

Structures of the **taxation** **systems** in the European Union

Data 1995-2003



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PREFACE

We are pleased to present the 2005 edition of 'Structures of the taxation systems in the European Union'. This is the sixth time that the Directorate-General for Taxation and Customs Union and Eurostat have co-operated in compiling tax indicators for analysing the structures of the taxation systems of the Member States of the European Union. It gives us particular pleasure to report that, for the first time, implicit tax rates (ITRs) on labour, consumption, capital and energy have been calculated for the ten new Member States.

The analysis is based on the comprehensive and harmonised framework of the European system of national and regional accounts (ESA95), which has been adopted and implemented throughout Europe. The ESA95 methodology has contributed to major improvements and progress in national accounts data. In recent years Eurostat has provided considerable assistance with application of this methodology in the new Member States. The fruitful collaboration between Eurostat and the national accounts departments in Member States together with the transmission of detailed tax receipts and social contributions data by institutional sector has created one of the most structured, harmonised and complete databases on taxes and social contributions in Europe.

Compared to last year's issue, the main focus of the work on this report has been on extension of the ITRs to the new Member States, striving to ensure maximum comparability with the old Member States for which ITRs were already available. Although data limitations have prevented complete coverage, this is an important step forward. The greatest difficulties were with computation of the implicit tax rate on capital, because this indicator requires detailed statistics. As additional information becomes available, we hope that we will be able to achieve full coverage in future issues of this publication; the methodology used to calculate the ITRs will also be fine tuned.

The taxation systems of the 25 Member States of the enlarged European Union vary widely. At the same time, the great complexity of most modern taxation systems makes it difficult to compare them. The value of this publication lies in the fact that it provides a unified framework allowing effective comparison of the heterogeneous taxation systems of the individual Member States within the various classifications of tax revenues and at different levels of aggregation. This framework makes it possible to monitor the broad developments in the taxation systems and tax burden indicators in the different Member States and in the European Union as a whole. Publication of the ITRs for the new Member States, in particular, offers a valuable contribution to the ongoing debate on tax competition and tax policy. The data contained in this publication are also used to assess the impact of taxation in other domains in the context of the broader coordination of economic policies. In recent years the European Council and the Commission have placed special emphasis on the need to reduce the tax burden on labour income as part of the guidelines of the European Employment Strategy. The data on labour taxation are therefore an essential tool to assess progress in this area. Finally, monitoring of tax revenues at EU level has also become more systematic in the framework of the Stability and Growth Pact. We are therefore confident that this report will continue to be a valuable reference work for tax scholars as well as policymakers at national and European level.

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Origin of this report

'Structures of the Taxation Systems 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 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 the Directorate-General for Taxation and Customs Union.

For some tax indicators, additional estimates provided by tax experts from national tax departments, consulted in the context of the Working Group on the Structures of the Taxation System, have been used. The Commission staff wish to thank the Working Group experts for their very helpful oral and written contributions. It should be noted, however, that the Commission departments bear sole responsibility for this publication and its content. Therefore, this report does not necessarily reflect the views of the tax departments in the Member States.

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

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EXECUTIVE SUMMARY

Introduction

This survey, titled 'Structures of the taxation systems in the European Union' (Structures), presents time series of tax data from national accounts for the twenty-five Member States of the European Union and Norway. It provides a breakdown of taxes according to three different types of classification: by major type of tax (*i.e.* direct taxes, indirect taxes, social contributions), by level of government (*i.e.* central-, state- and local government, social security funds and the European institutions), and by economic function (*i.e.* consumption, labour and capital). The publication also includes implicit tax rates (ITRs) on consumption, labour, capital and energy consumption, which measure the effective average tax burden on different types of economic income or activity. Each ITR expresses, on the basis of national accounts, the revenues derived from the taxation of these economic activities as a percentage of the total potential tax base afforded by that activity.

The survey is divided into three parts. Part I uses the tax revenue data available in national accounts for the years 1995 to 2003 to analyse the tax structure by tax type and review the major trends in the tax burden for the EU Member States and for Norway. Part II analyses the tax structure following the economic classification of taxes and compares the implicit tax rates across Member States over the period. In addition the trends in environmental taxes are charted. Part III describes, for each Member State, the developments in the overall tax burden and in the structure of taxation, as well as tax policy changes, over the period.

This edition of 'Structures' covers the period 1995 to 2003. This period corresponds to the years for which national accounts data are available in the European System of Accounts (ESA95) format for all 25 Member States and Norway¹. Most of the data presented in this publication are directly available from the standard tables of national accounts provided by Member States to Eurostat, accessible via the public database (formerly known as NewCronos). This is the case for the breakdown of taxes by major type of tax and by levels of government. However, the classification of taxes by economic function, which relies on the detailed breakdown of national accounts tax data and on additional computations provided by Member State tax departments, is computed specifically for this publication.

Calculating tax indicators in national accounts

The European System of Accounts (ESA95) strives to create harmonised definitions and accounting rules for the detailed national accounts of the European Union and its Member States. These national accounts provide the time series data necessary for observing changes in the overall effective tax burden and a

¹ Note however that revisions in GDP and tax revenue data which have become available for several Member States in September 2005 have not been incorporated in this report (see Annex C for details).

coherent framework for matching tax revenues with income flow data and economic aggregates. The effective tax burden indicators are backward-looking aggregate measures².

Tax structures

In this edition of the publication, thanks to additional data received from the new Member States, the calculation of all indicators has been, in principle, extended to all Member States, although with some gaps. This enables a full commentary to be made on the similarities and contrasts in the tax structure of these countries with that in the old Member States. It is immediately noticeable that the overall tax burden, calculated as total taxes and compulsory actual social contributions as a percentage of GDP, is, on average, considerably lower in the new Member States than in the old Member States (almost seven percentage points of GDP lower in 2003). Of the new Member States Slovenia and Hungary exhibit total tax burden levels in excess of the EU-25 arithmetic average, with all others falling below. As regards the tax structure by type of tax, direct taxes account for a much lower proportion of total tax revenues in the new Member States (a full five percentage points less than in the old Member States in 2003). This is accounted for by the lower rates of corporate and personal income tax, with the average corporate income tax rate in the new Member States roughly 10 percentage points lower than in the EU-15 and the average marginal rate of personal income tax approximately 11 points lower. The low share of direct taxes in the new Member States is counterbalanced by higher shares of indirect taxes and, in the case of the Czech Republic, Poland, Slovakia and Slovenia, by higher revenues from social contributions. No major difference is observed between the old and new Member States in the proportion of taxes received by local government (around 10% of total taxes).

Noticeable differences in the tax-to-GDP ratio and in the tax mixes are also observed for the EU-15 Member States. The most heavily taxed country (Sweden) takes in twenty one percentage points of GDP more in revenues than the most lightly taxed (Ireland). The highest tax ratios are found in Sweden, Denmark, Belgium and Finland while Ireland, the UK, Spain, Greece and Portugal exhibit the lowest ratios. In Denmark, the United Kingdom and Ireland the shares of social contributions to total tax revenues are relatively low. This is counterbalanced by a strong dependence on direct taxes, giving them, commonly with the Nordic countries and Belgium, high direct tax to total tax ratios. This group of countries also show an above-average reliance on indirect taxes, a trait common also, among others, to Greece and Portugal. By contrast, those countries drawing most heavily from social contributions (Germany, France, the Netherlands) exhibit relatively low direct tax to total tax ratios (sharing the lowest ratios with Portugal and Greece), and also relatively low indirect tax to total tax ratios. Further details on the structures of the taxation systems in individual Member States (using more detailed tax type breakdowns) are given in the country annexes in part III of this publication.

² There are several approaches to measuring the effective tax burden. A first group comprises backward-looking indicators, compiled on the basis of statistics quantifying taxes actually paid, either at the level of aggregate economic data from national accounts (macro indicators) or from samples of firms (micro indicators). Alternatively, forward-looking indicators attempt to quantify and summarise the essential features of the tax systems for a 'representative firm', on the basis of a study of existing legislation. Each method has its merits and shortcomings and is tailored to answer different policy questions. For a full discussion, see COM(2001)582 final: 'Company Taxation in the Internal Market', pages 131, 132).

Recent developments

The EU-15 average tax-to-GDP ratio rose steadily between 1995 and 1999. Following reforms, targeted at reducing the tax burden on labour income (financed in large part by raising environmental taxes) and at improving the functioning of capital markets, the ratio started falling in the majority of the Member States, so that the tax-to-GDP ratio peaked around the turn of the century. Until 2002, the decline in the ratio was clear, but 2003 data show a pause in this trend, as average ratios stabilise or even increase slightly, even though GDP growth was low that year. This general tendency was visible both in the old and in the new Member States; there are, however, many exceptions. Future editions will show whether the pause in the decline of the tax ratio in 2003 was temporary.

As for the distribution of the tax burden, the ITRs - which are less affected by the effects of the economic cycle than the simple tax-to-GDP ratios – show that despite the repeated calls for reducing the burden on labour in order to combat unemployment, in 2003 taxation has tended to increase further in the old Member States, unlike the new Member States where, on average, it declined. The progress in cutting labour taxes made by the old Member States in 2002, has hence been generally reversed. Taxation of capital followed the opposite pattern: in 2003, it tended to decrease in the old Member States and increase in the new Member States (where, however, the level of taxation is generally much lower); in both cases, however, this trend could be explained in part or in full by the different cyclical position prevalent in the two areas. Finally, in 2003 taxation of consumption tended to increase in both old and new Member States.

Taxation according to economic function

Methodology for implicit tax rates

To improve the understanding of the tax burden, taxes have been classified in terms of the three major resource bases on which they are levied, i.e. consumption, labour and capital. The corresponding aggregate taxable bases have been constructed from national accounts data in order to calculate the implicit tax rates (ITRs) on consumption, labour, capital and on the consumption of energy. ITRs measure the average effective tax burden on the different types of income or activity in the economy. They do not measure the final incidence of taxes that can be shifted from one activity to another via behavioural effects. It is also evident that these potential tax bases do not measure the actual tax bases as defined in the legislation. In practice difficulties are met in linking developments in the implicit tax rates to tax policy changes³.

The classification of taxes by economic function leads inevitably to certain simplifications and hybrid categories. The exercise is complicated further by the fact that the tax data are not always recorded in sufficient detail to identify individual taxes and allocate them to the corresponding categories. A key methodological problem in the classification of tax revenue across economic functions is that some taxes relate to multiple sources of economic income or activities. This holds notably for personal income tax (which is typically broad based), and also for some other taxes (*e.g.* local business taxes or energy taxes). Estimates from national tax departments have been used to make the relevant allocation of taxes, whenever this was feasible.

³ Readers wishing to achieve a good understanding of the implicit tax rates and their strengths and limitations are referred to section II-1., and to the methodological paper on the ITR on capital (European Commission 2004b).

Since the 2003 edition of this publication a new approach, which uses detailed income tax statistics from national tax departments, has been used to split the revenue of the personal income tax (PIT) across the different economic functions. The previous approach, which had used only aggregate data from national accounts, estimated total personal income tax raised on labour or capital income using the proportion of aggregate labour or capital income in the aggregate taxpayer income. In effect, this approach assumed that effective average rates of personal income tax were equal across different taxable income sources and different groups of taxpayers, a rather unrealistic assumption. For the purposes of the PIT split a majority of Member States used data sets of individual taxpayers to estimate the allocation of the personal income tax. For this, income tax payments were multiplied by fractions of the (net) taxable income sources (as a percentage of the total tax base) at the level of the individual taxpayer. Some Member States applied the same method using income class data instead (or data aggregated at the level of tax brackets), while others used detailed tax receipts data from withholding wage tax and income tax statistics with a number of adjustments. While the method for allocating personal income tax has been continuously improved, there remains some heterogeneity between Member States, most notably in the treatment of the personal income tax allocated to capital income and in the treatment of social transfers and pensions. Inevitably this has had some effect on the accuracy and the comparability of the implicit tax rates. When Member States were able to provide estimates of the PIT split only for a limited number of years the missing estimates were replaced by simple linear interpolations, a reasonable solution in the absence of major tax reforms.

Taxes on consumption include taxes levied on transactions between (final) consumers and producers and on the (final) consumption goods. The corresponding tax base for the implicit tax rate is defined as the final consumption expenditure of households on the economic territory. Taxes on labour are generally defined as all personal income taxes, payroll taxes and compulsory social contributions of employees and employers that are raised on labour income. The potential tax base is similar to the total amount of compensation of employees in the economy. The ITR on capital and business income is defined as all taxes levied on the income earned from savings and investments by households and corporations divided by a measure of the potentially taxable capital and business income within national accounts. In addition ITRs are calculated for the income of corporations and the income of households (including that of the self-employed). The bases of these indicators aim to approximate the world-wide capital and business income of Member States' residents for domestic tax purposes. The broader overall implicit tax rate on capital also includes taxes that are related to stocks of capital stemming from savings and investments in previous periods as well as taxes on transactions related to these stocks.

Trends in tax burden according to economic function

Labour taxation, defined as the sum of taxes and social contributions levied on employed labour income, mostly withheld at source, clearly represent the most prominent source of tax revenue in the EU, supplying, on average, more than half of all revenues. The second source of revenue is represented by consumption taxes, accounting for one quarter to one third of revenue in most Member States. Capital taxes are, in revenue terms, less important, yielding about one fifth of revenue. It is also evident from the figures that Member States with a relatively high tax-to-GDP ratio generally tend to collect a relatively high amount of labour taxes and social contributions, and vice-versa. The share of labour taxes and social contributions in total tax receipts is significantly below the EU-15 average in traditionally low-tax countries such as Ireland and the United Kingdom, and also in Greece and Portugal.

The distribution of the tax burden according to economic function has undergone some important changes since the mid-1990s. The most noticeable of the recent developments have been a very slow decline in labour taxation (in terms of the tax-to-GDP ratio) and a general increase in the measured overall tax burden on capital until 2000, a trend attributable in part to the economic upswing in the period.

Trends in the tax burden on labour

The implicit tax rate on labour has been steadily rising since the early 1970s in most Member States. Since the mid-1990s, however, a number of Member States have implemented measures to lower the tax burden on labour income, in order to boost the demand for labour, and to foster work incentives. It now appears that the general trend towards increasing the tax burden on labour has stabilised and reversed slightly for most Member States. The EU-25 implicit tax rate on labour declined by 0.7 percentage points (in the GDP-weighted average) between 2000 and 2003, but still remains relatively high by international standards. It should, however, be recognised that the evolution of the implicit tax rate on labour refers to an ex-post trend without disentangling cyclical, structural and policy elements. In some Member States, for example, the development of the implicit tax rate on labour seems to be clearly influenced by the economic upswing in the late 1990s and by the slowdown in the following years.

As at 2003, labour income appears to be most heavily taxed in Sweden, France and Belgium with average implicit tax rates well above 40% of the total wage bill in the economy (social contributions included). At the other extreme, Ireland, the United Kingdom, Malta and Cyprus stand out with average implicit tax rates at around 25%, or even less, of the total wage bill. When interpreting these figures, it must be recognised that the implicit tax rate on labour is a macro indicator which may hide important variation in the effective tax burden across different household types or across different wage levels. An interesting development in 2003 is that, at EU-25 level, the ITR on labour went up by one half percentage point in the GDP weighted average measure while it declined marginally in the arithmetic average. This divergence is explained by an increase in the taxation of labour in the large EU Member States.

In the majority of the Member States the implicit tax rate on labour largely reflects the important role played by wage-based contributions in financing the social security system. On average, around 65% of the implicit tax rate on labour consists of social contributions paid by employees and employers. Only in Denmark, Ireland, United Kingdom, Sweden and Finland do personal income taxes form a relatively larger part of the total charges paid on labour income. In Denmark, the share of social contributions is very low as most welfare spending is financed out of general taxation. However, this publication does not investigate to what extent welfare spending is financed out of taxes or out of social contributions, although an analysis of the role of imputed social contributions on the tax burden on labour is provided.

Every year, the OECD publishes data of total tax wedges between labour costs to the employer and the corresponding net take-home pay of the employee, for various examples of household types and representative wage levels of production workers in the manufacturing industry. These total tax wedge indicators are calculated on the basis of the tax legislation and they do not relate to the actual tax revenue. Comparisons between the (macro) implicit tax rate on labour and these (micro) total tax wedge indicators tend to show a reasonably strong correlation. Member States with a relatively high (macro) implicit tax rate on labour should generally also show a relatively high level of the (micro) tax wedge indicator, and conversely. However, for some Member States there can be sizeable differences between the two ratios, because of the conceptual and statistical differences between the two indicators. For example, the gross amount of the compensation of employees from national accounts, which forms the base/denominator

of the implicit tax rate, does not correspond to the particular wage level of an average full-time production worker in the manufacturing industry, but includes all employees, both full-time and part-time workers. With a few exceptions, both indicators have comparable informative content as regards general increasing- or decreasing trends in the average tax burden on labour income over time. However, reductions in the tax wedge indicators are often more pronounced for most Member States, as the consequences of the recent tax reforms show up more clearly in the OECD figures for targeted income levels. In fact, micro indicators are more appropriate to investigate the effects of targeted tax provision (i.e. to low paid, large families), while the implicit tax rate has the advantage to be based on actual revenues and to take account of all employees in the economy.

Trends in environmental taxes

A number of Member States (Denmark, Germany, Italy, the Netherlands, Austria, Sweden, Finland and the UK) have conducted 'green tax reforms' in recent years with a view to reducing taxes on labour, thereby avoiding an increase in the overall tax burden and achieving the twin benefits of reducing environmental damage whilst increasing the demand for labour and employment through reduced labour costs. The reduced costs might also foster work incentives leading to an increased supply of labour. At the same time a reduction in real income through higher environmental taxes can potentially outweigh the first effect. In 2003, revenues from environmental taxes in EU-15 accounted for more than seven percent of total revenues from taxes and social contributions and three percent of GDP. Compared to 1980, these shares have increased significantly. The main increase took place between 1990 and 1994. The highest tax-to-GDP ratios can be found in Denmark, Cyprus and the Netherlands, while the lowest shares are in France, Estonia and Spain. In all countries but Malta energy taxes represent at least half of all environmental tax revenues (around three quarters on average). However, given that this ratio does not indicate the extent to which the tax system discourages environmentally unfriendly behaviour, the implicit tax rate (computable for energy taxes only) may prove of use. The ITR on energy consumption is the ratio of energy tax revenues to final energy consumption in tons of oil equivalent. In the years 1995 to 2001 the ITR on energy increased clearly in Denmark, Germany, the Netherlands, Austria, Sweden and the UK, indicating that in all countries which implemented green tax reforms the effective tax burden on energy increased. Combining this with the slightly declining ITR on labour it is clear that a relative 'green' tax shift has taken place.

Trends in the tax burden on capital

The implicit tax rate (ITR) on capital rose sharply between 1995 and 1999. This is also true for the sub-indicator ITRs on corporate income and, to a lesser extent, the ITR on the capital and business income of households and the self-employed. Since 1999 a general reduction in the ITRs on capital is discernible, partly offsetting the increase in prior years. In 2003 this trend continued in the EU-15, but not in the NMS-10 where a significant increase in the rate was noted.

Of the various implicit tax rates, the ITRs on capital are the most complex and it is important that they are interpreted very carefully⁴. The ITRs on capital are broadly based indicators and their trends can therefore reflect a very wide range of factors, which may vary for different Member States. However, four main channels of influence have been identified, which seem to be relevant for most Member States:

⁴ The construction of this indicator and its possible sources of bias in measuring the effective tax burden on capital are mentioned in paragraph II-1.3.3 and are explained in detail in European Commission (2004b).

The ITRs on capital and business income are to the business cycle, due to the asymmetric influence of company losses from previous and current years. In the relatively long-lasting expansionary phase of 1995 to 2000, an increase in the ITRs is to be expected. This relates to the progressive nature of the personal income tax system and to the fact that more and more companies make profits in combination with diminishing loss carry-over possibilities. Preliminary time series over a longer period for some Member States seem to confirm this relationship.

This expansionary phase in the second half of the 1990s was accompanied by booming stock markets across-the-board. As a result, capital gains and the corresponding tax revenues have risen substantially (in countries where capital gains are taxed). However, as it is not possible to include the capital gains in the denominator of the ITRs on capital (since in practice they are not recorded in national accounts for all assets), this development clearly leads to an overestimation of the average effective tax burden on capital and business income for some Member States, and partly explains the rise in the ITRs.

In addition, structural changes in the financing of companies have led to an increase in the ITR on capital and business income. Empirical evidence exists to suggest that corporations altered their capital structures in favour of equity during the period, consequently paying less interest and making more dividend payments. This also happened against the background of falling interest rates. Most tax systems in the EU are not neutral towards different forms of investment financing and allow deductions for interest payments when calculating the taxable profits. The shift towards more dividend distributions results on average in a higher tax burden on companies' profits as a consequence of the nature of tax legislation.

These factors have disguised the influence of recent tax policy measures aimed at reducing the tax burden for corporations and at improving the functioning of capital markets. Between 1995 and 2004 the average top statutory corporate tax rate (including local taxes and surcharges) in the EU-15 countries decreased by 6.6 percentage points. The new Member States first reduced their rates at a similar pace but have accelerated the reduction in recent years. In fact, the process of tax competition and the reduction in corporate tax rates is a longer lasting trend and was not initiated by the enlargement of the Union. At the same time, cuts in the nominal statutory tax rates on corporations were often accompanied by measures that broadened the taxable base (*e.g.* by reducing the rates of capital depreciation allowances), offsetting at least to some extent the effects of the reductions in the statutory rates in the period 1995 to 2003.

With the slowdown in economic growth and deteriorating stock market performance in 2001, a decline in the ITR on capital income and in the sub-indicators for corporations and households is discernible for most of the EU countries. These cyclical elements are accompanied by the impact of recent tax rate reductions for corporations that show up in revenues with a certain time lag. However, it is too early to judge which of these elements influencing the development of the ITR are of greater importance.

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GLOSSARY

BE	Belgium
CZ	Czech Republic
DK	Denmark
DE	Germany
EE	Estonia
EL	Greece
ES	Spain
FR	France
IE	Ireland
IT	Italy
CY	Cyprus
LV	Latvia
LT	Lithuania
LU	Luxembourg
HU	Hungary
MT	Malta
NL	Netherlands
AT	Austria
PL	Poland
PT	Portugal
SI	Slovenia
SK	Slovakia
FI	Finland
SE	Sweden
UK	United Kingdom
NO	Norway (Not member of the EU)
EU	European Union
EMU	Economic and Monetary Union
MS	Member State
EU-25	The enlarged EU (25 members)
EU-15	The 15 old Member States
Euro12	The 12 countries of the EMU
NMS-10	The 10 new Member States
PIT	Personal Income Tax
CIT	Corporate Income Tax
ESA95	European System of Accounts 1995
GDP	Gross Domestic Product
ITR	Implicit Tax Rate
SC	Social Contributions
VAT	Value Added Tax

Introduction

The publication 'Structures of the taxation systems in the European Union' presents time series of tax revenue data from national accounts for the twenty-five Member States and Norway. It provides a breakdown of taxes according to different classifications: by types of taxes (direct taxes, indirect taxes, social contributions), by levels of government, and by economic functions (consumption, labour, capital). It also compiles data for the sub-group of environmental taxes.

The breakdown of tax revenue data computed in percentage of GDP provides indicators of the tax burden and of the structure of taxation in the different Member States, as well as developments over time. As the interpretation of the tax-to-GDP ratio as an indicator for the tax burden requires additional information, an economic classification of taxes has been developed and implicit tax rates have been computed for the economic categories identified. The implicit tax rate for each category is defined as the ratio of aggregate tax revenues to the corresponding income in the economy or the kind of economic activity that could potentially be taxed, so illustrating the average effective tax burden for the economic categories¹.

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)². The economic classification of taxes is not standard and is computed specifically for the publication 'Structures of the taxation systems 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. Tax departments in the Member States have in particular helped to produce the data required for these computations. The publication gives a comprehensive overview of the methodology and data used for this purpose, though the underlying methodology used for the computation of environmental taxes has been published separately by Eurostat³.

The major modification of this edition of the 'Structures of the Taxation Systems in the European Union' has been the inclusion of tax revenue data aggregated by economic function and implicit tax rate metrics for the new Member States of the European Union and Norway. In addition, the respective country chapters in part three describing the main features of the tax system and major tax policy changes have been expanded to comment on these ratios.

This edition of the publication 'Structures of the taxation systems in the European Union' covers the period 1995-2003. This period corresponds to the years for which national accounts data is available in

¹ There are several approaches to measuring the effective tax burden. A first group comprises backward-looking indicators, compiled on the basis of statistics quantifying taxes actually paid, either at the level of aggregate economic data from national accounts (macro indicators) or from samples of firms (micro indicators). Alternatively, forward-looking indicators attempt to quantify and summarise the essential features of the tax systems for a 'representative firm', on the basis of a study of existing legislation. Each method has its merits and shortcomings and is tailored to answer different policy questions. For a full discussion, see COM(2001)582 final: 'Company Taxation in the Internal Market', pages 131, 132).

² European Commission (1996)

³ European Communities (2003)

the European System of Accounts (ESA95) format for all Member States. For the reasons mentioned above, these data are not comparable with the data 1970-1997 published in the 2000 edition of the publication.

The publication is divided into three parts. Part I reviews the major trends and developments in taxation in the Union between 1995 and 2003. Part II presents the economic classification of taxes and conducts a comparison of implicit tax rates between Member States over the period 1995-2003. Part III contains the country chapters which describe, for each Member State, the 1995-2003 trends and developments in the overall tax burden and in the structure of taxation as well as tax policy changes over the period. The table of statistics provided for each country presents the data in 4 blocks: A- Structure of revenues as % of GDP; B- Structure according to level of government as % of GDP; C- Structure according to economic function as % 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 together with the EU averages. Annex B gives an exhaustive list of the detailed taxes submitted by the Member States and their allocation to the different economic functions and environmental tax categories. Annex C outlines the methodology employed in calculating the ratios included in Annex A, describing the tax revenue data sources used and providing a detailed description of the methods employed by the national tax departments in the Member States to split the revenue of the personal income tax between labour, capital and other sources of taxable income.

Part I Overview of taxation in the EU

1. TAX STRUCTURES AND RECENT DEVELOPMENTS IN THE ENLARGED UNION

1.1. Total tax burden

One of the greatest challenges for the European Union ever, is the accession of ten new Member States. This issue of the survey extends and deepens the analysis of the structures of the taxation systems of the new Member States (henceforth NMS-10), comparing them with those of the old Member States. This survey measures the overall tax burden in terms of the ratio of taxes and actual social contributions on GDP¹.

In 2003, the tax-to-GDP ratio in the European Union amounted to 40.3% in the GDP-weighted average, some 10 and 13 percentage points of GDP above those recorded in the United States and Japan².

The tax-to-GDP ratios for the individual Member States and all years are given in annex A. As illustrated by Graph I-1, there are wide differences in tax levels across the Union. These differences do not only reflect social choices such as public or private provision of services, e.g. old age and health risk protection, but also technical factors (see footnote 1). Already before the 2004 enlargement, the Union included a number of Member States with tax ratios not too far from the 50% mark, like the Nordics and Belgium, as well as several low-tax Member States, notably Ireland,

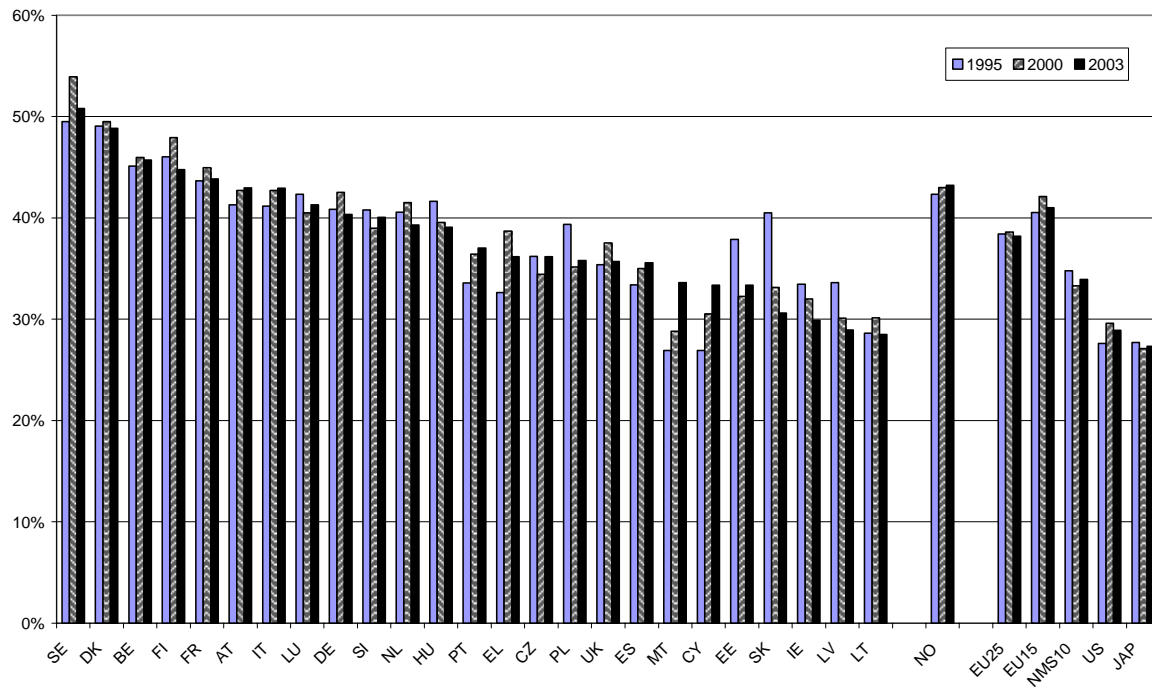
¹ The tax-to-GDP ratio is an indicator that is widely used to measure the overall tax burden. However, this indicator has certain limitations as a comparative tax burden measure across Member States and over time. Among the factors which can affect the level and trend of the tax-to-GDP ratios are not only the extent to which Member States provide social or economic assistance via tax expenditures, rather than direct government spending, and whether or not social transfers are subject to taxes and social contributions. In principle, horizontal equity considerations would require that taxes be levied on social transfers. However, in practice there are wide differences amongst Member States several of which exempt in full or in part social transfers from taxation to achieve an equal treatment of taxable income sources or to avoid high marginal effects. Countries with a relatively high tax-to-GDP ratio generally also have higher taxes on social transfers than other countries. Adema (2000; 2005), for example, estimated that in 1995 taxes and social contributions on transfers exceeded 5 per cent of GDP in Denmark, Finland and Sweden and also in the Netherlands. They did not exceed 2 per cent of GDP in Germany and Belgium and were even lower in Ireland and the United Kingdom. It should furthermore be recognised that Member States' positions may vary according to the charges that are taken into account. This is especially important as regards the inclusion or exclusion of certain social contributions. It should, for example, be noted that, as a result of the transition from ESA79 to ESA95 classification of National Accounts, the level of recorded social contributions in the Netherlands has substantially declined. Some social arrangements provided by employers through labour contracts, for example, are not considered to belong to the Dutch government anymore. In the late 1980s and the early 1990s the Netherlands was still reported to consistently belong to the group of jurisdictions with the highest tax burden in the Union.

² The tax-to-GDP ratios in most of the countries of the European Union exceed those elsewhere in OECD countries. Outside Europe, only Australia, Canada and New Zealand have tax ratios above 30 per cent of GDP. See OECD (2003a).

Spain, the UK and Greece. The gap in the ratio from the top of the ranking (Sweden) to the bottom (Ireland) indeed amounts to a substantial 21 percentage points of GDP.

Accession results in additional diversification in the ratios. In particular, most of the new Member States have lower tax-to-GDP ratios than the old Member States. In 2003 the GDP-weighted EU-15 average was 40.6%, while the new Member States average was 35.8%, a difference of almost five points. Actually, by referring to the GDP-weighted averages the diversity of tax systems in the enlarged Union is partly disguised. Taking the arithmetic (unweighted) averages, the total tax burden in relation to GDP of the new Member States is more than seven percentage points lower than the average level of the old 15 Member States.

Graph I-1 Tax to GDP ratio in EU countries and the US and Japan
1995, 2000 and 2003, in % (ranked by 2003 level)



Source: Commission Services for the EU countries, and OECD for the US and Japan (2002 data).

Among the new Members too there are substantial differences in the total tax burden. The picture is composed of a group of two countries (Slovenia 40.1%, Hungary 39.1%) with a level close to the EU-15 average and another group consisting of the remaining new Member States with a level substantially lower than EU-15 average: from the Czech Republic (36.2%, i.e. almost 5 percentage points below EU-15) to Lithuania (28.5%, i.e. 12½ percentage points below EU-15). Among the EU-15, only Ireland has a total taxes-to-GDP ratio lower than the average of this second group of new Member States.

In the EU-15, economic programmes based on reducing taxes found growing political support since the second half of the 1990s. However, decreases in the average overall tax burden are discernible only since the turn of the century, with a reduction of 1.1 percentage points in the arithmetic average between 2000 and 2002. The slow decline in the average tax burden even came to a halt in 2003. At the EU-15 level, the decline seems therefore modest, particularly in light of the fact that the

economic slowdown from 2001 onwards has contributed to it by reducing the revenue from a number of levies that are sensitive to the business cycle, such as the corporate income tax. Nevertheless, the increase in the tax ratio from 1995 to 2000 has been reversed.

Examining the declines registered since 2000 in more detail, it becomes apparent that the modesty of the reduction in the average tax ratio masks rather different developments within the group:

- The vast majority of the old Member States reduced their tax ratio, in six of which by an amount exceeding 2% of GDP. In particular in Sweden and Finland the decline was by more than three points of GDP, while Ireland and Greece reduced the already comparatively low tax burden by more than two points of GDP (the UK achieved a slightly smaller reduction, 1.8 percentage points of GDP). In the geographical core of the Union, Germany and the Netherlands reduced the tax burden by over 2% of GDP, while France reduced the tax ratio by a more limited, but still non-negligible 1.2% of GDP.
- In the NMS-10, the substantial decline in the tax ratio appeared in the years 1995-1999; after that date, trends are quite diversified with further decreases in some Member States, increases in others. Malta and Cyprus in particular represent the major exceptions to the post-2000 declining trend; these two Member States in fact witnessed large increases in the ratio (+4.8 and +2.8 percentage points respectively), albeit from a very low base. In the Czech Republic, the trend is the opposite of what happens for the EU average; it declined from 1995 to 2000 and picked up perceptibly (+1.8 percentage points) after that year. In Slovakia the already low tax ratio fell by a further 2.5 points from 2000 to 2003.

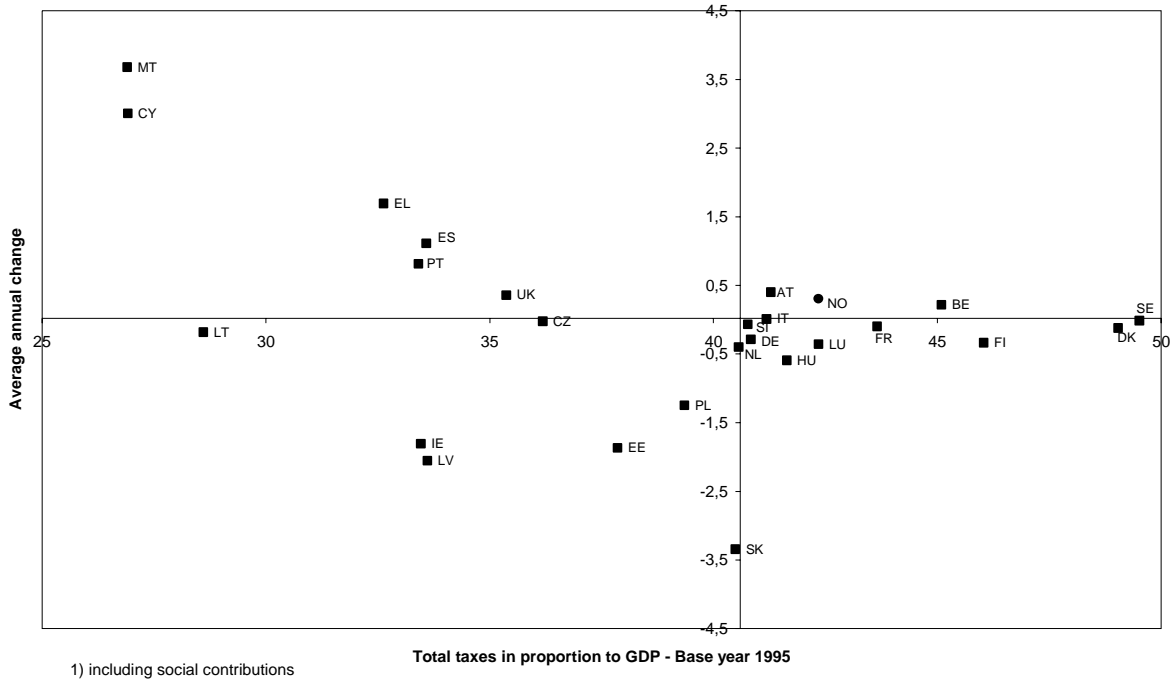
Overall, over the entire 1995-2003 period, Slovakia stands out as the Member State which has carried out the most profound restructuring of its tax system, with the tax ratio declining by one quarter. The country thus changed its ranking significantly, from being in line with the old Member States average in 1995 at 40.5% of GDP, to having the fourth-lowest ratio in the EU-25 in 2003. As mentioned above, Malta and Cyprus also witnessed large changes in their tax ratios, but in the opposite direction, though both Member States remain amongst the least taxed countries in the EU. The three Baltic countries have consolidated their position among the EU's least taxed Member States. Poland too reduced significantly its tax ratio from 1995 to 2001. Amongst the old Member States, no dramatic changes in the tax ratio have taken place, although one might mention that the further decline in Ireland's tax ratio is noteworthy, given the already low starting point.

Although the NMS-10 have generally seen far greater changes in their tax structures than the old EU-15, this is not true for all of them. Slovenia, for instance, witnessed a reduction in the period 1995-1997, followed by a moderate increase; overall the tax ratio changed by less than one percent point of GDP. In Lithuania, as in most Member States, there was an increase in the tax ratio until 1999, then the ratio fell back to almost exactly its 1995 level; despite the constancy in the tax ratio over the period, however, the country's ranking has changed, as the tax increases in Cyprus and Malta have resulted in Lithuania now levying the lowest taxes in the Union.

Graph I-2 displays the average annual changes in the tax-to-GDP ratios between 1995 and 2003 in percentage points of GDP, in comparison to the original levels in the base year 1995. It highlights the fact that the countries with higher-than-average tax ratios (i.e. essentially the old Member States) have tended to carry out limited adjustments, while the most forceful changes tend to appear at the left side of the graph, among low-tax countries; interestingly low-tax countries tend to display large adjustments in either direction, upwards or downwards, whereas above the average the picture

appears much more static. Overall the figures suggest that there has not been any noteworthy general convergence to the EU-15 average³.

Graph I-2 Level in 1995 and change of tax-to-GDP ratio¹⁾ until 2003
in %



Source: Commission Services

The relatively high tax-to-GDP ratios that we generally observe today in EU-15 countries are to a large extent the result of the persistent and largely unbroken⁴ upward trend in the tax burden in the 1970s, and to a lesser extent also in the 1980s and early 1990s⁵. This long-run increase in the overall tax burden was closely linked to the growing share of the public sector in the economy in those years. Taxes and social contributions have been raised in order to finance increasing government spending and, in particular, labour taxes appear to have been steadily rising in order to finance social welfare commitments, especially as regards pensions, health care, education and other social benefits.

³ A number of convergence indicators have increased between 1995 and 2003: the ratio of the standard deviation and mean increased from 14.2% to 14.5%; the standard deviation increased from 5.77 to 5.87; and the differences between the maximum and the minimum ratio increased from 16.1 percentage points to 22 percentage points. Cnossen (2001) reports convergence of the tax ratios over the period 1970-2000. In particular, in Greece, Portugal and Spain the rate of increase in the tax ratio greatly exceeded those of other Member States.

⁴ Some marked decreases have occurred in single years, for example in 1994 as a result of the severe recession in 1993.

⁵ 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 (2002d).

The rise in unemployment also acted as a main underlying pressure to increase taxes in most EU countries between 1970 and the early 1990s⁶.

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

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

Another reason why the tax cuts in the late nineties were not clearly reflected in the tax-to-GDP figures is that a number of Member States (partly) financed their tax rate cuts by reducing allowable deductions against the taxable personal income, and/or by limiting special incentive schemes and tax allowances for depreciation of capital equipment in corporate income tax. In addition, a number of Member States have shifted the tax burden away from labour to other taxes, notably to indirect or 'green' taxes. It should furthermore be kept in mind that the tax revenue figures in National Accounts do not follow a real 'accrual principle'. According to the ESA95 guidelines, taxes and social contributions should normally be recorded when the underlying economic event/transaction takes place rather than when the actual tax payment is made. Personal- and corporate income taxes, for example, are typically levied on incomes accrued one year prior to most of the actual collection. However, ESA95 allows for considerable flexibility in interpreting accrual time of recording,

⁶ Differences in the tax burdens are also mostly related to the weight of the public sector in the economy. The amount of net social expenditure in the US, for example, is at less than 18% of GDP significantly lower than in most Member States (cf. Adema (2000)). European Commission (2000a) presents a number of causality tests. Between 1970 and 1999, almost 75% of the changes in the tax burden in EU Member States, the US and Japan appears to be related to changes in public expenditure. Also, more than 40% of the changes in the average effective tax rate on labour appear to be associated with changes in current spending and over 70% of the cross-country differences in the effective rate in labour correspond to differences in the ratio of current transfers to GDP.

depending on the type of taxes. Most statistical offices in fact use 'time adjusted' cash figures for a few months, which is permitted following amendment of ESA95. This is another reason why the effects of tax reforms are generally reflected in the figures with some delay. Finally, measures taken to restrict public spending may take a long time to translate in lower tax ratios. Of course, a number of Member States may still face increased overall tax burdens, while they continue the process of (fiscal) convergence in the European Union, and/or further develop their infrastructure and/or have to cope with higher costs of their social protection- and health care systems. It remains to be seen whether this will result in any further upward pressure on taxes.

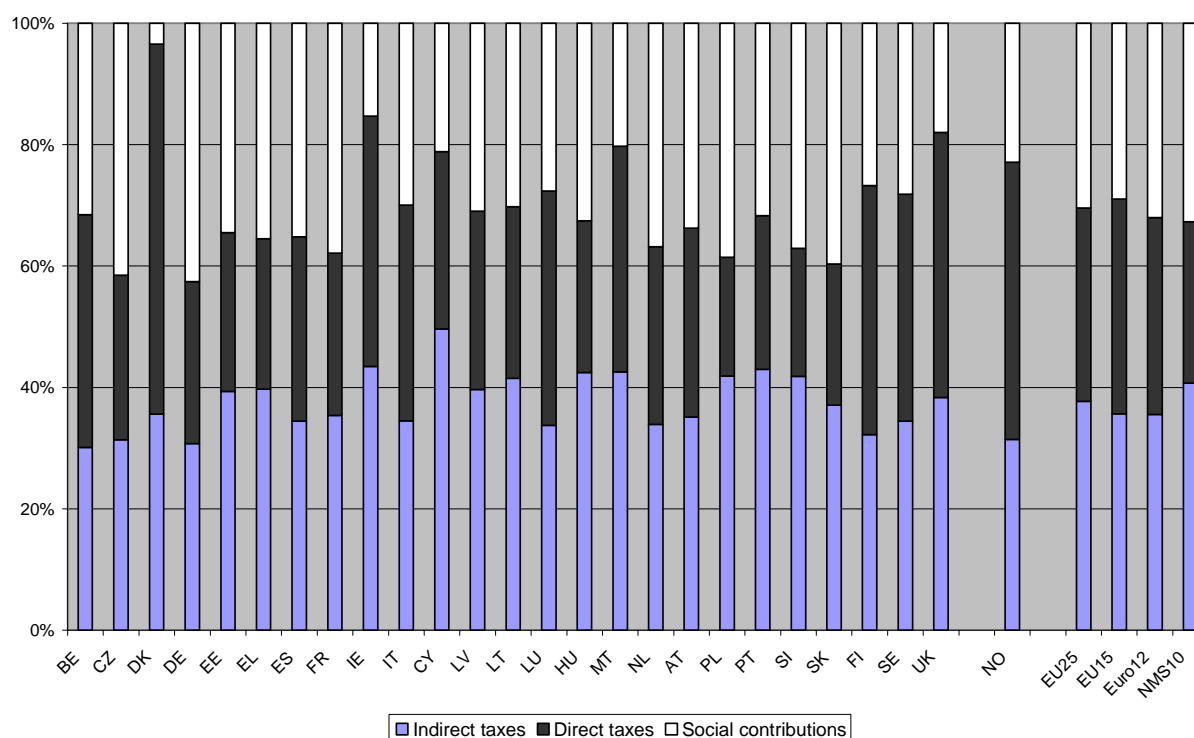
1.2. Tax structures

1.2.1. By type of taxes

The structure of the tax revenues by major type of taxes (i.e. direct taxes, indirect taxes and social contributions) is shown in Graph I-3. The EU-15 and EU new Member States' States averages in this graph represent arithmetic – rather than weighted – averages. Further information about the distribution of the overall tax burden among more detailed type of taxes (e.g. VAT, excise duties, personal and corporate income tax) can be found in part III, which describes the structures and developments in the individual Member States.

Graph I-3 Structure of tax revenues by major type of taxes

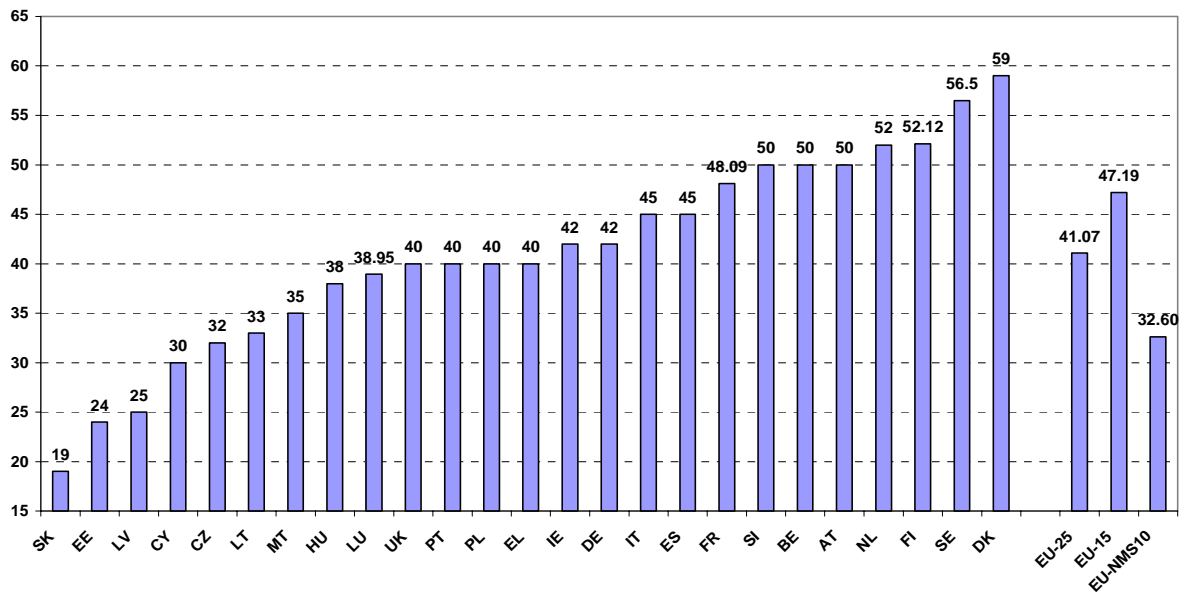
2003, in % of total tax burdens



Source: Commission Services

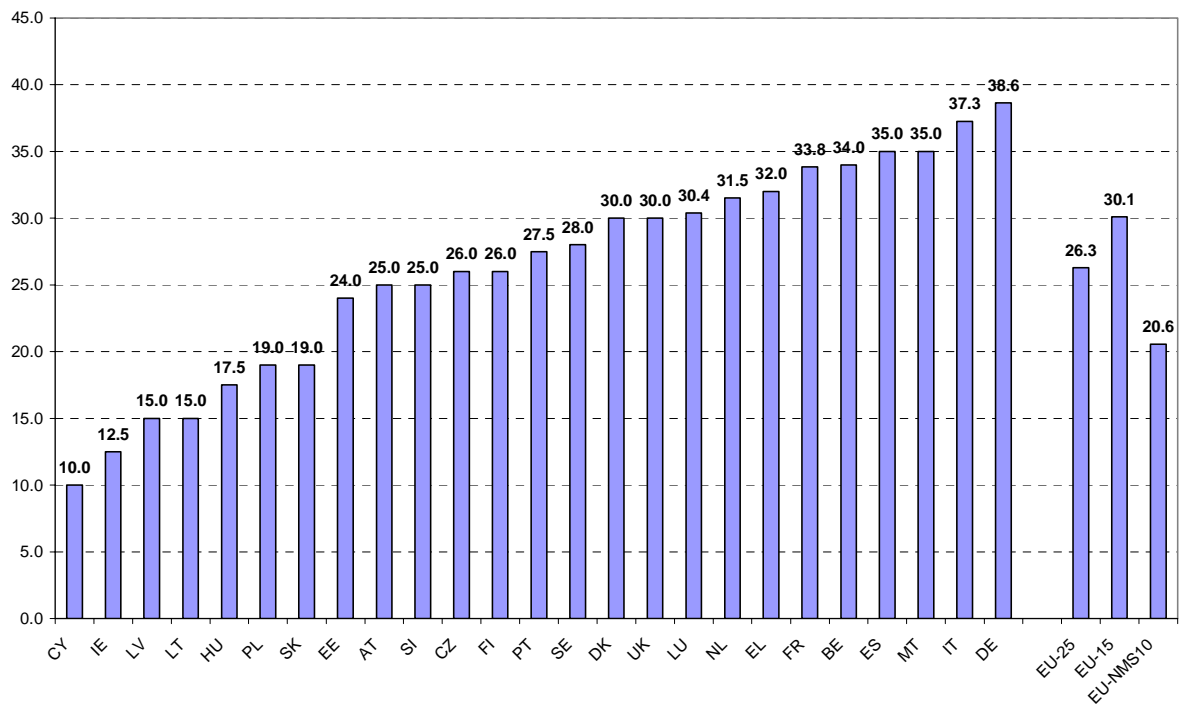
Generally the new Member States have a different structure compared to the EU-15 countries, in particular displaying a substantially lower share of direct taxes. In 2003 the difference between the EU-15 and the new Member States (arithmetic) averages was about 9 percentage points; the gap between the two groups has however been shrinking somewhat, mainly because of a lesser reliance of the EU-15 on direct taxes. With the exception of Malta, all the new Member States are below the EU-15 average (35.5%). The lowest share of direct taxes can be found in Poland (20.1%) and in Slovenia (21.1%). One of the reasons for this difference can be found in the generally lower tax rates applied in the new Member States regarding corporate tax and personal income tax (see the following graphs).

Graph I-4 Top statutory personal income tax rate
2005 in %



Note: Without surcharges - DK, FI, SE: state taxes plus municipality taxes

Graph I-5 Effective top statutory tax rate on corporate income
2005 in %



NOTE: Only the 'basic' (non targeted) top rate is presented here. Existing surcharges and averages of local taxes are included.

The rate for Estonia refers only to distributed profits; as from 2000 the tax rate on retained earnings is zero. The rate for Italy includes 'IRAP' (rate 4.25%) a local tax levied on a tax base broader than corporate income.

The low share of direct taxes in the new Member States is counterbalanced by higher shares of social contributions (+3.8% respect to EU-15) and indirect taxes (+5.2%); the gap between the EU-15 and the NMS-10 in the shares of social contributions has however been shrinking in the last few years. The highest shares of social contribution among the NMS-10 are found in the Czech Republic (41.5%), Slovakia (40.2%) and in Poland (39.4%) while the EU-15 average is 29.0%. Cyprus, Malta, Hungary and Slovenia have the highest share of indirect taxes.

Also among the EU-15 countries there are some noticeable differences, as illustrated by Graph I-3. The Nordic countries (i.e. Sweden, Denmark and Finland) have relatively high shares of direct taxes in total tax revenues, whereas some southern countries (in particular, Portugal and Greece) have relatively high shares of indirect taxes compared to the EU-15 (arithmetic) average. In Denmark and, to a lesser extent, also in the United Kingdom and Ireland the shares of social contributions to total tax revenues are relatively low compared to the EU-15 (arithmetic) average. In Denmark, most welfare spending is financed out of general taxation. The share of direct taxation to total tax revenues in Denmark is in fact the highest in the Union. Germany has the highest share of social contributions in the total tax revenues. Germany's share of direct tax revenues, on the other hand, is the lowest in the EU-15. France also has a relatively high share of social contributions and a corresponding relatively low share of direct tax revenues, compared to the EU-15 average.

Since the mid-1990s, a number of EU-15 Member States have implemented reforms to their tax systems. The reforms vary in coverage and depth, but they were often aimed at reducing the tax burden on labour, particularly at the low- to middle end of the pay scale, at achieving a general reduction in corporate income tax rates (whilst broadening the base) and at improving the functioning of capital markets. Reforms of indirect taxation have been more diverse in nature. Increases in indirect taxation in several countries were driven by 'green' tax reforms, often as counterpart to the reduction in the taxation of labour¹. Some Member States also implemented measures that resulted in increases in the shares of total taxes that accrue to state (regional) governments. The measures were sometimes part of a reform-package that was stretched out over several years. While here some basic elements are touched upon with a few examples highlighted, further details are given in part III, which describes the structures and the developments for the individual Member States.

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

Reforms of taxes on capital income often aimed at improving the functioning of capital markets. Another aim was to create incentives for risk-taking, and support venture and intangible capital. Some Member

¹ This approach is generally referred to as the 'double dividend' approach. In this respect it must be noted that incentives to work may also be influenced by the level of indirect taxation.

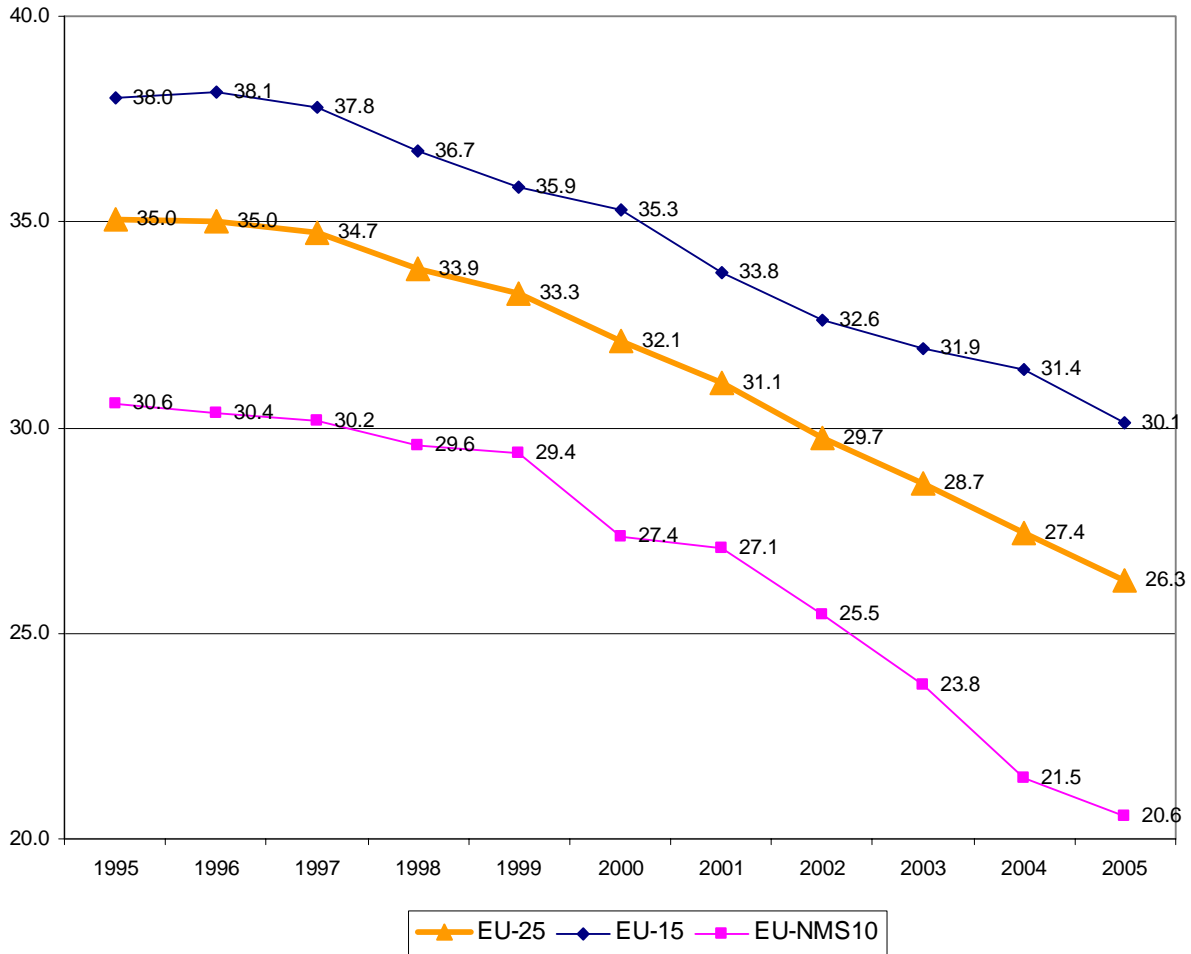
States have fundamentally changed the taxation of capital income or capital gains in the personal income tax, often broadening the income tax base. Member States have also implemented reductions in statutory corporate income tax rates, but at the same time have reduced special incentive schemes, or cut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

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

Some Member States implemented general reductions in social contributions across the board. A number of Member States put forward targeted reductions of non-wage labour costs in respect of the low end of the pay scale, while others aim at creating new jobs for long-term unemployed, for training or for the shift from temporary to permanent labour contracts.

The most striking differences between old and new Member States are in the field of corporate taxation. The EU-15 (arithmetic) average of corporate tax rate in 2004 is 31.4%, while the average corporate tax rate of the ten new Member States (21.5%) is ten percentage points lower. In the most recent years there has been a strong tendency to reduce corporate tax rates in the new Member States, often curtailing special tax regimes at the same time. The old Member States have tended to follow suit and also reduced their statutory corporate tax rates substantially since 1995 (see Graph I-6).

Graph I-6 Development of effective top statutory tax rate on corporate income
1995 to 2005 in %

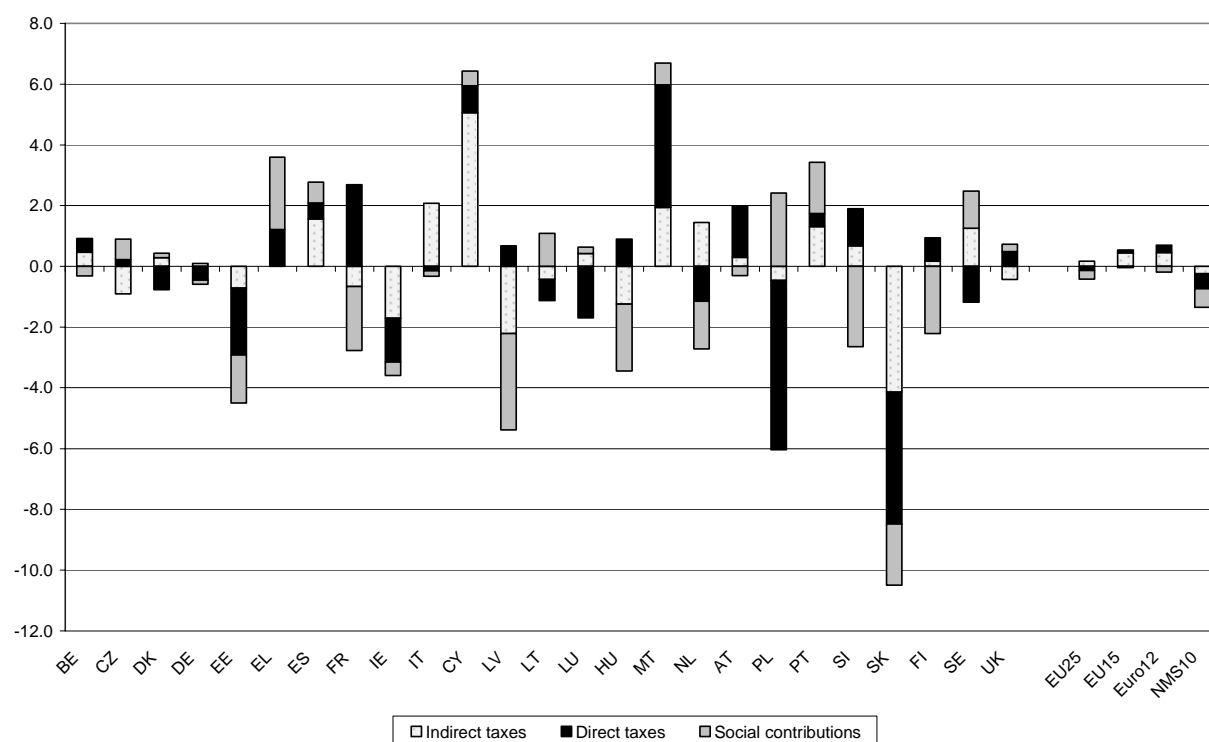


Estonia is a good example of this development. The country abolished the classical corporation tax in 2000, although having already a low tax rate of 26% (since 1994). Since the beginning of 2000 it levies no corporate tax on retained profits. Only distributed profits are taxed. Reductions in the corporate tax rate after year 1995 have been introduced in all new Member States except Malta. As for the personal income tax, the tax systems of new Member States are generally more in line with the EU-15, but the statutory top rate is often substantially lower than in the EU-15 (by 13.4 percentage points lower on average).

In Graph I-7, the change in overall tax burden has been broken down into changes of its three major components. As a result, the sum of the heights of each bar gives the change in the overall tax-to-GDP for all the countries. For the EU-15 average, both direct taxes and indirect taxes have slightly increased (in proportion to GDP), but this was partly offset by reductions in social contributions. The averages, of course, conceal some marked differences between the individual Member States. One trend that is in fact rather evident from Graph I-7 has been the increase in direct tax revenue for a number of Member States, despite the tax rate reductions that were implemented over the period; in contrast, in the EU-15 there has been a clear though limited reduction in social contributions. Increases in measured indirect taxes were also quite frequent.

Graph I-7 Evolution by major type of taxes

1995-2003, differences in % points of GDP



Note: data for EE, CY and HU are not available for 1995.

Source: Commission Services

For Malta, France, Austria, Slovenia, Greece, revenues from direct taxes increased by more than 1 percentage point of GDP. Malta is one of the few countries where increases in corporate tax revenues have been significant, though revenue from personal income taxes have also contributed significantly to the increase in the tax ratio; the lack of dynamics of the ITR on labour however suggest that the increase is not due to an increase in the tax burden on dependent labour. In France, changes in personal income tax revenues appear to have been clearly dominant, largely originating from increases in revenue from the generalised social contribution ('CSG') and in the contribution for the reduction of the debt of social security institutions ('CRDS'), which are both booked as taxes on individual and household income (TRD51A) in national accounts². In Austria increases were recorded both in revenue from PIT and from CIT; the country witnessed a particularly sharp increase in direct tax revenues in 2001, mostly due to base-broadening measures and hikes in tax pre-payments; but in the following years the tax ratios have tended to fall back again. In Slovenia, the increases in direct tax revenues were essentially due to a growth in CIT; revenues from PIT remained roughly constant, as a percentage of GDP. Poland, Slovakia, Estonia and to a lesser extent Ireland instead witnessed strong reductions in their direct tax revenues; in Poland, the PIT more than halved in importance in the period considered.

² The base of the 'CSG' was extended to capital income in 1998, and the 'CRDS' was introduced in 1996. At the aggregate level the increases in revenues from the social contributions have apparently offset to some extent the effects of the reductions in personal income tax and social contributions that were implemented in recent years.

Cyprus has based most of the marked increase in its tax ratio on indirect taxes; these contributed 80% of the increase in the tax ratio since 1995. Following the recent VAT increases, Cyprus is now the only EU Member States where indirect taxes make up half of total revenues, with all other Member States remaining far behind in this respect. Italy and Malta also recorded relatively sizeable increases in revenue from indirect taxation. In Italy, the 1997-98 tax reform eliminated the employer's compulsory health contributions, bringing the overall employer's social contribution rate down substantially. At the same time, however, a new regional tax on productive activities, commonly abbreviated as IRAP, based on the value of production net of depreciation was introduced; this tax is classified in ESA95 as an indirect tax ('other taxes on production'). Malta followed a path similar to that of Cyprus, i.e. a quite strong increase in the overall tax ratio albeit from very low levels, but financed the increase essentially from direct taxes, so that the increase in indirect taxes play a smaller role than in Cyprus. At the opposite end, Slovakia saw a marked decrease in indirect taxes, but this was not due to a strategy based on cutting indirect taxes but rather reflected a strong across-the-board cut in taxes. Estonia, too, cut significantly all three main categories of taxes. As for the largest four EU Member States, despite a relatively high focus on the tax burden in the policy discussion, no very significant modification in the level or distribution of the tax burden is apparent in the 1995-2003 period; in the only country in which significant shifts are visible, France, the decreases in social contributions and indirect taxes are offset by increases in direct tax revenues. As noted before, however, most of the EU-15 saw only minor changes in tax levels; only Ireland realised significant reductions in direct and indirect tax revenues as well as in social contributions.

It is of course not possible to obtain a good picture of where exactly in the economy the tax burden falls by looking solely at classifications by major type of taxes. For example, direct taxes consist of income and property taxes paid by individuals and corporations. Hence the tax burden from direct taxes falls on both labour and capital, but also on social transfers received by non-employed people (*e.g.* social benefits and pensions). This also holds for the personal income tax itself. The evolution of the tax burden falling on the different economic functions (*i.e.* labour, capital and consumption) for the EU-15 countries is more closely examined in part II.

1.2.2. *By levels of government*

Graph I-8 displays a classification of aggregate tax revenue (including social contributions) by receiving level of government. In the new ESA95 framework of national accounts, taxes are usually classified according to four different units of government that may operate within a country and to the Institutions of the European Union. The combination of the different government levels operating within a Member State is called the general government, and may include:

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

It is important to recognise from the outset that the figures shown in Graph I-8 represent 'ultimately received' tax revenues. This means, for example, 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 taxes³. The figures displayed in Graph I-8 therefore convey relatively little information on the discretion provided to state and local authorities over their tax base and rates. It should furthermore be noted that the figures also exclude grants of all kinds between different levels of government. Also, the taxes received by the Institutions of the European Union do not only include taxes paid directly to the Institutions (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 European Union. The latter include, in particular, (i) receipts from the common agricultural policy, (ii) receipts from custom duties from trade with third countries and (iii) a share in receipts from VAT imposed within each Member State.

In 2003, in the EU-15 about 58% (arithmetic average) of the 'ultimately received' aggregate tax revenue (including social contributions) was claimed by the central or federal government, roughly 29% accrued to the social security funds, and around 11% to local government. Around 1% of this tax revenue is paid to the Institutions of the European Union. There are however considerable differences from one Member State to another. For instance, a few Member States have a State government level. The share of regions and municipalities varies from less than 1% in Greece to 35% in Denmark. Not only Denmark, but also Sweden (33%), Belgium (29%), Spain (29%) and Germany (28%) show relatively high shares of total taxes received by government sub-sectors. The share is around the EU average in Austria (18%) and Italy (16%). The share is noticeably small in Greece (1%), Ireland (2%), the Netherlands (4%) and the United Kingdom (5%). Concerning social security funds, the highest shares in the EU are reported by France and Germany.

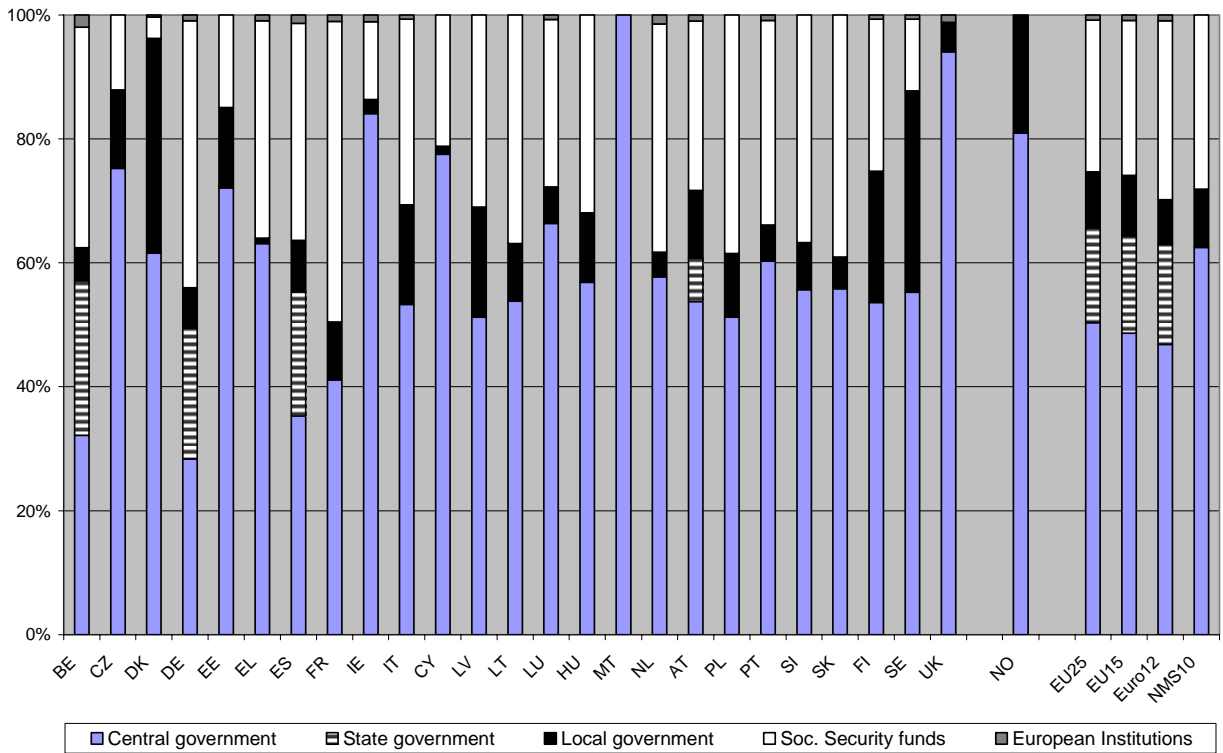
In the new Member States the state government level does not exist. Concerning local government taxation the figures vary between Malta, which does not apply local taxes, to Latvia with a share of 18%. Relatively high shares of local taxes can be seen also in Estonia (13%)⁴, Hungary (11%), Poland (11%) and Lithuania (9%). Concerning social security funds, high shares appear in Poland (39%)⁵, Slovakia (39%), Slovenia and Lithuania (37%).

³ Additional information was used for the classification of taxes by ultimately receiving government sub-sectors for Belgium.

⁴ In Estonia the relatively high share of local governments is mainly based on the transfer of revenues from national personal income tax. This tax is levied by the central government but more than a half of the PIT paid by resident persons is transferred directly to local budgets (11.4% of the taxable income before deductions). PIT payable on capital gains and pensions goes to the central budget.

⁵ In 1999, Poland carried out a large shift of revenues from personal income tax to social contributions.

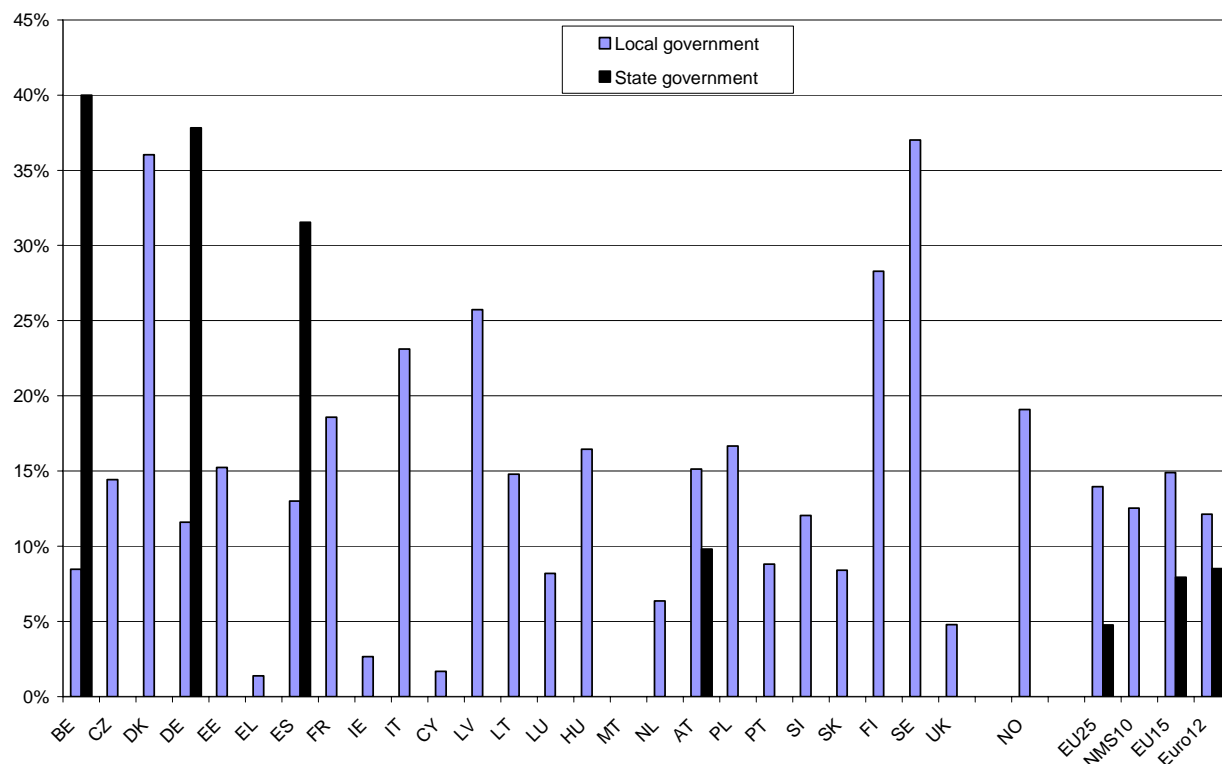
Graph I-8 Classification of tax revenues by ultimately receiving level of government
2003, in % of total tax burdens



Source: Commission Services

Graph I-9 shows the shares of direct and indirect revenues of the general government that is apportioned to local (municipalities), state (regions) governments (social security funds are not included).

Graph I-9 Shares of aggregate tax revenue ultimately received by sub-central governments
2003, in % of tax revenues of general government, social contributions not included



Source: Commission Services

- Significant changes in the shares of tax revenues of state and local governments between 1995 and 2003 occurred in Spain and Italy. In Spain, an increase in the share of state tax revenue is firstly visible from 1997 onwards. This mainly reflects the introduction of the new five-year (1997-2001) arrangement for sharing tax revenues between the autonomous regions. In 2002 Spain witnessed a substantial increase of the share collected by state governments by more than 10 percent of total taxes, due to the new financing agreement between the central government and the autonomous regions; the share rose further the following year as the second step of the reform was implemented. In Italy, an increase in the share of local tax revenues is visible from 1998 onwards. This can be attributed to the Italian reform that, among other important changes, introduced a new Regional Tax on Productive Activities ('IRAP'), and decreased the dependence of the local governments on grants from the central government.

The figures displayed in Graph I-9 indicate substantial differences in the structures of the taxation systems across the Union. However, as argued above, they give relatively little insight in the degree of tax autonomy of sub-central levels of government as such. Generally speaking, the tax raising process within the general government involves (i) setting a tax base, (ii) defining statutory tax rates, (iii) collecting the tax and (iv) attributing its revenues. Two or more levels of government can be involved in one or several

of these different stages. Several modalities exist. For example, an 'own' tax means that the central or sub-central government unit is responsible for all phases of the tax raising process (i) through (iv). A 'joint' tax means that the central government is responsible for (i) setting the base and (iii) collecting the tax, and jointly with the regions for (ii) setting the rates. Tax 'sharing' generally means that the central government is responsible for (i) setting the base, (ii) defining the tax rates and also for (iii) collecting the tax⁶. However, 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 organisation of the general governments – 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 (1999) has complemented tax revenue statistics by providing a typology of the 'taxing powers' of government sub-sectors, and by applying this typology to tax revenue statistics. The study shows important differences as regards the tax autonomy of the Länder and the Regions within the group of Federal or quasi-Federal countries in the Union (i.e. Germany, Austria, Belgium and Spain). It also shows differences as regards the tax autonomy of local governments within the European Union. In addition, since publication of the study important changes have taken place in several Member States (e.g. Belgium, Spain and Italy) usually increasing the degree of subnational fiscal autonomy.

⁶ Except in Germany, where the Länder also collect the tax.

Part II Taxation according to economic functions

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 burden and its distribution across different taxes. But this tells little on the economic dimension of taxation. A final tax incidence analysis would require computing the economic burden of a tax defined as the final impact on different categories of taxpayers¹. The publication 'Structures' uses the national accounts framework which represents the economy with a distinction between consumption and production activities, remuneration of production factors and savings and investment decisions. It takes into account as production factors: labour, physical and financial capital as well as intangibles. A broad classification into three economic functions (i.e. consumption, labour and capital) has therefore been used for calculating average effective tax burden indicators, called implicit tax rates². National accounts make it possible to derive the corresponding potentially taxable bases from sector accounts. This does not measure the final incidence of taxes, which can be shifted from one activity to another via behavioural effects. The methodology utilised in this survey is discussed in detail in Annex C.

Parallel to the classification of taxes to labour, capital and consumption the focus in chapter II.3 is put on analysing trends in environmental taxation. This classification is at a different layer, so that a specific tax on consumption or on capital stocks could as well be classified as an environmental tax. Because the use of the environment is sometimes regarded as an additional production factor, environmental taxes are subsumed under the classification according to economic functions.

¹ Fullerton, Metcalf (2002)

² The term 'implicit tax rates' is used in order to distinguish the backward looking approach from forward looking average effective tax rates calculated on the basis of the tax code.

1. DISTRIBUTION OF THE TAX BURDEN ACCORDING TO ECONOMIC FUNCTION

Part I examined the distribution of the overall tax burden by major type of taxes and the different levels of government that ultimately receive the tax revenue for the Member states of the enlarged Union. This part traces the evolution of and the reasons behind the changes in the tax burden falling on economic functions (*i.e.* labour, capital and consumption; the definitions and methodology utilised in this report is discussed in detail in Annex C). This edition of the 'Structures' report for the first time extends to the ten new Member States (NMS-10) the allocation of taxes by economic function, as well as the calculation of the ITRs. It should be noted, however, that data limitations have made a full extension impossible; in particular, it was found impossible to extend coverage for Poland. For several other NMS-10, tables C and D are incomplete; the implicit tax rate on capital, in particular, is often missing on account of the fact that its computation is quite demanding in terms of the high required level of detail of the statistics. In some cases, e.g. for Slovakia or Lithuania, data coverage starts later than 1995 for a number of indicators. It should also be pointed out that work remains to be done in assuring full comparability between the statistics; hence, the methodology utilised for computing the NMS-10 indicators may be adapted in the future, so that these first results should be interpreted with a degree of caution. Nevertheless, they already allow for sufficient comparability and supply interesting insights into the sometimes marked differences in the tax structures of the new and old Member States. As for comparisons with the EU average, the benchmark utilised throughout this report is the arithmetic average, unless otherwise indicated.

In addition to the analysis of taxation by economic function, part II also investigates the development of environmental tax revenues and, as in previous editions, presents an indicator for the average effective tax burden on energy consumption. This too has been extended to the NMS-10 as far as allowed by the data.

Graph II-1.1 displays the breakdown of the overall tax burden by economic functions for the year 2003. Taxes levied on labour income (employed or non-employed), mostly withheld at source (*i.e.* personal income tax levied on wages and salaries income plus social contributions), clearly represent the most prominent source of tax revenue in most Member States. What is also evident, furthermore, is that labour taxes appear to be a major determinant behind the level of the overall tax burden; Member States with a relatively high tax-to-GDP ratio also tend to collect a relatively high amount of labour taxes, and conversely (measured in % of GDP). Labour taxes contribute around 50 per cent of total tax receipts in the Union's Member States. Taxes on capital are generally less important. They usually account for less than one fifth of the total tax receipts in the Union's Member States, while consumption taxes account for around one third. There are some differences in this structure between old and new Member States; in the latter, consumption taxes usually account for a somewhat higher share of total tax revenues, while taxes on capital play, on average, a smaller role. The share of taxes falling on labour is similar in both sub-groups.

It has been mentioned above that the share of labour taxes on the total tax receipts is often below average in low-tax countries. Indeed, this is the case in several EU-15 countries, such as Ireland and the United Kingdom, and also in Greece, in Portugal and Luxembourg; however, it is not the case for the NMS-10 grouping, which, although having significantly lower tax levels, has a share of labour taxes on the total similar to the EU-15. The share of *capital* taxes is particularly large in Luxembourg, and it is noticeably

small in Denmark³, Germany and Sweden and in the NMS-10 generally, although for the latter the existing data limitations might result in a downward bias. Differences in the shares of consumption taxes between Member States are somewhat lower than for the other two major economic categories. This can partly be explained by the harmonised VAT-system and by the introduction of minimum rates for important excise duties⁴. Tax receipts from consumption taxes nevertheless are particularly important in Greece, Ireland, Portugal and the United Kingdom, where the share of labour taxes is low compared to other Member States, and in many NMS-10, notably in Cyprus, Slovakia and Hungary. Overall, NMS-10 rely on consumption taxes, on average, for 37.5% of the total as against 30.1% for the EU-15.

Taxes raised on capital and business income for the whole private sector are generally more important than taxes on stocks of capital (wealth), except in France, where the proportions to total capital taxes are broadly equal. The largest shares of taxes raised on stocks (wealth) of capital in total tax receipts are observed for Malta, France, Portugal and Spain. In the NMS-10, these taxes generally yield a lower share of revenue than in the EU-15; this might be linked, however, to a lower aggregate value and productivity of the capital stock.

The category 'labour non-employed' in Graph II-1.1 refers to personal income tax and/or social contributions that are raised on old age pension benefits and social benefits. Revenues vary markedly from country to country given widely different traditions on the taxation of benefits and transfers, some of which being frequently exempted from taxation. Denmark, Germany, the Netherlands and also Finland and Sweden tend to raise a substantial amount of taxes on such benefits; given, however, that the granting of unemployment benefits is tightly linked to the labour market situation, the revenue raised from taxes on benefits are linked to the cycle and may therefore vary strongly from one year to the next. In other Member States the amount of tax raised on such benefits is generally lower, or even negligible. It should be pointed out that, since the statistical identification of these taxes is rather difficult mostly owing to a lack of specification in the original tax statistics⁵, such taxes could not be presented for all Member States⁶.

Additional details on the structures of the taxation systems by economic function in the individual Member States (and their relative positions) are given in the country annexes in part III of this publication.

³ The revenues from capital taxes in Denmark were particularly small in the years 2000-2002, because in pension funds the non-realised capital gains are taxed. For this reason a capital loss due to a drop in the value of shares had a particularly strong influence on the capital income tax revenue in Denmark. A similar development happened in Sweden in 2001.

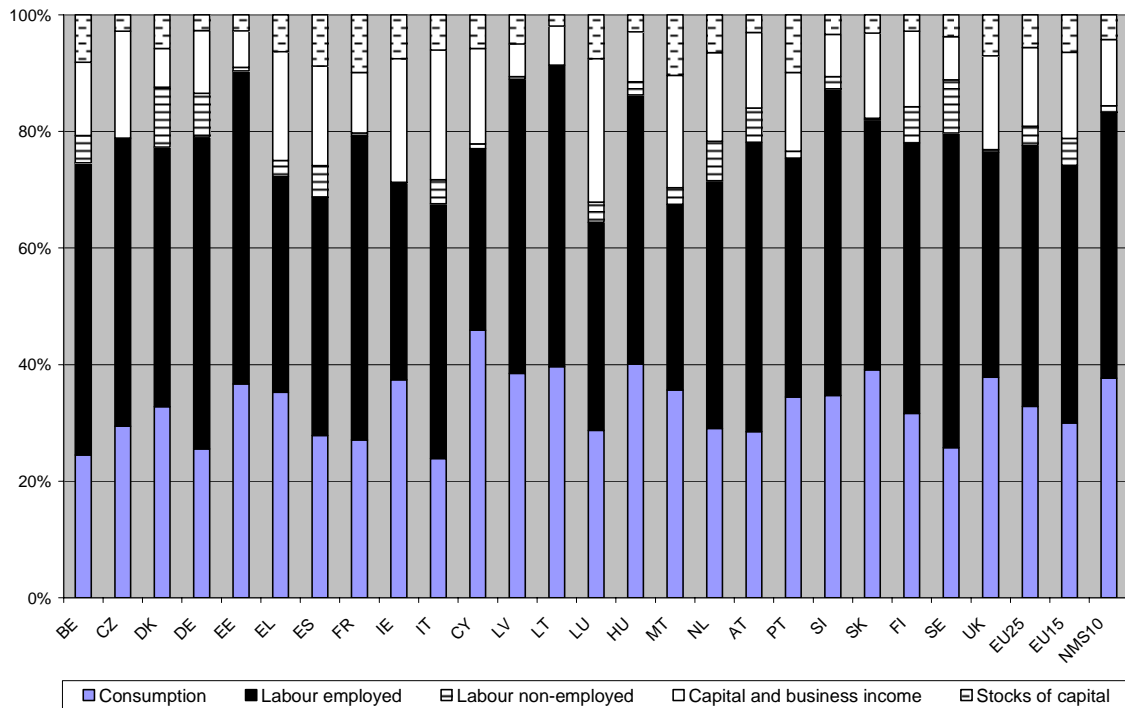
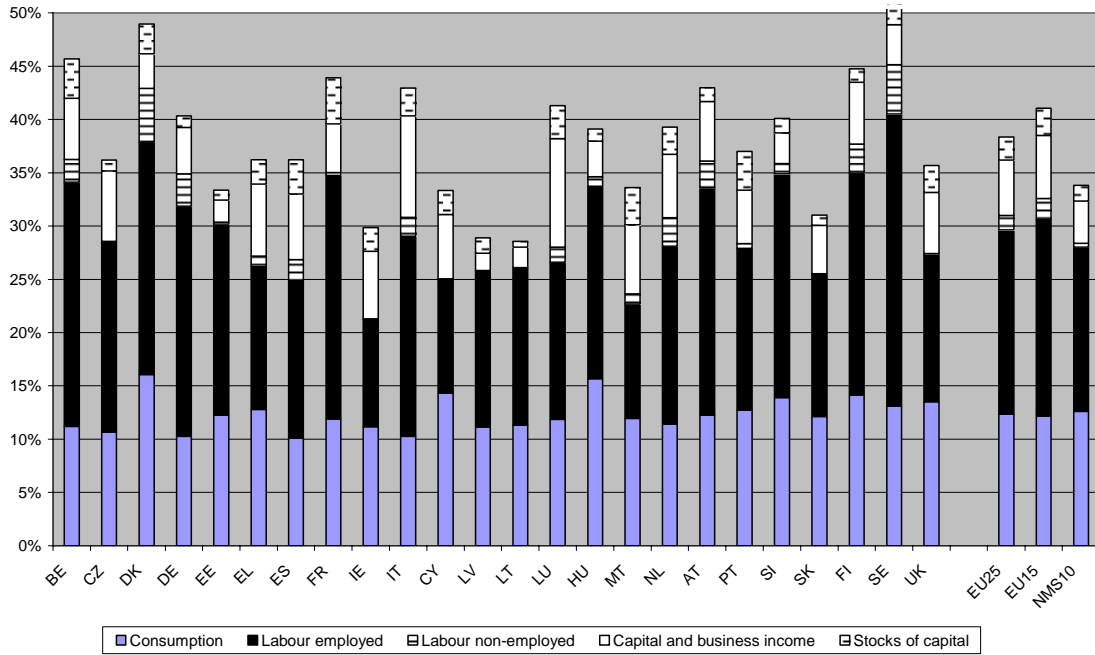
⁴ However, despite VAT-harmonisation, there are still some differences in normal and reduced VAT rates and the excise duties and also environmental taxes reflected in marked deviations in the implicit tax rates on consumption across Member States.

⁵ Like, for instance, for the UK, where taxes paid on pension benefits have been allocated to capital income.

⁶ Most of the people that receive social security and/or pension benefits have paid either compulsory- or voluntary contributions to such schemes while being active in the labour market. Also, such benefits are often taxed as (deferred) labour income in the wage withholding tax or personal income tax.

Graph II-1.1 Distribution of the total tax burden according to economic function

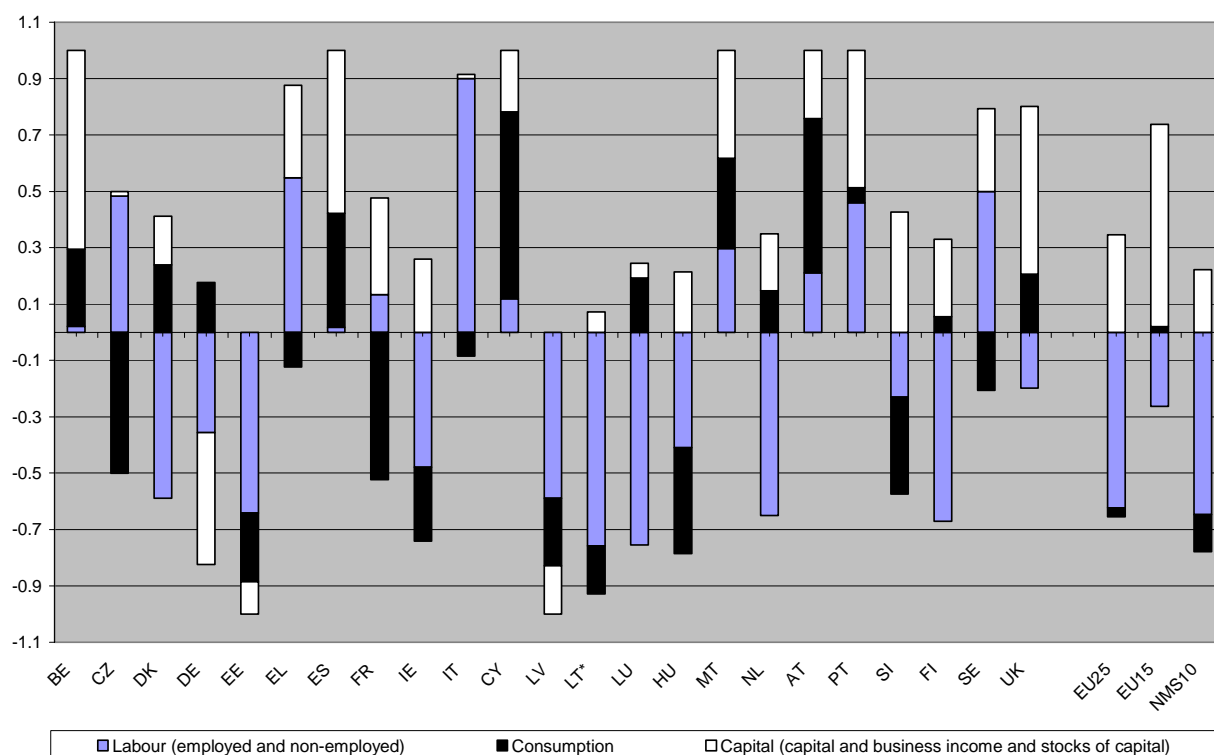
- Taxes on labour (employed and non-employed), consumption and capital (capital and business income and stocks) in % of GDP, 2003
- Shares of tax revenues raised on labour (employed and non-employed), consumption and capital (capital and business income and stocks) in % of total taxation, 2003



Source: Commission Services

The distribution of the overall tax burden according to economic function has undergone some important changes since the mid-1990s, and the pattern is rather mixed across Member States (see Graph II-1.2). The most striking feature of the past developments has been a – partly cyclically induced – increase in capital taxes as % of GDP until 2000, and a slight decline of labour taxes since the late 1990s. However, the latter developments are not always visible in Graph II-1.2. The stabilisation or decline in labour taxes often occurred after some initial increases in the second half of the 1990s. Also, a decline in measured capital taxation is already discernible in 2001 and 2002 in some Member States.

Graph II-1.2 Contribution of taxes on labour, capital and consumption (in % of GDP) to the changes in the total tax-to-GDP ratio
1995-2003, differences in % points of GDP



*LT: 2000-2003

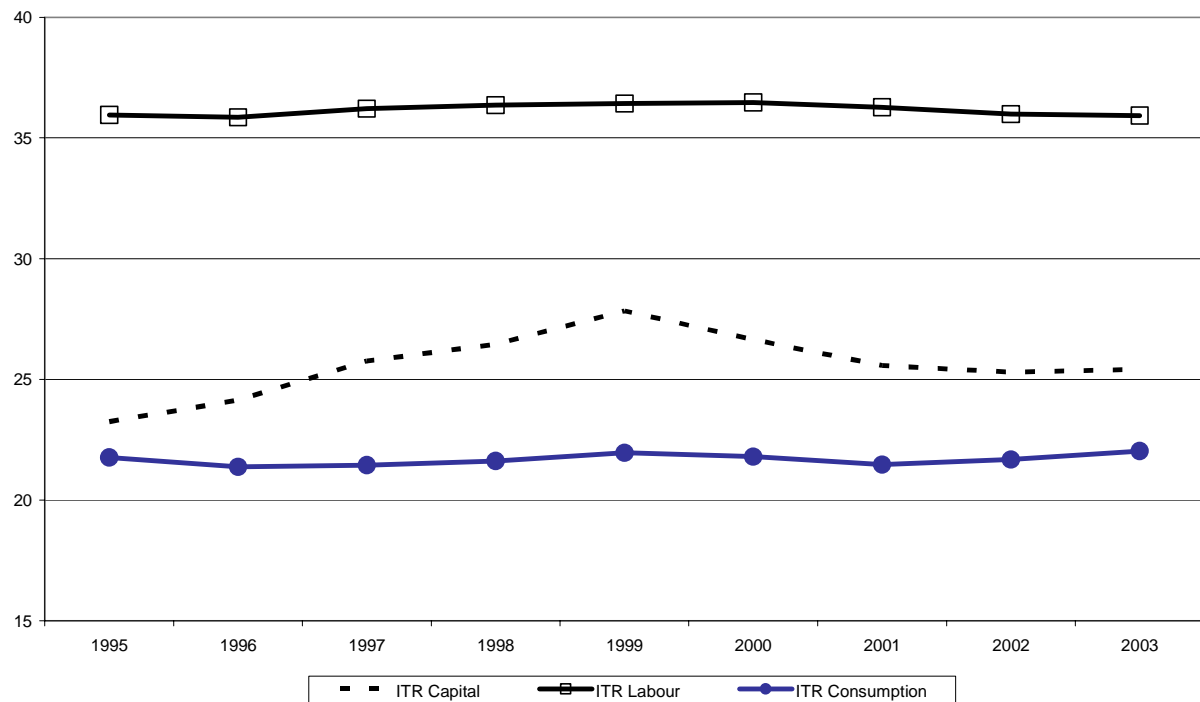
Source: Commission Services

Graph II-1.3 and Graph II-1.4 display the evolution of implicit tax rates (tax revenues expressed as % of the potential tax base computed from national accounts) between 1995 and 2003 in the Union and for the individual Member States, respectively. Previous 'Structures' publications by Commission, based on ESA79 classification, all reported a substantial increase in the implicit tax rate on labour since the beginning of the early 1970s, while the implicit tax rate on consumption has on the whole remained broadly stable. The average effective tax rate on capital (as measured by the so-called implicit tax rate on other production factors) varied sometimes considerably from one year to another. The implicit tax rate

on labour has always been higher than the average effective tax burden indicator for capital and consumption, and the difference has increased throughout the period under review⁷.

The implicit tax rates for the period 1995-2003 based on ESA95 data in Graph II-1.3 appear to show some signs of a reversal of this trend. The average tax burden on labour relative to the potential tax base – *i.e.* compensation of employees as computed from national accounts plus payroll taxes - tends to decline slightly from the late 1990s onwards for the first time. Another striking feature of the past developments appears to be the increasing tax burden on capital until the year 2000. The latter trend can partly be attributed to the effects of the business cycle. Similar reasons may explain the decrease in the ITR on capital starting from 2001; the recent series of cuts in corporate tax rates, however, which has involved many EU Member States, lend support to the idea that not only cyclical, but also structural trends are at work, in particular the (real or perceived) impact of globalisation and the stiffening competition for mobile capital. Capital, as at 2003, was taxed at an average implicit rate of about 25%, which is roughly 11 percentage points lower than the implicit tax rate on labour, with the gap between the two growing larger since 2000. The average implicit tax rate on labour remains the highest of the three.

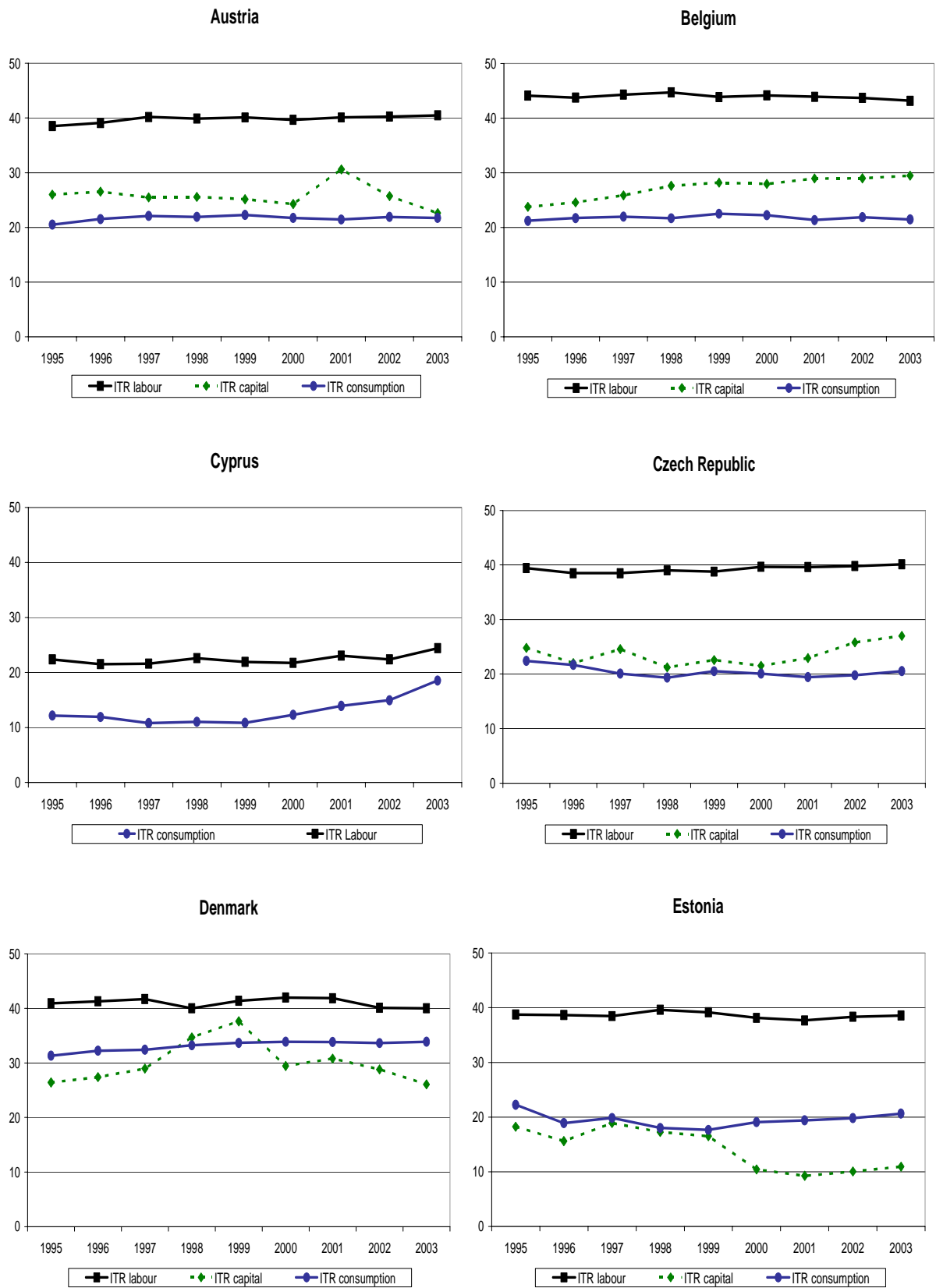
Graph II-1.3 Development of implicit tax rates for the EU average
1995 - 2003, in %



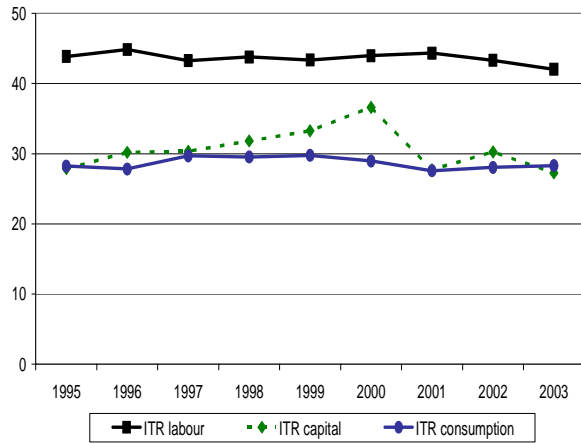
Source: Commission Services

⁷ European Commission (2000 a, b)

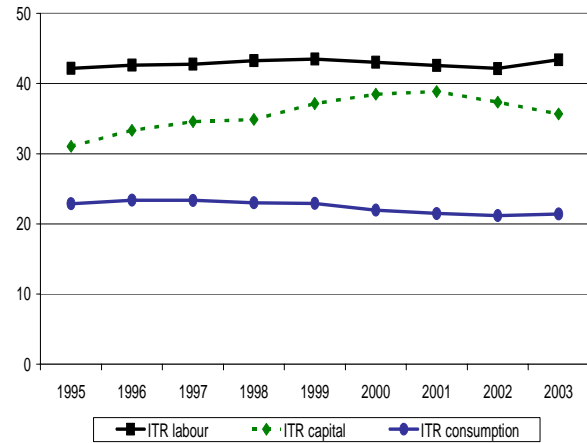
Graph II-1.4 Development of implicit tax rates for the Member States
1995 - 2003, in %



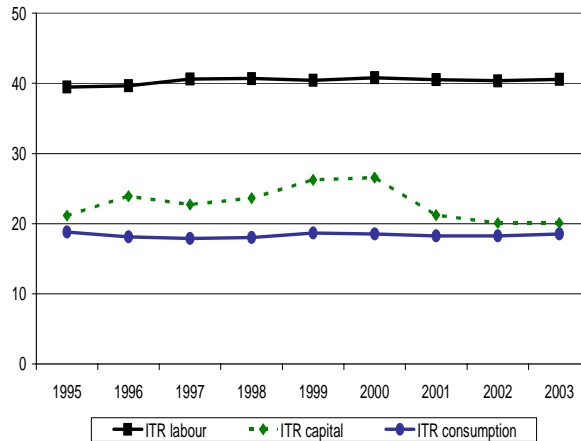
Finland



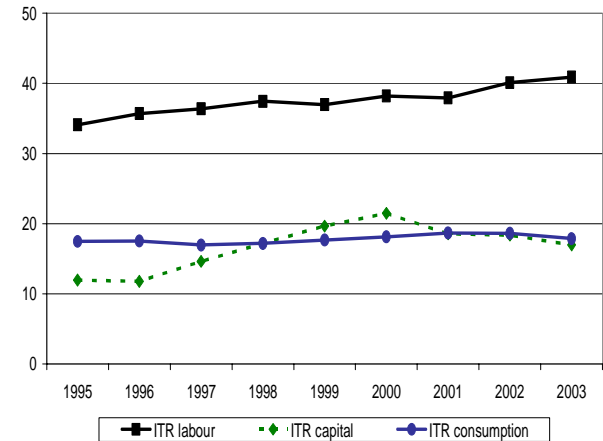
France



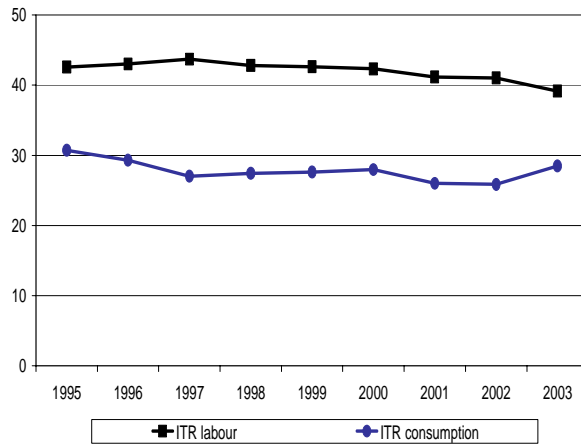
Germany



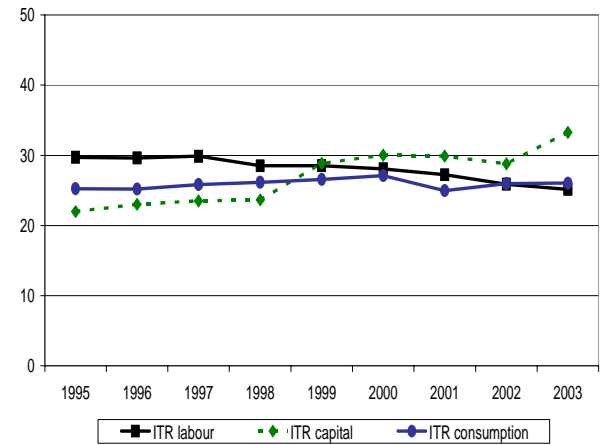
Greece

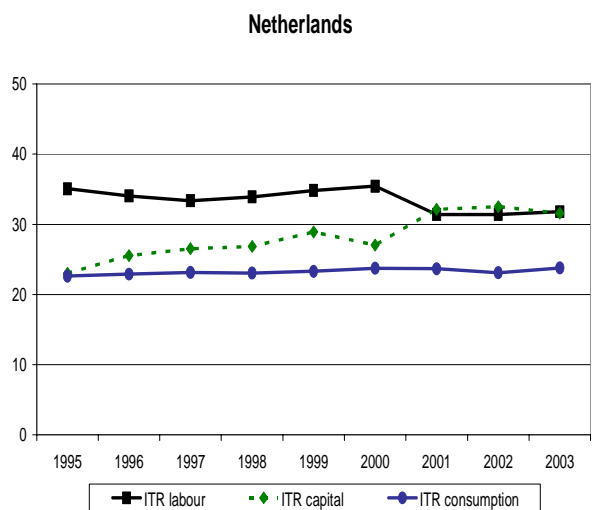
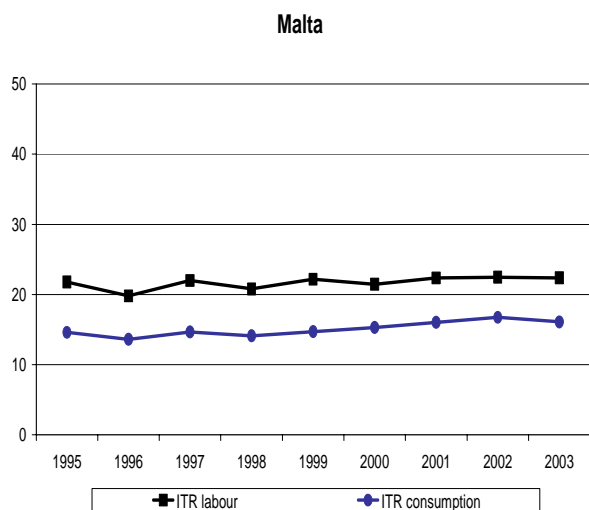
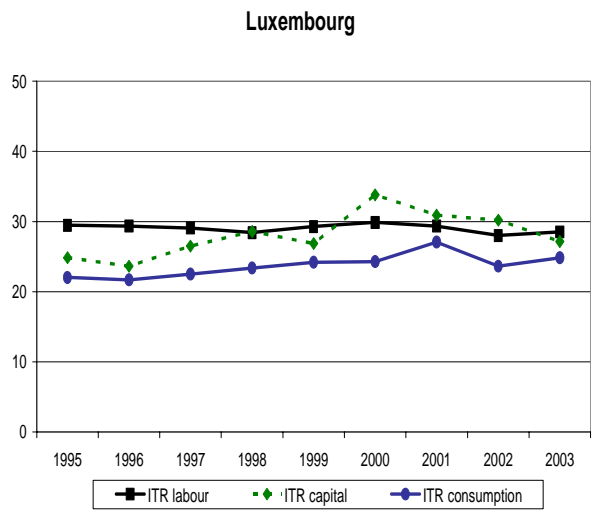
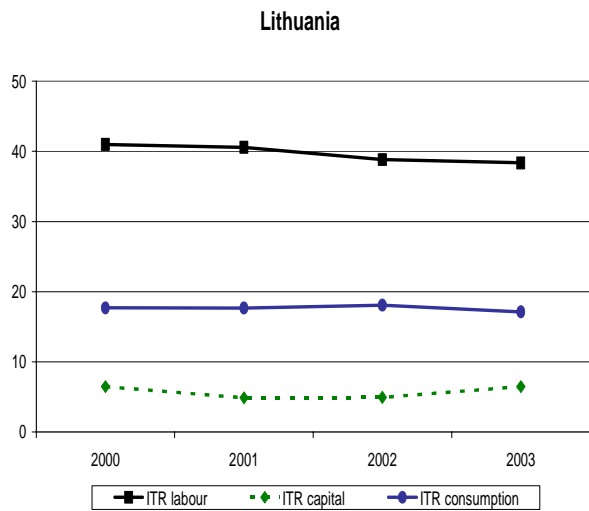
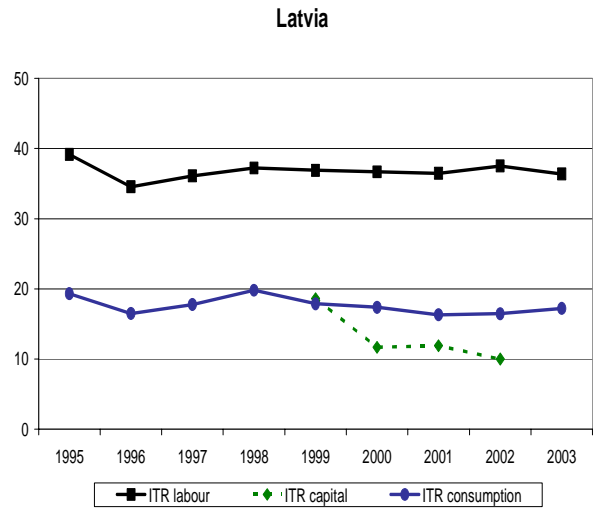
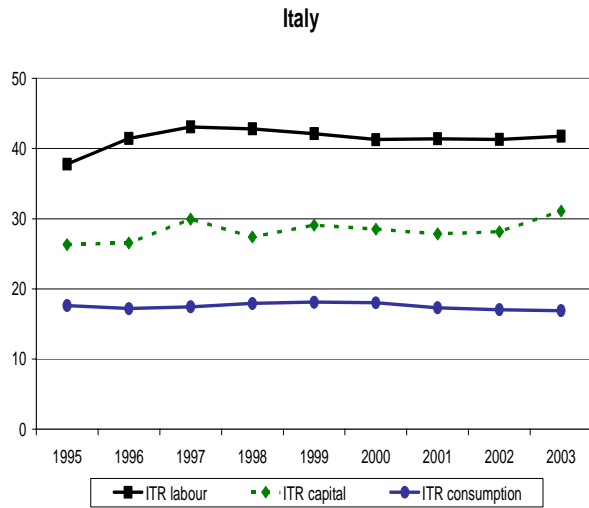


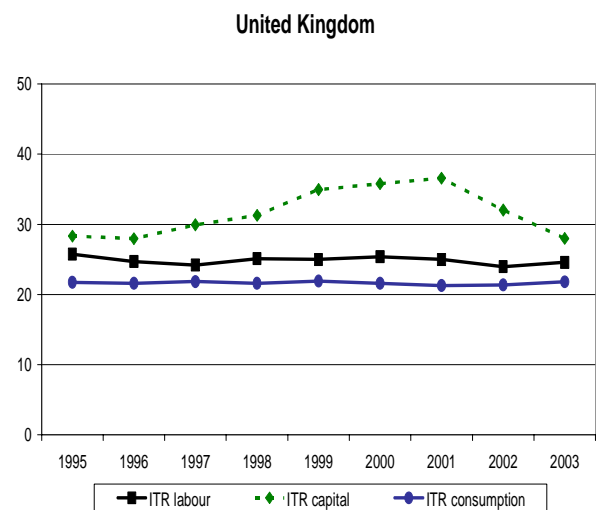
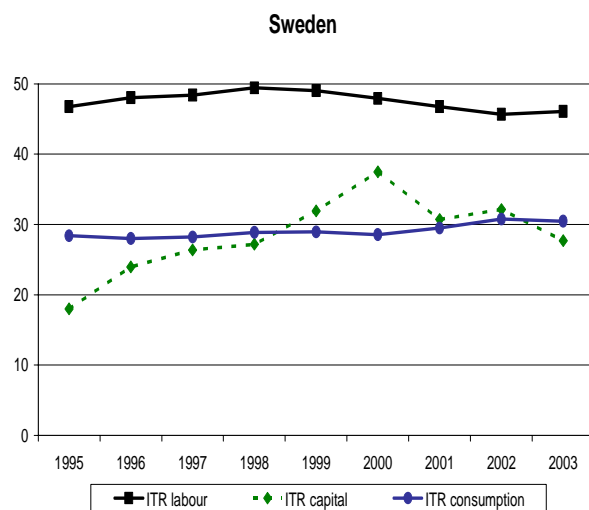
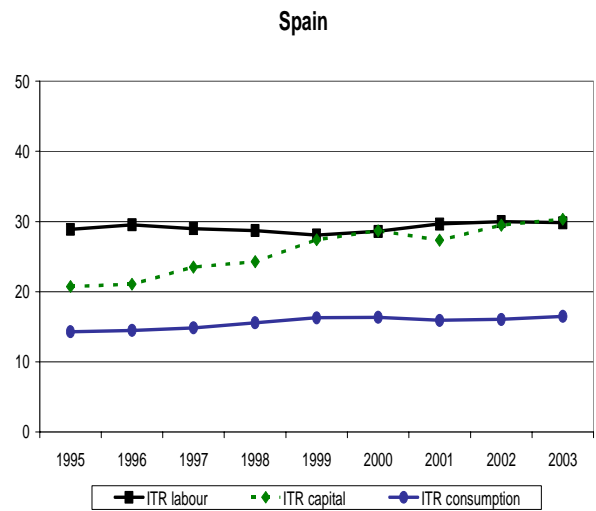
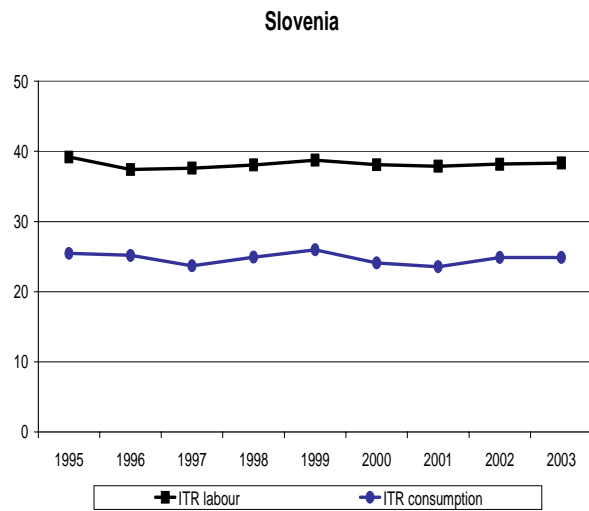
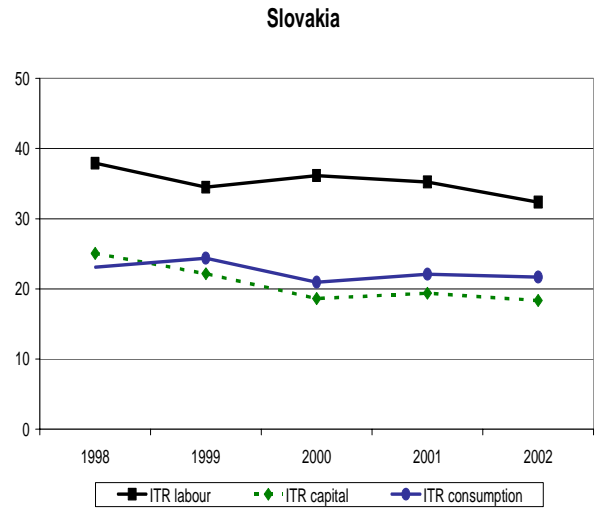
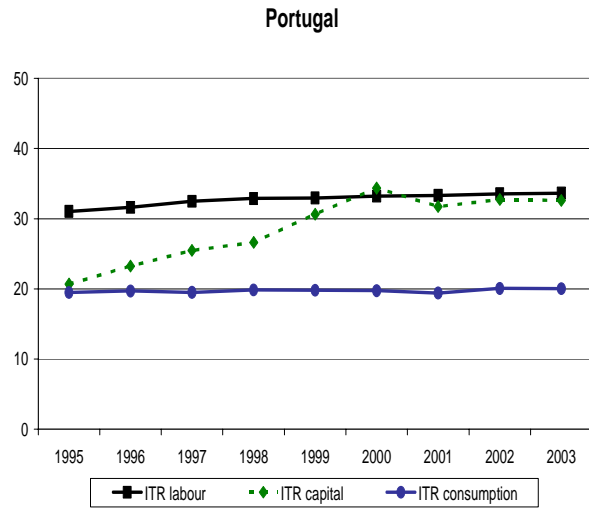
Hungary



Ireland







Source: Commission Services

2. TRENDS IN THE IMPLICIT TAX RATE ON CONSUMPTION

Previous publications by Commission services on the 'Structures of taxation systems in the European Union'¹, based on the ESA79 system of national accounts, reported broad stability in the implicit tax rate on consumption from the early 1970s until the early 1990s. This has continued to be the case, for those countries included under the metric based on the ESA79 figures, in the period 1995 to 2003. The addition of the metric for the new Member States to the publication in this edition has permitted the comparison with the old member states of the levels and trends in this ITR². In the analysis of trends and developments in the ratios both the numerator (tax revenues) and the denominator (final consumption of private households) are considered relative to GDP over the period.

Table II-2.1 Implicit tax rates on consumption in the Union
1995-2003, in %

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Diff. 95-03
BE	21,2	21,7	22,0	21,7	22,5	22,2	21,4	21,9	21,5	0,3
CZ	22,4	21,7	20,1	19,4	20,5	20,1	19,4	19,8	20,5	-1,9
DK	31,3	32,2	32,4	33,2	33,7	33,9	33,8	33,6	33,9	2,5
DE	18,8	18,1	17,9	18,0	18,7	18,5	18,3	18,3	18,5	-0,3
EE	22,2	18,9	19,8	18,0	17,6	19,1	19,4	19,8	20,7	-1,6
EL	17,5	17,5	17,0	17,2	17,7	18,1	18,7	18,6	17,9	0,4
ES	14,3	14,5	14,8	15,6	16,3	16,3	15,9	16,1	16,5	2,2
FR	22,9	23,4	23,3	23,0	22,9	22,0	21,5	21,2	21,4	-1,5
IE	25,3	25,2	25,8	26,2	26,6	27,1	25,0	26,0	26,1	0,8
IT	17,6	17,2	17,5	17,9	18,1	18,0	17,4	17,1	17,0	-0,6
CY	12,2	11,9	10,8	11,0	10,8	12,3	13,9	15,0	18,5	6,4
LV	19,3	16,5	17,8	19,8	17,9	17,4	16,3	16,5	17,2	-2,1
LT	-	-	-	-	-	17,7	17,7	18,1	17,1	-
LU	22,0	21,7	22,5	23,4	24,2	24,3	27,1	23,6	24,8	2,8
HU	30,7	29,3	27,0	27,4	27,6	28,0	26,0	25,9	28,5	-2,2
MT	14,6	13,6	14,7	14,1	14,7	15,3	16,0	16,8	16,1	1,5
NL	22,6	22,9	23,1	23,1	23,3	23,7	23,7	23,1	23,8	1,2
AT	20,5	21,5	22,1	21,9	22,3	21,7	21,4	21,9	21,7	1,2
PL	-	-	-	-	-	-	-	-	-	-
PT	19,5	19,7	19,5	19,8	19,8	19,7	19,4	20,1	20,0	0,6
SI	25,5	25,2	23,7	24,9	26,0	24,1	23,6	24,9	24,9	-0,6
SK	-	-	-	-	23,1	24,4	20,9	22,1	21,7	-
FI	28,2	27,8	29,7	29,5	29,8	29,0	27,6	28,1	28,3	0,1
SE	28,4	28,0	28,2	28,9	28,9	28,6	29,5	30,8	30,5	2,1
UK	21,7	21,6	21,8	21,6	21,9	21,6	21,3	21,4	21,8	0,1
EU25	21,8	21,4	21,4	21,6	22,0	21,8	21,5	21,7	22,0	0,3
EU15	22,1	22,2	22,5	22,7	23,1	23,0	22,8	22,8	22,9	0,8
NMS10	21,0	19,6	19,1	19,2	19,8	19,8	19,3	19,9	20,6	-0,4

Source: Commission Services

¹ European Commission (2000 a, b).

² It should be noted that data on Poland is not included while figures for Slovakia and Lithuania enter the arithmetic averages only in 1999 and 2000, respectively, with the consequent distortions of the average this implies. However, Poland was essentially subject to the same legislative developments as other NMS-10 with import duties halving over the period as excise duties and VAT rose; the receipts of the latter rising, as in the NMS-10 as a whole, by one percentage point of GDP. Overall, the exclusion of this country should not radically affect the trend in the average.

2.1. Characteristics of those countries with the highest and lowest rates

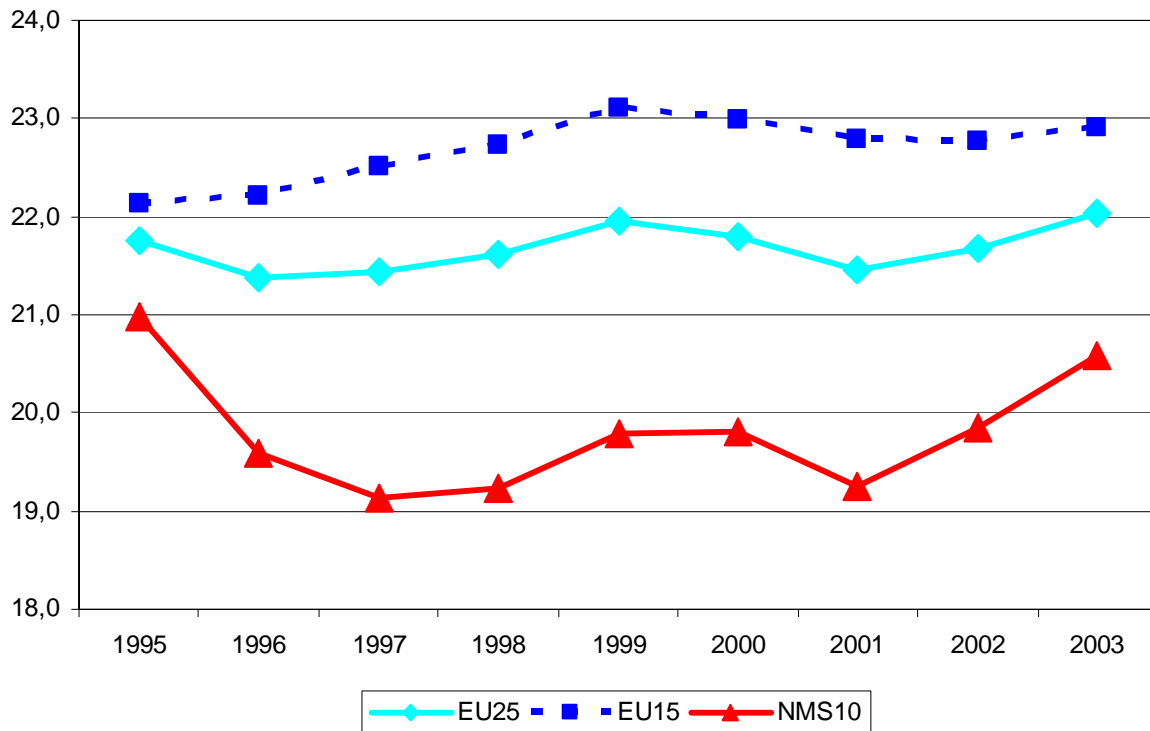
Certain characteristics bind those countries exhibiting the lowest ITRs on consumption (Malta, Spain, Italy, Lithuania and Latvia in ascending order with ITRs in a band from 16.1% to 17.2%) and those exhibiting the highest levels (Denmark, Sweden, Hungary, Finland in descending order with ITRs in a band from 28.3% to 33.9%), both as regards the numerator and denominator of the statistic. Those exhibiting the highest levels take in, on average, 9.2% of GDP in VAT revenues as against an EU-25 average of 7.7%, with these countries possessing the four highest rates of VAT in the Union (all levy VAT at 25%, except Finland at 22%). The lowest take in an average of 6.7% of GDP and their VAT rates average at 18%. The division on excise duties is less clear cut although the Scandinavian countries can be said to have very high excise duties on alcohol while Mediterranean countries tax the latter especially lightly. The Baltic countries have, in any case, generally the lowest excise duties in the Union.

A very marked disparity between the two sets of countries is observed, however, in the denominator such that all of the countries with the highest ITRs have a consumption to GDP ratio lower than the average of 58% (by nine percentage points of GDP on average) and all those countries with the lowest ITRs have consumption to GDP ratios higher than the average (seven percentage points of GDP above the average).

2.2. Comparison between the old and the new Member States and their trend developments

Although overall taxation absorbs seven percentage points of GDP less in the new member states relative to the old, their greater reliance on indirect taxes means that taxes on consumption take in a comparable proportion of GDP (EU-25 12.3%, EU-15 12.2%, NMS-10 12.6%). With consumption accounting for a comparable proportion of GDP in both sets of countries the ITRs on consumption approximate in both cases. Starting at 22.1% and 21.0% in 1995, for EU-15 and NMS-10 respectively, the two diverged until they stood 3.5% apart in 2001 (the EU-15 level having risen to 22.8% and the NMS-10 level having dropped to 19.3%).

Graph II-2.1 Trend developments in the old and new Member States
1995-2003, in %



This development can be explained with reference to the introduction of the ecological tax reforms and other increases in indirect taxes designed to counterbalance the reductions in labour taxation in the EU-15 in the later nineties and the reductions in import duties in the NMS-10 to bring their indirect tax systems in line with EU standards in advance of enlargement. ITRs in the NMS-10 rebounded in 2002 and 2003 as excise duties were brought into line with European minima.

2.3. Changes in the ITR on consumption over the period

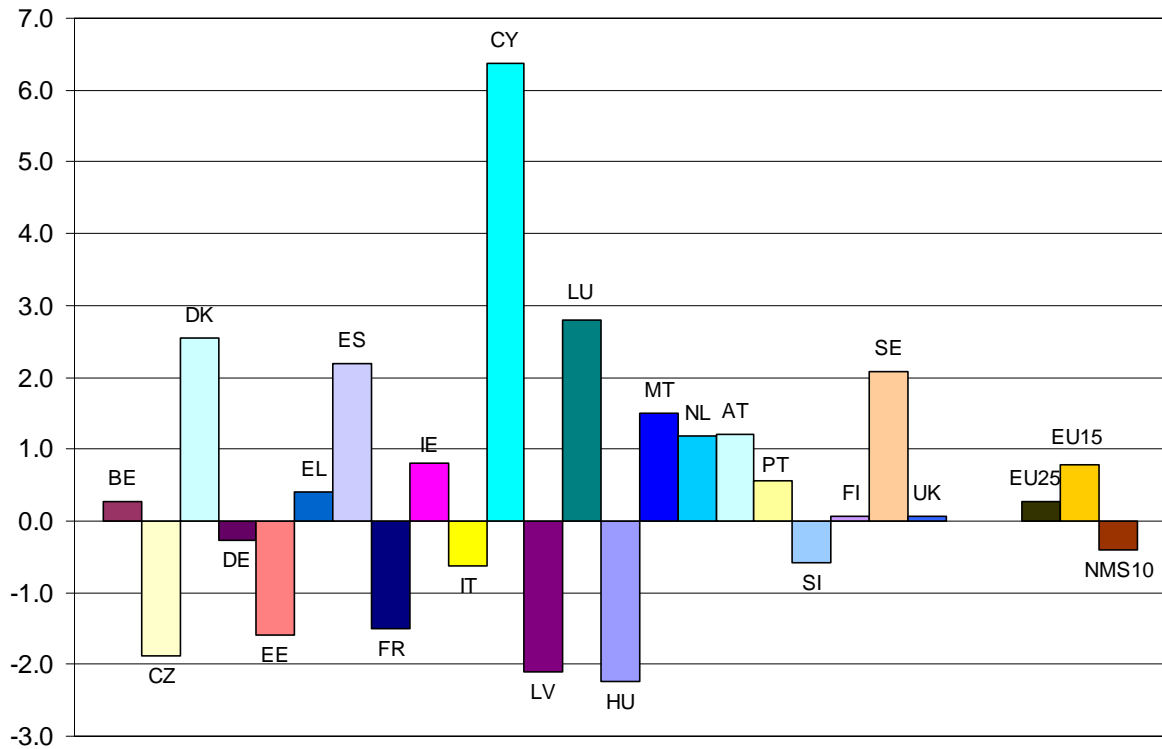
Sizable increases in the ITR on consumption were recorded over the period in Cyprus and Spain (primarily due to the raising of the VAT rate, in the case of Cyprus from 10% to 15%) and in Sweden, Luxembourg, and Denmark (where the change is primarily due to the decline in consumption as a percentage of GDP)³.

Notable falls in the ITR on consumption were observed for Hungary and the Czech Republic (driven in the main by reductions in import duties; in Hungary the latter fell by two thirds in absolute terms, while in the Czech Republic it halved) and for Estonia and Latvia, where, despite the VAT rates being held

³ Ireland also exhibits a large reduction in the consumption to GDP ratio over the period (ten percentage points of GDP) but the failure of excise duty revenues to keep pace in the period (doubling while GDP trebled, in terms of current prices) led the two developments to counterbalance and the ITR on consumption to remain stable. The two developments are actually linked as GDP grew to be 20% larger than GNP over the period (having been 13% larger in 1995). As consumption and the taxes paid on it are related to the latter, its decline relative to GDP led to a similar development in the former.

constant at 18% in both countries over the whole period, increases in the revenue from VAT did not keep pace with the expansion in private consumption and GDP.

Graph II-2.2 Implicit tax rates on consumption in the European Union
1995-2003 changes in the rate in percentage points¹



1) LT, PL, SK: no data available

3. TRENDS IN THE IMPLICIT TAX RATE ON LABOUR

3.1. Implicit tax rate on labour in the enlarged Union

Data on the implicit tax rate on labour for the new Member States are here presented for the first time. Overall, the new Member States do not seem to show a substantial difference in the level of labour taxation compared to the old Member States. In 2003 the NMS (arithmetic) average ITR on labour was 34.5%, i.e. about 1 percentage point lower than the EU-15 average (36.8%). On the other hand there are substantial differences across both the mentioned groups. Among the new Member States, Malta stands out with the lowest implicit tax rate (henceforth ITR) on labour of the whole Union (22.4%); also Slovakia and Cyprus stands below the Union average whereas Latvia is in line with the average. The Czech Republic, Hungary, Estonia, Lithuania and Slovenia show an above-average ITR¹.

Data in the enlarged Union allow identifying a number of subgroups. A first group consisting of Cyprus, Malta, the United Kingdom and Ireland stands substantially (i.e. by more than 10 percentage points) below the EU average of 35.9%, whilst a group consisting of Sweden, Belgium, France and Finland and Italy, report an ITR for labour which exceeds the average by more than 5 percentage points.

3.2. Stabilising tax burden on labour in recent years

Previous publications by Commission services on the 'Structures of taxation systems in the European Union'², based on ESA79 system of national accounts, reported a common increasing trend in the tax burden on labour income in the EU-15 area since the beginning of the early 1970s (despite some decreases in single years). This general increase, which was quite marked in the 1970s and still significant in the 1980s and the first half of the 1990s, was closely related to an increasing public sector share in the economy, in particular from social welfare spending driven by dependency ratios (especially for pensions, health care and other social benefits). The increase in the first half of the 1990s was associated with increases in social contributions related to the recession at the beginning of the decade. Moreover, increases in the tax burden were related to restrictive budget deficits in the run-up to EMU.

Since the late 1990s, a number of EU-15 Member States implemented fiscal measures to lower the tax burden on labour income, in order to boost the demand for labour, and to foster work incentives³. Concerns about excessive labour costs prompted initiatives in some Member States to reduce non-wage labour costs (*i.e.* social contributions and other payroll taxes) across-the-board. Other Member States put forward targeted reductions of social contributions on behalf of low-paid and low-qualified workers. These cuts in social contributions have mostly been focused on relieving the fiscal pressure for employers, although some countries have also made substantial cuts to employee social contributions. Reforms of personal income tax codes have often consisted of lowering statutory tax rates, as well as raising the minimum level of tax exempted income and/or introducing specific tax base deductions and allowances or tax liability credits for workers with relatively low levels of earnings⁴.

¹ The ITR on labour is not currently available for Poland.

² European Commission (2000 a, b).

³ See also Carone and Salomäki (2001).

⁴ See the country annexes for more details.

The effect of these measures on the ITR on labour is not as visible as would be expected. In any case, it now appears that the general trend towards increasing the ITR on labour has mostly stabilised since the mid-1990s for most Member States (Table II-3.1)⁵. Previous ESA79 data displayed a steady increase in the EU-15 average implicit tax rate on labour (weighted by the total compensation of employees in the economy) from less than 30% in 1970 to almost 42% in 1997. New ESA95 data for the period 1995 to 2003, though not fully comparable, now indicate that the EU-15 (arithmetic) average ITR first continued to increase from 36.5% in 1995 to 37.4% in 2000, then started to slightly decrease reaching 36.6% in 2002⁶, stabilizing at 36.8% in 2003. However, the pattern of the changes is quite diverse across Member States. Notable reductions in the period 1995-2003 are visible for the EU-15 in Ireland and the Netherlands while in Greece, Italy, Portugal and Austria the ITR continued to increase. In the other Member States the ITR more or less stabilised. In the new Member States there is a clearer decreasing tendency; in fact in 6 out of the 9 countries for which the ITR is available we can notice a reduction, more markedly for Hungary and Latvia (and Slovakia for the period available).

⁵ A markedly slower annual rate of increase in the average effective tax rate on labour is reported for the 1990-2000 period in Carey and Rabesona (2002).

⁶ Implicit tax rates computed on the basis of ESA79 data are generally higher than those on the basis of ESA95 data over the same period. This can partly be attributed to improved methods for estimating the allocation of personal income tax across different income sources.

Table II-3.1 Implicit tax rates on labour in the Union
1995-2003, in %

	1995	1996	1997	1998	1999	2000	2001	2002	2003	95-03	00-03
BE	44.1	43.7	44.3	44.7	43.8	44.2	43.9	43.7	43.2	-0.9	-1.0
CZ	39.4	38.5	38.5	39.0	38.8	39.7	39.6	39.8	40.1	0.7	0.5
DK	40.9	41.3	41.7	40.0	41.4	42.0	41.9	40.1	40.0	-0.9	-2.0
DE	39.5	39.7	40.6	40.7	40.4	40.8	40.5	40.4	40.6	1.1	-0.2
EE	38.8	38.7	38.5	39.6	39.2	38.2	37.7	38.3	38.6	-0.2	0.4
EL	34.1	35.7	36.4	37.5	37.0	38.2	37.9	40.1	40.9	6.8	2.7
ES	28.9	29.5	29.0	28.7	28.1	28.6	29.6	30.0	29.8	0.9	1.2
FR	42.2	42.6	42.8	43.3	43.5	43.1	42.6	42.1	43.3	1.2	0.3
IE	29.7	29.6	29.9	28.5	28.5	28.1	27.2	25.9	25.2	-4.6	-2.9
IT	37.8	41.4	43.1	42.8	42.1	41.3	41.3	41.2	41.6	3.9	0.4
CY	22.4	21.5	21.6	22.6	21.9	21.7	23.1	22.4	24.4	2.1	2.7
LV	39.2	34.6	36.1	37.2	36.9	36.7	36.5	37.5	36.4	-2.8	-0.3
LT	-	-	-	-	-	41.0	40.6	38.8	38.4	-	-2.6
LU	29.5	29.3	29.1	28.4	29.3	29.9	29.4	28.0	28.5	-0.9	-1.3
HU	42.6	43.0	43.7	42.8	42.7	42.3	41.2	41.0	39.2	-3.4	-3.2
MT	21.8	19.8	22.0	20.8	22.2	21.5	22.4	22.5	22.4	0.6	0.9
NL	35.1	34.1	33.4	33.9	34.8	35.4	31.4	31.4	31.8	-3.3	-3.6
AT	38.5	39.1	40.2	39.9	40.1	39.7	40.1	40.3	40.5	2.0	0.8
PL	-	-	-	-	-	-	-	-	-	-	-
PT	31.0	31.6	32.5	32.9	33.0	33.2	33.3	33.5	33.7	2.6	0.4
SI	39.2	37.4	37.6	38.1	38.7	38.1	37.9	38.2	38.4	-0.9	0.2
SK	-	-	-	-	37.9	34.5	36.2	35.2	32.4	-	-2.1
FI	43.9	44.8	43.3	43.8	43.4	44.0	44.3	43.3	42.1	-1.8	-1.9
SE	46.8	48.0	48.4	49.4	49.0	47.9	46.8	45.7	46.1	-0.7	-1.9
UK	25.7	24.7	24.2	25.1	25.0	25.4	25.0	24.0	24.6	-1.1	-0.8
EU25	36.0	35.9	36.2	36.4	36.4	36.5	36.3	36.0	35.9	0.0	-0.6
EU15	36.5	37.0	37.2	37.3	37.3	37.4	37.0	36.6	36.8	0.3	-0.7
NMS10	34.8	33.4	34.0	34.3	34.8	34.8	35.0	34.9	34.5	-0.3	-0.4

Source: Commission Services. N.B.: EU-25, EU-15 and NMS-10 arithmetic averages.

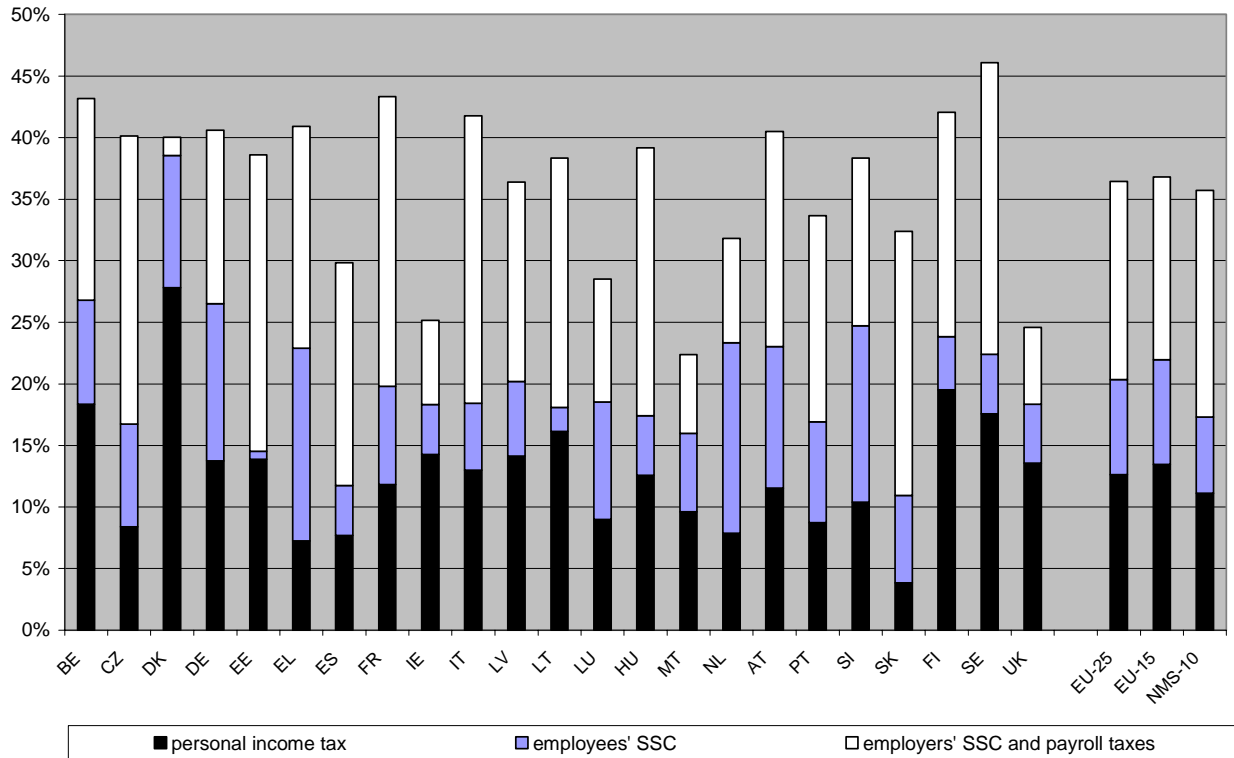
For the majority of the countries in the Union, the ITR on labour largely reflects the important role played by wage-based contributions in financing the social security system⁷. On average, about 65% of the overall ITR on labour consists of non-wage labour costs paid by both employees and employers⁸. Only in Denmark, Ireland and the United Kingdom do personal income taxes form a relatively large part of the

⁷ It should be noted that the categories 'personal income tax' and 'social contributions' in the graph sometimes consist of multiple tax categories. In the Nordic countries, for example, the recorded amount of personal income tax does not only consist of central government income tax, but also state income tax, or municipality income tax and sometimes also church tax. In France, the generalised social contribution ('CSG') and the contribution for the reduction of the debt of the social security institutions ('CRDS') are partially booked as income tax on labour income. In Austria, the tax on industry and trade and the contribution to chambers are also partially booked as income tax on labour income. In Italy, a new tax called 'IRAP' based on value added was introduced in 1998 at the same time as employers' social contributions were substantially reduced. A part of its revenue has been allocated to labour and employers' social contributions in particular (and also included in the denominator of the tax ratio).

⁸ It is worth noting that the effective tax rate on labour in the US was estimated at just 24% in 1999, with non-wage labour cost only 12% of the average gross wage. See European Commission (2000a).

total charges paid on labour income. In Denmark, the share of social contributions in government receipts is relatively low as most welfare spending is financed by general taxation⁹. The relatively low tax burden on labour in Ireland, Malta and the United Kingdom can largely be explained by the relatively low shares of the social contributions in these countries. The overall average rate of personal income taxation (as percentage of total labour costs) seems for example not dramatically different from high tax countries like Sweden, Finland and Belgium. The latter countries have relatively high rates of both personal income tax and social contributions (as percentage of total labour costs).

Graph II-3.1 Decomposition of the implicit tax rate on labour
2003, in %



Source: Commission Services

The average ITR on labour in the Union still remains relatively high by international standards¹⁰. The measures undertaken by the Member States in order to reduce the tax burden on labour have been only partially reflected in the implicit tax rate; the next paragraph presents some hypotheses to explain the reason for this lack of visible effect.

⁹ A large part of employees' social contributions in Denmark comes from an 8% contribution paid on the basis of employees' gross earnings. This revenue is classified in some publications as a social security contribution, while in others it is reported as a separate type of personal income tax.

¹⁰ Carey and Rabesona (2002) estimated the EU average effective tax rate on labour reached some 37% in 1999, compared with 25% and 23% for the United States and Japan, respectively. Martinez-Mongay (2000) provides broadly similar differences between the EU and the United States and Japan.

3.3. A note on the properties of the implicit tax rate on labour

The ITR on labour is a macro backward-looking indicator that is mainly derived from aggregate data in national accounts. As such, the tax ratio 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 levels¹¹. The decomposition of total tax wedges, for example, may be quite different at relatively low or relatively high wage levels. Also, in some Member States the recent fiscal reforms may have had more pronounced effects on low-paid, low-qualified workers or on families with children. When interpreting the time-series comparisons, it should be borne in mind that the evolution refers to an *ex-post* trend which does not disentangle cyclical, structural and policy elements. This implies that the observed changes may only partially reflect discretionary tax policy measures. In some Member States, for example, strong economic growth may have moved taxpayers into higher personal income tax brackets resulting in higher real tax payments ('bracket creep'), or taxpayers at the top of the pay scale may have witnessed relatively high increases in incomes, and such changes may have induced a cyclical swing in the ITR on labour that may to some extent offset the (*ex-ante*) expected fall driven by the tax reforms (aimed at reducing the tax burden at the bottom to the middle end of the distribution, say). Even in the absence of strong economic growth but in presence of inflation, the described 'bracket creep' can operate if tax brackets are not adjusted taking into account the inflation.

In addition, it should again be noted that the figures in the national accounts often do not follow a real accrual principle. According to the ESA95 rules for the national accounts, taxes should normally be recorded when the underlying economic event/transaction takes place rather than when the actual tax payment is made. Personal income tax, for example, is typically levied on incomes accrued one year prior to actual collection. However, ESA95 allows for considerable flexibility in interpreting the accrual time of recording, depending on the type of taxes. Most statistical offices in fact use 'time adjusted' cash figures for a few months, which is permitted following 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.

The following Box 1 presents an overview of the main fiscal measures affecting the implicit tax rates on labour (Graph II-1.4 displays the time trend of the implicit tax rates for the Member States). The country chapters in part III present some more details about the recent tax reforms in the Member States.

¹¹ See also Clark (2002).

Box 1 Overview of main fiscal measures affecting the ITR on labour

	MEASURES IN THE DOMAIN OF TAXATION	MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
BE	<ul style="list-style-type: none"> Indexing of tax brackets abandoned. Introduction of 'crisis tax' on top of all statutory rates plus 'solidarity levy' on personal income (1997). Reintroduction of automatic indexing of tax brackets (1999). Phasing out of additional 'crisis tax' (1997-2004). Personal income tax reform of which the main provisions are (a) lowering the tax burden on earned income including the introduction and subsequent increase of refundable employment tax credit aimed at low paid workers (b) a neutral tax treatment of spouses and singles (c) more favourable treatment of dependent children (d) greening of the tax system (2000-2006). 	<ul style="list-style-type: none"> Lowering of employers' contributions, especially in respect of the low-paid. The scope of the reductions in employers' social contributions was expanded to more social security schemes (1997-2001). Flat rate reductions in employers' contributions for young workers, low skilled workers and workers aged over 45 Replacement of the refundable employment tax credit by an increased reduction of employee contribution for low paid workers (from 2005 onwards).
CZ	<ul style="list-style-type: none"> Reduction to from 6 to 4 brackets in 2000. Several allowances revised in 2001. 	
DK	<ul style="list-style-type: none"> Reductions in rate low tax bracket (1996-1999). Increase in rate additional medium tax bracket (1997). Reductions of personal income tax, especially at the bottom- to the middle end (1999-2002). 	<ul style="list-style-type: none"> Increase employees' social contribution rate (1997). Split of the social unemployment contribution into two contributions: one for unemployment insurance and the other is a voluntary contribution for an early retirement scheme. The combined social contribution rate is higher. Introduction of employees' contributions for special pension savings scheme (1999).
DE	<ul style="list-style-type: none"> Across-the-board reductions of personal income tax (1999-2003) bringing the highest marginal rate down from 53% (1998) to 42% (2005) and the lowest rate from 25.9% (1998) to 15% (2005) Gradual increase of basic tax-free allowance by nearly a quarter over the period (1998-2005) 	<ul style="list-style-type: none"> Increase in social contribution rates (1997). Reduction of social contributions to the pension system funded by ecological tax reform (1999-2002).
EE	<ul style="list-style-type: none"> Flat income tax rate 26% since 1994 Starting from 2005 Estonia applies a flat tax rate of 24% and the rate will be decreased gradually to 20% in 2009. Gradual increase of basic allowance by 100% over the period 2003-2006 	

Box 1 Continued

EL	<ul style="list-style-type: none"> • Reduction of highest statutory personal income tax rate, indexing of tax brackets plus increase in standard tax allowances (2000-2002). • Increase in income tax allowances (2000-2002). • Tax deductions transformed to tax credits (2003). 	<ul style="list-style-type: none"> • Reductions of employers' and employees' pension contributions in respect of new staff and at the low end of the wage scale (2001-2002).
ES	<ul style="list-style-type: none"> • Across the board reduction of personal income tax rates (1999). • Increase in work income allowance for low wages (1999). • Increase in basic personal allowances (1999). • Reduction in personal income taxes (2003) 	<ul style="list-style-type: none"> • Targeted reductions in social contributions (1997-2000). • Reduction in unemployment contributions for employers and employees (2001).
FR ¹	<ul style="list-style-type: none"> • Introduction of contribution for refunding of debt of social security institutions ('CRDS') with a broader base than the generalised social contribution ('CSG') (1996). • Gradual reduction of CSG and CRDS (2001-2003). • Reductions of personal income tax, especially at the bottom to the middle end (2001). • Gradual reduction in tax rates and modification of tax-free allowance system targeted especially to low-income earners (2001-2003). 	<ul style="list-style-type: none"> • Reduction of employers' contributions in respect of low-paid workers in association with reduction in the working week (1997-2001). • Reduction of employees' sickness contributions (1998). Reduction of employees' and employers' unemployment contributions (2000-2001).
IE	<ul style="list-style-type: none"> • Personal income tax rates reductions (1997-2001), the lower band from 27% in 1996 to 20% and the higher band from 48% to 42%. • Increases in basic tax allowances/credits (1997-2001). • Widening and individualisation of the tax bands (1997-2002) 	<ul style="list-style-type: none"> • Reductions in employers' and employees' PRSI levies (1997-2002). • Reduction in employers' contribution in respect of the low-paid (2001).
IT ²	<ul style="list-style-type: none"> • Personal income tax rate of the second bracket down (2000). • Further reductions in tax rates of all the brackets, in particular the middle brackets (2001-2002). • Family allowance supplemented by and additional tax credit depending on the number of dependent children (2002). • Revision of PIT tax rates and introduction of a 'no tax area' for low level of income (2003). 	<ul style="list-style-type: none"> • Reduction of employers' health care contribution rate. Introduction of new regional tax ('IRAP') based on the value of production net of depreciations (1998). Reductions of employers' social contributions in respect of new jobs and also at the low end of the pay scale (1997-2000).

Box 1 Continued

CY	<ul style="list-style-type: none"> Progressive increasing of the non-taxable allowance (1995-2003) Reduction of the PIT rates from 20 / 30 / 40% to 20 / 25 / 30% 	
LV	<ul style="list-style-type: none"> No major reform 	<ul style="list-style-type: none"> the overall rate of social contributions was reduced to 33% from 35% in 2002
LT	<ul style="list-style-type: none"> The progressive income tax with rates ranging between 18% and 33% has been replaced with a dual system imposing a 15% rate on unearned income and 33% on earned income (2003). 	<ul style="list-style-type: none"> Mandatory social contributions increased by 1% (to 31%) of gross wages for employers and by 2% (to 3%) for employees (2000).
LU	<ul style="list-style-type: none"> Across-the-board reduction in personal income tax rates (1998). Across-the-board reduction in personal income tax rates (2001-2002). Increase in the minimum level of taxable income (2001). 	<ul style="list-style-type: none"> Increase in contribution for sickness insurance (2000).
HU	<ul style="list-style-type: none"> Income tax brackets reduced from six to three. Introduction of employees' tax credit (1999). Changes in tax brackets (2001 and 2003) 	<ul style="list-style-type: none"> Employers' total payroll costs were generally reduced to 33% (1999). Employers' social contributions reduced (2001). The rate of employees' mandatory pension contributions was increased (2003)
MT	<ul style="list-style-type: none"> No major alterations 	<ul style="list-style-type: none"> No major alterations
NL	<ul style="list-style-type: none"> Across-the-board reduction in personal income tax (2001). 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 	<ul style="list-style-type: none"> Contribution for disability insurance scheme shifted from the employee to the employer (1998). Increases in employees' contribution rate for state pensions and medical expenses (1998-2000). Reductions of wage tax and employers' social contributions in respect of the long-term unemployed, the low-paid and also for training (1996-2001). Reductions in employees' contribution rate for unemployment insurance (2001).
AT ³	<ul style="list-style-type: none"> Increases in family allowances and children's tax credits (1998-2005). 	<ul style="list-style-type: none"> Reduction of employers' contribution rates for health insurance and pay insurance schemes for 'blue collar' workers (2001).
PL	<ul style="list-style-type: none"> As a result of a policy of income tax flattening, the number of tax rates was diminished and the top rate was lowered (up to 2000) 	

Box 1 Continued

PT	<ul style="list-style-type: none"> • General reduction in personal income tax rates (2001). 	<ul style="list-style-type: none"> • Targeted reductions in employers' social contributions (2001).
SI		<ul style="list-style-type: none"> • Decrease of social contributions and introduction of payroll tax (1996)
SK	<ul style="list-style-type: none"> • Increasing of tax allowances (1995-2002) • Number of tax brackets reduced from 7 to 5 • Reduction in the top and in the bottom rates (2003) 	
FI	<ul style="list-style-type: none"> • Reductions in central- and local income tax, funded through increases in capital taxes, especially at the bottom- to the middle end (1995-2003). • Abolition of the lowest income tax bracket in 2001 (in other words, increase in the tax exemption) plus subsequent increase in the tax exemption in 2002. 	<ul style="list-style-type: none"> • Reductions in employees' and employers' contribution rates (1997-2002).
SE	<ul style="list-style-type: none"> • Reductions in central- and local income tax, especially at the bottom to the middle end (1999-2001). • Increase in threshold for State income tax (2000-2002) and increase in basic allowance (2001-2002) 	<ul style="list-style-type: none"> • Increases in employees' contribution rates (1995-1998). • Reductions in employers' contribution rates (2000-2001). • Employee social contributions are increased to a maximum of SEK 23,100, which is reached at an annual income of SEK 330,000 (2003)
UK	<ul style="list-style-type: none"> • Personal income tax reductions, especially at the bottom to the middle end (1999-2000). 	<ul style="list-style-type: none"> • Increase in starting point for paying national insurance contributions (NIC) for employers and employees. Reduction in employers' contribution rates to compensate for introduction of climate levy (1999-2001). • Increase of the NIC by 1% for both employers and employees (2002)
Notes:		
<p>⁽¹⁾ In France, the effects of the recent reductions of personal income tax were apparently partially offset at the aggregate level as a result of higher revenues from the generalised social contribution (CSG) and the contribution for the reduction of the debt of social security institutions (CRDS) since late 1990s; those contributions are currently being gradually reduced (2001-2003). France also witnessed sharp increases in tax receipts in the financial year 1999, notably from direct taxes.</p>		
<p>⁽²⁾ In Italy, the 1997-1998 tax reform eliminated employers' compulsory health care contributions, bringing the overall employer's social contribution rate down substantially. At the same time, however, a new tax for employers, called 'IRAP', based on the value of production net of depreciations was introduced. For reasons of comparability, a part of the revenue of this new tax has been allocated to labour income (and included in the denominator of the implicit tax rate) while it is not actually levied on wages and salaries as such.</p>		
<p>⁽³⁾ In Austria, the effects of the recent reductions in personal income tax were apparently offset at the aggregate level as a result of sharp increases in direct tax revenues in 2001. These increases are related to base-broadening measures and significantly increasing tax pre-payments, in reaction to the introduction of interest charges on tax arrears from October 2001 onwards. Children tax credits do not effect implicit tax rate because they are not booked among taxes but among benefits.</p>		

Source: Commission Services

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

Every year, the OECD releases *Taxing Wages*, a publication providing internationally comparable data of total tax wedges – between labour costs to the employer and the corresponding net take-home pay of the employee – for various example household types and different representative wage levels. It is assumed that the earned income derived from employment is equal to a given fraction of the average gross earnings of an adult full-time worker. The tax wedges are calculated on the basis of the tax legislation, by expressing the sum of personal income tax, employee plus employer social contributions together with any payroll tax, as percentage of total labour costs. They have the theoretical possibility to disentangle discretionary tax policy measures as regards personal income tax and social contributions. However, because of the theoretical approach, this method does not relate 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 relief available on the tax base.

Taxing Wages provides data only for the OECD Member States¹², but the *Taxing Wages* model is used by the Commission Services to compute for all 25 EU Member States the 'Tax wedge on low paid' which is the tax wedge for a single worker without children at 2/3 of average earnings. That indicator is used in the framework of the Lisbon Strategy to estimate the potential impact of tax provisions on the labour market.

A comparison between the ITR on labour and the tax wedge on low paid (Graph II-3.2) shows only a slight difference at the level of the EU (arithmetic) average. Also comparing the EU-15 and the NMS-10 averages the differences are negligible. At the level of the Member States the results of the comparison appear mixed. For the majority of them the difference between the two indicators is rather small. Five Member States have a tax wedge on low-paid workers which is substantially lower than the ITR on labour, which is reasonable considering the progressive structure of personal income tax. On the other hand five Member States present a tax wedge on low paid which is higher than the ITR on labour. This discrepancy is more surprising but can be explained mainly by two reasons: social contributions are often subject to ceilings, in which case low-paid workers have a social contributions rate which is more elevated than the one of the high-paid. Furthermore the tax wedge considered regards a single worker without children, so the effect of tax allowances linked to dependent relatives is not captured¹³.

As a result, the ranking between the Member States may also be quite different. The differences are not specific to a single year. Nevertheless, the correlation between the macro and micro indicators is still moderately strong. Member States with a high tax wedge on low paid generally also have relatively high implicit tax rates on labour and the other way round. For example, Sweden and Belgium are consistently in the higher group regarding the taxation of labour, while Ireland, the United Kingdom and Malta are always in the lower range.

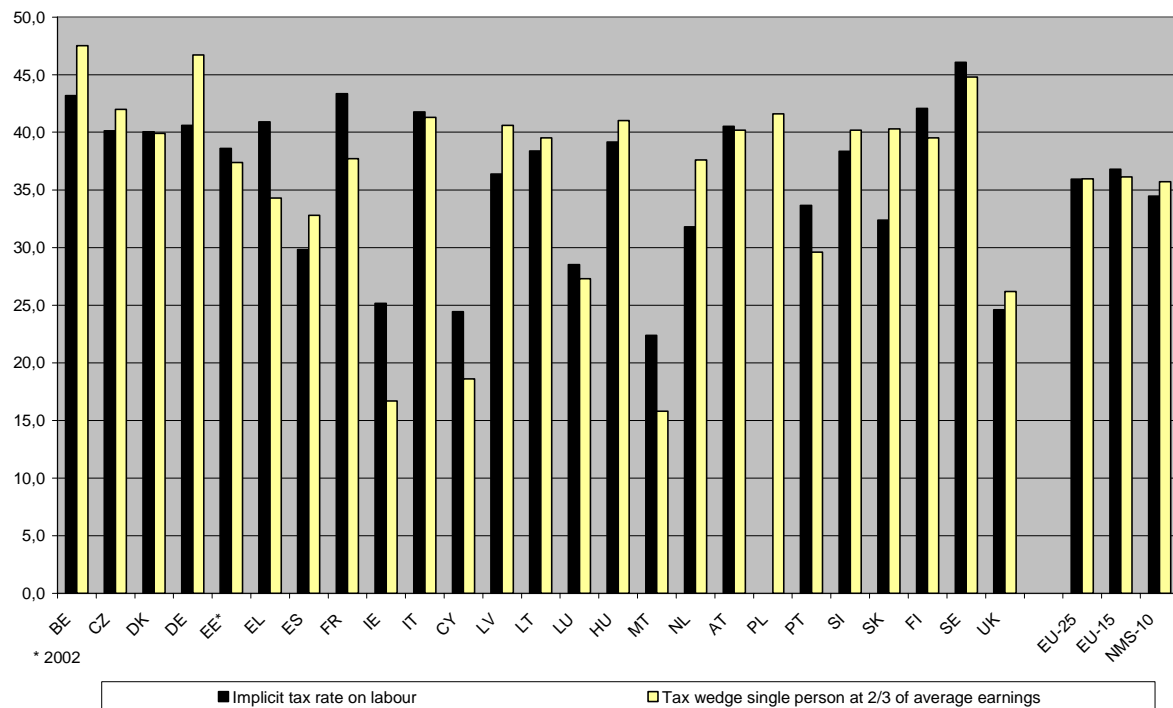
¹² Cyprus, Estonia, Latvia, Lithuania, Malta, Slovenia are presently not members of the OECD.

¹³ Generally, the effect of targeted measures will be captured quite differently by the two indicators: while the ITR will tend to spread the impact amongst the whole pool of workers thereby diluting its effect, the impact on a micro-indicator such as the tax wedge will show either a large response or none at all depending on whether the standard representative worker utilised for the computation benefits from the measure.

In the 2004 edition of this publication a comparison between the ITR on labour and the tax wedge for a single worker without children at average earnings was computed for the EU-15. On average the ITR on labour was 8 percentage points lower than the tax wedge at average earnings. Surprisingly then the ITR on labour is closer to the tax wedge at 2/3 of the average earnings than the tax wedge at average earnings.

A partial explanation can be 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. Such employees with a relatively low tax burden apparently 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 micro indicator is the fact that the former takes account of non-standard tax reliefs (e.g. medical expenses) which are not considered by the latter¹⁴.

Graph II-3.2 Pair-wise comparisons between macro and micro indicators
2003, in %



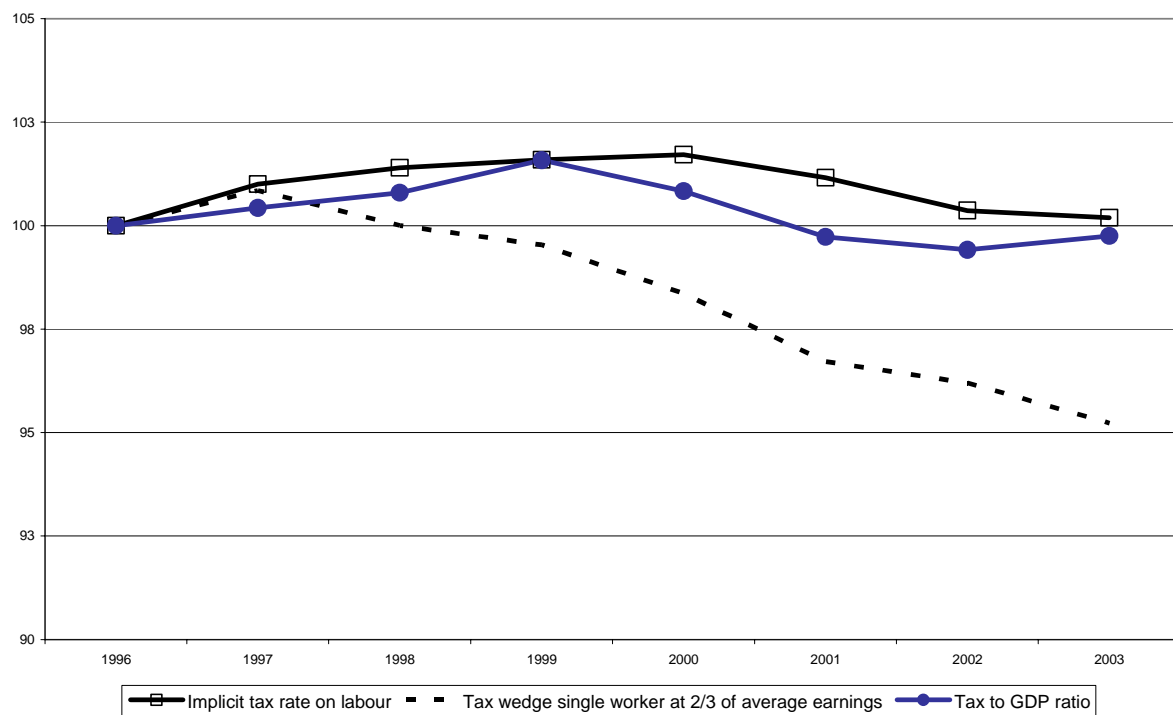
Source: Commission Services (using data from the Lisbon Strategy structural indicators database).

¹⁴ It should be also noted that, according to calculation made in the 2004 edition of this publication, if imputed social contributions were included in the definition of taxes on labour, the ITR on labour would be closer to the tax wedge for a single worker at average earnings in 9 countries out of 15 and in the EU-15 average. This is probably linked to the fact that omitting imputed contributions means omitting part of non-wage labour costs of some public institutions which do not make actual contributions. This could bias downwards the ITR on labour which is a macro indicator that should take account of all sectors of the economy. On the other hand the tax wedge is a micro indicator of a specific private sector, so it is not affected by imputed social contributions.

The following graph compares the time-trends between micro tax wedge indicators and two macro backward-looking tax ratios: the ITR on labour and the total tax-to-GDP ratio. The tax-to-GDP ratio is calculated by expressing all taxes as a share of GDP. For each year arithmetic averages are computed. Indices representing the trend of each variable have been plotted in Graph II-3.3 (with 1996=100). Over the period 1996-2003, the EU average tax burden on labour stabilized and started to slightly decline. This trend is evidenced by the development of both indicators. However, the reductions in the tax wedges for a low-paid worker are clearly more pronounced for most Member States, due to the recent tax reforms mainly targeted at the lower end of the pay scale. The reductions in the tax wedges appear to be particularly large in Italy, Ireland, France, Hungary and Finland (see also Table II-3.2).

Graph II-3.3 Time trend micro and macro indicators in the Union

1996-2003, arithmetic averages, index 1996=100



Source: Commission Services.

Table II-3.2 Tax wedges for a single example worker at 2/3 of average earnings
1996-2003, in %

	1996	1997	1998	1999	2000	2001	2002	2003
BE	50,5	49,5	51,1	51,0	50,0	49,1	48,5	47,5
CZ	41,4	41,5	41,4	41,4	41,6	41,6	41,8	42,0
DK	41,3	41,7	40,4	41,3	41,2	40,6	39,9	39,9
DE	46,5	47,7	47,5	47,0	46,5	45,5	45,8	46,7
EE	38,5	39,5	39,8	40,0	38,2	37,4	37,4	-
EL	34,9	35,0	35,1	34,3	34,3	34,3	34,3	34,3
ES	34,4	34,8	35,1	32,6	32,8	33,4	34,0	32,8
FR	44,3	41,6	39,4	40,3	39,6	38,4	37,6	37,7
IE	26,5	24,9	23,4	21,5	18,1	17,3	16,7	16,7
IT	48,3	48,8	44,4	44,1	43,3	42,8	42,6	41,3
CY	16,0	16,2	16,3	16,5	16,7	17,0	17,3	18,6
LV	39,3	41,5	41,6	41,7	41,4	41,2	41,4	40,6
LT	37,6	39,3	39,5	39,7	42,0	42,2	41,3	39,5
LU	29,2	29,7	28,9	29,5	30,4	28,8	27,1	27,3
HU	46,8	47,8	47,4	48,2	46,2	45,8	46,0	41,0
MT	15,8	15,8	15,9	16,4	17,3	17,4	18,1	15,8
NL	39,3	38,8	39,2	40,2	40,6	36,8	37,0	37,6
AT	37,5	41,1	41,5	41,6	40,1	39,7	39,9	40,2
PL	43,6	42,9	42,1	41,9	41,9	41,4	41,6	41,6
PT	30,6	30,8	30,7	30,2	30,4	29,5	29,6	29,6
SI	40,9	41,0	41,0	41,0	41,0	40,3	39,8	40,2
SK	40,3	40,5	40,7	42,3	39,6	40,4	40,1	40,3
FI	45,3	44,2	44,0	42,6	42,5	41,0	40,2	39,5
SE	48,6	49,2	49,3	48,7	47,7	46,8	45,8	44,8
UK	26,8	28,4	28,5	25,8	25,3	24,5	24,5	26,2
EU25	37,8	38,1	37,8	37,6	37,1	36,5	36,3	36,0
EU15	38,9	39,1	38,6	38,0	37,5	36,6	36,2	36,1
NMS10	36,0	36,6	36,6	36,9	36,6	36,5	36,5	35,7

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

4. TRENDS IN ENVIRONMENTAL TAXES

4.1. Increasing importance of environmental tax revenues

In its 6th Environmental Action Programme, the European Community continues to argue for a broadening of the range of policy instruments beyond environmental legislation. This includes increased use of market-based instruments, such as environment taxes, aiming to internalise external environmental costs and thereby stimulate both producers and consumers towards limiting environmental pressure and towards responsible use of natural resources. In October 2003, after six years of negotiations in the Council, the Directive (2003/96/EC) for restructuring the Community framework for the taxation of energy products and electricity was adopted by the Council. The Directive extends the Community system of minimum rates to coal, natural gas and electricity, and increases the existing minimum rates from their 1992 level to some extent. By creating a common framework for the taxation of (nearly) all energy products in the Community the Directive aims primarily at improving the functioning of the internal market, but it also has the objective of ensuring greater respect for the environment, while at the same time combating unemployment through encouraging so called green tax reforms in Member States.

Such reforms gained increasing support during the 1990s. The basic idea is that an increase in environmental taxes may be utilised to reduce taxes on labour, thereby avoiding an increase in the overall tax burden and achieving the twin benefits of reducing environmental damage whilst increasing the demand for labour and employment through reduced labour costs. A reduction in labour taxes might also foster work incentives leading to an increased supply of labour. At the same time, care has to be taken to spare enterprises from any negative effect on competitiveness arising from greater taxation of their inputs; this is usually possible and has indeed been a key feature of the 'green' tax reforms that many Member States have introduced over the last decade. These include Denmark, Germany, Italy, the Netherlands, Austria, Sweden, Finland and the UK. Another country planning to introduce comparable measures in the near future is Portugal. In the new Member states, too, elements of environmental taxation have been introduced in a number of cases; one example is Hungary, where a law introducing a new environmental tax entered into force already in September 1995.

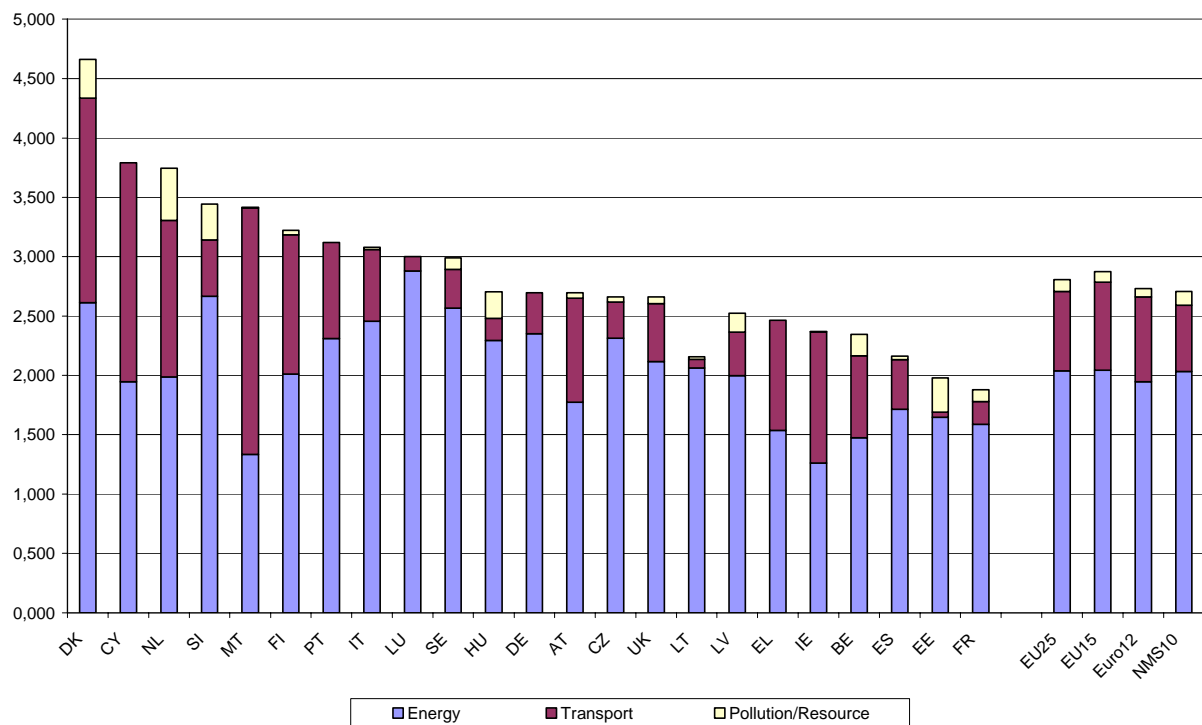
In 2003, revenues from environmental taxes in the EU-25 accounted for 7.5% of total revenues from taxes and social contributions and 2.9% of GDP. Compared to 1980, environmental tax revenues more than quadrupled in nominal terms and increased significantly also when measured as a share of total revenues from taxes and social contributions or as a share of GDP. The main increase took place between 1990 and 1994. This development was driven by the above-average increase of energy taxes. However, since the year 2000 environmental tax revenues have slightly decreased in relation to GDP and as a share of total taxation. In the future, the growing popularity of non-fiscal instruments such as emissions trading, and the prospects for structurally higher world prices for oil than in the 1990s might lead to a lesser interest for additional environmental taxation, at least in the domain of energy. An example for this trend could be the recent Swedish programme to provide tax relief from energy taxes to energy-intensive companies if, for a 5-year period, they implement an energy management system (including fixed energy reduction targets) and energy saving measures.

Environmental taxes can be divided into four broad categories. In the EU, Energy taxes are by far the most significant, representing around three quarters (71% in the arithmetic average, somewhat more in the GDP-weighted average) of environmental tax receipts and around one twentieth of total taxes and social contributions. Transport taxes correspond to, on average, one fourth of total environmental tax

revenues and 1.8% of total taxes and social contributions. Other environmental taxes play a marginal role. Pollution taxes and resource taxes together make up around 3% of total environmental taxes.

Graph II-4.1 shows the environmental tax-to-GDP ratio by Member State and their decomposition by type of environmental tax. The relative importance varies significantly across countries. With 4.7% in 2003, Denmark has by far the highest tax ratio followed by Cyprus (3.8%), the Netherlands (3.7%), Malta and Slovenia (both 3.4%). The lowest environmental tax revenues in relation to GDP are found in France (1.9%), Estonia (2.0%) and Spain (2.2%). Similarly to the European average, in almost all countries energy taxes, followed by transport taxes, represent the most important part of environmental tax revenues; only in Ireland and Cyprus do transport taxes account for nearly half of environmental taxes, while in Malta they represent about 60% of the total environmental taxation. The overall level of environmental taxes in the NMS-10 is in line with EU-15 levels (note however that no data are available for Poland and Slovakia). The relatively high tax-to-GDP ratio for energy taxes in Luxembourg is partly due to purchases of mineral oil products by non-residents.

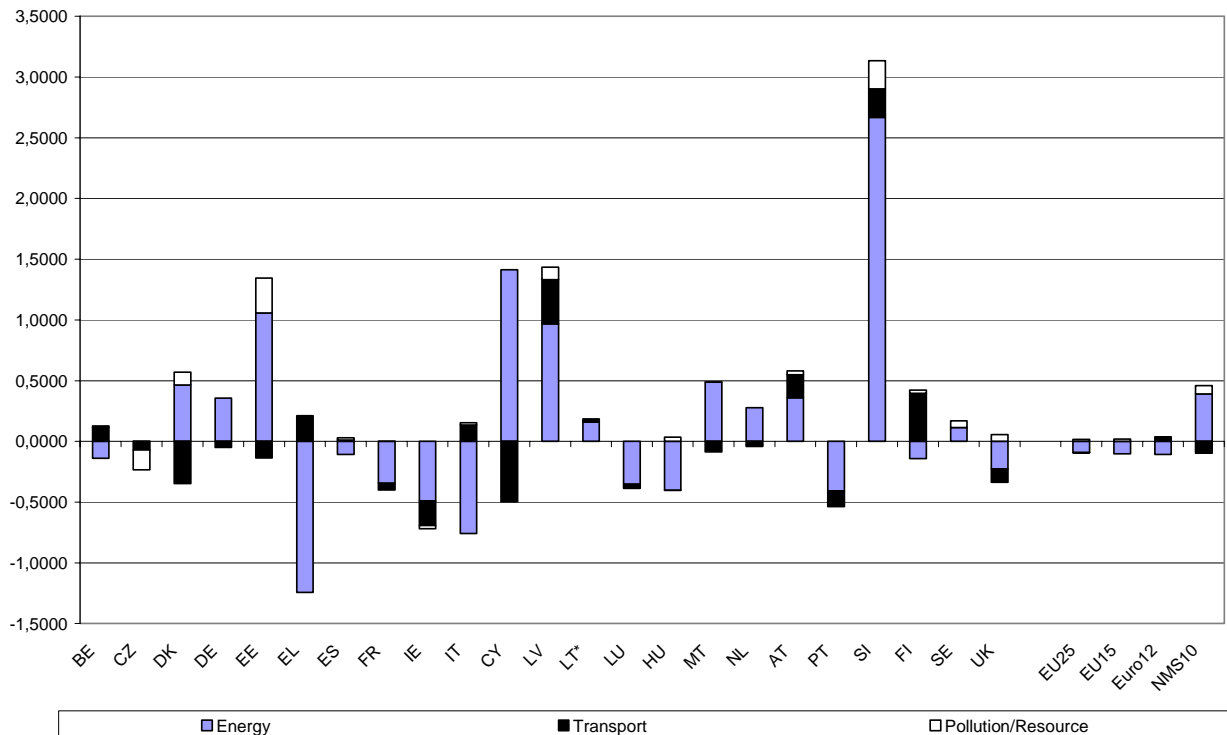
Graph II-4.1 Decomposition of environmental tax revenues
2003, in % of GDP



In the 1995-2003 period, the levels of environmental taxation evolved differently in the old and new Member States. While several of the old Member States showed moderate declines in their share of GDP, leading to a decline for the EU-15 average, the NMS-10, which initially had lower environmental taxes, witnessed a general increase in the level of environmental taxation with an increase of almost 1% point in the average. In the EU-15, Greece, Italy, Ireland, and Portugal experienced declines of half a point of GDP or more during the period under consideration, while only Austria increased environmental taxes by that amount. In the NMS-10, by contrast, strong increases in environmental taxes took place, particularly in Slovenia (by over 3 points of GDP, but this measure is overstated because of methodological problems), but notably also in Latvia and Estonia, where increases exceeded 1% of GDP. Given these

increases and the fact that decreases in environmental taxes were rare and for limited amounts, the NMS-10 average caught up significantly, even if not completely, with that of the old Member States. It ought to be mentioned, however, that owing to lack of data Poland and Slovakia are not included in the NMS-10 average. As for the composition of increases, it is notable that in several NMS-10 pollution and resource taxes, though still yielding comparatively less revenue than energy and transport taxes, have been increased markedly and now reach non-negligible amounts. This has been the case for Slovenia, where environmental taxes have been significantly increased overall, but also for Latvia and Estonia.

Graph II-4.2 Evolution of the structure of environmental taxes
1995-2003, differences in %-points of GDP



* 2000-2003

Source: Commission Services

4.2. Classification and features of environmental taxes

Apart from the general goal of raising revenues for the government budget, environmental taxes are used as economic instruments that can also, under certain conditions, be used to foster environmentally oriented objectives and to correct market failures by trying to internalise negative externalities associated with environmental degradation. However, care should be taken to design such tax instruments properly in order not to introduce other inefficiencies (policy failures) into the economy. The use of tax instruments to internalise external costs can entail a trade-off between pure economic efficiency and the goal of having efficient and mutually compatible tax systems. It is therefore desirable to co-ordinate the national initiatives at the European level in order to avoid any risk of undermining the compatibility of European taxation systems.

The definition for an environmental tax that is commonly used by the European Commission, the OECD and the International Energy agency (IEA) refers to a tax 'whose tax base is a physical unit (or a proxy of it) of something that has a proven, specific negative impact on the environment' (European Commission 2001b). It was decided to include all taxes on energy and transport and to exclude value-added type taxes in the definition. This means that the motivation for introducing the taxes – fiscal or environmental – is not decisive for the classification. Therefore the OECD uses the more precise term 'environmentally related taxes'. In this publication environmental taxes are divided in three groups.

Energy taxes include taxes on energy products used for both transport and stationary purposes. The most important energy products for transport purposes are petrol and diesel. Energy products for stationary use include fuel oils, natural gas, coal and electricity. The CO₂ taxes are included under energy taxes rather than under pollution taxes. There are several reasons for this. First of all, it is often not possible to identify CO₂ taxes separately in tax statistics, because they are a component of energy taxes. In addition, the revenue from these taxes is often large compared to the revenue from the pollution taxes. This means that including CO₂ taxes with pollution taxes rather than energy taxes would distort international comparisons.

Transport taxes mainly include taxes related to the ownership and use of motor vehicles. Taxes on other transport equipment (e.g. planes), and related transport services (e.g. duties on charter or schedule flights) are also included here, when they conform to the general definition of environmental taxes. The transport taxes may be 'one-off' taxes related to imports or sales of the equipment or recurrent taxes such as an annual road tax. The title 'transport taxes' might be somewhat misleading because the most important part, taxes on petrol, diesel and other transport fuels, are included under energy taxes¹⁵. In this respect, one alternative name for this tax category might be 'taxes on vehicles'.

The last group of pollution/resource taxes includes taxes on measured or estimated emissions to air and water, management of solid waste and noise. An exception is the CO₂-taxes, which, as discussed above, are included under energy taxes. Taxes on resources pose some particular problems. There are differences in opinion on whether resource extraction is environmentally harmful in itself, although there is broad agreement that it can lead to environmental problems, such as pollution and soil erosion.

A high ratio of environmental tax revenue to total taxation as such is not a clear indication for a high priority of protecting the environment via taxation policy. Notably energy taxes in many cases were originally used purely as revenue raising instruments, without environmental motivation. Furthermore, the ratio depends on the general tax structure, influenced by direct taxes and social contributions. A high ratio is also not an indication for achieving environmental oriented policy goals. This holds even if the ratio remains high over several years or if it increases. Besides deliberate environmental policy, a reason for such a development could be a change towards production and consumption patterns that are resource intensive or lead to higher pollution while no changes for taxes are introduced. Similar arguments apply to the interpretation of the tax-to-GDP ratio. Even when taking into account the development of applied tax policy measures, it will not be possible to overcome all difficulties.

The dilemma lies in the principles of the environmental tax instruments themselves. If green taxes indeed act as an efficient incentive, they should reduce the use of the environmentally harmful goods and thereby

¹⁵ In several Member States statistical data do not allow breaking down tax revenues on mineral oils according to the use of the fuel.

erode the tax base. If taxes on more environmentally friendly products are reduced instead, the same objectives for protecting the environment could be reached, leading directly to lower tax revenues at the same time. All this could result in a falling tax-to-GDP ratio for environmental taxes. Therefore, from the decreasing ratio in recent years it should not immediately be deduced that environmental policy has a less prominent role on the policy agenda.

The interpretation of an effective or implicit tax rate on environmental taxes should be easier because this indicator is not affected by the conflict between the revenue impact and the impact on the economic behaviour of environmental taxes. Even when tax incentives work and the use of the environment and tax revenues diminish, a properly defined implicit tax rate would remain at a constant level. However, changes in tax policy are not the only reasons for an increasing aggregate ITR; structural changes in production and consumption patterns affecting the denominator are equally important.

Nevertheless, the recorded decrease in environmental tax revenues on GDP in recent years could indeed indicate a new orientation in the use of policy instruments. The increasing use of road pricing systems accompanied by a reduction in car circulation taxes would be an example. Tax revenues are reduced. The revenues of the charges for using roads increase, but this does not translate into higher tax revenues because these are not booked as taxes. The CO₂-emission trading that will be of great importance in the coming years will probably also translate into less environmental tax revenues and a diminishing tax-to-GDP ratio. In these cases the ITR too would decrease, correctly reflecting a lower effective tax burden. Again, this should not be interpreted as a sign for a less ambitious environmental policy.

4.3. An effective tax burden indicator for energy use

Although it is difficult to interpret the ratio of environmental tax revenues in relation to GDP or to total taxation, part of the problems belong to the general shortcomings of these kind of indicators. A solution to partly overcome these difficulties in other areas of taxation was to construct implicit tax rates that try to measure the average effective tax burden. To construct such a macroeconomic implicit tax rate for environmental taxes is a difficult task. There is no easily identifiable macroeconomic indicator or proxy for the potential tax base to be related to tax revenues, because of the diversity of environmental taxes and the involvement of both consumers and producers. However, for energy taxes, representing nearly 80% of environmental tax revenues in the EU-15, finding an appropriate indicator for the potential tax base seems to be possible: given that taxes are often levied on a quantity in physical units, one could utilise an ITR denominator that is also expressed in physical units. However, for a macroeconomic indicator the problem of aggregation arises for the different energy products produced and consumed.

The data on final energy consumption per Member State, available from Eurostat, offers a satisfactory solution to the aggregation problem. The data on final energy consumption include energy consumed in the transport, industrial, commercial, agricultural, public and households sectors. They exclude deliveries to the energy transformation sector and to the energy industries themselves. The different energy products are aggregated on the basis of the net calorific value that measures the energy content for heating. This energy content can be expressed in units of tons of oil equivalent.

Table II-4.1 shows the ratio of energy tax revenues to final energy consumption in € per ton of oil equivalent. In all years, Denmark has clearly the highest ratio, followed by Italy, the UK, and Germany, which also raised above the average energy tax revenues in relation to their final energy consumption. Generally, the NMS-10 display markedly lower levels of taxation, as highlighted by the fact that the lowest five levels within the EU are found in Estonia, Latvia, Czech Republic, Lithuania and Hungary; however,

several NMS-10 have been increasing taxes on energy markedly; Slovenia, Cyprus, and Malta, for instance, show very high rates of increase compared to 1995. Amongst old Member States, Belgium, Finland and Greece showed the lowest ITR on energy in 2003. For interpreting this kind of ranking it is however important to note that all kind of energy consumption is treated equally, regardless of their environmental impact. This means an energy unit of oil equivalent produced with hydroelectric power has the same weight as the same unit produced by burning brown coal. If tax rates are differentiated according to the environmental impact of different energy uses a country with an environmental friendly structure of energy consumption would have a low ITR on energy. Note also that, given inflation, a constant value of the ratio would generally imply a slow decline in real terms for eurozone countries; Table II-4.1 shows that the indicator has been in fact declining, on average, since 1999. It should be noted however that the development of the ratios for non-eurozone members is affected by the exchange rate.

Table II-4.1 Energy tax revenues in relation to final energy consumption (ITR on energy)
Euros per ton of oil equivalent

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Difference ¹⁾ 1995 to 2003
BE	99	98	99	99	101	102	102	107	104	5
CZ	38	41	42	46	53	55	65	75	72	34
DK	200	213	218	249	285	301	318	326	329	129
DE	169	152	149	150	176	184	194	205	217	48
EE	7	12	19	30	31	30	43	45	50	43
EL	158	162	157	139	133	119	119	115	115	-43
ES	128	134	129	138	144	138	135	141	142	14
FR	162	161	163	164	170	166	150	160	156	-6
IE	112	122	138	141	146	143	125	145	150	38
IT	237	261	272	261	265	249	241	237	245	8
CY	27	27	27	29	32	43	61	65	126	100
LV	10	17	25	45	40	48	42	48	53	43
LT	-	-	-	-	-	64	72	72	84	-
LU	142	139	143	152	159	165	165	170	175	33
HU	59	53	63	77	80	79	83	93	96	37
MT	54	47	74	103	106	112	148	138	126	73
NL	114	114	130	135	153	163	169	172	174	60
AT	127	121	141	133	142	149	153	155	153	25
PL	-	-	-	-	-	-	-	-	-	-
PT	172	170	159	164	160	129	132	155	165	-7
SI	0	0	10	22	78	113	133	140	138	138
SK	-	-	-	-	-	-	-	-	-	-
FI	97	96	107	105	110	107	110	112	112	15
SE	138	169	167	172	176	181	183	193	203	65
UK	143	148	186	211	226	251	239	246	224	82
EU25	160	162	170	174	187	191	187	194	193	33
EU15	162	164	172	177	190	193	190	197	196	34
Euro12	165	165	168	168	180	177	175	182	186	21
NMS10	153	153	162	167	179	182	179	186	186	33

1) in %-points

Source: Commission Services

¹ Simple difference in levels.

Source: Commission services.

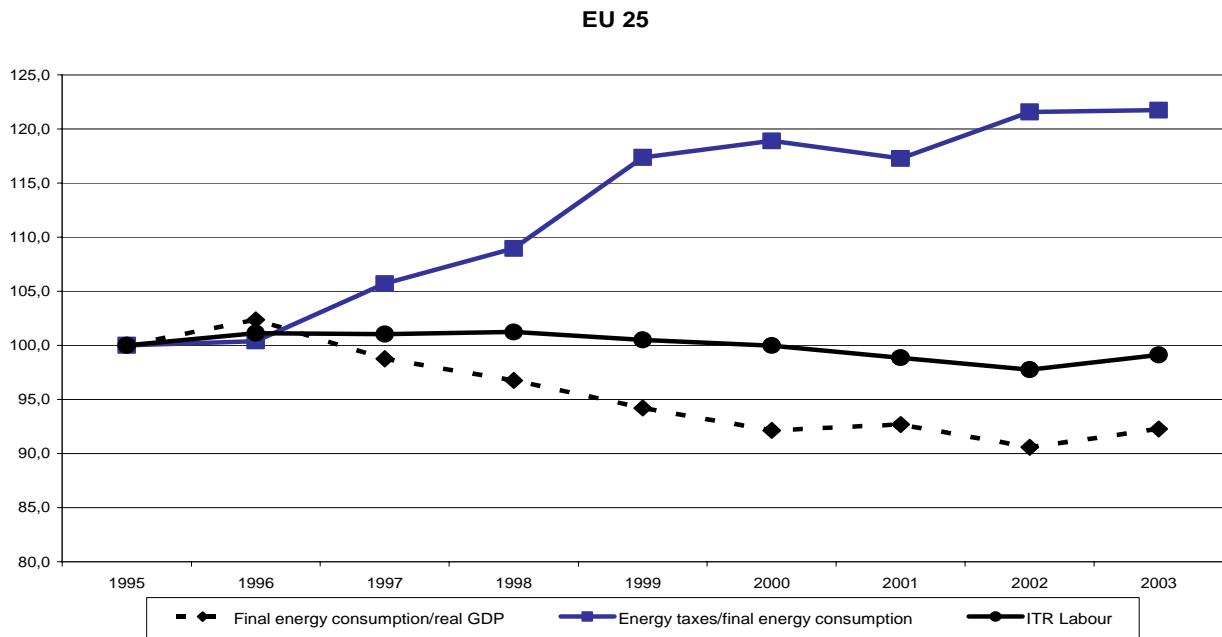
4.4. Is the impact of green tax reforms visible?

From 1995 to 2002, final energy consumption grew at a much lower rate than the economy overall (Graph II-4.3): in that period, energy efficiency increased by approximately 9%, measured as the ratio of energy

consumption to GDP in constant (1995) prices¹⁶. Data for the EU-25 show however a worsening in energy efficiency in 2003, possibly linked to the significant increase in air conditioning, so that efficiency for the Union as a whole increased by only about 7% if one includes the last year for which data are available. It is also worth noting that owing to the extensive restructuring and modernisation of production in the NMS-10 over the period under consideration, these countries have been able to increase energy efficiency more than the old Member States, though from a significantly lower starting level.

Despite the relative decline in the energy tax base, revenues from energy taxes have stayed nearly constant as a share of GDP (in current prices) between 1995 and 2003. The decline in the base seems therefore to have been more than offset by tax policy measures leading to an increase in the average effective tax burden, as indicated in the figure for the index of energy tax revenues divided by final energy consumption. The majority of Member States have consistently raised specific energy tax rates (see the indices of the ITR on energy by Member State in Graph II-4.4).

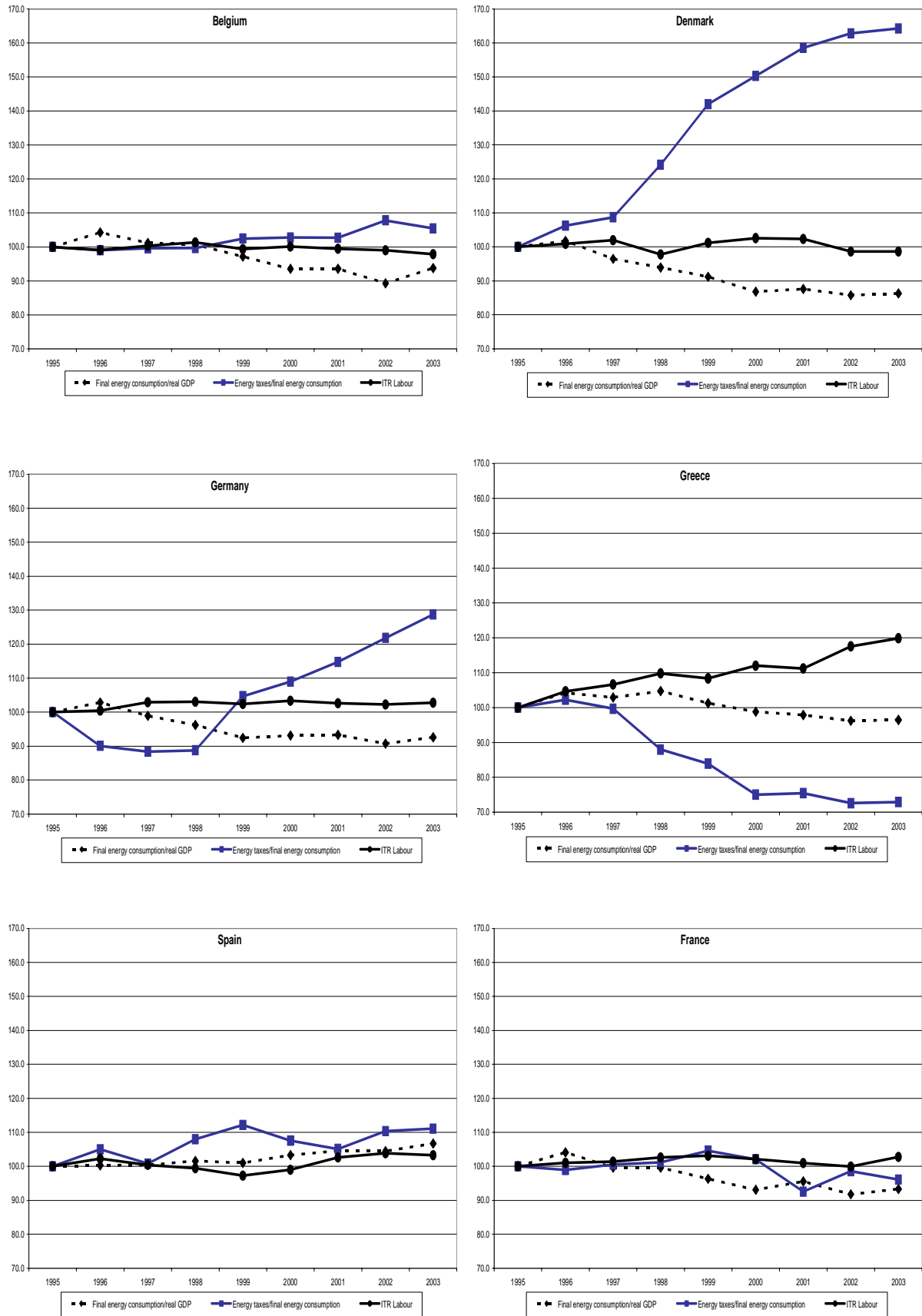
Graph II-4.3 Evolution of energy efficiency, ITR on energy and on labour in the EU
Index 1995=100



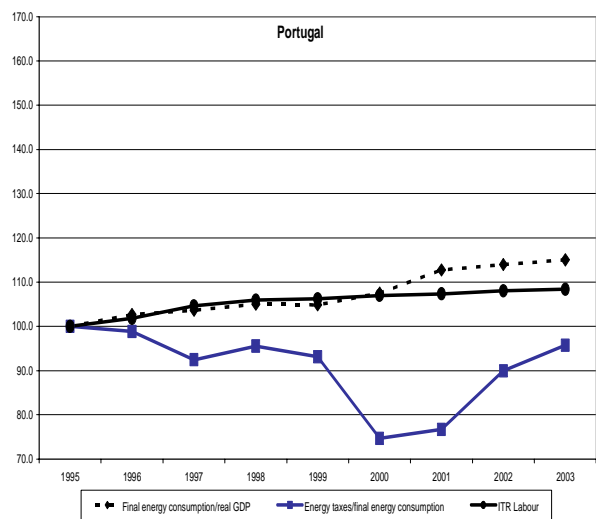
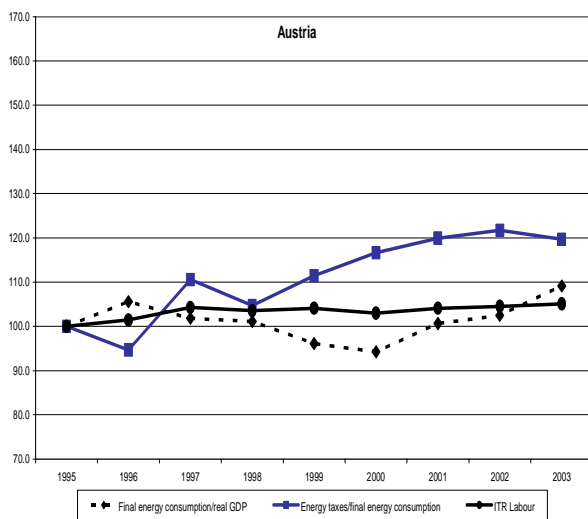
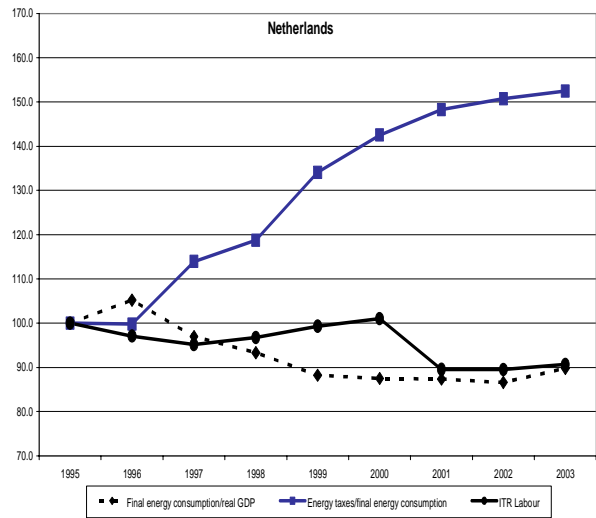
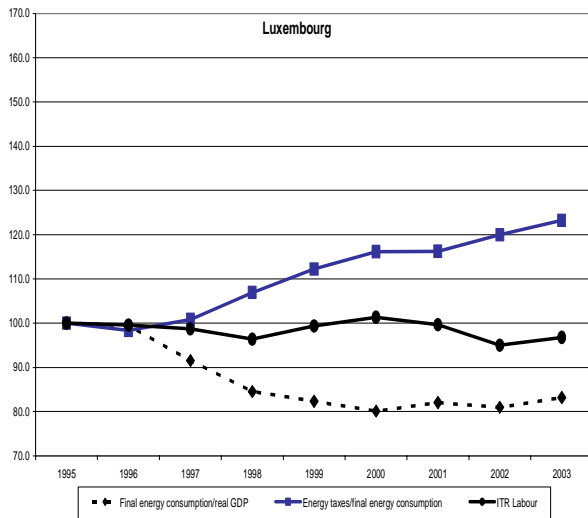
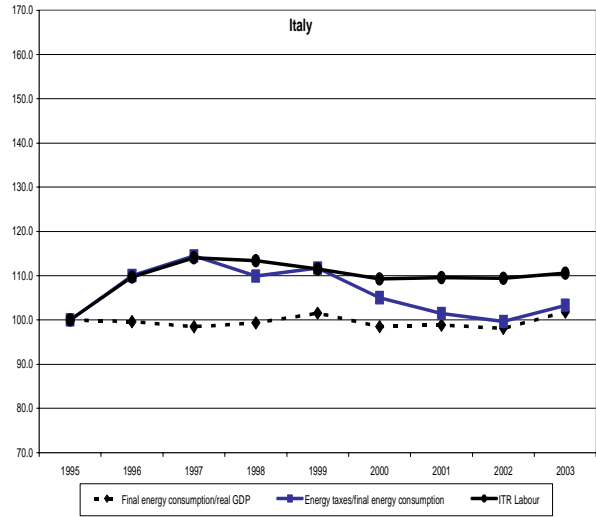
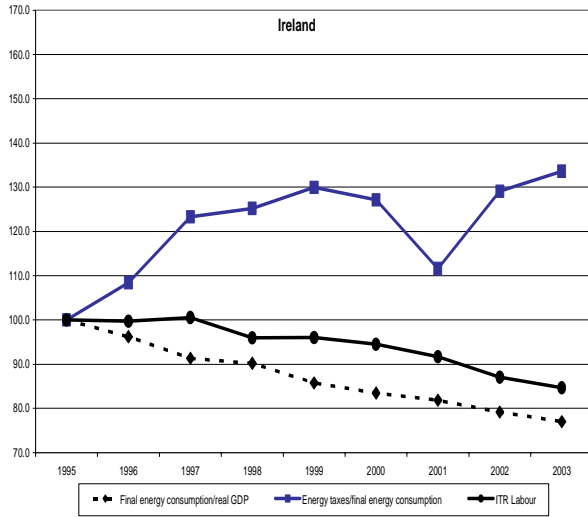
Graph II-4.3 also shows the development of the average effective tax burden on labour measured by the implicit tax rate (ITR) on labour. The tax burden on labour has been rising steadily since the early 1970s in most Member States, but since 1998 the ITR on labour for the EU decreased slightly. Since the late 1990s, a number of Member States have implemented fiscal measures to lower the tax burden on labour income, in order to boost demand for labour, and to foster work incentives. Tax revenue data alone are not enough to make a conclusive statement about causal relationships, but the indicators of average effective tax burden presented above for the EU-15 show signs of a relative 'green tax shift' over the last years. This trend however is not borne out by the 2003 data which show an increase in the ITR for labour and a stabilisation in energy taxes.

¹⁶ For further data on energy efficiency in the EU-15 see European Communities 2002.

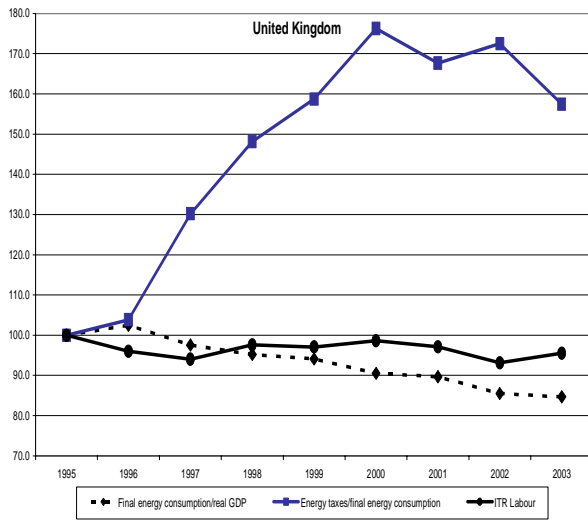
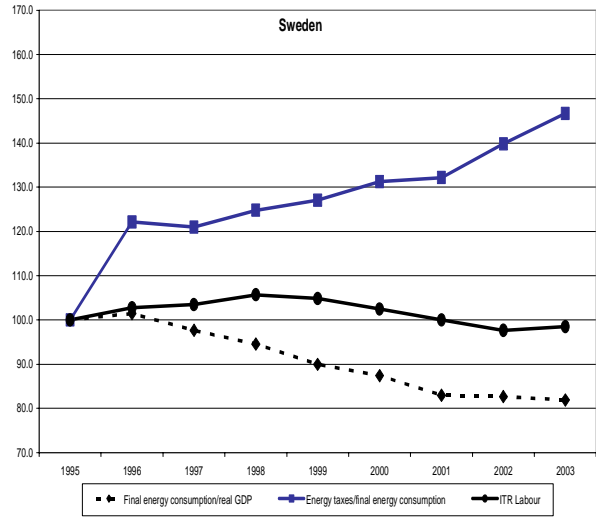
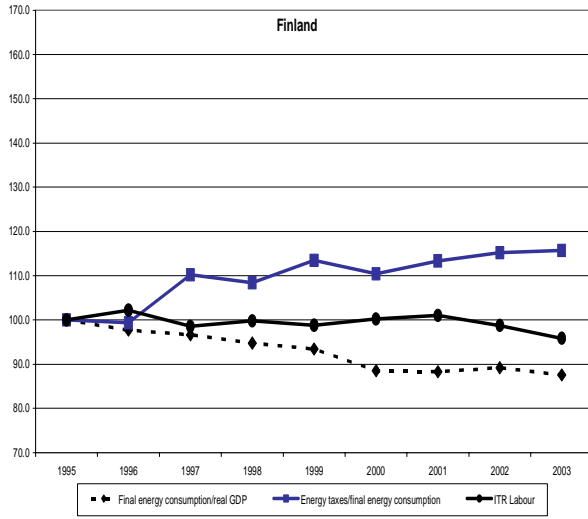
Graph II-4.4 Evolution of energy efficiency, ITR on energy and on labour by Member State EU-15



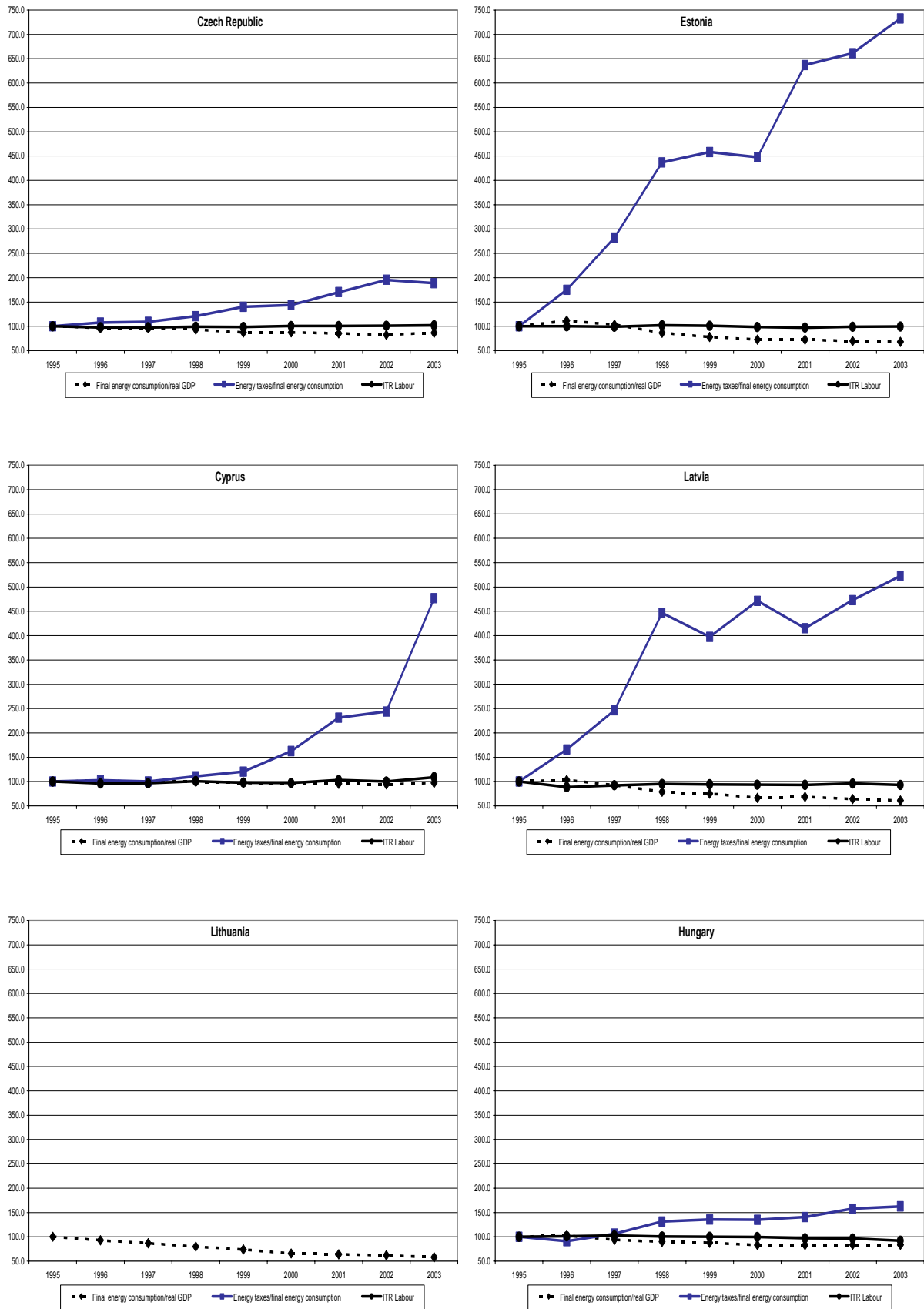
② Part II: Taxation according to economic functions ②



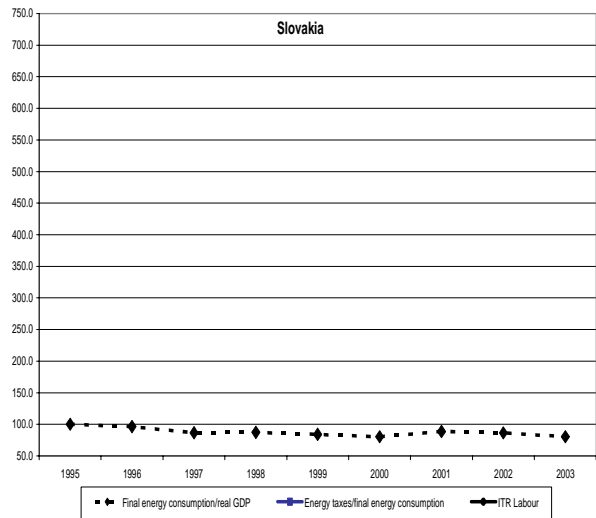
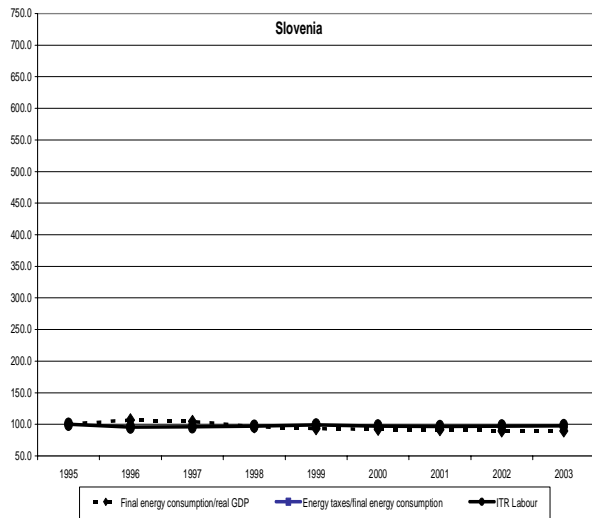
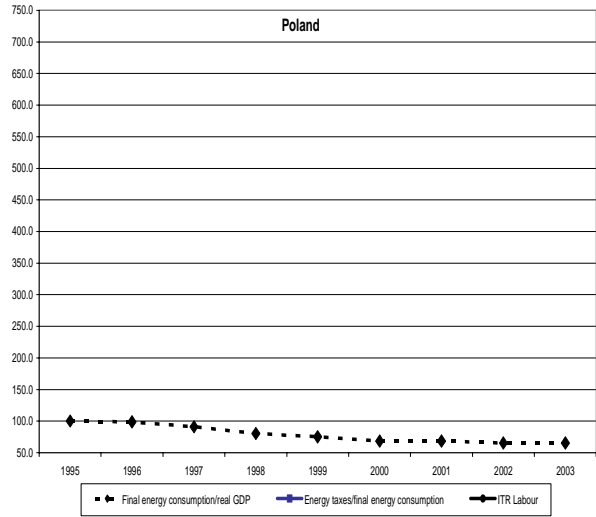
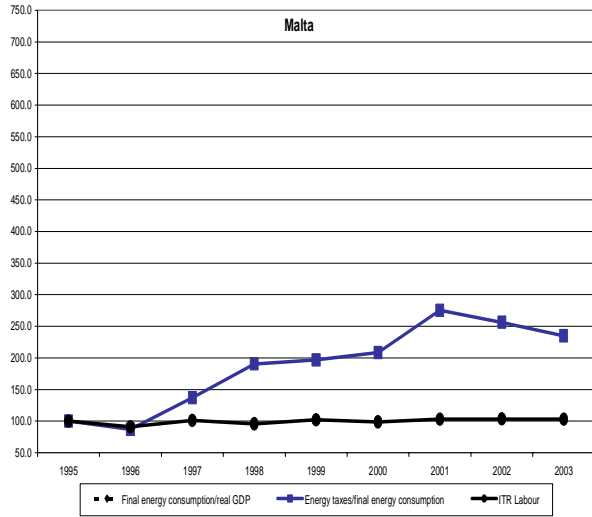
② Part II: Taxation according to economic functions ②



NMS-10 (note change in axis scale)



② Part II: Taxation according to economic functions ②



5. TRENDS IN THE IMPLICIT TAX RATE ON CAPITAL

This issue of the Structures report presents new data on the sectoral accounts for the new Member States. These permit the extension of the calculation of the ITRs on capital to these countries, yielding a more complete picture of the structures of the taxation systems in the European Union. However, given that the data are incomplete and in some cases still provisional, a degree of caution is called for in the interpretation of the results.

A specific problem affecting the ITR on capital relates to the fact 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 are thus subject to wide swings. In addition, the ITR on capital is strongly affected by timing inconsistencies, given that the tax revenue constituting the numerator of the ITR often refers to income earned at varying intervals in the past, reflecting rules on loss carryovers, depreciation, etc. 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 average.

The extension of coverage to the NMS-10 offers interesting insights. First, the data, though incomplete, confirm that capital taxation levels are generally lower than in the old Member States. Secondly, the more accurate measure of the level of taxation in the NMS-10 now available highlights a wide diversity in capital taxation even within the new member States. Although the lack of detailed sectoral accounts made it impossible to calculate ITRs on capital for several of the NMS (CY, MT, HU, PL, SI) the ratio of capital taxes to GDP ratio is sufficient to show distinct differences in capital taxation between the NMS. In particular, one may distinguish three groups of countries: the Baltic countries (LV, LT, EE), the remaining group of Central European countries (HU, PL, CZ, SK, SI) and the two island republics (CY and MT).

The Baltic republics stand out for their low taxation on capital, clearly reflected in the ITRs. The two island republics are instead characterised by the highest level of taxation (as measured by the tax-to-GDP ratio) on capital among the NMS-10. Historical and institutional reasons are likely to explain the similarity between the tax structures of these two countries and that of the UK, which likewise exhibits a relatively high reliance on capital taxation within overall low levels of taxation. Finally, the Central European countries, which share a heritage of extensive state intervention in the economy, are characterised by generally higher level of social contributions and thus by a comparatively higher level of taxation on labour. A feature which is common to all NMS-10 is the significantly lower level of taxation on the capital income of households than the one prevalent in the old member states.

In the remainder of this chapter the analysis will focus on the metrics derived from the data, the general trends emerging from them and on the specific features of the national tax systems.

As already mentioned above, the computation of the ITR on capital is possible only for some of the NMS-10, namely the Czech Republic, Estonia, Latvia, Lithuania, and Slovakia. Furthermore, for the last three countries only some years are available (see the methodological annex for details). The lack of information for five countries and notably Poland, which accounts for roughly 45 per cent of the GDP of the new member states, obviously limits the meaningfulness of the NMS-10 average, although the fact that the arithmetic rather than the weighted average is used reduces somewhat the gravity of this problem. The omission of this country is an important gap in the overall picture which will be hopefully filled in the next edition.

5.1. Increasing tax burden on capital until 2000

In recent years growing policy attention has been devoted to the taxation of capital in the European Union, despite the fact that corporate income tax (which constitutes the largest part of capital taxation revenues) is not a major source of revenue in any of the Union's Member States. In 2003, it represents less than 5% of GDP in all countries. Even after the inclusion of all other capital taxes the revenue from the taxation of this factor is never higher than 10%, with the single exception of Luxembourg (13.2%). The greater mobility of capital compared with labour explains why it is less taxed; policymakers fear that excessive levels of taxation scare away capital; or hope to attract capital from neighbouring countries by offering an attractive tax treatment (so-called '*tax competition*'). This has brought forth an extensive literature¹ focussed on the analysis of tax competition, the related issue of whether a 'race to the bottom' in capital taxation, and particularly in the corporate domain, may ensue.

Two trends were prominent in corporate taxation in the Union, and particularly in the NMS-10, in the last decade:

- Firstly, countries moved towards lowering CIT rates, introducing one single rate or even abolishing the tax altogether (Estonia). The reduction of tax rates is particularly noticeable from 2000 onwards and has led to a closer alignment of CIT rates. In the years after 1995 most Member States reduced the statutory tax rates on the taxation of corporate income. Taking local taxes and surcharges into account, the average general corporate tax rate in the EU-15 was reduced by almost 8 percentage points in the period 1995 to 2005. Often the rate cuts were justified by making reference to tax competition, as governments attempted to increase the attractiveness of their country for international investors, who regard the taxation system as an important location determinant. In the meantime, even lower tax rates became prevalent in the ten new Member States: in 2005 the average level of corporate tax rates is still more than 10 percentage points lower than the average in the old Member States (EU-15).
- Secondly, the scale of deductions and exemptions was reduced. This trend was also due to the necessity to conform to EU rules limiting State aid to enterprises. This requirement for EU membership required extensive negotiations with the NMS-10 before its widespread implementation, but ultimately led to the abolition of the most generous state aid schemes, such as those existing in Hungary. Some new member states nevertheless still offer significant tax incentives for foreign companies in the form of rebates in special economic zones (LV, LT) or reduced tax rates (CY, MT).

An analysis of the combined impact of these changes based on the use of simple metrics, such as statutory tax rates or simple tax to GDP ratios, would not give an accurate picture. Statutory tax rates do not offer an accurate picture of the effective tax burden on enterprises as national provisions for computing the taxable base to which the rates are applied differ greatly across countries. For instance, the rules on computing taxable income in all NMS-10 allow for the depreciation of buildings and the amortization of intangibles and tangible fixed assets. These rules can be construed to in such a way as to offer a strong incentive to foreign companies. Given that they incorporate such elements of the tax code

¹ See, among others, the proceedings of the CERGE-EI Conference 'Tax competition in the EU 25', December 16-17, 2004 (Prague), first meeting of the TaxBen project (www.taxben.org), or of the workshop 'Capital taxation after EU enlargement', 21 January, 2005 (Vienna) organized by the Österreichische Nationalbank, the Austrian Institute of Economic Research and the University of Vienna.

in their modelling, effective average tax rates (EATRs) generally allow a more accurate analysis. 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 (32.81%) and Lithuania is found to reach almost 20 percentage points. The simple tax-to-GDP ratio, while superior to the statutory tax rates in describing the effective tax burden, fails to capture effective changes in the capital tax base. As a computable effective tax rate the ITR on capital does not suffer from this shortcoming and can therefore improve the analysis of changes in the taxation burden.

Table II-5.1 Top statutory tax rate on corporate income

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Difference 2005-1995
BE	40,2	40,2	40,2	40,2	40,2	40,2	40,2	40,2	34,0	34,0	34,0	-6,2
CZ	41,0	39,0	39,0	35,0	35,0	31,0	31,0	31,0	31,0	28,0	26,0	-15,0
DK	34,0	34,0	34,0	34,0	32,0	32,0	30,0	30,0	30,0	30,0	30,0	-4,0
DE	56,8	56,7	56,7	56,0	51,6	51,6	38,3	38,3	39,6	38,3	38,6	-18,2
EE	26,0	26,0	26,0	26,0	26,0	26,0	26,0	26,0	26,0	26,0	24,0	-2,0
EL	40,0	40,0	40,0	40,0	40,0	40,0	37,5	35,0	35,0	35,0	32,0	-8,0
ES	35,0	35,0	35,0	35,0	35,0	35,0	35,0	35,0	35,0	35,0	35,0	0,0
FR	36,7	36,7	36,7	41,7	40,0	36,7	36,4	35,4	35,4	35,4	33,8	-2,8
IE	40,0	38,0	36,0	32,0	28,0	24,0	20,0	16,0	12,5	12,5	12,5	-27,5
IT	52,2	53,2	53,2	41,3	41,3	41,3	40,3	40,3	38,3	37,3	37,3	-15,0
CY	25,0	25,0	25,0	25,0	25,0	29,0	28,0	28,0	15,0	15,0	10,0	-15,0
LV	25,0	25,0	25,0	25,0	25,0	25,0	25,0	22,0	19,0	15,0	15,0	-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	-14,0
LU	40,9	40,9	39,3	37,5	37,5	37,5	37,5	30,4	30,4	30,4	30,4	-10,5
HU	19,6	19,6	19,6	19,6	19,6	19,6	19,6	19,6	19,6	17,6	17,5	-2,1
MT	35,0	35,0	35,0	35,0	35,0	35,0	35,0	35,0	35,0	35,0	35,0	0,0
NL	35,0	35,0	35,0	35,0	35,0	35,0	35,0	34,5	34,5	34,5	31,5	-3,5
AT	34,0	34,0	34,0	34,0	34,0	34,0	34,0	34,0	34,0	34,0	25,0	-9,0
PL	40,0	40,0	38,0	36,0	34,0	30,0	28,0	28,0	27,0	19,0	19,0	-21,0
PT	39,6	39,6	39,6	37,4	37,4	35,2	35,2	33,0	33,0	27,5	27,5	-12,1
SI	25,0	25,0	25,0	25,0	25,0	25,0	25,0	25,0	25,0	25,0	25,0	0,0
SK	40,0	40,0	40,0	40,0	40,0	29,0	29,0	25,0	25,0	19,0	19,0	-21,0
FI	25,0	28,0	28,0	28,0	28,0	29,0	29,0	29,0	29,0	29,0	26,0	1,0
SE	28,0	28,0	28,0	28,0	28,0	28,0	28,0	28,0	28,0	28,0	28,0	0,0
UK	33,0	33,0	31,0	31,0	30,0	30,0	30,0	30,0	30,0	30,0	30,0	-3,0
EU-25	35,0	35,0	34,7	33,9	33,3	32,1	31,1	29,7	28,7	27,4	26,3	-8,8
EU-15	38,0	38,1	37,8	36,7	35,9	35,3	33,8	32,6	31,9	31,4	30,1	-7,9
EU-NMS10	30,6	30,4	30,2	29,6	29,4	27,4	27,1	25,5	23,8	21,5	20,6	-10,0

Note: Only the "basic" (non-targeted) top rate is presented here. Existing surcharges and averages of local taxes are included. Some countries also apply small profits rates or special rates, e.g., in case the investment is financed through issuing new equity, or alternative rates for different sectors. Such targeted tax rates can be substantially lower than the effective top rate. IRL, for example, applies a 10% rate to the manufacturing sector and certain internationally traded companies.

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

Italy: As from 1998 the rates for Italy include IRAP (rate 4.25%) a local tax levied on a tax base broader than corporate income.

Source: Commission Services

5.2. Implicit tax rates on capital

The implicit tax rate on capital, published in the first issue of this publication, then based on the national accounts format ESA79, as 'tax rate on other production factors', indicated for the EU-15, a slight decrease in the effective tax burden from the early to the mid-Eighties, followed by a period of stabilisation from the late Eighties to the early Nineties. In particular, the implicit tax rate on corporate income, a key component of taxes on capital, shows an increase between 1995 and 2000, both in the EU-15 (+7.3 percentage points) and in the EU-25 average (+2.4). This is also true for the overall implicit tax rate on capital for companies and households for the EU-15² and to a lesser extent for the EU-25. Starting from 2001, in a majority of countries for which data are available a reduction in the ITR is discernible, partly offsetting the increase in prior years.

Of the various implicit tax rates, the ITR on capital is the most complex³. Its computation relies on a broad base and its trends can therefore reflect a very wide range of factors, which can also vary for different Member States. In particular, four main transmission channels have been identified for the ITR on capital and business income, which seem to be relevant for most Member States (see the country chapters in part III for further details on specific Member States).

These four channels are:

- Tax policy: Cuts in the nominal statutory tax rates on corporations were often accompanied by measures that broadened the tax base (*e.g.* by reducing rates for capital depreciation allowances), offsetting at least to some extent the effects of the cuts in the statutory rate that most of the Member States have implemented in the 1995 to 2005 period.
- The business cycle: Theoretical considerations as well as empirical evidence suggest that the ITR on capital income is sensitive to the business cycle, resulting in a rise in line with the upswing that lasted until 2000. For the same reason the decrease in recent years can be related to the subsequent economic slowdown.
- The expansionary phase in the late 1990s was accompanied by booming stock markets across-the-board. As a result, capital gains and the corresponding tax revenues have risen substantially. As the capital gains are not included in the denominator of the 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 average tax burden⁴.

² A more pronounced increase could be observed for the overall indicator when using a more 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.

³ The construction of this indicator and its possible sources of bias in measuring the effective tax burden on capital are mentioned in paragraph II-1.3.3 and are explained in detail in European Commission 2004b.

⁴ European Commission (2001a).

The overall implicit tax rate on capital is computed as a ratio between all capital taxes, including taxes related to stocks of wealth stemming from savings and private sector investments in previous periods as well as taxes on transactions of these stocks, and a measure of potentially taxable capital and business income in the economy.

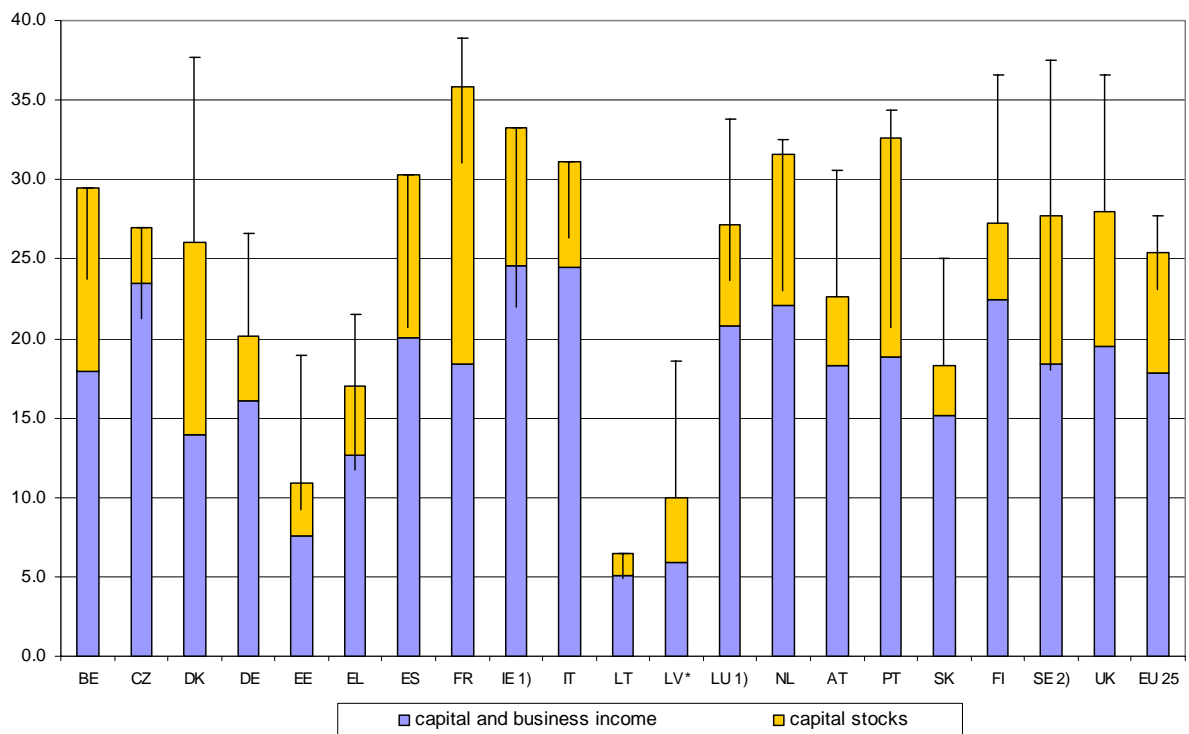
This means that not only taxes on profits are included but also, for instance, taxes and levies that could be regarded as a prerequisite to earn them, like the real estate tax or the motor vehicle tax paid by enterprises. Companies pay this kind of taxes out of their annual profits.

As national accounts do not provide any indicator for the tax base of taxes levied on capital stocks or their transactions, this publication also includes a more narrowly defined ITR on capital and business income for the private sector. It measures the average effective tax burden on private sector investment and saving, expressed as a ratio between taxes paid on capital income streams and the above-mentioned base.

Graph II-5.1 presents the overall ITR on capital by Member State and its decomposition into an ITR on capital and business income and an ITR related to taxation of capital stocks. The graph also displays the maximum and minimum value of the overall ITR between 1995 and 2003.

Graph II-5.1 Implicit tax rate on capital

2003 in % and minimum and maximum level between 1995 and 2003



*2002. - 1) Denominator including D4net. - 2) Denominator including D43net
 Source: Commission Services

Source: Commission Services

The inclusion of the new countries changes the picture offered by this indicator. Compared with the 2004 publication, which showed all countries other than Germany, Greece and France having rates very close

to the European average, a much wider variability can be observed. The addition of the new member states leads to a reduction in the average by almost 3%. The Czech Republic is in fact the only NMS-10 with an ITR value which is even higher than some of the old member states; note however that values for the ITR on capital are available only for five countries of the NMS-10 grouping. The indicators for the EU-15 grouping show a greater dispersion around the mean, although the three outsiders, based on the 2002 data, are now closer to the (decreased) EU average.

With the exception of Austria, Denmark, Finland, Germany, and the UK, in the majority of EU-15 countries relatively strong increases in the ITR on capital can be observed during the 1995-2003 period⁵. For the NMS-10, the entire time series is not available for all the countries, but a clear trend towards reduction is visible in Estonia, Latvia and Slovakia. In Lithuania, this trend is not clear, but could be temporarily obscured by the effects of a reform (following the abolition of the 0% rate for reinvested earnings, that corporation tax receipts more than doubled in 2003, boosting the ITR). The only exception is, again, the Czech Republic.

The divergence of the ITRs between Member States is somewhat less pronounced when focussing on the ITR on capital and business income. The only real exception⁶ is Lithuania, which has an extremely low taxation of capital stocks. It should however be kept in mind that these indicators refer to a mixture of the tax burden on households and companies.

5.3. Driving forces behind changes of the ITR on capital income

As seen above, the ITR on capital is a complex aggregate indicator. The interpretation of its trends is thus not straightforward. This section considers some of the driving factors that may have influenced it.

Graph II-5.2 shows the development of the ITR on capital and the decomposition between capital income and the part related to capital stocks or their transactions. The columns represent the absolute difference in the ITR between 1995 and 2003 in percentage points⁷.

The increases in the ITR on capital in most of the old Member States was mainly due to an increase in the implicit tax rates on capital income. In Belgium, and Portugal, the increase of tax revenues in the category 'stocks (wealth) of capital' contributes significantly to this development, too.

⁵ It should be noticed that for Luxembourg and Ireland only a more simplified definition of the denominator is available that includes the balance of all property income for the private sector. To apply the refined denominator a full set of sectoral data in national accounts is necessary that does not exist for the moment in these countries. The analysis of more detailed data for other Member States suggests that the increase in the ITR is overestimated when using this simplified denominator. Moreover, the UK figures are known to be biased upwards due to the inclusion of tax on second-pillar pension benefits that are allocated to the capital income category whilst the benefits could not be incorporated in the denominator of the ITR. Other factors which could affect/bias comparisons between Member States are described in part II-1.3.3. Their importance differs between Member States according - for instance - to a different share of financial companies making capital gains.

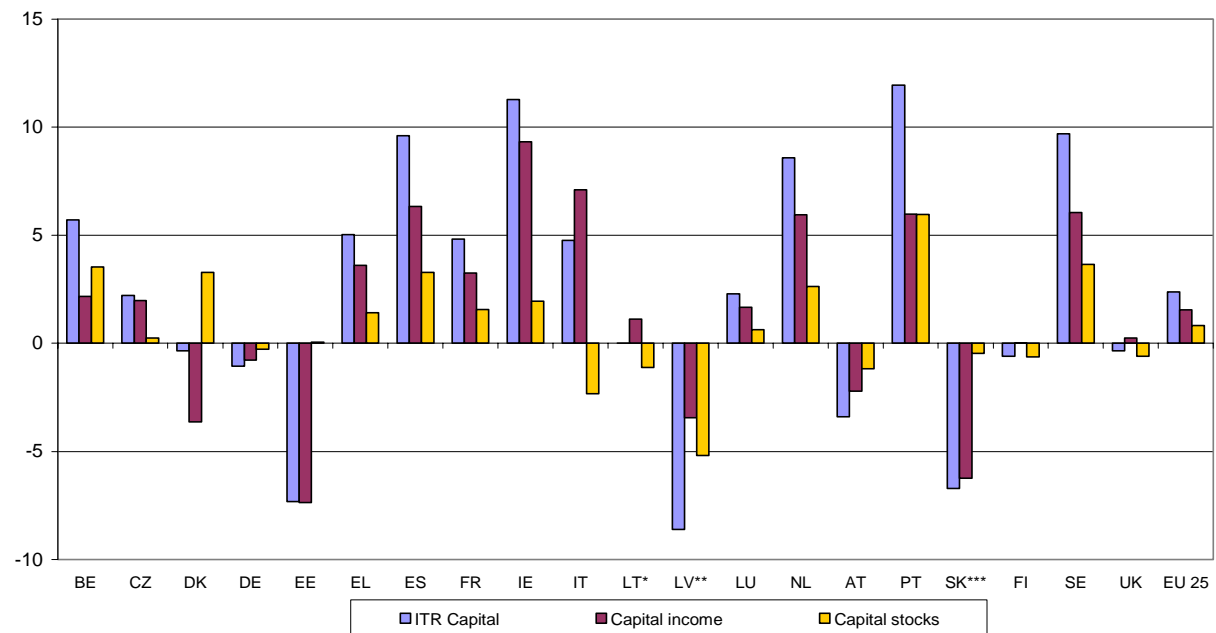
⁶ Also for Ireland the two ITRs are not very different, but for this country a simplified denominator is used (See footnote 6 and 8).

⁷ The detailed sectoral data for the construction of the denominator is not available for Luxembourg and Ireland. A drop in the ITR in 2001 and 2002 that is visible in the majority of other countries could therefore not be reported.

Coming to the ITR on capital and business income, which differs from the ITR on capital because it excludes taxation of stocks, we note that it, too, has increased from 1995 to 2003, in line with the more general increase of the ITR on capital. The ITR on capital and business income also shows similar developments over time, rising from 1995 to the turn of the century and declining afterwards; in both cases, however, the ITR on capital and business income has shown less volatility than the overall ITR on capital. The drop of the ratio which has taken place starting from 2001 was particularly marked in some countries; in Germany it was related to the reduction of the corporate tax rate to a uniform rate of 25% and related special transformation provisions⁸. In Finland, the ITR fell back to its initial 1995 level, although its rise had been very pronounced until 2000. In Austria the ratio rose substantially only in 2001; before this the increases had been relatively modest.⁹ Sweden, too, has shown wide swings in the ITR on capital and business income (see the Sweden country chapter for a detailed explanation).

Graph II-5.2 Decomposition of the ITR on Capital

Difference 2003 to 1995 - in %-points



1) Denominator including D4net. - 2) Denominator including D43net
 *) 2000-2003 **) 1999-2002 ***) 1999-2003
 Source: Commission Services

Graph II-5.2 presents the developments in the ITR on capital until 2003. In most countries continuous increases in these years are visible. For the EU-15 the peak was reached in 2000 or 2001 for all countries

⁸ In 2001 the revenues from corporation tax fell dramatically from about 26 million euro to 2 million euro. This can partly be explained by the special effect of changes in legislation related to the first reduction of the corporate tax rate for distributed profits. Until the end of 2001 corporations could claim the difference in taxation of retained profits - taxed with a rate of 45% in former years - and the new rate of 30% if they distributed these profits. Corporations massively applied these rules resulting in substantial refunds. At the same time, revenues from dividend tax and PIT increased due to the taxation of distributed profits at the individual level. However, tax revenues from corporate income did not level off in 2002.

⁹ The increase in 2001 is related to base broadening measures and significantly increasing tax pre-payments, in reaction to the introduction of interest charges on tax arrears from October 2001 onwards.

except Ireland and Italy. The only three EU-15 countries who show a decreasing trend for the ITR on capital are Germany, following cuts in corporate taxes in recent years, Austria, which apart from a boost to tax revenues in 2001-2002 (related to the introduction of interest payments on tax arrears) has experienced a continuously decreasing ratio since 1996, and Finland (marginally). Among the NMS-10, the three Baltic Republics, already starting from low levels, are on a decreasing path and seem to converge to a very low level. Slovakia, too, has been continuously reducing its ratio over the years for which data are available. The Czech Republic, after a fluctuating movement in the first years of the period under consideration, started to rise up to a maximum level in 2003.

Large changes in backward-looking measures of the tax rate on capital are not unusual and are not limited to macro indicators. Tests on Belgium and Sweden¹⁰ 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.

Table II-5.2 Implicit tax rate on capital income in the Union
1995 to 2003 - in %

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Diff. 2003-1995
BE	15,7	15,9	16,5	17,9	17,9	17,9	18,5	18,1	17,9	2,2
CZ	21,5	18,5	21,1	17,9	19,4	18,4	19,9	22,4	23,4	2,0
DK	17,6	19,0	20,3	24,2	27,3	17,7	18,3	16,1	14,0	-3,6
DE	16,9	19,5	18,9	19,7	21,9	22,4	17,0	16,0	16,1	-0,8
EE	15,0	8,4	9,7	11,8	11,1	5,5	5,0	6,0	7,6	-7,4
EL	9,1	8,6	9,9	12,5	13,5	15,4	13,4	13,8	12,7	3,6
ES	13,7	14,1	16,2	16,3	18,7	19,7	18,5	20,0	20,0	6,3
FR	15,2	17,0	17,6	17,9	19,9	21,5	22,3	20,4	18,4	3,3
IE ¹⁾	15,3	16,3	17,0	17,3	21,2	22,4	22,4	21,9	24,6	9,3
IT	17,3	18,4	20,8	19,1	21,3	21,6	21,6	20,7	24,4	7,1
CY	-	-	-	-	-	-	-	-	-	-
LV*	-	-	-	-	9,4	5,9	6,3	5,9	-	-3,4
LT**	-	-	-	-	-	3,9	3,3	3,4	5,0	1,1
LU ¹⁾	19,1	18,0	20,0	21,2	18,8	23,0	21,8	22,9	20,8	1,7
HU	-	-	-	-	-	-	-	-	-	-
MT	-	-	-	-	-	-	-	-	-	-
NL	16,1	18,3	19,2	19,1	20,2	18,4	23,4	23,2	22,1	5,9
AT	20,5	21,6	21,0	21,1	20,6	19,9	26,0	21,3	18,3	-2,2
PL	-	-	-	-	-	-	-	-	-	-
PT	12,9	15,1	16,9	17,0	19,3	22,5	20,2	20,2	18,8	6,0
SI	-	-	-	-	-	-	-	-	-	-
SK***	-	-	-	-	21,4	18,5	15,5	16,2	15,1	-6,2
FI	22,4	24,3	25,1	26,7	28,0	31,7	23,5	25,4	22,4	0,0
SE ²⁾	12,3	15,5	17,4	17,9	22,4	27,9	21,2	20,7	18,3	6,0
UK	19,2	19,7	21,7	22,8	25,0	25,1	26,1	22,2	19,5	0,2
EU 25	16,5	16,9	18,2	18,9	19,9	19,0	18,2	17,8	17,9	1,4
EU15	16,2	17,4	18,6	19,4	21,1	21,8	21,0	20,2	19,2	3,0
EU10	18,2	13,5	15,4	14,9	15,3	10,4	10,0	10,8	12,8	-5,4

* 1999 to 2002 ** 2000 to 2003 *** 1999 to 2003

1) Calculated with a simplified denominator due to lack of full sectoral accounts data

2) Denominator including net reinvested earnings on foreign direct investment

Source : Commission Services

¹⁰ Valenduc (2001), Clarc (2002).

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

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 described previously. It is therefore preferable to analyze separately the ITR for the corporate sector and ITR for the households sector. Although difficulties of interpretation stemming from the backward-looking character of the indicator remain, the reading of the ratios is simplified.

The two ratios are computed splitting the numerator of the overall ITR in the categories 'income corporations', '(capital) income households' and 'income self-employed'¹¹. The first category is the numerator of the ITR on the income of corporations; in most countries, tax revenues raised on corporate income equal the Eurostat aggregate D51B+D51C 'Taxes on the income or profits of corporations including holding gains', although in some countries like Germany, Italy and Austria revenues from local and regional business taxes are added. The denominator for corporations consists of their net operating surplus, the difference between received and paid interest and rents and a specific definition of dividends minus property income from insurance companies and pension funds attributed to policy holders¹².

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 rents¹³.

Graph II-5.3 presents the average ITRs for the income of corporations and households. In order to try to smooth out the influence of loss-carry-forward and -backward provisions, the average ITR for 1995 to 2003 is presented. Among the EU-15 countries, estimates for Luxembourg and Ireland are still 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 sector¹⁴. For Germany, where partnerships are an important part of companies, a similar correction can be calculated. However, owing to reservations expressed by the German authorities regarding comparability with other Member States, it has been decided to avoid publishing the ITRs on corporations and on households and the self-employed.

¹¹ Annex B shows for each Member State a detailed classification of taxes to the different categories.

¹² Strictly speaking, it is the balance of attributed property income (D44) paid mainly to private households and received property income attributed to insurance policy holders because also corporations and quasi-corporations can be insurance policy holders too.

¹³ 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).

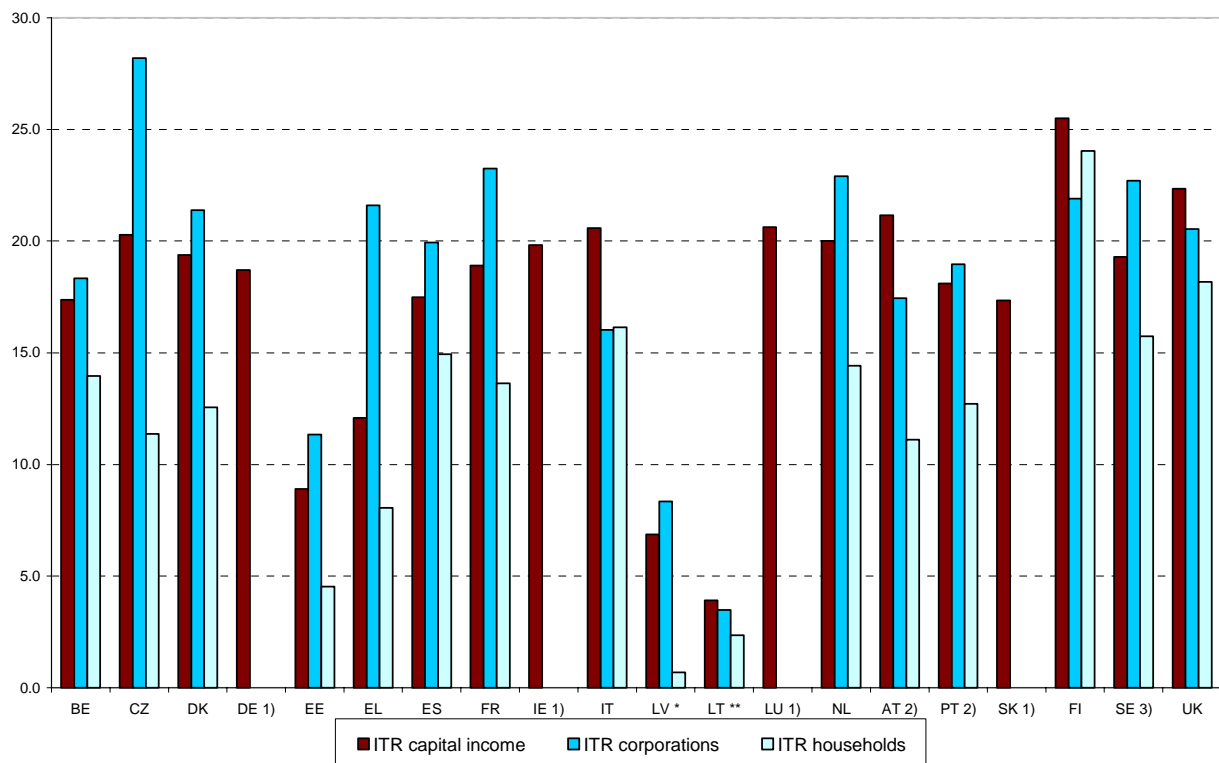
¹⁴ The owners of the partnership are taxed under the personal income tax scheme.

From the graph, an overall lower weight of the ITR on households is noticeable, particularly in the NMS-10. The only two exceptions to this rule are Italy and Finland. Italian values are influenced by the significant revenues of the tax amnesty of 2003. If this value were not taken into account, the ITR on corporate income would probably be slightly higher than that on the capital of households.

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 (2001:13) finds that the ITR based on macro data tends to underestimate the effective taxation on company profits.

Graph II-5.3 ITR on corporate income and on capital income of households⁴⁾

Average 1995 to 2003 – in %



1) Split corporations - households not available.- 2) incl. net reinvested earnings from foreign direct investment.- 3) self-employed allocated to corporations. - 4) including self-employed
*) 1999-2002 **) 2000-2003

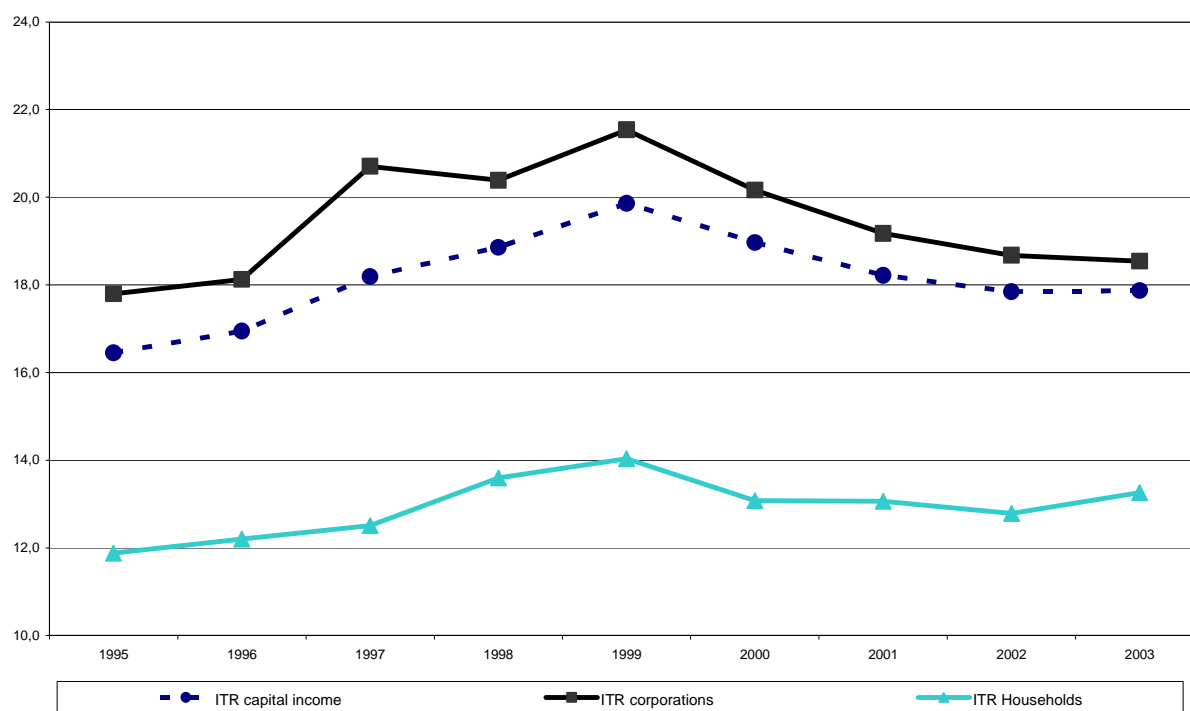
Source: Commission Services

Graph II-5.4 shows the development of the overall ITR on capital and business income during the period 1995 to 2003 for the EU-25 together with the ITR on corporate income and the ITR on capital income of households, including that of the self-employed.

During the first years the ITR on corporate income moved in step with the ITR on households, as both increased at a similar pace. Since the turn of the century, however, this tendency is reversed: the ITR on corporations has been decreasing gradually while the ITR on households has been increasing moderately. Overall, the three indicators have risen somewhat in the period under consideration.

The increase in the ITRs over this period does not fully reflect recent policies, but rather reflects previous measures directed at a broadening of the capital tax base. Most Member States have been introducing (or are envisaging further) tax reforms aimed at reducing the taxation of entrepreneurial income and other capital income. These reforms seem to have played a role in the decrease of tax revenues in recent years. However, it is likely to be too early to see their full impact, given the long lag between the change in legislation and the collection of the revenues, which the accrual principle followed by national accounts does not, in practice, correct¹⁵.

Graph II-5.4 Development of ITRs on capital income for corporations and households¹⁾
EU-25, in %



1) Including self-employed

Source: Commission Services

In addition, the figures could be affected by variations over time in the methods by which national tax administrations determine final tax liabilities and actually collect the tax revenues. The cash-based revenue figures consist of tax-prepayments that are determined on the basis of tax assessments of prior years. Separate calculations by the Ministry of Finance in the Netherlands using other (unpublished) accrual

¹⁵ In fact, ESA95 allows for considerable flexibility in interpreting the accrual time of recording, depending on the type of taxes. Most statistical offices use 'time adjusted' cash figures for a few months, which is permitted following amendment of ESA95.

figures (in which the effect of such differences in collection methods has been eliminated) suggest a less pronounced increase in the ITR on capital income.

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

Both cyclical and structural mechanisms influence the development of the ITRs. Their impact will be discussed in the following sections.

5.4.1. *Cyclical factors affecting the development of capital ITR*

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. Now in the beginning of an economic upswing more firms will make profits. Initially this means that the ITR on capital would be reduced because the resulting increase in profits is immediately reflected (in the denominator) but not fully in the tax payments (in the numerator) due to losses that are carried forward. However, one could expect 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).

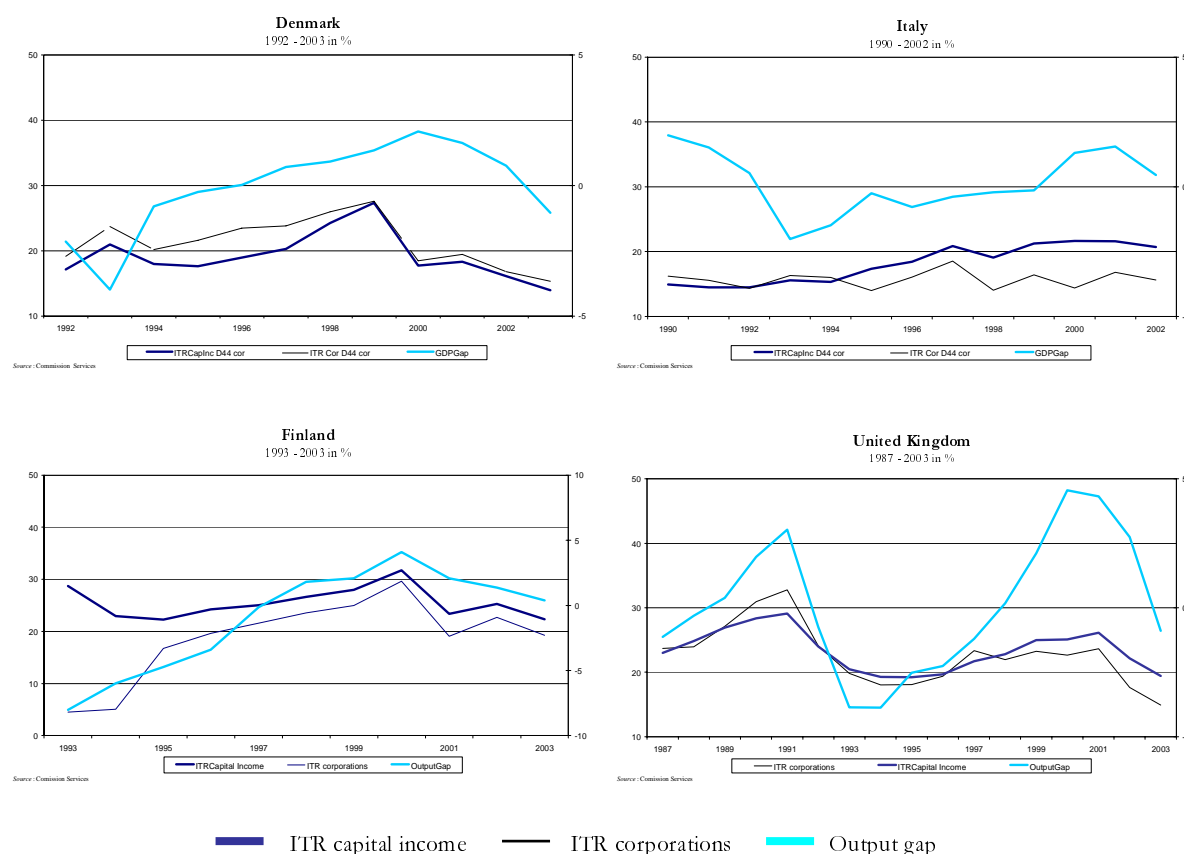
All in all, these effects are likely to offset each other to a certain extent in the initial phases of the cycle. However, in a long lasting economic upturn these channels of influence will point most likely to an increase in the implicit tax rate on capital with a certain time lag. To illustrate the possible order of magnitude of these effects, we carried out a simulation. Assuming a constant split of the personal income tax (prior to the year 1995)¹⁶, it was possible for Denmark, Italy, Finland and the United Kingdom to calculate longer, provisional time trends for the ITR using ESA95 data. Graph II-5.5 illustrates the sensitivity of the ITR to the business cycle, using the output gap calculated by the Commission Services as an indicator of the degree to which the GDP diverges from its potential value assuming a normal utilisation of production capacities¹⁷. To see the exact real relation between the economic cycle and the ITRs it would be necessary to assume no changes in tax policy. The ITRs reflect both changes in tax policy and the impact of the cycle. Denmark cut the corporate tax rate from 34% to 32% in 1999 and later to 30%. Finland increased the corporate tax rate in 1996 from 25% to 28% and later in 2000 to 29%. The UK decreased corporate taxes from 1998 on. Taking these tax policy changes into account, however, a pro-cyclical behaviour of the ITR in Denmark, Finland and the UK is visible.¹⁸ In Italy there is a slight increase in line with the economic expansion, interrupted by the tax reform measures in 1998. All in all the graphs confirm (i) that the increase over the expansionary period 1995-2000 has indeed a cyclical component; (ii) that the suggested time-lag in the behaviour of the ITR is more or less visible.

¹⁶ Generally this assumption is only reasonable in the absence of major tax reforms. The figures before 1995 should thus be considered as broad estimates only.

¹⁷ The output gap is defined as difference between the estimated potential GDP and its actual value. The output gap figures are calculated by the Commission's services as described in Denis, Mc. Morrow and Röger (2002). The estimation of the output gap in Germany is strongly influenced by the unification boom in the early nineties. Taking this exceptional period as a reference probably leads to an estimation of potential GDP that is not very sensitive to business cycle fluctuations in later years.

¹⁸ The revenues from capital taxes in Denmark were particularly small in the years 2000-2002, because in pension funds the non-realised capital gains are taxed. For this reason a capital loss due to a drop in the value of shares had a particularly strong influence on the capital income tax revenue in Denmark.

Graph II-5.5 ITR capital and output gap¹⁹



Source: Commission Services

In order to develop further the analysis of the main driving factors underlying the increase in the ITR on capital income, we decomposed stepwise the changes in the tax base and the tax revenues by types of income and sectors. All the calculations rely on aggregates defined as a percentage of GDP, while the changes are defined as absolute differences of these ratios between 1995 and 2003. The results of this operation will show how complex the mechanisms affecting the ITRs are.

Table II-5.3 allows us to analyse in more detail the development of the ITR on corporate income. Two trends are discernible: increasing revenues on corporate income as percentage of GDP, (except for Denmark, Netherlands and, above all, Estonia) and a reduction of the bases, with the exception of Estonia and, to a lesser extent, Denmark and United Kingdom. In Austria and Finland the growth in the base could not compensate for the growth in the corporate income taxation. More detailed tax revenue data shows that the growth in the numerator is more specifically the result of increases in revenue from corporate income tax. Germany witnessed a sharp reduction in corporate tax revenues in 2001, but in the years before these revenues increased remarkably. These two influences push into the same direction of higher ITRs, the only exceptions being Denmark, Estonia and United Kingdom.

¹⁹ For the years prior to 1995, the ITR on capital and capital income have been created using ESA95 historical data and assuming a constant share of PIT on capital and self-employed income.

Table II-5.3 Elements of the development of ITR on corporate income

	ITR		Numerator		Denominator	
	2003 %	Diff. 03 to 95 %-points	2003	Diff. 03 to 95 %-points of GDP	2003	Diff. 03 to 95
BE	18,5	4,2	2,9	0,5	15,8	-1,0
CZ	32,6	1,1	4,6	0,0	14,2	-0,4
DK	15,3	-6,3	3,0	-0,1	17,4	3,2
DE	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EE	8,3	-14,5	1,7	-0,7	20,5	9,9
EL	20,1	5,0	3,3	0,7	16,3	-9,3
ES	25,7	12,9	3,3	1,4	12,8	-4,4
FR	24,1	7,7	2,2	0,4	9,1	-1,7
IE	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
IT	18,3	4,3	3,7	0,8	20,0	-0,7
LV*	7,2	-3,7	1,5	-0,1	26,4	12,6
LT**	5,7	2,2	1,4	0,7	24,5	4,9
LU	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
NL	20,2	1,2	3,2	-0,1	15,8	-1,4
AT 1)	16,6	0,4	4,7	0,6	28,1	2,1
PT 1)	19,0	4,1	4,1	0,7	21,8	-5,3
FIN	19,2	2,5	3,5	1,2	18,0	4,1
SE	19,5	3,8	2,6	0,0	12,4	-4,6
UK	14,9	-3,2	2,7	0,0	18,2	3,3

* 1999 to 2002 ** 2000 to 2003

1) including self-employed

Table II-5.4 shows that the tax revenues on capital income of households and self-employed relative to GDP have followed a different evolution in the various countries; however, given a predominance of the decrease in the base, an average growth of the ITR at the EU-25 level is to be observed (+1.4).

The potential tax base for households decreased as a share to GDP in the majority of the countries, similarly to the potential tax base for corporations. This drop in the share of profits and capital income as a percentage of GDP is consistent with the slowdown in GDP growth mainly at the EU-15 level and with the observed decrease in interest rates over the last years.

Table II-5.4 Elements of the development of ITR on capital income of households

	ITR		Numerator		Denominator	
	2003 %	Diff. 03 to 95 %-points	2003	Diff. 03 to 95 %-points of GDP	2003	Diff. 03 to 95
BE	13,9	-0,8	2,8	-0,8	20,2	-4,0
CZ	12,4	1,6	1,6	0,2	16,2	-2,3
DK	9,0	0,2	0,5	-0,2	4,8	-3,4
DE 1)	n.a	n.a	n.a	n.a	n.a	n.a
EE	4,2	-0,3	0,4	-0,1	8,8	-1,0
EL	9,2	2,9	3,5	0,4	37,9	-10,4
ES	15,0	1,1	3,0	-0,2	18,6	-4,4
FR	12,8	0,2	1,5	-0,8	18,5	0,1
IE	n.a	n.a	n.a	n.a	n.a	n.a
IT	19,2	5,4	5,9	0,8	30,5	-6,2
LV*	0,6	-0,2	0,1	0,0	18,7	-13,2
LT**	2,0	-0,3	0,5	-0,2	25,8	-4,6
LU	n.a	n.a	n.a	n.a	n.a	n.a
NL	21,1	9,2	2,8	0,7	13,1	-4,5
AT 1)	10,8	-3,4	0,9	-0,2	8,3	0,4
PT 1)	14,5	6,8	0,9	0,0	5,9	-5,3
FIN	20,5	-4,0	2,2	-0,3	11,4	1,1
SE	14,8	7,4	1,5	0,7	9,1	-1,3
UK	19,5	4,2	3,2	0,5	15,5	-2,1

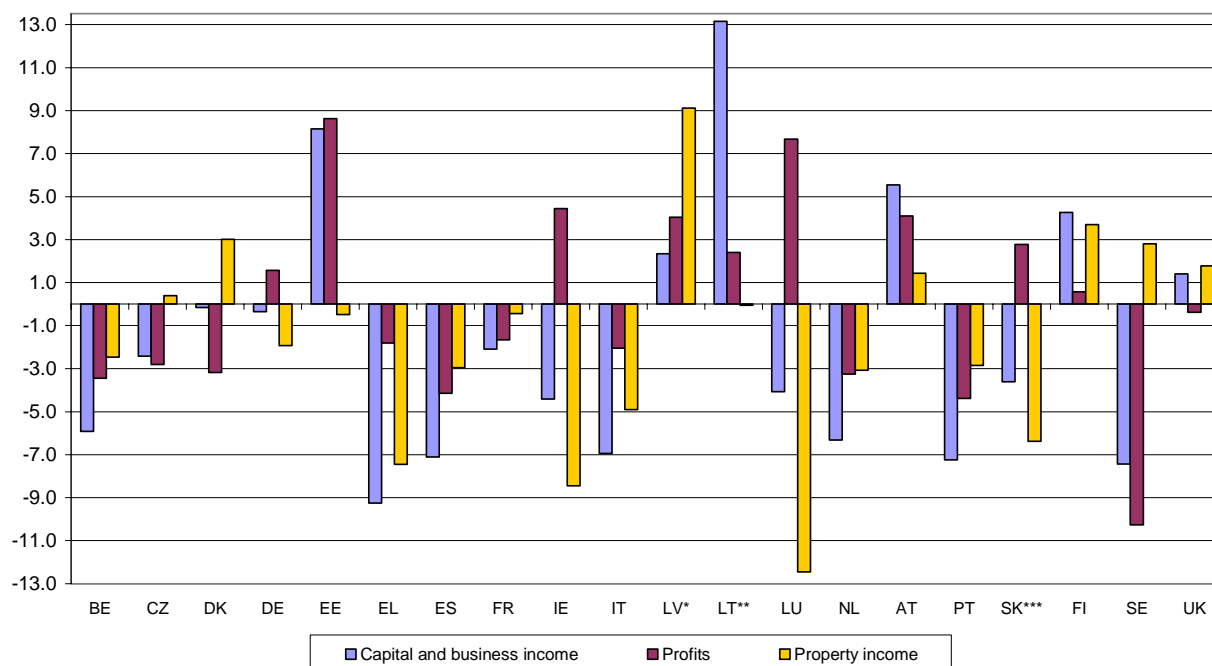
* 1999 to 2002 ** 2000 to 2003

1) excluding self-employed

Graph II-5.6 shows that the relative decrease in the tax base of the ITR on business and capital income corresponds mostly to a decrease in profits in proportion to GDP, as measured by the net operating surplus of the private sector, including self-employment income for most of the countries. A relative decrease in property income (interest, dividends and rents on land) appears to be the main driver in Germany, Greece, Ireland, Italy and Luxembourg. For the EU-15, more detailed data on interest payments gives a common explanation linked to the reduction in government interest payments in the

run-up to EMU, brought about by lower interest rates as well as by fiscal consolidation efforts in several countries²⁰.

Graph II-5.6 Composition of the denominator of ITR on capital and business income
Difference 2003 to 1995 - in % points of GDP



*) 1999-2002 ***) 2001-2003
Source: Commission Services

More detailed data on the composition of profits also point to a genuine reduction in profits from market activities. The households sector's operating surplus, which mainly consists of imputed rents (where it can be calculated), plays no role in the drop in the relative tax base²¹. This implies that, in most countries, corporate tax revenues and tax revenues on the capital income of households increased faster than profits in relative terms. This suggests that effects other than the impact of the business cycle might explain the increase in the ITRs on corporate and household income.

5.4.2. 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 to 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 reflected in national accounts, nor is it included in the tax base of the ITR. The

²⁰ Only in Luxembourg, where all net property income is included in the denominator, can the relative reduction in net property income be assigned to less property income received from the rest of the world.

²¹ Profits of households sector consists of self-employment mixed income and an operating surplus which accounts mainly for imputed rents of owner occupied houses. In most Member States these imputed rents are not taxed. Unfortunately they can only be separated for very few countries.

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.

Table II-5.5 Elements of the development on property income of corporations
Difference 2002 to 1995 - in % points of GDP

	Net	Property Income						Dividends (D42) paid ⁴⁾
		Total	paid		Total	received		
			Interest (D41)	Other		Dividends (D42)	Interest (D41)	
a=c-b	b=c+d	e	d	e=f+g	f	g	b	
BE	0,6	-8,2	-8,3	0,0	-7,6	1,0	-8,6	2,1
CZ	1,0	-7,4	-7,8	0,3	-6,4	0,0	-6,4	0,9
DK	2,9	-1,4	-1,5	0,1	1,5	3,4	-1,9	3,4
DE 1)	-0,6	1,0	0,7	0,2	0,4	0,8	-0,4	3,4
EE	0,3	0,2	0,1	0,1	0,5	0,0	0,5	4,0
EL	-0,6	-10,0	-10,0	0,0	-10,6	-2,1	-8,6	-2,4
ES	-2,8	-7,9	-8,0	0,0	-10,7	-1,7	-9,0	0,5
FR	-0,2	-5,7	-6,2	0,5	-5,9	0,4	-6,3	0,8
IE 1)	-	-	-	-	-	-	-	-
IT	0,9	-7,5	-7,6	0,1	-6,7	0,5	-7,1	0,7
LV	9,6	1,7	2,9	-1,1	11,3	10,4	0,9	11,7
LT	-0,2	-2,3	-0,7	-1,7	-2,5	-1,7	-0,8	-1,5
LU 1)	-	-	-	-	-	-	-	-
NL	0,5	-2,2	-0,4	-1,8	-1,7	1,1	-2,8	0,8
AT 2)	0,7	-2,4	-2,6	0,2	-1,7	3,9	-5,6	1,3
PT 2)	2,0	-5,9	-5,8	-0,2	-3,9	-0,1	-3,8	1,3
FIN	2,5	-5,6	-5,9	0,3	-3,1	1,8	-4,8	3,2
SE 3)	5,3	-11,0	-7,3	-3,6	-5,7	0,6	-6,3	1,0
UK	2,8	-5,3	-4,6	-0,6	-2,5	2,2	-4,6	-0,2

1) Split Corporations - Households not available. - 2) Denominator including D43net. - 3) including self-employed. - 4) To other sectors. Estimation assuming that RoW do not pay directly to households.
Source: Commission Services

Finally, 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 tax and hence capital tax revenues will rise 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 legislation²².

²² 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.

Some empirical evidence of this phenomenon can be derived from the detailed data for dividend and interest payments of corporations and households from national accounts (Table II-5.5). These data indicate significant shifts in corporate property income, in particular shifts from interest to dividend payments, irrespective of the decline in interest rates. This resulted, in relative terms, in lower interest tax deductions that pushed the capital ITR upward, an effect reflected also in households' property income, which show a similar shift of revenues from interest to dividends.

5.5. Will the recent decrease of the tax burden on capital continue?

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

When longer ESA95 sector accounts series and additional information on the split of this indicator between households and corporations become available it will be possible to test the relevance of the factors identified above in more detail. With the slowdown in stock market performance and in economic growth, a decline in the ITR on corporate income and - to a lesser extent - the ITR on capital income of households is already visible for some countries in 2001-2002. These cyclical factors are accompanied by the recent tax policy measures aimed at reducing the tax burden on corporations that show up in revenue data with a lag. However, it is too early to judge which of the elements influencing the developments of the ITRs will prevail. Hopefully, answers to these questions can be expected from an analysis of tax revenue and tax base data during the next upswing.

Part III Developments in the Member States

Part III presents country chapters describing, for each Member State, the 1995-2003 trends in the overall tax burden and the structure of taxation, as well as tax policy changes in the period.

It includes a standard country table, which compiles the various indicators described in parts I and II of the publication. Part A of the table presents the classification of taxes by type of tax (indirect, direct and social contributions) in % of GDP. Part B presents the total of taxes in % of GDP broken down by levels of government. Part C presents the economic classification of taxes in % of GDP (consumption, labour and capital). For each of these three parts of the country table, the internal subdivisions add up to the total tax-to-GDP ratio as reported in the line 'Total'. This is followed by the sub-category of environmental taxes. Part D presents the implicit tax rate on consumption, employed labour and capital (total and capital income).

Annex A contains the full summary tables of statistics. The list of detailed taxes used for each country and the split of taxes between taxes on consumption, labour and capital is reproduced in Annex B. The full methodology with explanatory notes on data sources and metric definitions, as well as a description of the methods used in the Member States to allocate the revenue of the personal income tax across the different sources of income, are found in Annex C.

1. AUSTRIA

Taxes & Social contributions in AUSTRIA ¹⁾

	1995	1996	1997	1998	1999	2000	2001	2002	2003
	ESA95								
A. Structure of revenues as % of GDP									
Indirect taxes	14,8	15,1	15,6	15,5	15,5	15,1	15,1	15,2	15,1
VAT	7,6	8,0	8,2	8,2	8,3	8,0	8,0	8,1	7,9
Excise duties and consumption taxes	2,7	2,7	2,9	2,9	2,8	2,7	2,7	2,8	2,8
Other taxes on products (incl. import duties)	1,3	1,2	1,3	1,3	1,2	1,2	1,2	1,1	1,2
Other taxes on production	3,2	3,1	3,2	3,2	3,1	3,1	3,2	3,2	3,2
Direct taxes	11,7	12,7	13,3	13,5	13,2	13,1	14,9	13,9	13,4
Personal income	9,3	9,8	10,4	10,5	10,5	10,0	10,7	10,5	10,4
Corporate income	1,6	2,1	2,2	2,3	2,0	2,2	3,3	2,4	2,3
Other	0,8	0,7	0,7	0,8	0,8	0,9	1,0	1,0	0,8
Social Contributions	14,8	14,8	15,0	14,9	14,9	14,5	14,6	14,5	14,5
Employers´	7,3	7,3	7,3	7,2	7,2	7,0	6,9	6,8	6,8
Employees´	6,3	6,2	6,2	6,1	6,1	6,0	6,0	6,0	6,0
Self- and non-employed	1,3	1,3	1,4	1,6	1,6	1,6	1,7	1,7	1,7
B. Structure according to level of government as % of GDP									
Central Government	20,1	21,1	22,2	22,5	22,4	22,0	23,8	23,4	23,1
State Government	3,2	3,4	3,4	3,4	3,3	3,3	3,3	3,2	3,0
Local Government	5,0	5,2	5,2	5,2	5,1	5,0	5,1	4,8	4,7
Social Sec. Funds	12,1	12,0	12,2	12,1	12,1	11,8	11,8	11,7	11,8
EC Institutions	0,9	0,9	0,9	0,8	0,8	0,7	0,7	0,5	0,4
C. Structure according to economic function as % of GDP									
Consumption	11,3	12,0	12,5	12,4	12,5	12,2	12,1	12,4	12,2
Labour	23,5	23,4	24,2	24,0	24,1	23,4	23,7	23,7	23,9
Employed	21,6	21,4	21,9	21,7	21,7	21,2	21,3	21,2	21,3
Paid by employers	10,0	9,8	9,9	9,7	9,7	9,4	9,4	9,3	9,3
Paid by employees	11,6	11,5	12,1	12,0	12,1	11,7	11,9	11,9	12,0
Non-employed	1,9	2,1	2,2	2,3	2,4	2,3	2,4	2,5	2,5
Capital	6,5	7,1	7,3	7,5	7,0	7,1	8,8	7,5	6,9
Capital and business income	5,1	5,8	6,0	6,2	5,7	5,8	7,5	6,2	5,6
Income of corporations	1,6	2,1	2,1	2,2	1,9	2,1	3,2	2,3	2,2
Income of households	1,1	1,2	1,2	1,1	1,0	1,0	1,1	1,0	0,9
Income of self-employed (incl. sc)	2,4	2,5	2,7	2,8	2,8	2,7	3,2	2,8	2,5
Stocks (wealth) of capital	1,4	1,3	1,3	1,3	1,3	1,3	1,3	1,3	1,3
Total	41,3	42,6	43,9	43,9	43,6	42,7	44,7	43,6	43,0
Of which environmental taxes	2,1	2,1	2,3	2,3	2,3	2,4	2,6	2,6	2,7
Energy	1,4	1,4	1,7	1,6	1,5	1,6	1,7	1,7	1,8
Transport	0,7	0,7	0,7	0,7	0,7	0,8	0,8	0,9	0,9
Pollution/Ressources	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
D. Implicit tax rates									
Consumption	20,5	21,5	22,1	21,9	22,3	21,7	21,4	21,9	21,7
Labour employed	38,5	39,1	40,2	39,9	40,1	39,7	40,1	40,3	40,5
Capital	26,0	26,5	25,5	25,6	25,2	24,3	30,6	25,7	22,6
Capital and business income	20,5	21,6	21,0	21,1	20,6	19,9	26,0	21,3	18,3
Companies	16,2	17,4	16,8	17,2	16,7	16,2	22,0	17,8	16,6
Households	14,1	12,8	11,5	10,6	10,0	9,6	10,1	10,5	10,8

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

Source: Commission Services

Overall trends in taxation

In Austria, the overall tax burden (including social contributions) is five percentage points of GDP above the EU average (43%, EU-25 38.2%), with Belgium, Denmark, Finland and Sweden exhibiting higher rates.

Austria derives 35.1% of tax revenues from indirect taxes (EU-25 37.8%), of which VAT accounts for more than half. As a percentage of GDP, indirect taxes absorb more than the EU average (15.1%, EU-25 14.3%). Austria raises a substantial amount from other taxes on production (7.4% of total taxation, EU-25 4.0%), namely an employer's contribution to the fund for equalisation of family burdens and a payroll tax. By contrast, excise duties bring in relatively little revenue, reflecting the moderate rates imposed (particularly for alcohol). Direct taxes account for a proportion of revenue (31.1%) in line with the EU average although they rely relatively more heavily on PIT (24.1%, EU-25 21.5%) than on CIT (5.2%, EU-25 7.9%). Social contributions account for a third of receipts (33.8%, EU-25 30.5%), absorb 14.5% of GDP (EU-25 11.6%) and have a similar incidence to those in Germany, falling relatively more heavily on employees and the self-employed. Almost 5.5% of total tax revenue (2.5% of the GDP) comes from tax on government transfers, i.e. mainly occupational pensions.

Among the federal countries in the EU, Austrian states receive the lowest proportion of total revenues (7.0% as against 20.5% in Spain, 21.6% in Germany and 23.0% in Belgium).

Efforts to improve the state of government finances in the run-up to EMU lead to an increase in the overall tax-to-GDP ratio between 1995 and 1997 (from 41.3% to 43.9%), achieved mainly through the broadening of the base for corporate and personal income. Tax levels remained stable at this level until the relief in wage taxation of 2000 led to a dip to 42.7% while a rise to 44.7% in 2001 resulted from base-broadening measures and significantly increased tax pre-payments, stimulated by the introduction of interest charges on tax arrears. Additional reforms enacted since have resulted in a further decline of the tax-GDP ratio (to 43% in 2003).

Taxation of consumption, labour and capital

The tax structure by economic factor in Austria (consumption 28%, labour 56%, capital 16%) is comparable with the EU-25 average (33%, 48%, 19%).

Taxes on consumption as a percentage of GDP (12.2%) fall slightly below the EU average (12.3%), despite the fact that the reverse is true for indirect taxes as a whole. This is a function of the large indirect taxes which fall on economic actors other than consumers. Reflecting this, the implicit tax rate on consumption (21.7%) lies somewhat below the average (22.0%).

Taxes on employed labour represented 23.9% of GDP in 2003, constituting almost one half of the total tax burden. As in most EU countries, taxes on employed labour consist mainly of social contributions (14.5% of Austrian GDP and 33.8% of tax revenues). 34% of the taxes on employed labour are accounted for by the personal income tax on labour income, levied in the form of a withholding tax on wages and salaries. As mentioned, indirect labour taxes - such as the contribution by employers to the fund for equalization of family burdens and the payroll tax - also contribute substantially to the overall burden. The balance of the total tax on labour is made up by the taxes on pensions. The Austrian implicit tax rate on labour (40.5%) lies 4.6% above the European average (35.9%), making it, together with the six founder members and the Scandinavian countries, one of the countries imposing the highest tax burdens on labour. The rate has been broadly stable since 1997.

The share of taxes on capital in GDP (6.9%) is below the EU-25 average and well below the EU-15 average as it has been in every year since 1995. This is in part due to the fact that the tax on capital stocks and their transaction is half that in the old member states (1.3% of GDP, EU-15 2.6%). Base-broadening measures and increased prepayments, in reaction the introduction of interest payments on tax arrears, led to a dramatic rise of revenues in 2001 before falling back down in the following years, as is reflected in the implicit tax rate on corporate income (2000 16.2%, 2001 22%, 2003 16.6%). Taxes raised on corporate income in relation to GDP are low (2.2%, EU-25 3.1%) because of the large number of unincorporated companies in Austria.

Features of the tax system and recent developments in tax policy

The Austrian tax system has undergone a series of reforms and changes since 1988 (1988, 1993, 2000, 2001, 2002, 2004). Starting with consumption taxes that were relatively heavy and income taxes which, having a narrow base and despite high marginal rates, raised relatively little revenue the country has striven towards a more balanced system.

Personal income tax

Austria has a progressive personal income tax scheme (four brackets, reduced from five in 2004) with the top marginal rate at 50%. Between 1988 and 2000 rates of income tax were slashed and the base was broadened. In Austria, as in Germany, a substantial proportion of enterprises are unincorporated such that the reform of PIT affects both individuals and enterprises to a greater extent than elsewhere. The basic tax-free allowance is € 15,770 for employees and € 10,000 for the self-employed. For partnerships and other unincorporated enterprises of the first € 100,000 of retained profits only half of the average tax rate is applied. The taxation of pension savings has been modernized (2003) such that there is a tax benefit of currently around 9% for contributions up to around € 1,800 as long as a minimum of 60% of the capital is invested in (Austrian) shares. A withdrawal is only possible after ten years, and then half of the subsidies must be repaid and the withdrawn capital is taxed at 6%. If the capital is transformed into a pension after retirement, this pension is tax-free.

Corporate taxation

In 2005 the corporate tax rate was lowered from 34% to 25%, financed by broadening the tax base and abolishing the 10% subsidy for the increment in investment in machinery and equipment, which had existed since 2002. A further consequence is that the deductibility of notional interest payments (introduced 2001) is rendered redundant as, while profits after deduction had been subject to the standard rate, the notional interest was subject to 25%. Since 2001 tax arrears have been subject to an interest charge. This led to a jump in corporate tax receipts in that year. As part of the base broadening measures undertaken depreciation rates for buildings and motor vehicles have been cut, and now stand at 2% and 12.5% respectively. Losses up to 75% of profits can be deducted each year but there is an indefinite loss carry-forward period (until 2001 this stood at 7 years). Similar rules apply to the personal income tax.

A number of measures promoting the knowledge economy have been introduced. Since 2004 the R&D allowance stands at 25% (2002 10%, 2003 15%) and the optional credit at 8% (2002 3%, 2003 5%). A training allowance for 2002 of 20% is available (2001 9%) in addition to an optional credit of 6%.

As of 2005 foreign losses are considered deductible in computing the domestic income tax base, making Austria one of the only countries in Europe in which this is permitted. This is a result of the replacement of the old restrictive group regulations of the 'Organschaft' with a system which regards legally

independent corporations belonging to a group of companies (foreign or domestic) as a single unit for tax purposes. If a group breaks up within 3 years the effects of group treatment will be reversed.

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

It should be noted that, since 1994, Austria has no trade tax, no net worth tax, no property tax, no prescribed debt equity ratios and no withholding tax is levied on interest payments to foreign shareholders.

VAT and Excise

The standard VAT rate is 20%. A reduced rate of 10% applies to basic foodstuffs, books and newspapers, passenger transport and renting of residential immovable property.

Energy taxes on electricity and gas were introduced in 1996 and, as with the mineral oil tax, they have continually been raised in order to finance the reforms of CIT and PIT. In 2004 a new duty on coal was introduced. Since 2004 a new system of electronic road pricing for trucks has been in force. At the same time the motor vehicle tax for trucks was lowered and the road duty for trucks was abolished.

Social security, wealth and transaction taxes

All employees are compulsorily insured under the social security system and both they and their employers must pay contributions as a percentage of their earnings up to EUR 41,400. The employer's contribution to the employee pension and severance payments fund is currently 1.83%.

Inheritance and gift tax is levied at progressive rates determined by the relationship between the deceased/donor and the heir/donee and the value of the property. The real estate tax is levied at a basic federal rate (0.2%), multiplied by a municipal coefficient (up to 500%). Dividends, interest and investment fund income are subject to a final withholding tax of 25% (a uniform rate was introduced in 1994) while royalties are taxed at the normal progressive rates.

2. BELGIUM

Taxes & Social contributions in BELGIUM ¹⁾

	1995	1996	1997	1998	1999	2000	2001	2002	2003
	ESA95								
A. Structure of revenues as % of GDP									
Indirect taxes	13,3	13,7	13,9	13,9	14,1	14,0	13,6	13,8	13,8
VAT	6,8	6,9	6,9	6,9	7,2	7,3	7,0	7,1	7,0
Excise duties and consumption taxes	2,5	2,6	2,6	2,6	2,6	2,5	2,4	2,4	2,4
Other taxes on products (incl. import duties)	2,1	2,2	2,3	2,3	2,3	2,4	2,3	2,3	2,4
Other taxes on production	1,9	2,0	2,0	2,0	2,0	1,9	1,9	1,9	2,0
Direct taxes	17,1	17,1	17,5	18,1	17,6	17,8	18,1	18,1	17,5
Personal income	13,8	13,4	13,6	13,6	13,2	13,4	13,8	13,7	13,3
Corporate income	2,4	2,7	2,9	3,4	3,3	3,3	3,2	3,1	2,9
Other	0,9	1,0	1,0	1,0	1,1	1,1	1,1	1,3	1,3
Social Contributions	14,7	14,6	14,4	14,5	14,4	14,1	14,4	14,6	14,4
Employers´	8,9	8,8	8,8	8,9	8,8	8,5	8,7	8,8	8,7
Employees´	4,6	4,5	4,4	4,4	4,4	4,4	4,5	4,6	4,5
Self- and non-employed	1,3	1,3	1,3	1,3	1,2	1,2	1,2	1,2	1,2
B. Structure according to level of government as % of GDP ²⁾									
Central Government	14,6	15,1	16,1	16,7	16,1	16,8	16,0	15,4	14,0
State Government	10,2	10,4	10,6	10,8	10,9	10,5	11,2	10,6	10,9
Local Government	2,1	2,2	2,3	2,2	2,2	1,9	2,1	2,2	2,3
Social Sec. Funds	14,9	15,2	16,0	16,1	15,9	15,7	15,9	16,2	15,5
EC Institutions	1,0	1,0	1,0	1,0	0,9	1,0	1,0	0,8	0,9
C. Structure according to economic function as % of GDP									
Consumption	11,0	11,4	11,4	11,3	11,6	11,5	11,2	11,3	11,2
Labour	25,0	24,8	24,9	25,1	24,6	24,7	25,3	25,5	25,1
Employed	23,0	22,6	22,7	22,9	22,6	22,6	23,2	23,3	22,9
Paid by employers	8,9	8,8	8,8	8,9	8,8	8,5	8,7	8,8	8,7
Paid by employees	14,1	13,8	14,0	14,0	13,8	14,1	14,5	14,5	14,2
Non-employed	2,1	2,1	2,2	2,2	2,1	2,1	2,1	2,2	2,1
Capital	9,0	9,2	9,5	10,1	9,8	9,8	9,7	9,6	9,5
Capital and business income	6,0	6,0	6,0	6,6	6,3	6,3	6,2	6,0	5,7
Income of corporations	2,4	2,7	2,9	3,4	3,3	3,3	3,2	3,1	2,9
Income of households	1,0	0,7	0,7	0,6	0,5	0,5	0,5	0,5	0,4
Income of self-employed (incl. sc)	2,6	2,6	2,4	2,5	2,5	2,5	2,5	2,4	2,4
Stocks (wealth) of capital	3,1	3,3	3,5	3,6	3,6	3,5	3,5	3,6	3,7
Total	45,1	45,4	45,8	46,5	46,0	46,0	46,2	46,4	45,7
Of which environmental taxes	2,4	2,6	2,6	2,5	2,6	2,4	2,4	2,3	2,3
Energy	1,6	1,7	1,7	1,6	1,6	1,5	1,5	1,5	1,5
Transport	0,6	0,7	0,7	0,7	0,7	0,7	0,7	0,7	0,7
Pollution/Ressources	0,2	0,2	0,2	0,2	0,2	0,2	0,2	0,2	0,2
D. Implicit tax rates									
Consumption	21,2	21,7	22,0	21,7	22,5	22,2	21,4	21,9	21,5
Labour employed	44,1	43,7	44,3	44,7	43,8	44,2	43,9	43,7	43,2
Capital	23,8	24,6	25,9	27,6	28,2	28,0	29,0	29,0	29,5
Capital and business income	15,7	15,9	16,5	17,9	17,9	17,9	18,5	18,1	17,9
Corporations	14,3	16,2	17,5	19,8	19,6	19,1	20,5	19,5	18,5
Households and self-employed	14,7	14,0	13,9	14,0	13,9	13,9	13,7	13,8	13,9

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

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

Source: Commission Services

Overall trends in taxation

Belgium traditionally belongs to the group of EU countries with the highest tax levels, alongside the Nordic countries. After a rise in the beginning of the 1990s, the tax-to-GDP ratio stabilised around 46% of GDP over the 1995-2003 period, setting Belgium largely above the EU-25 and EU-15 average. Although Belgium has generally tended to give priority to debt reduction over introducing tax cuts, in 2003, the tax-to-GDP ratio dropped as a result of structural changes in the tax system.

Over the 1995-1999 period there was no major tax reform; as a result, the structure of the tax system remained relatively stable. It is characterised by a relatively high weight of direct taxes, reflecting a heavy reliance on corporate and households income tax, and a lower weight of indirect taxes. However, since 2001, the general government budget has been in balance or in surplus. This has given Belgium some room for manoeuvre, so that in 1999 a far-reaching tax reform of direct taxation, stretching over the period 2000-2006, was initiated. The reform was preceded and complemented by targeted reductions in employers' social contributions.

Since 2002, the revenues of the social security fund have overtaken central government taxes to account for the large share of total revenues. Belgium is a federal state, and about a quarter of tax revenues benefit the regions and communities. Local governments account for a modest share of the tax burden.

Taxation of consumption, labour and capital

Belgium imposes relatively heavy taxes on labour with an implicit tax rate of 43.2%. The tax policy in the second half of the 1990s has hardly influenced these features. Throughout the whole period targeted rebates in employer's social contributions were used as the main instrument to reduce labour costs and compensate for the increase in the taxation of personal income. The reform initiated in 1999 has introduced a fiscal stop and paved the way for easing the tax burden on labour, so that recently the implicit tax rate on labour has been declining.

The ITRs on labour and consumption have broadly mapped developments for the EU-15 with levels staying broadly stable over the whole period. As in the EU-25 as a whole the ITR on consumption increased by one percent between 1995 and 2000 as a result of increases in excise duties on fuel and tobacco.

Taxation of capital registered an increase of half a percentage point over the period but the implicit tax rate on capital exhibited much greater increases (5.7%), reflecting changes in the tax base. In spite of wage moderation introduced in 1994, the profit share continued to decline in the second half of the 1990s. The ITR on capital and business income increased from 15.7% in 1995 to around 17.9% in the year 2003, with the ITR on capital, reflecting the substantial increases in the taxation of capital stocks, increasing from 23.8% to 29.5%. The reduction of the statutory corporate tax rate in 2002 becomes slightly visible in the ITR 2003.

Features of the tax system and main recent tax policy measures

The period 1995-1999 is shaped by a package of measures introduced in 1993 to bring the fiscal deficit below the 3% of GDP threshold. Committing themselves to a tax moratorium in 1999, the government has pursued a multi-annual tax reform, which balances tax cuts against efforts to reduce the debt burden.

Personal income tax

Taxation of personal income increased during the 1995-99 period, due to the introduction of crisis and solidarity levies and the suspension of the automatic indexation of personal income tax provisions. Over the same period, structural employer's social contributions rebates were introduced to encourage employers to take on more unemployed, young and low-paid workers (MARIBEL). Originally the scope for these rebates was limited to specific cases, but gradually additional schemes were launched.

The relatively low capital taxation remained unaffected by the reforms, except for a broadening of the definition of the concept of interest in 1996. Taxation of private capital gains is almost non-existent, short-term savings are taxed at a modest flat rate and pension savings enjoy an EET tax regime resulting in negative effective tax rates, as in some other EU countries. In 1995 the final withholding tax on dividends was lowered from 25% to 15% for new share issues.

As public finances improved, the tax policy stance was relaxed somewhat in the years after 1999. The full and automatic indexation of personal income tax provisions was re-established. Subsequently, a stepwise removal, by way of an annual one point reduction, of the 3% crisis surcharge was enacted, starting with the lowest incomes in 2000, followed by the intermediary incomes in 2001 and the high incomes in 2002. The crisis surcharge has been abolished from 2004.

A major reform program for personal income tax was introduced in 2000, putting an end to the continuous increase in the tax burden, especially on labour, over the last years. Implementation is staggered over four years. The program started to have some effect in 2000, with the major impact expected for 2003 and 2004, and will result in radical changes of the tax system by 2006. The personal income tax reform involved a substantial cut in taxation, amounting to some 12% of the revenue from the PIT (approximately 1.3% of GDP or € 3.33 billion).

A tax amnesty introduced at the beginning of 2004, offered taxpayers the possibility of satisfying their tax liabilities, with respect to funds deposited with a foreign credit institution, by consenting to taxation at a rate of 9% on the value of the funds (or 6% if the funds are reinvested in Belgium), as long as taxpayers filed their application by 31 December 2004. The proceeds of the tax were 496 million euros and led to the repatriation of 5.7 billion euros in capital.

Corporate income tax

Between 1995 and 1999 a number of measures were taken in the field of business taxation in order to encourage enterprise, e.g. the time limit on recovery of business losses was abolished. The revenue-reducing effect of these measures was counterbalanced by a broadening of the tax base, notably by closing loopholes in legislation and tightening of the tax rules.

A budgetary neutral reform in company taxation was introduced in December 2002. The statutory rate was reduced from 40.17% to 33.99% (crisis surcharge included), the reduced rate for SMEs (maximum taxable profits of € 322,300) was lowered from 28.84% to 24.72% (crisis surcharge included) and a tax-free reserve for new investments financed by retained earnings was introduced. A broadening of the tax base compensated for the cuts in tax rates and the budgetary cost of the tax-free reserve: less favourable depreciation rules, changes in the exemption system strengthening the upstream taxation requirement, non-deductibility of regional taxes.

In the aftermath of the debate on harmful tax practices in the framework of the Code of Conduct, the Belgian government agreed on the principle of a scheme for deducting 'notional' interests on company capital from taxable income in the corporate income tax as a feasible alternative for retaining the activities of Belgian coordination centres in Belgium, whose authorizations terminate in 2010 at the latest. The measure will allow all companies operating in Belgium (through either a company or a permanent establishment) to deduct part of the costs of their equity from their taxable base for corporate income tax purposes. The amount of the deduction would be based on the long-term interest rate of Belgian state bonds with a term of 10 years, currently about 3-3½%. The rate would be applied to the equity of the company, i.e. share capital and reserves. The deduction would apply to all companies and without limitation. The measure would also apply to existing equity and aims at eliminating the current discrimination between the tax treatment of debt financing, for which interest paid is deductible, and financing with equity, and would therefore stimulate the self-financing capability of companies. The bill will enter into force on 1 January 2006.

VAT and Excise

As regards indirect taxation, the VAT rate was regularly increased during the last two decades up to 21% in 1996, although VAT on certain services was reduced to 6%. During the last decade, the rate of the excise duties increased in Belgium, primarily on tobaccos and fuels. Finally, environmental tax revenues in relation to GDP appear to be among the lowest in the Union.

Social security, wealth and transaction taxes

In 2000, the budgetary allocation for employer's social contributions rebates was doubled from 1.5 billion euro to 3.5 billion euro per annum and the system was extended to include the social profit sector and older unemployed.

Belgium is a Federal State, divided into 3 regions and 3 communities, each having their own legislative powers that are on an equal footing with laws at the federal level. In 2001 a constitutional reform granted further fiscal autonomy to the regions. This resulted in several non-symmetrical changes in registration duties and inheritance and estate taxes.

3. CYPRUS

Taxes & Social contributions in Cyprus ¹⁾

	1995	1996	1997	1998	1999	2000	2001	2002	2003
	ESA95								
A. Structure of revenues as % of GDP									
Indirect taxes	11,5	11,2	10,3	11,2	10,8	12,7	13,2	13,4	16,5
VAT	4,6	4,6	4,6	5,0	4,9	5,9	6,3	7,2	8,9
Excise duties and consumption taxes	2,7	2,6	2,2	2,2	2,3	2,6	3,2	2,8	3,8
Other taxes on products (incl. import duties)	2,9	2,8	2,3	2,0	1,9	3,1	2,7	2,4	2,0
Other taxes on production	1,2	1,2	1,2	2,0	1,7	1,1	1,0	1,1	1,8
Direct taxes	8,9	8,6	8,8	9,9	10,9	11,2	11,4	11,3	9,7
Personal income	4,0	3,2	3,3	3,8	3,8	3,7	3,9	4,3	4,5
Corporate income	4,0	4,5	4,4	5,0	6,0	6,3	6,3	6,0	4,4
Other	0,9	1,0	1,0	1,2	1,0	1,3	1,1	0,9	0,9
Social Contributions	6,6	7,0	7,0	7,0	6,7	6,7	6,9	6,8	7,1
Employers´	-	-	-	-	-	-	-	-	-
Employees´	-	-	-	-	-	-	-	-	-
Self- and non-employed	0,4	0,5	0,5	0,5	0,4	0,4	0,4	0,4	0,4
B. Structure according to level of government as % of GDP									
Central Government	19,9	19,6	18,6	20,7	21,3	23,4	24,1	24,3	25,8
State Government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	0,4	0,2	0,5	0,5	0,5	0,4	0,5	0,4	0,4
Social Sec. Funds	6,6	7,0	7,0	7,0	6,7	6,7	6,9	6,8	7,1
EC Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C. Structure according to economic function as % of GDP									
Consumption	10,1	9,8	8,9	9,0	8,8	10,4	11,6	12,0	14,3
Labour	10,0	9,7	9,9	10,2	9,8	9,6	10,1	10,0	10,7
Employed	9,7	9,5	9,7	9,9	9,6	9,3	9,8	9,9	10,6
Paid by employers	-	-	-	-	-	-	-	-	-
Paid by employees	-	-	-	-	-	-	-	-	-
Non-employed	0,3	0,2	0,2	0,2	0,2	0,2	0,2	0,1	0,1
Capital	6,9	7,3	7,2	9,0	9,8	10,6	9,9	9,5	8,3
Capital and business income	5,1	5,5	5,4	7,0	7,9	7,6	7,6	7,4	6,0
Income of corporations	4,3	4,7	4,7	5,9	6,8	6,3	6,3	6,0	4,4
Income of households	0,3	0,2	0,2	0,5	0,6	0,9	0,7	0,8	1,1
Income of self-employed (incl. sc)	0,6	0,6	0,6	0,6	0,5	0,5	0,5	0,6	0,6
Stocks (wealth) of capital	1,8	1,8	1,8	2,1	1,9	3,0	2,3	2,0	2,3
Total	26,9	26,8	26,0	28,2	28,5	30,5	31,5	31,5	33,3
Of which environmental taxes	2,9	2,8	2,5	2,6	2,5	2,7	3,0	3,0	3,8
Energy	0,5	0,5	0,5	0,5	0,6	0,7	1,0	1,0	1,9
Transport	2,3	2,3	2,0	2,0	1,9	2,0	2,0	2,0	1,8
Pollution/Ressources	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
D. Implicit tax rates									
Consumption	12,2	11,9	10,8	11,0	10,8	12,3	13,9	15,0	18,5
Labour employed	22,4	21,5	21,6	22,6	21,9	21,7	23,1	22,4	24,4
Capital	-	-	-	-	-	-	-	-	-
Capital and business income	-	-	-	-	-	-	-	-	-
Corporations	-	-	-	-	-	-	-	-	-
Households and self-employed	-	-	-	-	-	-	-	-	-

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

n.a.: not applicable

Source: Commission Services

Overall trends in taxation

The total tax burden in Cyprus is relatively low with a tax-to-GDP ratio of 33.3% in 2003, about 5 percentage points lower than the EU-25 average, but broadly in line with the average of the new Member States.

The tax structure is characterised by a high share of indirect taxes (49.6% of total taxes i.e. the highest in the Union) and a low share of social contributions. In 2003 also the share of VAT over total taxation was the highest in the Union. Revenues from direct taxes on GDP are almost 3 percentage points lower than the EU-25 arithmetic average; that is due to a very low share of personal income tax (4.5% of GDP, the third lowest of the EU) whilst revenues of corporate income tax are above the EU average. In Cyprus there are no State governments and the share of taxes collected by local government is negligible (0.4% of GDP in 2003).

The tax-to-GDP ratio has increased substantially in the period considered, particularly in 1998 by 2.2 percentage points and in 2003 by 1.8 percentage points. The shift in 2003 can be explained mainly by increased revenues from VAT due to an increase in the VAT standard rate from 10% to 15% and in excise revenues. Those changes had become necessary to meet the requirements from EU directives. In 2003 also social contributions revenues increased, whilst corporate income revenues declined quite markedly, due to the reduction of the statutory rate.

Taxation of consumption, labour and capital

Implicit tax rates for Cyprus are presented here for the first time. The set of indicators on this section is not complete since the breakdown of social contributions among employees, employers and self employed is not yet available.

In 1995 the implicit tax rate on consumption for Cyprus (12.2%) was the lowest of the EU-25 Member States. Consumption taxes have been rising consistently since 2001, leading Cyprus to have an implicit tax rate on consumption of 18.5%, still 3.5 percentage points lower than the EU-25 average. That development can be explained by the changes in the VAT and excise duties legislation.

Cyprus exhibits the second lowest ITR on labour in the Union after Malta (24.4%, EU-25 35.9%). Despite a modest degree of fluctuation about the average there had been no net change in the level between 1995 and 2002, when the ITR stood at 22.4%, until last year's tax reform.

Taxation of capital stocks is above both the EU-25 and the NMS-10 averages (2.3% of GDP, EU-25 2.2%, NMS 1.5%). The capital income taxation of corporations, while having fallen substantially in the last year due to the tax reform (6% of GDP to 4.4%) is still among the highest in the Union (following Luxembourg, Malta and the Czech Republic) due to the heavy weight of Defence Contributions.

The share of environmental taxes on GDP in Cyprus (3.8%) is one of the highest in the union, second only to Denmark's. That is due to the large share of transport taxes (1.8%) which is almost three times the EU-25 average.

Features of the tax system and main recent tax policy measures

Cyprus had a major tax reform in 2002, which entered into force from January 2003.

Personal income tax

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

Capital gains, in general, are 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. Offshore companies are exempt from capital gains tax, except on property situated in Cyprus.

Corporate income tax

As for corporate tax, Cyprus has lowered its rate from 20 - 25% (stable since 1991) to 10% from 01.01.2003. For the years 2003 and 2004 there is an additional corporate tax of 5% for chargeable income exceeding 1 million CYP. Cyprus is now the Member State with the lowest statutory tax rate (besides Estonia, which has no tax on retained profits). Alongside the reduction of the tax rate, several tax incentives have been abolished. Special regimes apply, however, to the shipping sector. A company can carry forward trading losses indefinitely (up to 2002 a five-year limit applied), but carrying back is not allowed. Inventories may be valued at the lower of cost or net realisable value.

VAT and Excise

The principles of the VAT are in line with EU-law. The current VAT rate is 15% (the standard rate was 10% until the second half of 2002, and was increased to 13% on 1.7.2002 and to 15% in January 2003). Reduced rates range from 0% to 5%. Cyprus has requested transitional measures, namely for the VAT turnover threshold for SMEs, a zero VAT rate on foodstuffs and pharmaceuticals, reduced VAT rate on restaurants and a VAT exemption for building land. The excise duties on unleaded petrol and on diesel fuel will be gradually aligned with the EU minima.

Other taxes

All residents are subject to the defence contribution which is a final levy and not deductible for income tax purposes. It is applied with different rates on dividends, interest and rental payments. Dividends are subject to the defence contribution at a rate of 15%, with the contribution on domestic dividends withheld at source. Interest payments not accruing from ordinary business activities are subject to the defence contribution at a rate of 10%. Individuals with an annual income not exceeding CYP 7,000 may apply for a 7% refund. A 3% rate applies to interest on savings certificates issued by the government. Rental payments are subject to the defence contribution at a rate of 3%. Dividends and interest are not subject to personal income tax. Defence contributions have gone through many permutations and the current system exists only since 1 Jan 2003. This reform changed the tax from a levy on earned income (salaries and profits) to the current levies on unearned income. Prior to 2000 the defence contribution had also been levied on the profits of oil companies.

4. CZECH REPUBLIC

Taxes & Social contributions in CZECH REPUBLIC ¹⁾

	1995	1996	1997	1998	1999	2000	2001	2002	2003
	ESA95								
A. Structure of revenues as % of GDP									
Indirect taxes	12,3	12,3	11,7	11,2	11,8	11,5	11,1	11,1	11,4
VAT	6,3	6,5	6,4	6,2	6,7	6,6	6,4	6,4	6,5
Excise duties and consumption taxes	3,7	3,5	3,4	3,3	3,5	3,3	3,3	3,3	3,4
Other taxes on products (incl. import duties)	1,5	1,5	1,2	1,1	0,9	1,0	0,8	0,8	0,9
Other taxes on production	0,9	0,8	0,7	0,6	0,6	0,6	0,6	0,6	0,6
Direct taxes	9,6	8,5	9,0	8,5	8,7	8,5	9,0	9,3	9,8
Personal income	4,8	4,8	4,9	4,8	4,6	4,6	4,6	4,8	4,9
Corporate income	4,6	3,4	3,9	3,4	3,9	3,5	4,2	4,4	4,6
Other	0,2	0,3	0,2	0,2	0,2	0,3	0,2	0,2	0,3
Social Contributions	14,3	14,4	14,8	14,3	14,3	14,4	14,4	15,0	15,0
Employers´	9,9	10,1	10,4	10,0	10,0	10,1	10,1	10,4	10,4
Employees´	3,7	3,6	3,7	3,6	3,6	3,6	3,6	3,7	3,7
Self- and non-employed	0,7	0,7	0,7	0,7	0,7	0,8	0,8	0,9	0,9
B. Structure according to level of government as % of GDP									
Central Government	27,8	26,9	27,0	25,8	26,4	26,2	26,7	26,7	27,3
State government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	4,4	4,1	4,3	4,1	4,3	4,1	3,9	4,4	4,6
Social Sec. Funds	4,1	4,2	4,2	4,1	4,1	4,2	4,1	4,3	4,4
EC Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C. Structure according to economic function as % of GDP									
Consumption	11,4	11,5	11,0	10,4	11,0	10,9	10,4	10,4	10,6
Labour	17,1	17,3	17,7	17,1	16,9	17,1	17,0	17,8	17,9
Employed	17,1	17,3	17,7	17,1	16,9	17,1	17,0	17,8	17,9
Paid by employers	9,9	10,1	10,4	10,0	10,0	10,1	10,1	10,4	10,4
Paid by employees	7,2	7,2	7,3	7,1	6,9	7,0	6,9	7,4	7,5
Non-employed	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Capital	7,6	6,4	6,8	6,4	6,7	6,5	7,1	7,3	7,6
Capital and business income	6,6	5,4	5,9	5,4	5,8	5,5	6,1	6,4	6,6
Income of corporations	4,6	3,4	3,9	3,4	3,9	3,5	4,2	4,4	4,6
Income of households	0,4	0,4	0,4	0,4	0,4	0,4	0,4	0,4	0,4
Income of self-employed (incl. sc)	1,6	1,5	1,6	1,5	1,5	1,6	1,6	1,6	1,6
Stocks (wealth) of capital	1,0	1,0	1,0	1,0	1,0	0,9	0,9	1,0	1,0
Total	36,2	35,1	35,5	33,9	34,7	34,4	34,5	35,4	36,2
Of which environmental taxes	2,9	2,7	2,6	2,5	2,7	2,6	2,7	2,6	2,7
Energy	2,3	2,2	2,2	2,1	2,2	2,2	2,3	2,2	2,3
Transport	0,4	0,4	0,3	0,3	0,4	0,3	0,3	0,3	0,3
Pollution/Ressources	0,2	0,2	0,1	0,1	0,1	0,1	0,0	0,0	0,0
D. Implicit tax rates									
Consumption	22,4	21,7	20,1	19,4	20,5	20,1	19,4	19,8	20,5
Labour employed	39,4	38,5	38,5	39,0	38,8	39,7	39,6	39,8	40,1
Capital	24,8	22,0	24,6	21,2	22,6	21,5	22,9	25,8	27,0
Capital and business income	21,5	18,5	21,1	17,9	19,4	18,4	19,9	22,4	23,4
Corporations	31,4	24,5	33,4	24,5	26,5	23,5	26,5	30,8	32,6
Households and self-employed	10,9	11,4	10,8	10,6	10,8	11,6	11,7	12,2	12,4

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

n.a.: not applicable

Source: Commission Services

Overall tax burden and features of the tax system

In 2003, Czech Republic total fiscal revenues were 36.2 per cent of GDP, i.e. 2% points below the EU-25 level. However, the country ranks third highest among the NMS-10, after Hungary (39.1%) and Slovenia (40.1%) in terms of the fiscal burden.

The main source of revenues is social contributions, which at 41.5% of the total taxes are 10% points above the EU-25 average. In this respect, Czech contribution levels are the second highest of the EU, after Germany. Direct taxes (27.1% of total taxation) are consequently below the EU-25 average (32.0%), and they play a less important role than indirect taxes (31.4%); this is a common feature of the new Member States.

Given the predominance of social security contributions, the other sources of revenues tend to fall below the EU average. In particular, the personal income tax value (4.9% of GDP) is the fourth lowest of the EU-25 after Cyprus (4.5%), Poland (4.1%) and Slovakia (3.3%). VAT too, at 6.5% of GDP, is 1.2% below the EU-25 average. On the other hand, corporate income tax revenues are relatively high at 4.6% of GDP, 1.6% points above the EU-25 average, even though the effective corporate income tax rate is in line with the EU average. The Czech Republic has been cutting the CIT rates forcefully, from 75% in 1986 to 55% in 1991 followed by several other reductions to the current 26%. The rate will fall to 24% in 2006.

According to the level of government, the structure of the tax system is quite centralized. Taxes received by the central government are 75.3% of the total, far above the EU-25 average (59.6%). This level is only comparable to those of Cyprus (77.5%), Estonia (72.2%), Malta (100.0%) and United Kingdom (94.1%). Institutional decentralization is ongoing.

The total tax burden is now at the same level of 1995 (36.2%), but it has followed a decreasing trend up to 2000. In the last three years, however an increase in taxation of capital (+1.6% of GDP), particularly in the CIT component (+1.1%), and taxation on labour (+0.3%) is visible.

Taxation of consumption, labour and capital

The tax mix by economic function is consistent with the above described structure: taxation on labour is the main source of revenue (almost 50% of total taxes), followed by consumption (roughly 30%) and capital. The latter affects mainly business and capital income (almost 90%) and in particular concentrates on the income of corporations (roughly 70% of the total).

In the period 1995-2003, the Implicit Tax Rate (ITR) on consumption decreased by about two percentage points.

The ITR on labour remained stable at a level of around 40%, lower than the EU-25 average.

The ITR on capital fluctuated until 2000, influenced heavily by changes in the CIT rates (1996, 1998, 1999). Since then the rate has risen such that it now stands above the EU-25 average at 27%. The ITR on corporate income stands close to its level of 1995, but having experienced large fluctuations in the intervening years (values range from 23.5% to 33.4%). The ITR on household income has increased between 1999 and 2003.

Features of the tax system and recent developments in tax policy

Personal income tax

Since 1993 the Czech Republic applies a progressive income tax at the central government level. Its revenue accounts for only about 4.9% of GDP, one of the lowest ratios of all countries in 2003. In 2000, the initial six brackets were reduced to the current four, ranging from 15% to 32%. These rates are applied to a comprehensive tax base including income from employment and self-employment, income from the lease of property, capital gains or other income. Capital gains are exempt if realised after a six-month holding period. Capital income is subject to a withholding tax of 15% (decreased from 25% in 2000).

The main standard tax allowances for PIT are a basic allowance available to all taxpayers (CZK 38,040), for dependent children (CZK 25,560 for each child), for unemployed spouses (CZK 21,720), and for students (CZK 11,400). These allowances were increased for the last time in 2001, with the exception of the child tax allowance, which was increased in 2004.¹ With the last reform, Czech Republic has introduced the possibility to opt for joint taxation of spouses and replacement of the tax allowance for children with a non-wastable tax credit.

Corporate income tax

The corporate income tax is an important source of revenue (12.8% of total taxation) for the country. The rate has been gradually reduced from an initial level of 45% in 1993 to 26% in 2005 and an already approved reduction to 24% for 2006. The amended Income Tax Act introduces a common system of taxation for parent companies and subsidiaries from different Member States and a common system of taxation applicable to mergers, transfers of assets and exchanges of shares concerning companies from different Member States.

In the Czech Republic taxpayers may depreciate assets using either the straight-line or the accelerated method. The depreciation period ranges from four to fifty years depending on which of the six available categories to which the asset belongs. There is an investment allowance of 10% to 20% of the cost of the investment. A company can carry the amount of trading losses forward for five years. Investment funds, mutual funds and pension funds are subject to the tax at a rate of 15%. The tax rate for investment and mutual funds was decreased to 5% in 2004. Dividends paid to corporations are subject to 15% withholding tax rate; this tax is only a prepayment of the final tax liability. Capital gains are included in taxable profit and taxed at the regular tax rate (28%).

VAT and Excise

The principles of the VAT are in line with EU legislation. Following EU regulations selected goods and services were moved from the reduced (5%) to the standard rate. This latter was reduced by three percentage points (from 22% to 19%) from 1 May 2004. The reduced rate remains unchanged and covers only a narrowly defined list of socially sensitive commodities (food, drugs, construction works for housing, heat etc.)

¹ Other non-standard tax allowances are: charitable donations allowance, allowance for mortgage interest payments related to the purchase or improvement of housing and allowance for private life and pension insurance premiums.

In common with the majority of the new Member States, the Czech Republic has requested transitional periods for applying the standard rate on construction services for housing purposes and on heating. As a permanent derogation, the level of VAT turnover threshold is set at € 35,000. This threshold was initially set at 750,000 CZK per quarter, then it was lowered to CZK 2,000,000 per year at 1 November 2003 and further to CZK 1,000,000 at 1 May 2004.

Excise duties on mineral oils, tobacco and alcohol were increased in January 2004. Generally, excise duties exceed the EU minima slightly. As a transitional measure, the Czech Republic may apply lower excise duty rates on cigarettes and other tobacco products until the end of 2006. The minimum rate will be attained gradually in three steps.

5. DENMARK

Taxes & Social contributions in DENMARK ¹⁾

	1995	1996	1997	1998	1999	2000	2001	2002	2003
	ESA95								
A. Structure of revenues as % of GDP									
Indirect taxes	17,2	17,5	17,7	18,5	18,3	17,4	17,5	17,7	17,4
VAT	9,5	9,7	9,8	9,9	9,9	9,7	9,7	9,7	9,7
Excise duties and consumption taxes	3,7	3,9	3,8	4,1	4,2	4,1	4,2	4,1	4,0
Other taxes on products (incl. import duties)	2,3	2,3	2,5	2,7	2,5	2,0	1,8	2,0	1,9
Other taxes on production	1,6	1,5	1,6	1,8	1,8	1,6	1,8	1,8	1,8
Direct taxes	30,6	30,8	30,5	30,1	31,0	29,9	30,2	29,6	29,8
Personal income	26,6	26,6	26,2	25,8	26,1	26,1	26,3	26,0	26,0
Corporate income	2,0	2,3	2,6	2,8	3,0	2,4	3,1	2,9	2,8
Other	2,1	2,0	1,7	1,4	1,8	1,5	0,7	0,8	1,0
Social Contributions	1,5	1,6	1,6	1,6	2,1	2,3	2,2	1,7	1,7
Employers´	0,3	0,3	0,3	0,4	0,3	0,3	0,3	0,3	0,4
Employees´	1,2	1,2	1,2	1,2	1,8	2,0	1,9	1,3	1,3
Self- and non-employed	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
B. Structure according to level of government as % of GDP									
Central Government	32,1	32,6	32,4	32,4	33,0	30,9	30,7	30,2	30,0
State Government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	15,5	15,5	15,6	15,9	16,1	16,2	16,8	16,9	16,9
Social Sec. Funds	1,5	1,6	1,6	1,6	2,1	2,3	2,2	1,7	1,7
EC Institutions	0,2	0,2	0,2	0,2	0,2	0,2	0,2	0,2	0,2
C. Structure according to economic function as % of GDP									
Consumption	15,6	16,0	16,0	16,4	16,5	15,9	15,8	15,9	16,1
Labour	28,0	28,1	27,7	27,1	27,7	27,5	27,7	26,8	26,9
Employed	21,8	22,0	22,2	21,8	22,5	22,5	22,8	21,9	21,8
Paid by employers	0,8	0,8	0,9	1,0	0,9	0,8	0,9	0,8	0,8
Paid by employees	21,0	21,2	21,3	20,8	21,6	21,7	21,9	21,0	21,0
Non-employed	6,2	6,1	5,5	5,3	5,2	5,0	4,9	4,9	5,0
Capital	5,7	5,8	6,1	6,6	7,3	6,3	6,5	6,2	6,1
Capital and business income	3,8	4,0	4,2	4,6	5,3	3,8	3,8	3,5	3,2
Income of corporations	3,1	3,4	3,5	3,5	4,1	3,1	3,2	2,9	2,8
Income of households	-0,6	-0,6	-0,5	-0,2	-0,1	-0,4	-0,6	-0,5	-0,6
Income of self-employed (incl. sc) ²⁾	1,3	1,2	1,2	1,3	1,3	1,1	1,2	1,0	1,0
Stocks (wealth) of capital	1,9	1,8	1,8	2,0	2,0	2,5	2,6	2,7	2,8
<i>Less: Taxes and SSC assessed but unlikely to be collected</i>	0,3	0,2	0,2	0,2	0,2	0,1	0,1	0,1	0,1
Total	49,0	49,6	49,6	49,9	51,3	49,5	49,8	48,8	48,8
Of which environmental taxes	4,4	4,7	4,7	5,1	5,2	4,7	4,7	4,8	4,7
Energy	2,1	2,3	2,2	2,4	2,6	2,6	2,7	2,6	2,6
Transport	2,1	2,1	2,1	2,3	2,1	1,8	1,7	1,9	1,7
Pollution/Ressources	0,2	0,3	0,4	0,4	0,4	0,4	0,3	0,4	0,3
D. Implicit tax rates									
Consumption	31,3	32,2	32,4	33,2	33,7	33,9	33,8	33,6	33,9
Labour employed	40,9	41,3	41,7	40,0	41,4	42,0	41,9	40,1	40,0
Capital	26,4	27,4	29,0	34,7	37,6	29,4	30,8	28,8	26,1
Capital and business income	17,6	19,0	20,3	24,2	27,3	17,7	18,3	16,1	14,0
Corporations	21,6	23,5	23,8	25,9	27,6	18,4	19,4	16,8	15,3
Households and self-employed	8,8	8,7	10,5	17,4	22,7	13,0	11,9	11,1	9,0

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

2) Data for social contributions paid by self-employed and non-employed persons do not exist.

n.a.: not applicable

Sources: Commission Services

Overall trends in taxation

As of 2003, the tax-to-GDP ratio (including social security contributions) stood at 48.8% in Denmark, a value markedly above the EU-25 average (38.2%). The Danish taxation level is traditionally amongst the highest in the Union; currently, it ranks second after that of Sweden.

The Danish tax structure stands out in a number of respects. Social contributions are the lowest in Europe as most welfare spending is financed out of general taxation, notably personal income taxation.

Given quite high public expenditure in Denmark, the low revenue from social contributions is made up by a very high level of direct taxation, currently at 29.8% of GDP, well over double the Union average (12.4%). Not surprisingly, Denmark's direct taxes are therefore the highest in the EU by a wide margin; the second highest levels of direct taxation, in Sweden, accounts for 19% of GDP, one third less than in Denmark. Indirect taxes, too are high, but at 17.4% of GDP come second to Sweden's. Overall, social contributions make up only some 3.4% of the total, direct taxes represent a share of 61% of total taxes paid, while indirect taxes cover about 36%. Amongst Member States, Ireland in particular, as well as the UK, and Malta, levy low social contributions, but their systems cannot be considered similar to Denmark's in light of the very different level and structure of taxes. From a functional viewpoint, despite the peculiarities in the financing of social security, Denmark's system is broadly similar to that of the other Nordics, in that it has adopted the so-called Dual Tax system.

At close to 5% of GDP, Denmark has the highest share of environmental taxes in the Union, the majority being raised through energy and transport taxes. Denmark also stands out for raising a non-negligible amount of pollution and resource taxes. There are taxes on several polluting products, such as pesticides, retail containers, batteries, as well as effluent charges and a duty on waste. Resource taxes are related to water consumption.

From the viewpoint of the allocation of tax revenues, almost two-thirds of the total, flow to the central government while local government receives most of the remainder. Over time, the share of the central government has shown a slow tendency to decline in favour of local government.

The overall tax ratio, as in many other Member States, has tended to increase in the first part of the period under consideration and to decline, fairly rapidly, in the second. The overall tax burden peaked in 1999 at 51.3% of GDP. In particular, the impact of the multi-annual 1999-2002 tax reform package (*see also below*), the overall tax burden increased by almost one and a half percentage point in 1999, dropping in 2000 and 2002 under the influence of the economic slowdown and the changes of the 'special pension contribution'. The decline in revenues after 1999 was distributed amongst several categories, but, unlike in several other Member States, did not impact on either personal or corporate income taxes.

Taxation of consumption, labour and capital

Taxes on consumption as a percentage of GDP are the highest in the Union, because of the single and high VAT rate of 25% and of high excise duties and environmental taxes, which are mainly paid by households. Consequently, the implicit tax rate on consumption, at 33.9% (EU-25 22%), is the highest amongst the Member States. After an increase from 1995 to 2000, the ITR on consumption has remained relatively stable.

The ITR on labour is, despite the generally high level of taxation, not amongst the EU's highest, given that it is lower than the ITR on labour of several other Member States (Sweden, France, Belgium, Finland,

Italy, Greece, Germany, Austria by a small margin), including some with a lower overall tax ratio. The implicit tax rate on labour had been rising steadily since the early 1970s, but the ratio dropped in 2002, notably in connection with the reduction in social contributions, and from reductions in personal income tax targeted at the lower end of the pay scale.

The overall implicit tax rate on capital is currently in line with the European average, having come down a period of above-average levels in 1998-1999. The sharp increase in the ITR on capital and business income in 1999 can be attributed to a legislative change in the corporate income tax system, which led to exceptional high tax revenues in 1999. For this reason a drop occurs in the year 2000. In 2001 and 2002, a drop in the value of shares and the resulting capital loss in pension funds also contributed to this development¹. Also the changes in taxation on the rental value of owner-occupied housing contributed to the drop in the ITR on capital income from 1999 to 2000. From 2000 onwards the rental value of owner-occupied housing is no longer part of the personal income tax system and for this reason it is not classified as a tax on capital income. Instead, the rental value of owner-occupied housing is now taxed in the property value tax, and it has therefore been classified as a tax on stocks (wealth) of capital.

Features of the tax structure and recent developments in tax policy

Personal income tax

A tax reform package (the so-called 'Withsun-package') was adopted in June 1998. It introduced a series of changes in the Danish tax system which were phased in gradually between 1999 and 2002. The package aimed at shifting the tax burden from labour to environmental taxes in order to stimulate private saving and to encourage labour market participation. The main elements of this reform were a lowering of statutory personal income tax rates, especially for low-incomes, and a increase in energy taxes (on petroleum products, electricity, gas and coal, and petrol duty). In addition, the interest relief and deductions for other kind of expenses (*e.g.* transport expenses) were reduced and changes related primarily to pension savings were introduced in order to make the tax system more neutral between different types of savings. Notably, the taxation of interest from pension savings was reorganised. In the early 1980s, a real interest rate tax with a variable tax rate was introduced in order to dampen the effect of high and very volatile inflation and interest rates. The variable rate has been replaced by a flat rate in view of the different economic climate. At the same time, the taxable base was made broader by abolishing some previous exemptions.

After parliamentary elections in 2001 the Conservative/Liberal government adopted a 'tax freeze' policy, such that tax rates were increased neither in nominal nor in relative terms during the term of parliament. This policy naturally set tight limits also to expenditures. In the 2002 Budget, a special pension contribution of 1 per cent of the wage bill for all employees was introduced; the proceeds were paid into a special pension scheme from which the benefits were paid out as a lump sum. The change implied relating the size of the benefits paid out to the contributions made, thereby removing the redistributive element; this measure led to a decrease of the 2002 revenues.

In spring 2003 the government agreed with one of the opposition parties to implement a new tax package. The aim of the package is to decrease the level of labour taxation in Denmark, and thereby reduce the

¹ From mid 1998 onwards non-realised capital losses and gains on shares in pension funds are taxed. From 1998 to 2000 they are taxed at a rate of 5 per cent, and from 2001 onwards they are taxed at a rate of 15 per cent

distortions of the labour market and improve incentives to work. The two main elements of the reform are an increase in the threshold of the medium tax bracket and the introduction of an earned tax credit of 2.5% of total income; both measures are expected to increase the labour supply. Although it was originally planned to implement the tax reductions gradually from 2004 to 2007, in the spring 2004 it was decided to implement them in full from 2004 onwards in order to stimulate the economy.

Corporate income tax

In 2005 several measures have been taken in the field of company taxation. In order to attract investors Denmark reduced the corporate tax rate from 30% to 28% from 1.1.2005. It also introduced from the same year the possibility to prepare tax returns in a foreign currency from 1.7.2005 (Denmark has not adopted the euro). Mandatory joint taxation between all affiliated Danish companies and affiliated foreign companies' permanent establishments in Denmark has been introduced. In addition, discretionary international joint taxation has been introduced. If international joint taxation is elected it must be carried out for all foreign subsidiaries, including foreign parent companies which exercise a controlling influence over Danish companies. International joint taxation must be carried out for a period of 10 years.

6. ESTONIA

Taxes & Social contributions in Estonia ¹⁾

	1995	1996	1997	1998	1999	2000	2001	2002	2003
	ESA95								
A. Structure of revenues as % of GDP									
Indirect taxes	13,8	14,0	14,7	12,7	12,2	12,8	12,8	13,1	13,1
VAT	9,8	9,5	9,9	8,1	8,0	8,8	8,5	8,7	8,9
Excise duties and consumption taxes	2,5	2,9	3,4	3,4	3,2	2,9	3,1	3,4	3,3
Other taxes on products (incl. import duties)	0,1	0,2	0,2	0,2	0,2	0,2	0,4	0,2	0,2
Other taxes on production	1,4	1,3	1,3	1,0	0,9	0,9	0,9	0,8	0,7
Direct taxes	10,9	9,5	9,6	10,4	10,1	8,1	7,6	7,9	8,7
Personal income	8,4	7,8	7,7	8,0	8,0	7,1	6,8	6,7	7,0
Corporate income	2,4	1,6	1,8	2,4	2,0	1,0	0,7	1,2	1,7
Other	0,1	0,2	0,2	0,0	0,0	0,0	0,0	0,0	0,0
Social Contributions	13,1	12,0	11,7	11,6	12,2	11,4	11,2	11,4	11,5
Employers´	13,1	12,0	11,7	11,6	12,2	11,4	11,0	11,0	11,2
Employees´	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,3	0,3
Self- and non-employed	0,0	0,0	0,0	0,0	0,0	0,0	0,2	0,1	0,0
B. Structure according to level of government as % of GDP									
Central Government	19,5	19,3	19,0	18,1	17,2	16,4	22,8	23,5	24,1
State Government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	5,3	4,3	5,3	5,2	5,1	4,5	4,3	4,2	4,3
Social Sec. Funds	13,1	12,0	11,7	11,6	12,2	11,4	4,5	4,7	5,0
EC Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C. Structure according to economic function as % of GDP									
Consumption	13,3	12,4	12,8	11,4	11,0	11,6	11,8	12,0	12,2
Labour	21,0	19,4	18,9	19,1	19,8	18,1	17,4	17,6	18,1
Employed	20,9	19,3	18,8	19,0	19,6	18,0	17,3	17,6	17,9
Paid by employers	13,1	12,0	11,7	11,6	12,2	11,4	11,0	11,0	11,2
Paid by employees	7,8	7,2	7,1	7,4	7,5	6,6	6,3	6,6	6,7
Non-employed	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,0	0,2
Capital	3,5	3,7	4,3	4,2	3,6	2,5	2,4	2,8	3,0
Capital and business income	2,9	2,0	2,2	2,9	2,4	1,3	1,3	1,7	2,1
Income of corporations	2,4	1,6	1,8	2,4	2,0	1,0	0,7	1,2	1,7
Income of households	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Income of self-employed (incl. sc)	0,4	0,4	0,4	0,4	0,4	0,3	0,5	0,5	0,3
Stocks (wealth) of capital	0,6	1,7	2,1	1,3	1,2	1,2	1,1	1,1	0,9
Total	37,9	35,6	36,0	34,7	34,4	32,2	31,6	32,4	33,4
Of which environmental taxes	0,8	1,2	1,6	1,7	1,7	1,7	2,1	2,0	2,0
Energy	0,6	0,9	1,3	1,6	1,4	1,2	1,6	1,6	1,6
Transport	0,2	0,2	0,2	0,2	0,2	0,2	0,2	0,2	0,0
Pollution/Ressources	0,0	0,0	0,0	0,0	0,1	0,3	0,3	0,2	0,3
D. Implicit tax rates									
Consumption	22,2	18,9	19,8	18,0	17,6	19,1	19,4	19,8	20,7
Labour employed	38,8	38,7	38,5	39,6	39,2	38,2	37,7	38,3	38,6
Capital	18,2	15,6	18,9	17,3	16,5	10,4	9,3	10,1	10,9
Capital and business income	15,0	8,4	9,7	11,8	11,1	5,5	5,0	6,0	7,6
Corporations	22,9	11,8	13,4	15,3	15,0	5,8	3,9	5,6	8,3
Households and self-employed	4,5	3,6	3,9	4,2	4,5	4,1	6,0	5,7	4,2

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

n.a.: not applicable

Source: Commission Services

Overall trends in taxation

Estonia's tax burden (33.4%) is below the EU-25 average (38.2%). This value is in line with the NMS-10 average (33.9%), even if, compared with the other Baltic States, it is close to 5 points higher. However, Lithuania and Latvia are the two countries with the lowest values for total taxes (including SSC) on GDP in the EU-25 (respectively 28.5% and 28.9%).

Like in the other new member states, data show a bigger weight of indirect taxation (39.4% of total taxation) compared to social contributions (34.5%) and direct taxation (26.2%). Apart from the period 1998-1999, influenced by the impact of the Russian financial crisis, this structure was maintained all over the period 1995-2003. It is only in 2003 that we note a partial modification resulting from a relatively large increase in direct taxation, both in revenues from corporate income tax and personal income tax (respectively +0.5% and +0.3% of GDP).

As for the distribution of revenues by level of government, the largest share of total revenues accrues to the central government (72.2%) and social security bodies (15.0%). These latter have fallen from a level of 35.3% in 2000 to 14.2% in the following years. The difference seems to have been entirely attributed to the central government. Nevertheless, the share of total taxes attributed to the local government is one of the highest of the EU-25. Until 2003 the local authorities' revenues arose mainly from a share of 56% of the personal income tax assigned to them, and represented over 40% of local government total revenues. Starting from 2004, the local authorities receive an amount that is based on gross income before deductions (the basis is gross income of residents instead of actual tax revenue). It means that the basic exemption and other deductions from taxable income have impact only to the state budget tax revenue. In 2004 the share was 11.4%, in 2005 11.6% and from 2006 the share will be 11.8%.

Environmental taxation is relatively low compared to the EU-25 average (2.0% against 2.9% of GDP), but is increasing. In 2003, the Motor Vehicle Excise Duty was abolished, resulting in a decline in vehicle taxation. However, revenues from the Pollution fee have increased and a Heavy vehicle tax was introduced. The relative importance of transit traffic started to increase after Estonia regained its independence as two important pan-European transport corridors cross the country.

Tax burden decreased in the period 1995-2003 by 4.5 GDP points, although the last two years have seen a rise of 1.8 percentage points of GDP from a low of 31.6 in 2001. The greatest contribution to reductions over the period has been due to direct taxation (-1.8 % of GDP), in particular to personal income taxation (-1.4%). Indirect taxation, after a reduction in the first years, started to rise again from 2000. In particular, the rise of the excise duty on fuel has been particularly relevant, due to the necessity to catch up with EU requirements. Consequently, taxation on energy increased from 0.6% of GDP in 1995 to 1.6% in 2003, growing by almost 90%.

Taxation of consumption, labour and capital

With regard to the distribution of fiscal burden by economic category, the main contribution to total revenues comes from labour (54.4% of total taxation) and, to a lower extent, from consumption (36.6%). Taxation on capital is very low (9.0% of total tax revenue, 3.0% of GDP), in particular on households (0.03% of GDP).

The ITR on consumption remained 2.2 points below the EU-25 average in the 1995-2003 period, but has been following an increasing trend, in accordance with the development of consumption taxes.

Taxation on labour is relatively high in Estonia. The ITR on labour (38.6%) is above both the EU-25 and the NMS-10 average (respectively 35.9% and 34.5%). However, social security contributions (which are almost entirely paid by employers) are slightly below average. This implies that the largest part of taxation is on the labour component of the PIT (over 90 per cent).

The ITR on capital is significantly below the European average, given the specific features of corporate taxation in Estonia. This is particularly true of the average value of the ITR on households' capital income in the period 1995-2003 (4.5%); markedly lower than both the EU-25 average (12.9%) and the NMS-10 average (6.3%).

Features of the tax system and recent developments in tax policy

Personal income tax

The Income Tax Law (Tulumaksuseadus) of 15 December 1999 has reformed personal income taxation. This new law, containing the rules of taxation of both individuals and companies, had to be adopted due to radical innovations in corporate taxation. As for personal income, it confirmed the flat tax rate (26%) already introduced in 1993. For 2005 the flat tax rate is 24%, it will be decreased to 23% for 2006, a tax rate of 22% will apply for 2007, 21% for 2008 and finally to 20% from 2009 and onwards. The same tax rates also apply to companies.

Corporate income tax

The biggest change in the legislation affects corporate taxation. In fact, the law abolished the classical corporation tax. Since 2000, Estonia levies no corporate tax on retained profits. Only distributed profits, including transactions that are considered hidden profit distributions (e.g. fringe benefits, non-business expenses, gifts and donations) are taxed at 24% of the gross amount of the distribution (26%, up to 1 January 2005). Dividends paid to non-resident legal persons are additionally liable to a withholding tax, unless the non-resident legal entity holds at least 20% of the share capital of the distributing Estonian company. Various withholding taxes may apply also to other payments to non-residents, if they do not have a permanent establishment in Estonia or unless the tax treaties otherwise provide.

VAT and Excise

The VAT regime has been brought in line with the 6th Directive in the last years. The standard rate is stable since 1992 at 18%. A 5% reduced rate applies to certain goods and services, whose number was reduced in 2004. Excise duties on cigarettes are, as in most accession countries, clearly below EU levels, and are being increased step by step in order to reach the EU level in 2010. Excise duties on both unleaded petrol and on diesel fuel are currently below EU minima. The EU levels are to be reached in 2010. On alcohol, conversely, all rates already now meet EU minimum standards; rates will increase by 5% in 2006 and also in 2007.

The share of environmental taxation in total revenue continues to rise. The pollution fee and other environmental charges will be increased in 2006 by 20% on average. Packages are subject to excise duty unless at least 60% of (alcohol or non-alcohol) beverage packages, 40% of metal beverage packages and 15% of other packages are recycled.

7. FINLAND

Taxes & Social contributions in FINLAND¹⁾

	1995	1996	1997	1998	1999	2000	2001	2002	2003
	ESA95								
A. Structure of revenues as % of GDP									
Indirect taxes	14,3	14,4	14,9	14,6	14,8	14,1	13,8	14,0	14,4
VAT	8,0	8,1	8,5	8,3	8,4	8,4	8,2	8,3	8,7
Excise duties and consumption taxes	4,6	4,6	4,8	4,6	4,8	4,3	4,2	4,3	4,3
Other taxes on products (incl. import duties)	1,5	1,5	1,4	1,4	1,3	1,3	1,2	1,2	1,2
Other taxes on production	0,1	0,2	0,2	0,2	0,2	0,2	0,2	0,2	0,2
Direct taxes	17,6	19,2	18,7	19,1	19,1	21,7	19,8	19,6	18,3
Personal income	14,3	15,5	14,3	13,9	13,8	14,7	14,5	14,3	13,9
Corporate income	2,3	2,8	3,5	4,3	4,4	6,0	4,3	4,3	3,5
Other	0,9	1,0	0,9	0,9	1,0	1,0	1,0	1,0	1,0
Social Contributions	14,2	13,7	12,9	12,6	12,9	12,1	12,4	12,1	12,0
Employers'	9,9	9,7	9,2	9,2	9,4	8,9	9,2	9,1	9,0
Employees'	2,7	2,6	2,4	2,3	2,4	2,2	2,2	2,1	2,1
Self- and non-employed	1,6	1,4	1,3	1,1	1,0	1,0	0,9	0,9	0,8
B. Structure according to level of government as % of GDP									
Central Government	22,0	23,2	23,9	24,1	24,3	26,0	24,0	24,5	24,0
State Government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	10,2	10,8	10,1	10,1	10,2	10,4	10,2	9,8	9,4
Social Sec. Funds	13,1	12,7	11,9	11,6	11,9	11,1	11,4	11,1	11,0
EC Institutions	0,7	0,6	0,6	0,5	0,5	0,5	0,4	0,3	0,3
C. Structure according to economic function as % of GDP									
Consumption	13,9	14,0	14,5	14,1	14,4	13,8	13,3	13,7	14,1
Labour	26,1	26,7	24,7	24,2	24,1	24,0	24,4	24,0	23,6
Employed	21,9	22,6	21,1	21,1	21,2	21,1	21,7	21,2	20,8
Paid by employers	9,9	9,7	9,2	9,2	9,4	8,9	9,2	9,1	9,0
Paid by employees	12,0	12,9	11,9	11,8	11,7	12,2	12,4	12,1	11,8
Non-employed	4,2	4,1	3,6	3,2	3,0	3,0	2,8	2,8	2,8
Capital	6,0	6,6	7,3	8,0	8,3	10,1	8,2	8,0	7,0
Capital and business income	4,8	5,3	6,0	6,7	7,0	8,8	7,0	6,7	5,8
Income of corporations	2,3	2,8	3,5	4,3	4,4	6,0	4,3	4,3	3,5
Income of households	0,6	0,7	0,8	0,8	1,0	1,2	1,1	0,8	0,7
Income of self-employed (incl. sc)	1,9	1,7	1,8	1,6	1,6	1,6	1,6	1,7	1,6
Stocks (wealth) of capital	1,2	1,3	1,3	1,3	1,3	1,3	1,3	1,3	1,3
Total	46,0	47,3	46,5	46,4	46,8	47,9	46,0	45,7	44,8
Of which environmental taxes	2,9	3,1	3,3	3,3	3,5	3,2	3,0	3,1	3,2
Energy	2,2	2,1	2,3	2,2	2,3	2,0	2,0	2,0	2,0
Transport	0,8	1,0	1,0	1,1	1,2	1,1	1,0	1,1	1,2
Pollution/Ressources	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
D. Implicit tax rates									
Consumption	28,2	27,8	29,7	29,5	29,8	29,0	27,6	28,1	28,3
Labour employed	43,9	44,8	43,3	43,8	43,4	44,0	44,3	43,3	42,1
Capital	27,9	30,2	30,4	31,8	33,3	36,6	27,7	30,3	27,3
Capital and business income	22,4	24,3	25,1	26,7	28,0	31,7	23,5	25,4	22,4
Corporations	16,7	19,6	21,6	23,6	25,0	29,6	19,1	22,7	19,2
Households and self-employed	24,5	24,9	24,5	25,2	24,7	24,9	24,7	22,4	20,5

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

n.a.: not applicable

Source: Commission Services

Overall trends in taxation

In Finland the overall tax burden, including social contributions, stands at 44.8% of GDP, 6.6% above the EU-25 average (38.2%) and exceeded only by Sweden, Denmark and Belgium.

Indirect taxes absorb 14.4% of GDP, roughly in line with the EU average, and compose 32.3% of total tax revenues (EU-25 37.8%). Within indirect taxes excise duties weigh more heavily than is usually the case (30% of indirect taxes in Finland, EU-25 24%). The country depends rather more heavily on direct taxes (41.0% of total taxation, EU-25 32.0%) which absorb a full 18.3% of GDP (EU-25 12.4%), third highest after Denmark and Sweden. Both personal income tax (13.9%, EU-25 8.5%) and corporate income tax (3.5%, EU-25 3.0%) weigh heavily due to the combined burden of national and municipal taxation, although the direct tax burden has fallen substantially under the labour tax reforms begun in 1997 (21.7% in 2000 to 18.3% in 2003). The same labour tax reforms have also seen a fall in social security contributions from 12.9% of GDP in 1999 to 12% in 2003, putting Finland close to the EU-25 average.

The importance of local government in Finland is highlighted by the large proportion of tax revenues received by the municipalities. At 21.1%, local government revenue is almost double the EU-25 average (Finland is exceeded in this regard only by Denmark and Sweden, where in both cases roughly a third of receipts go to the municipalities).

Having recovered from the deep economic recession that hit the country at the beginning of the nineties, the Finnish economy grew at an average annual rate of 4.6% between 1995 and 2000, allowing the country to sustain a generous welfare state. Over this period the tax-to-GDP-ratio fluctuated between 46% and 48%. As economic growth slowed in 2001, measures taken to ease the level of direct taxation (in particular the taxation of labour income) led to a significant reduction in the tax-to-GDP ratio (3.2 percentage points between 2000 and 2003).

Taxation of consumption, labour and capital

The tax structure by economic factor in Finland (consumption 32%, labour 53%, capital 16%) is comparable with the EU-25 averages (33%, 48%, 19%).

Taxes on consumption as a percentage of GDP are the fourth highest in the Union after Cyprus, Denmark and Hungary. Due to the significance of excise duties and VAT within indirect taxes, the latter fall more heavily on consumers than is elsewhere the case. Reflecting this, the implicit tax rate on consumption of 28.3% is the fourth highest in the Union, although it has fallen from 29.8% in 1999, reflecting the reductions effected in excise taxes.

Taxes on labour represented 23.6% of GDP in 2003 (EU-25 18.7%), with five other countries exhibiting higher rates. Taxes on employed labour (20.8% EU-25 17.3%) were relatively lighter in a cross-country comparison, as a relatively larger proportion of labour taxes (11.9%, EU-25 7.5%) fall on the non-employed (mostly pensions). The implicit tax rate on labour stands at 42.1% (EU-25 35.9%) with Sweden, France and Belgium exhibiting higher rates. Reductions in central government and local income tax and in social contributions have succeeded in reducing this rate from 44.3% in 2001.

Taxes on capital, at 7% of GDP, are at the EU-25 average. This, however, follows a large reduction from 10.1% in 2000 (a high point reached following a steady climb from a mere 6% in 1995). An increase in the statutory corporate tax rate of 4 percentage points between 1995 and 2001, the reduction of the maximum

annual depreciation rate of machinery and equipment to 25% in 1999 and the generally improved profitability of companies during the strong economic upswing can explain the sharp rise over this period. Another important factor is the shift from interest to dividend payments. The ITR on capital increased markedly, from 27.9% in 1995 to 36.6% in 2000, before falling back to 27.2% in 2003. It should be noted, however, that the ITR is to a certain extent biased upwards as the capital gains, particularly strong in 2000, are not included in the base. The significant drop in the ITR in 2001 can also be related to the economic downturn and to capital losses arising in part from falling stock prices.

Features of the tax system and recent developments in tax policy

Personal income tax

The taxation of personal income is based on a dual system whereby income is divided into earned income and capital income, which are taxed according to different rates and principles. State taxes are applied progressively with five tax brackets. In 2005, the rates vary from 10.5% to 33.5%; the taxable income threshold is € 12,000. The municipal income tax is levied on earned income and on the estates of deceased persons, at flat rates (which vary from one municipality to the next and average 18.3%). The headline rate of personal income tax therefore varies between 28.7% and 51.7%.

Over the period 1999 to 2003 the government targeted reductions in the tax burden on labour, by decreasing the state tax rates across all income brackets, and raising both the taxable income threshold of the state tax and the work-related deductions in municipal taxation. The reductions of labour taxation were financed partly by the increases in capital income and corporate taxation from 28% to 29% in 2000. Overall the average tax rate on earned income was lowered by roughly four percentage points.

Capital income is taxed at 28% (reduced from 29% in 2005) on a broad base comprising dividends, rental income, interest, capital gains and a share of business income. Certain interest payments, such as those on owner-occupied housing are deductible. If these expenses exceed the taxable capital income, the deficit can be deducted from taxes paid on earned income up to a limit. A partial double taxation of dividends replaced the old imputation system in 2005 as the latter was regarded as incompatible with EU Treaty provisions. In the new system 70% of the dividends received from the listed companies are treated as taxable capital income, and the remaining 30% are tax-free, while a more complex system reduces the double taxation of dividends from non-listed companies.

Corporate income tax

The corporate tax rate of 26% (reduced from 29% in 2005) is levied on trading income, returns on financial assets, capital gains and inter-company dividends. Since no local taxes are levied on profits this is also the total tax burden. Losses can be carried forward for ten years while no loss carry back is allowed. Depreciation allowances for fixed assets are calculated according to the declining balance method with maximum annual rates of 25% for machinery and equipment and from 4% to 20% for buildings.

VAT and Excise

Finnish excise duties are relatively high, with rates among the highest on beer, wine, petrol and tobacco. However, since 2004 the excise duty on alcohol has been reduced by 33% on the average in an attempt to prevent further tax base erosion following the cessation of the import restrictions formerly applicable to trade with the New Member states. In 2003 the registration tax on new cars and motorbikes was also reduced by an average of 15%. The car tax is now 28% of the taxable value of the car minus € 650. Both

these changes are of considerable significance as each of these items accounts for roughly 2% of total tax receipts. Environmentally related taxes (incl. energy, transport and resource taxes) constituted around 7.2% of total tax revenues, at the EU average (7.1%). The tax base of energy taxation is rather broad and covers certain energy products that are not taxed in many Member States (coal, peat). The tax rates are relatively high by EU standards, in particular on industrial energy uses. In 2003 the taxes on fossil fuels and electricity were increased on average by 5.2%, for the first time since 1998.

Social security, wealth and transaction taxes

Pension and social security contributions are paid both by the employers and employees. Finland has an EET pension system, in which the insurance contributions and the yield on savings are tax exempt, but the pensions, when paid out, are treated as earned income in taxation. Following recent reforms which aim to incorporate voluntary pension insurance saving into the capital income tax system (in order to create a level playing field between different forms of long-term saving) income from voluntary pension agreements will be taxed as capital income, and the share of voluntary insurance contributions deductible in taxation will be determined by the capital income tax rate.

A net wealth tax is levied at 0.8% in 2005, a real estate tax is levied by municipalities at rates varying between 0.5% and 1%, with lower rates for residential property, property transfer tax is payable by the purchaser at a rate of 4% on immovable property and at 1.6% on shares. Inheritance and gift tax is levied at rates ranging between 10% and 16%.

8. FRANCE

Taxes & Social contributions in FRANCE ¹⁾

	1995	1996	1997	1998	1999	2000	2001	2002	2003
	ESA95								
A. Structure of revenues as % of GDP									
Indirect taxes	16,2	16,8	16,7	16,6	16,5	16,1	15,6	15,5	15,6
VAT	7,5	7,8	7,8	7,7	7,7	7,5	7,3	7,2	7,2
Excise duties and consumption taxes	2,8	2,8	2,7	2,7	2,7	2,7	2,5	2,5	2,5
Other taxes on products (incl. import duties)	1,9	1,9	1,9	2,0	1,9	1,9	1,9	1,9	1,9
Other taxes on production	4,1	4,2	4,2	4,2	4,2	4,0	3,9	3,9	3,9
Direct taxes	9,0	9,4	10,1	12,2	12,7	12,8	13,0	12,1	11,7
Personal income	5,3	5,6	6,0	8,1	8,3	8,5	8,3	8,0	8,1
Corporate income	1,8	2,0	2,3	2,3	2,7	2,8	3,1	2,6	2,2
Other	1,9	1,8	1,8	1,7	1,7	1,5	1,6	1,5	1,5
Social Contributions	18,7	18,9	18,4	16,3	16,5	16,3	16,3	16,4	16,6
Employers´	11,5	11,4	11,4	11,3	11,4	11,2	11,2	11,2	11,3
Employees´	5,8	5,9	5,5	4,0	4,0	4,1	4,1	4,1	4,2
Self- and non-employed	1,4	1,5	1,4	1,0	1,0	1,0	1,1	1,1	1,1
B. Structure according to level of government as % of GDP									
Central Government	18,5	19,3	19,5	19,4	19,8	19,1	18,8	18,0	18,2
State Government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	4,6	4,8	4,7	4,7	4,7	4,3	4,2	4,2	4,2
Social Sec. Funds	20,1	20,3	20,3	20,4	20,6	21,1	21,4	21,3	21,4
EC Institutions	0,8	0,7	0,7	0,6	0,6	0,6	0,6	0,5	0,5
C. Structure according to economic function as % of GDP									
Consumption	12,7	13,1	12,9	12,7	12,6	12,1	11,8	11,7	11,9
Labour	22,9	23,2	23,2	23,0	23,3	23,1	23,1	22,9	23,2
Employed	22,4	22,7	22,7	22,8	23,0	22,8	22,8	22,6	22,9
Paid by employers	12,7	12,6	12,6	12,4	12,5	12,3	12,2	12,3	12,4
Paid by employees	9,8	10,1	10,1	10,4	10,5	10,5	10,6	10,3	10,5
Non-employed ²⁾	0,5	0,4	0,5	0,3	0,3	0,3	0,3	0,3	0,3
Capital	8,3	8,8	9,1	9,4	9,8	10,1	10,1	9,5	8,8
Capital and business income	4,1	4,5	4,6	4,8	5,3	5,6	5,8	5,2	4,5
Income of corporations	1,8	2,0	2,3	2,3	2,7	2,8	3,1	2,6	2,2
Income of households	0,4	0,5	0,5	0,8	0,8	0,8	0,8	0,8	0,9
Income of self-employed (incl. sc)	1,9	2,0	1,9	1,8	1,8	1,9	1,9	1,8	1,4
Stocks (wealth) of capital	4,3	4,3	4,5	4,6	4,5	4,5	4,3	4,3	4,3
<i>Less: taxes and SSC assessed but unlikely to be collected</i>	0,3	0,3	0,3	0,3	0,2	0,3	0,3	0,3	0,1
Total	43,7	44,8	44,9	44,8	45,5	45,0	44,7	43,8	43,8
Of which environmental taxes	2,3	2,3	2,3	2,3	2,2	2,1	2,0	1,9	1,9
Energy	1,9	2,0	1,9	1,9	1,9	1,8	1,6	1,6	1,6
Transport	0,2	0,3	0,2	0,2	0,2	0,3	0,3	0,2	0,2
Pollution/Ressources	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1
D. Implicit tax rates									
Consumption	22,9	23,4	23,3	23,0	22,9	22,0	21,5	21,2	21,4
Labour employed	42,2	42,6	42,8	43,3	43,5	43,1	42,6	42,1	43,4
Capital	31,0	33,3	34,6	34,9	37,1	38,5	38,9	37,3	35,7
Capital and business income	15,2	17,0	17,6	17,9	19,9	21,5	22,3	20,4	18,2
Corporations	16,4	19,5	21,3	20,5	24,6	26,9	30,2	25,8	24,1
Households and self-employed	12,6	13,5	13,1	13,6	14,0	14,9	14,2	14,0	12,5

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

2) Only social contributions. Estimates for income tax raised on social transfers and pensions not available.

n.a.: not applicable

Source: Commission Services

Overall trends in taxation

For 2003, with a total-tax-to-GDP ratio of 43.8% (including social security contributions), France's overall tax burden is above the Union average –which reflects the markedly lower taxation levels of the new Member States- by several percent points; compared with the old EU-15, France's total tax burden exceeds the EU-15 average by slightly less than three percent points of GDP. France's tax ratio ranks fifth, after the three Nordic EU members and Belgium.

The share of indirect taxes in total tax revenue is close to the Union's average, while the share of direct taxes is clearly below average, although it has increased since 1995. Social contributions constitute an important share of total tax revenue in France. Employers pay by far the largest share, over two thirds of the total, slightly more than the EU average. A reduction of social contributions as a percentage of GDP is apparent in 1998 data, because of substantial cuts in employees' social contributions for sickness insurance introduced in that year.

The share of tax revenue accruing to local government is in line with other countries in the Union. It consists mainly of the local business tax, patent levies, real estate and housing taxes. Nevertheless, the share of central government is overstated in so far as central government in fact takes care of a large part of the local tax relief. France has the lowest share of environmental taxes compared to GDP in the Union.

As in many EU countries, the overall tax burden peaked around the turn of the century; in the French case, the peak was reached in 1999 with 45.5%. In France, however, the swing was slightly more pronounced than average: while for the EU-25, the increase from 1995 to 1999 amounted to ½ point of GDP and the decline from the peak to 0.8 points, in France these amounted to respectively 1.8 and 1.2 points. This general trend however masks different developments amongst the various components of fiscal revenue. Social contributions, specifically employees' contributions, have fallen significantly from their 1995 level, reflecting the 1998 cuts; direct taxes, despite a decline in the last few years, have increased substantially; revenue from personal income taxes in particular has picked by more than 50% from 1995 to 2003. In the last three years of the period under consideration, however, revenue from direct taxes has been declining, largely owing to a relatively strong fall in revenues from corporate taxes; this is however due not only to structural factors but also to a strong slowdown in GDP growth from 2000 to 2003.

Taxation of consumption, labour and capital

The ITR on consumption is very close to the EU average. It has remained on the whole remarkably stable over the period considered. Reductions in the ITR are visible for 2000 and 2001, notably because of reductions in the VAT rates.

The tax burden on labour income is comparatively high in France; indeed, as of 2003 it ranked second in the Union after Sweden and narrowly ahead of Belgium. The ratio has risen steadily in France starting from the early 1970s, but seems now to have stabilised since the late 1990s. In National Accounts, both the CSG, CRDS as well as the social levy of 2% are booked as taxes on personal income, and the revenue has been split in the table between taxes on employed labour and taxes on capital income. These charges have apparently offset the effects of reductions in social contributions at the aggregate level.

Taxation of capital in percentage of GDP has tended to converge towards the EU average over the last few years. The ITR on capital, though remaining relatively high, declined rapidly from 2001 to 2003. The relatively higher taxation of capital in France is not linked to heavy taxation of capital and business

income nor on direct taxation of households' capital income; rather, 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 under taxes on capital stock (wealth) which altogether represent 4.3% of GDP against 2.2% in the EU-25.

As for taxation of capital and business income, the increasing trend in the implicit tax rate lies above the European average reflecting mainly an increasing taxation of corporation in that period. However, in 2002 a remarkable drop in the ITR on capital income is visible, reflecting both the economic slowdown and the new priority of French tax policy to increase the competitiveness system by reducing corporate taxes.

Features of the tax system and recent developments in tax policy

Two periods may be distinguished to describe the recent tax policy trends in France. In the 1995-1999 period, marked by fiscal consolidation, tax policy was geared towards increasing tax revenues, without increasing further the tax burden on labour. This has been achieved through gradual adjustments of the existing tax system such as regular increases in rates and broadening of bases of corporate and personal income taxation. From 1999 onwards, fiscal policy has been aimed primarily at lowering the tax burden, with most of the reductions accruing to households.

Personal income tax and social security contributions

A generalised social security contribution (CSG) was instituted in the year 1991 in order to remedy the financing problems of social security institutions. Similarly, a contribution for the refunding of the debt of social security institutions (CRDS) was introduced in 1996, with a lower rate but a broader contribution base. Furthermore, a social levy of 2% was instituted, levied on the inheritance incomes and investment earnings of natural persons fiscally domiciled in France. In addition, in 1996 the threshold for the taxation of capital gains on sales of shares was abolished, taxation on the exercise of stock options was introduced and the relief for investment income was reduced.

In the post-1999 period, fiscal policy has identified lower taxes on labour income as a priority objective. In particular, the intention to reduce average individual income taxes by 30% over five years was announced in 2002. Various measures to this end were part of a multi-annual tax-cutting programme (2001-2003), mostly targeted on low-paid and low-qualified workers. The main tax cutting measures for labour consisted of reductions in statutory personal income tax rates, social contributions, the creation of a reimbursable tax credit, the *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.

Similar measures, in particular a further reduction by 3% of statutory PIT rates, and an increase in the employment bonus, were enacted through the 2004 Finance Law. However, budgetary difficulties led to the suspension of the plan to slash the personal income tax. The 2005 Finance Law provides for some increases in the generalized social contribution (CSG) and the social security deficit contribution (CRDS), but these are to a large extent targeted on non-labour income; in particular, there have been increases in the those CSG rates that are levied on immovable property, investment income and on pensions.

The 'avoir fiscal' imputation credit was abolished with effect from 1 January 2005. The imputation system was replaced by a mitigated classical system for resident individuals under which dividends are be subject to income tax at the ordinary graduated rates, but only for 50% of their amount. For corporate shareholders, dividend income will be fully subjected to tax, although the economic double taxation of dividends would be (almost fully) eliminated if the conditions for the application of the participation

exemption regime are met. In addition, the equalization tax ('précompte mobilier') due on the distribution of dividends giving entitlement to the imputation credit out of untaxed income, was abolished.

Corporate income tax

As for corporate taxation, a temporary surtax of 10% on corporate profit taxation was introduced in 1995 and raised to 25% in 1997. Restrictions were imposed on the imputation credit attached to French dividends (*Avoir fiscal*), with finally a reduction of this credit in 1999. The application of the reduced rate of 19% on capital gains has also been limited. In addition, in order to finance the accompanying measures for employers to reduce the working week to 35 hours, a special social contribution on profits (CSB), applicable to large enterprises, was introduced on the corporate tax base.

France has also been aiming at a gradual reduction in corporate taxes. Already in the late 1990s, the earlier increases in corporate taxes were reversed with the gradual phasing out of the 15% surtax on corporate profits introduced in 1997. The cuts in corporate taxes deepened with the lifting, in three stages, of the 10% surtax introduced in 1995 (it was cut to 6% in 2001 and 3% in 2002). Part of these reductions in corporate taxation were funded by broadening the tax base, notably through a reduction of the depreciation allowance and a modification of the system for correcting double taxation of dividends distributed between firms. This path has also been followed with the Finance Law for 2005, which foresaw the abolition of the remaining 3% surcharge in two steps.

VAT and Excise

The standard VAT rate has been reduced by one percentage point (from 20.6% to 19.6%) and targeted cuts for certain sectors have been introduced. In contrast, duties on diesel fuel were increased in order to bring those more in line with those on other fuels. In autumn 2000, a measure aimed at limiting the scale of the increase in fuel prices was incorporated in the Finance Act.

9. GERMANY

Taxes & Social contributions in GERMANY ¹⁾

	1995	1996	1997	1998	1999	2000	2001	2002	2003
	ESA95								
A. Structure of revenues as % of GDP									
Indirect taxes	12,3	12,2	12,2	12,3	12,8	12,7	12,5	12,3	12,4
VAT	6,7	6,6	6,6	6,7	7,0	6,9	6,7	6,5	6,5
Excise duties and consumption taxes	2,0	2,0	1,9	1,9	2,1	2,1	2,2	2,4	2,6
Other taxes on products (incl. import duties)	1,8	1,6	1,7	1,7	1,6	1,6	1,6	1,5	1,6
Other taxes on production	1,8	1,9	2,0	2,0	2,1	2,0	1,9	1,8	1,8
Direct taxes	11,2	11,6	11,3	11,6	12,1	12,7	11,2	10,9	10,8
Personal income	9,6	9,6	9,5	9,7	10,0	10,4	10,0	9,8	9,5
Corporate income	0,9	1,2	1,3	1,4	1,5	1,7	0,6	0,6	0,8
Other	0,8	0,8	0,6	0,6	0,6	0,6	0,6	0,6	0,5
Social Contributions	17,3	17,8	18,1	17,7	17,5	17,2	17,0	17,0	17,2
Employers´	7,7	7,7	7,8	7,7	7,6	7,6	7,5	7,4	7,5
Employees´	6,9	7,0	7,2	7,1	6,9	6,9	6,8	6,7	6,8
Self- and non-employed	2,7	3,0	3,1	3,0	2,9	2,7	2,7	2,8	2,9
B. Structure according to level of government as % of GDP									
Central Government	11,3	11,0	10,9	11,1	11,8	12,1	11,4	11,4	11,4
State government	8,7	9,3	9,1	9,2	9,5	9,7	8,9	8,7	8,5
Local Government	2,6	2,7	2,7	2,9	3,0	3,0	2,8	2,7	2,6
Social Sec. Funds	17,7	18,3	18,5	18,2	17,9	17,6	17,5	17,4	17,4
EC Institutions	0,9	0,8	0,8	0,7	0,6	0,7	0,6	0,4	0,4
Total	41,3	42,1	42,1	42,1	42,8	43,0	41,2	40,6	40,3
C. Structure according to economic function as % of GDP									
Consumption	10,2	9,9	9,8	9,8	10,3	10,3	10,2	10,1	10,3
Labour	24,9	25,2	25,3	25,0	24,8	25,1	24,8	24,7	24,6
Employed	21,9	21,8	21,9	21,8	21,6	22,1	21,9	21,6	21,6
Paid by employers	7,7	7,7	7,8	7,7	7,6	7,6	7,5	7,4	7,5
Paid by employees	14,2	14,0	14,1	14,1	14,0	14,5	14,4	14,2	14,1
Non-employed	3,0	3,4	3,4	3,3	3,2	3,0	2,9	3,1	3,0
Capital	5,8	6,6	6,5	6,8	7,3	7,2	5,7	5,4	5,4
Capital and business income	4,6	5,4	5,4	5,7	6,1	6,0	4,5	4,3	4,3
Income of corporations	2,1	2,5	2,6	2,7	2,9	3,0	1,8	1,7	1,9
Income of households	0,3	0,3	0,3	0,4	0,4	0,4	0,3	0,3	0,3
Income of self-employed (incl. sc)	2,2	2,5	2,5	2,6	2,8	2,6	2,4	2,3	2,2
Stocks (wealth) of capital	1,2	1,2	1,1	1,1	1,2	1,1	1,1	1,1	1,1
Total	40,8	41,6	41,6	41,6	42,4	42,5	40,7	40,2	40,3
Of which environmental taxes	2,4	2,3	2,2	2,2	2,3	2,4	2,6	2,6	2,7
Energy	2,0	1,9	1,8	1,8	2,0	2,1	2,2	2,2	2,3
Transport	0,4	0,4	0,4	0,4	0,4	0,3	0,4	0,4	0,3
Pollution/Ressources	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
D. Implicit tax rates									
Consumption	18,8	18,1	17,9	18,0	18,7	18,5	18,3	18,3	18,5
Labour employed	39,5	39,7	40,6	40,7	40,4	40,8	40,5	40,4	40,6
Capital	21,2	23,9	22,7	23,6	26,3	26,6	21,2	20,1	20,1
Capital and business income	16,9	19,5	18,9	19,7	21,9	22,4	17,0	16,0	16,1

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

Source: Commission Services

Overall trends in taxation

The total-tax-to-GDP ratio in Germany lies in the year 2003 above the European average (40.3%, EU-25 38.2%) together with the rest of the founder members of the EU and the Scandinavian countries.

Germany stands out with the highest share of social contributions in total tax receipts (42.5%, EU-25 30.5%) while the shares of direct taxes (26.7%, EU-25 32.0%) and indirect taxes (30.7%, EU-25, 37.8%) are among the lowest in the Union. The relatively low share of indirect taxes (second lowest after Belgium) is explained by moderate rates of excise duties and the low VAT rate. Social contributions fall particularly heavily on employees (6.8% of GDP, EU-25 3.6%) and on the self employed (2.9%, EU-25 1%), the latter a consequence of the fact that many German businesses are not incorporated. This factor is also partly responsible for the low level of direct taxes, as corporate income tax revenues (0.8% of GDP) are barely more than a quarter of the EU-25 average (3.0%).

State governments in Germany receive a proportion of total tax take (21.2%) comparable with Spain (20.5%) and Belgium (23.8%). The German Länder have a substantial share in the revenue from VAT, the wage withholding tax, the personal income tax collected by assessment and the withholding tax on interest. The Länder are also entitled to revenues from other taxes, such as inheritance and gift taxes, taxes on transfer of property and tax on motor vehicles. Social security institutions receive the largest proportion of the revenues (43%) exceeded as a proportion only by France (50.3%). The net result is that the federal government in Berlin receives the smallest proportion of tax receipts of any EU central government (28.3%, EU-25 59.6%).

As a result of the unification process the tax-to-GDP ratio rose significantly in the early 1990s, most of the increase coming in the form of augmented social contributions. Between 1995 and 2000 the tax-to-GDP ratio increased by almost two percentage points (from 40.8% to 42.5%) as a result of increases in revenues from personal and corporate income taxes. Reductions in both the PIT and CIT under tax reform 2000 have seen the level since drop by more than two percent.

Taxation of consumption, labour and capital

Consumption taxes as a percentage of GDP are, together with those in Italy and Spain, among the lowest in the European Union (10.3%; EU-25 12.3%), as reflected in the low implicit tax rate on consumption (18.5%, EU-25 22.0%). The increase observed for 1999, which slightly outbalanced the former reduction, can be explained by a higher VAT rate and also by higher energy taxes.

The tax on labour as a percentage of GDP (24.6%, EU-25 18.7%) is the fourth highest in the Union after Sweden, Denmark and Belgium. Social contributions account for three fifths of the taxation on employed labour; the remaining two fifths consisting of personal income taxes on wages. The implicit tax rate on labour is above the European average (40.6%, EU-25 35.9%). It increased until 2000 when it reached its top level of 40.8%, and decreased in 2001 as a result of the income tax reform.

Germany derives somewhat lower than average revenues from the taxation of capital (5.4% of GDP, EU-25 7.3%). A low level of capital taxes on stocks of wealth (1.1% of GDP, EU-25 2.2%) and on their transaction through inheritance and gift taxes or wealth taxes (abandoned in 1997) is an important reason. Taxes on capital and business income at 4.3% of GDP are below the European average. As a result of the fact that in Germany less companies are incorporated than in any other EU country a low level of tax on corporations is observed (1.9%, EU-25 3.1%). On the other hand relatively high revenues are raised by

the tax on the income of the self-employed (2.2%, EU-25 1.4%). These factors are likewise reflected in the implicit tax rate on capital (20.1%, EU-25 25.4%).

During the late nineties boom companies in Germany were able to improve their profitability as indicated by an increasing profit share in GDP. At the same time revenues from taxes on capital income rose more rapidly (from 5.8% of GDP in 1995 to 7.2% in 2000) reflecting a broadening of the tax base in addition to the diminishing loss carry-overs during that upswing. In 2001 the effects of the tax reform as well as the economic downturn resulted in a substantial fall in the ITR on capital (26.6% in 2000 to 20.1% in 2002). The proportion of corporation tax in total receipts fell from 4% (2000) to 1.4% (2001), a level from which receipts have only partially recovered (1.9% in 2003). Part of the reason for this dramatic fall was that legislation permitted companies to recoup the difference between the old system tax on retained (45% rate) and distributed earnings (30% rate) by distributing these profits. The net result was a fall in CIT receipts from EUR26bn to EUR2bn.

Features of the tax system and recent developments in tax policy

Personal income tax

Individual income tax is imposed at progressive rates on top of which a 5.5% solidarity surcharge is levied. The personal allowance is EUR 7,664 for a single person and EUR 15,329 for jointly assessed spouses. The income tax rates have been steadily reduced through reforms entering into force between 1999 and 2005 ('Steuerentlastungsgesetz') and are planned to be continued to be reduced up until 2009, yielding total relief of more than € 59 bn a year. The net result has been that the highest personal income tax rate has been reduced from 53% (1998) to 42% (2005) (tax levied at highest rate from an income of EUR 52,152) and the lowest rate from 25.9% (1998) to 15% (2005). At the same time the personal allowance has been increased by nearly a quarter compared with 1998. These tax reductions have partially been financed by broadening the base, e.g. by restricting the use of loss relief and a reduction in the proportion of interest income that is exempted from tax.

Corporate income tax

The rate of corporate income tax for both retained and distributed profits is 25%, increased to 26.38% by the 5.5% solidarity surcharge. The local tax on trade and industry (determined by applying a basic federal rate to the taxable income and then multiplying with a coefficient set by the municipalities) is allowable against a business's income tax (average rate across Germany 16.7%), giving a combined corporate income tax rate of 38.7%, among the highest in Europe. The corporation tax system was reformed in two major steps. As of January 2000, the corporate tax rate for non-distributed profits was reduced from 45% to 40% and as of January 2001 a single tax rate of 25% on corporate income was introduced replacing the 40% rate for non-distributed profits and the 30% rate for distributed profits. In order to finance the corporate income tax reductions, rates for writing off machinery and buildings were reduced.

At the same time, the imputation system was replaced by a 'half-income system' in order to make cross-border investment more attractive. To reduce double taxation of corporate profits by both corporation tax and the personal income tax of the shareholder only 50% of distributed profits are subject to the shareholder's individual income tax and there is no imputation of taxes paid by corporations. Since 2002, corporate profits from the sale of shares of other corporations are tax-free. As already mentioned, the revenue derived from corporate business in Germany is relatively small, because a lot of companies have the legal form of business partnerships.

VAT and Excise

The most substantial changes in indirect taxation in recent years have been the increase in VAT from 15% to 16% in 1998 and the ecological tax reform starting in 1999. Under the latter taxes on mineral oils and gas were increased and a new tax on electricity was introduced (although with relief for manufacturing and agriculture). Overall, though, the use of reduced VAT rates and exemptions is rather limited compared with other Member States. Environmental taxes in Germany are still below the Union average, as indicated by the proportion of environmental tax revenues in total taxes (6.7%, EU-25 7.6%), although this has increased from 5.2% since the ecological tax reform in 1999.

Social security, wealth and transaction taxes

Social security contributions to old-age insurance (19.5%), unemployment insurance (6.5%) nursing care insurance (1.7%) and health insurance (average 14.3%) are paid half by employers and half by employees. A major reform of recent years has been the introduction of a deferred taxation (EET) system which renders all savings for retirement and the accruing interest tax exempt, while the resulting old age income is taxed as ordinary income. The new tax treatment is being phased in over the years 2005 to 2040 with the share of retirement income subject to tax steadily rising, as an increasing proportion of the savings are deductible for PIT purposes.

Capital gains are included in the PIT and CIT tax computations and taxed at normal rates, but there is no taxation, if the capital gains are realised after a holding period of one year (shares) or ten years (properties). Inheritance and gift taxes are levied at rates ranging from 7-50% dependant on the relationship of the donor and the beneficiary and the amount involved. Property tax is levied annually by all municipalities on the assessed tax value of land and buildings located in their region, using a basic rate (0.35%) and a multiplier determined annually by the municipality. Real estate transfer tax stands at 3.5%. There is no net wealth tax.

10. GREECE

Taxes & Social contributions in GREECE ¹⁾

	1995	1996	1997	1998	1999	2000	2001	2002	2003
ESA95									
A. Structure of revenues as % of GDP									
Indirect taxes	14,4	14,8	14,9	15,1	15,8	15,8	15,3	15,1	14,4
VAT	6,9	7,0	7,2	7,5	7,9	8,1	8,3	8,5	7,8
Excise duties and consumption taxes	4,7	4,8	4,2	4,0	3,7	3,4	3,5	3,3	3,2
Other taxes on products (incl. import duties)	2,2	2,3	2,9	3,0	3,5	3,7	3,0	2,8	3,0
Other taxes on production	0,6	0,7	0,6	0,6	0,7	0,6	0,5	0,4	0,4
Direct taxes	7,8	7,4	8,2	9,8	10,2	11,2	9,9	9,7	9,0
Personal income	4,1	4,1	4,5	5,5	5,7	5,6	5,0	5,0	4,9
Corporate income	2,6	2,3	2,6	3,1	3,5	4,6	3,8	3,7	3,3
Other	1,1	1,0	1,1	1,2	0,9	0,9	1,1	1,0	0,8
Social Contributions	10,5	10,8	11,1	11,5	11,4	11,7	11,9	12,7	12,9
Employers´	4,8	5,0	5,2	5,3	5,2	5,5	5,5	6,0	5,9
Employees´	4,3	4,4	4,5	4,5	4,5	4,6	4,7	4,9	5,1
Self- and non-employed	1,4	1,4	1,5	1,7	1,7	1,7	1,7	1,8	1,8
B. Structure according to level of government as % of GDP									
Central Government	21,2	21,2	22,6	24,4	25,2	26,2	24,4	24,1	22,9
State government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	0,3	0,3	0,3	0,3	0,3	0,3	0,3	0,3	0,3
Social Sec. Funds	10,3	10,6	10,7	11,0	11,1	11,6	11,8	12,6	12,7
EC Institutions	0,8	0,8	0,7	0,7	0,7	0,6	0,6	0,4	0,3
C. Structure according to economic function as % of GDP									
Consumption	13,4	13,5	13,0	13,1	13,2	13,3	13,5	13,5	12,8
Labour	11,8	12,2	12,8	13,5	13,6	13,9	13,7	14,4	14,4
Employed	11,0	11,4	11,9	12,5	12,6	12,9	12,6	13,4	13,4
Paid by employers	4,8	5,0	5,2	5,3	5,2	5,5	5,5	6,0	5,9
Paid by employees	6,2	6,4	6,7	7,1	7,4	7,4	7,2	7,3	7,5
Non-employed	0,8	0,8	0,9	1,0	1,1	1,1	1,0	1,0	1,0
Capital	7,5	7,3	8,4	9,8	10,5	11,6	9,9	9,6	9,1
Capital and business income	5,7	5,3	5,7	7,1	7,2	8,3	7,1	7,2	6,8
Income of corporations	2,6	2,3	2,6	3,1	3,5	4,6	3,8	3,7	3,3
Income of households	0,8	0,8	0,8	1,1	0,9	0,9	0,8	0,8	0,8
Income of self-employed (incl. sc)	2,3	2,2	2,3	2,8	2,8	2,8	2,6	2,7	2,7
Stocks (wealth) of capital	1,8	2,0	2,7	2,7	3,3	3,3	2,7	2,4	2,3
<i>Less: taxes and SSC assessed but unlikely to be collected</i>	0,0	0,0	0,0	0,0	0,1	0,1	0,0	0,0	0,1
Total	32,6	33,0	34,3	36,3	37,3	38,7	37,0	37,5	36,2
Of which environmental taxes	3,5	3,5	3,4	3,2	3,1	2,6	2,9	2,6	2,5
Energy	2,8	2,8	2,5	2,3	2,0	1,8	1,7	1,6	1,5
Transport	0,7	0,7	0,9	0,9	1,0	0,8	1,1	1,0	0,9
Pollution/Ressources	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
D. Implicit tax rates									
Consumption	17,5	17,5	17,0	17,2	17,7	18,1	18,7	18,6	17,9
Labour employed	34,1	35,7	36,4	37,5	37,0	38,2	37,9	40,1	40,9
Capital	12,0	11,8	14,6	17,2	19,7	21,5	18,5	18,4	17,0
Capital and business income	9,1	8,6	9,9	12,5	13,5	15,4	13,4	13,8	12,7
Corporations	15,1	13,1	18,5	21,9	26,1	31,4	23,5	24,6	20,1
Households and self-employed	6,4	6,3	6,7	8,6	8,5	8,8	8,8	9,2	9,2

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

n.a.: not applicable

Source: Commission Services

Overall trend in taxation

As of 2003, the tax-to-GDP ratio (including social security contributions) stood at 36.2% in Greece, a value clearly below the EU-25 average (38.2%). Greek taxation levels are the fourth lowest of EU-15 Member States after IE, UK, ES. Despite their moderate level, Greek taxes are nevertheless still higher than those in the generally low-tax NMS-10, with the exception of Slovenia and Hungary.

Indirect taxes, which yield revenues, as a share of GDP, in line with the EU-25 average, play a more important role in Greece than either direct taxes or social contributions. The revenue from direct taxes lies well below the EU-25 average (9.0% of GDP as compared with 12.4% of GDP respectively); revenue from personal income taxes in particular is the lowest amongst the old Member States, accounting for a mere 4.9% of GDP, compared with an EU-25 average of 8.5% of GDP. As a result, amongst EU member states, Greece displays a comparatively high share of indirect taxes on the total, 39.8%, compared with an EU-25 average of 37.8%; this is the second highest value amongst the old Member States. From the viewpoint of the tax mix, the Greek tax system shows a structure somewhat similar to that of Cyprus, with a relatively low total tax ratio, low direct and in particular personal income taxes, and a high share of indirect taxes in the total.

The vast majority of revenues, almost two-thirds of the total, flow to the central government while social security funds receive most of the remainder. Local government levies only 0.3% of GDP in taxes. This structure has not shown marked changes since 1995, with the exception of a decline in the share of the taxes destined to the EU institutions.

The overall tax burden increased rapidly from 1995 to 2000, when it reached a peak of 38.7% of GDP, reflecting the efforts to reduce the government deficit in the run-up to the euro and the success of measures to combat tax evasion. The strongest relative increases in that period were recorded for corporate income taxes and personal income taxes, which together accounted for 3½ points of GDP in higher revenues. After the year 2000, the tax burden declined markedly (by 2½ points of GDP in just three years), with declines being recorded both for direct and indirect taxes, while revenues from social contributions kept increasing. Preliminary figures indicate an increase in the tax burden in 2004.

Taxation of consumption, labour and capital

As of 2003, the implicit tax rate on consumption in Greece is below the EU-25 average (17.9% compared with 22.0%). Unlike the almost constant EU average, the Greek ITR on consumption has varied, though slightly: it increased to an 18.7% peak in 2001, then tended to decline.

The implicit tax rate on labour in Greece is, at 40.9% five percentage points above the EU-25 average (35.9%). Social contributions in particular, of which employers pay a slightly higher share than employees, contribute to this relatively high level of labour taxation. In the period under consideration, the ITR on labour grew significantly, by a total of almost seven points from a below-average 34.1% in 1995 to the current above-average levels. This strong increase took place despite a reduction in personal income taxes since their 1999 peak; this is explained by the fact the reduction has been more than offset by increases in social contributions. It is worth noting, however, that the reductions in the personal income tax since 2001 have been targeted, an aspect which cannot be reflected by the methodology utilised for implicit tax rate shown here. From 2001 onwards, personal income tax brackets are indexed to the consumer price index.

The relatively low contribution of taxes on capital to total tax revenue is also reflected in the overall tax burden on capital in the Greek economy, the implicit tax rate on capital, at 17.0% in 2003, being the lowest in the EU-15. The implicit tax rate on capital increased substantially in years 1995-2000 but then declined again in 2001 and 2002.

Features of the tax system and recent developments in tax policy

Personal income tax

In Greece, 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 financial assets; 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. Pensions are as a rule subject to taxation as employment income. There is no net wealth tax. It is worth noting that in Greece, domestic dividends are not subject to income tax or withholding tax, while interest is taxed at the source according to different schedules.

A reduction of the highest statutory personal income tax rate was implemented, from 45% to 42.5% (for income earned in 2001) and to 40% (for income earned in 2002). Also, the level of tax-exempt income was raised, and the income tax brackets were indexed to the consumer price index, every two years starting from 2001 onwards. The 2001 Budget furthermore implemented an exemption from National Insurance Contributions for low-paid earners. In addition, tax relief was increased for the elderly and disabled persons, and also for families with children. From year 2003 previous tax deductions were transformed to tax credits. Currently, the top PIT rate is 40% and applies to income above € 23,000.

Corporate income tax

Besides VAT and social security contributions for their employees, companies are subject to corporate income taxes and real estate taxes, while local taxes are not significant. Companies are taxed on their worldwide profits. Companies may opt to keep their books according to International Accounting Standards (IAS) but in this case they are obliged to adapt their entries to Greek tax legislation by the end of the fiscal year, all other obligations from Greek fiscal laws apply normally. An important feature of the Greek tax system is the tax exemption of dividends; these are paid from after-tax profits and are not taxed again at recipients' level.

The deductibility of company expenses is subject to certain limits. A ministerial decision is issued every year, listing allowed deductions. Non-deductible expenses include corporate income tax, capital gains tax on the revaluation of immovable property, depreciation on fixed assets purchased from an offshore company, and royalties and fees paid to an offshore company. In general, royalties payments to non-resident parents are subject to a number of rules, such as a stipulation that they do not exceed € 300,000 and 4% of the gross income arising from use of the specific right (barring a special authorisation). Expenses for owned or leased passenger cars, too are capped to 60% or 25% of the total according to motor capacity. In contrast, when R&D expenses exceed the average of the previous two years, an extra 50% amount is allowed for deduction.

Companies are obliged to revalue their land and building every four years, based on certain multipliers; the gain from revaluation, after deduction of any tax losses, is then taxed at a 2% rate for land and an 8% rate for buildings. Financial and listed companies however may set off capital losses incurred on other assets. In general, capital gains (or losses) are treated as ordinary business income; however, a 20% capital gains

rate applies to gains from sales of businesses, patents and industrial rights, etc. In addition, gains from shares listed on the stock exchange are exempt (under certain conditions).

Greek companies, alongside Japanese, own a large share of the world's merchant tonnage. The importance of shipping is evident in Greece's special tax regimes. Greek shipping companies and their offshore offices are totally exempt from corporate income tax; instead, resident and non-resident companies owning Greek-flagged vessels are subject to tonnage tax. This tonnage tax is a substitute for the corporate income tax as regards profits arising from the operation of ships. The tax liability depends on the age and gross tonnage of each vessel. Construction companies used to enjoy a special tax regime based on deemed profits, but after 2002 this is no longer applicable.

Greece has been reducing its corporate tax rate. The statutory tax rate for non-listed companies was cut from 40% to 37.5% in 2001 and to 35% in 2002, in order to reduce disparities between listed and unlisted companies. Currently, for financial year 2005 the rate amounts to 32%, to be reduced to 29% in 2006 and to 25% from 2007 onwards. In addition, a tax relief for venture capital was introduced and the tax on stock exchange transactions was reduced in 2001; it currently amounts to 0.15%. In recent years a number of targeted reductions in employers' social security liabilities have also been introduced.

VAT

The standard VAT rate has been increased by one point to 19% on 1 April 2005. Greece also applies a 9% reduced rate to goods such as fresh food products, pharmaceuticals, transportation, electricity, as well as to certain professional services such as those supplied by hotels, restaurants, coffee shops and (non-exempt) services by doctors and dentists; a super-reduced rate of 4.5% applies to periodicals, books and theatre tickets. Overall, VAT revenue as a share of GDP is in line with the EU average.

Finally, Greece has introduced a tax amnesty on capital held abroad. Payment of a 3% tax legitimizes the use of the funds in Greece and extinguishes any prior tax obligations. The law applies to capital repatriated from 4 August 2004 to 4 June 2005.

11. HUNGARY

Taxes & Social contributions in HUNGARY ¹⁾

	1995	1996	1997	1998	1999	2000	2001	2002	2003
	ESA95								
A. Structure of revenues as % of GDP									
Indirect taxes	17,8	17,1	15,6	15,8	16,3	16,4	15,7	15,2	16,6
VAT	7,7	7,5	7,7	7,9	8,1	8,8	8,3	8,0	9,1
Excise duties and consumption taxes	4,2	4,0	3,9	4,3	4,3	3,9	3,7	3,6	3,7
Other taxes on products (incl. import duties)	5,8	5,3	3,7	3,4	3,6	3,4	3,4	3,3	3,5
Other taxes on production	0,1	0,2	0,3	0,3	0,3	0,3	0,4	0,3	0,3
Direct taxes	8,9	9,4	9,1	9,1	9,6	9,9	10,4	10,4	9,8
Personal income	6,7	7,3	6,9	6,6	6,9	7,3	7,7	7,7	7,1
Corporate income	1,9	1,8	1,9	2,2	2,3	2,2	2,4	2,4	2,2
Other	0,3	0,3	0,3	0,4	0,4	0,4	0,3	0,3	0,4
Social Contributions	14,9	14,1	14,3	14,1	13,3	13,2	13,2	13,2	12,7
Employers´	12,2	11,6	11,8	11,7	10,6	10,6	10,4	10,3	9,9
Employees´	2,3	2,1	2,2	2,1	2,2	2,0	2,1	2,3	2,2
Self- and non-employed	0,4	0,3	0,2	0,3	0,5	0,6	0,6	0,6	0,6
B. Structure according to level of government as % of GDP									
Central Government	27,0	26,7	24,5	22,7	23,2	23,6	23,1	22,7	22,3
State Government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	2,7	3,0	3,2	3,5	3,8	3,9	4,1	4,1	4,4
Social Sec. Funds	13,8	12,8	12,9	12,8	12,2	12,1	12,1	12,6	12,5
EC Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C. Structure according to economic function as % of GDP									
Consumption	17,3	16,4	14,8	15,0	15,4	15,6	14,7	14,2	15,7
Labour	20,8	20,4	20,4	19,9	19,3	19,6	19,9	19,9	19,0
Employed	20,0	19,7	19,7	19,2	18,5	18,7	18,9	19,0	18,1
Paid by employers	12,3	11,7	12,0	11,8	10,7	10,7	10,6	10,5	10,0
Paid by employees	7,7	8,0	7,7	7,4	7,7	7,9	8,4	8,5	8,0
Non-employed	0,8	0,8	0,7	0,7	0,9	1,0	0,9	0,9	0,9
Capital	3,5	3,8	3,7	4,1	4,4	4,4	4,8	4,7	4,5
Capital and business income	2,8	2,8	2,8	3,0	3,3	3,2	3,5	3,5	3,3
Income of corporations	1,9	1,8	1,9	2,2	2,3	2,2	2,4	2,4	2,3
Income of households	0,6	0,7	0,6	0,6	0,6	0,7	0,7	0,7	0,6
Income of self-employed (incl. sc)	0,3	0,3	0,2	0,3	0,3	0,3	0,5	0,4	0,4
Stocks (wealth) of capital	0,7	1,0	1,0	1,1	1,2	1,2	1,2	1,2	1,1
Total	41,6	40,6	39,0	39,0	39,1	39,6	39,3	38,8	39,1
Of which environmental taxes	3,1	3,0	3,0	3,5	3,4	3,1	2,9	2,9	2,7
Energy	2,7	2,4	2,4	2,9	2,8	2,5	2,3	2,3	2,3
Transport	0,2	0,3	0,3	0,3	0,4	0,4	0,4	0,4	0,2
Pollution/Ressources	0,2	0,3	0,2	0,3	0,2	0,2	0,2	0,2	0,2
D. Implicit tax rates									
Consumption	30,7	29,3	27,0	27,4	27,6	28,0	26,0	25,9	28,5
Labour employed	42,6	43,0	43,7	42,8	42,7	42,3	41,2	41,0	39,2
Capital	-	-	-	-	-	-	-	-	-
Capital and business income	-	-	-	-	-	-	-	-	-

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

2) Provisional data

n.a.: not applicable

Source: Commission Services

Overall trends in taxation

As of 2003, with a total-tax-to-GDP ratio of 39.1% (including social security contributions), Hungary's overall tax burden is the second highest of all new Member States, after Slovenia. This value is not far from the average of the old Member States (41.0%), which generally exhibit higher taxation. Overall, the ratio is slightly above the average for the whole of the Union (38.2%).

Similarly to most of the new Member States, revenues from indirect taxes are substantial, their share accounting for over 42% of the total. Indirect taxes are high not only in relative but also in absolute terms: at the end of 2003, they amounted to 16.6% of GDP, the fourth highest level in the EU after Denmark and Sweden. This is due notably to the high standard VAT rate. In contrast, direct taxes are relatively low: at 9.8% of GDP, they are about one-fifth lower than the EU-25 average. Despite a marked and regular decline since 1995, social contributions remain slightly above the European average; the majority of them fall on employers.

Tax revenues are divided between central, local government and the social security system. While central government remains by far the largest recipient of tax revenue with over half of the total, local government taxes are, at 4.4% in GDP, not negligible. Local taxes have been growing rapidly: their share has increased by close to 60% since 1995.

The overall tax burden has declined rapidly between 1995 and 1997; since then, it has oscillated around an average of 39% of GDP. In 1995, the ratio of taxes on GDP was over six points above the EU-25 average; by 2003, as mentioned above, Hungarian tax levels exceed the average by only about one point. The shares of the main categories of taxes evolved differently as the shares of indirect taxes and social contributions declined somewhat from 1995 levels while the share of direct taxes, including personal income taxes, has tended to increase, although showing a decline in the last year for which data are available. VAT revenues instead increased markedly, by one fifth, although their increase was more than compensated by declines in other indirect taxes.

Taxation of consumption, labour and capital

Implicit tax rates (ITRs) for Hungary are presented for the first time in this publication.

The high level of indirect taxation in Hungary leads to a correspondingly elevated ITR on consumption (about 28½% in 2003). This value is just below that found for the Nordic Member States, a fact that is consistent with the similar share of indirect taxes on GDP in those countries. The ITR on consumption shows a slight decline from 1995 onwards, in line with the reduction in indirect tax revenue. At the current end, however, stronger VAT revenues have resulted in an uptick of the ITR, which, on the basis of changes in tax legislation, should be confirmed for the coming years.

The ITR on labour amounted to around 39% in 2003. This value is above both the EU-25 and the NMS-10 average; the significance of the latter average is however affected by the fact that Malta and Cyprus are clear outliers. Compared with other Central European NMS-10, the Hungarian value appears to be in line with that of several neighbours, the exceptions being Slovakia and Latvia where the ITR is somewhat lower. The ITR for labour shows a gradual decline over time, reflecting mainly the reduction in social security contributions and, for 2003, in personal income tax revenue.

Data limitations prevent computation of the ITR on capital.

Features of the tax system and recent developments in tax policy

Personal income tax

Personal income tax is applied at central government level. In the last years, Hungary has introduced a number of reforms of personal income taxation. The three-brackets system utilised since 1992 has been replaced, from 1 January 2005, with a two-brackets system: income up to HUF 1.5 million is taxed at a 18% rate, whereas above that threshold the rate jumps to 38%. Compared with the previous system, the main change is that the middle bracket (income between HUF 800,000 and HUF 1,500,000), which was taxed at a 26% rate, has been abolished, reducing the tax burden. On the other hand, a number of tax breaks for high-income earners have been abolished.

There is no basic allowance. In Hungary deductions are applied as tax credits: the most important personal tax credits, usually expressed as a percentage of the applicable amount but often limited to a maximum amount, are the employment credit (18% of wage income), employees' contributions to mutual insurance funds (30% of the contribution), charitable contributions to foundations (30%) and a housing credit (40% of mortgage loan payments). In addition a family tax credit exists, which depends on the number of children.

A 20% withholding tax is imposed on 30% of the dividends from resident companies paid to individuals. The remaining 70% is taxed at a rate of 35%. Foreign source dividends are taxed at a 20% rate.

Corporate income tax

In the last years there has been a strong tendency to reduce corporate tax rates, particularly in new Member States. In this context Hungary has an established position as a low-tax country, given that it introduced a corporate tax rate of 18% already in 1995, further reduced to 16% as of 2004. However, a considerable amount of tax incentives for investors in Hungary was repealed as from 01.01.2003 and was replaced by a new tax credit regime for the promotion of development. A special rate of 4% applies to the taxable profits of offshore companies until 31 December 2005.

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

In general, all expenses directly related to the operation of a business are deductible, including remuneration and benefits in kind provided to employees and interest and royalties paid at arm's length. However, limitations apply on some items, such as dividends paid, fines, penalties and interest for late payment of taxes and social security contributions, interest due over the thin capitalization threshold, the book value of assets transferred for no consideration, or services provided for free, subject to exceptions; e.g. company vehicles are subject to a lump sum tax if also used privately. Since 2004, companies may carry the amount of trading losses forward indefinitely, but subject to limitations; carry-back of losses is not allowed. Losses incurred during the first four years of a company's existence may be carried forward indefinitely. Capital gains derived by Hungarian companies are included in taxable income and taxed at 18%, and capital gains derived by foreign companies without a permanent establishment in Hungary are exempt from Hungarian tax. In addition, several tax incentives exist, for the promotion of, *inter alia*, employment or R&D.

Capital gains are generally included in the company's total ordinary income. However, 50% of capital gains on transactions on a recognized stock exchange by a company other than an insurance or financial institution is exempt, subject to limitations. A 20% final withholding tax is imposed on dividends paid to foreign companies. Dividends paid to Hungarian companies are not subject to withholding tax, unless they are paid in cash or remitted to a non-Hungarian bank account. Interest income is generally tax exempt.

VAT

VAT principles are in line with EU law. Since 1992 the standard VAT rate is 25%. From 2004, the reduced rate of 12%, applicable to basic foods, medicines and medical supplies, coal, mineral fuels, electrical energy and most services, has been increased to 15%. Textbooks used in public education and specific medicines and medical materials are exempted from VAT. Similarly to the majority of new Member States, Hungary has requested transitional measures in the field of Value Added Taxation, namely for a reduced VAT rate on heating and on restaurants.

Other taxes

Besides those already mentioned, the year 2004 was marked by several innovations in the Hungarian tax system prior to EU accession. Among other measures, Hungary introduced an environmental tax and an energy tax. As for excise duties, they already comply with EU minimum requirements.

12. IRELAND

Taxes & Social contributions in IRELAND¹⁾

	1995	1996	1997	1998	1999	2000	2001	2002	2003
	ESA95								
A. Structure of revenues as % of GDP									
Indirect taxes	14,7	14,6	14,3	14,0	13,8	13,9	12,6	12,5	13,0
VAT	7,1	7,2	7,2	7,2	7,2	7,4	6,9	7,1	7,2
Excise duties and consumption taxes	5,0	4,9	4,7	4,5	4,4	4,3	3,6	3,5	3,5
Other taxes on products (incl. import duties)	1,6	1,5	1,6	1,5	1,6	1,6	1,5	1,3	1,7
Other taxes on production	1,0	1,0	0,8	0,7	0,7	0,6	0,6	0,6	0,7
Direct taxes	13,8	14,3	14,2	13,9	13,9	13,7	13,0	11,8	12,3
Personal income	10,4	10,4	10,2	9,7	9,1	8,7	8,2	7,2	7,0
Corporate income	2,8	3,1	3,2	3,4	3,8	3,8	3,6	3,8	3,8
Other	0,6	0,7	0,8	0,8	1,0	1,2	1,2	0,9	1,5
Social Contributions	5,0	4,7	4,4	4,2	4,3	4,4	4,5	4,5	4,6
Employers´	2,9	2,7	2,6	2,6	2,6	2,7	2,8	2,8	2,7
Employees´	1,9	1,8	1,5	1,4	1,5	1,6	1,5	1,5	1,6
Self- and non-employed	0,2	0,2	0,2	0,2	0,2	0,2	0,2	0,2	0,2
B. Structure according to level of government as % of GDP									
Central Government	27,2	27,9	27,6	27,0	27,2	27,1	25,2	24,2	25,1
State government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	0,9	0,8	0,8	0,7	0,7	0,6	0,6	0,7	0,7
Social Sec. Funds	4,2	3,9	3,7	3,5	3,5	3,6	3,7	3,7	3,7
EC Institutions	1,2	0,9	0,8	0,9	0,7	0,7	0,7	0,3	0,3
C. Structure according to economic function as % of GDP									
Consumption	13,1	13,1	12,8	12,4	12,2	12,3	11,1	11,1	11,2
Labour	13,7	13,4	12,9	12,2	11,8	11,5	11,2	10,2	10,1
Employed	13,5	13,2	12,7	12,1	11,7	11,5	11,1	10,2	10,1
Paid by employers	2,9	2,7	2,6	2,6	2,6	2,7	2,8	2,8	2,7
Paid by employees	10,6	10,5	10,1	9,5	9,1	8,8	8,3	7,4	7,3
Non-employed	0,2	0,2	0,1	0,1	0,1	0,1	0,1	0,1	0,1
Capital	6,6	7,1	7,2	7,4	8,1	8,1	8,0	7,5	8,6
Capital and business income	4,6	5,0	5,2	5,4	5,9	6,1	6,0	5,7	6,3
Income of corporations	2,8	3,1	3,2	3,4	3,8	3,8	3,6	3,8	3,8
Income of households	0,5	0,6	0,7	0,8	0,9	1,2	1,2	0,9	1,5
Income of self-employed (incl. sc)	1,3	1,3	1,3	1,3	1,2	1,1	1,1	1,1	1,0
Stocks (wealth) of capital	2,0	2,1	2,0	2,0	2,1	2,1	2,0	1,8	2,2
Total	33,5	33,6	32,8	32,1	32,1	32,0	30,2	28,8	29,9
Of which environmental taxes	3,1	3,2	3,0	3,0	3,0	2,9	2,4	2,3	2,4
Energy	1,7	1,7	1,7	1,7	1,6	1,5	1,2	1,3	1,3
Transport	1,3	1,4	1,3	1,3	1,4	1,5	1,2	1,1	1,1
Pollution/Ressources	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
D. Implicit tax rates									
Consumption	25,3	25,2	25,8	26,2	26,6	27,1	25,0	26,0	26,1
Labour employed	29,7	29,6	29,9	28,5	28,5	28,1	27,2	25,9	25,2
Capital	22,0	23,0	23,5	23,7	28,9	30,0	29,9	28,8	33,3
Capital and business income	15,3	16,3	17,0	17,3	21,2	22,4	22,4	21,9	24,6

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

n.a.: not applicable

Source: Commission Services

Overall trends in taxation

The total tax to GDP ratio in Ireland (29.9% EU-25 38.2%) is the third lowest in the Union, after Lithuania and Latvia.

The tax structure by tax type in Ireland (indirect 44%, direct 41%, social security contributions 15%) differs considerably from the typical structure for the EU-25 as a whole (38%, 32%, 30%) and is comparable with the UK and Malta. The structure of Ireland's indirect taxes is nevertheless comparable to the EU average with VAT providing 55% of total indirect taxes (EU-25 54%) and excise duties providing 27% (EU-25 23%). The greater significance of indirect taxes in the total tax take counterbalances the generally light overall tax burden in Ireland such that the proportions of GDP absorbed are comparable (VAT and excise duties absorb 7.2% and 3.5% of GDP against an EU-25 average of 7.7% and 3.3%, respectively). Direct taxes absorb the same amount of GDP as is the average for the Union (12.3%) but the revenues rely to a greater extent on corporate tax (3.8% of GDP, EU-25 2.9%) and on capital gains tax than elsewhere. Social security contributions absorb a mere 4.6% of GDP (EU-25 11.6%), the incidence on employers and employees mirroring the EU average.

Ireland is one of the most centralised states in Europe with local government having few responsibilities and commensurate resources (2.3% of tax revenues). With the social security fund receiving a lowly 12.5% of tax revenues (EU-25 29.1%), the vast majority (over 84%) of tax revenue accrues to central government, a ratio superseded only by Malta and the UK.

Ireland has achieved significant across the board reductions in the total tax burden since 1995 (falling 3.6% from 33.5% of GDP), although the last year has seen a partial reversal of that trend, in large part due to a surge in capital gains tax (from 2% to 4% of total tax receipts). Within indirect taxes, excise duties fell substantially as a proportion of GDP over the period (from 5% to 3.5%), due in part to reductions in fuel duties but primarily because revenues, while doubling in monetary terms over the period, failed to keep pace with the growth in the general economy. In 2003, however, the indirect revenues were buoyed by half a percentage point of GDP as stamp duty revenues increased by fifty percent under the influence of the continuing housing boom. Direct taxes have fallen over the period by 1.5% of GDP. Within this a contrast must be drawn between the startling reduction in personal income tax (from 10.4% to 7% of GDP), as a result of the lowering of rates and expansion of allowances and credits, and the heavy rises in corporate income tax and capital gains tax, as a consequence of robust economic growth and despite substantial reductions in the rates.

Taxation of consumption, labour and capital

The tax structure by economic factor in Ireland (consumption 37%, labour 34%, capital 29%) differs notably from the EU-25 average (33%, 48%, 19%), with the tax system deriving the smallest proportion of tax receipts from labour of any EU country. It takes a notably large proportion from capital, exceeded in this only by Luxembourg.

Taxes on consumption absorb 11.2% of GDP (EU-25 12.3%) having fallen steadily since 1995 to be 1.9% of GDP lower. This is principally due to the slow rise of excise revenues, relative to GDP. The implicit tax rate on consumption stands at 26.1% (EU-25 22.0%) having increased from 25.3% in 1995. This seeming discrepancy is explained by the decline of consumption as a proportion of GDP from 52% to 43% over the period, a development tied to the slower growth of GNP, on which consumption

depends, relative to GDP, a large part of which is now composed of the repatriated profits of multinational enterprises.

The combination of very low social security contributions and a moderate PIT (7% of GDP, EU-25 8.5%) results in the lowest taxes on labour in the EU (10.1% of GDP, EU-25 18.7%). As in many EU countries the implicit tax rate on labour had increased steadily from the early 1970's until the late 1980's. Having attained stability in the early 1990's the rate fell continuously from 29.7% in 1995 to 25.2% in 2003, as a result of the successive cuts in personal income tax and social contributions. This constitutes the largest cut in the ITR on labour obtained in any European country in the period.

From 1995 to 2002 capital taxes a proportion of GDP were close to the EU average, rising gradually from 1995 to 1999 and dipping in the slowdown thereafter. This can partly be explained with reference to the economic growth of these years and the fact that as companies maintained and increased profit levels year after year loss relief carry-overs dwindled. For Ireland though it is notable that the strong economic growth in these years offset the effects of the contemporaneous reductions in corporate income tax rates. Likewise, the common dip after 2000 reflects the general slowdown. However, the levels diverge markedly in 2003 (8.6%, EU-25 7.1%) as receipts from Irish capital gains tax and stamp duty collectively jumped by 80% in the wake of the construction boom. The ITR on capital (33.3%, EU-25 25.4%) has risen dramatically from 22% in 1995. However, the effective tax burden for 2003 is necessarily overestimated due to the omission of capital gains from the base.

Features of the tax system and recent developments in tax policy

Personal income tax

The government has been aiming at increasing the financial return from work, particularly for the lower paid, and since 1997 has succeeded in removing almost 460,000 income earners from the personal income tax net. This was achieved by increasing basic tax credits and widening the tax bands. The personal credit now stands at € 1,580 for a single person, the employee (PAYE) tax credit stands at € 1,270 and the threshold for the higher rate of tax is € 29,400 for a single person. Particular credits and tax bands exist for married persons and for widowed and lone parents. In addition, tax credits apply in respect of those who are elderly or incapacitated or where care is provided in the home. Special Age Exemption limits apply whereby those aged 65 or over are exempt from income tax up to specified levels (currently € 16,500 single and € 33,000 where one spouse is or both spouses are aged 65 or over). The statutory personal income tax rates have been reduced substantially (from 27% in 1996 to 20% in 2001 and from 48% to 42%, at which levels the rates remain). The Government is progressively widening the standard rate band with a view to achieving a position where 80% of income earners pay tax at no more than the standard rate. Individualisation of tax bands is being pursued with the aim that, ultimately, each taxpayer will have his or her own non-transferable standard rate band¹. A dividend withholding tax at the standard rate of income tax (20%) applies to dividend payments made by companies resident in Ireland. Individuals receiving dividends can credit the withholding tax against the income tax liability for the year.

¹ Prior to 2000 the standard rate band was fully transferable between spouses leading to a perceived bias against single people and dual income married couples.

Corporate income tax

Irish companies and foreign undertakings are subject to corporation tax at 12.5%, having been reduced in phases from 40% in 1995 to 12.5% in 2003. The special 10% rate has been phased out at the behest of the European Commission; it now only applies to a small group of manufacturing companies and International Financial Services Centre, as well as some Shannon companies who were granted the privilege prior to 1998, until 2010 at the latest.

Under the terms of the EU parent directive, interest and dividends 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.

VAT and Excise

The VAT rate has stood at 21% over the whole period, having been decreased once in 2001 only to revert in 2002. A reduced rate of 13.5% applies to various services, building work and household energy and fuels, while a zero rate applies to basic food, children's clothing, children's footwear, books and certain exports.

Social security, wealth and transaction taxes

The rates for employees' Pay-Related-Social-Insurance (PRSI) contributions have been reduced (now levied at 4%) and the earnings threshold for paying PRSI has been raised in recent years as part of the programme for reducing taxes on labour. A health levy of 2% of income must be paid by wage earners with salaries in excess of € 20,800. Employers PRSI contributions are levied at a rate of 10.75% on salaries and benefits, with no ceiling.

Capital acquisitions tax is charged at a rate of 20% on gifts and inheritances of a value over a certain threshold, determined by reference to the relationship of the recipient to the donor or deceased. Stamp duty, applies to sales, gifts, conveyances and leases of property. Different rates of stamp duty apply depending on whether property is for residential or non-residential purposes. Shares and securities carry a fixed rate of 1% while leases are subject rates of 1% to 6% of the average rental value, depending on the length of the lease. Capital duty on the issue of share capital stands at 0.5%, having been reduced from 1% in 2004. 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. There is no net worth tax.

13. ITALY

Taxes & Social contributions in ITALY ¹⁾

	1995	1996	1997	1998	1999	2000	2001	2002	2003
ESA95									
A. Structure of revenues as % of GDP									
Indirect taxes	12,7	12,5	12,9	15,9	15,6	15,5	15,0	15,1	14,8
VAT	5,7	5,5	5,8	6,2	6,2	6,6	6,4	6,4	6,1
Excise duties and consumption taxes	3,3	3,2	3,1	3,0	3,0	2,7	2,5	2,4	2,5
Other taxes on products (incl. import duties)	2,6	2,6	2,7	2,9	3,0	2,7	2,5	2,6	2,6
Other taxes on production	1,2	1,2	1,4	3,8	3,4	3,4	3,6	3,6	3,7
Direct taxes	15,4	15,7	16,9	14,9	15,3	14,8	15,2	14,5	15,3
Personal income	10,8	11,0	11,4	11,4	11,4	10,8	11,1	10,9	10,7
Corporate income	3,4	3,8	4,2	2,5	2,8	2,4	3,0	2,6	2,2
Other	1,3	0,9	1,3	1,0	1,1	1,6	1,1	1,0	2,3
Social Contributions	13,0	14,6	14,9	12,5	12,4	12,4	12,3	12,5	12,9
Employers´	8,7	10,2	10,6	8,7	8,6	8,6	8,6	8,7	8,9
Employees´	2,5	2,6	2,7	2,5	2,4	2,3	2,4	2,4	2,4
Self- and non-employed	1,9	1,8	1,7	1,3	1,4	1,4	1,4	1,4	1,5
B. Structure according to level of government as % of GDP									
Central Government	24,6	24,0	25,8	24,5	25,0	23,7	23,3	22,7	22,9
State government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	3,2	3,5	3,5	5,8	5,4	6,2	6,4	6,6	6,9
Social Sec. Funds	12,7	14,6	14,9	12,5	12,4	12,4	12,3	12,5	12,9
EC Institutions	0,7	0,6	0,5	0,6	0,5	0,5	0,5	0,4	0,3
C. Structure according to economic function as % of GDP									
Consumption	10,5	10,1	10,4	10,7	11,0	11,0	10,5	10,3	10,3
Labour	18,6	20,2	21,1	21,0	20,5	20,1	20,5	20,5	20,5
Employed	16,7	18,2	19,1	18,8	18,4	18,0	18,2	18,3	18,7
Paid by employers	8,8	10,3	11,0	10,6	10,1	10,1	10,2	10,2	10,5
Paid by employees	7,9	7,9	8,1	8,1	8,4	8,0	8,1	8,1	8,2
Non-employed	1,9	2,0	2,1	2,2	2,1	2,0	2,2	2,2	1,8
Capital	12,1	12,4	13,2	11,5	11,7	11,6	11,6	11,3	12,1
Capital and business income	8,0	8,6	9,2	8,0	8,6	8,8	9,0	8,3	9,5
Income of corporations	2,9	3,4	3,8	2,9	3,3	2,9	3,6	3,2	3,7
Income of households	1,8	2,0	2,1	1,7	1,7	2,3	1,9	1,6	1,4
Income of self-employed (incl. sc.)	3,2	3,2	3,3	3,4	3,6	3,6	3,5	3,5	4,5
Stocks (wealth) of capital	4,1	3,8	4,0	3,5	3,2	2,8	2,6	3,0	2,6
Total	41,2	42,8	44,7	43,2	43,3	42,7	42,5	42,1	42,9
Of which environmental taxes	3,7	3,6	3,5	3,4	3,6	3,2	3,1	2,9	3,1
Energy	3,2	3,1	3,0	2,9	2,9	2,6	2,5	2,3	2,5
Transport	0,5	0,4	0,5	0,5	0,6	0,6	0,6	0,6	0,6
Pollution/Ressources	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
D. Implicit tax rates									
Consumption	17,6	17,2	17,5	17,9	18,1	18,0	17,4	17,1	17,0
Labour employed	37,8	41,4	43,1	42,8	42,1	41,3	41,3	41,2	41,6
Capital	26,3	26,6	29,9	27,4	29,1	28,5	27,8	28,2	31,1
Capital and business income	17,3	18,4	20,8	19,1	21,3	21,6	21,6	20,7	24,4
Corporations	14,0	16,1	18,5	14,0	16,4	14,4	16,8	15,6	18,3
Households and self-employed	13,8	14,0	15,2	15,4	16,5	18,2	16,7	16,2	19,2

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

n.a.: not applicable

Source: Commission Services

Overall trend in taxation

In 2003 the total tax-to-GDP ratio (including social contributions) in Italy stood at a level of 42.9%, which is 4.7 percentage points higher than the EU-25 arithmetic average.

The share of indirect taxes in GDP (14.8%) is slightly higher than the EU-25 arithmetic average, direct taxes (15.3%) are about 3 percentage points higher than the average, while the share of social contributions (12.9%) is slightly lower. VAT and excise duties are lower than the EU-25 average but they are counterbalanced by a higher share of other taxes on products and on production. Regarding direct taxes, the share of personal income tax on GDP is relatively high in Italy (10.7%) standing 2.2 percentage points higher than the EU-25 average; only the Nordic Countries and Belgium have a higher share. Looking at the classification by level of government we can notice that Italy has a high share of taxes collected by local governments (6.9 of GDP, 2.5 percentage points higher than the EU-25 average); that is due mainly to the introduction of the regional tax on production activities (IRAP) in 1998.

The total tax-to-GDP ratio increased rapidly since the early 1990s. It approached a 44.7% level in 1997, decreased to around 43% in 1998 then continued to decrease up to 42.1% in 2002. Between 2002 and 2003 the ratio witnessed an increase to 42.9% (0.8 percentage points) mainly due to the revenues from the new tax amnesty. The upswing in the tax burden since the early 1990s can largely be attributed to budgetary consolidation efforts. Meeting the EMU criteria and in particular reducing the total debt-to-GDP ratio was an important challenge for Italy. Until 1997, the structure of the tax revenues in Italy remained virtually unchanged. In the year 1998, however, an important tax reform was implemented. Significant reductions in employer's social contributions and corporate income taxes were partly compensated by an increase in indirect taxes (in particular other taxes on production, notably the IRAP). After 2001 the centre-right government focused on reforms of personal income tax (in several steps) and corporate income tax.

Taxation of consumption, labour and capital

The implicit tax rate on consumption increased to around 18% in 1998. The increase can largely be explained by an increase in VAT. The intermediate VAT rate of 16% was abolished and replaced by a standard rate of 20%. Subsequently the implicit tax rate decreased to 16.9% which is one of the lowest of the Union, together with Malta and Spain.

Italy imposes a relatively high tax burden on labour income. In 2003 the implicit tax rate on labour stood 5.9 percentage points higher than the EU-25 arithmetic average. The main measure towards a reduction of tax burden on labour was taken in the year 1998 when employers' social contributions were substantially reduced. At the same time, however, the new regional tax on productive activities based on the value of production net of depreciation was introduced. Given that the tax base includes value added from labour, the corresponding part of revenue from this new tax has been allocated to labour in tables C and D. Over the period 1995-2003, the implicit tax rate on labour income increased up to 43.1% in 1997, declined to a low of 41.3% in 2000 before increasing again to 41.8% in 2003.

The implicit tax rate on capital increased only slightly, whereas in other Member States a sharp increase has been recorded. An increase in the implicit tax rate on capital is still visible between 1995 and 1997, but the 1998 tax reform resulted in a significant reduction in the tax burden on capital income (for both households and corporations) and also on the stocks (wealth) of capital. However due to the economic upswing of the late 90s an increase is still visible in the indicators. For example high level of other direct

taxes and of the ITR on capital income of households in 2000 is linked to the increased revenues of capital gains tax on shares and tax on investment funds. The self-employed paid substantially less social contributions as a result of the 1998 tax reform. Italy also experienced relative decreases in the overall tax base in proportion to GDP, which corresponds mostly to a decrease in the share of property income and, to a lesser extent, a decreasing share of profits from the private sector. Shifts from interest payments to dividend payments against the background of decreasing interest rates have taken place. The latter development has however resulted in slight increases in the measured tax burden on capital income, offsetting the reductions in corporate income tax that were implemented in 1998. The reduction in the measured tax burden on stocks (wealth) of capital can also be attributed to the substantial reduction of revenue from the firm's net wealth tax. The increase in 2003 of both the ITR on capital income of corporations and of households is due to the revenues from the new tax amnesty.

In this context, it should be noted that for Italy an alternative methodology for calculating the ITRs on labour and capital has been suggested by the Italian authorities, in order to better reflect the features of the Italian self-employed sector. Italy is characterised by a fairly large self-employed sector, in which the labour input component dominates and capital endowment is relatively low; therefore, it has been suggested that attributing 80% of tax revenues to labour, instead of the standard attribution to capital, would be more appropriate. Following this alternative methodology the ITR on labour would increase while the ITR on capital would fall. Despite its merits this alternative methodology has not been followed in order to safeguard maximum comparability with the other EU Member States. However, Annex C contains an example of Tables C and D calculated following the alternative approach.

Regarding environmental taxes Italy is above the EU average. In particular the share of energy taxes on GDP in Italy (2.5%) is one of the highest in the Union and the implicit tax rate on energy is the second highest.

Features of the tax system and main recent tax policy measures

Personal income tax

The structure of the tax revenues in Italy is characterised by a relatively high share of direct taxes, in particular personal income taxes. Reforms since 1998 have broadened the tax base such that all categories of capital income are now taxed, whereas previously only interest was subject to taxation. Final withholding tax rates of 12.5% and 27% were introduced with the rate applied depending on the duration and type of the investment. In addition, a special new regime on Italian Investment Funds was adopted, introducing a substitute levy of 12.5% on realised annual capital gains even if not cashed in.

In 2001 the rate applying to the first tax bracket was reduced and the deductions for interest paid on loans for the purchase of principal residence, lease charges and medical charges were increased for employed persons, the minimum income earners and the self-employed. Tax incentives for business investment were introduced (both for fixed capital and workers' training) as were fiscal incentives to encourage the regularisation of work contracts. A so-called 'tax shield' for undeclared funds held abroad was set up with the aim of attracting capital back to Italy. The inheritance and gift tax was abolished. In 2002 tax credits for dependent children were increased.

Personal income tax (IRPEF) was reformed in two steps in 2003 and 2005. The number of brackets has been progressively reduced to three with a top tax rate of 39%. In 2003 a new mechanism for deductions, which decrease as taxable income increases, was introduced such that the amount of the tax allowance varies according to the type of income. In 2005 an additional levy (solidarity contribution) of 4% paid on

incomes higher than € 100,000 was introduced. A new tax allowance mechanism (the family area) replaces the existing tax credits with the amount of the allowance depending on both the number of dependants and the level of income.

Corporate income tax

Company taxation rules have been changed substantially in order to ease the tax burden on incorporated businesses. For a period of several years a dual income tax (DIT) model was in force, with a special regime for new entrepreneurial activities and self-employed people and a tax credit to encourage employers to hire new employees. At the end of the year 2003 the corporate tax (IRPEG), together with the DIT incentives, was abolished and replaced with a new corporate income tax, IRES, with a statutory tax rate set at 33% (progressively decreased from 37% in the preceding years). Taxpayers not subject to IRES that are either self-employed or derive their income from a business activity and whose taxable income does not exceed € 5 million may enter into an advance ruling (with a validity of three years) with the tax administration regarding the amount of their taxable income.

The 2004 reform of corporate taxation also provides for a general system of capital gains exemption with no deductibility of the corresponding capital losses. Furthermore, the imputation method previously used to eliminate dividend double taxation has been replaced with the exemption method (dividends are exempted up to 95% for taxpayers subject to corporate taxation and up to 60% for taxpayers subject to personal taxation). Group consolidation for tax purpose has been introduced, both at the domestic level and worldwide, on condition that the parent company controls at least 50% of the subsidiary. At domestic level the option for tax consolidation is bilateral and can be exercised by some or all of the companies belonging to the group; the consolidated tax base is given by the algebraic sum of the taxable incomes of the consolidated companies regardless of the percentage of shareholding held by the parent company. The minimum period for tax consolidation is three years and the option can be renewed for a period of the same length. The option for worldwide consolidation can be exercised only by the parent company of the highest level and requires consolidation of all companies belonging to the group. The option cannot be exercised if one of the subsidiaries is resident in a tax haven or benefits from a privileged tax regime. The minimum period for tax consolidation is five years and the option can be renewed for a period of three years. In addition, corporations participated by other corporations (each with a shareholding of at least 10% and not higher than 50%) and limited liability companies with no more than 10 shareholders that are natural persons can impute pro-quota their taxable income to the shareholders (the company is 'transparent' for tax purposes). Finally, the tax benefits for debt financing are limited with the introduction of 'thin capitalization' rules.

Social security, wealth and transaction taxes

The 1998 tax reform abolished the employer's compulsory health contributions, bringing the overall employer's social contribution rate down. At the same time a regional tax on productive activities (IRAP), based on value of production net of depreciation, was introduced. In 2005 new IRAP incentives were introduced such that costs incurred for employees involved in research and development activities and for new additional employees are now deductible. Together with the municipal tax on immovable property ('ICI') this represents the major contribution to the budgets of local governments. Since 2000, revenues from VAT constitute the main transfer from central to local government.

The 2004 reform of the personal income tax and the introduction of a new corporate income tax were preceded by a tax amnesty aimed at allowing taxpayers to regularize their positions with respect to the tax administration leading to a sharp rise in revenues.

14. LATVIA

Taxes & Social contributions in LATVIA

	1995	1996	1997	1998	1999	2000	2001	2002	2003
ESA95									
A. Structure of revenues as % of GDP									
Indirect taxes	13,7	12,6	13,0	14,0	12,9	11,7	11,2	10,7	11,5
VAT	9,3	8,4	8,2	8,2	7,4	7,1	6,8	6,7	7,3
Excise duties and consumption taxes	2,2	2,7	3,2	4,2	3,7	3,5	3,1	3,1	3,3
Other taxes on products (incl. import duties)	0,8	0,8	0,8	0,7	0,7	0,5	0,5	0,5	0,5
Other taxes on production	1,3	0,8	0,9	0,9	1,1	0,6	0,8	0,4	0,4
Direct taxes	7,8	7,7	8,8	9,3	8,7	8,3	8,5	8,7	8,5
Personal income	5,4	5,2	5,5	5,8	5,7	5,6	5,6	5,7	5,9
Corporate income	1,8	1,9	2,2	2,3	2,1	1,6	1,9	1,9	1,5
Other	0,6	0,6	1,1	1,2	0,9	1,1	1,1	1,1	1,1
Social Contributions	12,1	11,0	10,8	11,0	10,8	10,0	9,3	9,4	9,0
Employers´	11,8	10,1	8,2	8,3	8,1	7,5	6,9	7,0	6,5
Employees´	0,3	0,9	2,6	2,6	2,6	2,5	2,4	2,4	2,4
Self- and non-employed	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
B. Structure according to level of government as % of GDP									
Central Government	15,3	13,9	16,5	17,9	16,5	15,0	14,7	14,4	14,8
State government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	6,1	6,4	5,3	5,5	5,1	5,1	5,0	4,9	5,1
Social Sec. Funds	12,1	11,0	10,8	11,0	10,8	10,0	9,3	9,4	9,0
EC Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C. Structure according to economic function as % of GDP									
Consumption	12,3	11,7	12,3	13,1	11,7	11,2	10,4	10,4	11,1
Labour	17,5	16,2	16,3	16,7	16,3	15,6	14,7	14,9	14,7
Employed	17,5	16,2	16,2	16,6	16,3	15,4	14,6	14,7	14,6
Paid by employers	11,8	10,1	8,2	8,3	8,1	7,5	6,9	7,0	6,5
Paid by employees	5,7	6,1	8,1	8,3	8,1	7,9	7,7	7,7	8,1
Non-employed	0,0	0,0	0,0	0,0	0,0	0,2	0,1	0,2	0,1
Capital	3,9	3,4	4,1	4,5	4,3	3,4	3,8	3,5	3,1
Capital and business income	1,9	1,9	2,3	2,4	2,2	1,7	2,0	2,1	1,6
Income of corporations	1,8	1,9	2,2	2,3	2,1	1,6	1,9	1,9	1,5
Income of households	0,0	0,0	0,0	0,0	0,1	0,1	0,1	0,1	0,1
Income of self-employed (incl. sc)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,1
Stocks (wealth) of capital	2,0	1,5	1,9	2,1	2,1	1,7	1,8	1,4	1,4
Total	33,6	31,3	32,7	34,3	32,3	30,1	29,0	28,8	28,9
Of which environmental taxes	1,1	1,6	2,1	3,1	2,5	2,4	2,2	2,3	2,5
Energy	1,0	1,6	1,8	2,7	2,1	1,9	1,7	1,8	2,0
Transport	0,0	0,0	0,0	0,1	0,2	0,3	0,3	0,4	0,4
Pollution/Ressources	0,1	0,1	0,3	0,3	0,3	0,2	0,2	0,2	0,2
D. Implicit tax rates									
Consumption	19,3	16,5	17,8	19,8	17,9	17,4	16,3	16,5	17,2
Labour employed	39,2	34,6	36,1	37,2	36,9	36,7	36,5	37,5	36,4
Capital	-	-	-	-	18,6	11,7	11,9	10,0	-
Capital and business income	-	-	-	-	9,4	5,9	6,3	5,9	-
Corporations	-	-	-	-	10,8	7,4	8,0	7,2	-
Households and self-employed	-	-	-	-	0,8	0,7	0,6	0,6	-

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

n.a.: not applicable

Source: Commission Services

Overall tax burden and features of the tax system

The ratio of total taxes to GDP in Latvia was 28.9% in 2003, which is one of the lowest in the EU, second only to Lithuania. During the period from 1995 to 2003, the above-mentioned ratio has decreased from 33.6% to 28.9%. This was mainly due to a cut in the rate of social security contributions and of the *Corporate Income Tax*.

Indirect taxes constitute the most important part of the tax revenues with a share on the total of 39.7% in 2003, while direct taxes amount only to 29.3% of the total taxation. Social security contributions represent 31.0% of the total tax revenues, gradually decreasing from 36.1% in 1995.

The predominance of indirect taxation is a common feature of the tax systems of the NMS-10, which, generally speaking, have been also characterised by a growing substitution of indirect by direct taxes. However, in the case of Latvia, 2003 seems to show reverse of this trend as indirect taxation has increased both in terms of GDP (+0.8%) and of total taxation (+2.5%). In particular, VAT has increased by 0.6% of GDP, going back almost to the level of 1999 and confirming it in its position as the most important source of revenue for the State. This shift is also reflected in the ITR on consumption which increases to 17.2% from 16.5% in the previous year. In 1998, improved border controls led to an increase in the collection of excise taxes

Within direct taxation, the increase in the PIT share (+0,2% of GDP, +0,7% on total taxation) is more than compensated by the decrease in the CIT (-0,4 in both terms). This latter has been markedly reduced compared to the previous year and has now reached a level of 1.5% of GDP which is half of the average of the EU-15 and significantly lower than the NMS-10 one (-1.2% of GDP). This is mainly the result of a reform that lowered the CIT tax rate from 25% to 22% starting from 2002; it is also connected to significant repayments to several big enterprises during the year. In spite of further reduction of the tax rate, in 2004 CIT revenue increased significantly. ITRs on capital, available for the first time this year are consistent with this trend (see below).

There are only central government taxes in Latvia, i.e. local governments do not have any fiscal autonomy, but they ultimately receive 17.8% of the total tax revenue. This value is much higher than the EU-25 average (10.7%). In particular, local governments benefit from the largest share until 2005 - 71,6% of the total amount collected.. As from 2005, local governments receive 73% of PIT of the personal income tax.

Current tax policy is mainly based on the laws introduced with the tax reform of 1995. With the aim of promoting the development of the national economy, the current tax policy relies on the shift of the tax burden from the entrepreneurship to consumption. The tax to GDP ratio has continuously decreased since 1998 (-4.7 percentage points) with the drop largely due to three major factors. First, an overall reduction of the rate of social insurance contributions from 38% to 33.09%, implemented over several years (1997, 2000, 2001 and 2003); secondly, the cut of the corporate income tax rate from 25% to 15%; and, finally, the enforcement of a common rate of property tax.

Trends in the taxation of consumption, labour and capital

Implicit tax rates for Latvia are presented here for the first time.

Latvian taxes on consumption are below the EU average. This is true both in terms of GDP and total taxation and is also confirmed by the ITR on consumption (-4.8 points below the EU-25 arithmetic average). They have decreased by 1.2 percentage points of GDP between 1995 and 2003, showing in

particular a decreasing trend between 1998 and 2002. On the other hand, a slowdown in consumption over the last two years has induced a slight rebound in the ITR on consumption in 2003.

The ITR on labour is roughly in line with the EU-25 average. It has maintained a descending trend in the employers' component, partly compensated by an increasing in the employees' one. This is consistent with the already mentioned decrease in SSCs.

ITRs on capital are also available for Latvia, unfortunately only for the years 2000-2002. The base of these indicators is very sensitive thus, interpretations that can be derived from them must be cautious. Moreover, given the limited availability of data for the new countries a direct comparison with the average should be avoided. Nevertheless, some indications can be drawn.

The general ITR on capital shows a significant reduction (almost 40%) in the year 2001, which is almost entirely reflected by the ITR on corporations. This fall could be interpreted as the consequence of the introduction of measures such as (from January 2001) the concession of a tax holiday or large foreign investors in projects approved by the government. Alternatively, the decrease could be (probably better) explained by the large increase in 'Net operating surplus, interest and dividends paid by financial and non financial institutions'- which causes an increase by roughly 30% in the base of the ITRs on capital and on corporations. ITRs on capital income of household and self-employed (0.6%) are significantly below the EU-25 (13.3%) and NMS-10 (6.2%) averages:

Features of the tax system and recent developments in tax policy

Personal income tax

Latvia applies a flat rate of 25% since 1995. The non-taxable minimum of the personal income tax is very low (21 lats equal roughly 30 euros) and it has not been revised since 1997. From 2005 onwards, the non-taxable minimum was raised to 26 lats (roughly 37 euros).

Domestic dividends paid to a resident shareholder are tax-free. However, if the distributing company is entitled to the tax benefits linked to one of the economic zones or free ports, the dividends are taxable for the recipient. Dividends paid by a resident company to a non-resident shareholder are subject to a 10% withholding tax, except for those who are residents of the EU Member states, if their share is not less than 25%, starting from 1 May 2004. Interest payments received by resident individuals is taxable, except interest paid out by the credit institutions approved by the Bank of Latvia. Interest paid out to a non-resident related party are subject to a final withholding tax of 10% (if paid by a bank). Otherwise, interest paid to non-residents are not subject to the withholding tax.

Corporate income tax

Latvia has reduced its corporate income tax rate from 25% in 2001 to 22% in 2002, to 19% in 2003 and to 15% in 2004. The tax is levied on the income of resident companies (with some exemptions) and of non-resident companies operating through a permanent establishment in Latvia.

VAT and Excise

The principles of the VAT legislation in Latvia are in accordance with EU requirements. The standard VAT rate is 18% since 1995. Starting from the 1st of May 2004, the reduced VAT rate (introduced on the 1st of January 2003) has been lowered from 9 to 5 percent. It applies to veterinary medicines, products

for infants, specified mass media, supply of water, sewerage services, refuse collection and transportation and hotel services medicines, medical equipment and goods intended for the personal use of disabled and sick persons, books, entrance fees to cinemas (with some exceptions) and sport events and burial services. Since the 1st of January 2005, the reduced VAT rate of 5 percent applies also to public passenger transport.

In order to harmonize the excise tax rates for oil products established by the Council Directive 2003/96/EC, amendments to the Law on Excise Tax came into force on 1 May 2004 and on 1 January 2005, providing for increased tax rates for oil products.

The excise rates for cigarettes are well below the respective rates in the EU (on 1 January 2005 in Latvia: 10.3 euro/1000 cigarettes plus 10.5% of retail selling price, in the EU: 60 euro/1000 cigarettes). According to the accession treaty, Latvia has obtained a transitional period until 2010 to reach the EU minimum excise rates for cigarettes, the rates will therefore gradually increase every year until 2010.

Social security and other taxes

Latvia has undergone, as most of the other NMS-10, an extensive pension reform as the consequences of the previous system and demographic trends are putting pressure on the social security system. In 1995, a reform based on the concept of notional defined-contribution (NDC) accounts was approved. This implies that, unlike in the previous PAYG system, future benefits are calculated on the basis of a person's contributions to a notional individual account, utilising a rate of return determined by the government taking into account economic and demographic indicators. No real funds are accumulated into the accounts, and financing the current cohort of retirees is based on payroll contributions. In 1998, the Law on State Compulsory Social Insurance entered into force. After a transition period Jan.1998-Dec.2001, the contribution rate has been reduced to 33% from 35%. The maximum property tax rate applicable to buildings and constructions was reduced from 4% to 1.5% in 2000.

15. LITHUANIA

Taxes & Social contributions in Lithuania

	1995	1996	1997	1998	1999	2000	2001	2002	2003
	ESA95								
A. Structure of revenues as % of GDP									
Indirect taxes	12,3	11,9	14,6	14,0	13,8	12,5	12,2	12,5	11,9
VAT	7,7	7,1	8,5	8,1	8,0	7,5	7,3	7,4	6,8
Excise duties and consumption taxes	1,9	2,0	2,3	3,7	3,8	3,2	3,4	3,2	3,2
Other taxes on products (incl. import duties)	1,2	1,2	1,3	1,6	1,4	1,2	1,0	1,3	1,3
Other taxes on production	1,4	1,5	2,5	0,6	0,6	0,6	0,6	0,6	0,6
Direct taxes	8,8	8,3	6,5	9,1	9,2	8,5	7,9	7,5	8,1
Personal income	7,5	7,0	4,9	7,7	8,3	7,7	7,3	6,9	6,6
Corporate income	1,3	1,2	1,6	1,3	0,8	0,7	0,5	0,6	1,4
Other	0,0	0,0	0,0	0,1	0,1	0,1	0,0	0,0	0,0
Social Contributions	7,6	8,0	8,6	9,1	9,3	9,4	9,0	8,7	8,6
Employers´	7,3	7,7	8,3	8,7	8,9	8,5	8,1	7,8	7,8
Employees´	0,2	0,2	0,3	0,3	0,3	0,8	0,8	0,8	0,7
Self- and non-employed	0,1	0,1	0,1	0,1	0,1	0,1	0,2	0,1	0,1
B. Structure according to level of government as % of GDP									
Central Government	13,0	12,5	15,3	14,8	14,1	12,7	12,2	15,2	15,4
State Government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	5,9	5,6	3,5	6,0	6,6	6,1	5,8	2,8	2,7
Social Sec. Funds	9,7	10,0	11,0	11,4	11,7	11,7	11,1	10,7	10,5
EC Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C. Structure according to economic function as % of GDP									
Consumption	-	-	-	-	-	11,7	11,7	11,9	11,3
Labour	-	-	-	-	-	16,4	15,5	15,0	14,8
Employed	-	-	-	-	-	16,4	15,5	15,0	14,8
Paid by employers	-	-	-	-	-	8,5	8,1	7,9	7,8
Paid by employees	-	-	-	-	-	7,9	7,5	7,1	7,0
Non-employed	-	-	-	-	-	0,0	0,0	0,0	0,0
Capital	-	-	-	-	-	2,3	1,8	1,8	2,5
Capital and business income	-	-	-	-	-	1,4	1,3	1,3	1,9
Income of corporations	-	-	-	-	-	0,7	0,5	0,6	1,4
Income of households	-	-	-	-	-	0,3	0,3	0,3	0,2
Income of self-employed (incl. sc)	-	-	-	-	-	0,4	0,5	0,4	0,3
Stocks (wealth) of capital	-	-	-	-	-	0,9	0,6	0,6	0,5
<i>Less: Taxes and SSC assessed but unlikely to be collected</i>	-	-	-	-	-	0,3	0,3	0,2	0,1
Total	28,6	28,1	29,8	32,2	32,4	30,1	28,8	28,5	28,5
Of which environmental taxes	-	-	-	-	-	2,0	2,1	2,0	2,2
Energy	-	-	-	-	-	1,9	2,0	1,9	2,1
Transport	-	-	-	-	-	0,1	0,1	0,1	0,1
Pollution/Ressources	-	-	-	-	-	0,0	0,0	0,0	0,0
D. Implicit tax rates									
Consumption	-	-	-	-	-	17,7	17,7	18,1	17,1
Labour employed	-	-	-	-	-	41,0	40,6	38,8	38,4
Capital	-	-	-	-	-	6,5	4,9	4,9	6,5
Capital and business income	-	-	-	-	-	3,9	3,3	3,4	5,0
Corporations	-	-	-	-	-	3,5	2,3	2,5	5,7
Households and self-employed	-	-	-	-	-	2,4	2,6	2,5	2,0

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

n.a.: not applicable

Source: Commission Services

Overall trends in taxation

Lithuania exhibits the lowest total tax burden (including social contributions) of any country in the EU-25 (28.5% of GDP against an EU-25 average of 38.2%).

The country relies heavily on indirect taxes; their share of the total tax take lies above the Union's average (41.6% of total taxation against the EU-25 average of 37.8%). However, as the Lithuanians are so lightly taxed, the share of indirect taxes in GDP still falls beneath the EU-25 average (11.9%, EU-25 14.3%, NMS-10 13.9%). Direct taxes absorb 8.1% of GDP (EU-25 12.4%) while social security contributions also absorb much less than the average (8.6%, EU-25 11.6%).

The proportions of the total tax revenue received by central government (53.2%) and municipal authorities (9.4%) approximate to the EU-25 averages of 59.6% and 10.7%, respectively.

The tax burden rose from 28.6% in 1995 to a peak of 32.4% in 1999 before falling again. The initial rise was primarily due to efforts to bring indirect taxation into line with EU practice by raising excise duty rates and reducing the applicability of reduced VAT rates. The decline since 1999 stems from the reductions in corporation tax and the raising of the registration threshold for VAT.

Taxation of consumption, labour and capital

Taxes on consumption form 40% of total tax receipts, comparable with the NMS-10 (38%) but more than the average for the EU-25 (33%). The ITR on consumption stands at 17.1% (EU-25 22.0%). Both these metrics have remained broadly stable over the past few years.

Overall labour taxes bring in, as in the EU-15 and the NMS-10, one half of all revenues. Taxes on labour as a percentage of GDP are below the EU and NMS-10 averages (14.8%, EU-25 18.7%, NMS-10 15.8%). The ITR on labour is higher than the EU average (38.4%; EU-25 35.9%) but has decreased from 41% in 2000, partly due to the increase in basic tax allowances.

Taxes on capital absorb a third of the EU-25 average in GDP terms (2.5%, EU-25 7.3%) providing 9% of all tax receipts (16% NMS-10, 19% EU-25). This is, however, following a large increase from the 6% level of previous year (In 2003 corporation tax receipts more than doubled, despite the reductions in the rates, following the broadening of the tax base through the abolition of the former 0% rate for reinvested earnings).

The revenues from taxes on corporations are among the lowest in Europe, amounting to 1.4% of GDP against 3.1% for EU-25. The capital income of the self-employed and of households contributes tax revenues, as a proportion of GDP, at a fifth and a third of the EU-25 average, respectively. The self-employed benefit from tax law (allowing them to tax their gross income at 15%) and from the use of business certificates, which allow small businesses to pay a small lump sum tax instead of standard income tax. The capital income of households is also subject to the lower 15% rate. Wealth taxes stand at one quarter of the EU-25 average (0.5% of GDP, EU-25 2.2%, NMS-10 1.5%) as, while inheritance taxes are levied at 5 and 10% and real estate tax at 1%, there are no capital duties, gift taxes or stamp duties.

All of this is reflected in an ITR on capital of 6.5% (EU-25 25.4%), which is still an increase from the 4.9% of 2001 on the back of the base-broadening measures mentioned.

Features of the tax system and recent developments in tax policy

Personal income tax

As of January 2003 Lithuanian individuals are taxed on their worldwide income under a dual rate system whereby a 15% tax rate is levied on unearned incomes taking the form of dividends, interest, royalties, rent, capital gains, pensions while other items of income are subject to a tax rate of 33%. For the self-employed, business and professional income can be taxed at 15% on the gross amount, or, if so desired, at 33% on the net income, which allows deduction for all business expenses. Loss carry-forwards or carry-backs are not permitted for individuals. The effect of this system is that personal income taxes make up the bulk (6.6% of GDP, EU-25 8.5%) of direct taxes (8.1% of GDP, EU-25 12.4%). The amendments to the Law on Income Tax of Individuals stipulate a gradual reduction of the existing income tax rate from 33% to 24%. Starting from 1 July 2006 the income tax rate will be 27% and from 1 January 2008 - 24%.

Corporate income tax

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

VAT and Excise

The standard rate of VAT is 18%, with a 9% rate applying to certain construction services, a 5% rate applying to transport services, media products and medicines, hotel accommodation, chilled meat, poultry and fish, and agricultural services supplied by agricultural companies and co-operative societies to their members, while the zero rate is restricted to the export sector. Since 1 May 2004, excise rates have been raised towards the minimum EU rates, except the excise duties on the products for which Lithuania has been allowed a transitional period (such as petrol, gasoline, coal, coke, lignite, electricity and cigarettes). Excise duties on cigarettes and energy products will be gradually raised to reach the EU minima by the end of the transitional period. Coal, coke and lignite will not be taxed until 1 January 2007, and electricity, until 1 January 2010.

Social security, wealth and transaction taxes

The mandatory state social insurance contribution (SSC) rate stands at 34% of which the employer contributes 31% of the employees' gross wages to the State Social Insurance Fund (SSIF), while the employee contributes 3%. The resulting breakdown of SSC (Employers 90%, Employees 9%, Self-employed 1%) provides a contrasting picture with the rest of Europe where the burden is shared more evenly (61%, 31%, 9%). However, the greater weight of SSC contributions on employers means that the taxation of labour is carried equally by employees and employers (7% of GDP; 6.8% of GDP).

Taxation of capital gains is included in computation of the personal income tax and corporate income tax. Land tax is levied at 1.5% of land price and immovable property tax at 1% (but only for legal persons). In order to equalise business real estate held by natural persons which is used in their commercial and entrepreneurial activities is also taxable from 2006. Inheritance tax is levied at 5% and 10% while gifts are included in the personal income tax computation. There is no net wealth tax.

16. LUXEMBOURG

Taxes & Social contributions in LUXEMBOURG ¹⁾

	1995	1996	1997	1998	1999	2000	2001	2002	2003
	ESA95								
A. Structure of revenues as % of GDP									
Indirect taxes	13,5	13,4	13,6	13,5	14,2	14,6	14,0	13,7	13,9
VAT	5,9	5,9	5,8	5,7	5,8	5,9	6,1	6,1	6,5
Excise duties and consumption taxes	4,6	4,5	4,7	4,4	4,8	4,7	4,3	4,6	4,7
Other taxes on products (incl. import duties)	1,4	1,3	1,4	1,5	1,5	1,6	1,4	1,2	1,1
Other taxes on production	1,6	1,7	1,7	1,8	2,1	2,4	2,3	1,8	1,7
Direct taxes	17,6	18,0	17,5	16,5	15,9	15,6	15,7	16,2	15,9
Personal income	9,2	9,2	8,6	7,7	7,6	7,4	7,2	6,7	7,1
Corporate income	7,5	7,7	7,9	7,8	7,1	7,2	7,5	8,4	7,9
Other	0,9	1,1	1,0	1,0	1,1	1,0	0,9	1,0	1,0
Social Contributions	11,2	10,9	10,4	10,2	10,5	10,3	11,1	11,3	11,4
Employers'	5,2	5,1	4,8	4,7	4,6	4,6	5,0	5,1	5,2
Employees'	4,5	4,4	4,2	4,2	4,5	4,5	4,8	4,9	4,9
Self- and non-employed	1,5	1,4	1,4	1,3	1,3	1,2	1,2	1,2	1,3
B. Structure according to level of government as % of GDP									
Central Government	27,6	28,1	28,0	27,1	27,4	27,6	27,2	27,4	27,4
State government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	2,7	2,8	2,5	2,5	2,3	2,3	2,3	2,5	2,4
Social Sec. Funds	11,0	10,7	10,2	10,0	10,2	10,0	10,8	11,0	11,1
EC Institutions	1,0	0,8	0,8	0,6	0,6	0,6	0,4	0,3	0,3
C. Structure according to economic function as % of GDP									
Consumption	11,4	11,2	11,2	10,9	11,3	11,3	11,0	11,4	11,8
Labour	17,7	17,5	16,6	15,5	15,8	15,7	16,2	15,9	16,2
Employed	15,7	15,6	14,7	13,9	14,2	14,2	14,9	14,6	14,8
Paid by employers	5,2	5,1	4,8	4,7	4,6	4,6	5,0	5,1	5,2
Paid by employees	10,6	10,4	9,9	9,2	9,6	9,6	9,9	9,5	9,6
Non-employed	2,0	1,9	1,9	1,5	1,6	1,5	1,4	1,3	1,4
Capital	13,2	13,7	13,7	13,8	13,4	13,5	13,5	13,9	13,3
Capital and business income	10,1	10,4	10,3	10,2	9,4	9,2	9,5	10,5	10,2
Income of corporations	7,5	7,7	7,9	7,8	7,1	7,2	7,5	8,4	7,9
Income of households	0,9	1,0	0,9	0,9	1,0	0,8	0,7	0,7	0,7
Income of self-employed (incl. sc)	1,7	1,7	1,6	1,5	1,3	1,2	1,3	1,4	1,5
Stocks (wealth) of capital	3,0	3,3	3,4	3,5	4,1	4,3	4,0	3,3	3,1
Total	42,3	42,4	41,5	40,2	40,5	40,5	40,7	41,2	41,3
Of which environmental taxes	3,4	3,3	3,1	3,0	3,0	2,9	2,9	2,9	3,0
Energy	3,2	3,2	3,0	2,9	2,8	2,7	2,8	2,8	2,9
Transport	0,2	0,2	0,1	0,1	0,1	0,1	0,1	0,1	0,1
Pollution/Ressources	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
D. Implicit tax rates									
Consumption	22,0	21,7	22,5	23,4	24,2	24,3	27,1	23,6	24,8
Labour employed	29,5	29,3	29,1	28,4	29,3	29,9	29,4	28,0	28,5
Capital	24,9	23,6	26,5	28,6	26,9	33,8	30,9	30,2	27,1
Capital and business income	19,1	18,0	20,0	21,2	18,8	23,0	21,8	22,9	20,8

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

n.a.: not applicable

Source: Commission Services

Overall trends in taxation

With an overall tax burden between 41 and 42% of GDP, Luxembourg is above the EU average. The tax burden has been slightly declining over the 1995-1998 period, in particular as a result of the stepwise tax reduction reforms, afterwards it has been stable for two years and finally it increased in 2002 and 2003, due mainly to corporate income tax, which partly reflected the lagged impact of strong earnings in the previous years.

Compared to most Member States, Luxembourg relies relatively heavily on direct taxes for raising tax revenues. Direct tax revenues have however slightly decreased in recent years (in% of GDP), as Luxembourg implemented reductions in the rates of both the personal income tax and the corporate income tax. The year 2002 was an exception, witnessing an increase of the revenues from corporate tax related to high profit increases in previous years, since in Luxembourg the final tax assessment can take up to five years.

Indirect taxes in percentage of GDP and of total taxes are close to the EU average. The revenue from the social security contributions is rather stable in relation to the GDP. Two thirds of the levies go to the central administration, approximately a quarter to the Social Security funds. The relatively large weight of direct taxes is mainly related to the corporate income tax: it represents 7.7% of GDP on average over the period 1995-2003 against 3.0% for the EU-25. However, relatively low (by European standards) statutory rates of personal income tax result in a share of personal income tax in GDP below the EU average.

Taxation of consumption, labour and capital

Consumption taxes (in% of GDP) are close to the EU average. The implicit tax rate on consumption is biased upward because it includes taxes that are not exclusively collected on household consumption. This might be particularly true for a small country like Luxembourg, which collect a significant part of consumption taxes from excise duties, including fuel taxes.

The relatively low level of labour taxation is a result of both the taxation of personal income and the level of social contributions. The implicit tax rate on labour is well below the EU average, and it declined in 2001 and 2002 also reflecting the personal income tax reforms.

In Luxembourg taxes on capital represent 32.2% of total taxes against 19.1% in the EU. This is nearly entirely related to the large proceeds of the corporate income tax, which are the largest in the EU as a share of GDP (or in percent of total taxes). The implicit tax rate (ITR) on capital is relatively high. However, due to lack of data in national accounts, the tax base had to be simplified and does not include corrections either for dividends paid abroad or for earnings on foreign direct investment. These are significant in Luxembourg owing to its large financial industry with a highly internationalised customer base. These omissions push the ITR on capital upwards compared to other Member States.

Features of the tax system and main recent tax policy measures

Personal income tax

The 2001-2002 reform program reduced personal income taxes across the board by an increase of the exemption threshold, a reduction of the top rate in two stages (from 46% to 42% in 2001 and to 38% in 2002) and a modification in the structure of the brackets.

Corporate income tax

Until 1997, the municipal business tax was composed of two parts: a tax on corporate profits and a tax on capital. The municipal business tax on capital was abolished in 1997. However, a municipal business tax still exists, but it is now mainly assessed on the basis of corporate profits.

A tax relief programme was implemented in 1997/1998: the corporate income tax rate (IRC) was lowered to 30% (after the reform, the 'all-in' statutory corporate tax rate (including surcharges) amounted to 37.45%), while at the same time the wealth tax could be attributed to this tax under condition of reinvestment. This measure was taken mainly to safeguard the competitive position of resident companies in the international market. In 2001 the 6% contribution paid by the electricity sector was replaced by a tax on electricity consumption. In 2002 there was a strong reduction of the statutory corporate tax rate, from 30% to 22%, but the effect of that measure is only partly visible in the data.

17. MALTA

Taxes & Social contributions in Malta ¹⁾

	1995	1996	1997	1998	1999	2000	2001	2002	2003
	ESA95								
A. Structure of revenues as % of GDP									
Indirect taxes	12,4	11,0	12,3	11,6	12,6	12,9	13,6	14,3	14,3
VAT	6,1	5,6	6,0	4,8	5,5	6,2	6,6	7,3	7,3
Excise duties and consumption taxes	1,8	1,7	2,4	2,9	2,8	2,6	2,9	2,8	2,8
Other taxes on products (incl. import duties)	4,1	3,5	3,7	3,6	4,0	3,8	3,8	3,8	3,8
Other taxes on production	0,3	0,2	0,3	0,3	0,3	0,3	0,4	0,4	0,5
Direct taxes	8,4	7,2	8,5	8,1	9,0	9,4	10,4	12,0	12,5
Personal income	5,1	4,3	5,1	4,8	5,3	5,7	6,3	6,4	6,6
Corporate income	2,7	2,3	2,7	2,6	2,9	3,0	3,3	4,1	4,7
Other	0,7	0,6	0,7	0,7	0,8	0,7	0,8	1,5	1,2
Social Contributions	6,1	5,9	6,7	6,0	6,2	6,5	7,1	6,9	6,8
Employers'	3,0	2,9	3,3	2,9	2,9	2,9	3,2	3,1	3,1
Employees'	2,5	2,4	2,7	2,4	2,6	2,9	3,2	3,1	3,1
Self- and non-employed	0,6	0,6	0,7	0,6	0,7	0,8	0,7	0,7	0,7
B. Structure according to level of government as % of GDP									
Central Government	26,9	24,1	27,5	25,7	27,7	28,8	31,1	33,2	33,6
State Government	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.
Social Sec. Funds	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EC Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C. Structure according to economic function as % of GDP									
Consumption	9,8	8,8	10,2	9,6	10,4	10,8	11,6	12,1	12,0
Labour	9,7	8,9	10,2	9,3	10,0	10,5	11,7	11,6	11,7
Employed	9,0	8,3	9,5	8,7	9,2	9,7	10,8	10,7	10,7
Paid by employers	3,0	2,9	3,3	2,9	2,9	2,9	3,2	3,1	3,1
Paid by employees	6,0	5,4	6,2	5,8	6,3	6,8	7,6	7,6	7,7
Non-employed	0,7	0,6	0,7	0,6	0,7	0,8	0,9	0,9	0,9
Capital	7,4	6,4	7,2	6,8	7,3	7,5	7,8	9,5	10,0
Capital and business income	4,3	3,8	4,4	4,1	4,5	4,8	5,1	5,9	6,5
Income of corporations	2,7	2,3	2,7	2,6	2,9	3,0	3,3	4,1	4,7
Income of households	0,5	0,4	0,5	0,5	0,5	0,5	0,5	0,5	0,5
Income of self-employed (incl. sc)	1,1	1,0	1,2	1,1	1,1	1,3	1,3	1,3	1,2
Stocks (wealth) of capital	3,1	2,7	2,8	2,7	2,8	2,7	2,7	3,6	3,5
Total	26,9	24,1	27,5	25,7	27,7	28,8	31,1	33,2	33,6
Of which environmental taxes	3,0	2,7	3,3	3,7	3,9	3,6	3,6	3,5	3,4
Energy	0,8	0,8	1,3	1,6	1,6	1,4	1,6	1,4	1,3
Transport	2,2	1,9	2,1	2,1	2,3	2,2	2,0	2,0	2,1
Pollution/Ressources	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,1	0,0
D. Implicit tax rates									
Consumption	14,6	13,6	14,7	14,1	14,7	15,3	16,0	16,8	16,1
Labour employed	21,8	19,8	22,0	20,8	22,2	21,5	22,4	22,5	22,4

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

n.a.: not applicable

Source: Commission Services

Overall trends in taxation

In Malta the overall tax burden, including social security contributions, stands at 33.6% of GDP, comparable with the average for the new Member States (33.9%) but substantially lower than the Union average (38.2%).

Malta relies heavily on indirect taxes; their share of total tax take lies well above the Union's average (42.6%, EU-25 37.8%), such that the overall taxation structure is similar to that in the UK (Indirect: Direct: Social Security Contributions in a rough 2:2:1 ratio), reflecting the fact that the Maltese tax system has its origin in the former British system. However it should be pointed out that as the Maltese are, on the whole, relatively lightly taxed, indirect taxes absorb a proportion of GDP comparable to the EU average (14.3%). Likewise, direct taxes takes in a proportion in line with the average (12.5%) while social security contributions absorb much less than the average, taking roughly half of the EU average in GDP terms (6.8% of GDP, EU-25 11.6%). Within social security contributions, employees contribute somewhat below the European average (Malta 3.1%, EU-25 3.6%), while employers contribute much less than half the EU-25 average (Malta 3.1%, EU-25 7.1%).

As Malta has no sub-central level of government which collects taxes, and does not maintain a social security fund separate from the central exchequer, 100% of receipts are collected by central government (EU-25 average 59.6%).

The country has experienced a notable increase in taxation (6.7% of GDP) between 1995 and 2003. This stems from an increase in the VAT receipts resulting from a decrease in the range of goods exempted or taxed at lower rates, increases in PIT and CIT arising from the broadening of the base, efforts to improve efficiency in collection and the tax on the capital gains generated through the ongoing privatisation of Malta International Airport.

Taxation of consumption, labour and capital

Taxes on consumption take in 12% of GDP (EU-25 12.6%) having increased 2.4% since 1998. This is mainly due to the widening of the VAT base and the raising of excise duties to bring them in line with EU minimum rates. The ITR on consumption (16.1%) also reflects this rise, having increased from 14.6% in 1995. However, the rate remains the lowest in the Union (EU-25 22.0%), a function in part of the high ratio of consumption to GDP, fifteen percentage points of GDP above the Union average.

Maltese taxation of labour is among the lowest in the Union (11.7% of GDP, EU-25 18.7% of GDP). This figure is comparable to that for the UK and Ireland, and similarly results from the fact that employer's social security contributions are quite low. The ITR on labour (22.4%, EU-25 35.9%) also reflects this factor.

The taxation of capital relative to GDP (10%, EU-25 7.3%, NMS-10 5.4%) is heavy, following Luxembourg and Italy in third place. This is primarily due to the tax on corporations (at 4.7%, the second highest revenue after Luxembourg) and the tax on stocks of wealth (at 3.5% the fourth highest after France, Belgium and Portugal and well in excess of the New Member State average of 1.5%). By contrast the taxation of the capital income of households and the tax on the income of the self employed are below the Union average.

Features of the tax system and recent developments in tax policy

Personal income tax

Malta applies a progressive personal income tax with 5 brackets, the rates ranging from 15% to 35%. The current system of brackets was established in the 2003 budget. Personal income tax is applied to all Maltese legal persons (there being no separate system for corporation tax) on their worldwide income from trades, professions, employments, interest, pensions, annuities, rents, royalties, capital gains and dividends. Apart from the basic personal relief of Lm 3,100 (EUR 7,300) the Maltese personal income tax system does not offer any other deductions or allowances. However, income tax paid by a distributing company can be fully imputed against tax on dividends in the personal income tax computation.

Corporate income tax

With a rate of 35%, the Malta exhibits the highest corporate tax rate among accession countries (Malta 35%, New Member State average 20.2%, EU-25 average 29.8%). Reflecting this, corporate taxes provide 13.1% of total tax take (more than double the EU-25 average of 6%). 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 comparable to those available in the UK. Corporate capital gains are also taxed at the 35% rate. Tax incentives, in the form of reduced income tax rates, accelerated depreciation, relief from stamp duty and investment tax credits are available for enterprises involved in shipping, targeted industrial sectors and Freeport activities.

VAT and Excise

The standard VAT rate is 18% (having been increased from 15% in 2003) with reduced rates of 5% and 0%. VAT was introduced in 1995, replaced with a sales tax following a government change, following which the revenues dropped by more than 1% of GDP. A further change of government led to its reintroduction in 1999. Since then repeated modifications have attempted to widen the base and reduce the list of exempt goods. As the VAT code is already in line with EU law, Malta has not requested transitional measures. Excise duties are moderate on fuels and on light alcoholic beverages and relatively high, in comparison with other New Member states, on both strong liquors and tobacco. Both VAT and excise duties take in a proportion of GDP comparable with the EU average, but other indirect taxes are well in excess (3.8% of GDP, EU-25 1.7%). 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. By contrast the taxes on energy and pollution are quite low.

Social security, wealth and transaction taxes

Maltese workers are covered by a social security system under which the employee, the employer, and the government each contribute 10 percent of an employee's basic salary; the self-employed contribute at a rate of 15 percent, which is matched by the government, with contributions capped at an annual maximum of Lm 6,750. Although there is no net wealth tax, the duty on the transfer of immovable property is heavy, leading Malta to exhibit, after France and Belgium, the third highest taxation on stocks of wealth. While there is no withholding tax on dividends or royalties, the distribution of untaxed corporate income, the interest paid by Maltese banks and government and the capital gains arising from the disposal of shares in investment schemes are subject to withholding tax at 15%, which may be accepted as final. This may explain the relatively lower rate of taxation on the capital income of households.

18. NETHERLANDS

Taxes & Social contributions in THE NETHERLANDS ¹⁾

	1995	1996	1997	1998	1999	2000	2001	2002	2003
	ESA95								
A. Structure of revenues as % of GDP									
Indirect taxes	11,9	12,2	12,5	12,5	13,1	13,0	13,5	13,2	13,3
VAT	6,6	6,8	6,9	6,9	7,2	7,2	7,6	7,5	7,7
Excise duties and consumption taxes	2,8	2,7	2,8	2,8	2,9	2,7	2,6	2,6	2,6
Other taxes on products (incl. import duties)	1,4	1,6	1,8	1,8	2,0	2,1	2,2	2,0	2,0
Other taxes on production	1,1	1,1	1,0	1,0	1,1	1,1	1,1	1,1	1,1
Direct taxes	12,7	13,2	12,7	12,5	12,5	12,4	12,2	12,3	11,5
Personal income	7,8	7,3	6,5	6,2	6,2	6,3	6,5	7,1	6,9
Corporate income	3,3	4,1	4,6	4,5	4,6	4,4	4,4	3,7	3,2
Other	1,6	1,8	1,7	1,7	1,7	1,7	1,4	1,5	1,4
Social Contributions	16,0	15,5	15,5	15,3	16,0	16,0	14,3	13,9	14,5
Employers´	2,0	1,9	1,8	4,6	4,6	4,6	4,5	4,5	4,4
Employees´	10,5	10,0	10,2	7,7	8,1	8,0	6,8	6,5	6,9
Self- and non-employed	3,6	3,5	3,4	3,0	3,3	3,4	3,0	2,8	3,1
B. Structure according to level of government as % of GDP									
Central Government	22,1	22,9	22,7	22,6	23,3	23,1	23,4	23,5	22,7
State government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	1,3	1,4	1,4	1,4	1,4	1,4	1,4	1,5	1,5
Social Sec. Funds	16,0	15,5	15,5	15,3	16,0	16,0	14,3	13,9	14,5
EC Institutions	1,1	1,0	1,0	1,0	0,9	0,9	0,8	0,6	0,6
C. Structure according to economic function as % of GDP									
Consumption	10,8	11,1	11,2	11,2	11,4	11,5	11,4	11,2	11,4
Labour	22,1	21,1	20,5	20,2	21,0	21,1	18,7	18,9	19,4
Employed	17,8	17,2	16,8	17,2	17,9	18,1	16,1	16,4	16,7
Paid by employers	2,0	1,9	1,8	4,6	4,6	4,6	4,5	4,5	4,4
Paid by employees	15,9	15,3	15,0	12,6	13,3	13,5	11,6	11,8	12,2
Non-employed	4,3	3,9	3,7	3,0	3,1	3,0	2,5	2,6	2,7
Capital	7,7	8,6	9,1	8,9	9,3	8,8	9,9	9,3	8,5
Capital and business income	5,4	6,1	6,6	6,4	6,5	6,0	7,2	6,6	5,9
Income of corporations	3,3	4,1	4,6	4,5	4,6	4,4	4,4	3,7	3,2
Income of households	-0,5	-0,5	-0,5	-0,4	-0,4	-0,8	0,8	0,7	0,6
Income of self-employed (incl. sc)	2,6	2,5	2,5	2,2	2,3	2,4	2,0	2,2	2,2
Stocks (wealth) of capital	2,3	2,4	2,5	2,6	2,8	2,8	2,7	2,7	2,6
Total	40,6	40,8	40,7	40,3	41,7	41,5	40,0	39,4	39,3
Of which environmental taxes	3,5	3,7	3,7	3,8	3,9	3,9	3,8	3,6	3,7
Energy	1,7	1,8	1,9	1,9	2,0	2,0	2,0	2,0	2,0
Transport	1,3	1,5	1,3	1,4	1,5	1,4	1,4	1,3	1,3
Pollution/Ressources	0,5	0,4	0,4	0,4	0,4	0,4	0,4	0,4	0,4
D. Implicit tax rates									
Consumption	22,6	22,9	23,1	23,1	23,3	23,7	23,7	23,1	23,8
Labour employed	35,1	34,1	33,4	33,9	34,8	35,4	31,4	31,4	31,8
Capital	23,0	25,5	26,5	26,8	28,9	27,1	32,1	32,5	31,6
Capital and business income	16,1	18,3	19,2	19,1	20,2	18,4	23,4	23,2	22,1
Corporations	19,0	23,3	24,8	25,3	25,6	22,6	23,4	22,0	20,2
Households and self-employed	11,9	11,6	11,3	10,5	11,8	10,7	19,8	21,1	21,1

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

n.a.: not applicable

Source: Commission Services

Overall trends in taxation

The tax-to-GDP ratio (including social security contributions) is currently 39,3% in the Netherlands, a value that lies slightly above the Community average¹ and that is markedly lower than the tax burden in the neighbouring countries, except for Luxembourg. After a rising trend, 2001 marked a turning point with a 1.5 percentage point drop in the overall tax burden. The ratio has remained relatively stable since 2002.

Considerable fiscal consolidation has been achieved in the Netherlands in the late 1990s with the government deficit falling from 4.2% of GDP in 1995 to 0.8% in 1998. In accordance with budgetary rules (so-called 'Zalm-norm'), all public spending has been subject to strict spending limits, and extra spending could not be financed out of additional tax revenue. The process of consolidation continued in 1999 when a general government surplus of 0.7% was recorded, which then reached 2.2% in 2000. This outcome was largely due to fast economic growth, which also resulted in an increase in the overall tax burden to 41.7% in 1999. However, the economic picture has deteriorated quite rapidly since the year 2001. Due to several economic and budgetary comedowns a general government deficit of 1.9% of GDP was recorded in the year 2002. In 2003 the deficit breached the threshold of the EU stability and growth pact.

Indirect taxes, direct taxes and social contributions, each account for about one third of total tax revenues. In the last decade a shift occurred from direct to indirect taxation, which makes the tax revenue less sensitive to the business cycle. The weight of personal income tax has decreased since the second half of the nineties because of gradual erosion of the aggregate tax base and a reduction in the statutory income tax rates. In recent years this trend was reversed due to the Tax Reform 2001. The Tax reform caused a shift from social security contributions to taxes and also an across-the-board decrease in the overall tax burden. Most allowances were replaced by tax credits. These credits are applicable to personal income tax and social security contributions as well. The increased share of the social contributions in the credit compared to the former allowances is the main reason for the reversed trend. In addition, due to the economic slowdown starting in 2001, significant shortfalls occurred in tax revenues. The increased ratio of taxes on corporations between 1995 and 1999 to the level of GDP reflects the relatively improved position of companies. In 2002 and 2003 mainly due to the economic downturn this share dropped remarkably.

Behind Denmark, the Netherlands has the highest shares of environmental taxes as percentage of GDP in the Union. The Netherlands has significant transport taxes and is one of the few countries in the Union with a non-negligible contribution of pollution taxes, originating from tax on pollution of surface waters and sewerage charges.

¹ In the late 1980s and the early 1990s the Netherlands was still reported to consistently belong to the group of jurisdictions with the highest tax burden in the Union. It must be recognised that country positions may vary according to the charges that are taken into account. This is especially important as regards the inclusion or the exclusion of social contributions. It should be noted that, as a result of the transition from ESA79 to ESA95 classification of national accounts, the level of recorded social contributions has substantially declined. Some social arrangements provided through labour contracts, for example, are not considered to belong to the government anymore.

Taxation of consumption, labour and capital

The implicit tax rate on consumption showed an increasing trend between 1995 and 2003 (1.2 percentage points), partly as a result of increases in revenues from VAT and environmental taxes. In 2002 a slight decrease is visible.

Mainly as a consequence of the increases in social contributions, the tax burden on labour grew steadily since the early 1970s. Since the mid-1990s, however, concerns about excessive labour costs and tax wedges have prompted a number of initiatives primarily directed towards reductions in marginal tax rates and the wedge between wage costs and take-home pay. The implicit tax rate on labour went down gradually; a significant reduction is visible in 2001 as a result of the personal income tax reform reducing substantially employees' social contributions. Since then it remained stable. Most of the tax incentives with respect to labour were focused on a reduction of the wage costs for the employer in order to increase the labour demand.

The policy nowadays is more aimed at the stimulation of labour participation. The non-wastable tax credit for employees and self-employed was increased to make it more profitable to get a job. Furthermore, a non-wastable tax credit for elderly employees and elderly self-employed was introduced in 2002 to stimulate people to keep on working instead of retiring early. Similar measures have been introduced - and shortly afterwards enlarged - to compensate employees with children for their extra costs.

The implicit tax rate on capital increased significantly. This increase stems from business cycle effects, and higher revenues from taxes paid by corporations in particular. Other important elements are related to increases in revenues from the dividend tax, personal income tax raised on capital income, motor vehicle tax, tax on passenger cars and motorcycles (BPM), and real estate (transfer) tax. It should furthermore be noted that national account figures do not follow a real accrual principle. Most statistical offices in fact use time-shifted cash figures, which is allowed by the ESA95. These cash figures depend on tax prepayments that are based on past tax assessments. It is believed that the increase in ITR on capital income in the Netherlands is actually affected by differences over time in the way the tax administration determines the final tax liabilities, and actually collects the tax revenues. As for dividends, the Netherlands is the country that has recorded the largest increase in net dividend payments from abroad in the second half of the 1990s.

Features of the tax system and main recent tax policy measures

Personal income tax

A major reform of the tax system was implemented in January 2001, leading to an across-the-board tax reduction for households of roughly 0.6% of GDP (*ex ante* estimate). There was a substantial across-the-board reduction in statutory personal income tax rates and social contributions and a reform of the taxation of wealth and capital income whereby income taxation of interest, dividends and other distributions were replaced by a single tax on imputed income from wealth, ultimately resulting in a 1.2% tax rate on the total wealth. It was financed in part by reducing allowable deductions against taxable income (notably for contributions to private pension schemes through life-insurance companies, for interest payments on consumer loans and real labour costs for the employee) and an increase in indirect taxes.

The 2002 tax plan was aimed at stimulating labour supply, at combating the 'poverty trap', and at creating disincentives for early-retirement though increases of the non-refundable tax credit for (older) employees and (older) self-employed persons.

Corporate income tax

The 2001 reform saw a reduction in the corporate income tax rate of 30% applied to companies with low levels of profits compared with a standard rate of 35%. In 2002 the lower rate was further reduced to 29%, and the standard rate to 34.5%. Since the early nineties the government permitted certain tax expenditures, such as wage costs reductions for employers aimed at hiring and training low-paid and low-qualified workers and long-term unemployed and fiscal facilities for saving through labour contracts. In 2002 the government abolished a number of these tax expenditures that proved to be inefficient and to prevent 'free-rider behaviour'. The year 2003 saw an increase in the budget for the WBSO, a fiscal measure designed to reduce the wage tax for employers, and therefore the total wage costs, if their employees are working in R&D-projects.

VAT and Excise

The 2001 reform included an increase in the standard VAT rate from 17.5% to 19% and an increase in the environmental levies which had been introduced in the mid-nineties.

Social security, wealth and transaction taxes

The tax reform of 1990 ('Oort operation') harmonised the tax base for personal income tax and social contributions, and shifted two major social contributions from the employer to the employee. In contrast to most other EU countries wage withholding tax and social contributions are levied on social benefits in addition to wages, salaries and pension benefits.

19. POLAND

Taxes & Social contributions in POLAND¹⁾

	1995	1996	1997	1998	1999	2000	2001	2002	2003
	ESA95								
A. Structure of revenues as % of GDP									
Indirect taxes	15,8	16,0	15,4	15,0	15,5	14,8	14,4	14,7	15,3
VAT	7,1	7,6	8,3	8,2	8,5	8,2	8,0	8,0	8,2
Excise duties and consumption taxes	4,9	4,9	3,8	3,9	4,1	3,8	3,8	4,2	4,4
Other taxes on products (incl. import duties)	1,8	1,6	1,5	1,1	1,0	0,9	0,7	0,6	0,6
Other taxes on production	2,0	1,9	1,9	1,8	1,9	1,9	1,8	1,9	2,1
Direct taxes	12,8	11,1	11,1	10,6	7,4	7,4	6,9	6,6	7,2
Personal income	8,5	8,1	7,7	7,7	4,7	4,6	4,4	4,3	4,1
Corporate income	3,3	2,9	3,1	2,8	2,5	2,4	1,8	1,8	2,2
Other	1,0	0,1	0,3	0,1	0,2	0,5	0,7	0,5	0,9
Social Contributions	11,7	12,0	12,1	12,0	15,3	14,0	15,3	14,7	14,1
Employers´	6,1	6,3	6,4	6,4	6,3	6,2	6,7	6,2	6,1
Employees´	5,2	5,2	5,3	5,2	8,2	6,2	6,8	6,5	6,2
Self- and non-employed	0,4	0,5	0,4	0,4	0,8	1,6	1,8	2,0	1,8
B. Structure according to level of government as % of GDP									
Central Government	24,8	23,6	22,5	21,3	19,0	18,6	17,9	17,8	18,8
State Government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	3,8	3,6	4,1	4,3	4,0	3,6	3,5	3,6	3,8
Social Sec. Funds	11,7	12,0	12,1	12,0	15,3	14,0	15,3	14,7	14,1
EC Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C. Structure according to economic function as % of GDP²⁾									
Consumption	-	-	-	-	-	-	-	-	-
Labour	-	-	-	-	-	-	-	-	15,2
Employed	-	-	-	-	-	-	-	-	14,5
Paid by employers	-	-	-	-	-	-	-	-	6,1
Paid by employees	-	-	-	-	-	-	-	-	8,4
Non-employed	-	-	-	-	-	-	-	-	0,8
Capital	-	-	-	-	-	-	-	-	-
Capital and business income	-	-	-	-	-	-	-	-	-
Income of corporations	-	-	-	-	-	-	-	-	-
Income of households	-	-	-	-	-	-	-	-	-
Income of self-employed (incl. sc)	-	-	-	-	-	-	-	-	-
Stocks (wealth) of capital	-	-	-	-	-	-	-	-	-
<i>Taxes and SSC assessed but unlikely to be collected</i>	0,9	1,0	1,1	1,0	1,1	1,1	1,2	0,6	0,8
Total	39,4	38,1	37,6	36,7	37,2	35,2	35,4	35,5	35,8
Of which environmental taxes	-	-	-	-	-	-	-	-	-
Energy	-	-	-	-	-	-	-	-	-
Transport	-	-	-	-	-	-	-	-	-
Pollution/Ressources	-	-	-	-	-	-	-	-	-
D. Implicit tax rates²⁾									
Consumption	-	-	-	-	-	-	-	-	-
Labour employed	-	-	-	-	-	-	-	-	30,8
Capital	-	-	-	-	-	-	-	-	-
Capital and business income	-	-	-	-	-	-	-	-	-
Corporations	-	-	-	-	-	-	-	-	-
Households and self-employed	-	-	-	-	-	-	-	-	-

1) See annex B for classification of taxes and annex C for explanatory notes. 2) Preliminary estimates.

n.a.: not applicable

Source: Commission Services

Overall trends in taxation

In 2003, the ratio of total taxes on GDP in Poland lays at 35.8%, significantly below the EU-25 average (38.2%). Poland's total tax ratio is however not so low compared to other new Member States; in particular, it is roughly 5.5 percentage points higher than the Baltic States average. Among its neighbours, only Germany and Hungary present significantly higher tax-to-GDP ratios.

Social security contributions present the most important share of total taxes (46.6% in 2003). The share of indirect taxes has been gradually increasing since 2000 to reach almost 43% of total revenue in 2003. The main reason for the low level of direct taxes is a substantial shift from personal income tax to social security contributions that occurred in 1999, with the introduction of a global reform of the social security system. Labour taxes are found, on the basis of preliminary estimates, not to differ substantially from the NMS-10 average (15.2%, NMS-10 15.8%). An ITR on Labour of 30.8% has been estimated.

The bulk of the taxes, income tax and social security contributions, are collected at central government level. Local government tax revenues represent 3.8% of GDP, a value below the EU average (4.4%).

The revenue-to-GDP ratio has been steadily decreasing over the years 1995-2000. Since 2001, the ratio increased slightly due to an increase of VAT tax rates and excise duties on certain groups of product and services, which was the consequence of the alignment of the system of VAT and excise duties with the *acquis communautaire*.

Features of the tax system and main recent tax policy measures

After the collapse of the communist regime, Poland took a series of measures to reform the tax system. The 1991 reform brought the Polish tax system closer to the requirements of the *acquis communautaire*. Subsequent reforms undertaken in the 1995-2004 period aimed in particular at closing tax loopholes and exemptions and granting greater enforcement powers to the tax authorities. Moreover, the prospect of EU accession encouraged the harmonisation of VAT and excise duties. The share of each individual tax in the total budgetary revenues has changed significantly since 1995 due to the numerous reforms in the field of personal and corporate income taxes, social security system and VAT and excise duties. Overall, this has resulted in a shift of the tax burden from direct taxes to indirect taxes.

Personal income tax

The tax rates of the personal income tax have been reduced three times since 1995. Personal income is taxed at progressive rates. Since 1998, Poland applies three brackets with tax rates of 19%, 30% and 40% respectively. At the end of 2004, an additional top bracket with a new top marginal rate of 50% was introduced in the personal income tax system. The changes were expected to enter into force on 1 January 2005, but this was postponed to 1 January 2006 following a ruling of the Constitutional Court. As a counterbalance to the flattening of the income tax in recent years, the tax was broadened by the removal of a number of tax deductions, perceived as distorting consumption, savings and investment decisions, and by including fringe benefits and benefits in kind in the taxable income. Foreign-source income used to be aggregated with other income and taxed at progressive rates of up to 40%. From 2005, a 19% rate applies to all withholding taxes, regardless of the residence of the taxpayer, on dividends, interest (final) and royalties, as well as on capital gains.

Corporate income tax

Since 1995 a number of tax measures were taken in the field of corporate taxation. Over the last few years, the corporate income tax has been cut alongside the personal income tax; in particular, tax rates have been significantly reduced through stepwise reductions to the current level of 19% in 2005 (40% in 1996, 38% in 1997, 36% in 1998, 34% in 1999, 30% in 2000, 28% in 2001 and 2002, 27% in 2003, 19% in 2004). The tax base has been broadened by limiting or abolishing various incentive schemes, investment credits and property-related-tax-shelters. Depreciation for tax purposes has been brought more closely in line with economic depreciation and the number of depreciation schedules was drastically reduced. The Polish corporate income tax system is a classical tax system, according to which 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. Poland allows for group taxation.

VAT and Excise

The Polish VAT system has been adjusted in the period of 1995-2004 to the requirements of the Sixth Council Directive of 17 May, 1977, and as far as excise duties are concerned to the Council Directive of 25 February 1992.

The VAT law provides for a the basic rate of 22%, applicable to most goods and services, a reduced rate of 7% (applicable to products used for agricultural purposes, medicines and pharmaceuticals, most processed foodstuffs children articles, energy providing services, passenger transport, tourist, restaurant and sewerage services), and for a super-reduced rate of 3% for unprocessed agricultural products (subject to conditions). A 0% rate applies to exports and on sale and import of some sorts of books and magazines, and arts.

As a result of the accession negotiations Poland has been granted transitional arrangements in the field of indirect taxation (VAT and excise duties). These derogations that are limited in time and scope are aimed to postpone the adjustment of their VAT and excise duty rate level to the requirements of the *acquis communautaire*. Poland has made a transitional arrangement for the period until end 2007, during which it can maintain its existing reduced VAT rate on restaurant services and construction. Moreover, Poland is allowed to maintain the VAT zero rate on books, and a super-reduced VAT rate on foodstuffs and agricultural inputs, excluding machinery, until 31 December 2007 and until 30 April 2008 respectively. Poland can also maintain a higher turnover threshold than the level provided for in the *acquis communautaire* to exempt small and medium-sized enterprises (SMEs) from VAT. Moreover, international passenger transport will remain exempt from tax.

A number of amendments to the Customs Code and the VAT and Excise Tax Act were introduced to comply with the EU regulations in recent years. As a result, the Polish system of excise duties reflects to a large extent the EU requirements. The only issue that is not compatible with the Community legislation is the tax rate on tobacco products, which according to the EU standards, should be 57% of retail price of most popular cigarette brand. In the case of excise duties Poland has been granted a transitional agreement to postpone compliance with the EC legislation on the level of cigarette excise duty rates until the end of 2009. Moreover, Poland is allowed to maintain its existing reduced excise duty rate on certain ecological fuels. In comparison with the EU countries, the relevance of environmentally-related taxes in Poland is very modest.

Social security and other taxes

In Poland the global reform of the social security system came into force from the beginning of the year 1999. The main objectives of the pension system reform was to differentiate between the sources of pension savings, to reduce the burden of the pension system (so-called implicit debt) due to population ageing and to increase the effective retirement age. Future pensions rights in the new system are linked to the salaries or wages previously earned, i.e. the benefits depend on the length of the period during which the employee contributes to the pension system, to the monthly amount of the contribution as well as to the life expectancy at the retirement age. As a result, the new system creates stronger incentives to continue work after the minimum retirement age than the old system.

Fifteen special economic zones have been defined since 1994, which will operate until 2017. From 2001, the Law on State Aid introduced new rules on granting tax incentives, which replaced the former incentives system in SEZs. However, enterprises that were granted a permit to operate in SEZs before 1 January 2001 continue to enjoy incentives under the old regime. Under the new regime, enterprises may choose between two forms of regional aid: (1) a new investments aid and (2) an aid linked to job creation. The Krakow Technology Park in particular enjoys an attractive regime: regional aid may cover up to 65% of investment.

20. PORTUGAL

Taxes & Social contributions in Portugal

	1995	1996	1997	1998	1999	2000	2001	2002	2003
	ESA95								
A. Structure of revenues as % of GDP									
Indirect taxes	14,6	14,7	14,5	15,0	15,4	15,1	14,7	15,3	15,9
VAT	7,5	7,8	7,7	8,0	8,2	8,4	8,2	8,3	8,5
Excise duties and consumption taxes	3,9	3,8	3,6	3,7	3,5	3,0	3,0	3,3	3,4
Other taxes on products (incl. import duties)	2,7	2,6	2,6	2,8	3,2	3,0	2,8	2,7	2,6
Other taxes on production	0,5	0,5	0,6	0,6	0,6	0,7	0,7	1,0	1,3
Direct taxes	8,9	9,6	9,7	9,4	9,9	10,5	10,0	9,9	9,4
Personal income	5,9	6,1	5,8	5,7	5,7	6,0	6,0	5,8	5,8
Corporate income	2,5	2,9	3,3	3,3	3,8	4,1	3,6	3,6	3,2
Other	0,6	0,6	0,5	0,4	0,3	0,4	0,4	0,4	0,3
Social Contributions	10,1	10,2	10,5	10,5	10,6	10,9	11,0	11,3	11,7
Employers´	6,3	6,5	6,7	6,8	6,8	7,0	7,0	7,3	7,5
Employees´	3,3	3,1	3,2	3,2	3,3	3,4	3,6	3,6	3,7
Self- and non-employed	0,5	0,6	0,6	0,5	0,5	0,5	0,4	0,4	0,5
B. Structure according to level of government as % of GDP									
Central Government	20,5	21,3	21,2	21,4	22,2	22,4	21,7	22,2	22,4
State government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	1,7	1,8	1,8	1,9	2,2	2,2	2,1	2,2	2,2
Social Sec. Funds	10,4	10,6	10,9	10,9	11,0	11,2	11,4	11,7	12,2
EC Institutions	1,0	0,7	0,7	0,7	0,6	0,6	0,5	0,4	0,3
C. Structure according to economic function as % of GDP									
Consumption	12,6	12,7	12,4	12,6	12,6	12,4	12,2	12,6	12,7
Labour	14,0	14,2	14,3	14,2	14,4	14,8	15,1	15,2	15,6
Employed	13,7	13,8	13,9	13,8	14,0	14,4	14,6	14,8	15,2
Paid by employers	6,4	6,6	6,8	6,8	6,8	7,0	7,0	7,3	7,5
Paid by employees	7,2	7,2	7,1	7,0	7,1	7,4	7,6	7,5	7,6
Non-employed	0,4	0,4	0,4	0,4	0,4	0,4	0,5	0,4	0,4
Capital	7,0	7,5	8,0	8,1	9,0	9,1	8,4	8,7	8,7
Capital and business income	4,3	4,9	5,3	5,2	5,6	6,0	5,4	5,4	5,0
Income of corporations	2,5	2,9	3,3	3,3	3,8	4,1	3,6	3,6	3,2
Income of households	0,9	0,9	0,9	0,8	0,8	0,9	0,9	0,9	0,9
Income of self-employed (incl. sc)	1,0	1,1	1,1	1,0	1,0	1,0	0,9	0,9	0,9
Stocks (wealth) of capital	2,6	2,6	2,7	2,9	3,3	3,2	3,1	3,3	3,7
Total	33,6	34,4	34,7	34,9	36,0	36,4	35,7	36,5	37,0
Of which environmental taxes	3,7	3,7	3,5	3,6	3,6	3,1	3,1	3,3	3,1
Energy	2,7	2,7	2,5	2,5	2,4	1,9	1,9	2,2	2,3
Transport	0,9	1,0	1,0	1,1	1,2	1,2	1,2	1,1	0,8
Pollution/Ressources	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
D. Implicit tax rates									
Consumption	19,5	19,7	19,5	19,8	19,8	19,7	19,4	20,1	20,0
Labour employed	31,0	31,6	32,5	32,9	33,0	33,2	33,3	33,5	33,7
Capital	20,7	23,2	25,5	26,6	30,7	34,4	31,7	32,7	32,6
Capital and business income	12,9	15,1	16,9	17,0	19,3	22,5	20,2	20,2	18,8
Companies	14,9	17,2	18,4	17,5	19,3	23,0	20,6	20,7	19,0
Households	7,7	8,8	10,6	12,2	15,4	15,8	14,9	14,4	14,5

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

n.a.: not applicable

Source: Commission Services

Overall trend in taxation

The total tax-to-GDP ratio was 37% in 2003, about 1 percentage point lower than the EU-25 average but about 3 percentage points higher than the new Member States average.

Portugal relies relatively heavily on indirect taxation for collecting budget revenue. As of 2003 the share of indirect taxes amounted to roughly 43%, whereas the shares of direct taxes and social contributions amounted to around 25% and 32%, respectively. These shares have been relatively stable during recent years. The share of indirect taxes over total taxation is the third highest in the Union, preceded only by Cyprus and Ireland. The share of VAT over GDP is about 1 percentage points higher than the average. Looking at the structure by level of government we can notice that the share collected by local government in Portugal is relatively low at 2.2% of GDP, half the EU-25 average.

Fiscal consolidation has been under way in Portugal for some years, with the government budget deficit falling from 4.6% of GDP in 1995 to 2.2% in 1999. The consolidation resulted most notably in an increase in the tax-to-GDP ratio, together with an accumulated fall in interest payments, which both have offset the rapid rise in current primary expenditure between the years 1995 and 1999. Tax revenue was stronger than foreseen due to a growth pattern in favour of domestic demand and, in particular, private consumption¹. In 2000 and 2001, however, the downward trend in the government budget deficit has been reversed, and it has increased to 2.8% in 2000 and 4.2% in 2001. One of the causes of this reversed pattern in the year 2001 was a significant shortfall of tax revenues, partly due to the economic slowdown, but also as a result of the tax reform in 2001. To correct this trend during year 2002 the government decided to raise the standard VAT rate from 17% to 19% and to implement a tax amnesty on direct taxes and social contributions, with the result of an increase in the tax revenues in 2002 (despite the current unfavourable cyclical conditions) and a reduction of the budget deficit to 2.7% in 2002 and to 2.9% in 2003 and 2004. Despite the increase in recent years, the total tax-to-GDP ratio still remains among the lowest among the old Member States.

Taxation of consumption, labour and capital

Indirect taxes in Portugal play an important role, since VAT and taxes on products represent a high share of total taxes. The implicit tax rate on consumption increased in 2002 reaching 20.1% (mainly due to the increased standard VAT rate), and then stabilized to 20.0% in 2003 which is still below the EU average.

The implicit tax rate on labour continued to increase slightly during recent years, whereas in most other Member States a decline or at least a stabilisation in the increasing trend can be observed, despite recent reductions in personal income tax and social contributions. This can be explained by the fact that they were often targeted, or may not be fully reflected in the latest figures due to economic growth. Despite the trend increase, however, the implicit tax rate on labour still remains below the Union's average.

The implicit tax rate on capital and business income is slightly above the European Union's average. Revenues from corporate taxation are relatively high whereas taxes on business income from self-employed are less important. Although the statutory corporate tax rate was reduced by 4 percentage points in the period 1995-2001, corporation tax revenues have increased. This could be explained by

¹ European Commission (2000a, 2002b)

several factors; notably, during the period of fiscal consolidation and preparation to EMU, Portugal experienced a sharp reduction in interest rates. This resulted in a significant reduction in interest payments by corporations, as proved by detailed capital income data. As a result, deductions for interest have been more limited than before. Moreover, it should be kept in mind that the ITR tends to overestimate increases in the tax burden in periods of large capital gains (capital gains were not included in the base/denominator of the tax ratio because of data limitations).

Portugal collects a quite substantial level of environmental taxes (around 3.4% on average between 1995 and 2003), notably in the form of energy taxes (70% of total environmental taxes), but it also raises a non-negligible amount of transport taxes (0.8% of GDP).

Features of the tax system and main recent tax policy measures

Personal income tax

Deductible allowances in personal income tax were converted into tax credits in 1999. In 2001 statutory personal income tax rates were generally reduced. Also, tax credits for savings, housing, health and education expenses were made more favourable. The rates of social contributions for the self-employed and the employed were harmonised. In addition, exemptions or reductions of employers' social contributions for recruiting young people, long-term unemployed or people with disability were implemented. Presently personal income tax (IRS) is levied with progressive rates ranging from 10.5% to 40%. In the Azores the rates are reduced by 20%, while in Madeira the rates range from 10% to 39%.

Corporate income tax

The major aim of the implemented measures during the preceding term of Parliament (1999-2002) was to increase fairness and improve business competitiveness. These objectives were pursued by broadening the taxable base, and improving the efficiency of tax administration, with the adoption of further measures to combat tax evasion and fraud, which should secure tax revenue in order to make further reductions of the corporate tax possible. In fact, corporate tax rate was reduced substantially in 2004 (from 30% to 25%).

VAT and Excise

The VAT standard rate was increased from 19% to 21% with effect from 1st July 2005 to help contain a projected 2005 general government deficit above 3% of GDP. In the Azores and Madeira the rate has been increased from 13% to 15%. Portugal also applies reduced rates of 5% and 12%.

Social security and other taxes

Employees must pay contributions to the social security system in an amount equal to 11% of their gross salary, without any ceiling. Social security contributions are deductible for IRS purposes. Inheritance and gift tax has been abolished from 1 January 2004.

21. SLOVAKIA

Taxes & Social contributions in SLOVAKIA ¹⁾

	1995	1996	1997	1998	1999	2000	2001	2002	2003
ESA95									
A. Structure of revenues as % of GDP									
Indirect taxes	15,6	15,5	14,4	13,4	13,1	13,0	11,8	12,0	11,5
VAT	9,5	8,7	8,0	7,6	7,6	7,7	7,5	7,7	6,8
Excise duties and consumption taxes	3,2	3,5	3,2	3,2	3,0	2,9	2,8	2,9	3,1
Other taxes on products (incl. import duties)	1,7	1,7	2,2	1,7	1,7	1,7	0,7	0,8	0,7
Other taxes on production	1,2	1,6	1,0	0,8	0,8	0,7	0,7	0,6	0,9
Direct taxes	11,6	10,5	10,1	10,0	9,1	7,6	7,4	7,4	7,2
Personal income	3,6	4,1	4,4	4,5	4,6	3,5	3,8	3,4	3,3
Corporate income	6,1	4,2	3,7	3,4	3,0	2,9	2,4	2,7	2,8
Other	2,0	2,2	2,0	2,1	1,4	1,3	1,2	1,3	1,0
Social Contributions	14,3	14,3	13,6	14,8	13,8	13,7	13,7	13,5	12,3
Employers´	12,0	10,3	9,7	11,0	10,0	9,8	9,7	9,7	8,8
Employees´	1,7	3,2	3,0	3,2	3,1	3,2	3,3	3,2	2,9
Self- and non-employed	0,6	0,8	0,8	0,7	0,7	0,7	0,7	0,6	0,6
B. Structure according to level of government as % of GDP									
Central Government	25,6	24,4	18,9	21,8	20,6	19,2	17,7	18,0	17,2
State government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	1,6	1,6	5,6	1,6	1,6	1,4	1,5	1,5	1,6
Social Sec. Funds	-	13,9	13,2	14,2	13,5	13,4	13,4	13,2	12,0
EC Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C. Structure according to economic function as % of GDP									
Consumption	-	-	-	-	13,1	13,7	12,3	12,7	12,1
Labour	-	-	-	-	15,9	14,5	14,9	14,5	13,4
Employed	-	-	-	-	15,9	14,4	14,9	14,5	13,3
Paid by employers	-	-	-	-	8,7	8,4	8,5	8,4	7,3
Paid by employees	-	-	-	-	7,2	6,0	6,4	6,0	6,0
Non-employed	-	-	-	-	0,1	0,1	0,1	0,1	0,1
Capital	-	-	-	-	6,9	6,1	5,6	5,7	5,5
Capital and business income	-	-	-	-	5,9	5,1	4,7	4,8	4,5
Income of corporations	-	-	-	-	-	-	-	-	-
Income of households	-	-	-	-	-	-	-	-	-
Income of self-employed (incl. sc)	-	-	-	-	-	-	-	-	-
Stocks (wealth) of capital	-	-	-	-	1,0	1,0	0,9	0,9	1,0
<i>Less: Taxes and SSC assessed but unlikely to be collected</i>	1,0	1,3	2,2	1,3	1,3	1,2	0,8	0,6	0,4
Total	40,5	39,0	35,8	37,0	34,6	33,1	32,0	32,4	30,6
Of which environmental taxes	-	-	-	-	-	-	-	-	-
Energy	-	-	-	-	-	-	-	-	-
Transport	-	-	-	-	0,2	0,2	0,2	0,2	0,2
Pollution/Ressources	-	-	-	-	-	-	-	-	-
D. Implicit tax rates									
Consumption	-	-	-	-	23,1	24,4	20,9	22,1	21,7
Labour employed	-	-	-	-	37,9	34,5	36,2	35,2	32,4
Capital	-	-	-	-	25,0	22,2	18,6	19,4	18,3
Capital and business income	-	-	-	-	21,4	18,5	15,5	16,2	15,1
Corporations	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-

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

n.a.: not applicable

Source: Commission Services

Overall trend in taxation

In 2003 Slovakia was one of the countries with the lowest total tax burden with a ratio of 30.6% on GDP, about 10.0 percentage points lower than the EU-15 average and 3.3 percentage points lower than the new Member States average.

Regarding the tax structure Slovakia is characterised by a very low share of direct taxation (23.6% of total taxes – EU average 32%). Revenues from personal income tax are particularly low compared with the European standards: with a share of 3.3% on GDP, they are the lowest in the Union. Corporate income tax revenues are on the other hand not substantially lower than the average. The low share of direct taxes is counterbalanced by a high share of social contributions, while indirect taxes are in line with the average. The share of taxes collected by local governments is substantially lower than the EU average.

Slovakia witnessed a substantial and steady decrease of the tax to GDP ratio from 40.5% in 1995 to 30.6% in 2003. This reduction stems equally from direct and indirect taxes. The relation of social contributions to GDP remained at a level around 14% until 2001. Between 2002 and 2003 it dropped by 1.4 percentage points still representing about 40% of total tax revenues, clearly above the community average.

Taxation of consumption, labour and capital

Implicit tax rates for Slovakia are presented here for the first time. Both the ratio of consumption taxes on GDP and the implicit tax rate on consumption were broadly in line with the Union average in 2003. Seen over the period 1999-2003 for which data is available, we can notice a decrease both in consumption taxation (by 1 percentage point) and in the implicit tax rate on consumption (-1.4 percentage points). The latter was due to reduction of other taxes on products and to a lesser extent of VAT. For the year 2004 an increase of the implicit tax rate on consumption is expected (following the changes in the VAT rates - see below).

Labour taxation on GDP is substantially lower than the EU average (by 5.3 percentage points), as well as the ITR on labour (by 3.5 percentage points). The fact that the difference is less marked in the ITR on labour respect to the ratio labour taxation on GDP is explained by the fact that the share of total compensation of employees on GDP in Slovakia is around 40%, whilst the EU average is around 50%. The implicit tax rate on labour has been decreasing from 1999 to 2003 due to changes on the personal income tax rules, i.e. the increase of tax allowances and reduction of the rates.

The implicit tax rate on capital stood at a level of 18.3% in 2003 which is about 7 percentage points lower than the EU-25 arithmetic average.

Features of the tax system and main recent tax policy measures

Personal income tax

In the period 1995 to 2003 major changes were introduced in personal income taxation. In 2001 the number of tax brackets was reduced from seven to five. The top rate was reduced from 42% in 1995 to 38% in 2003, the rates in the first tax bracket from 15% to 10%. Between 1993 and 2002 most tax allowances were doubled. From 2001 onwards, special tax rates and tax allowances for entrepreneurs engaged in agriculture, forestry and water industry were introduced.

In addition, a specific type of taxation for small and medium enterprises was established, with a special tax rate (from 2% to 2.75% of gross revenues) and special tax allowances. Self-employed persons could decide to be taxed according to this system if their aggregate income in the previous year was lower than SKK 2,000,000. In order to stimulate investment by the self-employed, a special form of taxation with the maximum rate of 25% (the same rate as for companies) was set up, on condition of investment of this income in tangible or intangible assets.

At the end of 2003, a radical tax reform was initiated. In the area of direct income taxation, the tax reform is centred on the implementation of the flat-rate tax. In accordance with the principle of taxing all incomes of individuals and corporations equally, only one 19% rate exists as of January 1, 2004. The Income Tax Act also radically simplifies the taxation of both individual and corporate income. In order to achieve the highest possible degree of tax transparency and to minimize economic distortions, the new tax law eliminates virtually all exceptions, exemptions and special regimes.

Corporate income tax

The decrease of direct tax revenues in relation to GDP is mainly related to the corporate income tax: the statutory corporate tax rate in the Slovak Republic was reduced from 40% in 1999 to 29% in 2000 and to 25% in 2002. In 2002 the maximum limits for depreciation of tangible assets (especially cars) were increased. The most significant changes in depreciation came into force from January 1, 2003. These changes shortened the time period for depreciation of tangible and intangible assets; this should lead to a decrease of the tax base and the tax burden of entrepreneurs and companies. In addition, a tax credit scheme for investors has been introduced.

Effective January 1, 2004, the corporate tax rate was reduced to 19% (previously 25%). At the same time, the new tax system follows the principle of taxing investment and capital gains income only once, when it is transferred from the corporate to the personal level. Thus, dividend taxation has been cancelled and investment income will be taxed only once, at the level of corporate profits.

VAT and Excise

The value-added tax was introduced by the reform of the taxation system on January 1, 1993, and along with the new excise duties replaced the previously applied turnover tax and import tax. The amendments of VAT focused mainly on attaining harmonisation of the value-added tax system in the Slovak Republic with EU legislation, in particular to include some goods and services in accordance with the Sixth Council Directive (foods and beverages). In addition changes were made to comply with the regulations on taxation of financial and insurance services, international non-regular bus transport of persons, place of taxable transactions for the delivery of services and the taxation upon initiating bankruptcy proceedings on the taxpayer.

The introduction of a relatively low flat-rate direct tax is expected to result in a lower absolute amount of collected direct taxes. The lost revenue is therefore being compensated by increased indirect tax revenues generated by the higher indirect tax rates introduced as a part of the reform. In 2003 Slovakia had a standard value added tax (VAT) rate of 20% and a reduced rate of 14%. As a part of the reform, the reduced VAT has been cancelled entirely and a unified 19% rate has been introduced for all goods as of January 1, 2004.

The tax reform increases the rates of excise duties on mineral oils, tobacco products and beer. The increased excise taxes on tobacco have harmonized the Slovak tax law with EU regulations earlier than

was foreseen by Slovakia's accession treaty with the European Union. With the new act on excise duties, stricter conditions apply to spirit producers and tax warehouses, which should prevent tax evasion and increase tax collection.

Other taxes

In addition, real estate transfer tax, gift tax and inheritance tax are also being cancelled as a part of the tax reform. With the elimination of the gift tax, gifts will no longer be recognized as tax-deductible expenditures. The new law on local taxes replaces the old law on local fees, the Road Tax Act and the Real Estate Tax Act with effect from 1 January 2005. Municipalities are free to decide whether or not to impose real estate tax, local taxes or tax on motor vehicles. They are, however, required to impose municipal and small constructions waste fees.

22. SLOVENIA

Taxes & Social contributions in Slovenia

	1995	1996	1997	1998	1999	2000	2001	2002	2003
	ESA95								
A. Structure of revenues as % of GDP									
Indirect taxes	16,1	16,4	15,9	16,6	17,2	16,5	16,2	16,5	16,8
VAT	0,0	0,0	0,0	0,0	5,0	9,0	8,6	8,9	8,9
Excise duties and consumption taxes	0,0	0,0	0,0	0,0	1,8	3,2	3,5	3,6	3,5
Other taxes on products (incl. import duties)	15,6	15,3	14,2	14,6	8,4	1,9	1,4	1,4	1,4
Other taxes on production	0,5	1,0	1,7	2,0	2,1	2,4	2,6	2,7	2,9
Direct taxes	7,2	7,5	7,7	7,7	7,6	7,7	7,8	8,0	8,5
Personal income	6,1	6,2	6,2	5,8	5,8	5,9	6,0	6,0	6,0
Corporate income	0,5	0,7	1,0	1,0	1,1	1,2	1,2	1,5	1,9
Other	0,6	0,6	0,5	0,9	0,8	0,7	0,6	0,6	0,5
Social Contributions	17,5	15,7	14,8	14,9	14,7	14,9	15,1	14,9	14,9
Employers´	8,3	6,6	5,7	5,7	5,6	5,7	5,7	5,7	5,7
Employees´	8,4	8,2	8,1	8,0	8,0	8,2	8,0	7,9	7,8
Self- and non-employed	0,8	0,9	1,0	1,2	1,0	1,0	1,4	1,3	1,4
B. Structure according to level of government as % of GDP									
Central Government	21,1	21,4	21,2	21,8	22,2	21,5	21,3	21,8	22,3
State Government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	2,6	2,6	2,6	2,6	2,8	2,8	2,9	2,9	3,1
Social Sec. Funds	17,1	15,5	14,7	14,7	14,5	14,7	14,9	14,7	14,7
EC Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C. Structure according to economic function as % of GDP									
Consumption	15,6	15,4	14,3	14,8	15,3	14,2	13,7	13,9	13,9
Labour	23,1	21,8	21,3	21,3	21,2	21,6	22,0	21,8	21,9
Employed	22,5	21,1	20,7	20,5	20,5	21,0	21,1	20,9	21,0
Paid by employers	8,4	7,1	6,8	6,9	7,0	7,2	7,4	7,4	7,5
Paid by employees	14,2	14,0	13,9	13,7	13,5	13,7	13,7	13,5	13,5
Non-employed	0,6	0,6	0,6	0,7	0,7	0,7	0,9	0,9	1,0
Capital	2,1	2,4	2,8	3,1	3,1	3,2	3,4	3,7	4,2
Capital and business income	1,4	1,7	2,0	2,0	2,0	2,0	2,2	2,5	2,9
Income of corporations	0,5	0,7	1,0	1,0	1,1	1,2	1,2	1,5	1,9
Income of households	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1
Income of self-employed (incl. sc)	0,7	0,8	0,9	0,9	0,8	0,7	0,9	0,8	0,9
Stocks (wealth) of capital	0,7	0,7	0,8	1,1	1,1	1,2	1,3	1,3	1,4
<i>Less: taxes and SSC assessed but unlikely to be collected</i>	0,1	0,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Total	40,8	39,5	38,4	39,1	39,5	39,0	39,1	39,4	40,1
Of which environmental taxes	0,3	0,3	0,5	0,9	2,2	3,1	3,4	3,4	3,4
Energy	0,0	0,0	0,3	0,5	1,7	2,5	2,8	2,7	2,7
Transport	0,2	0,2	0,2	0,3	0,4	0,5	0,5	0,4	0,5
Pollution/Ressources	0,1	0,0	0,1	0,1	0,1	0,2	0,2	0,2	0,3
D. Implicit tax rates									
Consumption	25,5	25,2	23,7	24,9	26,0	24,1	23,6	24,9	24,9
Labour employed	39,2	37,4	37,6	38,1	38,7	38,1	37,9	38,2	38,4

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

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

n.a.: not applicable

Source: Commission Services

Overall tax burden and features of the tax system

In Slovenia, total taxes on GDP were at 40.1% in 2003, the highest value among the new Member States, but in line with the EU-15 average (41.0%). During the period 1995-2003 some fluctuation of the ratio can be seen with an overall slight decline. As the most of new Member States, it has a strong share of indirect taxes (41.8% of total taxes); social contribution plays an important role too with a share of 37.1%, i.e 3.3 points of GDP more than the EU-25 average. Direct taxes are consequently relatively low at 0.5 point of GDP below the EU new Member States average. It is worth noticing that employers liable for payment of social security contributions are also subject to a payroll tax (1,8% del PIL, third highest value of the EU-25 after Sweden and Austria). This tax was introduced in the second half of 1996 to finance the decrease of social security contributions on labour costs from 42% to 38% of pay.

The State represents the largest part of general government accounts. Local governments collect only 7.6% of total taxes, below the EU-25 average (10.7%). Environmental taxation is rapidly increasing: starting from a very low level in 1995 (0.3%) is now (3.4%) over the EU-25 average by 0.5% of GDP points.

A major change in the tax policy occurred in 1999 when the VAT replaced the previous sales tax. Overall collection from the new VAT and excise taxes was in line with expectations, as higher receipts from excise duties, introduced at the same time, compensated for small shortfalls in VAT collection. This resulted in an overall increase (+0.6%GDP) of indirect tax revenues, which was absorbed in the following year.

Between 1995 and 2003 a substantial increase of taxes on corporate income is visible, even if its share is still under EU-25 average (3.0%), as well as a strong reduction of employers' social contribution, especially in the years 1996 and 1997. Mainly because of the latter reduction, the fiscal burden reached the lowest point of the period causing serious problems to the general government budget: The deficit came to 1.2% of GDP in 1997, a significant deterioration compared with the surplus of 0.3% of GDP in 1996.

Trends in the taxation of consumption, labour and capital

Implicit tax rates for Slovenia are presented for the first time in this publication.

Despite a declining trend in consumption, taxes on consumption (particularly the VAT component) are stable (13.9% of GDP) and above the EU-25 average (12.3%) since 2000. Thus, the ITR on consumption shows a slightly increasing trend.

The ITR on labour is above the average, with an increasing trend. Taxation on labour is in fact even above the EU-15 average, particularly because of the above-mentioned strong predominance of SSC.

The computation of the ITRs on capital is unfortunately not possible for Slovenia, as the break down of National Accounts by institutional sector is not available.

Features of the tax system and recent developments in tax policy

Personal income tax

The personal income tax in Slovenia exhibits a progressive structure with five brackets, with rates ranging from 16% to 50%. It is levied at central government level. There are no tax credits in Slovenia but deductions for certain general expenses (acquisition of long term securities, residential buildings, medical

aid etc.) are possible up to 3% of the aggregate annual income. The income is further reduced by a basic allowance equivalent to 11% of the average annual salary in Slovenia. Other allowances are available (40% of the average annual salary for students; 8% of the average annual salary for taxpayers over 65 years old; 10% of the average annual salary for the first child or dependent family member (including spouse and divorced spouse receiving alimony). The allowance increases by 5% for each following child.

In 2004 a tax reform was adopted (effective on 1 January 2005) aimed at reducing the direct tax burden on labour, streamlining tax reliefs in corporate income tax, spurring investments in R&D and lowering the burden of lower income taxpayers¹. For the taxation of individuals, a reduction of the number of tax brackets from six to five brackets was introduced, whilst the lowest rate was reduced from 17% to 16%. Brackets are now fixed in a low inflation perspective.

Corporate income tax

The current corporate tax rate is 25% (10% for companies operating in special economic zones). Slovenia reduced the corporate tax rate only once, from 30% in 1993 to 25% in 1994. Since then the rate has remained unchanged and is 4.9 percentage points above new Member States average but slightly below the EU-25 average (26.3%). Companies may carry forward losses for five years. Furthermore, they may benefit from depreciation allowances on buildings (up to the maximum depreciation rate of 5 percent), machinery and equipment (up to 33 percent) and from incentives on investments.

Capital gains are included in taxable profit and taxed at the regular tax rate (25%). Dividends paid to individuals are subject to a 25% withholding tax, except where the participation exemption applies. Dividends paid out of untaxed profits by Slovenian companies to other Slovenian companies are also subject to the withholding tax of 25%. Dividends received by Slovenian companies from the taxed profits of other Slovenian companies are exempt. A 15% withholding tax is imposed on dividends paid to non-residents. There is generally no withholding tax on interest payments.

The 2004 reform introduced amendments to the Corporate Income Tax Act in order to bring national legislation in line with the *Acquis Communautaire*. Taxes on capital gains have been reduced and an excise duty on coal and coke together with adjustments to excise duties on cigarettes, mineral oil and gas have been passed in order to bring legislation in line with the new Energy Products Directive and EU regulations.

VAT and Excise

VAT was introduced on 1st July 1999 replacing the previous General Sales Tax. The principles of the VAT are in line with EU law. The current VAT rate is 20% (It was 19% since January 2002). The reduced rate of 8.5% applies to food, agricultural products and pharmaceutical products. Slovenia has requested transitional measures in the field of Value Added Taxation, namely for the level of VAT turnover threshold for SMEs and a reduced VAT rate on restaurants and construction works. In the case of excise duties the fuel rates are below the average EU levels, but above the EU minima.

¹ See The Republic of Slovenia (2005), 'Convergence Program 2004- update' document available at homepage of the Ministry of Finance of The Republic of Slovenia.

23. SPAIN

Taxes & Social contributions in SPAIN ¹⁾

	1995	1996	1997	1998	1999	2000	2001	2002	2003
	ESA95								
A. Structure of revenues as % of GDP									
Indirect taxes	10,9	10,9	11,2	11,8	12,3	12,3	12,0	12,1	12,5
VAT	5,3	5,5	5,6	5,7	6,2	6,3	6,1	6,1	6,3
Excise duties and consumption taxes	2,6	2,6	2,6	2,9	2,8	2,7	2,6	2,7	2,6
Other taxes on products (incl. import duties)	1,7	1,6	1,7	1,8	1,9	2,0	2,0	2,1	2,3
Other taxes on production	1,3	1,3	1,3	1,4	1,3	1,3	1,3	1,3	1,2
Direct taxes	10,5	10,6	10,8	10,5	10,6	10,9	10,8	11,3	11,0
Personal income	7,9	7,9	7,3	7,2	6,8	6,8	7,0	7,1	6,9
Corporate income	1,9	2,1	2,8	2,6	3,0	3,2	3,0	3,4	3,3
Other	0,7	0,7	0,7	0,8	0,8	0,8	0,8	0,8	0,8
Social Contributions	12,0	12,2	12,2	12,1	12,2	12,4	12,7	12,7	12,7
Employers´	8,3	8,5	8,5	8,4	8,5	8,7	8,9	8,9	9,0
Employees´	1,9	2,0	1,9	2,0	1,9	2,0	2,0	2,0	2,0
Self- and non-employed	1,8	1,7	1,8	1,7	1,8	1,8	1,7	1,7	1,7
B. Structure according to level of government as % of GDP									
Central Government	16,3	16,5	16,0	16,0	16,4	16,7	16,5	13,3	12,8
State government	1,6	1,6	2,4	2,6	2,7	2,7	2,7	6,6	7,3
Local Government	2,9	2,9	3,0	3,2	3,2	3,2	3,1	3,1	3,0
Social Sec. Funds	11,9	12,1	12,1	12,0	12,1	12,3	12,6	12,6	12,7
EC Institutions	0,8	0,7	0,7	0,7	0,7	0,6	0,6	0,5	0,5
C. Structure according to economic function as % of GDP									
Consumption	9,0	9,1	9,3	9,8	10,3	10,3	9,9	9,9	10,1
Labour	16,7	16,9	16,5	16,3	15,9	16,2	16,7	16,9	16,8
Employed	14,4	14,7	14,4	14,3	14,1	14,3	14,8	14,9	14,8
Paid by employers	8,3	8,5	8,5	8,4	8,5	8,7	8,9	8,9	9,0
Paid by employees	6,1	6,2	5,9	5,9	5,6	5,7	5,9	5,9	5,8
Non-employed	2,3	2,2	2,0	1,9	1,8	1,8	1,9	2,0	2,0
Capital	7,8	7,8	8,4	8,4	9,0	9,2	8,8	9,3	9,4
Capital and business income	5,1	5,2	5,8	5,7	6,2	6,3	6,0	6,3	6,2
Income of corporations	1,9	2,1	2,8	2,6	3,0	3,2	3,0	3,4	3,3
Income of households	0,8	0,8	0,7	0,8	0,8	0,9	0,8	0,8	0,8
Income of self-employed (incl. sc)	2,3	2,3	2,4	2,3	2,3	2,2	2,2	2,1	2,1
Stocks (wealth) of capital	2,6	2,6	2,6	2,8	2,8	2,9	2,8	3,0	3,2
<i>Less: Taxes and SSC assessed but unlikely to be collected</i>	0,0	0,0	0,4	0,7	0,7	0,6	0,6	0,7	0,6
Total	33,4	33,7	33,8	33,7	34,4	35,0	34,8	35,4	35,6
Of which environmental taxes	2,2	2,2	2,2	2,3	2,4	2,3	2,2	2,2	2,2
Energy	1,8	1,8	1,8	1,9	1,9	1,8	1,7	1,7	1,7
Transport	0,4	0,4	0,4	0,4	0,5	0,4	0,4	0,4	0,4
Pollution/Ressources	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
D. Implicit tax rates									
Consumption	14,3	14,5	14,8	15,6	16,3	16,3	15,9	16,1	16,5
Labour employed	28,9	29,5	29,0	28,7	28,1	28,6	29,6	30,0	29,8
Capital	20,7	21,1	23,5	24,3	27,4	28,7	27,3	29,5	30,3
Capital and business income	13,7	14,1	16,2	16,3	18,7	19,7	18,5	20,0	20,0
Corporations	12,7	14,1	18,6	17,5	21,4	23,3	20,9	25,2	25,7
Households and self-employed	13,9	13,7	14,0	14,8	15,9	16,2	15,8	15,3	15,0

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

Source: Commission Services

Overall trends in taxation

The total tax-to-GDP ratio was 35.6% in 2003, 2.6 percentage points lower than the EU-25 arithmetic average; in the EU-15 only Ireland has a lower ratio. However compared to the new Member States average of 33.9% the ratio of Spain is 1.7 percentage points higher.

Regarding the structure of revenues Spain collects revenues almost equally from indirect taxes, direct taxes and social contributions. Compared to the EU average, Spain raises slightly lower indirect and direct taxes and somewhat higher social contributions. Direct taxes remained fairly constant in percentage of GDP; over the period under consideration, data also show a shift from personal income revenue tax (- 1.0 percentage points of GDP) to corporate income tax revenues (+1.4 percentage points). Indirect taxes in percentage of GDP are among the lowest in the EU. This can partly be attributed to the standard VAT rate (16%), which is one of the lowest in the Union, and to the fact that Spain applies two reduced rates (4% and 7%). However, this peculiarity also stems from excise duties and other taxes on production that are also low by EU standards. The low level of taxation in Spain is particularly perceptible in direct taxes.

Spain stands out with a quasi-federal system with three levels of Government: central, regional and local government. There are seventeen autonomous regions. Fiscal revenue sharing forms the object of multi-annual agreements between government levels. The new financing system of the autonomous communities of 1997-2001 has been extended to the 2002-2006 period. Although an increase in regional taxes as a percentage of GDP (or, state in the table) is visible already from 1997 onwards, the full effect of the new financing system -which has involved further decentralization of taxes and spending- appears more clearly in 2002 and in 2003 as the State government share more than doubled.

The overall tax burden increased slightly between 1995 and 2003 (+2.2 percentage points), but remained the second lowest in the EU-15. Substantial fiscal consolidation has been achieved since the mid-1990s, with a budget deficit declining from 6.6% of GDP in 1995 to 0.9% in 2000. These positive results continued, so that the deficit was reduced to only 0.1% of GDP in 2001 and 2002, increasing slightly to 0.3% in 2003. The balanced budget was reached thanks to expenditure restraints and increased VAT receipts; tax revenues were also boosted by generally buoyant economic growth.

Taxation of consumption, labour and capital

The ratio of consumption taxes in proportion to GDP (10.1%) is 2.2 percentage points lower than the EU-25 average. Despite the observed increasing trend throughout the 1995-2003 period, the implicit tax rate on consumption remains, together with Malta and Italy, one of the lowest in the Union in 2003.

The ratio of taxes on employed labour income as percentage of GDP stands at 14.8% in 2003, some 2.5 percentage points below the EU average (17.3%). Spain shows an average implicit tax rate on labour of 29.1% throughout the 1995-2003 period, among the lowest in the Union. The lowest implicit tax rate on labour was recorded in 1999 (28.1%); a consequence of the personal income tax reform. Subsequent increases in the implicit tax rate on labour, as seen from 2000 to 2002, can be attributed to a noticeable increase in wages and salaries subject to tax as a result of the strong job creation process observed in the Spanish economy in the last few years. In 2003 the implicit tax rate on labour declined slightly.

The taxation of capital is well above the EU average (9.4%, EU-25 7.3%). As in other EU countries the ratio of capital taxes on GDP has increased substantially during recent years (+1.6 percentage points in the whole period considered). The implicit tax rate on capital shows a similar trend (with greater magnitude: +9.6 percentage points) and this trend can be attributed to increasing tax revenues raised on

capital income of corporations. In fact, looking at the implicit tax rate on corporate income (+13.0 percentage points) one may notice a much higher increase than the implicit tax rate on capital income of households and self-employed (+1.1 percentage points). Spain environmental taxes fall slightly below the EU average. The most noticeable difference can be found in taxes on transport.

Features of the tax system and main recent tax policy measures

Over recent years, the Spanish government implemented two important tax reforms, in 1995 for the corporate income tax and in 1999 for the personal income tax; the latter reform was then followed by a second part at the beginning of 2003. The reforms were aimed at simplification and increasing the neutrality of the tax system, strengthening incentives for work, saving, risk-taking and investment. In addition, the revenue-raising powers of the regions were recently reinforced.

Personal income tax

The personal income tax system was simplified in the two reforms of 1999 and 2003. The number of tax brackets was reduced to six and then to five, the maximum rate was cut from 56% to 48% and then to 45% and the minimum rate from 20% to 18% and then to 15%. Also, in 1999, different kinds of tax relief were replaced by personal and family tax allowances that depend on the characteristics of the tax unit. In addition the threshold for filing an income tax return was raised. The mortgage interest payments deduction in the tax base was removed and a new personal residence tax credit was introduced to help those taxpayers who invest in their own residence. In 2003, taxation of accrued gains in investment funds was abolished.

Corporate income tax

The corporate tax reform was aimed at increasing tax neutrality between different sources of income and at reducing compliance costs. A modification was made as regards the international double taxation of dividends and capital gains applied to corporations owning 5% (previously 25%) of the capital of foreign companies. Also in 1997, a low statutory tax rate (30%) was introduced for small and medium sized companies and the period for carrying forward losses was subsequently raised up to fifteen years. With the aim of providing permanent incentives for carrying on certain activities, the number of tax credits has been substantially raised, particularly to stimulate R&D activities and foster technological innovation in Spanish companies. Since 2002, in case of reinvestment, companies may deduct from their tax liability 17 percent of capital gains included in their taxable income. From 2003 onwards, this percentage has been increased to 20 per cent.

VAT and Excise

Since 2002, the new financing agreement between the central government and the autonomous regions has been in operation. Regional governments now receive a significantly larger percentage of the 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 remains that set by the central government. Taxes on wealth, inheritance and gift tax, registration duties and fees on lotteries and gambling are totally assigned to territorial governments with almost complete jurisdictional powers. If the estimated expenditure exceeds potential revenues, the regional government receives a compensatory transfer from the central government.

24. SWEDEN

Taxes & Social contributions in SWEDEN ¹⁾

	1995	1996	1997	1998	1999	2000	2001	2002	2003
	ESA95								
A. Structure of revenues as % of GDP									
Indirect taxes	16,3	16,7	17,0	17,7	18,9	16,9	17,0	17,4	17,5
VAT	9,3	8,7	8,8	9,0	9,0	8,9	9,0	9,2	9,2
Excise duties and consumption taxes	3,5	3,8	3,6	3,6	3,4	3,2	3,2	3,3	3,3
Other taxes on products (incl. import duties)	0,9	0,7	0,7	0,7	0,7	0,7	0,7	0,7	0,7
Other taxes on production	2,6	3,5	3,9	4,5	5,7	4,2	4,0	4,2	4,3
Direct taxes	20,2	21,1	21,6	21,5	22,3	22,6	20,1	18,1	19,0
Personal income	16,7	17,6	17,8	17,8	18,2	17,6	16,4	15,2	15,7
Corporate income	2,7	2,6	2,9	2,7	3,1	3,9	2,7	2,1	2,4
Other	0,8	0,9	0,9	1,0	1,0	1,1	1,0	0,8	0,9
Social Contributions	13,1	14,1	13,9	13,9	12,6	14,4	14,8	14,7	14,3
Employers´	11,2	11,7	11,2	10,8	9,5	11,2	11,6	11,5	11,1
Employees´	1,6	2,1	2,5	2,9	2,9	2,9	2,9	2,9	2,9
Self- and non-employed	0,3	0,3	0,3	0,2	0,2	0,3	0,3	0,3	0,3
B. Structure according to level of government as % of GDP									
Central Government	29,9	31,0	31,7	32,4	33,4	32,4	29,6	27,8	28,1
State Government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	14,5	15,7	15,5	15,5	15,5	15,3	15,8	16,1	16,5
Social Sec. Funds	4,5	4,7	4,7	4,7	4,5	5,8	6,0	5,9	5,9
EC Institutions	0,7	0,6	0,7	0,6	0,5	0,5	0,5	0,4	0,4
C. Structure according to economic function as % of GDP									
Consumption	13,5	13,2	13,1	13,2	13,1	12,7	12,8	13,1	13,1
Labour	31,0	32,7	32,7	33,5	33,4	32,6	32,7	31,7	32,1
Employed	25,5	27,3	27,4	28,4	28,4	28,0	28,3	27,5	27,4
Paid by employers	12,8	13,7	13,4	13,7	13,8	14,0	14,4	14,3	14,1
Paid by employees	12,7	13,6	14,1	14,7	14,6	14,0	13,9	13,1	13,3
Non-employed	5,5	5,4	5,2	5,1	5,0	4,6	4,4	4,2	4,6
Capital	5,0	6,0	6,7	6,4	7,3	8,6	6,3	5,4	5,7
Capital and business income	3,4	3,9	4,4	4,2	5,1	6,4	4,4	3,5	3,8
Income of corporations	2,7	2,6	2,9	2,7	3,1	3,9	2,7	2,1	2,4
Income of households	0,1	0,6	0,8	0,9	1,3	1,8	0,9	0,6	0,6
Income of self-employed (incl. sc)	0,7	0,7	0,7	0,7	0,7	0,8	0,7	0,7	0,7
Stocks (wealth) of capital	1,6	2,1	2,3	2,2	2,2	2,2	1,9	1,9	1,9
Total	49,5	51,9	52,5	53,1	53,8	53,9	51,8	50,2	50,8
Of which environmental taxes	2,8	3,2	3,0	3,0	2,9	2,8	2,8	2,9	3,0
Energy	2,5	2,7	2,6	2,7	2,5	2,4	2,5	2,5	2,6
Transport	0,3	0,4	0,3	0,3	0,3	0,3	0,3	0,3	0,3
Pollution/Ressources	0,0	0,1	0,0	0,0	0,0	0,1	0,1	0,1	0,1
D. Implicit tax rates									
Consumption	28,4	28,0	28,2	28,9	28,9	28,6	29,5	30,8	30,5
Labour employed	46,8	48,0	48,4	49,4	49,0	47,9	46,8	45,7	46,1
Capital	18,0	24,0	26,4	27,2	31,9	37,5	30,7	32,1	27,7
Capital and business income	12,3	15,5	17,4	17,9	22,4	27,9	21,2	20,7	18,3
Corporations	15,7	18,2	20,0	20,5	25,2	34,9	26,1	24,4	19,5
Households and self-employed	7,4	12,5	14,5	15,4	20,9	24,4	16,9	14,9	14,8

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

n.a.: not applicable

Source: Commission Services

Overall trends in taxation

Swedish taxation levels are the highest in the EU. As of 2003, the tax-to-GDP ratio (including social security contributions) stood at 50.8%, compared with a 38.2% for the EU average. Sweden is the only country that exceeded the 50% mark in 2003, as the country with the second-highest tax level, Denmark, recorded a total tax burden of 48.8% on GDP.

The Swedish tax system relies to a comparatively greater extent on direct taxation, in particular personal income taxation, for raising tax revenues. Hence, the tax mix differs somewhat from the Union average: direct taxes account for around 37% of the Swedish tax revenue, while indirect taxes and social contributions both account for roughly 35% and 28% of the tax revenue. This compares to EU-25 averages of respectively around 32%, 38%, and 31%. The predominance of direct taxes has however tended to decrease during the period under consideration. It is worth noting, however, that owing to the high overall tax levels, the lesser reliance on social contributions in Sweden still translates into levels that exceed the EU average by a significant margin, about 2½ percent points of GDP. In this context, it is noteworthy that Sweden has introduced employees' social security contributions only in 1993; to this day, their level remains much lower than that of employers' contributions, i.e. one fifth of the total compared with one third in the EU average. Overall, the tax structure shows a certain resemblance to that of the other Nordic countries (with the exception of Denmark that levies very low social contributions) and to Belgium.

The structure according to level of government differs quite notably from the EU average in that social security funds account for a rather low portion of revenues, while local government revenues, at 16.5% of GDP, amount to four times the EU average; a similarly high share of local government revenue is found only in Denmark and to a lesser extent in Finland. Over the last few years, the share of central government revenues has shown a tendency to decline in favour of local government and the social security funds.

As in several other Member States, the overall tax burden increased from 1995 to 2000, when it reached a peak of 53.9% of GDP, and declined afterwards. In the three years from 2000 to 2003 the decline has been quite rapid, more than one point of GDP per year on average. The strongest declines since the 2000 peak were recorded for direct taxes; in particular, the revenue from the corporate income tax has declined, as a percent of GDP, by almost 60%, while revenue from personal income taxes have declined by about 12%. Indirect taxes peaked in 1999 at 18.9% of GDP and have remained at a lower level afterwards. Revenue from social security contributions instead remained relatively stable. Preliminary figures indicate that the tax burden should have remained roughly unchanged from the year before in 2004.

Taxation of consumption, labour and capital

The implicit tax rate on consumption is well above the Union's average. With one of the highest statutory VAT-rates and also above average rates for excise duties, Sweden clearly belongs to the group of countries with relatively high consumption taxes, together with Denmark, Finland, Hungary and Cyprus. The ITR on consumption increased gradually from around 28% to almost 31% during the 1995-2003 period, which was equivalent to around 7½ percentage points above the Union's average.

The ratio of taxes on labour in proportion to GDP is the highest in the Union, by a margin of around five points. The ITR on labour shows an upward trend until 1998, mainly as a consequence of different fiscal measures to increase tax revenue, peaking at 49.4%. Since then, the implicit tax rate has been declining. In

2003, the observed rate of 46.1% is below its initial level in 1995 (46.8%), but shows a slight rebound vis-à-vis the previous year. The trend decline mirrors the different policy decisions taken during the 1995-2002 period. Initially, different measures increased the income tax and the social contributions, while in the last years, some of these measures have started to be rolled back. The shift towards green taxes also contributed to reduce the tax burden on labour.

The implicit tax rate on capital displays large variations over the period considered. In 1995, Sweden still had a very low level of taxation on capital (the ITR was five full points below the EU-25 average), but already by 1997 the ITR had risen above the Union's average. The peak in the ITR on capital was reached in 2000 at 37½%, almost 11 points above the EU-25 average. The major part of this increase relates to the measured overall tax burden of capital and business income; indeed, tax revenues in percentage of GDP from households increased. With regard to the denominator of the implicit tax rate, computed using national accounts data, it should be noted that during that period corporations have witnessed diminishing profits (in relation to GDP) due to increases in labour costs and higher indirect taxes which they could not fully translate into higher prices. The relative shift from interest to dividend payments resulting in smaller deductions for the taxable base could also partly explain the increase of the tax burden on capital and business income between 1995 and 2000¹. After 2000, the sharp decrease in the corporate income taxes largely explains the very strong decline in the ITR.

The increased capital tax burden for households in the 1995-2000 period can partly be explained by the taxation of increased capital gains due to the booming stock markets². Another explanation lies in deductible net interest payments that have diminished substantially due to dropping interest rates. This development can be related to incentives in response to the tax reform, in combination with periods with a relatively high real interest rate.

Features of the tax system and recent developments in tax policy

Personal income tax

A major tax reform in 1991 transformed the tax system into a so-called 'dual' income tax system. It combined a high progressive taxation of labour income, with a lower general rate on capital income. Local government levies a flat rate of around 30% (depending on municipality and county) on earned income (i.e. labour income and income from unincorporated business). A low uniform state tax (SEK 200) is levied on all incomes (in effect abolished from 2004). For incomes above 291 800 SEK (in 2004) there is a tax bracket with a tax rate of 20% and the top rate for labour income above SEK 441 300 is 25%. This leads to a total marginal tax rate of 56% for income above SEK 441 300. For capital income, there is a flat tax rate of 30%. Generally, the 1991 reform resulted in a shift from direct to indirect taxes, in combination with a broadening of the tax bases.

¹ Calculations by the Swedish Ministry of Finance for a comparable average effective tax rate using comprehensive micro data (FRIDA database of the Ministry of Finance in Sweden) also show an increasing trend until 1998, although the actual taxable base in relation to GDP increased slightly until 2000. In 2000 this alternative indicator starts to decline. Taking the time-lag and the asymmetric influence of losses from national accounts into account, it is likely that a similar pattern would have been visible in the years after 2000 for the implicit tax rate on capital.

² It is not possible within national accounts to account for the capital gains part of taxable income. For this reason the increase in capital tax burden for Sweden is overestimated in that period.

As a result of the recession and the budget deficit, which was worsened by the fact that the reform was under-financed, several measures have been taken since the reform with the objective of increasing tax revenue. Only in the last years, starting in 1999 or 2000, can reductions in tax rates be observed.

In 1995, the statutory state income tax rate of 20% was increased to 25% for a period of three years. This increase became permanent in 1999, but for incomes at a higher threshold. As a result, there are currently three tax brackets in the income tax, as opposed to two directly after the reform.

During the last years, the main changes in taxation policy relate to reductions of the income tax, mainly through the compensation for the employee's general pension contribution, and the introduction of a green tax reform. Continuous downward adjustments have also been made to the real estate and wealth tax in response to increases in property prices.

In 2000, the first step was taken to compensate employees for the introduction of their pension contribution through the introduction of a tax credit. At the same time the allowance for the contribution was removed. The credit was to be phased in over four years but each step is conditional on the state of government finances. As of 2002, the credit amounts to 75% of the contribution. In addition to this credit, the threshold for the state income tax has also been increased with the objective to reduce the number of income earners that pay this tax.

The policy of the green tax shift continues in 2004 with higher taxes on energy use and lower taxes on labour. Thus, the uniform state income tax on labour income will be removed in 2004, i.e. a reduction of the SEK 200 per year on all incomes. The abolition of the capital gains tax and the deductions for capital losses on business related holdings are combined with changes to the controlled foreign company (cfc) rules.

VAT and Excise

Under the 1991 reform the VAT base was broadened to include services and energy consumption, and a carbon-dioxide tax was introduced. A strategy for a green tax reform amounting to a tax swap of SEK 30 billion over 10 years started in 2001. In total it corresponds to almost 1.4% of 2001 GDP. During the first three years around SEK 8 billion have been swapped. The tax increases have mainly affected the energy taxes for households and the service sector, while the reductions have been allocated to the income tax and the employer's social contributions. Total environmental taxes amounted to around 3% of GDP in 2002.

Social security and other taxes

Employers' social security contributions were reduced in 1993, but have since then been raised to some extent. Employees' general pension contributions, introduced in 1993, have then gradually been phased in and increased until 1998, and are now a part of the new pension system.

In 2004 the general salary tax component of the employer's social contributions was reduced for employers and self-employed. The country decided to abolish its inheritance and gift tax as of 2005. A small cut in employers' health contributions, from 10.39% to 10.15%, took effect from 2005.

25. UNITED KINGDOM

Taxes & Social contributions in UNITED KINGDOM ¹⁾

	1995	1996	1997	1998	1999	2000	2001	2002	2003
	ESA95								
A. Structure of revenues as % of GDP									
Indirect taxes	14,1	13,9	14,0	13,9	14,3	14,3	13,9	13,7	13,7
VAT	6,7	6,7	6,8	6,6	6,8	6,8	6,8	6,9	7,1
Excise duties and consumption taxes	4,1	4,1	4,0	4,0	4,1	3,9	3,7	3,6	3,5
Other taxes on products (incl. import duties)	1,2	1,1	1,3	1,4	1,5	1,8	1,6	1,4	1,3
Other taxes on production	2,1	2,0	1,9	1,8	1,8	1,8	1,8	1,8	1,8
Direct taxes	15,1	15,0	15,3	16,5	16,5	16,9	17,1	15,9	15,6
Personal income	10,3	9,6	9,3	10,3	10,5	10,9	11,0	10,4	10,3
Corporate income	2,7	3,1	3,8	3,8	3,4	3,4	3,3	2,7	2,7
Other	2,1	2,2	2,2	2,4	2,6	2,6	2,8	2,7	2,6
Social Contributions	6,2	6,1	6,2	6,2	6,2	6,3	6,3	6,1	6,4
Employers´	3,4	3,4	3,4	3,3	3,4	3,6	3,6	3,4	3,5
Employees´	2,6	2,5	2,7	2,6	2,6	2,6	2,5	2,4	2,7
Self- and non-employed	0,2	0,2	0,2	0,2	0,2	0,2	0,2	0,2	0,3
B. Structure according to level of government as % of GDP									
Central Government	33,1	32,8	33,5	34,5	34,8	35,4	35,1	33,7	33,6
State government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	1,3	1,3	1,3	1,4	1,4	1,5	1,5	1,6	1,7
Social Sec. Funds	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EC Institutions	1,0	0,9	0,7	0,7	0,7	0,7	0,6	0,5	0,4
C. Structure according to economic function as % of GDP									
Consumption	13,4	13,4	13,6	13,4	13,7	13,5	13,4	13,4	13,5
Labour	14,0	13,3	13,1	13,8	13,9	14,4	14,4	13,7	13,9
Employed	13,9	13,1	12,9	13,6	13,7	14,2	14,2	13,6	13,7
Paid by employers	3,4	3,4	3,4	3,3	3,4	3,6	3,6	3,4	3,5
Paid by employees	10,5	9,8	9,6	10,3	10,3	10,7	10,6	10,1	10,2
Non-employed	0,2	0,2	0,1	0,2	0,2	0,2	0,2	0,2	0,2
Capital	8,0	8,2	8,9	9,4	9,3	9,6	9,5	8,6	8,2
Capital and business income	5,4	5,8	6,5	6,8	6,7	6,7	6,8	5,9	5,7
Income of corporations	2,7	3,1	3,8	3,8	3,4	3,4	3,3	2,7	2,7
Income of households	1,2	1,3	1,2	1,6	1,8	1,8	1,9	1,7	1,5
Income of self-employed (incl. sc)	1,5	1,4	1,4	1,4	1,5	1,5	1,6	1,5	1,5
Stocks (wealth) of capital	2,6	2,4	2,4	2,5	2,7	2,9	2,7	2,6	2,5
Total	35,4	35,0	35,5	36,6	36,9	37,5	37,3	35,7	35,7
Of which environmental taxes	2,9	3,0	3,0	3,1	3,2	3,1	2,8	2,7	2,7
Energy	2,3	2,4	2,3	2,5	2,5	2,4	2,3	2,2	2,1
Transport	0,6	0,6	0,6	0,6	0,6	0,6	0,5	0,5	0,5
Pollution/Ressources	0,0	0,0	0,0	0,0	0,0	0,0	0,1	0,1	0,1
D. Implicit tax rates									
Consumption	21,7	21,6	21,8	21,6	21,9	21,6	21,3	21,4	21,8
Labour employed	25,7	24,7	24,2	25,1	25,0	25,4	25,0	24,0	24,6
Capital	28,3	28,0	29,9	31,3	35,0	35,8	36,6	32,0	28,0
Capital and business income	19,2	19,7	21,7	22,8	25,0	25,1	26,1	22,2	19,5
Corporations	18,1	19,4	23,3	22,0	23,3	22,6	23,7	17,6	14,9
Households and self-employed	15,3	15,0	14,7	17,8	19,9	20,3	20,5	20,7	19,5

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

n.a.: not applicable

Source: Commission Services

Overall trend in taxation

Overall tax burden

In 2003, the tax-to-GDP ratio (including social security contributions) stood at 35.7% in the United Kingdom, a value somewhat below the EU-25 average (38.2%), placing the UK third lowest in the EU-15, after Ireland and Spain.

The tax structure by tax type is characterised by a relatively high weight of direct taxes, which largely reflects a marked reliance on personal income tax. The share of social contributions is on the other hand among the lowest in the Union. Direct taxes (15.6% of GDP) are indeed above the EU-25 average (12.4%), although they decreased in 2002 and 2003. They still represent the primary source of revenues (43.7% of the total taxes), slightly larger than indirect taxes (38.3%), and far outweighing social contributions (18.0%), the lowest in the EU 25, after Denmark and Ireland.

Personal income tax is the most important direct tax (10.3% of GDP). Although it has slightly decreased from the previous year, revenue from personal income taxation seems to follow a slightly increasing trend, contrary to developments in the EU-25 and EU-15 averages. The opposite applies to corporate income taxation which seems to follow a declining trend. At 2.7% of GDP, revenue from the corporate income tax is also below the EU-25 and EU-15 averages.

A major share of revenue, roughly 94% of the total, is raised by the central government, a value that confirms the United Kingdom as the second most centralised Member State in the EU-25 after Malta. Local government only receives 4.7% of total taxes. However, this figure has been slowly increasing since 1997.

The overall tax burden increased from 1995 to 2000, when it reached a peak of 37.5% of GDP, i.e. about +2 percentage point higher than at the beginning of the period, and this almost entirely due to rises in direct taxation. After the year 2000 the tax burden declined and is now almost back to the level of 1995. At any rate, it has always been among the lowest in the EU: on average -2.2 points of GDP below the EU-25 average and -5.2 below the EU-15 average.

Taxation of consumption, labour and capital

Looking at the economic split of taxes, taxation of consumption (13.5% of GDP) is above the EU-25 average (12.3%), the UK exhibiting the third highest level in the EU-15. However, when consumption taxes are measured as a percentage of total consumption in the economy the difference is less marked. As of 2003, the implicit tax rate on consumption in the United Kingdom was marginally below the EU-25 average (21.8% compared to 22.0%). However, unlike the slightly increasing EU-25 average, the UK ITR on consumption has modestly decreased.

As a result of the relatively low social security contributions, taxes on labour (13.9% of GDP) are very low compared to other European countries (the EU-25 average is 18.7%). The effective taxation of employed labour (i.e. the ITR on labour) is, at 24.6%, the second lowest in the EU-25 after Malta (22.4%). The implicit tax rate on labour is, at 24.6%, well below the EU-25 average (35.9%). In the period 1995-2003, the index remained fairly stable, as it has since the early '70s. The moderate increase (+0.6%) in the last year seems to be related to a drop in the base of the indicator, which is also consistent with a slowdown in the GDP growth.

Tax on capital (8.2% of GDP) is somewhat higher than the EU-25 average (7.3%) despite the lower contribution of taxes on the income of corporations. The difference is accounted for by the higher taxation of households (+0.9%) and of stocks of capital (+0.3%). The relatively high contribution of taxes on capital to total tax revenue (+4.0% on the EU-25 average of 19.1%) is reflected in the implicit tax rate on capital (28.0%), which stands 2.6 percentage points above the average. The decline visible in the first half of the 1990s was strongly influenced by the relative decline of taxes on real estate. Both taxes on corporations and taxes on real estate (*i.e.* national domestic rates on business properties and council tax paid by owner-occupiers and tenants on the value of their dwellings) contribute to the present relatively high tax burden on capital.

An increase in the implicit tax rate on capital is visible since the mid-1990s, as it is in many other Member States. This increase is reflected in the growth both of the implicit tax rate on capital and business income and of the revenues derived from taxes on the stock of wealth. The implicit tax rate on capital increased substantially in the years 1995-2001 but then declined again.

The increase in the implicit tax rate on capital and business income can partly be attributed to the pro-cyclical behaviour of the implicit tax rate; economic growth has to some extent offset the effects of the reductions in statutory rates. A slight decrease in the denominator of the implicit tax rate has also contributed to the increasing trend. This relative decrease arises in the most part from the decreasing share of the net operating surplus of the private sector (without a reduction in corresponding tax revenues), that is mirrored by a rising share for the compensation of employees. Starting from 2002, notably in connection with the economic slowdown, a remarkable reduction in the ITR on capital is visible.

It should also be kept in mind that both the ITR on capital and capital income are biased upwards (compared to other European Union countries) because the ITR base does not capture the full extent of taxable profits of financial companies, particularly capital gains. A further reason is that the UK figures allocate all tax on occupational (second pillar) and private pension benefits (third pillar) to capital income whilst for most other Member States the second pillar is allocated to transfer income and income of the non-employed.

Features of the tax structure and recent developments in tax policy

Personal income tax

During recent years, fiscal policy has focused on 'making work pay': increasing the attractiveness of employment by improving the financial incentives to work. The government has introduced several measures relating to the personal income tax and the national insurance contribution scheme. Their purpose, in conjunction with other policies, was to address the so-called 'poverty trap' and make work pay for low-earning families, particularly families with children, supporting the government's commitment to eradicate child poverty.

In particular, in 2005 tax rates of 10%, 20% and 40% are applied to three brackets of income (up to £2,090, 2,090 to 32,400 and above 32,400, respectively). The 1999 budget had introduced the 10% rate (previously a 20% rate applied to a wider income band), a lower (22%) basic (middle) rate, and replaced the married couple's allowance with the children's tax credit.

From October 1999, the Working Family Tax Credit replaced the Family Credits. It is available to families with children in which at least one of the partners works at least 16 hours a week. It is composed of a basic credit for each child, a credit for those working more than 30 hours a week and a childcare cost tax credit. The credit effectively increases the minimum take-home income for a family with someone in full-time work. It is assessed on net income and withdrawn at a 55% rate for relatively higher family incomes. The children's tax credit is available to families with one or more children, and is tapered away for families where there is a higher-rate taxpayer. The Working Tax Credit (WTC) and the Child Tax Credit (CTC), introduced in 2003, were designed to bring together the support available into a single tax credit system.

The government has raised the starting point for paying NICs to the level of the personal income tax personal allowance, both for employers and employees. Entry 'fees' and 'steps' have also been abolished for both employers and employees, which previously resulted in high marginal effects. On the employer's side, the reforms have also been aimed at simplification of the NIC system, and thus a reduction of administrative burden, by moving it more into line with income tax payments. The government has also introduced changes in self-employed NICs, based on similar principles to those applied to employee and employer NICs. Against this background of a simplified NIC system, an across the board increase of 1% in all types of NICs was effected from April 2003.

The 1998 Budget increased charges on free fuel for private motoring provided by companies to employees with company cars. The government also raised personal income tax allowances as part of a programme under the heading 'fairness for pensioners'. Mortgage interest tax relief has been limited and was finally abolished in 2000.

The Pension Credit, announced in the budget 2002-2003, was introduced in October 2003. It ensures that pensioners, in particular the ones with lower incomes, who have saved for their pension benefit from their savings. Age-related personal allowances has been raised to ensure that no pensioner aged 65 or over will pay tax on income of less than £127 a week.

The Budget 2005 is broadly fiscally neutral. The personal income tax allowance (for those aged under 65) has been increased for the tax year 2005/06 to £4,895 (previously £4,745). A larger increase for elderly tax-payer aged between 65 and 74 (to £7,090 from £6,830) and over 74 (to £7,220 from £6,950). The NIC thresholds have also been increased for 2005/06.

Corporation tax

The corporation tax regime has also been changed in recent years. The statutory rate was reduced from 33% in 1997 to 30% in 1999, as was the small company rate for firms with profits below £300,000, which at present is 19%, down from 24% in 1997. Since 2000, there is also an additional rate initially at 10%, reduced to 0% in 2002, for firms with profits below £10,000. Changes have also been made to capital depreciation allowances, and the Advance Corporation Tax on dividends was abolished in 1999 (a method of securing payment of corporation tax imputed to shareholders receiving dividends: a company making a qualifying distribution was required to pay ACT at a fraction linked to the lower rate of income tax).

VAT and Excise

As regards indirect taxes, the government cut VAT on fuel and power from 8 per cent to 5 per cent in 1997 (until 1994 it was zero rated). Insurance premium tax, after being introduced at 2.5 per cent in 1994, rose to 4 per cent in 1997. The government has also introduced numerous changes to excise duties.

Important reforms have been implemented on both tobacco and fuel, with the so-called 'tax escalator' playing an important part. This has also led to revenue increases. Tax differentials between leaded and unleaded petrol have been increased and new differentials introduced between ultra-low sulphur and standard petrol and diesel. 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 receipts have been recycled through a 0.4 percentage cut in employer's NICs. Total environmental taxes amounted to 2.7% of GDP in 2003.

26. NORWAY

Taxes & Social contributions in NORWAY 1)

	1995	1996	1997	1998	1999	2000	2001	2002	2003
	ESA95								
A. Structure of revenues as % of GDP									
Indirect taxes	16,5	16,4	16,2	16,5	15,9	14,0	13,8	13,9	13,6
VAT	9,9	9,8	9,7	10,2	9,9	8,7	8,8	8,9	8,7
Excise duties and consumption taxes	2,2	2,0	2,1	1,9	1,9	1,7	1,7	1,7	1,7
Other taxes on products (incl. import duties)	3,7	3,8	3,7	3,6	3,4	2,9	2,6	2,6	2,6
Other taxes on production	0,7	0,8	0,7	0,8	0,7	0,6	0,7	0,7	0,7
Direct taxes	16,3	17,1	17,0	16,0	17,0	20,3	20,4	20,0	19,8
Personal income	10,8	10,7	11,0	11,8	11,4	10,3	10,5	10,8	10,8
Corporate income	3,2	3,5	3,5	2,7	3,5	5,2	4,9	4,5	4,2
Other	2,3	2,8	2,5	1,5	2,1	4,8	5,0	4,7	4,8
Social Contributions	9,9	9,6	9,6	10,3	10,2	9,0	9,3	9,9	10,0
Employers´	5,9	5,7	5,7	6,2	6,1	5,4	5,6	6,0	6,0
Employees´	4,0	3,9	3,9	4,2	4,1	3,6	3,7	4,0	4,0
Self- and non-employed	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
B. Structure according to level of government as % of GDP									
Central Government	24,5	25,5	25,4	25,2	25,5	27,7	27,1	28,2	27,1
State Government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	8,2	7,9	7,8	7,2	7,4	6,5	7,1	5,7	6,4
Social Sec. Funds	9,9	9,6	9,6	10,3	10,2	9,0	9,3	9,9	10,0
EC Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C. Structure according to economic function as % of GDP									
Consumption	16,1	15,8	15,7	16,0	15,6	13,7	13,6	13,5	13,3
Labour	17,9	17,6	17,8	19,3	18,8	16,7	17,1	18,1	18,1
Employed	17,9	17,6	17,8	19,3	18,8	16,7	17,1	18,1	18,1
Paid by employers	5,9	5,8	5,8	6,2	6,1	5,4	5,6	6,0	6,0
Paid by employees	12,0	11,9	12,1	13,0	12,7	11,2	11,5	12,1	12,1
Non-employed	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Capital	8,6	9,7	9,2	7,5	8,7	12,8	12,7	12,1	12,0
Capital and business income	6,2	7,1	6,8	5,0	6,3	10,7	10,6	9,9	9,7
Income of corporations	3,2	3,5	3,5	2,7	3,5	5,2	4,9	4,5	4,2
Income of households	1,9	2,6	2,2	1,1	1,9	4,7	4,8	4,4	4,5
Income of self-employed (incl. sc)	1,1	1,0	1,0	1,1	1,0	0,9	0,9	1,0	1,0
Stocks (wealth) of capital	2,4	2,6	2,4	2,5	2,4	2,1	2,1	2,3	2,3
<i>Less: taxes and SSC assessed but unlikely to be collected</i>	0,3	0,3	0,3	0,3	0,3	0,2	0,2	0,2	0,2
Total	42,3	42,8	42,5	42,5	42,8	43,0	43,2	43,6	43,2
Of which environmental taxes	4,5	4,8	4,5	4,4	3,8	3,3	3,1	3,3	3,4
Energy	1,1	1,0	1,0	1,0	0,8	0,7	0,6	0,6	0,6
Transport	2,4	2,7	2,5	2,6	2,3	2,1	2,0	2,4	2,4
Pollution/Ressources	1,0	1,1	1,1	0,8	0,7	0,6	0,5	0,3	0,4
D. Implicit tax rates									
Consumption	34,5	34,3	35,1	34,6	34,8	34,2	33,9	33,7	33,1
Labour employed	37,8	38,0	38,3	38,4	38,2	38,2	38,3	38,5	38,3

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

Source: Commission Services

Overall trends in taxation

Norway's total tax to GDP ratio has varied little in the period under consideration; it amounted to 43.2% in 2003, a value which exceeds by five points the Union average. Total tax revenues in Norway are influenced by tax income from petroleum related activities. Tax and non-tax revenues from the petroleum sector have hovered around 8% of GDP over the 1990s. Adjusted for an estimated resource rent from the petroleum sector, total accrued taxes in per cent of GDP would be somewhat lower, but still slightly above the EU-average. Approximately 63% of the taxes were paid to the central government in 2003. The Norwegian tax system is characterised by a relatively high share of direct taxes, accounting in 2003 for almost 46% of total taxes, which is almost 14 percentage points above the EU-25 average. The revenues from the personal income tax are, as a share of total tax revenues, in line with the EU-15 average whilst higher shares are perceptible in corporate tax revenues (9.8% of total taxes) and in revenue from 'other direct taxes' (11.1%). As for indirect taxes, the VAT share (close 20% of total taxes) is in line with the EU whilst excise duties represent 3.9% of the total tax revenue, which is clearly below the EU-15 average. Taxes levied on the oil and gas sector represented about 16.0% of the total tax revenue in 2003.

Direct taxes from personal income relative to GDP have been relatively stable during the 1990s until today. Norway has however experienced an increase in direct taxes from the corporate sector. From 1995 to 2003 the tax to GDP ratio increased from 3.2% to 4.2%, with a peak in 2000 at 5.2%. This rate was instead stable at about 2% from 1977 to 1991. According to national data the return on capital increased sharply after the tax reform, and rose from 13.3% on average in the years 1970 to 1991, to 18.8% on average from 1992 to 2001 (exclusive of hydro electric power supply). Some of this is clearly due to general business cycles, but some of it can also be explained by a better allocation of capital, due to a more investment neutral tax system.

Taxation of consumption, labour and capital

Taxation on consumption has fallen substantially during the period 1995-2003 and takes in one percentage point of GDP more than on average in the EU-25 (12.3% of GDP). However, the ITR on consumption is significantly above the EU-25 average and only comparable to those of the Nordic countries. The consumption to GDP ratio has been in fact declining (now standing at 43% of GDP) while the EU-25 ratio has remained stable at more than 10 percentage points above.

Taxation on labour has been reasonably stable. The ITR on labour does exhibit strong changes and has remained consistently slightly above the EU-25 average.

ITRs on capital are unavailable for Norway.

Features of the tax system and main recent tax policy measures

Personal income tax

The tax reform of 1992 introduced a dual income tax system, with progressive taxation of labour income and a low and flat statutory corporate and capital tax rate at 28%. A full imputation system that eliminates double taxation of dividends was implemented, as well as the so called RISK-system for avoiding double taxation of capital gains. A split-model was implemented to avoid income shifting due to the relatively high difference in top marginal tax rate on labour income and capital income. The tax rates were reduced, the tax bases were broadened and emphasis was given to tax neutrality among investments.

The progressivity of the personal tax scheme in Norway has increased, especially since 2000 when a special earned income allowance and an extra step in the surtax was introduced. In 1998 the extra payroll tax for high salaries increased from 10 to 12.5%. The top marginal tax rate on labour income (including payroll taxes) has increased substantially since the tax reform in 1992, and created a wider gap between the top marginal tax rate on labour income and capital income. However, the 2005 budget law introduced significant reductions in the top marginal employment income rate, from 55.3% to 51.3%.

In 2001 a dividend tax of 11% was implemented. The dividend tax was criticised for harming stock investments and for distorting capital allocation by causing lock-in effects. The dividend tax was not meant to be permanent, and was abolished in 2002 by the new government. The dividend tax caused large variations in dividends, with high dividends right before the implementation and after the abolition of the dividend tax, and very low dividends in 2001.

In March 2004, the Government presented a White Paper on tax reform to Stortinget (the Parliament). The main feature of the proposed reform was to introduce a tax on share income (dividends and gains above a risk free rent) on the personal shareholders' hand. The marginal tax rates on share incomes will be increased from 28% at present to 48,16% from 2006. In combination with lower marginal tax rates on labour income, it will no longer be particularly profitable to have labour income taxed as dividends.

The reform is to be phased in over three fiscal years, starting with a series of measures listed in the 2005 budget: lower marginal tax rates on labour income, elimination of certain allowances and special tax provisions, tax exemption for companies' dividends and capital gains, a reduced tax on net wealth and abolishment of the income taxation of owner occupied housing. In 2006 and 2007 this will be followed by implementation of a tax on share income received by non-corporate shareholders. Taxation of the self-employed will be amended, based on the same principles as for share income. Marginal tax rates and the wealth tax will be reduced further and the tax base broadened.

Corporate income tax

A special tax regime for the shipping industry was adopted in 1996 in an effort to respond to similar moves by other seafaring nations. In particular, shipping companies were exempted from the corporate income tax on retained profits, thereby effectively postponing the tax payment until the profits are distributed. This measure partly restored a facility that existed before the 1992 reform, which had been abolished, *inter alia*, to remove a strong incentive for investors on the mainland to reduce their tax liability by investing in a shipping company. These incentives has thus been reintroduced to some extent, but in the current set-up investors are not allowed to deduct expenses or losses stemming from shipping companies against taxable profits in other sectors.

Before 1997 the tax system for hydro electric power plants was mainly independent of the profitability in the plants. The tax system for hydro electric power plants was subject to a reform in 1997, based on the principles laid down in the tax reform from 1992, i.e. a broader tax base and lower tax rates and an emphasis on investment neutrality. In addition a resource rent tax was introduced that levied about NOK 1.1 billion in 2002.

The tax rules for upstream petroleum activities are based on the ordinary Norwegian corporation tax system, with some special deviations and features, and the addition of a Special Petroleum Tax (SPT) of 50%. Both the corporation tax and the SPT are based on the net profits which the oil companies derive from their activities. A Petroleum Tax Commission report (2000) suggested several amendments to the

petrol tax system, most of which were adopted. In particular, deficits can now be carried forward increased by interest and that the method for distributing net financial costs between the on-shore and off-shore tax districts now is based on tax written down values instead of net income.

Regionally differentiated payroll taxes are used as an important vehicle for maintaining settlements in remote areas in Norway. The (ordinary) payroll taxes are levied on the companies wage bill according to a regionally differentiated rate depending on the permanent residence of the employees. The rates vary between 0 and 14.1% In 1998 the EFTA Court ruled that Norway should discontinue the rate differentiation in its present form as it was in conflict with the EEA regulations. From 1 January 2004 the system was changed. However, due to exceptional circumstances in northern part of the country, the Standing Committee of the EFTA States granted that the zero rate in this zone is in accordance with EEA agreement. The existing rates were also continued for fishery and agriculture in other tax zones. For other sectors the existing rates will be continued within the *de minimis* threshold in the EEA state aid rules.

Under the White Paper Reform a tax exemption will be given for dividends and capital gains between companies within the EEA. The tax exemption for share income between companies and the tax on share income in the personal shareholders' hand are important elements in order to bring the taxation of share income in accordance with the EEA Agreement.

VAT and Excise

The VAT system was reformed in 2001. The standard VAT rate was increased from 23% to 24% and the VAT system was expanded to include services. The VAT on food was reduced to 12%. Municipal activity is generally outside the VAT system and thus can not recover VAT on inputs. This may distort the municipal authorities' incentives when choosing between 'in house' production of services and services from private service providers. In January 2002 an expert committee was appointed to consider solutions that should make the VAT system neutral in this respect. A new system based on the committee's recommendations, with a municipal compensation scheme for all VAT, was introduced from 1st January 2004. In 2005, both the standard and the super-reduced rate were raised to respectively 25% and 7%. The VAT on food was instead cut to 11%.

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¹ As modified – notably – by Regulation 2516/2000 of the European Parliament and Council of 7 November 2000. A consolidated version of the Council Regulation (EC) is available on-line on the Eur-Lex web-site on: <http://europa.eu.int/eur-lex/en/index.html>.

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ANNEXES

ANNEX A: TABLES

Table Tot_G: Total Taxes (incl. SC) as % of GDP

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	45.1	45.4	45.8	46.5	46.0	46.0	46.2	46.4	45.7	45.9	0.2	0.6
CZ	36.2	35.1	35.5	33.9	34.7	34.4	34.5	35.4	36.2	35.1	0.0	0.0
DK	49.0	49.6	49.6	49.9	51.3	49.5	49.8	48.8	48.8	49.6	-0.1	-0.2
DE	40.8	41.6	41.6	41.6	42.4	42.5	40.7	40.2	40.3	41.3	-0.3	-0.5
EE	37.9	35.6	36.0	34.7	34.4	32.2	31.6	32.4	33.4	34.2	-1.9	-4.5
EL	32.6	33.0	34.3	36.3	37.3	38.7	37.0	37.5	36.2	35.9	1.7	3.6
ES	33.4	33.7	33.8	33.7	34.4	35.0	34.8	35.4	35.6	34.4	0.8	2.2
FR	43.7	44.8	44.9	44.8	45.5	45.0	44.7	43.8	43.8	44.5	-0.1	0.2
IE	33.5	33.6	32.8	32.1	32.1	32.0	30.2	28.8	29.9	31.7	-1.8	-3.6
IT	41.2	42.8	44.7	43.2	43.3	42.7	42.5	42.1	42.9	42.8	0.0	1.8
CY	26.9	26.8	26.0	28.2	28.5	30.5	31.5	31.5	33.3	29.2	3.0	6.4
LV	33.6	31.3	32.7	34.3	32.3	30.1	29.0	28.8	28.9	31.2	-2.1	-4.7
LT	28.6	28.1	29.8	32.2	32.4	30.1	28.8	28.5	28.5	29.7	-0.2	-0.1
LU	42.3	42.4	41.5	40.2	40.5	40.5	40.7	41.2	41.3	41.2	-0.4	-1.1
HU	41.6	40.6	39.0	39.0	39.1	39.6	39.3	38.8	39.1	39.6	-0.6	-2.5
MT	26.9	24.1	27.5	25.7	27.7	28.8	31.1	33.2	33.6	28.7	3.7	6.7
NL	40.6	40.8	40.7	40.3	41.7	41.5	40.0	39.4	39.3	40.5	-0.4	-1.3
AT	41.3	42.6	43.9	43.9	43.6	42.7	44.7	43.6	43.0	43.3	0.4	1.7
PL	39.4	38.1	37.6	36.7	37.2	35.2	35.4	35.5	35.8	36.7	-1.2	-3.5
PT	33.6	34.4	34.7	34.9	36.0	36.4	35.7	36.5	37.0	35.5	1.1	3.4
SI	40.8	39.5	38.4	39.1	39.5	39.0	39.1	39.4	40.1	39.3	-0.1	-0.7
SK	40.5	39.0	35.8	37.0	34.6	33.1	32.0	32.4	30.6	35.5	-3.3	-9.9
FI	46.0	47.3	46.5	46.4	46.8	47.9	46.0	45.7	44.8	46.6	-0.3	-1.3
SE	49.5	51.9	52.5	53.1	53.8	53.9	51.8	50.2	50.8	52.1	0.0	1.3
UK	35.4	35.0	35.5	36.6	36.9	37.5	37.3	35.7	35.7	36.2	0.4	0.3
NO	42.3	42.8	42.5	42.5	42.8	43.0	43.2	43.6	43.2	42.8	0.3	0.9
EU25	40.5	41.1	41.3	41.2	41.7	41.6	40.8	40.2	40.3	41.0	-0.2	-0.1
EU15	40.5	41.3	41.5	41.5	41.9	41.9	41.1	40.4	40.6	41.2	-0.1	0.0
Euro12	40.8	41.7	42.1	41.8	42.4	42.2	41.4	40.9	41.0	41.6	-0.1	0.2
NMS10	38.4	37.1	36.6	36.1	36.4	35.2	35.2	35.5	35.8	36.3	-0.9	-2.7
EU25 (arithmetic average)	38.4	38.3	38.4	38.6	38.9	38.6	38.2	38.1	38.2	38.4	-0.1	-0.2
EU15 (arithmetic average)	40.5	41.2	41.5	41.6	42.1	42.1	41.5	41.0	41.0	41.5	0.1	0.5
Euro12 (arithmetic average)	39.5	40.2	40.4	40.3	40.8	40.9	40.3	40.1	40.0	40.3	0.1	0.5
NMS10 (arithmetic average)	34.8	33.8	33.8	34.1	34.0	33.3	33.2	33.6	33.9	33.8	-0.3	-0.8
Ratio st.dev. and mean in %	15.4	17.0	16.2	15.9	15.9	16.0	16.0	15.3	14.9			-0.5
Difference max. and min.	22.6	27.8	26.4	27.5	26.1	25.1	23.0	21.6	22.3			-0.3

1) Estimated annual average growth rate in %. - 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services

Table A.1_G: Indirect Taxes as % of GDP: Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	13.3	13.7	13.9	13.9	14.1	14.0	13.6	13.8	13.8	13.8	0.2	0.5
CZ	12.3	12.3	11.7	11.2	11.8	11.5	11.1	11.1	11.4	11.6	-1.1	-0.9
DK	17.2	17.5	17.7	18.5	18.3	17.4	17.5	17.7	17.4	17.7	0.0	0.3
DE	12.3	12.2	12.2	12.3	12.8	12.7	12.5	12.3	12.4	12.4	0.2	0.1
EE	13.8	14.0	14.7	12.7	12.2	12.8	12.8	13.1	13.1	13.2	-1.1	-0.7
EL	14.4	14.8	14.9	15.1	15.8	15.8	15.3	15.1	14.4	15.1	0.3	0.0
ES	10.9	10.9	11.2	11.8	12.3	12.3	12.0	12.1	12.5	11.8	1.7	1.6
FR	16.2	16.8	16.7	16.6	16.5	16.1	15.6	15.5	15.6	16.2	-0.9	-0.7
IE	14.7	14.6	14.3	14.0	13.8	13.9	12.6	12.5	13.0	13.7	-2.0	-1.7
IT	12.7	12.5	12.9	15.9	15.6	15.5	15.0	15.1	14.8	14.4	2.4	2.1
CY	11.5	11.2	10.3	11.2	10.8	12.7	13.2	13.4	16.5	12.3	4.4	5.1
LV	13.7	12.6	13.0	14.0	12.9	11.7	11.2	10.7	11.5	12.4	-2.8	-2.2
LT	12.3	11.9	14.6	14.0	13.8	12.5	12.2	12.5	11.9	12.9	-0.8	-0.4
LU	13.5	13.4	13.6	13.5	14.2	14.6	14.0	13.7	13.9	13.8	0.6	0.4
HU	17.8	17.1	15.6	15.8	16.3	16.4	15.7	15.2	16.6	16.3	-1.0	-1.2
MT	12.4	11.0	12.3	11.6	12.6	12.9	13.6	14.3	14.3	12.8	2.8	1.9
NL	11.9	12.2	12.5	12.5	13.1	13.0	13.5	13.2	13.3	12.8	1.5	1.4
AT	14.8	15.1	15.6	15.5	15.5	15.1	15.1	15.2	15.1	15.2	0.0	0.3
PL	15.8	16.0	15.4	15.0	15.5	14.8	14.4	14.7	15.3	15.2	-0.9	-0.5
PT	14.6	14.7	14.5	15.0	15.4	15.1	14.7	15.3	15.9	15.0	0.8	1.3
SI	16.1	16.4	15.9	16.6	17.2	16.5	16.2	16.5	16.8	16.4	0.4	0.7
SK	15.6	15.5	14.4	13.4	13.1	13.0	11.8	12.0	11.5	13.6	-4.0	-4.1
FI	14.3	14.4	14.9	14.6	14.8	14.1	13.8	14.0	14.4	14.3	-0.4	0.2
SE	16.3	16.7	17.0	17.7	18.9	16.9	17.0	17.4	17.5	17.2	0.6	1.3
UK	14.1	13.9	14.0	13.9	14.3	14.3	13.9	13.7	13.7	14.0	-0.2	-0.4
NO	16.5	16.4	16.2	16.5	15.9	14.0	13.8	13.9	13.6	15.4	-2.9	-2.9
EU25	13.7	13.7	13.9	14.3	14.6	14.3	14.0	14.0	14.0	14.1	0.3	0.4
EU15	13.6	13.7	13.8	14.3	14.6	14.4	14.0	14.0	14.0	14.0	0.4	0.4
Euro12	13.3	13.4	13.6	14.2	14.4	14.2	13.9	13.8	13.9	13.8	0.5	0.5
NMS10	15.1	15.1	14.5	14.2	14.6	14.2	13.8	13.9	14.4	14.4	-0.9	-0.7
EU25 (arithmetic average)	14.1	14.0	14.2	14.2	14.5	14.2	13.9	14.0	14.3	14.2	0.0	0.2
EU15 (arithmetic average)	14.1	14.2	14.4	14.7	15.0	14.7	14.4	14.4	14.5	14.5	0.3	0.4
Euro12 (arithmetic average)	13.6	13.8	13.9	14.2	14.5	14.4	14.0	14.0	14.1	14.0	0.3	0.5
NMS10 (arithmetic average)	14.1	13.8	13.8	13.6	13.6	13.5	13.2	13.4	13.9	13.6	-0.4	-0.2
Ratio st.dev. and mean in %	13.4	14.6	13.3	13.7	14.0	11.8	12.3	12.9	13.4			0.0
Difference max. and min.	6.9	6.5	7.5	7.3	8.1	5.9	6.3	6.9	6.1			-0.8

1) Estimated annual average growth rate in %. - 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services

Table A.1_T: Indirect Taxes as % of Total Taxation: Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	29.5	30.2	30.3	29.8	30.7	30.5	29.6	29.7	30.1	30.0	0.0	0.6
CZ	33.9	34.9	33.0	32.9	33.9	33.5	32.3	31.3	31.4	33.0	-1.1	-2.5
DK	35.0	35.2	35.7	36.9	35.8	35.2	35.1	36.2	35.7	35.6	0.1	0.7
DE	30.1	29.3	29.3	29.4	30.2	29.9	30.6	30.5	30.7	30.0	0.5	0.6
EE	36.6	39.3	40.8	36.6	35.4	39.6	40.6	40.4	39.4	38.8	0.7	2.8
EL	44.1	44.8	43.6	41.4	42.4	40.9	41.5	40.2	39.8	42.1	-1.4	-4.3
ES	32.7	32.4	33.1	34.9	35.8	35.2	34.4	34.2	35.1	34.2	0.9	2.4
FR	37.1	37.4	37.2	37.1	36.4	35.7	35.0	35.5	35.5	36.3	-0.8	-1.6
IE	43.9	43.6	43.4	43.5	43.1	43.4	41.9	43.4	43.5	43.3	-0.2	-0.4
IT	30.9	29.1	28.9	36.7	36.0	36.3	35.3	35.8	34.5	33.7	2.4	3.6
CY	42.7	41.8	39.4	39.9	38.1	41.5	41.9	42.7	49.6	42.0	1.4	7.0
LV	40.7	40.3	39.9	40.9	39.9	39.0	38.5	37.2	39.7	39.6	-0.8	-1.0
LT	43.0	42.2	49.2	43.5	42.7	41.6	42.5	43.7	41.6	43.3	-0.6	-1.3
LU	31.9	31.6	32.7	33.5	35.0	36.2	34.4	33.3	33.8	33.6	0.9	1.8
HU	42.8	42.1	39.9	40.5	41.6	41.5	39.9	39.2	42.4	41.1	-0.4	-0.4
MT	46.0	45.7	44.8	45.3	45.3	44.6	43.6	43.2	42.6	44.6	-0.9	-3.4
NL	29.3	29.9	30.7	31.1	31.5	31.4	33.7	33.5	33.9	31.7	1.9	4.6
AT	35.8	35.5	35.5	35.2	35.6	35.3	33.8	34.9	35.1	35.2	-0.4	-0.7
PL	40.1	42.1	41.0	40.9	41.8	42.0	40.6	41.5	42.8	41.4	0.4	2.7
PT	43.5	42.7	41.8	43.0	43.0	41.4	41.2	42.0	43.0	42.4	-0.3	-0.5
SI	39.5	41.4	41.5	42.4	43.6	42.3	41.5	41.9	41.8	41.8	0.4	2.4
SK	38.6	39.8	40.1	36.2	37.7	39.3	36.7	37.1	37.6	38.1	-0.7	-1.1
FI	31.0	30.4	32.1	31.4	31.6	29.5	30.0	30.6	32.3	31.0	0.0	1.3
SE	32.8	32.2	32.4	33.4	35.2	31.4	32.8	34.6	34.5	33.2	0.6	1.6
UK	39.9	39.7	39.3	38.0	38.6	38.0	37.2	38.4	38.3	38.6	-0.6	-1.5
EU25	33.8	33.4	33.5	34.7	34.9	34.5	34.3	34.8	34.8	34.3	0.5	1.0
EU15	33.6	33.1	33.3	34.5	34.7	34.3	34.1	34.6	34.6	34.1	0.5	1.0
Euro12	31.4	31.0	31.0	32.6	32.7	32.4	32.3	32.5	32.6	32.0	0.6	1.2
NMS10	39.4	40.6	39.7	39.4	40.3	40.4	39.1	39.2	40.3	39.8	0.0	0.9
EU25 (arithmetic average)	37.3	37.3	37.4	37.4	37.6	37.4	37.0	37.2	37.8	37.4	0.0	0.5
EU15 (arithmetic average)	35.2	34.9	35.1	35.7	36.0	35.4	35.1	35.5	35.7	35.4	0.2	0.5
Euro12 (arithmetic average)	35.0	34.7	34.9	35.6	35.9	35.5	35.1	35.3	35.6	35.3	0.2	0.6
NMS10 (arithmetic average)	40.4	41.0	41.0	39.9	40.0	40.5	39.8	39.8	40.9	40.3	-0.1	0.5
Ratio st.dev. and mean in %	15.7	16.3	16.2	13.3	12.6	13.2	12.6	12.7	14.0			-1.7
Difference max. and min.	16.7	16.6	20.2	15.8	15.2	15.2	14.1	14.0	19.5			2.8

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation

See explanatory notes in Annex C

Source: Commission Services

Table A.1.1_G: Indirect Taxes as % of GDP: VAT

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	6.8	6.9	6.9	6.9	7.2	7.3	7.0	7.1	7.0	7.0	0.5	0.2
CZ	6.3	6.5	6.4	6.2	6.7	6.6	6.4	6.4	6.5	6.4	0.3	0.2
DK	9.5	9.7	9.8	9.9	9.9	9.7	9.7	9.7	9.7	9.7	0.0	0.2
DE	6.7	6.6	6.6	6.7	7.0	6.9	6.7	6.5	6.5	6.7	-0.2	-0.2
EE	9.8	9.5	9.9	8.1	8.0	8.8	8.5	8.7	8.9	8.9	-1.5	-0.9
EL	6.9	7.0	7.2	7.5	7.9	8.1	8.3	8.5	7.8	7.7	2.4	0.9
ES	5.3	5.5	5.6	5.7	6.2	6.3	6.1	6.1	6.3	5.9	2.1	1.0
FR	7.5	7.8	7.8	7.7	7.7	7.5	7.3	7.2	7.2	7.5	-1.0	-0.2
IE	7.1	7.2	7.2	7.2	7.2	7.4	6.9	7.1	7.2	7.2	-0.1	0.1
IT	5.7	5.5	5.8	6.2	6.2	6.6	6.4	6.4	6.1	6.1	1.6	0.4
CY	4.6	4.6	4.6	5.0	4.9	5.9	6.3	7.2	8.9	5.8	8.0	4.3
LV	9.3	8.4	8.2	8.2	7.4	7.1	6.8	6.7	7.3	7.7	-3.6	-2.0
LT	7.7	7.1	8.5	8.1	8.0	7.5	7.3	7.4	6.8	7.6	-1.3	-0.9
LU	5.9	5.9	5.8	5.7	5.8	5.9	6.1	6.1	6.5	6.0	1.0	0.6
HU	7.7	7.5	7.7	7.9	8.1	8.8	8.3	8.0	9.1	8.1	1.8	1.4
MT	6.1	5.6	6.0	4.8	5.5	6.2	6.6	7.3	7.3	6.1	3.3	1.2
NL	6.6	6.8	6.9	6.9	7.2	7.2	7.6	7.5	7.7	7.1	1.9	1.1
AT	7.6	8.0	8.2	8.2	8.3	8.0	8.0	8.1	7.9	8.1	0.1	0.3
PL	7.1	7.6	8.3	8.2	8.5	8.2	8.0	8.0	8.2	8.0	1.1	1.1
PT	7.5	7.8	7.7	8.0	8.2	8.4	8.2	8.3	8.5	8.1	1.5	1.0
SI	0.0	0.0	0.0	0.0	5.0	9.0	8.6	8.9	8.9	3.9	-	8.9
SK	9.5	8.7	8.0	7.6	7.6	7.7	7.5	7.7	6.8	8.1	-3.1	-2.7
FI	8.0	8.1	8.5	8.3	8.4	8.4	8.2	8.3	8.7	8.3	0.6	0.7
SE	9.3	8.7	8.8	9.0	9.0	8.9	9.0	9.2	9.2	9.0	0.3	0.0
UK	6.7	6.7	6.8	6.6	6.8	6.8	6.8	6.9	7.1	6.8	0.5	0.4
NO	9.9	9.8	9.7	10.2	9.9	8.7	8.8	8.9	8.7	9.5	-1.9	-1.2
EU25	6.8	6.8	6.9	7.0	7.2	7.2	7.0	7.0	7.0	7.0	0.4	0.2
EU15	6.8	6.8	6.9	7.0	7.1	7.1	7.0	7.0	7.0	7.0	0.4	0.2
Euro12	6.7	6.7	6.8	6.9	7.1	7.1	6.9	6.8	6.8	6.9	0.3	0.1
NMS10	6.7	6.9	7.3	7.2	7.7	7.9	7.7	7.7	7.9	7.5	2.0	1.2
EU25 (arithmetic average)	7.0	7.0	7.1	7.0	7.3	7.6	7.5	7.6	7.7	7.3	1.3	0.7
EU15 (arithmetic average)	7.1	7.2	7.3	7.4	7.5	7.6	7.5	7.5	7.5	7.4	0.7	0.4
Euro12 (arithmetic average)	6.8	6.9	7.0	7.1	7.3	7.3	7.2	7.3	7.3	7.1	0.8	0.5
NMS10 (arithmetic average)	6.8	6.6	6.8	6.4	7.0	7.6	7.4	7.7	7.9	7.0	2.3	1.1
Ratio st.dev. and mean in %	29.5	28.2	28.5	27.2	17.2	14.5	14.0	14.2	15.1			-14.4
Difference max. and min.	9.8	9.7	9.9	9.9	5.0	3.8	3.6	3.7	3.6			-6.2

1) Estimated annual average growth rate in %. - 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services

Table A.1.1_T: Indirect Taxes as % of Total Taxation: VAT

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	15.1	15.3	15.2	14.8	15.7	15.9	15.2	15.4	15.2	15.3	0.2	0.2
CZ	17.3	18.4	18.1	18.2	19.3	19.1	18.7	18.1	18.0	18.3	0.4	0.7
DK	19.5	19.6	19.7	19.7	19.2	19.6	19.5	20.0	19.9	19.6	0.2	0.4
DE	16.3	15.9	15.8	16.1	16.4	16.2	16.5	16.2	16.0	16.2	0.1	-0.3
EE	25.9	26.8	27.4	23.5	23.1	27.2	26.9	26.9	26.5	26.0	0.4	0.7
EL	21.1	21.2	21.1	20.5	21.2	20.9	22.4	22.8	21.5	21.4	0.7	0.4
ES	15.9	16.2	16.5	17.0	18.1	18.0	17.5	17.2	17.7	17.1	1.3	1.7
FR	17.1	17.5	17.4	17.2	17.0	16.6	16.3	16.4	16.5	16.9	-0.9	-0.6
IE	21.3	21.6	22.0	22.5	22.3	23.2	23.0	24.5	24.1	22.7	1.7	2.8
IT	13.8	12.8	12.9	14.3	14.3	15.5	15.0	15.1	14.1	14.2	1.6	0.3
CY	17.2	17.2	17.5	17.9	17.1	19.3	20.0	22.9	26.8	19.6	5.0	9.6
LV	27.8	26.8	25.0	23.8	23.0	23.7	23.4	23.5	25.2	24.7	-1.5	-2.6
LT	27.0	25.1	28.5	25.3	24.7	24.9	25.3	26.0	23.9	25.6	-1.1	-3.1
LU	14.0	13.9	13.9	14.3	14.4	14.7	14.9	14.8	15.8	14.5	1.4	1.8
HU	18.5	18.6	19.8	20.2	20.8	22.3	21.1	20.6	23.2	20.5	2.4	4.7
MT	22.8	23.1	21.8	18.8	19.7	21.4	21.1	22.1	21.7	21.4	-0.4	-1.0
NL	16.2	16.6	16.9	17.1	17.3	17.3	18.9	19.1	19.5	17.6	2.3	3.3
AT	18.5	18.9	18.8	18.6	19.1	18.7	17.9	18.6	18.4	18.6	-0.3	-0.1
PL	18.0	20.0	22.2	22.4	23.0	23.2	22.6	22.7	22.8	21.9	2.3	4.8
PT	22.4	22.5	22.2	22.8	22.7	23.2	22.9	22.8	22.9	22.7	0.4	0.5
SI	0.0	0.0	0.0	0.0	12.5	23.1	22.1	22.6	22.3	11.4	-	22.3
SK	23.6	22.4	22.4	20.7	22.0	23.3	23.5	23.7	22.3	22.6	0.3	-1.3
FI	17.4	17.1	18.4	18.0	18.1	17.4	17.8	18.2	19.4	18.0	0.9	2.0
SE	18.7	16.7	16.9	16.9	16.8	16.5	17.4	18.4	18.2	17.4	0.3	-0.5
UK	18.9	19.1	19.1	18.0	18.5	18.1	18.2	19.2	19.8	18.8	0.2	0.9
NO	23.3	22.8	22.9	24.0	23.2	20.3	20.3	20.4	20.0	21.9	-2.2	-3.3
EU25	16.8	16.6	16.7	16.9	17.2	17.2	17.2	17.4	17.4	17.1	0.6	0.6
EU15	16.8	16.6	16.6	16.8	17.0	17.0	17.1	17.3	17.2	16.9	0.5	0.4
Euro12	15.7	15.5	15.4	15.8	16.0	16.1	16.1	16.1	15.9	15.8	0.5	0.3
NMS10	17.5	18.7	20.0	19.9	21.2	22.4	21.9	21.8	22.2	20.6	2.8	4.7
EU25 (arithmetic average)	18.6	18.5	18.8	18.3	19.0	20.0	19.9	20.3	20.5	19.3	1.5	1.9
EU15 (arithmetic average)	17.7	17.7	17.8	17.9	18.1	18.1	18.2	18.6	18.6	18.0	0.7	0.9
Euro12 (arithmetic average)	17.4	17.5	17.6	17.8	18.0	18.1	18.2	18.4	18.4	17.9	0.8	1.0
NMS10 (arithmetic average)	19.8	19.8	20.3	19.1	20.5	22.8	22.5	22.9	23.3	21.0	2.4	3.5
Ratio st.dev. and mean in %	32.3	32.1	32.8	28.8	18.6	19.7	19.2	19.9	20.5			-11.8
Difference max. and min.	27.8	26.8	28.5	25.3	12.2	12.5	12.0	12.1	12.7			-15.1

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation

See explanatory notes in Annex C

Source: Commission Services

Table A.1.2_G: Indirect Taxes as % of GDP: Excise duties and consumption taxes

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	2.5	2.6	2.6	2.6	2.6	2.5	2.4	2.4	2.4	2.5	-1.0	-0.1
CZ	3.7	3.5	3.4	3.3	3.5	3.3	3.3	3.3	3.4	3.4	-0.8	-0.2
DK	3.7	3.9	3.8	4.1	4.2	4.1	4.2	4.1	4.0	4.0	1.1	0.3
DE	2.0	2.0	1.9	1.9	2.1	2.1	2.2	2.4	2.6	2.2	3.2	0.5
EE	2.5	2.9	3.4	3.4	3.2	2.9	3.1	3.4	3.3	3.1	2.0	0.8
EL	4.7	4.8	4.2	4.0	3.7	3.4	3.5	3.3	3.2	3.9	-5.3	-1.5
ES	2.6	2.6	2.6	2.9	2.8	2.7	2.6	2.7	2.6	2.7	0.2	0.1
FR	2.8	2.8	2.7	2.7	2.7	2.7	2.5	2.5	2.5	2.7	-1.6	-0.3
IE	5.0	4.9	4.7	4.5	4.4	4.3	3.6	3.5	3.5	4.2	-5.0	-1.5
IT	3.3	3.2	3.1	3.0	3.0	2.7	2.5	2.4	2.5	2.9	-4.0	-0.8
CY	2.7	2.6	2.2	2.2	2.3	2.6	3.2	2.8	3.8	2.7	4.3	1.2
LV	2.2	2.7	3.2	4.2	3.7	3.5	3.1	3.1	3.3	3.2	3.3	1.2
LT	1.9	2.0	2.3	3.7	3.8	3.2	3.4	3.2	3.2	3.0	6.7	1.3
LU	4.6	4.5	4.7	4.4	4.8	4.7	4.3	4.6	4.7	4.6	0.0	0.0
HU	4.2	4.0	3.9	4.3	4.3	3.9	3.7	3.6	3.7	3.9	-1.7	-0.5
MT	1.8	1.7	2.4	2.9	2.8	2.6	2.9	2.8	2.8	2.5	5.7	0.9
NL	2.8	2.7	2.8	2.8	2.9	2.7	2.6	2.6	2.6	2.7	-1.3	-0.3
AT	2.7	2.7	2.9	2.9	2.8	2.7	2.7	2.8	2.8	2.8	0.2	0.1
PL	4.9	4.9	3.8	3.9	4.1	3.8	3.8	4.2	4.4	4.2	-1.5	-0.5
PT	3.9	3.8	3.6	3.7	3.5	3.0	3.0	3.3	3.4	3.5	-2.4	-0.4
SI	0.0	0.0	0.0	0.0	1.8	3.2	3.5	3.6	3.5	1.5	-	3.5
SK	3.2	3.5	3.2	3.2	3.0	2.9	2.8	2.9	3.1	3.1	-1.7	0.0
FI	4.6	4.6	4.8	4.6	4.8	4.3	4.2	4.3	4.3	4.5	-1.3	-0.2
SE	3.5	3.8	3.6	3.6	3.4	3.2	3.2	3.3	3.3	3.5	-1.6	-0.2
UK	4.1	4.1	4.0	4.0	4.1	3.9	3.7	3.6	3.5	3.9	-2.1	-0.6
NO	2.2	2.0	2.1	1.9	1.9	1.7	1.7	1.7	1.7	1.9	-3.3	-0.5
EU25	2.9	3.0	2.9	2.9	3.0	2.9	2.8	2.9	2.9	2.9	-0.5	-0.1
EU15	2.9	2.9	2.9	2.9	3.0	2.9	2.8	2.8	2.8	2.9	-0.6	-0.1
Euro12	2.7	2.7	2.6	2.6	2.7	2.6	2.5	2.6	2.6	2.6	-0.4	0.0
NMS10	3.9	3.9	3.3	3.5	3.7	3.6	3.6	3.7	3.8	3.7	0.0	0.0
EU25 (arithmetic average)	3.2	3.2	3.2	3.3	3.4	3.2	3.2	3.2	3.3	3.3	0.2	0.1
EU15 (arithmetic average)	3.5	3.5	3.5	3.4	3.5	3.3	3.1	3.2	3.2	3.4	-1.6	-0.3
Euro12 (arithmetic average)	3.5	3.4	3.4	3.3	3.3	3.2	3.0	3.1	3.1	3.3	-1.8	-0.4
NMS10 (arithmetic average)	2.7	2.8	2.8	3.1	3.2	3.2	3.3	3.3	3.5	3.0	3.1	0.8
Ratio st.dev. and mean in %	40.1	39.0	34.8	34.3	26.7	23.2	20.5	21.5	21.6			-18.4
Difference max. and min.	5.0	4.9	4.8	4.6	3.0	2.6	2.1	2.2	2.2			-2.7

1) Estimated annual average growth rate in %. - 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services

Table A.1.2_T: Indirect Taxes as % of Total Taxation: Excise duties and consumption taxes

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	5.6	5.8	5.7	5.6	5.6	5.4	5.1	5.2	5.3	5.5	-1.2	-0.2
CZ	10.1	9.9	9.6	9.7	10.1	9.6	9.6	9.3	9.5	9.7	-0.8	-0.6
DK	7.6	7.8	7.7	8.2	8.3	8.3	8.4	8.4	8.2	8.1	1.2	0.6
DE	5.0	4.9	4.6	4.5	5.1	5.0	5.4	6.0	6.4	5.2	3.5	1.4
EE	6.7	8.2	9.3	9.7	9.2	9.0	9.9	10.4	9.9	9.1	3.9	3.3
EL	14.4	14.4	12.2	10.9	10.0	8.9	9.4	8.8	8.8	10.9	-7.0	-5.6
ES	7.7	7.8	7.8	8.5	8.2	7.8	7.5	7.5	7.4	7.8	-0.6	-0.3
FR	6.4	6.2	6.1	6.1	5.9	5.9	5.6	5.8	5.7	6.0	-1.5	-0.7
IE	14.8	14.6	14.2	14.0	13.6	13.3	11.8	12.3	11.6	13.4	-3.2	-3.2
IT	7.9	7.4	7.0	6.8	7.0	6.3	6.0	5.7	5.8	6.7	-4.0	-2.1
CY	10.0	9.7	8.5	7.9	8.2	8.4	10.2	9.0	11.5	9.3	1.3	1.6
LV	6.4	8.5	9.9	12.3	11.3	11.6	10.7	10.9	11.6	10.3	5.4	5.2
LT	6.6	7.3	7.8	11.4	11.7	10.8	11.7	11.1	11.1	9.9	6.9	4.5
LU	10.9	10.6	11.2	11.0	11.7	11.6	10.5	11.2	11.3	11.1	0.3	0.4
HU	10.1	9.8	9.9	11.1	10.9	10.0	9.3	9.3	9.5	10.0	-1.1	-0.6
MT	6.9	7.0	8.7	11.3	10.2	8.9	9.2	8.5	8.3	8.8	2.0	1.4
NL	7.0	6.6	6.8	7.0	6.9	6.5	6.5	6.5	6.5	6.7	-0.9	-0.5
AT	6.5	6.3	6.7	6.5	6.5	6.4	6.1	6.4	6.6	6.4	-0.2	0.1
PL	12.4	12.8	10.0	10.6	11.1	10.8	10.8	11.8	12.2	11.4	-0.2	-0.2
PT	11.5	11.1	10.4	10.5	9.7	8.2	8.5	9.1	9.3	9.8	-3.5	-2.2
SI	0.0	0.0	0.0	0.0	4.6	8.1	9.0	9.1	8.8	4.4	-	8.8
SK	7.9	9.0	9.0	8.6	8.5	8.8	8.7	9.0	10.3	8.9	1.7	2.4
FI	9.9	9.7	10.2	10.0	10.2	9.0	9.1	9.3	9.7	9.7	-1.0	-0.3
SE	7.1	7.3	6.8	6.7	6.4	6.0	6.3	6.6	6.5	6.6	-1.6	-0.6
UK	11.7	11.8	11.3	11.1	11.0	10.5	9.9	10.1	9.8	10.8	-2.5	-1.9
NO	5.1	4.8	4.8	4.6	4.4	4.0	4.0	3.9	3.9	4.4	-3.6	-1.2
EU25	7.3	7.2	7.1	7.1	7.2	7.0	6.9	7.1	7.1	7.1	-0.3	-0.1
EU15	7.2	7.1	7.0	7.0	7.1	6.9	6.8	7.0	7.0	7.0	-0.4	-0.2
Euro12	6.3	6.2	6.1	6.0	6.2	5.9	5.9	6.1	6.2	6.1	-0.3	-0.1
NMS10	10.1	10.5	9.2	9.7	10.3	10.2	10.1	10.5	10.8	10.1	0.8	0.6
EU25 (arithmetic average)	8.4	8.6	8.5	8.8	8.9	8.6	8.6	8.7	8.9	8.7	0.4	0.4
EU15 (arithmetic average)	8.9	8.8	8.6	8.5	8.4	7.9	7.7	7.9	7.9	8.4	-1.8	-1.0
Euro12 (arithmetic average)	9.0	8.8	8.6	8.5	8.4	7.9	7.6	7.8	7.9	8.3	-2.0	-1.1
NMS10 (arithmetic average)	7.7	8.2	8.3	9.2	9.6	9.6	9.9	9.8	10.3	9.0	3.5	2.6
Ratio st.dev. and mean in %	44.0	43.3	39.6	41.7	33.3	30.5	29.0	28.5	29.6			-14.5
Difference max. and min.	14.8	14.6	14.2	14.0	9.1	8.3	6.7	7.0	6.9			-7.9

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation

See explanatory notes in Annex C

Source: Commission Services

Table A.1.3_G: Indirect Taxes as % of GDP: Other taxes on products (incl. import duties)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	2.1	2.2	2.3	2.3	2.3	2.4	2.3	2.3	2.4	2.3	1.1	0.3
CZ	1.5	1.5	1.2	1.1	0.9	1.0	0.8	0.8	0.9	1.1	-7.9	-0.6
DK	2.3	2.3	2.5	2.7	2.5	2.0	1.8	2.0	1.9	2.2	-3.4	-0.4
DE	1.8	1.6	1.7	1.7	1.6	1.6	1.6	1.5	1.6	1.6	-1.3	-0.2
EE	0.1	0.2	0.2	0.2	0.2	0.2	0.4	0.2	0.2	0.2	9.3	0.1
EL	2.2	2.3	2.9	3.0	3.5	3.7	3.0	2.8	3.0	2.9	3.6	0.8
ES	1.7	1.6	1.7	1.8	1.9	2.0	2.0	2.1	2.3	1.9	4.3	0.7
FR	1.9	1.9	1.9	2.0	1.9	1.9	1.9	1.9	1.9	1.9	0.0	0.0
IE	1.6	1.5	1.6	1.5	1.6	1.6	1.5	1.3	1.7	1.5	-0.9	0.0
IT	2.6	2.6	2.7	2.9	3.0	2.7	2.5	2.6	2.6	2.7	-0.3	0.0
CY	2.9	2.8	2.3	2.0	1.9	3.1	2.7	2.4	2.0	2.5	-2.0	-0.9
LV	0.8	0.8	0.8	0.7	0.7	0.5	0.5	0.5	0.5	0.6	-8.9	-0.4
LT	1.2	1.2	1.3	1.6	1.4	1.2	1.0	1.3	1.3	1.3	-0.9	0.1
LU	1.4	1.3	1.4	1.5	1.5	1.6	1.4	1.2	1.1	1.4	-2.2	-0.3
HU	5.8	5.3	3.7	3.4	3.6	3.4	3.4	3.3	3.5	3.9	-6.1	-2.3
MT	4.1	3.5	3.7	3.6	4.0	3.8	3.8	3.8	3.8	3.8	-0.2	-0.4
NL	1.4	1.6	1.8	1.8	2.0	2.1	2.2	2.0	2.0	1.9	4.4	0.6
AT	1.3	1.2	1.3	1.3	1.2	1.2	1.2	1.1	1.2	1.2	-1.0	-0.1
PL	1.8	1.6	1.5	1.1	1.0	0.9	0.7	0.6	0.6	1.1	-14.9	-1.2
PT	2.7	2.6	2.6	2.8	3.2	3.0	2.8	2.7	2.6	2.8	0.5	0.0
SI	15.6	15.3	14.2	14.6	8.4	1.9	1.4	1.4	1.4	9.1	-39.3	-14.2
SK	1.7	1.7	2.2	1.7	1.7	1.7	0.7	0.8	0.7	1.5	-13.9	-1.1
FI	1.5	1.5	1.4	1.4	1.3	1.3	1.2	1.2	1.2	1.4	-3.4	-0.3
SE	0.9	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	-2.3	-0.2
UK	1.2	1.1	1.3	1.4	1.5	1.8	1.6	1.4	1.3	1.4	3.3	0.2
NO	3.7	3.8	3.7	3.6	3.4	2.9	2.6	2.6	2.6	3.3	-5.8	-1.1
EU25	1.8	1.8	1.9	1.9	1.9	1.9	1.8	1.8	1.8	1.9	-0.1	0.0
EU15	1.8	1.7	1.8	1.9	1.9	1.9	1.9	1.8	1.8	1.9	0.5	0.0
Euro12	1.9	1.9	2.0	2.0	2.1	2.0	2.0	2.0	2.0	2.0	0.5	0.1
NMS10	3.3	2.9	2.5	2.3	1.9	1.4	1.2	1.2	1.3	2.0	-14.1	-2.0
EU25 (arithmetic average)	2.5	2.4	2.3	2.4	2.1	1.9	1.7	1.7	1.7	2.1	-5.8	-0.8
EU15 (arithmetic average)	1.8	1.7	1.9	1.9	2.0	2.0	1.9	1.8	1.8	1.9	0.5	0.1
Euro12 (arithmetic average)	1.8	1.8	1.9	2.0	2.1	2.1	2.0	1.9	2.0	2.0	0.7	0.1
NMS10 (arithmetic average)	3.6	3.4	3.1	3.0	2.4	1.8	1.5	1.5	1.5	2.5	-13.2	-2.1
Ratio st.dev. and mean in %	160.8	160.8	140.7	140.5	83.8	50.5	50.9	50.7	51.7			-109.1
Difference max. and min.	15.4	15.2	14.1	14.5	8.2	3.6	3.4	3.5	3.5			-11.9

1) Estimated annual average growth rate in %. - 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services

Table A.1.3_T: Indirect Taxes as % of Total Taxation: Other taxes on products (incl. import duties)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	4.6	4.8	5.0	5.0	5.1	5.1	5.0	4.9	5.2	5.0	0.9	0.6
CZ	4.1	4.2	3.4	3.2	2.7	2.9	2.4	2.3	2.4	3.1	-7.9	-1.6
DK	4.7	4.7	5.0	5.5	4.8	4.0	3.7	4.1	4.0	4.5	-3.3	-0.8
DE	4.3	3.9	4.1	4.0	3.8	3.9	4.0	3.8	3.8	4.0	-1.0	-0.5
EE	0.3	0.5	0.5	0.5	0.5	0.6	1.1	0.7	0.7	0.6	11.2	0.4
EL	6.7	6.9	8.6	8.4	9.3	9.5	8.2	7.5	8.3	8.1	1.9	1.6
ES	5.1	4.7	4.9	5.5	5.6	5.7	5.7	5.9	6.6	5.5	3.5	1.5
FR	4.3	4.2	4.3	4.4	4.3	4.3	4.2	4.4	4.3	4.3	0.1	0.0
IE	4.9	4.6	4.8	4.8	5.0	4.9	5.0	4.4	5.6	4.9	0.9	0.7
IT	6.3	6.1	6.0	6.7	6.9	6.4	5.9	6.3	6.0	6.3	-0.3	-0.3
CY	10.9	10.3	8.8	7.2	6.7	10.1	8.6	7.5	6.0	8.5	-5.0	-4.9
LV	2.5	2.5	2.3	2.1	2.0	1.6	1.6	1.6	1.7	2.0	-6.8	-0.9
LT	4.4	4.3	4.4	5.0	4.3	3.9	3.4	4.5	4.6	4.3	-0.8	0.2
LU	3.3	3.2	3.4	3.6	3.7	3.9	3.4	2.9	2.7	3.3	-1.8	-0.7
HU	13.9	13.1	9.5	8.6	9.2	8.5	8.5	8.4	9.0	9.9	-5.5	-4.9
MT	15.4	14.7	13.4	13.9	14.3	13.2	12.1	11.3	11.2	13.3	-3.8	-4.2
NL	3.4	4.0	4.5	4.5	4.8	5.0	5.5	5.2	5.1	4.7	4.8	1.6
AT	3.0	2.8	2.8	2.9	2.8	2.9	2.7	2.6	2.7	2.8	-1.4	-0.4
PL	4.6	4.3	3.9	2.9	2.7	2.5	2.0	1.6	1.8	2.9	-13.6	-2.8
PT	7.9	7.5	7.5	8.0	8.8	8.2	7.9	7.5	7.1	7.8	-0.6	-0.8
SI	38.2	38.8	37.1	37.4	21.2	4.8	3.6	3.5	3.5	20.9	-39.3	-34.7
SK	4.3	4.4	6.0	4.7	5.0	5.0	2.3	2.5	2.2	4.0	-10.5	-2.1
FI	3.4	3.1	3.1	3.0	2.9	2.6	2.6	2.6	2.7	2.9	-3.0	-0.6
SE	1.8	1.4	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.4	-2.2	-0.5
UK	3.3	3.1	3.6	3.9	4.2	4.7	4.2	4.1	3.8	3.9	3.0	0.5
NO	8.8	8.9	8.8	8.4	7.9	6.7	6.1	6.0	6.0	7.5	-6.2	-2.8
EU25	4.5	4.4	4.5	4.6	4.6	4.6	4.5	4.5	4.5	4.5	0.0	0.0
EU15	4.4	4.2	4.4	4.6	4.6	4.6	4.5	4.5	4.5	4.5	0.6	0.1
Euro12	4.5	4.3	4.5	4.6	4.6	4.6	4.5	4.6	4.6	4.5	0.6	0.2
NMS10	8.4	7.9	6.9	6.2	5.1	4.0	3.4	3.3	3.6	5.4	-13.2	-4.9
EU25 (arithmetic average)	6.6	6.5	6.3	6.3	5.7	5.0	4.6	4.5	4.5	5.6	-5.9	-2.1
EU15 (arithmetic average)	4.5	4.3	4.6	4.8	4.9	4.8	4.6	4.5	4.6	4.6	0.4	0.1
Euro12 (arithmetic average)	4.8	4.6	4.9	5.1	5.2	5.2	5.0	4.8	5.0	5.0	0.6	0.2
NMS10 (arithmetic average)	9.8	9.7	8.9	8.6	6.9	5.3	4.6	4.4	4.3	7.3	-12.5	-5.6
Ratio st.dev. and mean in %	164.2	172.2	155.1	151.7	95.0	64.1	60.7	56.8	57.5			-106.7
Difference max. and min.	37.9	38.3	36.6	36.9	20.8	12.6	11.0	10.6	10.5			-27.4

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation

See explanatory notes in Annex C

Source: Commission Services

Table A.1.4_G: Indirect Taxes as % of GDP: Other taxes on production

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	1.9	2.0	2.0	2.0	2.0	1.9	1.9	1.9	2.0	2.0	-0.1	0.1
CZ	0.9	0.8	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.7	-5.3	-0.3
DK	1.6	1.5	1.6	1.8	1.8	1.6	1.8	1.8	1.8	1.7	1.8	0.2
DE	1.8	1.9	2.0	2.0	2.1	2.0	1.9	1.8	1.8	1.9	-0.7	0.0
EE	1.4	1.3	1.3	1.0	0.9	0.9	0.9	0.8	0.7	1.0	-8.9	-0.7
EL	0.6	0.7	0.6	0.6	0.7	0.6	0.5	0.4	0.4	0.6	-5.5	-0.2
ES	1.3	1.3	1.3	1.4	1.3	1.3	1.3	1.3	1.2	1.3	-0.9	-0.1
FR	4.1	4.2	4.2	4.2	4.2	4.0	3.9	3.9	3.9	4.1	-0.9	-0.1
IE	1.0	1.0	0.8	0.7	0.7	0.6	0.6	0.6	0.7	0.8	-5.8	-0.3
IT	1.2	1.2	1.4	3.8	3.4	3.4	3.6	3.6	3.7	2.8	16.0	2.5
CY	1.2	1.2	1.2	2.0	1.7	1.1	1.0	1.1	1.8	1.4	-0.1	0.5
LV	1.3	0.8	0.9	0.9	1.1	0.6	0.8	0.4	0.4	0.8	-13.9	-1.0
LT	1.4	1.5	2.5	0.6	0.6	0.6	0.6	0.6	0.6	1.0	-15.3	-0.8
LU	1.6	1.7	1.7	1.8	2.1	2.4	2.3	1.8	1.7	1.9	2.2	0.1
HU	0.1	0.2	0.3	0.3	0.3	0.3	0.4	0.3	0.3	0.3	7.9	0.2
MT	0.3	0.2	0.3	0.3	0.3	0.3	0.4	0.4	0.5	0.3	8.0	0.2
NL	1.1	1.1	1.0	1.0	1.1	1.1	1.1	1.1	1.1	1.1	0.6	0.0
AT	3.2	3.1	3.2	3.2	3.1	3.1	3.2	3.2	3.2	3.2	0.0	0.0
PL	2.0	1.9	1.9	1.8	1.9	1.9	1.8	1.9	2.1	1.9	0.6	0.1
PT	0.5	0.5	0.6	0.6	0.6	0.7	0.7	1.0	1.3	0.7	9.7	0.8
SI	0.5	1.0	1.7	2.0	2.1	2.4	2.6	2.7	2.9	1.9	18.0	2.4
SK	1.2	1.6	1.0	0.8	0.8	0.7	0.7	0.6	0.9	0.9	-7.6	-0.3
FI	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	2.6	0.1
SE	2.6	3.5	3.9	4.5	5.7	4.2	4.0	4.2	4.3	4.1	4.3	1.7
UK	2.1	2.0	1.9	1.8	1.8	1.8	1.8	1.8	1.8	1.9	-1.8	-0.4
NO	0.7	0.8	0.7	0.8	0.7	0.6	0.7	0.7	0.7	0.7	-1.8	-0.1
EU25	2.1	2.1	2.1	2.5	2.5	2.4	2.3	2.3	2.3	2.3	1.3	0.2
EU15	2.1	2.2	2.2	2.5	2.5	2.4	2.4	2.4	2.4	2.3	1.4	0.3
Euro12	2.1	2.2	2.2	2.6	2.6	2.5	2.5	2.4	2.5	2.4	1.9	0.3
NMS10	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.4	1.3	0.1	0.1
EU25 (arithmetic average)	1.4	1.5	1.5	1.6	1.6	1.5	1.5	1.5	1.6	1.5	1.0	0.2
EU15 (arithmetic average)	1.6	1.7	1.8	2.0	2.1	1.9	1.9	1.9	1.9	1.9	1.8	0.3
Euro12 (arithmetic average)	1.5	1.6	1.6	1.8	1.8	1.8	1.8	1.7	1.8	1.7	1.8	0.2
NMS10 (arithmetic average)	1.0	1.1	1.2	1.0	1.0	1.0	1.0	0.9	1.1	1.0	-1.2	0.0
Ratio st.dev. and mean in %	44.1	46.1	48.9	48.7	53.6	49.4	49.7	51.1	51.5			7.4
Difference max. and min.	3.9	4.0	4.0	4.3	5.5	4.0	3.8	4.0	4.1			0.2

1) Estimated annual average growth rate in %. - 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services

Table A.1.4_T: Indirect Taxes as % of Total Taxation: Other taxes on production

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	4.2	4.3	4.5	4.3	4.3	4.1	4.2	4.1	4.3	4.3	-0.3	0.1
CZ	2.4	2.3	1.9	1.8	1.9	1.9	1.6	1.6	1.5	1.9	-5.3	-0.9
DK	3.2	3.1	3.3	3.6	3.5	3.3	3.6	3.7	3.7	3.4	2.0	0.4
DE	4.5	4.7	4.8	4.8	4.8	4.7	4.6	4.5	4.5	4.7	-0.4	0.0
EE	3.8	3.8	3.6	3.0	2.6	2.8	2.7	2.4	2.2	3.0	-7.0	-1.6
EL	1.9	2.3	1.7	1.6	1.8	1.6	1.4	1.2	1.2	1.6	-7.2	-0.7
ES	4.0	3.8	3.8	4.0	3.9	3.7	3.7	3.6	3.4	3.8	-1.7	-0.6
FR	9.3	9.5	9.4	9.4	9.1	9.0	8.8	8.9	9.0	9.1	-0.8	-0.3
IE	2.9	2.9	2.5	2.3	2.2	2.0	2.1	2.2	2.2	2.4	-4.0	-0.7
IT	2.9	2.8	3.1	8.9	7.9	8.1	8.4	8.6	8.6	6.6	16.0	5.7
CY	4.6	4.6	4.6	7.0	6.1	3.7	3.1	3.3	5.3	4.7	-3.1	0.6
LV	4.0	2.6	2.8	2.7	3.6	2.1	2.8	1.3	1.2	2.6	-11.8	-2.8
LT	5.0	5.5	8.4	1.8	2.0	1.9	2.1	2.2	2.0	3.4	-15.1	-3.0
LU	3.7	3.9	4.2	4.6	5.2	6.0	5.6	4.4	4.0	4.6	2.6	0.3
HU	0.3	0.6	0.7	0.6	0.8	0.8	0.9	0.9	0.8	0.7	8.4	0.5
MT	1.0	1.0	0.9	1.2	1.2	1.2	1.2	1.3	1.4	1.1	4.3	0.4
NL	2.7	2.7	2.5	2.5	2.6	2.6	2.8	2.8	2.8	2.7	1.0	0.1
AT	7.8	7.4	7.2	7.3	7.1	7.3	7.1	7.3	7.4	7.3	-0.4	-0.3
PL	5.1	4.9	4.9	4.9	5.0	5.4	5.1	5.5	6.0	5.2	1.9	0.9
PT	1.6	1.6	1.7	1.7	1.7	1.8	1.9	2.7	3.6	2.0	8.6	2.0
SI	1.3	2.6	4.4	5.0	5.2	6.2	6.8	6.7	7.3	5.1	18.1	6.0
SK	2.9	4.1	2.7	2.3	2.2	2.2	2.3	2.0	2.9	2.6	-4.3	0.0
FI	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.4	3.0	0.1
SE	5.2	6.7	7.4	8.4	10.7	7.7	7.8	8.3	8.5	7.9	4.3	3.3
UK	6.0	5.6	5.3	5.0	4.9	4.8	4.9	5.1	5.0	5.2	-2.1	-1.0
NO	1.8	1.8	1.5	1.8	1.7	1.4	1.5	1.5	1.6	1.6	-2.1	-0.2
EU25	5.2	5.2	5.2	6.0	5.9	5.7	5.7	5.8	5.8	5.6	1.5	0.6
EU15	5.2	5.2	5.2	6.1	6.0	5.7	5.8	5.9	5.9	5.7	1.5	0.6
Euro12	5.0	5.0	5.0	6.1	5.8	5.8	5.8	5.8	5.8	5.6	2.1	0.8
NMS10	3.4	3.6	3.6	3.5	3.6	3.8	3.7	3.6	3.8	3.6	1.0	0.4
EU25 (arithmetic average)	3.6	3.7	3.9	4.0	4.0	3.8	3.8	3.8	4.0	3.8	0.6	0.3
EU15 (arithmetic average)	4.0	4.1	4.1	4.6	4.7	4.5	4.5	4.5	4.6	4.4	1.6	0.6
Euro12 (arithmetic average)	3.8	3.8	3.8	4.3	4.3	4.3	4.2	4.2	4.3	4.1	1.6	0.5
NMS10 (arithmetic average)	3.0	3.2	3.5	3.0	3.1	2.8	2.9	2.7	3.1	3.0	-1.6	0.0
Ratio st.dev. and mean in %	41.3	41.0	45.0	42.6	44.7	43.0	42.5	44.1	44.8			3.5
Difference max. and min.	9.0	9.1	9.0	9.0	10.3	8.6	8.3	8.5	8.5			-0.4

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation

See explanatory notes in Annex C

Source: Commission Services

Table A.2_G: Direct Taxes as % of GDP: Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	17.1	17.1	17.5	18.1	17.6	17.8	18.1	18.1	17.5	17.6	0.6	0.4
CZ	9.6	8.5	9.0	8.5	8.7	8.5	9.0	9.3	9.8	9.0	0.6	0.2
DK	30.6	30.8	30.5	30.1	31.0	29.9	30.2	29.6	29.8	30.3	-0.4	-0.8
DE	11.2	11.6	11.3	11.6	12.1	12.7	11.2	10.9	10.8	11.5	-0.5	-0.5
EE	10.9	9.5	9.6	10.4	10.1	8.1	7.6	7.9	8.7	9.2	-3.7	-2.2
EL	7.8	7.4	8.2	9.8	10.2	11.2	9.9	9.7	9.0	9.2	3.2	1.2
ES	10.5	10.6	10.8	10.5	10.6	10.9	10.8	11.3	11.0	10.8	0.7	0.5
FR	9.0	9.4	10.1	12.2	12.7	12.8	13.0	12.1	11.7	11.5	3.9	2.7
IE	13.8	14.3	14.2	13.9	13.9	13.7	13.0	11.8	12.3	13.4	-2.0	-1.4
IT	15.4	15.7	16.9	14.9	15.3	14.8	15.2	14.5	15.3	15.3	-0.8	-0.1
CY	8.9	8.6	8.8	9.9	10.9	11.2	11.4	11.3	9.7	10.1	3.0	0.9
LV	7.8	7.7	8.8	9.3	8.7	8.3	8.5	8.7	8.5	8.5	0.9	0.7
LT	8.8	8.3	6.5	9.1	9.2	8.5	7.9	7.5	8.1	8.2	-0.5	-0.7
LU	17.6	18.0	17.5	16.5	15.9	15.6	15.7	16.2	15.9	16.5	-1.7	-1.7
HU	8.9	9.4	9.1	9.1	9.6	9.9	10.4	10.4	9.8	9.6	1.7	0.9
MT	8.4	7.2	8.5	8.1	9.0	9.4	10.4	12.0	12.5	9.5	6.1	4.0
NL	12.7	13.2	12.7	12.5	12.5	12.4	12.2	12.3	11.5	12.5	-1.1	-1.2
AT	11.7	12.7	13.3	13.5	13.2	13.1	14.9	13.9	13.4	13.3	1.7	1.7
PL	12.8	11.1	11.1	10.6	7.4	7.4	6.9	6.6	7.2	9.0	-8.6	-5.6
PT	8.9	9.6	9.7	9.4	9.9	10.5	10.0	9.9	9.4	9.7	0.7	0.4
SI	7.2	7.5	7.7	7.7	7.6	7.7	7.8	8.0	8.5	7.7	1.5	1.2
SK	11.6	10.5	10.1	10.0	9.1	7.6	7.4	7.4	7.2	9.2	-6.4	-4.3
FI	17.6	19.2	18.7	19.1	19.1	21.7	19.8	19.6	18.3	19.4	0.8	0.8
SE	20.2	21.1	21.6	21.5	22.3	22.6	20.1	18.1	19.0	20.9	-1.3	-1.2
UK	15.1	15.0	15.3	16.5	16.5	16.9	17.1	15.9	15.6	16.0	0.9	0.5
NO	16.3	17.1	17.0	16.0	17.0	20.3	20.4	20.0	19.8	18.0	3.1	3.6
EU25	12.7	13.1	13.4	13.8	14.0	14.3	13.9	13.3	13.2	13.5	0.5	0.5
EU15	12.8	13.2	13.6	13.9	14.3	14.5	14.2	13.6	13.4	13.7	0.7	0.6
Euro12	11.7	12.2	12.5	12.7	13.0	13.2	12.9	12.5	12.3	12.6	0.6	0.6
NMS10	10.8	9.9	9.9	9.7	8.3	8.1	8.0	8.1	8.4	9.0	-3.7	-2.4
EU25 (arithmetic average)	12.6	12.6	12.7	12.9	12.9	12.9	12.7	12.5	12.4	12.7	-0.1	-0.1
EU15 (arithmetic average)	14.6	15.0	15.2	15.4	15.5	15.8	15.4	14.9	14.7	15.2	0.1	0.1
Euro12 (arithmetic average)	12.8	13.2	13.4	13.5	13.6	13.9	13.7	13.4	13.0	13.4	0.3	0.2
NMS10 (arithmetic average)	9.5	8.8	8.9	9.3	9.0	8.7	8.7	8.9	9.0	9.0	-0.5	-0.5
Ratio st.dev. and mean in %	40.8	42.0	40.3	37.4	38.2	38.4	38.3	37.9	38.1			-2.7
Difference max. and min.	23.4	23.7	24.0	22.4	23.6	22.5	23.3	22.9	22.7			-0.7

1) Estimated annual average growth rate in %. - 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services

Table A.2_T: Direct Taxes as % of Total Taxation: Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	37.9	37.6	38.2	38.9	38.2	38.8	39.3	38.9	38.3	38.4	0.3	0.5
CZ	26.5	24.1	25.4	25.0	24.9	24.6	26.0	26.4	27.1	25.6	0.6	0.6
DK	62.4	62.1	61.5	60.3	60.4	60.5	60.7	60.7	61.1	61.1	-0.3	-1.3
DE	27.5	27.9	27.2	28.0	28.6	29.8	27.6	27.1	26.7	27.8	-0.2	-0.8
EE	28.9	26.8	26.8	30.1	29.3	25.1	24.0	24.3	26.2	26.8	-1.8	-2.7
EL	23.8	22.5	23.9	27.0	27.2	28.8	26.6	26.0	24.8	25.6	1.5	1.0
ES	31.4	31.5	32.0	31.3	30.8	31.0	31.0	31.9	30.9	31.3	-0.1	-0.4
FR	20.7	21.1	22.4	27.2	28.0	28.6	29.2	27.7	26.8	25.7	4.0	6.1
IE	41.1	42.5	43.3	43.4	43.4	42.7	43.2	41.0	41.2	42.4	-0.2	0.1
IT	37.4	36.7	37.7	34.5	35.3	34.7	35.7	34.5	35.6	35.8	-0.8	-1.9
CY	32.9	32.2	33.6	35.3	38.2	36.7	36.2	35.8	29.2	34.5	0.0	-3.7
LV	23.2	24.5	26.9	27.2	26.8	27.7	29.4	30.1	29.3	27.2	2.9	6.1
LT	30.6	29.4	21.9	28.3	28.6	28.2	27.4	26.4	28.4	27.7	-0.3	-2.3
LU	41.6	42.5	42.2	41.1	39.1	38.4	38.5	39.3	38.6	40.1	-1.3	-3.0
HU	21.3	23.3	23.5	23.4	24.5	25.1	26.5	26.9	25.0	24.4	2.3	3.7
MT	31.4	29.7	30.7	31.4	32.4	32.7	33.5	36.1	37.1	32.8	2.5	5.8
NL	31.2	32.3	31.3	30.9	30.0	30.0	30.6	31.3	29.3	30.8	-0.7	-1.9
AT	28.3	29.7	30.4	30.8	30.3	30.6	33.4	31.8	31.1	30.7	1.3	2.8
PL	32.4	29.1	29.5	29.0	19.9	21.1	19.6	18.7	20.1	24.4	-7.3	-12.4
PT	26.6	27.8	27.9	27.0	27.5	28.8	27.9	27.0	25.3	27.3	-0.4	-1.3
SI	17.7	19.0	19.9	19.7	19.3	19.7	20.0	20.4	21.1	19.7	1.5	3.4
SK	28.6	26.9	28.2	27.1	26.2	22.8	23.1	23.0	23.6	25.5	-3.0	-5.0
FI	38.2	40.7	40.3	41.3	40.9	45.3	43.1	42.9	41.0	41.5	1.1	2.8
SE	40.8	40.7	41.2	40.5	41.5	41.9	38.7	36.1	37.4	39.9	-1.3	-3.4
UK	42.7	42.9	43.1	45.1	44.6	45.1	45.8	44.5	43.7	44.2	0.5	1.0
NO	38.4	39.9	39.9	37.6	39.7	47.1	47.1	45.8	45.8	42.4	2.8	7.4
EU25	31.5	31.8	32.5	33.4	33.6	34.3	34.0	33.2	32.7	33.0	0.7	1.2
EU15	31.6	32.0	32.7	33.6	34.0	34.7	34.5	33.6	33.1	33.3	0.8	1.5
Euro12	27.1	27.6	28.1	28.8	29.2	29.8	29.5	28.8	28.4	28.6	0.8	1.4
NMS10	28.2	26.6	27.1	27.0	22.7	23.1	22.7	22.8	23.4	24.8	-2.9	-4.8
EU25 (arithmetic average)	32.2	32.1	32.4	32.9	32.6	32.7	32.7	32.4	32.0	32.4	0.0	-0.2
EU15 (arithmetic average)	35.4	35.9	36.2	36.5	36.4	37.0	36.8	36.1	35.5	36.3	0.1	0.0
Euro12 (arithmetic average)	32.1	32.7	33.0	33.4	33.3	34.0	33.8	33.3	32.5	33.2	0.3	0.3
NMS10 (arithmetic average)	27.4	26.5	26.7	27.6	27.0	26.4	26.6	26.8	26.7	26.9	-0.2	-0.6
Ratio st.dev. and mean in %	29.7	29.7	28.7	26.1	26.9	27.0	27.1	27.3	27.4			-2.3
Difference max. and min.	44.7	43.1	41.6	40.6	41.1	40.8	41.1	41.9	41.1			-3.6

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation

See explanatory notes in Annex C

Source: Commission Services

Table A.2.1_G: Direct Taxes as % of GDP: Personal income taxes

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	13.8	13.4	13.6	13.6	13.2	13.4	13.8	13.7	13.3	13.5	-0.1	-0.5
CZ	4.8	4.8	4.9	4.8	4.6	4.6	4.6	4.8	4.9	4.7	-0.2	0.1
DK	26.6	26.6	26.2	25.8	26.1	26.1	26.3	26.0	26.0	26.2	-0.2	-0.6
DE	9.6	9.6	9.5	9.7	10.0	10.4	10.0	9.8	9.5	9.8	0.3	-0.1
EE	8.4	7.8	7.7	8.0	8.0	7.1	6.8	6.7	7.0	7.5	-2.5	-1.4
EL	4.1	4.1	4.5	5.5	5.7	5.6	5.0	5.0	4.9	4.9	2.6	0.8
ES	7.9	7.9	7.3	7.2	6.8	6.8	7.0	7.1	6.9	7.2	-1.6	-1.0
FR	5.3	5.6	6.0	8.1	8.3	8.5	8.3	8.0	8.1	7.4	5.7	2.7
IE	10.4	10.4	10.2	9.7	9.1	8.7	8.2	7.2	7.0	9.0	-5.4	-3.4
IT	10.8	11.0	11.4	11.4	11.4	10.8	11.1	10.9	10.7	11.1	-0.2	0.0
CY	4.0	3.2	3.3	3.8	3.8	3.7	3.9	4.3	4.5	3.8	2.8	0.5
LV	5.4	5.2	5.5	5.8	5.7	5.6	5.6	5.7	5.9	5.6	1.0	0.5
LT	7.5	7.0	4.9	7.7	8.3	7.7	7.3	6.9	6.6	7.1	0.4	-0.8
LU	9.2	9.2	8.6	7.7	7.6	7.4	7.2	6.7	7.1	7.9	-4.0	-2.1
HU	6.7	7.3	6.9	6.6	6.9	7.3	7.7	7.7	7.1	7.1	1.2	0.4
MT	5.1	4.3	5.1	4.8	5.3	5.7	6.3	6.4	6.6	5.5	4.8	1.5
NL	7.8	7.3	6.5	6.2	6.2	6.3	6.5	7.1	6.9	6.8	-0.9	-0.9
AT	9.3	9.8	10.4	10.5	10.5	10.0	10.7	10.5	10.4	10.2	1.1	1.1
PL	8.5	8.1	7.7	7.7	4.7	4.6	4.4	4.3	4.1	6.0	-10.7	-4.4
PT	5.9	6.1	5.8	5.7	5.7	6.0	6.0	5.8	5.8	5.9	-0.1	0.0
SI	6.1	6.2	6.2	5.8	5.8	5.9	6.0	6.0	6.0	6.0	-0.4	-0.1
SK	3.6	4.1	4.4	4.5	4.6	3.5	3.8	3.4	3.3	4.0	-2.2	-0.2
FI	14.3	15.5	14.3	13.9	13.8	14.7	14.5	14.3	13.9	14.4	-0.5	-0.4
SE	16.7	17.6	17.8	17.8	18.2	17.6	16.4	15.2	15.7	17.1	-1.4	-0.9
UK	10.3	9.6	9.3	10.3	10.5	10.9	11.0	10.4	10.3	10.3	1.0	0.0
NO	10.8	10.7	11.0	11.8	11.4	10.3	10.5	10.8	10.8	10.9	-0.4	0.0
EU25	9.4	9.5	9.4	9.9	10.0	10.1	10.0	9.7	9.6	9.7	0.5	0.1
EU15	9.5	9.6	9.5	10.1	10.2	10.3	10.2	9.9	9.8	9.9	0.6	0.3
Euro12	8.7	8.8	8.8	9.3	9.4	9.5	9.4	9.2	9.0	9.1	0.7	0.3
NMS10	6.8	6.8	6.5	6.6	5.2	5.1	5.1	5.1	5.0	5.8	-4.7	-1.8
EU25 (arithmetic average)	8.9	8.9	8.7	8.9	8.8	8.8	8.7	8.6	8.5	8.7	-0.5	-0.4
EU15 (arithmetic average)	10.8	10.9	10.8	10.9	10.9	10.9	10.8	10.5	10.4	10.8	-0.4	-0.4
Euro12 (arithmetic average)	9.0	9.1	9.0	9.1	9.0	9.0	9.0	8.8	8.7	9.0	-0.4	-0.3
NMS10 (arithmetic average)	6.0	5.8	5.6	5.9	5.8	5.6	5.6	5.6	5.6	5.7	-0.7	-0.4
Ratio st.dev. and mean in %	52.9	54.0	53.6	49.0	49.5	49.6	49.7	49.5	50.2			-2.6
Difference max. and min.	23.0	23.4	22.9	22.0	22.3	22.6	22.5	22.6	22.7			-0.4

1) Estimated annual average growth rate in %. - 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services

Table A.2.1_T: Direct Taxes as % of Total Taxation: Personal income taxes

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	30.6	29.5	29.6	29.2	28.6	29.2	30.0	29.5	29.1	29.5	-0.3	-1.5
CZ	13.3	13.7	13.8	14.1	13.1	13.5	13.3	13.4	13.5	13.5	-0.2	0.2
DK	54.2	53.5	52.8	51.7	50.9	52.7	52.9	53.3	53.2	52.8	-0.1	-0.9
DE	23.4	23.1	22.7	23.2	23.6	24.4	24.6	24.3	23.5	23.7	0.6	0.1
EE	22.1	21.9	21.3	22.9	23.3	22.1	21.5	20.6	21.0	21.9	-0.7	-1.1
EL	12.5	12.4	13.2	15.1	15.4	14.4	13.6	13.4	13.5	13.7	0.9	0.9
ES	23.6	23.3	21.7	21.3	19.8	19.5	20.2	20.1	19.4	21.0	-2.4	-4.1
FR	12.2	12.5	13.3	18.2	18.3	18.9	18.6	18.2	18.4	16.5	5.8	6.2
IE	31.0	31.0	31.2	30.4	28.2	27.0	27.3	25.0	23.4	28.3	-3.6	-7.6
IT	26.1	25.7	25.4	26.4	26.4	25.3	26.2	25.9	25.0	25.8	-0.2	-1.1
CY	14.8	11.9	12.6	13.5	13.3	12.0	12.5	13.6	13.5	13.1	-0.2	-1.3
LV	16.0	16.7	16.8	16.8	17.6	18.7	19.2	19.7	20.4	18.0	3.1	4.4
LT	26.1	25.0	16.5	24.0	25.8	25.7	25.3	24.2	23.3	24.0	0.6	-2.8
LU	21.7	21.8	20.7	19.1	18.8	18.3	17.7	16.3	17.1	19.0	-3.6	-4.6
HU	16.1	17.9	17.6	17.0	17.7	18.5	19.6	19.9	18.2	18.0	1.8	2.1
MT	18.8	17.8	18.4	18.5	19.3	19.7	20.2	19.3	19.5	19.1	1.1	0.7
NL	19.2	17.9	15.9	15.5	14.9	15.2	16.1	18.1	17.5	16.7	-0.5	-1.7
AT	22.5	23.0	23.7	23.8	24.0	23.4	24.0	24.0	24.1	23.6	0.7	1.6
PL	21.5	21.3	20.5	20.9	12.8	13.0	12.5	12.2	11.5	16.2	-9.4	-10.1
PT	17.5	17.7	16.8	16.3	16.0	16.5	16.8	15.9	15.8	16.6	-1.2	-1.7
SI	15.0	15.7	16.0	14.9	14.7	15.0	15.3	15.1	15.1	15.2	-0.3	0.1
SK	8.8	10.5	12.3	12.1	13.4	10.4	11.9	10.5	10.9	11.2	1.1	2.1
FI	31.1	32.7	30.8	30.0	29.4	30.6	31.5	31.3	31.0	30.9	-0.1	-0.1
SE	33.7	33.8	33.9	33.6	33.8	32.7	31.6	30.2	31.0	32.7	-1.4	-2.7
UK	29.2	27.6	26.1	28.2	28.4	29.0	29.4	29.2	28.8	28.4	0.7	-0.4
NO	25.5	25.1	25.8	27.7	26.7	24.1	24.3	24.8	24.9	25.4	-0.7	-0.6
EU25	23.2	23.0	22.7	24.1	23.9	24.2	24.4	24.1	23.7	23.7	0.6	0.4
EU15	23.4	23.1	22.9	24.3	24.3	24.6	24.8	24.6	24.1	24.0	0.8	0.7
Euro12	19.9	19.9	19.7	21.1	21.0	21.2	21.5	21.2	20.8	20.7	0.9	0.9
NMS10	17.8	18.2	17.9	18.2	14.3	14.5	14.5	14.4	14.0	16.0	-3.8	-3.8
EU25 (arithmetic average)	22.4	22.3	21.7	22.3	21.9	21.8	22.1	21.7	21.5	22.0	-0.4	-0.9
EU15 (arithmetic average)	25.9	25.7	25.2	25.5	25.1	25.1	25.4	25.0	24.7	25.4	-0.4	-1.2
Euro12 (arithmetic average)	22.6	22.5	22.1	22.4	21.9	21.9	22.2	21.8	21.5	22.2	-0.5	-1.1
NMS10 (arithmetic average)	17.2	17.2	16.6	17.5	17.1	16.9	17.1	16.9	16.7	17.1	-0.3	-0.6
Ratio st.dev. and mean in %	40.7	40.3	39.5	35.6	35.8	36.9	36.5	36.8	37.3			-3.3
Difference max. and min.	45.4	43.0	40.6	39.6	38.1	42.3	41.0	42.7	42.3			-3.1

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation

See explanatory notes in Annex C

Source: Commission Services

Table A.2.2_G: Direct Taxes as % of GDP: Corporate income tax

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	2.4	2.7	2.9	3.4	3.3	3.3	3.2	3.1	2.9	3.0	2.2	0.5
CZ	4.6	3.4	3.9	3.4	3.9	3.5	4.2	4.4	4.6	4.0	1.6	0.0
DK	2.0	2.3	2.6	2.8	3.0	2.4	3.1	2.9	2.8	2.7	3.8	0.8
DE	0.9	1.2	1.3	1.4	1.5	1.7	0.6	0.6	0.8	1.1	-7.1	-0.2
EE	2.4	1.6	1.8	2.4	2.0	1.0	0.7	1.2	1.7	1.6	-8.5	-0.7
EL	2.6	2.3	2.6	3.1	3.5	4.6	3.8	3.7	3.3	3.3	5.9	0.7
ES	1.9	2.1	2.8	2.6	3.0	3.2	3.0	3.4	3.3	2.8	6.7	1.4
FR	1.8	2.0	2.3	2.3	2.7	2.8	3.1	2.6	2.2	2.4	4.2	0.4
IE	2.8	3.1	3.2	3.4	3.8	3.8	3.6	3.8	3.8	3.5	3.6	1.1
IT	3.4	3.8	4.2	2.5	2.8	2.4	3.0	2.6	2.2	3.0	-6.0	-1.2
CY	4.0	4.5	4.4	5.0	6.0	6.3	6.3	6.0	4.4	5.2	3.6	0.3
LV	1.8	1.9	2.2	2.3	2.1	1.6	1.9	1.9	1.5	1.9	-2.4	-0.4
LT	1.3	1.2	1.6	1.3	0.8	0.7	0.5	0.6	1.4	1.0	-7.5	0.1
LU	7.5	7.7	7.9	7.8	7.1	7.2	7.5	8.4	7.9	7.7	0.5	0.4
HU	1.9	1.8	1.9	2.2	2.3	2.2	2.4	2.4	2.2	2.1	3.1	0.3
MT	2.7	2.3	2.7	2.6	2.9	3.0	3.3	4.1	4.7	3.1	7.5	2.0
NL	3.3	4.1	4.6	4.5	4.6	4.4	4.4	3.7	3.2	4.1	-0.9	-0.1
AT	1.6	2.1	2.2	2.3	2.0	2.2	3.3	2.4	2.3	2.3	3.9	0.6
PL	3.3	2.9	3.1	2.8	2.5	2.4	1.8	1.8	2.2	2.5	-7.2	-1.1
PT	2.5	2.9	3.3	3.3	3.8	4.1	3.6	3.6	3.2	3.4	3.4	0.7
SI	0.5	0.7	1.0	1.0	1.1	1.2	1.2	1.5	1.9	1.0	12.9	1.3
SK	6.1	4.2	3.7	3.4	3.0	2.9	2.4	2.7	2.8	3.5	-9.0	-3.2
FI	2.3	2.8	3.5	4.3	4.4	6.0	4.3	4.3	3.5	4.0	5.9	1.1
SE	2.7	2.6	2.9	2.7	3.1	3.9	2.7	2.1	2.4	2.8	-1.3	-0.3
UK	2.7	3.1	3.8	3.8	3.4	3.4	3.3	2.7	2.7	3.3	-1.4	0.0
NO	3.2	3.5	3.5	2.7	3.5	5.2	4.9	4.5	4.2	3.9	5.3	1.0
EU25	2.1	2.4	2.8	2.6	2.7	2.8	2.6	2.4	2.2	2.5	0.4	0.2
EU15	2.0	2.4	2.8	2.6	2.7	2.8	2.6	2.4	2.2	2.5	0.5	0.2
Euro12	1.9	2.3	2.6	2.3	2.6	2.7	2.5	2.3	2.1	2.4	0.8	0.2
NMS10	3.3	2.8	2.9	2.8	2.7	2.5	2.3	2.5	2.7	2.7	-1.9	-0.2
EU25 (arithmetic average)	2.8	2.8	3.0	3.1	3.1	3.2	3.1	3.1	3.0	3.0	1.0	0.2
EU15 (arithmetic average)	2.7	3.0	3.3	3.4	3.5	3.7	3.5	3.3	3.1	3.3	1.8	0.4
Euro12 (arithmetic average)	2.8	3.1	3.4	3.4	3.5	3.8	3.6	3.5	3.2	3.4	2.1	0.5
NMS10 (arithmetic average)	2.9	2.4	2.6	2.6	2.7	2.5	2.5	2.7	2.7	2.6	-0.2	-0.1
Ratio st.dev. and mean in %	73.2	58.2	50.1	52.9	51.3	57.5	61.1	70.8	64.3			-8.9
Difference max. and min.	6.9	7.0	7.0	6.9	6.3	6.5	7.0	7.9	7.1			0.2

1) Estimated annual average growth rate in %. - 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services

Table A.2.2_T: Direct Taxes as % of Total Taxation: Corporate income tax

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	5.4	6.0	6.3	7.4	7.1	7.1	6.9	6.7	6.4	6.6	2.0	1.1
CZ	12.7	9.7	11.0	10.1	11.2	10.3	12.0	12.4	12.8	11.3	1.6	0.1
DK	4.0	4.7	5.2	5.7	5.9	4.9	6.3	5.9	5.7	5.4	3.9	1.7
DE	2.2	2.9	3.1	3.3	3.6	4.0	1.4	1.5	1.9	2.6	-6.8	-0.4
EE	6.4	4.5	5.0	7.0	5.8	3.0	2.3	3.6	5.1	4.8	-6.6	-1.3
EL	8.0	6.8	7.5	8.6	9.5	12.0	10.1	10.0	9.1	9.1	4.2	1.0
ES	5.8	6.1	8.1	7.7	8.7	9.2	8.6	9.6	9.3	8.1	5.9	3.5
FR	4.1	4.5	5.0	5.2	5.9	6.3	7.0	6.0	5.0	5.4	4.3	1.0
IE	8.3	9.3	9.8	10.5	12.0	11.8	11.9	13.0	12.8	11.0	5.4	4.5
IT	8.3	8.9	9.3	5.7	6.5	5.6	7.0	6.2	5.2	7.0	-6.0	-3.1
CY	14.9	16.7	17.0	17.6	21.2	20.6	20.1	19.2	13.1	17.8	0.6	-1.8
LV	5.5	5.9	6.8	6.8	6.4	5.2	6.6	6.7	5.1	6.1	-0.4	-0.3
LT	4.4	4.3	5.3	4.1	2.6	2.3	1.9	2.1	4.9	3.5	-7.3	0.5
LU	17.7	18.2	19.1	19.5	17.5	17.8	18.4	20.5	19.1	18.6	0.9	1.4
HU	4.5	4.5	4.9	5.5	5.9	5.6	6.0	6.1	5.7	5.4	3.7	1.2
MT	10.1	9.5	9.9	9.9	10.3	10.4	10.7	12.4	13.9	10.8	3.8	3.8
NL	8.1	10.1	11.3	11.3	10.9	10.7	10.9	9.4	8.1	10.1	-0.5	0.1
AT	4.0	5.0	5.0	5.3	4.5	5.1	7.3	5.5	5.2	5.2	3.5	1.3
PL	8.4	7.6	8.2	7.6	6.6	6.8	5.0	5.1	6.1	6.8	-6.0	-2.4
PT	7.4	8.4	9.6	9.5	10.7	11.3	10.0	9.9	8.7	9.5	2.2	1.3
SI	1.3	1.9	2.5	2.5	2.7	3.0	3.1	3.8	4.7	2.8	13.0	3.4
SK	14.9	10.7	10.4	9.3	8.7	8.6	7.5	8.4	9.3	9.8	-5.6	-5.7
FI	5.0	6.0	7.5	9.4	9.4	12.5	9.4	9.3	7.7	8.5	6.3	2.7
SE	5.4	5.0	5.5	5.0	5.8	7.2	5.2	4.2	4.7	5.3	-1.3	-0.6
UK	7.6	9.0	10.8	10.4	9.1	9.0	8.8	7.6	7.6	8.9	-1.7	0.0
NO	7.6	8.2	8.3	6.4	8.1	12.0	11.4	10.3	9.8	9.1	5.0	2.2
EU25	5.1	5.9	6.7	6.3	6.6	6.8	6.4	5.9	5.6	6.1	0.6	0.5
EU15	5.0	5.8	6.7	6.3	6.5	6.8	6.4	5.9	5.5	6.1	0.7	0.5
Euro12	4.4	5.2	5.8	5.3	5.8	6.1	5.7	5.3	4.9	5.4	0.9	0.4
NMS10	8.5	7.4	8.0	7.6	7.3	7.2	6.6	6.9	7.5	7.4	-1.9	-1.0
EU25 (arithmetic average)	7.4	7.4	8.2	8.2	8.3	8.4	8.2	8.2	7.9	8.0	1.0	0.5
EU15 (arithmetic average)	6.7	7.4	8.2	8.3	8.5	9.0	8.6	8.3	7.8	8.1	1.8	1.0
Euro12 (arithmetic average)	7.0	7.7	8.5	8.6	8.9	9.4	9.1	9.0	8.2	8.5	2.2	1.2
NMS10 (arithmetic average)	8.3	7.5	8.1	8.1	8.1	7.6	7.5	8.0	8.1	7.9	-0.3	-0.3
Ratio st.dev. and mean in %	79.0	65.5	58.0	62.4	65.1	65.4	69.6	78.9	69.5			-9.5
Difference max. and min.	16.4	16.3	16.6	17.0	18.7	18.3	18.6	19.0	17.3			0.9

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation

See explanatory notes in Annex C

Source: Commission Services

Table A.2.3_G: Direct Taxes as % of GDP: Other

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.3	1.3	1.1	4.3	0.4
CZ	0.2	0.3	0.2	0.2	0.2	0.3	0.2	0.2	0.3	0.2	1.5	0.1
DK	2.1	2.0	1.7	1.4	1.8	1.5	0.7	0.8	1.0	1.4	-12.2	-1.0
DE	0.8	0.8	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.6	-4.0	-0.2
EE	0.1	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.1	-33.4	-0.1
EL	1.1	1.0	1.1	1.2	0.9	0.9	1.1	1.0	0.8	1.0	-2.5	-0.2
ES	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.8	1.9	0.1
FR	1.9	1.8	1.8	1.7	1.7	1.5	1.6	1.5	1.5	1.7	-3.4	-0.5
IE	0.6	0.7	0.8	0.8	1.0	1.2	1.2	0.9	1.5	1.0	8.9	0.9
IT	1.3	0.9	1.3	1.0	1.1	1.6	1.1	1.0	2.3	1.3	4.9	1.1
CY	0.9	1.0	1.0	1.2	1.0	1.3	1.1	0.9	0.9	1.0	0.3	0.0
LV	0.6	0.6	1.1	1.2	0.9	1.1	1.1	1.1	1.1	1.0	7.1	0.5
LT	0.0	0.0	0.0	0.1	0.1	0.1	0.0	0.0	0.0	0.0	1.1	0.0
LU	0.9	1.1	1.0	1.0	1.1	1.0	0.9	1.0	1.0	1.0	-0.4	0.0
HU	0.3	0.3	0.3	0.4	0.4	0.4	0.3	0.3	0.4	0.4	3.2	0.2
MT	0.7	0.6	0.7	0.7	0.8	0.7	0.8	1.5	1.2	0.9	9.6	0.6
NL	1.6	1.8	1.7	1.7	1.7	1.7	1.4	1.5	1.4	1.6	-2.1	-0.2
AT	0.8	0.7	0.7	0.8	0.8	0.9	1.0	1.0	0.8	0.8	2.9	0.0
PL	1.0	0.1	0.3	0.1	0.2	0.5	0.7	0.5	0.9	0.5	12.0	-0.1
PT	0.6	0.6	0.5	0.4	0.3	0.4	0.4	0.4	0.3	0.4	-6.8	-0.3
SI	0.6	0.6	0.5	0.9	0.8	0.7	0.6	0.6	0.5	0.7	-0.3	-0.1
SK	2.0	2.2	2.0	2.1	1.4	1.3	1.2	1.3	1.0	1.7	-9.4	-0.9
FI	0.9	1.0	0.9	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.5	0.1
SE	0.8	0.9	0.9	1.0	1.0	1.1	1.0	0.8	0.9	1.0	-0.2	0.0
UK	2.1	2.2	2.2	2.4	2.6	2.6	2.8	2.7	2.6	2.5	3.5	0.5
NO	2.3	2.8	2.5	1.5	2.1	4.8	5.0	4.7	4.8	3.2	11.8	2.6
EU25	1.3	1.2	1.3	1.2	1.3	1.4	1.3	1.3	1.4	1.3	1.2	0.1
EU15	1.3	1.3	1.3	1.3	1.3	1.4	1.3	1.3	1.4	1.3	1.2	0.1
Euro12	1.1	1.1	1.1	1.0	1.1	1.1	1.0	1.0	1.2	1.1	-0.3	0.1
NMS10	0.7	0.4	0.5	0.4	0.4	0.5	0.6	0.5	0.7	0.5	0.2	-0.2
EU25 (arithmetic average)	0.9	0.9	0.9	0.9	0.9	1.0	0.9	0.9	1.0	0.9	0.2	0.0
EU15 (arithmetic average)	1.1	1.1	1.1	1.1	1.2	1.2	1.1	1.1	1.2	1.1	0.1	0.0
Euro12 (arithmetic average)	1.0	1.0	1.0	1.0	1.0	1.1	1.0	1.0	1.1	1.0	0.7	0.1
NMS10 (arithmetic average)	0.6	0.6	0.6	0.7	0.6	0.6	0.6	0.7	0.6	0.6	0.5	0.0
Ratio st.dev. and mean in %	46.9	51.3	46.7	48.5	46.5	42.5	42.8	44.9	44.4			-2.5
Difference max. and min.	2.0	2.2	2.2	2.4	2.6	2.6	2.8	2.7	2.6			0.5

1) Estimated annual average growth rate in %. - 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services

Table A.2.3_T: Direct Taxes as % of Total Taxation: Other

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	1.9	2.2	2.2	2.3	2.4	2.4	2.4	2.7	2.8	2.4	4.1	0.9
CZ	0.6	0.7	0.6	0.7	0.6	0.8	0.6	0.6	0.8	0.7	1.5	0.3
DK	4.2	3.9	3.5	2.9	3.6	2.9	1.5	1.5	2.1	2.9	-12.1	-2.1
DE	1.8	1.9	1.4	1.5	1.5	1.4	1.5	1.4	1.3	1.5	-3.7	-0.5
EE	0.3	0.4	0.5	0.1	0.1	0.1	0.1	0.1	0.0	0.2	-31.5	-0.3
EL	3.3	3.2	3.2	3.3	2.4	2.4	2.9	2.6	2.3	2.8	-4.2	-1.0
ES	2.0	2.1	2.1	2.2	2.3	2.3	2.2	2.2	2.2	2.2	1.1	0.2
FR	4.4	4.0	4.1	3.9	3.8	3.4	3.5	3.5	3.3	3.8	-3.3	-1.1
IE	1.9	2.2	2.3	2.5	3.2	3.9	3.9	3.0	5.0	3.1	10.7	3.2
IT	3.0	2.1	2.9	2.4	2.4	3.8	2.6	2.4	5.4	3.0	4.9	2.3
CY	3.2	3.6	4.0	4.1	3.6	4.1	3.6	2.9	2.7	3.5	-2.7	-0.6
LV	1.7	1.9	3.3	3.6	2.8	3.7	3.7	3.8	3.8	3.1	9.1	2.1
LT	0.1	0.1	0.1	0.2	0.2	0.2	0.1	0.2	0.1	0.2	1.3	0.0
LU	2.2	2.6	2.5	2.5	2.8	2.4	2.3	2.5	2.4	2.5	0.0	0.1
HU	0.7	0.8	0.9	0.9	0.9	1.0	0.9	0.9	1.1	0.9	3.8	0.4
MT	2.4	2.4	2.4	2.9	2.8	2.6	2.6	4.4	3.7	2.9	5.9	1.3
NL	4.0	4.3	4.1	4.2	4.2	4.1	3.5	3.8	3.7	4.0	-1.7	-0.3
AT	1.8	1.7	1.7	1.8	1.9	2.1	2.1	2.3	1.8	1.9	2.5	0.0
PL	2.4	0.3	0.9	0.4	0.5	1.3	2.0	1.4	0.9	1.1	6.4	-1.5
PT	1.7	1.6	1.5	1.2	0.9	1.0	1.1	1.2	0.8	1.2	-7.9	-0.9
SI	1.4	1.4	1.4	2.3	1.9	1.7	1.7	1.5	1.3	1.6	-0.3	-0.1
SK	4.8	5.7	5.6	5.7	4.1	3.8	3.7	4.0	3.4	4.5	-6.1	-1.4
FI	2.0	2.0	1.9	1.9	2.1	2.2	2.2	2.3	2.2	2.1	1.8	0.2
SE	1.7	1.8	1.8	1.9	1.9	2.0	1.9	1.7	1.7	1.8	-0.2	0.0
UK	5.8	6.4	6.2	6.6	7.1	7.1	7.6	7.7	7.3	6.8	3.1	1.4
NO	5.3	6.7	5.8	3.4	4.9	11.1	11.4	10.8	11.1	7.8	11.5	5.8
EU25	3.1	3.0	3.0	3.0	3.1	3.3	3.2	3.1	3.4	3.1	1.2	0.3
EU15	3.1	3.0	3.1	3.1	3.2	3.3	3.3	3.2	3.5	3.2	1.3	0.4
Euro12	2.7	2.5	2.5	2.4	2.4	2.5	2.4	2.3	2.8	2.5	-0.3	0.1
NMS10	1.9	1.0	1.3	1.1	1.0	1.4	1.7	1.4	1.2	1.3	0.0	-0.7
EU25 (arithmetic average)	2.4	2.4	2.5	2.5	2.4	2.5	2.4	2.4	2.5	2.4	0.3	0.1
EU15 (arithmetic average)	2.8	2.8	2.8	2.7	2.8	2.9	2.8	2.7	3.0	2.8	0.3	0.2
Euro12 (arithmetic average)	2.5	2.5	2.5	2.5	2.5	2.6	2.5	2.5	2.8	2.5	0.8	0.3
NMS10 (arithmetic average)	1.8	1.7	2.0	2.1	1.8	1.9	1.9	2.0	1.8	1.9	0.4	0.0
Ratio st.dev. and mean in %	46.1	52.8	50.7	53.2	49.4	46.5	48.1	51.0	50.0			3.9
Difference max. and min.	5.7	6.2	6.1	6.5	6.9	6.9	7.4	7.5	7.2			1.5

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation

See explanatory notes in Annex C

Source: Commission Services

Table A.3_G: Social contributions as % of GDP: Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	14.7	14.6	14.4	14.5	14.4	14.1	14.4	14.6	14.4	14.5	-0.2	-0.3
CZ	14.3	14.4	14.8	14.3	14.3	14.4	14.4	15.0	15.0	14.5	0.4	0.7
DK	1.5	1.6	1.6	1.6	2.1	2.3	2.2	1.7	1.7	1.8	2.7	0.1
DE	17.3	17.8	18.1	17.7	17.5	17.2	17.0	17.0	17.2	17.4	-0.5	-0.1
EE	13.1	12.0	11.7	11.6	12.2	11.4	11.2	11.4	11.5	11.8	-1.3	-1.6
EL	10.5	10.8	11.1	11.5	11.4	11.7	11.9	12.7	12.9	11.6	2.4	2.4
ES	12.0	12.2	12.2	12.1	12.2	12.4	12.7	12.7	12.7	12.4	0.7	0.7
FR	18.7	18.9	18.4	16.3	16.5	16.3	16.3	16.4	16.6	17.2	-1.9	-2.1
IE	5.0	4.7	4.4	4.2	4.3	4.4	4.5	4.5	4.6	4.5	-0.6	-0.4
IT	13.0	14.6	14.9	12.5	12.4	12.4	12.3	12.5	12.9	13.1	-1.5	-0.2
CY	6.6	7.0	7.0	7.0	6.7	6.7	6.9	6.8	7.1	6.9	0.2	0.5
LV	12.1	11.0	10.8	11.0	10.8	10.0	9.3	9.4	9.0	10.4	-3.5	-3.2
LT	7.6	8.0	8.6	9.1	9.3	9.4	9.0	8.7	8.6	8.7	1.5	1.1
LU	11.2	10.9	10.4	10.2	10.5	10.3	11.1	11.3	11.4	10.8	0.5	0.2
HU	14.9	14.1	14.3	14.1	13.3	13.2	13.2	13.2	12.7	13.7	-1.8	-2.2
MT	6.1	5.9	6.7	6.0	6.2	6.5	7.1	6.9	6.8	6.5	1.8	0.7
NL	16.0	15.5	15.5	15.3	16.0	16.0	14.3	13.9	14.5	15.2	-1.4	-1.6
AT	14.8	14.8	15.0	14.9	14.9	14.5	14.6	14.5	14.5	14.7	-0.4	-0.3
PL	11.7	12.0	12.1	12.0	15.3	14.0	15.3	14.7	14.1	13.5	3.3	2.4
PT	10.1	10.2	10.5	10.5	10.6	10.9	11.0	11.3	11.7	10.7	1.8	1.7
SI	17.5	15.7	14.8	14.9	14.7	14.9	15.1	14.9	14.9	15.3	-1.3	-2.6
SK	14.3	14.3	13.6	14.8	13.8	13.7	13.7	13.5	12.3	14.0	-1.4	-2.0
FI	14.2	13.7	12.9	12.6	12.9	12.1	12.4	12.1	12.0	12.9	-1.9	-2.2
SE	13.1	14.1	13.9	13.9	12.6	14.4	14.8	14.7	14.3	13.9	1.1	1.2
UK	6.2	6.1	6.2	6.2	6.2	6.3	6.3	6.1	6.4	6.2	0.3	0.2
NO	9.9	9.6	9.6	10.3	10.2	9.0	9.3	9.9	10.0	9.7	-0.2	0.1
EU25	14.2	14.4	14.2	13.3	13.3	13.1	13.0	13.0	13.2	13.5	-1.3	-1.0
EU15	14.2	14.5	14.2	13.3	13.2	13.1	13.0	12.9	13.2	13.5	-1.4	-1.0
Euro12	15.8	16.2	16.2	15.1	15.1	14.9	14.8	14.8	14.9	15.3	-1.2	-0.9
NMS10	12.9	12.8	12.8	12.7	14.1	13.4	14.1	13.8	13.3	13.3	1.0	0.4
EU25 (arithmetic average)	11.9	11.8	11.8	11.6	11.6	11.6	11.6	11.6	11.6	11.7	-0.3	-0.3
EU15 (arithmetic average)	11.9	12.0	12.0	11.6	11.6	11.7	11.7	11.7	11.8	11.8	-0.2	0.0
Euro12 (arithmetic average)	13.1	13.2	13.2	12.7	12.8	12.7	12.7	12.8	12.9	12.9	-0.4	-0.2
NMS10 (arithmetic average)	11.8	11.4	11.4	11.5	11.6	11.4	11.5	11.4	11.2	11.5	-0.3	-0.6
Ratio st.dev. and mean in %	30.5	29.5	29.3	30.0	29.6	29.3	29.3	30.1	29.2			-1.2
Difference max. and min.	17.2	17.3	16.8	16.2	15.3	14.9	14.8	15.4	15.5			-1.7

1) Estimated annual average growth rate in %. - 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services

Table A.3_T: Social contributions as % of Total Taxation: Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	32.7	32.2	31.5	31.3	31.2	30.7	31.2	31.4	31.6	31.5	-0.4	-1.1
CZ	39.6	41.0	41.6	42.1	41.2	41.9	41.8	42.3	41.5	41.4	0.5	1.9
DK	3.1	3.1	3.1	3.1	4.2	4.6	4.4	3.4	3.4	3.6	2.8	0.3
DE	42.4	42.8	43.5	42.6	41.2	40.4	41.8	42.3	42.5	42.2	-0.2	0.2
EE	34.6	33.9	32.4	33.3	35.3	35.2	35.4	35.3	34.5	34.4	0.6	-0.1
EL	32.1	32.8	32.5	31.6	30.5	30.4	32.0	33.9	35.6	32.4	0.7	3.5
ES	36.0	36.2	36.0	36.0	35.5	35.5	36.4	35.8	35.8	35.9	-0.1	-0.3
FR	42.9	42.1	41.0	36.4	36.2	36.3	36.6	37.5	37.9	38.5	-1.8	-5.0
IE	15.0	13.9	13.3	13.1	13.5	13.9	14.9	15.5	15.3	14.3	1.2	0.3
IT	31.6	34.2	33.4	28.8	28.6	28.9	28.9	29.7	30.0	30.5	-1.5	-1.7
CY	24.4	26.0	27.0	24.8	23.7	21.8	21.9	21.5	21.2	23.6	-2.8	-3.2
LV	36.1	35.2	33.2	31.9	33.3	33.4	32.1	32.6	31.0	33.2	-1.4	-5.1
LT	26.4	28.4	28.9	28.3	28.7	31.2	31.3	30.5	30.3	29.3	1.7	3.9
LU	26.4	25.8	25.1	25.4	25.9	25.4	27.2	27.4	27.6	26.3	0.9	1.2
HU	35.9	34.7	36.6	36.1	33.9	33.4	33.6	33.9	32.5	34.5	-1.2	-3.3
MT	22.6	24.6	24.4	23.4	22.3	22.6	22.9	20.7	20.3	22.6	-1.9	-2.4
NL	39.5	37.9	38.0	38.0	38.5	38.6	35.7	35.2	36.8	37.6	-1.0	-2.7
AT	35.9	34.8	34.1	33.9	34.1	34.1	32.7	33.2	33.8	34.1	-0.8	-2.1
PL	29.7	31.5	32.2	32.8	41.2	39.8	43.1	41.5	39.4	36.8	4.6	9.7
PT	29.9	29.5	30.3	30.0	29.5	29.8	30.9	31.0	31.7	30.3	0.7	1.8
SI	43.0	39.7	38.7	38.0	37.2	38.1	38.6	37.8	37.1	38.7	-1.2	-5.8
SK	35.4	36.7	37.9	40.1	39.9	41.4	42.7	41.8	40.2	39.6	2.0	4.8
FI	30.8	28.9	27.7	27.3	27.5	25.3	26.9	26.6	26.7	27.5	-1.6	-4.1
SE	26.4	27.2	26.5	26.2	23.4	26.7	28.5	29.3	28.1	26.9	1.1	1.7
UK	17.5	17.4	17.6	16.9	16.8	16.9	17.0	17.0	18.0	17.2	0.0	0.5
NO	23.4	22.5	22.7	24.4	23.8	20.9	21.5	22.8	23.0	22.8	-0.5	-0.3
EU25	35.0	35.0	34.2	32.2	31.8	31.5	31.9	32.3	32.7	33.0	-1.1	-2.3
EU15	35.0	35.0	34.2	32.1	31.5	31.2	31.6	32.0	32.5	32.8	-1.3	-2.5
Euro12	37.4	37.5	37.1	34.8	34.3	34.0	34.4	34.8	35.1	35.5	-1.1	-2.3
NMS10	33.6	34.3	34.9	35.2	38.7	38.2	40.0	39.0	37.3	36.8	1.9	3.8
EU25 (arithmetic average)	30.8	30.8	30.7	30.1	30.1	30.3	30.7	30.7	30.5	30.5	-0.1	-0.3
EU15 (arithmetic average)	29.5	29.3	28.9	28.0	27.8	27.8	28.3	28.6	29.0	28.5	-0.3	-0.5
Euro12 (arithmetic average)	32.9	32.6	32.2	31.2	31.0	30.8	31.3	31.6	32.1	31.7	-0.4	-0.8
NMS10 (arithmetic average)	32.8	33.2	33.3	33.1	33.7	33.9	34.3	33.8	32.8	33.5	0.2	0.0
Ratio st.dev. and mean in %	26.7	26.0	26.7	28.3	28.9	29.0	28.8	28.8	27.9			1.3
Difference max. and min.	39.8	39.6	40.3	39.5	37.1	37.3	38.7	38.9	39.1			-0.7

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation

See explanatory notes in Annex C

Source: Commission Services

Table A.3.1_G: Social contributions as % of GDP: Employers

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	8.9	8.8	8.8	8.9	8.8	8.5	8.7	8.8	8.7	8.7	-0.2	-0.2
CZ	9.9	10.1	10.4	10.0	10.0	10.1	10.1	10.4	10.4	10.2	0.4	0.6
DK	0.3	0.3	0.3	0.4	0.3	0.3	0.3	0.3	0.4	0.3	0.8	0.0
DE	7.7	7.7	7.8	7.7	7.6	7.6	7.5	7.4	7.5	7.6	-0.5	-0.2
EE	13.1	12.0	11.7	11.6	12.2	11.4	11.0	11.0	11.2	11.7	-1.7	-1.9
EL	4.8	5.0	5.2	5.3	5.2	5.5	5.5	6.0	5.9	5.4	2.6	1.1
ES	8.3	8.5	8.5	8.4	8.5	8.7	8.9	8.9	9.0	8.6	1.0	0.6
FR	11.5	11.4	11.4	11.3	11.4	11.2	11.2	11.2	11.3	11.3	-0.3	-0.2
IE	2.9	2.7	2.6	2.6	2.6	2.7	2.8	2.8	2.7	2.7	0.1	-0.2
IT	8.7	10.2	10.6	8.7	8.6	8.6	8.6	8.7	8.9	9.1	-1.3	0.3
CY	-	-	-	-	-	-	-	-	-	-	-	-
LV	11.8	10.1	8.2	8.3	8.1	7.5	6.9	7.0	6.5	8.3	-6.6	-5.3
LT	7.3	7.7	8.3	8.7	8.9	8.5	8.1	7.8	7.8	8.1	0.4	0.5
LU	5.2	5.1	4.8	4.7	4.6	4.6	5.0	5.1	5.2	4.9	0.0	0.0
HU	12.2	11.6	11.8	11.7	10.6	10.6	10.4	10.3	9.9	11.0	-2.6	-2.3
MT	3.0	2.9	3.3	2.9	2.9	2.9	3.2	3.1	3.1	3.0	0.4	0.1
NL	2.0	1.9	1.8	4.6	4.6	4.6	4.5	4.5	4.4	3.7	12.8	2.5
AT	7.3	7.3	7.3	7.2	7.2	7.0	6.9	6.8	6.8	7.1	-1.0	-0.5
PL	6.1	6.3	6.4	6.4	6.3	6.2	6.7	6.2	6.1	6.3	0.0	0.0
PT	6.3	6.5	6.7	6.8	6.8	7.0	7.0	7.3	7.5	6.9	2.0	1.2
SI	8.3	6.6	5.7	5.7	5.6	5.7	5.7	5.7	5.7	6.1	-3.3	-2.7
SK	12.0	10.3	9.7	11.0	10.0	9.8	9.7	9.7	8.8	10.3	-2.5	-3.2
FI	9.9	9.7	9.2	9.2	9.4	8.9	9.2	9.1	9.0	9.3	-1.0	-0.9
SE	11.2	11.7	11.2	10.8	9.5	11.2	11.6	11.5	11.1	11.1	0.0	-0.1
UK	3.4	3.4	3.4	3.3	3.4	3.6	3.6	3.4	3.5	3.4	0.7	0.1
NO	5.9	5.7	5.7	6.2	6.1	5.4	5.6	6.0	6.0	5.8	0.0	0.1
EU25	7.6	7.9	7.8	7.5	7.5	7.4	7.5	7.4	7.5	7.6	-0.5	-0.1
EU15	7.6	7.9	7.8	7.5	7.5	7.4	7.4	7.4	7.5	7.6	-0.5	-0.1
Euro12	8.4	8.6	8.7	8.5	8.4	8.4	8.4	8.4	8.5	8.5	-0.2	0.1
NMS10	8.5	8.2	8.2	8.2	7.9	7.8	8.0	7.9	7.9	8.1	-0.8	-0.6
EU25 (arithmetic average)	7.6	7.4	7.3	7.3	7.2	7.2	7.2	7.2	7.1	7.3	-0.6	-0.4
EU15 (arithmetic average)	6.6	6.7	6.6	6.7	6.6	6.7	6.8	6.8	6.8	6.7	0.4	0.2
Euro12 (arithmetic average)	7.0	7.1	7.1	7.1	7.1	7.1	7.2	7.2	7.3	7.1	0.4	0.3
NMS10 (arithmetic average)	9.3	8.6	8.4	8.5	8.3	8.1	8.0	7.9	7.7	8.4	-1.9	-1.6
Ratio st.dev. and mean in %	46.8	43.3	42.7	41.5	40.6	40.2	39.5	39.8	38.7			-8.1
Difference max. and min.	12.8	11.7	11.5	11.3	11.8	11.0	11.2	11.1	11.0			-1.8

1) Estimated annual average growth rate in %. - 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services

Table A.3.1_T: Social contributions as % of Total Taxation: Employers

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	19.7	19.4	19.1	19.1	19.0	18.5	18.8	18.9	19.0	19.1	-0.5	-0.7
CZ	27.3	28.7	29.2	29.6	28.9	29.3	29.2	29.4	28.8	28.9	0.5	1.5
DK	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	1.0	0.1
DE	18.8	18.6	18.8	18.5	18.0	17.8	18.5	18.5	18.6	18.5	-0.3	-0.3
EE	34.6	33.9	32.4	33.3	35.3	35.3	34.7	33.9	33.5	34.1	0.1	-1.1
EL	14.6	15.2	15.1	14.6	13.9	14.1	14.8	16.1	16.3	15.0	0.9	1.7
ES	24.9	25.2	25.2	25.0	24.6	24.7	25.7	25.3	25.2	25.1	0.1	0.3
FR	26.4	25.6	25.5	25.2	25.0	25.0	25.1	25.6	25.9	25.5	-0.2	-0.6
IE	8.7	8.0	7.9	8.1	8.1	8.4	9.3	9.5	9.2	8.6	1.9	0.5
IT	21.0	24.0	23.7	20.2	19.9	20.1	20.2	20.6	20.8	21.2	-1.4	-0.2
CY	-	-	-	-	-	-	-	-	-	-	-	-
LV	35.1	32.2	25.0	24.3	25.2	25.0	23.8	24.2	22.5	26.4	-4.5	-12.6
LT	25.4	27.3	27.7	27.1	27.4	28.2	28.0	27.4	27.3	27.3	0.6	1.9
LU	12.3	12.1	11.6	11.8	11.4	11.4	12.2	12.5	12.5	12.0	0.4	0.3
HU	29.3	28.7	30.4	30.0	27.1	26.8	26.6	26.6	25.3	27.9	-2.0	-4.0
MT	11.1	12.0	11.9	11.4	10.4	10.0	10.3	9.3	9.1	10.6	-3.3	-2.0
NL	4.8	4.8	4.4	11.4	11.0	11.2	11.3	11.5	11.3	9.1	13.2	6.5
AT	17.7	17.1	16.7	16.4	16.4	16.4	15.5	15.7	15.9	16.4	-1.4	-1.8
PL	15.6	16.6	17.1	17.5	16.9	17.6	19.0	17.6	17.1	17.2	1.3	1.5
PT	18.8	18.7	19.3	19.4	19.0	19.2	19.7	20.0	20.4	19.4	0.9	1.6
SI	20.4	16.6	14.9	14.5	14.2	14.6	14.6	14.4	14.1	15.4	-3.2	-6.3
SK	29.6	26.4	27.2	29.7	29.0	29.7	30.3	29.9	28.8	28.9	0.8	-0.8
FI	21.6	20.5	19.7	19.9	20.2	18.5	20.1	20.0	20.1	20.1	-0.7	-1.5
SE	22.5	22.6	21.3	20.3	17.6	20.9	22.3	22.8	21.8	21.4	0.0	-0.7
UK	9.5	9.6	9.4	9.1	9.3	9.5	9.6	9.6	9.8	9.5	0.3	0.3
NO	13.9	13.4	13.5	14.6	14.3	12.5	12.9	13.7	13.9	13.6	-0.3	0.0
EU25	18.9	19.1	18.8	18.3	17.9	17.9	18.3	18.5	18.7	18.5	-0.4	-0.2
EU15	18.8	19.0	18.7	18.2	17.8	17.7	18.1	18.4	18.6	18.4	-0.4	-0.2
Euro12	19.6	19.9	19.9	19.5	19.2	19.1	19.5	19.7	19.9	19.6	-0.1	0.2
NMS10	21.8	21.8	22.2	22.4	21.5	22.0	22.6	22.3	21.9	22.0	0.2	0.1
EU25 (arithmetic average)	19.6	19.3	18.9	19.0	18.7	18.9	19.2	19.2	18.9	19.1	-0.3	-0.7
EU15 (arithmetic average)	16.1	16.1	15.9	16.0	15.6	15.8	16.2	16.5	16.5	16.0	0.3	0.4
Euro12 (arithmetic average)	17.4	17.4	17.2	17.5	17.2	17.1	17.6	17.8	17.9	17.4	0.3	0.5
NMS10 (arithmetic average)	25.4	24.7	24.0	24.2	23.8	24.0	24.0	23.6	23.0	24.2	-0.9	-2.4
Ratio st.dev. and mean in %	47.0	45.0	44.5	44.0	45.3	45.6	44.0	43.0	41.5			-5.5
Difference max. and min.	34.5	33.2	31.7	32.6	34.6	34.6	34.1	33.2	32.8			-1.7

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation

See explanatory notes in Annex C

Source: Commission Services

Table A.3.2_G: Social contributions as % of GDP: Employees

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	4.6	4.5	4.4	4.4	4.4	4.4	4.5	4.6	4.5	4.5	0.1	-0.1
CZ	3.7	3.6	3.7	3.6	3.6	3.6	3.6	3.7	3.7	3.6	0.0	0.0
DK	1.2	1.2	1.2	1.2	1.8	2.0	1.9	1.3	1.3	1.5	3.1	0.1
DE	6.9	7.0	7.2	7.1	6.9	6.9	6.8	6.7	6.8	6.9	-0.5	-0.1
EE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.3	0.1	-	0.3
EL	4.3	4.4	4.5	4.5	4.5	4.6	4.7	4.9	5.1	4.6	1.9	0.8
ES	1.9	2.0	1.9	2.0	1.9	2.0	2.0	2.0	2.0	2.0	0.5	0.1
FR	5.8	5.9	5.5	4.0	4.0	4.1	4.1	4.1	4.2	4.6	-5.0	-1.6
IE	1.9	1.8	1.5	1.4	1.5	1.6	1.5	1.5	1.6	1.6	-1.6	-0.3
IT	2.5	2.6	2.7	2.5	2.4	2.3	2.4	2.4	2.4	2.5	-1.1	-0.1
CY	-	-	-	-	-	-	-	-	-	-	-	-
LV	0.3	0.9	2.6	2.6	2.6	2.5	2.4	2.4	2.4	2.1	18.0	2.1
LT	0.2	0.2	0.3	0.3	0.3	0.8	0.8	0.8	0.7	0.5	18.4	0.5
LU	4.5	4.4	4.2	4.2	4.5	4.5	4.8	4.9	4.9	4.6	1.8	0.4
HU	2.3	2.1	2.2	2.1	2.2	2.0	2.1	2.3	2.2	2.2	0.0	-0.1
MT	2.5	2.4	2.7	2.4	2.6	2.9	3.2	3.1	3.1	2.8	3.4	0.6
NL	10.5	10.0	10.2	7.7	8.1	8.0	6.8	6.5	6.9	8.3	-6.3	-3.6
AT	6.3	6.2	6.2	6.1	6.1	6.0	6.0	6.0	6.0	6.1	-0.6	-0.3
PL	5.2	5.2	5.3	5.2	8.2	6.2	6.8	6.5	6.2	6.1	3.4	1.0
PT	3.3	3.1	3.2	3.2	3.3	3.4	3.6	3.6	3.7	3.4	1.9	0.4
SI	8.4	8.2	8.1	8.0	8.0	8.2	8.0	7.9	7.8	8.1	-0.6	-0.6
SK	1.7	3.2	3.0	3.2	3.1	3.2	3.3	3.2	2.9	3.0	3.7	1.2
FI	2.7	2.6	2.4	2.3	2.4	2.2	2.2	2.1	2.1	2.4	-2.8	-0.5
SE	1.6	2.1	2.5	2.9	2.9	2.9	2.9	2.9	2.9	2.6	6.0	1.3
UK	2.6	2.5	2.7	2.6	2.6	2.6	2.5	2.4	2.7	2.6	-0.2	0.1
NO	4.0	3.9	3.9	4.2	4.1	3.6	3.7	4.0	4.0	3.9	-0.4	-0.1
EU25	4.8	4.8	4.7	4.3	4.3	4.2	4.2	4.1	4.2	4.4	-2.3	-0.7
EU15	4.9	4.8	4.7	4.3	4.2	4.2	4.1	4.0	4.1	4.4	-2.5	-0.7
Euro12	5.4	5.4	5.3	4.8	4.7	4.7	4.6	4.5	4.6	4.9	-2.6	-0.9
NMS10	4.2	4.2	4.3	4.2	5.7	4.7	5.0	4.8	4.5	4.6	1.8	0.3
EU25 (arithmetic average)	3.5	3.6	3.7	3.5	3.7	3.6	3.6	3.6	3.6	3.6	0.1	0.1
EU15 (arithmetic average)	4.0	4.0	4.0	3.7	3.8	3.8	3.8	3.7	3.8	3.9	-0.9	-0.2
Euro12 (arithmetic average)	4.6	4.5	4.5	4.1	4.2	4.2	4.1	4.1	4.2	4.3	-1.4	-0.4
NMS10 (arithmetic average)	2.7	2.9	3.1	3.0	3.4	3.3	3.3	3.4	3.3	3.1	2.4	0.6
Ratio st.dev. and mean in %	54.0	52.0	52.0	50.1	54.0	51.0	50.1	50.0	49.1			-4.9
Difference max. and min.	10.5	10.0	10.2	8.0	8.2	8.2	8.0	7.6	7.5			-3.0

1) Estimated annual average growth rate in %. - 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services

Table A.3.2_T: Social contributions as % of Total Taxation: Employees

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	10.1	9.9	9.6	9.5	9.5	9.6	9.8	9.8	9.8	9.7	-0.1	-0.3
CZ	10.3	10.3	10.4	10.5	10.3	10.4	10.3	10.5	10.3	10.4	0.1	0.0
DK	2.5	2.5	2.4	2.4	3.5	3.9	3.8	2.7	2.7	3.0	3.2	0.2
DE	16.9	16.9	17.2	16.9	16.4	16.2	16.8	16.8	16.8	16.8	-0.2	-0.1
EE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.9	0.2	-	0.9
EL	13.2	13.3	13.2	12.3	12.1	11.9	12.7	13.1	14.2	12.9	0.2	1.0
ES	5.8	5.9	5.7	5.9	5.6	5.7	5.8	5.7	5.7	5.7	-0.3	-0.1
FR	13.3	13.3	12.3	8.9	8.9	9.0	9.1	9.4	9.6	10.4	-4.9	-3.8
IE	5.6	5.3	4.7	4.3	4.7	4.9	5.1	5.3	5.4	5.0	0.2	-0.2
IT	6.1	6.1	6.0	5.7	5.5	5.5	5.6	5.7	5.7	5.8	-1.1	-0.4
CY	-	-	-	-	-	-	-	-	-	-	-	-
LV	0.9	2.9	8.0	7.5	8.1	8.3	8.2	8.3	8.4	6.7	20.1	7.4
LT	0.8	0.9	0.9	0.9	0.9	2.7	2.7	2.6	2.6	1.7	18.6	1.8
LU	10.6	10.3	10.2	10.4	11.2	11.1	11.9	12.0	12.0	11.1	2.1	1.3
HU	5.6	5.2	5.6	5.3	5.5	5.1	5.4	5.8	5.7	5.5	0.6	0.1
MT	9.3	10.0	9.9	9.5	9.4	9.9	10.3	9.3	9.1	9.6	-0.3	-0.2
NL	25.8	24.5	25.2	19.1	19.4	19.2	17.0	16.4	17.5	20.5	-5.9	-8.3
AT	15.2	14.5	14.2	13.8	13.9	14.0	13.5	13.7	13.9	14.1	-1.0	-1.3
PL	13.2	13.7	14.1	14.2	22.2	17.8	19.1	18.3	17.2	16.6	4.7	4.0
PT	9.8	9.1	9.3	9.1	9.1	9.3	10.0	9.8	10.0	9.5	0.8	0.2
SI	20.6	20.7	21.1	20.6	20.3	20.9	20.6	20.1	19.5	20.5	-0.6	-1.1
SK	4.3	8.3	8.5	8.6	9.0	9.6	10.3	10.0	9.5	8.7	7.1	5.3
FI	5.8	5.5	5.2	5.0	5.1	4.7	4.9	4.7	4.8	5.1	-2.4	-1.0
SE	3.3	4.0	4.7	5.4	5.4	5.3	5.6	5.8	5.7	5.0	6.0	2.4
UK	7.3	7.2	7.5	7.2	7.0	6.8	6.8	6.8	7.5	7.1	-0.5	0.1
NO	9.5	9.1	9.1	9.8	9.5	8.4	8.5	9.1	9.2	9.1	-0.7	-0.3
EU25	12.0	11.7	11.4	10.3	10.3	10.1	10.2	10.1	10.3	10.7	-2.1	-1.7
EU15	12.0	11.7	11.4	10.3	10.1	10.0	10.0	10.0	10.2	10.6	-2.4	-1.8
Euro12	12.9	12.5	12.2	11.0	10.8	10.7	10.7	10.6	10.7	11.3	-2.5	-2.1
NMS10	10.8	11.3	11.6	11.6	15.6	13.5	14.3	13.5	12.6	12.7	2.8	1.8
EU25 (arithmetic average)	9.0	9.2	9.4	8.9	9.3	9.2	9.4	9.3	9.4	9.2	0.4	0.3
EU15 (arithmetic average)	10.1	9.9	9.8	9.1	9.2	9.1	9.2	9.2	9.4	9.4	-1.0	-0.7
Euro12 (arithmetic average)	11.5	11.2	11.1	10.1	10.1	10.1	10.2	10.2	10.4	10.6	-1.4	-1.1
NMS10 (arithmetic average)	7.2	8.0	8.7	8.6	9.5	9.4	9.7	9.5	9.3	8.8	3.0	2.0
Ratio st.dev. and mean in %	53.5	52.1	52.9	51.2	56.1	52.8	51.8	50.4	49.4			-4.0
Difference max. and min.	25.8	24.5	25.2	20.6	22.2	20.9	20.6	19.1	18.6			-7.2

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation

See explanatory notes in Annex C

Source: Commission Services

Table A.3.3_G: Social contributions as % of GDP: Self- and non-employed

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	1.3	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.3	-0.8	-0.1
CZ	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.9	0.9	0.8	2.5	0.1
DK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0
DE	2.7	3.0	3.1	3.0	2.9	2.7	2.7	2.8	2.9	2.9	-0.5	0.2
EE	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.1	0.0	0.0	-	0.0
EL	1.4	1.4	1.5	1.7	1.7	1.7	1.7	1.8	1.8	1.6	3.5	0.4
ES	1.8	1.7	1.8	1.7	1.8	1.8	1.7	1.7	1.7	1.7	-0.2	0.0
FR	1.4	1.5	1.4	1.0	1.0	1.0	1.1	1.1	1.1	1.2	-4.0	-0.3
IE	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	-1.7	0.0
IT	1.9	1.8	1.7	1.3	1.4	1.4	1.4	1.4	1.5	1.5	-3.1	-0.4
CY	0.4	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	-	-	-
LV	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.0	0.0
LT	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1	10.2	0.1
LU	1.5	1.4	1.4	1.3	1.3	1.2	1.2	1.2	1.3	1.3	-2.1	-0.2
HU	0.4	0.3	0.2	0.3	0.5	0.6	0.6	0.6	0.6	0.5	9.7	0.2
MT	0.6	0.6	0.7	0.6	0.7	0.8	0.7	0.7	0.7	0.7	1.8	0.1
NL	3.6	3.5	3.4	3.0	3.3	3.4	3.0	2.8	3.1	3.2	-2.3	-0.4
AT	1.3	1.3	1.4	1.6	1.6	1.6	1.7	1.7	1.7	1.5	3.7	0.5
PL	0.4	0.5	0.4	0.4	0.8	1.6	1.8	2.0	1.8	1.1	24.8	1.5
PT	0.5	0.6	0.6	0.5	0.5	0.5	0.4	0.4	0.5	0.5	-2.4	0.0
SI	0.8	0.9	1.0	1.2	1.0	1.0	1.4	1.3	1.4	1.1	6.2	0.6
SK	0.6	0.8	0.8	0.7	0.7	0.7	0.7	0.6	0.6	0.7	-2.0	0.0
FI	1.6	1.4	1.3	1.1	1.0	1.0	0.9	0.9	0.8	1.1	-7.9	-0.8
SE	0.3	0.3	0.3	0.2	0.2	0.3	0.3	0.3	0.3	0.3	1.9	0.0
UK	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.2	0.7	0.0
NO	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-	0.0
EU25	1.7	1.7	1.7	1.5	1.5	1.5	1.4	1.5	1.5	1.5	-2.1	-0.2
EU15	1.7	1.8	1.7	1.5	1.5	1.5	1.4	1.5	1.5	1.6	-2.4	-0.2
Euro12	2.0	2.1	2.1	1.9	1.9	1.9	1.8	1.9	1.9	1.9	-1.9	-0.2
NMS10	0.5	0.5	0.5	0.5	0.7	1.1	1.2	1.3	1.2	0.8	15.1	0.7
EU25 (arithmetic average)	1.0	1.0	1.0	0.9	1.0	1.0	1.0	1.0	1.0	1.0	0.7	0.1
EU15 (arithmetic average)	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	-1.2	-0.1
Euro12 (arithmetic average)	1.6	1.6	1.6	1.5	1.5	1.5	1.4	1.4	1.5	1.5	-1.2	-0.1
NMS10 (arithmetic average)	0.4	0.4	0.4	0.4	0.5	0.6	0.7	0.7	0.7	0.5	8.0	0.3
Ratio st.dev. and mean in %	54.4	52.7	54.3	56.9	58.1	59.1	56.3	56.2	57.3			2.9
Difference max. and min.	3.6	3.5	3.4	3.0	3.3	3.4	3.0	2.8	3.1			-0.4

1) Estimated annual average growth rate in %. - 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services

Table A.3.3_T: Social contributions as % of Total Taxation: Self- and non-employed

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	2.9	2.9	2.8	2.7	2.7	2.6	2.6	2.7	2.7	2.7	-1.1	-0.2
CZ	2.0	2.0	2.0	2.0	2.0	2.2	2.2	2.4	2.4	2.1	2.5	0.3
DK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
DE	6.6	7.3	7.5	7.2	6.8	6.4	6.6	7.1	7.1	6.9	-0.2	0.6
EE	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.4	0.0	0.1	-	0.0
EL	4.3	4.2	4.3	4.7	4.5	4.3	4.6	4.8	5.1	4.5	1.8	0.8
ES	5.3	5.1	5.2	5.1	5.3	5.1	4.9	4.9	4.9	5.1	-1.0	-0.4
FR	3.2	3.3	3.2	2.3	2.3	2.3	2.5	2.5	2.5	2.7	-3.9	-0.7
IE	0.6	0.6	0.7	0.7	0.7	0.6	0.5	0.7	0.7	0.6	0.1	0.1
IT	4.5	4.2	3.8	2.9	3.2	3.4	3.2	3.4	3.4	3.6	-3.2	-1.1
CY	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
LV	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	6.0	0.1
LT	0.2	0.2	0.3	0.2	0.4	0.4	0.6	0.4	0.4	0.3	10.3	0.2
LU	3.6	3.4	3.3	3.1	3.3	3.0	3.1	3.0	3.2	3.2	-1.7	-0.4
HU	1.0	0.8	0.6	0.8	1.3	1.4	1.6	1.5	1.5	1.2	10.3	0.5
MT	2.2	2.6	2.7	2.4	2.4	2.7	2.3	2.1	2.0	2.4	-1.9	-0.2
NL	8.8	8.6	8.5	7.4	8.0	8.2	7.4	7.2	8.0	8.0	-1.9	-0.9
AT	3.0	3.1	3.2	3.7	3.7	3.7	3.7	3.8	4.0	3.6	3.3	0.9
PL	0.9	1.3	1.1	1.2	2.2	4.4	5.0	5.6	5.1	3.0	26.1	4.2
PT	1.4	1.6	1.7	1.5	1.4	1.3	1.2	1.2	1.2	1.4	-3.5	-0.2
SI	2.0	2.3	2.7	3.0	2.6	2.6	3.5	3.4	3.5	2.8	6.2	1.5
SK	1.5	2.0	2.2	1.8	1.9	2.1	2.1	2.0	1.9	1.9	1.4	0.3
FI	3.4	2.9	2.7	2.3	2.2	2.0	2.0	1.9	1.8	2.4	-7.6	-1.6
SE	0.6	0.6	0.5	0.5	0.4	0.5	0.5	0.7	0.6	0.5	1.9	0.1
UK	0.6	0.7	0.6	0.6	0.5	0.6	0.6	0.6	0.7	0.6	0.3	0.1
NO	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EU25	4.1	4.2	4.1	3.6	3.6	3.5	3.5	3.7	3.7	3.8	-1.9	-0.4
EU15	4.2	4.3	4.1	3.7	3.6	3.5	3.5	3.7	3.8	3.8	-2.2	-0.5
Euro12	4.9	5.0	4.9	4.4	4.4	4.3	4.2	4.4	4.5	4.6	-1.8	-0.4
NMS10	1.2	1.4	1.3	1.4	1.9	3.1	3.5	3.6	3.3	2.3	16.1	2.1
EU25 (arithmetic average)	2.4	2.4	2.4	2.3	2.3	2.4	2.5	2.5	2.5	2.4	0.9	0.2
EU15 (arithmetic average)	3.3	3.2	3.2	3.0	3.0	2.9	2.9	3.0	3.1	3.1	-1.2	-0.2
Euro12 (arithmetic average)	4.0	3.9	3.9	3.6	3.7	3.6	3.5	3.6	3.7	3.7	-1.3	-0.3
NMS10 (arithmetic average)	1.1	1.3	1.3	1.3	1.4	1.8	2.0	2.0	1.9	1.5	7.9	0.8
Ratio st.dev. and mean in %	54.7	53.0	55.0	58.0	58.6	60.1	57.7	57.3	58.7			4.0
Difference max. and min.	8.8	8.6	8.5	7.4	8.0	8.2	7.4	7.2	8.0			-0.9

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation

See explanatory notes in Annex C

Source: Commission Services

Table B.1_G: Taxes by level of government as % of GDP: Central Government

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	14.6	15.1	16.1	16.7	16.1	16.8	16.0	15.4	14.0	15.7	-0.2	-0.6
CZ	27.8	26.9	27.0	25.8	26.4	26.2	26.7	26.7	27.3	26.7	-0.2	-0.5
DK	32.1	32.6	32.4	32.4	33.0	30.9	30.7	30.2	30.0	31.6	-1.1	-2.0
DE	11.3	11.0	10.9	11.1	11.8	12.1	11.4	11.4	11.4	11.4	0.5	0.1
EE	19.5	19.3	19.0	18.1	17.2	16.4	22.8	23.5	24.1	20.0	2.9	4.6
EL	21.2	21.2	22.6	24.4	25.2	26.2	24.4	24.1	22.9	23.6	1.5	1.6
ES	16.3	16.5	16.0	16.0	16.4	16.7	16.5	13.3	12.8	15.6	-2.5	-3.5
FR	18.5	19.3	19.5	19.4	19.8	19.1	18.8	18.0	18.2	19.0	-0.6	-0.3
IE	27.2	27.9	27.6	27.0	27.2	27.1	25.2	24.2	25.1	26.5	-1.5	-2.1
IT	24.6	24.0	25.8	24.5	25.0	23.7	23.3	22.7	22.9	24.1	-1.2	-1.8
CY	19.9	19.6	18.6	20.7	21.3	23.4	24.1	24.3	25.8	22.0	3.9	5.9
LV	15.3	13.9	16.5	17.9	16.5	15.0	14.7	14.4	14.8	15.4	-0.7	-0.5
LT	13.0	12.5	15.3	14.8	14.1	12.7	12.2	15.2	15.4	13.9	1.1	2.4
LU	27.6	28.1	28.0	27.1	27.4	27.6	27.2	27.4	27.4	27.5	-0.3	-0.2
HU	27.0	26.7	24.5	22.7	23.2	23.6	23.1	22.7	22.3	24.0	-2.2	-4.7
MT	26.9	24.1	27.5	25.7	27.7	28.8	31.1	33.2	33.6	28.7	3.7	6.7
NL	22.1	22.9	22.7	22.6	23.3	23.1	23.4	23.5	22.7	22.9	0.5	0.6
AT	20.1	21.1	22.2	22.5	22.4	22.0	23.8	23.4	23.1	22.3	1.6	3.0
PL	24.8	23.6	22.5	21.3	19.0	18.6	17.9	17.8	18.8	20.5	-4.2	-6.0
PT	20.5	21.3	21.2	21.4	22.2	22.4	21.7	22.2	22.4	21.7	1.0	1.9
SI	21.1	21.4	21.2	21.8	22.2	21.5	21.3	21.8	22.3	21.5	0.4	1.2
SK	25.6	24.4	18.9	21.8	20.6	19.2	17.7	18.0	17.2	20.8	-4.6	-8.5
FI	22.0	23.2	23.9	24.1	24.3	26.0	24.0	24.5	24.0	24.0	1.0	1.9
SE	29.9	31.0	31.7	32.4	33.4	32.4	29.6	27.8	28.1	31.0	-1.2	-1.8
UK	33.1	32.8	33.5	34.5	34.8	35.4	35.1	33.7	33.6	34.1	0.4	0.5
NO	24.5	25.5	25.4	25.2	25.5	27.7	27.1	28.2	27.1	26.1	1.5	2.5
EU25	20.1	20.4	21.2	21.4	21.9	22.0	21.5	20.8	20.6	21.1	0.5	0.9
EU15	19.9	20.3	21.2	21.3	21.9	22.1	21.6	20.8	20.6	21.1	0.5	0.7
Euro12	17.1	17.5	18.0	17.9	18.4	18.3	17.9	17.3	17.2	17.7	0.0	0.1
NMS10	24.9	23.9	22.8	22.1	21.0	20.6	20.3	20.6	21.2	22.1	-1.8	-1.9
EU25 (arithmetic average)	22.5	22.4	22.6	22.7	22.8	22.7	22.5	22.4	22.4	22.5	0.0	-0.1
EU15 (arithmetic average)	22.7	23.2	23.6	23.7	24.2	24.1	23.4	22.8	22.6	23.5	-0.1	-0.2
Euro12 (arithmetic average)	20.5	21.0	21.4	21.4	21.8	21.9	21.3	20.9	20.6	21.3	0.0	0.1
NMS10 (arithmetic average)	22.1	21.2	21.1	21.1	20.8	20.5	21.2	21.8	22.5	21.2	0.2	0.4
Ratio st.dev. and mean in %	28.9	28.6	26.9	25.9	26.9	27.3	27.5	28.1	28.9			0.1
Difference max. and min.	21.7	21.7	22.6	23.4	23.0	23.3	23.7	22.2	22.2			0.5

1) Estimated annual average growth rate in %. - 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services

Table B.1_T: Taxes by level of government as % of Total Taxation: Central Government

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	32.5	33.2	35.1	35.9	35.1	36.6	34.6	33.2	30.6	34.1	-0.4	-1.8
CZ	76.7	76.6	76.2	76.1	76.0	76.0	77.2	75.4	75.3	76.2	-0.2	-1.4
DK	65.4	65.6	65.4	64.9	64.3	62.4	61.7	61.9	61.5	63.7	-1.0	-3.9
DE	27.8	26.5	26.3	26.7	27.9	28.3	28.0	28.4	28.3	27.6	0.8	0.6
EE	51.5	54.2	52.8	52.0	50.0	50.8	72.3	72.6	72.1	58.7	4.7	20.6
EL	65.1	64.4	65.8	67.0	67.7	67.6	65.8	64.4	63.2	65.7	-0.2	-1.9
ES	48.8	48.9	47.2	47.4	47.7	47.8	47.3	37.7	36.0	45.4	-3.3	-12.8
FR	42.3	43.1	43.3	43.2	43.6	42.6	42.1	41.2	41.5	42.6	-0.5	-0.8
IE	81.3	83.0	84.1	84.2	84.7	84.7	83.5	83.9	84.2	83.7	0.3	2.9
IT	59.8	56.2	57.6	56.6	57.8	55.5	54.9	53.9	53.3	56.2	-1.2	-6.5
CY	74.0	73.2	71.3	73.4	74.7	76.7	76.6	77.2	77.5	75.0	0.9	3.5
LV	45.6	44.3	50.6	52.0	51.0	49.8	50.7	50.2	51.3	49.5	1.3	5.6
LT	45.3	44.5	51.2	45.9	43.5	42.0	42.5	53.4	54.0	46.9	1.3	8.6
LU	65.2	66.3	67.5	67.4	67.7	68.1	66.8	66.4	66.4	66.9	0.1	1.1
HU	64.8	65.7	62.9	58.2	59.2	59.5	58.8	58.5	56.9	60.5	-1.6	-7.9
MT	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	0.0	0.0
NL	54.4	56.1	55.8	56.0	55.8	55.8	58.6	59.7	57.8	56.7	0.9	3.4
AT	48.7	49.6	50.6	51.1	51.3	51.5	53.2	53.7	53.8	51.5	1.2	5.1
PL	63.0	61.9	59.8	58.2	51.1	52.9	50.4	50.1	52.4	55.5	-3.0	-10.6
PT	61.0	61.9	61.2	61.4	61.7	61.5	60.9	60.9	60.4	61.2	-0.2	-0.6
SI	51.8	54.3	55.1	55.9	56.2	55.1	54.5	55.2	55.7	54.9	0.5	3.9
SK	63.3	62.7	52.7	58.9	59.5	57.9	55.2	55.5	56.1	58.0	-1.3	
FI	47.8	49.1	51.5	52.0	51.9	54.2	52.2	53.6	53.5	51.8	1.3	5.7
SE	60.4	59.7	60.4	60.9	62.1	60.1	57.1	55.4	55.3	59.0	-1.2	-5.0
UK	93.4	93.7	94.2	94.2	94.4	94.3	94.3	94.3	94.1	94.1	0.1	0.6
NO	57.9	59.7	59.7	59.4	59.7	64.5	62.6	64.7	62.6	61.2	1.2	4.7
EU25	49.6	49.6	51.3	51.8	52.5	52.9	52.7	51.8	51.1	51.5	0.5	1.5
EU15	49.1	49.1	50.9	51.4	52.3	52.7	52.5	51.5	50.7	51.1	0.6	1.7
Euro12	40.6	40.5	41.2	41.2	42.1	41.8	41.8	40.9	40.7	41.2	0.1	0.2
NMS10	64.7	64.4	62.2	61.0	57.7	58.5	57.4	58.0	59.2	60.3	-1.5	-5.5
EU25 (arithmetic average)	59.6	59.8	59.9	60.0	59.8	59.7	60.0	59.9	59.6	59.8	0.0	0.0
EU15 (arithmetic average)	56.9	57.2	57.7	57.9	58.2	58.1	57.4	56.6	56.0	57.5	-0.2	-0.9
Euro12 (arithmetic average)	52.9	53.2	53.8	54.1	54.4	54.5	54.0	53.1	52.4	53.7	0.0	-0.5
NMS10 (arithmetic average)	63.6	63.7	63.2	63.1	62.1	62.1	63.8	64.8	65.1	63.3	0.2	1.5
Ratio st.dev. and mean in %	34.1	34.2	32.2	32.0	32.0	31.8	32.3	33.2	34.0			-0.2
Difference max. and min.	72.2	73.5	73.7	73.3	72.1	71.7	72.0	71.6	71.7			-0.6

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation

See explanatory notes in Annex C

Source: Commission Services

Table B.2_G: Taxes by level of government as % of GDP: State Government

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	10.2	10.4	10.6	10.8	10.9	10.5	11.2	10.6	10.9	10.7	0.6	0.7
CZ	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
DK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
DE	8.7	9.3	9.1	9.2	9.5	9.7	8.9	8.7	8.5	9.1	-0.4	-0.1
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.
EL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
ES	1.6	1.6	2.4	2.6	2.7	2.7	2.7	6.6	7.3	3.4	17.8	5.7
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.
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.
IT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
CY	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
LV	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
LT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
LU	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
HU	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
MT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
NL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
AT	3.2	3.4	3.4	3.4	3.3	3.3	3.3	3.2	3.0	3.3	-0.8	-0.2
PL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
PT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
SI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
SK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
FI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
SE	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
UK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
NO	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EU25	7.3	7.6	7.6	7.7	7.9	7.9	7.4	8.0	8.1	7.7	1.0	0.8
EU15	7.3	7.6	7.6	7.7	7.9	7.9	7.4	8.0	8.1	7.7	1.0	0.8
Euro12	7.3	7.6	7.6	7.7	7.9	7.9	7.4	8.0	8.1	7.7	1.0	0.8
NMS10	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EU25 (arithmetic average)	5.9	6.1	6.4	6.5	6.6	6.5	6.5	7.3	7.4	6.6	2.4	1.5
EU15 (arithmetic average)	5.9	6.1	6.4	6.5	6.6	6.5	6.5	7.3	7.4	6.5	2.4	1.5
Euro12 (arithmetic average)	5.9	6.1	6.4	6.5	6.6	6.5	6.5	7.3	7.4	6.5	2.4	1.5
NMS10 (arithmetic average)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Ratio st.dev. and mean in %	57.5	57.1	53.5	53.0	52.8	51.7	56.1	39.9	40.8			-16.7
Difference max. and min.	8.6	8.8	8.2	8.2	8.2	7.7	8.5	7.5	7.8			-0.8

1) Estimated annual average growth rate in %. - 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services

Table B.2_T: Taxes by level of government as % of Total Taxation: State Government

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	22.6	22.9	23.2	23.2	23.6	22.8	24.2	22.9	23.8	23.3	0.4	1.1
CZ	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.			
DE	21.2	22.2	21.8	22.1	22.5	22.7	21.9	21.6	21.2	21.9	-0.1	0.0
EE	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.			
ES	4.7	4.6	7.2	7.7	7.9	7.8	7.7	18.5	20.5	9.6	17.0	15.8
FR	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.			
IT	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.			
LV	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.			
LU	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.			
MT	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.			
AT	7.8	7.9	7.7	7.8	7.7	7.6	7.4	7.3	7.0	7.6	-1.2	-0.7
PL	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.			
SI	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.			
FI	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.			
UK	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.			
EU25	7.1	7.1	6.7	6.7	6.8	6.6	6.3	6.8	6.9	6.8	6.7	6.7
EU15	7.4	7.3	6.9	7.0	7.0	6.8	6.5	7.1	7.2	7.0	7.0	7.0
Euro12	8.9	8.9	8.7	8.8	8.9	8.8	8.4	9.1	9.1	8.8	8.9	8.9
NMS10	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.			
EU25 (arithmetic average)	14.1	14.4	15.0	15.2	15.4	15.2	15.3	17.6	18.1	15.6	2.7	4.0
EU15 (arithmetic average)	14.1	14.4	15.0	15.2	15.4	15.2	15.3	17.6	18.1	15.3	2.7	4.0
Euro12 (arithmetic average)	14.1	14.4	15.0	15.2	15.4	15.2	15.3	17.6	18.1	15.3	2.7	4.0
NMS10 (arithmetic average)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.			
Ratio st.dev. and mean in %	128.5	134.7	130.4	128.3	130.7	131.6	143.5	104.3	108.7			-19.9
Difference max. and min.	17.9	18.3	16.0	15.5	16.0	15.2	16.8	15.7	16.8			-1.2

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation

See explanatory notes in Annex C

Source: Commission Services

Table B.3_G: Taxes by level of government as % of GDP: Local Government

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	2.1	2.2	2.3	2.2	2.2	1.9	2.1	2.2	2.3	2.2	0.3	0.2
CZ	4.4	4.1	4.3	4.1	4.3	4.1	3.9	4.4	4.6	4.2	0.4	0.2
DK	15.5	15.5	15.6	15.9	16.1	16.2	16.8	16.9	16.9	16.2	1.3	1.5
DE	2.6	2.7	2.7	2.9	3.0	3.0	2.8	2.7	2.6	2.8	0.1	0.0
EE	5.3	4.3	5.3	5.2	5.1	4.5	4.3	4.2	4.3	4.7	-2.4	-1.0
EL	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.0
ES	2.9	2.9	3.0	3.2	3.2	3.2	3.1	3.1	3.0	3.1	0.7	0.1
FR	4.6	4.8	4.7	4.7	4.7	4.3	4.2	4.2	4.2	4.5	-1.9	-0.4
IE	0.9	0.8	0.8	0.7	0.7	0.6	0.6	0.7	0.7	0.7	-3.8	-0.2
IT	3.2	3.5	3.5	5.8	5.4	6.2	6.4	6.6	6.9	5.3	10.3	3.7
CY	0.4	0.2	0.5	0.5	0.5	0.4	0.5	0.4	0.4	0.4	3.5	0.0
LV	6.1	6.4	5.3	5.5	5.1	5.1	5.0	4.9	5.1	5.4	-2.9	-1.0
LT	5.9	5.6	3.5	6.0	6.6	6.1	5.8	2.8	2.7	5.0	-7.1	-3.2
LU	2.7	2.8	2.5	2.5	2.3	2.3	2.3	2.5	2.4	2.5	-1.6	-0.3
HU	2.7	3.0	3.2	3.5	3.8	3.9	4.1	4.1	4.4	3.6	5.7	1.6
MT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
NL	1.3	1.4	1.4	1.4	1.4	1.4	1.4	1.5	1.5	1.4	1.3	0.2
AT	5.0	5.2	5.2	5.2	5.1	5.0	5.1	4.8	4.7	5.0	-0.9	-0.3
PL	3.8	3.6	4.1	4.3	4.0	3.6	3.5	3.6	3.8	3.8	-	-
PT	1.7	1.8	1.8	1.9	2.2	2.2	2.1	2.2	2.2	2.0	3.1	0.4
SI	2.6	2.6	2.6	2.6	2.8	2.8	2.9	2.9	3.1	2.7	2.2	0.5
SK	1.6	1.6	5.6	1.6	1.6	1.4	1.5	1.5	1.6	2.1	-4.8	0.0
FI	10.2	10.8	10.1	10.1	10.2	10.4	10.2	9.8	9.4	10.2	-0.9	-0.8
SE	14.5	15.7	15.5	15.5	15.5	15.3	15.8	16.1	16.5	15.5	1.0	2.0
UK	1.3	1.3	1.3	1.4	1.4	1.5	1.5	1.6	1.7	1.4	3.3	0.4
NO	8.2	7.9	7.8	7.2	7.4	6.5	7.1	5.7	6.4	7.2	-3.9	-1.9
EU25	3.5	3.7	3.7	4.0	4.0	4.0	3.9	4.0	4.0	3.9	1.4	0.5
EU15	3.5	3.7	3.7	4.0	4.0	4.0	4.0	4.0	4.1	3.9	1.5	0.5
Euro12	3.2	3.4	3.4	3.8	3.8	3.8	3.8	3.8	3.8	3.6	2.0	0.6
NMS10	3.5	3.4	3.9	3.9	3.8	3.6	3.5	3.6	3.7	3.7	0.2	0.2
EU25 (arithmetic average)	4.2	4.3	4.4	4.5	4.5	4.4	4.4	4.3	4.4	4.4	0.3	0.2
EU15 (arithmetic average)	4.6	4.8	4.7	4.9	4.9	4.9	5.0	5.0	5.0	4.9	1.0	0.4
Euro12 (arithmetic average)	3.1	3.3	3.2	3.4	3.4	3.4	3.4	3.4	3.4	3.3	0.8	0.2
NMS10 (arithmetic average)	3.6	3.5	3.8	3.7	3.7	3.6	3.5	3.2	3.3	3.6	-1.5	-0.4
Ratio st.dev. and mean in %	112.6	112.1	109.9	102.8	104.4	104.2	108.4	108.3	106.9			-5.7
Difference max. and min.	15.2	15.5	15.3	15.6	15.8	15.9	16.5	16.6	16.6			1.4

1) Estimated annual average growth rate in %. - 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services

Table B.3_T: Taxes by level of government as % of Total Taxation: Local Government

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	4.7	4.8	5.0	4.7	4.8	4.2	4.7	4.8	5.0	4.7	0.1	0.4
CZ	12.1	11.7	12.1	12.0	12.4	12.0	11.2	12.5	12.7	12.1	0.4	0.6
DK	31.5	31.3	31.4	31.9	31.4	32.8	33.8	34.6	34.6	32.6	1.4	3.1
DE	6.4	6.5	6.6	7.0	7.0	7.0	6.8	6.7	6.5	6.7	0.4	0.1
EE	14.0	12.0	14.8	14.8	14.7	13.9	13.5	12.9	13.0	13.7	-0.5	-1.0
EL	0.9	1.0	1.0	0.9	0.8	0.8	0.9	0.9	0.9	0.9	-1.5	0.0
ES	8.7	8.5	8.9	9.4	9.4	9.1	8.9	8.7	8.4	8.9	-0.2	-0.2
FR	10.5	10.7	10.4	10.5	10.3	9.6	9.4	9.5	9.5	10.0	-1.8	-1.0
IE	2.6	2.5	2.4	2.2	2.1	2.0	2.1	2.3	2.3	2.3	-2.0	-0.3
IT	7.8	8.2	7.9	13.3	12.5	14.4	14.9	15.6	16.0	12.3	10.3	8.2
CY	1.6	0.8	1.7	1.8	1.6	1.4	1.5	1.3	1.3	1.5	0.5	-0.2
LV	18.3	20.5	16.2	16.1	15.7	16.9	17.2	17.2	17.8	17.3	-0.8	-0.5
LT	20.6	19.8	11.9	18.8	20.3	20.3	20.1	9.8	9.4	16.8	-6.9	-11.3
LU	6.4	6.6	6.1	6.2	5.7	5.7	5.7	6.1	5.9	6.0	-1.2	-0.4
HU	6.6	7.3	8.2	9.0	9.6	9.7	10.4	10.6	11.2	9.2	6.3	4.6
MT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
NL	3.2	3.4	3.5	3.5	3.4	3.4	3.5	3.7	3.9	3.5	1.7	0.7
AT	12.0	12.2	11.9	11.8	11.7	11.7	11.5	11.1	10.8	11.6	-1.3	-1.2
PL	9.6	9.3	10.8	11.7	10.7	10.2	9.8	10.2	10.5	10.3	-	-
PT	5.2	5.2	5.2	5.6	6.0	6.0	5.8	6.0	5.8	5.7	2.0	0.6
SI	6.4	6.7	6.8	6.6	7.1	7.3	7.4	7.5	7.6	7.0	2.3	1.3
SK	3.9	4.1	15.7	4.4	4.5	4.3	4.8	4.8	5.1	5.7	-1.5	1.2
FI	22.3	22.8	21.7	21.8	21.7	21.6	22.2	21.5	21.1	21.9	-0.6	-1.2
SE	29.3	30.2	29.5	29.2	28.8	28.4	30.6	32.1	32.5	30.1	1.1	3.2
UK	3.7	3.8	3.8	3.8	3.9	3.9	4.1	4.5	4.7	4.0	3.0	1.1
NO	19.5	18.5	18.3	16.9	17.3	15.1	16.4	13.0	14.8	16.6	-4.2	-4.7
EU25	8.8	9.0	8.9	9.7	9.5	9.6	9.7	9.8	10.0	9.4	1.6	1.3
EU15	8.7	9.0	8.8	9.7	9.5	9.6	9.6	9.8	10.0	9.4	1.6	1.2
Euro12	7.7	7.9	7.8	9.0	8.7	8.9	8.9	9.0	9.0	8.5	2.1	1.3
NMS10	9.1	9.1	10.7	10.7	10.4	10.2	10.0	10.2	10.5	10.1	1.1	1.4
EU25 (arithmetic average)	10.3	10.4	10.6	10.7	10.7	10.7	10.9	10.6	10.7	10.6	0.4	0.4
EU15 (arithmetic average)	10.3	10.5	10.4	10.8	10.6	10.7	11.0	11.2	11.2	10.7	1.0	0.9
Euro12 (arithmetic average)	7.5	7.7	7.6	8.1	8.0	8.0	8.0	8.1	8.0	7.9	0.8	0.5
NMS10 (arithmetic average)	10.3	10.2	10.9	10.6	10.7	10.7	10.6	9.6	9.8	10.5	-0.7	-0.5
Ratio st.dev. and mean in %	96.2	94.7	89.8	84.3	85.7	86.9	89.5	87.6	86.6			-9.6
Difference max. and min.	30.6	30.5	30.5	31.0	30.6	31.9	32.9	33.7	33.8			3.1

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation

See explanatory notes in Annex C

Source: Commission Services

Table B.4_G: Taxes by level of government as % of GDP: Social security funds

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	14.9	15.2	16.0	16.1	15.9	15.7	15.9	16.2	15.5	15.7	0.5	0.6
CZ	4.1	4.2	4.2	4.1	4.1	4.2	4.1	4.3	4.4	4.2	0.6	0.3
DK	1.5	1.6	1.6	1.6	2.1	2.3	2.2	1.7	1.7	1.8	2.7	0.1
DE	17.7	18.3	18.5	18.2	17.9	17.6	17.5	17.4	17.4	17.8	-0.6	-0.4
EE	13.1	12.0	11.7	11.6	12.2	11.4	4.5	4.7	5.0	9.6	-14.4	-8.1
EL	10.3	10.6	10.7	11.0	11.1	11.6	11.8	12.6	12.7	11.4	2.7	2.4
ES	11.9	12.1	12.1	12.0	12.1	12.3	12.6	12.6	12.7	12.3	0.8	0.8
FR	20.1	20.3	20.3	20.4	20.6	21.1	21.4	21.3	21.4	20.8	0.9	1.4
IE	4.2	3.9	3.7	3.5	3.5	3.6	3.7	3.7	3.7	3.7	-1.0	-0.5
IT	12.7	14.6	14.9	12.5	12.4	12.4	12.3	12.5	12.9	13.0	-1.4	0.2
CY	6.6	7.0	7.0	7.0	6.7	6.7	6.9	6.8	7.1	6.9	0.2	0.5
LV	12.1	11.0	10.8	11.0	10.8	10.0	9.3	9.4	9.0	10.4	-3.5	-3.2
LT	9.7	10.0	11.0	11.4	11.7	11.7	11.1	10.7	10.5	10.9	0.9	0.8
LU	11.0	10.7	10.2	10.0	10.2	10.0	10.8	11.0	11.1	10.6	0.4	0.1
HU	13.8	12.8	12.9	12.8	12.2	12.1	12.1	12.6	12.5	12.6	-1.0	-1.3
MT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
NL	16.0	15.5	15.5	15.3	16.0	16.0	14.3	13.9	14.5	15.2	-1.4	-1.6
AT	12.1	12.0	12.2	12.1	12.1	11.8	11.8	11.7	11.8	11.9	-0.5	-0.3
PL	11.7	12.0	12.1	12.0	15.3	14.0	15.3	14.7	14.1	13.5	-	-
PT	10.4	10.6	10.9	10.9	11.0	11.2	11.4	11.7	12.2	11.2	1.8	1.8
SI	17.1	15.5	14.7	14.7	14.5	14.7	14.9	14.7	14.7	15.1	-1.2	-2.4
SK	-	13.9	13.2	14.2	13.5	13.4	13.4	13.2	12.0	13.5	-	-
FI	13.1	12.7	11.9	11.6	11.9	11.1	11.4	11.1	11.0	11.9	-2.0	-2.1
SE	4.5	4.7	4.7	4.7	4.5	5.8	6.0	5.9	5.9	5.1	4.1	1.3
UK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
NO	9.9	9.6	9.6	10.3	10.2	9.0	9.3	9.9	10.0	9.7	-0.2	0.1
EU25	13.3	13.5	13.2	12.7	12.7	12.5	12.5	12.4	12.6	12.8	-1.0	-0.7
EU15	13.4	13.7	13.3	12.8	12.7	12.5	12.5	12.4	12.6	12.9	-1.1	-0.7
Euro12	16.1	16.6	16.7	16.1	16.0	16.0	15.9	15.9	15.9	16.1	-0.5	-0.2
NMS10	10.7	10.8	10.9	10.9	12.3	11.7	12.2	11.9	11.3	11.2	0.1	-1.4
EU25 (arithmetic average)	11.3	11.4	11.3	11.2	11.4	11.3	11.1	11.1	11.0	11.2	-0.4	-0.3
EU15 (arithmetic average)	11.4	11.6	11.6	11.4	11.5	11.6	11.6	11.7	11.7	11.6	0.3	0.3
Euro12 (arithmetic average)	12.9	13.0	13.1	12.8	12.9	12.9	12.9	13.0	13.1	12.9	0.0	0.2
NMS10 (arithmetic average)	11.0	10.9	10.8	11.0	11.2	10.9	10.2	10.1	9.9	10.8	-1.3	-1.1
Ratio st.dev. and mean in %	35.8	34.1	35.1	36.3	36.7	36.3	38.1	38.3	37.9			2.1
Difference max. and min.	18.6	18.7	18.8	18.8	18.5	18.8	19.2	19.7	19.8			1.2

1) Estimated annual average growth rate in %. - 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services

Table B.4_T: Taxes by level of government as % of Total Taxation: Social security funds

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	33.0	33.6	34.9	34.7	34.5	34.2	34.5	34.8	33.9	34.2	0.3	0.9
CZ	11.3	11.8	11.9	12.0	11.8	12.2	11.7	12.2	12.1	11.9	0.6	0.8
DK	3.1	3.1	3.1	3.1	4.2	4.6	4.4	3.4	3.4	3.6	2.8	0.3
DE	43.4	44.0	44.6	43.6	42.2	41.4	42.9	43.3	43.0	43.2	-0.4	-0.4
EE	34.6	33.9	32.4	33.3	35.3	35.2	14.1	14.5	14.9	27.6	-12.5	-19.6
EL	31.4	32.2	31.2	30.2	29.9	30.0	31.8	33.7	35.1	31.7	1.0	3.7
ES	35.6	35.9	35.6	35.6	35.1	35.2	36.0	35.5	35.7	35.6	0.0	0.1
FR	46.0	45.3	45.3	45.6	45.4	47.0	47.9	48.8	48.9	46.7	1.0	2.9
IE	12.6	11.7	11.2	10.9	11.0	11.2	12.2	12.9	12.5	11.8	0.8	-0.1
IT	30.8	34.2	33.4	28.8	28.6	28.9	28.9	29.7	29.9	30.4	-1.4	-0.8
CY	24.4	26.0	27.0	24.8	23.7	21.8	21.9	21.5	21.2	23.6	-2.8	-3.2
LV	36.1	35.2	33.2	31.9	33.3	33.4	32.1	32.6	31.0	33.2	-1.4	-5.1
LT	34.0	35.7	36.9	35.4	36.1	38.7	38.5	37.4	37.0	36.6	1.1	3.0
LU	26.1	25.3	24.5	24.8	25.2	24.8	26.5	26.8	27.0	25.7	0.8	0.9
HU	33.1	31.5	33.0	32.8	31.2	30.7	30.8	32.6	32.0	32.0	-0.4	-1.2
MT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
NL	39.5	37.9	38.0	38.0	38.5	38.6	35.7	35.2	36.8	37.6	-1.0	-2.7
AT	29.3	28.2	27.7	27.5	27.7	27.6	26.4	26.9	27.3	27.6	-0.9	-1.9
PL	29.7	31.5	32.2	32.8	41.2	39.8	43.1	41.5	39.4	36.8	4.6	9.7
PT	31.0	30.8	31.4	31.1	30.5	30.9	32.0	32.1	33.1	31.4	0.7	2.1
SI	42.0	39.2	38.3	37.6	36.8	37.7	38.2	37.4	36.8	38.2	-1.1	-5.3
SK	-	35.5	36.8	38.4	39.0	40.5	41.7	40.9	39.3	39.0	-	-
FI	28.4	26.8	25.6	25.1	25.4	23.2	24.8	24.4	24.5	25.4	-1.7	-3.9
SE	9.1	9.0	8.9	8.9	8.3	10.7	11.6	11.8	11.6	10.0	4.2	2.4
UK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
NO	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EU25	36.9	37.0	36.9	35.9	35.5	35.6	36.2	36.5	36.5	36.3	-0.2	-0.5
EU15	37.2	37.4	37.2	36.1	35.6	35.7	36.3	36.7	36.7	36.5	-0.3	-0.5
Euro12	38.0	38.4	38.1	37.0	36.4	36.5	37.0	37.4	37.5	37.4	-0.4	-0.6
NMS10	27.9	23.9	29.7	30.1	33.9	33.4	34.8	33.5	31.8	32.3	5.3	15.5
EU25 (arithmetic average)	29.3	29.5	29.4	29.0	29.3	29.5	29.0	29.1	29.0	29.2	-0.2	-0.3
EU15 (arithmetic average)	28.5	28.4	28.3	27.7	27.6	27.7	28.3	28.5	28.8	28.1	0.1	0.2
Euro12 (arithmetic average)	32.3	32.2	32.0	31.3	31.2	31.1	31.6	32.0	32.3	31.7	-0.1	0.1
NMS10 (arithmetic average)	30.7	31.2	31.3	31.0	32.0	32.2	30.3	30.1	29.3	31.1	-0.5	-1.4
Ratio st.dev. and mean in %	30.4	29.5	29.9	30.6	31.5	31.4	32.3	32.0	31.7			1.2
Difference max. and min.	42.9	42.2	42.1	42.5	41.2	42.4	43.4	45.4	45.5			2.6

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation

See explanatory notes in Annex C

Source: Commission Services

Table B.5_G: Taxes by level of government as % of GDP: EC Institutions

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	1.0	1.0	1.0	1.0	0.9	1.0	1.0	0.8	0.9	1.0	-2.3	-0.2
CZ	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
DK	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	-4.2	-0.1
DE	0.9	0.8	0.8	0.7	0.6	0.7	0.6	0.4	0.4	0.6	-10.5	-0.5
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.
EL	0.8	0.8	0.7	0.7	0.7	0.6	0.6	0.4	0.3	0.6	-9.2	-0.5
ES	0.8	0.7	0.7	0.7	0.7	0.6	0.6	0.5	0.5	0.6	-5.3	-0.3
FR	0.8	0.7	0.7	0.6	0.6	0.6	0.6	0.5	0.5	0.6	-6.3	-0.4
IE	1.2	0.9	0.8	0.9	0.7	0.7	0.7	0.3	0.3	0.7	-15.4	-0.8
IT	0.7	0.6	0.5	0.6	0.5	0.5	0.5	0.4	0.3	0.5	-7.6	-0.3
CY	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
LV	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
LT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
LU	1.0	0.8	0.8	0.6	0.6	0.6	0.4	0.3	0.3	0.6	-14.5	-0.7
HU	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
MT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
NL	1.1	1.0	1.0	1.0	0.9	0.9	0.8	0.6	0.6	0.9	-7.9	-0.5
AT	0.9	0.9	0.9	0.8	0.8	0.7	0.7	0.5	0.4	0.7	-9.4	-0.5
PL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
PT	1.0	0.7	0.7	0.7	0.6	0.6	0.5	0.4	0.3	0.6	-11.8	-0.6
SI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
SK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
FI	0.7	0.6	0.6	0.5	0.5	0.5	0.4	0.3	0.3	0.5	-10.7	-0.4
SE	0.7	0.6	0.7	0.6	0.5	0.5	0.5	0.4	0.4	0.6	-8.2	-0.3
UK	1.0	0.9	0.7	0.7	0.7	0.7	0.6	0.5	0.4	0.7	-10.1	-0.6
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.
EU25	0.8	0.7	0.7	0.6	0.6	0.6	0.6	0.4	0.4	0.6	-8.5	-0.4
EU15	0.9	0.8	0.7	0.7	0.6	0.6	0.6	0.4	0.4	0.6	-8.3	-0.4
Euro12	0.9	0.8	0.7	0.7	0.6	0.6	0.6	0.4	0.4	0.6	-8.1	-0.4
NMS10	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EU25 (arithmetic average)	0.8	0.7	0.7	0.6	0.6	0.6	0.5	0.4	0.4	0.6	-8.8	-0.4
EU15 (arithmetic average)	0.8	0.8	0.7	0.7	0.6	0.6	0.6	0.4	0.4	0.7	-8.2	-0.4
Euro12 (arithmetic average)	0.8	0.8	0.8	0.7	0.7	0.7	0.6	0.4	0.4	0.7	-7.8	-0.4
NMS10 (arithmetic average)	0.8	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Ratio st.dev. and mean in %	28.2	26.7	29.3	29.3	29.8	28.8	32.2	37.6	39.4			11.2
Difference max. and min.	0.9	0.8	0.8	0.8	0.7	0.8	0.8	0.7	0.7			-0.3

1) Estimated annual average growth rate in %. - 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services

Table B.5_T: Taxes by level of government as % of Total Taxation: EC Institutions

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	2.3	2.1	2.2	2.2	2.0	2.1	2.1	1.8	1.9	2.1	-2.5	-0.5
CZ	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
DK	0.5	0.4	0.5	0.4	0.4	0.4	0.4	0.3	0.3	0.4	-4.1	-0.1
DE	2.3	2.0	1.9	1.6	1.4	1.5	1.4	1.0	1.0	1.6	-10.2	-1.3
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.
EL	2.6	2.4	2.0	1.9	1.8	1.7	1.7	1.2	0.9	1.8	-10.9	-1.6
ES	2.2	2.2	2.1	2.0	1.9	1.8	1.8	1.4	1.4	1.9	-6.1	-0.9
FR	1.9	1.6	1.5	1.4	1.3	1.4	1.4	1.1	1.1	1.4	-6.2	-0.8
IE	3.5	2.8	2.3	2.7	2.2	2.1	2.2	1.0	1.1	2.2	-13.6	-2.4
IT	1.6	1.5	1.1	1.3	1.1	1.2	1.3	0.9	0.7	1.2	-7.6	-0.9
CY	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
LV	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
LT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
LU	2.3	1.8	1.8	1.6	1.4	1.4	1.1	0.8	0.7	1.4	-14.1	-1.6
HU	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
MT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
NL	2.8	2.5	2.6	2.4	2.2	2.2	2.1	1.5	1.5	2.2	-7.5	-1.3
AT	2.3	2.1	2.1	1.7	1.7	1.7	1.6	1.1	1.0	1.7	-9.8	-1.3
PL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
PT	2.9	2.1	2.1	2.0	1.7	1.7	1.4	1.0	0.9	1.8	-12.9	-2.0
SI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
SK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
FI	1.5	1.3	1.3	1.1	1.1	1.0	0.9	0.6	0.7	1.0	-10.3	-0.8
SE	1.4	1.2	1.3	1.2	1.0	1.0	0.9	0.7	0.7	1.0	-8.2	-0.6
UK	2.9	2.6	2.0	2.0	1.8	1.8	1.5	1.3	1.2	1.9	-10.5	-1.7
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.
EU25	2.1	1.9	1.7	1.6	1.5	1.5	1.4	1.1	1.0	1.5	-8.2	-1.1
EU15	2.1	1.9	1.7	1.6	1.5	1.5	1.4	1.1	1.0	1.5	-8.2	-1.1
Euro12	2.0	1.8	1.6	1.5	1.4	1.4	1.4	1.0	1.0	1.5	-8.3	-1.1
NMS10	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EU25 (arithmetic average)	2.2	1.9	1.8	1.7	1.5	1.5	1.4	1.0	1.0	1.6	-9.1	-1.2
EU15 (arithmetic average)	2.2	1.9	1.8	1.7	1.5	1.5	1.4	1.0	1.0	1.6	-9.1	-1.2
Euro12 (arithmetic average)	2.3	2.0	1.9	1.8	1.7	1.6	1.6	1.1	1.1	1.8	-9.1	-1.3
NMS10 (arithmetic average)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Ratio st.dev. and mean in %	34.8	33.3	32.4	35.2	34.7	31.7	34.5	34.1	36.2			1.4
Difference max. and min.	3.0	2.4	2.1	2.3	1.8	1.7	1.8	1.5	1.5			-1.5

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation

See explanatory notes in Annex C

Source: Commission Services

Table C.1_G: Taxes on Consumption as % of GDP: Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	11,0	11,4	11,4	11,3	11,6	11,5	11,2	11,3	11,2	11,3	0,0	0,2
CZ	11,4	11,5	11,0	10,4	11,0	10,9	10,4	10,4	10,6	10,8	-1,1	-0,8
DK	15,6	16,0	16,0	16,4	16,5	15,9	15,8	15,9	16,1	16,0	0,1	0,5
DE	10,2	9,9	9,8	9,8	10,3	10,3	10,2	10,1	10,3	10,1	0,4	0,1
EE	13,3	12,4	12,8	11,4	11,0	11,6	11,8	12,0	12,2	12,1	-1,0	-1,1
EL	13,4	13,5	13,0	13,1	13,2	13,3	13,5	13,5	12,8	13,3	-0,2	-0,6
ES	9,0	9,1	9,3	9,8	10,3	10,3	9,9	9,9	10,1	9,7	1,5	1,1
FR	12,7	13,1	12,9	12,7	12,6	12,1	11,8	11,7	11,9	12,4	-1,4	-0,8
IE	13,1	13,1	12,8	12,4	12,2	12,3	11,1	11,1	11,2	12,1	-2,4	-2,0
IT	10,5	10,1	10,4	10,7	11,0	11,0	10,5	10,3	10,3	10,6	0,1	-0,2
CY	10,1	9,8	8,9	9,0	8,8	10,4	11,6	12,0	14,3	10,5	4,5	4,3
LV	12,3	11,7	12,3	13,1	11,7	11,2	10,4	10,4	11,1	11,6	-2,1	-1,1
LT	-	-	-	-	-	11,7	11,7	11,9	11,3	11,7	-	-
LU	11,4	11,2	11,2	10,9	11,3	11,3	11,0	11,4	11,8	11,3	0,3	0,4
HU	17,3	16,4	14,8	15,0	15,4	15,6	14,7	14,2	15,7	15,4	-1,4	-1,7
MT	9,8	8,8	10,2	9,6	10,4	10,8	11,6	12,1	12,0	10,6	3,5	2,1
NL	10,8	11,1	11,2	11,2	11,4	11,5	11,4	11,2	11,4	11,2	0,5	0,6
AT	11,3	12,0	12,5	12,4	12,5	12,2	12,1	12,4	12,2	12,2	0,6	0,9
PL	-	-	-	-	-	-	-	-	-	-	-	-
PT	12,6	12,7	12,4	12,6	12,6	12,4	12,2	12,6	12,7	12,5	0,0	0,2
SI	15,6	15,4	14,3	14,8	15,3	14,2	13,7	13,9	13,9	14,6	-1,5	-1,7
SK	-	-	-	-	13,1	13,7	12,3	12,7	12,1	12,8	-	-
FI	13,9	14,0	14,5	14,1	14,4	13,8	13,3	13,7	14,1	14,0	-0,3	0,2
SE	13,5	13,2	13,1	13,2	13,1	12,7	12,8	13,1	13,1	13,1	-0,4	-0,5
UK	13,4	13,4	13,6	13,4	13,7	13,5	13,4	13,4	13,5	13,5	0,0	0,1
NO	16,1	15,8	15,7	16,0	15,6	13,7	13,6	13,5	13,3	14,8	-2,8	-2,8
EU25	11,5	11,5	11,6	11,6	11,9	11,8	11,6	11,5	11,6	11,6	0,1	0,1
EU15	11,5	11,5	11,6	11,6	11,9	11,7	11,5	11,5	11,6	11,6	0,1	0,1
Euro12	11,0	11,0	11,0	11,0	11,3	11,2	10,9	10,9	11,0	11,0	0,0	0,0
NMS10	13,8	13,4	12,6	12,4	12,9	12,8	12,3	12,3	12,9	12,8	-0,9	-1,0
EU25 (arithmetic average)	12,4	12,3	12,2	12,2	12,3	12,2	12,0	12,1	12,3	12,2	-0,1	0,0
EU15 (arithmetic average)	12,2	12,2	12,3	12,3	12,4	12,3	12,0	12,1	12,2	12,2	-0,1	0,0
Euro12 (arithmetic average)	11,7	11,8	11,8	11,8	11,9	11,8	11,5	11,6	11,7	11,7	-0,1	0,0
NMS10 (arithmetic average)	12,8	12,3	12,0	11,9	12,1	12,2	12,0	12,2	12,6	12,2	-0,1	-0,2
Ratio st.dev. and mean in %	18,2	18,1	16,0	16,7	15,6	13,3	12,6	13,0	13,9			-4,4
Difference max. and min.	8,4	7,6	7,1	7,5	7,6	5,6	5,9	6,0	6,0			-2,4

1) Estimated annual average growth rate in %. - 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services

Table C.1_T: Taxes on Consumption as % of Total Taxation: Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	24,4	25,1	24,9	24,3	25,1	25,1	24,2	24,3	24,5	24,7	-0,2	0,0
CZ	31,6	32,7	30,9	30,6	31,7	31,6	30,2	29,2	29,4	31,1	-1,1	-2,2
DK	31,8	32,2	32,3	32,9	32,1	32,1	31,7	32,7	32,9	32,2	0,2	1,1
DE	24,9	23,7	23,5	23,6	24,3	24,2	25,1	25,2	25,5	24,3	0,7	0,6
EE	35,3	35,0	35,5	33,0	32,1	36,0	37,3	37,1	36,7	35,1	0,9	1,5
EL	41,0	41,0	38,0	36,1	35,4	34,4	36,5	36,0	35,3	37,3	-1,8	-5,7
ES	26,8	26,9	27,5	29,0	29,8	29,3	28,5	27,9	28,3	28,2	0,7	1,5
FR	29,2	29,2	28,7	28,3	27,8	26,8	26,5	26,6	27,1	27,9	-1,3	-2,0
IE	39,2	38,9	38,8	38,8	38,1	38,5	36,7	38,5	37,4	38,4	-0,6	-1,8
IT	25,5	23,7	23,3	24,9	25,4	25,8	24,7	24,6	24,0	24,7	0,0	-1,5
CY	37,4	36,5	34,1	31,8	31,0	34,0	36,7	38,1	42,9	34,9	1,5	5,6
LV	36,5	37,4	37,6	38,2	36,1	37,1	35,9	36,1	38,5	36,9	0,0	2,0
LT	-	-	-	-	-	38,8	40,7	41,7	39,8	40,4	-	-
LU	27,0	26,5	27,0	27,2	27,9	27,9	27,0	27,8	28,7	27,3	0,7	1,7
HU	41,6	40,4	38,0	38,5	39,3	39,3	37,3	36,6	40,1	38,9	-0,8	-1,6
MT	36,5	36,6	37,0	37,4	37,7	37,5	37,3	36,5	35,6	37,1	-0,1	-0,9
NL	26,6	27,2	27,5	27,7	27,4	27,7	28,5	28,3	29,0	27,6	0,9	2,4
AT	27,4	28,2	28,4	28,2	28,7	28,5	27,2	28,4	28,5	28,1	0,2	1,1
PL	-	-	-	-	-	-	-	-	-	-	-	-
PT	37,4	36,8	35,7	36,1	35,1	34,2	34,2	34,5	34,4	35,5	-1,1	-3,0
SI	38,4	39,0	37,2	37,7	38,7	36,3	35,0	35,4	34,7	37,2	-1,4	-3,6
SK	-	-	-	-	37,8	41,4	38,3	39,3	39,6	39,2	-	-
FI	30,3	29,5	31,2	30,4	30,7	28,7	28,9	29,9	31,6	30,0	0,0	1,3
SE	27,3	25,4	25,0	24,9	24,4	23,5	24,8	26,1	25,7	25,2	-0,4	-1,6
UK	37,9	38,4	38,1	36,7	37,1	36,1	36,0	37,5	37,9	37,2	-0,3	0,0
NO	38,1	36,9	37,1	37,8	36,5	32,0	31,5	31,1	30,8	35,1	-3,1	-7,3
EU25	28,4	27,9	27,9	28,1	28,4	28,2	28,2	28,6	28,7	28,3	0,2	0,3
EU15	28,3	27,7	27,8	28,0	28,3	28,1	28,1	28,4	28,5	28,1	0,2	0,3
Euro12	25,8	25,2	25,1	25,4	25,7	25,4	25,4	25,5	25,7	25,5	0,1	-0,1
NMS10	36,7	36,7	34,9	34,9	35,9	36,4	35,0	34,7	36,0	35,7	-0,3	-0,8
EU25 (arithmetic average)	32,5	32,3	31,8	31,7	31,9	32,3	32,0	32,4	32,8	32,2	0,2	0,4
EU15 (arithmetic average)	30,4	30,2	30,0	29,9	29,9	29,5	29,4	29,9	30,1	29,9	-0,2	-0,4
Euro12 (arithmetic average)	30,0	29,7	29,5	29,5	29,6	29,2	29,0	29,3	29,5	29,5	-0,2	-0,4
NMS10 (arithmetic average)	36,7	36,8	35,8	35,3	35,5	36,9	36,5	36,7	37,5	36,3	0,3	0,7
Ratio st.dev. and mean in %	20,2	21,1	19,3	18,4	17,6	19,0	18,7	18,9	19,6			-0,6
Difference max. and min.	17,2	17,3	15,6	15,2	15,0	17,9	16,5	17,4	18,9			1,7

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation

See explanatory notes in Annex C

Source: Commission Services

Table C.2_G: Taxes on Labour as % of GDP: Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	25,0	24,8	24,9	25,1	24,6	24,7	25,3	25,5	25,1	25,0	0,2	0,0
CZ	17,1	17,3	17,7	17,1	16,9	17,1	17,0	17,8	17,9	17,3	0,3	0,8
DK	28,0	28,1	27,7	27,1	27,7	27,5	27,7	26,8	26,9	27,5	-0,5	-1,1
DE	24,9	25,2	25,3	25,0	24,8	25,1	24,8	24,7	24,6	24,9	-0,2	-0,3
EE	21,0	19,4	18,9	19,1	19,8	18,1	17,4	17,6	18,1	18,8	-1,8	-2,9
EL	11,8	12,2	12,8	13,5	13,6	13,9	13,7	14,4	14,4	13,4	2,4	2,6
ES	16,7	16,9	16,5	16,3	15,9	16,2	16,7	16,9	16,8	16,5	0,0	0,0
FR	22,9	23,2	23,2	23,0	23,3	23,1	23,1	22,9	23,1	23,1	0,0	0,2
IE	13,7	13,4	12,9	12,2	11,8	11,5	11,2	10,2	10,1	11,9	-3,9	-3,6
IT	18,6	20,2	21,1	21,0	20,5	20,1	20,5	20,5	20,5	20,3	0,5	1,9
CY	10,0	9,7	9,9	10,2	9,8	9,6	10,1	10,0	10,7	10,0	0,6	0,8
LV	17,5	16,2	16,3	16,7	16,3	15,6	14,7	14,9	14,7	15,9	-2,0	-2,8
LT	-	-	-	-	-	16,4	15,5	15,0	14,8	15,4	-	-
LU	17,7	17,5	16,6	15,5	15,8	15,7	16,2	15,9	16,2	16,3	-1,1	-1,6
HU	20,8	20,4	20,4	19,9	19,3	19,6	19,9	19,9	19,0	19,9	-0,9	-1,8
MT	9,7	8,9	10,2	9,3	10,0	10,5	11,7	11,6	11,7	10,4	3,3	2,0
NL	22,1	21,1	20,5	20,2	21,0	21,1	18,7	18,9	19,4	20,3	-1,7	-2,7
AT	23,5	23,4	24,2	24,0	24,1	23,4	23,7	23,7	23,9	23,8	0,1	0,4
PL	-	-	-	-	-	-	-	-	-	-	-	-
PT	14,0	14,2	14,3	14,2	14,4	14,8	15,1	15,2	15,6	14,7	1,3	1,6
SI	23,1	21,8	21,3	21,3	21,2	21,6	22,0	21,8	21,9	21,8	-0,2	-1,2
SK	-	-	-	-	15,9	14,5	14,9	14,5	13,4	14,7	-	-
FI	26,1	26,7	24,7	24,2	24,1	24,0	24,4	24,0	23,6	24,7	-1,3	-2,5
SE	31,0	32,7	32,7	33,5	33,4	32,6	32,7	31,7	32,1	32,5	0,0	1,1
UK	14,0	13,3	13,1	13,8	13,9	14,4	14,4	13,7	13,9	13,8	0,5	-0,1
NO	17,9	17,6	17,8	19,3	18,8	16,7	17,1	18,1	18,1	17,9	-0,2	0,2
EU25	21,4	21,5	21,3	21,2	21,0	20,9	20,8	20,6	20,7	21,1	-0,5	-0,7
EU15	21,4	21,6	21,3	21,2	21,1	21,0	20,9	20,7	20,8	21,1	-0,5	-0,6
Euro12	22,1	22,4	22,4	22,2	22,1	22,0	21,8	21,7	21,7	22,0	-0,4	-0,4
NMS10	18,6	18,2	18,3	18,0	17,5	17,2	17,3	17,5	17,1	17,8	-1,0	-1,5
EU25 (arithmetic average)	19,5	19,4	19,3	19,2	19,1	18,8	18,8	18,7	18,7	19,0	-0,6	-0,8
EU15 (arithmetic average)	20,7	20,9	20,7	20,6	20,6	20,5	20,5	20,3	20,4	20,6	-0,2	-0,3
Euro12 (arithmetic average)	19,8	19,9	19,7	19,5	19,5	19,5	19,4	19,4	19,4	19,6	-0,3	-0,3
NMS10 (arithmetic average)	17,0	16,2	16,4	16,2	16,2	15,9	15,9	15,9	15,8	16,2	-0,7	-1,2
Ratio st.dev. and mean in %	27,4	28,5	27,9	28,3	28,0	27,2	27,3	27,0	26,9			-0,5
Difference max. and min.	21,3	23,8	22,8	24,2	23,6	23,1	22,6	21,7	21,9			0,7

1) Estimated annual average growth rate in %. - 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services

Table C.2_T: Taxes on Labour as % of Total Taxation: Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	55,5	54,6	54,4	53,9	53,5	53,6	54,8	54,9	54,8	54,4	0,0	-0,7
CZ	47,3	49,1	49,8	50,5	48,8	49,6	49,3	50,2	49,5	49,3	0,3	2,1
DK	57,1	56,6	55,9	54,2	54,0	55,5	55,6	54,9	55,0	55,5	-0,4	-2,1
DE	61,0	60,5	60,9	60,1	58,5	59,0	61,0	61,4	61,0	60,3	0,1	0,1
EE	55,5	54,6	52,6	55,0	57,4	56,1	55,2	54,4	54,3	55,1	0,0	-1,2
EL	36,1	37,0	37,4	37,1	36,6	35,9	36,9	38,4	39,8	36,9	0,7	3,7
ES	50,0	50,2	48,7	48,2	46,1	46,2	47,9	47,7	47,1	48,1	-0,8	-2,9
FR	52,5	51,8	51,6	51,4	51,2	51,4	51,7	52,2	52,8	51,7	0,1	0,3
IE	40,9	39,8	39,2	38,0	36,8	36,1	37,0	35,5	33,9	37,9	-2,1	-7,0
IT	45,1	47,2	47,3	48,5	47,5	47,0	48,1	48,7	47,7	47,4	0,5	2,6
CY	37,0	37,2	38,2	35,4	35,0	32,6	31,6	31,7	29,9	34,8	0,0	-7,1
LV	52,0	51,7	49,8	48,5	50,5	51,7	50,9	51,8	50,9	50,9	0,0	-1,1
LT	-	-	-	-	-	54,5	54,1	52,5	51,9	53,7	-	-
LU	41,9	41,3	39,9	38,5	39,0	38,7	39,9	38,6	39,1	39,7	-0,8	-2,7
HU	49,9	50,4	52,3	51,1	49,4	49,6	50,6	51,3	48,5	50,6	-0,3	-1,4
MT	36,0	36,7	37,0	36,3	36,0	36,5	37,6	35,0	34,7	36,4	-0,4	-1,3
NL	54,5	51,8	50,3	50,1	50,4	51,0	46,7	48,0	49,3	50,3	-1,3	-5,2
AT	56,9	55,1	55,0	54,7	55,3	54,9	53,0	54,4	55,5	54,9	-0,3	-1,4
PL	-	-	-	-	-	-	-	-	-	-	-	-
PT	41,8	41,3	41,3	40,7	40,0	40,8	42,2	41,7	42,2	41,2	0,2	0,4
SI	56,6	55,1	55,5	54,4	53,6	55,5	56,3	55,3	54,8	55,3	-0,1	-1,9
SK	-	-	-	-	46,1	43,7	46,6	44,9	43,8	45,3	-	-
FI	56,7	56,6	53,1	52,2	51,6	50,1	53,2	52,6	52,7	53,2	-0,9	-4,0
SE	62,5	63,0	62,3	63,0	62,0	60,5	63,1	63,1	63,1	62,5	0,0	0,6
UK	39,6	38,1	36,8	37,7	37,6	38,3	38,6	38,5	39,0	38,2	0,1	-0,6
NO	42,3	41,2	42,0	45,3	43,9	38,7	39,5	41,6	41,9	41,8	-0,5	-0,5
EU25	52,8	52,2	51,4	51,2	50,3	50,2	50,9	51,1	51,2	51,3	-0,4	-1,6
EU15	52,8	52,2	51,4	51,2	50,3	50,2	50,9	51,2	51,3	51,3	-0,4	-1,6
Euro12	51,7	51,4	51,0	50,8	49,9	49,9	50,5	50,8	50,7	50,7	-0,3	-1,1
NMS10	49,3	49,9	50,8	50,4	48,8	49,2	49,7	49,8	48,4	49,6	-0,2	-0,9
EU25 (arithmetic average)	49,4	49,1	48,6	48,2	47,7	47,9	48,4	48,2	48,0	48,4	-0,3	-1,4
EU15 (arithmetic average)	50,1	49,6	48,9	48,6	48,0	47,9	48,6	48,7	48,9	48,8	-0,3	-1,3
Euro12 (arithmetic average)	49,4	48,9	48,3	47,8	47,2	47,1	47,7	47,8	48,0	48,0	-0,4	-1,4
NMS10 (arithmetic average)	47,8	47,8	47,9	47,3	47,1	47,8	48,0	47,4	46,5	47,6	-0,2	-1,3
Ratio st.dev. and mean in %	15,8	15,4	15,3	15,9	15,9	16,3	16,1	16,5	16,7			1,0
Difference max. and min.	26,6	26,3	25,5	27,7	27,0	27,9	31,5	31,5	33,2			6,7

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation

See explanatory notes in Annex C

Source: Commission Services

Table C.2.1_G: Taxes on Labour as % of GDP: Employed

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	23,0	22,6	22,7	22,9	22,6	22,6	23,2	23,3	22,9	22,9	0,2	0,0
CZ	17,1	17,3	17,7	17,1	16,9	17,1	17,0	17,8	17,9	17,3	0,3	0,8
DK	21,8	22,0	22,2	21,8	22,5	22,5	22,8	21,9	21,8	22,1	0,1	0,0
DE	21,9	21,8	21,9	21,8	21,6	22,1	21,9	21,6	21,6	21,8	-0,1	-0,3
EE	20,9	19,3	18,8	19,0	19,6	18,0	17,3	17,6	17,9	18,7	-1,8	-3,0
EL	11,0	11,4	11,9	12,5	12,6	12,9	12,6	13,4	13,4	12,4	2,4	2,4
ES	14,4	14,7	14,4	14,3	14,1	14,3	14,8	14,9	14,8	14,5	0,3	0,4
FR	22,4	22,7	22,7	22,8	23,0	22,8	22,8	22,6	22,9	22,7	0,1	0,4
IE	13,5	13,2	12,7	12,1	11,7	11,5	11,1	10,2	10,1	11,8	-3,8	-3,5
IT	16,7	18,2	19,1	18,8	18,4	18,0	18,2	18,3	18,7	18,3	0,6	2,1
CY	9,7	9,5	9,7	9,9	9,6	9,3	9,8	9,9	10,6	-	-	-
LV	17,5	16,2	16,2	16,6	16,3	15,4	14,6	14,7	14,6	15,8	-2,2	-2,9
LT	-	-	-	-	-	16,4	15,5	15,0	14,8	15,4	-	-
LU	15,7	15,6	14,7	13,9	14,2	14,2	14,9	14,6	14,8	14,7	-0,7	-1,0
HU	20,0	19,7	19,7	19,2	18,5	18,7	18,9	19,0	18,1	19,1	-1,0	-1,9
MT	9,0	8,3	9,5	8,7	9,2	9,7	10,8	10,7	10,7	9,6	3,0	1,7
NL	17,8	17,2	16,8	17,2	17,9	18,1	16,1	16,4	16,7	17,1	-0,8	-1,1
AT	21,6	21,4	21,9	21,7	21,7	21,2	21,3	21,2	21,3	21,5	-0,2	-0,2
PL	-	-	-	-	-	-	-	-	-	-	-	-
PT	13,7	13,8	13,9	13,8	14,0	14,4	14,6	14,8	15,2	14,2	1,3	1,5
SI	22,5	21,1	20,7	20,5	20,5	21,0	21,1	20,9	21,0	21,0	-0,4	-1,5
SK	-	-	-	-	15,9	14,4	14,9	14,5	13,3	14,6	-	-
FI	21,9	22,6	21,1	21,1	21,2	21,1	21,7	21,2	20,8	21,4	-0,6	-1,1
SE	25,5	27,3	27,4	28,4	28,4	28,0	28,3	27,5	27,4	27,6	0,6	2,0
UK	13,9	13,1	12,9	13,6	13,7	14,2	14,2	13,6	13,7	13,7	0,5	-0,1
NO	17,9	17,6	17,8	19,3	18,8	16,7	17,1	18,1	18,1	17,9	-0,2	0,2
EU25	19,3	19,4	19,3	19,3	19,2	19,2	19,1	18,9	19,0	19,2	-0,3	-0,3
EU15	19,4	19,4	19,3	19,3	19,3	19,3	19,2	18,9	19,1	19,2	-0,3	-0,3
Euro12	20,0	20,1	20,2	20,1	20,0	20,0	19,9	19,8	19,9	20,0	-0,2	-0,1
NMS10	18,2	17,8	18,0	17,6	17,1	17,0	17,0	17,3	17,0	17,4	-0,9	-1,3
EU25 (arithmetic average)	17,8	17,7	17,7	17,6	17,6	17,4	17,4	17,3	17,3	17,5	-0,4	-0,5
EU15 (arithmetic average)	18,3	18,5	18,4	18,4	18,5	18,5	18,6	18,4	18,4	18,5	0,0	0,1
Euro12 (arithmetic average)	17,8	17,9	17,8	17,7	17,8	17,8	17,8	17,7	17,8	17,8	-0,1	0,0
NMS10 (arithmetic average)	16,7	15,9	16,0	15,9	15,8	15,6	15,5	15,5	15,4	15,8	-0,8	-1,2
Ratio st.dev. and mean in %	24,3	25,1	24,7	25,3	25,0	24,1	24,2	24,1	23,6			-0,7
Difference max. and min.	16,5	19,0	17,9	19,7	19,1	18,7	18,4	17,6	17,4			0,9

1) Estimated annual average growth rate in %. - 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services

Table C.2.1_T: Taxes on Labour as % of Total Taxation: Employed

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	50,9	49,9	49,6	49,2	49,0	49,2	50,2	50,2	50,2	49,8	0,0	-0,8
CZ	47,3	49,1	49,8	50,5	48,8	49,6	49,3	50,2	49,5	49,3	0,3	2,1
DK	44,4	44,3	44,8	43,6	43,9	45,5	45,8	44,8	44,7	44,7	0,2	0,3
DE	53,5	52,3	52,7	52,2	51,0	52,0	53,8	53,8	53,5	52,7	0,2	0,0
EE	55,1	54,2	52,2	54,6	57,0	55,8	54,8	54,3	53,7	54,8	0,0	-1,4
EL	33,7	34,6	34,8	34,3	33,7	33,2	34,2	35,7	37,0	34,3	0,7	3,3
ES	43,2	43,6	42,7	42,5	40,8	41,0	42,6	42,0	41,6	42,3	-0,5	-1,5
FR	51,4	50,8	50,5	50,8	50,7	50,8	51,1	51,6	52,1	51,0	0,2	0,7
IE	40,4	39,3	38,7	37,6	36,5	35,8	36,7	35,3	33,7	37,6	-2,0	-6,8
IT	40,5	42,6	42,6	43,4	42,6	42,3	42,9	43,6	43,6	42,6	0,6	3,1
CY	36,0	36,2	37,2	34,4	34,1	31,8	30,8	30,8	29,1	33,9	0,0	-6,9
LV	51,9	51,6	49,7	48,5	50,4	51,1	50,5	51,1	50,5	50,6	-0,1	-1,5
LT	-	-	-	-	-	54,5	54,1	52,5	51,9	53,3	-	-
LU	37,2	36,8	35,4	34,7	35,1	35,0	36,5	35,5	35,7	35,8	-0,3	-1,5
HU	48,0	48,5	50,6	49,3	47,2	47,2	48,2	48,8	46,2	48,5	-0,5	-1,8
MT	33,5	34,4	34,5	33,8	33,3	33,7	34,7	32,2	31,9	33,8	-0,6	-1,6
NL	44,0	42,2	41,3	42,7	43,0	43,7	40,3	41,5	42,5	42,3	-0,4	-1,5
AT	52,2	50,2	50,0	49,4	49,9	49,5	47,7	48,7	49,6	49,7	-0,6	-2,6
PL	-	-	-	-	-	-	-	-	-	-	-	-
PT	40,7	40,2	40,1	39,5	38,9	39,6	40,9	40,5	41,0	40,0	0,2	0,3
SI	55,3	53,5	53,9	52,5	51,8	53,8	53,9	53,0	52,4	53,5	-0,4	-2,9
SK	-	-	-	-	45,9	43,5	46,4	44,6	43,5	44,8	-	-
FI	47,6	47,8	45,4	45,4	45,3	43,9	47,1	46,4	46,5	46,1	-0,2	-1,2
SE	51,4	52,6	52,3	53,4	52,7	52,0	54,5	54,7	54,0	53,0	0,6	2,6
UK	39,2	37,6	36,4	37,2	37,1	37,9	38,1	37,9	38,5	37,7	0,1	-0,7
NO	42,3	41,2	42,0	45,3	43,9	38,7	39,5	41,6	41,9	41,8	-0,5	-0,5
EU25	47,8	47,1	46,5	46,6	45,9	46,1	46,7	46,9	47,0	46,7	-0,1	-0,7
EU15	47,7	47,2	46,5	46,5	45,9	46,1	46,7	46,8	47,0	46,7	-0,1	-0,7
Euro12	46,7	46,2	45,9	46,0	45,3	45,5	46,1	46,2	46,3	46,0	-0,1	-0,4
NMS10	48,4	48,9	49,9	49,4	47,8	48,2	48,5	48,7	47,3	48,6	-0,3	-1,0
EU25 (arithmetic average)	45,3	45,1	44,8	44,5	44,3	44,7	45,2	45,0	44,7	44,8	-0,1	-0,6
EU15 (arithmetic average)	44,7	44,3	43,8	43,7	43,3	43,4	44,2	44,2	44,3	44,0	-0,1	-0,4
Euro12 (arithmetic average)	44,6	44,2	43,7	43,5	43,0	43,0	43,7	43,7	43,9	43,7	-0,2	-0,7
NMS10 (arithmetic average)	46,7	46,8	46,9	46,2	46,1	46,8	46,9	46,4	45,4	46,6	-0,2	-1,3
Ratio st.dev. and mean in %	14,3	13,8	14,1	14,5	14,8	15,2	14,5	14,8	14,4			0,2
Difference max. and min.	21,8	19,9	19,4	20,8	23,7	24,0	24,0	23,9	24,9			3,1

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation

See explanatory notes in Annex C

Source: Commission Services

Table C.2.1.1_G: Taxes on Labour as % of GDP: Employed paid by employers

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	8,9	8,8	8,8	8,9	8,8	8,5	8,7	8,8	8,7	8,7	-0,2	-0,2
CZ	9,9	10,1	10,4	10,0	10,0	10,1	10,1	10,4	10,4	10,2	0,4	0,6
DK	0,8	0,8	0,9	1,0	0,9	0,8	0,9	0,8	0,8	0,9	0,4	0,0
DE	7,7	7,7	7,8	7,7	7,6	7,6	7,5	7,4	7,5	7,6	-0,5	-0,2
EE	13,1	12,0	11,7	11,6	12,2	11,4	11,0	11,0	11,2	11,7	-1,7	-1,9
EL	4,8	5,0	5,2	5,3	5,2	5,5	5,5	6,0	5,9	5,4	2,6	1,1
ES	8,3	8,5	8,5	8,4	8,5	8,7	8,9	8,9	9,0	8,6	1,0	0,6
FR	12,7	12,6	12,6	12,4	12,5	12,3	12,2	12,3	12,4	12,4	-0,4	-0,3
IE	2,9	2,7	2,6	2,6	2,6	2,7	2,8	2,8	2,7	2,7	0,1	-0,2
IT	8,8	10,3	11,0	10,6	10,1	10,1	10,2	10,2	10,5	10,2	0,8	1,7
CY	-	-	-	-	-	-	-	-	-	-	-	-
LV	11,8	10,1	8,2	8,3	8,1	7,5	6,9	7,0	6,5	8,3	-6,6	-5,3
LT	-	-	-	-	-	8,5	8,1	7,9	6,8	7,8	-	-
LU	5,2	5,1	4,8	4,7	4,6	4,6	5,0	5,1	5,2	4,9	0,0	0,0
HU	12,3	11,7	12,0	11,8	10,7	10,7	10,6	10,5	10,0	11,1	-2,5	-2,2
MT	3,0	2,9	3,3	2,9	2,9	2,9	3,2	3,1	3,1	3,0	0,4	0,1
NL	2,0	1,9	1,8	4,6	4,6	4,6	4,5	4,5	4,4	3,7	12,8	2,5
AT	10,0	9,8	9,9	9,7	9,7	9,4	9,4	9,3	9,3	9,6	-0,9	-0,7
PL	-	-	-	-	-	-	-	-	-	-	-	-
PT	6,4	6,6	6,8	6,8	6,8	7,0	7,0	7,3	7,5	6,9	1,7	1,1
SI	8,4	7,1	6,8	6,9	7,0	7,2	7,4	7,4	7,5	7,3	-0,2	-0,9
SK	-	-	-	-	8,7	8,4	8,5	8,4	7,3	8,3	-	-
FI	9,9	9,7	9,2	9,2	9,4	8,9	9,2	9,1	9,0	9,3	-1,0	-0,9
SE	12,8	13,7	13,4	13,7	13,8	14,0	14,4	14,3	14,1	13,8	1,2	1,3
UK	3,4	3,4	3,4	3,3	3,4	3,6	3,6	3,4	3,5	3,4	0,7	0,1
NO	5,9	5,8	5,8	6,2	6,1	5,4	5,6	6,0	6,0	5,9	0,0	0,1
EU25	8,0	8,2	8,2	8,2	8,1	8,0	8,0	8,0	8,1	8,1	-0,2	0,1
EU15	8,0	8,2	8,2	8,1	8,0	8,0	8,0	8,0	8,1	8,1	-0,2	0,1
Euro12	8,7	9,0	9,1	9,1	9,0	8,9	9,0	9,0	9,1	9,0	0,1	0,3
NMS10	10,4	10,0	10,2	11,7	10,8	10,7	10,5	10,6	10,4	10,6	0,2	-0,1
EU25 (arithmetic average)	7,8	7,6	7,6	7,7	7,6	7,6	7,6	7,7	7,5	7,6	-0,2	-0,2
EU15 (arithmetic average)	7,0	7,1	7,1	7,3	7,2	7,2	7,3	7,4	7,4	7,2	0,6	0,4
Euro12 (arithmetic average)	7,3	7,4	7,4	7,6	7,5	7,5	7,6	7,7	7,7	7,5	0,6	0,4
NMS10 (arithmetic average)	9,7	9,0	8,7	8,6	8,5	8,3	8,2	8,2	7,8	8,6	-2,1	-1,9
Ratio st.dev. and mean in %	48,1	46,0	45,6	43,3	42,8	41,3	40,8	41,0	40,4			-7,7
Difference max. and min.	12,3	12,9	12,5	12,7	12,9	13,2	13,5	13,5	13,3			1,0

1) Estimated annual average growth rate in %. - 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services

Table C.2.1.1_T: Taxes on Labour as % of Total Taxation: Employed paid by employers

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	19,7	19,4	19,1	19,1	19,0	18,5	18,8	18,9	19,0	19,1	-0,5	-0,7
CZ	27,3	28,7	29,2	29,6	28,9	29,3	29,2	29,4	28,8	29,0	0,5	1,5
DK	1,6	1,6	1,8	2,0	1,8	1,6	1,8	1,7	1,7	1,7	0,5	0,1
DE	18,8	18,6	18,8	18,5	18,0	17,8	18,5	18,5	18,6	18,4	-0,3	-0,3
EE	34,6	33,9	32,4	33,3	35,3	35,3	34,7	33,9	33,5	34,2	0,1	-1,1
EL	14,6	15,2	15,1	14,6	13,9	14,1	14,8	16,1	16,3	14,8	0,9	1,7
ES	24,9	25,2	25,2	25,0	24,6	24,7	25,7	25,3	25,2	25,1	0,1	0,3
FR	29,0	28,2	28,1	27,7	27,5	27,4	27,4	28,0	28,3	27,9	-0,3	-0,7
IE	8,7	8,0	7,9	8,1	8,1	8,4	9,3	9,5	9,2	8,5	1,9	0,5
IT	21,3	24,1	24,5	24,6	23,3	23,6	23,9	24,3	24,4	23,7	0,8	3,1
CY	-	-	-	-	-	-	-	-	-	-	-	-
LV	35,1	32,2	25,0	24,3	25,2	25,0	23,8	24,2	22,5	26,8	-4,5	-12,6
LT	-	-	-	-	-	28,2	28,0	27,5	23,9	27,9	-	-
LU	12,3	12,1	11,6	11,8	11,4	11,4	12,2	12,5	12,5	11,9	0,4	0,3
HU	29,4	28,8	30,7	30,2	27,4	27,1	26,9	26,9	25,7	28,4	-1,9	-3,8
MT	11,1	12,0	11,9	11,4	10,4	10,0	10,3	9,3	9,1	10,8	-3,3	-2,0
NL	4,8	4,8	4,4	11,4	11,0	11,2	11,3	11,5	11,3	8,8	13,2	6,5
AT	24,2	23,0	22,5	22,1	22,2	22,1	21,0	21,4	21,6	22,3	-1,3	-2,6
PL	-	-	-	-	-	-	-	-	-	-	-	-
PT	19,2	19,1	19,6	19,6	19,0	19,2	19,7	20,0	20,4	19,4	0,6	1,2
SI	20,5	18,0	17,7	17,6	17,6	18,6	18,9	18,7	18,6	18,4	-0,2	-1,9
SK	-	-	-	-	25,1	25,5	26,4	26,0	23,9	25,8	-	-
FI	21,6	20,5	19,7	19,9	20,2	18,5	20,1	20,0	20,1	20,1	-0,7	-1,5
SE	25,8	26,4	25,5	25,8	25,7	26,0	27,7	28,5	27,7	26,4	1,2	2,0
UK	9,5	9,6	9,4	9,1	9,3	9,5	9,6	9,6	9,8	9,5	0,3	0,3
NO	13,9	13,5	13,6	14,6	14,3	12,6	13,0	13,8	13,9	13,7	-0,3	0,0
EU25	19,8	20,0	19,8	19,7	19,3	19,2	19,6	19,8	20,1	19,7	0,0	0,3
EU15	19,7	20,4	19,6	19,6	19,2	19,0	19,4	19,7	19,9	19,6	-0,2	0,3
Euro12	20,5	20,8	20,9	21,0	20,5	20,4	20,9	21,1	21,3	20,8	0,3	0,8
NMS10	27,1	27,1	27,6	27,5	26,1	26,5	26,5	26,6	25,5	26,7	-0,7	-1,6
EU25 (arithmetic average)	19,7	19,5	19,1	19,3	19,3	19,7	20,0	20,1	19,7	19,6	0,3	-0,1
EU15 (arithmetic average)	17,1	17,0	16,9	17,3	17,0	16,9	17,4	17,7	17,8	17,2	0,5	0,7
Euro12 (arithmetic average)	18,3	18,2	18,0	18,5	18,2	18,1	18,6	18,8	18,9	18,3	0,5	0,7
NMS10 (arithmetic average)	26,3	25,6	24,5	24,4	24,3	24,9	24,8	24,5	23,3	24,9	-1,0	-3,1
Ratio st.dev. and mean in %	46,9	45,2	44,0	41,7	42,6	43,1	41,5	40,8	38,8			-8,1
Difference max. and min.	33,5	32,3	30,6	31,2	33,5	33,7	33,0	32,2	31,8			-1,7

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation

See explanatory notes in Annex C

Source: Commission Services

Table C.2.1.2_G: Taxes on Labour as % of GDP: Employed paid by employees

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	14,1	13,8	14,0	14,0	13,8	14,1	14,5	14,5	14,2	14,1	0,4	0,1
CZ	7,2	7,2	7,3	7,1	6,9	7,0	6,9	7,4	7,5	7,2	0,1	0,2
DK	21,0	21,2	21,3	20,8	21,6	21,7	21,9	21,0	21,0	21,3	0,1	0,0
DE	14,2	14,0	14,1	14,1	14,0	14,5	14,4	14,2	14,1	14,2	0,2	-0,1
EE	7,8	7,2	7,1	7,4	7,5	6,6	6,3	6,6	6,7	7,0	-2,0	-1,0
EL	6,2	6,4	6,7	7,1	7,4	7,4	7,2	7,3	7,5	7,0	2,2	1,3
ES	6,1	6,2	5,9	5,9	5,6	5,7	5,9	5,9	5,8	5,9	-0,6	-0,3
FR	9,8	10,1	10,1	10,4	10,5	10,5	10,6	10,3	10,4	10,3	0,7	0,7
IE	10,6	10,5	10,1	9,5	9,1	8,8	8,3	7,4	7,3	9,1	-5,0	-3,3
IT	7,9	7,9	8,1	8,1	8,4	8,0	8,1	8,1	8,2	8,1	0,4	0,3
CY	-	-	-	-	-	-	-	-	-	-	-	-
LV	5,7	6,1	8,1	8,3	8,1	7,9	7,7	7,7	8,1	7,5	3,4	2,4
LT	-	-	-	-	-	7,9	7,5	7,1	7,0	7,4	-	-
LU	10,6	10,4	9,9	9,2	9,6	9,6	9,9	9,5	9,6	9,8	-1,1	-1,0
HU	7,7	8,0	7,7	7,4	7,7	7,9	8,4	8,5	8,0	7,9	0,9	0,3
MT	6,0	5,4	6,2	5,8	6,3	6,8	7,6	7,6	7,7	6,6	4,3	1,7
NL	15,9	15,3	15,0	12,6	13,3	13,5	11,6	11,8	12,2	13,5	-3,8	-3,6
AT	11,6	11,5	12,1	12,0	12,1	11,7	11,9	11,9	12,0	11,9	0,3	0,5
PL	-	-	-	-	-	-	-	-	-	-	-	-
PT	7,2	7,2	7,1	7,0	7,1	7,4	7,6	7,5	7,6	7,3	0,8	0,4
SI	14,2	14,0	13,9	13,7	13,5	13,7	13,7	13,5	13,5	13,7	-0,5	-0,7
SK	-	-	-	-	7,2	6,0	6,4	6,0	6,0	6,3	-	-
FI	12,0	12,9	11,9	11,8	11,7	12,2	12,4	12,1	11,8	12,1	-0,3	-0,2
SE	12,7	13,6	14,1	14,7	14,6	14,0	13,9	13,1	13,3	13,8	0,0	0,6
UK	10,5	9,8	9,6	10,3	10,3	10,7	10,6	10,1	10,2	10,2	0,4	-0,2
NO	12,0	11,9	12,1	13,0	12,7	11,2	11,5	12,1	12,1	12,1	-0,3	0,0
EU25	11,3	11,2	11,1	11,1	11,2	11,3	11,1	10,9	10,9	11,1	-0,4	-0,4
EU15	11,4	11,2	11,1	11,2	11,2	11,3	11,2	11,0	11,0	11,2	-0,3	-0,4
Euro12	11,2	11,1	11,1	11,0	11,0	11,1	11,0	10,8	10,8	11,0	-0,4	-0,4
NMS10	8,4	8,3	8,4	8,2	8,1	8,0	8,1	8,2	8,0	8,2	-0,6	-0,4
EU25 (arithmetic average)	10,4	10,4	10,5	10,3	10,3	10,2	10,1	10,0	10,0	10,3	-0,6	-0,4
EU15 (arithmetic average)	11,4	11,4	11,3	11,2	11,3	11,3	11,2	11,0	11,0	11,2	-0,4	-0,3
Euro12 (arithmetic average)	10,5	10,5	10,4	10,1	10,2	10,3	10,2	10,1	10,1	10,3	-0,6	-0,4
NMS10 (arithmetic average)	8,1	8,0	8,4	8,3	8,2	8,0	8,1	8,1	8,1	8,1	-0,2	0,0
Ratio st.dev. and mean in %	34,8	35,6	34,8	33,5	33,8	34,1	34,0	33,3	33,1			-1,7
Difference max. and min.	15,3	15,8	15,4	15,0	16,0	16,1	16,0	15,1	15,2			-0,2

1) Estimated annual average growth rate in %. - 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services

Table C.2.1.2_T: Taxes on Labour as % of Total Taxation: Employed paid by employees

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	31,3	30,5	30,5	30,1	30,0	30,7	31,4	31,3	31,2	30,7	0,2	-0,1
CZ	20,0	20,4	20,6	20,9	20,0	20,3	20,1	20,7	20,6	20,4	0,2	0,6
DK	42,8	42,7	43,0	41,6	42,1	43,9	44,0	43,1	43,0	42,9	0,2	0,2
DE	34,7	33,7	33,9	33,7	33,0	34,2	35,3	35,3	35,0	34,2	0,4	0,3
EE	20,6	20,4	19,8	21,3	21,7	20,5	20,0	20,4	20,2	20,6	-0,1	-0,4
EL	19,1	19,3	19,7	19,6	19,8	19,1	19,4	19,6	20,7	19,4	0,5	1,6
ES	18,2	18,3	17,5	17,6	16,3	16,3	16,9	16,8	16,4	17,2	-1,4	-1,8
FR	22,4	22,6	22,4	23,2	23,2	23,5	23,7	23,6	23,8	23,0	0,8	1,4
IE	31,8	31,4	30,8	29,6	28,4	27,4	27,4	25,7	24,5	29,1	-3,2	-7,2
IT	19,2	18,5	18,1	18,8	19,3	18,7	19,0	19,3	19,2	18,8	0,4	0,0
CY	-	-	-	-	-	-	-	-	-	-	-	-
LV	16,9	19,4	24,7	24,2	25,2	26,2	26,7	26,9	28,0	23,8	5,4	11,2
LT	-	-	-	-	-	26,4	26,1	25,0	24,5	25,8	-	-
LU	24,9	24,6	23,8	22,9	23,7	23,7	24,3	23,0	23,2	23,9	-0,7	-1,7
HU	18,6	19,6	19,9	19,1	19,8	20,1	21,3	21,9	20,6	20,0	1,5	2,0
MT	22,4	22,3	22,7	22,4	22,8	23,7	24,4	22,9	22,8	23,0	0,6	0,5
NL	39,1	37,4	36,9	31,3	32,0	32,5	29,0	30,0	31,2	33,5	-3,4	-8,0
AT	28,0	27,1	27,5	27,3	27,7	27,4	26,6	27,3	28,0	27,4	-0,1	0,0
PL	-	-	-	-	-	-	-	-	-	-	-	-
PT	21,5	21,0	20,5	20,0	19,9	20,4	21,3	20,5	20,6	20,6	-0,3	-0,9
SI	34,8	35,6	36,2	34,9	34,2	35,2	35,0	34,3	33,7	35,0	-0,5	-1,0
SK	-	-	-	-	20,8	18,0	20,0	18,6	19,6	19,3	-	-
FI	26,0	27,3	25,7	25,5	25,1	25,4	27,1	26,5	26,3	26,1	0,1	0,3
SE	25,7	26,2	26,9	27,6	27,1	26,0	26,8	26,2	26,3	26,6	0,1	0,6
UK	29,6	28,0	27,0	28,1	27,9	28,4	28,6	28,4	28,7	28,2	0,1	-0,9
NO	28,4	27,8	28,4	30,7	29,6	26,1	26,5	27,8	27,9	28,2	-0,6	-0,5
EU25	28,0	27,2	26,8	26,8	26,6	27,0	27,2	27,0	27,0	27,1	-0,2	-1,0
EU15	28,1	26,8	26,8	26,9	26,7	27,0	27,3	27,1	27,1	27,1	-0,1	-1,0
Euro12	26,2	25,4	25,1	25,0	24,8	25,0	25,2	25,1	25,0	25,2	-0,3	-1,2
NMS10	21,8	22,4	22,8	22,6	22,3	22,4	22,9	22,9	22,4	22,5	0,3	0,6
EU25 (arithmetic average)	26,1	26,0	26,1	25,7	25,4	25,6	25,8	25,5	25,6	25,8	-0,3	-0,5
EU15 (arithmetic average)	27,6	27,3	26,9	26,5	26,4	26,5	26,7	26,4	26,5	26,8	-0,4	-1,1
Euro12 (arithmetic average)	26,4	26,0	25,6	25,0	24,9	24,9	25,1	24,9	25,0	25,3	-0,6	-1,3
NMS10 (arithmetic average)	22,2	23,0	24,0	23,8	23,5	23,8	24,2	23,8	23,8	23,5	0,7	1,6
Ratio st.dev. and mean in %	26,4	25,7	25,9	23,2	23,1	24,4	23,3	23,1	23,1			-3,3
Difference max. and min.	26,0	24,4	25,5	24,0	25,9	27,7	27,1	26,4	26,6			0,6

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation

See explanatory notes in Annex C

Source: Commission Services

Table C.2.2_G: Taxes on Labour as % of GDP: Non-employed

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	2,1	2,1	2,2	2,2	2,1	2,1	2,1	2,2	2,1	2,1	0,1	0,1
CZ	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	-100,0	0,0
DK	6,2	6,1	5,5	5,3	5,2	5,0	4,9	4,9	5,0	5,3	-3,0	-1,2
DE	3,0	3,4	3,4	3,3	3,2	3,0	2,9	3,1	3,0	3,1	-1,2	0,0
EE	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,0	0,2	0,1	-6,2	0,1
EL	0,8	0,8	0,9	1,0	1,1	1,1	1,0	1,0	1,0	1,0	3,4	0,2
ES	2,3	2,2	2,0	1,9	1,8	1,8	1,9	2,0	2,0	2,0	-2,0	-0,3
FR	0,5	0,4	0,5	0,3	0,3	0,3	0,3	0,3	0,3	0,3	-8,3	-0,2
IE	0,2	0,2	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	-15,1	-0,1
IT	1,9	2,0	2,1	2,2	2,1	2,0	2,2	2,2	1,8	2,1	0,0	-0,2
CY	0,3	0,2	0,2	0,2	0,2	0,2	0,2	0,1	0,1	0,2	-11,8	-0,2
LV	0,0	0,0	0,0	0,0	0,0	0,2	0,1	0,2	0,1	0,1	32,7	0,1
LT	-	-	-	-	-	0,0	0,0	0,0	0,0	0,0	-	-
LU	2,0	1,9	1,9	1,5	1,6	1,5	1,4	1,3	1,4	1,6	-5,3	-0,6
HU	0,8	0,8	0,7	0,7	0,9	1,0	0,9	0,9	0,9	0,8	3,4	0,1
MT	0,7	0,6	0,7	0,6	0,7	0,8	0,9	0,9	0,9	0,8	6,1	0,3
NL	4,3	3,9	3,7	3,0	3,1	3,0	2,5	2,6	2,7	3,2	-6,4	-1,6
AT	1,9	2,1	2,2	2,3	2,4	2,3	2,4	2,5	2,5	2,3	2,8	0,6
PL	-	-	-	-	-	-	-	-	-	-	-	-
PT	0,4	0,4	0,4	0,4	0,4	0,4	0,5	0,4	0,4	0,4	2,0	0,1
SI	0,6	0,6	0,6	0,7	0,7	0,7	0,9	0,9	1,0	0,7	6,8	0,4
SK	-	-	-	-	0,1	0,1	0,1	0,1	0,1	0,1	-	-
FI	4,2	4,1	3,6	3,2	3,0	3,0	2,8	2,8	2,8	3,3	-5,6	-1,4
SE	5,5	5,4	5,2	5,1	5,0	4,6	4,4	4,2	4,6	4,9	-3,1	-0,9
UK	0,2	0,2	0,1	0,2	0,2	0,2	0,2	0,2	0,2	0,2	2,1	0,0
NO	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
EU25	2,0	2,1	2,0	1,9	1,8	1,7	1,7	1,7	1,7	1,9	-3,0	-0,3
EU15	2,1	2,1	2,0	1,9	1,9	1,8	1,7	1,8	1,7	1,9	-2,9	-0,3
Euro12	2,1	2,2	2,2	2,1	2,0	1,9	1,9	2,0	1,9	2,0	-2,2	-0,3
NMS10	0,4	0,3	0,3	0,4	0,4	0,4	0,4	0,4	0,4	0,4	1,5	0,0
EU25 (arithmetic average)	1,7	1,7	1,6	1,6	1,5	1,4	1,4	1,4	1,4	1,5	-3,4	-0,3
EU15 (arithmetic average)	2,4	2,4	2,3	2,1	2,1	2,0	2,0	2,0	2,0	2,1	-2,5	-0,4
Euro12 (arithmetic average)	2,0	2,0	1,9	1,8	1,8	1,7	1,7	1,7	1,7	1,8	-2,3	-0,3
NMS10 (arithmetic average)	0,3	0,3	0,3	0,4	0,3	0,3	0,4	0,4	0,4	0,3	0,8	0,0
Ratio st.dev. and mean in %	90,9	86,8	84,1	84,6	85,0	85,0	82,8	82,0	86,1			-4,8
Difference max. and min.	6,2	6,1	5,5	5,3	5,2	5,0	4,9	4,9	5,0			-1,2

1) Estimated annual average growth rate in %. - 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services

Table C.2.2_T: Taxes on Labour as % of Total Taxation: Non-employed

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	4,6	4,7	4,8	4,7	4,5	4,5	4,7	4,7	4,7	4,6	-0,1	0,1
CZ	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	-	0,0
DK	12,6	12,3	11,1	10,6	10,1	10,0	9,8	10,0	10,3	10,8	-2,9	-2,3
DE	7,4	8,2	8,2	7,8	7,5	7,0	7,2	7,6	7,5	7,6	-0,9	0,1
EE	0,4	0,4	0,4	0,4	0,4	0,4	0,4	0,1	0,6	0,3	-4,4	0,3
EL	2,4	2,5	2,6	2,8	2,9	2,7	2,8	2,7	2,8	2,7	1,7	0,4
ES	6,9	6,6	6,0	5,7	5,3	5,2	5,4	5,6	5,5	5,8	-2,8	-1,4
FR	1,1	1,0	1,1	0,6	0,6	0,6	0,6	0,6	0,6	0,8	-8,2	-0,5
IE	0,5	0,5	0,4	0,4	0,3	0,3	0,2	0,2	0,2	0,3	-13,3	-0,3
IT	4,7	4,6	4,7	5,1	4,8	4,8	5,2	5,1	4,1	4,9	0,0	-0,5
CY	1,0	1,0	1,0	0,9	0,9	0,9	0,8	0,8	0,8	0,9	0,0	-0,2
LV	0,0	0,1	0,1	0,1	0,1	0,6	0,4	0,7	0,4	0,3	34,8	0,3
LT	-	-	-	-	-	0,0	0,0	0,0	0,0	0,0	-	-
LU	4,7	4,5	4,5	3,8	3,9	3,7	3,4	3,1	3,4	3,9	-4,9	-1,3
HU	1,9	1,9	1,8	1,8	2,2	2,4	2,4	2,4	2,3	2,1	4,0	0,4
MT	2,5	2,4	2,4	2,5	2,7	2,8	2,9	2,8	2,8	2,6	2,4	0,3
NL	10,5	9,6	9,0	7,4	7,4	7,3	6,4	6,5	6,8	8,0	-6,0	-3,7
AT	4,7	4,9	5,1	5,3	5,5	5,3	5,4	5,7	5,9	5,2	2,4	1,2
PL	-	-	-	-	-	-	-	-	-	-	-	-
PT	1,1	1,2	1,1	1,1	1,2	1,2	1,3	1,2	1,2	1,2	0,9	0,1
SI	1,4	1,6	1,6	1,9	1,8	1,7	2,4	2,3	2,4	1,8	6,8	1,0
SK	-	-	-	-	0,2	0,2	0,2	0,2	0,3	0,2	-	-
FI	9,0	8,8	7,7	6,8	6,3	6,2	6,0	6,1	6,2	7,1	-5,3	-2,8
SE	11,1	10,4	10,0	9,7	9,3	8,5	8,5	8,4	9,1	9,5	-3,1	-2,0
UK	0,5	0,5	0,4	0,5	0,4	0,4	0,5	0,5	0,5	0,5	1,7	0,1
NO	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
EU25	5,0	5,1	4,9	4,6	4,4	4,1	4,2	4,3	4,2	4,5	-2,8	-0,8
EU15	5,1	5,0	4,9	4,6	4,4	4,2	4,2	4,4	4,3	4,6	-2,5	-0,8
Euro12	5,1	5,2	5,1	4,8	4,6	4,4	4,4	4,6	4,4	4,7	-2,1	-0,7
NMS10	1,0	1,0	0,9	1,0	1,0	1,0	1,1	1,1	1,1	1,0	2,3	0,1
EU25 (arithmetic average)	4,0	4,0	3,8	3,6	3,4	3,2	3,2	3,2	3,3	3,5	-3,2	-0,8
EU15 (arithmetic average)	5,5	5,3	5,1	4,8	4,7	4,5	4,5	4,5	4,6	4,9	-2,5	-0,9
Euro12 (arithmetic average)	4,8	4,7	4,6	4,3	4,2	4,1	4,0	4,1	4,1	4,3	-2,3	-0,7
NMS10 (arithmetic average)	1,0	1,0	1,0	1,1	1,0	1,0	1,0	1,0	1,1	1,0	0,2	0,0
Ratio st.dev. and mean in %	79,2	74,8	72,9	72,2	72,5	73,6	71,6	71,2	74,4			-4,8
Difference max. and min.	12,6	12,3	11,1	10,6	10,1	10,0	9,8	10,0	10,3			-2,3

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation

See explanatory notes in Annex C

Source: Commission Services

Table C.3_G: Taxes on Capital as % of GDP: Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	9,0	9,2	9,5	10,1	9,8	9,8	9,7	9,6	9,5	9,6	0,5	0,4
CZ	7,6	6,4	6,8	6,4	6,7	6,5	7,1	7,3	7,6	6,9	0,8	0,0
DK	5,7	5,8	6,1	6,6	7,3	6,3	6,5	6,2	6,1	6,3	0,8	0,3
DE	5,8	6,6	6,5	6,8	7,3	7,2	5,7	5,4	5,4	6,3	-1,8	-0,4
EE	3,5	3,7	4,3	4,2	3,6	2,5	2,4	2,8	3,0	3,3	-5,3	-0,5
EL	7,5	7,3	8,4	9,8	10,5	11,6	9,9	9,6	9,1	9,3	3,5	1,6
ES	7,8	7,8	8,4	8,4	9,0	9,2	8,8	9,3	9,4	8,7	2,4	1,6
FR	8,3	8,8	9,1	9,4	9,8	10,1	10,1	9,5	8,9	9,3	1,3	0,5
IE	6,6	7,1	7,2	7,4	8,1	8,1	8,0	7,5	8,6	7,6	2,4	1,9
IT	12,1	12,4	13,2	11,5	11,7	11,6	11,6	11,3	12,1	12,0	-0,9	0,0
CY	6,9	7,3	7,2	9,0	9,8	10,6	9,9	9,5	8,3	-	-	-
LV	3,9	3,4	4,1	4,5	4,3	3,4	3,8	3,5	3,1	3,8	-2,2	-0,8
LT	-	-	-	-	-	2,3	1,8	1,8	2,5	2,1	-	-
LU	13,2	13,7	13,7	13,8	13,4	13,5	13,5	13,9	13,3	13,5	0,1	0,1
HU	3,5	3,8	3,7	4,1	4,4	4,4	4,8	4,7	4,5	4,2	3,7	1,0
MT	7,4	6,4	7,2	6,8	7,3	7,5	7,8	9,5	10,0	7,8	4,4	2,6
NL	7,7	8,6	9,1	8,9	9,3	8,8	9,9	9,3	8,5	8,9	1,4	0,9
AT	6,5	7,1	7,3	7,5	7,0	7,1	8,8	7,5	6,9	7,3	1,2	0,4
PL	-	-	-	-	-	-	-	-	-	-	-	-
PT	7,0	7,5	8,0	8,1	9,0	9,1	8,4	8,7	8,7	8,3	2,5	1,7
SI	2,1	2,4	2,8	3,1	3,1	3,2	3,4	3,7	4,2	3,1	7,7	2,1
SK	-	-	-	-	6,9	6,1	5,6	5,7	5,5	6,0	-	-
FI	6,0	6,6	7,3	8,0	8,3	10,1	8,2	8,0	7,0	7,7	2,8	1,0
SE	5,0	6,0	6,7	6,4	7,3	8,6	6,3	5,4	5,7	6,4	0,5	0,6
UK	8,0	8,2	8,9	9,4	9,3	9,6	9,5	8,6	8,2	8,9	0,7	0,3
NO	8,6	9,7	9,2	7,5	8,7	12,8	12,7	12,1	12,0	10,4	5,3	3,4
EU25	7,7	8,2	8,6	8,7	9,0	9,1	8,7	8,3	8,2	8,5	0,5	0,5
EU15	7,7	8,3	8,7	8,7	9,1	9,2	8,7	8,3	8,3	8,6	0,6	0,5
Euro12	7,8	8,5	8,8	8,7	9,1	9,2	8,7	8,4	8,4	8,6	0,5	0,6
NMS10	5,3	4,9	5,2	5,2	5,7	5,2	5,5	5,6	5,6	5,3	1,2	0,3
EU25 (arithmetic average)	6,9	7,1	7,5	7,7	8,0	7,8	7,6	7,4	7,3	7,5	0,7	0,5
EU15 (arithmetic average)	7,7	8,2	8,6	8,8	9,1	9,4	9,0	8,7	8,5	8,7	1,1	0,7
Euro12 (arithmetic average)	8,1	8,6	9,0	9,2	9,4	9,7	9,4	9,1	8,9	9,0	1,2	0,8
NMS10 (arithmetic average)	5,0	4,8	5,2	5,4	5,8	5,2	5,2	5,4	5,4	5,3	1,1	0,4
Ratio st.dev. and mean in %	33,5	32,0	30,5	29,2	28,0	33,3	33,6	34,9	33,8			0,3
Difference max. and min.	11,1	11,3	10,9	10,7	10,3	11,2	11,7	12,0	10,8			-0,2

1) Estimated annual average growth rate in %. - 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services

Table C.3_T: Taxes on Capital as % of Total Taxation: Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	20,0	20,4	20,7	21,8	21,3	21,3	21,0	20,8	20,7	20,9	0,3	0,7
CZ	21,0	18,2	19,3	18,8	19,4	18,8	20,5	20,6	21,1	19,6	0,8	0,1
DK	11,7	11,7	12,2	13,2	14,3	12,7	13,0	12,7	12,4	12,7	0,9	0,7
DE	14,2	15,8	15,6	16,3	17,2	16,8	13,9	13,4	13,5	15,4	-1,5	-0,7
EE	9,3	10,4	11,9	12,0	10,5	7,8	7,6	8,5	9,0	9,8	-3,5	-0,3
EL	22,9	22,0	24,6	26,9	28,1	29,8	26,7	25,7	25,0	25,8	1,8	2,1
ES	23,2	23,1	24,9	25,0	26,1	26,3	25,4	26,3	26,3	25,0	1,6	3,1
FR	19,1	19,7	20,3	21,0	21,5	22,4	22,6	21,8	20,3	21,0	1,4	1,2
IE	19,8	21,3	22,0	23,2	25,1	25,4	26,4	26,0	28,7	23,7	4,2	8,9
IT	29,4	29,1	29,5	26,7	27,2	27,2	27,2	26,7	28,3	27,9	-0,9	-1,1
CY	25,6	25,8	26,5	24,5	24,2	22,6	21,9	21,9	20,7	24,1	0,0	-4,9
LV	11,5	10,9	12,6	13,2	13,4	11,2	13,2	12,1	10,6	12,3	-0,1	-0,9
LT	-	-	-	-	-	7,6	6,4	6,4	8,6	6,8	-	-
LU	31,1	32,2	33,0	34,3	33,1	33,4	33,2	33,6	32,2	33,0	0,4	1,1
HU	8,5	9,3	9,6	10,4	11,3	11,0	12,1	12,2	11,4	10,6	4,3	3,0
MT	27,5	26,7	26,1	26,3	26,4	26,1	25,1	28,5	29,7	26,6	0,7	2,1
NL	18,9	21,0	22,3	22,2	22,2	21,3	24,9	23,7	21,7	22,0	1,8	2,8
AT	15,6	16,7	16,5	17,1	16,0	16,6	19,8	17,2	16,0	17,0	0,8	0,3
PL	-	-	-	-	-	-	-	-	-	-	-	-
PT	20,8	21,9	23,0	23,2	24,9	25,1	23,6	23,8	23,4	23,3	1,4	2,6
SI	5,2	6,0	7,4	7,9	7,9	8,2	8,8	9,4	10,6	7,6	7,7	5,4
SK	-	-	-	-	20,0	18,5	17,6	17,8	18,0	18,4	-	-
FI	13,1	13,9	15,7	17,3	17,7	21,2	17,9	17,5	15,7	16,8	3,2	2,7
SE	10,1	11,6	12,7	12,1	13,6	16,0	12,2	10,7	11,1	12,4	0,5	1,0
UK	22,5	23,6	25,0	25,6	25,3	25,6	25,4	24,0	23,1	24,6	0,3	0,6
NO	20,3	22,6	21,6	17,6	20,3	29,8	29,4	27,9	27,8	23,7	5,0	7,5
EU25	19,0	20,0	20,9	21,0	21,5	21,8	21,2	20,5	20,3	20,7	0,7	1,3
EU15	19,0	20,3	21,0	21,1	21,6	21,9	21,3	20,7	20,4	20,8	0,6	1,3
Euro12	18,3	19,4	20,1	20,0	20,7	20,9	20,2	19,8	19,7	19,9	0,7	1,3
NMS10	13,9	13,4	14,2	14,4	15,4	14,4	15,2	15,4	15,5	14,6	1,6	1,5
EU25 (arithmetic average)	18,2	18,7	19,6	20,0	20,3	19,7	19,4	19,2	19,1	19,4	0,4	0,9
EU15 (arithmetic average)	19,5	20,3	21,2	21,7	22,2	22,7	22,2	21,6	21,2	21,4	1,1	1,7
Euro12 (arithmetic average)	20,7	21,4	22,3	22,9	23,4	23,9	23,5	23,0	22,6	22,7	1,2	2,0
NMS10 (arithmetic average)	15,5	15,3	16,2	16,2	16,6	14,6	14,8	15,3	15,5	15,6	-0,5	0,0
Ratio st.dev. and mean in %	37,5	34,4	32,6	32,1	30,7	33,8	34,3	35,9	36,0			-1,4
Difference max. and min.	25,9	26,2	25,7	26,4	25,3	25,8	26,8	27,2	23,5			-2,4

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation

See explanatory notes in Annex C

Source: Commission Services

Table C.3.1_G: Taxes on Capital as % of GDP: Capital and business income

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	6,0	6,0	6,0	6,6	6,3	6,3	6,2	6,0	5,7	6,1	-0,2	-0,2
CZ	6,6	5,4	5,9	5,4	5,8	5,5	6,1	6,4	6,6	6,0	1,1	0,0
DK	3,8	4,0	4,2	4,6	5,3	3,8	3,8	3,5	3,2	4,0	-2,5	-0,6
DE	4,6	5,4	5,4	5,7	6,1	6,0	4,5	4,3	4,3	5,1	-1,9	-0,3
EE	2,9	2,0	2,2	2,9	2,4	1,3	1,3	1,7	2,1	2,1	-6,2	-0,8
EL	5,7	5,3	5,7	7,1	7,2	8,3	7,1	7,2	6,8	6,7	3,8	1,1
ES	5,1	5,2	5,8	5,7	6,2	6,3	6,0	6,3	6,2	5,9	2,5	1,1
FR	4,1	4,5	4,6	4,8	5,3	5,6	5,8	5,2	4,6	4,9	2,5	0,5
IE	4,6	5,0	5,2	5,4	5,9	6,1	6,0	5,7	6,3	5,6	3,4	1,7
IT	8,0	8,6	9,2	8,0	8,6	8,8	9,0	8,3	9,5	8,7	1,1	1,6
CY	5,1	5,5	5,4	7,0	7,9	7,6	7,6	7,4	6,0	-	-	-
LV	1,9	1,9	2,3	2,4	2,2	1,7	2,0	2,1	1,6	2,0	-1,5	-0,3
LT	-	-	-	-	-	1,4	1,3	1,3	1,9	1,5	-	-
LU	10,1	10,4	10,3	10,2	9,4	9,2	9,5	10,5	10,2	10,0	-0,4	0,0
HU	2,8	2,8	2,8	3,0	3,3	3,2	3,5	3,5	3,3	3,1	3,2	0,5
MT	4,3	3,8	4,4	4,1	4,5	4,8	5,1	5,9	6,5	4,8	5,7	2,2
NL	5,4	6,1	6,6	6,4	6,5	6,0	7,2	6,6	5,9	6,3	1,3	0,6
AT	5,1	5,8	6,0	6,2	5,7	5,8	7,5	6,2	5,6	6,0	1,6	0,5
PL	-	-	-	-	-	-	-	-	-	-	-	-
PT	4,3	4,9	5,3	5,2	5,6	6,0	5,4	5,4	5,0	5,2	1,7	0,7
SI	1,4	1,7	2,0	2,0	2,0	2,0	2,2	2,5	2,9	2,1	7,1	1,5
SK	-	-	-	-	5,9	5,1	4,7	4,8	4,5	5,0	-	-
FI	4,8	5,3	6,0	6,7	7,0	8,8	7,0	6,7	5,8	6,5	3,3	1,0
SE	3,4	3,9	4,4	4,2	5,1	6,4	4,4	3,5	3,8	4,3	0,7	0,3
UK	5,4	5,8	6,5	6,8	6,7	6,7	6,8	5,9	5,7	6,3	0,7	0,3
NO	6,2	7,1	6,8	5,0	6,3	10,7	10,6	9,9	9,7	8,0	7,4	3,5
EU25	5,1	5,7	6,0	6,1	6,4	6,5	6,2	5,7	5,7	5,9	0,9	0,6
EU15	5,1	5,7	6,0	6,1	6,4	6,5	6,2	5,7	5,7	6,0	0,9	0,6
Euro12	5,2	5,8	6,1	6,0	6,4	6,6	6,2	5,8	5,8	6,0	1,0	0,6
NMS10	4,2	3,8	4,0	4,0	4,5	4,0	4,3	4,4	4,4	4,2	1,2	0,2
EU25 (arithmetic average)	4,8	5,0	5,3	5,5	5,7	5,5	5,4	5,3	5,2	5,3	0,9	0,4
EU15 (arithmetic average)	5,4	5,7	6,1	6,2	6,5	6,7	6,4	6,1	5,9	6,1	1,2	0,5
Euro12 (arithmetic average)	5,7	6,0	6,4	6,5	6,6	6,9	6,8	6,5	6,3	6,4	1,5	0,7
NMS10 (arithmetic average)	3,6	3,3	3,6	3,8	4,2	3,6	3,8	3,9	3,9	3,7	1,7	0,4
Ratio st.dev. and mean in %	37,2	35,4	33,4	32,1	29,6	35,5	36,4	38,6	37,3			0,1
Difference max. and min.	8,8	8,7	8,3	8,3	7,4	7,9	8,3	9,3	8,5			-0,2

1) Estimated annual average growth rate in %. - 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services

Table C.3.1_T: Taxes on Capital as % of Total Taxation: Capital and business income

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	13,2	13,2	13,2	14,2	13,6	13,6	13,4	13,0	12,6	13,4	-0,4	-0,7
CZ	18,2	15,3	16,6	15,9	16,7	16,0	17,8	17,9	18,3	16,8	1,1	0,1
DK	7,8	8,1	8,5	9,2	10,4	7,6	7,7	7,1	6,6	8,3	-2,4	-1,1
DE	11,3	12,9	12,9	13,6	14,4	14,2	11,1	10,7	10,8	12,6	-1,7	-0,5
EE	7,6	5,6	6,1	8,2	7,1	4,1	4,1	5,1	6,2	6,0	-4,3	-1,4
EL	17,4	16,0	16,7	19,5	19,3	21,3	19,3	19,3	18,7	18,6	2,1	1,3
ES	15,3	15,5	17,2	16,8	17,9	18,0	17,2	17,8	17,3	17,0	1,6	2,0
FR	9,3	10,0	10,3	10,8	11,6	12,5	12,9	11,9	10,4	11,2	2,6	1,1
IE	13,8	15,0	15,9	17,0	18,5	19,0	19,8	19,8	21,2	17,3	5,2	7,4
IT	19,3	20,2	20,5	18,5	19,8	20,6	21,1	19,6	22,2	20,0	1,1	2,9
CY	18,9	19,1	19,6	18,1	17,9	16,7	16,2	16,2	15,3	17,8	0,0	-3,7
LV	5,6	6,1	6,9	7,0	6,7	5,6	7,0	7,2	5,6	6,5	0,6	0,0
LT	-	-	-	-	-	4,6	4,4	4,4	6,7	4,5	-	-
LU	23,9	24,5	24,9	25,5	23,1	22,7	23,4	25,5	24,6	24,2	0,0	0,7
HU	6,7	6,8	7,1	7,7	8,4	8,1	9,0	9,0	8,5	7,9	3,8	1,8
MT	16,1	15,6	16,1	15,9	16,1	16,5	16,4	17,8	19,3	16,3	2,0	3,2
NL	13,2	15,0	16,1	15,8	15,5	14,5	18,1	16,9	15,1	15,6	1,7	1,9
AT	12,4	13,6	13,6	14,1	13,1	13,6	16,8	14,3	12,9	14,0	1,2	0,6
PL	-	-	-	-	-	-	-	-	-	-	-	-
PT	12,9	14,2	15,3	14,8	15,7	16,4	15,0	14,7	13,5	14,9	0,6	0,6
SI	3,4	4,3	5,2	5,0	5,0	5,2	5,6	6,2	7,2	5,0	7,2	3,8
SK	-	-	-	-	17,0	15,4	14,7	14,8	14,8	15,5	-	-
FI	10,5	11,2	13,0	14,5	14,9	18,4	15,2	14,7	12,9	14,0	3,7	2,4
SE	6,9	7,5	8,4	8,0	9,5	11,9	8,4	6,9	7,4	8,4	0,7	0,5
UK	15,2	16,6	18,1	18,6	18,1	17,9	18,1	16,6	16,1	17,4	0,3	0,8
NO	14,7	16,5	16,0	11,7	14,7	25,0	24,6	22,7	22,5	18,2	7,1	7,8
EU25	12,7	13,8	14,5	14,6	15,2	15,5	15,0	14,2	14,1	14,4	1,1	1,4
EU15	12,7	14,0	14,6	14,7	15,3	15,6	15,1	14,2	14,1	14,5	1,0	1,4
Euro12	12,2	13,4	13,9	13,8	14,6	15,0	14,4	13,8	13,7	13,9	1,2	1,6
NMS10	11,3	10,4	11,1	11,0	12,1	9,4	10,4	10,7	10,8	10,8	-0,6	-0,4
EU25 (arithmetic average)	12,7	13,0	13,7	14,0	14,4	13,9	13,9	13,6	13,5	13,6	0,7	0,8
EU15 (arithmetic average)	13,5	14,2	15,0	15,4	15,7	16,2	15,8	15,3	14,8	15,1	1,2	1,3
Euro12 (arithmetic average)	14,4	15,1	15,8	16,3	16,5	17,1	16,9	16,5	16,0	16,1	1,5	1,6
NMS10 (arithmetic average)	10,9	10,4	11,1	11,1	11,9	10,3	10,6	11,0	11,3	10,9	0,2	0,4
Ratio st.dev. and mean in %	40,3	36,8	35,3	34,3	31,3	35,9	37,2	39,8	40,1			-0,3
Difference max. and min.	20,5	20,2	19,7	20,4	18,1	18,6	19,3	21,1	19,0			-1,5

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation

See explanatory notes in Annex C

Source: Commission Services

Table C.3.1.1_G: Taxes on Capital as % of GDP: Income of corporations

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	2.4	2.7	2.9	3.4	3.3	3.3	3.2	3.1	2.9	3.0	2.2	0.5
CZ	4.6	3.4	3.9	3.4	3.9	3.5	4.2	4.4	4.6	4.0	1.6	0.0
DK	3.1	3.4	3.5	3.5	4.1	3.1	3.2	2.9	2.8	3.3	-1.9	-0.3
DE	2.1	2.5	2.6	2.7	2.9	3.0	1.8	1.7	1.9	2.4	-3.7	-0.2
EE	2.4	1.6	1.8	2.4	2.0	1.0	0.7	1.2	1.7	1.6	-8.5	-0.7
EL	2.6	2.3	2.6	3.1	3.5	4.6	3.8	3.7	3.3	3.3	5.9	0.7
ES	1.9	2.1	2.8	2.6	3.0	3.2	3.0	3.4	3.3	2.8	6.7	1.4
FR	1.8	2.0	2.3	2.3	2.7	2.8	3.1	2.6	2.2	2.4	4.2	0.4
IE	2.8	3.1	3.2	3.4	3.8	3.8	3.6	3.8	3.8	3.5	3.6	1.1
IT	2.9	3.4	3.8	2.9	3.3	2.9	3.6	3.2	3.7	3.3	1.1	0.8
CY	4.3	4.7	4.7	5.9	6.8	6.3	6.3	6.0	4.4	-	-	-
LV	1.8	1.9	2.2	2.3	2.1	1.6	1.9	1.9	1.5	1.9	-2.4	-0.4
LT	-	-	-	-	-	0.7	0.5	0.6	1.4	0.8	-	-
LU	7.5	7.7	7.9	7.8	7.1	7.2	7.5	8.4	7.9	7.7	0.5	0.4
HU	1.9	1.8	1.9	2.2	2.3	2.2	2.4	2.4	2.3	2.1	3.2	0.4
MT	2.7	2.3	2.7	2.6	2.9	3.0	3.3	4.1	4.7	3.1	7.5	2.0
NL	3.3	4.1	4.6	4.5	4.6	4.4	4.4	3.7	3.2	4.1	-0.9	-0.1
AT	1.6	2.1	2.1	2.2	1.9	2.1	3.2	2.3	2.2	2.2	4.1	0.6
PL	-	-	-	-	-	-	-	-	-	-	-	-
PT	2.5	2.9	3.3	3.3	3.8	4.1	3.6	3.6	3.2	3.4	3.4	0.7
SI	0.5	0.7	1.0	1.0	1.1	1.2	1.2	1.5	1.9	1.1	12.9	1.3
SK	-	-	-	-	-	-	-	-	-	-	-	-
FI	2.3	2.8	3.5	4.3	4.4	6.0	4.3	4.3	3.5	3.9	5.9	1.1
SE	2.7	2.6	2.9	2.7	3.1	3.9	2.7	2.1	2.4	2.8	-1.3	-0.3
UK	2.7	3.1	3.8	3.8	3.4	3.4	3.3	2.7	2.7	3.2	-1.4	0.0
NO	3.2	3.5	3.5	2.7	3.5	5.2	4.9	4.5	4.2	3.9	5.3	1.0
EU25	2.3	2.7	3.1	3.0	3.2	3.2	3.0	2.7	2.7	2.9	1.0	0.4
EU15	2.3	2.7	3.1	3.0	3.2	3.2	3.0	2.7	2.7	2.9	1.0	0.4
Euro12	2.2	2.6	2.9	2.8	3.1	3.2	2.9	2.7	2.7	2.8	1.6	0.4
NMS10	2.9	2.5	2.7	2.8	3.0	2.6	2.9	3.0	3.1	2.8	1.4	0.1
EU25 (arithmetic average)	2.7	2.9	3.2	3.3	3.4	3.4	3.2	3.2	3.1	3.2	1.5	0.4
EU15 (arithmetic average)	2.8	3.1	3.5	3.5	3.7	3.9	3.6	3.4	3.3	3.4	1.8	0.5
Euro12 (arithmetic average)	2.8	3.1	3.5	3.6	3.7	4.0	3.7	3.7	3.4	3.5	2.5	0.6
NMS10 (arithmetic average)	2.6	2.4	2.6	2.8	3.0	2.4	2.6	2.8	2.8	2.7	1.0	0.2
Ratio st.dev. and mean in %	58.1	51.4	45.4	47.5	45.2	50.6	52.5	61.3	52.4			-5.7
Difference max. and min.	6.9	7.0	7.0	6.9	6.0	6.5	7.0	7.8	6.5			-0.4

1) Estimated annual average growth rate in %. - 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services

Table C.3.1.1_T: Taxes on Capital as % of Total Taxation: Income of corporations

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	5.4	6.0	6.3	7.4	7.1	7.1	6.9	6.7	6.4	6.6	2.0	1.1
CZ	12.7	9.7	11.0	10.1	11.2	10.3	12.0	12.4	12.8	11.2	1.6	0.1
DK	6.3	6.8	7.1	7.1	8.0	6.2	6.4	6.0	5.7	6.7	-1.8	-0.6
DE	5.2	5.9	6.3	6.5	6.8	7.1	4.3	4.2	4.7	5.8	-3.4	-0.5
EE	6.4	4.5	5.0	7.0	5.8	3.0	2.3	3.6	5.1	4.7	-6.6	-1.3
EL	8.0	6.8	7.5	8.6	9.5	12.0	10.1	10.0	9.1	9.1	4.2	1.0
ES	5.8	6.1	8.1	7.7	8.7	9.2	8.6	9.6	9.3	8.0	5.9	3.5
FR	4.1	4.5	5.0	5.2	5.9	6.3	7.0	6.0	5.0	5.5	4.3	1.0
IE	8.3	9.3	9.8	10.5	12.0	11.8	11.9	13.0	12.8	10.8	5.4	4.5
IT	7.0	7.9	8.5	6.7	7.6	6.9	8.5	7.6	8.6	7.6	1.1	1.5
CY	15.8	17.6	17.9	20.9	23.9	20.6	20.1	19.2	13.1	19.5	-0.5	-2.8
LV	5.5	5.9	6.8	6.8	6.4	5.2	6.6	6.7	5.1	6.2	-0.4	-0.3
LT	-	-	-	-	-	2.3	1.9	2.1	4.9	2.1	-	-
LU	17.7	18.2	19.1	19.5	17.5	17.8	18.4	20.5	19.1	18.6	0.9	1.4
HU	4.5	4.5	4.9	5.5	5.9	5.6	6.0	6.1	5.8	5.4	3.8	1.2
MT	10.1	9.6	9.9	10.0	10.3	10.4	10.7	12.4	14.0	10.4	3.8	3.9
NL	8.1	10.1	11.3	11.3	10.9	10.7	10.9	9.4	8.1	10.3	-0.5	0.1
AT	3.8	4.9	4.8	5.1	4.3	4.9	7.1	5.4	5.1	5.0	3.7	1.3
PL	-	-	-	-	-	-	-	-	-	-	-	-
PT	7.4	8.4	9.6	9.5	10.7	11.3	10.0	9.9	8.7	9.6	2.2	1.3
SI	1.3	1.9	2.5	2.5	2.7	3.0	3.1	3.8	4.7	2.6	13.0	3.4
SK	-	-	-	-	-	-	-	-	-	-	-	-
FI	5.0	6.0	7.5	9.4	9.4	12.5	9.4	9.3	7.7	8.6	6.3	2.7
SE	5.4	5.0	5.5	5.0	5.8	7.2	5.2	4.2	4.7	5.4	-1.3	-0.6
UK	7.6	9.0	10.8	10.4	9.1	9.0	8.8	7.6	7.6	9.1	-1.7	0.0
NO	7.6	8.2	8.3	6.4	8.1	12.0	11.4	10.3	9.8	9.0	5.0	2.2
EU25	5.8	6.5	7.4	7.3	7.5	7.7	7.3	6.7	6.7	7.0	1.2	0.9
EU15	5.7	6.5	7.4	7.3	7.5	7.7	7.3	6.7	6.6	7.0	1.1	0.9
Euro12	5.3	6.0	6.7	6.5	7.0	7.3	6.8	6.4	6.3	6.5	1.7	1.0
NMS10	7.8	6.9	7.6	7.7	8.4	7.4	8.2	8.5	8.5	7.9	1.7	0.7
EU25 (arithmetic average)	7.3	7.7	8.4	8.8	9.1	8.7	8.5	8.5	8.2	8.4	1.3	0.8
EU15 (arithmetic average)	7.0	7.7	8.5	8.7	8.9	9.3	8.9	8.6	8.2	8.4	1.9	1.2
Euro12 (arithmetic average)	7.1	7.8	8.7	8.9	9.2	9.8	9.4	9.3	8.7	8.8	2.6	1.6
NMS10 (arithmetic average)	8.1	7.7	8.3	9.0	9.5	7.6	7.8	8.3	8.2	8.3	0.0	0.1
Ratio st.dev. and mean in %	66.6	59.8	54.1	59.5	60.4	57.8	60.7	69.0	57.4			-9.1
Difference max. and min.	16.4	16.3	16.6	18.5	21.2	18.3	18.2	18.4	14.4			-1.9

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation

See explanatory notes in Annex C

Source: Commission Services

Table C.3.1.2_G: Taxes on Capital as % of GDP: Income of households

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	1,0	0,7	0,7	0,6	0,5	0,5	0,5	0,5	0,4	0,6	-8,8	-0,6
CZ	0,4	0,4	0,4	0,4	0,4	0,4	0,4	0,4	0,4	0,4	-2,2	-0,1
DK	-0,6	-0,6	-0,5	-0,2	-0,1	-0,4	-0,6	-0,5	-0,6	-0,4	n.a.	0,0
DE	0,3	0,3	0,3	0,4	0,4	0,4	0,3	0,3	0,3	0,3	-0,3	0,0
EE	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	-2,6	0,0
EL	0,8	0,8	0,8	1,1	0,9	0,9	0,8	0,8	0,8	0,8	-0,7	0,0
ES	0,8	0,8	0,7	0,8	0,8	0,9	0,8	0,8	0,8	0,8	-0,5	-0,1
FR	0,4	0,5	0,5	0,8	0,8	0,8	0,8	0,8	0,9	0,7	8,9	0,4
IE	0,5	0,6	0,7	0,8	0,9	1,2	1,2	0,9	1,5	0,9	12,2	1,0
IT	1,8	2,0	2,1	1,7	1,7	2,3	1,9	1,6	1,4	1,8	-3,1	-0,5
CY	0,3	0,2	0,2	0,5	0,6	0,9	0,7	0,8	1,1	0,6	21,5	0,8
LV	0,0	0,0	0,0	0,0	0,1	0,1	0,1	0,1	0,1	0,1	n.a.	0,1
LT	-	-	-	-	-	0,3	0,3	0,3	0,2	0,3	-	-
LU	0,9	1,0	0,9	0,9	1,0	0,8	0,7	0,7	0,7	0,8	-4,7	-0,2
HU	0,6	0,7	0,6	0,6	0,6	0,7	0,7	0,7	0,6	0,7	1,1	0,0
MT	0,5	0,4	0,5	0,5	0,5	0,5	0,5	0,5	0,5	0,5	1,3	0,0
NL	-0,5	-0,5	-0,5	-0,4	-0,4	-0,8	0,8	0,7	0,6	-0,1	n.a.	1,0
AT	1,1	1,2	1,2	1,1	1,0	1,0	1,1	1,0	0,9	1,1	-2,8	-0,2
PL	-	-	-	-	-	-	-	-	-	-	-	-
PT	0,9	0,9	0,9	0,8	0,8	0,9	0,9	0,9	0,9	0,9	-0,1	0,0
SI	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,3	0,0
SK	-	-	-	-	-	-	-	-	-	-	-	-
FI	0,6	0,7	0,8	0,8	1,0	1,2	1,1	0,8	0,7	0,8	2,6	0,1
SE	0,1	0,6	0,8	0,9	1,3	1,8	0,9	0,6	0,6	0,8	12,7	0,5
UK	1,2	1,3	1,2	1,6	1,8	1,8	1,9	1,7	1,5	1,6	4,3	0,2
NO	1,9	2,6	2,2	1,1	1,9	4,7	4,8	4,4	4,5	3,1	13,5	2,6
EU25	0,7	0,8	0,8	0,9	0,9	1,0	1,0	0,9	0,8	0,9	3,3	0,1
EU15	0,7	0,8	0,8	0,9	0,9	1,0	1,0	0,9	0,8	0,9	3,4	0,2
Euro12	0,6	0,7	0,7	0,8	0,8	0,9	0,9	0,8	0,7	0,8	2,1	0,1
NMS10	0,4	0,4	0,4	0,4	0,4	0,4	0,4	0,4	0,4	0,4	1,0	0,0
EU25 (arithmetic average)	0,5	0,6	0,6	0,6	0,7	0,7	0,7	0,6	0,6	0,6	2,5	0,1
EU15 (arithmetic average)	0,6	0,7	0,7	0,8	0,8	0,9	0,9	0,8	0,7	0,8	2,5	0,1
Euro12 (arithmetic average)	0,7	0,8	0,8	0,8	0,8	0,8	0,9	0,8	0,8	0,8	1,7	0,1
NMS10 (arithmetic average)	0,3	0,3	0,3	0,3	0,3	0,4	0,4	0,4	0,4	0,3	4,7	0,1
Ratio st.dev. and mean in %	81,8	76,1	72,1	60,6	59,4	68,0	55,3	52,7	58,9			-22,9
Difference max. and min.	2,4	2,6	2,6	2,2	2,3	3,1	2,5	2,2	2,1			-0,4

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. - 3) including self-employed

See explanatory notes in Annex C

Source: Commission Services

Table C.3.1.2_T: Taxes on Capital as % of Total Taxation: Income of households

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	2,2	1,6	1,5	1,3	1,0	1,2	1,1	1,1	0,9	1,4	-9,0	-1,3
CZ	1,2	1,2	1,2	1,3	1,2	1,2	1,2	1,0	1,0	1,2	-2,2	-0,2
DK	-1,2	-1,2	-0,9	-0,4	-0,2	-0,9	-1,2	-1,1	-1,2	-0,9	n.a.	0,0
DE	0,7	0,8	0,7	0,9	0,9	0,9	0,8	0,8	0,7	0,8	0,0	0,0
EE	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	-0,7	0,0
EL	2,3	2,4	2,5	3,1	2,4	2,2	2,1	2,1	2,1	2,4	-2,4	-0,2
ES	2,5	2,4	2,1	2,3	2,4	2,4	2,3	2,2	2,1	2,3	-1,3	-0,4
FR	1,0	1,0	1,1	1,7	1,7	1,9	1,7	1,8	2,0	1,5	9,0	1,0
IE	1,5	1,7	2,0	2,4	2,7	3,6	4,1	3,1	4,9	2,6	14,0	3,4
IT	4,5	4,8	4,7	4,0	4,0	5,4	4,4	3,8	3,2	4,4	-3,1	-1,3
CY	1,0	0,8	0,7	1,8	2,0	2,8	2,4	2,6	3,3	1,8	18,5	2,3
LV	0,0	0,0	0,0	0,1	0,3	0,3	0,3	0,3	0,3	0,2	n.a.	0,3
LT	-	-	-	-	-	1,0	0,9	0,9	0,8	0,9	-	-
LU	2,2	2,4	2,1	2,2	2,5	2,0	1,7	1,6	1,8	2,1	-4,3	-0,5
HU	1,5	1,6	1,6	1,6	1,6	1,7	1,8	1,8	1,6	1,6	1,7	0,2
MT	2,0	1,8	1,8	1,8	1,7	1,6	1,6	1,6	1,6	1,7	-2,4	-0,4
NL	-1,1	-1,2	-1,2	-1,0	-1,0	-2,0	2,1	1,8	1,4	-0,5	n.a.	2,5
AT	2,7	2,8	2,7	2,6	2,4	2,4	2,4	2,4	2,1	2,6	-3,2	-0,6
PL	-	-	-	-	-	-	-	-	-	-	-	-
PT	2,6	2,6	2,5	2,4	2,4	2,4	2,5	2,3	2,3	2,5	-1,2	-0,2
SI	0,3	0,4	0,4	0,3	0,3	0,3	0,3	0,3	0,3	0,3	0,3	0,1
SK	-	-	-	-	-	-	-	-	-	-	-	-
FI	1,4	1,5	1,7	1,7	2,1	2,5	2,3	1,6	1,6	1,9	2,9	0,2
SE	0,2	1,1	1,5	1,6	2,4	3,3	1,7	1,2	1,2	1,6	12,8	1,0
UK	3,5	3,6	3,5	4,3	4,9	4,9	5,1	4,7	4,1	4,3	3,9	0,7
NO	4,4	6,0	5,2	2,6	4,3	10,8	11,0	10,1	10,4	6,8	13,2	6,0
EU25	1,7	1,8	1,9	2,1	2,2	2,4	2,4	2,2	2,0	2,1	3,2	0,3
EU15	1,7	1,9	1,9	2,1	2,2	2,5	2,5	2,3	2,1	2,1	3,3	0,4
Euro12	1,5	1,7	1,7	1,7	1,8	2,0	2,0	1,9	1,8	1,8	2,6	0,3
NMS10	1,1	1,2	1,1	1,2	1,2	1,2	1,3	1,2	1,2	1,2	1,4	0,1
EU25 (arithmetic average)	1,4	1,5	1,5	1,6	1,7	1,8	1,8	1,7	1,7	1,6	2,6	0,3
EU15 (arithmetic average)	1,7	1,8	1,8	1,9	2,0	2,2	2,2	2,0	1,9	1,9	2,5	0,3
Euro12 (arithmetic average)	1,9	1,9	1,9	2,0	2,0	2,1	2,3	2,0	2,1	2,0	1,9	0,2
NMS10 (arithmetic average)	0,9	0,8	0,8	1,0	1,0	1,1	1,1	1,1	1,1	1,0	4,2	0,3
Ratio st.dev. and mean in %	83,5	77,0	71,3	62,9	61,1	69,0	58,5	56,4	67,1			-16,3
Difference max. and min.	5,6	6,0	5,9	5,4	6,0	7,4	6,3	5,7	6,1			0,4

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation

See explanatory notes in Annex C

Source: Commission Services

Table C.3.1.3_G: Taxes on Capital as % of GDP: Income of self-employed

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	2,6	2,6	2,4	2,5	2,5	2,5	2,5	2,4	2,4	2,5	-0,7	-0,2
CZ	1,6	1,5	1,6	1,5	1,5	1,6	1,6	1,6	1,6	1,6	0,6	0,1
DK	1,3	1,2	1,2	1,3	1,3	1,1	1,2	1,0	1,0	1,2	-2,4	-0,3
DE	2,2	2,5	2,5	2,6	2,8	2,6	2,4	2,3	2,2	2,5	-0,6	0,0
EE	0,4	0,4	0,4	0,4	0,4	0,3	0,5	0,5	0,3	0,4	1,0	-0,1
EL	2,3	2,2	2,3	2,8	2,8	2,8	2,6	2,7	2,7	2,6	2,5	0,4
ES	2,3	2,3	2,4	2,3	2,3	2,2	2,2	2,1	2,1	2,3	-1,5	-0,2
FR	1,9	2,0	1,9	1,8	1,8	1,9	1,9	1,8	1,5	1,8	-1,8	-0,4
IE	1,3	1,3	1,3	1,3	1,2	1,1	1,1	1,1	1,0	1,2	-3,6	-0,3
IT	3,2	3,2	3,3	3,4	3,6	3,6	3,5	3,5	4,5	3,5	2,9	1,3
CY	0,6	0,6	0,6	0,6	0,5	0,5	0,5	0,6	0,6	-	-	-
LV	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,1	0,0	3,2	0,0
LT	-	-	-	-	-	0,4	0,5	0,4	0,3	0,4	-	-
LU	0,9	1,0	0,9	0,9	1,0	0,8	0,7	0,7	0,7	0,8	-4,7	-0,2
HU	0,3	0,3	0,2	0,3	0,3	0,3	0,5	0,4	0,4	0,3	7,6	0,1
MT	1,1	1,0	1,2	1,1	1,1	1,3	1,3	1,3	1,2	1,2	2,6	0,2
NL	2,6	2,5	2,5	2,2	2,3	2,4	2,0	2,2	2,2	2,3	-2,1	-0,3
AT	2,4	2,5	2,7	2,8	2,8	2,7	3,2	2,8	2,5	2,7	1,3	0,1
PL	-	-	-	-	-	-	-	-	-	-	-	-
PT	1,0	1,1	1,1	1,0	1,0	1,0	0,9	0,9	0,9	1,0	-2,1	-0,1
SI	0,7	0,8	0,9	0,9	0,8	0,7	0,9	0,8	0,9	0,8	0,8	0,1
SK	-	-	-	-	-	-	-	-	-	-	-	-
FI	1,9	1,7	1,8	1,6	1,6	1,6	1,6	1,7	1,6	1,7	-1,3	-0,2
SE	0,7	0,7	0,7	0,7	0,7	0,8	0,7	0,7	0,7	0,7	1,1	0,1
UK	1,5	1,4	1,4	1,4	1,5	1,5	1,6	1,5	1,5	1,5	1,3	0,1
NO	1,1	1,0	1,0	1,1	1,0	0,9	0,9	1,0	1,0	1,0	-1,8	-0,2
EU25	2,1	2,2	2,2	2,2	2,3	2,2	2,2	2,1	2,2	2,2	-0,1	0,0
EU15	2,1	2,2	2,2	2,2	2,3	2,2	2,2	2,1	2,2	2,2	0,0	0,1
Euro12	2,3	2,5	2,4	2,4	2,6	2,5	2,4	2,3	2,4	2,4	0,1	0,1
NMS10	0,9	0,9	0,9	0,9	0,9	0,8	0,9	0,9	0,9	0,9	0,1	0,0
EU25 (arithmetic average)	1,5	1,5	1,5	1,5	1,5	1,5	1,5	1,4	1,4	1,5	-0,5	0,0
EU15 (arithmetic average)	1,9	1,9	1,9	1,9	1,9	1,9	1,9	1,8	1,8	1,9	-0,2	0,0
Euro12 (arithmetic average)	2,1	2,1	2,1	2,1	2,1	2,1	2,1	2,0	2,0	2,1	-0,3	0,0
NMS10 (arithmetic average)	0,7	0,7	0,7	0,7	0,7	0,7	0,7	0,7	0,7	0,7	0,4	0,0
Ratio st.dev. and mean in %	41,3	39,9	41,1	42,8	42,3	43,4	43,4	43,9	47,2			5,9
Difference max. and min.	3,2	3,2	3,2	3,3	3,5	3,5	3,4	3,4	4,4			1,2

1) Estimated annual average growth rate in %. - 2) in %-points of GDP, - 3) including Income of households

See explanatory notes in Annex C

Source: Commission Services

Table C.3.1.3_T: Taxes on Capital as % of Total Taxation: Income of self-employed

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	5,7	5,6	5,3	5,5	5,4	5,4	5,4	5,3	5,2	5,4	-0,9	-0,4
CZ	4,4	4,4	4,4	4,5	4,3	4,5	4,5	4,5	4,5	4,4	0,6	0,2
DK	2,7	2,5	2,3	2,5	2,6	2,3	2,5	2,1	2,1	2,4	-2,3	-0,5
DE	5,4	6,1	5,9	6,2	6,7	6,2	6,0	5,7	5,4	6,0	-0,3	0,0
EE	1,1	1,0	1,0	1,1	1,1	1,1	1,7	1,4	1,0	1,2	2,8	0,0
EL	7,1	6,8	6,7	7,8	7,4	7,1	7,0	7,3	7,6	7,2	0,8	0,5
ES	7,0	6,9	7,0	6,8	6,8	6,4	6,3	6,0	6,0	6,7	-2,3	-1,1
FR	4,3	4,5	4,2	3,9	4,0	4,3	4,2	4,1	3,4	4,2	-1,7	-0,9
IE	4,0	4,0	4,1	4,1	3,8	3,6	3,8	3,7	3,5	3,9	-1,8	-0,5
IT	7,8	7,5	7,3	7,8	8,2	8,4	8,2	8,2	10,4	7,9	2,9	2,6
CY	0,6	0,6	0,6	0,6	0,6	0,6	0,6	0,6	0,6	0,6	0,6	0,6
LV	0,1	0,1	0,1	0,1	0,1	0,1	0,2	0,2	0,2	0,1	5,3	0,1
LT	-	-	-	-	-	1,4	1,6	1,4	1,0	1,5	-	-
LU	2,2	2,4	2,1	2,2	2,5	2,0	1,7	1,6	1,8	2,1	-4,3	-0,5
HU	0,7	0,7	0,6	0,6	0,9	0,8	1,2	1,0	1,1	0,8	8,2	0,4
MT	4,0	4,2	4,4	4,1	4,1	4,5	4,0	3,8	3,7	4,1	-1,1	-0,2
NL	6,3	6,2	6,0	5,5	5,6	5,9	5,1	5,6	5,6	5,8	-1,7	-0,7
AT	5,8	6,0	6,1	6,5	6,4	6,4	7,3	6,5	5,8	6,4	0,9	-0,1
PL	-	-	-	-	-	-	-	-	-	-	-	-
PT	2,9	3,2	3,1	2,9	2,7	2,7	2,6	2,5	2,5	2,8	-3,2	-0,5
SI	1,8	2,0	2,4	2,3	2,0	1,9	2,2	2,1	2,2	2,1	0,8	0,4
SK	-	-	-	-	-	-	-	-	-	-	-	-
FI	4,1	3,7	3,8	3,5	3,4	3,4	3,5	3,7	3,6	3,6	-1,0	-0,4
SE	1,3	1,4	1,3	1,3	1,3	1,4	1,4	1,5	1,4	1,4	1,1	0,1
UK	4,1	4,0	3,9	3,9	4,0	4,0	4,2	4,3	4,3	4,0	1,0	0,2
NO	2,7	2,4	2,4	2,6	2,3	2,1	2,2	2,2	2,3	2,4	-2,1	-0,4
EU25	5,2	5,4	5,2	5,3	5,4	5,3	5,3	5,2	5,3	5,3	0,0	0,1
EU15	5,3	5,5	5,2	5,3	5,5	5,4	5,3	5,3	5,4	5,4	0,0	0,1
Euro12	5,4	5,7	5,5	5,6	5,8	5,7	5,6	5,5	5,7	5,6	0,2	0,2
NMS10	2,3	2,4	2,4	2,4	2,3	2,3	2,5	2,4	2,4	2,4	0,6	0,1
EU25 (arithmetic average)	3,8	3,8	3,8	3,8	3,8	3,7	3,7	3,6	3,6	3,7	-0,7	-0,2
EU15 (arithmetic average)	4,7	4,7	4,6	4,7	4,7	4,6	4,6	4,5	4,6	4,7	-0,4	-0,1
Euro12 (arithmetic average)	5,2	5,2	5,1	5,2	5,2	5,1	5,1	5,0	5,1	5,2	-0,5	-0,2
NMS10 (arithmetic average)	1,8	1,9	1,9	1,9	1,9	1,9	2,0	1,9	1,8	1,9	0,1	0,0
Ratio st.dev. and mean in %	42,8	40,7	41,6	43,4	42,5	43,3	42,0	42,7	46,4			3,6
Difference max. and min.	7,7	7,4	7,1	7,7	8,1	8,3	8,0	8,1	10,3			2,5

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation

See explanatory notes in Annex C

Source: Commission Services

Table C.3.2_G: Taxes on Capital as % of GDP: Stocks (wealth) of capital

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	3.1	3.3	3.5	3.6	3.6	3.5	3.5	3.6	3.7	3.5	1.9	0.7
CZ	1.0	1.0	1.0	1.0	1.0	0.9	0.9	1.0	1.0	1.0	-0.6	0.0
DK	1.9	1.8	1.8	2.0	2.0	2.5	2.6	2.7	2.8	2.2	6.3	0.9
DE	1.2	1.2	1.1	1.1	1.2	1.1	1.1	1.1	1.1	1.1	-1.1	-0.1
EE	0.6	1.7	2.1	1.3	1.2	1.2	1.1	1.1	0.9	1.2	-2.0	0.3
EL	1.8	2.0	2.7	2.7	3.3	3.3	2.7	2.4	2.3	2.6	2.9	0.5
ES	2.6	2.6	2.6	2.8	2.8	2.9	2.8	3.0	3.2	2.8	2.4	0.5
FR	4.3	4.3	4.5	4.6	4.5	4.5	4.3	4.3	4.3	4.4	-0.1	0.1
IE	2.0	2.1	2.0	2.0	2.1	2.1	2.0	1.8	2.2	2.0	-0.1	0.2
IT	4.1	3.8	4.0	3.5	3.2	2.8	2.6	3.0	2.6	3.3	-6.1	-1.5
CY	1.8	1.8	1.8	2.1	1.9	3.0	2.3	2.0	2.3	-	-	-
LV	2.0	1.5	1.9	2.1	2.1	1.7	1.8	1.4	1.4	1.8	-3.0	-0.6
LT	-	-	-	-	-	0.9	0.6	0.6	0.5	0.7	-	-
LU	3.0	3.3	3.4	3.5	4.1	4.3	4.0	3.3	3.1	3.6	1.2	0.1
HU	0.7	1.0	1.0	1.1	1.2	1.2	1.2	1.2	1.1	1.1	5.2	0.4
MT	3.1	2.7	2.8	2.7	2.8	2.7	2.7	3.6	3.5	2.9	2.2	0.4
NL	2.3	2.4	2.5	2.6	2.8	2.8	2.7	2.7	2.6	2.6	1.7	0.3
AT	1.4	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	-0.3	-0.1
PL	-	-	-	-	-	-	-	-	-	-	-	-
PT	2.6	2.6	2.7	2.9	3.3	3.2	3.1	3.3	3.7	3.0	3.9	1.0
SI	0.7	0.7	0.8	1.1	1.1	1.2	1.3	1.3	1.4	1.1	8.9	0.6
SK	-	-	-	-	1.0	1.0	0.9	0.9	1.0	1.0	-	-
FI	1.2	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	0.5	0.1
SE	1.6	2.1	2.3	2.2	2.2	2.2	1.9	1.9	1.9	2.0	0.2	0.3
UK	2.6	2.4	2.4	2.5	2.7	2.9	2.7	2.6	2.5	2.6	0.8	0.0
NO	2.4	2.6	2.4	2.5	2.4	2.1	2.1	2.3	2.3	2.3	-1.8	-0.1
EU25	2.5	2.6	2.6	2.6	2.6	2.6	2.5	2.6	2.5	2.6	-0.3	0.0
EU15	2.6	2.6	2.7	2.7	2.7	2.6	2.5	2.6	2.5	2.6	-0.2	0.0
Euro12	2.6	2.7	2.7	2.7	2.7	2.6	2.5	2.6	2.6	2.6	-0.6	-0.1
NMS10	1.0	1.1	1.1	1.2	1.2	1.2	1.2	1.2	1.2	1.1	1.4	0.1
EU25 (arithmetic average)	2.1	2.1	2.2	2.3	2.3	2.3	2.1	2.1	2.2	2.2	0.1	0.1
EU15 (arithmetic average)	2.4	2.4	2.5	2.6	2.7	2.7	2.6	2.6	2.6	2.6	0.9	0.2
Euro12 (arithmetic average)	2.5	2.5	2.6	2.7	2.8	2.8	2.6	2.6	2.6	2.6	0.6	0.1
NMS10 (arithmetic average)	1.4	1.5	1.6	1.6	1.5	1.5	1.4	1.5	1.5	1.5	-0.4	0.0
Ratio st.dev. and mean in %	40.4	36.8	37.9	37.1	39.9	41.4	40.4	41.1	42.3			1.9
Difference max. and min.	3.6	3.6	3.7	3.6	3.6	3.6	3.7	3.7	3.8			0.1

1) Estimated annual average growth rate in %. - 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services

Table C.3.2_T: Taxes on Capital as % of Total Taxation: Stocks (wealth) of capital

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	6.8	7.2	7.5	7.7	7.7	7.6	7.6	7.8	8.1	7.5	1.6	1.4
CZ	2.8	2.9	2.7	3.0	2.8	2.7	2.7	2.7	2.8	2.8	-0.6	0.0
DK	3.9	3.6	3.7	4.0	3.9	5.0	5.3	5.6	5.8	4.4	6.4	1.9
DE	2.9	3.0	2.7	2.7	2.8	2.6	2.8	2.7	2.7	2.8	-0.8	-0.2
EE	1.7	4.8	5.8	3.8	3.5	3.7	3.5	3.4	2.7	3.8	-0.2	1.1
EL	5.5	6.0	7.9	7.4	8.8	8.5	7.4	6.3	6.3	7.2	1.2	0.8
ES	7.9	7.6	7.7	8.2	8.3	8.2	8.2	8.4	9.0	8.1	1.6	1.1
FR	9.8	9.6	10.0	10.2	10.0	9.9	9.6	9.9	9.9	9.9	0.0	0.1
IE	6.1	6.2	6.1	6.2	6.6	6.4	6.6	6.2	7.5	6.3	1.7	1.4
IT	10.0	8.9	9.0	8.1	7.3	6.6	6.1	7.1	6.1	7.9	-6.1	-4.0
CY	6.7	6.6	6.9	7.3	6.8	9.7	7.3	6.5	6.8	7.2	0.7	0.1
LV	6.0	4.8	5.7	6.2	6.6	5.6	6.2	4.9	5.0	5.8	-1.0	-1.0
LT	-	-	-	-	-	3.0	2.0	2.0	1.9	2.3	-	-
LU	7.2	7.7	8.1	8.8	10.0	10.7	9.7	8.1	7.5	8.8	1.5	0.4
HU	1.7	2.4	2.5	2.7	3.0	2.9	3.2	3.2	2.9	2.7	5.8	1.2
MT	11.4	11.1	10.0	10.4	10.2	9.5	8.8	10.7	10.4	10.3	-1.5	-1.1
NL	5.6	6.0	6.1	6.4	6.7	6.8	6.8	6.8	6.5	6.4	2.1	0.9
AT	3.3	3.1	2.9	3.0	2.9	3.0	3.0	3.0	3.0	3.0	-0.7	-0.3
PL	-	-	-	-	-	-	-	-	-	-	-	-
PT	7.9	7.7	7.7	8.3	9.2	8.7	8.6	9.1	9.9	8.4	2.8	2.0
SI	1.8	1.7	2.2	2.9	2.8	3.0	3.2	3.2	3.4	2.6	9.0	1.6
SK	-	-	-	-	2.9	3.0	2.9	2.9	3.2	3.0	-	-
FI	2.6	2.7	2.7	2.8	2.8	2.8	2.8	2.8	2.8	2.7	0.9	0.2
SE	3.2	4.1	4.3	4.1	4.1	4.1	3.8	3.8	3.8	3.9	0.2	0.6
UK	7.2	7.0	6.9	6.9	7.2	7.7	7.3	7.4	7.0	7.2	0.4	-0.2
NO	5.7	6.1	5.6	5.9	5.6	4.9	4.8	5.2	5.3	5.5	-2.1	-0.3
EU25	6.3	6.2	6.3	6.4	6.3	6.3	6.1	6.3	6.2	6.3	-0.1	-0.1
EU15	6.4	6.4	6.4	6.4	6.4	6.3	6.2	6.4	6.3	6.3	-0.2	-0.1
Euro12	6.1	6.1	6.2	6.2	6.1	5.9	5.8	6.0	5.9	6.0	-0.6	-0.2
NMS10	2.7	3.0	3.1	3.4	3.3	3.4	3.3	3.3	3.2	3.2	2.0	0.6
EU25 (arithmetic average)	5.5	5.7	5.9	6.0	6.0	5.9	5.6	5.6	5.6	5.8	-0.1	0.1
EU15 (arithmetic average)	6.0	6.0	6.2	6.3	6.6	6.6	6.4	6.3	6.4	6.3	0.8	0.4
Euro12 (arithmetic average)	6.3	6.3	6.5	6.7	6.9	6.8	6.6	6.5	6.6	6.6	0.6	0.3
NMS10 (arithmetic average)	4.6	4.9	5.1	5.2	4.8	4.8	4.4	4.4	4.3	4.8	-1.5	-0.2
Ratio st.dev. and mean in %	45.6	41.2	40.2	40.6	43.4	44.1	41.1	41.0	43.0			-2.6
Difference max. and min.	9.8	9.4	7.9	7.7	7.4	8.0	7.7	8.6	8.5			-1.3

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation

See explanatory notes in Annex C

Source: Commission Services

Table C.4_G: Environmental taxes as % of GDP: Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	2.4	2.6	2.6	2.5	2.6	2.4	2.4	2.3	2.3	2.5	-1.0	0.0
CZ	2.9	2.7	2.6	2.5	2.7	2.6	2.7	2.6	2.7	2.7	-0.6	-0.2
DK	4.4	4.7	4.7	5.1	5.2	4.7	4.7	4.8	4.7	4.8	0.4	0.2
DE	2.4	2.3	2.2	2.2	2.3	2.4	2.6	2.6	2.7	2.4	2.2	0.3
EE	0.8	1.2	1.6	1.7	1.7	1.7	2.1	2.0	2.0	1.6	9.7	1.2
EL	3.5	3.5	3.4	3.2	3.1	2.6	2.9	2.6	2.5	3.0	-4.8	-1.0
ES	2.2	2.2	2.2	2.3	2.4	2.3	2.2	2.2	2.2	2.2	-0.4	-0.1
FR	2.3	2.3	2.3	2.3	2.2	2.1	2.0	1.9	1.9	2.1	-2.8	-0.4
IE	3.1	3.2	3.0	3.0	3.0	2.9	2.4	2.3	2.4	2.8	-4.1	-0.7
IT	3.7	3.6	3.5	3.4	3.6	3.2	3.1	2.9	3.1	3.3	-2.7	-0.6
CY	2.9	2.8	2.5	2.6	2.5	2.7	3.0	3.0	3.8	2.9	2.8	0.9
LV	1.1	1.6	2.1	3.1	2.5	2.4	2.2	2.3	2.5	2.2	7.2	1.4
LT	-	-	-	-	-	2.0	2.1	2.0	2.2	2.0	-	-
LU	3.4	3.3	3.1	3.0	3.0	2.9	2.9	2.9	3.0	3.1	-1.8	-0.4
HU	3.1	3.0	3.0	3.5	3.4	3.1	2.9	2.9	2.7	3.1	-1.3	-0.4
MT	3.0	2.7	3.3	3.7	3.9	3.6	3.6	3.5	3.4	3.4	2.3	0.4
NL	3.5	3.7	3.7	3.8	3.9	3.9	3.8	3.6	3.7	3.7	0.4	0.2
AT	2.1	2.1	2.3	2.3	2.3	2.4	2.6	2.6	2.7	2.4	3.1	0.6
PL	-	-	-	-	-	-	-	-	-	-	-	-
PT	3.7	3.7	3.5	3.6	3.6	3.1	3.1	3.3	3.1	3.4	-2.3	-0.5
SI	0.3	0.3	0.5	0.9	2.2	3.1	3.4	3.4	3.4	2.0	36.5	3.1
SK	-	-	-	-	-	-	-	-	-	-	-	-
FI	2.9	3.1	3.3	3.3	3.5	3.2	3.0	3.1	3.2	3.2	0.2	0.3
SE	2.8	3.2	3.0	3.0	2.9	2.8	2.8	2.9	3.0	2.9	-0.3	0.2
UK	2.9	3.0	3.0	3.1	3.2	3.1	2.8	2.7	2.7	2.9	-1.3	-0.3
NO	4.5	4.8	4.5	4.4	3.8	3.3	3.1	3.3	3.4	3.9	-5.6	-1.1
EU25	2.7	2.7	2.7	2.8	2.8	2.7	2.7	2.6	2.7	2.7	-0.5	-0.1
EU15	2.7	2.8	2.7	2.8	2.8	2.7	2.7	2.6	2.7	2.7	-0.5	-0.1
Euro12	2.7	2.7	2.6	2.6	2.7	2.6	2.6	2.5	2.6	2.6	-0.5	-0.1
NMS10	2.5	2.4	2.4	2.6	2.8	2.7	2.8	2.7	2.8	2.6	2.0	0.3
EU25 (arithmetic average)	2.7	2.8	2.8	2.9	3.0	2.8	2.8	2.8	2.9	2.8	0.5	0.2
EU15 (arithmetic average)	3.0	3.1	3.1	3.1	3.1	2.9	2.9	2.9	2.9	3.0	-1.0	-0.1
Euro12 (arithmetic average)	2.9	3.0	2.9	2.9	2.9	2.8	2.7	2.7	2.7	2.8	-1.2	-0.2
NMS10 (arithmetic average)	2.0	2.1	2.2	2.6	2.7	2.6	2.7	2.7	2.8	2.5	4.4	0.8
Ratio st.dev. and mean in %	35.9	34.1	31.0	30.8	27.3	24.3	23.6	25.0	24.7			-11.2
Difference max. and min.	4.1	4.4	4.1	4.2	3.4	3.1	2.7	2.9	2.8			-1.3

1) Estimated annual average growth rate in %. - 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services

Table C.4_T: Environmental taxes as % of Total Taxation: Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	5.2	5.7	5.7	5.5	5.5	5.2	5.1	5.0	5.1	5.4	-1.2	-0.1
CZ	8.0	7.8	7.3	7.3	7.7	7.6	7.7	7.3	7.4	7.6	-0.6	-0.6
DK	9.1	9.4	9.4	10.2	10.1	9.6	9.4	9.9	9.5	9.6	0.5	0.5
DE	5.8	5.4	5.3	5.2	5.5	5.7	6.3	6.4	6.7	5.7	2.4	0.8
EE	2.0	3.4	4.4	5.0	5.0	5.2	6.7	6.1	5.9	4.7	11.6	3.9
EL	10.7	10.5	10.1	8.9	8.2	6.8	7.7	6.9	6.8	8.7	-6.4	-3.9
ES	6.7	6.6	6.4	6.9	6.9	6.4	6.2	6.1	6.1	6.5	-1.2	-0.6
FR	5.2	5.2	5.0	5.0	4.9	4.7	4.4	4.4	4.3	4.9	-2.7	-0.9
IE	9.2	9.4	9.3	9.4	9.4	9.1	7.8	8.2	7.9	9.0	-2.3	-1.3
IT	8.9	8.3	7.9	7.9	8.2	7.6	7.3	7.0	7.2	7.9	-2.7	-1.8
CY	10.7	10.6	9.7	9.1	8.8	8.9	9.6	9.4	11.4	9.6	-0.2	0.7
LV	3.2	5.1	6.4	9.0	7.7	8.1	7.5	8.1	8.7	6.9	9.2	5.5
LT	-	-	-	-	-	6.5	7.2	6.8	7.6	6.9	-	-
LU	8.0	7.8	7.6	7.5	7.3	7.1	7.1	7.1	7.3	7.4	-1.4	-0.7
HU	7.4	7.4	7.6	9.0	8.7	7.8	7.5	7.5	6.9	7.9	-0.7	-0.5
MT	11.2	11.2	12.1	14.5	14.1	12.6	11.6	10.5	10.2	12.2	-1.4	-1.0
NL	8.7	9.2	9.1	9.3	9.4	9.4	9.4	9.2	9.5	9.2	0.8	0.9
AT	5.1	5.0	5.3	5.2	5.2	5.6	5.8	6.0	6.3	5.4	2.7	1.1
PL	-	-	-	-	-	-	-	-	-	-	-	-
PT	10.9	10.7	10.0	10.4	10.0	8.4	8.7	9.0	8.4	9.8	-3.4	-2.5
SI	0.8	0.7	1.4	2.4	5.6	7.9	8.6	8.6	8.6	4.5	36.5	7.8
SK	-	-	-	-	-	-	-	-	-	-	-	-
FI	6.4	6.6	7.2	7.2	7.4	6.6	6.6	6.8	7.2	6.9	0.5	0.8
SE	5.7	6.1	5.7	5.7	5.4	5.2	5.5	5.8	5.9	5.6	-0.3	0.2
UK	8.3	8.5	8.4	8.6	8.6	8.2	7.6	7.7	7.5	8.2	-1.6	-0.9
NO	10.6	11.2	10.6	10.3	8.9	7.6	7.1	7.5	7.8	9.2	-5.9	-2.8
EU25	6.8	6.7	6.6	6.7	6.8	6.6	6.5	6.5	6.6	6.6	-0.3	-0.2
EU15	6.8	6.6	6.6	6.7	6.8	6.6	6.5	6.5	6.6	6.6	-0.3	-0.2
Euro12	6.3	6.1	6.0	6.0	6.1	6.0	6.0	6.0	6.1	6.1	-0.3	-0.2
NMS10	6.5	6.6	6.6	7.3	7.8	7.7	7.8	7.6	7.5	7.3	2.2	0.9
EU25 (arithmetic average)	7.1	7.3	7.3	7.7	7.7	7.4	7.5	7.4	7.5	7.4	0.4	0.3
EU15 (arithmetic average)	7.6	7.6	7.5	7.5	7.5	7.0	7.0	7.0	7.0	7.3	-1.2	-0.6
Euro12 (arithmetic average)	7.6	7.5	7.4	7.4	7.3	6.9	6.9	6.8	6.9	7.2	-1.5	-0.7
NMS10 (arithmetic average)	6.2	6.6	7.0	8.0	8.2	8.1	8.3	8.0	8.3	7.6	3.5	2.1
Ratio st.dev. and mean in %	42.2	39.4	36.2	38.4	32.7	28.0	24.9	23.8	25.2			-16.9
Difference max. and min.	10.4	10.5	10.7	12.0	9.2	7.9	7.2	6.1	7.1			-3.4

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation

See explanatory notes in Annex C

Source: Commission Services

Table C.4.1_G: Environmental taxes as % of GDP: Energy

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	1.6	1.7	1.7	1.6	1.6	1.5	1.5	1.5	1.5	1.6	-1.8	-0.1
CZ	2.3	2.2	2.2	2.1	2.2	2.2	2.3	2.2	2.3	2.2	0.4	0.0
DK	2.1	2.3	2.2	2.4	2.6	2.6	2.7	2.6	2.6	2.5	2.8	0.5
DE	2.0	1.9	1.8	1.8	2.0	2.1	2.2	2.2	2.3	2.0	2.8	0.4
EE	0.6	0.9	1.3	1.6	1.4	1.2	1.6	1.6	1.6	1.3	9.7	1.1
EL	2.8	2.8	2.5	2.3	2.0	1.8	1.7	1.6	1.5	2.1	-8.5	-1.2
ES	1.8	1.8	1.8	1.9	1.9	1.8	1.7	1.7	1.7	1.8	-0.9	-0.1
FR	1.9	2.0	1.9	1.9	1.9	1.8	1.6	1.6	1.6	1.8	-2.9	-0.3
IE	1.7	1.7	1.7	1.7	1.6	1.5	1.2	1.3	1.3	1.5	-5.2	-0.5
IT	3.2	3.1	3.0	2.9	2.9	2.6	2.5	2.3	2.5	2.8	-4.0	-0.8
CY	0.5	0.5	0.5	0.5	0.6	0.7	1.0	1.0	1.9	0.8	14.3	1.4
LV	1.0	1.6	1.8	2.7	2.1	1.9	1.7	1.8	2.0	1.8	4.2	1.0
LT	-	-	-	-	-	1.9	2.0	1.9	2.1	2.0	-	-
LU	3.2	3.2	3.0	2.9	2.8	2.7	2.8	2.8	2.9	2.9	-1.7	-0.4
HU	2.7	2.4	2.4	2.9	2.8	2.5	2.3	2.3	2.3	2.5	-1.7	-0.4
MT	0.8	0.8	1.3	1.6	1.6	1.4	1.6	1.4	1.3	1.3	6.8	0.5
NL	1.7	1.8	1.9	1.9	2.0	2.0	2.0	2.0	2.0	1.9	1.6	0.3
AT	1.4	1.4	1.7	1.6	1.5	1.6	1.7	1.7	1.8	1.6	2.5	0.4
PL	-	-	-	-	-	-	-	-	-	-	-	-
PT	2.7	2.7	2.5	2.5	2.4	1.9	1.9	2.2	2.3	2.3	-3.3	-0.4
SI	0.0	0.0	0.3	0.5	1.7	2.5	2.8	2.7	2.7	1.5	-	2.7
SK	-	-	-	-	-	-	-	-	-	-	-	-
FI	2.2	2.1	2.3	2.2	2.3	2.0	2.0	2.0	2.0	2.1	-1.3	-0.1
SE	2.5	2.7	2.6	2.7	2.5	2.4	2.5	2.5	2.6	2.6	-0.5	0.1
UK	2.3	2.4	2.3	2.5	2.5	2.4	2.3	2.2	2.1	2.3	-1.2	-0.2
NO	1.1	1.0	1.0	1.0	0.8	0.7	0.6	0.6	0.6	0.8	-9.5	-0.5
EU25	2.2	2.2	2.1	2.1	2.2	2.1	2.1	2.0	2.1	2.1	-0.7	-0.1
EU15	2.2	2.2	2.1	2.1	2.2	2.1	2.1	2.0	2.1	2.1	-0.8	-0.1
Euro12	2.1	2.1	2.1	2.0	2.1	2.0	2.0	2.0	2.0	2.0	-0.9	-0.1
NMS10	1.9	1.8	1.8	2.0	2.2	2.1	2.2	2.2	2.3	2.0	3.0	0.4
EU25 (arithmetic average)	1.9	1.9	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.0	0.7	0.2
EU15 (arithmetic average)	2.2	2.2	2.2	2.2	2.2	2.0	2.0	2.0	2.0	2.1	-1.5	-0.2
Euro12 (arithmetic average)	2.2	2.2	2.2	2.1	2.1	1.9	1.9	1.9	1.9	2.0	-2.0	-0.2
NMS10 (arithmetic average)	1.1	1.2	1.4	1.7	1.8	1.8	1.9	1.9	2.0	1.6	7.2	0.9
Ratio st.dev. and mean in %	40.1	37.8	32.5	31.3	25.6	23.8	23.5	23.6	21.6			-18.5
Difference max. and min.	3.2	3.2	2.8	2.4	2.4	2.0	1.8	1.8	1.6			-1.6

1) Estimated annual average growth rate in %. - 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services

Table C.4.1_T: Environmental taxes as % of Total Taxation: Energy

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	3.6	3.7	3.6	3.5	3.4	3.3	3.2	3.2	3.2	3.4	-2.0	-0.3
CZ	6.4	6.3	6.1	6.1	6.4	6.3	6.7	6.3	6.4	6.3	0.4	0.0
DK	4.4	4.6	4.4	4.8	5.1	5.2	5.4	5.4	5.3	4.9	2.9	1.0
DE	4.9	4.5	4.3	4.2	4.6	4.9	5.3	5.5	5.8	4.8	3.1	0.9
EE	1.6	2.6	3.6	4.5	4.1	3.8	5.2	4.8	4.9	3.8	11.6	3.4
EL	8.5	8.4	7.4	6.4	5.5	4.6	4.7	4.2	4.2	6.2	-10.2	-4.3
ES	5.4	5.4	5.2	5.6	5.5	5.1	4.9	4.9	4.8	5.3	-1.7	-0.6
FR	4.4	4.4	4.3	4.3	4.2	3.9	3.6	3.7	3.6	4.1	-2.8	-0.8
IE	5.2	5.2	5.2	5.2	5.0	4.5	3.9	4.4	4.2	4.8	-3.4	-1.0
IT	7.8	7.2	6.8	6.7	6.8	6.2	5.8	5.6	5.7	6.6	-4.0	-2.1
CY	2.0	2.0	1.9	1.9	2.0	2.3	3.1	3.2	5.8	2.3	11.3	3.9
LV	3.1	5.0	5.6	7.9	6.4	6.2	5.7	6.2	6.9	5.8	6.2	3.8
LT	-	-	-	-	-	6.3	7.0	6.6	7.2	6.6	-	-
LU	7.6	7.5	7.2	7.1	7.0	6.8	6.8	6.8	7.0	7.1	-1.4	-0.7
HU	6.5	6.0	6.2	7.4	7.2	6.3	6.0	5.9	5.9	6.4	-1.1	-0.6
MT	3.2	3.2	4.6	6.1	5.7	4.9	5.0	4.3	4.0	4.6	3.1	0.8
NL	4.2	4.4	4.7	4.7	4.8	4.9	5.0	5.0	5.1	4.7	2.0	0.8
AT	3.4	3.3	3.8	3.5	3.6	3.7	3.8	3.9	4.1	3.6	2.1	0.7
PL	-	-	-	-	-	-	-	-	-	-	-	-
PT	8.1	7.8	7.1	7.2	6.6	5.2	5.4	6.1	6.2	6.7	-4.4	-1.8
SI	0.0	0.0	0.7	1.3	4.3	6.3	7.1	6.9	6.7	3.3	-	6.7
SK	-	-	-	-	-	-	-	-	-	-	-	-
FI	4.7	4.5	5.0	4.7	4.8	4.2	4.4	4.4	4.5	4.6	-1.0	-0.2
SE	5.0	5.3	5.0	5.0	4.7	4.5	4.8	5.0	5.1	4.9	-0.4	0.1
UK	6.6	6.8	6.6	6.7	6.7	6.5	6.1	6.1	5.9	6.5	-1.5	-0.7
NO	2.5	2.3	2.3	2.4	1.8	1.5	1.3	1.3	1.3	1.9	-9.8	-1.2
EU25	5.3	5.2	5.2	5.2	5.2	5.1	5.0	5.1	5.1	5.2	-0.5	-0.2
EU15	5.3	5.2	5.2	5.1	5.2	5.1	5.0	5.0	5.1	5.1	-0.6	-0.3
Euro12	5.1	4.9	4.8	4.7	4.8	4.7	4.6	4.7	4.8	4.8	-0.7	-0.3
NMS10	4.9	4.9	5.0	5.6	6.0	6.0	6.2	6.0	6.1	5.6	3.2	1.2
EU25 (arithmetic average)	4.8	4.9	5.0	5.2	5.2	5.0	5.2	5.1	5.3	5.1	1.0	0.5
EU15 (arithmetic average)	5.6	5.5	5.4	5.3	5.2	4.9	4.9	4.9	5.0	5.2	-1.8	-0.6
Euro12 (arithmetic average)	5.7	5.5	5.4	5.3	5.1	4.8	4.7	4.8	4.9	5.2	-2.3	-0.8
NMS10 (arithmetic average)	3.2	3.6	4.1	5.0	5.2	5.3	5.7	5.5	6.0	4.7	7.5	2.7
Ratio st.dev. and mean in %	40.5	37.3	30.4	30.8	22.2	20.7	21.6	20.8	22.5			-18.0
Difference max. and min.	8.5	8.4	6.7	6.6	5.2	4.4	4.0	3.8	4.0			-4.5

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation

See explanatory notes in Annex C

Source: Commission Services

Table C.4.2_G: Environmental taxes as % of GDP: Transport

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	1.0	0.1
CZ	0.4	0.4	0.3	0.3	0.4	0.3	0.3	0.3	0.3	0.3	-1.9	-0.1
DK	2.1	2.1	2.1	2.3	2.1	1.8	1.7	1.9	1.7	2.0	-3.0	-0.3
DE	0.4	0.4	0.4	0.4	0.4	0.3	0.4	0.4	0.3	0.4	-1.3	0.0
EE	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.2	-10.2	-0.1
EL	0.7	0.7	0.9	0.9	1.0	0.8	1.1	1.0	0.9	0.9	4.3	0.2
ES	0.4	0.4	0.4	0.4	0.5	0.4	0.4	0.4	0.4	0.4	1.0	0.0
FR	0.2	0.3	0.2	0.2	0.2	0.3	0.3	0.2	0.2	0.2	-2.8	-0.1
IE	1.3	1.4	1.3	1.3	1.4	1.5	1.2	1.1	1.1	1.3	-2.7	-0.2
IT	0.5	0.4	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.5	4.1	0.1
CY	2.3	2.3	2.0	2.0	1.9	2.0	2.0	2.0	1.8	2.1	-2.3	-0.5
LV	0.0	0.0	0.0	0.1	0.2	0.3	0.3	0.4	0.4	0.2	-	0.4
LT	-	-	-	-	-	0.1	0.1	0.1	0.1	0.1	-	-
LU	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	-3.3	0.0
HU	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.2	0.3	2.3	0.0
MT	2.2	1.9	2.1	2.1	2.3	2.2	2.0	2.0	2.1	2.1	-0.3	-0.1
NL	1.3	1.5	1.3	1.4	1.5	1.4	1.4	1.3	1.3	1.4	-0.8	0.0
AT	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.9	0.9	0.8	3.8	0.2
PL	-	-	-	-	-	-	-	-	-	-	-	-
PT	0.9	1.0	1.0	1.1	1.2	1.2	1.2	1.1	0.8	1.1	-0.3	-0.1
SI	0.2	0.2	0.2	0.3	0.4	0.5	0.5	0.4	0.5	0.4	10.6	0.2
SK	-	-	-	-	0.2	0.2	0.2	0.2	0.2	0.2	-	-
FI	0.8	1.0	1.0	1.1	1.2	1.1	1.0	1.1	1.2	1.0	3.3	0.4
SE	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	-1.0	0.0
UK	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.6	-3.0	-0.1
NO	2.4	2.7	2.5	2.6	2.3	2.1	2.0	2.4	2.4	2.4	-1.5	0.0
EU25	0.5	0.5	0.5	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.0	0.0
EU15	0.5	0.5	0.5	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.1	0.0
Euro12	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	1.0	0.0
NMS10	0.5	0.5	0.4	0.5	0.5	0.5	0.4	0.4	0.4	0.4	-2.0	-0.1
EU25 (arithmetic average)	0.8	0.8	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.8	-1.1	-0.1
EU15 (arithmetic average)	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.7	0.8	-0.1	0.0
Euro12 (arithmetic average)	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.7	0.7	0.7	0.8	0.0
NMS10 (arithmetic average)	0.8	0.8	0.7	0.8	0.7	0.7	0.7	0.7	0.6	0.7	-2.9	-0.2
Ratio st.dev. and mean in %	130.2	122.9	121.1	119.7	115.7	112.4	106.8	110.3	112.0			-18.1
Difference max. and min.	2.3	2.3	2.1	2.2	2.2	2.2	2.0	1.9	2.0			-0.3

1) Estimated annual average growth rate in % - 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services

Table C.4.2_T: Environmental taxes as % of Total Taxation: Transport

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	1.3	1.5	1.5	1.4	1.6	1.4	1.5	1.5	1.5	1.5	0.8	0.2
CZ	1.0	1.1	0.8	0.9	1.0	1.0	0.9	0.9	0.8	0.9	-1.9	-0.2
DK	4.2	4.2	4.3	4.6	4.2	3.7	3.4	3.8	3.5	4.1	-2.9	-0.7
DE	1.0	0.9	0.9	1.0	0.8	0.8	1.0	0.9	0.9	0.9	-1.0	-0.1
EE	0.5	0.7	0.6	0.4	0.5	0.6	0.7	0.6	0.1	0.6	-8.3	-0.3
EL	2.2	2.0	2.6	2.6	2.8	2.2	3.0	2.7	2.6	2.5	2.6	0.4
ES	1.2	1.2	1.1	1.3	1.3	1.3	1.3	1.2	1.2	1.2	0.2	0.0
FR	0.6	0.6	0.5	0.5	0.5	0.6	0.6	0.4	0.4	0.5	-2.7	-0.1
IE	3.9	4.1	4.0	4.1	4.4	4.5	3.8	3.7	3.7	4.1	-0.9	-0.2
IT	1.1	1.0	1.0	1.1	1.3	1.3	1.4	1.4	1.4	1.2	4.1	0.3
CY	8.7	8.5	7.8	7.2	6.8	6.6	6.5	6.2	5.5	7.3	-5.3	-3.2
LV	0.0	0.0	0.0	0.3	0.5	1.1	1.1	1.2	1.3	0.5	-	-
LT	-	-	-	-	-	0.2	0.2	0.3	0.3	0.2	-	-
LU	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	-3.0	-0.1
HU	0.5	0.8	0.8	0.9	1.1	1.0	1.1	1.1	0.5	0.9	2.9	0.0
MT	8.0	8.0	7.5	8.3	8.3	7.7	6.5	5.9	6.2	7.5	-4.0	-1.9
NL	3.3	3.7	3.2	3.5	3.6	3.5	3.4	3.2	3.3	3.4	-0.4	0.0
AT	1.7	1.6	1.5	1.6	1.6	1.8	1.9	2.0	2.0	1.7	3.4	0.4
PL	-	-	-	-	-	-	-	-	-	-	-	-
PT	2.8	3.0	2.9	3.2	3.4	3.2	3.3	2.9	2.2	3.1	-1.4	-0.6
SI	0.6	0.6	0.6	0.8	1.0	1.2	1.2	1.1	1.2	0.9	10.7	0.6
SK	-	-	-	-	0.6	0.7	0.7	0.6	0.7	0.7	-	-
FI	1.7	2.0	2.1	2.3	2.5	2.3	2.2	2.3	2.6	2.2	3.6	0.9
SE	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.7	0.6	0.6	-1.0	0.0
UK	1.7	1.7	1.7	1.7	1.7	1.6	1.3	1.4	1.4	1.6	-3.4	-0.3
NO	5.7	6.3	5.8	6.1	5.4	4.8	4.7	5.5	5.7	5.5	-1.8	0.0
EU25	1.3	1.3	1.3	1.3	1.4	1.3	1.3	1.3	1.3	1.3	0.1	0.0
EU15	1.3	1.2	1.3	1.3	1.4	1.3	1.3	1.3	1.3	1.3	0.5	0.0
Euro12	1.1	1.1	1.1	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.1	0.1
NMS10	1.2	1.4	1.2	1.3	1.3	1.3	1.3	1.2	1.0	1.2	-2.0	-0.2
EU25 (arithmetic average)	2.1	2.2	2.1	2.2	2.2	2.1	2.0	1.9	1.8	2.1	-2.0	-0.3
EU15 (arithmetic average)	1.8	1.9	1.9	2.0	2.0	1.9	1.9	1.9	1.8	1.9	-0.1	0.0
Euro12 (arithmetic average)	1.8	1.8	1.8	1.9	2.0	1.9	2.0	1.9	1.8	1.9	0.7	0.1
NMS10 (arithmetic average)	2.8	2.8	2.6	2.7	2.5	2.2	2.1	2.0	1.8	2.5	-5.5	-0.9
Ratio st.dev. and mean in %	181.0	178.0	168.3	162.0	153.4	146.1	130.8	127.0	126.5			-54.6
Difference max. and min.	8.7	8.5	7.8	8.1	8.0	7.5	6.3	6.0	6.0			-2.7

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation

See explanatory notes in Annex C

Source: Commission Services

Table C.4.3_G: Environmental taxes as % of GDP: Pollution/Resources

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	-1.8	0.0
CZ	0.2	0.2	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.1	-20.4	-0.2
DK	0.2	0.3	0.4	0.4	0.4	0.4	0.3	0.4	0.3	0.3	3.3	0.1
DE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0
EE	0.0	0.0	0.0	0.0	0.1	0.3	0.3	0.2	0.3	0.1	-	0.3
EL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0
ES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13.9	0.0
FR	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	-0.6	0.0
IE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-22.8	0.0
IT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0
CY	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0
LV	0.1	0.1	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	11.8	0.1
LT	-	-	-	-	-	0.0	0.0	0.0	0.0	0.0	-	-
LU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0
HU	0.2	0.3	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0.2	-1.9	0.0
MT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	-	0.0
NL	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	-0.7	0.0
AT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18.5	0.0
PL	-	-	-	-	-	-	-	-	-	-	-	-
PT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0
SI	0.1	0.0	0.1	0.1	0.1	0.2	0.2	0.2	0.3	0.1	20.6	0.2
SK	-	-	-	-	-	-	-	-	-	-	-	-
FI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.2	0.0
SE	0.0	0.1	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	11.5	0.1
UK	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.0	-	0.1
NO	1.0	1.1	1.1	0.8	0.7	0.6	0.5	0.3	0.4	0.7	-16.6	-0.7
EU25	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	2.2	0.0
EU15	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	2.4	0.0
Euro12	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.5	0.0
NMS10	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	8.5	0.1
EU25 (arithmetic average)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	3.5	0.0
EU15 (arithmetic average)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	1.8	0.0
Euro12 (arithmetic average)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	-0.1	0.0
NMS10 (arithmetic average)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	5.9	0.1
Ratio st.dev. and mean in %	211.8	196.9	186.1	200.1	185.3	176.4	182.0	176.2	183.5			-28.3
Difference max. and min.	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4			0.0

1) Estimated annual average growth rate in %. - 2) in %-points of GDP

See explanatory notes in Annex C

Source: Commission Services

Table C.4.3_T: Environmental taxes as % of Total Taxation: Pollution/Resources

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	0.4	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.5	-2.0	0.0
CZ	0.6	0.5	0.4	0.3	0.2	0.3	0.1	0.1	0.1	0.3	-20.4	-0.4
DK	0.4	0.6	0.7	0.8	0.8	0.7	0.7	0.7	0.7	0.7	3.4	0.2
DE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0
EE	0.0	0.1	0.1	0.1	0.4	0.8	0.9	0.7	0.9	0.4	-	0.9
EL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0
ES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0	13.1	0.1
FR	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	-0.5	0.0
IE	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	-21.0	-0.1
IT	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	-	0.0
CY	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0
LV	0.2	0.2	0.8	0.8	0.8	0.7	0.7	0.7	0.6	0.6	13.9	0.4
LT	-	-	-	-	-	0.0	0.0	0.0	0.1	0.0	-	-
LU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0
HU	0.5	0.6	0.6	0.7	0.5	0.5	0.5	0.5	0.6	0.5	-1.3	0.1
MT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.0	-	0.0
NL	1.1	1.1	1.1	1.1	1.0	1.0	1.0	1.1	1.1	1.1	-0.3	0.0
AT	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	18.1	0.1
PL	-	-	-	-	-	-	-	-	-	-	-	-
PT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0
SI	0.2	0.1	0.2	0.3	0.3	0.4	0.4	0.6	0.8	0.3	20.7	0.6
SK	-	-	-	-	-	-	-	-	-	-	-	-
FI	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	12.6	0.1
SE	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1	11.5	0.1
UK	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1	-	0.2
NO	2.4	2.6	2.5	1.8	1.7	1.3	1.1	0.7	0.8	1.8	-16.9	-1.6
EU25	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	2.4	0.0
EU15	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	2.9	0.0
Euro12	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	1.0	0.0
NMS10	0.4	0.4	0.4	0.4	0.3	0.4	0.3	0.3	0.4	0.4	-3.1	0.0
EU25 (arithmetic average)	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.2	4.3	0.1
EU15 (arithmetic average)	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	1.9	0.0
Euro12 (arithmetic average)	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.0
NMS10 (arithmetic average)	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.3	7.1	0.2
Ratio st.dev. and mean in %	208.2	191.4	187.8	198.1	182.5	184.9	192.7	180.0	189.0			-19.2
Difference max. and min.	1.1	1.1	1.1	1.1	1.0	1.0	1.0	1.1	1.1			0.0

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation

See explanatory notes in Annex C

Source: Commission Services

Table D.1: Implicit tax rates in %: Consumption

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	21,2	21,7	22,0	21,7	22,5	22,2	21,4	21,9	21,5	21,8	0,1	0,3
CZ	22,4	21,7	20,1	19,4	20,5	20,1	19,4	19,8	20,5	20,4	-1,1	-1,9
DK	31,3	32,2	32,4	33,2	33,7	33,9	33,8	33,6	33,9	33,1	0,9	2,5
DE	18,8	18,1	17,9	18,0	18,7	18,5	18,3	18,3	18,5	18,3	0,1	-0,3
EE	22,2	18,9	19,8	18,0	17,6	19,1	19,4	19,8	20,7	19,5	-0,2	-1,6
EL	17,5	17,5	17,0	17,2	17,7	18,1	18,7	18,6	17,9	17,8	0,9	0,4
ES	14,3	14,5	14,8	15,6	16,3	16,3	15,9	16,1	16,5	15,6	1,8	2,2
FR	22,9	23,4	23,3	23,0	22,9	22,0	21,5	21,2	21,4	22,4	-1,3	-1,5
IE	25,3	25,2	25,8	26,2	26,6	27,1	25,0	26,0	26,1	25,9	0,3	0,8
IT	17,6	17,2	17,5	17,9	18,1	18,0	17,4	17,1	17,0	17,5	-0,3	-0,6
CY	12,2	11,9	10,8	11,0	10,8	12,3	13,9	15,0	18,5	12,9	5,0	6,4
LV	19,3	16,5	17,8	19,8	17,9	17,4	16,3	16,5	17,2	17,6	-1,3	-2,1
LT	-	-	-	-	-	17,7	17,7	18,1	17,1	17,6	-	-
LU	22,0	21,7	22,5	23,4	24,2	24,3	27,1	23,6	24,8	23,7	1,9	2,8
HU	30,7	29,3	27,0	27,4	27,6	28,0	26,0	25,9	28,5	27,8	-1,2	-2,2
MT	14,6	13,6	14,7	14,1	14,7	15,3	16,0	16,8	16,1	15,1	2,1	1,5
NL	22,6	22,9	23,1	23,1	23,3	23,7	23,7	23,1	23,8	23,3	0,5	1,2
AT	20,5	21,5	22,1	21,9	22,3	21,7	21,4	21,9	21,7	21,7	0,4	1,2
PL	-	-	-	-	-	-	-	-	-	-	-	-
PT	19,5	19,7	19,5	19,8	19,8	19,7	19,4	20,1	20,0	19,7	0,3	0,6
SI	25,5	25,2	23,7	24,9	26,0	24,1	23,6	24,9	24,9	24,7	-0,3	-0,6
SK	-	-	-	-	23,1	24,4	20,9	22,1	21,7	22,4	-	-
FI	28,2	27,8	29,7	29,5	29,8	29,0	27,6	28,1	28,3	28,7	-0,2	0,1
SE	28,4	28,0	28,2	28,9	28,9	28,6	29,5	30,8	30,5	29,1	1,1	2,1
UK	21,7	21,6	21,8	21,6	21,9	21,6	21,3	21,4	21,8	21,6	-0,1	0,1
NO	34,5	34,3	35,1	34,6	34,8	34,2	33,9	33,7	33,1	34,2	-0,5	-1,5
EU25 (GDP weighted)	20,6	20,4	20,6	20,6	21,0	20,8	20,4	20,4	20,6	20,6	0,00	0,0
EU15 (GDP weighted)	20,5	20,4	20,5	20,6	21,0	20,8	20,4	20,4	20,5	20,6	0,00	0,0
Euro12 (GDP weighted)	19,7	19,6	19,7	19,8	20,1	19,9	19,5	19,4	19,6	19,7	-0,13	-0,2
EU25 (Base weighted)	20,4	20,3	20,4	20,5	20,8	20,6	20,2	20,2	20,4	20,4	-0,1	0,0
EU15 (Base weighted)	20,3	20,2	20,4	20,4	20,8	20,5	20,2	20,2	20,3	20,4	0,0	0,0
Euro12 (Base weighted)	19,6	19,5	19,5	19,6	20,0	19,7	19,3	19,3	19,4	19,5	-0,2	-0,2
EU25 (arithmetic average)	21,8	21,4	21,4	21,6	22,0	21,8	21,5	21,7	22,0	21,7	0,2	0,3
EU15 (arithmetic average)	22,1	22,2	22,5	22,7	23,1	23,0	22,8	22,8	22,9	22,7	0,4	0,8
Euro12 (arithmetic average)	20,9	20,9	21,3	21,4	21,8	21,7	21,4	21,3	21,5	21,4	0,3	0,6
NMS10 (arithmetic average)	21,0	19,6	19,1	19,2	19,8	19,8	19,3	19,9	20,6	19,8	0,0	-0,4
Ratio st.dev. and mean in %	24,9	25,8	25,6	26,1	26,1	25,1	24,6	24,1	23,7			-1,2
Difference max. and min.	19,2	20,3	21,6	22,2	22,8	21,6	19,9	18,7	17,8			-1,4

1) Estimated annual average growth rate in %. - 2) in %-points

See explanatory notes in Annex C

Source: Commission Services

Table D.2: Implicit tax rates in %: Labour

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	44,1	43,7	44,3	44,7	43,8	44,2	43,9	43,7	43,2	44,0	-0,2	-0,9
CZ	39,4	38,5	38,5	39,0	38,8	39,7	39,6	39,8	40,1	39,3	0,4	0,7
DK	40,9	41,3	41,7	40,0	41,4	42,0	41,9	40,1	40,0	41,0	-0,2	-0,9
DE	39,5	39,7	40,6	40,7	40,4	40,8	40,5	40,4	40,6	40,4	0,3	1,1
EE	38,8	38,7	38,5	39,6	39,2	38,2	37,7	38,3	38,6	38,6	-0,2	-0,2
EL	34,1	35,7	36,4	37,5	37,0	38,2	37,9	40,1	40,9	37,5	2,0	6,8
ES	28,9	29,5	29,0	28,7	28,1	28,6	29,6	30,0	29,8	29,1	0,4	0,9
FR	42,2	42,6	42,8	43,3	43,5	43,1	42,6	42,1	43,3	42,8	0,1	1,2
IE	29,7	29,6	29,9	28,5	28,5	28,1	27,2	25,9	25,2	28,1	-2,1	-4,6
IT	37,8	41,4	43,1	42,8	42,1	41,3	41,4	41,3	41,8	41,5	0,5	4,0
CY	22,4	21,5	21,6	22,6	21,9	21,7	23,1	22,4	24,4	-	-	-
LV	39,2	34,6	36,1	37,2	36,9	36,7	36,5	37,5	36,4	36,8	-0,1	-2,8
LT	-	-	-	-	-	41,0	40,6	38,8	38,4	39,7	n.a.	n.a.
LU	29,5	29,3	29,1	28,4	29,3	29,9	29,4	28,0	28,5	29,0	-0,3	-0,9
HU	42,6	43,0	43,7	42,8	42,7	42,3	41,2	41,0	39,2	42,1	-1,0	-3,4
MT	21,8	19,8	22,0	20,8	22,2	21,5	22,4	22,5	22,4	21,7	0,9	0,6
NL	35,1	34,1	33,4	33,9	34,8	35,4	31,4	31,4	31,8	33,5	-1,2	-3,3
AT	38,5	39,1	40,2	39,9	40,1	39,7	40,1	40,3	40,5	39,8	0,5	2,0
PL	-	-	-	-	-	-	-	-	-	-	-	-
PT	31,0	31,6	32,5	32,9	33,0	33,2	33,3	33,5	33,7	32,8	0,9	2,6
SI	39,2	37,4	37,6	38,1	38,7	38,1	37,9	38,2	38,4	38,2	0,0	-0,9
SK	-	-	-	-	37,9	34,5	36,2	35,2	32,4	35,2	-	-
FI	43,9	44,8	43,3	43,8	43,4	44,0	44,3	43,3	42,1	43,7	-0,4	-1,8
SE	46,8	48,0	48,4	49,4	49,0	47,9	46,8	45,7	46,1	47,6	-0,5	-0,7
UK	25,7	24,7	24,2	25,1	25,0	25,4	25,0	24,0	24,6	24,9	-0,3	-1,1
NO	37,8	38,0	38,3	38,4	38,2	38,2	38,3	38,5	38,3	38,2	0,1	0,5
EU25 (GDP weighted)	37,2	37,7	37,7	37,8	37,5	37,4	37,0	36,6	37,1	37,3	-0,24	-0,1
EU15 (GDP weighted)	37,2	37,7	37,7	37,8	37,5	37,4	36,9	36,6	37,1	37,3	-0,25	-0,1
Euro12 (GDP weighted)	38,6	39,3	39,9	40,0	39,7	39,7	39,3	39,1	39,4	39,4	0,04	0,8
EU25 (Base weighted)	37,3	37,7	37,7	37,7	37,5	37,3	36,8	36,5	37,0	37,3	-0,3	-0,3
EU15 (Base weighted)	37,2	37,7	37,6	37,7	37,4	37,2	36,8	36,4	37,0	37,2	-0,3	-0,3
Euro12 (Base weighted)	38,7	39,4	40,0	40,0	39,8	39,7	39,4	39,2	39,5	39,5	0,0	0,8
EU25 (arithmetic average)	36,0	35,9	36,2	36,4	36,4	36,5	36,3	36,0	35,9	36,2	0,0	0,0
EU15 (arithmetic average)	36,5	37,0	37,2	37,3	37,3	37,4	37,0	36,7	36,8	37,0	0,0	0,3
Euro12 (arithmetic average)	36,2	36,8	37,0	37,1	37,0	37,2	36,8	36,7	36,8	36,8	0,1	0,6
NMS10 (arithmetic average)	34,8	33,4	34,0	34,3	34,8	34,8	35,0	34,9	34,5	34,5	0,3	-0,3
Ratio st.dev. and mean in %	19,1	20,3	20,2	20,5	19,7	19,4	19,0	19,4	18,7			-0,4
Difference max. and min.	25,0	28,3	26,8	28,6	27,1	26,5	24,4	23,3	23,7			-1,3

1) Estimated annual average growth rate in % - 2) in %-points

See explanatory notes in Annex C

Source: Commission Services

Table D.3: Implicit tax rates in %: Capital

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	23,8	24,6	25,9	27,6	28,2	28,0	29,0	29,0	29,5	27,3	2,7	5,7
CZ	24,8	22,0	24,6	21,2	22,6	21,5	22,9	25,8	27,0	23,6	1,2	2,2
DK	26,4	27,4	29,0	34,7	37,6	29,4	30,8	28,8	26,1	30,0	0,1	-0,3
DE	21,2	23,9	22,7	23,6	26,3	26,6	21,2	20,1	20,1	22,9	-1,2	-1,1
EE	18,2	15,6	18,9	17,3	16,5	10,4	9,3	10,1	10,9	14,1	-8,8	-7,3
EL	12,0	11,8	14,6	17,2	19,7	21,5	18,5	18,4	17,0	16,7	5,7	5,0
ES	20,7	21,1	23,5	24,3	27,4	28,7	27,3	29,5	30,3	25,9	5,0	9,6
FR	31,0	33,3	34,6	34,9	37,1	38,5	38,9	37,3	35,9	35,7	2,1	4,8
IE	22,0	23,0	23,5	23,7	28,9	30,0	29,9	28,8	33,3	27,0	5,1	11,3
IT	26,3	26,6	29,9	27,4	29,1	28,5	27,8	28,2	31,1	28,3	1,2	4,8
CY	-	-	-	-	-	-	-	-	-	-	-	-
LV	-	-	-	-	18,6	11,7	11,9	10,0	-	13,0	-	-
LT	-	-	-	-	-	6,5	4,9	4,9	6,5	5,7	-	-
LU	24,9	23,6	26,5	28,6	26,9	33,8	30,9	30,2	27,1	28,1	2,6	2,3
HU	-	-	-	-	-	-	-	-	-	-	-	-
MT	-	-	-	-	-	-	-	-	-	-	-	-
NL	23,0	25,5	26,5	26,8	28,9	27,1	32,1	32,5	31,6	28,2	4,0	8,6
AT	26,0	26,5	25,5	25,6	25,2	24,3	30,6	25,7	22,6	25,8	-0,6	-3,4
PL	-	-	-	-	-	-	-	-	-	-	-	-
PT	20,7	23,2	25,5	26,6	30,7	34,4	31,7	32,7	32,6	28,7	5,9	11,9
SI	-	-	-	-	-	-	-	-	-	-	-	-
SK	-	-	-	-	25,0	22,2	18,6	19,4	18,3	20,7	-	-
FI	27,9	30,2	30,4	31,8	33,3	36,6	27,7	30,3	27,3	30,6	-0,2	-0,6
SE	18,0	24,0	26,4	27,2	31,9	37,5	30,7	32,1	27,7	28,4	5,4	9,7
UK	28,3	28,0	29,9	31,3	35,0	35,8	36,6	32,0	28,0	31,7	1,5	-0,4
EU25 (GDP weighted)	24,8	26,4	27,6	28,1	30,6	31,1	29,9	28,8	28,0	28,4	1,68	3,2
EU15 (GDP weighted)	24,8	26,4	27,6	28,1	30,7	31,3	30,1	28,9	28,1	28,4	1,74	3,3
Euro12 (GDP weighted)	24,5	26,3	27,1	27,3	29,5	30,0	28,5	28,0	28,2	27,7	1,60	3,8
EU25 (Base weighted)	24,6	26,0	27,4	27,7	30,2	30,7	29,5	28,5	27,9	28,1	1,7	3,4
EU15 (Base weighted)	24,6	26,0	27,4	27,8	30,3	30,8	29,6	28,6	28,0	28,1	1,8	3,5
Euro12 (Base weighted)	24,2	25,8	27,0	27,0	29,2	29,6	28,2	27,8	28,1	27,4	1,7	3,9
EU25 (arithmetic average)	23,2	24,1	25,8	26,5	27,8	26,6	25,6	25,3	25,4	25,6	0,8	2,2
EU15 (arithmetic average)	23,5	24,8	26,3	27,4	29,7	30,7	29,6	29,0	28,0	27,7	2,5	4,5
Euro12 (arithmetic average)	23,3	24,5	25,8	26,5	28,5	29,8	28,8	28,6	28,2	27,1	2,6	4,9
NMS10 (arithmetic average)	21,5	18,8	21,7	19,2	20,7	14,5	13,5	14,0	15,7	17,7	-5,6	-5,8
Ratio st.dev. and mean in %	18,7	19,3	16,8	18,4	19,4	29,5	30,5	30,7	27,7			9,0
Difference max. and min.	19,1	21,6	20,0	17,7	21,1	32,0	34,0	32,4	29,4			10,3

1) Estimated annual average growth rate in %. - 2) in %-points

See explanatory notes in Annex C

Source: Commission Services

Table D.3.1: Implicit tax rates in %: Capital and business income

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	15,7	15,9	16,5	17,9	17,9	17,9	18,5	18,1	17,9	17,4	1,9	2,2
CZ	21,5	18,5	21,1	17,9	19,4	18,4	19,9	22,4	23,4	20,3	1,4	2,0
DK	17,6	19,0	20,3	24,2	27,3	17,7	18,3	16,1	14,0	19,4	-3,2	-3,6
DE	16,9	19,5	18,9	19,7	21,9	22,4	17,0	16,0	16,1	18,7	-1,4	-0,8
EE	15,0	8,4	9,7	11,8	11,1	5,5	5,0	6,0	7,6	8,9	-9,6	-7,4
EL	9,1	8,6	9,9	12,5	13,5	15,4	13,4	13,8	12,7	12,1	6,0	3,6
ES	13,7	14,1	16,2	16,3	18,7	19,7	18,5	20,0	20,0	17,5	5,0	6,3
FR	15,2	17,0	17,6	17,9	19,9	21,5	22,3	20,4	18,4	18,9	3,3	3,3
IE	15,3	16,3	17,0	17,3	21,2	22,4	22,4	21,9	24,6	19,8	6,0	9,3
IT	17,3	18,4	20,8	19,1	21,3	21,6	21,6	20,7	24,4	20,6	3,2	7,1
CY	-	-	-	-	-	-	-	-	-	-	-	-
LV	-	-	-	-	9,4	5,9	6,3	5,9	-	6,9	-	-
LT	-	-	-	-	-	3,9	3,3	3,4	5,0	3,9	-	-
LU	19,1	18,0	20,0	21,2	18,8	23,0	21,8	22,9	20,8	20,6	2,2	1,7
HU	-	-	-	-	-	-	-	-	-	-	-	-
MT	-	-	-	-	-	-	-	-	-	-	-	-
NL	16,1	18,3	19,2	19,1	20,2	18,4	23,4	23,2	22,1	20,0	3,9	5,9
AT	20,5	21,6	21,0	21,1	20,6	19,9	26,0	21,3	18,3	21,2	-0,2	-2,2
PL	-	-	-	-	-	-	-	-	-	-	-	-
PT	12,9	15,1	16,9	17,0	19,3	22,5	20,2	20,2	18,8	18,1	5,0	6,0
SI	-	-	-	-	-	-	-	-	-	-	-	-
SK	-	-	-	-	21,4	18,5	15,5	16,2	15,1	17,3	-	-
FI	22,4	24,3	25,1	26,7	28,0	31,7	23,5	25,4	22,4	25,5	0,3	0,0
SE	12,3	15,5	17,4	17,9	22,4	27,9	21,2	20,7	18,3	19,3	5,5	6,0
UK	19,2	19,7	21,7	22,8	25,0	25,1	26,1	22,2	19,5	22,4	1,5	0,2
EU25 (GDP weighted)	16,6	18,1	19,1	19,5	21,6	22,1	21,1	19,7	19,2	19,7	1,92	2,6
EU15 (GDP weighted)	16,5	18,1	19,1	19,5	21,6	22,2	21,2	19,7	19,2	19,7	1,96	2,6
Euro12 (GDP weighted)	16,2	18,0	18,6	18,8	20,7	21,4	20,1	19,2	19,3	19,1	1,95	3,0
EU25 (Base weighted)	16,4	17,9	19,1	19,3	21,3	21,9	21,0	19,7	19,4	19,6	2,1	3,0
EU15 (Base weighted)	16,4	17,9	19,1	19,3	21,4	21,9	21,0	19,7	19,4	19,6	2,2	3,0
Euro12 (Base weighted)	16,1	17,7	18,6	18,6	20,6	21,2	20,1	19,3	19,5	19,1	2,2	3,4
EU25 (arithmetic average)	16,5	16,9	18,2	18,9	19,9	19,0	18,2	17,8	17,9	18,1	0,8	1,4
EU15 (arithmetic average)	16,2	17,4	18,6	19,4	21,1	21,8	21,0	20,2	19,2	19,4	2,5	3,0
Euro12 (arithmetic average)	16,2	17,3	18,3	18,8	20,1	21,4	20,7	20,3	19,7	19,2	2,8	3,5
NMS10 (arithmetic average)	18,2	13,5	15,4	14,9	15,3	10,4	10,0	10,8	12,8	13,5	-5,5	-5,4
Ratio st.dev. and mean in	21,1	22,5	20,5	19,3	22,1	32,2	31,4	31,4	27,1			6,0
Difference max. and min.	13,3	15,9	15,4	14,8	18,7	27,8	22,8	22,0	19,5			6,2

1) Estimated annual average growth rate in %. - 2) in %-points

See explanatory notes in Annex C

Source: Commission Services

Table D.3.1.1: Implicit tax rates: Corporate income

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	14.3	16.2	17.5	19.8	19.6	19.1	20.5	19.5	18.5	18.3	3.1	4.2
CZ	31.4	24.5	33.4	24.5	26.5	23.5	26.5	30.8	32.6	28.2	0.6	1.1
DK	21.6	23.5	23.8	25.9	27.6	18.4	19.4	16.8	15.3	21.4	-5.2	-6.3
DE	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.			
EE	22.9	11.8	13.4	15.3	15.0	5.8	3.9	5.6	8.3	11.3	-16.1	-14.5
EL	15.1	13.1	18.5	21.9	26.1	31.4	23.5	24.6	20.1	21.6	6.5	5.0
ES	12.7	14.1	18.6	17.5	21.4	23.3	20.9	25.2	25.7	19.9	8.4	12.9
FR	16.4	19.5	21.3	20.5	24.6	26.9	30.2	25.8	24.1	23.2	5.6	7.7
IE	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.			
IT	14.0	16.1	18.5	14.0	16.4	14.4	16.8	15.6	18.3	16.0	1.4	4.3
CY	-	-	-	-	-	-	-	-	-	-	-	-
LV	-	-	-	-	10.8	7.4	8.0	7.2	-	8.4	-	-
LT	-	-	-	-	-	3.5	2.3	2.5	5.7	3.5	-	-
LU	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.			
HU	-	-	-	-	-	-	-	-	-	-	-	-
MT	-	-	-	-	-	-	-	-	-	-	-	-
NL	19.0	23.3	24.8	25.3	25.6	22.6	23.4	22.0	20.2	22.9	-0.3	1.2
AT ³⁾	16.2	17.4	16.8	17.2	16.7	16.2	22.0	17.8	16.6	17.4	1.1	0.4
PL	-	-	-	-	-	-	-	-	-	-	-	-
PT ³⁾	14.9	17.2	18.4	17.5	19.3	23.0	20.6	20.7	19.0	19.0	3.4	4.1
SI	-	-	-	-	-	-	-	-	-	-	-	-
SK	-	-	-	-	-	-	28.8	34.4	29.2	-	-	-
FI	16.7	19.6	21.6	23.6	25.0	29.6	19.1	22.7	19.2	21.9	1.6	2.5
SE	15.7	18.2	20.0	20.5	25.2	34.9	26.1	24.4	19.5	22.7	4.7	3.8
UK	18.1	19.4	23.3	22.0	23.3	22.6	23.7	17.6	14.9	20.5	-1.7	-3.2
EU25 (GDP weighted)	16.2	18.3	20.9	19.7	22.1	22.4	23.2	20.8	19.9	20.4	2.56	3.6
EU15 (GDP weighted)	16.1	18.2	20.8	19.7	22.1	22.5	23.2	20.7	19.7	20.3	2.60	3.6
Euro12 (GDP weighted)	9.9	11.6	13.2	12.4	14.2	14.7	15.6	14.8	14.7	13.5	4.75	4.8
EU25 (Base weighted)	16.1	18.0	20.6	19.3	21.4	21.3	22.1	19.9	19.0	19.8	2.0	2.9
EU15 (Base weighted)	15.9	18.0	20.6	19.3	21.4	21.4	22.2	19.8	18.9	19.7	2.0	2.9
Euro12 (Base weighted)	15.2	17.4	19.6	18.2	20.5	20.6	21.7	20.6	20.5	19.4	3.4	5.3
EU25 (arithmetic average)	17.8	18.1	20.7	20.4	21.5	20.2	19.7	19.6	19.2	19.7	0.7	1.4
EU15 (arithmetic average)	16.2	18.1	20.3	20.5	22.6	23.5	22.2	21.1	19.3	20.4	2.4	3.1
Euro12 (arithmetic average)	15.5	17.4	19.5	19.7	21.6	22.9	21.9	21.5	20.2	20.0	3.5	4.7
NMS10 (arithmetic average)	27.1	18.1	23.4	19.9	17.4	10.0	13.9	16.1	19.0	18.3	-5.9	-8.2
Ratio st.dev. and mean in %	30.2	21.3	23.0	19.2	23.4	42.2	36.3	42.7	35.7			5.6
Difference max. and min.	18.7	12.7	20.0	11.9	16.8	31.4	27.9	31.9	26.9			8.2

1) Estimated annual average growth rate in %. - 2) in %-points. - 3) including self-employed

See explanatory notes in Annex C

Source: Commission Services

Table D.3.1.2: Implicit tax rates: Capital and business income of households and self-employed

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ¹⁾ 1995-2003	Difference ²⁾ 1995 to 2003
BE	14,7	14,0	13,9	14,0	13,9	13,9	13,7	13,8	13,9	14,0	-0,5	-0,8
CZ	10,9	11,4	10,8	10,6	10,8	11,6	11,7	12,2	12,4	11,4	1,7	1,6
DK	8,8	8,7	10,5	17,4	22,7	13,0	11,9	11,1	9,0	12,6	1,3	0,2
DE	-	-	-	-	-	-	-	-	-	-	-	-
EE	4,5	3,6	3,9	4,2	4,5	4,1	6,0	5,7	4,2	4,5	3,1	-0,3
EL	6,4	6,3	6,7	8,6	8,5	8,8	8,8	9,2	9,2	8,1	5,3	2,9
ES	13,9	13,7	14,0	14,8	15,9	16,2	15,8	15,3	15,0	14,9	1,6	1,1
FR	12,6	13,5	13,1	13,6	14,0	14,9	14,2	14,0	12,8	13,6	0,8	0,2
IE	-	-	-	-	-	-	-	-	-	-	-	-
IT	13,8	14,0	15,2	15,4	16,5	18,2	16,7	16,2	19,2	16,1	3,5	5,4
CY	-	-	-	-	-	-	-	-	-	-	-	-
LV	-	-	-	-	0,8	0,7	0,6	0,6	-	0,7	-	-
LT	-	-	-	-	-	2,4	2,6	2,5	2,0	2,4	-	-
LU	-	-	-	-	-	-	-	-	-	-	-	-
HU	-	-	-	-	-	-	-	-	-	-	-	-
MT	-	-	-	-	-	-	-	-	-	-	-	-
NL	11,9	11,6	11,3	10,5	11,8	10,7	19,8	21,1	21,1	14,4	8,7	9,2
AT ³⁾	14,1	12,8	11,5	10,6	10,0	9,6	10,1	10,5	10,8	11,1	-3,4	-3,4
PL	-	-	-	-	-	-	-	-	-	-	-	-
PT ³⁾	7,7	8,8	10,6	12,2	15,4	15,8	14,9	14,4	14,5	12,7	8,3	6,8
SI	-	-	-	-	-	-	-	-	-	-	-	-
SK	-	-	-	-	-	-	-	-	-	-	-	-
FI	24,5	24,9	24,5	25,2	24,7	24,9	24,7	22,4	20,5	24,0	-1,7	-4,0
SE	7,4	12,5	14,5	15,4	20,9	24,4	16,9	14,9	14,8	15,7	6,7	7,4
UK	15,3	15,0	14,7	17,8	19,9	20,3	20,5	20,7	19,5	18,2	4,5	4,2
EU25 (GDP weighted)	13,2	13,6	13,8	15,0	16,3	16,8	16,6	16,4	16,2	15,3	3,12	3,0
EU15 (GDP weighted)	13,3	13,6	13,8	15,0	16,4	16,9	16,7	16,5	16,3	15,4	3,19	3,1
Euro12 (GDP weighted)	13,2	13,5	13,7	14,0	14,7	15,4	15,5	15,4	15,7	14,6	2,38	2,4
EU25 (Base weighted)	13,2	13,5	13,8	14,8	15,9	16,1	15,8	15,6	15,9	15,0	2,5	2,6
EU15 (Base weighted)	13,2	13,5	13,9	14,8	16,0	16,8	16,5	16,3	16,6	15,3	3,2	3,3
Euro12 (Base weighted)	13,1	13,3	13,7	14,1	14,8	15,7	15,5	15,2	16,0	14,6	2,6	2,9
EU25 (arithmetic average)	11,9	12,2	12,5	13,6	14,0	13,1	13,1	12,8	13,3	12,9	1,0	1,4
EU15 (arithmetic average)	12,6	13,0	13,4	14,6	16,2	15,9	15,7	15,3	15,0	14,6	2,7	2,4
Euro12 (arithmetic average)	13,3	13,3	13,4	13,9	14,5	14,8	15,4	15,2	15,2	14,3	2,2	2,0
NMS10 (arithmetic average)	7,7	7,5	7,3	7,4	5,4	4,7	5,2	5,2	6,2	6,3	-5,1	-1,5
Ratio st.dev. and mean in %	37,7	36,4	33,8	33,5	41,6	44,0	40,6	39,8	35,5			-2,2
Difference max. and min.	20,0	21,3	20,6	21,0	23,9	24,2	24,0	21,8	19,1			-0,9

1) Estimated annual average growth rate in %. - 2) in %-points. - 3) excluding self-employed

See explanatory notes in Annex C

Source: Commission Services

Table D.4: Implicit tax rates: Energy¹⁾

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Average 1995-2003	Change ²⁾ 1995-2003	Difference ³⁾ 1995 to 2003
BE	98.9	97.9	98.5	98.6	101.3	101.7	101.6	106.7	104.3	101.1	0.9	5.4
CZ	38.1	41.1	41.6	46.1	53.4	54.9	64.9	74.5	71.9	54.1	9.0	33.8
DK	200.5	212.9	218.0	248.9	284.6	301.3	317.8	326.4	329.3	271.1	7.0	128.8
DE	168.6	151.9	149.0	149.7	176.5	183.8	193.5	205.4	217.0	177.3	4.4	48.4
EE	6.8	11.9	19.2	29.7	31.2	30.5	43.4	45.0	49.9	29.7	22.7	43.1
EL	158.0	161.6	157.5	138.9	132.5	118.5	119.2	114.7	115.2	135.1	-5.0	-42.8
ES	128.0	134.4	129.1	138.2	143.6	137.7	134.6	141.3	142.2	136.6	1.1	14.2
FR	162.4	160.7	163.3	164.4	169.9	165.8	150.3	160.1	156.1	161.5	-0.5	-6.3
IE	112.2	121.7	138.4	140.5	145.9	142.7	125.3	144.9	150.0	135.7	2.5	37.7
IT	237.5	261.3	271.8	261.0	265.3	249.4	240.9	236.6	245.3	252.1	-0.8	7.8
CY	26.5	27.2	26.5	29.4	31.9	43.2	61.4	64.7	126.5	48.6	18.2	99.9
LV	10.2	16.9	25.0	45.4	40.4	47.9	42.2	48.0	53.1	36.5	18.1	42.9
LT	-	-	-	-	-	60.4	68.6	69.1	78.2	69.1	-	-
LU	141.8	139.4	143.0	151.6	159.1	164.7	164.8	170.2	174.7	156.6	3.0	32.9
HU	58.8	53.4	62.6	77.4	79.7	79.4	82.7	92.8	95.6	75.8	7.0	36.8
MT	53.9	46.8	73.9	102.6	105.9	112.2	148.3	138.1	126.5	100.9	13.6	72.6
NL	114.1	113.8	130.0	135.5	152.9	162.6	169.2	171.9	173.9	147.1	6.1	59.9
AT	127.5	120.7	140.9	133.5	142.1	148.7	152.8	155.1	152.5	141.5	2.9	25.1
PL	-	-	-	-	-	-	-	-	-	-	-	-
PT	172.1	170.1	159.1	164.4	160.3	128.5	131.9	154.7	164.7	156.2	-1.8	-7.4
SI	0.0	0.0	10.0	22.4	77.6	113.1	132.6	139.5	138.3	70.4	-	138.3
SK	-	-	-	-	-	-	-	-	-	-	-	-
FI	97.0	96.4	106.9	105.1	110.0	107.1	110.0	111.7	112.2	106.3	1.8	15.2
SE	138.2	168.7	167.2	172.4	175.6	181.3	182.6	193.2	202.7	175.8	3.6	64.5
UK	142.5	148.0	185.6	211.2	226.3	251.3	239.0	245.9	224.4	208.2	6.7	81.9
EU25 (GDP weighted)	160.2	161.7	170.0	173.9	186.9	190.6	187.2	193.7	193.0	179.7	2.62	32.8
EU15 (GDP weighted)	162.2	163.8	172.2	176.6	189.6	193.4	189.9	196.6	195.9	182.2	2.65	33.7
Euro12 (GDP weighted)	165.2	165.0	168.5	167.5	179.6	177.3	175.4	181.8	186.0	174.0	1.50	20.7
EU25 (Base weighted)	152.9	153.5	161.6	166.6	179.5	181.8	179.3	185.9	186.1	171.9	2.8	33.3
EU15 (Base weighted)	159.7	160.3	168.6	172.9	185.8	188.0	185.0	191.5	191.9	178.2	2.6	32.1
Euro12 (Base weighted)	163.4	161.4	164.3	163.8	176.2	173.7	172.1	178.6	182.8	170.7	1.5	19.4
EU25 (arithmetic average)	108.8	111.7	119.0	125.8	134.8	134.2	138.1	143.9	148.0	129.4	3.9	39.2
EU15 (arithmetic average)	146.6	150.6	157.2	160.9	169.7	169.7	168.9	175.9	177.6	164.1	2.4	31.0
Euro12 (arithmetic average)	143.2	144.2	149.0	148.5	155.0	150.9	149.5	156.1	159.0	150.6	1.1	15.9
NMS10 (arithmetic average)	27.8	28.2	37.0	50.4	60.0	67.7	80.5	84.0	92.5	-	-	-
Ratio st.dev. and mean in %	43.1	45.0	42.4	40.1	38.5	38.3	37.7	36.6	35.3	-	-	-7.8
Difference max. and min.	237.5	261.3	261.8	238.6	253.4	270.8	275.7	281.3	279.4	-	-	42.0

1) Energy taxes in Euro per tons of oil equivalent (TOE) 2) Estimated annual average growth rate in %. - 3) in %-points

See explanatory notes in Annex C

Source: Commission Services

ANNEX B:

LISTS OF TAXES ACCORDING TO ECONOMIC FUNCTION

1. AUSTRIA

1. Structure according to Economic Function

Consumption

D211	Value added type taxes Value added tax Under-compensation of VAT (flat rate system), agriculture
D2121	Import duties Other import duties Customs duties
D2122A	Levies on imported agricultural products Import equalization duties
D2122C	Excise duties Import duties not collected on the national border
D2122E	Taxes on specific services Contribution to promote foreign trade
D214A	Excise duties and consumption taxes Contribution to the Agricultural Fund Duty on spirit Tax on beer Tax on energy Beverage tax Tax on mineral oils Duty on vehicles based on fuel consumption Tax on sparkling wine Special duty on alcoholic drinks Tax on tobacco Tax on wine Levy on sugar
D214E	Taxes on entertainment Entertainment tax Amusement tax
D214F	Taxes on lotteries, gambling and betting Tax on gambling stakes 2 Tax on gambling stakes 1 Duty on casinos
D214G	Taxes on insurance premiums Fire protection tax Insurance tax
D214H	Other taxes on specific services: Levy on dangerous waste Announcement tax Advertisement tax Tax on tourism Duty for airways security Tax on advertisement
D214L	Other taxes on products n.e.c. Contribution to the artists' social security fund
D29G	Under-compensation of VAT (flat rate system) Under-compensation of VAT (flat rate system), agriculture
D29H	In other taxes on production n.e.c.: Hunting and fishing duties
D59F	In other current taxes n.e.c.: Dog tax Tax on radio and TV-licences Motor vehicles tax 1, paid by households Contribution for the promotion of arts Motor vehicles tax 2, paid by households Contribution to the Road Safety Fund, paid by households

Labour

Employers

D51E	In other taxes on income n.e.c.: Promotion residential buildings* 0,5
D51A	Taxes on individual or household income Contribution to chambers * 0,25
D51B	Taxes on the income or profits of corporations Contribution to chambers * 0,25
D29C	In total wage bill and payroll taxes Employers contribution of family burdens Tax on sum of wages Tax on employment (Vienna underground)
D61111	Compulsory employers' actual social contributions Unemployment insurance contributions Special unemployment insurance contributions, construction workers Contributions to insolvency fund Health insurance contributions, local government employees Health insurance contributions Special pension contributions, nightshift worker Pension contributions, civil servants Pension insurance contributions Accident insurance contributions

Employees

D51E	In other taxes on income n.e.c.: Promotion residential buildings* 0,5
D51A	Taxes on individual or household income Contribution to chambers * 0,27
D51B	In taxes on the income or profits of corporations: Contribution to chambers * 0,27
D51A	In taxes on individual or household income: Wage tax
D61121	Compulsory employees' social contributions Unemployment insurance contributions Special unemployment insurance contributions, construction workers Health insurance contributions, local government employees Health insurance contributions Pension contributions, civil servants Pension insurance contributions

Non-employed

D59F	In other current taxes n.e.c.: Contributions to students' association
D61131	% of compulsory social contributions by self- and non-employed persons Health insurance contributions, local government employees Health insurance contributions Special pension contributions, civil servants (retired) Pension insurance contributions Accident insurance contributions

Capital

Business and capital income

Income Corporations

D51B	In taxes on the income or profits of corporations: Corporation tax Tax on industry and trade Tax on capital yields Tax on interest Contribution to chambers * 0,48
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Income households

D51A	In taxes on individual or household income: % of Income tax Tax on capital yields Tax on interest
D51B	In taxes on the income or profits of corporations: Directors tax

Income self-employed

D51A	In taxes on individual or household income: % of Income tax Contribution to chambers * 0,48 Tax on industry and trade
D61131	% of compulsory social contributions by self- and non-employed persons Health insurance contributions, local government employees Health insurance contributions Special pension contributions, civil servants (retired) Pension insurance contributions Accident insurance contributions

Stocks (wealth) of capital

D214B	Stamp taxes Stamp fees
D214C	Taxes on financial and capital transactions Land transfer tax Capital transfer tax
D29A	Taxes on land, buildings or other structures Tax on vacant plots Land tax (except farm land)
D29C	In total wage bill and payroll taxes Disabled persons, equalization levy
D29H	In other taxes on production n.e.c.: Administration duties Certain users fee Fines related to tax offences, taxes on production and imports Other taxes, taxes on production n.e.c. Other fees, taxes on production n.e.c. Landtax A (farm land) Embossment fee Motor vehicles tax 1, paid by enterprises Motor vehicles tax 2, paid by enterprises Contribution to the Road Safety Fund, paid by enterprises Road transport duty
D51E	Other taxes on income n.e.c. Duty on contributions to political parties Credit of taxpayers
D59	Other current taxes n.e.c.
D59A	Current taxes on capital Duty on farms Farm contribution Farm contribution to chambers
D59F	In other current taxes n.e.c.: Fines related to tax offences, taxes on income, wealth etc. Other taxes
D91	Capital Taxes
D91A	Taxes on capital transfers Estate, inheritance and gift tax

2. Environmental split

Energy	D214A	Tax on energy Tax on mineral oils Special tax on mineral oils
	Transport D214A	Duty on vehicles based on fuel consumption
	D214H	Duty for airways security
	D29H	Motor vehicles tax 1, paid by enterprises Motor vehicles tax 2, paid by enterprises Road transport duty
	D59F	Motor vehicles tax 1, paid by households Motor vehicles tax 2, paid by households
Pollution	D214H	Levy on dangerous waste

2. BELGIUM

1. Structure according to Economic Function

Consumption

D2	Taxes on Production and Imports
D21	Taxes on Products
D211	Value added type taxes (VAT)
D212	Taxes and duties on imports except VAT
D2121	Import duties
D212100	Import duties (incl. ECSC)
D2122	Taxes on imports exc. VAT and import duties
D2122A	Levies on imported agricultural products
D2122B	Monetary compensation amounts on imports
D2122C	Excise duties
D2122C01	Excise duties on mineral oils
D2122C02	Excise duties on petroleum gas and other liquefied hydrocarbon gases and on benzoles
D2122C03	Excise duties on Tobacco
D2122C04	Excise duties on Brandy (eaux-de-vie)
D2122C05	Consumption duties on alcohol and brandy (Taxe de consommation sur les alcools et eaux-de-vie)
D2122C06	Excise duties on fermented sparkling beverages
D2122C07	Excise duties on fermented beverages of fruit
D2122C08	Excise duties on Beer
D2122C09	Excise duties on drinking water and lemonade
D2122C10	Excise duties on sugar and refined syrup (sirops de raffinage)
D2122C11	Excise duties on coffee
D2122C12	Excise duties on intermediate products
D2122C13	Inspection charge on domestic fuel
D2122C20	Ecotaxes
D2122D	General sales taxes
D2122D01	Taxes with equivalent effect to stamp duty (Taxes assimilées au timbre)
D2122E	Taxes on specific services
D2122F	Profits of import monopolies
D214	Taxes on products, except VAT and import taxes
D214A	Excise duties and consumption taxes
D214A01	Excise duties on mineral oils
D214A02	Excise duties on petroleum gas and other liquefied hydrocarbon gases and on benzoles
D214A03	Excise duties on Tobacco
D214A04	Excise duties on Brandy (eaux-de-vie)
D214A05	Consumption duties on alcohol and brandy (Taxe de consommation sur les alcools et eaux-de-vie)
D214A06	Excise duties on fermented sparkling beverages
D214A07	Excise duties on fermented beverages of fruit
D214A08	Excise duties on Beer
D214A09	Excise duties on drinking water and lemonade
D214A10	Excise duties on sugar and refined syrup (sirops de raffinage)
D214A11	Excise duties on coffee
D214A12	Excise duties on intermediate products
D214A13	Contribution to the control on domestic fuel
D214A30	Energy contribution (Cotisation sur l'énergie)
D214A31	Taxes on water (Taxes sur les eaux (VG, RW et R B-C))
D214A40	Sugar contribution
D214A41	Coresponsability tax on milk (Taxe de coresponsabilité sur le lait)
D214A42	Coresponsability tax on cereals (Taxe de coresponsabilité sur les céréales)
D214A43	Coresponsability tax on meat of sheep (Taxe de coresponsabilité sur la viande de mouton)
D214A44	Fine for exceeding milk quota (Pénalisation dépassement du quota laitier)
D214A45	Obligatory contributions on animal producers and Animal Products (Cotisations obligatoires des producteurs d'animaux et de produits animaux (SANITEL))
D214A50	ECSC levy (Prélèvement CECA)
D214A20	Ecotaxes
D214E	Taxes on entertainment
D214F	Taxes on lotteries, gambling and betting
D214F01	Taxes on gambling and betting
D214G	Taxes on insurance premiums
D214G01	Taxes on insurance contracts
D214G03	Supplementary amount on car insurance premiums (Supplément au montant des primes d'assurance automobile)
D214G04	Supplementary amount on fire insurance premiums (Supplément au montant des primes d'assurance incendie)
D214G05	Supplementary amount on hospitalization insurance premiums (Supplément au montant des primes d'assurance hospitalisation)
D214G06	Revenues for the Belgian Red Cross (Recettes au profit de la Croix-Rouge de Belgique)

D214H	Other taxes on specific services
D214I	General sales or turnover taxes
D214I01	Taxes with equivalent effect to stamp duty (Taxes assimilées au timbre)
D214J	Profits of fiscal monopolies
D214J01	Profits of State Lottery (Bénéfices de la loterie nationale)
D214K	Export duties and monetary comp.amounts exports
D29D	Taxes on international transactions
D29E	Business and professional licenses
D29F	Taxes on pollution
D29F01	Taxes on industrial waste (Taxes sur les déchets industriels (VG))
D29F02	Taxes on liquid manure (Taxe sur le lisier (VG))
D29G	Under-compensation of VAT (flat rate system)
D59B	Pollution taxes Taxes on domestic waste (Taxe sur les déchets ménagers (RW)) Regional flat-rate tax (Taxe régionale forfaitaire (R B-C))
D59C	Expenditure taxes
D59D	Payments by households for licenses Circulation taxes paid by households Taxes with equivalent effect to excise duties paid by households (Taxe assimilée au droit d'accise payée par les ménages)
D59E	Taxes on international transactions
D59F	Other current taxes n.e.c. Other taxes
Labour	
Employer	
D61111	Compulsory employers' actual social contributions
Employee	
D51A	Taxes on individual or household income % of advance payment (Précompte professionnel (PP)) % of advance payment (Versements anticipés (PP)) % of income tax based on assessment (Rôles) % of other taxes on income (autres impôts sur le revenu) Special contribution to social security (Cotisation spéciale de sécurité sociale) Contribution on high income (Cotisation sur les hauts revenus)
D51E	Other taxes on income Non-residents tax (Impôts des non-résidents (PP))
D214G	In taxes on insurance premiums: Supplementary amount on accidents at work insurance premiums (Supplément au montant des primes d'assurance accidents de travail)
D61121	Compulsory employees' actual social contributions
Non-employed	
D51A	In taxes on individual or household income % of advance payment (Précompte professionnel (PP)) % of advance payment (Versements anticipés (PP)) % of income tax based on assessment (Rôles) % of other taxes on income (autres impôts sur le revenu)
D61131	Compulsory social contributions of non-employed (unemployed and foreigners)
Capital	
Business and capital income	
Income corporations	
D51B	Taxes on Corporate income Advance levy on income derived from securities (Précompte mobilier) Advance payment (Versements anticipés) Taxes on non-resident companies (Impôts de non-résidents soc) Assessed income tax Other taxes on income (Autres impôts sur le revenu)
Income households	
D51A	Taxes on individual or household income Annual tax on profit sharing (Taxe annuelle sur les participations bénéficiaires) % of advance payment (Précompte professionnel (PP)) % of advance payment (Versements anticipés (PP)) % of income tax based on assessment (Rôles) % of other taxes on income (autres impôts sur le revenu) Advance levy on income derived from securities (Précompte mobilier (PP))
D51E	In other taxes on income n.e.c. Other taxes on income (Autres impôts sur le revenu)

Income self-employed

D51A	Taxes on individual or household income % of advance payment (Précompte professionnel (PP)) % of advance payment (Versements anticipés (PP)) % of income tax based on assessment (Rôles) % of other taxes on income (autres impôts sur le revenu)
D61131	Compulsory social contributions of self-employed

Stocks (wealth) of capital

D214B	Stamp taxes
D214C	Taxes on financial and capital transactions
D214C01	Registration duties (Droits d'enregistrement)
D214C02	Mortgage duty (Droits d'hypothèque)
D214C03	Court duties (Droits de greffe)
D214C04	Tax on stock exchange (Taxe sur les opérations de bourse et de reports)
D214D	Car registration tax (Taxe d'immatriculation)
D214D01	Car registration tax
D214D02	Tax on the entry into service (Taxe de mise en circulation)
D214L	Other taxes on "nda" products (Autres impôts sur les produits nda)
D214L01	Tax on bills (Taxe d'affichage)
D214L02	Contribution on the turnover of the pharmaceutical industry (Cotisation sur le chiffre d'affaire de l'industrie pharmaceutique)
D214L03	Levy on certain pharmaceutical products (Redevance sur certains produits pharmaceutiques)
D29A	Taxes on land, buildings and other structures
D29A01	Tax on real estate (Précompte immobilier (PP))
D29A02	Tax on real estate (Précompte immobilier (Soc))
D29A03	Opening tax on drinking establishments
D29A04	Business licence tax
D29A05	Regional tax (R B-C)
D29B	Taxes on the use of fixed assets
D29B01	Circulation taxes paid by companies (Taxe de circulation payée par les entreprises)
D29B02	Gaming machine licence duty
D29B03	The Eurosticker (Eurovignette)
D29B04	Taxes with equivalent effect to excise duties paid by companies (Taxe assimilée au droit d'accise payée par les entreprises)
D29C01	Taxes on co-ordination centres (Taxe sur les centres de coordination)
D29H	Other taxes on the production of n.e.c. (Autres impôts à la production nda)
D29H01	Annual tax on securities listed on the stock exchange (Taxe annuelle sur les titres cotés en bourse)
D29H02	Tax on deliveries of bearer securities (Taxe sur les livraisons de titres au porteur)
D29H03	Annuity on patents (Annuité de brevets)
D29H04	Monopoly tax (Rente de monopole (Belgacom))
D29H05	Monopoly tax (Rente de monopole (Loterie nationale))
D29H06	Unique contribution for companies (Cotisation unique des sociétés)
D29H07	Reimbursement clinical biology
D29H08	Exceptional contribution for electricity producers (Cotisation exceptionnelle des producteurs d'électricité)
D29H09	Unique contribution from the Petroleum sector (Cotisation unique à charge du secteur pétrolier)
D29H10	Other taxes on production
D.91	Capital taxes
D91A	Taxes on capital transfers Taxes on gifts inter-vivos (Droits sur les donations)
D91B	Capital levies Succession duties (Droits de succession) Taxes on long-term savings (Taxe sur l'épargne à long terme)
D91C	Other capital taxes
D59A	Current taxes on capital Taxes on immovable property (Taxes sur le patrimoine (terrains et bâtiments)) Taxes on non-profit making associations (Taxe sur les associations sans but lucratif) Annual tax on collective investment organisations (Taxe annuelle sur les organismes de placement collectif) Private transfers to the funds for accidents at work (Transfert au Fonds des accidents de travail en provenance des caisses privées d'assurance contre les accidents de travail)

2. Environmental split

Energy	D.2122 C	Excise duties Excise duties on mineral oils
	D.214 A	Excise duties and consumption taxes Excise duties on mineral oils Contribution on energy (Cotisation sur l'énergie) Inspection fee on heating oil for domestic use
	D.29 H to S1313	Local energy taxes (35% of Autres impôts à la production n. d. a.)
Transport	D.214 D	Car registration taxes Tax on the entry into service (Taxe de mise en circulation)
	D.29 B	Taxes on the use of fixed assets Circulation taxes paid by companies Taxes treated as excise duties paid by companies (Taxe assimilée au droit d'accise payée par les entreprises) The Eurosticker (Eurovignette)
	D.59 D	Payments by households for licenses Circulation taxes paid by households Taxes with equivalent effect to excise duties paid by households (Taxe assimilée au droit d'accise payée par les ménages)
Pollution	D.214 A	Excise duties and consumption taxes Tax on water consumption Ecotaxes
	D.29 F	Taxes on pollution Taxes on industrial waste (Taxes sur les déchets industriels (VG)) Taxes on liquid manure (Taxe sur le lisier (VG)) Taxes on water (Taxes sur les eaux (RF, RW et R B-C))
	D.59 B	Poll taxes Tax on household waste (RW)
	D.29 H to S1313	Local pollution taxes (2,5 % of Other taxes on the production of n.e.c.)

3. CYPRUS

1. Structure according to Economic Function

Consumption

D2	Taxes on production and imports
D21	Taxes on products
D211	Value added type taxes
	VAT on products
D212	Taxes and duties on imports excluding VAT
D2121	Import duties
	Import Duties
	Import Duties-Postal Services
	Import Duties-Sovereign Base Areas
D2122	Taxes on imports, excluding VAT and import duties
D2122	Temporary Refugee Levy on Imports
D2122C	Excise duties
	Excise - Motor Vehicles
D2122D	General Sales Taxes
	Motor Vehicles for transport of 10 or more persons
	Motor Vehicles of the Jeep and land-rover type
	Double cabin motor vehicles
	Vessels for pleasure and their Engines
	Motor-cycles
	Cigars and Cigarillos
	Apparel articles of furskins
	Sparkling Wines
	Baths and baths' accessories
	Articles of lead crystal
	Other
	Motor Vehicles of the "Van" type
D214	Taxes on products, except VAT and import taxes
D214A	Excise duties and consumption taxes
	Excise - Tobacco
	Excise - Spirits
	Excise - Beer
	Excise - Salt
	Excise - Matches
	Excise - Hydrocarbon Oils
	Arrears Excise Duties
	Excise - Aerated Soft Drinks
D214	CTO
	Tax on Rent
	Tax on Entertainment
	Tax on Hotels
	Tax on horseracing betting
	Additional Charge on Pool Betting
	Tax on horsebetting
	Tax on Pool Bettings
D29	Other taxes on production
	Tax on Services
	Tax on Sale of Tobacco
	Tax on Dog Licences
	Other Licences and permits
	Tax on services
	Tax on other licences and grants
	Tax on community services

Labour

Employed

Employers

D29

Payroll Tax

Social cohesion Fund , Wage Bill and Payroll Taxes

D6111

% of Compulsory social contributions by employers

Employees

D51A

% of Taxes on individual or household income

% of Income Tax-Employees

% Income Tax-Employees (Offshore)

% Income Tax-Self-employed

% Income Tax on Dividends

% Income Tax levied on remittances of interest abroad

Collection of Taxes, Rates and Charges

Special Contribution

D6112

% of Compulsory social contributions by employees

Non-employed

D51A

% of Taxes on individual or household income

% of Income Tax-Employees

% Income Tax-Employees (Offshore)

% Income Tax-Self-employed

% Income Tax on Dividends

% Income Tax levied on remittances of interest abroad

D61131

% of Compulsory social contributions by self- and non-employed persons

Capital

Business and capital income

Income corporations

D51

Income Tax-Legal Persons

Income Tax-Offshore Companies

Corporation Tax

Corporation Tax-Offshore Companies

Defence contributions

D29

Defence contributions

Income households

D51

% of Income Tax-Employees

% Income Tax-Employees (Offshore)

% Income Tax-Self-employed

% Income Tax on Dividends

% Income Tax levied on remittances of interest abroad

Capital Gains Tax

Charges on Taxes in Arrears

Income Tax- According to the articles 30-32

Income self-employed

D51

% of Income Tax-Employees

% Income Tax-Employees (Offshore)

% Income Tax-Self-employed

% Income Tax on Dividends

% Income Tax levied on remittances of interest abroad

D61131

% of Compulsory social contributions by self- and non-employed persons

Stocks (wealth) of capital

D214	Taxes on products, except VAT and import taxes
	Lands and Surveys Fees
	Stamp Duties
	Stock Exchange Fee
	Refugee Stamp
D5	Current taxes on income and wealth
D59	Other current taxes
	Immovable Property Tax
	Motor Vehicle Taxes-Registration (private use)
	Motor Vehicle Taxes-Licenses (private use)
	Drivers' Licences (private use)
	Building Permits
	Property Taxes-Estate Duty-Gross
D29	Other taxes on production
	Property Taxes-Lands and Surveys Fees-Gross (enterprises)
	Licences on bonded warehouses
	Wireless licences land based
	Drivers' licence (public use)
	Motor Vehicle Taxes-Registration (public use)
	Ship registration fees
	Radio Station fees
	Motor Vehicle Taxes-Licenses (public use)
	Mobil Radio Systems Licences
	Tonnage tax
	Certification Fees under the Protection of Competition Law
	High Speed Vessels Navigation Licences
	Tax of Ship Management Services
	Sale of Drug Licences
	Liquor Selling Licences
	Tax on Ownership of Land
	Registration Fees-Gross/Official Receiver
	Timber and other Licences
	Tabacco Selling Licences
	Other Licences (Pool Betting)
	Insurance Agents' Registration Fees
	Weights and Measures Licences
	Tax on Professional Licences
	Tax on Selling Licence
	Tax on Entertainment Licence

2. Environmental split

Energy	D214a	Excise - Hydrocarbon Oils
Transport	D2122c	Excise - Motor Vehicles
	D2122c	Motor Vehicles for transport of 10 or more persons
	D2122c	Motor Vehicles of the Jeep and land-rover type
	D2122c	Double cabin motor vehicles
	D2122c	Vessels for pleasure and their Engines
	D2122c	Motor-cycles
	D2122c	Motor Vehicles of the "Van" type
	D29e	Drivers' licence (public use)
	D29e	Motor Vehicle Taxes-Registration (public use)
	D29e	Ship registration fees
	D29e	High Speed Vessels Navigation Licences
	D29e	Road Transport Licences
	D29e	Fees for Professional Licences of Road Transporters
	D29h	Tonnage tax
	D29h	Tax of Ship Management Services
	D29h	Motor Vehicle Taxes-Licenses (public use)
	D59d	Motor Vehicle Taxes-Registration (private use)
	D59d	Motor Vehicle Taxes-Licenses (private use)
	D59d	Drivers' Licences (private use)

4. CZECH REPUBLIC

1. Structure according to Economic Function

Consumption

D2	Taxes on production and imports
D21	Taxes on products
D211	Value added type taxes
1211	Value added tax
D212	Taxes and duties on imports excluding VAT
D2121	Import duties
1401	Customs duties
D2122	Taxes on imports, excluding VAT and import duties
D2122C	Excise duties
1221	Excise duty on hydrocarbon fuels and lubricants
1222	Excise duty on alcohol
1223	Excise duty on beer
1224	Excise duty on wine
1225	Excise duty on tobacco products
D214	Taxes on products, except VAT and import taxes
D214A	Excise duties and consumption taxes
1221	Excise duty on hydrocarbon fuels and lubricants
1222	Excise duty on alcohol
1223	Excise duty on beer
1224	Excise duty on wine
1225	Excise duty on tobacco products
D214E	Taxes on entertainment
	Fees collected by the Cinematography extra-budgetary fund
1344	Fees on entry tickets
D214F	Taxes on lotteries, gambling and betting
1347	Fees on operated gambling machines
D214H	Other taxes on specific services
1342	Resort and recreation fees on visitors
1345	Fees on recreational units (based on capacity)
D214I	General sales or turnover taxes
	Levy collected by Vine fund
D29	Other taxes on production
D29A	Taxes on land, buildings or other structures
1343	Tax on use of public space
1346	Motor vehicle entry fees
D29F	Taxes on pollution
1331	Water pollution fee
1332	Air pollution fee
D29H	Other taxes on production n.e.c.
1322	Highway fee
1361	Administrative fees
D5	Current taxes on income and wealth
D59	Other current taxes
D59D	Payments by households for licences
	Highway fee
D59F	Other current taxes n.e.c.
	Dog fees
	Motor vehicle entry fees
	Administrative fees

Labour

Employed

Employers

D6111 Employers' actual social contributions
 D61111 Compulsory employers' actual social contributions

Employees

D51A % of Taxes on individual or household income
 % of Tax on wages and salaries
 % of Tax of unincorporated individuals
 % of Tax on interest and dividends
 D6112 Employees' social contributions
 D61121 Compulsory employees' social contributions

Non-employed

D51A % of Taxes on individual or household income
 % of Tax on wages and salaries
 % of Tax of unincorporated individuals
 % of Tax on interest and dividends
 D6113 % of Social contributions by self- and non-employed persons
 D61131 % of Compulsory social contributions by self- and non-employed persons

Capital

Business and capital income

Income corporations

D51B Taxes on the income or profits of corporations
 1121 Corporate income tax
 1122 Income tax paid by municipalities
 1123 Income tax paid by regions
 Levy on lottery revenue
 D59F Other current taxes n.e.c.
 Other tax revenue

Income households

D51A % of Taxes on individual or household income
 % of Tax on wages and salaries
 % of Tax of unincorporated individuals
 % of Tax on interest and dividends

Income self-employed

D51A % of Taxes on individual or household income
 % of Tax on wages and salaries
 % of Tax of unincorporated individuals
 % of Tax on interest and dividends
 D6113 % of Social contributions by self- and non-employed persons
 D61131 % of Compulsory social contributions by self- and non-employed persons

Stocks (wealth) of capital

D214C Taxes on financial and capital transactions
 1334 Levy on withdrawal of land from agriculture
 1335 Levy on withdrawal of land from forestry
 1523 Real property transfer tax
 D29A Taxes on land, buildings or other structures
 1511 Real property tax
 1334 Levy on temp. withdrawal of land from agriculture
 1335 Levy on withdrawal of land from forestry
 1348 Fee on building land betterment
 Levy collected by Vine fund
 D29B Taxes on the use of fixed assets
 1321 Road tax
 D29E Business and professional licenses
 1338 Fee on registration and recording of packaging
 D5 Current taxes on income and wealth
 D59 Other current taxes
 D59A Current taxes on capital
 Real property tax
 D91 Capital Taxes
 D91A Taxes on capital transfers
 Inheritance tax
 Gift tax
 D91B Capital levies
 Fee on building land betterment

2. Environmental split

Energy

D2122c	Excise duty on hydrocarbon fuels and lubricants
D214a	Excise duty on hydrocarbon fuels and lubricants

Transport

D29a	Motor vehicle entry fees
D29b	Road tax
D29h	Highway fee
D59f	Motor vehicle entry fees

Pollution/ ressources

D214a	Duty on CFC
D29f	Water pollution fee
d29f	Air pollution fee
d29f	Waste deposit fee

5. DENMARK

1. Structure according to Economic Function

Consumption

D2	Taxes on production and imports
D21	Taxes on products
D211	Value added type taxes
	VAT
D212	Taxes and duties on imports excluding VAT
D2121	Import duties
	Customs duties
	Import and export duties on agricultural produce
D2122	Taxes on imports, excluding VAT and import duties
D2122A	Levies on imported agricultural products
	Duty on the production of sugar
D214	Taxes on products, except VAT and import taxes
D214A	Excise duties and consumption taxes
	Duty on petrol
	Cigarette and tobacco duty
	Duty on cigars, cheroots and cigarillos
	Income from sale of revenue labels
	Sales duties on chocolate and sugar confectionery, etc.
	Raw material duty on chocolate and sugar confectionery, etc.
	Special tax on chocolate and sugar confectionery, etc.
	Duty on ice-cream
	Duty on coffee, etc.
	Duty on mineral water
	Duty on beer
	Duty on wine
	Duty on spirits
	Duty on electric bulbs and fuses, etc.
	Income from sale of number plates
	Duty on building certificates
	Duty on tea
	Duty on electricity
	Duty on certain oil products
	Duty on certain retail containers
	Duty on extraction and import of raw materials
	Duty on disposable tableware
	Duty on insecticides, herbicides, etc.
	Duty on coal, etc.
	Large yachts registration duty
	Duty on waste
	Duty on CFC
	Duty on CO ₂
	Duty on cigarette paper
	Duty on piped water
	Duty on carrier bags made of paper or plast, etc.
	Duty on nickel/cadmium batteries
	Duty on tires
	Duty on sulphur
	Duty on chlorinated solvents
	Duty on natural gas
	Effluent charges
	Duty on nitrogen
	Duty on special growth stimulants
	Duty on PVC film
	Duty on PVC and phthalates
D214D	Motor vehicle registration duty
D214F	Taxes on lotteries, gambling and betting
	Gambling tax on racing
	Sales tax on football pools

D214G	Taxes on insurance premiums
	Duty on motor vehicle third-party liability insurance
	Duty on insurance on pleasure boats
D214H	Other taxes on specific services
	Duty on casinos
	Passenger duty
	Duty on the Danish State Lottery
	Duty on oil pipeline
	Duty on slot machines
D214L	Other duties on goods and services
D5	Current taxes on income and wealth
D59	Other current taxes
D59A	Current taxes on capital
	Motor vehicle weight duty from households
D59D	Payments by households for licences
	Hunting licence duty
	Fishing licence duty

Labour

Employed

Employers

	Social contributions from employers
D6111	Labour market supplementary pension scheme contributions from employers in private sector
D6111	Labour market supplementary pension scheme contributions from employers in government sector
D6111	Labour market supplementary pension scheme contributions from government social protection scheme
D6111	Contributions to employees' wage guarantee fund
D6111	Shipowners' cont. to sickness assistance for seamen in foreign trade
	Labour market contributions of employers
D29C	Contributions to scheme for refunding trainee cost
D29C	Contributions to scheme for refunding trainee cost
D29C	Duty on wage and salary costs

Employees

D6112	Social contributions from employees, etc.
D6112	Unemployment insurance contributions
D6112	Labour market supplementary pension scheme contributions
D6112	Early retirement contributions
D6112	Flexible benefit contributions
D51A	Labour market contributions of employees
D51A	% of Central government income tax
D51A	% of County income tax
D51A	% of Municipality income tax
D51A	% of Church tax

Non-employed

D51A	% of Central government income tax
D51A	% of County income tax
D51A	% of Municipality income tax
D51A	% of Church tax
D51A	Taxes on pension schemes with lump sum disbursements

Capital

Business and capital income

Income corporations

- D51B Taxes on the income or profits of corporations
- D51B Corporation tax
- D51B Corporation tax on hydrocarbon manufacturing
- D51B Tax on funds and associations

Income households

- D51A % of Taxes on individual or household income
 - % of Central government income tax
 - % of County income tax
 - % of Municipality income tax
 - % of Church tax
- D51A Tax on income of deceased persons
- D59A Tax on yields of certain pension scheme assets
- D51D Tax on winnings from lotteries, horse-racing, pools, etc.

Income self-employed

- D51A % of Taxes on individual or household income
 - % of Central government income tax
 - % of County income tax
 - % of Municipality income tax
 - % of Church tax

Stocks (wealth) of capital

- D51A Duty on releases from fund for employers' index-regulated pay increases to central government and municipalities
- D29A Taxes on real property
 - D29A County tax on land
 - D29A Municipal tax on land
 - D29A County reimbursement duty on land value of public properties
 - D29A County reimbursement duty on buildings value of public properties
 - D29A Municipal reimbursement duty on land value of public properties
 - D29A Municipal reimbursement duty on buildings value of public properties
 - D29A Municipal reimbursement duty on buildings value of business properties
- D29B Motor vehicle weight duty from producers
- D51C Property release duty
 - D214B Stamp duties
 - D214C Taxes on financial and capital transactions
 - Land development duty
 - Duties to the register of companies and associations
- D51A Tax on imputed income from owner-occupied dwelling
- D91A Estate duty and gift tax
 - Inheritance duty
- D29H Duties in connection with control and supervision, etc.
- D29H Duties paid to the working environment fund
- D29H Duties in connection with licences, authorizations, etc.
- D29H Pharmacy fees, etc.

2. Environmental split

Energy	D214a	Duty on petrol
	D214a	Duty on electricity
	D214a	Duty on certain oil products
	D214a	Duty on gas
	D214a	Duty on coal, etc.
	D214a	Duty on CO2
	D214a	Duty on natural gas
Transport	d59a	Motor vehicle weight duty
	d214 a	Aircraft registration duty, etc.
	D214a	Income from sale of number plates
	D214a	Large yachts registration duty
	D214a	Duty on tires
	D214a	Passenger duty
	d214d	Motor vehicle registration duty
	D214g	Duty on motor vehicle third-party liability insurance
D214g	Duty on insurance on pleasure boats	
Pollution	D214a	Duty on electric bulbs and fuses, etc.
	D214a	Duty on certain retail containers
	D214a	Duty on disposable tableware
	D214a	Duty on insecticides, herbicides, etc.
	D214a	Duty on waste
	D214a	Duty on CFC
	D214a	Duty on carrier bags made of paper or plast, etc.
	D214a	Duty on nickel/cadmium batteries
	D214a	Duty on sulphur
	D214a	Duty on chlorinated solvents
	D214a	Effluent charges
	D214a	Duty on nitrogen
	D214a	Duty on special growth stimulants
	D214a	Duty on PVC film
D214a	Duty on PVC and phthalates	
Resource	D214a	Duty on extraction and import of raw materials
	D214a	Duty on piped water

6. ESTONIA

1. Structure according to Economic Function

Consumption

D2	Taxes on production and imports
D21	Taxes on products
D211	Value added type taxes
	VAT on products
D212	Taxes and duties on imports excluding VAT
D2121	Customs duties
D214	Taxes on products, except VAT and import taxes
D214A	Excise duties and consumption taxes
	alcohol excise
	tobacco excise
	fuel excise
	package excise
D214H	Other taxes on specific services
	fees on hunting and fishing
D214I	General sales or turnover taxes
	Sales tax
D59F	Motor vehicle tax
	Boat tax
	Stock-raising tax

Labour

Employed

Employers

D6111	Employers' actual social contributions
D61111	Compulsory employers' actual social contributions

Employees

D51A	% of Taxes on individual or household income
	% of Individual income tax
D6112	Employees' social contributions
D61121	Compulsory employees' social contributions

Non-employed

D51A	% of Taxes on individual or household income
	% of Individual income tax
D6113	% of Social contributions by self- and non-employed persons
D61131	% of Compulsory social contributions by self- and non-employed persons

Capital

Business and capital income

Income corporations

D51B	Taxes on the income or profits of corporations
	Corporate income tax
	Local tax

Income households

D51A	% of Taxes on individual or household income
	% of Individual income tax
D51C	Taxes on holding gains
D51D	Taxes on winnings from lottery or gambling

Income self-employed

D51A	% of Taxes on individual or household income
	% of Individual income tax
D6113	% of Social contributions by self- and non-employed persons
D61131	% of Compulsory social contributions by self- and non-employed persons

Stocks (wealth) of capital

D91	Capital Taxes
D91A	Death duties
D214A	<u>Excises:</u>
D214A	motor vehicle excise
D214F	Gambling tax
D214H	Advertising tax
D214D	Car registration fee
D29E	Business and professional licences
D29F	Pollution fee
D29H	Other taxes (fees) on production, such as: specific use of water closure of roads, streets, squares, etc. other taxes and fees ⁽²⁾
D29A	Land tax
D29B	Heavy vehicle tax

2. Environmental split

Energy

D214A	Fuel excise
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Transport

D29B	Heavy vehicle tax
D59F	Motor vehicle tax
D214A	Motor vehicle excise
D214D	Car registration fee
D59F	Boat tax

Pollution/ ressources

D214A	Package excise
D29F	Pollution fee
D29H	Specific use of water
D29H	Fees on hunting and fishing

7. FINLAND

1. Structure according to Economic Function

Consumption

D211	VAT / Turnover tax
D2121	Custom duties, levies on agricultural goods
D2121	Other taxes
D214A	Excise duty on tobacco
D214A	Excise duty on alcoholic beverages
D214A	Excise duty on non-alcoholic beverages
D214A	Excise duty on liquid fuels
D214A	Sugar levy
D214A	Oil waste levy
D214A	Penalties for late payments of taxes
D214A	Repayments
D214A	Stock-building levies on liquid fuels
D214A	Oil damage levy
D214A	Excise duty on motor cars
D214A	Pharmacy levy
D214F	Tax on lottery prizes
D214F	Central governments share of Oy Veikkaus Ab's and money-lotteries' profit
D214F	Revenue from RAY (The Finnish Slot Machine Association)
D214G	Tax on fire insurance
D214G	Tax on insurance premiums
D214H	Rail tax
D29F	Tax on waste
D29H	Nuclear energy research levy
D59D	Hunting and fishing licenses
D59D	Tax on dogs
D59D	User charge on passenger vehicles paid by households

Labour

Employed

Employers

D29C	Seamens welfare and rescue levy
D6111	Employers' actual social contributions
D61111	Compulsory employers' actual social contributions

Employees

D51A	Taxes on individual or household income
D51A	% of Income tax of households
D51A	% of Municipal tax of households
D6112	Employees' social contributions
D61121	Compulsory employees' social contributions

Non-employed

D51A	Taxes on individual or household income
D51A	% of Income tax of households
D51A	% of Municipal tax of households
D6113	Social contributions by self- and non-employed persons
D61131	% of Compulsory social contributions by self- and non-employed persons

Capital

Business and capital income

Income corporations

D51B	Church tax of corporations
D51B	Income tax of corporations
D51B	Municipal corporation tax

Income households

D51A	Taxes on individual or household income
D51A	% of Income tax of households
D51A	% of Municipal tax of households
D51A	Duty on interests
D51E	Penalties for late payments of taxes
D51D	Penalties for late payments of taxes

Income self-employed

D51A	Taxes on individual or household income
D51A	% of Income tax of households
D51A	% of Municipal tax of households
D6113	Social contributions by self- and non-employed persons
D61131	% of Compulsory social contributions by self- and non-employed persons

Stocks (wealth) of capital

D214B	Stamp duties
D214C	Transfer tax
D214L	Other taxes
D29B	User charge on passenger vehicles paid by enterprises
D29B	Penalties for late payments of taxes
D59A	Wealth tax
D59A	Tax on real-estate
D91A	Inheritance and gift tax

2. Environmental split

Energy

D214A	Excise duty on electricity
D214A	Excise duty on liquid fuels
D214A	Stock-building levies on liquid fuels

Transport

D29B	Tax on motor vehicles paid by enterprises
D29B	User charge on passenger vehicles paid by enterprises
D214I	Excise duty on motor cars
D59D	Tax on motor vehicles paid by households
D59D	User charge on passenger vehicles paid by households
D59E	Tax on charter flights

Pollution/ ressources

D214A	Excise duty on fertilizers
D214A	Oil damage levy
D214A	Oil waste levy
D29F	Tax on waste

8. FRANCE

1. Structure according to Economic Function

Consumption

D59	% of Tax on housing
D59	Motor vehicle duty paid by households
D21	Value Added Tax on products
D212	Import duties
D214	Levies on agricultural production
D212	Other taxes on imports
D214	Inland duty on petroleum products
D214	Special duty on tobacco and matches
D214	Excise duties on beers and mineral waters
D214	Duty on sugar
D214	Duty on cereals and sugar beet
D214	Tax on oils intended for human consumption
D214/211/292	Tax on forestry products
D212/214	State health tax on meat
D214	Metered water consumption charge
D214	Other duties on goods
D214	Special tax on insurance contracts
D214	Surcharge on insurance contracts accruing to the agricultural disaster
D214	Surcharge on insurance contracts accruing to the compensation funds for building insurance
D214	Surcharge on insurance contracts accruing to the motor guarantee fund
D214secu	Tax on motor vehicle insurance
D214	Municipal entertainments tax
D214	Surcharge on the price of cinema seats
D214	Levy on betting
D214	Levy on the loterie nationale and loto
D214	Casino gaming tax
D214	Funeral taxes
D214	Mining duties
D214	Tax accruing to the navigation office
D214	Hallmark duties on gold and silver
D214	Other taxes on services
D214	Duty on manufactured tobaccos
D214	Consumption and production duties on spirits

Labour

Employed

Employers

D51	Receipts of solidarity fund
D291	Tax charged by the Syndicat des transports
D291	Employers participation in financing continuous vocational training
D291	Apprenticeship tax
D61111	Compulsory employers' actual social contributions
TRD51A	% of Personal income tax (cf. Direction de la Prevision)
TRD51A	% of CRDS (cf. Direction de la Prevision)
TRD51A	% of CSG (cf. Direction de la Prevision)
D291	Flat rate contribution from earnings
D61121	Compulsory employees' social contributions

Non-employed

D61131	% of compulsory social contributions by self- and non-employed persons
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Capital

Business and capital income

Income corporations

D51B	Exceptional tax on oil companies
D51B	Corporation tax
D51B	Advance payments by companies on distributed profits
D51B	Profit taxes deducted at source from non-commercial profits
D51B	Withholding tax on profits derived from building construction
D51B	Special levy on credit establishments
D51B	Special levy on credit institutions and insurance firms

Income households

D51A	Withholding tax on income from investments
D51A	% of Personal income tax (cf. Direction de la Prevision)
D51A	Social levies of 2%
D51A	% of CRDS (cf. Direction de la Prevision)
D51A	% of CSG (cf. Direction de la Prevision)
D51A	Tax deducted in application of the rules for multiple sources of earnings

Income self-employed

D51A	% of Personal income tax (cf. Direction de la Prevision)
D61131	% of compulsory social contributions by self- and non-employed persons

Stocks (wealth) of capital

D214	Flat rate duty on precious metals
D214	Tax on the notional rental value of dwellings
D214	Tax on the notional rental value of commercial property
D214	Tax on stock exchange turnover
D214	Registration duties
D214	Lease registration
D214	Local equipment tax
D214	Tax on preparation of medicines
D214	Electricity meter charge
D291	Tax charged for the housing fund
D291/D292	Other taxes linked to production
D292	Motor vehicle duty paid by enterprises
D292	Motor vehicle duty paid by enterprises on private motor cars
D292	Tax on licenced premises
D292	Special tax on certain road vehicles
D292	Abatoir fee
D292	Tax accruing to the chambers of trade
D292	Employers' wage-based contribution (1%) to the social housing fund
D292/D214	Levy for Agences Financieres de Bassin
D59	Levy on saving banks
D59	Wealth tax
D59	Levy charged on commission by the Credit Foncier
D292	Property tax on developed property
D59/D292	Property tax on land without buildings
D59/D292	Dues payable to chambers of agriculture
D59/D292	Stamp duties
D59/D292	Current taxes on income and wealth paid by public admin.
D292	Local business tax
D59	% of Tax on accomodation (cf. Direction de la Prevision)
D91	Duties on capital gifts
D91	Exceptional levy on insurance enterprises and repatriation of capital
D91	Other taxes on capital
D91	Solidarity social contributions of companies (CSS)

2. Environmental split

Energy

D214A Inland duty on petroleum products
 D214H Electricity meter charge

Transport

D59D Motor vehicle duty paid by households
 D29B Motor vehicle duty paid by enterprises on private motor cars
 D214G Tax on motor vehicle insurance
 D29B Motor vehicle duty paid by enterprises
 D59D Vehicle registration certificate
 D29B Special tax on certain road vehicles
 D214G Surcharge on insurance contracts accruing to the motor guarantee fund (includes 3.4.4.)

Pollution

D214H Levy for Agences Financières de Bassin

Resources

D214H Metered water consumption charge
 D214A Mining duties

9. GERMANY

1. Structure according to Economic Function

Consumption

D2	TAXES ON PRODUCTION AND IMPORTS
D21	Taxes on products (Gütersteuern)
D211	Value added type taxes (Mehrwertsteuern)
D212	Taxes and duties on imports excluding VAT (Importabgaben)
D2121	Customs duties (Zölle)
D2122	Taxes on imports, excluding VAT and import duties Import duties (Importsteuern)
D214	Taxes on products, except VAT and import taxes (sonstige Güternsteuern) Excise duties and consumption taxes (Verbrauchssteuern) Duties on electricity (Stromsteuer) Duties on mineral oil (Mineralölsteuer) Duties on tobacco (Tabaksteuer) Duties on wine (Branntweinabgaben) Duties on coffee (Kaffeesteuer) Duties on sparkling wines (Schaumweinsteuer) Duties on beer (Biersteuer) Other excise duties (sonstige Verbrauchssteuern) Betting and gambling tax (Rennwett-Lotteriesteuer) Insurance tax (Versicherungssteuer) Fire insurance tax (Feuerschutzsteuer) Sugar levy (Produktionsabgaben für Zucker) Coal tax (Kohlepfennig) Community taxes (uebrige Gemeindesteuern)
D29	Other taxes on production (sonstige Produktionsabgaben) Undercompensation VAT (Unterkompensation Umsatzsteuer)
D59	Other current taxes (sonstige direkte Steuern und Abgaben) Other current taxes (Steuer im Zusammenhang mit dem privaten Verbrauch) Tax on Motor Vehicles for private Households (KFZ-steuern von privaten Haushalten) Other community taxes (sonstige Gemeindesteuern der Stadtstaaten) Taxes on dogs (Hundesteuer) Hunting and Fishing tax (Jagd- und Fischereisteuer) Administrative charges for private households (Verwaltungsgebühren von privaten Haushalten)

Labour

Employed

Employers

D61111 Compulsory employers' actual social contributions

Employees

TRD51A Taxes on individual or household income (Einkommensteuer von privaten Haushalten)
% of assessed income tax (Veranlagte Einkommensteuer) and wage tax (Lohnsteuer)

D61121 Compulsory employees' social contributions

Non-employed

TRD51A % of Taxes on individual or household income (Einkommensteuer von privaten Haushalten)
% of assessed income tax (Veranlagte Einkommensteuer)
% of wage tax (Lohnsteuer)
% of other income tax, incl. capital yields tax and interest income deduction for households (Kapitalertragssteuer und Zinsabschlag)

D61131 % of compulsory social contributions by self- and non-employed persons

Capital

Business and capital income

Income corporations

- D29 Other taxes on production
Tax on industry and trade (Gewerbesteuer)
- D51B Taxes on the income or profits of corporations (Einkommensteuer von Kapitalgesellschaften)
Corporation tax (Körperschaftsteuer)
Corporation tax on interest, distributions, capital gains and other unearned income (Kapitalertragssteuer und Zinsabschlag)

Income households

- TRD51A % of Taxes on individual or household income (Einkommensteuer von privaten Haushalten)
% of assessed income tax (Veranlagte Einkommensteuer)
% of wage tax (Lohnsteuer)
% of personal income tax on interest, distributions, capital gains and other unearned income (Kapitalertragssteuer und Zinsabschlag)
Income taxes from rest of the world (Einkommensteuer von der übrigen Welt)

Income self-employed

- TRD51A % of Taxes on individual or household income (Einkommensteuer von privaten Haushalten)
% of assessed income tax (Veranlagte Einkommensteuer)
% of wage tax (Lohnsteuer)
% of personal income tax on interest, distributions, capital gains and other unearned income (Kapitalertragssteuer und Zinsabschlag)
- D61131 % of compulsory social contributions by self- and non-employed persons

Stocks (wealth) of capital

- D214A Real estate transfer tax (Grunderwerbsteuer)
Other community taxes (übrige Gemeindesteuern)
- D29 Tax on real estate (Grundsteuer A und B)
Tax on motor vehicles paid by enterprises (Kfz-Steuer von Unternehmen)
Administrative charges for enterprises (Verwaltungsgebühren von Unternehmen)
Quasi tax receipts (steuerähnliche Einnahmen)
Other taxes on production (übrige Produktionsabgaben)
- D59 Wealth tax for private households (Vermögensteuer von privaten Haushalten)
Wealth tax for corporations (Vermögensteuer von Kapitalgesellschaften)
- D91 Capital taxes (Vermögenswirksame Steuern)
- D91A Succession and gift tax (Erb-schaftsteuer)

2. Environmental split

Energy

- D214A Duties on electricity (Stromsteuer)
- D214A Duties on mineral oil (Mineralölsteuer)
- D214L Coal tax (Kohlepfennig)

Transport

- D59A Tax on Motor Vehicles for private Households (KFZ-steuern von privaten Haushalten)
- D29B Tax on motor vehicles paid by enterprises (Kfz-Steuer von Unternehmen)
- D29B Tax on motor vehicles paid by enterprises (Kfz-Steuer von Unternehmen)
- D59A Tax on Motor Vehicles for private Households (KFZ-steuern von privaten Haushalten)

Pollution/Resources

- D214A Duties on acetic acid (Leuchtmittelsteuer)

10. GREECE

1. Structure according to Economic Function

Consumption

D211	Value added type taxes
D212	Taxes and duties on imports excluding VAT
D2121	Import duties
D2122	Taxes on imports, excluding VAT and import duties
D2122A	Levies on imported agricultural products
D2122D	General sales taxes
D214A	Excise duties and consumption taxes
	Excise duties on oil products (benzin, petroleum etc)
	Excise duties on tobacco products
	Taxes on beer
	Taxes on alcoholic drinks
	Taxes on other products
D214E	Taxes on entertainment
	Amusement taxes
D214F	Taxes on lotteries, gambling and betting
	Taxes on lotteries
	Taxes on gambling and betting
	Duty on casino
D214G	Taxes on insurance premiums
	Taxes on insurance premiums
D214H	Other taxes on specific services
	Taxes on advertising
	Taxes on hotels, restaurants, etc
D214I	General sales or turnover taxes
	Wholesale sale taxes
	Other general sales taxes
D214K	Export duties and monetary comp. amounts on exports
D214L	Other taxes on products n.e.c.
D29B	Taxes on the use of fixed assets
	Taxes on the use of dogs, streets, lighting
D59D	Payments by households for licences
	Car registration licences
	Various
D59F	Other current taxes n.e.c.
	Tax on buildings

Labour

Employers Employees

D61111	Compulsory employers' actual social contributions
D61121	Compulsory employees' social contributions
D51A	% of Taxes on individual or household income
	% of Income taxes on individuals
	% of Taxes on interest and other taxes on individuals

Non-employed

D61131	% of Compulsory social contributions by self- and non-employed persons
D51A	% of Taxes on individual or household income
	% of Income taxes on individuals
	% of Taxes on interest and other taxes on individuals

Capital

Business and capital income

Income corporations

D51B Taxes on the income or profits of corporations excluding holding gains
Income taxes on corporations
Taxes on shipowners

Income households

D51A % of Taxes on individual or household income
% of Income taxes on individuals
% of Taxes on interest and other taxes on individuals

D51D Taxes on winnings from lottery or gambling

D51E Other taxes on income n.e.c.
Tax penalties and fines

Income Self-employed

D61131 % of Compulsory social contributions by self- and non-employed persons

D51A % of Taxes on individual or household income
% of Income taxes on individuals
% of Taxes on interest and other taxes on individuals

Stocks (wealth) of capital

D214B Stamp taxes
Stamp taxes on products
Stamp taxes on legal documents

D214C Taxes on financial and capital transactions
Taxes on the sale of non-financial assets
Taxes on the sale of financial assets

D214D Car registration taxes

D29A Taxes on land, buildings or other structures

D29E Business and professional licenses
Vehicle licences for businesses
Various

D29H Other taxes on production n.e.c.
Taxes on capital accumulation
Various

D59A Current taxes on capital
Taxes on household buildings

D91A Taxes on capital transfers

D91B Capital levies

D91C Other capital taxes

2. Environmental split

Energy

D214A Excise duties on oil products (gas, petroleum, etc.)

Transport

D214A Excise duties on cars

D214D Car registration taxes

D29E Vehicle licences for businesses

D59D Car registration licenses

11. HUNGARY

1. Structure according to Economic Function

Consumption

D2	Taxes on production and imports
D21	Taxes on products
D211	Value added type taxes
	Value added tax
D212	Taxes and duties on imports excluding VAT
D2121	Import duties
	Customs duties
D2122	Taxes on imports, excluding VAT and import duties
D2122B	Monetary compensatory amounts on imports
D212+214	Excise duties
	- coffee
	- alcohol
	- tobacco
	- fuels
	- wine
D212+214	Environment protection fees on
	- (rubber) tyre
	- pack material
	- refrigerators
	- discharged batteries/accumulator
	- oiler/lubricant
	- other
D.214	Local tax on company sales
D.214	% of Simplified corporation tax
D.214	Alcohol production duty
D.45	Water fund tax
D.214	Forestry fund tax
	<i>Taxes on specific services</i>
D.214	Gambling tax
D.214+D.59	Tourism tax
D.214	Contribution to tourism
D.214	Cultural contribution
D.214	Breeding contribution
D.214	Fishing development contribution
D.214	Tax for protection of wild animals
D.214	Licence fees
D.91	Land protection contribution
D.59.d	CG taxes conveyed to LG
D.214+D.59	Stamp duties

Labour

Employed

Employers

D.29	Rehabilitation contribution
D.29	Training levy
D.29	Communal tax on enterprises
D6111	Employers' actual social contributions
D61111	Compulsory employers' actual social contributions

Employees

D51A	% of Taxes on individual or household income
	% of Individual income tax
D6112	Employees' social contributions
D61121	Compulsory employees' social contributions

Non-employed

D51A	% of Taxes on individual or household income
	% of Individual income tax
D6113	% of Social contributions by self- and non-employed persons
D61131	% of Compulsory social contributions by self- and non-employed persons

Capital

Business and capital income

Income corporations

D51B Taxes on the income or profits of corporations
Corporate income tax

D.214 % of Simplified corporation tax

Income households

D51A % of Taxes on individual or household income
% of Individual income tax

Income self-employed

D51A % of Taxes on individual or household income
% of Individual income tax

D6113 % of Social contributions by self- and non-employed persons

D61131 % of Compulsory social contributions by self- and non-employed persons

D.214 % of Simplified corporation tax

Stocks (wealth) of capital

D212+214 Excise duties
- car

Taxes on specific services

D.29+D.59 Tax on domestically registered vehicles-local

D.29+D.59 Tax on domestically registered vehicles-central

D.74 Tax on foreign registered vehicles-central

D.214 Nuclear contribution

Taxes on property

D.59+D.29 Building tax

D.59 Development land tax

D.59+D.29 Tax on recreational howes

D.59 Communal tax on households

D.214+D.91 Duties on conveyances, inheritance and gifts

2. Environmental split

Energy

D.212+D.2 Excise on fuels

Transport

D.29+D.59 Tax on domestically registered vehicles-local

D.29+D.59 Tax on domestically registered vehicles-central

D.74 Tax on foreign registered vehicles-central

D.212+D.2 Excise on cars

Pollution/ ressources

D.45 Water fund tax

D.214 Forestry fund tax

D.212+D.2 Environmental protection fee on (rubber) tyre

D.212+D.2 Environmental protection fee on pack material

D.212+D.2 Environmental protection fee on refrigerators

D.212+D.2 Environmental protection fee on discharged batteries/accumulater

D.212+D.2 Environmental protection fee on oiler/lubricant

D.212+D.2 Environmental protection fee on other categories

D.214 Fishing development contribution

D.214 Licence fees

D.214 Tax for protection of wild animals

12. IRELAND

1. Structure according to Economic Function

Consumption

D2	Taxes on production and imports
D21	Taxes on products
D211	Value added type taxes
	Value added taxes
D212	Taxes and duties on imports excluding VAT
D2121	Import duties
	Customs duties
D2122	Taxes on imports, excluding VAT and import duties
D2122A	Levies on imported agricultural products
	Levies on agricultural products
D2122C	Excise duties
	Duties on mineral hydrocarbon light oil
	Duties on other sorts of oil
	Duties on tobacco
	Duties on spirits
	Duties on wine
	Duties on beer
	Duties on cider and perry
	Duties on motor vehicle parts and access
D214	Taxes on products, except VAT and import taxes
D214A	Excise duties and consumption taxes
	Duties on mineral hydrocarbon light oil
	Duties on other sorts of oil
	Duties on tobacco
	Duties on spirits
	Duties on wine
	Duties on beer
	Duties on cider and perry
	Duties on motor vehicle parts and access
D214E	Taxes on entertainment
	Entertainment licenses
D214F	Taxes on lotteries, gambling and betting
	Betting taxes
D214G	Taxes on insurance premiums
	Taxes on insurance policies
D5	Current taxes on income and wealth
D59	Other current taxes
D59D	Payments by households for licences
	Motor vehicle duties paid by households
D59F	Vehicle & driving licensing expenses

Labour

Employed

Employers

D6111	Employers' actual social contributions
D61111	Compulsory employers' actual social contributions

Employees

D51A	% of Taxes on individual or household income
	% of Income tax
D51A	% of Youth Employment Levy
D6112	Employees' social contributions
D61121	Compulsory employees' social contributions

Non-employed

D51A	% of Taxes on individual or household income
	% of Income tax
D51A	% of Youth Employment Levy
D6113	% of Social contributions by self- and non-employed persons
D61131	% of Compulsory social contributions by self- and non-employed persons

Capital

Business and capital income

Income corporations

D51B Taxes on the income or profits of corporations
Corporation tax

Income households

D51A % of Taxes on individual or household income
% of Income tax

D51A % of Youth Employment Levy

D51C Capital gains tax

D51E Other taxes on income

Fees under petroleum and mineral development acts

Income self-employed

D51A % of Taxes on individual or household income
% of Individual income tax

D6113 % of Social contributions by self- and non-employed persons

D61131 % of Compulsory social contributions by self- and non-employed persons

Stocks (wealth) of capital

D29A Taxes on land, buildings or other structures
Rates

Residential property tax

D29E Business and professional licences
Business and professional licenses

D29H Other taxes on products n.e.c.
Other taxes linked to production

D214B Stamp taxes
Stamp duties

Fee stamps

D214D Car registration taxes
Motor vehicle duties paid by enterprises

D214H Other taxes on specific services

D214H Broadcasting licence fees

D91 Capital taxes

D91A Capital acquisition tax

2. Environmental split

Energy D2122C Excise duty on mineral hydrocarbon oil
D2122C Excise duty on other sorts of oil
D214A Excise duty on mineral hydrocarbon oil
D214A Excise duty on other sorts of oil

Transport

D214D Motor vehicles duties paid by producers
D59D Motor vehicles duties paid by households
D214A Excise duty on motor vehicle parts and access

Pollution/ ressources

D51E Fees under the petroleum and mineral development acts

13. ITALY

1. Structure according to economic function

Consumption

D211	VAT
D2121	Import duties
D2122C	In-bond surcharge on mineral oils
D2122C	In-bond surcharge on liquefied petroleum gases and other surcharges
D2122C	Other taxes on imports
D214A	Excise duty on mineral oils
D214A	Excise duty on liquefied petroleum gases
D214A	Excise duty on methane
D214A	Excise duty on beer
D214A	Excise duty on electricity
D214A	Surcharge on electricity duty charged to the Enel
D214A	Special duty on table waters
D214A	Surcharges accruing to National Rice Administration
D214A	Excise duties to EC
D214B	Excise duty on tobacco
D214B	Excise duty on spirits
D214B	Receipts from sale of denaturing agents and government seals
D214E	Entertainment tax
D214E	Casino takings, special duties, etc.
D214F	Tax on lotto, lotteries and betting
D214F	Single tax on games of skill and betting-levied indirectly on production
D214F	Tax on Totip game and horse races bets
D214F	Tax on Totocalcio game
D214G	Provincial tax on motor vehicle insurances
D214J	Excise duty on products of Monopoli di Stato
D214L	Special duties similar indirect tax on products
D29H	Other taxes on production
D59D	Driving licence and passport tax
D59D	Motor vehicle duty paid by household

Labour

Employers

D29H	% of regional tax on productive activities (IRAP)
D91B	Withholding tax on the severance pay
D61111	Employers' compulsory actual social contributions

Employees

D51A	% of Personal income tax
TRD59F	% of Substitute tax on income derived from the appreciation of severance indemnity funds
D61121	Employees' compulsory actual social contributions

Non-employed

D61131	% of Compulsory social contributions by self-employed and non-employed persons
D51A	% of Personal income tax

Capital

Business and capital income

Income corporations

D29H	% of Regional tax on productive activities (IRAP)
D51B	Withholding tax on income from deposits paid by firms
D51B	Corporation tax
D51B	Local income tax paid by firms
D51B	Withholding tax on company dividends paid by firms
D51B	New tax on imputed income derived from the appreciation of corporate assets

Income households

D51A	% of Personal income tax
D51A	Withholding tax on income from deposits paid by households
D51A	Local income tax paid by households
D51A	Withholding tax on company dividends paid by households
D51C	Capital gains tax on shares
D51C	Tax on investment funds
D51D	Tax on games of skill and betting-levied on current income and assets

Income self-employed

D29H	% of Regional tax on productive activities (IRAP)
D51A	% of Personal income tax
D61131	% of Compulsory social contributions by self-employed and non-employed persons

Stocks (wealth) of capital

D214A	Regional special tax on dumping
D214B	Stamp duties
D214B	Registration tax
D214B	Duty in lieu of registration and stamp duties (excl. Insurance tax)
D214B	Mortgage taxes and land registry duties
D214B	Public motor vehicle register tax
D214B	Surcharges accruing on cadastral acts
D214D	Car registration tax (Public motor vehicle register tax)
D214H	Municipal tax on advertising
D214H	Municipal tax on building licences
D214L	Municipal surcharges accruing on slaughters
D29A	Municipal real estate tax (ICl) - Part on buildings
D29B	Motor vehicle duty paid by firms
D29E	Surcharge accruing to chambers of commerce
D29E	Duty on official franchises
D29E	Refunds of taxes on production and imports
D29F	SO ₂ and NO _x pollution tax
D29H	Extraordinary "concessionari" revenues
D29H	Other special duties on production
D29H	Telecommunication licences tax
D29H	Surcharges accruing on notarial acts
D51A	Municipal tax on industry, crafts and professions
D51A	Municipal capital gains tax on buildings paid by households
D51B	Tax on net wealth of enterprises
D51B	Municipal capital gains tax on buildings paid by firms
D51E	Surcharges on state and local taxes
D59A	Municipal real estate tax (ICI) - Part on building plots
D59F	% of Substitute tax on income derived from the appreciation of severance indemnity funds
D91A	Inheritance and gift duty
D91B	Tax on imputed income derived from the appreciation of corporate assets
D91B	Special tax for Europe
D91B	Extraordinary tax to which owners of certain luxury goods are liable (Decree-Law No 384 of 19/9/92)
D91C	Recover of paid taxes in delay
D91C	Tax shield (on incomes from abroad)

2. Environmental split

Energy	D214A	Excise duty on mineral oils
	D2122C	In-bond surcharge on mineral oils
	D214A	Excise duty on liquefied petroleum gases
	D2122C	In-bond surcharge on liquefied petroleum gases and other surcharges
	D214A	Excise duty on methane
	D214A	Excise duty on electricity
Transport	D214A	Local surcharge on electricity duty
	D59D	Motor vehicle duty paid by household
	D29B	Motor vehicle duty paid by firms
	D214B	Public motor vehicle register tax
Pollution	D214G	Provincial tax on motor vehicle insurances
	D29F	SO ₂ and NO _x pollution tax
Resources	D214A	Regional special tax on landfill dumping
	D214A	Water consumption tax

14. LATVIA

1. Structure according to Economic Function

Consumption

D2	Taxes on production and imports
D21	Taxes on products
D211	Value added type taxes
	Value added tax
D212	Taxes and duties on imports excluding VAT
D2122	Taxes on imports, excluding VAT and import duties
D2122B	Monetary compensatory amounts on imports
	Customs duties
D214	Taxes on products, except VAT and import taxes
D214A	Excise duties and consumption taxes
	Excise tax on alcohol
	Excise tax on beer
	Excise tax on oil products
	Excise tax on tobacco
	<i>Excise tax on coffee, non-alcohol, gold and other precious metals</i>
D214H	Other taxes on specific services
	Passenger departure duty
TRD59	Other current taxes
TRD59A	Current taxes on capital
	% of Annual vehicle duty
D29	Other taxes on production
D29F	Taxes on pollution
	Natural resources tax

Labour

Employed

Employers

D6111	Employers' actual social contributions
D61111	Compulsory employers' actual social contributions

Employees

D51A	% of Taxes on individual or household income
	% of Personal income tax
D6112	Employees' social contributions
D61121	Compulsory employees' social contributions

Non-employed

D51A	% of Taxes on individual or household income
	% of Personal income tax
D6113	% of Social contributions by self- and non-employed persons
D61131	% of Compulsory social contributions by self- and non-employed persons

Capital

Business and capital income

Income corporations

D51B	Taxes on the income or profits of corporations
	Corporate income tax

Income households

D51A	% of Taxes on individual or household income
	% of Personal income tax
D51C	Taxes on holding gains
D51D	Taxes on winnings from lottery or gambling

Income self-employed

D51A	% of Taxes on individual or household income
	% of Individual income tax
D6113	% of Social contributions by self- and non-employed persons
D61131	% of Compulsory social contributions by self- and non-employed persons

Stocks (wealth) of capital

D214A	Excise duties and consumption taxes <i>Excise tax on cars and motorcycles</i>
D214F	Taxes on lotteries, gambling and betting Lottery and gambling tax Lottery and gambling state duty
D29	Other taxes on production
D29E	Business and professional licences State duties and payments for issue of special permits (licences) and registration of documents that commensurate correspondence of professional qualification
D29H	Other taxes on production n.e.c. Gambling equipment marking duty Fixed payment of public JSC "Latvijas meži" Payment for rental of commercial fishing rights Deduction from port payments Other special target state duties
D59	Other current taxes
D59A	Current taxes on capital Taxes on property % of Annual vehicle duty
D59F	Other current taxes n.e.c. Receipts from the amounts of dissembled revenue detected by audits and penalty sanctions from overall tax payment delicts

2. Environmental split

Energy

D214a	Excise tax on oil products
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Transport

Passenger departure duty
Annual vehicle duty
Excise tax on cars and motorcycles

Pollution/ resources

Natural resources tax
Payment for rental of commercial fishing rights

15. LITHUANIA

1. Structure according to Economic Function

Consumption

D2	Taxes on production and imports
D21	Taxes on products
D211	Value added type taxes
	VAT on products
D212	Taxes and duties on imports excluding VAT
D2121	Taxes on international transactions, import duties, custom duties
D2122	Taxes on imports, excluding VAT and import duties
	Importers excises
	for beer
	for alcoholic beverages
	for manufactured tobacco
	for oil products (except lubricants and gas)
	for liquefied gas for motor cars
	Importers sugar tax
	Importers turnover tax
	for publications of erotic and violent nature
	for motor cars
	for goods containing ethyl
D214	Taxes on products, except VAT and import taxes
D214A	Producers Excises
	for beer
	for alcoholic beverages
	for manufactured tobacco
	for oil products (except lubricants and gas)
	for liquefied gas for motor cars
	Taxes on sales
	Producers turnover tax
	Producers sugar tax
	Deductions from revenue according to the RoI on the Forestry Law
	Deductions from revenue according to the RoI on the Financing of Road Maintenance and development
	Deductions from income generated by Ignalina NPP from sales of electricity acc. to
D29	Other taxes on production
D214	State and Local charges taxes
D59	State and Local charges taxes

Labour

Employed

Employers

D29	State and Local charges taxes
D6111	Employers' actual social contributions
D61111	Compulsory employers' actual social contributions

Employees

D51A	% of Taxes on individual or household income
	% of Tax on individual income
	From taxes on payroll and workforce
	Income from individual enterprises for business permission
D6112	Employees' social contributions
D61121	Compulsory employees' social contributions

Non-employed

D51A	% of Taxes on individual or household income
	% of Tax on individual income
	From taxes on payroll and workforce
	Income from individual enterprises for business permission
D6113	% of Social contributions by self- and non-employed persons
D61131	% of Compulsory social contributions by self- and non-employed persons
	Farmers contributions
	Contributions of self - employed persons and those equated to them
	Compulsory contributions by insured persons

Capital

Business and capital income

Income corporations

D51B Taxes on the income or profits of corporations
Tax on corporate profit

Income households

D51A % of Taxes on individual or household income
% of Tax on individual income

Income self-employed

D51A % of Taxes on individual or household income
% of Tax on individual income
D6113 % of Social contributions by self- and non-employed persons
D61131 % of Compulsory social contributions by self- and non-employed persons
Farmers contributions
Contributions of self - employed persons and those equated to them
Compulsory contributions by insured persons

Stocks (wealth) of capital

D29A Taxes on land, buildings of other structures
Tax on land use in production process
Tax on immovable property
D29 Tax on market place
State and Local charges taxes
Tax on lottery and gambling
Tax on environment pollution
D59 Tax on land
D91 Capital Taxes
D91B Capital levies
Estate, gift and inheritance tax

2. Environmental split

Energy

D2122C Petrol
D2122C Diesel fuels
D2122C Electricity
D2122C Kerosine and fuel for reaction engines
D2122C Gasoline
D2122C Boiler oil
D2122C Oil products (except lubricants and gas)
D2122C Liquefied gas for motor cars
D214A Oil products (except lubricants)
D214A Lubricants
D214A Electricity
D214A Liquefied gas

Transport

D2122C Luxury cars
D2122D Turnover tax on motor cars
D29B Conveyance tax

Pollution/

D29F Taxes on pollution

16. LUXEMBOURG

1. Structure according to Economic Function

Consumption

D211	Taxes du type TVA
D212	Impôts et droits sur les importations, à l'exclusion de la TVA
D214A	Droits d'accises et impôts de consommation
D214C	Impôts sur les transactions mobilières et immobilières
D214C01	Taxe de consommation (partie sur la production nationale)
D214C02	Droits d'accises sur les bières indigènes
D214C03	Droits d'accise sur le tabac (partie sur la production nationale)
D214E	Taxes sur les spectacles et divertissements
D214F	Taxes sur les loteries, les jeux et les paris
D214F01	Prélèvements sur les jeux de casino (partie Etat central)
D214F02	Prélèvements sur les jeux de casino (partie communes)
D214F03	Taxe sur le loto
D214F04	Taxes et prélèvement sur les paris relatifs aux épreuves sportives
D214G	Taxes sur les primes d'assurances
D214H	Autres taxes sur des services déterminés
D214H04	Taxe due pour la construction dans les secteurs centraux
D214H06	Taxe de séjour
D214H07	Taxe sur les cabarets
D214L	Autrs impôts sur les produits non compris ailleurs
D214L01	Taxe supplémentaire sur l'électricité
D214L02	Taxe sur la distribution d'électricité
D214L03	Taxe sur la production d'électricité
D59F	Autres impôts courants non compris ailleurs
D59F04	Taxe sur les chiens
D59F05	Taxe sur véhicules automoteurs à charge des ménages

Labour

Employers

D29C	Impôts sur la masse des salaires ou les effectifs employés
D6111	Cotisations sociales effectives à la charge des employeurs

Employees

D51A	Impôts sur le revenu des personnes physiques ou des ménages
D51A01	Impôt retenu sur les traitements et salaires
D6112	Cotisations sociales à la charge des salariés

Self-employed

D6113	Cotisations sociales des trav. ind. et des personnes sans emploi
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Capital

Business and capital income

Income corporations

D51B	Impôts sur le revenu ou les bénéfices des sociétés
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Income households (incl. self-employed)

D51A	Impôts sur le revenu des personnes physiques ou des ménages
D51A03	Impôt sur le revenu des personnes physiques fixé par voie d'assiette
D51A04	Impôt solidarité majoration personnes physiques
D51A05	Impôt retenu sur les revenus de capitaux
D51A06	Impôt sur les tantièmes

Stocks (wealth) of capital

D214C	Impôts sur les transactions mobilières et immobilières
D214C04	Surtaxe sur les mutations immobilières
D214C05	Droits d'enregistrement
D214C06	Droits d'hypothèques
D214C07	Hypothèques salaires
D29A	Impôts sur la propriété ou l'utilisation de terrains, bât., et autres constr.
D29A01	Impôt foncier
D29A02	Taxe sur les résidences secondaires
D29B	Impôts sur l'utilisation d'actifs fixes
D29B01	Taxe sur véhicules automoteurs à charge des entreprises
D29B02	Taxe d'immatriculation des navires
D29H	Autres impôts sur la production non compris ailleurs
D29H01	Registre aux firmes
D29H02	Prélèvement CECA
D29H03	Taxe d'abonnement sur les titres de société
D29H04	TVA reclassée en autres impôts sur la production
D51A	Impôts sur le revenu des personnes physiques ou des ménages
D51A02	Impôt retenu sur certains revenus échus à des contrib. non-résidents
D59A	Impôts courants sur le capital
D59A01	Impôt sur la fortune
D59A02	Impôt foncier
D59F	Autres impôts courants non compris ailleurs
D59F01	Droits de timbre
D59F02	Recettes concernant les départements des affaires étrangères
D59F03	Timbres de chancellerie
D91A	Impôts sur les transferts en capital
D91A01	Droits de succession

2. Environmental split

Energy	D2122C01	Consumption tax on imported alcohol
	D2122C02	Independent excise duties on certain mineral oils
	D2122C03	Excise duties on mineral oils
	D2122C04	Additional tax withheld on fuels
	D2122C05	Charges on domestic fuels
	D2122C06	Excise duties on liquified gas
	D2122C07	Excise duties on gas
	D214L01	Additional tax on electricity
	D214L02	Tax on the distribution of electricity
	D214L03	Tax on the production of electricity
Transport	D214H08	Tax on transports
	D29B01	Motor vehicle tax paid by producers
	D59F05	Motor vehicle tax paid by households

17. MALTA

1. Structure according to Economic Function

Consumption

D2	Taxes on production and imports
D21	Taxes on products
D211	Value added type taxes Value Added Tax
D212	Taxes and duties on imports excluding VAT
D2121	Import duties Ad Valorem - Electrical Household Appliances Ad Valorem - Telecom Household Appliances Ad Valorem - Clothing Ad Valorem - Miscellaneous Import Duties - Others
D2122	Taxes on imports, excluding VAT and import duties
D2122B	Monetary compensatory amounts on imports Levy on Imported Goods
D214	Taxes on products, except VAT and import taxes
D214A	Excise duties and consumption taxes Excise Levies - Machine Made Cigarettes Excise Beer Excise Levies - Spirits Excise Levies - Petroleum Excise Levies - Tobacco Excise Levies - Wines
D214B	Stamp taxes Duty on Documents - Emphy grants Duty on Documents - Documents Duty on Documents - Part & Exchange Duty on Documents - Legal Fees Duty on Documents - Penalties on VA Duty on Documents - Unclassified
D214G	Taxes on insurance premiums Duty on Documents - Insurance Policy
D214H	Other taxes on specific services Levy on Restaurant Services Levy on Accomodation Airport Tax Administration Charge - Test Motor Vehicle
D59	Other current taxes
D59C	Expenditure taxes Levy on expenditure incurred on overseas travel
D59D	Payments by households for licences Sporting Licences Motor Vehicle Licence - Households TV & Radio Licences - Households
D59E	Taxes on international transactions Investment Registration Scheme

Labour

Employed

Employers

D6111	Employers' actual social contributions
D61111	Compulsory employers' actual social contributions

Employees

D51A	% of Taxes on individual or household income % of Individual income tax % of Penalties Paid by Individuals
D6112	Employees' social contributions
D61121	Compulsory employees' social contributions

Non-employed

D51A	% of Taxes on individual or household income % of Individual income tax % of Penalties Paid by Individuals
D6113	% of Social contributions by self- and non-employed persons
D61131	% of Compulsory social contributions by self- and non-employed persons

Capital

Business and capital income

Income corporations

D51B	Taxes on the income or profits of corporations Corporate income tax Penalties Paid by Companies
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Income households

D51A	% of Taxes on individual or household income % of Individual income tax % of Penalties Paid by Individuals Other Unallocable Income Tax
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Income self-employed

D51A	% of Taxes on individual or household income % of Individual income tax % of Penalties Paid by Individuals
D6113	% of Social contributions by self- and non-employed persons
D61131	% of Compulsory social contributions by self- and non-employed persons

Stocks (wealth) of capital

D2121	Ad Valorem - Motor Vehicles
D214B	Duty on Documents - Immoveables
D214C	Taxes on financial and capital transactions Duty on Documents - Shares
D214E	Car registration taxes Motor Vehicle Registration Tax Sale of Number Plates - Households Sale of Number Plates - Government
D214J	Profits of fiscal monopolies Royalties from Cable Television Royalties under Telecommunications Act
D29E	Business and professional licences Trading Licences Hotel & Catering Establishments Bonded Stores Licences Operating Licence - Maltapost Operating Licence - Malta International Airport Mobile Telephone Licence Fixed Telephone Licence Miscellaneous Licences Motor Vehicle Licence - Business TV & Radio Licences - Business Oil Rental Licences
D29H	Other taxes on production n.e.c. Wines and Spirits Sale of Number Plates - Business
D91	Capital Taxes
D91A	Taxes on capital transfers Death & Donation Duty Duty on Documents - Donations
D91C	Other capital taxes n.e.c. Duty on Documents - Property Transfers Duty on Documents - Interest on Property Transfer

2. Environmental split

Energy

Excise Levies - Petroleum

Transport

Motor Vehicle Registration Tax

Sale of Number Plates - Households

Sale of Number Plates - Government

Airport Tax

Administration Charge - Test Motor Vehicle

Motor Vehicle Licence - Business

Motor Vehicle Licence - Households

Pollution/ ressources

Oil Rental Licences

18. NETHERLANDS

1. Structure according to Economic Function

Consumption

D2	Taxes on production and imports
D21	Taxes on products
D211	Value added type taxes
	VAT on products
D212	Taxes and duties on imports excluding VAT
D2121	Import duties
	Import duties to the EU
D2122	Taxes on imports, excluding VAT and import duties
D2122A	Levies on imported agricultural products
	EU levies on food products
D2122C	Excise duties
	Motor spirits
	Other mineral oils
	Tobacco
	Alcohol
	Other excise duties
	Tax on non-alcoholic beverages etc.
D214	Taxes on products, except VAT and import taxes
D214A	Excise duties and consumption taxes
	Motor spirits
	Other mineral oils
	Tobacco
	Alcohol
	Other excise duties
	Tax on non-alcoholic beverages etc.
D214L	Energy levies
D214F	Tax on lotteries and gambling
D214G	Insurance premium tax
D29	Other taxes on production
D29F	Taxes on pollution
	Sewerage charges
	Levies on water pollution
	Polder-board levies
	Other environmental taxes
D59	Current taxes on income and wealth
	Motor vehicle tax (paid by households)
D59F	Environmental taxes
	Sewerage charges
	Levies on water pollution
	Polder-board levies

Labour

Employers

D61111	Compulsory employers' actual social contributions
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Employees

D61121	Cor Stamp duty on wages and salaries
D51A	% of Wage tax, income- and wealth tax and social contributions

Non-employed

D51A	% of Wage tax, income- and wealth tax and social contributions
D61131	% of compulsory social contributions by self- and non-employed persons

Capital

Business and capital income

Income corporations

D51B Taxes on the income or profits of corporations
Corporation Tax

Income households

D51A % of Wage tax, income- and wealth tax and social contributions
D51C Dividend tax
D51D Tax on lotteries and gambling

Income self-employed

D51A % of Wage tax, income- and wealth tax and social contributions
D61131 % of compulsory social contributions by self- and non-employed persons

Stocks (wealth) of capital

D29A Taxes on land, buildings of other structures
Real estate tax (paid by enterprises and households)
D29B Taxes on the use of fixed assets
Motor vehicle tax (paid by enterprises incl. Eurovignet)
D29E+29H Other taxes
D2122C Taxes on passenger cars and motorcycles (BPM)
D214A Taxes on passenger cars and motorcycles (BPM)
D214C Real estate transfer tax
D214C Tax on capital
D59 Current taxes on income and wealth
D59A Real estate tax
D59C+59D Other
D91 Capital Taxes
D91A Taxes on capital transfers

2. Environmental split

Energy

Excise duties on gas
Excise duties on other mineral oils
Energy levies

Transport

Motor vehicle tax paid by enterprises
Motor vehicle tax paid by households
Taxes on passenger cars and motorcycles

Pollution/resources

Sewerage charges producers
Sewerage charges households
Levies on water pollution producers
Levies on water pollution households
Other environmental taxes

19. PORTUGAL

1. Structure according to Economic Function

Consumption

D2	Taxes on production and imports
D21	Taxes on products
D211	Value added type taxes
	VAT on products
D212	Taxes and duties on imports excluding VAT
D2121	Import duties
	Import levies
D2122	Taxes on imports, excluding VAT and import duties
D2122A	Levies on imported agricultural products
	Agricultural levies
	Production levy on sugar and isoglucose
D2122C	Excise duties
	Excise duties on tobacco
	Excise duties on alcohol
	Excise duties on alcoholic beverages
	Excise duties on beer
D214	Taxes on products, except VAT and import taxes
D214A	Excise duties and consumption taxes
	Excise duties on tobacco
	Excise duties on alcoholic beverages
	Excise duties on beer
	Tax on petroleum products
D214E	Taxes on entertainment
	Duty on consumption in places of entertainment
D214F	Taxes on lotteries, gambling and betting
	Gambling tax
D214G	Taxes on insurance premiums
	Tax on accidents and life insurance premiums
	Tax on fire insurance premiums
	Tax on crop insurance premiums
D214J	Profits of fiscal monopolies
	Profits of fiscal monopolies - public lotto and football betting game
D5	Current taxes on income and wealth
D59	Other current taxes
D59D	Payments by households for licences
	Tax on the use, carrying and possession of weapons
	Hunting licenses
	Other payments by households for miscellaneous licenses
D59F	Other current taxes n.e.c.
	Fees received by the CGT (General Courts Treasury)
	Stamp duty on interests
	Road taxes - compensation
	Tax on vehicles
	Other miscellaneous taxes

Labour

Employed

Employers

D6111	Employers' actual social contributions
D61111	Compulsory employers' actual social contributions

Employees

D51A	% of Taxes on individual or household income
	% of Individual income tax
D6112	Employees' social contributions
D61121	Compulsory employees' social contributions

Non-employed

D51A	% of Taxes on individual or household income
	% of Individual income tax
D6113	% of Social contributions by self- and non-employed persons
D61131	% of Compulsory social contributions by self- and non-employed persons

Capital

Business and capital income

Income corporations

D51B Taxes on the income or profits of corporations
 Corporate income tax
 Local tax

Income households

D51A % of Taxes on individual or household income
 % of Individual income tax

Income self-employed

D51A % of Taxes on individual or household income
 % of Individual income tax

D6113 % of Social contributions by self- and non-employed persons

D61131 % of Compulsory social contributions by self- and non-employed persons

Stocks (wealth) of capital

D29A Taxes on land, buildings of other structures
 Real estate tax

D29B Taxes on the use of fixed assets
 Road taxes – traffic
 Road taxes – haulage
 Tax on vehicles

D29E Business and professional licences
 Duties on public entertainments
 Tax on the distribution and showing of films
 Duties levied by IVM (Madeira Wine Institute)
 Taxes collected by Azores Cultural Action Fund
 Tax on fishery
 General services and licenses granted to firms
 Other miscellaneous business and professional licences

D29H Other taxes on products n.e.c.
 Tax arrears received
 Other miscellaneous taxes

D214B Stamp taxes
 Fiscal stamps
 Stamp duty on bank transactions
 Stamp duty on insurance premiums
 Stamp duty on entertainment services
 Stamp duty on leasing of buildings
 Stamp duty on debt related operations
 Stamp duty on registration and mortgages
 Stamp duty on commercial transactions
 Stamp duty - miscellaneous

D214D Car registration taxes
 Taxes on motor vehicle sales

D214L Other taxes on products n.e.c.
 Duties levied by IROMA (Agricultural Markets Regulation and Guidance Inst.)
 Fire Service tax
 Tax on the value of public contracts

TRD214H Other taxes on specific services
 Real estate transfer tax

D91 Capital Taxes

D91B Capital levies
 Inheritance and gift tax

2. Environmental split

Energy	TRD214A	Excise duties and consumption taxes Tax on petroleum products
Transport	TRD214D	Car registration taxes Tax on motor vehicle sales
	TRD29B	Taxes on the use of fixed assets Road taxes - traffic Road taxes - haulage Tax on vehicles
	TRD59F	Other current taxes n.e.c. Tax on vehicles

20. SLOVAKIA

1. Structure according to Economic Function

Consumption

D2	Taxes on production and imports
D21	Taxes on products
D211	Value added type taxes
	VAT on products
D212	Taxes and duties on imports excluding VAT
D2121	Import duties
	Import duty
	Import surcharge
	Other customs gains
D2122C	Excise duties
	On mineral oils
	On alcohol
	On beer
	On wine
	On tobacco and tobacco products
D214	Taxes on products, except VAT and import taxes
D214A	Excise duties and consumption taxes
	On mineral oils
	On alcohol
	On beer
	On wine
	On tobacco and tobacco products
	Taxes on specific services - for dog
D214	Taxes on specific services - Sales tax on alcohol beverages and tobacco products
	Taxes on specific services - on automatic gambling machines
	Taxes on specific services - on automatic vendors
	Taxes on specific services - on permits to enter historical city district with motor vehicle
	Taxes on specific services - on accommodation capacities in recreational establishments
	Taxes on specific services - on advertising
	Taxes on specific services - on entry fees
	Taxes on specific services - on stays at a spa or in a recreational area
	Tax on use of apartments for other than housing purposes
	Tax on use of public permises
	Takes on lottery and similar games
D29	Other taxes on production
	Tax on atmospheric pollution
	Tax for waste disposal
	Tax on excavation areas
	Other taxes on goods and services
	Other taxes
	% of Earnings from sales of fiscal stamps
D5	Current taxes on income and wealth
D59	Other current taxes
	Administrative charges - individuals

Labour

Employed

Employers

D6111	Employers' actual social contributions
D61111	Compulsory employers' actual social contributions
	Insurance in sickness absence
	Contributions for pension insurance
	Contributions for liability for damage insurance
	Contributions for health insurance
	Contributions for unemployment insurance
	Guaranty fund contributions

Employees	
D51A	% of Taxes on individual or household income % of Individual income tax Income tax individuals - income from dependent activities and functional benefits Income tax individuals - from business and other independent gainful activities Withholding income tax from individuals
D6112	Employees' social contributions
D61121	Compulsory employees' social contributions Insurance in sickness absence Contributions for pension insurance Contributions for health insurance Contributions for unemployment insurance
Non-employed	
D51A	% of Taxes on individual or household income % of Individual income tax Income tax individuals - income from dependent activities and functional benefits Income tax individuals - from business and other independent gainful activities Withholding income tax from individuals
D6113	% of Social contributions by self- and non-employed persons
D61131	% of Compulsory social contributions by self- and non-employed persons Insurance in sickness absence Contributions for pension insurance Contributions for health insurance Contributions for unemployment insurance
Capital	
Business and capital income	
Income corporations	
D51B	Taxes on the income or profits of corporations Corporate income tax - having their sites in the resident country Corporate income tax - having their sites abroad
Income households	
D51A	% of Taxes on individual or household income % of Individual income tax Income tax individuals - income from dependent activities and functional benefits Income tax individuals - from business and other independent gainful activities Withholding income tax from individuals
Income self-employed	
	Withholding income tax from legal persons
D51A	% of Taxes on individual or household income % of Individual income tax Income tax individuals - income from dependent activities and functional benefits Income tax individuals - from business and other independent gainful activities Withholding income tax from individuals
D6113	% of Social contributions by self- and non-employed persons
D61131	% of Compulsory social contributions by self- and non-employed persons Insurance in sickness absence Contributions for pension insurance Contributions for health insurance Contributions for unemployment insurance
Stocks (wealth) of capital	
D214	Taxes on products, except VAT and import taxes Tax on transfer and assignment of real estate
D29	Other taxes on production Real estate tax (property tax) - payed by legal entities, related with production Tax on installing nuclear equipment Road tax - domestic Road tax - international transport Administrative charges - legal person Court fees % of Earnings from sales of fiscal stamps Hallmarking charges Other administrative fees
D59	Other current taxes Real estate tax on land, buildings, apartments (property tax) - paid by individuals unrelated with producti
D91	Capital Taxes Accession tax Inheritance tax Tax on gifts inter-vivos

2. Environmental split

Energy

D2122c	Excise duties on mineral oils
D214a	Excise duties on mineral oils
D29	Tax on installing nuclear equipment

Transport

D214	Taxes on specific services - on permits to enter historical city district with motor vehicle
D29	Road tax - domestic
D29	Road tax - international transport

Pollution/ ressources

D29	Tax on atmospheric pollution
D29	Tax for waste disposal
D29	Tax on excavation areas

21. SLOVENIA

1. Structure according to Economic Function

Consumption

D2	Taxes on production and imports
D21	Taxes on products
D211	Value added type taxes
	VAT on products
D212	Taxes and duties on imports excluding VAT
D2121	Import duties
	Customs duties, import duties and taxes
D2122	Taxes on imports, excluding VAT and import duties
D2122A	Levies on imported agricultural products
	Special levies on imported agricultural products
	Customs duties-individuals
	Customs and Excises fees
D2122C	Excises from imports
	Alcohol and alcoholic drinks
	Mineral oil and gas
	Tobacco
	Duty-free shops
	Alcohol and alcoholic drinks
	Tobacco
D214	Taxes on products, except VAT and import taxes
D214A	Excise duties and consumption taxes
	Alcohol and alcoholic drinks
	Mineral oil and gas
	Tobacco
	Duty-free shops
	Alcohol and alcoholic drinks
	Tobacco
D214G	Taxes on insurance premiums
	Sales tax on insurance services
D214F	Taxes on lotteries, gambling and betting
	Tax on special gambling
	Tax on classical gambling
	Special tax on gambling machines
D214	Sojourn tax
D214	Tax on air pollution by CO2 emissions (by liquid fuel)
D5	Current taxes on income and wealth
D59	Other current taxes
	Motor vehicle registration fee-paid by individuals

Labour

Employed

Employers

D29	Payroll tax
D6111	Employers' actual social contributions
D61111	Compulsory employers' actual social contributions
	Contributions for employment
	Contributions for maternity leave
	Contributions for health insurance
	Contributions for pension and disability insurance

Employees		Special contribution for the reconstruction of earthquake damage in Posocje region
		Taxes on work-contracts incomes
D51A	% of Taxes on individual or household income	
	% of Individual income tax	
		Individual taxes on income and profit-salaries and wages
		Individual taxes on income and profit-pensions
		Individual taxes on income and profit-work contracts
		Individual taxes on income and profit-state and other awards
		Individual taxes on income and profit-individual entrepreneurial profit
		Individual taxes on income and profit-copy rights
		Individual taxes on income and profit-annual final assesment
D6112	Employees' social contributions	
D61121	Compulsory employees' social contributions	
		Contributions for employment
		Contributions for maternity leave
		Contributions for health insurance
		Contributions for pension and disability insurance
Non-employed		
D51A	% of Taxes on individual or household income	
	% of Individual income tax	
		Individual taxes on income and profit-salaries and wages
		Individual taxes on income and profit-pensions
		Individual taxes on income and profit-work contracts
		Individual taxes on income and profit-state and other awards
		Individual taxes on income and profit-individual entrepreneurial profit
		Individual taxes on income and profit-copy rights
		Individual taxes on income and profit-annual final assesment
D6113	% of Social contributions by self- and non-employed persons	
D61131	% of Compulsory social contributions by self- and non-employed persons	
		Contributions for employment
		Contributions for maternity leave
		Contributions for health insurance
		Contributions for pension and disability insurance
Capital		
Business and capital income		
Income corporations		
D51B	Taxes on the income or profits of corporations	
	Corporate income tax	
Income households		
D51A	Taxes on winnings (profit) in gambling games	
D51A	% of Taxes on individual or household income	
	% of Individual income tax	
		Individual taxes on income and profit-salaries and wages
		Individual taxes on income and profit-pensions
		Individual taxes on income and profit-work contracts
		Individual taxes on income and profit-state and other awards
		Individual taxes on income and profit-individual entrepreneurial profit
		Individual taxes on income and profit-copy rights
		Individual taxes on income and profit-annual final assesment

Income self-employed

D51A	% of Taxes on individual or household income
	% of Individual income tax
	Individual taxes on income and profit-salaries and wages
	Individual taxes on income and profit-pensions
	Individual taxes on income and profit-work contracts
	Individual taxes on income and profit-state and other awards
	Individual taxes on income and profit-individual entrepreneurial profit
	Individual taxes on income and profit-copy rights
	Individual taxes on income and profit-annual final assesment
D6113	% of Social contributions by self- and non-employed persons
D61131	% of Compulsory social contributions by self- and non-employed persons
	Contributions for employment
	Contributions for maternity leave
	Contributions for health insurance
	Contributions for pension and disability insurance

Stocks (wealth) of capital

D214	Taxes on products, except VAT and import taxes
D214	Tax on new motor vehicle
D214	Tax on used motor vehicle
D214	Tax on sale of immovable property-from legal entities
D214	Tax on sale of immovable property-from individuals
D29	Other Taxes on Production
	Motor vehicle registration fee-legal entities
	Registration fees for agricultural tractors
	Compensation for the use of building-ground, paid by legal entities
	Compensation for the use of building-ground, paid by individuals
	Special tax on water pollution
	Charges for use of water
	Tax on air pollution by CO2 emissions (by solid fuel)
	Payments to perform specific services
	Conccesion on special gambling
	Contribution of Nuclear Power Plant (NEK) to special fund for financing of NEK decomposition
D59	Other current taxes
	Property tax on buildings
	Property tax on recreation buildings
	Property tax on boats and ships
	Special fire protection tax
D91	Capital Taxes
	Inheritance and gift tax
	Tax on balance capital paid by banks
	Payments of compensation for the change of the purpose of agricultural and forest land

2. Environmental split

Energy

Excise duties on mineral oil and gas
Taxes on air pollution
Tax on air pollution - caused by hard fuels

Transport

Tax on sales of new motor vehicles
Tax on sales of used motor vehicles
Registration fees on motor vehicles, boats and airplanes - paid by legal entities
Registration fees on tractors
Registration fees on motor vehicles, boats and airplanes - paid by individuals

Pollution/ ressources

Tax on water pollution
Charges on use of water
Contribution of Nuclear power plant to finance its decomposition

22. SPAIN

1. Structure according to economic function as % of GDP

Consumption

D2	Taxes on production and imports
D21	Taxes on products
D211	Value added type taxes
D212	Taxes and duties on imports excluding VAT
D2121	Import duties
	Canarian import duties
	Ceuta and Melilla import duties
	Tarifa exterior común
D2122	Taxes on imports, excluding VAT and import duties
D2122A	Levies on imported agricultural products
	Agricultural levies
D2122C	Excise duties
	Impuestos especiales sobre bienes importados
D214	Taxes on products, except VAT and import taxes
D214A	Excise duties and consumption taxes
	Excise duties on hydrocarbon oil
	Excise duties on electricity
	Excise duties on alcoholic drinks
	Excise duties on tobacco
	Arbitrios canarios sobre bienes nacionales
	Arbitrios sobre mercancías nacionales en Ceuta y Melilla
D214F	Taxes on lotteries, gambling and betting
	Tasas sobre el juego
D214G	Taxes on insurance premiums
	Impuesto sobre primas de seguros
D29F	Taxes on pollution
	Canon de vertidos, explot. hidrocarburos y superf.minas
	Impuestos sobre instalaciones que inciden sobre el medio ambiente y gravámen sobre contaminación atmosférica
D59D	Payments by households for licences
	Levy on vehicles
	Parafiscal taxes
D59F	Other current taxes n.e.c.
	Otros impuestos

Labour

Employers

D61111	Compulsory employers' actual social contributions
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Employees

D51	Taxes on income
D51A	% of Taxes on individual or household income
D61121	Compulsory employees' social contributions

Non-employed

D51	Taxes on income
D51A	% of Taxes on individual or household income
D61131	% of Compulsory social contributions by self- and non-employed persons

Capital

Business and capital income

Income corporations

D51B Taxes on the income or profits of corporations
General tax on corporations

Income households

D51 Taxes on income
D51A % of Taxes on individual or household income
D51E Other taxes on income n.e.c.

Income self-employed

D51 Taxes on income
D51A % of Taxes on individual or household income
D61131 % of Compulsory social contributions by self- and non-employed persons

Stocks (wealth) of capital

D214 Taxes on products, except VAT and import taxes
D214B Stamp taxes
Levy on patrimonial transmission and AJD (stamp assets)
D214C Taxes on financial and capital transactions
Levy on patrimonial transmission and AJD (direct management)
D214D Car registration taxes
Levy on specific transport means
D214L Other taxes on products n.e.c.
Levy on constructions and plants
Tax on sugar and monoglucose
Tax to low the share of milk production
Other taxes
D29 Other taxes on production
D29A Taxes on land, buildings or other structures
Levy on immovable property
Other taxes
D29B Taxes on the use of fixed assets
Levy on vehicles
D29E Business and professional licences
Levy on economic activities
Parafiscal taxes
Telephone fee
Urbanistic licences
D59 Other current taxes
D59A Current taxes on capital
Levy on wealth
D91 Capital Taxes
D91A Taxes on capital transfers
General inheritance tax
D91B Capital levies
Levy on the value increasing of land
Special contributions

2. Environmental split

Energy	TRD214A	Excise duties and consumption taxes Excise duties on hydrocarbon oil Excise duties on electricity
Transport	TRD214D TRD29B TRD59D	Car registration taxes Taxes on the use of fixed assets (Tax on mechanically powered vehicles (enterprises)) Payments by households for licences Tax on mechanically powered vehicles (households)
Pollution	D29F	Taxes on pollution Tax on waste (Canon de vertidos) Taxes on the environment and atmospheric pollution (impuestos sobre el medio ambiente y contaminación atmosférica)

23. SWEDEN

1. Structure according to Economic Function

Consumption

D21	Taxes on products
D211	Value added type taxes (VAT)
D2121	Import duties
D2122	Taxes on imports excluding VAT and import duties
D2122A	Levies on imported agricultural products
D2122C	Levies on imported alcoholic beverages
D214	Taxes on products, except VAT and import taxes
D214A	Excise duties and consumption taxes
D214A1	Taxes on fuels
D214111	Energy tax on fuels
D214112	Carbon dioxide tax on fuels
D214113	Energy tax on petrols
D214114	Carbon dioxide tax on petrols
D214115	Tax on sulphur fuel
D214A2	Taxes on electric power
D214121	Energy tax on electricity
D214124	Tax on nuclear fuel
D214A3	Taxes on natural gravels
D2141906	Taxes on natural gravels
D214A4	Other excise duties and consumption taxes
D214131	Tax on spirits
D214132	Tax on wine
D214133	Tax on beer
D21414	Tobacco tax
D2141907	Various excise duties
D214F	Taxes on lotteries, gambling and betting
D21441	Tax on gambling
D214H	Other taxes on specific services
D21451	Tax on advertising
D214J	Profits of fiscal monopolies
D21471	Profits of fiscal monopol, alcoholic beverages
D21472	Surplus from gambling
D29F	Taxes on pollution
D2951	Environmental protection fee
D5	Current taxes on income and wealth
D59	Other current taxes
D59D	Payments by households for licences
D592	Tax on motor vehicles paid by households

Labour

Employed

Employers

D29C	Total wage bill and payroll taxes
D2931	General payroll tax
D2932	Part of pension fee to state budget
D2933	Tax on salaried employees life insurance
D2934	Special payroll tax
D61111	Compulsory employers' actual social contributions
D6111101	Retirement Pension contribution, social security sector
D6111102	Pension contribution, National Debt Office
D6111104	Sick insurance contribution
D6111106	Industrial injuries, contributions
D6111107	Labour market, employment, contributions
D6111108	Survivors pension, contribution
D6111109	Parental insurance contributions
D6111119	Miscellaneous, contributions

Employees

D51A	% of taxes on individual or household income
D519	% of income tax households
D61121	Compulsory employees' social contributions
D611212	General pension contribution
D611222	Unemployment contribution

Non-employed

D51A	% of taxes on individual or household income
D519	% of income tax households
D61131	% of compulsory social contributions by self- and non-employed persons
D6113101	% of pension contributions to social security sector
D6113102	% of pension, National Debt Office
D6113104	% of sick insurance contribution
D6113106	% of industrial injuries
D6113107	% of unemployment
D6113108	% of survivors pension, contribution
D6113109	% of parental insurance contributions

Capital

Capital and business income

Income corporations

D51B	Taxes on income or profits of corporations
D519	Income tax enterprises

Income households

D51A	% of taxes on individual or household income
D519	% of income tax households
D51C	Taxes on holding gains
D511	Capital yields tax
D51D	Taxes on winnings from lottery or gambling
D512	Tax on winnings on lotteries or gambling

Income self-employed

D51A	% of taxes on individual or household income
D519	% of income tax households
D61131	% of compulsory social contributions by self- and non-employed persons
D6113101	% of pension contributions to social security sector
D6113102	% of pension, National Debt Office
D6113104	% of sick insurance contribution
D6113106	% of industrial injuries
D6113107	% of unemployment
D6113108	% of survivors pension, contribution
D6113109	% of parental insurance contributions

Stocks (wealth) of capital

D29A	Taxes on land, buildings and other structures
D2911	Tax on real-estate
D29B	Taxes on the use of fixed assets
D2921	Tax on motor vehicles paid by enterprises
D2923	Special tax on nuclear power stations
D91	Capital taxes
D91	Succession and gift tax
D59A	Current taxes on capital
D591	Wealth tax from households
D591	Wealth tax from enterprises
D29E	Business and professional licences
D2941	Tax on roulette
D2942	Fee to a check-up committee for radio and TV
D2943	Licenses for lottery
D2944	Licenses for local radio stations
D2945	Fee for lorries
D29H	Other taxes on production n.e.c.
D2991	Concession fee for telecasting
D2992	Guarantee-fee for deposits in banks
D2993	Fee for telecommunication
D2994	Fee to the vehicle scrap fund
D2995	Fee to the battery fund
D2996	Fee for discharge of nitrogen
D214C	Taxes on financial and capital transactions
D2142	Stamp taxes
D214D	Car registration taxes
D2143	Sales tax on motor vehicles
D214L	Other taxes on products n.e.c.
D21494	Tax on means of control
D21495	Tax on fertilizers
D21496	Tax on chemicals
D21497	Tax on waste

2. Environmental split

Energy	D214A1	Taxes on fuels
	D214111	Energy tax on fuels
	D214112	Carbon dioxide tax on fuels
	D214113	Energy tax on petrols
	D214114	Carbon dioxide tax on petrols
	D214116	Tax on diesel oil
	D214A2	Taxes on electric power
	D214121	Energy tax on electricity
	D214122	Taxes on water power
	D214123	Special tax on electric power from nuclear station
	D214124	Tax on nuclear fuel
	D29B	Taxes on the use of fixed assets
	D2923	Special tax on nuclear power stations
	Transport	D214D
D29B		Taxes on the use of fixed assets Tax on motor vehicles paid by enterprises
D29H		Other taxes on production n.e.c. Fee to the vehicle scrap fund
D59D		Payments by households for licences Tax on motor vehicles paid by households
Pollution	D214A	Taxes on fuels
	D214115	Tax on sulphur fuel
	D214L	Other taxes on products n.e.c.
	D21497	Tax on waste
	D214A4	2% of 'Other excise duties and consumption taxes' Estimate of tax on fertiliser
	D29F	Taxes on pollution
	D2951	Environmental protection fee
	D2952	Environmental tax on internal air traffic
D29H	Other taxes on production n.e.c.	
D2995	Fee to the battery fund	
Resources	D214A	Taxes on natural gravels

24. UNITED KINGDOM

1. Structure according to Economic Function

Consumption

D211	Value added type taxes
D212	Taxes and duties on imports exc VAT
D2121	Import duties
D214A	Excise duties and consumption taxes
D214A	Customs duty on beer
D214A	Customs duty on wines, cider, perry & spirits
D214A	Customs duty on tobacco
D214A	Customs duty on hydrocarbon oils
D214F	Taxes on lotteries, gaming and betting (Camelot payments)
D214G	Taxes on insurance premiums
D214I	General sales or turnover taxes
D214I	Betting, gaming and lottery
D214I	Airpassenger duty
D214I	Landfill tax
D214I	Fossil fuel levy
D29F	Taxes on pollution
	Climate change Levy
D29H	Agreggates levy
D59D	Payments by households for licences
D59D	Motor vehicle duty paid by households

Labour

Employed

Employers

D61111	Compulsory employers' actual social contributions
	National insurance surcharge

Employees

D51A	% of Taxes on individual or household income
D61121	Compulsory employees' actual social contributions

Non-employed

D51A	% of Taxes on individual or household income
D61131	% of compulsory social contributions by self and non-employed

Capital

Business and capital income

Income corporations

D51B	Taxes on the income or profits of corporations
D51B-1	Corporation tax
D51B-2	Petroleum revenue tax

Income households

D51A	% of Taxes on individual or household income
D51C	Taxes on holding gains

Income self-employed

D51A	% of Taxes on individual or household income
D61131	% of compulsory social contributions by self and non-employed

Stocks (wealth) of capital

D214B	Stamp duties
D214L	Sugar levy
D29A	National non-domestic rates
D29A	Old style rates paid to local government
D29B	Motor vehicle duties paid by businesses
D29D	Taxes on international transactions
D29E	ITC franchise payments
D29E	Regulator fees
D29E	Consumer and credit act fees
D59A	Current taxes on capital
D59C	Expenditure taxes
D59E	Taxes on international transactions
D59F	Other current taxes nec
D59F-1	Old style domestic rates paid to central government
D59F-2	Council tax
D59F-3	Old style domestic rates paid to local government
D59F-4	National non-domestic rates paid by non-market sectors
D91A	Inheritance tax
D91A	Other capital transfers
D214	Hydro benefit
D29	London regional transport levy
D29H	Levies paid to CG levy funded bodies

2. Environmental split

Energy	D214A-4	Excise duty on hydrocarbon oils
	D214I-7	Fossil fuel levy
	D214I-8	Gas levy
	D29F	Climate change levy
Transport	D214I-1	Car tax
	D214I-4	Air passenger duty
	D29B	Motor vehicle duties paid by producers
	D59D-1	Motor vehicle duties paid by households
Pollution	D214I-5	Landfill tax

25. NORWAY

1. Structure according to Economic Function

Consumption

D2	Taxes on production and imports
D21	Taxes on products
D211	Value added type taxes
	VAT on products
D212	Taxes and duties on imports excluding VAT
D2121	Import duties
D214	Taxes on products, except VAT and import taxes
D214A	Excise duties and consumption taxes
	Tax on petroleum products
	Taxes on tobacco
	Taxes on alcoholic beverages etc
D214E	Business and professional licences
D214F	Taxes on lotteries, gambling and betting
D214H	Other taxes on specific services
D214I	General sales or turnover taxes
D214J	Profits of fiscal monopolies
D29D	Taxes on international transactions
D29F	Business and professional licences
D29E	Taxes on pollution
D5	Current taxes on income and wealth
D59	Other current taxes
D59D	Payments by households for licences
	Annual tax on motor vehicles paid by households
	Other current taxes on income, wealth etc

Labour

Employed

Employers

D6111	Employers' actual social contributions
D61111	Compulsory employers' actual social contributions
D29C	Total wage bill and payroll taxes

Employees

D51A	% of Taxes on individual or household income
	% of Individual income tax
D6112	Employees' social contributions
D61121	Compulsory employees' social contributions

Non-employed

D51A	% of Taxes on individual or household income
	% of Individual income tax
D6113	% of Social contributions by self- and non-employed persons
D61131	% of Compulsory social contributions by self- and non-employed persons

Capital

Business and capital income

Income corporations

D51B	Taxes on the income or profits of corporations
	Corporate income tax

Income households

D51A	% of Taxes on individual or household income
	% of Individual income tax
D51C	Taxes on holding gains
D51E	Other taxes on income n.e.c.

Income self-employed

D51A	% of Taxes on individual or household income % of Individual income tax
D6113	% of Social contributions by self- and non-employed persons
D61131	% of Compulsory social contributions by self- and non-employed persons

Stocks (wealth) of capital

D29A	Taxes on land, buildings of other structures Taxes on immovable property
D29B	Taxes on the use of fixed assets
D29H	Other taxes on products n.e.c.
D214B	Stamp taxes
D214C	Taxes on financial and capital transactions
D214D	Car registration taxes
D214L	Other taxes on products n.e.c.
D91	Capital Taxes
D91B	Capital levies

2. Environmental split

Energy

D214 A	Taxes on petrol
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Transport

	Other taxes on motor vehicles etc.
TRD59D	Annual tax on motor vehicles paid by households

Pollution

	Taxes on extraction of petroleum
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ANNEX C: METHODOLOGY AND EXPLANATORY NOTES

The 'Structures' 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 allow an assessment of the manner in which the tax burden is distributed among the different factors. The implicit tax rates measure in turn the actual or effective average tax burden levied on different types of economic income or activities.

For the purposes of assembling these backward-looking aggregate metrics, national accounts provide time series for observing changes in the overall effective tax burden and a coherent framework for matching tax revenues with income flow data and economic aggregates. Given the consistency and harmonised computation of the ESA95 system, national accounts data provided by the Member States also allow a good degree of international comparability. However, it should be kept in mind that the tax base derived from national accounts data does not correspond to the actual or legal tax base used in computing tax liabilities. The bases calculated using national accounts are in some instances narrower (omitting capital gains on capital for instance) and in others broader (due to the exclusion of some deductions from the tax base).

This methodological section explains the methods of, and the reasoning behind, the calculation of the various ratios presented in the survey; approaching them in the order in which they appear in Annex A. Given that Parts A and B (Tax structure by tax type and Tax structure by level of government) follow ESA95 classifications, a simple description of the aggregates and the data sources is provided. Parts C and D (Tax structure by economic function and the Implicit tax rates) present statistics developed by the EU Commission Directorate-General for Taxation and Customs specifically for this publication, so the reasoning will be delved into in greater detail, with attention given to their both theoretical and practical limitations. Annex C concludes with an in-depth discussion of the approaches used in calculating the split of personal income tax according to its sources, a process critical to the creation of meaningful statistics for Parts C and D.

Data sources:

The national accounts data utilised for this report were extracted from the Eurostat public database (formerly known as NewCronos). However, for a number of Member States we used additional more detailed tax data submitted to Eurostat. Data are for 2003 should be regarded as provisional. The data utilised were those available during the Spring 2005 when the analysis started. By September 2005, new GDP and tax revenue series for several Member States had become available, but these include substantial methodological changes (the 2005 revision round represents the first major revision since the ESA95 system was adopted), which for some Member States result in sizeable effects (e.g. for Belgium the level of GDP is increased by 1.9 percentage points on average). It was therefore decided to maintain pre-revision data as a basis for the report as a way to ensure full comparability between the Member States. In very few cases, estimates at the detailed level have been used if statistics were not available; in those cases, the estimates were either supplied by Member States administrations or computed using the growth rate of the corresponding aggregate tax category. Although all Member States authorities have provided detailed data on their tax revenue, the level of disaggregation varies such that difficulties were encountered in the use of these data for a small number of countries. In particular, the dataset for Poland did not allow

for the calculation of the ratios contained in Tables C and D, nor for inclusion in Annex B, as it was not possible to separate the revenue and allocate it to the proper economic function on the basis of the provided data; preliminary estimates of labour taxation (including the ITR) in 2003 were nevertheless retained in the country chapter for the reader's benefit. On account of their preliminary nature these figures were not reproduced in Annex A nor included in the calculation of any average. In the case of Lithuania and Slovakia, it was possible to calculate most of the ratios in tables C and D, but not for the entire 1995-2003 period. In addition, the level and manner of disaggregation provided for these countries differs substantially from the standard, so that the results referring to them are to be considered provisional and may as a result be subject to greater than usual revisions in future editions of the publication. Efforts are being pursued to improve the quality of the source data for these countries. In addition, issues were encountered with the economic allocation of taxes for Slovakia, Lithuania and Cyprus. Future revisions of these may also lead to shifts in the ratios.

Part A: Tax structure by tax type

Definition of the aggregates:

Total taxes are defined as: taxes on production and imports (D2), current taxes on income and wealth (D5), capital taxes (D91), actual compulsory social contributions (D61111+ D61121+ D61131). Indirect taxes, direct taxes and social contributions add up to the total of taxes received by the general government.

Indirect taxes are defined as taxes linked to production and imports (code D2 in the ESA95 system), i.e. as compulsory levies on producer units in respect of the production or importation of goods and services or the use of factors of production. They include VAT, import duties, excise duties and other specific taxes on services (transport, insurance etc.) and on financial and capital transactions. They also include taxes on production (D29) defined as 'taxes that enterprises incur as a result of engaging in production', such as professional licences, taxes on land and building and payroll taxes.

Indirect taxes are defined as the sum of the following ESA95 tax categories:

- VAT: Value added type taxes (D211).
- Excise duties and consumption taxes: Excise and consumption taxes (D214A) + Excise duties (D2122C).
- Other taxes on products (incl. import duties): Taxes and duties on imports excluding VAT (D212), excluding excise duties (D2122C), Taxes on products, except VAT and import duties (D214), excluding excise duties (D214A).
- Other taxes on production (D29).

Direct taxes are defined as current taxes on income and wealth (D5) plus capital taxes including taxes such as inheritance or gift taxes (D91). Income tax (D51) is a sub-category, which includes personal income tax (PIT) and corporate income tax (CIT) as well as capital gains taxes.

Direct taxes are defined as the sum of the following ESA categories:

- Personal income tax: Taxes on individual or households income including holding gains (D51A+D51C1).
- Corporate income tax: Taxes on the income or profits of corporations including holding gains (D51B+D51C2).
- Other income and capital taxes: other taxes on income corresponding to other taxes on holding gains (D51C3), taxes on winnings from lottery or gambling (D51D) and other taxes on income n.e.c. (D51E); taxes on capital defined as other current taxes (D59) and capital taxes (D91).

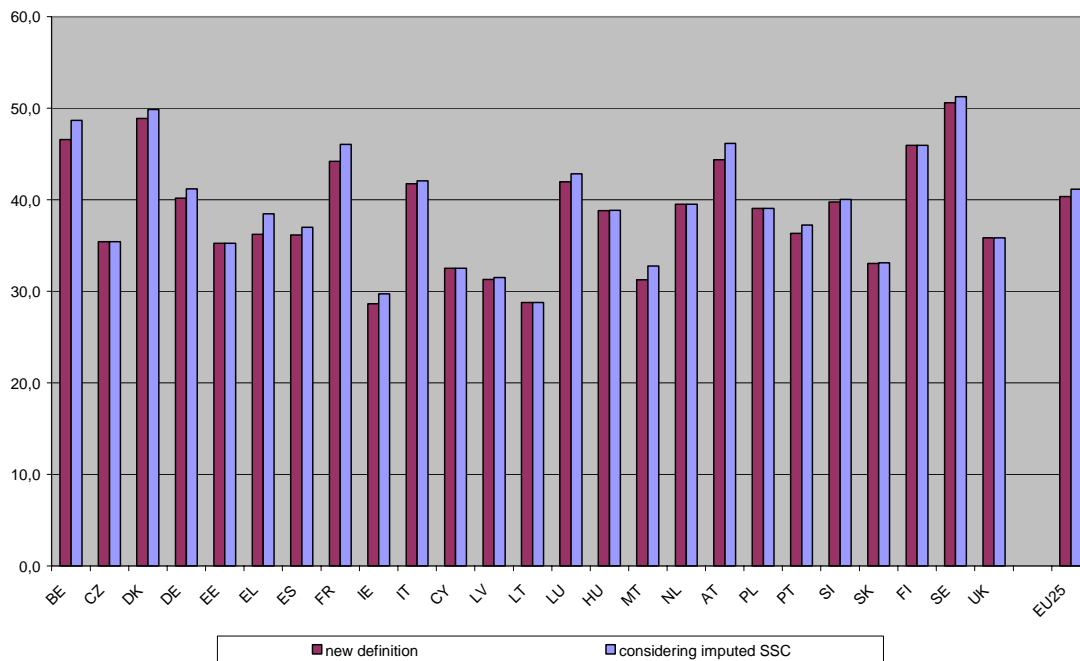
Social contributions are paid by employers and employees on the basis of a work contract, or by self- and non-employed persons.

Social contributions include:

- Compulsory Employers' actual social contributions (D61111).
- Compulsory employees' social contributions (D61121).
- Compulsory social contributions by self- and non-employed persons (D61131).

Prior to the 2003 edition actual social contributions (ESA95 code D611), which include both compulsory and voluntary contributions, were used for the purposes of calculating the statistics. Voluntary contributions vary in their purpose (e.g. the purchase of 'extra years' for pensions and the wish to complete a gap in the social contributions due to years worked abroad) and may vary in the degree to which they are voluntary in a real economic sense, but as they are essentially a form of household saving they should not be considered as compulsory levies imposed by the government. In addition, *imputed social contributions* (D612), which relate to unfunded social security schemes, are excluded such that the definition used in this survey corresponds to Indicator 2 of the four indicators of general government and European Union levies issued by Eurostat (see Box 2). 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-25 average by almost 1 percentage point, the development of the ratio over time would not be affected (see Ann. C Graph 1)

Ann. C Graph 1 Sensitivity analysis: role of imputed social contributions
2002, in %



Box 2 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 3 shows a breakdown of taxes that Member States have agreed to provide on a harmonised basis as well as the codes used in ESA95. This represents the smallest common denominator for tax data availability; national statistical offices provide more detail on individual taxes¹. Total taxes are defined as: taxes on production and imports (D2), current taxes on income and wealth (D5), capital taxes (D91), compulsory actual social contributions (D61111+ D61121+ D61131).

Box 3 Schematic presentation of ESA95 classification of taxes and social contributions

<p>TRD2</p> <p>TRD21</p> <p> TRD211</p> <p> TRD212</p> <p> TRD2121</p> <p> TRD2122</p> <p> TRD2122A</p> <p> TRD2122B</p> <p> TRD2122C</p> <p> TRD2122D</p> <p> TRD2122E</p> <p> TRD2122F</p> <p>TRD214</p> <p> TRD214A</p> <p> TRD214B</p> <p> TRD214C</p> <p> TRD214D</p> <p> TRD214E</p> <p> TRD214F</p> <p> TRD214G</p> <p> TRD214H</p> <p> TRD214I</p> <p> TRD214J</p> <p> TRD214K</p> <p> TRD214L</p> <p>TRD29</p> <p> TRD29A</p> <p> TRD29B</p> <p> TRD29C</p> <p> TRD29D</p> <p> TRD29E</p> <p> TRD29F</p> <p> TRD29G</p> <p> TRD29H</p>	<p>Taxes on Production and Imports</p> <p>Taxes on Products</p> <p> Value added type taxes</p> <p> Taxes and duties on imports excluding VAT</p> <p> Import duties</p> <p> Taxes on imports, excluding VAT and import duties</p> <p> Levies on imported agricultural products</p> <p> Monetary compensatory amounts on imports</p> <p> Excise duties</p> <p> General sales taxes</p> <p> Taxes on specific services</p> <p> Profits of import monopolies</p> <p>Taxes on products, except VAT and import taxes</p> <p> Excise duties and consumption taxes</p> <p> Stamp taxes</p> <p> Taxes on financial and capital transactions</p> <p> Car registration taxes</p> <p> Taxes on entertainment</p> <p> Taxes on lotteries, gambling and betting</p> <p> Taxes on insurance premiums</p> <p> Other taxes on specific services</p> <p> General sales or turnover taxes</p> <p> Profits of fiscal monopolies</p> <p> Export duties and monetary comp. amounts on exports</p> <p> Other taxes on products n.e.c.</p> <p>Other taxes on production</p> <p> Taxes on land, buildings and other structures</p> <p> Taxes on the use of fixed assets</p> <p> Total wage bill and payroll taxes</p> <p> Taxes on international transactions</p> <p> Business and professional licences</p> <p> Taxes on pollution</p> <p> Under-compensation of VAT (flat rate system)</p> <p> Other taxes on production n.e.c.</p>
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¹ Annex B provides for each EU-15 Member State the list of individual taxes that Member States have agreed to provide on a voluntary basis, and shows how in this publication the individual taxes have been allocated for the purpose of determining the economic classification of taxes and the amount of environmental taxes.

Box 3 Continued

TRD5	Current taxes on income, wealth, etc.
TRD51	Taxes on income
TRD51A+TRD51C1	Taxes on individual or household income incl. holding gains
TRD51B+TRD51C2	Taxes on the income or profits of corporations incl. holding gains
TRD51C3	Other taxes on holding gains
TRD51D	Taxes on winnings from lottery or gambling
TRD51E	Other taxes on income n.e.c.
TRD59	Other current taxes
TRD59A	Current taxes on capital
TRD59B	Poll taxes
TRD59C	Expenditure taxes
TRD59D	Payments by households for licences
TRD59E	Taxes on international transactions
TRD59F	Other current taxes n.e.c.
TRD91	Capital taxes
TRD91A	Taxes on capital transfers
TRD91B	Capital levies
TRD91C	Other capital taxes n.e.c.
TRD611	Actual social contributions
TRD6111	Employers' actual social contributions
TRD61111	Compulsory employers' actual social contributions
TRD61112*	Voluntary employers' actual social contributions*
TRD6112	Employees' social contributions
TRD61121	Compulsory employees' social contributions
TRD61122*	Voluntary employees' social contributions*
TRD6113	Social contributions by self- and non-employed persons
TRD61131	Compulsory contributions self- and non-employed persons
TRD61132*	Voluntary contributions by self and non-employed persons*
TRD612*	Imputed social contributions*

* Not included in the 'Structures' definition of total taxes (incl. social contributions)

Part B: Tax structure by level of government

Data sources: same as in part A

Definitions of the aggregates: total taxes received by the general government (institutional sector S13 in ESA95) are broken down as taxes received by:

- Central government (S1311)
- State (region) government for federal states (S1312)
- Local government (S1313)
- Social security funds (S1314)
- the EC institutions (S212)

The taxes that are reported under these headings represent 'ultimately received' tax revenues. This means, for example, that not only the 'own' taxes are included, but also the part of the tax revenue that is automatically and unconditionally 'shared' between the government sub-sectors, even if these government sub-sectors have no power to vary the rate or the base of those particular taxes. Additional information was used for the classification of taxes for Belgium..

Part C: Tax structure by economic function

The calculation of Part C ratios requires a Detailed List of Taxes with a full economic allocation of taxes and a split of the personal income tax by economic function.

- Detailed tax data for each country are listed in annex B.
- A split 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. Member States use data sets of individual tax payers (BE, DK, DE, FR, IE, LU, LV, MT, NL, PL, FI, SE, SI and UK) or income class data based on data-set of individual taxpayers (EL, ES, IT) or tax receipts from withholding and income tax statistics with certain corrections (AT, PT)². Several Member States were not able to provide a 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. When not provided by the Member State, the 2003 split has been considered equal to that of 2002. Data were provided as follows: BE (1995-2002), CY (2001-2002), CZ (2001-2002), DK(1995-2002), DE (1995-2003), EE (2000-2003) EL (1995-2002), ES (1995-2002), FR (1999-2002), HU (2002-2003) IE (1995-2001), IT (1995, 1998, 1999, 2000, 2001), LU (1996-2002), LV (estimates 1999-2003 plus some data or assumptions for 1995-1998), LT (2002-2003), MT (1998-2003), NL (1995, 1997, 2000, 2001), NO (1995-2002), AT (1995-2002), FI (1995-2003), SE (1995-2003), SI (1995-2002), SK (2001-2002), UK (1995-2003), PL (2003), PT (1999). As can be seen, in some cases the number of estimates for the PIT split still falls short of the ideal, limiting the reliability of the allocation of taxes to economic function and therefore of the ITRs. The case of Portugal raises particular concerns as the projection of the estimate to years ever farther removed in time from 1999 increasingly limits the representativeness of the indicators.
- Compulsory social contributions of self-employed and non-employed (D61131) needed to be split between non-employed (considered as part of labour) and self-employed considered as part of capital. The split is not available from the Eurostat public database (formerly newCronos), although some national sources of national accounts make it available. The split has been computed by applying to D61131 the share of non-employed and self-employed as reported by the Member States as part of the social protection data in the Eurostat public database, the so-called ESSPROS module of Eurostat³; where no statistics were available (e.g. for Cyprus) the share paid by the non-employed was assumed to be negligible. The data were available until 2002. The stability of the shares of self-employed and non-employed allowed keeping these constant for year 2003, equal to their 2002 value in the computations. For Belgium more detailed national accounts data on the separate contribution of self-employed, and non-employed have been used instead.

Methodology and the allocation of taxes to economic functions

Taxes on consumption, labour and capital add up to the total of taxes received by general government. The separation of taxes into three economic functions and the identification of an environmental tax category inevitably lead to simplifications and somewhat hybrid categories. The exercise is currently complicated by the fact that the harmonised classification of taxes in ESA95 is not always consistently

² The methodology utilised by Member States to arrive at the PIT split is described in more detail in a separate section of this annex.

³ Eurostat (1996)

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. Therefore while experience with ESA95 develops, the borderline cases, which mainly affect the split between taxes on stocks of capital and on consumption, will be reviewed.

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. A method had to be developed to split the personal income tax revenue, in most cases using unpublished data supplied from the national tax administrations. This method is outlined in a later section of this methodological note. In addition, for some other national specific taxes (examples of which are mentioned below), estimates from Member States have been used to distribute their revenue across the economic functions. The revenue from the French tax on accommodations (so-called 'Taxe d'habitation'), for example, has been distributed among the categories 'consumption' and '(stocks of) capital', using estimates from the national administration. Also, the revenue from the French generalised social contribution and from the contribution for the reduction of social security institutions debt (commonly abbreviated to 'CSG' and 'CRDS', respectively) has been distributed over the categories 'labour' and 'capital (income of households)'. Local business taxes often relate to one or more sources of economic income and are allocated over the economic functions where possible. The revenue from the Italian Regional tax on Productive Activities ('IRAP'), for example, has been distributed among the categories 'labour' and 'capital (income of corporations)', using revenue data from the public administration. The German local business tax ('Gewerbesteuer'), on the other hand, was fully allocated to the category 'capital income (of corporations)', as the part on business capital stocks is not applied in recent years. The French local business tax ('Taxe professionnelle') has been fully allocated to the category 'Stocks (wealth) of capital', as it is mostly levied on buildings and real estate, and the French government is reforming the tax with phasing out the payroll component from the tax base. Finally, as mentioned in the section "Data sources" at the beginning of this Annex, in the case of Poland, despite data limitations, it was possible to arrive at an indicative quantification of labour taxation for 2003. However, these values are not comparable with those for the other Member States and have therefore neither been reproduced in Annex A nor utilised for the calculation of Union or NMS averages.

Taxes on consumption:

Taxes on consumption are defined as taxes levied on transactions between final consumers and producers and on the final consumption goods. In the new ESA classification these can be identified as the following categories (see Box 4):

- Value added type taxes (D211).
- Taxes and duties on imports excluding VAT (D212).
- Taxes on products except VAT and import duties (D214), which include excise duties. Those taxes paid by companies on products used for production have been excluded from the category of consumption taxes, whenever the level of detail enabled their identification (for instance for the car registration tax paid by companies). But national accounts tax revenues do not allow such a split for excise duties, which are paid for a substantial part by companies. Moreover, some categories have

been allocated to capital such as the stamp taxes (D214B), when they could be identified as related to the stock exchange market or real estate investment. Taxes on financial and capital transactions (D214C) have also been recorded as capital taxes.

- Other taxes on production (D29). These are a typical border case since this category includes several taxes or professional licences paid by companies 'as a result of engaging in production': total wage bill and payroll taxes (D29C) have been classified as a tax on labour, taxes on land, building and other structures (D29A) have been classified as taxes on the stock of capital. But most of the other categories, such as taxes on pollution (D29F) have been considered as consumption taxes.
- Some taxes defined as current taxes (D5) in ESA95 such as poll taxes, expenditure taxes, or payments of households for licences have been attributed to consumption since they are expenditures made by households to obtain specific goods and services.

Box 4 Definition of taxes on consumption

D211: Value added type taxes
 D212: Taxes and duties on imports excluding VAT
 D214: Taxes on products except VAT and import duties without:
 - D214B: Stamp taxes
 - D214C: Taxes on financial and capital transactions
 D29: Other taxes on production without:
 - D29A: Taxes on land, buildings or other structures
 - D29C: Total wage bill and payroll taxes
 D59B: Poll taxes
 D59D: Payments by households for licences

Taxes on labour

Taxes on employed labour income

Taxes on employed labour comprise all taxes, directly linked to wages and mostly withheld at source, paid by employers and employees, including compulsory social contributions (see Box 5). They include compulsory actual employers' social contributions (D61111) and payroll taxes (D29C), compulsory social contributions paid by employees (D61121) and the part of personal income tax (D51A) that is related to earned income. The personal income tax is typically levied on different sources of income, labour income, but also social benefits, including pensions, dividend and interest income and self-employment income. The next section explains how taxpayers' data have been used to allocate the personal income tax revenue across different sources of income.

Taxes on non-employed labour income

The category labour - non-employed comprises all taxes and compulsory social contributions raised on transfer income of non-employed persons, where these could be identified. This transfer income includes social transfers that are paid by the state (*e.g.* unemployment-, invalidity- and health care benefits) and benefits from old-age pension schemes (both state and occupational pension schemes). Most of these benefits paid to non-employed persons are in some way or the other linked to employment; contributions for current unemployment- and State pension benefits are for example for the most part paid by the active labour force, while occupational pension schemes are mostly funded while being employed. The calculation of the implicit tax rate on labour is, however, limited to the category employed labour.

- In some Member States social transfer payments by the State are subject to personal income taxation. In this case, part of what is paid by the State is immediately refunded to the budget (but not necessarily at the same level) in the form of taxes. In many instances, however (*e.g.* for social assistance), the taxes raised on social transfers are more of an accounting convention than taxes in a proper sense, a means employed to yield a certain net transfer. Where such taxes could be identified they have been separated from other taxes and social contributions.
- Pension arrangements and their tax treatment vary considerably between, and in some cases within, Member States. Where there is up-front tax relief for contributions to funded pensions, this often tends to be given as an exemption from tax on labour income and estimates are not easy to make. The tax revenue collected on pension benefit payments is usually easier to estimate, but there is a conceptual and practical issue over whether to regard it as capital income (because pensions can be privately funded), deferred labour income (because they are actually taxed in this way) or a social transfer payment (because they are classified as such in national accounts or because they are guaranteed by the state). For state (first pillar) pensions, the solution is to treat them in the same way as social transfer payments but for occupational (second pillar) and private (third pillar) pensions the issue is more difficult, because they are generally privately funded and the benefits are not guaranteed by the state. The compromise solution adopted in this report classifies income tax on occupational pensions under the labour - non-employed category and does not include them in capital income. An important reason for doing this is that both state and occupational pension benefits are often treated as (deferred) labour income in the income tax, as they are directly linked to employment or the exercise of a profession. Another important argument is that occupational pension benefits are scored as (privately funded) social benefits in national accounts⁴. In the United Kingdom, however, occupational pensions and also private pensions are allocated to capital giving an upward bias to the TTR 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)⁵.
- 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

⁴ In national accounts, social benefits are transfers to households, in cash or in kind, intended to relieve them from the financial burden of a number of risks or needs, made through collectively organised schemes, or outside such schemes by government units.

⁵ Unfortunately, in some Member States the taxes raised on different types of pensions cannot be separately identified from the income tax statistics. The treatment of taxes raised on pensions is a difficult area, both from a conceptual and practical point of view, which would benefit from further work. Eurostat is carrying out a study on the proper classification of the different national schemes in the national accounts.

risk of incurring losses when exercising their activity. Personal income taxes as well as social contributions of self-employed are therefore, allocated to the capital income sub-category for self-employed. This assumption includes the part of self-employment income equivalent to the remuneration of self-employment own labour. For some Member States, this assumption does not reflect the situation of some self-employed, whose economic status or income does not significantly differ from those of wage earners. In Italy, for example, the Central Statistical Office (ISTAT) provides official estimates of the percentages of 'mixed income' that can be attributed to labour and capital.

Box 5 Definition of taxes on labour

<u>Employed labour</u>	
From D51	Taxes on income:
D51A+D51C1	Taxes on individual or household income including holding gains (part raised on labour income)
D29C	Total wage bill and payroll taxes
From D611	Actual social contributions:
D61111	Compulsory employers' actual social contributions
D61121	Compulsory employees' social contributions
<u>Non-employed labour</u>	
From D51	Taxes on income:
D51A+D51C1	Taxes on individual or household income including holding gains (part raised on social transfers and pensions)
D61131	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 6). 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 6 Definition of taxes on capital

<u>Capital and business income taxes:</u>	
From D51-Taxes on income:	
D51A+D51C1	Taxes on individual or household income including holding gains (part paid on capital and self-employed income)
D51B+D51C2	Taxes on the income or profits of corporations including holding gains
D51C3	Other taxes on holding gains
D51D	Taxes on winnings from lottery and gambling
D51E	Other taxes on income n.e.c.
From D611-Actual social contributions	
D61131	Compulsory social contributions by self- and non-employed persons (part paid by self-employed)
<u>Taxes on stocks (wealth)</u>	
From D214-Taxes on products, except VAT and import taxes:	
D214B	Stamp taxes
D214C	Taxes on financial and capital transactions
D214D	Car registration tax
From D29-Other taxes on production	
D29A	Taxes on land, buildings or other structures
D29B	Taxes on the use of fixed assets
D29E	Business and professional licenses
D29H	Other taxes on production n.e.c.
From D59-Other current taxes	
D59A	Current taxes on capital
D59F	Other current taxes on capital n.e.c.
D91	Capital taxes

- *Taxes on capital and business income* that economic agents earn or receive from domestic resources or from abroad. This includes taxes on income or profits of corporations (Box 7), 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 8). In practice this is mainly the personal income tax paid on dividend, interest and entrepreneurial activity (part of D51A+D51C1) and corporate income tax (D51B+D51C2) as well as other taxes on holding gains (D51C3). This metric is further subdivided into the *Taxes on the income of corporations* (using the Taxes on the income or profits of corporations including holding gains as a numerator) and *Taxes on the income of households*, which uses the residual of *Capital and business income taxes*.

Box 7 Definition of taxes on the income of corporations

<u>Taxes on the income of corporations</u>	
D51B+D51C2	Taxes on the income or profits of corporations including holding gains

Box 8 Definition of taxes on the capital and business income of households

<i>Taxes on capital and business income of households:</i>	
From D51-Taxes on income:	
D51A+D51C1	Taxes on individual or household income including holding gains (part paid on capital and self-employed income)
D51C3	Other taxes on holding gains
D51D	Taxes on winnings from lottery and gambling
D51E	Other taxes on income n.e.c.
From D611-Actual social contributions	
D61131	Compulsory social contributions by self- and non-employed persons (part paid by self-employed)

- *Taxes on capital stock* include the wealth tax (D59A), capital taxes (D91) including the inheritance tax (D91A), the real estate tax (D29A) or taxes on the use of fixed assets (D29B), professional and business licences (D29E), and some taxes on products (from the category D214).

Environmental taxes

Environmental taxes include energy taxes, transport taxes (including registration and circulation car taxes), and pollution taxes. This is a sub-category of indirect taxes or consumption taxes. The taxes included for each Member State are listed in annex B⁶. For a full description of the methodology utilised in compiling the statistics contained in this publication, see European Communities, *Environmental Taxes in the European Union 1980-2001 – Statistics in Focus – Theme 8: Environment and Energy* – Eurostat, June 2003.

⁶ The methodology is described in European Commission (2001b).

Part D: Implicit tax rates

The implicit tax rates are defined for each economic function. They are computed as the ratio of total tax revenues of the category (consumption, labour, and capital) to a proxy of the potential tax base defined using the production and income accounts of the national accounts.

Data sources: National accounts data used in the construction of the denominator are extracted from the Eurostat public database (formerly NewCronos), with further national account data acquired for calculating the bases of the implicit tax rates on capital and capital income. The numerators are taken from the ratios calculated in Part C. The data have been extracted from the Eurostat database in May 2005. Moreover Ireland and Luxembourg have derogations to the ESA95 regulation to provide simplified income and distribution accounts. For a number of countries limitations in data availability, particularly in the case of the denominator of the ITR on capital, restricted the calculation of ratios. As mentioned in the section "Data sources" at the beginning of this Annex, in the case of Poland, despite data limitations, it was possible to arrive at an indicative quantification of the ITR on labour for 2003, but this value is not comparable with that for the other Member States and has therefore neither been reproduced in Annex A nor utilised for the calculation of Union or NMS averages.

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 implicit tax rates (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 possible⁷. In addition, any timing differences that arise because of lags in tax payments and business cycle effects may give rise to significant volatility in these measures. In short, they represent a reduced model of all variables influencing taxation, tax rates and bases.

Implicit tax rate on consumption

The implicit tax rate 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 9).

Box 9 Definition of the implicit tax rate on consumption

Ratio	Definition
Implicit tax rate on consumption (ESA95)	Taxes on consumption / (P31_S14dom)
<p><i>Numerator:</i> see Box 4.</p> <p><i>Denominator:</i></p> <p>P31_S14dom: Final consumption expenditure of households on the economic territory (domestic concept).</p>	

This simple metric, which replaced the more complex version used prior to the 2003 edition, is considered preferable on a number of counts. Under the previous approach government consumption net of government salaries was added to consumption of households on the economic territory to obtain the denominator⁸, 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 government⁹.

The importance of intermediate government consumption for the implicit tax rate can be estimated for VAT. Ann. C Table 1 indicates the share of taxable intermediate consumption of the government and non profit-institutions in the total taxable VAT-base. For 2000 this lies between 4% and 19% in different

⁷ OECD (2000); OECD (2002b).

⁸ In this respect, the previous approach followed the formula proposed by Mendoza, Razin and Tesar (1994).

⁹ 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.

Member States (see following table). There are, however, other final demand components contributing to a similar extent to the VAT-base which remain excluded. From the viewpoint of VAT, which is only one part of the consumption taxes included in the ITR, other corrections to the denominator would be justified. On the other hand there is a clear indication that private consumption of households is by far the most important component of the tax base. This is a good reason to keep the overall implicit tax rate on consumption simple and include only the final domestic consumption of households in the denominator, accepting as a consequence the overestimation of the tax burden on private consumers.

Ann. C Table 1 Share of different categories of internal demand in the total taxable VAT-base (EU-15)
2000 - in %

Member States	Final consumption of households	Intermediate consumption of private non-profit institutions and general government	Intermediate consumption of other sectors	Gross fixed capital formation of private non-profit institutions and general government	Gross fixed capital formation of other sectors	Others
Belgium	71	5	9	3	10	2
Denmark	59	12	13	3	13	0
Germany	61	9	11	3	16	0
Greece	67	7	0	6	19	0
Spain	73	5	6	4	9	2
France	64	8	11	5	12	1
Ireland	60	5	9	6	17	3
Italy	74	5	12	2	7	0
Luxembourg	64	4	19	6	7	0
Netherlands	63	6	12	17 ⁽¹⁾		2
Austria	72	8	6	12 ⁽¹⁾		2
Portugal	68	9	12	7	4	0
Finland	64	14	11	5	4	2
Sweden	60	19	12	4	5	0
United-Kingdom	68	9	15	2	6	1
Mean	66	8	11	4	10	1
Coefficient of variation	7	47	41	58	48	104
Min/Max	60/74	4/19	0/19	0/7	4/19	0/3

¹⁾ No split between GFCF of government and GFCF of other sectors is available in our database. Therefore, descriptive statistics are computed without Netherlands and Austria.

Source: Commission Services

This reasoning holds not only for VAT. Excise duties are a major category of 'consumer' taxes, which are also paid by companies. One could argue that companies could recoup the cost of excise duties by maintaining prices at a higher level, resulting in higher tax burdens on end consumers, although assumptions of this sort are normally subject to a final incidence analysis of the tax burden. In any case, measures of effective tax rates generally disregard tax shifting. To obtain an accurate measurement of the tax burden for consumers it would be beneficial to split the revenues from the taxes and charges that are paid by consumers, the government and enterprises. This approach has already been followed for taxes and duties on motor vehicles, where only payments by households are included in our tax ratio. However,

the division of taxes between households and companies for all excise duties and other 'consumer' taxes is constrained by data limitations. For the time being, the inclusion of all taxes potentially levied on private consumption in the tax ratio yields a simple and comparable indicator of the tax burden on consumers in different Member States, despite the overestimation bias. Improvements, such as the split of ITR on consumption by type of taxes (VAT, excise duties, others), might fruitfully be pursued in future editions.

Implicit tax rate on labour

The implicit tax rate 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 10). The implicit tax rate of 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 10 Definition of the implicit tax rate on labour

Ratio	Definition
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 / (D1 + D29C)
<i>Numerator:</i> see Box 5 – Employed labour	
<i>Denominator:</i>	
D1	Compensation of employees
D29C	Wage bill and payroll taxes

The fundamental methodological problem in calculating the implicit tax rate on labour and capital is that the personal income tax is typically broad-based and relates to multiple sources of income (*i.e.* employed labour, self-employed labour, income from capital and income in the form of social benefits and pensions received). The note on the PIT split explains the calculations for estimating the part of the revenue from personal income tax that can be attributed to labour income and other income sources.

The resulting implicit tax rate on labour should be seen as a summary measure that approximates an average effective tax burden on labour income in the economy. It must be recognised that the tax ratio may hide important variation in effective tax rates across different household types or at different wage levels. For example, cuts in taxes or social contribution rates that are targeted on low-paid, low-skill workers or families with children may have a small impact on the overall ITR and yet be effective in raising take-home pay for the beneficiaries.

Implicit tax rates on capital

The implicit tax rate is calculated for total capital taxes and for the sub-category of taxes on capital income (which differs from capital taxes overall because it excludes taxes on the stock of capital)¹⁰. 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.

Of the various implicit tax rates, the ITRs on capital are by far the most complex and given their limitations should be interpreted very carefully. A first problem is that as indicated below, the ITR on capital is broadly based and therefore reflects a wide range of factors. In particular, the definitions of the ITR denominators can only roughly approximate the world-wide capital income of a country's residents for domestic tax purposes. This does not mean that on the side of companies profits of foreign affiliates are consolidated within the (domestic) parent company. National accounts disregard the foreign ownership of subsidiaries located on the economic territory when the generation of profits is recorded. They are simply treated as domestic companies.¹¹ However, the base of the ITR does not measure the actual base of tax legislation, which drives tax revenues. So in practice it is not easy to link developments in the overall ITR on capital and business income to the various statutory tax rates and other policy changes.

Capital and business income according to national accounts is defined as profits and property income. Profits are defined as net operating surplus (B2n) of the private sector including corporations (and quasi-corporations), private households, and non-profit institutions and mixed income (B3n) of the self-employed. The net operating surplus of the government sector is excluded, because losses or profits of the government are not subject to taxation. The gross operating surplus of the private sector also includes the net operating surplus of financial institutions including interest based profits measured by the aggregate Financial Intermediation Service (FISIM) in national accounts¹².

There is no simple way of approximating the tax base for property income (mainly interest and dividends) for the whole private sector. Compared to the 'Structures' based on ESA79 data, we switched from net

¹⁰ The methodology is described in: European Commission, Directorate-General for Taxation and Customs Union (2004b)

¹¹ The profits of foreign affiliates are recorded in the distribution of income as 'reinvested earnings on foreign direct investment' (D43) between the parent and subsidiary company. The flow D43 paid in national accounts means that subsidiaries in the host country have retained profits and this is attributed to the parents abroad in national accounts. The flow D43 received consists of retained profits of subsidiaries abroad attributed to the parent companies in the investigated country. Both flows can have a negative sign in the case of losses of the subsidiaries. The solution for the ITR tax base is not taking reinvested earnings on foreign direct investments into account. On the one hand the profit (or loss) of a parent earned abroad is not counted. On the other hand the retained profits (or losses) of foreign subsidiaries in the home country is not deducted from the ITR tax base.

¹² This aggregate nets off when the profit of the whole economy is considered. This is another reason for limiting the tax base to the private sector.

interest payments of the government to a specifically defined balance of property income of the private sector (received minus paid). The objective for the definition of this balance was to approximate the potentially taxable profit of a company and the taxable capital income of private households.

Taxable profits of companies consist of net operating profit and property income received (financial income) less certain deductible elements of property income paid. The property income deductible from the tax base includes interest (D41), property income attributed to insurance policy holders (D44) and rents on land (D45). Dividends (part of distributed income of corporations - D42) are part of the financial income but they cannot be deducted to calculate the taxable base in national tax legislation¹³. For private households, the taxable capital income consists almost completely of interest and dividend payments received and of property income attributed to policy holders received from insurance companies and pension funds.

The balance of D44 received minus paid usually nets off for the whole private sector. The definition takes into account the received property income from abroad and improves the measurement of profits from banks and insurance companies. However, for the ITR on capital several sources of bias compared to taxable profits remain:

- Since the calculation of depreciation of fixed capital in national accounts uses prices of the current period, it differs a lot from methods used in profit and loss accounts. Additionally, the calculation of consumption of fixed capital is not comparable across countries. This could lead to additional biases in measuring the effective tax burden on capital.
- Capital gains are not part of profits in national accounts because they are not related to the production process. This important part of taxable profits of (financial) companies is disregarded in calculating the denominator and leads to an overestimation of the ITR on capital and business income as far as capital gains are taxed. The same is true as regards the capital gains of private households, which are often taxed under the personal income tax. All this is likely to affect international comparability, as some countries have a greater share of financial company profits including gains.
- Central banks are part of the financial corporations sector in national accounts. The inclusion of their (non-taxable) profits in the denominator leads to an underestimation of the ITR on capital and business income.
- For taxable third-pillar private pension benefits, treated as income from capital in the split of the personal income tax (PIT), no corresponding income flow is recorded in national accounts. Ignoring these benefits in the potentially taxable capital and business income in the denominator leads to an overestimation of the ITR.
- In the Eurostat data of national accounts for the EU Member States, interest payments by private households and self-employed are not available separately. Taking the total net interest as part of the denominator accounts for tax deductible interest payments of self-employed but leads to an overestimation of the ITR on capital because interest payments for mortgage and consumer loans are not tax-deductible in most Member States.

¹³ 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 (2004b).

- 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 11 Definition of the implicit tax rate on capital (income)

Implicit tax rate on capital (income)	Capital (income) taxes/ $B2n_S11-12 + B2n_S14-15 + B3n_S14 +$ $D41_S11-12rec - D41_S11-12pay + D44_S11-12rec - D44_S11-12pay +$ $D45_S11-12rec - D45_S11-12pay +$ $D42_S11-12rec - D42_S11-12pay + D42_S13rec + D42_S2rec +$ $D41_S14-15rec - D41_S14-15pay + D45_S14-15rec - D45_S14-15pay +$ $D42_S14-15rec + D44_S14-15rec$
<i>Numerator:</i>	see Box 6- taxes on capital
<i>Denominator:</i>	
B2n_S11-12	Net operating surplus of non-financial and financial corporations (incl. quasi-corporations)
B2n_S14-15	Imputed rents of private households and net operating surplus of non-profit institutions
B3n_S14	Net mixed income of self-employed
D41_S11-12rec	Interest received by non-financial and financial corporations
D41_S11-12pay	Interest paid by non-financial and financial corporations
D44_S11-12rec	Insurance property income attributed to policy holders received by non-financial and financial corporations
D44_S11-12pay	Insurance property income attributed to policy holders paid by non-financial and financial corporations
D45_S11-12rec	Rents on land received by non-financial and financial corporations
D45_S11-12pay	Rents on land paid by non-financial and financial corporations
D42_S11-12rec	Dividends received by non-financial and financial corporations
D42_S11-12pay	Dividends paid by non-financial and financial corporations
D42_S13rec	Dividends received by general government
D42_S2rec	Dividends received by rest of the world
D41_S14-15rec	Interest received by households, self employed and non-profit organisations
D41_S14-15pay	Interest paid by households, self employed and non-profit organisations
D45_S14-15rec	Rents on land received by households, self employed and non-profit organisations
D45_S14-15pay	Rents on land paid by households, self employed and non-profit organisations
D42_S14-15rec	Dividends received by private households, self-employed and non-profit organisations
D44_S14-15rec	Insurance property income attributed to policy holders received by private households, self-employed and non-profit organisations

The overall ITR on capital and business income for corporations and households is influenced through various channels. Therefore, developments of this indicator are sometimes difficult to explain. Although difficulties of interpretation stemming from the backward-looking character of the data remain, the interpretation of separate ITRs for the corporations sector and households sector is more straightforward. 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'¹⁴. In most countries, tax revenues raised on corporate income equal the aggregate D51B+D51C2 'Taxes on the income or profits of corporations including holding gains' (Box 12). 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 13).

Box 12 Definition of the implicit tax rate on corporate income

Implicit Tax Rate on corporate income	$\frac{\text{Taxes on corporate income/}}{\text{B2n_S11-12 + D41_S11-12rec - D41_S11-S12pay + D45_S11-12rec - D45_S11-12pay + D42_S11-12rec - D42_S11-12pay + D42rec. by S13 + D42rec. by S2 + D42rec. by S14-15 + D44_S11-12rec - D44_S11-12pay}}$
Numerator:	
D51B+D51C2	Taxes on the income or profits of corporations including holding gains
Denominator:	
B2n_S11-12	Net operating surplus of non-financial and financial corporations (incl. quasi-corporations)
D41_S11-12rec	Interest received by non-financial and financial corporations
D41_S11-12pay	Interest paid by non-financial and financial corporations
D45_S11-12rec	Rents on land received by non-financial and financial corporations
D45_S11-12pay	Rents on land paid by non-financial and financial corporations
D42_S11-12rec	Dividends received by non-financial and financial corporations
D42_S11-12pay	Dividends paid by non-financial and financial corporations
D42_S13rec	Dividends received by general government
D42_S2rec	Dividends received by rest of the world
D42_S14-15rec	Dividends received by households, self-employed and non-profit institutions
D44_S11-12rec	Insurance property income attributed to policy holders received by non-financial and financial corporations
D44_S11-12pay	Insurance property income attributed to policy holders paid by non-financial and financial corporations

When splitting the ITR on capital income for (non-financial and financial) corporations and households, the flows of property income between these two sectors are of particular importance. A clear split can be made for the national accounts categories interest payments (D41) and rents (D45).

In principle, dividends are part of the taxable financial income of a company. They are subject to double taxation because corporate taxes have been levied on the profit at the level of the distributing company. In order to limit or offset the double taxation at the level of the shareholder (corporation or individual) Member States apply different taxation schemes. However, most countries do not offset fully the double

¹⁴ Annex B shows for each Member State a detailed classification of taxes to the different categories.

taxation.¹⁵ 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.

Box 13 Definition of the implicit tax rate on capital and business income of households

Implicit Tax Rate on capital and business income of households (incl. self-employed)	Taxes on capital and business income of households/ B2n_S14-15 + B3n_S14 + D41_S14-15rec - D41_S14-15pay D45_S14-15rec - D45_S14-15pay D42_S14-15rec + D44_S14-15rec
<i>Numerator:</i>	
D51A+D51C2	Taxes on individual or household income including holding gains (part paid on capital and self-employed income)
D51C3	Other taxes on holding gains
D51D	Taxes on winnings from lottery and gambling
D51E	Other taxes on income n.e.c.
D61131	Compulsory social contributions by self- and non-employed persons (part paid by self-employed)
<i>Denominator:</i>	
B2n_S14-15	Imputed rents of private households and net operating surplus of non-profit institutions
B3n_S14	Net mixed income of self-employed
D41_S14-15rec	Interest received by households, self employed and non-profit organisations
D41_S14-15pay	Interest paid by households, self employed and non-profit organisations
D45_S14-15rec	Rents on land received by households, self employed and non-profit organisations
D45_S14-15pay	Rents on land paid by households, self employed and non-profit organisations
D42_S14-15rec	Dividends received by private households, self-employed and non-profit organisations
D44_S14-15rec	Insurance property income attributed to policy holders received by private households, self-employed and non-profit organisations

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

¹⁵ For an overview of the schemes that apply for the individual shareholder see European Commission 2003b

all other sectors. However, this information can be used to approximate the dividends received by corporations from abroad. From the total sum of dividends received by corporations (D42rec_S11-12) we deduct the dividends distributed by domestic corporations (D42pay_S11-S12) in order to avoid double counting. However this deduction is too large, as only the dividends distributed to domestic corporations should be subtracted. Therefore, dividends received by the government (D42rec_S13), the rest of the world (D42rec_S2) and households (D42rec_S14-15) are added to the denominator. This approximation is only fully correct under the assumption that the government and households do not receive dividends directly from abroad but through domestic banks and insurance companies. While this assumption seems reasonable for the government, for households it can be expected that they receive a certain part of dividends from abroad, meaning that the dividends included in the denominator are overestimated.

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 implicit tax rates on capital and business income for households and on corporate income do not sum up to the overall implicit tax rate. For the overall implicit tax rate on business and capital income the dividend payments between the corporations and the households sector need to be consolidated.

But with the 'property income attributed to insurance policy holders (D44)' there exists another income flow for distributing profits from financial corporations to private households.¹⁶ Insurance companies and pension funds collect contributions from their insurance policies or schemes, and after deducting their operating costs they invest them in the capital market or in other assets. From this (financial) investment they receive property income in the form of interest, dividends or rents as well as capital gains through trading stocks, bonds etc. This return on investment constitutes partly the profit of the insurance companies and partly belongs to the insurance policy holder as laid down in the insurance contract. It is that part attributed to the policy holders (excluding capital gains)¹⁷, which, in national accounts, is transferred via the D44 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 last edition of the Structures of the taxation systems did not take the flow D44 into account. This means that the return on investment was fully allocated to financial corporations. It was based on the fact that there is no actual flow of income in the period in which insurance companies earn income on behalf of policyholders. In national accounts, income received by insurance companies or pension funds by investing their technical reserves in financial assets or buildings is only 'attributed' to policy insurance

¹⁶ For the private sector as a whole, including or excluding D44 (received minus paid) from the tax base has no major empirical impact on the ITR on capital income since the net D44 is close to 0 and represents nearly exclusively a flow from financial corporations to households.

¹⁷ 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.

holders. It is 're-collected' afterwards through imputed higher insurance contributions. Because these flows are purely imputed within national accounts, no taxes - at this stage - are raised on the level of the insurance policy holder.

However, it seems that the tax exemption of such earnings is the dominant regime for the taxation of pension funds and insurance companies in Europe. It means that D44 paid by financial corporations has to be deducted from the ITR tax base for corporate income. In the countries where capital yield taxes are levied on these earnings and the tax revenues are allocated to corporations, the ITR on corporations would be overestimated.

In turn, D44 is added to the ITR tax base for the capital income of the households sector. In most countries, private households are taxed on the benefits or distributions by pension funds or insurance companies when the payoff period starts. This can be an amount of capital or an annuity. For the definition of an ITR on capital income for households this means that we encounter a problem of periodicity. With the property income earned on behalf of the policy holder period by period, insurance companies build up reserves (liabilities) in order to pay the benefits in later periods. However, D44 could be regarded as proxy for the taxable part of pension benefits and insurance payoffs, which would not include the initial contributions or premiums.

The corporations sector in national accounts also comprises partly unincorporated enterprises, the so-called quasi-corporations. In many countries, these quasi-corporations also have to pay corporate income tax. However, there are some important exceptions. In Germany, partnerships (*Personengesellschaften*) constitute a large number of the country's companies and these are treated as quasi-corporations. Their production and profits etc. are recorded in the corporations sector in national accounts. Because they do not have an independent legal status, their owners are taxed under the PIT scheme. The related tax payments are recorded within the households sector in national accounts¹⁸. 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.

¹⁸ PIT revenues are also recorded in the government sector which receives the payments.

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 14):

Box 14 Broad definition of the selected income sources

Income source	Type of taxable income components included
Employed labour	Wages and salaries Benefits in kind Directors' remuneration Foreign source earned income Other (e.g. stock options, company car)
Self-employed labour	Income from unincorporated businesses Other (e.g. dividend distributions from closely-held companies)
Capital	Income from movable property (e.g. dividends, interest, etc) Income from immovable property (rents, etc) Realised capital gains Other (e.g. rental value owner-occupied housing)
Transfers and pensions	Social benefits State pension benefits Occupational pension benefits

- *Income from employed labour*, including wages and salaries, fringe benefits in kind, director's remuneration, financial participation schemes (e.g. stock options), deemed income from private uses of company cars and foreign source earned income;
- *Income from self-employed labour*, or income from unincorporated businesses such as profits from agriculture or forestry, profits from trade or business and proceeds from independent professional services;
- *Income from capital*, including income from movable property (e.g. interest, dividend distributions, royalties), immovable property (e.g. rents earned on letting a private dwelling), periodic transfers and private pensions and taxable capital gains for some Member States;
- *Social transfer and pension income*, including taxable social benefits (e.g. unemployment, health care and social assistance benefits) and benefits from both State and occupational pension schemes.

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) income¹⁹. 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 income²⁰. 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 rate²¹. This assumption is generally unrealistic, and could be expected to lead to imprecise estimates of notional tax revenues raised in respect of different taxable income types and therefore imprecise estimates of average effective tax rates by economic income source²².

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

¹⁹ 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.

²⁰ See also OECD (2000, 2002b), Clark (2002) and De Haan, Sturm, and Volkerink (2002).

²¹ 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.

²² See also OECD (2000, 2002b) and De Haan, Sturm and Volkerink (2002).

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 effects²³.

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, Netherlands, Ireland, Luxemburg, Finland and Sweden). This is done both by way of micro-simulation models relying on samples from the total taxpayer population and by way of use of exhaustive tax return data-sets (*e.g.* Belgium and Ireland). The corresponding estimates obtained at the taxpayer level are consequently aggregated to obtain estimates of the personal income tax raised in respect of the selected sources of income. For example, the total amount of personal income tax raised in respect of labour income, *PIT(labour)* could be estimated as follows:

$$PIT(labour) = \sum_j (W_j / Y_j) * PIT_j = \sum_j w_j * PIT_j$$

where W_j measures the labour income of the j -th taxpayer in a sample of individuals ($j=1,..,n$) and where PIT_j measures the personal income tax payment of the j -th taxpayer on his total taxable income Y_j . The above equation therefore measures the total personal income tax raised on labour income as a weighted average of each individual taxpayer's payment PIT , with the weights $w_j = (W_j/Y_j)$ attached to these individual payments reflecting the distribution of total wages and salaries across taxpayers.

Some Member States (Spain, Italy and Greece) instead use tax return data that is aggregated at the level of a number of income classes or income tax brackets ($j=1,..,n$), but essentially make the same calculations. The latter approach is likely to capture broadly comparable effects of the differences in tax treatment and the distribution of income sources across different groups of taxpayers.

Some Member States (Austria, Portugal) choose another approach and use tax receipts data from the wage (withholding) tax and (final) income tax statistics and apply a number of adjustments. Wage (withholding) tax is by its very nature designed to approximate the final income tax liability for wage earners as closely as possible, but in some cases there are certain adjustments for income tax assessments, because the wage tax withheld is not correct (*e.g.* because of different jobs or pensions during a single year). As this correction concerns only wage earners, in some cases the net amount of the correction is deducted from the total amount of recorded wage tax and, the amount of personal income tax is adjusted accordingly. Since wage tax can also be levied on social benefits (*e.g.* unemployment benefits, widower's benefits and invalidity benefits) or old-age pensions, the recorded wage tax is adjusted accordingly. The

²³ 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.

(adjusted) personal income tax is further split between income from self-employed businesses and capital income, either using aggregate proportions or information aggregated at the level of income classes (Austria). The latter approach is also likely to capture broadly comparable effects of the differences in tax treatment and the distribution of income sources across different groups of taxpayers as outlined above.

While in most Member States the personal income tax system is comprehensive in the sense that all sub-categories of taxable income are pooled at the individual level, and the result is taxed at ascending statutory tax rates. However, some Member States apply a given statutory rate on a specific income category, as can occur under a 'dual income tax' system. In the Netherlands, Finland and Sweden, for example, capital income is currently taxed at a relatively lower statutory rate as compared to other earned income. In most cases, however, the tax receipts data are used to isolate the amount of tax collected on that particular income category. In the United Kingdom, the personal 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 15 Overview of methods to estimate the allocation of the personal income tax

Countries	Data	Basic method
BE, DK, DE, FR, NL, IE, LU, LV, MT, PL, FI, SE, SI	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
CY, ES, EL, IT, LT	Income class data based on data-set of individual taxpayers	Personal income tax payments multiplied by fractions of net taxable income sources (as percentage of the total tax base) at the level of income classes/tax brackets
AT, EE, CZ, HU, PT	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 implicit tax rates 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). 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 (1995-2002; 2003 uses figure of 2002):* 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 (1995-2002; 2003 uses figure of 2002):* The split of the personal income tax was estimated by the Ministry of Taxation using a micro-simulation model that is based on a sample of micro (taxpayer-level) data. The model incorporates the information of withholdings/prepayments and final income tax returns. The model is updated annually, and used in planning the national tax policies and estimating policy alterations on tax revenues and on the income tax liabilities of taxpayers on different income levels. The model also covers other legislative areas, such as unemployment benefits, housing subsidies, social assistance and so on. The method basically multiplies individual tax payments by proportions of the income types in the total taxpayer's income, as outlined above. The income types are measured net of tax base deductions that are exclusively earned on these income types. By including net interest payments in the tax base of capital, for example, the ministry of taxation has taken into account the way the tax relief for mortgage interest payments and other interest payments on loans reduces the tax base of capital. This explains why the estimated part of capital income is lower than zero. For this edition the method has been revised to take into account that from 2001 onwards negative capital income can only be deducted in the municipal income tax and that from 1998 to 2001 the after tax value of the deduction for negative capital income was gradually eroded. As regards employed labour income, it should be recognised that in 1995 and 1999 wage income was taxed as follows: On the one hand the tax base for the municipal income tax and the lower limit central government tax was wage income less transport expenses and unemployment insurance contributions. On the other hand the tax base for the so-called mean limit and upper limit income tax was the part of the wage income - without any reduction for expenses - that exceeded a certain amount. If one reduces the tax base with deductible 'wage expenses', then the part of the mean limit and an upper limit income tax that is attributed to wage income is too small. Whereas if it is not taken into account the part of the municipal income tax and lower limit central government tax that is attributed to wage income is too big. The Ministry of Taxation has chosen the latter approach as it is believed that the bias will be the smallest in this case. The method in this edition treated differently the so-called share income (which is taxed separately) allocating it directly to the part on capital income.
- Germany (1995-2003; all years):* 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 sample was drawn from a data set constructed by the Federal statistical office. 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 (1999-2002; 1995 to 1998 use figure of 1999 and 2003 uses figure of 2002):* 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 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. 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. No estimates are available for the amount of personal income tax raised in respect of social transfers and pension benefits.
- *Ireland (1995-2001; 2002 and 2003 use the 2001 figure):* 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 (1995-2003; all years):* The split of the personal income tax was estimated by the Ministry of Finance. Latvia's calculations are greatly simplified by the existence of one single rate of personal income tax. The calculations were based on data from personal income tax returns, in accordance with the individual taxpayers' data. The summary of Salary declarations was used to calculate personal income tax revenue from employed labor income. Information on the personal income tax paid by the self-employed was derived from the Declaration of annual income and from the advance payment tax return. Information on tax on pension payments was obtained from the State Social Insurance Agency. The lack of any records of personal income capital taxation means that this amount was

taken as the residual. A part of allowances (the non-taxable minimum and allowances for dependants) is applied at the moment of the tax calculation. The tax is collected, taking into account applicable allowances. Information on the applicable allowances is obtained from the tax returns. The other allowances are obtained only after submission of Declarations of annual income to the State Revenue Service. The total PIT revenue is already shown in net form i.e. the PIT repayments made by the State Revenue Service are already taken away.

- *Luxembourg (1996-2003; 1995 uses figure of 1996)*: 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 Luxemburg PIT is based on family taxation) and on withholding revenues on employed labour and transfers. For the part on tax returns, the method basically multiplies individual tax payments by proportions of the income types in the total taxpayer's income, as outlined above. Then the withholding revenues were considered, because it is not mandatory to compile tax return if there is only employed labour or pension income. Since the distinction between withheld amounts raised on labour employed and pension income is not available, data from the social security organizations were used. When only the total amount withheld was available from a social security organization, the average rate of contribution was used as a proxy.
- *Malta (1998-2003)* The split of the personal income tax is based on the actual data available at the local tax authorities through the individual returns. When returning their annual declarations, all taxpayers are obliged to correctly indicate the exact source of their income on their individual tax form. This information is then captured at micro level, and is used to compile the figures submitted in the national PIT questionnaire. There is no further extrapolation on the data, except for the case of the withholding taxes on capital. Since the withholding tax is a flat percentage, this figure has been obtained based on the revenue generated from this particular source. The Maltese tax authorities are currently in the process of further improving their data reporting structure. Such further enhancement will eliminate the present need for aggregation. The availability of data in a detailed format which can be treated by adequate IT means reaches back to 1998, implying that the improvements currently under way will permit refining the estimates back until that date; before 1998 less accurate estimates will have to be produced by other means.
- *The Netherlands (1995, 1997, 2000 and 2001; 1996, 1998 and 1999 are interpolations, 2002 and 2003 use the 2001 figure)*: 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.

- *Finland (1995-2003; all years)*: 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 (1995-2002; 2003 uses the 2002 figure)*: 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 (1995-2002; 2003 uses figure of 2002)*: The split of the personal income tax was estimated by the Ministry of Finance. The calculations were based on data sets for individual taxpayers, except in the case of pensions. As most of the PIT from pensions is only accounted for but not collected the PIT from pensions is subtracted. Actual PIT collected from pensions is very close to prepayment of PIT from pensions during the year. Therefore these prepayments are added to PIT from Transfer and

pensions category. The method multiplies PIT payments by fractions of net taxable income sources (as % of total tax base) at the level of individual taxpayers. The allowances were deducted at the individual level (except in the case of pensions).

Box 16 Micro vs. Macro-data approach²⁴

To illustrate the properties of the **micro-data approach**, consider an economy with only two taxpayers ($j=1,2$). One can model taxpayer 1's personal income tax liability as follows:

$$PIT_1 = t(W_1 - DW_1 + O_1 - DO_1 - A_1) - C_1 - CW_1 - CO_1$$

where $t(\cdot)$ denotes a progressive tax rate function, W measures gross income from labour, O measures 'other' gross taxable income, DW measures deductible expenses incurred in earnings and maintaining labour income, DO measures deductible expenses incurred in earnings and maintaining 'other' taxable income, A measures a personal basic tax-base allowance (depending on tax filing status), C measures a basic tax credit (may also depend on tax filing status), CW measures a tax credit earned on labour income and CO measures a tax credit earned on 'other' taxable income. The portion of taxpayer 1's income tax linked to labour income can be estimated as:

$$PIT(labour)_1 = \tau_1 \cdot (W_1 - DW_1)$$

with the amount raised on 'other' taxable income given by:

$$PIT(other)_1 = \tau_1 \cdot (O_1 - DO_1)$$

where τ measures the taxpayer's 1 average effective tax rate on the aggregate of labour and 'other' taxable income:

$$\tau_1 = \frac{PIT_1}{(W_1 - DW_1 + O_1 - DO_1)}$$

- This effective income tax rate, which is an increasing function of the progressive tax rate schedule, $t(\cdot)$, and a decreasing function of the tax base allowances, deductions and tax liability credits, reflects taxpayer 1's position. In fact, the average effective tax rate for taxpayer 1 will differ from that of taxpayer 2 to the extent that:
- Taxpayer 1 and taxpayer 2 have the same amount of aggregate taxable income, but different amounts of labour and 'other' taxable income, and the tax system treats these two types of income differently, for example, by way of special tax credits earned on labour income or 'other' taxable income;
- Taxpayer 1 and taxpayer 2 have different levels of total taxable income, and the personal income tax is progressive.
- In contrast to the micro-data approach, when relying on macro data, the notional personal income tax allocation and the measurement of the effective tax rate must rely on a single

²⁴ See also Clark (2002).

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.

(B) Approach using both micro- and aggregate tax receipts data

The method employed in the United Kingdom is based on combining micro and aggregate tax record data. Also, unlike the methods outlined above, the method does not assume that the individual taxpayer has the same average effective income tax rate over all income sources. Instead, income source specific tax rates are multiplied by the selected income sources at the taxpayer level.

- *United Kingdom (1995-2003; all years)*: 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.

- *Cyprus (2001, 2002; 1995-2000 uses the figure for 2001 and 2003 uses the figure for 2002)*: 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 (1995-2002; 2003 uses the 2002 figure)*: The split of the personal income tax was estimated by the Ministry of Finance in cooperation with the National Statistical Service and Prof. Geogakopoulos from the Athens University of Economics. The calculations were based on data from personal income tax returns, which were grouped by category of income and tax bracket. Basically, the method multiplies tax payments by proportions of the income types in the total taxpayer's income, as outlined above, but aggregated at the level of income classes. The income types are measured as net taxable personal incomes. In order to split between income from employed labour and transfers data from the General Secretariat of Information Systems were used. The final percentages are comprehensive of tax on savings, which is included in category D51A in addition to tax revenue from personal income tax; the total amount of this category constitutes tax on capital and, given that this tax is not calculated on the total income of households, it was added to income tax from capital in the calculations.
- *Lithuania (2002, 2003; 2000 and 2001 use 2002 figure)*: The split of the personal income tax was estimated by the Ministry of Finance. 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. Two different methodologies were used for the split of the personal income tax in 2002 and 2003 as a result of changes in the legislation which allows deductions for life insurance and pension contributions and for certain interest payments. The deduction as the tax refund for the year 2003 was refunded to personal income tax payers in the year 2004. The split of personal income tax for year 2002 was based on 100% of actual payments data by the different revenue group of personal income tax. This data was provided by the State Tax Inspectorate. The split of personal income tax calculation for 2003 splits the total amount of the tax refund across the various revenue groups. The revenue data was based on 99.9% of actual payments by the different revenue group of personal income tax in 2003. It will be observed that 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 inter-related percentage between respective income calculated according to the data of tax returns for the year 2003. All data was provided by the State Tax Inspectorate.

- Spain (1995-2002; 2003 uses the 2002 figure):* 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. In this edition of the publication, with respect to the previous, some revision in the national accounts figures are been considered in the calculations. 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 (1995, 1998, 1999, 2000 and 2001; 1996 and 1997 are interpolations, 2002 and 2003 use the 2001 figure):* The split of the personal income tax was estimated by the Ministry of Finance using a micro data set containing IRPEF tax return data for all taxpayers. Instead of computing an average tax rate for each individual taxpayer, the information was allocated to thirty-five classes of gross income. Basically, the recorded personal income tax payments were multiplied by the selected net taxable income sources over the sum of the net taxable income sources at the income class level. The income types are measured net of tax base deductions that are exclusively earned on these income types. In addition, corrections were made for the revenue effects of tax credits that are exclusively earned on the selected income types. In addition to the recorded IRPEF tax revenues, IRPEF payments received by the treasury on denominations other than IRPEF were incorporated in the calculations. These include tax on dividend distributions and dividend withholdings, which were directly allocated to the capital income category.

Taxes and social contributions paid by the self-employed are allocated to the capital and business income category²⁵. 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.

²⁵ Except the income and taxes of 'continuous and co-ordinated collaborations' that are allocated to the labour category. The income of these self-employed workers is treated, for tax purposes, as income of employed workers.

Method Italy:	1995	1996	1997	1998	1999	2000	2001	2002	2003
C. Structure according to economic function as % of GDP									
Labour	21.5	23.1	24.1	23.9	23.6	23.2	23.5	23.6	23.8
Employed	16.7	18.2	19.1	18.8	18.4	18.0	18.2	18.3	18.7
Paid by employers	8.8	10.3	11.0	10.6	10.1	10.1	10.2	10.2	10.5
Paid by employees	7.9	7.9	8.1	8.1	8.4	8.0	8.1	8.1	8.2
Self-employed (80% incl. scc)	2.9	2.9	2.9	2.9	3.1	3.1	3.0	3.1	3.4
Non-employed	1.9	2.0	2.1	2.2	2.1	2.0	2.2	2.2	1.8
Capital	9.2	9.5	10.3	8.6	8.6	8.5	8.5	8.2	8.1
Capital and business income	5.0	5.7	6.3	5.1	5.5	5.7	5.9	5.2	5.5
Income of corporations	2.9	3.4	3.8	2.9	3.3	2.9	3.6	3.2	3.7
Income of households	1.8	2.0	2.1	1.7	1.7	2.3	1.9	1.6	1.4
Income of self-employed (20%)	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.5
Stocks (wealth) of capital	4.1	3.8	4.0	3.5	3.2	2.8	2.6	3.0	2.6
D. Implicit tax rates									
Labour employed	36.5	39.3	40.9	41.2	41.0	40.4	40.2	40.3	41.2
Capital	26.3	26.8	31.1	27.2	28.8	27.8	27.4	27.5	28.3
Capital and business income	14.5	16.1	19.0	16.1	18.3	18.6	19.0	17.5	19.2
Corporations	14.0	16.1	18.5	14.0	16.4	14.4	16.8	15.6	18.3
Households and self-employed	8.3	8.9	10.1	9.6	10.1	12.4	10.6	9.5	9.2

(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 (1995-2002; 2003 uses the 2002 figure)*: The split of the personal income tax was estimated by the Ministry of Finance using statistical information from the wage withholding tax and the final income tax by assessment. Taxes raised on income from employed labour are withheld by the employer at source, and the wage tax system is designed to approximate the final personal income tax as closely as possible, but in some cases certain repayments have to be made by the tax administration. This can for example occur if the taxpayer receives income from several jobs or pensions during one year, or if there are different payments per month or deductions for special expenses etc. As these repayments concern only wage taxpayers, the total net amount of the repayments was deducted from the total recorded wage tax, and the recorded income tax was adjusted accordingly. Also, the income from employment includes income in the form of social transfers and pension benefits received. The recorded revenue of the wage tax was also corrected for the relevant amount to arrive at the fraction of income tax levied on labour income. The revenue of the personal income tax by assessment largely reflects entrepreneurial income and income from capital. The (corrected) recorded revenue from the personal income was split between the two sources, using tax-return data aggregated at the level of a number of income classes as outlined above.
- *Czech Republic (1995-2002; 2003 uses figure of 2002)*: 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 (2002, 2003; 1995-2001 used the values for 2002):* 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 (2002, 2003; 1995-2001 based on the average of 2002/2003):* The split of the personal income tax was estimated by the Ministry of Finance using aggregate statistical information from personal income tax returns and withholding tax statistics. Income tax returns were used to estimate PIT from self-employed labour while data on the tax withheld at source and data from personal income tax returns were used to allocate PIT to employed labour, capital and transfers. In the withholding tax returns the income is already divided between 19 different income categories - this data was grouped between income from labour, capital and transfers. 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.
- *Portugal (1999; point estimate, other use the 1999 figures):* 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 type; (2) aggregate net taxable incomes and 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, 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 or dividends). 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 net 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. In fact, although the taxpayer could choose to report this income, it would generally be taxed at a higher rate.

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 E: Estimates for the split of the personal income tax
1995-2003, in % of total revenue of personal income tax
Personal income tax revenue allocated to employed labour income ¹⁾

	1995	1996	1997	1998	1999	2000	2001	2002	2003
BE	0,749	0,741	0,747	0,740	0,744	0,750	0,752	<i>0,755</i>	<i>0,755</i>
CZ	0,736	0,736	0,736	0,736	0,736	0,736	0,736	0,765	<i>0,765</i>
DK	0,724	0,728	0,738	0,725	0,728	0,755	0,758	0,755	0,753
DE	0,757	0,729	0,734	0,724	0,704	0,736	0,752	0,763	0,771
EE	<i>0,931</i>	<i>0,931</i>	<i>0,931</i>	<i>0,931</i>	<i>0,931</i>	<i>0,931</i>	<i>0,931</i>	0,943	0,918
EL	0,473	0,484	0,497	0,484	0,498	0,495	0,494	0,487	<i>0,487</i>
ES	0,527	0,535	0,544	0,545	0,536	0,542	0,551	0,552	<i>0,552</i>
FR	<i>0,740</i>	<i>0,740</i>	<i>0,740</i>	<i>0,740</i>	0,740	0,720	0,740	0,730	<i>0,730</i>
IE	0,843	0,842	0,840	0,830	0,842	0,833	0,817	<i>0,817</i>	<i>0,817</i>
IT	0,589	<i>0,578</i>	<i>0,567</i>	0,556	0,564	0,555	0,553	0,561	0,570
CY	<i>0,891</i>	<i>0,891</i>	<i>0,891</i>	<i>0,891</i>	<i>0,891</i>	<i>0,891</i>	0,891	0,915	<i>0,915</i>
LV	0,995	0,993	0,992	0,989	0,975	0,953	0,965	0,944	0,964
LT	-	-	-	-	-	<i>0,922</i>	<i>0,922</i>	0,922	0,938
LU	<i>0,695</i>	0,695	0,687	0,696	0,716	0,736	0,745	0,736	0,724
HU	<i>0,810</i>	<i>0,810</i>	<i>0,810</i>	<i>0,810</i>	<i>0,810</i>	<i>0,810</i>	<i>0,810</i>	0,810	0,815
MT	<i>0,693</i>	<i>0,693</i>	<i>0,693</i>	0,693	0,697	0,696	0,699	0,701	0,697
NL	0,655	<i>0,651</i>	0,647	<i>0,659</i>	<i>0,670</i>	0,682	0,643	<i>0,643</i>	<i>0,643</i>
AT	0,621	0,612	0,619	0,620	0,625	0,628	0,590	0,619	<i>0,635</i>
PL	-	-	-	-	-	-	-	-	0,540
PT	<i>0,672</i>	<i>0,672</i>	<i>0,672</i>	<i>0,672</i>	0,672	<i>0,672</i>	<i>0,672</i>	<i>0,672</i>	<i>0,672</i>
SI	0,905	0,901	0,902	0,901	0,903	0,916	0,910	0,911	<i>0,911</i>
SK	-	-	-	<i>0,680</i>	<i>0,680</i>	<i>0,680</i>	0,680	0,830	<i>0,830</i>
FI	0,661	0,676	0,673	0,686	0,683	0,679	0,712	0,706	0,703
SE	0,663	0,657	0,655	0,661	0,642	0,634	0,671	0,676	0,664
UK	0,764	0,755	0,747	0,743	0,735	0,743	0,739	0,736	0,737
NO	0,743	0,742	0,746	0,754	0,752	0,738	0,741	0,754	<i>0,754</i>

Source: Commission services on the basis of estimates by Member States.

¹⁾ The numbers printed in **bold** are the actual estimates; the numbers printed in *italics* represent either linear interpolations or fractions that were assumed to remain constant.

Personal income tax revenue allocated to income of the self-employed ¹⁾

	1995	1996	1997	1998	1999	2000	2001	2002	2003
BE	0,127	0,130	0,122	0,129	0,132	0,129	0,126	0,122	<i>0,122</i>
CZ	0,174	0,174	0,174	0,174	0,174	0,174	0,174	0,159	<i>0,159</i>
DK	0,057	0,056	0,054	0,061	0,063	0,055	0,060	0,052	<i>0,051</i>
DE	0,190	0,221	0,214	0,224	0,242	0,213	0,201	0,192	<i>0,186</i>
EE	<i>0,048</i>	<i>0,048</i>	<i>0,048</i>	<i>0,048</i>	<i>0,048</i>	<i>0,048</i>	<i>0,048</i>	0,048	0,048
EL	0,265	0,279	0,265	0,245	0,259	0,238	0,245	0,242	<i>0,248</i>
ES	0,152	0,144	0,148	0,145	0,146	0,134	0,130	0,131	<i>0,131</i>
FR	<i>0,180</i>	<i>0,180</i>	<i>0,180</i>	<i>0,180</i>	0,180	0,180	0,180	0,180	<i>0,180</i>
IE	0,109	0,108	0,109	0,112	0,111	0,111	0,119	<i>0,119</i>	<i>0,119</i>
IT	0,162	0,169	0,175	0,182	0,186	0,188	0,183	0,174	0,207
CY	<i>0,033</i>	<i>0,033</i>	<i>0,033</i>	<i>0,033</i>	<i>0,033</i>	<i>0,033</i>	0,033	0,051	<i>0,051</i>
LV	0,002	0,002	0,002	0,002	0,002	0,002	0,002	0,002	0,002
LT	-	-	-	-	-	<i>0,041</i>	<i>0,041</i>	0,041	0,028
LU	<i>0,121</i>	0,121	0,116	0,133	0,102	0,106	0,121	<i>0,145</i>	<i>0,159</i>
HU	<i>0,019</i>	<i>0,019</i>	<i>0,019</i>	<i>0,019</i>	<i>0,019</i>	<i>0,019</i>	<i>0,019</i>	0,019	0,016
MT	<i>0,091</i>	<i>0,091</i>	<i>0,091</i>	0,091	0,086	0,088	0,084	0,085	0,085
NL	0,185	<i>0,196</i>	0,207	<i>0,216</i>	<i>0,225</i>	0,234	0,234	<i>0,234</i>	<i>0,234</i>
AT	0,184	0,187	0,181	0,181	0,171	0,171	0,210	0,170	<i>0,152</i>
PL	-	-	-	-	-	-	-	-	0,231
PT	<i>0,098</i>	<i>0,098</i>	<i>0,098</i>	<i>0,098</i>	0,098	<i>0,098</i>	<i>0,098</i>	<i>0,098</i>	<i>0,098</i>
SI	0,057	0,058	0,056	0,051	0,058	0,050	0,046	0,048	<i>0,048</i>
SK	-	-	-	<i>0,085</i>	<i>0,085</i>	<i>0,085</i>	0,085	0,114	<i>0,114</i>
FI	0,082	0,074	0,079	0,075	0,074	0,074	0,075	0,082	0,081
SE	0,022	0,025	0,025	0,025	0,026	0,027	0,028	0,027	<i>0,026</i>
UK	0,121	0,122	0,126	0,120	0,122	0,119	0,124	0,127	0,126
NO	0,105	0,094	0,095	0,095	0,085	0,089	0,090	0,091	<i>0,091</i>

Source: Commission services on the basis of estimates by Member States.

¹⁾ The numbers printed in **bold** are the actual estimates; the numbers printed in *italics* represent either linear interpolations or fractions that were assumed to remain constant.

Personal income tax revenue allocated to capital income ¹⁾

	1995	1996	1997	1998	1999	2000	2001	2002	2003
BE	-0,016	-0,016	-0,017	-0,016	-0,017	-0,016	-0,018	-0,019	<i>-0,019</i>
CZ	0,090	0,090	0,090	0,090	0,090	0,090	0,090	0,076	<i>0,076</i>
DK	-0,034	-0,037	-0,031	-0,018	-0,014	-0,028	-0,033	-0,028	<i>-0,031</i>
DE	0,019	0,023	0,023	0,025	0,026	0,026	0,023	0,022	<i>0,021</i>
EE	<i>0,005</i>	<i>0,005</i>	<i>0,005</i>	<i>0,005</i>	<i>0,005</i>	<i>0,005</i>	<i>0,005</i>	0,005	0,005
EL	0,114	0,115	0,117	0,120	0,124	0,121	0,121	0,123	<i>0,123</i>
ES	0,108	0,105	0,097	0,107	0,123	0,125	0,116	0,109	<i>0,109</i>
FR	<i>0,080</i>	<i>0,080</i>	<i>0,080</i>	<i>0,080</i>	0,080	0,080	0,065	0,080	<i>0,080</i>
IE	0,033	0,035	0,038	0,045	0,038	0,046	0,055	<i>0,055</i>	<i>0,055</i>
IT	0,048	0,049	0,049	0,050	0,057	0,059	0,054	0,055	0,052
CY	<i>0,007</i>	<i>0,007</i>	<i>0,007</i>	<i>0,007</i>	<i>0,007</i>	<i>0,007</i>	0,007	0,009	<i>0,009</i>
LV	0,000	0,000	0,001	0,004	0,015	0,015	0,015	0,015	0,015
LT	-	-	-	-	-	<i>0,037</i>	<i>0,037</i>	0,037	0,034
LU	<i>0,057</i>	0,057	0,061	0,055	0,067	0,049	0,038	<i>0,026</i>	<i>0,015</i>
HU	<i>0,091</i>	<i>0,091</i>	<i>0,091</i>	<i>0,091</i>	<i>0,091</i>	<i>0,091</i>	<i>0,091</i>	0,091	0,090
MT	<i>0,086</i>	<i>0,086</i>	<i>0,086</i>	0,086	0,079	0,076	0,077	0,073	0,078
NL	-0,008	<i>-0,008</i>	-0,008	<i>-0,028</i>	<i>-0,048</i>	-0,068	0,090	<i>0,090</i>	<i>0,090</i>
AT	0,024	0,025	0,024	0,024	0,021	0,019	0,023	0,019	<i>0,016</i>
PL	-	-	-	-	-	-	-	-	0,187
PT	<i>0,147</i>	<i>0,147</i>	<i>0,147</i>	<i>0,147</i>	0,147	<i>0,147</i>	<i>0,147</i>	<i>0,147</i>	<i>0,147</i>
SI	0,016	0,021	0,020	0,019	0,019	0,017	0,017	0,020	<i>0,020</i>
SK	-	-	-	<i>0,235</i>	<i>0,235</i>	<i>0,235</i>	0,235	0,055	<i>0,055</i>
FI	0,024	0,029	0,041	0,047	0,063	0,075	0,060	0,037	0,038
SE	-0,015	0,010	0,025	0,026	0,056	0,078	0,032	0,017	<i>0,017</i>
UK	0,100	0,107	0,112	0,121	0,128	0,124	0,122	0,121	0,120
NO	0,061	0,070	0,066	0,051	0,062	0,075	0,070	0,061	<i>0,061</i>

Source: Commission services on the basis of estimates by Member States.

¹⁾ The numbers printed in **bold** are the actual estimates; the numbers printed in *italics* represent either linear interpolations or fractions that were assumed to remain constant.

Personal income tax revenue allocated to social transfers and pensions ¹⁾

	1995	1996	1997	1998	1999	2000	2001	2002	2003
BE	0,140	0,145	0,147	0,147	0,141	0,138	0,140	0,142	<i>0,142</i>
CZ	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	<i>0,000</i>
DK	0,253	0,253	0,239	0,232	0,223	0,218	0,215	0,221	<i>0,227</i>
DE	0,033	0,027	0,029	0,027	0,028	0,025	0,024	0,023	<i>0,022</i>
EE	<i>0,017</i>	<i>0,017</i>	<i>0,017</i>	<i>0,017</i>	<i>0,017</i>	<i>0,017</i>	<i>0,017</i>	0,004	0,030
EL	0,133	0,137	0,140	0,137	0,140	0,140	0,143	0,142	<i>0,142</i>
ES	0,213	0,216	0,211	0,203	0,195	0,199	0,202	0,208	<i>0,208</i>
FR	<i>0,000</i>	<i>0,000</i>	<i>0,000</i>	<i>0,000</i>	0,000	0,000	0,000	0,000	<i>0,000</i>
IE	0,015	0,015	0,013	0,012	0,010	0,010	0,008	<i>0,008</i>	<i>0,008</i>
IT	0,201	0,205	0,208	0,212	0,194	0,198	0,210	0,209	0,171
CY	<i>0,069</i>	<i>0,069</i>	<i>0,069</i>	<i>0,069</i>	<i>0,069</i>	<i>0,069</i>	0,069	0,025	<i>0,025</i>
LV	0,003	0,004	0,004	0,005	0,008	0,030	0,019	0,038	0,019
LT	-	-	-	-	-	<i>0,000</i>	<i>0,000</i>	0,000	0,000
LU	<i>0,127</i>	0,127	0,136	0,116	0,115	0,109	0,095	<i>0,093</i>	<i>0,103</i>
HU	<i>0,080</i>	<i>0,080</i>	<i>0,080</i>	<i>0,080</i>	<i>0,080</i>	<i>0,080</i>	<i>0,080</i>	0,080	0,079
MT	<i>0,132</i>	<i>0,132</i>	<i>0,132</i>	0,132	0,139	0,141	0,142	0,144	0,143
NL	0,168	<i>0,161</i>	0,154	<i>0,153</i>	<i>0,152</i>	0,151	0,114	<i>0,114</i>	<i>0,114</i>
AT	0,170	0,177	0,177	0,176	0,183	0,182	0,177	0,192	<i>0,196</i>
PL	-	-	-	-	-	-	-	-	0,042
PT	<i>0,056</i>	<i>0,056</i>	<i>0,056</i>	<i>0,056</i>	0,056	<i>0,056</i>	<i>0,056</i>	<i>0,056</i>	<i>0,056</i>
SI	0,021	0,020	0,022	0,028	0,020	0,018	0,027	0,021	<i>0,021</i>
SK	-	-	-	<i>0,000</i>	<i>0,000</i>	<i>0,000</i>	0,000	0,000	<i>0,000</i>
FI	0,233	0,221	0,207	0,192	0,181	0,172	0,167	0,175	0,179
SE	0,330	0,308	0,295	0,288	0,276	0,261	0,270	0,279	<i>0,294</i>
UK	0,015	0,016	0,015	0,016	0,015	0,014	0,016	0,017	0,017
NO	0,092	0,093	0,093	0,100	0,100	0,098	0,099	0,095	<i>0,095</i>

Source: Commission services on the basis of estimates by Member States.

¹⁾ The numbers printed in **bold** are the actual estimates; the numbers printed in *italics* represent either linear interpolations or fractions that were assumed to remain constant.