:	:	1.5	1.6	1.4	1.3	1.3	-	-	16
LV	:	:	:	:	:	:	:	:	:	:	2.2	2.0	1.7	1.6	-	-	11
LT	:	:	:	:	:	:	:	:	:	1.7	1.7	1.6	1.6	1.5	-	-	12
LU	:	:	:	:	:	:	:	:	2.6	2.9	2.8	2.5	2.3	2.3	-	-	2
HU	:	:	:	:	:	:	:	:	:	1.8	1.8	1.9	1.9	1.9	-	-	5
MT	:	:	:	:	:	:	:	:	:	1.2	1.3	1.3	1.7	1.4	-	-	15
NL	:	:	:	:	:	1.3	1.2	1.3	1.3	1.3	1.3	1.3	1.2	1.2	-	-0.1	20
AT	:	:	:	1.3	1.3	1.2	1.3	1.3	1.4	1.4	1.4	1.3	1.3	1.3	-	0.1	18
PL	:	:	:	:	:	:	:	:	:	1.7	1.8	1.9	2.0	1.9	-	-	6
PT	:	:	:	:	:	:	:	:	1.9	2.0	1.9	1.9	1.9	1.8	-	-	7
RO	:	:	:	:	:	:	:	:	:	:	:	:	1.3	1.1	-	-	23
SI	:	:	:	:	:	1.8	2.2	2.2	2.2	2.2	2.1	2.1	2.1	2.2	-	0.4	3
SK	:	:	:	:	:	:	:	:	:	:	2.1	1.9	1.8	1.7	-	-	8
FI	:	:	:	:	:	:	:	1.4	1.4	1.4	1.4	1.3	1.3	1.3	-	-	17
SE	:	:	:	:	:	:	:	1.4	1.4	1.4	1.4	1.3	1.3	1.3	-	-	19
UK	:	:	:	:	:	:	:	:	1.9	1.9	1.8	1.7	1.7	1.7	-	-	10
NO	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-	
IS	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	-	-	
EU-27 averages																	
weighted	:	:	:	:	:	:	:	:	1.6	1.6	1.5	1.5	1.4	1.4	:	:	
arithmetic	1.4	1.5	1.5	1.4	1.4	1.4	1.4	1.5	1.6	1.6	1.7	1.6	1.6	1.6	0.1	0.1	
EA-16 averages																	
weighted	:	:	:	:	:	:	:	:	1.6	1.5	1.5	1.4	1.4	1.3	:	:	
arithmetic	1.4	1.5	1.5	1.4	1.4	1.4	1.5	1.5	1.6	1.6	1.6	1.5	1.5	1.4	0.0	0.0	
EU-25 averages																	
weighted	:	:	:	:	:	:	:	:	1.6	1.6	1.5	1.5	1.4	1.4	:	:	
arithmetic	1.4	1.5	1.5	1.4	1.4	1.4	1.4	1.5	1.6	1.6	1.7	1.6	1.6	1.5	0.1	0.1	
Convergence indicators																	
St.dev/mean	:	:	:	:	:	:	:	:	26.5	26.2	27.8	26.5	30.7	32.0	:	:	
Max-min	0.0	0.0	0.0	0.2	0.4	0.6	1.0	1.0	1.5	1.7	1.7	1.4	1.9	1.9	1.9	1.4	

1) In percentage points 2) In millions of euro

See explanatory notes in Annex B

Source: Commission services

Table 72: Energy taxes as % of Total Taxation - Transport fuel taxes

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1)] 1995 to 2008	2000 to 2008	Ranking 2008
BE	3.2	3.4	3.3	3.2	3.1	3.0	2.9	2.9	2.9	3.0	2.9	2.7	2.7	2.5	-0.7	-0.5	26
BG	:	:	:	:	:	:	:	:	:	:	:	:	8.5	8.9	-	-	1
CZ	:	:	:	:	:	:	:	:	:	6.0	6.3	6.1	5.8	5.7	-	-	5
DK	:	:	:	:	:	:	2.4	2.5	2.5	2.4	2.1	2.1	2.1	2.1	-	-	27
DE	:	:	:	:	:	:	:	:	4.4	4.3	4.1	3.9	3.7	3.6	-	-	16
EE	:	:	:	:	:	:	:	:	:	5.6	6.0	5.6	5.5	5.3	-	-	8
IE	:	:	:	:	:	:	:	:	3.9	4.1	3.9	3.6	3.6	4.0	-	-	15
EL	:	:	:	:	:	:	:	:	3.8	3.7	3.5	3.4	3.5	3.3	-	-	20
ES	:	:	:	:	4.8	4.5	4.3	4.3	4.2	4.0	3.7	3.4	3.2	3.4	-	-1.1	19
FR	:	:	:	:	:	:	:	:	3.4	3.4	3.1	3.0	3.0	2.8	-	-	24
IT	:	:	:	:	:	:	:	:	4.3	4.1	4.0	3.8	3.5	3.5	-	-	17
CY	:	:	:	:	:	:	:	:	:	4.5	4.5	3.9	3.2	3.4	-	-	18
LV	:	:	:	:	:	:	:	:	:	:	7.7	6.5	5.6	5.7	-	-	6
LT	:	:	:	:	:	:	:	:	:	6.2	5.9	5.4	5.3	5.0	-	-	9
LU	:	:	:	:	:	:	:	:	6.8	7.7	7.4	6.9	6.5	6.4	-	-	2
HU	:	:	:	:	:	:	:	:	:	4.8	4.9	5.2	4.7	4.7	-	-	11
MT	:	:	:	:	:	:	:	:	:	3.8	3.7	3.7	4.9	4.1	-	-	13
NL	:	:	:	:	:	3.2	3.1	3.3	3.4	3.6	3.4	3.3	3.2	3.2	-	-0.1	21
AT	:	:	:	2.8	2.9	2.8	2.8	3.0	3.2	3.3	3.2	3.1	3.0	3.0	-	0.2	23
PL	:	:	:	:	:	:	:	:	:	5.3	5.6	5.5	5.6	5.4	-	-	7
PT	:	:	:	:	:	:	:	:	5.6	6.0	5.4	5.4	5.2	4.9	-	-	10
RO	:	:	:	:	:	:	:	:	:	:	:	:	4.6	4.0	-	-	14
SI	:	:	:	:	:	4.8	5.7	5.9	5.7	5.8	5.5	5.5	5.7	5.8	-	1.0	4
SK	:	:	:	:	:	:	:	:	:	:	6.6	6.6	6.0	5.9	-	-	3
FI	:	:	:	:	:	:	:	3.2	3.3	3.3	3.2	3.0	3.0	3.0	-	-	22
SE	:	:	:	:	:	:	:	3.0	2.9	2.8	2.8	2.6	2.6	2.7	-	-	25
UK	:	:	:	:	:	:	:	:	5.6	5.4	5.0	4.7	4.7	4.5	-	-	12
NO	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*2.2*	*2.0*	*1.8*	*1.8*	*1.7*	-	-	
IS	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	-	-	
EU-27 averages																	
weighted	:	:	:	:	:	:	:	:	4.0	4.1	3.9	3.7	3.6	3.6	:	:	
arithmetic	3.2	3.4	3.3	3.0	3.6	3.7	3.5	3.5	4.1	4.5	4.6	4.4	4.4	4.3	1.1	0.7	
EA-16 averages																	
weighted	:	:	:	:	:	:	:	:	4.0	3.9	3.7	3.5	3.4	3.3	:	:	
arithmetic	3.2	3.4	3.3	3.0	3.6	3.7	3.8	3.8	4.2	4.3	4.3	4.1	4.0	3.9	0.7	0.3	
EU-25 averages																	
weighted	:	:	:	:	:	:	:	:	4.0	4.1	3.9	3.7	3.6	3.6	:	:	
arithmetic	3.2	3.4	3.3	3.0	3.6	3.7	3.5	3.5	4.1	4.5	4.6	4.4	4.2	4.2	0.9	0.5	
Convergence indicators																	
St.dev/mean	:	:	:	:	:	:	:	:	31.1	32.6	38.6	37.8	41.1	42.1	:	:	
Max-min	0.0	0.0	0.0	0.4	2.0	2.0	3.3	3.4	4.4	5.4	5.5	4.9	6.4	6.8	6.8	4.8	

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 73: Environmental taxes as % of GDP - Transport (excl. fuel)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	Difference[1] 2000 to 2008	Ranking 2008	Revenue[2] 2008
BE	0.6	0.7	0.7	0.7	0.7	0.6	0.7	0.7	0.7	0.7	0.7	0.6	0.6	0.6	0.0	-0.1	12	1 974
BG	:	:	:	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	-	0.2	19	114
CZ	0.4	0.4	0.3	0.3	0.4	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	-0.2	-0.2	24	233
DK	2.1	2.1	2.1	2.3	2.2	1.8	1.7	1.9	1.8	2.0	2.2	2.3	2.2	1.9	-0.2	0.0	1	4 318
DE	0.4	0.4	0.4	0.4	0.4	0.3	0.4	0.4	0.3	0.4	0.4	0.4	0.4	0.4	0.0	0.0	18	8 840
EE	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.1	0.1	0.1	0.1	0.0	-0.2	-0.2	27	7
IE	1.3	1.4	1.3	1.3	1.4	1.4	1.1	1.1	1.1	1.1	1.2	1.2	1.2	1.1	-0.1	-0.3	5	2 089
EL	0.6	0.6	0.8	0.8	0.9	0.8	1.0	0.9	0.8	0.9	0.9	0.8	0.8	0.8	0.1	0.0	7	1 877
ES	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.3	-0.1	-0.1	20	3 393
FR	0.6	0.7	0.6	0.6	0.6	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.0	0.1	11	11 260
IT	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.1	0.0	15	7 781
CY	2.3	2.3	2.0	2.0	1.9	2.0	2.0	1.9	1.8	1.9	1.6	1.5	1.6	1.6	-0.8	-0.4	3	271
LV	0.0	0.0	0.0	0.1	0.2	0.3	0.3	0.3	0.4	0.4	0.3	0.3	0.3	0.2	0.2	-0.1	22	53
LT	0.7	0.7	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.8	0.5	0.1	0.1	0.0	-0.7	-0.6	26	15
LU	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.0	0.0	23	67
HU	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.2	0.5	0.5	0.6	0.6	0.6	0.4	0.2	10	612
MT	2.3	2.2	2.3	2.3	2.5	2.3	2.1	2.0	2.1	1.8	1.8	1.8	1.7	1.7	-0.6	-0.6	2	97
NL	1.3	1.5	1.3	1.4	1.5	1.4	1.3	1.2	1.2	1.3	1.3	1.4	1.4	1.3	0.0	-0.1	4	7 734
AT	0.7	0.7	0.7	0.7	0.7	0.8	0.9	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.0	-0.1	8	2 118
PL	0.2	0.2	0.3	0.1	0.1	0.2	0.2	0.2	0.2	0.3	0.3	0.2	0.2	0.3	0.1	0.1	21	911
PT	0.9	1.0	1.0	1.1	1.2	1.1	1.1	1.0	0.9	0.9	1.0	0.9	0.9	0.7	-0.2	-0.4	9	1 196
RO	0.0	0.0	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.3	0.4	0.4	0.3	17	504
SI	1.0	1.0	1.0	1.1	0.9	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	-0.6	0.0	16	177
SK	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	-0.1	-0.1	25	101
FI	0.8	1.0	1.0	1.1	1.2	1.1	1.0	1.0	1.2	1.2	1.2	1.1	1.0	0.9	0.1	-0.2	6	1 674
SE	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.5	0.2	0.2	14	1 669
UK	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	-0.1	0.0	13	9 758
NO	*1.4*	*1.5*	*1.4*	*1.5*	*1.4*	*1.2*	*1.3*	*1.4*	*1.4*	*1.5*	*1.4*	*1.4*	*1.4*	*1.2*	*-0.2*	*-0.1*		*3 577*
IS	*1.2*	*1.4*	*1.5*	*1.8*	*1.9*	*1.7*	*1.3*	*1.2*	*1.4*	*1.5*	*1.5*	*1.0*	*1.0*	*0.6*	*-0.7*	*-1.2*		*58*
EU-27 averages																		
weighted	:	:	:	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	:	:	:	0.7	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.6	:	-0.1		
EA-16 averages																		
weighted	0.5	0.6	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.0	0.0		
arithmetic	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.7	-0.1	-0.1		
EU-25 averages																		
weighted	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.0	0.0		
arithmetic	0.8	0.8	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.6	-0.1	-0.1		
Convergence indicators																		
St.dev/mean	87.3	83.5	85.3	89.1	85.9	84.8	82.6	80.6	83.6	80.1	81.7	84.7	80.7	79.4	-7.9	-5.4		
Max-min	2.3	2.3	2.2	2.3	2.3	2.2	2.1	1.9	2.1	1.9	2.1	2.2	2.2	1.8	-0.5	-0.4		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 74: Environmental taxes as % of Total Taxation - Transport (excl. fuel)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	Difference[1] 2000 to 2008	Ranking 2008	Revenue[2] 2008
BE	1.3	1.5	1.5	1.4	1.6	1.4	1.5	1.5	1.5	1.5	1.5	1.4	1.4	1.3	0.0	-0.1	13	1 974
BG	:	:	:	0.3	0.5	0.5	0.5	0.6	0.7	0.6	0.7	0.9	0.9	1.0	-	0.5	18	114
CZ	1.1	1.1	0.8	0.9	1.0	1.0	0.9	0.9	0.8	0.5	0.5	0.5	0.4	0.4	-0.7	-0.5	25	233
DK	4.3	4.3	4.4	4.6	4.3	3.7	3.5	3.9	3.7	4.1	4.3	4.6	4.5	3.8	-0.4	0.1	4	4 318
DE	1.0	0.9	0.9	1.0	0.8	0.8	1.0	0.9	0.9	0.9	1.0	1.0	0.9	0.9	-0.1	0.1	20	8 840
EE	0.8	0.9	0.7	0.6	0.6	0.7	0.7	0.6	0.1	0.2	0.2	0.2	0.2	0.1	-0.7	-0.5	27	7
IE	3.9	4.1	4.0	4.1	4.3	4.5	3.9	3.7	3.7	3.8	3.9	3.8	4.0	3.9	0.0	-0.6	3	2 089
EL	2.2	2.0	2.6	2.6	2.8	2.2	3.0	2.7	2.6	2.8	2.7	2.6	2.6	2.4	0.2	0.2	6	1 877
ES	1.2	1.2	1.1	1.3	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.1	0.9	-0.3	-0.3	19	3 393
FR	1.5	1.5	1.4	1.4	1.3	1.1	1.1	1.3	1.3	1.3	1.3	1.3	1.4	1.3	-0.1	0.2	12	11 260
IT	1.0	0.8	0.8	0.9	1.1	1.1	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	0.2	0.0	16	7 781
CY	8.7	8.6	7.8	7.2	6.9	6.6	6.5	6.3	5.5	5.7	4.5	4.0	3.9	4.0	-4.7	-2.6	2	271
LV	0.0	0.0	0.1	0.3	0.5	1.1	1.1	1.2	1.3	1.2	1.1	1.0	0.9	0.8	0.8	-0.4	21	53
LT	2.7	2.6	2.7	2.4	2.2	2.2	2.3	2.6	2.6	2.8	1.7	0.3	0.4	0.1	-2.5	-2.1	26	15
LU	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.5	0.5	0.1	0.2	24	67
HU	0.4	0.8	0.8	0.8	1.0	1.0	1.0	1.1	0.4	1.3	1.4	1.6	1.6	1.4	1.0	0.5	11	612
MT	8.7	8.8	8.2	9.1	9.0	8.1	7.1	6.3	6.8	5.4	5.3	5.4	4.8	4.9	-3.8	-3.2	1	97
NL	3.3	3.7	3.2	3.5	3.6	3.5	3.4	3.2	3.3	3.4	3.5	3.5	3.5	3.3	0.0	-0.2	5	7 734
AT	1.7	1.6	1.6	1.6	1.6	1.9	1.9	2.0	2.1	1.9	2.0	2.0	1.8	1.8	0.1	-0.1	9	2 118
PL	0.5	0.6	0.7	0.3	0.4	0.6	0.5	0.7	0.7	1.1	0.9	0.7	0.7	0.7	0.2	0.2	22	911
PT	2.8	3.0	2.9	3.2	3.4	3.3	3.3	2.9	2.5	2.7	2.7	2.5	2.4	2.0	-0.8	-1.3	8	1 196
RO	0.0	0.0	0.3	0.2	0.4	0.2	0.2	0.3	0.2	0.2	0.2	0.5	1.2	1.3	1.3	1.1	14	504
SI	2.6	2.7	2.6	2.9	2.3	1.2	1.2	1.1	1.2	1.3	1.3	1.2	1.3	1.3	-1.3	0.1	15	177
SK	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.6	0.6	0.6	0.7	0.7	0.5	-0.1	-0.2	23	101
FI	1.7	2.0	2.1	2.3	2.5	2.3	2.2	2.3	2.6	2.9	2.6	2.6	2.4	2.1	0.4	-0.2	7	1 674
SE	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.9	1.1	0.4	0.4	17	1 669
UK	1.7	1.7	1.7	1.7	1.7	1.6	1.3	1.4	1.4	1.4	1.3	1.2	1.5	1.4	-0.3	-0.1	10	9 758
NO	*3.3*	*3.6*	*3.4*	*3.6*	*3.2*	*2.9*	*2.9*	*3.3*	*3.3*	*3.5*	*3.3*	*3.3*	*3.2*	*2.7*	*-0.6*	*-0.1*		*3 577*
IS	*3.7*	*4.2*	*4.4*	*5.3*	*5.2*	*4.7*	*3.7*	*3.4*	*3.9*	*4.0*	*3.8*	*2.4*	*2.4*	*1.5*	*-2.2*	*-3.2*		*58*
EU-27 averages																		
weighted	:	:	:	1.5	1.5	1.4	1.4	1.4	1.4	1.5	1.5	1.4	1.5	1.4	:	0.0		
arithmetic	:	:	:	2.1	2.1	2.0	1.9	1.9	1.9	1.9	1.8	1.7	1.7	1.7	:	-0.3		
EA-16 averages																		
weighted	1.4	1.4	1.3	1.4	1.4	1.3	1.4	1.4	1.4	1.4	1.5	1.5	1.4	1.4	0.0	0.0		
arithmetic	2.7	2.7	2.6	2.7	2.7	2.5	2.5	2.4	2.3	2.3	2.2	2.2	2.1	2.0	-0.6	-0.5		
EU-25 averages																		
weighted	1.4	1.4	1.4	1.5	1.5	1.4	1.4	1.4	1.4	1.5	1.5	1.4	1.5	1.4	0.0	0.0		
arithmetic	2.2	2.2	2.2	2.2	2.2	2.1	2.1	2.0	2.0	2.0	1.9	1.8	1.8	1.7	-0.5	-0.4		
Convergence indicators																		
St.dev/mean	103.5	100.7	99.8	103.2	98.7	96.4	90.3	84.9	87.7	80.2	78.5	81.4	76.2	77.5	-26.0	-18.8		
Max-min	8.7	8.8	8.2	9.0	8.7	7.9	6.8	6.1	6.7	5.5	5.0	5.2	4.7	4.8	-3.9	-3.2		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Tables

Table 75: Environmental taxes as % of GDP - Pollution/Resources

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference 1) 1995 to 2008	Difference 1) 2000 to 2008	Ranking 2008	Revenue 2) 2008
BE	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.0	0.0	7	509
BG	:	:	:	0.0	0.0	0.0	0.0	0.1	0.2	0.2	0.1	0.1	0.1	0.1	-	0.1	8	47
CZ	0.2	0.2	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	-0.1	20	32
DK	0.3	0.5	0.5	0.6	0.6	0.9	0.9	0.9	0.9	1.1	1.4	1.7	1.5	1.8	1.4	0.8	1	4 088
DE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	16	950
EE	0.1	0.1	0.1	0.1	0.1	0.2	0.3	0.3	0.3	0.2	0.3	0.3	0.3	0.3	0.2	0.1	3	55
IE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	23	10
EL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	25	0
ES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	21	169
FR	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1	-0.1	0.0	9	1 934
IT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	17	515
CY	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	25	0
LV	0.2	0.2	0.4	0.3	0.3	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	-0.1	-0.2	13	14
LT	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.0	0.1	12	21
LU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	25	0
HU	0.1	0.2	0.2	0.2	0.1	0.2	0.1	0.2	0.2	0.2	0.1	0.1	0.1	0.2	0.0	0.0	6	169
MT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.2	0.2	0.3	0.3	0.3	0.3	4	18
NL	0.6	0.6	0.7	0.6	0.6	0.7	0.7	0.6	0.6	0.6	0.6	0.7	0.6	0.6	0.0	0.0	2	3 865
AT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18	74
PL	0.4	0.3	0.3	0.3	0.2	0.2	0.1	0.2	0.1	0.1	0.1	0.3	0.1	0.1	-0.3	-0.1	11	303
PT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	24	0
RO	0.4	0.4	0.4	0.5	0.0	0.1	0.4	0.3	0.3	0.2	0.1	0.1	0.0	0.0	-0.4	-0.1	22	14
SI	0.1	0.0	0.0	0.0	0.0	0.1	0.1	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0.1	0.1	5	62
SK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	15	29
FI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1	0.1	0.1	0.1	0.0	0.0	14	103
SE	0.0	0.1	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	-0.1	19	80
UK	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	10	1 643
NO	*0.7*	*0.8*	*0.8*	*0.6*	*0.5*	*0.5*	*0.4*	*0.3*	*0.3*	*0.3*	*0.2*	*0.3*	*0.3*	*0.3*	*-0.5*	*-0.2*		*857*
IS	*0.2*	*0.2*	*0.2*	*0.4*	*0.4*	*0.4*	*0.4*	*0.2*	*0.2*	*0.3*	*0.2*	*0.3*	*0.2*	*0.2*	*0.0*	*-0.2*		*21*
EU-27 averages																		
weighted	:	:	:	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	:	0.0		
arithmetic	:	:	:	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	:	0.0		
EA-16 averages																		
weighted	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0		
arithmetic	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0		
EU-25 averages																		
weighted	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0		
arithmetic	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.1	0.0		
Convergence indicators																		
St.dev/mean	141.4	137.8	133.3	144.7	163.7	172.4	164.7	147.4	145.0	164.2	184.4	196.9	201.7	216.5	75.1	44.1		
Max-min	0.6	0.6	0.7	0.6	0.6	0.9	0.9	0.9	0.9	1.1	1.4	1.7	1.5	1.8	1.1	0.8		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 76: Environmental taxes as % of Total Taxation - Pollution/Resources

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1) 1995 to 2008	Difference[1) 2000 to 2008	Ranking 2008	Revenue[2) 2008
BE	0.4	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.5	0.5	0.4	0.3	0.3	0.0	-0.1	8	509
BG	:	:	:	0.0	0.0	0.0	0.0	0.3	0.5	0.6	0.4	0.4	0.3	0.4	-	0.4	6	47
CZ	0.6	0.5	0.4	0.3	0.2	0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	-0.5	-0.2	19	32
DK	0.7	0.9	1.1	1.2	1.3	1.9	1.8	1.8	1.8	2.2	2.8	3.4	3.1	3.6	2.9	1.8	1	4 088
DE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	16	950
EE	0.4	0.4	0.4	0.4	0.4	0.8	1.0	0.9	1.0	0.8	0.9	1.1	1.1	1.1	0.7	0.3	3	55
IE	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	23	10
EL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	25	0
ES	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	21	169
FR	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.4	0.3	0.3	0.3	0.3	0.2	0.2	-0.1	-0.1	11	1 934
IT	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	17	515
CY	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	25	0
LV	0.6	0.5	1.1	0.8	0.8	0.7	0.7	0.7	0.6	0.4	0.4	0.3	0.2	0.2	-0.4	-0.5	13	14
LT	0.1	0.2	0.2	0.1	0.2	0.0	0.0	0.0	0.1	0.3	0.3	0.2	0.2	0.2	0.1	0.2	12	21
LU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	25	0
HU	0.3	0.5	0.5	0.6	0.4	0.4	0.4	0.4	0.5	0.5	0.3	0.4	0.4	0.4	0.1	0.0	7	169
MT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.1	0.7	0.7	0.9	0.9	0.9	0.9	4	18
NL	1.6	1.6	1.6	1.6	1.6	1.6	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	0.1	0.0	2	3 865
AT	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	18	74
PL	1.1	0.8	0.7	0.7	0.5	0.5	0.4	0.5	0.4	0.4	0.3	0.8	0.2	0.2	-0.9	-0.2	9	303
PT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	24	0
RO	1.3	1.4	1.6	1.6	0.1	0.5	1.3	1.2	1.0	0.6	0.4	0.3	0.1	0.0	-1.3	-0.4	22	14
SI	0.2	0.1	0.1	0.1	0.1	0.2	0.2	0.4	0.7	0.6	0.6	0.5	0.5	0.4	0.3	0.3	5	62
SK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.2	0.2	0.3	0.3	0.2	0.2	0.2	14	29
FI	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.1	0.1	0.0	15	103
SE	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	-0.1	20	80
UK	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	10	1 643
NO	*1.8*	*1.9*	*1.9*	*1.3*	*1.3*	*1.1*	*1.0*	*0.8*	*0.7*	*0.6*	*0.5*	*0.7*	*0.6*	*0.7*	*-1.1*	*-0.4*		*857*
IS	*0.7*	*0.7*	*0.7*	*1.1*	*1.1*	*1.1*	*1.2*	*0.5*	*0.7*	*0.7*	*0.6*	*0.6*	*0.5*	*0.5*	*-0.1*	*-0.6*		*21*
EU-27 averages																		
weighted	:	:	:	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3 #	:	0.1		
arithmetic	:	:	:	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	:	0.1		
EA-16 averages																		
weighted	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.0		
arithmetic	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.1	0.1		
EU-25 averages																		
weighted	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.1	0.1		
arithmetic	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.1	0.1		
Convergence indicators																		
St.dev/mean	142.6	137.5	135.2	145.3	152.7	155.3	153.8	134.1	132.5	141.5	154.6	165.7	175.8	189.0	46.4	33.8		
Max-min	1.6	1.6	1.6	1.6	1.6	1.9	1.8	1.8	1.8	2.2	2.8	3.4	3.1	3.6	2.1	1.8		

1) In percentage points 2) In millions of euro
See explanatory notes in Annex B
Source: Commission services

Table 77: Implicit tax rates in % - Consumption

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1) 1995 to 2008	Difference[1) 2000 to 2008	Ranking 2008
BE	20.5	21.1	21.3	21.1	22.1	21.8	20.9	21.4	21.4	22.1	22.3	22.5	22.1	21.2	0.7	-0.6	11
BG	:	:	:	18.8	17.6	19.7	18.9	18.7	20.6	23.2	24.4	25.5	26.6	26.4	-	6.8	6
CZ	22.1	21.2	19.4	18.6	19.7	19.4	18.9	19.3	19.6	21.8	22.2	21.2	22.1	21.1	-0.9	1.7	12
DK	30.5	31.6	31.9	32.7	33.7	33.4	33.5	33.7	33.3	33.3	33.9	34.2	33.8	32.4	1.8	-1.0	1
DE	18.8	18.3	18.1	18.3	19.0	18.9	18.5	18.5	18.6	18.2	18.1	18.3	19.8	19.8	1.0	0.9	17
EE	21.2	19.7	20.4	18.5	17.8	19.5	19.6	19.9	19.8	19.7	22.0	22.8	23.8	20.9	-0.3	1.5	14
IE	24.8	24.7	25.2	25.4	25.7	25.7	23.8	24.7	24.5	25.7	26.3	26.5	25.6	22.9	-1.9	-2.8	9
EL	:	:	:	:	:	16.5	16.7	16.1	15.5	15.3	14.8	15.2	15.5	15.1	-	-1.4	26
ES	14.2	14.4	14.6	15.3	15.9	15.7	15.2	15.4	15.8	16.0	16.3	16.3	15.9	14.1	-0.1	-1.6	27
FR	21.5	22.1	22.2	22.0	22.1	20.9	20.3	20.3	20.0	20.1	20.1	19.9	19.5	19.1	-2.5	-1.8	18
IT	17.4	17.1	17.3	17.8	18.0	17.9	17.3	17.1	16.6	16.8	16.7	17.3	17.2	16.4	-1.0	-1.5	25
CY	12.6	12.3	11.3	11.5	11.3	12.7	14.3	15.4	18.9	20.0	20.0	20.4	21.0	20.6	8.0	7.8	15
LV	19.4	17.9	18.9	21.1	19.5	18.7	17.5	17.4	18.6	18.5	20.2	20.1	19.6	17.5	-1.9	-1.2	24
LT	17.7	16.4	20.4	20.7	19.2	18.0	17.5	17.9	17.0	16.1	16.5	16.7	17.9	17.5	-0.1	-0.4	23
LU	21.0	20.8	21.5	21.5	22.4	23.0	22.6	22.6	23.8	25.4	26.3	26.3	27.0	27.1	6.1	4.1	3
HU	29.6	28.6	26.4	26.8	27.0	27.5	25.6	25.3	26.0	27.4	26.3	25.7	27.1	26.9	-2.7	-0.6	4
MT	14.8	14.0	14.8	13.8	14.8	15.9	16.5	18.1	16.5	17.5	19.7	19.9	20.3	20.0	5.1	4.1	16
NL	23.3	23.4	23.6	23.5	23.9	23.8	24.4	23.9	24.2	24.8	25.0	26.5	26.8	26.7	3.4	2.9	5
AT	20.5	21.1	22.1	22.3	22.8	22.1	22.1	22.5	22.2	22.1	21.7	21.2	21.6	22.1	1.6	0.0	10
PL	20.7	20.7	19.7	18.9	19.5	17.8	17.2	17.9	18.3	18.4	19.7	20.5	21.4	21.0	0.3	3.2	13
PT	18.7	19.1	18.9	19.6	19.7	18.9	18.9	19.4	19.5	19.3	20.3	20.6	20.1	19.1	0.4	0.2	19
RO	:	:	:	14.4	16.3	17.0	15.6	16.2	17.7	16.4	17.9	17.8	18.0	17.7	-	0.7	21
SI	24.6	24.1	22.9	24.4	25.1	23.5	23.0	23.9	24.0	23.9	23.6	23.8	23.8	23.9	-0.7	0.4	8
SK	26.4	24.6	23.6	23.0	21.4	21.7	18.8	19.1	20.7	21.2	21.9	19.9	20.2	18.4	-8.0	-3.3	20
FI	27.6	27.4	29.2	29.0	29.3	28.5	27.6	27.7	28.1	27.7	27.6	27.2	26.5	26.0	-1.6	-2.5	7
SE	27.6	26.9	26.7	27.2	26.9	26.3	26.6	26.8	26.9	26.9	27.3	27.4	27.8	28.4	0.8	2.2	2
UK	19.6	19.6	19.5	19.2	19.4	18.9	18.6	18.5	18.7	18.7	18.1	18.0	18.0	17.6	-2.1	-1.4	22
NO	*30.8*	*30.8*	*31.5*	*31.1*	*31.0*	*30.7*	*30.2*	*29.3*	*27.9*	*28.1*	*28.7*	*29.9*	*30.3*	*28.5*	*-2.3*	*-2.2*	
IS	*28.2*	*28.5*	*28.2*	*27.5*	*28.6*	*27.1*	*25.0*	*25.8*	*26.3*	*27.9*	*29.3*	*30.6*	*29.1*	*26.2*	*-2.0*	*-0.9*	
EU-27 average																	
weighted	:	:	:	20.0	20.4	19.9	19.5	19.5	19.6	19.6	19.6	19.7	20.0	19.5	:	-0.5	
weighted (adj.)	19.9	19.9	19.9	20.0	20.4	19.9	19.5	19.5	19.6	19.6	19.6	19.7	20.0	19.5	-0.4	-0.5	
arithmetic	:	:	:	21.0	21.2	20.9	20.4	20.6	21.0	21.3	21.8	21.9	22.2	21.5	:	0.6	
arithmetic (adj.)	20.9	20.6	20.7	20.8	21.0	20.9	20.4	20.6	21.0	21.3	21.8	21.9	22.2	21.5	0.6	0.6	
EA-16 average																	
weighted	19.4	19.4	19.5	19.6	20.1	19.6	19.2	19.2	19.1	19.1	19.1	19.4	19.6	19.1	-0.4	-0.6	
weighted (adj.)	19.4	19.3	19.4	19.6	20.0	19.6	19.2	19.2	19.1	19.1	19.1	19.4	19.6	19.1	-0.3	-0.6	
arithmetic	20.5	20.3	20.5	20.6	20.9	20.5	20.1	20.4	20.7	21.0	21.3	21.4	21.4	20.8	0.3	0.3	
arithmetic (adj.)	20.2	20.1	20.2	20.3	20.6	20.5	20.1	20.4	20.7	21.0	21.3	21.4	21.4	20.8	0.6	0.3	
EU-25 average																	
weighted	20.0	19.9	20.0	20.1	20.4	20.0	19.5	19.6	19.6	19.6	19.6	19.7	20.0	19.5	-0.5	-0.5	
weighted (adj.)	20.0	19.9	19.9	20.0	20.4	20.0	19.5	19.6	19.6	19.6	19.6	19.7	20.0	19.5	-0.5	-0.5	
arithmetic	21.5	21.1	21.3	21.3	21.5	21.1	20.6	20.9	21.2	21.5	21.9	21.9	22.2	21.4	0.0	0.4	
arithmetic (adj.)	21.3	20.9	21.1	21.1	21.3	21.1	20.6	20.9	21.2	21.5	21.9	21.9	22.2	21.4	0.2	0.4	
Convergence indicators																	
St.dev/mean	21.8	22.5	21.8	22.9	22.9	21.7	21.6	20.9	20.1	20.6	19.8	19.9	19.5	20.8	-1.0	-1.0	
St.dev/mean (adj.)	22.5	23.0	22.5	23.1	23.0	21.7	21.6	20.9	20.1	20.6	19.8	19.9	19.5	20.8	-1.8	-1.0	
Max-min	17.9	19.3	20.6	21.2	22.5	20.6	19.3	18.3	17.8	18.0	19.1	19.0	18.4	18.2	0.3	-2.4	

1) in percentage points
See explanatory notes in Annex B
Source: Commission services

Table 78: Implicit tax rates in % - Labour

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	Difference[1] 2000 to 2008	Ranking 2008
BE	43.6	43.2	43.7	44.0	43.4	43.6	43.3	43.3	43.1	43.8	43.6	42.5	42.4	42.6	-0.9	-1.0	2
BG	:	:	:	33.3	35.9	38.7	34.3	32.9	35.5	36.3	34.7	30.6	29.9	27.6	-	-11.1	23
CZ	40.5	39.5	40.3	40.7	40.5	40.7	40.3	41.2	41.4	41.8	41.7	41.2	41.4	39.5	-1.0	-1.2	8
DK	40.2	40.2	40.7	38.9	40.2	41.0	40.8	38.8	38.1	37.5	37.1	37.2	36.5	36.4	-3.7	-4.5	11
DE	39.4	39.6	40.6	40.6	40.4	40.7	40.5	40.4	40.4	39.2	38.8	38.9	38.6	39.2	-0.3	-1.6	9
EE	38.6	37.8	37.6	38.9	39.3	37.8	37.3	37.8	36.9	35.8	33.8	33.6	34.0	33.7	-4.9	-4.1	14
IE	29.7	29.3	29.3	28.5	28.7	28.5	27.4	26.0	25.0	26.3	25.4	25.4	25.7	24.6	-5.2	-3.9	25
EL	:	:	:	:	:	34.5	34.6	34.4	35.0	33.7	34.4	34.8	35.9	37.0	-	2.5	10
ES	29.0	29.5	28.7	28.6	28.3	28.7	29.5	29.8	29.9	29.9	30.3	30.7	31.4	30.5	1.5	1.9	19
FR	41.2	41.4	41.7	42.2	42.4	42.0	41.7	41.2	41.5	41.4	41.9	41.9	41.4	41.4	0.3	-0.6	5
IT	38.2	41.8	43.5	43.3	42.7	42.2	42.1	42.0	41.9	41.6	41.3	41.1	42.6	42.8	4.6	0.6	1
CY	22.1	20.8	21.1	22.5	21.8	21.5	22.8	22.2	22.7	22.7	24.5	24.1	24.0	24.5	2.4	2.9	26
LV	39.2	34.6	36.1	37.2	36.9	36.7	36.5	37.8	36.6	36.7	33.2	33.1	31.1	28.2	-10.9	-8.4	22
LT	34.5	35.0	38.4	38.3	38.7	41.2	40.2	38.1	36.9	36.0	34.9	33.6	33.1	33.0	-1.5	-8.2	16
LU	29.3	29.6	29.3	28.8	29.6	29.9	29.6	28.4	29.2	29.5	30.0	30.2	31.0	31.5	2.2	1.6	18
HU	42.3	42.1	42.5	41.8	41.9	41.4	40.9	41.2	39.3	38.3	38.4	38.8	41.0	42.4	0.1	1.0	3
MT	19.0	17.8	19.9	18.2	19.2	20.6	21.4	20.8	20.4	21.0	21.3	21.3	19.9	20.2	1.2	-0.4	27
NL	34.6	33.6	32.8	33.2	34.1	34.5	30.6	30.9	31.5	31.4	31.6	34.4	34.2	35.4	0.8	0.9	13
AT	38.5	39.4	40.7	40.3	40.5	40.1	40.6	40.8	40.8	41.0	40.8	40.8	41.0	41.3	2.8	1.2	6
PL	36.8	36.3	35.9	35.6	35.8	33.6	33.2	32.4	32.7	32.7	33.8	35.4	34.0	32.8	-4.1	-0.8	17
PT	26.5	26.4	26.3	26.2	26.6	27.0	27.4	27.6	27.8	27.9	28.1	28.6	29.6	29.6	3.1	2.7	20
RO	:	:	:	29.9	37.3	33.5	31.0	31.2	29.6	29.0	28.1	30.1	30.2	29.5	-	-4.0	21
SI	38.5	36.7	36.9	37.5	37.8	37.7	37.5	37.6	37.7	37.5	37.5	37.3	35.9	35.7	-2.9	-2.0	12
SK	38.5	39.4	38.3	38.0	37.4	36.3	37.1	36.7	36.1	34.5	32.9	30.4	31.0	33.5	-5.0	-2.8	15
FI	44.3	45.3	43.6	43.8	43.3	44.1	44.1	43.8	42.5	41.5	41.5	41.6	41.3	41.3	-2.9	-2.7	7
SE	45.2	46.5	46.8	47.8	47.0	46.0	45.1	43.8	43.9	44.0	44.2	43.8	42.5	42.1	-3.1	-3.8	4
UK	25.7	24.8	24.4	25.0	25.1	25.3	25.0	24.1	24.3	24.9	25.6	26.0	26.0	26.1	0.3	0.7	24
NO	*38.0*	*38.2*	*38.5*	*38.5*	*38.3*	*38.3*	*38.4*	*38.7*	*39.0*	*39.2*	*38.5*	*37.9*	*37.4*	*36.9*	*-1.1*	*-1.4*	
IS	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*-*	*-*	
EU-27 average																	
weighted	:	:	:	37.4	37.2	36.9	36.5	36.1	36.3	36.0	36.0	36.2	36.2	36.5	:	-0.4	
weighted (adj.)	36.9	37.3	37.3	37.3	37.1	36.9	36.5	36.1	36.3	36.0	36.0	36.2	36.2	36.5	-0.4	-0.4	
arithmetic	:	:	:	35.5	36.0	35.8	35.4	35.0	34.8	34.7	34.4	34.4	34.3	34.2	:	-1.7	
arithmetic (adj.)	35.3	35.1	35.4	35.5	35.9	35.8	35.4	35.0	34.8	34.7	34.4	34.4	34.3	34.2	-1.1	-1.7	
EA-16 average																	
weighted	38.3	39.0	39.6	39.6	39.4	39.2	38.9	38.7	38.7	38.2	38.1	38.3	38.4	38.6	0.3	-0.6	
weighted (adj.)	38.3	38.9	39.5	39.5	39.3	39.2	38.9	38.7	38.7	38.2	38.1	38.3	38.4	38.6	0.3	-0.6	
arithmetic	34.2	34.3	34.4	34.4	34.4	34.5	34.4	34.1	34.1	33.9	34.0	34.0	34.1	34.4	0.3	0.0	
arithmetic (adj.)	34.2	34.3	34.4	34.4	34.4	34.5	34.4	34.1	34.1	33.9	34.0	34.0	34.1	34.4	0.3	0.0	
EU-25 average																	
weighted	36.9	37.3	37.4	37.4	37.2	36.9	36.6	36.2	36.3	36.0	36.1	36.3	36.3	36.6	-0.3	-0.3	
weighted (adj.)	36.9	37.3	37.3	37.4	37.1	36.9	36.6	36.2	36.3	36.0	36.1	36.3	36.3	36.6	-0.3	-0.3	
arithmetic	35.6	35.4	35.8	35.8	35.9	35.8	35.6	35.2	35.0	34.8	34.7	34.7	34.6	34.6	-1.0	-1.2	
arithmetic (adj.)	35.6	35.4	35.7	35.8	35.8	35.8	35.6	35.2	35.0	34.8	34.7	34.7	34.6	34.6	-1.0	-1.2	
Convergence indicators																	
St.dev/mean	20.1	21.4	21.2	21.1	20.1	19.4	19.2	19.7	19.3	18.7	18.4	18.0	18.3	19.0	-1.1	-0.4	
St.dev/mean (adj.)	19.4	20.6	20.4	20.8	19.7	19.4	19.2	19.7	19.3	18.7	18.4	18.0	18.3	19.0	-0.4	-0.4	
Max-min	26.2	28.6	26.9	29.7	27.9	25.4	23.7	23.0	23.6	22.9	23.0	22.5	22.7	22.6	-3.6	-2.8	

1) in percentage points

See explanatory notes in Annex B

Source: Commission services

Table 79: Implicit tax rates in % - Capital

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1)] 1995 to 2008	2000 to 2008
BE	25.6	27.0	28.3	30.4	31.3	29.6	29.5	30.7	31.6	32.7	32.8	33.1	31.8	32.7	7.1	3.1
BG	:	:	:	:	:	:	:	:	:	12.2	:	13.9	16.9	:	-	-
CZ	26.3	22.3	23.9	20.1	21.3	20.9	22.3	23.7	24.8	24.1	22.0	21.8	22.3	21.5	-4.8	0.6
DK	29.9	30.9	31.7	38.7	38.6	36.0	31.0	30.8	36.9	45.9	49.9	44.6	47.0	43.1	13.2	7.1
DE	21.8	24.9	23.8	25.1	28.3	28.4	21.9	20.3	20.3	20.5	21.5	23.4	24.5	23.1	1.3	-5.3
EE	14.1	9.3	10.5	11.6	9.2	6.0	4.9	6.4	7.8	8.1	7.7	8.2	9.2	10.7	-3.3	4.8
IE	:	:	:	:	:	:	:	14.9	16.8	17.9	19.5	21.2	18.6	15.7	-	-
EL	:	:	:	:	:	19.9	17.7	17.7	16.4	16.0	16.8	15.8	:	:	-	-
ES	:	:	:	:	:	29.8	28.3	30.0	30.3	32.7	36.5	40.7	43.4	32.8	-	3.0
FR	32.5	35.5	36.2	36.3	38.8	38.3	38.7	37.4	36.5	37.9	39.2	40.9	39.8	38.8	6.3	0.4
IT	27.4	27.8	31.4	28.8	30.5	29.5	29.0	29.1	31.5	29.8	29.5	33.8	35.3	35.3	7.9	5.8
CY	16.9	17.8	18.0	21.4	23.1	23.7	22.7	23.3	23.2	23.4	26.8	29.8	40.4	36.4	19.4	12.6
LV	20.5	15.7	17.6	22.2	19.1	11.2	11.5	9.6	8.2	8.4	9.6	11.0	14.5	16.3	-4.2	5.1
LT	12.7	10.5	10.3	10.1	9.5	7.2	5.9	5.7	7.1	8.5	9.1	11.6	11.3	12.4	-0.2	5.2
LU	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-
HU	14.8	14.8	13.3	14.0	15.1	17.1	17.4	16.8	17.8	16.8	17.4	16.9	18.7	19.2	4.4	2.0
MT	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-
NL	21.6	23.7	22.7	22.9	23.0	20.8	22.6	24.3	21.0	20.4	18.2	17.1	15.9	17.2	-4.5	-3.7
AT	27.1	30.0	30.0	30.3	28.7	27.7	36.2	29.6	28.6	27.6	24.7	24.9	26.3	27.3	0.3	-0.3
PL	20.9	21.3	21.7	20.3	21.8	20.5	20.7	22.5	20.7	19.1	20.7	21.2	23.4	22.5	1.6	2.0
PT	21.8	24.4	27.4	28.0	30.5	33.6	31.7	33.5	32.2	28.2	29.4	31.9	35.0	38.6	16.8	5.0
RO	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-
SI	12.7	15.5	15.0	15.8	15.3	15.7	17.5	17.4	17.0	19.0	22.1	21.9	23.6	21.6	8.9	5.9
SK	35.1	33.1	28.2	27.9	26.3	22.9	21.7	22.4	22.4	18.5	19.4	18.1	17.3	16.7	-18.4	-6.2
FI	28.0	30.5	31.3	32.6	32.1	36.1	25.5	27.5	25.9	26.4	26.9	23.9	26.4	28.1	0.1	-7.9
SE	19.9	27.0	29.8	30.2	36.1	43.2	34.0	29.1	30.1	28.7	35.7	29.2	32.9	27.9	8.0	-15.3
UK	34.6	34.2	36.1	38.4	41.8	44.7	45.6	41.6	36.9	38.3	40.5	43.1	42.9	45.9	11.3	1.2
NO	*37.1*	*37.9*	*36.1*	*33.1*	*37.7*	*41.1*	*41.6*	*41.6*	*38.0*	*40.6*	*41.0*	*43.2*	*42.2*	*:*	*-*	*-*
IS	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*-*	*-*
EU-27 average																
weighted	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
arithmetic	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
EA-16 average																
weighted	25.9	28.3	28.9	29.0	31.1	30.4	28.4	27.6	27.6	27.9	28.8	30.9	31.9	30.1	4.3	-0.3
weighted (adj.)	26.0	28.1	28.6	28.7	30.6	30.2	28.1	27.6	27.6	27.9	28.8	30.9	31.5	29.8	3.8	-0.4
arithmetic	24.6	26.4	26.6	27.2	28.0	27.4	26.4	25.6	25.3	25.1	25.9	26.9	29.1	28.0	3.4	0.6
arithmetic (adj.)	23.9	25.3	25.5	26.0	26.6	26.5	25.6	25.6	25.3	25.1	25.9	26.9	28.2	27.2	3.2	0.7
EU-25 average																
weighted	26.8	28.9	29.9	30.5	33.0	33.0	31.2	29.9	29.1	29.7	30.9	32.6	33.5	32.2	5.4	-0.9
weighted (adj.)	26.8	28.7	29.6	30.2	32.4	32.8	31.0	29.9	29.1	29.7	30.9	32.6	33.2	31.9	5.0	-1.0
arithmetic	23.2	23.8	24.4	25.2	26.0	25.6	24.4	23.7	23.6	23.9	25.0	25.4	27.3	26.5	3.3	1.0
arithmetic (adj.)	23.0	23.5	24.0	24.8	25.4	25.1	24.0	23.7	23.6	23.9	25.0	25.4	26.8	26.1	3.1	1.0
Convergence indicators																
St.dev/mean	29.9	32.6	33.0	33.3	36.3	41.7	41.1	39.2	38.3	42.3	42.5	42.2	41.1	38.5	8.5	-3.3
St.dev/mean (adj.)	29.9	32.4	32.8	33.3	36.1	42.5	41.7	39.2	38.3	42.3	42.5	42.2	41.8	39.2	9.3	-3.3
Max-min	22.4	26.1	25.9	28.6	32.6	38.8	40.7	35.9	29.8	37.9	42.2	36.4	37.8	35.2	12.8	-3.6

1) in percentage points
See explanatory notes in Annex B
Source: Commission services

Table 80: Implicit tax rates in % - Capital and business income

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	2000 to 2008
BE	17.1	17.7	18.2	19.9	20.1	19.1	19.2	19.5	19.5	20.0	20.6	20.8	20.1	20.6	3.5	1.5
BG	:	:	:	:	:	:	:	:	:	10.3	:	11.5	13.9	:	-	-
CZ	22.6	18.3	20.3	16.7	18.0	17.4	19.1	20.7	21.8	21.8	19.8	19.5	20.1	19.3	-3.3	1.9
DK	21.2	22.1	22.7	27.6	27.4	23.9	17.7	17.3	21.4	30.3	36.1	30.9	30.8	25.7	4.5	1.9
DE	17.2	20.1	19.5	20.7	23.5	23.8	17.4	16.1	16.1	16.5	17.6	19.7	20.8	19.7	2.5	-4.1
EE	11.6	6.8	8.1	9.5	7.0	3.8	3.0	4.5	6.0	6.1	5.8	6.3	7.3	8.2	-3.4	4.4
IE	:	:	:	:	:	:	:	11.3	12.4	13.0	13.6	14.7	13.0	11.0	-	-
EL	:	:	:	:	:	15.1	13.6	14.1	13.1	13.1	13.7	12.6	:	:	-	-
ES	:	:	:	:	:	20.1	18.9	20.1	19.7	21.1	23.4	26.4	29.7	22.5	-	2.4
FR	15.7	17.5	17.9	18.1	20.2	20.8	21.5	19.8	18.7	19.3	19.8	22.1	21.3	21.0	5.2	0.2
IT	18.0	19.4	21.9	20.0	22.4	22.4	22.4	21.2	24.1	21.8	21.7	25.5	27.0	27.6	9.5	5.1
CY	13.2	14.2	14.3	17.4	19.5	17.9	18.3	19.3	18.0	16.0	18.8	22.9	30.6	28.7	15.5	10.8
LV	10.2	9.2	9.9	12.4	10.3	6.7	7.0	7.0	5.4	5.9	7.2	8.8	10.7	13.2	3.0	6.5
LT	9.5	7.3	7.1	6.9	5.9	4.5	3.7	3.6	5.3	6.6	7.4	9.9	9.6	10.8	1.3	6.3
LU	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-
HU	12.0	11.6	10.5	10.9	11.8	13.4	13.6	13.2	13.4	12.0	12.3	12.5	14.3	14.1	2.1	0.7
MT	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-
NL	15.9	17.7	17.2	17.0	16.8	15.0	16.7	17.2	14.3	13.9	12.5	12.2	11.2	12.4	-3.6	-2.6
AT	21.8	25.0	25.3	25.6	24.1	23.2	31.4	25.1	24.1	23.5	21.0	21.1	22.6	23.7	1.9	0.5
PL	14.9	15.1	15.4	14.8	16.6	15.9	15.7	16.9	15.6	14.5	15.9	16.1	18.6	17.6	2.7	1.7
PT	15.0	17.6	20.0	20.2	21.7	24.3	22.3	22.3	19.7	19.1	19.2	20.9	23.9	26.5	11.5	2.2
RO	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-
SI	8.9	11.9	11.4	11.0	10.9	11.1	12.5	13.1	13.2	14.7	17.7	17.8	19.7	17.7	8.7	6.6
SK	32.3	28.9	25.2	25.0	23.6	20.3	19.3	20.0	19.9	16.3	17.3	16.3	15.7	14.9	-17.3	-5.4
FI	22.4	24.5	25.8	27.2	27.0	31.2	21.5	22.9	21.2	21.3	21.6	19.5	21.9	23.0	0.6	-8.2
SE	13.8	17.6	19.6	19.9	25.4	32.2	23.5	18.8	19.9	20.2	26.9	22.3	26.1	21.1	7.3	-11.1
UK	20.6	20.7	22.5	24.1	25.7	26.8	27.7	24.0	21.1	22.1	24.1	26.3	25.6	25.7	5.2	-1.0
NO	*21.7*	*21.3*	*21.3*	*21.2*	*23.7*	*22.7*	*22.4*	*22.5*	*19.7*	*21.0*	*20.7*	*22.0*	*22.5*	*:*	-	-
IS	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	-	-
EU-27 average																
weighted	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
arithmetic	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
EA-16 average																
weighted	17.2	19.3	19.7	19.9	21.9	21.7	19.9	18.8	18.7	18.7	19.3	21.3	22.4	21.3	4.2	-0.4
weighted (adj.)	17.3	19.2	19.6	19.7	21.4	21.6	19.7	18.8	18.7	18.7	19.3	21.3	22.2	21.1	3.8	-0.4
arithmetic	18.0	19.5	19.7	20.2	20.9	20.3	19.6	18.7	18.1	17.8	18.5	19.5	21.4	20.7	2.7	0.4
arithmetic (adj.)	17.4	18.6	18.8	19.2	19.7	19.7	19.0	18.7	18.1	17.8	18.5	19.5	20.7	20.1	2.7	0.4
EU-25 average																
weighted	17.6	19.3	20.1	20.6	22.6	22.7	21.1	19.6	19.1	19.4	20.4	22.1	23.0	21.8	4.2	-0.9
weighted (adj.)	17.7	19.3	19.9	20.4	22.2	22.6	21.0	19.6	19.1	19.4	20.4	22.1	22.8	21.6	4.0	-0.9
arithmetic	16.7	17.2	17.6	18.3	18.9	18.6	17.5	16.9	16.7	16.9	18.0	18.5	20.0	19.3	2.6	0.7
arithmetic (adj.)	16.5	16.9	17.4	17.9	18.5	18.3	17.3	16.9	16.7	16.9	18.0	18.5	19.7	19.0	2.5	0.8
Convergence indicators																
St.dev/mean	33.8	33.9	32.8	32.8	34.9	41.0	39.2	34.8	33.4	36.0	37.6	34.3	34.8	30.8	-3.0	-10.2
St.dev/mean (adj.)	32.8	33.1	32.2	32.5	34.6	41.6	39.6	34.8	33.4	36.0	37.6	34.3	35.4	31.4	-1.4	-10.2
Max-min	23.4	22.0	18.7	20.7	21.6	28.4	28.4	21.5	18.8	24.4	30.3	24.5	23.5	20.5	-2.9	-7.9

1) in percentage points

See explanatory notes in Annex B

Source: Commission services

Table 81: Implicit tax rates in % - Corporate income

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	Difference[1] 2000 to 2008
BE	20.3	23.5	24.6	28.3	27.9	24.4	24.2	23.2	22.3	22.0	22.0	22.7	20.9	21.4	1.1	-3.0
BG	:	:	:	:	:	:	:	:	:	14.8	:	15.3	20.0	:	-	-
CZ	47.2	31.4	41.4	27.8	30.1	26.2	28.3	30.3	32.0	29.8	25.5	25.5	25.7	25.7	-21.5	-0.5
DK	19.3	21.1	21.1	27.4	19.7	23.0	21.1	20.0	22.3	24.9	26.7	28.7	28.9	24.9	5.7	1.9
DE	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-
EE	15.2	9.1	9.8	11.9	8.9	4.1	3.0	4.7	6.5	6.9	5.7	6.5	7.7	8.3	-6.8	4.3
IE	:	:	:	:	:	:	:	10.0	10.2	10.4	10.2	10.4	8.7	7.6	-	-
EL	:	:	:	:	:	29.0	25.1	26.0	21.0	20.1	21.6	18.6	:	:	-	-
ES	:	:	:	:	:	30.7	28.5	31.4	31.2	35.2	43.5	51.9	61.8	34.0	-	3.3
FR	21.5	26.0	26.2	24.7	28.7	29.6	32.9	29.0	24.4	26.4	26.1	31.8	30.5	29.1	7.6	-0.5
IT	19.5	21.8	25.9	18.8	22.4	19.2	23.6	20.9	24.6	21.3	20.7	27.0	30.0	31.5	12.0	12.3
CY	21.8	25.0	26.4	30.6	36.2	28.6	29.3	30.7	28.3	23.0	26.8	30.4	34.2	37.3	15.5	8.7
LV	61.6	47.9	14.9	17.1	12.6	8.6	8.8	8.3	6.6	8.0	9.6	11.1	13.1	15.2	-46.4	6.6
LT	20.1	12.7	10.5	10.3	7.4	3.9	2.5	2.6	5.7	7.2	8.0	10.8	9.8	11.1	-9.1	7.1
LU	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-
HU	:	:	23.7	22.7	25.8	28.7	25.6	20.1	19.3	17.4	18.2	15.6	18.1	19.9	-	-8.8
MT	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-
NL	20.0	23.7	22.5	22.8	21.9	18.5	17.3	18.1	14.4	14.4	12.5	12.0	10.7	11.9	-8.0	-6.6
AT	24.8	27.9	28.5	29.4	27.6	27.1	37.6	28.7	27.1	26.2	23.7	23.5	25.1	26.1	1.3	-1.0
PL	46.8	51.6	46.2	42.7	42.5	37.1	37.2	37.0	21.9	18.7	21.0	19.1	20.3	20.0	-26.8	-17.1
PT	17.0	19.4	21.3	20.0	21.5	25.5	22.7	22.4	19.0	18.8	19.4	22.6	:	:	-	-
RO	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-
SI	16.7	28.3	20.7	19.0	16.6	19.6	22.2	24.6	21.0	23.0	33.8	30.5	30.5	27.4	10.7	7.7
SK	51.2	52.8	49.8	52.7	49.7	40.2	32.5	34.4	34.8	22.6	23.3	20.3	19.4	20.7	-30.5	-19.4
FI	19.0	22.1	23.7	26.0	25.3	30.4	18.5	21.2	18.7	18.7	17.9	15.2	17.8	19.3	0.3	-11.1
SE	19.2	22.3	23.9	23.6	29.2	41.0	30.8	23.5	25.3	22.7	31.7	21.9	28.4	23.2	4.1	-17.8
UK	23.3	24.6	29.1	29.3	30.2	31.0	31.8	23.9	19.4	19.6	23.5	25.5	22.1	22.2	-1.0	-8.8
NO	*23.7*	*21.8*	*21.4*	*21.7*	*23.7*	*21.6*	*21.2*	*21.6*	*19.2*	*20.6*	*19.4*	*21.4*	*20.6*	*:*	-	-
IS	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	-	-
EU-27 average																
weighted	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
arithmetic	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
EA-16 average																
weighted	20.8	24.2	25.6	23.2	25.6	25.5	27.2	25.1	23.9	24.1	25.0	29.5	32.0	27.4	6.6	1.9
weighted (adj.)	22.1	25.0	26.1	24.1	26.1	25.2	26.8	25.1	23.9	24.1	25.0	29.5	31.3	27.0	4.8	1.8
arithmetic	23.2	27.0	27.0	27.2	27.8	26.9	26.2	24.7	22.9	21.7	23.2	24.4	26.3	24.2	1.0	-2.7
arithmetic (adj.)	23.2	26.2	26.1	26.3	26.7	25.6	25.0	24.7	22.9	21.7	23.2	24.4	25.4	23.7	0.5	-1.9
EU-25 average																
weighted	22.1	24.9	26.9	25.3	27.2	27.6	28.4	24.9	22.9	22.9	24.7	27.8	28.9	25.7	3.6	-1.9
weighted (adj.)	22.9	25.3	27.0	25.7	27.3	27.3	28.1	24.9	22.9	22.9	24.7	27.8	28.5	25.4	2.6	-1.9
arithmetic	26.9	27.3	25.8	25.5	25.5	25.1	24.0	22.3	20.7	19.9	21.4	21.9	23.2	21.8	-5.1	-3.2
arithmetic (adj.)	26.3	26.6	25.5	25.2	25.2	24.4	23.3	22.3	20.7	19.9	21.4	21.9	22.9	21.7	-4.5	-2.7
Convergence indicators																
St.dev/mean	52.4	44.0	40.4	38.5	41.3	40.5	40.8	41.1	39.1	36.1	41.4	45.2	51.6	37.4	-15.0	-3.1
St.dev/mean (adj.)	50.5	43.2	40.5	38.8	41.3	42.7	42.8	41.1	39.1	36.1	41.4	45.2	49.8	35.9	-14.6	-6.8
Max-min	46.4	43.7	40.0	42.5	42.3	37.1	35.1	34.4	29.1	28.3	37.7	45.3	54.2	29.7	-16.7	-7.4

1) in percentage points

See explanatory notes in Annex B

Source: Commission services

Table 82: Implicit tax rates in % - Capital and business income of households and self-employed

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference[1] 1995 to 2008	2000 to 2008
BE	13.6	13.2	13.2	13.1	13.1	12.9	13.0	13.8	14.2	14.9	15.6	15.2	15.3	15.7	2.1	2.8
BG	:	:	:	:	:	:	:	:	:	6.2	:	6.8	6.9	:	-	-
CZ	8.5	8.9	8.4	8.2	8.2	9.2	9.5	10.3	10.5	11.1	10.3	9.3	9.7	9.1	0.7	0.0
DK	21.9	21.6	23.0	24.7	39.0	22.2	8.6	9.0	15.3	34.5	50.0	27.3	25.8	18.2	-3.7	-4.0
DE	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-
EE	3.9	2.8	4.3	3.9	2.6	2.8	2.5	3.3	3.4	2.6	5.0	3.9	3.6	4.6	0.8	1.8
IE	:	:	:	:	:	:	:	14.3	18.2	18.3	22.9	27.9	28.1	22.2	-	-
EL	:	:	:	:	:	8.9	8.7	9.4	9.6	9.7	9.7	9.5	:	:	-	-
ES	:	:	:	:	:	13.6	13.1	13.0	12.5	12.4	12.6	13.8	14.7	15.2	-	1.6
FR	11.4	11.9	11.8	12.4	13.2	13.5	12.9	12.6	13.0	12.4	13.0	13.3	12.8	12.9	1.5	-0.6
IT	12.7	13.2	14.0	14.4	15.1	16.7	14.4	14.1	16.1	15.0	15.1	16.5	16.8	17.4	4.6	0.6
CY	4.1	3.5	3.3	4.7	4.5	6.0	5.4	7.2	9.1	8.7	9.3	12.7	22.1	15.8	11.7	9.8
LV	0.3	0.4	0.3	0.4	0.5	1.1	0.7	1.1	0.7	0.5	0.5	1.0	1.6	1.2	0.9	0.1
LT	2.1	2.1	2.4	2.6	3.0	2.5	2.5	2.2	1.8	2.0	2.5	2.6	3.6	3.8	1.7	1.3
LU	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-
HU	4.5	5.4	5.5	5.2	5.4	6.7	7.3	7.8	8.1	6.9	7.3	8.6	9.4	7.9	3.3	1.1
MT	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-
NL	10.8	10.3	9.4	8.6	8.7	8.0	13.0	12.9	11.9	10.5	10.4	10.5	10.4	11.0	0.2	2.9
AT	11.2	11.0	10.2	9.7	8.5	8.1	9.0	9.8	8.8	7.8	6.7	7.4	9.0	9.7	-1.5	1.6
PL	8.1	7.9	8.0	8.0	10.0	10.0	10.8	11.9	12.6	11.7	12.6	13.5	16.2	14.9	6.9	4.9
PT	10.5	12.5	14.0	16.0	15.8	16.3	14.9	15.1	15.0	11.8	10.3	8.6	:	:	-	-
RO	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-	-
SI	6.9	7.6	7.8	7.8	7.6	7.0	8.0	7.5	7.8	8.8	7.3	7.9	10.0	10.1	3.1	3.1
SK	17.2	16.4	13.5	13.9	13.0	11.8	12.6	13.3	12.5	12.0	13.4	13.0	12.4	10.3	-6.9	-1.5
FI	21.0	21.5	22.3	22.4	22.2	23.1	21.2	19.4	18.7	18.5	21.1	22.6	23.2	22.0	1.0	-1.1
SE	6.6	11.4	13.4	14.5	19.3	22.4	15.5	13.3	13.4	14.8	18.3	20.3	19.5	15.3	8.7	-7.1
UK	13.7	13.1	12.6	14.8	16.4	17.1	17.6	18.2	17.4	18.9	18.8	20.6	23.1	23.4	9.7	6.3
NO	*16.8*	*18.0*	*18.4*	*17.2*	*19.3*	*20.3*	*23.7*	*17.4*	*14.2*	*14.6*	*14.4*	*24.2*	*31.4*	*:*	-	-
IS	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	*:*	-	-
EU-27 average																
weighted	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
arithmetic	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
EA-16 average																
weighted	12.1	12.5	12.6	13.0	13.4	13.7	13.3	13.2	13.7	13.0	13.4	14.1	14.7	14.7	2.6	1.0
weighted (adj.)	12.3	12.5	12.7	12.9	13.3	13.7	13.3	13.2	13.7	13.0	13.4	14.1	14.3	14.4	2.1	0.7
arithmetic	12.0	12.1	12.0	12.3	12.2	12.2	12.2	12.5	12.9	12.4	12.9	13.8	15.9	14.8	2.8	2.6
arithmetic (adj.)	12.0	12.1	12.0	12.3	12.2	12.3	12.3	12.5	12.9	12.4	12.9	13.8	14.8	13.9	1.8	1.5
EU-25 average																
weighted	12.3	12.6	12.7	13.5	14.9	14.8	14.0	14.0	14.3	14.7	15.4	15.8	16.8	16.3	4.0	1.5
weighted (adj.)	12.4	12.6	12.7	13.4	14.6	14.8	14.0	14.0	14.3	14.7	15.4	15.8	16.5	16.0	3.6	1.2
arithmetic	10.0	10.2	10.4	10.8	11.9	11.4	10.5	10.9	11.4	12.0	13.3	13.0	14.4	13.0	3.1	1.6
arithmetic (adj.)	10.3	10.5	10.7	11.0	11.9	11.6	10.7	10.9	11.4	12.0	13.3	13.0	13.9	12.7	2.4	1.1
Convergence indicators																
St.dev/mean	59.9	57.8	58.0	59.2	74.0	56.6	48.9	43.5	43.4	59.8	74.9	56.7	53.9	47.1	-12.8	-9.5
St.dev/mean (adj.)	55.1	53.3	53.5	54.6	68.6	54.9	47.5	43.5	43.4	59.8	74.9	56.7	54.0	47.0	-8.1	-7.9
Max-min	21.6	21.3	22.7	24.3	38.4	22.0	20.5	18.3	18.0	34.0	49.5	26.9	26.6	22.2	0.6	0.2

1) in percentage points

See explanatory notes in Annex B

Source: Commission services

Table 83: Implicit tax rates - Energy1)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference 1995 to 2008	2000 to 2008
BE	91.6	90.8	90.6	91.1	92.4	92.4	92.2	97.3	97.2	109.2	116.3	115.2	128.1	115.2 #	23.6	22.8
BG	:	:	:	21.7	29.1	36.4	46.3	37.4	49.5	63.9	61.9	68.0	90.1	109.5	-	73.1
CZ	38.7	41.4	42.0	46.0	51.9	55.2	65.4	74.5	72.3	81.6	96.4	103.1	114.1	132.9	94.1	77.7
DK	200.5	213.1	217.7	248.7	284.1	300.8	316.1	325.6	325.5	323.8	315.6	310.8	310.1	316.7	116.2	15.9
DE	168.3	151.9	149.6	150.3	177.5	192.7	200.4	211.6	225.0	218.7	213.8	211.0	215.3	208.1	39.8	15.4
EE	6.5	13.4	18.7	30.5	30.6	32.2	44.2	46.3	51.0	63.4	77.4	86.9	96.4	105.1	98.6	72.9
IE	112.2	121.0	139.5	140.4	144.7	140.5	126.6	150.3	155.0	172.4	170.8	170.8	174.5	175.1	62.9	34.6
EL	157.7	161.3	157.0	138.6	132.2	117.3	118.0	110.8	111.1	115.4	115.7	114.6	124.7	:	-	-
ES	128.1	134.3	128.9	138.5	144.0	137.8	134.6	141.5	141.4	141.2	140.3	146.5	148.3	148.8	20.7	11.0
FR	169.1	167.2	169.0	170.0	176.6	173.2	162.5	178.6	172.7	177.7	175.3	180.0	180.9	:	-	-
IT	237.9	261.6	272.1	260.9	264.5	248.7	240.4	237.5	243.6	236.1	236.4	246.0	240.2	233.2	-4.7	-15.5
CY	26.4	27.1	26.4	29.3	31.9	43.1	61.2	64.6	125.3	145.4	145.8	146.5	147.6	138.3	111.9	95.3
LV	10.1	18.1	26.7	44.7	41.6	48.3	43.2	48.2	51.7	60.8	72.2	76.1	82.9	92.0	81.8	43.7
LT	12.3	16.4	25.0	38.9	54.4	58.0	64.8	75.6	79.7	77.7	81.6	83.3	92.6	102.5	90.2	44.5
LU	140.9	138.6	142.7	151.2	158.8	164.3	164.3	169.7	173.8	185.7	193.7	194.6	202.7	212.8	71.9	48.5
HU	58.5	53.1	62.2	77.0	79.3	79.7	82.4	92.9	96.5	96.6	100.8	103.8	118.6	121.6	63.1	42.0
MT	52.0	60.8	72.1	126.8	139.3	142.2	176.9	157.2	120.3	121.4	134.1	153.8	228.5	:	-	-
NL	112.4	110.9	125.6	131.2	146.4	154.4	160.0	164.4	169.1	179.9	197.9	214.3	200.0	221.1	108.7	66.7
AT	122.8	116.7	136.3	129.7	135.2	141.8	148.1	150.9	151.2	163.0	159.6	154.3	167.8	172.4	49.6	30.6
PL	20.6	26.0	27.5	37.5	47.8	58.9	66.6	77.3	72.0	75.2	95.8	101.3	120.9	131.8	111.2	72.9
PT	164.6	163.5	152.5	159.4	151.4	111.8	133.4	157.7	167.7	155.3	167.5	171.7	177.0	175.0	10.4	63.3
RO	15.1	13.6	25.3	36.1	56.0	58.2	37.8	36.5	43.7	51.5	59.4	67.2	87.8	79.1	64.0	20.9
SI	126.0	125.8	138.5	177.3	155.0	118.3	135.9	144.6	141.4	145.7	144.9	147.4	165.7	168.8	42.8	50.6
SK	29.9	29.5	32.1	32.2	33.2	42.4	37.1	44.2	59.3	70.3	77.4	83.1	95.6	107.9	78.0	65.5
FI	96.7	96.2	106.6	104.6	109.8	108.7	112.7	113.7	112.4	113.3	116.0	111.6	111.4	126.5	29.7	17.8
SE	138.3	169.2	168.0	172.7	178.3	182.0	181.6	194.5	204.7	208.9	210.7	217.9	218.7	218.9	80.7	37.0
UK	142.6	148.2	185.9	211.5	225.7	249.5	238.7	247.3	227.1	238.4	234.9	240.0	253.5	219.7	77.1	-29.8
NO	*150.8*	*151.3*	*169.8*	*148.8*	*156.9*	*176.1*	*175.6*	*185.7*	*180.6*	*165.0*	*184.6*	*195.0*	*197.3*	*201.8*	51.0	25.7
IS	*42.7*	*44.1*	*46.4*	*45.3*	*46.1*	*49.2*	*39.9*	*38.8*	*38.8*	*43.2*	*60.6*	*69.9*	*:*	*:*	-	-
EU-27 average																
GDP-weighted	:	:	:	171.3	184.0	188.8	186.0	194.0	193.4	195.0	193.6	196.8	199.9	196.3	-	7.4
GDP-weighted (adj.)	158.4	159.8	167.6	171.3	184.0	188.8	186.0	194.0	193.4	195.0	193.6	196.8	199.9	192.5	34.1	3.7
base-weighted	:	:	:	154.2	167.2	171.7	170.2	177.9	178.1	180.0	181.1	184.4	189.4	187.3	-	15.6
base-weighted (adj.)	139.2	140.0	147.9	154.2	167.2	171.7	170.2	177.9	178.1	180.0	181.1	184.4	189.4	187.3	48.1	15.6
arithmetic	:	:	:	114.7	121.2	121.8	125.6	131.5	134.8	140.5	144.9	148.9	159.0	159.7	-	37.9
arithmetic (adj.)	96.4	99.7	105.9	114.7	121.2	121.8	125.6	131.5	134.8	140.5	144.9	148.9	159.0	161.8	65.4	39.9
EA-16 average																
GDP-weighted	165.4	165.1	168.4	167.5	179.3	179.1	178.0	185.8	189.7	189.0	188.1	191.1	191.9	194.7	29.3	15.5
GDP-weighted (adj.)	165.4	165.1	168.4	167.5	179.3	179.1	178.0	185.8	189.7	189.0	188.1	191.1	191.9	190.0	24.6	10.8
base-weighted	161.2	159.3	162.1	162.0	173.8	173.3	172.6	180.3	184.5	184.3	184.3	187.4	188.9	191.3	30.0	18.0
base-weighted (adj.)	161.2	159.3	162.1	162.0	173.8	173.3	172.6	180.3	184.5	184.3	184.3	187.4	188.9	191.3	30.0	18.0
arithmetic	121.0	122.3	127.5	133.2	137.0	133.1	137.8	143.4	147.9	153.2	156.6	160.1	169.3	169.5	48.5	36.4
arithmetic (adj.)	121.0	122.3	127.5	133.2	137.0	133.1	137.8	143.4	147.9	153.2	156.6	160.1	169.3	171.1	50.1	38.0
EU-25 average																
GDP-weighted	158.6	160.0	167.8	172.1	184.7	189.6	186.9	195.0	194.5	196.1	194.9	198.2	201.3	198.2	39.5	8.5
GDP-weighted (adj.)	158.6	160.0	167.8	172.1	184.7	189.6	186.9	195.0	194.5	196.1	194.9	198.2	201.3	194.0	35.4	4.4
base-weighted	143.7	144.8	152.3	158.3	170.6	175.1	173.9	182.0	182.0	183.8	184.7	188.0	192.4	190.9	47.2	15.8
base-weighted (adj.)	143.7	144.8	152.3	158.3	170.6	175.1	173.9	182.0	182.0	183.8	184.7	188.0	192.4	190.9	47.2	15.8
arithmetic	102.6	106.2	112.5	121.6	127.5	127.8	132.3	139.1	141.9	147.1	151.6	155.4	164.6	165.7	63.1	37.9
arithmetic (adj.)	102.6	106.2	112.5	121.6	127.5	127.8	132.3	139.1	141.9	147.1	151.6	155.4	164.6	167.2	64.6	39.4
Convergence indicators																
St.dev/mean	66.7	66.5	63.0	60.6	59.2	58.7	56.7	55.1	51.6	47.8	43.7	42.1	37.5	36.0	-30.7	-22.7
St.dev/mean (adj.)	69.1	69.0	65.6	60.6	59.2	58.7	56.7	55.1	51.6	47.8	43.7	42.1	37.5	34.8	-34.3	-23.9
Max-min	231.4	248.2	253.5	239.2	255.0	268.7	279.0	289.0	281.8	272.4	256.3	243.6	227.2	237.6	6.2	-31.0

[1] Energy taxes in Euro per tons of oil equivalent (TOE), base year: 2000

See explanatory notes in Annex B

Source: Commission services

Table 84: Implicit tax rates, deflated - Energy1)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference 1995 to 2008	Difference 2000 to 2008
BE	97.0	96.2	94.8	95.0	95.8	92.4	90.6	95.3	94.5	103.6	106.9	103.0	112.3	97.1 #	0.1	4.7
BG	:	:	:	24.8	31.9	36.4	44.5	35.5	46.8	57.5	52.6	52.8	65.2	71.7	-	35.3
CZ	50.0	49.9	47.2	48.7	53.6	55.2	64.3	74.6	72.1	78.9	93.5	99.4	108.5	127.1	77.1	71.9
DK	219.2	229.6	229.6	261.4	295.6	300.8	309.3	315.9	313.9	306.6	290.3	279.8	272.6	267.8	48.6	-33.1
DE	172.4	154.9	151.3	152.1	179.7	192.7	198.3	208.3	221.0	213.3	206.6	202.0	203.5	193.8	21.5	1.1
EE	10.0	17.1	21.4	33.4	32.4	32.2	42.0	42.9	46.3	56.0	65.4	68.8	70.5	71.5	61.5	39.3
IE	133.0	141.7	159.0	154.0	153.8	140.5	120.5	139.9	144.7	158.8	154.7	150.7	153.2	153.1	20.1	12.5
EL	206.1	197.1	181.2	152.5	141.6	117.3	114.5	104.7	102.0	103.2	100.3	96.3	102.0	:	-	-
ES	147.5	150.3	140.5	148.7	151.3	137.8	130.6	133.5	129.8	125.0	119.3	119.8	117.7	114.6	-32.8	-23.2
FR	177.0	172.6	172.6	173.3	180.6	173.2	160.3	174.5	166.7	168.9	163.0	163.3	160.7	:	-	-
IT	270.5	287.4	291.9	274.8	274.2	248.7	234.2	225.6	226.4	213.8	208.0	210.1	200.2	187.4	-83.1	-61.3
CY	30.4	30.4	28.8	31.3	33.2	43.1	59.6	62.2	116.8	131.9	128.2	125.5	122.6	110.0	79.6	66.9
LV	13.7	21.3	29.1	47.3	43.6	48.3	42.6	45.8	47.0	51.3	55.1	52.9	49.8	48.4	34.7	0.1
LT	14.9	17.6	25.1	38.8	55.5	58.0	65.4	77.4	83.0	79.8	78.3	74.5	77.4	78.5	63.7	20.5
LU	167.8	158.1	160.4	169.0	170.6	164.3	167.3	172.2	177.6	181.2	177.7	168.5	167.6	173.3	5.5	9.0
HU	110.8	83.0	83.2	91.5	88.0	79.7	77.2	85.2	85.9	84.1	86.8	85.6	97.8	98.0	-12.8	18.3
MT	60.7	69.5	81.7	140.6	152.6	142.2	179.8	156.4	119.3	118.2	127.1	138.3	197.0	:	-	-
NL	123.1	120.1	133.0	138.5	153.3	154.4	155.4	157.6	160.6	169.5	182.2	193.1	177.5	189.8	66.6	35.3
AT	128.5	120.5	140.6	133.1	137.7	141.8	146.2	148.1	147.0	156.1	149.5	141.3	150.2	150.2	21.7	8.4
PL	34.7	37.6	34.9	42.8	51.4	58.9	64.7	72.9	66.6	66.7	84.2	87.6	101.3	108.0	73.2	49.0
PT	190.6	184.9	166.6	170.2	158.3	111.8	129.9	150.0	156.7	141.7	148.8	148.1	149.1	143.4	-47.2	31.6
RO	160.2	98.4	77.1	77.2	79.0	58.2	27.9	22.3	22.1	23.0	24.7	26.2	32.2	26.2	-134.0	-32.0
SI	180.3	161.6	165.6	201.4	167.8	118.3	126.1	126.7	118.9	118.4	114.5	113.7	123.9	121.7	-58.5	3.4
SK	40.1	37.2	38.1	37.3	36.9	42.4	35.2	40.8	52.9	60.2	65.0	67.8	77.3	84.6	44.5	42.2
FI	103.4	101.9	111.7	108.2	113.8	108.7	111.0	111.8	110.8	110.7	111.7	105.1	102.7	114.5	11.1	5.8
SE	144.7	177.4	173.8	178.3	182.3	182.0	176.7	187.1	195.2	198.8	196.9	199.6	196.6	190.1	45.4	8.1
UK	152.3	154.0	192.3	217.8	229.4	249.5	235.0	239.0	214.1	220.8	212.5	210.9	218.0	180.2	27.9	-69.3
NO	*188.9*	*183.4*	*201.4*	*177.0*	*178.4*	*176.1*	*172.8*	*187.7*	*178.0*	*155.0*	*162.4*	*160.7*	*159.1*	*150.7*	-38.1	-25.4
IS	*49.6*	*49.8*	*51.4*	*48.5*	*48.1*	*49.2*	*35.6*	*33.5*	*33.7*	*36.5*	*51.2*	*52.9*	*:*	*:*	-	-
EU-27 average																
GDP-weighted	:	:	:	177.7	189.0	188.8	182.5	187.7	184.5	182.8	177.4	175.8	174.9	166.4	-	-22.5
GDP-weighted (adj.)	170.9	169.7	175.2	177.7	189.0	188.8	182.5	187.7	184.5	182.8	177.4	175.8	174.9	164.3	-6.6	-24.6
base-weighted	:	:	:	161.3	172.4	171.7	166.8	171.7	169.4	168.1	165.3	164.3	164.9	158.2	-	-13.5
base-weighted (adj.)	155.5	151.9	156.6	161.3	172.4	171.7	166.8	171.7	169.4	168.1	165.3	164.3	164.9	158.2	2.6	-13.5
arithmetic	:	:	:	123.8	127.6	121.8	122.6	126.2	127.4	129.6	129.8	129.1	133.6	129.2	-	7.4
arithmetic (adj.)	117.2	114.6	116.9	123.8	127.6	121.8	122.6	126.2	127.4	129.6	129.8	129.1	133.6	131.9	14.7	10.1
EA-16 average																
GDP-weighted	178.0	175.4	176.1	173.7	184.4	179.1	174.8	180.0	181.6	177.9	173.2	171.8	169.3	167.4	-10.6	-11.7
GDP-weighted (adj.)	178.0	175.4	176.1	173.7	184.4	179.1	174.8	180.0	181.6	177.9	173.2	171.8	169.3	164.3	-13.7	-14.8
base-weighted	174.6	169.7	169.8	168.2	179.0	173.3	169.4	174.6	176.6	173.4	169.5	168.6	166.4	164.6	-10.0	-8.7
base-weighted (adj.)	174.6	169.7	169.8	168.2	179.0	173.3	169.4	174.6	176.6	173.4	169.5	168.6	166.4	164.6	-10.0	-8.7
arithmetic	139.3	136.5	138.6	142.5	143.8	133.1	135.0	138.0	140.4	142.2	141.5	140.4	144.8	141.0	1.8	7.9
arithmetic (adj.)	139.3	136.5	138.6	142.5	143.8	133.1	135.0	138.0	140.4	142.2	141.5	140.4	144.8	143.3	4.1	10.2
EU-25 average																
GDP-weighted	171.1	169.8	175.4	178.4	189.7	189.6	183.5	188.7	185.6	183.9	178.7	177.4	176.6	168.6	-2.5	-21.0
GDP-weighted (adj.)	171.1	169.8	175.4	178.4	189.7	189.6	183.5	188.7	185.6	183.9	178.7	177.4	176.6	166.1	-5.0	-23.6
base-weighted	156.8	154.7	159.9	164.6	175.5	175.1	170.6	176.0	173.6	172.3	169.3	168.3	168.6	162.5	5.6	-12.6
base-weighted (adj.)	156.8	154.7	159.9	164.6	175.5	175.1	170.6	176.0	173.6	172.3	169.3	168.3	168.6	162.5	5.6	-12.6
arithmetic	119.1	118.9	122.2	129.6	133.3	127.8	129.5	133.9	134.8	136.7	137.1	136.2	140.4	136.5	17.4	8.7
arithmetic (adj.)	119.1	118.9	122.2	129.6	133.3	127.8	129.5	133.9	134.8	136.7	137.1	136.2	140.4	138.5	19.4	10.7
Convergence indicators																
St.dev/mean	58.9	60.1	58.8	57.9	57.5	58.7	57.7	56.4	53.6	50.7	47.2	46.6	43.2	43.2	-15.8	-15.5
St.dev/mean (adj.)	61.6	62.7	61.5	57.9	57.5	58.7	57.7	56.4	53.6	50.7	47.2	46.6	43.2	41.5	-20.1	-17.2
Max-min	260.6	270.3	270.6	250.0	263.7	268.7	281.4	293.6	291.8	283.7	265.6	253.6	240.3	241.6	-19.0	-27.1

1) Energy taxes in Euro per tons of oil equivalent (TOE), base year: 2000

See explanatory notes in Annex B

Source: Commission services

Annex B
Methodology and explanatory notes

Annex B: Methodology and explanatory notes

The 'Taxation trends' survey assesses the tax system from a number of angles. The examination of the tax structures by tax type and by level of government illustrates the relative importance of the different tax instruments used in raising revenues and the distribution of financial resources among the constituent elements of the state apparatus, respectively. The breakdown into taxes on consumption, labour and capital allows an assessment of the manner in which the tax burden is distributed among the different factors. The implicit tax rates measure in turn the actual or effective average tax burden levied on different types of economic income or activities.

For the purposes of assembling these backward-looking aggregate metrics, national accounts provide time series for observing changes in the overall effective tax burden and a coherent framework for matching tax revenues with income flow data and economic aggregates. Given the consistency and harmonised computation of the ESA95 system, national accounts data provided by the Member States also allow a good degree of international comparability. However, it should be kept in mind that the tax base derived from national accounts data does not correspond to the actual or legal tax base used in computing tax liabilities. The bases calculated using national accounts are in some instances narrower (omitting capital gains on capital for instance) and in others broader (due to the exclusion of some deductions from the tax base).

This methodological section explains the methods of, and the reasoning behind, the calculation of the various ratios presented in the survey; approaching them in the order in which they appear in Annex A. Given that Parts A and B (Tax structure by tax type and Tax structure by level of government) follow ESA95 classifications, a simple description of the aggregates and the data sources is provided. Parts C and D (Tax structure by economic function and the Implicit tax rates) present statistics developed by the EU Commission Directorate-General for Taxation and Customs Union specifically for this publication, so the reasoning will be delved into in greater detail, with attention given to both their theoretical and practical limitations. Annex B concludes with an in-depth discussion of the approaches used in calculating the split of personal income tax according to its sources, a process critical to the creation of meaningful statistics for Parts C and D.

Data coverage and reliability have generally improved over time. On the other hand, in some cases a reassessment of the quality of the data has led us to reconsider publication of some series or data points as problems of comparability appeared. In particular, the coverage of the ITR on capital is patchy as the computation of the ITR on capital is quite demanding in terms of the required level of detail in national accounts data. In many cases it was not possible to compute the implicit tax rate on capital even though data on capital tax revenue were available, because the data needed to compute the denominator of the ITR (i.e. the sum of revenues accruing to capital) are missing. Overall, the degree of cross-country comparability seems satisfactory.

Ranking

In all the tables of Annex A, a ranking is given whereby the Member State with the highest ratio is listed with number 1, the second with number 2 and so on. The ranking refers to the order of the Member States for each specific ratio and only includes those Member States for which 2008 data are available in the respective table. The rankings are also shown in the country tables in Part III. No ranking is given if more than 10 % of data points are missing.

Total

In some countries the sum of the taxes in % of GDP in each of the Parts A, B and C of the country chapters data table and in the corresponding Annex A tables adds up to more than the total. This is the case whenever the table contains the item 'amounts assessed but unlikely to be collected' (ESA code D.995) because this item in general cannot be attributed with certainty to any detailed category and is therefore listed 'below the line'([81]). The excess is, therefore, exactly equal to this amount.

Averages

This report computes arithmetic and weighted averages for three groups of countries: the EU as a whole (EU-27), the EU-25 (i.e. the EU-27 minus Bulgaria and Romania which joined the Union on 1 January 2007) and the euro area in its current 16-country composition (EA-16). EU-27 averages are calculated and presented in the tables and graphs only if data are available for both Bulgaria and Romania. In the report EU-27 averages are used whenever possible; however, given that most data for Bulgaria and Romania exist only for a limited number of years, when the focus is on the trend over the entire 1995–2008 period, we typically refer to the EU-25 average. Occasionally, averages for other groupings (the former EU-15, the NMS-10 and NMS-12) are used for illustrative purposes in the text of the main parts, but never in tables and graphs.

As already mentioned in Part I, when the type of average is not indicated explicitly, the arithmetic average is used. Except for the Implicit Tax Rates (ITRs), no adjustments for missing values are made in the tables and graphs in the main part of the report as well as in Annex A: the average shown is simply the result of the customary formula applied to the available data. However, for the purpose of calculating the EU averages of the ITRs on consumption, labour and capital, missing values for Member States are substituted by the latest available data point (first available data point, if data for the beginning of the series are missing) for the respective country and the thus obtained EU average is indicated as "adjusted".

Data sources

The national accounts data utilised for this report were extracted from the Eurostat public database (formerly known as NewCronos) on 1 February 2010. In addition, more disaggregated tax data submitted to Eurostat (the National Tax List) were used for the classification of revenue according to economic functions and to determine the level of environmental taxes. Energy statistics data for 2008 should be regarded as provisional. In very few cases, estimates at the detailed level have been used if statistics were not available; in those cases, the estimates were either supplied by Member States administrations or computed using proxies. In the case of the base of the ITR on consumption (P31_S14dom – Final consumption of households on the economic territory (domestic concept), no data were available for 2007 and 2008 for Bulgaria and Portugal, and only for 2008 for Lithuania and Austria. Data for these years were substitutes with figures for 'Private final consumption expenditure at current prices' from the AMECO database.

For the calculation of cyclically adjusted tax revenues (CAR), this report relies on the cyclical component of revenues (C) as calculated and published in the annual macro-economic (AMECO) database of the European Commission's Directorate General for Economic and Financial Affairs. ([82]). Note, however, that the cyclically adjusted tax revenues (CAR) in this report do not coincide with the data on cyclically adjusted revenues published in the AMECO database, because the latter also includes other government revenues in addition to taxes and social security contributions.

The country chapters of the non-euro area Member States for illustrative reasons often contain not only data in national currency, but also rounded figures in euro, e.g. for income thresholds or changes in tax revenue. In these cases the exchange rates at the cut-off date (1 February 2010) were used.

Although all Member States authorities have provided disaggregated data on their tax revenue (the National Tax List), their level of detail varies. Information on the level of disaggregation utilised for the computation of the indicators for

([81]) For some countries more detailed breakdown is available and accessible on http://ec.europa.eu/taxtrends.

([82]) The data can be found in the AMECO database: 17. Cyclical adjustment of public finance variables. 17.2 Based on trend GDP, cyclical component of revenue, % of GDP. http://ec.europa.eu/economy_finance/ameco/user/serie/SelectSerie.cfm. As for all variables the cut-off date was 01.February 2010.

each Member State (formerly included in the report as Annex B) is available on the homepage of the Directorate-General for Taxation and Customs Union (url: http://ec.europa.eu/taxtrends).

The data in the box listing the main fiscal measures adopted in the EU Member States, Iceland and Norway since 2009 have been collected from Member States' authorities and updated till mid-April 2010. The methods used to quantify the budgetary impact of the tax measures are based on national estimates, typically drawn up for budgetary purposes. These methods differ from one Member State to the next and therefore are not strictly comparable. In particular, in some cases no estimate drawn up on an accrual basis exists; in these cases, cash quantification is supplied.

Cyclically adjusted total tax revenues

This part is intended to elaborate on the technical details of Part I-1.1 on the measurement of the cyclical adjustment of tax revenues. As the estimation of cyclically adjusted data requires a) a measure of the cyclical position of the economy and b) the tax revenue sensitivity, the following section is arranged accordingly.

A) Measuring the cyclical position of the economy

As mentioned in Part I-1.1, the cyclical position is provided by the output gap, which is generally either calculated following the Production Function Approach (PFA) or a Hodrick-Prescott filter (HP-filter) approach.

The HP-filter is a statistical method which determines the trend output by using a trend on real data. Hodrick and Prescott (1980) calculate the trend by minimising the sum of the deviation of the output Y from its trend Y^P and the variability of the trend itself, depending on the weights (λ) attributed to these two goals.

$$\min_{y_t^*} \sum_{t=1}^{T} \left((Y_t - Y_t^P)^2 + \lambda (\Delta Y_{t+1}^P - \Delta Y_t^P)^2 \right)$$

The higher the preference for a smooth trend, the higher one should chose λ (constant trend for infinite λ). On the other hand, $\lambda = 0$ would imply a trend always equal to the original series ($Y = Y^P$), since in that case variations of the trend would not be 'penalised' at all. The HP-filtered output gap estimations in the AMECO database use a λ of 100, in line with recommendations in the literature.

For the Production Function approach, the idea is to determine a potential output, i.e. what output could be achieved when the production factors were at their trend level. As described in Denis et al. (2002) and an updated version in Denis et al. (2006) the key elements of the PFA are

i) A Cobb-Douglas production function;

ii) NAIRU estimates based upon multivariate Kalman-filtering, the cyclical component follows a Phillips curve type relationship, the NAIRU a random walk with stochastic drift term;

iii) Total factor productivity of potential output is obtained as the HP-filtered Solow residual. The same filtering method is used to estimate the non-cyclical rate of labour force participation.

As already mentioned in of Part I-1.1, both methods have some pros and cons. While the PFA method rests on a sounder economic foundation, it needs detailed information for the trend total factor productivity, as well as the trend labour and trend capital stock. This is particularly difficult to obtain in countries undergoing structural changes. The HP-filter is a purely statistical method, lacking an economic foundation. While the advantage of this method lies clearly in its simplicity, it is subject to problems in the presence of structural breaks and, in general, at the end-points of the series. This end point problem –a purely statistical problem when estimating the trend - can however be solved by extending the time series. As this publication analyses tax developments of t-2, 'natural' extensions of the time series are already given by the preliminary data for the year t-1 and projected values for at least years t and t+1, if not even t+2. For further information on the size of the end point problem please see Bouthevillain et al. (2001).

In general, both methodologies to calculate the output gap suffer from the uncertainty surrounding real-time output gap estimates. As Larch and Turrini (2009) have put it *"The fundamental problem in assessing the cycle in real time can be interpreted as a problem of forecasting. In order to make an assessment of where in the cycle the economy stands today, it's necessary to make assumptions about where one believes the economy will end up in the future; i.e. real-time output gap estimates are derived from expectations about future economic growth, which typically and inevitably deviate from actual outturn."* Hence, the revision of the output gap is the larger the larger the forecast error or the change in the forecast is. As the forecasted values also impact on the estimation of the trend, usually also past output gap estimates are effected by changes in forecasts or forecast errors, albeit by a decreasing degree the further they lie in the past. In this report, we do not estimate real time output gaps, but rely on lagged data, as the analysis only covers the year t-2 and hence uses ex-post output gap estimates. While significant changes in forecasts – usually at turning points – might still affect past output gap estimates, the impact for this report should be limited.

B) Estimating revenue sensitivities with respect to the output gap (83)

The revenue sensitivity for each country given in Table I-1.1 in of Part I - 1.1 is calculated by the OECD/EC method as the sum of the elasticities of the four main tax categories $\eta_{Ri,Y}$, personal income taxes, corporate income taxes, indirect taxes and social contributions, all weighted by their respective shares in GDP.

$$\varepsilon_R = \sum_{i=1}^{4} (R_i / Y) \times \eta_{Ri,Y}$$

The individual revenue elasticities $\eta_{Ri,Y}$ with respect to output are obtained by multiplying two other elasticites. First the elasticity of the tax category with respect to its tax base is calculated $\eta_{Ri,B}$. Secondly, the elasticity of this tax base with respect to output is calculated $\eta_{B,Y}$. Multiplication of these two elasticities gives the elasticity with respect to the output gap.

$$\eta_{Ri,Y} = \eta_{Ri,B} \times \eta_{B,Y}$$

The macroeconomic variable chosen as a tax base is the one influencing the respective tax revenues the closest. Hence for PIT and SSC the respective tax base is compensation of employees. The tax base for indirect taxes is private consumption expenditure and for corporate income taxes the closest (available) tax base was considered to be the gross operating surplus. The OECD/EC method determines the PIT and SSC elasticities with respect to their tax bases by the structure of the tax system for each country, i.e. the elasticities are extracted from the tax legislation and fiscal data. CIT and indirect taxes are assumed to be proportional to their tax bases, which translates into an elasticity of one.

The elasticity of the tax base with respect to the output gap was derived by econometric estimations for the compensation of employees, which is the tax base for PIT and SSC. The responsiveness of gross operating surplus to output is proxied by the reciprocal of the wage bill (corresponding to the profit share). Due to problems in the estimation of the elasticity of private consumption to output, this elasticity was set to unity for all countries. (84)

(83) This section closely follows the descriptions given in Girouard, N. and C. André (2005) and in European Commission (2008)
(84) For further information on the estimation of elasticities see Girouard, N. and C. André (2005).

This method offers the obvious advantage that it was applied to all EU-27 countries in a consistent way. Consistency also calls for the consistent use of data, which for the EU is guaranteed by using data following the ESA-95 methodology. However, there might be country specific data issues – such as lags and leads in collecting and recording tax revenues – which are not correctly reflected in ESA95, but might influence the derived elasticities.

Furthermore, discretionary actions, such as changes in the tax rates or in the tax base, might influence the tax elasticities, which should preferably be taken into account when estimating tax elasticities. However, as the OECD/EC methodology was relying on tax codes and fiscal data till 2003 to derive elasticities, latest discretionary actions could not be taken into account. However, each discretionary action might change the derived tax elasticity and should hence be taken into account. This issue goes hand in hand with the assumption of constant tax elasticities (compare first equation in this section). While this is an acceptable approximation as long as short-term variations in the tax content of GDP remain small, Larch et Turrini (2009) point out that tax elasticities can depart substantially from their long-term values.

Hence, while cyclically adjusted tax revenues might give a useful indication of underlying developments, the methodological and technical issues mentioned in this chapter might produce unwelcome effects and misleading assessment of underlying developments, in particular in quantitative assessments. However, for qualitative assessment, the value added of cyclically adjusted analysis clearly outweighs its drawbacks.

Part A: Tax structure by tax type

Definition of the aggregates

Total taxes (incl. SSC) are defined as: taxes on production and imports (D.2), current taxes on income and wealth (D.5), capital taxes (D.91), actual compulsory social contributions (D.61111 + D.61121 + D.61131). Indirect taxes, direct taxes and social contributions add up to the total of taxes received by the general government.

Taxes (excl. SSC) are defined as total taxes (incl. SSC) minus actual compulsory social contributions.

'Indirect taxes' are defined as taxes linked to production and imports (code D.2 in the ESA95 system), i.e. as compulsory levies on producer units in respect of the production or importation of goods and services or the use of factors of production. They include VAT, import duties, excise duties and other specific taxes on services (transport, insurance etc.) and on financial and capital transactions. They also include taxes on production (D.29) defined as 'taxes that enterprises incur as a result of engaging in production', such as professional licences, taxes on land and building and payroll taxes.

Indirect taxes are defined as the sum of the following ESA95 tax categories:

- VAT: value added type taxes (D.211).
- Excise duties and consumption taxes: excise and consumption taxes (D.214a) + excise duties (D.2122c).
- Other taxes on products (incl. import duties): taxes and duties on imports excluding VAT (D.212), excluding excise duties (D.2122c), taxes on products, except VAT and import duties (D.214), excluding excise duties (D.214a).
- Other taxes on production (D.29).

'Direct taxes' are defined as current taxes on income and wealth (D.5) plus capital taxes including taxes such as inheritance or gift taxes (D.91). Income tax (D.51) is a subcategory, which includes personal income tax (PIT) and corporate income tax (CIT) as well as capital gains taxes.

Direct taxes are defined as the sum of the following ESA categories:

- personal income tax: taxes on individual or households income including holding gains (D.51a + D.51c1);
- corporate income tax: taxes on the income or profits of corporations including holding gains (D.51b + D.51c2);
- other income and capital taxes: other taxes on income corresponding to other taxes on holding gains (D.51c3), taxes on winnings from lottery or gambling (D.51d) and other taxes on income n.e.c. (D.51e); taxes on capital defined as other current taxes (D.59) and capital taxes (D.91).

Note that in some Member States, such as the United Kingdom, Sweden, Italy, and Ireland, the ‘Taxes on individual or household holding gains’ and ‘Taxes on holding gains of corporations’ are not included in D.51c1 and D.51c2, respectively, but in ‘Other income and capital taxes’. This difference in reporting should be taken into consideration when comparing the levels of the three detailed categories of direct taxes between Member States.

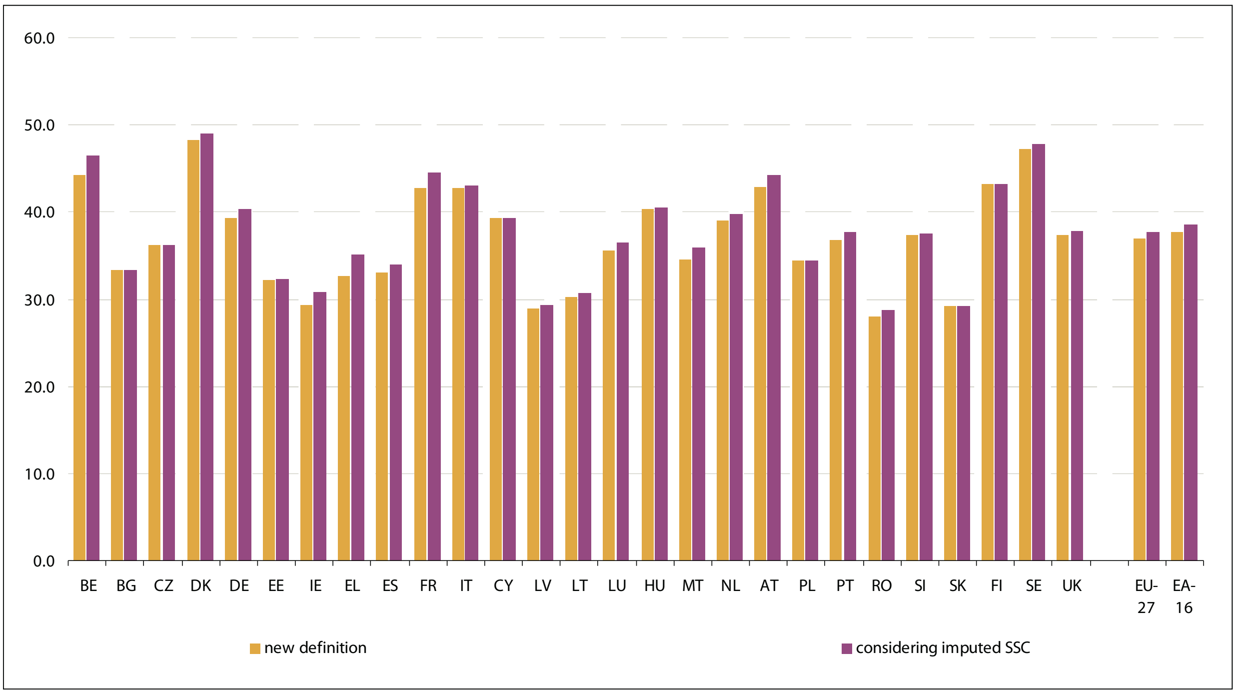
'Actual compulsory social contributions' are paid by employers and employees on the basis of a work contract, or by self- and non-employed persons. They include three subcategories:

- compulsory employers' actual social contributions (D.61111);

- compulsory employees' social contributions (D.61121);
- compulsory social contributions by self- and non-employed persons (D.61131).

Prior to the 2003 edition actual social contributions (ESA95 code D.611), which include both compulsory and voluntary contributions, were used for the purposes of calculating the statistics. Voluntary contributions vary in their purpose (e.g. the purchase of 'extra years' for pensions and the wish to complete a gap in the social contributions due to years worked abroad) and may vary in the degree to which they are voluntary in a real economic sense, but, as they are essentially a form of household saving they should not be considered as compulsory levies imposed by the government. In addition, 'imputed social contributions' (D.612), which relate to unfunded social security schemes, are excluded such that the definition used in this survey corresponds to Indicator 2 of the four indicators of general government and European Union levies issued by Eurostat (see Box A.1). In practice, imputed social contributions mainly relate to a number of EU governments, which do not pay actual contributions for their employees but nevertheless guarantee them a pension upon retirement; imputed social contributions represent the contributions the government should pay to a pension fund in order to provide a pension of an equivalent amount to the employees. Including imputed social contributions in the definition of compulsory levies would allow greater comparability over time and across countries, given that some governments make actual contributions for their employees while others simply pay social benefits to their employees as their entitlement arises. However, imputed social contributions are not based on actual transactions and the method for imputation may involve estimation errors. Ultimately it is found that, while including imputed social contributions in the definition of total taxes would result in a non-negligible level shift, yielding an increase of the tax ratio for the EU-27 average by around three quarters of a percentage point and for the EA-16 average by around one percentage point (see Graph A.1), the development of the ratios over time would not be affected (see European Commission, 2004, pp. 99–100, for a comparison of the time trend).

Graph A.1: Sensitivity analysis: role of imputed social contributions
2008, in %



Source: Commission services

Box A.1: Indicators on general government and European Union levies

In 2001, the Eurostat National Accounts Working Group defined four taxation indicators for general government and European Union levies, progressing from a narrower to a broader definition:

	Taxes on production and imports (D.2)
+	Current taxes on income, wealth, etc (D.5)
+	Capital taxes (D.91)
[-	Capital transfers from general government to relevant sectors representing taxes and social contributions assessed but unlikely to be collected (D.995)]
+	Compulsory actual social contributions payable to the social security funds sub-sector (S.1314) (D.61111 + D.61121 + D.61131, when payable to S.1314)
=	**INDICATOR 1** (Total taxes and compulsory social security contributions)
+	Compulsory actual social contributions payable to the central government (S.1311), state government (S.1312), and local government (S.1313) sub-sectors as employers (D.61111 + D.61121 + D.61131, when payable to S.1311, S.1312 and S.1313)
=	**INDICATOR 2** (Total taxes and compulsory actual social contributions payable to general government, including those for government as an employer)
+	Imputed social contributions (D.612) payable to general government as an employer
=	**INDICATOR 3** (Total taxes and compulsory social contributions payable to general government, including those for government as an employer)
+	Voluntary actual social contributions payable to the general government sector (S.13) (D.61112 + D.61122 + D.61132)
=	**INDICATOR 4** (Total taxes and social contributions payable to general government, including those for government as an employer)

Box A.2 shows a breakdown of taxes that Member States provide on a harmonised basis in the framework of European System of Accounts 95 (ESA95) Transmission Programme as well as the codes used in ESA95.

Box A.2: Scheme of ESA95 classification of taxes and social contributions

D.2	**Taxes on Production and Imports**
D.21	Taxes on Products
D.211	Value added type taxes
D.212	Taxes and duties on imports excluding VAT
D.2121	Import duties
D.2122	Taxes on imports, excluding VAT and import duties
D.2122a	Levies on imported agricultural products
D.2122b	Monetary compensatory amounts on imports
D.2122c	Excise duties
D.2122d	General sales taxes
D.2122e	Taxes on specific services
D.2122f	Profits of import monopolies
D.214	Taxes on products, except VAT and import taxes
D.214a	Excise duties and consumption taxes
D.214b	Stamp taxes
D.214c	Taxes on financial and capital transactions
D.214d	Car registration taxes
D.214e	Taxes on entertainment
D.214f	Taxes on lotteries, gambling and betting
D.214g	Taxes on insurance premiums
D.214h	Other taxes on specific services
D.214i	General sales or turnover taxes
D.214j	Profits of fiscal monopolies
D.214k	Export duties and monetary comp. amounts on exports
D.214l	Other taxes on products n.e.c.
D.29	Other taxes on production
D.29a	Taxes on land, buildings and other structures
D.29b	Taxes on the use of fixed assets
D.29c	Total wage bill and payroll taxes
D.29d	Taxes on international transactions
D.29e	Business and professional licences
D.29f	Taxes on pollution
D.29g	Under-compensation of VAT (flat rate system)
D.29h	Other taxes on production n.e.c.
D.5	**Current taxes on income, wealth, etc.**
D.51	Taxes on income
D.51a+D.51c1	Taxes on individual or household income incl. holding gains
D.51b+D.51c2	Taxes on the income or profits of corporations incl. holding gains
D.51c3	Other taxes on holding gains
D.51d	Taxes on winnings from lottery or gambling
D.51e	Other taxes on income n.e.c.
D.59	Other current taxes
D.59a	Current taxes on capital
D.59b	Poll taxes
D.59c	Expenditure taxes
D.59d	Payments by households for licences
D.59e	Taxes on international transactions
D.59f	Other current taxes n.e.c.

(Continued on the next page)

Box (continued)

D.91	**Capital taxes**
D.91a	Taxes on capital transfers
D.91b	Capital levies
D.91c	Other capital taxes n.e.c.
D.611	**Actual social contributions**
D.6111	Employers' actual social contributions
D.61111	Compulsory employers' actual social contributions
D.61112*	Voluntary employers' actual social contributions*
D.6112	Employees' social contributions
D.61121	Compulsory employees' social contributions
D.61122*	Voluntary employees' social contributions*
D.6113	Social contributions by self- and non-employed persons
D.61131	Compulsory contributions self- and non-employed persons
D.61132*	Voluntary contributions by self and non-employed persons*
D.612*	**Imputed social contributions***

* Not included in the 'Taxation trends' definition of total taxes (incl. SSC)

Part B: Tax structure by level of government

Data sources: same as in Part A.

Definitions of the aggregates: total taxes received by the general government (institutional sector S.13 in ESA95) are broken down as taxes received by:

- central government (S.1311)
- state (region) government for federal states (S.1312)
- local government (S.1313)
- social security funds (S.1314)
- the EU institutions (S.212).

The taxes that are reported under these headings represent 'ultimately received' tax revenues. This means, for example, that not only the 'own' taxes are included, but also the part of the tax revenue that is automatically and unconditionally 'shared' between the government sub-sectors, even if these government sub-sectors have no power to vary the rate or the base of those particular taxes. Additional information was used for the classification of taxes for Belgium. Furthermore, Denmark treats the VAT revenues (D.211) paid to the EU institutions in a different way from other Member States. They are recorded under S1311 instead of under S.212; subsequently, a current transfer from S.13 to S.212 (under ESA95 code: D.7PAY) is booked. This treatment affects also D.21 and D.2 for S.1311 (central government) and S.13 (general government); compared to the other Member States, this results in a higher estimate of central government revenue and a lower estimate of the revenue at the level of the EU institutions. In Hungary, only for 2008, total personal income tax (D.51A+D.51C1) for the local government (S.1313) is accounted for by the general government (S.1311) and after transferred under D.7 to S.1313. This method of recording results in a lower estimate of local government tax revenue in 2008 compared to those for the period 1995-2007.

Part C: Tax structure by economic function

The calculation of Part C ratios is done on the basis of more detailed revenue data than the one published by Eurostat. The Eurostat database is therefore supplemented by a so-called National Tax List supplied by Member States. The economic allocation of taxes published in this report is applied to each tax contained in the National Tax List. Furthermore, a split of the personal income tax by economic function is used.

- The availability of detailed revenue data and the economic allocation for each country and each tax is available on the homepage of the Directorate-General for Taxation and Customs Union (http://ec.europa.eu/taxtrends).

- Compulsory social contributions of self-employed and non-employed (D.61131) needed to be split between non-employed (considered as part of labour) and self-employed (considered as part of capital). For some countries the split is directly available in the National Tax List; for others the split was computed by applying to D.61131 the share paid by non- and self-employed as reported by the Member States as part of the social protection data in the Eurostat public database, the so-called ESSPROS module of Eurostat ([85]); where no statistics were available the share paid by the non-employed was assumed to be negligible. The data used in the report covers the period up to 2007.

Methodology and the allocation of taxes to economic functions

Taxes on consumption, labour and capital add up to the total of taxes received by general government. The separation of taxes into three economic functions and the identification of an environmental tax category inevitably lead to simplifications and somewhat hybrid categories. The exercise is currently complicated by the fact that the harmonised classification of taxes in ESA95 is not always consistently applied at the detailed level of individual taxes across Member States. A number of borderline cases and approximations had to be taken into account to arrive at a final classification of taxes. Tax data are not always recorded in sufficient detail to identify individual taxes and allocate them to the corresponding economic categories. In addition, some specific national features required a special treatment. The degree of decomposition provided by national statistical offices makes it sometimes difficult to identify sub-categories. General guidelines for the allocation of the taxes are given in the following Boxes C.1 to C.8. However, exceptions are made if necessary to reflect the true nature of a tax. Borderline cases, which mainly regard the split between taxes on stocks of capital and on consumption, are discussed with Member States.

A key methodological problem for classifying tax revenues across the economic functions is that some taxes relate to multiple sources of economic income. This holds most notably for the personal income tax. Therefore, a method was developed to break down personal income tax revenue, in most cases using unpublished data supplied by the national tax administrations. A breakdown of the personal income tax according to four sources of taxable income (labour, capital, self-employment income, and social transfers and pensions) is carried out by Member States authorities according to a country specific methodology (so-called PIT split). Member States use data sets of individual taxpayers (Belgium, Denmark, Germany, France, Ireland, Luxembourg, Latvia, Malta, Netherlands, Poland, Finland, Sweden, Slovenia and United Kingdom) or income class data based on the data set of individual taxpayers (Cyprus, Greece, Spain, Italy, Lithuania, Bulgaria) or tax receipts from withholding and income tax statistics with certain corrections (Austria, Estonia, Czech Republic, Hungary, Portugal, Romania) ([86]).

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 2008 split was considered equal to that of 2007. Tables D.2 to D.5 give all the details on the PIT-split provided by each Member State. In some cases the number of estimates for the PIT split still falls short of the ideal, which to a limited extent affects the

([85]) Eurostat (1996).
([86]) The methodology utilised by Member States to arrive at the PIT split is described in more detail in a separate section of this annex (see 'Methods used to split the revenue from personal income tax' in Part D).

accuracy of the allocation of taxes to economic function and, therefore, of the implicit tax rates (ITRs). Additional details are given in a later section of this methodological note.

- Although, as a rule, taxes are classified under one single economic function, in some specific cases a breakdown of revenue has been carried out also for taxes other than the PIT. For example, local business taxes often relate to one or more sources of economic income and are allocated over the economic functions where possible. In those cases, examples of which are mentioned below, estimates from Member States have been used to distribute their revenue across the economic functions.

- The revenue from the French tax on accommodations (so-called Taxe d'habitation), for example, has been distributed among the categorie 'consumption' and '(stocks of) capital', using estimates from the national administration.

- Also, the revenue from the French generalised social contribution and from the contribution for the reduction of social security institutions debt (commonly abbreviated to 'CSG' and 'CRDS', respectively) has been distributed over the categories 'labour' and 'capital (income of households)'.

- The revenue from the Italian Regional tax on Productive Activities (IRAP), for example, has been distributed among the categories 'labour' and 'capital', using data communicated to us by the Ministry of Finance. The tax is charged on Public Administrations (state, regions, municipalities, etc.), corporations, partnerships, self-employment and non-commercial bodies. The tax base is the difference between items classified in the production value and items classified in the production cost, as defined in the Civil Code. For the Public Administrations, the tax base is equal to the total employees' compensation and, therefore, fully attributed to the 'employed labour' component. The part paid by the private bodies is divided between labour and capital by estimating the labour cost from data provided by withholding agents in the tax returns and further calculating the production value net of the estimated labour cost, thus determining the capital share of IRAP.

- The German local business tax (Gewerbesteuer), has been fully allocated to the category 'capital income (of corporations)', as the part on business capital stocks is not applied in recent years. The French local business tax (Taxe professionnelle) has been fully allocated to the category 'Stocks of capital', as it is mostly levied on buildings and real estate, and the French government is reforming the tax with phasing out the payroll component from the tax base.

- In Italy, the earnings and the compulsory social contributions paid by self-employed persons working under the so called ‘co.co.co’ regime (coordinated and continuous collaboration, special work regime now abolished and substituted by project collaboration) are transferred from the category 'capital (income of self-employed)' to 'labour' (partly to employers and employees).

Taxes on consumption

Taxes on consumption are defined as taxes levied on transactions between final consumers and producers and on the final consumption goods. In the ESA classification these can be identified as the following categories (see Box C.1).

- Value added-type taxes (D.211).

- Taxes and duties on imports excluding VAT (D.212).

- Taxes on products except VAT and import duties (D.214), which include excise duties. Those taxes paid by companies on products used for production have been excluded from the category of consumption taxes, whenever the level of detail enabled their identification ([87]). But national accounts tax revenues do not allow such a split for excise duties, which are paid for a substantial part by companies. Moreover, some categories have been allocated to capital such as the stamp taxes (D.214b), when they could be identified as related to the stock exchange market or real estate investment. Taxes on financial and capital transactions (D.214c) as well as export duties and monetary compensatory amounts on exports (D.214k) have also been recorded as capital taxes.

- Other taxes on production (D.29). These are a typical border case since this category includes several taxes or professional licences paid by companies 'as a result of engaging in production'. Total wage bill and payroll taxes (D.29c) have been classified as a tax on labour; taxes on land, building and other structures (D.29a) have, been classified as taxes on the stock of capital. However, taxes on international transactions (D.29d), taxes on pollution (D.29f) and the under-compensation of VAT (flat-rate system) (D.29g) have been considered as consumption taxes.

- Some taxes defined as current taxes (D.5) in ESA95 such as poll taxes, expenditure taxes, or payments by households for licences have been attributed to consumption since they are expenditures made by households to obtain specific goods and services.

Box C.1: Definition of taxes on consumption

D.211 Value added type taxes
D.212 Taxes and duties on imports excluding VAT
D.214 Taxes on products except VAT and import duties less
  D.214b Stamp taxes
  D.214c Taxes on financial and capital transactions
  D.214k Export duties and monetary compensatory amounts on exports
From D.29 Other taxes on production:
  D.29d Taxes on international transactions
  D.29f Taxes on pollution
  D.29g Under-compensation of VAT (flat rate system)
From D.59 Other current taxes:
  D.59b Poll taxes
  D.59c Expenditure taxes
  D.59d Payments by households for licences

The ITR on consumption is split into four categories (only the numerator is broken down; the denominator remains the same for each subcategory). The categories are the following.

- VAT: the share of the ITR on consumption relating to VAT (D.211-type taxes).

- Energy: this subcategory includes all consumption taxes on energy listed in the National Tax List; these are mainly represented by excise duties on mineral oils, duties on electricity or similar taxes; this definition may differ slightly from the one utilised for Tables 69 and 70, notably as the latter may include also energy taxes levied on capital or labour.

- Tobacco and alcohol: these include all excise duties on alcohol and tobacco products listed in the National Tax List. For Italy, the revenues from stamp duties are included.

- Residual: all remaining consumption taxes are booked in this subcategory; they are obtained as a difference from the total.

([87]) A possible breakdown of car registration taxes between those paid by companies and those paid by households would only be available for some countries. Hence, to avoid a different treatment in different Member States, all revenue from car registration taxes has been attributed to consumption.

The identification of the revenue is done on the basis of the National Tax List.

VAT reduced rate and base indicator

For each country, this indicator is calculated as defined in Box C.2:

Box C.2: Definition of VAT reduced rate and base indicator

VAT reduced rate and base indicator = standard VAT rate - VAT component of the ITR on consumption

Taxes on labour

Taxes on employed labour income

Taxes on employed labour comprise all taxes, directly linked to wages and mostly withheld at source, paid by employers and employees, including actual compulsory social contributions (see Box C.3). They include compulsory actual employers' social contributions (D.61111) and payroll taxes (D.29c), compulsory social contributions paid by employees (D.61121) and the part of personal income tax (D.51a) that is related to earned income. The personal income tax is typically levied on different sources of income, labour income, but also social benefits, including pensions, dividend and interest income and self-employment income. The next section explains how taxpayers' data have been used to allocate the personal income tax revenue across different sources of income.

Under the definition of taxes on employed labour income adopted in this report, the categories 'personal income tax' and 'social security contributions' are used in a wide sense including all other taxes that are susceptible of increasing the cost of labour. Therefore, the recorded amount of 'personal income tax' in the Nordic countries does not only consist of central government income tax, but also includes the state income tax, or municipality income tax and sometimes also church tax. In France, the generalised social contribution (CSG) and the contribution for the reduction in the debt of the social security institutions (CRDS) are partially booked as income tax on labour income. In Austria, the 'contributions to chambers' and the 'promotion residential building' are also partially booked as tax on labour income (and booked as 'personal income tax' and 'employers' SSC and payroll tax', respectively). In Hungary, the communal tax on enterprises is allocated to labour as 'employers' SSC and payroll tax'. In Portugal, the stamp duty on wages and salaries is allocated to 'employers' SSC and payroll taxes'. In Italy, part of the revenue from the IRAP tax, which is levied on a measure of value added by enterprises, has been allocated to labour and 'employers' social contributions' in particular (and also included in the denominator of the tax ratio).

Taxes on non-employed labour income

The category labour — non-employed comprises all taxes and compulsory social contributions raised on transfer income of non-employed persons, where these could be identified. This transfer income includes social transfers that are paid by the state (e.g. unemployment, invalidity and health care benefits) and benefits from old-age pension schemes (both state and occupational pension schemes). Most of these benefits paid to non-employed persons are in some way or the other linked to employment; contributions for current unemployment and State pension benefits are, for example, for the most part, paid by the active labour force, while occupational pension schemes are mostly funded while being employed. The calculation of the implicit tax rate on labour is, however, limited to the category employed labour.

- In some Member States social transfer payments by the State are subject to personal income taxation. In this case, part of what is paid by the State is immediately refunded to the budget (but not necessarily at the same level) in the form of taxes. In many instances, however (e.g. for social assistance), the taxes raised on social transfers are more of an accounting convention than taxes in a proper sense, a means employed to yield a certain net transfer. Where such taxes could be identified they have been separated from other taxes and social contributions.

- Pension arrangements and their tax treatment vary considerably between, and in some cases within, Member States. Where there is up-front tax relief for contributions to funded pensions, this often tends to be given as an exemption from tax on labour income and estimates are not easy to make. The tax revenue collected on pension benefit payments is usually easier to estimate, but there is a conceptual and practical issue over whether to regard it as capital income (because pensions can be privately funded), deferred labour income (because they are actually taxed in this way) or a social transfer payment (because they are classified as such in national accounts or because they are guaranteed by the state). For state (first pillar) pensions, the solution is to treat them in the same way as social transfer payments but for occupational (second pillar) and private (third pillar) pensions the issue is more difficult, because they are generally privately funded and the benefits are not guaranteed by the state. The compromise solution adopted in this report classifies income tax on occupational pensions under the labour — non-employed category and does not include them in capital income. An important reason for doing this is that both state and occupational pension benefits are often treated as (deferred) labour income in the income tax, as they are directly linked to employment or the exercise of a profession. Another important argument is that occupational pension benefits are considered as (privately funded) social benefits in national accounts. In the United Kingdom, however, occupational pensions and also private pensions are allocated to capital giving an upward bias to the ITR on capital compared to other Member States.

- Private (third pillar) pensions may be used as a supplement for state or occupational pensions. They have many of the characteristics of occupational pensions, although participation is often not directly related to employment or the exercise of a profession, and is arranged individually by contract directly with a product provider (e.g. a life insurance company). It could therefore be argued that the taxes raised on private pension benefits should be allocated to capital income. It should however be noted that the statistical identification of private pension benefits is often complicated, and the amount of this type of income is so far not very significant in the majority of Member States (notable exceptions in this respect are Denmark, Belgium, the Netherlands and the United Kingdom).

Taxes on income of the self-employed

The question arose whether part of the self-employed income should be treated as a remuneration of labour and whether the related taxes should be included in taxes on labour. The best compromise between economic rationale and data availability was to consider self-employment income as income from capital: self-employed income is genuinely an entrepreneurial income and self-employed take the risk of incurring losses when exercising their activity. Personal income taxes as well as social contributions of self-employed are, therefore, allocated to the capital income subcategory for self-employed. This assumption includes the part of self-employment income equivalent to the remuneration of self-employment own labour. For some Member States, this assumption does not reflect the situation of some self-employed, whose economic status or income does not significantly differ from those of wage earners. In Italy, for example, the National Statistical Office (ISTAT) provides official estimates of the percentages of 'mixed income' that can be attributed to labour and capital.

Box C.3: Definition of taxes on labour

Employed labour

From D.51 Taxes on income:

D.51a+D.51c1 Taxes on individual or household income including holding gains (part raised on labour income)

From D.29 Other current taxes:

D.29c Total wage bill and payroll taxes

From D.611 Actual social contributions:

D.61111 Compulsory employers' actual social contributions

D.61121 Compulsory employees' social contributions

Non-employed labour

From D.51 Taxes on income:

D.51a+D.51c1 Taxes on individual or household income including holding gains (part raised on social transfers and pensions)

From D.611 Actual contributions:

D.61131 Compulsory social contributions by self- and non-employed persons (part paid by social transfer recipients)

Taxes on capital

Capital is defined broadly, including physical capital, intangibles and financial investment and savings (see Box C.4). Capital taxes include taxes on business income in a broad sense: not only taxes on profits but also taxes and levies that could be regarded as a prerequisite for earning profit, such as the real estate tax or the motor vehicle tax paid by enterprises. In their empirical study Desai and Hines (2001) confirmed that these indirect taxes also influence investment decisions of American multinational firms. They also include taxes on capital stocks of households or their transaction (e.g. on real estate). A distinction is drawn between taxes on capital and business income and taxes on capital stock:

Box C.4: Definition of taxes on capital

Capital and business income taxes:

From D.51- Taxes on income:

D.51a+D.51c1 Taxes on individual or household income including holding gains (part paid on capital and self-employed income)

D.51b+D.51c2 Taxes on the income or profits of corporations including holding gains

D.51c3 Other taxes on holding gains

D.51d Taxes on winnings from lottery and gambling

D.51e Other taxes on income n.e.c.

From D.611- Actual social contributions:

D.61131 Compulsory social contributions by self- and non-employed persons (part paid by self-employed)

Taxes on stocks (wealth):

From D.214- Taxes on products, except VAT and import taxes:

D.214b Stamp taxes

D.214c Taxes on financial and capital transactions

D.214k Export duties and monetary compensatory amounts on exports

From D.29- Other taxes on production:

D.29a Taxes on land, buildings or other structures

D.29b Taxes on the use of fixed assets

D.29e Business and professional licences

D.29h Other taxes on production n.e.c.

From D.59- Other current taxes:

D.59a Current taxes on capital

D.59f Other current taxes on capital n.e.c.

D.91 Capital taxes

'Taxes on capital and business income' that economic agents earn or receive from domestic resources or from abroad includes taxes on income or profits of corporations (Box C.5), taxes on income and social contributions of the self-employed, plus personal income tax raised on the capital income of households (rents, dividends and other property income) (Box C.6). In practice this is mainly the personal income tax paid on dividend, interest and entrepreneurial activity (part of D.51a + D.51c1) and corporate income tax (D.51b + D.51c2) as well as other taxes on holding gains (D.51c3). This metric is further subdivided into the 'Taxes on the income of corporations' (using the 'Taxes on the income or profits of corporations including holding gains' as a numerator) and 'Taxes on the income of households', which uses the residual of 'Capital and business income taxes'.

Box C.5: Definition of taxes on the income of corporations

Taxes on the income of corporations

From D.51-Taxes on income:

D.51b+D.51c2 Taxes on the income or profits of corporations including holding gains

Box C.6: Definition of taxes on the capital and business income of households

Taxes on capital and business income of households:
From D.51 Taxes on income:
D.51a+D.51c1 Taxes on individual or household income including holding gains (part paid on capital and self-employed income)
D.51c3 Other taxes on holding gains
D.51d Taxes on winnings from lottery and gambling
D.51e Other taxes on income n.e.c.
From D.611 Actual social contributions:
D.61131 Compulsory social contributions by self- and non-employed persons
(part paid by self-employed)

'Taxes on capital stock' include the wealth tax (D.59a), capital taxes (D.91) including the inheritance tax (D.91a), the real estate tax (D.29a) or taxes on the use of fixed assets (D.29b), professional and business licences (D.29e), and some taxes on products (from the category D.214).

Environmental taxes

The definition of an environmental tax in "Environmental taxes – a statistical guideline" (European Commission 2001b) developed and used by the European Commission, the OECD and the International Energy Agency (IEA) refers to a tax 'whose tax base is a physical unit (or a proxy of it) of something that has a proven, specific negative impact on the environment'. While the motivation for introducing the taxes – fiscal or environmental – is not decisive for the classification, its impact on costs and prices is. As the statistical guideline states: 'The environmental effect of a tax comes primarily through the impact it has on the relative prices of environmentally related products and activities, in combination with the relevant price elasticities. With this in mind, the definition of environmental taxes used in the statistical framework puts emphasis on the potential effect of a given tax in terms of its impact on costs and prices.'

Environmental taxes comprise taxes on energy, transport, pollution and resources, but value added type taxes are excluded because they are levied on all products. Environmental taxes represent a sub-category of indirect taxes, in general consumption taxes, but may sometimes also represent taxes on the capital stock.

In line with the definition of the statistical guideline, in this publication environmental taxes are divided in three groups: energy taxes, transport taxes (excl. fuel) and a category combining pollution and resource taxes. However, for the purposes of this report some additions and adaptations have been made for borderline cases. In particular:

- Energy taxes include taxes on energy products used for both transport and stationary purposes (denoted E in the NTL). The most important energy products for transport purposes are petrol and diesel. Energy products for stationary use include fuel oils, natural gas, coal and electricity. CO2 taxes are included under energy taxes rather than under pollution taxes, as it is often not possible to identify them separately in tax statistics. Furthermore, taxes levied on environmentally possibly harmful production such as on conventional or nuclear power producers are considered as increasing their long-term production costs and are hence classified as energy taxes, even in the absence of a strong link with quantities in the tax base.

- A further disaggregation is provided for energy taxes, namely a category giving the tax revenues stemming from the transport use of fuels. Transport fuel taxes include only those taxes which are levied on the transport use of fuels/energy products and hence form a subgroup of energy taxes. The derivation of these data is explained under the heading "Transport fuel taxes".

- Transport taxes (excl. fuel) mainly include taxes related to the ownership and use of motor vehicles (denoted T in the NTL). Taxes on other transport equipment (e.g. planes), and related transport services (e.g. duties on charter or schedule flights) are also included here, when they conform to the general definition of environmental taxes. The transport taxes may be 'one-off' taxes related to imports or sales of the equipment or recurrent taxes such as an annual road tax. As indicated by the title, taxes on petrol, diesel and other transport fuels, are not included here but are included under energy taxes.

- The last group of pollution/resource taxes includes two groups of taxes (denoted P in the NTL). Pollution taxes are taxes on measured or estimated emissions to air and water, management of solid waste and noise – with the exception is the CO2-taxes, which, as discussed above, are included under energy taxes. The second group – resource taxes – includes any tax linked to extraction or use of a natural resource. This means that licences paid for hunting, fishing and the like are classified as resource taxes, because these activities deplete natural resources. Note that in this publication, taxes on the extraction of oil or gas are booked as resource taxes, contrary to the statistical guideline which excludes taxes on oil and gas extraction altogether from the definition of environmental taxes. Taxes on oil and gas extraction increase the production cost and hence influence the decision whether or not to produce. While under the small country hypothesis, these taxes will not affect the market price, they might however affect the supply decision of the product. Resource taxes hence comprise all taxes levied on extraction as well as taxes directly linked to extraction activities (such as e.g. taxes on oil pipelines in Denmark).

For Slovenia, the data for energy tax revenues before the introduction of VAT in July 1999 are obtained from a breakdown of turnover tax revenues by type of goods, supplied courtesy of the Slovenian Statistical Office. It should be noted that the reduction in energy taxes from 1998 to 2000 is essentially a statistical artefact. Up to 1998, the excise duty represented all taxation of mineral oils, because no general sales tax such as VAT existed; when VAT was adopted, it was levied on mineral oils, too, as is typical of any general consumption tax. The Slovenian authorities hence reduced the excise duty rate in order to leave the final sale price broadly unchanged. Our methodology, however, counts only excise duties as energy taxes. Hence, the apparent decline in energy taxation was in fact a substitution of one tax for another, which left constant the tax burden for the final consumer.

The taxes included as environmental taxes and their respective categories are listed for each Member State on the homepage of the Taxation and Customs Union Directorate General. ([88])

Transport fuel taxes

Transport fuel taxes are defined as taxes on energy products used for transport purposes only. This category aims at representing the tax burden falling on transport energy products, i.e. transport fuels.

Data sources

Thirteen Member States (Belgium, Denmark, Germany, Estonia, Spain, Italy, Latvia, Lithuania, Netherlands, Austria, Slovenia, Finland, Sweden,) and Norway made ready-to-use data available. For the remaining Member States Commission Services estimated the transport fuel taxes applying the methodology described below. The following data sources were used for this estimation:

- National List of Taxes (NTL)

- The Taxation and Customs Union Excise Duty data (ED)([89]) collects information on 'revenue from taxes on consumption (excise duties and similar charges) other than VAT on energy products and electricity'. This information is supplied by the EU-27 national authorities, but not necessarily following ESA95 methodology. The data provides information on tax revenue on energy products according to eight different product categories and two summary categories:

([88]) http://ec.europa.eu/taxation_customs/taxation/gen_info/economic_analysis/tax_structures/article_5985_en.htm
([89]) http://ec.europa.eu/taxation_customs/resources/documents/taxation/excise_duties/energy_products/rates/excise_duties_energy_products_en.pdf

Box C.7: Energy products

I)	Leaded petrol/Lead substitute petrol
II)	Unleaded petrol
III)	Diesel
IV)	LPG and Methane
V)	Heavy fuel oil
VI)	Sum of I)-IV): Total revenues from all mineral oils
VII)	Natural gas
VIII)	Coal and Coke
IX)	Electricity
X)	Overall sum: Total revenues from all energy products & electricity

- Eurostat public database: The Eurostat public database provides data on environment and energy.([90]) It contains information on final energy consumption volumes for transport use. It allows to separate final energy consumption volumes of different energy products for different uses (e.g. tons of petrol used for transport purposes or for industries). According to this sector categorisation final energy consumption for transport covers all transport sectors (rail, air and water) for all transport use (business, private) for different product categories.

Time span covered

Transport fuel tax revenues were calculated for the years 2003 – 2008 for the old Member States and for 2004 – 2008 for most new Member States due to limitations in data availability. For 2008 no data on final energy consumption volumes was available. The stability of the transport shares in final energy consumption, however, allows assuming constancy of the shares of transport use of fuels. Hence, for revenue estimations of the categories of mixed use for transport and stationary purpose the 2007 constant transport shares where applied to the 2008 tax revenues.

The data provided by the Member States covers different time spans.

Methodology: Estimating transport fuel tax revenues in ED data

The ED data provides a split of taxes on energy products in revenues on VI) Mineral oils, VII) Natural gas, VIII) Coal and coke and IX) Electricity. As the energy products coal and coke, electricity and natural gas are only used to a negligible part for transport purposes, revenues in these categories are assumed to stem from stationary energy use only and hence disregarded further on.

To determine which part of the VI) Tax revenues on mineral oils according to the ED data can be attributed to the transport use of fuels, data on final energy consumption volumes provided by the Eurostat public database on final energy consumption is used.

The public Eurostat database allows to separate final energy consumption for different energy products according to different sectors/usage. In line with the product categories in the ED data, i.e. petrol, diesel, LPG and heavy fuel oil, the transport use of final energy consumption of corresponding product categories were downloaded (namely the amount in tonnes used for transport purposes of the following products: 3220 LPG, 3230 Motor Spirit, 3260 Gas/diesel Oil and 3270 Residual Fuel Oil). The calculated usage shares indicate that motor spirit was exclusively used for transport purposes while residual fuel oil was hardly used for transport purposes. Hence, revenues from ED categories I) Leaded petrol/Lead substitute petrol and II) Unleaded petrol can exclusively be attributed to the transport use of fuel. Revenues from III) Diesel and IV) LPG and Methane stem from the mixed use of transport and stationary purpose, while V) Heavy fuel oil is almost exclusively attributed to stationary purposes.

([90]) Eurostat database on energy: http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database

For the mixed-use categories III) Diesel and IV) LPG and Methane, the tax revenues stemming from the transport use are disentangled from non-transport tax revenues. Generally, multiplying the amount of the product used for transport by the respective tax rate applied in the respective year should give the tax revenues levied on that specific product used for transport (see Box C.8). Doing so, two difficulties need to be addressed:

- The Eurostat database on final energy consumption uses tonnes as a measure of the volume of liquid components, whereas tax rates for Petrol and Diesel are usually given as Euro/litre. Hence, a conversion factor has to be used to transform tonnes into litres before applying the tax rates. For diesel/gas oil - petrol revenues don't have to be disentangled - a 'typical' conversion factor suggested by Eurostat of 1185l/1000kg is used.

- Moreover, usually more than one tax rate is in place for a product category used for transport purposes. Tax rates on transport diesel are often differentiated according to the diesel's sulphur or bio diesel content; LPG used for public transport is often taxed at reduced rates or tax exempt altogether. In case multiple tax rates prevented the application of the general formula 'tax rate x amount of transport fuel in litres', a different approach was used. Transport tax revenues were derived as the difference between total tax revenues according to the product category given by the ED data, namely III) Diesel or IV) LPG and Methane, and the non-transport tax revenues. Calculating non-transport tax revenues by applying the general formula proved feasible as non-transport tax rates are usually less differentiated.

Taking the sum over the tax revenues of categories I) Leaded petrol/Lead substitute petrol II) Unleaded petrol and the derived fuel tax revenues in categories III) Diesel and IV) LPG and Methane gives the overall transport tax fuels according to ED data methodology.

As the ED data is not necessarily following the ESA 95 methodology used in the NTL further adjustments have to be made to derive the amount of transport fuel taxes according to ESA 95 methodology. First, the shares of transport fuel taxes in mineral oil taxes and in overall energy taxes in ED data are calculated. This is achieved by the division of the estimated transport fuel taxes by VII) Total revenues from all mineral oils and by X) Total revenues from all energy products & electricity, respectively. The resulting shares are then applied to the respective categories in the NTL. Preferably, the ED share of transport fuel taxes to mineral oil taxes is applied to the NTL category of mineral oil tax revenues, as usually the concepts for mineral oil taxes as given in the NTL and in the ED data are linked closely. The application of this share gives hence a proxy of 'tax revenues stemming from the transport use of fuels' according to the ESA95 methodology, which is the one published in the report. In case of unavailability of the category mineral oil taxes in the NTL, the share of transport fuel taxes to energy taxes resulting from the ED data is applied to energy taxes in the NTL (See Box C.8 for the two methods).

Shares were also applied to data provided by the Member States in case the data were not provided according to ESA95 methodology. In this case the split between transport fuel tax revenues and other tax revenues as provided by the Member States – mostly in cash data - was applied to the respective category in the NTL, hence giving an approximation following the ESA95 methodology.

Box C.8: Transport fuel taxes in ED data

Sum over revenues on:

I) Leaded petrol/Lead substitute petrol

II) Unleaded petrol

Tax rate for diesel/1000l x amount of diesel used for transport in 1000 l

Tax rate for LPG/1000kg x amount of LPG used for transport in 1000 kg

Tax rate for residual/heavy fuel oil/1000kg x amount of heavy fuel oil used for transport in 1000 kg

Share of transport fuel taxes in overall mineral oil taxes:

Numerator: Transport fuel taxes

Denominator: VI) Total revenues from all mineral oils

Share of transport fuel taxes in energy taxes:

Numerator: Overall transport fuel taxes

Denominator: X) Total revenues from all energy products & electricity

Part D: Implicit tax rates

The implicit tax rates are defined for each economic function. They are computed as the ratio of total tax revenues of the category (consumption, labour, and capital) to a proxy of the potential tax base defined using the production and income accounts of the national accounts.

Data sources

National accounts data used in the construction of the denominator are extracted from the Eurostat public database (formerly NewCronos), with further national accounts data acquired for calculating the bases of the implicit tax rates on capital and capital income. The numerators are taken from the ratios calculated in Part C. For a few countries limitations in data availability, particularly in the case of the denominator of the ITR on capital, affected or prevented the calculation of the ITR.

Methodology

The tax revenue relative to GDP statistics presented in this survey can be described as macro backward-looking tax burden indicators. In Part C the taxes raised on economic functions are shown as percentages of total GDP. However, the consideration of tax revenue as a proportion of GDP provides limited information as no insight is given as to whether, for example, a high share of capital taxes in GDP is a result of high tax rates or a large capital tax base. These issues are tackled through the presentation of ITRs which do not suffer from this shortcoming.

ITRs measure the actual or effective average tax burden directly or indirectly levied on different types of economic income or activities that could potentially be taxed by Member States. Note, however, that the final economic incidence of the burden of taxation can often be shifted from one taxpayer to another through the interplay of demand and supply: a typical example is when firms increase sales prices in response to a hike in corporate income taxation; to a certain extent the firms' customers end up bearing part of the increased tax burden. The ITRs cannot take these effects into account, as this can only be done within a general equilibrium framework. Despite this limitation, ITRs allow the monitoring of tax burden levels over time (enabling the identification of shifts between the taxation of different economic functions e.g. from capital to labour) and across countries. Alternative measures of effective tax rates exist, which, using tax legislation, simulate the tax burden generated by a given tax, and can be linked to individual behaviour. However, these 'forward-looking' effective tax rates do not allow the comparison of the tax burden implied by different taxes; nor do they facilitate the identification of shifts in the taxation of different economic income and activities.

The comparability of these indicators has been enhanced by the improved consistency and harmonised computation of ESA95 national accounts data. However, this improvement can only be fully exploited by using the same denominator for all countries and not accounting for country-specific peculiarities in national tax legislation. For capital, an average tax rate is estimated by dividing all taxes on capital by a broad approximation of the total capital and business income both for households and corporations. For labour, an average tax rate is estimated by dividing direct and indirect taxes on labour paid by employers and employees by the total compensation of employees. The attractiveness of the approach lies in the fact that all elements of taxation are implicitly taken into account, such as the combined effects of statutory rates, tax deductions and tax credits. They also include the effects due to the composition of income, or companies' profit distribution policies. Further, the effects of tax planning, as well as the tax relief available (e.g. tax bases which are exempted below a certain threshold, non-deductible interest expenses), are also taken implicitly into account. The advantage of the ITRs in capturing a wide set of influences on taxation is accompanied by difficulties in interpreting the trends when a complete and precise separation of the different forces of influence is not possible ([91]). In addition, any timing differences that arise because of lags in tax payments and business-cycle effects may give rise to significant

([91]) OECD (2000, 2002b).

volatility in these measures. In short, they represent a reduced model of all variables influencing taxation, tax rates and bases.

Implicit tax rate on consumption

The ITR on consumption is defined as all consumption taxes divided by the final consumption expenditure of private households on the economic territory (domestic concept) (see Box D.1).

Box D.1: Definition of the implicit tax rate on consumption

Implicit tax rate on consumption (ESA95)	Taxes on consumption / (P31_S14dom)
Numerator: see Box B.3 – taxes on consumption	
Denominator: P31_S14dom: Final consumption expenditure of households on the economic territory (domestic concept)	

This simple metric, which replaced the more complex version used prior to the 2003 edition, is considered preferable on a number of counts. Under the previous approach government consumption net of government salaries was added to consumption of households on the economic territory to obtain the denominator ([92]), given that some of the 'consumption taxes' are levied on these government purchases. However, the figure for 'government consumption minus wages and salaries' was only ever a rough approximation of the intermediate consumption of the government ([93])·([94]).

Implicit tax rate on labour

The ITR on employed labour is defined as the sum of all direct and indirect taxes and employees' and employers' social contributions levied on employed labour income divided by the total compensation of employees working in the economic territory (see Box D.2). The ITR on labour is calculated for employed labour only (so excluding the tax burden falling on social transfers, including pensions). Direct taxes are defined as the revenue from personal income tax that can be allocated to labour income. Indirect taxes on labour income, currently applied in some Member States, are taxes such as payroll taxes paid by the employer. The compensation of employees is defined as total remuneration, in cash or in kind, payable by an employer to an employee in return for work done. It consists of gross wages (in cash or in kind) and thus also the amount paid as social insurance contributions and wage withholding tax. In addition, employers' contributions to social security (including imputed social contributions) as well as to private pensions and related schemes are included. Compensation of employees is thus a broad measure of the gross economic income from employment before any charges are withheld.

Box D.2: Definition of the implicit tax rate on labour

Implicit tax rate on employed labour (ESA95)	Direct taxes, indirect taxes and compulsory actual social contributions paid by employers and employees, on employed labour income/ (D.1 + D.29c)
Numerator: see Box B.5 – employed labour	
Denominator: D.1 Compensation of employees, D.29c Wage bill and payroll taxes	

The fundamental methodological problem in calculating the ITR on labour and capital is that the personal income tax is typically broad-based and relates to multiple sources of income (i.e. employed labour, self-employed labour, income from

([92]) In this respect, the previous approach followed the formula proposed by Mendoza, Razin and Tesar (1994).
([93]) 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.
([94]) A detailed analysis of the VAT on intermediate government consumption is contained in Annex C of the 2007 edition of this report (European Commission, 2007).

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 on labour should be seen as a summary measure that approximates an average effective tax burden on labour income in the economy. It must be recognised that the tax ratio may hide important variation in effective tax rates across different household types or at different wage levels ([95]). For example, cuts in taxes or social contribution rates that are targeted on low-wage, low-skill workers or families with children may have a small impact on the overall ITR and yet be effective in raising take-home pay for the beneficiaries. The decomposition of total tax wedges, for example, may be quite different at relatively low or relatively high wage levels. Also, in some Member States the recent fiscal reforms may have had more pronounced effects on low-wage, low-qualified workers or on families with children.

When interpreting the time-series comparisons, it should be borne in mind that the evolution refers to an *ex post* trend, which does not disentangle cyclical, structural and policy elements. This implies that the observed changes may only partially reflect discretionary tax policy measures. In some Member States, for example, strong economic growth may have decreased the importance of allowances and tax credits and, therefore increased the average tax rate or have moved taxpayers into higher personal income tax brackets resulting in higher real tax payments (bracket creep). Moreover, taxpayers at the top of the pay scale may have witnessed relatively high increases in incomes, and such changes may have induced a cyclical swing in the ITR on labour that may to some extent offset the (*ex ante*) expected fall driven by the tax reforms (aimed at reducing the tax burden at the bottom to the middle end of the distribution, say). Even in the absence of strong economic growth but in the case of inflation, the described 'bracket creep' can operate if tax brackets are not adjusted taking inflation into account.

In addition, it should be noted that the figures in the national accounts often do not follow a real accrual principle. According to the ESA95 rules for the national accounts, taxes should normally be recorded when the underlying economic event/transaction takes place rather than then when the actual tax payment is made. The personal income tax, for example, is often levied on incomes accrued one year prior to actual collection. However, ESA95 allows for considerable flexibility in interpreting the accrual time of recording, depending on the type of taxes. Most statistical offices in fact use 'time-adjusted' cash figures for a few months, which are allowed following an amendment of ESA95. This means that the effects of tax reforms may be reflected in the figures with some delay, even when time-shifted cash figures are used. In contrast, tax policy changes are by definition immediately visible in the tax wedge indicators.

In the chapter analysing the trends in the ITR on labour, the ITR on labour is compared with the tax wedge for a single worker at two thirds of average earnings. In the 2004 edition of this publication a comparison between the ITR on labour and the tax wedge for a single worker without children at average earnings was computed for the EU-15. The ITR on labour was lower than the tax wedge at average earnings in all but three Member States. The difference amounted to a maximum of well above 10 percentage points and to eight percentage points on the weighted EU-15 average. Somewhat surprisingly then the ITR on labour was closer to the tax wedge at two thirds of the average earnings than the one at average earnings. This can be due to the fact that employees at the lower end of the pay scale are generally subject to relatively lower taxation or even no taxation at all and have a substantial weight in the calculation of the ITR on labour. Another explanation for the lower level of the ITR on labour with respect to the tax wedge for a single worker without children at average earnings is the fact that the former takes account of non-standard tax reliefs (e.g. medical expenses) which are not considered by the latter. See European Commission (2004, pp. 101–104).

([95]) See also Clark (2002).

Implicit tax rates on capital

Properties of the implicit tax rate on capital

The overall implicit tax rate on capital is computed as the ratio between revenue from all capital taxes, and all (in principle) potentially taxable capital and business income in the economy. It aims at representing the average tax burden falling on capital income.

Our definition of taxes on capital does not stop at taxes levied on capital income streams, such as the corporate income tax, but includes taxes on stocks of wealth or capital assets, stemming from savings and private sector investments in previous periods; as well as taxes on asset transactions. In other words not only taxes on profits are included but also, for instance, taxes and levies that could be regarded as a prerequisite to earn them, like the real estate tax or the motor vehicle tax paid by enterprises; this kind of taxes have to be paid also by non-profitable entities, and, therefore, cannot properly be treated as taxes on income streams. Given that national accounts do not provide any indicator for the tax base of taxes levied on capital stocks or their transactions (e.g. a harmonised measure of the stock of capital or of asset transactions), the overall ITR on capital simply uses as a denominator potential capital and business income; however, this publication also includes a more narrowly defined ITR on capital and business income which excludes taxes on wealth or the capital stock but simply measures the average effective tax burden on private sector investment and saving, as a ratio between taxes paid on capital income streams and the aggregate of capital and business income.

Of the various implicit tax rates, the ITR on capital is the most complex ([96]). 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 burden ([97]) 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.

([96]) 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).
([97]) European Commission (2001a).

Interpreting the ITRs on capital one should bear in mind that the bases used for the computation are, particularly in the new Member States, not only narrower but also more volatile than GDP as a whole, and thus subject to wide swings. Hence, the overall volatility of this ratio is significantly higher than that of the other ITRs. A degree of caution is, therefore, advisable when making cross-country comparisons or comparisons of one Member State with the EU averages.

Large changes in backward-looking measures of the tax rate on capital are not unusual and not limited to macro indicators. Tests on Belgium and Sweden[98] report annual changes of several percentage points for effective tax rates derived both from national accounts data or tax statistics using micro data for companies. The calculations presented here have similar features.

Moreover, statistical issues related to the sectoral data used to compute the denominator of the ITRs might also influence the results. National accounting data are in fact regularly revised. In 2006, complying with the EU legislation ([99]), the Member States were required to introduce a number of important methodological revisions in their national accounts in order to improve the measurement of GDP. In particular, the main change, as for the sectoral accounts, was the allocation of the Financial Intermediation Services Indirectly Measured (FISIM ([100]) to user sectors/industries, instead of intermediate consumption. Imports of FISIM have also been recorded. At the moment several Member States have not entirely conformed to the current methodological regulations. It is, therefore, possible that statistical artefacts influence the time series, particularly in those points where data compiled according to a new methodology are joined with old-series data.

The implicit tax rate on capital and the ITR on capital and business income

The implicit tax rate is calculated for total capital taxes and for the subcategory of taxes on capital income (which differs from capital taxes overall because it excludes taxes on the stock of capital) ([101]). Both indicators have the same denominator, i.e. total profit and property income from both corporations and households. In the case of taxes on capital income, the denominator does not correspond to the actual tax base; it is in some ways narrower (omitting capital gains) and in other ways broader (excluding some deductions from the tax base). As for 'capital taxes on stocks and wealth', the denominator does not take into account any asset or wealth on which the tax is levied. In addition, two additional disaggregated ITRs, on corporate income and on capital and business income of households are computed. These do not add up to the ITR on capital and business income.

The computation of the ITRs for the whole 1995–2008 period is not possible for three (Luxembourg, Malta and Romania) out of the 27 Member States and only partly possible for another four Member States (Bulgaria, Ireland, Greece and Spain), mainly because of lack of data availability in the sectoral accounts. In order to obtain EU averages as accurate as possible, the missing values for the latter group of countries were replaced with the latest available figures and the average was labelled 'adjusted'. Likewise, if the data for the beginning of the series are missing, for the purpose of calculating EU averages only the value for the country is proxied by the first available data point. In the case of Luxembourg, following the methodological changes in national accounts regarding the FISIM and given the sizeable weight of the financial sector in this country, it no longer seems appropriate to employ a simplified methodology to compute the ITRs on capital as done until the 2007 publication of the report. The ITRs will be published when a complete set of sectoral accounts is available. Until the 2008 edition of the report, the ITR was computed with reference to a simplified set of data for Ireland. As of the 2009 edition, a full sectoral accounts dataset is available and the use of it resulted in a downward revision of the ITR.

([98]) Valenduc (2001), Clarc (2002).
([99]) The legal reference for the definition, calculation and allocation of FISIM are Council Regulation (EC) No 448/98 of 16 February 1998 completing and amending Regulation (EC) No 2223/96 with respect to the allocation of Financial Intermediation Services Indirectly Measured (FISIM) within the European system of national and regional accounts (ESA) and Commission Regulation (EC) No 1889/2002 of 23 October 2002 on the implementation of Council Regulation (EC) No 448/98 completing and amending Regulation (EC) No 2223/96 with respect to the allocation of Financial Intermediation Services Indirectly Measured (FISIM) within the European System of national and regional Accounts (ESA).
([100]) 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).
([101]) The methodology is described in: European Commission (2004a).

Of the various implicit tax rates, the ITRs on capital are by far the most complex and given their limitations should be interpreted very carefully. A first problem is that as indicated below, the ITR on capital is broadly based and, therefore, reflects a wide range of factors. In particular, the definitions of the ITR denominators can only roughly approximate the worldwide capital income of a country's residents for domestic tax purposes. This does not mean that on the side of companies' profits of foreign affiliates are consolidated within the (domestic) parent company. National accounts disregard the foreign ownership of subsidiaries located on the economic territory when the generation of profits is recorded. They are simply treated as domestic companies ([102]). However, the base of the ITR does not measure the actual base of tax legislation, which drives tax revenues. So in practice it is not easy to link developments in the overall ITR on capital and business income to the various statutory tax rates and other policy changes.

Capital and business income according to national accounts is defined as profits and property income. Profits are defined as net operating surplus (B.2n) of the private sector including corporations (and quasi-corporations), private households, and non-profit institutions and mixed income (B.3n) of the self-employed. The net operating surplus of the government sector is excluded, because losses or profits of the government are not subject to taxation.

There is no simple way of approximating the tax base for property income (mainly interest and dividends) for the whole private sector. Compared to the reports based on ESA79 data, we switched from net interest payments of the government to a specifically defined balance of property income of the private sector (received minus paid). The objective for the definition of this balance was to approximate the potentially taxable profit of a company and the taxable capital income of private households.

Taxable profits of companies consist of net operating profit and property income received (financial income) less certain deductible elements of property income paid. The property income deductible from the tax base includes interest (D.41), property income attributed to insurance policyholders (D.44) and rents on land (D.45). Dividends (part of distributed income of corporations — D.42) are part of the financial income but they cannot be deducted to calculate the taxable base in national tax legislation ([103]). For private households, the taxable capital income consists almost completely of interest and dividend payments received and of property income attributed to policyholders received from insurance companies and pension funds.

The balance of D.44 received minus paid usually nets off for the whole private sector. The definition takes into account the received property income from abroad and improves the measurement of profits from banks and insurance companies. However, for the ITR on capital several sources of bias compared to taxable profits remain.

- Since the calculation of depreciation of fixed capital in national accounts uses prices of the current period, it differs a lot from methods used in profit and loss accounts. Additionally, the calculation of consumption of fixed capital is not comparable across countries. This could lead to additional biases in measuring the effective tax burden on capital.
- Capital gains are not part of profits in national accounts because they are not related to the production process. This important part of taxable profits of (financial) companies is disregarded in calculating the denominator and leads to an overestimation of the ITR on capital and business income as far as capital gains are taxed. The same is true as regards the capital gains of private households, which are often taxed under the personal income tax. All this is likely to affect international comparability, as some countries have a greater share of financial company profits including gains.

([102]) The profits of foreign affiliates are recorded in the distribution of income as 'reinvested earnings on foreign direct investment' (D.43) between the parent and subsidiary company. The flow D.43 paid in national accounts means that subsidiaries in the host country have retained profits and this is attributed to the parents abroad in national accounts. The flow D.43 received consists of retained profits of subsidiaries abroad attributed to the parent companies in the investigated country. Both flows can have a negative sign in the case of losses of the subsidiaries. The solution for the ITR tax base is not taking reinvested earnings on foreign direct investments into account. On the one hand the profit (or loss) of a parent earned abroad is not counted. On the other hand the retained profits (or losses) of foreign subsidiaries in the home country is not deducted from the ITR tax base.

([103]) The ITRs for the whole private sector avoid double counting of dividends that are distributed by domestic companies out of their operating profits by deducting dividends paid to domestic private households or other domestic companies from the capital ITR tax base. For more details on this issue see European Commission (2004a).

- Central banks are part of the financial corporations sector in national accounts. The inclusion of their (non-taxable) profits in the denominator leads to an underestimation of the ITR on capital and business income.

- For taxable third-pillar private pension benefits, treated as income from capital in the split of the personal income tax (PIT), no corresponding income flow is recorded in national accounts. Ignoring these benefits in the potentially taxable capital and business income in the denominator leads to an overestimation of the ITR.

- In the Eurostat data of national accounts for the EU Member States, interest payments by private households and self-employed are not available separately. Taking the total net interest as part of the denominator accounts for tax deductible interest payments of self-employed but leads to an overestimation of the ITR on capital because interest payments for mortgage and consumer loans are not tax deductible in most Member States.

- Unlike net operating surplus, taxable profits and tax revenues are reduced by losses carried forward, causing a cyclical mismatch with the base and cyclical fluctuation in the ITR, which sometimes makes the trend difficult to interpret. This may also distort international comparisons. In addition, the difference in the measurement of imputed rents on owner-occupied dwellings between national accounts and tax legislation is another source of bias.

Box D.3: Definition of the implicit tax rate on capital (income)

Implicit tax rate on capital (income)	Capital (income) taxes / B.2n_S11-12 + B.2n_S14-15 + B.3n_S14 + D.41_S11-12rec - D.41_S11-12pay + D.44_S11-12rec - D.44_S11-12pay + D.45_S11-12rec - D.45_S11-12pay + D.42_S11-12rec - D.42_S11-12pay + D.42_S13rec + D.42_S2rec + D.41_S14-15rec - D.41_S14-15pay + D.45_S14-15rec - D.45_S14-15pay + D.42_S14-15rec + D.44_S14-15rec
Numerator:	see Box C.4 – taxes on capital
Denominator:	
B.2n_S11-12	Net operating surplus of non-financial and financial corporations (incl. quasi-corporations)
B.2n_S14-15	Imputed rents of private households and net operating surplus of non-profit institutions
B.3n_S14	Net mixed income of self-employed
D.41_S11-12rec	Interest received by non-financial and financial corporations
D.41_S11-12pay	Interest paid by non-financial and financial corporations
D.44_S11-12rec	Insurance property income attributed to policy holders received by non-financial and financial corporations
D.44_S11-12pay	Insurance property income attributed to policy holders paid by non-financial and financial corporations
D.45_S11-12rec	Rents on land received by non-financial and financial corporations
D.45_S11-12pay	Rents on land paid by non-financial and financial corporations
D.42_S11-12rec	Dividends received by non-financial and financial corporations
D.42_S11-12pay	Dividends paid by non-financial and financial corporations
D.42_S13rec	Dividends received by general government
D.42_S2rec	Dividends received by rest of the world
D.41_S14-S15rec	Interest received by households, self-employed and non-profit organisations
D.41_S14-S15pay	Interest paid by households, self employed and non-profit organisations
D.45_S14-S15rec	Rents on land received by households, self employed and non-profit organisations
D.45_S14-S15pay	Rents on land paid by households, self employed and non-profit organisations
D.42_S14-15rec	Dividends received by private households, self-employed and non-profit organisations
D.44_S14-15rec	Insurance property income attributed to policyholders received by private households, self-employed and non-profit organisations

The overall ITR on capital and business income for corporations and households is influenced through various channels. Therefore, developments of this indicator are sometimes difficult to explain.

The ITR on capital income of corporations and the ITR on capital income of households and self-employed

The interpretation of the overall ITR on capital and business income of corporations and households is complicated by the overlapping effects of the various channels previously described. Although difficulties of interpretation stemming from the backward-looking character of the indicator remain, the reading of the ratios is in fact simplified when splitting the ITR between an ITR for the corporate sector and another ITR for the households sector. However the breakdown is not perfect as the denominators of the two indicators are partly overlapping.

The numerator of the overall ITR can be split using the allocation of taxes to the category 'income corporations', '(capital) income households' and 'income self-employed'([104]). In most countries, tax revenues raised on corporate income equal the aggregate D.51b + D.51c2 'Taxes on the income or profits of corporations including holding gains' (Box D.4). For countries like Germany, Italy and Austria revenues from local or regional business taxes are added. In general, the other tax categories of the overall ITR numerator are allocated to the households sector (Box D.5). The other two categories ('(capital) income households' and 'income self-employed') are taken as numerator of the ITR on capital and business income for households. This includes mainly taxes on holding gains of households, the share of personal income tax on capital and on the self-employed and the social contributions paid by the latter.

The denominator includes the mixed income of the self-employed, the net operating surplus of households, dividends and attributed insurance property income received and the difference between received and paid interest and rents([105]). The denominator for corporations consists of their net operating surplus, the difference between received and paid interest and rents and a specific definition of dividends minus property income from insurance companies and pension funds attributed to policyholders([106]).

When splitting the ITR on capital income for (non-financial and financial) corporations and households, the flows of property income between these two sectors are of particular importance. A clear split can be made for the national accounts categories interest payments (D.41) and rents (D.45).

In principle, dividends are part of the taxable financial income of a company. They are subject to double taxation because corporate taxes have been levied on the profit at the level of the distributing company. In order to limit or offset the double taxation at the level of the shareholder (corporation or individual) Member States apply different taxation schemes. However, most countries do not offset fully the double taxation ([107]). 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.

([104]) A detailed classification of taxes to the different categories for each Member State is available on the homepage of the Directorate-General for Taxation and Customs Union (http://ec.europa.eu/taxtrends).
([105]) 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).
([106]) Strictly speaking, it is the balance of attributed property income (D.44) paid mainly to private households and received property income attributed to insurance policyholders because also corporations and quasi- corporations can be insurance policyholders too.
([107]) For an overview of the schemes that apply for the individual shareholder see European Commission (2003b).

Box D.4: Definition of the implicit tax rate on corporate income

Implicit tax rate on corporate income	Taxes on corporate income/ B.2n_S11-12 + D.41_S11-12rec - D.41_S11-S12pay + D.45_S11-12rec - D.45_S11-12pay + D.42_S11-12rec - D.42_S11-12pay + D.42rec. by S13 + D.42rec. by S2 + D.42rec. by S14-15 + D.44_S11-12rec – D.44_S11-12pay
Numerator:	
D.51b+D.51c2	Taxes on the income or profits of corporations including holding gains
Denominator:	
B.2n_S11-12	Net operating surplus of non-financial and financial corporations (incl. quasi-corporations)
D.41_S11-12rec	Interest received by non-financial and financial corporations
D.41_S11-12pay	Interest paid by non-financial and financial corporations
D.45_S11-12rec	Rents on land received by non-financial and financial corporations
D.45_S11-12pay	Rents on land paid by non-financial and financial corporations
D.42_S11-12rec	Dividends received by non-financial and financial corporations
D.42_S11-12pay	Dividends paid by non-financial and financial corporations
D.42_S13rec	Dividends received by general government
D.42_S2rec	Dividends received by rest of the world
D.42_S14-15rec	Dividends received by households, self-employed and non-profit institutions
D.44_S11-12rec	Insurance property income attributed to policyholders received by non-financial and financial corporations
D.44_S11-12pay	Insurance property income attributed to policyholders paid by non-financial and financial corporations

However, it would be deceptive to count only the dividends received by financial and non-financial corporations. Because the net operating surplus out of which dividends are distributed is already part of the denominator the dividends would be partly counted twice. Dividends distributed by a company belonging to the sector for financial or non-financial corporations should not be counted. Only dividends received from abroad should be taken into account when constructing the ITR for all corporations.

Unfortunately, information on dividends distributed from the rest of the world to domestic corporations is not available in the Eurostat database of national accounts. For dividends (and nearly all other flows in national accounts) we only know what a specific sector receives from all other sectors and what it pays to all other sectors. However, this information can be used to approximate the dividends received by corporations from abroad. From the total sum of dividends received by corporations (D.42rec_S11-12) we deduct the dividends distributed by domestic corporations (D.42pay_S11-S12) in order to avoid double counting. However, this deduction is too large, as only the dividends distributed to domestic corporations should be subtracted. Therefore, dividends received by the government (D.42rec_S13), the rest of the world (D.42rec_S2) and households (D.42rec_S14-15) are added to the denominator. This approximation is only fully correct under the assumption that the government and households do not receive dividends directly from abroad but through domestic banks and insurance companies. While this assumption seems reasonable for the government, for households it can be expected that they receive a certain part of dividends from abroad, meaning that the dividends included in the denominator are overestimated.

Box D.5: Definition of the implicit tax rate on capital and business income of households and self-employed

Implicit tax rate on capital and business income of households (incl. self-employed)	Taxes on capital and business income of households / B.2n_S14-15 + B.3n_S14 + D.41_S14-15rec - D.41_S14-15pay + D.45_S14-15rec - D.45_S14-15pay + D.42_S14-15rec + D.44_S14-15rec
Numerator:	see Box C.6 - taxes on the capital and business income of households
Denominator:	
B.2n_S14-15	Imputed rents of private households and net operating surplus of non-profit institutions
B.3n_S14	Net mixed income of self-employed
D.41_S14-S15rec	Interest received by households, self employed and non-profit organisations
D.41_S14-S15pay	Interest paid by households, self employed and non-profit organisations
D.45_S14-S15rec	Rents on land received by households, self employed and non-profit organisations
D.45_S14-S15pay	Rents on land paid by households, self employed and non-profit organisations
D.42_S14-15rec	Dividends received by private households, self-employed and non-profit organisations
D.44_S14-15rec	Insurance property income attributed to policyholders received by private households, self-employed and non-profit organisations

Due to the double taxation of dividends at the company level and at the shareholder level these payments (or the underlying profits) need to be included in both indicators, for corporations and for households. With these definitions the ITRs on capital and business income for households and on corporate income do not sum up to the overall ITR. For the overall implicit tax rate on business and capital income the dividend payments between the corporations and the households' sector need to be consolidated.

But with the 'property income attributed to insurance policyholders (D.44)' there exists another income flow for distributing profits from financial corporations to private households ([108]). Insurance companies and pension funds collect contributions from their insurance policies or schemes, and after deducting their operating costs they invest them in the capital market or in other assets. From this (financial) investment they receive property income in the form of interest, dividends or rents as well as capital gains through trading stocks, bonds etc. This return on investment constitutes partly the profit of the insurance companies and partly belongs to the insurance policyholder as laid down in the insurance contract. It is that part attributed to the policyholders (excluding capital gains) ([109]), which, in national accounts, is transferred via the D.44 mainly to private households in the period when this property income accrued.

In principle, most EU Member States provide a tax exemption of this income in the hands of the financial institution. Several methods are used. In some cases, the institution is tax exempt (certain pension funds); in other cases income is exempt or neutralised in the profit calculation by deducting an insurance technical reserve. However, some Member States levy a withholding/capital yield tax on this income which is not always neutralised on the level of the company.

The preliminary split of the ITR on capital income for corporations and households presented in the 2003 edition did not take the flow D.44 into account. This means that the return on investment was fully allocated to financial corporations. It was based on the fact that there is no actual flow of income in the period in which insurance companies earn income on behalf of policyholders. In national accounts, income received by insurance companies or pension funds by investing their technical reserves in financial assets or buildings is only 'attributed' to insurance policyholders. It is 're-collected' afterwards through imputed higher insurance contributions. Because these flows are purely imputed within national accounts, no taxes — at this stage — are raised on the level of the insurance policyholder.

([108]) For the private sector as a whole, including or excluding D.44 (received minus paid) from the tax base has no major empirical impact on the ITR on capital income since the net d44 is close to zero and represents nearly exclusively a flow from financial corporations to households.

([109]) The capital gains are not recorded in the generation and distribution of income accounts. Some information can be found in the revaluation accounts. Up to now we have not tested whether these data could be used for our purposes.

However, it seems that the tax exemption of such earnings is the dominant regime for the taxation of pension funds and insurance companies in Europe. It means that 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, D.44 is added to the ITR tax base for the capital income of the households sector. In most countries, private households are taxed on the benefits or distributions by pension funds or insurance companies when the payoff period starts. This can be an amount of capital or an annuity. For the definition of an ITR on capital income for households this means that we encounter a problem of periodicity. With the property income earned on behalf of the policyholder period by period, insurance companies build up reserves (liabilities) in order to pay the benefits in later periods. However, D.44 could be regarded as proxy for the taxable part of pension benefits and insurance payoffs, which would not include the initial contributions or premiums.

The corporations sector in national accounts also comprises partly unincorporated enterprises, the so-called quasi-corporations. In many countries, these quasi-corporations also have to pay corporate income tax. However, there are some important exceptions. In Germany, partnerships (*Personengesellschaften*) constitute a large number of the country's companies and these are treated as quasi-corporations. Their production and profits etc. are recorded in the corporations sector in national accounts. Because they do not have an independent legal status, their owners are taxed under the PIT scheme. The related tax payments are recorded within the households sector in national accounts([110]). In the classification adopted in this publication, they are reported within 'taxes on self-employed'. This means that tax revenues are booked in a different sector than the underlying business income. Ignoring this booking principle by calculating ITRs on capital income for corporations or households (including self-employed), using the sector information of national accounts without corrections would lead to biased ITRs. Similar problems exist for Luxembourg, Austria, Finland and Portugal.

According to information from Statistics Finland, the bias in Finland's ITRs is of minor importance. For Austria and Portugal a correction of the ITR on corporations has been introduced. A fraction of PIT for owners of these quasi-corporations is not available. Therefore, the part of PIT from self-employed that includes the taxation of profits from partnerships is extracted from the ITR on households and allocated to the corporations sector. At the same time, the approximation of the tax base for self-employed is also assigned to the corporations sector, consisting of mixed income.

For Austria and Portugal the adjusted ITR represents the tax burden on all companies including the self-employed. For Germany, where partnerships are an important part of companies, it would be possible to employ a similar adjustment. However, the German authorities expressed doubts on whether this adjustment would lead to results that are fully comparable with other countries. The ITR on corporate income is generally lower than the statutory corporate tax rate. This can be explained by the fact that the ITR incorporates the effect of reduced rates (e.g. for certain assets, sectors or small profits), tax deductions affecting the base and the effects of tax planning by corporations in order to minimise their tax payments. It should furthermore be noted that the financial corporations described in national accounts include central banks and pension funds, while their profits, which are included in the denominator of the ITR, are not always subject to taxation. This is another element that explains the relatively low level of the ITRs. Making a comparison with an ITR using micro data from tax statistics, Valenduc (2001) finds that the ITR based on macro data tends to underestimate the effective taxation on company profits.

It is, however, possible that the ITR on corporate income exceeds the statutory corporate tax rate. This may depend, for instance, on the payment by corporation of taxes referring to profits earned earlier, or on taxes paid on capital gains (which are not included in our ITR denominator owing to a lack of statistics). A less straightforward but probably important effect is due to the impact of loss-making companies which not only individually display a zero ITR but

([110]) PIT revenues are also recorded in the government sector which receives the payments.

curiously drive up the ITR for all profit-making companies; their own negative net operating surplus in fact offsets an equivalent but positive NOS realised by other businesses which turn a profit and pay taxes on it.

The sensitivity to the business cycle is a general feature of backward-looking indicators that measure the average effective tax burden on economic activities. In principle, *ceteris paribus*, three different factors affect the ITR on capital income in an economic recovery.

- In countries with a progressive personal income tax, the ITR should rise in an upswing. If taxable income from capital and self-employment increases, the taxes raised on this income increase faster.

- Corporate tax schedules are generally not progressive and, therefore, the economic cycle should not affect the ITR via that channel of influence. However, some Member States do apply lower rates for small and medium-sized enterprises. In an ongoing upswing some of these companies will exceed the tax legislative thresholds resulting in a higher tax burden.

- Rules on carry forward of company losses will generally result in asymmetric effects on the ITR. First, there is an asymmetry with regards to the timing of tax payments: when relying on aggregate data from national accounts, corporate income tax revenues appearing in the numerator of the ITR are reduced by losses incurred in prior years, while the denominator is reduced by losses in current years. The numerator effect is caused by so-called loss 'carry forward' provisions in the tax legislation. The denominator effect results from the inclusion of loss-making firms, with current losses from loss-making firms offsetting profits of profitable firms in the aggregation. Losses are therefore incorporated in both the numerator and the denominator, but the losses are transmitted in the ITR asymmetrically in the sense that they refer to different periods. At the beginning of an economic upswing, more firms will make profits. Initially that the ITR on capital is reduced, because the resulting increase in profits is immediately reflected (in the denominator) but not fully in the tax payments (in the numerator) as losses from previous years are carried forward. However, one could expect that the latter effect diminishes over time, as loss-carry forward provisions are often restricted in time and more and more companies make profits as the upswing persists. This diminishing effect of loss carry-over provisions should therefore lead to a gradual increase in the ITR on capital due to progressive increases in tax payments. Second, a recessionary phase will generally exert an asymmetric impact on the numerator and the denominator of the ITR: the denominator will show the full amount of the decrease in aggregate corporate profits whereas the numerator will not reflect the full extent of the deterioration as a portion of taxpaying companies would have shown zero profits already in the preceding year and further deterioration is not taken into account (hence a greater effect on the denominator than on the numerator resulting in a slight anti-cyclical bias).

All in all, these effects are likely to offset each other to a certain extent in the initial phases of the cycle. However, in a long-lasting economic upturn these channels of influence will point most likely to an increase in the implicit tax rate on capital with a certain time lag.

Structural factors affecting the development of capital ITR

Beyond the effects of the business cycle, the changes in the ITRs might also reflect more structural changes, in particular in the composition of income. For example, given the increase in stock market capitalisation in the years 1995–2000, it is likely that significant capital gains were achieved by both companies and households, resulting in an increase in financial income. This change in the composition of income is not clearly discernible from national accounts income data, nor is it included in the tax base of the ITR. The additional tax revenues related to this kind of income could therefore have induced a rise in the ITRs on capital income, leading to an overestimation of the effective tax burden on capital income of the private sector. Following the same line of reasoning, the subsequent downturn in stock markets could be an important element in explaining the reduction in the ITR on capital income in 2001.

Moreover, different tax provisions for different sources of income offer an additional explanation for the increase in the ITR on corporate income. Specific tax rates or special types of tax relief apply to different sources of income or expenditure. A common feature of corporate tax systems, for instance, is to favour debt finance relative to the financing of new investments by issuing new equity. For the ITR, dividend and interest payments are aggregated within the tax base. If financial markets induced a shift from interest to dividend payments, the taxable base would increase. In this case, companies will pay more taxes on capital since the deduction of interest expenditure for determining taxable profits is phased out. At the same time, however, the aggregate and consolidated tax base of the ITR will net off all flows of dividend distributions or interest payments between different companies (for instance between non-financial companies as borrower and banks or insurance companies as creditor) and private households. If a shift occurs from interest to dividend payments, it will not show up in the denominators, and hence the capital ITR will remain constant. The overall result of the higher tax revenues would be an increase in the ITR reflecting a higher effective tax burden that is caused by the effects of the tax legislation ([111]).

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 basic of each source's net calorific value. Although out of analogy with the ITRs on labour, consumption, and capital the name ITR is employed, it should be noted that the former three are dimensional numbers while the ITR on energy is expressed in euro per tonne of oil equivalent.

The real ITR on energy differs from the nominal in the sense that the nominal euro amount in the numerator of the ratio is deflated with the cumulative percentage change in the final demand deflator from 2000.

Methods used to split the revenue from personal income tax:

The sources of personal income tax

Apart from the aggregate data in national accounts, additional data made available by Member States has been used to split recorded tax revenues into more detailed categories. This is of particular importance for the recorded personal income tax, which is typically broad-based, and relates to multiple sources of income. A method had to be developed to break down revenue from the personal income tax by economic function (i.e. labour, capital and consumption). This section describes the methods used by the Member States to generate estimates of this split of the personal income tax from tax return data. The methods attribute personal income tax to four main taxable income sources (see Box D.6):

([111]) However, the tendency for the ITR to increase can be offset to some extent by the fact that interest is often more highly taxed than dividends in the hands of personal investors. Only countries with classical tax systems tax interest as much as dividends at the personal level. Others have some form of relief for double taxation of dividends. So there could be more personal income tax on interest than on dividends, offsetting some of the effect mentioned.

Box D.6: Broad definition of the selected income sources

Income source	Type of taxable income components included
Employed labour	
	Wages and salaries Fringe benefits in kind Directors' remuneration Foreign source earned income Financial participation schemes (e.g. stock options) Deemed income from private uses of company cars
Self-employed labour	
	Income from unincorporated businesses Profits from trade or business and proceeds from independent professional services (e.g. dividend distributions from closely held companies)
Capital	
	Income from movable property (e.g. dividends, interest, distributions, royalties) Income from immovable property (rents earned on letting a private dwelling, etc.) Periodic transfers and private pensions Taxable capital gains for some Member States Other (e.g. rental value owner-occupied housing)
Transfers and pensions	
	Taxable social benefits (e.g. unemployment, health care and social assistance benefits) State pension benefits Occupational pension benefits

The resulting estimates of the personal income tax revenue that could be attributed to these taxable income sources are used in the numerators for the implicit tax rates on labour and capital (using relevant aggregate economic incomes as denominators) and in the breakdown of taxes across the economic functions (i.e. taxes on consumption, labour and capital, as a percentage of GDP).

The flaws of aggregate data and advantages of micro data

Under an approach using only aggregate data, total personal income tax raised in respect of labour (capital) income is often estimated as the proportion of aggregate labour (capital) income in the aggregate taxpayer income. Another approach is to estimate a single average effective income tax rate on the basis of aggregate data. The total personal income tax revenue data is divided by the aggregate approximation of labour and capital income in the economy to get the overall effective personal income tax rate, which can subsequently be applied to the labour (capital) income in order to estimate the income tax levied from labour (capital) income([112]). This ignores the fact that effective rates on personal income tax vary across different taxable income components and groups of taxpayers. Even where, for example, labour and capital income are pooled together for tax purposes at the individual level, such an approach may be criticised where aggregate labour income is believed to be subject, on average across taxpayers, to a significantly different average effective tax burden than capital income([113]). A main concern associated with average effective (implicit) tax rate analysis is the manner in which estimates are derived for the aggregate amount of personal income tax revenue raised from different types of income included in a given country's personal income tax base. Under an approach using only aggregate data from national accounts, for example, total personal income tax raised in respect of labour (or capital or other forms of personal taxable income, for example social transfer or pension income) is often estimated as the proportion of aggregate labour (or capital) income in the aggregate taxpayer personal income. This approach implicitly assumes that labour and capital income (or other forms of taxable income) is subject to one (common) average effective tax rate([114]). This

([112]) 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.
([113]) See also OECD (2000, 2002b), Clark (2002) and De Haan, Sturm and Volkerink (2002).
([114]) This approach has been introduced by Mendoza, Razin and Tesar (1994) and was used in internal studies by Economics and Financial Affairs departments of both the European Commission and the OECD. See Martinez-Mongay (2000) and Carey and Rabesona (2002) for more details.

assumption is generally unrealistic, and could be expected to lead to imprecise estimates of notional tax revenues raised in respect of different taxable income types and, therefore, imprecise estimates of average effective tax rates by economic income source([115]).

Relying on micro-level data — that is, confidential tax data at the individual taxpayer level — Member States are able to generate more accurate estimates of personal income tax revenues raised on separate sources of income. Generally, capital income will tend to be concentrated at the right side of the Lorenz curve and therefore, be subject to higher marginal and average tax rates as compared to income from labour. On the other hand, special tax concessions may apply to income from capital, so that the average tax rate for capital income might not be significantly different from that for income from labour. For example, some Member States apply a so-called 'dual' income tax system, in which capital income is usually taxed at a relatively lower (fixed) rate as compared to other earned taxable income. Forcing the latter assumption (of special tax concessions) on the data would however be a shortcoming to the analysis. Also, most Member States tend to tax pension benefits or social benefits more favourably than earned income from labour, either by way of increased tax allowances or tax credits that are age-based, or by partial exemptions from the tax base. Using micro-data sets that include separate reported figures at the taxpayer level for the items of income on which the personal income tax is raised, it is possible to account for such effects([116]).

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 Wj measures the labour income of the j-th taxpayer in a sample of individuals (j = 1, ... n) and where $PITj$ measures the personal income tax payment of the j-th taxpayer on his total taxable income Yj. 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 $wj = (Wj/Yj)$ 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

([115]) See also OECD (2000, 2002b) and De Haan, Sturm and Volkerink (2002).

([116]) 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.

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 subcategories of taxable income are pooled at the individual level, and the result is taxed at ascending statutory tax rates. However, some Member States apply a given statutory rate on a specific income category, as can occur under a 'dual income tax' system. In the Netherlands, Finland and Sweden, for example, capital income is currently taxed at a relatively lower statutory rate as compared to other earned income. In most cases, however, the tax receipts data are used to isolate the amount of tax collected on that particular income category. In Slovenia, capital income is taxed according to a flat rate while active income is taxed according to a progressive rate. In the United Kingdom, the personal income tax law actually prioritises the order of different types of income. For example, labour income is treated as the bottom of the taxable income and dividend income is treated as the top slice of taxable income. Unlike the method used in other Member States, the United Kingdom calculation therefore does not assume that the individual taxpayer has the same average effective income tax rate over all income sources (see also above). Instead, income source specific income tax rates are multiplied by the selected income sources at the taxpayer level.

Box D.7: Overview of methods to estimate the allocation of the personal income tax

Countries	Data	Basic method
BE, DK, DE, FR, NL, IE, LU, LV, MT, PL, FI, SE, SI, NO	Data set of individual taxpayers	Personal income tax payments multiplied by fractions of net taxable income sources (as percentage of the total tax base) at the level of the individual taxpayer
UK	Data set of individual taxpayers	Income source specific income tax rates multiplied by net taxable income sources at the level of the individual taxpayer
BG, CY, ES, EL, IT, LT	Income class data based on data set of individual taxpayers	Personal income tax payments multiplied by fractions of net taxable income sources (as percentage of the total tax base) at the level of income classes/tax brackets
AT, CZ, EE, HU, PT, RO	Tax receipts data from withholding and income tax statistics	Approach using aggregate withholding tax and final assessment income tax data with certain adjustments.

Credits and deductions

Income sources are, insofar as it is possible, measured net of tax base deductions or allowances that are exclusively earned on these income sources (e.g. allowance for savings, expenses incurred in maintaining labour income). This is important, as tax breaks and concessions given in respect of the tax on capital income can be quite substantial, with the result that the estimated fraction for personal income tax raised on capital income can be rather low, and in some cases even negative (e.g. in the Netherlands and in Denmark). It is generally attempted to allocate income-specific tax credits (e.g. an additional tax credit that is earned exclusively on income from labour) to the base for splitting purposes to which it relates. Against this, the revenue effects of general tax base deductions and credits are proportionately allocated across all income sources. Further complications in calculating the bases for splitting arise due to the fact that certain income tax receipts are collected at source and certain tax breaks are granted at source, whilst others are collected and granted in the framework of the individual taxpayer's tax return. This is particularly an issue with certain components of capital income (interest, dividends, pensions, etc.). There are further conceptual and practical issues with pensions and the self-employed to which there are no easy answers.

As a result of data set limitations and a degree of inconsistency between the approaches adopted by the Member States (which affects most notably the allocation of income tax to capital and social transfers and pensions), the accuracy and comparability of the estimates of the ITRs on labour and capital have been somewhat compromised. The sources of these inconsistencies are various. In some Member States, for example, tax return data are only available at income-class level rather than at the taxpayer level. For some countries not all the taxable benefits from social security or old-age pension schemes could be separately identified from the tax return data. Some Member States could not incorporate the revenue effects of tax base deductions or tax credits specifically related to the main income sources. Inconsistency may also arise where Member States permit a joint assessment of the taxable income of the household (e.g. in France before 2001). To give an example, the principal earner of the household may earn labour income whereas the spouse is actually a social benefit recipient with a relatively lower income. In these cases, however, the same effective tax rate was applied to the taxpayers jointly assessed. There are further conceptual and practical problems with the treatment of pensions for which there are no straightforward solutions.

Some Member States were not able to provide full time-series coverage for all calendar years. In these cases, a trend has been assumed using simple linear interpolations, or the fractions were assumed to remain constant. In reality changes in the fractions would reflect changes either in the distribution of income or in the tax parameters. Applying linear interpolation seems a valid method only in the absence of major tax reforms. Apart from certain simplifying assumptions and estimates of the share of personal income tax limited to specific years this new treatment of the personal income tax is a major improvement on the methodology used prior to the 2003 edition. It is found to be vastly better than an approach based on aggregate data in estimating the tax burden on non-wage income sources (in particular for social transfers and pensions and self-employment income).

Individual country approaches by type of approach:

(A) Approach using micro-tax receipts data

- Belgium: The split of the personal income tax was estimated by the Ministry of Finance using detailed revenue statistics from the national tax administration based on individual tax returns. The data set covers any assessed income, and is exhaustive. In fact, the national tax administration already splits and allocates the aggregate personal income tax revenue raised on the so-called 'global income' to the different income sources on a case-by-case basis, in order to derive entitlements of individual taxpayers to certain tax credits that are related to specific income sources. For example, the tax credits for pensions, sickness or unemployment are limited to the income tax that relates proportionally to the corresponding net income. This allocation of the tax revenue raised on the 'global income' is calculated by multiplying individual tax payments by proportions of the income types in the total taxpayer's 'global income', as outlined above. The income types are measured net of tax base deductions that are exclusively earned on these income types. Subsequently, the estimated fractions of the aggregate personal tax revenue that is raised on the selected income types depend on a proportional division of the personal income tax that is due on the 'global income' and the income tax due on 'distinct income' sources that are taxed separately. The resulting fractions are consequently applied to the sum of revenues from advance payments on earnings, advance payments of tax on self-employed persons and the amount of the final income tax assessment. The revenue from withholding tax on income from movable capital and real estate tax is not included in the above calculations; they are directly assigned to the capital income.

- Denmark: The split of the personal income tax was estimated by the Ministry of Taxation using a micro-simulation model that is based on a sample of micro (taxpayer-level) data. The model incorporates the information of withholdings/prepayments and final income tax returns. The model is updated annually, and used in planning the national tax policies and estimating policy alterations on tax revenues and on the income tax liabilities of taxpayers on different income levels. The model also covers other legislative areas, such as unemployment benefits, housing subsidies, social assistance and so on. The method basically multiplies individual tax payments by proportions of the income types in the total taxpayer's income, as outlined above. The income types are measured net of tax base deductions that are exclusively earned on these income types. By including net interest payments in the tax base of capital, for example, the Ministry of Taxation has taken into account the way the tax relief for mortgage interest payments and other interest payments on loans reduces the tax base of capital. This explains why the estimated part of capital income may be lower than zero. The method takes into account that from 2001 onwards negative capital income can only be deducted in the local income taxes (and from 2007 the so-called health care contribution as a consequence of the municipal reform) and that from 1998 to 2001 the after tax value of the deduction for negative capital income was gradually eroded. The so-called share income (which is taxed separately) is allocated directly to the part on capital income. As regards employed labour income, it should be recognised that in 1995 and 1999 wage income was taxed as follows: on the one hand the tax base for the municipal income tax and the lower limit central government tax was wage income less transport expenses and unemployment insurance contributions; on the other hand the tax base for the so-called middle bracket and top bracket income tax was the part of the wage income —without any reduction for expenses — that exceeded a certain amount. If one reduces the tax base with deductible 'wage expenses', then the part of the mean limit and an upper limit income tax that is attributed to wage income is too small. Whereas if it is not taken into account the part of the municipal income tax and lower limit central government tax that is attributed to wage income is too big. The Ministry of Taxation has chosen the latter approach as it is believed that the bias will be the smallest in this case.

- Germany: The split of the personal income tax was estimated by the Federal Ministry of Finance using a micro-simulation model. This model is based on a representative sample of micro (taxpayer-level) tax return data that is used for tax forecasting purposes and pre-assessing the consequences of changes in income tax legislation. In addition, the model allows the assessment of the solidarity tax, child benefits, the church tax and social contributions. The simulation model incorporates the information on withholdings/prepayments and final income tax returns (in Germany, nearly every private household liable to income tax must file an income tax return, employees only paying wage withholding tax are also included in the sample). The calculations do not take into account child benefits and tax-free cash grants for acquiring or constructing new occupational dwellings, which are credited against the income tax liability. These transfers are deemed as separate transfers in the context of social policy programmes. Basically, personal income tax payments were multiplied by the selected income sources at the micro level, as outlined above. The income sources are measured net of tax base deductions that are exclusively earned on these income sources. Germany employs a comprehensive income tax base. There are no income-specific rates such as lower flat-rates on income from capital investment as in countries with dual income tax systems, nor does Germany grant lower tax rates or tax credits on low wages. However, the tax base may be largely offset by income-specific allowances (such as the saving allowance), tax incentives or arrangements in computing income, but these effects are captured within the calculations, because the average effective tax rate is multiplied by the net taxable income sources.

- France: The decomposition of the PIT was based on a sample of around 500 000 tax declarations (2 % of the total). The method basically multiplies individual tax payments by proportions of the income types in the total taxpayer's income. The income types are measured net of tax base deductions that are exclusively earned on these income types. In addition, corrections were made for the revenue effects of tax credits that are exclusively earned on the selected income types (e.g. the reimbursable tax credit, the *prime pour l'emploi*, to encourage low-paid and low-skilled workers to resume active employment). It is worth noting that France employs a joint assessment of the taxable income in the household. For example, the principal earner in the household may earn labour income whereas the spouse receives social benefits, but the total amount of personal income is jointly assessed. In the calculations for the split of the personal income tax, however, in this case the same effective tax rate has been applied to the partners jointly assessed. For the period 2001–2004 data provided by French authorities also include taxes paid on transfers. For the period 1999–2000 this was only possible if the household income included salary or self-employed labour revenues. In order to maintain comparability and consistency in the time series the split for 1999 and 2000 has been adjusted. Assuming that the changes in the shares from 2000 to 2001 are only due to the introduction of the category 'transfers', the absolute changes for the other three categories have been calculated accordingly and deducted from the original values provided.

- Ireland: The split of the personal income tax was estimated by the Inland Revenue using an exhaustive data set with micro (taxpayer-level) tax return data. The data set covers all taxpayers for which a return was received. The method basically multiplies individual tax payments by proportions of the income types in the total taxpayer's income, as outlined above. However, because there are some taxable personal income components that are taxed at a flat rate only, there is no actual split of tax revenues raised on these particular income components. The tax raised on such components is directly calculated from the tax return data. At this stage, the income types are not yet measured net of tax base deductions that are exclusively earned on these income types. This could be done in future updates of the split of the personal income tax.

- Latvia: The split of the personal income tax was estimated by the Ministry of Finance. Latvia's calculations are greatly simplified by the existence of one single rate of personal income tax. The calculations were based on data from personal income tax returns, in accordance with the individual taxpayers' data. The summary of salary declarations was used to calculate personal income tax revenue from employed labour income. Information on the personal income tax paid by the self-employed was derived from the Declaration of annual income and from the advance payment tax return. Information on tax on pension payments was obtained from the State Social Insurance Agency. The lack of any records of personal income capital taxation means that this amount was taken as the residual. A part of allowances (the non-taxable minimum and allowances for dependants) is applied at the moment of the tax calculation. The tax is collected, taking into account applicable allowances. Information on the applicable allowances is obtained from the tax returns. The other allowances are obtained only after submission of declarations of annual income to the State Revenue Service. The total PIT revenue is already shown in net form i.e. the PIT repayments made by the State Revenue Service are already taken away.

- Luxembourg: The split of the personal income tax was estimated by the National Statistical Office using detailed revenue statistics from the national tax administration (ACD) based on exhaustive household tax returns (in Luxembourg PIT is based on family taxation) and on withholding revenues on employed labour and transfers. For the part on tax returns, the method basically multiplies individual tax payments by proportions of the income types in the total taxpayer's income, as outlined above. Then the withholding revenues were considered, because it is not mandatory to compile tax return if there is only employed labour or pension income. Since the distinction between withheld amounts raised on labour employed and pension income is not available, data from the social security organisations were used. When only the total amount withheld was available from a social security organisation, the average rate of contribution was used as a proxy.

- Malta: The split of the personal income tax is based on the actual data available at the local tax authorities through the individual returns. When returning their annual declarations, all taxpayers are obliged to correctly indicate the exact source of their income on their individual tax form. This information is then captured at micro level, and is used to compile the figures submitted in the national PIT questionnaire. There is no further extrapolation on the data, except for the case of the withholding taxes on capital. Since the withholding tax is a flat percentage, this figure has been obtained based on the revenue generated from this particular source.

- The Netherlands: The split of the personal income tax was estimated by the Ministry of Finance using a micro-simulation model that is based on a sample with micro (taxpayer-level) data. The information is collected by

Statistics Netherlands. The model is not updated annually, but annual projections are made for future years for planning the national tax policies and estimating policy alterations on tax revenues. It covers the combined tax burden of wage withholding tax, personal income tax, social contributions and wealth tax. The method basically multiplies individual tax payments by proportions of the income types in the total taxpayer's income, as outlined above. In the Netherlands, the lowest two income tax rates consist of personal income tax and social contributions; the highest two rates consist solely of personal income tax. The split has therefore been computed for both personal income tax and social contributions (which are in principle levied on all taxable personal income types). The income types are measured net of tax base deductions that are exclusively earned on these income types. A special provision applies to the capital income of owner-occupied property. This is taxed at a notional rental value, which represents the balance of revenue and expenses connected with the use of the dwelling, and is assessed using statutory tables. As normal expenses are included in the notional rental value, no expenses other than mortgage interest and ground rent may be deducted. The deduction for mortgage interest payments explains why the estimated part of capital income is lower than zero for some years. A major tax reform was implemented in January 2001. Among a number of other important changes, this reform replaced the wealth tax and personal income taxation of interest, dividend and other capital income by a single tax on the imputed income from wealth. A 4 % yield imputed on all assets is now taxed at a flat rate of 30 %, which basically implies a 1.2 % tax rate on the total wealth. The tax reform also replaced the basic employed person's tax base allowance by a non-refundable tax credit for all employees and self-employed persons. Both measures are reflected in the estimates for 2001.

- Poland: The split of the personal income tax was estimated by the Ministry of Finance. Poland has a progressive tax system, hence the estimate is obtained with a bottom-up methodology, starting from taxpayer-level data and the aggregating the results. For taxes levied as lump sums, the method used simply multiplies the individual tax due by proportions of the income types in total taxpayer's income. The income types are measured net of estimated social security contributions. Adjustments were made for married couples' tax returns (their joint income was used in the calculations). Owing to an important reform in 1999, which introduced tax-deductible health insurance contributions, there are two different methodologies for the years 1995–1998 and 1999–2004. For the years after 1999, the Ministry of Finance arrives at the PIT due by subtracting the amounts due as health insurance contributions from the total revenue and the residual then represents the amount due for the PIT. The amounts due for the health insurance contributions are then split across economic functions and re-introduced in the PIT split so that the final PIT split given is homogeneous across the entire time period.

- Finland: The split of the personal income tax was estimated by the Ministry of Finance using a micro-simulation model that is based on a sample of micro (taxpayer-level) data. The information is collected by Statistics Finland. The model is updated annually, and used in planning the national tax policies and estimating policy alterations on tax revenues and on the income tax liabilities of taxpayers on different income levels. The method basically multiplies individual tax payments by proportions of the income types in the total taxpayer's income, as outlined above. However, because of the dual income tax system, there is no actual split of tax revenues raised on capital income. The tax raised on capital income is directly calculated from the tax return data. The income types are measured net of tax base deductions that are exclusively earned on these income types. The statistical information on dividend income in the model contains both dividend income of the self-employed that is treated as the capital part of the income, and the dividend income from investors, that is not income from self-employed labour but capital income from for example owning shares in a listed company. The statistical information is split into dividend income from self-employment and dividend income from saving and investments using an estimate. From year 2002 the method of splitting dividend income between dividends from listed companies and the dividends of the self-employed owners has been improved. Mortgage interest payments are not deducted from the capital income, since no rental value taxation of income from home-ownership is applied.

- Sweden: The split of the personal income tax was estimated by the Ministry of Finance using micro-simulation models that are mainly based on administrative sample data. The models are updated annually, and mainly used in planning the national tax policies and estimating policy alterations on tax revenues and on the income tax liabilities of taxpayers on different income levels. The method basically multiplies individual tax payments by proportions of the income types in the total taxpayer's income, as outlined above. However, because of the dual income tax system, there is no actual split of tax revenues raised on capital income. The tax raised on capital income is directly calculated from the tax return data. The income types are measured net of tax base deductions that are exclusively earned on these income types. An alternative way to describe the method is to say that the individual specific average effective income tax rate is calculated to split the personal income tax across different taxable income sources. Note, however, that these average effective tax rates are computed while incorporating the revenue effects of tax credits that are exclusively earned on the selected income sources. The revenue effects of general tax credits for all taxpayers are proportionally allocated across all selected income sources.

- Slovenia: The split of the personal income tax was estimated by the Ministry of Finance. The calculations were based on data sets for individual taxpayers, except in the case of pensions. As most of the PIT from pensions is only accounted for but not collected the PIT from pensions is subtracted. Actual PIT collected from pensions is very close to prepayment of PIT from pensions during the year. Therefore, these prepayments are added to PIT from the transfer and pensions category. The method multiplies PIT payments by fractions of net taxable income sources (as a percentage of the total tax base) at the level of individual taxpayers. The allowances were deducted at the individual level (except in the case of pensions). In 2006, major changes in the PIT system were introduced — schedular system for capital income was introduced and tax prepayments became final payments. This reform resulted into two different sets of data for 2006: accrual individual data for employed labour income, self-employed income and social transfers and pensions; and cash cumulative data for capital income.

- Norway: The split of the personal income tax was estimated by the Ministry of Finance using a micro-simulation model called LOTTE. The model is based on a sample from the household income statistics of Statistics Norway. The personal income tax system has two tax bases: personal income, from which no deduction may be made, and ordinary income. Ordinary income includes all types of taxable income from labour, transfers, business and capital. Certain costs and expenses, including interest paid on debt, are deductible in the computation of ordinary income. Dividends are regarded solely as capital income in the calculations. With the exception of the standard allowance, the basic allowance and the allowance for gifts to voluntary organisations, all allowances are entirely allocated to one income source. The basic allowance is calculated as a certain percentage of wage and pension income with a lower and upper limit. In the calculations, the basic allowance is divided according to the size of wage and pension income, respectively, for each individual. Some basic allowance is reported separately for spouse supplementary pensions, child alimonies and pensions. These are allocated to transfer income. The allowance for gifts to voluntary organisations is a general allowance and is as such divided on all income sources. The SC and the central government income surtax are separated between the relevant income sources (labour, self-employed and transfer). The labour and transfer component in gross income is identified by the LOTTE model. Self-employed income is more difficult to identify because of some special limitation rules for this category of income included in the personal income tax base. Actual self-employed income might therefore be higher than the taxable self-employed income included in the gross personal income tax base. However, by hooking the LOTTE model to total gross personal income reported in the tax statistics, it is possible to identify the self-employed income in the tax base (by subtracting labour and transfer income from total gross personal income).

Box D.8: Micro v Macro-data approach (1)

To illustrate the properties of the 'micro data approach', consider an economy with only two taxpayers (j = 1.2). One can model taxpayer 1's personal income tax liability as follows:

$$PIT_1 = t(W_1 - DW_1 + O_1 - DO_1 - A_1) - C_1 - CW_1 - CO_1$$

where t(·) 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:

$$PIT(labour)_1 = \tau_1.(W_1 - DW_1)$$

with the amount raised on 'other' taxable income given by:

$$PIT(other)_1 = \tau_1.(O_1 - DO_1)$$

where τ_1 measures the taxpayer's 1 average effective tax rate on the aggregate of labour and 'other' taxable income:

$$\tau_1 = {PIT_1}\big/{(W_1 - DW_1 + O_1 - DO_1)}$$

This effective income tax rate, which is an increasing function of the progressive tax rate schedule, t(·), and a decreasing function of the tax base allowances, deductions and tax liability credits, reflects taxpayer 1's position. In fact, the average effective tax rate for taxpayer 1 will differ from that of taxpayer 2 to the extent that:

- Taxpayer 1 and taxpayer 2 have the same amount of aggregate taxable income, but different amounts of labour and 'other' taxable income, and the tax system treats these two types of income differently, for example, by way of special tax credits earned on labour income or 'other' taxable income;
- Taxpayer 1 and taxpayer 2 have different levels of total taxable income, and the personal income tax is progressive.

In contrast to the micro data approach, when relying on macro data, the notional personal income tax allocation and the measurement of the effective tax rate must rely on a single average effective tax rate estimate only, computed both across all income sources and all taxpayers. By applying this single effective tax rate to estimate the notional amount of taxes raised on the different income sources, one would omit important taxpayer- and tax treatment variation that are implicitly caught in the micro data.

In order to illustrate the degree of precision that can be reached with using micro rather than macro data, the Netherlands, Finland, Denmark and Italy have made additional calculations on the basis of only aggregate tax return data for some years. It appears that the differences for the estimated amounts of personal income tax raised on labour income were rather small. The reason is that labour income is by far the most important taxable personal income source, which means that the overall effective income tax rate (measured on the basis of the aggregate taxable income across all taxpayers) is strongly influenced by the average effective tax rate on labour income. The differences are however significant for the other taxable personal income types. If only aggregate data would be used, generally higher fractions would be computed for capital income and social transfer and pension income, and generally lower fractions would be computed for income from unincorporated businesses.

(1) See also Clark (2002).

(B) Approach using both micro and aggregate tax receipts data

The method employed in the United Kingdom is based on combining micro and aggregate tax record data. Also, unlike the methods outlined above, the method does not assume that the individual taxpayer has the same average effective income tax rate over all income sources. Instead, income source specific tax rates are multiplied by the selected income sources at the taxpayer level.

- The United Kingdom: The split of the personal income tax was estimated by 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 is likely to capture the effects of progression of the personal income tax system and the distribution of income sources across different groups of taxpayers.

- Bulgaria: The split of the personal income tax was calculated by the Ministry of Finance using information from the tax returns filed in the National Revenue Agency, representing aggregated micro data per tax return. The tax base of the different types of income besides labour income is divided over the total tax base and the ratio serves as weight to measure the share of the relevant income in the total tax due. The sum of the weighted tax revenues shall be the tax due for all income except labour income. For employees receiving only labour income, the PIT is withheld by the employer. The share of every type of non-labour income mentioned before is applied to the cash revenues from all types of income besides labour income. The revenues from labour income and from non-labour income form the total revenues. The share of the labour income revenues in total PIT revenues is known, the share of the total non-labour income revenues in total PIT revenues is also known, as well as the share of each type of non-labour income within the total non-labour income revenues. The relevant shares serve as the PIT split.

- Cyprus: The split of the personal income tax was estimated by the Ministry of Finance. The calculations were based on tax assessment data, which were grouped by category of income and by tax bracket into 26 income classes. The recorded personal income tax payments are multiplied by the taxable income sources for each class and then divided by the aggregate taxable income of the class. The income types are measured as net taxable personal incomes. All deductions have been allocated to the correct base class and category for the purposes of the split. The personal allowances have been allocated in proportion to the income sources.

- Greece: The split of the personal income tax was estimated by the Ministry of Finance in cooperation with the National Statistical Service and Professor Geogakopoulos from the Athens University of Economics. The calculations were based on data from personal income tax returns, which were grouped by category of income and tax bracket. Basically, the method multiplies tax payments by proportions of the income types in the total taxpayer's income, as outlined above, but aggregated at the level of income classes. The income types are measured as net taxable personal incomes. In order to split between income from employed labour and transfers data from the General Secretariat of Information Systems were used. The final percentages are comprehensive of tax on savings, which is included in category D.51a in addition to tax revenue from personal income tax; the total amount of this category constitutes tax on capital and, given that this tax is not calculated on the total income of households, it was added to income tax from capital in the calculations.

- Lithuania: The split of the personal income tax was estimated by the Ministry of Finance utilising data from the State Tax Inspectorate. Data coverage is very high (99.9 % to 100 % of actual payments by the different revenue group of personal income tax). Lithuania's calculations are simplified by the existence of a dual rate system for earned and unearned income. The categorisation of income taxes allowed most elements to be allocated to their economic functions without need for further individual or income class breakdowns. The split of personal income tax calculation breaks down the total amount of the tax refund across the various revenue groups. Payments from non-employment related or n.e.c. income were attributed to the payments from capital and income from individual activities, in proportion to the interrelation between respective incomes calculated according to tax return data. Adaptations to the methodology were done from 2002 to 2003 as a result of changes in the legislation which allowed deductions for life insurance and pension contributions and for certain interest payments. Note for the year 1999 data limitations required a special estimate which was based on a different methodology.

- Spain: The split of the personal income tax was estimated by the Ministry of Finance 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 35 classes of gross income. Basically, the recorded personal income tax payments were multiplied by the selected net taxable income sources over the sum of the net taxable income sources at the income class level. The income types are measured net of tax base deductions that are exclusively earned on these income types. In addition, corrections were made for the revenue effects of tax credits that are exclusively earned on the selected income types. In addition to the recorded IRPEF tax revenues, IRPEF payments received by the treasury on denominations other than IRPEF were incorporated in the calculations. These include tax on dividend distributions and dividend withholdings, which were directly allocated to the capital income category.

Taxes and social contributions paid by the self-employed are allocated to the capital and business income category([117]). Italy proposed to split tax revenues from income of self-employed in 80 % and 20 %, because most of the self-employed in Italy are more comparable to dependent employed workers. The 80 % are related to labour and the 20 % are linked to capital income of self-employed. The mixed income of self-employed should be split accordingly. Social contributions of self-employed are attributed to labour in the Italian method. The following table shows how this different treatment of self-employed would affect the ratios of table C and D.

Table D.1: Italian method

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
C. Structure according to economic function as % of GDP														
Labour	20.9	22.5	23.5	23.5	23.3	22.8	23.0	23.0	23.6	23.1	23.3	23.5	24.4	24.9
Employed	16.4	18.0	18.8	18.6	18.3	17.9	18.0	18.1	18.2	18.0	18.2	18.3	18.8	19.2
Paid by employers	8.7	10.2	10.8	10.6	10.0	10.0	10.1	10.2	10.4	10.3	10.5	10.5	10.7	10.8
Paid by employees	7.7	7.8	8.0	8.1	8.3	7.9	7.9	7.9	7.8	7.7	7.7	7.8	8.1	8.4
Self-employed (80 % incl. SSC)	2.6	2.6	2.6	2.7	2.9	2.9	2.8	2.8	3.3	3.0	2.9	3.1	3.2	3.3
Non-employed	1.9	1.9	2.0	2.2	2.0	2.0	2.1	2.1	2.1	2.1	2.2	2.2	2.4	2.5
Capital	8.8	9.2	9.9	8.2	8.3	8.0	8.1	7.7	7.8	7.5	7.1	8.1	8.5	8.1
Capital and business income	4.9	5.6	6.1	4.9	5.3	5.4	5.6	4.8	5.2	4.7	4.5	5.3	5.8	5.6
Income of corporations	2.9	3.3	3.8	2.8	3.2	2.9	3.7	3.1	3.5	3.1	2.9	3.5	3.9	3.7
Income of households	1.8	2.0	2.0	1.6	1.6	2.1	1.4	1.3	1.1	1.1	1.2	1.4	1.4	1.4
Income of self-employed (20 %)	0.3	0.3	0.3	0.4	0.5	0.4	0.4	0.4	0.5	0.4	0.4	0.4	0.4	0.4
Stocks of capital / wealth	3.9	3.6	3.8	3.3	3.0	2.6	2.5	2.8	2.6	2.8	2.6	2.7	2.7	2.5
D. Implicit tax rates														
Labour employed	34.0	36.8	38.2	38.6	38.4	37.9	37.8	37.7	38.4	37.6	37.6	37.8	39.2	39.5
Capital	32.4	33.0	39.0	34.2	36.7	35.1	34.3	35.2	37.5	36.1	35.7	42.3	43.9	43.9
Capital and business income	18.0	20.1	24.1	20.3	23.6	23.6	23.7	22.2	25.0	22.6	22.5	27.9	29.7	30.5
Corporations	19.5	21.8	25.9	18.8	22.4	19.2	23.6	20.9	24.6	21.3	20.7	27.0	30.0	31.5
Households and self-employed	9.2	10.0	11.1	10.8	11.1	13.8	10.2	9.6	10.2	9.8	10.1	11.7	11.5	11.8

Source: Commission services

(D) Approach using aggregate withholding tax and final assessment income tax data with certain adjustments

In some Member States the estimates of the split of the personal income tax were computed on the basis of aggregates statistics of withholding tax and the final personal income tax by assessment.

- Austria: The split of the personal income tax was estimated by the Ministry of Finance using statistical information from the wage withholding tax and the final income tax by assessment. Taxes raised on income from employed labour are withheld by the employer at source, and the wage tax system is designed to approximate the final personal income tax as closely as possible, but in some cases certain repayments have to be made by the tax administration. This can for example occur if the taxpayer receives income from several jobs or pensions during one year, or if there are different payments per month or deductions for special expenses etc. As these repayments concern only wage taxpayers, the total net amount of the repayments was deducted from the total recorded wage tax, and the recorded income tax was adjusted accordingly. Also, the income from employment includes income in the form of social transfers and pension benefits received. The recorded revenue of the wage tax was also corrected for the relevant amount to arrive at the fraction of income tax levied on labour income. The revenue of the personal income tax by assessment largely reflects entrepreneurial income and income from capital. The

([117]) Except the income and taxes of 'continuous and coordinated collaborations' that are allocated to the labour category. The income of these self-employed workers is treated, for tax purposes, as income of employed workers.

(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 labour, capital and transfers. Secondly withholding tax returns, where payments to non-resident natural persons are declared and divided into 11 different income sources, were used and the PIT split obtained. In both cases the allowed deductions are taken into account finding the PIT split. In the third step, based on the income tax returns, firstly PIT from self-employed labour was estimated. As from 2004, the increased basic exemption in event of pension is declared on the income tax return; it was assumed that only resident natural persons who are entitled to pension declare it and would be able to use this deduction. In the case of other income sources, i.e. income from Estonia, gains from transfer of property, other income and income from abroad, all the deductions (including basic tax allowance) were allocated proportionally over the income sources, except the special deduction for self-employed persons in agriculture, which was allocated to their income. The split for the years 2001–2003 was made based on withholding tax returns of non-resident natural persons and on income tax returns. The estimates concerning 1996–2000 were made based solely on the income tax returns data.

- Portugal: The split of the personal income tax was estimated by the Ministry of Finance using information from personal income tax returns except for the amount of tax raised on capital income, which was estimated using information of both withholding taxes and personal income tax returns. The estimates are based on three data sets: (1) aggregate net taxable incomes by category of income; (2) tax liabilities by category of income or groups of categories, depending on the type of tax returns. Some households only earn income from one category of income (e.g. income from labour), and so the tax liability is directly imputable to that category but other households simultaneously earn income from more than one category (e.g. income from labour and income from self-employed labour); (3) aggregate data from withholding tax returns relating to incomes subject to a final withholding tax, which, in general, are not reported in tax returns (e.g. interest on bank deposits). The split of the personal income tax was estimated according to the following procedure. As the first step, the tax liability of households with one source of taxable personal income was directly allocated. As the second step, from the aggregates of the net taxable incomes by category of income the net taxable incomes of households with one source of income were subtracted. Third, the aggregate tax liability of households which earn more than income was split. This split was made in proportion to the aggregate taxable incomes for each category that resulted from the second step. In this step it was thus assumed that all categories of income are subject to a common average effective tax rate. Finally, the revenue from the final withholding tax was added to the relevant categories. It should be noted that this assumes that none of the incomes subject to a final withholding tax is reported in the tax return and so could result in double counting. However, in practice, it is believed that the amounts concerned are not of great magnitude.

- Romania: The split of personal income tax was estimated by the Ministry of Finance in collaboration with the National statistical office using aggregate statistical information of the general personal income tax revenues, and the afferent taxable base, divided on the relevant categories.

Estimates of the split of personal income tax

The following tables present the resulting estimates for the split of the personal income tax. Looking at the estimates, there are some noticeable differences, in particular for the income tax allocated to capital and social transfer and pensions benefits. By including net interest payments in the tax base of capital, for example, some Member States (e.g. Denmark and the Netherlands) have taken into account the way the tax relief for mortgage interest payments and other interest payments on loans effectively reduces the tax base of capital. This explains why the estimated fraction for personal income tax raised on capital income is sometimes relatively low (or even negative) for a number of Member States. In some Member States such deductions are less significant or non-existent, while others were unable to take the revenue effects of such specific tax base deductions yet into account. Also, some Member States were unable to estimate the amount of personal income tax on (taxable) social transfers, while others could not distinguish between different types of pension benefits. Inevitably this may have had some consequences for the implicit tax rates on labour and capital. The estimates for the amount of personal income tax allocated to capital income and social transfers and pensions would benefit from future work. What is furthermore noteworthy from the table is the fact that the personal income tax revenue allocated to (employed) labour income appears to be relatively low in Greece, Spain and Italy.

Table D.2: Estimates for the split of personal income tax
Personal income tax revenue allocated to employed labour income

1995–2008, in % of total revenue of personal income tax

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
BE	**74.9**	**74.1**	**74.7**	**74.0**	**74.4**	**75.0**	**74.7**	**74.9**	**74.8**	**76.5**	**76.5**	**76.7**	*76.7*	*76.7*
BG	:	:	:	91.3	*88.1*	**88.2**	**88.8**	**85.9**	**89.1**	**87.8**	**85.6**	**84.1**	**84.8**	**82.5**
CZ	*79.7*	*79.7*	*79.7*	*79.7*	*79.7*	*79.7*	**79.7**	**80.8**	**80.9**	**82.1**	**86.7**	**89.0**	*89.5*	*89.5*
DK	**72.4**	**72.8**	**73.8**	**72.5**	**72.8**	**75.5**	**75.8**	**75.5**	**74.5**	**73.7**	**72.6**	**73.4**	**72.8**	**76.3**
DE	**75.7**	**72.9**	**73.4**	**72.4**	**70.4**	**73.6**	**75.2**	**76.3**	**76.1**	**75.0**	**72.1**	**69.1**	**66.3**	**69.0**
EE	**95.9**	**95.9**	**93.7**	**94.5**	**93.6**	**92.9**	**93.8**	**91.5**	**91.3**	**90.2**	**86.4**	**88.6**	**90.4**	**90.4**
IE	**84.3**	**84.2**	**84.0**	**83.0**	**84.2**	**83.3**	**81.7**	**81.1**	**80.2**	**80.4**	*80.4*	*80.4*	**80.5**	*80.5*
EL	**47.3**	**48.4**	**49.7**	**48.4**	**49.8**	**49.5**	**49.4**	**48.7**	**48.7**	**50.7**	**51.9**	**51.0**	**50.7**	**50.0**
ES	**52.7**	**53.5**	**54.4**	**54.5**	**53.6**	**54.5**	**55.6**	**55.7**	**56.3**	**56.2**	**55.6**	**53.6**	*54.0*	*54.0*
FR	**60.3**	**60.3**	**60.3**	**60.3**	**60.3**	**58.3**	**60.3**	**59.3**	**59.3**	**59.3**	**59.4**	**58.2**	**58.4**	**58.4**
IT	**58.9**	**57.8**	**56.7**	**55.6**	**56.4**	**55.5**	**55.3**	**56.1**	**55.2**	**54.5**	**54.7**	**53.8**	*54.3*	*54.3*
CY	*89.1*	*89.1*	*89.1*	*89.1*	*89.1*	*89.1*	**89.1**	**91.5**	*91.5*	*91.5*	*91.5*	*91.5*	*91.5*	*91.5*
LV	**99.5**	**99.3**	**99.2**	**98.9**	**97.5**	**95.3**	**96.5**	**95.0**	**96.8**	**97.2**	**97.5**	**96.8**	**96.8**	**96.9**
LT	**91.7**	**91.7**	**91.7**	**91.7**	**91.7**	**90.8**	**90.4**	**90.0**	**91.2**	**91.3**	**90.1**	**89.6**	**88.0**	**86.2**
LU	**69.5**	**69.5**	**68.8**	**69.6**	**71.6**	**73.8**	**75.4**	**74.7**	**73.1**	**72.5**	**73.5**	**74.5**	*75.1*	*75.1*
HU	**81.3**	**80.5**	**80.5**	**80.9**	**80.2**	**79.0**	**80.3**	**84.5**	**84.9**	**86.3**	**86.2**	**85.6**	**79.6**	**82.8**
MT	*69.2*	*69.2*	*69.2*	**71.0**	**71.0**	**70.7**	**70.9**	**71.2**	**70.8**	**69.4**	**68.9**	**70.0**	**70.0**	**70.7**
NL	**65.5**	**65.1**	**64.7**	**65.9**	**67.0**	**68.2**	**64.3**	*65.9*	*67.4*	*68.8*	**70.2**	*70.2*	*73.0*	*73.0*
AT	**62.9**	**60.4**	**62.4**	**62.2**	**62.5**	**62.9**	**59.5**	**62.0**	**62.1**	**61.9**	**62.8**	**63.6**	**64.5**	**64.9**
PL	**48.8**	**52.0**	**51.7**	**51.0**	**52.5**	**52.6**	**53.0**	**51.9**	**50.9**	**53.1**	**51.5**	**50.1**	**45.0**	**49.3**
PT	**63.1**	**63.1**	**63.1**	**63.1**	**65.1**	**64.8**	**63.5**	**64.1**	**63.5**	**63.7**	**63.5**	**63.6**	*60.5*	*60.5*
RO	62.1	62.1	62.1	*62.1*	*62.1*	*62.1*	*62.1*	**62.1**	**64.3**	**63.4**	**69.0**	**69.2**	**68.9**	**67.1**
SI	**89.4**	**88.9**	**89.1**	**89.3**	**88.9**	**90.2**	**90.7**	**90.4**	**90.8**	**90.0**	**89.4**	**87.6**	*82.2*	*82.2*
SK	*81.9*	*81.9*	*81.9*	*81.9*	*81.9*	**81.9**	**83.0**	**83.0**	**87.3**	**82.6**	**84.8**	**85.4**	**86.4**	**88.1**
FI	**66.1**	**67.6**	**67.3**	**68.6**	**68.3**	**67.9**	**70.3**	**70.6**	**70.3**	**68.8**	**68.2**	**67.3**	**66.3**	**69.0**
SE	**66.3**	**65.7**	**65.5**	**66.1**	**64.2**	**63.4**	**67.1**	**67.6**	**66.2**	**65.5**	**65.6**	**63.5**	**64.7**	**68.0**
UK	**76.4**	**75.5**	**74.6**	**74.3**	**74.5**	**75.7**	**75.3**	**74.9**	**74.2**	**73.7**	**73.7**	**73.2**	**72.9**	**73.3**
NO	**74.3**	**74.2**	**74.6**	**75.4**	**75.2**	**73.8**	**74.1**	**75.4**	**76.3**	**75.6**	**73.6**	**75.0**	*73.6*	*73.6*

Note: The numbers printed in bold are the actual estimates; the numbers printed in italics represent either linear interpolation or fractions that were assumed to remain constant.

Source: Commission services

Table D.3: Estimates for the split of personal income tax

Personal income tax revenue allocated to income of the self-employed

1995–2008, in % of total revenue of personal income tax

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
BE	**12.7**	**13.0**	**12.2**	**12.9**	**13.2**	**12.9**	**12.5**	**12.1**	**12.2**	**12.5**	**12.5**	**12.7**	*12.7*	*12.7*
BG	:	:	:	6.4	*8.8*	**9.6**	**8.6**	**11.1**	**8.7**	**10.1**	**11.9**	**11.8**	**11.5**	**11.0**
CZ	*16.5*	*16.5*	*16.5*	*16.5*	*16.5*	*16.5*	**16.5**	**16.0**	**15.9**	**15.1**	**10.8**	**8.8**	*8.2*	*8.2*
DK	**5.7**	**5.6**	**5.4**	**6.1**	**6.3**	**5.5**	**6.0**	**5.2**	**5.2**	**5.2**	**5.5**	**5.5**	**5.6**	**4.2**
DE	**19.0**	**22.1**	**21.4**	**22.4**	**24.2**	**21.3**	**20.1**	**19.2**	**17.1**	**18.3**	**20.8**	**23.8**	**26.7**	**23.1**
EE	**2.2**	**2.2**	**2.5**	**3.3**	**2.1**	**2.0**	**2.3**	**2.4**	**2.2**	**1.8**	**2.0**	**2.1**	**1.5**	**1.5**
IE	**10.9**	**10.8**	**10.9**	**11.2**	**11.1**	**11.1**	**11.9**	**13.3**	**11.8**	**11.4**	*11.4*	*11.4*	**11.2**	*11.2*
EL	**27.9**	**26.5**	**24.5**	**25.9**	**23.8**	**24.5**	**24.2**	**24.8**	**24.8**	**23.2**	**20.3**	**20.2**	**19.7**	**19.5**
ES	**15.2**	**14.4**	**14.8**	**14.5**	**14.6**	**13.4**	**13.0**	**13.1**	**12.6**	**12.5**	**11.7**	**10.9**	*10.8*	*10.8*
FR	**15.9**	**15.9**	**15.9**	**15.9**	**15.9**	**17.9**	**17.4**	**16.9**	**16.9**	**16.8**	**16.8**	**15.7**	**15.4**	**15.4**
IT	**16.2**	**16.9**	**17.5**	**18.2**	**18.6**	**18.8**	**18.3**	**17.4**	**18.3**	**18.1**	**17.7**	**18.8**	*17.5*	*17.5*
CY	*3.3*	*3.3*	*3.3*	*3.3*	*3.3*	*3.3*	**3.3**	**5.1**	*5.1*	*5.1*	*5.1*	*5.1*	*5.1*	*5.1*
LV	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**	**0.3**	**0.4**	**0.4**	**0.3**	**0.2**
LT	**6.2**	**6.2**	**6.2**	**6.2**	**6.2**	**6.7**	**5.4**	**4.1**	**2.7**	**1.4**	**1.3**	**3.1**	**3.2**	**3.4**
LU	**12.1**	**12.1**	**11.6**	**13.3**	**10.2**	**10.5**	**8.2**	**9.8**	**9.7**	**10.1**	**9.5**	**10.0**	*9.9*	*9.9*
HU	**5.5**	**5.7**	**6.9**	**5.6**	**5.2**	**5.1**	**4.6**	**4.7**	**3.8**	**3.6**	**3.4**	**3.3**	**3.1**	**3.1**
MT	*9.0*	*9.0*	*9.0*	**8.1**	**7.9**	**8.2**	**8.0**	**8.0**	**8.1**	**8.1**	**8.3**	**8.0**	**8.3**	**7.3**
NL	**18.5**	**19.6**	**20.7**	**21.6**	**22.5**	**23.4**	**23.4**	*20.8*	*18.4*	*16.2*	**14.1**	*14.1*	*14.0*	*14.0*
AT	**17.6**	**19.5**	**17.4**	**17.8**	**17.2**	**17.0**	**20.4**	**16.9**	**16.1**	**17.0**	**16.5**	**15.3**	**14.5**	**14.1**
PL	**22.4**	**18.5**	**22.3**	**23.2**	**28.8**	**26.5**	**26.3**	**25.4**	**25.6**	**24.6**	**24.9**	**25.0**	**30.4**	**28.5**
PT	**9.3**	**9.3**	**9.3**	**9.3**	**9.6**	**9.2**	**10.6**	**9.1**	**8.7**	**9.2**	**9.1**	**8.9**	*9.1*	*9.1*
RO	3.5	3.5	3.5	*3.5*	*3.5*	*3.5*	*3.5*	**3.5**	**3.7**	**3.8**	**4.1**	**4.8**	**5.4**	**5.8**
SI	**5.7**	**5.8**	**5.5**	**5.1**	**5.7**	**4.9**	**4.6**	**4.8**	**4.9**	**5.3**	**5.5**	**5.0**	*7.0*	*7.0*
SK	*13.1*	*13.1*	*13.1*	*13.1*	*13.1*	**13.1**	**12.2**	**13.5**	**9.5**	**15.0**	**13.7**	**12.8**	**11.8**	**10.1**
FI	**8.2**	**7.4**	**7.9**	**7.5**	**7.4**	**7.4**	**7.4**	**8.2**	**8.1**	**7.8**	**7.6**	**7.7**	**7.9**	**7.7**
SE	**2.2**	**2.5**	**2.5**	**2.5**	**2.6**	**2.7**	**2.8**	**2.7**	**2.6**	**2.6**	**3.0**	**2.6**	**2.5**	**2.6**
UK	**12.1**	**12.2**	**12.6**	**12.0**	**12.3**	**12.1**	**12.6**	**12.9**	**13.2**	**13.2**	**12.7**	**12.7**	**11.8**	**12.0**
NO	**10.5**	**9.4**	**9.5**	**9.5**	**8.5**	**8.9**	**9.0**	**9.1**	**8.2**	**8.8**	**9.9**	**7.8**	*7.9*	*7.9*

Note: The numbers printed in bold are the actual estimates; the numbers printed in italics represent either linear interpolation or fractions that were assumed to remain constant.

Source: Commission services

Table D.4: Estimates for the split of personal income tax
Personal income tax revenue allocated to capital income

1995–2008, in % of total revenue of personal income tax

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
BE	**-1.6**	**-1.6**	**-1.7**	**-1.6**	**-1.7**	**-1.6**	**-1.1**	**-1.1**	**-1.4**	**-1.2**	**-1.2**	**-1.5**	*-1.5*	*-1.5*
BG	:	:	:	2.3	*3.1*	**2.2**	**2.5**	**3.0**	**2.2**	**2.2**	**2.5**	**4.1**	**3.7**	**6.5**
CZ	*3.8*	*3.8*	*3.8*	*3.8*	*3.8*	*3.8*	**3.8**	**3.2**	**3.1**	**2.8**	**2.5**	**2.2**	*2.2*	*2.2*
DK	**-3.4**	**-3.7**	**-3.1**	**-1.8**	**-1.4**	**-2.8**	**-3.3**	**-2.8**	**-2.9**	**-2.0**	**-0.7**	**-0.1**	**0.2**	**-2.7**
DE	**1.9**	**2.3**	**2.3**	**2.5**	**2.6**	**2.6**	**2.3**	**2.2**	**4.0**	**3.9**	**3.9**	**4.0**	**4.0**	**4.7**
EE	**1.4**	**1.4**	**3.4**	**1.9**	**1.1**	**2.4**	**1.7**	**2.8**	**3.2**	**2.0**	**5.7**	**4.3**	**4.2**	**4.2**
IE	**3.3**	**3.5**	**3.8**	**4.5**	**3.8**	**4.6**	**5.6**	**4.8**	**6.8**	**7.2**	*7.2*	*7.2*	**7.5**	*7.5*
EL	**11.4**	**11.5**	**11.7**	**12.0**	**12.4**	**12.1**	**12.1**	**12.3**	**12.3**	**12.0**	**11.8**	**11.8**	**11.4**	**11.4**
ES	**10.8**	**10.5**	**9.7**	**10.7**	**12.3**	**12.5**	**11.6**	**10.9**	**10.9**	**10.6**	**12.3**	**15.8**	*15.3*	*15.3*
FR	**7.0**	**7.0**	**7.0**	**7.0**	**7.0**	**7.0**	**5.5**	**7.0**	**7.0**	**6.6**	**7.3**	**9.5**	**9.3**	**9.3**
IT	**4.8**	**4.9**	**4.9**	**5.0**	**5.7**	**5.9**	**5.4**	**5.5**	**5.7**	**6.1**	**6.1**	**6.1**	*6.0*	*6.0*
CY	*0.7*	*0.7*	*0.7*	*0.7*	*0.7*	*0.7*	**0.7**	**0.9**	*0.9*	*0.9*	*0.9*	*0.9*	*0.9*	*0.9*
LV	**0.3**	**0.4**	**0.4**	**0.5**	**0.7**	**2.9**	**1.8**	**3.1**	**1.3**	**0.8**	**0.2**	**1.1**	**2.0**	**0.9**
LT	**1.6**	**1.6**	**1.6**	**1.6**	**1.6**	**1.9**	**2.8**	**3.7**	**3.5**	**4.9**	**6.0**	**4.4**	**5.0**	**5.2**
LU	**5.7**	**5.7**	**6.1**	**5.5**	**6.7**	**4.9**	**6.6**	**5.8**	**5.7**	**6.0**	**5.1**	**3.8**	*3.6*	*3.6*
HU	**4.5**	**7.3**	**6.1**	**6.7**	**7.9**	**9.3**	**8.4**	**9.3**	**9.8**	**8.5**	**8.7**	**9.1**	**10.0**	**5.7**
MT	*8.6*	*8.6*	*8.6*	**7.1**	**6.8**	**6.6**	**6.6**	**6.1**	**6.3**	**7.4**	**7.3**	**5.7**	**5.6**	**5.5**
NL	**-0.8**	**-0.8**	**-0.8**	**-2.8**	**-4.8**	**-6.8**	**0.9**	*0.8*	*0.7*	*0.5*	**0.2**	*0.2*	*0.0*	*0.0*
AT	**2.3**	**2.6**	**2.3**	**2.3**	**2.1**	**1.9**	**2.3**	**2.0**	**2.0**	**2.1**	**2.4**	**2.6**	**2.5**	**2.4**
PL	**0.5**	**0.7**	**0.6**	**0.9**	**1.8**	**4.0**	**3.0**	**5.3**	**5.8**	**4.2**	**6.6**	**7.6**	**9.0**	**6.6**
PT	**18.9**	**18.9**	**18.9**	**18.9**	**16.1**	**16.5**	**15.6**	**15.4**	**15.4**	**13.7**	**13.2**	**12.6**	*14.8*	*14.8*
RO	34.0	34.0	34.0	*34.0*	*34.0*	*34.0*	*34.0*	**34.0**	**31.4**	**32.3**	**25.8**	**24.7**	**23.7**	**25.1**
SI	**1.6**	**2.0**	**2.0**	**1.9**	**1.9**	**1.7**	**1.7**	**2.0**	**1.8**	**2.2**	**2.7**	**5.1**	*8.7*	*8.7*
SK	*5.0*	*5.0*	*5.0*	*5.0*	*5.0*	**5.0**	**4.8**	**3.5**	**3.2**	**2.5**	**1.5**	**1.8**	**1.9**	**1.8**
FI	**2.4**	**2.9**	**4.1**	**4.7**	**6.3**	**7.5**	**5.9**	**3.7**	**3.8**	**5.0**	**5.8**	**6.8**	**8.0**	**6.5**
SE	**-1.5**	**1.0**	**2.5**	**2.6**	**5.6**	**7.8**	**3.2**	**1.7**	**1.8**	**2.5**	**4.6**	**7.0**	**6.6**	**3.4**
UK	**10.0**	**10.7**	**11.2**	**12.1**	**11.7**	**10.7**	**10.5**	**10.4**	**10.9**	**11.5**	**11.9**	**12.5**	**13.6**	**12.9**
NO	**6.1**	**7.0**	**6.6**	**5.1**	**6.2**	**7.5**	**7.0**	**6.1**	**5.8**	**5.6**	**6.7**	**7.3**	*8.7*	*8.7*

Note: The numbers printed in bold are the actual estimates; the numbers printed in italics represent either linear interpolation or fractions that were assumed to remain constant.

Source: Commission services

Table D.5: Estimates for the split of personal income tax

Personal income tax revenue allocated to social transfers and pensions

1995–2008, in % of total revenue of personal income tax

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
BE	14.0	14.5	14.7	14.6	14.1	13.7	13.9	14.0	14.4	12.2	12.2	12.2	*12.2*	*12.2*
BG	:	:	:	0.0	*0.0*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CZ	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	0.0	0.0	0.0	0.0	0.0	0.0	*0.0*	*0.0*
DK	25.3	25.3	23.9	23.2	22.3	21.8	21.5	22.1	23.2	23.2	22.6	21.3	21.4	22.3
DE	3.3	2.7	2.9	2.7	2.8	2.5	2.4	2.3	2.8	2.8	3.2	3.1	3.0	3.2
EE	0.5	0.5	0.4	0.3	3.2	2.7	2.2	3.3	3.3	6.0	5.9	5.0	3.9	3.9
IE	1.5	1.5	1.3	1.2	1.0	1.0	0.8	0.8	1.2	0.9	*0.9*	*0.9*	0.9	*0.9*
EL	13.3	13.7	14.0	13.7	14.0	14.0	14.3	14.2	14.2	14.1	16.0	17.0	18.1	19.1
ES	21.3	21.6	21.1	20.3	19.5	19.5	19.7	20.4	20.2	20.7	20.5	19.7	*19.8*	*19.8*
FR	16.8	16.8	16.8	16.8	16.8	16.8	16.8	16.8	16.8	17.3	16.5	16.7	16.9	16.9
IT	20.1	20.5	20.8	21.3	19.3	19.8	21.0	20.9	20.9	21.4	21.6	21.4	*22.3*	*22.3*
CY	*6.9*	*6.9*	*6.9*	*6.9*	*6.9*	*6.9*	6.9	2.5	*2.5*	*2.5*	*2.5*	*2.5*	*2.5*	*2.5*
LV	0.0	0.0	0.1	0.4	1.5	1.6	1.6	1.6	1.6	1.7	1.9	1.7	0.9	2.1
LT	0.5	0.5	0.5	0.5	0.5	0.6	1.4	2.2	2.5	2.5	2.6	3.0	3.7	5.2
LU	12.7	12.6	13.5	11.6	11.5	10.8	9.8	9.7	11.5	11.4	11.9	11.7	*11.4*	*11.4*
HU	8.7	6.5	6.5	6.8	6.7	6.6	6.7	1.5	1.6	1.6	1.8	1.9	7.4	8.4
MT	*13.2*	*13.2*	*13.2*	13.8	14.3	14.5	14.5	14.6	14.8	15.1	15.4	16.3	16.0	16.5
NL	16.8	16.1	15.4	15.3	15.2	15.1	11.4	*12.5*	*13.5*	*14.5*	15.5	*15.5*	*13.0*	*13.0*
AT	17.2	17.5	17.8	17.6	18.3	18.2	17.8	19.2	19.8	19.0	18.2	18.5	18.5	18.6
PL	28.3	28.8	25.4	24.9	16.9	16.8	17.7	17.4	17.7	18.1	16.9	17.3	15.6	15.6
PT	8.7	8.7	8.7	8.7	9.1	9.6	10.4	11.3	12.4	13.5	14.2	14.9	*15.6*	*15.6*
RO	0.3	0.3	0.3	*0.3*	*0.3*	*0.3*	*0.3*	0.3	0.5	0.5	1.1	1.4	1.9	1.9
SI	3.4	3.3	3.4	3.7	3.6	3.2	3.0	2.8	2.6	2.5	2.5	2.3	*2.1*	*2.1*
SK	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FI	23.3	22.1	20.7	19.2	18.1	17.2	16.4	17.5	17.9	18.4	18.5	18.3	17.8	16.8
SE	33.0	30.8	29.5	28.8	27.6	26.1	27.0	27.9	29.4	29.4	26.8	27.0	26.2	26.0
UK	1.5	1.6	1.5	1.6	1.5	1.5	1.6	1.7	1.7	1.7	1.6	1.7	1.7	1.7
NO	9.2	9.3	9.3	10.0	10.0	9.8	9.9	9.5	9.7	9.9	9.8	9.9	*9.9*	*9.9*

Note: The numbers printed in bold are the actual estimates; the numbers printed in italics represent either linear interpolation or fractions that were assumed to remain constant.

Source: Commission services

European Commission

Taxation trends in the European Union - Data for the EU Member States, Iceland and Norway

Luxembourg: Publications Office of the European Union

2010 — 430 pp. — 21 x 29,7 cm

Theme: Economy and finance
Collection: Statistical books

ISBN 978-92-79-15801-8
ISSN 1831-8789
doi:10.2785/4922
Cat. No KS-DU-10-001-EN-C

Price (excluding VAT) in Luxembourg: 30 EUR

How to obtain EU publications

Free publications:

- via EU Bookshop (http://bookshop.europa.eu);
- at the European Commission's representations or delegations. You can obtain their contact details on the Internet (http://ec.europa.eu) or by sending a fax to +352 2929-42758.

Priced publications:

- via EU Bookshop (http://bookshop.europa.eu).

Priced subscriptions (e.g. annual series of the *Official Journal of the European Union* and reports of cases before the Court of Justice of the European Union):

- via one of the sales agents of the Publications Office of the European Union (http://publications.europa.eu/others/agents/index_en.htm).

Taxation trends in the European Union

Data for the EU Member States, Iceland and Norway

This report contains a detailed statistical and economic analysis of the tax systems of the Member States of the European Union, Iceland and Norway. The data are presented within a unified statistical framework (the ESA95 harmonised system of national and regional accounts), which makes it possible to assess the heterogeneous national tax systems on a fully comparable basis. The standard classifications of tax revenues (by major type of tax or by level of government) presented in most international tax revenue statistics are hard to interpret in economic terms. This publication stands out for offering a breakdown of tax revenues by economic function (i.e. according to whether they are raised on consumption, labour or capital). This classification is based on disaggregated tax data and on a breakdown of the revenue from the personal income tax. In addition, the report contains indicators of the average effective tax burden on consumption, labour and capital.

Country chapters give an overview of the tax system in each of the 29 countries covered, the revenue trends and the main recent policy changes. Detailed tables allow comparison between the individual countries and European averages. Data cover the 1995-2008 period and are presented both as a percentage of GDP and as a percentage of total taxation

http://ec.europa.eu/eurostat

KS-DU-10-001-EN-C

ISBN 978-92-79-15801-8

Price (excluding VAT) in Luxembourg: EUR 30

Publications Office

ISBN 978-92-79-15801-8

9 789279 158018