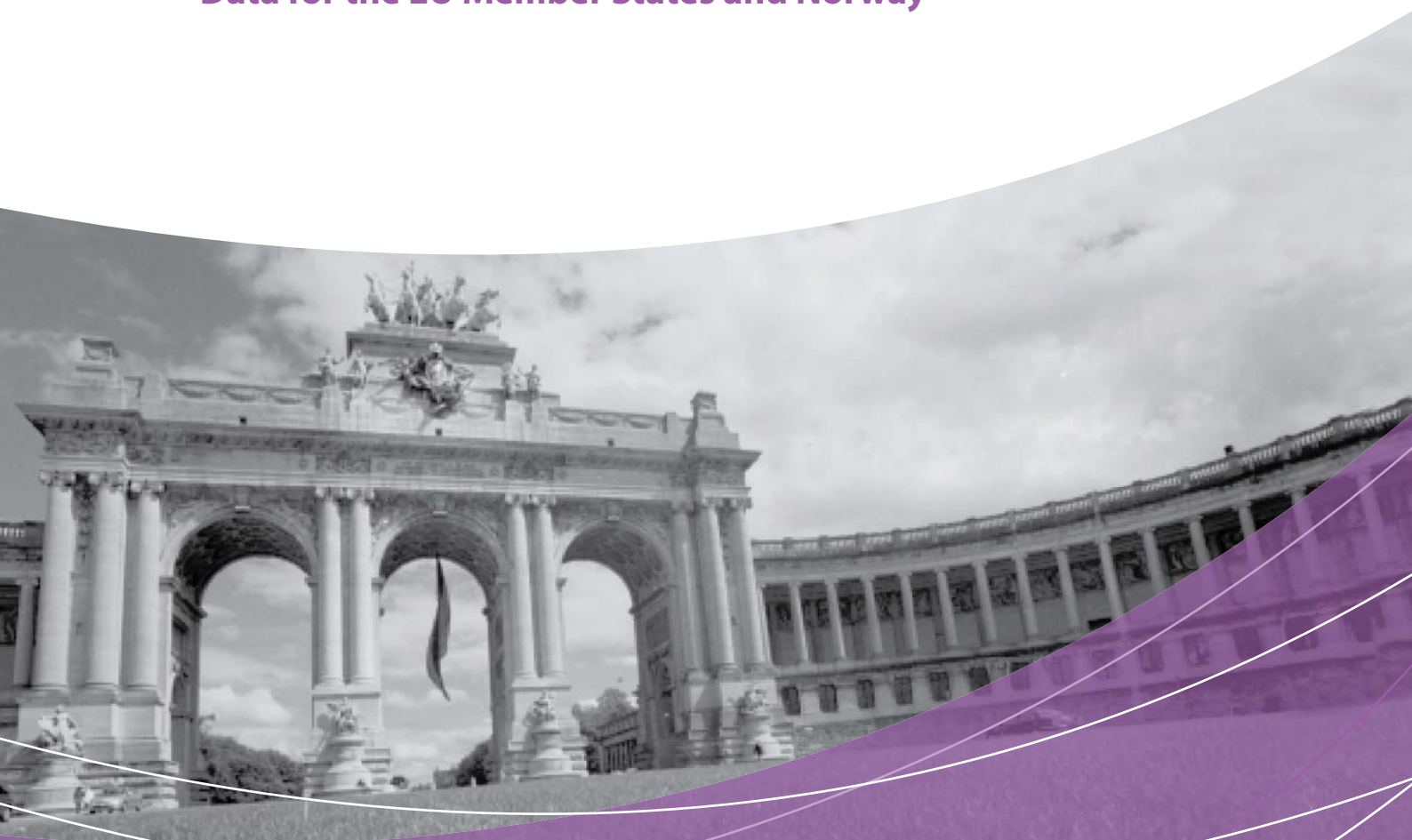


# Taxation trends in the European Union

Data for the EU Member States and Norway



**2008 edition**



EUROPEAN  
COMMISSION



# Taxation trends in the European Union

Data for the EU Member States and Norway

**2008 edition**



EUROPEAN  
COMMISSION

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

Freephone number (\*):

**00 800 6 7 8 9 10 11**

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

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

Luxembourg: Office for Official Publications of the European Communities, 2008

ISBN 978-92-79-08400-3

Cat. No. KS-DU-08-001-EN-N

(Cat. No. printed publications KS-DU-08-001-EN-C)

**Theme: Economy and finance**

**Collection: Statistical books**

© European Communities, 2008

© Cover photo: Milan Pein / European Communities, 2007

## PREFACE

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

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

A number of improvements have been achieved in comparison with last year's issue. Following joint efforts by the Norwegian Ministry of Finance and Statistical Office and Commission staff, coverage of Norway is now on a par with that for EU Member States. The chapter on capital now includes data on the corporate income tax rate of some important non-EU countries. Tables giving full details on the revenue from tobacco and alcohol taxation, as well as on the burden of taxation in a narrow sense (i.e. excluding social security contributions) have been added to the report. Finally, all graphs in the report have been thoroughly reviewed to maximise their readability and improve their form. As usual, the allocation of revenue to the different economic functions has been reassessed and, if necessary, discussed with Member State experts.

Although this report is based on statistical analysis it also includes a thorough economic discussion of revenue trends as well as, in the Country Chapters, a sketch of the main characteristics of each Member State's tax system. The information contained in this report can be further complemented by visiting the 'Taxes in Europe' online database, which contains detailed and updated information on the close to 600 main taxes in force in EU Member States. Both the database and this report can be accessed free of charge from the European Union's Europa website.

*Robert Verrue*  
*Director-General*  
*Taxation and Customs Union*

*Hervé Carré*  
*Director-General*  
*Eurostat*

## Origin of this report

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

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

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

Jean-Pierre De Laet  
Head of the unit 'Economic Aspects of Taxation'  
Taxation and Customs Union DG  
European Commission  
B-1049 Brussels  
taxud-structures@ec.europa.eu

## Language and dissemination

'Taxation trends in the European Union' is available only in English. The publication can be downloaded free of charge from the websites of the Directorate-General for Taxation and Customs Union ([ec.europa.eu/taxtrends](http://ec.europa.eu/taxtrends)) or Eurostat ([ec.europa.eu/eurostat](http://ec.europa.eu/eurostat)). The paper version can be purchased from any of the sales outlets listed on the website of the Office for Official Publications of the European Communities ([publications.europa.eu](http://publications.europa.eu)). Readers interested in taxation may also find detailed information on the taxes currently in force in the Member States of the European Union in the 'Taxes in Europe Database' ([ec.europa.eu/tedb](http://ec.europa.eu/tedb)).

## Acknowledgements

### Directorate-General for Taxation and Customs Union

Editor:	Marco Fantini
Deputy editor:	Florian Wöhlbier
Main contributors:	Marco Fantini (parts I, II.1), Beata Heimann (II.2), Florian Wöhlbier (II.3, Annex C), Gaëtan Nicodème (II.4), Katri Kosonen (II.5)
Country chapters:	Main contributors and Werner Vanborren, Milán Pein, Stefanie Knoth, Federico Martire
Data management and layout:	Milán Pein
Calculations:	Milán Pein, Federico Martire, Freddy De Buysscher
Editorial assistance:	Seija Nevala, Véronique Van Den Kerckhove

### Eurostat

ESA95:	Alessandro Lupi, Anne Paternoster, John Verrinder, Monika Wozowczyk
Printing:	Pavel Borkovec

## TAXATION TRENDS IN THE EUROPEAN UNION 2008 EDITION

### Main results

#### *The EU is a high-tax area – on average*

The European Union, taken as a whole, is a high-tax area. In 2006, the last year for which detailed data are available, the overall tax ratio, i.e. the sum of taxes and social security contributions in the 27 Member States (EU-27) amounted to 39.9 % of GDP (in the weighted average); this value is about 12 percentage points above those recorded in the United States and Japan. The EU tax-to-GDP ratio is high not only compared with these two countries but in general; amongst the major non-European OECD members, only New Zealand has a ratio that exceeds 35 per cent of GDP.

The high EU tax-to-GDP ratio is not a new phenomenon; it mostly dates back to a strong upward trend in the 1970s, and to a lesser extent also in the 1980s and early 1990s, which was closely linked to the growing share of the public sector in the economy in those years. In the later 1990s, first the Maastricht Treaty nominal convergence criteria and subsequently the Stability and Growth Pact encouraged the adoption of a series of fiscal consolidation measures. In a number of Member States, the consolidation process relied primarily on restricting or scaling back primary public expenditure, in others the focus was rather on increasing taxes (in some cases temporarily). At the end of that decade, a number of countries took advantage of buoyant tax revenues to reduce the tax burden, through cuts in the personal income tax and social contributions, but also in the corporate income tax.

The overall tax burden decreased perceptibly from 2000, but generally only for a couple of years. Efforts to reduce taxes permanently gradually lost steam; reductions in tax ratios, fairly aggressive in 2001, became less significant in subsequent years and mostly stopped altogether in 2005. Cyclical factors contributed to slow the decline in tax ratios after 2002; particularly from 2004 onwards, growth in the EU reaccelerated, boosting the revenue of pro-cyclical taxes; in addition, Member States strove to reduce their deficits, which probably led them to postpone tax cuts. Overall, one may conclude that, in the last decade, the upward trend in taxation has largely been stopped, but has been reversed in few countries only.

The high general average by no means implies that every EU Member State displays a high tax ratio; on the contrary, ten Member States display ratios below the 35 % mark. On the whole, the differences in taxation levels across the Union are quite marked; the overall tax ratio (which includes social security contributions) ranges over more than twenty points of GDP, from 49.1 % in Denmark to merely 28.6 % in Romania, reflecting the significant differences within Member States in the role played by the State. As a general rule, tax-to-GDP ratios tend to be significantly higher in the 'old' EU-15 Member States (i.e. the 15 countries that joined the Union before 2004) than in the 12 new ones: the first nine positions in terms of overall tax ratio are indeed occupied by 'old' Member States. There are exceptions, however; for example, Greece's and Ireland's tax ratios are over seven points below the weighted EU-27 average. The euro area (EA-15) shows a slightly higher overall tax ratio than the EU-27 (40.5 % compared to 39.9 %, in the weighted average), which is not surprising given that it is mostly composed of old Member States.

#### *Overall tax ratios rose markedly in 2006*

Compared to the previous year, in 2006 the overall tax ratio increased by a strong 0.6 percentage points in the weighted average. This is the second consecutive increase. The upturn of the last two years has not been strong enough to push the ratio back to its 1999 peak (in weighted average: 41.0 % of GDP); the level of taxation has, however, now surpassed its 1995 level. The 2006 increase is concentrated in the larger EU Member States: taking the five largest EU economies, the tax-to-GDP ratio went up by 0.8 percentage points of GDP. If one looks at the

arithmetic average, where the size of GDP is disregarded, the increase in the ratio is much smaller, 0.2 points, as a number of smaller Member States have cut tax ratios.

The year 2006 was marked by an acceleration in the pace of economic growth: EU-27 growth amounted to 3.1 % versus 1.9 % in 2005, which is likely to have contributed to the recorded upturn in the tax-to-GDP ratio. Growth has been following broadly the same trend in the euro area as in the EU as a whole.

The 2006 increase in the tax ratio was quite broad: the tax ratio declined in 10 and increased in 17 countries. The strongest declines occurred in Luxembourg and Slovakia, whereas the biggest increases in the tax ratio were recorded in Ireland and Italy. The tax ratio increased perceptibly in each of the five largest EU economies, particularly in Italy where the increase amounted to 1.7 points of GDP. The euro area followed broadly the same trend as the EU as a whole.

In the long-term comparison (1995-2006) an interesting feature is that, with the exception of Slovakia, the Member States in which the tax ratio has changed most, both upward and downward, are generally those which started out from a low level of taxation; high-tax countries instead tend to display small changes from the 1995 level. Overall, slightly more countries have seen their tax ratio increase than decrease; moreover, few high-tax countries have managed to reduce the tax ratio, whereas the majority of countries that were low-average in 1995 have seen it increase.

As for the development of the tax ratio after 2006, preliminary statistical results for 2007 show that the EU-27 general government revenue as a percentage of GDP, a different but related measure, remained roughly unchanged in 2007; in 2008 and 2009, the latest EU Commission forecasts indicate a slight decline (respectively by 0.3 and 0.1 points of GDP).

#### *Weight of direct taxation usually lower in the new Member States*

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

Generally, the new Member States have a different structure compared to the 'old' EU-15 countries; while most old Member States raise roughly equal shares of revenue from direct taxes, indirect taxes and social contributions, direct taxes often account for a substantially lower share of the total in the new Member States. The lowest direct tax shares are recorded in Bulgaria (merely 20.1 % of the total), Slovakia (20.4 %), and Romania (21.4 %). One of the reasons for this difference can be found in the generally lower tax rates applied in the new Member States on corporate and personal income; as for progressivity, some of the new Member States have substantially reduced its scope by adopting flat tax systems (one prominent example is Slovakia).

Also among the 'old' Member States (EU-15) there are some noticeable differences. The Nordic countries (Denmark, Sweden and Finland) as well as the UK and Ireland have relatively high shares of direct taxes in total tax revenues. In Denmark and, to a lesser extent, also in Ireland and the United Kingdom the proportion of social contributions to total tax revenues is low. In Denmark's case, this is due to the fact that most welfare spending is financed out of general taxation; this de facto requires high direct tax levels, and indeed the proportion of direct taxation to total tax revenues in Denmark is the highest in the Union. Germany's system represents in a sense the opposite of Denmark's; Germany shows the highest share of social contributions in the total tax revenues, while its direct tax revenue share is the lowest in the EU-15. A similar pattern is found in France.



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

Although detailed data on revenues after 2006 are not available, the development of tax rates is known up to the present. Currently, the top personal income tax rate amounts to 38.7 % on average in the EU-27, unchanged from 2006. The actual rate varies very substantially within the Union, ranging from a minimum of 16 % in Romania to a maximum of 59 % in Denmark. As a rule, the new Member States display lower top rates; indeed, only one of the old Member States, Luxembourg, would appear in a listing of the ten most moderate top PIT rates in the Union.

As might be expected, the highest rates are typical of Member States with the most elevated overall tax ratios, such as the Nordic countries, although the Netherlands show the third highest top personal income tax rate while being ranked 14<sup>th</sup> in terms of the tax ratio (excluding social security contributions). Not surprisingly, the lowest rates are found in Slovakia and Romania, where the tax ratio (excluding SSCs) is respectively the lowest and the second lowest in the Union.

### *Corporate income tax rates continue their rapid decline throughout the EU*

Since the second half of the 1990s, corporate income tax (CIT) rates in Europe have been cut forcefully. This trend has continued in 2008, as shown by an 0.9 percentage point drop in the EU-27 average. The cut was even stronger in the euro area (1.2 points), whose rates nevertheless remain somewhat higher (at 26.5 %, the EA-15 average is almost three points above the average for the Union as a whole). Seven Member States countries cut the corporate tax rate in 2008, most prominently Germany (-8.9 points to 29.8 %) and Italy (-5.9 points to 31.4 %). No country increased the CIT rate.

Although the downward trend has been quite general, corporate tax rates still vary substantially within the Union. The adjusted statutory tax rate on corporate income varies between a minimum of 10 % (in Bulgaria and Cyprus) and a maximum of 35 % in Malta, although the gap between the maximum and the minimum has shrunk since 1995. As in the case of personal income tax, the lowest rates are typical of countries with low overall tax ratios; consequently, the new Member States tend to have low rates (with the notable exception of Malta, which is also the only Member State, together with Sweden, not having changed its CIT rate since 1995). The reverse is, however, not true: unlike in the case of the personal income tax, the two Member States with the highest tax burden, Denmark and Sweden, display corporate tax rates that are not much above the average. This is linked to the adoption by these countries of Dual Income Tax systems, which by nature tax capital income at a moderate rate.

### *Trend towards more funding for local and regional authorities continues, while social security receives a shrinking share of total revenue*

In 2006 about 59 % of the 'ultimately received' aggregate tax revenue in the EU-27 (including social contributions) was claimed by the central or federal government, roughly 29 % accrued to the social security funds, and around 11 % to local government. Less than 1 % of tax revenue is paid to the institutions of the European Union. There are considerable differences in structure from one Member State to another; for instance, some Member States have (from a fiscal viewpoint) a State government level (Belgium, Germany, Spain and Austria). In the UK and Malta, the social security system is not separate from the central government level from an accounting viewpoint, whereas in Denmark most social security is financed through general taxation.

The share of sub-federal revenue (defined as municipalities plus the State level where it exists) varies from less than 1 % to over one third of the total. Denmark, Sweden, Spain, Germany and Belgium show high shares of total taxes received by the non-central authorities. At the other end, this share is just around 1 % in Greece and Cyprus, while in Malta local government does not directly receive any tax funds. As for the share of revenue accruing to social security funds, the highest values in the EU are reported by France and Germany. It should be stressed, however,

that the amount of the ultimately received share of revenue is a very imperfect indicator of fiscal autonomy, as a given government level may be assigned revenue streams which it has little legal authority to increase or decrease.

In a number of EU Member States, decentralisation has been an important feature for several years now. Accordingly, data for 2006 show that the share of total tax revenue accruing to state and local government remains on an upward trend. In contrast, social security funds, possibly owing to pension reform, have received a shrinking portion of revenue. The trends for the central government level are less clear-cut. The trend towards a greater share of local or State (for federal countries) taxes is also quite clear in the comparison with the base year 1995, particularly in the larger EU Member States: in the weighted average, EU-25 local government tax revenue has risen by some 17 % to 4.1 % of GDP.

#### *The 'tax mix' receives renewed policy attention*

The tax mix, or distribution of revenue by type of tax, is a structural variable that generally evolves slowly. Nevertheless, it has been receiving renewed policy attention recently, as a result of worries that increased capital mobility and the accession to the EU of a group of low-tax countries might lead to even greater reliance on taxation of immobile factors (such as labour) than has been the case so far. Given that, owing to budgetary constraints, relatively few Member States have brought about a rapid decrease in the overall tax ratio, it is being argued that the only way to achieve quick reductions in the overall tax burden on labour is to shift the tax burden onto other bases, and in particular consumption. In fact, in the majority of countries, the tax burden on consumption has increased, although this has not generally been the case for the larger Member States. A tentative trend towards a lower tax burden on labour seemed to stop in 2006. As for capital taxation, the picture is not clear-cut; despite significantly lower CIT rates, the revenues from taxes on capital have been on the rise since 2003, both in terms of GDP and as a share of total taxation.

#### *Consumption taxes: on the rise in most Member States*

Data for the implicit tax rate (ITR) on consumption, our preferred measure of the effective tax burden, confirm that taxation of consumption has, in most EU countries, been on an uptrend since 2001. The EU-25 arithmetic average went up by some 1 ¼ percentage points since that year and by one tenth of a point in 2006. Until last year, this trend was more visible in the smaller Member States; several of these are new Member States, which in the last years have been increasing excise duties to conform to the EU minima. The data for 2006, however, show the trend to be at work also in three of the larger Member States. In this context it is worth remembering that Germany hiked the standard VAT rate by three points in 2007.

The upward trend is quite broad; compared to 1995 levels, only eleven countries have experienced declines. Since 2001 the trend has been even more general as only eight Member States have not experienced any pickup; moreover, the only sizeable decline in the ITR occurred in Greece - 1.8 percentage points since 2001). Bulgaria and Cyprus show remarkable increases (five points or more) in their ITRs on consumption, which is in keeping with the general picture of the new Member States having experienced the greatest increase.

A breakdown of the ITR on consumption into its constituent elements reveals that the role played by taxes other than VAT is usually quite important; taxes on energy (typically, excise duties on mineral oils) and on tobacco and alcohol make up almost one tenth of the revenue from consumption taxes. Owing largely to different consumption habits, revenue levels differ widely amongst Member States: for instance, Bulgaria raises from alcohol and tobacco excise duties almost five times as much revenue as the Netherlands.

The comparison between the standard VAT rate and the VAT component of the ITR on consumption also highlights the significant differences amongst Member States in the extent of exemptions (in the form of either base reductions

or reduced rates) from VAT; in some Member States, their impact on the ITR is only equivalent to a couple of percentage points, but at the other extreme the impact reaches ten points.

*Labour taxes: the decline since the turn of the century stopped in 2005*

Despite a wide consensus on the desirability of lower taxes on labour, the level of the ITR on labour confirms the widespread difficulty in achieving this aim. Although the tax burden on labour has fallen from the peak reached around the turn of the century, the downward trend essentially came to a halt in 2005. In 2006, the EU-25 average even picked up slightly in the arithmetic average (+0.1 percentage points), and more strongly in the weighted average (+0.5 percentage points), as significant increases were recorded in some of the larger Member States. The Netherlands, Poland, Hungary, Spain and Germany recorded increases exceeding one percentage point.

In 2006, reductions exceeding one percentage point in the ITR on labour are found only in three Member States: Bulgaria, Slovakia and Belgium. Seven of the twelve countries reducing their ITRs were new Member States. The new Member States do not always display low ITRs on labour: in three of them the ratio lies above the EU-27 average. The lowest overall ITRs on labour are found in Malta and Cyprus; this might perhaps be linked to their historical ties to Britain, given that the UK, as well as Ireland, displays a markedly low ITR on labour. Overall, despite the presence of a number of low-taxing Member States, taxation on labour can be said to be much higher in the EU than in the other major industrialised economies.

In most Member States, social contributions account for a greater share of labour taxes than the personal income tax. On average, in 2006 about two thirds of the overall ITR on labour consisted of non-wage labour costs paid by both employees and employers. Only in Denmark, Ireland and the United Kingdom do personal income taxes form a relatively large part of the total charges paid on labour income. In Denmark, the share of social contributions in government receipts is very low as most welfare spending is financed by general taxation.

*Capital taxation: base broadening and cyclical factors have so far offset the impact on revenue resulting from the cuts in corporate tax rates*

Despite the sizeable cuts in rates, revenues from the corporate income tax, the most important tax on capital income, have been growing since 2003; a similar rebound is visible also in other related indicators such as revenue from taxes on capital and business income taxes. Also in a longer time frame, i.e. the comparison with 1995, the ITR on capital does not show, particularly in the euro area, a decline, as would be expected given the cuts in the corporate tax rates. Particularly in the domain of corporate taxation, however, revenue data reflect the effect of the cuts only with a lag.

The timing of the pickup in revenue suggests that cyclical effects, to which the ITR on capital is much more susceptible than the ITRs on consumption and labour, are playing an important role. The ITR on capital reached a peak between 1999 and 2000 and then started falling, in line with the business cycle. Also, the fact that in the last three years covered by the series, the majority of the countries have registered increases highlights the importance of cyclical effects: these years, 2006 in particular, coincide with a rebound in economic growth. Nevertheless, the extent by which the ITR has been diverging from the statutory rates suggests that the measures to broaden the corporate tax base, which have very frequently accompanied the rate cuts, have been playing an important role in sustaining the ITRs; the measures taken at EU level to limit harmful tax competition may also have resulted in less erosion of the base for capital taxes. Eventually, however, cyclical effects will fade out (as they depend largely on the existence of carry-over provisions for losses incurred in previous years and on capital gains), and base broadening has its limits. Another possibility is that, stimulated by the steep fall in corporate tax rates, growing incorporation is deceptively boosting revenues at the expense of the personal income tax.

The absolute levels of the ITRs on capital differ widely within the EU, ranging from 42.5 % in Ireland to a mere 8.4 % in Estonia, despite some narrowing, over the years, in the gap between the highest and the lowest corporate tax rates. A breakdown of the ITR on capital helps to explain this phenomenon: in most cases, the ITRs on capital and business income cluster around 20 %; the variation in the tax burden on capital derives largely from wide differences in the taxation of capital stocks/wealth, which provides very limited revenue in the Member States that impose the least tax, but raises a significant amount of funds in several others. In five Member States, taxation of capital stocks/wealth in 2006 yielded at least 3.3 % of GDP, i.e. as much as the average revenue from the corporate income tax. In France, taxation of capital stocks/wealth yields over 60 % more than the corporate income tax itself.

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

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

Currently, roughly one euro out of every fifteen in revenue derives from environmental taxes. Data, however, show that while environmental tax revenues have increased considerably, particularly in the 1990-1994 period (not covered by this report), since 1999 they have been on the decline, especially in the euro area. This trend continued in 2006. In the 12 new Member States, which originally levied low environmental taxes, revenues from such taxes have been steadily rising, so that by now there is practically no difference vis-à-vis the EU-15 in this respect; this has, however, not been sufficient to offset the decline in the EU-15.

Equal tax revenue does not mean equal tax rates. Countries with higher energy intensity may display the same revenue although tax rates are lower. This is, indeed, what happens in the domain of energy taxation. The implicit tax rate on energy shows that wide differences persist with regard to the tax revenue raised per unit of energy consumed (the highest taxing country raises over five times more revenue per unit of energy than the Member State imposing the least tax), and confirms that in the euro area taxation per unit of energy, particularly once adjusted for inflation, has been declining.

#### *Concluding remarks*

Taxation has, and will retain, a central place in economic policy. This report sheds some light on current EU trends. As usual, however, investigation, by answering some questions, opens new ones.

Given that the EU is, in general, one of the most highly taxed areas in the world, the most important issue probably relates to the strength of the increase in tax ratios in 2006 and the fact that it involved a clear majority of EU countries. Is this increase deliberate and does it foreshadow a further medium-term increase in the overall tax ratio? The sheer size of the increase, as well as its coincidence with a strong cyclical rebound, might well indicate that part of the increase was unintended. The year 2006 was also marked by a reduction in general government deficits; although this is a welcome development, does the increase in the tax ratios imply that, in Europe, the preferred route to deficit reduction inexorably entails adjustment on the revenue side, structural considerations notwithstanding? The observation that, although with several exceptions, many of the Member States that cut tax ratios drastically during the 1990s have experienced a slightly increasing trend in the last few years, also adds to this point, although the latest European Commission forecasts point to a modest reduction in general government revenues in 2008.

One interesting observation contained in the report is that the Member States with the highest tax ratios tend to show less short-term change in tax ratios than the others, as if high taxes somehow introduced elements of rigidity or, in

other words, are self-perpetuating. Many tax-cutting programmes have been announced over the last ten years, but their results were often modest. This has highlighted the issue of whether economic growth could be stimulated by raising the same or a similar amount of revenue but in different forms. A reflection is ongoing on the potential benefits of offsetting cuts in direct taxes by raising consumption taxes; the data indeed show a trend, in most countries, towards a higher tax burden on consumption in recent years. It is, however, difficult to evaluate to what extent this process is intentional or the by-product of other factors, such as mere political expediency or, in the new Member States, the adaptation of excise duties to EU minima. In any case, the 2007 three-point VAT hike in Germany, traditionally a low-VAT country, is likely to imply that, at least in the weighted average, consumption tax revenues will continue to increase. Will this over time make it possible to lower labour taxes?

While increases in general allowances or in tax credits have benefited particularly low income earners, at the top end of the income distribution, EU tax systems are apparently becoming less progressive. Although top PIT rates are not declining in as clear-cut a way as the corporate income tax rates, the effect of the latter trend may be just as strong, or even stronger, given that corporations are typically primarily owned by higher-income individuals. In some Member States, the trend towards less progressivity at the top end has been made clear by the adoption of flat rate systems. At the same time, the growing divergence between very moderate corporate tax rates and top PIT rates means that for high-income individuals, the incentives to create corporations for the purpose of channelling their income through them are growing. This opens the question of how much divergence between the CIT rate and the top PIT rate can be accommodated without creating excessive distortions.

Finally, the evidence from our survey of environmental taxation deserves careful reflection. Despite the added urgency in the public debate, the taxman's efforts towards reducing energy consumption seem to be letting up, at least in the EU-15. This may be justified by greater efforts made elsewhere, for example in emissions trading, and by the fact that energy prices at the source have grown considerably; but it is nevertheless at odds with the perceptions of the general public as well as with oft-stated policy objectives. Finally, the wide divergence of taxation per unit of energy raises the question of the optimal degree of differentiation between EU Member States that participate in the same Internal Market but have unequal industrial structures and climate conditions.



## TABLE OF CONTENTS

Preface.....	3
Main results.....	5
Table of contents .....	13
List of tables.....	16
List of tables in Annex A .....	17
List of graphs .....	19
Glossary.....	21
Introduction .....	23
<b>PART I OVERVIEW OF TAXATION IN THE EUROPEAN UNION</b>	
1. Tax structures and recent developments in the enlarged union .....	27
2. Revenue structure by type of tax .....	32
3. Revenue structure by level of government .....	39
<b>PART II TAXATION ACCORDING TO ECONOMIC FUNCTIONS</b>	
Introduction .....	45
1. Distribution of the tax burden according to economic function .....	47
2. Trends in the implicit tax rate on Consumption .....	55
2.1. Tax burden on consumption increasing .....	57
2.2. Implicit tax rate on consumption in the EU-25: 2006 level .....	59
2.3. VAT component of the ITR on consumption .....	61
2.4. Excise component of the ITR on consumption .....	64
3. Trends in the Implicit tax rate on labour .....	67
3.1. Up to late 1990s, very strong long-run increase in labour taxation .....	69
3.2. Since beginning of this decade, slow decline from peaks .....	70
3.3. Diverse development across Member States .....	70
3.4. Implicit tax rate on labour in the EU-27: large differences in levels .....	71
3.5. Decomposition of the implicit tax rate on labour – high impact of social security contributions ..	71
3.6. A comparison with tax wedges computed for example household types .....	74
4. Trends in the implicit tax rate on capital .....	85
4.1. Introduction .....	87
4.2. Implicit tax rates on capital: long-term trends .....	90
4.3. Implicit tax rates on capital and business income .....	92
4.4. Developments of the capital base .....	94
5. Trends in environmental taxes .....	97
5.1. Revenue development and structure .....	99
5.2. The implicit tax rate on energy; properties and trends .....	102
5.3. Have green tax reforms had any visible impact on the energy intensity of GDP? .....	105

**PART III DEVELOPMENTS IN THE MEMBER STATES**

Austria.....	108
Belgium.....	112
Bulgaria.....	116
Cyprus.....	120
Czech Republic.....	124
Denmark.....	128
Estonia.....	132
Finland.....	136
France.....	140
Germany.....	144
Greece.....	148
Hungary.....	152
Ireland.....	156
Italy.....	160
Latvia.....	164
Lithuania.....	168
Luxembourg.....	172
Malta.....	176
Netherlands.....	180
Poland.....	184
Portugal.....	188
Romania.....	192
Slovakia.....	196
Slovenia.....	200
Spain.....	204
Sweden.....	208
United Kingdom.....	212
EU averages.....	216
Norway.....	222
<b>BIBLIOGRAPHY.....</b>	<b>227</b>
<b>ANNEX A: TABLES.....</b>	<b>231</b>
<b>ANNEX B: LIST OF TAXES ACCORDING TO ECONOMIC FUNCTION.....</b>	<b>315</b>
Austria.....	319
Belgium.....	322
Bulgaria.....	325
Cyprus.....	327
Czech Republic.....	330
Denmark.....	332
Estonia.....	335
Finland.....	337
France.....	339



Germany .....	346
Greece .....	348
Hungary .....	350
Ireland .....	352
Italy .....	354
Latvia .....	357
Lithuania .....	359
Luxembourg .....	361
Malta .....	364
Netherlands.....	366
Poland.....	368
Portugal.....	370
Romania.....	372
Slovakia .....	376
Slovenia .....	378
Spain.....	380
Sweden .....	382
United Kingdom .....	385
Norway.....	387
<b>ANNEX C: METHODOLOGY AND EXPLANATORY NOTES.....</b>	<b>391</b>
Part A: Tax structure by tax type .....	395
Part B: Tax structure by level of government .....	400
Part C: Tax structure by economic function .....	401
Part D: Implicit tax rates .....	409

## LIST OF TABLES

TABLE II-2.1	IMPLICIT TAX RATES ON CONSUMPTION IN THE UNION .....	58
TABLE II-2.2	VAT RATES IN THE MEMBER STATES .....	64
TABLE II-3.1	IMPLICIT TAX RATES ON LABOUR IN THE UNION .....	71
TABLE II-3.2	TAX WEDGES FOR A SINGLE EXAMPLE WORKER AT 2/3 OF AVERAGE EARNINGS .....	75
TABLE II-4.1	ADJUSTED TOP STATUTORY TAX RATE ON CORPORATE INCOME .....	88
TABLE II-4.2	CAPITAL TAX BASE TO GDP .....	95
TABLE II-5.1	ENVIRONMENTAL TAX REVENUES.....	100
TABLE II-5.2	ENERGY TAX REVENUES IN RELATION TO FINAL ENERGY CONSUMPTION (NOMINAL ITR)...	104
TABLE II-5.3	ENERGY TAX REVENUES IN RELATION TO FINAL ENERGY CONSUMPTION (REAL ITR) .....	105
TABLE ANNEX C.1	ITALIAN METHOD .....	434
TABLE ANNEX C.2	ESTIMATES FOR THE SPLIT OF THE PERSONAL INCOME TAX .....	437
TABLE ANNEX C.3	ESTIMATES FOR THE SPLIT OF THE PERSONAL INCOME TAX .....	438
TABLE ANNEX C.4	ESTIMATES FOR THE SPLIT OF THE PERSONAL INCOME TAX .....	439
TABLE ANNEX C.5	ESTIMATES FOR THE SPLIT OF THE PERSONAL INCOME TAX .....	440

## LIST OF TABLES IN ANNEX A

TABLE TOT_G:	TOTAL TAXES (INCLUDING SSC) AS % OF GDP .....	233
TABLE TOT_G:	TOTAL TAXES (EXCLUDING SSC) AS % OF GDP .....	234
TABLE TOT_T:	TOTAL TAXES (EXCLUDING SSC) AS % OF TOTAL TAXATION .....	235
TABLE A.1_G:	INDIRECT TAXES AS % OF GDP: TOTAL .....	236
TABLE A.1_T:	INDIRECT TAXES AS % OF TOTAL TAXATION: TOTAL .....	237
TABLE A.1.1_G:	INDIRECT TAXES AS % OF GDP: VAT .....	238
TABLE A.1.1_T:	INDIRECT TAXES AS % OF TOTAL TAXATION: VAT .....	239
TABLE A.1.2_G:	INDIRECT TAXES AS % OF GDP: EXCISE DUTIES AND CONSUMPTION TAXES .....	240
TABLE A.1.2_T:	INDIRECT TAXES AS % OF TOTAL TAXATION: EXCISE DUTIES AND CONSUMPTION TAXES .....	241
TABLE A.1.3_G:	INDIRECT TAXES AS % OF GDP: OTHER TAXES ON PRODUCTS (INCL. IMPORT DUTIES) .....	242
TABLE A.1.3_T:	INDIRECT TAXES AS % OF TOTAL TAXATION: OTHER TAXES ON PRODUCTS (INCL. IMPORT DUTIES) .....	243
TABLE A.1.4_G:	INDIRECT TAXES AS % OF GDP: OTHER TAXES ON PRODUCTION .....	244
TABLE A.1.4_T:	INDIRECT TAXES AS % OF TOTAL TAXATION: OTHER TAXES ON PRODUCTION .....	245
TABLE A.2_G:	DIRECT TAXES AS % OF GDP: TOTAL .....	246
TABLE A.2_T:	DIRECT TAXES AS % OF TOTAL TAXATION: TOTAL .....	247
TABLE A.2.1_G:	DIRECT TAXES AS % OF GDP: PERSONAL INCOME TAXES .....	248
TABLE A.2.1_T:	DIRECT TAXES AS % OF TOTAL TAXATION: PERSONAL INCOME TAXES .....	249
TABLE A.2.2_G:	DIRECT TAXES AS % OF GDP: CORPORATE INCOME TAX .....	250
TABLE A.2.2_T:	DIRECT TAXES AS % OF TOTAL TAXATION: CORPORATE INCOME TAX .....	251
TABLE A.2.3_G:	DIRECT TAXES AS % OF GDP: OTHER .....	252
TABLE A.2.3_T:	DIRECT TAXES AS % OF TOTAL TAXATION: OTHER .....	253
TABLE A.3_G:	SOCIAL CONTRIBUTIONS AS % OF GDP: TOTAL .....	254
TABLE A.3_T:	SOCIAL CONTRIBUTIONS AS % OF TOTAL TAXATION: TOTAL .....	255
TABLE A.3.1_G:	SOCIAL CONTRIBUTIONS AS % OF GDP: EMPLOYERS .....	256
TABLE A.3.1_T:	SOCIAL CONTRIBUTIONS AS % OF TOTAL TAXATION: EMPLOYERS .....	257
TABLE A.3.2_G:	SOCIAL CONTRIBUTIONS AS % OF GDP: EMPLOYEES .....	258
TABLE A.3.2_T:	SOCIAL CONTRIBUTIONS AS % OF TOTAL TAXATION: EMPLOYEES .....	259
TABLE A.3.3_G:	SOCIAL CONTRIBUTIONS AS % OF GDP: SELF- AND NON-EMPLOYED .....	260
TABLE A.3.3_T:	SOCIAL CONTRIBUTIONS AS % OF TOTAL TAXATION: SELF- AND NON-EMPLOYED .....	261
TABLE B.1_G:	TAXES BY LEVEL OF GOVERNMENT AS % OF GDP: CENTRAL GOVERNMENT .....	262
TABLE B.1_T:	TAXES BY LEVEL OF GOVERNMENT AS % OF TOTAL TAXATION: CENTRAL GOVERNMENT .....	263
TABLE B.2_G:	TAXES BY LEVEL OF GOVERNMENT AS % OF GDP: STATE GOVERNMENT .....	264
TABLE B.2_T:	TAXES BY LEVEL OF GOVERNMENT AS % OF TOTAL TAXATION: STATE GOVERNMENT .....	265
TABLE B.3_G:	TAXES BY LEVEL OF GOVERNMENT AS % OF GDP: LOCAL GOVERNMENT .....	266
TABLE B.3_T:	TAXES BY LEVEL OF GOVERNMENT AS % OF TOTAL TAXATION: LOCAL GOVERNMENT .....	267
TABLE B.4_G:	TAXES BY LEVEL OF GOVERNMENT AS % OF GDP: SOCIAL SECURITY FUNDS .....	268
TABLE B.4_T:	TAXES BY LEVEL OF GOVERNMENT AS % OF TOTAL TAXATION: SOCIAL SECURITY FUNDS .....	269
TABLE B.5_G:	TAXES BY LEVEL OF GOVERNMENT AS % OF GDP: EC INSTITUTIONS .....	270
TABLE B.5_T:	TAXES BY LEVEL OF GOVERNMENT AS % OF TOTAL TAXATION: EC INSTITUTIONS .....	271
TABLE C.1_G:	TAXES ON CONSUMPTION AS % OF GDP: TOTAL .....	272
TABLE C.1_T:	TAXES ON CONSUMPTION AS % OF TOTAL TAXATION: TOTAL .....	273
TABLE C.1.1_G:	TAXES ON CONSUMPTION AS % OF GDP: TOBACCO AND ALCOHOL .....	274
TABLE C.1.1_T:	TAXES ON CONSUMPTION AS % OF TOTAL TAXATION: TOBACCO AND ALCOHOL .....	275
TABLE C.2_G:	TAXES ON LABOUR AS % OF GDP: TOTAL .....	276
TABLE C.2_T:	TAXES ON LABOUR AS % OF TOTAL TAXATION: TOTAL .....	277
TABLE C.2.1_G:	TAXES ON LABOUR AS % OF GDP: EMPLOYED .....	278

TABLE C.2.1_T:	TAXES ON LABOUR AS % OF TOTAL TAXATION: EMPLOYED.....	279
TABLE C.2.1.1_G:	TAXES ON LABOUR AS % OF GDP: EMPLOYED PAID BY EMPLOYERS.....	280
TABLE C.2.1.1_T:	TAXES ON LABOUR AS % OF TOTAL TAXATION: EMPLOYED PAID BY EMPLOYERS.....	281
TABLE C.2.1.2_G:	TAXES ON LABOUR AS % OF GDP: EMPLOYED PAID BY EMPLOYEES.....	282
TABLE C.2.1.2_T:	TAXES ON LABOUR AS % OF TOTAL TAXATION: EMPLOYED PAID BY EMPLOYEES.....	283
TABLE C.2.2_G:	TAXES ON LABOUR AS % OF GDP: NON-EMPLOYED.....	284
TABLE C.2.2_T:	TAXES ON LABOUR AS % OF TOTAL TAXATION: NON-EMPLOYED.....	285
TABLE C.3_G:	TAXES ON CAPITAL AS % OF GDP: TOTAL.....	286
TABLE C.3_T:	TAXES ON CAPITAL AS % OF TOTAL TAXATION: TOTAL.....	287
TABLE C.3.1_G:	TAXES ON CAPITAL AS % OF GDP: CAPITAL AND BUSINESS INCOME.....	288
TABLE C.3.1_T:	TAXES ON CAPITAL AS % OF TOTAL TAXATION: CAPITAL AND BUSINESS INCOME.....	289
TABLE C.3.1.1_G:	TAXES ON CAPITAL AS % OF GDP: INCOME OF CORPORATIONS.....	290
TABLE C.3.1.1_T:	TAXES ON CAPITAL AS % OF TOTAL TAXATION: INCOME OF CORPORATIONS.....	291
TABLE C.3.1.2_G:	TAXES ON CAPITAL AS % OF GDP: INCOME OF HOUSEHOLDS.....	292
TABLE C.3.1.2_T:	TAXES ON CAPITAL AS % OF TOTAL TAXATION: INCOME OF HOUSEHOLDS.....	293
TABLE C.3.1.3_G:	TAXES ON CAPITAL AS % OF GDP: INCOME OF SELF-EMPLOYED.....	294
TABLE C.3.1.3_T:	TAXES ON CAPITAL AS % OF TOTAL TAXATION: INCOME OF SELF-EMPLOYED.....	295
TABLE C.3.2_G:	TAXES ON CAPITAL AS % OF GDP: STOCKS OF CAPITAL / WEALTH.....	296
TABLE C.3.2_T:	TAXES ON CAPITAL AS % OF TOTAL TAXATION: STOCKS OF CAPITAL / WEALTH.....	297
TABLE C.4_G:	ENVIRONMENTAL TAXES AS % OF GDP: TOTAL.....	298
TABLE C.4_T:	ENVIRONMENTAL TAXES AS % OF TOTAL TAXATION: TOTAL.....	299
TABLE C.4.1_G:	ENVIRONMENTAL TAXES AS % OF GDP: ENERGY.....	300
TABLE C.4.1_T:	ENVIRONMENTAL TAXES AS % OF TOTAL TAXATION: ENERGY.....	301
TABLE C.4.2_G:	ENVIRONMENTAL TAXES AS % OF GDP: TRANSPORT.....	302
TABLE C.4.2_T:	ENVIRONMENTAL TAXES AS % OF TOTAL TAXATION: TRANSPORT.....	303
TABLE C.4.3_G:	ENVIRONMENTAL TAXES AS % OF GDP: POLLUTION/RESOURCES.....	304
TABLE C.4.3_T:	ENVIRONMENTAL TAXES AS % OF TOTAL TAXATION: POLLUTION/RESOURCES.....	305
TABLE D.1:	IMPLICIT TAX RATES IN %: CONSUMPTION.....	306
TABLE D.2:	IMPLICIT TAX RATES IN %: LABOUR.....	307
TABLE D.3:I	IMPLICIT TAX RATES IN %: CAPITAL.....	308
TABLE D.3.1:I	IMPLICIT TAX RATES IN %: CAPITAL AND BUSINESS INCOME.....	309
TABLE D.3.1.1:	IMPLICIT TAX RATES: CORPORATE INCOME.....	310
TABLE D.3.1.2:	IMPLICIT TAX RATES: CAPITAL AND BUSINESS INCOME OF HOUSEHOLDS AND SELF-EMPLOYED.....	311
TABLE D.4:	IMPLICIT TAX RATES: ENERGY.....	312
TABLE D.5:	IMPLICIT TAX RATES, DEFLATED: ENERGY.....	313

## LIST OF GRAPHS

GRAPH I-1	LONG-TERM TRENDS IN THE OVERALL TAX RATIO (INCLUDING SSC) .....	28
GRAPH I-2	OVERALL TAX TO GDP RATIO IN EU COUNTRIES, THE US, JAPAN, AND NORWAY .....	30
GRAPH I-3	LEVEL IN 1995 AND CHANGE OF TAX-TO-GDP RATIO1) .....	32
GRAPH I-3	LONG-TERM TRENDS IN THE OVERALL TAX RATIO (INCLUDING SSC) .....	30
GRAPH I-4	STRUCTURE OF TAX REVENUES BY MAJOR TYPE OF TAXES .....	33
GRAPH I-5	TOP STATUTORY PERSONAL INCOME TAX RATE .....	34
GRAPH I-6	ADJUSTED TOP STATUTORY TAX RATE ON CORPORATE INCOME .....	35
GRAPH I-7	DEVELOPMENT OF ADJUSTED TOP STATUTORY TAX RATE ON CORPORATE INCOME .....	36
GRAPH I-8	EVOLUTION BY MAJOR TYPE OF TAXES .....	38
GRAPH I-9	REVENUE STRUCTURE BY LEVEL OF GOVERNMENT .....	40
GRAPH II-1.1	DISTRIBUTION OF THE TOTAL TAX BURDEN ACCORDING TO ECONOMIC FUNCTION .....	49
GRAPH II-1.2	DISTRIBUTION OF THE TOTAL TAX BURDEN ACCORDING TO ECONOMIC FUNCTION 2006 .....	51
GRAPH II-1.3	RELATIVE CONTRIBUTION OF TAXES ON LABOUR, CAPITAL AND CONSUMPTION (IN % OF GDP) TO THE CHANGE IN THE TOTAL TAX-TO-GDP RATIO, BY COUNTRY .....	52
GRAPH II-1.4	DEVELOPMENT OF IMPLICIT TAX RATES FOR THE EU AVERAGE .....	53
GRAPH II-2.1	IMPLICIT TAX RATE ON CONSUMPTION .....	57
GRAPH II-2.2	IMPLICIT TAX RATE ON CONSUMPTION .....	59
GRAPH II-2.3	DECOMPOSITION OF THE ITR ON CONSUMPTION .....	60
GRAPH II-2.4	VAT COMPONENT OF THE ITR ON CONSUMPTION .....	62
GRAPH II-2.5	VAT REDUCED RATE AND BASE INDICATOR .....	63
GRAPH II-2.6	EXCISE COMPONENT OF THE ITR ON CONSUMPTION .....	65
GRAPH II-3.1	TIME TREND OF ITR ON LABOUR .....	69
GRAPH II-3.2	DECOMPOSITION OF THE IMPLICIT TAX RATE ON LABOUR .....	72
GRAPH II-3.3	EVOLUTION OF THE COMPONENTS OF THE IMPLICIT TAX RATE ON LABOUR .....	73
GRAPH II-3.4	PAIR-WISE COMPARISONS OF ITR ON LABOUR AND TAX WEDGE INDICATOR .....	76
GRAPH II-3.5	TIME TREND MICRO AND MACRO INDICATORS IN THE UNION .....	77
GRAPH II-4.1	IMPLICIT TAX RATE ON OTHER PRODUCTION FACTORS AND ITR ON CAPITAL .....	90
GRAPH II-4.2	COEFFICIENT OF VARIATION OF THE ITR ON CAPITAL .....	91
GRAPH II-4.3	IMPLICIT TAX RATE ON CAPITAL - 2006 .....	92
GRAPH II-4.4	IMPLICIT TAX RATE ON CAPITAL AND BUSINESS INCOME IN EU-25 .....	93
GRAPH II-4.5	IMPLICIT TAX RATE ON CAPITAL AND BUSINESS INCOME - 2006 .....	94
GRAPH II-5.1	ENVIRONMENTAL TAX REVENUES BY MEMBER STATE AND TYPE OF TAX .....	101
GRAPH II-5.2	EVOLUTION OF THE STRUCTURE OF ENVIRONMENTAL TAXES .....	102
GRAPH II-5.3	EVOLUTION OF ENERGY EFFICIENCY, ITR ON ENERGY AND ON LABOUR IN THE EU-25 .....	106
GRAPH C.1	SENSITIVITY ANALYSIS: ROLE OF IMPUTED SOCIAL CONTRIBUTIONS .....	396



## Glossary

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





## Introduction

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

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

Tax revenues as broken down by types of taxes and by level of government are aggregations of the common national account categories of taxes. These are directly available from the national accounts provided by Member States to Eurostat and follow the classification prescribed by the 'European System of Accounts' (ESA95)<sup>1)</sup>. The economic classification of taxes is not standard and is computed specifically for the publication 'Taxation trends in the European Union using more detailed tax revenue data provided by the Member States. The corresponding implicit tax rates require additional assumptions and calculations. Ministries of Finance in the Member States have in particular helped to produce the data required for these computations. The publication gives a comprehensive overview of the methodology and data used for this purpose, though the underlying methodology used for the computation of environmental taxes has been published separately by Eurostat<sup>2)</sup>.

This edition of the publication 'Taxation trends in the European Union' covers the 1995-2006 period, corresponding to the years for which national accounts data are generally available in the ESA95 format.

The publication is divided into three parts. Part I reviews the major trends and developments in taxation in the Union. Part II presents the economic classification of taxes and conducts a comparison of implicit tax rates between Member States. Part III contains 28 country chapters; in each of them, the 1995-2006 trends and the development in the overall tax burden are reviewed, and an overview of the tax system and the main recent policy changes is given. The table of statistics provided for each country presents the data in 4 blocks: A - Structure of revenues in % of GDP; B - Structure according to level of government in % of GDP; C - Structure according to economic function in % of GDP, including the sub-group of environmental taxes; D- Implicit tax rates.


Annex A presents the same data organised differently: each table presents a single tax category, in % of GDP or in % of total taxes, or an implicit tax rate, for all years and Member States for which they are available together with simple or weighted EU averages. Annex B lists all taxes for which revenue data were submitted by the Member States and their respective allocation to the different economic functions and environmental tax categories. Annex C describes the methodology employed in calculating the ratios included in Annex A, the sources used for the tax revenue data and the methods employed by the Ministries of Finance to allocate the revenue of the personal income tax to labour, capital or other sources of taxable income.

---

1) European Commission (1996).

2) European Communities (2003).





# Overview of taxation in the European Union



## 1. TAX STRUCTURES AND RECENT DEVELOPMENTS IN THE ENLARGED UNION

This report is based on a wide measure of taxation, which includes actual compulsory social security contributions. In theory, social contributions differ from taxes with respect to the fact that contributions should be payments in exchange for social insurance services rendered to the individual, such as health or old age insurance. In practice, however, workers have little or no control about the level of coverage and have little if any way of switching funds to obtain the same level of insurance at lower cost; moreover, social security systems often involve substantial redistribution between fund members. These elements tend to assimilate social security payments to taxes. Hence, considering a wide measure of taxation including social contributions seems more appropriate in the context of this report. Nevertheless, data on taxation levels excluding social contributions are shown in Annex A.

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

The report shows averages for the EU with its current membership (EU-27), the euro area in its current 15-country composition (EA-15), as well as for the EU at 25 Member States (EU-25), i.e. the membership before the accession of Romania and Bulgaria. The EU-25 average is used whenever a trend over time is discussed; this choice is due to the fact that data for Romania and Bulgaria do not stretch back to 1995, making the EU-27 average incomplete for the early years analysed.

### *Overall tax burden*

In 2006, the overall tax-to-GDP ratio (including social security contributions) in the European Union amounted to 39.9 % in the GDP-weighted average, about 12 percentage points of GDP above those recorded in the United States and Japan. This level is high not only compared with the US and Japan but more generally; among the major non-European OECD members, only New Zealand has a tax ratio that exceeds 35 per cent of GDP<sup>1)</sup>. The tax-to-GDP ratios for the EU and individual Member States for the years 1995 to 2006 are given in Annex A.

The high tax-to-GDP ratios in the EU, particularly the EU-15 (the Union of 15 Member States, prior to the 2004 enlargement), are to a large extent the result of the persistent and largely unbroken<sup>2)</sup> upward trend in the tax burden in the 1970s, and to a lesser extent also in the 1980s and early 1990s<sup>3)</sup>. 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 were raised in order to finance increasing government spending; labour taxes in particular were increased steadily in order to finance expenditure on the welfare state, notably for old-age pensions, health care, access to education and other social benefits. In most EU countries, a rise in unemployment levels between 1970 and the early 1990s also contributed to the pressure to increase taxes<sup>4)</sup>.

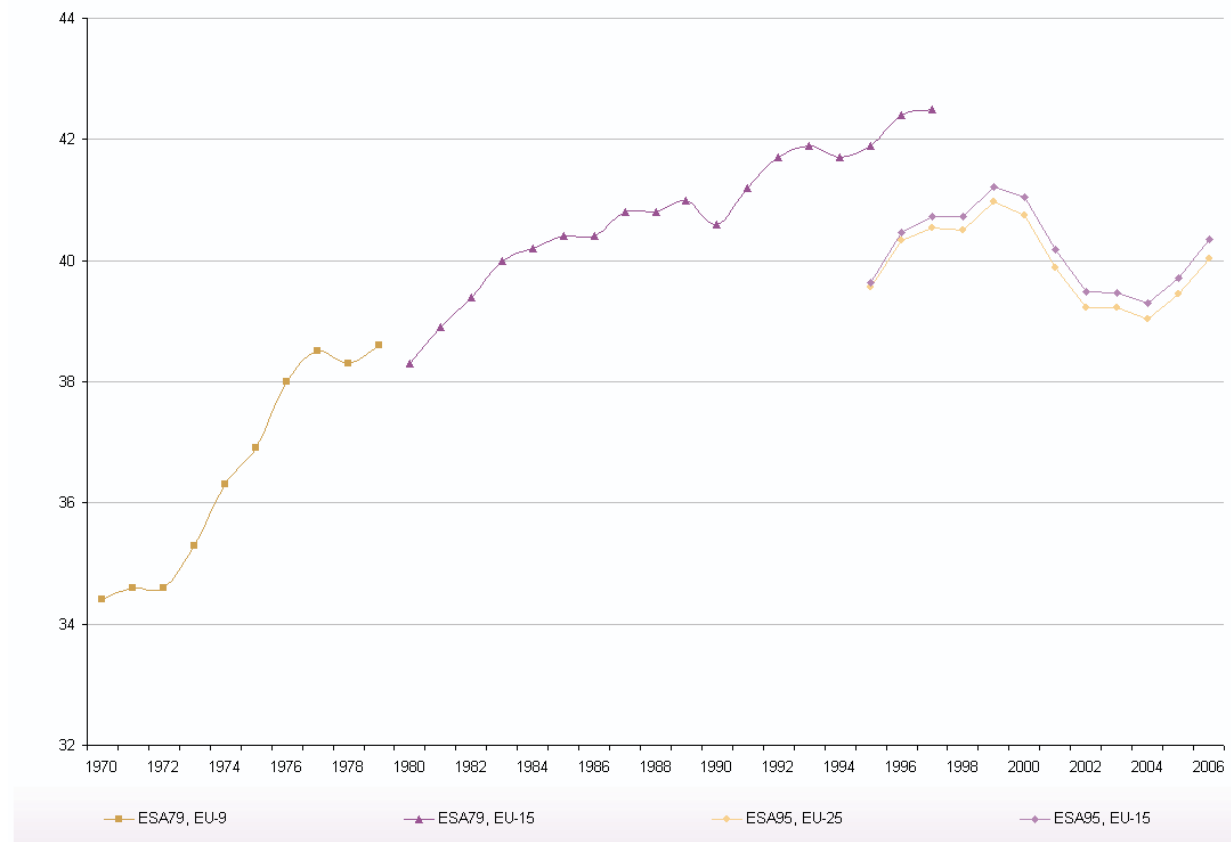
1) See OECD (2007).

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

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

4) Differences in the tax burdens are mostly related to the weight of the public sector in the economy. The amount of net social expenditure in the US, for example, is less than 18 % of GDP - significantly lower than in most Member States (cf. Adema, 2000). Between 1970 and 1999, almost 75% of the changes in the tax burden in EU Member States, the US and Japan appear to be related to changes in public expenditure (see European Commission, 2000a).

**Graph I-1 Long-term trends in the overall tax ratio (including SSC)**  
in % of GDP



Source: Commission Services.

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

Since the early 1990s, first the Maastricht Treaty nominal convergence criteria and subsequently the Stability and Growth Pact have resulted in the set-up of a multilateral budgetary surveillance framework, within which Member States have undertaken a series of fiscal consolidation efforts. In a number of Member States the consolidation process relied primarily on restricting or scaling back primary public expenditures (e.g. by cutting or postponing public investment), in others the focus was rather on increasing taxes (in some cases temporarily). For some Member States, the fiscal consolidation effort in the run-up to the EMU ruled out any major tax cuts.

Only in the later 1990s did a number of countries take advantage of buoyant tax revenues to reduce the tax burden, through cuts in the personal income tax, social contributions, and also in the corporate income tax. However, the overall tax burden decreased only from 2000. One reason why the tax cuts were not immediately apparent in the figures is that the economic upswing of the late 1990s boosted the measured overall tax burden, even while substantial cuts in statutory tax rates were being implemented. For instance, strong economic growth may have moved taxpayers into higher nominal income tax brackets ('bracket creep') in some Member States. In addition, during the expansionary phase between 1995 and 2000, many companies moved from a loss-making to a profit-making position; initially, carry-overs of losses from previous years cushion the increase, but as these run out, companies may face a rapidly increasing corporate income tax bill, an effect that may have been at play in those years. A clear decline in tax-to-GDP ratios is indeed only visible in the figures between 2001 and 2002. However, especially in 2002, the effects of tax cuts have probably been amplified by the economic slowdown and the action of similar mechanisms (in reverse) as those described above.

In the medium and long run, it is the development of expenditure that drives the tax ratio, particularly in euro area countries where the general government deficit is subject to strict limits. The spring 2008 EU Commission forecasts for the EU-27 project a decline by half a point of GDP in general government expenditure from 2006 to 2007 and foresee stability for 2008 and 2009 (in the weighted average). The forecast for the euro area shows a somewhat stronger expenditure correction, which is foreseen to continue in 2008 and 2009 to reach a total of one point of GDP.

As illustrated by Graph I-2, there are wide differences in tax levels across the Union. These differences not only reflect social policy choices such as public or private provision of services, e.g. old age and health risk protection, but also technical factors: some Member States provide social or economic assistance via tax reductions rather than direct government spending, while social transfers are exempted from taxes and social contributions in some Member States but not in others<sup>5)</sup>; both of these choices affect the level of the tax-to-GDP ratios.

The wide variety of tax ratios in the Union is not new. Already before the 2004 enlargement, the EU included a number of Member States with tax ratios close the 50 % mark, such as the Scandinavian countries and Belgium, but also several low-tax Member States, such as Ireland, Spain, the UK and Greece. However, given the generally lower tax ratios in the accession countries, the 2004 and 2007 enlargement resulted in a significant decline for the EU mean value; this is apparent in Graph I-2 where the accession countries concentrate on the right side. Indeed, the total tax-to-GDP ratio of the new Member States is almost seven percentage points lower than the average of the EU-15. The range of variation within the Union also increased as first the Baltic republics and then Romania had levels of taxation well below the previous minimum.

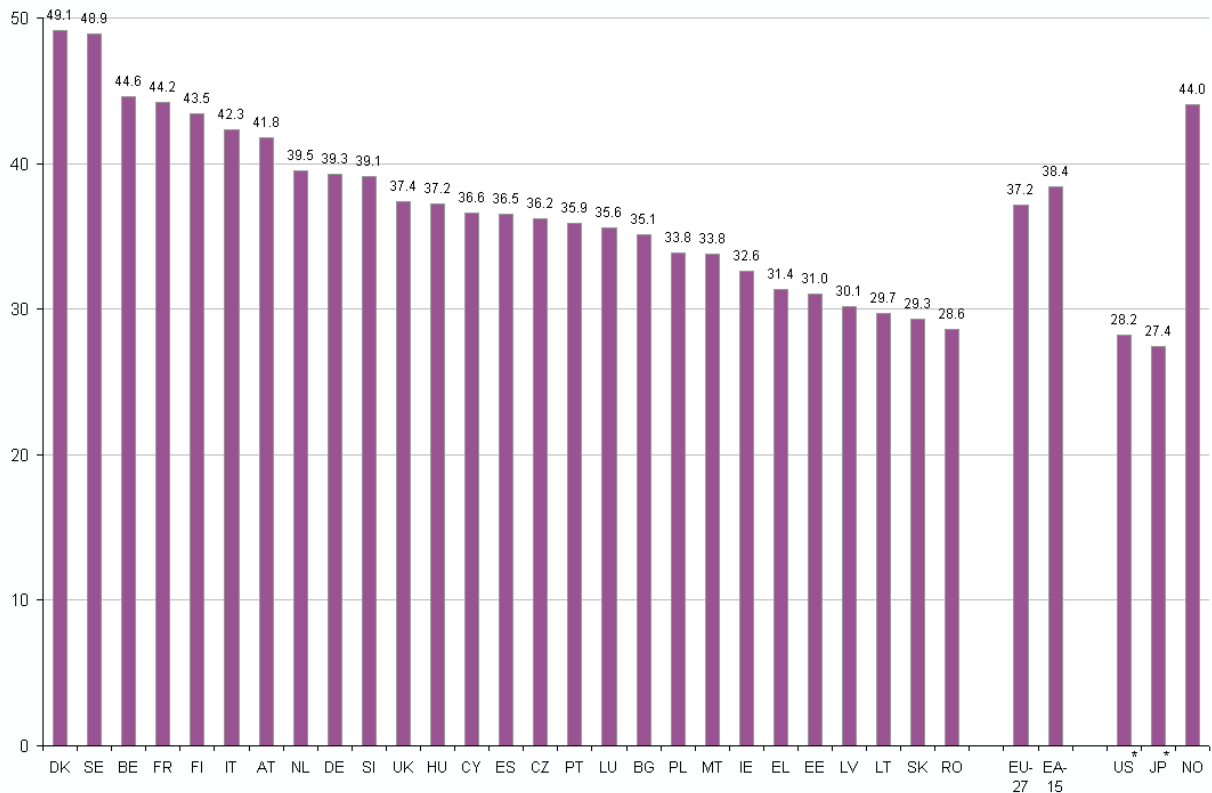
There are substantial differences in the total tax burden not only between the old (EU-15) and the new Member States but also within the latter group. One may distinguish two groups of countries, one composed of Slovenia (39.1 %) and Hungary (37.2 %) with a level exceeding the EU-27 average (37.1 %) and the remaining new Member States: from the Czech Republic (36.2 %, i.e. almost one percentage point below the average) to Romania (28.6 %, i.e. 8.5 percentage points below the average). One might say that the geographically peripheral countries (with the exception of the Nordics) tend to display lower tax ratios: the UK and Ireland, Portugal and Spain, Cyprus and Malta, the Baltic States and Poland, Slovakia and the newest two Member States Romania and Bulgaria show low tax ratios, whereas the countries situated in the core as a rule display higher taxation: France, the Benelux, Germany, Austria, Hungary, the Czech Republic and Slovenia exceed the average or are at least quite close to it.

#### *In the euro area, increases over the last two years bring overall tax-to-GDP ratio back to peak levels*

In several euro area members, economic programmes based on reducing taxes seemed to find growing political support since the second half of the 1990s. However, decreases in the average overall tax ratio were generally modest and concentrated in the 1999-2002 period, which was also marked by low economic growth – a factor that by itself tends to drive down tax-to-GDP ratios. The downward trend essentially stopped there for most countries. The overall tax ratio then increased perceptibly for the majority of euro area countries in the last two years of the period covered. As of 2006, the euro area tax ratio has reached a record level (38.4 %) in the arithmetic average; in the weighted average, where the largest countries dominate the trend, the level reached (40.5 % of GDP) remains below the 1999 peak (41.5 %), largely on account of the sizeable reduction in Germany since 2000 (2.6 points).

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

**Graph I-2 Overall Tax to GDP ratio (incl. SSC) in the EU, US, Japan, and Norway**  
2006, in %



Source: Commission Services for the EU countries and NO, OECD for the US and Japan.

Note: Data for Japan refer to 2005. Figures for US in 2006 are provisional (OECD 2007).

As a result of these developments, the average tax to GDP ratio in the euro area is higher in 2006 than in 1995, both in the simple arithmetic and in the weighted average. There are nevertheless a few cases of significant reductions: Finland (-2.3 points of GDP), Luxembourg (-1.5 points) and Slovenia (-1.1 points). The other declines amount to less than one point of GDP. On the other hand, some euro area countries show quite marked increases in taxation: Cyprus (+9.9 points), Malta (+7.0 points), Portugal (+4.0 points) and Spain (+3.8). However all of these started from a low tax burden.

If one looks at tax levels in the narrow definition, excluding social security contributions, the situation is similar: the arithmetic average shows a record level in 2006 at 26.6 %, while the weighted average, though increasing markedly in the last two years of the period, remains under the peaks at the turn of the century. It is worth noting, however, that in the narrow definition, there is practically no difference in tax levels between the euro area and the EU-25, highlighting that the higher taxation burden in the euro area is limited to social security contributions. The very low tax levels in Romania, however, result in the EU-27 average for 2006 being 0.4 points below the euro area's.

#### *At Union level, tax ratio on the increase in 2006*

While the EU-25 average is at a lower level than the euro area average, its trend is quite similar to that followed by the euro area. Growth from 1995 to 1999, when the highest level was reached, was followed by a gradual reduction until 2004, when a relatively sharp increase began, bringing the average practically back to the 1995 level. The EU-25 weighted average, where euro area Members dominate the trend, shows a similar trend, but is at a slightly higher



level and shows a small, but perceptible increase vis-à-vis 1995, as three of the four largest economies in the EU recorded higher taxes.

Examining the changes on a country by country basis, it becomes apparent that the overall stagnation in the average tax ratio masks rather different developments. Graph I-3 displays the changes in the tax-to-GDP ratios between 1995 and 2006 in percentage points of GDP, in comparison to the original levels in the base year 1995. The top half includes those Member States which have seen their overall tax ratio increase since 1995, while the right-left dimension identifies the starting point at the beginning of the decade compared with the 1995 mean; that is, countries that at the beginning of the period displayed higher-than-average total tax ratios are in the right half and vice versa.

Several facts are highlighted by this graph:

- countries with higher-than-average tax ratios (mainly old Member States) have tended to carry out limited adjustments, as shown by the fact that they are located relatively close to the horizontal axis;
- on the left side of the graph, there is more north-south variation; this means that the most forceful changes tend to appear among low-tax countries;
- more countries have increased their tax ratios (14) than reduced it (11);
- this is true also of countries that started out with a higher-than-average tax ratio, as shown by the fact that the top-right quadrant (high-average countries that have increased their ratio further) contains more data points than the bottom-right quadrant (high-average tax countries that have reduced their ratio). Only five above-average countries (Hungary, Finland, the Netherlands and Germany) have managed to reduce their overall tax ratio;
- More low-average Member states have increased their tax ratio than reduced it (9 vs. 5);
- Interestingly, low-tax countries tend to display large adjustments in either direction, upwards or downwards, whereas above the average the picture appears much more static. Overall, the figures suggest that there has been a positive but limited convergence to the average after 2000<sup>6)</sup>;
- Amongst the new Member States, trends are quite diverse, with further decreases in some Member States and increases in others. However, although this is not visible from the graph, the divergence appeared after 1999; before that date, there was a common downward movement in the ratios<sup>7)</sup>;
- Four Member States have shown much larger variation than the others: Cyprus and Malta (upwards) and Slovakia and Estonia (downwards);
- Cyprus and Malta represent the major exceptions to the decline in tax ratios common to most of the new Member States; these two countries in fact witnessed large increases in the ratio (+9.9 and +7.0 percentage points respectively), albeit from a very low base as these Member States started from the two lowest tax ratios in 1995. They now rank 13<sup>th</sup> and 20<sup>th</sup> of 27 respectively in terms of the tax ratio, still below average;
- In Slovakia the tax ratio, which was already low by 1999, has fallen by a further 6 points of GDP since; the year 2006 in fact saw another strong decline, from 31.5 to 29.3 % of GDP. Overall, over the entire 1995-2006 period, Slovakia stands out as the Member State that has carried out the most profound restructuring of its tax system, with the tax ratio declining by over one quarter. The country thus changed its ranking significantly,

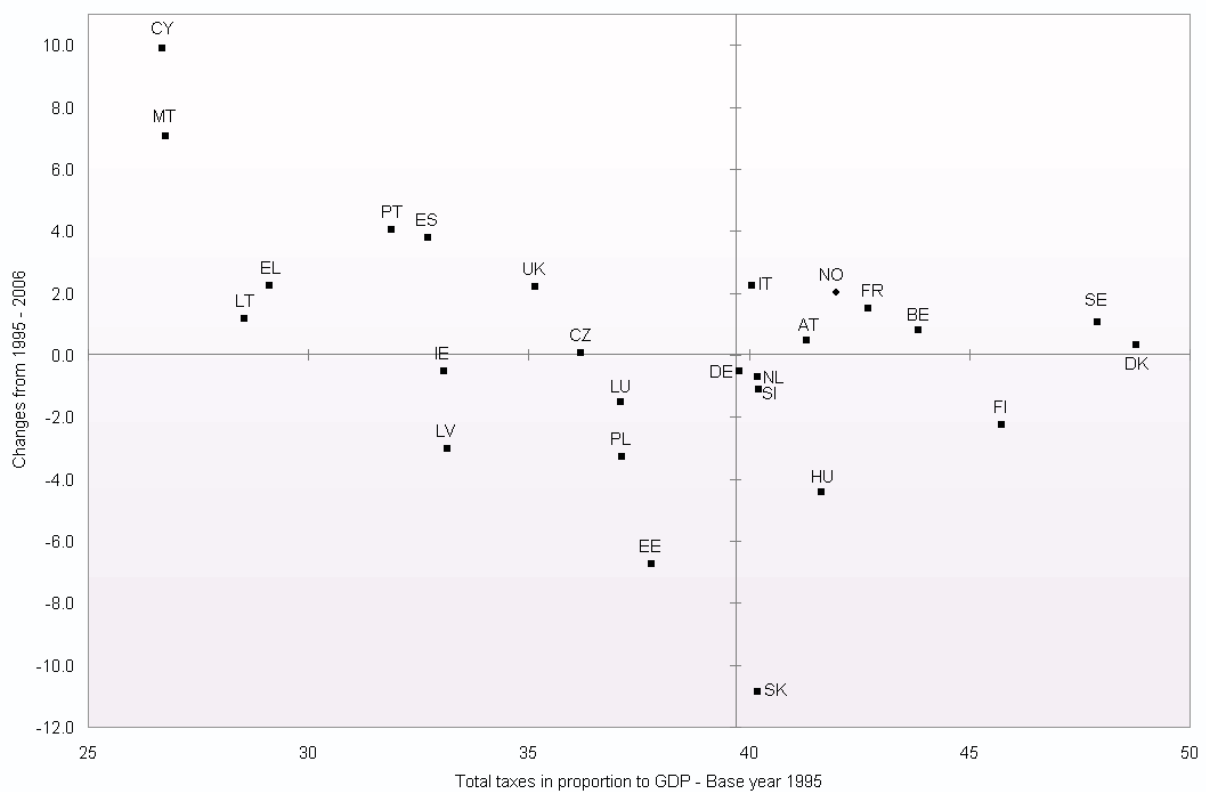
6) Both the difference between the maximum and the minimum and the ratio between the standard deviation and the mean have decreased since 2000, the opposite of what had taken place in the 1995-1999 period. Looking back, Cnossen (2001) reports convergence of the tax ratios over the period 1970-2000. In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

7) See the 2006 edition of this report, p. 26-27 (European Commission, 2006).

from being essentially in line with the old Member States average in 1995 at 40.2 % of GDP, to having the second lowest ratio in the EU-27 in 2006;

- In Estonia the bulk of the substantial reduction in the tax ratio took place from 1995 to 2001; the ratio has remained roughly constant since;
- Bulgaria and Romania are not shown in the graph because of missing data for 1995. The development since the beginning of the series (i.e. 2000 for the former and 2001 for the latter) shows some increase until 2006 (+2.0 and +0.8 percentage points respectively).

**Graph I-3 Level in 1995 and change of tax-to-GDP ratio until 2006**  
in %



Source: Commission Services

## 2. REVENUE STRUCTURE BY TYPE OF TAX

The structure of tax revenues by major type of taxes (i.e. direct taxes, indirect taxes and social contributions) is shown in Graph I-4.

Generally, the new Member States have a different structure compared to the EU-15 countries; in particular while most old Member States raise roughly equal shares of revenues from direct taxes, indirect taxes, and social contributions, the new Member states often display a substantially lower share of direct taxes in the total. The lowest shares of direct taxes are recorded in Bulgaria (only 20.1 % of the total), Slovakia (20.4 %) and Romania (21.4 %); in Poland the share of direct taxes has diminished by one third since 1995 and now stands at 22.2 %. One of the reasons for this difference can be found in the generally lower tax rates applied in the new Member States for corporate tax and personal income tax (see Graphs I-5 and I-6).

**Graph I-4 Structure of tax revenues by major type of taxes**  
2006, in % of the total tax burden



Source: Commission Services

The low share of direct taxes in the new Member States is counterbalanced by higher shares of indirect taxes and social contributions in total tax revenues. The highest shares of indirect taxes are indeed found in Bulgaria, where the share is well over half of revenue, and Cyprus, where it is very close to the 50 % mark. As for social contributions, high shares, 40 % or more, are found in the Czech Republic and Slovakia, although France and Germany are also characterised by a similar level.

**Graph I-5 Top statutory personal income tax rate**  
2007 income, in %



Source: Commission Services

Note: DK, FI, SE: State taxes plus municipality taxes, DE: Including the solidarity surcharge, HU: Including the solidarity tax

Also among the 'old' Member States (EU-15) there are some noticeable differences. The Nordic countries (i.e. Sweden, Denmark and Finland) as well as the UK and Ireland have relatively high shares of direct taxes in total tax revenues. In Denmark and, to a lesser extent, also in Ireland and the United Kingdom the shares of social contributions to total tax revenues are low. In Denmark, there is a specific reason for this low share: most welfare spending is financed out of general taxation. This requires high direct tax levels and indeed the share of direct taxation to total tax revenues in Denmark is the highest in the Union. Germany's system represents in a sense the opposite of Denmark's; Germany shows the highest share of social contributions in the total tax revenues, while its share of direct tax revenues on the total is the lowest in the EU-15. France, too, has a high share of social contributions and a correspondingly low share of direct tax revenues, compared to the EU-15 average.

**Graph I-6 Adjusted top statutory tax rate on corporate income**  
2008 income, in %



Source: Commission Services.

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

### Reforms in tax systems

Since the mid-1990s, a number of Member States have implemented reforms to their tax systems. The reforms have varied in coverage and depth, but have usually shared the aims of reducing the tax burden on labour, particularly at the low to middle end of the pay scale, of achieving a general reduction in corporate income tax rates (whilst broadening the base), and of improving the functioning of capital markets. Reforms of indirect taxation have been more diverse. Increases in indirect taxation in some countries were driven by 'green' tax reforms, often as a counterpart to the reduction in the taxation of labour<sup>8)</sup>. 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 reform packages that were stretched out over several years. While some general elements are touched upon here and a few examples are highlighted, further details are given in Part III, which describes the structures and the developments for the individual Member States.

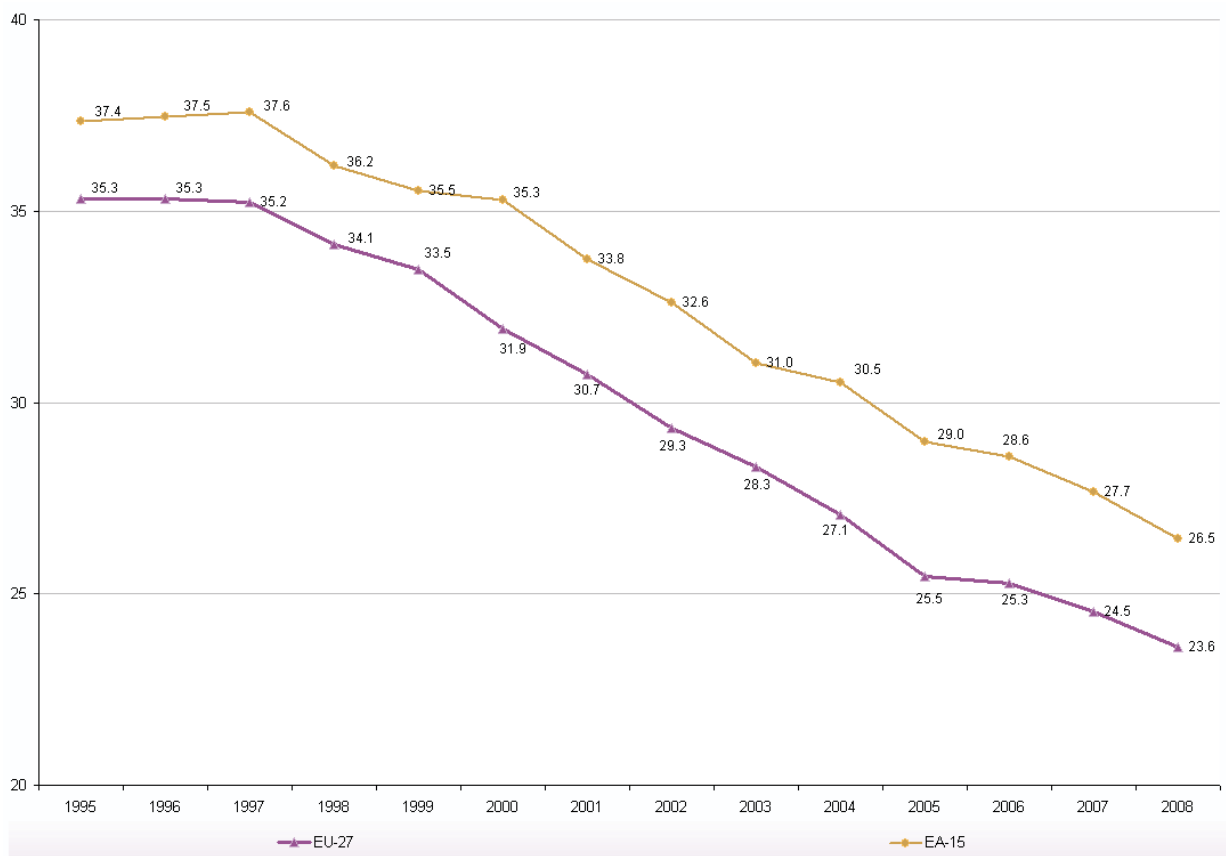
Reforms of the personal income tax code have mainly consisted of lowering statutory rates (often relatively more at the lower end of the income distribution in order to maximise employment creation), reducing the number of tax brackets and increasing the minimum level of tax-exempt income. Member States have also often increased family allowances, in particular tax relief for families with children. Some Member States have replaced basic family tax

8) 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.

allowances with individual tax credits (also in order to increase work incentives for spouses). Other Member States have introduced additional (earned) tax credits (or tax allowances) that are exclusively earned on labour income. Most of these credits or allowances phase in for lower incomes and phase out at higher income levels. Several Member States have implemented reforms of pensions taxation.

Reforms of taxes on capital income typically aimed primarily at improving the functioning of capital markets. Another aim was to create incentives for risk-taking, and to support venture and intangible capital. Some Member States have fundamentally changed the taxation of capital income or capital gains in the personal income tax, often broadening the income tax base. Many Member States have implemented reductions in statutory corporate income tax rates, but have at the same time reduced special incentive schemes, or cut back depreciation allowances. Some countries have tried to reduce the relative cost of financing new investment via own capital by introducing tax breaks directly through 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*).

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



Source: Commission Services.

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

Reforms are more diverse in the area of indirect taxation. Since the second half of the 1990s, a number of Member States have implemented 'green' tax reforms (e.g. Sweden, Denmark, the Netherlands, Germany, 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 personal income taxes. The Nordic countries were the forerunners in introducing green tax reforms. Many Member States apply reduced rates on labour intensive service sectors. A few

Member States implemented increases in the standard VAT rate, while others implemented general VAT reductions or targeted reductions for certain products and/or sectors. Particularly (but not exclusively) the new Member States have increased excise duties (e.g. on tobacco, alcohol, diesel fuel or petrol), in order to reach the EU minima.

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

Since the end of the Nineties there has been a strong tendency to cut corporate tax rates (see Graph I-7), often curtailing special tax regimes at the same time. This trend started in the new Member States, but the old Member States followed suit and reduced their statutory corporate tax rates substantially<sup>9)</sup>. Overall, compared to 1995, all Member States except Malta, Finland and Sweden have cut the statutory rate. The downward trend is ongoing: in twelve countries rate cuts were introduced in 2007 or 2008 (Bulgaria, the Czech Republic, Denmark, Germany, Estonia, Greece, Spain, Lithuania, Italy, the Netherlands, Portugal, Slovenia<sup>10)</sup>), while rates increased in only one case (Hungary; see Table II.5-1 in the Capital chapter). The average corporate tax rate in the EU-27 is now 23.6 % (see Graph I-6), while in the euro area, comprising mostly old Member States, the average is around three percentage points higher.

Some countries have implemented changes that go beyond simple rate cuts. Estonia is a good example of this development. The country moved away from the classical corporation tax system: despite the low CIT rate (26 %) in force since 1994, since the beginning of 2000 Estonia decided to levy no corporate tax on retained profits, so that only distributed profits are taxed. The rate was later cut to 22 %. A similar system had been introduced also in Lithuania, but was later abolished. Another example is Belgium, where the already mentioned introduction of the notional interest system has the effect of reducing the tax burden fairly significantly, even though it does not translate to a change in the tax rate.

As for weight of the personal income tax, in the new Member States both PIT revenue and top statutory rates are generally well below those in the EU-15; Graph I-5 lists only one old Member State, Luxembourg, amongst the 10 countries with the lowest top statutory personal income tax rates.

#### *Trends in PIT and CIT revenue by country*

The gradual reduction in the top personal income tax rate in several countries is in line with a gradual reduction of personal income tax revenue in the EU-25 from the peaks in the late 1990s. The trend towards lower PIT revenues, compared to 1995, is quite general: only eight countries saw revenue from this tax increase (as a share of GDP), and only two of these by more than one percent: France, which hiked PIT in 1998, and Malta, where the process has involved later years. The cases where revenue declined are more numerous and involve bigger cuts; the most prominent were recorded in Poland (-3.8 % of GDP), Ireland (-3.0 %), and Estonia (-2.7 %).

As for corporate income taxes, it is striking that the rather strong decline in the corporate income tax rates has not resulted, so far, in marked reductions in tax revenue; both the euro area and the EU-25 average actually increased slightly from the 1995 level. It is not straightforward to attribute this result to cyclical factors, as both the output gap and real growth in the EU's four largest economies were higher in 1995 than in 2006. Hence, it seems likely that base widening, an increase in the degree of corporatisation of the economy<sup>11)</sup>, or other factors are playing a role. The strongest declines in CIT revenue were recorded in Slovakia (-3.2 % of GDP), albeit from a very high level and

9) See European Commission (2006)

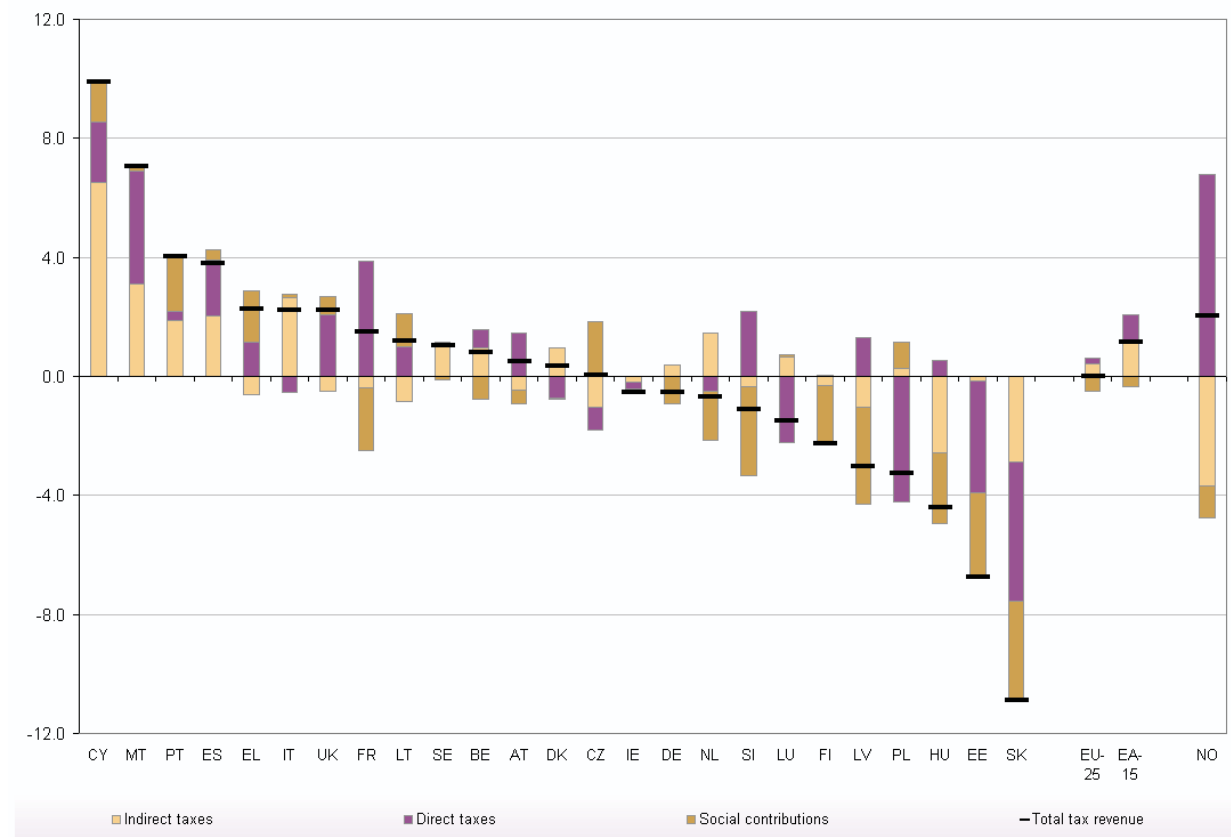
10) In Luxembourg and Portugal the decline is due to changes in local tax rates, while in Lithuania the decline is due to the expiry of a temporary tax.

Luxembourg (-1.6 %), whereas notable increases were recorded in Cyprus (+2.9 %), Slovenia (+2.5 % but from a very low level), Spain (+2.3 %), and Denmark (+2.0 %).

*Changes in composition by main tax type*

Graph I-8 decomposes the change in the overall tax burden into (positive or negative) changes of its three major components; the black line shows the change in the overall tax-to-GDP for all the countries. The graph highlights that, in the period under consideration, Member States only rarely shifted taxation clearly from one type of taxes to another; examples of changes in the tax mix are the Czech Republic and Poland, which shifted the burden of taxation from taxes to social contributions, and France, Slovenia, Latvia, and the Netherlands, which did the opposite. Bulgaria and Romania, too, shifted taxation in a clear way towards indirect taxation, but this is not visible in the graph owing to the lack of data for 1995. In more recent years, there has been a lively discussion about the merits of a shift towards indirect taxes, and such a measure was taken, for instance, in Germany in 2007, when part of a VAT increase was used to finance a cut in social security contributions.

**Graph I-8 Evolution by major type of taxes**  
1995-2006, differences in % of GDP



Source: Commission Services.

Note: BG, RO data missing.

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



### 3. REVENUE STRUCTURE BY LEVEL OF GOVERNMENT

Graph I-9 displays a classification of aggregate tax revenue (including social contributions) by receiving level of government. In the ESA95 framework of national accounts, taxes are classified according to four different units of government that may operate within a country and to the institutions of the European Union. The combination of the different government levels operating within a Member State is called the general government, and may include:

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

The figures shown in Graph I-9 represent 'ultimately received' tax revenues. This means that the shares displayed under State and local governments do not only include 'own' taxes of government sub-sectors, but mostly also the relevant part of the tax revenue that is actually 'shared' between the different levels of the general government, even in cases where a government sub-sector has practically no power to vary the rate or the base of those particular taxes<sup>12)</sup>. Furthermore, these figures exclude grants between different levels of government<sup>13)</sup>. The taxes received by the institutions of the European Union do not only include taxes paid directly to them (i.e. the ECSC levy on mining and iron and steel producing enterprises paid by resident producer units), but also taxes collected by general governments on behalf of the EU, such as receipts from the Common Agricultural Policy (CAP), customs duties on imports from third countries and a share in VAT revenues.

In 2006 in the EU-27 about 59 % of the 'ultimately received' aggregate tax revenue (including social contributions) was claimed by the central or federal government, roughly 27 % accrued to the social security funds, and around 11 % to local government. Less than 1 % of tax revenue is paid to the institutions of the European Union. There are, however, considerable differences from one Member State to another. For instance, few Member States have a State government level (Belgium, Germany, Spain, and Austria). In the UK and Malta, the social security system is not separate from the central government level from an accounting viewpoint. The share of sub-federal revenue (defined as municipalities plus the State level where it exists) varies from less than 1 % in Greece to 34 % in Denmark. Not only Denmark, but also Sweden, Spain, Germany and Belgium show high shares of total taxes received by the non-central authorities. At the other end, this share is noticeably small in Greece (0.9 %), Cyprus (1.4 %), Ireland (2.2 %) and Bulgaria (2.3 %), as well as in Malta, where local government does not receive directly any tax funds. Concerning social security funds, the highest shares in the EU are reported by France and Germany.

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

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

**Graph I-9 Revenue structure by level of government**  
2006, in % of the total tax burden



Source: Commission Services

Significant changes in the shares of tax revenues of state and local governments occurred in Spain, Romania, Bulgaria, Slovakia and Italy. In Spain, an increase in the share of state tax revenue is first 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 of 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 in the following period as the reform was implemented. Romania and Slovakia too saw a marked increase in local government revenue, whereas in Bulgaria the opposite took place. In Italy, an increase in the share of local tax revenues is visible from 1998 onwards. This can be attributed to the Italian reform that, among other important changes, introduced the 'IRAP' ('Regional Tax on Productive Activities'), and decreased the dependence of the local governments on grants from the central government.

The data shown in Graph I-9 indicate substantial differences in the structures of the taxation systems across the Union. These data give, however, little insight into the degree of tax autonomy of sub-central levels of government as such. Generally speaking, taxation involves (i) setting a tax base, (ii) defining statutory tax rates, (iii) collecting the tax and (iv) attributing its revenues. At each stage, one or several levels of government may be involved. Furthermore, the degree of fiscal autonomy may vary. For example, in the case of 'own' taxes, the central or sub-central government unit is responsible for all phases of the tax raising process. When the tax is 'joint', the central government is usually solely responsible for (i) setting the base and (iii) collecting the tax, but operates together with the regions in (ii) setting the rates. The term 'shared tax' generally means that the central government is responsible for (i) setting the base, (ii) defining the tax rates and also for (iii) collecting the tax<sup>14)</sup>, but the sub-central governments are automatically and unconditionally entitled to a percentage of the tax revenue collected or arising in their territory. Other modalities may also exist. In practice, the fiscal organisation of government – including the fiscal relations, the constitutional arrangements and the tax raising process – is quite complex, and varies considerably from one Member State to another. An OECD study (1999) has complemented tax revenue statistics by providing a typology of the 'taxing powers' of government sub-sectors, and by applying this typology to tax revenue statistics. The study shows important differences as regards the tax autonomy of the *Länder* and Regions within the group of federal or quasi-federal countries in the Union (i.e. Germany, Austria, Belgium and Spain<sup>15)</sup>). It also shows differences as regards the tax autonomy of local governments within the European Union. However, as noted above important changes have taken place in several Member States since publication of the study.

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

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





# Taxation according to economic functions



## Introduction

The tax-to-GDP ratio and the breakdown of tax revenues into standard categories such as direct taxes, indirect taxes and social contributions provide a first insight into cross-country differences in terms of tax levels and its composition in terms of tax type. This information is, however, already available from the National Statistical Offices. This publication additionally provides a broad classification of taxation in three economic functions - consumption, labour and capital. The report contains data on the absolute level of taxation by economic function and computes implicit tax rates or ITRs, i.e. average effective tax burden indicators<sup>1)</sup>; unlike simple measures of the tax revenue, these take into account the size of the potential tax base, which often differs substantially from one country to the other. The methodology utilised in this survey is discussed in detail in Annex C.

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

---

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





# Distribution of the tax burden according to economic function





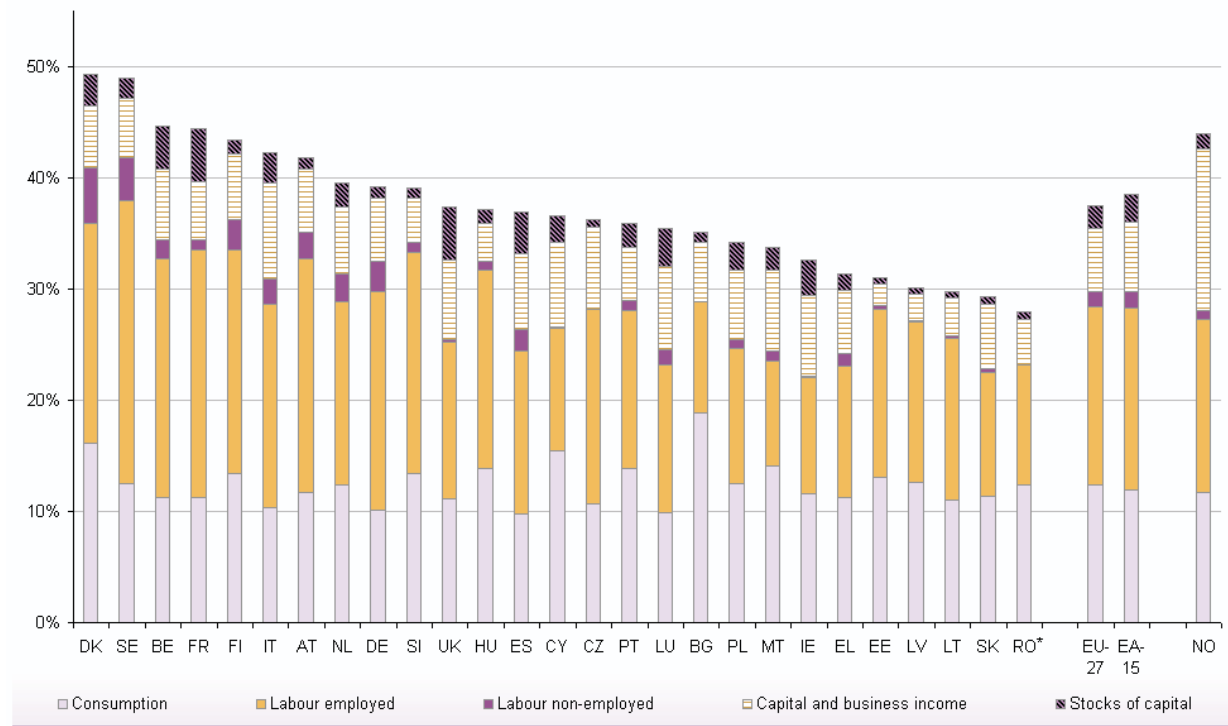
## 1. DISTRIBUTION OF THE TAX BURDEN ACCORDING TO ECONOMIC FUNCTION

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

Graph II-1.1 ranks Member States by overall tax burden and displays a breakdown of revenue by economic function for the year 2006. The graph clearly shows quite a lot of variation both in terms of the overall level and in its composition. In particular, despite the fact that indirect taxes are harmonised at EU level, there is substantial variation in the amount of revenues raised from consumption taxes. Even greater variation is visible in revenues from capital and business income, while some smaller revenue sources, such as taxation of stocks of capital/wealth and taxation of non-employed labour (essentially pensions and social security benefits) range from significant to negligible. Overall, the taxes levied on (employed) labour income, which are usually withheld at source (i.e. personal income tax levied on wages and salaries income plus social contributions), represent the most prominent source of revenue, contributing over 40 % of overall receipts on average, followed by consumption at roughly one third and then capital at just over one fifth.

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

Taxes on labour (employed and non-employed), consumption and capital (capital and business income and stocks) 2006, in % of GDP



Source: Commission Services

Note: \*RO 2005 data

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

The results shown in the first panel, on the share of consumption taxes in overall revenues, are interesting in several respects; first, there is a clear outlier, Bulgaria, where the share of consumption taxes is more than eleven percentage points higher than in the second-ranking country, Estonia. Second, it is a distinctive feature of the new Member States to display a high reliance on consumption taxes: ten of the first eleven positions in the ranking refer to countries that joined the Union in the last two enlargement rounds, the only exception being Portugal. Of the two

remaining new Member States, Slovenia and the Czech Republic, only in the latter is the share of consumption taxes below the EU average.

Apart from the fact that generally lower capital taxation in these countries symmetrically tends to boost the share of consumption taxation, this distribution is also linked to structural factors, such as the fact that in the new Member States the energy intensity of the economy is generally higher (an important element of consumption taxes is represented by mineral oil duties) or to the fact that tobacco and alcohol taxes generally account for a greater share of total taxation there.

At the bottom end we find Italy, where VAT revenue is relatively low owing to exemptions, and a group of countries with high overall taxation (France, Belgium, Sweden) where the low share from consumption taxes is mostly the mirror image of high labour taxation. Another interesting fact is that differences in the shares of consumption taxes between Member States have been growing quite markedly in the past few years, as shown by divergence indicators (see table C.1\_T in Annex A). This seems related to the fact that those countries where the share of consumption taxes is highest have been increasing further their reliance on this type of taxes, while countries with low consumption taxes have for the most part seen revenue dwindle or stagnate<sup>1)</sup>.

The second panel in Graph II-1.2 presents the level of labour taxes in overall tax revenue. The importance of labour taxes is highlighted by the fact that fifteen of the EU Member States derive around half their revenue from labour taxes: twelve raise between 48 % and 53 % of the total, while Sweden, Germany and Austria obtain more than 55 %. The bottom half of the distribution is more dispersed, with Bulgaria raising the least amount of financing from labour, a mere 28.5 % of the total.

Another interesting feature of this graph is the great variation in tax revenue from non-employed labour; this category refers to personal income tax and/or social contributions that are raised on old age pension benefits and social benefits. Revenues vary markedly from country to country given widely different traditions in the taxation of benefits and transfers, some of which are frequently exempted from taxation. Denmark, Germany, the Netherlands, Finland and Sweden tend to raise a substantial amount of taxes on such benefits; given, however, that the granting of unemployment benefits is tightly linked to the labour market situation, the revenue raised from taxes on benefits are linked to the cycle and may therefore vary over time. In the other Member States the amount of tax raised on such benefits is generally lower, if not negligible. Countries with low taxation of employed labour usually tax the non-employed lightly or not at all<sup>2)</sup>.

The bottom panel in Graph II-1.2 highlights the differences in the extent of capital taxation. The share of revenue yielded by capital taxes is large in the United Kingdom, Ireland, Luxembourg, Spain, Malta, Cyprus, Italy and Poland, where they contribute over one quarter of total taxes, and noticeably small in the Baltic Republics, Hungary, and Slovenia with less than one seventh. As for their composition, taxes raised on capital and business income are generally more important than taxes on stocks of capital/wealth; one important exception is France, where high taxes on wealth lead to broadly equal proportions between the two types. In the recently accessed Member States, these taxes by and large yield a lower share of revenue than in the EU-15; this might be linked, however, to a lower aggregate value and productivity of the capital stock.

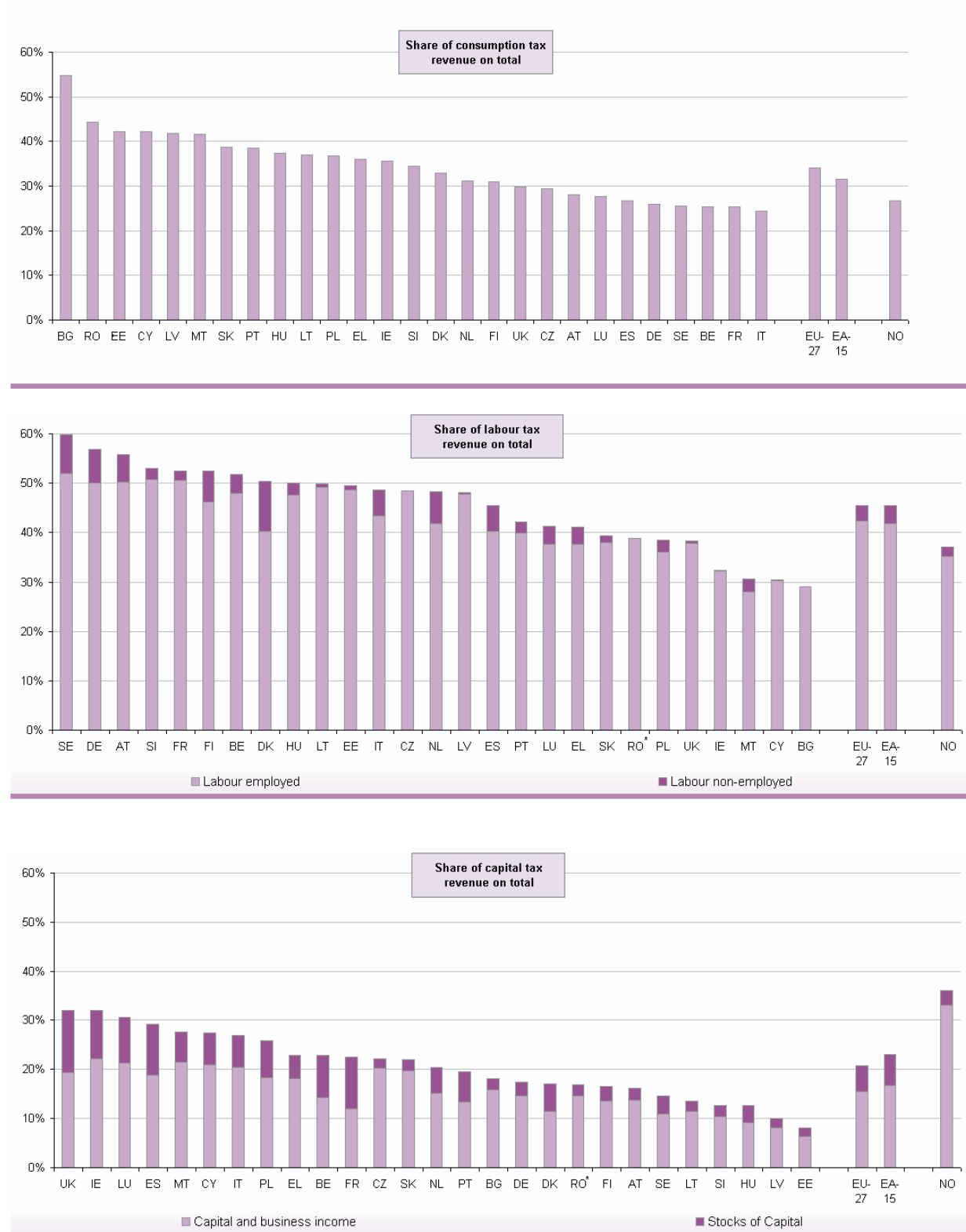
---

1) In all five highest ranking countries, Bulgaria, Estonia, Cyprus, Romania, and Latvia, the share of consumption taxes has grown markedly since the beginning of the decade, possibly owing in part to the adaptation of their tax systems to the EU excise minima in a context where low general taxation levels lead naturally to a high share of consumption taxes in revenue.. At the bottom end, Italy and France reduced their share further, Belgium remained largely unchanged, Sweden and Germany increased it until 2003 and allowed it to decline after that date.

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

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

**Graph II-1.2 Distribution of the total tax burden according to economic function, 2006**



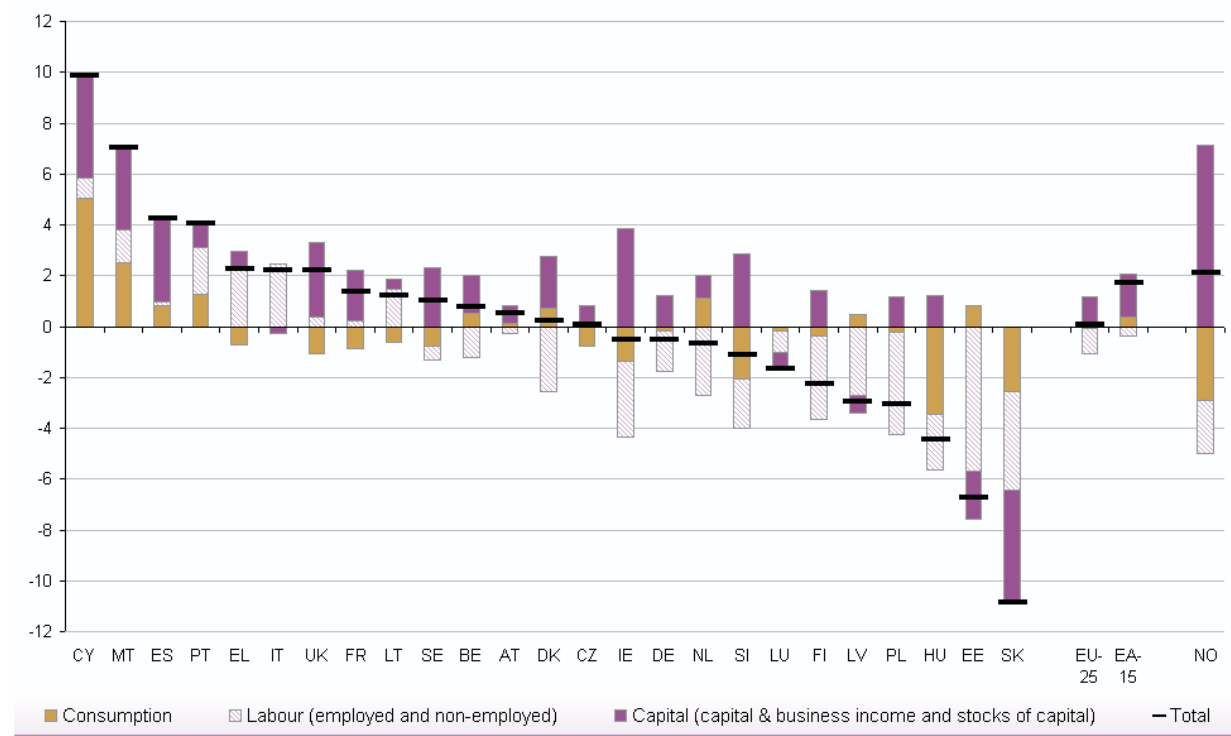
Source: Commission Services

Note: \* RO: 2005 data

*Breakdown of revenue by economic function: changes over time*

The distribution of the overall tax burden by economic function has undergone some important changes since the mid-1990s, and the pattern is rather mixed across Member States (see Graph II-1.3; the black line represents the sum of the changes of the different components as a percent of % GDP). The two most striking features of developments have been an across-the-board – partly cyclically induced – increase in capital taxes as a percentage of GDP to the highest levels since 1995; and a slight decline of labour taxes since the late 1990s; labour taxes have indeed significantly increased only in six Member States, while in sixteen others they contributed in a non-negligible way to reducing overall taxation. In many cases the stabilisation or decline in labour taxes occurred after some initial increases in the first years of the period under investigation. Despite significant changes in many Member States, consumption taxes as % of GDP are, on average, at about the same level in 2006 as in 1995.

**Graph II-1.3 Relative contribution of taxes on labour, capital and consumption to the change in the total tax-to-GDP ratio, by country**  
1995-2006, in % of GDP

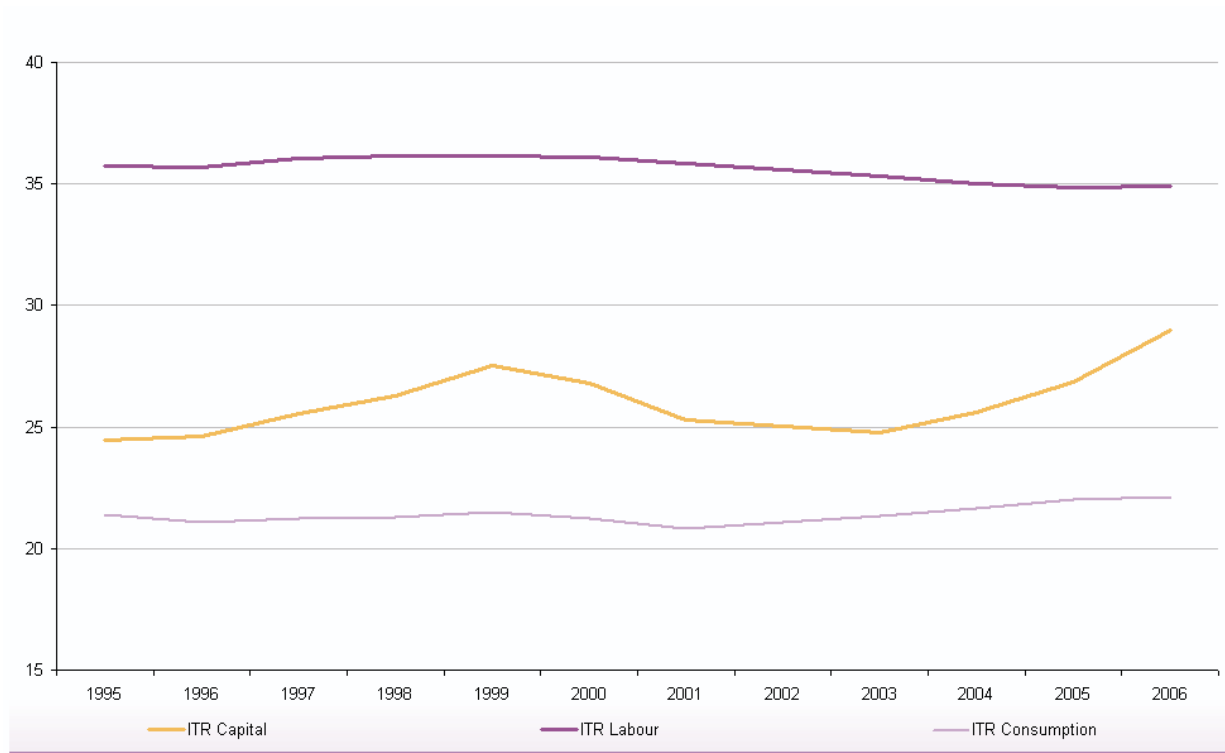


Source: Commission Services

*Overall trends in implicit tax rates*

Graph II-1.4 displays the evolution of the three main implicit tax rates, on labour, on consumption and capital, between 1995 and 2006. These ITRs are commented in detail in the next chapters. They are here juxtaposed to highlight four main facts: first, that average effective tax rates on labour remain well above those for capital and consumption; second, that the decline in labour taxation stopped in 2005; third, that effective taxation of capital is on the increase; and finally, that since 2001 consumption taxation has been trending upwards slowly.

**Graph II-1.4 Development of implicit tax rates**  
EU-25 average, 1995 - 2006, in %



Source: Commission Services





## **Trends in the implicit tax rate on consumption**

# 2



## 2. TRENDS IN THE IMPLICIT TAX RATE ON CONSUMPTION

### 2.1. Tax burden on consumption increasing

Previous editions of this report<sup>1)</sup>, based on the ESA79 system of national accounts, reported broad stability in the implicit tax rate on consumption in the EU-15 from the early 1970s until the early 1990s. This chapter presents an analysis of the data for the 1995-2006 period, based on the current national accounts methodology, i.e. ESA95. For many countries, ESA95 data exist only since 1995, which explains our choice of the period covered.

Graph II-2.1 and Table II-2.1 show the trend development of the ITR on consumption in the period under consideration. The ratio has experienced significant variation over time; a first rising phase, until 1999, was followed by a drop; in two years it fell by around three quarters of a percentage point. Since 2001, however, the ratio has been increasing steadily every year to reach 22.1 % in 2006. The decline at the turn of the century was not sufficient to offset the effects of the two periods of growth, so that over the entire period the ITR of consumption has climbed. This picture is broadly the same both for the euro area and for the EU-25, the main difference being that in the euro area the increase since 1995 is stronger and that the ITR on consumption is, on average, still lower in the euro area than in the Union as a whole.

**Graph II-2.1 Implicit tax rate on consumption**



Source: Commission Services

1) European Commission (2000 a, b).

**Table II-2.1 Implicit tax rates on consumption in the Union  
1995-2006, in %**

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
BE	20.6	21.3	21.6	21.4	22.5	21.8	21.0	21.4	21.3	22.0	22.2	22.4
BG	-	-	-	-	-	19.7	18.9	18.7	20.7	23.2	24.4	25.9
CZ	22.1	21.2	19.4	18.6	19.7	19.4	18.9	19.3	19.6	21.8	22.2	21.2
DK	30.5	31.6	31.9	32.7	33.7	33.4	33.5	33.7	33.3	33.3	33.6	34.0
DE	18.8	18.3	18.1	18.3	19.0	18.9	18.5	18.5	18.6	18.1	18.0	18.2
EE	20.8	19.1	20.3	18.1	17.8	19.8	19.9	20.0	19.9	20.3	22.8	23.6
IE	24.8	24.7	25.3	25.4	25.7	26.1	24.1	25.0	24.9	25.9	26.5	26.9
EL	17.6	17.7	17.8	18.1	18.7	19.0	19.5	18.8	17.9	17.6	17.0	17.6
ES	14.2	14.4	14.6	15.3	15.9	15.7	15.2	15.4	15.8	16.0	16.3	16.4
FR	21.5	22.1	22.2	22.0	22.1	20.9	20.3	20.3	20.0	20.1	20.1	20.0
IT	17.4	17.1	17.3	17.8	18.0	17.9	17.3	17.1	16.6	16.8	16.8	17.2
CY	12.6	12.3	11.3	11.5	11.3	12.7	14.3	15.4	18.9	20.0	20.0	20.4
LV	19.3	17.9	18.8	21.1	19.5	18.7	17.5	17.4	18.6	18.5	20.2	20.0
LT	17.7	16.4	20.4	20.7	19.2	17.8	17.4	17.8	17.0	16.0	16.5	16.7
LU	21.1	20.8	21.6	21.6	22.4	23.1	22.7	22.8	23.6	25.1	25.5	25.1
HU	30.8	29.5	27.2	27.6	27.9	27.5	25.6	25.4	26.0	27.6	26.4	25.8
MT	14.8	14.0	14.8	13.8	14.8	15.9	16.5	18.1	16.5	17.3	19.1	19.8
NL	23.2	23.3	23.8	23.4	23.9	23.7	24.4	23.8	24.2	24.9	25.3	26.9
AT	20.3	20.7	21.7	21.8	22.2	21.3	21.4	21.9	21.5	21.5	21.2	20.9
PL	21.3	21.2	20.1	19.1	19.7	17.8	17.2	17.9	18.3	18.5	19.6	20.2
PT	19.1	19.5	19.3	19.9	20.0	19.2	19.3	19.9	19.8	19.7	20.6	21.1
RO	-	-	-	-	-	-	-	16.6	17.6	16.5	18.0	17.7
SI	25.2	24.7	23.4	24.9	25.8	24.0	23.5	24.6	24.7	24.5	24.2	24.2
SK	26.0	24.2	23.2	22.6	21.0	21.3	18.5	19.1	21.0	21.5	22.2	20.2
FI	27.6	27.4	29.3	29.1	29.4	28.6	27.6	27.7	28.1	27.7	27.6	27.3
SE	27.9	27.2	26.9	27.4	27.2	26.5	26.9	27.4	27.5	27.6	28.1	28.1
UK	20.0	19.9	19.9	19.7	19.9	19.4	19.0	18.9	19.2	19.1	18.7	18.5
NO	30.9	31.0	31.8	31.5	31.3	31.1	30.6	29.7	28.5	28.9	29.7	31.1
EU-25	21.4	21.1	21.2	21.3	21.5	21.2	20.8	21.1	21.3	21.7	22.0	22.1
EA-15	19.9	19.9	20.1	20.3	20.8	20.6	20.4	20.7	20.8	21.2	21.4	21.6

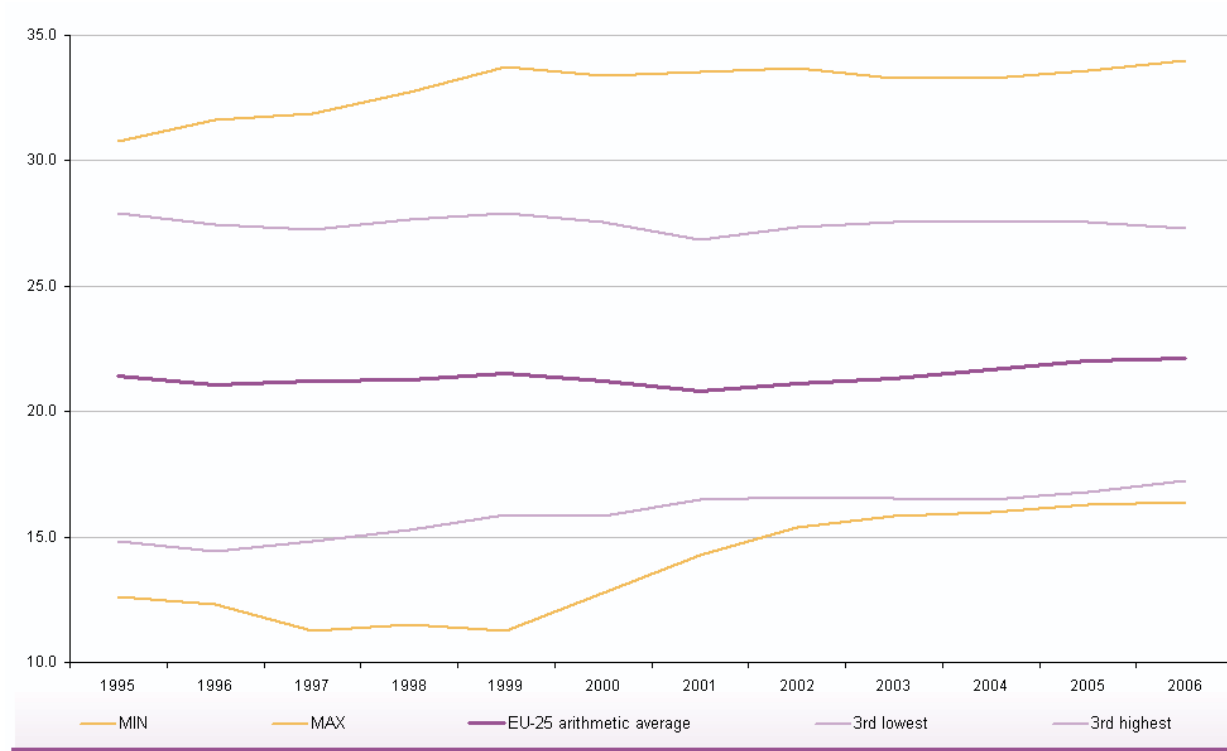
Source: Commission Services

The trend increase has involved most of the Union. Compared to 1995 levels, only eleven countries have experienced declines while Greece reached the 1995-level in 2006. Since 2001 the increasing trend has been even more general as only eight Member States have not experienced any pick-up; moreover, the only sizeable *decline* in the ITR was in Greece (-1.9 percentage points since 2001), followed by more moderate ones in Lithuania (-0.7), Austria and the United Kingdom (-0.5), Germany, France and Finland (-0.3) and Italy (-0.1). Furthermore, Bulgaria and Romania, not yet included in the calculation of the average, also show remarkable increases in their ITRs on consumption. ITR on consumption has grown by 7 percentage points for Bulgaria in the period 2001-2006 and by 1.1 percentage points for Romania in the period 2002-2006, which falls within the general picture that the countries from Central and Eastern Europe have experienced the greatest increase.

The Graph II-2.2 gives an indication on the degree of convergence by showing the minimum and maximum values for the ITRs on consumption for the relevant years, followed by the third extreme values; the respective lines form 'external' and 'internal' bands. The external bands depict the maximum deviation of the ITRs, within which all the rates are located, while the internal bands give a good picture of the majority of Member States. The graph clearly shows that since 1999 the lowest ITRs on consumption are strictly converging upwards to the average, while the highest ones are almost stable. Both the low consumption taxing and high consumption taxing countries have experienced a slow increase in the ITRs, which is reflected in the upward trend of the EU-25 arithmetic average. The same picture of increasing convergence is shown by the two other indicators shown in Table D.1 in Annex A, namely the difference between the maximum and minimum value and the ratio between the standard deviation and the mean; both indicators show convergence over the examined period, particularly since 1999. The increasing convergence in the ITRs is mostly due to the raise in the ITRs in most of the New Member States. Notably, the ITR for Cyprus have increased significantly in the examined period from the lowest EU level in 1995 to the level close to EU average. Note that the highest consumption taxing countries in 2006, which are left out of the inner bands, are Denmark and Sweden, while the other extremes are Spain and Lithuania.

**Graph II-2.2 Implicit tax rate on consumption**

1995 - 2006, in %; minimum and maximum value, third lowest and highest, EU-25 average



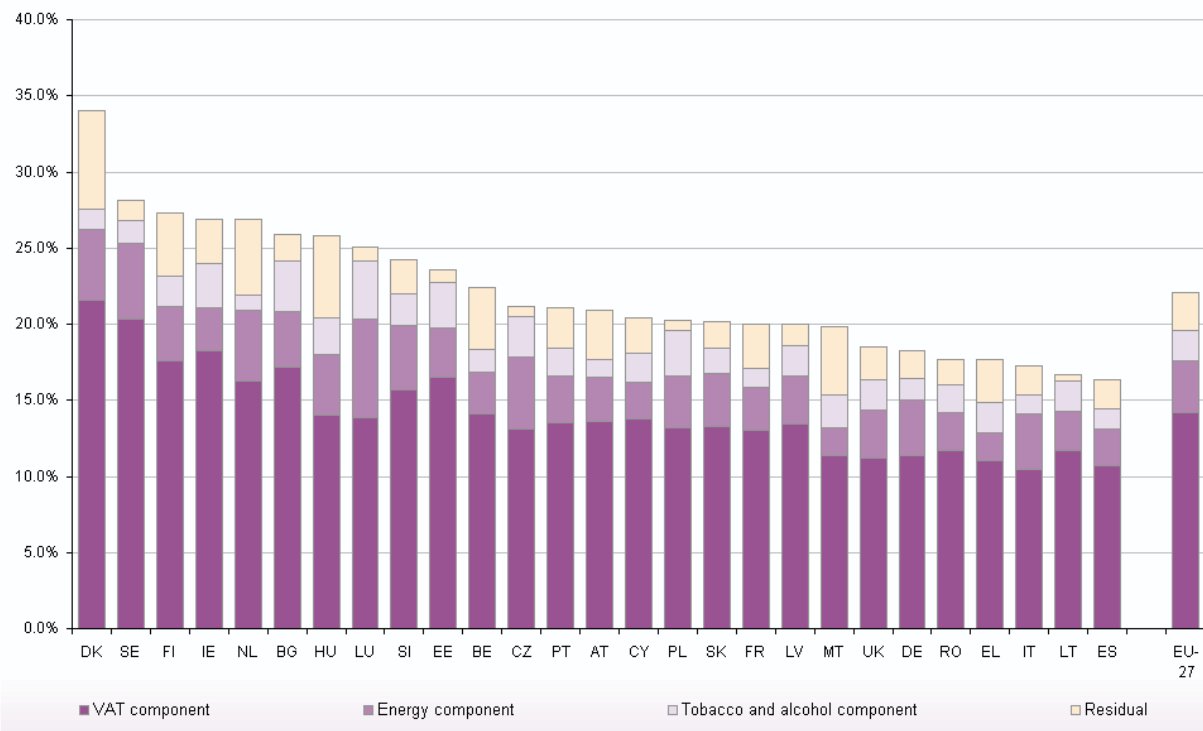
Source: Commission Services

## 2.2. Implicit tax rate on consumption in the EU-25: 2006 level

The arithmetic average implicit tax rate for the EU-25 is 22.1 % for 2006. The lowest ITR on consumption throughout the whole Union is for Spain (16.4 %), followed by Lithuania (16.7 %), Italy (17.2 %) and Greece (17.6 %). In the high consumption taxing countries Denmark stands out with 34.0 %, almost six percentage points above the following Member States – Sweden, Finland, Netherlands and Ireland.

The aggregate level of the ITR on consumption combines a number of taxes on consumption, which are different in nature and justification, which could be misleading when commenting them. Thus, certain level of disaggregation is needed to highlight different components of the ITR on consumption and their share in the composition of the aggregate. The approach taken in this report has been to classify consumption taxes into four main sub-components: VAT, energy, excise duties on tobacco and alcohol and a residual (see Graph II-2.3). This breakdown follows the approach introduced the first time in last year's report; it has been constructed on the basis of the National List of Taxes supplied by Member States (see also Annex B).

**Graph II-2.3 Decomposition of the ITR on consumption**  
2006, in %



Source: Commission Services

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

Not surprisingly, the VAT component is the largest. Nevertheless in all Member States the non-VAT component of the ITR is far from negligible; it ranges from lows of respectively 27.7 % in Sweden, 29.8 % in Lithuania and 30.0 % in Estonia up to highs of 44.5 % for Luxembourg and 45.5 % in Hungary. While Hungary compensates the VAT revenues primarily with other consumption taxes, Luxembourg compensates the VAT revenues mostly with excise duties.

#### *VAT component of the ITR*

The variation in the VAT component of the ITR, while non-negligible, is not as marked as that registered for the other three. Although the difference between the highest and lowest VAT component of the ITR exceeds 100 %, the variation in the energy component of the ITR and, even more so, for the tobacco and alcohol component and for the remaining consumption taxes is even wider.

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

#### *Energy component*

The energy tax component, which includes excises on motor vehicle fuels, usually accounts for between two and five percentage points, the average being 3.4 points. The lowest values are found in Greece and Malta (respectively

1.8 and 1.9 percentage points), while the highest are found in Luxembourg (6.5 points), followed by Sweden (4.9 points), the Czech Republic (4.7 points) as well as Denmark and the Netherlands (both 4.6 points). Despite the transitional periods granted to most of the 12 recently acceded Member States, the energy component is in line with the EU average and rather high in some of them (in the Czech Republic and Slovenia (4.3 points) and in Hungary where the component amounts to 4.0 percentage points). A high contribution of the energy component does however not necessarily imply high excise rates but may be due to a comparatively high share of energy use in the economy; conversely high taxation of energy could in theory result in a low energy component if the heavy taxes succeed in discouraging energy use (see also chapter on environmental taxation). Note also that the energy component identified in this table does not necessarily include all the revenue data listed in Table C.4.1 in Annex A, as that may include energy taxes other than excises, although excises will generally represent the bulk of them.

### *Tobacco and alcohol component*

Taxation of alcohol and tobacco amounts to, on average, the equivalent of 2.0 percentage points. The range of variation is however wide, extending from 1.0 percentage points in the Netherlands to 3.8 points in Luxembourg. Other countries where tobacco and alcohol taxes raise little income include Italy and Austria (both 1.2 points) whereas in Bulgaria and Poland this component accounts for a significant portion of the ITR (3.3 and 3.0 points respectively).

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

### *Residual*

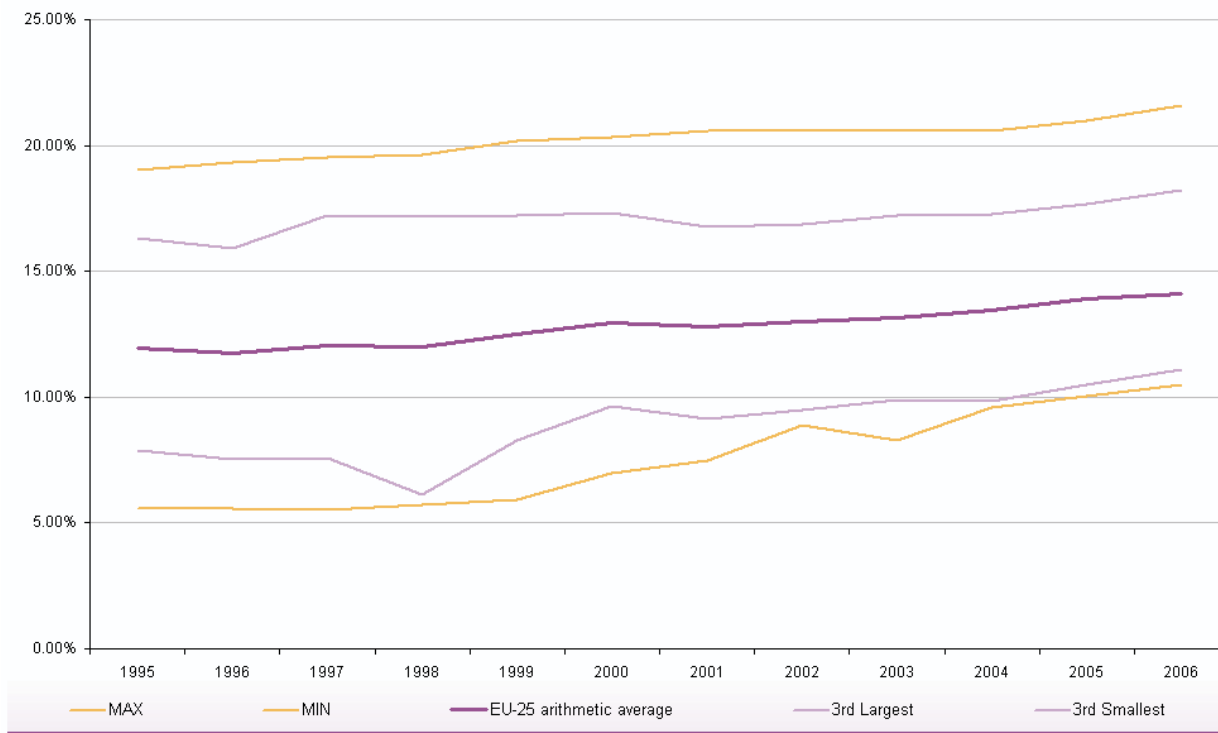
The residual component in the ITR on consumption not only varies a lot among member states in size but is also rather heterogeneous. It is largest in Denmark (6.4 %) and Hungary (5.4 %) whereas it is very limited in most of the countries of the Central and Eastern Europe. Denmark stands out for the great number of additional duties, most of which are also pollution and transport taxes (Tables C.4 to C.4.3 in Annex A list the revenue amounts for energy, pollution and transport taxes in detail). In the case of Hungary, however the residual is almost fully due to the local tax on company sales.

## **2.3. VAT component of the ITR on consumption**

The upward trend of the VAT component of the ITR on consumption can be noticed over the examined period (see Graph II-2.4) and this applies both to the average and the bands. The high extremes in 2006, which are left out of the inner bands, are represented by Denmark and Sweden and the low by Italy and Spain. The sharp and yet steady pick-up in the minimum value and 3<sup>rd</sup> smallest band schedule from 1998 onwards is due to increasing statutory VAT rates (from 10 % to 15 % in Cyprus and from 15 % to 18 % in Malta) as well as to widening of the tax bases.

The general upward trend of the VAT component of the ITR on consumption is noticeable in 2006 too, where only three Member States experience slight decreases – Luxembourg (-0.3 percentage points), Austria (-0.2 percentage points) and Romania (-0.1 percentage points) while Slovakia (-0.7 percentage points), the Czech Republic (-0.9 percentage points) and Hungary (-1.3 percentage points) show larger decreases. On the other side, in countries such as Estonia, Cyprus and Poland the increase is in the range of 1.0 percentage points.

**Graph II-2.4 VAT component of the ITR on consumption**  
1995-2006, in %



Source: Commission Services

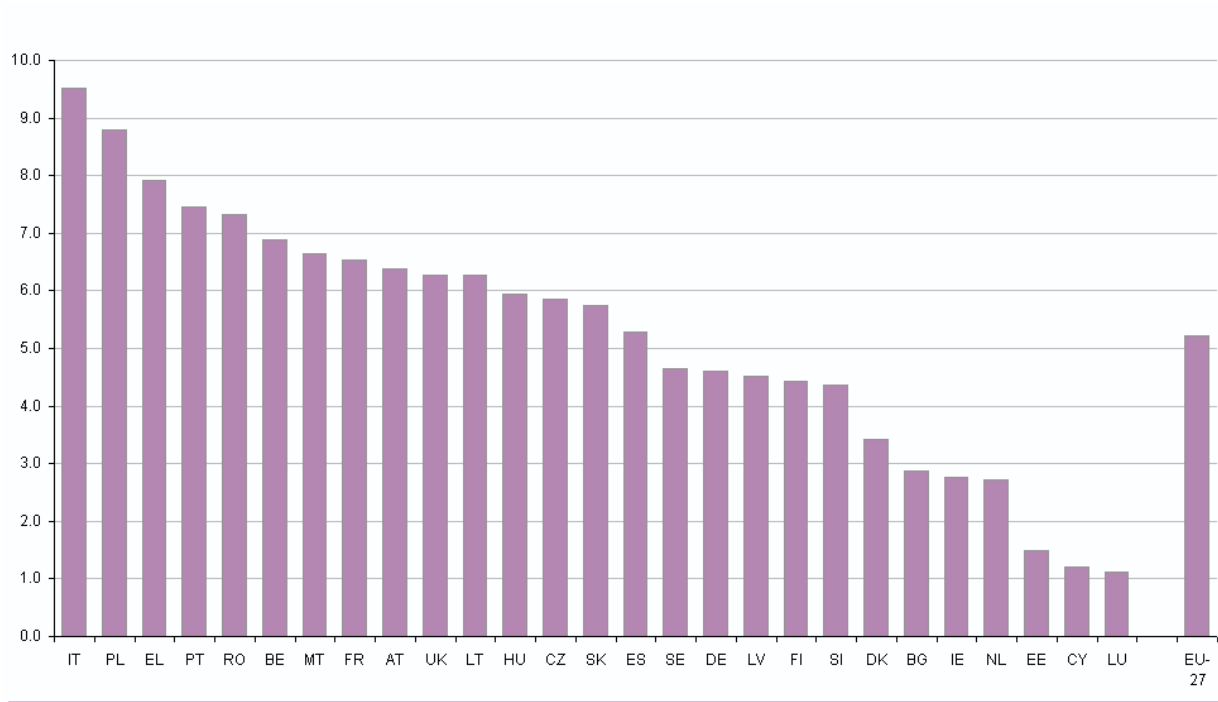
A better insight into the peculiarities of the VAT tax bases in the Member States' tax systems is given by a specific indicator representing the difference between the generally applicable statutory VAT rate (disregarding reduced rates) and the VAT component of the ITR on consumption. This indicator,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

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

Graph II-2.5 shows that for Italy and Poland the indicator reaches around 9 percentage points, an outstanding value in itself. A major explanation for the high value of the indicator for Italy lies in the wide application of the reduced (10 %) and super-reduced (4 %) rates; these apply to widely consumed goods and services such as foodstuffs, transport, books and periodicals, pharmaceuticals, public facilities, hotel accommodation, restaurant services, and residential housing; the favourable treatment of housing in particular is likely to have a significant impact on revenues. In Poland, as of 2006, the reduced rates are also widely applicable and considerably lower: the super-reduced rate is 3 % and the reduced rate 7 %.



**Graph II-2.5 VAT reduced rate and base indicator**  
2006, in percentage points



Source: Commission Services

The lowest values (remarkably low at less than 1 percentage point) are attributable to Estonia, Cyprus and Luxembourg. As for Luxembourg, the geographical smallness of the territory and the significant expenditure by non-residents generally make the interpretation of the ITR difficult; revenues from consumption taxes paid by non-residents might therefore be the main cause for its low indicator value. Bulgaria, which maintained until recently a VAT account system notably to fight tax evasion, also displays a low value in 2006 (around 3 %<sup>2)</sup>.

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

2) Bulgaria introduced a VAT account system in 2003 in order to ensure the virtual VAT payments. All VAT-registered businesses were required to open a VAT account, which was separated from other business' cash flows.

**Table II-2.2 VAT rates in the Member States**  
2006, in %

Member State	Standard rate	Reduced rate	Super reduced rate	Parking
BE	21	6	-	12
BG	20	7	-	-
CZ	19	5	-	-
DK	25	-	-	-
DE	16	7	-	-
EE	18	5	-	-
IE	21	13.5	4.4	13.5
EL	19	9	4,5	-
ES	16	7	4	-
FR	19.6	5.5	2.1	-
IT	20	10	4	-
CY	15	5/8	-	-
LV	18	5	-	-
LT	18	5/9	-	-
LU	15	6	3	12
HU	20	5	-	-
MT	18	5	-	-
NL	19	6	-	-
AT	20	10	-	12
PL	22	7	3	-
PT	21	5/12	-	-
RO	19	9	-	-
SI	20	8.5	-	-
SK	19	-	-	-
FI	22	8/17	-	-
SE	25	6/12	-	-
UK	17.5	5	-	-

Source: Commission Services

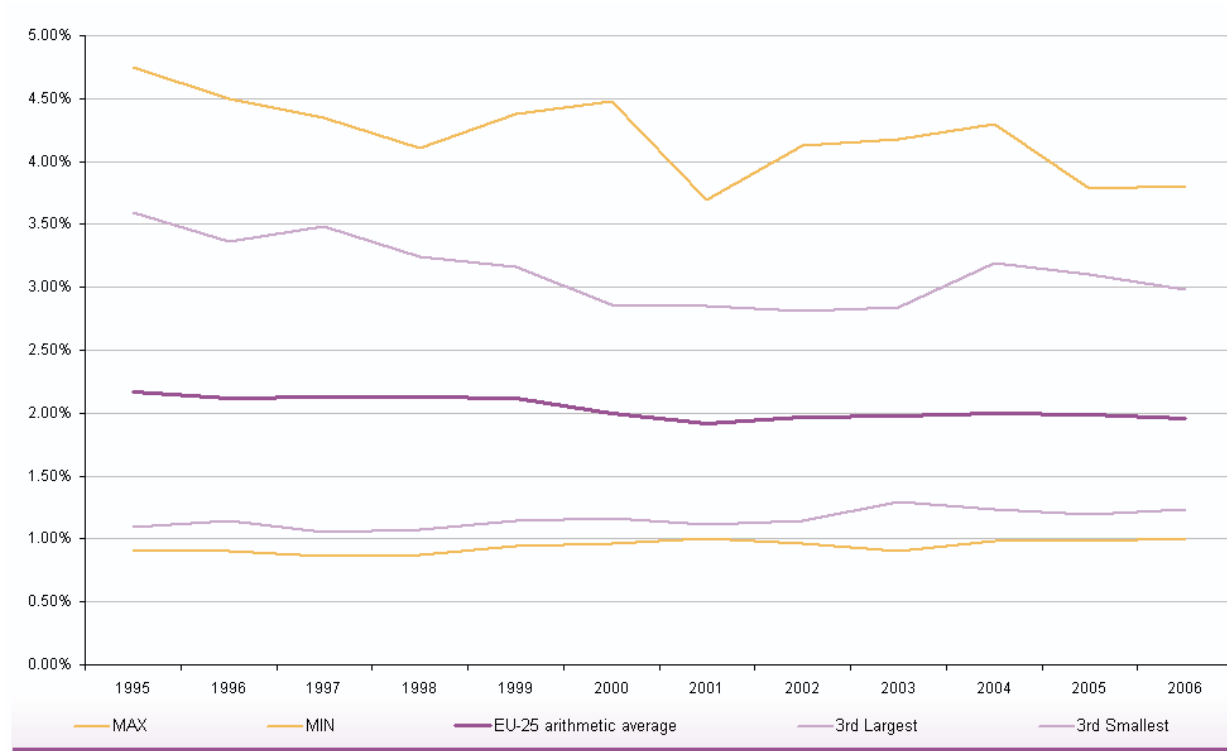
Note: Before 2007, in Bulgaria the reduced rate was applied by way of reducing the tax base to 35% and then applying the 20% standard rate.

## 2.4. Excise component of the ITR on consumption

This component groups together all non-VAT consumption taxes, notably the three categories mentioned above (energy taxes, alcohol and tobacco duties, and the residual). The average of the excise component of the ITR on consumption is generally stable throughout the observed period. This stability may appear somewhat surprising since it is often asserted that the fact that many excises are specific, i.e. expressed as a fixed nominal amount per physical measure of product, and the already recalled generally low income and price elasticity of excisable goods should lead to revenue lagging behind inflation, and therefore to a gradual erosion of the excise component. This is not borne out by our data, at least as far as the EU-25 average is concerned.

However, a more detailed look reveals an interesting situation where more dynamism is observed. The Member States with a high excise component of the ITR on consumption (e.g. Estonia and Luxembourg) show a marked decrease in the last two years, while the Member States with a low excise component of the ITR on consumption (the Netherlands, Austria and Italy) seem to oscillate around the 1%-value (for the minimum value) and 1.2 % for the 3<sup>rd</sup> smallest value (see Graph II-2.6).

**Graph II-2.6 Excise component of the ITR on consumption**  
1995-2006, in %



Source: Commission Services

As of 2006 Luxembourg and Bulgaria have demonstrated the highest excise components of the ITR on consumption (3.8 and 3.3 percentage points). The other two countries with high excises (Poland and Estonia) have experienced slight decreases in the excise component of the ITR on consumption, ranging from -0.1 percentage points in Poland to -0.2 percentage points in Estonia. In total, eight countries show a slight decrease in the excise component of the ITR on consumption (-0.1 to -0.2) with Slovakia being the only country experiencing a sharp drop by 1.1. At the other extreme the largest increase in the excise component of the ITR on consumption was noticed in Bulgaria (0.6). Five other Member States have shown slight or moderate increases – Czech Republic (0.2), Cyprus (0.1), Lithuania (0.1), Hungary (0.3) and Portugal (0.3).

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



# Trends in the implicit tax rate on labour

# 3

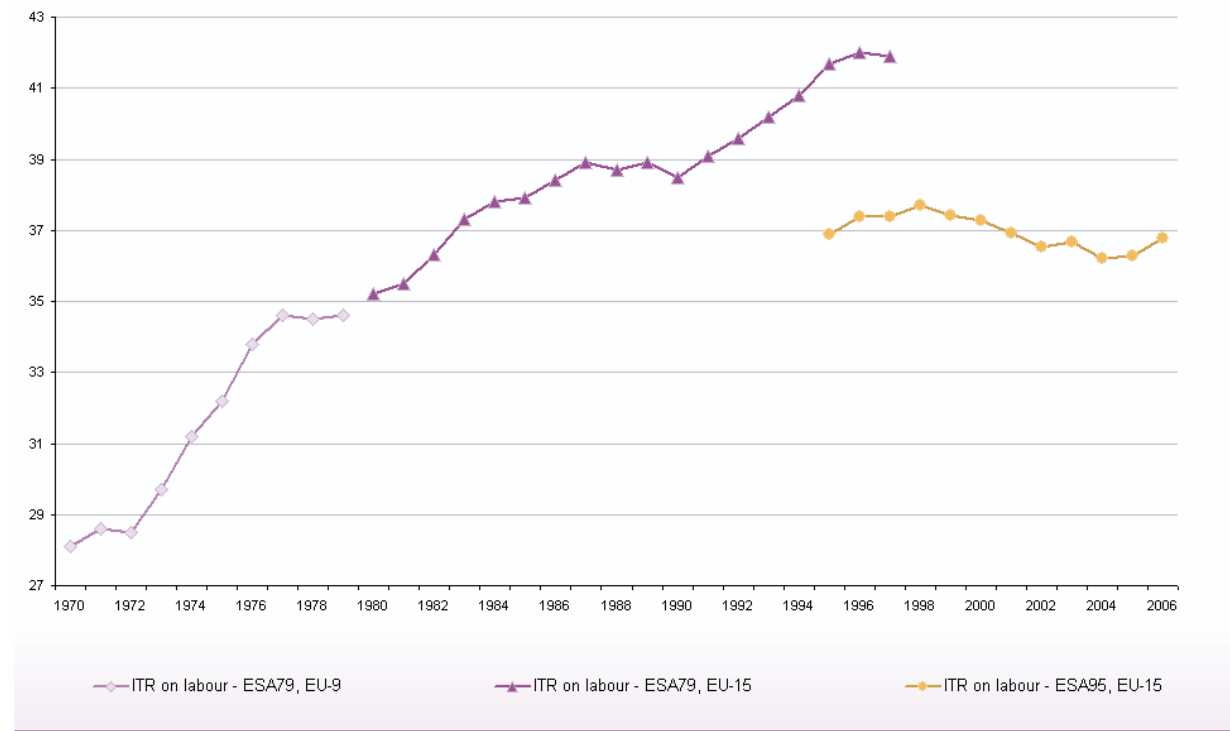


### 3. TRENDS IN THE IMPLICIT TAX RATE ON LABOUR

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

The tax burden on labour in the European Union grew strongly from the beginning of the early 1970s. This general increase as measured by the implicit tax rate on labour employed (henceforth ITR on labour) was quite marked in the 1970s and still significant in the 1980s and the first half of the 1990s. As shown in Graph II-3.1, it led to an increase in the weighted EU-15 average ITR from less than 30 % (1970) to almost 42 % (1997)<sup>1</sup>. This development was closely related to a rising public sector share in the economy, in particular due to an increase in social welfare spending (especially for pensions, health care and other social benefits). The increase in the first half of the 1990s was associated with increases in social contributions related to the recession at the beginning of the decade. In the second half of the decade, increases in the tax burden in several Member States were related to budgetary consolidation in the run-up to EMU. New ESA95 data, though not fully comparable with previous ESA79 data<sup>2</sup>, indicate that the EU-15 weighted average ITR increased further until 1998 (from 36.9 % in 1995 to 37.7 % in 1998).

**Graph II-3.1 Time trend of ITR on labour**  
In % (weighted averages)



*Note:* The average ITRs on labour based on ESA79 system of national accounts are weighted by the total compensation of employees in the economy, whereas for ESA95 the GDP-weighted average is used. Data based on ESA79 are only available for the EU-9 and EU-15 Member States (1970-1979 and 1980-1997, respectively).

*Source:* Commission Services

- 1) See European Commission (2000a, 2000b).
- 2) ITRs on labour computed on the basis of ESA95 data are generally lower than those on the basis of ESA79 data over the same period. This is notably due to the numerator of the indicator, as taxes on labour employed (as % of GDP) are generally lower in the new series. This is attributable to improved methods for estimating the allocation of personal income tax across different income sources. In many cases compensation of employees, as the main component of the denominator, was revised upwards.

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

Starting from the late 1990s, concerns about excessive labour costs prompted initiatives to lower the tax burden on labour income, in order to boost the demand for labour and foster work incentives<sup>3)</sup>. Some Member States opted for cutting taxes or social contributions across the board while others focussed on targeted reductions in social contributions for low wage and low-qualified workers<sup>4)</sup>. These cuts in social contributions were mostly aimed at granting relief to employers, although some countries have also implemented substantial cuts in employees' social contributions (see below for a more detailed analysis). Reforms of personal income taxes have varied, including lowering statutory tax rates, raising the minimum level of tax exempted income or introducing specific deductions, allowances or credits for low-income workers<sup>5)</sup>.

Although the impact of these measures on the ITR on labour remains small<sup>6)</sup>, the general long-run trend towards increasing the ITR on labour mostly stopped in the late-1990s. Having reached 37.7 % in 1998, the EU-15 (weighted) average started to gradually decline in 1999 and reached 36.2 % in 2004. After having been stable in 2005, the average increased to 36.7 % in 2006; this was essentially due to (significant) increases in several bigger Member States.

Changes in the bigger Member States were naturally also drivers for the development of the weighted euro area (EA-15) and EU-25 averages, which followed essentially the same trend as the weighted EU-15 average. In fact the weight of the bigger Member States is visible when looking at the arithmetic averages. Although the overall trend remains intact (see Table II-3.1), in particular the upward movement in 2006 is only weak when looking at arithmetic averages.

### 3.3. Diverse development across Member States

The pattern of the changes over the 1995-2006 period is quite diverse across Member States. In general, the central and eastern European Member States that acceded to the EU in 2004, show a much stronger decline than the EU-25 average, both in recent years and the entire 1995-2006 period: the average in these Member States has gone down by around three percentage points since 1995, while the EU-25 average decreased by less than one percentage point. The euro area average has even gone up by 0.7 percentage points in this time period. This divergence in development is, of course, also visible when looking at a country-by-country breakdown of the ITRs on labour: reductions since 1995 are in particular visible in newly acceded Member States, with the highest reductions having taken place in Slovakia, Latvia, Estonia, Ireland, Hungary and Denmark. Romania and Bulgaria both show a significant decrease for the time-period for which data is available (2000-2006 and 2002-2005, respectively). On the other hand, the ITR increased significantly in Italy and Greece. In the most recent years, there is no clear trend: from 2005 to 2006, Member States are nearly evenly split between those with increasing and decreasing rates, with the bigger ones, as mentioned before, in general showing upward movements. The last column in Table II-3.1 shows the development since 2000, nearly the peak of the ITR on labour.

---

3) See also Carone and Salomäki (2001).

4) For a discussion of tax reforms in the 2000-2006 period in those nineteen EU Member States that are also OECD member countries see OECD (2008). Bulgaria, Cyprus, Estonia, Latvia, Lithuania, Malta, Romania, Slovenia are not presently members of the OECD.

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

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



**Table II-3.1 Implicit tax rates on labour in the Union**  
1995-2006, in %

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Diff. 1995-2006	Diff. 2000-2006
BE	43.8	43.4	43.9	44.3	43.6	43.9	43.6	43.7	43.5	44.1	43.9	42.8	-1.0	-1.1
BG	-	-	-	-	-	38.8	34.4	33.0	35.5	36.3	34.7	30.9	-	-7.9
CZ	40.5	39.5	40.3	40.7	40.5	40.7	40.3	41.2	41.4	41.8	41.7	41.0	0.5	0.3
DK	40.2	40.2	40.7	38.9	40.2	41.0	40.8	38.8	38.1	37.4	37.5	37.0	-3.1	-3.9
DE	39.4	39.6	40.6	40.6	40.4	40.7	40.5	40.4	40.3	39.1	38.6	39.6	0.2	-1.1
EE	39.2	39.1	38.5	39.8	39.5	37.8	37.3	37.8	36.9	36.1	34.1	33.9	-5.3	-3.9
IE	29.7	29.3	29.5	28.6	28.7	28.5	27.4	25.9	24.7	25.7	25.1	25.1	-4.6	-3.4
EL	34.1	35.7	36.4	37.5	37.0	38.2	37.7	40.0	41.2	38.0	37.8	38.1	3.9	-0.2
ES	29.0	29.5	28.7	28.6	28.3	28.7	29.5	29.8	30.0	29.9	30.6	31.6	2.6	3.0
FR	41.2	41.5	41.8	42.3	42.6	42.1	41.7	41.2	41.5	41.1	41.7	42.1	0.9	0.0
IT	37.8	41.5	43.2	44.6	43.8	43.4	43.5	43.3	43.3	42.8	42.8	43.0	5.2	-0.4
CY	23.1	22.3	22.4	23.4	22.6	22.3	23.6	23.0	23.4	22.8	24.5	24.2	1.1	1.9
LV	39.2	34.6	36.1	37.2	36.9	36.7	36.5	37.8	36.6	36.7	33.2	33.5	-5.7	-3.2
LT	34.5	35.0	38.4	38.3	38.7	41.2	40.3	38.1	36.9	36.0	34.9	34.1	-0.4	-7.1
LU	29.3	29.6	29.3	28.8	29.6	29.9	29.5	28.3	28.8	29.2	30.0	29.6	0.4	-0.2
HU	42.6	43.1	43.7	42.9	42.7	41.8	41.0	40.6	38.8	37.7	37.8	39.0	-3.6	-2.7
MT	19.0	17.8	19.9	18.1	19.1	20.6	21.3	20.8	20.3	21.3	21.9	21.5	2.6	1.0
NL	34.4	33.3	32.5	32.9	33.6	34.3	30.3	30.4	30.8	30.4	30.5	33.5	-0.9	-0.9
AT	38.7	39.5	40.8	40.5	40.6	40.2	40.7	40.8	40.9	41.1	41.0	41.2	2.6	1.0
PL	36.8	36.3	35.9	35.6	35.8	33.6	33.2	32.4	32.7	32.7	33.1	34.4	-2.5	0.8
PT	26.4	26.5	26.4	26.2	26.5	27.0	27.4	27.6	27.8	27.9	28.4	28.5	2.1	1.5
RO	-	-	-	-	-	-	-	31.2	30.1	29.2	29.1	-	-	-
SI	38.9	37.1	37.3	37.7	38.4	37.7	37.5	37.7	37.8	37.5	37.5	37.6	-1.3	-0.1
SK	38.5	39.4	38.3	38.0	37.4	36.3	37.1	37.0	36.3	34.3	32.9	30.3	-8.2	-6.0
FI	44.3	45.3	43.6	43.8	43.4	44.1	44.1	43.8	42.5	41.6	41.5	41.5	-2.8	-2.6
SE	46.8	48.0	48.4	49.4	48.5	47.2	46.3	44.8	44.7	44.7	44.7	44.5	-2.3	-2.7
UK	25.7	24.8	24.4	25.0	25.1	25.3	25.0	24.1	24.3	24.8	25.3	25.5	-0.3	0.1
NO	37.4	38.2	38.5	38.5	38.3	38.3	38.4	38.7	39.0	39.2	38.5	38.0	0.7	-0.2
EU-27	35.7	35.7	36.0	36.2	36.1	36.2	35.8	35.3	35.1	34.8	34.6	34.8	-0.9	-1.4
EU-25	35.7	35.7	36.0	36.2	36.1	36.1	35.9	35.6	35.3	35.0	34.8	34.9	-0.8	-1.2
EA-15	33.9	34.1	34.4	34.5	34.5	34.8	34.6	34.4	34.4	34.2	34.4	34.7	0.7	-0.1

Source: Commission Services

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

The 2006 average ITR on labour in the EU-27 lies at 34.8 % (see Table II-3.1). Malta (21.5 %) and Cyprus (24.2 %) stand out with the lowest ITR on labour in the whole Union. This might be linked with their historical ties to Britain, as the United Kingdom and Ireland are the only other two countries whose ITR on labour is more than 9 percentage points below the EU-27 average. In Romania, for which only data up to 2005 is available, the ITR on labour is far below the European average, too. In contrast to these geographically more peripheral Member States, most 'continental' European Member States (France, Belgium, Germany, Italy, Austria, Czech Republic, Slovenia, and Hungary) exhibit above average ITRs. The same applies to the Nordic countries. Within these two groups of countries Sweden, Italy, Belgium, France, Finland, Austria and the Czech Republic, stand out for reporting an ITR on labour which exceeds the EU-27 average by more than 6 percentage points.

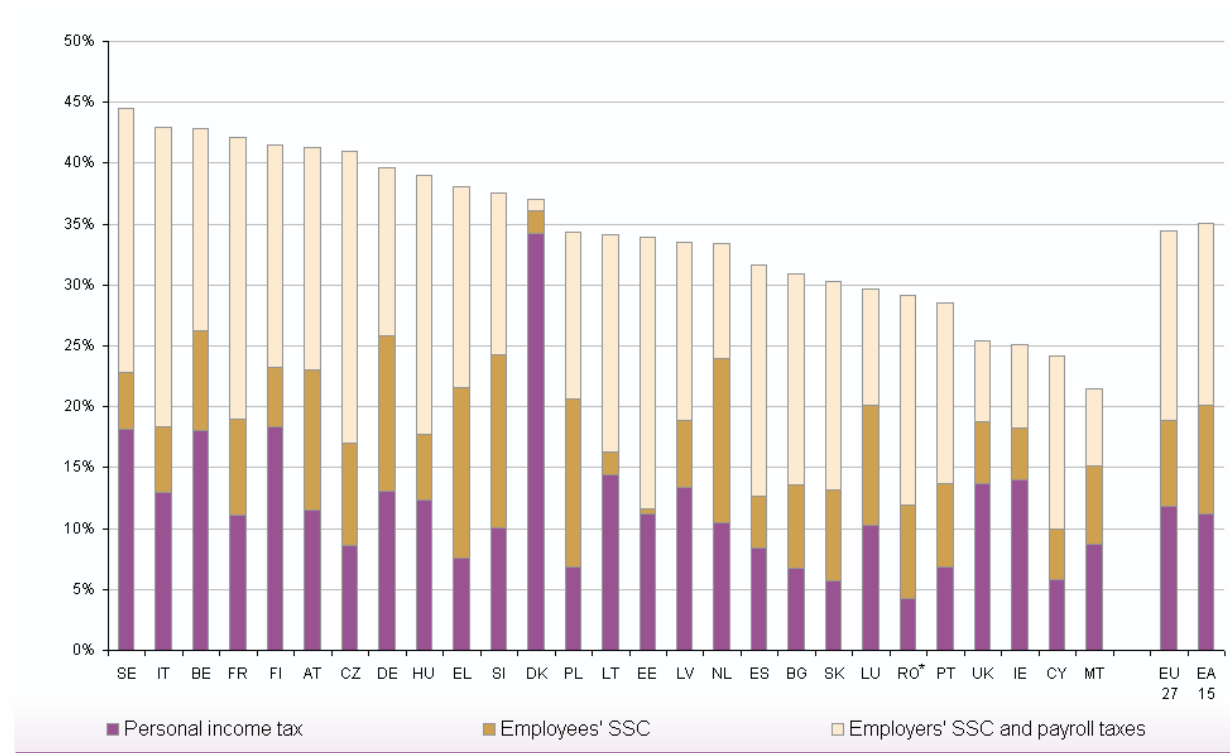
### 3.5. Decomposition of the implicit tax rate on labour – high impact of social security contributions

For the majority of the countries in the Union, social security contributions have a higher impact on the level of the ITR than the personal income tax. On average, in 2006 about two thirds of the overall ITR on labour consists of non-wage labour costs paid by both employees and employers (see Graph II-3.2). Only in Denmark, Ireland and the United Kingdom do personal income taxes form a relatively large part of the total charges paid on labour income. In Denmark, the share of social contributions in government receipts is very low as most welfare spending is financed by general taxation<sup>7)</sup>. The relatively low tax burden on labour in Ireland and the United Kingdom can largely be explained by the relatively low shares of the social contributions in these countries. It is notable that in these two

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

Member States the overall average ratio of personal income taxation (as a percentage of total labour costs) is above the EU average. In some of the Member States, namely Slovakia, Greece, Poland, Romania (2005), and the Czech Republic, only about 20 % or less of the ITR on labour consists of personal income tax.

**Graph II-3.2 Decomposition of the implicit tax rate on labour**  
2006, in %

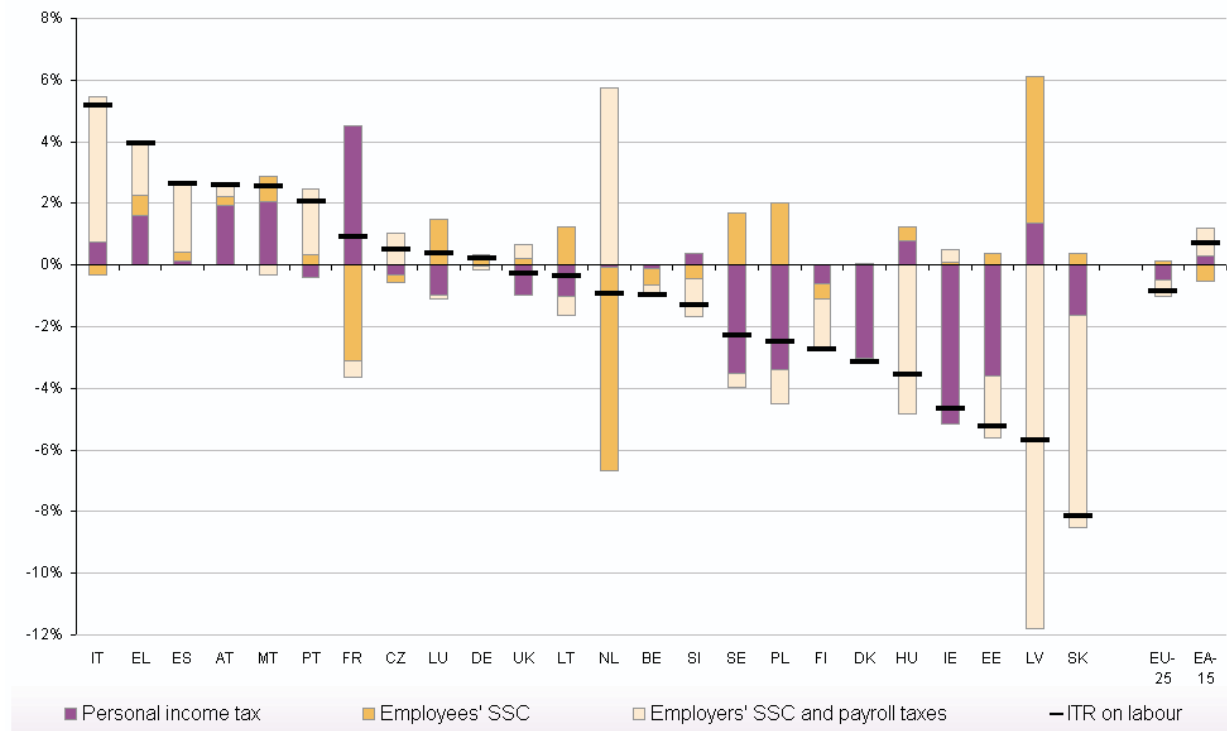


Note: \* Romania: 2005 data

Source: Commission Services

Between 1995 and 2006 the components of the ITR on labour have changed markedly in several Member States (see Graph II-3.3). For the EU-25 average the following development can be observed: personal income taxation of labour as well as employers' SSC and payroll taxes have gone down, while employees' SSC have slightly increased (all as a percentage of total labour costs). In many countries, which have reduced personal income taxation, this has been at least partly offset by an increase in social contributions. In fact, in eight out of 14 Member States in which the ratio of personal income taxation has gone down, social security contributions have increased. In most of these cases the increase focused on SSC paid by employees. The share of taxes paid by employees (personal income tax plus employees' SSC) has gone up by more than one percentage point since 1995. Finally, it is striking that the euro area average is changing in the opposite direction compared to the EU-25 average, showing an increase in employees' SSC and personal income taxes and a decrease in employers' SSC and payroll taxes.

**Graph II-3.3 Evolution of the components of the implicit tax rate on labour**  
1995-2006, differences in percentage points



*Note:* Countries are ordered by the change in the ITR on labour. Bulgaria, Cyprus and Romania are not included as for a significant part of the time period no data are available. The averages refer to those countries in the respective groups for which data for both 1995 and 2006 is available.

*Source:* Commission Services

When looking at the shares of the ITR on labour over time, it should be borne in mind that both inflation and real earnings growth tend to push up the ITR on labour owing to progressivity, so-called fiscal drag. On the other hand, social security systems are often regressive owing to the existence of contribution ceilings. Depending on which of these two influences is stronger, the ITR will tend to drift upwards or downwards over the years even in the absence of explicit adjustments in tax brackets and thresholds. In a sense, of course, not adjusting for inflation and real earnings growth is a policy decision too. Moreover, one has to note that, according to a recently published OECD study<sup>8)</sup>, a (partial) automatic or discretionary adjustment of the income tax system to inflation is in place in 10 out of those 19 EU Member States ('EU-19') that are also OECD member countries, whereas such adjustments for real earnings growth are only in place in two of these Member States. In the case of social contributions automatic adjustments for the so-called fiscal drag apply in at least 13 of these Member States.

Another interesting aspect is that in most of the countries on the left hand side of Graph II-3.3, whose ITR on labour has gone up notably since 1995, all components have increased or at least remained more or less stable. On the other hand there are several countries where the components of the ITR on labour have changed in different directions and, thus, the composition has altered markedly, namely in France, the Netherlands, Poland and Latvia. In the case of Latvia and the Netherlands this mostly applies to a shift within the statutory incidence of the SSC either from the employees to the employers or the other way round. From an economic point of view, it is often thought that in the long run both components of the SSC are shifted to labour, whereas in the short run the impact may differ as

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

increases in employers' social contributions have an immediate impact on the cost structure, while the impact from employees' social contributions is more indirect<sup>9)</sup>. Box 1 at the end of this chapter presents an overview of the main fiscal measures affecting the ITR on labour.

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

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

The annual OECD publication *Taxing Wages*, provides internationally comparable data on total tax wedges for various household types and different representative wage levels. The representative wage levels are linked to the average gross earnings of an adult full-time worker, including both manual and non-manual workers. The tax wedges are calculated on the basis of tax legislation in force, by expressing the sum of personal income tax, employee's plus employer's social security contributions together with any payroll tax, as a percentage of total labour costs. These indicators can theoretically identify discretionary tax policy measures as regards personal income tax and social contributions while at the same time excluding the effects of cyclical factors (which are not filtered out by the ITRs on labour). However, because of the approach followed, the method has no link to actual tax revenue, nor does it incorporate all the elements of the tax system that may be relevant, such as effects of special tax reliefs (which are instead incorporated in the ITR). This implies that in the case of policy measures, the indicator at any selected income level will tend to show either a large response or none at all depending on whether the representative worker utilised for the computation falls within the circle of its beneficiaries or not; the ITR, in contrast, will tend to minimize the impact of only targeted measures. Hence the two approaches are complementary. Besides, the tax wedge indicator has the advantage of being available also for those OECD member countries that are not EU Member States.<sup>10)</sup>

*Taxing Wages* provides data only for the OECD Member States, but tax wedges based on the same methodology are computed for the EU in collaboration with the European Commission. The following analysis will focus on the 'Tax wedge on low wage workers', which is the tax wedge for a single worker without children at 2/3 of average earnings (see Table II-3.2). That indicator is also used in the framework of the Lisbon Strategy – together with the ITR on labour – to estimate the potential impact of tax provisions on the labour market.

Table II-3.2 contains the tax wedge data for the 2000-2006 period<sup>11)</sup>. The figures in Table II-3.2 display a downward trend indicating a clear, although not particularly strong, impact from targeted cuts in taxes and social security contributions. While the tax wedge is lower in 18 Member States in 2006 compared to 2000, the reductions appear to be particularly large in Bulgaria, Hungary, Slovakia, Cyprus, and Finland. Among the countries that have increased the tax wedge in this period, Malta shows the biggest increase with 1.8 percentage points; however, Malta's tax wedge is still one of the lowest in the EU and only around half the EU-25 average. On average

---

9) See Arpaia and Carone (2004).

10) These data published by the OECD show that the tax burden in main other industrialised countries is much lower than in the EU: the 'EU-19' averages of the tax wedge are in general clearly above the overall OECD averages (OECD, 2008).

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

the tax wedge in the EU-25 decreased by 1.6 percentage points, while the reduction was somewhat weaker in the euro area with 1.3 percentage points.

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

	2000	2001	2002	2003	2004	2005	2006	Diff. 2000-2006
BE	51.3	50.7	50.5	49.6	48.9	49.2	49.2	-2.1
BG	40.0	36.9	36.2	36.0	35.8	36.3	31.1	-8.9
CZ	41.4	41.3	41.5	41.7	41.9	42.0	40.1	-1.3
DK	41.2	40.5	39.8	39.8	39.3	39.2	39.3	-1.9
DE	48.6	47.7	48.1	48.8	47.8	47.3	47.4	-1.2
EE	38.2	37.4	40.2	40.7	38.9	39.2	38.4	0.2
IE	18.1	17.3	16.7	16.2	20.0	16.8	16.3	-1.8
EL	35.5	35.1	34.3	34.4	34.9	34.8	35.4	-0.1
ES	34.7	35.3	35.7	34.7	35.2	35.5	35.9	1.2
FR	47.4	47.6	47.4	45.0	42.4	41.8	44.5	-2.9
IT	43.1	42.7	42.7	41.1	41.4	41.7	41.5	-1.6
CY	16.7	17.0	17.3	18.6	18.6	11.9	11.9	-4.8
LV	41.2	42.0	42.2	41.4	41.9	41.8	41.8	0.6
LT	42.9	42.9	43.1	40.9	41.6	42.6	40.6	-2.3
LU	32.8	31.2	29.0	29.3	29.6	30.2	30.6	-2.2
HU	51.4	50.9	48.2	44.5	44.8	43.1	42.9	-8.5
MT	16.6	17.0	17.7	17.4	17.6	17.9	18.4	1.8
NL	42.0	38.9	39.1	40.0	40.8	41.6	40.6	-1.4
AT	43.2	42.9	43.1	43.5	43.9	43.1	43.5	0.3
PL	42.2	41.8	41.7	42.0	42.2	42.3	42.5	0.3
PT	33.2	32.2	32.3	32.4	32.4	31.8	31.7	-1.5
SI	41.0	40.3	39.8	40.2	39.8	41.6	41.2	0.2
SK	40.6	41.3	40.8	40.9	39.6	35.2	35.6	-5.0
FI	43.0	41.4	40.9	40.0	39.4	39.5	38.9	-4.1
SE	48.6	47.8	46.8	47.0	47.2	46.6	46.0	-2.6
UK	28.5	28.1	28.3	29.8	30.0	30.2	30.4	1.9
NO	35.1	35.2	35.2	34.9	35.0	34.3	34.3	-0.8
EU-25	38.5	38.1	37.9	37.6	37.6	37.1	37.0	-1.6
EA-15	36.5	35.8	35.6	35.4	35.5	35.0	35.1	-1.3

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

Despite the differences between the two approaches, a comparison between the tax wedge indicator and the ITR on labour for the year 2006 shows a rather small difference at the level of the EU-25 and euro area (arithmetic) averages (see Graph II-3.4)<sup>12)</sup>. At the level of individual Member States the results of the comparison of the two indicators appear mixed. For around one third of them the difference between the two indicators is rather small. Three Member States have a tax wedge on low wage workers which is substantially (more than three percentage points) lower than the ITR on labour, which appears reasonable considering the progressive structure of personal income tax. On the other hand, thirteen Member States present a tax wedge on low wage workers which is substantially higher than the ITR on labour. This discrepancy is more surprising but could be explained mainly by the following reasons: the tax wedge considered relates to a single worker without children, so the effect of tax allowances linked to dependent relatives is not captured. Furthermore, social contributions are often subject to ceilings, in which case low wage workers have a social contributions rate, which is more elevated than that of high-paid workers. Another aspect that needs to be considered is that average earnings based on the OECD definition refer to full-time equivalents and are, therefore, rather high. Finally, the income distribution in the EU Member States is left skewed, which implies that the earnings of the median workers are well below the average earnings.

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

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

other way round. For example, Sweden and Belgium are consistently in the higher group regarding the taxation of labour, while Ireland, the United Kingdom, Cyprus and Malta are always in the lower range.

**Graph II-3.4 Pair-wise comparisons of ITR on labour and tax wedge indicator**  
2006, in %, ordered by the ITR on labour



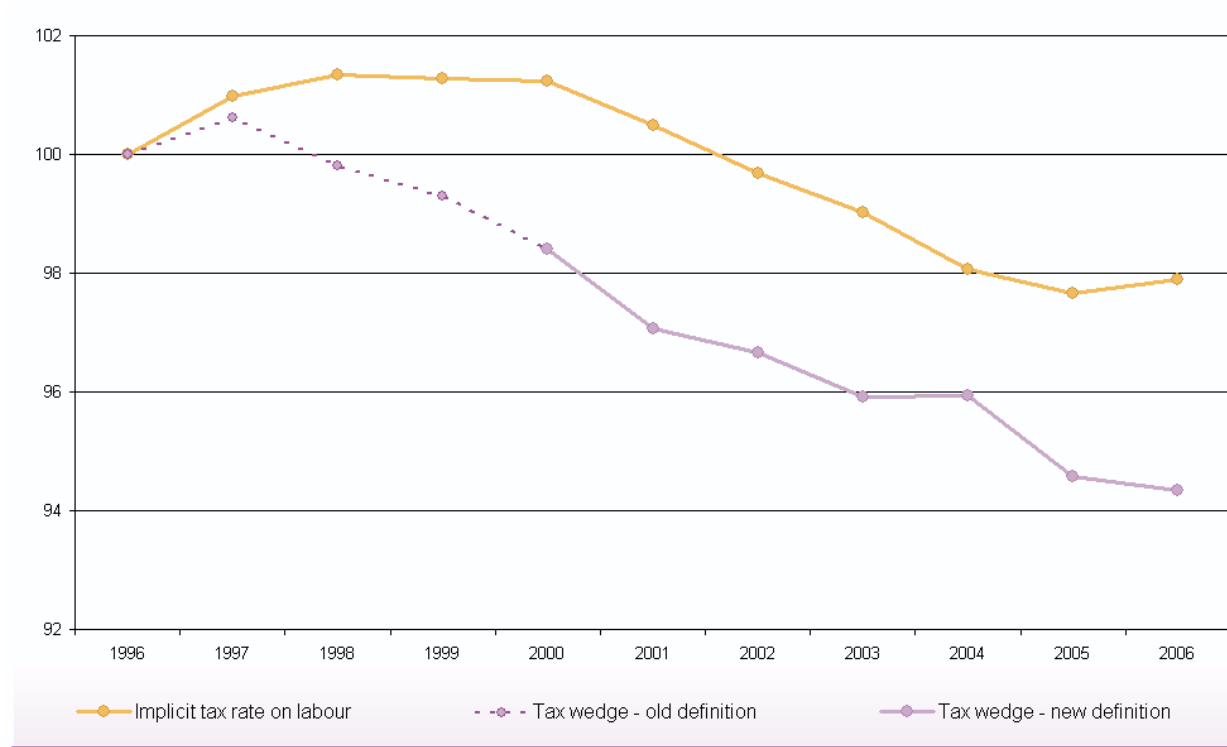
Source: Commission Services (using data from the Lisbon Strategy structural indicators database)

Graph II-3.5 compares the trends over time in the tax wedge indicator and the ITR on labour (with 1996=100). For each year EU-25 arithmetic averages are computed. Indices representing the trend of both variables have been plotted into the graph<sup>13)</sup>. When comparing the trends it should be borne in mind that tax policy changes might be reflected with some time lag only in the ITR on labour<sup>14)</sup>.

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

14) See Annex C, Part D, for an explanation.

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



Source: Commission Services

Over the 1996-2006 period, the EU average tax burden on labour stabilized and then started to slowly decline. This trend is visible in the development of both indicators. However, the indicators do not always develop in parallel. Two periods can be distinguished: up to 2000 the ITR on labour increased and then remained stable, whereas the tax wedge started to decrease markedly already as of 1998. The gap between the two indicators opened up indicating that targeted tax cuts were playing a growing role (see Box 1). In the second period, from 2001-2005, the two series run roughly parallel, both showing a downward trend. Despite changes in single years, the gap overall remained nearly unchanged over these years. In 2006, however, the downward trend in the tax wedge continues, whereas in the case of the ITR on labour, the average rate somewhat increased.

**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
<b>Austria</b>	
<ul style="list-style-type: none"> <li>Reduction in tax credits (general, employees and pensioners tax credit).</li> <li>Reduction in the income and wage tax of low and middle-income earners, reduction in the number of tax brackets (2004-2005).</li> </ul>	<ul style="list-style-type: none"> <li>Reduction in employers' contribution rates for health insurance and pay insurance schemes for 'blue collar' workers (2001).</li> </ul>
<b>Belgium</b>	
<ul style="list-style-type: none"> <li>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).</li> <li>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).</li> <li>Introduction and increase of tax rebates for scientific researchers (2003-2007) and shift workers (2004-2007). The tax rebate is granted on the amount of withholding tax that has to be paid by the employer to the tax administration.</li> </ul>	<ul style="list-style-type: none"> <li>Lowering of employers' contributions, especially in respect of the low-paid. The scope of the reductions in employers' social contributions was expanded to more social security schemes (1997-2001), and was followed by the introduction of the Estafette plan as well as the possibility for deductions of employers' contributions over the amount due (2005).</li> <li>Flat rate reductions in employers' contributions for young workers, low skilled workers and workers aged over 45.</li> <li>Replacement of the refundable employment tax credit by an increased reduction in employee contribution for low paid workers (2005).</li> </ul>
<b>Bulgaria</b>	
<ul style="list-style-type: none"> <li>Continuous lowering of the top PIT rate, increase of the non-taxable minimum and flattening of the tax brackets almost annually, most notably since 2002</li> <li>Introduction of annual allowances for children.</li> <li>Introduction of a 10 % flat PIT rate (2008).</li> </ul>	<ul style="list-style-type: none"> <li>Lowering of the social security contribution rates by 3 percentage points (2001) and by 6 percentage points (2006).</li> <li>Introduction of second pillar and transfer of it to a share of social security contributions for people born after 1 January 1960.</li> <li>Gradual increase of the share of the contributions paid by the employees and decrease in the one paid by the employers (2000-2006).</li> </ul>
<b>Cyprus</b>	
<ul style="list-style-type: none"> <li>Progressive increase of the non-taxable allowance (1995-2003).</li> <li>Cut in the PIT rates from 20/30/40 % to 20/25/30 % (2003).</li> </ul>	<ul style="list-style-type: none"> <li>No major changes.</li> </ul>



MEASURES IN THE DOMAIN OF TAXATION	MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
<b>Czech Republic</b>	
<ul style="list-style-type: none"> <li>• Reduction from 6 to 4 brackets (2000).</li> <li>• Revision of several allowances (2001).</li> <li>• Introduction of the family splitting for families with children (2005).</li> <li>• Cut in two lowest tax rates from 15 % to 12 % and from 20 % to 19 % respectively, broadening of the first tax bracket and replacement of standard tax allowances by tax credits (2006).</li> <li>• Introduction of a 15 % flat PIT rate and increase in tax credits (2008).</li> </ul>	<ul style="list-style-type: none"> <li>• No major changes.</li> </ul>
<b>Denmark</b>	
<ul style="list-style-type: none"> <li>• Cut in rate of low tax bracket (1996-1999). Increase in rate of additional medium tax bracket (1997). Cuts in personal income tax, especially at the bottom to the middle end (1999-2002).</li> <li>• Increase in threshold of medium tax bracket and introduction of an earned income tax credit or employment allowance (2004).</li> <li>• Abolition of county taxes along with an offsetting increase in municipal taxes and introduction of 8 percent healthcare state tax (2007).</li> <li>• Increase in personal allowance and earned income tax credit (2008).</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in employees' social contribution rate (1997).</li> <li>• Introduction of employees' contributions for special pension savings scheme (1999).</li> <li>• Temporary suspension of obligatory contributions to the special pension scheme (2004-2008).</li> </ul>
<b>Estonia</b>	
<ul style="list-style-type: none"> <li>• Gradual cut in flat income tax rate from 26 % (since 1994) to 18 % (2005 to 2011).</li> <li>• Gradual increase of basic allowance in nominal terms by 100 % (2003 to 2006) and further increase by 50 % (2011).</li> <li>• Decrease of the maximum amount for the deductions from 100 000 EEK to 50 000 EEK (2005).</li> <li>• Additional basic allowance for the first child (2008).</li> </ul>	<ul style="list-style-type: none"> <li>• Introduction of the unemployment insurance premium (2002).</li> <li>• Reduction in the unemployment insurance rates (2006): for employees 0.6 % (formerly 1.0 %) of gross wage and for employers 0.3 % (formerly 0.5 %) of employee's gross wage.</li> <li>• Increase in the minimum rate for the social tax in case of self-employed persons from 2000 EEK a month in 2007 to the previous year's minimum wage from 2009.</li> </ul>
<b>Finland</b>	
<ul style="list-style-type: none"> <li>• Reductions in local income tax especially at the bottom to the middle end by means of earned income tax allowance (1995-2005).</li> <li>• Abolition of the lowest state income tax bracket (increase in the tax exemption) (2001), subsequent annual increase in the lowest amount of income subject to state taxation.</li> <li>• Introduction of earned income tax credit in state income taxation (2006) and subsequent increase (2007).</li> <li>• Cut of marginal tax rates in state income taxation for all tax brackets (2003-2008) and reduction in the number of tax brackets from five to four (2007).</li> </ul>	<ul style="list-style-type: none"> <li>• Reductions in employees' and employers' contribution rates (1997-2002).</li> <li>• Increase in employers' and employees' contribution rates (2004 and 2005).</li> </ul>

MEASURES IN THE DOMAIN OF TAXATION	MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
<b>France</b>	
<ul style="list-style-type: none"> <li>• Introduction of contribution for refunding of debt of social security institutions (CRDS) with a broader base than the generalised social contribution (CSG) (1996).</li> <li>• Introduction of the Prime pour l'Emploi targeted especially to low-income earners (2001).</li> <li>• Introduction of a tax shield limiting direct taxes to maximum 60 % of income (2006).</li> <li>• Remodelling of income tax through a reduction in the number of income tax brackets from six to four and by lowering the rates (2006).</li> <li>• Reinforcement of tax shield to 50 % of income (2008).</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction in employers' contributions for low-paid workers (1997-2001).</li> <li>• Reduction in employees' sickness contributions (1998).</li> <li>• Reduction in employees' and employers' unemployment contributions (2000-2001).</li> <li>• Enterprises of less than 20 employees benefit from a total exemption from employer's social security contributions for employees receiving the minimum statutory salary (2007).</li> </ul>
<b>Germany</b>	
<ul style="list-style-type: none"> <li>• Across-the-board cuts in personal income tax bringing the highest marginal rate down from 53 % to 42 % and the lowest rate from 25.9 % to 15 % (1999-2005).</li> <li>• Gradual increase of basic tax-free allowance by nearly a quarter (1998-2005).</li> <li>• Introduction of a new top marginal tax rate of 45 % (2007).</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in social contribution rates (1997).</li> <li>• Reduction in social contributions to the pension system funded by ecological tax reform (1999-2002).</li> <li>• Slight increases in contribution rate to the old-age insurance (2003, 2007).</li> <li>• Reduction in the contribution rate to the unemployment insurance in two steps from 6.5 % to 3.3 % (2007, 2008).</li> </ul>
<b>Greece</b>	
<ul style="list-style-type: none"> <li>• Cut in highest statutory personal income tax rate, indexing of tax brackets plus increase in the level of tax-exempt income (2000-2002).</li> <li>• Conversion of tax deductions into tax credits (2003).</li> <li>• Increase of the non-taxable income and expansion of the central tax scales. Abolition of PIT rate of 15 %. Gradual reduction of PIT rates for the taxable income of € 12 000 up to the level of € 75 000, for income earned in the 2007-2009 period. PIT rate remains 40 % for income higher than € 75 000 (see country chapter for details).</li> </ul>	<ul style="list-style-type: none"> <li>• Reductions in employers' and employees' pension contributions in respect of new staff and at the low end of the wage scale (2001-2002).</li> </ul>

MEASURES IN THE DOMAIN OF TAXATION	MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
<b>Hungary</b>	
<ul style="list-style-type: none"> <li>• Income tax brackets reduced from six to three. Decrease in employees' tax credit (1999).</li> <li>• Changes in tax brackets (2001 and 2003).</li> <li>• Increase in employees' tax credit (2002)</li>   <li>• Reduction in the number of tax brackets to two through abolition of the middle bracket (2005).</li> <li>• Cut in highest rate from 38 % to 36 %, introduction of a 4 % solidarity tax on high salaries (2006).</li>   <li>• Change in tax brackets (2007).</li> </ul>	<ul style="list-style-type: none"> <li>• Employers' total payroll costs generally reduced to 37.5 % (1999).</li> <li>• Employers' social contributions reduced (2001).</li> <li>• Increase in employees' mandatory pension contributions (2003).</li> <li>• Decrease in lump-sum health contribution (2005).</li>   <li>• Increase in employee's individual healthcare contribution from 4 % to 6 % (September 2006) and to 7 % (2007).</li> </ul>
<b>Ireland</b>	
<ul style="list-style-type: none"> <li>• PIT rates cuts: of the lower band from 27 % to 20 % (1997-2001) and the higher band from 48 % to 42 % (1998-2001) and 41 % (2007).</li> <li>• Revenue-neutral move from a system of tax allowances to a system of tax credits (completed in 2001).</li> <li>• Increases in basic tax allowances/credits (1997-2008).</li> <li>• Widening and individualisation of the tax bands (1997-2008).</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction in employers' 'PRSI' contributions (1997-2002).</li>   <li>• Reductions in employees' 'PRSI' contributions (1997-2008).</li> </ul>
<b>Italy</b>	
<ul style="list-style-type: none"> <li>• Cut in the second bracket of the income tax (2000).</li>   <li>• Further general cuts in rates, in particular on the middle brackets (2001-2002).</li>   <li>• Family allowance supplemented by an additional tax credit depending on the number of dependent children (2002).</li>   <li>• Introduction of a 'no tax area' for low level of income (2003).</li> <li>• Revision of PIT tax rates (2003 and 2005).</li> <li>• 2007 finance bill introduced several changes mainly in the direction of increasing the equity of the tax system, raise in tax-exempt basic allowances; introduction of cuts to second and third bracket (from 33 % to 27 % and from 39 % to 38 %) for different levels of income; introduction of new fourth 41 % rate bracket; fifth 43 % bracket now applies to incomes from € 75 001 instead of € 100 000.</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction in employers' health care contribution rate. Introduction of new regional tax ('IRAP') based on the value of production net of depreciations (1998).</li> <li>• Reductions in employers' social contributions in respect of new jobs and at the low end of the pay scale (1997-2000).</li>   <li>• Reduction in IRAP from 4.25 % to 3.9 % (2008).</li> </ul>
<b>Latvia</b>	
<ul style="list-style-type: none"> <li>• Gradual increase of non-taxable minimum and relief for dependants (2005-2008).</li> </ul>	<ul style="list-style-type: none"> <li>• Gradual reduction in the rate of social insurance contributions from 38 % to 33.09 %, (1997, 2000, 2001 and 2003).</li> <li>• Increase in income ceiling up to which social security contributions are due by around on quarter (2008).</li> </ul>

MEASURES IN THE DOMAIN OF TAXATION	MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
<b>Lithuania</b>	
<ul style="list-style-type: none"> <li>• Gradual increase of basic tax-exempt allowance from 142 LTL to 320 LTL and corresponding increase of individual allowances for disabled and single parents (1996 to 2008).</li> <li>• Introduction of additional tax-exempt allowance for the first and second child (0.1 of basic tax-exempt allowance, 2003).</li> <li>• Gradual reduction in the income tax rate from 33 % to 24 % (2006-2008).</li> </ul>	<ul style="list-style-type: none"> <li>• Mandatory social contributions increased by 1 % (to 31 %) of gross wages for employers and by 2 % (to 3 %) for employees (2000).</li> </ul>
<b>Luxembourg</b>	
<ul style="list-style-type: none"> <li>• Across-the-board cut in personal income tax rates (1998)</li> <li>• Increase in the minimum level of taxable income (2001).</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in contribution for sickness insurance (2000).</li> <li>• Reform of public insurance for medical care and</li> <li>• Increase in employees' contribution rate to long-term care scheme from 1 % to 1.7 % (2007).</li> </ul>
<b>Malta</b>	
<ul style="list-style-type: none"> <li>• Reduction in the number of tax brackets and change in range of rates (2000).</li> <li>• Increase in tax thresholds (2002).</li> <li>• Increase in the number of tax brackets and change in the tax thresholds (2003).</li> <li>• Reduction in the number of tax brackets and change in</li> <li>• Increase in tax thresholds (2008).</li> </ul>	<ul style="list-style-type: none"> <li>• No major changes.</li> </ul>
<b>The Netherlands</b>	
<ul style="list-style-type: none"> <li>• Across-the-board cut in personal income tax (2001).</li> <li>• Introduction of a tax credit for all employees and self-</li> </ul>	<ul style="list-style-type: none"> <li>• Contribution for disability insurance scheme shifted from the employee to the employer (1998).</li> <li>• Increases in employees' contribution rate for state pensions</li> <li>• Reductions in wage tax and employers' social contributions</li> <li>• Reductions in employees' contribution rate for unemployment insurance (2001).</li> <li>• Introduction of new health care insurance system (2006)</li> </ul>
<b>Poland</b>	
<ul style="list-style-type: none"> <li>• Cut in tax rates and limitation of tax deductions (up to</li> <li>• Rise of thresholds for the taxable income (2007).</li> <li>• Portugal</li> <li>• General cut in PIT rates (2001).</li> <li>• General cut in PIT rates (2005).</li> <li>• Introduction of a new top tax bracket, changes in tax credits (2006).</li> </ul>	<ul style="list-style-type: none"> <li>• Global reform of the social security system (1999).</li> <li>• Targeted reductions in employers' social contributions (2001).</li> </ul>

MEASURES IN THE DOMAIN OF TAXATION	MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
<b>Romania</b>	
<ul style="list-style-type: none"> <li>• Introduction of a flat rate tax system with a tax rate of 16 %, replacing the previous four bracket system with tax rates ranging from 18 to 40 % (2005).</li> </ul>	<ul style="list-style-type: none"> <li>• Reductions in employees' and employers' contribution rates (2006-2008).</li> <li>• Global reform of the social security system: broadening of the tax base by the inclusion of bonuses; removal of the ceiling of five average gross wages on the payment of SSC etc. (2008)</li> <li>• Reform of pension system - introduction of a compulsory second pillar (starting with 2008).</li> </ul>
<b>Slovenia</b>	
<ul style="list-style-type: none"> <li>• Reduction in the number of tax brackets from six to five</li> <li>• Introduction of a dual income tax system (dividends, interest and capital gains are taxed separately by proportional rates, 2006).</li> <li>• Reduction in the number of tax brackets from five to three; increase in general allowance for all taxpayers (from € 2,522 to € 2,800), increase in tax allowances for taxpayers with three or more children (2007).</li> </ul>	<ul style="list-style-type: none"> <li>• Decrease of social contributions and introduction of</li> <li>• Phasing out of payroll tax by 1 January 2009 (2005-2009). Rates are 0 %, 2.3 %, 4.7 % and 8.9 % in 2007 and 0 %, 1.1 %, 2.3 % and 4.4 % in 2008.</li> </ul>
<b>Slovakia</b>	
<ul style="list-style-type: none"> <li>• Increase in tax allowances, reduction in the number of tax brackets from 7 to 5 (1995-2002).</li> <li>• Reduction in the top and in the bottom rates (2003).</li> <li>• General tax reform, shift of the tax burden from direct toward indirect taxes, elimination of exemptions and special regimes and introduction of flat tax rate of 19 % in PIT (2004).</li> <li>• Reduction in the non-taxable personal allowance (2007).</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction in employers' social contributions by 2.8 % (1995-2006).</li> <li>• Increase in employees' social contributions by 1.4 % (1995-2006).</li> <li>• Linkage of the contributions ceiling (payroll tax cap) to the average wage (3 or 1.5 x average wage).</li> <li>• Introduction of healthcare contribution annual clearing (in 2006 for health contributions paid in 2005).</li> <li>• Introduction of mandatory privately managed fully funded pillar at 9 % of gross earnings (2005).</li> <li>• Increase in contributions ceiling (payroll tax cap) from 3 to 4 times the average wage (2008).</li> </ul>

MEASURES IN THE DOMAIN OF TAXATION	MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
<b>Spain</b>	
<ul style="list-style-type: none"> <li>• Across the board cut in PIT rates, increase in basic personal allowances and increase in work income allowance for low wages (1999).</li> <li>• Cut in personal income taxes and introduction of a non-wastable annual tax credit of € 1000 for working females with children under 3 years of age (2003).</li> <li>• Reduction in the tax scale applicable to the general component of taxable income from five brackets (15 % to 45 %) to four (24 % to 43 %, 2007).</li> <li>• Increase in personal and family allowances, which are now included in the first income bracket taxed at a zero rate (2007).</li> <li>• Steady increase in the general tax allowance for employment based on a non-linear formula (2007, 2008).</li> <li>• Introduction of general tax deductions (for women giving birth to children and for renting of own occupied housing, 2007).</li> <li>• Introduction of a € 400 general tax rebate for all income earners (2008).</li> </ul>	<ul style="list-style-type: none"> <li>• Targeted reductions in social contributions (1997-2000).</li> <li>• Reduction in unemployment contributions for employers and employees (2001).</li> <li>• Introduction of various abatements and reductions in social contributions for hiring of disadvantaged workers (2006).</li> <li>• Reduction of SSC of up to 40 % for research workers (2007).</li> </ul>
<b>Sweden</b>	
<ul style="list-style-type: none"> <li>• Reductions in central- and local income tax, especially at the bottom to the middle end (1999-2001).</li> <li>• Increase in threshold for State income tax (2000-2002) and increase in basic allowance (2001-2002).</li> <li>• Increase in the tax reduction linked to pension contributions, higher basic tax allowance for low and middle income earners (2006).</li> <li>• Introduction of an earned income tax credit in two steps (2007, 2008)</li> </ul>	<ul style="list-style-type: none"> <li>• Increases in employees' contribution rates (1995-1998).</li> <li>• Reductions in employers' contribution rates (2000-2001).</li> <li>• Reduction in employers' social contributions (2004, 2006 and 2007).</li> </ul>
<b>United Kingdom</b>	
<ul style="list-style-type: none"> <li>• Personal income tax reductions, especially at the bottom to the middle end (1999-2000).</li> </ul>	<ul style="list-style-type: none"> <li>• 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).</li> <li>• Increase of the NIC by 1 % for both employers and employees (2002).</li> </ul>
<b>Norway</b>	
<ul style="list-style-type: none"> <li>• Reduction of surtax (1999, 2002-2006).</li> <li>• Increase of surtax (2000).</li> <li>• Increase of minimum allowance (1999-2002, 2006).</li> <li>• Taxation of rehabilitation benefits as wage (2002).</li> </ul>	<ul style="list-style-type: none"> <li>• Phasing-out of regionally differentiated employers' SSC (2004-2006).</li> </ul>

Source: Commission Services

# Trends in the implicit tax rate on capital

# 4





## 4. TRENDS IN THE IMPLICIT TAX RATE ON CAPITAL

### 4.1. Introduction

In recent years growing policy attention has been devoted to the taxation of capital, and in particular corporate income taxes. Corporate income tax, although usually considered the main tax on capital, is not a major source of revenue in any of the Union's Member States. In 2006, it represented 3.0 % of GDP on average in the EU<sup>1)</sup> and was equal to or less than 4.5 % of GDP in all countries except Cyprus (5.5 %) and Luxembourg (5.0 %). Even after the inclusion of all other capital taxes, the revenue from the taxation of this factor is rarely higher than 10.0 % of GDP - United Kingdom (11.9 %), Italy (11.4 %), Luxembourg (10.9 %), Spain (10.7 %), Ireland (10.4 %) and Belgium (10.2 %) constitute exceptions. At 9.4 % on average for the EU, taxes on capital can be split up into those on corporate income (3.4 %), those on capital income of the self-employed (2.0 %) and of households (1.0 %), and those on the stock of capital (wealth) (2.9 %).

Despite the fact that taxes on capital, and in particular corporate income tax, bring relatively modest revenues, there is a wide interest in their development. A number of reasons contribute to this interest. The mobility of capital<sup>2)</sup> makes policymakers fear that excessive levels of taxation would scare away capital or hope to attract capital from other countries by offering an attractive tax treatment (so-called 'tax competition'<sup>3)</sup>). Like most taxes, taxes on capital may have distortive effects on the market<sup>4)</sup>, particularly in highly integrated areas like the EU Internal Market. These distortions may also impact on personal income taxes because taxes on capital reduce capital accumulation and therefore negatively impact productivity levels, which in turn depress wages. The fact that capital is generally more mobile than labour has generated the apprehension that the burden of taxation would be shifted from the former to the latter. Equity considerations also feature prominently in the debate on the taxation of capital held by individuals, given that capital is, as a rule, both more lightly taxed than labour income and often taxed at flat rates, which calls for an effective taxation of capital income to avoid progressivity of the income tax being diminished. In addition, recent substantial cuts in the corporate income rate have highlighted the risk that a comparatively light taxation of capital induces individuals to take on the legal form of corporation, only to avoid the payment of the personal income tax on their labour income ("backstop function of the corporate income tax"<sup>5)</sup>). Finally, the relative mobility of capital has stimulated the fear of tax competition and a subsequent race-to-the-bottom in capital tax rates.

1) See Table A.2.2-G in the appendix.

2) This mobility can assume different forms ranging from foreign direct investment to profit shifting.

3) See Nicodème (2007) for a recent review with a focus on the European Union.

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

5) See de Mooij and Nicodème (2008).

**Table II-4.1 Adjusted top statutory tax rate on corporate income**  
1995-2008, in %

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Difference 2008-1995
BE	40.2	40.2	40.2	40.2	40.2	40.2	40.2	40.2	34.0	34.0	34.0	34.0	34.0	34.0	-6.2
BG	40.0	40.0	40.2	37.0	34.3	32.5	28.0	23.5	23.5	20.0	15.0	15.0	10.0	10.0	-30.0
CZ	41.0	39.0	39.0	35.0	35.0	31.0	31.0	31.0	31.0	28.0	26.0	24.0	24.0	21.0	-20.0
DK	34.0	34.0	34.0	34.0	32.0	32.0	30.0	30.0	30.0	30.0	28.0	28.0	25.0	25.0	-9.0
DE	56.8	56.7	56.7	56.0	51.6	51.6	38.3	38.3	39.6	38.3	38.7	38.7	38.7	29.8	-27.0
EE	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0	24.0	23.0	22.0	21.0	-5.0
IE	40.0	38.0	36.0	32.0	28.0	24.0	20.0	16.0	12.5	12.5	12.5	12.5	12.5	12.5	-27.5
EL	40.0	40.0	40.0	40.0	40.0	40.0	37.5	35.0	35.0	35.0	32.0	29.0	25.0	25.0	-15.0
ES	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	32.5	30.0	-5.0
FR	36.7	36.7	41.7	41.7	40.0	37.8	36.4	35.4	35.4	35.4	35.0	34.4	34.4	34.4	-2.2
IT	52.2	53.2	53.2	41.3	41.3	41.3	40.3	40.3	38.3	37.3	37.3	37.3	37.3	31.4	-20.8
CY	25.0	25.0	25.0	25.0	25.0	29.0	28.0	28.0	15.0	15.0	10.0	10.0	10.0	10.0	-15.0
LV	25.0	25.0	25.0	25.0	25.0	25.0	25.0	22.0	19.0	15.0	15.0	15.0	15.0	15.0	-10.0
LT	29.0	29.0	29.0	29.0	29.0	24.0	24.0	15.0	15.0	15.0	15.0	19.0	18.0	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	29.6	29.6	29.6	-11.3
HU	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	17.6	17.5	17.5	21.3	21.3	1.6
MT	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	0.0
NL	35.0	35.0	35.0	35.0	35.0	35.0	35.0	34.5	34.5	34.5	31.5	29.6	25.5	25.5	-9.5
AT	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	25.0	25.0	25.0	25.0	-9.0
PL	40.0	40.0	38.0	36.0	34.0	30.0	28.0	28.0	27.0	19.0	19.0	19.0	19.0	19.0	-21.0
PT	39.6	39.6	39.6	37.4	37.4	35.2	35.2	33.0	33.0	27.5	27.5	27.5	26.5	26.5	-13.1
RO	38.0	38.0	38.0	38.0	38.0	25.0	25.0	25.0	25.0	25.0	16.0	16.0	16.0	16.0	-22.0
SI	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	23.0	22.0	-3.0
SK	40.0	40.0	40.0	40.0	40.0	29.0	29.0	25.0	25.0	19.0	19.0	19.0	19.0	19.0	-21.0
FI	25.0	28.0	28.0	28.0	28.0	29.0	29.0	29.0	29.0	29.0	26.0	26.0	26.0	26.0	1.0
SE	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	0.0
UK	33.0	33.0	31.0	31.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	-3.0
EU-27	35.3	35.3	35.2	34.1	33.5	31.9	30.7	29.3	28.3	27.1	25.5	25.3	24.5	23.6	-11.7
EU-25	35.0	35.0	34.9	33.9	33.3	32.2	31.1	29.7	28.7	27.4	26.3	26.0	25.5	24.4	-10.6
EA-15	37.4	37.5	37.6	36.2	35.5	35.3	33.8	32.6	31.0	30.5	29.0	28.6	27.7	26.5	-10.9
<b>Non-EU countries</b>															
OECD-6	38.1	38.1	38.1	38.0	37.0	35.6	34.8	33.5	33.2	32.8	32.4	32.4	32.4	32.5	-5.6
AU	36.0	36.0	36.0	36.0	36.0	36.0	34.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	-6.0
CA	44.6	44.6	44.6	44.6	44.6	44.6	42.1	38.6	36.6	36.1	36.1	36.1	36.1	34.6	-10.0
CH	28.5	28.5	28.5	27.5	25.1	24.9	24.7	24.4	24.1	24.1	21.3	21.3	21.3	21.3	-7.2
JP	51.6	51.6	51.6	51.6	48.0	40.9	40.9	40.9	40.9	39.5	39.5	39.5	39.5	42.0	-9.6
NO	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	0.0
US	40.0	40.0	40.0	40.0	40.0	39.3	39.3	39.3	39.3	39.3	39.3	39.3	39.3	39.0	-1.0
BRIC							37.4	31.7	31.9	31.7	31.9	31.2	31.2	29.2	-
BR			25.0	25.0	33.0	37.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	-
RU							43.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	-
IN			35.0	35.0	35.0	38.5	39.6	35.7	36.8	35.9	36.6	33.7	34.0	34.0	-
CN			33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	25.0	-

Source: Commission Services

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. **Estonia:** As from 2000 the rate for Estonia refers only to distributed profits; retained earnings are not taxed. **France:** France applies a standard CIT rate of 33.3 %. The rates for France refer to large companies (turnover over € 7,630,000) and include additional surcharges paid by them. As from 2000 the rates only apply to profits of large companies above € 2,289,000. **Germany:** The rate includes the average rate for the trade tax ("Gewerbesteuer"). From 1995 to 2000 the rates for Germany refer only to retained profits. For distributed profits lower rates applied. **Italy:** As from 1998 the rates for Italy include IRAP (rate 3.9 % as of 2008), a local tax levied on a tax base broader than corporate income. The rate may vary up to 1 percentage point. **Lithuania:** A "Social tax" (applied as a surcharge) has been introduced in 2006 for 2 years (4 % in 2006 and 3 % in 2007). The tax base is the taxable profit as assessed for Corporate income tax. **Malta:** the rate shown does not take into account the corporate tax refund system. **Portugal:** As from 2007 the rate for Portugal includes the maximum 1.5 % rate of a municipal surcharge, which municipalities may levy at a non deductible rate of the taxable profit. The municipal surcharge base corresponds to the taxable profit before the deduction of tax losses and tax benefits.

Table II-5.1 shows the statutory corporate tax rates for the EU Member States, six non-EU OECD countries and the BRIC (Brazil, Russia, India and China). Two trends were prominent in corporate taxation in the Union in the last decade:

- Firstly, the European Union countries moved towards lowering CIT rates, in one case even abolishing the tax altogether on retained earnings (Estonia). Taking local taxes and surcharges into account, the average general corporate tax rate in the EU-27 was reduced by 11.7 percentage points in the period 1995 to 2008. This reduction is however not a new phenomenon as cuts in corporate tax rates started as early as the 1980s.
- Secondly, the scale of deductions and exemptions was reduced. This trend was also due to the Code of Conduct for business taxation (which has played a role in limiting preferential tax regime and therefore encouraged Member State to prefer adjusting the tax rate rather than the base) and to the necessity to conform to EU rules limiting State aid to enterprises (as some State aid may be in the form of tax breaks). There was also a tendency in many Member States in recent years to enlarge the corporate tax base via less generous depreciation rules and deductions<sup>6)</sup>. The Belgian ACE (Allowance for Corporate Equity) forms a striking exception to the base broadening trend.
- Finally, the EU has by and large become a low-tax area when it comes to statutory corporate tax rates. The EU average of 23.6 % is lower than the statutory tax rate in all selected OECD countries and the BRIC, bar Switzerland.

An analysis of the combined impact of these changes based on the use of simple metrics, such as statutory tax rates or simple tax to GDP ratios, would not give an accurate picture. National provisions for computing the taxable base to which the statutory tax rates are applied differ greatly across countries. The simple tax-to-GDP ratio, while superior to the statutory tax rates in describing the effective tax burden, fails to capture effective changes in the capital tax base<sup>7)</sup>. Moreover, the weight of the base (total taxable capital) on GDP may differ considerably between countries. Hence, in this report we compute implicit tax rates (ITRs), which put each tax in relation to its respective tax base. Despite its attractiveness, this indicator is not free from other limitations like the sensitivity to the business cycle and others discussed in detail in the Annex C.

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

Next to the implicit tax rate on capital, the report contains three additional indicators of effective taxation: the implicit tax rate on capital and business income; the implicit tax rate on corporate income, and the implicit tax rate on capital and business income of households. The first indicator differs from the implicit tax rate on capital to the extent that it excludes the taxes on the stock of wealth. The last two look at the taxation of capital and business

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

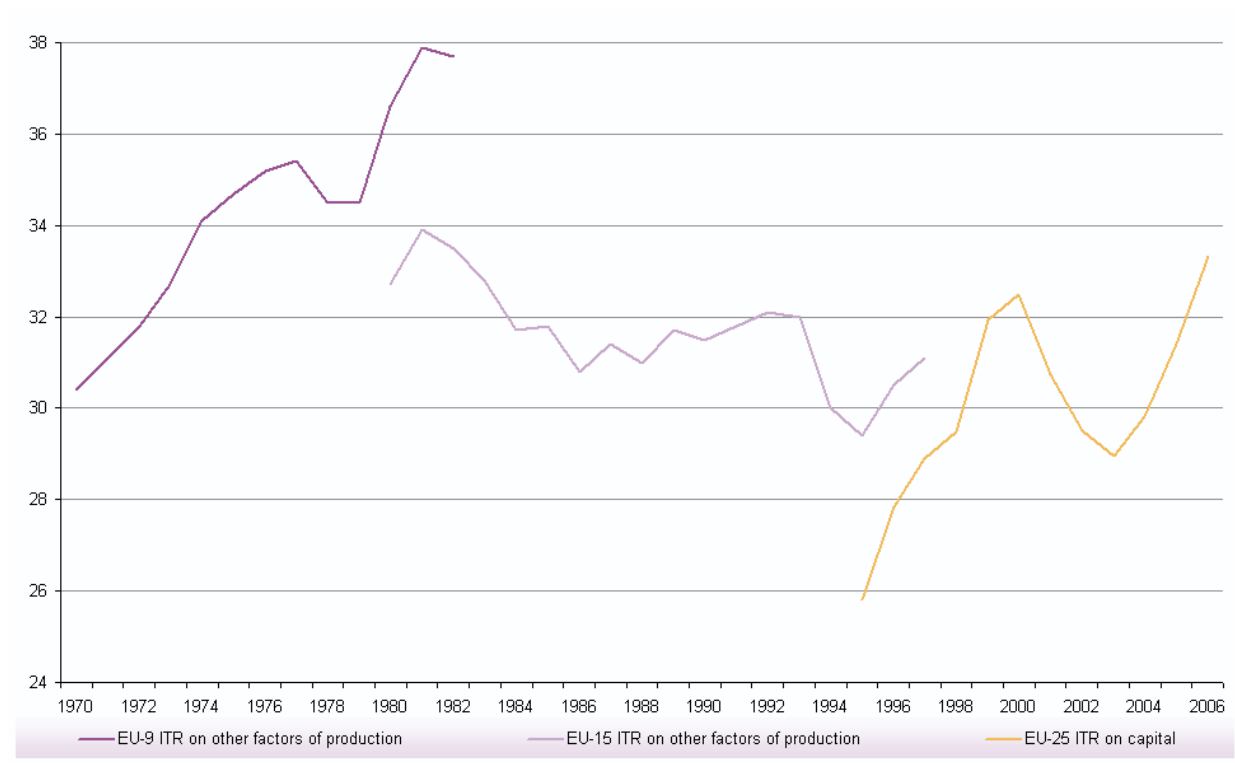
7) The rules on computing taxable income can be established in such a way as to offer a strong incentive to foreign companies. For instance, allowing for the depreciation of buildings and the amortization of intangibles and tangible fixed assets. Given that they incorporate such elements of the tax code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

income of corporations and households respectively. Annex C provides the definitions as well as an extensive discussion of those indicators.

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

Although the ITR on capital is only available for the years starting from 1995, an indication of a longer run trend starting from the '70s can be gleaned from a broader indicator, namely the 'tax rate on other production factors' which was computed in previous editions of this publication<sup>8)</sup>. The definition of both numerator and denominator was different, somewhat broader and the data were based on the national accounts rules of ESA79.

**Graph II-4.1 Implicit tax rate on other production factors and implicit tax rate on capital 1970-2006, in %**



Source: Commission Services. All averages are GDP-weighted.

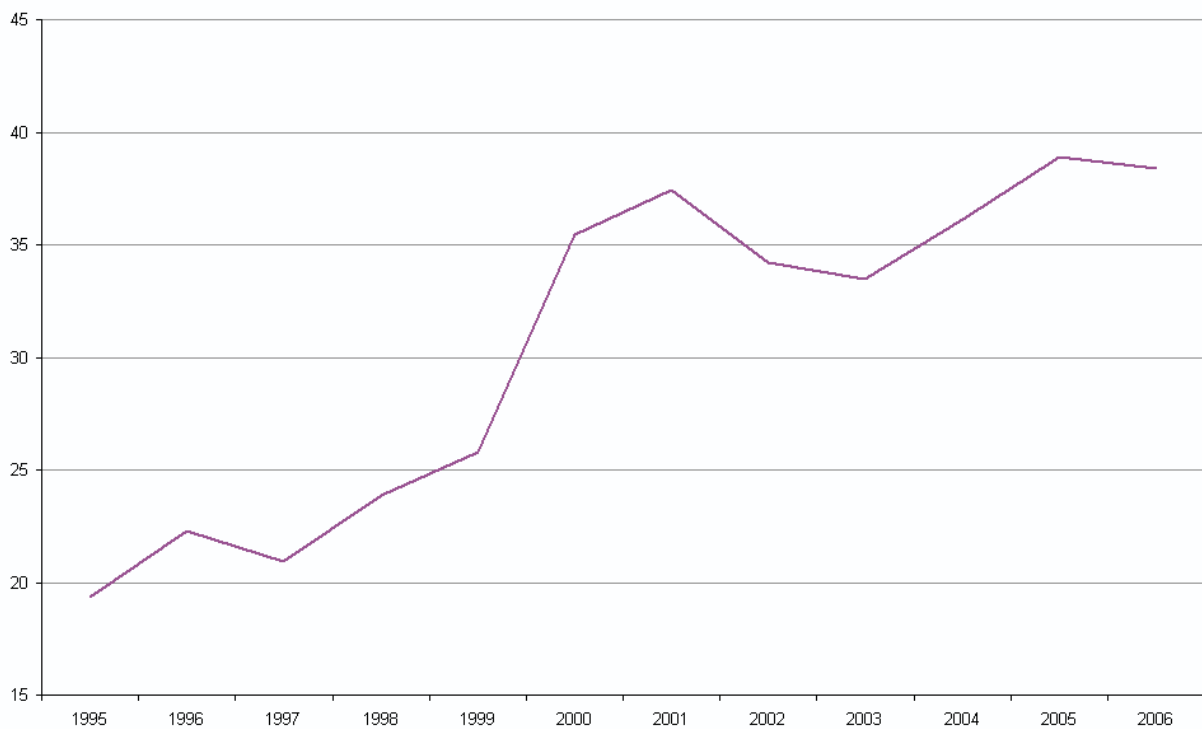
As shown in Graph II-4.1, this indicator shows for the European Union<sup>9)</sup> an increase until the beginning of the '80s. Afterwards, a slight decrease in the effective tax burden took place from the early to the mid-1980s, followed by a period of stabilisation from the late 1980s to the early 1990s. The methodology was subsequently refined and national account systems also moved to ESA95 rules, thus the series are not directly comparable. However, it is worth noticing that the 'ITR on other factors of production' gave an indication of increasing taxation on capital starting from 1995. This trend is consistent with that of the ITR on capital computed starting from 1995 and based on the ESA95 national accounts. This indicator increases dramatically between 1995 and 2000, before showing a three-year decrease and a new rise since 2003.

8) European Commission (2000b).

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

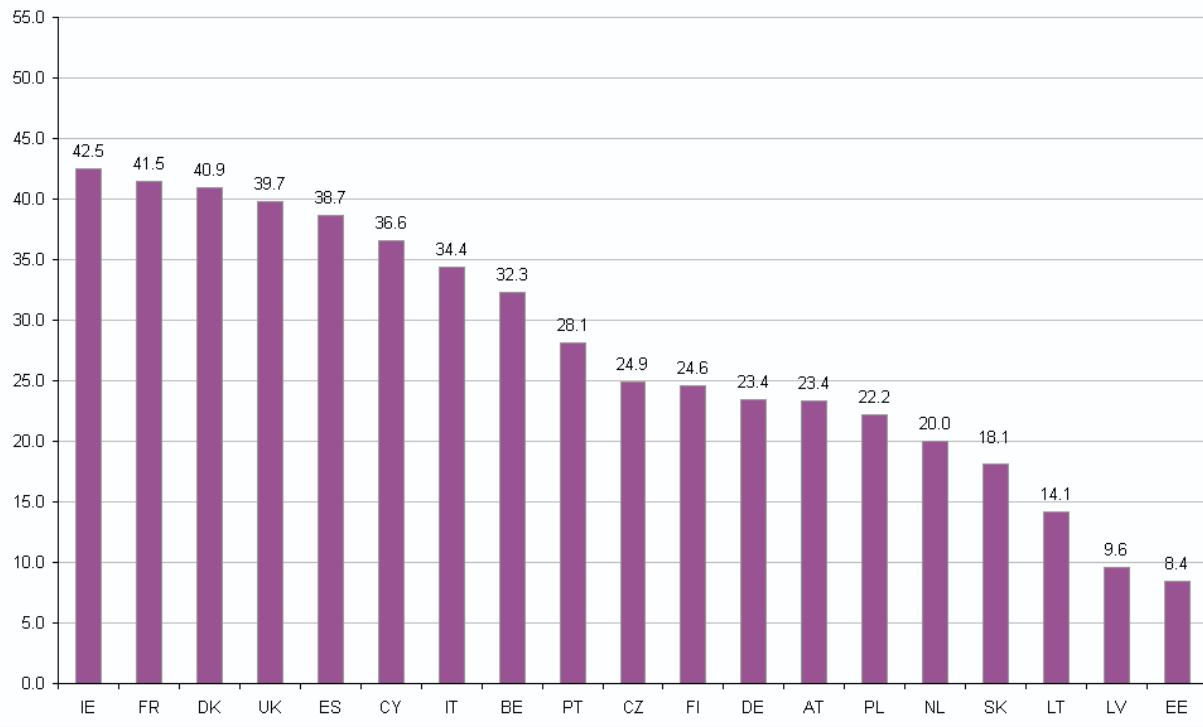
Interestingly, this evolution corresponds closely to that of the business cycle<sup>10)</sup>. The methodology followed for the computation is described in Annex C. In Annex A Table D.3 shows the development of the ITR on capital for all the Member States<sup>11)</sup> and years available. Comparing 1995 and 2006, the overall ITR on capital substantially decreased in many new Member States such as in Slovakia, Estonia and Latvia (for the years available) and to a lesser extent in Lithuania, and Czech Republic. For former EU15 Member states, the ITR on capital has risen<sup>12)</sup>, with the exception of Austria, the Netherlands and Finland. Some spectacular increases of 10 percentage points or more were recorded in Spain, Ireland<sup>13)</sup>, Denmark and France. This difference in trends has unsurprisingly led to an increase in the dispersion of the ITR on capital as measured by the coefficient of variation<sup>14)</sup> (see Graph II-4.2.). This may be prima facie unexpected given the increased integration of capital markets.

### Graph II-4.2 Coefficient of variation of the implicit tax rate on capital



Source: Commission Services.

- 10) Note that due to data limitations it is only possible to compute an incomplete time series for some countries (Bulgaria, Greece, Cyprus, Latvia, Poland, Portugal and Sweden) and no computation at all for some others (Hungary, Luxembourg, Malta, Romania and Slovenia). Indications on these countries linked to the development of taxation of capital, i.e. the numerator of the ITR, can be drawn from Part I of this report.
- 11) The computation of the entire time series 1995-2006 for the ITR on capital is possible only for four of the NMS-12, namely the Czech Republic, Estonia, Lithuania and Slovakia. Partial data are available for four other countries: Cyprus, Bulgaria, Latvia and Poland. The omission of the remaining Member States is clearly a gap in the overall picture. It will be hopefully filled in the next edition.
- 12) A more pronounced increase could be observed for the overall indicator when using a simplified denominator referring to the net operating surplus of the whole economy. Carey and Rabesona (2002) who used a similar (biased) denominator also reported increases in the implicit tax rate on capital.
- 13) The reader should bear in mind that, because of different methodologies explained in the annexes, the figures for Ireland and the UK might be biased upward. Other factors, which could affect/bias comparisons between Member States, are described in Annex C, Part D. Their importance differs between Member States according - for instance - to a different share of financial companies making capital gains. Data limitations prevent the computation of the ITRs for Luxembourg.
- 14) The coefficient of variation is defined as the ratio of the standard deviation on the arithmetic average of the sample. In Graph II-4.2., the sample is held constant by taking only those 15 Member States for which data is available throughout the 1995-2006 period.

**Graph II-4.3 Implicit tax rate on capital – 2006**

Source: Commission Services. Values for PT, PL and LV refer to 2005.

In terms of levels for 2006, Ireland tops the ranking with an ITR on capital of 42.5 %. The values for France and Denmark are above 40 %. At the other extreme of the scale, Estonia at 8.4 %, Latvia at 9.6 % and Lithuania at 14.1 % display very low levels of ITR on capital.

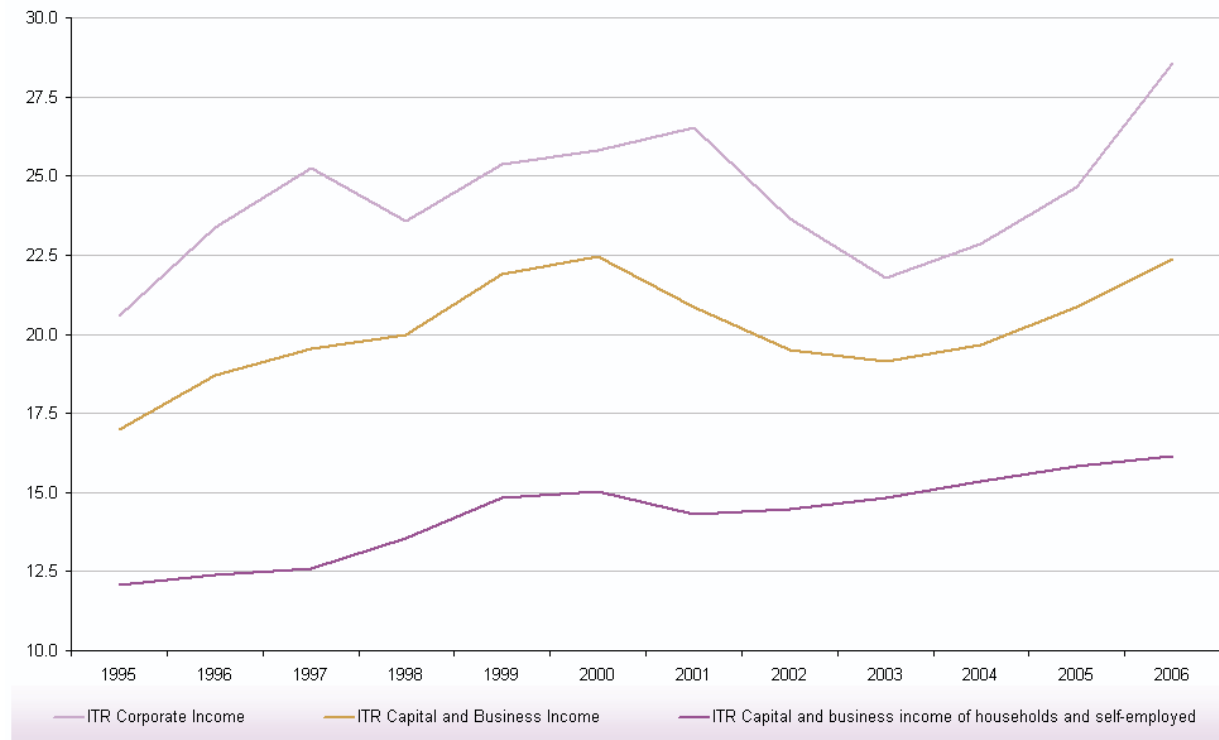
### 4.3. Implicit tax rates on capital and business income

As explained in the introduction and detailed in the appendix, the implicit tax rate on capital and business income differs from the ITR on capital as it excludes the taxes on the stock of wealth. It can be computed for corporate income or for the capital and business income of household and self-employed<sup>15)</sup>.

The ITR on capital and business income for the EU-25 rose from 17.0 % in 1995 to 22.4 % in 2006. The increases for the ITRs for corporations and for households have been respectively from 20.6 % to 28.6 % and from 12.1 % to 16.2 %.

15) No data are available for Luxembourg, Hungary, Malta, Romania and Slovenia. The coverage for Bulgaria is limited to 2000-2001. Cyprus is only available from 2000 onwards. Data coverage for Sweden, Greece, Poland and Portugal stops respectively in 2002, 2004, 2005 and 2005. Finally, no data is available for Latvia for the years 1995 and 2006. In addition, the coverage of the last two ITRs is lower than for the ITR on capital and business income and some adjustments are necessary. In particular, estimates for Germany and Ireland are not available. For Austria and Portugal the ITR on corporate income represents the tax burden on all companies including the self-employed. This correction is necessary because of the sectoral mismatch in the recording of unincorporated partnerships in national accounts. The profits of partnerships, treated as quasi-corporations in national accounts, are booked in the corporations sector while the corresponding tax payments are recorded in the households sector, given that the owners of the partnership are taxed under the personal income tax scheme. In theory, also for Germany, where partnerships are an important part of companies, a similar correction could be calculated. However, owing to reservations regarding comparability with other Member States, it has been decided to avoid publishing these results.

**Graph II-4.4 Implicit tax rate on capital and business income in EU-25**  
1995-2006, EU-25, weighted average, in %



Source: Commission Services. GDP-weighted averages of available sample.

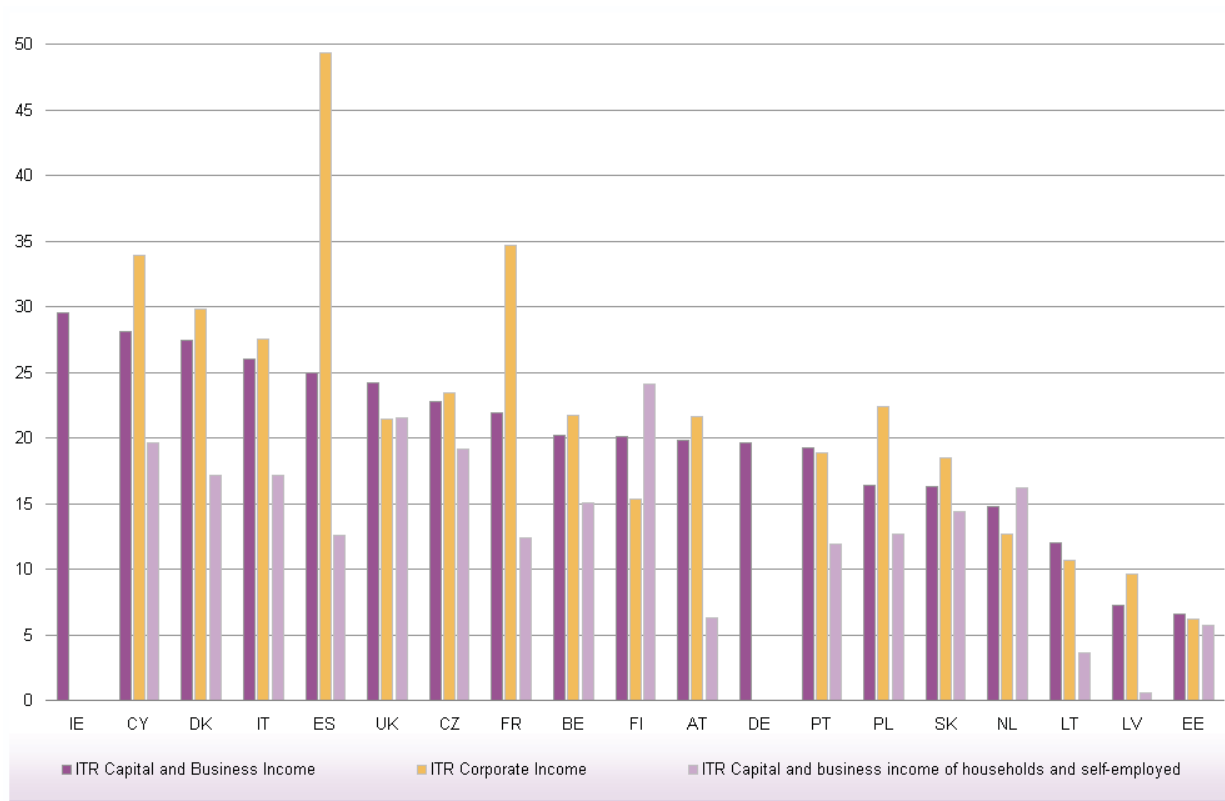
From tables D.3.1. to D.3.1.2., the developments in the ITR on capital and business income for the period 1995-2005 show no clear general pattern in the 21 Member States for which data are available. Rather, one can distinguish five groups of countries:

- Slovakia is a first case on its own. It is the only country to record a steady decrease of its ITR on capital and business income over the 1995-2006 period, reflecting a decrease in both its corporate and household components.
- A second group of seven Member States globally show a steady increase in their ITR on capital and business income. However, these countries differ in the evolution of their corporate and household components. France, Italy and Cyprus (this latter mostly at the end of the period) show an increase in both indicators. Spain records a sharp increase in its ITR on capital and business income of corporations but a slight decrease in its ITR on capital and business income of households and self-employed. The Czech Republic has a decreasing ITR on corporations and an ITR on households that shows an upward level shift in 2004. Finally, Belgium's increasing ITR on capital and business income is the result of an ITR on corporations that increases to peak in 1998 before declining, and an ITR on households that starts increasing in 2002. Ireland, which has the highest ITR on capital and business income, does not offer a decomposition between the two components.
- A third group, made up of the Netherlands and Poland, shows a relatively stable ITR on capital and business income. In both cases, it is broadly due to a combination of a decline in the ITR on corporations and an increase in the ITR on households and self-employed.
- The last two groups show no steady trend in the ITR on capital and business income. The fourth group composed of Denmark, Finland, Sweden, United Kingdom, Portugal, Greece, Germany and Austria, shows an increase in the ITR on capital and business income between 1995 and 2000-2001, followed by a decrease<sup>16)</sup>, which generally reflects the pattern of the ITR on corporations. For some of those countries, the most recent years have shown a strong increase in the ITR.



- The Baltic States compose the fifth group and show a decrease in their ITR on capital and business income until 2001-2003 and an increase in the most recent period. Again, this reflects the trend of their respective ITRs on corporations.

**Graph II-4.5 Implicit tax rate on capital and business income - 2006**  
2005 for LV, PL, PT; in %



Source: Commission Services.

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

#### 4.4. Developments of the capital base

Finally, it is interesting to analyse the evolution of the capital base in the various Member States. Table II-5.2. provides the evolution of the denominator of the ITR on capital in percentage of GDP for each Member State. A first element is that this ratio varies for most Member States between 25 % and 35 % of GDP. At the low-end, Denmark and Sweden provide a low and constant ratio of about 20 % while at the high-end the ratio of capital base to GDP in the Netherlands is at about 40 % for the last available two years.

16) Although the ITR increased for Germany and the UK over the last two years. Denmark followed a quite different pattern: increasing up to 1998 followed by a decline until 2002. Then it turned upwards with a strong increase up to 2005 before moving again downwards to return at its 1999 level



Comparing this table with Table C.3\_G on taxes on capital as percentage of GDP offers explanations for the evolution of the ITR on capital in the Member States for the most recent period. Three interesting groups stand out.

A first group of countries have experienced a relatively stable ITR on capital over the most recent period. This is either because both the taxes collected and the base have been relatively stable in percentage of GDP (Estonia, Latvia, Portugal) or because both items increased at the same pace (Belgium, Poland).

A second group of countries has seen its ITR declining as the result of a growth in collection of taxes on capital as percentage of GDP that was inferior to the growth of the capital tax base in percentage of GDP. Those Member States are Czech Republic, the Netherlands, Austria, Slovakia and Finland<sup>17)</sup>.

Finally, some Member States have recorded increases – in some cases dramatic – in their ITR on capital. For Denmark, Ireland, Spain, France, Italy, Cyprus, Lithuania and the United Kingdom, this increase is the combination of increased tax collection combined with stagnant or declining capital tax base in percentage of GDP.

**Table II-4.2 Capital tax base to GDP**  
1995-2006, in %

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
BE	34.4	33.5	33.1	32.8	30.9	32.5	31.8	30.3	28.9	29.6	30.7	31.5
BG	-	-	-	-	-	46.1	45.4	-	-	-	-	-
CZ	27.8	27.3	27.1	29.7	29.9	29.5	30.1	29	29.1	29.8	31	32.2
DK	21.3	20.4	20.1	17.8	17.9	20.1	19.4	20	17.9	17.8	20.2	20.5
DE	24.9	24.9	25.6	25.6	24.5	24	24.2	24.7	25.2	26.9	28	29.1
EE	17.2	21.4	20.5	22.2	19.9	31.2	32	32.2	32	31	32.1	30.2
IE	25.5	26	27.4	28.8	25	24.9	23.6	23	23.3	22.6	23.8	24.5
EL	55.8	55	51.5	50.7	47.6	48	47.8	47.2	48	47.5	-	-
ES	36.5	36.1	35.1	34	32	29.4	29.4	29.2	28.7	28.3	28.1	27.6
FR	25.5	25	25.4	26.1	25.4	25.7	25.8	24.9	24.6	24.5	23.9	24.1
IT	42	42.6	40.1	38.2	36.8	37.2	37.7	36.1	35.4	35.2	33.8	33.1
CY	-	-	-	-	-	36.5	36.4	33.9	30	29.4	29.1	27.4
LV	-	20.6	22.5	19.1	20.5	25.9	29	31.9	30.7	33.5	28.8	-
LT	23.8	21.8	20.4	17.8	16.6	21.9	25.4	26.1	27.6	28.6	28.9	28.4
LU	-	-	-	-	-	-	-	-	-	-	-	-
HU	-	-	-	-	-	-	-	-	-	-	-	-
MT	-	-	-	-	-	-	-	-	-	-	-	-
NL	33.9	34.8	37.5	36.7	36.4	38.8	37.5	31.9	32.6	34	40	40.5
AT	23.7	24.6	24.7	25.3	25	26.5	25.6	25.9	26.5	27.6	28.7	29
PL	36.1	34	33.6	34.1	32.4	34.7	33.8	34.1	35.2	40.7	37.8	-
PT	29.5	28.4	26.6	25.8	25.4	23.8	23.6	23.1	23.5	23.9	23.6	-
RO	-	-	-	-	-	-	-	-	-	-	-	-
SI	-	-	-	-	-	-	-	-	-	-	-	-
SK	30.8	29.3	28.7	28.4	29.9	30.2	32.4	31.3	30.6	30.2	33.2	35.6
FI	20.3	20.5	22.6	24.2	24.9	27.3	30.5	27.9	26.3	27	25.8	29.2
SE	24.4	22	22.3	21.1	20.1	19.6	18.3	17.6	-	-	-	-
UK	28.8	29.8	30.2	30.2	27.8	27.2	26.4	27.7	30.3	30.3	30	30.1

Source: Commission Services.

17) For Slovakia, capital taxes in percentage of GDP slightly decreased.



# 5

## Trends in environmental taxes



## 5. TRENDS IN ENVIRONMENTAL TAXES

### 5.1. Revenue development and structure

The introduction of environmental tax reforms gained increasing support during the 1990s. The basic idea was to shift the tax burden from labour towards environmentally harmful goods and activities. With the publication of Jacques Delors' White Paper on Growth, Competitiveness and Employment in 1993 the idea of such a fiscal reform became politically attractive, as it offered a means to promote simultaneously growth, jobs and environmental protection, i.e. to achieve a "double dividend". At the same time, measures had to be taken to protect producers from any negative effect on competitiveness arising from increases in the cost of inputs, most particularly energy. Offsetting these cost increases through various tax reduction and refund schemes has indeed been one of the key features of the 'green' tax reforms that many Member States have introduced over the last decade. Among others, Denmark, Germany, the Netherlands, Sweden, Finland and the United Kingdom have introduced elements of such fiscal reforms. Some new Member States, too, have followed suit; one example is Slovenia, where a CO<sub>2</sub> tax has been applied to all energy products since 1997. In Estonia, the increase of excise duties on energy products have been substantial over the last decade, and, moreover, have been used to finance substantial cuts of personal income taxes in the last few years. The Czech Republic is launching an environmental tax reform in 2008. Given the desirability of avoiding any risk to the mutual compatibility of the different taxation systems, particularly in the area of indirect taxation, this also gradually led to initiatives at European level<sup>1)</sup>.

Despite this interest, environmental tax revenues have not been growing significantly in recent years at the EU average level. In 2006, revenues from environmental taxes in the EU-27 (in the GDP-weighted average) accounted for 2.6 % of GDP and for 6.4 % of total revenues. Compared to 1980, when environmental taxes accounted for 0.5 % of GDP<sup>2)</sup>, the increase is significant. However, in the EU-15, the main increase took place between 1990 and 1994 and was largely driven by the above-average increase of energy taxes<sup>3)</sup>. In the new Member States the increase in environmental taxes took place later and was to a large extent driven by the EU accession process, although some of them made use of the occasion to increase energy tax levels beyond the strict requirement of the EU provisions (see above).

Since the year 1999 environmental tax revenues have started to decline both in relation to weighted average GDP and as a share of total taxation; this overall decline is due essentially to the trend in the larger Member States, as several new Member States, whose economies are smaller, have seen environmental revenues increase also in later years. Consequently, the simple arithmetic average, which ignores the size of Member States' economies, does not show a clear decline in environmental tax revenue until the last two years, in which decreases have started to appear also in several of the new Member States (see Table II-5.1). Nevertheless, comparing with 1995, the share of environmental taxation in total taxation has increased in most new Member States and in also in some old Member States (the Netherlands, Denmark, Finland, Germany, Austria). In many of them the share of labour taxation in total taxation has simultaneously decreased in accordance with the idea of a "green" tax reform.

To explain the fall of environmental tax revenues in relation to GDP it should be kept in mind that environmental taxes are usually fixed in nominal terms and expressed per unit of physical consumption (unit taxes). Hence their

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

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

3) See, European Commission (2000b)

real value, in relation to GDP, tends to fall, unless they are regularly adjusted for inflation, unlike ad valorem-taxes. There may be several reasons for the real value erosion of environmental taxation. Governments may be simply unwilling to constantly increase tax rates on products, which affect the energy costs of households and industry. There was no compelling cause to do so either, as the EU minimum rates on mineral oils was kept constant from 1992 to 2004, when the Energy Tax Directive (2003/96/EC) came into force. The growing popularity of non-fiscal instruments such as emissions trading, and the prospects for structurally higher world prices for oil than in the 1990s might also lead to a reduced appetite for additional environmental taxation, at least as far as energy is concerned. An example of this trend could be the recent Swedish programme to provide tax relief from energy taxes to energy-intensive companies for a 5-year period if they implement an energy management system (including fixed energy reduction targets) and energy saving measures. On the other hand, the United Kingdom and Austrian governments have recently announced hikes in environmental taxes and several others have expressed a similar interest. One recent example was the introduction of taxes on flights in several European countries.

**Table II-5.1 Environmental tax revenues in the Union**  
1995-2006, in % of GDP

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
BE	2.2	2.5	2.5	2.4	2.5	2.3	2.3	2.2	2.3	2.4	2.3	2.2
BG	-	-	-	-	-	2.5	2.8	2.3	3.0	3.4	3.1	3.1
CZ	2.8	2.7	2.5	2.3	2.5	2.5	2.5	2.5	2.6	2.6	2.7	2.6
DK	4.5	4.8	4.8	5.2	5.3	5.2	5.1	5.3	5.1	5.5	5.8	6.0
DE	2.3	2.2	2.2	2.1	2.3	2.4	2.5	2.5	2.7	2.5	2.5	2.4
EE	0.8	1.2	1.5	1.8	1.7	1.7	2.1	2.0	1.9	2.1	2.3	2.2
IE	3.1	3.1	3.0	3.0	3.0	2.9	2.3	2.3	2.3	2.5	2.5	2.5
EL	3.1	3.1	3.1	2.9	2.7	2.3	2.5	2.3	2.2	2.2	2.1	2.0
ES	2.2	2.2	2.1	2.3	2.3	2.2	2.1	2.1	2.1	2.0	1.9	1.9
FR	2.8	2.9	2.7	2.7	2.7	2.5	2.4	2.5	2.4	2.4	2.4	2.3
IT	3.6	3.5	3.5	3.4	3.5	3.2	3.0	2.9	3.0	2.8	2.8	2.8
CY	2.9	2.8	2.5	2.5	2.5	2.7	3.0	2.9	3.7	4.0	3.5	3.3
LV	1.2	1.7	2.1	3.0	2.5	2.4	2.2	2.3	2.5	2.6	2.7	2.4
LT	1.2	1.2	1.4	1.9	2.3	1.8	1.9	2.1	2.1	2.0	1.9	1.8
LU	3.0	2.9	3.0	2.9	2.8	2.8	2.8	2.8	2.8	3.1	3.0	2.6
HU	3.1	3.1	3.0	3.5	3.4	3.0	2.8	2.8	2.7	2.8	2.8	2.9
MT	3.2	3.1	3.5	3.9	4.1	3.7	3.7	3.4	3.4	3.1	3.3	3.4
NL	3.6	3.8	3.7	3.8	3.9	3.9	3.8	3.6	3.7	3.8	4.0	4.1
AT	2.1	2.1	2.3	2.3	2.3	2.4	2.6	2.6	2.7	2.7	2.6	2.5
PL	1.8	1.9	1.8	1.8	2.1	2.1	2.1	2.4	2.5	2.6	2.7	2.8
PT	3.5	3.5	3.3	3.5	3.4	2.7	3.0	3.2	3.1	3.1	3.1	2.9
RO	-	-	-	-	-	-	-	2.1	2.5	2.4	2.0	1.9
SI	-	-	-	-	-	3.0	3.3	3.3	3.4	3.4	3.3	3.1
SK	-	-	2.1	1.9	2.0	2.2	1.9	2.4	2.6	2.7	2.6	2.4
FI	2.9	3.1	3.3	3.3	3.4	3.1	2.9	3.0	3.2	3.2	3.1	3.0
SE	2.8	3.1	2.9	3.0	2.8	2.7	2.8	2.8	2.9	2.8	2.8	2.7
UK	2.9	3.0	3.0	3.1	3.2	3.0	2.8	2.7	2.7	2.6	2.5	2.4
NO	2.3	2.2	2.1	2.0	1.8	1.5	1.3	3.4	3.3	3.3	3.0	3.0
EA-15												
weighted average	2.7	2.7	2.7	2.7	2.8	2.6	2.6	2.6	2.7	2.6	2.6	2.5
arithmetic average	2.9	2.9	2.9	2.9	3.0	2.8	2.8	2.8	2.9	2.9	2.8	2.7
EU-25												
weighted average	2.8	2.8	2.8	2.8	2.9	2.8	2.7	2.7	2.7	2.7	2.6	2.6
arithmetic average	2.7	2.8	2.7	2.9	2.9	2.7	2.7	2.8	2.8	2.9	2.8	2.8

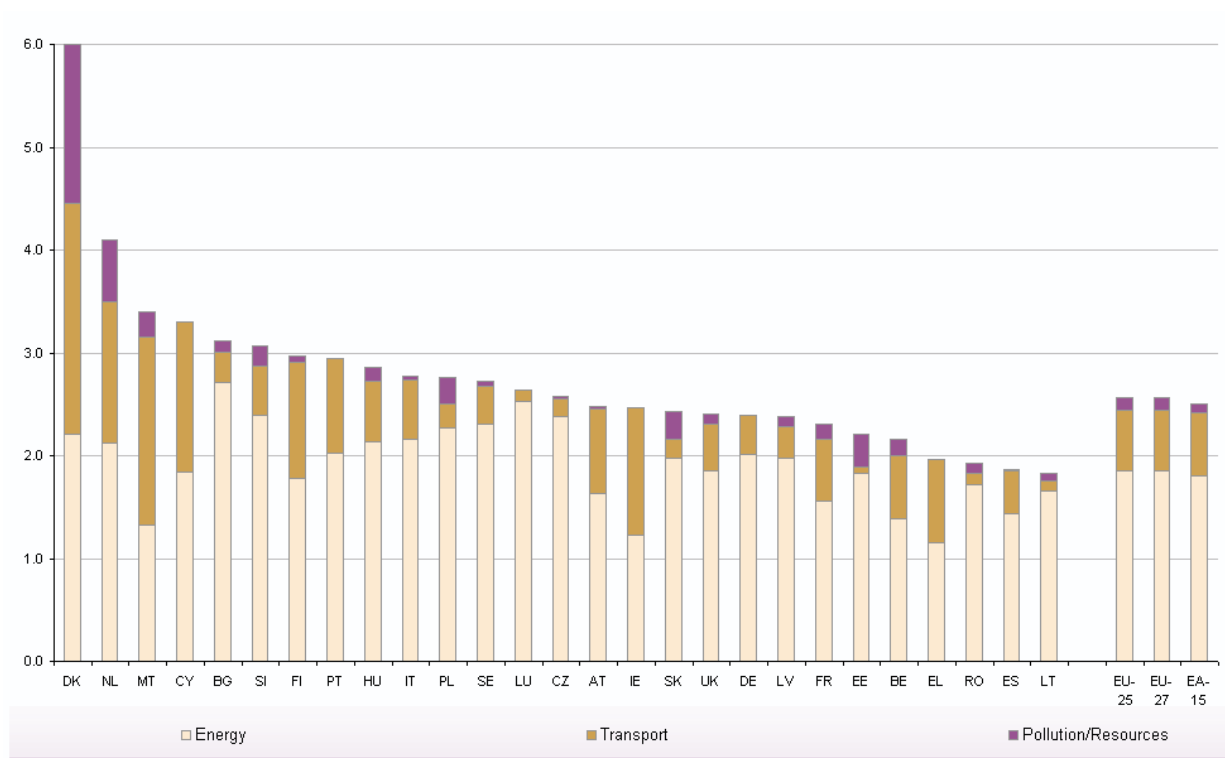
Source: Commission Services

Environmental taxes can be divided into four broad categories (energy, transport, pollution and resource taxes; see Annex C for details). Energy taxes are by far the most significant, representing around three quarters of environmental tax receipts and below one fifteenth of total taxes and social contributions. In the EU-27, transport taxes correspond to, on average, slightly less than one fourth of total environmental tax revenues and 1.5 % of total taxes and social contributions (in the weighted average). The remaining two categories, pollution taxes and resource taxes, raise only a marginal amount of revenue: together they make up just 4.6 % of total environmental taxes.

Graph II-5.1 shows the environmental tax-to-GDP ratio by Member State and breaks it down by type of tax. The relative importance of each type varies across countries, but in general, most Member States tend to fall in a band ranging from 2% to 3% of GDP, or slightly higher. Only three Member States show levels below 2 % of GDP, while only in two countries do environmental tax revenues exceed 3.5 % of GDP. At 6.0 % in 2006, Denmark has by far the highest level of "green" taxes, followed by the Netherlands (4.1 %). The lowest environmental tax revenues in relation to GDP are found in Lithuania, Romania and Spain, at around 2 % in 2006.

The predominance of energy taxes is common to most Member States; however, in some countries the contribution of transport taxes is significant: for instance, in Ireland and Cyprus they account for nearly half of environmental taxes, while in Malta they represent an even higher share of environmental taxation, over 50 %. In Denmark, transport taxes raise almost the same amount of revenue as energy taxes, but on account of the high level of pollution and resource taxes in that country, constitute only a third of environmental taxes.

**Graph II-5.1 Environmental tax revenues by Member State and type of tax**  
2006, in % of GDP



Source: Commission Services

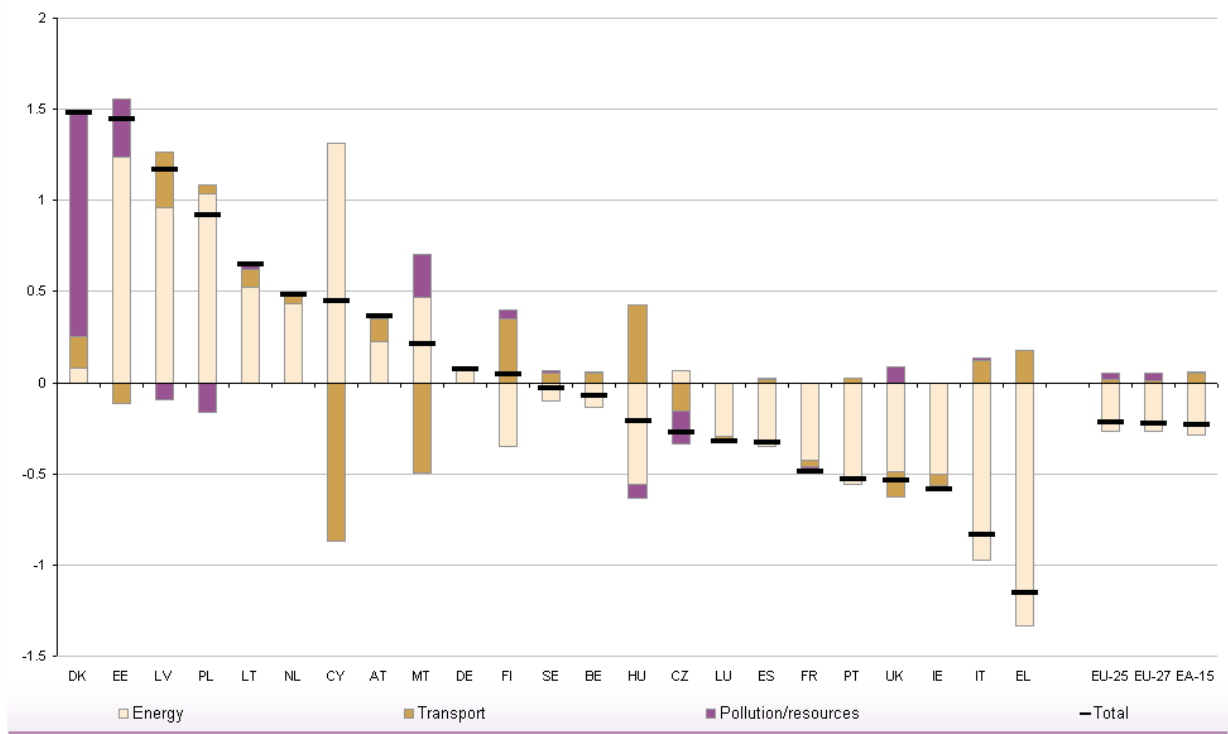
Note: \* EU-25, EU-27, EA-13: weighted average.

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

Graph II-5.2 shows the evolution in the structure of environmental taxes. The graph highlights that the near stability in the EU average conceals a number of offsetting changes in composition in some Member States. For instance, the overall slight decline in energy taxation should be put in the context of marked increases in several countries; in four of them (Estonia, Latvia, Poland and Cyprus), the increase is close to or exceeds one percent of GDP. However, in

Greece and in Italy, which started the period with above-average energy tax revenues, these have declined significantly since 1995. Amongst the biggest changes in non-energy taxes, it is worth highlighting the steep increase in pollution taxes in Denmark, due to the strong increase in corporate hydrocarbon taxes, and in the opposite direction, the decline in pollution tax revenue in the Czech Republic, where the revenues from both water and air pollution fees have declined strongly, and in Poland due to lower payments for environmental exploitation to the National Fund for Environmental Protection and Water Management.

**Graph II-5.2 Evolution of the structure of environmental taxes**  
1995-2006, differences in % of GDP



Source: Commission Services

## 5.2. The implicit tax rate on energy; properties and trends

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

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

It is also worth pointing out that the decrease in environmental tax revenues in terms of GDP in recent years could be due in part to innovations in policy instruments. An example of this could be represented by an increased



recourse to road pricing systems accompanied by a reduction in lump-sum car circulation taxes, which would lead to lower tax revenues, since road charges are not booked as taxes. Another example of innovative instruments is the EU CO<sub>2</sub> emissions trading system, which is likely to "crowd-out" energy taxation in the sectors covered by the scheme.

The paradoxes outlined above suggest the introduction of an effective or implicit tax rate (ITR) for environmental taxes for analytical purposes. The interpretation of an ITR is generally more straightforward because this class of indicators is not affected by the erosion in the base due to the disincentive effect of the tax; a properly defined implicit tax rate would remain constant<sup>4)</sup>.

Constructing an implicit tax rate for environmental taxes overall is a daunting task: there is no easily identifiable denominator for the ratio because the diversity of environmental taxes leads to a multiplicity of bases. However, for energy taxes, which as mentioned above represent three quarters of environmental tax revenues, an appropriate indicator for the potential tax base can be identified. Eurostat publishes, currently up to 2005, data on final energy consumption by country, aggregating the different sources of energy utilised in a single indicator. The data include energy consumed in the transport, industrial, commercial, agricultural, public and households sectors excluding the energy transformation sector and the energy industries themselves. The various energy sources are aggregated on the basis of their net calorific value, and expressed in tons of oil equivalent; this measure is taken as the denominator of the ITR on energy published in this report, while the numerator is constituted by the revenue from all energy taxes.

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

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

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

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

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Difference <sup>1)</sup> 1995 to 2005
BE	95.8	94.8	95.1	95.9	97.4	97.9	97.6	102.2	102.3	115.1	122.6	26.8
BG	-	-	-	-	-	36.5	46.4	37.5	49.8	64.6	62.3	-
CZ	40.6	41.2	41.6	46.1	57.0	58.9	69.7	74.9	73.4	81.4	96.7	56.2
DK	200.9	213.5	218.0	249.0	284.6	301.4	316.8	326.2	326.1	324.4	317.8	116.9
DE	168.6	151.6	149.4	150.0	176.8	192.6	200.3	211.6	224.5	217.6	213.2	44.6
EE	6.8	11.8	18.6	29.7	31.1	32.2	44.1	46.3	52.1	63.1	77.4	70.6
IE	112.3	121.0	139.5	140.4	144.6	140.6	123.7	145.6	148.3	167.8	165.9	53.6
EL	158.1	161.7	157.4	139.0	132.6	117.6	118.3	111.1	111.4	115.7	116.1	-42.0
ES	128.4	134.7	129.2	138.9	144.3	138.2	135.0	141.9	141.8	141.5	140.7	12.3
FR	169.3	167.5	169.4	170.7	176.9	172.9	162.0	177.7	172.1	178.0	175.8	6.5
IT	237.1	261.0	271.5	260.5	264.0	248.2	239.9	237.5	243.9	232.9	233.7	-3.5
CY	26.7	27.4	26.7	29.6	32.0	43.2	61.4	64.7	125.7	146.0	156.2	129.5
LV	10.2	18.1	26.7	44.2	41.1	47.9	42.8	48.0	52.6	61.6	72.7	62.5
LT	12.3	16.4	25.0	38.9	54.4	58.0	64.8	75.6	79.7	77.7	81.8	69.5
LU	141.2	138.9	143.0	151.6	159.2	164.7	164.8	170.1	173.9	186.4	194.5	53.4
HU	58.5	53.1	62.3	77.0	79.3	79.5	82.4	92.9	96.5	99.5	103.9	45.3
MT	52.0	61.4	72.5	127.9	140.3	143.6	177.8	136.6	121.0	121.4	119.4	67.4
NL	113.8	113.5	129.7	135.2	152.7	162.2	168.4	171.1	175.0	185.3	204.4	90.7
AT	123.7	117.6	137.0	130.2	136.4	142.5	146.8	152.1	153.7	165.1	159.3	35.6
PL	20.7	26.1	27.6	37.7	48.2	59.2	67.0	77.7	72.5	76.0	97.0	76.4
PT	163.4	162.9	152.1	157.9	151.8	112.0	133.7	158.1	168.3	155.8	168.1	4.7
RO	-	-	-	-	-	-	-	37.0	45.7	54.9	60.8	-
SI	-	-	-	-	-	118.5	136.1	143.7	141.7	146.0	145.2	-
SK	-	-	31.8	31.9	32.5	41.4	36.8	44.0	59.3	69.7	77.0	-
FI	96.9	96.3	106.7	104.7	109.9	108.8	112.8	113.8	112.6	113.3	115.9	19.1
SE	138.1	168.6	167.8	172.5	178.2	182.1	183.5	196.0	204.4	209.0	210.7	72.6
UK	143.4	149.1	186.9	212.2	226.5	250.3	239.3	246.2	224.3	234.7	232.5	89.1
EU-27	159.4	160.7	168.2	172.5	185.2	189.8	187.1	194.0	193.2	194.2	193.6	34.2
EU-25	159.4	160.7	168.2	172.5	185.2	190.0	187.3	195.0	194.2	195.3	194.9	35.5
EA-15	166.2	165.9	169.3	168.3	179.6	179.8	178.5	186.3	190.1	188.8	191.7	25.5

1) Difference in %-points

Source: Commission Services

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

To address the second issue a 'real' ITR on energy has been calculated, deflating tax revenues by the deflator of final demand (Table II-5.3). This adjustment shows that in real terms, taxation on energy has been trending downward, on average, since 1999; the real burden of taxation on energy has been recently declining, notably in Southern European Member States (Italy, France, Spain, Greece, Portugal), offsetting increases in the new Member States and some old Member States (the Netherlands, Denmark, Germany, Sweden). Overall, in the EU-27 the real ITR on energy was in 2005 slightly lower than ten years before.

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

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Difference <sup>1)</sup> 1995 to 2005
BE	95.8	93.6	91.3	91.6	92.8	87.9	85.9	89.5	89.5	98.3	101.3	5.5
BG	-	-	-	-	-	36.5	44.6	35.6	47.1	58.3	53.3	-
CZ	40.6	38.4	36.2	37.7	45.5	45.6	53.0	57.9	56.6	61.1	73.0	32.4
DK	200.9	210.4	210.3	239.4	270.9	275.7	283.4	289.5	287.6	281.0	266.7	65.8
DE	168.6	151.0	147.4	148.2	174.7	188.1	193.5	203.3	215.3	207.0	200.7	32.1
EE	6.8	9.9	13.9	21.1	21.5	21.0	27.5	28.5	31.6	37.4	44.2	37.5
IE	112.3	120.4	135.2	130.5	129.3	118.8	99.7	115.0	118.0	131.6	127.4	15.1
EL	158.1	151.2	139.0	117.0	108.7	90.0	88.4	80.8	78.8	79.7	77.2	-80.9
ES	128.4	130.9	122.4	129.5	131.8	120.0	113.7	116.3	113.0	108.9	104.0	-24.5
FR	169.3	165.1	165.4	166.2	172.8	165.1	152.6	165.8	158.7	161.7	156.3	-13.0
IT	237.1	251.1	254.8	239.7	239.2	215.2	201.8	194.5	195.2	180.8	175.4	-61.7
CY	26.7	26.7	25.3	27.5	29.0	37.6	52.1	54.2	102.0	115.3	119.6	92.8
LV	10.2	15.8	21.6	34.7	31.8	35.4	31.2	33.7	35.4	38.4	41.0	30.9
LT	12.3	14.4	20.2	31.1	44.1	46.3	52.2	61.8	66.4	63.9	63.3	51.0
LU	141.2	133.0	134.9	142.2	143.5	138.3	140.8	144.9	149.2	152.1	149.0	7.8
HU	58.5	43.9	44.0	48.4	46.5	42.0	41.1	45.4	45.5	46.1	47.6	-11.0
MT	52.0	60.1	70.3	121.6	131.6	122.9	154.8	116.4	102.8	102.8	97.2	45.2
NL	113.8	112.3	125.5	130.5	146.3	148.2	149.5	150.0	151.8	159.2	171.6	57.8
AT	123.7	116.0	134.7	127.4	132.5	135.8	138.0	141.7	142.0	150.1	142.0	18.3
PL	20.7	22.3	20.7	25.4	30.6	34.9	38.4	43.2	39.5	39.7	50.3	29.6
PT	163.4	159.2	143.6	145.6	137.1	96.8	112.5	129.9	135.8	122.8	128.5	-34.9
RO	-	-	-	-	-	-	-	37.0	37.7	40.0	41.4	-
SI	-	-	-	-	-	118.5	126.3	126.1	119.2	118.5	114.5	-
SK	-	-	31.8	31.3	30.5	35.0	29.6	34.4	44.8	50.5	55.6	-
FI	96.9	95.5	104.6	101.3	106.6	101.8	103.9	104.7	103.7	103.5	104.8	7.9
SE	138.1	169.0	165.9	170.2	174.1	174.1	170.7	180.2	186.3	190.0	188.2	50.1
UK	143.4	145.2	181.1	204.2	214.7	233.3	219.5	221.7	197.1	202.5	195.5	52.1
EU-27	159.4	156.7	158.5	160.5	170.3	168.9	162.9	166.4	163.2	160.9	156.7	-2.7
EU-25	159.4	157.2	161.5	163.9	174.2	173.4	167.5	171.9	168.8	166.6	162.4	3.0
EA-15	166.2	163.1	163.7	161.5	171.2	166.0	161.7	166.3	167.8	163.6	162.2	-3.9

1) Difference in %-points

Source: Commission Services

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

Graph II-5.3 juxtaposes trends in the energy intensity of the economy, the real ITR on energy and the ITR on labour. In the graph, the energy intensity of the economy is shown on an inverted scale, meaning that if the line slopes upwards, the economy is becoming more energy efficient and vice versa.

From 1995 to around 2000, as taxation of energy increased rapidly, final energy consumption grew at a much lower rate than the economy overall, leading to a rapid increase in energy efficiency<sup>5)</sup>. Around 2000, however, the real burden of energy taxes started declining, and at the same time the growth in energy efficiency slowed down considerably. While this simple correlation does not of course represent conclusive evidence, it suggests that taxation may have played a role in stimulating energy conservation, alongside other structural factors.

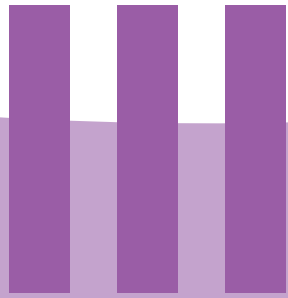
5) Data on energy efficiency in the EU-15 are given in European Communities 2002b.

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



Source: Commission Services

As for the idea of financing cuts in labour taxation from increases in environmental taxation, its implementation would imply an opposite development of the ITRs on energy and on labour in the graph: as the ITR on energy increases, taxation of labour should fall. This has not really been the case; as can be seen, the two trends are parallel rather than opposite, which is no surprise given that the overall declining revenue from energy taxes since 1999, at least for the EU average, implies dwindling resources for lightening the tax burden on labour.



# Developments in the Member States

## AUSTRIA

	1995	2000	2001	2002	2003	2004	2005	2006	2006		
<b>A. Structure of revenues</b>									% of GDP	€ bn	Ranking <sup>1</sup>
Indirect taxes	14.8	15.1	15.0	15.2	15.0	14.9	14.7	14.3	36.9	12	
VAT	7.6	8.0	8.0	8.1	7.9	7.9	7.9	7.7	19.7	15	
Excise duties and consumption taxes	2.7	2.7	2.7	2.8	2.8	2.9	2.8	2.6	6.7	20	
Other taxes on products (incl. import duties)	1.3	1.2	1.2	1.1	1.1	1.1	1.1	1.2	3.0	16	
Other taxes on production	3.2	3.1	3.1	3.1	3.1	3.0	2.9	2.9	7.5	4	
Direct taxes	11.7	13.1	15.1	14.0	13.6	13.5	12.9	13.1	33.9	9	
Personal income	9.3	10.0	10.7	10.5	10.4	10.1	9.6	9.7	25.0	7	
Corporate income	1.6	2.2	3.3	2.4	2.4	2.4	2.4	2.4	6.1	23	
Other	0.7	0.9	1.1	1.1	0.9	1.0	1.0	1.1	2.8	7	
Social Contributions	14.8	14.6	14.6	14.5	14.5	14.5	14.5	14.4	37.1	4	
Employers'	7.3	7.0	6.9	6.8	6.8	6.8	6.8	6.7	17.4	13	
Employees'	6.3	6.0	6.0	6.0	6.0	5.9	5.9	5.8	15.0	4	
Self- and non-employed	1.3	1.6	1.7	1.7	1.7	1.8	1.8	1.8	4.7	6	
<b>B. Structure according to level of government</b>									% of GDP		
Central Government	20.1	22.0	23.8	23.5	23.3	23.0	22.4	22.2	57.1	13	
State Government <sup>2</sup>	3.2	3.3	3.3	3.2	3.0	3.0	3.0	3.0	7.7	4	
Local Government	5.0	5.0	5.1	4.9	4.7	4.7	4.6	4.6	11.8	9	
Social Security Funds	12.1	11.8	11.8	11.7	11.8	11.8	11.9	11.8	30.3	10	
EU Institutions	0.9	0.7	0.7	0.5	0.4	0.3	0.3	0.4	0.9	4	
<b>C. Structure according to economic function</b>									% of GDP		
Consumption	11.6	12.1	12.3	12.5	12.3	12.3	12.1	11.7	30.3	15	
Labour	23.6	23.7	24.0	24.0	24.1	23.6	23.3	23.3	60.1	3	
Employed	21.6	21.4	21.5	21.5	21.5	21.1	21.0	20.9	54.0	4	
Paid by employers	10.0	9.6	9.5	9.5	9.5	9.3	9.3	9.3	23.9	7	
Paid by employees	11.6	11.9	12.0	12.1	12.1	11.8	11.6	11.7	30.2	7	
Non-employed	2.0	2.3	2.4	2.5	2.6	2.5	2.3	2.4	6.1	6	
Capital	6.1	6.9	8.4	7.2	6.8	7.0	6.7	6.8	17.5	19	
Capital and business income	4.9	5.7	7.3	6.1	5.7	5.9	5.6	5.7	14.8	14	
Income of corporations	1.6	2.2	3.2	2.4	2.2	2.3	2.3	2.4	6.1	25	
Income of households	1.0	0.9	0.9	0.9	0.8	0.8	0.7	0.8	2.0	13	
Income of self-employed (incl. SSC)	2.3	2.7	3.2	2.8	2.7	2.8	2.6	2.6	6.7	5	
Stocks of capital / wealth	1.2	1.2	1.1	1.1	1.1	1.0	1.0	1.0	2.7	19	
Less: amounts assessed but unlikely to be collected	-	-	-	-	0.1	0.1	0.1	0.1			
<b>TOTAL</b>	<b>41.3</b>	<b>42.8</b>	<b>44.7</b>	<b>43.7</b>	<b>43.1</b>	<b>42.8</b>	<b>42.0</b>	<b>41.8</b>	<b>107.7</b>	<b>7</b>	
									% of GDP		
Of which environmental taxes	2.1	2.4	2.6	2.6	2.7	2.7	2.6	2.5	6.4	15	
Energy	1.4	1.6	1.7	1.7	1.8	1.8	1.8	1.6	4.2	21	
Transport	0.7	0.8	0.9	0.9	0.9	0.8	0.8	0.8	2.1	8	
Pollution/Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	19	
<b>D. Implicit tax rates</b>									%	Ranking <sup>1</sup>	
Consumption	20.3	21.3	21.4	21.9	21.5	21.5	21.2	20.9		14	
Labour employed	38.7	40.2	40.7	40.8	40.9	41.1	41.0	41.2		6	
Capital	25.6	26.0	33.0	27.9	25.6	25.3	23.2	23.4			
Capital and business income	20.5	21.6	28.6	23.7	21.5	21.5	19.6	19.8			
Corporations	22.6	24.7	33.5	26.1	23.3	23.4	21.8	21.6			
Households	10.3	6.9	7.7	8.8	7.6	6.7	5.8	6.3			
<b>p.m.:</b>											
Real GDP growth (annual rate)	1.9	3.4	0.8	0.9	1.2	2.3	2.0	3.3			
Output gap (potential)	-0.8	2.2	0.6	-0.6	-1.7	-1.5	-1.5	-0.4			

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

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

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

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

Source: Commission Services

## Overall trends in taxation

### *Structure and development of tax revenues*

In Austria, the overall tax burden (including social contributions) is more than four percentage points of GDP above the EU average (41.8 %, EU-27 37.1 %), with the Nordic Countries, Belgium, France and Italy recording higher rates.

Austria derives 34.3 % of tax revenues from indirect taxes (EU-27 38.9 %), of which VAT accounts for more than half. Austria raises a substantial amount from other taxes on production (6.9 % of total taxation, EU-27 3.9 %), in particular from an employer's contribution to the fund for equalisation of family burdens and a payroll tax payable to communes. By contrast, excise duties bring in relatively little revenue, reflecting the moderate rates imposed. Direct taxes account for a proportion of revenue (31.5 %) in line with the EU average although they rely relatively more heavily on PIT (23.2 %, EU-27 20.2 %) than on CIT (5.7 %, EU-27 9.0 %). Social contributions account for a third of receipts (34.4 %, EU-27 29.8 %).

Among the federal countries in the EU, Austrian states receive the lowest proportion of total tax revenues (7.1 % as against 22.3 % in Spain, 21.9 % in Germany and 24.1 % in Belgium). The share of local governments (11.0 %) is in line with the EU-27 average (11.3 %).

Efforts to improve the state of government finances in the run-up to EMU led to an increase in the overall tax-to-GDP ratio between 1995 and 1997 (from 41.3 % to 44.0 %), achieved mainly through the broadening of the base for corporate and personal income tax. Tax levels remained stable at this level until the cut in income taxation in 2000 led to a dip to 42.8 % while a rise to 44.7 % in 2001 resulted from base-broadening measures, reductions in tax credits and significantly increased tax pre-payments, stimulated by the introduction of interest charges on tax arrears. Additional reforms enacted since then have resulted in a decline of the tax-to-GDP ratio to 41.8 % (2006). In particular the two steps of the *Steuerreform 2004/2005* lead to an annual tax relief of about €3 billion (1.2 % of GDP).

### *Taxation of consumption, labour and capital; environmental taxation*

Taxes on consumption as a percentage of GDP (11.7 %) are slightly below the EU-27 average (12.4 %). The same applies to the implicit tax rate on consumption (20.9 %, EU-27 22.1 %). In contrast to the EU-25 and euro area averages, the Austrian ratio has somewhat decreased since 2002.

Taxes on employed labour represented 20.9 % of GDP in 2006, constituting around one half of the total tax burden. As in most EU countries, the tax burden on employed labour consists mainly of social contributions. In addition to the personal income tax, levied in the form of a withholding tax on wages and salaries, indirect labour taxes - such as the contribution by employers to the fund for equalization of family burdens and the payroll tax - also contribute substantially to the overall taxation burden. The Austrian implicit tax rate on labour in 2006 (41.2 %) was more than six percentage points above the European average. It has remained more or less stable in recent years.

The share of taxes on capital in GDP (6.8 %) is below the EU-27 average and well below the euro area average. This is in part due to the fact that the tax on capital stocks and transactions yields less than half of the average amount in the euro area (1.0 % of GDP, euro area 2.4 %). Base-broadening measures and increased prepayments, in reaction to the introduction of interest payments on tax arrears, led to a dramatic rise of revenues in 2001 before falling back in the following years, as is reflected in the implicit tax rate on corporate income (2000 24.7 %, 2001 33.5 %, 2003 23.3 %). Taxes raised on corporate income in relation to GDP are low (2.4 %, EU-27 3.4 %) because of the large number of unincorporated companies in Austria.

Environmental taxes gradually increased until 2003 and have only slightly gone down since. Their revenues are now close to the EU-27 average (2.5 % of GDP, EU-27 2.7 %). Transport taxes are relatively important in Austria, contributing nearly one third to the overall revenue from environmental taxes, compared to an EU-27 average share of only one quarter.

#### *Current topics and prospects; policy orientation*

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

The Tax Amendment Act 2007 (*Abgabenänderungsgesetz 2007*), inter alia, focused on the environment. It contained an increase in the mineral oil tax on gasoline by three cents and the tax on diesel by five cents as of 1 July 2007. At the same time commuter support was increased by 10 % and a negative income tax for commuters with low income was introduced. Moreover, the act aimed at strengthening tax compliance by reducing the scope for fraud. The 'Ecologisation' Act 2007 (*Ökologisierungsgesetz 2007*) contains further measures to combat climate change. As of 1 July 2008 a bonus malus system based on carbon dioxide emissions is introduced into the motor vehicles tax and a split tax rate based on the sulphur content into the mineral oil tax. The Tax Securing Act 2007 (*Abgabensicherungsgesetz 2007*) in particular contained further measures to increase tax compliance.

### **Main features of the tax system**

#### *Personal income tax*

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

Austria has a comprehensive and progressive personal income tax scheme. The four brackets have marginal rates of 0 %, 38.333 %, 43.596 % and 50 %. The zero-rate bracket goes up to a taxable income of €10 000, which means that – as a result of other tax credits – annual gross earnings of about €15 800 for employees and €13 500 for pensioners are tax-free. The top rate starts at a taxable income of €51 000. For partnerships and other unincorporated enterprises only half of the average tax rate is applied to the first €100 000 of retained profits. As a substantial proportion of enterprises are unincorporated, the reform of PIT affects both individuals and enterprises to a greater extent than elsewhere.

Capital gains are usually not included in taxable income. However, this does not apply for gains realized as part of commercial activity or on speculative gains (e.g. from shares within a one-year holding period and immovable property within a ten year period) and in the case of substantial shareholdings. Dividends, interest and investment fund income are subject to a final withholding tax of 25 % while royalties are taxed at the normal progressive rates.

#### *Corporate taxation*

In 2005 the corporate tax rate was lowered from 34 % to 25 %, partly financed by broadening the tax base and abolishing the 10 % subsidy for the increment in investment in machinery and equipment, which had existed since 2002. A further consequence is that the deductibility of notional interest payments on additional own-capital (introduced in 2001) is rendered redundant as, while profits after deduction had been subject to the standard rate, notional interest was subject to 25 %. Since 2001 tax arrears have been subject to an interest charge. This led to a



jump in corporate tax receipts in that year. As part of the base broadening measures undertaken, depreciation rates for buildings have been cut, and now stand at 2 %. In recent years R&D allowances and tax credits have been increased. There is an R&D allowance of 25 % with an option for an 8 % tax credit. The training allowance is 20 % of the qualifying expenses with an optional tax credit of 6 %.

The deduction of losses of former years is restricted to 75 % of taxable profits, but there is an indefinite loss carry-forward period. Similar rules apply to personal income tax. In 2005 the group relief system (*Organschaft*) was replaced by a system of optional group taxation. As a consequence of the 2005 tax reform, foreign losses are considered deductible in computing the domestic income tax base, making Austria one of the few countries in Europe in which this is permitted. If a group breaks up within 3 years the effects of group treatment is reversed.

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

#### *VAT and excise duties*

The standard VAT rate is 20 %. A reduced rate of 10 % applies to basic foodstuffs, books and newspapers, public transport and renting of residential immovable property. The quantitatively most important excise duties are on mineral oil, tobacco and energy (3.4 %, 1.4 % and 0.6 % of total taxation, respectively).

#### *Wealth and transaction taxes*

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

#### *Social contributions*

In principle, all employees must be insured under the social security system. Both they and their employers must pay contributions as a percentage of their earnings up to a ceiling of €55 200 (2007: €53 760). The general overall employee's contribution rate is about 17 %. The rate for the employers is slightly above 21 %. However, in certain cases additional contribution rates apply.

# BELGIUM

	1995	2000	2001	2002	2003	2004	2005	2006	2006		
									<b>2006</b>		
<b>A. Structure of revenues</b>									% of GDP	€ bn	Ranking <sup>1</sup>
Indirect taxes	12.9	13.8	13.3	13.3	13.4	13.6	13.7	13.8	43.8	15	
VAT	6.6	7.2	6.9	6.9	6.8	6.9	7.1	7.1	22.6	20	
Excise duties and consumption taxes	2.4	2.4	2.3	2.3	2.4	2.5	2.4	2.3	7.1	26	
Other taxes on products (incl. import duties)	2.0	2.3	2.2	2.2	2.3	2.3	2.4	2.5	7.9	8	
Other taxes on production	1.9	1.9	1.9	1.8	1.9	1.9	1.8	2.0	6.2	10	
Direct taxes	16.6	17.5	17.7	17.6	17.2	17.4	17.6	17.2	54.5	5	
Personal income	13.4	13.2	13.5	13.3	13.0	12.8	12.7	12.2	38.6	4	
Corporate income	2.3	3.2	3.1	3.0	2.9	3.2	3.4	3.7	11.8	9	
Other	0.8	1.1	1.1	1.2	1.3	1.5	1.5	1.3	4.1	6	
Social Contributions	14.3	13.9	14.2	14.4	14.3	14.0	13.7	13.6	43.0	7	
Employers'	8.6	8.4	8.5	8.7	8.7	8.4	8.3	8.3	26.2	9	
Employees'	4.4	4.3	4.5	4.5	4.4	4.3	4.2	4.1	12.9	9	
Self- and non-employed	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	3.8	11	
<b>B. Structure according to level of government</b>									% of GDP		
Central Government	16.4	16.6	15.7	15.7	15.0	14.7	14.3	14.0	44.4	24	
State Government <sup>2</sup>	9.2	10.3	11.0	10.5	10.8	10.6	10.8	10.8	34.1	1	
Local Government	2.1	1.9	2.1	2.2	2.3	2.2	2.2	2.3	7.1	18	
Social Security Funds	15.1	15.5	15.6	16.2	16.0	16.8	16.9	16.9	53.6	2	
EU Institutions	1.0	0.8	0.8	0.6	0.7	0.6	0.6	0.7	2.1	1	
<b>C. Structure according to economic function</b>									% of GDP		
Consumption	10.8	11.4	11.0	11.0	11.0	11.2	11.2	11.3	35.8	19	
Labour	24.4	24.3	24.9	25.0	24.7	24.2	23.9	23.1	73.2	5	
Employed	22.3	22.3	22.8	22.9	22.6	22.3	22.0	21.4	67.7	3	
Paid by employers	8.6	8.4	8.5	8.7	8.7	8.4	8.3	8.3	26.2	10	
Paid by employees	13.7	13.9	14.3	14.2	13.9	13.9	13.7	13.1	41.5	2	
Non-employed	2.0	2.0	2.1	2.1	2.1	1.8	1.8	1.7	5.5	9	
Capital	8.7	9.5	9.3	9.3	9.2	9.7	9.9	10.2	32.2	6	
Capital and business income	5.8	6.2	6.0	5.9	5.6	5.9	6.2	6.4	20.2	9	
Income of corporations	2.3	3.2	3.1	3.0	2.9	3.2	3.5	3.7	11.7	10	
Income of households	1.0	0.5	0.5	0.5	0.4	0.4	0.4	0.4	1.3	17	
Income of self-employed (incl. SSC)	2.5	2.4	2.4	2.4	2.4	2.4	2.3	2.3	7.2	7	
Stocks of capital / wealth	2.9	3.4	3.3	3.4	3.5	3.8	3.7	3.8	12.1	3	
<b>TOTAL</b>	<b>43.8</b>	<b>45.2</b>	<b>45.2</b>	<b>45.3</b>	<b>44.9</b>	<b>45.0</b>	<b>44.9</b>	<b>44.6</b>	<b>141.3</b>	<b>3</b>	
									% of GDP		
Of which environmental taxes	2.2	2.3	2.3	2.2	2.3	2.4	2.3	2.2	6.9	23	
Energy	1.5	1.4	1.4	1.4	1.4	1.5	1.5	1.4	4.4	24	
Transport	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.6	1.9	10	
Pollution/Resources	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.5	8	
<b>D. Implicit tax rates</b>									%	Ranking <sup>1</sup>	
Consumption	20.6	21.8	21.0	21.4	21.3	22.0	22.2	22.4		11	
Labour employed	43.8	43.9	43.6	43.7	43.5	44.1	43.9	42.8		3	
Capital	25.3	29.3	29.4	30.7	31.7	32.7	32.1	32.3			
Capital and business income	16.9	19.0	19.0	19.4	19.6	19.9	20.1	20.2			
Corporations	19.5	23.6	23.6	23.1	22.0	22.2	21.7	21.7			
Households	13.6	13.0	13.0	13.6	14.3	14.6	15.0	15.1			
<b>p.m.:</b>											
Real GDP growth (annual rate)	-	3.7	0.8	1.5	1.0	3.0	1.7	2.8			
Output gap (potential)	-0.8	1.9	0.6	0.1	-0.8	0.0	-0.7	-0.3			

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

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

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

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

Source: Commission Services

## Overall trends in taxation

### *Structure and development of tax revenues*

Belgium traditionally belongs to the group of EU countries with the highest tax levels, alongside the Nordic countries and France. In 2006 the total tax ratio was the third highest in the EU-27 after Denmark and Sweden.

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

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

After a rise at the beginning of the 1990s, a fiscal moratorium caused the tax-to-GDP ratio to stabilise in 1999. Since then the ratio has remained around 45 %. Although the ratio decreased to 44.6 % in 2006 due to a reduction in personal income tax revenues, it remains 7.4 percentage points higher than the EU-27 average.

### *Taxation of consumption, labour and capital; environmental taxation*

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

Belgium imposes relatively heavy taxes on labour with an implicit tax rate of 42.8 %. The tax policy in the second half of the 1990s has hardly influenced this feature. Throughout the whole period, targeted rebates in employers' social contributions were used as the main instrument to reduce labour costs. The 2000-2006 reform programme paved the way for easing the tax burden on labour and led to a decrease in the ITR by 1.1 percentage point in 2006. Nonetheless, the ITR on labour remains the third highest in the Union behind Sweden and Italy.

The ITR on capital increased from 25.3 % in 1995 to 32.3 % in the year 2006. The ITR on capital and business income and the ITR on households exhibit a common upward trend, while the trend was reversed for the ITR on corporations since 2002. On the household side, part of the increase might be explained by the boom in the real estate market that has resulted in an increase of registration duties. The 2004 tax amnesty also affected revenue streams, as well as the securitisation of tax revenues started at the end of 2005.

Revenue from environmental taxation has remained roughly stable since 1995 at 2.2 % to 2.3 % of GDP, a value well below the EU-27 average (2.8 %).

### *Current topics and prospects; policy orientation*

Since 1999, tax policy has been oriented at maintaining a (non-binding) tax moratorium, introducing a multi-annual tax reform (2000-2006) and achieving budgetary equilibrium. The further reduction of public debt remains a priority for the government in order to prepare the public finances for the budgetary impact of an ageing population. While the debt to GDP ratio is steadily declining, it is still well above the EU-average.

As from 1 April 2007, the tax reduction for employers applicable to employment income for over-time has been increased from 24.75 % to 32.19 % (41.25 % when the overtime bonus amounts to 50 to 100 % of the normal wage), whereas the employee can deduct the full amount of wage tax withheld. As from 1 January 2007, the existing rebate on wage withholding tax for scientific researchers is now granted to any company hiring scientific researchers; it amounts to 50 % and the previous profit exemption of €12 870 no longer applies.

As of 1 January 2008, the Belgian government introduced a tax deduction of 80 % with unlimited carry forward under the corporate income tax for income derived from patents licensed by a company based in Belgium. For both corporation and partnerships, the rates of investment allowances were reduced by 1 percentage point due to a lower rate of inflation for the reference period. As from 1 April 2008, the deduction for business car-related expenses is limited to 40 % of total expenses; no deductions are allowed for petrol and diesel-driven cars above certain emission levels. Capital gains and losses related to such cars will only be taken into account up to an equal percentage of the deduction.

From 1 April 2007, VAT grouping arrangements were introduced allowing closely related independent taxable persons to opt for treatment as a group for VAT purposes. In addition, as of 18 May 2007, the VAT Code provides for an unlimited deferral of VAT debts due by natural persons, who have no income and who have terminated their economic activities, subject to the condition that there are no other creditors.

Some important measures related to the protection of the environment and energy saving were modified. The amounts of the tax advantages for cars with low emission levels were unchanged but from 1 July 2007 onwards the tax advantage is immediately integrated in the purchase price instead of being granted through a PIT tax credit. The new credit is paid back to the supplier by the Treasury. There is a credit of 15 % of the purchase price of the car, with a maximum of €4 350, for cars with a CO<sub>2</sub>-emission level lower than 105 g/km, and a credit of 3 % of the purchase price for cars with an emission level between 105 and 115 g/km, with a maximum of EUR810. In addition, a €200 tax credit is attributed for cars with a soot filter and a CO<sub>2</sub>-emission lower than 130 g/km. The upper limit of the tax credit for energy-saving expenses for owner-occupied dwellings was doubled; for 2008, it amounts to €2 650, while a higher limit applies when solar power is used (€3 440).

Finally, as from 1 January 2007, the tax penalties relating to tax fraud were significantly increased. In order to combat money laundering, as of 18 May 2007, criminal penalties up to 10 % of the amount paid in cash were introduced for traders who pay purchases of goods with a value of €15 000 or more in cash.

## Main features of the tax system

### *Personal income tax*

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

In practice, the basis for taxation at the marginal rate actually consists of (deemed) property and professional income. Spouses are taxed separately, although a marital quotient exists: 30 % of the highest earned income is transferred towards the lowest income provided the latter income does not exceed €8 580. A major reform program for the personal income tax was implemented over the period 2000-2006, introducing changes in tax brackets, rates, deductions and exemptions as well as a reimbursable tax credit for lower incomes.

Dividends and interest are taxed at a modest flat rate at source so financial income is no longer considered in the annual calculation. Taxation of private capital gains is almost non-existent, interest income of ordinary saving

accounts are exempted and pension savings enjoy a special tax regime resulting in negative effective tax rates, as in many other EU countries. In 1995 the final withholding tax on dividends was lowered from 25 % to 15 % for new share issues. In 2002, the personal income tax law was amended with respect to stock options: employees now have the choice to opt for taxation when the stock options are received or to defer taxation when the stock options are exercised.

### *Corporate taxation*

Between 1995 and 1999 a number of measures were taken in the field of business taxation in order to encourage business initiative, for example the time limit on recovery of business losses was abolished. The revenue-reducing effect of these measures was counterbalanced by a broadening of the tax base, notably by closing loopholes in legislation and tightening of the tax rules. In December 2002, the statutory rate was reduced from 40.17 % to 33.99 % (crisis surcharge included), the reduced rate for SMEs (maximum taxable profits of €322 500) was lowered from 28.84 % to 24.98 % (crisis surcharge included) and a tax-free reserve for new investments financed by retained earnings was introduced. A broadening in the tax base compensated for the cuts in rates and the budgetary cost of the tax-free reserve. An allowance for corporate equity (ACE), referred to as 'notional interest on corporate capital', was introduced in 2006 to stimulate the self-financing capability of companies. The tax-free presumptive rate of return on equity applied under the ACE system amounts to 4.307% in 2008 (4.807% for SMEs). It was 3.781 % in 2007 (4.281 % for SMEs).

Companies in Belgium and the subsidiaries of foreign companies are subject to a fixed tax rate of 33.99 % regardless of the origin and the destination of the profits. There is no fiscal consolidation of companies in Belgium as the profits presented within company accounts form the basis for corporate taxation. Under certain conditions, a special scheme applies to SMEs having an assessed income lower than €322 500: a tax rate of 24.98 % is applied on the part from €0 to €25 000, 31.93 % on the part of €25 000 to €90 000 and 35.54 % on the remaining part up to €322 500.

### *VAT and excise duties*

There are four VAT rates. The standard rate has remained unchanged at 21 % since 1996. A reduced 6 % rate applies to public housing, refurbishment of old housing, food, water, pharmaceuticals, animals, art and publications and some labour intensive services. An intermediate rate of 12 % applies to a limited number of transactions. A zero rate applies to newspapers and certain weeklies. Excise duties in a strict sense yield relatively low revenue in Belgium, but this is supplemented by above-average levels of other taxes on products.

### *Wealth and transaction taxes*

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

### *Social contributions*

The social security system is financed by contributions from employees and employers and subsidies from the state. The amounts are calculated based on the gross salary (basic salary plus bonuses, benefits in kind and so forth) and are paid to the National Office of Social Security (ONSS/RSZ). The standard social security contribution rate is approximately 13 % for employees and 35 % for employers but there are rebates for low wage earners and some target groups.

## BULGARIA

	1995	2000	2001	2002	2003	2004	2005	2006	2006		
<b>A. Structure of revenues</b>									% of GDP	€ bn	Ranking <sup>1</sup>
Indirect taxes	-	15.1	14.6	14.4	15.8	17.5	18.6	19.4	4.9	1	
VAT	-	9.7	9.1	9.2	9.8	10.7	12.1	12.5	3.1	1	
Excise duties and consumption taxes	-	3.7	4.1	3.7	4.5	5.1	4.9	5.2	1.3	1	
Other taxes on products (incl. import duties)	-	1.0	0.8	0.8	0.9	1.0	1.0	1.1	0.3	17	
Other taxes on production	-	0.6	0.6	0.6	0.7	0.7	0.6	0.5	0.1	23	
Direct taxes	-	7.1	7.4	6.9	7.0	6.5	6.3	6.9	1.7	25	
Personal income	-	4.1	3.6	3.2	3.3	3.2	3.0	2.7	0.7	26	
Corporate income	-	2.8	3.6	3.4	3.4	2.9	2.9	3.6	0.9	12	
Other	-	0.2	0.2	0.3	0.3	0.4	0.5	0.6	0.1	18	
Social Contributions	-	11.0	10.0	9.5	10.6	10.5	10.3	8.8	2.2	20	
Employers'	-	8.1	7.3	6.6	7.4	7.4	6.8	5.4	1.4	19	
Employees'	-	1.6	1.5	1.8	1.9	1.9	2.2	2.2	0.6	20	
Self- and non-employed	-	1.2	1.2	1.1	1.2	1.2	1.3	1.1	0.3	14	
<b>B. Structure according to level of government</b>									% of GDP		
Central Government	-	18.6	18.7	17.9	22.3	23.5	24.3	25.5	6.4	7	
State Government <sup>2</sup>	-	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Local Government	-	3.5	3.4	3.4	0.5	0.5	0.6	0.8	0.2	23	
Social Security Funds	-	11.0	10.0	9.5	10.6	10.5	10.3	8.8	2.2	18	
EU Institutions	-	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
<b>C. Structure according to economic function</b>									% of GDP		
Consumption	-	14.4	14.0	13.7	15.1	16.8	18.1	18.9	4.7	1	
Labour	-	13.5	12.1	11.3	12.4	12.2	11.6	10.0	2.5	26	
Employed	-	13.5	12.1	11.3	12.4	12.2	11.6	10.0	2.5	25	
Paid by employers	-	8.5	7.6	6.9	7.7	7.6	7.0	5.6	1.4	19	
Paid by employees	-	5.1	4.6	4.5	4.7	4.6	4.6	4.4	1.1	26	
Non-employed	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	25	
Capital	-	5.3	6.0	5.8	5.8	5.6	5.6	6.3	1.6	21	
Capital and business income	-	4.8	5.6	5.3	5.2	4.9	4.8	5.4	1.4	18	
Income of corporations	-	2.9	3.8	3.6	3.5	3.1	3.0	3.8	0.9	9	
Income of households	-	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	25	
Income of self-employed (incl. SSC)	-	1.8	1.7	1.6	1.6	1.7	1.8	1.6	0.4	12	
Stocks of capital / wealth	-	0.4	0.4	0.5	0.6	0.7	0.7	0.8	0.2	21	
Less: amounts assessed but unlikely to be collected	-	0.5	0.6	0.8	0.8	0.6	1.1	0.7			
<b>TOTAL</b>	-	<b>32.6</b>	<b>31.4</b>	<b>30.0</b>	<b>32.6</b>	<b>33.9</b>	<b>34.1</b>	<b>34.4</b>	<b>8.6</b>	<b>18</b>	
									% of GDP		
Of which environmental taxes	-	2.5	2.8	2.3	3.0	3.4	3.1	3.1	0.8	5	
Energy	-	2.3	2.6	2.0	2.6	3.0	2.7	2.7	0.7	1	
Transport	-	0.2	0.2	0.2	0.3	0.2	0.2	0.3	0.1	20	
Pollution/Resources	-	0.0	0.0	0.1	0.1	0.2	0.1	0.1	0.0	11	
<b>D. Implicit tax rates</b>									%	Ranking <sup>1</sup>	
Consumption	-	19.7	18.9	18.7	20.7	23.2	24.4	25.9	6		
Labour employed	-	38.8	34.4	33.0	35.5	36.3	34.7	30.9	19		
Capital	-	11.4	13.2	-	-	-	-	-			
Capital and business income	-	10.5	12.3	-	-	-	-	-			
Corporations	-	11.5	15.4	-	-	-	-	-			
Households	-	9.2	8.6	-	-	-	-	-			
<b>p.m.:</b>											
Real GDP growth (annual rate)	2.9	5.4	4.1	4.5	5.0	6.6	6.2	6.1			
Output gap (potential)	10.3	2.2	-0.8	-0.2	-0.1	1.0	1.2	1.1			

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

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

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

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

Source: Commission Services



## Overall trends in taxation

### *Structure and development of tax revenues*

At 34.4 %, 2.7 percentage points below the EU-27 average, Bulgaria ranks eighteenth in the EU in terms of the total tax-to-GDP-ratio in 2006. Compared to neighbouring Romania, Bulgaria's total tax ratio is almost 5.8 % points higher, while the difference from the remaining Central and Eastern European Member States is less marked.

Bulgaria is the EU Member State most reliant on indirect taxation. The share of indirect taxes on total taxation is the highest in the Union, amounting to 56.5 %, i.e. 17.5 percentage points above the average. In terms of its share on GDP the level of indirect taxation is also well above the EU average (19.4 %, EU-27 14.3 %); this value is the highest in the EU and has been rising rapidly, growing by almost one third in five years. Both VAT and excise duties contribute to the high level of indirect taxes. Direct taxes conversely account for only 20.1 % of total taxation, 11.3 percentage points below the EU-27 average and the lowest value in the Union. The low share of direct taxation is mainly due to the modest PIT revenues, which yield less than 40 % percent of the EU average. Social security contributions have been reduced significantly over the last seven years; as of 2006 they represent only 25.5 % of total taxation (EU-27 29.8 %).

Central government accounts for 74.2 % of total tax revenues, followed by social security funds (25.5 % of total tax revenues), while local government revenues are marginal. This is due to the abolition of the local CIT surcharge and discontinuing of PIT sharing as of 2003. As a result, local government revenues fell from 3.4 % of GDP in 2002 to 0.5 % the following year. A recently observed marginal pick-up is due to the boom in the property sector.

The total tax-to-GDP ratio in 2006 (34.4 %) is almost two percentage points higher than in 2000. The decrease of the ratio in 2001 and 2002 was mainly due to cuts in PIT and social security contributions rates. Strong unpredicted deficits in the social security funds, notably in 2001 resulted both from personnel restructuring in a number of large privatised companies, and possibly from a growth of the shadow economy. These developments resulted in the introduction of minimum social security thresholds in 2003, which led to a stabilisation of social security revenues. In 2006, a decline in revenues from social contributions was offset by further growth in receipts from indirect taxes and from the CIT, so that the overall tax-to-GDP ratio remained almost unchanged from the year before.

### *Taxation of consumption, labour and capital; environmental taxation*

Taxes on consumption in Bulgaria amounted to 18.9 % of GDP in 2006, the highest value in the EU. This is mainly due to a high share of domestic final consumption in GDP – 72.8 % in 2006, the second highest in the EU; the rate of taxation contributes less to this high level as shown by the ITR on consumption which – at 25.9 % - is only the sixth highest in the EU. This value looks high in itself as the standard VAT rate is 20 %, but looking specifically at the VAT component of the ITR (17.1 %) and comparing it with the statutory rate, the difference is only the fifth lowest in the EU. An explanation for this small difference could lie in the very limited scope for reduced VAT rates and in a relatively tight VAT regime which included *inter alia* a system of VAT accounts. The increase of the ITR on consumption from 2003 onwards is notably due to the continuous increase of excise duty rates, the lowering of the VAT registration threshold and the introduction of VAT accounts.

In 2006, revenue from labour taxation amounted to only 10.0 % of GDP, the lowest value in the Union and 7.3 percentage points below the EU-27 average. Among other factors, this is due to the relatively low level of compensation of employees (32.2 % of GDP). At 30.9 %, the ITR on labour, is also well below the EU-27 average (34.8 %). The ratio dropped by almost four percentage points in 2006, largely due to a cut in employers' contribution rates by 6 percentage points.

Revenues from taxes on capital amounted to 6.3 % of GDP in 2006, 1.5 percentage points below the EU-27 average. The ratio decreased gradually from 2001 to 2005, but picked up in 2006 owing to higher proceeds from corporate income taxation. It is worth noting that the ratio of taxes on capital income of households is underestimated since personal income taxes (e.g. on dividends) withheld at source by the companies are not shown separately in the data used, and are thus attributed to the estimate for taxes on capital income of corporations. The ITRs on capital for the years available (2000 and 2001) show very low levels; this seems to be mainly due to the high share of the net operating surplus in GDP.

At 3.1 % of GDP, revenues from environmental taxes are well above the EU average (2.7 %). This is due to high revenues from energy taxation, which – at 2.7 % of GDP – are the highest in the EU (EU-27 1.9 %), while transport taxes are of less importance (0.3 % of GDP).

### *Current topics and prospects; policy orientation*

Since 1998 fiscal policy has been targeted towards lowering the direct taxation burden and increasing reliance on indirect taxation. Other major objectives include equal treatment and simplification of procedures. All this, coupled with stricter tax controls and targeted anti-fraud measures drove a number of businesses out of the grey sector, broadening the tax base. The corporate income tax rate has been slashed by three quarters since 1997. More preferential depreciation allowances were introduced, especially for initial investment and ITC equipment. PIT tax brackets were also 'flattened' in the course of the years. The recently adopted new tax laws have mainly been targeted towards full compliance with the taxation *acquis communautaire*, as well as towards simplification of the legal texts and procedures.

As from 1 January 2008, Bulgaria introduced a 10 % flat PIT rate with no minimum allowance, replacing the previous progressive tax schedule. Simultaneously, the law abolished the tax credit for dependents; only an allowance for disabled persons is retained. Sole traders are subject to a 15 %-rate instead of the regular 10 %; the law also decreases a number of fixed deductions.

The shift in the social security contribution payments from employers to employees continues: in 2008, 60 % of the burden will be borne by the employer, as against a 65 % share in the previous year. In 2010 the burden is planned to be distributed equally between employers and employees. The 2008 budget law also hikes both the minimum and the ceiling on social security contributions.

From 1 January 2008, amendments to the Law on Local Taxes and Fees stipulate new ranges within which municipalities will be free to set rates for the real estate tax as well as the gift tax and tax on property transfer, and attribute the patent tax to the municipal level.

## **Main features of the tax system**

### *Personal income tax*

The applicable tax brackets have been continuously lowered, most significantly since 2001. The broadening of the tax base and an increase in employment prevented significant revenue losses. In 2006 and 2007 three tax brackets with rates of 20 %, 22 % and 24 % respectively were in place (the latter down from 40 % in 1998). Since 2008 a 10 %-flat rate applies.

The flat tax is levied on income from six sources and only very few tax reliefs are in force. The flat tax applies to both the income of resident physical persons on their worldwide income and the income of non-resident physical persons on their income in Bulgaria. Residents receiving local or inbound dividends are subject to a 5 %-final withholding tax. A withholding tax of 10 % applies to the income of non-residents.



In certain sectors small businesses operated by natural persons, including sole proprietors, are subject to a lump-sum (so called 'patent') tax. Other sole proprietors derive their taxable income from the accounting profits, amended for tax purposes and subject to the progressive rate tax brackets.

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

### *Corporate taxation*

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

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

### *VAT and excise duties*

The VAT system has been in place in Bulgaria since 1994 and has been amended a number of times. The reduced rates have been repealed and the general rate has been lowered from 22 % to 20 %. Only one reduced rate of 7 % is applicable to hotel accommodation if the latter is a part of an organized trip. This system results in a high ITR on consumption, despite the high VAT registration threshold (BGN 50 000, approx. €25 560). To meet EU requirements, deduction procedures have been relaxed and the system of VAT blocked accounts was repealed as of 1 January 2007.

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

### *Wealth and transaction taxes*

A gift/property transfer tax is levied at rates set by the municipalities. In the case of donations, applicable rates range between 0.7 % and 1.4 % (between siblings and children of siblings) and between 5 % and 10 % (among any other person). Transfer of property is taxed at a rate of 2 % to 4 %. A real estate tax applies at rates of 1.5 ‰ to 3 ‰ of the value of the immovable property, depending on the municipality.

### *Social contributions*

Contributions are due for the public social insurance funds, covering pension rights, general sickness and maternity, health, and unemployment. In 2008, the different contributions sum up to a maximum of 32.5 % of the income, subject to monthly income ceilings. 60 % of the contribution payments are paid by the employer and 40 % by employees. Furthermore, the employer has to pay additional contributions to the Labour Accident and Professional Disease Fund (0.4 % – 1.1 %) and to the Guaranteeing the Receivables of Workers and Employees in Case of Insolvency of Employers Fund (0.5 %).

## CYPRUS

	1995	2000	2001	2002	2003	2004	2005	2006	2006		
<b>A. Structure of revenues</b>									% of GDP	€ bn	Ranking <sup>1</sup>
Indirect taxes	11.4	12.4	13.0	13.3	16.4	17.0	17.1	17.9	2.6	3	
VAT	4.6	5.8	6.2	7.1	8.8	9.1	9.7	10.4	1.5	2	
Excise duties and consumption taxes	2.7	2.5	3.2	2.8	3.8	4.4	4.0	3.9	0.6	3	
Other taxes on products (incl. import duties)	2.9	3.0	2.7	2.3	2.0	1.7	1.4	1.4	0.2	13	
Other taxes on production	1.2	1.1	1.0	1.0	1.7	1.9	1.9	2.2	0.3	7	
Direct taxes	8.8	11.0	11.2	11.2	9.6	8.7	10.2	10.8	1.6	15	
Personal income	3.9	3.6	3.9	4.3	4.4	3.5	3.9	4.6	0.7	23	
Corporate income	4.0	6.2	6.2	6.0	4.3	3.7	4.6	5.5	0.8	1	
Other	0.9	1.2	1.1	0.9	0.9	1.5	1.7	0.7	0.1	12	
Social Contributions	6.5	6.5	6.8	6.7	7.0	7.7	8.3	7.8	1.1	23	
Employers'	-	-	-	-	-	5.3	5.9	5.6	0.8	17	
Employees'	-	-	-	-	-	2.0	2.0	1.9	0.3	22	
Self- and non-employed	-	-	-	-	-	0.3	0.3	0.3	0.0	19	
<b>B. Structure according to level of government</b>									% of GDP		
Central Government	19.8	23.0	23.7	24.1	25.5	25.1	26.6	28.0	4.1	4	
State Government <sup>2</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Local Government	0.4	0.4	0.5	0.4	0.4	0.5	0.4	0.5	0.1	25	
Social Security Funds	6.5	6.5	6.8	6.7	7.0	7.7	8.3	7.8	1.1	20	
EU Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.2	0.2	0.0	23	
<b>C. Structure according to economic function</b>									% of GDP		
Consumption	10.4	10.6	11.8	12.4	14.7	15.2	15.2	15.4	2.3	3	
Labour	10.3	9.8	10.3	10.3	11.0	10.5	11.3	11.1	1.6	23	
Employed	10.0	9.6	10.0	10.2	10.9	10.5	11.2	11.1	1.6	23	
Paid by employers	-	-	-	-	-	6.2	6.8	6.5	1.0	15	
Paid by employees	-	-	-	-	-	4.3	4.5	4.6	0.7	25	
Non-employed	-	-	-	-	-	0.1	0.1	0.1	0.0	23	
Capital	6.0	9.6	8.9	8.5	7.3	7.7	9.0	10.0	1.5	7	
Capital and business income	4.6	7.1	7.1	7.0	5.6	5.3	6.3	7.7	1.1	2	
Income of corporations	4.2	6.2	6.2	6.0	4.3	3.7	4.6	5.5	0.8	1	
Income of households	0.3	0.8	0.7	0.8	1.1	1.1	1.2	1.7	0.3	3	
Income of self-employed (incl. SSC)	0.1	0.1	0.1	0.2	0.2	0.5	0.4	0.4	0.1	22	
Stocks of capital / wealth	1.4	2.5	1.8	1.5	1.7	2.5	2.7	2.3	0.3	10	
<b>TOTAL</b>	<b>26.7</b>	<b>30.0</b>	<b>30.9</b>	<b>31.2</b>	<b>33.0</b>	<b>33.4</b>	<b>35.5</b>	<b>36.6</b>	<b>5.3</b>	<b>13</b>	
									% of GDP		
Of which environmental taxes	2.9	2.7	3.0	2.9	3.7	4.0	3.5	3.3	0.5	4	
Energy	0.5	0.7	1.0	1.0	1.9	2.1	1.9	1.8	0.3	16	
Transport	2.3	2.0	2.0	1.9	1.8	1.9	1.6	1.5	0.2	3	
Pollution/Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	24	
<b>D. Implicit tax rates</b>									%	Ranking <sup>1</sup>	
Consumption	12.6	12.7	14.3	15.4	18.9	20.0	20.0	20.4		15	
Labour employed	23.1	22.3	23.6	23.0	23.4	22.8	24.5	24.2		25	
Capital	-	26.2	24.3	25.2	24.4	26.2	31.0	36.6			
Capital and business income	-	19.5	19.4	20.6	18.6	17.9	21.7	28.1			
Corporations	-	24.3	22.5	22.1	22.0	19.6	27.1	33.9			
Households	-	8.6	9.5	14.7	12.2	14.8	13.9	19.7			
<b>p.m.:</b>											
Real GDP growth (annual rate)	-	5.0	4.0	2.1	1.9	4.2	4.0	4.0			
Output gap (potential)	-	2.5	3.4	1.9	-0.3	-1.0	-1.6	-1.4			

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

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

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

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

Source: Commission Services

## Overall trends in taxation

### *Structure and development of tax revenues*

As of 2006, with a total-tax-to-GDP ratio of 36.6 % (including social security contributions), Cyprus' tax burden was 0.6 percentage points lower than the EU-27 average. The level of taxation in Cyprus currently ranks 13th in the Union.

The tax structure of Cyprus stands out in several respects. Cyprus displays the third highest reliance on indirect taxes in the Union after Bulgaria and Denmark. In Cyprus, indirect taxes supply 49 % of total tax revenue compared with a 38.9 % EU-27 average in 2006, while the shares of direct taxes and social contributions account only for respectively 29.6 % and 21.4 %; this is due to the high share of consumption in economy as VAT rates are moderate. The low level of direct taxes is due to low personal income taxes (merely 4.6 % of GDP in 2006), whereas corporate income taxes have historically been high, around double the EU average.

In Cyprus, the share of taxes collected by local government is negligible (0.5 % of GDP in 2006). The share of revenue received by the social security funds have decreased markedly since the late 90s.

The tax-to-GDP ratio has increased substantially since 1995, when it was the lowest of the EU-25. The increases took place in several steps, most notably in the years 1998, 2000, 2003 and 2005, when the pick-up amounted every time to about 2 percent of GDP. Compared to 1995 revenue went up in all major categories of taxes, but the increase was strongest in indirect taxes.

### *Taxation of consumption, labour and capital; environmental taxation*

Cyprus has followed a strategy of raising primarily consumption taxes. In 1995, the implicit tax rate on consumption (12.6 %) was the lowest of the EU-27 Member States; it now ranks close to the median. However the ITR is, at 20.4 %, still 1.7 percentage points lower than the EU-27 average.

Cyprus exhibits the second lowest ITR on labour in the Union after Malta (24.2 %, EU-27 34.8 %). There has been a slight increase (by 1.1 percentage points) in the level between 1995 and 2006, with some modest fluctuation in between.

Taxation of capital stocks is somewhat above the EU-27 average (2.3 % of GDP, EU-27 2.0 %). The aggregate 'capital income taxation of corporations', which includes the Defence Contributions, has declined from 2002 to 2004, also owing to a tax reform that cut revenues by more than half a percentage point of GDP. Since 2004, however, revenue went back up by 1.8 percentage points, largely owing to increases in the Defence Contributions. As a result, the 2006 ratio has become the highest in the Union.

The share of environmental taxes in GDP in Cyprus (3.3 %) is the fourth highest in the Union, following Denmark, the Netherlands and Malta. This is mainly due to the large share of transport taxes (1.5 % of GDP), 0.8 percentage points above the EU-27 average. Revenue from energy taxes has more than tripled since 1995 as a proportion of GDP, but has been trending downwards in the past few years.

### *Current topics and prospects; policy orientation*

The restructuring of the tax system in order to achieve a more efficient allocation of resources and support the supply side of the economy, is a key policy priority for Cyprus. To this end, a major step was the comprehensive 2002-04 reform, which aimed at harmonising the tax system with the EU's code of conduct on business taxation, simplifying the income tax law, and adjusting VAT and excise rates in line with EU minimum levels.

Despite the fact that the tax system is fairly simple and the tax burden relatively low, improving tax collection remains a key challenge for policymakers. Following the tax reform, policies have focused on the need to raise tax collection and enhance tax compliance. A tax amnesty has yielded considerable revenues, and is expected to help future tax compliance and boost tax collection in the future. The tax administration services are being strengthened with a series of measures designed to facilitate the collection of taxes and discourage tax evasion. A partial lifting of bank secrecy has commenced and is expected to improve the tax authorities' ability to obtain information on individual cases. Furthermore, with effect from 1 January 2006 the House of Representatives revised the existing legislation. On record keeping, the new legislation includes:

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

Finally, it should be noted that in 2008, Cyprus joined the euro area.

## Main features of the tax system

### *Personal income tax*

Cyprus applies a personal income tax with a progressive rate structure. Since 1991, three brackets were used, with rates set at 20 %, 30 % and 40 %. The rates were, however, reduced in 2003 to 20 %, 25 % and 30 %. There is a standard relief (basic allowance) which has been progressively raised from €8 500 in 1995 up to €19 500 in 2008, as a result of which the number of people subject to personal income tax has decreased substantially.

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

### *Corporate taxation*

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

### *VAT and excise duties*

The current VAT rate is 15 % (the standard rate was 10 % until the second half of 2002, but was increased to 13 % on 1 July 2002 and to 15 % in January 2003). Reduced rates range from 0 % to 8 %. Cyprus has requested transitional measures, a zero VAT rate on foodstuffs and pharmaceuticals, a reduced VAT rate on restaurants and a VAT exemption for land. The excise duties on unleaded petrol and on diesel fuel will be gradually aligned with the EU minima.

### *Wealth and transaction taxes*

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

### *Social contributions*

Employers' social security contributions are due for the Social Security Fund, redundancy insurance and for the Training Development Fund. Altogether, the employers' contribution rate amounts to 8 %. Employers must also pay a payroll tax (2 % of gross wage), which is not deductible for corporate income purposes. Employees pay 6.3 % of their salary as social security contribution up to a monthly ceiling of €4000.

### *Other taxes*

All residents are subject to the Defence Contribution, which is a final levy and not deductible for income tax purposes. It is applied with different rates on dividends, interest and rental payments. Dividends are subject to the Defence Contribution at a rate of 15 %, with the contribution on domestic dividends withheld at source. Interest payments not accruing from ordinary business activities are subject to the Defence Contribution at a rate of 10 %. Individuals with an annual income not exceeding CYP 7 000 (€11 960) may apply for a 7 % refund. A 3 % rate applies to interest on savings certificates issued by the government; however, dividends and interest are not subject to personal income tax. Rental payments are subject to the Defence Contribution at a rate of 3 %. Defence Contributions have gone through many permutations and the current system has existed only since 1 January 2003. This reform changed the tax from a levy on earned income (salaries and profits) to the current levies on unearned income.

## CZECH REPUBLIC

	1995	2000	2001	2002	2003	2004	2005	2006	2006		
<b>A. Structure of revenues</b>									% of GDP	€ bn	Ranking <sup>1</sup>
Indirect taxes	12.3	11.3	11.0	10.8	11.1	11.8	11.8	11.2	12.8	27	
VAT	6.3	6.5	6.3	6.3	6.4	7.3	7.2	6.6	7.5	23	
Excise duties and consumption taxes	3.7	3.3	3.3	3.2	3.4	3.5	3.7	3.7	4.2	5	
Other taxes on products (incl. import duties)	1.5	1.0	0.8	0.8	0.8	0.5	0.5	0.5	0.6	23	
Other taxes on production	0.9	0.6	0.6	0.5	0.5	0.4	0.4	0.4	0.4	25	
Direct taxes	9.6	8.3	8.8	9.1	9.6	9.6	9.2	8.8	10.1	19	
Personal income	4.8	4.6	4.5	4.7	4.9	4.8	4.6	4.2	4.8	24	
Corporate income	4.6	3.5	4.1	4.3	4.6	4.7	4.5	4.5	5.1	4	
Other	0.2	0.3	0.2	0.2	0.2	0.1	0.1	0.1	0.2	25	
Social Contributions	14.3	14.2	14.2	14.9	15.0	16.0	16.1	16.2	18.5	2	
Employers'	9.9	9.9	9.9	10.4	10.5	10.3	10.3	10.3	11.7	2	
Employees'	3.7	3.5	3.5	3.6	3.7	3.6	3.6	3.6	4.1	10	
Self- and non-employed	0.7	0.7	0.8	0.8	0.9	2.1	2.1	2.3	2.6	5	
<b>B. Structure according to level of government</b>									% of GDP		
Central Government	27.8	25.7	26.2	26.3	27.0	27.1	25.9	25.2	28.7	8	
State Government <sup>2</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Local Government	4.4	4.1	3.8	4.3	4.5	4.7	5.4	5.1	5.8	7	
Social Security Funds	4.1	4.1	4.0	4.2	4.3	5.4	5.5	5.6	6.4	21	
EU Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.3	0.3	0.4	10	
<b>C. Structure according to economic function</b>									% of GDP		
Consumption	11.4	10.6	10.2	10.1	10.4	11.2	11.3	10.7	12.2	23	
Labour	17.4	17.1	17.0	17.8	18.1	17.8	17.9	17.6	20.0	12	
Employed	17.4	17.1	17.0	17.8	18.1	17.8	17.9	17.6	20.0	11	
Paid by employers	9.9	9.9	9.9	10.4	10.5	10.3	10.3	10.3	11.7	4	
Paid by employees	7.5	7.2	7.1	7.4	7.6	7.5	7.6	7.3	8.3	17	
Non-employed	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	25	
Capital	7.3	6.2	6.7	6.9	7.2	8.4	7.9	8.0	9.2	13	
Capital and business income	6.4	5.3	5.8	6.0	6.4	7.7	7.2	7.3	8.4	4	
Income of corporations	4.6	3.5	4.1	4.3	4.6	4.7	4.5	4.5	5.1	4	
Income of households	0.2	0.3	0.2	0.2	0.2	0.1	0.1	0.1	0.1	24	
Income of self-employed (incl. SSC)	1.5	1.5	1.5	1.6	1.6	2.9	2.6	2.8	3.2	4	
Stocks of capital / wealth	1.0	0.9	0.9	0.9	0.9	0.7	0.7	0.7	0.8	23	
<b>TOTAL</b>	<b>36.2</b>	<b>33.8</b>	<b>34.0</b>	<b>34.8</b>	<b>35.7</b>	<b>37.4</b>	<b>37.1</b>	<b>36.2</b>	<b>41.3</b>	<b>15</b>	
									% of GDP		
Of which environmental taxes	2.8	2.5	2.5	2.5	2.6	2.6	2.7	2.6	2.9	14	
Energy	2.3	2.1	2.3	2.2	2.3	2.4	2.5	2.4	2.7	4	
Transport	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	23	
Pollution/Resources	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20	
<b>D. Implicit tax rates</b>									%	Ranking <sup>1</sup>	
Consumption	22.1	19.4	18.9	19.3	19.6	21.8	22.2	21.2		12	
Labour employed	40.5	40.7	40.3	41.2	41.4	41.8	41.7	41.0		7	
Capital	26.4	20.9	22.3	23.8	24.8	28.1	25.5	24.9			
Capital and business income	22.8	17.9	19.4	20.8	21.9	25.8	23.3	22.8			
Corporations	47.2	26.2	28.3	30.3	32.0	29.8	25.1	23.4			
Households	8.8	10.0	10.0	10.4	10.7	18.9	18.4	19.2			
<b>p.m.:</b>											
Real GDP growth (annual rate)	-	3.6	2.5	1.9	3.6	4.5	6.4	6.4			
Output gap (potential)	-	-1.7	-1.7	-2.9	-3.1	-2.7	-0.7	1.1			

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

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

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

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

Source: Commission Services

## Overall trends in taxation

### *Structure and development of tax revenues*

In 2006, the Czech Republic's total fiscal revenues were 36.2 % of GDP. The tax ratio is one percentage point below the EU-27 level (37.2 %). Compared to neighbouring countries, the ratio is lower than in Austria and Germany but higher than in Slovakia and Poland.

The main source of revenues is social security contributions, which at 44.7 % of total taxes are 15 percentage points above the EU-27 average (29.8 %). The share of Czech social contributions in total revenues is the highest in the EU, followed by Germany. Direct taxes (24.4 % of total taxation) are below the Union average (31.4 %), and play a less important role than indirect taxes (30.9 %). Given the predominance of social security contributions, the other sources of revenues tend to fall below the EU average. In particular, indirect tax revenue is the lowest in the EU as a percentage of GDP. PIT revenue too, is among the lowest of the EU-27; its low level of revenue, 4.2 % of GDP, makes the Czech Republic one of a handful of EU countries where the PIT has a roughly equivalent revenue-raising role as the CIT. As for the latter tax, the Czech Republic has been cutting rates forcefully, from 55 % in 1991 to the current 24 %, which is in line with the EU average. Nevertheless, until now this has not markedly reduced CIT revenues, which have always remained close to 4 % of GDP. In 2006, revenue from this tax was, at 4.5 % of GDP, 1.2 percentage points above the EU-27 average.

Since the structure of the tax system is quite centralised, local government receives a rather small proportion of total tax revenues (14.1 %), although slightly increased in the last two years. The central government receives 69.6 % of total taxes, almost 11 percentage points more than the EU-27 average (59.0 %). This level is the seventh highest in the EU-27.

After a recent increasing phase, the total tax burden decreased quite markedly (by 0.9 % of GDP) in 2006. The reduction was due to declines in VAT and PIT revenue, the latter due also to a tax cut. As a result, the total tax ratio reverted to its 1995 value of 36.2 %.

### *Taxation of consumption, labour and capital*

The tax mix by economic function is consistent with the structure described above: taxation on labour is the main source of revenue (48.4 %, three point above the EU-27 average), followed by consumption (29.4 %) and capital (22.2 %). The greater part of the taxes on capital is borne by corporations.

The implicit tax rate (ITR) on consumption, after five years of decline, has substantially grown in recent years due to a 2004 revision of consumption taxation. Selected goods and services earlier taxed at a reduced 5 % VAT rate were made subject to the standard EU rate in two steps; from 1 January 2004 (e.g. telecommunications) and from 1 May 2004 (e.g. construction works). On the other hand, from 1 May 2004, the standard VAT rate was cut from 22 % to 19 %. The ITR has slightly decreased in 2006 by almost 1 percentage point, remaining nevertheless broadly in line with the EU-27 average.

Having grown slowly since 1997, the ITR on labour decreased by 0.7 percentage points in 2006. It now stands at 41.0 %. This level is comparatively high, 6.2 percentage points above the EU-27 average. The elevated ratio is linked to the high level of social security contributions.

The ITR on capital decreased from 1995 to 2001 (excluding 1999), but then the trend inverted, reaching 28.1 % in 2004, 2 percentage points above the EU-27 average. However, the ITR on capital has decreased in the latest two years, again reaching a 5-percentage point level below the EU-27 average (24.9 % compared to 29.0 %)



Environmental tax revenue (2.6 % of GDP) is exactly in line the EU-27 average. The Czech Republic plans an environmental tax reform for 2008 that will lead to an increase of excises on fuels and electrical energy and stimulate environmentally friendly behaviour, as well as allow the reduction of other taxes.

#### *Current topics and prospects; policy orientation*

On 19 September 2007, the Czech Senate approved a reform introducing relevant changes in the country's tax system. Among the amendments, the following appear to be the most important:

- A 15 % flat PIT rate has been introduced for 2008, a rate that will be further reduced in 2009 to 12.5 %. In addition, personal tax credits have been significantly increased (e.g. the basic personal tax credit has been raised from CZK 7200 to CZK 24 840; an even stronger increase applies to the credit for a dependent spouse); the tax credits will however be reduced again in 2009 as the lower tax rate enters into force. Joint taxation of spouses will be abolished, as will the minimum tax base for taxpayers with professional or business income;
- The 24 % CIT rate has been reduced to 21 % as of 1 January 2008, and will gradually diminish to 20 % in 2009, and to 19 % as of 2010. New thin capitalisation and transfer pricing rules have been introduced; in addition, rules for participation exemption have been introduced, in order to enhance the attractiveness of the country for holding companies.
- Social security contributions paid by employers and employees will be an integral part of the tax base;
- Royalties, rental payments, and payments to non-residents for services provided in the Czech Republic, will be subject to a 15 % withholding tax instead of the current 25 % rate; this rate will be reduced by a further 2.5 percentage points in 2009;
- The lowest VAT rate has been increased by 4 percentage points, from 5 % to 9 %. Group registration has been introduced for VAT purposes.

Finally, the reform package included three new bills implementing EU regulations on environmental taxation.

## **Main features of the tax system**

### *Personal income tax*

Until 2007 the Czech Republic applied a progressive personal income taxation with four brackets, with the top rate at 32 %. As from 2008, the above-mentioned reform introduced a 15 % flat-rate PIT, partially reforming the tax-credit system as well.

### *Corporate taxation*

The corporate income tax rate is 21 % since January 2008. The reform also introduced a reduced rate for the withholding tax, which is now 15 %, and a participation exemption of dividends and capital gains based on effective shareholdings.

### *VAT and excise duties*

The VAT regime was brought in line with the 6<sup>th</sup> Directive in 2004. The standard VAT rate is 19 % and applies to most goods and services; the reduced rate of 5 %, applying to certain services and essential goods (e.g. food, drugs, construction works for housing), was raised to 9 % as of January 2008. Certain services (e.g., banking services, insurance, financial operations) are exempt.



Excise tax is imposed on mineral oils, lubricants, spirits, beer, wine and tobacco products. A suspension regime has been in place since 2004. The transitional period for delayed implementation of the excise duty rates on cigarettes and other tobacco products ended in 2007. The latest reform of the tax law also implemented the most recent EU regulations on environmental taxes.

#### *Wealth and transaction taxes*

There is an inheritance and gift tax, a real estate transfer tax and a real property tax. For moveable assets, the tax base is the market price. For immovable assets, the tax base is in most cases the official valuation of the assets. The acquisition of moveable property by inheritance is exempt from tax for direct and indirect (since 2008) relatives and spouses of the owner. The tax rate is based on the value of property. This ranges for the gift tax from 7 % to 40 % and 3.5 % to 20 % for the inheritance tax. The real estate transfer tax was cut by two percentage points (from 5 % to 3 %) as of 1 January 2004.

#### *Social contributions*

Employers, employees and self-employed persons must make social security contributions that cover health, occupational disability, old-age pension and unemployment insurance. Employees' contributions (total rate: 12.5 %) are calculated on the gross employment income with a maximum assessment base of CZK 1 034 880 (€40 600). Employers' contributions (total rate: 35 %) are calculated from total gross wages paid by employer to employees and limited by the same maximum assessment base.

## DENMARK

	1995	2000	2001	2002	2003	2004	2005	2006	2006		
<b>A. Structure of revenues</b>									% of GDP	€ bn	Ranking <sup>1</sup>
Indirect taxes	17.0	17.2	17.4	17.5	17.4	17.6	18.0	18.0	39.6	2	
VAT	9.4	9.6	9.6	9.6	9.6	9.8	10.0	10.3	22.6	3	
Excise duties and consumption taxes	3.7	4.1	4.1	4.1	4.0	3.8	3.5	3.4	7.4	8	
Other taxes on products (incl. import duties)	2.3	2.0	1.8	2.0	1.9	2.2	2.6	2.6	5.8	7	
Other taxes on production	1.6	1.6	1.8	1.8	1.8	1.8	1.8	1.8	3.9	11	
Direct taxes	31.0	30.5	29.5	29.3	29.5	30.4	31.8	30.2	66.5	1	
Personal income	26.3	25.6	26.0	25.7	25.6	24.9	24.9	24.5	54.0	1	
Corporate income	2.3	3.3	2.8	2.9	2.9	3.2	3.9	4.3	9.5	5	
Other	2.3	1.6	0.7	0.7	1.1	2.3	3.0	1.4	3.1	4	
Social Contributions	1.1	1.8	1.7	1.2	1.2	1.2	1.1	1.0	2.3	27	
Employers'	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	27	
Employees'	1.1	1.8	1.7	1.2	1.2	1.1	1.1	1.0	2.2	24	
Self- and non-employed	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	26	
<b>B. Structure according to level of government</b>									% of GDP		
Central Government	32.2	31.0	29.7	29.5	29.6	30.9	32.7	31.5	69.3	3	
State Government <sup>2</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Local Government	15.6	16.5	17.0	17.1	17.2	16.9	16.9	16.6	36.4	1	
Social Security Funds	1.1	1.8	1.7	1.2	1.2	1.2	1.1	1.0	2.3	25	
EU Institutions	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.5	24	
<b>C. Structure according to economic function</b>									% of GDP		
Consumption	15.4	15.7	15.7	15.8	15.6	15.8	16.1	16.2	35.5	2	
Labour	27.3	26.6	26.9	26.1	26.0	25.2	25.1	24.7	54.4	2	
Employed	21.1	21.7	22.1	21.2	20.9	20.2	20.1	19.8	43.5	7	
Paid by employers	0.5	0.5	0.6	0.5	0.5	0.5	0.5	0.5	1.1	27	
Paid by employees	20.7	21.3	21.5	20.7	20.4	19.7	19.6	19.3	42.4	1	
Non-employed	6.1	4.9	4.8	4.9	5.1	5.0	5.0	5.0	10.9	1	
Capital	6.4	7.2	6.0	6.1	6.6	8.1	9.7	8.4	18.5	11	
Capital and business income	4.5	4.8	3.4	3.4	3.8	5.3	6.9	5.6	12.4	17	
Income of corporations	2.3	3.3	2.8	2.9	2.9	3.2	3.9	4.3	9.5	5	
Income of households	0.9	0.4	-0.6	-0.5	-0.1	1.1	1.9	0.3	0.7	19	
Income of self-employed (incl. SSC)	1.3	1.1	1.2	1.0	1.0	1.0	1.0	1.0	2.3	18	
Stocks of capital / wealth	1.8	2.4	2.6	2.7	2.8	2.8	2.8	2.8	6.1	8	
Less: amounts assessed but unlikely to be collected	0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1			
<b>TOTAL</b>	<b>48.8</b>	<b>49.4</b>	<b>48.4</b>	<b>47.8</b>	<b>48.0</b>	<b>49.0</b>	<b>50.7</b>	<b>49.1</b>	<b>108.1</b>	<b>1</b>	
									% of GDP		
Of which environmental taxes	4.5	5.2	5.1	5.3	5.1	5.5	5.8	6.0	13.2	1	
Energy	2.1	2.5	2.7	2.6	2.6	2.5	2.3	2.2	4.9	7	
Transport	2.1	1.8	1.7	1.9	1.8	2.0	2.2	2.2	4.9	1	
Pollution/Resources	0.3	0.8	0.8	0.8	0.8	1.0	1.3	1.5	3.4	1	
<b>D. Implicit tax rates</b>									%	Ranking <sup>1</sup>	
Consumption	30.5	33.4	33.5	33.7	33.3	33.3	33.6	34.0		1	
Labour employed	40.2	41.0	40.8	38.8	38.1	37.4	37.5	37.0		12	
Capital	29.9	36.0	30.8	30.7	36.7	45.5	47.7	40.9			
Capital and business income	21.2	23.8	17.5	17.2	21.3	29.9	33.9	27.4			
Corporations	20.2	24.4	21.9	21.1	23.2	26.7	28.3	29.8			
Households	20.7	19.6	7.7	7.8	13.3	29.1	37.8	17.1			
<b>p.m.:</b>											
Real GDP growth (annual rate)	3.1	3.5	0.7	0.5	0.4	2.3	2.5	3.9			
Output gap (potential)	-0.1	2.5	1.2	-0.3	-1.6	-1.2	-0.2	1.1			

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

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

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

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

Source: Commission Services

## Overall trends in taxation

### *Structure and development of tax revenues*

Although the tax-to-GDP ratio dropped by 1.6 % percentage points from 2005 to 49.1 %, Denmark shows the highest ratio in the EU in 2006. It should be noted, however, that the tax-to-GDP ratio overestimates the Danish tax burden somewhat in relation to other countries, since transfer incomes (for example, pensions) are taxed, and not paid out on a net basis, although no corresponding income is taken into account when measuring GDP. Adjusting for this difference of 4-5 % of GDP would not however, substantially change Denmark's ranking as one of the EU's highest taxing countries.

The Danish tax structure stands out in a number of respects. Social contributions are very low as most welfare spending is financed out of general taxation, notably personal income taxation. Correspondingly direct taxes form 61.5 % of total tax revenues (EU-27 31.4 %). Personal income taxes form the bulk of direct taxes, representing 49.9 % of total taxation in 2006. In contrast, the proportion of indirect taxes was 36.6 %, which is slightly below the EU-27 average (38.9 %); this, however, is due not to a low absolute level of indirect taxation but rather to the fact that the revenue from other taxes is comparatively higher; indeed, the effective tax burden on consumption, as measured by the ITR on consumption, is at 34.0 % in 2006 the highest in the EU.

In terms of the distribution of revenue between levels of government, Denmark differs substantially from the EU average because of the small role played by social security funds. As a result, the share of taxes raised by central government and particularly local government is elevated, respectively 64.1 % and 33.7 % (EU-27 59.0 % and 11.3 %).

The tax-to-GDP ratio reached 50.7 % in 2005, nearly two percentage points higher than in the previous year and a peak value for the 1995-2005 period. The increase is largely explained by the pension fund yield tax, which is dependent on financial market developments and may fluctuate considerably from one year to the next. The pension fund yield tax was at an exceptionally high level in 2004 and 2005, but fell by nearly 2 percentage points in 2006 and is expected to remain at this lower level in subsequent years.

### *Taxation of consumption, labour and capital; environmental taxation*

The implicit tax rate on consumption, at 34.0 % (EU-27 22.1 %), remains the highest amongst the Member States. The rate displays a slight upward trend since 2000.

Despite the generally high level of taxation, the ITR on labour, at 37.0 %, is not amongst the EU's highest, but is exceeded in eleven other Member States, including many with a lower overall tax ratio. It has been steadily falling since 2000, resulting at least partly from labour tax cuts introduced in 2004.

The overall implicit tax rate on capital (40.9 %) is currently among the highest in the EU, exceeding the EU-27 average by over 10 percentage points, but has decreased considerably from its peak of 47.7 % in 2005. The implicit tax rate on capital displays a strong fluctuation over the years, reflecting the fluctuation in the yield from pension scheme assets and therefore the tax on these.

Particularly since the environmental tax reform implemented in 1999-2002, Denmark has a comprehensive and ambitious energy tax system. All energy products, including coal, natural gas and electricity, are subject to both CO<sub>2</sub> tax and energy tax. VAT registered companies do not pay energy tax for the energy used in industrial processes, and are also entitled to a refund of their CO<sub>2</sub> tax, the amount of which depends on whether the process is defined as heavy or light and whether the company has concluded an energy saving agreement with the government or not. In 2006 environmental taxes yielded 6.0 % of GDP, the highest proportion in the EU by a wide margin.

### *Current topics and prospects; policy orientation*

In 2008 the government continues the tax policy line of the previous years. The tax freeze policy, introduced in 2002, is maintained implying that tax rates are not increased in nominal or value terms, unless compensated by reductions in other taxes or charges. At the same time the level of labour income taxation is reduced through gradual measures. In line with this policy, the government has concluded an agreement to cut income taxation altogether by DKK 9.5 billion in 2008 – 2009 (4 % of GDP forecast for 2008). In 2008 this is implemented mainly by increasing the earned income tax credit from 2.5 % to 4 % and increasing its upper limit from DKK 7 500 to DKK 12 300. The personal allowance, applicable in municipal, church and state taxation, is also increased by DKK 500. The total impact of these measures is about DKK 4.2 billions in 2008.

As part of the agreement energy tax rates are price-indexed from 2008 onwards using the medium-term inflation rate of 1.8%. Since the energy tax rates are fixed in nominal terms, the measure is meant to maintain their real value and in this way support Denmark's energy and climate policy objectives. In accordance with the tax freeze, the revenues from increased energy taxation are used to lower income taxation along the lines explained above.

A major corporate tax reform, introduced in 2007, is gradually taking effect in 2007 - 2016. The aim of the reform is to prevent the corporate tax base from eroding through the excessive leverage of Danish companies and to make the Danish CFC rules compatible with EU law. As part of the reform package the corporate tax rate is reduced from 28 % to 25 %, while at the same time certain base broadening measures are taken. These measures most notably consist of a limitation of interest deductibility through introduction of an EBIT-rule, a ceiling on deductible interest and a tightening of depreciation allowances for certain assets.

## **Main features of the tax system**

### *Personal income tax*

Personal income taxation in Denmark is characterized by relatively high average and marginal tax rates. As in the other Nordic countries, local taxes play an important role in Danish personal income taxation. Local tax rates are flat and vary from one municipality to the next. The average local income tax rate was 33.3 % in 2006 (including county, municipal and church tax), but has fallen to 25.3 % in 2007 and 25.5 % in 2008 as a consequence of the Local Government Reform (see 2007 edition).

State income taxation is progressive and consists of three tax brackets. The lowest rate is 5.48 % and is paid on personal income (income minus labour market contribution) after the deduction of a personal allowance (DKK 41 000 in 2008, equivalent to €5 500). The medium rate is 6 % and is paid on the part of personal income, which exceeds the medium bracket tax allowance (DKK 279 800 in 2008, €37 500). The top 15 % rate is paid on the share of personal income plus individual contributions to capital pension schemes which exceeds the top bracket basic allowance (DKK 335 800 in 2008, €45 000). Individual contributions to pension schemes are otherwise deductible from personal income. Because of the tax ceiling set at the 59 % marginal tax rate, the full 15 % is not paid in all municipalities. In addition to local and state income taxes, individuals pay an 8 %-labour market contribution, calculated on the gross wage before deduction of any allowance, and since 2007 an 8 %-healthcare contribution. Overall, the system is highly progressive with marginal rates ranging from 8 % (up to the amount of personal allowance) to 63 % (the upper ceiling plus the labour market contribution and the average church tax). However, only a minority of tax-payers pay progressive state taxes: in 2006 approximately 25 % of tax payers fell in the medium bracket, while 20 % paid top tax bracket taxes.

Net capital income (positive or negative) is included in the tax base for both state taxes and local income taxes. However, though interest payments are a part of negative capital income, they are generally deductible only based

on the flat local tax rate, and not on the progressive state income tax rate. Also the earned income allowance and some other deductions are taken into account only in calculating the local income tax base.

At the personal level, dividend income is taxed at two different rates: 28 % for the dividend income not exceeding a threshold (DKK 44 300, €5 943 in 2006) and 43 % for income above this level. Also capital gains on selling shares are generally taxed at the same two rates (28 % or 43 % depending on whether the net gains are below or above the threshold) according to new rules adopted in 2006. As an element of the above-mentioned corporate tax reform in 2007, a third rate at 45 % will apply for dividend income and capital gains on selling shares above DKK 100 000 (€13 416) from 2008.

### *Corporate taxation*

The corporate tax rate was reduced from 30 % to 28 % in 2005 bringing it into line with those of the other Nordic countries (Sweden and Norway 28 %, Finland 26 %), but, in the context of the corporate tax reform, it was brought below this level, to 25 %, in 2007.. There are no local taxes on corporations, but municipalities receive a share of corporate income tax revenue. Since 2004 there are mandatory national tax consolidation rules for permanent establishments and resident subsidiaries, while resident group-related subsidiaries of non-resident companies may apply for international consolidation. Loss carry-forward is allowed without limitation, but no carry-back is permitted.

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

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

### *VAT and excise duties*

The VAT rate is 25 % and only newspapers are taxed at a zero rate. Excise duties on tobacco, alcohol and soft drinks were reduced in 2003 in anticipation of changes in cross-border trade restrictions (abolition of 24 hour rules) from January 2004 onwards. From 2008 onwards excise duties on energy are price-indexed and increased by 1.8 % annually.

### *Wealth and transaction taxes*

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

### *Social contributions*

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

## ESTONIA

	1995	2000	2001	2002	2003	2004	2005	2006	2006		
<b>A. Structure of revenues</b>									% of GDP	€ bn	Ranking <sup>1</sup>
Indirect taxes	13.8	12.4	12.4	12.5	12.2	12.4	13.4	13.7	1.8	16	
VAT	9.6	8.5	8.2	8.4	8.2	7.8	8.7	9.2	1.2	4	
Excise duties and consumption taxes	2.5	3.0	3.3	3.2	3.1	3.7	3.7	3.4	0.5	7	
Other taxes on products (incl. import duties)	0.2	0.2	0.2	0.2	0.2	0.3	0.4	0.4	0.1	24	
Other taxes on production	1.4	0.7	0.8	0.7	0.7	0.7	0.6	0.6	0.1	19	
Direct taxes	10.9	7.8	7.3	7.6	8.1	8.0	7.0	7.1	0.9	24	
Personal income	8.3	6.9	6.6	6.4	6.5	6.3	5.6	5.6	0.7	19	
Corporate income	2.4	0.9	0.7	1.1	1.6	1.7	1.4	1.5	0.2	26	
Other	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	27	
Social Contributions	13.1	11.0	10.7	11.0	10.6	10.5	10.2	10.2	1.4	17	
Employers'	13.1	10.8	10.6	10.6	10.2	10.0	9.8	9.9	1.3	3	
Employees'	0.0	0.0	0.0	0.3	0.3	0.3	0.3	0.2	0.0	26	
Self- and non-employed	0.0	0.2	0.1	0.2	0.1	0.1	0.1	0.1	0.0	23	
<b>B. Structure according to level of government</b>									% of GDP		
Central Government	19.4	22.6	22.1	22.5	22.3	22.0	21.7	22.1	2.9	14	
State Government <sup>2</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Local Government	5.3	4.3	4.1	4.0	4.0	4.1	4.0	4.1	0.5	12	
Social Security Funds	13.1	4.3	4.2	4.6	4.6	4.6	4.6	4.5	0.6	23	
EU Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.3	0.4	0.0	5	
<b>C. Structure according to economic function</b>									% of GDP		
Consumption	12.3	11.8	11.8	11.9	11.6	11.8	12.8	13.1	1.7	9	
Labour	21.1	17.4	16.9	16.9	16.6	16.4	15.2	15.4	2.0	14	
Employed	21.0	17.3	16.8	16.7	16.4	16.1	14.9	15.1	2.0	13	
Paid by employers	13.1	10.8	10.6	10.6	10.2	10.0	9.8	9.9	1.3	5	
Paid by employees	8.0	6.4	6.2	6.2	6.2	6.0	5.1	5.2	0.7	23	
Non-employed	0.0	0.2	0.1	0.2	0.2	0.4	0.3	0.3	0.0	19	
Capital	4.4	2.1	1.7	2.2	2.6	2.7	2.5	2.5	0.3	26	
Capital and business income	2.7	1.4	1.1	1.6	2.1	2.1	2.0	2.0	0.3	26	
Income of corporations	2.4	0.9	0.7	1.1	1.6	1.7	1.4	1.5	0.2	27	
Income of households	0.1	0.2	0.1	0.2	0.2	0.1	0.3	0.2	0.0	20	
Income of self-employed (incl. SSC)	0.2	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.0	25	
Stocks of capital / wealth	1.7	0.7	0.6	0.6	0.6	0.6	0.6	0.5	0.1	27	
<b>TOTAL</b>	<b>37.8</b>	<b>31.3</b>	<b>30.5</b>	<b>31.1</b>	<b>30.9</b>	<b>30.9</b>	<b>30.6</b>	<b>31.0</b>	<b>4.1</b>	<b>23</b>	
									% of GDP		
Of which environmental taxes	0.8	1.7	2.1	2.0	1.9	2.1	2.3	2.2	0.3	22	
Energy	0.6	1.2	1.6	1.5	1.5	1.8	1.9	1.8	0.2	17	
Transport	0.2	0.2	0.2	0.2	0.0	0.1	0.1	0.1	0.0	27	
Pollution/Resources	0.0	0.3	0.3	0.3	0.3	0.2	0.3	0.3	0.0	3	
<b>D. Implicit tax rates</b>									%	Ranking <sup>1</sup>	
Consumption	20.8	19.8	19.9	20.0	19.9	20.3	22.8	23.6		10	
Labour employed	39.2	37.8	37.3	37.8	36.9	36.1	34.1	33.9		15	
Capital	25.6	6.6	5.4	6.9	8.2	8.6	7.9	8.4			
Capital and business income	15.8	4.5	3.4	5.0	6.5	6.6	6.1	6.6			
Corporations	29.1	4.1	3.0	4.7	6.5	7.0	5.6	6.2			
Households	3.0	4.7	3.9	4.7	4.7	4.1	6.6	5.7			
<b>p.m.:</b>											
Real GDP growth (annual rate)	5.0	9.6	7.7	8.0	7.2	8.3	10.2	11.2			
Output gap (potential)	-3.9	-2.0	-0.8	-0.2	-1.0	-0.9	0.7	2.9			

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

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

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

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

Source: Commission Services

## Overall trends in taxation

### *Structure and development of tax revenues*

The tax-to-GDP ratio of Estonia (incl. social security contributions) decreased substantially between 1995 and 2000, but has remained since then close to 31 %. Although this ratio is somewhat higher in Estonia than in the other Baltic States, it lies 6.2 percentage points below the EU-27 average. The ratio is expected to stay around 31-32 % of GDP in 2008-2011 according to Ministry of Finance projections.

As in many other new Member States, the share of indirect taxes in total taxation is relatively high in Estonia (44 % in 2006); social security contributions also form an important proportion of total taxation (32.9 % in 2006, over three percentage points above the Union average). The share of direct taxes, 23 % in 2005, has fallen by nearly six percentage-points since 1995 in accordance with tax reforms, which have significantly increased the basic allowance and decreased the tax rates on both personal and corporate income.

Local governments receive 13.2 % of tax revenues, which is the eighth highest proportion in the EU-27. Until 2003 local authorities' revenues consisted mainly of a share of the personal income tax assigned to them (56 %), and represented over 40 % of local government total revenues. Starting from 2004, local authorities receive an amount that is based on gross income before deductions (the base is gross income of residents instead of actual tax revenue). This implies that the basic exemption and other deductions from taxable income impact only on central government budget tax revenue. Since 2000 central government tax revenue has accounted for 71 – 72 % of total taxation.

The overall tax burden in Estonia dropped significantly from 1995, when it amounted to 37.8 % of GDP, to 2000, when the ratio reached 31.3 %. The cuts were concentrated on direct taxes and social security contributions. Since 2000, the overall tax ratio has remained roughly constant, oscillating around the 31 % mark.

### *Taxation of consumption, labour and capital; environmental taxation*

The ITR on consumption remained remarkably constant from 1995 to 2004, around 20 %, but jumped to 22.8 % in 2005 and to 23.6 % in 2006 mainly on account of higher VAT and excise duty revenues. Consumption tax revenues in relation to GDP have been more stable, but have also increased from 11.8 % to 13.1 % between 2004 and 2006. This increase was partly influenced by the technical adaptation of the VAT system following accession to the European Union. This one-off measure resulted in a one-month shift in tax receipts and VAT revenues therefore decreased by 10 % in 2004.

Labour taxation has been declining steadily since 1995 reflecting the reductions in personal income tax rates and the gradual increase in the basic allowance introduced by the tax reforms. The ITR on labour (33.9 %) is now below the EU-27 average (34.8 %), while two years earlier it still exceeded it. The ratio can be expected to decline further in the years to come.

Taxes on capital represent only 8.2 % of total tax revenues, the lowest proportion in the EU-27, in accordance with the very low effective taxation of capital income. The ITR on capital (8.4 %) is now one third of what it was in 1995.

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



### *Current topics and prospects; policy orientation*

The main objective of Estonian tax policy, as in the previous years, is to shift the tax burden from labour and corporate income towards consumption, use of natural resources and pollution. At the same time the tax system should be kept simple and transparent with few exceptions and broad base.

According to the long-term plan of the government the tax rate on personal and corporate is reduced by 1 % annually, from 26 % in 2004, to reach 18 % by 2011. Thus in 2008 the income tax rate is set at 21 % for all income-earners. The basic allowance (the amount of tax-free income) will be increased gradually and should reach EEK 36 000 (€2 300) by 2011. In 2008 a tax exemption as of the first child is also introduced. These measures have in particular distributional goals, as they will alleviate the tax burden of low-income earners. The long-term objective is to equalize the basic allowance with the minimum wage.

The income tax cut is to be financed by increasing taxes on consumption and environment in accordance with the logic of a green tax reform. Thus the excise duties on transport fuels have been increased to the level of EU minimum rates already in 2008, two years earlier than the transition periods granted to Estonia would require. Taxes on natural gas and electricity are introduced (the latter being considerably above the current EU minimum level) and the tax exemption of shale-driven fuel has been abolished. The excise duties on cigarettes and alcohol have been increased significantly. These measures are expected to accelerate inflation in the short-term (the estimated impact on the CPI is 1.6 % percentage - points in 2008), but reduce inflationary pressure in later years and thus facilitate the fulfilment of the Maastricht inflation criteria and the prospects for Estonia joining the euro area in the medium term.

The tax burden on consumption is also increased to some extent by the simplification of the VAT system, including notably the removal of reduced rates on certain products (medical equipment, distant heating), introduced already in 2007.

## **Main features of the tax system**

### *Personal income tax*

Estonia is one of the new Member States applying a flat rate system to the PIT. The single tax rate, 22 % in 2007 and 21 % in 2008, is applied on all labour and personal capital income (dividends, interests, capital gains, royalties etc.). Only income exceeding a given threshold is taxed. The amount of the basic allowance has been increased yearly from EEK 12 000 (€767) in 2003 to EEK 24 000 (€1 535) in 2006 and EEK 27 000 (€1726) in 2008. From 2008 onwards an additional allowance (same amount as basic allowance) is given to one resident parent for each child of up to 17 years of age, starting with the first child. Because of the basic allowance the personal income tax system as a whole is progressive in the sense that the average tax rate increases with the income level, although the marginal tax rate remains constant.

Personal income tax is shared between the central and local governments; these receive 11.9 % of taxable income (from 2007), the remainder goes to the State level. The State is entitled to the entirety of the income tax paid by non-residents and the income tax paid on pensions

### *Corporate taxation*

The corporate tax system was reformed in 2000 with the aim of providing more funds for investment and accelerating economic growth. The basic idea of the reform is to postpone the taxation of corporate income until the distribution of profits. Hence, the tax rate on retained earnings is zero, and distributed profits in gross terms are taxed at the same rate as personal income, i.e. at 21 % in 2008. This tax rate is applied also to gifts, donations, non-enterprise expenses and fringe benefits. The system is applied to Estonian resident companies and permanent



establishments of non-resident companies. A 21 % withholding tax is applied on dividends paid to non-resident shareholders. Other measures to reduce fraud and tax evasion include CFC rules and regulations for minimising the use of transfer-pricing schemes. Despite the zero tax on retained earnings, corporate income tax revenues have doubled, as a percentage of GDP, since 2001; they remain however the second lowest in the EU.

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

#### *VAT and excise duties*

The VAT regime has been brought in line with the 6<sup>th</sup> Directive. The standard rate has been stable since 1992 at 18 %. A 5 % reduced rate applies to certain goods and services, such as books, newspapers, medicines. Reduced rates were abolished for some medical equipment from 1<sup>st</sup> of January in 2007 and for district heating from 1<sup>st</sup> of July in 2007.

All excise duties on alcohol beverages exceed EU minimum levels, in some cases substantially. The excise duty on alcohol was further increased, by 10 %, on 1 January 2008 and will rise by an additional 20 % from 1 July 2008. Excises on cigarettes will be increased to the EU level on 1 July 2008. The hike of excise duties on unleaded petrol and diesel to the EU minimum level took place earlier than foreseen, i.e. from 1 January 2008 (implying a rise of taxation level by 25 % and 35 % respectively in 2008). Moreover, the excise duty on light heating oil, which already exceeded the EU minimum level, is increased by nearly 40 %, and taxes on natural gas (at the EU minimum level) and electricity (well above the EU minimum level) are introduced. These measures are part of a green tax reform, as explained above, and are expected to provide a powerful incentive for energy saving.

#### *Social tax*

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

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

The social tax, comparable to the employers' social security contributions in other countries, is a fiscally important tax in Estonia. In 2006 these contributions represented 32 % of total taxation, which is by far the highest proportion in the EU. Employees' social contributions, in contrast, represented only 0.5 % of tax revenues.

## FINLAND

	1995	2000	2001	2002	2003	2004	2005	2006	2006		
<b>A. Structure of revenues</b>									% of GDP	€ bn	Ranking <sup>1</sup>
Indirect taxes	14.2	13.9	13.4	13.6	14.2	14.0	14.1	13.9	23.2	14	
VAT	7.9	8.2	7.9	8.1	8.5	8.5	8.7	8.7	14.5	8	
Excise duties and consumption taxes	4.5	4.2	4.1	4.2	4.2	3.9	3.8	3.7	6.1	6	
Other taxes on products (incl. import duties)	1.5	1.2	1.2	1.2	1.2	1.3	1.4	1.3	2.2	14	
Other taxes on production	0.1	0.2	0.2	0.2	0.2	0.3	0.2	0.2	0.4	27	
Direct taxes	17.5	21.4	19.2	19.1	18.0	17.8	17.9	17.5	29.2	3	
Personal income	14.2	14.5	14.0	13.9	13.6	13.2	13.5	13.2	22.0	3	
Corporate income	2.3	5.9	4.2	4.2	3.4	3.5	3.3	3.4	5.6	13	
Other	0.9	1.0	1.0	1.0	1.0	1.1	1.0	1.0	1.6	8	
Social Contributions	14.1	11.9	12.0	11.8	11.8	11.7	12.0	12.1	20.2	13	
Employers'	9.9	8.7	8.9	8.9	8.8	8.8	9.0	8.8	14.8	7	
Employees'	2.6	2.2	2.2	2.1	2.1	2.1	2.2	2.3	3.9	18	
Self- and non-employed	1.6	1.0	0.9	0.8	0.8	0.8	0.8	0.9	1.5	15	
<b>B. Structure according to level of government</b>									% of GDP		
Central Government	21.9	25.6	23.2	23.9	23.6	23.5	23.6	22.9	38.2	12	
State Government <sup>2</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Local Government	10.2	10.2	9.9	9.6	9.3	9.0	9.1	9.2	15.3	3	
Social Security Funds	13.0	11.0	11.1	10.9	10.8	10.7	11.1	11.2	18.7	13	
EU Institutions	0.7	0.5	0.4	0.3	0.3	0.2	0.2	0.3	0.4	21	
<b>C. Structure according to economic function</b>									% of GDP		
Consumption	13.8	13.6	13.1	13.4	13.9	13.6	13.7	13.5	22.5	7	
Labour	26.1	23.7	23.6	23.6	23.3	22.7	23.2	22.8	38.1	6	
Employed	21.9	20.8	21.0	20.8	20.5	20.0	20.4	20.0	33.5	5	
Paid by employers	9.9	8.7	8.9	8.9	8.8	8.8	9.0	8.8	14.8	9	
Paid by employees	12.0	12.0	12.0	11.9	11.7	11.2	11.4	11.2	18.7	8	
Non-employed	4.2	2.9	2.7	2.8	2.7	2.7	2.8	2.8	4.6	3	
Capital	5.8	9.9	7.8	7.6	6.8	7.1	7.1	7.2	12.0	14	
Capital and business income	4.6	8.6	6.6	6.4	5.6	5.7	5.7	5.9	9.8	12	
Income of corporations	2.3	5.9	4.2	4.2	3.4	3.5	3.3	3.4	5.6	14	
Income of households	0.4	1.1	0.9	0.6	0.6	0.7	0.8	0.9	1.5	10	
Income of self-employed (incl. SSC)	1.9	1.6	1.6	1.7	1.6	1.5	1.5	1.6	2.7	11	
Stocks of capital / wealth	1.2	1.3	1.2	1.3	1.2	1.4	1.4	1.3	2.2	16	
<b>TOTAL</b>	<b>45.7</b>	<b>47.2</b>	<b>44.6</b>	<b>44.6</b>	<b>44.0</b>	<b>43.4</b>	<b>44.0</b>	<b>43.5</b>	<b>72.6</b>	<b>5</b>	
									% of GDP		
Of which environmental taxes	2.9	3.1	2.9	3.0	3.2	3.2	3.1	3.0	5.0	7	
Energy	2.1	2.0	1.9	2.0	2.0	1.9	1.9	1.8	3.0	18	
Transport	0.8	1.1	1.0	1.0	1.2	1.2	1.2	1.1	1.9	6	
Pollution/Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	16	
<b>D. Implicit tax rates</b>									%	Ranking <sup>1</sup>	
Consumption	27.6	28.6	27.6	27.7	28.1	27.7	27.6	27.3		3	
Labour employed	44.3	44.1	44.1	43.8	42.5	41.6	41.5	41.5		5	
Capital	28.5	36.4	25.7	27.4	25.8	26.3	27.5	24.6			
Capital and business income	22.7	31.5	21.6	22.9	21.1	21.2	22.1	20.1			
Corporations	19.5	30.6	18.5	21.1	18.7	18.5	18.3	15.4			
Households	21.0	23.3	21.4	19.6	18.6	18.4	21.4	24.1			
<b>p.m.:</b>											
Real GDP growth (annual rate)	3.9	5.0	2.6	1.6	1.8	3.7	2.9	5.0			
Output gap (potential)	-3.6	3.2	1.9	0.0	-1.7	-1.4	-1.9	-0.4			

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

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

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

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

Source: Commission Services

## Overall trends in taxation

### *Structure and development of tax revenues*

In Finland the overall tax burden (including social security contributions) was 43.5 % of GDP in 2006, slightly below the level of the previous year and down by close to four percentage points from 2000. Nevertheless, the tax ratio is among the highest in the EU, exceeded currently only by four countries (Denmark, Sweden, Belgium and France).

Direct taxes, in particular on personal income, represent the most important category of revenue, accounting for 40.3 % of total taxation. The share of indirect taxes (31.9 %) is below the EU-27 average (38.9 %). Social contributions, mainly paid by employers, account for 27.8 %, which is less than in most other Member States.

Local governments receive a rather large proportion of total tax revenues (21.1 % in 2006). These taxes consist mainly of municipal income and real estate taxes. In this regard the tax structure of Finland is similar to those of Denmark and Sweden, where roughly a third of tax receipts go to the municipalities. Central government collects roughly half of all tax revenues and social security funds a quarter.

Since 2000 the overall tax burden has displayed a rather marked downward trend, the speed of which has, however, slowed down during the last five years. In 2006 the tax-to-GDP ratio fell by 0.5 percentage points from the previous year in spite of a pick up of GDP growth rate contributing to boosting tax revenues. The major part of reduction came from direct taxes, although a small reduction of indirect taxation can also be observed.

### *Taxation of consumption, labour and capital; environmental taxation*

The tax structure by economic factor in Finland (consumption 31.0 %, labour 52.5 % and capital 16.5 %) is marked by a somewhat higher share of labour and a correspondingly lower share of consumption and capital taxation compared with the EU-27 averages (34.1 %, 45.1 % and 20.9 %).

The lower share of consumption taxation, however, reflects the high level of other taxes rather than a low tax burden on consumption. Indeed, the implicit tax rate (ITR) on consumption (27.3 %) is the third highest in the Union after Denmark and Sweden, although it has fallen from 29.4 % in 1999.

Labour taxes represented 22.8 % of GDP in 2006 (EU-27 17.3 %), which is over three percentage-points lower than in 1995, but still among the six highest ratios in the EU. In the years since 2000 the decline in labour revenues has been generally slower (apart for 2004; decrease of 0.5 percentage points as it was in 1998 and 1999), but nevertheless, thanks to reductions in income taxes and social contributions, the drop in the ITR on labour has been significant, from 44.1 % to 41.5 % in five years.

The revenue from taxes on capital has dropped from its 2000 peak level (9.9 %), but has remained relatively constant, close to 7 %, since 2004. The ITR on capital was also at its record level in 2000 (36.4 %), mainly due to the strong economic upswing, after which it has fluctuated around 26 %. From 2005 to 2006 the ITR on capital displays a relatively sharp decline from 27.5 % to 24.6 %. This may be caused by a corporate income tax reform, in which the corporate income tax rate was lowered from 29 % to 26 %, and the capital income tax rate from 29 % to 28 %. At the same time, the dividend imputation system was abolished, which increased somewhat the tax burden on household capital income. Thus the ITR on corporate income dropped from 18.3 % to 15.4 % and that on capital and business income of households and self-employed increased from 21.4 % to 24.1 % between 2005 and 2006.

Environmentally related taxes represent 3 % of GDP in 2006, slightly above the EU-27 average level (2.7 %) and the seventh highest in EU-27. This difference is due to the relatively heavy transport taxes, which, in relation to

GDP, are at a higher level (1.1 %) than the EU-27 averages (0.7 %), while energy taxes, at 1.8 %, are close to the EU-27 average (1.9 %).

### *Current topics and prospects; policy orientation*

The objective of the new centre-right government is to reduce personal income taxation by €1.6 billion altogether over the electoral period 2008 – 2011. Of this, cuts of only €330 million (0.17 % of GDP forecast for 2008) are introduced in 2008, in addition to a 2 % inflation adjustment of state tax income scales. This is done by increasing the earned-income tax allowance in municipal taxation and cutting the marginal tax rates of state income taxation by 0.5 percentage points in all income classes. The measures maintain the tax burden on wage earners at about the same level as in 2007. Moreover, the taxation of pensions is cut by €200 million. This measure aims at equalizing the tax burden of pensioners with that of wage-earners.

The need to ensure macroeconomic stability during a rather strong economic upswing is the main reason for the relatively modest personal income tax cuts in 2008. The bulk of tax cuts are thus foreseen for later years, notably 2009 and 2010. However, the government is alleviating inheritance tax by increasing considerably the tax-free amounts and adjusting tax rates and scales. It is estimated that three out of four inheritances remain tax-free after the reform. The scale of the measure is about €150 million.

The government also increased certain taxes in 2008, mainly excise duties on alcohol and energy. The increase of energy tax rates is between 6 % and 23 % depending on the energy product and user. The increases are motivated partly by the need to adjust the nominal tax rates for inflation, and partly as a measure to support the government's energy- and climate policy. Hence, the largest tax rates rises are targeted to the sectors not covered by the EU emissions trading scheme, namely transport and households. The estimated impact on government tax revenues is €300 million.

A major reform of car taxation was introduced in 2008. From 1 January onwards the car registration tax is based on CO<sub>2</sub> emissions, so that the tax rate increases linearly with the CO<sub>2</sub> emissions of the car. The tax rate will be between 10 % and 40 % of the retail price of the car. The reform alleviates taxation on all but the most emitting cars (CO<sub>2</sub> emissions above 220 g/km), so that tax receipts are expected to decline by €263 million (including the impact of VAT). Thus the reforms may to some extent increase the demand for private cars in the short-term, although shifting demand towards smaller, less emitting models. From 2010 the government intends to make also the annual circulation tax passenger cars dependent on CO<sub>2</sub> emissions, so that the amount of tax would vary from €20 to €605.

The increase of the excise duty on alcohol is somewhat over 10 %; the rates are increased more on spirits than on wine and beer. The main motivation is to hold down alcohol consumption without letting, however, the tax base erode because of cross-border trade.

## **Main features of the tax system**

### *Personal income tax*

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

Central government taxation of earned income is progressive. From 2007 onwards there are four tax brackets. Marginal rates range from 8.5 % to 31.5 %, the taxable income threshold being €12 600 in 2008. The municipal income tax is levied at flat rates on earned income and the estates of deceased persons. The rate varies between 16 % and 21 %, the average being 18.55 %. The church tax is between 1 % and 2.25 %.

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

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

### *Corporate taxation*

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

### *VAT and excise duties*

The standard VAT rate has been 22 % since 1998. In addition there are two reduced rates: 17 % for food and 8 % for a list of goods, including medicines, books and subscriptions for newspapers. For the years 2007 -2010, the 8 % rate also applies to labour-intensive services (hairdressing, small repair services).

Finland has excise duties rates on beer, wine, petrol and tobacco which are among the highest in the EU. The excise duty on alcohol was reduced by 33 % in 2004 in an attempt to prevent further tax base erosion following the cessation of import restrictions formerly applicable to trade with the new EU Member States, but has been increased again by somewhat over 10 % in 2008.

### *Wealth and transaction taxes*

Municipalities levy a real estate tax on land and buildings at rates that usually vary between 0.5 % and 1 %. The rates are lower for residential buildings, and higher for other buildings, power plants and vacant building sites. The state levies a property transfer tax on the purchases of real estate or shares; purchases of the first owner-occupied dwelling are exempt. Inheritance and gift tax is levied by the state at rates ranging between 10 % and 16 %. The threshold for taxable income was increased to €20 000 in 2008. The wealth tax was abolished in 2006.

### *Social contributions*

Social security contributions are paid both by employers and employees. The health insurance contribution for medical care is also paid by pensioners. In 2008 the rate is 1.24 % on income from work and 1.41 % on other income (pension and other benefits). Employees also pay a contribution for earned income health insurance (0.67 % of taxable income), unemployment insurance contribution (0.34 % of gross income) and pension insurance contribution (5.2 % out of gross income for those above 53 years, 4.1 % for others). These contributions are deductible from income taxes.

## FRANCE

	1995	2000	2001	2002	2003	2004	2005	2006	2006		
<b>A. Structure of revenues</b>									% of GDP	€ bn	Ranking <sup>1</sup>
Indirect taxes	16.0	15.8	15.4	15.4	15.3	15.5	15.7	15.7	280.5	6	
VAT	7.4	7.3	7.2	7.1	7.1	7.2	7.3	7.3	131.0	19	
Excise duties and consumption taxes	2.8	2.6	2.5	2.6	2.5	2.3	2.2	2.3	41.1	24	
Other taxes on products (incl. import duties)	1.7	1.7	1.6	1.7	1.7	1.9	1.9	1.8	32.0	11	
Other taxes on production	4.2	4.2	4.1	4.1	4.1	4.2	4.3	4.3	76.5	2	
Direct taxes	8.4	12.5	12.6	11.8	11.4	11.6	11.9	12.3	220.2	10	
Personal income	5.3	8.4	8.2	7.9	7.9	7.5	7.7	8.0	142.5	9	
Corporate income	1.8	2.8	3.1	2.5	2.1	2.7	2.7	2.9	51.9	17	
Other	1.4	1.3	1.4	1.3	1.3	1.4	1.5	1.4	25.8	3	
Social Contributions	18.6	16.1	16.1	16.2	16.4	16.2	16.4	16.5	294.9	1	
Employers'	11.4	11.1	11.0	11.0	11.1	11.0	11.1	11.1	198.7	1	
Employees'	5.8	4.0	4.0	4.0	4.1	4.0	4.1	4.2	74.6	8	
Self- and non-employed	1.4	1.0	1.1	1.1	1.1	1.2	1.2	1.2	21.6	12	
<b>B. Structure according to level of government</b>									% of GDP		
Central Government	17.7	18.6	18.1	17.5	17.1	18.2	17.7	17.0	304.8	20	
State Government <sup>2</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Local Government	4.5	4.3	4.1	4.1	4.2	4.5	4.8	4.8	86.8	8	
Social Security Funds	20.0	21.0	21.3	21.2	21.4	20.4	21.2	22.3	399.4	1	
EU Institutions	0.8	0.6	0.6	0.5	0.3	0.2	0.3	0.3	4.7	19	
<b>C. Structure according to economic function</b>									% of GDP		
Consumption	12.1	11.6	11.3	11.3	11.1	11.2	11.3	11.2	200.7	20	
Labour	23.0	23.2	23.1	22.9	23.1	22.7	23.0	23.2	416.0	4	
Employed	21.8	22.3	22.2	22.1	22.3	21.9	22.2	22.4	401.0	2	
Paid by employers	12.5	12.1	12.1	12.1	12.2	12.1	12.2	12.3	220.2	2	
Paid by employees	9.3	10.1	10.1	10.0	10.0	9.8	10.0	10.1	180.8	10	
Non-employed	1.1	0.9	0.9	0.8	0.9	0.8	0.8	0.8	15.0	15	
Capital	8.0	9.6	9.8	9.1	8.8	9.4	9.6	10.0	178.9	8	
Capital and business income	3.8	5.1	5.3	4.7	4.4	4.8	4.9	5.3	94.7	20	
Income of corporations	1.8	2.8	3.1	2.5	2.1	2.7	2.7	2.9	51.9	19	
Income of households	0.4	0.9	0.8	0.8	0.8	0.7	0.8	1.0	17.7	9	
Income of self-employed (incl. SSC)	1.5	1.5	1.5	1.4	1.4	1.4	1.5	1.4	25.2	14	
Stocks of capital / wealth	4.3	4.5	4.5	4.4	4.4	4.6	4.7	4.7	84.2	1	
Less: amounts assessed but unlikely to be collected	0.3	0.3	0.3	0.2	0.1	0.2	0.1	0.2			
<b>TOTAL</b>	<b>42.7</b>	<b>44.1</b>	<b>43.8</b>	<b>43.1</b>	<b>42.9</b>	<b>43.2</b>	<b>43.8</b>	<b>44.2</b>	<b>792.5</b>	<b>4</b>	
									% of GDP		
Of which environmental taxes	2.8	2.5	2.4	2.5	2.4	2.4	2.4	2.3	41.3	21	
Energy	2.0	1.8	1.7	1.8	1.7	1.7	1.6	1.6	28.0	22	
Transport	0.6	0.5	0.5	0.6	0.6	0.6	0.6	0.6	10.8	11	
Pollution/Resources	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	2.5	9	
<b>D. Implicit tax rates</b>									%	Ranking <sup>1</sup>	
Consumption	21.5	20.9	20.3	20.3	20.0	20.1	20.1	20.0		18	
Labour employed	41.2	42.1	41.7	41.2	41.5	41.1	41.7	42.1		4	
Capital	31.5	37.5	37.9	36.6	35.6	38.5	40.0	41.5			
Capital and business income	14.7	19.9	20.6	19.1	17.8	19.8	20.5	21.9			
Corporations	21.5	29.6	32.9	29.0	24.4	30.6	31.2	34.7			
Households	10.1	12.3	11.8	11.6	11.9	11.1	11.7	12.4			
<b>p.m.:</b>											
Real GDP growth (annual rate)	2.1	3.9	1.9	1.0	1.1	2.5	1.7	2.0			
Output gap (potential)	-1.4	2.2	1.8	0.7	-0.2	0.1	-0.2	-0.2			

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

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

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

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

Source: Commission Services



## Overall trends in taxation

### *Structure and development of tax revenues*

As of 2006, with a total-tax-to-GDP ratio of 44.2 % (EU-27 37.1 %), France's tax ratio ranks fourth in the Union, behind Denmark, Sweden and Belgium.

The share of indirect taxes in percentage of GDP is 1.4 % above the EU-27 average, while the share of direct <sup>1)</sup>taxes is just above average, following a considerable increase between 1995 and 2001 mainly explained by a shift from employees' social contributions for sickness insurance to a new direct tax on personal income named the Contribution Sociale Généralisée (CSG) in 1998. Social contributions represent the highest share relative to GDP in the EU-27. Employers' contributions make up over two thirds of social contributions; in % of GDP employers' contributions are 69 % higher than the EU-27 average.

The central government raises 38.5 % of total taxes, the lowest share of any non-federal Member State. The local governments' share of tax revenue (11 %) is above the average of euro area countries (7.6 %). It consists mainly of the local business tax, patent levies, real estate and housing taxes.

The overall tax burden peaked around the turn of the century (44.9 % in 1999) and declined continuously between 1999 and 2003 (2.0 percentage points). After 2003, the ratio bounced back to surpass the 2000 value by 0.1 percentage points in 2006 as revenue increased across-the-board. This general trend however masks different developments amongst the various revenue components. Social contributions, especially employees' contributions, have fallen significantly since 1995, reflecting the 1998 shift, whereas direct taxes have increased substantially; in particular revenue from personal income taxes (PIT) dropped by 0.9 percentage points between 2000 and 2004 and picked up again by 0.5 percentage points between 2004 and 2006. Between 2001 and 2003, revenue from direct taxes declined, notably owing to a drop in revenues from corporate taxes, probably linked to the cyclical slowdown and to reductions in corporate income taxes (CIT) rates.

### *Taxation of consumption, labour and capital; environmental taxation*

The implicit tax rate (ITR) on consumption is 2.1 percentage points below the EU average (EU-27 22.1 %). It has remained remarkably stable from 1995 to 1999, while reductions in the ratio are visible in 2000-2001, notably because of reductions in the VAT rates.

The ITR on labour income is comparatively high; indeed, in 2006 France ranked fourth in the EU after Sweden, Italy and Belgium. Under the definition of labour taxation used in this report, the increases in the CSG, the CRDS as well as the social levy of 2 %, booked in national accounts as taxes on personal income, have offset the effects of reductions in social contributions at the aggregate level.

The ITR on capital is one of the highest in the EU. After a short period of decline in 2002 and 2003, the ITR picked up again rising 5.8 percentage points between 2003 and 2006. The French system relies on a number of other taxes on capital, such as the real estate tax, the housing tax, the wealth tax and the local business tax. Most of them are classified as taxes on stocks of capital/wealth, which altogether represent 4.7 % of GDP (EU-27 2.0 %). The recent increases in the ITR on capital reflect mainly an increase in revenue from taxation on corporations and households.

France has a relatively low share of environmental taxes on GDP. Their level has declined further in 2006 (to 2.3 %).

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

### *Current topics and prospects; policy orientation*

The Tax Package in support of work, employment and purchasing power published on 22 August 2007 exempts overtime by employees from social contributions, individual income tax and social taxes as of 1 October 2007 and student employment from individual income tax up to 3 times the minimum wage. The law introduces with immediate effect a 30 % tax credit for interest on loans for the acquisition of a principal residence for the first 5 years of the loan, which is capped on an annual basis depending on the family situation. As of 1 January 2008 inheritance and gift taxes are substantially changed mainly by the introduction of exemptions for spouses and individuals having entered into a partner's contract (*PACS*), increases of personal allowances in direct line and between siblings, and the taxation of stock options under certain conditions.

The Finance Law 2008 contains important changes relating to the treatment of capital income in the individual income tax. As of 1 January 2008, French resident individuals can opt irrevocably for a final withholding tax on received dividend income at an effective tax rate of 29 % instead of the progressive assessment at a marginal effective tax rate of 35 %. The effective tax rate for the already existing optional final withholding tax for interest income was increased from 27 % to 29 %, while the progressive assessment at a marginal effective tax rate of 51 % remained unchanged. The flat rate tax applicable to occasional gains on shares and bonds exceeding €25 000 was also increased from 27 % to 29 %. The net wealth tax is reduced as 75 % of the capital investment in small and medium-sized enterprises has become deductible with a maximum of €50 000 per annum.

For corporate income tax, the Finance Law provides for the taxation of capital gains on immovable property and securities in real property companies as well as income derived from the sale of shares at a reduced corporate tax rate of 16.5 %, as of 1 January 2008 and subject to holding conditions. Penalties which are not of contractual nature are no longer deductible for corporate tax purposes. To encourage investment, the limit of €16 million per year in the tax credit for R&D is abolished and the system is now more targeted to companies benefiting from the system for the first time.

The amendments to the Finance Bill 2007 adopted on 28 December 2007 aim at improving the rules for exchange of information between the tax administration and taxpayers (in particular, very small enterprises) and at combating tax fraud through the introduction of financial penalties for clearly fraudulent practices ranging from €5 000 to €20 000 depending on the taxpayer's turnover.

On 23 January 2008, the Attali report requested by President Sarkozy and containing proposals for a radical overhaul of the French economy was published. Concerning taxation, the report proposes the introduction of a wage withholding tax, a revision of the tax regime to support life insurance and pension plans based on risk-capital, a reduction of social charges on labour financed by a VAT increase, and a greening of the tax system.

## **Main features of the tax system**

### *Personal income tax*

The PIT (IR) is levied annually on worldwide income according to a single progressive scale. For 2007 the top marginal rate is 40 %. The system takes into account the specific situation of each household by applying a family quotient. A noteworthy feature is the high number of thresholds and exemptions applied. Investment income, such as bank and bond interest, and qualifying capital gains from the sale of monetary investments are taxed at a flat rate of 16 %. There is no pay-as-you-earn (PAYE) system in France; all individuals are responsible for paying their tax due along with their annual income tax return.

Since 1999, one of the main objectives of fiscal policy has been to reduce taxes on labour income. As part of a multi-annual tax reduction plan (2001-2003), the main tax-cutting measures for labour consisted of reducing



statutory PIT rates, social contributions, the creation of a reimbursable tax credit (*Prime pour l'emploi*), and the reform of a local business tax (*taxe professionnelle*) with a gradual phasing out of the wages component from the tax base. A further reduction by 3 % of statutory PIT rates and an increase in the employment bonus were enacted through the 2004 Budget Law. However, budgetary difficulties led to the suspension of the plan.

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

In 2006, the income tax scale was overhauled through the reduction in the number of brackets, and a simplification and lowering of the rates. The earned income tax credit (*prime pour l'emploi*) was increased by 50 %. The total amount of taxes paid by individuals, including income, wealth and local taxes, was capped at 60 % of their income.

### Corporate taxation

The corporate tax (*impôt sur les sociétés*) affects all profits realised in France by companies and other legal entities. The standard rate is 33.33 %. SMEs are taxed at a reduced rate of 15 % on the first €38 120 of the profits. Large companies (turnover over €7 630 000 and taxable profit over €2 289 000) are subject to an additional surcharge of 3.3 % (CSB) levied on the part of aggregate corporate tax which exceeds €763 000. Hence, the effective tax rate is 34.43 %. Regardless of whether a French company makes a profit or not, it is subject to a minimum lump sum tax, which is calculated in reference to its turnover (IFA). Furthermore, France imposes a local business tax (*taxe professionnelle*) payable by the self-employed and companies. The actual tax, which raises around 40 % of total corporation tax, varies with location and is calculated in reference to the value of the business' fixed assets and value added.

In the late 1990's, earlier increases in the corporate tax rates were reversed with the gradual phasing out of the 15 % surtax on corporate profits introduced in 1997. Furthermore, the 10 % surtax introduced in 1995 was lifted in several stages from 2001 onwards. Part of these cuts were funded by broadening the tax base by reducing depreciation allowances and modifying the system for correcting double taxation of distributed intra-company dividends. The full and partial tax exemptions granted to new companies created between 1995 and 2004 and situated in some specific places was extended until 2009. In 2005, the corporate tax rate was cut and from 2007 the local business tax is simplified and reduced by capping the tax to 3.5 % of value added and by reinforcing the local business tax reduction on new investments.

### VAT and excise duties

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

### Wealth and transaction taxes

A net wealth tax (ISF) is levied on resident individuals on the value of assets owned, minus liabilities, if the net value of these assets exceeds €750 000. Business assets, qualified shareholdings, certain life insurance policies, and various other assets are excluded from this tax. A 75 % exemption applies to certain nominative shares held by employees, managers or shareholders and a 75 % deduction from income tax applies to capital investment in SMEs.

### Social contributions

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

## GERMANY

	1995	2000	2001	2002	2003	2004	2005	2006	2006		
<b>A. Structure of revenues</b>									% of GDP	€ bn	Ranking <sup>1</sup>
Indirect taxes	12.0	12.5	12.2	12.1	12.2	12.0	12.1	12.4	287.9	23	
VAT	6.5	6.8	6.6	6.4	6.3	6.2	6.2	6.3	147.1	25	
Excise duties and consumption taxes	2.6	2.8	2.9	3.0	3.2	3.0	2.9	2.8	65.6	19	
Other taxes on products (incl. import duties)	1.1	0.9	0.9	0.9	0.9	0.9	0.9	0.9	21.6	20	
Other taxes on production	1.8	2.0	1.8	1.8	1.8	1.9	2.1	2.3	53.5	6	
Direct taxes	10.9	12.5	11.0	10.7	10.6	10.2	10.3	10.9	253.8	14	
Personal income	9.3	10.2	9.9	9.6	9.3	8.7	8.6	8.9	206.6	8	
Corporate income	0.9	1.7	0.6	0.6	0.7	0.9	1.1	1.4	31.7	27	
Other	0.7	0.6	0.6	0.5	0.5	0.6	0.6	0.7	15.5	15	
Social Contributions	16.8	16.9	16.7	16.7	16.9	16.5	16.3	15.9	369.8	3	
Employers'	7.5	7.5	7.4	7.3	7.4	7.2	7.0	6.8	158.3	12	
Employees'	6.7	6.8	6.7	6.6	6.7	6.5	6.4	6.4	147.6	3	
Self- and non-employed	2.6	2.7	2.6	2.8	2.8	2.8	2.9	2.8	63.9	2	
<b>B. Structure according to level of government</b>									% of GDP		
Central Government	11.1	11.9	11.3	11.3	11.4	10.9	11.1	11.3	263.0	27	
State Government <sup>2</sup>	8.4	9.5	8.8	8.5	8.5	8.3	8.2	8.6	199.4	2	
Local Government	2.5	2.9	2.7	2.6	2.6	2.8	2.9	3.1	71.9	15	
Social Security Funds	16.8	16.9	16.7	16.7	16.9	16.5	16.3	15.9	369.8	3	
EU Institutions	0.9	0.6	0.5	0.4	0.4	0.3	0.3	0.3	7.5	11	
<b>C. Structure according to economic function</b>									% of GDP		
Consumption	10.3	10.5	10.5	10.4	10.5	10.2	10.1	10.1	235.5	25	
Labour	23.9	24.3	24.0	23.9	23.8	22.8	22.2	22.3	517.9	7	
Employed	21.3	21.8	21.5	21.3	21.1	20.1	19.5	19.6	455.9	8	
Paid by employers	7.5	7.5	7.4	7.3	7.4	7.2	7.0	6.8	158.3	14	
Paid by employees	13.8	14.3	14.1	14.0	13.7	12.9	12.5	12.8	297.6	5	
Non-employed	2.6	2.6	2.5	2.7	2.7	2.7	2.7	2.7	62.0	4	
Capital	5.6	7.0	5.5	5.2	5.4	5.8	6.4	6.8	158.1	18	
Capital and business income	4.4	5.9	4.4	4.2	4.3	4.7	5.3	5.7	132.8	15	
Income of corporations	2.1	3.0	1.7	1.7	1.9	2.2	2.5	3.0	70.1	16	
Income of households	0.3	0.4	0.3	0.3	0.4	0.5	0.5	0.5	11.6	16	
Income of self-employed (incl. SSC)	2.1	2.5	2.3	2.2	2.1	2.0	2.3	2.2	51.1	8	
Stocks of capital / wealth	1.1	1.1	1.1	1.0	1.1	1.1	1.1	1.1	25.3	18	
<b>TOTAL</b>	<b>39.8</b>	<b>41.9</b>	<b>40.0</b>	<b>39.5</b>	<b>39.6</b>	<b>38.8</b>	<b>38.7</b>	<b>39.3</b>	<b>911.5</b>	<b>9</b>	
									% of GDP		
Of which environmental taxes	2.3	2.4	2.5	2.5	2.7	2.5	2.5	2.4	55.7	19	
Energy	1.9	2.0	2.1	2.2	2.3	2.2	2.1	2.0	46.7	12	
Transport	0.4	0.3	0.4	0.4	0.3	0.4	0.4	0.4	8.9	17	
Pollution/Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	24	
<b>D. Implicit tax rates</b>									%	Ranking <sup>1</sup>	
Consumption	18.8	18.9	18.5	18.5	18.6	18.1	18.0	18.2		22	
Labour employed	39.4	40.7	40.5	40.4	40.3	39.1	38.6	39.6		8	
Capital	22.4	29.2	22.7	21.2	21.4	21.6	22.9	23.4			
Capital and business income	17.8	24.5	18.2	16.9	17.2	17.6	19.0	19.7			
Corporations	-	-	-	-	-	-	-	-			
Households	-	-	-	-	-	-	-	-			
<b>p.m.:</b>											
Real GDP growth (annual rate)	1.9	3.2	1.2	0.0	-0.2	1.1	0.8	2.9			
Output gap (potential)	-0.1	1.4	1.2	-0.1	-1.6	-1.7	-2.1	-0.5			

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

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

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

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

Source: Commission Services

## Overall trends in taxation

### *Structure and development of tax revenues*

The total tax-to-GDP ratio (including social security contributions) in Germany was above both the EU-27 and the euro area averages in 2006 (39.3 %, EU-27 37.1 %, EA-15 38.4 %). Compared to its neighbour countries the tax-ratio is higher than in Poland, Luxembourg and the Czech Republic, but lower than in Denmark, Belgium, France and Austria. The Netherlands have about the same level of taxation.

Germany stands out with a very high share of social contributions in total tax receipts (40.6 %, EU-27 29.8 %) while the shares of direct taxes (27.8 %) and especially indirect taxes (31.6 %) are among the lowest in the Union. Employers pay higher social contributions than employees; nevertheless, compared to the EU-27, average contributions in Germany fall particularly heavily on employees (6.4 % of GDP, EU-27 3.3 %). The low share of indirect taxes (third lowest after the Czech Republic and Belgium) is explained by moderate rates of excise duties and a low standard VAT rate until 2006.

Compared with the other federal countries, state governments in Germany receive a proportion of total tax revenue (21.9 %) which is in line with Spain (22.1 %) and Belgium (24.1 %), but much higher than in Austria (7.1 %). The German *Länder* receive a substantial share of revenue from VAT, the wage withholding tax, the personal income tax (PIT) collected by assessment, the corporate income tax (CIT) and the withholding tax on interest. The *Länder* are also entitled to all revenue from other taxes such as inheritance and gift taxes, taxes on property transfer and taxes on motor vehicles. Social security institutions receive the second largest share of revenues in the EU (40.6 %) exceeded as a proportion only by France (50.4 %). The end result is that the federal government receives the smallest portion of tax receipts of any EU central government (28.8 %, EU-27 59.0 %).

Following Germany's reunification, the tax-to-GDP ratio rose significantly in the early 1990s, most of the increase coming in the form of higher social contributions. Between 1995 and 2000 the tax-to-GDP ratio increased further by around two percentage points (to 41.9 %) as a result of increases in revenues from personal and corporate income taxes. The year 2001 marked a turning point: staggered reductions in personal and corporate income tax under the 'Tax Reform 2000' led to a drop in revenue by more than three percentage points up to 2005. In 2006, however, it increased by more than 0.5 percentage points mainly due to higher PIT and CIT revenue on the back of strong economic growth.

### *Taxation of consumption, labour and capital; environmental taxation*

Consumption taxes as a percentage of GDP are, together with those of Spain, Luxembourg and Italy, the lowest in the European Union (10.1 %; EU-27 12.4 %), as reflected in the low implicit tax rate on consumption (18.2 %, EU-27 22.1 %). Revenue from consumption taxes has remained roughly constant since 1995.

The tax on labour as a percentage of GDP (22.3 %, EU-27 17.3 %) is relatively high, ranking 7<sup>th</sup> in the Union. Social contributions account for more than two thirds of the taxes on employed labour, driving the implicit tax rate on labour to 39.6 %, well above the European average (EU-27 34.8 %). After having increased from 1995 until 2000, when it reached its peak at 40.7 %, the ITR continuously decreased until 2005 as a consequence of income tax reform. In 2006, however, it went up by one percentage point partly due to an increase in employees' social security contributions.

Despite a strong increase in recent years, Germany still derives lower than average revenues from taxation of capital (6.8 % of GDP, EU-27 7.8 %), partly due to a low level of capital taxes on stocks of capital/wealth (1.1 %, EU-27 2.0 %). Moreover, as a result of the fact that in Germany fewer companies are incorporated than in any other EU country, a low overall level of taxes on corporations is observed (3.0 %, EU-27 3.4 %). On the other hand relatively

high revenues are raised by the tax on the income of the self-employed (2.2 %, EU-27 1.6 %). These factors are likewise reflected in the rather low implicit tax rate on capital (23.4 %). The level of taxes on corporations (including the trade tax) has undergone dramatic changes in the last years. After a nearly fifty percent increase in the late 1990s (in % of GDP), the effects of the tax reform as well as the economic downturn resulted in a fall from 3.0 % (2000) to 1.7 % (2001), a level from which it has recovered in 2006. Part of the reason for the 2001 drop was that legislation at that time permitted companies to recoup the difference between the higher tax rate on retained earnings, which had existed in the previous tax system, and the lower one on distributed earnings so far as these profits were distributed. The net result was a fall in CIT receipts by €24 billion (1.1 % of GDP).

Environmental taxes have strongly increased in the 1999-2003 period as a consequence of the ecological tax reform (from 2.1 % of GDP in 1998 to 2.7 % of GDP in 2003). In the following years, however, they declined again to 2.4 % of GDP (in 2006) and are again clearly below the EU-27 average (2.7 %).

### *Current topics and prospects; policy orientation*

In 2008 a major reform of the corporate income taxation came into force, leading to a significant reduction of the statutory tax rate on corporate income from 38.65 % to 29.83 % (see below for details). In December 2007, the German government presented a draft reform of the inheritance tax, which is planned to enter into force in spring 2008. Most notably, the proposal includes a revaluation of the different kinds of property, an increase in the allowances for partners, children and grandchildren, and tax-privileged business ownership transfers so far as employment levels are safeguarded in the following years.

In 2009 a final withholding tax of 25 % (plus solidarity surcharge) on capital income of private households will come into force, with an option on the assessment of private investment income and capital gains. At the same time, the 'half income system' (see below) and the tax-exemption of private capital gains, e.g. from shares outside the one-year holding period, will be abolished.

## **Main features of the tax system**

### *Personal income tax*

The income tax rates have been steadily reduced through reforms entering into force between 1999 and 2005 (the 'Tax Reform 2000' in particular). At the same time the personal allowance has been increased by nearly a quarter. These tax reductions have partially been financed by broadening the base. These reforms will lead to an annual tax relief of €59 billion by 2009 (2.3 % of GDP).

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

As of 2005, PIT rates increase in two-linear progressive zones from the basic rate of 15 % (on income in excess of the personal allowance of €7 664 for a single person) to 42 % (applicable above €52 152). However, a new top rate of 45 %, introduced in 2007, applies to incomes above €250 000 ('*Reichensteuer*'). A 5.5 % solidarity surcharge is levied on top of the PIT rates. Capital gains are included in the PIT tax computations. Half of the gains are taxed at normal rates if they exceed €512, but there is no taxation if the capital gains are realised after a holding period of at least one year (shares) or ten years (properties). Spouses living together are in general jointly assessed, their combined personal allowance thus being €15 328. Husband and wife each pay income tax on half the total of their combined incomes. A €750 (€1 500) allowance per year applies to investment income.

### *Corporate taxation*

The corporation tax system has been reformed several times in recent years. In particular the CIT rates have been reduced from pre 1999 rates of 45 % (rate on non-distributed profits) and 30 % (rate on distributed profits) to a common rate of 15 %. In order to finance the tax cuts, base broadening measures were introduced. Among others, the depreciation on machinery and buildings was reduced. Moreover, the local tax on trade and industry is not deductible from the CIT base and its own base any more. Finally, as of January 2008 two measures to secure the CIT base are in place: a so called interest barrier rule ('*Zinsschranke*'), which puts a profit based restraint on the deduction of interest expenses if net interest expenses exceed €1 million, and a modified tax base rule, which adds parts of the interest expenses and portions of rents, leasing and licence fees to the tax base.

As of January 2008 the CIT rate stands at 15 %, increased to 15.83 % by the 5.5 % solidarity surcharge. In addition with the local tax on trade and industry (average rate across Germany 14.0 %) this leads to a combined CIT rate of 29.83 %. Since 2002, to reduce double taxation of corporate profits by both corporation tax and the PIT of the shareholder, only 50 % of distributed profits ('half income system') are subject to the shareholder's individual income tax and there is no imputation of taxes paid by corporations. Corporate profits from the sale of shares of other corporations are tax-free.

### *VAT and excise duties*

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

### *Wealth and transaction taxes*

Inheritance and gift taxes are levied at rates ranging from 7 to 50 % depending on the relationship between the donor and the beneficiary and the amount involved if the amounts exceed certain allowances, - for spouses €307 000 and for (grand)children €205 000. Property tax is levied annually by all municipalities on the assessed tax value of land and buildings located in their region. The real estate transfer tax basically stands at 3.5 %, but as of 1 January 2007 the German Länder can set the rate themselves.

### *Social contributions*

Social security contributions to old-age insurance (19.9 % in 2008), unemployment insurance (3.3 %) nursing care insurance (1.7 %) and health insurance (average 14.0<sup>1)</sup> %) are in general paid half by employers and half by employees up to a contribution assessment ceiling. However, members of the statutory health insurance pay a 0.9 % additional income linked contribution. Employees without children pay an additional 0.25 % for nursing care insurance.

1) The average refers to the average general contribution rate of the statutory health insurance published by the German Ministry of Health on 20 February 2008.

## GREECE

	1995	2000	2001	2002	2003	2004	2005	2006	2006		
<b>A. Structure of revenues</b>									% of GDP	€ bn	Ranking <sup>1</sup>
Indirect taxes	12.8	14.2	13.7	13.2	12.5	12.0	11.8	12.2	26.2	24	
VAT	6.1	7.2	7.4	7.6	7.0	6.8	6.7	7.1	15.2	21	
Excise duties and consumption taxes	4.2	3.1	3.1	2.9	2.8	2.6	2.6	2.4	5.2	23	
Other taxes on products (incl. import duties)	1.9	3.3	2.7	2.4	2.3	2.2	2.1	2.3	5.0	9	
Other taxes on production	0.5	0.6	0.5	0.3	0.3	0.3	0.3	0.3	0.7	26	
Direct taxes	6.9	10.0	8.8	8.7	8.0	8.2	8.6	8.1	17.3	22	
Personal income	3.6	5.0	4.5	4.5	4.4	4.4	4.6	4.6	9.9	21	
Corporate income	2.3	4.1	3.3	3.4	2.9	3.0	3.2	2.7	5.7	21	
Other	1.0	0.8	0.9	0.9	0.7	0.7	0.8	0.8	1.7	11	
Social Contributions	9.3	10.5	10.5	11.5	11.8	11.2	11.0	11.1	23.7	16	
Employers'	4.3	4.9	4.9	5.4	5.4	5.1	5.0	5.1	10.9	20	
Employees'	3.8	4.1	4.2	4.5	4.7	4.4	4.4	4.3	9.3	7	
Self- and non-employed	1.3	1.5	1.5	1.6	1.7	1.6	1.6	1.6	3.5	8	
<b>B. Structure according to level of government</b>									% of GDP		
Central Government	19.0	23.4	21.7	21.4	20.0	19.8	20.0	19.8	42.5	18	
State Government <sup>2</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Local Government	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.6	26	
Social Security Funds	9.1	10.4	10.4	11.4	11.7	11.0	10.8	11.0	23.5	14	
EU Institutions	0.7	0.6	0.6	0.4	0.3	0.3	0.3	0.3	0.6	16	
<b>C. Structure according to economic function</b>									% of GDP		
Consumption	12.0	12.4	12.6	12.3	11.5	11.3	10.9	11.3	24.2	18	
Labour	10.5	12.4	12.1	13.0	13.2	12.7	12.8	12.9	27.6	21	
Employed	9.8	11.5	11.2	12.1	12.3	11.8	11.7	11.8	25.3	21	
Paid by employers	4.3	4.9	4.9	5.4	5.4	5.1	5.0	5.1	10.9	20	
Paid by employees	5.6	6.6	6.4	6.7	6.8	6.6	6.7	6.7	14.3	20	
Non-employed	0.7	0.9	0.9	0.9	0.9	0.9	1.0	1.1	2.3	11	
Capital	6.6	9.8	8.3	8.2	7.6	7.4	7.6	7.2	15.4	15	
Capital and business income	5.1	7.4	6.4	6.5	6.1	6.0	6.2	5.7	12.1	16	
Income of corporations	2.3	4.1	3.3	3.4	2.9	3.0	3.2	2.7	5.7	22	
Income of households	0.7	0.8	0.7	0.7	0.7	0.6	0.7	0.7	1.5	14	
Income of self-employed (incl. SSC)	2.1	2.5	2.3	2.5	2.5	2.4	2.3	2.3	4.9	6	
Stocks of capital / wealth	1.5	2.4	1.9	1.6	1.5	1.3	1.4	1.5	3.3	15	
Less: amounts assessed but unlikely to be collected	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
<b>TOTAL</b>	<b>29.1</b>	<b>34.6</b>	<b>33.0</b>	<b>33.4</b>	<b>32.3</b>	<b>31.3</b>	<b>31.3</b>	<b>31.4</b>	<b>67.1</b>	<b>22</b>	
									% of GDP		
Of which environmental taxes	3.1	2.3	2.5	2.3	2.2	2.2	2.1	2.0	4.2	24	
Energy	2.5	1.6	1.5	1.4	1.3	1.3	1.2	1.1	2.5	27	
Transport	0.6	0.8	1.0	0.9	0.8	0.9	0.8	0.8	1.7	9	
Pollution/Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	24	
<b>D. Implicit tax rates</b>									%	Ranking <sup>1</sup>	
Consumption	17.6	19.0	19.5	18.8	17.9	17.6	17.0	17.6		24	
Labour employed	34.1	38.2	37.7	40.0	41.2	38.0	37.8	38.1		10	
Capital	11.8	20.3	17.4	17.3	15.9	15.5	-	-			
Capital and business income	9.1	15.4	13.3	13.8	12.6	12.7	-	-			
Corporations	15.1	31.4	23.3	25.1	19.4	18.8	-	-			
Households	6.4	8.8	8.8	9.2	9.4	9.4	-	-			
<b>p.m.:</b>											
Real GDP growth (annual rate)	-	4.5	5.1	3.8	4.8	4.7	3.7	4.3			
Output gap (potential)	-2.4	-1.5	0.8	-0.2	0.6	1.4	0.9	1.1			

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

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

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

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

Source: Commission Services



## Overall trends in taxation

### *Structure and development of tax revenues*

As of 2006, the tax-to-GDP ratio (including social security contributions) stood at 31.4 % in Greece, a value markedly below the EU-27 average (37.1 %). This is the lowest tax-to-GDP ratio among the countries of the euro area (7 percentage points below the EA-15 average).

Indirect taxes are lower than the EU-27 average (12.2 % of GDP vs. 14.3 % of GDP) but play a more important role in Greece than either direct taxes or social contributions. Revenue from direct taxes is only two thirds of the EU-27 average (8.1 % of GDP as compared with 12.0 % of GDP). Revenues from personal income taxes in particular account for a mere 4.6 % of GDP, compared with an EU-27 average of 7.8 % of GDP. Looking at the tax mix, the Greek tax system shows a structure 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 almost all of the remainder. Local government levies only a limited share of overall taxation (note however that the value of 0.3 % of GDP does not include all local taxes). This structure has not shown marked changes since 1995, with the exception of a decline in the share of the taxes destined for the EU institutions.

The overall tax burden increased rapidly from 1995 to 2000, when it reached a peak of 34.6 % of GDP, reflecting the effort to combat tax evasion and to reduce the government deficit in the run-up to the Euro. The strongest relative increases in that period were recorded for corporate income and personal income taxes. From 2002 to 2004, the tax burden dropped by 2 % of GDP with declines being recorded mostly for indirect taxes, corporate tax and employer's social security contributions. After 2004 the ratio has remained stable.

### *Taxation of consumption, labour and capital; environmental taxation*

As of 2006, the implicit tax rate on consumption in Greece was significantly below the EU-27 average (17.6 % compared with 22.1 %). This is due to a broad application of reduced VAT rates as compared to the standard VAT rate and a relatively low level of excise duties. The Greek ITR on consumption has declined steadily from its 19.5 % peak in 2001 to 17 % in 2005, followed by a rise in 2006 by 0.6 percentage points.

The implicit tax rate on labour is, at 38.1 %, well above the EU-27 average (34.8 %). Given low direct taxes, this high rate is due to social contributions in particular, of which employers pay a higher share than employees. In the period under consideration, the ITR on labour grew significantly from a below-average 34.1 % in 1995 to 41.2 % in 2003. This increase took place despite a reduction in personal income tax revenue from its 1999 peak, as the reduction was more than offset by increases in social contributions. The ITR on labour subsequently decreased by 3.2 percentage points in 2004 and has remained relatively stable since then. This decline reflects inter alia the lagged effects of the tax measures already introduced in 2001.

Data on the ITR on capital are only available until 2004. Greece displayed a low rate of taxation of capital in the previous years; with the ITR on capital at 15.5 % in 2004. As in many Member States the ITR had increased substantially in the years 1995-2000 but then declined again in the following years. Note also that a low ITR on capital is partly due to the structure of employment, characterised by a relatively high share of self-employed (whose income is treated as capital income in our methodology).

As of 2006, the ratio of environmental taxation stood at 2.0 % of GDP, a value among the lowest in the EU (EU-27: 2.7 %). The role of the environmental taxation has been decreasing over recent years: their level in 1995 amounted

to 3.1 % of GDP, well above the EU-27 average, but by 2006 they had fallen by more than a percentage point. This decline, which was the strongest in the EU, was driven by shrinking revenues from energy taxation.

#### *Current topics and prospects; policy orientation*

Reducing taxes on low-income earners to achieve a more equitable distribution of the tax burden is one of the main goals of the government's tax policy for the coming years. Personal income tax rates and scales were extensively restructured during the 2006-2009 period. More specifically:

- The non-taxable income allowance was increased by €1 000 for salaried persons and pensioners (to €12 000) and by €1 100 for the self-employed (to €10 500);
- The first 15 % bracket has been abolished for salaried persons and pensioners, while for the self-employed the thresholds have been adapted;
- The threshold for the central tax bracket, corresponding to the 30 % rate, was raised to the level of €30 000 (from €23 000, in 2006). The tax rate was reduced to 29 % for income earned in 2007, to 27 % for income earned in 2008, and to 25 % for income earned in 2009.
- The rate applying to income between €30 000 and €75 000 was cut from 40 % to 39 % for income earned in 2007, to 37 % for 2008 income, and to 35 % for 2009 income.
- The tax rate on income above €75 000 remains unchanged at 40 %.

### **Main features of the tax system**

#### *Personal income tax*

Greece has reduced the progressivity of the tax system over the last few years: the highest statutory personal income tax rate was cut, from 45 % to 40 % in 2001 - 2002. At the other end of the tax scale, Greece has reduced the taxation of low-income earners. The level of tax-exempt income was raised, while the 2001 budget also introduced an exemption from National Insurance Contributions for low-income earners. The tax relief for the elderly, the disabled, and for families with children was increased. The restructuring of the PIT over the 2006-2009 period goes in the same direction.

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

There are no personal allowances in the Greek tax system. In 2003 previous tax deductions were transformed into tax credits. However, life insurance premiums, social security contributions and cash donations for specific purposes remain fully deductible. The main tax credits are granted for medical expenses, home rent, annual educational expenses, for conversion or installation of environmentally friendly heating systems, for the annual mortgage interest on taxpayer's principal home and for the acquisition of long-term balanced or equity mutual funds. Domestic dividends are not subject to income tax or withholding tax, while interest is taxed at source according to different schedules.



### *Corporate taxation*

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

Companies are subject to corporate income taxes and real estate taxes, while local taxes are not significant. 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 the recipients' level. There is no group taxation in Greece, i.e. all entities are taxed separately. In general, tax losses may be carried forward for 5 years. No tax loss carry-backs are allowed. Expenses are deductible only if they are incurred for the purpose of earning income.

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

### *VAT and excise duties*

The standard VAT rate was 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 and electricity, as well as to certain professional services such as those supplied by hotels, restaurants, coffee shops and (non-exempt) services by doctors and dentists; a super-reduced rate of 4.5 % applies to magazines and books. Overall, VAT revenue as a share of GDP is below the EU average.

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

### *Social contributions*

Both employees and employers are obliged to pay contributions to social insurance. Employees' contributions are withheld by the employer and paid at a rate of 16 % for white-collar employees and 19.45 % for blue-collar workers. There is a monthly income ceiling for social security contributions at €2 315 per employee (for 2007) if the employment started prior to 1 January 1993 and €5 279.57 if it started thereafter.

## HUNGARY

	1995	2000	2001	2002	2003	2004	2005	2006	2006		
<b>A. Structure of revenues</b>									% of GDP	€ bn	Ranking <sup>1</sup>
Indirect taxes	17.8	16.1	15.3	14.9	15.6	16.3	15.8	15.3	13.7	9	
VAT	7.7	8.6	8.1	7.8	8.1	8.8	8.4	7.6	6.8	16	
Excise duties and consumption taxes	4.2	3.8	3.7	3.6	3.6	3.3	3.2	3.3	3.0	10	
Other taxes on products (incl. import duties)	5.8	3.3	3.2	3.1	3.4	3.6	3.6	3.8	3.4	1	
Other taxes on production	0.1	0.4	0.4	0.4	0.4	0.5	0.5	0.6	0.5	21	
Direct taxes	8.9	9.6	10.1	10.1	9.5	9.1	9.1	9.4	8.5	17	
Personal income	6.7	7.1	7.5	7.5	7.0	6.6	6.6	6.7	6.1	16	
Corporate income	1.9	2.2	2.3	2.3	2.2	2.1	2.1	2.3	2.1	24	
Other	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.3	22	
Social Contributions	14.9	12.8	12.8	12.8	12.5	12.2	12.5	12.5	11.3	9	
Employers'	12.2	10.3	10.1	10.1	9.7	9.4	9.7	9.5	8.5	4	
Employees'	2.3	2.0	2.1	2.2	2.2	2.3	2.3	2.5	2.2	16	
Self- and non-employed	0.4	0.5	0.6	0.6	0.6	0.5	0.5	0.6	0.5	17	
<b>B. Structure according to level of government</b>									% of GDP		
Central Government	25.1	22.9	22.5	22.2	21.8	21.6	21.3	21.2	19.1	17	
State Government <sup>2</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Local Government	2.7	3.8	4.0	4.0	4.3	4.5	4.3	4.3	3.9	10	
Social Security Funds	13.8	11.8	11.8	11.7	11.5	11.3	11.4	11.4	10.2	12	
EU Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.3	0.3	0.3	15	
<b>C. Structure according to economic function</b>									% of GDP		
Consumption	17.4	15.3	14.5	14.1	14.6	15.0	14.5	13.9	12.5	5	
Labour	20.8	19.1	19.3	19.4	18.7	18.2	18.5	18.6	16.7	11	
Employed	20.0	18.2	18.4	18.5	17.8	17.3	17.6	17.7	15.9	10	
Paid by employers	12.3	10.5	10.3	10.2	9.9	9.6	9.9	9.7	8.7	6	
Paid by employees	7.7	7.7	8.1	8.3	8.0	7.7	7.7	8.1	7.2	13	
Non-employed	0.8	0.9	0.9	0.9	0.9	0.8	0.8	0.9	0.8	13	
Capital	3.5	4.1	4.4	4.4	4.4	4.4	4.4	4.7	4.2	23	
Capital and business income	2.8	3.1	3.4	3.4	3.2	3.1	3.1	3.4	3.0	24	
Income of corporations	1.9	2.2	2.3	2.3	2.2	2.2	2.2	2.4	2.1	24	
Income of households	0.6	0.6	0.7	0.7	0.6	0.6	0.6	0.6	0.6	15	
Income of self-employed (incl. SSC)	0.3	0.3	0.4	0.4	0.4	0.4	0.3	0.4	0.3	23	
Stocks of capital / wealth	0.7	1.0	1.0	1.0	1.2	1.3	1.3	1.3	1.2	17	
<b>TOTAL</b>	<b>41.6</b>	<b>38.5</b>	<b>38.3</b>	<b>37.9</b>	<b>37.6</b>	<b>37.6</b>	<b>37.4</b>	<b>37.2</b>	<b>33.5</b>	<b>12</b>	
									% of GDP		
Of which environmental taxes	3.1	3.0	2.8	2.8	2.7	2.8	2.8	2.9	2.6	9	
Energy	2.7	2.4	2.3	2.2	2.3	2.1	2.1	2.1	1.9	9	
Transport	0.2	0.4	0.4	0.4	0.2	0.5	0.5	0.6	0.5	12	
Pollution/Resources	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	10	
<b>D. Implicit tax rates</b>									%	Ranking <sup>1</sup>	
Consumption	30.8	27.5	25.6	25.4	26.0	27.6	26.4	25.8	7		
Labour employed	42.6	41.8	41.0	40.6	38.8	37.7	37.8	39.0	9		
Capital	-	-	-	-	-	-	-	-			
Capital and business income	-	-	-	-	-	-	-	-			
Corporations	-	-	-	-	-	-	-	-			
Households	-	-	-	-	-	-	-	-			
<b>p.m.:</b>											
Real GDP growth (annual rate)	1.5	5.2	4.1	4.4	4.2	4.8	4.1	3.9			
Output gap (potential)	1.4	-0.5	-0.8	-0.9	-0.8	0.0	0.4	1.1			

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

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

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

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

Source: Commission Services

## Overall trends in taxation

### *Structure and development of tax revenues*

As of 2006, with a total-tax-to-GDP ratio of 37.2 % (including social security contributions), Hungary's tax burden is slightly above the EU-27 average (37.1 %). Looking at neighbouring countries, Austria and Slovenia display higher tax ratios (41.8 % and 39.1 % respectively) but both Slovakia's (29.3 %) and Romania's (28.6 %) ratios lie well below the Hungarian value.

Revenues from indirect taxes are substantial, their share accounting for 41 % of the total. VAT revenues however decreased by 0.8 points in 2006, owing to the reduction of the standard rate from 25 % to 20 %. Other taxes on products are the highest in the EU mainly because of local business tax revenues. In contrast, direct taxes are relatively low: at 9.4 % of GDP, they are lower than the EU-27 average by almost one fourth. Despite a marked decline since 1995, social contributions in relation to GDP remain clearly above the European average; the majority of them fall on employers.

Tax revenues are divided between central government, local government and the social security system. While central government remains by far the largest recipient of tax revenue, with over half of the total, local government taxes are, at 4.3 % of GDP, not negligible. Local taxes have grown rapidly until 2004 (70 % increase since 1995), although in 2005 they dropped down slightly to the 2003 level.

The overall tax burden has been generally declining since 1995 and has now reached the EU-27 average level; in 1995, the tax burden in Hungary exceeded the EU-27 average by 4.1 percentage points. The shares of the main categories of taxes evolved differently as the shares of indirect taxes and social contributions declined somewhat from 1995 levels (largely owing to falling other taxes on products) while the share of direct taxes, including personal income taxes, has tended to increase up to 2002, showed a decline in 2003 and 2004 and stabilised at 9.1 % in 2004 and 2005, then in 2006 increased again to 9.4 %, close to the 2003 level.

### *Taxation of consumption, labour and capital; environmental taxation*

The high level of indirect taxation in Hungary leads to a correspondingly elevated ITR on consumption (25.8 % in 2006). This value is the seventh highest in the EU-27. The ITR on consumption shows a general decline up to 2002 in line with the reduction in indirect tax revenue, then bounced back somewhat thereafter.

The ITR on labour amounted to 39 % in 2006. This value is 4.3 points above the EU-27 average. Since 1997, the ITR on labour showed a gradual decline over time until 2004, but increased by 1.3 points in 2006. The revenues from taxes on capital are, at 4.7 % of GDP, the lowest in the EU after the Baltic States, due notably to low business income taxation, but have been increased by 0.2 points in 2006 reflecting the changes in tax policy. Data limitations prevent computation of the ITR on capital.

Environmental taxes represented 2.9 % of GDP. This share is somewhat above the EU-27 average (2.7 %) and has remained roughly stable in the past five years. As in most countries, taxes on energy account for the largest part of environmental tax revenues.

### *Current topics and prospects; policy orientation*

In 2006 the government introduced taxes on interest and capital gains derived from stock exchange activities (rate of 20 %). These taxes increased the proportion of tax revenues from taxes on capital. Labour and personal income taxes, on the other hand are expected to fall in the coming years. This structural modification will maintain the overall tax burden but converge to EU structural trends. There have been some changes in corporate taxation; a solidarity tax has been introduced. The solidarity tax also affects private persons with high income.

## Main features of the tax system

### *Personal income tax*

Personal income tax is applied at central government level. In the last years, Hungary has introduced a number of reforms in personal income taxation. The three-bracket system utilized since 1999 has been replaced, from 1 January 2005, with a two-bracket system. As from 2007 income up to HUF 1.7 million (€6 800) is taxed at an 18 % rate, whereas above that threshold the rate is 36 %. This highest rate decreased 2 percentage points in 2006 from the previous 38 %. However from 2007 onwards private persons with a combined annual income of more than HUF 7 137 000 (approx. €28 000) must pay solidarity tax. The tax base is the portion of the income over HUF 7 137 000, the tax rate is 4 %.

There is no basic allowance. In Hungary deductions are applied as tax credits: the most important ones are the employment credit (18 % of wage income with limitations), insurance premiums (20 % of the premium) and charitable contributions (30 %). The maximum amount of tax credits is HUF 100 000 (€400); and no credits are available for those who have annual income above HUF 3.9 million (€15 320). The only exception is the family tax credit which applies to households with 3 or more children and the amount is HUF 4 000 (€15)/month/child.

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

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

### *Corporate taxation*

In recent years there has been a strong tendency to reduce corporate tax rates, particularly in new Member States. In this context Hungary has an established position as a low-tax country, given that it introduced a corporate tax rate of 18 % already in 1995, further reduced to 16 % as of 2004. Under certain conditions the tax payer may use a tax rate of 10 % for the tax base of HUF 50 million (€200 000).

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

The rate of the simplified corporate tax (EVA) has increased from 15 % to 25 % effective from 1 October 2006. Besides the corporate income tax, municipalities may levy a local business tax. From 2004 onwards companies are also required to pay an innovation tax, in 2007 at the rate of 0.3 %. Innovation tax is levied on the same base as that of the local business tax, but an amount equal to R&D expenditure carried out directly by the firm is deducted from the tax.

Since 2004, companies may carry the amount of trading losses forward indefinitely, but subject to limitations; carry back of losses is not allowed.

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

are exempt from Hungarian tax. Dividends paid to Hungarian companies are generally deductible from the corporate tax base.

### *VAT*

In 2005 and 2006 the VAT system changed significantly. For almost all goods, the standard VAT rate was cut to 20 % from 25 % from 1 January 2006, but the 15 % reduced rate has increased to 20 % from 1 September 2006. The 5 % reduced rate applies only to a few products (such as specific medicines and medical materials, books, newspapers, etc).

### *Other taxes*

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

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

### *Social contributions*

Social security contributions consist of pension insurance contributions and health insurance contributions. In the case of pension contributions paid by employees, a ceiling applies. Additionally, health care charges are payable.

Social security contributions include employers' social security contributions of 29 % and employees' social security contributions of 15.5 % (health contribution 7 % plus pension contribution 8.5 %; in the case of private pension fund members the health contribution is 7 %, the pension contribution is 0.5 % and they pay 8 % to private pension funds). The health care tax charge of 11 % is generally assessed on those items of income that are not subject to the social security contributions, but are included in the aggregate taxable base.

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

## IRELAND

	1995	2000	2001	2002	2003	2004	2005	2006	2006		
<b>A. Structure of revenues</b>									% of GDP	€ bn	Ranking <sup>1</sup>
Indirect taxes	14.5	13.7	12.5	12.4	12.6	13.2	13.7	14.3	25.0	13	
VAT	7.0	7.3	6.8	7.0	7.0	7.4	7.7	7.9	13.8	13	
Excise duties and consumption taxes	4.2	3.2	2.9	2.9	2.8	2.7	2.6	2.5	4.3	22	
Other taxes on products (incl. import duties)	2.0	2.3	2.0	1.7	1.9	2.2	2.6	3.0	5.3	3	
Other taxes on production	1.2	0.8	0.8	0.8	0.9	0.9	1.0	1.0	1.7	15	
Direct taxes	13.6	13.5	12.8	11.6	12.0	12.5	12.4	13.4	23.4	7	
Personal income	10.3	8.6	8.1	7.1	6.8	7.5	7.3	7.3	12.8	11	
Corporate income	2.7	3.7	3.5	3.7	3.7	3.6	3.4	3.8	6.7	8	
Other	0.6	1.2	1.2	0.8	1.5	1.4	1.7	2.2	3.9	2	
Social Contributions	4.9	4.4	4.5	4.4	4.5	4.6	4.7	4.9	8.5	26	
Employers'	2.9	2.7	2.8	2.7	2.7	2.7	2.7	2.8	5.0	25	
Employees'	1.9	1.5	1.5	1.5	1.6	1.7	1.7	1.8	3.1	23	
Self- and non-employed	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.4	20	
<b>B. Structure according to level of government</b>									% of GDP		
Central Government	26.9	26.8	24.9	23.9	24.4	25.6	26.0	27.6	48.3	5	
State Government <sup>2</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Local Government	0.9	0.6	0.6	0.6	0.7	0.7	0.7	0.7	1.2	24	
Social Security Funds	4.2	3.6	3.7	3.7	3.6	3.8	3.8	4.0	7.0	24	
EU Institutions	1.2	0.6	0.5	0.3	0.3	0.2	0.3	0.2	0.4	22	
<b>C. Structure according to economic function</b>									% of GDP		
Consumption	13.0	12.2	10.9	11.0	10.9	11.2	11.5	11.6	20.3	16	
Labour	13.5	11.5	11.0	10.0	9.8	10.5	10.4	10.5	18.4	24	
Employed	13.4	11.4	10.9	10.0	9.7	10.4	10.4	10.5	18.3	24	
Paid by employers	2.9	2.7	2.8	2.7	2.7	2.7	2.7	2.8	5.0	25	
Paid by employees	10.5	8.7	8.1	7.3	7.0	7.7	7.6	7.6	13.3	15	
Non-employed	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	24	
Capital	6.6	8.0	7.8	7.4	8.4	8.7	8.9	10.4	18.2	5	
Capital and business income	4.5	6.0	5.9	5.6	6.2	6.3	6.2	7.2	12.6	7	
Income of corporations	2.7	3.7	3.5	3.7	3.7	3.6	3.4	3.8	6.7	8	
Income of households	0.5	1.1	1.2	0.8	1.5	1.6	1.8	2.3	4.0	1	
Income of self-employed (incl. SSC)	1.3	1.1	1.1	1.1	1.0	1.1	1.1	1.1	1.9	16	
Stocks of capital / wealth	2.0	2.0	2.0	1.8	2.2	2.4	2.7	3.2	5.6	6	
<b>TOTAL</b>	<b>33.1</b>	<b>31.7</b>	<b>29.8</b>	<b>28.5</b>	<b>29.0</b>	<b>30.4</b>	<b>30.8</b>	<b>32.6</b>	<b>56.9</b>	<b>21</b>	
									% of GDP		
Of which environmental taxes	3.1	2.9	2.3	2.3	2.3	2.5	2.5	2.5	4.3	16	
Energy	1.7	1.4	1.2	1.3	1.2	1.3	1.3	1.2	2.1	26	
Transport	1.3	1.4	1.1	1.1	1.1	1.1	1.2	1.2	2.2	5	
Pollution/Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	22	
<b>D. Implicit tax rates</b>									%	Ranking <sup>1</sup>	
Consumption	24.8	26.1	24.1	25.0	24.9	25.9	26.5	26.9		4	
Labour employed	29.7	28.5	27.4	25.9	24.7	25.7	25.1	25.1		24	
Capital	25.7	32.2	33.2	32.3	36.0	38.3	37.5	42.5			
Capital and business income	17.8	24.1	24.9	24.6	26.6	27.7	26.2	29.5			
Corporations	-	-	-	-	-	-	-	-			
Households	-	-	-	-	-	-	-	-			
<b>p.m.:</b>											
Real GDP growth (annual rate)	9.6	9.4	6.1	6.6	4.5	4.4	6.0	5.7			
Output gap (potential)	-3.0	4.4	3.0	2.7	1.1	-0.4	-0.4	-0.5			

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

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

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

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

Source: Commission Services

## Overall trends in taxation

### *Structure and development of tax revenues*

At 32.6 %, the total tax to GDP ratio in Ireland (including social security contributions) is the seventh lowest in the Union and the second lowest in the euro area. However, this ratio has shown a significant upward trend since 2002.

The tax structure is characterised by a heavy reliance on taxation (indirect and direct taxation making up 44 % and 41.1 % of the total respectively) and a modest dependence on social security contributions. It differs in that respect considerably from the typical structure for the EU-27 as a whole, in which each item contributes about a third of the total. As in the majority of Member States, indirect taxes are made up principally of VAT receipts, which provide 55 % of total indirect taxes (55.8 % for the EU-27). The structure for direct taxation is also very similar to that for the EU-27, with personal income taxes and corporate income taxes representing 7.3 % and 3.8 % of GDP respectively (compared with 7.8 % and 3.3 % for the EU-27). Social security contributions represent a meagre 4.9 % of GDP (second lowest in the Union), compared to an EU-27 average of 11.0 %. Both employers' and employees' contributions – at 2.8 % and 1.8 % of GDP respectively - bring lower income than in other Member States except Denmark.

Ireland is one of the most centralised countries in Europe with local government having few responsibilities and commensurately low revenues (2.2 % of tax revenues). While the social security fund receives just 12.3 % of tax revenues (EU-27 28.7 %), the vast majority (over 84.8 %) of tax revenue accrues to central government, a ratio exceeded only by Malta and the United Kingdom.

From 1995 to 2002, Ireland reduced the total tax burden across the board from 33.1 % to just 28.5 % of GDP. Since 2002, however, the total tax ratio has bounced back over the level of 2000, in large part due to a surge in VAT receipts, capital gains tax and stamp duties. Within indirect taxes, excise duties fell substantially from 4.2 % to 2.5 % of GDP over the period primarily because revenues, while doubling in monetary terms over the period, failed to keep pace with the growth in the economy. In 2002-2006, however, indirect revenues were buoyed by almost two percentage points of GDP as VAT receipts have increased by about 50 % in nominal terms and stamp duty revenues have tripled, most probably under the influence of the property boom. Direct taxes have picked up again to reach 13.4 % of GDP, a level comparable to 1995. A contrast must be drawn between the startling reduction in personal income tax (from 10.3 % to 7.3 % of GDP), as a result of the lowering of rates and expansion of allowances and credits, and the significant rises in corporate income tax (from 2.7 % to 3.8 % of GDP) and capital gains tax (from 0.1 % to 1.8 %), as a consequence of robust economic growth.

### *Taxation of consumption, labour and capital; environmental taxation*

The tax structure by economic factor in Ireland (consumption 35.7 %, labour 32.4 %, capital 32.0 %) differs notably from the EU-27 average (34.1 %, 45.5 %, 20.8 %), with the tax system deriving the smallest proportion of tax receipts from labour of any EU country, apart from Bulgaria, Cyprus and Malta. It takes a large proportion from capital, exceeded in this only by the United Kingdom.

Taxes on consumption absorb 11.6 % of GDP (EU-27 12.4 %). After a period of decline from 13.0 % in 1995 (interrupted only by a pick up in 2000), it has turned upwards since 2001. This principally reflects buoyant economic activity, which has driven VAT receipts up. The standard VAT rate is at 21 % and the reduced rate stands at 13.5 %. In addition, Ireland applies a zero rate on several products. The weight of indirect taxes others than VAT and excise duties is also high by EU standards.

The very low social security contributions result in one of the lowest level of taxes on labour in the EU (at 10.5 % of GDP, EU-27 17.3 %). As in many EU countries the implicit tax rate on labour had increased steadily from the early



1970's until the late 1980's. Having attained stability in the early 1990's, the rate fell from 29.7 % in 1995 to 25.1 % in 2006, as a result of the successive cuts in personal income tax and social contributions. This constitutes the fourth largest reduction in the ITR on labour in any European country in the period, after Slovakia, Latvia and Estonia.

For Ireland it is notable that the strong economic growth in the years 1995 to 2003 offset the effects of the contemporaneous reductions in corporate income tax rates, with tax on capital rising from 6.6 % to 8.4 % as a percentage of GDP. From 1995 to 2002 capital taxes as proportion of GDP were close to the EU-25 average. However, the levels diverged starting from 2003 as receipts from Irish capital gains tax and stamp duty collectively rose to reach respectively 500 % and 337 % of their 2002 level in the wake of the construction boom. The ITR on capital (currently at 42.5 %) has risen dramatically from 25.7 % in 1995 and it is now the highest value among the available countries. However, the effective tax burden on capital in recent years is overestimated due to the omission of capital gains from the base<sup>1)e)</sup>.

As for environmental taxation, it has almost continuously declined over the period, moving from an above average level in 1995 (3.1 % against 2.7 % for the EU-25) to 2.5 % (compared to 2.7 % for the EU-27). Transport taxation is relatively high compared to the EU25 average (0.6 % points above the EU-27 average) while taxation on energy was the second lowest in the Union in 2006.

#### *Current topics and prospects; policy orientation*

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

## **Main features of the tax system**

### *Personal income tax*

The two statutory personal income tax rates have been reduced substantially (from 27 % in 1996 to 20 % in 2001 for the standard rate and from 48 % in 1996 to 41 % in 2007 for the higher rate); tax allowances were also replaced by tax credits for equity reasons. The threshold for the higher rate in 2008 is €35 400 for a single person with no dependents. In the 2008 Budget, the value of the basic personal credit and the employee (PAYE) credits increased to €1 830 (€1 760 in 2007) for a single person. A person earning the average industrial wage projected for 2008 will not be liable for tax at the higher rate in 2008. For the year 2008, approximately two-fifths of earners are expected to pay no tax, with a further two-fifths paying tax at no more than the standard rate and the remainder paying some tax at greater than the standard rate.

Taxation of individuals on capital gains is made at 20 % with an annual exemption of €1 270.

### *Corporate taxation*

Companies resident in Ireland and non-resident companies which carry on a trade in Ireland through a branch or agency, are, with a small number of specific exceptions, liable to corporation tax on their taxable profits. Corporation tax is levied at 12.5 % on trading profits. A corporation tax rate of 12.5 % has applied to trading profits in all sectors since 1 January 2003. The 10 % rate, which was introduced in 1981, has been phased out; it now only applies to a small group of manufacturing companies until 2010. A 25 % rate applies to other passive (non-trading) income. Capital gains are subject to tax at 20 %, although since 2004 there is a participation exemption for disposals

---

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



of shareholdings in trading companies. A profit resource rent tax of between 5 % and 15 %, based on the profit ratio of a petroleum/gas field, was introduced in 2008 for exploration and production activities, which is in addition to the existing corporation tax rate of 25 % for non-trading income.

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

#### *VAT and excise duties*

The standard VAT rate 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, newspapers, building work and household energy and fuels, while a zero rate applies to basic food, children's clothing, children's footwear and books.

#### *Wealth and transaction taxes*

Capital acquisitions tax is charged at a rate of 20 % on gifts and inheritances of a value over a certain threshold, determined by reference to the relationship of the beneficiary to the donor or deceased (just over €520 000 for direct line). Stamp duty applies to sales, gifts, conveyances and leases of property. Rates of stamp duty ranging up to 9 % apply depending on whether property is for residential or non-residential purposes. There is a new residential stamp duty rate of zero up to €125 000 and a 7 % rate on the excess up to a limit of €1 million. Properties in excess of €1 million incur a rate of 9 %. First-time buyers are exempt; as are, for the most part, purchases of new properties by owner occupiers. Shares and securities carry a fixed rate of 1 % while leases are subject to rates of 1 % to 12 % of the average annual rent. Capital duty on the issue of share capital was abolished in 2005. There is no net worth tax.

#### *Local taxes*

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

#### *Social contributions*

Employer's contributions amount to 10.75 % of the salary, without any ceiling. A reduced rate employer's contribution of 8.5 % applies in respect of employees with earnings below €356 per week. Both rates include a national training fund levy of 0.7 %. The rate for employees' Pay-Related-Social-Insurance (PRSI) contributions stands at 4 %. In Budget 2008 the earnings threshold for paying employee PRSI was raised to €352 per week. The 2008 ceiling for this employee contribution is €50 700. The self-employed pay a 3 % tax rate on all income above €3 174 per annum with no annual ceiling and a minimum payment of €253 per year applies. On top of this, a 'health contribution levy' (HCL) of 2 % of total income must be paid by all wage earners, raising the total contribution to 6 % and 5 % for employees and self-employed respectively. Since 2004, employees receiving taxable benefits in kind have been taxed under the Pay-As-You-Earn System and the benefits have been liable to PRSI contributions and the HCL.

## ITALY

	1995	2000	2001	2002	2003	2004	2005	2006	2006		
<b>A. Structure of revenues</b>									% of GDP	€ bn	Ranking <sup>1</sup>
Indirect taxes	12.4	15.2	14.7	14.7	14.3	14.3	14.5	15.1	222.3	10	
VAT	5.5	6.5	6.3	6.2	5.9	5.9	6.0	6.3	92.9	26	
Excise duties and consumption taxes	3.2	2.6	2.5	2.3	2.4	2.3	2.2	2.2	32.4	27	
Other taxes on products (incl. import duties)	2.5	2.7	2.5	2.6	2.5	2.9	2.8	3.0	44.1	4	
Other taxes on production	1.2	3.4	3.5	3.6	3.5	3.3	3.5	3.6	52.9	3	
Direct taxes	15.0	14.5	14.8	14.1	14.7	13.9	13.5	14.5	213.9	6	
Personal income	10.4	10.6	10.8	10.6	10.5	10.4	10.4	10.8	159.4	5	
Corporate income	3.3	2.3	2.9	2.5	2.2	2.2	2.4	3.0	44.2	16	
Other	1.2	1.6	1.1	1.0	2.1	1.3	0.7	0.7	10.3	14	
Social Contributions	12.6	12.1	12.0	12.1	12.3	12.4	12.6	12.7	187.8	8	
Employers'	8.4	8.4	8.3	8.4	8.7	8.6	8.8	8.8	129.5	8	
Employees'	2.4	2.3	2.3	2.3	2.3	2.2	2.2	2.3	33.7	19	
Self- and non-employed	1.8	1.4	1.3	1.4	1.4	1.5	1.6	1.7	24.6	7	
<b>B. Structure according to level of government</b>									% of GDP		
Central Government	24.0	23.2	22.8	22.1	22.1	21.6	21.3	22.9	337.5	11	
State Government <sup>2</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Local Government	3.1	6.0	6.2	6.3	6.6	6.4	6.4	6.4	94.8	5	
Social Security Funds	12.3	12.1	11.9	12.1	12.3	12.3	12.6	12.7	187.7	6	
EU Institutions	0.6	0.5	0.5	0.4	0.3	0.3	0.3	0.3	4.0	17	
<b>C. Structure according to economic function</b>									% of GDP		
Consumption	10.4	10.9	10.4	10.2	9.9	10.0	10.0	10.3	152.6	24	
Labour	18.1	19.7	20.0	20.0	20.1	19.9	20.3	20.6	303.4	9	
Employed	16.2	17.7	17.8	17.9	18.0	17.8	18.1	18.3	270.7	9	
Paid by employers	8.5	9.9	10.0	10.1	10.3	10.2	10.5	10.5	155.1	3	
Paid by employees	7.7	7.8	7.9	7.9	7.7	7.6	7.7	7.8	115.6	14	
Non-employed	1.9	2.0	2.2	2.1	2.1	2.1	2.2	2.2	32.7	7	
Capital	11.6	11.1	11.1	10.7	11.3	10.7	10.3	11.4	168.0	2	
Capital and business income	7.7	8.5	8.6	7.8	8.7	7.9	7.6	8.6	126.9	1	
Income of corporations	2.9	2.9	3.7	3.1	3.5	3.0	2.8	3.5	51.3	13	
Income of households	1.8	2.1	1.4	1.3	1.1	1.1	1.2	1.3	19.5	6	
Income of self-employed (incl. SSC)	3.1	3.5	3.4	3.4	4.0	3.7	3.6	3.8	56.0	1	
Stocks of capital / wealth	3.9	2.6	2.5	2.8	2.6	2.8	2.7	2.8	41.2	7	
<b>TOTAL</b>	<b>40.1</b>	<b>41.8</b>	<b>41.5</b>	<b>40.9</b>	<b>41.3</b>	<b>40.6</b>	<b>40.6</b>	<b>42.3</b>	<b>624.0</b>	<b>6</b>	
									% of GDP		
Of which environmental taxes	3.6	3.2	3.0	2.9	3.0	2.8	2.8	2.8	40.8	10	
Energy	3.1	2.6	2.4	2.3	2.4	2.2	2.2	2.2	31.9	8	
Transport	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	8.5	13	
Pollution/Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	18	
<b>D. Implicit tax rates</b>									%	Ranking <sup>1</sup>	
Consumption	17.4	17.9	17.3	17.1	16.6	16.8	16.8	17.2		25	
Labour employed	37.8	43.4	43.5	43.3	43.3	42.8	42.8	43.0		2	
Capital	27.6	29.9	29.4	29.5	31.9	30.3	30.4	34.4			
Capital and business income	18.3	22.9	22.8	21.6	24.5	22.4	22.5	26.0			
Corporations	19.5	19.3	23.7	20.9	24.5	21.2	21.0	27.5			
Households	13.1	17.2	15.0	14.6	16.7	15.8	15.9	17.2			
<b>p.m.:</b>											
Real GDP growth (annual rate)	2.8	3.6	1.8	0.3	0.0	1.2	0.1	1.9			
Output gap (potential)	-0.1	1.9	2.1	1.0	-0.2	-0.4	-1.5	-1.1			

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

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

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

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

Source: Commission Services

## Overall trends in taxation

### *Structure and development of tax revenues*

In 2006 the total tax-to-GDP ratio (including social contributions) stood at 42.3 % in Italy. This level exceeds both the average for the Union as a whole and that for the euro area, by respectively 5.1 and 3.9 percentage points. Italy's overall tax burden ranks sixth highest in the EU.

The share of indirect taxes in GDP (15.1 %) is close to the EU-27 average, while social contributions (12.7 %) and more particularly direct taxes (14.5 %) are higher than the Union average (respectively 11.0 % and 12.0 % of GDP). As to the composition of indirect taxes, VAT and excise duties are well below the EU-27 average, but are counterbalanced by somewhat higher indirect taxes on products and on production. The high revenue from direct taxes is mainly due to the PIT, which, at 10.8 % of GDP, stands three percentage points higher than the EU-27 average; only the Nordic Member States, Belgium and the UK rely on the PIT for a greater share of total revenue. The structure of tax revenues was affected by an important tax reform in 1998: substantial reductions in employers' social contributions and corporate income taxes were partly compensated by an increase in indirect taxes (in particular other taxes on production, through introduction of the *Regional Tax on Productive Activities* (IRAP).

Local government collects a relatively high level of revenue (6.4 % of GDP, fifth highest in the EU). Also the volume of revenues collected by social security funds is comparatively high at 12.7 % of GDP, and has been slowly increasing since 2001.

The total tax-to-GDP ratio has remained above the 40 % mark throughout the period under consideration. It peaked at 43.7 % in 1997, reflecting strong public finance consolidation in the run-up to the euro. The overall tax ratio then gradually declined to 40.6 % in 2004-2005 (except for a slight increase to 41.3 % in 2003). In 2006, however, new fiscal consolidation efforts and a pick-up in GDP growth led to a significant increase (1.7 points) in the ratio to reach 42.3 %, the highest value since 1999.

### *Taxation of consumption, labour and capital; environmental taxation*

Despite the 1998 increase in the VAT rate from 18 % to 20 % and the abolition of the 16 % intermediate rate, the implicit tax rate on consumption, currently 17.2 %, is the third lowest in the Union after Spain and Lithuania. This result is, however, also linked to the fact that Italy applies a favourable VAT regime to housing. Owing to statistical limitations, the data presented here attribute VAT paid on housing to consumption taxes instead of capital stock taxes (see methodology for details).

Italy imposes a high tax burden on labour income, not only in comparison to the Union as a whole but also to the euro area. In 2006 the implicit tax rate on labour stood over eight percentage points above the EU-27 and the euro area average. In contrast to the experience of most Member States from 1995 to 2006, in Italy the ITR on labour has increased markedly since the mid 1990s, despite the effects of the 1998 reform, as labour taxation has remained roughly constant since the turn of the century. More recent reforms aimed at decreasing labour taxation have primarily focussed on lower incomes. It is also worth noting that IRAP partly falls on labour<sup>1)</sup>.

Over the period under consideration, the implicit tax rate on capital has been trending upward, although with some swings, broadly following revenue development. Capital taxes currently yield the second highest revenue in the EU; note however that, in the methodology used in this publication, receipts from taxes and social contributions levied on the self-employed, a large group in Italy, are booked as capital taxes. Taxes on the stocks of capital/wealth, too,

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

are relatively high. Overall, the ITR on capital has increased from 27.6 % in 1995 to a high of 34.4 % in 2006. It should be stressed, however, that the analysis of the ITR for Italy is greatly complicated by the interlocking effects of various tax measures, of the business cycle, of the financial market consequences of euro adoption, as well as by statistical issues<sup>2)3)</sup>.

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

#### *Current topics and prospects; policy orientation*

Following a period of budgetary consolidation marked by a series of measures aimed at fighting tax evasion, the budget bill for 2008 introduces some notable cuts in business taxes. In particular, the CIT rate has been cut from 33 % to 27.5 %, while the IRAP rate has been reduced from 4.5 % to 3.9 %. In addition, substitute taxation of goodwill on extraordinary transactions (i.e. mergers, transfers of going concern) has been introduced, under certain conditions; the rate applicable varies from 12 % to 18 %, depending on circumstances. With respect to the participation exemption regime (see below), the government has increased the exempt portion of capital gains on shares from 84 % to 95 %, and shortened the holding duration requirement from 18 to 12 months. The government also abolished the stock exchange stamp duty on shares transactions (*tassa sui contratti di Borsa*). On the other hand, accelerated depreciation has been abolished; the government also introduced a series of new rules on thin capitalisation and leasing. Furthermore, in the context of group taxation, the exemption of dividends paid between companies within the same fiscal group will no longer be full but limited to 95 % of their amount.

## **Main features of the tax system**

### *Personal income tax*

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

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

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

- 2) For a full discussion see the 2006 edition of this report, page 152, footnote 2. Note also that compared to last year's issue, new data have led to a substantial revision in the values for the denominator of the ITR for capital.
- 3) An alternative methodology for calculating the ITRs on labour and capital has been suggested by the Italian authorities, in order to better reflect the features of the Italian self-employed sector. Despite its merits this methodology has not been followed in order to safeguard maximum comparability with the other Member States. Annex C contains an example of Tables C and D calculated following this approach.

### Corporate taxation

Company taxation has been subject to several reforms. From 1997 to 2003 a dual income tax (DIT) model was in force, with a special regime for new entrepreneurial activities and a tax credit for the hiring of new employees. However, since the end of 2003 the corporate tax (*IRPEG*) and the DIT have been replaced by a new corporate income tax, *IRES*, with a statutory tax rate set at 27.5 % (progressively reduced 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.

Ordinary depreciation is straight-line. Losses can be carried forward for five years (indefinitely if realised in the first three years of operation of a company), but no carry-back is allowed. The treatment of capital gains depends on whether the assets are covered by the participation exemption regime. Under this rule, 95 % (previously 84 %) of gains on alienation of shares (or equivalent financial instruments) are exempt from taxation, after a one-year holding period and other conditions. Other types of capital gains are taxed as ordinary income. The imputation method previously used to eliminate dividend double taxation was replaced with an exemption method. Group consolidation for tax purposes is allowed, both at the domestic level and worldwide, on condition that the parent company controls at least 50 % of the subsidiary. Finally, companies located in particularly depressed areas of the Mezzogiorno may apply for a tax credit on investments carried out in the 2007-2013 period, with certain exceptions; an additional 10 % - 40 % tax credit on R&D spending can be granted for activities carried out in 2007-2009.

### IRAP

IRAP, introduced in 1998, taxes the net production value of enterprises, i.e. the difference between the value of production and production inputs *excluding* personnel costs and interest costs as well as losses on bad debts. As of 2008, the basic rate is 3.9 %, which can be augmented or reduced by up to one percentage point by the regional authorities. The non-deductibility of labour and financial costs results in a particularly wide base; indeed, IRAP raises more revenue than the corporate income tax. However, since 2007, social security contributions, certain training costs incurred on new employees, the costs of personnel involved in R&D, and a basic amount for each employee have been made exempt. Special rules apply to SMEs.

### VAT and excise duties

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

### Wealth and transaction taxes

No wealth taxes as such exist in Italy. However, the ICI tax on property represents an important revenue-raising instrument for municipalities, yielding 0.7 % of GDP. ICI is calculated on the basis of the cadastral value of the property multiplied by a rate fixed by the local authority within a preset range. Several transaction taxes exist, applying e.g. on property transfers.

### Social contributions

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

## LATVIA

	1995	2000	2001	2002	2003	2004	2005	2006	2006		
<b>A. Structure of revenues</b>									% of GDP	€ bn	Ranking <sup>1</sup>
Indirect taxes	14.1	12.3	11.8	11.2	12.1	11.9	12.7	13.0	2.1	19	
VAT	9.2	7.0	6.7	6.7	7.2	7.0	7.8	8.5	1.4	9	
Excise duties and consumption taxes	2.1	3.4	3.1	3.1	3.3	3.5	3.6	3.3	0.5	11	
Other taxes on products (incl. import duties)	0.8	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.1	22	
Other taxes on production	1.9	1.4	1.5	1.0	1.1	1.0	0.9	0.8	0.1	18	
Direct taxes	7.1	7.3	7.6	7.7	7.5	7.9	7.9	8.4	1.4	21	
Personal income	5.3	5.6	5.5	5.6	5.8	5.9	5.7	6.0	1.0	17	
Corporate income	1.8	1.6	1.9	1.9	1.5	1.7	2.0	2.3	0.4	25	
Other	0.0	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.0	24	
Social Contributions	12.0	9.9	9.2	9.3	8.9	8.7	8.4	8.7	1.4	21	
Employers'	11.6	7.4	6.8	6.9	6.4	6.3	6.1	6.3	1.0	15	
Employees'	0.3	2.5	2.4	2.4	2.4	2.4	2.3	2.4	0.4	17	
Self- and non-employed	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.0	25	
<b>B. Structure according to level of government</b>									% of GDP		
Central Government	14.7	14.6	14.4	14.1	14.5	14.5	15.3	15.9	2.6	22	
State Government <sup>2</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Local Government	6.5	5.0	4.9	4.9	5.1	5.1	4.9	5.2	0.8	6	
Social Security Funds	12.0	9.9	9.2	9.3	8.9	8.7	8.4	8.7	1.4	19	
EU Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.4	0.3	0.1	8	
<b>C. Structure according to economic function</b>									% of GDP		
Consumption	12.1	11.3	10.6	10.6	11.4	11.3	12.2	12.6	2.0	10	
Labour	17.2	15.3	14.6	14.6	14.6	14.6	14.0	14.5	2.3	18	
Employed	17.2	15.2	14.5	14.6	14.5	14.5	13.9	14.4	2.3	16	
Paid by employers	11.6	7.4	6.8	6.9	6.5	6.3	6.1	6.3	1.0	16	
Paid by employees	5.6	7.8	7.7	7.7	8.0	8.1	7.8	8.1	1.3	12	
Non-employed	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	22	
Capital	3.7	2.9	3.3	3.0	2.5	2.6	2.8	3.0	0.5	25	
Capital and business income	1.9	1.7	2.0	2.1	1.6	1.8	2.1	2.4	0.4	25	
Income of corporations	1.8	1.6	1.9	1.9	1.5	1.7	2.0	2.3	0.4	26	
Income of households	0.0	0.2	0.1	0.2	0.1	0.0	0.0	0.1	0.0	26	
Income of self-employed (incl. SSC)	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.0	26	
Stocks of capital / wealth	1.9	1.2	1.3	0.8	0.9	0.8	0.7	0.6	0.1	26	
<b>TOTAL</b>	<b>33.2</b>	<b>29.5</b>	<b>28.5</b>	<b>28.2</b>	<b>28.5</b>	<b>28.5</b>	<b>29.0</b>	<b>30.1</b>	<b>4.9</b>	<b>24</b>	
									% of GDP		
Of which environmental taxes	1.2	2.4	2.2	2.3	2.5	2.6	2.7	2.4	0.4	20	
Energy	1.0	1.8	1.6	1.8	2.0	2.1	2.2	2.0	0.3	14	
Transport	0.0	0.3	0.3	0.3	0.4	0.4	0.3	0.3	0.0	19	
Pollution/Resources	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.0	12	
<b>D. Implicit tax rates</b>									%	Ranking <sup>1</sup>	
Consumption	19.3	18.7	17.5	17.4	18.6	18.5	20.2	20.0		19	
Labour employed	39.2	36.7	36.5	37.8	36.6	36.7	33.2	33.5		16	
Capital	-	11.2	11.5	9.3	8.0	7.8	9.6	-			
Capital and business income	-	6.7	7.0	6.7	5.2	5.5	7.2	-			
Corporations	-	8.6	8.8	7.9	6.4	7.4	9.6	-			
Households	0.3	1.1	0.7	1.1	0.7	0.6	0.5	-			
<b>p.m.:</b>											
Real GDP growth (annual rate)	0.3	6.9	8.0	6.5	7.2	8.7	10.6	11.9			
Output gap (potential)	-4.3	-1.6	-0.2	-0.8	-1.2	-1.0	0.1	2.1			

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

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

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

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

Source: Commission Services



## Overall trends in taxation

### *Structure and development of tax revenues*

The ratio of total taxes to GDP in Latvia was 30.1 % in 2006, which is the fourth lowest in the EU-27 after Romania, Slovakia and Lithuania. The tax ratio in neighbouring Estonia is marginally higher.

The structure of taxation has undergone significant changes since 1995 as social security contributions, particularly those paid by employers, have been cut drastically while indirect taxes have declined less and direct taxes revenue has in general gradually increased as a share of GDP. In 2006 indirect taxes constituted the most important source of tax revenues with a share on the total of 43.3 %, about four points more than the EU-27 average. The predominance of indirect taxation is a common feature of the tax systems of the new Member States: of the ten countries with the highest share of indirect taxation, only two joined the Union before 2004. Direct taxes contribute only 27.9 % of total revenue, compared with the 31.4 % EU-27 average; however, this share has increased strongly since 1995, when it amounted to 21.5 %, one of the lowest shares in the EU. Within direct taxation, the low level of corporate income taxes stands out; the CIT yields 2.3 % of GDP, the third lowest value in the EU-27, in line with the other Baltic countries. Despite a cut in CIT rates by one third between 2002 and 2004, CIT revenue has kept increasing and now exceeds its 2003 trough by over half. As mentioned above, revenues from social contributions have been declining markedly; as a share of total tax revenues they have decreased from 36.1 % of the total in 1995 to 28.8 % in 2006. This is due to a strong overall reduction of the rate of social insurance contributions, from 38 % to 33.09 %, implemented over several years (1997, 2000, 2001 and 2003).

There are only central government taxes in Latvia as local governments do not have any fiscal autonomy; nevertheless, they ultimately receive 17.2 % of the total tax revenue, well above the EU-27 average (11.3 %). Since 2006, the bulk of local government receipts are obtained through a majority share of PIT revenue (increasing progressively from 73% in 2005 to 80 % in 2008).

As in several other Member States the tax ratio tended to increase from 1996 onwards and decline around the turn of the century. In Latvia, the decline started in 1999 and was sizeable and rapid (over five percent of GDP, equivalent to around one sixth of the total, in just three years). Since 2002, however, a moderate but steady upward trend has been recorded with a cumulative effect of 1.9 percentage points until 2006, due essentially to higher VAT and, to a lesser extent, PIT and CIT revenue. The growth in the revenue ratio between 2003 and 2005 is also linked with a marked acceleration in GDP growth, which has notably contributed to the pickup in CIT revenues since 2003.

### *Taxation of consumption, labour and capital; environmental taxation*

The level of Latvian taxes on consumption as a share of GDP is close to the EU-27 average. The ITR on consumption, although increasing, is however over two percentage points below the EU-27 average, due to a relatively larger share of consumption in GDP. Consumption tax revenue decreased by 2.5 % of GDP between 1998 and 2002; since then a rebound has been recorded, most notably in 2005, when it grew by 0.9 percent points of GDP on the year before.

The ITR on labour is, at 33.5 %, slightly below the EU-27 average. It has declined markedly, by over four points, from its 2002 peak. Over the past decade, employers' social security contributions have been brought down, while employees' contributions have remained constant, as a percentage of GDP.

As of 2005 (last year for which the ITR on capital is available), Latvia showed the second lowest ITR on capital in the Union, a mere 9.6 %; a very low level of the ITR on capital is, however, common also to the other two Baltic republics. The indicator more than halved from 1998 to 2004. The ratio shows a particularly large drop in the year 2000, notably due to a strong jump in corporate profits (as measured by the net operating surplus), which boosts the

denominator of the ITRs on capital and on corporations. Since 2003, however, the ITR on corporations has trended upwards and, in particular, picked up by close to two points in 2005, an increase by more than one fourth. The ITRs on capital income of households and the self-employed are significantly below the EU-27 average, but also considerably lower than in the other Baltic countries, probably due to a number of exemptions for personal capital income (e.g. interest or dividends).

Despite doubling as a share of GDP since 1995, environmental taxes still yield a relatively low level of revenue at 2.4 % of GDP.

#### *Current topics and prospects; policy orientations*

During 2007, in order to restrain accelerating asset price inflation, notably with regard to the booming housing market, the government tightened the rules on exemption of capital gains from taxation. In particular, among other conditions, the gains realised upon disposal of immovable property were to be tax free only if the property had been held for at least three years (subsequently extended to five).

At the beginning of 2008, the personal income tax rate on individuals' business income was slashed from 25 % to 15 %. This brings the rate on business income to the same level as the CIT. The rate on other personal income remains unchanged at 25 %. The CIT rate has been 15 % since 2004, and the 2008 budget bill does not introduce any noteworthy reforms, with the exception of a tightening of eligibility of expenses incurred on vehicles used for representation purposes.

In addition, PIT allowances such as the basic tax allowance, the allowance for dependent persons and the disability allowances have been markedly increased; for instance, the basic allowance has been raised from LVL 50 (€72) to LVL 80 (€115) per month, while the allowance for dependent persons was hiked from LVL 35 (€50) to LVL 56 (€85) monthly. Furthermore, an optional simplified tax scheme is being introduced for individuals carrying out a business activity (excluding liberal professions), provided that their annual income does not exceed LVL 10 000 (€14 350). On the other hand, the government is now considering introducing taxation of share options, which are currently exempted.

Excise duties on tobacco and mineral oils, too, were adjusted. In relative terms, the former were increased more than the latter: the duty on tobacco (per 1 000 pieces) was hiked from LVL 10 (€14) + 25 % of the MRP (minimum retail price) to LVL 17.8 (€26) + 32.2 % of MRP, with an additional increase foreseen for 2009. The excise duties on mineral oils were raised less; for example, the duty on unleaded petrol was increased by 8.1 %, not much more than the increase in the Consumer Price Index for 2007.

Starting from 2008, the rate for the property tax has been cut from 1.5 % to 1 %, while an additional amendment stipulates that the increase in the tax due will be capped to 25 % annually; both provisions run until 2010. This decision reflects the expectation that following a general update of cadastral values, the tax base will be revaluated substantially.

## **Main features of the tax system**

### *Personal income tax*

Latvia has applied a flat rate of 25 % since 1995. The non-taxable minimum of the personal income tax and the children allowances have been corrected upwards. Latvian residents are taxed on their worldwide income.

Generally, domestic dividends and inbound dividends from companies resident in EU or EEA paid to a resident personal shareholder are tax-free, otherwise dividends are taxed at a 10 % rate. Interest payments and insurance



premiums received by resident individuals are exempt in case they are paid out by credit institutions or insurance companies resident in Latvia, the EU or the EEA. Outbound interest payments to non-resident individuals are generally taxed with a 25 % withholding tax rate. Recent amendments extend to individuals resident in EU or EEA that receive more than 75 % of their income in Latvia, almost all exemptions granted to residents. Furthermore, income obtained as a result of inheritance is exempt, except for author's copyrights.

### *Corporate income tax*

Latvia has reduced its corporate income tax rate from 25 % in 2001 to 22 % in 2002, 19 % in 2003 and 15 % since 2004. The tax is levied on the income of resident companies (with some exemptions) and of non-resident companies operating through a permanent establishment in Latvia. Dividends paid by a resident company to a non-resident corporate shareholder are subject to a 10 % withholding tax, except for those who are residents of the EU Member States or EEA countries (the participation threshold has been removed retroactively from 1 January 2006). However, if the distributing company is exempt from CIT or entitled to the tax benefits linked to one of the economic zones or free ports, the dividends are taxable for the recipient. Interest income paid out to a corporate non-resident related party is subject to a final 10 % withholding tax (5 % if paid by a bank). Otherwise, interest income paid to non-residents is not subject to the withholding tax. Latvia applies group taxation; losses can be offset between related companies.

### *VAT and Excise duties*

The standard VAT rate has been 18 % since 1995. Starting from 1 May 2004, the reduced VAT rate has been lowered from 9 % to 5 %. It applies to goods such as medicines, medical equipment and goods for the disabled, books, products for infants, hotel services, sports events, and others. Since 1 January 2005, the reduced VAT rate also applies to public passenger transport and since 1 January 2007 also to district heating (from 1 July), electricity and natural gas, renovation of private dwellings and hairdressing.

As mentioned above, the excise rates on tobacco have been increased. The EU minima will be reached in 2009, one year earlier than foreseen in the Accession Treaty. The minima on mineral oils were reached at the beginning of 2008.

A property tax is applicable to land, buildings and constructions. Its rate was reduced over the years from 4 % to 1.0 % currently. The rate is applied to the cadastral value of property. It is not imposed on houses owned by individuals for residential purposes.

### *Social contributions and other taxes*

Since 1995, a pension system based on the concept of notional defined-contribution (NDC) accounts is in force. Unlike in the previous PAYG system, benefits are calculated on the basis of a person's contributions to a notional individual account, utilising a rate of return determined by the government taking into account economic and demographic indicators. No real funds are accumulated into the accounts, and financing the current cohort of retirees is based on payroll contributions. The contribution rate is currently 33.09 %. This rate includes a 24.09 % rate falling on employers and a 9.0 % rate payable by employees. The rate for the self-employed is marginally lower (30.44 %). Social security contributions are payable from annual LVL 1 800 (approx. €2 580) to LVL 29 600 (€42 500) a year, this ceiling was increased by LVL 5800 (€8 300) in 2008.

## LITHUANIA

	1995	2000	2001	2002	2003	2004	2005	2006	2006		
<b>A. Structure of revenues</b>									% of GDP	€ bn	Ranking <sup>1</sup>
Indirect taxes	12.4	12.6	12.2	12.4	11.7	11.3	11.5	11.6	2.7	26	
VAT	7.7	7.6	7.3	7.4	6.8	6.5	7.2	7.7	1.8	14	
Excise duties and consumption taxes	2.4	3.2	3.3	3.2	3.3	3.0	3.0	3.0	0.7	16	
Other taxes on products (incl. import duties)	1.9	1.2	1.0	1.2	1.2	1.1	0.8	0.4	0.1	25	
Other taxes on production	0.5	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.1	24	
Direct taxes	8.7	8.5	7.8	7.5	8.0	8.7	9.1	9.7	2.3	16	
Personal income	6.5	7.7	7.3	6.9	6.6	6.8	6.9	6.9	1.6	14	
Corporate income	2.1	0.7	0.5	0.6	1.4	1.9	2.1	2.8	0.7	20	
Other	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	26	
Social Contributions	7.4	9.4	8.9	8.6	8.5	8.4	8.2	8.5	2.0	22	
Employers'	7.1	8.5	8.0	7.8	7.7	7.5	7.4	7.6	1.8	10	
Employees'	0.2	0.8	0.8	0.7	0.7	0.8	0.7	0.8	0.2	25	
Self- and non-employed	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.0	24	
<b>B. Structure according to level of government</b>									% of GDP		
Central Government	14.0	12.7	12.2	15.2	15.2	15.1	15.5	16.1	3.8	21	
State Government <sup>2</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Local Government	5.2	6.1	5.7	2.8	2.6	2.8	2.8	2.9	0.7	17	
Social Security Funds	9.3	11.6	11.0	10.6	10.4	10.3	10.2	10.4	2.5	15	
EU Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.4	0.3	0.1	6	
<b>C. Structure according to economic function</b>									% of GDP		
Consumption	11.6	11.8	11.5	11.7	11.1	10.6	10.9	11.0	2.6	22	
Labour	13.3	16.3	15.4	14.9	14.6	14.7	14.6	14.8	3.5	16	
Employed	13.3	16.3	15.4	14.7	14.5	14.5	14.4	14.6	3.5	15	
Paid by employers	7.1	8.5	8.0	7.8	7.7	7.6	7.4	7.6	1.8	11	
Paid by employees	6.2	7.8	7.4	6.9	6.7	7.0	7.0	6.9	1.6	18	
Non-employed	0.0	0.0	0.0	0.2	0.2	0.2	0.2	0.2	0.0	20	
Capital	3.6	2.3	2.0	2.0	2.5	3.1	3.3	4.0	1.0	24	
Capital and business income	2.7	1.5	1.3	1.2	1.9	2.4	2.7	3.4	0.8	23	
Income of corporations	2.1	0.7	0.5	0.6	1.4	1.9	2.1	2.8	0.7	21	
Income of households	0.1	0.1	0.1	0.3	0.2	0.3	0.4	0.3	0.1	18	
Income of self-employed (incl. SSC)	0.5	0.6	0.6	0.4	0.3	0.2	0.2	0.3	0.1	24	
Stocks of capital / wealth	0.9	0.9	0.7	0.7	0.7	0.7	0.6	0.6	0.1	25	
Less: amounts assessed but unlikely to be collected	0.0	0.3	0.3	0.2	0.1	0.1	0.0	0.1			
<b>TOTAL</b>	<b>28.5</b>	<b>30.2</b>	<b>28.7</b>	<b>28.4</b>	<b>28.2</b>	<b>28.3</b>	<b>28.8</b>	<b>29.7</b>	<b>7.0</b>	<b>25</b>	
									% of GDP		
Of which environmental taxes	1.2	1.8	1.9	2.1	2.1	2.0	1.9	1.8	0.4	27	
Energy	1.1	1.8	1.8	2.0	2.0	1.8	1.8	1.7	0.4	20	
Transport	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	26	
Pollution/Resources	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.0	15	
<b>D. Implicit tax rates</b>									%	Ranking <sup>1</sup>	
Consumption	17.7	17.8	17.4	17.8	17.0	16.0	16.5	16.7		26	
Labour employed	34.5	41.2	40.3	38.1	36.9	36.0	34.9	34.1		14	
Capital	15.1	10.6	8.1	7.5	9.2	10.8	11.5	14.1			
Capital and business income	11.3	6.6	5.2	4.8	6.9	8.4	9.5	12.0			
Corporations	11.2	3.7	2.4	2.6	5.5	7.2	8.0	10.7			
Households	4.0	3.9	3.9	3.1	2.7	2.9	3.7	3.6			
<b>p.m.:</b>											
Real GDP growth (annual rate)	4.9	4.1	6.6	6.9	10.3	7.3	7.9	7.7			
Output gap (potential)	-4.3	-2.8	-1.6	-1.2	1.6	1.2	1.2	1.0			

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

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

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

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

Source: Commission Services

## Overall trends in taxation

### *Structure and development of tax revenues*

Lithuania exhibits the third lowest total tax burden (including social contributions) in the EU-27 (29.7 % of GDP against an EU-27 average of 37.1 %). This level is somewhat below those in the other Baltic states.

Lithuania's reliance on indirect taxes is in line with the EU-27 average (both 38.9 % of total taxation). However, in recent years the share of indirect taxes in the total has decreased in Lithuania, while the EU-27 average followed a slight upward trend (except for 2006). Given the light overall tax level in Lithuania, as a percent of GDP the level of indirect taxes falls well below the EU-27 average (11.6 %, EU-27 14.3 %). Direct taxes represent 9.7 % of GDP (EU-27 12.0 %) while social security contributions also represent much less than the average (8.5 %, EU-27 11.0 %). The tax mix in terms of GDP has somewhat shifted towards direct taxes and social security contributions since 1995.

The proportions of total tax revenue received by central government (54.3 %) and local authorities (9.7 %) approximate to the EU-27 averages of 59.0 % and 11.3 %, respectively. In Lithuania, the proceeds from the personal income tax are shared between central government, local government and the social security fund. The national budget receives 70 % of collected personal income tax, while the remaining 30 % goes to the compulsory health insurance fund. About two thirds of the funds accruing to the national budget are directed to the local budgets and the remainder to the central government. These proportions are established by law and revised annually. The corporate income tax conversely accrues entirely to central government.

As in many Member States, the tax burden tended to rise from 1996 onwards, peaking at 32.0 % in 1998, and declining smoothly in the following years. The initial rise was due to higher revenue from social contributions and to hikes in excise duties; between 1996 and 1997, VAT receipts too increased. The decline in revenue since 1999 is quite general, affecting all major taxes and social contributions except the corporate income tax. In 2005 and 2006, however, the overall tax ratio bounced up by a total of 1.4 percentage points relative to 2004, owing mostly to stronger revenue from VAT and the corporate income tax (CIT). Revenues from CIT in particular have been growing robustly in the past few years, more than quintupling as a percentage of GDP, from the 2001 trough. This dynamism is linked to the growth upswing after the 1999 recession and to base-broadening measures; all these effects have more than compensated for the 2002 cut in the CIT rate from 24 % to 15 %.

### *Taxation of consumption, labour and capital*

The ITR on consumption, at 16.7 %, is the second lowest in the EU (EU-27 22.1 %). While the ITR has been declining since 1998, the trend was reversed in 2005 owing to strong VAT receipts.

Overall, labour taxes bring in almost half of all revenues, well over the EU-27 average (49.8 %, EU-27 45.5 %). As a % of GDP, however, taxes on labour are more than 2 percentage points below the 17.3 % EU-27 average. The ITR on labour is slightly lower than the EU average (34.1 %, EU-27 34.8 %). It has been decreasing steadily from its 41.2 % peak in 2000, partly due to the increase in basic tax allowances.

Taxes on capital, though having doubled since 2002, are only slightly more than half of the EU-27 average in GDP terms (4.0 %, EU-27 7.8 %) providing 13.5 % of all tax receipts (EU-27 20.8 %). Due to the strong increase in recent years, taxes on the income of corporations in % of GDP are only 0.6 percentage points below the EU-27 average (EU-27 3.4 %). Taxes on the capital income of the self-employed and of households remain low; they yield tax revenues at level of one fifth and two fifths of the EU-27 average, respectively. The self-employed, notably, benefit from favourable tax law provisions (allowing their gross incomes to be taxed at 15 %) and from the use of business certificates, which allow small businesses to pay a small lump sum tax instead of standard income tax. The

capital income of households is also subject to the lower 15 % rate. Wealth taxes stand at less than one third of the EU-27 average (0.6 % of GDP, EU-27 2.0 %). All of this is reflected in a low ITR on capital of 14.1 % (EU-27 29.0 %), which has however nearly doubled since 2002 on the back of both strong economic growth and the base-broadening measures mentioned.

At 1.8 % of GDP, revenue from environmental taxation is the lowest in the EU (EU-27 2.7 %), which is in particular due to the very low revenue from transport taxes (0.1 % of GDP, EU-27 0.7 %)

#### *Current topics and prospects; policy orientation*

The parliament passed on 7 June 2005 a number of laws reforming the Lithuanian tax system. The laws shifted part of the income tax burden from private individuals to businesses, by cutting the PIT and introducing (though only until 1 January 2008) a 'Social tax'. The PIT rate has been cut progressively: in July 2006 it was reduced from 33 % to 27 %, and decreased further to 24 % on 1 January 2008. Further, a tax on commercial immovable property owned by individuals has been introduced. Additional details are given below.

### **Main features of the tax system**

#### *Personal income tax*

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

#### *Corporate taxation*

The corporate income tax rate has progressively been reduced from 29 % in 1995 to 24 % in 2000 to 15 % since 2002. Reduced rates can be applied, under certain conditions, to small companies, to agricultural sector firms, credit unions, enterprises operating in Special Economic Zones and co-operatives. However, the former 0 % tax rate for reinvested earning has been abolished. Trading losses can be carried forward over 5 years but not carried back. Both straight line and declining balance depreciation methods are permissible and the rates are relatively generous. As of the year 2005 the profits of 'social enterprises' are taxable at a 0 % tax rate.

Dividends distributed by a company to another company are subject to the 15 % corporate income tax which is withheld by the distributing company, unless the participation exemption applies (dividends are not taxable if the company receiving the dividends has held more than 10 % of the voting shares in the distributing company continuously for at least 12 months). Since 2007, capital gains realized on shares of entities registered in an EEA country, or in a country having a tax treaty with Lithuania, are exempt if they are subject to corporate income taxation and the transferring entity has held more than one quarter of the voting capital for the two years preceding the transfer.

A 'Social tax' was in force in 2006 and 2007. This tax had been introduced for a limited period to ensure the financing of social programs and measures for reducing poverty and social separation. The tax base was corporate profit, determined in the same way as for corporate income tax purposes, so that the Social Tax was de facto equivalent to a surcharge on the CIT. The rate applied was 4 % in 2006 and 3 % in 2007.

### *VAT and excise duties*

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

### *Wealth and transaction taxes*

Taxation of capital gains is included in computation of the personal income tax and corporate income tax. Land tax is levied at 1.5 % of land value, while an immovable property tax ranges between 0.3 % and 1 % but applies only to legal persons or premises used for economic activities. Inheritance tax is levied at 5 % and 10 %, while gifts are included in the personal income tax computation. There is no net wealth tax.

### *Other taxes*

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

### *Social contributions*

The general rate for mandatory state social insurance contribution (SSC) stands at close to 34 % of which the employer contributes 30.7 % of the employees' gross wages to the State Social Insurance Fund (SSIF), while the employee typically contributes 3 % for compulsory health insurance. The general rate for the insurance covering professional diseases and accidents at work stands at 0.3 %, but three special groups exist which are subject to different rates. The resulting breakdown of SSC, with the majority of the burden falling on employers, provides a contrasting picture with the rest of Europe where the burden is shared more evenly.

## LUXEMBOURG

	1995	2000	2001	2002	2003	2004	2005	2006	2006		
<b>A. Structure of revenues</b>									% of GDP	€ bn	Ranking <sup>1</sup>
Indirect taxes	11.8	14.0	13.6	13.0	12.7	13.4	13.4	12.5	4.2	22	
VAT	5.2	5.6	5.8	5.8	5.7	6.0	6.1	5.5	1.8	27	
Excise duties and consumption taxes	4.1	4.5	4.2	4.4	4.3	4.6	4.2	3.8	1.3	4	
Other taxes on products (incl. import duties)	1.2	1.5	1.3	1.1	1.1	1.1	1.1	1.2	0.4	15	
Other taxes on production	1.4	2.3	2.2	1.7	1.6	1.7	1.9	2.0	0.7	8	
Direct taxes	15.4	15.0	15.3	15.4	14.8	13.1	13.9	13.2	4.5	8	
Personal income	8.0	7.2	7.0	6.4	6.6	6.7	7.2	7.5	2.5	10	
Corporate income	6.6	7.0	7.3	8.0	7.4	5.7	5.8	5.0	1.7	2	
Other	0.8	0.9	0.9	1.0	0.9	0.8	0.8	0.7	0.2	13	
Social Contributions	9.8	10.1	10.9	10.9	10.8	10.7	10.5	9.9	3.4	18	
Employers'	4.5	4.4	4.8	4.8	4.7	4.7	4.6	4.3	1.5	23	
Employees'	3.9	4.5	4.9	4.8	4.8	4.7	4.7	4.4	1.5	6	
Self- and non-employed	1.4	1.2	1.3	1.3	1.3	1.3	1.3	1.2	0.4	13	
<b>B. Structure according to level of government</b>									% of GDP		
Central Government	24.2	26.5	26.4	26.0	25.2	24.8	25.6	24.1	8.2	9	
State Government <sup>2</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Local Government	2.4	2.2	2.2	2.4	2.3	1.8	1.7	1.6	0.5	21	
Social Security Funds	9.7	9.8	10.7	10.6	10.5	10.5	10.3	9.7	3.3	16	
EU Institutions	0.9	0.5	0.4	0.3	0.3	0.2	0.2	0.2	0.1	25	
<b>C. Structure according to economic function</b>									% of GDP		
Consumption	10.0	10.8	10.6	10.8	10.6	11.2	11.0	9.8	3.3	26	
Labour	15.5	15.3	15.9	15.3	15.2	15.4	15.5	14.7	5.0	17	
Employed	13.8	13.8	14.6	14.0	13.8	14.0	14.1	13.4	4.5	19	
Paid by employers	4.5	4.4	4.8	4.8	4.7	4.7	4.6	4.3	1.5	23	
Paid by employees	9.2	9.4	9.8	9.2	9.1	9.3	9.5	9.1	3.1	11	
Non-employed	1.8	1.5	1.4	1.3	1.4	1.4	1.4	1.3	0.4	10	
Capital	11.5	13.1	13.2	13.2	12.4	10.7	11.3	10.9	3.7	3	
Capital and business income	8.9	8.9	9.3	10.0	9.5	7.7	8.1	7.6	2.6	3	
Income of corporations	6.6	7.0	7.3	8.0	7.4	5.7	5.8	5.0	1.7	2	
Income of households	0.8	0.8	0.7	0.6	0.7	0.7	1.0	1.4	0.5	5	
Income of self-employed (incl. SSC)	1.5	1.2	1.3	1.4	1.5	1.2	1.2	1.2	0.4	15	
Stocks of capital / wealth	2.7	4.2	3.9	3.2	2.9	2.9	3.2	3.3	1.1	5	
<b>TOTAL</b>	<b>37.1</b>	<b>39.1</b>	<b>39.8</b>	<b>39.3</b>	<b>38.3</b>	<b>37.3</b>	<b>37.8</b>	<b>35.6</b>	<b>12.0</b>	<b>17</b>	
									% of GDP		
Of which environmental taxes	3.0	2.8	2.8	2.8	2.8	3.1	3.0	2.6	0.9	13	
Energy	2.8	2.7	2.7	2.6	2.7	2.9	2.9	2.5	0.9	2	
Transport	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	25	
Pollution/Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	24	
<b>D. Implicit tax rates</b>									%	Ranking <sup>1</sup>	
Consumption	21.1	23.1	22.7	22.8	23.6	25.1	25.5	25.1	8		
Labour employed	29.3	29.9	29.5	28.3	28.8	29.2	30.0	29.6	21		
Capital	-	-	-	-	-	-	-	-			
Capital and business income	-	-	-	-	-	-	-	-			
Corporations	-	-	-	-	-	-	-	-			
Households	-	-	-	-	-	-	-	-			
<b>p.m.:</b>											
Real GDP growth (annual rate)	-	8.4	2.5	4.1	2.1	4.9	5.0	6.1			
Output gap (potential)	-1.9	4.0	1.4	0.5	-2.2	-1.8	-1.5	-0.2			

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

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

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

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

Source: Commission Services



## Overall trends in taxation

### *Structure and development of tax revenues*

At 35.6 %, the tax-to-GDP ratio in Luxembourg is below the EU-27 average (37.1 %). The ratio is lower than in the three neighbouring countries - Belgium, France and Germany.

Despite strong economic growth since 2004, direct tax revenues, which are 1.2 percentage points above the EU-27 average, have been on a downward trend, notably because cuts in both the personal income tax (PIT) and the corporate income tax (CIT) were implemented in 2001 and 2002. Moderate PIT nominal rates result in a share of PIT in GDP of 7.5 % in 2006, below the euro area average (7.8 %). Despite relatively low rates the revenues from corporate income tax and excise duties are among the highest in the EU, which is partly due to the importance of the financial sector in the economy and the high degree of openness of the economy leading to substantial earnings from cross-border trade. Revenue from indirect taxes overall lies 1.8 percentage points below the EU-27 average owing to moderate VAT nominal rates. Social contributions have increased by about 0.7 percent of GDP between 1995 and 2005, mainly owing to higher employees' contributions upon introduction of health insurance for long-term care.

Over two thirds of levies accrue to the central administration and over a quarter to the Social Security funds. Local government tax revenues (1.6 % of GDP) are very low in comparison to the 4.4 % EU-27 average.

The overall tax burden increased over the 1995-1998 period and started to decrease continuously as of 2001, reflecting notably the lagged impact of cyclical developments on tax revenues. The 2001 and 2002 cuts in PIT and CIT placed tax revenues on a downward trajectory from 2003 onwards, so that by 2006 revenues from CIT as a percentage of GDP were down by more than one third from their 2002 peak. The only exception is the year 2005, which brought a marginal increase in the overall tax ratio due mainly to higher PIT revenues.

### *Taxation of consumption, labour and capital; environmental taxation*

Consumption taxes (9.8 % of GDP) are 2.6 percentage points below the EU-27 average. The interpretation of the ITR on consumption for Luxembourg is affected by the small size of the territory and the high degree of openness of the economy. In particular, purchases of excisable goods by non-residents (minus purchases of these goods by Luxembourg residents abroad) are likely to bias upward the ITR on consumption. Overall, the ITR on consumption stands at 25.1 % and is 3 percentage points above the EU-27 average (22.1 %).

The ITR on labour (29.6 %) is significantly lower than the EU-27 average (34.8 %). The low level of labour taxation is a result of moderate levels of taxation of personal income and a relatively low level of social contributions. The ITR has oscillated around the 29.5 % mark in the last decade, without exhibiting any clear trend.

Between 1995 and 2003, taxes on capital represented roughly one third of total revenue, the highest value in the EU. Although the share of capital taxes in total revenue has slightly decreased to 30.6 % since 2002, it is still considerably above the EU-27 average (20.8 %). This is nearly entirely related to the large proceeds of the CIT, which despite the recent decline, remains among the highest in the EU as a share of GDP. The high revenue from taxes on capital in general and the CIT in particular, is linked to Luxembourg's large financial sector with a highly internationalised customer base.

Environmental taxation accounted for 2.6 % of GDP in 2006, down from 3.0 % the year before. This drop, due to lower energy tax revenues, caused Luxembourg's environmental tax revenues to fall marginally below the EU-27 average.

### *Current topics and prospects; policy orientation*

The law of 21 December 2007 on direct and indirect taxes and the bonus for dependent children consolidates the trend towards a decreasing tax burden, both in the PIT and in the CIT.

As of 1 January 2008, personal income tax brackets are raised by 6 % across the board without modifying the underlying tax rates, thus proceeding to the indexation of the PIT schedule which had not been adapted to take account of inflation since 2002. In addition, the tax allowance for dependent children amounting to €922.50 is replaced by a refundable tax bonus of the same amount payable by the 'Caisse Nationale des Prestations Familiales'.

The exemption limitation applicable to employment income derived from overtime is abolished under certain conditions. In 2007, the employee's contribution rate to the long-term care scheme was increased from 1 % to 1.4 %.

The tax plan also introduces a partial exemption for income and gains from intellectual property rights under the income tax amounting to 80 % of the net positive income and the net capital gains derived from the use of, or the right to use, any copyright on software, patents, trademarks, designs or models. The exemption does not apply with respect to intellectual property acquired from a related company. The general tax credit for additional investment would be increased from 10 % to 12 %.

## **Main features of the tax system**

### *Personal income tax*

The main categories of income are employment income, business income, income from movable capital and miscellaneous income. Taxable income is computed on a cash basis, except for business income (accrual basis) and capital gains from a substantial participation (time of transaction). The top marginal rate is 38 %, applying to incomes as of €36 570. In general, expenses incurred to obtain or preserve income are deductible in calculating the net result of each income category. In addition, a resident taxpayer may claim deductions for special expenses and extraordinary expenses from his aggregate income. Married couples are jointly taxed, but a splitting system applies in the calculation of the tax due. Salaries, wages and pensions derived from former employment are subject to a wage withholding tax. The PIT is increased by a 2.5 % surcharge for the Employment Fund. For households including jointly assessed spouses, a split rate applies.

Dividends and interests are taxed as income from movable capital. A 50 % exemption is available for dividends and interest on profit-sharing bonds. Interests are subject to a 10 % final withholding tax. Dividends are subject to a 15 % withholding tax which is not final. Capital gains derived from speculative holdings and significant participation activities are subject to personal income tax.

### *Corporate taxation*

Corporate income is subject to CIT, increased by a surcharge for the employment fund and a municipal business tax. The corporate tax system is, in principle, classical. For shareholders, a 50 % exemption for dividends applies under certain conditions. The profit calculation is based on the accounting rules. Since January 2002 the general CIT rate has been 22 % (previously 30 %). A 4 % surcharge for the employment fund is levied on the CIT due, making the effective rate 22.88 %. Furthermore, a municipal business tax is applied on top of the regular CIT rate; for companies located in Luxembourg City the rate amounts to 6.75 %, taking the all-in effective rate to 29.63 %. For SMEs whose taxable income is not more than €10 000, the basic rate is 20 % if the taxable income does not exceed €10 000 and €2 000 plus 26 % on income exceeding €10 000 if the income falls between €10 000 and €15 001. Since 2004 fiscal consolidation, allowable for corporate and business tax purposes, has been extended to indirectly



held Luxembourg subsidiaries through a non-resident company, provided that the non-resident company is subject to a tax that is comparable to the Luxembourg CIT, with a minimum taxation of 11 %.

Luxembourg also applies a system of investment credits and provides for specific tax incentives for new industrial investment (tax holiday up to 25 % of the profit), venture capital investment (up to 30 % of the profit) and audiovisual investment (investment credit).

#### *VAT and excise duties*

Six VAT rates exist. The standard rate is 15 %; a super reduced rate of 3 % applies to food and beverages, pharmaceutical products, books and newspapers and passenger transport. A reduced rate of 6 % applies to gas, electric power, flowers and labour-intensive services such as hairdressing and window cleaning. An intermediary rate of 12 % applies to clothing, wine and coal. Finally, flat rates of 4 % or 8 % apply to farmers subject to a specific regime.

#### *Wealth and transaction taxes*

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

#### *Local taxes*

A municipal business tax is levied on all business establishments located in Luxembourg, in addition to PIT and CIT. The tax is computed following the rules for the CIT, with certain exceptions. A basic deduction of €17 500 applies for taxpayers liable to CIT. The basic rate of 3 % is multiplied by the municipal tax rates determined by the municipality in which the business establishment is located. These municipal tax rates vary between 200 % and 350 %.

#### *Social contributions*

Social security contributions for pension, health insurance and family allowances are levied on the gross wage. For pensions, the rate is 16 %, equally shared by employer and employee. For health insurance, the rate is 5.6 %, equally shared by employer and employee. For family allowances, the rate of 1.7 % is borne by the employer. The 1.4 % contribution rate to long term care insurance is borne by the employees (levied on total gross income less a quarter of the minimum social salary). Unemployment insurance is entirely financed from tax revenues.

## MALTA

	1995	2000	2001	2002	2003	2004	2005	2006	2006		
<b>A. Structure of revenues</b>									% of GDP	€ bn	Ranking <sup>1</sup>
Indirect taxes	12.3	12.6	13.3	13.6	12.9	14.9	15.1	15.4	0.8	8	
VAT	6.1	6.0	6.4	7.0	6.2	7.3	7.9	8.1	0.4	11	
Excise duties and consumption taxes	1.9	2.5	2.8	2.7	2.7	2.9	3.1	3.1	0.2	15	
Other taxes on products (incl. import duties)	4.1	3.7	3.7	3.6	3.6	3.9	3.5	3.7	0.2	2	
Other taxes on production	0.3	0.3	0.4	0.4	0.4	0.8	0.6	0.6	0.0	20	
Direct taxes	8.3	9.2	10.2	11.4	12.0	11.7	11.7	12.1	0.6	12	
Personal income	5.0	5.6	6.2	6.1	6.3	6.9	6.5	6.8	0.3	15	
Corporate income	2.6	2.9	3.2	3.9	4.5	4.0	4.0	4.5	0.2	3	
Other	0.7	0.7	0.8	1.4	1.2	0.9	1.3	0.9	0.0	9	
Social Contributions	6.1	6.4	6.9	6.5	6.5	6.6	6.8	6.2	0.3	25	
Employers'	3.0	2.8	3.1	2.9	2.9	3.0	3.1	2.8	0.1	26	
Employees'	2.5	2.8	3.1	2.9	2.9	2.9	3.1	2.8	0.1	13	
Self- and non-employed	0.6	0.8	0.7	0.7	0.7	0.7	0.7	0.6	0.0	16	
<b>B. Structure according to level of government</b>									% of GDP		
Central Government	26.8	28.2	30.4	31.5	31.4	32.8	33.2	33.4	1.7	2	
State Government <sup>2</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Local Government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Social Security Funds	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
EU Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	0.3	0.5	0.4	0.0	3	
<b>C. Structure according to economic function</b>									% of GDP		
Consumption	11.6	12.1	12.7	13.4	12.4	13.2	14.1	14.1	0.7	4	
Labour	9.1	9.7	10.7	10.2	10.3	10.7	10.6	10.3	0.5	25	
Employed	8.5	9.0	9.9	9.5	9.5	9.8	9.8	9.4	0.5	26	
Paid by employers	3.0	2.8	3.1	2.9	2.9	3.0	3.1	2.8	0.1	26	
Paid by employees	5.5	6.2	6.8	6.5	6.6	6.8	6.7	6.6	0.3	21	
Non-employed	0.6	0.7	0.8	0.8	0.8	0.9	0.8	0.9	0.0	12	
Capital	6.1	6.3	6.9	7.9	8.7	9.3	9.0	9.4	0.5	9	
Capital and business income	4.8	5.2	5.7	6.4	7.1	6.8	6.8	7.2	0.4	6	
Income of corporations	2.6	2.9	3.2	3.9	4.5	4.0	4.0	4.5	0.2	3	
Income of households	1.2	1.1	1.3	1.4	1.5	1.7	1.7	1.7	0.1	4	
Income of self-employed (incl. SSC)	1.0	1.2	1.1	1.1	1.1	1.1	1.1	1.1	0.1	17	
Stocks of capital / wealth	1.3	1.1	1.3	1.5	1.6	2.5	2.2	2.1	0.1	13	
<b>TOTAL</b>	<b>26.8</b>	<b>28.2</b>	<b>30.4</b>	<b>31.5</b>	<b>31.4</b>	<b>33.1</b>	<b>33.7</b>	<b>33.8</b>	<b>1.7</b>	<b>20</b>	
									% of GDP		
Of which environmental taxes	3.2	3.7	3.7	3.4	3.4	3.1	3.3	3.4	0.2	3	
Energy	0.9	1.4	1.5	1.4	1.3	1.3	1.3	1.3	0.1	25	
Transport	2.3	2.3	2.1	2.0	2.1	1.8	1.8	1.8	0.1	2	
Pollution/Resources	0.0	0.0	0.0	0.1	0.0	0.0	0.2	0.2	0.0	6	
<b>D. Implicit tax rates</b>									%	Ranking <sup>1</sup>	
Consumption	14.8	15.9	16.5	18.1	16.5	17.3	19.1	19.8		20	
Labour employed	19.0	20.6	21.3	20.8	20.3	21.3	21.9	21.5		26	
Capital	-	-	-	-	-	-	-	-			
Capital and business income	-	-	-	-	-	-	-	-			
Corporations	-	-	-	-	-	-	-	-			
Households	-	-	-	-	-	-	-	-			
<b>p.m.:</b>											
Real GDP growth (annual rate)	-	-	-1.6	2.6	-0.3	0.2	3.3	3.4			
Output gap (potential)	-1.2	5.1	0.2	1.2	-1.2	-3.1	-2.3	-1.5			

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

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

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

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

Source: Commission Services

## Overall trends in taxation

### *Structure and development of tax revenues*

As of 2006 the overall tax burden, including social security contributions, stands at 33.8 % of GDP, which is well below the EU-27 average (37.1 %). With respect to other countries bordering the Mediterranean, this level of taxation is comparable to that of Greece, Spain, Cyprus, but well below that of Italy or France.

Malta relies heavily on indirect taxes; their share of the total tax take lies well above the EU-27 average (Malta 45.6 %, EU-27 38.9 %), so that the overall taxation structure is similar to that in the UK (indirect taxes, direct taxes, social contributions in a ratio of around 2:2:1), reflecting the fact that the Maltese tax system has its origin in the former British system. Although the Maltese are, on the whole, relatively lightly taxed, indirect taxes therefore absorb a proportion of GDP (15.4 %) which is slightly higher than the EU average (14.3 %). Direct taxes, however, generate a proportion in line with the EU average (12.0 %) while social security contributions yield comparatively little revenue, roughly two-thirds of the EU average in GDP terms (6.2 % of GDP, EU-27 11 %). Within social security contributions, employees contribute somewhat below the European average (Malta 2.8 %, EU-27 3.3 %), while employers contribute less than half the EU-27 average (Malta 2.8 %, EU-27 6.6 %).

As Malta has no sub-central level of government collecting taxes, and does not maintain a social security fund separate from the central exchequer, 98.7 % of receipts are collected by central government (EU-27 average 59 %).

The country has experienced a more than 26 % increase in tax revenue when expressed in terms of GDP between 1995 and 2006. All categories of revenue have witnessed an increase, but this was most notable in direct taxation; direct taxes revenue grew by over 45 %, while the increase in indirect taxes was 25 %. Social security revenue grew only by 1.6 %. This stems from higher VAT receipts resulting from a narrowing range of goods exempted or taxed at lower rates, increases in PIT and CIT arising from the broadening of the base, and efforts to improve efficiency in collection.

### *Taxation of consumption, labour and capital*

Taxes on consumption generate revenues of 14.1 % of GDP (EU-27 12.4 %), having increased by 3.1 percentage points since 1998. This is mainly due to the widening of the VAT base and the raising of excise duties to bring them in line with EU minimum rates. The ITR on consumption (19.8 %) also reflects this rise, having increased from 14.8 % in 1995. However, the rate remains among the lowest in the Union (EU-27 22.1 %), due partly to the high ratio of consumption to GDP.

The amount of revenue raised from taxation of labour is among the lowest in the Union; only Bulgaria has a lower rate (Malta 10.3 % of GDP, EU-27 17.3 %). This figure results from the fact that employer's social security contributions are low. The ITR on labour is, at 21.5 %, some thirteen points below the EU-27 average (34.8 %), the lowest in the EU by a wide margin.

The taxation of capital yields substantial revenue (9.4 % of GDP, EU-27 7.8 %), putting Malta in ninth place in the EU-27. This is primarily due to the tax on corporations (at 4.0 % of GDP, the third highest revenue after Cyprus and Luxembourg). By contrast the revenue from taxation of the self employed is below the Union average. Unfortunately, owing to data limitations, no ITR on capital is available for Malta.

Environmental taxes are relatively high (Malta 3.4 % of GDP, EU-27 2.7 % of GDP) and have been increasing further recently. The high level of environmental tax revenue is attributable to taxation on transport, which is the second highest in the Union (1.8 % of GDP, EU-27 0.7 %), while revenue from taxation on energy is clearly below the EU average (1.3 %, EU-27 1.9 %).

### *Current topics and prospects; policy orientation*

In 2007 Malta initiated a tax break plan. As a result, from 1 January 2007 a new PIT system with fewer brackets was introduced, while the 2008 budget has increased personal income tax thresholds. The new regulations also relieve family businesses as the spouse's salary can be deducted and family allowances have increased. VAT exemptions have been further extended to cultural services.

## **Main features of the tax system**

### *Personal income tax*

As mentioned above, in 2008 the thresholds of the four bracket PIT system have been increased by 14 % on average, while the rates have not changed (0, 15, 25 and 35 percent). The 0 % rate is up to €8 150 for single individuals and €11 400 for married couples; while the 35 % rate applies for income over €19 001 for single individuals and €28 001 for married couples. Individuals who are ordinarily resident and domiciled in Malta are taxable on their worldwide income e.g. from trades, professions, employments, interest, pensions, annuities, rents, dividends and capital gains. Any income arising in Malta is always taxable in Malta. Apart from the basic personal relief of €8 150 for single individuals and of €11 400 for married couples, the Maltese personal income tax system does not offer any other deductions or allowances of note. However, income tax paid by a company can be fully attributed to shareholders following the distribution of dividends by a company. Under this system, dividends paid by a company resident in Malta carry a tax credit equivalent to the tax paid by the company on its profits out of which the dividends are distributed. Shareholders are taxed on the gross dividend at the applicable tax rates, but are entitled to deduct the tax credit attaching to the dividend against their total income tax liability.

### *Corporate taxation*

With a rate of 35 % (which is also the maximum personal tax rate), Malta exhibits one of the highest tax rates applicable to companies in the EU. However, Malta applies the full imputation system of taxation described above and there would be no further tax to pay when dividends are distributed to shareholders. Under this system, dividends paid by a company resident in Malta carry a tax credit equivalent to the tax paid by the company on its profits out of which the dividends are distributed. Shareholders are taxed on the gross dividend at their personal applicable tax rates, but are entitled to deduct the tax credit attaching to the dividend against their total income tax liability.

Therefore the maximum rate of tax payable on company profits – taking into account the tax paid by the company on its profits and the tax paid by the shareholders on dividends received – can never exceed 35 %. Corporate taxes provide 13.3 % of total tax take (EU-27 average 8.8 %). Trade losses may be carried forward indefinitely while carry backs are not permissible. The tax code is restrictive on the use of provisioning for tax purposes (for doubtful debts or investment value losses) but depreciation allowances are available. Capital gains realized by companies are aggregated with other income and taxed at a 35 % rate. The imputation system described above also applies with respect to profits distributed by companies arising out of such gains. Certain tax incentives are available for enterprises involved in shipping, targeted industrial sectors and Freeport activities.

### *VAT and excise duties*

The standard VAT rate is 18 % with a 5 % reduced rate applicable to holiday accommodation, letting of sites for artistic or cultural activities, electricity, printed material, medical accessories and goods intended for the use of disabled persons. Zero-rated supplies include food, pharmaceutical goods and local transport. VAT was introduced in 1995, replaced with a sales tax following a change of government, following which the revenues dropped by more than 1 % of GDP. A further change of government led to its reintroduction in 1999. Since then, and in anticipation of

Malta's accession to the European Union on 1 May 2004, VAT legislation was fully harmonized with the Sixth VAT Directive and other relevant legislation.

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

#### *Environmental taxes*

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

#### *Wealth and transaction taxes*

There is no wealth tax but the transfer of immovable property by individuals and companies are normally subject to a rate of 5 % of the transfer value (3.5 % on the first €117 000 in the case of acquisitions for the purpose of establishing the purchaser's own residence). While there is no withholding tax on dividends or royalties, the distribution of untaxed corporate income, the interest paid by Maltese banks and government and the capital gains arising from the disposal of shares in investment schemes are subject to withholding tax at 15 %.

#### *Social contributions*

Maltese workers are covered by a social security system under which the employee, the employer, and the government each contribute 10 % of an employee's basic salary; the self-employed contribute at a rate of 15 %, which is matched by the government, with contributions capped at an annual maximum of €1 661 for employees and €2 490 for self-employed persons.

## NETHERLANDS

	1995	2000	2001	2002	2003	2004	2005	2006	2006		
<b>A. Structure of revenues</b>									% of GDP	€ bn	Ranking <sup>1</sup>
Indirect taxes	11.8	12.5	12.9	12.7	12.7	12.9	13.0	13.3	70.8	17	
VAT	6.5	6.9	7.3	7.2	7.3	7.3	7.3	7.5	39.9	17	
Excise duties and consumption taxes	2.8	2.6	2.5	2.5	2.4	2.6	2.5	2.5	13.5	21	
Other taxes on products (incl. import duties)	1.4	2.0	2.1	1.9	1.9	2.0	2.2	2.2	11.8	10	
Other taxes on production	1.1	1.0	1.1	1.1	1.1	1.1	1.1	1.1	5.7	14	
Direct taxes	12.5	12.0	11.7	11.8	11.0	10.7	11.8	12.0	64.3	13	
Personal income	7.7	6.1	6.2	6.8	6.5	5.9	6.6	7.0	37.6	13	
Corporate income	3.3	4.3	4.2	3.6	3.0	3.4	3.7	3.7	19.7	10	
Other	1.6	1.6	1.3	1.4	1.4	1.4	1.5	1.3	7.0	5	
Social Contributions	15.9	15.4	13.7	13.3	13.8	13.9	13.1	14.2	75.9	6	
Employers'	1.9	4.5	4.3	4.3	4.3	4.3	4.1	4.6	24.7	22	
Employees'	10.2	7.9	6.7	6.4	6.7	6.9	6.5	6.6	35.4	2	
Self- and non-employed	3.7	3.1	2.6	2.5	2.8	2.7	2.5	3.0	15.9	1	
<b>B. Structure according to level of government</b>									% of GDP		
Central Government	21.9	22.3	22.6	22.5	21.6	21.6	22.8	23.4	125.2	10	
State Government <sup>2</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Local Government	1.3	1.4	1.4	1.4	1.5	1.5	1.5	1.3	7.2	22	
Social Security Funds	15.9	15.4	13.7	13.3	13.8	13.9	13.1	14.2	75.9	4	
EU Institutions	1.1	0.8	0.7	0.5	0.5	0.5	0.5	0.5	2.7	2	
<b>C. Structure according to economic function</b>									% of GDP		
Consumption	11.2	11.7	11.9	11.6	11.8	11.9	12.0	12.3	65.9	13	
Labour	21.8	20.3	17.8	18.1	18.4	18.0	17.6	19.1	101.9	10	
Employed	17.6	17.4	15.4	15.6	15.9	15.6	15.2	16.5	88.2	12	
Paid by employers	1.9	4.5	4.5	4.5	4.4	4.4	4.2	4.7	25.1	22	
Paid by employees	15.6	12.9	11.0	11.2	11.5	11.2	11.0	11.8	63.0	6	
Non-employed	4.2	2.9	2.4	2.4	2.5	2.5	2.4	2.6	13.8	5	
Capital	7.2	8.0	8.6	8.0	7.3	7.6	8.3	8.1	43.2	12	
Capital and business income	5.3	5.8	6.4	5.8	5.1	5.3	5.9	6.0	31.8	11	
Income of corporations	3.3	4.3	4.2	3.6	3.0	3.4	3.7	3.7	19.7	11	
Income of households	-0.5	-0.8	0.3	0.1	0.0	0.0	0.2	0.1	0.7	23	
Income of self-employed (incl. SSC)	2.5	2.3	1.9	2.1	2.0	1.9	2.0	2.1	11.4	9	
Stocks of capital / wealth	1.9	2.2	2.2	2.3	2.2	2.2	2.4	2.1	11.4	12	
<b>TOTAL</b>	<b>40.2</b>	<b>39.9</b>	<b>38.3</b>	<b>37.7</b>	<b>37.4</b>	<b>37.5</b>	<b>37.9</b>	<b>39.5</b>	<b>211.0</b>	<b>8</b>	
									% of GDP		
Of which environmental taxes	3.6	3.9	3.8	3.6	3.7	3.8	4.0	4.1	21.9	2	
Energy	1.7	1.9	1.9	1.9	1.9	2.0	2.1	2.1	11.4	10	
Transport	1.3	1.4	1.3	1.2	1.2	1.3	1.3	1.4	7.3	4	
Pollution/Resources	0.6	0.5	0.5	0.6	0.6	0.6	0.6	0.6	3.2	2	
<b>D. Implicit tax rates</b>									%	Ranking <sup>1</sup>	
Consumption	23.2	23.7	24.4	23.8	24.2	24.9	25.3	26.9	5		
Labour employed	34.4	34.3	30.3	30.4	30.8	30.4	30.5	33.5	17		
Capital	21.2	20.5	23.0	25.2	22.3	22.2	20.7	20.0			
Capital and business income	15.7	14.8	17.0	18.1	15.7	15.6	14.7	14.7			
Corporations	19.8	18.1	17.2	18.0	14.4	14.7	12.9	12.7			
Households	10.8	8.7	14.0	15.0	15.1	14.4	15.8	16.2			
<b>p.m.:</b>											
Real GDP growth (annual rate)	3.1	3.9	1.9	0.1	0.3	2.2	1.5	3.0			
Output gap (potential)	-1.2	3.1	2.0	-0.3	-2.0	-1.5	-1.8	-1.0			

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

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

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

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

Source: Commission Services

## Overall trends in taxation

### *Structure and development of tax revenues*

As at 2006, the tax-to-GDP ratio was 39.5 % in the Netherlands. This value lies 2.4 percentage points above the EU-27 average (37.1 %).

Indirect taxes, direct taxes and social contributions each account for about one third of total tax revenues. In the last decade reliance on indirect taxation increased, making tax revenue less sensitive to the business cycle. In the 1995-2000 period, the weight of personal income tax (PIT) has decreased because of changes in the aggregate tax base and a reduction in the statutory income tax rates. In the 2001 tax reform the burden from taxes and social security premium has been lowered. Most allowances were replaced by tax credits; these apply not only to the PIT but to social security contributions as well. Therefore, the relief of the 2001 tax reform is found mainly in social security contributions.

From a fiscal viewpoint, the Netherlands display a fairly centralised tax structure as local government taxes account for merely 3.4 % of the total, a share which is below a third of the EU-27 average (11.3 %). In contrast, the share of Social Security funds (36 %) is well above the European average (28.7 %).

From 1995 to 2000 tax revenues as a share of GDP oscillated around the 40 % mark. The 2001 reform however marked a turning point with a 1.6 percentage point drop in the overall tax burden. The decline in the overall tax ratio was driven by decreases in revenues from direct taxes and social contributions, while indirect taxation has grown. The increase of the share of social security contributions explains to a large extent the rise in the total tax burden in 2006.

### *Taxation of consumption, labour and capital; environmental taxation*

The implicit tax rate on consumption shows an increasing trend between 1995 and 2006 (3.7 percentage points), partly as a result of increases in revenues from VAT and environmental taxes. In 2006, the implicit tax rate was 4.8 percentage points higher than the EU average (22.1 %).

Mainly as a consequence of increases in social contributions, the tax burden on labour grew steadily until the mid-1990s. Since then concerns about excessive labour costs and tax wedges have prompted a number of initiatives primarily directed towards reductions in marginal tax rates and the wedge between wage costs and take-home pay. The ITR on labour dropped significantly in 2001 as a result of the PIT reform reducing substantially employees' social contributions. The ITR remained stable until 2006, when it increased by three percentage points; note however that half of this increase is due to the replacement of private health care insurance contributions by a new public health care insurance system. Under the accounting conventions followed in this report, this leads to an increase in the ITR on labour although the disposable income of households is unaffected.

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



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

#### *Current topics and prospects; policy orientation*

The focus of the tax policy as of 1 January 2008 is on simplification and greening of the tax system, and encouraging innovative entrepreneurship.

In the tax plan 2008 adopted on 18 December 2007, all income tax brackets were adjusted for inflation. Following a change in the social security premium rates for income from employment and owner-occupied dwellings, the combined rate of taxes and social security contributions for the lowest incomes was marginally reduced from 33.65 % to 33.60 %, while for incomes between €17 579 and €31 589 the tax rate was increased from 41.40 % to 41.85 %. To increase the labour participation rate, in particular of women and lower-income earners, and to curb the costs of ageing, the general tax credit paid to partners earning no income or a low income is gradually abolished, and the earned income tax credit and income-related supplementary combined credit have been beefed up. The child rebate was replaced by a child benefit ('kindertoelag'). A higher taxation on owner occupied dwellings with a value of more than €1 million shall be introduced in phases from 2009.

As for the corporate income tax, the tax brackets were widened and tax rates applicable to SMEs were slightly reduced. The corporate tax rate, which was lowered from 29.6 % to 25.5 % as of 1 January 2007 continues to apply, but this rate is reduced to 23 % for profits between €40 000 and €200 000 (previously 23.5 % for profits between €25 000 and €60 000) and 20 % for profits up to €40 000 (previously 20 % for profits up to €25 000). The corporate tax base was broadened as housing associations become subject to corporate income tax on all activities. Since 1 January 2007, the dividend withholding tax rate was reduced from 25 % to 15 %. Moreover, both a 'group interest box' and a 'patent royalty box' have been proposed but have not yet entered into force. Interest income of groups qualifying for the 'group interest box' regime could opt for taxation on the balance of interest proceeds and costs related to intra-group loans at an effective corporate tax rate of 5 %. Corporations can opt for taxation of benefits derived from self-developed intellectual property in the 'patent royalty box' at an effective rate of 10 % on an asset-by-asset basis. As of 1 August 2007, a new investment fund regime was introduced which abolishes the shareholder requirement, gearing limitations and distribution obligation applicable under old regime.

Transparent measures that better reflect the environmental effects of products in consumer prices were introduced: a tax on flight tickets, a tax on packaging materials, and an increase of excise duties on environmentally unfriendly fuels. The representation of the environmental quality of motor cars in the rates of the registration tax on motor cars and motor cycles has been improved. Relatively energy-efficient cars receive a rebate of €1 400 (€1 000 in 2007), while energy-inefficient cars have to pay an extra amount of up to €1 600 (€540 in 2007). In addition, petrol and diesel engine cars emitting more than respectively 240 and 200 grams of CO<sub>2</sub> per kilometre become subject to a tax of €80 to €90 per additional gram of CO<sub>2</sub> per kilometre, while the addition to taxable personal income for the private use of company cars is reduced if the car's CO<sub>2</sub> emissions do not exceed 110 grams per kilometre. Furthermore, excises on alcoholic beverages and tobacco will be substantially increased. Part of the revenues from the registration tax has been shifted to the holding tax on motor cars in anticipation of the introduction of payment per kilometre ('kilometerheffing').

## **Main features of the tax system**

### *Personal income tax*

The Dutch PIT system consists of three so-called boxes:



Box 1 consists of labour income items as well as some capital income items, such as the proceeds of capital that proprietors employ in their own businesses, the presumptive income from owner-occupied housing, interest and rental income. The sum of income in box 1 is taxed at progressive rates ranging from 33.60 % to 52 % (income tax and social security contributions).

Box 2 contains profit distributions and capital gains in connection with closely held companies, in which particular shareholders have a substantial interest. The nominal PIT rate on these income items is 25 %, but the effective overall tax rate is higher, because these items are also subject to the corporation tax at the level of the company.

Box 3 includes the returns on individually held assets such as saving deposits, stocks, bonds, and real estate (except owner-occupied housing). The items in this box are subject to the presumptive capital income tax. The statutory rate is 30 % on a presumptive return of 4 % on the average value of the net assets during the taxable year.

### *Corporate taxation*

In the Netherlands, profit for fiscal purposes is not necessarily calculated on the basis of the annual financial statements. Profits should be determined according to 'sound business practice', a concept that has mainly been developed in case law. One of its requirements is the use of consistent accounting methods. This means that the method of determining profits may be changed only if this is compatible with sound business practice.

Under certain conditions a parent company may be taxed as a group together with one or more of its subsidiaries. For corporate income tax (CIT) purposes this means that the parent company and subsidiary are deemed to be one fiscal entity. The main advantages of group taxation are that the losses of one company can be offset against profits from another company within the group, and that fixed assets can in principle be transferred tax-free from one company to another. The current profits of corporations (publicly- and closely-held companies) are subject to the corporation tax at a rate of 25.5 % (20 % for profits up to €40 000 and 23 % for profits between €40 000 and €200 000).

### *VAT and excise duties*

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

### *Wealth and transaction taxes*

The net wealth tax was abolished in 2001.

### *Social contributions*

The social security system (*sociale verzekeringen*) is composed of national insurance (*volksverzekeringen*) and employee insurance (*werknemersverzekeringen*). The national insurance applies to all inhabitants and its financing is integrated in the income tax and wage (withholding) tax levy. The employee insurance applies to employees and is financed by a levy calculated on gross salaries (with a maximum amount) and depends on the economic sector. For basic health insurance each adult pays a fixed amount of, on average, €1 012 a year. In addition, 6.5 % of gross earnings are paid up to a maximum income of €30 623. For the latter contribution an employee receives mandatory full compensation from his employer. This compensation is subject to the personal income tax. Furthermore low-income taxpayers can receive a compensation for the fixed health care insurance payments (*zorgtoeslag*).

## POLAND

	1995	2000	2001	2002	2003	2004	2005	2006	2006		
<b>A. Structure of revenues</b>									% of GDP	€ bn	Ranking <sup>1</sup>
Indirect taxes	14.2	12.6	12.5	13.2	13.2	13.1	13.9	14.5	39.3	11	
VAT	6.2	6.9	6.8	7.2	7.1	7.2	7.7	8.1	22.1	10	
Excise duties and consumption taxes	4.6	3.7	3.7	4.0	4.1	4.2	4.2	4.0	11.0	2	
Other taxes on products (incl. import duties)	1.8	0.8	0.6	0.6	0.6	0.4	0.3	0.3	0.7	27	
Other taxes on production	1.6	1.3	1.4	1.4	1.3	1.4	1.7	2.0	5.5	9	
Direct taxes	11.7	7.2	6.7	6.9	6.6	6.4	7.0	7.5	20.4	23	
Personal income	8.4	4.4	4.5	4.3	4.2	3.6	3.9	4.6	12.5	22	
Corporate income	2.7	2.4	1.9	2.0	1.8	2.2	2.5	2.4	6.5	22	
Other	0.7	0.3	0.3	0.6	0.6	0.5	0.6	0.5	1.4	19	
Social Contributions	11.3	12.9	13.4	12.9	12.8	12.3	12.3	12.2	33.1	10	
Employers'	5.9	5.7	5.7	5.4	5.2	4.9	4.9	4.9	13.2	21	
Employees'	4.7	5.5	5.5	5.1	5.2	5.0	4.8	4.9	13.3	5	
Self- and non-employed	0.8	1.8	2.1	2.5	2.4	2.4	2.5	2.5	6.7	4	
<b>B. Structure according to level of government</b>									% of GDP		
Central Government	21.3	16.9	16.1	16.9	16.7	15.2	16.4	17.5	47.4	19	
State Government <sup>2</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Local Government	4.7	3.0	3.1	3.3	3.1	4.0	4.1	4.3	11.6	11	
Social Security Funds	11.3	12.9	13.4	12.9	12.8	12.3	12.3	12.2	33.1	7	
EU Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.3	0.3	0.7	20	
<b>C. Structure according to economic function</b>									% of GDP		
Consumption	12.7	11.3	11.1	11.8	11.9	11.8	12.2	12.5	33.8	12	
Labour	17.0	14.2	14.4	13.4	13.2	12.5	12.6	13.0	35.3	20	
Employed	14.7	13.5	13.6	12.7	12.5	11.8	11.9	12.2	33.1	20	
Paid by employers	5.9	5.7	5.7	5.4	5.2	4.9	4.9	4.9	13.2	21	
Paid by employees	8.8	7.8	7.9	7.3	7.3	6.9	6.9	7.3	19.9	16	
Non-employed	2.4	0.7	0.8	0.7	0.7	0.7	0.7	0.8	2.3	16	
Capital	7.5	7.2	7.0	7.8	7.4	7.5	8.4	8.7	23.7	10	
Capital and business income	5.4	5.5	5.3	5.8	5.6	5.7	6.2	6.2	16.8	10	
Income of corporations	2.7	2.4	1.9	2.0	1.8	2.2	2.5	2.4	6.5	23	
Income of households	0.0	0.2	0.1	0.2	0.3	0.2	0.2	0.2	0.6	21	
Income of self-employed (incl. SSC)	2.6	2.9	3.3	3.6	3.5	3.3	3.5	3.6	9.7	2	
Stocks of capital / wealth	2.2	1.6	1.7	1.9	1.8	1.8	2.2	2.5	6.9	9	
Less: amounts assessed but unlikely to be collected	0.2	0.2	0.4	0.4	0.3	0.3	0.4	0.4			
<b>TOTAL</b>	<b>37.1</b>	<b>32.6</b>	<b>32.2</b>	<b>32.7</b>	<b>32.2</b>	<b>31.5</b>	<b>32.8</b>	<b>33.8</b>	<b>91.9</b>	<b>19</b>	
									% of GDP		
Of which environmental taxes	1.8	2.1	2.1	2.4	2.5	2.6	2.7	2.8	7.5	11	
Energy	1.2	1.8	1.8	2.0	2.1	2.1	2.3	2.3	6.2	6	
Transport	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.2	0.6	21	
Pollution/Resources	0.4	0.2	0.1	0.2	0.1	0.1	0.1	0.3	0.7	5	
<b>D. Implicit tax rates</b>									%	Ranking <sup>1</sup>	
Consumption	21.3	17.8	17.2	17.9	18.3	18.5	19.6	20.2		16	
Labour employed	36.8	33.6	33.2	32.4	32.7	32.7	33.1	34.4		13	
Capital	20.9	20.6	20.8	22.8	21.0	18.5	22.2	-			
Capital and business income	14.9	16.0	15.8	17.1	15.8	14.0	16.3	-			
Corporations	46.8	37.7	37.9	39.2	22.6	18.7	22.4	-			
Households	8.1	10.0	10.9	12.0	12.7	11.1	12.7	-			
<b>p.m.:</b>											
Real GDP growth (annual rate)	-	4.3	1.2	1.4	3.9	5.3	3.6	6.1			
Output gap (potential)	-2.0	1.3	-0.2	-1.6	-1.1	0.3	-0.5	0.3			

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

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

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

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

Source: Commission Services

## Overall trends in taxation

### *Structure and development of tax revenues*

As at 2006, the ratio of total taxes on GDP in Poland lay at 33.8 %, well below the EU-27 average (37.1 %). This level is lower than in other neighbouring countries such as the Czech Republic (36.2 %) and Germany (39.3 %), but is higher than in Slovakia (29.3 %)

Indirect taxes play a much more important role in Poland than direct taxes, raising almost double the revenue (14.5 % of GDP compared to 7.5 % in 2006). Indeed, the proceeds from indirect taxes lie close to the EU mean value (14.3 %), whereas direct tax revenue is well below the EU-27 average (12 %). Revenue from personal income taxes in particular account for 4.6 % of GDP, only slightly more than half the EU-27 average (7.8 % of GDP). The main reason for the low level of direct taxes is the substantial shift from personal income tax to social security contributions that took place in 1999, with the introduction of a global reform of the social security system. Social security contributions play as important a role as indirect taxes, accounting for 12.2 % of GDP, a level exceeding the EU-27 average (11.0 %).

The distribution of revenue between levels of government has changed significantly over the period under consideration, as central government revenue, as a share of GDP, has shrunk since 1995, while the share collected by social security funds has increased. Local government revenue oscillated around the 3 % of GDP mark after the introduction of the first major reform of the local governments in 1999, before increasing to 4 % from 2004 onwards as a result of the new law on local government finance.

The overall tax burden decreased progressively from 37.1 % of GDP in 1995 to 31.5 % in 2004, reflecting mostly the reforms of tax and social security contributions carried out in those years. In contrast, the 2004-2006 period was characterised by a slight increase in a tax-to-GDP ratio, which reached a level of 33.8 % of GDP in 2006. This trend has been driven mostly by an increase in VAT revenues, as a result of a strong domestic consumption, and by buoyant growth in PIT revenue.

### *Taxation of consumption, labour and capital; environmental taxation*

Revenue from consumption taxes is close to the EU-27 average (12.5 % of GDP, EU-27 12.4 %). The ITR on consumption declined markedly from 1995 to 2001 but has been picking up since, reflecting strong VAT and excise duties revenue growth.

At 34.4 %, the ITR on labour for 2006 is slightly below the EU-27 average (34.8 % in 2006). The ratio has been picking up steadily since 2002, but remains below the level recorded in 1995.

The ITR on capital for 2006 is not available. As at 2005, the ITR on capital stood at 22.2 % - a value well below the EU-27 average (26.8 %). It increased by 3.7 percentage points from 2004 to 2005 mainly due to the more effective collection of corporate taxes.

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

### *Current topics and prospects; policy orientation*

The new government headed by the Civic Platform has been discussing the possibility of introducing a flat income tax at a maximum rate of 18 % by 2011 at the latest. A number of amendments with regards to the corporate income

tax and the tax on capital gains have been subject of the current political debate. The central government budget deficit will remain the main concern of the government policy debate in the coming years.

## Main features of the tax system

### *Personal income tax*

The main emphasis of the tax measures undertaken since 1995 in the field of the personal income tax was on closing tax loopholes, reducing exemptions, and simplifying the tax code. PIT rates have been reduced three times since 1995. To counterbalance the decline in PIT progressivity in recent years, the tax base has been broadened by abolishing a number of tax deductions, perceived as distorting consumption, savings and investment decisions, and by including fringe benefits and benefits in kind within taxable income.

Since 2006 Poland has applied three tax rates, 19 %, 30 % and 40 %. The lowest statutory rate applies to the vast majority of taxpayers; for 2008 the threshold is set at PLN 44 490 (around €12 200). Income above PLN 85 528 (around €23 400) is charged at the highest rate of 40 %. Dividends and interest payments are subject to a final withholding tax at a rate of 19 per cent.

There is no personal allowance and a standard tax credit of currently PLN 586.85 (around €160) is granted to all taxpayers. There are a limited number of allowed deductions that may reduce aggregate taxable income, e.g. social security contributions, donations to religious and public utility organisations, the costs of an internet access in the taxpayer's premises and interest on a mortgage loan not exceeding PLN 212 870 (around €58 200). A tax credit is granted for contributions to the obligatory health insurance scheme. A standard deduction for employees of PLN 1 335 (around €365) applies to income derived from one employer, and one of PLN 2 002.05 (around €550) to income derived from more than one employer. If expenses incurred by a taxpayer for commuting by public transport exceed the above standard deductions, the actual expenses may be claimed. Individuals are required to pay individual income tax and spouses are taxed separately.

### *Corporate taxation*

Since 1995 a number of tax measures have been taken in the field of corporate taxation. Over the last few years, the corporate income tax has been cut alongside the personal income tax; in particular, tax rates have been significantly reduced through stepwise reductions to the current 19 % level from 40% in 1996 (see also Part II.4). The tax base has been broadened by limiting or abolishing various incentive schemes, investment credits and property-related tax shelters. Depreciation for tax purposes has been brought more closely in line with economic depreciation and the number of depreciation schedules has been drastically reduced. A number of amendments have been made to the tax law in order to adapt it to the EU regulations on direct taxation, such as the EC Parent-Subsidiary Directive, the EC Merger Directive and the Interest and Royalties Directive, and to the rulings of the European Court of Justice on withholding taxes and thin capitalisation.

The Polish corporate income tax system is a classical tax system; corporate income is fully taxed at the company level, with the distributed profits being taxed again by way of a final withholding tax in the hands of the shareholders. The corporate income tax rate is 19 % and is applicable to income and capital gains. Capital gains are added to total ordinary income. Tax law provides for a list of non-deductible expenses (e.g. representation expenses). From 1 January 2007 donations made to public organizations registered in Poland or another EEA country (EU Member States, Iceland, Liechtenstein and Norway), as well as donations for religious purposes, are deductible from taxable income up to a maximum of 10% of income.

Tax losses may be carried forward for five years. The set-off may not exceed 50 % of the loss in each year. Tax loss carry-back is not allowed. Poland applies the notion of a tax group.

In 2007 a new regulation applicable to small taxpayers and business start-ups was introduced. It allows for a one-off depreciation of certain fixed assets. The deduction takes place in the year when the fixed asset is recorded and is limited to EUR 50 000.

#### *VAT and excise duties*

VAT law provides for the following tax rates: the basic 22 % rate, the reduced 7 % rate, the 3 % super reduced rate and the 0 % rate. The standard rate is applicable to most goods and services. As a result of the accession negotiations, Poland was granted transitional arrangements in the area of indirect taxation (VAT and excise duties) until the end of 2007, and therefore maintained its existing reduced VAT rate on restaurant services and construction and the zero rate on books. The application of the transitional arrangements has been prolonged until 2010. A special reduced rate of 5 % applies to lump-sum refunds to flat-scheme farmers.

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

#### *Wealth and transaction taxes*

There is no wealth tax. The stamp duty applies to official acts performed on the basis of notification or upon request of the person concerned. The rate ranges from PLN 5 (around €1.30) to PLN 12 750 (around €3 370).

#### *Social contributions*

Both employers and employees have to pay to the Social Security Fund contributions for old-age pensions, at equal rates of 9.76 % of gross remuneration. Employees' contributions are withheld by the employer. There is a ceiling for paying contributions for old-age pensions equal to the annual equivalent of 30 projected average monthly salaries in the calendar year. In addition to the compulsory scheme there is a possibility to opt for employees' voluntary private pension plans and life insurance. The social security system includes also contributions for disability insurance (1.5 % paid by employee and 4.5 % by the employer); health and maternity insurance (paid at 2.45 % by employee), as well as injury insurance (paid solely by employer at 0.97 % to 3.86 %). Additionally, there is an obligatory health insurance contribution to cover medical expenses (paid at 9 %), which is creditable against the income tax liability, up to 7.75 %.

# PORTUGAL

	1995	2000	2001	2002	2003	2004	2005	2006	2006	
									<b>A. Structure of revenues</b>	
	% of GDP								€ bn	Ranking <sup>1</sup>
Indirect taxes	13.9	14.1	14.0	14.5	15.1	14.4	15.3	15.7	24.4	5
VAT	7.1	8.0	7.7	7.9	8.0	8.0	8.7	8.9	13.8	6
Excise duties and consumption taxes	3.7	2.7	2.9	3.1	3.3	3.2	3.1	3.2	5.0	13
Other taxes on products (incl. import duties)	2.5	2.8	2.7	2.6	2.4	2.5	2.7	2.9	4.4	6
Other taxes on production	0.5	0.6	0.7	0.9	1.4	0.7	0.7	0.8	1.2	17
Direct taxes	8.5	9.9	9.5	9.4	8.7	8.6	8.5	8.8	13.7	20
Personal income	5.6	5.6	5.6	5.4	5.4	5.2	5.3	5.5	8.5	20
Corporate income	2.4	3.9	3.4	3.4	2.9	3.0	2.8	3.0	4.6	15
Other	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.5	23
Social Contributions	9.5	10.3	10.5	10.8	11.0	11.1	11.4	11.4	17.7	15
Employers'	6.0	6.7	6.7	6.9	6.9	7.1	7.3	7.4	11.5	11
Employees'	3.1	3.2	3.4	3.4	3.6	3.5	3.5	3.4	5.3	11
Self- and non-employed	0.4	0.5	0.4	0.4	0.6	0.5	0.6	0.5	0.8	18
									<b>B. Structure according to level of government</b>	
	% of GDP									
Central Government	19.4	21.0	20.6	21.1	21.0	20.2	20.9	21.6	33.5	16
State Government <sup>2</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	1.7	2.1	2.0	2.1	2.0	2.1	2.2	2.2	3.4	19
Social Security Funds	9.9	10.7	10.8	11.1	11.5	11.5	11.8	11.9	18.4	8
EU Institutions	0.9	0.6	0.5	0.4	0.3	0.3	0.2	0.3	0.4	18
									<b>C. Structure according to economic function</b>	
	% of GDP									
Consumption	12.6	12.4	12.4	12.7	12.7	12.7	13.5	13.8	21.4	6
Labour	13.3	14.1	14.3	14.5	14.7	14.7	15.0	15.1	23.5	15
Employed	12.7	13.5	13.6	13.8	13.9	13.9	14.2	14.3	22.2	17
Paid by employers	6.1	6.7	6.7	6.9	6.9	7.1	7.3	7.4	11.5	12
Paid by employees	6.6	6.8	6.9	6.9	7.0	6.8	6.9	6.9	10.7	19
Non-employed	0.5	0.6	0.7	0.7	0.8	0.8	0.8	0.8	1.3	17
Capital	6.0	7.8	7.2	7.4	7.4	6.7	6.6	7.0	10.8	17
Capital and business income	4.3	5.8	5.3	5.2	4.7	4.7	4.6	4.8	7.4	21
Income of corporations	2.4	3.9	3.4	3.4	2.9	3.0	2.8	3.0	4.6	17
Income of households	1.1	1.0	1.0	0.9	0.9	0.9	0.9	0.9	1.4	11
Income of self-employed (incl. SSC)	0.9	0.9	0.9	0.8	0.9	0.9	0.9	0.9	1.4	19
Stocks of capital / wealth	1.7	2.0	2.0	2.3	2.7	2.0	2.1	2.2	3.4	11
<b>TOTAL</b>	<b>31.9</b>	<b>34.3</b>	<b>33.9</b>	<b>34.7</b>	<b>34.8</b>	<b>34.1</b>	<b>35.1</b>	<b>35.9</b>	<b>55.7</b>	<b>16</b>
									<b>D. Implicit tax rates</b>	
	%									Ranking <sup>1</sup>
Consumption	19.1	19.2	19.3	19.9	19.8	19.7	20.6	21.1		13
Labour employed	26.4	27.0	27.4	27.6	27.8	27.9	28.4	28.5		22
Capital	20.5	32.7	30.6	32.2	31.6	27.9	28.1	-		
Capital and business income	14.7	24.3	22.3	22.3	20.0	19.7	19.3	-		
Corporations	17.1	25.5	22.7	22.4	19.2	19.2	18.9	-		
Households	9.5	16.3	14.9	15.1	15.0	13.1	11.9	-		
<b>p.m.:</b>										
Real GDP growth (annual rate)	-	3.9	2.0	0.8	-0.8	1.5	0.7	1.2		
Output gap (potential)	-2.5	3.1	2.6	1.2	-1.2	-1.3	-2.1	-2.1		

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

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

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

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

Source: Commission Services



## Overall trends in taxation

### *Structure and development of tax revenues*

In 2006, the Portuguese overall tax burden (including social contributions) stood at 35.9 % of GDP, more than one percentage point below the EU-27 average (37.1 %). Portugal's tax-to-GDP ratio is slightly below that in neighbouring Spain.

Portugal relies relatively heavily on indirect taxation for collecting budget revenue. In 2006 the share of indirect taxes amounted to 43.8 % (EU-27 38.9 %). The share of VAT over GDP was nearly one percentage point higher than the EU-27 average. The share of social contributions is also above the EU average (31.7 %, EU-27 29.8 %). On the other hand, the share of direct taxes amounted to only 24.5 % of total tax revenue (EU-27 31.4 %).

As for the structure by level of government, the share of taxes collected by local government is rather low at 6.2 % (EU-27 11.3 %), whereas the percentage received by social security institutions is quite high (33.0 %, EU-27 28.7 %).

As a consequence of increases in CIT and VAT revenues as well as in social contributions, the tax-to-GDP ratio, which had been the fifth lowest in the EU-25 in 1995, increased quite significantly between the years 1995 and 1999. This strong increase in tax revenue was due to a growth pattern concentrated on domestic demand and, in particular, private consumption.<sup>1)</sup> After being more or less stable for two years, the ratio increased further in 2002 and 2003. This was especially due to an increase in revenues from indirect taxes and the implementation of a tax amnesty on direct taxes and social contributions. After a temporary reduction in 2004, the ratio increased further in 2005 and 2006 mainly due to a further increase in revenues from indirect taxes.

### *Taxation of consumption, labour and capital; environmental taxation*

In line with high revenue from indirect taxes, taxes on consumption play an important role in Portugal, representing more than 38 % of total tax revenue. Mainly due to the increase in the VAT standard rate in 2002 and 2005 the implicit tax rate on consumption increased in recent years, reaching 21.1 % in 2006. Nevertheless, it remained below the EU-27 average (22.1 %).

Taxes on labour as a percentage of GDP are below the EU average (15.1 %, EU-27 17.3 %). The implicit tax rate on labour has increased quite significantly in recent years, however, from 26.5 % (1999) to 28.5 % (2006), despite marginal reductions in personal income tax rates and targeted reductions of social contributions. Despite the trend increase the implicit tax rate on labour still remains well below the EU-27 average (34.8 %).

The ITR on capital was slightly above the EU-27 average in 2005, the latest year for which data for Portugal are available (28.1 %, EU-27 26.8 %). However, it has come down markedly from the peak at the beginning of the decade (32.7 % in 2000). The capital tax to GDP ratio has shown a similar trend in recent years as the ITR on capital. In 2006 the capital tax to GDP ratio has gone up, as in the EU-27 in general, mainly do to an increase in revenues from corporate taxation.

Despite the reduction in the statutory corporate tax rate by nearly one third in the 1995-2006 period, corporation tax revenues increased significantly in percent of GDP up to 2000 (1995: 2.4 %, 2000: 3.9 %). This may be explained by several factors; in particular the low 1995 value reflected the lagged impact of a growth slowdown in previous years, whereas growth was rather high in the 1995-2000 period. Moreover, during the period of fiscal consolidation and preparation for EMU, Portugal experienced a sharp reduction in interest rates. This resulted in a significant

1) European Commission (2000a, 2002b).

reduction in interest payments by corporations, as seen in detailed capital income data. As a result, deductions for interest were more limited than before. After 2000, corporation tax revenues again decreased (as % of GDP), but they still remain well above their 1995 level (2006: 3.0 %).

Portugal's level of environmental taxes is above average (2.9 % of GDP, EU-27 2.7 %), notably with respect to energy taxes (70 % of total environmental taxes).

#### *Current topics and prospects; policy orientation*

The State Budget for 2008 contains adjustments in several areas of taxation rather than substantial tax reforms. Among others, the budget includes measures to support SMEs (e.g. in less developed areas the standard CIT rate applicable to small enterprises has been reduced from 20% to 15% and 10% for newly incorporated companies), to enhance urban regeneration (e.g. reduced VAT rates are temporarily applied to the construction sector) and to protect the environment (e.g. the weight of the CO<sub>2</sub>-component in both the motor vehicle tax and the single road tax is increased). Furthermore, in light of the problem of population ageing, the government adopted last year several measures aimed at boosting birth rates (e.g. family allowances are awarded from the 13th week of pregnancy and certain family allowances are increased).

According to the Portuguese Stability and Growth Programme 2007-2011, the government intends to continue the fight against tax fraud and evasion and abusive tax planning, using both legislative and operational measures. The better use of available information plays a central role in the fight against fraud and evasion.

## **Main features of the tax system**

### *Personal income tax*

In Portugal the personal income tax (IRS) is levied on the aggregated base of six income categories. There is no personal allowance, but a single personal tax credit which is linked to the minimum wage and which is increased in order to take the family situation of the taxpayer into account. Portugal applies a progressive tax rate with seven brackets (from 10.5 % to 42.0 % in 2008), the top marginal rate being reached at an income of €62 546. In the Azores the rates are reduced by 20 %, while in Madeira the rates range from 8.5 % to 41 %. As of 2007 municipalities choose their share in the revenue from IRS, up to a maximum of 5 % of their resident taxpayers' tax liability. If the stake is below 5 %, a tax credit corresponding to the difference will be granted to the resident taxpayer.

Spouses living in a single household have to file a joint return including the aggregated family income. However, they benefit from an income-splitting relief. Interest and dividends are subject to a withholding tax of 20 %. Resident individuals may opt to include 50 % of the gross domestic dividends (or dividends received from EU entities covered by the 'parent subsidiary directive') in their taxable income according to the partial exemption system and in the latter case the tax withheld at source constitutes an advance payment.

In the years up to 2006, Portugal reduced the statutory PIT rates in several steps, adjusted thresholds upwards and made tax credits for savings, housing, health and education expenses more favourable. In 2006, however, a higher top rate was introduced.

### *Corporate taxation*

The general rate of the corporate income tax (IRC) is 25 %. For small companies taxed under the 'simplified scheme' a reduced rate of 20 % applies. Subject to certain conditions, companies operating in less developed inland areas may qualify for a reduced rate of 15 % (10 % for the first five years if they are start-ups) and other tax



incentives. For the Azores and Madeira special rules apply. On top of the corporate income tax, municipalities may levy a non-deductible surcharge of up to 1.5 % of the taxable profit (before the deduction of tax losses). Capital gains are not taxed separately but are usually included in ordinary income. Under special conditions there is a relief of 50 % if the proceeds are reinvested. Ordinary losses are deductible in the calculation of the tax base, whereas special rules apply for capital losses derived from the alienation of shares.

As of 2002 the partial imputation system was replaced by a partial exemption system.

#### *VAT and excise duties*

As already mentioned, after an increase by two percentage points in 2002, the VAT standard rate was raised further from 19 % to 21 % in 2005.

Portugal applies three rates for VAT: a standard rate of 21 %, an intermediate rate of 12 % (on restaurants, some wines, some foodstuffs, fuel oil and coloured diesel) and a reduced rate of 5 % (on basic foodstuffs, books, periodicals and newspapers, water and electricity, among others). In the Azores and Madeira the standard rate is 15 %, whereas the intermediate rate is 8 % and the reduced rate is 4 %. Excise duties revenues are in line with the EU-27 average. The most important revenue raisers are the tax on petroleum and energy products and the excise tax on tobacco products.

#### *Wealth and transaction taxes*

In December 2003 and January 2004 respectively, the local tax on real estate and the transfer tax were replaced by new municipal taxes. Currently, two taxes on wealth are in force: the municipal real estate tax (IMI) and the municipal real estate transfer tax (IMT). There is no net wealth tax. As of 2004 the gift and inheritance tax was abolished. A stamp tax is levied on transfers of property on death or gift only if the donor and the beneficiary are not next of kin.

#### *Local taxes*

In addition to the taxes already mentioned, taxation at the local level also comprises a municipal tax on vehicles.

#### *Social contributions*

Employees pay contributions equal to 11 % of their gross salary without any ceiling (10 % for members of the corporate board, but up to a ceiling). The employers' contribution rate is 23.75 % (21.25 %). Social security contributions are deductible from the PIT and the CIT.

## ROMANIA

	1995	2000	2001	2002	2003	2004	2005	2006	2006		
<b>A. Structure of revenues</b>									% of GDP	€ bn	Ranking <sup>1</sup>
Indirect taxes	-	-	11.4	11.7	12.3	11.8	12.9	12.7	12.4	20	
VAT	-	-	6.3	7.1	7.2	6.7	8.1	7.9	7.7	12	
Excise duties and consumption taxes	-	-	2.3	2.4	3.5	3.6	3.3	3.2	3.1	14	
Other taxes on products (incl. import duties)	-	-	2.3	1.5	1.0	1.0	1.0	1.1	1.0	18	
Other taxes on production	-	-	0.5	0.6	0.6	0.5	0.5	0.6	0.5	22	
Direct taxes	-	-	6.1	5.7	5.9	6.3	5.3	6.1	6.0	26	
Personal income	-	-	3.3	2.7	3.1	2.8	2.3	2.8	2.8	25	
Corporate income	-	-	2.5	2.5	2.7	3.1	2.7	2.8	2.8	18	
Other	-	-	0.3	0.5	0.1	0.3	0.3	0.4	0.4	21	
Social Contributions	-	-	10.3	10.8	9.5	9.3	9.7	9.8	9.5	19	
Employers'	-	-	6.4	6.5	6.2	5.9	6.4	6.3	6.2	14	
Employees'	-	-	3.8	4.2	3.1	3.1	2.9	-	-	n.a.	
Self- and non-employed	-	-	0.1	0.1	0.2	0.2	0.4	-	-	n.a.	
<b>B. Structure according to level of government</b>									% of GDP		
Central Government	-	-	16.7	12.2	12.4	12.4	12.3	11.5	11.2	26	
State Government <sup>2</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Local Government	-	-	0.7	5.6	5.9	5.8	6.0	7.5	7.3	4	
Social Security Funds	-	-	10.3	10.4	9.4	9.2	9.5	9.6	9.4	17	
EU Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
<b>C. Structure according to economic function</b>									% of GDP		
Consumption	-	-	-	11.3	11.5	11.3	12.4	12.0	11.7	14	
Labour	-	-	-	12.3	11.2	10.8	10.9	-	-	n.a.	
Employed	-	-	-	12.3	11.2	10.8	10.8	-	-	n.a.	
Paid by employers	-	-	-	6.5	6.2	5.9	6.4	6.3	6.2	17	
Paid by employees	-	-	-	5.8	5.0	4.9	4.4	-	-	n.a.	
Non-employed	-	-	-	0.0	0.0	0.0	0.0	-	-	n.a.	
Capital	-	-	-	4.5	5.0	5.3	4.7	-	-	n.a.	
Capital and business income	-	-	-	4.0	4.4	4.7	4.1	-	-	n.a.	
Income of corporations	-	-	-	2.6	2.8	3.2	2.7	2.9	2.9	18	
Income of households	-	-	-	1.2	1.2	1.2	0.8	1.0	1.0	8	
Income of self-employed (incl. SSC)	-	-	-	0.2	0.3	0.4	0.5	-	-	n.a.	
Stocks of capital / wealth	-	-	-	0.6	0.6	0.6	0.6	0.8	0.8	22	
<b>TOTAL</b>	-	-	<b>27.8</b>	<b>28.1</b>	<b>27.7</b>	<b>27.4</b>	<b>27.9</b>	<b>28.6</b>	<b>27.9</b>	<b>27</b>	
									% of GDP		
Of which environmental taxes	-	-	-	2.1	2.5	2.4	2.0	1.9	1.9	25	
Energy	-	-	-	1.8	2.1	2.4	1.9	1.7	1.7	19	
Transport	-	-	-	0.0	0.1	0.0	0.0	0.1	0.1	24	
Pollution/Resources	-	-	-	0.3	0.3	0.0	0.1	0.1	0.1	13	
<b>D. Implicit tax rates</b>									%	Ranking <sup>1</sup>	
Consumption	-	-	-	16.6	17.6	16.5	18.0	17.7	-	23	
Labour employed	-	-	-	31.2	30.1	29.2	29.1	-	-	n.a.	
Capital	-	-	-	-	-	-	-	-	-		
Capital and business income	-	-	-	-	-	-	-	-	-		
Corporations	-	-	-	-	-	-	-	-	-		
Households	-	-	-	-	-	-	-	-	-		
<b>p.m.:</b>											
Real GDP growth (annual rate)	-	2.1	5.7	5.1	5.2	8.5	4.2	7.9			
Output gap (potential)	5.6	-7.3	-4.7	-3.2	-2.1	1.6	0.6	2.4			

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

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

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

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

Source: Commission Services

## Overall trends in taxation

### *Structure and development of tax revenues*

The overall tax-to-GDP ratio of Romania is, at 28.6 % in 2006, 8.5 percentage points lower than the EU-27 average. The level of taxation in Romania is the lowest in the EU.

The tax structure of Romania stands out in several respects. Romania has the fourth highest reliance on indirect taxes in the Union after Bulgaria, Cyprus and Malta. Indirect taxes supply 44.5 % of total tax revenue compared to a 38.9 % EU-27 average in 2006, while the share of social contributions account for 34.2 % and direct taxes only for 21.4 %. Because of this structure, the share of VAT on total tax and social contributions revenue in 2006 (28.6 %) was the second highest in the Union. The low level of direct taxes is mainly due to low personal income taxes (merely 2.8 % of GDP in 2006), amounting to one third of the EU-27 average. The revenues from corporate income taxes as a share of GDP also lie below the EU average by 0.5 percentage points.

The share of taxes collected by local government is two thirds of the share of the central government (7.5 % and 11.5 % of GDP respectively in 2006), representing a relatively high value in comparison with the other EU member states. In absolute terms, the level of funds accruing to local government has increased tenfold since 2001. The revenue shares received by the social security funds account for 9.6 % of GDP, one percentage point below the EU-27 average.

The tax-to-GDP ratio has remained quite stable since 2001 (the first year for which data are available), displaying only a modest degree of fluctuation. The 2006 year-on-year increase is due to the higher PIT receipts, as well as to the effects of a growth spurt in that year.

### *Taxation of consumption, labour and capital; environmental taxation*

Romania has followed a strategy of relying primarily on consumption taxes. Nevertheless, the ITR on consumption is, at 17.7 % in 2006, still 4.4 percentage points lower than the EU-27 average.

Data for the ITR on labour exist only for the years 2002 to 2005. The ratio declined steadily over that period. As of 2005, the ITR was markedly below the EU average (29.1 %, compared with 34.6 % for the EU-27).

Taxation of capital is one of the lowest in the EU, yielding merely 4.7 % of GDP as compared with 7.4 % in the EU-27 average (in 2005; few data are available for 2006). Taxes on self-employed income in particular yield only 0.5 % of GDP, one third of the EU-27 average. Revenue from taxes on stocks of capital/wealth, too, lies well below the EU-27 average (0.8 % of GDP in 2006, EU-27 2.0 %). The capital income taxation of corporations has been relatively stable over the last 5 years and lies, in 2006, 0.5 percentage points below the EU-27 average.

Environmental tax revenue levels (1.9 % of GDP) lie well below the EU-27 average (2.7 %); in fact, this value is the third lowest in the EU. Most of this revenue is realised on energy: the other two categories of environmental taxes, transport and pollution/resources, each raise just 0.1 % of GDP.

### *Current topics and prospects; policy orientation*

A number of amendments in the corporate tax system have been introduced from 1<sup>st</sup> January 2008. These include provisions on capital gains realised from statutory accounting revaluation of fixed assets (they will be allocated to equity and become taxable is used to cover losses or distribute dividends), on deductible expenses, and on the tax treatment of the dissolution of single-shareholder companies. The planned introduction of a tax advance system for corporations, foreseen for 2008, was postponed for two years. Furthermore, the possibility for local authorities to

grant local tax exemptions to investments over €500 000 has been scrapped; the incentives will have to fall within those allowed for regional development, in conformity with State aid legislation.

The government also established procedures for issuing advance pricing agreements and individual tax rulings, and amended VAT legislation in several respects, notably abolishing the reverse charge procedure on construction work supplied between taxable persons registered for VAT. In the domain of personal income, the exemption threshold for pension income was raised. Finally, excise duties on cigarettes have been raised.

## Main features of the tax system

### *Personal income tax*

As from 2005 a flat rate tax system has replaced the previous four bracket system, with tax rates ranging from 18 % to 40 %. The flat tax rate has been set at 16 %, the same applied on taxable corporate profits. This rate applies to income from independent work activity, royalties, income from movable and immovable property (such as rents), but also to short-term capital gains on listed shares. Interest income, too, is subject to a final withholding tax of 16%.

Taxpayers do not need to fill in a tax return if they only receive labour income in Romania or from investments and other activities subject to a final withholding tax. Commuting expenses and expenses incurred on secondment are generally exempt, under conditions. Moreover, employment income earned by employees whose main activity is software development is also exempted from income tax. Benefits in kind are normally taxed, but meal vouchers are exempted from tax. Income from stock options is not taxed when the option is granted nor upon its exercise, but only when the acquired shares are sold. Pension income is taxed only for the portion exceeding a threshold, which is adjusted regularly (currently RON 1 000 per month).

### *Corporate taxation*

Romanian corporate income tax follows the classical system: corporate profits are taxed at the company level and distributed profits are taxed again at the level of both corporate and individual shareholders. The standard flat-tax rate is 16 % (before 2005 it was 25 %). Dividends received from other Romanian resident companies are exempt from taxation. Capital gains are generally treated as ordinary business income and subject to the same rate.

Expenses incurred for business purposes are generally deductible, except when used to supply benefits to shareholders or employees or when related to damaged or lost goods. Depreciation over periods fixed by the law applies to assets with a value above RON 1 800; depreciation may follow the straight-line, degressive or accelerated method. Companies have to allocate up to 5 % of the annual accounting profits to a legal reserve, which is not taxed until its amount reaches 20 % of the share capital. Banks, insurance companies, credit unions and guarantee funds may create specific tax-deductible reserves.

The EC Parent-Subsidiary Directive applies from 1 January 2007. The transitional period relating to implementation of the Interest and Royalties Directive, foresees that a 10 % withholding tax will apply to interest and royalties if the non-resident is registered as a legal entity (or has a permanent establishment) in an EU Member State. In other circumstances, the standard withholding tax rate of 16 % applies to interest and royalties.

For businesses such as gambling, nightclubs and casinos, there is a minimum tax equal to 5 % of the turnover. Micro-enterprises (having between one and nine employees, a turnover of less than EUR 100 000 and not deriving more than 50 % of their income from consultancy and management) may opt for taxation at a rate of 2 % of the turnover instead of the general corporate income tax (the rate will be 2.5 % in 2008 and 3 % as of 2009).

### *VAT and excise duties*

The standard VAT rate is 19 %; a reduced rate of 9 % applies to several goods like pharmaceutical products, medical equipments for disabled persons, books, newspapers, admission to cultural services and hotel accommodation.

VAT exemptions without right of deduction apply to, among others, medical treatments; educational and cultural activities (with some exceptions), public postal services, certain banking and financial transactions, insurance and reinsurance, and buildings and land (this exemption does not apply to a delivery made by a taxable person who is entitled to deduct the respective tax).

### *Wealth and transaction taxes*

There are neither net wealth taxes nor gift taxes in Romania. Inheritance tax rates are degressive and vary from 2 % to 0.5 %.

Immovable property located in Romania is subject to a local tax on building and land, which is levied at rates varying between 0.5 % and 1 %, depending on the building's location and book value. If the building has not been revalued during the last 3 years, the rates vary from 5 % to 10 %.

### *Social contributions*

Social security contributions are payable at a combined rate for the employer and the employee. The employee must contribute for social security at 9.5 % calculated on the gross income earned without any ceiling. In addition, employees must contribute at 6.5 % (calculated on the gross income earned) to the health insurance fund and at 1 % (calculated on the gross base salary) to the national unemployment fund.

Taxpayers earning business or professional income must pay contributions to the health insurance fund at a rate of 6.5 % of taxable income. In addition, these self-employed taxpayers must pay general social security contributions at a rate of 29.25 % on insured income, plus 0.75 % of insured income as a contribution to the fund for medical leave and indemnity. They may also voluntarily contribute to the unemployment fund at a rate of 3.5 %.

All social contributions are deductible for income tax purposes.

## SLOVAKIA

	1995	2000	2001	2002	2003	2004	2005	2006	2006		
<b>A. Structure of revenues</b>									% of GDP	€ bn	Ranking <sup>1</sup>
Indirect taxes	14.5	12.5	11.4	11.6	12.1	12.4	12.8	11.6	5.2	25	
VAT	8.4	7.0	7.3	7.0	7.5	7.8	7.9	7.4	3.3	18	
Excise duties and consumption taxes	3.5	3.1	2.7	3.0	3.1	3.3	3.7	2.9	1.3	17	
Other taxes on products (incl. import duties)	1.7	1.7	0.7	0.7	0.6	0.5	0.3	0.3	0.1	26	
Other taxes on production	0.9	0.7	0.7	0.9	0.9	0.9	1.0	1.0	0.4	16	
Direct taxes	10.7	7.3	7.4	6.9	7.1	6.1	6.0	6.0	2.7	27	
Personal income	3.6	3.4	3.5	3.3	3.2	2.7	2.6	2.5	1.1	27	
Corporate income	6.0	2.6	2.6	2.5	2.8	2.6	2.7	2.8	1.3	19	
Other	1.0	1.3	1.2	1.1	1.2	0.8	0.7	0.7	0.3	16	
Social Contributions	15.0	14.2	14.3	14.6	13.8	13.1	12.7	11.7	5.2	14	
Employers'	9.6	9.2	8.9	8.9	8.4	7.6	7.0	6.3	2.8	16	
Employees'	2.8	2.9	3.0	3.0	2.8	2.9	3.0	2.8	1.2	14	
Self- and non-employed	2.6	2.1	2.5	2.8	2.6	2.6	2.6	2.7	1.2	3	
<b>B. Structure according to level of government</b>									% of GDP		
Central Government	24.0	18.7	17.6	17.2	18.0	17.1	15.4	14.1	6.3	23	
State Government <sup>2</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Local Government	1.6	1.4	1.5	1.6	1.5	1.5	3.5	3.3	1.5	13	
Social Security Funds	14.6	13.9	14.0	14.3	13.5	12.9	12.2	11.6	5.2	11	
EU Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.3	0.3	0.1	13	
<b>C. Structure according to economic function</b>									% of GDP		
Consumption	13.9	12.0	10.9	11.1	11.8	12.1	12.5	11.3	5.1	17	
Labour	15.4	15.1	15.1	15.1	14.5	13.0	12.6	11.5	5.1	22	
Employed	15.4	14.8	14.8	14.7	14.1	12.6	12.2	11.1	5.0	22	
Paid by employers	9.6	9.2	8.9	8.9	8.4	7.6	7.0	6.3	2.8	18	
Paid by employees	5.8	5.7	5.9	5.8	5.7	5.0	5.2	4.9	2.2	24	
Non-employed	0.0	0.2	0.3	0.4	0.4	0.4	0.4	0.4	0.2	18	
Capital	10.9	6.9	7.1	7.0	6.8	6.5	6.3	6.4	2.9	20	
Capital and business income	10.0	6.1	6.3	6.2	6.0	5.7	5.6	5.8	2.6	13	
Income of corporations	6.0	2.6	2.6	2.5	2.8	2.6	2.7	2.8	1.3	20	
Income of households	0.2	0.2	0.2	0.1	0.1	0.1	0.0	0.0	0.0	27	
Income of self-employed (incl. SSC)	3.7	3.3	3.5	3.5	3.2	3.1	2.9	2.9	1.3	3	
Stocks of capital / wealth	0.9	0.8	0.8	0.8	0.8	0.8	0.7	0.6	0.3	24	
<b>TOTAL</b>	<b>40.2</b>	<b>34.0</b>	<b>33.0</b>	<b>33.1</b>	<b>33.1</b>	<b>31.6</b>	<b>31.5</b>	<b>29.3</b>	<b>13.1</b>	<b>26</b>	
									% of GDP		
Of which environmental taxes	-	2.2	1.9	2.4	2.6	2.7	2.6	2.4	1.1	17	
Energy	-	2.0	1.7	1.9	2.1	2.2	2.1	2.0	0.9	13	
Transport	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	22	
Pollution/Resources	0.0	0.0	0.0	0.3	0.3	0.3	0.3	0.3	0.1	4	
<b>D. Implicit tax rates</b>									%	Ranking <sup>1</sup>	
Consumption	26.0	21.3	18.5	19.1	21.0	21.5	22.2	20.2		17	
Labour employed	38.5	36.3	37.1	37.0	36.3	34.3	32.9	30.3		20	
Capital	35.3	23.0	21.8	22.3	22.2	21.5	19.1	18.1			
Capital and business income	32.3	20.3	19.3	19.7	19.7	19.0	17.0	16.3			
Corporations	-	30.3	25.2	27.0	28.6	22.2	21.6	18.4			
Households	-	15.6	16.0	16.1	15.1	16.6	13.8	14.3			
<b>p.m.:</b>											
Real GDP growth (annual rate)	7.9	1.4	3.4	4.8	4.8	5.2	6.6	8.5			
Output gap (potential)	-	-2.3	-2.4	-2.3	-2.6	-2.5	-2.5	-0.8			

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

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

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

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

Source: Commission Services

## Overall trends in taxation

### *Structure and development of tax revenues*

As at 2006, the tax-to-GDP ratio (including social security contributions) stood at 29.3 % in Slovakia, a value markedly below the EU-27 average (37.1 %). Slovakia's overall tax ratio is the second lowest in the Union after Romania.

Indirect taxes raised 11.6 % of GDP, as compared to 14.3 % of GDP for the EU-27 average. They play a much more important role in Slovakia than direct taxes, as the latter yield only around half as much revenue. Not surprisingly therefore, direct tax revenue lies well below the EU-27 average (6.0 % of GDP compared to 12.0 % of GDP). The ratio of tax revenues from social security contributions to GDP has decreased over the last 10 years by 3.3 percentage points from 15.0 % of GDP in 1995 to 11.7 % of GDP in 2006. This reflects a significant reduction of employers' social security contributions. In 2005-2006, the introduction of a "second pillar" fully funded pension scheme led to a further reduction in social security receipts, as contributions to privately managed funds are not booked as government revenue.

The central government receives less than half of overall revenue, a comparatively low share, while social security funds receive most of the remainder; their share of revenue is the third highest in the Union after France and Germany. The share of the local governments in taxes increased recently (from 1.5 % of GDP in 2004 to 3.3 % in 2006) due to the implementation of a new financing system for regional self-government from 1 January 2005.

Slovakia's tax ratio has decreased very significantly over the last decade, from 40.2 % of GDP in 1995, when it exceeded the EU-27 average by almost three points, to 29.3 % of GDP in 2006, when the ratio was around eight points below the average. This cut in taxation by one fourth is by far the strongest in the EU-27.

### *Taxation of consumption, labour and capital; environmental taxation*

As of 2006, the implicit tax rate (ITR) on consumption in Slovakia is below the EU-27 average (20.2 % compared with 22.1 %). Unlike the almost constant EU average, the Slovak ITR on consumption has fallen by more than five percentage points since 1995, although the ratio has rebounded by some two percentage points from its 2001 trough on account of stronger VAT and excise duties revenue. The decline in consumption tax revenue in 2006 was influenced by a shift in final demand towards exports, which are not subject to consumption taxation, and by the fact that, in anticipation of a hike in excises on 1 January 2006, consumers built up significant stocks of tobacco products in 2005.

The implicit tax rate on labour in Slovakia is, at 30.3 % in 2006, well below the EU-27 average (34.8 %). The ratio has tended to decline over time in line with the decline in tax levels, but this process has accelerated over the last two years owing to the introduction of a 19 % flat PIT rate. One should note, however, that the introduction of a second pillar pension scheme in 2005-2006 also results, under our methodology, in a reduction of the ITR on labour, although payments to these funds have an impact on workers' disposable income which is analogous to traditional social security contributions.

The relatively low contribution of taxes on capital to total tax revenue is also reflected in the low ITR on capital, at 18.1 % in 2006. Capital taxation revenue has nearly halved since 1995 (decrease from 10.9 to 6.4% of GDP), similarly to taxes on income of corporations (here it has halved). This is due to the privatisation and liquidation of the previously state-owned companies in the 1990s as well as to the progressive decrease in the CIT rate since 1999.



As of 2006, the ratio of environmental taxation stood at 2.4 % of GDP, a value slightly below the EU-27 average (2.7 %). The role of environmental taxation has increased since the 1990s, but in the last two years covered by data, revenue has been on the decline.

#### *Current topics and prospects; policy orientation*

Since 2004 Slovakia has switched over to a comprehensive flat tax system featuring a low 19 % basic rate for PIT, CIT and VAT and a wide base with a limited number of allowances. More recent tax changes following this major tax reform have generally aimed at aligning the taxable base closely with the accounting base.

Significant amendments to the CIT rules on reserves and provisions for losses were introduced in January 2008; previously, losses on loans and receivables were fully deductible with almost no restrictions, especially in the case of bank loans. These rules have now been tightened, through introduction of time limits and prerequisites, in order to encourage a more active stance by creditors.

A reduced 10 % VAT rate was introduced in 2007. In addition, higher excise duties on electricity, coal and natural gas will be collected as from July 2008 in application of the EU energy taxation directive. Finally, in the domain of social security, besides the above-mentioned introduction of a second pillar, the contribution ceiling for social insurance (not health insurance) has been increased from 3 to 4 times the average wage.

### **Main features of the tax system**

#### *Personal income tax*

The introduction of the flat tax rate in 2004 has superseded the previous system of progressive rates. The new tax law has scrapped the majority of exceptions, exemptions and deductions. The restriction in the number of allowances and credits to the minimum obviously contributes strongly to the transparency and simplicity of the tax system.

There is a non-taxable personal allowance equal to 19.2 times the minimum monthly subsistence level. It decreases gradually from the maximum level down to zero for taxpayers whose tax base is equal or higher than 100 times minimum subsistence level.

The PIT tax rate is 19 % of aggregate income. Income is defined broadly as any benefit in cash or in kind. Aggregate income includes income from employment, occupational pensions, business, rent, capital and other occasional activities. Capital gains are generally included in aggregate income with the exception of income from the sale of a dwelling used as a permanent residence of the taxpayer over the previous two years, and the income from the sale of other immovable property owned for at least 5 years; gains from the sale of movable property owned for at least 5 years; and gains from the sale of shares and other securities up to a total annual amount equal to five times the living minimum (SKK 23 650 in 2008, i.e. around €700). No tax deductions are allowed except for deductions for contributions to supplementary pension insurance and pension savings schemes. There are two kinds of tax allowances: the basic allowance available to every taxpayer and the supplementary allowance for a spouse whose income, after deducting social security contributions, is below the basic allowance level. A monthly tax credit is granted for taxpayers with dependent children (SKK 555, i.e. around €16 in 2008). Additionally, there is an allowance for long-term savings (e.g. life insurance premiums, supplementary pension savings and special purpose savings). The maximum annual amount that can be deducted is SKK 12 000 (i.e. around €355).

A final withholding tax of 19 % is levied on income from participation certificates, vouchers and investment coupons; interest on bank deposits and current accounts; income from private life or pension insurance and



payments from the supplementary pension insurance. However, a taxpayer may opt for including such income into the aggregate income so that the tax withheld is treated as a prepayment.

### *Corporate taxation*

The corporate tax rate was reduced from 25 % to 19 % with effect from 1 January 2004. Exceptions and exemptions such as tax holidays, tax breaks, individual tax bases and special tax rates applicable under the old tax regime have been eliminated from the corporate income tax law, providing for more transparency. A number of amendments have been made to the tax law in order to adapt it to EU regulations on direct taxation such as the Parent-Subsidiary Directive, the Merger Directive, the Interest and Royalties Directive and the Savings Directive.

Taxable income is calculated based on the income computed according to the accounting rules and is adjusted for several items for tax purposes. These include non-deductible items such as expenses related to non-taxable income, bad debts; contributions to the share capital as well as directors' remuneration and remuneration of members of the board of directors, members of the supervisory board, and members of other legal bodies if not paid in the framework of an employment relationship. For depreciation purposes, a straight-line or a specific accelerated depreciation method may be used.

Capital gains are included in the company's taxable ordinary income. Income from participation certificates and interest on corporate bonds, bearer deposit certificates, deposit accounts or current bank accounts are subject to a 19 % withholding tax. This is treated as an advance payment of corporate income tax and the income is included in the taxable corporate income of resident companies. Tax losses may be carried forward for up to 5 years. No group taxation provisions exist; all entities are taxed separately. The thin capitalization rules which were abolished with effect from 1 January 2004 will be reintroduced as of 1 January 2009.

### *VAT and excise duties*

Prior to the tax reform in 2004 Slovakia applied two VAT rates: a standard rate of 20 % and a reduced rate of 14 %. The tax reform introduced a unified 19 % VAT tax rate for all goods and services as of 1 January 2004. In 2007, a 10 % reduced rate was re-introduced; it applies to medicines, certain other medical/pharmaceutical products, and, since 2008, to books.

The tax reform also introduced amendments to excise duties on mineral oils, tobacco and tobacco products, and beer in order to harmonise Slovak tax law with EU regulations. These amendments increased excise duty rates on these types of products, so that Slovak excise duties have reached the required levels earlier than negotiated in Slovakia's EU accession treaty.

### *Social contributions*

Both employees and employers have to pay contributions for pension insurance (4 % and 14 % respectively), health insurance (4 % and 10 % respectively), disability insurance (both 3 %) and sick leave insurance (both 1.4 %), as well as unemployment insurance (both 1 %). Additionally, employers have to pay 0.8 % of the employees' wages for accident insurance, 4.75 % to a solidarity fund and 0.25 % to the guarantee fund. A contributions ceiling applies to all types of insurance except accident insurance. Part of social contributions (9 percentage points) is accumulated in private pension funds.

## SLOVENIA

	1995	2000	2001	2002	2003	2004	2005	2006	2006		
<b>A. Structure of revenues</b>									% of GDP	€ bn	Ranking <sup>1</sup>
Indirect taxes	15.9	16.1	15.8	16.1	16.3	16.1	16.0	15.5	4.7	7	
VAT	0.0	8.8	8.4	8.7	8.7	8.7	8.7	8.7	2.6	7	
Excise duties and consumption taxes	0.0	3.1	3.4	3.5	3.4	3.5	3.4	3.3	1.0	9	
Other taxes on products (incl. import duties)	15.3	1.8	1.4	1.3	1.3	1.1	0.9	0.9	0.3	19	
Other taxes on production	0.5	2.4	2.6	2.6	2.8	2.9	2.9	2.5	0.8	5	
Direct taxes	7.1	7.5	7.7	8.0	8.1	8.4	8.9	9.3	2.8	18	
Personal income	6.0	5.7	5.8	5.8	5.8	5.8	5.6	5.9	1.8	18	
Corporate income	0.5	1.2	1.3	1.6	1.8	2.0	2.8	3.0	0.9	14	
Other	0.6	0.6	0.6	0.6	0.5	0.6	0.4	0.4	0.1	20	
Social Contributions	17.3	14.5	14.7	14.5	14.4	14.5	14.5	14.3	4.4	5	
Employers'	8.2	5.6	5.5	5.5	5.5	5.5	5.6	5.6	1.7	18	
Employees'	8.3	7.9	7.8	7.7	7.6	7.6	7.6	7.5	2.3	1	
Self- and non-employed	0.8	1.0	1.3	1.3	1.4	1.4	1.2	1.2	0.4	10	
<b>B. Structure according to level of government</b>									% of GDP		
Central Government	20.8	21.0	20.8	21.4	21.6	21.5	21.9	21.7	6.6	15	
State Government <sup>2</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Local Government	2.6	2.8	2.8	2.9	3.0	3.0	2.9	3.0	0.9	16	
Social Security Funds	16.9	14.3	14.5	14.4	14.3	14.3	14.3	14.1	4.3	5	
EU Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.3	0.3	0.1	14	
<b>C. Structure according to economic function</b>									% of GDP		
Consumption	15.5	14.1	13.6	14.0	14.0	13.8	13.7	13.4	4.1	8	
Labour	22.7	21.0	21.3	21.1	21.1	21.1	21.0	20.7	6.3	8	
Employed	22.0	20.2	20.4	20.2	20.2	20.1	20.1	19.9	6.0	6	
Paid by employers	8.2	7.0	7.2	7.2	7.2	7.2	7.4	7.0	2.1	13	
Paid by employees	13.8	13.2	13.2	13.0	12.9	12.9	12.7	12.8	3.9	4	
Non-employed	0.6	0.7	0.9	0.9	1.0	1.0	0.9	0.9	0.3	14	
Capital	2.1	3.0	3.3	3.5	3.6	4.0	4.8	5.0	1.5	22	
Capital and business income	1.5	2.1	2.3	2.6	2.8	3.1	3.8	4.0	1.2	22	
Income of corporations	0.5	1.2	1.3	1.6	1.8	2.0	2.8	3.0	0.9	15	
Income of households	0.2	0.2	0.2	0.2	0.2	0.3	0.2	0.2	0.1	22	
Income of self-employed (incl. SSC)	0.7	0.7	0.8	0.8	0.8	0.9	0.8	0.8	0.3	20	
Stocks of capital / wealth	0.6	0.9	1.0	0.9	0.8	0.9	0.9	0.9	0.3	20	
Less: amounts assessed but unlikely to be collected	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
<b>TOTAL</b>	<b>40.2</b>	<b>38.0</b>	<b>38.2</b>	<b>38.6</b>	<b>38.8</b>	<b>38.9</b>	<b>39.3</b>	<b>39.1</b>	<b>11.9</b>	<b>10</b>	
									% of GDP		
Of which environmental taxes	-	3.0	3.3	3.3	3.4	3.4	3.3	3.1	0.9	6	
Energy	-	2.5	2.8	2.7	2.6	2.6	2.5	2.4	0.7	3	
Transport	-	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.1	14	
Pollution/Resources	-	0.1	0.1	0.2	0.3	0.2	0.2	0.2	0.1	7	
<b>D. Implicit tax rates</b>									%	Ranking <sup>1</sup>	
Consumption	25.2	24.0	23.5	24.6	24.7	24.5	24.2	24.2		9	
Labour employed	38.9	37.7	37.5	37.7	37.8	37.5	37.5	37.6		11	
Capital	-	-	-	-	-	-	-	-			
Capital and business income	-	-	-	-	-	-	-	-			
Corporations	-	-	-	-	-	-	-	-			
Households	-	-	-	-	-	-	-	-			
<b>p.m.:</b>											
Real GDP growth (annual rate)	4.1	4.1	3.1	3.7	2.8	4.4	4.1	5.7			
Output gap (potential)	-	0.9	-0.2	-0.7	-2.0	-1.7	-1.6	-0.2			

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

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

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

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

Source: Commission Services

## Overall trends in taxation

### *Structure and development of tax revenues*

Slovenia's total tax-to-GDP ratio (including social security contributions) amounted to 39.1 % in 2006, a value that exceeds the EU-27 average (37.1 %) by almost two points. The country is unique amongst the newly acceded Member States to have a higher ratio than the euro area average (38.4 %). Compared to its neighbours, Slovenia's tax ratio lies clearly above Hungary's but well below Italy's and Austria's.

Slovenia displays a relatively high share of indirect taxes (39.7 % of total taxes). Social contributions play an important role, too, with a share of 36.6 %, i.e. 6.8 points above the EU-27 average; this share has, however, progressively decreased since 1995. Given the predominance of indirect taxes and social contributions, direct taxes yield a low share at 23.9 % of the total (EU-27 31.4 %). It is worth noting that employers liable for payment of social security contributions are also subject to a payroll tax, introduced in the second half of 1996 to finance a cut of social security contributions from 42 % to 38 % of wages. As for employees' social contributions, measured as a percentage of GDP they are the highest in the EU.

Central government accounts for the largest part of tax revenue (55.6 % in 2006). Local governments collect only 7.6 % of total taxes, i.e. 3.7 percentage points below the EU-27 average (11.3 %), yet in line with the euro area average (7.6 %).

The total tax-to-GDP ratio has fluctuated within a narrow band ever since 1995. A major change in the tax system occurred in 1999 when VAT replaced the previous sales tax; apart from a temporary increase in the transition year, however, the overall levels of indirect taxation remained roughly the same.

### *Taxation of consumption, labour and capital; environmental taxation*

At 13.4 %, revenue from consumption taxes lies above the EU-27 and euro area averages (12.4 % and 12.0 % of GDP, respectively). A modest decrease in revenue has taken place in the second half of the period under consideration but the ITR has varied little overall, oscillating around the 24 % mark.

In line with the overall near constancy of taxation levels, the ITR on labour has remained quite stable since 2000 at around 37.6 %. Given a relatively high level of employees' social security contributions, its value lies 2.8 percentage points above the EU-27 average.

Revenues from taxes on capital overall have more than doubled since 1995; in particular, a six-fold increase of revenue from taxes on income of corporations has taken place. Nevertheless, both levels remain lower than the EU-27 average (7.8 and 3.4 % of GDP respectively).

In 2006, environmental taxes represented 3.1 % of GDP. This share dropped by 0.3 percentage point from a 3.3-3.4 % value in 2001-2005, but remains above the EU-27 average (2.7 %). As in most countries, taxes on energy account for the lion's share of environmental tax revenues; their revenue is high also in the international comparison (Slovenia ranks third in the Union in this respect). Despite their lower absolute revenue, pollution/resource taxes, too, are well developed in Slovenia, taking the seventh highest level in the EU.

### *Current topics and prospects; policy orientation*

To address the issue of the high tax burden on labour, reforms launched in 2005 started phasing out the payroll tax, which will be lifted completely in 2009. These reforms also introduced a differentiation in the taxation of individual incomes according to their character; while 'active' income is still taxed at progressive rates applied to the annual tax

base, 'passive' income (i.e. income from interest and dividends and capital gains) is taxed at a flat rate, as in dual income systems.

In October 2006 the Parliament adopted seven new draft tax laws. These laws particularly provide for: (i) a reduction in the number of personal income tax brackets from five to three and in the top tax rate from 50 % to 41 %; (ii) retention of schedular taxation of passive income (income from property) introduced in 2006 at a single 20 % final rate; and (iii) a gradual reduction of corporate income tax from 25 % to 20 % (by 2010) accompanied by the abolition of the general investment tax credit by retaining tax relief for regional investment in research and development.

Finally, the government has been aiming at reducing the compliance burden. A new Tax Procedure Act, applicable as from 1 January 2007, includes several measures meant to simplify tax procedures and increase the legal certainty for taxpayers. The law introduces advance rulings, promotes electronic communication between taxpayers and the tax authorities, and introduces the obligation for the tax administration to generate from its own information the PIT annual tax return, assess the tax, and submit the return to each taxpayer.

## Main features of the tax system

### *Personal income tax*

Each individual is taxed separately; there is no spouse or family taxation regime. The annual tax base is computed after deduction of compulsory social security contributions and certain allowances. Net 'active' income (*see above*) is taxed according to a progressive rate, with three brackets ranging from 16 % to 41 %. The top rate applies to income above €14 375.20. The tax is levied at central government level, part of the revenues from the personal income tax being attributed to municipalities. There is a tax credit on pensions. Taxable income is reduced by a general allowance equivalent to €2 956 (for 2008). Other allowances apply (e.g. disabled person allowance, seniority allowance for taxpayers older than 65, special personal allowances such as student allowance and family allowances for every dependent child).

Dividends, interest and capital gains ('non-active income') are taxed according to a flat rate. The tax rate for dividends and interest is 20 % (in 2006-2007 the tax rate for interest was 15 %). The tax rate for capital gains depends on the holding period. If capital is held for five years or longer, the capital gains tax is reduced progressively every five years of the holding period down to 0 % after 20 years.

### *Corporate taxation*

The current corporate tax rate for the year 2008 is 22 % (reduced up to a minimum of 10 % for companies operating in special economic zones and to 0 % for investment funds, pension funds and insurance undertakings for pension plans, under certain conditions). However, the corporate tax rate will be cut further in the years to come (to 21 % in 2009 and 20 % from 2010 onwards). Companies may carry forward losses indefinitely, but carry back is not allowed. Furthermore, companies benefit from depreciation allowances on buildings (at a maximum rate of 3 %), machinery and equipment (at a maximum rate of 20 %) and from incentives on R&D activities and purchase of R&D services.

The taxable base is computed following accounting principles for business. Entertainment and supervisory board costs, as well as certain provisions, are deductible up to 50 % of the actual amount. The write-off of a receivable is allowed if recorded in the public accounts, but under strict limits (the lower amount of the average of actual write-offs in the previous three years and 1 % of taxable revenues). In general, capital gains from regular income are included in taxable profit and taxed at the regular tax rate. Various exemptions exist such as the participation exemption for dividends and capital gains on the alienation of shares (under special conditions). As for incentives, one fifth of the amounts spent on R&D (up to 40 % in certain regions), not exceeding the amount of the taxable

base, can be deducted from the tax base; other incentives exist for employment of trainees and disabled persons. The dividend withholding tax rate is 15 % (unless a Double Taxation Treaty specifies otherwise).

A payroll tax is levied on employers subject to pay social security contributions, ordinarily those employing people on a permanent basis, with exemptions for companies employing disabled persons. The taxable base is the monthly gross wages and salaries of the employees with rates from 0 % to 4.4 % (for 2008). The tax is deductible from the CIT. The payroll tax is being phased out and will be completely lifted in 2009.

#### *VAT and excise duties*

VAT was introduced on 1 July 1999 replacing the previous General Sales Tax. The current rate is 20 %. The reduced rate of 8.5 % applies to goods and services including, inter alia, foodstuffs, preparation of meals, live animals, seeds, plants; supply of water, sewage and refuse disposal; medicines and medical appliances for the disabled; passenger transport; books and periodicals; cultural and sporting events; construction, renovation and supply of housing; fertilisers and pesticides; accommodation provided in hotels and similar establishments. Slovenia has been granted a transitional period (until 31 December 2010) regarding a reduced VAT rate for the preparation of meals and for the supply of construction, renovation and maintenance work for residential housing not provided as part of social policy.

Excise duties are regulated in the Excise Duty Act, which transposes relevant EU legislation in this area. Fuel excise duties are below average EU levels, but above the EU minima. An excise duty on coal and coke was introduced and excise duties on cigarettes, mineral oil and gas were adjusted in 2005 in order to bring legislation in line with EU regulations. From 1 January 2007 excise duties are also due on electricity.

#### *Wealth and transaction taxes*

There is a real estate tax, a property tax on premises owned by individuals and a tax on boats. The tax on real estate, known as "compensation for the use of building ground" depends on the type and location of the property. The property tax on premises depends on the type and the value of the property. The tax rate for dwellings varies from 0.1 % to 1 % of the value. The rate for business premises varies from 0.15 % to 1.25 %, that on premises used for rest and recreation is in the range of 0.2 % to 1.5 %. For business premises that are not used for attendant activities or are not rented, the tax rate is increased by 50 %. There are several exemptions to the property tax, for example for buildings of less than 160 square meters or for premises used by the owner for business activity, or for newly constructed or renovated buildings. The tax on boats depends on the length of the boat and the power of the engine.

The inheritance and gift tax is levied at progressive rates (5 % to 39 %) on amounts exceeding a threshold. The rate depends on the relationship between the deceased/donor and the beneficiary and on the value of each beneficiary's share of the inheritance or of the gift. Spouses and all direct descendants are exempt.

#### *Social contributions*

Social security contributions cover pension, health, unemployment insurance and maternity leave. Employees contribute 22.1 % of their total gross wage of which the pension insurance (15.5 %) is the biggest amount. Social contributions are also payable by employers on behalf of their employees (the total rate paid by employers is 16.1 %). The taxable base for both the employer and the employee is the amount of the gross wage, which includes gross leave pay, fringe benefits and remuneration of expenses related to work above a certain threshold. Contributions are deductible both from CIT and the PIT.

## SPAIN

	1995	2000	2001	2002	2003	2004	2005	2006	2006		
<b>A. Structure of revenues</b>									% of GDP	€ bn	Ranking <sup>1</sup>
Indirect taxes	10.7	11.9	11.5	11.6	11.9	12.2	12.6	12.7	124.5	21	
VAT	5.2	6.1	5.9	5.8	6.0	6.1	6.3	6.4	62.7	24	
Excise duties and consumption taxes	2.5	2.6	2.5	2.5	2.5	2.5	2.4	2.3	22.1	25	
Other taxes on products (incl. import duties)	1.7	1.9	1.9	2.0	2.3	2.5	2.8	2.9	28.5	5	
Other taxes on production	1.3	1.2	1.2	1.2	1.1	1.1	1.1	1.1	11.3	13	
Direct taxes	10.3	10.5	10.4	10.8	10.5	10.6	11.4	12.1	119.1	11	
Personal income	7.7	6.6	6.8	6.8	6.6	6.4	6.6	7.1	69.4	12	
Corporate income	1.9	3.1	2.9	3.3	3.1	3.5	3.9	4.2	41.5	6	
Other	0.7	0.8	0.8	0.7	0.8	0.8	0.8	0.8	8.2	10	
Social Contributions	11.8	12.0	12.2	12.1	12.2	12.2	12.1	12.1	119.2	11	
Employers'	8.2	8.7	8.8	8.8	8.9	8.8	8.8	8.8	86.8	6	
Employees'	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	19.0	21	
Self- and non-employed	1.7	1.4	1.4	1.4	1.4	1.5	1.4	1.4	13.4	9	
<b>B. Structure according to level of government</b>									% of GDP		
Central Government	16.3	16.5	16.2	13.1	12.5	12.3	12.9	13.5	132.6	25	
State Government <sup>2</sup>	1.5	2.7	2.6	6.3	6.9	7.5	7.9	8.1	79.7	3	
Local Government	2.8	3.1	3.0	2.9	2.8	3.0	3.1	3.2	31.1	14	
Social Security Funds	11.4	11.7	11.8	11.8	11.9	11.8	11.8	11.8	116.2	9	
EU Institutions	0.7	0.6	0.5	0.4	0.4	0.3	0.3	0.3	3.3	9	
<b>C. Structure according to economic function</b>									% of GDP		
Consumption	8.9	9.9	9.5	9.4	9.6	9.7	9.8	9.8	95.7	27	
Labour	16.4	15.9	16.2	16.3	16.2	16.0	16.2	16.6	162.6	13	
Employed	14.2	14.2	14.5	14.5	14.5	14.3	14.4	14.7	144.3	14	
Paid by employers	8.2	8.7	8.8	8.8	8.9	8.8	8.8	8.8	86.8	8	
Paid by employees	6.0	5.5	5.7	5.7	5.6	5.5	5.6	5.9	57.5	22	
Non-employed	2.2	1.7	1.7	1.8	1.7	1.7	1.8	1.9	18.3	8	
Capital	7.4	8.7	8.3	8.8	8.7	9.3	10.1	10.7	104.6	4	
Capital and business income	5.0	5.9	5.6	5.9	5.7	6.0	6.5	6.9	67.5	8	
Income of corporations	1.9	3.1	2.9	3.3	3.1	3.5	3.9	4.2	41.5	6	
Income of households	0.8	0.8	0.8	0.7	0.7	0.7	0.8	0.9	8.5	12	
Income of self-employed (incl. SSC)	2.3	2.0	1.9	1.9	1.8	1.8	1.8	1.8	17.5	10	
Stocks of capital / wealth	2.4	2.8	2.8	2.9	3.0	3.3	3.6	3.8	37.1	4	
Less: amounts assessed but unlikely to be collected	0.0	0.6	0.6	0.6	0.6	0.4	0.4	0.5			
<b>TOTAL</b>	<b>32.7</b>	<b>33.9</b>	<b>33.5</b>	<b>33.9</b>	<b>33.9</b>	<b>34.5</b>	<b>35.6</b>	<b>36.5</b>	<b>358.0</b>	<b>14</b>	
									% of GDP		
Of which environmental taxes	2.2	2.2	2.1	2.1	2.1	2.0	1.9	1.9	18.3	26	
Energy	1.8	1.7	1.7	1.7	1.6	1.6	1.5	1.4	14.1	23	
Transport	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	4.1	16	
Pollution/Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	21	
<b>D. Implicit tax rates</b>									%	Ranking <sup>1</sup>	
Consumption	14.2	15.7	15.2	15.4	15.8	16.0	16.3	16.4		27	
Labour employed	29.0	28.7	29.5	29.8	30.0	29.9	30.6	31.6		18	
Capital	20.2	29.8	28.3	30.0	30.3	32.7	36.0	38.7			
Capital and business income	13.6	20.1	19.0	20.1	19.7	21.1	23.2	25.0			
Corporations	-	30.7	28.5	31.4	31.2	35.2	42.3	49.3			
Households	-	13.6	13.2	13.0	12.6	12.5	12.5	12.6			
<b>p.m.:</b>											
Real GDP growth (annual rate)	5.0	5.0	3.6	2.7	3.1	3.3	3.6	3.9			
Output gap (potential)	-2.5	2.1	1.9	1.0	0.2	-0.4	-0.9	-0.6			

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

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

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

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

Source: Commission Services



## Overall trends in taxation

### *Structure and development of tax revenues*

The total tax-to-GDP ratio was 36.5 % in 2006, 0.6 percentage points lower than the EU-27 arithmetic average; this ratio is in the low range for the euro area.

Spain collects revenues almost equally from indirect taxes, direct taxes and social contributions (respectively 12.7, 12.1 and 12.1 % GDP). Indirect taxes are roughly 1.5 percentage points lower than the EU-27 average, while direct taxes are level with the EU-27 average and social contributions about one percentage point higher. Spain's buoyant economic activity has boosted some tax revenues. VAT receipts in % of GDP have increased by 1.2 percentage points since 1995 and personal income taxes have recently soared after a decrease until 2004. However, the most noticeable change has been the increase in corporate income tax receipts which reached 4.2 % of GDP in 2006 (up from 1.9 % in 1995). Indirect taxes as percentage of GDP are amongst the lowest in the EU-27 (12.7 % compared to an average of 14.3 %). This can partly be attributed to a standard VAT rate (16 %), which is low by EU standards and to two reduced rates (4 % and 7 %) that apply to a sizeable share of the tax base. This peculiarity also stems from excise duties and other taxes on production that are low in comparison to most EU Member States. Social security contributions have remained stable on average over the period, with the lion's share of the burden resting on employers.

Spain has a quasi-federal system with three levels of Government. The central government and the Social security funds collect the majority of the revenues (respectively 37.0 and 32.5 per cent of total taxes). However the financing system of the Regions (Comunidades Autónomas) was reformed in 1997, leading to a marked increase in regional taxes as a percentage of GDP ('State' in the table). The effect, visible already from 1997 appears more clearly starting from 2002 as the State government share more than doubled to reach the current level of 8.1 % of the GDP.

Although Spain remains a low tax country, the overall tax burden perceptibly increased between 1995 and 2006 (+3.8 %). Substantial fiscal consolidation has been achieved since the mid-1990s, with a budget deficit declining particularly rapidly from 1995 to 2000 (over 5½ points of GDP). In 2007, the general government surplus reached 2.23 % of GDP. Tax revenues were also boosted by increased VAT and CIT receipts, thanks to buoyant economic growth.

### *Taxation of consumption, labour and capital; environmental taxation*

The ratio of consumption taxes in proportion to GDP (9.8 %) is 2.6 percentage points lower than the EU-27 average. Despite the increasing trend throughout the 1995-2006 period, the implicit tax rate on consumption remains the lowest in the Union as of 2006.

The ratio of taxes on labour income to GDP stood at 16.6 % in 2006, just 0.7 percentage points below the EU-27 average (17.3 %). However, throughout the years 1995-2006, Spain has displayed an average implicit tax rate (ITR) on labour several percentage points below the EU-27 and especially the euro area average. The lowest level of the ITR was recorded in 1999 (28.3 %) as a consequence of the personal income tax reform. Subsequent increases in the ITR on labour, as seen from 2000 to 2003, can be attributed to a noticeable increase in taxable wages and salaries as a result of the strong job creation process observed in the last few years. After being stable in the very last years, the ITR on labour has risen again by one percentage point in 2006 to 31.6%.

The ratio of capital taxes on GDP has increased substantially during recent years (+3.3 % in the period considered). Revenue from capital taxation is well above the EU-27 average (10.7 % GDP vs. 7.8 %) and the implicit tax rate on capital shows an even more dramatic trend. This can be attributed to the increase in tax revenues raised on capital income of corporations (+2.3 % of GDP in the period), partly owing to strong growth, and is also reflected in the

implicit tax rate on corporate income, which soared over the recent period. On the other hand, the implicit tax rate on capital income of households and self-employed has been virtually stable since 2003.

Environmental taxation is very low (1.9 % of GDP): only Lithuania ranks lower in the EU-27. As in the majority of Member States, it is mostly concentrated on energy (1.4 % of GDP).

### *Current topics and prospects; policy orientation*

Over recent years, the tax system has undergone significant reforms: in 1995, the corporate income tax and, in 1999, the personal income tax, followed by a second step in 2003. A new reform has started in 2007 to both these taxes. The reforms were aimed at simplifying and increasing the neutrality of the tax system, and strengthening incentives for work, saving, risk-taking and investment.

## **Main features of the tax system**

### *Personal income tax*

The personal income tax system was already simplified in 1999 and 2003. A new reform took effect from 2007. The tax scale applicable to the general component of taxable income has been reduced from five brackets to four (24 %, 28 %, 37 % and 43 %). Savings, including capital gains, are now taxed at a single flat tax rate of 18 %, regardless of how long the assets have been held. As for dividends, under certain conditions the first €1 500 are exempt; any excess is taxed at an 18 % rate. Personal and family allowances have been increased and since 2007 are included, as a general rule, in the first income bracket, which is taxed at a zero rate. Until 2007, they were deducted from the tax base, which decreased the progressivity of the tax.

### *Corporate taxation*

The tax rate has been reduced from 35 % to 32.5 % in 2007 and to 30 % in 2008 (from 40 % to 37.5 % and 35 % for 2007 and 2008, respectively, for entities engaging in oil and gas exploration, research, and exploitation). For small companies, a 25 % tax rate (applicable to the first €120 202.41) applies. Tax credits, including those for exports, are to be gradually phased out by 2011, 2012 or 2014. The rules regarding tax credits for reinvestment have also been revised, in particular with reference to the kind of assets involved. Capital gains on the sale of certain assets are now effectively taxed at 18 per cent (the same tax rate as the PIT).

### *VAT and excise duties*

The standard VAT rate is 16 %. Two reduced rates of 7 % and 4 % apply to specific categories of goods, namely, *inter alia*, to sports activities, food, health products, housing, entertainment services, hotels and restaurants, and agricultural services; and to some essential goods and books. In 2006, the Ecofin Council ratified the agreement to extend reduced VAT for hairdressing and building workers until the end of 2010. In the Canary Islands, a special regime is applied with a standard rate of 5 %. A special duty on imports and certain goods in the Canary Islands is also applied. The recent reform introduced a special VAT consolidation regime applicable to corporate groups.

### *Wealth and transaction taxes*

Net wealth tax and Inheritance and gift taxes are levied on behalf of the 17 autonomous regions which set their own tax rates within certain limits. If they do not, national limits apply. A tax on wealth transfers applies for rights and assets located in Spain. For the transfer of real estate, this tax is levied at different rates depending on the Autonomous Community where the land is located. If no specific rate is set, a 7 % rate is levied on the value of real estate.



### *Local taxes*

Regional governments receive a significant share of total tax revenue (33 % of personal income tax; 35 % of VAT; 40 % of excise duties on hydrocarbons, tobacco, beer and alcohol; 100 % of excise duties on electricity and car registration). Indirect tax revenues are transferred according to a territorial consumption index. Statutory personal income tax rates can be modified by the regional governments provided the structure retains progression and the number of tax brackets is unchanged. Taxes on wealth, inheritance and gift tax, registration duties and fees on lotteries and gambling are wholly assigned to territorial governments with almost complete jurisdictional powers. If the estimated expenditure exceeds potential revenues, the regional government receives a compensatory transfer from the central government. Two out of the seventeen Comunidades Autónomas (Basque Countries and Navarra) have a special tax regime and apply, in particular, their own Personal Income and Corporate Income taxes. For the others, fiscal revenue sharing forms the object of multi-annual agreements. The financing system of the autonomous communities (accepted only by eleven) of 1997-2001 was extended to the 2002-2007 period; in 2008 the system will be provisionally applied until conclusion of a new financing agreement in the Consejo de Política Fiscal y Financiera (a high-level body in charge of the decision-making process regarding financing issues and representing all the Autonomous Regions). Afterwards, the LOFCA (Ley Orgánica de Financiación de las Comunidades Autónomas) will also be reformed.

### *Social contributions*

Each professional category has minimum and maximum contribution bases. For 2008 the maximum monthly base is €3 074.1; the minimum monthly base varies depending on the type of work. The total rate for the general regime (including general risk, unemployment insurance and professional education training) is 6.35 % for the employees and 30.15 % for employers.

## SWEDEN

	1995	2000	2001	2002	2003	2004	2005	2006	2006	
									<b>% of GDP</b>	
<b>A. Structure of revenues</b>									<b>€ bn</b>	<b>Ranking<sup>1</sup></b>
Indirect taxes	15.9	16.5	16.6	16.8	17.0	16.8	16.9	17.1	53.4	4
VAT	9.1	8.7	8.8	8.9	9.0	8.9	9.1	9.1	28.4	5
Excise duties and consumption taxes	3.4	3.2	3.2	3.2	3.2	3.1	3.0	2.9	9.0	18
Other taxes on products (incl. import duties)	0.9	0.7	0.7	0.7	0.7	0.7	0.7	0.7	2.3	21
Other taxes on production	2.5	4.1	3.9	4.1	4.2	4.1	4.0	4.4	13.7	1
Direct taxes	19.7	22.0	19.6	17.6	18.3	19.1	19.9	19.8	61.9	2
Personal income	16.3	17.2	16.0	14.7	15.2	15.4	15.5	15.5	48.4	2
Corporate income	2.6	3.8	2.6	2.1	2.2	2.9	3.6	3.6	11.4	11
Other	0.8	1.1	1.0	0.8	0.8	0.8	0.7	0.7	2.1	17
Social Contributions	12.3	13.2	13.7	13.5	13.1	12.8	12.8	12.1	38.0	12
Employers'	10.4	10.2	10.7	10.4	10.1	9.9	9.8	9.2	28.9	5
Employees'	1.6	2.8	2.8	2.8	2.8	2.7	2.7	2.7	8.4	15
Self- and non-employed	0.3	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0.7	21
									<b>% of GDP</b>	
<b>B. Structure according to level of government</b>									<b>€ bn</b>	<b>Ranking<sup>1</sup></b>
Central Government	28.6	30.7	28.1	26.1	26.3	26.8	27.8	27.4	85.8	6
State Government <sup>2</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	14.2	14.9	15.5	15.6	16.0	16.0	15.9	15.7	49.3	2
Social Security Funds	4.4	5.6	5.9	5.8	5.7	5.6	5.5	5.5	17.2	22
EU Institutions	0.7	0.5	0.5	0.4	0.4	0.3	0.3	0.3	1.0	12
									<b>% of GDP</b>	
<b>C. Structure according to economic function</b>									<b>€ bn</b>	<b>Ranking<sup>1</sup></b>
Consumption	13.3	12.4	12.5	12.7	12.7	12.6	12.7	12.5	39.3	11
Labour	29.8	31.0	31.2	30.0	30.3	30.0	29.7	29.3	91.7	1
Employed	25.2	27.3	27.6	26.5	26.3	26.0	25.8	25.4	79.7	1
Paid by employers	12.0	12.9	13.4	13.2	13.0	12.7	12.6	12.4	38.9	1
Paid by employees	13.3	14.4	14.2	13.4	13.3	13.3	13.1	13.0	40.9	3
Non-employed	4.5	3.7	3.6	3.5	4.0	4.0	3.9	3.8	11.9	2
Capital	4.8	8.4	6.2	5.2	5.3	6.1	7.1	7.1	22.4	16
Capital and business income	3.4	6.3	4.3	3.3	3.5	4.3	5.3	5.4	16.8	19
Income of corporations	2.6	3.8	2.6	2.1	2.2	2.9	3.6	3.6	11.4	12
Income of households	0.1	1.7	0.9	0.6	0.6	0.7	0.9	1.1	3.3	7
Income of self-employed (incl. SSC)	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	2.2	21
Stocks of capital / wealth	1.5	2.1	1.9	1.9	1.8	1.8	1.8	1.8	5.5	14
<b>TOTAL</b>	<b>47.9</b>	<b>51.8</b>	<b>49.9</b>	<b>47.9</b>	<b>48.3</b>	<b>48.7</b>	<b>49.5</b>	<b>48.9</b>	<b>153.3</b>	<b>2</b>
									<b>% of GDP</b>	
Of which environmental taxes	2.8	2.7	2.8	2.8	2.9	2.8	2.8	2.7	8.5	12
Energy	2.4	2.4	2.4	2.5	2.5	2.4	2.4	2.3	7.2	5
Transport	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	1.2	18
Pollution/Resources	0.0	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.2	17
									<b>%</b>	
<b>D. Implicit tax rates</b>									<b>Ranking<sup>1</sup></b>	
Consumption	27.9	26.5	26.9	27.4	27.5	27.6	28.1	28.1	2	
Labour employed	46.8	47.2	46.3	44.8	44.7	44.7	44.7	44.5	1	
Capital	19.7	42.8	33.7	29.5	-	-	-	-		
Capital and business income	13.7	31.9	23.3	19.0	-	-	-	-		
Corporations	19.2	41.0	30.8	23.5	-	-	-	-		
Households	6.6	22.1	15.4	13.5	-	-	-	-		
<b>p.m.:</b>										
Real GDP growth (annual rate)	4.0	4.4	1.1	2.4	1.9	4.1	3.3	4.1		
Output gap (potential)	-1.7	2.2	0.4	-0.4	-1.5	-0.3	-0.3	0.5		

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

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

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

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

Source: Commission Services

## Overall trends in taxation

### *Structure and development of tax revenues*

Swedish taxation levels are the second highest in the EU. As of 2006, the tax-to-GDP ratio (including social security contributions) stood at 48.9 %, compared with 37.1 % for the EU-27 average. Compared to the neighbouring countries, the rate is marginally lower than in Denmark (49.1 %), but significantly higher than in Finland (43.5 %).

The Swedish tax system relies to a comparatively great extent on direct taxation, in particular personal income taxation, for raising revenue. Hence, the tax mix differs quite markedly from the Union average: direct taxes account for 40.4 % of the Swedish tax revenue, while indirect taxes and social contributions respectively account for 34.8 % and 24.8 % of tax revenue. This compares to EU-27 averages of around 31.4 %, 38.9 %, and 29.8 % respectively.

The structure by level of government differs from the EU average in that social security funds account for a rather low proportion of revenues, around 40 % of the EU-27 average, while local government revenues, at 32.2 % of total tax revenues, amount to almost three times the EU average; a similarly high share of local government revenue is found only in Denmark.

The overall tax burden increased by nearly 4 percentage points from 1995 to 2000, when it reached a peak of 51.8 % of GDP. In the 2001-2006 period, however, the ratio has stayed in a rather narrow band below 50 % of GDP. Changes in the overall tax-to-GDP level were largely driven by PIT and CIT revenue, which were particularly low in 2002 and rather high in 2005. Revenues from indirect taxes changed only slightly over time.

### *Taxation of consumption, labour and capital; environmental taxation*

Revenue from consumption taxes (12.5 % of GDP) is close to the EU-27 average (12.4 %). The implicit tax rate on consumption (28.1 %), however, is the second highest in the Union and six percentage points above the EU-27 average. The high ITR can be explained by two factors: Sweden has one of the highest statutory VAT rates and above-average rates for excise duties, and the Swedish share of private consumption in GDP is one of the lowest in the Union. After having gone down in the 1995-2000 period, the Swedish ITR on consumption has increased again. In 2006, at 28.1%, it reached nearly the same level as in 1995 (27.9 %).

The ratio of taxes on labour in proportion to GDP is the highest in the Union, by a margin of over 4.5 percentage points from the second (Denmark). The ITR on labour showed an upward trend until 1998, mainly because of different fiscal measures to increase tax revenue. Since then, the implicit tax rate declined until 2003, remaining stable since. In 2006, the observed rate of 44.5 % is below its initial 1995 level (46.8 %).

The implicit tax rate on capital of Sweden is, at 29.5 % for 2002 (last year for which data is available), well above the EU-27 average (25.0 %). However, there was a sharp decrease from 2000 to 2002.

In the 1995-2006 period revenues from taxes on capital as a percentage of GDP have undergone significant changes. The strong increase by around three quarters from 1995 (4.8 % of GDP) to 2000 (8.4 %), is largely due to high economic growth. Among others, it led to a strong increase in revenue from the taxation of capital gains due to the booming stock markets<sup>1)</sup>. Another explanation lies in deductible net interest payments that have diminished substantially due to dropping interest rates. As also seen in the ITR on capital, revenue from taxes on capital fell sharply up to 2002 (5.2 %) due to a slowdown in growth. In recent years, however, it has increased again because of

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

the pickup in the economy. In 2006, revenue from taxes on capital as percent of GDP in Sweden (7.1 %) is somewhat below the EU-27 average (7.8 %).

Environmental taxes as a proportion of GDP are in line with the EU-27 average (2.7 % in 2006). Their level has been rather constant over the 1995-2006 period. Revenue from environmental taxes consists to a relatively large extent of energy taxes.

#### *Current topics and prospects; policy orientation*

The focus of the new government's tax policy is on improving long-run employment levels by stimulating labour supply as well as reducing unemployment, for example by introducing an in-work tax credit and through changes in the system for social security contributions. The government is also actively seeking to orient the tax system further towards supporting environmental policy goals without undermining competitiveness, e.g. by considering measures to offset the burden falling on companies affected by the EU emissions trading scheme.

In January 2008, the following major measures contained in the Budget Bill for 2008 came into force: the real estate tax was replaced by a municipal fee and the capital gains tax increased (see below), several environmental taxes were raised (the tax on carbon dioxide emissions, the liquid fuel tax on diesel, all solid fuel tax rates and the vehicle tax on light trucks and buses) and the taxes on tobacco products and alcoholic beverages were increased.

### **Main features of the tax system**

#### *Personal income tax*

In 1991, Sweden introduced a 'dual' income tax system. It combined a highly progressive taxation of labour income (the top marginal tax rate was 67 %) with a 30 % flat tax on broadly defined capital income. In order to prevent income transformation, special rules have been in place for active owners of closely held companies. Accordingly, dividends and capital gains to active owners are split into capital income and earned income. However, the rules have been changed several times; the last major reform was undertaken in 2006, when the portion that could be taxed as capital income was enlarged, especially for companies with many employees.

The policy of the green tax shift, which started already in 1991 with the introduction of a carbon tax, continued in 2004 with higher taxes on energy use and lower taxes on labour, mainly through raising the basic allowance. In addition, the uniform state income tax on labour income was removed in 2004, leading to a cut by SEK 200 (€21) per year on all incomes. In 2007 an in-work tax credit was introduced. The tax credit varies with earned income and the maximum tax credit amounts to almost SEK 12 000 (€1 270) per year. A higher tax credit can be received by people older than 65, with a maximum tax credit of about SEK 20 000 (€2 110) per year. A second step of the in-work tax credit was introduced in 2008. Overall, the in-work tax credit represents a tax cut of SEK 50.7 billion (1.6 % of GDP).

At the central level PIT rates of 20 % (taxable income above SEK 328 800 or €35 530) and 25 % (taxable income above SEK 495 000 or €53 490) apply. In addition, a local income tax applies at an average rate of 31.44 %.

To increase labour supply and combat black market activities, a special tax credit was introduced in July 2007 for households that purchase certain household services. The tax credit equals 50 % of labour costs of the services purchased up to a ceiling of SEK 100 000 (€10 800) per person and year (in 2008). Since 2008 the tax reduction is also granted for household services received as a taxable benefit from the employer.

### *Corporate taxation*

Taxation of corporations follows the classical system. Double taxation is eliminated or reduced, in the case of corporate shareholders, by participation exemption, or in the case of individual shareholders by the relief granted for dividends paid by small companies. The corporate income tax has been imposed since 1994 at a flat rate of 28 %. Capital gains are taxed as regular corporate profit. Capital losses, generally deductible against profit, can normally be carried forward indefinitely.

### *VAT and excise duties*

The standard VAT rate is 25 %. A reduced rate of 12 % applies to foodstuffs and to services related to tourism. A reduced rate of 6 % applies to domestic daily and weekly newspapers and periodicals, to domestic transportation of persons and ski-lift services, and to cinema, circus and concert tickets.

Zero-rated goods and services include prescription medicines, gold for investment purposes, and a number of financial services as well as insurance and reinsurance services.

### *Wealth and transaction taxes*

The inheritance and gift tax was abolished as of 2005 and the wealth tax in 2007.

Concerning the tax on real estate, new rules apply as from January 2008: a municipal fee replaces the central government real estate tax. However, the central government decides on the rules. For owner-occupied houses, the fee is SEK 6 000 (€650) per year and limited to a maximum of 0.75 % of the assessed value. For apartment buildings, the fee is SEK 1 200 (€130) per flat and year and limited to 0.4 % of the assessed value of the house. As of 2008, a capital gains tax on housing of 22 % applies (previously 20 %). In the case of the selling of permanent housing and re-investment of the capital gain, a deferral of taxation is possible up to a limit of SEK 1.6 million (€173 000). Since 2008, a yearly interest of 0.5 % is charged.

### *Social contributions*

Employers pay most social security contributions for employed individuals. In 2008 the total employer's contribution rate is 32.42 %. Employees pay an additional pension insurance premium of 7 % (up to a ceiling), which may be fully credited against his or her income tax liability. Self-employed taxpayers must pay their own social security contributions computed on their business income at a rate of 30.71, without a ceiling.

As from 2007, social security contributions are waived for persons who have been in receipt of unemployment benefit, sickness benefit, disability pension or social allowance for more than 1 year. From 2008 onwards, employers are repaid double the employer's contribution when employing persons who have received sickness benefits or disability pensions for more than one year. To facilitate young people's entry into the labour market, employer's social security contributions are reduced to 21.31 % (21.30 % in 2008) for employees between the age of 18 and 25. A reduction also applies to self-employed taxpayers.

A special wage tax, paid by the employer, is applicable to income that does not give a right to social security benefits. To enhance the position of older people in the labour market, the special wage tax was abolished in 2007 for labour or active business income of persons over 65 years and born after 1937. On labour income to persons over 65 years of age and born after 1937, only old age pension contributions are paid. As of 2008, the special wage tax is abolished even for persons born in or prior to 1937. Therefore, no employer contributions are applicable on labour income to persons born in or prior to 1937. The special wage tax is still applicable to non-active income, e.g. pension contributions, for all age groups.

## UNITED KINGDOM

	1995	2000	2001	2002	2003	2004	2005	2006	2006		
<b>A. Structure of revenues</b>									% of GDP	€ bn	Ranking <sup>1</sup>
Indirect taxes	13.6	14.1	13.7	13.6	13.5	13.4	13.1	13.1	251.3	18	
VAT	6.5	6.7	6.7	6.7	6.9	6.9	6.8	6.7	128.7	22	
Excise duties and consumption taxes	4.2	4.0	3.9	3.8	3.7	3.6	3.4	3.3	62.4	12	
Other taxes on products (incl. import duties)	1.1	1.6	1.4	1.3	1.2	1.3	1.4	1.5	29.6	12	
Other taxes on production	1.8	1.8	1.8	1.7	1.7	1.6	1.6	1.6	30.6	12	
Direct taxes	15.4	17.0	17.1	16.0	15.4	15.6	16.6	17.4	333.6	4	
Personal income	10.2	10.8	10.8	10.4	10.0	9.9	10.4	10.6	201.8	6	
Corporate income	2.7	3.4	3.5	2.8	2.7	2.8	3.3	3.9	73.9	7	
Other	2.4	2.9	2.9	2.9	2.8	2.9	3.0	3.0	57.9	1	
Social Contributions	6.1	6.3	6.3	6.0	6.4	6.7	6.8	6.8	129.3	24	
Employers'	3.3	3.5	3.6	3.4	3.6	3.7	3.8	3.7	71.5	24	
Employees'	2.6	2.5	2.5	2.4	2.6	2.8	2.8	2.8	53.5	12	
Self- and non-employed	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	4.3	22	
<b>B. Structure according to level of government</b>									% of GDP		
Central Government	32.8	35.2	35.1	33.6	33.2	33.7	34.5	35.3	674.7	1	
State Government <sup>2</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Local Government	1.3	1.5	1.5	1.6	1.7	1.7	1.7	1.7	32.9	20	
Social Security Funds	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
EU Institutions	1.0	0.7	0.6	0.5	0.4	0.3	0.3	0.3	6.6	7	
<b>C. Structure according to economic function</b>									% of GDP		
Consumption	12.2	12.0	11.8	11.7	11.8	11.6	11.3	11.1	212.4	21	
Labour	13.9	14.2	14.2	13.6	13.6	13.8	14.2	14.3	273.4	19	
Employed	13.7	14.1	14.1	13.4	13.4	13.6	14.1	14.1	270.1	18	
Paid by employers	3.3	3.5	3.6	3.4	3.6	3.7	3.8	3.7	71.5	24	
Paid by employees	10.4	10.5	10.5	10.0	9.8	9.9	10.3	10.4	198.7	9	
Non-employed	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	3.3	21	
Capital	9.1	11.1	11.1	10.3	10.0	10.3	11.0	11.9	228.4	1	
Capital and business income	5.4	6.7	6.7	5.9	5.7	5.9	6.6	7.3	138.9	5	
Income of corporations	2.8	3.6	3.5	2.9	2.8	2.9	3.4	4.0	77.0	7	
Income of households	1.1	1.6	1.7	1.5	1.4	1.5	1.7	1.8	33.7	2	
Income of self-employed (incl. SSC)	1.4	1.5	1.6	1.5	1.5	1.5	1.5	1.5	28.2	13	
Stocks of capital / wealth	3.7	4.5	4.4	4.3	4.3	4.4	4.5	4.7	89.5	2	
Less: amounts assessed but unlikely to be collected	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
<b>TOTAL</b>	<b>35.1</b>	<b>37.4</b>	<b>37.1</b>	<b>35.6</b>	<b>35.3</b>	<b>35.7</b>	<b>36.6</b>	<b>37.4</b>	<b>714.2</b>	<b>11</b>	
									% of GDP		
Of which environmental taxes	2.9	3.0	2.8	2.7	2.7	2.6	2.5	2.4	45.9	18	
Energy	2.3	2.4	2.3	2.2	2.1	2.0	2.0	1.9	35.4	15	
Transport	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	8.8	15	
Pollution / Resources	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	1.7	14	
<b>D. Implicit tax rates</b>									%		
Consumption	20.0	19.4	19.0	18.9	19.2	19.1	18.7	18.5		21	
Labour employed	25.7	25.3	25.0	24.1	24.3	24.8	25.3	25.5		23	
Capital	31.4	41.0	42.0	37.1	32.9	34.0	36.8	39.7			
Capital and business income	18.7	24.5	25.5	21.5	18.8	19.6	21.9	24.2			
Corporations	17.5	23.4	24.2	17.4	14.4	14.4	18.0	21.4			
Households	14.8	18.6	19.0	20.0	19.5	21.5	20.8	21.5			
<b>p.m.:</b>											
Real GDP growth (annual rate)	2.9	3.8	2.4	2.1	2.8	3.3	1.8	2.9			
Output gap (potential)	-0.5	1.2	0.7	0.0	0.1	0.6	-0.3	-0.3			

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

1) The ranking is calculated in descending order of 2006 data. A "1" indicates this is the highest value in the EU-27. No ranking is given if more than 10 % of data points are missing.

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

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

Source: Commission Services



## Overall trends in taxation

### *Structure and development of tax revenues*

In 2006, the UK tax-to-GDP ratio (including social security contributions) stood at 37.4 %, a value that rose above the EU-27 average (37.1 %) for the first time since 2001.

The tax structure shows a comparatively high weight of direct taxes (17.4 % of GDP against an EU-27 average of 12.0 %), which largely reflects a marked reliance on personal income taxes but also on a high level of direct taxes other than corporate and personal income taxes (3.0 % of GDP compared to an EU-27 average of 0.8 %). This category includes in particular council taxes on land and buildings and motor vehicle duties. After a declining trend, revenue from personal income taxes increased in 2005 and 2006 (+1.7 % of GDP). At the same time, corporate income taxes, which were almost stable between 2002 and 2004, increased by 1.1 % of GDP over the last two years. At 3.9 % of GDP in 2006, this value is above the EU-27 and EA-15 averages (respectively 3.3 % and 3.5 %). Direct taxes represent the primary source of revenues (46.7 % of the total taxes), markedly larger than indirect taxes (35.2 %), and far outweighing social contributions (18.1 %), the third lowest share of taxes in the EU after Denmark and Ireland.

Roughly 95 % of total revenue is raised by the central government, confirming the United Kingdom as the second most fiscally centralised Member State in the EU, after Malta.

The overall tax burden increased by two percentage points from 1995 to 2000, almost entirely due to rises in direct taxation. After that peak the tax burden tended to decline but increased again in the last three years (+2.1 %), being now (at 37.4 % of GDP, the same proportion as in 2000) just above the EU-27 average.

### *Taxation of consumption, labour and capital; environmental taxation*

Looking at the economic classification of taxes, taxation of consumption (11.1 % of GDP) stood at 18.5 % in 2006 when measured as a percentage of final consumption expenditure of households. This ITR sets the United Kingdom 3.6 percentage points below the EU-27 average.

As a result of relatively low social security contributions, labour taxes revenue (14.3 % of GDP) is lower than in most other European countries (EU-27 17.3 %). The ITR on labour is, at 25.5 %, the fourth lowest in the EU-27 and lies well below the EU-27 average (34.8 %). In the period 1995-2006, the index remained fairly stable, as it has since the early '70s.

Revenue from taxes on capital (11.9 % of GDP), the highest proportion in the EU-27 and is much higher than the EU-27 average (7.8 %) with all sub-categories – bar capital income of self-employed - being above this average. The high contribution of taxes on capital to total tax revenue (11.1 percentage points over the 20.8 % EU-27 average) is reflected in the relatively high implicit tax rate on capital (39.7 %). Both taxes on corporations and taxes on real estate (i.e. national domestic rates on business properties and council tax paid by owner-occupiers and tenants on the value of their dwellings) contribute substantially to the UK's relatively high tax burden on capital.

From 1995 to 2001, an increase in the implicit tax rate on capital is visible, as in many other Member States. This increase is reflected in the growth both of the implicit tax rate on capital and business income and of the revenues from taxes on the stocks of capital/wealth. In the following years, the ITR on capital dropped somewhat before picking up again in the most recent period. The increase in the implicit tax rate on capital and business income can be partly attributed<sup>1)</sup> to the pro-cyclical behaviour of the implicit tax rate; base widening due to economic growth and increased incorporation has to some extent offset the effects of reductions in statutory rates.

Revenues from environmental taxes in percentage of GDP have fallen compared to the beginning of the period. This is mainly due to the evolution of the collection of Customs duty on hydrocarbon oils in recent years, which constitutes 75% of total UK environmental taxes, and of the motor vehicle duties, which constitute another 12-13%. Their respective levels have risen much slower than GDP over recent last years. These two factors explain the downwards trend starting in 2000 which set the United Kingdom 0.3% below the EU-27 average in 2006 against 0.2% above it in 1995.

#### *Current topics and prospects; policy orientation*

During recent years, fiscal policy has focused on increasing the attractiveness of employment by improving the financial incentives to work and the tax system has been re-organised towards tax credits instead of direct delivery of social services. The tax structure has been reformed drastically since the 1970s when the higher rates were between 40% and 83%. Sizeable tax measures have also been taken recently to promote a low-carbon economy by use of the tax system.

### **Main features of the tax structure**

#### *Personal income tax*

From 2008-2009, the basic starting marginal tax rate of 10% has been suppressed (except for savings income) and the basic rate has been reduced from 22% to 20%. The higher rate remains unchanged at 40% and is applied to income above GBP 36 000. The 2008-2009 Budget increased personal income tax allowances, which - for those aged under 65 - is now GBP 5 435 (€8 000). A larger increase is granted to taxpayers aged between 65 and 74 (to GBP 9 030 from GBP 7 550) and over 74 (from GBP 7 690 to GBP 9 180).

Since April 2003, two tax credits have been available: the child tax credit (CTC), which is paid on top of universal child benefit, and the working tax credit<sup>2)</sup> (WTC) which is intended for low-paid working adults, means-tested together with a full entitlement for families with a pre-tax income below GBP 5 225 (€7 650) per year.

Finally, the government has introduced a single capital tax gains tax rate of 18% from 2008-2009, with an annual exempt amount of GBP 9 600 (EUR 14 000) per year and has increased the inheritance tax allowance by more than statutory indexation. It stands now at GBP 312 000 for individuals.

#### *Corporation taxation*

The corporation tax regime has been modified repeatedly in recent years. The top statutory rate was reduced from 33% in 1997 to 30% in 1999, as was the small company rate for firms with profits below GBP 300 000 (€44 500), to 19% in 2006 - down from 24% in 1997. An additional rate initially at 10%, reduced to 0% in 2002, for firms with profits below GBP 10 000 was first introduced in 2000 and then completely abolished in 2005. In the 2007 Budget, the corporate tax rate was reduced from 30% to 28% (effective since April 2008) and R&D tax credits have been increased; however the reform is meant to be broadly neutral as reductions in capital allowances and an increase in the SME tax rate (from 19% to 20% since April 2007, 21% since April 2008 and 22% from April

- 
- 1) It should also be kept in mind that both the ITR on capital and capital income are biased upwards (compared to other European Union countries) because the ITR base does not capture the full extent of taxable profits of financial companies, particularly capital gains. A further reason is that the UK figures allocate all tax on occupational (second pillar) and private pension benefits (third pillar) to capital income whilst for most other Member States the second pillar is allocated to transfer income and income of the non-employed.
  - 2) The CTC consists of a family element of GBP 545 per year (unchanged in 2008-2009) and a child element of GBP 2 085 (up from GBP 1 845) per child and per year (increased for disabled or severely disabled children). The WTC consists of a basic element (GBP 1 800 per year) and an additional amount (GBP 1 770) for couples and single parents. An extra GBP 735 is given to people working at least 30 hours a week. From April 2008, the WTC threshold is increased to GBP 6 420 (up from GBP 5 220).



2009) have also been introduced. In particular, the 50 % first-year capital allowances for small enterprises has been replaced in April 2008 by an Annual Investment Allowance (AIA) of GBP 50 000 for all firms, regardless of size and legal form. Additional measures, such as an increase in R&D tax credits and a phasing-out of capital allowances on industrial buildings, have also been introduced in recent years.

#### *VAT and excise duties*

The standard VAT rate is 17.5 %. Several reductions and exemptions apply. In particular, a reduced rate of 5 % applies, for example to fuel and power. An insurance premium tax, after being introduced at 2.5 % in 1994, is now at a standard rate of 5 %; a higher rate of 17.5 % applies to insurance sold by suppliers of vehicles and domestic appliances, and travel insurance sold by travel agents and tour operators.

Important reforms have been implemented on both tobacco and fuel taxes in the recent years. Specifically, tax differentials between leaded and unleaded petrol have been increased and new differentials introduced between ultra-low sulphur and standard petrol and diesel. The fuel duty rates will increase in the coming years (by 1.84 pence per litre from April 2009 and by 0.5 pence per litre above indexation on April 2010). Excise duty on heavily polluting vehicles rose to GBP 300 (from GBP 210) in 2007 and again to GBP 400 in 2008. The duty on more environmentally friendly cars has been set at GBP 30. A landfill tax was introduced in 1996 and a new climate change levy on companies for the use of gas, coal and electricity came into effect in April 2001. The Air Passenger duty has also been doubled as from February 2007 to GBP 10 for passengers flying to most European destinations and GBP 40 for other destinations; these amounts are doubled if not flying in the lowest fare class. The government is now proposing to tax flights from November 2009 (replacing the air passenger duty), which aims at better targeting the levels of emissions.

#### *Social contributions*

The thresholds for paying National Insurance Contributions (NICs) are, since 2001, set to the level of the personal income tax personal allowance, both for employers and employees. The self-employed pay NICs based on similar principles. There are four contribution bands: for employees, for self-employed at GBP 2.30 per week; for voluntary contributions (fixed amount of GBP 8.10 per week); and for the self-employed with profits between GBP 5 435 and GBP 40 040 at a rate of 8 % and a lower 1 % rate for profits above that threshold. Since October 2003, a Pension Credit ensures a minimum income to elderly people, also rewarding those who saved modest amounts for their retirement. NICs are lower (9.4 %) for those who have contracted out of the State Second Pension and moved to a private pension scheme. Starting from April 2008 the upper limit for paying National Insurance Contributions has been increased to GBP 3 900 a year. From April 2009, it will be fully aligned with the higher rate threshold of income tax.

## EUROPEAN UNION 27

### ARITHMETIC AVERAGES

	1995	2000	2001	2002	2003	2004	2005	2006	Revenue in 2006
<b>A. Structure of revenues</b>									
	% of GDP								€ bn
Indirect taxes	-	-	-	13.5	13.7	13.9	14.2	14.3	1617.2
VAT	-	-	-	7.4	7.4	7.6	7.9	8.0	814.3
Excise duties and consumption taxes	-	-	-	3.1	3.3	3.3	3.2	3.1	316.6
Other taxes on products (incl. import duties)	-	-	-	1.5	1.5	1.6	1.6	1.6	210.9
Other taxes on production	-	-	-	1.5	1.5	1.5	1.5	1.5	275.4
Direct taxes	-	-	-	11.7	11.6	11.5	11.7	12.0	1568.7
Personal income	-	-	-	7.9	7.9	7.7	7.7	7.8	1073.0
Corporate income	-	-	-	3.0	2.9	2.9	3.1	3.3	347.8
Other	-	-	-	0.8	0.9	0.9	0.9	0.8	147.9
Social Contributions	-	-	-	11.2	11.1	11.1	11.1	11.0	1461.1
Employers'	-	-	-	6.9	6.9	6.7	6.7	6.6	836.3
Employees'	-	-	-	3.4	3.4	3.3	3.3	3.3	450.1
Self- and non-employed	-	-	-	1.0	1.1	1.1	1.1	1.1	171.4
<b>B. Structure according to level of government</b>									
	% of GDP								
Central Government	-	-	-	21.2	21.3	21.3	21.6	21.7	2405.8
State Government <sup>2</sup>	-	-	-	7.1	7.3	7.4	7.5	7.6	320.8
Local Government	-	-	-	4.3	4.2	4.2	4.4	4.4	483.8
Social Security Funds	-	-	-	10.7	10.6	10.6	10.6	10.6	1399.8
EU Institutions	-	-	-	0.4	0.4	0.3	0.3	0.3	36.8
<b>C. Structure according to economic function</b>									
	% of GDP								
Consumption	-	-	-	12.0	12.1	12.2	12.5	12.4	1288.9
Labour	-	-	-	17.6	17.5	17.2	17.2	17.3	2263.3
Employed	-	-	-	16.3	16.3	16.0	15.9	16.0	2071.4
Paid by employers	-	-	-	7.3	7.3	7.1	7.1	7.0	902.0
Paid by employees	-	-	-	9.2	9.2	8.8	8.8	9.0	1175.5
Non-employed	-	-	-	1.3	1.3	1.2	1.2	1.3	191.9
Capital	-	-	-	6.9	6.9	7.1	7.4	7.8	1078.6
Capital and business income	-	-	-	5.1	5.0	5.2	5.4	5.7	737.6
Income of corporations	-	-	-	3.1	2.9	3.0	3.2	3.4	396.5
Income of households	-	-	-	0.6	0.6	0.7	0.7	0.8	110.7
Income of self-employed (incl. SSC)	-	-	-	1.5	1.5	1.5	1.5	1.6	234.3
Stocks of capital / wealth	-	-	-	1.8	1.8	1.9	2.0	2.0	341.7
<b>TOTAL</b>	-	-	-	36.4	36.4	36.5	36.9	37.1	4637.4
	% of GDP								
Of which environmental taxes	-	-	-	2.7	2.8	2.9	2.8	2.7	297.2
Energy	-	-	-	1.9	2.0	2.1	2.0	1.9	215.8
Transport	-	-	-	0.7	0.6	0.7	0.7	0.7	67.9
Pollution/Resources	-	-	-	0.1	0.1	0.1	0.2	0.2	13.5
<b>D. Implicit tax rates</b>									
	%								
Consumption	-	-	-	20.8	21.2	21.5	22.0	22.1	
Labour employed	-	-	-	35.3	35.1	34.8	34.6	34.8	
Capital	-	-	-	25.0	24.8	25.6	26.8	29.0	
Capital and business income	-	-	-	17.9	17.6	18.3	19.2	20.9	
Corporations	-	-	-	21.7	19.9	19.8	20.8	23.3	
Households	-	-	-	11.8	11.8	13.1	14.0	14.6	

## EUROPEAN UNION 27

### GDP WEIGHTED AVERAGES

	1995	2000	2001	2002	2003	2004	2005	2006	Revenue in 2006
<b>A. Structure of revenues</b>	% of GDP								€ bn
Indirect taxes	-	-	-	13.6	13.6	13.7	13.8	13.9	1617.2
VAT	-	-	-	6.8	6.8	6.8	6.9	7.0	814.3
Excise duties and consumption taxes	-	-	-	3.0	3.0	2.9	2.8	2.7	316.6
Other taxes on products (incl. import duties)	-	-	-	1.6	1.6	1.7	1.7	1.8	210.9
Other taxes on production	-	-	-	2.3	2.3	2.3	2.3	2.4	275.4
Direct taxes	-	-	-	13.0	12.8	12.7	13.0	13.5	1568.7
Personal income	-	-	-	9.4	9.3	8.9	9.0	9.2	1073.0
Corporate income	-	-	-	2.3	2.2	2.4	2.7	3.0	347.8
Other	-	-	-	1.2	1.3	1.3	1.3	1.3	147.9
Social Contributions	-	-	-	12.6	12.8	12.7	12.6	12.6	1461.1
Employers´	-	-	-	7.2	7.4	7.3	7.2	7.2	836.3
Employees´	-	-	-	4.0	4.0	3.9	3.9	3.9	450.1
Self- and non-employed	-	-	-	1.4	1.4	1.5	1.5	1.5	171.4
<b>B. Structure according to level of government</b>	% of GDP								
Central Government	-	-	-	20.3	20.0	20.1	20.4	20.7	2405.8
State Government <sup>2</sup>	-	-	-	7.8	7.9	8.0	8.0	8.3	320.8
Local Government	-	-	-	3.9	3.9	4.0	4.1	4.2	483.8
Social Security Funds	-	-	-	14.5	14.6	14.3	14.3	14.4	1399.8
EU Institutions	-	-	-	0.4	0.4	0.3	0.3	0.3	36.8
<b>C. Structure according to economic function</b>	% of GDP								
Consumption	-	-	-	11.1	11.1	11.1	11.1	11.1	1288.9
Labour	-	-	-	19.9	20.0	19.5	19.5	19.6	2263.3
Employed	-	-	-	18.3	18.3	17.9	17.8	18.0	2071.4
Paid by employers	-	-	-	7.8	7.9	7.8	7.8	7.8	902.0
Paid by employees	-	-	-	10.5	10.4	10.1	10.0	10.2	1175.5
Non-employed	-	-	-	1.6	1.7	1.7	1.7	1.7	191.9
Capital	-	-	-	8.2	8.1	8.4	8.8	9.4	1078.6
Capital and business income	-	-	-	5.5	5.4	5.6	6.0	6.4	737.6
Income of corporations	-	-	-	2.7	2.6	2.8	3.0	3.4	396.5
Income of households	-	-	-	0.8	0.8	0.8	0.9	1.0	110.7
Income of self-employed (incl. SSC)	-	-	-	2.0	2.0	2.0	2.0	2.0	234.3
Stocks of capital / wealth	-	-	-	2.7	2.7	2.8	2.9	2.9	341.7
<b>TOTAL</b>	-	-	-	39.2	39.1	39.0	39.3	39.9	4637.4
	% of GDP								
Of which environmental taxes	-	-	-	2.7	2.7	2.7	2.6	2.6	297.2
Energy	-	-	-	2.0	2.0	2.0	1.9	1.9	215.8
Transport	-	-	-	0.6	0.6	0.6	0.6	0.6	67.9
Pollution/Resources	-	-	-	0.1	0.1	0.1	0.1	0.1	13.5
<b>D. Implicit tax rates</b>	%								
Consumption	-	-	-	19.7	19.7	19.7	19.7	19.9	
Labour employed	-	-	-	36.5	36.6	36.1	36.2	36.7	
Capital	-	-	-	29.5	28.9	29.8	31.4	33.3	
Capital and business income	-	-	-	19.5	19.1	19.7	20.8	22.4	
Corporations	-	-	-	23.7	21.8	22.9	24.7	28.6	
Households	-	-	-	14.5	14.8	15.3	15.8	16.2	

## EUROPEAN UNION 25

### ARITHMETIC AVERAGES

	1995	2000	2001	2002	2003	2004	2005	2006	Revenue in 2006
<b>A. Structure of revenues</b>	% of GDP								€ bn
Indirect taxes	13.7	13.8	13.5	13.6	13.7	13.9	14.1	14.1	1599.9
VAT	6.8	7.3	7.2	7.3	7.4	7.5	7.7	7.8	803.4
Excise duties and consumption taxes	3.1	3.2	3.1	3.2	3.2	3.2	3.2	3.0	312.2
Other taxes on products (incl. import duties)	2.4	1.8	1.6	1.6	1.6	1.6	1.6	1.7	209.5
Other taxes on production	1.3	1.5	1.5	1.5	1.6	1.6	1.6	1.6	274.8
Direct taxes	12.2	12.6	12.4	12.2	12.0	11.9	12.2	12.4	1561.0
Personal income	8.7	8.6	8.5	8.3	8.3	8.1	8.1	8.2	1069.5
Corporate income	2.7	3.1	3.0	3.0	2.8	2.9	3.1	3.3	344.1
Other	0.8	0.9	0.8	0.9	0.9	0.9	1.0	0.9	147.4
Social Contributions	11.6	11.3	11.3	11.3	11.2	11.2	11.2	11.1	1449.4
Employers'	7.3	6.9	6.9	6.9	6.9	6.7	6.7	6.6	828.8
Employees'	3.5	3.5	3.5	3.4	3.5	3.4	3.4	3.3	449.5
Self- and non-employed	1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.1	171.1
<b>B. Structure according to level of government</b>	% of GDP								
Central Government	21.8	22.3	21.9	21.7	21.6	21.6	21.9	22.0	2388.2
State Government <sup>2</sup>	5.6	6.4	6.4	7.1	7.3	7.4	7.5	7.6	320.8
Local Government	4.2	4.3	4.3	4.2	4.3	4.3	4.4	4.4	476.2
Social Security Funds	11.2	10.7	10.7	10.7	10.7	10.7	10.7	10.7	1388.2
EU Institutions	0.8	0.6	0.5	0.4	0.4	0.3	0.3	0.3	36.8
<b>C. Structure according to economic function</b>	% of GDP								
Consumption	12.3	12.0	11.8	11.9	12.0	12.1	12.3	12.2	1272.4
Labour	18.6	18.2	18.2	18.0	18.0	17.7	17.6	17.6	2260.8
Employed	17.1	16.9	16.9	16.7	16.6	16.3	16.3	16.3	2068.9
Paid by employers	7.6	7.4	7.4	7.4	7.3	7.1	7.1	7.1	894.5
Paid by employees	9.8	9.8	9.8	9.6	9.5	9.2	9.1	9.2	1174.4
Non-employed	1.6	1.4	1.4	1.4	1.4	1.3	1.3	1.4	191.9
Capital	6.7	7.5	7.2	7.1	7.0	7.2	7.6	7.8	1077.0
Capital and business income	4.8	5.5	5.3	5.2	5.1	5.2	5.5	5.7	736.2
Income of corporations	2.8	3.2	3.1	3.1	2.9	3.0	3.2	3.4	392.6
Income of households	0.5	0.7	0.6	0.6	0.6	0.7	0.8	0.8	109.7
Income of self-employed (incl. SSC)	1.5	1.5	1.6	1.5	1.5	1.6	1.5	1.6	233.9
Stocks of capital / wealth	1.9	2.0	1.9	1.9	1.9	2.0	2.1	2.1	340.8
<b>TOTAL</b>	<b>37.5</b>	<b>37.6</b>	<b>37.1</b>	<b>36.9</b>	<b>36.9</b>	<b>36.9</b>	<b>37.4</b>	<b>37.6</b>	<b>4600.8</b>
	% of GDP								
Of which environmental taxes	2.7	2.7	2.7	2.8	2.8	2.9	2.8	2.8	294.6
Energy	1.8	1.9	1.9	1.9	2.0	2.0	2.0	1.9	213.4
Transport	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	67.8
Pollution/Resources	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	13.4
<b>D. Implicit tax rates</b>	%								
Consumption	21.4	21.2	20.8	21.1	21.3	21.7	22.0	22.1	
Labour employed	35.7	36.1	35.9	35.6	35.3	35.0	34.8	34.9	
Capital	24.4	26.8	25.3	25.0	24.8	25.6	26.8	29.0	
Capital and business income	17.5	19.5	18.2	17.9	17.6	18.3	19.2	20.9	
Corporations	23.0	24.1	22.6	21.7	19.9	19.8	20.8	23.3	
Households	10.1	12.3	11.4	11.8	11.8	13.1	14.0	14.6	

# EUROPEAN UNION 25

## GDP WEIGHTED AVERAGES

	1995	2000	2001	2002	2003	2004	2005	2006	Revenue in 2006
<b>A. Structure of revenues</b>	% of GDP								€ bn
Indirect taxes	13.3	14.0	13.7	13.6	13.6	13.7	13.8	13.9	1599.9
VAT	6.6	7.0	6.9	6.8	6.8	6.8	6.9	7.0	803.4
Excise duties and consumption taxes	3.1	3.0	3.0	3.0	3.0	2.9	2.8	2.7	312.2
Other taxes on products (incl. import duties)	1.6	1.7	1.6	1.6	1.6	1.7	1.7	1.8	209.5
Other taxes on production	2.0	2.3	2.3	2.3	2.3	2.3	2.3	2.4	274.8
Direct taxes	12.4	14.0	13.6	13.1	12.8	12.7	13.1	13.6	1561.0
Personal income	9.2	9.9	9.8	9.5	9.3	9.0	9.1	9.3	1069.5
Corporate income	2.0	2.8	2.6	2.3	2.2	2.4	2.7	3.0	344.1
Other	1.2	1.4	1.3	1.2	1.4	1.3	1.3	1.3	147.4
Social Contributions	13.8	12.8	12.7	12.6	12.8	12.7	12.7	12.6	1449.4
Employers´	7.5	7.3	7.3	7.2	7.4	7.3	7.3	7.2	828.8
Employees´	4.7	4.1	4.0	4.0	4.0	4.0	3.9	3.9	449.5
Self- and non-employed	1.6	1.4	1.4	1.4	1.5	1.5	1.5	1.5	171.1
<b>B. Structure according to level of government</b>	% of GDP								
Central Government	19.6	21.6	21.0	20.4	20.0	20.2	20.4	20.8	2388.2
State Government <sup>2</sup>	7.0	7.8	7.3	7.8	7.9	8.0	8.0	8.3	320.8
Local Government	3.5	3.9	3.9	3.9	3.9	4.0	4.1	4.1	476.2
Social Security Funds	14.8	14.6	14.6	14.5	14.6	14.3	14.3	14.5	1388.2
EU Institutions	0.8	0.6	0.5	0.4	0.4	0.3	0.3	0.3	36.8
<b>C. Structure according to economic function</b>	% of GDP								
Consumption	11.3	11.4	11.2	11.1	11.1	11.1	11.1	11.1	1272.4
Labour	20.8	20.4	20.2	20.0	20.0	19.6	19.6	19.7	2260.8
Employed	18.8	18.7	18.6	18.3	18.3	17.9	17.9	18.0	2068.9
Paid by employers	7.8	7.8	7.8	7.8	7.9	7.8	7.8	7.8	894.5
Paid by employees	11.0	10.9	10.8	10.6	10.4	10.1	10.1	10.2	1174.4
Non-employed	2.0	1.7	1.6	1.7	1.7	1.7	1.7	1.7	191.9
Capital	7.6	9.0	8.6	8.2	8.1	8.5	8.9	9.4	1077.0
Capital and business income	5.0	6.3	5.9	5.5	5.4	5.6	6.0	6.4	736.2
Income of corporations	2.3	3.2	3.0	2.7	2.6	2.8	3.0	3.4	392.6
Income of households	0.7	0.9	0.9	0.8	0.8	0.8	0.9	1.0	109.7
Income of self-employed (incl. SSC)	2.0	2.1	2.1	2.0	2.1	2.0	2.0	2.0	233.9
Stocks of capital / wealth	2.6	2.8	2.7	2.7	2.7	2.8	2.9	3.0	340.8
<b>TOTAL</b>	<b>39.6</b>	<b>40.7</b>	<b>39.9</b>	<b>39.2</b>	<b>39.2</b>	<b>39.0</b>	<b>39.4</b>	<b>40.0</b>	<b>4600.8</b>
	% of GDP								
Of which environmental taxes	2.8	2.8	2.7	2.7	2.7	2.7	2.6	2.6	294.6
Energy	2.1	2.1	2.0	2.0	2.0	2.0	1.9	1.9	213.4
Transport	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	67.8
Pollution/Resources	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	13.4
<b>D. Implicit tax rates</b>	%								
Consumption	20.0	20.1	19.7	19.7	19.7	19.7	19.7	19.9	
Labour employed	36.9	37.2	36.9	36.5	36.6	36.2	36.2	36.7	
Capital	25.8	32.5	30.7	29.5	28.9	29.8	31.4	33.3	
Capital and business income	17.0	22.5	20.9	19.5	19.1	19.7	20.8	22.4	
Corporations	20.6	25.8	26.5	23.7	21.8	22.9	24.7	28.6	
Households	12.1	15.0	14.3	14.5	14.8	15.3	15.8	16.2	

## EURO AREA 15

### ARITHMETIC AVERAGES

	1995	2000	2001	2002	2003	2004	2005	2006	Revenue in 2006
<b>A. Structure of revenues</b>	% of GDP								€ bn
Indirect taxes	13.2	13.8	13.6	13.6	13.8	14.0	14.2	14.3	1177.9
VAT	6.0	7.1	7.0	7.1	7.2	7.3	7.5	7.6	579.5
Excise duties and consumption taxes	2.9	3.0	3.0	3.0	3.0	3.0	2.9	2.9	212.2
Other taxes on products (incl. import duties)	2.9	2.2	2.0	1.9	1.9	2.0	2.0	2.1	166.8
Other taxes on production	1.4	1.7	1.7	1.6	1.7	1.7	1.8	1.8	219.4
Direct taxes	11.4	12.7	12.5	12.4	12.0	11.8	12.1	12.4	1052.7
Personal income	8.0	8.0	8.1	7.9	7.8	7.7	7.7	7.9	737.5
Corporate income	2.6	3.6	3.5	3.5	3.2	3.1	3.3	3.5	233.1
Other	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	82.0
Social Contributions	12.2	11.7	11.8	11.8	11.9	11.8	11.9	11.8	1206.9
Employers'	6.6	6.5	6.6	6.6	6.6	6.5	6.5	6.5	687.9
Employees'	4.6	4.2	4.2	4.2	4.2	4.0	4.0	4.0	364.0
Self- and non-employed	1.4	1.3	1.3	1.3	1.4	1.3	1.3	1.3	155.0
<b>B. Structure according to level of government</b>	% of GDP								
Central Government	20.4	21.8	21.5	21.3	21.1	21.0	21.4	21.6	1447.5
State Government <sup>2</sup>	5.6	6.4	6.4	7.1	7.3	7.4	7.5	7.6	320.8
Local Government	2.8	3.1	3.1	3.1	3.0	3.0	3.1	3.1	332.7
Social Security Funds	12.3	12.2	12.2	12.3	12.4	12.4	12.4	12.5	1309.3
EU Institutions	0.9	0.6	0.6	0.4	0.4	0.3	0.3	0.3	27.2
<b>C. Structure according to economic function</b>	% of GDP								
Consumption	11.6	11.8	11.6	11.7	11.8	11.9	12.0	12.0	915.3
Labour	18.1	17.9	18.0	17.9	17.9	17.7	17.8	17.8	1756.2
Employed	16.5	16.5	16.5	16.4	16.4	16.2	16.3	16.3	1593.7
Paid by employers	6.9	7.0	7.1	7.1	7.1	7.0	7.1	7.0	742.5
Paid by employees	10.1	9.9	9.9	9.7	9.7	9.2	9.2	9.2	851.3
Non-employed	1.8	1.6	1.5	1.6	1.6	1.5	1.5	1.5	162.4
Capital	7.0	8.6	8.3	8.1	8.0	8.1	8.4	8.7	766.0
Capital and business income	5.0	6.3	6.1	6.0	5.8	5.7	6.0	6.3	535.9
Income of corporations	2.6	3.8	3.6	3.6	3.3	3.3	3.4	3.6	278.5
Income of households	0.7	0.8	0.8	0.7	0.8	0.8	0.9	1.0	70.7
Income of self-employed (incl. SSC)	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	186.7
Stocks of capital / wealth	2.0	2.3	2.2	2.1	2.2	2.3	2.4	2.4	230.2
<b>TOTAL</b>	<b>36.7</b>	<b>38.2</b>	<b>37.8</b>	<b>37.7</b>	<b>37.7</b>	<b>37.6</b>	<b>38.1</b>	<b>38.4</b>	<b>3429.4</b>
	% of GDP								
Of which environmental taxes	2.9	2.8	2.8	2.8	2.9	2.9	2.8	2.7	211.8
Energy	1.9	1.8	1.8	1.8	1.9	1.9	1.9	1.8	153.3
Transport	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.8	51.4
Pollution/Resources	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	7.1
<b>D. Implicit tax rates</b>	%								
Consumption	19.9	20.6	20.4	20.7	20.8	21.2	21.4	21.6	
Labour employed	33.9	34.8	34.6	34.4	34.4	34.2	34.4	34.7	
Capital	23.7	29.2	27.9	28.0	27.7	28.1	30.0	31.7	
Capital and business income	16.5	21.5	20.6	20.3	19.6	19.8	20.8	22.5	
Corporations	19.3	25.8	24.6	23.9	21.9	22.3	23.9	27.1	
Households	11.8	12.9	12.9	13.5	13.3	13.1	13.8	15.4	

# EURO AREA 15

## GDP WEIGHTED AVERAGES

	1995	2000	2001	2002	2003	2004	2005	2006	Revenue in 2006
<b>A. Structure of revenues</b>	% of GDP								€ bn
Indirect taxes	13.1	13.9	13.5	13.5	13.5	13.5	13.7	13.9	1177.9
VAT	6.5	6.9	6.8	6.7	6.6	6.6	6.7	6.8	579.5
Excise duties and consumption taxes	2.8	2.7	2.7	2.7	2.8	2.6	2.5	2.5	212.2
Other taxes on products (incl. import duties)	1.6	1.7	1.7	1.7	1.7	1.8	1.9	2.0	166.8
Other taxes on production	2.1	2.5	2.4	2.4	2.4	2.4	2.5	2.6	219.4
Direct taxes	11.3	12.9	12.5	12.1	11.9	11.7	11.9	12.4	1052.7
Personal income	8.5	9.2	9.1	9.0	8.8	8.4	8.5	8.7	737.5
Corporate income	1.9	2.6	2.4	2.2	2.0	2.3	2.5	2.8	233.1
Other	1.0	1.1	1.0	0.9	1.1	1.0	1.0	1.0	82.0
Social Contributions	15.5	14.6	14.4	14.4	14.5	14.3	14.3	14.2	1206.9
Employers´	8.2	8.2	8.2	8.2	8.3	8.2	8.1	8.1	687.9
Employees´	5.3	4.6	4.5	4.4	4.5	4.3	4.3	4.3	364.0
Self- and non-employed	2.0	1.8	1.7	1.8	1.8	1.8	1.8	1.8	155.0
<b>B. Structure according to level of government</b>	% of GDP								
Central Government	16.8	17.9	17.5	16.9	16.7	16.7	16.8	17.1	1447.5
State Government <sup>2</sup>	7.0	7.8	7.3	7.8	7.9	8.0	8.0	8.3	320.8
Local Government	3.1	3.7	3.7	3.6	3.7	3.8	3.9	3.9	332.7
Social Security Funds	15.6	15.5	15.4	15.4	15.5	15.2	15.2	15.5	1309.3
EU Institutions	0.8	0.6	0.6	0.4	0.4	0.3	0.3	0.3	27.2
<b>C. Structure according to economic function</b>	% of GDP								
Consumption	10.9	11.1	10.8	10.8	10.7	10.7	10.7	10.8	915.3
Labour	21.5	21.5	21.3	21.2	21.2	20.6	20.5	20.7	1756.2
Employed	19.4	19.6	19.4	19.3	19.2	18.7	18.6	18.8	1593.7
Paid by employers	8.5	8.8	8.8	8.8	8.9	8.8	8.8	8.8	742.5
Paid by employees	10.9	10.8	10.6	10.5	10.4	10.0	9.9	10.0	851.3
Non-employed	2.1	1.9	1.9	1.9	1.9	1.9	1.9	1.9	162.4
Capital	7.5	8.8	8.3	8.0	8.0	8.2	8.5	9.0	766.0
Capital and business income	5.0	6.3	5.9	5.5	5.5	5.6	5.9	6.3	535.9
Income of corporations	2.2	3.1	2.9	2.7	2.6	2.8	2.9	3.3	278.5
Income of households	0.6	0.8	0.7	0.7	0.7	0.7	0.8	0.8	70.7
Income of self-employed (incl. SSC)	2.2	2.3	2.2	2.2	2.2	2.2	2.2	2.2	186.7
Stocks of capital / wealth	2.5	2.5	2.4	2.5	2.5	2.6	2.7	2.7	230.2
<b>TOTAL</b>	<b>39.8</b>	<b>41.2</b>	<b>40.3</b>	<b>39.9</b>	<b>39.8</b>	<b>39.5</b>	<b>39.8</b>	<b>40.5</b>	<b>3429.4</b>
	% of GDP								
Of which environmental taxes	2.7	2.6	2.6	2.6	2.7	2.6	2.6	2.5	211.8
Energy	2.1	2.0	2.0	2.0	2.0	1.9	1.9	1.8	153.3
Transport	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	51.4
Pollution/Resources	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	7.1
<b>D. Implicit tax rates</b>	%								
Consumption	19.4	19.7	19.2	19.3	19.1	19.2	19.2	19.4	
Labour employed	38.2	39.6	39.2	39.0	39.0	38.4	38.4	39.0	
Capital	25.1	30.6	28.5	28.1	28.3	28.9	30.3	31.9	
Capital and business income	16.7	21.9	20.0	19.2	19.2	19.6	20.5	21.9	
Corporations	20.3	25.4	26.9	25.2	23.9	25.6	27.0	31.3	
Households	11.5	13.5	13.2	13.1	13.7	13.0	13.6	14.3	

## NORWAY

	1995	2000	2001	2002	2003	2004	2005	2006	2006		
<b>A. Structure of revenues</b>									% of GDP	€ bn	Ranking <sup>1</sup>
Indirect taxes	16.0	13.6	13.4	13.4	13.0	12.8	12.2	12.3	33.0	n.a.	
VAT	9.4	8.4	8.4	8.5	8.2	8.1	7.9	8.0	21.4	n.a.	
Excise duties and consumption taxes	3.4	2.8	2.7	2.7	2.7	2.4	2.3	2.2	5.8	n.a.	
Other taxes on products (incl. import duties)	2.6	1.9	1.8	1.7	1.6	1.8	1.6	1.6	4.3	n.a.	
Other taxes on production	0.6	0.5	0.6	0.5	0.5	0.5	0.5	0.6	1.6	n.a.	
Direct taxes	16.2	20.1	20.2	19.8	19.5	21.1	22.4	23.0	61.5	n.a.	
Personal income	10.3	10.3	10.4	10.7	10.5	10.3	9.7	9.1	24.4	n.a.	
Corporate income	4.8	8.9	8.9	8.1	8.0	9.8	11.8	12.9	34.6	n.a.	
Other	1.0	0.9	0.9	1.0	1.0	1.0	1.0	0.9	2.5	n.a.	
Social Contributions	9.8	8.9	9.2	9.9	9.8	9.4	8.9	8.7	23.4	n.a.	
Employers'	5.8	5.3	5.6	5.9	5.9	5.7	5.4	5.3	14.3	n.a.	
Employees'	4.0	3.6	3.7	3.9	3.9	3.7	3.5	3.4	9.1	n.a.	
Self- and non-employed	-	-	-	-	-	-	-	-	-	-	
<b>B. Structure according to level of government</b>									% of GDP		
Central Government	24.0	27.3	26.6	27.6	26.3	28.0	28.8	29.7	79.6	n.a.	
State Government <sup>2</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Local Government	8.2	6.4	7.0	5.6	6.2	5.9	5.8	5.6	14.9	n.a.	
Social Security Funds	9.8	8.9	9.2	9.9	9.8	9.4	8.9	8.7	23.4	n.a.	
EU Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
<b>C. Structure according to economic function</b>									% of GDP		
Consumption	14.6	12.7	12.6	12.8	12.4	12.2	11.7	11.8	31.5	n.a.	
Labour	18.5	17.5	18.0	19.0	18.8	18.2	17.0	16.4	43.8	n.a.	
Employed	17.5	16.5	17.0	17.9	17.8	17.2	16.0	15.5	41.4	n.a.	
Paid by employers	5.9	5.4	5.6	6.0	5.9	5.7	5.4	5.4	14.4	n.a.	
Paid by employees	11.7	11.1	11.4	12.0	11.9	11.5	10.6	10.1	27.1	n.a.	
Non-employed	0.9	1.0	1.0	1.0	1.0	1.0	0.9	0.9	2.4	n.a.	
Capital	8.8	12.2	12.1	11.3	11.0	12.9	14.8	15.9	42.6	n.a.	
Capital and business income	6.5	10.6	10.6	9.8	9.5	11.4	13.5	14.5	38.9	n.a.	
Income of corporations	4.8	8.9	8.9	8.1	8.0	9.8	11.8	12.9	34.6	n.a.	
Income of households	0.6	0.8	0.8	0.7	0.7	0.7	0.7	0.7	1.9	n.a.	
Income of self-employed (incl. SSC)	1.1	0.9	0.9	1.0	0.9	0.9	1.0	0.9	2.4	n.a.	
Stocks of capital / wealth	2.3	1.6	1.5	1.5	1.5	1.5	1.4	1.4	3.7	n.a.	
<b>TOTAL</b>	<b>42.0</b>	<b>42.6</b>	<b>42.9</b>	<b>43.1</b>	<b>42.3</b>	<b>43.3</b>	<b>43.5</b>	<b>44.0</b>	<b>117.9</b>	<b>n.a.</b>	
									% of GDP		
Of which environmental taxes	2.3	1.5	1.3	3.4	3.3	3.3	3.0	3.0	8.1	n.a.	
Energy	1.1	0.7	0.6	1.5	1.5	1.3	1.2	1.2	3.1	n.a.	
Transport	0.3	0.3	0.3	1.4	1.4	1.5	1.4	1.5	3.9	n.a.	
Pollution/Resources	1.0	0.6	0.5	0.5	0.5	0.5	0.3	0.4	1.0	n.a.	
<b>D. Implicit tax rates</b>									%	Ranking <sup>1</sup>	
Consumption	30.9	31.1	30.6	29.7	28.5	28.9	29.7	31.1	n.a.		
Labour employed	37.4	38.3	38.4	38.7	39.0	39.2	38.5	38.0	n.a.		
Capital	-	-	-	-	-	-	-	-	-		
Capital and business income	-	-	-	-	-	-	-	-	-		
Corporations	-	-	-	-	-	-	-	-	-		
Households	-	-	-	-	-	-	-	-	-		
<b>p.m.:</b>											
Real GDP growth (annual rate)	4.2	3.3	2.0	1.5	1.0	3.9	2.7	2.2			
Output gap (potential)	-	-	-	-	-	-	-	-			

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

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

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

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

Source: Commission Services



## Overall trends in taxation

### *Structure and development of tax revenues*

Norway's total tax to GDP ratio amounted to 44.0 % in 2006; a value which exceeds by more than four percentage points the weighted European Union average. Compared with other Nordic countries, Norway's ratio is slightly higher than Finland's, but well below the Danish and Swedish level. The level and structure of revenues in Norway are clearly influenced by the important role played by oil and gas extraction in the economy.

The Norwegian tax system is characterised by a high share of direct taxes, accounting in 2006 for 52.1 % of revenue, i.e. 18.3 percentage points above the EU-27 (weighted) average; amongst EU countries, only Denmark displays a higher share of direct tax revenues at 61.5 %. Revenues from indirect taxes and from social contributions correspondingly cover a smaller share of budgetary revenue; they are also lower than the EU average in terms of their ratio to GDP. The high revenue from direct taxes is attributable in particular to the corporate tax which yields, as a share of GDP, almost ten percentage points more than the EU-27 average; note, however, that this result is due to a statistical reclassification of tax revenue, which now considers the receipts from the special tax on petroleum income alongside the ordinary corporate income tax, doubling its revenue. As for indirect taxes, the VAT share (8.0 % of GDP) and the share of excise duties (2.2 % of GDP) are clearly below the EU-27 averages (7.0 % and 2.7 % of GDP, respectively).

As of 2006, 67.5 % of taxes and social contributions were paid to the central government, while local government (municipalities and counties) received 12.7 % of the total, a share somewhat above the EU (weighted) average (10.4 %). Social security revenues constitute a relatively low share of government receipts, 19.9 % compared to 35.7 % on the EU-27 average.

The overall tax ratio has been on a slow upward trend since 1995. Direct taxes from personal income relative to GDP have been relatively stable during the 1990s until today. Taxes on corporate income, however, have almost tripled since 1995, mainly due to a sharp increase in petroleum tax revenue. The increase has been particularly notable since 2003: almost five percent of GDP. In contrast, social security contributions have followed a slight downward trend.

### *Taxation of consumption, labour and capital; environmental taxes*

Revenue from taxation on consumption, at 11.8 % of GDP, has fallen substantially since its 1998 peak (14.8 % of GDP). Current levels are slightly above the EU-27 (weighted) average (11.1 % of GDP). The ITR on consumption (31.1 % in 2006), however, is well above the EU-27 average (19.9 %), only comparable to those of the other Nordic countries, and has been on the increase since 2003. This difference in ratios is due to a remarkably low share of the final consumption expenditure of households when compared to Norway's GDP (less than 40 %).

Taxation on labour has been on the decline since 2002 in revenue terms, but the ITR on labour has been more or less stable, oscillating around a level of 38.5 % for the entire period under observation. The value of 38.0 % recorded in 2006 is between the EU-27 (weighted) average and the EA-15 one (36.7 % and 39.0 %, respectively). It is just above the Danish value and significantly below the levels recorded in Sweden and Finland.

Owing to data limitations, no ITR on capital is available for Norway. Capital taxation yields, at 15.9 % of GDP, a very high level of revenue, more than two-thirds above the EU-27 (weighted) average ratio and increasing. Oil taxation, which is booked as a tax on the stocks of capital/wealth, contributes significantly to this peculiarity; as mentioned above, the special tax on petroleum income alone accounts for half of the revenue from corporate income; oil companies then also pay corporate income tax at the ordinary rate. The country in the EU that raises the highest amount of taxes from capital is the UK, at 11.9 % of GDP.

Norway levies a wide range of environmental taxes, including not only the traditional excises on mineral oils but also significant levies on electricity consumption, CO<sub>2</sub> emissions, greenhouse gases HFC and PFC, pesticides, sulphur and so on. Transport taxes, in particular, are high, owing to a heavy tax burden on vehicles, but energy taxes, at 1.2 % of GDP, yield significantly less revenue than the EU average. Pollution/resource taxes yield 0.4 % of GDP, a comparatively high value; note that this amount does not include the special tax on oil companies' profits. Overall, in 2006 the share of environmental related tax revenues on GDP has been 3.0 % compared to 2.6 % for the EU-27 (weighted) average.

#### *Current topics and prospects; policy orientation*

The 2008 budget introduces adjustments in current legislation rather than far-reaching reforms. The main tax rates remain unchanged; the budget nevertheless introduced some changes in order to strengthen the redistributive profile of the tax system. For instance, the rebate of 15 per cent on share values for net wealth tax purposes was abolished, and the threshold for the net wealth tax was raised.

The allowance for labour union fees and the parent allowance were increased. A new scheme for tax exemption of private pension schemes was introduced. The former tonnage tax regime for shipping companies was replaced with a new one in order to make it equally competitive as those of other European countries. Furthermore, the government aims at increasing the revenue from environmental taxes and reducing other taxes to make the tax system 'greener'. The CO<sub>2</sub> tax on mineral oil for air travel and the tax on diesel fuel were increased. The annual tax on cars will now be differentiated according to environmental criteria.

## **Main features of the tax system**

### *Personal income tax*

Norway, like several other Nordic countries, has adopted a dual tax system. Income from labour and pensions is taxed at progressive rates, while the remaining forms of income are (mainly) taxed at a flat rate.

The basic element of the personal income tax is levied on so-called 'ordinary' income, which includes all kinds of income, but also various allowances. The tax rate on 'ordinary' income is 28 %; this rate combines State, county and municipal taxes (Finnmark and Nord-Troms benefit, however, from a lower 24.5 % rate).

The surtax ('toppskatt' in Norwegian) is the progressive element of the PIT. It is levied on the so-called 'personal income' – i.e. gross wage income, gross pension income and a calculated income for the self-employed – provided annual personal income exceeds NOK 420 000. The surtax is levied at a rate of 9 % on income between NOK 420 000 and NOK 682 000 and at a rate of 12 % on income exceeding NOK 682 000.

The 2006 tax reform abolished the imputation system of taxation of dividends. The reform introduced a tax exempt amount on dividends received by individuals equivalent to the risk-free return on invested capital (this is normally set at the after-tax return on 3-month government paper). This tax-free return may be carried forward and be set against future dividend income or capital gains; the excess is taxed at the ordinary rate of 28 %. This, in combination with lower marginal tax rates on labour income, has made it no longer particularly profitable to have labour income taxed as dividends, thus reducing the problem of income shifting.

### *Corporate taxation*

Companies are subject to corporate income tax of 28 %. Income and capital gains are pooled and taxed at the same rate. Special regimes apply to activities related to the exploration for and exploitation of petroleum resources.

Until 31 December 2003, an imputation system applied to taxation of dividends for corporate shareholders. This was replaced with an exemption regime for corporate shareholders with effect from 1 January 2004. Dividends derived by corporate shareholders from resident companies, savings banks and unit trusts are always exempt from tax. Capital gains on the disposal of shares in such entities are also exempt. In general, all expenses incurred in acquiring, securing and maintaining income are deductible. Royalties and management fees are generally deductible, but must be made on an arm's-length basis if such payments are made to related parties. Expenses incurred in order to earn exempt income, e.g. dividends and capital gains on shares, are not deductible. Thus, the deductibility of costs for holding companies is limited. Capital gains derived from the sale of business assets are normally included in taxable income (with profit and loss account deferral).

Losses may be carried forward to be set off against profits in succeeding years. A tax credit is granted to companies engaging in research and development projects approved by the Research Council of Norway.

#### *VAT and excise duties*

The Norwegian VAT standard rate is 25 %, and has general use. There is a reduced rate of 14 % on foodstuffs and a rate of 8 % on passenger transport, broadcasting services, admission to cinemas, accommodation in hotels and camping sites and business letting of holiday homes. A zero rate applies to the sale of books and newspapers.

#### *Wealth and transaction taxes*

There is an inheritance and gift tax with a zero-rate up to taxable amounts of NOK 250 000 (€38 890). From this level, the rates range from 8 % to 30 %, depending on the status of the beneficiary and the size of the taxable amount.

Resident individuals are subject to national net wealth tax above certain thresholds (tax rates from 0.2 % to 0.4 %) and municipal net wealth tax (0.7 %) with respect to their worldwide net wealth. The tax base was broadened in 2007 and in 2008, by increasing tax values for homes and other real estate and by broadening the base for securities, but at the same time higher basic allowances were granted. The wealth tax is due independently of the income tax; there is, however, a rule limiting the total tax burden to 80 % of total net income.

#### *Social contributions*

The national insurance contributions payable by employees are computed on gross salary and pension income. The general rate of 7.8 % applies to employment income including benefits in kind and remuneration of directors, members of committees, and so on. A reduced rate of 3 % applies to pensions and life annuities, as well as to employment income derived by individuals under 17 or over 69 years. There is an exemption for incomes up to NOK 39 600 (€4 985) from the contributions. For income above this amount, the contributions are at a balancing rate of 25 % until the general rate of 7.8 % on all income is achieved. The contributions payable by individuals are not deductible for income tax purposes. Regionally differentiated rates in employers' social security contributions were reintroduced in 2007.

The self-employed pay national insurance contributions at a rate of 11 %.



## Bibliography

- Adema, W., Revisiting real social spending across countries: a brief note, OECD Economic Studies, No. 30, 2000.
- Adema, W., Net Social Expenditure, 2nd edition, OECD labour market and social policy – occasional papers, No. 52, OECD, Paris, 2001.
- Adema, W., and M. Ladaique, Net Social Expenditure, 2005 Edition – More comprehensive measures of social support, OECD Social, Employment and Migration Working Papers No. 29, OECD, Paris, 2005.
- Arpaia, A., and G. Carone, Do labour taxes (and their composition) affect wages in the short and long run?, European Economy – Economic papers n 216, 2004.
- Banco de Portugal, Economic bulletin, Vol. 10, No. 1, March 2004.
- Carey, D., and J. Rabesona, Average effective tax rates on capital, labour and consumption, Paper presented at the CESifo conference on measuring the tax burden on labour and capital, Venice, July 2002.
- Carone, G., and A. Salomäki, Reforms in tax-benefit systems in order to increase employment incentives in the EU, European Commission economic paper, No. 160, Brussels, 2001.
- Clark, S., Using micro-data to assess average effective tax rates, Paper presented at the CESifo conference on measuring the tax burden on labour and capital, Venice, July 2002.
- Cnossen, S., Tax Policy in the European Union – A Review of Issues and Options, FinanzArchiv, Vol. 58, pp. 466-558, 2001.
- Georgakopoulos, T., More jobs, less tax evasion, cleaner environment, options for compensating reductions in the taxation of labour – taxation of other factors of production: case study Greece, Athens University of Economics and Business, March 1998.
- De Haan, J., Sturm, J. E. and B. Volkerink, How to measure the tax burden on labour, Paper presented at the CESifo conference on measuring the tax burden on labour and capital, Venice, July 2002.
- Deloitte, Corporate Tax Rates at a Glance, various issues.
- De Mooij, R.A. and G. Nicodème, Corporate Tax Policy and Incorporation in the EU, Taxation papers, N°11, 2008.
- Denis, C., Mc Morrow, K., and W. Röger, Production function approach to calculating potential growth and output gaps – estimates for the EU Member States and the US, European Economy – Economic papers n 176, 2002.
- Desai, A., Foley, C. F., and J. R. Hines, Chains of Ownership, Tax Competition, and Foreign Direct Investment, Paper presented at the CESifo conference on measuring the tax burden on labour and capital, Venice, July 2002.
- Devereux, M. P., R. Griffith and A. Klemm, Corporate income tax reforms and international tax competition, Economic Policy Vol. 35, 451-488, 2002.
- Devereux, M. P., Developments in the taxation of corporate profit in the OECD since 1965: rates v revenue prepared for conference of the Alliance for Competitive Taxation, Washington DC, in June 2006.

European Commission, Council Regulation (EC) No 2223/96 of 25 June 1996 on the European system of national and regional accounts in the Community - Official Journal L 310, pp. 1-469, November 1996a.<sup>1)</sup>

European Commission, Structures of the taxation systems in the European Union, Luxembourg, 1996b.

European Commission, Commission decision of 10 February 1997 on the definition of a methodology for the transition between the European System of National Accounts in the Community (ESA95) and the European System of Integrated Economic Accounts (ESA second edition) - Official Journal L 75, pp. 44-75, March 1997.

European Commission, Implementation of the new system of accounts (ESA95), Statistics in Focus, Economy and Finance, National Accounts – Theme 2, 27, 1999.

European Commission, Public finances in EMU 2000, Reports and studies, No. 3, Brussels, 2000a.

European Commission, Structures of the taxation systems in the European Union 1970-1997, 2000 edition, Luxembourg, 2000b.

European Commission, Company taxation in the internal market, Commission staff working paper COM(2001)582, 2001a.

European Commission, Environmental taxes - A statistical guide - Eurostat, 2001b.

European Commission, Public finances in EMU 2002, Reports and studies, No. 3, Brussels, 2002a.

European Commission, Environmental taxes in the EU, 1980-1999 – Statistics in Focus – Economy and Finance – Eurostat, August 2002b.

European Commission, Structures of the taxation systems in the European Union, 2003 edition, Luxembourg, 2003a.

European Commission, Public finances in EMU 2003, Reports and studies, No. 3, Brussels, 2003b.

European Commission, Directorate-General Taxation and Customs Union, Methodology of the Structures of the Taxation Systems in the EU: The implicit tax rate on capital, Staff Working Paper, 2004a.

European Commission, Structures of the taxation systems in the European Union, 2004 edition, Luxembourg, 2004b.

European Commission, Structures of the taxation systems in the European Union, 2005 edition, Luxembourg, 2005.

European Commission, Structures of the taxation systems in the European Union, 2006 edition, Luxembourg, 2006.

European Commission, Taxation trends in the European Union, 2007 edition, Luxembourg, 2007.

European Commission Regulation (EC) No 995/2001 of 22 May 2001 implementing Regulation (EC) No 2516/2000 of the European Parliament and of the Council modifying the common principles of the European System of national and regional accounts in the Community (ESA95) as concerns taxes and social contributions – Official Journal L139, pp. 3-8, May 2001.

---

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://ec.europa.eu/eur-lex/en/index.html>

European Communities, Energy efficiency indicators - data 1990-1999 – Theme 8: Environment and Energy – Eurostat, 2002.

European Communities, Environmental taxes in the European Union 1980-2001, Statistics in Focus – Theme 8: Environment and Energy, Eurostat, June 2003.

Eurostat, ESSPROS Manual, 1996.

Eurostat, Statistics in Focus 3/2005, Tax revenue in EU Member States, Luxembourg, 2005.

Eurostat, Statistics in Focus 2/2006, Tax revenue in the EU, Luxembourg, 2006.

IBFD, Tax News Service, European Taxation Database and European Tax Handbook, various issues.

Fullerton, D., and G. E. Metcalf, Tax incidence, in A.J. Auerbach and M. Feldstein (eds.), Handbook of Public Economics, Vol. 4, pp. 1787-1872, Amsterdam, 2002.

Fullerton, D., and G. E. Metcalf, The distribution of tax burdens: an introduction, NBER Working Paper, n°8978, June 2002.

Griffith, R. and A. Klemm, What has been the tax competition experience for the last 20 years?, IFS Working Paper 04/05, 2004.

Jacobs, O. H., Spengel, C., et al., Company taxation in the new EU Member States, Frankfurt am Main / Mannheim, 2003.

Jacobs, O. H., Spengel, C., Finkenzeller, M., and M. Roche, Company Taxation in the New EU Member States, 2<sup>nd</sup> edition, Frankfurt am Main/ Mannheim, 2004.

KPMG, KPMG's Corporate Tax Rates Survey, various issues.

Martinez-Mongay, C., ECFIN's effective tax rates, properties and comparisons with other tax indicators, European Commission economic paper, No. 146, Brussels, 2000.

Mendoza, E. G., Razin, A., and L. L. Tesar, Effective tax rates in macroeconomics. Cross-country estimates of tax rates on factor incomes and consumption, Journal of Monetary Economics, Vol. 34, pp. 297-323, 1994.

Ministry of Finance of Denmark, Economic Survey, December 2002 (and later editions).

Ministry of Economy and Finance of Italy, I° Documento annuale di comparazione dei sistemi fiscali sotto il profilo giuridico - tributario, economico e di competitività nell'attrazione dei capitali internazionali, Rome, 2002.

Nicodeme, G., Computing effective corporate tax rates: comparison and results. European Commission, Directorate General for Economic and Financial Affairs, Economic Paper. No. 153, June 2001.

Nicodème, G., Corporate tax competition and coordination in the European Union: what do we know? Where do we stand?, 2007, in International Taxation Handbook, C. Read and G.N. Gregoriou editors, Elsevier, London, chapter 8, pp. 171-208, 2007.

OECD, Organisation for Economic Co-operation and Development, Taxing powers of state and local government, OECD tax policy studies No. 1., Paris, 1999; for an update of data see: [www.oecd.org/ctp/federalism](http://www.oecd.org/ctp/federalism)

- OECD, Organisation for Economic Co-operation and Development, Tax burdens: alternative measures, OECD tax policy studies No. 2, Paris, 2000.
- OECD, Organisation for Economic Co-operation and Development, Tax systems in European Union countries, OECD tax policy studies No. 34, Paris, 2002a.
- OECD, Organisation for Economic Co-operation and Development, Tax ratios: a critical survey, OECD tax policy studies No. 5, Paris, 2002b.
- OECD, Organisation for Economic Co-operation and Development, OECD observer: the truth about tax burdens, Paris, 2002c.
- OECD, Organisation for Economic Co-operation and Development, Tax Policy Studies No. 07: Fiscal Design Surveys across Levels of Government Paris, 2002d.
- OECD, Organisation for Economic Co-operation and Development, Taxing Wages 2001-2002, 2002 edition, Paris, 2003.
- OECD, Organisation for Economic Co-operation and Development, Revenue Statistics, 2005 edition, 2005.
- OECD, Organisation for Economic Co-operation and Development, Revenue Statistics, 2006 edition, 2006a.
- OECD, Organisation for Economic Co-operation and Development, Taxing Wages, 2005 edition, 2006b.
- OECD, Organisation for Economic Co-operation and Development, Revenue Statistics, 2007 edition, 2007.
- OECD, Organisation for Economic Co-operation and Development, Taxing Wages 2006-2007, 2007 edition, 2008.
- Ravets, C., and C. Hublard, Le SEC 95: nouveaux concepts et premiers résultats, Association de comptabilité nationale, Paris, 19-21 January 2000.
- Valenduc, C., Effective or implicit tax rates? Paper presented at the conference on corporate and capital income taxation in the European Union: The EU Commission report on companies' taxation and beyond organised by Facultes universitaires catholiques de Mons and CESifo, December 2001.



# **A**nnex A

## **Tables**



Table Tot\_G: Total Taxes (including SSC) as % of GDP

													Difference <sup>1)</sup>	Ranking <sup>2)</sup>	Revenue <sup>2)</sup>
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1995 to 2006		€ million
BE	43.8	44.4	44.9	45.5	45.5	45.2	45.2	45.3	44.9	45.0	44.9	44.6	0.8	3	141 266.9
BG	-	-	-	-	-	32.6	31.4	30.0	32.6	33.9	34.1	34.4	-	18	8 628.1
CZ	36.2	34.7	35.0	33.3	34.0	33.8	34.0	34.8	35.7	37.4	37.1	36.2	0.1	15	41 327.8
DK	48.8	49.2	48.9	49.3	50.1	49.4	48.4	47.8	48.0	49.0	50.7	49.1	0.3	1	108 137.0
DE	39.8	40.7	40.7	40.9	41.7	41.9	40.0	39.5	39.6	38.8	38.7	39.3	-0.5	9	911 520.0
EE	37.8	35.1	35.2	34.7	33.9	31.3	30.5	31.1	30.9	30.9	30.6	31.0	-6.7	23	4 107.5
IE	33.1	33.1	32.4	31.7	31.8	31.7	29.8	28.5	29.0	30.4	30.8	32.6	-0.5	21	56 889.7
EL	29.1	29.4	30.6	32.5	33.3	34.6	33.0	33.4	32.3	31.3	31.3	31.4	2.2	22	67 116.0
ES	32.7	33.1	33.2	33.0	33.6	33.9	33.5	33.9	33.9	34.5	35.6	36.5	3.8	14	357 981.0
FR	42.7	43.9	44.1	44.0	44.9	44.1	43.8	43.1	42.9	43.2	43.8	44.2	1.5	4	792 493.0
IT	40.1	41.8	43.7	42.5	42.5	41.8	41.5	40.9	41.3	40.6	40.6	42.3	2.2	6	623 972.0
CY	26.7	26.4	25.8	27.7	28.0	30.0	30.9	31.2	33.0	33.4	35.5	36.6	9.9	13	5 349.7
LV	33.2	30.8	32.1	33.7	32.0	29.5	28.5	28.2	28.5	28.5	29.0	30.1	-3.0	24	4 877.1
LT	28.5	27.9	31.0	32.0	31.8	30.2	28.7	28.4	28.2	28.3	28.8	29.7	1.2	25	7 049.5
LU	37.1	37.6	39.3	39.4	38.3	39.1	39.8	39.3	38.3	37.3	37.8	35.6	-1.5	17	12 048.7
HU	41.6	40.6	39.0	39.0	39.1	38.5	38.3	37.9	37.6	37.6	37.4	37.2	-4.4	12	33 458.2
MT	26.8	25.4	27.5	25.6	27.3	28.2	30.4	31.5	31.4	33.1	33.7	33.8	7.0	20	1 710.3
NL	40.2	40.2	39.7	39.4	40.4	39.9	38.3	37.7	37.4	37.5	37.9	39.5	-0.7	8	211 016.0
AT	41.3	42.6	44.0	44.0	43.7	42.8	44.7	43.7	43.1	42.8	42.0	41.8	0.5	7	107 737.8
PL	37.1	37.2	36.5	35.4	34.9	32.6	32.2	32.7	32.2	31.5	32.8	33.8	-3.3	19	91 892.1
PT	31.9	32.8	32.9	33.1	34.1	34.3	33.9	34.7	34.8	34.1	35.1	35.9	4.0	16	55 748.8
RO	-	-	-	-	-	-	27.8	28.1	27.7	27.4	27.9	28.6	-	27	27 939.0
SI	40.2	39.1	38.0	38.8	39.2	38.0	38.2	38.6	38.8	38.9	39.3	39.1	-1.1	10	11 908.3
SK	40.2	39.4	37.2	36.6	35.3	34.0	33.0	33.1	33.1	31.6	31.5	29.3	-10.9	26	13 067.1
FI	45.7	47.0	46.3	46.1	45.8	47.2	44.6	44.6	44.0	43.4	44.0	43.5	-2.3	5	72 596.0
SE	47.9	50.3	50.8	51.5	51.8	51.8	49.9	47.9	48.3	48.7	49.5	48.9	1.0	2	153 343.2
UK	35.1	35.0	35.5	36.5	36.9	37.4	37.1	35.6	35.3	35.7	36.6	37.4	2.2	11	714 208.0
NO	42.0	42.4	42.2	42.0	42.3	42.6	42.9	43.1	42.3	43.3	43.5	44.0	2.0		117 905.3
<b>EU-27</b>															
weighted average	39.6	40.3	40.5	40.5	41.0	40.7	39.8	39.2	39.1	39.0	39.3	39.9	0.4		
arithmetic average	37.5	37.5	37.8	37.8	38.0	37.4	36.6	36.4	36.4	36.5	36.9	37.1	-0.4		
<b>EA-15</b>															
weighted average	39.8	40.7	41.1	41.0	41.5	41.2	40.3	39.9	39.8	39.5	39.8	40.5	0.7		
arithmetic average	36.7	37.2	37.5	37.6	38.0	38.2	37.8	37.7	37.7	37.6	38.1	38.4	1.7		
<b>EU-25</b>															
weighted average	39.6	40.3	40.5	40.5	41.0	40.7	39.9	39.2	39.2	39.0	39.4	40.0	0.5		
arithmetic average	37.5	37.5	37.8	37.8	38.0	37.6	37.1	36.9	36.9	36.9	37.4	37.6	0.1		
<b>Convergence indicators</b>															
St.dev./mean %	15.6	16.9	16.1	16.0	15.8	16.0	16.2	15.7	15.4	15.4	15.4	14.4	-1.3		
Max-min	22.1	24.9	25.1	25.9	24.4	23.6	22.1	19.8	20.7	21.7	22.8	20.5	-1.6		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table Tot\_G: Total Taxes (excluding SSC) as % of GDP

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>	Revenue <sup>2)</sup> € million
BE	29.5	30.1	30.7	31.3	31.3	31.3	31.0	30.9	30.6	31.0	31.2	31.0	1.6	4	98 310.0
BG	-	-	-	-	-	21.6	21.4	20.5	22.0	23.4	23.8	25.6	-	13	6 424.9
CZ	21.8	20.5	20.4	19.3	20.0	19.6	19.8	19.9	20.7	21.4	21.0	20.0	-1.8	25	22 858.3
DK	47.7	48.1	47.9	48.3	48.5	47.6	46.7	46.6	46.8	47.8	49.6	48.1	0.4	1	105 864.6
DE	22.9	23.3	23.0	23.5	24.5	25.0	23.3	22.8	22.8	22.2	22.4	23.3	0.4	19	541 730.0
EE	24.7	23.2	23.8	23.2	21.8	20.3	19.7	20.1	20.2	20.4	20.3	20.8	-3.9	23	2 754.5
IE	28.1	28.5	28.1	27.6	27.5	27.2	25.2	24.1	24.6	25.7	26.1	27.7	-0.4	9	48 398.6
EL	19.8	19.8	20.6	22.2	23.1	24.1	22.5	21.9	20.5	20.1	20.3	20.3	0.5	24	43 414.0
ES	20.9	21.1	21.2	21.1	21.7	21.9	21.3	21.8	21.7	22.3	23.5	24.3	3.4	18	238 803.0
FR	24.2	25.3	26.0	27.9	28.6	28.0	27.7	27.0	26.5	27.0	27.5	27.8	3.6	8	497 579.0
IT	27.4	27.6	29.2	30.3	30.3	29.7	29.5	28.8	29.0	28.3	28.0	29.6	2.1	6	436 137.0
CY	20.2	19.5	18.8	20.8	21.4	23.4	24.1	24.5	26.0	25.7	27.3	28.7	8.6	7	4 202.7
LV	21.2	20.0	21.4	23.0	21.3	19.6	19.3	18.9	19.6	19.8	20.6	21.5	0.3	21	3 470.8
LT	21.1	20.0	22.5	22.9	22.6	20.8	19.7	19.8	19.7	19.9	20.5	21.2	0.1	22	5 030.6
LU	27.3	27.7	29.3	29.2	28.2	29.1	28.8	28.4	27.5	26.6	27.2	25.7	-1.6	12	8 689.6
HU	26.7	26.5	24.7	24.9	25.9	25.7	25.4	25.1	25.1	25.3	24.9	24.7	-2.0	16	22 200.8
MT	20.6	19.1	20.7	19.4	21.2	21.8	23.4	25.0	24.9	26.6	26.9	27.6	6.9	10	1 394.7
NL	24.3	25.0	24.6	24.5	24.8	24.5	24.7	24.5	23.6	23.6	24.8	25.3	1.0	14	135 073.0
AT	26.5	27.8	29.0	29.1	28.8	28.2	30.1	29.2	28.6	28.3	27.5	27.4	0.9	11	70 682.3
PL	25.8	25.6	24.7	23.7	21.2	19.6	18.8	19.8	19.4	19.1	20.5	21.6	-4.1	20	58 758.8
PT	22.3	23.1	23.0	23.2	24.0	24.0	23.4	23.9	23.8	23.0	23.8	24.5	2.2	17	38 068.9
RO	-	-	-	-	-	-	17.5	17.3	18.2	18.1	18.2	18.8	-	26	18 393.2
SI	22.9	23.7	23.4	24.1	24.7	23.5	23.5	24.1	24.3	24.4	24.8	24.8	1.9	15	7 555.2
SK	25.2	23.4	22.2	21.7	21.2	19.8	18.7	18.5	19.3	18.6	18.8	17.6	-7.6	27	7 843.9
FI	31.6	33.4	33.5	33.5	33.2	35.3	32.6	32.7	32.2	31.8	32.0	31.4	-0.3	3	52 391.0
SE	35.6	37.1	37.8	38.5	40.3	38.5	36.1	34.5	35.2	35.9	36.7	36.8	1.2	2	115 324.7
UK	29.0	28.9	29.3	30.3	30.6	31.1	30.9	29.6	28.9	29.0	29.8	30.6	1.6	5	584 911.9
NO	32.2	32.8	32.6	31.8	32.2	33.7	33.6	33.2	32.5	33.9	34.6	35.3	3.1		94 473.7
<b>EU-27</b>															
weighted average	25.7	26.2	26.7	27.5	28.0	27.9	27.1	26.6	26.3	26.3	26.7	27.3	1.6		
arithmetic average	25.9	25.9	26.2	26.5	26.7	26.2	25.4	25.2	25.3	25.4	25.9	26.2	0.3		
<b>EA-15</b>															
weighted average	24.3	24.9	25.4	26.2	26.7	26.7	25.9	25.5	25.3	25.2	25.5	26.2	1.9		
arithmetic average	24.6	25.0	25.4	25.8	26.2	26.5	26.1	26.0	25.8	25.8	26.2	26.6	2.1		
<b>EU-25</b>															
weighted average	25.7	26.2	26.7	27.5	28.0	28.0	27.2	26.6	26.4	26.3	26.8	27.4	1.7		
arithmetic average	25.9	25.9	26.2	26.5	26.7	26.4	25.9	25.7	25.7	25.8	26.2	26.5	0.6		
<b>Convergence indicators</b>															
St.dev./mean %	23.3	24.6	24.0	23.7	23.7	23.7	23.8	23.5	23.2	23.9	24.2	22.7	-0.5		
Max-min	28.0	29.0	29.1	29.0	28.4	28.0	29.3	29.3	28.7	29.7	31.4	30.5	2.6		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table Tot\_T: Total Taxes (excluding SSC) as % of Total Taxation

													Difference <sup>1)</sup>	Ranking <sup>2)</sup>	Revenue <sup>2)</sup>
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1995 to 2006		€ million
BE	67.3	67.8	68.4	68.7	68.7	69.2	68.7	68.2	68.1	68.9	69.5	69.6	2.3	13	98 310.0
BG	-	-	-	-	-	66.2	68.0	68.3	67.6	69.0	69.8	74.5	-	7	6 424.9
CZ	60.4	59.0	58.4	57.9	58.8	58.1	58.2	57.3	57.9	57.1	56.6	55.3	-5.1	27	22 858.3
DK	97.8	97.8	97.9	97.9	96.7	96.4	96.4	97.5	97.5	97.6	97.8	97.9	0.1	1	105 864.6
DE	57.7	57.2	56.5	57.4	58.8	59.6	58.2	57.7	57.5	57.4	57.9	59.4	1.8	26	541 730.0
EE	65.5	66.1	67.5	66.7	64.3	64.7	64.7	64.6	65.6	66.1	66.5	67.1	1.6	15	2 754.5
IE	85.0	86.2	86.7	87.0	86.5	86.0	84.8	84.5	84.7	84.7	84.7	85.1	0.0	2	48 398.6
EL	67.9	67.2	67.5	68.4	69.5	69.7	68.1	65.6	63.5	64.3	64.8	64.7	-3.2	20	43 414.0
ES	64.0	63.8	64.0	64.0	64.5	64.5	63.7	64.2	64.0	64.8	66.0	66.7	2.7	16	238 803.0
FR	56.5	57.6	58.9	63.5	63.7	63.5	63.2	62.5	61.9	62.5	62.7	62.8	6.2	24	497 579.0
IT	68.5	65.9	66.7	71.3	71.4	71.1	71.2	70.3	70.2	69.6	68.9	69.9	1.4	12	436 137.0
CY	75.6	74.0	73.0	75.2	76.3	78.2	78.1	78.5	78.8	77.0	76.8	78.6	3.0	5	4 202.7
LV	63.9	64.8	66.8	68.1	66.7	66.5	67.7	67.1	68.9	69.4	71.1	71.2	7.3	11	3 470.8
LT	74.0	71.8	72.7	71.7	71.0	68.9	68.8	69.6	69.7	70.3	71.4	71.4	-2.6	10	5 030.6
LU	73.5	73.8	74.5	74.2	73.7	74.3	72.5	72.3	71.8	71.3	72.1	72.1	-1.4	9	8 689.6
HU	64.1	65.3	63.4	63.9	66.1	66.6	66.5	66.2	66.8	67.4	66.5	66.4	2.2	17	22 200.8
MT	77.2	75.1	75.4	76.1	77.5	77.4	77.1	79.3	79.3	80.1	79.7	81.5	4.4	4	1 394.7
NL	60.5	62.1	62.0	62.0	61.5	61.4	64.3	64.8	63.1	62.9	65.5	64.0	3.5	21	135 073.0
AT	64.1	65.2	65.9	66.1	65.9	66.0	67.3	66.8	66.3	66.1	65.5	65.6	1.5	19	70 682.3
PL	69.5	68.8	67.9	67.1	60.7	60.3	58.4	60.4	60.3	60.8	62.4	63.9	-5.6	22	58 758.8
PT	70.1	70.5	69.7	70.0	70.4	69.9	69.1	69.0	68.3	67.4	67.6	68.3	-1.8	14	38 068.9
RO	-	-	-	-	-	-	62.9	61.7	65.7	66.2	65.3	65.8	-	18	18 393.2
SI	57.0	60.5	61.4	62.0	63.0	61.9	61.5	62.4	62.8	62.8	63.2	63.4	6.4	23	7 555.2
SK	62.6	59.5	59.6	59.3	60.3	58.3	56.7	55.8	58.3	58.7	59.8	60.0	-2.6	25	7 843.9
FI	69.2	71.1	72.4	72.7	72.5	74.8	73.1	73.4	73.3	73.2	72.7	72.2	3.0	8	52 391.0
SE	74.4	73.6	74.4	74.7	77.8	74.4	72.5	71.9	72.9	73.6	74.2	75.2	0.8	6	115 324.7
UK	82.5	82.7	82.5	83.2	83.1	83.2	83.1	83.1	81.9	81.3	81.3	81.9	-0.6	3	584 911.9
NO	76.6	77.4	77.3	75.6	76.1	79.1	78.5	77.1	76.9	78.3	79.6	80.1	3.5		94 473.7
<b>EU-27</b>															
weighted average	65.0	65.1	65.8	67.8	68.3	68.6	68.1	67.8	67.3	67.4	67.9	68.5	3.5		
arithmetic average	69.1	69.1	69.4	70.0	70.0	69.7	69.1	69.0	69.1	69.3	69.7	70.2	1.0		
<b>EA-15</b>															
weighted average	61.1	61.2	61.6	63.9	64.4	64.7	64.3	63.9	63.6	63.7	64.1	64.8	3.7		
arithmetic average	67.6	67.9	68.2	69.2	69.6	69.8	69.4	69.3	68.9	68.9	69.2	69.6	2.0		
<b>EU-25</b>															
weighted average	65.0	65.1	65.8	67.8	68.3	68.6	68.2	67.8	67.3	67.4	67.9	68.5	3.5		
arithmetic average	69.1	69.1	69.4	70.0	70.0	69.8	69.4	69.3	69.3	69.4	69.8	70.2	1.0		
<b>Convergence indicators</b>															
St.dev./mean %	14.7	14.4	14.3	13.7	13.5	13.3	13.2	13.7	13.5	13.3	13.0	13.1	-1.5		
Max-min	41.3	40.6	41.4	40.5	38.0	38.3	39.8	41.7	40.0	40.5	41.2	42.6	1.3		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table A.1\_G: Indirect Taxes as % of GDP: Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>	Revenue <sup>2)</sup> € million
BE	12.9	13.4	13.6	13.5	13.9	13.8	13.3	13.3	13.4	13.6	13.7	13.8	1.0	15	43 786.3
BG	-	-	-	-	-	15.1	14.6	14.4	15.8	17.5	18.6	19.4	-	1	4 872.7
CZ	12.3	12.1	11.5	11.0	11.5	11.3	11.0	10.8	11.1	11.8	11.8	11.2	-1.1	27	12 776.7
DK	17.0	17.4	17.6	18.3	18.3	17.2	17.4	17.5	17.4	17.6	18.0	18.0	1.0	2	39 598.7
DE	12.0	11.9	11.9	12.0	12.6	12.5	12.2	12.1	12.2	12.0	12.1	12.4	0.4	23	287 930.0
EE	13.8	13.8	14.4	12.7	11.9	12.4	12.4	12.5	12.2	12.4	13.4	13.7	-0.2	16	1 808.4
IE	14.5	14.4	14.0	13.8	13.7	13.7	12.5	12.4	12.6	13.2	13.7	14.3	-0.2	13	25 028.7
EL	12.8	13.2	13.3	13.5	14.1	14.2	13.7	13.2	12.5	12.0	11.8	12.2	-0.6	24	26 151.0
ES	10.7	10.7	11.0	11.5	12.0	11.9	11.5	11.6	11.9	12.2	12.6	12.7	2.0	21	124 528.0
FR	16.0	16.6	16.6	16.4	16.4	15.8	15.4	15.4	15.3	15.5	15.7	15.7	-0.4	6	280 532.0
IT	12.4	12.2	12.7	15.6	15.3	15.2	14.7	14.7	14.3	14.3	14.5	15.1	2.6	10	222 251.0
CY	11.4	11.0	10.1	11.1	10.7	12.4	13.0	13.3	16.4	17.0	17.1	17.9	6.5	3	2 621.0
LV	14.1	13.0	13.9	15.0	13.7	12.3	11.8	11.2	12.1	11.9	12.7	13.0	-1.0	19	2 109.6
LT	12.4	11.9	13.7	13.9	13.7	12.6	12.2	12.4	11.7	11.3	11.5	11.6	-0.9	26	2 744.9
LU	11.8	11.8	12.8	13.1	13.3	14.0	13.6	13.0	12.7	13.4	13.4	12.5	0.6	22	4 225.7
HU	17.8	17.1	15.6	15.8	16.3	16.1	15.3	14.9	15.6	16.3	15.8	15.3	-2.6	9	13 727.1
MT	12.3	11.7	12.4	11.4	12.4	12.6	13.3	13.6	12.9	14.9	15.1	15.4	3.1	8	780.4
NL	11.8	12.0	12.2	12.3	12.7	12.5	12.9	12.7	12.7	12.9	13.0	13.3	1.5	17	70 815.0
AT	14.8	15.1	15.6	15.5	15.5	15.1	15.0	15.2	15.0	14.9	14.7	14.3	-0.5	12	36 949.0
PL	14.2	14.4	13.9	13.1	13.6	12.6	12.5	13.2	13.2	13.1	13.9	14.5	0.3	11	39 321.9
PT	13.9	14.0	13.8	14.2	14.6	14.1	14.0	14.5	15.1	14.4	15.3	15.7	1.9	5	24 403.2
RO	-	-	-	-	-	-	11.4	11.7	12.3	11.8	12.9	12.7	-	20	12 421.3
SI	15.9	16.1	15.7	16.4	17.1	16.1	15.8	16.1	16.3	16.1	16.0	15.5	-0.4	7	4 726.1
SK	14.5	13.8	13.1	12.8	12.4	12.5	11.4	11.6	12.1	12.4	12.8	11.6	-2.9	25	5 175.2
FI	14.2	14.3	14.9	14.5	14.5	13.9	13.4	13.6	14.2	14.0	14.1	13.9	-0.3	14	23 150.0
SE	15.9	16.4	16.6	17.4	18.5	16.5	16.6	16.8	17.0	16.8	16.9	17.1	1.2	4	53 439.0
UK	13.6	13.7	13.8	13.7	14.1	14.1	13.7	13.6	13.5	13.4	13.1	13.1	-0.5	18	251 328.2
NO	16.0	15.9	15.8	15.9	15.3	13.6	13.4	13.4	13.0	12.8	12.2	12.3	-3.7		32 986.6
<b>EU-27</b>															
weighted average	13.3	13.4	13.6	14.0	14.3	14.0	13.7	13.6	13.6	13.7	13.8	13.9	0.6		
arithmetic average	13.7	13.7	13.8	13.9	14.1	13.9	13.5	13.5	13.7	13.9	14.2	14.3	0.6		
<b>EA-15</b>															
weighted average	13.1	13.2	13.3	13.9	14.1	13.9	13.5	13.5	13.5	13.5	13.7	13.9	0.8		
arithmetic average	13.2	13.2	13.4	13.7	13.9	13.8	13.6	13.6	13.8	14.0	14.2	14.3	1.2		
<b>EU-25</b>															
weighted average	13.3	13.4	13.6	14.0	14.3	14.0	13.7	13.6	13.6	13.7	13.8	13.9	0.6		
arithmetic average	13.7	13.7	13.8	13.9	14.1	13.8	13.5	13.6	13.7	13.9	14.1	14.1	0.4		
<b>Convergence indicators</b>															
St.dev./mean %	13.6	14.2	13.4	14.1	14.2	11.4	12.1	12.5	13.2	14.2	13.9	15.0	1.4		
Max-min	7.2	6.7	7.4	7.4	7.8	5.9	6.4	6.7	6.3	6.3	7.1	8.2	1.1		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table A.1\_T: Indirect Taxes as % of Total Taxation: Total

													Difference <sup>1)</sup>	Ranking <sup>2)</sup>	Revenue <sup>2)</sup>
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1995 to 2006		€ million
BE	29.4	30.1	30.3	29.8	30.6	30.4	29.4	29.4	29.8	30.1	30.4	31.0	1.6	26	43 786.3
BG	-	-	-	-	-	46.2	46.5	48.0	48.6	51.6	54.5	56.5	-	1	4 872.7
CZ	33.9	34.9	33.0	32.9	33.9	33.5	32.3	31.1	31.0	31.5	31.8	30.9	-2.9	27	12 776.7
DK	34.9	35.3	35.9	37.2	36.5	34.9	35.9	36.6	36.2	35.9	35.4	36.6	1.7	15	39 598.7
DE	30.2	29.3	29.3	29.4	30.2	29.9	30.6	30.5	30.7	31.1	31.3	31.6	1.4	25	287 930.0
EE	36.6	39.3	40.8	36.7	35.2	39.7	40.9	40.3	39.4	40.1	43.7	44.0	7.4	5	1 808.4
IE	43.9	43.7	43.4	43.4	43.0	43.3	41.9	43.6	43.5	43.6	44.6	44.0	0.1	6	25 028.7
EL	44.1	44.8	43.6	41.4	42.4	40.9	41.5	39.5	38.6	38.2	37.5	39.0	-5.1	13	26 151.0
ES	32.6	32.4	33.1	34.9	35.8	35.2	34.4	34.2	34.9	35.3	35.2	34.8	2.1	21	124 528.0
FR	37.6	37.7	37.5	37.4	36.5	35.9	35.1	35.7	35.6	36.0	35.9	35.4	-2.2	17	280 532.0
IT	31.0	29.2	29.0	36.8	36.1	36.4	35.4	35.9	34.6	35.3	35.7	35.6	4.6	16	222 251.0
CY	42.7	41.8	39.4	39.9	38.1	41.5	41.9	42.7	49.6	51.0	48.1	49.0	6.3	2	2 621.0
LV	42.4	42.2	43.3	44.4	42.7	41.8	41.3	39.8	42.5	41.8	43.9	43.3	0.8	8	2 109.6
LT	43.5	42.4	44.1	43.4	43.1	41.8	42.6	43.8	41.7	39.8	40.0	38.9	-4.6	14	2 744.9
LU	31.9	31.5	32.5	33.3	34.6	35.8	34.1	33.1	33.0	36.0	35.5	35.1	3.1	19	4 225.7
HU	42.8	42.1	39.9	40.5	41.6	41.8	40.1	39.5	41.5	43.3	42.2	41.0	-1.8	10	13 727.1
MT	46.1	46.1	45.1	44.8	45.3	44.6	43.6	43.2	41.1	44.8	44.8	45.6	-0.5	3	780.4
NL	29.3	29.9	30.7	31.1	31.5	31.4	33.7	33.5	33.9	34.3	34.4	33.6	4.2	23	70 815.0
AT	35.8	35.5	35.4	35.2	35.6	35.3	33.6	34.7	34.8	34.7	35.0	34.3	-1.5	22	36 949.0
PL	38.3	38.8	38.0	36.9	39.0	38.8	38.8	40.3	40.9	41.5	42.3	42.8	4.5	9	39 321.9
PT	43.5	42.7	41.8	43.0	42.8	41.0	41.2	42.0	43.3	42.3	43.5	43.8	0.3	7	24 403.2
RO	-	-	-	-	-	-	41.0	41.5	44.3	43.1	46.3	44.5	-	4	12 421.3
SI	39.5	41.2	41.4	42.3	43.5	42.2	41.4	41.8	41.9	41.4	40.7	39.7	0.2	11	4 726.1
SK	36.0	35.1	35.1	35.1	35.1	36.8	34.4	34.9	36.7	39.3	40.7	39.6	3.6	12	5 175.2
FI	31.0	30.4	32.1	31.4	31.6	29.5	30.0	30.6	32.3	32.2	32.0	31.9	0.9	24	23 150.0
SE	33.2	32.5	32.7	33.7	35.7	31.9	33.2	35.2	35.1	34.4	34.1	34.8	1.6	20	53 439.0
UK	38.8	39.3	38.9	37.7	38.1	37.8	37.0	38.2	38.2	37.5	35.9	35.2	-3.6	18	251 328.2
NO	38.1	37.4	37.4	37.9	36.3	32.0	31.3	31.2	30.8	29.6	28.1	28.0	-10.1		32 986.6
<b>EU-27</b>															
weighted average	33.7	33.4	33.5	34.6	34.9	34.4	34.4	34.8	34.8	35.0	35.0	34.9	1.2		
arithmetic average	37.2	37.1	37.1	37.3	37.5	37.6	37.5	37.8	38.3	38.7	39.1	39.0	1.8		
<b>EA-15</b>															
weighted average	32.8	32.3	32.3	33.9	34.0	33.7	33.6	33.8	33.8	34.2	34.4	34.3	1.5		
arithmetic average	36.6	36.4	36.3	36.9	37.2	36.9	36.5	36.7	37.2	37.7	37.6	37.6	1.0		
<b>EU-25</b>															
weighted average	33.7	33.4	33.5	34.6	34.9	34.4	34.3	34.8	34.7	35.0	34.9	34.8	1.1		
arithmetic average	37.2	37.1	37.1	37.3	37.5	37.3	37.0	37.2	37.6	38.1	38.2	38.1	0.9		
<b>Convergence indicators</b>															
St.dev./mean %	15.8	16.2	15.3	13.6	12.8	13.8	13.5	13.9	15.1	15.7	0.0	0.0	-15.8		
Max-min	16.8	16.9	16.1	15.3	15.2	16.7	17.1	18.6	19.8	21.5	0.0	0.0	-16.8		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table A.1.1\_G: Indirect Taxes as % of GDP: VAT

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>	Revenue <sup>2)</sup> € million
BE	6.6	6.8	6.8	6.8	7.1	7.2	6.9	6.9	6.8	6.9	7.1	7.1	0.5	20	22 568.8
BG	-	-	-	-	-	9.7	9.1	9.2	9.8	10.7	12.1	12.5	-	1	3 131.4
CZ	6.3	6.4	6.3	6.1	6.6	6.5	6.3	6.3	6.4	7.3	7.2	6.6	0.4	23	7 541.0
DK	9.4	9.7	9.7	9.8	9.8	9.6	9.6	9.6	9.6	9.8	10.0	10.3	0.8	3	22 561.8
DE	6.5	6.5	6.4	6.6	6.8	6.8	6.6	6.4	6.3	6.2	6.2	6.3	-0.2	25	147 140.0
EE	9.6	9.4	9.6	8.1	7.8	8.5	8.2	8.4	8.2	7.8	8.7	9.2	-0.5	4	1 214.9
IE	7.0	7.1	7.1	7.1	7.1	7.3	6.8	7.0	7.0	7.4	7.7	7.9	0.8	13	13 753.7
EL	6.1	6.2	6.4	6.7	7.1	7.2	7.4	7.6	7.0	6.8	6.7	7.1	0.9	21	15 181.0
ES	5.2	5.3	5.5	5.6	6.1	6.1	5.9	5.8	6.0	6.1	6.3	6.4	1.2	24	62 677.0
FR	7.4	7.8	7.7	7.6	7.7	7.3	7.2	7.1	7.1	7.2	7.3	7.3	-0.1	19	130 985.0
IT	5.5	5.4	5.6	6.1	6.1	6.5	6.3	6.2	5.9	5.9	6.0	6.3	0.8	26	92 866.0
CY	4.6	4.5	4.5	5.0	4.8	5.8	6.2	7.1	8.8	9.1	9.7	10.4	5.8	2	1 523.2
LV	9.2	8.3	8.0	8.0	7.4	7.0	6.7	6.7	7.2	7.0	7.8	8.5	-0.7	9	1 373.6
LT	7.7	7.0	8.4	8.1	7.9	7.6	7.3	7.4	6.8	6.5	7.2	7.7	0.0	14	1 825.6
LU	5.2	5.2	5.4	5.6	5.4	5.6	5.8	5.8	5.7	6.0	6.1	5.5	0.3	27	1 845.6
HU	7.7	7.5	7.7	7.9	8.1	8.6	8.1	7.8	8.1	8.8	8.4	7.6	-0.1	16	6 812.8
MT	6.1	5.9	6.0	4.5	5.3	6.0	6.4	7.0	6.2	7.3	7.9	8.1	1.9	11	408.6
NL	6.5	6.7	6.7	6.8	7.0	6.9	7.3	7.2	7.3	7.3	7.3	7.5	1.0	17	39 911.0
AT	7.6	8.0	8.2	8.2	8.3	8.0	8.0	8.1	7.9	7.9	7.9	7.7	0.0	15	19 735.3
PL	6.2	6.9	7.4	7.1	7.5	6.9	6.8	7.2	7.1	7.2	7.7	8.1	1.9	10	22 126.6
PT	7.1	7.4	7.3	7.5	7.7	8.0	7.7	7.9	8.0	8.0	8.7	8.9	1.7	6	13 775.1
RO	-	-	-	-	-	-	6.3	7.1	7.2	6.7	8.1	7.9	-	12	7 740.8
SI	0.0	0.0	0.0	0.0	4.9	8.8	8.4	8.7	8.7	8.7	8.7	8.7	8.7	7	2 643.1
SK	8.4	7.6	7.2	7.5	6.8	7.0	7.3	7.0	7.5	7.8	7.9	7.4	-0.9	18	3 320.3
FI	7.9	8.1	8.5	8.3	8.3	8.2	7.9	8.1	8.5	8.5	8.7	8.7	0.7	8	14 476.0
SE	9.1	8.5	8.7	8.8	8.8	8.7	8.8	8.9	9.0	8.9	9.1	9.1	0.0	5	28 410.9
UK	6.5	6.7	6.7	6.5	6.7	6.7	6.7	6.7	6.9	6.9	6.8	6.7	0.2	22	128 721.0
NO	9.4	9.3	9.4	9.7	9.4	8.4	8.4	8.5	8.2	8.1	7.9	8.0	-1.4		21 382.1
<b>EU-27</b>															
weighted average	6.6	6.7	6.8	6.8	7.0	7.0	6.9	6.8	6.8	6.8	6.9	7.0	0.4		
arithmetic average	6.8	6.8	6.9	6.8	7.1	7.4	7.3	7.4	7.4	7.6	7.9	8.0	1.2		
<b>EA-15</b>															
weighted average	6.5	6.6	6.6	6.7	6.9	6.9	6.8	6.7	6.6	6.6	6.7	6.8	0.3		
arithmetic average	6.0	6.1	6.2	6.1	6.6	7.1	7.0	7.1	7.2	7.3	7.5	7.6	1.6		
<b>EU-25</b>															
weighted average	6.6	6.7	6.8	6.8	7.0	7.0	6.9	6.8	6.8	6.8	6.9	7.0	0.4		
arithmetic average	6.8	6.8	6.9	6.8	7.1	7.3	7.2	7.3	7.4	7.5	7.7	7.8	1.0		
<b>Convergence indicators</b>															
St.dev./mean %	29.5	28.0	28.4	27.4	17.3	15.8	14.6	14.6	16.3	17.4	19.6	21.1	-8.5		
Max-min	9.6	9.7	9.7	9.8	5.0	4.1	3.8	3.9	4.1	4.8	6.1	7.0	-2.6		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services



Table A.1.1\_T: Indirect Taxes as % of Total Taxation: VAT

														Difference <sup>1)</sup>	Ranking <sup>2)</sup>	Revenue <sup>2)</sup>
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1995 to 2006		€ million	
BE	15.1	15.3	15.2	14.8	15.7	15.9	15.2	15.3	15.2	15.4	15.7	16.0	0.9	25	22 568.8	
BG	-	-	-	-	-	29.8	29.1	30.8	30.1	31.6	35.6	36.3	-	1	3 131.4	
CZ	17.3	18.4	18.1	18.2	19.3	19.1	18.7	18.1	17.8	19.4	19.4	18.2	1.0	20	7 541.0	
DK	19.4	19.7	19.8	19.8	19.6	19.4	19.9	20.2	20.1	19.9	19.8	20.9	1.5	14	22 561.8	
DE	16.3	15.9	15.8	16.1	16.4	16.2	16.5	16.1	16.0	16.0	16.1	16.1	-0.2	24	147 140.0	
EE	25.5	26.8	27.4	23.4	23.0	27.2	27.0	27.0	26.5	25.1	28.3	29.6	4.1	2	1 214.9	
IE	21.2	21.6	21.9	22.4	22.2	23.1	23.0	24.7	24.2	24.3	24.8	24.2	2.9	9	13 753.7	
EL	21.1	21.2	21.1	20.5	21.2	20.9	22.5	22.7	21.8	21.7	21.5	22.6	1.5	12	15 181.0	
ES	15.9	16.2	16.5	17.0	18.1	18.0	17.5	17.1	17.6	17.6	17.7	17.5	1.6	22	62 677.0	
FR	17.3	17.7	17.5	17.3	17.0	16.6	16.4	16.4	16.4	16.6	16.7	16.5	-0.8	23	130 985.0	
IT	13.8	12.9	12.9	14.3	14.3	15.6	15.1	15.2	14.3	14.4	14.8	14.9	1.1	27	92 866.0	
CY	17.2	17.2	17.5	17.9	17.1	19.3	20.0	22.9	26.8	27.2	27.4	28.5	11.3	3	1 523.2	
LV	27.8	26.8	25.0	23.8	23.0	23.9	23.6	23.6	25.3	24.5	26.8	28.2	0.4	4	1 373.6	
LT	26.9	24.9	27.0	25.3	24.9	25.2	25.4	26.0	24.0	22.9	25.0	25.9	-1.0	6	1 825.6	
LU	14.0	13.8	13.8	14.1	14.0	14.3	14.6	14.7	14.9	16.1	16.1	15.3	1.3	26	1 845.6	
HU	18.5	18.6	19.8	20.2	20.8	22.3	21.1	20.6	21.6	23.5	22.5	20.4	1.9	15	6 812.8	
MT	23.0	23.3	21.9	17.7	19.3	21.4	21.1	22.1	19.8	22.0	23.4	23.9	0.9	11	408.6	
NL	16.2	16.6	16.9	17.1	17.3	17.3	18.9	19.1	19.5	19.4	19.2	18.9	2.7	17	39 911.0	
AT	18.5	18.9	18.7	18.5	19.1	18.7	17.9	18.6	18.3	18.4	18.8	18.3	-0.2	19	19 735.3	
PL	16.8	18.6	20.2	20.1	21.5	21.3	21.0	22.0	22.2	22.8	23.5	24.1	7.3	10	22 126.6	
PT	22.4	22.5	22.2	22.8	22.6	23.2	22.8	22.8	23.0	23.6	24.8	24.7	2.3	8	13 775.1	
RO	-	-	-	-	-	-	22.7	25.3	26.0	24.5	29.0	27.7	-	5	7 740.8	
SI	0.0	0.0	0.0	0.0	12.5	23.1	22.1	22.6	22.3	22.3	22.2	22.2	22.2	13	2 643.1	
SK	20.8	19.4	19.4	20.4	19.4	20.5	22.0	21.2	22.6	24.5	25.0	25.4	4.6	7	3 320.3	
FI	17.4	17.1	18.4	18.0	18.0	17.4	17.8	18.2	19.4	19.6	19.8	19.9	2.6	16	14 476.0	
SE	18.9	16.9	17.0	17.1	17.1	16.7	17.6	18.6	18.5	18.3	18.4	18.5	-0.4	18	28 410.9	
UK	18.6	19.2	18.9	17.9	18.3	17.9	18.0	18.9	19.6	19.3	18.5	18.0	-0.6	21	128 721.0	
NO	22.4	21.8	22.2	23.0	22.2	19.7	19.5	19.6	19.4	18.6	18.1	18.1	-4.2		21 382.1	
<b>EU-27</b>																
weighted average	16.8	16.6	16.7	16.8	17.1	17.2	17.2	17.4	17.4	17.5	17.6	17.6	0.8			
arithmetic average	18.4	18.4	18.5	18.2	18.9	20.2	20.3	20.8	20.9	21.1	21.9	22.0	3.6			
<b>EA-15</b>																
weighted average	16.3	16.1	16.0	16.4	16.7	16.8	16.8	16.7	16.6	16.7	16.9	16.9	0.6			
arithmetic average	16.6	16.7	16.7	16.6	17.7	18.7	18.8	19.2	19.3	19.6	19.9	20.0	3.3			
<b>EU-25</b>																
weighted average	16.8	16.6	16.7	16.8	17.1	17.2	17.2	17.4	17.4	17.5	17.5	17.5	0.7			
arithmetic average	18.4	18.4	18.5	18.2	18.9	19.8	19.8	20.2	20.3	20.6	21.1	21.1	2.8			
<b>Convergence indicators</b>																
St.dev./mean %	31.8	31.7	31.7	28.5	18.0	22.1	21.1	22.9	23.2	22.8	28.0	29.8	-2.0			
Max-min	27.8	26.8	27.4	25.3	12.4	15.5	14.4	16.2	15.8	17.1	20.8	21.4	-6.4			

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table A.1.2\_G: Indirect Taxes as % of GDP: Excise duties and consumption taxes

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>	Revenue <sup>2)</sup> € million
BE	2.4	2.5	2.5	2.5	2.5	2.4	2.3	2.3	2.4	2.5	2.4	2.3	-0.1	26	7 141.7
BG	-	-	-	-	-	3.7	4.1	3.7	4.5	5.1	4.9	5.2	-	1	1 316.3
CZ	3.7	3.4	3.4	3.2	3.4	3.3	3.3	3.2	3.4	3.5	3.7	3.7	0.0	5	4 233.9
DK	3.7	3.9	3.8	4.1	4.2	4.1	4.1	4.1	4.0	3.8	3.5	3.4	-0.3	8	7 387.4
DE	2.6	2.6	2.6	2.5	2.7	2.8	2.9	3.0	3.2	3.0	2.9	2.8	0.2	19	65 610.0
EE	2.5	2.9	3.3	3.4	3.1	3.0	3.3	3.2	3.1	3.7	3.7	3.4	0.9	7	456.2
IE	4.2	4.1	3.8	3.6	3.5	3.2	2.9	2.9	2.8	2.7	2.6	2.5	-1.7	22	4 336.8
EL	4.2	4.2	3.7	3.5	3.3	3.1	3.1	2.9	2.8	2.6	2.6	2.4	-1.8	23	5 208.0
ES	2.5	2.6	2.6	2.8	2.7	2.6	2.5	2.5	2.5	2.5	2.4	2.3	-0.3	25	22 131.0
FR	2.8	2.8	2.7	2.7	2.7	2.6	2.5	2.6	2.5	2.3	2.2	2.3	-0.5	24	41 107.0
IT	3.2	3.0	3.0	2.9	2.9	2.6	2.5	2.3	2.4	2.3	2.2	2.2	-1.0	27	32 374.0
CY	2.7	2.5	2.2	2.2	2.3	2.5	3.2	2.8	3.8	4.4	4.0	3.9	1.3	3	573.0
LV	2.1	2.6	3.2	4.1	3.6	3.4	3.1	3.1	3.3	3.5	3.6	3.3	1.2	11	533.7
LT	2.4	2.6	2.9	3.6	3.8	3.2	3.3	3.2	3.3	3.0	3.0	3.0	0.6	16	703.5
LU	4.1	4.0	4.4	4.3	4.5	4.5	4.2	4.4	4.3	4.6	4.2	3.8	-0.2	4	1 290.7
HU	4.2	4.0	3.9	4.3	4.3	3.8	3.7	3.6	3.6	3.3	3.2	3.3	-0.9	10	3 000.3
MT	1.9	1.8	2.4	3.0	2.8	2.5	2.8	2.7	2.7	2.9	3.1	3.1	1.2	15	156.8
NL	2.8	2.7	2.8	2.8	2.8	2.6	2.5	2.5	2.4	2.6	2.5	2.5	-0.3	21	13 486.0
AT	2.7	2.7	2.9	2.9	2.9	2.7	2.7	2.8	2.8	2.9	2.8	2.6	-0.1	20	6 730.7
PL	4.6	4.4	3.5	3.6	3.9	3.7	3.7	4.0	4.1	4.2	4.2	4.0	-0.6	2	10 957.7
PT	3.7	3.6	3.4	3.5	3.3	2.7	2.9	3.1	3.3	3.2	3.1	3.2	-0.5	13	4 951.4
RO	-	-	-	-	-	-	2.3	2.4	3.5	3.6	3.3	3.2	-	14	3 088.1
SI	0.0	0.0	0.0	0.0	1.8	3.1	3.4	3.5	3.4	3.5	3.4	3.3	3.3	9	1 019.7
SK	3.5	3.3	3.0	2.9	3.1	3.1	2.7	3.0	3.1	3.3	3.7	2.9	-0.6	17	1 285.9
FI	4.5	4.6	4.7	4.6	4.7	4.2	4.1	4.2	4.2	3.9	3.8	3.7	-0.9	6	6 098.0
SE	3.4	3.7	3.5	3.5	3.4	3.2	3.2	3.2	3.2	3.1	3.0	2.9	-0.6	18	8 988.9
UK	4.2	4.2	4.1	4.2	4.2	4.0	3.9	3.8	3.7	3.6	3.4	3.3	-0.9	12	62 442.6
NO	3.4	3.2	3.3	3.1	3.1	2.8	2.7	2.7	2.7	2.4	2.3	2.2	-1.2		5 767.2
<b>EU-27</b>															
weighted average	3.1	3.1	3.1	3.1	3.1	3.0	3.0	3.0	3.0	2.9	2.8	2.7	-0.3		
arithmetic average	3.1	3.1	3.1	3.2	3.3	3.2	3.1	3.1	3.3	3.3	3.2	3.1	0.0		
<b>EA-15</b>															
weighted average	2.8	2.8	2.8	2.8	2.8	2.7	2.7	2.7	2.8	2.6	2.5	2.5	-0.3		
arithmetic average	2.9	2.9	2.9	2.9	3.0	3.0	3.0	3.0	3.0	3.0	2.9	2.9	-0.1		
<b>EU-25</b>															
weighted average	3.1	3.1	3.1	3.1	3.1	3.0	3.0	3.0	3.0	2.9	2.8	2.7	-0.3		
arithmetic average	3.1	3.1	3.1	3.2	3.3	3.2	3.1	3.2	3.2	3.2	3.2	3.0	-0.1		
<b>Convergence indicators</b>															
St.dev./mean %	33.9	32.2	29.7	30.5	23.0	19.8	19.6	19.7	20.7	25.0	24.2	25.1	-8.8		
Max-min	4.6	4.6	4.7	4.6	2.9	2.2	1.9	2.1	2.1	2.9	2.7	3.0	-1.6		

1) in percentage points 2) Based on 2006 data

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

														Difference <sup>1)</sup>	Ranking <sup>2)</sup>	Revenue <sup>2)</sup>
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1995 to 2006		€ million	
BE	5.4	5.7	5.6	5.5	5.5	5.3	5.1	5.1	5.3	5.5	5.4	5.1	-0.4	27	7 141.7	
BG	-	-	-	-	-	11.4	13.0	12.4	13.7	15.1	14.3	15.3	-	1	1 316.3	
CZ	10.1	9.9	9.6	9.7	10.1	9.6	9.6	9.3	9.5	9.4	10.0	10.2	0.1	8	4 233.9	
DK	7.5	7.8	7.7	8.3	8.5	8.2	8.5	8.5	8.3	7.7	7.0	6.8	-0.7	20	7 387.4	
DE	6.6	6.5	6.4	6.2	6.6	6.7	7.3	7.6	8.0	7.7	7.5	7.2	0.6	19	65 610.0	
EE	6.7	8.2	9.3	9.7	9.1	9.6	10.8	10.5	10.0	11.9	12.0	11.1	4.4	3	456.2	
IE	12.7	12.3	11.9	11.5	10.9	10.3	9.6	10.1	9.5	9.0	8.4	7.6	-5.1	18	4 336.8	
EL	14.4	14.4	12.2	10.9	10.0	8.9	9.3	8.7	8.7	8.5	8.2	7.8	-6.7	17	5 208.0	
ES	7.7	7.8	7.8	8.5	8.2	7.8	7.5	7.5	7.4	7.1	6.6	6.2	-1.5	23	22 131.0	
FR	6.5	6.3	6.2	6.2	6.0	5.9	5.7	6.0	5.8	5.4	5.0	5.2	-1.3	26	41 107.0	
IT	7.9	7.3	6.9	6.8	6.9	6.2	5.9	5.7	5.8	5.5	5.5	5.2	-2.7	25	32 374.0	
CY	10.0	9.7	8.5	7.9	8.2	8.4	10.2	9.0	11.5	13.1	11.4	10.7	0.8	7	573.0	
LV	6.4	8.5	9.9	12.3	11.3	11.6	10.8	11.0	11.6	12.2	12.4	10.9	4.5	5	533.7	
LT	8.4	9.1	9.4	11.4	11.8	10.7	11.7	11.4	11.6	10.7	10.3	10.0	1.6	9	703.5	
LU	10.9	10.6	11.2	11.0	11.7	11.6	10.5	11.2	11.3	12.3	11.2	10.7	-0.2	6	1 290.7	
HU	10.1	9.8	9.9	11.1	10.9	10.0	9.6	9.5	9.7	8.8	8.6	9.0	-1.1	12	3 000.3	
MT	6.9	7.1	8.8	11.6	10.3	8.9	9.2	8.5	8.5	8.6	9.2	9.2	2.2	11	156.8	
NL	7.0	6.6	7.0	7.0	6.9	6.5	6.5	6.5	6.5	6.8	6.6	6.4	-0.6	21	13 486.0	
AT	6.5	6.4	6.7	6.5	6.5	6.4	6.1	6.4	6.6	6.7	6.6	6.2	-0.3	22	6 730.7	
PL	12.4	11.8	9.7	10.0	11.1	11.2	11.5	12.1	12.7	13.2	12.8	11.9	-0.5	2	10 957.7	
PT	11.5	11.1	10.4	10.5	9.7	7.8	8.6	9.1	9.4	9.3	8.8	8.9	-2.7	13	4 951.4	
RO	-	-	-	-	-	-	8.4	8.4	12.7	13.3	11.8	11.1	-	4	3 088.1	
SI	0.0	0.0	0.0	0.0	4.6	8.1	9.0	9.0	8.8	8.9	8.6	8.6	8.6	15	1 019.7	
SK	8.7	8.4	8.1	8.0	8.7	9.2	8.3	8.9	9.4	10.5	11.6	9.8	1.1	10	1 285.9	
FI	9.9	9.7	10.2	10.0	10.2	9.0	9.1	9.3	9.7	9.0	8.6	8.4	-1.5	16	6 098.0	
SE	7.2	7.4	6.9	6.8	6.5	6.1	6.3	6.7	6.6	6.3	6.1	5.9	-1.3	24	8 988.9	
UK	11.8	11.9	11.5	11.4	11.3	10.8	10.4	10.6	10.4	10.0	9.4	8.7	-3.1	14	62 442.6	
NO	8.0	7.6	7.7	7.5	7.4	6.6	6.3	6.3	6.3	5.5	5.2	4.9	-3.1		5 767.2	
<b>EU-27</b>																
weighted average	7.8	7.6	7.6	7.6	7.6	7.4	7.4	7.6	7.6	7.4	7.1	6.8	-0.9			
arithmetic average	8.5	8.6	8.5	8.7	8.9	8.7	8.8	8.8	9.2	9.4	9.0	8.7	0.1			
<b>EA-15</b>																
weighted average	7.1	6.9	6.8	6.8	6.8	6.6	6.7	6.8	6.9	6.7	6.4	6.2	-0.9			
arithmetic average	8.3	8.1	8.0	8.0	8.1	7.9	8.0	8.0	8.2	8.2	7.8	7.6	-0.7			
<b>EU-25</b>																
weighted average	7.8	7.6	7.6	7.6	7.6	7.4	7.4	7.6	7.6	7.3	7.1	6.8	-1.0			
arithmetic average	8.5	8.6	8.5	8.7	8.9	8.6	8.7	8.7	8.9	9.0	8.7	8.3	-0.2			
<b>Convergence indicators</b>																
St.dev./mean %	38.5	37.1	34.0	36.5	28.5	26.1	27.2	25.8	29.8	36.2	35.6	35.8	-2.7			
Max-min	14.4	14.4	12.2	12.3	7.2	6.4	7.9	7.3	8.4	9.8	9.2	10.2	-4.2			

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table A.1.3\_G: Indirect Taxes as % of GDP: Other taxes on Products (incl. import duties)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>	Revenue <sup>2)</sup> € million
BE	2.0	2.1	2.2	2.3	2.3	2.3	2.2	2.2	2.3	2.3	2.4	2.5	0.5	8	7 870.5
BG	-	-	-	-	-	1.0	0.8	0.8	0.9	1.0	1.0	1.1	-	17	287.5
CZ	1.5	1.5	1.2	1.1	0.9	1.0	0.8	0.8	0.8	0.5	0.5	0.5	-1.0	23	556.6
DK	2.3	2.3	2.4	2.7	2.5	2.0	1.8	2.0	1.9	2.2	2.6	2.6	0.3	7	5 777.0
DE	1.1	0.9	1.0	1.0	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.9	-0.2	20	21 640.0
EE	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.4	0.4	0.2	24	53.2
IE	2.0	2.0	2.0	2.1	2.2	2.3	2.0	1.7	1.9	2.2	2.6	3.0	1.0	3	5 254.1
EL	1.9	2.0	2.6	2.7	3.1	3.3	2.7	2.4	2.3	2.2	2.1	2.3	0.4	9	5 028.0
ES	1.7	1.5	1.6	1.8	1.9	1.9	1.9	2.0	2.3	2.5	2.8	2.9	1.2	5	28 465.0
FR	1.7	1.7	1.7	1.7	1.7	1.7	1.6	1.7	1.7	1.9	1.9	1.8	0.1	11	31 988.0
IT	2.5	2.6	2.7	2.9	2.9	2.7	2.5	2.6	2.5	2.9	2.8	3.0	0.5	4	44 126.0
CY	2.9	2.7	2.3	2.0	1.9	3.0	2.7	2.3	2.0	1.7	1.4	1.4	-1.6	13	198.5
LV	0.8	0.7	0.7	0.6	0.6	0.4	0.4	0.4	0.5	0.5	0.5	0.5	-0.3	22	80.1
LT	1.9	1.7	1.8	1.6	1.4	1.2	1.0	1.2	1.2	1.1	0.8	0.4	-1.5	25	88.4
LU	1.2	1.2	1.3	1.4	1.4	1.5	1.3	1.1	1.1	1.1	1.1	1.2	-0.1	15	397.3
HU	5.8	5.3	3.7	3.4	3.6	3.3	3.2	3.1	3.4	3.6	3.6	3.8	-2.0	1	3 407.0
MT	4.1	3.7	3.7	3.6	4.0	3.7	3.7	3.6	3.6	3.9	3.5	3.7	-0.4	2	186.4
NL	1.4	1.6	1.7	1.8	1.9	2.0	2.1	1.9	1.9	2.0	2.2	2.2	0.8	10	11 766.0
AT	1.3	1.2	1.3	1.3	1.2	1.2	1.2	1.1	1.1	1.1	1.1	1.2	-0.1	16	3 005.1
PL	1.8	1.6	1.5	1.1	0.9	0.8	0.6	0.6	0.6	0.4	0.3	0.3	-1.5	27	747.5
PT	2.5	2.5	2.5	2.6	3.0	2.8	2.7	2.6	2.4	2.5	2.7	2.9	0.3	6	4 428.3
RO	-	-	-	-	-	-	2.3	1.5	1.0	1.0	1.0	1.1	-	18	1 043.6
SI	15.3	15.1	14.1	14.5	8.3	1.8	1.4	1.3	1.3	1.1	0.9	0.9	-14.4	19	286.9
SK	1.7	1.7	2.0	1.7	1.8	1.7	0.7	0.7	0.6	0.5	0.3	0.3	-1.4	26	142.7
FI	1.5	1.4	1.4	1.4	1.3	1.2	1.2	1.2	1.2	1.3	1.4	1.3	-0.2	14	2 167.0
SE	0.9	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	-0.1	21	2 308.4
UK	1.1	1.0	1.2	1.3	1.4	1.6	1.4	1.3	1.2	1.3	1.4	1.5	0.4	12	29 577.7
NO	2.6	2.7	2.5	2.4	2.2	1.9	1.8	1.7	1.6	1.8	1.6	1.6	-1.0		4 287.3
<b>EU-27</b>															
weighted average	1.6	1.6	1.6	1.7	1.7	1.7	1.6	1.6	1.6	1.7	1.7	1.8	0.2		
arithmetic average	2.4	2.4	2.3	2.3	2.1	1.8	1.6	1.5	1.5	1.6	1.6	1.6	-0.8		
<b>EA-15</b>															
weighted average	1.6	1.6	1.7	1.8	1.8	1.7	1.7	1.7	1.7	1.8	1.9	2.0	0.3		
arithmetic average	2.9	2.8	2.8	2.9	2.5	2.2	2.0	1.9	1.9	2.0	2.0	2.1	-0.8		
<b>EU-25</b>															
weighted average	1.6	1.6	1.6	1.7	1.7	1.7	1.6	1.6	1.6	1.7	1.7	1.8	0.2		
arithmetic average	2.4	2.4	2.3	2.3	2.1	1.8	1.6	1.6	1.6	1.6	1.6	1.7	-0.8		
<b>Convergence indicators</b>															
St.dev./mean %	182.6	183.5	161.0	160.0	94.7	56.4	57.6	54.5	55.8	57.4	57.4	59.7	-123.0		
Max-min	15.1	14.9	13.9	14.3	8.2	3.5	3.5	3.4	3.4	3.6	3.3	3.5	-11.6		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table A.1.3\_T: Indirect Taxes as % of Total Taxation: Other taxes on products (incl. import duties)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>	Revenue <sup>2)</sup> € million
BE	4.6	4.8	5.0	5.0	5.0	5.1	4.9	4.8	5.0	5.1	5.3	5.6	1.0	9	7 870.5
BG	-	-	-	-	-	3.2	2.7	2.6	2.6	2.8	3.0	3.3	-	15	287.5
CZ	4.1	4.2	3.4	3.2	2.7	2.9	2.4	2.2	2.2	1.5	1.3	1.3	-2.7	23	556.6
DK	4.7	4.7	5.0	5.5	4.9	4.0	3.8	4.2	4.0	4.6	5.1	5.3	0.6	10	5 777.0
DE	2.7	2.3	2.3	2.4	2.3	2.2	2.2	2.3	2.2	2.3	2.3	2.4	-0.4	20	21 640.0
EE	0.7	0.5	0.5	0.6	0.4	0.6	0.6	0.6	0.6	1.0	1.3	1.3	0.6	24	53.2
IE	6.2	6.1	6.3	6.5	6.9	7.2	6.6	5.9	6.7	7.3	8.3	9.2	3.1	3	5 254.1
EL	6.7	6.9	8.6	8.4	9.3	9.6	8.3	7.0	7.1	7.1	6.8	7.5	0.8	6	5 028.0
ES	5.1	4.7	5.0	5.5	5.6	5.7	5.7	5.9	6.6	7.3	7.8	8.0	2.9	4	28 465.0
FR	4.0	3.8	3.9	4.0	3.8	3.8	3.8	3.8	3.9	4.3	4.3	4.0	0.1	12	31 988.0
IT	6.3	6.2	6.1	6.8	6.9	6.5	6.0	6.3	6.0	7.1	6.8	7.1	0.8	7	44 126.0
CY	10.9	10.3	8.8	7.2	6.7	10.1	8.6	7.5	6.0	5.0	4.1	3.7	-7.2	14	198.5
LV	2.5	2.4	2.2	1.9	1.7	1.5	1.5	1.5	1.6	1.7	1.6	1.6	-0.9	21	80.1
LT	6.6	6.3	5.7	4.9	4.3	3.9	3.4	4.2	4.1	4.0	2.8	1.3	-5.3	25	88.4
LU	3.3	3.1	3.3	3.6	3.7	3.9	3.4	2.8	2.8	3.1	3.0	3.3	0.0	16	397.3
HU	13.9	13.1	9.5	8.6	9.2	8.5	8.5	8.3	9.1	9.6	9.6	10.2	-3.7	2	3 407.0
MT	15.2	14.8	13.4	14.3	14.5	13.2	12.1	11.3	11.4	11.8	10.5	10.9	-4.3	1	186.4
NL	3.5	4.0	4.3	4.5	4.8	5.0	5.5	5.1	5.0	5.2	5.7	5.6	2.1	8	11 766.0
AT	3.0	2.8	2.8	2.9	2.8	2.9	2.7	2.6	2.7	2.7	2.6	2.8	-0.2	18	3 005.1
PL	4.8	4.3	4.0	3.0	2.6	2.3	1.9	1.8	1.8	1.2	0.9	0.8	-4.0	27	747.5
PT	7.9	7.5	7.5	8.0	8.7	8.2	7.8	7.4	7.0	7.4	7.8	7.9	0.0	5	4 428.3
RO	-	-	-	-	-	-	8.2	5.4	3.5	3.5	3.7	3.7	-	13	1 043.6
SI	38.2	38.6	37.0	37.3	21.2	4.8	3.6	3.5	3.5	2.8	2.4	2.4	-35.8	19	286.9
SK	4.3	4.4	5.5	4.6	5.0	5.0	2.0	2.0	1.9	1.5	1.1	1.1	-3.2	26	142.7
FI	3.4	3.1	3.1	3.0	2.9	2.6	2.6	2.6	2.7	2.9	3.1	3.0	-0.4	17	2 167.0
SE	1.8	1.4	1.3	1.4	1.3	1.3	1.4	1.4	1.4	1.4	1.5	1.5	-0.3	22	2 308.4
UK	3.1	3.0	3.3	3.5	3.7	4.3	3.8	3.7	3.5	3.7	3.7	4.1	1.0	11	29 577.7
NO	6.2	6.3	5.9	5.8	5.2	4.6	4.1	4.0	3.9	4.2	3.6	3.6	-2.6		4 287.3
<b>EU-27</b>															
weighted average	4.0	3.8	4.0	4.1	4.2	4.1	4.0	4.0	4.0	4.4	4.4	4.5	0.5		
arithmetic average	6.7	6.5	6.3	6.3	5.7	4.9	4.6	4.3	4.3	4.4	4.3	4.4	-2.3		
<b>EA-15</b>															
weighted average	4.1	4.0	4.1	4.3	4.3	4.2	4.1	4.2	4.2	4.7	4.8	4.9	0.7		
arithmetic average	8.1	7.9	7.8	8.0	7.0	6.1	5.6	5.3	5.2	5.4	5.4	5.6	-2.5		
<b>EU-25</b>															
weighted average	4.0	3.8	4.0	4.1	4.2	4.1	3.9	4.0	4.0	4.4	4.4	4.6	0.5		
arithmetic average	6.7	6.5	6.3	6.3	5.7	5.0	4.5	4.4	4.4	4.5	4.4	4.5	-2.2		
<b>Convergence indicators</b>															
St.dev./mean %	184.4	194.4	176.0	171.3	107.5	73.8	71.9	63.2	63.9	63.2	62.2	65.3	-119.0		
Max-min	37.5	38.1	36.5	36.8	20.7	12.6	11.5	10.7	10.8	10.8	9.6	10.1	-27.4		

1) in percentage points 2) Based on 2006 data

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	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>	Revenue <sup>2)</sup> € million
BE	1.9	2.0	2.0	2.0	2.0	1.9	1.9	1.8	1.9	1.9	1.8	2.0	0.1	10	6 205.3
BG	-	-	-	-	-	0.6	0.6	0.6	0.7	0.7	0.6	0.5	-	23	137.5
CZ	0.9	0.8	0.7	0.6	0.6	0.6	0.6	0.5	0.5	0.4	0.4	0.4	-0.5	25	445.2
DK	1.6	1.5	1.7	1.8	1.8	1.6	1.8	1.8	1.8	1.8	1.8	1.8	0.2	11	3 872.5
DE	1.8	1.9	1.9	2.0	2.0	2.0	1.8	1.8	1.8	1.9	2.1	2.3	0.5	6	53 540.0
EE	1.4	1.3	1.3	1.0	0.9	0.7	0.8	0.7	0.7	0.7	0.6	0.6	-0.8	19	84.1
IE	1.2	1.2	1.1	1.0	0.9	0.8	0.8	0.8	0.9	0.9	1.0	1.0	-0.3	15	1 684.1
EL	0.5	0.7	0.5	0.5	0.6	0.6	0.5	0.3	0.3	0.3	0.3	0.3	-0.2	26	734.0
ES	1.3	1.3	1.3	1.3	1.3	1.2	1.2	1.2	1.1	1.1	1.1	1.1	-0.2	13	11 255.0
FR	4.2	4.4	4.4	4.4	4.3	4.2	4.1	4.1	4.1	4.2	4.3	4.3	0.1	2	76 452.0
IT	1.2	1.2	1.4	3.8	3.4	3.4	3.5	3.6	3.5	3.3	3.5	3.6	2.4	3	52 885.0
CY	1.2	1.2	1.2	1.9	1.7	1.1	1.0	1.0	1.7	1.9	1.9	2.2	1.0	7	326.3
LV	1.9	1.4	2.0	2.2	2.1	1.4	1.5	1.0	1.1	1.0	0.9	0.8	-1.1	18	122.2
LT	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.1	24	127.4
LU	1.4	1.5	1.6	1.8	2.0	2.3	2.2	1.7	1.6	1.7	1.9	2.0	0.7	8	692.1
HU	0.1	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.5	0.5	0.6	0.4	21	507.0
MT	0.3	0.2	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.8	0.6	0.6	0.3	20	28.6
NL	1.1	1.1	1.0	1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.1	1.1	0.0	14	5 652.0
AT	3.2	3.1	3.2	3.2	3.1	3.1	3.1	3.1	3.1	3.0	2.9	2.9	-0.3	4	7 477.9
PL	1.6	1.5	1.5	1.3	1.3	1.3	1.4	1.4	1.3	1.4	1.7	2.0	0.5	9	5 490.1
PT	0.5	0.5	0.5	0.6	0.6	0.6	0.7	0.9	1.4	0.7	0.7	0.8	0.3	17	1 248.4
RO	-	-	-	-	-	-	0.5	0.6	0.6	0.5	0.5	0.6	-	22	548.8
SI	0.5	1.0	1.7	1.9	2.1	2.4	2.6	2.6	2.8	2.9	2.9	2.5	2.0	5	776.4
SK	0.9	1.2	0.8	0.7	0.7	0.7	0.7	0.9	0.9	0.9	1.0	1.0	0.1	16	426.3
FI	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.2	0.2	0.1	27	409.0
SE	2.5	3.4	3.8	4.4	5.6	4.1	3.9	4.1	4.2	4.1	4.0	4.4	1.9	1	13 730.8
UK	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.7	1.7	1.6	1.6	1.6	-0.2	12	30 586.9
NO	0.6	0.7	0.6	0.6	0.6	0.5	0.6	0.5	0.5	0.5	0.5	0.6	0.0		1 550.0
<b>EU-27</b>															
weighted average	2.0	2.1	2.1	2.5	2.4	2.3	2.3	2.3	2.3	2.3	2.3	2.4	0.3		
arithmetic average	1.3	1.4	1.5	1.6	1.7	1.5	1.5	1.5	1.5	1.5	1.5	1.5	0.2		
<b>EA-15</b>															
weighted average	2.1	2.2	2.2	2.6	2.5	2.5	2.4	2.4	2.4	2.4	2.5	2.6	0.5		
arithmetic average	1.4	1.4	1.5	1.7	1.7	1.7	1.7	1.6	1.7	1.7	1.8	1.8	0.4		
<b>EU-25</b>															
weighted average	2.0	2.1	2.1	2.5	2.4	2.3	2.3	2.3	2.3	2.3	2.3	2.4	0.4		
arithmetic average	1.3	1.4	1.5	1.6	1.7	1.5	1.5	1.5	1.6	1.6	1.6	1.6	0.3		
<b>Convergence indicators</b>															
St.dev./mean %	46.3	47.2	49.3	49.0	53.6	48.5	49.2	49.4	49.9	49.7	49.8	50.1	3.7		
Max-min	4.0	4.2	4.2	4.2	5.4	4.0	3.9	3.9	3.9	3.9	4.0	4.1	0.1		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table A.1.4\_T: Indirect Taxes as % of Total Taxation: Other taxes on production

														Difference <sup>1)</sup>	Ranking <sup>2)</sup>	Revenue <sup>2)</sup>
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1995 to 2006		€ million	
BE	4.3	4.5	4.6	4.4	4.4	4.2	4.2	4.1	4.3	4.1	3.9	4.4	0.1	10	6 205.3	
BG	-	-	-	-	-	1.8	1.8	2.1	2.2	2.1	1.7	1.6	-	23	137.5	
CZ	2.4	2.3	1.9	1.8	1.9	1.9	1.6	1.5	1.5	1.2	1.1	1.1	-1.3	26	445.2	
DK	3.3	3.1	3.4	3.6	3.6	3.3	3.7	3.8	3.8	3.7	3.5	3.6	0.3	12	3 872.5	
DE	4.5	4.6	4.8	4.8	4.9	4.8	4.6	4.5	4.5	5.0	5.4	5.9	1.4	8	53 540.0	
EE	3.8	3.7	3.6	3.0	2.6	2.3	2.5	2.3	2.2	2.1	2.1	2.0	-1.7	19	84.1	
IE	3.7	3.7	3.3	3.0	2.9	2.6	2.8	2.9	3.1	3.1	3.1	3.0	-0.8	15	1 684.1	
EL	1.9	2.3	1.7	1.6	1.8	1.6	1.4	1.0	1.0	0.9	1.0	1.1	-0.8	25	734.0	
ES	4.0	3.8	3.8	4.0	3.8	3.7	3.7	3.6	3.3	3.2	3.2	3.1	-0.8	14	11 255.0	
FR	9.8	9.9	9.9	9.9	9.6	9.5	9.3	9.5	9.5	9.7	9.8	9.6	-0.1	1	76 452.0	
IT	2.9	2.8	3.1	8.9	7.9	8.1	8.4	8.7	8.4	8.2	8.6	8.5	5.5	3	52 885.0	
CY	4.6	4.6	4.6	7.0	6.1	3.7	3.1	3.3	5.3	5.7	5.2	6.1	1.5	6	326.3	
LV	5.7	4.6	6.2	6.5	6.7	4.8	5.4	3.7	3.9	3.4	3.0	2.5	-3.2	17	122.2	
LT	1.7	2.1	2.0	1.9	2.0	1.9	2.1	2.2	2.0	2.1	1.9	1.8	0.1	21	127.4	
LU	3.7	3.9	4.2	4.6	5.2	6.0	5.6	4.4	4.1	4.5	5.0	5.7	2.1	9	692.1	
HU	0.3	0.6	0.7	0.6	0.8	1.0	1.0	1.0	1.1	1.4	1.4	1.5	1.2	24	507.0	
MT	1.0	1.0	0.9	1.2	1.2	1.2	1.2	1.3	1.4	2.4	1.7	1.7	0.7	22	28.6	
NL	2.7	2.7	2.5	2.5	2.6	2.6	2.8	2.9	2.8	2.9	2.9	2.7	0.0	16	5 652.0	
AT	7.8	7.4	7.2	7.2	7.1	7.3	6.9	7.1	7.2	7.0	7.0	6.9	-0.8	4	7 477.9	
PL	4.2	4.0	4.1	3.8	3.8	3.9	4.4	4.4	4.1	4.3	5.1	6.0	1.8	7	5 490.1	
PT	1.6	1.6	1.7	1.7	1.7	1.8	1.9	2.7	3.9	2.0	2.0	2.2	0.6	18	1 248.4	
RO	-	-	-	-	-	-	1.6	2.3	2.2	1.7	1.8	2.0	-	20	548.8	
SI	1.3	2.6	4.4	5.0	5.2	6.2	6.7	6.7	7.3	7.4	7.5	6.5	5.2	5	776.4	
SK	2.2	3.0	2.1	2.0	2.0	2.1	2.2	2.8	2.7	2.8	3.0	3.3	1.1	13	426.3	
FI	0.3	0.4	0.4	0.5	0.5	0.4	0.5	0.5	0.5	0.7	0.6	0.6	0.2	27	409.0	
SE	5.3	6.8	7.5	8.5	10.8	7.8	7.9	8.5	8.6	8.4	8.2	9.0	3.7	2	13 730.8	
UK	5.2	5.2	5.1	4.9	4.8	4.8	4.8	4.9	4.7	4.5	4.4	4.3	-0.9	11	30 586.9	
NO	1.5	1.5	1.5	1.5	1.5	1.2	1.3	1.3	1.3	1.2	1.2	1.3	-0.2		1 550.0	
<b>EU-27</b>																
weighted average	5.1	5.2	5.3	6.1	6.0	5.8	5.7	5.8	5.8	5.8	5.9	5.9	0.8			
arithmetic average	3.5	3.6	3.8	4.1	4.2	3.8	3.8	3.8	3.9	3.9	3.9	3.9	0.4			
<b>EA-15</b>																
weighted average	5.3	5.3	5.3	6.4	6.1	6.1	6.1	6.1	6.1	6.2	6.3	6.4	1.1			
arithmetic average	3.6	3.7	3.8	4.4	4.3	4.2	4.2	4.2	4.4	4.5	4.5	4.5	0.9			
<b>EU-25</b>																
weighted average	5.1	5.2	5.3	6.1	6.0	5.8	5.8	5.8	5.8	5.8	5.9	6.0	0.8			
arithmetic average	3.5	3.6	3.8	4.1	4.2	3.9	4.0	3.9	4.0	4.0	4.0	4.1	0.6			
<b>Convergence indicators</b>																
St.dev./mean %	42.9	41.1	43.1	43.3	45.6	42.0	42.1	41.7	42.4	42.3	43.0	43.7	0.8			
Max-min	9.4	9.5	9.5	9.4	10.4	9.0	8.8	9.0	9.0	9.0	9.2	9.1	-0.4			

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table A.2\_G: Direct Taxes as % of GDP: Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>	Revenue <sup>2)</sup> € million
BE	16.6	16.7	17.1	17.7	17.3	17.5	17.7	17.6	17.2	17.4	17.6	17.2	0.6	5	54 523.7
BG	-	-	-	-	-	7.1	7.4	6.9	7.0	6.5	6.3	6.9	-	25	1 733.2
CZ	9.6	8.4	8.9	8.3	8.5	8.3	8.8	9.1	9.6	9.6	9.2	8.8	-0.7	19	10 081.6
DK	31.0	31.0	30.5	30.1	30.3	30.5	29.5	29.3	29.5	30.4	31.8	30.2	-0.7	1	66 543.3
DE	10.9	11.3	11.1	11.4	11.9	12.5	11.0	10.7	10.6	10.2	10.3	10.9	0.0	14	253 800.0
EE	10.9	9.4	9.4	10.4	9.9	7.8	7.3	7.6	8.1	8.0	7.0	7.1	-3.8	24	946.1
IE	13.6	14.1	14.1	13.8	13.8	13.5	12.8	11.6	12.0	12.5	12.4	13.4	-0.2	7	23 369.9
EL	6.9	6.6	7.3	8.8	9.1	10.0	8.8	8.7	8.0	8.2	8.6	8.1	1.1	22	17 263.0
ES	10.3	10.4	10.6	10.3	10.4	10.5	10.4	10.8	10.5	10.6	11.4	12.1	1.9	11	119 109.0
FR	8.4	9.0	9.7	11.8	12.4	12.5	12.6	11.8	11.4	11.6	11.9	12.3	3.9	10	220 193.0
IT	15.0	15.4	16.5	14.6	15.0	14.5	14.8	14.1	14.7	13.9	13.5	14.5	-0.5	6	213 886.0
CY	8.8	8.5	8.7	9.8	10.7	11.0	11.2	11.2	9.6	8.7	10.2	10.8	2.0	15	1 581.7
LV	7.1	7.0	7.5	8.0	7.7	7.3	7.6	7.7	7.5	7.9	7.9	8.4	1.3	21	1 361.2
LT	8.7	8.2	8.8	9.0	9.2	8.5	7.8	7.5	8.0	8.7	9.1	9.7	1.0	16	2 300.7
LU	15.4	15.9	16.5	16.1	14.9	15.0	15.3	15.4	14.8	13.1	13.9	13.2	-2.2	8	4 463.9
HU	8.9	9.4	9.2	9.1	9.6	9.6	10.1	10.1	9.5	9.1	9.1	9.4	0.5	17	8 473.7
MT	8.3	7.4	8.3	8.0	8.8	9.2	10.2	11.4	12.0	11.7	11.7	12.1	3.8	12	614.3
NL	12.5	13.0	12.4	12.2	12.1	12.0	11.7	11.8	11.0	10.7	11.8	12.0	-0.5	13	64 258.0
AT	11.7	12.6	13.4	13.6	13.3	13.1	15.1	14.0	13.6	13.5	12.9	13.1	1.5	9	33 895.6
PL	11.7	11.3	11.1	10.9	7.7	7.2	6.7	6.9	6.6	6.4	7.0	7.5	-4.2	23	20 419.0
PT	8.5	9.1	9.2	8.9	9.4	9.9	9.5	9.4	8.7	8.6	8.5	8.8	0.3	20	13 665.6
RO	-	-	-	-	-	-	6.1	5.7	5.9	6.3	5.3	6.1	-	26	5 971.9
SI	7.1	7.6	7.7	7.7	7.7	7.5	7.7	8.0	8.1	8.4	8.9	9.3	2.2	18	2 842.2
SK	10.7	9.6	9.1	8.9	8.9	7.3	7.4	6.9	7.1	6.1	6.0	6.0	-4.7	27	2 668.7
FI	17.5	19.1	18.6	19.0	18.7	21.4	19.2	19.1	18.0	17.8	17.9	17.5	0.0	3	29 241.0
SE	19.7	20.7	21.2	21.1	21.8	22.0	19.6	17.6	18.3	19.1	19.9	19.8	0.0	2	61 885.7
UK	15.4	15.2	15.5	16.6	16.6	17.0	17.1	16.0	15.4	15.6	16.6	17.4	2.1	4	333 583.7
NO	16.2	17.0	16.8	15.8	16.9	20.1	20.2	19.8	19.5	21.1	22.4	23.0	6.8		61 487.1
<b>EU-27</b>															
weighted average	12.4	12.8	13.2	13.6	13.8	14.0	13.6	13.0	12.8	12.7	13.0	13.5	1.1		
arithmetic average	12.2	12.3	12.5	12.7	12.6	12.4	12.0	11.7	11.6	11.5	11.7	12.0	-0.2		
<b>EA-15</b>															
weighted average	11.3	11.8	12.1	12.4	12.7	12.9	12.5	12.1	11.9	11.7	11.9	12.4	1.1		
arithmetic average	11.4	11.8	12.1	12.3	12.4	12.7	12.5	12.4	12.0	11.8	12.1	12.4	0.9		
<b>EU-25</b>															
weighted average	12.4	12.8	13.2	13.6	13.8	14.0	13.6	13.1	12.8	12.7	13.1	13.6	1.1		
arithmetic average	12.2	12.3	12.5	12.7	12.6	12.6	12.4	12.2	12.0	11.9	12.2	12.4	0.2		
<b>Convergence indicators</b>															
St.dev./mean %	42.1	42.7	40.8	38.5	38.2	39.9	38.9	39.0	39.6	41.1	42.4	38.5	-3.7		
Max-min	24.0	24.4	23.2	22.4	22.7	23.4	23.4	23.6	23.6	24.3	26.5	24.2	0.2		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services



Table A.2\_T: Direct Taxes as % of Total Taxation: Total

													Difference <sup>1)</sup>	Ranking <sup>2)</sup>	Revenue <sup>2)</sup>
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1995 to 2006		€ million
BE	37.9	37.7	38.2	39.0	38.1	38.8	39.3	38.8	38.3	38.8	39.1	38.6	0.7	6	54 523.7
BG	-	-	-	-	-	21.7	23.6	23.2	21.4	19.3	18.5	20.1	-	27	1 733.2
CZ	26.5	24.1	25.4	25.0	24.9	24.6	26.0	26.2	27.0	25.7	24.7	24.4	-2.1	21	10 081.6
DK	63.5	63.0	62.3	61.0	60.6	61.8	60.8	61.2	61.5	62.0	62.7	61.5	-1.9	1	66 543.3
DE	27.5	27.9	27.2	28.0	28.6	29.8	27.6	27.2	26.7	26.3	26.6	27.8	0.3	16	253 800.0
EE	28.9	26.8	26.8	30.0	29.1	25.0	23.9	24.3	26.2	26.0	22.8	23.0	-5.8	23	946.1
IE	41.2	42.5	43.4	43.5	43.6	42.8	42.9	40.9	41.2	41.1	40.1	41.1	-0.1	3	23 369.9
EL	23.8	22.5	23.9	27.0	27.2	28.8	26.6	26.2	24.9	26.1	27.3	25.7	1.9	18	17 263.0
ES	31.4	31.5	32.0	31.3	30.8	31.1	31.0	31.9	30.9	30.7	32.0	33.3	1.9	10	119 109.0
FR	19.7	20.5	21.9	26.8	27.7	28.3	28.9	27.3	26.5	26.9	27.0	27.8	8.0	17	220 193.0
IT	37.5	36.7	37.7	34.5	35.4	34.8	35.7	34.5	35.6	34.3	33.2	34.3	-3.2	9	213 886.0
CY	32.9	32.2	33.6	35.3	38.2	36.7	36.2	35.8	29.2	26.0	28.7	29.6	-3.4	14	1 581.7
LV	21.5	22.6	23.5	23.7	24.0	24.7	26.5	27.3	26.4	27.6	27.2	27.9	6.4	15	1 361.2
LT	30.4	29.4	28.5	28.3	28.8	28.1	27.3	26.4	28.3	30.8	31.6	32.6	2.2	11	2 300.7
LU	41.6	42.3	42.0	40.9	39.0	38.4	38.4	39.2	38.8	35.2	36.7	37.0	-4.5	7	4 463.9
HU	21.3	23.3	23.5	23.4	24.5	24.9	26.4	26.7	25.3	24.1	24.3	25.3	4.0	19	8 473.7
MT	31.1	29.0	30.2	31.3	32.1	32.7	33.5	36.1	38.2	35.3	34.9	35.9	4.8	8	614.3
NL	31.2	32.3	31.2	30.9	30.0	30.0	30.6	31.3	29.3	28.6	31.2	30.5	-0.7	13	64 258.0
AT	28.3	29.7	30.5	30.9	30.4	30.7	33.7	32.1	31.6	31.5	30.7	31.5	3.2	12	33 895.6
PL	31.6	30.5	30.4	30.7	22.2	22.1	20.7	21.2	20.5	20.3	21.3	22.2	-9.4	24	20 419.0
PT	26.6	27.8	27.9	27.0	27.6	28.9	27.9	27.0	25.0	25.1	24.2	24.5	-2.1	20	13 665.6
RO	-	-	-	-	-	-	21.9	20.2	21.4	23.1	19.0	21.4	-	25	5 971.9
SI	17.7	19.5	20.2	19.8	19.6	19.8	20.2	20.7	20.9	21.6	22.5	23.9	6.1	22	2 842.2
SK	26.5	24.4	24.5	24.2	25.2	21.5	22.3	20.9	21.6	19.3	19.1	20.4	-6.1	26	2 668.7
FI	38.2	40.7	40.2	41.3	40.9	45.3	43.0	42.9	41.0	41.0	40.6	40.3	2.1	5	29 241.0
SE	41.2	41.1	41.6	40.9	42.1	42.5	39.3	36.8	37.8	39.2	40.1	40.4	-0.9	4	61 885.7
UK	43.7	43.4	43.6	45.5	45.0	45.4	46.1	45.0	43.7	43.8	45.4	46.7	3.0	2	333 583.7
NO	38.5	40.0	39.9	37.7	39.9	47.1	47.2	46.0	46.1	48.7	51.4	52.1	13.7		61 487.1
<b>EU-27</b>															
weighted average	31.5	31.8	32.5	33.5	33.7	34.4	34.1	33.2	32.7	32.6	33.0	33.8	2.4		
arithmetic average	32.1	32.0	32.4	32.8	32.6	32.3	31.9	31.5	31.1	30.7	30.8	31.4	-0.7		
<b>EA-15</b>															
weighted average	28.5	29.0	29.5	30.3	30.7	31.3	31.0	30.4	30.0	29.7	29.9	30.7	2.2		
arithmetic average	31.1	31.5	32.0	32.5	32.6	33.1	33.0	32.8	31.9	31.2	31.7	32.1	1.0		
<b>EU-25</b>															
weighted average	31.5	31.8	32.5	33.5	33.7	34.4	34.1	33.3	32.7	32.7	33.1	33.9	2.5		
arithmetic average	32.1	32.0	32.4	32.8	32.6	32.7	32.6	32.3	31.9	31.5	31.8	32.2	0.2		
<b>Convergence indicators</b>															
St.dev./mean %	30.9	30.5	29.1	27.1	27.0	28.0	27.3	27.9	28.4	28.7	29.5	27.7	-3.3		
Max-min	45.7	43.5	42.2	41.2	41.0	42.0	40.6	41.0	41.1	42.7	44.2	41.4	-4.3		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table A.2.1\_G: Direct Taxes as % of GDP: Personal income taxes

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>	Revenue <sup>2)</sup> € million
BE	13.4	13.1	13.3	13.3	13.0	13.2	13.5	13.3	13.0	12.8	12.7	12.2	-1.2	4	38 576.6
BG	-	-	-	-	-	4.1	3.6	3.2	3.3	3.2	3.0	2.7	-	26	685.2
CZ	4.8	4.8	4.8	4.7	4.5	4.6	4.5	4.7	4.9	4.8	4.6	4.2	-0.6	24	4 819.8
DK	26.3	26.2	25.9	25.5	25.8	25.6	26.0	25.7	25.6	24.9	24.9	24.5	-1.8	1	53 955.4
DE	9.3	9.4	9.2	9.5	9.9	10.2	9.9	9.6	9.3	8.7	8.6	8.9	-0.4	8	206 630.0
EE	8.3	7.7	7.5	8.0	7.9	6.9	6.6	6.4	6.5	6.3	5.6	5.6	-2.7	19	746.5
IE	10.3	10.3	10.1	9.7	9.0	8.6	8.1	7.1	6.8	7.5	7.3	7.3	-3.0	11	12 754.6
EL	3.6	3.7	4.0	4.9	5.1	5.0	4.5	4.5	4.4	4.4	4.6	4.6	1.0	21	9 918.0
ES	7.7	7.7	7.2	7.0	6.7	6.6	6.8	6.8	6.6	6.4	6.6	7.1	-0.6	12	69 412.0
FR	5.3	5.5	5.8	8.0	8.2	8.4	8.2	7.9	7.9	7.5	7.7	8.0	2.7	9	142 481.0
IT	10.4	10.7	11.1	11.2	11.3	10.6	10.8	10.6	10.5	10.4	10.4	10.8	0.4	5	159 373.0
CY	3.9	3.1	3.3	3.7	3.7	3.6	3.9	4.3	4.4	3.5	3.9	4.6	0.6	23	669.2
LV	5.3	5.1	5.4	5.7	5.6	5.6	5.5	5.6	5.8	5.9	5.7	6.0	0.7	17	967.1
LT	6.5	6.3	7.2	7.7	8.3	7.7	7.3	6.9	6.6	6.8	6.9	6.9	0.4	14	1 629.0
LU	8.0	8.1	8.1	7.5	7.2	7.2	7.0	6.4	6.6	6.7	7.2	7.5	-0.5	10	2 545.9
HU	6.7	7.3	6.9	6.6	6.9	7.1	7.5	7.5	7.0	6.6	6.6	6.7	0.0	16	6 050.9
MT	5.0	4.5	5.0	4.8	5.3	5.6	6.2	6.1	6.3	6.9	6.5	6.8	1.7	15	343.1
NL	7.7	7.2	6.3	6.1	6.0	6.1	6.2	6.8	6.5	5.9	6.6	7.0	-0.7	13	37 581.0
AT	9.3	9.8	10.4	10.5	10.5	10.0	10.7	10.5	10.4	10.1	9.6	9.7	0.4	7	24 953.8
PL	8.4	8.0	7.6	7.7	5.0	4.4	4.5	4.3	4.2	3.6	3.9	4.6	-3.8	22	12 491.3
PT	5.6	5.8	5.5	5.4	5.3	5.6	5.6	5.4	5.4	5.2	5.3	5.5	-0.1	20	8 469.8
RO	-	-	-	-	-	-	3.3	2.7	3.1	2.8	2.3	2.8	-	25	2 780.9
SI	6.0	6.1	6.1	5.8	5.7	5.7	5.8	5.8	5.8	5.8	5.6	5.9	-0.1	18	1 791.2
SK	3.6	4.0	4.4	4.4	4.3	3.4	3.5	3.3	3.2	2.7	2.6	2.5	-1.1	27	1 112.1
FI	14.2	15.4	14.2	13.8	13.5	14.5	14.0	13.9	13.6	13.2	13.5	13.2	-1.0	3	22 038.0
SE	16.3	17.2	17.4	17.5	17.8	17.2	16.0	14.7	15.2	15.4	15.5	15.5	-0.9	2	48 445.3
UK	10.2	9.6	9.2	10.2	10.4	10.8	10.8	10.4	10.0	9.9	10.4	10.6	0.3	6	201 754.4
NO	10.3	10.7	10.9	11.7	11.4	10.3	10.4	10.7	10.5	10.3	9.7	9.1	-1.2		24 384.1
<b>EU-27</b>															
weighted average	9.2	9.3	9.2	9.7	9.8	9.9	9.7	9.4	9.3	8.9	9.0	9.2	0.0		
arithmetic average	8.7	8.7	8.6	8.8	8.7	8.4	8.2	7.9	7.9	7.7	7.7	7.8	-0.8		
<b>EA-15</b>															
weighted average	8.5	8.6	8.6	9.1	9.2	9.2	9.1	9.0	8.8	8.4	8.5	8.7	0.2		
arithmetic average	8.0	8.0	8.0	8.1	8.0	8.0	8.1	7.9	7.8	7.7	7.7	7.9	-0.1		
<b>EU-25</b>															
weighted average	9.2	9.3	9.2	9.7	9.8	9.9	9.8	9.5	9.3	9.0	9.1	9.3	0.1		
arithmetic average	8.7	8.7	8.6	8.8	8.7	8.6	8.5	8.3	8.3	8.1	8.1	8.2	-0.4		
<b>Convergence indicators</b>															
St.dev./mean %	53.5	54.6	53.6	49.4	50.0	49.8	50.4	50.7	51.3	52.8	52.5	49.8	-3.7		
Max-min	22.7	23.1	22.6	21.8	22.1	22.2	22.6	23.0	22.5	22.3	22.6	22.0	-0.7		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table A.2.1\_T: Direct Taxes as % of Total Taxation: Personal income taxes

	Difference <sup>1)</sup>													Ranking <sup>2)</sup>	Revenue <sup>2)</sup> € million
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1995 to 2006		
BE	30.6	29.5	29.6	29.3	28.6	29.2	29.9	29.4	29.1	28.4	28.3	27.3	-3.3	5	38 576.6
BG	-	-	-	-	-	12.6	11.4	10.8	10.1	9.5	8.7	7.9	-	27	685.2
CZ	13.3	13.7	13.8	14.1	13.1	13.5	13.3	13.4	13.6	12.8	12.3	11.7	-1.6	24	4 819.8
DK	53.9	53.4	52.9	51.8	51.6	51.9	53.6	53.6	53.2	50.9	49.0	49.9	-4.0	1	53 955.4
DE	23.4	23.1	22.7	23.2	23.6	24.4	24.7	24.3	23.5	22.3	22.2	22.7	-0.8	9	206 630.0
EE	22.0	21.9	21.3	22.9	23.2	22.1	21.5	20.7	21.0	20.5	18.2	18.2	-3.9	15	746.5
IE	31.0	31.0	31.3	30.6	28.4	27.2	27.1	24.9	23.4	24.5	23.7	22.4	-8.6	10	12 754.6
EL	12.5	12.4	13.2	15.1	15.4	14.4	13.6	13.5	13.6	14.2	14.5	14.8	2.3	21	9 918.0
ES	23.6	23.3	21.7	21.3	19.8	19.5	20.2	20.1	19.4	18.5	18.6	19.4	-4.2	14	69 412.0
FR	12.3	12.5	13.2	18.1	18.3	18.9	18.8	18.3	18.5	17.4	17.7	18.0	5.7	17	142 481.0
IT	26.1	25.6	25.3	26.3	26.5	25.4	26.1	25.9	25.4	25.6	25.7	25.5	-0.5	6	159 373.0
CY	14.8	11.9	12.6	13.5	13.3	12.0	12.5	13.6	13.5	10.4	10.9	12.5	-2.3	23	669.2
LV	16.0	16.7	16.8	16.8	17.6	18.8	19.3	19.8	20.5	20.9	19.6	19.8	3.8	13	967.1
LT	22.7	22.7	23.3	24.0	26.0	25.6	25.3	24.2	23.3	24.0	24.1	23.1	0.4	8	1 629.0
LU	21.7	21.7	20.6	19.1	18.8	18.3	17.7	16.2	17.2	17.8	19.0	21.1	-0.5	11	2 545.9
HU	16.1	17.9	17.6	17.0	17.7	18.5	19.6	19.9	18.6	17.5	17.6	18.1	2.0	16	6 050.9
MT	18.8	17.7	18.4	18.7	19.3	19.8	20.3	19.4	20.0	20.7	19.2	20.1	1.2	12	343.1
NL	19.2	17.9	15.9	15.5	14.9	15.2	16.1	18.1	17.5	15.8	17.5	17.8	-1.4	18	37 581.0
AT	22.5	23.0	23.7	23.8	23.9	23.4	24.0	24.0	24.1	23.5	22.8	23.2	0.7	7	24 953.8
PL	22.6	21.5	21.0	21.7	14.2	13.5	13.9	13.1	13.1	11.6	12.0	13.6	-9.0	22	12 491.3
PT	17.5	17.7	16.8	16.3	15.6	16.2	16.5	15.6	15.5	15.3	15.2	15.2	-2.3	19	8 469.8
RO	-	-	-	-	-	-	12.0	9.5	11.1	10.4	8.2	10.0	-	25	2 780.9
SI	15.0	15.7	16.0	14.8	14.6	15.0	15.2	15.0	15.0	15.0	14.2	15.0	0.1	20	1 791.2
SK	9.0	10.1	11.7	11.9	12.2	10.0	10.7	9.9	9.7	8.4	8.4	8.5	-0.5	26	1 112.1
FI	31.1	32.7	30.8	30.0	29.4	30.6	31.5	31.2	31.0	30.5	30.7	30.4	-0.7	3	22 038.0
SE	34.1	34.2	34.2	33.9	34.3	33.2	32.1	30.7	31.5	31.6	31.4	31.6	-2.5	2	48 445.3
UK	29.1	27.4	26.0	27.9	28.2	28.8	29.1	29.1	28.2	27.8	28.4	28.2	-0.9	4	201 754.4
NO	24.6	25.2	25.8	27.8	26.9	24.1	24.3	24.8	24.9	23.7	22.2	20.7	-3.9		24 384.1
<b>EU-27</b>															
weighted average	23.3	23.0	22.7	24.1	24.0	24.2	24.4	24.1	23.6	22.9	23.0	23.1	-0.2		
arithmetic average	22.3	22.2	22.0	22.3	21.9	21.5	21.3	20.9	20.8	20.2	19.9	20.2	-2.1		
<b>EA-15</b>															
weighted average	21.3	21.1	20.9	22.3	22.2	22.4	22.7	22.5	22.0	21.2	21.3	21.5	0.2		
arithmetic average	21.3	21.0	20.8	21.0	20.7	20.6	20.9	20.7	20.4	20.0	20.0	20.4	-1.0		
<b>EU-25</b>															
weighted average	23.3	23.0	22.7	24.1	24.0	24.2	24.5	24.2	23.7	23.0	23.1	23.2	0.0		
arithmetic average	22.3	22.2	22.0	22.3	21.9	21.8	22.1	21.8	21.6	21.0	20.8	21.1	-1.2		
<b>Convergence indicators</b>															
St.dev./mean %	40.3	40.4	39.5	35.8	36.3	36.6	37.3	37.9	38.0	39.1	38.4	37.5	-2.8		
Max-min	45.0	43.2	41.2	39.9	39.4	41.9	42.9	44.1	43.5	42.4	40.9	42.0	-3.0		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table A.2.2\_G: Direct Taxes as % of GDP: Corporate income tax

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>	Revenue <sup>2)</sup> € million
BE	2.3	2.7	2.8	3.4	3.2	3.2	3.1	3.0	2.9	3.2	3.4	3.7	1.4	9	11 835.4
BG	-	-	-	-	-	2.8	3.6	3.4	3.4	2.9	2.9	3.6	-	12	901.8
CZ	4.6	3.4	3.8	3.4	3.8	3.5	4.1	4.3	4.6	4.7	4.5	4.5	-0.1	4	5 096.1
DK	2.3	2.5	2.7	3.0	2.4	3.3	2.8	2.9	2.9	3.2	3.9	4.3	2.0	5	9 470.7
DE	0.9	1.2	1.3	1.3	1.5	1.7	0.6	0.6	0.7	0.9	1.1	1.4	0.5	27	31 680.0
EE	2.4	1.6	1.8	2.4	2.0	0.9	0.7	1.1	1.6	1.7	1.4	1.5	-0.9	26	199.6
IE	2.7	3.1	3.2	3.3	3.8	3.7	3.5	3.7	3.7	3.6	3.4	3.8	1.1	8	6 685.0
EL	2.3	2.0	2.3	2.8	3.2	4.1	3.3	3.4	2.9	3.0	3.2	2.7	0.3	21	5 689.0
ES	1.9	2.0	2.7	2.5	2.9	3.1	2.9	3.3	3.1	3.5	3.9	4.2	2.3	6	41 483.0
FR	1.8	2.0	2.3	2.3	2.7	2.8	3.1	2.5	2.1	2.7	2.7	2.9	1.1	17	51 877.0
IT	3.3	3.8	4.1	2.5	2.7	2.3	2.9	2.5	2.2	2.2	2.4	3.0	-0.4	16	44 178.0
CY	4.0	4.4	4.4	4.9	5.9	6.2	6.2	6.0	4.3	3.7	4.6	5.5	1.5	1	803.1
LV	1.8	1.8	2.2	2.3	2.0	1.6	1.9	1.9	1.5	1.7	2.0	2.3	0.4	25	364.6
LT	2.1	1.8	1.6	1.3	0.8	0.7	0.5	0.6	1.4	1.9	2.1	2.8	0.7	20	663.2
LU	6.6	6.8	7.5	7.6	6.7	7.0	7.3	8.0	7.4	5.7	5.8	5.0	-1.6	2	1 680.3
HU	1.9	1.8	1.9	2.2	2.3	2.2	2.3	2.3	2.2	2.1	2.1	2.3	0.4	24	2 100.0
MT	2.6	2.3	2.6	2.5	2.7	2.9	3.2	3.9	4.5	4.0	4.0	4.5	1.9	3	227.3
NL	3.3	4.1	4.5	4.5	4.5	4.3	4.2	3.6	3.0	3.4	3.7	3.7	0.4	10	19 710.0
AT	1.6	2.1	2.3	2.4	2.0	2.2	3.3	2.4	2.4	2.4	2.4	2.4	0.7	23	6 102.7
PL	2.7	2.7	2.7	2.6	2.4	2.4	1.9	2.0	1.8	2.2	2.5	2.4	-0.3	22	6 521.0
PT	2.4	2.8	3.2	3.2	3.6	3.9	3.4	3.4	2.9	3.0	2.8	3.0	0.6	15	4 649.2
RO	-	-	-	-	-	-	2.5	2.5	2.7	3.1	2.7	2.8	-	18	2 777.8
SI	0.5	0.9	1.1	1.0	1.2	1.2	1.3	1.6	1.8	2.0	2.8	3.0	2.5	14	920.2
SK	6.0	4.3	3.7	3.2	3.1	2.6	2.6	2.5	2.8	2.6	2.7	2.8	-3.2	19	1 262.5
FI	2.3	2.8	3.5	4.3	4.3	5.9	4.2	4.2	3.4	3.5	3.3	3.4	1.1	13	5 615.0
SE	2.6	2.6	2.8	2.6	3.1	3.8	2.6	2.1	2.2	2.9	3.6	3.6	1.0	11	11 374.9
UK	2.7	3.1	3.8	3.8	3.3	3.4	3.5	2.8	2.7	2.8	3.3	3.9	1.2	7	73 923.7
NO	4.8	5.2	5.0	3.2	4.5	8.9	8.9	8.1	8.0	9.8	11.8	12.9	8.1		34 593.3
<b>EU-27</b>															
weighted average	2.0	2.4	2.7	2.6	2.7	2.8	2.6	2.3	2.2	2.4	2.7	3.0	0.9		
arithmetic average	2.7	2.7	3.0	3.0	3.0	3.1	3.0	3.0	2.9	2.9	3.1	3.3	0.6		
<b>EA-15</b>															
weighted average	1.9	2.2	2.5	2.3	2.5	2.6	2.4	2.2	2.0	2.3	2.5	2.8	0.9		
arithmetic average	2.6	2.9	3.2	3.2	3.4	3.6	3.5	3.5	3.2	3.1	3.3	3.5	0.9		
<b>EU-25</b>															
weighted average	2.0	2.4	2.7	2.6	2.7	2.8	2.6	2.3	2.2	2.4	2.7	3.0	0.9		
arithmetic average	2.7	2.7	3.0	3.0	3.0	3.1	3.0	3.0	2.8	2.9	3.1	3.3	0.6		
<b>Convergence indicators</b>															
St.dev./mean %	66.9	52.2	48.1	51.9	49.8	54.7	57.6	65.8	59.4	40.4	38.1	33.1	-33.8		
Max-min	6.0	5.9	6.4	6.6	5.9	6.3	6.8	7.5	6.6	4.8	4.7	4.1	-1.9		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table A.2.2\_T: Direct Taxes as % of Total Taxation: Corporate income tax

														Difference <sup>1)</sup>	Ranking <sup>2)</sup>	Revenue <sup>2)</sup>
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1995 to 2006		€ million	
BE	5.4	6.0	6.3	7.4	7.1	7.1	6.9	6.7	6.4	7.1	7.5	8.4	3.0	15	11 835.4	
BG	-	-	-	-	-	8.5	11.6	11.5	10.3	8.7	8.5	10.5	-	7	901.8	
CZ	12.7	9.7	11.0	10.1	11.2	10.3	12.0	12.3	12.8	12.5	12.0	12.3	-0.3	4	5 096.1	
DK	4.8	5.1	5.5	6.1	4.8	6.6	5.7	6.0	6.0	6.4	7.7	8.8	4.0	13	9 470.7	
DE	2.2	2.9	3.1	3.3	3.6	4.0	1.4	1.5	1.9	2.4	2.8	3.5	1.2	27	31 680.0	
EE	6.4	4.5	5.0	7.0	5.8	2.9	2.3	3.6	5.1	5.4	4.7	4.9	-1.6	26	199.6	
IE	8.3	9.3	9.8	10.5	11.9	11.7	11.9	13.0	12.7	11.8	11.0	11.8	3.5	5	6 685.0	
EL	8.0	6.8	7.5	8.6	9.5	12.0	10.1	10.0	9.1	9.6	10.3	8.5	0.4	14	5 689.0	
ES	5.8	6.1	8.1	7.7	8.7	9.2	8.6	9.6	9.3	10.0	11.0	11.6	5.8	6	41 483.0	
FR	4.2	4.7	5.2	5.3	5.9	6.3	7.0	5.9	5.0	6.3	6.1	6.5	2.4	23	51 877.0	
IT	8.3	9.0	9.4	5.8	6.4	5.6	7.0	6.1	5.3	5.3	5.8	7.1	-1.3	22	44 178.0	
CY	14.9	16.7	17.0	17.6	21.2	20.6	20.1	19.2	13.0	11.1	13.1	15.0	0.1	1	803.1	
LV	5.5	5.9	6.8	6.8	6.4	5.3	6.6	6.8	5.2	6.0	6.9	7.5	2.0	19	364.6	
LT	7.4	6.4	5.0	4.1	2.6	2.3	1.9	2.1	4.9	6.6	7.3	9.4	2.0	11	663.2	
LU	17.7	18.1	19.0	19.4	17.4	17.8	18.4	20.4	19.2	15.3	15.4	13.9	-3.7	2	1 680.3	
HU	4.5	4.5	4.9	5.5	5.9	5.6	6.0	6.1	5.8	5.6	5.6	6.3	1.7	24	2 100.0	
MT	9.8	9.0	9.4	9.6	10.0	10.3	10.6	12.3	14.4	12.0	11.8	13.3	3.5	3	227.3	
NL	8.1	10.1	11.4	11.4	11.0	10.7	11.0	9.4	8.1	9.0	9.7	9.3	1.2	12	19 710.0	
AT	4.0	5.0	5.2	5.4	4.6	5.2	7.3	5.6	5.5	5.7	5.7	5.7	1.7	25	6 102.7	
PL	7.3	7.1	7.5	7.3	6.9	7.5	5.8	6.3	5.6	7.1	7.6	7.1	-0.2	21	6 521.0	
PT	7.4	8.4	9.6	9.5	10.6	11.3	10.0	9.9	8.2	8.7	7.9	8.3	0.9	16	4 649.2	
RO	-	-	-	-	-	-	8.8	9.0	9.9	11.5	9.6	9.9	-	9	2 777.8	
SI	1.3	2.4	2.8	2.6	3.1	3.1	3.4	4.1	4.6	5.0	7.2	7.7	6.4	18	920.2	
SK	15.0	11.0	9.8	8.9	8.8	7.7	7.9	7.6	8.3	8.2	8.7	9.7	-5.4	10	1 262.5	
FI	5.0	6.0	7.5	9.4	9.4	12.5	9.4	9.3	7.7	8.1	7.6	7.7	2.7	17	5 615.0	
SE	5.4	5.1	5.6	5.1	5.9	7.3	5.3	4.3	4.6	6.0	7.4	7.4	2.0	20	11 374.9	
UK	7.7	8.9	10.7	10.3	9.1	9.0	9.3	7.8	7.6	7.8	8.9	10.4	2.6	8	73 923.7	
NO	11.4	12.3	11.8	7.5	10.7	20.9	20.7	18.9	18.9	22.7	27.0	29.3	18.0		34 593.3	
<b>EU-27</b>																
weighted average	5.2	5.9	6.8	6.4	6.5	6.8	6.5	6.0	5.6	6.3	6.8	7.5	2.3			
arithmetic average	7.5	7.5	8.1	8.2	8.3	8.5	8.4	8.4	8.0	8.1	8.4	9.0	1.5			
<b>EA-15</b>																
weighted average	4.7	5.5	6.1	5.7	6.1	6.4	6.0	5.6	5.1	5.8	6.2	6.8	2.1			
arithmetic average	7.4	8.0	8.8	8.9	9.4	9.8	9.5	9.5	8.7	8.5	8.9	9.2	1.9			
<b>EU-25</b>																
weighted average	5.2	5.9	6.8	6.4	6.5	6.8	6.5	5.9	5.6	6.2	6.8	7.5	2.3			
arithmetic average	7.5	7.5	8.1	8.2	8.3	8.5	8.2	8.2	7.9	8.0	8.4	8.9	1.4			
<b>Convergence indicators</b>																
St.dev./mean %	76.7	63.1	56.8	61.2	65.3	62.8	66.3	75.0	68.0	46.0	40.8	36.9	-39.8			
Max-min	16.3	15.7	16.2	16.8	18.7	18.3	18.6	19.0	17.3	12.9	12.6	11.5	-4.8			

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table A.2.3\_G: Direct Taxes as % of GDP: Other

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>	Revenue <sup>2)</sup> € million
BE	0.8	1.0	1.0	1.0	1.1	1.1	1.1	1.2	1.3	1.5	1.5	1.3	0.5	6	4 111.7
BG	-	-	-	-	-	0.2	0.2	0.3	0.3	0.4	0.5	0.6	-	18	146.2
CZ	0.2	0.3	0.2	0.2	0.2	0.3	0.2	0.2	0.2	0.1	0.1	0.1	-0.1	25	165.7
DK	2.3	2.2	2.0	1.6	2.1	1.6	0.7	0.7	1.1	2.3	3.0	1.4	-0.9	4	3 117.2
DE	0.7	0.8	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.6	0.6	0.7	-0.1	15	15 490.0
EE	0.1	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	27	0.0
IE	0.6	0.7	0.7	0.8	1.0	1.2	1.2	0.8	1.5	1.4	1.7	2.2	1.6	2	3 930.3
EL	1.0	0.9	1.0	1.1	0.8	0.8	0.9	0.9	0.7	0.7	0.8	0.8	-0.2	11	1 656.0
ES	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.7	0.8	0.8	0.8	0.8	0.2	10	8 214.0
FR	1.4	1.5	1.6	1.5	1.6	1.3	1.4	1.3	1.3	1.4	1.5	1.4	0.0	3	25 835.0
IT	1.2	0.9	1.3	1.0	1.0	1.6	1.1	1.0	2.1	1.3	0.7	0.7	-0.5	14	10 335.0
CY	0.9	0.9	1.0	1.1	1.0	1.2	1.1	0.9	0.9	1.5	1.7	0.7	-0.1	12	109.4
LV	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	24	29.5
LT	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	26	8.5
LU	0.8	1.0	1.0	1.0	1.1	0.9	0.9	1.0	0.9	0.8	0.8	0.7	-0.1	13	237.7
HU	0.3	0.3	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.1	22	322.8
MT	0.7	0.6	0.7	0.8	0.8	0.7	0.8	1.4	1.2	0.9	1.3	0.9	0.2	9	43.9
NL	1.6	1.7	1.6	1.6	1.6	1.6	1.3	1.4	1.4	1.4	1.5	1.3	-0.3	5	6 967.0
AT	0.7	0.7	0.7	0.8	0.8	0.9	1.1	1.1	0.9	1.0	1.0	1.1	0.4	7	2 839.1
PL	0.7	0.7	0.7	0.6	0.4	0.3	0.3	0.6	0.6	0.5	0.6	0.5	-0.1	19	1 406.7
PT	0.5	0.5	0.5	0.4	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	-0.2	23	546.6
RO	-	-	-	-	-	-	0.3	0.5	0.1	0.3	0.3	0.4	-	21	413.2
SI	0.6	0.6	0.5	0.9	0.8	0.6	0.6	0.6	0.5	0.6	0.4	0.4	-0.1	20	130.8
SK	1.0	1.3	1.1	1.3	1.5	1.3	1.2	1.1	1.2	0.8	0.7	0.7	-0.4	16	294.1
FI	0.9	1.0	0.9	0.9	0.9	1.0	1.0	1.0	1.0	1.1	1.0	1.0	0.0	8	1 588.0
SE	0.8	0.9	0.9	1.0	1.0	1.1	1.0	0.8	0.8	0.8	0.7	0.7	-0.2	17	2 065.5
UK	2.4	2.5	2.4	2.7	2.8	2.9	2.9	2.9	2.8	2.9	3.0	3.0	0.6	1	57 905.6
NO	1.0	1.1	1.0	1.0	1.0	0.9	0.9	1.0	1.0	1.0	1.0	0.9	-0.1		2 509.7
<b>EU-27</b>															
weighted average	1.2	1.2	1.2	1.2	1.3	1.4	1.2	1.2	1.3	1.3	1.3	1.3	0.1		
arithmetic average	0.8	0.9	0.9	0.9	0.9	0.9	0.8	0.8	0.9	0.9	0.9	0.8	0.0		
<b>EA-15</b>															
weighted average	1.0	1.0	1.0	1.0	1.0	1.1	1.0	0.9	1.1	1.0	1.0	1.0	0.0		
arithmetic average	0.9	0.9	0.9	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.1		
<b>EU-25</b>															
weighted average	1.2	1.2	1.2	1.2	1.3	1.4	1.3	1.2	1.4	1.3	1.3	1.3	0.1		
arithmetic average	0.8	0.9	0.9	0.9	0.9	0.9	0.8	0.9	0.9	0.9	1.0	0.9	0.0		
<b>Convergence indicators</b>															
St.dev./mean %	50.2	50.1	46.9	47.2	50.5	46.8	46.6	46.8	47.0	50.6	59.3	51.9	1.7		
Max-min	2.4	2.5	2.4	2.7	2.8	2.8	2.8	2.8	2.8	2.9	3.0	3.0	0.6		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table A.2.3\_T: Direct Taxes as % of Total Taxation: Other

														Difference <sup>1)</sup>	Ranking <sup>2)</sup>	Revenue <sup>2)</sup>
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1995 to 2006		€ million	
BE	1.9	2.2	2.2	2.3	2.4	2.4	2.4	2.7	2.8	3.3	3.2	2.9	1.0	5	4 111.7	
BG	-	-	-	-	-	0.6	0.7	0.9	1.0	1.1	1.3	1.7	-	16	146.2	
CZ	0.6	0.7	0.6	0.7	0.6	0.8	0.6	0.5	0.5	0.3	0.4	0.4	-0.2	25	165.7	
DK	4.8	4.5	4.0	3.2	4.2	3.3	1.5	1.6	2.3	4.7	6.0	2.9	-1.9	6	3 117.2	
DE	1.8	1.9	1.4	1.5	1.4	1.4	1.5	1.4	1.3	1.5	1.6	1.7	-0.1	15	15 490.0	
EE	0.4	0.4	0.5	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	-0.4	27	0.0	
IE	1.9	2.2	2.3	2.5	3.2	3.9	3.9	3.0	5.0	4.7	5.4	6.9	5.0	2	3 930.3	
EL	3.3	3.2	3.2	3.3	2.4	2.4	2.9	2.6	2.3	2.3	2.5	2.5	-0.8	9	1 656.0	
ES	2.1	2.1	2.1	2.3	2.3	2.4	2.2	2.2	2.2	2.2	2.3	2.3	0.2	10	8 214.0	
FR	3.3	3.4	3.5	3.4	3.5	3.0	3.1	3.1	3.1	3.2	3.3	3.3	0.0	4	25 835.0	
IT	3.1	2.1	3.0	2.4	2.4	3.8	2.6	2.5	5.0	3.3	1.8	1.7	-1.4	17	10 335.0	
CY	3.2	3.6	4.0	4.1	3.6	4.1	3.6	2.9	2.7	4.5	4.7	2.0	-1.2	13	109.4	
LV	0.0	0.0	0.0	0.0	0.0	0.6	0.6	0.7	0.8	0.7	0.7	0.6	0.6	24	29.5	
LT	0.3	0.3	0.2	0.2	0.2	0.2	0.1	0.2	0.1	0.1	0.1	0.1	-0.2	26	8.5	
LU	2.2	2.6	2.4	2.5	2.8	2.4	2.3	2.5	2.4	2.0	2.2	2.0	-0.3	14	237.7	
HU	0.7	0.8	0.9	0.9	0.9	0.8	0.8	0.8	0.9	1.0	1.1	1.0	0.3	23	322.8	
MT	2.5	2.4	2.5	3.0	2.9	2.6	2.6	4.4	3.8	2.7	3.9	2.6	0.1	8	43.9	
NL	3.9	4.2	4.0	4.1	4.0	4.1	3.5	3.7	3.7	3.8	3.9	3.3	-0.6	3	6 967.0	
AT	1.8	1.7	1.7	1.7	1.8	2.1	2.4	2.6	2.1	2.3	2.3	2.6	0.8	7	2 839.1	
PL	1.8	1.8	1.9	1.7	1.0	1.1	1.0	1.8	1.8	1.7	1.7	1.5	-0.2	18	1 406.7	
PT	1.7	1.6	1.5	1.2	1.4	1.4	1.4	1.5	1.2	1.1	1.1	1.0	-0.7	22	546.6	
RO	-	-	-	-	-	-	1.1	1.7	0.4	1.3	1.2	1.5	-	19	413.2	
SI	1.4	1.4	1.4	2.3	1.9	1.7	1.7	1.5	1.4	1.5	1.1	1.1	-0.3	21	130.8	
SK	2.6	3.3	3.0	3.5	4.2	3.9	3.7	3.5	3.5	2.7	2.1	2.3	-0.3	11	294.1	
FI	2.0	2.0	1.9	1.9	2.1	2.2	2.2	2.3	2.2	2.4	2.4	2.2	0.2	12	1 588.0	
SE	1.7	1.8	1.8	1.9	1.9	2.0	1.9	1.7	1.7	1.6	1.4	1.3	-0.4	20	2 065.5	
UK	6.9	7.1	6.9	7.3	7.7	7.7	7.7	8.0	7.9	8.1	8.1	8.1	1.2	1	57 905.6	
NO	2.5	2.5	2.4	2.4	2.3	2.1	2.2	2.3	2.3	2.3	2.2	2.1	-0.4		2 509.7	
<b>EU-27</b>																
weighted average	3.0	3.0	3.0	3.0	3.2	3.3	3.1	3.1	3.4	3.4	3.3	3.2	0.2			
arithmetic average	2.2	2.3	2.3	2.3	2.4	2.3	2.2	2.2	2.3	2.4	2.4	2.2	0.0			
<b>EA-15</b>																
weighted average	2.5	2.5	2.5	2.4	2.4	2.6	2.4	2.3	2.8	2.6	2.4	2.4	-0.1			
arithmetic average	2.4	2.4	2.5	2.6	2.6	2.7	2.6	2.6	2.8	2.7	2.8	2.5	0.1			
<b>EU-25</b>																
weighted average	3.0	3.0	3.0	3.0	3.2	3.3	3.1	3.1	3.4	3.4	3.3	3.2	0.2			
arithmetic average	2.2	2.3	2.3	2.3	2.4	2.4	2.3	2.3	2.4	2.5	2.5	2.2	0.0			
<b>Convergence indicators</b>																
St.dev./mean %	50.1	51.4	49.3	51.1	52.7	49.5	50.0	50.7	50.7	51.1	57.7	55.9	5.8			
Max-min	6.9	7.1	6.9	7.3	7.7	7.6	7.6	8.0	7.9	8.1	8.1	8.1	1.2			

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table A.3\_G: Social Contributions as % of GDP: Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>	Revenue <sup>2)</sup> € million
BE	14.3	14.3	14.2	14.2	14.2	13.9	14.2	14.4	14.3	14.0	13.7	13.6	-0.8	7	42 956.9
BG	-	-	-	-	-	11.0	10.0	9.5	10.6	10.5	10.3	8.8	-	20	2 203.2
CZ	14.3	14.2	14.6	14.0	14.0	14.2	14.2	14.9	15.0	16.0	16.1	16.2	1.9	2	18 469.5
DK	1.1	1.1	1.0	1.0	1.6	1.8	1.7	1.2	1.2	1.2	1.1	1.0	0.0	27	2 272.4
DE	16.8	17.4	17.7	17.4	17.2	16.9	16.7	16.7	16.9	16.5	16.3	15.9	-0.9	3	369 790.0
EE	13.1	11.9	11.4	11.5	12.1	11.0	10.7	11.0	10.6	10.5	10.2	10.2	-2.8	17	1 353.0
IE	4.9	4.6	4.3	4.1	4.3	4.4	4.5	4.4	4.5	4.6	4.7	4.9	-0.1	26	8 491.1
EL	9.3	9.6	9.9	10.3	10.2	10.5	10.5	11.5	11.8	11.2	11.0	11.1	1.7	16	23 702.0
ES	11.8	12.0	12.0	11.9	11.9	12.0	12.2	12.1	12.2	12.2	12.1	12.1	0.4	11	119 178.0
FR	18.6	18.6	18.1	16.1	16.3	16.1	16.1	16.2	16.4	16.2	16.4	16.5	-2.1	1	294 914.0
IT	12.6	14.3	14.6	12.2	12.1	12.1	12.0	12.1	12.3	12.4	12.6	12.7	0.1	8	187 835.0
CY	6.5	6.9	7.0	6.9	6.6	6.5	6.8	6.7	7.0	7.7	8.3	7.8	1.3	23	1 147.0
LV	12.0	10.8	10.6	10.8	10.7	9.9	9.2	9.3	8.9	8.7	8.4	8.7	-3.3	21	1 406.3
LT	7.4	7.9	8.5	9.0	9.2	9.4	8.9	8.6	8.5	8.4	8.2	8.5	1.1	22	2 018.9
LU	9.8	9.8	10.0	10.2	10.1	10.1	10.9	10.9	10.8	10.7	10.5	9.9	0.1	18	3 359.1
HU	14.9	14.1	14.3	14.1	13.2	12.8	12.8	12.8	12.5	12.2	12.5	12.5	-2.4	9	11 257.4
MT	6.1	6.3	6.8	6.1	6.2	6.4	6.9	6.5	6.5	6.6	6.8	6.2	0.1	25	315.6
NL	15.9	15.2	15.1	15.0	15.5	15.4	13.7	13.3	13.8	13.9	13.1	14.2	-1.7	6	75 943.0
AT	14.8	14.8	15.0	14.9	14.9	14.6	14.6	14.5	14.5	14.5	14.5	14.4	-0.4	4	37 055.5
PL	11.3	11.6	11.7	11.6	13.7	12.9	13.4	12.9	12.8	12.3	12.3	12.2	0.9	10	33 133.3
PT	9.5	9.7	10.0	9.9	10.1	10.3	10.5	10.8	11.0	11.1	11.4	11.4	1.9	15	17 679.9
RO	-	-	-	-	-	-	10.3	10.8	9.5	9.3	9.7	9.8	-	19	9 545.8
SI	17.3	15.4	14.7	14.7	14.5	14.5	14.7	14.5	14.4	14.5	14.5	14.3	-3.0	5	4 353.1
SK	15.0	15.9	15.0	14.9	14.0	14.2	14.3	14.6	13.8	13.1	12.7	11.7	-3.3	14	5 223.2
FI	14.1	13.6	12.8	12.6	12.6	11.9	12.0	11.8	11.8	11.7	12.0	12.1	-2.0	13	20 205.0
SE	12.3	13.3	13.0	13.0	11.5	13.2	13.7	13.5	13.1	12.8	12.8	12.1	-0.1	12	38 018.5
UK	6.1	6.0	6.2	6.1	6.2	6.3	6.3	6.0	6.4	6.7	6.8	6.8	0.6	24	129 296.1
NO	9.8	9.6	9.6	10.3	10.1	8.9	9.2	9.9	9.8	9.4	8.9	8.7	-1.1		23 431.6
<b>EU-27</b>															
weighted average	13.8	14.1	13.8	13.0	13.0	12.8	12.7	12.6	12.8	12.7	12.6	12.6	-1.3		
arithmetic average	11.6	11.6	11.5	11.3	11.3	11.2	11.2	11.2	11.1	11.1	11.1	11.0	-0.7		
<b>EA-15</b>															
weighted average	15.5	15.8	15.8	14.8	14.8	14.6	14.4	14.4	14.5	14.3	14.3	14.2	-1.2		
arithmetic average	12.2	12.2	12.1	11.8	11.8	11.7	11.8	11.8	11.9	11.8	11.9	11.8	-0.4		
<b>EU-25</b>															
weighted average	13.8	14.1	13.8	13.0	13.0	12.8	12.7	12.6	12.8	12.7	12.7	12.6	-1.2		
arithmetic average	11.6	11.6	11.5	11.3	11.3	11.3	11.3	11.3	11.2	11.2	11.2	11.1	-0.5		
<b>Convergence indicators</b>															
St.dev./mean %	31.5	30.4	30.1	30.6	30.0	29.0	28.4	29.5	28.8	28.5	28.2	28.7	-2.8		
Max-min	17.5	17.6	17.1	16.4	15.6	15.1	15.0	15.5	15.7	15.4	15.3	15.4	-2.1		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services



Table A.3\_T: Social Contributions as % of Total Taxation: Total

													Difference <sup>1)</sup>	Ranking <sup>2)</sup>	Revenue <sup>2)</sup>
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1995 to 2006		€ million
BE	32.7	32.2	31.6	31.3	31.3	30.8	31.3	31.8	31.9	31.1	30.5	30.4	-2.3	15	42 956.9
BG	-	-	-	-	-	33.8	32.0	31.7	32.4	31.0	30.2	25.5	-	21	2 203.2
CZ	39.6	41.0	41.6	42.1	41.2	41.9	41.8	42.7	42.1	42.9	43.4	44.7	5.1	1	18 469.5
DK	2.2	2.2	2.1	2.1	3.3	3.6	3.6	2.5	2.5	2.4	2.2	2.1	-0.1	27	2 272.4
DE	42.3	42.8	43.5	42.6	41.2	40.4	41.8	42.3	42.5	42.6	42.1	40.6	-1.8	2	369 790.0
EE	34.5	33.9	32.5	33.3	35.7	35.3	35.3	35.4	34.4	33.9	33.5	32.9	-1.6	13	1 353.0
IE	15.0	13.8	13.3	13.0	13.5	14.0	15.2	15.5	15.3	15.3	15.3	14.9	0.0	26	8 491.1
EL	32.1	32.8	32.5	31.6	30.5	30.3	31.9	34.4	36.5	35.7	35.2	35.3	3.2	8	23 702.0
ES	36.0	36.2	36.0	36.0	35.5	35.5	36.3	35.8	36.0	35.2	34.0	33.3	-2.7	12	119 178.0
FR	43.5	42.4	41.1	36.5	36.3	36.5	36.8	37.5	38.1	37.5	37.3	37.2	-6.2	4	294 914.0
IT	31.5	34.1	33.3	28.7	28.6	28.9	28.8	29.7	29.8	30.4	31.1	30.1	-1.4	16	187 835.0
CY	24.4	26.0	27.0	24.8	23.7	21.8	21.9	21.5	21.2	23.0	23.2	21.4	-3.0	23	1 147.0
LV	36.1	35.2	33.2	31.9	33.3	33.5	32.3	32.9	31.1	30.6	28.9	28.8	-7.3	17	1 406.3
LT	26.0	28.2	27.3	28.3	29.0	31.1	31.2	30.4	30.3	29.7	28.6	28.6	2.6	18	2 018.9
LU	26.5	26.2	25.5	25.8	26.3	25.7	27.5	27.7	28.2	28.7	27.9	27.9	1.4	19	3 359.1
HU	35.9	34.7	36.6	36.1	33.9	33.4	33.5	33.8	33.2	32.6	33.5	33.6	-2.2	11	11 257.4
MT	22.8	24.9	24.6	23.9	22.5	22.6	22.9	20.7	20.7	19.9	20.3	18.5	-4.4	24	315.6
NL	39.5	37.9	38.0	38.0	38.5	38.6	35.7	35.2	36.9	37.1	34.5	36.0	-3.5	7	75 943.0
AT	35.9	34.8	34.1	33.9	34.1	34.0	32.7	33.2	33.7	33.9	34.5	34.4	-1.5	9	37 055.5
PL	30.5	31.2	32.1	32.9	39.3	39.7	41.6	39.6	39.7	39.2	37.6	36.1	5.6	6	33 133.3
PT	29.9	29.5	30.3	30.0	29.6	30.1	30.9	31.0	31.7	32.6	32.4	31.7	1.8	14	17 679.9
RO	-	-	-	-	-	-	37.1	38.3	34.3	33.8	34.7	34.2	-	10	9 545.8
SI	43.0	39.5	38.6	38.0	37.0	38.1	38.5	37.6	37.2	37.2	36.8	36.6	-6.4	5	4 353.1
SK	37.4	40.5	40.4	40.7	39.7	41.7	43.3	44.2	41.7	41.3	40.2	40.0	2.6	3	5 223.2
FI	30.8	28.9	27.6	27.3	27.5	25.2	26.9	26.6	26.7	26.8	27.3	27.8	-3.0	20	20 205.0
SE	25.6	26.4	25.6	25.3	22.2	25.6	27.5	28.1	27.1	26.4	25.8	24.8	-0.8	22	38 018.5
UK	17.5	17.3	17.5	16.8	16.9	16.8	16.9	16.9	18.1	18.7	18.7	18.1	0.6	25	129 296.1
NO	23.4	22.6	22.7	24.4	23.9	20.9	21.5	22.9	23.1	21.7	20.4	19.9	-3.5		23 431.6
<b>EU-27</b>															
weighted average	35.0	34.9	34.2	32.2	31.7	31.4	31.9	32.2	32.7	32.6	32.1	31.5	-3.5		
arithmetic average	30.9	30.9	30.6	30.0	30.0	30.3	30.9	31.0	30.9	30.7	30.3	29.8	-1.0		
<b>EA-15</b>															
weighted average	38.9	38.8	38.4	36.1	35.6	35.3	35.7	36.1	36.4	36.3	35.9	35.2	-3.7		
arithmetic average	32.4	32.1	31.8	30.8	30.4	30.2	30.6	30.7	31.1	31.1	30.8	30.4	-2.0		
<b>EU-25</b>															
weighted average	35.0	34.9	34.2	32.2	31.7	31.4	31.8	32.2	32.7	32.6	32.1	31.5	-3.5		
arithmetic average	30.9	30.9	30.6	30.0	30.0	30.2	30.6	30.7	30.7	30.6	30.2	29.8	-1.0		
<b>Convergence indicators</b>															
St.dev./mean %	27.3	26.8	27.5	28.8	29.1	29.1	28.2	28.8	27.7	27.5	27.4	28.6	1.3		
Max-min	41.3	40.6	41.4	40.5	38.0	38.3	39.8	41.7	40.0	40.5	41.2	42.6	1.3		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table A.3.1\_G: Social Contributions as % of GDP:Employers

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>	Revenue <sup>2)</sup> € million
BE	8.6	8.6	8.6	8.7	8.7	8.4	8.5	8.7	8.7	8.4	8.3	8.3	-0.4	9	26 214.2
BG	-	-	-	-	-	8.1	7.3	6.6	7.4	7.4	6.8	5.4	-	19	1 364.7
CZ	9.9	10.0	10.2	9.9	9.8	9.9	9.9	10.4	10.5	10.3	10.3	10.3	0.4	2	11 726.9
DK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	27	63.3
DE	7.5	7.6	7.6	7.6	7.5	7.5	7.4	7.3	7.4	7.2	7.0	6.8	-0.7	12	158 320.0
EE	13.1	11.9	11.4	11.5	12.1	10.8	10.6	10.6	10.2	10.0	9.8	9.9	-3.1	3	1 314.3
IE	2.9	2.6	2.6	2.6	2.6	2.7	2.8	2.7	2.7	2.7	2.7	2.8	0.0	25	4 972.5
EL	4.3	4.5	4.6	4.8	4.6	4.9	4.9	5.4	5.4	5.1	5.0	5.1	0.9	20	10 941.0
ES	8.2	8.4	8.4	8.4	8.5	8.7	8.8	8.8	8.9	8.8	8.8	8.8	0.6	6	86 768.0
FR	11.4	11.3	11.3	11.1	11.3	11.1	11.0	11.0	11.1	11.0	11.1	11.1	-0.3	1	198 738.0
IT	8.4	10.0	10.3	8.6	8.5	8.4	8.3	8.4	8.7	8.6	8.8	8.8	0.4	8	129 532.0
CY	-	-	-	-	-	-	-	-	-	5.3	5.9	5.6	-	17	823.6
LV	11.6	9.9	8.0	8.2	8.1	7.4	6.8	6.9	6.4	6.3	6.1	6.3	-5.3	15	1 017.9
LT	7.1	7.6	8.1	8.7	8.8	8.5	8.0	7.8	7.7	7.5	7.4	7.6	0.5	10	1 804.3
LU	4.5	4.5	4.5	4.6	4.4	4.4	4.8	4.8	4.7	4.7	4.6	4.3	-0.2	23	1 456.2
HU	12.2	11.6	11.8	11.7	10.6	10.3	10.1	10.1	9.7	9.4	9.7	9.5	-2.7	4	8 508.8
MT	3.0	3.1	3.3	3.0	2.9	2.8	3.1	2.9	2.9	3.0	3.1	2.8	-0.2	26	142.0
NL	1.9	1.9	1.7	4.5	4.4	4.5	4.3	4.3	4.3	4.3	4.1	4.6	2.7	22	24 691.0
AT	7.3	7.3	7.4	7.2	7.2	7.0	6.9	6.8	6.8	6.8	6.8	6.7	-0.6	13	17 351.9
PL	5.9	5.9	6.1	6.1	5.9	5.7	5.7	5.4	5.2	4.9	4.9	4.9	-1.0	21	13 185.9
PT	6.0	6.1	6.4	6.4	6.5	6.7	6.7	6.9	6.9	7.1	7.3	7.4	1.4	11	11 513.8
RO	-	-	-	-	-	-	6.4	6.5	6.2	5.9	6.4	6.3	-	14	6 160.7
SI	8.2	6.5	5.6	5.6	5.6	5.6	5.5	5.5	5.5	5.5	5.6	5.6	-2.6	18	1 697.1
SK	9.6	9.9	9.8	9.7	8.9	9.2	8.9	8.9	8.4	7.6	7.0	6.3	-3.3	16	2 802.1
FI	9.9	9.6	9.1	9.2	9.2	8.7	8.9	8.9	8.8	8.8	9.0	8.8	-1.0	7	14 763.0
SE	10.4	11.0	10.4	10.0	8.5	10.2	10.7	10.4	10.1	9.9	9.8	9.2	-1.1	5	28 946.1
UK	3.3	3.3	3.3	3.3	3.4	3.5	3.6	3.4	3.6	3.7	3.8	3.7	0.4	24	71 480.0
NO	5.8	5.7	5.7	6.1	6.1	5.3	5.6	5.9	5.9	5.7	5.4	5.3	-0.5		14 330.1
<b>EU-27</b>															
weighted average	7.5	7.7	7.6	7.4	7.3	7.3	7.3	7.2	7.4	7.3	7.2	7.2	-0.3		
arithmetic average	7.3	7.2	7.1	7.1	7.0	7.0	6.9	6.9	6.9	6.7	6.7	6.6	-0.7		
<b>EA-15</b>															
weighted average	8.2	8.5	8.5	8.3	8.3	8.2	8.2	8.2	8.3	8.2	8.1	8.1	-0.1		
arithmetic average	6.6	6.6	6.5	6.6	6.6	6.5	6.6	6.6	6.6	6.5	6.5	6.5	-0.1		
<b>EU-25</b>															
weighted average	7.5	7.7	7.6	7.4	7.3	7.3	7.3	7.2	7.4	7.3	7.3	7.2	-0.3		
arithmetic average	7.3	7.2	7.1	7.1	7.0	6.9	6.9	6.9	6.9	6.7	6.7	6.6	-0.7		
<b>Convergence indicators</b>															
St.dev./mean %	46.9	43.9	43.5	41.7	41.1	39.4	38.0	38.4	37.3	36.3	36.3	36.3	-10.6		
Max-min	13.1	11.9	11.8	11.7	12.1	11.0	11.0	11.0	11.1	11.0	11.0	11.1	-2.0		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table A.3.1\_T: Social Contributions as % of Total Taxation:Employers

													Difference <sup>1)</sup>	Ranking <sup>2)</sup>	Revenue <sup>2)</sup>
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1995 to 2006		€ million
BE	19.7	19.4	19.2	19.0	19.1	18.6	18.8	19.2	19.3	18.8	18.5	18.6	-1.1	14	26 214.2
BG	-	-	-	-	-	25.0	23.2	22.0	22.8	21.7	19.9	15.8	-	18	1 364.7
CZ	27.3	28.7	29.2	29.6	28.9	29.3	29.2	29.8	29.4	27.5	27.9	28.4	1.1	2	11 726.9
DK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	27	63.3
DE	18.8	18.6	18.8	18.5	18.0	17.8	18.5	18.5	18.6	18.6	18.0	17.4	-1.5	15	158 320.0
EE	34.5	33.9	32.5	33.3	35.7	34.7	34.8	34.0	33.1	32.5	32.2	32.0	-2.5	1	1 314.3
IE	8.7	8.0	7.9	8.0	8.1	8.5	9.6	9.5	9.2	8.9	8.9	8.7	0.0	25	4 972.5
EL	14.6	15.2	15.1	14.6	13.9	14.1	14.7	16.3	16.8	16.4	16.0	16.3	1.7	16	10 941.0
ES	25.1	25.4	25.4	25.6	25.5	25.6	26.4	26.0	26.1	25.4	24.7	24.2	-0.9	6	86 768.0
FR	26.7	25.7	25.6	25.3	25.1	25.1	25.2	25.6	25.9	25.5	25.2	25.1	-1.6	5	198 738.0
IT	21.0	23.9	23.6	20.2	19.9	20.1	20.1	20.6	20.9	21.3	21.7	20.8	-0.2	10	129 532.0
CY	-	-	-	-	-	-	-	-	-	15.9	16.7	15.4	-	19	823.6
LV	35.1	32.2	25.0	24.3	25.2	25.1	23.9	24.3	22.6	22.1	20.9	20.9	-14.2	9	1 017.9
LT	25.0	27.1	26.2	27.2	27.7	28.1	28.0	27.4	27.3	26.7	25.6	25.6	0.6	3	1 804.3
LU	12.2	12.0	11.5	11.8	11.4	11.2	12.0	12.2	12.4	12.6	12.2	12.1	-0.1	22	1 456.2
HU	29.3	28.7	30.4	30.0	27.1	26.8	26.5	26.5	25.9	25.1	26.0	25.4	-3.9	4	8 508.8
MT	11.2	12.2	12.0	11.7	10.6	10.0	10.3	9.3	9.3	8.9	9.1	8.3	-2.9	26	142.0
NL	4.8	4.8	4.4	11.4	11.0	11.2	11.3	11.5	11.6	11.5	10.7	11.7	6.9	23	24 691.0
AT	17.7	17.1	16.7	16.3	16.4	16.3	15.4	15.7	15.9	15.8	16.2	16.1	-1.6	17	17 351.9
PL	15.8	16.0	16.8	17.4	17.0	17.4	17.8	16.4	16.1	15.7	15.0	14.3	-1.5	20	13 185.9
PT	18.8	18.7	19.3	19.4	19.1	19.5	19.8	20.0	19.8	20.9	20.9	20.7	1.9	11	11 513.8
RO	-	-	-	-	-	-	23.0	23.1	22.4	21.7	23.0	22.1	-	7	6 160.7
SI	20.4	16.5	14.8	14.5	14.2	14.6	14.5	14.3	14.2	14.1	14.3	14.3	-6.2	21	1 697.1
SK	23.8	25.1	26.3	26.5	25.3	27.0	26.9	26.8	25.4	24.1	22.2	21.4	-2.4	8	2 802.1
FI	21.6	20.5	19.7	19.9	20.2	18.5	20.1	20.0	20.1	20.3	20.4	20.3	-1.3	12	14 763.0
SE	21.7	21.8	20.4	19.4	16.4	19.7	21.4	21.7	20.8	20.3	19.8	18.9	-2.8	13	28 946.1
UK	9.5	9.5	9.4	9.1	9.3	9.5	9.6	9.5	10.1	10.4	10.3	10.0	0.5	24	71 480.0
NO	13.9	13.4	13.5	14.6	14.3	12.5	13.0	13.8	13.9	13.1	12.4	12.2	-1.7		14 330.1
<b>EU-27</b>															
weighted average	18.9	19.1	18.8	18.3	17.9	17.9	18.2	18.5	18.8	18.7	18.4	18.0	-0.8		
arithmetic average	19.3	19.2	18.8	18.9	18.5	18.9	19.3	19.2	19.1	18.6	18.4	18.0	-1.4		
<b>EA-15</b>															
weighted average	20.5	20.7	20.7	20.3	20.0	19.9	20.3	20.5	20.8	20.7	20.4	20.1	-0.5		
arithmetic average	17.2	17.0	16.7	16.9	16.6	16.5	16.9	17.1	17.2	17.0	16.9	16.7	-0.6		
<b>EU-25</b>															
weighted average	18.9	19.1	18.8	18.3	17.9	17.9	18.2	18.5	18.8	18.6	18.4	18.0	-0.8		
arithmetic average	19.3	19.2	18.8	18.9	18.5	18.7	18.9	19.0	18.8	18.4	18.1	17.9	-1.4		
<b>Convergence indicators</b>															
St.dev./mean %	46.2	45.2	44.5	43.7	45.3	44.7	42.2	41.5	39.5	37.7	37.8	38.4	-7.7		
Max-min	35.1	33.9	32.5	33.3	35.7	34.6	34.8	33.9	33.0	32.5	32.1	31.9	-3.1		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table A.3.2\_G: Social Contributions as % of GDP: Employees

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>	Revenue <sup>2)</sup> € million
BE	4.4	4.4	4.3	4.3	4.3	4.3	4.5	4.5	4.4	4.3	4.2	4.1	-0.4	9	12 902.2
BG	-	-	-	-	-	1.6	1.5	1.8	1.9	1.9	2.2	2.2	-	20	557.4
CZ	3.7	3.6	3.6	3.5	3.5	3.5	3.5	3.6	3.7	3.6	3.6	3.6	-0.1	10	4 112.5
DK	1.1	1.1	1.0	1.0	1.6	1.8	1.7	1.2	1.2	1.1	1.1	1.0	-0.1	24	2 209.1
DE	6.7	6.9	7.0	6.9	6.8	6.8	6.7	6.6	6.7	6.5	6.4	6.4	-0.4	3	147 570.0
EE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.3	0.3	0.3	0.2	0.2	26	21.7
IE	1.9	1.7	1.5	1.4	1.5	1.5	1.5	1.5	1.6	1.7	1.7	1.8	-0.1	23	3 079.1
EL	3.8	3.9	4.0	4.0	4.0	4.1	4.2	4.5	4.7	4.4	4.4	4.3	0.5	7	9 289.0
ES	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	0.0	21	18 991.0
FR	5.8	5.8	5.4	3.9	4.0	4.0	4.0	4.0	4.1	4.0	4.1	4.2	-1.6	8	74 625.0
IT	2.4	2.6	2.6	2.4	2.3	2.3	2.3	2.3	2.3	2.2	2.2	2.3	-0.1	19	33 742.0
CY	-	-	-	-	-	-	-	-	-	2.0	2.0	1.9	-	22	280.7
LV	0.3	0.9	2.6	2.5	2.6	2.5	2.4	2.4	2.4	2.4	2.3	2.4	2.0	17	380.3
LT	0.2	0.2	0.3	0.3	0.3	0.8	0.8	0.7	0.7	0.8	0.7	0.8	0.6	25	187.8
LU	3.9	4.0	4.2	4.3	4.4	4.5	4.9	4.8	4.8	4.7	4.7	4.4	0.5	6	1 500.8
HU	2.3	2.1	2.2	2.1	2.2	2.0	2.1	2.2	2.2	2.3	2.3	2.5	0.1	16	2 208.1
MT	2.5	2.6	2.7	2.5	2.6	2.8	3.1	2.9	2.9	2.9	3.1	2.8	0.3	13	141.6
NL	10.2	9.8	9.8	7.6	8.1	7.9	6.7	6.4	6.7	6.9	6.5	6.6	-3.6	2	35 361.0
AT	6.3	6.2	6.2	6.1	6.1	6.0	6.0	6.0	6.0	5.9	5.9	5.8	-0.4	4	15 038.9
PL	4.7	4.7	4.9	4.9	6.3	5.5	5.5	5.1	5.2	5.0	4.8	4.9	0.2	5	13 277.3
PT	3.1	3.0	3.1	3.0	3.1	3.2	3.4	3.4	3.6	3.5	3.5	3.4	0.3	11	5 316.5
RO	-	-	-	-	-	-	3.8	4.2	3.1	3.1	2.9	-	-	n.a.	-
SI	8.3	8.1	8.0	8.0	7.9	7.9	7.8	7.7	7.6	7.6	7.6	7.5	-0.8	1	2 281.7
SK	2.8	3.2	3.1	2.9	2.8	2.9	3.0	3.0	2.8	2.9	3.0	2.8	-0.1	14	1 226.1
FI	2.6	2.6	2.4	2.3	2.3	2.2	2.2	2.1	2.1	2.1	2.2	2.3	-0.3	18	3 902.0
SE	1.6	2.0	2.4	2.8	2.8	2.8	2.8	2.8	2.8	2.7	2.7	2.7	1.1	15	8 353.0
UK	2.6	2.5	2.6	2.6	2.6	2.5	2.5	2.4	2.6	2.8	2.8	2.8	0.2	12	53 518.2
NO	4.0	3.9	3.9	4.1	4.0	3.6	3.7	3.9	3.9	3.7	3.5	3.4	-0.6		9 101.6
<b>EU-27</b>															
weighted average	4.7	4.7	4.6	4.2	4.2	4.1	4.0	4.0	4.0	3.9	3.9	3.9	-0.8		
arithmetic average	3.5	3.5	3.6	3.4	3.5	3.4	3.4	3.4	3.4	3.3	3.3	3.3	-0.2		
<b>EA-15</b>															
weighted average	5.3	5.3	5.2	4.7	4.7	4.6	4.5	4.4	4.5	4.3	4.3	4.3	-1.0		
arithmetic average	4.6	4.5	4.5	4.2	4.2	4.2	4.2	4.2	4.2	4.0	4.0	4.0	-0.6		
<b>EU-25</b>															
weighted average	4.7	4.7	4.6	4.2	4.2	4.1	4.0	4.0	4.0	4.0	3.9	3.9	-0.8		
arithmetic average	3.5	3.5	3.6	3.4	3.5	3.5	3.5	3.4	3.5	3.4	3.4	3.3	-0.1		
<b>Convergence indicators</b>															
St.dev./mean %	53.4	52.0	51.5	50.5	51.8	50.4	48.2	47.9	47.5	47.0	46.3	47.0	-6.5		
Max-min	10.2	9.8	9.8	8.0	8.1	7.9	7.8	7.4	7.3	7.3	7.3	7.3	-2.9		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table A.3.2\_T: Social Contributions as % of Total Taxation: Employees

														Difference <sup>1)</sup>	Ranking <sup>2)</sup>	Revenue <sup>2)</sup>
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1995 to 2006	€ million		
BE	10.1	9.9	9.6	9.5	9.5	9.6	9.9	9.9	9.8	9.6	9.4	9.1	-1.0	12	12 902.2	
BG	-	-	-	-	-	5.0	4.9	6.1	5.9	5.6	6.5	6.5	-	17	557.4	
CZ	10.3	10.3	10.4	10.5	10.3	10.4	10.3	10.5	10.3	9.6	9.8	10.0	-0.3	8	4 112.5	
DK	2.2	2.2	2.1	2.1	3.3	3.6	3.5	2.4	2.4	2.3	2.1	2.0	-0.2	25	2 209.1	
DE	16.9	16.9	17.2	17.0	16.4	16.2	16.8	16.8	16.8	16.7	16.6	16.2	-0.7	3	147 570.0	
EE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.9	0.9	0.9	0.5	0.5	26	21.7	
IE	5.6	5.3	4.7	4.3	4.7	4.9	5.1	5.3	5.5	5.6	5.6	5.4	-0.2	19	3 079.1	
EL	13.2	13.3	13.2	12.3	12.1	11.9	12.6	13.3	14.5	14.0	14.0	13.8	0.6	6	9 289.0	
ES	5.8	5.9	5.7	5.7	5.6	5.7	5.8	5.7	5.7	5.5	5.4	5.3	-0.5	22	18 991.0	
FR	13.6	13.3	12.3	8.9	8.9	9.0	9.1	9.4	9.5	9.4	9.3	9.4	-4.1	10	74 625.0	
IT	6.1	6.1	6.0	5.7	5.5	5.5	5.6	5.7	5.5	5.5	5.5	5.4	-0.7	20	33 742.0	
CY	-	-	-	-	-	-	-	-	-	6.1	5.7	5.2	-	23	280.7	
LV	0.9	2.9	8.0	7.5	8.1	8.4	8.2	8.4	8.4	8.3	7.8	7.8	6.9	14	380.3	
LT	0.8	0.9	0.9	0.9	0.9	2.7	2.7	2.6	2.6	2.7	2.6	2.7	1.9	24	187.8	
LU	10.6	10.7	10.6	10.8	11.6	11.4	12.2	12.3	12.4	12.7	12.3	12.5	1.9	7	1 500.8	
HU	5.6	5.2	5.6	5.3	5.5	5.1	5.4	5.8	5.8	6.1	6.1	6.6	1.0	16	2 208.1	
MT	9.3	10.1	9.9	9.7	9.5	9.9	10.3	9.3	9.3	8.9	9.1	8.3	-1.0	13	141.6	
NL	25.4	24.4	24.7	19.2	19.9	19.8	17.6	17.0	17.9	18.3	17.0	16.8	-8.7	2	35 361.0	
AT	15.2	14.5	14.1	13.8	13.9	13.9	13.5	13.7	13.8	13.8	14.0	14.0	-1.2	5	15 038.9	
PL	12.6	12.7	13.4	13.8	18.1	16.9	17.2	15.6	16.1	15.8	14.8	14.4	1.8	4	13 277.3	
PT	9.8	9.1	9.3	9.1	9.1	9.3	9.9	9.8	10.3	10.1	9.9	9.5	-0.2	9	5 316.5	
RO	-	-	-	-	-	-	13.7	14.8	11.1	11.2	10.2	-	-	n.a.	-	
SI	20.6	20.6	21.0	20.5	20.2	20.9	20.5	20.0	19.6	19.5	19.3	19.2	-1.4	1	2 281.7	
SK	7.1	8.0	8.3	8.0	8.0	8.5	9.0	9.0	8.5	9.1	9.5	9.4	2.3	11	1 226.1	
FI	5.8	5.5	5.2	5.0	5.1	4.7	4.9	4.7	4.8	4.8	5.0	5.4	-0.4	21	3 902.0	
SE	3.3	4.0	4.7	5.5	5.5	5.4	5.7	5.9	5.8	5.6	5.5	5.4	2.1	18	8 353.0	
UK	7.3	7.1	7.4	7.1	7.0	6.7	6.8	6.7	7.4	7.7	7.7	7.5	0.2	15	53 518.2	
NO	9.5	9.2	9.1	9.8	9.5	8.4	8.6	9.1	9.2	8.6	8.1	7.7	-1.8		9 101.6	
<b>EU-27</b>																
weighted average	12.0	11.6	11.3	10.3	10.3	10.1	10.2	10.1	10.2	10.1	9.9	9.8	-2.2			
arithmetic average	9.1	9.1	9.3	8.8	9.1	9.0	9.3	9.3	9.3	9.1	9.0	8.8	-0.3			
<b>EA-15</b>																
weighted average	13.4	13.0	12.6	11.4	11.2	11.1	11.2	11.1	11.2	11.0	10.8	10.6	-2.8			
arithmetic average	12.0	11.8	11.7	10.8	10.9	10.9	11.0	10.9	11.1	10.7	10.5	10.4	-1.6			
<b>EU-25</b>																
weighted average	12.0	11.6	11.3	10.3	10.3	10.1	10.2	10.1	10.2	10.1	9.9	9.8	-2.2			
arithmetic average	9.1	9.1	9.3	8.8	9.1	9.2	9.3	9.2	9.3	9.1	9.0	8.9	-0.2			
<b>Convergence indicators</b>																
St.dev./mean %	52.6	52.0	52.5	51.5	53.5	52.5	50.4	49.0	48.3	48.1	47.3	48.5	-4.0			
Max-min	25.4	24.4	24.7	20.5	20.2	20.9	20.5	19.0	18.7	18.6	18.4	18.6	-6.8			

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table A.3.3\_G: Social Contributions as % of GDP: Self-employed

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>	Revenue <sup>2)</sup> € million
BE	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	-0.1	11	3 840.5
BG	-	-	-	-	-	1.2	1.2	1.1	1.2	1.2	1.3	1.1	-	14	281.0
CZ	0.7	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.9	2.1	2.1	2.3	1.6	5	2 630.2
DK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	26	0.0
DE	2.6	3.0	3.0	2.9	2.8	2.7	2.6	2.8	2.8	2.8	2.9	2.8	0.1	2	63 900.0
EE	0.0	0.0	0.0	0.0	0.0	0.2	0.1	0.2	0.1	0.1	0.1	0.1	0.1	23	17.0
IE	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.0	20	439.6
EL	1.3	1.2	1.3	1.5	1.5	1.5	1.5	1.6	1.7	1.6	1.6	1.6	0.4	8	3 472.0
ES	1.7	1.6	1.6	1.6	1.5	1.4	1.4	1.4	1.4	1.5	1.4	1.4	-0.3	9	13 419.0
FR	1.4	1.5	1.4	1.0	1.0	1.0	1.1	1.1	1.1	1.2	1.2	1.2	-0.2	12	21 551.0
IT	1.8	1.7	1.6	1.2	1.3	1.4	1.3	1.4	1.4	1.5	1.6	1.7	-0.1	7	24 561.0
CY	-	-	-	-	-	-	-	-	-	0.3	0.3	0.3	-	19	43.6
LV	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.0	25	8.1
LT	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1	24	26.8
LU	1.4	1.3	1.3	1.3	1.3	1.2	1.3	1.3	1.3	1.3	1.3	1.2	-0.2	13	402.0
HU	0.4	0.3	0.2	0.3	0.5	0.5	0.6	0.6	0.6	0.5	0.5	0.6	0.2	17	540.5
MT	0.6	0.7	0.7	0.6	0.7	0.8	0.7	0.7	0.7	0.7	0.7	0.6	0.0	16	31.9
NL	3.7	3.5	3.6	2.9	3.0	3.1	2.6	2.5	2.8	2.7	2.5	3.0	-0.7	1	15 891.0
AT	1.3	1.3	1.4	1.7	1.7	1.6	1.7	1.7	1.7	1.8	1.8	1.8	0.6	6	4 664.6
PL	0.8	0.9	0.7	0.6	1.5	1.8	2.1	2.5	2.4	2.4	2.5	2.5	1.7	4	6 670.1
PT	0.4	0.5	0.6	0.5	0.5	0.5	0.4	0.4	0.6	0.5	0.6	0.5	0.1	18	849.6
RO	-	-	-	-	-	-	0.1	0.1	0.2	0.2	0.4	-	-	n.a.	-
SI	0.8	0.9	1.0	1.1	1.0	1.0	1.3	1.3	1.4	1.4	1.2	1.2	0.4	10	374.2
SK	2.6	2.9	2.1	2.3	2.3	2.1	2.5	2.8	2.6	2.6	2.6	2.7	0.1	3	1 195.0
FI	1.6	1.4	1.3	1.1	1.0	1.0	0.9	0.8	0.8	0.8	0.8	0.9	-0.7	15	1 540.0
SE	0.3	0.3	0.2	0.2	0.2	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0.0	21	719.3
UK	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.0	22	4 297.9
NO	-	-	-	-	-	-	-	-	-	-	-	-	-		n.a.
<b>EU-27</b>															
weighted average	1.6	1.7	1.7	1.5	1.5	1.4	1.4	1.4	1.4	1.5	1.5	1.5	-0.2		
arithmetic average	1.0	1.1	1.0	1.0	1.0	1.0	1.0	1.0	1.1	1.1	1.1	1.1	0.1		
<b>EA-15</b>															
weighted average	2.0	2.1	2.1	1.8	1.8	1.8	1.7	1.8	1.8	1.8	1.8	1.8	-0.2		
arithmetic average	1.4	1.4	1.5	1.3	1.3	1.3	1.3	1.3	1.4	1.3	1.3	1.3	-0.1		
<b>EU-25</b>															
weighted average	1.6	1.7	1.7	1.5	1.5	1.4	1.4	1.4	1.5	1.5	1.5	1.5	-0.2		
arithmetic average	1.0	1.1	1.0	1.0	1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.1	0.1		
<b>Convergence indicators</b>															
St.dev./mean %	58.0	56.4	56.4	58.9	58.8	58.0	59.1	61.5	60.2	60.8	59.7	61.8	3.8		
Max-min	3.7	3.5	3.6	2.9	3.0	3.1	2.6	2.8	2.8	2.8	2.9	3.0	-0.7		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table A.3.3\_T: Social Contributions as % of Total Taxation: Self-employed

														Difference <sup>1)</sup>	Ranking <sup>2)</sup>	Revenue <sup>2)</sup>
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1995 to 2006		€ million	
BE	2.9	2.9	2.8	2.7	2.7	2.6	2.6	2.7	2.7	2.7	2.7	2.7	-0.2	14	3 840.5	
BG	-	-	-	-	-	3.8	3.9	3.6	3.7	3.7	3.7	3.3	-	11	281.0	
CZ	2.0	2.0	2.0	2.0	2.0	2.2	2.2	2.4	2.4	5.7	5.8	6.4	4.3	5	2 630.2	
DK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	26	0.0	
DE	6.6	7.3	7.4	7.2	6.8	6.4	6.6	7.1	7.1	7.3	7.5	7.0	0.4	4	63 900.0	
EE	0.0	0.0	0.0	0.0	0.0	0.6	0.5	0.5	0.4	0.4	0.4	0.4	0.4	23	17.0	
IE	0.6	0.6	0.7	0.7	0.7	0.6	0.5	0.7	0.7	0.8	0.8	0.8	0.1	20	439.6	
EL	4.3	4.2	4.3	4.7	4.5	4.3	4.6	4.8	5.1	5.3	5.3	5.2	0.9	6	3 472.0	
ES	5.1	5.0	5.0	4.7	4.4	4.3	4.2	4.2	4.2	4.2	4.0	3.7	-1.4	9	13 419.0	
FR	3.2	3.4	3.2	2.3	2.3	2.3	2.5	2.5	2.6	2.7	2.8	2.7	-0.5	13	21 551.0	
IT	4.4	4.1	3.7	2.8	3.1	3.3	3.2	3.4	3.3	3.7	3.9	3.9	-0.5	8	24 561.0	
CY	-	-	-	-	-	-	-	-	-	1.0	0.9	0.8	-	19	43.6	
LV	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.1	25	8.1	
LT	0.2	0.2	0.2	0.2	0.4	0.4	0.5	0.4	0.4	0.3	0.4	0.4	0.2	24	26.8	
LU	3.7	3.4	3.4	3.2	3.4	3.1	3.2	3.2	3.4	3.5	3.4	3.3	-0.3	10	402.0	
HU	1.0	0.8	0.6	0.8	1.3	1.4	1.6	1.5	1.5	1.4	1.4	1.6	0.7	17	540.5	
MT	2.3	2.6	2.7	2.5	2.5	2.7	2.3	2.1	2.1	2.0	2.1	1.9	-0.4	16	31.9	
NL	9.2	8.7	8.9	7.3	7.5	7.7	6.8	6.6	7.4	7.3	6.7	7.5	-1.7	2	15 891.0	
AT	3.0	3.1	3.3	3.8	3.8	3.8	3.8	3.9	4.0	4.3	4.3	4.3	1.3	7	4 664.6	
PL	2.0	2.5	1.9	1.7	4.2	5.4	6.7	7.5	7.6	7.7	7.8	7.3	5.2	3	6 670.1	
PT	1.4	1.6	1.7	1.5	1.4	1.3	1.2	1.2	1.6	1.6	1.6	1.5	0.1	18	849.6	
RO	-	-	-	-	-	-	0.5	0.4	0.8	0.9	1.5	-	-	n.a.	-	
SI	2.0	2.3	2.7	3.0	2.6	2.6	3.5	3.3	3.5	3.7	3.2	3.1	1.2	12	374.2	
SK	6.5	7.3	5.7	6.3	6.4	6.2	7.5	8.4	7.9	8.2	8.4	9.1	2.7	1	1 195.0	
FI	3.4	2.9	2.7	2.3	2.2	2.0	2.0	1.9	1.8	1.8	1.9	2.1	-1.3	15	1 540.0	
SE	0.6	0.5	0.5	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	-0.1	22	719.3	
UK	0.6	0.7	0.6	0.5	0.6	0.6	0.6	0.6	0.7	0.6	0.6	0.6	0.0	21	4 297.9	
NO	-	-	-	-	-	-	-	-	-	-	-	-	-		n.a.	
<b>EU-27</b>																
weighted average	4.2	4.3	4.1	3.6	3.5	3.4	3.5	3.6	3.7	3.8	3.8	3.7	-0.4			
arithmetic average	2.7	2.8	2.7	2.5	2.6	2.7	2.8	2.8	2.9	3.0	3.0	3.1	0.4			
<b>EA-15</b>																
weighted average	5.0	5.1	5.0	4.5	4.4	4.3	4.3	4.4	4.5	4.6	4.6	4.5	-0.5			
arithmetic average	3.7	3.7	3.8	3.5	3.4	3.4	3.4	3.4	3.5	3.5	3.4	3.4	-0.3			
<b>EU-25</b>																
weighted average	4.2	4.3	4.1	3.6	3.5	3.4	3.5	3.6	3.7	3.8	3.8	3.7	-0.4			
arithmetic average	2.7	2.8	2.7	2.5	2.6	2.7	2.8	2.9	3.0	3.1	3.0	3.1	0.4			
<b>Convergence indicators</b>																
St.dev./mean %	57.7	56.9	57.8	61.1	61.5	61.8	64.9	67.2	65.7	66.9	66.3	70.2	12.5			
Max-min	9.2	8.7	8.9	7.3	7.5	7.7	7.5	8.4	7.9	8.2	8.4	9.1	-0.1			

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table B.1\_G: Taxes received by administrative level as % of GDP: Central Government

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>	Revenue <sup>2)</sup> € million
BE	16.4	16.2	15.6	16.1	16.0	16.6	15.7	15.7	15.0	14.7	14.3	14.0	-2.4	24	44 365.0
BG	-	-	-	-	-	18.6	18.7	17.9	22.3	23.5	24.3	25.5	-	7	6 405.6
CZ	27.8	26.5	26.6	25.4	25.9	25.7	26.2	26.3	27.0	27.1	25.9	25.2	-2.6	8	28 744.8
DK	32.2	32.4	32.1	32.0	32.1	31.0	29.7	29.5	29.6	30.9	32.7	31.5	-0.7	3	69 265.1
DE	11.1	10.8	10.7	10.9	11.7	11.9	11.3	11.3	11.4	10.9	11.1	11.3	0.3	27	262 970.0
EE	19.4	19.0	18.6	18.0	16.8	22.6	22.1	22.5	22.3	22.0	21.7	22.1	2.7	14	2 924.0
IE	26.9	27.4	27.2	26.7	26.9	26.8	24.9	23.9	24.4	25.6	26.0	27.6	0.7	5	48 253.8
EL	19.0	19.0	20.1	21.8	22.5	23.4	21.7	21.4	20.0	19.8	20.0	19.8	0.9	18	42 457.0
ES	16.3	16.5	16.0	15.9	16.3	16.5	16.2	13.1	12.5	12.3	12.9	13.5	-2.8	25	132 605.0
FR	17.7	18.6	18.8	18.8	19.3	18.6	18.1	17.5	17.1	18.2	17.7	17.0	-0.7	20	304 787.0
IT	24.0	23.5	25.2	24.1	24.6	23.2	22.8	22.1	22.1	21.6	21.3	22.9	-1.1	11	337 461.0
CY	19.8	19.3	18.4	20.3	20.9	23.0	23.7	24.1	25.5	25.1	26.6	28.0	8.3	4	4 097.1
LV	14.7	13.7	16.2	17.5	16.3	14.6	14.4	14.1	14.5	14.5	15.3	15.9	1.2	22	2 577.5
LT	14.0	13.0	15.7	14.6	14.0	12.7	12.2	15.2	15.2	15.1	15.5	16.1	2.1	21	3 828.0
LU	24.2	24.8	26.4	26.4	25.7	26.5	26.4	26.0	25.2	24.8	25.6	24.1	0.0	9	8 174.8
HU	25.1	24.8	22.9	22.7	23.2	22.9	22.5	22.2	21.8	21.6	21.3	21.2	-3.9	17	19 053.3
MT	26.8	25.4	27.5	25.6	27.3	28.2	30.4	31.5	31.4	32.8	33.2	33.4	6.6	2	1 688.4
NL	21.9	22.7	22.2	22.2	22.6	22.3	22.6	22.5	21.6	21.6	22.8	23.4	1.5	10	125 234.0
AT	20.1	21.1	22.3	22.5	22.4	22.0	23.8	23.5	23.3	23.0	22.4	22.2	2.1	13	57 126.9
PL	21.3	21.3	20.5	19.7	18.2	16.9	16.1	16.9	16.7	15.2	16.4	17.5	-3.8	19	47 421.7
PT	19.4	20.3	20.2	20.3	21.0	21.0	20.6	21.1	21.0	20.2	20.9	21.6	2.1	16	33 487.0
RO	-	-	-	-	-	-	16.7	12.2	12.4	12.4	12.3	11.5	-	26	11 194.7
SI	20.8	21.3	21.0	21.7	22.1	21.0	20.8	21.4	21.6	21.5	21.9	21.7	0.9	15	6 615.9
SK	24.0	22.2	21.0	20.7	20.1	18.7	17.6	17.2	18.0	17.1	15.4	14.1	-9.9	23	6 302.8
FI	21.9	23.1	23.8	23.9	23.7	25.6	23.2	23.9	23.6	23.5	23.6	22.9	1.0	12	38 190.0
SE	28.6	29.7	30.4	31.0	31.7	30.7	28.1	26.1	26.3	26.8	27.8	27.4	-1.2	6	85 818.1
UK	32.8	32.8	33.4	34.3	34.8	35.2	35.1	33.6	33.2	33.7	34.5	35.3	2.4	1	674 720.2
NO	24.0	25.0	24.8	24.6	24.9	27.3	26.6	27.6	26.3	28.0	28.8	29.7	5.7		79 557.7
<b>EU-27</b>															
weighted average	19.6	20.0	20.8	20.9	21.5	21.5	21.0	20.3	20.0	20.1	20.4	20.7	1.1		
arithmetic average	21.8	21.8	22.1	22.1	22.3	22.2	21.5	21.2	21.3	21.3	21.6	21.7	-0.1		
<b>EA-15</b>															
weighted average	16.8	17.1	17.6	17.5	18.1	17.9	17.5	16.9	16.7	16.7	16.8	17.1	0.3		
arithmetic average	20.4	20.7	21.0	21.1	21.6	21.8	21.5	21.3	21.1	21.0	21.4	21.6	1.2		
<b>EU-25</b>															
weighted average	19.6	20.0	20.8	20.9	21.5	21.6	21.0	20.4	20.0	20.2	20.4	20.8	1.2		
arithmetic average	21.8	21.8	22.1	22.1	22.3	22.3	21.9	21.7	21.6	21.6	21.9	22.0	0.1		
<b>Convergence indicators</b>															
St.dev./mean %	27.9	27.9	26.7	26.1	26.4	26.4	27.0	28.3	28.7	30.3	31.1	30.9	3.0		
Max-min	21.8	21.9	22.7	23.4	23.1	23.4	23.8	22.3	21.9	22.8	23.5	24.0	2.2		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services



Table B.1\_T: Taxes received by administrative level as % of Total Taxation: Central Government

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>	Revenue <sup>2)</sup> € million
BE	37.4	36.5	34.7	35.3	35.2	36.8	34.8	34.7	33.5	32.7	31.9	31.4	-6.0	26	44 365.0
BG	n.a.	n.a.	n.a.	n.a.	n.a.	57.1	59.5	59.6	68.4	69.3	71.2	74.2	-	5	6 405.6
CZ	76.7	76.6	76.2	76.1	76.0	76.0	77.2	75.5	75.4	72.5	69.8	69.6	-7.2	7	28 744.8
DK	65.9	66.0	65.5	64.9	64.0	62.7	61.2	61.8	61.7	63.1	64.4	64.1	-1.9	9	69 265.1
DE	27.8	26.6	26.4	26.7	28.0	28.4	28.2	28.5	28.6	28.0	28.5	28.8	1.0	27	262 970.0
EE	51.5	54.1	52.7	51.9	49.7	72.2	72.6	72.2	72.2	71.2	71.0	71.2	19.7	6	2 924.0
IE	81.3	83.0	84.1	84.2	84.7	84.8	83.6	83.9	84.1	84.4	84.4	84.8	3.5	3	48 253.8
EL	65.1	64.4	65.8	67.0	67.7	67.6	65.8	63.9	62.1	63.2	63.8	63.3	-1.8	10	42 457.0
ES	49.8	49.9	48.1	48.3	48.7	48.7	48.3	38.7	36.9	35.6	36.2	37.0	-12.7	25	132 605.0
FR	41.4	42.4	42.6	42.6	43.1	42.1	41.4	40.6	39.9	42.2	40.4	38.5	-3.0	24	304 787.0
IT	59.9	56.3	57.7	56.7	57.9	55.6	55.1	54.0	53.5	53.2	52.5	54.1	-5.8	17	337 461.0
CY	74.0	73.2	71.3	73.4	74.7	76.7	76.6	77.2	77.5	75.0	74.9	76.6	2.5	4	4 097.1
LV	44.4	44.3	50.6	52.0	51.0	49.5	50.5	49.8	51.0	50.8	52.9	52.8	8.5	19	2 577.5
LT	49.0	46.7	50.8	45.8	43.9	42.2	42.6	53.5	54.0	53.2	53.8	54.3	5.3	16	3 828.0
LU	65.2	66.0	67.1	67.0	67.2	67.7	66.5	66.1	65.8	66.5	67.8	67.8	2.7	8	8 174.8
HU	60.3	61.2	58.8	58.2	59.3	59.6	58.9	58.6	58.1	57.6	57.0	56.9	-3.3	13	19 053.3
MT	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	99.1	98.6	98.7	-1.3	1	1 688.4
NL	54.5	56.3	56.0	56.2	56.1	55.9	58.9	59.7	57.8	57.6	60.2	59.3	4.8	12	125 234.0
AT	48.7	49.6	50.7	51.2	51.3	51.5	53.2	53.7	54.0	53.9	53.2	53.0	4.4	18	57 126.9
PL	57.4	57.1	56.2	55.8	52.1	51.8	50.0	51.6	51.8	48.5	50.1	51.6	-5.8	21	47 421.7
PT	61.0	61.9	61.2	61.4	61.6	61.2	60.8	60.9	60.3	59.2	59.4	60.1	-0.9	11	33 487.0
RO	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	60.2	43.3	44.9	45.4	44.2	40.1	-	23	11 194.7
SI	51.8	54.5	55.2	56.0	56.3	55.1	54.6	55.4	55.6	55.3	55.6	55.6	3.8	15	6 615.9
SK	59.7	56.4	56.4	56.6	57.1	55.1	53.1	52.0	54.5	54.0	49.0	48.2	-11.5	22	6 302.8
FI	47.8	49.1	51.4	52.0	51.9	54.2	52.1	53.6	53.8	54.0	53.6	52.6	4.8	20	38 190.0
SE	59.8	59.1	59.8	60.3	61.2	59.2	56.3	54.6	54.4	55.1	56.1	56.0	-3.8	14	85 818.1
UK	93.4	93.7	94.2	94.2	94.4	94.3	94.4	94.3	94.1	94.3	94.3	94.5	1.0	2	674 720.2
NO	57.1	58.8	58.7	58.6	58.8	64.0	62.1	64.1	62.2	64.6	66.2	67.5	10.4		79 557.7
<b>EU-27</b>															
weighted average	49.6	49.6	51.2	51.7	52.5	52.9	52.8	51.9	51.1	51.7	51.7	51.9	2.3		
arithmetic average	59.4	59.4	59.7	59.8	59.7	60.2	59.9	59.2	59.4	59.1	59.1	59.1	-0.3		
<b>EA-15</b>															
weighted average	42.1	42.1	42.7	42.7	43.6	43.4	43.4	42.5	42.0	42.3	42.1	42.2	0.1		
arithmetic average	57.7	58.0	58.2	58.5	59.0	59.1	58.7	58.1	57.6	57.3	57.4	57.4	-0.3		
<b>EU-25</b>															
weighted average	49.6	49.6	51.2	51.7	52.5	52.9	52.7	51.9	51.1	51.7	51.7	51.9	2.3		
arithmetic average	59.4	59.4	59.7	59.8	59.7	60.4	59.9	59.8	59.6	59.2	59.2	59.2	-0.1		
<b>Convergence indicators</b>															
St.dev./mean %	33.3	33.5	32.2	32.1	31.9	31.4	31.1	32.2	33.0	32.4	32.5	33.2	-0.1		
Max-min	72.2	73.4	73.6	73.3	72.0	71.6	71.8	71.5	71.4	71.0	70.1	69.9	-2.3		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table B.2\_G: Taxes received by administrative level as % of GDP: State Government

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>	Revenue <sup>2)</sup> € million
BE	9.2	9.7	10.5	10.7	10.8	10.3	11.0	10.5	10.8	10.6	10.8	10.8	1.6	1	34 075.5
BG	-	-	-	-	-	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	-
CZ	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
DK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
DE	8.4	9.0	8.9	9.1	9.4	9.5	8.8	8.5	8.5	8.3	8.2	8.6	0.1	2	199 370.0
EE	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
IE	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
EL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
ES	1.5	1.5	2.4	2.5	2.7	2.7	2.6	6.3	6.9	7.5	7.9	8.1	6.6	3	79 708.0
FR	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
IT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
CY	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
LV	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
LT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
LU	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
HU	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
MT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
NL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
AT	3.2	3.4	3.4	3.4	3.3	3.3	3.3	3.2	3.0	3.0	3.0	3.0	-0.2	4	7 661.3
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.	-	n.a.	n.a.
PT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
RO	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
SI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
SK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
FI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
SE	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
UK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
NO	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-		n.a.
<b>EU-27</b>															
weighted average	7.0	7.4	7.5	7.6	7.8	7.8	7.3	7.8	7.9	8.0	8.0	8.3	1.2		
arithmetic average	5.6	5.9	6.3	6.4	6.5	6.4	6.4	7.1	7.3	7.4	7.5	7.6	2.0		
<b>EA-15</b>															
weighted average	7.0	7.4	7.5	7.6	7.8	7.8	7.3	7.8	7.9	8.0	8.0	8.3	1.2		
arithmetic average	5.6	5.9	6.3	6.4	6.5	6.4	6.4	7.1	7.3	7.4	7.5	7.6	2.0		
<b>EU-25</b>															
weighted average	7.0	7.4	7.5	7.6	7.8	7.8	7.3	7.8	7.9	8.0	8.0	8.3	1.2		
arithmetic average	5.6	5.9	6.3	6.4	6.5	6.4	6.4	7.1	7.3	7.4	7.5	7.6	2.0		
<b>Convergence indicators</b>															
St.dev./mean %	54.0	55.2	53.7	53.3	53.0	51.9	56.3	39.8	41.0	39.7	41.0	39.9	-14.1		
Max-min	7.7	8.2	8.1	8.2	8.1	7.7	8.4	7.3	7.7	7.5	7.9	7.8	0.1		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table B.2\_T: Taxes received by administrative level as % of Total Taxation: State Government

													Difference <sup>1)</sup>	Ranking <sup>2)</sup>	Revenue <sup>2)</sup>
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1995 to 2006		€ million
BE	21.0	22.0	23.4	23.6	23.7	22.8	24.2	23.1	24.0	23.5	24.1	24.1	3.1	1	34 075.5
BG	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	-
CZ	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
DK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
DE	21.2	22.2	21.8	22.1	22.5	22.7	21.9	21.6	21.3	21.5	21.2	21.9	0.7	3	199 370.0
EE	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
IE	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
EL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
ES	4.7	4.6	7.2	7.7	7.9	7.8	7.7	18.5	20.4	21.7	22.1	22.3	17.6	2	79 708.0
FR	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
IT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
CY	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
LV	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
LT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
LU	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
HU	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
MT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
NL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
AT	7.8	7.9	7.7	7.8	7.6	7.6	7.4	7.3	7.0	7.1	7.1	7.1	-0.7	4	7 661.3
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.	-	n.a.	n.a.
PT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
RO	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
SI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
SK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
FI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
SE	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
UK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
NO	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-		n.a.
<b>EU-27</b>															
weighted average	18.0	18.6	18.7	19.0	19.2	19.2	18.5	20.1	20.4	20.7	20.7	21.1	3.1		
arithmetic average	13.7	14.2	15.0	15.3	15.4	15.2	15.3	17.6	18.2	18.5	18.6	18.8	5.2		
<b>EA-15</b>															
weighted average	18.0	18.6	18.7	19.0	19.2	19.2	18.5	20.1	20.4	20.7	20.7	21.1	3.1		
arithmetic average	13.7	14.2	15.0	15.3	15.4	15.2	15.3	17.6	18.2	18.5	18.6	18.8	5.2		
<b>EU-25</b>															
weighted average	18.0	18.6	18.7	19.0	19.2	19.2	18.5	20.1	20.4	20.7	20.7	21.1	3.1		
arithmetic average	13.7	14.2	15.0	15.3	15.4	15.2	15.3	17.6	18.2	18.5	18.6	18.8	5.2		
<b>Convergence indicators</b>															
St.dev./mean %	48.2	49.6	47.0	45.9	46.0	45.3	48.7	35.6	37.3	36.8	37.7	37.3	-10.9		
Max-min	16.5	17.6	16.3	15.8	16.0	15.2	16.8	15.8	17.0	16.4	17.0	17.0	0.5		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table B.3\_G: Taxes received by administrative level as % of GDP: Local Government

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>	Revenue <sup>2)</sup> € million
BE	2.1	2.2	2.2	2.1	2.2	1.9	2.1	2.2	2.3	2.2	2.2	2.3	0.1	18	7 125.8
BG	-	-	-	-	-	3.5	3.4	3.4	0.5	0.5	0.6	0.8	-	23	200.3
CZ	4.4	4.1	4.2	4.0	4.2	4.1	3.8	4.3	4.5	4.7	5.4	5.1	0.7	7	5 814.2
DK	15.6	15.7	15.8	16.2	16.3	16.5	17.0	17.1	17.2	16.9	16.9	16.6	1.0	1	36 426.4
DE	2.5	2.6	2.7	2.9	2.9	2.9	2.7	2.6	2.6	2.8	2.9	3.1	0.6	15	71 890.0
EE	5.3	4.2	5.2	5.1	4.9	4.3	4.1	4.0	4.0	4.1	4.0	4.1	-1.2	12	543.0
IE	0.9	0.8	0.8	0.7	0.7	0.6	0.6	0.6	0.7	0.7	0.7	0.7	-0.2	24	1 241.2
EL	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.0	26	573.0
ES	2.8	2.8	3.0	3.1	3.1	3.1	3.0	2.9	2.8	3.0	3.1	3.2	0.3	14	31 062.0
FR	4.5	4.7	4.7	4.7	4.6	4.3	4.1	4.1	4.2	4.5	4.8	4.8	0.3	8	86 804.0
IT	3.1	3.4	3.5	5.7	5.3	6.0	6.2	6.3	6.6	6.4	6.4	6.4	3.3	5	94 773.0
CY	0.4	0.2	0.4	0.5	0.5	0.4	0.5	0.4	0.4	0.5	0.4	0.5	0.1	25	72.5
LV	6.5	6.3	5.2	5.4	5.0	5.0	4.9	4.9	5.1	5.1	4.9	5.2	-1.3	6	837.9
LT	5.2	5.2	4.5	6.0	6.5	6.1	5.7	2.8	2.6	2.8	2.8	2.9	-2.3	17	683.4
LU	2.4	2.5	2.4	2.4	2.2	2.2	2.2	2.4	2.3	1.8	1.7	1.6	-0.8	21	527.8
HU	2.7	3.0	3.2	3.5	3.8	3.8	4.0	4.0	4.3	4.5	4.3	4.3	1.6	10	3 904.9
MT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
NL	1.3	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.5	1.5	1.5	1.3	0.0	22	7 159.0
AT	5.0	5.2	5.2	5.2	5.1	5.0	5.1	4.9	4.7	4.7	4.6	4.6	-0.4	9	11 836.6
PL	4.7	4.5	4.5	4.2	3.2	3.0	3.1	3.3	3.1	4.0	4.1	4.3	-0.4	11	11 632.6
PT	1.7	1.7	1.7	1.8	2.1	2.1	2.0	2.1	2.0	2.1	2.2	2.2	0.6	19	3 446.4
RO	-	-	-	-	-	-	0.7	5.6	5.9	5.8	6.0	7.5	-	4	7 329.2
SI	2.6	2.6	2.6	2.5	2.8	2.8	2.8	2.9	3.0	3.0	2.9	3.0	0.4	16	907.0
SK	1.6	1.7	1.6	1.5	1.5	1.4	1.5	1.6	1.5	1.5	3.5	3.3	1.7	13	1 481.1
FI	10.2	10.7	10.1	10.0	9.9	10.2	9.9	9.6	9.3	9.0	9.1	9.2	-1.0	3	15 298.0
SE	14.2	15.4	15.2	15.2	15.2	14.9	15.5	15.6	16.0	16.0	15.9	15.7	1.6	2	49 310.6
UK	1.3	1.3	1.3	1.4	1.4	1.5	1.5	1.6	1.7	1.7	1.7	1.7	0.4	20	32 892.8
NO	8.2	7.9	7.8	7.1	7.4	6.4	7.0	5.6	6.2	5.9	5.8	5.6	-2.6		14 916.0
<b>EU-27</b>															
weighted average	3.5	3.7	3.6	4.0	3.9	3.9	3.8	3.9	3.9	4.0	4.1	4.2	0.7		
arithmetic average	4.2	4.3	4.2	4.4	4.4	4.3	4.2	4.3	4.2	4.2	4.4	4.4	0.2		
<b>EA-15</b>															
weighted average	3.1	3.3	3.3	3.8	3.7	3.7	3.7	3.6	3.7	3.8	3.9	3.9	0.8		
arithmetic average	2.8	2.9	2.9	3.1	3.1	3.1	3.1	3.1	3.0	3.0	3.1	3.1	0.2		
<b>EU-25</b>															
weighted average	3.5	3.7	3.6	4.0	3.9	3.9	3.9	3.9	3.9	4.0	4.1	4.1	0.7		
arithmetic average	4.2	4.3	4.2	4.4	4.4	4.3	4.3	4.2	4.3	4.3	4.4	4.4	0.2		
<b>Convergence indicators</b>															
St.dev./mean %	113.6	112.9	112.3	104.3	106.2	104.3	107.9	105.6	106.5	102.6	99.7	97.9	-15.7		
Max-min	15.3	15.5	15.5	15.9	16.1	16.2	16.7	16.8	16.9	16.6	16.6	16.3	1.0		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table B.3\_T: Taxes received by administrative level as % of Total Taxation: Local Government

													Difference <sup>1)</sup>	Ranking <sup>2)</sup>	Revenue <sup>2)</sup>
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1995 to 2006		€ million
BE	4.9	5.0	5.0	4.7	4.8	4.2	4.6	4.9	5.2	5.0	5.0	5.0	0.2	19	7 125.8
BG	n.a.	n.a.	n.a.	n.a.	n.a.	10.8	10.7	11.5	1.6	1.6	1.8	2.3	-	23	200.3
CZ	12.1	11.7	12.1	12.0	12.4	12.0	11.2	12.4	12.5	12.5	14.6	14.1	2.0	7	5 814.2
DK	31.9	31.9	32.3	32.9	32.6	33.5	35.1	35.7	35.7	34.4	33.2	33.7	1.7	1	36 426.4
DE	6.4	6.5	6.6	7.0	7.0	7.0	6.8	6.7	6.6	7.1	7.4	7.9	1.5	16	71 890.0
EE	14.0	12.0	14.8	14.8	14.6	13.9	13.5	12.9	13.0	13.2	13.0	13.2	-0.8	8	543.0
IE	2.6	2.5	2.4	2.2	2.1	2.0	2.1	2.3	2.3	2.3	2.2	2.2	-0.5	24	1 241.2
EL	0.9	1.0	1.0	0.9	0.8	0.8	0.9	0.8	0.8	0.8	0.8	0.9	-0.1	26	573.0
ES	8.7	8.5	8.9	9.4	9.4	9.1	8.9	8.7	8.4	8.8	8.8	8.7	0.0	15	31 062.0
FR	10.6	10.7	10.6	10.6	10.3	9.7	9.4	9.5	9.8	10.5	10.9	11.0	0.3	13	86 804.0
IT	7.8	8.2	7.9	13.3	12.5	14.4	14.9	15.5	16.0	15.8	15.8	15.2	7.4	6	94 773.0
CY	1.6	0.8	1.7	1.8	1.6	1.4	1.5	1.3	1.3	1.4	1.2	1.4	-0.2	25	72.5
LV	19.5	20.5	16.2	16.1	15.6	17.0	17.3	17.3	17.8	17.9	16.9	17.2	-2.3	5	837.9
LT	18.3	18.5	14.4	18.8	20.5	20.2	20.0	9.8	9.4	9.9	9.7	9.7	-8.6	14	683.4
LU	6.4	6.5	6.1	6.1	5.7	5.7	5.6	6.1	5.9	4.9	4.5	4.4	-2.0	21	527.8
HU	6.6	7.3	8.2	9.0	9.6	9.8	10.3	10.5	11.4	12.0	11.6	11.7	5.1	10	3 904.9
MT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
NL	3.2	3.4	3.5	3.6	3.4	3.4	3.6	3.7	3.9	4.0	4.1	3.4	0.2	22	7 159.0
AT	12.0	12.2	11.9	11.8	11.7	11.7	11.5	11.1	10.8	10.9	10.9	11.0	-1.0	12	11 836.6
PL	12.5	12.1	12.2	11.9	9.1	9.1	9.5	9.9	9.5	12.8	12.6	12.7	0.1	9	11 632.6
PT	5.2	5.2	5.2	5.6	6.0	6.0	5.8	6.0	5.7	6.2	6.2	6.2	1.0	18	3 446.4
RO	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2.7	19.8	21.2	21.2	21.7	26.2	-	3	7 329.2
SI	6.3	6.6	6.8	6.5	7.1	7.3	7.4	7.4	7.6	7.6	7.4	7.6	1.3	17	907.0
SK	4.0	4.2	4.2	4.1	4.1	4.1	4.4	4.7	4.6	4.9	11.2	11.3	7.4	11	1 481.1
FI	22.3	22.8	21.7	21.8	21.7	21.6	22.1	21.5	21.1	20.8	20.7	21.1	-1.2	4	15 298.0
SE	29.6	30.6	29.9	29.6	29.3	28.9	31.0	32.6	33.2	32.8	32.2	32.2	2.5	2	49 310.6
UK	3.7	3.7	3.8	3.8	3.9	4.0	4.1	4.4	4.7	4.8	4.7	4.6	0.9	20	32 892.8
NO	19.5	18.6	18.6	17.0	17.4	15.1	16.4	13.0	14.8	13.7	13.4	12.7	-6.9		14 916.0
<b>EU-27</b>															
weighted average	8.8	9.1	8.9	9.8	9.5	9.6	9.6	9.9	10.1	10.3	10.5	10.4	1.6		
arithmetic average	10.5	10.5	10.3	10.8	10.7	10.7	10.6	11.0	10.8	10.9	11.1	11.3	0.9		
<b>EA-15</b>															
weighted average	7.9	8.1	8.0	9.2	8.9	9.1	9.1	9.1	9.2	9.6	9.7	9.7	1.8		
arithmetic average	7.1	7.2	7.1	7.5	7.4	7.5	7.5	7.5	7.5	7.6	7.6	7.6	0.5		
<b>EU-25</b>															
weighted average	8.8	9.1	8.9	9.8	9.5	9.6	9.7	9.8	10.1	10.3	10.4	10.4	1.5		
arithmetic average	10.5	10.5	10.3	10.8	10.7	10.7	10.9	10.7	10.7	10.9	11.1	11.1	0.6		
<b>Convergence indicators</b>															
St.dev./mean %	95.6	94.4	91.8	85.5	87.9	86.4	89.7	87.5	88.9	84.7	81.3	84.5	-11.1		
Max-min	31.0	31.1	31.4	32.1	31.8	32.7	34.3	34.9	35.0	33.6	32.4	32.8	1.8		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table B.4\_G: Taxes received by administrative level as % of GDP: Social security funds

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>	Revenue <sup>2)</sup> € million
BE	15.1	15.3	15.6	15.7	15.7	15.5	15.6	16.2	16.0	16.8	16.9	16.9	1.8	2	53 622.6
BG	-	-	-	-	-	11.0	10.0	9.5	10.6	10.5	10.3	8.8	-	18	2 203.2
CZ	4.1	4.1	4.1	4.0	4.0	4.1	4.0	4.2	4.3	5.4	5.5	5.6	1.6	21	6 423.3
DK	1.1	1.1	1.0	1.0	1.6	1.8	1.7	1.2	1.2	1.2	1.1	1.0	0.0	25	2 253.5
DE	16.8	17.4	17.7	17.4	17.2	16.9	16.7	16.7	16.9	16.5	16.3	15.9	-0.9	3	369 790.0
EE	13.1	11.9	11.4	11.5	12.1	4.3	4.2	4.6	4.6	4.6	4.6	4.5	-8.6	23	593.3
IE	4.2	3.9	3.6	3.5	3.5	3.6	3.7	3.7	3.6	3.8	3.8	4.0	-0.2	24	6 973.2
EL	9.1	9.5	9.5	9.8	9.9	10.4	10.4	11.4	11.7	11.0	10.8	11.0	1.8	14	23 495.0
ES	11.4	11.6	11.6	11.5	11.6	11.7	11.8	11.8	11.9	11.8	11.8	11.8	0.5	9	116 185.0
FR	20.0	20.2	20.2	20.3	20.6	21.0	21.3	21.2	21.4	20.4	21.2	22.3	2.3	1	399 378.0
IT	12.3	14.3	14.6	12.2	12.1	12.1	11.9	12.1	12.3	12.3	12.6	12.7	0.4	6	187 737.0
CY	6.5	6.9	7.0	6.9	6.6	6.5	6.8	6.7	7.0	7.7	8.3	7.8	1.3	20	1 147.0
LV	12.0	10.8	10.6	10.8	10.7	9.9	9.2	9.3	8.9	8.7	8.4	8.7	-3.3	19	1 406.3
LT	9.3	9.7	10.8	11.3	11.6	11.6	11.0	10.6	10.4	10.3	10.2	10.4	1.1	15	2 471.2
LU	9.7	9.6	9.8	9.9	9.8	9.8	10.7	10.6	10.5	10.5	10.3	9.7	0.0	16	3 278.0
HU	13.8	12.8	12.9	12.8	12.2	11.8	11.8	11.7	11.5	11.3	11.4	11.4	-2.4	12	10 246.7
MT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
NL	15.9	15.2	15.1	15.0	15.5	15.4	13.7	13.3	13.8	13.9	13.1	14.2	-1.7	4	75 943.0
AT	12.1	12.0	12.2	12.1	12.1	11.8	11.8	11.7	11.8	11.8	11.9	11.8	-0.3	10	30 348.5
PL	11.3	11.6	11.7	11.6	13.7	12.9	13.4	12.9	12.8	12.3	12.3	12.2	0.9	7	33 133.3
PT	9.9	10.1	10.3	10.3	10.4	10.7	10.8	11.1	11.5	11.5	11.8	11.9	2.0	8	18 406.9
RO	-	-	-	-	-	-	10.3	10.4	9.4	9.2	9.5	9.6	-	17	9 412.6
SI	16.9	15.2	14.5	14.6	14.4	14.3	14.5	14.4	14.3	14.3	14.3	14.1	-2.8	5	4 308.1
SK	14.6	15.5	14.7	14.4	13.7	13.9	14.0	14.3	13.5	12.9	12.2	11.6	-3.0	11	5 150.1
FI	13.0	12.6	11.8	11.6	11.6	11.0	11.1	10.9	10.8	10.7	11.1	11.2	-1.8	13	18 686.0
SE	4.4	4.6	4.6	4.6	4.4	5.6	5.9	5.8	5.7	5.6	5.5	5.5	1.1	22	17 245.6
UK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
NO	9.8	9.6	9.6	10.3	10.1	8.9	9.2	9.9	9.8	9.4	8.9	8.7	-1.1		23 431.6
<b>EU-27</b>															
weighted average	14.8	15.1	15.2	14.7	14.7	14.6	14.5	14.5	14.6	14.3	14.3	14.4	-0.3		
arithmetic average	11.2	11.1	11.1	11.0	11.1	10.7	10.7	10.7	10.6	10.6	10.6	10.6	-0.6		
<b>EA-15</b>															
weighted average	15.6	16.1	16.1	15.6	15.6	15.5	15.4	15.4	15.5	15.2	15.2	15.5	-0.2		
arithmetic average	12.3	12.4	12.4	12.2	12.2	12.2	12.2	12.3	12.4	12.4	12.4	12.5	0.2		
<b>EU-25</b>															
weighted average	14.8	15.1	15.2	14.7	14.7	14.6	14.6	14.5	14.6	14.3	14.3	14.5	-0.3		
arithmetic average	11.2	11.1	11.1	11.0	11.1	10.7	10.7	10.7	10.7	10.7	10.7	10.7	-0.4		
<b>Convergence indicators</b>															
St.dev./mean %	31.9	30.9	30.6	31.2	31.2	31.3	30.7	31.1	30.9	30.3	30.5	31.1	-0.8		
Max-min	18.9	19.1	19.2	19.2	19.0	19.2	19.5	20.1	20.2	19.2	20.1	21.3	2.3		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table B.4\_T: Taxes received by administrative level as % of Total Taxation: Social security funds

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>	Revenue <sup>2)</sup> € million
BE	34.4	34.5	34.8	34.5	34.6	34.3	34.6	35.9	35.7	37.4	37.6	38.0	3.5	4	53 622.6
BG	n.a.	n.a.	n.a.	n.a.	n.a.	33.8	32.0	31.7	32.4	31.0	30.2	25.5	-	19	2 203.2
CZ	11.3	11.8	11.9	12.0	11.8	12.1	11.7	12.2	12.1	14.5	14.7	15.5	4.3	21	6 423.3
DK	2.2	2.2	2.1	2.1	3.3	3.6	3.6	2.5	2.5	2.4	2.2	2.1	-0.1	25	2 253.5
DE	42.3	42.8	43.5	42.6	41.2	40.4	41.8	42.3	42.5	42.6	42.1	40.6	-1.8	2	369 790.0
EE	34.5	33.9	32.5	33.3	35.7	13.9	13.9	14.9	14.9	14.9	14.9	14.4	-20.1	22	593.3
IE	12.6	11.7	11.2	10.9	10.9	11.3	12.5	12.9	12.6	12.5	12.5	12.3	-0.3	23	6 973.2
EL	31.4	32.2	31.2	30.2	29.9	30.0	31.6	34.2	36.1	35.1	34.5	35.0	3.6	9	23 495.0
ES	34.8	35.1	34.9	34.9	34.4	34.5	35.3	34.8	35.0	34.3	33.1	32.5	-2.3	12	116 185.0
FR	46.8	45.9	45.8	46.1	45.9	47.5	48.5	49.2	49.9	47.1	48.3	50.4	3.6	1	399 378.0
IT	30.7	34.1	33.3	28.7	28.5	28.9	28.8	29.6	29.8	30.4	31.0	30.1	-0.6	14	187 737.0
CY	24.4	26.0	27.0	24.8	23.7	21.8	21.9	21.5	21.2	23.0	23.2	21.4	-3.0	20	1 147.0
LV	36.1	35.2	33.2	31.9	33.3	33.5	32.3	32.9	31.1	30.6	28.9	28.8	-7.3	15	1 406.3
LT	32.7	34.8	34.9	35.4	36.5	38.5	38.5	37.3	36.9	36.5	35.3	35.1	2.4	8	2 471.2
LU	26.1	25.7	24.9	25.2	25.7	25.1	26.8	27.1	27.5	28.0	27.2	27.2	1.1	17	3 278.0
HU	33.1	31.5	33.0	32.8	31.1	30.7	30.7	30.8	30.5	29.9	30.6	30.6	-2.5	13	10 246.7
MT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
NL	39.5	37.9	38.0	38.0	38.5	38.6	35.7	35.2	36.9	37.1	34.5	36.0	-3.5	7	75 943.0
AT	29.3	28.2	27.6	27.5	27.6	27.6	26.3	26.8	27.3	27.5	28.2	28.2	-1.1	16	30 348.5
PL	30.5	31.2	32.1	32.9	39.3	39.7	41.6	39.6	39.7	39.2	37.6	36.1	5.6	6	33 133.3
PT	31.0	30.8	31.4	31.1	30.6	31.1	31.9	32.1	33.1	33.7	33.7	33.0	2.0	11	18 406.9
RO	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	37.1	36.9	33.9	33.5	34.1	33.7	-	10	9 412.6
SI	42.0	39.0	38.2	37.6	36.6	37.7	38.1	37.2	36.8	36.8	36.5	36.2	-5.8	5	4 308.1
SK	36.3	39.4	39.4	39.2	38.8	40.8	42.4	43.3	40.9	40.6	38.9	39.4	3.1	3	5 150.1
FI	28.4	26.8	25.6	25.1	25.4	23.2	24.8	24.4	24.5	24.7	25.2	25.7	-2.7	18	18 686.0
SE	9.2	9.1	9.0	9.0	8.5	10.9	11.8	12.1	11.8	11.5	11.2	11.2	2.0	24	17 245.6
UK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
NO	23.4	22.6	22.7	24.4	23.9	20.9	21.5	22.9	23.1	21.7	20.4	19.9	-3.5		23 431.6
<b>EU-27</b>															
weighted average	36.7	36.7	36.6	35.6	35.2	35.3	36.0	36.3	36.5	36.0	35.8	35.7	-1.0		
arithmetic average	29.6	29.5	29.4	28.9	29.2	28.7	29.4	29.5	29.4	29.4	29.0	28.8	-0.8		
<b>EA-15</b>															
weighted average	39.2	39.4	39.2	38.1	37.6	37.6	38.2	38.6	38.9	38.4	38.3	38.2	-1.0		
arithmetic average	32.4	32.2	32.0	31.2	31.0	30.9	31.3	31.7	32.1	32.2	32.0	31.9	-0.5		
<b>EU-25</b>															
weighted average	36.7	36.7	36.6	35.6	35.2	35.3	36.0	36.3	36.5	36.0	35.8	35.7	-1.0		
arithmetic average	29.6	29.5	29.4	28.9	29.2	28.5	28.9	29.1	29.1	29.2	28.8	28.7	-0.9		
<b>Convergence indicators</b>															
St.dev./mean %	30.4	30.2	30.4	31.1	31.6	32.3	31.6	31.3	31.1	30.4	30.1	30.5	0.2		
Max-min	44.6	43.7	43.7	44.0	42.6	43.9	45.0	46.8	47.4	44.8	46.1	48.3	3.7		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table B.5\_G: Taxes received by administrative level as % of GDP: EU Institutions

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>	Revenue <sup>2)</sup> € million
BE	1.0	0.9	0.9	0.9	0.8	0.8	0.8	0.6	0.7	0.6	0.6	0.7	-0.3	1	2 078.0
BG	-	-	-	-	-	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	-
CZ	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.3	0.3	10	377.2
DK	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.0	24	469.1
DE	0.9	0.8	0.7	0.6	0.6	0.6	0.5	0.4	0.4	0.3	0.3	0.3	-0.6	11	7 500.0
EE	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.3	0.4	-	5	47.2
IE	1.2	0.9	0.7	0.9	0.7	0.6	0.5	0.3	0.3	0.2	0.3	0.2	-0.9	22	421.5
EL	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.4	0.3	0.3	0.3	0.3	-0.5	16	591.0
ES	0.7	0.7	0.7	0.6	0.6	0.6	0.5	0.4	0.4	0.3	0.3	0.3	-0.4	9	3 255.0
FR	0.8	0.7	0.7	0.6	0.6	0.6	0.6	0.5	0.3	0.2	0.3	0.3	-0.6	19	4 670.0
IT	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.4	0.3	0.3	0.3	0.3	-0.4	17	4 001.0
CY	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.2	0.2	-	23	33.2
LV	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.4	0.3	-	8	55.5
LT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.4	0.3	-	6	81.9
LU	0.9	0.7	0.7	0.6	0.5	0.5	0.4	0.3	0.3	0.2	0.2	0.2	-0.7	25	68.0
HU	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.3	0.3	-	15	253.2
MT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.3	0.5	0.4	-	3	21.9
NL	1.1	0.9	1.0	0.9	0.8	0.8	0.7	0.5	0.5	0.5	0.5	0.5	-0.6	2	2 680.0
AT	0.9	0.9	0.9	0.8	0.8	0.7	0.7	0.5	0.4	0.3	0.3	0.4	-0.6	4	926.8
PL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.3	0.3	-	20	686.6
PT	0.9	0.7	0.7	0.6	0.6	0.6	0.5	0.4	0.3	0.3	0.2	0.3	-0.7	18	408.5
RO	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.
SI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.3	0.3	-	14	90.4
SK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.3	0.3	-	13	133.3
FI	0.7	0.6	0.6	0.5	0.5	0.5	0.4	0.3	0.3	0.2	0.2	0.3	-0.4	21	422.0
SE	0.7	0.6	0.7	0.6	0.5	0.5	0.5	0.4	0.4	0.3	0.3	0.3	-0.4	12	968.8
UK	1.0	0.9	0.7	0.7	0.6	0.7	0.6	0.5	0.4	0.3	0.3	0.3	-0.7	7	6 595.0
NO	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-		n.a.
<b>EU-27</b>															
weighted average	0.8	0.7	0.7	0.6	0.6	0.6	0.5	0.4	0.4	0.3	0.3	0.3	-0.5		
arithmetic average	0.8	0.7	0.7	0.7	0.6	0.6	0.5	0.4	0.4	0.3	0.3	0.3	-0.5		
<b>EA-15</b>															
weighted average	0.8	0.7	0.7	0.6	0.6	0.6	0.6	0.4	0.4	0.3	0.3	0.3	-0.5		
arithmetic average	0.9	0.8	0.7	0.7	0.6	0.6	0.6	0.4	0.4	0.3	0.3	0.3	-0.5		
<b>EU-25</b>															
weighted average	0.8	0.7	0.7	0.6	0.6	0.6	0.5	0.4	0.4	0.3	0.3	0.3	-0.5		
arithmetic average	0.8	0.7	0.7	0.7	0.6	0.6	0.5	0.4	0.4	0.3	0.3	0.3	-0.5		
<b>Convergence indicators</b>															
St.dev./mean %	27.4	25.3	26.9	26.4	26.2	24.5	26.1	28.8	32.5	34.1	30.5	30.3	3.0		
Max-min	0.9	0.7	0.8	0.7	0.6	0.6	0.6	0.5	0.5	0.5	0.4	0.5	-0.5		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services



Table B.5\_T: Taxes received by administrative level as % of Total Taxation: EU Institutions

														Difference <sup>1)</sup>	Ranking <sup>2)</sup>	Revenue <sup>2)</sup>
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1995 to 2006		€ million	
BE	2.3	2.0	2.0	2.0	1.7	1.9	1.7	1.4	1.5	1.4	1.4	1.5	-0.8	1	2 078.0	
BG	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	-	
CZ	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.6	0.9	0.9	-	9	377.2	
DK	0.5	0.4	0.5	0.4	0.4	0.4	0.4	0.3	0.3	0.4	0.4	0.4	0.0	25	469.1	
DE	2.2	1.9	1.8	1.5	1.3	1.5	1.3	0.9	0.9	0.7	0.8	0.8	-1.4	13	7 500.0	
EE	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.7	1.1	1.1	-	5	47.2	
IE	3.5	2.8	2.3	2.7	2.2	1.9	1.8	1.0	1.0	0.7	0.9	0.7	-2.7	17	421.5	
EL	2.6	2.4	2.0	1.9	1.8	1.7	1.7	1.2	1.1	0.9	0.9	0.9	-1.7	11	591.0	
ES	2.2	2.0	2.0	1.9	1.7	1.7	1.5	1.1	1.1	0.9	1.0	0.9	-1.2	10	3 255.0	
FR	1.9	1.6	1.6	1.4	1.3	1.4	1.4	1.1	0.7	0.5	0.6	0.6	-1.3	22	4 670.0	
IT	1.6	1.5	1.1	1.3	1.1	1.2	1.3	0.9	0.7	0.7	0.7	0.6	-0.9	19	4 001.0	
CY	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.6	0.6	0.6	-	21	33.2	
LV	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.8	1.2	1.1	-	6	55.5	
LT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.7	1.3	1.2	-	4	81.9	
LU	2.3	1.8	1.8	1.6	1.4	1.4	1.1	0.8	0.7	0.5	0.5	0.6	-1.7	24	68.0	
HU	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.5	0.8	0.8	-	15	253.2	
MT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.9	1.4	1.3	-	2	21.9	
NL	2.8	2.3	2.5	2.3	2.1	2.0	1.8	1.4	1.4	1.3	1.3	1.3	-1.5	3	2 680.0	
AT	2.3	2.1	2.1	1.7	1.7	1.7	1.6	1.1	1.0	0.7	0.8	0.9	-1.4	12	926.8	
PL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.7	0.8	0.7	-	16	686.6	
PT	2.9	2.1	2.1	2.0	1.7	1.7	1.4	1.0	0.9	0.8	0.7	0.7	-2.1	18	408.5	
RO	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	n.a.	n.a.	
SI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.4	0.7	0.8	-	14	90.4	
SK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.5	0.9	1.0	-	7	133.3	
FI	1.5	1.3	1.3	1.1	1.1	1.0	0.9	0.6	0.7	0.5	0.5	0.6	-0.9	23	422.0	
SE	1.4	1.2	1.3	1.2	1.0	1.0	0.9	0.7	0.7	0.6	0.6	0.6	-0.8	20	968.8	
UK	2.9	2.5	2.0	2.0	1.7	1.8	1.5	1.3	1.2	0.9	0.9	0.9	-2.0	8	6 595.0	
NO	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-		n.a.	
<b>EU-27</b>																
weighted average	2.1	1.8	1.7	1.6	1.4	1.5	1.4	1.0	0.9	0.7	0.8	0.8	-1.3			
arithmetic average	2.2	1.9	1.8	1.7	1.5	1.5	1.3	1.0	0.9	0.7	0.9	0.9	-1.3			
<b>EA-15</b>																
weighted average	2.1	1.8	1.7	1.6	1.4	1.5	1.4	1.0	0.9	0.7	0.8	0.8	-1.3			
arithmetic average	2.3	2.0	1.9	1.8	1.6	1.6	1.4	1.1	1.0	0.8	0.8	0.8	-1.5			
<b>EU-25</b>																
weighted average	2.1	1.8	1.7	1.6	1.4	1.5	1.4	1.0	0.9	0.7	0.8	0.8	-1.3			
arithmetic average	2.2	1.9	1.8	1.7	1.5	1.5	1.3	1.0	0.9	0.7	0.9	0.9	-1.3			
<b>Convergence indicators</b>																
St.dev./mean %	34.8	33.0	31.5	34.4	33.2	28.9	29.2	28.7	32.3	31.4	34.6	32.7	-2.1			
Max-min	3.0	2.4	2.0	2.3	1.8	1.6	1.4	1.1	1.2	1.0	1.0	1.0	-2.0			

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table C.1\_G: Taxes on Consumption as % of GDP: Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>	Revenue <sup>2)</sup> € million
BE	10.8	11.2	11.2	11.1	11.5	11.4	11.0	11.0	11.0	11.2	11.2	11.3	0.5	19	35 783.4
BG	-	-	-	-	-	14.4	14.0	13.7	15.1	16.8	18.1	18.9	-	1	4 732.5
CZ	11.4	11.3	10.8	10.2	10.8	10.6	10.2	10.1	10.4	11.2	11.3	10.7	-0.8	23	12 152.1
DK	15.4	15.8	15.9	16.3	16.4	15.7	15.7	15.8	15.6	15.8	16.1	16.2	0.7	2	35 549.0
DE	10.3	10.1	10.0	10.1	10.5	10.5	10.5	10.4	10.5	10.2	10.1	10.1	-0.2	25	235 530.0
EE	12.3	12.4	13.0	11.6	11.0	11.8	11.8	11.9	11.6	11.8	12.8	13.1	0.8	9	1 736.8
IE	13.0	12.9	12.6	12.3	12.1	12.2	10.9	11.0	10.9	11.2	11.5	11.6	-1.4	16	20 285.6
EL	12.0	12.1	12.2	12.3	12.5	12.4	12.6	12.3	11.5	11.3	10.9	11.3	-0.7	18	24 190.0
ES	8.9	9.1	9.2	9.6	10.0	9.9	9.5	9.4	9.6	9.7	9.8	9.8	0.8	27	95 671.0
FR	12.1	12.4	12.3	12.1	12.1	11.6	11.3	11.3	11.1	11.2	11.3	11.2	-0.9	20	200 723.5
IT	10.4	10.1	10.3	10.7	10.9	10.9	10.4	10.2	9.9	10.0	10.0	10.3	0.0	24	152 595.0
CY	10.4	10.1	9.2	9.3	9.1	10.6	11.8	12.4	14.7	15.2	15.2	15.4	5.0	3	2 255.7
LV	12.1	11.6	12.1	13.1	11.9	11.3	10.6	10.6	11.4	11.3	12.2	12.6	0.5	10	2 038.4
LT	11.6	10.9	12.8	13.0	12.8	11.8	11.5	11.7	11.1	10.6	10.9	11.0	-0.6	22	2 601.7
LU	10.0	9.9	10.6	10.6	10.5	10.8	10.6	10.8	10.6	11.2	11.0	9.8	-0.2	26	3 329.9
HU	17.4	16.5	14.9	15.1	15.5	15.3	14.5	14.1	14.6	15.0	14.5	13.9	-3.4	5	12 507.7
MT	11.6	11.1	11.8	11.0	12.0	12.1	12.7	13.4	12.4	13.2	14.1	14.1	2.5	4	713.3
NL	11.2	11.5	11.6	11.6	11.9	11.7	11.9	11.6	11.8	11.9	12.0	12.3	1.1	13	65 931.0
AT	11.6	12.0	12.5	12.4	12.5	12.1	12.3	12.5	12.3	12.3	12.1	11.7	0.1	15	30 280.2
PL	12.7	13.0	12.4	11.8	12.3	11.3	11.1	11.8	11.9	11.8	12.2	12.5	-0.2	12	33 846.0
PT	12.6	12.8	12.5	12.8	12.9	12.4	12.4	12.7	12.7	12.7	13.5	13.8	1.2	6	21 428.8
RO	-	-	-	-	-	-	-	11.3	11.5	11.3	12.4	12.0	-	14	11 710.3
SI	15.5	15.2	14.2	14.8	15.3	14.1	13.6	14.0	14.0	13.8	13.7	13.4	-2.1	8	4 093.6
SK	13.9	13.1	12.5	12.3	11.8	12.0	10.9	11.1	11.8	12.1	12.5	11.3	-2.6	17	5 050.3
FI	13.8	13.9	14.4	14.0	14.1	13.6	13.1	13.4	13.9	13.6	13.7	13.5	-0.4	7	22 495.0
SE	13.3	13.0	12.8	13.0	12.8	12.4	12.5	12.7	12.7	12.6	12.7	12.5	-0.8	11	39 282.9
UK	12.2	12.3	12.2	12.1	12.3	12.0	11.8	11.7	11.8	11.6	11.3	11.1	-1.1	21	212 368.5
NO	14.6	14.4	14.4	14.8	14.3	12.7	12.6	12.8	12.4	12.2	11.7	11.8	-2.9		31 495.2
<b>EU-27</b>															
weighted average	11.3	11.3	11.3	11.4	11.6	11.4	11.2	11.1	11.1	11.1	11.1	11.1	-0.2		
arithmetic average	12.3	12.2	12.2	12.1	12.2	12.1	11.9	12.0	12.1	12.2	12.5	12.4	0.2		
<b>EA-15</b>															
weighted average	10.9	10.9	10.9	11.0	11.3	11.1	10.8	10.8	10.7	10.7	10.7	10.8	-0.1		
arithmetic average	11.6	11.6	11.6	11.6	11.9	11.8	11.6	11.7	11.8	11.9	12.0	12.0	0.4		
<b>EU-25</b>															
weighted average	11.3	11.3	11.3	11.4	11.6	11.4	11.2	11.1	11.1	11.1	11.1	11.1	-0.2		
arithmetic average	12.3	12.2	12.2	12.1	12.2	12.0	11.8	11.9	12.0	12.1	12.3	12.2	-0.1		
<b>Convergence indicators</b>															
St.dev./mean %	16.8	16.2	14.5	15.0	14.6	12.6	12.9	13.0	14.5	16.1	17.3	18.6	1.8		
Max-min	8.4	7.4	6.7	7.0	7.2	5.8	6.2	6.3	6.0	7.1	8.3	9.1	0.7		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table C.1\_T: Taxes on Consumption as % of Total Taxation: Total

													Difference <sup>1)</sup>	Ranking <sup>2)</sup>	Revenue <sup>2)</sup>
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1995 to 2006		€ million
BE	24.6	25.2	25.0	24.4	25.3	25.2	24.3	24.3	24.5	24.8	25.0	25.3	0.8	25	35 783.4
BG	-	-	-	-	-	44.1	44.5	45.8	46.4	49.4	52.9	54.8	-	1	4 732.5
CZ	31.6	32.5	30.8	30.6	31.7	31.3	30.1	29.1	29.1	30.0	30.4	29.4	-2.2	19	12 152.1
DK	31.6	32.2	32.4	33.1	32.7	31.8	32.3	33.0	32.5	32.3	31.7	32.9	1.2	15	35 549.0
DE	25.9	25.0	24.6	24.7	25.2	25.2	26.2	26.2	26.4	26.2	26.1	25.8	-0.1	23	235 530.0
EE	32.5	35.3	36.8	33.4	32.6	37.7	38.9	38.4	37.6	38.2	41.8	42.3	9.7	2	1 736.8
IE	39.2	38.9	38.8	38.7	38.0	38.4	36.7	38.6	37.4	37.0	37.2	35.7	-3.6	13	20 285.6
EL	41.3	41.2	39.8	37.9	37.5	36.0	38.1	36.7	35.7	36.0	34.9	36.0	-5.2	12	24 190.0
ES	27.3	27.4	27.7	29.1	29.8	29.2	28.4	27.9	28.2	28.0	27.5	26.7	-0.6	22	95 671.0
FR	28.2	28.3	27.8	27.5	27.0	26.2	25.7	26.1	26.0	26.0	25.8	25.3	-2.9	26	200 723.5
IT	25.9	24.1	23.6	25.3	25.8	26.2	25.1	24.9	23.9	24.7	24.7	24.5	-1.5	27	152 595.0
CY	38.9	38.1	35.8	33.6	32.7	35.5	38.2	39.6	44.6	45.4	42.8	42.2	3.2	3	2 255.7
LV	36.5	37.8	37.8	38.9	37.1	38.4	37.2	37.6	39.9	39.7	42.1	41.8	5.3	5	2 038.4
LT	40.6	39.1	41.2	40.7	40.3	39.1	40.2	41.3	39.4	37.4	37.9	36.9	-3.7	10	2 601.7
LU	27.1	26.3	26.9	27.0	27.5	27.5	26.7	27.5	27.8	30.1	29.0	27.6	0.6	21	3 329.9
HU	41.7	40.6	38.3	38.7	39.8	39.7	37.9	37.2	38.7	39.8	38.7	37.4	-4.3	9	12 507.7
MT	43.3	43.5	43.1	42.9	43.8	43.1	41.9	42.4	39.4	39.7	41.8	41.7	-1.5	6	713.3
NL	28.0	28.5	29.2	29.3	29.4	29.2	31.0	30.8	31.4	31.8	31.7	31.2	3.3	16	65 931.0
AT	28.1	28.2	28.4	28.1	28.6	28.4	27.5	28.5	28.5	28.7	28.9	28.1	0.0	20	30 280.2
PL	34.2	34.9	34.1	33.3	35.2	34.8	34.5	36.2	37.0	37.4	37.2	36.8	2.6	11	33 846.0
PT	39.4	39.0	37.9	38.6	37.9	36.3	36.5	36.6	36.4	37.4	38.4	38.4	-1.0	8	21 428.8
RO	-	-	-	-	-	-	-	40.2	41.6	41.1	44.3	41.9	-	4	11 710.3
SI	38.5	39.0	37.4	38.1	39.0	37.0	35.6	36.2	36.1	35.4	34.7	34.4	-4.2	14	4 093.6
SK	34.6	33.2	33.6	33.6	33.6	35.3	32.9	33.4	35.6	38.3	39.7	38.6	4.0	7	5 050.3
FI	30.3	29.6	31.2	30.5	30.8	28.8	29.4	29.9	31.7	31.3	31.1	31.0	0.7	17	22 495.0
SE	27.8	25.8	25.3	25.2	24.8	23.9	25.1	26.4	26.3	25.8	25.7	25.6	-2.2	24	39 282.9
UK	34.7	35.0	34.5	33.1	33.3	32.2	31.8	32.9	33.3	32.6	30.9	29.7	-4.9	18	212 368.5
NO	34.9	34.1	34.2	35.1	33.7	29.8	29.3	29.7	29.4	28.2	27.0	26.7	-8.2		31 495.2
<b>EU-27</b>															
weighted average	28.5	28.0	27.9	28.0	28.3	28.0	28.0	28.4	28.4	28.4	28.2	27.8	-0.7		
arithmetic average	33.3	33.1	32.9	32.7	32.8	33.1	32.9	33.6	33.9	34.2	34.6	34.2	0.9		
<b>EA-15</b>															
weighted average	27.3	26.7	26.5	26.8	27.1	26.9	26.9	27.0	27.0	27.1	27.0	26.7	-0.6		
arithmetic average	32.4	32.1	31.8	31.7	31.9	31.5	31.4	31.8	31.9	32.2	32.0	31.6	-0.8		
<b>EU-25</b>															
weighted average	28.5	28.0	27.9	28.0	28.3	28.0	28.0	28.4	28.3	28.4	28.1	27.7	-0.8		
arithmetic average	33.3	33.1	32.9	32.7	32.8	32.6	32.5	32.9	33.1	33.4	33.4	33.0	-0.3		
<b>Convergence indicators</b>															
St.dev./mean %	20.5	21.3	20.5	19.7	19.0	20.7	20.8	21.1	21.9	22.6	25.4	26.3	5.8		
Max-min	18.7	19.4	19.4	18.5	19.0	20.2	20.1	21.4	22.4	24.8	28.2	30.4	11.7		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table C.1.1\_G: Taxes on Consumption as % of GDP: Tobacco and Alcohol

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>	Revenue <sup>2)</sup> € million
BE	0.7	0.7	0.7	0.7	0.8	0.8	0.7	0.8	0.8	0.8	0.7	0.7	0.0	22	2 336.1
BG	-	-	-	-	-	1.4	1.4	1.7	1.7	2.0	2.0	2.4	-	1	608.1
CZ	1.4	1.3	1.2	1.2	1.2	1.1	1.0	1.0	1.1	1.1	1.2	1.3	0.0	8	1 517.6
DK	1.1	1.1	1.0	1.0	1.0	0.9	0.9	0.9	0.8	0.7	0.7	0.7	-0.4	26	1 434.1
DE	0.8	0.8	0.8	0.8	0.8	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.0	20	17 856.0
EE	1.9	1.9	2.0	1.9	1.7	1.6	1.5	1.6	1.6	1.9	1.7	1.6	-0.2	3	214.8
IE	2.5	2.3	2.2	2.0	1.9	1.8	1.7	1.6	1.5	1.4	1.3	1.3	-1.2	12	2 188.2
EL	1.4	1.4	1.4	1.5	1.5	1.5	1.5	1.5	1.5	1.4	1.3	1.3	-0.1	10	2 741.0
ES	0.7	0.7	0.8	0.9	0.9	0.9	0.8	0.9	0.9	0.8	0.8	0.8	0.1	19	7 835.0
FR	0.8	0.8	0.8	0.7	0.7	0.8	0.8	0.8	0.7	0.7	0.7	0.7	-0.1	23	12 700.0
IT	0.7	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.1	21	10 962.0
CY	0.8	0.7	0.7	0.7	0.8	0.8	0.8	0.9	1.0	1.4	1.4	1.4	0.7	6	208.0
LV	1.0	1.1	1.3	1.4	1.5	1.4	1.2	1.2	1.2	1.3	1.3	1.3	0.2	11	205.9
LT	1.2	1.4	1.6	1.8	1.4	1.2	1.3	1.2	1.2	1.2	1.2	1.3	0.1	7	317.8
LU	1.5	1.5	1.8	1.8	2.1	2.1	1.7	2.0	1.9	1.9	1.6	1.5	0.0	5	505.2
HU	1.3	1.3	1.2	1.2	1.2	1.2	1.1	1.1	1.2	1.2	1.2	1.3	0.0	9	1 174.3
MT	1.0	1.0	1.2	1.4	1.2	1.1	1.3	1.3	1.4	1.6	1.5	1.5	0.5	4	75.8
NL	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.5	0.5	0.5	-0.1	27	2 465.0
AT	0.9	0.9	0.9	0.9	0.9	0.8	0.7	0.7	0.7	0.7	0.7	0.7	-0.2	25	1 723.1
PL	2.3	2.3	2.2	2.0	2.0	1.7	1.8	1.8	1.8	1.9	1.9	1.8	-0.5	2	4 994.7
PT	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.0	1.1	1.0	1.0	1.2	0.1	15	1 803.1
RO	-	-	-	-	-	-	-	1.0	1.2	1.2	1.2	1.2	-	13	1 209.7
SI	-	-	-	-	-	0.7	0.8	0.9	1.0	1.1	1.1	1.1	-	16	341.5
SK	1.5	1.5	1.2	1.3	1.3	1.2	1.0	1.1	1.0	1.1	1.5	0.9	-0.6	18	403.9
FI	1.8	1.7	1.6	1.5	1.5	1.4	1.4	1.4	1.3	1.1	1.0	1.0	-0.8	17	1 613.0
SE	1.0	1.0	0.9	0.9	0.9	0.8	0.8	0.8	0.8	0.7	0.7	0.7	-0.4	24	2 111.6
UK	1.8	1.7	1.7	1.6	1.5	1.5	1.5	1.4	1.4	1.3	1.3	1.2	-0.5	14	23 371.4
NO	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0	0.9	0.8	0.8	0.8		2 033.0
<b>EU-27</b>															
weighted average	1.0	1.0	1.0	0.9	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.9	-0.1		
arithmetic average	1.2	1.2	1.2	1.2	1.2	1.1	1.1	1.1	1.1	1.2	1.2	1.1	-0.1		
<b>EA-15</b>															
weighted average	78.5	78.8	78.6	78.8	79.4	78.9	77.8	80.5	80.2	77.7	77.7	77.1	-1.4		
arithmetic average	1.1	1.1	1.1	1.1	1.1	1.0	1.0	1.0	1.1	1.1	1.0	1.0	-0.1		
<b>EU-25</b>															
weighted average	1.0	1.0	1.0	0.9	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.9	-0.1		
arithmetic average	1.2	1.2	1.2	1.2	1.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1	-0.1		
<b>Convergence indicators</b>															
St.dev./mean %	54.9	52.3	51.3	48.3	45.9	42.4	39.6	40.5	39.8	46.5	45.7	48.8	-6.1		
Max-min	1.9	1.8	1.7	1.5	1.6	1.6	1.3	1.5	1.4	1.6	1.6	2.0	0.0		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table C.1.1\_T: Taxes on Consumption as % of Total Taxation: Tobacco and Alcohol

														Difference <sup>1)</sup>	Revenue <sup>2)</sup>
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1995 to 2006	Ranking <sup>2)</sup>	€ million
BE	1.6	1.6	1.6	1.6	1.7	1.7	1.6	1.7	1.8	1.7	1.7	1.7	0.1	22	2 336.1
BG	-	-	-	-	-	4.2	4.3	5.6	5.1	6.0	5.9	7.0	-	1	608.1
CZ	3.7	3.7	3.6	3.6	3.6	3.3	2.9	3.0	3.1	3.0	3.3	3.7	-0.1	12	1 517.6
DK	2.2	2.2	2.1	2.1	2.0	1.9	1.8	1.8	1.8	1.5	1.3	1.3	-0.9	26	1 434.1
DE	1.9	1.9	1.9	1.8	1.8	1.7	1.8	2.0	2.1	2.0	2.0	2.0	0.0	20	17 856.0
EE	4.9	5.5	5.8	5.4	5.0	5.1	5.1	5.2	5.0	6.0	5.7	5.2	0.3	3	214.8
IE	7.5	7.1	6.7	6.3	5.9	5.7	5.6	5.7	5.3	4.6	4.3	3.8	-3.7	11	2 188.2
EL	4.7	4.7	4.7	4.5	4.5	4.3	4.7	4.5	4.5	4.4	4.2	4.1	-0.6	9	2 741.0
ES	2.1	2.2	2.4	2.7	2.6	2.6	2.5	2.5	2.5	2.5	2.3	2.2	0.1	19	7 835.0
FR	1.8	1.7	1.7	1.7	1.6	1.8	1.7	1.8	1.7	1.7	1.6	1.6	-0.2	23	12 700.0
IT	1.6	1.5	1.4	1.5	1.6	1.7	1.6	1.7	1.6	1.7	1.8	1.8	0.1	21	10 962.0
CY	2.8	2.8	2.8	2.6	2.7	2.7	2.7	2.8	3.1	4.0	3.9	3.9	1.1	10	208.0
LV	3.1	3.5	4.2	4.2	4.5	4.7	4.4	4.1	4.0	4.4	4.5	4.2	1.1	7	205.9
LT	4.4	5.0	5.1	5.7	4.5	4.1	4.4	4.4	4.4	4.3	4.3	4.5	0.1	4	317.8
LU	4.1	3.9	4.6	4.6	5.4	5.3	4.2	5.0	4.9	5.2	4.3	4.2	0.1	8	505.2
HU	3.2	3.1	3.0	3.0	3.1	3.2	2.9	2.9	3.2	3.3	3.1	3.5	0.3	13	1 174.3
MT	3.8	3.8	4.2	5.3	4.5	4.0	4.2	4.2	4.4	4.8	4.6	4.4	0.7	5	75.8
NL	1.4	1.4	1.3	1.2	1.2	1.2	1.3	1.2	1.2	1.3	1.2	1.2	-0.2	27	2 465.0
AT	2.1	2.0	2.0	2.1	2.1	1.9	1.6	1.7	1.7	1.6	1.6	1.6	-0.5	24	1 723.1
PL	6.3	6.1	5.9	5.6	5.6	5.3	5.6	5.6	5.7	5.9	5.9	5.4	-0.9	2	4 994.7
PT	3.5	3.3	3.3	3.3	3.2	3.1	3.1	2.9	3.1	3.0	2.8	3.2	-0.2	15	1 803.1
RO	-	-	-	-	-	-	0.0	3.5	4.4	4.4	4.4	4.3	-	6	1 209.7
SI	-	-	-	-	-	2.0	2.1	2.4	2.6	2.8	2.8	2.9	-	17	341.5
SK	3.7	3.8	3.3	3.5	3.7	3.5	3.2	3.3	3.1	3.5	4.9	3.1	-0.6	16	403.9
FI	3.9	3.6	3.5	3.3	3.3	2.9	3.0	3.0	3.0	2.5	2.3	2.2	-1.7	18	1 613.0
SE	2.2	2.0	1.8	1.7	1.7	1.6	1.6	1.7	1.6	1.4	1.4	1.4	-0.8	25	2 111.6
UK	5.0	4.9	4.7	4.3	4.2	4.0	3.9	4.0	4.0	3.8	3.5	3.3	-1.8	14	23 371.4
NO	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.3	2.3	2.1	1.9	1.7	1.7		2 033.0
<b>EU-27</b>															
weighted average	2.4	2.4	2.4	2.3	2.3	2.3	2.3	2.4	2.4	2.3	2.3	2.2	-0.2		
arithmetic average	3.4	3.4	3.4	3.4	3.3	3.2	3.0	3.3	3.3	3.4	3.3	3.2	-0.2		
<b>EA-15</b>															
weighted average	2.0	1.9	1.9	1.9	1.9	1.9	1.9	2.0	2.0	2.0	2.0	1.9	-0.1		
arithmetic average	3.1	3.0	3.0	3.0	3.0	2.8	2.8	2.9	2.9	2.9	2.8	2.7	-0.3		
<b>EU-25</b>															
weighted average	2.4	2.4	2.4	2.3	2.3	2.3	2.3	2.4	2.4	2.3	2.3	2.2	-0.2		
arithmetic average	3.4	3.4	3.4	3.4	3.3	3.2	3.1	3.2	3.2	3.2	3.2	3.1	-0.3		
<b>Convergence indicators</b>															
St.dev./mean %	64.5	65.6	66.1	65.9	62.3	59.1	62.9	57.2	57.1	64.8	64.8	66.5	1.9		
Max-min	6.1	5.7	5.4	5.0	4.7	4.5	5.6	4.4	4.6	4.7	4.7	5.9	-0.2		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table C.2\_G: Taxes on Labour as % of GDP: Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>	Revenue <sup>2)</sup> € million
BE	24.4	24.2	24.5	24.5	24.4	24.3	24.9	25.0	24.7	24.2	23.9	23.1	-1.2	5	73 238.6
BG	-	-	-	-	-	13.5	12.1	11.3	12.4	12.2	11.6	10.0	-	26	2 507.0
CZ	17.4	17.3	17.7	17.1	16.9	17.1	17.0	17.8	18.1	17.8	17.9	17.6	0.1	12	20 018.0
DK	27.3	27.3	26.9	26.3	27.0	26.6	26.9	26.1	26.0	25.2	25.1	24.7	-2.6	2	54 392.1
DE	23.9	24.1	24.4	24.2	24.1	24.3	24.0	23.9	23.8	22.8	22.2	22.3	-1.6	7	517 916.0
EE	21.1	19.3	18.5	19.1	19.7	17.4	16.9	16.9	16.6	16.4	15.2	15.4	-5.7	14	2 035.4
IE	13.5	13.2	12.7	12.1	11.7	11.5	11.0	10.0	9.8	10.5	10.4	10.5	-3.0	24	18 426.9
EL	10.5	10.9	11.4	12.0	12.2	12.4	12.1	13.0	13.2	12.7	12.8	12.9	2.4	21	27 558.4
ES	16.4	16.6	16.2	16.0	15.7	15.9	16.2	16.3	16.2	16.0	16.2	16.6	0.2	13	162 571.1
FR	23.0	23.1	23.1	23.0	23.4	23.2	23.1	22.9	23.1	22.7	23.0	23.2	0.2	4	416 007.0
IT	18.1	19.7	20.7	20.6	20.2	19.7	20.0	20.0	20.1	19.9	20.3	20.6	2.5	9	303 366.0
CY	10.3	10.0	10.3	10.5	10.0	9.8	10.3	10.3	11.0	10.5	11.3	11.1	0.8	23	1 628.9
LV	17.2	15.9	15.9	16.4	16.2	15.3	14.6	14.6	14.6	14.6	14.0	14.5	-2.7	18	2 349.8
LT	13.3	13.7	15.1	16.1	16.7	16.3	15.4	14.9	14.6	14.7	14.6	14.8	1.4	16	3 508.7
LU	15.5	15.6	15.8	15.3	15.1	15.3	15.9	15.3	15.2	15.4	15.5	14.7	-0.8	17	4 971.5
HU	20.8	20.5	20.4	19.9	19.3	19.1	19.3	19.4	18.7	18.2	18.5	18.6	-2.2	11	16 734.7
MT	9.1	8.8	9.7	8.9	9.4	9.7	10.7	10.2	10.3	10.7	10.6	10.3	1.3	25	523.4
NL	21.8	20.7	19.8	19.6	20.1	20.3	17.8	18.1	18.4	18.0	17.6	19.1	-2.7	10	101 925.2
AT	23.6	23.7	24.5	24.4	24.4	23.7	24.0	24.0	24.1	23.6	23.3	23.3	-0.3	3	60 142.2
PL	17.0	17.2	16.9	16.9	15.7	14.2	14.4	13.4	13.2	12.5	12.6	13.0	-4.0	20	35 339.7
PT	13.3	13.5	13.5	13.4	13.6	14.1	14.3	14.5	14.7	14.7	15.0	15.1	1.9	15	23 473.1
RO	-	-	-	-	-	-	-	12.3	11.2	10.8	10.9	-	-	n.a.	-
SI	22.7	21.3	20.9	21.0	20.8	21.0	21.3	21.1	21.1	21.1	21.0	20.7	-1.9	8	6 314.2
SK	15.4	16.5	16.6	16.4	15.5	15.1	15.1	15.1	14.5	13.0	12.6	11.5	-3.9	22	5 147.8
FI	26.1	26.8	24.7	24.1	23.7	23.7	23.6	23.6	23.3	22.7	23.2	22.8	-3.3	6	38 097.2
SE	29.8	31.5	31.5	32.2	31.8	31.0	31.2	30.0	30.3	30.0	29.7	29.3	-0.5	1	91 655.3
UK	13.9	13.2	13.0	13.6	13.8	14.2	14.2	13.6	13.6	13.8	14.2	14.3	0.4	19	273 448.8
NO	18.5	18.5	18.7	20.3	19.8	17.5	18.0	19.0	18.8	18.2	17.0	16.4	-2.1		43 806.4
<b>EU-27</b>															
weighted average	20.8	20.9	20.7	20.6	20.5	20.4	20.2	19.9	20.0	19.5	19.5	19.6	-1.2		
arithmetic average	18.6	18.6	18.6	18.5	18.5	18.0	17.9	17.6	17.5	17.2	17.2	17.3	-1.3		
<b>EA-15</b>															
weighted average	21.5	21.8	21.9	21.7	21.6	21.5	21.3	21.2	21.2	20.6	20.5	20.7	-0.8		
arithmetic average	18.1	18.2	18.2	18.0	17.9	17.9	18.0	17.9	17.9	17.7	17.8	17.8	-0.4		
<b>EU-25</b>															
weighted average	20.8	20.9	20.7	20.6	20.5	20.4	20.2	20.0	20.0	19.6	19.6	19.7	-1.1		
arithmetic average	18.6	18.6	18.6	18.5	18.5	18.2	18.2	18.0	18.0	17.7	17.6	17.6	-1.0		
<b>Convergence indicators</b>															
St.dev./mean %	27.0	27.6	26.8	27.0	27.1	26.7	27.2	27.4	27.2	27.1	27.0	26.6	-0.4		
Max-min	20.7	22.6	21.8	23.3	22.4	21.3	20.9	20.0	20.6	19.6	19.2	19.3	-1.4		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table C.2\_T: Taxes on Labour as % of Total Taxation: Total

													Difference <sup>1)</sup>	Ranking <sup>2)</sup>	Revenue <sup>2)</sup>
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1995 to 2006		€ million
BE	55.6	54.6	54.5	53.9	53.7	53.8	55.0	55.2	55.1	53.7	53.1	51.8	-3.7	7	73 238.6
BG	-	-	-	-	-	41.5	38.6	37.8	38.2	36.0	34.0	29.1	-	26	2 507.0
CZ	48.2	49.9	50.6	51.4	49.6	50.5	50.1	51.1	50.7	47.6	48.3	48.4	0.3	13	20 018.0
DK	55.9	55.5	55.0	53.3	53.8	53.9	55.6	54.5	54.1	51.5	49.5	50.3	-5.6	8	54 392.1
DE	60.0	59.4	59.9	59.1	57.7	58.1	60.1	60.6	60.0	58.8	57.3	56.8	-3.2	2	517 916.0
EE	55.8	55.0	52.5	55.0	58.2	55.8	55.5	54.5	53.8	53.2	49.8	49.6	-6.2	11	2 035.4
IE	40.9	39.8	39.2	38.1	36.9	36.3	37.0	35.3	33.7	34.5	33.8	32.4	-8.5	23	18 426.9
EL	36.1	37.0	37.4	37.1	36.6	35.9	36.8	38.9	40.8	40.5	40.7	41.1	5.0	19	27 558.4
ES	50.1	50.3	48.9	48.5	46.7	46.8	48.4	48.2	47.9	46.4	45.4	45.4	-4.7	16	162 571.1
FR	53.8	52.6	52.4	52.3	52.2	52.6	52.7	53.2	53.9	52.6	52.6	52.5	-1.3	5	416 007.0
IT	45.1	47.2	47.3	48.5	47.5	47.1	48.2	49.0	48.7	49.1	50.0	48.6	3.5	12	303 366.0
CY	38.6	38.1	39.9	37.7	35.9	32.6	33.2	33.0	33.3	31.5	31.8	30.4	-8.2	25	1 628.9
LV	52.0	51.6	49.7	48.5	50.7	51.7	51.1	51.9	51.4	51.2	48.4	48.2	-3.8	15	2 349.8
LT	46.8	48.9	48.6	50.2	52.6	54.1	53.8	52.4	51.9	52.0	50.7	49.8	3.0	10	3 508.7
LU	41.8	41.5	40.2	38.8	39.4	39.0	40.1	38.8	39.7	41.2	40.9	41.3	-0.6	18	4 971.5
HU	49.9	50.4	52.4	51.2	49.4	49.6	50.5	51.2	49.7	48.4	49.4	50.0	0.1	9	16 734.7
MT	33.9	34.8	35.4	34.9	34.5	34.5	35.2	32.4	32.8	32.1	31.5	30.6	-3.3	24	523.4
NL	54.2	51.4	49.8	49.7	49.8	50.8	46.5	47.8	49.1	48.0	46.5	48.3	-5.9	14	101 925.2
AT	57.2	55.6	55.7	55.3	55.9	55.5	53.6	55.0	55.9	55.2	55.5	55.8	-1.3	3	60 142.2
PL	45.9	46.1	46.4	47.6	45.0	43.7	44.8	41.1	41.1	39.7	38.3	38.5	-7.4	21	35 339.7
PT	41.6	41.2	41.1	40.5	40.0	41.1	42.2	41.9	42.3	43.0	42.7	42.1	0.5	17	23 473.1
RO	-	-	-	-	-	-	-	43.9	40.7	39.5	38.9	-	-	n.a.	-
SI	56.3	54.5	55.0	54.0	53.1	55.2	55.8	54.8	54.5	54.3	53.3	53.0	-3.3	4	6 314.2
SK	38.3	42.0	44.5	44.7	44.0	44.3	45.7	45.5	43.8	41.2	40.1	39.4	1.1	20	5 147.8
FI	57.1	57.0	53.4	52.4	51.7	50.2	53.0	52.9	52.9	52.3	52.8	52.5	-4.6	6	38 097.2
SE	62.1	62.6	61.9	62.6	61.4	59.9	62.5	62.7	62.8	61.7	59.9	59.8	-2.4	1	91 655.3
UK	39.6	37.8	36.7	37.4	37.5	38.0	38.3	38.2	38.5	38.6	38.9	38.3	-1.3	22	273 448.8
NO	44.0	43.7	44.4	48.3	46.8	41.1	42.0	44.0	44.6	42.0	39.0	37.2	-6.8		43 806.4
<b>EU-27</b>															
weighted average	52.6	51.9	51.1	50.9	50.1	50.1	50.7	50.9	51.1	50.1	49.5	49.1	-3.5		
arithmetic average	48.7	48.6	48.3	48.1	47.7	47.4	47.9	47.5	47.3	46.4	45.7	45.5	-3.1		
<b>EA-15</b>															
weighted average	54.1	53.4	53.1	52.9	52.0	52.1	52.8	53.2	53.2	52.2	51.7	51.2	-2.9		
arithmetic average	48.2	47.7	47.3	46.7	46.1	46.0	46.5	46.5	46.7	46.2	45.9	45.5	-2.6		
<b>EU-25</b>															
weighted average	52.6	51.9	51.1	50.9	50.1	50.1	50.7	51.0	51.1	50.2	49.6	49.1	-3.5		
arithmetic average	48.7	48.6	48.3	48.1	47.7	47.6	48.2	48.0	47.9	47.1	46.5	46.2	-2.5		
<b>Convergence indicators</b>															
St.dev./mean %	15.4	14.8	14.4	14.8	15.5	15.8	16.0	16.4	16.2	16.2	16.1	17.4	2.0		
Max-min	28.2	27.8	26.5	27.7	27.0	27.3	29.3	30.3	30.0	30.2	28.4	30.7	2.5		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table C.2.1\_G: Taxes on Labour as % of GDP: Employed

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>	Revenue <sup>2)</sup> € million
BE	22.3	22.2	22.3	22.4	22.4	22.3	22.8	22.9	22.6	22.3	22.0	21.4	-1.0	3	67 701.3
BG	-	-	-	-	-	13.5	12.1	11.3	12.4	12.2	11.6	10.0	-	25	2 507.0
CZ	17.4	17.3	17.7	17.1	16.9	17.1	17.0	17.8	18.1	17.8	17.9	17.6	0.1	11	20 018.0
DK	21.1	21.2	21.4	21.0	21.8	21.7	22.1	21.2	20.9	20.2	20.1	19.8	-1.4	7	43 486.2
DE	21.3	21.3	21.4	21.4	21.3	21.8	21.5	21.3	21.1	20.1	19.5	19.6	-1.7	8	455 903.4
EE	21.0	19.2	18.4	19.1	19.5	17.3	16.8	16.7	16.4	16.1	14.9	15.1	-5.9	13	1 998.9
IE	13.4	13.0	12.6	12.0	11.7	11.4	10.9	10.0	9.7	10.4	10.4	10.5	-2.9	24	18 311.3
EL	9.8	10.2	10.6	11.1	11.2	11.5	11.2	12.1	12.3	11.8	11.7	11.8	2.0	21	25 289.2
ES	14.2	14.4	14.2	14.2	14.0	14.2	14.5	14.5	14.5	14.3	14.4	14.7	0.5	14	144 310.4
FR	21.8	22.0	22.0	22.1	22.5	22.3	22.2	22.1	22.3	21.9	22.2	22.4	0.5	2	400 976.2
IT	16.2	17.8	18.6	18.4	18.1	17.7	17.8	17.9	18.0	17.8	18.1	18.3	2.1	9	270 669.6
CY	10.0	9.8	10.1	10.2	9.8	9.6	10.0	10.2	10.9	10.5	11.2	11.1	1.0	23	1 618.4
LV	17.2	15.9	15.9	16.3	16.1	15.2	14.5	14.6	14.5	14.5	13.9	14.4	-2.8	16	2 333.1
LT	13.3	13.6	15.0	16.0	16.7	16.3	15.4	14.7	14.5	14.5	14.4	14.6	1.3	15	3 459.7
LU	13.8	13.9	14.0	13.8	13.6	13.8	14.6	14.0	13.8	14.0	14.1	13.4	-0.4	19	4 530.2
HU	20.0	19.7	19.7	19.2	18.5	18.2	18.4	18.5	17.8	17.3	17.6	17.7	-2.3	10	15 946.6
MT	8.5	8.3	9.1	8.3	8.8	9.0	9.9	9.5	9.5	9.8	9.8	9.4	0.9	26	477.3
NL	17.6	16.9	16.2	16.7	17.2	17.4	15.4	15.6	15.9	15.6	15.2	16.5	-1.1	12	88 168.5
AT	21.6	21.6	22.3	22.0	22.0	21.4	21.5	21.5	21.5	21.1	21.0	20.9	-0.7	4	54 024.7
PL	14.7	14.9	15.0	15.0	14.9	13.5	13.6	12.7	12.5	11.8	11.9	12.2	-2.5	20	33 084.5
PT	12.7	12.9	13.0	12.9	13.1	13.5	13.6	13.8	13.9	13.9	14.2	14.3	1.6	17	22 208.6
RO	-	-	-	-	-	-	-	12.3	11.2	10.8	10.8	-	-	n.a.	-
SI	22.0	20.6	20.2	20.2	20.0	20.2	20.4	20.2	20.2	20.1	20.1	19.9	-2.2	6	6 048.0
SK	15.4	16.3	16.5	16.2	15.3	14.8	14.8	14.7	14.1	12.6	12.2	11.1	-4.2	22	4 967.5
FI	21.9	22.6	21.1	21.0	20.7	20.8	21.0	20.8	20.5	20.0	20.4	20.0	-1.9	5	33 486.6
SE	25.2	27.1	27.2	28.1	27.7	27.3	27.6	26.5	26.3	26.0	25.8	25.4	0.2	1	79 737.8
UK	13.7	13.0	12.8	13.5	13.7	14.1	14.1	13.4	13.4	13.6	14.1	14.1	0.4	18	270 130.3
NO	17.5	17.5	17.7	19.1	18.7	16.5	17.0	17.9	17.8	17.2	16.0	15.5	-2.1		41 420.6
<b>EU-27</b>															
weighted average	18.8	18.9	18.8	18.8	18.8	18.7	18.6	18.3	18.3	17.9	17.8	18.0	-0.8		
arithmetic average	17.1	17.0	17.1	17.1	17.1	16.8	16.7	16.3	16.3	16.0	15.9	16.0	-1.0		
<b>EA-15</b>															
weighted average	19.4	19.6	19.7	19.6	19.6	19.6	19.4	19.3	19.2	18.7	18.6	18.8	-0.6		
arithmetic average	16.5	16.5	16.5	16.4	16.4	16.5	16.5	16.4	16.4	16.2	16.3	16.3	-0.2		
<b>EU-25</b>															
weighted average	18.8	18.9	18.8	18.8	18.8	18.7	18.6	18.3	18.3	17.9	17.9	18.0	-0.8		
arithmetic average	17.1	17.0	17.1	17.1	17.1	16.9	16.9	16.7	16.6	16.3	16.3	16.3	-0.8		
<b>Convergence indicators</b>															
St.dev./mean %	24.4	24.7	24.2	24.5	24.6	24.0	24.5	24.7	24.3	24.2	24.1	23.9	-0.5		
Max-min	16.7	18.8	18.1	19.8	19.0	18.3	17.6	17.1	16.8	16.2	16.0	16.0	-0.7		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services



Table C.2.1\_T: Taxes on Labour as % of Total Taxation: Employed

													Difference <sup>1)</sup>	Ranking <sup>2)</sup>	Revenue <sup>2)</sup>
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1995 to 2006		€ million
BE	51.0	49.9	49.7	49.2	49.2	49.3	50.3	50.5	50.3	49.6	49.0	47.9	-3.1	9	67 701.3
BG	-	-	-	-	-	41.5	38.6	37.8	38.2	36.0	34.0	29.1	-	25	2 507.0
CZ	48.2	49.9	50.6	51.4	49.6	50.5	50.1	51.1	50.7	47.6	48.3	48.4	0.3	8	20 018.0
DK	43.3	43.2	43.8	42.7	43.6	44.0	45.6	44.3	43.5	41.2	39.6	40.2	-3.1	16	43 486.2
DE	53.5	52.3	52.7	52.2	51.0	52.0	53.8	53.8	53.2	51.9	50.2	50.0	-3.5	5	455 903.4
EE	55.7	54.9	52.4	54.9	57.4	55.2	55.0	53.8	53.2	52.0	48.8	48.7	-7.0	7	1 998.9
IE	40.5	39.3	38.8	37.7	36.7	36.0	36.8	35.1	33.4	34.3	33.6	32.2	-8.3	23	18 311.3
EL	33.7	34.6	34.8	34.3	33.7	33.2	34.0	36.2	38.0	37.6	37.5	37.7	4.0	20	25 289.2
ES	43.3	43.7	42.9	42.9	41.7	41.9	43.4	42.9	42.7	41.4	40.4	40.3	-3.0	15	144 310.4
FR	51.1	50.1	49.9	50.3	50.2	50.5	50.7	51.3	51.9	50.7	50.7	50.6	-0.5	3	400 976.2
IT	40.5	42.6	42.6	43.4	42.6	42.4	43.0	43.9	43.7	43.8	44.7	43.4	2.9	13	270 669.6
CY	37.6	37.2	39.0	36.9	35.1	31.9	32.4	32.7	33.1	31.3	31.6	30.3	-7.4	24	1 618.4
LV	52.0	51.6	49.7	48.5	50.4	51.4	50.8	51.6	51.1	50.8	48.0	47.8	-4.1	10	2 333.1
LT	46.7	48.8	48.5	50.1	52.4	54.0	53.6	51.9	51.3	51.4	50.1	49.1	2.4	6	3 459.7
LU	37.1	37.0	35.7	35.0	35.4	35.2	36.6	35.6	36.1	37.5	37.2	37.6	0.5	21	4 530.2
HU	48.1	48.5	50.6	49.3	47.2	47.2	48.1	48.8	47.4	46.2	47.2	47.7	-0.4	11	15 946.6
MT	31.8	32.8	33.2	32.7	32.0	32.0	32.7	30.0	30.3	29.5	29.0	27.9	-3.9	26	477.3
NL	43.7	41.9	40.9	42.3	42.6	43.6	40.2	41.4	42.4	41.5	40.2	41.8	-1.9	14	88 168.5
AT	52.4	50.7	50.6	50.0	50.4	50.1	48.2	49.2	49.9	49.4	49.9	50.1	-2.3	4	54 024.7
PL	39.5	39.9	41.1	42.2	42.6	41.4	42.3	38.8	38.8	37.6	36.2	36.0	-3.5	22	33 084.5
PT	40.0	39.4	39.4	38.9	38.4	39.3	40.2	39.8	40.0	40.7	40.4	39.8	-0.1	17	22 208.6
RO	-	-	-	-	-	-	-	43.8	40.6	39.5	38.8	-	-	n.a.	-
SI	54.8	52.7	53.2	52.0	51.0	53.2	53.4	52.4	52.1	51.8	51.1	50.8	-4.0	2	6 048.0
SK	38.3	41.5	44.2	44.2	43.3	43.6	44.7	44.3	42.6	39.9	38.9	38.0	-0.2	18	4 967.5
FI	47.9	48.1	45.6	45.6	45.3	44.0	47.0	46.7	46.7	46.0	46.4	46.1	-1.8	12	33 486.6
SE	52.7	53.9	53.6	54.6	53.6	52.7	55.3	55.4	54.4	53.4	52.0	52.0	-0.7	1	79 737.8
UK	39.1	37.3	36.2	37.0	37.0	37.6	37.9	37.7	38.0	38.1	38.4	37.8	-1.3	19	270 130.3
NO	41.7	41.3	42.0	45.5	44.1	38.7	39.6	41.7	42.2	39.7	36.8	35.1	-6.6		41 420.6
<b>EU-27</b>															
weighted average	47.6	46.9	46.3	46.4	45.8	46.0	46.6	46.7	46.7	45.9	45.3	44.9	-2.6		
arithmetic average	44.9	44.9	44.8	44.7	44.5	44.4	44.8	44.5	44.2	43.4	42.7	42.4	-2.5		
<b>EA-15</b>															
weighted average	48.8	48.1	47.8	47.9	47.2	47.5	48.1	48.4	48.3	47.4	46.9	46.5	-2.3		
arithmetic average	43.9	43.5	43.3	42.9	42.4	42.3	42.9	42.8	42.9	42.5	42.1	41.8	-2.2		
<b>EU-25</b>															
weighted average	47.6	46.9	46.3	46.4	45.8	46.0	46.6	46.7	46.8	45.9	45.4	45.0	-2.6		
arithmetic average	44.9	44.9	44.8	44.7	44.5	44.5	45.0	44.8	44.6	43.8	43.2	42.9	-2.0		
<b>Convergence indicators</b>															
St.dev./mean %	14.6	14.0	13.8	14.4	15.3	15.6	15.4	15.6	15.1	15.1	15.0	16.4	1.8		
Max-min	23.9	22.1	20.4	22.2	25.4	23.3	22.8	25.4	24.1	23.8	23.0	24.1	0.2		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table C.2.1.1\_G: Taxes on Labour as % of GDP: Employed paid by employers

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>	Revenue <sup>2)</sup> € million
BE	8.6	8.6	8.6	8.7	8.7	8.4	8.5	8.7	8.7	8.4	8.3	8.3	-0.4	10	26 214.2
BG	-	-	-	-	-	8.5	7.6	6.9	7.7	7.6	7.0	5.6	-	19	1 400.5
CZ	9.9	10.0	10.2	9.9	9.8	9.9	9.9	10.4	10.5	10.3	10.3	10.3	0.4	4	11 726.8
DK	0.5	0.5	0.5	0.7	0.6	0.5	0.6	0.5	0.5	0.5	0.5	0.5	0.0	27	1 090.6
DE	7.5	7.6	7.6	7.6	7.5	7.5	7.4	7.3	7.4	7.2	7.0	6.8	-0.7	14	158 320.0
EE	13.1	11.9	11.4	11.5	12.1	10.8	10.6	10.6	10.2	10.0	9.8	9.9	-3.1	5	1 314.3
IE	2.9	2.6	2.6	2.6	2.6	2.7	2.8	2.7	2.7	2.7	2.7	2.8	0.0	25	4 972.5
EL	4.3	4.5	4.6	4.8	4.6	4.9	4.9	5.4	5.4	5.1	5.0	5.1	0.9	20	10 941.0
ES	8.2	8.4	8.4	8.4	8.5	8.7	8.8	8.8	8.9	8.8	8.8	8.8	0.6	8	86 768.0
FR	12.5	12.5	12.5	12.2	12.4	12.1	12.1	12.1	12.2	12.1	12.2	12.3	-0.2	2	220 206.0
IT	8.5	10.1	10.7	10.4	9.9	9.9	10.0	10.1	10.3	10.2	10.5	10.5	2.0	3	155 088.7
CY	-	-	-	-	-	-	-	-	-	6.2	6.8	6.5	-	15	952.6
LV	11.6	9.9	8.0	8.2	8.1	7.4	6.8	6.9	6.5	6.3	6.1	6.3	-5.3	16	1 021.9
LT	7.1	7.6	8.1	8.7	8.8	8.5	8.0	7.8	7.7	7.6	7.4	7.6	0.5	11	1 813.6
LU	4.5	4.5	4.5	4.6	4.4	4.4	4.8	4.8	4.7	4.7	4.6	4.3	-0.2	23	1 454.0
HU	12.3	11.7	12.0	11.8	10.7	10.5	10.3	10.2	9.9	9.6	9.9	9.7	-2.6	6	8 700.3
MT	3.0	3.1	3.3	3.0	2.9	2.8	3.1	2.9	2.9	3.0	3.1	2.8	-0.2	26	142.0
NL	1.9	1.9	1.7	4.5	4.5	4.5	4.5	4.5	4.4	4.4	4.2	4.7	2.8	22	25 128.0
AT	10.0	10.0	10.0	9.9	9.8	9.6	9.5	9.5	9.5	9.3	9.3	9.3	-0.7	7	23 857.9
PL	5.9	5.9	6.1	6.1	5.9	5.7	5.7	5.4	5.2	4.9	4.9	4.9	-1.0	21	13 185.9
PT	6.1	6.3	6.4	6.5	6.5	6.7	6.7	6.9	6.9	7.1	7.3	7.4	1.3	12	11 513.8
RO	-	-	-	-	-	-	-	6.5	6.2	5.9	6.4	6.3	-	17	6 160.7
SI	8.2	7.0	6.7	6.8	6.9	7.0	7.2	7.2	7.2	7.2	7.4	7.0	-1.2	13	2 142.4
SK	9.6	9.9	9.8	9.7	8.9	9.2	8.9	8.9	8.4	7.6	7.0	6.3	-3.3	18	2 802.1
FI	9.9	9.6	9.1	9.2	9.2	8.7	8.9	8.9	8.8	8.8	9.0	8.8	-1.0	9	14 764.0
SE	12.0	12.9	12.5	12.9	12.7	12.9	13.4	13.2	13.0	12.7	12.6	12.4	0.5	1	38 878.0
UK	3.3	3.3	3.3	3.3	3.4	3.5	3.6	3.4	3.6	3.7	3.8	3.7	0.4	24	71 479.9
NO	5.9	5.7	5.7	6.2	6.1	5.4	5.6	6.0	5.9	5.7	5.4	5.4	-0.5		14 369.1
<b>EU-27</b>															
weighted average	7.8	8.0	8.0	8.0	7.9	7.8	7.8	7.8	7.9	7.8	7.8	7.8	0.0		
arithmetic average	7.6	7.5	7.5	7.6	7.5	7.4	7.4	7.3	7.3	7.1	7.1	7.0	-0.6		
<b>EA-15</b>															
weighted average	8.5	8.8	8.9	9.0	8.9	8.8	8.8	8.8	8.9	8.8	8.8	8.8	0.2		
arithmetic average	6.9	6.9	6.9	7.1	7.0	7.0	7.1	7.1	7.1	7.0	7.1	7.0	0.2		
<b>EU-25</b>															
weighted average	7.8	8.0	8.0	8.0	7.9	7.8	7.8	7.8	7.9	7.8	7.8	7.8	0.0		
arithmetic average	7.6	7.5	7.5	7.6	7.5	7.4	7.4	7.4	7.3	7.1	7.1	7.1	-0.5		
<b>Convergence indicators</b>															
St.dev./mean %	46.6	44.3	43.8	41.7	41.7	40.0	39.5	39.2	38.3	37.4	37.5	37.7	-9.0		
Max-min	12.6	12.4	12.0	12.2	12.1	12.4	12.8	12.7	12.5	12.2	12.1	11.9	-0.7		

1) in percentage points 2) Based on 2006 data

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

													Difference <sup>1)</sup>	Ranking <sup>2)</sup>	Revenue <sup>2)</sup>
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1995 to 2006		€ million
BE	19.7	19.4	19.2	19.0	19.1	18.6	18.8	19.2	19.3	18.8	18.5	18.6	-1.1	15	26 214.2
BG	-	-	-	-	-	25.9	24.1	22.9	23.7	22.5	20.5	16.2	-	20	1 400.5
CZ	27.3	28.7	29.2	29.6	28.9	29.3	29.2	29.8	29.4	27.5	27.9	28.4	1.1	2	11 726.8
DK	1.0	0.9	1.1	1.3	1.1	0.9	1.2	1.1	1.0	1.0	1.0	1.0	0.1	27	1 090.6
DE	18.8	18.6	18.8	18.5	18.0	17.8	18.5	18.5	18.6	18.6	18.0	17.4	-1.5	18	158 320.0
EE	34.5	33.9	32.5	33.3	35.7	34.7	34.8	34.0	33.1	32.5	32.2	32.0	-2.5	1	1 314.3
IE	8.7	8.0	7.9	8.0	8.1	8.5	9.6	9.5	9.2	8.9	8.9	8.7	0.0	25	4 972.5
EL	14.6	15.2	15.1	14.6	13.9	14.1	14.7	16.3	16.8	16.4	16.0	16.3	1.7	19	10 941.0
ES	25.1	25.4	25.4	25.6	25.5	25.6	26.4	26.0	26.1	25.4	24.7	24.2	-0.9	8	86 768.0
FR	29.3	28.4	28.3	27.8	27.6	27.5	27.5	28.1	28.5	28.1	27.9	27.8	-1.6	3	220 206.0
IT	21.3	24.1	24.5	24.6	23.3	23.7	24.0	24.6	24.9	25.2	25.8	24.9	3.6	7	155 088.7
CY	24.9	26.6	27.7	25.5	24.3	22.3	22.4	22.0	23.6	18.5	19.0	17.8	-7.1	17	952.6
LV	35.1	32.2	25.0	24.3	25.2	25.1	23.9	24.3	22.9	22.3	21.1	21.0	-14.1	12	1 021.9
LT	25.0	27.1	26.2	27.2	27.7	28.1	28.0	27.5	27.4	26.8	25.7	25.7	0.7	5	1 813.6
LU	12.2	12.0	11.5	11.8	11.4	11.2	12.0	12.2	12.4	12.6	12.2	12.1	-0.2	22	1 454.0
HU	29.5	28.9	30.7	30.3	27.4	27.1	26.8	26.9	26.2	25.6	26.5	26.0	-3.5	4	8 700.3
MT	11.2	12.2	12.0	11.7	10.6	10.0	10.3	9.3	9.3	8.9	9.1	8.3	-2.9	26	142.0
NL	4.8	4.8	4.4	11.5	11.2	11.4	11.6	11.8	11.8	11.7	11.0	11.9	7.1	23	25 128.0
AT	24.2	23.4	22.8	22.4	22.5	22.4	21.3	21.7	21.9	21.8	22.2	22.1	-2.1	9	23 857.9
PL	15.8	16.0	16.8	17.4	17.0	17.4	17.8	16.4	16.1	15.7	15.0	14.3	-1.5	21	13 185.9
PT	19.2	19.1	19.6	19.6	19.1	19.5	19.8	20.0	19.8	20.9	20.9	20.7	1.5	13	11 513.8
RO	-	-	-	-	-	-	-	23.1	22.4	21.7	23.0	22.1	-	10	6 160.7
SI	20.5	17.9	17.7	17.6	17.5	18.5	18.8	18.6	18.7	18.6	18.9	18.0	-2.5	16	2 142.4
SK	23.8	25.1	26.3	26.5	25.3	27.0	26.9	26.8	25.4	24.1	22.2	21.4	-2.4	11	2 802.1
FI	21.6	20.5	19.7	19.9	20.2	18.5	20.1	20.0	20.1	20.3	20.4	20.3	-1.3	14	14 764.0
SE	25.0	25.6	24.7	25.0	24.5	24.9	26.8	27.5	26.9	26.1	25.5	25.4	0.4	6	38 878.0
UK	9.5	9.5	9.4	9.1	9.3	9.5	9.6	9.5	10.1	10.4	10.3	10.0	0.5	24	71 479.9
NO	14.0	13.5	13.6	14.7	14.4	12.6	13.0	13.8	13.9	13.2	12.4	12.2	-1.8		14 369.1
<b>EU-27</b>															
weighted average	19.7	19.9	19.7	19.7	19.3	19.2	19.6	19.9	20.2	20.0	19.8	19.5	-0.3		
arithmetic average	20.1	20.1	19.9	20.1	19.8	20.0	20.2	20.3	20.2	19.7	19.4	19.0	-1.1		
<b>EA-15</b>															
weighted average	21.4	21.6	21.7	21.9	21.4	21.3	21.8	22.1	22.3	22.2	22.0	21.7	0.2		
arithmetic average	18.4	18.4	18.3	18.5	18.1	18.0	18.4	18.5	18.7	18.3	18.2	17.9	-0.5		
<b>EU-25</b>															
weighted average	19.7	19.9	19.7	19.7	19.3	19.1	19.6	19.8	20.2	20.0	19.8	19.4	-0.3		
arithmetic average	20.1	20.1	19.9	20.1	19.8	19.7	20.0	20.1	20.0	19.5	19.2	19.0	-1.1		
<b>Convergence indicators</b>															
St.dev./mean %	44.2	43.5	42.8	40.4	41.7	41.4	39.6	38.4	36.9	35.9	36.1	36.7	-7.5		
Max-min	34.1	33.0	31.4	31.9	34.6	33.7	33.6	32.9	32.0	31.5	31.2	31.0	-3.1		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table C.2.1.2\_G: Taxes on Labour as % of GDP: Employed paid by employees

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>	Revenue <sup>2)</sup> € million
BE	13.7	13.6	13.7	13.7	13.7	13.9	14.3	14.2	13.9	13.9	13.7	13.1	-0.6	2	41 487.1
BG	-	-	-	-	-	5.1	4.6	4.5	4.7	4.6	4.6	4.4	-	26	1 106.5
CZ	7.5	7.4	7.5	7.3	7.1	7.2	7.1	7.4	7.6	7.5	7.6	7.3	-0.3	17	8 291.2
DK	20.7	20.8	20.9	20.4	21.3	21.3	21.5	20.7	20.4	19.7	19.6	19.3	-1.4	1	42 395.7
DE	13.8	13.7	13.8	13.8	13.8	14.3	14.1	14.0	13.7	12.9	12.5	12.8	-1.0	5	297 583.4
EE	8.0	7.4	7.0	7.5	7.4	6.4	6.2	6.2	6.2	6.0	5.1	5.2	-2.8	23	684.6
IE	10.5	10.4	10.0	9.4	9.1	8.7	8.1	7.3	7.0	7.7	7.6	7.6	-2.9	15	13 338.8
EL	5.6	5.7	6.0	6.4	6.6	6.6	6.4	6.7	6.8	6.6	6.7	6.7	1.1	20	14 348.2
ES	6.0	6.1	5.8	5.7	5.5	5.5	5.7	5.7	5.6	5.5	5.6	5.9	-0.1	22	57 542.4
FR	9.3	9.5	9.5	9.9	10.1	10.1	10.1	10.0	10.0	9.8	10.0	10.1	0.8	10	180 770.2
IT	7.7	7.7	7.9	8.0	8.2	7.8	7.9	7.9	7.7	7.6	7.7	7.8	0.2	14	115 580.9
CY	-	-	-	-	-	-	-	-	-	4.3	4.5	4.6	-	25	665.8
LV	5.6	6.0	7.9	8.2	8.1	7.8	7.7	7.7	8.0	8.1	7.8	8.1	2.5	12	1 311.2
LT	6.2	6.1	6.9	7.3	7.9	7.8	7.4	6.9	6.7	7.0	7.0	6.9	0.8	18	1 646.2
LU	9.2	9.4	9.5	9.2	9.2	9.4	9.8	9.2	9.1	9.3	9.5	9.1	-0.1	11	3 076.3
HU	7.7	8.0	7.7	7.4	7.7	7.7	8.1	8.3	8.0	7.7	7.7	8.1	0.3	13	7 246.3
MT	5.5	5.2	5.8	5.4	5.9	6.2	6.8	6.5	6.6	6.8	6.7	6.6	1.1	21	335.3
NL	15.6	15.0	14.5	12.2	12.7	12.9	11.0	11.2	11.5	11.2	11.0	11.8	-3.8	6	63 040.5
AT	11.6	11.6	12.2	12.2	12.2	11.9	12.0	12.1	12.1	11.8	11.6	11.7	0.0	7	30 166.7
PL	8.8	8.9	8.8	8.8	8.9	7.8	7.9	7.3	7.3	6.9	6.9	7.3	-1.4	16	19 898.6
PT	6.6	6.7	6.5	6.4	6.6	6.8	6.9	6.9	7.0	6.8	6.9	6.9	0.3	19	10 694.8
RO	-	-	-	-	-	-	-	5.8	5.0	4.9	4.4	-	-	n.a.	-
SI	13.8	13.6	13.5	13.4	13.2	13.2	13.2	13.0	12.9	12.9	12.7	12.8	-1.0	4	3 905.5
SK	5.8	6.4	6.7	6.5	6.4	5.7	5.9	5.8	5.7	5.0	5.2	4.9	-0.9	24	2 165.4
FI	12.0	13.0	12.0	11.8	11.5	12.0	12.0	11.9	11.7	11.2	11.4	11.2	-0.8	8	18 722.6
SE	13.3	14.2	14.7	15.2	15.0	14.4	14.2	13.4	13.3	13.3	13.1	13.0	-0.2	3	40 859.8
UK	10.4	9.7	9.5	10.2	10.2	10.5	10.5	10.0	9.8	9.9	10.3	10.4	0.0	9	198 650.4
NO	11.7	11.8	12.0	12.9	12.6	11.1	11.4	12.0	11.9	11.5	10.6	10.1	-1.6		27 051.5
<b>EU-27</b>															
weighted average	11.0	10.9	10.8	10.8	10.9	10.9	10.8	10.5	10.4	10.1	10.0	10.2	-0.8		
arithmetic average	9.8	9.8	9.9	9.8	9.9	9.6	9.6	9.2	9.2	8.8	8.8	9.0	-0.8		
<b>EA-15</b>															
weighted average	10.9	10.8	10.8	10.7	10.7	10.8	10.6	10.5	10.4	10.0	9.9	10.0	-0.9		
arithmetic average	10.1	10.1	10.1	9.8	9.9	9.9	9.9	9.7	9.7	9.2	9.2	9.2	-0.8		
<b>EU-25</b>															
weighted average	11.0	10.9	10.8	10.8	10.9	10.9	10.8	10.6	10.4	10.1	10.1	10.2	-0.8		
arithmetic average	9.8	9.8	9.9	9.8	9.9	9.8	9.8	9.6	9.5	9.2	9.1	9.2	-0.6		
<b>Convergence indicators</b>															
St.dev./mean %	35.3	35.7	34.8	33.5	33.9	34.9	35.4	34.9	35.0	35.6	35.5	34.1	-1.1		
Max-min	15.2	15.6	15.1	15.0	15.8	16.2	17.0	16.2	15.7	15.4	15.2	14.9	-0.3		

1) in percentage points 2) Based on 2006 data

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

														Difference <sup>1)</sup>	Ranking <sup>2)</sup>	Revenue <sup>2)</sup>
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1995 to 2006	€ million		
BE	31.3	30.6	30.6	30.2	30.0	30.7	31.5	31.3	31.0	30.9	30.6	29.4	-1.9	5	41 487.1	
BG	-	-	-	-	-	15.5	14.5	14.9	14.5	13.5	13.5	12.8	-	25	1 106.5	
CZ	20.8	21.2	21.4	21.8	20.8	21.2	20.9	21.3	21.3	20.1	20.5	20.1	-0.8	18	8 291.2	
DK	42.3	42.3	42.7	41.4	42.4	43.1	44.5	43.2	42.5	40.2	38.6	39.2	-3.1	1	42 395.7	
DE	34.7	33.7	33.9	33.7	33.0	34.2	35.3	35.3	34.6	33.3	32.2	32.6	-2.0	3	297 583.4	
EE	21.1	21.0	20.0	21.7	21.7	20.5	20.2	19.9	20.1	19.4	16.6	16.7	-4.5	22	684.6	
IE	31.8	31.4	30.9	29.7	28.6	27.5	27.2	25.5	24.2	25.3	24.7	23.4	-8.3	12	13 338.8	
EL	19.1	19.3	19.7	19.6	19.8	19.0	19.3	19.9	21.1	21.2	21.5	21.4	2.3	17	14 348.2	
ES	18.2	18.3	17.5	17.3	16.2	16.3	17.0	16.9	16.6	15.9	15.7	16.1	-2.1	24	57 542.4	
FR	21.8	21.7	21.6	22.5	22.6	23.0	23.2	23.1	23.4	22.6	22.8	22.8	1.0	14	180 770.2	
IT	19.2	18.5	18.1	18.8	19.4	18.7	19.0	19.2	18.7	18.7	18.9	18.5	-0.6	21	115 580.9	
CY	12.7	10.6	11.4	11.4	10.8	9.6	10.0	10.7	9.5	12.8	12.6	12.4	-0.2	26	665.8	
LV	16.9	19.5	24.7	24.2	25.2	26.3	26.9	27.2	28.2	28.6	26.9	26.9	10.0	8	1 311.2	
LT	21.6	21.7	22.2	23.0	24.8	25.9	25.6	24.4	23.9	24.6	24.3	23.4	1.7	13	1 646.2	
LU	24.9	25.0	24.2	23.2	24.1	24.0	24.6	23.3	23.7	24.9	25.1	25.5	0.6	11	3 076.3	
HU	18.6	19.6	19.8	19.1	19.8	20.1	21.3	21.9	21.1	20.6	20.7	21.7	3.0	15	7 246.3	
MT	20.5	20.6	21.2	21.0	21.4	22.0	22.4	20.7	21.0	20.6	19.9	19.6	-0.9	19	335.3	
NL	38.9	37.2	36.5	30.9	31.4	32.2	28.6	29.6	30.6	29.7	29.1	29.9	-9.0	4	63 040.5	
AT	28.2	27.3	27.8	27.6	27.9	27.7	26.9	27.6	28.0	27.6	27.7	28.0	-0.2	6	30 166.7	
PL	23.6	23.9	24.2	24.9	25.6	24.0	24.6	22.5	22.7	21.9	21.1	21.7	-2.0	16	19 898.6	
PT	20.8	20.3	19.9	19.3	19.2	19.8	20.4	19.8	20.1	19.8	19.6	19.2	-1.6	20	10 694.8	
RO	-	-	-	-	-	-	-	20.7	18.2	17.8	15.8	-	-	n.a.	-	
SI	34.3	34.9	35.5	34.4	33.5	34.7	34.6	33.8	33.4	33.2	32.2	32.8	-1.5	2	3 905.5	
SK	14.4	16.3	17.9	17.7	18.0	16.7	17.9	17.5	17.2	15.9	16.6	16.6	2.1	23	2 165.4	
FI	26.3	27.6	25.9	25.6	25.2	25.5	27.0	26.8	26.6	25.8	25.9	25.8	-0.6	10	18 722.6	
SE	27.7	28.3	28.9	29.6	29.1	27.8	28.5	27.9	27.5	27.2	26.5	26.6	-1.1	9	40 859.8	
UK	29.6	27.8	26.8	27.9	27.7	28.1	28.3	28.2	27.9	27.7	28.1	27.8	-1.8	7	198 650.4	
NO	27.8	27.8	28.4	30.8	29.7	26.1	26.6	27.8	28.2	26.5	24.4	22.9	-4.8		27 051.5	
<b>EU-27</b>																
weighted average	27.8	27.0	26.6	26.7	26.6	26.8	27.0	26.9	26.5	25.8	25.5	25.5	-2.3			
arithmetic average	24.8	24.7	24.9	24.7	24.7	24.4	24.6	24.2	24.0	23.7	23.3	23.5	-1.3			
<b>EA-15</b>																
weighted average	27.4	26.5	26.1	26.1	25.9	26.2	26.4	26.3	26.0	25.2	24.8	24.8	-2.6			
arithmetic average	25.5	25.1	25.0	24.4	24.2	24.3	24.5	24.2	24.2	24.2	23.9	23.8	-1.7			
<b>EU-25</b>																
weighted average	27.8	27.0	26.6	26.7	26.6	26.8	27.0	26.9	26.6	25.9	25.6	25.5	-2.3			
arithmetic average	24.8	24.7	24.9	24.7	24.7	24.7	25.0	24.7	24.6	24.3	23.9	23.9	-0.9			
<b>Convergence indicators</b>																
St.dev./mean %	27.2	27.1	26.9	24.6	24.8	26.5	26.4	25.4	25.9	25.2	24.8	25.2	-2.0			
Max-min	29.7	31.7	31.4	30.0	31.6	33.5	34.5	32.6	33.0	27.4	26.0	26.8	-2.9			

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table C.2.2\_G: Taxes on Labour as % of GDP: Non-employed

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>	Revenue <sup>2)</sup> € million
BE	2.0	2.1	2.1	2.1	2.0	2.0	2.1	2.1	2.1	1.8	1.8	1.7	-0.3	9	5 537.3
BG	-	-	-	-	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	25	0.0
CZ	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	25	0.0
DK	6.1	6.0	5.5	5.2	5.1	4.9	4.8	4.9	5.1	5.0	5.0	5.0	-1.2	1	10 905.9
DE	2.6	2.9	2.9	2.8	2.8	2.6	2.5	2.7	2.7	2.7	2.7	2.7	0.1	4	62 012.6
EE	0.0	0.0	0.0	0.0	0.3	0.2	0.1	0.2	0.2	0.4	0.3	0.3	0.2	19	36.6
IE	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	-0.1	24	115.6
EL	0.7	0.7	0.8	0.9	1.0	0.9	0.9	0.9	0.9	0.9	1.0	1.1	0.4	11	2 269.2
ES	2.2	2.2	2.0	1.8	1.7	1.7	1.7	1.8	1.7	1.7	1.8	1.9	-0.4	8	18 260.7
FR	1.1	1.1	1.1	0.9	0.9	0.9	0.9	0.8	0.9	0.8	0.8	0.8	-0.3	15	15 030.8
IT	1.9	1.9	2.0	2.2	2.1	2.0	2.2	2.1	2.1	2.1	2.2	2.2	0.4	7	32 696.4
CY	-	-	-	-	-	-	-	-	-	0.1	0.1	0.1	-	23	10.5
LV	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	22	16.6
LT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.2	0.2	0.2	0.2	20	49.0
LU	1.8	1.7	1.8	1.5	1.5	1.5	1.4	1.3	1.4	1.4	1.4	1.3	-0.4	10	441.3
HU	0.8	0.8	0.7	0.7	0.9	0.9	0.9	0.9	0.9	0.8	0.8	0.9	0.1	13	788.1
MT	0.6	0.5	0.6	0.6	0.7	0.7	0.8	0.8	0.8	0.9	0.8	0.9	0.3	12	46.1
NL	4.2	3.8	3.5	2.9	2.9	2.9	2.4	2.4	2.5	2.5	2.4	2.6	-1.6	5	13 756.8
AT	2.0	2.1	2.2	2.3	2.4	2.3	2.4	2.5	2.6	2.5	2.3	2.4	0.4	6	6 117.6
PL	2.4	2.3	1.9	1.9	0.8	0.7	0.8	0.7	0.7	0.7	0.7	0.8	-1.5	16	2 255.3
PT	0.5	0.6	0.5	0.5	0.6	0.6	0.7	0.7	0.8	0.8	0.8	0.8	0.3	17	1 264.5
RO	-	-	-	-	-	-	-	0.0	0.0	0.0	0.0	-	-	n.a.	-
SI	0.6	0.7	0.7	0.8	0.8	0.7	0.9	0.9	1.0	1.0	0.9	0.9	0.3	14	266.2
SK	0.0	0.2	0.1	0.2	0.2	0.2	0.3	0.4	0.4	0.4	0.4	0.4	0.4	18	180.3
FI	4.2	4.2	3.6	3.2	2.9	2.9	2.7	2.8	2.7	2.7	2.8	2.8	-1.4	3	4 610.5
SE	4.5	4.4	4.2	4.1	4.1	3.7	3.6	3.5	4.0	4.0	3.9	3.8	-0.7	2	11 917.5
UK	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.0	21	3 318.5
NO	0.9	1.0	1.0	1.2	1.1	1.0	1.0	1.0	1.0	1.0	0.9	0.9	-0.1		2 385.8
<b>EU-27</b>															
weighted average	2.0	2.0	2.0	1.8	1.8	1.7	1.6	1.6	1.7	1.7	1.7	1.7	-0.3		
arithmetic average	1.6	1.6	1.5	1.5	1.4	1.3	1.3	1.3	1.3	1.2	1.2	1.3	-0.3		
<b>EA-15</b>															
weighted average	2.1	2.2	2.2	2.1	2.0	1.9	1.9	1.9	1.9	1.9	1.9	1.9	-0.2		
arithmetic average	1.8	1.8	1.7	1.6	1.6	1.6	1.5	1.6	1.6	1.5	1.5	1.5	-0.3		
<b>EU-25</b>															
weighted average	2.0	2.0	2.0	1.8	1.8	1.7	1.6	1.7	1.7	1.7	1.7	1.7	-0.3		
arithmetic average	1.6	1.6	1.5	1.5	1.4	1.4	1.4	1.4	1.4	1.3	1.3	1.4	-0.3		
<b>Convergence indicators</b>															
St.dev./mean %	85.3	81.3	78.1	77.4	77.7	78.6	76.7	76.5	78.5	79.1	78.5	77.0	-8.3		
Max-min	6.1	6.0	5.5	5.2	5.1	4.9	4.8	4.9	5.1	5.0	5.0	5.0	-1.2		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table C.2.2\_T: Taxes on Labour as % of Total Taxation: Non-employed

														Difference <sup>1)</sup>	Ranking <sup>2)</sup>	Revenue <sup>2)</sup>
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1995 to 2006		€ million	
BE	4.6	4.7	4.8	4.7	4.5	4.5	4.7	4.7	4.7	4.1	4.1	3.9	-0.7	9	5 537.3	
BG	-	-	-	-	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	25	0.0	
CZ	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	25	0.0	
DK	12.6	12.3	11.1	10.6	10.2	9.9	9.9	10.1	10.5	10.3	10.0	10.1	-2.5	1	10 905.9	
DE	6.5	7.1	7.2	6.9	6.6	6.1	6.3	6.7	6.8	6.9	7.1	6.8	0.3	3	62 012.6	
EE	0.1	0.1	0.1	0.1	0.7	0.6	0.5	0.7	0.7	1.2	1.1	0.9	0.8	19	36.6	
IE	0.5	0.5	0.4	0.4	0.3	0.3	0.2	0.2	0.3	0.2	0.2	0.2	-0.3	23	115.6	
EL	2.4	2.5	2.6	2.8	2.9	2.7	2.8	2.7	2.8	2.9	3.2	3.4	1.0	11	2 269.2	
ES	6.8	6.5	6.0	5.6	5.0	4.9	5.1	5.3	5.2	5.1	5.0	5.1	-1.7	8	18 260.7	
FR	2.7	2.5	2.5	2.0	2.0	2.1	2.0	2.0	2.0	1.9	1.9	1.9	-0.8	17	15 030.8	
IT	4.7	4.6	4.7	5.1	4.8	4.8	5.2	5.1	5.1	5.3	5.4	5.2	0.6	7	32 696.4	
CY	1.0	0.8	0.9	0.9	0.8	0.7	0.8	0.3	0.3	0.2	0.2	0.2	-0.8	24	10.5	
LV	0.0	0.0	0.0	0.1	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.3	0.3	22	16.6	
LT	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.5	0.6	0.6	0.6	0.7	0.6	20	49.0	
LU	4.7	4.5	4.5	3.8	4.0	3.8	3.4	3.2	3.6	3.7	3.7	3.7	-1.1	10	441.3	
HU	1.9	1.9	1.8	1.8	2.2	2.4	2.4	2.4	2.3	2.2	2.2	2.4	0.5	14	788.1	
MT	2.1	2.0	2.2	2.2	2.4	2.5	2.5	2.4	2.5	2.6	2.5	2.7	0.6	12	46.1	
NL	10.5	9.5	8.9	7.3	7.2	7.2	6.3	6.4	6.7	6.6	6.4	6.5	-3.9	4	13 756.8	
AT	4.7	4.9	5.1	5.3	5.5	5.4	5.4	5.7	5.9	5.8	5.6	5.7	0.9	6	6 117.6	
PL	6.4	6.2	5.3	5.4	2.4	2.3	2.5	2.3	2.3	2.1	2.2	2.5	-3.9	13	2 255.3	
PT	1.7	1.7	1.7	1.6	1.7	1.8	2.0	2.1	2.3	2.3	2.3	2.3	0.6	15	1 264.5	
RO	-	-	-	-	-	-	-	0.0	0.1	0.0	0.1	-	-	n.a.	-	
SI	1.5	1.8	1.8	2.0	2.0	1.9	2.4	2.4	2.5	2.5	2.2	2.2	0.7	16	266.2	
SK	0.1	0.6	0.3	0.5	0.7	0.7	1.0	1.3	1.2	1.2	1.3	1.4	1.3	18	180.3	
FI	9.1	8.9	7.7	6.8	6.4	6.2	6.0	6.2	6.2	6.3	6.4	6.4	-2.8	5	4 610.5	
SE	9.5	8.7	8.3	8.0	7.8	7.2	7.3	7.3	8.4	8.3	7.9	7.8	-1.7	2	11 917.5	
UK	0.5	0.5	0.4	0.5	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.0	21	3 318.5	
NO	2.3	2.3	2.4	2.8	2.7	2.4	2.4	2.4	2.4	2.3	2.2	2.0	-0.2		2 385.8	
<b>EU-27</b>																
weighted average	5.0	5.0	4.8	4.5	4.3	4.1	4.1	4.2	4.3	4.3	4.2	4.2	-0.9			
arithmetic average	3.8	3.7	3.5	3.4	3.2	3.0	3.1	3.0	3.1	3.1	3.0	3.2	-0.6			
<b>EA-15</b>																
weighted average	5.3	5.3	5.3	5.0	4.8	4.6	4.7	4.8	4.8	4.8	4.8	4.7	-0.6			
arithmetic average	4.2	4.2	4.1	3.8	3.7	3.7	3.7	3.7	3.8	3.8	3.7	3.7	-0.5			
<b>EU-25</b>																
weighted average	5.0	5.0	4.8	4.5	4.3	4.1	4.1	4.2	4.3	4.3	4.2	4.2	-0.9			
arithmetic average	3.8	3.7	3.5	3.4	3.2	3.2	3.2	3.2	3.3	3.3	3.3	3.3	-0.5			
<b>Convergence indicators</b>																
St.dev./mean %	73.5	69.9	67.8	66.3	65.7	66.8	65.3	65.7	66.9	66.9	66.1	66.4	-7.1			
Max-min	12.6	12.3	11.1	10.6	10.2	9.9	9.9	10.1	10.5	10.3	10.0	10.1	-2.5			

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table C.3\_G: Taxes on Capital as % of GDP: Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>	Revenue <sup>2)</sup> € million
BE	8.7	8.9	9.2	9.8	9.6	9.5	9.3	9.3	9.2	9.7	9.9	10.2	1.5	6	32 244.9
BG	-	-	-	-	-	5.3	6.0	5.8	5.8	5.6	5.6	6.3	-	21	1 569.6
CZ	7.3	6.1	6.5	6.0	6.4	6.2	6.7	6.9	7.2	8.4	7.9	8.0	0.7	13	9 157.4
DK	6.4	6.3	6.4	6.9	6.9	7.2	6.0	6.1	6.6	8.1	9.7	8.4	2.0	11	18 473.1
DE	5.6	6.4	6.3	6.6	7.1	7.0	5.5	5.2	5.4	5.8	6.4	6.8	1.2	18	158 075.0
EE	4.4	3.4	3.8	4.0	3.1	2.1	1.7	2.2	2.6	2.7	2.5	2.5	-1.9	26	335.3
IE	6.6	7.0	7.1	7.4	8.0	8.0	7.8	7.4	8.4	8.7	8.9	10.4	3.8	5	18 180.6
EL	6.6	6.4	7.0	8.1	8.7	9.8	8.3	8.2	7.6	7.4	7.6	7.2	0.6	15	15 367.6
ES	7.4	7.4	8.1	8.1	8.6	8.7	8.3	8.8	8.7	9.3	10.1	10.7	3.3	4	104 572.9
FR	8.0	8.7	9.0	9.2	9.6	9.6	9.8	9.1	8.8	9.4	9.6	10.0	2.0	8	178 907.9
IT	11.6	12.0	12.7	11.1	11.4	11.1	11.1	10.7	11.3	10.7	10.3	11.4	-0.2	2	168 011.0
CY	6.0	6.3	6.3	7.9	8.8	9.6	8.9	8.5	7.3	7.7	9.0	10.0	4.0	7	1 464.3
LV	3.7	3.2	4.0	4.2	3.9	2.9	3.3	3.0	2.5	2.6	2.8	3.0	-0.7	25	489.0
LT	3.6	3.4	3.2	2.9	2.6	2.3	2.0	2.0	2.5	3.1	3.3	4.0	0.4	24	954.0
LU	11.5	12.1	12.9	13.5	12.7	13.1	13.2	13.2	12.4	10.7	11.3	10.9	-0.6	3	3 690.2
HU	3.5	3.7	3.6	3.9	4.3	4.1	4.4	4.4	4.4	4.4	4.4	4.7	1.2	23	4 214.4
MT	6.1	5.5	5.9	5.7	5.9	6.3	6.9	7.9	8.7	9.3	9.0	9.4	3.2	9	473.6
NL	7.2	8.1	8.3	8.3	8.4	8.0	8.6	8.0	7.3	7.6	8.3	8.1	0.9	12	43 209.8
AT	6.1	6.9	7.0	7.3	6.8	6.9	8.4	7.2	6.8	7.0	6.7	6.8	0.7	19	17 477.6
PL	7.5	7.2	7.3	6.9	7.1	7.2	7.0	7.8	7.4	7.5	8.4	8.7	1.2	10	23 688.2
PT	6.0	6.5	6.9	6.9	7.5	7.8	7.2	7.4	7.4	6.7	6.6	7.0	0.9	17	10 846.8
RO	-	-	-	-	-	-	-	4.5	5.0	5.3	4.7	-	-	n.a.	-
SI	2.1	2.6	2.9	3.1	3.1	3.0	3.3	3.5	3.6	4.0	4.8	5.0	2.8	22	1 513.4
SK	10.9	9.8	8.2	8.0	7.9	6.9	7.1	7.0	6.8	6.5	6.3	6.4	-4.4	20	2 868.1
FI	5.8	6.3	7.1	7.9	8.0	9.9	7.8	7.6	6.8	7.1	7.1	7.2	1.4	14	12 003.8
SE	4.8	5.9	6.5	6.3	7.2	8.4	6.2	5.2	5.3	6.1	7.1	7.1	2.3	16	22 383.4
UK	9.1	9.5	10.2	10.7	10.8	11.1	11.1	10.3	10.0	10.3	11.0	11.9	2.9	1	228 390.6
NO	8.8	9.3	8.8	6.8	8.0	12.2	12.1	11.3	11.0	12.9	14.8	15.9	7.1		42 603.7
<b>EU-27</b>															
weighted average	7.6	8.2	8.6	8.6	8.9	9.0	8.6	8.2	8.1	8.4	8.8	9.4	1.8		
arithmetic average	6.7	6.8	7.1	7.2	7.4	7.4	7.2	6.9	6.9	7.1	7.4	7.8	1.1		
<b>EA-15</b>															
weighted average	7.5	8.1	8.5	8.4	8.8	8.8	8.3	8.0	8.0	8.2	8.5	9.0	1.6		
arithmetic average	7.0	7.4	7.8	8.1	8.3	8.6	8.3	8.1	8.0	8.1	8.4	8.7	1.7		
<b>EU-25</b>															
weighted average	7.6	8.2	8.6	8.6	8.9	9.0	8.6	8.2	8.1	8.5	8.9	9.4	1.8		
arithmetic average	6.7	6.8	7.1	7.2	7.4	7.5	7.2	7.1	7.0	7.2	7.6	7.8	1.2		
<b>Convergence indicators</b>															
St.dev./mean %	32.0	30.5	29.9	29.3	28.7	31.6	32.0	32.3	30.7	27.9	28.2	27.4	-4.6		
Max-min	9.5	9.5	10.0	10.6	10.1	11.1	11.5	11.2	10.0	8.1	8.8	9.4	-0.1		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services



Table C.3\_T: Taxes on Capital as % of Total Taxation: Total

													Difference <sup>1)</sup>	Ranking <sup>2)</sup>	Revenue <sup>2)</sup>
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1995 to 2006		€ million
BE	19.8	20.1	20.5	21.6	21.1	21.1	20.7	20.5	20.4	21.5	21.9	22.8	3.0	10	32 244.9
BG	-	-	-	-	-	16.1	19.0	19.3	17.9	16.4	16.3	18.2	-	16	1 569.6
CZ	20.3	17.6	18.6	18.0	18.7	18.3	19.8	19.8	20.2	22.4	21.3	22.2	1.9	12	9 157.4
DK	13.0	12.8	13.0	14.0	13.8	14.6	12.4	12.8	13.7	16.5	19.0	17.1	4.1	18	18 473.1
DE	14.0	15.7	15.4	16.2	17.1	16.7	13.7	13.2	13.6	15.0	16.6	17.3	3.3	17	158 075.0
EE	11.7	9.8	10.7	11.7	9.3	6.6	5.7	7.1	8.5	8.6	8.3	8.2	-3.5	26	335.3
IE	19.8	21.3	22.0	23.2	25.1	25.4	26.4	26.1	28.9	28.5	29.0	32.0	12.1	2	18 180.6
EL	22.6	21.7	22.8	25.0	26.1	28.2	25.1	24.4	23.6	23.5	24.4	22.9	0.3	9	15 367.6
ES	22.6	22.5	24.5	24.6	25.5	25.8	24.9	25.8	25.7	26.8	28.4	29.2	6.6	4	104 572.9
FR	18.8	19.7	20.3	20.9	21.3	21.9	22.3	21.1	20.4	21.8	21.9	22.6	3.8	11	178 907.9
IT	29.0	28.7	29.1	26.3	26.7	26.7	26.7	26.1	27.3	26.3	25.3	26.9	-2.0	7	168 011.0
CY	22.4	23.8	24.3	28.7	31.4	31.9	28.6	27.4	22.1	23.1	25.4	27.4	4.9	6	1 464.3
LV	11.3	10.5	12.4	12.6	12.2	9.8	11.7	10.5	8.6	9.2	9.6	10.0	-1.3	25	489.0
LT	12.6	12.0	10.3	9.0	8.1	7.7	7.1	6.9	9.0	10.9	11.6	13.5	1.0	22	954.0
LU	31.1	32.1	32.9	34.2	33.1	33.5	33.2	33.6	32.4	28.6	29.9	30.6	-0.5	3	3 690.2
HU	8.4	9.0	9.3	10.1	10.9	10.6	11.6	11.6	11.6	11.8	11.9	12.6	4.2	24	4 214.4
MT	22.9	21.8	21.6	22.2	21.7	22.5	22.8	25.2	27.7	28.1	26.7	27.7	4.8	5	473.6
NL	17.9	20.1	21.0	21.0	20.8	20.0	22.5	21.3	19.4	20.1	21.8	20.5	2.6	14	43 209.8
AT	14.7	16.2	15.9	16.6	15.5	16.1	18.9	16.5	15.7	16.3	15.8	16.2	1.5	20	17 477.6
PL	20.3	19.4	20.0	19.6	20.3	22.0	21.9	23.8	22.9	23.9	25.6	25.8	5.5	8	23 688.2
PT	19.0	19.9	21.0	20.9	22.1	22.7	21.3	21.5	21.3	19.6	18.9	19.5	0.5	15	10 846.8
RO	-	-	-	-	-	-	-	16.0	18.0	19.4	16.9	-	-	n.a.	-
SI	5.3	6.7	7.7	8.0	8.0	7.9	8.6	9.1	9.4	10.3	12.1	12.7	7.4	23	1 513.4
SK	27.0	24.8	21.9	21.7	22.5	20.4	21.4	21.1	20.6	20.5	20.2	21.9	-5.1	13	2 868.1
FI	12.6	13.5	15.4	17.1	17.5	21.0	17.6	17.1	15.4	16.4	16.2	16.5	3.9	19	12 003.8
SE	10.0	11.6	12.9	12.2	13.8	16.2	12.3	10.8	11.0	12.5	14.3	14.6	4.5	21	22 383.4
UK	25.8	27.2	28.9	29.5	29.2	29.8	29.8	28.9	28.2	28.8	30.2	32.0	6.2	1	228 390.6
NO	20.9	22.0	20.9	16.1	19.0	28.7	28.3	26.3	26.0	29.8	34.0	36.1	15.2		42 603.7
<b>EU-27</b>															
weighted average	19.1	20.2	21.1	21.3	21.8	22.2	21.5	20.9	20.8	21.6	22.4	23.4	4.3		
arithmetic average	18.1	18.3	18.9	19.4	19.7	19.7	19.5	19.2	19.0	19.5	20.0	20.8	2.7		
<b>EA-15</b>															
weighted average	18.8	20.0	20.6	20.6	21.1	21.2	20.6	20.0	20.1	20.9	21.5	22.3	3.6		
arithmetic average	19.5	20.2	21.0	21.8	22.2	22.7	22.2	21.9	21.6	21.7	22.3	23.0	3.5		
<b>EU-25</b>															
weighted average	19.1	20.2	21.1	21.3	21.8	22.2	21.5	20.9	20.8	21.7	22.5	23.4	4.3		
arithmetic average	18.1	18.3	18.9	19.4	19.7	19.9	19.5	19.3	19.1	19.6	20.2	20.9	2.8		
<b>Convergence indicators</b>															
St.dev./mean %	34.6	32.2	30.9	31.7	32.5	33.4	33.6	34.0	33.0	29.2	28.5	29.1	-5.6		
Max-min	25.8	25.4	25.2	26.2	25.1	26.9	27.6	26.7	23.9	20.2	21.8	23.8	-2.0		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table 3.1\_G: Taxes on Capital as % of GDP: Capital and business income

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>	Revenue <sup>2)</sup> € million
BE	5.8	5.8	5.9	6.4	6.2	6.2	6.0	5.9	5.6	5.9	6.2	6.4	0.6	9	20 169.8
BG	-	-	-	-	-	4.8	5.6	5.3	5.2	4.9	4.8	5.4	-	18	1 358.9
CZ	6.4	5.1	5.6	5.1	5.5	5.3	5.8	6.0	6.4	7.7	7.2	7.3	1.0	4	8 368.5
DK	4.5	4.5	4.6	4.9	4.9	4.8	3.4	3.4	3.8	5.3	6.9	5.6	1.1	17	12 392.7
DE	4.4	5.2	5.2	5.5	5.9	5.9	4.4	4.2	4.3	4.7	5.3	5.7	1.3	15	132 754.0
EE	2.7	1.8	2.2	2.9	2.2	1.4	1.1	1.6	2.1	2.1	2.0	2.0	-0.7	26	263.6
IE	4.5	5.0	5.2	5.4	5.9	6.0	5.9	5.6	6.2	6.3	6.2	7.2	2.7	7	12 615.1
EL	5.1	4.7	5.1	6.3	6.4	7.4	6.4	6.5	6.1	6.0	6.2	5.7	0.6	16	12 108.6
ES	5.0	5.1	5.7	5.5	5.8	5.9	5.6	5.9	5.7	6.0	6.5	6.9	1.9	8	67 501.9
FR	3.8	4.2	4.3	4.5	4.8	5.1	5.3	4.7	4.4	4.8	4.9	5.3	1.5	20	94 732.4
IT	7.7	8.4	8.9	7.8	8.4	8.5	8.6	7.8	8.7	7.9	7.6	8.6	0.9	1	126 855.0
CY	4.6	5.0	4.9	6.4	7.4	7.1	7.1	7.0	5.6	5.3	6.3	7.7	3.1	2	1 123.9
LV	1.9	1.9	2.2	2.4	2.1	1.7	2.0	2.1	1.6	1.8	2.1	2.4	0.6	25	392.2
LT	2.7	2.3	2.2	2.0	1.6	1.5	1.3	1.2	1.9	2.4	2.7	3.4	0.7	23	811.6
LU	8.9	9.2	9.8	10.0	8.8	8.9	9.3	10.0	9.5	7.7	8.1	7.6	-1.3	3	2 556.8
HU	2.8	2.8	2.8	3.0	3.3	3.1	3.4	3.4	3.2	3.1	3.1	3.4	0.6	24	3 042.6
MT	4.8	4.3	4.8	4.5	4.8	5.2	5.7	6.4	7.1	6.8	6.8	7.2	2.4	6	366.0
NL	5.3	6.0	6.4	6.2	6.2	5.8	6.4	5.8	5.1	5.3	5.9	6.0	0.7	11	31 836.8
AT	4.9	5.7	5.9	6.1	5.6	5.7	7.3	6.1	5.7	5.9	5.6	5.7	0.9	14	14 800.9
PL	5.4	5.1	5.2	5.0	5.4	5.5	5.3	5.8	5.6	5.7	6.2	6.2	0.8	10	16 821.2
PT	4.3	4.9	5.2	5.1	5.5	5.8	5.3	5.2	4.7	4.7	4.6	4.8	0.4	21	7 410.1
RO	-	-	-	-	-	-	-	4.0	4.4	4.7	4.1	-	-	n.a.	-
SI	1.5	2.0	2.2	2.2	2.2	2.1	2.3	2.6	2.8	3.1	3.8	4.0	2.5	22	1 227.8
SK	10.0	8.5	7.3	7.1	7.1	6.1	6.3	6.2	6.0	5.7	5.6	5.8	-4.2	13	2 580.5
FI	4.6	5.1	5.9	6.6	6.7	8.6	6.6	6.4	5.6	5.7	5.7	5.9	1.3	12	9 812.8
SE	3.4	3.8	4.3	4.2	5.0	6.3	4.3	3.3	3.5	4.3	5.3	5.4	2.0	19	16 846.1
UK	5.4	5.8	6.4	6.8	6.6	6.7	6.7	5.9	5.7	5.9	6.6	7.3	1.9	5	138 850.7
NO	6.5	7.0	6.8	4.9	6.3	10.6	10.6	9.8	9.5	11.4	13.5	14.5	8.0		38 931.2
<b>EU-27</b>															
weighted average	5.0	5.5	5.8	5.9	6.1	6.3	5.9	5.5	5.4	5.6	6.0	6.4	1.4		
arithmetic average	4.8	4.9	5.1	5.3	5.4	5.4	5.3	5.1	5.0	5.2	5.4	5.7	0.9		
<b>EA-15</b>															
weighted average	5.0	5.6	5.8	5.8	6.2	6.3	5.9	5.5	5.5	5.6	5.9	6.3	1.3		
arithmetic average	5.0	5.4	5.7	5.9	6.1	6.3	6.1	6.0	5.8	5.7	6.0	6.3	1.3		
<b>EU-25</b>															
weighted average	5.0	5.5	5.8	5.9	6.1	6.3	5.9	5.5	5.4	5.6	6.0	6.4	1.4		
arithmetic average	4.8	4.9	5.1	5.3	5.4	5.5	5.3	5.2	5.1	5.2	5.5	5.7	0.9		
<b>Convergence indicators</b>															
St.dev./mean %	39.3	34.6	32.7	32.0	30.7	32.9	34.8	36.0	34.1	28.5	26.8	25.5	-13.8		
Max-min	8.5	7.3	7.6	8.0	7.3	7.5	8.2	8.8	7.9	6.0	6.1	6.6	-1.9		

1) in percentage points 2) Based on 2006 data

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

														Difference <sup>1)</sup>	Ranking <sup>2)</sup>	Revenue <sup>2)</sup>
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1995 to 2006		€ million	
BE	13.3	13.2	13.2	14.2	13.5	13.6	13.4	13.0	12.6	13.1	13.7	14.3	1.0	15	20 169.8	
BG	-	-	-	-	-	14.8	17.7	17.6	15.9	14.4	14.2	15.7	-	12	1 358.9	
CZ	17.6	14.8	16.0	15.3	16.0	15.6	17.2	17.3	17.8	20.5	19.5	20.2	2.7	6	8 368.5	
DK	9.2	9.2	9.3	10.0	9.8	9.7	7.0	7.2	7.9	10.9	13.5	11.5	2.2	21	12 392.7	
DE	11.2	12.7	12.8	13.4	14.3	14.1	11.0	10.6	11.0	12.2	13.8	14.6	3.4	14	132 754.0	
EE	7.2	5.3	6.2	8.2	6.5	4.4	3.6	5.1	6.7	6.7	6.5	6.4	-0.8	26	263.6	
IE	13.8	15.0	15.9	17.0	18.5	19.0	19.7	19.8	21.3	20.6	20.2	22.2	8.4	1	12 615.1	
EL	17.4	16.0	16.7	19.5	19.3	21.3	19.3	19.5	18.8	19.3	19.8	18.0	0.6	11	12 108.6	
ES	15.2	15.4	17.0	16.6	17.2	17.5	16.7	17.3	16.7	17.3	18.3	18.9	3.7	9	67 501.9	
FR	8.8	9.5	9.8	10.1	10.8	11.6	12.2	11.0	10.2	11.2	11.2	12.0	3.2	19	94 732.4	
IT	19.2	20.1	20.4	18.4	19.8	20.4	20.7	19.1	21.0	19.4	18.7	20.3	1.1	5	126 855.0	
CY	17.3	18.8	19.1	23.1	26.3	23.8	22.8	22.5	16.9	15.7	17.8	21.0	3.7	4	1 123.9	
LV	5.6	6.1	7.0	7.0	6.6	5.9	7.1	7.5	5.6	6.4	7.2	8.0	2.4	25	392.2	
LT	9.4	8.4	7.1	6.2	5.0	4.8	4.6	4.4	6.7	8.5	9.5	11.5	2.1	20	811.6	
LU	24.0	24.4	24.8	25.4	23.1	22.8	23.5	25.5	24.8	20.7	21.3	21.2	-2.7	3	2 556.8	
HU	6.7	6.8	7.1	7.7	8.4	8.1	9.0	9.0	8.5	8.3	8.3	9.1	2.4	24	3 042.6	
MT	18.0	17.1	17.3	17.6	17.6	18.5	18.6	20.3	22.6	20.6	20.1	21.4	3.4	2	366.0	
NL	13.2	15.0	16.1	15.7	15.4	14.4	16.7	15.3	13.6	14.2	15.5	15.1	1.9	13	31 836.8	
AT	11.8	13.5	13.3	13.9	12.9	13.4	16.4	14.0	13.2	13.9	13.4	13.7	1.9	16	14 800.9	
PL	14.5	13.8	14.2	14.3	15.5	17.0	16.6	17.8	17.3	18.1	18.8	18.3	3.8	10	16 821.2	
PT	13.6	14.9	15.9	15.4	16.1	16.9	15.5	14.9	13.5	13.9	13.0	13.3	-0.3	18	7 410.1	
RO	-	-	-	-	-	-	-	14.1	15.7	17.2	14.6	-	-	n.a.	-	
SI	3.7	5.1	5.8	5.6	5.7	5.6	6.1	6.9	7.3	8.0	9.7	10.3	6.6	23	1 227.8	
SK	24.8	21.5	19.5	19.4	20.1	18.0	19.0	18.7	18.2	18.1	17.9	19.7	-5.0	7	2 580.5	
FI	10.1	10.8	12.7	14.3	14.7	18.2	14.8	14.3	12.6	13.2	12.9	13.5	3.4	17	9 812.8	
SE	7.0	7.6	8.5	8.1	9.7	12.1	8.5	7.0	7.2	8.8	10.7	11.0	4.0	22	16 846.1	
UK	15.3	16.5	18.1	18.5	17.9	17.8	18.1	16.7	16.1	16.6	18.0	19.4	4.1	8	138 850.7	
NO	15.4	16.6	16.0	11.7	14.8	25.0	24.7	22.7	22.4	26.3	30.9	33.0	17.6		38 931.2	
<b>EU-27</b>																
weighted average	12.6	13.7	14.4	14.5	15.0	15.4	14.8	13.9	13.9	14.4	15.2	16.0	3.4			
arithmetic average	13.1	13.3	13.7	14.2	14.4	14.6	14.5	14.3	14.1	14.4	14.7	15.4	2.3			
<b>EA-15</b>																
weighted average	12.5	13.7	14.2	14.2	14.8	15.2	14.6	13.8	13.9	14.3	14.8	15.6	3.1			
arithmetic average	14.0	14.8	15.4	16.0	16.3	16.7	16.5	16.3	15.7	15.5	16.0	16.7	2.6			
<b>EU-25</b>																
weighted average	12.6	13.7	14.4	14.5	15.0	15.4	14.8	13.9	13.9	14.4	15.2	16.0	3.4			
arithmetic average	13.1	13.3	13.7	14.2	14.4	14.6	14.3	14.2	13.9	14.2	14.8	15.4	2.3			
<b>Convergence indicators</b>																
St.dev./mean %	43.0	37.6	35.3	36.5	37.1	35.9	38.5	40.3	38.7	31.9	28.5	28.9	-14.1			
Max-min	21.1	19.3	19.0	19.8	21.3	19.3	19.9	21.1	19.2	14.2	14.9	15.8	-5.3			

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table C.3.1.1\_G: Taxes on Capital as % of GDP: Income of Corporations

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>	Revenue <sup>2)</sup> € million
BE	2.3	2.7	2.8	3.4	3.2	3.2	3.1	3.0	2.9	3.2	3.5	3.7	1.4	10	11 715.7
BG	-	-	-	-	-	2.9	3.8	3.6	3.5	3.1	3.0	3.8	-	9	941.8
CZ	4.6	3.4	3.8	3.4	3.8	3.5	4.1	4.3	4.6	4.7	4.5	4.5	-0.1	4	5 096.1
DK	2.3	2.5	2.7	3.0	2.4	3.3	2.8	2.9	2.9	3.2	3.9	4.3	2.0	5	9 470.7
DE	2.1	2.4	2.6	2.7	2.8	3.0	1.7	1.7	1.9	2.2	2.5	3.0	1.0	16	70 050.0
EE	2.4	1.6	1.8	2.4	2.0	0.9	0.7	1.1	1.6	1.7	1.4	1.5	-0.9	27	199.6
IE	2.7	3.1	3.2	3.3	3.8	3.7	3.5	3.7	3.7	3.6	3.4	3.8	1.1	8	6 685.0
EL	2.3	2.0	2.3	2.8	3.1	4.1	3.3	3.4	2.9	3.0	3.2	2.7	0.3	22	5 689.0
ES	1.9	2.0	2.7	2.5	2.9	3.1	2.9	3.3	3.1	3.5	3.9	4.2	2.3	6	41 483.0
FR	1.8	2.0	2.3	2.3	2.7	2.8	3.1	2.5	2.1	2.7	2.7	2.9	1.1	19	51 877.0
IT	2.9	3.3	3.8	2.8	3.2	2.9	3.7	3.1	3.5	3.0	2.8	3.5	0.6	13	51 310.1
CY	4.2	4.7	4.6	5.8	6.7	6.2	6.2	6.0	4.3	3.7	4.6	5.5	1.3	1	803.1
LV	1.8	1.8	2.2	2.3	2.0	1.6	1.9	1.9	1.5	1.7	2.0	2.3	0.4	26	364.6
LT	2.1	1.8	1.6	1.3	0.8	0.7	0.5	0.6	1.4	1.9	2.1	2.8	0.7	21	663.2
LU	6.6	6.8	7.5	7.6	6.7	7.0	7.3	8.0	7.4	5.7	5.8	5.0	-1.6	2	1 680.3
HU	1.9	1.8	1.9	2.2	2.3	2.2	2.3	2.3	2.2	2.2	2.2	2.4	0.5	24	2 149.9
MT	2.6	2.3	2.6	2.5	2.7	2.9	3.2	3.9	4.5	4.0	4.0	4.5	1.9	3	227.9
NL	3.3	4.1	4.5	4.5	4.5	4.3	4.2	3.6	3.0	3.4	3.7	3.7	0.4	11	19 710.0
AT	1.6	2.1	2.2	2.3	2.0	2.2	3.2	2.4	2.2	2.3	2.3	2.4	0.8	25	6 082.5
PL	2.7	2.7	2.7	2.6	2.4	2.4	1.9	2.0	1.8	2.2	2.5	2.4	-0.3	23	6 521.0
PT	2.4	2.8	3.2	3.2	3.6	3.9	3.4	3.4	2.9	3.0	2.8	3.0	0.6	17	4 649.2
RO	-	-	-	-	-	-	-	2.6	2.8	3.2	2.7	2.9	-	18	2 877.4
SI	0.5	0.9	1.1	1.0	1.2	1.2	1.3	1.6	1.8	2.0	2.8	3.0	2.5	15	920.2
SK	6.0	4.3	3.7	3.2	3.1	2.6	2.6	2.5	2.8	2.6	2.7	2.8	-3.2	20	1 262.5
FI	2.3	2.8	3.5	4.3	4.3	5.9	4.2	4.2	3.4	3.5	3.3	3.4	1.1	14	5 615.0
SE	2.6	2.6	2.8	2.6	3.1	3.8	2.6	2.1	2.2	2.9	3.6	3.6	1.0	12	11 374.9
UK	2.8	3.2	3.9	3.9	3.6	3.6	3.5	2.9	2.8	2.9	3.4	4.0	1.2	7	77 033.4
NO	4.8	5.2	5.0	3.2	4.5	8.9	8.9	8.1	8.0	9.8	11.8	12.9	8.1		34 593.3
<b>EU-27</b>															
weighted average	2.3	2.7	3.0	3.0	3.1	3.2	3.0	2.7	2.6	2.8	3.0	3.4	1.1		
arithmetic average	2.8	2.8	3.0	3.1	3.2	3.2	3.1	3.1	2.9	3.0	3.2	3.4	0.6		
<b>EA-15</b>															
weighted average	2.2	2.6	2.9	2.8	3.0	3.1	2.9	2.7	2.6	2.8	2.9	3.3	1.1		
arithmetic average	2.6	2.9	3.2	3.4	3.6	3.8	3.6	3.6	3.3	3.3	3.4	3.6	1.0		
<b>EU-25</b>															
weighted average	2.3	2.7	3.0	3.0	3.1	3.2	3.0	2.7	2.6	2.8	3.0	3.4	1.1		
arithmetic average	2.8	2.8	3.0	3.1	3.2	3.2	3.1	3.1	2.9	3.0	3.2	3.4	0.6		
<b>Convergence indicators</b>															
St.dev./mean %	57.5	45.3	42.2	45.8	44.2	46.5	49.5	55.4	47.7	31.8	30.8	26.8	-30.7		
Max-min	6.0	5.9	6.4	6.6	5.9	6.3	6.8	7.4	6.0	4.0	4.4	4.0	-2.0		

1) in percentage points 2) Based on 2006 data

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

														Difference <sup>1)</sup>	Ranking <sup>2)</sup>	Revenue <sup>2)</sup>
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1995 to 2006	€ million		
BE	5.4	6.0	6.3	7.4	7.1	7.1	6.9	6.7	6.4	7.1	7.7	8.3	2.9	16	11 715.7	
BG	-	-	-	-	-	9.0	12.0	11.9	10.7	9.2	8.8	10.9	-	7	941.8	
CZ	12.7	9.7	11.0	10.1	11.2	10.3	12.0	12.3	12.8	12.5	12.0	12.3	-0.3	4	5 096.1	
DK	4.8	5.1	5.5	6.1	4.8	6.6	5.7	6.0	6.0	6.4	7.7	8.8	4.0	13	9 470.7	
DE	5.2	5.9	6.3	6.5	6.8	7.1	4.3	4.2	4.7	5.7	6.5	7.7	2.5	20	70 050.0	
EE	6.4	4.5	5.0	7.0	5.8	2.9	2.3	3.6	5.1	5.4	4.7	4.9	-1.6	27	199.6	
IE	8.3	9.3	9.8	10.5	11.9	11.7	11.9	13.0	12.7	11.8	11.0	11.8	3.5	5	6 685.0	
EL	8.0	6.8	7.5	8.6	9.5	12.0	10.1	10.0	9.1	9.6	10.3	8.5	0.4	14	5 689.0	
ES	5.8	6.1	8.1	7.7	8.7	9.2	8.6	9.6	9.3	10.0	11.0	11.6	5.8	6	41 483.0	
FR	4.2	4.7	5.2	5.3	5.9	6.3	7.0	5.9	5.0	6.3	6.1	6.5	2.4	24	51 877.0	
IT	7.1	8.0	8.6	6.6	7.6	6.9	8.9	7.7	8.5	7.5	7.0	8.2	1.1	17	51 310.1	
CY	15.8	17.6	17.9	20.9	23.9	20.6	20.1	19.2	13.1	11.1	13.1	15.0	-0.8	1	803.1	
LV	5.5	5.9	6.8	6.8	6.4	5.3	6.6	6.8	5.2	6.0	6.9	7.5	2.0	21	364.6	
LT	7.4	6.4	5.0	4.1	2.6	2.3	1.9	2.1	4.9	6.6	7.3	9.4	2.0	11	663.2	
LU	17.7	18.1	19.0	19.4	17.4	17.8	18.4	20.4	19.2	15.3	15.4	13.9	-3.7	2	1 680.3	
HU	4.5	4.5	4.9	5.5	5.9	5.6	6.0	6.1	5.9	5.7	5.8	6.4	1.9	25	2 149.9	
MT	9.8	9.0	9.5	9.7	10.0	10.3	10.6	12.3	14.5	12.0	11.8	13.3	3.5	3	227.9	
NL	8.1	10.1	11.4	11.4	11.0	10.7	11.0	9.4	8.1	9.0	9.7	9.3	1.2	12	19 710.0	
AT	3.8	4.9	5.0	5.3	4.5	5.1	7.2	5.5	5.2	5.5	5.4	5.6	1.8	26	6 082.5	
PL	7.3	7.1	7.5	7.3	6.9	7.5	5.8	6.3	5.6	7.1	7.6	7.1	-0.2	23	6 521.0	
PT	7.4	8.4	9.6	9.5	10.6	11.3	10.0	9.9	8.2	8.7	7.9	8.3	0.9	15	4 649.2	
RO	-	-	-	-	-	-	-	9.2	10.0	11.6	9.7	10.3	-	9	2 877.4	
SI	1.3	2.4	2.8	2.6	3.1	3.1	3.4	4.1	4.6	5.0	7.2	7.7	6.4	19	920.2	
SK	15.0	11.0	9.8	8.9	8.8	7.7	7.9	7.6	8.3	8.2	8.7	9.7	-5.4	10	1 262.5	
FI	5.0	6.0	7.5	9.4	9.4	12.5	9.4	9.3	7.7	8.1	7.6	7.7	2.7	18	5 615.0	
SE	5.4	5.1	5.6	5.1	5.9	7.3	5.3	4.3	4.6	6.0	7.4	7.4	2.0	22	11 374.9	
UK	7.9	9.2	11.1	10.8	9.8	9.7	9.5	8.1	7.9	8.1	9.3	10.8	2.8	8	77 033.4	
NO	11.4	12.3	11.8	7.5	10.7	20.9	20.7	18.9	18.9	22.7	27.0	29.3	18.0		34 593.3	
<b>EU-27</b>																
weighted average	5.9	6.6	7.5	7.3	7.6	7.9	7.4	6.8	6.7	7.3	7.7	8.5	2.7			
arithmetic average	7.6	7.7	8.3	8.5	8.6	8.7	8.6	8.6	8.3	8.4	8.7	9.2	1.6			
<b>EA-15</b>																
weighted average	5.5	6.3	7.0	6.8	7.3	7.6	7.2	6.7	6.5	7.1	7.4	8.1	2.6			
arithmetic average	7.5	8.2	9.0	9.4	9.8	10.1	9.8	9.8	9.1	8.9	9.2	9.6	2.0			
<b>EU-25</b>																
weighted average	5.9	6.6	7.5	7.3	7.6	7.9	7.4	6.8	6.7	7.3	7.7	8.5	2.7			
arithmetic average	7.6	7.7	8.3	8.5	8.6	8.7	8.4	8.4	8.1	8.2	8.6	9.1	1.5			
<b>Convergence indicators</b>																
St.dev./mean %	67.1	56.3	51.1	56.6	59.6	53.3	57.2	63.3	54.5	36.3	32.7	29.8	-37.3			
Max-min	16.3	15.7	16.2	18.3	21.3	18.3	18.2	18.4	14.6	10.3	10.8	10.2	-6.2			

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table C.3.1.2\_G: Taxes on Capital as % of GDP: Income of households

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>	Revenue <sup>2)</sup> € million
BE	1.0	0.7	0.7	0.6	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	-0.6	17	1 265.9
BG	-	-	-	-	-	0.1	0.1	0.1	0.1	0.1	0.1	0.1	-	25	26.6
CZ	0.2	0.3	0.3	0.3	0.2	0.3	0.2	0.2	0.2	0.1	0.1	0.1	-0.1	24	121.7
DK	0.9	0.8	0.8	0.6	1.2	0.4	-0.6	-0.5	-0.1	1.1	1.9	0.3	-0.6	19	666.7
DE	0.3	0.3	0.3	0.4	0.4	0.4	0.3	0.3	0.4	0.5	0.5	0.5	0.2	16	11 638.7
EE	0.1	0.1	0.3	0.2	0.1	0.2	0.1	0.2	0.2	0.1	0.3	0.2	0.1	20	32.8
IE	0.5	0.6	0.7	0.8	0.8	1.1	1.2	0.8	1.5	1.6	1.8	2.3	1.8	1	4 034.3
EL	0.7	0.7	0.8	1.0	0.8	0.8	0.7	0.7	0.7	0.6	0.7	0.7	0.0	14	1 528.3
ES	0.8	0.8	0.7	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.8	0.9	0.0	12	8 503.7
FR	0.4	0.5	0.5	0.8	0.8	0.9	0.8	0.8	0.8	0.7	0.8	1.0	0.6	9	17 661.4
IT	1.8	2.0	2.0	1.6	1.6	2.1	1.4	1.3	1.1	1.1	1.2	1.3	-0.4	6	19 526.1
CY	0.3	0.2	0.2	0.5	0.6	0.8	0.7	0.8	1.1	1.1	1.2	1.7	1.5	3	255.8
LV	0.0	0.0	0.0	0.0	0.0	0.2	0.1	0.2	0.1	0.0	0.0	0.1	0.1	26	15.9
LT	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.3	0.2	0.3	0.4	0.3	0.2	18	74.3
LU	0.8	0.9	0.8	0.9	0.9	0.8	0.7	0.6	0.7	0.7	1.0	1.4	0.6	5	477.8
HU	0.6	0.7	0.6	0.6	0.6	0.6	0.7	0.7	0.6	0.6	0.6	0.6	0.0	15	553.1
MT	1.2	1.0	1.0	1.1	1.0	1.1	1.3	1.4	1.5	1.7	1.7	1.7	0.5	4	84.1
NL	-0.5	-0.5	-0.5	-0.4	-0.5	-0.8	0.3	0.1	0.0	0.0	0.2	0.1	0.6	23	693.8
AT	1.0	1.1	1.0	1.0	0.9	0.9	0.9	0.9	0.8	0.8	0.7	0.8	-0.2	13	2 046.6
PL	0.0	0.1	0.0	0.1	0.1	0.2	0.1	0.2	0.3	0.2	0.2	0.2	0.2	21	554.7
PT	1.1	1.1	1.0	1.0	1.0	1.0	1.0	0.9	0.9	0.9	0.9	0.9	-0.2	11	1 388.6
RO	-	-	-	-	-	-	-	1.2	1.2	1.2	0.8	1.0	-	8	991.9
SI	0.2	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.3	0.2	0.2	-0.1	22	56.6
SK	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.0	0.0	-0.1	27	16.8
FI	0.4	0.5	0.6	0.7	0.9	1.1	0.9	0.6	0.6	0.7	0.8	0.9	0.5	10	1 538.7
SE	0.1	0.6	0.8	0.9	1.3	1.7	0.9	0.6	0.6	0.7	0.9	1.1	0.9	7	3 298.5
UK	1.1	1.1	1.1	1.4	1.5	1.6	1.7	1.5	1.4	1.5	1.7	1.8	0.6	2	33 650.1
NO	0.6	0.8	0.8	0.7	0.7	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.1		1 923.9
<b>EU-27</b>															
weighted average	0.7	0.7	0.8	0.8	0.9	0.9	0.9	0.8	0.8	0.8	0.9	1.0	0.3		
arithmetic average	0.5	0.6	0.6	0.6	0.7	0.7	0.6	0.6	0.6	0.7	0.7	0.8	0.2		
<b>EA-15</b>															
weighted average	0.6	0.7	0.7	0.7	0.7	0.8	0.7	0.7	0.7	0.7	0.8	0.8	0.2		
arithmetic average	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.7	0.8	0.8	0.9	1.0	0.3		
<b>EU-25</b>															
weighted average	0.7	0.7	0.8	0.8	0.9	0.9	0.9	0.8	0.8	0.8	0.9	1.0	0.3		
arithmetic average	0.5	0.6	0.6	0.6	0.7	0.7	0.6	0.6	0.6	0.7	0.8	0.8	0.2		
<b>Convergence indicators</b>															
St.dev./mean %	74.0	67.3	64.8	56.9	58.2	64.0	59.5	59.2	61.7	61.5	61.0	64.8	-9.2		
Max-min	2.2	2.5	2.5	2.0	2.1	2.9	2.2	2.0	1.6	1.7	1.9	2.3	0.1		

1) in percentage points 2) Based on 2006 data

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

														Difference <sup>1)</sup>	Ranking <sup>2)</sup>	Revenue <sup>2)</sup>
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1995 to 2006		€ million	
BE	2.2	1.5	1.5	1.2	1.0	1.1	1.1	1.0	0.9	0.8	0.8	0.9	-1.3	18	1 265.9	
BG	-	-	-	-	-	0.3	0.3	0.3	0.2	0.2	0.2	0.3	-	25	26.6	
CZ	0.7	0.8	0.7	0.8	0.7	0.9	0.7	0.4	0.5	0.4	0.3	0.3	-0.4	26	121.7	
DK	1.8	1.5	1.5	1.3	2.4	0.8	-1.2	-1.0	-0.3	2.3	3.8	0.6	-1.2	20	666.7	
DE	0.7	0.8	0.7	0.9	0.9	0.9	0.8	0.8	1.0	1.2	1.4	1.3	0.6	16	11 638.7	
EE	0.3	0.3	0.7	0.4	0.3	0.5	0.4	0.6	0.7	0.4	1.0	0.8	0.5	19	32.8	
IE	1.5	1.7	2.0	2.4	2.7	3.6	4.1	2.9	5.2	5.2	5.7	7.1	5.6	1	4 034.3	
EL	2.3	2.4	2.5	3.1	2.4	2.2	2.1	2.1	2.1	2.0	2.2	2.3	0.0	10	1 528.3	
ES	2.5	2.4	2.1	2.3	2.4	2.4	2.3	2.2	2.1	2.0	2.3	2.4	-0.2	9	8 503.7	
FR	1.0	1.0	1.2	1.7	1.8	2.0	1.8	1.9	1.9	1.7	1.8	2.2	1.2	11	17 661.4	
IT	4.4	4.7	4.6	3.8	3.8	5.0	3.5	3.2	2.7	2.8	2.9	3.1	-1.2	7	19 526.1	
CY	1.0	0.8	0.7	1.8	2.0	2.8	2.4	2.6	3.3	3.3	3.4	4.8	3.7	3	255.8	
LV	0.0	0.1	0.1	0.1	0.1	0.5	0.3	0.6	0.3	0.2	0.1	0.3	0.3	24	15.9	
LT	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.9	0.8	1.2	1.4	1.1	0.7	17	74.3	
LU	2.2	2.4	2.1	2.2	2.5	2.0	1.7	1.6	1.8	2.0	2.6	4.0	1.7	5	477.8	
HU	1.5	1.6	1.6	1.6	1.6	1.7	1.8	1.8	1.7	1.6	1.6	1.7	0.2	15	553.1	
MT	4.5	4.1	3.6	4.2	3.8	4.0	4.3	4.6	4.7	5.2	4.9	4.9	0.4	2	84.1	
NL	-1.1	-1.2	-1.2	-1.1	-1.1	-2.0	0.8	0.4	0.0	0.0	0.6	0.3	1.5	23	693.8	
AT	2.3	2.5	2.3	2.2	2.0	2.0	2.1	2.0	1.8	1.8	1.7	1.9	-0.4	14	2 046.6	
PL	0.1	0.2	0.1	0.2	0.3	0.5	0.4	0.7	0.8	0.5	0.5	0.6	0.5	21	554.7	
PT	3.3	3.3	3.2	3.1	2.9	3.0	2.9	2.7	2.7	2.7	2.5	2.5	-0.8	8	1 388.6	
RO	-	-	-	-	-	-	-	4.2	4.5	4.3	3.0	3.6	-	6	991.9	
SI	0.6	0.7	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.7	0.5	0.5	-0.1	22	56.6	
SK	0.5	0.5	0.6	0.6	0.6	0.5	0.5	0.4	0.3	0.2	0.1	0.1	-0.3	27	16.8	
FI	0.9	1.1	1.4	1.5	1.9	2.4	2.0	1.2	1.3	1.6	1.9	2.1	1.2	13	1 538.7	
SE	0.3	1.1	1.5	1.7	2.5	3.3	1.8	1.3	1.3	1.4	1.9	2.2	1.9	12	3 298.5	
UK	3.2	3.3	3.1	3.8	4.2	4.2	4.4	4.3	4.0	4.3	4.5	4.7	1.5	4	33 650.1	
NO	1.5	1.9	1.8	1.6	1.8	1.9	1.8	1.6	1.5	1.5	1.7	1.6	0.1		1 923.9	
<b>EU-27</b>																
weighted average	1.7	1.8	1.9	2.0	2.1	2.3	2.1	2.0	2.0	2.1	2.3	2.4	0.7			
arithmetic average	1.5	1.5	1.5	1.6	1.7	1.8	1.6	1.6	1.7	1.8	2.0	2.1	0.6			
<b>EA-15</b>																
weighted average	1.5	1.7	1.7	1.8	1.8	2.0	1.8	1.7	1.7	1.7	1.9	2.1	0.5			
arithmetic average	1.9	1.9	1.8	2.0	2.0	2.1	2.2	2.0	2.1	2.2	2.3	2.7	0.8			
<b>EU-25</b>																
weighted average	1.7	1.8	1.9	2.0	2.1	2.3	2.1	2.0	2.0	2.1	2.3	2.4	0.7			
arithmetic average	1.5	1.5	1.5	1.6	1.7	1.8	1.7	1.6	1.7	1.8	2.0	2.1	0.6			
<b>Convergence indicators</b>																
St.dev./mean %	83.2	74.7	68.3	64.5	61.7	66.5	65.1	67.9	76.3	73.0	65.9	74.7	-8.5			
Max-min	5.6	5.9	5.8	5.2	5.3	7.0	5.7	5.5	5.4	5.2	5.7	7.0	1.3			

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table C.3.1.3\_G: Taxes on Capital as % of GDP: Income of self-employed

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>	Revenue <sup>2)</sup> € million
BE	2.5	2.5	2.4	2.5	2.5	2.4	2.4	2.4	2.4	2.4	2.3	2.3	-0.2	7	7 188.2
BG	-	-	-	-	-	1.8	1.7	1.6	1.6	1.7	1.8	1.6	-	12	390.5
CZ	1.5	1.5	1.5	1.4	1.4	1.5	1.5	1.6	1.6	2.9	2.6	2.8	1.2	4	3 150.7
DK	1.3	1.2	1.1	1.3	1.3	1.1	1.2	1.0	1.0	1.0	1.0	1.0	-0.3	18	2 255.2
DE	2.1	2.4	2.3	2.5	2.7	2.5	2.3	2.2	2.1	2.0	2.3	2.2	0.1	8	51 065.3
EE	0.2	0.2	0.2	0.3	0.2	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.1	25	31.2
IE	1.3	1.3	1.3	1.3	1.2	1.1	1.1	1.1	1.0	1.1	1.1	1.1	-0.2	16	1 895.7
EL	2.1	2.0	2.1	2.5	2.5	2.5	2.3	2.5	2.5	2.4	2.3	2.3	0.2	6	4 891.3
ES	2.3	2.3	2.3	2.2	2.1	2.0	1.9	1.9	1.8	1.8	1.8	1.8	-0.5	10	17 515.2
FR	1.5	1.7	1.5	1.3	1.4	1.5	1.5	1.4	1.4	1.4	1.5	1.4	-0.1	14	25 194.0
IT	3.1	3.1	3.1	3.4	3.5	3.5	3.4	3.4	4.0	3.7	3.6	3.8	0.7	1	56 018.7
CY	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.5	0.4	0.4	0.3	22	65.0
LV	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.0	26	11.7
LT	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.4	0.3	0.2	0.2	0.3	24	74.1
LU	1.5	1.5	1.5	1.5	1.2	1.2	1.3	1.4	1.5	1.2	1.2	1.2	-0.3	15	398.7
HU	0.3	0.3	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.3	0.4	0.1	23	339.6
MT	1.0	1.0	1.2	1.0	1.0	1.2	1.1	1.1	1.1	1.1	1.1	1.1	0.1	17	54.0
NL	2.5	2.4	2.3	2.1	2.2	2.3	1.9	2.1	2.0	1.9	2.0	2.1	-0.4	9	11 433.0
AT	2.3	2.6	2.6	2.8	2.8	2.7	3.2	2.8	2.7	2.8	2.6	2.6	0.2	5	6 671.8
PL	2.6	2.4	2.4	2.4	2.9	2.9	3.3	3.6	3.5	3.3	3.5	3.6	1.0	2	9 745.6
PT	0.9	1.0	1.0	0.9	0.9	0.9	0.9	0.8	0.9	0.9	0.9	0.9	0.0	19	1 372.2
RO	-	-	-	-	-	-	-	0.2	0.3	0.4	0.5	-	-	n.a.	-
SI	0.7	0.8	0.9	0.9	0.8	0.7	0.8	0.8	0.8	0.9	0.8	0.8	0.1	20	251.1
SK	3.7	4.0	3.4	3.6	3.8	3.3	3.5	3.5	3.2	3.1	2.9	2.9	-0.8	3	1 301.2
FI	1.9	1.7	1.8	1.6	1.5	1.6	1.6	1.7	1.6	1.5	1.5	1.6	-0.3	11	2 659.2
SE	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.1	21	2 172.7
UK	1.4	1.4	1.4	1.4	1.5	1.5	1.6	1.5	1.5	1.5	1.5	1.5	0.0	13	28 167.2
NO	1.1	1.0	1.0	1.1	1.0	0.9	0.9	1.0	0.9	0.9	1.0	0.9	-0.2		2 414.0
<b>EU-27</b>															
weighted average	2.0	2.1	2.0	2.1	2.2	2.1	2.1	2.0	2.0	2.0	2.0	2.0	0.0		
arithmetic average	1.5	1.5	1.5	1.5	1.6	1.6	1.6	1.5	1.5	1.5	1.5	1.6	0.0		
<b>EA-15</b>															
weighted average	2.2	2.3	2.3	2.3	2.4	2.3	2.2	2.2	2.2	2.2	2.2	2.2	0.0		
arithmetic average	1.7	1.8	1.8	1.8	1.8	1.7	1.7	1.7	1.7	1.7	1.7	1.7	0.0		
<b>EU-25</b>															
weighted average	2.0	2.1	2.0	2.1	2.2	2.1	2.1	2.0	2.1	2.0	2.0	2.0	0.0		
arithmetic average	1.5	1.5	1.5	1.5	1.6	1.5	1.6	1.5	1.5	1.6	1.5	1.6	0.0		
<b>Convergence indicators</b>															
St.dev./mean %	49.1	47.8	46.3	48.5	49.0	47.0	48.9	52.0	51.4	52.0	49.5	50.3	1.2		
Max-min	3.7	3.9	3.3	3.6	3.7	3.5	3.5	3.5	4.0	3.6	3.5	3.7	0.0		

1) in percentage points 2) Based on 2006 data

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

														Difference <sup>1)</sup>	Ranking <sup>2)</sup>	Revenue <sup>2)</sup>
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1995 to 2006	€ million		
BE	5.7	5.6	5.4	5.5	5.4	5.4	5.4	5.2	5.3	5.2	5.2	5.1	-0.6	9	7 188.2	
BG	-	-	-	-	-	5.6	5.4	5.3	5.0	5.0	5.2	4.5	-	11	390.5	
CZ	4.2	4.2	4.3	4.3	4.1	4.4	4.4	4.6	4.5	7.7	7.1	7.6	3.4	4	3 150.7	
DK	2.6	2.5	2.3	2.6	2.6	2.2	2.5	2.2	2.2	2.1	2.1	2.1	-0.6	20	2 255.2	
DE	5.3	6.0	5.8	6.1	6.6	6.0	5.8	5.6	5.2	5.3	5.9	5.6	0.3	7	51 065.3	
EE	0.5	0.5	0.5	0.8	0.5	1.1	1.0	1.0	0.9	0.8	0.8	0.8	0.3	25	31.2	
IE	4.0	4.0	4.1	4.1	3.9	3.6	3.8	4.0	3.4	3.6	3.5	3.3	-0.7	14	1 895.7	
EL	7.1	6.8	6.7	7.8	7.4	7.1	7.0	7.3	7.6	7.7	7.3	7.3	0.2	5	4 891.3	
ES	6.9	6.8	6.8	6.6	6.1	5.8	5.7	5.5	5.4	5.3	5.0	4.9	-2.0	10	17 515.2	
FR	3.6	3.8	3.4	3.1	3.1	3.4	3.4	3.2	3.4	3.2	3.3	3.2	-0.4	16	25 194.0	
IT	7.7	7.4	7.2	7.9	8.3	8.5	8.3	8.3	9.7	9.1	8.9	9.0	1.2	3	56 018.7	
CY	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.6	0.5	1.3	1.3	1.2	0.7	22	65.0	
LV	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.2	0.2	0.2	0.3	0.2	0.1	26	11.7	
LT	1.6	1.6	1.7	1.7	2.0	2.1	2.2	1.4	1.0	0.7	0.7	1.1	-0.6	23	74.1	
LU	4.1	4.0	3.8	3.8	3.2	3.0	3.4	3.5	3.9	3.3	3.3	3.3	-0.7	15	398.7	
HU	0.7	0.7	0.6	0.6	0.9	0.8	1.2	1.0	1.0	0.9	0.9	1.0	0.3	24	339.6	
MT	3.7	4.0	4.2	3.8	3.8	4.1	3.7	3.4	3.4	3.4	3.4	3.2	-0.6	17	54.0	
NL	6.2	6.1	5.9	5.4	5.4	5.8	4.9	5.5	5.5	5.1	5.3	5.4	-0.8	8	11 433.0	
AT	5.7	6.1	6.0	6.4	6.4	6.3	7.1	6.5	6.2	6.6	6.3	6.2	0.5	6	6 671.8	
PL	7.1	6.5	6.5	6.8	8.3	9.0	10.3	10.9	11.0	10.6	10.7	10.6	3.5	1	9 745.6	
PT	2.9	3.1	3.1	2.8	2.6	2.6	2.7	2.3	2.5	2.5	2.5	2.5	-0.4	18	1 372.2	
RO	-	-	-	-	-	-	-	0.7	1.2	1.3	1.9	-	-	n.a.	-	
SI	1.8	2.0	2.3	2.2	2.0	1.8	2.2	2.1	2.1	2.3	2.1	2.1	0.3	19	251.1	
SK	9.3	10.1	9.1	10.0	10.6	9.8	10.6	10.7	9.6	9.7	9.1	10.0	0.7	2	1 301.2	
FI	4.1	3.7	3.8	3.5	3.4	3.4	3.5	3.7	3.7	3.5	3.5	3.7	-0.4	13	2 659.2	
SE	1.3	1.4	1.4	1.4	1.3	1.4	1.5	1.4	1.4	1.4	1.5	1.4	0.1	21	2 172.7	
UK	4.1	4.0	3.9	3.9	4.0	4.0	4.2	4.3	4.3	4.2	4.1	3.9	-0.2	12	28 167.2	
NO	2.6	2.4	2.4	2.6	2.3	2.1	2.2	2.2	2.0	2.1	2.2	2.0	-0.5		2 414.0	
<b>EU-27</b>																
weighted average	5.1	5.2	5.0	5.1	5.3	5.2	5.2	5.1	5.2	5.1	5.1	5.1	0.0			
arithmetic average	4.0	4.1	4.0	4.1	4.1	4.1	4.3	4.1	4.1	4.1	4.1	4.2	0.2			
<b>EA-15</b>																
weighted average	5.4	5.7	5.5	5.6	5.8	5.7	5.5	5.4	5.6	5.4	5.5	5.4	0.0			
arithmetic average	4.6	4.7	4.6	4.6	4.5	4.5	4.5	4.5	4.5	4.5	4.4	4.4	-0.2			
<b>EU-25</b>																
weighted average	5.1	5.2	5.0	5.1	5.3	5.2	5.2	5.1	5.2	5.1	5.2	5.1	0.0			
arithmetic average	4.0	4.1	4.0	4.1	4.1	4.1	4.2	4.2	4.2	4.2	4.2	4.2	0.2			
<b>Convergence indicators</b>																
St.dev./mean %	49.9	48.8	48.1	51.0	52.7	51.6	53.8	56.8	55.4	57.0	54.6	56.6	6.7			
Max-min	9.2	9.9	8.9	9.8	10.5	9.7	10.4	10.7	10.8	10.3	10.5	10.4	1.2			

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table C.3.2\_G: Taxes on Capital as % of GDP: Stocks of capital / wealth

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>	Revenue <sup>2)</sup> € million
BE	2.9	3.1	3.3	3.4	3.4	3.4	3.3	3.4	3.5	3.8	3.7	3.8	0.9	3	12 075.1
BG	-	-	-	-	-	0.4	0.4	0.5	0.6	0.7	0.7	0.8	-	21	210.7
CZ	1.0	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.7	0.7	0.7	-0.3	23	788.9
DK	1.8	1.8	1.8	2.0	2.0	2.4	2.6	2.7	2.8	2.8	2.8	2.8	0.9	8	6 080.5
DE	1.1	1.2	1.1	1.1	1.2	1.1	1.1	1.0	1.1	1.1	1.1	1.1	-0.1	18	25 321.0
EE	1.7	1.6	1.6	1.2	0.9	0.7	0.6	0.6	0.6	0.6	0.6	0.5	-1.1	27	71.6
IE	2.0	2.1	2.0	2.0	2.1	2.0	2.0	1.8	2.2	2.4	2.7	3.2	1.2	6	5 565.5
EL	1.5	1.7	1.9	1.8	2.3	2.4	1.9	1.6	1.5	1.3	1.4	1.5	0.0	15	3 259.0
ES	2.4	2.4	2.5	2.7	2.8	2.8	2.8	2.9	3.0	3.3	3.6	3.8	1.4	4	37 071.0
FR	4.3	4.5	4.7	4.7	4.7	4.5	4.5	4.4	4.4	4.6	4.7	4.7	0.4	1	84 175.5
IT	3.9	3.6	3.8	3.3	3.0	2.6	2.5	2.8	2.6	2.8	2.7	2.8	-1.1	7	41 156.0
CY	1.4	1.3	1.3	1.5	1.4	2.5	1.8	1.5	1.7	2.5	2.7	2.3	1.0	10	340.4
LV	1.9	1.4	1.7	1.9	1.8	1.2	1.3	0.8	0.9	0.8	0.7	0.6	-1.3	26	96.8
LT	0.9	1.0	1.0	0.9	1.0	0.9	0.7	0.7	0.7	0.7	0.6	0.6	-0.3	25	142.4
LU	2.7	2.9	3.2	3.5	3.8	4.2	3.9	3.2	2.9	2.9	3.2	3.3	0.7	5	1 133.4
HU	0.7	0.9	0.9	0.9	1.0	1.0	1.0	1.0	1.2	1.3	1.3	1.3	0.6	17	1 171.8
MT	1.3	1.2	1.2	1.2	1.1	1.1	1.3	1.5	1.6	2.5	2.2	2.1	0.8	13	107.5
NL	1.9	2.0	1.9	2.1	2.2	2.2	2.2	2.3	2.2	2.2	2.4	2.1	0.2	12	11 373.0
AT	1.2	1.2	1.1	1.2	1.1	1.2	1.1	1.1	1.1	1.0	1.0	1.0	-0.2	19	2 676.7
PL	2.2	2.1	2.1	1.9	1.7	1.6	1.7	1.9	1.8	1.8	2.2	2.5	0.4	9	6 867.0
PT	1.7	1.6	1.7	1.8	2.0	2.0	2.0	2.3	2.7	2.0	2.1	2.2	0.5	11	3 436.7
RO	-	-	-	-	-	-	-	0.6	0.6	0.6	0.6	0.8	-	22	750.4
SI	0.6	0.6	0.7	0.9	0.9	0.9	1.0	0.9	0.8	0.9	0.9	0.9	0.3	20	285.6
SK	0.9	1.3	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.7	0.6	-0.3	24	287.6
FI	1.2	1.3	1.3	1.3	1.3	1.3	1.2	1.3	1.2	1.4	1.4	1.3	0.1	16	2 191.0
SE	1.5	2.0	2.2	2.1	2.1	2.1	1.9	1.9	1.8	1.8	1.8	1.8	0.3	14	5 537.3
UK	3.7	3.7	3.8	4.0	4.2	4.5	4.4	4.3	4.3	4.4	4.5	4.7	1.0	2	89 539.8
NO	2.3	2.3	2.1	1.8	1.8	1.6	1.5	1.5	1.5	1.5	1.4	1.4	-0.9		3 672.5
<b>EU-27</b>															
weighted average	2.6	2.6	2.7	2.8	2.8	2.8	2.7	2.7	2.7	2.8	2.9	2.9	0.4		
arithmetic average	1.9	1.9	1.9	2.0	2.0	1.9	1.9	1.8	1.8	1.9	2.0	2.0	0.2		
<b>EA-15</b>															
weighted average	2.5	2.6	2.6	2.6	2.6	2.5	2.4	2.5	2.5	2.6	2.7	2.7	0.2		
arithmetic average	2.0	2.0	2.1	2.2	2.2	2.3	2.2	2.1	2.2	2.3	2.4	2.4	0.4		
<b>EU-25</b>															
weighted average	2.6	2.6	2.7	2.8	2.8	2.8	2.7	2.7	2.7	2.8	2.9	3.0	0.4		
arithmetic average	1.9	1.9	1.9	2.0	2.0	2.0	1.9	1.9	1.9	2.0	2.1	2.1	0.2		
<b>Convergence indicators</b>															
St.dev./mean %	38.1	37.0	38.7	38.6	39.8	42.6	41.8	41.2	41.5	42.0	42.9	43.4	5.3		
Max-min	3.6	3.9	3.9	3.9	3.9	4.1	4.0	3.9	3.8	4.0	4.1	4.2	0.5		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table C.3.2\_T: Taxes on Capital as % of Total Taxation: Stocks of capital / wealth

	Difference <sup>1)</sup>													Ranking <sup>2)</sup>	Revenue <sup>2)</sup> € million
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1995 to 2006		
BE	6.6	7.0	7.4	7.5	7.5	7.5	7.3	7.5	7.8	8.4	8.2	8.5	2.0	6	12 075.1
BG	-	-	-	-	-	1.3	1.3	1.7	1.9	2.0	2.1	2.4	-	21	210.7
CZ	2.7	2.8	2.6	2.7	2.6	2.6	2.6	2.5	2.4	1.8	1.8	1.9	-0.8	26	788.9
DK	3.8	3.6	3.7	4.0	4.0	4.9	5.3	5.6	5.7	5.7	5.5	5.6	1.8	12	6 080.5
DE	2.9	3.0	2.7	2.7	2.8	2.6	2.8	2.6	2.7	2.8	2.8	2.8	-0.1	18	25 321.0
EE	4.5	4.5	4.4	3.4	2.7	2.1	2.0	2.0	1.8	2.0	1.9	1.7	-2.7	27	71.6
IE	6.1	6.3	6.1	6.2	6.6	6.4	6.6	6.3	7.5	7.9	8.8	9.8	3.7	4	5 565.5
EL	5.2	5.7	6.1	5.5	6.8	6.9	5.9	4.9	4.8	4.3	4.6	4.9	-0.3	14	3 259.0
ES	7.4	7.1	7.5	8.0	8.3	8.3	8.2	8.5	8.9	9.6	10.1	10.4	3.0	3	37 071.0
FR	10.0	10.2	10.5	10.8	10.6	10.2	10.2	10.1	10.2	10.6	10.7	10.6	0.6	2	84 175.5
IT	9.7	8.6	8.7	7.9	7.0	6.3	6.0	7.0	6.3	6.9	6.6	6.6	-3.1	8	41 156.0
CY	5.1	5.0	5.2	5.6	5.1	8.2	5.8	4.9	5.2	7.4	7.6	6.4	1.3	9	340.4
LV	5.7	4.4	5.4	5.5	5.6	3.9	4.6	3.0	3.0	2.7	2.4	2.0	-3.7	25	96.8
LT	3.2	3.6	3.2	2.8	3.0	2.9	2.6	2.5	2.3	2.4	2.1	2.0	-1.1	24	142.4
LU	7.1	7.7	8.1	8.8	10.0	10.7	9.7	8.1	7.6	7.9	8.6	9.4	2.3	5	1 133.4
HU	1.7	2.2	2.2	2.4	2.5	2.5	2.6	2.7	3.1	3.6	3.6	3.5	1.8	16	1 171.8
MT	4.8	4.7	4.2	4.5	4.2	4.0	4.2	4.9	5.2	7.4	6.6	6.3	1.4	10	107.5
NL	4.7	5.1	4.9	5.3	5.4	5.5	5.8	6.1	5.8	6.0	6.2	5.4	0.7	13	11 373.0
AT	2.9	2.7	2.6	2.7	2.5	2.7	2.5	2.5	2.5	2.4	2.4	2.5	-0.4	20	2 676.7
PL	5.8	5.7	5.8	5.3	4.8	5.0	5.3	5.9	5.6	5.8	6.7	7.5	1.7	7	6 867.0
PT	5.4	5.0	5.1	5.4	5.9	5.8	5.8	6.6	7.8	5.8	5.9	6.2	0.8	11	3 436.7
RO	-	-	-	-	-	-	-	2.0	2.2	2.2	2.3	2.7	-	19	750.4
SI	1.6	1.6	1.9	2.4	2.3	2.3	2.5	2.3	2.1	2.3	2.4	2.4	0.8	22	285.6
SK	2.3	3.3	2.4	2.3	2.4	2.4	2.4	2.4	2.3	2.4	2.2	2.2	-0.1	23	287.6
FI	2.6	2.7	2.7	2.8	2.8	2.8	2.8	2.8	2.8	3.2	3.2	3.0	0.5	17	2 191.0
SE	3.0	4.0	4.4	4.1	4.1	4.1	3.8	3.9	3.8	3.7	3.6	3.6	0.6	15	5 537.3
UK	10.5	10.7	10.8	10.9	11.3	12.0	11.7	12.2	12.1	12.2	12.2	12.5	2.1	1	89 539.8
NO	5.4	5.4	4.9	4.4	4.2	3.7	3.6	3.6	3.6	3.5	3.1	3.1	-2.3		3 672.5
<b>EU-27</b>															
weighted average	6.5	6.6	6.8	6.8	6.8	6.8	6.8	7.0	6.9	7.2	7.3	7.4	0.9		
arithmetic average	5.0	5.1	5.1	5.2	5.2	5.2	5.0	4.9	5.0	5.2	5.2	5.3	0.3		
<b>EA-15</b>															
weighted average	6.3	6.3	6.4	6.4	6.3	6.0	6.0	6.2	6.2	6.6	6.7	6.7	0.4		
arithmetic average	5.5	5.5	5.6	5.7	5.9	6.0	5.7	5.7	5.8	6.2	6.3	6.3	0.9		
<b>EU-25</b>															
weighted average	6.5	6.6	6.8	6.8	6.8	6.8	6.8	7.0	6.9	7.2	7.3	7.4	0.9		
arithmetic average	5.0	5.1	5.1	5.2	5.2	5.3	5.2	5.1	5.2	5.4	5.5	5.5	0.5		
<b>Convergence indicators</b>															
St.dev./mean %	38.7	36.5	37.6	37.6	39.7	43.0	40.5	39.8	41.1	41.4	42.4	43.6	4.9		
Max-min	8.9	9.1	9.0	8.6	8.9	10.7	10.4	10.5	10.3	10.4	10.3	10.8	1.9		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table C.4\_G: Environmental taxes as % of GDP

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>	Revenue <sup>2)</sup> € million
BE	2.2	2.5	2.5	2.4	2.5	2.3	2.3	2.2	2.3	2.4	2.3	2.2	-0.1	23	6 856.9
BG	-	-	-	-	-	2.5	2.8	2.3	3.0	3.4	3.1	3.1	-	5	783.7
CZ	2.8	2.7	2.5	2.3	2.5	2.5	2.5	2.5	2.6	2.6	2.7	2.6	-0.3	14	2 938.8
DK	4.5	4.8	4.8	5.2	5.3	5.2	5.1	5.3	5.1	5.5	5.8	6.0	1.5	1	13 205.4
DE	2.3	2.2	2.2	2.1	2.3	2.4	2.5	2.5	2.7	2.5	2.5	2.4	0.1	19	55 670.0
EE	0.8	1.2	1.5	1.8	1.7	1.7	2.1	2.0	1.9	2.1	2.3	2.2	1.4	22	292.7
IE	3.1	3.1	3.0	3.0	3.0	2.9	2.3	2.3	2.3	2.5	2.5	2.5	-0.6	16	4 313.8
EL	3.1	3.1	3.1	2.9	2.7	2.3	2.5	2.3	2.2	2.2	2.1	2.0	-1.2	24	4 198.0
ES	2.2	2.2	2.1	2.3	2.3	2.2	2.1	2.1	2.1	2.0	1.9	1.9	-0.3	26	18 287.0
FR	2.8	2.9	2.7	2.7	2.7	2.5	2.4	2.5	2.4	2.4	2.4	2.3	-0.5	21	41 306.0
IT	3.6	3.5	3.5	3.4	3.5	3.2	3.0	2.9	3.0	2.8	2.8	2.8	-0.8	10	40 835.7
CY	2.9	2.8	2.5	2.5	2.5	2.7	3.0	2.9	3.7	4.0	3.5	3.3	0.4	4	482.3
LV	1.2	1.7	2.1	3.0	2.5	2.4	2.2	2.3	2.5	2.6	2.7	2.4	1.2	20	385.3
LT	1.2	1.2	1.4	1.9	2.3	1.8	1.9	2.1	2.1	2.0	1.9	1.8	0.7	27	433.4
LU	3.0	2.9	3.0	2.9	2.8	2.8	2.8	2.8	2.8	3.1	3.0	2.6	-0.3	13	893.6
HU	3.1	3.1	3.0	3.5	3.4	3.0	2.8	2.8	2.7	2.8	2.8	2.9	-0.2	9	2 575.2
MT	3.2	3.1	3.5	3.9	4.1	3.7	3.7	3.4	3.4	3.1	3.3	3.4	0.2	3	172.0
NL	3.6	3.8	3.7	3.8	3.9	3.9	3.8	3.6	3.7	3.8	4.0	4.1	0.5	2	21 887.0
AT	2.1	2.1	2.3	2.3	2.3	2.4	2.6	2.6	2.7	2.7	2.6	2.5	0.4	15	6 391.1
PL	1.8	1.9	1.8	1.8	2.1	2.1	2.1	2.4	2.5	2.6	2.7	2.8	0.9	11	7 501.0
PT	3.5	3.5	3.3	3.5	3.4	2.7	3.0	3.2	3.1	3.1	3.1	2.9	-0.5	8	4 575.8
RO	-	-	-	-	-	-	-	2.1	2.5	2.4	2.0	1.9	-	25	1 883.6
SI	-	-	-	-	-	3.0	3.3	3.3	3.4	3.4	3.3	3.1	-	6	934.3
SK	-	-	2.1	1.9	2.0	2.2	1.9	2.4	2.6	2.7	2.6	2.4	-	17	1 085.2
FI	2.9	3.1	3.3	3.3	3.4	3.1	2.9	3.0	3.2	3.2	3.1	3.0	0.0	7	4 951.0
SE	2.8	3.1	2.9	3.0	2.8	2.7	2.8	2.8	2.9	2.8	2.8	2.7	0.0	12	8 532.3
UK	2.9	3.0	3.0	3.1	3.2	3.0	2.8	2.7	2.7	2.6	2.5	2.4	-0.5	18	45 875.9
NO	2.3	2.2	2.1	2.0	1.8	1.5	1.3	3.4	3.3	3.3	3.0	3.0	0.7		8 066.6
<b>EU-27</b>															
weighted average	2.8	2.8	2.8	2.8	2.9	2.8	2.7	2.7	2.7	2.7	2.6	2.6	-0.2		
arithmetic average	2.7	2.8	2.7	2.9	2.9	2.7	2.7	2.7	2.8	2.9	2.8	2.7	0.1		
<b>EA-15</b>															
weighted average	2.7	2.7	2.7	2.7	2.8	2.6	2.6	2.6	2.7	2.6	2.6	2.5	-0.2		
arithmetic average	2.9	2.9	2.9	2.9	3.0	2.8	2.8	2.8	2.9	2.9	2.8	2.7	-0.2		
<b>EU-25</b>															
weighted average	2.8	2.8	2.8	2.8	2.9	2.8	2.7	2.7	2.7	2.7	2.6	2.6	-0.2		
arithmetic average	2.7	2.8	2.7	2.9	2.9	2.7	2.7	2.8	2.8	2.9	2.8	2.8	0.1		
<b>Convergence indicators</b>															
St.dev./mean %	31.1	29.3	28.0	28.9	28.0	25.8	25.6	25.1	24.7	27.3	29.7	32.4	1.3		
Max-min	3.8	3.6	3.4	3.5	3.6	3.5	3.2	3.3	3.2	3.5	3.9	4.2	0.4		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table C.4\_T: Environmental taxes as % of Total Taxation

														Difference <sup>1)</sup>	Ranking <sup>2)</sup>	Revenue <sup>2)</sup>
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1995 to 2006	€ million		
BE	5.1	5.6	5.6	5.4	5.4	5.0	5.0	4.9	5.1	5.3	5.2	4.9	-0.3	27	6 856.9	
BG	-	-	-	-	-	7.6	8.8	7.6	9.3	10.0	9.0	9.1	-	4	783.7	
CZ	7.9	7.6	7.1	7.0	7.4	7.3	7.5	7.1	7.1	7.1	7.3	7.1	-0.8	15	2 938.8	
DK	9.3	9.7	9.9	10.6	10.7	10.5	10.6	11.1	10.7	11.2	11.5	12.2	2.9	1	13 205.4	
DE	5.8	5.4	5.3	5.2	5.5	5.7	6.3	6.4	6.7	6.5	6.3	6.1	0.3	22	55 670.0	
EE	2.0	3.4	4.2	5.1	5.0	5.4	6.9	6.3	6.1	6.9	7.4	7.1	5.1	14	292.7	
IE	9.2	9.4	9.2	9.4	9.3	9.1	7.8	8.1	7.9	8.1	8.0	7.6	-1.6	12	4 313.8	
EL	10.7	10.5	10.1	8.9	8.2	6.8	7.7	6.8	6.7	6.9	6.6	6.3	-4.5	20	4 198.0	
ES	6.7	6.6	6.4	6.9	6.9	6.4	6.2	6.1	6.1	5.8	5.4	5.1	-1.6	26	18 287.0	
FR	6.5	6.5	6.2	6.2	6.0	5.7	5.4	5.8	5.7	5.6	5.4	5.2	-1.3	25	41 306.0	
IT	9.0	8.3	7.9	7.9	8.2	7.6	7.3	7.1	7.3	7.0	6.9	6.5	-2.4	18	40 835.7	
CY	10.7	10.6	9.7	9.1	8.8	8.9	9.6	9.4	11.4	11.9	9.9	9.0	-1.7	5	482.3	
LV	3.7	5.5	6.4	9.0	7.7	8.1	7.6	8.2	8.8	9.1	9.2	7.9	4.2	9	385.3	
LT	4.1	4.4	4.6	5.8	7.1	6.0	6.7	7.4	7.4	7.1	6.7	6.1	2.0	21	433.4	
LU	8.0	7.8	7.5	7.4	7.3	7.1	7.1	7.1	7.3	8.2	7.9	7.4	-0.6	13	893.6	
HU	7.4	7.6	7.7	8.9	8.7	7.8	7.4	7.5	7.1	7.4	7.5	7.7	0.3	11	2 575.2	
MT	11.9	12.0	12.8	15.4	14.9	13.1	12.1	10.9	10.9	9.3	9.9	10.1	-1.9	3	172.0	
NL	9.0	9.5	9.4	9.7	9.7	9.7	9.8	9.6	9.9	10.2	10.5	10.4	1.4	2	21 887.0	
AT	5.1	5.0	5.3	5.2	5.2	5.6	5.8	6.1	6.3	6.3	6.2	5.9	0.8	23	6 391.1	
PL	5.0	5.2	5.0	5.2	6.0	6.4	6.4	7.3	7.6	8.2	8.1	8.2	3.2	8	7 501.0	
PT	10.9	10.7	10.0	10.5	10.0	8.0	8.8	9.1	8.9	9.1	8.7	8.2	-2.7	7	4 575.8	
RO	-	-	-	-	-	-	-	7.6	8.9	8.8	7.2	6.7	-	17	1 883.6	
SI	-	-	-	-	5.5	7.9	8.6	8.6	8.7	8.7	8.3	7.8	-	10	934.3	
SK	5.8	5.4	5.5	5.3	5.6	6.5	5.9	7.1	7.9	8.5	8.1	8.3	2.5	6	1 085.2	
FI	6.4	6.6	7.2	7.2	7.4	6.6	6.6	6.8	7.2	7.4	7.0	6.8	0.4	16	4 951.0	
SE	5.8	6.2	5.8	5.8	5.5	5.3	5.6	5.9	5.9	5.7	5.7	5.6	-0.2	24	8 532.3	
UK	8.4	8.5	8.4	8.6	8.6	8.1	7.6	7.7	7.5	7.3	6.8	6.4	-1.9	19	45 875.9	
NO	5.5	5.2	5.0	4.8	4.2	3.6	3.1	7.9	7.8	7.5	6.8	6.8	1.3		8 066.6	
<b>EU-27</b>																
weighted average	7.0	6.9	6.8	6.9	7.0	6.8	6.8	6.9	6.9	6.8	6.7	6.4	-0.6			
arithmetic average	7.3	7.4	7.4	7.7	7.6	7.4	7.5	7.5	7.8	7.9	7.7	7.4	0.1			
<b>EA-15</b>																
weighted average	6.9	6.7	6.5	6.5	6.6	6.4	6.5	6.6	6.7	6.6	6.4	6.2	-0.7			
arithmetic average	8.2	8.2	8.1	8.2	7.9	7.5	7.6	7.5	7.7	7.8	7.5	7.2	-1.1			
<b>EU-25</b>																
weighted average	7.0	6.9	6.8	6.9	7.0	6.8	6.7	6.9	6.9	6.8	6.6	6.4	-0.6			
arithmetic average	7.3	7.4	7.4	7.7	7.6	7.4	7.4	7.5	7.7	7.8	7.6	7.4	0.1			
<b>Convergence indicators</b>																
St.dev./mean %	36.0	33.2	32.0	35.5	32.0	27.0	25.1	21.7	23.7	24.8	24.1	26.7	-9.3			
Max-min	9.9	8.6	8.7	10.3	9.8	8.1	7.1	6.2	6.3	6.7	6.3	7.4	-2.5			

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table C.4.1\_G: Environmental taxes as % of GDP: Energy

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>	Revenue <sup>2)</sup> € million
BE	1.5	1.6	1.6	1.6	1.5	1.4	1.4	1.4	1.4	1.5	1.5	1.4	-0.1	24	4 389.5
BG	-	-	-	-	-	2.3	2.6	2.0	2.6	3.0	2.7	2.7	-	1	680.4
CZ	2.3	2.2	2.1	2.0	2.2	2.1	2.3	2.2	2.3	2.4	2.5	2.4	0.1	4	2 712.7
DK	2.1	2.3	2.2	2.4	2.6	2.5	2.7	2.6	2.6	2.5	2.3	2.2	0.1	7	4 854.9
DE	1.9	1.8	1.8	1.7	1.9	2.0	2.1	2.2	2.3	2.2	2.1	2.0	0.1	12	46 730.0
EE	0.6	0.9	1.2	1.6	1.4	1.2	1.6	1.5	1.5	1.8	1.9	1.8	1.2	17	241.2
IE	1.7	1.7	1.7	1.7	1.6	1.4	1.2	1.3	1.2	1.3	1.3	1.2	-0.5	26	2 144.2
EL	2.5	2.5	2.3	2.1	1.8	1.6	1.5	1.4	1.3	1.3	1.2	1.1	-1.3	27	2 458.0
ES	1.8	1.8	1.7	1.9	1.8	1.7	1.7	1.7	1.6	1.6	1.5	1.4	-0.4	23	14 096.0
FR	2.0	2.0	2.0	2.0	2.0	1.8	1.7	1.8	1.7	1.7	1.6	1.6	-0.4	22	27 993.0
IT	3.1	3.0	3.0	2.8	2.9	2.6	2.4	2.3	2.4	2.2	2.2	2.2	-1.0	8	31 861.7
CY	0.5	0.5	0.5	0.5	0.5	0.7	1.0	1.0	1.9	2.1	1.9	1.8	1.3	16	269.6
LV	1.0	1.5	1.8	2.7	2.1	1.8	1.6	1.8	2.0	2.1	2.2	2.0	1.0	14	319.7
LT	1.1	1.1	1.3	1.7	2.1	1.8	1.8	2.0	2.0	1.8	1.8	1.7	0.5	20	393.9
LU	2.8	2.8	2.8	2.8	2.7	2.7	2.7	2.6	2.7	2.9	2.9	2.5	-0.3	2	857.4
HU	2.7	2.4	2.4	2.9	2.8	2.4	2.3	2.2	2.3	2.1	2.1	2.1	-0.6	9	1 917.9
MT	0.9	0.8	1.3	1.6	1.6	1.4	1.5	1.4	1.3	1.3	1.3	1.3	0.5	25	66.9
NL	1.7	1.8	1.9	1.9	1.9	1.9	1.9	1.9	1.9	2.0	2.1	2.1	0.4	10	11 363.0
AT	1.4	1.4	1.7	1.6	1.5	1.6	1.7	1.7	1.8	1.8	1.8	1.6	0.2	21	4 221.3
PL	1.2	1.4	1.3	1.5	1.8	1.8	1.8	2.0	2.1	2.1	2.3	2.3	1.0	6	6 167.8
PT	2.6	2.5	2.3	2.4	2.2	1.6	1.9	2.1	2.2	2.2	2.1	2.0	-0.6	11	3 148.3
RO	-	-	-	-	-	-	-	1.8	2.1	2.4	1.9	1.7	-	19	1 678.0
SI	-	-	-	-	-	2.5	2.8	2.7	2.6	2.6	2.5	2.4	-	3	728.8
SK	-	-	1.8	1.7	1.8	2.0	1.7	1.9	2.1	2.2	2.1	2.0	-	13	881.9
FI	2.1	2.1	2.3	2.2	2.2	2.0	1.9	2.0	2.0	1.9	1.9	1.8	-0.4	18	2 982.0
SE	2.4	2.7	2.6	2.6	2.5	2.4	2.4	2.5	2.5	2.4	2.4	2.3	-0.1	5	7 209.3
UK	2.3	2.4	2.3	2.5	2.5	2.4	2.3	2.2	2.1	2.0	2.0	1.9	-0.5	15	35 437.8
NO	1.1	1.0	1.0	1.0	0.8	0.7	0.6	1.5	1.5	1.3	1.2	1.2	0.1		3 146.1
<b>EU-27</b>															
weighted average	2.1	2.1	2.1	2.1	2.2	2.1	2.0	2.0	2.0	2.0	1.9	1.9	-0.3		
arithmetic average	1.8	1.9	1.9	2.0	2.0	1.9	1.9	1.9	2.0	2.1	2.0	1.9	0.1		
<b>EA-15</b>															
weighted average	2.1	2.1	2.1	2.0	2.1	2.0	2.0	2.0	2.0	1.9	1.9	1.8	-0.3		
arithmetic average	1.9	1.9	1.9	1.9	1.9	1.8	1.8	1.8	1.9	1.9	1.9	1.8	-0.1		
<b>EU-25</b>															
weighted average	2.1	2.1	2.1	2.1	2.2	2.1	2.0	2.0	2.0	2.0	1.9	1.9	-0.3		
arithmetic average	1.8	1.9	1.9	2.0	2.0	1.9	1.9	1.9	2.0	2.0	2.0	1.9	0.0		
<b>Convergence indicators</b>															
St.dev./mean %	33.9	31.0	27.0	26.5	24.2	22.9	23.5	21.8	20.9	22.6	22.1	21.8	-12.1		
Max-min	2.6	2.5	2.5	2.3	2.3	2.0	1.8	1.7	1.5	1.7	1.7	1.6	-1.0		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table C.4.1\_T: Environmental taxes as % of Total Taxation: Energy

														Difference <sup>1)</sup>	Ranking <sup>2)</sup>	Revenue <sup>2)</sup>
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1995 to 2006		€ million	
BE	3.5	3.6	3.5	3.4	3.3	3.2	3.1	3.0	3.2	3.3	3.3	3.1	-0.4	27	4 389.5	
BG	-	-	-	-	-	7.0	8.3	6.5	8.1	8.8	7.9	7.9	-	1	680.4	
CZ	6.4	6.3	6.1	6.1	6.4	6.3	6.7	6.3	6.4	6.5	6.7	6.6	0.2	5	2 712.7	
DK	4.4	4.6	4.4	4.9	5.2	5.1	5.5	5.4	5.4	5.1	4.6	4.5	0.1	19	4 854.9	
DE	4.9	4.5	4.3	4.2	4.6	4.9	5.3	5.5	5.8	5.6	5.3	5.1	0.2	14	46 730.0	
EE	1.6	2.6	3.5	4.5	4.1	4.0	5.3	4.8	5.0	5.9	6.3	5.9	4.3	9	241.2	
IE	5.2	5.2	5.2	5.2	5.0	4.5	3.9	4.4	4.2	4.4	4.1	3.8	-1.5	24	2 144.2	
EL	8.5	8.4	7.4	6.4	5.5	4.6	4.6	4.1	4.1	4.0	3.9	3.7	-4.9	25	2 458.0	
ES	5.5	5.4	5.2	5.6	5.5	5.1	4.9	4.9	4.8	4.6	4.2	3.9	-1.5	21	14 096.0	
FR	4.7	4.6	4.5	4.5	4.4	4.1	3.9	4.1	4.0	3.9	3.7	3.5	-1.1	26	27 993.0	
IT	7.8	7.2	6.8	6.7	6.8	6.1	5.8	5.6	5.7	5.5	5.4	5.1	-2.7	15	31 861.7	
CY	2.0	2.0	1.9	1.9	2.0	2.3	3.1	3.2	5.8	6.2	5.4	5.0	3.1	16	269.6	
LV	3.1	5.0	5.6	7.9	6.4	6.2	5.8	6.2	6.9	7.5	7.7	6.6	3.5	6	319.7	
LT	4.0	4.1	4.1	5.4	6.8	5.8	6.4	7.1	7.1	6.5	6.1	5.6	1.6	12	393.9	
LU	7.6	7.4	7.2	7.1	7.0	6.8	6.8	6.7	7.0	7.9	7.6	7.1	-0.5	2	857.4	
HU	6.5	6.0	6.2	7.4	7.2	6.3	6.0	5.9	6.1	5.6	5.6	5.7	-0.7	10	1 917.9	
MT	3.2	3.2	4.6	6.2	5.8	4.9	5.0	4.3	4.1	3.8	3.9	3.9	0.7	23	66.9	
NL	4.2	4.4	4.7	4.7	4.8	4.9	5.0	5.0	5.1	5.3	5.5	5.4	1.2	13	11 363.0	
AT	3.4	3.3	3.8	3.5	3.5	3.7	3.8	3.9	4.1	4.3	4.2	3.9	0.5	22	4 221.3	
PL	3.3	3.7	3.6	4.1	5.1	5.4	5.5	6.1	6.5	6.7	6.9	6.7	3.4	4	6 167.8	
PT	8.1	7.8	7.1	7.3	6.5	4.7	5.5	6.2	6.4	6.4	6.0	5.6	-2.5	11	3 148.3	
RO	-	-	-	-	-	-	-	6.3	7.6	8.6	6.7	6.0	-	8	1 678.0	
SI	-	-	-	-	4.4	6.5	7.3	7.1	6.7	6.7	6.4	6.1	-	7	728.8	
SK	5.2	4.8	4.9	4.6	5.1	5.8	5.2	5.7	6.5	7.1	6.7	6.7	1.5	3	881.9	
FI	4.7	4.5	5.0	4.7	4.8	4.2	4.4	4.4	4.5	4.5	4.2	4.1	-0.6	20	2 982.0	
SE	5.0	5.3	5.0	5.1	4.8	4.5	4.8	5.1	5.1	5.0	4.9	4.7	-0.3	18	7 209.3	
UK	6.7	6.8	6.6	6.7	6.7	6.5	6.1	6.1	5.9	5.7	5.3	5.0	-1.7	17	35 437.8	
NO	2.5	2.3	2.3	2.4	1.8	1.5	1.3	3.4	3.4	2.9	2.8	2.7	0.2		3 146.1	
<b>EU-27</b>																
weighted average	5.4	5.3	5.2	5.2	5.3	5.1	5.1	5.2	5.2	5.1	4.9	4.7	-0.7			
arithmetic average	5.0	5.0	5.1	5.3	5.3	5.1	5.3	5.3	5.6	5.8	5.5	5.2	0.3			
<b>EA-15</b>																
weighted average	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0			
arithmetic average	5.2	5.1	5.1	5.1	4.9	4.7	4.8	4.8	5.0	5.1	4.9	4.6	-0.6			
<b>EU-25</b>																
weighted average	5.4	5.3	5.2	5.2	5.3	5.1	5.1	5.2	5.2	5.1	4.9	4.6	-0.7			
arithmetic average	5.0	5.0	5.1	5.3	5.3	5.1	5.2	5.3	5.5	5.5	5.4	5.1	0.1			
<b>Convergence indicators</b>																
St.dev./mean %	35.1	31.3	26.5	27.9	24.4	23.0	24.1	21.9	23.9	28.3	27.0	26.8	-8.3			
Max-min	7.0	6.4	5.5	6.0	5.2	4.7	5.2	4.1	4.9	5.4	4.6	4.8	-2.2			

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table C.4.2\_G: Environmental taxes as % of GDP: Transport

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>	Revenue <sup>2)</sup> € million
BE	0.6	0.7	0.7	0.7	0.7	0.6	0.7	0.7	0.7	0.7	0.7	0.6	0.1	10	1 944.2
BG	-	-	-	-	-	0.2	0.2	0.2	0.3	0.2	0.2	0.3	-	20	74.2
CZ	0.3	0.3	0.2	0.2	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	-0.2	23	198.4
DK	2.1	2.1	2.1	2.3	2.2	1.8	1.7	1.9	1.8	2.0	2.2	2.2	0.2	1	4 946.1
DE	0.4	0.4	0.4	0.4	0.4	0.3	0.4	0.4	0.3	0.4	0.4	0.4	0.0	17	8 940.0
EE	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.1	0.1	0.1	-0.1	27	8.7
IE	1.3	1.4	1.3	1.3	1.4	1.4	1.1	1.1	1.1	1.1	1.2	1.2	-0.1	5	2 157.4
EL	0.6	0.6	0.8	0.8	0.9	0.8	1.0	0.9	0.8	0.9	0.8	0.8	0.2	9	1 740.0
ES	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.0	16	4 056.0
FR	0.6	0.7	0.6	0.6	0.6	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.0	11	10 776.0
IT	0.5	0.4	0.4	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.1	13	8 512.0
CY	2.3	2.2	2.0	2.0	1.9	2.0	2.0	1.9	1.8	1.9	1.6	1.5	-0.9	3	212.7
LV	0.0	0.0	0.0	0.1	0.2	0.3	0.3	0.3	0.4	0.4	0.3	0.3	0.3	19	49.2
LT	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	26	22.7
LU	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	25	36.2
HU	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.2	0.5	0.5	0.6	0.4	12	531.8
MT	2.3	2.2	2.3	2.3	2.5	2.3	2.1	2.0	2.1	1.8	1.8	1.8	-0.5	2	92.9
NL	1.3	1.5	1.3	1.4	1.5	1.4	1.3	1.2	1.2	1.3	1.3	1.4	0.0	4	7 349.0
AT	0.7	0.7	0.7	0.7	0.7	0.8	0.9	0.9	0.9	0.8	0.8	0.8	0.1	8	2 097.7
PL	0.2	0.2	0.3	0.1	0.1	0.2	0.2	0.2	0.2	0.3	0.3	0.2	0.0	21	635.8
PT	0.9	1.0	1.0	1.1	1.2	1.1	1.1	1.0	0.9	0.9	1.0	0.9	0.0	7	1 427.5
RO	-	-	-	-	-	-	-	0.0	0.1	0.0	0.0	0.1	-	24	113.5
SI	-	-	-	-	-	0.4	0.4	0.4	0.5	0.5	0.5	0.5	-	14	147.0
SK	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	-0.1	22	82.0
FI	0.8	1.0	1.0	1.1	1.2	1.1	1.0	1.0	1.2	1.2	1.2	1.1	0.3	6	1 872.0
SE	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.0	18	1 157.9
UK	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	-0.1	15	8 758.6
NO	0.3	0.3	0.3	0.3	0.3	0.3	0.3	1.4	1.4	1.5	1.4	1.5	1.2		3 886.3
<b>EU-27</b>															
weighted average	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.0		
arithmetic average	0.7	0.7	0.7	0.7	0.8	0.7	0.7	0.7	0.6	0.7	0.7	0.7	0.0		
<b>EA-15</b>															
weighted average	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.1		
arithmetic average	0.9	0.9	0.9	1.0	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.8	-0.1		
<b>EU-25</b>															
weighted average	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.0		
arithmetic average	0.7	0.7	0.7	0.7	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.0		
<b>Convergence indicators</b>															
St.dev./mean %	120.3	115.1	112.7	113.2	110.9	107.0	103.5	100.8	101.7	99.0	96.6	96.0	-24.3		
Max-min	2.3	2.2	2.2	2.3	2.4	2.2	2.1	2.0	2.1	2.0	2.2	2.2	-0.1		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services



Table C.4.2\_T: Environmental taxes as % of Total Taxation: Transport

														Difference <sup>1)</sup>	Ranking <sup>2)</sup>	Revenue <sup>2)</sup>
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1995 to 2006		€ million	
BE	1.3	1.5	1.5	1.4	1.6	1.4	1.5	1.5	1.5	1.5	1.5	1.4	0.1	11	1 944.2	
BG	-	-	-	-	-	0.5	0.5	0.7	0.8	0.7	0.7	0.9	-	19	74.2	
CZ	0.9	0.9	0.6	0.7	0.8	0.7	0.7	0.7	0.6	0.5	0.5	0.5	-0.4	23	198.4	
DK	4.3	4.3	4.4	4.6	4.3	3.7	3.5	3.9	3.7	4.1	4.3	4.6	0.3	2	4 946.1	
DE	1.0	0.9	0.9	1.0	0.8	0.8	1.0	0.9	0.9	0.9	1.0	1.0	0.0	18	8 940.0	
EE	0.5	0.7	0.5	0.6	0.5	0.6	0.6	0.6	0.1	0.2	0.2	0.2	-0.3	27	8.7	
IE	3.9	4.1	4.0	4.1	4.3	4.5	3.8	3.7	3.7	3.8	3.9	3.8	-0.1	4	2 157.4	
EL	2.2	2.0	2.6	2.6	2.8	2.2	3.0	2.7	2.6	2.8	2.7	2.6	0.4	6	1 740.0	
ES	1.2	1.2	1.1	1.3	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.1	-0.1	16	4 056.0	
FR	1.5	1.5	1.4	1.4	1.3	1.1	1.1	1.3	1.3	1.3	1.3	1.4	-0.1	13	10 776.0	
IT	1.1	1.0	1.0	1.1	1.3	1.3	1.4	1.4	1.4	1.4	1.4	1.4	0.2	12	8 512.0	
CY	8.7	8.5	7.8	7.2	6.9	6.6	6.5	6.2	5.5	5.7	4.5	4.0	-4.7	3	212.7	
LV	0.0	0.0	0.1	0.3	0.5	1.1	1.1	1.2	1.3	1.2	1.1	1.0	1.0	17	49.2	
LT	0.0	0.2	0.3	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.2	0.3	0.3	25	22.7	
LU	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	-0.1	26	36.2	
HU	0.4	0.8	0.8	0.8	1.0	1.0	1.0	1.1	0.4	1.3	1.4	1.6	1.2	10	531.8	
MT	8.7	8.8	8.2	9.1	9.0	8.1	7.1	6.3	6.8	5.4	5.4	5.4	-3.3	1	92.9	
NL	3.3	3.7	3.2	3.5	3.6	3.5	3.4	3.2	3.3	3.4	3.5	3.5	0.2	5	7 349.0	
AT	1.7	1.6	1.5	1.6	1.6	1.8	1.9	2.0	2.1	1.9	2.0	1.9	0.3	9	2 097.7	
PL	0.5	0.6	0.7	0.3	0.4	0.6	0.5	0.7	0.7	1.1	0.9	0.7	0.2	21	635.8	
PT	2.8	3.0	2.9	3.2	3.4	3.3	3.3	2.9	2.5	2.7	2.7	2.6	-0.2	8	1 427.5	
RO	-	-	-	-	-	-	-	0.1	0.2	0.1	0.1	0.4	-	24	113.5	
SI	-	-	-	-	1.0	1.2	1.2	1.1	1.2	1.3	1.3	1.2	-	14	147.0	
SK	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.0	22	82.0	
FI	1.7	2.0	2.1	2.3	2.5	2.3	2.2	2.3	2.6	2.8	2.6	2.6	0.9	7	1 872.0	
SE	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.7	0.6	0.6	0.8	0.8	0.1	20	1 157.9	
UK	1.7	1.7	1.7	1.7	1.7	1.5	1.3	1.4	1.4	1.3	1.3	1.2	-0.5	15	8 758.6	
NO	0.7	0.6	0.6	0.7	0.7	0.6	0.7	3.3	3.3	3.5	3.3	3.3	2.6		3 886.3	
<b>EU-27</b>																
weighted average	1.4	1.5	1.4	1.5	1.5	1.4	1.4	1.4	1.4	1.5	1.5	1.5	0.0			
arithmetic average	2.0	2.1	2.0	2.1	2.1	2.0	1.9	1.8	1.8	1.8	1.7	1.7	-0.3			
<b>EA-15</b>																
weighted average	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.5	1.5	1.5	1.5	0.1			
arithmetic average	2.8	2.9	2.8	2.9	2.8	2.7	2.6	2.5	2.5	2.4	2.3	2.3	-0.5			
<b>EU-25</b>																
weighted average	1.4	1.5	1.4	1.5	1.5	1.4	1.4	1.4	1.4	1.5	1.5	1.5	0.0			
arithmetic average	2.0	2.1	2.0	2.1	2.1	2.0	2.0	1.9	1.9	1.9	1.9	1.8	-0.2			
<b>Convergence indicators</b>																
St.dev./mean %	162.9	160.6	152.9	152.3	144.8	138.3	126.2	115.4	115.3	105.0	98.0	96.9	-66.0			
Max-min	8.7	8.8	8.2	8.9	8.8	7.9	6.8	6.2	6.7	5.6	5.2	5.2	-3.5			

1) in percentage points 2) Based on 2006 data

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	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>	Revenue <sup>2)</sup> € million
BE	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.0	8	523.2
BG	-	-	-	-	-	0.0	0.0	0.1	0.1	0.2	0.1	0.1	-	11	29.1
CZ	0.2	0.2	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	20	27.8
DK	0.3	0.4	0.5	0.6	0.6	0.8	0.8	0.8	0.8	1.0	1.3	1.5	1.2	1	3 404.4
DE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	24	0.0
EE	0.0	0.0	0.0	0.0	0.2	0.3	0.3	0.3	0.3	0.2	0.3	0.3	0.3	3	42.9
IE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	22	12.2
EL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	24	0.0
ES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	21	135.0
FR	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.0	9	2 537.0
IT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18	462.0
CY	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	24	0.0
LV	0.2	0.2	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.1	0.1	0.1	-0.1	12	16.3
LT	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.0	15	16.8
LU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	24	0.0
HU	0.2	0.4	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	-0.1	10	125.6
MT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.2	0.2	0.2	6	12.2
NL	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.0	2	3 175.0
AT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	19	72.1
PL	0.4	0.3	0.3	0.3	0.2	0.2	0.1	0.2	0.1	0.1	0.1	0.3	-0.2	5	697.4
PT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	23	0.0
RO	-	-	-	-	-	-	-	0.3	0.3	0.0	0.1	0.1	-	13	92.1
SI	-	-	-	-	-	0.1	0.1	0.2	0.3	0.2	0.2	0.2	-	7	58.6
SK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.3	0.3	0.3	0.3	0.3	4	121.3
FI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0	16	97.0
SE	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.0	17	165.1
UK	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	14	1 679.6
NO	1.0	1.0	0.9	0.7	0.7	0.6	0.5	0.5	0.5	0.5	0.3	0.4	-0.6		1 034.2
<b>EU-27</b>															
weighted average	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0		
arithmetic average	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.1		
<b>EA-15</b>															
weighted average	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0		
arithmetic average	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0		
<b>EU-25</b>															
weighted average	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0		
arithmetic average	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.1		
<b>Convergence indicators</b>															
St.dev./mean %	193.0	175.6	180.6	185.7	181.6	196.9	195.6	180.4	180.8	203.8	239.2	263.4	70.4		
Max-min	0.6	0.6	0.6	0.6	0.6	0.8	0.8	0.8	0.8	1.0	1.3	1.5	1.0		

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table C.4.3\_T: Environmental taxes as % of Total Taxation: Pollution/Resources

														Difference <sup>1)</sup>	Ranking <sup>2)</sup>	Revenue <sup>2)</sup>
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1995 to 2006		€ million	
BE	0.4	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.5	0.5	0.4	0.0	9	523.2	
BG	-	-	-	-	-	0.0	0.0	0.3	0.4	0.5	0.4	0.3	-	10	29.1	
CZ	0.6	0.5	0.4	0.3	0.2	0.3	0.1	0.1	0.1	0.1	0.1	0.1	-0.5	19	27.8	
DK	0.7	0.9	1.0	1.1	1.2	1.6	1.6	1.7	1.6	2.0	2.6	3.1	2.5	1	3 404.4	
DE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	24	0.0	
EE	0.0	0.1	0.1	0.1	0.5	0.8	1.0	0.9	1.0	0.8	0.9	1.0	1.0	3	42.9	
IE	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	22	12.2	
EL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	24	0.0	
ES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	21	135.0	
FR	0.4	0.4	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.3	0.3	-0.1	13	2 537.0	
IT	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	18	462.0	
CY	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	24	0.0	
LV	0.6	0.5	0.8	0.8	0.8	0.7	0.7	0.7	0.6	0.4	0.4	0.3	-0.3	11	16.3	
LT	0.1	0.2	0.2	0.1	0.2	0.0	0.0	0.0	0.1	0.3	0.3	0.2	0.1	14	16.8	
LU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	24	0.0	
HU	0.5	0.9	0.7	0.7	0.5	0.5	0.5	0.5	0.6	0.5	0.4	0.4	-0.1	8	125.6	
MT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.1	0.7	0.7	0.7	6	12.2	
NL	1.5	1.4	1.4	1.4	1.4	1.4	1.4	1.5	1.5	1.5	1.5	1.5	0.0	2	3 175.0	
AT	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.0	20	72.1	
PL	1.1	0.8	0.7	0.7	0.5	0.5	0.4	0.5	0.4	0.4	0.3	0.8	-0.4	5	697.4	
PT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	23	0.0	
RO	-	-	-	-	-	-	-	1.2	1.0	0.1	0.4	0.3	-	12	92.1	
SI	-	-	-	-	0.1	0.2	0.2	0.4	0.7	0.6	0.6	0.5	-	7	58.6	
SK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8	0.8	0.8	0.8	0.9	0.9	4	121.3	
FI	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	16	97.0	
SE	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.0	17	165.1	
UK	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	15	1 679.6	
NO	2.3	2.3	2.1	1.7	1.7	1.4	1.1	1.2	1.1	1.1	0.7	0.9	-1.5		1 034.2	
<b>EU-27</b>																
weighted average	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.1			
arithmetic average	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.2			
<b>EA-15</b>																
weighted average	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.0			
arithmetic average	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.2	0.1			
<b>EU-25</b>																
weighted average	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.1			
arithmetic average	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.2			
<b>Convergence indicators</b>																
St.dev./mean %	191.7	171.3	177.9	180.6	170.3	183.4	186.3	176.9	177.2	180.4	201.1	226.5	34.9			
Max-min	1.5	1.4	1.4	1.4	1.4	1.6	1.6	1.7	1.6	2.0	2.6	3.1	1.7			

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table D.1: Implicit tax rates in %: Consumption

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>
BE	20.6	21.3	21.6	21.4	22.5	21.8	21.0	21.4	21.3	22.0	22.2	22.4	1.8	11
BG	-	-	-	-	-	19.7	18.9	18.7	20.7	23.2	24.4	25.9	-	6
CZ	22.1	21.2	19.4	18.6	19.7	19.4	18.9	19.3	19.6	21.8	22.2	21.2	-0.9	12
DK	30.5	31.6	31.9	32.7	33.7	33.4	33.5	33.7	33.3	33.3	33.6	34.0	3.5	1
DE	18.8	18.3	18.1	18.3	19.0	18.9	18.5	18.5	18.6	18.1	18.0	18.2	-0.6	22
EE	20.8	19.1	20.3	18.1	17.8	19.8	19.9	20.0	19.9	20.3	22.8	23.6	2.8	10
IE	24.8	24.7	25.3	25.4	25.7	26.1	24.1	25.0	24.9	25.9	26.5	26.9	2.1	4
EL	17.6	17.7	17.8	18.1	18.7	19.0	19.5	18.8	17.9	17.6	17.0	17.6	0.1	24
ES	14.2	14.4	14.6	15.3	15.9	15.7	15.2	15.4	15.8	16.0	16.3	16.4	2.2	27
FR	21.5	22.1	22.2	22.0	22.1	20.9	20.3	20.3	20.0	20.1	20.1	20.0	-1.5	18
IT	17.4	17.1	17.3	17.8	18.0	17.9	17.3	17.1	16.6	16.8	16.8	17.2	-0.2	25
CY	12.6	12.3	11.3	11.5	11.3	12.7	14.3	15.4	18.9	20.0	20.0	20.4	7.8	15
LV	19.3	17.9	18.8	21.1	19.5	18.7	17.5	17.4	18.6	18.5	20.2	20.0	0.7	19
LT	17.7	16.4	20.4	20.7	19.2	17.8	17.4	17.8	17.0	16.0	16.5	16.7	-0.9	26
LU	21.1	20.8	21.6	21.6	22.4	23.1	22.7	22.8	23.6	25.1	25.5	25.1	4.0	8
HU	30.8	29.5	27.2	27.6	27.9	27.5	25.6	25.4	26.0	27.6	26.4	25.8	-4.9	7
MT	14.8	14.0	14.8	13.8	14.8	15.9	16.5	18.1	16.5	17.3	19.1	19.8	5.0	20
NL	23.2	23.3	23.8	23.4	23.9	23.7	24.4	23.8	24.2	24.9	25.3	26.9	3.6	5
AT	20.3	20.7	21.7	21.8	22.2	21.3	21.4	21.9	21.5	21.5	21.2	20.9	0.6	14
PL	21.3	21.2	20.1	19.1	19.7	17.8	17.2	17.9	18.3	18.5	19.6	20.2	-1.1	16
PT	19.1	19.5	19.3	19.9	20.0	19.2	19.3	19.9	19.8	19.7	20.6	21.1	2.0	13
RO	-	-	-	-	-	-	-	16.6	17.6	16.5	18.0	17.7	-	23
SI	25.2	24.7	23.4	24.9	25.8	24.0	23.5	24.6	24.7	24.5	24.2	24.2	-0.9	9
SK	26.0	24.2	23.2	22.6	21.0	21.3	18.5	19.1	21.0	21.5	22.2	20.2	-5.8	17
FI	27.6	27.4	29.3	29.1	29.4	28.6	27.6	27.7	28.1	27.7	27.6	27.3	-0.4	3
SE	27.9	27.2	26.9	27.4	27.2	26.5	26.9	27.4	27.5	27.6	28.1	28.1	0.2	2
UK	20.0	19.9	19.9	19.7	19.9	19.4	19.0	18.9	19.2	19.1	18.7	18.5	-1.5	21
NO	30.9	31.0	31.8	31.5	31.3	31.1	30.6	29.7	28.5	28.9	29.7	31.1	0.2	
<b>EU-27</b>														
weighted average	20.0	20.0	20.0	20.1	20.5	20.1	19.7	19.7	19.7	19.7	19.7	19.9	-0.2	
arithmetic average	21.4	21.1	21.2	21.3	21.5	21.2	20.7	20.8	21.2	21.5	22.0	22.1	0.7	
<b>EA-15</b>														
weighted average	19.4	19.3	19.4	19.6	20.1	19.7	19.2	19.3	19.1	19.2	19.2	19.4	0.1	
arithmetic average	19.9	19.9	20.1	20.3	20.8	20.6	20.4	20.7	20.8	21.2	21.4	21.6	1.7	
<b>EU-25</b>														
weighted average	20.0	20.0	20.0	20.1	20.5	20.1	19.7	19.7	19.7	19.7	19.7	19.9	-0.1	
arithmetic average	21.4	21.1	21.2	21.3	21.5	21.2	20.8	21.1	21.3	21.7	22.0	22.1	0.7	
<b>Convergence indicators</b>														
St.dev./mean %	23.7	23.9	23.2	23.9	23.8	22.5	22.0	21.7	21.2	22.0	21.3	21.5	-2.2	
Max-min	18.2	19.3	20.6	21.2	22.5	20.6	19.3	18.3	17.5	17.3	17.3	17.6	-0.5	

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table D.2: Implicit tax rates in %: Labour

													Difference <sup>1)</sup>	Ranking <sup>2)</sup>
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1995 to 2006	
BE	43.8	43.4	43.9	44.3	43.6	43.9	43.6	43.7	43.5	44.1	43.9	42.8	-1.0	3
BG	-	-	-	-	-	38.8	34.4	33.0	35.5	36.3	34.7	30.9	-	19
CZ	40.5	39.5	40.3	40.7	40.5	40.7	40.3	41.2	41.4	41.8	41.7	41.0	0.5	7
DK	40.2	40.2	40.7	38.9	40.2	41.0	40.8	38.8	38.1	37.4	37.5	37.0	-3.1	12
DE	39.4	39.6	40.6	40.6	40.4	40.7	40.5	40.4	40.3	39.1	38.6	39.6	0.2	8
EE	39.2	39.1	38.5	39.8	39.5	37.8	37.3	37.8	36.9	36.1	34.1	33.9	-5.3	15
IE	29.7	29.3	29.5	28.6	28.7	28.5	27.4	25.9	24.7	25.7	25.1	25.1	-4.6	24
EL	34.1	35.7	36.4	37.5	37.0	38.2	37.7	40.0	41.2	38.0	37.8	38.1	3.9	10
ES	29.0	29.5	28.7	28.6	28.3	28.7	29.5	29.8	30.0	29.9	30.6	31.6	2.6	18
FR	41.2	41.5	41.8	42.3	42.6	42.1	41.7	41.2	41.5	41.1	41.7	42.1	0.9	4
IT	37.8	41.5	43.2	44.6	43.8	43.4	43.5	43.3	43.3	42.8	42.8	43.0	5.2	2
CY	23.1	22.3	22.4	23.4	22.6	22.3	23.6	23.0	23.4	22.8	24.5	24.2	1.1	25
LV	39.2	34.6	36.1	37.2	36.9	36.7	36.5	37.8	36.6	36.7	33.2	33.5	-5.7	16
LT	34.5	35.0	38.4	38.3	38.7	41.2	40.3	38.1	36.9	36.0	34.9	34.1	-0.4	14
LU	29.3	29.6	29.3	28.8	29.6	29.9	29.5	28.3	28.8	29.2	30.0	29.6	0.4	21
HU	42.6	43.1	43.7	42.9	42.7	41.8	41.0	40.6	38.8	37.7	37.8	39.0	-3.6	9
MT	19.0	17.8	19.9	18.1	19.1	20.6	21.3	20.8	20.3	21.3	21.9	21.5	2.6	26
NL	34.4	33.3	32.5	32.9	33.6	34.3	30.3	30.4	30.8	30.4	30.5	33.5	-0.9	17
AT	38.7	39.5	40.8	40.5	40.6	40.2	40.7	40.8	40.9	41.1	41.0	41.2	2.6	6
PL	36.8	36.3	35.9	35.6	35.8	33.6	33.2	32.4	32.7	32.7	33.1	34.4	-2.5	13
PT	26.4	26.5	26.4	26.2	26.5	27.0	27.4	27.6	27.8	27.9	28.4	28.5	2.1	22
RO	-	-	-	-	-	-	-	31.2	30.1	29.2	29.1	-	-	n.a.
SI	38.9	37.1	37.3	37.7	38.4	37.7	37.5	37.7	37.8	37.5	37.5	37.6	-1.3	11
SK	38.5	39.4	38.3	38.0	37.4	36.3	37.1	37.0	36.3	34.3	32.9	30.3	-8.2	20
FI	44.3	45.3	43.6	43.8	43.4	44.1	44.1	43.8	42.5	41.6	41.5	41.5	-2.8	5
SE	46.8	48.0	48.4	49.4	48.5	47.2	46.3	44.8	44.7	44.7	44.7	44.5	-2.3	1
UK	25.7	24.8	24.4	25.0	25.1	25.3	25.0	24.1	24.3	24.8	25.3	25.5	-0.3	23
NO	37.4	38.2	38.5	38.5	38.3	38.3	38.4	38.7	39.0	39.2	38.5	38.0	0.7	
<b>EU-27</b>														
weighted average	36.9	37.4	37.4	37.7	37.4	37.2	36.9	36.5	36.6	36.1	36.2	36.7	-0.2	
arithmetic average	35.7	35.7	36.0	36.2	36.1	36.2	35.8	35.3	35.1	34.8	34.6	34.8	-0.9	
<b>EA-15</b>														
weighted average	38.2	38.9	39.5	39.8	39.6	39.6	39.2	39.0	39.0	38.4	38.4	39.0	0.8	
arithmetic average	33.9	34.1	34.4	34.5	34.5	34.8	34.6	34.4	34.4	34.2	34.4	34.7	0.7	
<b>EU-25</b>														
weighted average	36.9	37.4	37.4	37.7	37.4	37.2	36.9	36.5	36.6	36.2	36.2	36.7	-0.2	
arithmetic average	35.7	35.7	36.0	36.2	36.1	36.1	35.9	35.6	35.3	35.0	34.8	34.9	-0.8	
<b>Convergence indicators</b>														
St.dev./mean %	19.2	20.0	20.0	20.5	20.1	19.3	18.9	19.3	18.9	18.4	17.7	17.7	-1.5	
Max-min	27.8	30.2	28.5	31.2	29.3	26.6	25.0	24.0	24.3	23.5	22.8	22.9	-4.9	

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table D.3: Implicit tax rates in %: Capital

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>
BE	25.3	26.7	27.9	30.0	31.0	29.3	29.4	30.7	31.7	32.7	32.1	32.3	7.1	8
BG	-	-	-	-	-	11.4	13.2	-	-	-	-	-	-	n.a.
CZ	26.4	22.3	24.0	20.3	21.3	20.9	22.3	23.8	24.8	28.1	25.5	24.9	-1.4	9
DK	29.9	30.9	31.7	38.7	38.6	36.0	30.8	30.7	36.7	45.5	47.7	40.9	11.1	3
DE	22.4	25.6	24.5	25.8	29.1	29.2	22.7	21.2	21.4	21.6	22.9	23.4	1.0	11
EE	25.6	16.0	18.4	18.2	15.8	6.6	5.4	6.9	8.2	8.6	7.9	8.4	-17.2	16
IE	25.7	27.1	26.0	25.6	31.9	32.2	33.2	32.3	36.0	38.3	37.5	42.5	16.8	1
EL	11.8	11.6	13.5	16.0	18.2	20.3	17.4	17.3	15.9	15.5	-	-	-	n.a.
ES	20.2	20.6	23.2	23.9	26.8	29.8	28.3	30.0	30.3	32.7	36.0	38.7	18.5	5
FR	31.5	34.7	35.3	35.2	37.7	37.5	37.9	36.6	35.6	38.5	40.0	41.5	10.0	2
IT	27.6	28.2	31.7	29.2	30.9	29.9	29.4	29.5	31.9	30.3	30.4	34.4	6.8	7
CY	-	-	-	-	-	26.2	24.3	25.2	24.4	26.2	31.0	36.6	-	6
LV	-	15.7	17.6	22.2	19.1	11.2	11.5	9.3	8.0	7.8	9.6	-	-	n.a.
LT	15.1	15.4	15.6	16.2	15.5	10.6	8.1	7.5	9.2	10.8	11.5	14.1	-0.9	15
LU	-	-	-	-	-	-	-	-	-	-	-	-	-	n.a.
HU	-	-	-	-	-	-	-	-	-	-	-	-	-	n.a.
MT	-	-	-	-	-	-	-	-	-	-	-	-	-	n.a.
NL	21.2	23.2	22.2	22.6	23.0	20.5	23.0	25.2	22.3	22.2	20.7	20.0	-1.2	13
AT	25.6	28.0	28.4	28.8	27.0	26.0	33.0	27.9	25.6	25.3	23.2	23.4	-2.2	12
PL	20.9	21.3	21.7	20.4	21.8	20.6	20.8	22.8	21.0	18.5	22.2	-	-	n.a.
PT	20.5	23.0	26.0	26.8	29.6	32.7	30.6	32.2	31.6	27.9	28.1	-	-	n.a.
RO	-	-	-	-	-	-	-	-	-	-	-	-	-	n.a.
SI	-	-	-	-	-	-	-	-	-	-	-	-	-	n.a.
SK	35.3	33.3	28.4	28.0	26.4	23.0	21.8	22.3	22.2	21.5	19.1	18.1	-17.2	14
FI	28.5	30.9	31.5	32.6	32.2	36.4	25.7	27.4	25.8	26.3	27.5	24.6	-3.9	10
SE	19.7	26.6	29.4	29.8	35.6	42.8	33.7	29.5	-	-	-	-	-	n.a.
UK	31.4	31.8	33.9	35.6	38.8	41.0	42.0	37.1	32.9	34.0	36.8	39.7	8.3	4
NO	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>EU-27</b>														
weighted average	25.8	27.8	28.9	29.5	31.9	32.5	30.7	29.5	28.9	29.8	31.4	33.3	7.5	
arithmetic average	24.4	24.6	25.5	26.3	27.5	26.1	24.7	25.0	24.8	25.6	26.8	29.0	4.5	
<b>EA-15</b>														
weighted average	25.1	27.3	28.1	28.3	30.6	30.6	28.5	28.1	28.3	28.9	30.3	31.9	6.8	
arithmetic average	23.7	25.4	26.4	27.0	28.9	29.2	27.9	28.0	27.7	28.1	30.0	31.7	8.1	
<b>EU-25</b>														
weighted average	25.8	27.8	28.9	29.5	31.9	32.5	30.7	29.5	28.9	29.8	31.4	33.3	7.5	
arithmetic average	24.4	24.6	25.5	26.3	27.5	26.8	25.3	25.0	24.8	25.6	26.8	29.0	4.5	
<b>Convergence indicators</b>														
St.dev./mean %	22.6	23.2	21.1	21.8	23.0	31.2	30.7	29.3	31.2	34.0	33.6	32.2	9.7	
Max-min	23.5	23.1	21.8	22.7	23.2	36.2	36.6	30.2	28.7	37.7	39.8	34.1	10.6	

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table D.3.1: Implicit tax rates in %: Capital and business income

													Difference <sup>1)</sup>	Ranking <sup>2)</sup>
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1995 to 2006	
BE	16.9	17.4	17.9	19.6	19.9	19.0	19.0	19.4	19.6	19.9	20.1	20.2	3.3	9
BG	-	-	-	-	-	10.5	12.3	-	-	-	-	-	-	n.a.
CZ	22.8	18.7	20.6	17.2	18.3	17.9	19.4	20.8	21.9	25.8	23.3	22.8	0.0	7
DK	21.2	22.1	22.7	27.6	27.4	23.8	17.5	17.2	21.3	29.9	33.9	27.4	6.3	3
DE	17.8	20.7	20.3	21.4	24.2	24.5	18.2	16.9	17.2	17.6	19.0	19.7	1.8	12
EE	15.8	8.6	10.7	12.8	11.2	4.5	3.4	5.0	6.5	6.6	6.1	6.6	-9.2	16
IE	17.8	19.1	18.8	18.7	23.5	24.1	24.9	24.6	26.6	27.7	26.2	29.5	11.7	1
EL	9.1	8.6	9.9	12.5	13.5	15.4	13.3	13.8	12.6	12.7	-	-	-	n.a.
ES	13.6	14.1	16.1	16.1	18.1	20.1	19.0	20.1	19.7	21.1	23.2	25.0	11.4	5
FR	14.7	16.8	17.0	17.1	19.1	19.9	20.6	19.1	17.8	19.8	20.5	21.9	7.2	8
IT	18.3	19.7	22.2	20.4	22.8	22.9	22.8	21.6	24.5	22.4	22.5	26.0	7.6	4
CY	-	-	-	-	-	19.5	19.4	20.6	18.6	17.9	21.7	28.1	-	2
LV	-	9.2	9.9	12.4	10.3	6.7	7.0	6.7	5.2	5.5	7.2	-	-	n.a.
LT	11.3	10.7	10.7	11.1	9.6	6.6	5.2	4.8	6.9	8.4	9.5	12.0	0.7	15
LU	-	-	-	-	-	-	-	-	-	-	-	-	-	n.a.
HU	-	-	-	-	-	-	-	-	-	-	-	-	-	n.a.
MT	-	-	-	-	-	-	-	-	-	-	-	-	-	n.a.
NL	15.7	17.3	17.0	16.9	17.0	14.8	17.0	18.1	15.7	15.6	14.7	14.7	-0.9	14
AT	20.5	23.3	23.8	24.1	22.6	21.6	28.6	23.7	21.5	21.5	19.6	19.8	-0.7	11
PL	14.9	15.1	15.4	14.8	16.7	16.0	15.8	17.1	15.8	14.0	16.3	-	-	n.a.
PT	14.7	17.2	19.7	19.8	21.7	24.3	22.3	22.3	20.0	19.7	19.3	-	-	n.a.
RO	-	-	-	-	-	-	-	-	-	-	-	-	-	n.a.
SI	-	-	-	-	-	-	-	-	-	-	-	-	-	n.a.
SK	32.3	28.9	25.2	25.0	23.6	20.3	19.3	19.7	19.7	19.0	17.0	16.3	-16.0	13
FI	22.7	24.7	25.9	27.3	27.1	31.5	21.6	22.9	21.1	21.2	22.1	20.1	-2.6	10
SE	13.7	17.4	19.4	19.7	25.0	31.9	23.3	19.0	-	-	-	-	-	n.a.
UK	18.7	19.3	21.2	22.4	23.8	24.5	25.5	21.5	18.8	19.6	21.9	24.2	5.5	6
NO	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>EU-27</b>														
weighted average	17.0	18.7	19.6	20.0	21.9	22.4	20.8	19.5	19.1	19.7	20.8	22.4	5.4	
arithmetic average	17.5	17.4	18.2	18.8	19.8	19.1	18.0	17.9	17.6	18.3	19.2	20.9	3.4	
<b>EA-15</b>														
weighted average	16.7	18.7	19.3	19.5	21.4	21.9	20.0	19.2	19.2	19.6	20.5	21.9	5.2	
arithmetic average	16.5	18.1	19.0	19.4	20.9	21.5	20.6	20.3	19.6	19.8	20.8	22.5	6.0	
<b>EU-25</b>														
weighted average	17.0	18.7	19.6	20.0	21.9	22.5	20.9	19.5	19.1	19.7	20.8	22.4	5.4	
arithmetic average	17.5	17.4	18.2	18.8	19.8	19.5	18.2	17.9	17.6	18.3	19.2	20.9	3.4	
<b>Convergence indicators</b>														
St.dev./mean %	30.0	28.8	25.3	24.3	24.6	32.5	30.9	29.5	30.2	32.8	31.5	27.6	-2.4	
Max-min	23.2	20.4	16.0	16.5	17.8	27.4	25.2	19.8	21.4	24.5	27.8	22.9	-0.3	

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table D.3.1.1: Implicit tax rates in %: Corporate income

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Difference <sup>1)</sup> 1995 to 2006	Ranking <sup>2)</sup>
BE	19.5	22.5	23.5	27.4	26.8	23.6	23.6	23.1	22.0	22.2	21.7	21.7	2.2	7
BG	-	-	-	-	-	11.5	15.4	-	-	-	-	-	-	n.a.
CZ	47.2	31.4	41.4	28.0	30.1	26.2	28.3	30.3	32.0	29.8	25.1	23.4	-23.8	6
DK	20.2	22.2	22.2	29.0	21.3	24.4	21.9	21.1	23.2	26.7	28.3	29.8	9.6	4
DE	-	-	-	-	-	-	-	-	-	-	-	-	-	n.a.
EE	29.1	14.4	16.4	18.4	17.9	4.1	3.0	4.7	6.5	7.0	5.6	6.2	-22.8	14
IE	-	-	-	-	-	-	-	-	-	-	-	-	-	n.a.
EL	15.1	13.1	18.5	21.9	26.1	31.4	23.3	25.1	19.4	18.8	-	-	-	n.a.
ES	-	-	-	-	-	30.7	28.5	31.4	31.2	35.2	42.3	49.3	-	1
FR	21.5	26.0	26.2	24.7	28.7	29.6	32.9	29.0	24.4	30.6	31.2	34.7	13.1	2
IT	19.5	21.8	26.0	18.8	22.5	19.3	23.7	20.9	24.5	21.2	21.0	27.5	8.1	5
CY	-	-	-	-	-	24.3	22.5	22.1	22.0	19.6	27.1	33.9	-	3
LV	-	-	14.9	17.1	12.6	8.6	8.8	7.9	6.4	7.4	9.6	-	-	n.a.
LT	11.2	10.1	8.9	8.7	6.3	3.7	2.4	2.6	5.5	7.2	8.0	10.7	-0.6	13
LU	-	-	-	-	-	-	-	-	-	-	-	-	-	n.a.
HU	-	-	-	-	-	-	-	-	-	-	-	-	-	n.a.
MT	-	-	-	-	-	-	-	-	-	-	-	-	-	n.a.
NL	19.8	23.5	22.3	22.7	21.8	18.1	17.2	18.0	14.4	14.7	12.9	12.7	-7.1	12
AT	22.6	25.7	26.7	26.8	25.2	24.7	33.5	26.1	23.3	23.4	21.8	21.6	-1.0	8
PL	46.8	51.6	46.2	42.7	42.7	37.7	37.9	39.2	22.6	18.7	22.4	-	-	n.a.
PT	17.1	19.5	21.4	20.1	21.5	25.5	22.7	22.4	19.2	19.2	18.9	-	-	n.a.
RO	-	-	-	-	-	-	-	-	-	-	-	-	-	n.a.
SI	-	-	-	-	-	-	-	-	-	-	-	-	-	n.a.
SK	-	-	42.0	41.5	37.3	30.3	25.2	27.0	28.6	22.2	21.6	18.4	-	10
FI	19.5	22.5	24.0	25.9	25.4	30.6	18.5	21.1	18.7	18.5	18.3	15.4	-4.1	11
SE	19.2	22.3	23.9	23.6	29.2	41.0	30.8	23.5	-	-	-	-	-	n.a.
UK	17.5	19.5	23.2	22.6	23.2	23.4	24.2	17.4	14.4	14.4	18.0	21.4	3.9	9
NO	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>EU-27</b>														
weighted average	20.6	23.4	25.3	23.6	25.4	25.8	26.5	23.7	21.8	22.9	24.7	28.6	8.0	
arithmetic average	23.0	23.1	25.2	24.7	24.6	23.4	22.2	21.7	19.9	19.8	20.8	23.3	0.3	
<b>EA-15</b>														
weighted average	20.3	23.5	25.1	22.8	25.4	25.4	26.9	25.2	23.9	25.6	27.0	31.3	11.0	
arithmetic average	19.3	21.8	23.6	23.5	24.8	25.8	24.6	23.9	21.9	22.3	23.9	27.1	7.8	
<b>EU-25</b>														
weighted average	20.6	23.4	25.3	23.6	25.4	25.8	26.5	23.7	21.8	22.9	24.7	28.6	8.0	
arithmetic average	23.0	23.1	25.2	24.7	24.6	24.1	22.6	21.7	19.9	19.8	20.8	23.3	0.3	
<b>Convergence indicators</b>														
St.dev./mean %	50.8	40.7	38.6	34.8	33.0	39.4	35.5	38.2	36.4	34.6	36.5	39.3	-11.5	
Max-min	35.9	41.4	37.3	34.0	36.4	37.3	35.4	36.7	26.5	28.2	36.8	43.1	7.1	

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services



Table D.3.1.2: Implicit tax rates in %: Capital and business income of households and self-employed

	Difference <sup>1)</sup>													Ranking <sup>2)</sup>
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1995 to 2006	
BE	13.6	13.2	13.2	13.0	13.2	13.0	13.0	13.6	14.3	14.6	15.0	15.1	1.4	8
BG	-	-	-	-	-	9.2	8.6	-	-	-	-	-	-	n.a.
CZ	8.8	9.6	8.8	8.8	8.5	10.0	10.0	10.4	10.7	18.9	18.4	19.2	10.4	4
DK	20.7	20.4	21.5	22.9	33.8	19.6	7.7	7.8	13.3	29.1	37.8	17.1	-3.6	6
DE	-	-	-	-	-	-	-	-	-	-	-	-	-	n.a.
EE	3.0	2.4	4.1	3.9	2.6	4.7	3.9	4.7	4.7	4.1	6.6	5.7	2.7	13
IE	-	-	-	-	-	-	-	-	-	-	-	-	-	n.a.
EL	6.4	6.3	6.7	8.6	8.5	8.8	8.8	9.2	9.4	9.4	-	-	-	n.a.
ES	-	-	-	-	-	13.6	13.2	13.0	12.6	12.5	12.5	12.6	-	10
FR	10.1	10.9	10.6	11.0	11.7	12.3	11.8	11.6	11.9	11.1	11.7	12.4	2.3	11
IT	13.1	13.6	14.4	15.0	15.6	17.2	15.0	14.6	16.7	15.8	15.9	17.2	4.0	5
CY	-	-	-	-	-	8.6	9.5	14.7	12.2	14.8	13.9	19.7	-	3
LV	0.3	0.3	0.3	0.4	0.5	1.1	0.7	1.1	0.7	0.6	0.5	-	-	n.a.
LT	4.0	4.3	4.9	5.1	4.9	3.9	3.9	3.1	2.7	2.9	3.7	3.6	-0.4	14
LU	-	-	-	-	-	-	-	-	-	-	-	-	-	n.a.
HU	-	-	-	-	-	-	-	-	-	-	-	-	-	n.a.
MT	-	-	-	-	-	-	-	-	-	-	-	-	-	n.a.
NL	10.8	10.3	9.7	9.0	9.7	8.7	14.0	15.0	15.1	14.4	15.8	16.2	5.4	7
AT	10.3	9.4	8.6	8.4	7.6	6.9	7.7	8.8	7.6	6.7	5.8	6.3	-4.0	12
PL	8.1	7.9	8.0	8.0	10.0	10.0	10.9	12.0	12.7	11.1	12.7	-	-	n.a.
PT	9.5	11.3	12.6	14.5	15.8	16.3	14.9	15.1	15.0	13.1	11.9	-	-	n.a.
RO	-	-	-	-	-	-	-	-	-	-	-	-	-	n.a.
SI	-	-	-	-	-	-	-	-	-	-	-	-	-	n.a.
SK	-	-	16.8	17.9	17.6	15.6	16.0	16.1	15.1	16.6	13.8	14.3	-	9
FI	21.0	21.5	22.3	22.5	22.4	23.3	21.4	19.6	18.6	18.4	21.4	24.1	3.1	1
SE	6.6	11.3	13.3	14.3	18.8	22.1	15.4	13.5	-	-	-	-	-	n.a.
UK	14.8	14.1	13.7	16.4	18.0	18.6	19.0	20.0	19.5	21.5	20.8	21.5	6.7	2
NO	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>EU-27</b>														
weighted average	12.1	12.4	12.6	13.5	14.8	15.0	14.3	14.5	14.8	15.3	15.8	16.2	4.1	
arithmetic average	10.1	10.4	11.2	11.7	12.9	12.2	11.3	11.8	11.8	13.1	14.0	14.6	4.6	
<b>EA-15</b>														
weighted average	11.5	11.9	12.0	12.4	12.9	13.5	13.2	13.1	13.7	13.0	13.6	14.3	2.8	
arithmetic average	11.8	12.1	12.3	12.8	13.1	12.9	12.9	13.5	13.3	13.1	13.8	15.4	3.6	
<b>EU-25</b>														
weighted average	12.1	12.4	12.6	13.5	14.8	15.0	14.3	14.5	14.8	15.3	15.8	16.2	4.1	
arithmetic average	10.1	10.4	11.2	11.7	12.9	12.3	11.4	11.8	11.8	13.1	14.0	14.6	4.6	
<b>Convergence indicators</b>														
St.dev./mean %	47.4	45.6	46.2	45.6	54.2	40.6	36.1	35.2	34.8	45.3	52.8	37.5	-9.9	
Max-min	20.7	21.1	22.0	22.4	33.3	22.2	20.6	18.9	18.9	28.6	37.2	20.5	-0.2	

1) in percentage points 2) Based on 2006 data

See explanatory notes in Annex C

Source: Commission Services

Table D.4\_T: Implicit tax rates: Energy<sup>1)</sup>

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking <sup>2)</sup>
BE	95.8	94.8	95.1	95.9	97.4	97.9	97.6	102.2	102.3	115.1	122.6	15
BG	-	-	-	-	-	36.5	46.4	37.5	49.8	64.6	62.3	26
CZ	40.6	41.2	41.6	46.1	57.0	58.9	69.7	74.9	73.4	81.4	96.7	21
DK	200.9	213.5	218.0	249.0	284.6	301.4	316.8	326.2	326.1	324.4	317.8	1
DE	168.6	151.6	149.4	150.0	176.8	192.6	200.3	211.6	224.5	217.6	213.2	4
EE	6.8	11.8	18.6	29.7	31.1	32.2	44.1	46.3	52.1	63.1	77.4	23
IE	112.3	121.0	139.5	140.4	144.6	140.6	123.7	145.6	148.3	167.8	165.9	10
EL	158.1	161.7	157.4	139.0	132.6	117.6	118.3	111.1	111.4	115.7	116.1	17
ES	128.4	134.7	129.2	138.9	144.3	138.2	135.0	141.9	141.8	141.5	140.7	14
FR	169.3	167.5	169.4	170.7	176.9	172.9	162.0	177.7	172.1	178.0	175.8	8
IT	237.1	261.0	271.5	260.5	264.0	248.2	239.9	237.5	243.9	232.9	233.7	2
CY	26.7	27.4	26.7	29.6	32.0	43.2	61.4	64.7	125.7	146.0	156.2	12
LV	10.2	18.1	26.7	44.2	41.1	47.9	42.8	48.0	52.6	61.6	72.7	25
LT	12.3	16.4	25.0	38.9	54.4	58.0	64.8	75.6	79.7	77.7	81.8	22
LU	141.2	138.9	143.0	151.6	159.2	164.7	164.8	170.1	173.9	186.4	194.5	7
HU	58.5	53.1	62.3	77.0	79.3	79.5	82.4	92.9	96.5	99.5	103.9	19
MT	52.0	61.4	72.5	127.9	140.3	143.6	177.8	136.6	121.0	121.4	119.4	16
NL	113.8	113.5	129.7	135.2	152.7	162.2	168.4	171.1	175.0	185.3	204.4	6
AT	123.7	117.6	137.0	130.2	136.4	142.5	146.8	152.1	153.7	165.1	159.3	11
PL	20.7	26.1	27.6	37.7	48.2	59.2	67.0	77.7	72.5	76.0	97.0	20
PT	163.4	162.9	152.1	157.9	151.8	112.0	133.7	158.1	168.3	155.8	168.1	n.a.
RO	-	-	-	-	-	-	-	37.0	45.7	54.9	60.8	27
SI	-	-	-	-	-	118.5	136.1	143.7	141.7	146.0	145.2	13
SK	-	-	31.8	31.9	32.5	41.4	36.8	44.0	59.3	69.7	77.0	24
FI	96.9	96.3	106.7	104.7	109.9	108.8	112.8	113.8	112.6	113.3	115.9	18
SE	138.1	168.6	167.8	172.5	178.2	182.1	183.5	196.0	204.4	209.0	210.7	5
UK	143.4	149.1	186.9	212.2	226.5	250.3	239.3	246.2	224.3	234.7	232.5	3
EU-27												
GDP-weighted average	159.4	160.7	168.2	172.5	185.2	189.8	187.1	194.0	193.2	194.2	193.6	
arithmetic average	105.2	109.1	111.9	119.6	127.2	125.0	129.7	131.1	135.3	140.9	145.3	
EA-15												
GDP-weighted average	166.2	165.9	169.3	168.3	179.6	179.8	178.5	186.3	190.1	188.8	191.7	
arithmetic average	119.2	120.7	125.3	128.8	134.6	131.5	136.2	139.9	144.7	149.3	151.9	
EU-25												
GDP-weighted average	159.4	160.7	168.2	172.5	185.2	190.0	187.3	195.0	194.2	195.3	194.9	
arithmetic average	105.2	109.1	111.9	119.6	127.2	128.6	133.0	138.6	142.3	147.4	151.9	

1) Energy taxes in Euro per tons of oil equivalent (TOE) 2) The ranking is based on 2005 data

See explanatory notes in Annex C

Source: Commission Services

Table D.5\_T: Implicit tax rates, deflated: Energy<sup>1)</sup>

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ranking <sup>2)</sup>
BE	95.8	93.6	91.3	91.6	92.8	87.9	85.9	89.5	89.5	98.3	101.3	16
BG	-	-	-	-	-	36.5	44.6	35.6	47.1	58.3	53.3	22
CZ	40.6	38.4	36.2	37.7	45.5	45.6	53.0	57.9	56.6	61.1	73.0	19
DK	200.9	210.4	210.3	239.4	270.9	275.7	283.4	289.5	287.6	281.0	266.7	1
DE	168.6	151.0	147.4	148.2	174.7	188.1	193.5	203.3	215.3	207.0	200.7	2
EE	6.8	9.9	13.9	21.1	21.5	21.0	27.5	28.5	31.6	37.4	44.2	25
IE	112.3	120.4	135.2	130.5	129.3	118.8	99.7	115.0	118.0	131.6	127.4	11
EL	158.1	151.2	139.0	117.0	108.7	90.0	88.4	80.8	78.8	79.7	77.2	18
ES	128.4	130.9	122.4	129.5	131.8	120.0	113.7	116.3	113.0	108.9	104.0	15
FR	169.3	165.1	165.4	166.2	172.8	165.1	152.6	165.8	158.7	161.7	156.3	7
IT	237.1	251.1	254.8	239.7	239.2	215.2	201.8	194.5	195.2	180.8	175.4	5
CY	26.7	26.7	25.3	27.5	29.0	37.6	52.1	54.2	102.0	115.3	119.6	12
LV	10.2	15.8	21.6	34.7	31.8	35.4	31.2	33.7	35.4	38.4	41.0	27
LT	12.3	14.4	20.2	31.1	44.1	46.3	52.2	61.8	66.4	63.9	63.3	20
LU	141.2	133.0	134.9	142.2	143.5	138.3	140.8	144.9	149.2	152.1	149.0	8
HU	58.5	43.9	44.0	48.4	46.5	42.0	41.1	45.4	45.5	46.1	47.6	24
MT	52.0	60.1	70.3	121.6	131.6	122.9	154.8	116.4	102.8	102.8	97.2	17
NL	113.8	112.3	125.5	130.5	146.3	148.2	149.5	150.0	151.8	159.2	171.6	6
AT	123.7	116.0	134.7	127.4	132.5	135.8	138.0	141.7	142.0	150.1	142.0	9
PL	20.7	22.3	20.7	25.4	30.6	34.9	38.4	43.2	39.5	39.7	50.3	23
PT	163.4	159.2	143.6	145.6	137.1	96.8	112.5	129.9	135.8	122.8	128.5	n.a.
RO	-	-	-	-	-	-	-	37.0	37.7	40.0	41.4	26
SI	-	-	-	-	-	118.5	126.3	126.1	119.2	118.5	114.5	13
SK	-	-	31.8	31.3	30.5	35.0	29.6	34.4	44.8	50.5	55.6	21
FI	96.9	95.5	104.6	101.3	106.6	101.8	103.9	104.7	103.7	103.5	104.8	14
SE	138.1	169.0	165.9	170.2	174.1	174.1	170.7	180.2	186.3	190.0	188.2	4
UK	143.4	145.2	181.1	204.2	214.7	233.3	219.5	221.7	197.1	202.5	195.5	3
<b>EU-27</b>												
GDP-weighted average	159.4	156.7	158.5	160.5	170.3	168.9	162.9	166.4	163.2	160.9	156.7	
arithmetic average	105.2	105.9	105.8	110.9	116.1	110.2	111.7	111.2	113.0	114.9	114.4	
<b>EA-15</b>												
GDP-weighted average	166.2	163.1	163.7	161.5	171.2	166.0	161.7	166.3	167.8	163.6	162.2	
arithmetic average	127.7	126.1	128.2	129.9	134.0	125.7	127.6	128.9	131.7	132.8	131.3	
<b>EU-25</b>												
GDP-weighted average	159.4	157.2	161.5	163.9	174.2	173.4	167.5	171.9	168.8	166.6	162.4	
arithmetic average	105.2	105.9	105.8	110.9	116.1	113.1	114.4	117.2	118.6	120.1	119.8	

1) Energy taxes in Euro per tons of oil equivalent (TOE) 2) The ranking is based on 2005 data

See explanatory notes in Annex C

Source: Commission Services



# **A**nnex **B**

**Lists of taxes according  
to economic function**



## ANNEX B

### Lists of Taxes According to economic function

#### LIST OF ABBREVIATIONS

##### ECONOMIC FUNCTION

---

C	Consumption tax
Leyrs	Labour tax on Employers
Lees	Labour tax on Employees
Lnon	Labour tax on the Non-Employed (Pensioners/Unemployed)
KIC	Capital tax on the income of Corporations
KIH	Capital tax on the income of Households
KISe	Capital tax on the income of the Self-employed
KS	Capital tax on Stocks of Wealth
SPLIT_1	'PIT Split' between Lees, Lnon, KIH, KISe (See Annex C, Part D for details)
SPLIT_2	Split between Lnon and KISe (See Annex C, Part C for details)

##### ALCOHOL, TOBACCO AND ENVIRONMENTAL TAXES

---

TA	Tobacco and alcohol taxes
T	Transport tax
E	Energy tax
P	Pollution tax

The position of the codes for the economic function in the lists indicates the source of the data used in the calculations. If the code is listed next to the name of the tax (in italics), then detailed data provided by Member States administrations have been utilised. If instead the code is listed next to the ESA95 category, this means that the source of the data used is the Eurostat public database.





## AUSTRIA

ESA95 code	ESA95 text	Name of the tax	Economic function	Alcohol, Tobacco & Environmental tax
d2		Taxes on production and imports		
d21		Taxes on products		
d211		Value added type taxes (VAT)		
		<i>Value added tax</i>	C	
		<i>Under-compensation of VAT (flat rate system), agriculture</i>	C	
d212		Taxes and duties on imports excluding VAT		
d2121		Import duties		
		<i>Other import duties</i>	C	
		<i>Customs duties</i>	C	
d2122		Taxes on imports excluding VAT and import duties		
d2122a		Levies on imported agricultural products		
		<i>Import equalization duties</i>	C	
d2122c		Excise duties		
		<i>Import duties not collected on the national border</i>	C	
d2122e		Taxes on specific services		
		<i>Contribution to promote foreign trade</i>	C	
d214		Taxes on products, except VAT and import taxes		
d214a		Excise duties and consumption taxes		
		<i>Duty promotion milk distribution</i>	C	
		<i>Duty on spirit</i>	C	TA
		<i>Special duty on alcoholic drinks</i>	C	TA
		<i>Contribution to the Agricultural Fund</i>	C	
		<i>Tax on beer</i>	C	TA
		<i>Tax on energy</i>	C	E
		<i>Beverage tax</i>	C	TA
		<i>Market Organisation Act - grain</i>	C	
		<i>Market Organisation Act - milk</i>	C	
		<i>Tax on mineral oils</i>	C	E
		<i>Duty on vehicles based on fuel consumption</i>	C	T
		<i>Other receipts - Market Organisation Act</i>	C	
		<i>Tax on sparkling wine</i>	C	TA
		<i>Special tax on mineral oils</i>	C	E
		<i>Duty on starch products</i>	C	
		<i>Tax on tobacco</i>	C	TA
		<i>Transport equality levy</i>	C	
		<i>Tax on wine</i>	C	TA
		<i>Levy on sugar</i>	C	
d214b		Stamp taxes		
		<i>Stamp fees</i>	KS	
d214c		Taxes on financial and capital transactions		
		<i>Land transfer tax</i>	KS	
		<i>Capital transfer tax</i>	KS	
d214d		Car registration taxes		
		<i>Car registration taxes paid by corporations</i>	C	T
d214e		Taxes on entertainment		
		<i>Entertainment tax</i>	C	
		<i>Amusement tax</i>	C	
d214f		Taxes on lotteries, gambling and betting		
		<i>Tax on gambling stakes 2</i>	C	
		<i>Tax on gambling stakes 1</i>	C	
		<i>Duty on casinos</i>	C	
d214g		Taxes on insurance premiums		
		<i>Fire protection tax</i>	C	
		<i>Insurance tax</i>	C	
d214h		Other taxes on specific services		
		<i>Levy on dangerous waste</i>	C	P
		<i>Announcement tax</i>	C	
		<i>Advertisement tax</i>	C	
		<i>Tax on tourism</i>	C	
		<i>Duty for airways security</i>	C	T
		<i>Tax on advertisement</i>	C	
d214j		Profits of fiscal monopolies		

	<i>Federal monopolies, spirits</i>	C	TA
	<i>Federal monopolies, gambling</i>	C	
d214l	Other taxes on products n.e.c.		
	<i>Contribution to the artists' social security fund</i>	C	
d29	Other taxes on production		
d29a	Taxes on land, buildings and other structures		
	<i>Tax on vacant plots</i>	KS	
	<i>Land tax (except farm land)</i>	KS	
d29c	Total wage bill and payroll taxes		
	<i>Employers contribution of family burdens</i>	Leyrs	
	<i>Disabled persons, equalization levy</i>	KS	
	<i>Tax on sum of wages</i>	Leyrs	
	<i>Tax on employment (Vienna underground)</i>	Leyrs	
d29g	Under-compensation of VAT (flat rate system)		
	<i>Under-compensation of VAT (flat rate system), agriculture</i>	C	
d29h	Other taxes on production n.e.c.		
	<i>Road transport duty</i>	KS	T
	<i>Hunting and fishing duties</i>	C	
	<i>Certain users fee</i>	KS	
	<i>Land tax A (farm land)</i>	KS	
	<i>Motor vehicles tax 1, paid by enterprises</i>	KS	T
	<i>Motor vehicles tax 2, paid by enterprises</i>	KS	T
	<i>Fines related to tax offences, taxes on production and imports</i>	KS	
	<i>Embossment fee</i>	KS	
	<i>Other taxes, taxes on production n.e.c.</i>	KS	
	<i>Stamp fees</i>	KS	
	<i>Other fees, taxes on production n.e.c.</i>	KS	
	<i>Contribution to the Road Safety Fund, paid by enterprises</i>	KS	
	<i>Administration duties</i>	KS	
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
d51a	Taxes on individual or household income		
	<i>EU withholding tax on interest income of non-residents</i>	KIH	
	<i>Income tax</i>	SPLIT_1	
	<i>Tax on industry and trade</i>	KISe	
	<i>Contr. to chambers</i>		
	- <i>SPLIT to Lees: 0,27</i>	Lees	
	- <i>SPLIT to Leyrs: 0,25</i>	Leyrs	
	- <i>SPLIT to KISe: 0,48</i>	KISe	
	<i>Tax on capital yields</i>	KIH	
	<i>Tax on interest</i>	KIH	
	<i>Wage tax</i>	SPLIT_1	
d51b	Taxes on the income or profits of corporations		
	<i>Directors tax</i>	KIH	
	<i>Tax on industry and trade</i>	KIC	
	<i>Contribution to chambers</i>		
	- <i>SPLIT to Lees: 0,27</i>	Lees	
	- <i>SPLIT to Leyrs: 0,25</i>	Leyrs	
	- <i>SPLIT to KIC: 0,48</i>	KIC	
	<i>Tax on capital yields</i>	KIC	
	<i>Tax on interest</i>	KIC	
	<i>Corporation tax</i>	KIC	
d51e	Other taxes on income n.e.c.		
	<i>Duty on contributions to political parties</i>	KIC	
	<i>Credit of taxpayers</i>		
	- <i>SPLIT to KISe: 0,5</i>	KISe	
	- <i>SPLIT to KIC: 0,5</i>	KIC	
	<i>Tax on financial institutions</i>	KIC	
	<i>Promotion residential buildings</i>		
	- <i>SPLIT to Lees: 0,5</i>	Lees	
	- <i>SPLIT to Leyrs: 0,5</i>	Leyrs	
d59	Other current taxes		
d59a	Current taxes on capital		
	<i>Duty on farms</i>	KS	
	<i>Farm contribution</i>	KS	
	<i>Capital death duty</i>	KS	
	<i>Farm contribution to chambers</i>	KS	
	<i>Capital tax</i>	KS	
d59f	Other current taxes n.e.c.		
	<i>Contribution for the promotion of arts</i>	C	

	<i>Tax on radio and TV-licences</i>	C	
	<i>Hunting and fishing duties</i>	C	
	<i>Contributions to students' association</i>	Lnon	
	<i>Dog tax</i>	C	
	<i>Motor vehicles tax 1, paid by households</i>	C	T
	<i>Motor vehicles tax 2, paid by households</i>	C	T
	<i>Fines related to tax offences, taxes on income, wealth etc.</i>	KS	
	<i>Other taxes</i>	C	
	<i>Stamp fees</i>	KS	
	<i>Other fees</i>	C	
	<i>Contribution to the Road Safety Fund, paid by households</i>	C	
	<i>Administration duties</i>	C	
d91	Capital taxes		
d91a	Taxation of capital transfers		
	<i>Estate, inheritance and gift tax</i>	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions		
	<i>Unemployment insurance contributions</i>	Leyrs	
	<i>Special health insurance contributions</i>	Leyrs	
	<i>Special unemployment insurance contributions, construction workers</i>	Leyrs	
	<i>Contributions to sickness benefit fund</i>	Leyrs	
	<i>Contributions to insolvency fund</i>	Leyrs	
	<i>Health insurance contributions, local government employees</i>	Leyrs	
	<i>Health insurance contributions</i>	Leyrs	
	<i>Special pension contributions, nightshift worker</i>	Leyrs	
	<i>Pension contributions, civil servants</i>	Leyrs	
	<i>Pension insurance contributions</i>	Leyrs	
	<i>Special unemployment insurance contributions, construction workers, until 1996</i>	Leyrs	
	<i>Accident insurance contributions</i>	Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions		
	<i>Unemployment insurance contributions</i>	Lees	
	<i>Special unemployment insurance contributions, construction workers</i>	Lees	
	<i>Health insurance contributions, local government employees</i>	Lees	
	<i>Health insurance contributions</i>	Lees	
	<i>Pension contributions, civil servants</i>	Lees	
	<i>Pension insurance contributions</i>	Lees	
	<i>Special unemployment insurance contributions, construction workers, until 1996</i>	Lees	
	<i>Accident insurance contributions</i>	Lees	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons		
	<i>Health insurance contributions, local government employees</i>	SPLIT_2	
	<i>Health insurance contributions</i>	SPLIT_2	
	<i>Special pension contributions, civil servants (retired)</i>	SPLIT_2	
	<i>Pension insurance contributions</i>	SPLIT_2	
	<i>Accident insurance contributions</i>	SPLIT_2	

## BELGIUM

ESA95 code	ESA95 text Name of the tax	Economic function	Alcohol, Tobacco & Environmental tax
d2	Taxes on production and imports		
d21	Taxes on products		
d211	Value added type taxes (VAT)		
	<i>TVA grevant les produits</i>	C	
d212	Taxes and duties on imports excluding VAT		
d2121	Import duties		
	<i>Droits d'entrée (y compris droits CECA)</i>	C	
d2122	Taxes on imports excluding VAT and import duties		
d2122a	Levies on imported agricultural products		
	<i>Prélèvements agricoles</i>	C	
d2122b	Monetary compensatory amounts on imports		
	<i>Montants compensatoires prélevés à l'importation</i>	C	
d2122c	Excise duties		
	<i>Droits d'accise sur les huiles minérales</i>	C	E
	<i>Droits d'accise sur les gaz de pétrole et autres hydrocarbures liquéfiés et sur</i>	C	
	<i>Droits d'accise sur le tabac</i>	C	TA
	<i>Droits d'accise sur les eaux-de-vie</i>	C	TA
	<i>Taxe de consommation sur les alcools et eaux-de-vie</i>	C	TA
	<i>Droits d'accise sur les boissons fermentées mousseuses</i>	C	TA
	<i>Droits d'accise sur les boissons fermentées de fruits</i>	C	TA
	<i>Droits d'accise sur les bières</i>	C	TA
	<i>Droits d'accise sur les eaux de boisson et les limonades</i>	C	
	<i>Droits d'accise sur les sucres et sirops de raffinage</i>	C	
	<i>Droits d'accise sur le café</i>	C	
	<i>Droits d'accise sur les produits intermédiaires</i>	C	TA
	<i>Redevance de contrôle sur le fuel domestique</i>	C	
	<i>Cotisation d'emballage</i>	C	P
	<i>Ecotaxes</i>	C	
d2122d	General sales taxes		
	<i>Taxes assimilées au timbre</i>	C	
d2122e	Taxes on specific services		
	<i>Impôts sur des services déterminés</i>	C	
d2122f	Profits of import monopolies		
	<i>Bénéfices des monopoles à l'importation</i>	C	
d214	Taxes on products, except VAT and import taxes		
d214a	Excise duties and consumption taxes		
	<i>Droits d'accise sur les huiles minérales</i>	C	E
	<i>Droits d'accise sur les gaz de pétrole et autres hydrocarbures liquéfiés et sur</i>	C	
	<i>Droits d'accise sur le tabac</i>	C	TA
	<i>Droits d'accise sur les eaux-de-vie</i>	C	TA
	<i>Taxe de consommation sur les alcools et eaux-de-vie</i>	C	TA
	<i>Droits d'accise sur les boissons fermentées mousseuses</i>	C	TA
	<i>Droits d'accise sur les boissons fermentées de fruits</i>	C	TA
	<i>Droits d'accise sur les bières</i>	C	TA
	<i>Droits d'accise sur les eaux de boisson et les limonades</i>	C	
	<i>Droits d'accise sur les sucres et sirops de raffinage</i>	C	
	<i>Droits d'accise sur le café</i>	C	
	<i>Droits d'accise sur les produits intermédiaires</i>	C	TA
	<i>Redevance de contrôle sur le fuel domestique</i>	C	E
	<i>Cotisation sur l'énergie</i>	C	E
	<i>Cotisation fédérale sur l'électricité et le gaz naturel</i>	C	E
	<i>Taxes sur les eaux (RF, RW et R B-C)</i>	C	P
	<i>Cotisation sucre</i>	C	
	<i>Taxe de coresponsabilité sur le lait</i>	C	
	<i>Taxe de coresponsabilité sur les céréales</i>	C	
	<i>Taxe de coresponsabilité sur la viande de mouton</i>	C	
	<i>Pénalisation dépassement du quota laitier</i>	C	
	<i>Cotisations obligatoires des producteurs d'animaux et de produits animaux</i>	C	
	<i>Prélèvement CECA</i>	C	
	<i>Cotisation d'emballage</i>	C	P
	<i>Ecotaxes</i>	C	P
d214b	Stamp taxes		
	<i>Droits de timbre</i>	KS	
d214c	Taxes on financial and capital transactions		
	<i>Droits d'enregistrement</i>	KS	
	<i>Droits d'hypothèque</i>	KS	
	<i>Droits de greffe</i>	KS	
	<i>Taxe sur les opérations de bourse et de reports</i>	KS	
	<i>Taxe sur les livraisons de titres au porteur</i>	KS	
d214d	Car registration taxes		
	<i>Taxe d'immatriculation</i>	C	T

	<i>Taxe de mise en circulation</i>	C	T
d214e	Taxes on entertainment		
	<i>Taxes sur les spectacles et divertissements</i>	C	
d214f	Taxes on lotteries, gambling and betting		
	<i>Taxe sur les jeux et paris</i>	C	
d214g	Taxes on insurance premiums		
	<i>Taxes sur les contrats d'assurance</i>	C	
	<i>Supplément au montant des primes d'assurance accidents de travail</i>	Lees	
	<i>Supplément au montant des primes d'assurance automobile</i>	C	
	<i>Supplément au montant des primes d'assurance incendie</i>	C	
	<i>Supplément au montant des primes d'assurance hospitalisation</i>	C	
	<i>Recettes au profit de la Croix-Rouge de Belgique</i>	C	
d214h	Other taxes on specific services		
	<i>Autres impôts sur des services déterminés</i>	C	
d214i	General sales or turnover taxes		
	<i>Impôts généraux sur les ventes ou le chiffre d'affaires</i>	C	
	<i>Taxes assimilées au timbre</i>	C	
d214j	Profits of fiscal monopolies		
	<i>Bénéfices de la loterie nationale</i>	C	
d214k	Export duties and monetary compensatory amounts on exports		
	<i>Montants compensatoires prélevés à l'exportation</i>	KS	
d214l	Other taxes on products n.e.c.		
	<i>Taxe d'affichage</i>	KS	
	<i>Cotisation sur le chiffre d'affaire de l'industrie pharmaceutique</i>	KS	
	<i>Redevance sur certains produits pharmaceutiques</i>	KS	
d29	Other taxes on production		
	<i>Autres impôts sur la production</i>		
d29a	Taxes on land, buildings and other structures		
	<i>Précompte immobilier (PP)</i>	KS	
	<i>Précompte immobilier (Soc)</i>	KS	
	<i>Taxe d'ouverture</i>	KS	
	<i>Taxe de patente</i>	KS	
	<i>Taxe régionale (R B-C) - A partir de 2002, uniquement taxe régionale à charge des propriétaires d'immeubles</i>	KS	
d29b	Taxes on the use of fixed assets		
	<i>Taxe de circulation payée par les entreprises</i>	KS	T
	<i>Taxe sur les appareils automatiques de divertissement</i>	KS	
	<i>Eurovignette</i>	KS	T
	<i>Taxe assimilée au droit d'accise payée par les entreprises</i>	KS	T
d29c	Total wage bill and payroll taxes		
	<i>Taxe sur les centres de coordination</i>	KS	
d29d	Taxes on international transactions		
	<i>Impôts sur les transactions internationales</i>	C	
d29e	Business and professional licences		
	<i>Impôts sur les autorisations commerciales ou professionnelles</i>	C	
d29f	Taxes on pollution		
	<i>Taxes sur les déchets industriels (RF et RW)</i>	C	P
	<i>Taxe sur le lisier (RF)</i>	C	P
	<i>Taxes sur les eaux (RF, RW et R B-C)</i>	C	P
d29g	Under-compensation of VAT (flat rate system)		
	<i>Sous-compensation TVA</i>	C	
d29h	Other taxes on production n.e.c.		
	<i>Annuité de brevets</i>	KS	
	<i>Rente de monopole (Belgacom)</i>	KS	
	<i>Rente de monopole (Loterie nationale)</i>	C	
	<i>Cotisation unique des sociétés</i>	KS	
	<i>Remboursement biologie clinique</i>	KS	
	<i>Redevance radio et télévision (CF, CF et CG) - partim</i>	C	
	<i>Titrisation 2006: TVA</i>	C	
	<i>Contribution unique à charge du secteur gazier</i>	KS	
	<i>Cotisation exceptionnelle des producteurs d'électricité</i>	KS	
	<i>Cotisation unique à charge du secteur pétrolier</i>	KS	
	<i>Autres impôts à la production</i>	KS	
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
d51a_d51c1	Taxes on individual or household income including holding gains		
d51a	Taxes on individual or household income		
	<i>Précompte mobilier (PP)</i>	KIH	
	<i>Précompte professionnel (PP)</i>	SPLIT_1	
	<i>Versements anticipés (PP)</i>	SPLIT_1	
	<i>Rôles (PP)</i>	SPLIT_1	
	<i>Taxe annuelle sur les participations bénéficiaires</i>	KIH	
	<i>Cotisation spéciale de sécurité sociale</i>	Lees	
	<i>Cotisation sur les hauts revenus</i>	Lees	
	<i>Taxe sur la participation des travailleurs aux bénéfices ou au capital de la</i>	KIH	
	<i>Autres impôts sur le revenu</i>	SPLIT_1	
d51b	Taxes on the income or profits of corporations		
	<i>Précompte mobilier (Soc)</i>	KIC	
	<i>Versements anticipés (Soc)</i>	KIC	

	<i>Impôts des non-résidents (Soc)</i>	KIC	
	<i>Rôles (Soc)</i>	KIC	
	<i>Autres impôts sur le revenu</i>	KIC	
d51c	Taxes on holding gains		
	<i>Impôts sur les gains de détention</i>	KIH	
d51d	Taxes on winnings from lottery or gambling		
	<i>Taxes sur les gains des loteries et des paris</i>	KIH	
d51e	Other taxes on income n.e.c.		
	<i>anciens impôts sur le revenu</i>	KIH	
	<i>Impôts des non-résidents (PP)</i>	Lees	
	<i>Autres impôts sur le revenu</i>	KIH	
d59	Other current taxes		
d59a	Current taxes on capital		
	<i>Taxes sur le patrimoine (terrains et bâtiments)</i>	KS	
	<i>Taxe sur les associations sans but lucratif</i>	KS	
	<i>Taxe annuelle sur les titres cotés en bourse</i>	KS	
	<i>Taxe annuelle sur les organismes de placement collectif</i>	KS	
	<i>Prélèvement visant à lutter contre la non-utilisation d'un site de production d'électricité par un producteur</i>	KS	
	<i>Transfert au Fonds des accidents de travail en provenance des caisses privées d'assurance contre les accidents de travail</i>	KS	
d59b	Poll taxes		
	<i>Taxe sur les déchets ménagers (RW)</i>	C	P
	<i>Taxe régionale forfaitaire (R B-C)</i>	C	
d59c	Expenditure taxes		
	<i>Impôts sur la dépense</i>	C	
d59d	Payments by households for licences		
	<i>Taxe de circulation payée par les ménages</i>	C	T
	<i>Taxe assimilée au droit d'accise payée par les ménages</i>	C	T
d59e	Taxes on international transactions		
	<i>Impôts sur les transactions internationales</i>	C	
d59f	Other current taxes n.e.c.		
	<i>Redevance radio et télévision (RW)</i>	C	
	<i>Titrisation (PP)</i>	SPLIT_1	
	<i>Titrisation (Soc)</i>	KIC	
	<i>Autres taxes</i>	C	
d91	Capital taxes		
d91a	Taxes on capital transfers		
	<i>Droits de succession</i>	KS	
	<i>Droits sur les donations</i>	KS	
d91b	Capital levies		
	<i>Taxe sur l'épargne à long terme</i>	KS	
	<i>Déclaration libératoire unique (DLU)</i>	KS	
	<i>Régularisations déclaration libératoire cot diamantaires</i>	KS	
d91c	Other capital taxes n.e.c.		
	<i>Autres impôts en capital n.d.a.</i>	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
	<i>Cotisations sociales effectives à la charge des employeurs</i>	Leyrs	
d61111	Compulsory employers' actual social contributions		
	<i>. à charge des administrations publiques</i>		
	<i>. à charge des autres secteurs</i>		
d6112	Employees' social contributions		
	<i>Cotisations sociales à la charge des salariés</i>		
d61121	Compulsory employees' social contributions		
	<i>. sur salaires et traitements bruts</i>	Lees	
	<i>. sur prestations sociales</i>	Lees	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons		
	<i>. à charge des travailleurs indépendants</i>	KISe	
	<i>. à charge des expatriés (OSSOM)</i>	Lnon	
	<i>. à charge des inactifs</i>	Lnon	

## BULGARIA

ESA95 code	ESA95 text Name of the tax	Economic function	Alcohol, Tobacco & Environmental tax
d2	Taxes on production and imports		
d21	Taxes on products		
d211	Value added type taxes (VAT) <i>Accrued including refunded amount and Tax Audit Act - VAT Act</i>	C	
d212	Taxes and duties on imports excluding VAT		
d2121	Import duties <i>Import custom duties - Customs Act</i>	C	
d2122	Taxes on imports excluding VAT and import duties		
d2122a	Levies on imported agricultural products <i>Levies on imported agricultural products: veterinary levies, sanitary licenses and others - Customs Act</i>	C	
d2122c	Excise duties		
	<i>Tobacco</i>	C	TA
	<i>Fuel</i>	C	E
	<i>Alcohol</i>	C	TA
	<i>Beer</i>	C	TA
	<i>Cars</i>	C	T
	<i>Coffee</i>	C	
	<i>Other</i>	C	
d214	Taxes on products, except VAT and import taxes <i>Taxes on products, except VAT and import taxes</i>		
d214a	Excise duties and consumption taxes		
	<i>Tobacco</i>	C	TA
	<i>Fuel</i>	C	E
	<i>Alcohol</i>	C	TA
	<i>Beer</i>	C	TA
	<i>Other</i>	C	
d214b	Stamp taxes <i>Government tax stamps for legalizing documents from the Ministry of Finance and tax stamps of municipal councils - special regulation act</i>	KS	
d214d	Car registration taxes <i>State taxes on registration of motor vehicles - special regulation act</i>	C	T
d214e	Taxes on entertainment <i>Municipal resort taxes - Local Taxes Fees Act</i>	C	
d214f	Taxes on lotteries, gambling and betting <i>Final tax over gambling stakes</i>	KIC	
d214g	Taxes on insurance premiums <i>Insurance premium taxes - Corporate Income Tax Act</i>	KIC	
d214k	Export duties and monetary compensatory amounts on exports <i>Customs export duties - Customs Act</i>	KS	
d29	Other taxes on production		
	<i>Other taxes on production</i>		
d29a	Taxes on land, buildings and other structures <i>Taxes on buildings - Local Taxes and Fees Act</i>	KS	
d29b	Taxes on the use of fixed assets <i>Motor vehicles tax paid by producers - Local Taxes and Fees Act</i>	KS	T
d29c	Total wage bill and payroll taxes <i>Social expenditures tax made by employers benefit for their employees - Corporate Income Tax Act</i>	Leyrs	
d29e	Business and professional licences <i>Business licenses</i>	KS	
d29f	Taxes on pollution <i>Municipal taxes on extraction of quarry materials - Local Taxes and Fees Act</i>	KS	P
	<i>Water usage taxes</i>	KS	P
	<i>Air preserving taxes</i>	KS	P
	<i>Vehicle pollution taxes</i>	KS	P
	<i>Waste management Act</i>	KS	P
	<i>Protected areas act</i>	KS	P
d29h	Other taxes on production n.e.c. <i>Taxes over corporate luxury expenditures - Corporate Income Tax Act</i>	KS	
	<i>Corporate vehicle expenditures tax - Corporate Income Tax Act</i>	KS	T
	<i>Tax on company expenditures for donations</i>	KS	
	<i>Tax on expenditures made by employees for employer's insurance</i>	Leyrs	
d5	Current taxes on income, wealth, etc. <i>Current taxes on income, wealth, etc.</i>		
d51	Taxes on income <i>Taxes on income</i>		
d51a d51c1	Taxes on individual or household income including holding gains		
d51a	Taxes on individual or household income <i>Personal income tax - labour contracts</i>	SPLIT_1	

	<i>Personal income tax - sole traders, free professions, civil contracts etc.</i>	SPLIT 1	
	<i>Final annual patent tax</i>	KISe	
d51b_d51c2	Taxes on the income or profits of corporations including holding gains		
d51b	Taxes on the income or profits of corporations		
	<i>Taxes over dividends</i>	KIC	
	<i>Income taxes</i>	KIC	
d51e	Other taxes on income n.e.c.		
	<i>Budgetary enterprises income tax</i>	KIC	
d59	Other current taxes		
	<i>Other current taxes</i>		
d59a	Current taxes on capital		
	<i>Property tax paid by households - Local Taxes and Fees Act</i>	KS	
d59d	Payments by households for licences		
	<i>Hunting and fishing licenses</i>	C	
d59f	Other current taxes n.e.c.		
	<i>Vehicles tax paid by households</i>	C	T
d91	Capital taxes		
	<i>Capital Taxes</i>		
d91a	Taxes on capital transfers		
	<i>Inheritance tax</i>	KS	
	<i>Donations taxes, taxes on sponsorships and taxes on acquisition of property</i>	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions		
	<i>Compulsory employers' actual social contributions</i>	Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions		
	<i>Compulsory employees' social contributions</i>	Lees	
d61122	Voluntary employees' social contributions		
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons		
	<i>Compulsory social contributions by self- and non-employed persons</i>	SPLIT 2	



## CYPRUS

ESA95 code	ESA95 text Name of the tax	Economic function	Alcohol, Tobacco & Environmental tax
d2	Taxes on production and imports		
d21	Taxes on products		
d211	Value added type taxes (VAT)		
	<i>VAT on products</i>	C	
	<i>VAT paid to EU institutions</i>	C	
d212	Taxes and duties on imports excluding VAT		
d2121	Import duties		
	<i>Import Duties</i>	C	
	<i>Import Duties-Postal Services</i>	C	
	<i>Import Duties-Sovereign Base Areas</i>	C	
d2122	Taxes on imports excluding VAT and import duties		
d2122b	Monetary compensatory amounts on imports		
	<i>Temporary Refugee Levy on Imports</i>	C	
d2122c	Excise duties		
	<i>Excise - Motor Vehicles</i>	C	T
d2122d	General sales taxes		
	<i>Motor Vehicles for transport of 10 or more persons</i>	C	T
	<i>Motor Vehicles of the Jeep and land-rover type</i>	C	T
	<i>Double cabin motor vehicles</i>	C	T
	<i>Vessels for pleasure and their Engines</i>	C	T
	<i>Motor-cycles</i>	C	T
	<i>Cigars and Cigarillos</i>	C	TA
	<i>Apparel articles of furskins</i>	C	
	<i>Sparkling Wines</i>	C	TA
	<i>Baths and baths' accessories</i>	C	
	<i>Articles of lead crystal</i>	C	
	<i>Other</i>	C	
	<i>Motor Vehicles of the "Van" type</i>	C	T
d214	Taxes on products, except VAT and import taxes		
d214a	Excise duties and consumption taxes		
	<i>Tax on energy conservation - funds</i>	C	E
	<i>Excise - Tobacco</i>	C	TA
	<i>Excise - Spirits</i>	C	TA
	<i>Excise - Beer</i>	C	TA
	<i>Excise - Salt</i>	C	
	<i>Excise - Matches</i>	C	
	<i>Excise - Hydrocarbon Oils</i>	C	E
	<i>Arrears Excise Duties</i>	C	
	<i>Excise - Aerated Soft Drinks</i>	C	
d214b	Stamp taxes		
	<i>Stamp Duties</i>	KS	
	<i>Refugee Stamp</i>	KS	
d214c	Taxes on financial and capital transactions		
	<i>Stock Exchange Fee</i>	KS	
d214e	Taxes on entertainment		
	<i>Tax on Entertainment</i>	C	
	<i>Tax on Hotels</i>	C	
d214f	Taxes on lotteries, gambling and betting		
	<i>Tax on horseracing betting</i>	C	
	<i>Additional Charge on Pool Betting</i>	C	
	<i>Tax on horsebetting</i>	C	
	<i>Tax on Pool Bettings</i>	C	
d214i	Other taxes on products n.e.c.		
	<i>CTO</i>	C	
	<i>Tax on Rent</i>	C	
	<i>Lands and Surveys Fees</i>	KS	
d29	Other taxes on production		
d29a	Taxes on land, buildings and other structures		
	<i>Property Taxes-Lands and Surveys Fees-Gross (enterprises)</i>	KS	
	<i>Tax on Ownership of Land</i>	KS	
	<i>Wireless licences land based</i>	KS	
d29c	Total wage bill and payroll taxes		
	<i>Payroll Tax</i>	Leyrs	
	<i>Social cohesion Fund , Wage Bill and Payroll Taxes</i>	Leyrs	
d29e	Business and professional licences		
	<i>Satelite Earth Stations Licences</i>	KS	
	<i>Registration Fees-Gross/Official Receiver</i>	KS	
	<i>Inspection Fees</i>	KS	
	<i>Licences on bonded warehouses</i>	KS	
	<i>Timber and other Licences</i>	KS	
	<i>Tabacco Selling Licences</i>	KS	TA

	<i>Other Licences (Pool Betting)</i>	KS	
	<i>Other Special Licences</i>	KS	
	<i>Licences (Funds)</i>	KS	
	<i>Drivers' licence (public use)</i>	KS	T
	<i>Motor Vehicle Taxes-Registration (public use)</i>	KS	T
	<i>Ship registration fees</i>	KS	T
	<i>Radio Station fees</i>	KS	
	<i>Mobil Radio Systems Licences</i>	KS	
	<i>Lawyers' Registration Fees</i>	KS	
	<i>Professional Permit for Animal Kipper/Trainer</i>	KS	
	<i>Certification Fees under the Protection of Competition Law</i>	KS	
	<i>Fees of Private Employment Bureau</i>	KS	
	<i>Insurance Agents' Registration Fees</i>	KS	
	<i>High Speed Vessels Navigation Licences</i>	KS	T
	<i>Road Transport Licences</i>	KS	T
	<i>Fees for Professional Licences of Road Transporters</i>	KS	T
	<i>Sale of Drug Licences</i>	KS	
	<i>Liquor Selling Licences</i>	KS	TA
	<i>Weights and Measures Licences</i>	KS	
	<i>Tax on Professional Licences</i>	KS	
	<i>Tax on Dog Licences</i>	C	
	<i>Tax on Selling Licence</i>	C	
	<i>Tax on Entertainment Licence</i>	KS	
d29h	Other taxes on production n.e.c.		
	<i>Tax on Services</i>	C	
	<i>Defence contributions</i>	KIC	
	<i>Ships wireless license</i>	KS	T
	<i>Tonnage tax</i>	KS	T
	<i>Tax of Ship Management Services</i>	KS	T
	<i>Tax on Sale of Tobacco</i>	C	TA
	<i>Tax on services</i>	C	
	<i>Tax on community services</i>	C	
	<i>Motor Vehicle Taxes-Licenses (public use)</i>	KS	T
	<i>Other Licences and permits</i>	C	
	<i>Tax on other licences and grants</i>	C	
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
d51a_d51c1	Taxes on individual or household income including holding gains		
d51a	Taxes on individual or household income		
	<i>Income Tax-Government</i>	SPLIT_1	
	<i>Income Tax-Employees (Total, from 2004 Private Sector only)</i>	SPLIT_1	
	<i>Income Tax-Employees (Offshore)</i>	SPLIT_1	
	<i>Income Tax-Self-employed</i>	SPLIT_1	
	<i>Capital Gains Tax</i>	KIH	
	<i>Charges on Taxes in Arrears</i>	KIH	
	<i>Income Tax-Semi Govt Organisations' Employees</i>	SPLIT_1	
d51b_d51c2	Taxes on the income or profits of corporations including holding gains		
d51b	Taxes on the income or profits of corporations		
	<i>Income Tax-Legal Persons</i>	KIC	
	<i>Income Tax-Offshore Companies</i>	KIC	
	<i>Corporation Tax</i>	KIC	
	<i>Corporation Tax-Offshore Companies</i>	KIC	
	<i>Defence contributions</i>	KIC	
d51e	Other taxes on income n.e.c.		
	<i>Collection of Taxes,Rates and Charges</i>	Lees	
	<i>Special Contribution</i>	Lees	
	<i>Income Tax on Dividends</i>	SPLIT_1	
	<i>Income Tax levied on remitt. of interest abroad</i>	SPLIT_1	
	<i>Income Tax- According to the articles 30-32</i>	KIH	
d59	Other current taxes		
d59a	Current taxes on capital		
	<i>Immovable Property Tax</i>	KS	
d59d	Payments by households for licences		
	<i>Streets and Buildings Regulation Licences</i>	KS	
	<i>Motor Vehicle Taxes-Registration (private use)</i>	C	T
	<i>Motor Vehicle Taxes-Licenses (private use)</i>	C	T
	<i>Drivers' Licences (private use)</i>	KS	T
d59f	Other current taxes n.e.c.		
	<i>Building Permits</i>	KS	
d91a	Imposition du capital transfers		
	<i>Property Taxes-Estate Duty-Gross</i>	KS	
d91b	Capital levies	KS	
d91c	Other capital taxes n.e.c.		
d611	Actual social contributions	Leyrs	
d6111	Employers' actual social contributions	Leyrs	
d6112	Employees' social contributions	Lees	
d6113	Social contributions by self- and non-employed persons	SPLIT_2	



## CZECH REPUBLIC

ESA95 code	ESA95 text	Name of the tax	Economic function	Alcohol, Tobacco & Environmental tax
d2		Taxes on production and imports		
d21		Taxes on products		
d211		Value added type taxes (VAT)		
		<i>Value added tax</i>	C	
d212		Taxes and duties on imports excluding VAT		
d2121		Import duties		
		<i>Customs duties</i>	C	
d2122		Taxes on imports excluding VAT and import duties		
d2122a		Levies on imported agricultural products		
		<i>Agricultural duties</i>	C	
d2122b		Monetary compensatory amounts on imports		
d2122c		Excise duties		
		<i>Excise duty on hydrocarbon fuels and lubricants</i>	C	E
		<i>Excise duty on alcohol</i>	C	TA
		<i>Excise duty on beer</i>	C	TA
		<i>Excise duty on wine</i>	C	TA
		<i>Excise duty on tobacco products</i>	C	TA
d2122d		General sales taxes		
d2122e		Taxes on specific services		
d2122f		Profits of import monopolies		
d214		Taxes on products, except VAT and import taxes		
d214a		Excise duties and consumption taxes		
		<i>Excise duty on hydrocarbon fuels and lubricants</i>	C	E
		<i>Excise duty on alcohol</i>	C	TA
		<i>Excise duty on beer</i>	C	TA
		<i>Excise duty on wine</i>	C	TA
		<i>Excise duty on tobacco products</i>	C	TA
		<i>Sugar levies</i>	C	
		<i>Duty on CFC</i>	C	P
d214b		Stamp taxes		
d214c		Taxes on financial and capital transactions		
		<i>Levy on withdrawal of land from agriculture</i>	KS	
		<i>Levy on withdrawal of land from forestry</i>	KS	
		<i>Real property transfer tax</i>	KS	
d214d		Car registration taxes	C	
d214e		Taxes on entertainment		
		<i>Fees on entry tickets</i>	C	
		<i>Fees collected by the Cinematography extra-budgetary fund</i>	C	
d214f		Taxes on lotteries, gambling and betting		
		<i>Fees on operated gambling machines</i>	C	
d214g		Taxes on insurance premiums		
d214h		Other taxes on specific services		
		<i>Resort and recreation fees on visitors</i>	C	
		<i>Fees on recreational units (based on capacity)</i>	C	
		<i>Fee from advertisement</i>	C	
		<i>Fees on sale of alcohol drinks and tobacco products</i>	C	
		<i>Other fees and taxes on selected activities and services n.e.s.</i>	C	
d214i		General sales or turnover taxes		
		<i>Levy collected by Vine-grower fund</i>	C	
d214j		Profits of fiscal monopolies		
d214k		Export duties and monetary compensatory amounts on exports		
d29		Other taxes on production		
d29a		Taxes on land, buildings and other structures		
		<i>Real property tax</i>	KS	
		<i>Levy on temp. withdrawal of land from agriculture</i>	KS	
		<i>Levy on withdrawal of land from forestry</i>	KS	
		<i>Motor vehicle entry fees</i>	KS	T
		<i>Levy collected by Vine-grower fund</i>	KS	
d29b		Taxes on the use of fixed assets		
		<i>Road tax</i>	KS	T
d29c		Total wage bill and payroll taxes		
d29d		Taxes on international transactions		
d29e		Business and professional licences		
		<i>Fee on registration and recording of packaging</i>	KS	
d29f		Taxes on pollution		
		<i>Water pollution fee</i>	C	P
		<i>Underground water pollution fee</i>	C	P
		<i>Air pollution fee</i>	C	P

	<i>Waste deposit fee</i>	C	P
	<i>Radioactive waste fee</i>	C	P
d29g	Under-compensation of VAT (flat rate system)		
d29h	Other taxes on production n.e.c.		
	<i>The ESCS Levy</i>	KS	
	<i>Highway fee</i>	KS	T
	<i>Administrative fees</i>	KS	
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
d51a	Taxes on individual or household income		
d51a_d51c1	Taxes on individual or household income including holding gains		
	<i>Tax on wages and salaries</i>	Split_1	
	<i>Tax of unincorporated individuals</i>	Split_1	
	<i>Tax on interest and dividends</i>	Split_1	
d51b	Taxes on the income or profits of corporations		
d51b_d51c2	Taxes on the income or profits of corporations including holding gains		
	<i>Corporate income tax</i>	KIC	
	<i>Income tax paid by municipalities</i>	KIC	
	<i>Income tax paid by regions</i>	KIC	
d51c	Taxes on holding gains		
d51c1	Taxes on individual or household holding gains		
d51c2	Taxes on holding gains of corporations		
d51c3	Other taxes on holding gains		
d51d	Taxes on winnings from lottery or gambling		
	<i>Levy on lottery revenue</i>	C	
d51e	Other taxes on income n.e.c.		
d59	Other current taxes		
d59a	Current taxes on capital		
	<i>Real property tax</i>	KS	
d59b	Poll taxes		
d59c	Expenditure taxes		
d59d	Payments by households for licences		
	<i>Highway fee</i>	C	T
d59e	Taxes on international transactions		
d59f	Other current taxes n.e.c.		
	<i>Dog fees</i>	C	
	<i>Motor vehicle entry fees</i>	KS	T
	<i>Other tax revenue</i>	KS	
	<i>Administrative fees</i>	C	
d91	Capital taxes		
d91a	Taxes on capital transfers		
	<i>Inheritance tax</i>	KS	
	<i>Gift tax</i>	KS	
d91b	Capital levies		
	<i>Fee on building land betterment</i>	KS	
d91c	Other capital taxes n.e.c.		
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions	Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions	Lees	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons	Split_2	

## DENMARK

ESA95 code	ESA95 text	Name of the tax	Economic function	Alcohol, Tobacco & Environmental tax
d2		Taxes on production and imports		
d21		Taxes on products		
d211		Value added type taxes (VAT)		
		VAT	C	
d212		Taxes and duties on imports excluding VAT		
d2121		Import duties		
		<i>Customs duties</i>	C	
		<i>Import and export duties on agricultural produce</i>	C	
d2122		Taxes on imports excluding VAT and import duties		
d2122a		Levies on imported agricultural products		
		<i>Sugar storing duty</i>	C	
		<i>Duty paid to European Coal and Steel Community</i>	C	
		<i>Duty on the production of sugar</i>	C	
		<i>Milk co-responsibility levy</i>	C	
d214		Taxes on products, except VAT and import taxes		
d214a		Excise duties and consumption taxes		
		<i>Duty on petrol</i>	C	E
		<i>Cigarette and tobacco duty</i>	C	TA
		<i>Duty on cigars, cheroots and cigarillos</i>	C	TA
		<i>Income from sale of revenue labels</i>	C	
		<i>Sales duties on chocolate and sugar confectionery, etc.</i>	C	
		<i>Raw material duty on chocolate and sugar confectionery, etc.</i>	C	
		<i>Special tax on chocolate and sugar confectionery, etc.</i>	C	
		<i>Duty on ice-cream</i>	C	
		<i>Duty on coffee, etc.</i>	C	
		<i>Duty on mineral water</i>	C	
		<i>Duty on beer</i>	C	TA
		<i>Duty on wine</i>	C	TA
		<i>Duty on spirits</i>	C	TA
		<i>Duty on grammophone records</i>	C	
		<i>Duty on electric bulbs and fuses, etc.</i>	C	P
		<i>Income from sale of number plates</i>	C	T
		<i>Duty on building certificates</i>	C	
		<i>Duty on tea</i>	C	
		<i>Duty on electricity</i>	C	E
		<i>Duty on certain oil products</i>	C	E
		<i>Duty on certain retail containers</i>	C	P
		<i>Duty on gas</i>	C	E
		<i>Duty on extraction and import of raw materials</i>	C	P
		<i>Duty on disposable tableware</i>	C	P
		<i>Duty on insecticides, herbicides, etc.</i>	C	P
		<i>Duty on coal, etc.</i>	C	E
		<i>Large yachts registration duty</i>	C	T
		<i>Duty on waste</i>	C	P
		<i>Duty on CFC</i>	C	P
		<i>Duty on CO2</i>	C	E
		<i>Duty on cigarette paper</i>	C	TA
		<i>Duty on piped water</i>	C	P
		<i>Duty on carrier bags made of paper or plast, etc.</i>	C	P
		<i>Duty on nickel/cadmium batteries</i>	C	P
		<i>Duty on tires</i>	C	T
		<i>Duty on sulphur</i>	C	P
		<i>Duty on chlorinated solvents</i>	C	P
		<i>Duty on natural gas</i>	C	E
		<i>Effluent charges</i>	C	P
		<i>Duty on nitrogen</i>	C	P
		<i>Duty on special growth stimulants</i>	C	P
		<i>Duty on PVC film</i>	C	P
		<i>Duty on PVC and phthalates</i>	C	P
		<i>Duty on lead accumulators</i>	C	P
		<i>Duty on mineral phosphorus</i>	C	P

	<i>Surcharge on alcoholic soft drinks</i>	C	TA
d214b	Stamp taxes		
	<i>Stamp duties</i>	KS	
d214c	Taxes on financial and capital transactions		
	<i>Land development duty</i>	KS	
	<i>Duties to the register of companies and associations</i>	KS	
	<i>Duty on transfers of shares</i>	KS	
d214d	Car registration taxes		
	<i>Motor vehicle registration duty</i>	C	T
d214f	Taxes on lotteries, gambling and betting		
	<i>Gambling tax on racing</i>	C	
	<i>Sales tax on football pools</i>	C	
d214g	Taxes on insurance premiums		
	<i>Duty on motor vehicle third-party liability insurance</i>	C	T
	<i>Duty on insurance on pleasure boats</i>	C	T
d214h	Other taxes on specific services		
	<i>Duty on casinos</i>	C	
	<i>Passenger duty</i>	C	T
	<i>Duty on the Danish State Lottery</i>	C	
	<i>Duty on oil pipeline</i>	C	
	<i>Duty on slot machines</i>	C	
d214l	Other taxes on products n.e.c.		
	<i>Other duties on goods and services</i>	C	
d29	Other taxes on production		
d29a	Taxes on land, buildings and other structures		
	<i>County tax on land</i>	KS	
	<i>Municipal tax on land</i>	KS	
	<i>County reimbursement duty on land value of public properties</i>	KS	
	<i>County reimbursement duty on buildings value of public properties</i>	KS	
	<i>Municipal reimbursement duty on land value of public properties</i>	KS	
	<i>Municipal reimbursement duty on buildings value of public properties</i>	KS	
	<i>Municipal reimbursement duty on buildings value of business properties</i>	KS	
d29b	Taxes on the use of fixed assets		
	<i>Motor vehicle weight duty from producers</i>	KS	T
	<i>Road charges</i>	C	T
d29c	Total wage bill and payroll taxes		
	<i>Contributions to scheme for refunding trainee cost</i>	Leyrs	
	<i>Contributions to scheme for refunding trainee cost</i>	Leyrs	
	<i>Labour market contributions from employers</i>	Leyrs	
	<i>General work environment duty</i>	Leyrs	
	<i>Duty on wage and salary costs</i>	Leyrs	
d29h	Other taxes on production n.e.c.		
	<i>Duties paid to the working environment fund</i>	KS	
	<i>Pharmacy fees, etc.</i>	KS	
	<i>Fees to Danish Cultural Foundation</i>	KS	
	<i>Fees submitted for operation of training ship »Danmark«</i>	KS	
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
	<i>Taxes on revenue</i>		
d51a	Taxes on individual or household income		
	<i>Central government income tax</i>	SPLIT_1	
	<i>County income tax</i>	SPLIT_1	
	<i>Municipality income tax</i>	SPLIT_1	
	<i>Church tax</i>	SPLIT_1	
	<i>Taxes on pension schemes with lump sum disbursements</i>	Lnon	
	<i>Special income tax</i>	SPLIT_1	
	<i>Duty on released rent increases</i>	KS	
	<i>Duty on releases from fund for employers' index-regulated pay increases</i>	KS	
	<i>Labour market contributions</i>	Lees	
	<i>Tax on imputed income from owner-occupied dwelling</i>	KS	
d51b	Taxes on the income or profits of corporations		
	<i>Corporation tax</i>	KIC	
	<i>Municipality income tax from certain public (state) enterprises</i>	KIC	
	<i>Tax on hydrocarbon</i>	KIC	P
	<i>Tax on funds and associations</i>	KIC	
	<i>Corporation tax on hydrocarbon manufacturing</i>	KIC	P
d51d	Taxes on winnings from lottery or gambling		
	<i>Tax on winnings from lotteries, horse-racing, pools, etc.</i>	KIH	
d59	Other current taxes		

d59a	Current taxes on capital		
	<i>Tax on yields of certain pension scheme assets</i>	KIH	
	<i>Wealth tax on persons</i>	KS	
	<i>Wealth tax on deceased persons' estate</i>	KS	
	<i>Motor vehicle weight duty from households</i>	C	T
	<i>Recycling fee on cars</i>	C	T
d91	Capital taxes		
d91a	Taxes on capital transfers		
	<i>Inheritance duty</i>	KS	
d91c	Other capital taxes n.e.c.		
	<i>Property release duty</i>	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
	<i>Ship-owners' cont. to sickness assistance for seamen in foreign trade</i>	Leyrs	
	<i>Contributions to employees' wage guarantee fund</i>	Leyrs	
d6112	Employees' social contributions		
	<i>Unemployment insurance contributions</i>	Lees	
	<i>Special pension-scheme savings</i>	Lees	
	<i>Early retirement contributions</i>	Lees	
	<i>Flexible benefit contributions</i>	Lees	



## ESTONIA

ESA95 code	ESA95 text	Name of the tax	Economic function	Alcohol, Tobacco & Environmental tax
d2		Taxes on production and imports		
d21		Taxes on products		
d211		Value added type taxes (VAT)		
		VAT	C	
		Statistical adjustment (EU Institutions part)	C	
d212		Taxes and duties on imports excluding VAT		
d2121		Import duties		
		Customs duties	C	
		Statistical adjustment (EU Institutions part)	C	
d2122		Taxes on imports excluding VAT and import duties		
d2122c		Excise duties	C	
		Alcohol excise	C	TA
		Tobacco excise	C	TA
		Fuel excise	C	E
		Motor vehicle excise	C	T
		Package excise	C	P
d214		Taxes on products, except VAT and import taxes		
d214a		Excise duties and consumption taxes		
		Alcohol excise	C	TA
		Tobacco excise	C	TA
		Fuel excise	C	E
		Motor vehicle excise	C	T
		Package excise	C	P
		Package excise (domestic)	C	P
d214d		Car registration taxes		
		Car registration fee	C	T
d214f		Taxes on lotteries, gambling and betting		
		Gambling tax	KS	
d214h		Other taxes on specific services		
		Advertising tax	KS	
d214i		General sales or turnover taxes		
		Sales tax	C	
d29		Other taxes on production		
d29a		Taxes on land, buildings and other structures		
		Land tax	KS	
d29b		Taxes on the use of fixed assets		
		Heavy vehicle tax	KS	T
d29e		Business and professional licences		
		Business and professional licences	KS	
d29f		Taxes on pollution		
		Pollution fee	C	P
d29h		Other taxes on production n.e.c.		
		Specific use of water	KS	P
		Closure of roads, streets, squares, etc.	KS	
		Fees on hunting and fishing	C	P
		Other taxes and fees (1)	KS	
		Advertising tax (1)	KS	
d5		Current taxes on income, wealth, etc.		
d51		Taxes on income		
d51a		Taxes on individual or household income		
		Personal income tax	SPLIT_1	
d51b		Taxes on the income or profits of corporations		
		Corporate income tax	KIC	
d59		Other current taxes		
d59f		Other current taxes n.e.c.		
		Motor vehicle tax	C	T
		Boat tax	C	T
		Stock-raising tax	C	
		Other taxes and fees (1)	KS	
d611		Actual social contributions		
d6111		Employers' actual social contributions		
d61111		Compulsory employers' actual social contributions	Leysr	
		Pension insurance (20%)		

		<i>Health insurance (13%)</i> <i>Allotment to retirement planning (4%) (minus)</i> <i>Compulsory employers actual social contributions (employer's unemployment insurance payment)</i>	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions		Lees

## FINLAND

ESA95 code	ESA95 text	Name of the tax	Economic function	Alcohol, Tobacco & Environmental tax
d2		Taxes on production and imports		
d21		Taxes on products		
d211		Value added type taxes (VAT)		
		VAT	C	
		VAT / Turnover tax	C	
d2121		Import duties		
		Custom duties, levies on agricultural goods	C	
		Customs duties	C	
		Other taxes	C	
		Repayments	C	
d214		Taxes on products, except VAT and import taxes		
d214a		Excise duties and consumption taxes		
		Excise duty on alcoholic beverages	C	TA
		Excise duty on confectionery	C	
		Excise duty on liquid fuels	C	E
		Excise duty on motor cars	C	T
		Excise duty on non-alcoholic beverages	C	
		Excise duty on tobacco	C	TA
		Excise on certain beverage packages	C	P
		Oil damage levy	C	P
		Oil waste levy	C	P
		Penalties for late payments of taxes	C	
		Pharmacy levy	C	
		Other taxes	C	
		Repayments	C	
		Stock-building levies on liquid fuels	C	E
		Sugar levy	C	
d214B		Stamp taxes		
		Stamp duties	KS	
d214C		Taxes on financial and capital transactions		
		Transfer tax	KS	
d214F		Taxes on lotteries, gambling and betting		
		Central governments share of Oy Veikkaus Ab's and money-lotteries' profit	C	
		Revenue from RAY (The Finnish Slot Machine Association)	C	
		Tax on lottery prizes	C	
		Other taxes	C	
d214G		Taxes on insurance premiums		
		Tax on fire insurance	C	
		Tax on insurance premiums	C	
d214H		Other taxes on specific services		
		Rail tax	C	
		Telecommunication tax	C	
d214L		Other taxes on products n.e.c.		
		Other taxes	KS	
d29		Other taxes on production		
d29B		Taxes on the use of fixed assets		
		Penalties for late payments of taxes	KS	
		Tax on motor vehicles paid by enterprises	KS	T
		User charge on passenger vehicles paid by enterprises	KS	T
d29C		Total wage bill and payroll taxes		
		Seamen's welfare and rescue levy	Leyrs	
d29F		Taxes on pollution		
		Tax on waste	C	P
d29H		Other taxes on production n.e.c.		
		Nuclear energy research levy	C	
d51		Taxes on income		
d51A		Taxes on individual or household income		
		Duty on interests	SPLIT_1	
		Income tax of households	SPLIT_1	
		Municipal tax of households	SPLIT_1	
d51B		Taxes on the income or profits of corporations		

	<i>Church tax of corporations</i>	KIC	
	<i>Income tax of corporations</i>	KIC	
	<i>Municipal corporation tax</i>	KIC	
d51E	Other taxes on income n.e.c.		
	<i>Penalties for late payments of taxes</i>	KIH	
d59	Other current taxes		
d59a	Current taxes on capital		
	<i>Tax on real-estate</i>	KS	
	<i>Wealth tax</i>	KS	
d59D	Payments by households for licences		
	<i>Hunting and fishing licenses</i>	C	
	<i>Penalties for late payments of taxes</i>	C	
	<i>Tax on dogs</i>	C	
	<i>Tax on motor vehicles paid by households</i>	C	T
	<i>User charge on passenger vehicles paid by households</i>	C	T
d91	Capital taxes		
d91a	Taxes on capital transfers		
	<i>Inheritance and gift tax</i>	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions	Leys	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions	Lees	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons	SPLIT_2	

## FRANCE

ESA95 code	ESA95 text Name of the tax	Economic function	Alcohol, Tobacco & Environmental tax
d2	Taxes on production and imports		
d21	Taxes on products		
d211	Value added type taxes (VAT)		
	<i>TVA Reçue par le BG</i>	C	
	<i>TVA Reçue par le S2</i>	C	
	<i>TVA Reçue par le SECU</i>	C	
d212	Taxes and duties on imports excluding VAT		
d2121	Import duties		
	<i>Amendes et confiscations</i>	C	
	<i>Droits d'importation</i>	C	
	<i>OCTROI DE MER</i>	C	
	<i>Recettes non fiscales (tableau 500) et calage ACCT</i>	C	
d2122	Taxes on imports excluding VAT and import duties		
d2122a	Levies on imported agricultural products		
d2122b	Monetary compensatory amounts on imports		
	<i>Prélèvements et taxes compensatoires à l'importation</i>	C	
d2122c	Excise duties		
	<i>Partie ligne 301. Taxe de protection sanitaire marché des viandes</i>	C	
	<i>Recettes diverses des receveurs des douanes</i>	C	
d214	Taxes on products, except VAT and import taxes		
d214a	Excise duties and consumption taxes		
	<i>902.12 - Fonds de soutien aux hydrocarbures - redevances</i>	C	E
	<i>ACOSS - Taxe sur les alcools</i>	C	TA
	<i>AEME - Produits des taxes</i>	C	
	<i>AEME - Produits des taxes sur huiles, air et déchets</i>	C	P
	<i>ANDA (association nationale de développement agricole)- Taxe sur les vins</i>	C	TA
	<i>Autres taxes intérieures</i>	C	
	<i>BAPSA - Tabacs</i>	C	TA
	<i>CANAM (Caisse nationale d'assurance maladie des professions indépendantes) - Contribution des grossistes répartiteurs</i>	C	
	<i>CANAM (Caisse nationale d'assurance maladie des professions indépendantes) - Taxes versées par les laboratoires non conventionnés</i>	C	
	<i>CANSSM (Caisse autonome nationale de sécurité sociale dans les mines) - Redevances hydrocarbures</i>	C	E
	<i>CANSSM (Caisse autonome nationale de sécurité sociale dans les mines) - Taxe additionnelle assurance automobile</i>	C	T
	<i>Centre national pour l'aménagement des structures des exploitations agricoles) - Recettes du service public de l'équarissage</i>	C	
	<i>CMU - Taxe sur les alcools</i>	C	TA
	<i>CMU - Taxe sur les tabacs</i>	C	TA
	<i>CNAM (Caisse nationale d'assurance maladie) - Contribution des entreprises préparant des médicaments</i>	C	
	<i>CNAM (Caisse nationale d'assurance maladie) - Taxe sur les tabacs</i>	C	TA
	<i>CNAM (Caisse nationale d'assurance maladie) -Taxe sur les alcools</i>	C	TA
	<i>Corrections pour droits et obligations</i>	C	
	<i>Cotisations à la production sur les sucres</i>	C	
	<i>CRPCEN (Caisse de retraite des notaires et clercs) - Participation des compagnies d'assurance</i>	C	
	<i>Droit de licences sur la remuneration des debitants de tabacs</i>	C	TA
	<i>Droits de consommation sur alcools (Corse)</i>	C	TA
	<i>Droits de consommation sur les tabacs et taxe sur les allumettes et les briquets</i>	C	TA
	<i>Droits de consommations sur les tabacs et Cotisations des employeurs au profit du FNAL (Fonds National de l'Allocation Logement)</i>	C	TA
	<i>FCAATA (Fonds de cessation anticipé d'activité des travailleurs de l'amiante) - Droits sur les tabacs</i>	C	TA
	<i>FFIPSA : partie droits de consommation sur les tabacs</i>	C	TA
	<i>FFIPSA : partie taxes sur les farines</i>	C	
	<i>FFIPSA : partie taxes sur les huiles</i>	C	
	<i>FIOM - Taxe sur les produits de la pêche (OFIMER)</i>	C	P
	<i>Fonds de solidarité vieillesse - Droits sur les boissons</i>	C	TA
	<i>FOREC - Correction décalage 1999 - 2000</i>	C	
	<i>FOREC - Fonds d'allègement de charges (alcools)</i>	C	TA
	<i>FOREC - Fonds d'allègement de charges (tabacs)</i>	C	TA
	<i>Minerais non ferreux</i>	C	P
	<i>Petrole</i>	C	P
	<i>Gaz naturel</i>	C	P
	<i>Houille</i>	C	P
	<i>Sel, calcaire, sable</i>	C	P

	<i>IFREMER (Institut français de recherche et d'exploitation de la mer) - Taxes sur les étiquettes de salubrité</i>	C	
	<i>MSA (Mutualité sociale agricole) - Taxe additionnelle assurance auto</i>	C	T
	<i>NSAL (régime des non-salariés agricoles) - Taxe sur les alcools</i>	C	TA
	<i>Octroi de mer</i>	C	P
	<i>Prélèvement sur droit de fabrication des alcools</i>	C	TA
	<i>Produit taxe sur consommations d'eau</i>	C	P
	<i>redevance/conso. d'eau</i>	C	
	<i>Régime maladie - Droits sur les boissons</i>	C	TA
	<i>SNCF - Taxe additionnelle assurance automobile</i>	C	T
	<i>Tabacs (Corse)</i>	C	TA
	<i>Taxe au profit de l'IFP (institut français du pétrole)</i>	C	E
	<i>Taxe de solidarité sur les cereales</i>		
	<i>Taxe fiscale affectée</i>	C	
	<i>Taxe générale sur les activités polluantes détail (autres lignes)</i>	C	P
	<i>Taxe intérieure sur les produits pétroliers</i>	C	E
	<i>Taxe pour le fonds du service public de production d'électricité</i>	C	E
	<i>Taxe sanitaire</i>	C	
	<i>Taxe spéciale sur les débits de boisson</i>	C	TA
	<i>Taxe sur les achats de viande</i>	C	
	<i>Taxe sur les carburants</i>	C	E
	<i>Taxe sur les corps gras alimentaires</i>	C	
	<i>Taxe sur les eaux minérales</i>	C	
	<i>Taxe sur les farines</i>	C	
	<i>Taxe sur les rhums</i>	C	TA
	<i>Taxe sur les transactions céréalières (FASC)</i>	C	
	<i>Taxes ANDA (Association nationale de développement agricole) agriculture</i>	C	
	<i>Taxes ANDA (Association nationale de développement agricole) agriculture</i>	C	
	<i>Taxes au profit de l'ADEME (Agence de l'environnement et de la maîtrise de l'énergie)</i>	C	T
	<i>Taxes BAPSA Agriculture</i>	C	T
	<i>Taxes sur les tabacs (Réunion)</i>	C	TA
	<i>TIPP - Contrepartie RMI</i>	C	E
	<i>TOTAL CEE</i>	C	
d214c	<b>Taxes on financial and capital transactions</b>		
	<i>Droits d'enregistrement (taxe additionnelle aux droits de mutation)</i>	KS	
	<i>Impôt sur les opérations traitées dans les bourses de valeurs</i>	KS	
	<i>Taxe sur la valeur ajoutée (TVA sur terrains)</i>	KS	
d214e	<b>Taxes on entertainment</b>		
	<i>902.10 - Industrie cinématographique - Prélèvement spécial sur les bénéficiaires</i>	C	
	<i>902.10 - Industrie cinématographique - Taxe additionnelle au prix des places</i>	C	
	<i>902.10 - Industrie cinématographique - Taxes et prélèvement (L. 10)</i>	C	
	<i>902.10 - Industrie cinématographique - Taxes sur les vidéogrammes</i>	C	
	<i>Taxe sur les jeux et spectacles</i>	C	
	<i>Taxe sur les ski de fond</i>	C	
	<i>Taxe sur les spectacles</i>	C	
d214f	<b>Taxes on lotteries, gambling and betting</b>		
	<i>902.17 - Fonds national pour le développement du sport - Prélèvement sur le pari mutuel</i>	C	
	<i>902.17 - Fonds national pour le développement du sport - Produit du prélèvement sur les jeux de loterie</i>	C	
	<i>902.19 - Fonds national des haras et des activités hippiques - Produit du prélèv. élevage / les sommes engagées / hippodromes</i>	C	
	<i>902.19 - Fonds national des haras et des activités hippiques - Produit du prélèvement élevage / sommes engagées au PMU</i>	C	
	<i>902.20 - Fonds national pour le développement de la vie associative</i>	C	
	<i>Prélèvement sur les sommes mises sur les jeux de la FdJ au profit du CNDS (Centre National Du Sport)</i>	C	
	<i>Prélèvement sur PMU et sociétés de courses</i>	C	
	<i>Prélèvement sur produits des jeux dans les casinos</i>	C	
	<i>Produits de la loterie nationale et du loto</i>	C	
d214g	<b>Taxes on insurance premiums</b>		
	<i>BdF - Taxe additionnelle assurance automobile</i>	C	T
	<i>CANAM (Caisse nationale d'assurance maladie des professions indépendantes) - Taxe additionnelle assurance automobile</i>	C	T
	<i>CANSSM (Caisse autonome nationale de sécurité sociale dans les mines) - Taxe additionnelle assurance automobile</i>	C	
	<i>CMU - Taxe sur les mutuelles</i>	C	
	<i>CNAM (Caisse nationale d'assurance maladie) - Taxe additionnelle assurance automobile</i>	C	
	<i>CNMSS (Caisse nationale militaire de sécurité sociale) - Participation des compagnies d'assurance</i>	C	
	<i>Cotisations sur primes d'assurances</i>	C	
	<i>CRPCEN (Caisse de retraite des notaires et clercs) - Participation des compagnies d'assurance</i>	C	

	ENIM (établissement national des invalides de la marine) - Participation des compagnies d'assurance	C	
	FCATA (Fonds commun des accidents du travail agricole) - Contribution des compagnies d'assurance	C	
	FCATA (Fonds commun des accidents du travail agricole) - Contribution des exploitants agricoles	C	
	FCRAC - contribution additionnelle	C	
	FGAC - Contribution des assurances - FGAO (fonds de garantie des assurances obligatoires de dommage)	C	
	FGTI fonds de garantie des victimes des actes terroristes et d'autres infractions) - Contributions	C	
	FNGCA (Fonds national de garantie contre les calamités agricoles) - Contribution additionnelle aux contrats d'assurance	C	
	FOREC - Cotisations primes assurance auto	C	T
	Taxe sur primes d'assurance auto	C	T
	MSA (Mutualité sociale agricole) - Taxe additionnelle assurance auto	C	T
	RATP - Taxe additionnelle assurance automobile	C	T
	SNCF - Taxe additionnelle assurance automobile	C	T
	Taxe spéciale sur les conventions d'assurance	C	
d214h	Other taxes on specific services		
	Baux	KS	
	CNBA (chambre nationale de la batellerie artisanale)- Taxe sur utilisation des voies navigables	C	T
	Contribution représentative du droit de bail(IR)	KS	
	Impot sur le revenu - CRL perçue avec IR (ex-CRDB)	KS	
	Contribution représentative du droit de bail(IS)	KS	
	Conventions et actes civils entre sociétés	KS	
	Droits fixes	C	
	Fonds de commerce	C	
	Fonds pour la modernisation de la presse	C	
	Fonds pour le logement des personnes en difficultés	C	
	Immeubles et droits immobiliers	C	
	Impôt sur énergie électrique	C	E
	Meubles corporels	C	
	Meubles: créances, ventes, prix et office	C	
	Part taxe aviation civile affectée au Fonds d'Intervention pour les aéroports	C	T
	Partages	C	
	Participation pour dépassement COS	C	
	Participation pour non réalisation de stationnement	C	
	Pénalités	C	
	Pollution domestiques contre valeur - 757.3	C	P
	Prod. de la taxe /titulaires d'ouvrages hydroelectriques concédés	C	E
	Produit de la taxe de péréquation des transports aériens	C	T
	Produit de la taxe sur certaines dépenses publicitaires	C	
	Produit de la taxe sur la publicité diffusée par radios et télévisions	C	
	Produit de la taxe sur les concessionnaires d'autoroutes	C	T
	Taxes d'aménagement du territoire due par les concessionnaires d'autoroutes au profit de l'AFITTEF (Agence de financement des infrastructures de transport	C	T
	Recettes diverses du fonds de soutien à l'expression radiophonique orale	C	
	Redevance départementale sur les espaces verts	C	
	Redevance droit de construction (EPAD (Etablissement public d'aménagement de la Défense))	C	
	Redevance prélèvement industriels - 757.11 AFB (Agences françaises de bassin) (agences financières de bassin)	C	
	Redevances prélèvements distri. eau et collec. - 757.12	C	P
	Redevances prélèvements irrigants - 757.13	C	
	Taxe additionnelle au droit de bail	KS	
	Taxe complémentaire à la TLE (Taxe locale d'équipement) (IDF (Ile-de-France))	C	
	Taxe conseil d'architecture et d'urbanisme	C	
	Taxe de l'aviation civile	C	T
	Taxe de publicité foncière	C	
	Taxe de sécurité et sureté	C	
	Taxe de séjour	C	
	Taxe locale d'équipement	C	
	Taxe remontées mécaniques	C	
	Taxe spéciale d'équipement (IDF (Ile-de-France))+EPML (établissement	C	
	Taxe spéciale sur conventions d'assurance	C	
	Taxe spéciale sur la publicité télévisée	C	
	Taxe sur énergie hydraulique	C	E
	Taxe sur enseignes et affiches	C	
	Taxe sur les conventions d'assurance (TCA) aux départements (LF 2005, Art 52 & 53)	C	
	Taxe sur les emplacements publicitaires	C	
	Taxe sur les transports (CORSE)	C	T
	Taxes sur syndicats de commune	C	
	Activites diverses	C	

	<i>Activites sanitaires</i>	C	
	<i>Activites sportives</i>	C	
	<i>Districts</i>	C	
	<i>Energie électrique</i>	C	E
	<i>Ordures menageres</i>	C	P
	<i>SIVOM (Syndicat intercommunal a vocation multiple)</i>	C	
	<i>Voierie</i>	C	T
	<i>Tourisme</i>	C	
	<i>Transport</i>	C	T
	<i>Versement pour dépassement PLD</i>	C	
	<i>Taxe additionnelle sur les billets d'avion pour l'aide au développement</i>	C	T
d214i	General sales or turnover taxes		
	<i>CNAM (Caisse nationale d'assurance maladie) - Contribution des grossistes</i>	C	
	<i>Participation des grossistes répartiteurs</i>	C	
	<i>Participation grossistes répartiteurs</i>	C	
d214l	Other taxes on products n.e.c.		
	<i>Amendes, confiscations et droits sur acquis non rentrés</i>	C	
	<i>Autres droits et recettes à différents titres</i>	C	
	<i>Autres taxes</i>	C	
	<i>CNBF (Caisse nationale des barreaux francais) - Droits de plaidoirie</i>	C	
	<i>Droits de circulation sur les vins, poires et hydromels</i>	C	TA
	<i>Droits de consommation sur les alcools</i>	C	TA
	<i>Droits sur les bières et les boissons non alcoolisées</i>	C	TA
	<i>Edition</i>	C	
	<i>FACE (fonds d'amortissement des charges d'électrification rurale)-</i>	C	
	<i>Contribution des distributeurs</i>		
	<i>Garantie des matières d'or et d'argent</i>	C	
	<i>Recettes diverses</i>	C	
	<i>Recettes diverses et pénalités</i>	C	
	<i>Recettes fiscales diverses</i>	C	
	<i>Reproduction</i>	C	
	<i>Taxe forfaitaire sur les métaux précieux, les bijoux, les objets d'art et</i>	C	
	<i>Taxe générale sur les activités polluantes détail (autres lignes)</i>	C	P
	<i>Taxes Funéraires</i>	C	
d29	Other taxes on production		
d29a	Taxes on land, buildings and other structures		
	<i>Chambre agriculture (partie)</i>	KS	
	<i>Contribution logements sociaux</i>	KS	
	<i>Cotisation de péréquation</i>	KS	
	<i>Cotisation minim. taxes profession.</i>	KS	
	<i>Fds pour amén. IDF (Ile-de-France) = prod de la taxe sur les bureaux</i>	KS	
	<i>Foncier bâti</i>	KS	
	<i>Foncier non bâti (partie)</i>	KS	
	<i>Produit de l'imposition chambre de commerce</i>	KS	
	<i>Reversement à l'Etat de la TACA (Taxe d'aide au commerce et à l'artisanat)</i>	KS	
	<i>Taxe / grandes surfaces ORGANIC</i>	KS	
	<i>Taxe à l'exploitation ANDA (Association nationale de développement agricole)</i>	KS	
	<i>Taxe ADAR (Association de développement agricole et rural)</i>	KS	
	<i>Taxe additionnelle sur le foncier non bâti</i>	KS	
	<i>Taxe chambre des métiers</i>	KS	
	<i>Taxe en application de la loi du 9/4/53</i>	KS	
	<i>Taxe locaux communs résidentiels</i>	KS	
	<i>Taxe professionnelle (entr. non agricoles)</i>	KS	
	<i>Taxe sur la création de bureaux en IDF (Ile-de-France)</i>	KS	
	<i>Taxe sur les locaux à usage de bureaux</i>	KS	
	<i>Taxe sur utilisation des voies navigables</i>	KS	T
	<i>Taxes foncière et Taxe professionnelle La poste et France Telecom</i>	KS	
d29b	Taxes on the use of fixed assets		
	<i>Contrats de transports</i>	KS	T
	<i>Fonds national des abattoirs</i>	KS	P
	<i>Lancement matériel aérien ou d'armement</i>	KS	T
	<i>Matériel aérien</i>	KS	T
	<i>Matériel aeronautique</i>	KS	T
	<i>Produit de la taxe sur certaines dépenses publicitaire</i>	KS	
	<i>Taxe d'usage de l'abattoir</i>	KS	P
	<i>Taxe spéciale sur véhicules routiers (t. à l'essieu)</i>	KS	T
	<i>Taxe sur les cartes grises</i>	KS	T
	<i>Taxe sur les transports (CORSE)</i>	KS	T
	<i>Taxe sur les véhicules à moteur payées par les prod.</i>	KS	T
	<i>Taxe sur les véhicules de tourisme des sociétés</i>	KS	T
d29c	Total wage bill and payroll taxes		
	<i>AGCC Agence centrale pour la Gestion des Conventions de Conversions</i>	Levrs	
	<i>CNSA (Caisse Nationale de solidarité pour l'autonomie) - Jour férié supprimé</i>	Levrs	
	<i>Contribution UESL</i>	Levrs	
	<i>Cotisation de prévoyance</i>	Levrs	
	<i>FCAATA (Fonds de cessation anticipée d'activité des travailleurs de l'amiante)</i>	Levrs	
	<i>FNDMA (Fonds National de Développement de l'Apprentissage)</i>	Levrs	
	<i>Fonds de solidarité vieillesse - Contribution préretraites</i>	Levrs	
	<i>Impôts divers sur rôle</i>	Levrs	



	<i>Impôts sur les sociétés</i>	Leyrs	
	<i>Participation des employ. à l'effort de construc.</i>	Leyrs	
	<i>Participation employeurs à la construction</i>	Leyrs	
	<i>Prod.de la construc. des organismes collect.</i>	Leyrs	
	<i>Reversement BG diverses ressources</i>	Leyrs	
	<i>Taxe apprentissage FNIC payé par S11/S14A(A/C de 1997 nouvelle</i>	Leyrs	
	<i>Taxe au profit de l'AGS (association sur la garantie des salaires)</i>	Leyrs	
	<i>Taxe au profit de l'OMI (office des migrations internationales)</i>	Leyrs	
	<i>Taxe au profit du FNAL (fonds national d'aide au logement)</i>	Leyrs	
	<i>Taxe d'apprentissage</i>	Leyrs	
	<i>Taxe particip. employeurs / FP continue</i>	Leyrs	
	<i>Taxe sur les contributions patronales au financement de la prévoyance complémentaire</i>	Leyrs	
	<i>Taxe sur les salaires</i>	Leyrs	T
	<i>Versement transports</i>	Leyrs	T
	<i>Versement transports</i>	Leyrs	T
	<i>Versements entreprises industrielles FNE</i>	Leyrs	
d29e	Business and professional licences		
	<i>Excédent t. spéc. débits boissons</i>	KS	
	<i>Licence des débits de boisson</i>	KS	
	<i>Taxe au profit de l'INPI (institut national de la propriété intellectuelle)</i>	KS	
	<i>Taxe spéciale sur débits de boissons</i>	KS	
d29f	Taxes on pollution		
	<i>AFB (Agences françaises de bassin) (657.223) Primes pour épuration</i>	C	P
	<i>AFB (Agences françaises de bassin) (657.52) Reduction redevance exercice</i>	C	P
	<i>AFB (Agences françaises de bassin) (757.2) Redevances pollution industriels</i>	C	P
	<i>AFB (Agences françaises de bassin) Crues(757.14) Taxe d'assainissement</i>	C	P
	<i>AFB (Agences françaises de bassin) redevances d'intérêt loc. (757.19)</i>	C	P
	<i>FOREC - Taxe sur les activités polluantes</i>	C	P
	<i>Taxe au profit des services communaux</i>	C	P
	<i>Taxe au profit des services départementaux</i>	C	P
	<i>Taxe générale sur les activités polluantes</i>	C	P
	<i>Taxe perçue au profit de l'ADEME (Agence de l'environnement et de la maîtrise de l'énergie)</i>	C	P
	<i>Taxe sur les activités polluantes</i>	C	P
	<i>TGAP taxe générale sur les activités polluantes (partie)</i>	C	P
d29g	Under-compensation of VAT (flat rate system)		
	<i>Sous-compensation TVA/CI agriculture</i>	C	
	<i>Sous-compensation TVA/FBCF agriculture</i>	C	
d29h	Other taxes on production n.e.c.		
	<i>Association pour le soutien des théâtres privés</i>	KS	
	<i>Autres droits et recettes accessoires</i>	KS	
	<i>Autres lignes (899) - TGAP</i>	KS	
	<i>Autres ODAC divers. Org. culturels</i>	KS	
	<i>Autres taxes indirectes</i>	KS	
	<i>C3SETAT- Contribution sociale de solidarité des sociétés</i>	KS	
	<i>Contri. des états publics pour appel au con. fin. de l'Etat</i>	KS	
	<i>Contribution des institutions financières</i>	KS	
	<i>Divers</i>	KS	
	<i>Fond forestier National</i>	KS	
	<i>Industrie</i>	KS	
	<i>Mutilés - handicapés</i>	KS	
	<i>Pénalités et amendes</i>	KS	
	<i>Recettes diverses et pénalités</i>	KS	
	<i>Recettes fiscales diverses</i>	KS	
	<i>Reversement BG diverses ressources</i>	KS	
	<i>Services extérieurs du trésor</i>	KS	
	<i>Surtaxes locales temporaires</i>	KS	
	<i>Taxe au profit du CNC (centre national de la cinématographie)</i>	KS	
	<i>TVA sur subventions APUL</i>	KS	
	<i>TVA sur subventions GEN</i>	KS	
	<i>TVA sur subventions ODAC</i>	KS	
	<i>TVA sur subventions STIF (APUL)</i>	KS	
	<i>Versement ONF au BG</i>	KS	
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
d51a_d51c1	Taxes on individual or household income including holding gains		
d51a	Taxes on individual or household income		
	<i>1 % vieillesse</i>	SPLIT_1	
	<i>1% CNAF (Caisse nationale d'allocations familiales)</i>	SPLIT_1	
	<i>2% CNAM (Caisse nationale d'assurance maladie)</i>	SPLIT_1	
	<i>2% Fonds de solidarité vieillesse</i>	SPLIT_1	
	<i>2% FRR (Fonds de réserve des retraites)</i>	KIH	
	<i>FRR - Prelevement social sur patrimoine</i>	KIH	
	<i>FRR - Prelevement social sur placements</i>	KIH	
	<i>2%social - CNAF</i>	SPLIT_1	
	<i>2%social - CNAV (Caisse nationale d'assurance vieillesse)</i>	SPLIT_1	
	<i>Avoir fiscal utilisé</i>	SPLIT_1	
	<i>CADES : ex ant : recettes RDS (reclas. D59)</i>	Lees/KIH	

	CADES : RDS Frais de recouvrement (frais d'assiette)	Lees/KIH	
	CADES : RDS sur patrimoine	Lees/KIH	
	CADES : RDS sur produits de placements	Lees/KIH	
	CADES : RDS sur gains aux jeux (recl.D59)	Lees/KIH	
	CADES : RDS sur salaires et traitements (recl.D291)	Lees/KIH	
	CADES : RDS sur var créations en cours	Lees/KIH	
	CADES : RDS sur ventes de bijoux et métaux précieux(recl.D59)	Lees/KIH	
	CNSA (Caisse nationale de solidarité pour l'autonomie) (0,1 point de CSG)	Lees/KIH	
	CNSA (Caisse Nationale de solidarité pour l'autonomie)- Jour férié supprimé	SPLIT_1	
	Contribution dépenses de publicité et autres - CNAM	Lees/KIH	
	CSG ACOSS : CSG recue pour versement à la RATP	Lees/KIH	
	CSG CNAF (Caisse nationale d'allocations familiales)	Lees/KIH	
	CSG CNAM (Caisse nationale d'assurance maladie)	Lees/KIH	
	CSG CNAV	Lees/KIH	
	CSG FSV - Fonds de solidarité vieillesse	Lees/KIH	
	CSG régimes de non-salariés	Lees/KIH	
	CSG régimes particuliers de salariés	Lees/KIH	
	FFAPA-CSG	Lees/KIH	
	Fond APA (0,1 point de CSG)	Lees/KIH	
	Fonds de solidarité contribution des fonctionnaires	SPLIT_1	
	Impôt sur le revenu	SPLIT_1	
	Prélèvements sur capitaux mobiliers (payé par ménages) - PRCM	SPLIT_1	
	Prélèvement sur bons anonymes	SPLIT_1	
d51b_d51c2	Taxes on the income or profits of corporations including holding gains		
d51b	Taxes on the income or profits of corporations		
	Avoir fiscal distribué	KIC	
	Avoir fiscal utilisé	KIC	
	Charbonnages de France	KIC	E
	Contribution de solidarité PAM conventionnés (CANAM (Caisse nationale d'assurance maladie des professions indépendantes))	KIC	
	Contribution de la CDC (Caisse des dépôts et consignations) à l'impôt sur les	KIC	
	Contribution de solidarité laboratoires non conventionnés (CANAM)	KIC	
	Contribution des laboratoires	KIC	
	contribution des laboratoires + autres contributions (CANAM)	KIC	
	Contribution sociale sur les bénéfices des sociétés	KIC	
	Contribution sociale sur les bénéfices des sociétés (CSB)	KIC	
	Cotisation de prévoyance	KIC	
	Frais de poursuite	KIC	
	Impôt forfaitaire annuel	KIC	
	Impôts sur les sociétés	KIC	
	Impôts sur les sociétés	KIC	
	Impôts sur les sociétés hors IFA et hors CRDB	KIC	
	Majoration de 10%	KIC	
	PRCM (prélèvements sur capitaux mobiliers)	KIC	
	Précompte sur bénéfices distribués (prélèvement exceptionnel de 25% en	KIC	
	Prélèvement entreprises assurances	KIC	
	Prelevement exceptionnel de 25% sur benefices	KIC	
	Prélèvement sur les bénéfices de la construction immobilière	KIC	
	Prélèvements sur excédent des entreprises pétrolières	KIC	E
	Retenue sur les bénéfices non commerciaux	KIC	
d51e	Other taxes on income n.e.c.		
	Recettes diverses	C	
	Ressources cumul des rémunérations	C	
d59	Other current taxes		
d59a	Current Imposition du capital		
	Chambre d'agriculture (partie)	KS	
	Impôt de solidarité sur la fortune	KS	
	Taxe additionnelle sur le foncier non bâti	KS	
	Taxe d'habitation		
	Split to C: 0.5	C	
	Split to KS:0.5	KS	
	Taxe sur le foncier non bâti (partie)	KS	
	Taxe sur les logements vacants	KS	
	Taxes au profit de l'ADEME (Agence de l'environnement et de la maîtrise de l'énergie)	KS	T
	Versements sur recettes	KS	
d59d	Payments by households for licences		
	Cartes grises (partie)	C	T
	Taxe sur véhicules (partie)	C	T
d59f	Other current taxes n.e.c.		
	Autres impôts directs	C	
	Recettes d'impôts et de taxes	C	
	Recettes diverses	C	
	Recettes diverses pénalités	C	
	Recettes fiscales diverses	C	
	Vers. taxes paraf. et taxes div. versées par org. collec.	C	
d91	Capital taxes		
d91a	Imposition du capital transferts		
	entre vifs (donations)	KS	

	<i>par décès (successions)</i>	KS	
d91b	Capital levies		
	<i>Prélèvement exceptionnel sur les entreprises d'assurances</i>	KS	
	<i>Versement exceptionnel Unigrains</i>	KS	
d91c	Other capital taxes n.e.c.		
	<i>Recettes diverses et pénalités</i>	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions	Leyrs	
d6112	Employees' social contributions	Lees	
d6113	Social contributions by self- and non-employed persons	SPLIT_2	

## GERMANY

ESA95 code	ESA95 text	Name of the tax	Economic function	Alcohol, Tobacco & Environmental tax
d2		Taxes on production and imports		
d21		Taxes on products		
d211		Value added type taxes (VAT)		
		<i>Value added type taxes (Mehrwertsteuern)</i>	C	
d212		Taxes and duties on imports excluding VAT		
d2121		Import duties		
		<i>Customs duties (Zölle)</i>	C	
d2122		Taxes on imports excluding VAT and import duties		
d2122a		Levies on imported agricultural products		
		<i>Customs on agricultural products (Abschöpfungs-u. Währungsausgleichsbeträge)</i>	C	
d2122c		Excise duties		
		<i>Import duties (Importsteuern)</i>	C	
d214		Taxes on products, except VAT and import taxes		
d214a		Excise duties and consumption taxes	C	
		<i>Duties on electricity (Stromsteuer)</i>		E
		<i>Duties on mineral oil (Mineralölsteuer)</i>		E
		<i>Duties on tobacco (Tabaksteuer)</i>		TA
		<i>Duties on wine (Branntweinabgaben)</i>		TA
		<i>Duties on coffee (Kaffeesteuer)</i>		
		<i>Duties on sparkling wines (Schaumweinsteuer)</i>		TA
		<i>Duties on beer (Biersteuer)</i>		TA
		<i>Other excise duties (sonstige Verbrauchsteuern)</i>		
		<i>Less import taxes (abzüglich Importsteuern)</i>		
d214b		Stamp taxes		
		<i>Real estate transfer tax (Grunderwerbsteuer)</i>	KS	
d214c		Taxes on financial and capital transactions		
		<i>Capital duty (Gesellschaftsteuer)</i>	KS	
		<i>Stock exchange turnover tax (Börsenumsatzsteuer)</i>	KS	
d214f		Taxes on lotteries, gambling and betting		
		<i>Betting and gambling tax (Rennwett-Lotteriesteuer)</i>	C	
d214g		Taxes on insurance premiums		
		<i>Insurance tax (Versicherungsteuer)</i>	C	
		<i>Fire insurance tax (Feuerschutzsteuer)</i>	C	
d214l		Other taxes on products n.e.c.		
		<i>Coal tax (Kohlepfennig)</i>	C	E
		<i>Community taxes (übrige Gemeindesteuern)</i>	KS	
		<i>Sugar levy (Produktionsabgaben für Zucker)</i>	C	
		<i>Tax to support sales of products in the field of fishing and agriculture (Absatzfondsgesetz)</i>	KS	
		<i>Tax on overproduction of milk and corn paid by Farmers (Milch-u. Getreidemitverantwortungsabgaben)</i>	KS	
d29		Other taxes on production		
d29a		Taxes on land, buildings and other structures		
		<i>Tax on real estate (Grundsteuer A und B)</i>	KS	
d29b		Taxes on the use of fixed assets		
		<i>Tax on motor vehicles paid by enterprises (KFZ-Steuer von Unternehmen)</i>	KS	T
d29e		Business and professional licences		
		<i>Administrative charges for enterprises (Verwaltungsgebühren von Unternehmen)</i>	KS	
d29g		Under-compensation of VAT (flat rate system)		
		<i>Undercompensation VAT (Unterkompensation Umsatzsteuer)</i>	C	
d29h		Other taxes on production n.e.c.		
		<i>Quasi tax receipts (steuerähnliche Einnahmen)</i>	KS	
		<i>Other taxes on production (übrige Produktionsabgaben)</i>	KS	
		<i>Tax on industry and trade (Gewerbesteuer)</i>	KIC	
d5		Current taxes on income, wealth, etc.		
d51		Taxes on income		
d51a		Taxes on individual or household income		
		<i>Wage tax (Lohnsteuer)</i>	SPLIT_1	
		<i>Assessed income tax (Veranlagte Einkommensteuer)</i>	SPLIT_1	
		<i>Other income tax, incl. capital yields tax and interest income deduction for households (Kapitalertragsteuer und Zinabschlag)</i>	SPLIT_1	

d51b	Taxes on the income or profits of corporations			
	<i>Corporation tax (Körperschaftsteuer)</i>	KIC		
	<i>Other income tax, incl. capital yields tax and interest income deduction for corporations (Kapitalertragsteuer und Zinsabschlag)</i>	KIC		
d51e	Other taxes on income n.e.c.			
	<i>Income taxes from rest of the world (Einkommensteuer von der übrigen Welt)</i>	KIH		
d59	Other current taxes			
d59a	Current taxes on capital			
	<i>Wealth tax for private households (Vermögensteuer von privaten Haushalten)</i>	KS		
	<i>Wealth tax for corporations (Vermögensteuer von Kapitalgesellschaften)</i>	KS		
d59d	Payments by households for licences			
	<i>Tax on Motor Vehicles for private Households (KFZ-Steuern von privaten Haushalten)</i>	C		T
	<i>Taxes on dogs (Hundesteuer)</i>	C		
	<i>Hunting and Fishing tax (Jagd- und Fischereisteuer)</i>	C		
d59f	Other current taxes n.e.c.			
	<i>Other community taxes (sonstige Gemeindesteuern der Stadtstaaten)</i>	C		
	<i>Administrative charges for private households (Verwaltungsgebühren von privaten Haushalten)</i>	C		
d91	Capital taxes			
d91a	Taxes on capital transfers			
	<i>Succession and gift tax (Erbschaftsteuer)</i>	KS		
d611	Actual social contributions			
d6111	Employers' actual social contributions			
d61111	Compulsory employers' actual social contributions		Leys	
d6112	Employees' social contributions			
d61121	Compulsory employees' social contributions		Lees	
d6113	Social contributions by self- and non-employed persons			
d61131	Compulsory social contributions by self- and non-employed persons		SPLIT_2	

## GREECE

ESA95 code	ESA95 text	Name of the tax	Economic function	Alcohol, Tobacco & Environmental tax
d2		Taxes on production and imports		
d21		Taxes on products		
d211		Value added type taxes (VAT)	C	
d212		Taxes and duties on imports excluding VAT		
d2121		Import duties	C	
d2122		Taxes on imports excluding VAT and import duties		
d2122a		Levies on imported agricultural products	C	
d2122b		Monetary compensatory amounts on imports	C	
d2122c		Excise duties	C	
d2122d		General sales taxes	C	
d214		Taxes on products, except VAT and import taxes		
d214a		Excise duties and consumption taxes		
		<i>Excise duties on cars</i>	C	T
		<i>Excise duties on oil products (gasoline, petroleum etc.)</i>	C	E
		<i>Excise duties on tobacco products</i>	C	TA
		<i>Taxes on beer</i>	C	TA
		<i>Taxes on alcoholic drinks</i>	C	TA
		<i>Taxes on other products</i>	C	
d214b		Stamp taxes		
		<i>Stamp taxes on products</i>	C	
		<i>Stamp taxes on legal documents</i>	KS	
d214c		Taxes on financial and capital transactions		
		<i>Taxes on the sale of non-financial assets</i>	KS	
		<i>Taxes on the sale of financial assets</i>	KS	
d214d		Car registration taxes	C	T
d214e		Taxes on entertainment		
		<i>Amusement taxes</i>	C	
d214f		Taxes on lotteries, gambling and betting		
		<i>Taxes on lotteries</i>	C	
		<i>Taxes on gambling and betting</i>	C	
		<i>Duty on casino</i>	C	
d214g		Taxes on insurance premiums		
		<i>Taxes on insurance premiums</i>	C	
d214h		Other taxes on specific services		
		<i>Taxes on advertising</i>	C	
		<i>Taxes on hotels, restaurants, etc</i>	C	
		<i>Taxes on the use of mobile phones</i>	C	
d214i		General sales or turnover taxes		
		<i>Wholesale sale taxes</i>	C	
		<i>Other general sales taxes</i>	C	
d214k		Export duties and monetary compensatory amounts on exports	KS	
d214l		Other taxes on products n.e.c.	C	
d29		Other taxes on production		
d29a		Taxes on land, buildings and other structures		
		<i>Taxes on land, buildings or other structures</i>	KS	
d29b		Taxes on the use of fixed assets		
		<i>Taxes on the use of docks, streets, lighting</i>	KS	
d29e		Business and professional licences		
		<i>Professional licences</i>	KS	
		<i>Vehicle licences for businesses</i>	KS	T
		<i>Various</i>	KS	
		<i>Statistical adjustment</i>	KS	
d29h		Other taxes on production n.e.c.		
		<i>Taxes on capital accumulation</i>	KS	
		<i>Various</i>	KS	
d5		Current taxes on income, wealth, etc.		
d51		Taxes on income		
d51a		Taxes on individual or household income		
		<i>Taxes on income from rents</i>	SPLIT_1	
		<i>Income taxes on individuals</i>	SPLIT_1	
		<i>Taxes on interest, and other taxes on individuals</i>	SPLIT_1	
d51b		Taxes on the income or profits of corporations		
		<i>Income taxes on corporations</i>	KIC	

	<i>Taxes on ship owners</i>	KIC	
	<i>Various corporations taxes</i>	KIC	
d51d	Taxes on winnings from lottery or gambling	KIH	
d51e	Other taxes on income n.e.c.		
	<i>Tax penalties and fines</i>	KIH	
	<i>Various</i>	KIH	
d59	Other current taxes		
d59a	Current taxes on capital		
	<i>Taxes on household buildings</i>	KS	
d59d	Payments by households for licences		
	<i>Car registration licences</i>	C	T
	<i>Various</i>	C	
d59e	Taxes on international transactions		
d59f	Other current taxes n.e.c.		
	<i>Tax on buildings</i>	KS	
	<i>Various</i>	KS	
d91	Capital taxes		
d91a	Taxes on capital transfers	KS	
d91b	Capital levies	KS	
d91c	Other capital taxes n.e.c.	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions	Leys	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions	Lees	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons	SPLIT_2	

## HUNGARY

ESA95 code	ESA95 text Name of the tax	Economic function	Alcohol, Tobacco & Environmental tax
d2	TAXES ON PRODUCTION AND IMPORTS		
d21	Taxes on products		
d211	Value added type taxes		
	<i>Value added tax</i>	C	
d212	Taxes and duties on imports excluding VAT		
d2121	Import duties		
	<i>Customs duties</i>	C	
d2122	Taxes on imports, excluding VAT and import duties	C	
d2122c			
	<i>Environment protection fees on</i>		P
	- (rubber) tyre		P
	- pack material		P
	- refrigerators		P
	- discharged batteries/accumulater		P
	- oiler/lubricant		P
	- other		P
	<i>Budget excises (central budget):</i>		
	- coffee		TA
	- alcohol		TA
	- tobacco		E
	- fuels		
	- wine		
	- car		T
d214	Taxes on products, except VAT and import taxes		
d214A	Excise duties and consumption taxes	C	
	<i>Budget excises (central budget):</i>		
	<i>Environment protection fees on</i>		P
	<i>Energy taxes</i>		E
d214B	Stamp taxes		
	<i>Stamp duties</i>	KS	
d214C	Taxes on financial and capital transactions		
	<i>Duties on conveyances, inheritance and gifts</i>	KS	
d214D	Car registration taxes		
	<i>Motor vehicle registration duty</i>	C	T
d214E	Taxes on entertainment		
	<i>Cultural contribution</i>	C	
d214F	Taxes on lotteries, gambling and betting		
	<i>Gambling tax</i>	C	
d214G	Taxes on insurance premiums	C	
d214H	Other taxes on specific services	C	
	<i>Contribution to tourism</i>		
	<i>Tourism tax</i>		
d214I	General sales or turnover taxes		
	<i>Local tax on company sales</i>	C	
	<i>Innovation tax</i>	KS	
	<i>Simplified corporation tax</i>		
	<i>% attributed to VAT component (60,5%)</i>	C	
	<i>% attributed to PIT component (28,4%)</i>	SPLIT_1	
	<i>% attributed to CIT component (11,1%)</i>	KIC	
d214J	Profits of fiscal monopolies	C	
d214L	Other taxes on products n.e.c.		
	<i>Breeding contribution</i>	C	
	<i>Alcohol production duty</i>	C	TA
	<i>Sugar duties</i>	C	
	<i>Fishing development contribution</i>	C	P
	<i>Tax for protection of wild animals</i>	C	P
	<i>Nuclear contribution</i>	KS	E
	<i>Forestry fund tax</i>	C	P
d29	Other taxes on production		
d29a	Taxes on land, buildings or other structures		
	<i>Building tax</i>	KS	
	<i>Development land tax</i>	KS	
	<i>Tax on recreational homes</i>	KS	
d29b	Taxes on the use of fixed assets		
	<i>Tax on domestically registered vehicles-local</i>	KS	T
	<i>Tax on domestically registered vehicles-central</i>	KS	T
d29c	Total wage bill and payroll taxes		
	<i>Rehabilitation contribution</i>	Leyrs	
	<i>Training levy</i>	Leyrs	
	<i>Communal tax on enterprises</i>	Leyrs	
d29d	Taxes on international transactions	C	



d29e	Business and professional licences			
		<i>Tax on domestically registered vehicles-central</i>	KS	
		<i>Licence fees</i>	KS	
d29f	Taxes on pollution			
		<i>Environmental pollution/Charges/ tax</i>	Leyrs	P
		<i>Communal tax on enterprises</i>	Leyrs	
d5	CURRENT TAXES ON INCOME, WEALTH, ETC.			
d51	Taxes on income			
d51a	Taxes on individual or household income excluding holding gains (2)			
d51a_d51c1	Taxes on individual or household income including holding gains			
		<i>Personal income tax</i>	SPLIT_1	
d51b_d51c2	Taxes on the income or profits of corporations including holding gains			
		<i>Corporate income tax</i>	KIC	
d59	Other current taxes			
d59a	Current taxes on capital			
		<i>Building tax</i>	KS	
		<i>Tax on recreational homes</i>	KS	
		<i>Development land tax</i>	KS	
d59d	Payments by households for licences			
		<i>Stamp duties</i>	C	
		<i>Tax on domestically registered vehicles-central</i>	C	T
		<i>Tax on domestically registered vehicles-local</i>	C	T
		<i>Central gov. taxes conveyed to Loc. Government</i>	C	
d59f	Other current taxes n.e.c.			
		<i>Tourism tax</i>	KS	
		<i>Communal tax on households</i>	KS	
d91	Capital Taxes			
d91a	Taxes on capital transfers			
		<i>Duties on conveyances, inheritance and gifts</i>	KS	
		<i>Luxury tax</i>		
d91b	Capital levies			
		<i>Land protection contribution</i>	KS	P
d611	Actual social contributions			
d6111	Employers' actual social contributions			
		<i>Employers</i>	Leyrs	
d61111	Compulsory employers' actual social contributions			
d6112	Employees' social contributions			
		<i>Employees</i>	Lees	
d61121	Compulsory employees' social contributions			
d6113	Social contributions by self- and non-employed persons			
		<i>Self-employed or non-employed</i>	SPLIT_2	
d61131	Compulsory social contributions by self- and non-employed persons			

## IRELAND

ESA95 code	ESA95 text	Name of the tax	Economic function	Alcohol, Tobacco & Environmental tax
d2		Taxes on production and imports		
d21		Taxes on products		
d211		Value added type taxes (VAT)		
		<i>Value added tax</i>	C	
d212		Taxes and duties on imports excluding VAT		
d2121		Import duties		
		<i>Customs duties (protective)</i>	C	
d2122		Taxes on imports excluding VAT and import duties		
d2122a		Levies on imported agricultural products		
		<i>Levies on agricultural goods</i>	C	
d2122c		Excise duties		
		<i>Duty on mineral hydrocarbon light oil</i>	C	E
		<i>Duty on other sorts of oil</i>	C	E
		<i>Duty on tobacco</i>	C	TA
		<i>Duty on spirits</i>	C	TA
		<i>Duty on wine</i>	C	TA
		<i>Duty on beer</i>	C	TA
		<i>Duty on cider and perry</i>	C	TA
		<i>Excise accrual</i>	C	
d214		Taxes on products, except VAT and import taxes		
d214a		Excise duties and consumption taxes		
		<i>Duty on mineral hydrocarbon light oil</i>	C	E
		<i>Duty on other sorts of oil</i>	C	E
		<i>Duty on tobacco</i>	C	TA
		<i>Duty on spirits</i>	C	TA
		<i>Duty on wine</i>	C	TA
		<i>Duty on beer</i>	C	TA
		<i>Duty on cider and perry</i>	C	TA
		<i>Duty on motor vehicle parts and access</i>	C	T
		<i>Excise accrual</i>	C	
d214b		Stamp taxes		
		<i>Stamp duties</i>	KS	
		<i>Fee stamps</i>	KS	
d214c		Taxes on financial and capital transactions		
		<i>Bank levy</i>	KS	
d214d		Car registration taxes		
		<i>Duty on motor vehicle parts and access</i>	C	T
d214e		Taxes on entertainment		
		<i>Entertainment licences</i>	C	
d214f		Taxes on lotteries, gambling and betting		
		<i>Sweepstake duties</i>	C	
		<i>Betting taxes</i>	C	
d214g		Taxes on insurance premiums		
		<i>Taxes on insurance policies</i>	C	
d214h		Other taxes on specific services		
		<i>Broadcasting licence fees</i>	KS	
d29		Other taxes on production		
d29b		Taxes on the use of fixed assets		
		<i>Motor vehicle duties paid by enterprises</i>	KS	T
d29a		Taxes on land, buildings and other structures		
		<i>Rates</i>	KS	
		<i>Residential property tax</i>	KS	
d29e		Business and professional licences		
		<i>Business and professional licences</i>	KS	
d29h		Other taxes on production n.e.c.		
		<i>Other taxes linked to production</i>	KS	
d5		Current taxes on income, wealth, etc.		
d51		Taxes on income		
d51a		Taxes on individual or household income		
		<i>Income tax</i>	Split_1	
		<i>Youth employment levy</i>	Split_1	
		<i>Income levy</i>	Split_1	

d51b	Taxes on the income or profits of corporations			
	<i>Corporation tax</i>		KIC	
d51c	Taxes on holding gains			
	<i>Capital gains tax</i>		KIH	
d51e	Other taxes on income n.e.c.			
	<i>Levies under sect. 93/94 finance act, 1986</i>		KIH	
	<i>Fees under petroleum and mineral development</i>		KIH	P
	<i>Estate</i>		KIH	
d59	Other current taxes			
d59d	Payments by households for licences			
	<i>Motor vehicle duties paid by households</i>		C	T
d59f	Other current taxes n.e.c.			
	<i>Vehicle &amp; driving licensing expenses</i>		C	
d91	Capital taxes			
d91a	Taxes on capital transfers			
	<i>Capital acquisition tax</i>		KS	
d611	Actual social contributions			
d6111	Employers' actual social contributions			
	<i>Employers' actual social contributions</i>		Leyrs	
d61111	Compulsory employers' actual social contributions			
d6112	Employees' social contributions			
	<i>Employees' actual social contributions</i>		Lees	
d61121	Compulsory employees' social contributions			
d6113	Social contributions by self- and non-employed persons			
	<i>Social contributions self-employed</i>		Split_2	

## ITALY

ESA95 code	ESA95 text	Name of the tax	Economic function	Alcohol, Tobacco & Environmental tax
d2		Taxes on production and imports		
d21		Taxes on products		
d211		Value added type taxes (VAT)		
		VAT total to General government	C	
		VAT to Institutions of the EU	C	
d212		Taxes and duties on imports excluding VAT		
d2121		Import duties		
		Import duties to Institutions of the EU	C	
d2122		Taxes on imports excluding VAT and import duties		
d2122c		Excise duties		
		Excise duty on coffee	C	
		Excise duty on cocoa	C	
		Excise duty on bananas	C	
		Other taxes on imports	C	
		In-bond surcharge on mineral oils	C	E
		In-bond surcharge on liquefied petroleum gases and other surcharges of which environmental	C	E
d214		Taxes on products, except VAT and import taxes		
d214a		Excise duties and consumption taxes		
		Excise duty on mineral oils	C	E
		Excise duty on liquefied petroleum gases	C	E
		Excise duty on methane	C	E
		Excise duty on beer	C	TA
		Excise duty on sugars	C	
		Excise duty on electricity	C	E
		Surcharge on electricity duty charged to the Enel	C	E
		Excise duty on sound and video recording and playing equipment	C	
		Special duty on table waters	C	
		Surcharges accruing to National Rice Administration	C	
		Water consumption tax	C	P
		Excise duties to Institutions of the EU	C	
d214b		Stamp taxes		
		Excise duty on tobacco	C	TA
		Excise duty on spirits	C	TA
		Receipts from sale of denaturing agents and government seals	C	
		Stamp duties	KS	
		Registration tax	KS	
		Duty in lieu of registration and stamp duties (excl. Insurance tax)	KS	
		Mortgage taxes and land registry duties	KS	
		Surcharges accruing on cadastral acts	KS	
d214d		Car registration taxes		
		Car registration tax (Public motor vehicle register tax)	C	T
d214e		Taxes on entertainment		
		Entertainment tax	C	
		Casino takings, special duties, etc.	C	
d214f		Taxes on lotteries, gambling and betting		
		Tax on lotto, lotteries and betting	C	
		Single tax on games of skill and betting-levied indirectly on production	C	
		Tax on TOTIP (game and horse races bets)	C	
		Tax on Totocalcio game	C	
d214g		Taxes on insurance premiums		
		Provincial tax on motor vehicle insurances	C	T
d214h		Other taxes on specific services		
		Municipal tax on advertising	KS	
		Municipal tax on building licences	KS	
		Regional special tax on landfill dumping	KS	P
d214j		Profits of fiscal monopolies		
		Excise duty on products of Monopoli di Stato	C	
d214l		Other taxes on products n.e.c.		
		Special duties similar indirect tax on products	C	
		Municipal surcharges accruing on slaughters	C	
d29		Other taxes on production		

d29a	Taxes on land, buildings and other structures			
	<i>Municipal real estate tax (ICI) - Part on buildings</i>	KS		
d29b	Taxes on the use of fixed assets			
	<i>Motor vehicle duty paid by firms</i>	KS		T
d29c	Total wage bill and payroll taxes			
	<i>Contribution to GESCAL - employers' contribution</i>	Leyrs		
d29e	Business and professional licences			
	<i>Surcharge accruing to chambers of commerce</i>	KS		
	<i>Duty on official franchises</i>	KS		
	<i>Refunds of taxes on production and imports</i>	KS		
d29f	Taxes on pollution			
	<i>SO2 and NOx pollution tax</i>	KS		P
	<i>Local tax for environmental protection</i>	KS		P
d29h	Other taxes on production n.e.c.			
	<i>Other special duties on production</i>	KS		
	<i>Tourist and temporary residence tax</i>	C		
	<i>Other taxes on production</i>	C		
	<i>Telecommunication licences tax</i>	C		
	<i>Surcharges accruing on notarial acts</i>	KS		
	<i>Surcharges accruing to provincial tourist offices</i>	C		
	<i>IRAP - part paid by public administrations</i>	Leyrs		
	- Split to Leyrs	Leyrs		
	- Split to KIC	KIC		
	- Split to KISe	KISe		
d5	Current taxes on income, wealth, etc.			
d51	Taxes on income			
d51a	Taxes on individual or household income			
	<i>Personal income tax</i>	SPLIT_1		
	<i>Withholding tax on income from deposits paid by households</i>	KIH		
	<i>Local income tax paid by households</i>	KIH		
	<i>Tax on income from investments</i>	KIH		
	<i>10% Surcharge on income</i>	KIH		
	<i>Contributions to GESCAL - employees' contribution</i>	Lees		
	<i>Municipal capital gains tax on buildings paid by households</i>	KS		
	<i>Withholding tax on company dividends paid by households</i>	KIH		
	<i>Municipal tax on industry, crafts and professions</i>	KS		
	<i>Tax on life insurance and supplementary pension schemes</i>	KS		
	<i>Tax on actuarial reserve</i>	KS		
d51b	Taxes on the income or profits of corporations			
	<i>Withholding tax on income from deposits paid by firms</i>	KIC		
	<i>Corporation tax</i>	KIC		
	<i>Local income tax paid by firms</i>	KIC		
	<i>Municipal capital gains tax on buildings paid by firms</i>	KS		
	<i>Tax on companies and bonds (Company franchise and liabilities tax)</i>	KS		
	<i>Withholding tax on company dividends paid by firms</i>	KIC		
	<i>Tax on net wealth of enterprises</i>	KS		
	<i>New tax on imputed income derived from the appreciation of corporate assets</i>	KIC		0,0
d51c	Taxes on holding gains			
d51c1	Taxes on individual or household holding gains	KIH		
d51c2	Taxes on holding gains of corporations	KIC		
d51c3	Other taxes on holding gains	KIH		
d51d	Taxes on winnings from lottery or gambling			
	<i>Tax on games of skill and betting-levied on current income and assets</i>	KIH		
d51e	Other taxes on income n.e.c.			
	<i>Surcharges on state and local taxes</i>	KIH		
d59	Other current taxes			
d59a	Current taxes on capital			
	<i>Municipal real estate tax (ICI) - Part on building plots</i>	KS		
	<i>Municipal Surcharge on buildings</i>	KS		
d59d	Payments by households for licences			
	<i>Driving licence and passport tax</i>	C		
	<i>Motor vehicle duty paid by household</i>	C		T
d59f	Other current taxes n.e.c.			
	<i>Tax on dogs</i>	C		
	<i>Substitute tax on income derived from the appreciation of severance indemnity funds</i>	KS		
d91	Capital taxes			
d91a	Taxes on capital transfers			
	<i>Inheritance and gift duty</i>	KS		
	<i>Estate duty</i>	KS		

d91b	Capital levies		
	<i>Tax on imputed income derived from the appreciation of corporate assets</i>	KS	
	<i>Withholding tax on the severance pay</i>	Leys	
	<i>Special tax of Europe</i>	KS	
	<i>Extraordinary property tax on the value of buildings (ISI)</i>	KS	
	<i>Extraordinary tax on the value of deposits, current accounts and deposit certificates</i>	KS	
	<i>Substitute tax on assets of enterprises</i>	KS	
	<i>Extraordinary tax on certain luxury goods (Decree-Law No 384 of 19/9/92)</i>	KS	
d91c	Other capital taxes n.e.c.		
	<i>Recover of paid taxes in delay</i>	KS	
	<i>Penalties and settlements - direct taxes</i>	KS	
	<i>Penalties and settlements -indirect taxes</i>	KS	
	<i>Tax shield (on incomes from abroad)</i>	KS	
	<i>Amnesty on illegal buildings</i>	KS	
	<i>Tax amnesty part on capital income of corporations</i>	KIC	
	<i>Tax amnesty - part on self-employed</i>	Kise	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions	Leys	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions	Lees	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons	SPLIT_2	

## LATVIA

ESA95 code	ESA95 text	Name of the tax	Economic function	Alcohol, Tobacco & Environmental tax
d2		Taxes on production and imports		
d21		Taxes on products		
d211		Value added type taxes (VAT)		
		<i>Value added tax</i>	C	
d212		Taxes and duties on imports excluding VAT		
d2121		Import duties		
		<i>Customs duties</i>	C	
d2122		Taxes on imports excluding VAT and import duties		
d2122a		Levies on imported agricultural products	C	
d214		Taxes on products, except VAT and import taxes		
d214a		Excise duties and consumption taxes		
		<i>Excise tax on alcohol</i>	C	TA
		<i>Excise tax on beer</i>	C	TA
		<i>Excise tax on oil products</i>	C	E
		<i>Excise tax on tobacco</i>	C	TA
		<i>Excise tax on other excise goods:</i>		
		<i>Excise tax on gold and other precious metals</i>	C	
		<i>Excise tax on cars</i>	C	T
		<i>Excise tax on coffee, non-alcohol, gold and other precious metals</i>	C	
		<i>Excise tax on cars and motorcycles</i>	C	T
d214b		Stamp taxes		
d214c		Taxes on financial and capital transactions		
		<i>Duties on transactions with privatization vouchers</i>	KS	
d214d		Car registration taxes		
		<i>Car tax</i>	C	T
d214f		Taxes on lotteries, gambling and betting		
		<i>Lottery and gambling tax</i>	C	
d214h		Other taxes on specific services		
		<i>Passenger departure duty</i>	C	T
d214k		Export duties and monetary compensatory amounts on exports		
		<i>Export duties</i>	KS	
d29		Other taxes on production		
d29a		Taxes on land, buildings and other structures		
		<i>Taxes on property</i>	KS	
		<i>Taxes on land</i>	KS	
d29c		Total wage bill and payroll taxes		
		<i>Risk duty of business</i>	Leysr	
d29e		Business and professional licences		
		<i>Lottery of goods and services organization duty</i>	C	
		<i>State duties and payments for issue and registration of documents that commensurate correspondence of professional qualification</i>	KS	
		<i>Lottery and gambling state duty</i>	C	
		<i>Gambling equipment marking duty</i>	C	
		<i>Payment for rental of commercial fishing rights</i>	KS	P
d29f		Taxes on pollution		
		<i>Natural resources tax</i>	C	P
d29h		Other taxes on production n.e.c.		
		<i>Other special target state duties</i>	KS	
		<i>Income from woodland</i>	KS	P
		<i>Land tax</i>	KS	
d5		Current taxes on income, wealth, etc.		
d51		Taxes on income		
d51a		Taxes on individual or household income		
		<i>Personal income tax</i>	SPLIT_1	
d51b		Taxes on the income or profits of corporations		
		<i>Corporate income tax</i>	KIC	
d59		Other current taxes		
d59a		Current taxes on capital		
		<i>Annual vehicle duty</i>	C	T
d611		Actual social contributions		
d6111		Employers' actual social contributions		
d61111		Compulsory employers' actual social contributions	Leysr	
d6112		Employees' social contributions		
d61121		Compulsory employees' social contributions	Lees	

d6113	Social contributions by self- and non-employed persons	
d61131	Compulsory social contributions by self- and non-employed persons	SPLIT_2



## LITHUANIA

ESA95 code	ESA95 text	Name of the tax	Economic function	Alcohol, Tobacco & Environmental tax
d2		Taxes on production and imports		
d21		Taxes on products		
d211		Value added type taxes (VAT)		
		<i>Value added tax</i>	C	
d212		Taxes and duties on imports excluding VAT		
d2121		Import duties		
		<i>Taxes on international trade and transactions</i>	C	
d2122		Taxes on imports excluding VAT and import duties		
d2122a		Levies on imported agricultural products		
		<i>Levies on agricultural goods</i>	C	
d2122c		Excise duties		
		<i>Alcoholic beverages</i>	C	TA
		<i>Manufactured tobacco</i>	C	TA
		<i>Oil and other oil products</i>	C	E
		<i>Electricity</i>	C	E
		<i>Luxury cars</i>	C	T
		<i>Sugar</i>	C	
		<i>Other former minor excises</i>	C	
d2122d		General sales taxes		
		<i>Turnover tax on publications of erotic and violent nature</i>	C	
		<i>Turnover tax on motor cars</i>	C	T
		<i>Turnover tax on goods containing ethyl</i>	C	
d214		Taxes on products, except VAT and import taxes		
d214a		Excise duties and consumption taxes		
		<i>Wine and sparkling wine</i>	C	TA
		<i>Beer</i>	C	TA
		<i>Other alcoholic beverages</i>	C	TA
		<i>Manufactured tobacco</i>	C	TA
		<i>Oil and other oil products</i>	C	E
		<i>Electricity</i>	C	E
		<i>Sugar</i>	C	
		<i>Other former minor excises</i>	C	
d214b		Stamp taxes		
		<i>Stamp tax</i>	KS	
d214f		Taxes on lotteries, gambling and betting		
		<i>Tax on gambling</i>	C	
d214i		General sales or turnover taxes		
		<i>Deductions according to the role on the financing of road maintenance and development and on the forestry law</i>	C	
		<i>Deductions from income generated by sales of electricity</i>	C	E
d29		Other taxes on production		
d29a		Taxes on land, buildings and other structures		
		<i>Tax on land from corporations</i>	KS	
		<i>Tax on immovable property</i>	KS	
d29b		Taxes on the use of fixed assets		
		<i>Conveyance tax</i>	KS	T
d29c		Total wage bill and payroll taxes		
		<i>Payments to guarantee fund</i>	Leyrs	
d29e		Business and professional licences		
		<i>Tax on market place</i>	KS	
d29f		Taxes on pollution		
		<i>Taxes on pollution</i>	KS	P
d29h		Other taxes on production n.e.c.		
		<i>Other taxes linked to production</i>	KS	
d5		Current taxes on income, wealth, etc.		
d51		Taxes on income		
d51a		Taxes on individual or household income	SPLIT_1	
		<i>Tax on payroll and workforce</i>		
		<i>Tax on income from individual activities</i>		
		<i>Tax on capital income</i>		
d51b		Taxes on the income or profits of corporations		
		<i>Tax on corporate profit</i>	KIC	
d59		Other current taxes		

d59a	Current taxes on capital		
	<i>Tax on land from households</i>	KS	
d59d	Payments by households for licences		
	<i>Licences for hunting, fishing etc.</i>	C	
d91	Capital taxes		
d91a	Taxes on capital transfers		
	<i>Estate gift and inheritance taxes</i>	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions		
	<i>Pay related social insurance</i>	Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions		
	<i>Pay related social insurance</i>	Lees	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons		
	<i>Pay related social insurance</i>	SPLIT_2	

## LUXEMBOURG

ESA95 code	ESA95 text	Name of the tax	Economic function	Alcohol, Tobacco & Environmental tax
d2		Taxes on production and imports		
d21		Taxes on products		
d211		Value added type taxes (VAT)		
		<i>Taxes du type TVA</i>	C	
d212		Taxes and duties on imports excluding VAT		
d2121		Import duties		
		<i>Droits sur les importations</i>	C	
d2122		Taxes on imports excluding VAT and import duties		
d2122a		Levies on imported agricultural products		
		<i>Prélèvements sur les produits agricoles importés</i>	C	
d2122b		Monetary compensatory amounts on imports		
		<i>Montants compensatoires monétaires prélevés à l'importation</i>	C	
d2122c		Excise duties		
		<i>Taxe de consommation à l'importation d'alcool</i>	C	TA
		<i>Droits d'accises autonomes sur certaines huiles minérales</i>	C	E
		<i>Droits d'accise sur les huiles minérales</i>	C	E
		<i>Taxe complémentaire prélevée sur les carburants</i>	C	E
		<i>Redevance de contrôle sur le fuel domestique</i>	C	E
		<i>Droits d'accises sur les gaz liquéfiés</i>	C	E
		<i>Droits d'accises sur les benzols</i>	C	E
		<i>Droits d'accises sur les importations de tabacs</i>	C	TA
		<i>Droits d'accises sur les alcools étrangers</i>	C	TA
		<i>Droits d'accises sur les importations de bières</i>	C	TA
		<i>Droits d'accise boissons fermentées fruits</i>	C	TA
		<i>Droits d'accise boissons fermentées mousseuses</i>	C	TA
		<i>Surtaxe sur les boissons confectionnées</i>	C	TA
		<i>Droits d'accises sur le sucre</i>	C	
d2122d		General sales taxes		
		<i>Impôts généraux sur les ventes</i>	C	
d2122e		Taxes on specific services		
		<i>Impôts sur des services déterminés</i>	C	
d2122f		Profits of import monopolies		
		<i>Bénéfices sur monopoles à l'importation</i>	C	
d214		Taxes on products, except VAT and import taxes		
d214a		Excise duties and consumption taxes		
		<i>Droits d'accises sur les alcools indigènes</i>	C	TA
d214b		Stamp taxes		
		<i>Impôt sur les billets de banque</i>	C	
d214c		Taxes on financial and capital transactions		
		<i>Taxe de consommation (partie sur la production nationale)</i>	C	
		<i>Droits d'accises sur les bières indigènes</i>	C	TA
		<i>Droits d'accise sur le tabac (partie sur la production nationale)</i>	C	TA
		<i>Surtaxe sur les mutations immobilières</i>	KS	
		<i>Droits d'enregistrement</i>	KS	
		<i>Droits d'hypothèques</i>	KS	
		<i>Hypothèques salaires</i>	KS	
d214d		Car registration taxes		
		<i>Taxes à l'immatriculation de véhicules</i>	C	T
d214e		Taxes on entertainment		
		<i>Taxe sur les amusements publics (nuits blanches)</i>	C	
d214f		Taxes on lotteries, gambling and betting		
		<i>Prélèvements sur les jeux de casino (partie Etat central)</i>	C	
		<i>Prélèvements sur les jeux de casino (partie communes)</i>	C	
		<i>Taxe sur le loto</i>	C	
		<i>Taxes et prélèvement sur les paris relatifs aux épreuves sportives</i>	C	
d214g		Taxes on insurance premiums		
		<i>Taxe sur les assurances</i>	C	
d214h		Other taxes on specific services		
		<i>Taxe due pour la construction dans les secteurs centraux</i>	C	
		<i>Taxe de séjour</i>	C	
		<i>Taxe sur les cabarets</i>	C	
		<i>Taxe sur les transports</i>	C	T

d214i	General sales or turnover taxes <i>Impôt sur le chiffre d'affaires</i>	C	
d214j	Profits of fiscal monopolies <i>Bénéfices des monopoles fiscaux</i>	KIC	
d214k	Export duties and monetary compensatory amounts on exports <i>Droits sur les exportations et les montants compensatoires monétaires</i>	KS	
d214l	Other taxes on products n.e.c. <i>Taxe supplémentaire sur l'électricité</i> <i>Taxe sur la distribution d'électricité</i> <i>Taxe sur la production d'électricité</i>	C C C	E E E
d29	Other taxes on production		
d29a	Taxes on land, buildings and other structures <i>Impôt foncier</i> <i>Taxe sur les résidences secondaires</i>	KS KS	
d29b	Taxes on the use of fixed assets <i>Taxe sur véhicules automoteurs à charge des entreprises</i> <i>Taxe d'immatriculation des navires</i>	KS KS	T T
d29c	Total wage bill and payroll taxes <i>Impôt sur la somme des salaires</i>	Leyrs	
d29e	Business and professional licences <i>Taxe sur le colportage</i>	KS	
d29f	Taxes on pollution <i>Impôts sur les émissions polluantes</i>	C	P
d29g	Under-compensation of VAT (flat rate system) <i>Sous-compensation de la TVA</i>		
d29h	Other taxes on production n.e.c. <i>Registre aux firmes</i> <i>Prélèvement CECA</i> <i>Taxe d'abonnement sur les titres de société</i> <i>TVA reclassée en autres impôts sur la production</i>	KS KS KS KS	
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
d51a	Taxes on individual or household income <i>Impôt retenu sur les traitements et salaires</i> <i>Impôt retenu sur certains revenus échus à des contrib. non-résidents</i> <i>Impôt sur le revenu des personnes physiques fixé par voie d'assiette</i> <i>Impôt solidarité majoration personnes physiques</i> <i>Impôt retenu sur les revenus de capitaux</i> <i>Impôt sur les tantièmes</i> <i>Impôt retenu sur revenus épargne (non résidents)</i> <i>Retenu libératoire nationale sur les intérêts</i>	SPLIT_1 KS SPLIT_1 SPLIT_1 KIH KIH KIH KIH	
d51b	Taxes on the income or profits of corporations <i>Impôt sur le revenu des collectivités</i> <i>Impôt de solidarité sur le revenu des collectivités</i> <i>Impôt commercial communal</i>	KIC KIC KIC	
d51c	Taxes on holding gains <i>Impôts sur les gains de détention</i>	KIH	
d51d	Taxes on winnings from lottery or gambling <i>Prélèvements sur gains dans paris</i>	KIH	
d51e	Other taxes on income n.e.c. <i>Autres impôts sur le revenu non compris ailleurs</i>	KIH	
d59	Other current taxes		
d59a	Current taxes on capital <i>Impôt sur la fortune</i> <i>Impôt foncier</i>	KS KS	
d59c	Expenditure taxes <i>Impôts sur la dépense</i>	C	
d59d	Payments by households for licences <i>Taxes acquittées par les ménages pour des licences</i>	C	
d59e	Taxes on international transactions <i>Impôts sur les transactions internationales par les ménages</i>	KS	
d59f	Other current taxes n.e.c. <i>Droits de timbre</i> <i>Recettes concernant les départements des affaires étrangères</i> <i>Timbres de chancellerie</i> <i>Taxe sur les chiens</i> <i>Taxe sur véhicules automoteurs à charge des ménages</i> <i>Taxe bateaux ou navires de plaisance</i>	C C C C C C	T T
d91	Capital taxes		
d91a	Taxes on capital transfers <i>Droits de succession</i>	KS	

d91b	Capital levies <i>Prélèvements sur le capital</i>	KS	
d91c	Other capital taxes n.e.c. <i>Autres impôts en capital non compris ailleurs</i>	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions <i>Cotisations sociales effectives obligatoires à la charge des employeurs</i>	Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions <i>Cotisations sociales obligatoires à la charge des salariés</i>	Lees	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons <i>Cotisations sociales obligatoires des trav. ind. et des pers. sans emploi</i>	SPLIT_2	

## MALTA

ESA95 code	ESA95 text Name of the tax	Economic function	Alcohol, Tobacco & Environmental tax
d2	Taxes on production and imports		
d21	Taxes on products		
d211	Total Value Added Type Taxes	C	
	<i>Value Added Tax</i>		
	<i>Customs &amp; Excise Tax</i>		
	<i>Value Added Tax paid to EU Institutions</i>		
d2121	Total Import Duties		
	<i>Grain</i>	C	
	<i>Cattle &amp; Meat</i>	C	
	<i>Petroleum</i>	C	E
	<i>Milk</i>	C	
	<i>Cement</i>	C	
	<i>Ad Val - Motor Vehicles</i>	C	T
	<i>AV - Electrical Household App</i>	C	
	<i>AD Val- Telecom Household App</i>	C	
	<i>AD VAL - Clothing</i>	C	
	<i>AD VAL - Import Duty</i>	C	
	<i>AD VAL - Miscellaneous</i>	C	
	<i>Import Duties - Others</i>	C	
	<i>Import Duties paid to EU Institutions</i>	C	
d2122	Total Taxes on imports excl VAT & Duties		
	<i>Levy on Imported Goods</i>	C	
d214	Total Taxes on products		
d214a	Excise duties and consumption taxes		
	<i>Excise Levies - Machine Made Cigarettes</i>	C	TA
	<i>Excise Beer</i>	C	TA
	<i>Excise Levies - Spirits</i>	C	TA
	<i>Excise Levies - Petroleum</i>	C	E
	<i>Excise Levies - Tobacco</i>	C	TA
	<i>Excise Duties - Wines</i>	C	TA
	<i>Excise Levies - Mobile Telephony Services</i>	C	
	<i>Excise Levies - Electricity</i>	C	E
	<i>Eco-Contribution</i>	C	P
d214b	Stamp taxes		
	<i>Duty on Documents - Moveables</i>	KS	
	<i>Duty on Docs - Documents</i>	KS	
	<i>Duty on Docs - Legal Fees</i>	KS	
	<i>Duty on Docs - Penalties on VA</i>	KS	
	<i>Duty on Documents - Unclassified</i>	KS	
d214c	Taxes on financial and capital transactions		
	<i>Duty on Documents - Immoveables</i>	KS	
	<i>Duty on Docs - Shares</i>	KS	
	<i>Duty on Docs - Emphy Grants</i>	KS	
	<i>Duty on Docs - Part &amp; Exchange</i>	KS	
	<i>Levy - Sale of Immov. Property</i>	KS	
d214d	Car registration taxes		
	<i>Motor Vehicle Registration Tax</i>	C	T
	<i>Sale of Number plates - Govt</i>	C	T
	<i>Sale of Number plates - HH</i>	C	T
	<i>Sale of Personalised Number Plates</i>	C	T
d214e	Taxes on entertainment		
	<i>Entertainment Duty</i>	C	
d214f	Taxes on lotteries, gambling and betting		
	<i>Gaming Taxes</i>	C	
	<i>LGA - Authority Service</i>	C	
d214g	Taxes on insurance premiums		
	<i>Duty on Docs - Insurance Policy</i>	C	
d214h	Other taxes on specific services		
	<i>Levy on Restaurant Services</i>	C	
	<i>Levy on Accomodation</i>	C	
	<i>Airport Tax</i>	C	T
	<i>Adm Charge - Test Motor Veh</i>	C	T
d214j	Profits of fiscal monopolies		
	<i>Royalties from Cable TV</i>	C	
	<i>Royalties under Telecomm.</i>	C	
d214l	Other taxes on products n.e.c.		
	<i>Miscellaneous Duties / Taxes etc</i>	C	
d29	Total Other Taxes on Production		
d29b	Taxes on the use of fixed assets		
	<i>Motor Vehicle Lic- Business</i>	KS	T
	<i>Sale of Number Plates - Business</i>	KS	T

d29e	Business and professional licenses			
	<i>Wines &amp; Spirits</i>	KS		
	<i>Trading Licences</i>	KS		
	<i>Hotel &amp; Catering Establishment</i>	KS		
	<i>Radio Station Licences</i>	KS		
	<i>Bonded Stores Licences</i>	KS		
	<i>Operating Licence - Maltapost</i>	KS		
	<i>Operating Licence - Maltacom</i>	KS		
	<i>Operating Licence - MIA</i>	KS		
	<i>Mobile Telephone Licence</i>	KS		
	<i>Fixed Telephone Licence</i>	KS		
	<i>Gaming Licences</i>	KS		
	<i>Miscellaneous Licences</i>	KS		
	<i>TV &amp; Radio Licences - Business</i>	KS		
	<i>Oil Rental Licences</i>	KS		P
	<i>Television Licence fees - Business</i>	KS		
	<i>Fees for right of Use - Business</i>	KS		
	<i>MCA - Authority Service</i>	KS		
	<i>MRS - Authority Service</i>	KS		
d5	Taxes on Income & Wealth			
d51	Taxes on income			
d51a	Taxes on individual or household income			
	<i>Income Tax - Individuals</i>	SPLIT_1		
d51b	Taxes on the income or profits of corporations			
	<i>Income Tax by Companies</i>	KIC		
d51c1	Taxes on individual or household holding gains			
	<i>Holding Gains Individual</i>	KIH		
d51c2	Taxes on holding gains of corporations			
	<i>Holding Gains Corporations</i>	KIC		
d51c3	Other taxes on holding gains			
	<i>Tax on Bearer Accounts</i>	KIH		
	<i>Holding Gains Other</i>	KIH		
d51e	Other taxes on income n.e.c.			
	<i>Other Unallocable Inc. Tax</i>	KIH		
	<i>Penalties paid by individuals</i>	SPLIT_1		
	<i>Penalties paid by companies</i>	KIC		
	<i>Penalties paid by others</i>	KS		
d59	Total Other current taxes			
	<i>Sporting Licences</i>	C		
	<i>Driving Licences</i>	C		T
	<i>Motor Vehicle Lic - Households</i>	C		T
	<i>Wir. Lic. TV &amp; Radio Lic. - HH</i>	C		
	<i>Fees for right of use - Households</i>			
	<i>Levy on exp incurred on overseas travel</i>	C		
	<i>Investment Registration Scheme</i>	C		
d91	Taxes on Capital			
	<i>Death &amp; Donation Duty</i>	KS		
	<i>Duty on Docs - Donations</i>	KS		
	<i>Duty on Docs - Property Trans</i>	KS		
	<i>Duty on Docs - Int. on Prop. Trans</i>	KS		
d611	Social Security Contributions			
	<i>SSC-Employers' Soc. Contr. GOV</i>	Leyrs		
	<i>SSC-Employers' Soc. Contr. Priv</i>	Leyrs		
	<i>SSC-Penalties on Employers</i>	Leyrs		
	<i>SSC-Employees' Social Contrib</i>	Lees		
	<i>SSC-Penalties on Employees</i>	Lees		
	<i>Refund of social security contributions</i>	Lees		
	<i>SSC-Self &amp; Non Emp. Soc. Co.</i>	SPLIT_2		
	<i>SSC-Penalties on Self &amp; non emp.</i>	SPLIT_2		

## THE NETHERLANDS

ESA95 code	ESA95 text	Name of the tax	Economic function	Alcohol, Tobacco & Environmental tax
d2		Taxes on production and imports		
d21		Taxes on products		
d211		Value added type taxes (VAT)		
		<i>Value added tax (VAT)</i>	C	
d212		Taxes and duties on imports excluding VAT		
d2121		Import duties		
		<i>Import duties to the EU</i>	C	
d2122		Taxes on imports excluding VAT and import duties		
d2122a		Levies on imported agricultural products	C	
		<i>EU levies on food products</i>		
d2122c		Excise duties	C	
d2122e		Taxes on specific services	C	
d214		Taxes on products, except VAT and import taxes		
d214a		Excise duties and consumption taxes	C	
		<i>Excise duties on gas</i>		E
		<i>Excise duties on other mineral oils</i>		E
		<i>Excise duties on tobacco</i>		TA
		<i>Excise duties on alcohol</i>		TA
		<i>Other excise duties</i>		
		<i>Tax on non-alcoholic beverages etc.</i>		
		<i>Taxes on passenger cars and motorcycles</i>		T
d214c		Taxes on financial and capital transactions	KS	
		<i>Real estate transfer tax (Overdrachtsbelasting)</i>		
		<i>Tax on capital (Kapitaalsbelasting)</i>		
d214f		Taxes on lotteries, gambling and betting		
		<i>Tax on lotteries and gambling</i>	C	
d214g		Taxes on insurance premiums	C	
		<i>Insurance premium tax (Assurantiebelasting)</i>		
d214l		Other taxes on products n.e.c.		
		<i>Energy levies</i>	C	E
d29		Other taxes on production		
d29a		Taxes on land, buildings and other structures		
		<i>Real estate tax (Onroerende Zaak Belasting)</i>	KS	
d29b		Taxes on the use of fixed assets		
		<i>Motor vehicle tax paid by enterprises (Motorrijtuigenbelasting)</i>	KS	T
d29c		Total wage bill and payroll taxes	Leyrs	
d29e		Business and professional licences	KS	
d29f		Taxes on pollution		
		<i>Sewerage charges (Rioolrechten)</i>	C	P
		<i>Levies on water pollution (Heffingen op waterverontreiniging)</i>	C	P
		<i>Polder-board levies (Omslagheffing waterschappen)</i>	KS	P
		<i>Other environmental taxes (Overige milieuheffingen)</i>	C	P
d29h		Other taxes on production n.e.c.	KS	
		<i>Other (Overige)</i>		
d5		Current taxes on income, wealth, etc.		
d51		Taxes on income		
d51a		Taxes on individual or household income		
		<i>Wage tax (Loonbelasting)</i>	SPLIT_1	
		<i>Income tax (Inkomstenbelasting 1)</i>	SPLIT_1	
		<i>Dividend tax</i>	KIH	
		<i>- Rest of the world</i>	KIH	
d51b		Taxes on the income or profits of corporations	KIC	
		<i>Corporation tax (Vennootsschapsbelasting)</i>		
		<i>Liquidation holding companies (Eenmalig inkomen ivm liquidatie houdstermaatschappijen)</i>		
d51d		Taxes on winnings from lottery or gambling	KIH	
		<i>Tax on lotteries and gambling (Kansspelbelasting)</i>		
d59		Other current taxes		
d59a		Current taxes on capital		
		<i>Real estate tax (Onroerende Zaak Belasting)</i>	KS	
		<i>Tax on net wealth of individuals (Vermogensbelasting)</i>	SPLIT_1	
d59d		Payments by households for licences	KS	
		<i>Other</i>		
d59f		Other current taxes n.e.c.		



	<i>Motor vehicle tax (Motorrijtuigenbelasting)</i>	C	T
	<i>Sewerage charges (Rioolrechten)</i>	C	P
	<i>Levies on water pollution (Heffingen op waterverontreiniging)</i>	C	P
	<i>Polder-board levies (Omslagheffing waterschappen)</i>	KS	P
	<i>Other</i>	KS	
d91	Capital taxes		
d91a	Taxes on capital transfers	KS	
d91b	Capital levies	KS	
d91c	Other capital taxes n.e.c.	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions	Leys	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions		
	- <i>Split to Lees</i>	Lees	
	- <i>Split to KISe</i>	KISe	
	- <i>Split to KIH</i>	KIH	
	- <i>Split to Lnon</i>	Lnon	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons		
	- <i>Split to Lees</i>	Lees	
	- <i>Split to KISe</i>	KISe	
	- <i>Split to KIH</i>	KIH	
	- <i>Split to Lnon</i>	Lnon	

## POLAND

ESA95 code	ESA95 text	Name of the tax	Economic function	Alcohol, Tobacco & Environmental tax
d2		Taxes on production and imports		
d21		Taxes on products		
d211		Value added type taxes (VAT)	C	
d212		Taxes and duties on imports excluding VAT		
d2121		Import duties	C	
d2122		Taxes on imports excluding VAT and import duties		
d2122c		Excise duties		
		<i>Excise duty on petrol and gas oils</i>	C	E
		<i>Excise duty on spirits</i>	C	TA
		<i>Excise duty on tobacco products</i>	C	TA
		<i>Excise duty on beer</i>	C	TA
		<i>Excise duty on wine</i>	C	TA
		<i>Excise duty on electricity</i>	C	E
		<i>Excise duty on cars</i>	C	T
		<i>Excise duty on gas oils used for heating purposes</i>	C	E
		<i>Excise duty on liquid petroleum gas (LPG)</i>	C	E
		<i>Excise duty on other non-harmonised products</i>	C	
		<i>Import levy</i>	C	
d214		Taxes on products, except VAT and import taxes		
d214a		Excise duties and consumption taxes		
		<i>Excise duty on petrol and gas oils</i>	C	E
		<i>Excise duty on spirits</i>	C	TA
		<i>Excise duty on tobacco products</i>	C	TA
		<i>Excise duty on beer</i>	C	TA
		<i>Excise duty on wine</i>	C	TA
		<i>Excise duty on electricity</i>	C	E
		<i>Excise duty on cars</i>	C	T
		<i>Excise duty on gas oils used for heating purposes</i>	C	E
		<i>Excise duty on liquid petroleum gas (LPG)</i>	C	E
		<i>Excise duty on other non-harmonised products</i>	C	
d214f		Taxes on lotteries, gambling and betting	C	
d214l		Other taxes on products n.e.c.	C	
d29		Other taxes on production		
d29a		Taxes on land, buildings and other structures		
		<i>Real estate tax</i>	KS	
d29b		Taxes on the use of fixed assets		
		<i>Receipts from transportation levies</i>	KS	T
		<i>Tax on means of transportation</i>	KS	T
d29e		Business and professional licences		
		<i>Receipts from fees for alcohol trading licences</i>	KS	
d29h		Other taxes on production n.e.c.		
		<i>The National Fund for Environmental Protection and Water Management - Payments for exploitation of Environment</i>	KS	P
		<i>Receipts from product fee</i>	KS	P
		<i>Receipts from stamp duty</i>	KS	
		<i>Tax on civil law transactions</i>	KS	
		<i>Contributions of employing establishments to the National Fund for Rehabilitation of the Disabled (PFRON)</i>	KS	
		<i>Incomes from waste managing</i>	KS	P
		<i>The National Road Fund - fuel fee</i>	KS	E
d5		Current taxes on income, wealth, etc.		
d51		Taxes on income		
d51a_d51c1		Taxes on individual or household income including holding gains		
		<i>Employed labour</i>	Lees	
		<i>Self-employed labour</i>	KISe	
		<i>Social transfers and social benefits</i>	Lnon	
		<i>Capital</i>	KIH	
d51b_d51c2		Taxes on the income or profits of corporations including holding gains		
		<i>Taxes on the income or profits of corporations including holding gains</i>	KIC	
d51d		Taxes on winnings from lottery or gambling		
		<i>Taxes on winnings from lottery or gambling</i>	KIH	
d59		Other current taxes		
d59a		Current taxes on capital		

	<i>Real estate tax</i>	KS	
	<i>Land tax</i>	KS	
	<i>Forest tax</i>	KS	P
d59d	Payments by households for licences		
	<i>Tax on means of transportation</i>	C	T
	<i>Receipts from location tax</i>	C	
d59f	Other current taxes n.e.c.		
	<i>Dog-owner's tax</i>	C	
	<i>Receipts from stamp duty</i>	KS	
	<i>Receipts from transportation levies</i>	C	T
	<i>Receipts from health resort fees</i>	C	
	<i>Receipts from other local levies charged by local government units under separate laws</i>	KS	
	<i>Tax on civil law transactions</i>	KS	
	<i>Arrears under discontinued taxes</i>	KS	
	<i>Various receipts</i>	KS	
d91	Capital taxes		
d91a	Taxes on capital transfers		
	<i>Inheritance and donation tax</i>	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions		
	<i>Compulsory employers' actual social contributions</i>	Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions		
	<i>Compulsory employees' social contributions</i>	Lees	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons		
	<i>Compulsory social contributions by self- and non-employed persons</i>	KISe	

## PORTUGAL

ESA95 code	ESA95 text	Name of the tax	Economic function	Alcohol, Tobacco & Environmental tax
d2		Taxes on production and imports		
d21		Taxes on products		
d211		Value added type taxes (VAT)		
		<i>VAT on products</i>	C	
d212		Taxes and duties on imports excluding VAT		
d2121		Import duties	C	
		<i>Import levies</i>		
		<i>Import surtax</i>		
d2122		Taxes on imports excluding VAT and import duties		
d2122a		Levies on imported agricultural products	C	
		<i>Agricultural levies</i>		
		<i>Production levy on sugar and iso-glucose</i>		
d2122c		Excise duties	C	
		<i>Excise duties on imported tobacco</i>		TA
		<i>Excise duties on imported ethyl alcohol</i>		TA
		<i>Excise duties on imported alcoholic beverages</i>		TA
		<i>Excise duties on imported beer</i>		TA
d214		Taxes on products, except VAT and import taxes		
d214a		Excise duties and consumption taxes	C	
		<i>Excise duties on tobacco</i>		TA
		<i>Excise duties on ethyl alcohol</i>		TA
		<i>Excise duties on alcoholic beverages</i>		TA
		<i>Excise duties on beer</i>		TA
		<i>Tax on oil products</i>		E
d214b		Stamp taxes	KS	
		<i>Fiscal stamps</i>		
		<i>Stamp duty on bank transactions</i>		
		<i>Stamp duty on insurance premiums</i>		
		<i>Stamp duty on entertainment services</i>		
		<i>Stamp duty on leasing of buildings</i>		
		<i>Stamp duty on debt related operations</i>		
		<i>Stamp duty on registrations and mortgages</i>		
		<i>Stamp duty on commercial transactions</i>		
		<i>Stamp duty on the raising of capital</i>		
		<i>Stamp duty - miscellaneous</i>		
d214c		Taxes on financial and capital transactions	KS	
d214d		Car registration taxes		
		<i>Tax on motor vehicle sales</i>	C	T
d214e		Taxes on entertainment		
		<i>Duty on consumption in places of entertainment</i>	C	
d214f		Taxes on lotteries, gambling and betting		
		<i>Gambling tax</i>	C	
d214g		Taxes on insurance premiums	C	
		<i>Tax on accidents and life insurance premiums</i>		
		<i>Tax on fire insurance premiums</i>		
		<i>Tax on crop insurance premiums</i>		
d214h		Other taxes on specific services		
		<i>Tax on energy services</i>	C	E
		<i>Tax on transport via railways</i>	C	T
		<i>Safety tax - civil aviation</i>	C	T
		<i>License on television activities</i>	C	
		<i>Tax on gambling inspections and checks</i>	C	
		<i>Real estate transfer tax</i>	KS	
d214i		General sales or turnover taxes		
		<i>Tax on liqueur wine sales</i>	C	TA
		<i>Tax on sales of Madeira embroidery, tapestry and craftwork</i>	C	
d214j		Profits of fiscal monopolies		
		<i>Profits of mutual betting and gambling agency</i>	C	
d214l		Other taxes on products n.e.c.		
		<i>Tax on the value of public contracts</i>	KS	
		<i>Duties levied by IROMA (Agricultural Markets Regulation and Guidance Institute)</i>	KS	

	<i>Penalties for exceeding production quotas</i>	KS	
d29	Other taxes on production		
d29a	Taxes on land, buildings and other structures		
	<i>Real estate tax</i>	KS	
d29b	Taxes on the use of fixed assets	KS	T
	<i>Local tax on vehicles</i>		
	<i>Road tax - traffic</i>		
	<i>Road tax - haulage</i>		
d29c	Total wage bill and payroll taxes		
	<i>Local tax on transportation</i>	Leyrs	T
d29e	Business and professional licences	KS	
	<i>Duties on public entertainments</i>		
	<i>Tax on the distribution and showing of films</i>		
	<i>Tax on the wine industry</i>		
	<i>Fishery license tax</i>		P
	<i>General services and licenses granted to corporations</i>		
	<i>Fees collected by notaries</i>		
	<i>Other miscellaneous business and professional licences</i>		
d29h	Other taxes on production n.e.c.	KS	
	<i>Fees collected by courts of justice</i>		
	<i>Other miscellaneous taxes on production</i>		
	<i>Tax arrears received</i>		
	<i>Fees collected by Electrical Sector Supervision Body</i>		
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
d51a	Taxes on individual or household income		
	<i>Individual income tax</i>	SPLIT_1	
	<i>Stamp duty on wages and salaries</i>	Leyrs	
d51b	Taxes on the income or profits of corporations		
	<i>Corporate income tax - Central Government</i>	KIC	
	<i>Corporate income tax - Local Government</i>	KIC	
d51d	Taxes on winnings from lottery or gambling		
	<i>Taxes on winnings from Sports Mutual betting</i>	KIH	
	<i>Taxes on winnings from Public Lotto</i>	KIH	
	<i>Taxes on winnings from "Joker" lottery</i>	KIH	
	<i>Taxes on winnings from other lotteries</i>	KIH	
d51e	Other taxes on income n.e.c.		
	<i>Stamp duty on wages and salaries</i>	Leyrs	
d59	Other current taxes		
d59a	Current taxes on capital		
	<i>Local tax on vehicles</i>	C	T
	<i>Road tax - compensation</i>	C	T
d59d	Payments by households for licences	C	
	<i>Tax on the use, carrying and possession of weapons</i>		
	<i>Hunting Licenses</i>		P
	<i>Other payments by households for miscellaneous licences</i>		%T
d59f	Other current taxes n.e.c.	C	
	<i>Fees collected by courts of justice</i>		
	<i>Stamp duty on interests</i>		
	<i>Other miscellaneous current taxes</i>		
	<i>Tax on vehicles</i>		T
	<i>Road tax-compensation</i>		T
d91	Capital taxes		
d91a	Taxes on capital transfers	KS	
d91b	Capital levies		
	<i>Inheritance and gift tax</i>	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions	Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions	Leyrs	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons	SPLIT_2	

## ROMANIA

ESA95 code	ESA95 text Name of the tax	Economic function	Alcohol, Tobacco & Environmental tax
d2	Taxes on production and imports		
d21	Taxes on products		
d211	Value added type taxes (VAT)	C	
d212	Taxes and duties on imports excluding VAT		
d2121	Import duties	C	
	<i>Customs duties from legal persons</i> <i>Customs duties and other customs revenues from individuals</i> <i>Social stamp tax on imported new cars value</i> <i>Customs duties received from legal persons from EU</i> <i>Interests and penalties on delaying the related custom duties receivable from the legal persons</i>		T
d2122	Taxes on imp ]		
d2122b	Monetary compensatory amounts on imports	C	
d2122c	Excise duties	C	
	<i>Customs excises for mineral oils imports</i> <i>Custom excises for alcohol and alcoholic beverages imports</i> <i>Custom excises for tobacco products imports</i> <i>Custom excises for coffee imports</i> <i>Custom excises for electric energy imports</i> <i>Custom excises for autovehicles imports</i> <i>Custom excises for air conditioning equipment imports</i> <i>Custom excises for other products imports</i> <i>Revenues with special destination from the unique quota on inland supplied or imported gasoline</i>		E TA TA  E T P  E
d2122e	Taxes on specific services	C	
	<i>Taxes for authorizing the sales of alcohol, alcoholic beverages, tobacco products and coffee</i> <i>Quotas from education taxes</i>		
d214	Taxes on products, except VAT and import taxes		
d214a	Excise duties and consumption taxes	C	
	<i>Excises from sale of mineral oils</i> <i>Excises from sale of alcohol and alcoholic beverages</i> <i>Excises from sale of tobacco products</i> <i>Excises from sale of coffee</i> <i>Excises from sale of electric energy</i> <i>Excises from sale of other products</i> <i>Excises from sale of autovehicles from internal production</i> <i>Excises from sale of air conditioning equipment</i> <i>Excises from fiscal stamps applied on the alcoholic beverages</i> <i>Excises from sale of oil products</i> <i>Reimbursed excises</i> <i>Revenues with special destination included in the tariff of thermal and electric</i> <i>Tax on internal production of crude oil and natural gas</i> <i>Tax included in the tariff of the thermal and electric energy</i>		E TA TA  E  T P TA E  E P E
d214b	Stamp taxes	KS	
	<i>Legal stamp tax</i> <i>Incomes from judicial stamp</i> <i>Extra-legal stamp tax</i> <i>Stamp tax of notary activities</i> <i>Social stamp tax on gambling</i>		
d214c	Taxes on financial and capital transactions	KS	
	<i>Tax on revenues from accounting expertise and judicial technique</i>		
d214d	Car registration taxes	C	T
d214e	Taxes on entertainment	C	
	<i>Tax on entertainment</i>		
d214f	Taxes on lotteries, gambling and betting	C	
	<i>Taxes on gambling</i>		
d214h	Other taxes on specific services	C	
	<i>Contribution of economic operators from tourism</i> <i>Taxes related to hotel activities</i> <i>Other taxes on specific services</i> <i>Miscellaneous indirect taxes</i> <i>Tax revenues from accounting expertise and judicial technique</i> <i>Quotas from education taxes</i>		
d214i	General sales or turnover taxes	C	
	<i>Tax on micro-enterprises incomes</i> <i>Revenues from trade surplus quota</i> <i>Revenues from turnover quota in electronic communication field</i> <i>Other general taxes on turnover, sales and value added</i>		
d214j	Profits of fiscal monopolies	C	

	<i>Tax on revenues from service conventions/contracts, according to the civil code requirements</i>		
d214l	Other taxes on products n.e.c.		
	<i>Development fee included into electric and thermal energy tariff</i>	C	E
	<i>Quota over the trade price, excluding excises, of fuels provided inland by the producers and over the custom value of imported fuels</i>	C	E
	<i>Amounts remaining unused at 31.12.2002</i>	C	
	<i>Revenues cashed according to Law nr 73/2000</i>	C	
	<i>Revenues cashed the current year, until 31.12.n</i>	C	
	<i>Miscellaneous indirect taxes</i>	C	
	<i>Special tax</i>	C	
	<i>Special fees</i>	C	
	<i>Tax on revenues from own patrimony real estate properties transfer</i>	KS	
	<i>Other taxes on using goods, authorisation of using goods or on performing</i>	C	
d29	Other taxes on production		
d29a	Taxes on land, buildings and other structures	KS	
	<i>Tax on buildings held by legal persons</i>		
	<i>Tax on land held by legal persons</i>		
d29b	Taxes on the use of fixed assets	KS	
	<i>Tax (fee) on the use of government land</i>		
	<i>Motor vehicle tax (legal persons)</i>		T
	<i>Other taxes related to the use of goods, to authorisation of the use of goods or to developing activities</i>		
d29d	Taxes on international transactions	C	
	<i>Revenues with special destination from custom services</i>		
	<i>Other taxes on transactions and international trade</i>		
d29e	Business and professional licences	KS	
	<i>Tax on revenues from sale of intellectual rights</i>		
	<i>License tax</i>		
	<i>Taxes for authorizing the sales of alcohol, alcoholic beverages, tobacco products and coffee</i>		
d29f	Taxes on pollution	C	
	<i>Environmental fees</i>		P
	<i>Environmental protection fees</i>		P
	<i>Special taxes on vehicles at the first registration to police within Romania</i>		T
d29h	Other taxes on production n.e.c.	C	
	<i>Tax on mineral extraction activities</i>		P
	<i>Taxes on health harming activities and their advertising</i>		P
	<i>Revenues from the 1.5% quota on uncut bonuses</i>		
	<i>Revenues with special destination from the quotas applied on civil aviation</i>		
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
d51a_d51c1	Taxes on individual or household income including holding gains		
d51a	Taxes on individual or household income	Split_1	
	<i>Taxes on wages</i>		
	<i>Taxes on the revenues from independent activities</i>		
	<i>Taxes on the revenues on wages</i>		
	<i>Taxes on the revenue from cession of goods use</i>		
	<i>Tax on dividends</i>		
	<i>Tax on interest income</i>		
	<i>Tax on other revenues</i>		
	<i>Tax on pensions income</i>		
	<i>Tax on revenues from transfers of stocks and shares ownership and sales of partner's shares</i>		
	<i>Regularization</i>		
	<i>Tax on revenues from sale of intellectual rights</i>		
	<i>Tax on revenues of non-resident individuals</i>		
	<i>Tax on revenues from other sources</i>		
	<i>Quotas broken-down from income tax (to be deducted)</i>		
	<i>Amounts broken-down from income tax destined to balance the local budgets (to be deducted)</i>		
	<i>Amounts broken-down from income tax destined to subsidize thermal energy provided to individuals (to be deducted)</i>		
	<i>Tax on income of attorneys and public notaries</i>		
	<i>Other Taxes on income, profit and capital gain from individuals</i>		
	<i>Tax on land held by individuals</i>		
	<i>Other taxes and fees on individuals</i>		
	<i>Quotas from taxes on wages</i>		
	<i>Amounts broken-down from income tax destined to support the sistem for the protection of disabled persons, culture, religion and balancing the local</i>		
	<i>Amounts broken-down from income tax destined to social protection and support for dwellings heating using wood, coal and mineral oils</i>		
	<i>Amounts allocated by county council for balancing the local budgets</i>		
	<i>Tax on prizes and earnings in cash or in kind</i>		
	<i>Tax on rental income</i>		
	<i>Tax on patent rights</i>		

	<i>Tax on income from individuals other than employees</i>		
	<i>Income tax on self-employed professionals and other individuals and family corporations</i>		
d51b_d51c2	Taxes on the income or profits of corporations including holding gains		
d51b	Taxes on the income or profits of corporations	KIC	
	<i>Tax on profits from economic operators</i>		
	<i>Tax on profits from commercial banks</i>		
	<i>Tax on profits from the Romanian National Bank</i>		
	<i>Tax on revenues from operations of selling-buying currency on term, on a contract base</i>		
	<i>Other Taxes on income, profit and capital gain from legal persons</i>		
	<i>Tax on revenues of non-resident individuals and legal persons</i>		
	<i>Tax on the income from illegal activities or from the Consumer Protection Law violation</i>		
	<i>Tax on dividends from trading companies</i>		
	<i>Tax on revenue of foreign firms' Romanian branches</i>		
	<i>Contribution of economic operators for state education</i>		
	<i>Tax on profit from individuals in association with a legal person</i>		
	<i>Tax on micro-enterprises incomes</i>		
	<i>Taxes on income from micro-enterprises created by association from an individual and a legal person, not generating a legal person</i>		
	<i>Tax on profits</i>		
	<i>Tax on agricultural land</i>		
d51c	Taxes on holding gains		
d51c1	Taxes on individual or household holding gains	KIC	
	<i>Tax on revenues from agricultural activities</i>		
	<i>Tax on income from the concession of goods belonging to the commercial societies or national companies to whom the state is the main shareholder as well as the "societăți autonome"</i>		
d51d	Taxes on winnings from lottery or gambling	KIH	
	<i>Tax on revenues from lotteries, gambling and betting and money/in kind prizes</i>		
	<i>Taxes on gambling</i>		
d51e	Other taxes on income n.e.c.	KIC	
	<i>Tax on revenues from selling goods in consignment system</i>		
	<i>Amounts transferred for non profit entities sponsorship</i>		
	<i>Miscellaneous direct taxes</i>		
	<i>Other taxes and fees</i>		
	<i>Other taxes and fees on income, profit and capital gain</i>		
	<i>Other indirect taxes</i>		
d59	Other current taxes		
d59a	Current taxes on capital	KIH	
	<i>Tax on buildings of individuals</i>		
	<i>Tax on land out of town</i>		
	<i>Taxes on land held by individuals</i>		
d59b	Poll taxes	C	
	<i>Revenues from selling the dwellings built from government funds</i>		
d59d	Payments by households for licences	C	
	<i>Motor vehicle taxes (individuals)</i>		
d59f	Other current taxes n.e.c.		
	<i>Revenues from budgetary claim cancellation process</i>	C	
	<i>Other Taxes on property</i>	KS	
	<i>Other taxes and fees on individuals</i>	C	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions	Leyrs	
	<i>Contribution of economic operators for handicapped persons</i>		
	<i>Revenues from claim capitalization by The Authority for State Assets Recovery</i>		
	<i>Revenues from claim capitalization by Banking Assets Capitalization Agency</i>		
	<i>The Risk Fund</i>		
	<i>Employers' social security contributions</i>		
	<i>Employers' contributions for work accidents and professional diseases</i>		
	<i>Other revenues for insurance against work accidents and professional</i>		
	<i>Employers' and assimilated legal persons' contributions</i>		
	<i>Contributions of legal and physical persons using employed workers</i>		
	<i>Contributions for holidays and indemnities from individuals or legal persons</i>		
	<i>Contributions for holidays and indemnities payable by unemployed persons</i>		
	<i>Spare of the Initial Fund for working accidents and professional diseases insurance system operation</i>		
	<i>Contribution to unemployment fund payable by employers</i>		
	<i>Other contributions for social security due by the employers</i>		
	<i>Payments from legal persons to non-registered persons with handicap</i>		
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions	Lees	
	<i>Employees' and other assimilated persons' social security contributions</i>		
	<i>Other insured individuals' contributions for work accidents and professional</i>		
	<i>Employees' contributions for the unemployment fund</i>		
	<i>Contributions from individuals with unemployment insurance contract</i>		
	<i>Insured employees' contribution</i>		



	<i>Other social contributions owed by insured persons</i>		
	<i>Health social security contributions payable by insured persons</i>		
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons	Split_2	
	<i>Individual contribution for social security</i>		
	<i>Contribution for supplemental pension</i>		
	<i>Other insured individuals' social security contributions</i>		
	<i>Employees' social security contributions</i>		
	<i>Individual contributions</i>		
	<i>Health insurance contributions from unemployed persons</i>		
	<i>Social security contributions owed by unemployed persons</i>		
	<i>Other insured individuals' contributions</i>		
	<i>Unemployment social security contributions payable by insured persons</i>		

## SLOVAKIA

ESA95 code	ESA95 text	Name of the tax	Economic function	Alcohol, Tobacco & Environmental tax
d2		Taxes on production and imports <i>Taxes on production and imports</i>		
d21		Taxes on products		
d211		Value added type taxes (VAT) VAT VAT paid to Institutions of the EU	C C	
d212		Taxes and duties on imports excluding VAT		
d2121		Import duties Import duty Import duty paid to Institutions of the EU	C C	
d2122		Taxes on imports excluding VAT and import duties		
d2122a		Levies on imported agricultural products Levies paid to Institutions of the EU	C	
d2122b		Monetary compensatory amounts on imports Import surcharge Other customs gains	C C	
d2122c		Excise duties Excise taxes on imported goods Mineral oils Alcohol Beer Wine Tobacco and tobacco products	C C C C C C	E TA TA TA TA
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	C	E TA TA TA TA
d214b		Stamp taxes Taxes on specific services - Sales tax on alcohol beverages and tobacco products	C	
d214c		Taxes on financial and capital transactions Tax on transfer and assignment of real estate	KS	
d214d		Car registration taxes		
d214e		Taxes on entertainment Taxes on specific services - on automatic gambling machines Taxes on specific services - on entry fees	C C	
d214f		Taxes on lotteries, gambling and betting Taxes on lottery and similar games	C	
d214g		Taxes on insurance premiums		
d214h		Other taxes on specific services Taxes on specific services - on automatic vendors Taxes on specific services - on accommodation capacities in recreational establishments Taxes on specific services - on advertising Taxes on specific services - for dog Taxes on specific services - on stays at a spa or in a recreational area	C C C C C	
d29		Other taxes on production		
d29a		Taxes on land, buildings and other structures Tax on use of apartments for other than housing purposes Tax on use of public premises Real estate tax (property tax) - paid by legal entities, related with production	KS KS KS	
d29b		Taxes on the use of fixed assets Road tax - domestic Road tax - international transport Taxes on specific services - on permits to enter historical city district with motor vehicle	C C C	T T T
d29e		Business and professional licences Administrative charges - legal person Court fees Earnings from sales of fiscal stamps	KS	

	<i>Hallmarking charges</i>		
	<i>Other administrative fees</i>		
	<i>Administrative charges - individuals</i>		
	<i>Tax on installing nuclear equipment</i>	KS	E
	<i>Tax on excavation areas</i>	KS	P
	<i>Tax on gas and liquid storage</i>	KS	E
d29f	Taxes on pollution		
	<i>Tax on atmospheric pollution</i>	C	P
	<i>Releasing of waste water</i>	C	P
	<i>Polluting air</i>	C	P
d29h	Other taxes on production n.e.c.		
	<i>Tax for waste disposal</i>	C	P
	<i>Other taxes on goods and services</i>	C	
	<i>Other taxes</i>	C	
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
	<i>Taxes on income and profit</i>		
d51a	Taxes on individual or household income		
	<i>Income tax individuals - income from dependent activities and functional benefits</i>	Split_1	
	<i>Income tax individuals - from business and other independent gainful activities</i>	Split_1	
d51c1	Taxes on individual or household holding gains		
d51b	Taxes on the income or profits of corporations		
	<i>Corporate income tax - having their sites in the resident country</i>	KIC	
d51e	Other taxes on income n.e.c.		
	<i>Withholding income tax from individuals</i>	Split_1	
	<i>Withholding income tax from legal persons</i>	KISe	
	<i>Withholding income tax from unidentifiable persons</i>	KISe	
d59	Other current taxes		
d59a	Current taxes on capital		
	<i>Tax on transfer and assignment of real estate</i>	ks	
	<i>Real estate tax on land, buildings, apartments (property tax) - paid by individuals unrelated with production</i>	ks	
d59d	Payments by households for licences		
	<i>Administrative charges - individuals</i>	C	
	<i>Taxes on specific services - on permits to enter historical city district with motor vehicle</i>	C	T
	<i>Taxes on specific services - for dog</i>	C	
	<i>Taxes on specific services - on stays at a spa or in a recreational area</i>	C	
d91	Capital taxes		
d91a	Taxes on capital transfers		
	<i>Accession tax</i>	KS	
	<i>Inheritance tax</i>	KS	
	<i>Tax on gifts inter vivos</i>	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions	Leys	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions	Lees	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons	Split_2	

## SLOVENIA

ESA95 code	ESA95 text	Name of the tax	Economic function	Alcohol, Tobacco & Environmental tax
d2		Taxes on production and imports		
d21		Taxes on products		
d211		Value added type taxes (VAT)		
		<i>Value added taxes</i>	C	
		<i>Revenue to the EU institutions</i>	C	
d212		Taxes and duties on imports excluding VAT		
d2121		Import duties		
		<i>Customs duties total revenue</i>	C	
		<i>Special taxes on balance of tax burden</i>	C	
		<i>Special taxes on customs recording</i>	C	
d2122		Taxes on imports excluding VAT and import duties		
d2122a		Levies on imported agricultural products		
		<i>Levies on imported agricultural products total revenue</i>	C	
d2122c		Excise duties		
		<i>Excise duties on imports</i>	C	
d2122d		General sales taxes		
		<i>Special import duties and customs charges</i>	C	
		<i>Customs duties paid by individuals</i>	C	
d214		Taxes on products, except VAT and import taxes		
d214a		Excise duties and consumption taxes		
		<i>Alcohol and alcoholic drinks</i>	C	TA
		<i>Mineral oil and gas</i>	C	E
		<i>Tobacco</i>	C	TA
		<i>Duty-free shops</i>	C	TA
		<i>Electric power and coal</i>	C	E
		<i>Sugar levy</i>	C	
		<i>less Excises from imports</i>	C	
d214c		Taxes on financial and capital transactions		
		<i>Tax on sale of immovable property - from legal entities</i>	KS	
		<i>Tax on sale of immovable property - from individuals</i>	KS	
d214d		Car registration taxes		
		<i>Tax on sales of new motor vehicles</i>	C	T
		<i>Tax on sales of used motor vehicles</i>	C	T
d214f		Taxes on lotteries, gambling and betting		
		<i>Tax on special gambling (gambling in casinos)</i>	C	
		<i>Tax on classical gambling (lotteries,...)</i>	C	
		<i>Special tax on slot machines</i>	C	
d214g		Taxes on insurance premiums		
		<i>Tax on insurance services</i>	C	
d214h		Other taxes on specific services		
		<i>Visitors' tax</i>	C	
d214i		General sales or turnover taxes		
		<i>Special turnover tax on alcohol</i>	C	TA
		<i>Turnover tax on goods</i>	C	
		<i>Turnover tax on services</i>	C	
d214l		Other taxes on products n.e.c.		
		<i>Taxes on air pollution</i>	C	E
d29		Other taxes on production		
d29a		Taxes on land, buildings and other structures		
		<i>Compensation for the use of building-ground - paid by legal entities</i>	KS	
		<i>Compensation for the use of building-ground - paid by natural persons</i>	KS	
d29b		Taxes on the use of fixed assets		
		<i>Registration fees on motor vehicles, boats and airplanes - paid by legal entities</i>	KS	T
		<i>Registration fees on tractors</i>	KS	T
d29c		Total wage bill and payroll taxes		
		<i>Payroll tax</i>	Leyrs	
d29f		Taxes on pollution		
		<i>Tax on water pollution</i>	C	P
		<i>Taxes on waste pollution</i>	C	P
		<i>Tax on air pollution - caused by hard fuels</i>	C	E
		<i>Contribution of Nuclear power plant to finance its decomposition</i>	C	E

	<i>Indemnity for restricted use of area on the territory of Nuclear power plant</i>	C	E
d29g	Under-compensation of VAT (flat rate system) <i>Negative compensation of farmers in a VAT flat rate system</i>	C	
d29h	Other taxes on production n.e.c. <i>Concessions</i> <i>Concessions duties on special gambling (gambling in casinos)</i>	KS KS	
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
d51a	Taxes on individual or household income <i>Personal income tax - wages and salaries</i> <i>Personal income tax - pensions</i> <i>Personal income tax - contractual work</i> <i>Personal income tax - state and other awards</i> <i>Personal income tax - entrepreneurial activities</i> <i>Annual final assessment</i>	SPLIT_1 SPLIT_1 SPLIT_1 SPLIT_1 SPLIT_1 SPLIT_1	
d51b	Taxes on the income or profits of corporations <i>Corporate income tax</i>	KIC	
d51d	Taxes on winnings from lottery or gambling <i>Tax on winnings from lottery or gambling</i>	KIH	
d51e	Other taxes on income n.e.c. <i>Tax on work-contracts</i> <i>Tax on income - copyrights, patents and trademarks</i> <i>Special contribution for the reconstruction of Posocje region</i>	Lees KIH Lees	
d59	Other current taxes		
d59a	Current taxes on capital <i>Property tax on buildings</i> <i>Property tax on weekend cottages</i> <i>Property tax on boats</i>	KS KS KS	
d59d	Payments by households for licences <i>Registration fees on motor vehicles, boats and airplanes - paid by individuals</i>	C	T
d59e	Taxes on international transactions		
d59f	Other current taxes n.e.c. <i>Fire protection tax</i>	KS	
d91	Capital taxes		
d91a	Taxes on capital transfers <i>Inheritance and gift tax</i>	KS	
d91b	Capital levies <i>Payments for the change of use of agricultural and forest land</i>	KS	
d91c	Other capital taxes n.e.c. <i>Tax on balance wealth paid by banks</i>	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions <i>Contributions for employment</i> <i>Contributions for maternity leave</i> <i>Contributions for health insurance</i> <i>Contributions for pension and disability insurance</i>	Leyrs Leyrs Leyrs Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions <i>Contributions for employment</i> <i>Contributions for maternity leave</i> <i>Contributions for health insurance</i> <i>Contributions for pension and disability insurance</i>	Lees Lees Lees Lees	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons <i>Contributions for employment</i> <i>Contributions for maternity leave</i> <i>Contributions for health insurance</i> <i>Contributions for pension and disability insurance</i>	SPLIT_2 SPLIT_2 SPLIT_2 SPLIT_2	

## SPAIN

ESA95 code	ESA95 text	Name of the tax	Economic function	Alcohol, Tobacco & Environmental tax
d2		Taxes on production and imports		
d21		Taxes on products		
d211		Value added type taxes (VAT)		
		VAT	C	
		VAT in the Canary island	C	
d212		Taxes and duties on imports excluding VAT		
d2121		Import duties		
		Common external tariff	C	
		Duties on nationally produced goods in the Canary Island: imports	C	
		Tax on supplies of goods in the Canary Island (AIEM): imports	C	
		Duties on nationally produced goods in Ceuta and Melilla: imports	C	
		Taxes on production, services and imports in Ceuta and Melilla (IPSI): imports	C	
		Other import duties	C	
d2122		Taxes on imports excluding VAT and import duties		
d2122a		Levies on imported agricultural products		
		Agricultural levies	C	
		Other taxes	C	
d2122c		Excise duties		
		Special duties on imported goods	C	
d214		Taxes on products, except VAT and import taxes		
d214a		Excise duties and consumption taxes		
		Excise duties on hydrocarbon oil	C	E
		Excise duties on electricity	C	E
		Excise duties on alcoholic drinks	C	TA
		Excise duties on beer	C	TA
		Excise duties on intermediate products	C	TA
		Excise duties on tobacco	C	TA
		Excise duties on oil derivatives	C	E
		Excise duties on hydrocarbon sales	C	E
		Canary island duties on nationally produced goods: production	C	
		Tax on supplies of goods in the Canary Island (AIEM)	C	
		Duties on nationally produced goods in Ceuta and Melilla: production	C	
		Taxes on production, services and imports in Ceuta and Melilla (IPSI): production	C	
		Sales tax in the canary island, Ceuta and Melilla (IGTE)	C	
		Levies on luxury goods	C	
		Taxes of the Comisión Nacional de la Energía	C	E
d214b		Stamp taxes		
		Tax on wealth transfers and official documents	KS	
d214c		Taxes on financial and capital transactions		
		Tax on wealth transfers and official documents (stamps)	KS	
		Taxes of the National commission for the stock exchange	KS	
d214d		Car registration taxes		
		Taxes on transports	C	T
d214f		Taxes on lotteries, gambling and betting		
		Taxes on games	C	
d214g		Taxes on insurance premiums		
		Taxes on insurance premiums	C	
d214i		General sales or turnover taxes		
		Taxes of the National Commission of telecommunications market	C	
d214l		Other taxes on products n.e.c.		
		Taxes on constructions, buildings,...	KS	
		Taxes on fuel	C	E
		CECA Contribution	C	
		Taxes on sugar	C	
		Tax for the financing of the reduction of milk production	C	
		Other taxes	C	
d29		Other taxes on production		
d29a		Taxes on land, buildings and other structures		
		Taxes on immovable properties	KS	
		Special levy on immovable properties of non resident	KS	
		Taxes on big surfaces	KS	

	<i>Other taxes</i>	KS	
	<i>Other abolished direct or indirect taxes</i>	KS	
d29b	Taxes on the use of fixed assets		
	<i>Taxes on vehicles</i>	KS	T
d29e	Business and professional licences		
	<i>Taxes on economic activities</i>	KS	
	<i>Local tax compensation (National Telephone Company of Spain)</i>	C	
	<i>Planning permissions</i>	KS	
	<i>Public prices for private use</i>	C	
	<i>Fiscal charges</i>	C	
	<i>Technical vehicle inspection fee (ITV fee)</i>	C	
d29f	Taxes on pollution		
	<i>Taxes on waste, hydrocarbon use and mine surfaces</i>	C	P
	<i>Taxes on pollution</i>	C	P
	<i>Impuesto sobre aprovechamientos cinegéticos</i>	C	
	<i>Tax on production and transportation of energy</i>	C	E
	<i>Taxes on installations affecting the environment</i>	C	P
	<i>Other environmental taxes</i>	C	P
d29h	Other taxes on production n.e.c.		
	<i>Taxes on credit institutions deposits</i>	KS	
	<i>Other taxes</i>	KS	
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
d51a	Taxes on individual or household income		
	<i>Personal Income tax</i>	SPLIT_1	
d51b	Taxes on the income or profits of corporations		
	<i>Corporate income tax</i>	KIC	
d51e	Other taxes on income n.e.c.		
	<i>Other taxes</i>	KIH	
d59	Other current taxes		
d59a	Current taxes on capital		
	<i>Taxes on property</i>	KS	
d59d	Payments by households for licences		
	<i>Taxes on vehicles</i>	C	T
	<i>Hunting and fishing licences</i>	C	
	<i>Other fees</i>	C	
	<i>Other taxes</i>		
d59f	Other current taxes n.e.c.		
	<i>Other taxes</i>	KS	
d91	Capital taxes		
d91a	Taxes on capital transfers		
	<i>Inheritance tax</i>	KS	
d91b	Capital levies		
	<i>Special contributions</i>	KS	
	<i>Urbanisation share</i>	KS	
	<i>Taxes on the land value increase</i>	KS	
	<i>Urban usage</i>	KS	
d91c	Other capital taxes n.e.c.		
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions	Leys	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions	Lees	
d6113	Social contributions by self- and non-employed persons	Split_2	

## SWEDEN

ESA95 code	ESA95 text	Name of the tax	Economic function	Alcohol, Tobacco & Environmental tax
d2		Taxes on production and imports		
d21		Taxes on products		
d211		Value added type taxes (VAT)		
		<i>Value added type taxes</i>	C	
d212		Taxes and duties on imports excluding VAT		
d2121		Import duties		
		<i>Taxes on imports</i>	C	
d2122		Taxes on imports excluding VAT and import duties		
d2122a		Levies on imported agricultural products		
d2122c		Excise duties		
		<i>Levies on imported alcoholic beverages</i>	C	
d214		Taxes on products, except VAT and import taxes		
d214a		Excise duties and consumption taxes		
		<i>Energy tax on fuel</i>	C	E
		<i>Carbon-dioxide-tax-on fuel</i>	C	E
		<i>Energy tax on petrol</i>	C	E
		<i>Carbon dioxide tax on petrol</i>	C	E
		<i>Tax on sulphur</i>	C	P
		<i>Diesel oil tax</i>	C	E
		<i>Energy tax on electricity</i>	C	E
		<i>Tax on water power</i>	C	E
		<i>Special tax on electric power from nuclear power stations</i>	C	E
		<i>Tax on nuclear fuel</i>	C	E
		<i>Tax on spirits</i>	C	TA
		<i>Tax on wine</i>	C	TA
		<i>Tax on beer</i>	C	TA
		<i>Tobacco tax</i>	C	TA
		<i>Packaging tax</i>	C	
		<i>Tax on natural gravel</i>	C	P
		<i>Various excise duties</i>	C	
		<i>Excise duties and consumption from Institutions of the EU</i>	C	
d214c		Taxes on financial and capital transactions		
		<i>Stamp taxes</i>	KS	
d214d		Car registration taxes		
		<i>Car registration taxes</i>	C	T
d214f		Taxes on lotteries, gambling and betting		
		<i>Tax on gambling</i>	C	
		<i>Tax on Bingo (gambling)</i>	C	
		<i>Tax on goods -gambling</i>	C	
d214h		Other taxes on specific services		
		<i>Tax on advertising</i>	C	
		<i>Travelling tax</i>	C	
d214i		General sales or turnover taxes		
		<i>Tax on securities</i>	C	
		<i>Turnover tax for central testings</i>	C	
d214j		Profits of fiscal monopolies		
		<i>Profits of fiscal monopoly, alcoholic beverages</i>	C	TA
		<i>Surplus from gambling</i>	C	
		<i>Surplus from pools</i>	C	
		<i>Surplus from lotteries</i>	C	
d214l		Other taxes on products n.e.c.		
		<i>Regulation fee for agriculture</i>	C	
		<i>Regulation fee for muck</i>	C	
		<i>Tax on radio stations at close quarters</i>	KS	
		<i>Tax on means of control</i>	KS	
		<i>Tax on fertilizers</i>	KS	P
		<i>Tax on chemicals</i>	KS	
		<i>Tax on waste</i>	KS	P
		<i>Fee to the vehicle scrap fund</i>	C	
		<i>Fee to the battery fund</i>	C	
d29		Other taxes on production		
d29a		Taxes on land, buildings and other structures		



	<i>Tax on real-estate</i>	KS	
d29b	Taxes on the use of fixed assets		
	<i>Tax on motor-vehicle paid by enterprises</i>	KS	T
	<i>Kilometre tax</i>	KS	
	<i>Special tax on nuclear power stations</i>	KS	E
d29c	Total wage bill and payroll taxes		
	<i>General payroll tax</i>	Leyrs	
	<i>Part of pension fee to state budget</i>	Leyrs	
	<i>Tax on salaried employees life insurance</i>	Leyrs	
	<i>Special payroll tax</i>	Leyrs	
	<i>Tax for occupational safety</i>	Leyrs	
d29e	Business and professional licences		
	<i>Tax on roulette</i>	KS	
	<i>Fee to a check-up committee for radio and TV</i>	KS	
	<i>Licenses for lottery</i>	KS	
	<i>Licenses for local radio stations</i>	KS	
	<i>Fee for lorries</i>	KS	
	<i>Fee for motor vehicle</i>	KS	
d29f	Taxes on pollution		
	<i>Environmental protection fee</i>	C	P
	<i>Environmental tax on internal air traffic</i>	C	P
d29h	Other taxes on production n.e.c.		
	<i>Concession fee for telecasting</i>	KS	
	<i>Guarantee-fee for deposits in banks</i>	KS	
	<i>Fee for telecommunication</i>	KS	
	<i>Fee to the vehicle scrap fund</i>	KS	T
	<i>Fee to the battery fund</i>	KS	P
	<i>Fee for discharge of nitrogen</i>	KS	
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
d51a	Taxes on individual or household income		
	<i>Income tax, households</i>	SPLIT_1	
d51b	Taxes on the income or profits of corporations		
	<i>Income tax, enterprises</i>	KIC	
d51c	Taxes on holding gains		
d51c1	Taxes on individual or household holding gains		
	<i>Tax on holding gains</i>	KIH	
d51d	Taxes on winnings from lottery or gambling		
	<i>Tax on winnings on lotteries or gambling</i>	KIH	
d59	Other current taxes		
d59a	Current taxes on capital		
	<i>Wealth tax from households</i>	KS	
	<i>Wealth tax from enterprises</i>	KS	
d59d	Payments by households for licences		
	<i>Tax on motor vehicles paid by households</i>	C	T
d91	Capital taxes		
d91a	Taxes on capital transfers	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions		
	<i>Retirement Pension contribution, social security sector</i>	Leyrs	
	<i>Pension contribution, National Debt Office</i>	Leyrs	
	<i>Retirement pension contribution, the old system</i>	Leyrs	
	<i>Sick insurance contribution</i>	Leyrs	
	<i>Part-time pension contribution</i>	Leyrs	
	<i>Industrial injuries, contributions</i>	Leyrs	
	<i>Labour market, employment, contributions</i>	Leyrs	
	<i>Survivors pension, contribution</i>	Leyrs	
	<i>Parental insurance contributions</i>	Leyrs	
	<i>Wages guarantee, contributions</i>	Leyrs	
	<i>Sailors pensions, contributions</i>	Leyrs	
	<i>Miscellaneous, contributions</i>	Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions		
	<i>General health insurance</i>	Lees	
	<i>General pension contribution</i>	Lees	
	<i>Fee for financing of cash benefit at unemployment</i>	Lees	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons		
	<i>Reduction in contributions</i>	SPLIT_2	
	<i>Pension contributions to social security sector</i>	SPLIT_2	

*Pension, National Debt Office*  
*Pension, old system*  
*Sick insurance contribution*  
*Part time pension*  
*Industrial injuries*  
*Unemployment*  
*Survivors pension, contribution*  
*Parental insurance contributions*

SPLIT\_2  
SPLIT\_2  
SPLIT\_2  
SPLIT\_2  
SPLIT\_2  
SPLIT\_2  
SPLIT\_2  
SPLIT\_2

## UNITED KINGDOM

ESA95 code	ESA95 text Name of the tax	Economic function	Alcohol, Tobacco & Environmental tax
d2	Taxes on production and imports		
d21	Taxes on products		
d211	Value added type taxes (VAT)		
	<i>Central government taxes on production "VAT"</i>	C	
	<i>Rest of the world value added type of taxes</i>	C	
d212	Taxes and duties on imports excluding VAT		
d2121	Import duties		
	<i>Central government import duties received</i>	C	
	<i>Rest of the world import duties</i>	C	
d214	Taxes on products, except VAT and import taxes		
d214a	Excise duties and consumption taxes		
	<i>Tax on beer</i>	C	TA
	<i>Tax on wines, cider perry and cider</i>	C	TA
	<i>Tax on tobacco</i>	C	TA
	<i>Tax on Hydrocarbon oils</i>	C	E
	<i>Other HMCE revenue</i>	C	
	<i>Fossil fuel levy</i>	C	E
	<i>Gas levy</i>	C	E
	<i>Hydro-benefit</i>	C	E
	<i>Agregates levy</i>	C	P
	<i>Milk Super levy</i>	C	
	<i>Climate change levy</i>	C	E
	<i>Channel 4 funding formula</i>	C	
	<i>Renewable Energy Obligation</i>	C	E
	<i>Car tax</i>	C	T
	<i>Air passenger duty</i>	C	T
	<i>Land fill tax</i>	C	P
d214c	Taxes on financial and capital transactions		
	<i>Stamp duties</i>	KS	
d214f	Taxes on lotteries, gambling and betting		
	<i>National Lottery</i>	C	
	<i>Taxes on Gambling and Betting</i>	C	
d214g	Taxes on insurance premiums		
	<i>Insurance premium tax</i>	C	
d214i	General sales or turnover taxes		
	<i>Purchase tax</i>	C	
d214k	Export duties and monetary compensatory amounts on exports		
	<i>Levies on exports (3rd country trade)</i>	C	
d214l	Other taxes on products n.e.c.		
	<i>Row taxes on products excluding VAT and Import Duty</i>	C	
d29	Other taxes on production		
d29a	Taxes on land, buildings and other structures		
	<i>National non-domestic rates (NDR) from businesses</i>	KS	
	<i>Northern Ireland non-domestic rates</i>	KS	
	<i>Local government non-domestic rates</i>	KS	
d29b	Taxes on the use of fixed assets		
	<i>Recurrent taxes paid by others: Motor Vehicles</i>	KS	T
d29c	Total wage bill and payroll taxes		
	<i>Selective employment tax</i>	Leyrs	
	<i>National insurance surcharge</i>	Leyrs	
d29e	Business and professional licences		
	<i>Regulatory fees</i>	KS	
	<i>Consumer and credit act fees</i>	KS	
	<i>To-levy funded bodies</i>	C	
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
	<i>Taxes on income</i>		
d51a_d51c1	Taxes on individual or household income including holding gains		
d51a	Taxes on individual or household income		
	<i>Household taxes on income</i>	Split_1	
d51b_d51c2	Taxes on the income or profits of corporations including holding gains		
d51b	Taxes on the income or profits of corporations		
	<i>Taxes on the income or profits of corporations</i>	KIC	
	<i>Petroleum revenue tax</i>		
	<i>Windfall tax</i>		
d51c	Taxes on holding gains		
d51c1	Taxes on individual or household holding gains	KIH	
d51c2	Taxes on holding gains of corporations	KIC	
d59	Other current taxes		
d59a	Current Imposition du capital		
	<i>Current taxes on land and buildings: Council tax</i>	KS	

		<i>Current taxes on land and buildings: Rates</i>	KS	
		<i>Northern Ireland Domestic Rates</i>	KS	
		<i>National non-domestic rates from non-market</i>	KS	
d59b	Poll taxes			
		<i>Poll tax</i>	C	
d59c	Expenditure taxes			
d59d	Payments by households for licences			
		<i>Motor vehicle duty paid by households</i>	C	T
		<i>Boat Licences</i>	C	T
		<i>Fishing Licences</i>	C	P
		<i>Passport fees</i>	C	
		<i>Television licence fee</i>	C	
d91	Capital taxes			
d91a	Taxation of capital transfers			
		<i>Inheritance tax</i>	KS	
		<i>Assets in lieu of inheritance tax</i>	KS	
d91b	Capital levies			
		<i>Capital levies</i>	KS	
d611	Actual social contributions			
d6111	Employers' actual social contributions			
d61111	Compulsory employers' actual social contributions			
		<i>Compulsory employers' actual social contributions</i>	Leyrs	
d6112	Employees' social contributions			
d61121	Compulsory employees' social contributions			
		<i>Compulsory employees' social contributions</i>	Lees	
d6113	Social contributions by self- and non-employed persons			
d61131	Compulsory social contributions by self- and non-employed persons			
		<i>Compulsory social contributions by self- and non-employed persons</i>	Split_2	

## NORWAY

ESA95 code	ESA95 text Name of the tax	Economic function	Alcohol, Tobacco & Environmental tax
d2	Taxes on production and imports		
d21	Taxes on products		
d211	Value added type taxes (VAT) <i>Value added Tax</i>	C	
d212	Taxes and duties on imports excluding VAT		
d2121	Import duties <i>Customs duties</i> <i>Proceeds from auctioning of custom quotas</i>	C	
d214	Taxes on products, except VAT and import taxes		
d214a	Excise duties and consumption taxes <i>Petrol tax</i> <i>Diesel tax</i> <i>Marine engine tax</i> <i>Electricity consumption tax</i> <i>Taxes on mineral and lubricating oils</i> <i>CO2 tax</i> <i>Tax on pesticides</i> <i>Tax on greenhouse gases HFC and PFC</i> <i>Chocolate and candy tax</i> <i>Tax on non-alcoholic beverages</i> <i>Sugar tax</i> <i>Tax on pharmaceutical products</i> <i>Tax on alcohol</i> <i>Tax on tobacco goods</i> <i>Sulphur Tax</i> <i>Base tax on disposable beverage packaging</i> <i>Environmental tax on disposable beverage packaging</i> <i>Other consumption taxes</i>	C	E E T E E E P P  TA TA P P P
d214c	Taxes on financial and capital transactions <i>Stamp duty on real estate transfers</i>	KS	
d214d	Car registration taxes <i>Motor vehicle registration tax</i> <i>Re-registration tax on motor vehicles</i>	C	T T
d214e	Taxes on entertainment	C	
d214f	Taxes on lotteries, gambling and betting <i>Horse betting tax</i> <i>Tax on lottery fees</i> <i>Tax on lotteries</i>	C	
d214h	Other taxes on specific services <i>Tax on air traffic passengers</i>	C	T
d214i	<i>Taxes on meat and eggs, milk, grains and furs for market regulation</i>	C	
d214j	Profits of fiscal monopolies <i>Income from the state gaming company</i>	C	
d214l	Other taxes on products n.e.c. <i>Tax on petroleum extraction</i> <i>Tax on CO2 emissions from petroleum extraction</i>	KS	P
d29	Other taxes on production		
d29a	Taxes on land, buildings and other structures <i>Tax on area used for petroleum extraction</i> <i>Real estate tax</i>	KS	P
d29b	Taxes on the use of fixed assets <i>Annual weight based tax on motor vehicles</i> <i>Anti-traffic accident premium paid by enterprises</i>	KS	T T
d29c	Total wage bill and payroll taxes <i>Fishing industry product tax</i>	Leyrs	
d29d	Taxes on international transactions	C	
d29e	Business and professional licences <i>Tax on the state monopoly for alcoholic beverages (AS Vinmonopolet)</i> <i>Annual motor vehicle tax paid by enterprises</i> <i>Tax on sales of pharmaceutical products</i> <i>Tax on frequencies and on 5 digit phone numbers</i> <i>Income from licences</i> <i>Natural resource tax and licence fees (electricity products)</i>	KS KS C KS KS KS	T    P
d29f	Taxes on pollution <i>Tax on the final treatment of waste</i>	C	P
d29h	Other taxes on production n.e.c. <i>Research tax agricultural products</i> <i>R&amp;D tax to the Forest Development Fund (Skogtiltaksfondet)</i> <i>Tax on trichloreten and tetrachloreten</i> <i>Income from GSM licences</i>	C KS C KS	  P

d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
d51a	Taxes on individual or household income		
d51a_d51c1	Taxes on individual or household income including holding gains	SPLIT_1	
	<i>Tax on individuals' ordinary income (all income less deductions)</i>		
	<i>Surtax</i>		
d51b	Taxes on the income or profits of corporations	KIC	
d51b_d51c2	Taxes on the income or profits of corporations including holding gains	KIC	
	<i>Corporate tax</i>		
	<i>Ordinary income tax on petroleum revenue</i>		
	<i>Special tax on petroleum income</i>		
d51c	Taxes on holding gains		
d51c1	Taxes on individual or household holding gains	KIH	
d51c2	Taxes on holding gains of corporations	KIC	
d51c3	Other taxes on holding gains	KIC	
d51d	Taxes on winnings from lottery or gambling	KIH	
d51e	Other taxes on income n.e.c.	KIH	
	<i>Tax on dividends paid to foreign shareholders</i>		
d59	Other current taxes		
d59a	Current taxes on capital	KS	
	<i>Net wealth tax, individuals and households</i>		
	<i>Net wealth tax, corporations</i>		
d59d	Payments by households for licences		
	<i>Annual tax on motor vehicles paid by households</i>	C	T
d59e	Taxes on international transactions		
d59f	Other current taxes n.e.c.	C	
	<i>Anti-traffic accident premium paid by households</i>		T
	<i>Misc. taxes paid to extra budgetary units</i>		
d91	Capital taxes		
d91a	Taxes on capital transfers	KS	
	<i>Inheritance and gifts taxes</i>		
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions	Leys	
	<i>Employers' social security contributions to the National Insurance Scheme</i>		
	<i>Employers' contributions to the state pension entity</i>		
	<i>Employers' contributions to the pension arrangement for seamen</i>		
d61121	Compulsory employees' social contributions	Lees	
	<i>Employees' social security contributions to the National Insurance Scheme</i>		
	<i>Employees' contributions to the state pension entity</i>		
	<i>Employees' contributions to the pension arrangement for seamen</i>		
	<i>Employees' contributions to the pension arrangement for fishermen</i>		







# **A**nnex C

## **Methodology and explanatory notes**



## ANNEX C - METHODOLOGY AND EXPLANATORY NOTES

### Introduction

The 'Taxation trends' survey assesses tax systems from a number of angles. The examination of tax structures by tax type and by level of government illustrates the relative importance of the different tax instruments used in raising revenues and the distribution of financial resources among the constituent elements of the state apparatus, respectively. The breakdown into taxes on consumption, labour and capital allows an assessment of the manner in which the tax burden is distributed among the different factors. The implicit tax rates measure in turn the actual or effective average tax burden levied on different types of economic income or activities.

For the purposes of assembling these backward-looking aggregate measures, 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; describing them in the order in which they appear in Annex A. Given that Parts A and B (Tax structure by tax type and Tax structure by level of government) follow ESA95 classifications, a simple description of the aggregates and the data sources is provided. Parts C and D (Tax structure by economic function and the Implicit tax rates) present statistics developed by the EU Commission Directorate-General for Taxation and Customs specifically for this publication, so the reasoning will be delved into in greater detail, with attention given to both their theoretical and practical limitations. Annex C concludes with an in-depth discussion of the approaches used in calculating the split of personal income tax according to its sources, a process critical to the creation of meaningful statistics for Parts C and D.

Data coverage and reliability has generally improved over time. On the other hand, in some cases a reassessment of the quality of the data has led us to reconsider publication of some series or data points as problems of comparability emerged. In particular, the coverage of the ITR on capital is patchy as the computation of the ITR on capital is quite demanding in terms of the required level of detail in national accounts data. In many cases it was not possible to compute the implicit tax rate on capital even though data on capital tax revenue were available, because the data needed to compute the denominator of the ITR (i.e. the sum of revenues accruing to capital) are missing. Overall, the degree of cross-country comparability seems satisfactory.

### Ranking

In all the tables of Annex A a ranking is given whereby the Member State with the highest ratio is listed with number 1, the second with number 2 and so on. The ranking refers to the order of the Member States for each specific ratio (percentage for implicit tax rates (ITRs) and for the remaining indicators alternatively percentage of GDP or percentage of total taxation) and only includes those Member States for which 2006 data is available in the respective table. The ranking is based on the exact values, taking into account more than the one decimal place shown in the respective table. The rankings are also shown in the country tables in Part III. No ranking is given in the country tables if more than 10 % of data points are missing.

## Total

In some countries the sum of the taxes in % of GDP in each of the parts A, B and C of the country chapters data table and in the corresponding Annex A tables adds up to more than the total. This is the case whenever the table contains the item 'amounts assessed but unlikely to be collected' (d995) because this item cannot be attributed with certainty to any category and is therefore listed "below the line"<sup>1)</sup>. The excess is, therefore, exactly equal to this amount.

## Averages

This report computes arithmetic and weighted averages for three groups of countries: the EU as a whole (EU-27), the EU-25 (i.e. the EU-27 minus Bulgaria and Romania which joined the Union on 1 January 2007) and the euro area (EA-15). In the report EU-27 averages are used whenever the focus of the discussion is on the situation in the most recent years; in contrast, discussions of trends refer to the EU-25 as data for Bulgaria and Romania exist only for a limited number of years. Occasionally averages for other groupings (the former EU-15, the NMS-10 and NMS-12) are used for illustrative purposes in the main text, but not in tables and graphs.

As already mentioned in the text, when the type of average is not indicated, the arithmetic average is meant. In the tables and graphs in the main part of the report (as well as in Annex A) no adjustment for missing values is made: the average shown is simply the result of the customary formula applied to the available data.

## Data sources

The national accounts data used for this report were extracted from the Eurostat public database (formerly known as NewCronos) on 19 February 2008. Corrections were carried out after that date for Cyprus (data series d51a+d51c1 and d51b+d51c2) and Romania (series d61121 and d1131). In addition, more disaggregated tax data submitted to Eurostat (the National Tax List) were used for the classification of revenue according to economic functions and to determine the level of environmental taxes. Data for 2006 should be regarded as provisional. In very few cases, estimates at the detailed level have been used if statistics were not available; in those cases, the estimates were either supplied by Member States administrations or computed using the growth rate of the corresponding aggregate tax category. In the case of the base of the ITR on consumption (P31\_S14dom – Final consumption of households on the economic territory (domestic concept), no data for 2006 was available for BG, LV, NL, PT, SE and no 2005 and 2006 data for DK and EL. In order to get an estimation for the missing values, the growth rate for 'Private final consumption expenditure at current prices' from the AMECO database<sup>2)</sup> was used.

The output gap measure shown in the Country Chapters is based on the production function approach and is taken from the AMECO database.

The country chapters of the non-euro area Member States, for illustrative reasons, often contain not only data in national currency, but also rounded figures in euro, e.g. for income thresholds or changes in tax revenue. In these cases the 2006 average rates were used.

Although all Member State authorities have provided disaggregated data for their tax revenue (the National Tax List), its level of detail varies. Hence, Annex B shows the level of disaggregation used for the computation of the indicators for each Member State.

1) In practice this affects only a limited number of countries, for generally limited amounts.

2) AMECO is the macro-economic database of the European Commission's Directorate General for Economic and Financial Affairs.

## Part A: Tax structure by tax type

### Definition of the aggregates

Total taxes (incl. SSC) are defined as the sum of indirect taxes, direct taxes and actual compulsory social contributions. Throughout the report, the expression 'overall tax-ratio' is used as a synonym of 'total taxes (incl. SSC)'.

Taxes (excl. SSC) are defined as total taxes (incl. SSC) minus actual compulsory social contributions.

'Indirect taxes' are defined as taxes linked to production and imports (code 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.

Indirect taxes are 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) 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.

'Direct taxes' are defined as current taxes on income and wealth, etc. (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 ESA95 detailed 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).

Note that in some Member States, such as the United Kingdom, Sweden, Italy, and Ireland, the "Taxes on individual or household holding gains" and "Taxes on holding gains of corporations" are not included in D51c1 and D51c2, respectively, but in "Other income and capital taxes". This difference in reporting should be taken into consideration when comparing the levels of the three detailed categories of direct taxes between Member States.

'Actual compulsory social contributions' are paid by employers and employees on the basis of a work contract, or by self- and non-employed persons. They include three subcategories:

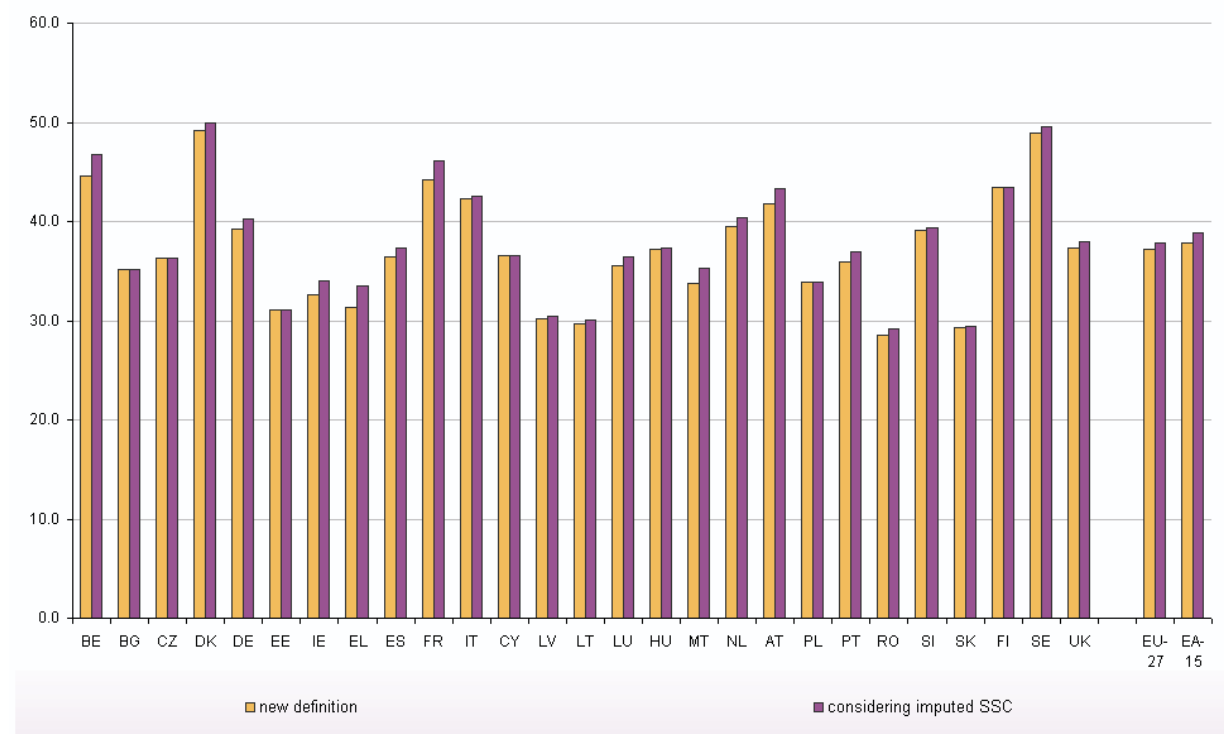
- Compulsory Employers' actual social contributions (d61111).
- Compulsory employees' social contributions (d61121).
- Compulsory social contributions by self- and non-employed persons (d61131).

Prior to the 2003 edition actual social contributions (ESA95 code d611), which include both compulsory and voluntary contributions, were used for the purposes of calculating the statistics. Voluntary contributions vary in their purpose (e.g. the purchase of 'extra years' for pensions and the wish to complete a gap in the social contributions due to years worked abroad) and may vary in the degree to which they are voluntary in a real economic sense, but as they are essentially a form of household saving they should not be considered as compulsory levies imposed by the government.

In addition, 'imputed social contributions' (d612), which relate to unfunded social security schemes, are excluded such that the definition used in this survey corresponds to Indicator 2 of the four indicators of general government and European Union levies issued by Eurostat (see Box C.1). In practice, imputed social contributions mainly relate to many EU governments, which do not pay actual contributions for their employees but nevertheless guarantee them a pension upon retirement; imputed social contributions represent the contributions the government should pay to a pension fund in order to provide a pension of an equivalent amount to the employees. Including imputed social contributions in the definition of compulsory levies would allow greater comparability over time and across countries, given that some governments make actual contributions for their employees while others simply pay social benefits to their employees as their entitlement arises. However, imputed social contributions are not based on actual transactions and the method for imputation may involve estimation errors.

Ultimately it is found that, while including imputed social contributions in the definition of total taxes would result in a non-negligible level shift, yielding an increase of the tax ratio for the EU-27 average by around  $\frac{3}{4}$  of a percentage point and for the EA-15 average by around 1 percentage point (see ), the development of the ratios over time would not be affected (see European Commission, 2004, pp. 99-100, for a comparison of the time trend).

**Graph C.1 Sensitivity analysis: role of imputed social contributions**  
2006, in %



Source: Commission Services

**Box C.1: Indicators on general government and European Union levies**

<p>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:</p>	
	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)
=	<b>INDICATOR 1</b> (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)
=	<b>INDICATOR 2</b> (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
=	<b>INDICATOR 3</b> (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)
=	<b>INDICATOR 4</b> (Total taxes and social contributions payable to general government, including those for government as an employer)

Box C.2 shows a breakdown of taxes that Member States have agreed to provide on a harmonised basis as well as the codes used in ESA95.

### Box C.2: Scheme of ESA95 classification of taxes and social contributions

<b>d2</b>	<b>Taxes on Production and Imports</b>
d21	Taxes on Products
d211	Value added type taxes
d212	Taxes and duties on imports excluding VAT
d2121	Import duties
d2122	Taxes on imports, excluding VAT and import duties
d2122a	Levies on imported agricultural products
d2122b	Monetary compensatory amounts on imports
d2122c	Excise duties
d2122d	General sales taxes
d2122e	Taxes on specific services
d2122f	Profits of import monopolies
d214	Taxes on products, except VAT and import taxes
d214a	Excise duties and consumption taxes
d214b	Stamp taxes
d214c	Taxes on financial and capital transactions
d214d	Car registration taxes
d214e	Taxes on entertainment
d214f	Taxes on lotteries, gambling and betting
d214g	Taxes on insurance premiums
d214h	Other taxes on specific services
d214i	General sales or turnover taxes
d214j	Profits of fiscal monopolies
d214k	Export duties and monetary comp. amounts on exports
d214l	Other taxes on products n.e.c.
d29	Other taxes on production
d29a	Taxes on land, buildings and other structures
d29b	Taxes on the use of fixed assets
d29c	Total wage bill and payroll taxes
d29d	Taxes on international transactions
d29e	Business and professional licences
d29f	Taxes on pollution
d29g	Under-compensation of VAT (flat rate system)
d29h	Other taxes on production n.e.c.
<b>d5</b>	<b>Current taxes on income, wealth, etc.</b>
d51	Taxes on income
d51a+d51c1	Taxes on individual or household income incl. holding gains
d51b+d51c2	Taxes on the income or profits of corporations incl. holding gains
d51c3	Other taxes on holding gains
d51d	Taxes on winnings from lottery or gambling
d51e	Other taxes on income n.e.c.
d59	Other current taxes
d59a	Current taxes on capital
d59b	Poll taxes
d59c	Expenditure taxes
d59d	Payments by households for licences
d59e	Taxes on international transactions
d59f	Other current taxes n.e.c.



## Box C.2 Continued

<b>d91</b>	<b>Capital taxes</b>
d91a	Taxes on capital transfers
d91b	Capital levies
d91c	Other capital taxes n.e.c.
<b>d611</b>	<b>Actual social contributions</b>
d6111	Employers' actual social contributions
d61111	Compulsory employers' actual social contributions
d61112*	Voluntary employers' actual social contributions*
d6112	Employees' social contributions
d61121	Compulsory employees' social contributions
d61122*	Voluntary employees' social contributions*
d6113	Social contributions by self- and non-employed persons
d61131	Compulsory contributions self- and non-employed persons
d61132*	Voluntary contributions by self and non-employed persons*
<b>d612*</b>	<b>Imputed social contributions*</b>

Note: \* Not included in the 'Taxation trends' definition of total taxes (incl. SSC)

## Part B: Tax structure by level of government

### *Definition 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)
- and increased by tax revenues received by the EU institutions (S212).

The taxes that are reported under these headings represent 'ultimately received' tax revenues. This means, for example, that not only are 'own' taxes included, but also the part of the tax revenue that is automatically and unconditionally 'shared' between government sub-sectors, even if these government sub-sectors have no power to vary the rate or the base of those particular taxes. Additional information was used for the classification of taxes for Belgium. Furthermore, Denmark treats the VAT revenues (D211) paid to the EU institutions in a different way from other Member States. They are recorded under S1311 instead of under S212; subsequently, a current transfer from S13 to S212 (under ESA95 code: D7PAY) is booked. This treatment also affects D21 and D2 for S1311 (Central government) and S13 (General government). Compared to other Member States this results in a higher estimate of Central Government revenue and a lower estimate of the revenue at the level of the EU institutions.

## Part C: Tax structure by economic function

The calculation of Part C ratios is done on the basis of more detailed revenue data than the one published by Eurostat. The Eurostat database is therefore supplemented by a so-called National List of Taxes supplied by Member States. The economic allocation of taxes published in this report is applied to each tax contained in the National List of Taxes. Furthermore, a split of the personal income tax by economic function is used.

- The availability of detailed revenue data and the economic allocation is listed in Annex B for each country and each tax.
- Compulsory social contributions of the self-employed and non-employed (d61131) had 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, although it is available in some national sources of national accounts. 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 Eurostat<sup>3)</sup>; where no statistics were available (e.g. for Cyprus) the share paid by the non-employed was assumed to be negligible. The data used in the report covers the period up to 2002; however, the stability of the shares of self-employed and non-employed allows assuming constancy of the ratios in the computations for more recent years. For Belgium more detailed national accounts data on the separate contribution of self-employed, and non-employed have been used instead.

### Methodology and the allocation of taxes to economic functions

Taxes on consumption, labour and capital add up to the total of taxes received by general government. The separation of taxes into three economic functions and the identification of an environmental tax category inevitably lead to simplifications and somewhat hybrid categories. The exercise is currently complicated by the fact that the harmonised classification of taxes in ESA95 is not always consistently applied at the detailed level of individual taxes across Member States. A number of borderline cases and approximations had to be taken into account to arrive at a final classification of taxes. Tax data are not always recorded in sufficient detail to identify individual taxes and allocate them to the corresponding economic categories. In addition, some specific national features required a special treatment. The degree of decomposition provided by national statistical offices sometimes makes it difficult to identify sub-categories. General guidelines for the allocation of the taxes are given in the following Boxes C.3 to C.9. However, exceptions are made if necessary to reflect the true nature of a tax. Borderline cases, which mainly affect the split between taxes on stocks of capital and on consumption, are discussed with Member States.

A key methodological problem for classifying tax revenues across the economic functions is that some taxes relate to multiple sources of economic income. This holds most notably for the personal income tax. Therefore, a method was developed to break down personal income tax revenue, in most cases using unpublished data supplied by the national tax administrations. A breakdown of 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 State authorities according to a country specific methodology (so-called 'PIT split'). Member States use data sets of individual tax payers (BE, DK, DE, FR, IE, LU, LV, MT, NL, PL, FI, SE, SI and UK) or income class data based on data-set of individual taxpayers (CY, EL, ES, IT, LT, BG) or tax receipts from withholding and income tax statistics with certain corrections (AT, EE, CZ, HU, PT, RO)<sup>4)</sup>.

Several Member States were not able to provide full time-series coverage for all calendar years. In these cases a trend has been assumed using simple linear interpolations or the fractions were assumed to remain constant; i.e. the 2006 split has been considered equal to that of 2005<sup>5)</sup>. Tables C.2 to C.5 give all the details on the PIT-split provided

3) Eurostat (1996).

4) The methodology used by Member States to arrive at the PIT split is described in more detail in a separate section of this annex (see 'Methods used to split the revenue from personal income tax' in Part D).

by each Member State. In some cases the number of estimates for the PIT split still falls short of the ideal, which to a limited extent affects the accuracy of the allocation of taxes to economic function and, therefore, of the implicit tax rates (ITRs). Additional details are given in a later section of this methodological note.

Although as a rule taxes are classified under one single economic function, in some specific cases a breakdown of revenue has been carried out also for taxes other than the PIT. In those cases, examples of which are mentioned below, estimates from Member States have been used to distribute their revenue across the economic functions.

- The revenue from the French tax on accommodations (so-called *Taxe d'habitation*), for example, has been distributed among the categories 'consumption' and '(stocks of) capital', using estimates from the national administration.
- Also, the revenue from the French generalised social contribution and from the contribution for the reduction of social security institutions debt (commonly abbreviated to 'CSG' and 'CRDS', respectively) has been distributed over the categories 'labour' and 'capital (income of households)'.
- Local business taxes often relate to one or more sources of economic income and are allocated over the economic functions where possible. The revenue from the Italian Regional tax on Productive Activities ('IRAP'), for example, has been distributed among the categories 'labour' and 'capital (income of corporations)', using revenue data from the public administration. The German local business tax (*Gewerbesteuer*), on the other hand, was fully allocated to the category 'capital income (of corporations)', as the part on business capital stocks is not applied in recent years. The French local business tax (*Taxe professionnelle*) has been fully allocated to the category 'Stocks (wealth) of capital', as it is mostly levied on buildings and real estate, and the French government is reforming the tax by phasing out the payroll component from the tax base.

### Taxes on consumption

Taxes on consumption are defined as taxes levied on final consumption goods. In the ESA95 classification these can be identified as the following categories (see Box C.3):

- Value added type taxes (d211).
- Taxes and duties on imports excluding VAT (d212).
- Taxes on products except VAT and import duties (d214), which include excise duties. Those taxes paid by companies on products used for production have been excluded from the category of consumption taxes, whenever the level of detail enabled their identification<sup>6)</sup>. 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) as well as export duties and monetary compensatory amounts on exports (d214k) 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, for example, been classified as taxes on the stock of capital. However, taxes on international transactions

5) In the case of Belgium, following a suggestion by the national tax administration, the 2005 split has also been used for 2004 as for that year tax rules were very similar to those of 2005.

6) A possible breakdown of car registration taxes between those paid by companies and those paid by households is only available for some countries. Hence, to avoid a different treatment in different Member States, all revenue from car registration taxes has been attributed to consumption.

(d29d), taxes on pollution (d29f) and the under-compensation of VAT (flat rate system) (d29g) have been considered as consumption taxes.

- Some taxes defined as current taxes (d5) in ESA95 such as poll taxes, expenditure taxes, or payments by households for licences have been attributed to consumption since they are expenditures made by households to obtain specific goods and services.

### Box C.3: Definition of taxes on consumption

d211 Value added type taxes  
 d212 Taxes and duties on imports excluding VAT  
 d214 Taxes on products except VAT and import duties less  
     d214b Stamp taxes  
     d214c Taxes on financial and capital transactions  
     d214k Export duties and monetary compensatory amounts on exports  
 From d29 Other taxes on production:  
     d29d Taxes on international transactions  
     d29f Taxes on pollution  
     d29g Under-compensation of VAT (flat rate system)  
 From d59 Other current taxes:  
     d59b Poll taxes  
     d59c Expenditure taxes  
     d59d Payments by households for licences

The report classifies taxes on consumption in four categories:

- **VAT:** this subcategory consists of d211-type taxes. In the case of Slovenia, in the absence of a breakdown by economic function of turnover taxes for the period 1995-1998, for the purpose of Graphs II-2.3 and 2.4, the share of excise duty revenue from 1999 was assumed constant and unchanged before 1999.
- **Energy:** this subcategory includes all consumption taxes on energy listed in the National List of Taxes; these are mainly represented by excise duties on mineral oils, duties on electricity or similar taxes; this definition may differ slightly from the one used for tables C.4.1\_G and C.4.1\_T, notably as the latter may include also energy taxes levied on capital or labour. In the case of Slovenia for years prior to 1999 a similar assumption as for VAT was used.
- **Tobacco and alcohol:** these include all excise duties on alcohol and tobacco products listed in the National List of Taxes. For Italy, the revenues from stamp duties are included. From this year's edition, Annex A includes a table showing all revenue data for this subcategory.
- **Residual:** all remaining consumption taxes are booked in this subcategory; they are obtained as a difference from the total.

The identification of the revenue is done on the basis of the National List of Taxes.

#### *VAT reduced rate and base indicator*

For each country, this indicator is calculated as defined in Box C.4:

### Box C.4: Definition of VAT reduced rate and base indicator

VAT reduced rate and base indicator = standard VAT rate - VAT component of the ITR on consumption

## Taxes on labour

### *Taxes on employed labour income*

Taxes on employed labour comprise all taxes, directly linked to wages and mostly withheld at source, paid by employers and employees, including compulsory social contributions (see Box C.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.

Under the definition of taxes on employed labour income adopted in this report, the categories 'personal income tax' and 'social security contributions' are used in a wide sense including all other taxes that are susceptible of increasing the cost of labour. Therefore, the recorded amount of 'personal income tax' in the Nordic countries does not only consist of central government income tax, but also includes the state income tax, municipality income tax and sometimes also church tax. In France, the generalised social contribution ('CSG') and the contribution for the reduction in the debt of the social security institutions ('CRDS') are partially booked as income tax on labour income. In Austria, the 'contributions to chambers' and the 'promotion residential building' are also partially booked as tax on labour income (as 'personal income tax' and 'employers' SSC and payroll tax', respectively). In Hungary, the communal tax on enterprises is allocated to labour as 'employers' SSC and payroll tax'. In Portugal, the stamp duty on wages and salaries is allocated to 'employers' SSC and payroll taxes'. In Italy, part of the revenue from the 'IRAP' tax, which is levied on a measure of value added by enterprises, has been allocated to labour and 'employers' social contributions' in particular (and also included in the denominator of the tax ratio).

### *Taxes on non-employed labour income*

The category labour - non-employed comprises all taxes and compulsory social contributions raised on transfer income of non-employed persons, where these could be identified. This transfer income includes social transfers that are paid by the state (e.g. unemployment-, invalidity- and health care benefits) and benefits from old-age pension schemes (both state and occupational pension schemes). Most of these benefits paid to non-employed persons are in some way or the other linked to previous employment; contributions for current unemployment and State pension benefits are for example for the most part paid by the active labour force, while occupational pension schemes are mostly funded while being employed. The calculation of the implicit tax rate on labour is, however, limited to the category employed labour.

- In some Member States social transfer payments by the State are subject to personal income taxation. In this case, part of what is paid by the State is immediately refunded to the budget (but not necessarily at the same level) in the form of taxes. In many instances however (e.g. for social assistance), the taxes raised on social transfers are more of an accounting convention than taxes in a proper sense, a means employed to yield a certain net transfer. Where such taxes could be identified they have been separated from other taxes and social contributions.
- Pension arrangements and their tax treatment vary considerably between, and in some cases within, Member States. Where there is up-front tax relief for contributions to funded pensions, this often tends to be given as an exemption from tax on labour income and estimates are not easy to make. The tax revenue collected on pension benefit payments is usually easier to estimate, but there is a conceptual and practical issue over whether to regard it as capital income (because pensions can be privately funded), deferred labour income (because they are actually taxed in this way) or a social transfer payment (because they are classified as such in national accounts or because they are guaranteed by the state). For state (first pillar) pensions, the solution is to treat them in the same way as social transfer payments but for occupational (second pillar) and private (third pillar) pensions the issue is more difficult, because they are generally privately funded and the benefits

are not guaranteed by the state. The compromise solution adopted in this report classifies income tax on occupational pensions under the labour - non-employed category and does not include them in capital income. An important reason for doing this is that both state and occupational pension benefits are often treated as (deferred) labour income in the income tax, as they are directly linked to employment or the exercise of a profession. Another important argument is that occupational pension benefits are considered as (privately funded) social benefits in national accounts. In the United Kingdom, however, occupational pensions and also private pensions are allocated to capital giving an upward bias to the ITR on capital compared to other Member States.

- Private (third pillar) pensions may be used as a supplement for state or occupational pensions. They have many of the characteristics of occupational pensions, although participation is often not directly related to employment or the exercise of a profession, and is arranged individually by contract directly with a product provider (e.g. a life insurance company). It could therefore be argued that the taxes raised on private pension benefits should be allocated to capital income. It should however be noted that the statistical identification of private pension benefits is often complicated, and the amount of this type of income is so far not very significant in the majority of Member States (notable exceptions in this respect are Denmark, Belgium, the Netherlands and the United Kingdom).

### *Taxes on income of the self-employed*

The question arose whether part of 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 the self-employed take the risk of incurring losses when exercising their activity. Personal income taxes as well as social contributions of self-employed are, therefore, allocated to the capital income sub-category for self-employed. This assumption includes the part of self-employment income equivalent to the remuneration of self-employment own labour. For some Member States, this assumption does not reflect the situation of some self-employed, whose economic status or income does not significantly differ from those of wage earners. In Italy, for example, the Central Statistical Office (ISTAT) provides official estimates of the percentages of 'mixed income' that can be attributed to labour and capital.

### **Box C.5: Definition of taxes on labour**

<b>Employed labour</b>
From d51 Taxes on income: d51a+d51c1 Taxes on individual or household income including holding gains (part raised on labour income)
From d29 Other current taxes: d29c Total wage bill and payroll taxes
From d611 Actual social contributions: d61111 Compulsory employers' actual social contributions d61121 Compulsory employees' social contributions
<b>Non-employed labour</b>
From d51 Taxes on income: d51a+d51c1 Taxes on individual or household income including holding gains (part raised on social transfers and pensions)
From d611 Actual contributions: d61131 Compulsory social contributions by self- and non-employed persons (part paid by social transfer recipients)



## Taxes on capital

Capital is defined broadly, including physical capital, intangibles and financial investment and savings (see Box C.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 a 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 transactions (e.g. on real estate). A distinction is drawn between taxes on capital and business income, and taxes on capital stock:

### Box C.6: Definition of taxes on capital

<b>Capital and business income taxes:</b>
<p>From d51- Taxes on income:</p> <ul style="list-style-type: none"> <li>d51a+d51c1 Taxes on individual or household income including holding gains (part paid on capital and self-employed income)</li> <li>d51b+d51c2 Taxes on the income or profits of corporations including holding gains</li> <li>d51c3 Other taxes on holding gains</li> <li>d51d Taxes on winnings from lottery and gambling</li> <li>d51e Other taxes on income n.e.c.</li> </ul> <p>From d611- Actual social contributions:</p> <ul style="list-style-type: none"> <li>d61131 Compulsory social contributions by self- and non-employed persons (part paid by self-employed)</li> </ul>
<b>Taxes on stocks (wealth):</b>
<p>From d214- Taxes on products, except VAT and import taxes:</p> <ul style="list-style-type: none"> <li>d214b Stamp taxes</li> <li>d214c Taxes on financial and capital transactions</li> <li>d214k Export duties and monetary compensatory amounts on exports</li> </ul> <p>From d29- Other taxes on production:</p> <ul style="list-style-type: none"> <li>d29a Taxes on land, buildings or other structures</li> <li>d29b Taxes on the use of fixed assets</li> <li>d29e Business and professional licences</li> <li>d29h Other taxes on production n.e.c.</li> </ul> <p>From d59- Other current taxes:</p> <ul style="list-style-type: none"> <li>d59a Current taxes on capital</li> <li>d59f Other current taxes on capital n.e.c.</li> <li>d91 Capital taxes</li> </ul>

'Taxes on capital and business income', that economic agents earn or receive from domestic resources or from abroad, include taxes on income or profits of corporations (Box C.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 C.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 measure is further subdivided into the 'Taxes on the income of corporations' (using 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 'Taxes on capital and business income'.



**Box C.7: Definition of taxes on the income of corporations**

<b>Taxes on the income of corporations</b>
From d51-Taxes on income: d51b+d51c2 Taxes on the income or profits of corporations including holding gains

**Box C.8: Definition of taxes on the capital and business income of households**

<b>Taxes on capital and business income of households:</b>
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 wealth taxes (d59a), capital taxes (d91) including inheritance taxes (under d91a), real estate taxes (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 car circulation 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 B<sup>7)</sup>.

7) For a full description of the methodology used in compiling the environmental statistics contained in this publication, see European Commission (2001b) and European Communities, 2003.

**Box C.9: Classification and features of environmental taxes**

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

In this publication environmental taxes are divided in three groups.

- Energy taxes include taxes on energy products used for both transport and stationary purposes. The most important energy products for transport purposes are petrol and diesel. Energy products for stationary use include fuel oils, natural gas, coal and electricity. The CO<sub>2</sub> 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 CO<sub>2</sub> taxes separately in tax statistics, because they are a component of energy taxes. In addition, the revenue from these taxes is often large compared to the one from the pollution taxes. This means that including CO<sub>2</sub> taxes in pollution taxes rather than energy taxes would distort international comparisons.
- Transport taxes mainly include taxes related to the ownership and use of motor vehicles. Taxes on other transport equipment (e.g. planes), and related transport services (e.g. duties on charter or schedule flights) are also included here, when they conform to the general definition of environmental taxes. The transport taxes may be 'one-off' taxes related to imports or sales of the equipment or recurrent taxes such as an annual road tax. The title 'transport taxes' might be somewhat misleading because the most important part, taxes on petrol, diesel and other transport fuels, are included under energy taxes. In this respect, one alternative name for this tax category might be 'taxes on vehicles'.
- The last group of pollution/resource taxes includes taxes on measured or estimated emissions to air and water, management of solid waste and noise. An exception is the CO<sub>2</sub>-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.

## Part D: Implicit tax rates

The implicit tax rates are defined for each economic function. They are computed as the ratio of total tax revenues of the category (consumption, labour, and capital) to a proxy of the potential tax base defined using the production and income accounts of the national accounts.

### Data sources

National accounts data used in the construction of the denominator are extracted from the Eurostat public database (formerly NewCronos), with further national accounts data obtained for calculating the bases of the implicit tax rates on capital and capital income. Ireland and Luxembourg have derogations to the ESA95 regulation to provide simplified income and distribution accounts. The numerators are taken from the ratios calculated in Part C. For a few countries limitations in data availability, particularly in the case of the denominator of the ITR on capital, affected or prevented the calculation of the ITR.

### Methodology

The tax revenue relative to GDP statistics presented in this survey can be described as macro backward-looking tax burden indicators. In Part C the taxes raised on economic functions are shown as percentages of total GDP. However, the consideration of tax revenue as a proportion of GDP provides limited information as no insight is given as to whether, for example, a high share of capital taxes in GDP is a result of high tax rates or a large capital tax base. These issues are tackled through the presentation of ITRs which do not suffer from this shortcoming.

ITRs measure the actual or effective average tax burden directly or indirectly levied on different types of economic income or activities that could potentially be taxed by Member States. Note, however, that the final economic incidence of the burden of taxation can often be shifted from one taxpayer to another through the interplay of demand and supply: a typical example is when firms increase sales prices in response to a hike in corporate income taxation; to a certain extent the firms' customers end up bearing part of the increased tax burden. The ITRs cannot take these effects into account, as this can only be done within a general equilibrium framework. Despite this limitation, ITRs allow the monitoring of tax burden levels over time (enabling the identification of shifts between the taxation of different economic functions e.g. from capital to labour) and across countries. Alternative measures of effective tax rates exist, which, using tax legislation, simulate the tax burden generated by a given tax, and can be linked to individual behaviour. However, these 'forward-looking' effective tax rates do not allow the comparison of the tax burden implied by different taxes; nor do they facilitate the identification of shifts in the taxation of different economic income and activities.

The comparability of these indicators has been enhanced by the improved consistency and harmonised computation of ESA95 national accounts data. However, this improvement can only be fully exploited by using the same denominator for all countries and not accounting for country specific peculiarities in national tax legislation. For capital, an average tax rate is estimated by dividing all taxes on capital by a broad approximation of the total capital and business income both for households and corporations. For labour, an average tax rate is estimated by dividing direct and indirect taxes on labour paid by employers and employees by the total compensation of employees. The attractiveness of the approach lies in the fact that all elements of taxation are implicitly taken into account, such as the combined effects of statutory rates, tax deductions and tax credits. They also include the effects due to the composition of income, or companies' profit distribution policies. Further, the effects of tax planning, as well as the tax relief available (e.g. tax bases which are exempted below a certain threshold, non-deductible interest expenses), are also taken implicitly into account. The advantage of the ITRs in capturing a wide set of influences on taxation is accompanied by difficulties in interpreting the trends when a complete and precise separation of the different forces of influence is not possible<sup>8)</sup>. In addition, any timing differences that arise because of lags in tax payments and

business cycle effects may give rise to significant volatility in these measures. In short, they represent a reduced model of all variables influencing taxation, tax rates and bases.

### Implicit tax rate on consumption

The ITR on consumption is defined as all consumption taxes divided by the final consumption expenditure of private households on the economic territory (domestic concept) (see Box C.10).

#### Box C.10: Definition of the implicit tax rate on consumption

Implicit tax rate on consumption (ESA95)	Taxes on consumption / (P31_S14dom)
<i>Numerator:</i> see Box C.3 – taxes on consumption	
<i>Denominator:</i> P31_S14dom: Final consumption expenditure of households on the economic territory (domestic concept)	

This simple metric, which replaced the more complex version used prior to the 2003 edition, is considered preferable on a number of counts. Under the previous approach government consumption net of government salaries was added to consumption of households on the economic territory to obtain the denominator<sup>9)</sup>, given that some of the 'consumption taxes' are levied on these government purchases. However, the figure for 'government consumption minus wages and salaries' was only ever a rough approximation of the intermediate consumption of the government<sup>10), 11)</sup>.

### Implicit tax rate on labour

The ITR on employed labour is defined as the sum of all direct and indirect taxes and employees' and employers' social contributions levied on employed labour income divided by the total compensation of employees working in the economic territory increased by labour-related taxes on production (see Box C.11). The ITR on labour is calculated for employed labour only (so excluding the tax burden falling on social transfers, including pensions). Direct taxes are defined as the revenue from personal income tax that can be allocated to labour income. Indirect taxes on labour income, currently applied in some Member States, are taxes such as payroll taxes paid by the employer. The compensation of employees is defined as total remuneration, in cash or in kind, payable by an employer to an employee in return for work done. It consists of gross wages (in cash or in kind) and thus also the amount paid as social insurance contributions and wage withholding tax. In addition, employers' contributions to social security (including imputed social contributions) as well as to private pensions and related schemes are included. Compensation of employees is thus a broad measure of the gross economic income from employment before any charges are withheld.

8) OECD (2000, 2002b).

9) In this respect, the previous approach followed the formula proposed by Mendoza, Razin and Tesar (1994).

10) An alternative solution, offered by the availability of data on the intermediate consumption of the government under ESA95, would be to incorporate this figure into the denominator.

11) A detailed analysis of the VAT on intermediate government consumption is contained in Annex C of the 2007 edition of this report (European Commission, 2007).

**Box C.11: Definition of the implicit tax rate on labour**

Implicit tax rate on employed labour (ESA95)	Direct taxes, indirect taxes and compulsory actual social contributions paid by employers and employees, on employed labour income/ (D1 + D29C)
<i>Numerator:</i> see Box C.5 – employed labour	
<i>Denominator:</i>	
D1 Compensation of employees	
D29C Wage bill and payroll taxes	

The fundamental methodological problem in calculating the ITR on labour and capital is that the personal income tax is typically broad-based and relates to multiple sources of income (i.e. employed labour, self-employed labour, income from capital and income in the form of social benefits and pensions received). The note on the PIT split explains the calculations for estimating the part of the revenue from personal income tax that can be attributed to labour income and other income sources.

The resulting ITR on labour should be seen as a summary measure that approximates an average effective tax burden on labour income in the economy. It must be recognised that the tax ratio may hide important variation in effective tax rates across different household types or at different wage levels<sup>12)</sup>. For example, cuts in taxes or social contribution rates that are targeted on low-wage, low-skill workers or families with children may have a small impact on the overall ITR and yet be effective in raising take-home pay for the beneficiaries. The decomposition of total tax wedges, for example, may be quite different at relatively low or relatively high wage levels. Also, in some Member States recent fiscal reforms may have had more pronounced effects on low wage, low-qualified workers or on families with children.

When interpreting the time-series comparisons, it should be borne in mind that the evolution refers to an ex-post trend, which does not disentangle cyclical, structural and policy elements. This implies that the observed changes may only partially reflect discretionary tax policy measures. In some Member States, for example, strong economic growth may have decreased the importance of allowances and tax credits and, therefore increased the average tax rate or have moved taxpayers into higher personal income tax brackets resulting in higher real tax payments ('bracket creep'). Moreover, taxpayers at the top of the pay scale may have witnessed relatively high increases in incomes, and such changes may have induced a cyclical swing in the ITR on labour that may to some extent offset the (ex-ante) expected fall driven by the tax reforms (aimed at reducing the tax burden at the bottom to the middle end of the distribution, say). Even in the absence of strong economic growth but in the case of inflation, the described 'bracket creep' can operate if tax brackets are not adjusted to take inflation into account.

In addition, it should be noted that the figures in the national accounts often do not follow the accruals principle. According to ESA95, 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 often levied on incomes accrued one year prior to actual collection. However, ESA95 allows for considerable flexibility in interpreting the accrual time of recording, depending on the type of taxes. Most statistical offices in fact use 'time adjusted' cash figures for a few months, which is allowed following an amendment of ESA95. This means that the effects of tax reforms may be reflected in the figures with some delay, even when time-shifted cash figures are used. In contrast, tax policy changes are by definition immediately visible in the tax wedge indicators.

In the chapter analysing the trends in the ITR on labour, the ITR on labour is compared with the tax wedge for a single worker at 2/3 of average earnings. In the 2004 edition of this publication a comparison between the ITR on

12) See also Clark (2002).

labour and the tax wedge for a single worker without children at average earnings was computed for the EU-15. The ITR on labour was lower than the tax wedge at average earnings in all but three Member States. The difference amounted to a maximum of well above ten percentage points and to eight percentage points on the weighted EU-15 average. Somewhat surprisingly then the ITR on labour was closer to the tax wedge at 2/3 of the average earnings than the one at average earnings. This could be due to the fact that employees at the lower end of the pay scale are generally subject to relatively lower taxation or even no taxation at all and have a substantial weight in the calculation of the ITR on labour. Another explanation for the lower level of the ITR on labour with respect to the tax wedge for a single worker without children at average earnings is the fact that the former takes account of non-standard tax reliefs (e.g. medical expenses) which are not considered by the latter. See European Commission (2004, pp. 101-104).

### Implicit tax rates on capital

#### *Properties of the implicit tax rate on capital*

The overall implicit tax rate on capital is computed as the ratio between revenue from all capital taxes, and all (in principle) potentially taxable capital and business income in the economy. It aims to represent the average tax burden falling on capital income.

Our definition of taxes on capital does not stop at taxes levied on capital income streams, such as the corporate income tax, but includes taxes on stocks of wealth or capital assets, stemming from savings and private sector investments in previous periods, as well as taxes on asset transactions. In other words, not only are taxes on profits included but also, for instance, taxes and levies that could be regarded as a prerequisite to earn them, such as a real estate tax or a motor vehicle tax paid by enterprises. This kind of taxes must also be paid by non-profitable entities, and, therefore, cannot properly be treated as taxes on income streams. Given that national accounts do not provide any indicator for the tax base of taxes levied on capital stocks or their transactions (such as, e.g. a harmonised measure of the stock of capital or of asset transactions), the overall ITR on capital simply uses as a denominator potential capital and business income. However, this publication also includes a more narrowly defined ITR on capital and business income which excludes taxes on wealth or the capital stock and simply measures the average effective tax burden on private sector investment and saving, as a ratio between taxes paid on capital income streams and the aggregate of capital and business income.

Of the various implicit tax rates, the ITR on capital is the most complex<sup>13)</sup>. Its trend can reflect a very wide range of factors, which can also vary for different Member States. In particular, three main factors may distort the ITR on capital and business income in the short and medium run:

- Time lags: Theoretical considerations as well as empirical evidence suggest that the ITR on capital income is sensitive to the business cycle. Unlike other taxes, corporate income tax is characterised by long and variable lags between the emergence of income and its taxation, due notably to the possibilities to defer taxation because of previously incurred losses or group taxation.
- Capital gains: The expansionary phase in the late 1990s was accompanied by booming stock markets all over the EU. As a result, capital gains and the corresponding tax revenues had risen substantially. However, given that capital gains are not included in the denominator of any ITR on capital, this development clearly leads to an overestimation of the average effective tax burden on capital and business income, and partly explains the rise in the ITR for some Member States.
- Structural changes in the financing of companies: national accounts data show that from 1995 to 2002, in most Member States a relative shift in financing from debt to equity occurred such that capital income consists less

13) The construction of this indicator and its possible sources of bias in measuring the effective tax burden on capital are explained in detail in European Commission (2004a).



of interest and more of dividend payments. This happened against the background of falling interest rates. Most tax systems in the EU are not neutral concerning financing and allow interest payments to be deducted from the tax base. The shift towards higher dividend distributions results in an increase in the measured average tax burden<sup>14)</sup> at unchanged legislation.

Furthermore it is important to note that a cut in the statutory rate that is offset by an equivalent widening of the tax base will leave the ITR on capital unchanged. This is not a limitation of the indicator, but rather an advantage given that the ITR aims at measuring the effective tax burden. This property of the indicator may contribute to explain the relatively limited fall in the ITR on capital in recent years, despite significant EU wide reductions in statutory corporate tax rates.

Interpreting the ITRs on capital one should bear in mind that the bases used for the computation are, particularly in the new Member States, not only narrower but also more volatile than GDP as a whole, and thus subject to wide swings. Hence, the overall volatility of this ratio is significantly higher than that of the other ITRs. A degree of caution is, therefore, advisable when making cross-country comparisons or comparisons of one Member State with the EU averages.

Large changes in backward-looking measures of the tax rate on capital are not unusual and not limited to macro indicators. Tests on Belgium and Sweden<sup>15)</sup> report annual changes of several percentage points for effective tax rates derived both from national accounts data or tax statistics using micro data for companies. The calculations presented here have similar features.

Moreover, statistical issues related to the sectoral data used to compute the denominator of the ITRs might also influence the results. National accounting data are in fact regularly revised. In 2006, complying with the EU legislation<sup>16)</sup>, the Member States were required to introduce a number of important methodological revisions in their national accounts in order to improve the measurement of GDP. In particular, the main change, as for the sectoral accounts, was the allocation of the Financial Intermediation Services Indirectly Measured (FISIM<sup>17)</sup>) to user sectors/industries, instead of intermediate consumption. Imports of FISIM have also been recorded. At the moment several Member States have not entirely conformed to the current methodological regulations. It is, therefore, possible that statistical artefacts influence the time series, particularly in those points where data compiled according to a new methodology are joined with old-series data.

### *The ITR on capital and the ITR on capital and business income*

The implicit tax rate is calculated for total capital taxes and for the sub-category of taxes on capital income (which differs from capital taxes overall because it excludes taxes on the stock of capital)<sup>18)</sup>. 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

14) European Commission (2001a).

15) Valenduc (2001), Clark (2002).

16) The legal reference for the definition, calculation and allocation of FISIM are the "Council Regulation (EC) No 448/98 of 16 February 1998 completing and amending Regulation (EC) No 2223/96 with respect to the allocation of Financial Intermediation Services Indirectly Measured (FISIM) within the European system of national and regional accounts (ESA)" and the "Commission Regulation (EC) No 1889/2002 of 23 October 2002 on the implementation of Council Regulation (EC) No 448/98 completing and amending Regulation (EC) No 2223/96 with respect to the allocation of Financial Intermediation Services Indirectly Measured (FISIM) within the European System of national and regional Accounts (ESA)".

17) Financial intermediaries provide services for which no explicit charges are made. The estimate of this latter is known in national accounts as the Financial Intermediation Services Indirectly Measured (FISIM) and it is measured by convention. Up to now FISIM has been recorded as intermediate consumption of a notional industry, for want of relative observable variables. (See [http://europa.eu.int/estatref/info/sdds/en/na/na\\_changes2005.pdf](http://europa.eu.int/estatref/info/sdds/en/na/na_changes2005.pdf) for details).

18) The methodology is described in: European Commission (2004a).

capital gains) and in other ways broader (excluding some deductions from the tax base). As for 'capital taxes on stocks and wealth', the denominator does not take into account any asset or wealth on which the tax is levied. In addition, two additional disaggregated ITRs, on corporate income and on capital and business income of households are computed. These do not add up to the ITR on capital and business income.

The computation of the ITRs is not possible for five (LU, HU, MT, RO, SI) out of the 27 Member States, mainly because of lack of data availability in the sectoral accounts. In the case of Luxembourg, following the methodological changes in national accounts regarding FISIM and given the sizeable weight of the financial sector in this country, it no longer seems appropriate to employ a simplified methodology to compute the ITRs on capital as has been made until the last publication of this report. The ITRs will be published as soon as a complete set of sectoral accounts is available. The ITR is computed with reference to a simplified set of data for Ireland.

Of the various implicit tax rates, the ITRs on capital are by far the most complex and given their limitations should be interpreted very carefully. A first problem is that as indicated below, the ITR on capital is broadly based and, therefore, reflects a wide range of factors. In particular, the definitions of the ITR denominators can only roughly approximate the world-wide capital income of a country's residents for domestic tax purposes. This does not mean that 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<sup>19)</sup>. However, the base of the ITR does not measure the actual base of tax legislation, which drives tax revenues. So in practice it is not easy to link developments in the overall ITR on capital and business income to the various statutory tax rates and other policy changes.

Capital and business income according to national accounts is defined as profits and property income. Profits are defined as net operating surplus (B2n) of the private sector including corporations (and quasi-corporations), private households, and non-profit institutions and mixed income (B3n) of the self-employed. The net operating surplus of the government sector is excluded, because losses or profits of the government are not subject to taxation.

There is no simple way of approximating the tax base for property income (mainly interest and dividends) for the whole private sector. It is measured using a specifically defined balance of property income of the private sector (received minus paid). The objective for the definition of this balance is 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 legislation<sup>20)</sup>. For private households, 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.

19) 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.

20) The ITRs for the whole private sector avoid double counting of dividends that are distributed by domestic companies out of their operating profits by deducting dividends paid to domestic private households or other domestic companies from the capital ITR tax base. For more details on this issue see European Commission (2004a).



The balance of d44 received minus d44 paid usually nets off for the whole private sector. The definition takes into account property income received 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 significantly differs from historic cost-based methods used in business profit and loss accounts. Additionally, the calculation of consumption of fixed capital is not strictly 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 capital 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 national accounts dataset for the EU Member States, interest payments by private households and self-employed are not available separately. Taking total net interest as part of the denominator accounts for tax deductible interest payments of the self-employed, but leads to an overestimation of the ITR on capital because interest payments for mortgage and consumer loans are not tax-deductible in most Member States.
- Unlike net operating surplus, taxable profits and tax revenues are reduced by losses carried forward, causing a cyclical mismatch with the base and cyclical fluctuation in the ITR, which sometimes makes the trend difficult to interpret. This may also distort international comparisons. In addition, the difference in the measurement of imputed rents on owner-occupied dwellings between national accounts and tax legislation is another source of bias.

**Box C.12: Definition of the implicit tax rate on capital (income)**

Implicit tax rate on capital (income)	Capital (income) taxes/ $B2n\_S11-12 + B2n\_S14-15 + B3n\_S14 +$ $d41\_S11-12rec - d41\_S11-12pay + d44\_S11-12rec - d44\_S11-$ $d45\_S11-12rec - d45\_S11-12pay +$ $d42\_S11-12rec - d42\_S11-12pay + d42\_S13rec + d42\_S2rec +$ $d41\_S14-15rec - d41\_S14-15pay + d45\_S14-15rec - d45\_S14-$ $d42\_S14-15rec + d44\_S14-15rec$
<i>Numerator:</i>	see Box C.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-S15rec	Interest received by households, self employed and non-profit organisations
d41_S14-S15pay	Interest paid by households, self employed and non-profit organisations
d45_S14-S15rec	Rents on land received by households, self employed and non-profit organisations
d45_S14-S15pay	Rents on land paid by households, self employed and non-profit organisations
d42_S14-15rec	Dividends received by private households, self-employed and non-profit organisations
d44_S14-15rec	Insurance property income attributed to policy holders received by private households, self-employed and non-profit organisations

The overall ITR on capital and business income for corporations and households is influenced through various channels. Therefore, developments of this indicator are sometimes difficult to explain.

*The ITR on capital income of corporations and the ITR on capital income of household and self-employed*

The interpretation of the overall ITR on capital and business income of corporations and households is complicated by the overlapping effects of the various channels previously described. Although difficulties of interpretation stemming from the backward-looking character of the indicator remain, the reading of the ratios is in fact simplified when splitting the ITR between an ITR for the corporate sector and another ITR for the households sector. However the breakdown is not perfect as the denominator of the two indicators partly overlap.

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'<sup>21)</sup>. 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 C.13). 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 C.14). 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 mainly includes taxes on holding gains of households, the share of personal income tax on capital and on the self-employed and the social contributions paid by the latter.

The denominator includes the mixed income of the self-employed, the net operating surplus of households, dividends and attributed insurance property income received and the difference between received and paid interest and rents<sup>22)</sup>. 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 holders<sup>23)</sup>.

When splitting the ITR on capital income for (non-financial and financial) corporations and households, the flows of property income between these two sectors are of particular importance. A clear split can be made for the national accounts categories interest payments (d41) and rents (d45).

In principle, dividends are part of the taxable financial income of a company. They are subject to double taxation because corporate taxes have been levied on the profit at the level of the distributing company. In order to limit or offset the double taxation at the level of the shareholder (corporation or individual) Member States apply different taxation schemes. However, most countries do not offset fully the double taxation<sup>24)</sup>. 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.

---

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

22) 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).

23) 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 corporations and quasi-corporations can also be insurance policy holders too.

24) For an overview of the schemes that apply for the individual shareholder see European Commission (2003b).

**Box C.13: Definition of the implicit tax rate on corporate income**

Implicit tax rate on corporate income	Taxes on corporate income/ B2n_S11-12 + d41_S11-12rec - d41_S11-S12pay + d45_S11-12rec - d45_S11-12pay + d42_S11-12rec - d42_S11-12pay + d42rec. by S13 + d42rec. by S2 + d42rec. by S14-15 + d44_S11-12rec – d44_S11-12pay
<i>Numerator:</i> d51b+d51c2	Taxes on the income or profits of corporations including holding gains
<i>Denominator:</i> B2n_S11-12	Net operating surplus of non-financial and financial corporations (incl. quasi-corporations)
d41_S11-12rec	Interest received by non-financial and financial corporations
d41_S11-12pay	Interest paid by non-financial and financial corporations
d45_S11-12rec	Rents on land received by non-financial and financial corporations
d45_S11-12pay	Rents on land paid by non-financial and financial corporations
d42_S11-12rec	Dividends received by non-financial and financial corporations
d42_S11-12pay	Dividends paid by non-financial and financial corporations
d42_S13rec	Dividends received by general government
d42_S2rec	Dividends received by rest of the world
d42_S14-15rec	Dividends received by households, self-employed and non-profit institutions
d44_S11-12rec	Insurance property income attributed to policy holders received by non-financial and financial corporations
d44_S11-12pay	Insurance property income attributed to policy holders paid by non-financial and financial corporations

However, it would be deceptive to count only the dividends received by financial and non-financial corporations. Because the net operating surplus out of which dividends are distributed is already part of the denominator the dividends would be partly counted twice. Dividends distributed by a company belonging to the financial or non-financial domestic corporations sectors should not be counted. Only dividends received from abroad should be taken into account when constructing the ITR for all corporations.

Unfortunately information on dividends distributed from the rest of the world to domestic corporations is not available in the Eurostat database of national accounts. For dividends (and nearly all other flows in national accounts) we only know what a specific sector receives from all other sectors and what it pays to all other sectors. However, this information can be used to approximate the dividends received by corporations from abroad. From the total sum of dividends received by corporations (d42rec\_S11-12) we deduct the dividends distributed by domestic corporations (d42pay\_S11-S12) in order to avoid double counting. However this deduction is too large, as only the dividends distributed to domestic corporations should be subtracted. Therefore, dividends received by the government (d42rec\_S13), the rest of the world (d42rec\_S2) and households (d42rec\_S14-15) are added to the denominator. This approximation is only fully correct under the assumption that the government and households do not receive dividends directly from abroad but through domestic banks and insurance companies. While this assumption seems reasonable for the government, for households it can be expected that they receive a certain part of dividends from abroad, meaning that the dividends included in the denominator are overestimated.

### Box C.14: Definition of the implicit tax rate on capital and business income of households

Implicit tax rate on capital and business income of households (incl. self-employed)	Taxes on capital and business income of households/  $B2n\_S14-15 + B3n\_S14 + d41\_S14-15rec - d41\_S14-15pay + d45\_S14-15rec - d45\_S14-15pay + d42\_S14-15rec + d44\_S14-15rec$
<i>Numerator:</i>	<i>see Box C.8 - taxes on the capital and business income of households</i>
<i>Denominator:</i>	
B2n_S14-15	Imputed rents of private households and net operating surplus of non-profit institutions
B3n_S14	Net mixed income of self-employed
d41_S14-S15rec	Interest received by households, self employed and non-profit organisations
d41_S14-S15pay	Interest paid by households, self employed and non-profit organisations
d45_S14-S15rec	Rents on land received by households, self employed and non-profit organisations
d45_S14-S15pay	Rents on land paid by households, self employed and non-profit organisations
d42_S14-15rec	Dividends received by private households, self-employed and non profit organisations
d44_S14-15rec	Insurance property income attributed to policy holders received by private households, self-employed and non-profit organisations

Due to the double taxation of dividends at the company level and at the shareholder level these payments (or the underlying profits) need to be included in both indicators, for corporations and for households. With these definitions the ITRs on capital and business income for households and on corporate income do not sum up to the overall ITR. For the overall implicit tax rate on business and capital income the dividend payments between the corporations and the households' sector need to be consolidated.

But with the 'property income attributed to insurance policy holders (d44)' there exists another income flow for distributing profits from financial corporations to private households<sup>25)</sup>. 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)<sup>26)</sup>, which, in national accounts, is transferred via the d44 transaction, 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 a financial institution. Several methods are used. In some cases, the institution is tax-exempt (certain pension funds), in other cases income

25) 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 net d44 is close to 0 and represents nearly exclusively a flow from financial corporations to households.

26) 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.

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 this publication did not take the flow d44 into account. This means that the return on investment was fully allocated to financial corporations. It was based on the fact that there is no actual flow of income in the period in which insurance companies earn income on behalf of policyholders. In national accounts, income received by insurance companies or pension funds by investing their technical reserves in financial assets or buildings is only 'attributed' to policy insurance holders. It is 're-collected' afterwards through imputed higher insurance contributions. Because these flows are purely imputed within national accounts, no taxes - at this stage - are raised on the level of the insurance policy holder.

However, it seems that the tax exemption of such earnings is the dominant regime for the taxation of pension funds and insurance companies in Europe. It means that d44 paid by financial corporations has to be deducted from the ITR tax base for corporate income. In the countries where capital yield taxes are levied on these earnings and the tax revenues are allocated to corporations, the ITR on corporations would be overestimated.

In turn, d44 is added to the ITR tax base for the capital income of the households sector. In most countries, private households are taxed on the benefits or distributions by pension funds or insurance companies when the payoff period starts. This can be an amount of capital or an annuity. For the definition of an ITR on capital income for households this means that we encounter a problem of periodicity. With the property income earned on behalf of the policy holder period by period, insurance companies build up reserves (liabilities) in order to pay the benefits in later periods. However, d44 could be regarded as proxy for the taxable part of pension benefits and insurance payoffs, which would not include the initial contributions or premiums.

The corporations sector in national accounts also comprises partly unincorporated enterprises, the so-called quasi-corporations. In many countries, these quasi-corporations also have to pay corporate income tax. However, there are some important exceptions. In Germany, partnerships (*Personengesellschaften*) constitute a large number of the country's companies and these are treated as quasi-corporations. Their production and profits etc. are recorded in the corporations sector in national accounts. Because they do not have an independent legal status, their owners are taxed under the PIT scheme. The related tax payments are recorded within the households sector in national accounts<sup>27)</sup>. 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 proportion of companies, it would be possible to employ a similar adjustment. However, the German authorities have expressed doubts on whether this adjustment would lead

27) PIT revenues are also recorded in the government sector which receives the payments.



to results that are fully comparable with other countries. The ITR on corporate income is generally lower than the statutory corporate tax rate. This can be explained by the fact that the ITR incorporates the effect of reduced rates (e.g. for certain assets, sectors or small profits), tax deductions affecting the base and the effects of tax planning by corporations in order to minimise their tax payments. It should furthermore be noted that the financial corporations described in national accounts include central banks and pension funds, while their profits, which are included in the denominator of the ITR, are not always subject to taxation. This is another element that explains the relatively low level of the ITRs. Making a comparison with an ITR using micro data from tax statistics, Valenduc (2001) finds that the ITR based on macro data tends to underestimate the effective taxation on company profits.

It is however possible that the ITR on corporate income exceeds the statutory corporate tax rate. This may depend, for instance, on the payment by corporations of taxes referring to profits earned earlier, or on taxes paid on capital gains (which are not included in our ITR denominator owing to a lack of statistics). A less straightforward but probably important effect is due to the impact of loss-making companies which not only individually display a zero ITR but curiously drive up the ITR for all profit-making companies; their own negative Net Operating Surplus in fact offsets an equivalent but positive NOS realised by other businesses which turn a profit and pay taxes on it.

The sensitivity to the business cycle is a general feature of backward-looking indicators that measure the average effective tax burden on economic activities. In principle, *ceteris paribus*, three different factors affect the ITR on capital income in an economic recovery:

- In countries with a progressive personal income tax, the ITR should rise in an upswing. If taxable income from capital and self-employment increases, the taxes raised on this income increase faster.
- Corporate tax schedules are generally not progressive and, therefore, the economic cycle should not affect the ITR via that channel of influence. However, some Member States do apply lower rates for small and medium sized enterprises. In an ongoing upswing some of these companies will exceed the tax legislative thresholds resulting in a higher tax burden.
- Rules on carry forward of company losses will generally result in asymmetric effects on the ITR. First, there is an asymmetry with regards to the timing of tax payments: when relying on aggregate data from national accounts, corporate income tax revenues appearing in the numerator of the ITR are reduced by losses incurred in prior years, while the denominator is reduced by losses in current years. The numerator effect is caused by so-called loss 'carry forward' provisions in the tax legislation. The denominator effect results from the inclusion of loss-making firms, with current losses from loss-making firms offsetting profits of profitable firms in the aggregation. Losses are therefore incorporated in both the numerator and the denominator, but the losses are reflected in the ITR asymmetrically, in the sense that they refer to different periods. At the beginning of an economic upswing, more firms will make profits. Initially the ITR on capital is reduced, because the resulting increase in profits is immediately reflected (in the denominator) but not fully in the tax payments (in the numerator) as losses from previous years are carried forward. However, one could expect that the latter effect diminishes over time, as loss-carry forward provisions are often restricted in time and more and more companies make profits as the upswing persists. This diminishing effect of loss carry-over provisions should therefore lead to a gradual increase in the ITR on capital due to progressive increases in tax payments. Second, a recessionary phase will generally exert an asymmetric impact on the numerator and the denominator of the ITR: the denominator will show the full amount of the decrease in aggregate corporate profits whereas the numerator will not reflect the full extent of the deterioration as a portion of taxpaying companies would have shown zero profits already in the preceding year and further deterioration is not taken into account (hence a greater effect on the denominator than on the numerator resulting in a slight anti-cyclical bias).

All in all, these effects are likely to offset each other to a certain extent in the initial phases of the cycle. However, in a long lasting economic upturn these channels of influence will point most likely to an increase in the implicit tax rate on capital with a certain time lag.

### *Structural factors affecting the development of capital ITR*

Beyond the effects of the business cycle, the changes in the ITRs might also reflect more structural changes, in particular in the composition of income. For example, given the increase in stock market capitalisation in the years 1995-2000 and 2002-2007, it is likely that significant capital gains were achieved by both companies and households, resulting in an increase in financial income. This change in the composition of income is not clearly discernible from national accounts income data, nor is it included in the tax base of the ITR. The additional tax revenues related to this kind of income could therefore have induced a rise in the ITRs on capital income, leading to an overestimation of the effective tax burden on capital income of the private sector. Following the same line of reasoning, the downturn in stock markets could be an important element in explaining the reduction in the ITR on capital income in 2001-2002.

Moreover, different tax provisions for different sources of income offer an additional explanation for the increase in the ITR on corporate income. Specific tax rates or special types of tax relief apply to different sources of income or expenditure. A common feature of corporate tax systems, for instance, is to favour debt finance relative to the financing of new investments by issuing new equity. For the ITR, dividend and interest payments are aggregated within the tax base. If financial markets induced a shift from interest to dividend payments, the taxable base would increase. In this case companies will pay more taxes on capital since the deduction of interest expenditure for determining taxable profits is phased out. At the same time, however, the aggregate and consolidated tax base of the ITR will net off all flows of dividend distributions or interest payments between different companies (for instance between non-financial companies as borrower and banks or insurance companies as creditor) and private households. If a shift occurs from interest to dividend payments, it will not show up in the denominators, and hence the capital ITR will remain constant. The overall result of the higher tax revenues would be an increase in the ITR reflecting a higher effective tax burden that is caused by the effects of the tax legislation<sup>28)</sup>.

### **Implicit tax rate on energy**

The nominal ITR on energy is calculated as the ratio between total energy tax revenues and final energy consumption, as calculated by Eurostat aggregating different energy sources on the basis of each source's net calorific value. Although out of analogy with the ITRs on labour, consumption, and capital the title ITR is employed, it should be noted that the former three are dimensional numbers while the ITR on energy is expressed in euros per ton of oil equivalent.

The real ITR on energy differs from the nominal ITR in the sense that the nominal euro amount in the numerator of the ratio is deflated with the cumulative % change in the final demand deflator from the first year in the series. Note that this introduces a slight distortion in the European averages on account of the different starting points in time.

### **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 have been used to split recorded tax revenues into more detailed categories. This is of particular importance for 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

28) 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.



the personal income tax from tax return data. The methods attribute personal income tax to four main taxable income sources (see Box C.15):

### Box C.15: Broad definition of the selected income sources

Income source	Type of taxable income components included
Employed labour	Wages and salaries Fringe benefits in kind Directors' remuneration Foreign source earned income Financial participation schemes (e.g. stock options) Deemed income from private uses of company cars
Self-employed labour	Income from unincorporated businesses Profits from trade or business and proceeds from independent professional services (e.g. dividend distributions from closely-held companies)
Capital	Income from movable property (e.g. dividends, interest, distributions, royalties) Income from immovable property (rents earned on letting a private dwelling, etc) Periodic transfers and private pensions Taxable capital gains for some Member States Other (e.g. rental value owner-occupied housing)
Transfers and pensions	Taxable social benefits (e.g. unemployment, health care and social assistance benefits) State pension benefits Occupational pension benefits

The resulting estimates of the personal income tax revenue that could be attributed to these taxable income sources are used in the numerators for the implicit tax rates on labour and capital (using relevant aggregate economic incomes as denominators) and in the breakdown of taxes across the economic functions (i.e. taxes on consumption, labour and capital, as a percentage of GDP).

#### *The flaws of aggregate data and advantages of micro-data*

Under an approach using only aggregate data, total personal income tax raised in respect of labour (capital) income is often estimated as the proportion of aggregate labour (capital) income in 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 are divided by the aggregate approximation of labour and capital income in the economy to obtain the overall effective personal income tax rate, which can subsequently be applied to the labour (capital) income in order to estimate the income tax levied from labour (capital) income<sup>29</sup>). This ignores the fact that

29) 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.

effective rates on personal income tax vary across different taxable income components and groups of taxpayers. Even where, for example, labour and capital income are pooled together for tax purposes at the individual level, such an approach may be criticised where aggregate labour income is believed to be subject, on average across taxpayers, to a significantly different average effective tax burden than capital income<sup>30</sup>. 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 aggregate taxpayer personal income. This approach implicitly assumes that labour and capital income (or other forms of taxable income) are subject to one (common) average effective tax rate<sup>31</sup>. 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 source<sup>32</sup>.

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 compared to other earned taxable income. Forcing the latter assumption (of special tax concessions) on the data would however be a shortcoming of the analysis. Also, most Member States tend to tax pension benefits or social benefits more favourably than earned income from labour, either by way of increased tax allowances or tax credits that are age-based, or by partial exemptions from the tax base. Using micro data sets that include separate reported figures at the taxpayer level for the items of income on which the personal income tax is raised, it is possible to account for such effects<sup>33</sup>.

### *The methodological approaches*

Most Member States basically multiply individual income tax payments by proportions of the selected income sources in the total taxpayer's income (Belgium, Denmark, Germany, France, the Netherlands, Ireland, Luxembourg, Finland and Sweden). This is done both by way of micro-simulation models relying on samples from the total taxpayer population and by way of use of exhaustive tax return data-sets (e.g. Belgium and Ireland). The corresponding estimates obtained at the taxpayer level are consequently aggregated to obtain estimates of the

30) See also OECD (2000, 2002b), Clark (2002) and De Haan, Sturm and Volkerink (2002).

31) 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.

32) See also OECD (2000, 2002b) and De Haan, Sturm and Volkerink (2002).

33) 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.

personal income tax raised in respect of the selected sources of income. For example, the total amount of personal income tax raised in respect of labour income,  $PIT(labour)$  could be estimated as follows:

$$PIT(labour) = \sum_j (W_j / Y_j) * PIT_j = \sum_j w_j * PIT_j$$

where  $W_j$  measures the labour income of the  $j$ -th taxpayer in a sample of individuals ( $j=1, \dots, n$ ) and where  $PIT_j$  measures the personal income tax payment of the  $j$ -th taxpayer on his total taxable income  $Y_j$ . The above equation therefore measures the total personal income tax raised on labour income as a weighted average of each individual taxpayer's payment  $PIT$ , with the weights  $w_j = (W_j/Y_j)$  attached to these individual payments reflecting the distribution of total wages and salaries across taxpayers.

Some Member States (Spain, Italy and Greece) instead use tax return data that is aggregated at the level of a number of income classes or income tax brackets ( $j=1, \dots, n$ ), but essentially make the same calculations. The latter approach is likely to capture broadly comparable effects of the differences in tax treatment and the distribution of income sources across different groups of taxpayers.

Some Member States (Austria, Portugal) choose another approach and use tax receipts data from the wage (withholding) tax and (final) income tax statistics and apply a number of adjustments. Wage (withholding) tax is by its very nature designed to approximate the final income tax liability for wage earners as closely as possible, but in some cases there are certain adjustments for income tax assessments, because the wage tax withheld is not correct (e.g. because of different 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 a wage tax can also be levied on social benefits (e.g. unemployment benefits, widower's benefits and invalidity benefits) or old-age pensions, the recorded wage tax is adjusted accordingly. The (adjusted) personal income tax is further split between income from self-employed businesses and capital income, either using aggregate proportions or information aggregated at the level of income classes (Austria). The latter approach is also likely to capture broadly comparable effects of the differences in tax treatment and the distribution of income sources across different groups of taxpayers as outlined above.

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 compared to other earned income. In most cases, however, 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 taxable income and dividend income is treated as the top slice of taxable income. Unlike the method used in other Member States, the United Kingdom calculation therefore does not assume that the individual taxpayer has the same average effective income tax rate over all income sources (see also above). Instead, income source specific income tax rates are multiplied by the selected income sources at the taxpayer-level.

**Box C.16: Overview of methods to estimate the allocation of the personal income tax**

Countries	Data	Basic method
BE, DK, DE, FR, NL, IE, LU, LV, MT, PL, FI, SE, SI, NO	Data-set of individual taxpayers	Personal income tax payments multiplied by fractions of net taxable income sources (as percentage of the total tax base) at the level of the individual taxpayer
UK	Data-set of individual taxpayers	Income source specific income tax rates multiplied by net taxable income sources at the level of the individual taxpayer
BG, CY, ES, EL, IT, LT	Income class data based on data-set of individual taxpayers	Personal income tax payments multiplied by fractions of net taxable income sources (as percentage of the total tax base) at the level of income classes/tax brackets
AT, CZ, EE, HU, PT, RO	Tax receipts data from withholding- and income tax statistics	Approach using aggregate withholding tax and final assessment income tax data with certain adjustments.

*Credits and deductions*

Income sources are, insofar as it is possible, measured net of tax base deductions or allowances that are exclusively earned on these income sources (e.g. allowance for savings, expenses incurred in maintaining labour income). This is important, as tax breaks and concessions given in respect of the tax on capital income can be quite substantial, with the result that the estimated fraction for personal income tax raised on capital income can be rather low, and in some cases even negative (e.g. in the Netherlands and in Denmark). There is a general attempt to allocate income-specific tax credits (e.g. an additional tax credit that is earned exclusively on income from labour) to the base for splitting purposes to which it relates. Against this, the revenue effects of general tax base deductions and credits are proportionately allocated across all income sources. Further complications in calculating the bases for splitting arise due to the fact that certain income tax receipts are collected at source and certain tax breaks are granted at source, whilst others are collected and granted in the framework of the individual taxpayer's tax return. This is particularly an issue with certain components of capital income (interest, dividends, pensions, etc). There are further conceptual and practical issues with pensions and the self-employed to which there are no easy answers.

As a result of data set limitations and a degree of inconsistency between the approaches adopted by the Member States (which affects most notably the allocation of income tax to capital and social transfers and pensions), the accuracy and comparability of the estimates of the ITRs on labour and capital have been somewhat compromised. The sources of these inconsistencies are various. In some Member States, for example, tax return data are only available at income class level rather than at the taxpayer level. For some countries not all the taxable benefits from social security or old-age pension schemes could be separately identified from the tax return data. Some Member States could not incorporate the revenue effects of tax base deductions or tax credits specifically related to the main income sources. Inconsistency may also arise where Member States permit a joint assessment of the taxable income of the household (e.g. in France before 2001). To give an example, the principal earner of the household may earn labour income whereas the spouse is actually a social benefit recipient with a relatively lower income. In these cases, however, the same effective tax rate was applied to the taxpayers jointly assessed. There are further conceptual and practical problems with the treatment of pensions for which there are no straightforward solutions.

Some Member States were not able to provide full time-series coverage for all calendar years. In these cases, a trend has been assumed using simple linear interpolations, or the ratios were assumed to remain constant. In reality changes in the ratios would reflect changes either in the distribution of income or in the tax parameters. Applying

linear interpolation seems a valid method only in the absence of major tax reforms. Apart from certain simplifying assumptions and estimates of the share of personal income tax limited to specific years this new treatment of the personal income tax is a major improvement on the methodology used prior to the 2003 edition. It is found to be vastly better than an approach based on aggregate data in estimating the tax burden on non-wage income sources (in particular for social transfers and pensions and self-employment income).

### *Individual country approaches by type of approach*

#### *(A) Approach using micro- tax receipts data*

- *Belgium*: The split of the personal income tax was estimated by the Ministry of Finance using detailed revenue statistics from the national tax administration based on individual tax returns. The data set covers any assessed income, and is exhaustive. In fact, the national tax administration already splits and allocates the aggregate personal income tax revenue raised on the so-called 'global income' to the different income sources on a case-by-case basis, in order to derive entitlements of individual taxpayers to certain tax credits that are related to specific income sources. For example, the tax credits for pensions, sickness or unemployment are limited to the income tax that relates proportionally to the corresponding net income. This allocation of the tax revenue raised on the 'global income' is calculated by multiplying individual tax payments by proportions of the income types in the total taxpayer's 'global income', as outlined above. The income types are measured net of tax base deductions that are exclusively earned on these income types. Subsequently, the estimated fractions of the aggregate personal tax revenue that is raised on the selected income types depend on a proportional division of the personal income tax that is due on the 'global income' and the income tax due on 'distinct income' sources that are taxed separately. The resulting fractions are consequently applied to the sum of revenues from advance payments on earnings, advance payments of tax on self-employed persons and the amount of the final income tax assessment. The revenue from withholding tax on income from movable capital and real estate tax is not included in the above calculations; they are directly assigned to the capital income.
- *Denmark*: The split of the personal income tax was estimated by the Ministry of Taxation using a micro-simulation model that is based on a sample of micro (taxpayer-level) data. The model incorporates the information of withholdings/prepayments and final income tax returns. The model is updated annually, and used in planning the national tax policies and estimating policy alterations on tax revenues and on the income tax liabilities of taxpayers on different income levels. The model also covers other legislative areas, such as unemployment benefits, housing subsidies, social assistance and so on. The method basically multiplies individual tax payments by proportions of the income types in the total taxpayer's income, as outlined above. The income types are measured net of tax base deductions that are exclusively earned on these income types. By including net interest payments in the tax base of capital, for example, the Ministry of Taxation has taken into account the way the tax relief for mortgage interest payments and other interest payments on loans reduces the tax base of capital. This explains why the estimated part of capital income is lower than zero. The method takes into account that from 2001 onwards negative capital income can only be deducted in the municipal income tax and that from 1998 to 2001 the after tax value of the deduction for negative capital income was gradually eroded. As regards employed labour income, it should be recognised that in 1995 and 1999 wage income was taxed as follows: On the one hand the tax base for the municipal income tax and the lower limit central government tax was wage income less transport expenses and unemployment insurance contributions. On the other hand the tax base for the so-called mean limit and upper limit income tax was the part of the wage income - without any reduction for expenses - that exceeded a certain amount. If one reduces the tax base with deductible 'wage expenses', then the part of the mean limit and an upper limit income tax that is attributed to wage income is too small. Whereas if it is not taken into account the part of the municipal income tax and lower limit central government tax that is attributed to wage income is too big. The Ministry of Taxation has chosen the latter approach as it is believed that the bias will be the smallest in this case. The method in this edition treated differently the so-called share income (which is taxed separately) allocating it directly to the part on capital income.
- *Germany*: The split of the personal income tax was estimated by the Federal Ministry of Finance using a micro simulation model. This model is based on a representative sample of micro (taxpayer-level) tax return data that is used for tax forecasting purposes and pre-assessing the consequences of changes in income tax



legislation. In addition, the model allows the assessment of the solidarity tax, child benefits, the church tax and social contributions. The simulation model incorporates the information on withholdings/prepayments and final income tax returns (in Germany, nearly every private household liable to income tax must file an income tax return, employees only paying wage withholding tax are also included in the sample). The calculations do not take into account child benefits and tax-free cash grants for acquiring or constructing new occupational dwellings, which are credited against the income tax liability. These transfers are deemed as separate transfers in the context of social policy programmes. Basically, personal income tax payments were multiplied by the selected income sources at the micro level, as outlined above. The income sources are measured net of tax base deductions that are exclusively earned on these income sources. Germany employs a comprehensive income tax base. There are no income-specific rates such as lower flat rates on income from capital investment as in countries with dual income tax systems, nor does Germany grant lower tax rates or tax credits on low wages. However, the tax base may be largely offset by income-specific allowances (such as the saving allowance), tax incentives or arrangements in computing income, but these effects are captured within the calculations, because the average effective tax rate is multiplied by the net taxable income sources.

- *France*: The decomposition of the PIT was based on a sample of around 500 000 tax declarations (2 % of the total). The method basically multiplies individual tax payments by proportions of the income types in the total taxpayer's income. The income types are measured net of tax base deductions that are exclusively earned on these income types. In addition, corrections were made for the revenue effects of tax credits that are exclusively earned on the selected income types (e.g. the reimbursable tax credit, the *prime pour l'emploi*, to encourage low-paid and low-skilled workers to resume active employment). It is worth noting that France employs a joint assessment of the taxable income in the household. For example, the principal earner in the household may earn labour income whereas the spouse receives social benefits, but the total amount of personal income is jointly assessed. In the calculations for the split of the personal income tax, however, in this case the same effective tax rate has been applied to the partners jointly assessed. For the period 2001-2004 data provided by French authorities also include taxes paid on transfers. For the period 1999-2000 this was only possible if the household income included salary or self-employed labour revenues. In order to maintain comparability and consistency in the time series the split for 1999 and 2000 has been adjusted. Assuming that the changes in the shares from 2000 to 2001 are only due to the introduction of the category 'transfers', the absolute changes for the other three categories have been calculated accordingly and deducted from the original values provided.
- *Ireland*: The split of the personal income tax was estimated by the Inland Revenue using an exhaustive dataset with micro (taxpayer-level) tax-return data. The data set covers all taxpayers for which a return was received. The method basically multiplies individual tax payments by proportions of the income types in the total taxpayer's income, as outlined above. However, because there are some taxable personal income components that are taxed at a flat rate only, there is no actual split of tax revenues raised on these particular income components. The tax raised on such components is directly calculated from the tax return data. At this stage, the income types are not yet measured net of tax base deductions that are exclusively earned on these income types. This could be done in future updates of the split of the personal income tax.
- *Latvia*: The split of the personal income tax was estimated by the Ministry of Finance. Latvia's calculations are greatly simplified by the existence of one single rate of personal income tax. The calculations were based on data from personal income tax returns, in accordance with the individual taxpayers' data. The summary of Salary declarations was used to calculate personal income tax revenue from employed labour income. Information on the personal income tax paid by the self-employed was derived from the Declaration of annual income and from the advance payment tax return. Information on tax on pension payments was obtained from the State Social Insurance Agency. The lack of any records of personal income capital taxation means that this amount was taken as the residual. A part of allowances (the non-taxable minimum and allowances for dependants) is applied at the moment of the tax calculation. The tax is collected, taking into account applicable allowances. Information on the applicable allowances is obtained from the tax returns. The other allowances are obtained only after submission of Declarations of annual income to the State Revenue Service. The total PIT revenue is already shown in net form i.e. the PIT repayments made by the State Revenue Service are already taken away.
- *Luxembourg*: The split of the personal income tax was estimated by the National Statistical Office using detailed revenue statistics from the national tax administration (ACD) based on exhaustive household tax

returns (in Luxembourg PIT is based on family taxation) and on withholding revenues on employed labour and transfers. For the part on tax returns, the method basically multiplies individual tax payments by proportions of the income types in the total taxpayer's income, as outlined above. Then the withholding revenues were considered, because it is not mandatory to compile tax return if there is only employed labour or pension income. Since the distinction between withheld amounts raised on labour employed and pension income is not available, data from the social security organizations were used. When only the total amount withheld was available from a social security organization, the average rate of contribution was used as a proxy.

- *Malta:* The split of the personal income tax is based on the actual data available at the local tax authorities through the individual returns. When returning their annual declarations, all taxpayers are obliged to correctly indicate the exact source of their income on their individual tax form. This information is then captured at micro level, and is used to compile the figures submitted in the national PIT questionnaire. There is no further extrapolation on the data, except for the case of the withholding taxes on capital. Since the withholding tax is a flat percentage, this figure has been obtained based on the revenue generated from this particular source. The Maltese tax authorities are currently in the process of further improving their data reporting structure. Such further enhancement will eliminate the present need for aggregation. The availability of data in a detailed format which can be treated by adequate IT means reaches back to 1998, implying that the improvements currently under way will permit refining the estimates back until that date; before 1998 less accurate estimates will have to be produced by other means.
- *The Netherlands:* The split of the personal income tax was estimated by the Ministry of Finance using a micro-simulation model that is based on a sample with micro (taxpayer-level) data. The information is collected by Statistics Netherlands. The model is not updated annually, but annual projections are made for future years for planning the national tax policies and estimating policy alterations on tax revenues. It covers the combined tax burden of wage withholding tax, personal income tax, social contributions and wealth tax. The method basically multiplies individual tax payments by proportions of the income types in the total taxpayer's income, as outlined above. In the Netherlands, the lowest two income tax rates consist of personal income tax and social contributions; the highest two rates consist solely of personal income tax. The split has therefore been computed for both personal income tax and social contributions (which are in principle levied on all taxable personal income types). The income types are measured net of tax base deductions that are exclusively earned on these income types. A special provision applies to the capital income of owner-occupied property. This is taxed at a notional rental value, which represents the balance of revenue and expenses connected with the use of the dwelling, and is assessed using statutory tables. As normal expenses are included in the notional rental value, no expenses other than mortgage interest and ground rent may be deducted. The deduction for mortgage interest payments explains why the estimated part of capital income is lower than zero for some years. A major tax reform was implemented in January 2001. Among a number of other important changes, this reform replaced the wealth tax and personal income taxation of interest, dividend and other capital income by a single tax on the imputed income from wealth. A 4 % yield imputed on all assets is now taxed at a flat rate of 30 %, which basically implies a 1.2 % tax rate on the total wealth. The tax reform also replaced the basic employed person's tax base allowance by a non-refundable tax credit for all employees and self-employed persons. Both measures are reflected in the estimates for 2001.
- *Poland:* The split of the personal income tax was estimated by the Ministry of Finance. Poland has a progressive tax system, hence the estimate is obtained with a bottom-up methodology, starting from taxpayer-level data and the aggregating the results. For taxes levied as lump-sums the method used simply multiplies the individual tax due by proportions of the income types in total taxpayer's income. The income types are measured net of estimated social security contributions. Adjustments were made for married couples' tax returns (their joint income was used in the calculations). Owing to an important reform in 1999, which introduced tax-deductible health insurance contributions, there are two different methodologies for the years 1995-1998 and 1999-2004. For the years after 1999, the Ministry of Finance arrives at the PIT due by subtracting the amounts due as health insurance contributions that are then split across economic functions and re-introduced in the PIT split, so that the final PIT split given is homogeneous across the entire time period.
- *Finland:* The split of the personal income tax was estimated by the Ministry of Finance using a micro-simulation model that is based on a sample of micro (taxpayer-level) data. The information is collected by

Statistics Finland. The model is updated annually, and used in planning the national tax policies and estimating policy alterations on tax revenues and on the income tax liabilities of taxpayers on different income levels. The method basically multiplies individual tax payments by proportions of the income types in the total taxpayer's income, as outlined above. However, because of the dual income tax system, there is no actual split of tax revenues raised on capital income. The tax raised on capital income is directly calculated from the tax return data. The income types are measured net of tax base deductions that are exclusively earned on these income types. The statistical information on dividend income in the model contains both dividend income of the self-employed that is treated as the capital part of the income, and the dividend income from investors, that is not income from self-employed labour but capital income from for example owning shares in a listed company. The statistical information is split into dividend income from self-employment and dividend income from saving and investments using an estimate. From year 2002 the method of splitting dividend income between dividends from listed companies and the dividends of the self-employed owners has been improved. Mortgage interest payments are not deducted from the capital income, since no rental value taxation of income from home-ownership is applied.

- *Sweden*: The split of the personal income tax was estimated by the Ministry of Finance using micro-simulation models that are mainly based on administrative sample data. The models are updated annually, and mainly used in planning the national tax policies and estimating policy alterations on tax revenues and on the income tax liabilities of taxpayers on different income levels. The method basically multiplies individual tax payments by proportions of the income types in the total taxpayer's income, as outlined above. However, because of the dual income tax system, there is no actual split of tax revenues raised on capital income. The tax raised on capital income is directly calculated from the tax return data. The income types are measured net of tax base deductions that are exclusively earned on these income types. An alternative way to describe the method is to say that the individual specific average effective income tax rate is calculated to split the personal income tax across different taxable income sources. Note, however, that these average effective tax rates are computed while incorporating the revenue effects of tax credits that are exclusively earned on the selected income sources. The revenue effects of general tax credits for all taxpayers are proportionally allocated across all selected income sources.
- *Slovenia*: The split of the personal income tax was estimated by the Ministry of Finance. The calculations were based on data sets for individual taxpayers, except in the case of pensions. As most of the PIT from pensions is only accounted for but not collected the PIT from pensions is subtracted. Actual PIT collected from pensions is very close to prepayment of PIT from pensions during the year. Therefore, these prepayments are added to PIT from Transfer and pensions category. The method multiplies PIT payments by fractions of net taxable income sources (as % of total tax base) at the level of individual taxpayers. The allowances were deducted at the individual level (except in the case of pensions).
- *Norway*: The split of the personal income tax was estimated by the Ministry of Finance using a micro-simulation model called LOTTE. The model is based on the Income and Property Survey for households, collected by Statistics Norway. The personal income tax system has two tax bases: personal income, from which no deduction may be made and ordinary income. Ordinary income includes all types of taxable income from labour, transfers, business and capital. Certain costs and expenses, including interest paid on debt, are deductible in the computation of ordinary income. Dividends are regarded solely as capital income in the calculations. With the exception of the standard allowance, the basic allowance and the allowance for gifts to voluntary organizations, all allowances are entirely allocated to one income source. The basic allowance is calculated as a certain percentage of wage and pension income with a lower and upper limit. In the calculations, the basic allowance is divided according to the size of wage and pension income, respectively, for each individual. Some basic allowance is reported separately for spouse supplementary pensions, child alimonies and pensions. These are allocated to transfer income. The allowance for gifts to voluntary organizations is a general allowance and is as such divided on all income sources. Furthermore, imputed income from owner occupied dwellings from the tax returns is added to capital income. The SC and the central government income surtax are separated between the relevant income sources (labour, self-employed and transfer). The labour and transfer component in gross income is identified by the LOTTE-model. Self-employed income is more difficult to identify because of some special limitation rules for this category of income included in the personal income tax base. Actual self-employed income might therefore be higher than the taxable self-employed income included in the gross personal income tax base. However, by hooking the LOTTE model to total gross personal income reported in the tax statistics, it is possible to identify the



self-employed income in the tax base (by subtracting labour and transfer income from total gross personal income).

### Box C.17: Micro vs. Macro-data approach<sup>34)</sup>

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  $\tau_1$  measures the taxpayer's 1 average effective tax rate on the aggregate of labour and 'other' taxable income:

$$\tau_1 = \frac{PIT_1}{(W_1 - DW_1 + O_1 - DO_1)}$$

This effective income tax rate, which is an increasing function of the progressive tax rate schedule,  $t(\cdot)$ , and a decreasing function of the tax base allowances, deductions and tax liability credits, reflects taxpayer 1's position. In fact, the average effective tax rate for taxpayer 1 will differ from that of taxpayer 2 to the extent that:

- Taxpayer 1 and taxpayer 2 have the same amount of aggregate taxable income, but different amounts of labour and 'other' taxable income, and the tax system treats these two types of income differently, for example, by way of special tax credits earned on labour income or 'other' taxable income;
- Taxpayer 1 and taxpayer 2 have different levels of total taxable income, and the personal income tax is progressive.

In contrast to the micro-data approach, when relying on macro data, the notional personal income tax allocation and the measurement of the effective tax rate must rely on a single average effective tax rate estimate only, computed both across all income sources and all taxpayers. By applying this single effective tax rate to estimate the notional amount of taxes raised on the different income sources, one would omit important taxpayer- and tax treatment variation that are implicitly caught in the micro data.

In order to illustrate the degree of precision that can be reached with using micro rather than macro data, the Netherlands, Finland, Denmark and Italy have made additional calculations on the basis of only aggregate tax return data for some years. It appears that the differences for the estimated amounts of personal income tax raised on labour income were rather small. The reason is that labour income is by far the most important taxable personal income source, which means that the overall effective income tax rate (measured on the basis of the aggregate taxable income across all taxpayers) is strongly influenced by the average effective tax rate on labour income. The differences are however significant for the other taxable personal income types. If only aggregate data would be used, generally higher fractions would be computed for capital income and social transfer and pension income, and generally lower fractions would be computed for income from unincorporated businesses.

34) See also Clark (2002).

*(B) Approach using both micro- and aggregate tax receipts data*

The method employed in the United Kingdom is based on combining micro and aggregate tax record data. Also, unlike the methods outlined above, the method does not assume that the individual taxpayer has the same average effective income tax rate over all income sources. Instead, income source specific tax rates are multiplied by the selected income sources at the taxpayer level.

- *United Kingdom:* The split of the personal income tax was estimated by the Inland Revenue using a micro simulation model and aggregate tax receipt data. The micro simulation model incorporates the information of withholding taxes (PAYE), self-assessment tax returns and claims by non-taxpayers for overpaid tax deducted at sources. The method does not assume that the individual taxpayer has the same average income tax rate over all selected income sources. Instead, income-source specific tax rates are computed, because the personal income tax law prioritises the order of different types of income. For example, labour income is at the bottom of the taxable income and dividend income is treated as the top-slice of the taxable income. The total tax liability that results from the micro simulation model, grossed up to the total taxpayer population for sampling, does not exactly correspond to the total recorded tax receipts from macro tax receipt data, due to differences in definition and sampling error. The main differences between the micro and macro tax receipt data occur because some components (i.e., company income tax and unallocated tax receipts) are not modelled. Also, there are various repayments of personal income tax which are made directly at source and are not captured in the model data, including payments to pension funds, charities, special savings schemes, life insurance relief, mortgage interest relief at source, working family tax credits and vocational training relief. These elements of the macro tax receipt data have also been allocated across the selected income types, whenever this was possible.

*(C) Approach using tax-return data aggregated at the level of income classes or tax brackets*

In some Member States tax return data are used 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 personal income tax. Calculations by Italy have shown that differences from using either macro tax return data or micro data aggregated by income classes turn out to be significant for the taxable personal income types that are less important from a quantitative point of view. Although the method cannot provide the degree of accuracy of micro (taxpayer-level) data, it is believed that it is likely to capture the effects of progression of the personal income tax system and the distribution of income sources across different groups of taxpayers.

- *Bulgaria:* The split of the personal income tax was calculated by the Ministry of Finance using information from the tax returns filed in the National Revenue Agency, representing aggregated micro data per tax return. The tax base of the different types of income besides labour income is divided over the total tax base and the ratio serves as weight to measure the share of the relevant income in the total tax due. The sum of the weighted tax revenues shall be the tax due for all income except labour income. For employees receiving only labour income, the PIT is withheld by the employer. The share of every type of non-labour income mentioned before is applied to the cash revenues from all types of income besides labour income. The revenues from labour income and from non-labour income form the total revenues. The share of the labour income revenues in total PIT revenues is known, the share of the total non-labour income revenues in total PIT revenues is also known, as well as the share of each type of non-labour income within the total non-labour income revenues. The relevant shares serve as the PIT split.
- *Cyprus:* The split of the personal income tax was estimated by the Ministry of Finance. The calculations were based on tax assessment data, which were grouped by category of income and by tax bracket into 26 income classes. The recorded personal income tax payments are multiplied by the taxable income sources for each class and then divided by the aggregate taxable income of the class. The income types are measured as net

taxable personal incomes. All deductions have been allocated to the correct base class and category for the purposes of the split. The personal allowances have been allocated in proportion to the income sources.

- *Greece*: The split of the personal income tax was estimated by the Ministry of Finance in cooperation with the National Statistical Service and Prof. Geogakopoulos from the Athens University of Economics. The calculations were based on data from personal income tax returns, which were grouped by category of income and tax bracket. Basically, the method multiplies tax payments by proportions of the income types in the total taxpayer's income, as outlined above, but aggregated at the level of income classes. The income types are measured as net taxable personal incomes. In order to split between income from employed labour and transfers data from the General Secretariat of Information Systems were used. The final percentages are comprehensive of tax on savings, which is included in category d51a in addition to tax revenue from personal income tax; the total amount of this category constitutes tax on capital and, given that this tax is not calculated on the total income of households, it was added to income tax from capital in the calculations.
- *Lithuania*: The split of the personal income tax was estimated by the Ministry of Finance based on data from the State Tax Inspectorate. Data coverage is very high (99.9 % to 100 % of actual payments by the different revenue group of personal income tax). Lithuania's calculations are simplified by the existence of a dual rate system for earned and unearned income. The categorisation of income taxes allowed most elements to be allocated to their economic functions without need for further individual or income class breakdowns. The split of personal income tax calculation breaks down the total amount of the tax refund across the various revenue groups. Payments from non-employment related or n.e.c. income were attributed to the payments from capital and income from individual activities, in proportion to the interrelation between respective income calculated according to tax return data. Adaptations to the methodology were done from 2002 to 2003 as a result of changes in the legislation which allowed deductions for life insurance and pension contributions and for certain interest payments. Note for the year 1999 data limitations required a special estimate which was based on a different methodology.
- *Spain*: The split of the personal income tax was estimated by the Ministry of Finance using tax return data aggregated in 46 income classes or intervals of the taxable base. For each individual taxpayer, the final income tax liability of the annual declaration can be obtained as the function of the taxable personal income types, certain tax allowances in the taxable base, a double tax schedule, their allotment between the regular taxable base and the irregular one (for incomes or capital gains realised in more than one year) and a series of tax credits to the tax liability. Following this structure and certain procedures specified for the assignment of deductions to certain income sources, it is supposed that the tax liability corresponding to the regular part of the taxable base is distributed among the income types in a proportional way to the weight of each one in the total amount of the declared income, as outlined above. The personal income tax reform of 1999 has changed the structure of the tax system. The method has been adapted to take account of the most important changes. The fraction of the personal income tax raised in respect of social transfers and pension benefits could not be estimated by using the personal income tax statistics. The Ministry of Finance used statistics from the national accounts for this purpose. It is however believed that using national accounts figures leads to an overestimation of the fraction of personal income tax that can be attributed to social transfers and pension benefits. The social transfers in national accounts also include some social transfers which are not taxed. Furthermore, the amount of some social transfers is probably situated below the income tax threshold, and therefore, may not be included in the personal income tax returns. A much more detailed (technical) description of the method employed by the Ministry of Finance is available upon request.
- *Italy*: The split of the personal income tax was estimated by the Ministry of Finance using a micro data set containing IRPEF tax return data for all taxpayers. Instead of computing an average tax rate for each individual taxpayer, the information was allocated to thirty-five classes of gross income. Basically, the recorded personal income tax payments were multiplied by the selected net taxable income sources over the sum of the net taxable income sources at the income class level. The income types are measured net of tax base deductions that are exclusively earned on these income types. In addition, corrections were made for the revenue effects of tax credits that are exclusively earned on the selected income types. In addition to the recorded IRPEF tax revenues, IRPEF payments received by the treasury on denominations other than IRPEF were incorporated in the calculations. These include tax on dividend distributions and dividend withholdings, which were directly allocated to the capital income category.

Taxes and social contributions paid by the self-employed are allocated to the capital and business income category<sup>35)</sup>. Italy proposed to split tax revenues from income of self-employed in 80 % and 20 %, because most of the self-employed in Italy are more comparable to dependent employed workers. The 80 % are related to labour and the 20 % are linked to capital income of self-employed. The mixed income of self-employed should be split accordingly. Social contributions of self-employed are attributed to labour in the Italian method. The following table shows how this different treatment of self-employed would affect the ratios of table C and D.

**Table C.1 Italian method**

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>C. Structure according to economic function as % of GDP</b>												
Labour	23.6	24.9	25.9	26.7	26.3	25.7	25.8	25.6	25.7	25.3	25.6	25.9
Employed	16.2	17.8	18.6	18.4	18.1	17.7	17.8	17.9	18.0	17.8	18.1	18.3
Paid by employers	8.5	10.1	10.7	10.4	9.9	9.9	10.0	10.1	10.3	10.2	10.5	10.5
Paid by employees	7.7	7.7	7.9	8.0	8.2	7.8	7.9	7.9	7.7	7.6	7.7	7.8
Self-employed (80 % incl. SSC)	5.5	5.2	5.2	6.1	6.1	6.0	5.8	5.5	5.6	5.4	5.3	5.4
Non-employed	1.9	1.9	2.0	2.2	2.1	2.0	2.2	2.1	2.1	2.1	2.2	2.2
Capital	8.8	9.2	9.9	8.2	8.3	8.0	8.1	7.7	7.7	7.4	7.1	8.0
Capital and business income	4.9	5.6	6.1	4.9	5.3	5.4	5.6	4.8	5.1	4.6	4.4	5.2
Income of corporations	2.9	3.3	3.8	2.8	3.2	2.9	3.7	3.1	3.5	3.0	2.8	3.5
Income of households	1.8	2.0	2.0	1.6	1.6	2.1	1.4	1.3	1.1	1.1	1.2	1.3
Income of self-employed (20 %)	0.3	0.3	0.3	0.4	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Stocks of capital / wealth	3.9	3.6	3.8	3.3	3.0	2.6	2.5	2.8	2.6	2.8	2.7	2.8
<b>D. Implicit tax rates</b>												
Labour employed	36.7	39.3	40.9	42.2	41.7	41.1	41.1	40.8	40.8	40.4	40.5	40.9
Capital	29.5	30.2	35.4	30.7	32.5	31.0	30.4	30.6	31.7	30.6	30.6	35.3
Capital and business income	16.4	18.4	21.8	18.2	20.8	20.9	21.1	19.3	20.9	19.0	19.1	23.0
Corporations	14.1	16.2	18.7	14.0	22.7	20.6	24.2	20.9	24.2	21.0	20.7	21.7
Households and self-employed	8.2	9.0	9.9	9.4	9.5	11.8	8.7	8.2	7.9	7.9	8.3	9.1

Source: Commission Services

#### *(D) Approach using aggregate withholding tax and final assessment income tax data with certain adjustments*

In some Member States the estimates of the split of the personal income tax were computed on the basis of aggregates statistics of withholding tax and final personal income tax by assessment.

- *Austria*: The split of the personal income tax was estimated by the Ministry of Finance using statistical information from the wage withholding tax and the final income tax by assessment. Taxes raised on income from employed labour are withheld by the employer at source, and the wage tax system is designed to approximate the final personal income tax as closely as possible, but in some cases certain repayments have to be made by the tax administration. This can for example occur if the taxpayer receives income from several jobs or pensions during one year, or if there are different payments per month or deductions for special expenses etc. As these repayments concern only wage taxpayers, the total net amount of the repayments was deducted from the total recorded wage tax, and the recorded income tax was adjusted accordingly. Also, the income from employment includes income in the form of social transfers and pension benefits received. The recorded revenue of the wage tax was also corrected for the relevant amount to arrive at the fraction of income tax levied on labour income. The revenue of the personal income tax by assessment largely reflects entrepreneurial income and income from capital. The (corrected) recorded revenue from the personal income was split between the two sources, using tax-return data aggregated at the level of a number of income classes as outlined above.
- *Czech Republic*: The split of the personal income tax was estimated by the Ministry of Finance. Three PIT accounts exist; the first, wage tax withheld by the employer is purely labour, the second, withholding tax, is

35) 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.

presumed to be purely capital, and the tax paid per tax return was split. The calculations were based on data from personal income tax returns, which were grouped by category of income and by tax bracket into 20 classes. The method multiplies tax payments by proportions of the income types in the total taxpayer's income, aggregated at the level of income classes. The income types are measured as net taxable personal incomes. In calculating the split between income from employed labour and transfers, it was found that almost all the transfers were tax exempt (0.001 % of the total PIT revenue) so all were allocated to employed labour. All deductions have been allocated to the correct base class and category for the purposes of the split.

- *Hungary*: The split of the personal income tax was estimated by the Ministry of Finance using aggregate statistical information from individual personal income tax returns and the declarations of enterprises on withholding tax. The share of the personal income tax on labour is related to the total revenue from the personal income tax by deduction of shares pertaining to capital and to self-employed income together with a weighted proportion of the tax credits from the latter.
- *Estonia*: The split of the personal income tax was estimated by the Ministry of Finance using micro-level data from the income tax returns and withholding tax statistics. Different approaches were used for determining the PIT splits depending on data availability. Thanks to the very good quality and detail of the data for 2004, the split for this year is the most thorough. Firstly withholding tax returns were used to derive the split in the case of resident natural persons who didn't submit the 2004 income tax return. As in the case of withholding tax returns the income is already divided between 19 different income categories, the data was grouped between income from labor, capital and transfers. Secondly withholding tax returns, where payments to non-resident natural persons are declared and divided into 11 different income sources, were used and the PIT split obtained. In both cases the allowed deductions are taken into account finding the PIT split. In the third step, based on the income tax returns, firstly PIT from self-employed labour was estimated. As from 2004 the increased basic exemption in event of pension is declared on the income tax return, it was assumed that only resident natural persons who are entitled to pension declare it and would be able to use this deduction. In the case of other income sources, *id est* income from Estonia, gains from transfer of property, other income and income from abroad, all the deductions (including basic tax allowance) were allocated proportionally over the income sources, except the special deduction for self-employed persons in agriculture, which was allocated to their income. The split for the years 2001-2003 was made based on withholding tax returns on non-resident natural persons and on income tax returns. The estimates concerning 1996-2000 were made based solely on the income tax returns data.
- *Portugal*: The split of the personal income tax was estimated by the Ministry of Finance using information from personal income tax returns except for the amount of tax raised on capital income, which was estimated using information of both withholding taxes and personal income tax returns. The estimates are based on three data-sets: (1) aggregate net taxable incomes by category of income; (2) tax liabilities by category of income or groups of categories, depending on the type of tax returns. Some households only earn income from one category of income (e.g. income from labour), and so the tax liability is directly imputable to that category but other households simultaneously earn income from more than one category (e.g. income from labour and income from self-employed labour); (3) aggregate data from withholding tax returns relating to incomes subject to a final withholding tax, which, in general, are not reported in tax returns (e.g. interest on bank deposits). The split of the personal income tax was estimated according to the following procedure. As the first step, the tax liability of households with one source of taxable personal income was directly allocated. As the second step, from the aggregates of the net taxable incomes by category of income the net taxable incomes of households with one source of income were subtracted. Third, the aggregate tax liability of households which earn more than income was split. This split was made in proportion to the aggregate taxable incomes for each category that resulted from the second step. In this step it was thus assumed that all categories of income are subject to a common average effective tax rate. Finally, the revenue from the final withholding tax was added to the relevant categories. It should be noted that this assumes that none of the incomes subject to a final withholding tax is reported in the tax return and so could result in double counting. However, in practice, it is believed that the amounts concerned are not of great magnitude.
- *Romania*: The split of personal income tax was estimated by the Ministry of Finance in collaboration with the National statistical office using aggregate statistical information of the general personal income tax revenues, and the afferent taxable base, divided on the relevant categories.



### *Estimates of the split of personal income tax*

The following tables present the resulting estimates for the split of the personal income tax. Looking at the estimates, there are some noticeable differences, in particular for the income tax allocated to capital and social transfer and pensions benefits. By including net interest payments in the tax base of capital, for example, some Member States (e.g. Denmark and the Netherlands) have taken into account the way the tax relief for mortgage interest payments and other interest payments on loans effectively reduces the tax base of capital. This explains why the estimated fraction for personal income tax raised on capital income is sometimes relatively low (or even negative) for a number of Member States. In some Member States such deductions are less significant or non-existent, while others were unable to take the revenue effects of such specific tax base deductions yet into account. Also, some Member States were unable to estimate the amount of personal income tax on (taxable) social transfers, while others could not distinguish (between different types of) pension benefits. Inevitably this may have had some consequences for the implicit tax rates on labour and capital. The estimates for the amount of personal income tax allocated to capital income and social transfers and pensions would benefit from future work. What is furthermore noteworthy from the table is the fact that the personal income tax revenue allocated to (employed) labour income appears to be relatively low in Greece, Spain and Italy.

**Table C.2 Estimates for the split of the personal income tax**  
Personal income tax revenue allocated to employed labour income

1995-2006, in % of total revenue of personal income tax

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
BE	<b>0.749</b>	<b>0.741</b>	<b>0.747</b>	<b>0.740</b>	<b>0.744</b>	<b>0.750</b>	<b>0.752</b>	<b>0.753</b>	<b>0.751</b>	<b>0.768</b>	<b>0.768</b>	<b>0.768</b>
BG	-	-	-	-	-	<b>0.882</b>	<b>0.888</b>	<b>0.859</b>	<b>0.891</b>	<b>0.878</b>	<b>0.856</b>	<b>0.841</b>
CZ	<i>0.797</i>	<i>0.797</i>	<i>0.797</i>	<i>0.797</i>	<i>0.797</i>	<i>0.797</i>	<b>0.797</b>	<b>0.808</b>	<b>0.809</b>	<b>0.821</b>	<b>0.867</b>	<i>0.867</i>
DK	<b>0.724</b>	<b>0.728</b>	<b>0.738</b>	<b>0.725</b>	<b>0.728</b>	<b>0.755</b>	<b>0.758</b>	<b>0.755</b>	<b>0.745</b>	<b>0.733</b>	<i>0.733</i>	<i>0.733</i>
DE	<b>0.757</b>	<b>0.729</b>	<b>0.734</b>	<b>0.724</b>	<b>0.704</b>	<b>0.736</b>	<b>0.752</b>	<b>0.763</b>	<b>0.754</b>	<b>0.741</b>	<b>0.707</b>	<b>0.726</b>
EE	<b>0.959</b>	<b>0.959</b>	<b>0.937</b>	<b>0.945</b>	<b>0.936</b>	<b>0.929</b>	<b>0.938</b>	<b>0.915</b>	<b>0.913</b>	<b>0.902</b>	<b>0.864</b>	<b>0.888</b>
GR	<b>0.473</b>	<b>0.484</b>	<b>0.497</b>	<b>0.484</b>	<b>0.498</b>	<b>0.495</b>	<b>0.494</b>	<b>0.487</b>	<b>0.487</b>	<b>0.507</b>	<b>0.519</b>	<b>0.510</b>
ES	<b>0.527</b>	<b>0.535</b>	<b>0.544</b>	<b>0.545</b>	<b>0.536</b>	<b>0.546</b>	<b>0.557</b>	<b>0.558</b>	<b>0.564</b>	<b>0.563</b>	<b>0.555</b>	<i>0.555</i>
FR	<i>0.603</i>	<i>0.603</i>	<i>0.603</i>	<i>0.603</i>	<b>0.603</b>	<b>0.583</b>	<b>0.603</b>	<b>0.593</b>	<b>0.593</b>	<b>0.593</b>	<b>0.594</b>	<b>0.583</b>
IE	<b>0.843</b>	<b>0.842</b>	<b>0.840</b>	<b>0.830</b>	<b>0.842</b>	<b>0.833</b>	<b>0.817</b>	<b>0.811</b>	<b>0.802</b>	<b>0.804</b>	<i>0.804</i>	<i>0.804</i>
IT	<b>0.589</b>	<i>0.578</i>	<i>0.567</i>	<b>0.556</b>	<b>0.564</b>	<b>0.555</b>	<b>0.553</b>	<b>0.561</b>	<b>0.552</b>	<b>0.545</b>	<i>0.546</i>	<i>0.545</i>
CY	<i>0.891</i>	<i>0.891</i>	<i>0.891</i>	<i>0.891</i>	<i>0.891</i>	<i>0.891</i>	<b>0.891</b>	<b>0.915</b>	<i>0.915</i>	<i>0.915</i>	<i>0.915</i>	<i>0.915</i>
LV	<i>0.995</i>	<i>0.993</i>	<i>0.992</i>	<i>0.989</i>	<b>0.975</b>	<b>0.953</b>	<b>0.965</b>	<b>0.950</b>	<b>0.968</b>	<b>0.972</b>	<b>0.974</b>	<b>0.963</b>
LT	<i>0.917</i>	<i>0.917</i>	<i>0.917</i>	<i>0.917</i>	<b>0.917</b>	<b>0.908</b>	<i>0.904</i>	<b>0.900</b>	<b>0.912</b>	<b>0.913</b>	<b>0.901</b>	<b>0.895</b>
LU	<i>0.695</i>	<b>0.695</b>	<b>0.687</b>	<b>0.696</b>	<b>0.716</b>	<b>0.736</b>	<b>0.745</b>	<b>0.736</b>	<b>0.724</b>	<b>0.743</b>	<b>0.756</b>	<i>0.756</i>
HU	<i>0.810</i>	<i>0.810</i>	<i>0.810</i>	<i>0.810</i>	<i>0.810</i>	<i>0.810</i>	<i>0.810</i>	<b>0.810</b>	<b>0.815</b>	<i>0.815</i>	<i>0.815</i>	<i>0.815</i>
MT	<i>0.693</i>	<i>0.693</i>	<i>0.693</i>	<b>0.709</b>	<b>0.709</b>	<b>0.707</b>	<b>0.708</b>	<b>0.710</b>	<b>0.706</b>	<b>0.692</b>	<b>0.689</b>	<b>0.699</b>
NL	<b>0.655</b>	<i>0.651</i>	<b>0.647</b>	<i>0.659</i>	<i>0.670</i>	<b>0.682</b>	<b>0.643</b>	<i>0.643</i>	<i>0.643</i>	<i>0.643</i>	<i>0.643</i>	<i>0.643</i>
AT	<b>0.630</b>	<b>0.605</b>	<b>0.624</b>	<b>0.622</b>	<b>0.625</b>	<b>0.629</b>	<b>0.595</b>	<b>0.619</b>	<b>0.621</b>	<b>0.619</b>	<b>0.634</b>	<b>0.647</b>
PL	<b>0.488</b>	<b>0.520</b>	<b>0.517</b>	<b>0.510</b>	<b>0.525</b>	<b>0.526</b>	<b>0.530</b>	<b>0.519</b>	<b>0.509</b>	<b>0.530</b>	<i>0.530</i>	<i>0.530</i>
PT	<i>0.631</i>	<i>0.631</i>	<i>0.631</i>	<b>0.631</b>	<b>0.651</b>	<b>0.648</b>	<b>0.635</b>	<b>0.641</b>	<b>0.635</b>	<i>0.635</i>	<i>0.635</i>	<i>0.635</i>
RO	-	-	-	-	-	-	-	<b>0.621</b>	<b>0.643</b>	<b>0.634</b>	<b>0.690</b>	<b>0.690</b>
SI	<b>0.894</b>	<b>0.889</b>	<b>0.891</b>	<b>0.893</b>	<b>0.889</b>	<b>0.902</b>	<b>0.907</b>	<b>0.904</b>	<b>0.908</b>	<b>0.900</b>	<b>0.894</b>	<b>0.894</b>
SK	<i>0.819</i>	<i>0.819</i>	<i>0.819</i>	<i>0.819</i>	<i>0.819</i>	<b>0.819</b>	<b>0.830</b>	<b>0.830</b>	<b>0.873</b>	<b>0.802</b>	<b>0.845</b>	<b>0.845</b>
FI	<b>0.661</b>	<b>0.676</b>	<b>0.673</b>	<b>0.686</b>	<b>0.683</b>	<b>0.679</b>	<b>0.703</b>	<b>0.706</b>	<b>0.703</b>	<b>0.688</b>	<b>0.682</b>	<b>0.673</b>
SE	<b>0.715</b>	<b>0.709</b>	<b>0.706</b>	<b>0.711</b>	<b>0.688</b>	<b>0.676</b>	<b>0.711</b>	<b>0.716</b>	<b>0.690</b>	<b>0.684</b>	<b>0.671</b>	<b>0.671</b>
UK	<b>0.764</b>	<b>0.755</b>	<b>0.746</b>	<b>0.743</b>	<b>0.735</b>	<b>0.743</b>	<b>0.739</b>	<b>0.736</b>	<b>0.726</b>	<b>0.720</b>	<b>0.719</b>	<b>0.719</b>
NO	<b>0.743</b>	<b>0.742</b>	<b>0.746</b>	<b>0.754</b>	<b>0.752</b>	<b>0.738</b>	<b>0.741</b>	<b>0.754</b>	<b>0.763</b>	<b>0.756</b>	<b>0.736</b>	<i>0.736</i>

Note: The numbers printed in bold are the actual estimates; the numbers printed in italics represents either linear interpolation or fractions that were assumed to remain constant

Source: Commission Services on the basis of estimates by Member States

**Table C.3 Estimates for the split of the personal income tax**  
 Personal income tax revenue allocated to income of the self-employed  
 1995-2006, in % of total revenue of personal income tax

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
BE	<b>0.127</b>	<b>0.130</b>	<b>0.122</b>	<b>0.129</b>	<b>0.132</b>	<b>0.129</b>	<b>0.126</b>	<b>0.122</b>	<b>0.123</b>	<b>0.126</b>	<b>0.126</b>	<i>0.126</i>
BG	-	-	-	-	-	<b>0.096</b>	<b>0.086</b>	<b>0.111</b>	<b>0.087</b>	<b>0.101</b>	<b>0.119</b>	<b>0.118</b>
CZ	<i>0.165</i>	<i>0.165</i>	<i>0.165</i>	<i>0.165</i>	<i>0.165</i>	<i>0.165</i>	<b>0.165</b>	<b>0.160</b>	<b>0.159</b>	<b>0.151</b>	<b>0.108</b>	<i>0.108</i>
DK	<b>0.253</b>	<b>0.253</b>	<b>0.239</b>	<b>0.232</b>	<b>0.223</b>	<b>0.218</b>	<b>0.215</b>	<b>0.221</b>	<b>0.232</b>	<b>0.238</b>	<i>0.238</i>	<i>0.238</i>
DE	<b>0.190</b>	<b>0.221</b>	<b>0.214</b>	<b>0.224</b>	<b>0.242</b>	<b>0.213</b>	<b>0.201</b>	<b>0.192</b>	<b>0.183</b>	<b>0.193</b>	<b>0.221</b>	<b>0.207</b>
EE	<b>0.022</b>	<b>0.022</b>	<b>0.025</b>	<b>0.033</b>	<b>0.021</b>	<b>0.020</b>	<b>0.023</b>	<b>0.024</b>	<b>0.022</b>	<b>0.018</b>	<b>0.020</b>	<b>0.019</b>
GR	<b>0.279</b>	<b>0.265</b>	<b>0.245</b>	<b>0.259</b>	<b>0.238</b>	<b>0.245</b>	<b>0.242</b>	<b>0.248</b>	<b>0.248</b>	<b>0.232</b>	<b>0.203</b>	<b>0.202</b>
ES	<b>0.152</b>	<b>0.144</b>	<b>0.148</b>	<b>0.145</b>	<b>0.146</b>	<b>0.134</b>	<b>0.130</b>	<b>0.131</b>	<b>0.126</b>	<b>0.125</b>	<b>0.117</b>	<i>0.117</i>
FR	<i>0.159</i>	<i>0.159</i>	<i>0.159</i>	<i>0.159</i>	<b>0.159</b>	<b>0.179</b>	<b>0.174</b>	<b>0.169</b>	<b>0.169</b>	<b>0.168</b>	<b>0.168</b>	<b>0.154</b>
IE	<b>0.109</b>	<b>0.108</b>	<b>0.109</b>	<b>0.112</b>	<b>0.111</b>	<b>0.111</b>	<b>0.119</b>	<b>0.133</b>	<b>0.118</b>	<b>0.114</b>	<i>0.114</i>	<i>0.114</i>
IT	<b>0.162</b>	<i>0.169</i>	<i>0.175</i>	<b>0.182</b>	<b>0.186</b>	<b>0.188</b>	<b>0.183</b>	<b>0.174</b>	<b>0.183</b>	<b>0.181</b>	<i>0.177</i>	<i>0.181</i>
CY	<i>0.033</i>	<i>0.033</i>	<i>0.033</i>	<i>0.033</i>	<i>0.033</i>	<i>0.033</i>	<b>0.033</b>	<b>0.051</b>	<i>0.051</i>	<i>0.051</i>	<i>0.051</i>	<i>0.051</i>
LV	<i>0.002</i>	<i>0.002</i>	<i>0.002</i>	<i>0.002</i>	<i>0.002</i>	<i>0.002</i>	<b>0.002</b>	<b>0.002</b>	<b>0.002</b>	<b>0.003</b>	<b>0.004</b>	<b>0.004</b>
LT	<i>0.062</i>	<i>0.062</i>	<i>0.062</i>	<i>0.062</i>	<b>0.062</b>	<b>0.067</b>	<i>0.054</i>	<b>0.041</b>	<b>0.027</b>	<b>0.014</b>	<b>0.013</b>	<b>0.029</b>
LU	<i>0.121</i>	<b>0.121</b>	<b>0.116</b>	<b>0.133</b>	<b>0.102</b>	<b>0.106</b>	<b>0.121</b>	<b>0.145</b>	<b>0.159</b>	<b>0.116</b>	<b>0.113</b>	<i>0.113</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>	<b>0.019</b>	<b>0.016</b>	<i>0.016</i>	<i>0.016</i>	<i>0.016</i>
MT	<i>0.091</i>	<i>0.091</i>	<i>0.091</i>	<b>0.081</b>	<b>0.079</b>	<b>0.082</b>	<b>0.079</b>	<b>0.080</b>	<b>0.081</b>	<b>0.081</b>	<b>0.082</b>	<b>0.080</b>
NL	<b>0.185</b>	<i>0.196</i>	<b>0.207</b>	<i>0.216</i>	<i>0.225</i>	<b>0.234</b>	<b>0.234</b>	<i>0.234</i>	<i>0.234</i>	<i>0.234</i>	<i>0.234</i>	<i>0.234</i>
AT	<b>0.175</b>	<b>0.194</b>	<b>0.175</b>	<b>0.178</b>	<b>0.172</b>	<b>0.170</b>	<b>0.205</b>	<b>0.170</b>	<b>0.163</b>	<b>0.172</b>	<b>0.164</b>	<b>0.149</b>
PL	<b>0.224</b>	<b>0.185</b>	<b>0.223</b>	<b>0.232</b>	<b>0.288</b>	<b>0.265</b>	<b>0.263</b>	<b>0.254</b>	<b>0.256</b>	<b>0.246</b>	<i>0.246</i>	<i>0.246</i>
PT	<i>0.093</i>	<i>0.093</i>	<i>0.093</i>	<b>0.093</b>	<b>0.096</b>	<b>0.092</b>	<b>0.106</b>	<b>0.091</b>	<b>0.087</b>	<i>0.087</i>	<i>0.087</i>	<i>0.087</i>
RO	-	-	-	-	-	-	-	<b>0.035</b>	<b>0.037</b>	<b>0.038</b>	<b>0.041</b>	<b>0.041</b>
SI	<b>0.057</b>	<b>0.058</b>	<b>0.055</b>	<b>0.051</b>	<b>0.057</b>	<b>0.049</b>	<b>0.046</b>	<b>0.048</b>	<b>0.049</b>	<b>0.053</b>	<b>0.055</b>	<b>0.055</b>
SK	<i>0.131</i>	<i>0.131</i>	<i>0.131</i>	<i>0.131</i>	<i>0.131</i>	<b>0.131</b>	<b>0.122</b>	<b>0.135</b>	<b>0.095</b>	<b>0.173</b>	<b>0.140</b>	<b>0.140</b>
FI	<b>0.082</b>	<b>0.074</b>	<b>0.079</b>	<b>0.075</b>	<b>0.074</b>	<b>0.074</b>	<b>0.074</b>	<b>0.082</b>	<b>0.081</b>	<b>0.078</b>	<b>0.076</b>	<b>0.077</b>
SE	<b>0.023</b>	<b>0.026</b>	<b>0.027</b>	<b>0.027</b>	<b>0.028</b>	<b>0.029</b>	<b>0.030</b>	<b>0.029</b>	<b>0.028</b>	<b>0.028</b>	<b>0.032</b>	<b>0.030</b>
UK	<b>0.121</b>	<b>0.122</b>	<b>0.126</b>	<b>0.120</b>	<b>0.122</b>	<b>0.119</b>	<b>0.124</b>	<b>0.127</b>	<b>0.129</b>	<b>0.129</b>	<b>0.124</b>	<b>0.119</b>
NO	<b>0.105</b>	<b>0.094</b>	<b>0.095</b>	<b>0.095</b>	<b>0.085</b>	<b>0.089</b>	<b>0.090</b>	<b>0.091</b>	<b>0.082</b>	<b>0.088</b>	<b>0.099</b>	<i>0.099</i>

Note: The numbers printed in bold are the actual estimates; the numbers printed in italics represents either linear interpolation or fractions that were assumed to remain constant

Source: Commission Services on the basis of estimates by Member States



**Table C.4 Estimates for the split of the personal income tax**  
Personal income tax revenue allocated to capital income

1995-2006, in % of total revenue of personal income tax

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
BE	-0.016	-0.016	-0.017	-0.016	-0.017	-0.016	-0.018	-0.017	-0.018	-0.016	-0.016	-0.016
BG	-	-	-	-	-	0.022	0.025	0.030	0.022	0.022	0.025	0.041
CZ	0.038	0.038	0.038	0.038	0.038	0.038	0.038	0.032	0.031	0.028	0.025	0.025
DK	-0.034	-0.037	-0.031	-0.018	-0.014	-0.028	-0.033	-0.028	-0.029	-0.025	-0.025	-0.025
DE	0.019	0.023	0.023	0.025	0.026	0.026	0.023	0.022	0.037	0.041	0.047	0.036
EE	0.014	0.014	0.034	0.019	0.011	0.024	0.017	0.028	0.032	0.020	0.057	0.044
GR	0.114	0.115	0.117	0.120	0.124	0.121	0.121	0.123	0.123	0.120	0.118	0.118
ES	0.108	0.105	0.097	0.107	0.123	0.125	0.116	0.109	0.109	0.106	0.123	0.123
FR	0.070	0.070	0.070	0.070	0.070	0.070	0.055	0.070	0.070	0.066	0.073	0.095
IE	0.033	0.035	0.038	0.045	0.038	0.046	0.056	0.048	0.068	0.072	0.072	0.072
IT	0.048	0.049	0.049	0.050	0.057	0.059	0.054	0.055	0.057	0.061	0.061	0.061
CY	0.007	0.007	0.007	0.007	0.007	0.007	0.007	0.009	0.009	0.009	0.009	0.009
LV	0.003	0.004	0.004	0.005	0.007	0.029	0.018	0.031	0.013	0.008	0.003	0.016
LT	0.016	0.016	0.016	0.016	0.016	0.019	0.028	0.037	0.035	0.049	0.060	0.046
LU	0.057	0.057	0.061	0.055	0.067	0.049	0.038	0.026	0.015	0.041	0.031	0.031
HU	0.091	0.091	0.091	0.091	0.091	0.091	0.091	0.091	0.090	0.090	0.090	0.090
MT	0.086	0.086	0.086	0.071	0.068	0.065	0.066	0.061	0.063	0.073	0.072	0.054
NL	-0.008	-0.008	-0.008	-0.028	-0.048	-0.068	0.009	0.009	0.009	0.009	0.009	0.009
AT	0.023	0.026	0.023	0.023	0.021	0.019	0.022	0.019	0.018	0.019	0.018	0.016
PL	0.005	0.007	0.006	0.009	0.018	0.040	0.030	0.053	0.058	0.043	0.043	0.043
PT	0.189	0.189	0.189	0.189	0.161	0.165	0.156	0.154	0.154	0.154	0.154	0.154
RO	-	-	-	-	-	-	-	0.340	0.314	0.323	0.258	0.258
SI	0.016	0.020	0.020	0.019	0.019	0.017	0.017	0.020	0.018	0.022	0.027	0.027
SK	0.050	0.050	0.050	0.050	0.050	0.050	0.048	0.035	0.032	0.025	0.015	0.015
FI	0.024	0.029	0.041	0.047	0.063	0.075	0.059	0.037	0.038	0.050	0.058	0.068
SE	-0.015	0.010	0.025	0.026	0.056	0.078	0.032	0.017	0.018	0.025	0.045	0.053
UK	0.100	0.107	0.112	0.121	0.128	0.124	0.122	0.121	0.128	0.135	0.142	0.146
NO	0.061	0.070	0.066	0.051	0.062	0.075	0.070	0.061	0.058	0.056	0.067	0.067

*Note:* The numbers printed in bold are the actual estimates; the numbers printed in italics represents either linear interpolation or fractions that were assumed to remain constant

*Source:* Commission Services on the basis of estimates by Member States

**Table C.5 Estimates for the split of the personal income tax**  
Personal income tax revenue allocated to social transfers and pensions

1995-2006, in % of total revenue of personal income tax

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
BE	<b>0.140</b>	<b>0.145</b>	<b>0.147</b>	<b>0.147</b>	<b>0.141</b>	<b>0.138</b>	<b>0.140</b>	<b>0.142</b>	<b>0.145</b>	<b>0.122</b>	<b>0.122</b>	<i>0.122</i>
BG	-	-	-	-	-	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
CZ	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<i>0.000</i>
DK	<b>0.057</b>	<b>0.056</b>	<b>0.054</b>	<b>0.061</b>	<b>0.063</b>	<b>0.055</b>	<b>0.060</b>	<b>0.052</b>	<b>0.052</b>	<b>0.054</b>	<i>0.054</i>	<i>0.054</i>
DE	<b>0.033</b>	<b>0.027</b>	<b>0.029</b>	<b>0.027</b>	<b>0.028</b>	<b>0.025</b>	<b>0.024</b>	<b>0.023</b>	<b>0.026</b>	<b>0.025</b>	<b>0.025</b>	<b>0.031</b>
EE	<b>0.005</b>	<b>0.005</b>	<b>0.004</b>	<b>0.003</b>	<b>0.032</b>	<b>0.027</b>	<b>0.022</b>	<b>0.033</b>	<b>0.033</b>	<b>0.060</b>	<b>0.059</b>	<b>0.049</b>
GR	<b>0.133</b>	<b>0.137</b>	<b>0.140</b>	<b>0.137</b>	<b>0.140</b>	<b>0.140</b>	<b>0.143</b>	<b>0.142</b>	<b>0.142</b>	<b>0.141</b>	<b>0.160</b>	<b>0.170</b>
ES	<b>0.213</b>	<b>0.216</b>	<b>0.211</b>	<b>0.203</b>	<b>0.195</b>	<b>0.194</b>	<b>0.196</b>	<b>0.203</b>	<b>0.201</b>	<b>0.205</b>	<b>0.205</b>	<i>0.205</i>
FR	<i>0.168</i>	<i>0.168</i>	<i>0.168</i>	<i>0.168</i>	<b>0.168</b>	<b>0.168</b>	<b>0.168</b>	<b>0.168</b>	<b>0.168</b>	<b>0.173</b>	<b>0.165</b>	<b>0.168</b>
IE	<b>0.015</b>	<b>0.015</b>	<b>0.013</b>	<b>0.012</b>	<b>0.010</b>	<b>0.010</b>	<b>0.008</b>	<b>0.008</b>	<b>0.012</b>	<b>0.009</b>	<i>0.009</i>	<i>0.009</i>
IT	<b>0.201</b>	<i>0.205</i>	<i>0.208</i>	<b>0.212</b>	<b>0.194</b>	<b>0.198</b>	<b>0.210</b>	<b>0.209</b>	<b>0.209</b>	<b>0.214</b>	<i>0.216</i>	<i>0.214</i>
CY	<i>0.069</i>	<i>0.069</i>	<i>0.069</i>	<i>0.069</i>	<i>0.069</i>	<i>0.069</i>	<b>0.069</b>	<b>0.025</b>	<i>0.025</i>	<i>0.025</i>	<i>0.025</i>	<i>0.025</i>
LV	<b>0.000</b>	<b>0.000</b>	<b>0.001</b>	<b>0.004</b>	<b>0.015</b>	<b>0.016</b>	<b>0.016</b>	<b>0.016</b>	<b>0.016</b>	<b>0.017</b>	<b>0.019</b>	<b>0.017</b>
LT	<i>0.005</i>	<i>0.005</i>	<i>0.005</i>	<i>0.005</i>	<b>0.005</b>	<b>0.006</b>	<i>0.014</i>	<b>0.022</b>	<b>0.025</b>	<b>0.025</b>	<b>0.026</b>	<b>0.030</b>
LU	<i>0.127</i>	<b>0.127</b>	<b>0.136</b>	<b>0.116</b>	<b>0.115</b>	<b>0.109</b>	<b>0.095</b>	<b>0.093</b>	<b>0.103</b>	<b>0.100</b>	<b>0.100</b>	<i>0.100</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>	<b>0.080</b>	<b>0.079</b>	<i>0.079</i>	<i>0.079</i>	<i>0.079</i>
MT	<i>0.132</i>	<i>0.132</i>	<i>0.132</i>	<b>0.139</b>	<b>0.144</b>	<b>0.146</b>	<b>0.147</b>	<b>0.149</b>	<b>0.150</b>	<b>0.154</b>	<b>0.158</b>	<b>0.167</b>
NL	<b>0.168</b>	<i>0.161</i>	<b>0.154</b>	<i>0.153</i>	<i>0.152</i>	<b>0.151</b>	<b>0.114</b>	<i>0.114</i>	<i>0.114</i>	<i>0.114</i>	<i>0.114</i>	<i>0.114</i>
AT	<b>0.172</b>	<b>0.175</b>	<b>0.178</b>	<b>0.176</b>	<b>0.183</b>	<b>0.182</b>	<b>0.178</b>	<b>0.193</b>	<b>0.198</b>	<b>0.190</b>	<b>0.184</b>	<b>0.188</b>
PL	<b>0.283</b>	<b>0.288</b>	<b>0.254</b>	<b>0.249</b>	<b>0.169</b>	<b>0.168</b>	<b>0.177</b>	<b>0.174</b>	<b>0.177</b>	<b>0.181</b>	<i>0.181</i>	<i>0.181</i>
PT	<b>0.087</b>	<b>0.087</b>	<b>0.087</b>	<b>0.087</b>	<b>0.091</b>	<b>0.096</b>	<b>0.104</b>	<b>0.113</b>	<b>0.124</b>	<i>0.124</i>	<i>0.124</i>	<i>0.124</i>
RO	-	-	-	-	-	-	-	<b>0.003</b>	<b>0.005</b>	<b>0.005</b>	<b>0.011</b>	<b>0.011</b>
SI	<b>0.034</b>	<b>0.034</b>	<b>0.034</b>	<b>0.037</b>	<b>0.036</b>	<b>0.032</b>	<b>0.030</b>	<b>0.028</b>	<b>0.026</b>	<b>0.025</b>	<b>0.025</b>	<b>0.025</b>
SK	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>1.000</b>
FI	<b>0.233</b>	<b>0.221</b>	<b>0.207</b>	<b>0.192</b>	<b>0.181</b>	<b>0.172</b>	<b>0.164</b>	<b>0.175</b>	<b>0.179</b>	<b>0.184</b>	<b>0.185</b>	<b>0.183</b>
SE	<b>0.278</b>	<b>0.255</b>	<b>0.243</b>	<b>0.236</b>	<b>0.228</b>	<b>0.217</b>	<b>0.227</b>	<b>0.238</b>	<b>0.265</b>	<b>0.263</b>	<b>0.252</b>	<b>0.246</b>
UK	<b>0.015</b>	<b>0.016</b>	<b>0.015</b>	<b>0.016</b>	<b>0.015</b>	<b>0.014</b>	<b>0.016</b>	<b>0.017</b>	<b>0.017</b>	<b>0.017</b>	<b>0.016</b>	<b>0.016</b>
NO	<b>0.092</b>	<b>0.093</b>	<b>0.093</b>	<b>0.100</b>	<b>0.100</b>	<b>0.098</b>	<b>0.099</b>	<b>0.095</b>	<b>0.097</b>	<b>0.099</b>	<b>0.098</b>	<i>0.098</i>

Note: The numbers printed in bold are the actual estimates; the numbers printed in italics represents either linear interpolation or fractions that were assumed to remain constant

Source: Commission Services on the basis of estimates by Member States

European Commission

**Taxation trends in the European Union – Data for the EU Member States and Norway**

Luxembourg: Office for Official Publications of the European Communities

2008 — 440 pp. — 21 x 29.7 cm

ISBN 978-92-79-08400-3

Price (excluding VAT) in Luxembourg: EUR 40







### **How to obtain EU publications**

Our priced publications are available from EU Bookshop (<http://bookshop.europa.eu>), where you can place an order with the sales agent of your choice.

The Publications Office has a worldwide network of sales agents. You can obtain their contact details by sending a fax to (352) 29 29-42758.



## Taxation trends in the European Union

### Data for the EU Member States and Norway

This report contains a detailed statistical and economic analysis of the tax systems of the Member States of the European Union and Norway. The data are presented within a unified statistical framework (the ESA95 harmonised system of national and regional accounts), which makes it possible to assess the heterogeneous national tax systems on a fully comparable basis.

The standard classifications of tax revenues (by major type of tax or by level of government) presented in most international tax revenue statistics are hard to interpret in economic terms. This publication stands out for offering a breakdown of tax revenues by economic function (i.e. according to whether they are raised on consumption, labour or capital). This classification is based on disaggregated tax data and on a breakdown of the revenue from the personal income tax. In addition, the report contains indicators of the average effective tax burden on consumption, labour and capital.

Country chapters give an overview of the tax system in each of the 28 countries covered, the revenue trends and the main recent policy changes. Detailed tables allow comparison between the individual countries and European averages. Data cover the 1995-2006 period and are presented both as a percentage of GDP and as a percentage of total taxation.

<http://ec.europa.eu/eurostat>

Price (excluding VAT) in Luxembourg: EUR 40



ISBN 978-92-79-08400-3



9 789279 084003