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Structures of the taxation systems in the European Union

Data 1995-2004

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PREFACE

We are pleased to present the 2006 edition of 'Structures of the taxation systems in the European Union'. This is the seventh time that the Directorate-General for Taxation and Customs Union and Eurostat have co-operated in compiling tax indicators for analysing the structures of the taxation systems of the Member States of the European Union. It gives us particular pleasure to report that, thanks to a special effort from the Member States and the Commission services, it has been possible to publish the report at an earlier time than usual.

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

Compared to last year's issue, the main focus of the work on this report has been on the extension of the calculation of the implicit tax rates (ITRs) to some Member States or years for which data were not available in the 2005 edition. We are very satisfied with the results of this effort: the gaps in coverage, which generally depend on lack of detail in the data or on non-comparability of statistics, have been markedly reduced, not only as regards the ITRs but also the breakdown of tax revenue by economic function. In addition, important refinements have been introduced in data disaggregation, in the allocation of taxes to economic functions and with regard to environmental taxation.

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

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Origin of this report

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

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

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

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Language and dissemination

'Structures of the taxation systems in the European Union' is available only in English. The publication can be downloaded free of charge from the website of Eurostat or of the Directorate-General for Taxation and Customs (http://ec.europa.eu /taxation_customs/index_en.htm). 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 (http://publications.europa.eu/). Information can be requested by mail at the following address: opoce-info-info@ec.europa.eu

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EXECUTIVE SUMMARY

Novelties and improvements in the report

The 2006 issue of this report includes several novelties. Firstly, the publication date has been brought forward significantly, thanks to earlier availability of tax data. Secondly, coverage has improved further: the 2005 edition already included most series for the 10 new Member States (NMS-10), but with the notable exception of Poland for a significant number of indicators, such as the implicit tax rates (ITRs) on consumption, labour and capital. Coverage for Poland is now nearly complete, with obvious positive consequences in terms of the representativeness of a number of averages published in this report, particularly the ones for the NMS-10. Significant improvements in coverage have also been achieved for Lithuania and to a lesser extent for other countries. Less visible, but important refinements have been made in the disaggregation of data, in the allocation of taxes to economic functions and with regard to environmental taxation. Finally, a new ITR on the taxation of energy has been added, which unlike the one published until now corrects for inflationary bias.

At the moment of writing this report, GDP data were being revised to include some important methodological improvements in national accounting, such as a new treatment of the financial sector. In a number of cases revised figures were available only for some of the years covered by this publication (1995-2004) or had not yet been published for all sectors. This may in some instances affect the accuracy of comparisons in taxation levels between Member States, or the analysis of developments over time, without however fundamentally affecting the thrust of the analysis. In some more relevant cases a brief mention of the impact of the data revisions has been made in the text.

Development of overall taxation levels

In 2004, the last year for which detailed tax data are available, the total tax ratio in the EU-25 amounted to 39.3 % (in the GDP-weighted average; see Table Tot_G). Compared to the previous year, the ratio declined by 0.2 percentage points, restarting the slow declining trend that had been apparent since around the turn of the century but had been interrupted in 2003 when a modest pickup in the ratio had been recorded. It is worth noting that 2004 marked a moderate pickup in the economy (EU-25 GDP growth accelerated from 1.0% in 2003 to 2½ %), which would mechanically tend to increase the tax ratio. The decline in the EU-25 weighted average is due essentially to developments in the eurozone, given that in the UK, Sweden and Denmark the tax ratio picked up in 2004 while the small change in the NMS-10 ratio impacted only marginally on the EU-25 average. The eurozone average itself was driven by marked declines in two large Member States, Germany and Italy.

It is noteworthy that, taking the arithmetic rather than the GDP- weighted average, the EU-25 overall tax ratio has not declined, but actually increased by 0.1 percentage points, to 37.6 %, as only ten Member States out of 25 reduced their tax ratios. This result is essentially due to the fact that in most of the NMS-10, which have comparatively small GDPs and therefore have little impact on the weighted average, tax ratios tended to increase: the NMS-10 arithmetic average picked up by three decimal points in 2004. In the old Member States, the arithmetic average was unchanged in 2004. On the whole 2004 data show some convergence in tax levels as a few larger, high-tax Member States cut tax levels while in several smaller, low-tax Member States the opposite happened. This pattern however has several conspicuous exceptions such as France in the first group or Malta in the second. The Member States which recorded the largest declines in the overall tax ratio were Greece, Slovakia and Germany while the largest year-on-year increases took place in Malta, Ireland and Denmark. In each of these cases the ratio changed by about 1 percent of GDP or more.

Compared to the 1999 peak, the EU-25 weighted average has declined by some two percentage points (relative to GDP) in five years, an average pace of 0.4 points per year. The pace of the 2004 decline can therefore be considered relatively slow; moreover, it follows a year, 2003, in which tax ratios were largely stable; on the other hand the 2004 growth pickup would tend to boost the ratio compared to the year before. The EU-25 weighted average remains above the tax ratios recorded in the United States and Japan by around 14 percentage points; this gap has not shrunk significantly as particularly the United States has reduced the tax ratio aggressively in the past five years. The EU therefore, taken as a whole, remains one of the world's highest taxed areas. Nevertheless, it displays wide internal diversity with Latvia and Lithuania displaying tax ratios of around 28 % of GDP at one end and Sweden exceeding the 50 % mark at the other. In the long-term comparison (1995-2004) an interesting feature is that the Member States in which the tax ratio has changed most, both upward and downward, are those which started out from a low level of taxation; high-tax countries instead generally display small changes from the 1995 level.

The 2004 accession of ten new Member States resulted in an increase in diversity: the new Member states have in common significantly lower tax ratios than the old EU-15 and even display different trends over time: while in the EU-15 tax ratios generally increased until the turn of the century and declined afterwards, in the NMS-10 the opposite occurred. In this context, it is also worth noting that economic growth has been substantially different in the EU-15 and in the NMS-10: in the 1995-2004 period, the latter group's GDP, although starting from a low level, has grown about twice as much as its EU-15 equivalent (41.1% vs. 22.4). Given the marked differences in growth performance, which has an impact on tax revenues and ratios, and in tax structures[1], it has been decided to maintain for the time being separate NMS-10 and EU-15 averages in this publication, for purely analytical purposes. It should be noted however that the NMS-10 are far from constituting a homogeneous group as Slovenia and Hungary display tax ratios that are not very distant from EU-15 levels, while the tax ratios in two of the three Baltic republics are considerably lower than the NMS-10 average.

Distribution of taxation by government level

In several EU Member States decentralisation has been an important feature for some time already. Data for 2004 show that the share of total tax revenue accruing to state and local government is generally on an increasing trend. In contrast, social security funds have received a shrinking portion of the tax take in 2004. The trends for the central government level are less clear-cut. The trend toward a greater share of local or state (for federal countries) taxes is also quite clear in the comparison with the base year 1995.

Trends in the tax mix

The tax mix, or distribution of revenue sources by type of tax, is a structural variable that generally evolves only slowly. Nevertheless, it has been receiving renewed policy attention recently, in light of the worries that increased capital mobility and the accession to the EU of a group of low-tax countries might lead to even greater reliance on taxation of immobile factors (such as labour) than has been the case so far. Given that, owing to budgetary constraints, relatively few Member States have succeeded in decreasing rapidly

[1] In terms of the overall tax ratio, the arithmetic averages of the two sub-groups differ by over six points. Among the EU-15, only Ireland has a total taxes-to-GDP ratio lower than the NMS-10 average.

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. Measures going in this direction have been proposed notably in Belgium and Germany. This report supplies interesting insights into these issues, given that it includes not only a breakdown of tax revenue by economic function (i.e. for consumption, labour, and capital) but also publishes values for implicit tax rates (ITRs), a more accurate measure of the tax burden than raw revenue figures.

- *Consumption taxes*

Figures for the ITR on consumption confirm that taxation of consumption is on an uptrend since 2001, both for the EU as a whole and for the two sub-groups EU-15 and NMS-10. Adjusted data for 2004 show a continued relatively strong increase in the adjusted ITR on consumption (see Table II-2.1); this indicator picked up by 0.3 percentage points of GDP in the Union, with an even more marked increase in the NMS-10 (+0.7 percentage points) owing partly to the effect of increases in VAT upon EU accession (see Table II-2.1). The 2004 increase is quite broad (17 out of 25 countries recorded an increase in the ITR).

- *Labour taxes*

Despite the wide consensus on the desirability of lower taxes on labour, ITR on labour data for 2004 confirm the persistent and widespread difficulty in achieving this aim. Significant reductions in the ITR on labour are only visible in Greece and to a lesser extent in Germany; this, coupled with slight increases in several other Member States, resulted in a stagnation in the average ITR on labour for the third year running (see Table II-3.1). It is also noteworthy that the NMS-10, which generally have much lower taxation levels than the EU-15, are however almost on a par with the old Member States average in terms of labour taxation. However, although little progress has been made since 1995 in reducing the tax burden on labour in general, there are indications that Member States have succeeded in the more circumscribed objective of reducing the tax burden on low-income earners: the tax wedge indicator for a single worker at 2/3 of average earnings shows a much steeper decline than the ITR, which refers to the entire worker population (see Graph II-3.3).

In most Member States, social contributions account for a greater share of labour taxes than the personal income tax. In 2004, on average, about 65% of the overall ITR on labour consists of social contributions; only in Denmark, Ireland and the United Kingdom do personal income taxes form a larger part of the total charges paid on labour income. A sustainable and marked reduction of the tax burden on labour may therefore make it advisable to act on both the tax and the social security component, particularly given progressive population ageing. As for the latter component, it is made up of employers' and employees' social contributions; it is noteworthy that, in the period under consideration, employers' social security contributions have been cut markedly in the NMS-10 but have remained roughly stable, on average, in the EU-15; the opposite occurred in the case of employees' contributions, which show an increasing trend in the new Member States and a decreasing one in the EU-15. Total social security revenue, which was at almost exactly the same level in 1995 in the two sub-groups, has declined more strongly in the NMS-10, which contributed to the general decline in the overall tax ratio in the new Member States although the greater part of the overall reduction took place in taxes *stricto sensu*.

- *Capital taxes*

Unfortunately, data limitations prevent computation of the ITR on capital for 2004 for several Member States, and hence no EU average has been computed for that year. However, the inclusion of data from

Poland and the improvements in coverage for other countries made it possible to compute a weighted average for capital tax revenue for the NMS-10 grouping and to generally improve the accuracy of the data for 1995-2003. The updated statistics confirm the continuation in 2003 of the downward trend in taxation on capital that has prevailed since the turn of the century.

Given the ongoing debate about tax competition, some results from this year's edition are especially interesting. The downward trend in the statutory corporate income tax rate, uninterrupted since 1995, has continued: the average rate dropped again by 0.3 percentage points in 2006, to 25.9 % (see Table II-5.1). A significant difference in corporate income tax rates has long existed between the EU-15 and the new Member States; already at the beginning of the period under consideration the averages for the two sub-groups differed by some 7½ points. Both averages have declined strongly and continuously. Following an acceleration in the declining trend in the NMS-10 from 2000, the gap between the two averages increased in the first years of the new century but has narrowed again recently as the decline in the NMS-10 slowed. The differences in rates remains sizeable: the NMS-10 average currently lies nine points, or about one third, below the EU-15 average.

Despite the large cuts in corporate income tax rates, in the NMS-10, unlike in the EU-15, revenues from the corporate income tax have been stable or growing slightly since 2001 (see Table A.2.2_G); a similar moderate rebound is visible also in other related indicators such as revenue from taxes on capital and business income taxes. Given the fact that the NMS-10 have shown significantly higher rates of GDP growth in the last five years, it is difficult to distinguish the effect of higher growth, which pushes up revenue, from that of rate cuts; it is also not clear to what extent base-broadening measures, which have been a feature of recent corporate tax reforms, offset the cuts in the statutory rate. The report includes different ITRs on capital, which can help disentangle the growth effect from other factors, but their coverage is unfortunately rather partial owing to the high level of detail in the original statistics needed to compute the indicators; furthermore, the impact from profit shifting by multinational companies is not quantified. All in all, the indications from the various ITRs on capital seem to point towards a broad stabilisation of capital taxation in the NMS-10 at low but positive levels, whereas in the EU-15 the reduction in corporate and capital taxation appears to continue.

- *Environmental taxes*

The development of environmental taxes is at the centre of a number of different societal trends; on the one hand, an ongoing policy attention towards environmental protection, which may grow stronger as Europe grows more affluent; on the other, a greater reliance on policy instruments other than taxes, such as emissions trading, and growing pressure to reduce taxation of energy – which contributes some three-quarters of revenues from environmental taxes - in light of the strong increases in the oil price recorded in the last few years. Data for 2004 show that while revenues from environmental taxes have continued their five-year slow decline in the EU-15, in the NMS-10 revenues from these taxes have increased so that by now there is practically no longer a difference between the two sub-groups in this respect (see Table C.4_G). Note however that, as highlighted by the ITR on energy, the absolute levels of energy taxation remain lower in the NMS-10; the equivalence of revenue levels is due to their higher energy intensity in GDP (see Table II-4.1). Finally, the new deflated indicator for the ITR on energy shows that, adjusted for inflation, taxation of energy in the EU-25 has been declining, though with some ups and downs and not in all Member States, since 1999 (see Table II-4.2).

TABLE OF CONTENTS

LIST OF BOXES

LIST OF TABLES

LIST OF TABLES IN ANNEXES

LIST OF GRAPHS

GLOSSARY

BE	Belgium
CZ	Czech Republic
DK	Denmark
DE	Germany
EE	Estonia
EL	Greece
ES	Spain
FR	France
IE	Ireland
IT	Italy
CY	Cyprus
LV	Latvia
LT	Lithuania
LU	Luxembourg
HU	Hungary
MT	Malta
NL	Netherlands
AT	Austria
PL	Poland
PT	Portugal
SI	Slovenia
SK	Slovakia
FI	Finland
SE	Sweden
UK	United Kingdom
NO	Norway (Not member of the EU)
EU	European Union
EMU	Economic and Monetary Union

MS	Member State
EU-25	The enlarged EU (25 members)
EU-15	The 15 old Member States
Euro-12	The 12 countries of the EMU
NMS-10	The 10 new Member States
ECSC	European Coal and Steel Community

PIT	Personal Income Tax
CIT	Corporate Income Tax
ESA95	European System of Accounts 1995
GDP	Gross Domestic Product
ITR	Implicit Tax Rate
SSC	Social Security Contributions
VAT	Value Added Tax

Introduction

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

The breakdown of tax revenue data computed in percentage of GDP provides indicators of the tax burden and of the structure of taxation in the different Member States, as well as developments over time. As the interpretation of the tax-to-GDP ratio as an indicator for the tax burden requires additional information, an economic classification of taxes has been developed and implicit tax rates have been computed for the economic categories identified. The implicit tax rate for each category is defined as the ratio of aggregate tax revenues to the corresponding income in the economy or the kind of economic activity that could potentially be taxed, so illustrating the average effective tax burden for the economic categories[1].

Tax revenues as broken down by types of taxes and by level of government are aggregations of the common national account categories of taxes. These are directly available from the national accounts provided by Member States to Eurostat and follow the classification prescribed by the 'European System of Accounts' (ESA95)[2].The economic classification of taxes is not standard and is computed specifically for the publication 'Structures of the taxation systems in the European Union' using more detailed tax revenue data provided by the Member States. The corresponding implicit tax rates require additional assumptions and calculations. Tax departments in the Member States have in particular helped to produce the data required for these computations. The publication gives a comprehensive overview of the methodology and data used for this purpose, though the underlying methodology used for the computation of environmental taxes has been published separately by Eurostat[3].

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

This edition of the publication 'Structures of the taxation systems in the European Union' covers the period 1995-2004. This period corresponds to the years for which national accounts data is available in the

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

[2] European Commission (1996).

[3] European Communities (2003).

European System of Accounts (ESA95) format for all Member States. These data are not comparable with the data 1970-1997 published in the 2000 edition of the publication.

The publication is divided into three parts. Part I reviews the major trends and developments in taxation in the Union between 1995 and 2003. Part II presents the economic classification of taxes and conducts a comparison of implicit tax rates between Member States over the period 1995-2004. Part III contains the country chapters which describe, for each Member State, the 1995-2004 trends and developments in the overall tax burden and in the structure of taxation as well as tax policy changes over the period. The table of statistics provided for each country presents the data in 4 blocks: A - Structure of revenues 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 gives an exhaustive list of the detailed taxes submitted by the Member States and their allocation to the different economic functions and environmental tax categories. Annex C outlines the methodology employed in calculating the ratios included in Annex A, describing the tax revenue data sources used and providing a detailed description of the methods employed by the national tax departments in the Member States to split the revenue of the personal income tax between labour, capital and other sources of taxable income.

Part I Overview of taxation in the EU

1. TAX STRUCTURES AND RECENT DEVELOPMENTS IN THE ENLARGED UNION

1.1. Total tax burden

This survey measures the overall tax burden in terms of the ratio of taxes and actual social contributions to GDP[1].

In 2004, the tax-to-GDP ratio in the European Union amounted to 39.3 % in the GDP-weighted average[2], about 14 percentage points of GDP above those recorded in the United States and Japan[3]. The gap vis-à-vis the United States has not been shrinking as, according to OECD statistics, that country has reduced the tax ratio aggressively in the past five years[4]. As for Japan, available data reaching back to 2003 suggest that Japan, too, has been reducing its overall tax ratio although, in that period, slightly less than the EU.

The tax-to-GDP ratios for the EU and individual Member States and the years 1995 to 2004 are given in Annex A. As illustrated by Graph I-1, there are wide differences in tax levels across the Union. These differences do not only reflect social choices such as public or private provision of services, e.g. old age and health risk protection, but also technical factors (see footnote 1).

Already before the 2004 enlargement, the Union showed wide variety of tax ratios. It included a number of Member States with tax ratios not too far from the 50 % mark, like the Nordics and

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[1] The tax-to-GDP ratio is a widely used measure of the overall tax burden. Nevertheless, as an indicator it suffers from certain limitations. In particular, the extent by which Member States provide social or economic assistance via tax expenditures rather than direct government spending, and whether or not social transfers are subject to taxes and social contributions affects the level of the tax-to-GDP ratios. Although in principle horizontal equity considerations would require that taxes be levied on social transfers, several Member States exempt in full or in part social transfers from taxation. Countries with a relatively high tax-to-GDP ratio often impose higher taxes on social transfers. Adema (2005) estimated that in 2001 taxes and social contributions on public transfers exceeded 2 per cent of GDP in Denmark, Sweden, Finland, Austria and the Netherlands, while at the other they accounted for merely 0.2-0.3 % of GDP in Ireland and the United Kingdom. In Denmark and Sweden, where the revenue from taxes on benefits is highest, the amounts raised are sufficient to finance one fourth of social spending. Member States also differ as regards the inclusion or exclusion in the statistics of certain social contributions. An interesting case in point is the Netherlands where the transition from the ESA79 to the ESA95 classification of National Accounts has resulted in a substantial decline of the recorded level of social contributions. In particular, certain benefits provided by employers through labour contracts, for example, are no longer considered. Inclusion of these benefits contributed to the Netherlands' high ranking in terms of the tax burden in the late 1980s the early 1990s.

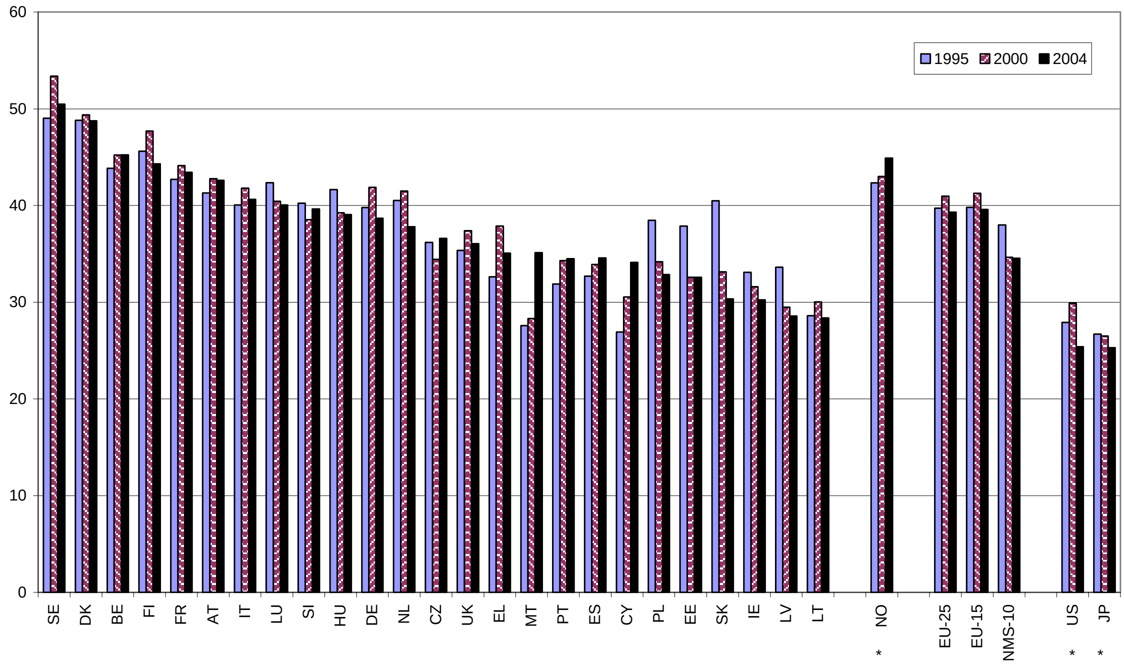
[2] Unless otherwise indicated, the arithmetic average is used throughout the report as a benchmark for comparisons of a given Member State with the EU average. For comparisons between the EU as a whole and third countries the GDP-weighted average is instead normally utilised.

[3] The tax-to-GDP ratios in most of the countries of the European Union exceed those elsewhere in OECD countries. Outside Europe, only Australia, Canada and New Zealand have tax ratios above 30 per cent of GDP. See OECD (2005).

[4] See OECD (2005).

Belgium, as well as several low-tax Member States, notably Ireland, Spain, the UK and Greece. For the EU-15, the gap in the ratio from the top ranking (Sweden) to the bottom (Ireland) indeed amounts to a substantial 21 percentage points of GDP. The 2004 accession of ten new Member States resulted in additional diversity as two of the new Member States, Lithuania and Latvia, have lower tax-to-GDP ratios even lower than Ireland's. Given the usually significantly lower tax ratios in the accession countries, EU enlargement resulted in a decline for the EU average. In 2004 the GDP-weighted average for the EU-15 was 39.6 %, while the new Member States average was 34.5 %, a difference of over five points. Actually, referring to the GDP-weighted averages somewhat disguises the diversity of tax systems in the enlarged Union given that the new NMS-10 display on average far lower GDPs. In the arithmetic average, the total tax-to-GDP ratio of the new Member States is some six and a half percentage points lower than the average of the EU-15.

Graph I-1 Tax to GDP ratio in EU countries, the US, Japan, and Norway
1995, 2000 and 2004, in % (ranked by 2004 level)



*) Data for Japan 1995/2000/2003. Figures for NO and US in 2004 are provisional.

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

There are substantial differences in the total tax burden not only between the EU-15 and the new Member States but also within the NMS-10. One may distinguish two groups of countries, one composed of Slovenia (39.7 %) and Hungary (39.1 %) with a level close to the EU-15 average (40.3 %) and another group consisting of the remaining new Member States with a level substantially lower than EU-15 average: from the Czech Republic (36.6 %, i.e. some 3½ percentage points below EU-15) to Lithuania (28.4 %, i.e. almost 12 percentage points below EU-15). Among the EU-15, only Ireland has a total taxes-to-GDP ratio lower than the average of this second group of new Member States.

Slow decline in overall tax ratios in the old Member States

In the EU-15, economic programmes based on reducing taxes found growing political support already in the second half of the 1990s. However, decreases in the average overall tax ratio are discernible only since the turn of the century, with a reduction of 1.2 percentage points in the EU-15 arithmetic average between 2000 and 2002. This slow decline in the average tax burden even came to a halt in 2003. At the EU-15 level, the decline seems therefore modest, particularly in light of the fact that the economic slowdown from 2001 onwards has probably contributed to it by reducing the revenue from a number of levies that are sensitive to the business cycle, such as the corporate income tax. Nevertheless, the increase in the tax ratio from 1995 to 2000 has been reversed (completely in the weighted average, almost completely in the arithmetic average).

The picture is completely different in the new Member States: the group average declined steadily until 2001. Subsequently, it picked up somewhat (although not in the GDP-weighted average).

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

- The vast majority of the old Member States reduced their tax ratio, in five of which by an amount exceeding 2 % of GDP. In particular in the Netherlands, Finland, Germany, Sweden and Greece and the decline was from 2¾ % of GDP to almost four, while Ireland and the UK reduced their already low tax burden by around one and a half points. France reduced the tax ratio by a more limited 0.7 % of GDP, but its ratio had also declined by 0.8 points in 1999.

- In the NMS-10, the bulk of the decline in the tax ratio appeared in the years 1995-1999; after that date, trends are quite diversified with further decreases in some Member States, increases in others. Malta and Cyprus in particular represent the major exceptions to the 2000-2004 declining trend; these two Member States in fact witnessed large increases in the ratio (+6.8 and +3.6 percentage points respectively), albeit from a very low base as these Member States started from the two lowest tax ratios in 1995. In the Czech Republic, the trend is the opposite of what happens for the EU average; it declined from 1995 to 2000 and picked up perceptibly (+2.2 percentage points) after that year. In Slovakia the already low tax ratio fell by a further 2.8 points from 2000 to 2004.

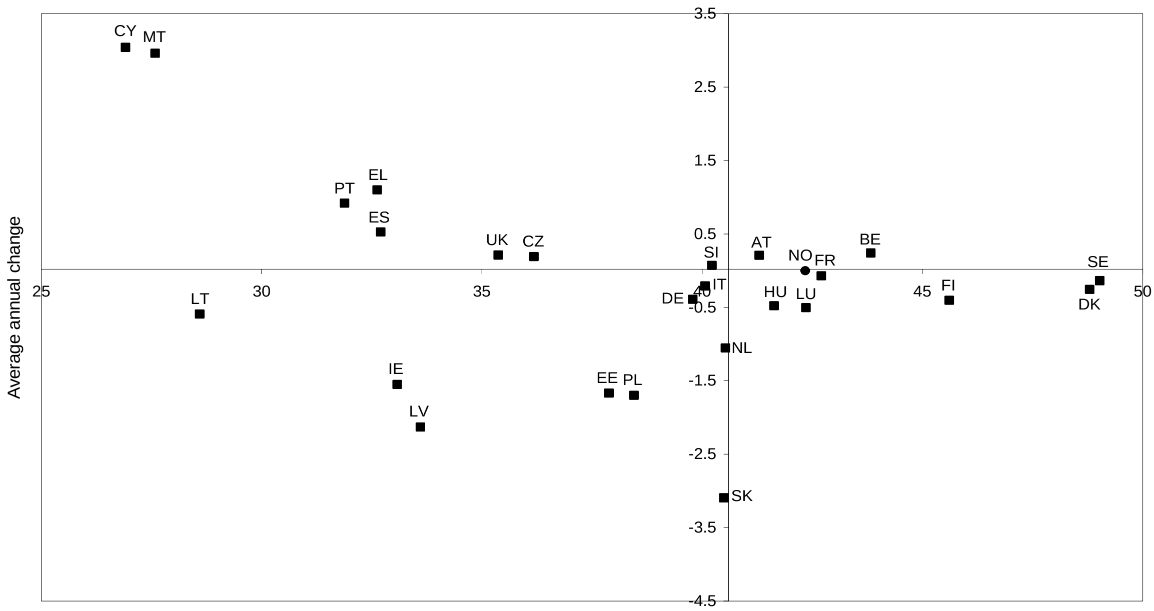
Overall, over the entire 1995-2004 period, Slovakia stands out as the Member State which has carried out the most profound restructuring of its tax system, with the tax ratio declining by one quarter. The country thus changed its ranking significantly, from being in line with the old Member States average in 1995 at 40.5 % of GDP, to having the fourth-lowest ratio in the EU-25 in 2004. Slovakia's tax ratio has declined again in 2004 by one full additional point. As mentioned above, Malta and Cyprus also witnessed large changes in their tax ratios, but in the opposite direction, so that Malta in particular can no longer be considered to be one of the least taxed countries in the EU. The three Baltic countries have consolidated their position among the EU's least taxed Member States. Poland too reduced significantly its tax ratio from 1995 to 2004. Amongst the old Member States, no dramatic changes in the tax ratio have taken place, although one might mention that the further decline in Ireland's tax ratio is noteworthy, given the already low starting point.

Although the NMS-10 have generally seen far greater changes in their tax structures than the EU-15, this is not true for all of them. Slovenia, for instance, witnessed a reduction in the period 1995-1997, followed by a moderate increase; overall the tax ratio changed by one half of a percent of GDP from

1995 to 2004. In Lithuania, as in most Member States, there was an increase in the tax ratio until 1999, then the ratio fell back to almost exactly its 1995 level; despite the constancy in the tax ratio over the period, however, the country's ranking has changed, as the ratio increases in Cyprus and Malta have resulted in Lithuania now levying the lowest taxes in the Union.

Graph I-2 displays the average annual changes in the tax-to-GDP ratios between 1995 and 2004 in percentage points of GDP, in comparison to the original levels in the base year 1995. It highlights the fact that the countries with higher-than-average tax ratios (i.e. essentially the old Member States) have tended to carry out limited adjustments, while the most forceful changes tend to appear at the left side of the graph, among low-tax countries; interestingly, low-tax countries tend to display large adjustments in either direction, upwards or downwards, whereas above the average the picture appears much more static. Overall the figures suggest that there has been a positive but limited convergence to the average after 2000[5].

Graph I-2 Level in 1995 and change of tax-to-GDP ratio[1)] until 2004
in %



1) including social contributions

Source: Commission Services

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

Determinants of the long-term increase in ratios

The relatively high tax-to-GDP ratios that we generally observe today in EU-15 countries are to a large extent the result of the persistent and largely unbroken[6] upward trend in the tax burden in the 1970s, and to a lesser extent also in the 1980s and early 1990s[7]. This long-run increase in the overall tax burden was closely linked to the growing share of the public sector in the economy in those years. Taxes and social contributions have been raised in order to finance increasing government spending and, in particular, labour taxes appear to have been steadily rising in order to finance social welfare commitments, especially as regards pensions, health care, education and other social benefits. The rise in unemployment also acted as a main underlying pressure to increase taxes in most EU countries between 1970 and the early 1990s[8].

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

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

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

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

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

tax reductions have probably been amplified by diminishing revenues of taxes sensitive to cyclical fluctuations due to the economic slowdown and similar mechanisms (in reverse) as described before.

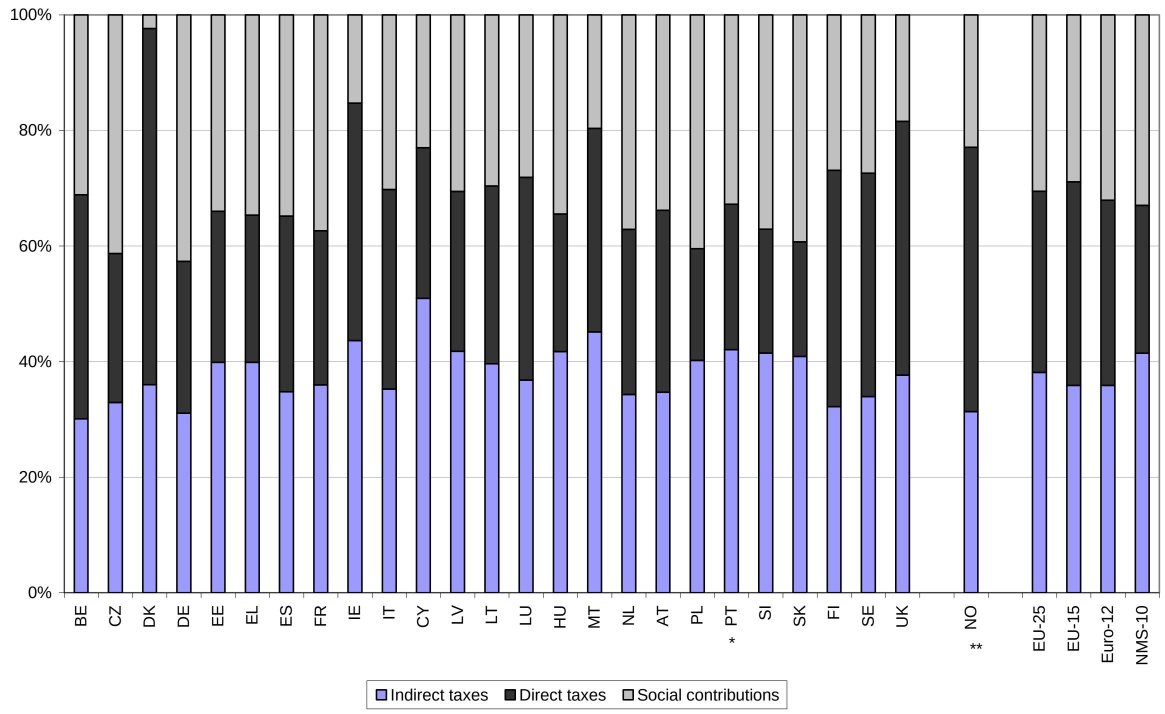
Another reason why the tax cuts in the late 1990s were not clearly reflected in the tax-to-GDP figures is that a number of Member States (partly) financed their tax rate cuts by reducing allowable deductions against the taxable personal income, and/or by limiting special incentive schemes and tax allowances for depreciation of capital equipment in corporate income tax. In addition, a number of Member States have shifted the tax burden away from labour to other taxes, notably to indirect or 'green' taxes. It should furthermore be kept in mind that the tax revenue figures in national accounts do not follow a real 'accrual principle'. According to the ESA95 guidelines, taxes and social contributions should normally be recorded when the underlying economic event/transaction takes place rather than then when the actual tax payment is made. Personal and corporate income taxes, for example, are typically levied on incomes accrued one year prior to most of the actual collection. However, ESA95 allows for considerable flexibility in interpreting accrual time of recording, depending on the type of taxes. Most statistical offices in fact use 'time adjusted' cash figures for a few months, which is permitted following amendment of ESA95. This is another reason why the effects of tax reforms are generally reflected in the figures with some delay. Finally, measures taken to restrict public spending may take a long time to translate in lower tax ratios. Another interesting issue will be whether in the longer term the currently low-tax NMS-10 will tend to increase taxation to finance the development of their infrastructure or to cope with higher costs of their social protection and health care systems, given that population ageing is in some of these Member States an even more acute problem than in the EU-15.

1.2. Tax structures

1.2.1. By type of taxes

The structure of the tax revenues by major type of taxes (i.e. direct taxes, indirect taxes and social contributions) is shown in Graph I-3. Further information about the distribution of the overall tax burden among more detailed type of taxes (e.g. VAT, excise duties, personal and corporate income tax) can be found in Part III, which describes the structures and developments in the individual Member States.

Graph I-3 Structure of tax revenues by major type of taxes
2004, in % of total tax burdens

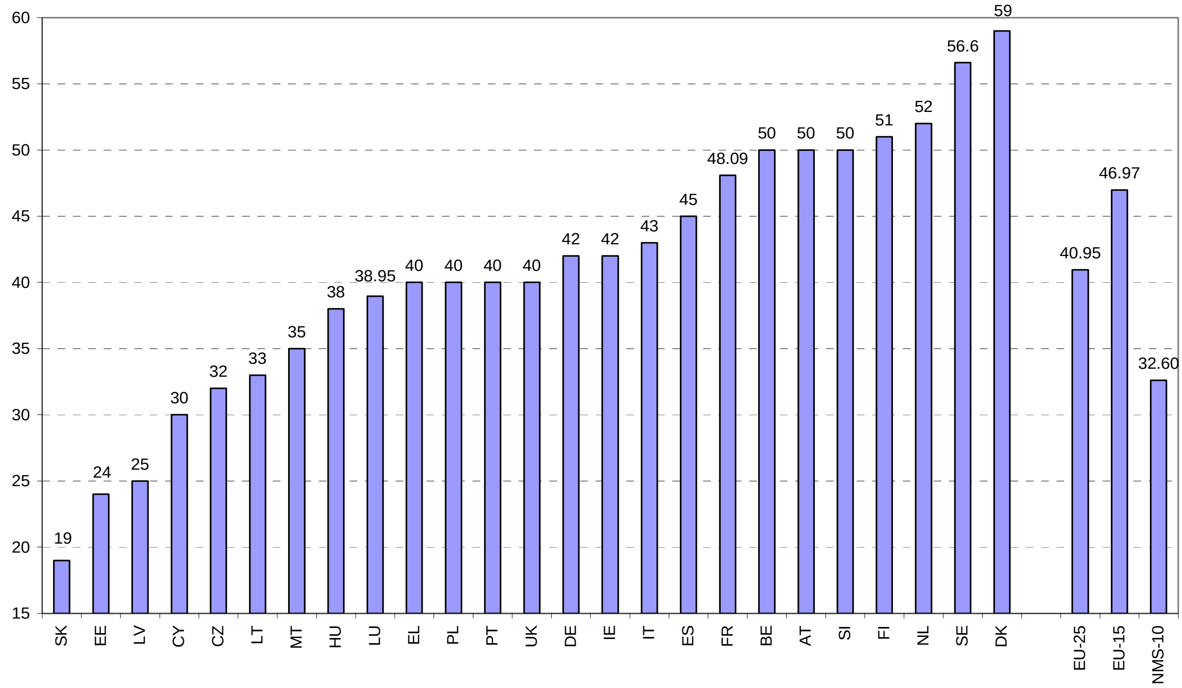


*) PT, direct taxes 2003. **) NO, 2003 data.

Source: Commission Services

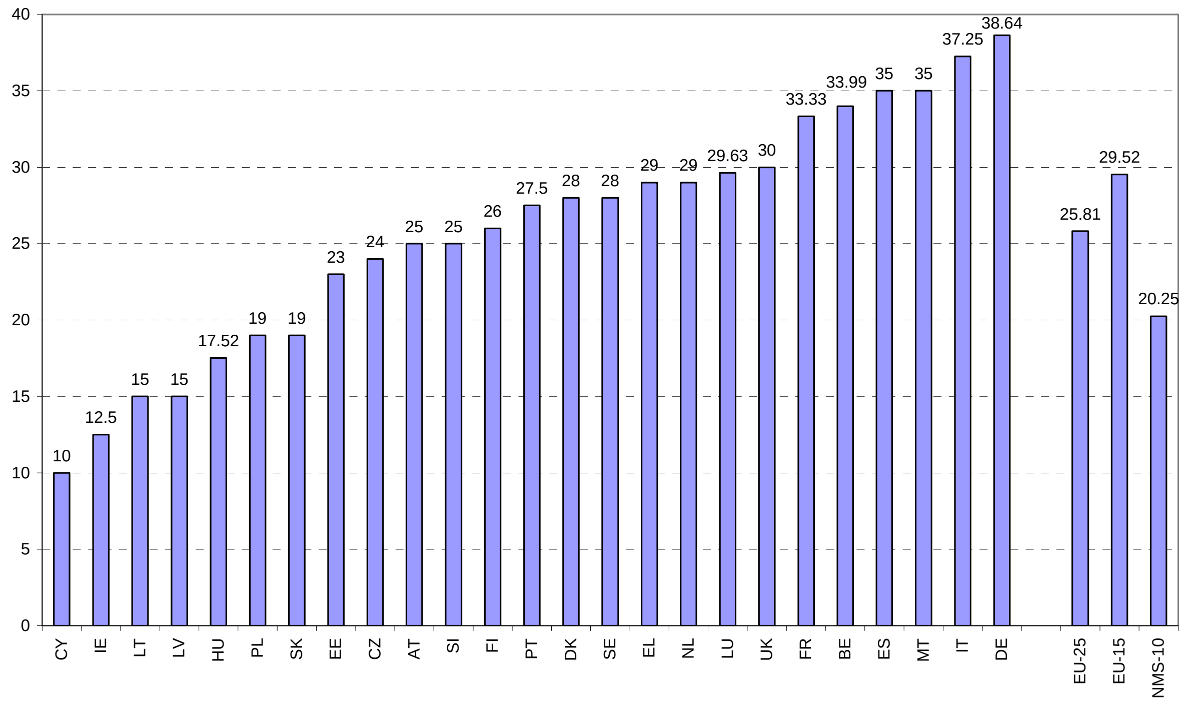
Generally the new Member States have a different structure compared to the EU-15 countries, in particular displaying a substantially lower share of direct taxes on the total. In 2004 the difference between the EU-15 and the new Member States averages was about 10 percentage points (36.0 % vs. 25.7 %). With the exception of Malta, all the new Member States are below the EU-15 average. The lowest shares of direct taxes are recorded in Slovenia (19.8 %), Poland (24.1 %) and Hungary (24.2 %). One of the reasons for this difference can be found in the generally lower tax rates applied in the new Member States regarding corporate tax and personal income tax; the following graphs I-4 and I-5 however highlight the limited predictive power of the top rates viewed in isolation as neither Slovenia nor Poland particularly stand out in this respect.

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



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

Graph I-5 Adjusted top statutory tax rate on corporate income
2006 income, in %



The low share of direct taxes in the new Member States is counterbalanced by higher shares of social contributions (+4.2 % respect to the EU-15) and indirect taxes (+5.7 %) on total tax revenues; the gap between the EU-15 and the NMS-10 in the shares of social contributions had been shrinking in the last few years but increased in 2004. The highest shares of social contribution among the NMS-10 are found in the Czech Republic, Poland and Slovakia. Cyprus and Malta have the highest share of indirect taxes.

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

Since the mid-1990s, a number of EU-15 Member States have implemented reforms to their tax systems. The reforms vary in coverage and depth, but they were often aimed at reducing the tax burden on labour, particularly at the low to middle end of the pay scale, at achieving a general reduction in corporate income tax rates (whilst broadening the base), and at improving the functioning of capital markets. Reforms of indirect taxation have been more diverse in nature. Increases in indirect taxation in several countries were driven by 'green' tax reforms, often as counterpart to the reduction in the taxation of labour[1]. Some Member States also implemented measures that resulted in increases in the shares of total taxes that accrue to state (regional) governments. The measures were sometimes part of a reform-package that was stretched out over several years. While here some basic elements are touched upon with a few examples highlighted, further details are given in Part III, which describes the structures and the developments for the individual Member States.

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

Reforms of taxes on capital income often aimed at improving the functioning of capital markets. Another aim was to create incentives for risk-taking, and support venture and intangible capital. Some Member States have fundamentally changed the taxation of capital income or capital gains in the personal income tax, often broadening the income tax base. Member States have also implemented reductions in statutory corporate income tax rates, but at the same time have reduced special incentive schemes, or cut back

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

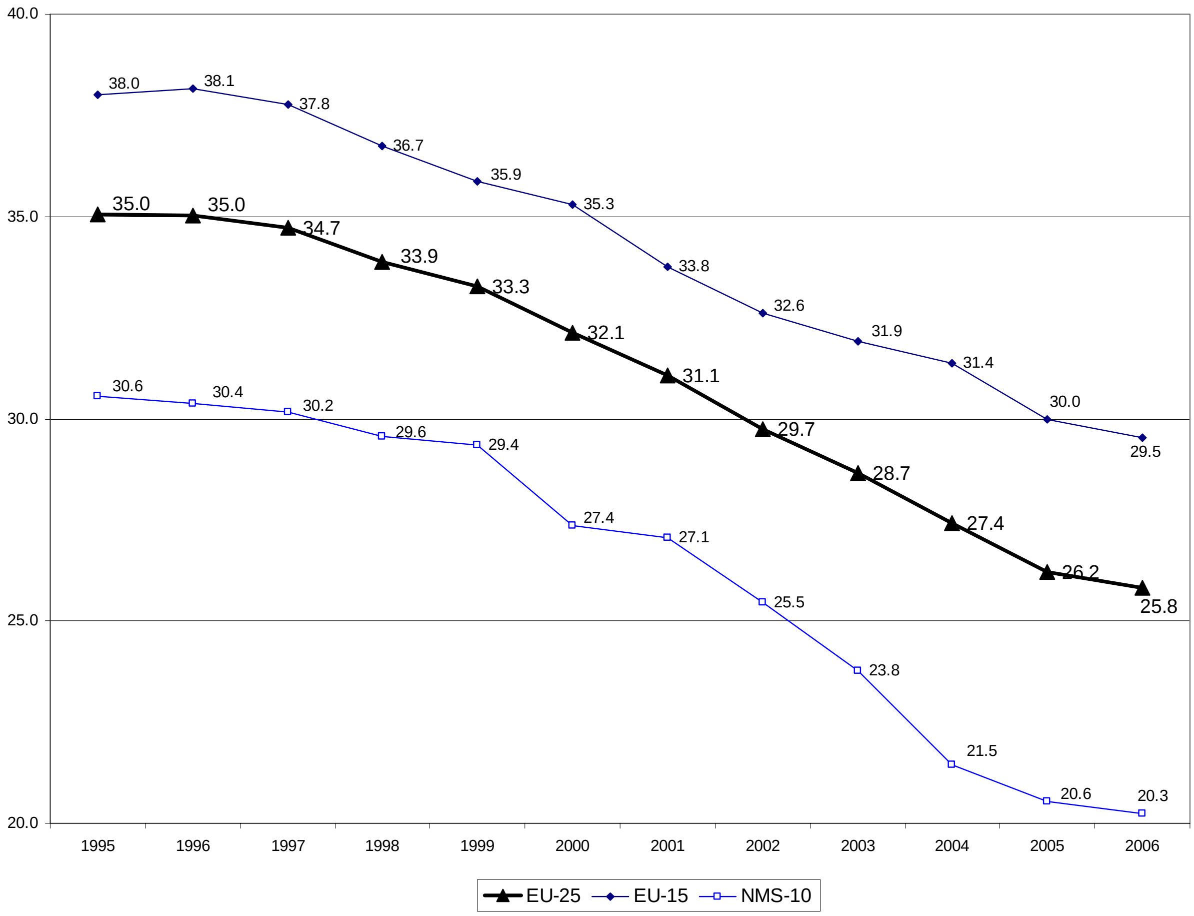
depreciation allowances. Some EU countries have tried to reduce the relative cost of financing new investment via own capital by introducing tax breaks directly through the corporate income tax; one interesting case in point is the introduction by Belgium, from 2006 onwards, of an allowance for corporate equity (*déduction pour intérêts notionnels*).

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

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

The most striking differences between old and new Member States are in the field of corporate taxation. The EU-15 average of corporate tax rate in 2006 is 29.6 %, while the average corporate tax rate of the ten new Member States (20.4 %) is nine percentage points lower. In the most recent years there has been a strong tendency to reduce corporate tax rates in the new Member States, often curtailing special tax regimes at the same time. The old Member States have generally followed suit and also reduced their statutory corporate tax rates substantially since 1995 (see Graph I-6).

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

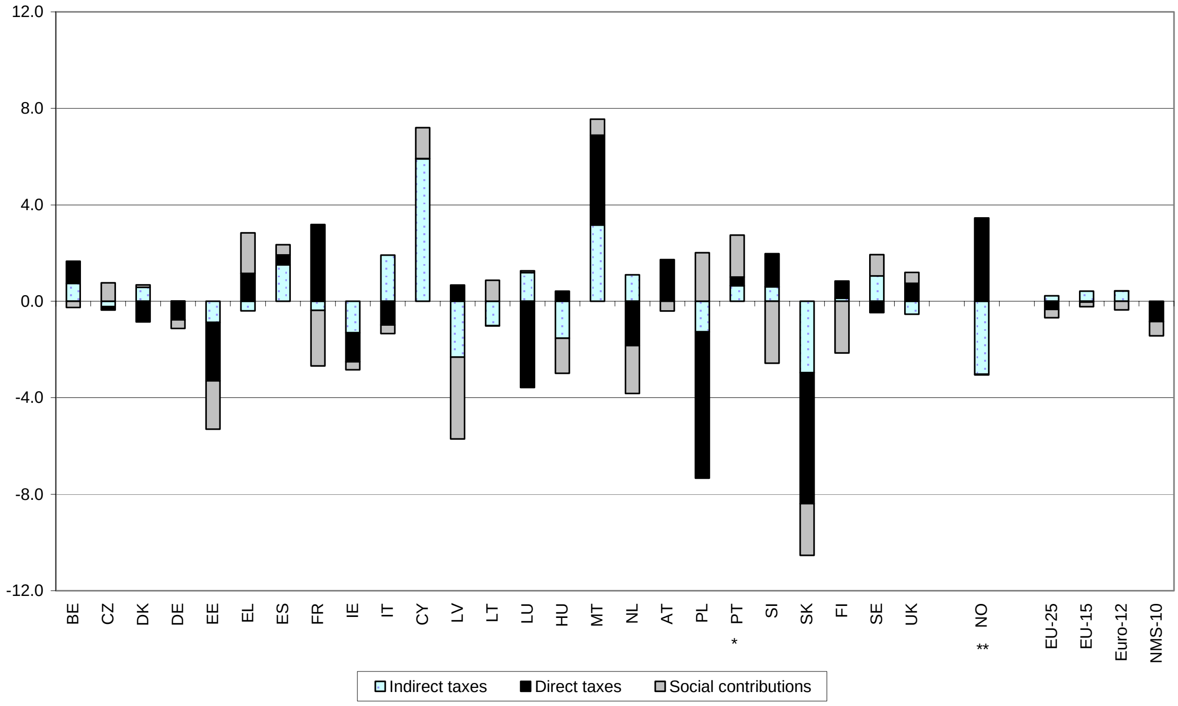


NOTE: The term 'adjusted' in the graph refers to the fact that local surcharges (average values) are included in the indicated rate.
Source: Commission Services

Estonia is a good example of this development. The country moved away from the classical corporation tax system: despite the low (26 %) CIT rate in force since 1994, since the beginning of 2000 Estonia decided to levy no corporate tax on retained profits, so that only distributed profits are taxed. Reductions in the corporate tax rate after year 1995 have been introduced in all new Member States except Malta. As for the personal income tax, the tax systems of new Member States are generally more in line with the EU-15, but the top statutory rate is often substantially lower than in the EU-15 (by 14.4 percentage points lower on average).

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

Graph I-7 Evolution by major type of taxes
1995-2004, differences in % of GDP



*) PT, direct taxes 2003. **) NO, 2003 data.

Source: Commission Services

For Malta, France, Austria, Slovenia, Greece, revenues from direct taxes increased by more than 1 percentage point of GDP. Malta is one of the few countries where increases in corporate tax revenues have been significant, though revenue from personal income taxes have also contributed significantly to the increase in the tax ratio; the lack of dynamics of the ITR on labour however suggest that the increase is not due to an increase in the tax burden on dependent labour. In France, changes in personal income tax revenues appear to have been clearly dominant, largely originating from increases in revenue from the generalised social contribution (CSG) and in the contribution for the reduction of the debt of social security institutions (CRDS), which are both booked as taxes on individual and household income (d51a) in national accounts[2]. In Austria increases were recorded both in revenue from PIT and from CIT; the country witnessed a particularly sharp increase in direct tax revenues in 2001, mostly due to base-broadening measures and hikes in tax pre-payments; but in the following years the tax ratios have tended to fall back again. In Slovenia, the increases in direct tax revenues were essentially due to a growth in CIT; revenues from PIT remained roughly constant, as a percentage of GDP. Poland, Slovakia, Estonia and to a lesser extent Ireland instead witnessed strong reductions in their direct tax revenues; in Poland, the PIT more than halved in importance in the period considered.

Cyprus has based most of the marked increase in its tax ratio on indirect taxes; these contributed 80 % of the increase in the tax ratio since 1995. Following the recent VAT increases, Cyprus is now the only EU

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

Member State where indirect taxes make up half of total revenues, with all other Member States remaining far behind in this respect. Italy and Malta also recorded relatively sizeable increases in revenue from indirect taxation. In Italy, the 1997-98 tax reform eliminated the employer's compulsory health contributions, bringing the overall employer's social contribution rate down substantially. At the same time, however, a new regional tax on productive activities ('IRAP'), based on the value of production net of depreciation was introduced; this tax is classified in ESA95 as an indirect tax ('other taxes on production'). Malta followed a path similar to that of Cyprus, i.e. a quite strong increase in the overall tax ratio albeit from very low levels, but financed the increase essentially from direct taxes, so that the increase in indirect taxes play a smaller role than in Cyprus. At the opposite end, Slovakia saw a marked decrease in indirect taxes, but this was not due to a strategy based on cutting indirect taxes but rather reflected a strong across-the-board cut in taxes. Estonia, too, cut significantly all three main categories of taxes. As for the largest four EU Member States, despite a relatively high focus on the tax burden in the policy discussion, no very significant modification in the level or distribution of the tax burden is apparent in the 1995-2004 period; in the only country in which significant shifts are visible, France, the decreases in social contributions and indirect taxes are offset by increases in direct tax revenues. As noted before, however, most of the EU-15 saw only minor changes in tax levels; only Ireland realised significant reductions in direct and indirect tax revenues as well as in social contributions.

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

1.2.2. By levels of government

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

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

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

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

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

The figures shown in Graph I-8 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[3]. The figures displayed in Graph I-8 therefore convey relatively little information on the discretion provided to state and local authorities over their tax base and rates. It should furthermore be noted that the figures also exclude grants of all kinds between different levels of government. Also, the taxes received by the Institutions of the European Union do not only include taxes paid directly to the Institutions (i.e. the ECSC levy on mining and iron and steel producing enterprises paid by resident producer units), but also taxes collected by general governments on behalf of the European Union. The latter include, in particular, (i) receipts from the common agricultural policy, (ii) receipts from custom duties from trade with third countries and (iii) a share in receipts from VAT imposed within each Member State.

In 2004, in the EU-15 about 56 % of the 'ultimately received' aggregate tax revenue (including social contributions) was claimed by the central or federal government, roughly 29 % accrued to the social security funds, and around 11 % to local government. Around 1 % of this tax revenue is paid to the Institutions of the European Union. There are however considerable differences from one Member State to another. For instance, a few Member States have a State government level. The share of regions and municipalities varies from less than 1 % in Greece to 35 % in Denmark. Not only Denmark, but also Sweden (33 %), Belgium (29 %), Spain (29 %) and Germany (28 %) show relatively high shares of total taxes received by government sub-sectors. The share is around the EU average in Austria (18 %) and Italy (16 %). The share is noticeably small in Greece (1 %), Ireland (2 %), the Netherlands (4 %) and the United Kingdom (5 %). Concerning social security funds, the highest shares in the EU are reported by France and Germany.

In the new Member States the State government level does not exist. Concerning local government taxation the figures vary between Malta, which does not apply local taxes, to Latvia with a share of 18 %. Relatively high shares of local taxes can be seen also in Estonia (13 %)[4], Hungary (12 %), Poland (13 %) and Lithuania (10 %). Concerning social security funds, high shares appear in Poland (40 %)[5], Slovakia (39 %), Slovenia and Lithuania (37 %).

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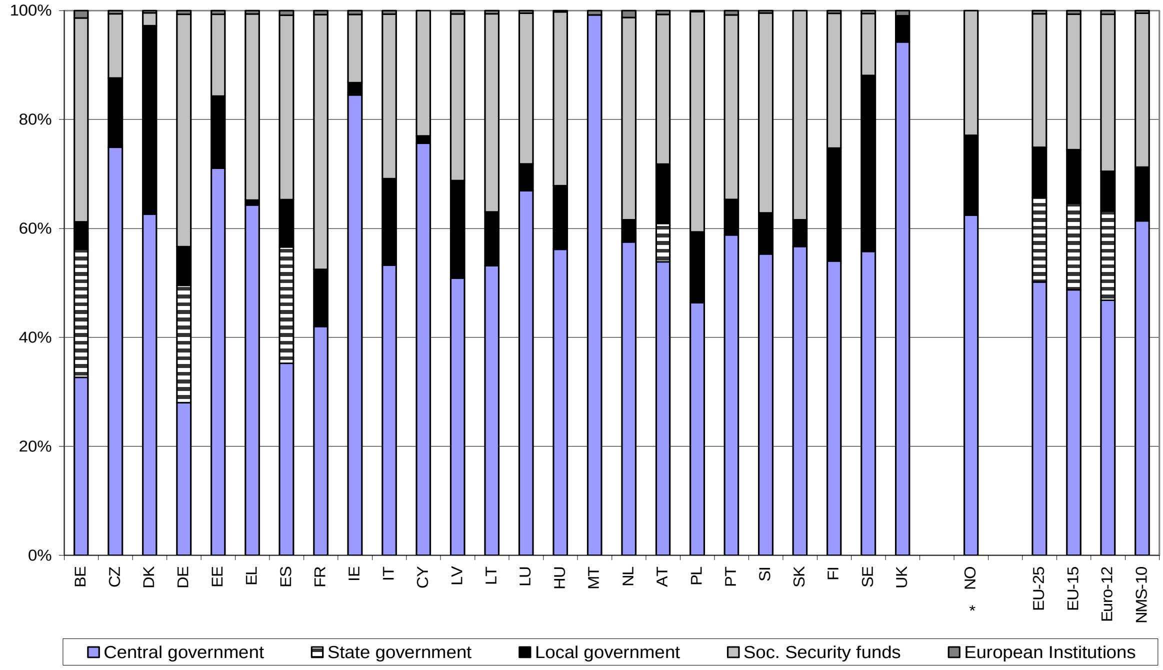
[3] Additional information was used for the classification of taxes by ultimately receiving government sub-sectors for Belgium.

[4] In Estonia the relatively high share of local governments is mainly based on the transfer of revenues from national personal income tax. This tax is levied by the central government but more than a half of the PIT paid by resident persons is transferred directly to local budgets (in 2004, 11.4% of the taxable income before deductions; 11.6% in 2005 and 11.8% from 2006 and onwards). PIT payable on capital gains and pensions goes to the central budget.

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

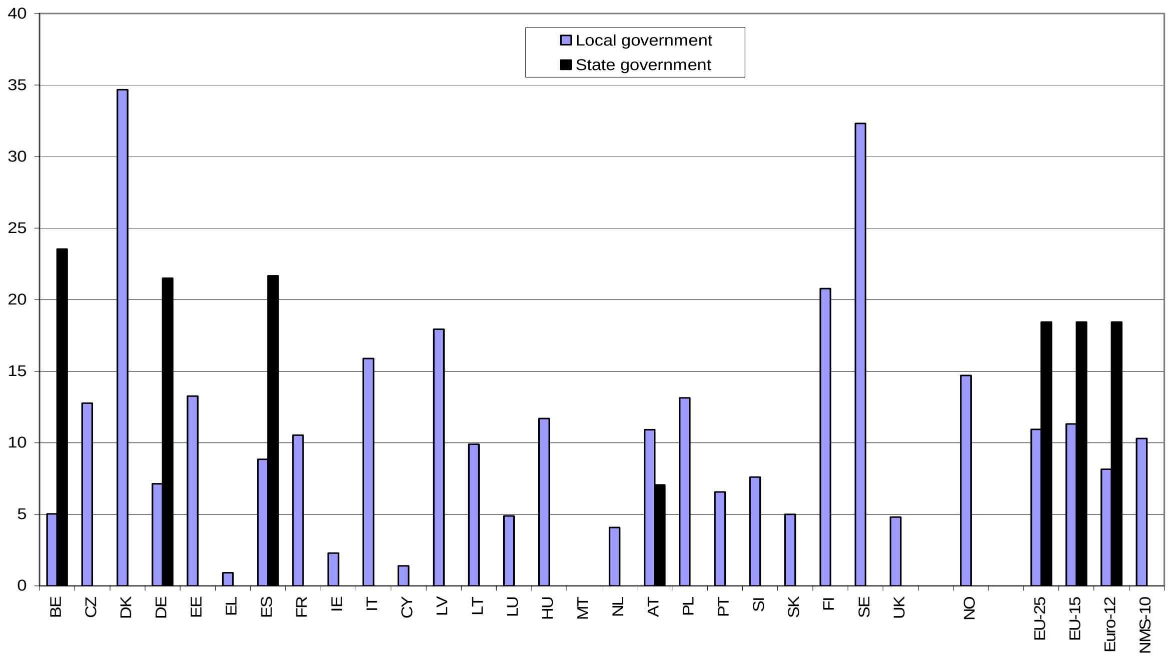
Graph I-8 Classification of tax revenues by ultimately receiving level of government
2004, in % of total tax burdens



*) NO, 2003 data.
Source: Commission Services

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

Graph I-9 Shares of aggregate tax revenue ultimately received by sub-central governments
2004, in % of tax revenues of general government, social contributions not included



Source: Commission Services

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

The figures displayed in Graph I-9 indicate substantial differences in the structures of the taxation systems across the Union. However, as argued above, they give relatively little insight in the degree of tax autonomy of sub-central levels of government as such. Generally speaking, the tax raising process within the general government involves (i) setting a tax base, (ii) defining statutory tax rates, (iii) collecting the tax and (iv) attributing its revenues. Two or more levels of government can be involved in one or several of these different stages. Several modalities exist. For example, an 'own' tax means that the central or sub-central government unit is responsible for all phases of the tax raising process (i) through (iv). A 'joint' tax means that the central government is responsible for (i) setting the base and (iii) collecting the tax, and jointly with the regions for (ii) setting the rates. Tax 'sharing' generally means that the central government is responsible for (i) setting the base, (ii) defining the tax rates and also for (iii) collecting the tax[6]. However, the sub-central governments are automatically and unconditionally entitled to a percentage of the tax revenue collected or arising in their territory. Other modalities may also exist. In practice, the organisation of the general governments – including the fiscal relations, the constitutional arrangements and the tax raising process – is quite complex, and varies considerably from one Member State to another. An OECD study (1999) has complemented tax revenue statistics by providing a typology of the 'taxing powers' of government sub-sectors, and by applying this typology to tax revenue statistics. The study shows important differences as regards the tax autonomy of the *Länder* and the Regions within the group of Federal or quasi-Federal countries in the Union (i.e. Germany, Austria, Belgium and Spain). It also shows differences as regards the tax autonomy of local governments within the European Union. In addition, since publication of the study important changes have taken place in several Member States (e.g. Belgium, Spain and Italy) usually increasing the degree of subnational fiscal autonomy.

[6] Except in Germany, where the *Länder* collect the tax.

Part II Taxation according to economic functions

Introduction

The tax-to-GDP ratio and the breakdown of tax revenues into standard categories such as direct taxes, indirect taxes and social contributions provide a first insight into cross-country differences in terms of tax levels and its composition in terms of tax type. However, this tells little about the distribution of the tax burden. This publication does not aim at providing a full tax incidence analysis; this would require computing the final impact on different categories of taxpayers taking into account the shifting of taxation from one group of taxpayers to the other via price or volume changes in supply and demand – a very difficult exercise[1]. Nevertheless, an intermediate result is obtained: on the basis of a national accounts framework, a broad classification into three economic functions - consumption, labour and capital - has been applied yielding not only the absolute levels of taxation by function but also implicit tax rates, i.e. average effective tax burden indicators[2]. This is an important result given the policy relevance of information about the balance of taxes on the two factors labour and capital and given the distributional (and other) consequences of consumption taxation. The methodology utilised in this survey is discussed in detail in Annex C.

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

1. DISTRIBUTION OF THE TAX BURDEN ACCORDING TO ECONOMIC FUNCTION

1.1. Coverage and data issues

Table C – Taxes on Consumption, Labour and Capital

Part I examined the distribution of the overall tax burden by major type of taxes and level of government ultimately receiving the revenue, i.e. the data illustrated in Tables A and B. Part II is instead devoted to tracing the evolution of the tax burden by economic function (i.e. consumption, labour and capital). This edition for the first time extends coverage of the taxes by economic function to Poland and completes the coverage for Lithuania, previously available for a shorter time frame, with a resulting improvement in the quality of the statistics and in particular for the representativeness of the NMS-10 average. However, for Slovakia, data for the tables C and D cover only the years 2000, 2002 and 2003; as a result it was decided not to retain this Member State in the calculation of the EU-25 and NMS-10 average in order to avoid distortions for the missing years. In some cases a reassessment of the quality of the data has led us to reconsider publication of some series or data points as problems of comparability appeared. Some work remains to be done in ensuring full comparability, in particular where the available tax statistics do not

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[1] Fullerton and Metcalf (2002).

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

show a high level of detail, as is the case notably for some of the NMS-10; hence, if more disaggregated data become available in the future, there is a potential for revision in a number of indicators; this might be the case more particularly for environmental or capital taxes, or the taxes paid by the self- and non-employed. Nevertheless, the degree of comparability achieved is already satisfactory and supplies interesting insights into the sometimes marked differences in the tax structures of the 25 Member States.

Table D – Implicit tax rates

The coverage of the ITR on consumption for EU Member States is nearly complete, with the sole exception of Slovakia (the necessary Table C data exist only for three years) and Portugal (data for the year 2004 are missing). The coverage of the ITR on labour is analogous, with sole addition of the 2004 ITR for Poland, also missing. The coverage of the ITR on capital is however patchier because the computation of the ITR on capital is quite demanding in terms of the required level of detail in the statistics. Furthermore, in many cases it was not possible to compute the implicit tax rate on capital even though Table C data on capital taxes were available, because data needed to compute the denominator of the ITR, i.e. the sum of revenues accruing to capital, were not available.

In addition to the analysis of taxation by economic function, Part II also investigates the development of environmental tax revenues and, as in previous editions, presents an indicator for the average effective tax burden on energy consumption. This indicator too has been extended to the NMS-10 as far as allowed by the data. Please note that a novelty of this year's edition of the report is the introduction of a new methodology for the computation of the ITR on energy. The ITR is now deflated by the deflator of final demand (see section 4.3 for details).

1.2. Distribution of taxation by function

Graph II-1.1 displays a breakdown of the overall tax burden by economic function for the year 2004. Taxes levied on labour income (employed or non-employed), mostly withheld at source (i.e. personal income tax levied on wages and salaries income plus social contributions), clearly represent the most prominent source of tax revenue in most Member States: labour taxes contribute around 50 per cent of total tax receipts in the Union's Member States.

The graph shows a correlation between overall tax levels and reliance on labour taxation; Member States with a relatively high tax-to-GDP ratio also tend to collect a relatively high amount of labour taxes, and conversely. This is notably the case in EU-15 countries such as Ireland, the United Kingdom, Greece and Portugal where both overall and labour taxes are low; however, this correlation is often absent in the NMS-10 grouping: many low-tax countries such as the Baltics display relatively high ITRs on labour despite having significantly lower overall tax ratios. Nevertheless both labour taxes and ITRs on labour are on average lower in the NMS-10 as one would expect.

Taxation of the other economic functions typically yields less revenue. In the Union, taxes on capital usually account for less than one fifth of total tax receipts, while consumption taxes account for around one third. There are some differences in structure between old and new Member States; in the latter, consumption taxes usually account for a somewhat higher share of total tax revenues, while taxes on capital play, on average, a smaller role.

The share of revenue yielded by capital taxes is large in the UK, Luxembourg, Ireland, Malta, Spain, Italy, Greece, where they contribute over one quarter of total taxes, and noticeably small in Denmark[3], Germany and Sweden as well as in many of the Central European NMS-10. In the case of Denmark and Sweden the relatively low share is rather due to high taxation of other factors than to low taxation of capital, while for the NMS-10 low taxation of capital is undeniable although the existing data limitations might result in a downward bias.

As for the composition of capital taxes, taxes raised on capital and business income are generally more important than taxes on the stocks of capital (wealth); one important exception is France, where high taxes on wealth lead to broadly equal proportions between the two types. The highest levels of taxes raised on stocks (wealth) of capital, as a share of GDP, are observed in France, the United Kingdom, Belgium, and Malta. In the NMS-10, these taxes generally yield a lower share of revenue than in the EU-15; this might be linked, however, to a lower aggregate value and productivity of the capital stock or to limitations in our dataset.

Differences in the shares of consumption taxes between Member States are lower than for the other two major economic categories. This is partly explained by the harmonised VAT system and by the introduction of minimum rates for important excise duties (although of course marked differences still exist in both normal and reduced VAT rates and in the scope of exemptions). Overall, NMS-10 rely on consumption taxes, on average, for 37.3 % of the total as against 29.5 % for the EU-15.

The category 'labour non-employed' in Graph II-1.1 refers to personal income tax and/or social contributions that are raised on old age pension benefits and social benefits. Revenues vary markedly from country to country given widely different traditions on the taxation of benefits and transfers, some of which being frequently exempted from taxation. Denmark, Germany, the Netherlands and also Finland and Sweden tend to raise a substantial amount of taxes on such benefits; given, however, that the granting of unemployment benefits is tightly linked to the labour market situation, the revenue raised from taxes on benefits are linked to the cycle and may therefore vary strongly from one year to the next. In other Member States the amount of tax raised on such benefits is generally lower, or even negligible. It should be pointed out that, since the statistical identification of these taxes is rather difficult owing to a lack of specification in the original tax statistics[4], such taxes could not be presented for all Member States and may well be underestimated by the ratios presented in this report[5].

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

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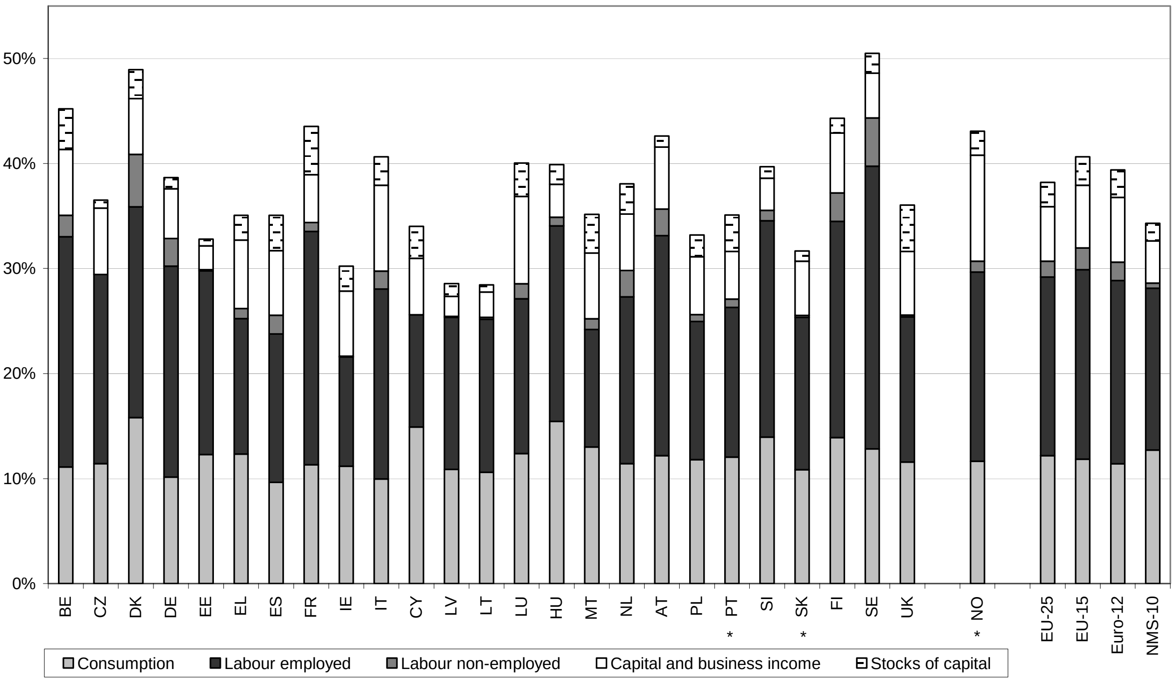
[3] The revenues from capital taxes in Denmark were particularly small in the years 2000-2002, because in pension funds the non-realised capital gains are taxed. For this reason a capital loss due to a drop in the value of shares had a particularly strong influence on the capital income tax revenue in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

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

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

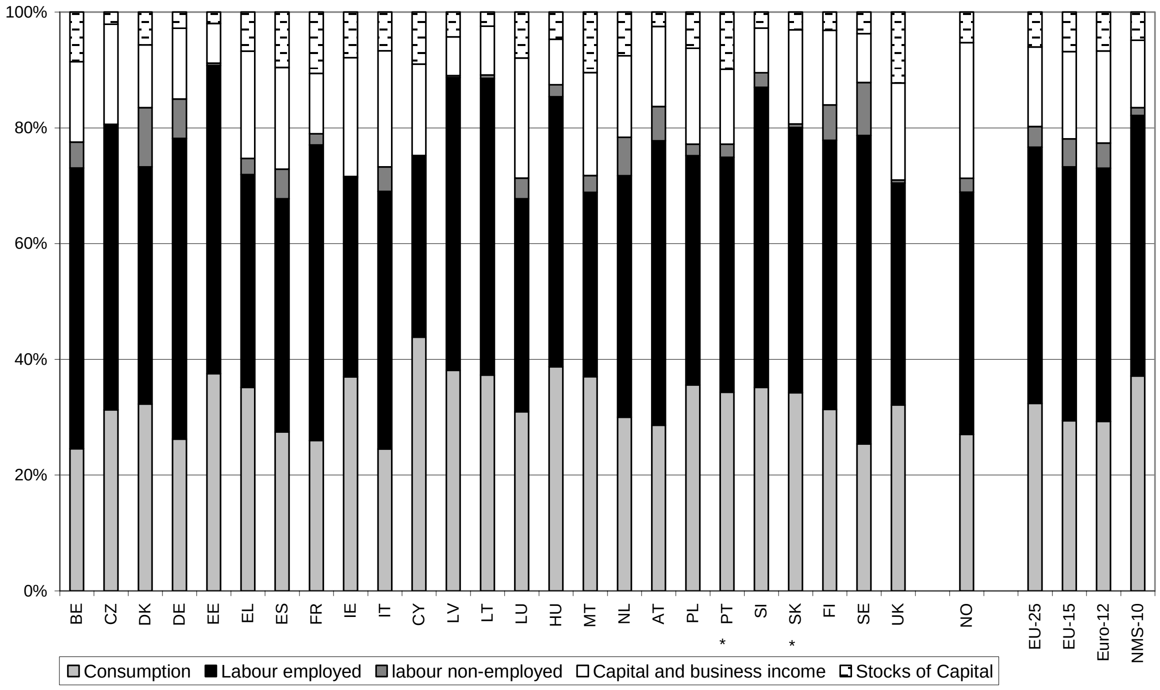
Graph II-1.1 Distribution of the total tax burden according to economic function

– Taxes on labour (employed and non-employed), consumption and capital (capital and business income and stocks) in % of GDP, 2004



*) PT, SK and NO, 2003 data.

– Shares of tax revenues raised on labour (employed and non-employed), consumption and capital (capital and business income and stocks) in % of total taxation, 2004

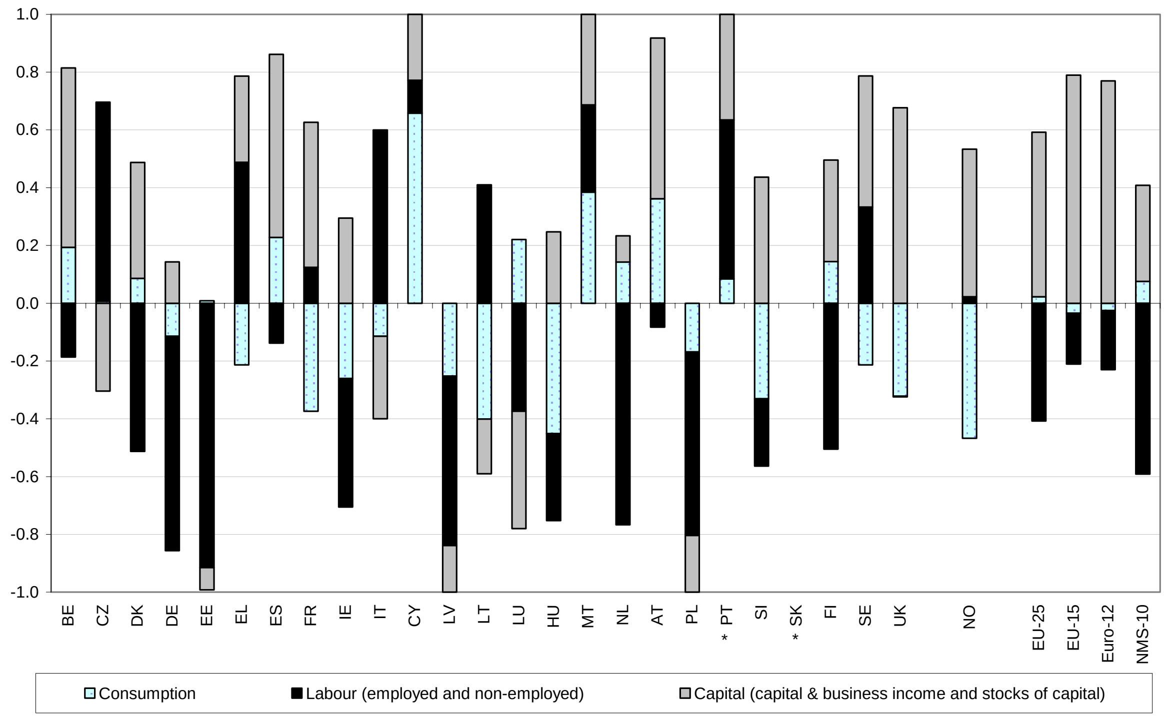


*) PT and SK, all data refers to 2003

Source: Commission Services

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

Graph II-1.2 Relative contribution of taxes on labour, capital and consumption (in % of GDP) to the change in the total tax-to-GDP ratio, by country
(1995-2004, sum of contributions in each column adds up to 1)



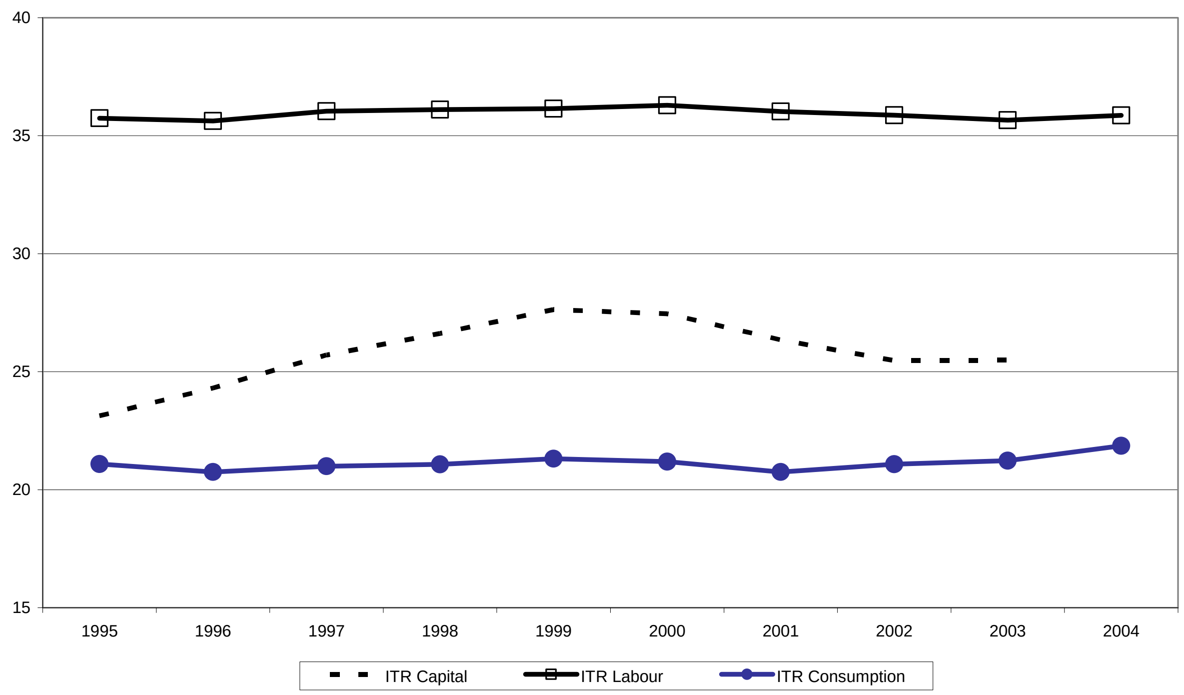
*) PT 2003. SK, no data available
Source: Commission Services

Graph II-1.3 displays the evolution of implicit tax rates (tax revenues expressed as a percentage of the potential tax base computed from national accounts) between 1995 and 2004 in the Union and for the individual Member States, respectively. Previous editions of this report based on the ESA79 classification reported a substantial increase in the implicit tax rate on labour since the beginning of the early 1970s, while the implicit tax rate on consumption has on the whole remained broadly stable. The average effective tax rate on capital (as measured by the implicit tax rate on other production factors computed in earlier versions of this report) varied sometimes considerably from one year to another. The implicit tax rate on labour has however always been higher than the average effective tax burden indicator for capital and consumption, and the difference has increased throughout the period under review[6].

[6] European Commission (2000 a, b).

Over the years, increasing concern on the generally unsatisfactory labour market performance of the EU brought attention to the high tax burden on labour and has led to repeated calls for cutting it. Unfortunately, data in Graph II-1.3, which shows the development of the ITRs on labour, consumption, and capital, show little sign of a sustained decline in labour taxes; although the slight pickup of the ITR on labour for 2004 is a statistical artefact – in reality the ITR is likely to have remained constant (see Part II.3) – the decline in the average EU-25 ITR proceeded in the years from 2000 to 2003 at a pace of merely 0.2 percentage points per year. The average tax burden on labour remains by far the highest of the three. Another striking feature of the developments over the last ten years is the strong increase in the tax burden on capital until the year 2000 and its subsequent rapid decline. Given the lack of data for numerous Member States, the average ITR on capital for 2004 is not shown in the graph; however, data up to 2003 show a decrease in the rate by some two percentage points from its 2000 peak, which can be explained by a combination of cuts in tax rates and cyclical factors (the slowdown in growth recorded in those years in the EU and the end of the stock market boom). The (real or perceived) impact of EU enlargement and globalisation and the stiffening competition for mobile capital are probably the driving forces that have led to lighter taxation of capital in general and of corporate income in particular. Overall, capital, as at 2003, was taxed at an average implicit rate of about 25 %, which is roughly 10 percentage points lower than the implicit tax rate on labour. The gap between the two has been growing larger since 2000.

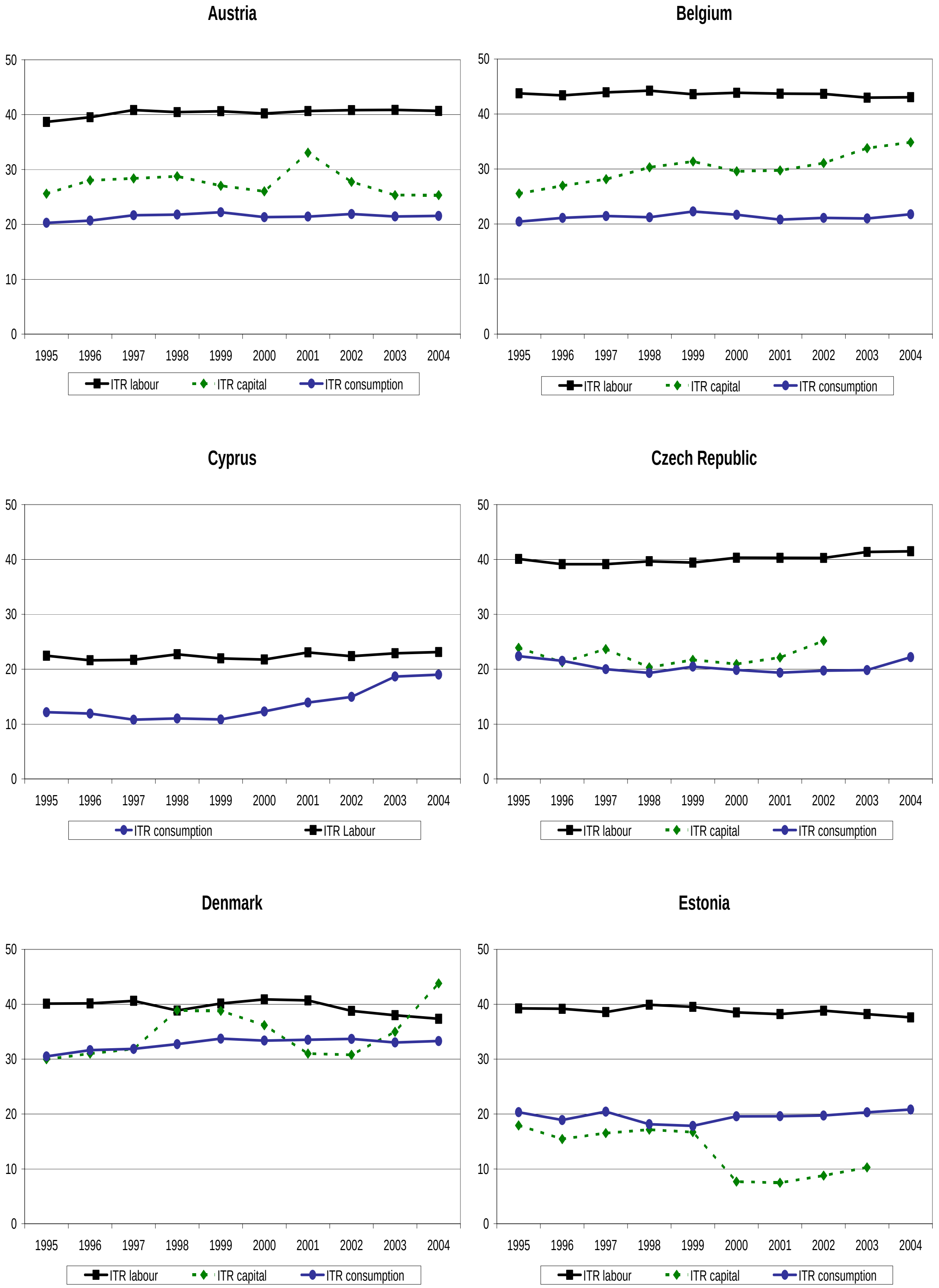
Graph II-1.3 Development of implicit tax rates for the EU average
1995 - 2004, in %

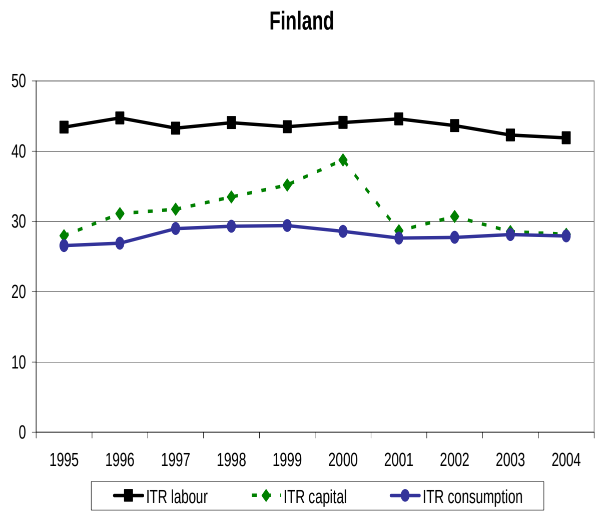


Source: Commission Services

Graph II-1.4 Development of implicit tax rates for the Member States

1995 - 2004, in %




Finland
50
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20
10
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1995
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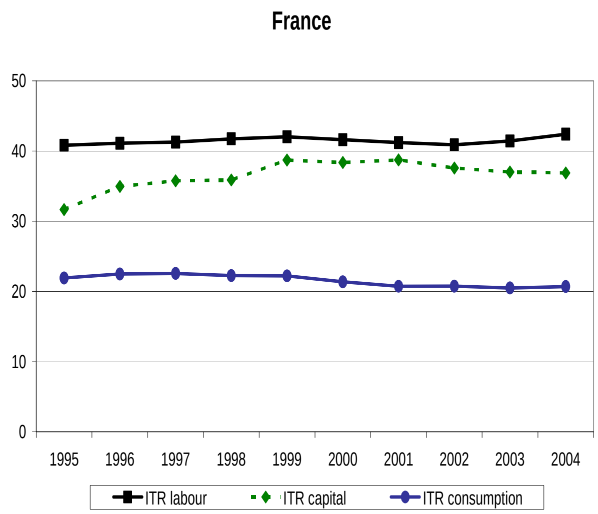
2000
2001
2002
2003
2004
ITR labour
ITR capital
ITR consumption


France
50
40
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20
10
0
1995
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1998
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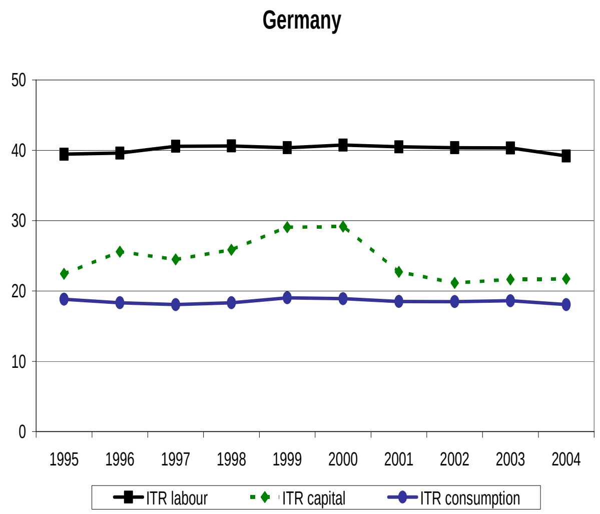
2000
2001
2002
2003
2004
ITR labour
ITR capital
ITR consumption


Germany
50
40
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0
1995
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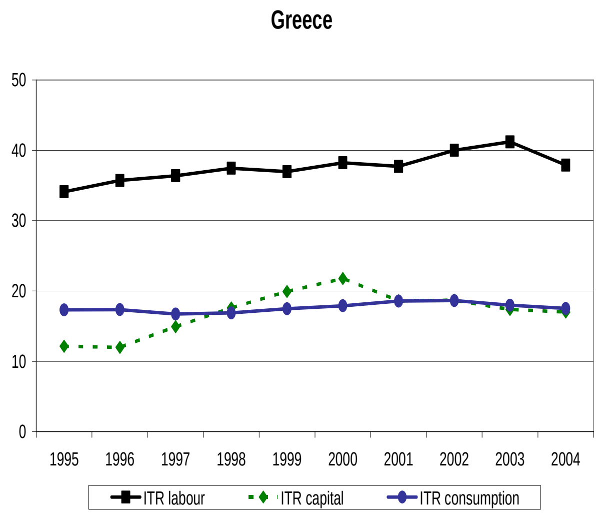
2001
2002
2003
2004
ITR labour
ITR capital
ITR consumption


Greece
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1995
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2004
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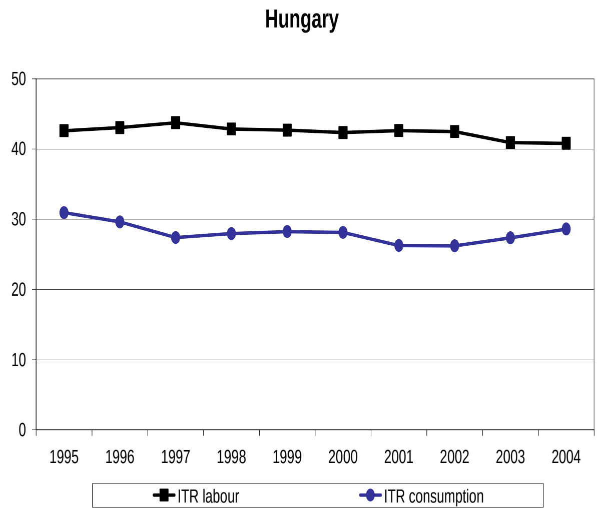
ITR capital
ITR consumption


Hungary
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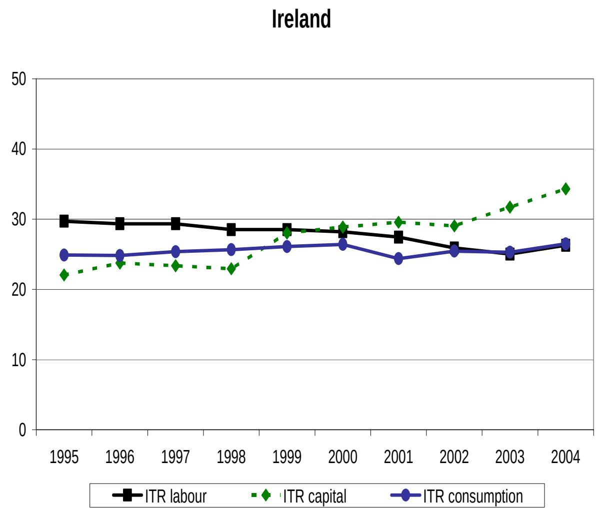
2004
ITR labour
ITR consumption


Ireland
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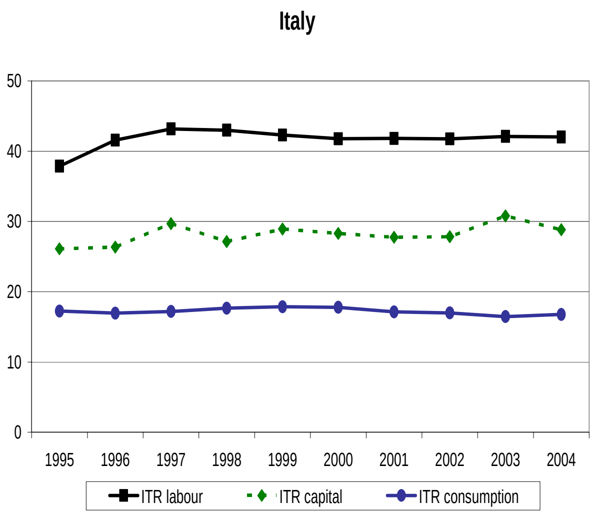
ITR labour
ITR capital
ITR consumption


Italy
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2002
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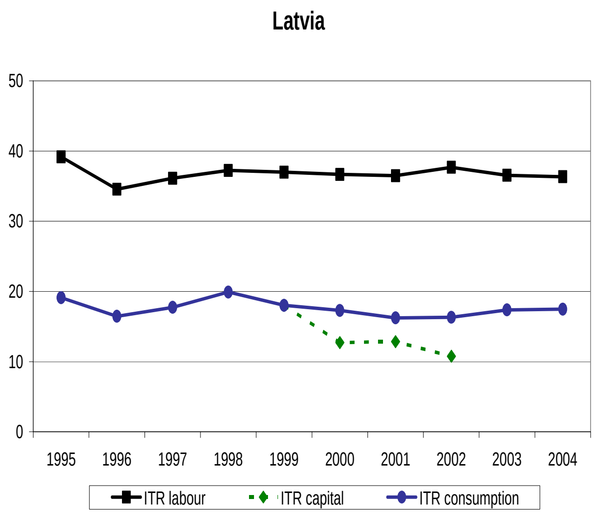
2004
ITR labour
ITR capital
ITR consumption


Latvia
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1995
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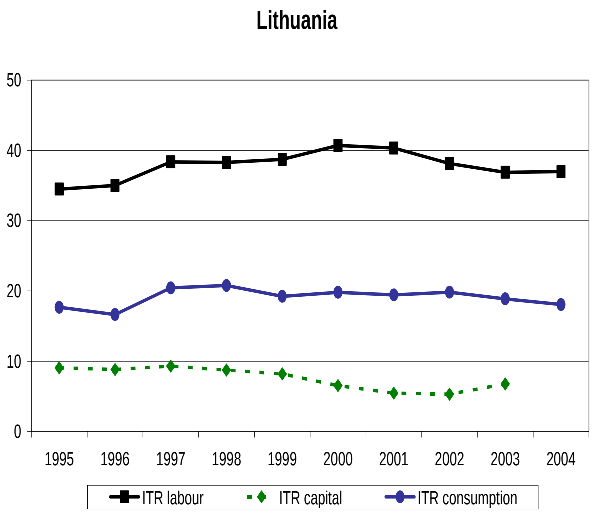
2000
2001
2002
2003
2004
ITR labour
ITR capital
ITR consumption


Lithuania
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1995
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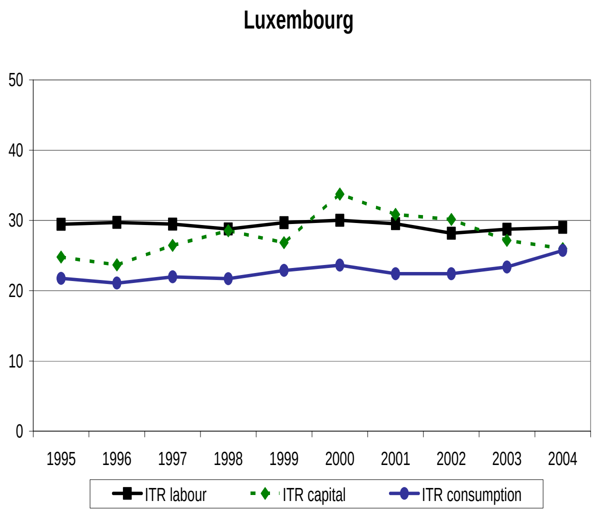
2003
2004
ITR labour
ITR capital
ITR consumption


Luxembourg
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1995
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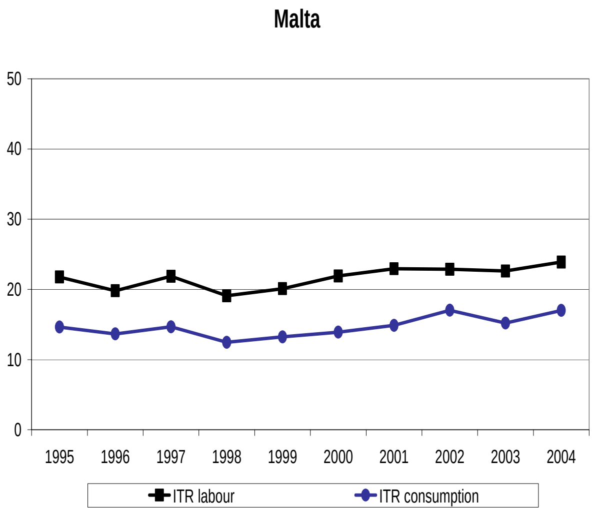
2003
2004
ITR labour
ITR capital
ITR consumption


Malta
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20
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1995
1996
1997
1998
1999
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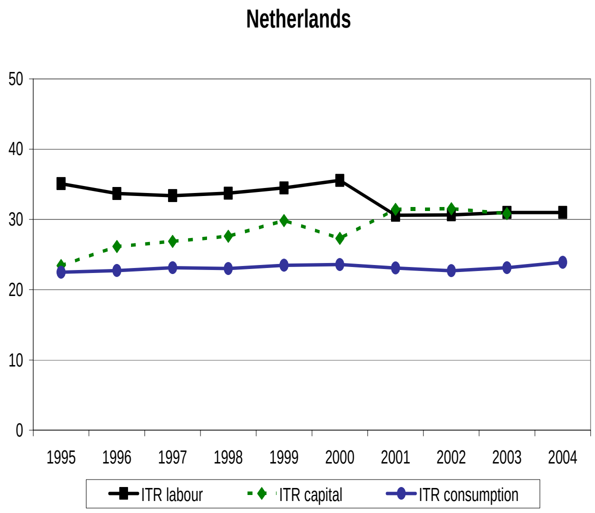
2001
2002
2003
2004
ITR labour
ITR consumption


Netherlands
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40
30
20
10
0
1995
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1997
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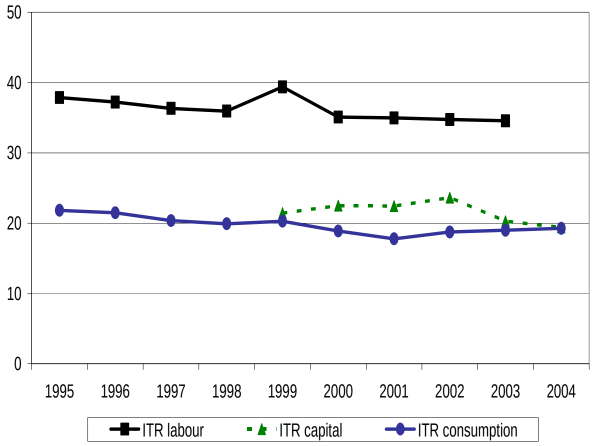
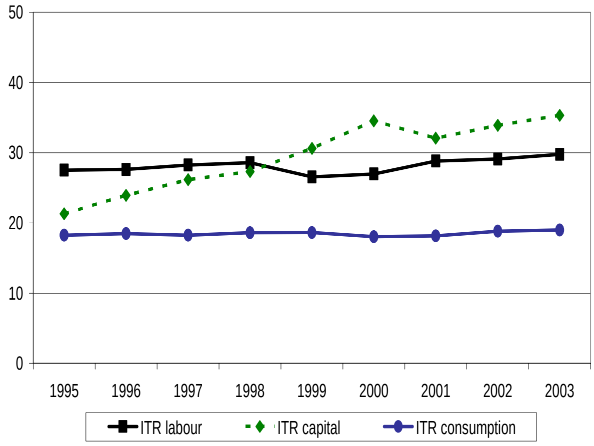
1999
2000
2001
2002
2003
2004
ITR labour
ITR capital
ITR consumption

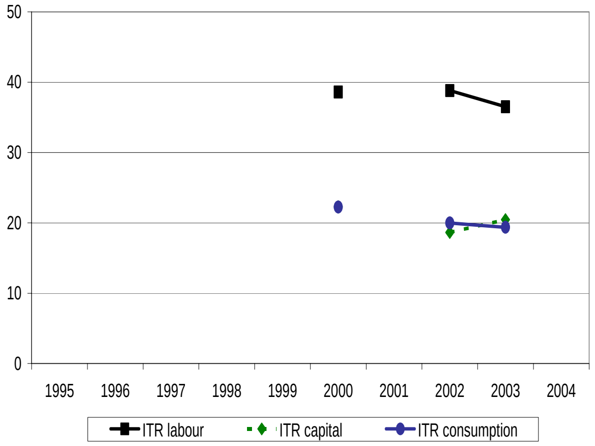
Poland



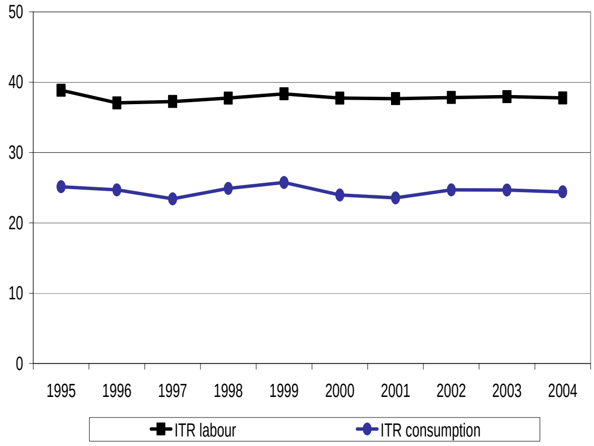
Portugal



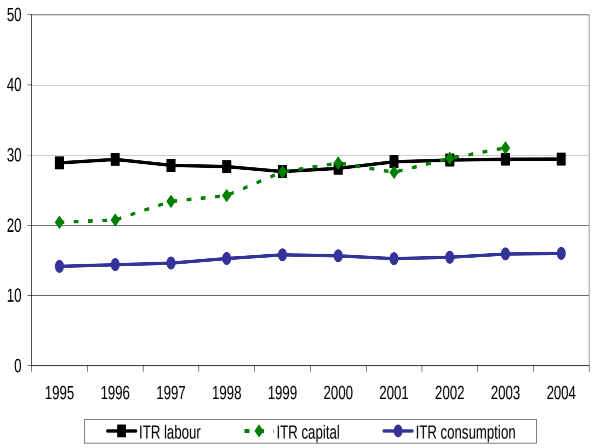
Slovakia



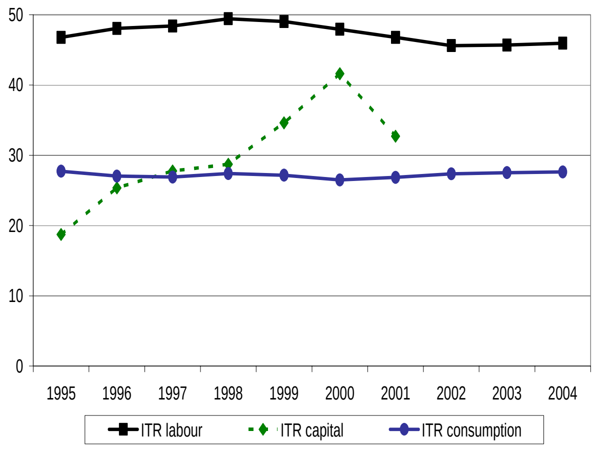
Slovenia

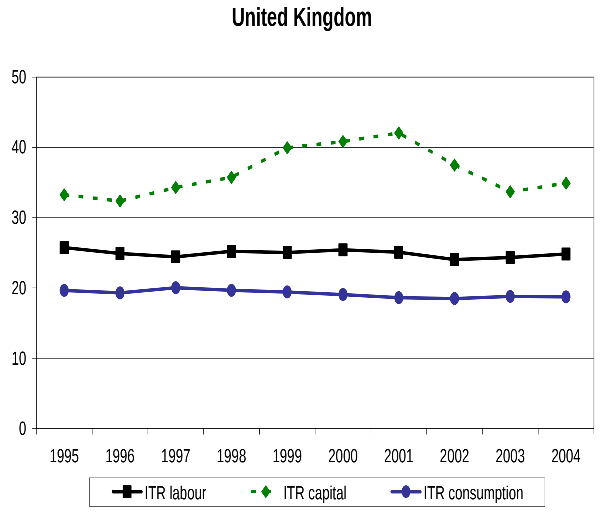


Spain



Sweden



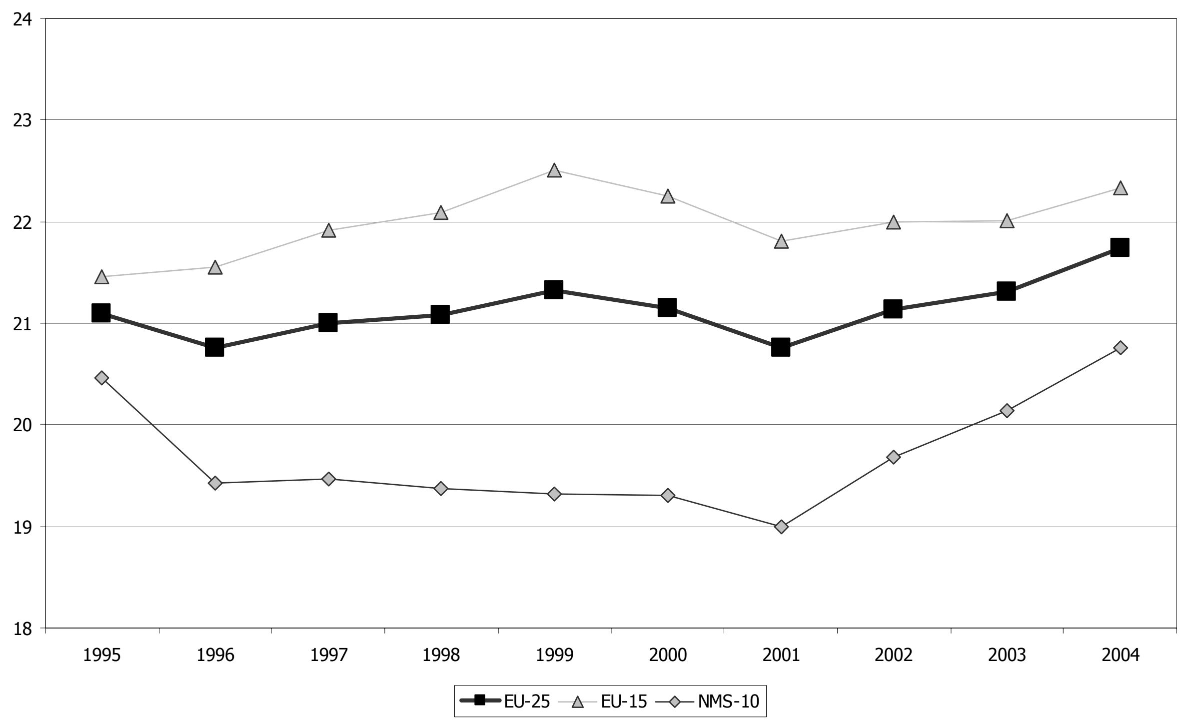


Source: Commission Services

2. TRENDS IN THE IMPLICIT TAX RATE ON CONSUMPTION

Previous editions of this report[1], 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. In the period now being considered data show more variation. The ITR for the EU-15 Member States pointed upwards from 1995 to 1999, then the ratio decreased until 2001; since that year the ITR has been pointing upward. In the new Member States there was no trend increase from 1995 to 2001: the ITR dropped from 20.5 % in 1995 to its 19.0 % through 2001, when the trend, similarly to the EU-15, picked up again. For the EU-25 as a whole the combination of the two leads to a relative stability (though with fluctuations) of the ratio until 2001, when the increasing trend begins for both the old and the new Member States.

Graph II-2.1 Trend developments in the old and new Member States[2]
1995-2004, in %



Source: Commission services. For the purpose of this graph and of the discussion in this chapter the missing value of the ITR on consumption for Portugal for 2004 was assumed to be unchanged from 2003 to avoid introducing a structural break in the EU averages. This adjustment has not been made in the tables in Annex A.

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[1] European Commission (2000 a, b).

[2] No figures were available for Slovakia and are excluded from the NMS-10 and EU-25 averages.

Developments in 2004 by country

As for the composition of the trend, an increase in 2004 was registered in 17 countries, while 6 showed a decrease. For EU-15 in particular Luxembourg, Ireland, the Netherlands and Belgium showed an above average change in 2004 as compared to the previous year. Among the new Member States the Czech Republic, Malta and Hungary stand out as driving forces of the overall increasing trend for the NMS-10.

Except for Luxembourg the other three EU-15 countries, displayed smaller increases than the new Member States. Luxembourg exhibited a significant increase in excise revenues, following excise duty increases that were not offset by significantly negative effects on the respective tax bases.

In the case of Malta, the trend increase in the ITR is explained by the widening of the VAT base in recent years and by a VAT hike of 3 percentage points in 2004. The increase in Hungary in 2004 is mainly due to increased VAT revenue following the introduction of the simplified corporation tax of which roughly 65 % is now accounted for as VAT revenue. Furthermore the denominator, consumption, has decreased slightly as a share of GDP. The Czech Republic lowered the VAT rate on the date of its accession to the EU; however a range of goods and services was moved from the reduced to the standard rate which translated into overall higher VAT revenues.

Among the countries with a decreasing ITR, the 0.8 % decline in the ratio for Lithuania was mainly due to a rise in the consumption to GDP ratio. The other countries with a negative trend, such as Germany, Greece, Slovenia, Finland and the United Kingdom, have a smaller negative impact on the trend, ranging from -0.53 % to -0.06 %.

Longer-term trends by country

The increase in the ITR on consumption recorded since 2001 in many EU Member States is especially interesting given the current policy discussion on shifting the tax burden away from direct taxes toward indirect taxation, as seen notably in the Verhofstadt proposal and the German proposed VAT hike of 3 percentage points in 2007, which would be used in part to finance a reduction of social security contributions.

Sizeable increases in the ITR on consumption were recorded over the period in Cyprus and Malta (primarily due to the raising of the VAT; respectively from 10 % to 15 % and from 15 % to 18 %), Luxembourg (mainly increases in 2004 in excise and VAT revenues) and in Denmark (where the change is primarily due to the slower growth in consumption as a percentage of GDP).

Notable falls in the ITR on consumption were observed for Hungary (driven in the main by reductions in import duties; in Hungary the latter fell by two thirds in absolute terms) and Poland, where, despite the VAT rates being held constant at 22 % over the whole period, increases in the revenue from VAT did not keep pace with the expansion in private consumption and GDP. The decrease is also influenced by a 0.5 percentage point drop in the share in GDP of excise duties over the period.

Table II-2.1 Implicit tax rates on consumption in the Union

1995-2004, in %

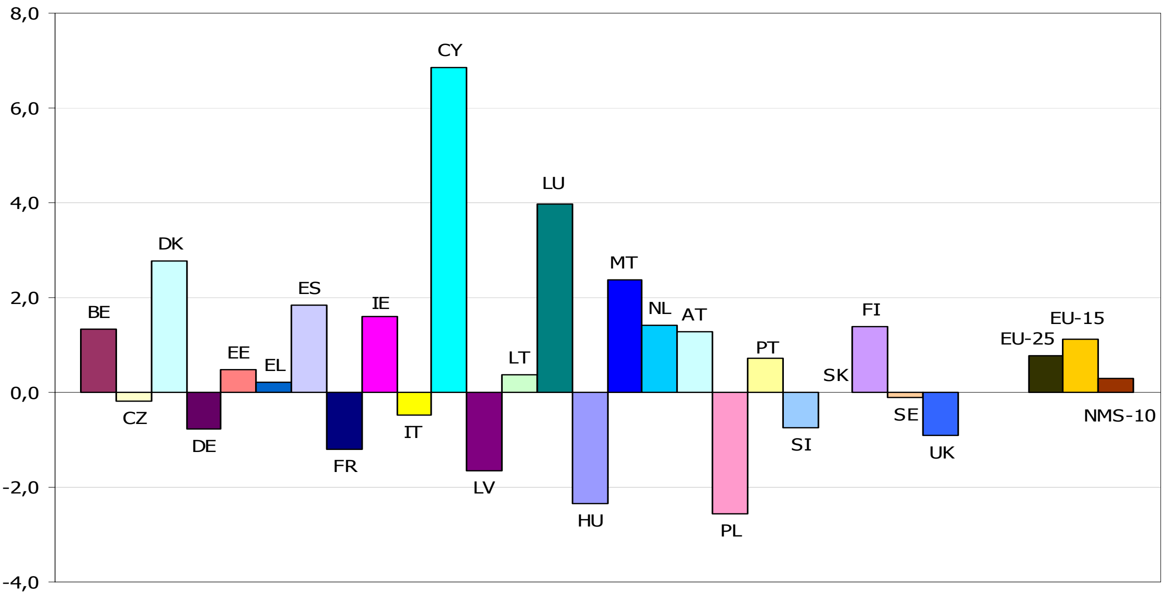
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Diff 95-04
BE	20,4	21,1	21,5	21,2	22,3	21,7	20,8	21,1	21,0	21,8	1,3
CZ	22,4	21,5	20,0	19,3	20,5	19,9	19,4	19,7	19,8	22,2	-0,2
DK	30,5	31,6	31,9	32,7	33,7	33,4	33,5	33,7	33,0	33,3	2,8
DE	18,8	18,3	18,1	18,3	19,0	18,9	18,5	18,5	18,6	18,1	-0,8
EE	20,3	18,9	20,4	18,1	17,8	19,6	19,6	19,7	20,3	20,8	0,5
EL	17,3	17,4	16,7	16,9	17,5	17,9	18,6	18,6	18,0	17,5	0,2
ES	14,1	14,4	14,6	15,3	15,8	15,7	15,2	15,4	15,9	16,0	1,8
FR	21,9	22,5	22,5	22,3	22,2	21,4	20,7	20,8	20,5	20,7	-1,2
IE	24,9	24,8	25,4	25,7	26,1	26,4	24,4	25,5	25,3	26,5	1,6
IT	17,2	16,9	17,2	17,7	17,9	17,8	17,1	17,0	16,5	16,8	-0,5
CY	12,2	11,9	10,8	11,0	10,8	12,3	13,9	15,0	18,7	19,0	6,9
LV	19,1	16,5	17,7	19,9	18,0	17,3	16,2	16,3	17,4	17,5	-1,6
LT	17,7	16,6	20,4	20,8	19,2	19,8	19,4	19,8	18,9	18,1	0,4
LU	21,7	21,1	22,0	21,7	22,9	23,6	22,4	22,4	23,4	25,7	4,0
HU	30,9	29,6	27,4	27,9	28,2	28,1	26,2	26,2	27,3	28,6	-2,3
MT	14,6	13,7	14,7	12,5	13,2	13,9	14,9	17,0	15,2	17,0	2,4
NL	22,5	22,7	23,1	23,0	23,5	23,6	23,1	22,7	23,1	23,9	1,4
AT	20,3	20,7	21,7	21,8	22,2	21,3	21,4	21,9	21,4	21,6	1,3
PL	21,8	21,5	20,4	19,9	20,3	18,9	17,8	18,8	19,0	19,3	-2,6
PT	18,3	18,5	18,3	18,6	18,6	18,0	18,2	18,8	19,0	-	0,7
SI	25,1	24,7	23,4	24,9	25,7	24,0	23,5	24,7	24,7	24,4	-0,7
SK	-	-	-	-	-	22,3	-	20,0	19,4	-	-
FI	26,6	26,9	29,0	29,3	29,4	28,6	27,6	27,7	28,1	27,9	1,4
SE	27,7	27,0	26,9	27,4	27,2	26,5	26,9	27,4	27,5	27,6	-0,1
UK	19,6	19,3	20,0	19,7	19,4	19,0	18,6	18,5	18,8	18,7	-0,9
EU-25[1]	21,1	20,8	21,0	21,1	21,3	21,1	20,8	21,1	21,3	21,6	0,5
EU-15[1]	21,5	21,6	21,9	22,1	22,5	22,3	21,8	22,0	22,0	22,3	0,9
NMS-10[1]	20,5	19,4	19,5	19,4	19,3	19,3	19,0	19,7	20,1	20,8	0,3

1) Arithmetic average. The 2004 value for Portugal assumed unchanged from 2003. Slovakia excluded from the EU-25 and NMS-10 averages.

Source: Commission Services

Graph II-2.2 Implicit tax rates on consumption in the European Union

1995-2004 changes in the rate in percentage points[1]



[1]) Slovakia: no data available, Portugal: 1995-2003

Source: Commission Services

Characteristics of Member States with the highest and lowest rates

Certain characteristics bind those countries exhibiting the lowest ITRs on consumption (Spain, Italy, Malta and Latvia in ascending order with ITRs in a band from 16.0 % to 17.5 %) and those exhibiting the highest levels (Denmark, Hungary, Finland and Sweden in descending order with ITRs in a band from 33.3 % to 27.6 %), both as regards the numerator and denominator of the statistic. Those exhibiting the highest levels take in, on average, 9.1 % of GDP in VAT revenues as against an EU-25 average of 7.6 %, with these countries possessing the highest rates of VAT in the Union except for Finland (Denmark, Hungary and Sweden levy VAT at 25 %; Finland at 22 %). The lowest take in an average of 6.7 % of GDP while their VAT rates average 18 %. The division on excise duties is less clear-cut although the Scandinavian countries can be said to have very high excise duties on alcohol while Mediterranean countries tax the latter especially lightly. The Baltic countries in any case generally have the lowest excise duties in the Union.

A very marked disparity between the two sets of countries is observed, however, in the denominator such that all of the countries with the highest ITRs have a consumption to GDP ratio lower than the average of 57 % (by eight percentage points of GDP on average) and all those countries with the lowest ITRs have consumption to GDP ratios higher than the average (eight percentage points).

3. TRENDS IN THE IMPLICIT TAX RATE ON LABOUR

3.1. Implicit tax rate on labour in the EU-25: 2004 level

The 2004 average implicit tax rate on labour employed (henceforth ITR on labour) in the EU-25 lies at 35.9 %. However, this figure does not include any value for Portugal and Poland given lack of the data for this year. Throughout this chapter, in order to avoid introducing a structural break in the series, we have utilised the 2003 value of the ITRs for these Member States for the purpose of calculating the EU averages for the year 2004[1]. Following this adjustment, the EU-25 average ITR on labour is 35.6 % (see Table II-3.1).

Cyprus (23.1 %) and Malta (23.9 %) 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-25 average. Despite generally lower taxation levels in the NMS-10 and the low ITRs on labour in Malta and Cyprus, the average ITR on labour in the NMS-10 (34.7 %) is not significantly lower than in the EU-15 (36.0 %). Indeed, excluding the extreme examples of Malta and Cyprus the average for the remaining new member states (not including Slovakia) is more than two percentage points above the EU-15 average. Moreover, with the exception of Poland (in 2003) the ITR on labour is above the EU-25 average in all remaining new Member States.

In addition to the countries exhibiting a very low ITR on labour, another group of countries consisting of Sweden, Belgium, France, Italy and Finland stands out for reporting an ITR on labour which exceeds the EU-25 average by more than 6 percentage points.

3.2. Stabilising or even decreasing tax burden on labour in recent years

Previous editions of this report[2], based on ESA79 system of national accounts, reported a common increasing trend in the tax burden on labour income in the EU-15 area since the beginning of the early 1970s (despite some decreases in single years). This general increase, which was quite marked in the 1970s and still significant in the 1980s and the first half of the 1990s, was closely related to a rising public sector share in the economy, in particular due to an increase in social welfare spending (especially for pensions, health care and other social benefits). The increase in the first half of the 1990s was associated with increases in social contributions related to the recession at the beginning of the decade. Moreover, increases in the tax burden were related to restrictive budgetary policies in the run-up to EMU.

Since the late 1990s, concerns about excessive labour costs prompted initiatives to lower the tax burden on labour income, in order to boost the demand for labour and foster work incentives[3]. Some Member States opted for cutting taxes or social contributions across the board while others focussed on targeted reductions of social contributions on behalf of low-paid and low-qualified workers. These cuts in social contributions were mostly aimed at granting relief to employers, although some countries have also implemented substantial cuts in employee social contributions. Reforms of personal income taxes have

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[1] In the Annex A tables however this adjustment is not made.

[2] European Commission (2000a, 2000b).

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

often varied, including lowering statutory tax rates, raising the minimum level of tax exempted income or introducing specific deductions, allowances or credits for low-income workers[4].

Although the impact of these measures on the ITR on labour remains smaller than could be expected, it is showing at least some effect. The general trend towards increasing the ITR on labour has mostly stopped in the late-1990s and seems to have been slightly reversed since in most Member States (see Table II-3.1)[5]. Previous ESA79 data displayed a steady increase in the EU-15 average ITR on labour (weighted by the total compensation of employees in the economy) from less than 30 % in 1970 to almost 42 % in 1997. New ESA95 data for the period 1995 to 2004, though not fully comparable, indicate that the EU-15 (arithmetic) average ITR increased further until 1998 (from 36.1 % in 1995 to 36.9 % in 1998). However, after having been quite stable for two years, it started slightly to decrease to 36.0 % in 2004.[6]

Table II-3.1 Implicit tax rates on labour in the Union
1995-2004, in %

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Diff. 95-04	Diff. 00-04
BE	43,8	43,4	43,9	44,2	43,6	43,9	43,7	43,6	43,0	43,0	-0,7	-0,8
CZ	40,1	39,1	39,1	39,7	39,4	40,3	40,3	40,3	41,4	41,5	1,4	1,2
DK	40,1	40,2	40,6	38,8	40,1	40,9	40,7	38,8	38,0	37,4	-2,8	-3,5
DE	39,4	39,6	40,6	40,6	40,4	40,7	40,5	40,4	40,3	39,2	-0,2	-1,5
EE	39,2	39,2	38,6	39,9	39,5	38,5	38,2	38,8	38,2	37,6	-1,6	-0,9
EL	34,1	35,7	36,4	37,5	37,0	38,2	37,7	40,0	41,2	37,9	3,8	-0,3
ES	28,9	29,4	28,5	28,3	27,7	28,1	29,0	29,3	29,4	29,4	0,5	1,3
FR	40,8	41,1	41,3	41,7	42,0	41,6	41,2	40,9	41,4	42,4	1,6	0,8
IE	29,7	29,3	29,4	28,5	28,5	28,2	27,4	25,9	25,0	26,3	-3,4	-1,9
IT	37,9	41,6	43,2	43,0	42,3	41,8	41,8	41,8	42,1	42,0	4,1	0,2
CY	22,5	21,6	21,7	22,7	22,0	21,8	23,1	22,4	22,9	23,1	0,7	1,4
LV	39,2	34,6	36,1	37,2	37,0	36,7	36,5	37,7	36,5	36,3	-2,8	-0,3
LT	34,5	35,0	38,4	38,3	38,7	40,7	40,3	38,1	36,9	37,0	2,5	-3,7
LU	29,5	29,7	29,5	28,8	29,7	30,0	29,5	28,2	28,7	29,0	-0,4	-1,0
HU	42,6	43,0	43,7	42,8	42,7	42,3	42,6	42,5	40,9	40,8	-1,8	-1,5
MT	21,8	19,8	21,9	19,1	20,1	21,9	22,9	22,9	22,6	23,9	2,1	2,0
NL	35,1	33,7	33,4	33,7	34,5	35,5	30,6	30,7	31,0	31,0	-4,1	-4,6
AT	38,7	39,5	40,8	40,5	40,6	40,2	40,7	40,8	40,9	40,7	2,0	0,5
PL	37,9	37,2	36,3	36,0	39,4	35,1	35,0	34,8	34,6	-	-	-
PT	27,5	27,6	28,3	28,6	26,5	27,0	28,8	29,1	29,8	-	-	-
SI	38,9	37,1	37,3	37,7	38,4	37,7	37,7	37,8	37,9	37,8	-1,1	0,0
SK	-	-	-	-	-	38,6	-	38,8	36,5	-	-	-
FI	43,4	44,7	43,3	44,1	43,5	44,1	44,6	43,6	42,3	41,9	-1,5	-2,2
SE	46,8	48,0	48,4	49,4	49,0	47,9	46,8	45,6	45,7	45,9	-0,8	-2,0
UK	25,7	24,9	24,4	25,2	25,0	25,4	25,1	24,0	24,3	24,8	-0,9	-0,6
EU-25*	35,7	35,6	36,0	36,1	36,1	36,2	36,0	35,7	35,6	35,6	-0,2	-0,6
EU-15*	36,1	36,6	36,8	36,9	36,7	36,9	36,5	36,2	36,2	36,0	0,0	-0,9
NMS-10*	35,2	34,1	34,8	34,8	35,2	35,0	35,2	35,0	34,7	34,7	-0,4	-0,3

* Arithmetic average. Slovakia excluded from the EU-25 and NMS-10 averages. The 2004 values for Portugal and Poland assumed unchanged from 2003. The latter adjustment has not been carried out in the tables in Annex A.

Source: Commission Services.

The pattern of the changes is quite diverse across Member States: notable reductions in the period 1995 to 2004 are visible for the EU-15 in the Netherlands, Ireland, Denmark, and, to a lesser extent, in Finland

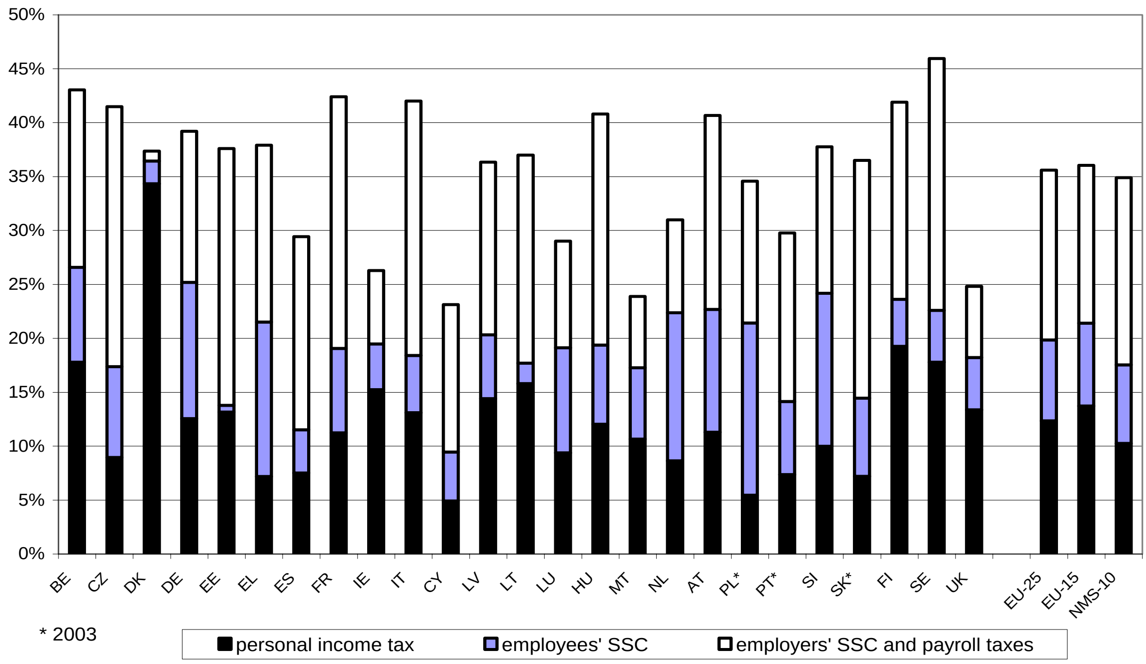
[4] See the country Annexes for more details.

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

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

while in Italy, Greece, Portugal (1995-2003) and Austria the ITR continued to increase. In the other EU-15 Member States the ITR more or less stabilised. In seven of the new Member States we can notice a reduction of the ITR, more markedly for Poland (1995-2003), Hungary and Latvia (and Slovakia for the period available). In the Czech Republic, however, the ITR has increased quite significantly, especially in recent years.

Graph II-3.1 Decomposition of the implicit tax rate on labour
2004, in %



Source: Commission Services

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[7]. This is due to the fact that, on average, in 2004 about 65 % of the overall ITR on labour consists of non-wage labour costs paid by both employees and employers (see Graph II-3.1)[8]. 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

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

[8] It is worth noting that the effective tax rate on labour in the US was estimated at just 23.9% in 1999, with non-wage labour costs only amounting to 11.6% of the average gross wage. See European Commission (2000a).

receipts is relatively low as most welfare spending is financed by general taxation[9]. 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 Member States the overall average ratio of personal income taxation (as a percentage of total labour costs) does not dramatically differ from that found in high tax countries like Sweden, Finland and Belgium, as the latter have relatively high rates of both personal income taxation and social contributions (as percentage of total labour costs). In some of the member states, namely in Poland (2003), Greece, Slovakia (2003), Cyprus and the Czech Republic, only about 20 % or less of the ITR on labour consists of personal income tax.

The average ITR on labour in the Union still remains relatively high by international standards[10]. The measures undertaken by the Member States in order to reduce the tax burden on labour have not shown a strong effect on the ITR on labour. The next two paragraphs present some possible explanations for this.

The ITR on labour is a macro backward-looking indicator that is mainly derived from aggregate data in national accounts. As such, the tax ratio should be seen as a summary measure that approximates an average effective tax burden on labour income in the economy. It must be recognised that the tax ratio may hide important variations in effective tax rates across different household types or at different wage levels[11]. The decomposition of total tax wedges, for example, may be quite different at relatively low or relatively high wage levels. Also, in some Member States the recent fiscal reforms may have had more pronounced effects on low-paid, low-qualified workers or on families with children. When interpreting the time-series comparisons, it should be borne in mind that the evolution refers to an ex-post trend which does not disentangle cyclical, structural and policy elements. This implies that the observed changes may only partially reflect discretionary tax policy measures. In some Member States, for example, strong economic growth may have moved taxpayers into higher personal income tax brackets resulting in higher real tax payments ('bracket creep'), or taxpayers at the top of the pay scale may have witnessed relatively high increases in incomes, and such changes may have induced a cyclical swing in the ITR on labour that may to some extent offset the (ex-ante) expected fall driven by the tax reforms (aimed at reducing the tax burden at the bottom to the middle end of the distribution, say). Even in the absence of strong economic growth but in the case of inflation, the described 'bracket creep' can operate if tax brackets are not adjusted taking inflation into account.

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

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

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

[11] See also Clark (2002).

for a few months, which is permitted following amendment of ESA95. This means that the effects of tax reforms may be reflected in the figures with some delay, even when time-shifted cash figures are used.

The following Box 1 presents an overview of the main fiscal measures affecting the ITR on labour (Graph II-1.4 displays the time trend of the ITR for the Member States). The country chapters in Part III go into more detail about the recent tax reforms in the Member States.

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

	MEASURES IN THE DOMAIN OF TAXATION	MEASURES IN THE DOMAIN OF SOCIAL CONTRIBUTIONS
BE	• Indexing of tax brackets abandoned. Introduction of 'crisis tax' on top of all statutory rates plus 'solidarity levy' on personal income (1997). Reintroduction of automatic indexing of tax brackets (1999). Phasing out of additional 'crisis tax' (1997-2004). • Personal income tax reform of which the main provisions are (a) lowering the tax burden on earned income including the introduction and subsequent increase of refundable employment tax credit aimed at low paid workers (b) a neutral tax treatment of spouses and singles (c) more favourable treatment of dependent children (d) greening of the tax system (2000-2006).	• 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). • Flat rate reductions in employers' contributions for young workers, low skilled workers and workers aged over 45. • Replacement of the refundable employment tax credit by an increased reduction of employee contribution for low paid workers (2005).
CZ	• Reduction to from 6 to 4 brackets in 2000. Several allowances revised in 2001. • Introduction of the family splitting for families with children (2005). • Reduction in two lowest tax rates and replacement o standard tax allowances by tax credits as of 2006.	• No major alterations.
DK	• Reductions in rate of low tax bracket (1996-1999). Increase in rate of additional medium tax bracket (1997). Reductions of personal income tax, especially at the bottom to the middle end (1999-2002). • Increase in threshold of medium tax bracket and introduction of an earned income tax credit or employment allowance (2004 to 2006).	• Increase in employees' social contribution rate (1997). • Introduction of employees' contributions for special pension savings scheme (1999). • Temporary suspension of obligatory contributions to the special pension scheme (2004 to 2007).

Box 1 Continued

DE	• Across-the-board reductions of personal income tax bringing the highest marginal rate down from 53 % to 42 % and the lowest rate from 25.9 % to 15 % (1999-2005). • Gradual increase of basic tax-free allowance by nearly a quarter (1998-2005)	• Increase in social contribution rates (1997). • Reduction of social contributions to the pension system funded by ecological tax reform (1999-2002). • Slight increase in contribution rate to the old-age insurance (2003).
EE	• Gradual reduction of flat income tax rate from 26 % (since 1994) to 20 % (2005 to 2009). • Gradual increase of basic allowance by 100 % over the period 2003-2006.	• No major alterations.
EL	• Reduction of highest statutory personal income tax rate, indexing of tax brackets plus increase in the level of tax-exempt income (2000-2002). • Conversion of tax deductions into tax credits (2003).	• Reductions of employers' and employees' pension contributions in respect of new staff and at the low end of the wage scale (2001-2002).
ES	• Across the board reduction of personal income tax rates, increase in basic personal allowances and increase in work income allowance for low wages (1999). • Reduction in personal income taxes (2003).	• Targeted reductions in social contributions (1997-2000). • Reduction in unemployment contributions for employers and employees (2001).
FR[1]	• Introduction of contribution for refunding of debt of social security institutions (CRDS) with a broader base than the generalised social contribution (CSG) (1996). • Gradual reduction of CSG and CRDS (2001-2003). • Gradual reduction in tax rates and modification of tax-free allowance system targeted especially to low-income earners (2001-2003). • A tax shield is introduced limiting direct taxes to maximum 60 % of income (2006). • Income tax brackets are remodelled through a reduction of income tax brackets and lowering of the rates (2006).	• Reduction of employers' contributions in respect of low-paid workers (1997-2001). • Reduction of employees' sickness contributions (1998). • Reduction of employees' and employers' unemployment contributions (2000-2001).

Box 1 Continued

IE	• Personal income tax rates reductions, the lower band from 27 % to 20 % and the higher band from 48 % to 42 %, and increases in basic tax allowances/credits (1997-2001). • Widening and individualisation of the tax bands (1997-2002).	• Reductions in employers' and employees' 'PRSI' levies (1997-2002). • Reduction in employers' contribution in respect of the low-paid (2001).
IT[2]	• Personal income tax rate of the second bracket down (2000). • Further reductions in tax rates of all the brackets, in particular the middle brackets (2001-2002). • Family allowance supplemented by an additional tax credit depending on the number of dependent children (2002). • Introduction of a 'no tax area' for low level of income (2003). • Revision of PIT tax rates (2003 and 2005).	• Reduction of employers' health care contribution rate. Introduction of new regional tax ('IRAP') based on the value of production net of depreciations (1998). • Reductions of employers' social contributions in respect of new jobs and also at the low end of the pay scale (1997-2000).
CY	• Progressive increase of the non-taxable allowance (1995-2003). • Reduction of the PIT rates from 20/30/40 % to 20/25/30 % (2003).	• No major alterations.
LV	• No major reform.	• Gradual reduction of the rate of social insurance contributions from 38 % to 33.09 %, (1997, 2000, 2001 and 2003).
LT	• The progressive income tax with rates ranging between 18 % and 33 % has been replaced with a dual system imposing a 15 % rate on unearned income and 33 % on earned income (2003). • Gradual reduction of the existing income tax rate from 33 % to 24 % (2006 to 2008).	• Mandatory social contributions increased by 1 % (to 31 %) of gross wages for employers and by 2 % (to 3 %) for employees (2000).
LU	• Across-the-board reduction in personal income tax rates (1998 and 2001-2002). • Increase in the minimum level of taxable income (2001).	• Increase in contribution for sickness insurance (2000).

Box 1 Continued

HU	• Income tax brackets reduced from six to three. Introduction of employees' tax credit (1999). • Changes in tax brackets (2001 and 2003). • Reduction in the number of tax brackets to two through abolition of the middle bracket (2005).	• Employers' total payroll costs were generally reduced to 33 % (1999). • Employers' social contributions reduced (2001). • Increase in employees' mandatory pension contributions (2003). • Decrease in lump-sum health contribution (2005).
MT	• Changes in the number of tax brackets (2002, 2003), no change in range of rates.	• No major alterations.
NL	• Across-the-board reduction in personal income tax (2001). • Introduction of a tax credit for all employees and self employed (2001-2002), in return, lump sum deductions for labour cost expenses and self-employed were abolished in 2001. • Reduction of the personal income tax rates, except for the top rate, and increase in the allowances (2006).	• Contribution for disability insurance scheme shifted from the employee to the employer (1998). • Increases in employees' contribution rate for state pensions and medical expenses (1998-2000). • Reductions of wage tax and employers' social contributions in respect of the long-term unemployed, the low-paid and also for training (1996-2001). • Reductions in employees' contribution rate for unemployment insurance (2001).
AT[3]	• Increases in family allowances and children's tax credits (1998-2005). • Reduction of the income and wage tax of low and middle income earners, reduction in the number of tax brackets (2004 - 2005).	• Reduction of employers' contribution rates for health insurance and pay insurance schemes for 'blue collar' workers (2001).
PL	• Reduction of tax rates and limitation of tax deductions (up to 1998).	• No major alterations.
PT	• General reduction in personal income tax rates (2001). • Introduction of a new top tax bracket, changes in tax credits (2006).	• Targeted reductions in employers' social contributions (2001).
SI	• Reduction of the number of tax brackets from six to five and of the lowest rate from 17 % to 16 %, increase in tax allowances for taxpayers with children (2005).	• Decrease of social contributions and introduction of payroll tax (1996).

Box 1 Continued

SK	• Increasing of tax allowances, reduction in the number of tax brackets from 7 to 5 (1995-2002). • Reduction in the top and in the bottom rates (2003). • General tax reform, shift of the tax burden from direct toward indirect taxes, elimination of exemptions and special regimes and introduction of flat tax rate of 19 % in PIT (2004).	• No major alterations.
FI	• Reductions in central and local income tax especially at the bottom to the middle end (1995-2003). • Abolition of the lowest state income tax bracket (increase in the tax exemption) (2001), subsequent increase in the tax exemption (2002). • Reduction in the level and number of tax brackets (2005 to 2007). • Introduction of measures to encourage the employment of low-income earners (2006).	• Reductions in employees' and employers' contribution rates (1997-2002). • Increase in employers' and employees' contribution rates (2004 and 2005)
SE	• Reductions in central- and local income tax, especially at the bottom to the middle end (1999-2001). • Increase in threshold for State income tax (2000-2002) and increase in basic allowance (2001-2002). • Increase in the tax reduction linked to pension contributions, higher basic tax allowance for low and middle income earners (2006).	• Increases in employees' contribution rates (1995-1998). • Reductions in employers' contribution rates (2000-2001). • Employee social contributions are increased to a maximum of SEK 23 100, which is reached at an annual income of SEK 330 000 (2003). • Reduction of employers' social contributions (2004).
UK	• Personal income tax reductions, especially at the bottom to the middle end (1999-2000).	• Increase in starting point for paying national insurance contributions (NIC) for employers and employees. Reduction in employers' contribution rates to compensate for introduction of climate levy (1999-2001). • Increase of the NIC by 1 % for both employers and employees (2002).

Box 1 Continued

Notes:

(1) In France, the effects of the 2001 to 2003 reductions of personal income tax were apparently partially offset at the aggregate level as a result of higher revenues from the generalised social contribution (CSG) and the contribution for the reduction of the debt of social security institutions (CRDS) since late 1990s; France also witnessed sharp increases in tax receipts in the financial year 1999, notably from direct taxes.

(2) In Italy, the 1997-1998 tax reform eliminated employers' compulsory health care contributions, bringing the overall employers' social contribution rate down substantially. At the same time, however, a new tax for employers, called 'IRAP', based on the value of production net of depreciations was introduced. For reasons of comparability, a part of the revenue of this new tax has been allocated to labour income (and included in the denominator of the ITR) while it is not actually levied on wages and salaries as such.

(3) In Austria, the effects of the recent reductions in personal income tax were apparently offset at the aggregate level as a result of sharp increases in direct tax revenues in 2001. These increases are related to base-broadening measures and significantly increasing tax pre-payments, in reaction to the introduction of interest charges on tax arrears from October 2001 onwards. Children tax credits do not effect ITR because they are not booked among taxes but among benefits.

Source: Commission Services

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

Every year, the OECD releases *Taxing Wages*, a publication providing internationally comparable data of total tax wedges – between labour costs to the employer and the corresponding net take-home pay of the employee – for various example household types and different representative wage levels. It is assumed that the earned income derived from employment is equal to a given fraction of the average gross earnings of an adult full-time worker. The tax wedges are calculated on the basis of the tax legislation, by expressing the sum of personal income tax, employee'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 excluding the effects of cyclical factors. However, because of the theoretical approach, this method does not relate to actual tax revenue, nor does it incorporate all the elements of the tax system that may be relevant, such as effects of special tax relief available on the tax base.

Taxing Wages provides data only for the OECD Member States[12], but the *Taxing Wages* model is used by the Commission Services to compute for all 25 EU Member States the 'Tax wedge on low paid 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 used in the framework of the Lisbon Strategy to estimate the potential impact of tax provisions on the labour market.

The figures display a downward trend indicating a clear impact from targeted cuts in taxes and social security contributions. While the tax wedge is lower in 18 Members States in 2004 compared to 1996, the reductions appear to be particularly large in France, Ireland, Finland, Italy and Hungary. Among the seven Member States, in which the tax wedge has slightly increased, six belong to the NMS-10. Mainly due to this fact, the average tax wedge in the NMS-10 stands at the same level in 2004 as in 1996. In contrast, the EU-15 average has gone down 3.3 percentage points.

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

Table II-3.2 Tax wedges for a single example worker at 2/3 of average earnings
1996-2004, in %

	1996	1997	1998	1999	2000	2001	2002	2003	2004	Diff. 95-04
BE	50,5	49,5	51,1	51,0	50,0	49,1	48,5	47,5	46,4	-4,1
CZ	41,4	41,5	41,4	41,4	41,6	41,6	41,8	42,0	41,9	0,5
DK	41,3	41,7	40,4	41,3	41,2	40,6	39,9	39,9	39,4	-1,9
DE	46,5	47,7	47,5	47,0	46,5	45,5	45,8	46,7	45,4	-1,1
EE	38,5	39,5	39,8	40,0	38,2	37,4	40,2	40,7	38,9	0,4
EL	34,9	35,0	35,1	34,3	34,3	34,3	34,3	34,3	34,4	-0,5
ES	34,4	34,8	35,1	32,6	32,8	33,4	34,0	32,8	33,6	-0,8
FR	44,3	41,6	39,4	40,3	39,6	38,4	37,6	37,7	32,6	-11,7
IE	26,5	24,9	23,4	21,5	18,1	17,3	16,7	16,7	15,7	-10,8
IT	48,3	48,8	44,4	44,1	43,3	42,8	42,6	41,3	41,7	-6,6
CY	16,0	16,2	16,3	16,5	16,7	17,0	17,3	18,6	18,6	2,6
LV	39,3	41,5	41,6	41,7	41,4	41,2	41,4	40,6	41,1	1,8
LT	37,6	39,3	39,5	39,7	42,0	42,2	41,3	39,5	40,0	2,4
LU	29,2	29,7	28,9	29,5	30,4	28,8	27,1	27,3	27,5	-1,7
HU	46,8	47,8	47,4	48,2	46,2	45,8	46,0	41,0	41,5	-5,3
MT	15,8	15,8	15,9	16,4	15,6	16,6	17,8	19,3	18,0	2,2
NL	39,3	38,8	39,2	40,2	40,6	36,8	37,0	37,6	38,1	-1,2
AT	37,5	41,1	41,5	41,6	40,1	39,7	39,9	40,2	38,6	1,1
PL	43,6	42,9	42,1	41,9	41,9	41,4	41,6	41,6	41,9	-1,7
PT	30,6	30,8	30,7	30,2	30,4	29,5	29,6	29,6	29,6	-1,0
SI	40,9	41,0	41,0	41,0	41,0	40,3	39,8	40,2	39,8	-1,1
SK	40,3	40,5	40,7	42,3	39,6	40,4	40,1	40,3	38,8	-1,5
FI	45,3	44,2	44,0	42,6	42,5	41,0	40,2	39,5	38,6	-6,7
SE	48,6	49,2	49,3	48,7	47,7	46,8	45,8	44,8	46,2	-2,4
UK	26,8	28,4	28,5	25,8	25,3	24,5	24,5	26,2	26,4	-0,4
EU-25	37,8	38,1	37,8	37,6	37,1	36,5	36,4	36,2	35,8	-2,0
EU-15	38,9	39,1	38,6	38,0	37,5	36,6	36,2	36,1	35,6	-3,3
NMS-10	36,0	36,6	36,6	36,9	36,4	36,4	36,7	36,4	36,1	0,0

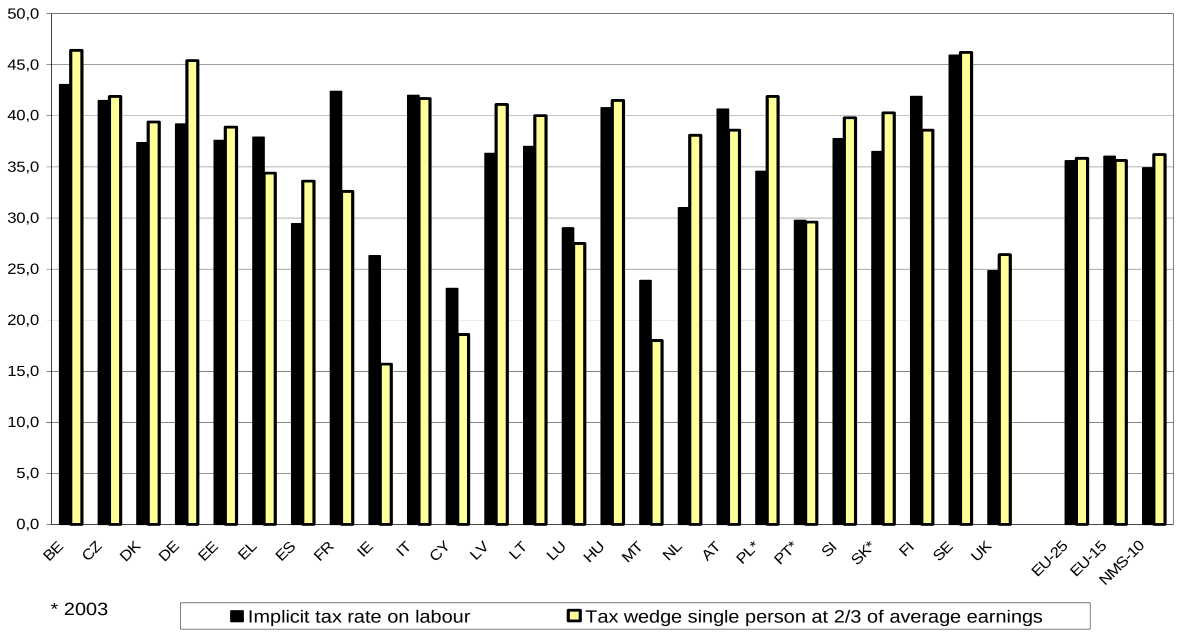
Source: Commission Services, data from the Lisbon Strategy structural indicators database – (OECD model).

A comparison between the micro tax wedge indicator and the macro backward-looking indicator, the ITR on labour, for the year 2004 shows only a slight difference at the level of the EU-25 and EU-15 (arithmetic) averages (see Graph II-3.2). Also the difference between the NMS-10 averages is rather small. At the level of the Member States the results of the comparison appear mixed. For the majority of them the difference between the two indicators is rather small. Five Member States have a tax wedge on low-paid workers which is substantially (more than three percentage points) lower than the ITR on labour, which is reasonable considering the progressive structure of personal income tax. On the other hand eight Member States present a tax wedge on low paid workers which is substantially higher than the ITR on labour. This discrepancy is more surprising but could be explained mainly by two reasons: social contributions are often subject to ceilings, in which case low-paid workers have a social contributions rate which is more elevated than the one of the high-paid workers. Furthermore, the tax wedge considered regards a single worker without children, so the effect of tax allowances linked to dependent relatives is not captured[13].

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

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

Graph II-3.2 Pair-wise comparisons between macro and micro indicators
2004, in %



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

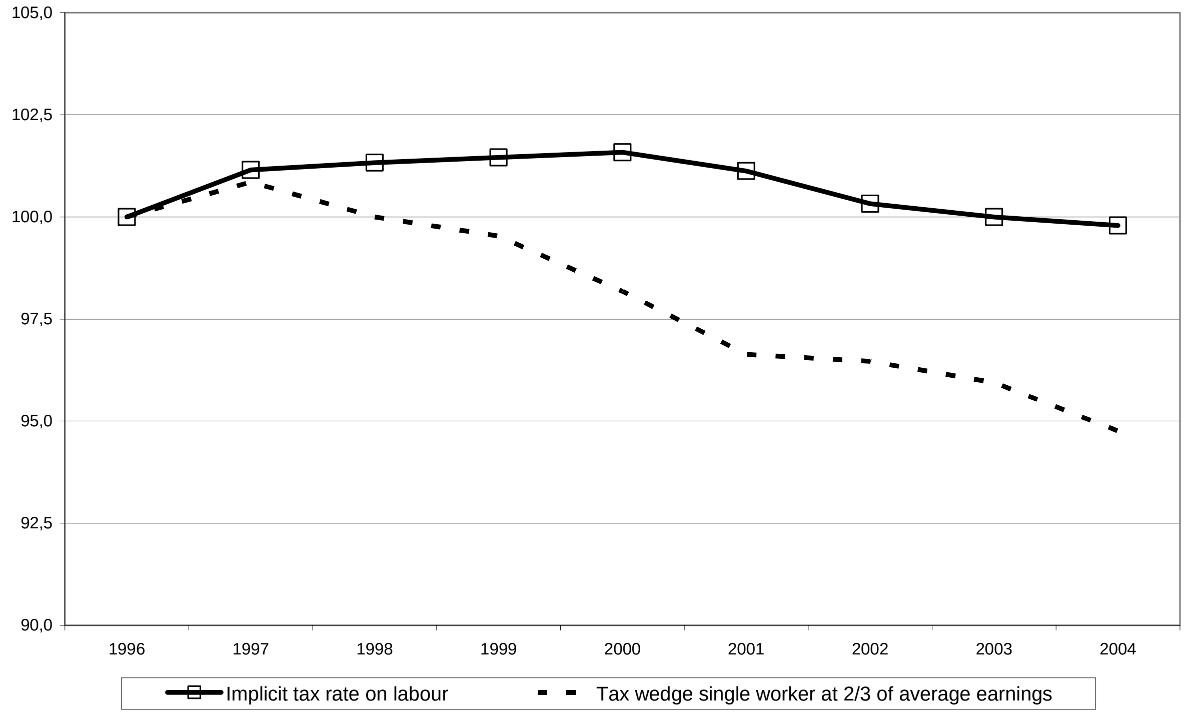
In the 2004 edition of this publication a comparison between the ITR on labour and the tax wedge for a single worker without children at average earnings was computed for the EU-15. On average the ITR on labour was 8 percentage points lower than the tax wedge at average earnings. Surprisingly then the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

A partial explanation can be the fact that employees at the lower end of the pay scale are generally subject to relatively lower taxation or even no taxation at all. Such employees with a relatively low tax burden apparently have a substantial weight in the calculation of the ITR on labour. Another explanation for the lower level of the ITR on labour with respect to the micro indicator is the fact that the former takes account of non-standard tax reliefs (e.g. medical expenses) which are not considered by the latter[14].

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

The following graph compares the time-trends 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 in Graph II-3.3.

Graph II-3.3 Time trend micro and macro indicators in the Union
1996-2004, arithmetic averages, index 1996=100 *



* The trend for the ITR on labour does not include Slovakia. 2004 values for Portugal and Poland assumed unchanged from 2003.
Source: Commission Services.

Over the period 1996-2004, the EU average tax burden on labour stabilized and then started to decline. This trend is evidenced by the development of both indicators. However, the reduction in the average tax wedge for a low-paid worker started earlier. Furthermore, it is clearly more pronounced. Whereas the average tax wedge has decreased by around two percent (or five percentage points) over the observation period, the 2004 average for the ITR on labour is only slightly below its 1996 value. This is due to the fact that recent tax reforms in most Member States mainly targeted at the lower end of the pay scale, as can be seen from the overview of the main fiscal measures affecting the ITR on labour (see Box 1) and the country chapters.

4. TRENDS IN ENVIRONMENTAL TAXES

4.1. Development of environmental tax revenues

The introduction of environmental tax reforms gained increasing support during the 1990s; 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[1]. The basic idea was that an increase in environmental taxes constituted an attractive instrument to not only reduce the damage wrought by human activities to the environment, but also to achieve another objective, that of reducing taxes on labour, which has proven elusive (see preceding chapter II.3). At the same time, care had to be taken to protect producers from any negative effect on competitiveness arising from increases in the cost of inputs, most particularly energy. Offsetting these cost increases is usually possible and has indeed been a key feature of the 'green' tax reforms that many Member States have introduced over the last decade. Among others, Denmark, Germany, Italy, the Netherlands, Austria, Sweden, Finland and the UK have introduced elements of environmental taxation. Some new Member states, too, have followed suit; one example is Hungary, where a law introducing a new environmental tax entered into force already in September 1995.

In 2004, revenues from environmental taxes in the EU-25 (in the GDP-weighted average) accounted for 2.6 % of GDP and for 6.6 % of total revenues. Compared to 1980, revenues from these taxes more than quadrupled in nominal terms, increasing significantly also when measured as a share of total revenues or as a percentage of GDP. The main increase took place between 1990 and 1994 and was largely driven by the above-average increase of energy taxes. However, since the year 2000 environmental tax revenues have slightly decreased both in relation to GDP and as a share of total taxation. Currently, 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 seem to lead to a somewhat reduced appetite for additional environmental taxation, at least as far as energy is concerned. An example of this trend could be the recent Swedish programme to provide tax relief from energy taxes to energy-intensive companies if, for a 5-year period, they implement an energy management system (including fixed energy reduction targets) and energy saving measures.

Environmental taxes can be divided into four broad categories (see Box 10 in Annex C for details). Energy taxes are by far the most significant, representing around three quarters of environmental tax receipts and around one twentieth of total taxes and social contributions. Transport taxes correspond to, on average, one fifth of total environmental tax revenues and 1.4 % of total taxes and social contributions (in the

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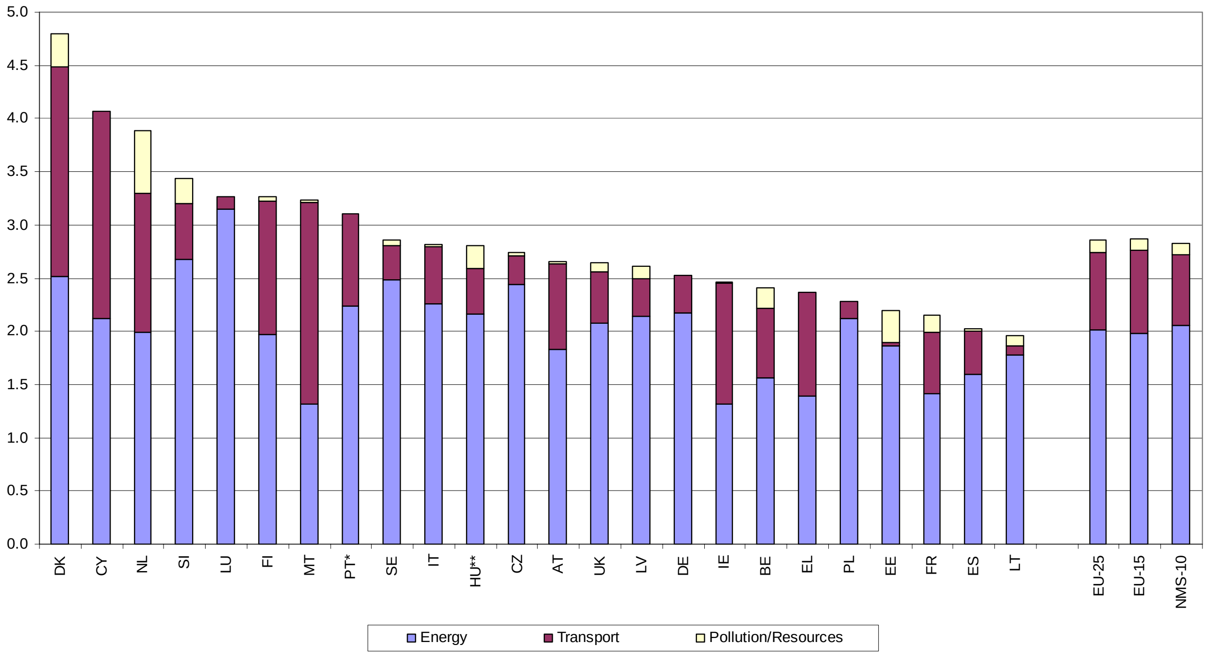
[1] In its 6th Environmental Action Programme, the European Community argued for a broadening of the range of policy instruments beyond environmental legislation. These should include increased use of market-based instruments, such as environment taxes, aiming to internalise external environmental costs and thereby stimulate both producers and consumers towards limiting environmental pressure and towards responsible use of natural resources. In October 2003, after six years of negotiations in the Council, the Directive (2003/96/EC) for restructuring the Community framework for the taxation of energy products and electricity was adopted by the Council. The Directive extended the Community system of minimum rates to coal, natural gas and electricity, and increased the existing minimum rates from their 1992 level to some extent. By creating a common framework for the taxation of (nearly) all energy products in the Community the Directive aimed primarily at improving the functioning of the internal market, but also had the objective of ensuring greater respect for the environment notably by encouraging environmental tax reforms in Member States.

weighted average). The remaining categories of environmental taxes play a marginal role. Pollution taxes and resource taxes together make up just 3 % of total environmental taxes.

Graph II-4.1 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 significantly across countries. At 4.8 % in 2004, Denmark has by far the highest tax ratio followed by Cyprus (4.1 %), the Netherlands (3.9 %) and Slovenia (3.4 %). The lowest environmental tax revenues in relation to GDP are found in Lithuania (2.0 %), Spain (2.0 %), France (2.1 %) and Estonia (2.2 %). The predominance of energy taxes is common to almost all Member States; only in Ireland and Cyprus do transport taxes account for nearly half of environmental taxes, while in Malta they represent almost 60 % of total environmental taxation. Following the adoption of the EU minima on excise duties in recent years, the overall level of environmental taxes in the NMS-10 on GDP is now in line with the EU-15 average (note however that data on Slovakia are missing)[2].

Graph II-4.1 Environmental tax revenues by Member State and type of tax
2004, in % of GDP



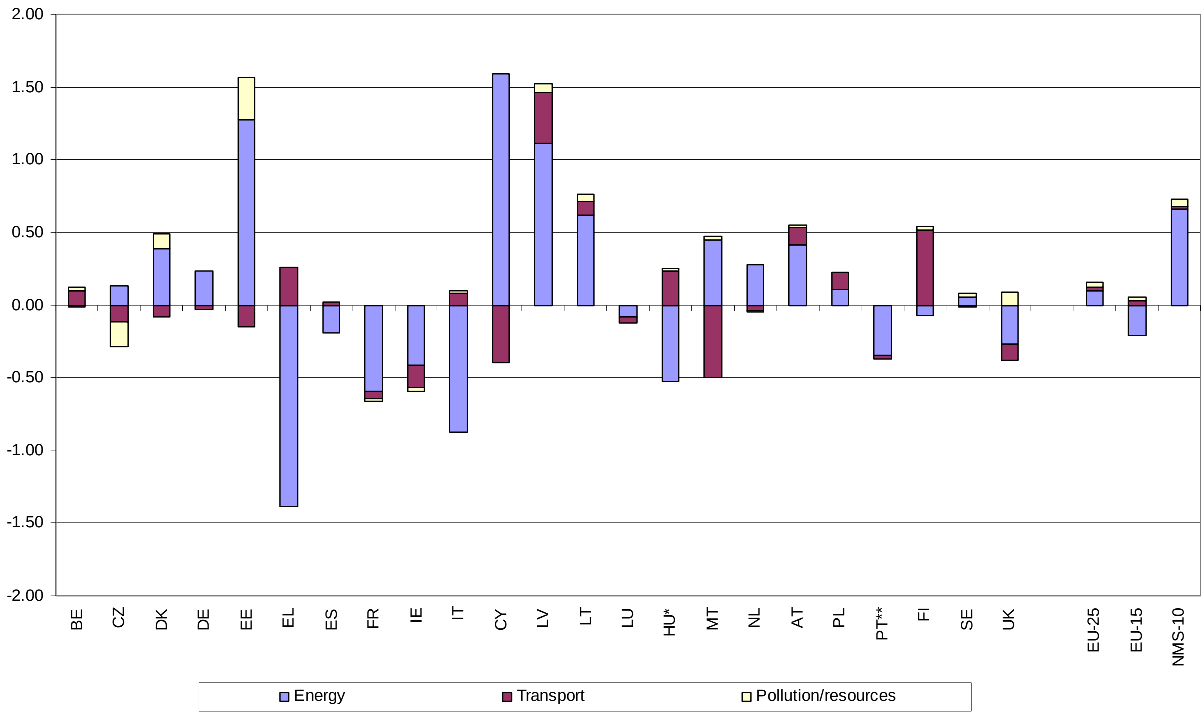
* PT: 2003. ** HU: 2002. EU-25, EU-15, NMS-10: arithmetic average.
Source: Commission Services

In the 1995-2004 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 NMS-10, which initially had significantly lower environmental taxes, witnessed a general increase in their level with an average increase by almost 1 percentage point (see Graph II-4.2). In the EU-15 group, Italy, France and Ireland experienced declines of

[2] The high tax-to-GDP ratio for energy taxes in Luxembourg is partly due to purchases of petrol by non-residents. The significance of such purchases is due to several factors: the high degree of openness of the Luxembourg economy (cross-border workers represent over half of the total workforce), its localisation at the centre of important transit links as well as a lower level, compared to the neighbouring countries, of taxes on mineral oil products.

half a point of GDP or more during that period, while equivalent increases were recorded only in Austria and Finland. In the NMS-10, by contrast, strong increases took place, particularly in Latvia, Estonia and Cyprus where they exceeded 1 % of GDP. As a result the NMS-10 average has caught up almost completely with that of the EU-15. It ought to be stressed, however, that this refers to the levels measured in percent of GDP; in absolute terms taxation of energy remains more moderate in the NMS-10, but this effect is offset by the lower per capita GDP. As for the composition of increases, it is notable that in several NMS-10 pollution and resource taxes, though yielding much less revenue than energy and transport taxes, have been increased markedly and in some cases now yield non-negligible amounts, as is the case in the Baltics.

Graph II-4.2 Evolution of the structure of environmental taxes
1995-2004, differences in % of GDP



* HU: 1995-2002; ** PT: 1995-2003;
Source: Commission Services

4.2. An effective tax burden indicator for energy use

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 increases of its value could result from changes in the economy towards production and consumption patterns that are resource intensive and which therefore 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 both cases we would witness a falling tax-to-GDP ratio for environmental taxes despite an increase in environmental protection.

It is also worth pointing out that the decrease in environmental tax revenues on GDP in recent years could be due in part to innovations in policy instruments. An example of this could be represented by an increased recourse to road pricing systems accompanied by a reduction in lump-sum car circulation taxes (which, by not affecting the cost per kilometre, have a lower impact on emissions). In this case, environmental tax revenues – specifically, the car registration tax – are reduced. The revenues of the charges for using roads increase, but this does not translate into higher tax revenues because these are not booked as taxes. CO_2-emissions trading will probably also translate into less environmental tax revenues and a diminishing tax–to-GDP ratio.

The paradoxes outlined above suggest the introduction of an effective or implicit tax rate (ITR) for environmental taxes for analytical purposes. The interpretation of an ITR is generally more straightforward because this class of indicators is not affected by the erosion in the base due to the disincentive effect of the tax; a properly defined implicit tax rate would remain constant[3].

Constructing an implicit tax rate for environmental taxes overall is, however, a daunting task. There is no easily identifiable denominator for the ratio because the diversity of environmental taxes leads to a multiplicity of bases. However, for energy taxes, which as mentioned above represent three quarters of environmental tax revenues, an appropriate indicator for the potential tax base can be identified. Eurostat publishes data on final energy consumption by country, aggregating the different sources of energy utilised in a single indicator. The data include energy consumed in the transport, industrial, commercial, agricultural, public and households sectors but exclude deliveries to the energy transformation sector and to the energy industries themselves. The different energy products are aggregated on the basis of their net calorific value, and expressed in tons of oil equivalent. Hence, this report includes an ITR for energy defined as the revenue raised on energy taxes divided by final energy consumption. This indicator is an appropriate measure of the policy stance in terms of taxation. Note however that the ITR on energy treats equally all kinds of energy consumption, regardless of their environmental impact; an energy unit produced from hydroelectric power has the same weight as a unit produced from coal. If tax rates however are differentiated according to the environmental impact of different energy uses, this phenomenon would be partly or totally offset as a country with an environmentally friendly production would tend to show a low ITR on energy.

Table II-4.1 shows the amount of energy taxes, in euro, levied per unit of final energy consumption. In recent years, Denmark displays the highest ratio by a wide margin, followed by Italy, Germany and the United Kingdom. Generally, as mentioned above, the NMS-10 display markedly lower levels of taxation, however, all of the Member states in this group have been increasing energy taxes significantly; Cyprus and Malta, in particular, show a very high growth compared with 1995. Together with Slovenia, they are the new Member states with the highest absolute level of taxation.

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[3] 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-4.1 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	Difference[1)] 1995 to 2004
BE	99	98	99	99	101	102	101	106	106	118	19
CZ	38	41	42	46	53	55	65	75	72	82	44
DK	200	213	218	249	285	301	318	326	329	333	132
DE	169	152	149	150	176	184	194	205	217	209	41
EE	7	12	19	30	31	30	43	45	50	63	57
EL	158	162	157	139	133	119	118	111	116	115	-43
ES	128	134	129	138	144	138	135	142	143	149	21
FR	170	168	171	172	178	174	162	178	169	147	-23
IE	112	122	138	141	146	143	125	145	150	173	61
IT	237	261	272	261	265	249	241	236	244	241	3
CY	27	27	27	29	32	43	61	65	126	148	121
LV	10	17	25	45	40	48	42	48	53	64	54
LT	12	17	26	40	56	60	66	72	78	80	68
LU	142	139	143	152	159	165	165	170	175	205	63
HU	59	53	63	75	77	77	79	89	-	-	30
MT	54	47	74	103	106	112	148	138	126	127	73
NL	114	114	130	135	153	163	169	172	174	187	73
AT	127	121	141	133	142	149	153	155	153	165	37
PL	34	37	28	40	50	60	66	77	71	76	-
PT	172	170	159	164	158	116	133	158	168	-	-4
SI	-	-	-	-	80	117	137	143	140	147	-
SK	-	-	-	-	-	-	-	-	-	-	-
FI	93	94	106	106	110	107	110	112	112	115	22
SE	138	169	167	172	176	181	183	193	203	207	69
UK	143	148	186	211	226	251	239	246	224	237	95
EU-25	163	164	171	175	188	192	190	198	197	195	33
EU-15	166	168	176	180	193	197	195	203	202	201	34
Euro-12	170	170	173	172	184	182	182	190	193	188	18
NMS-10	44	45	42	54	61	69	77	88	107	115	71

Source: Commission Services

Table II-4.1 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-4.2). This adjustment shows that in real terms, taxation on energy has actually been declining, on average, since 1999. The data highlight the fact that the real burden of taxation on energy has, notably in some large Member States, declined considerably, by and large offsetting increases in the majority of other countries.

Table II-4.2 Energy tax revenues in relation to final energy consumption (real ITR on energy)
Euro per ton of oil equivalent, deflated with final demand deflator

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Difference[1)] 1995 to 2004
BE	99	97	95	94	97	91	89	93	93	101	2
CZ	38	39	37	38	43	43	50	59	56	62	24
DK	200	210	210	240	271	275	284	290	290	288	87
DE	169	151	147	148	174	179	187	197	208	200	31
EE	7	10	14	21	22	20	27	28	30	37	31
EL	158	151	139	117	109	93	90	82	83	79	-79
ES	128	131	122	129	131	120	114	116	114	115	-13
FR	170	166	167	168	174	167	153	167	157	134	-36
IE	112	120	133	130	131	121	101	114	119	136	24
IT	237	252	256	242	243	219	206	197	199	191	-46
CY	27	27	25	28	29	38	52	54	103	117	90
LV	10	15	20	36	31	35	31	34	36	40	30
LT	12	15	20	31	44	47	52	57	64	65	52
LU	142	137	137	142	146	142	138	144	148	166	25
HU	59	44	44	47	45	41	40	43	-	-	-
MT	54	46	71	96	97	95	129	118	107	108	54
NL	114	112	126	131	146	147	147	148	148	158	44
AT	127	119	139	131	138	142	144	145	141	150	23
PL	34	32	21	27	31	35	38	43	39	40	6
PT	172	166	150	151	142	100	108	125	132	-	-
SI	-	-	-	-	61	82	89	88	83	84	-
SK	-	-	-	-	-	-	-	-	-	-	-
FI	93	94	103	102	106	100	101	103	103	105	12
SE	138	169	165	169	171	172	169	176	183	187	48
UK	143	144	180	203	214	234	219	221	197	206	63
EU-25	163	160	165	167	177	176	170	175	171	167	5
EU-15	166	165	171	173	184	183	177	182	179	175	9
Euro-12	170	167	168	165	176	169	165	170	172	164	-6
NMS-10	-	-	-	-	-	-	-	-	-	-	-

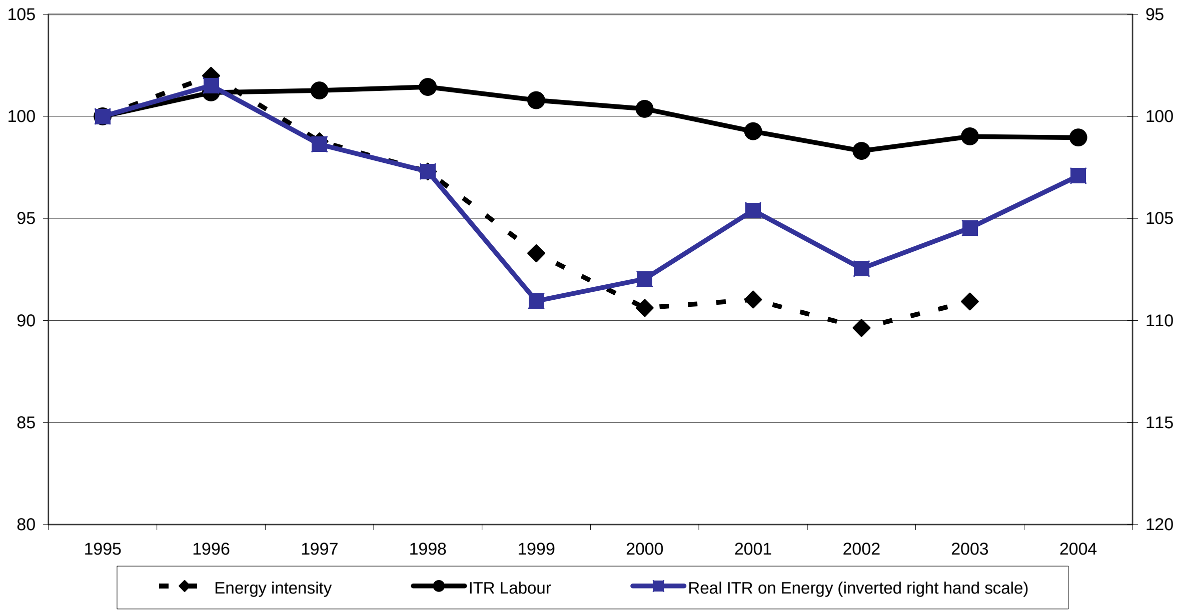
Source: Commission Services

4.3. Have green tax reforms had a visible impact on the energy intensity of GDP?

Graph II-4.3 juxtaposes trends in the energy intensity of the economy, the real ITR on energy and the ITR on labour. The first two run roughly in parallel during the period under consideration. From 1995 to around 2000 final energy consumption grew at a much lower rate than the economy overall, leading to a rapid decline in the energy intensity ratio[4], just as taxation of energy increased. Around 2000 the real burden started declining and the energy intensity of the economy more or less stopped falling. While this simple correlation does not of course represent conclusive evidence, it suggests that taxation may have played a role alongside other structural factors such as, for instance, the significant increase in air conditioning recorded in recent years. Owing to the extensive restructuring and modernisation of production in the NMS-10 over the period under consideration, these countries have been able to increase energy efficiency more than the old Member States, though from a significantly lower starting level (not visible from the graph).

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

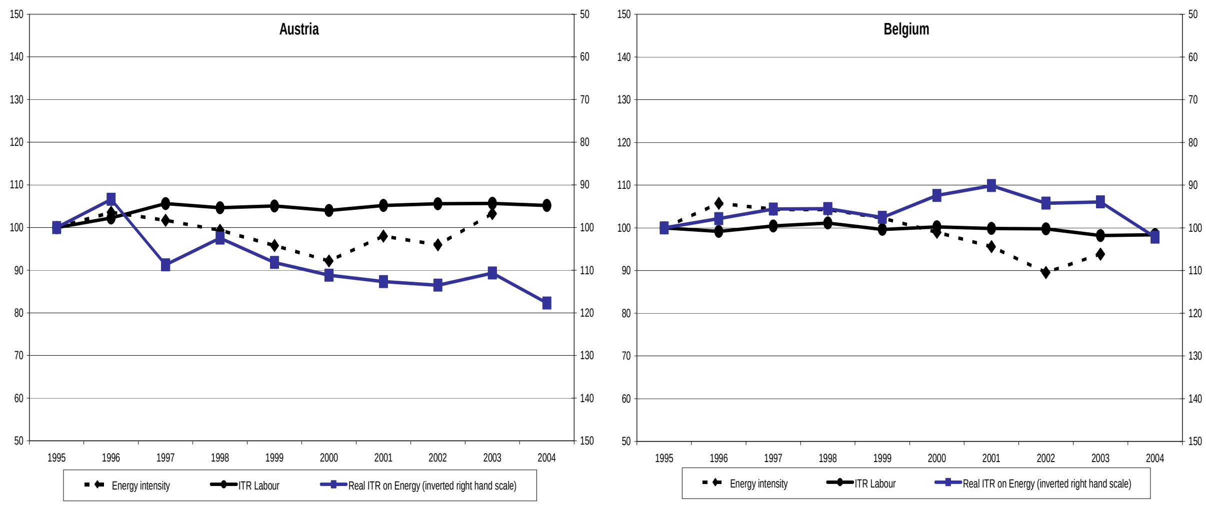
Graph II-4.3 Evolution of energy efficiency, ITR on energy and on labour in the EU-25
Index 1995=100; all series GDP-weighted

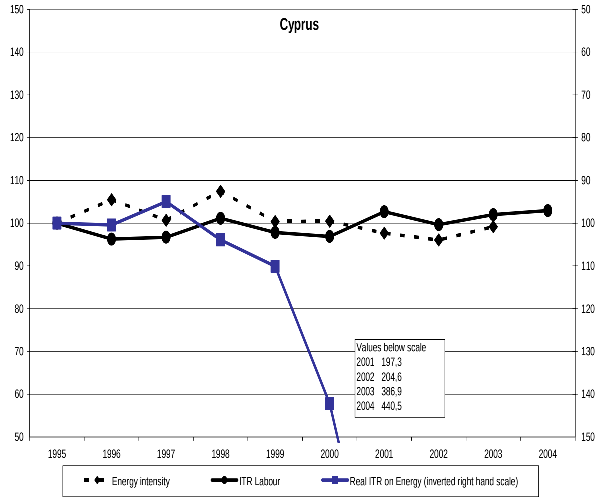


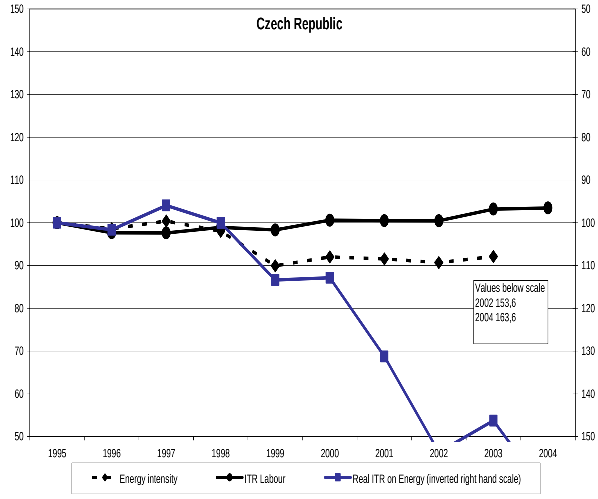
Source: Commission Services

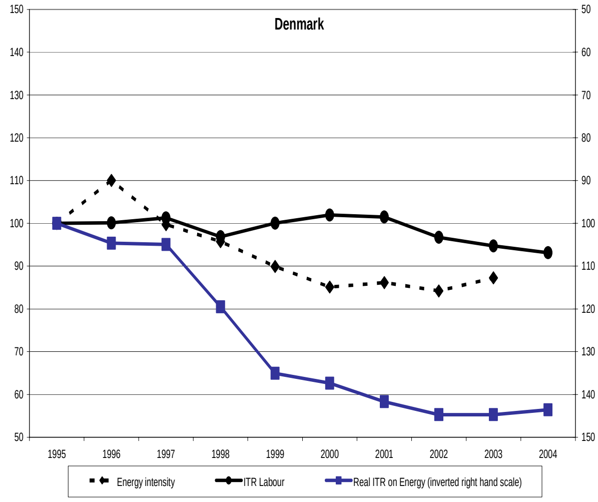
As for the idea of financing cuts in the labour taxation from increases in environmental taxation, its implementation would imply a similar development of the ITRs on energy (inverted scale) and on labour in the graph. As can be seen, the two trends run parallel only to a limited extent, which is no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

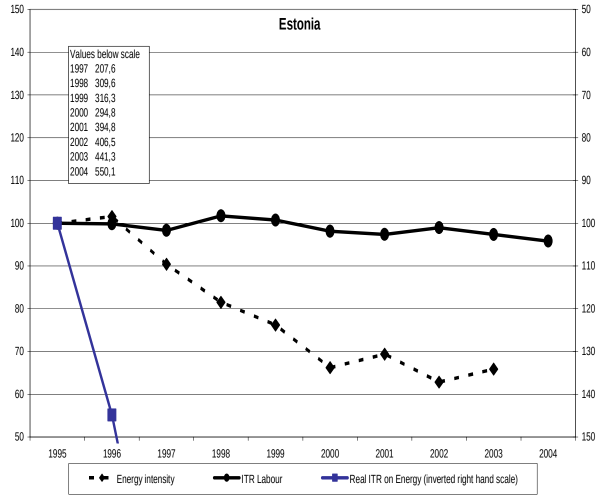
Graph II-4.4 Evolution of energy efficiency, ITR on energy and on labour by Member State

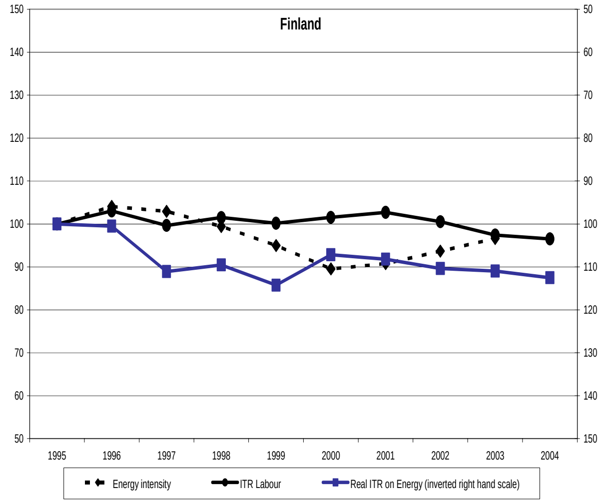


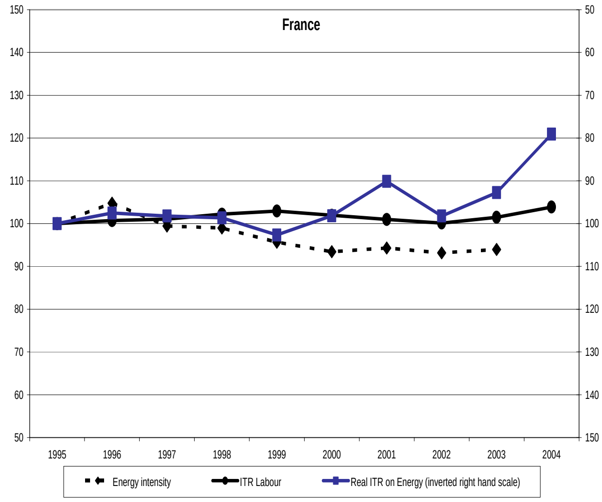

Cyprus
Values below scale
2001 197,3
2002 204,6
2003 386,9
2004 440,5
Energy intensity
ITR Labour
Real ITR on Energy (inverted right hand scale)

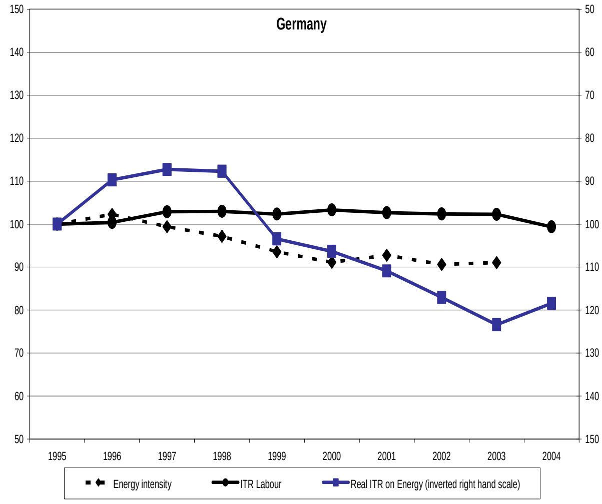

Czech Republic
Values below scale
2002 153,6
2004 163,6
Energy intensity
ITR Labour
Real ITR on Energy (inverted right hand scale)

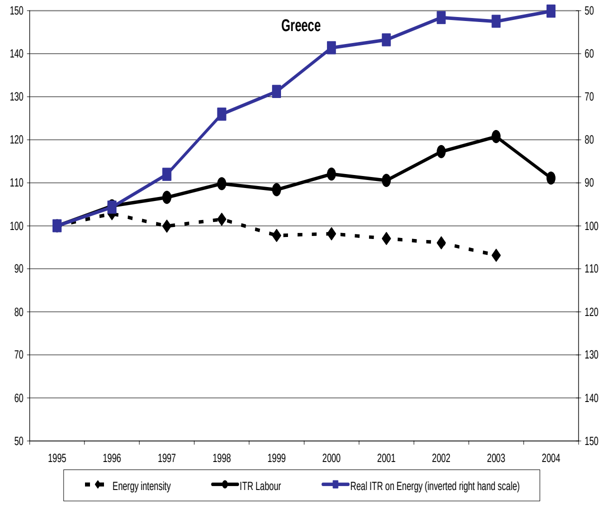

Denmark
Energy intensity
ITR Labour
Real ITR on Energy (inverted right hand scale)

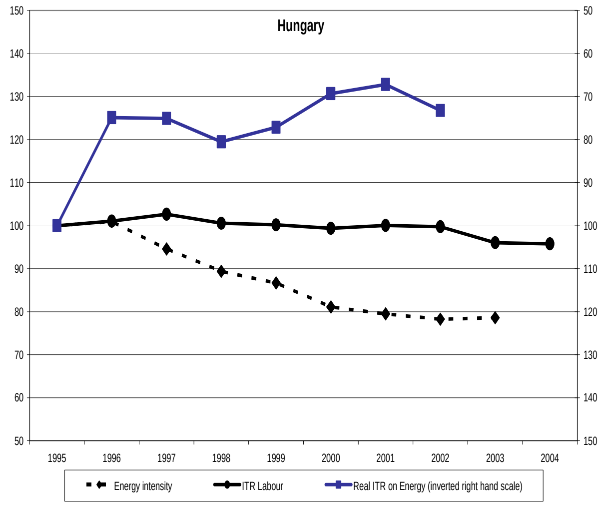

Estonia
Values below scale
1997 207,6
1998 309,6
1999 316,3
2000 294,8
2001 394,8
2002 406,5
2003 441,3
2004 550,1
Energy intensity
ITR Labour
Real ITR on Energy (inverted right hand scale)

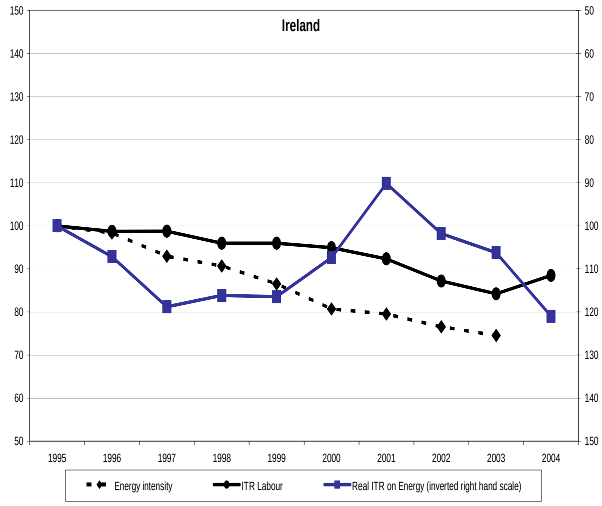

Finland
Energy intensity
ITR Labour
Real ITR on Energy (inverted right hand scale)

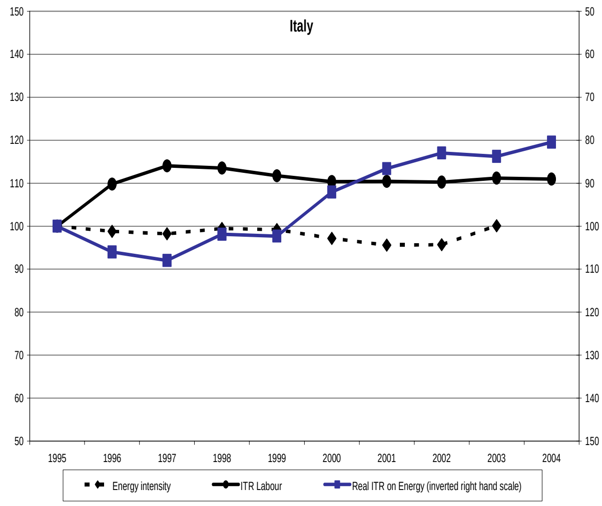

France
Energy intensity
ITR Labour
Real ITR on Energy (inverted right hand scale)

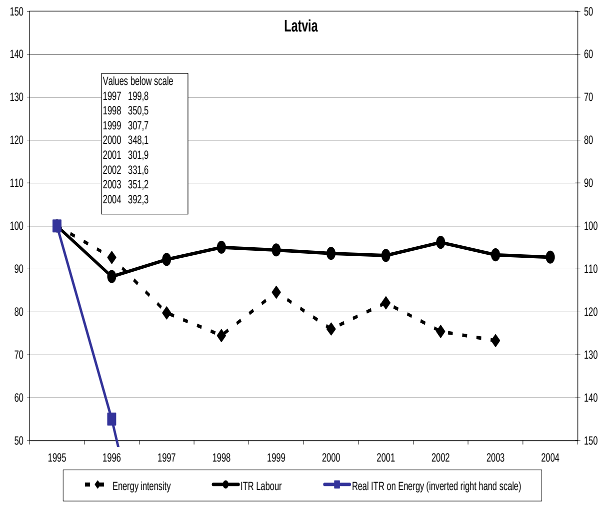

Germany
Energy intensity
ITR Labour
Real ITR on Energy (inverted right hand scale)

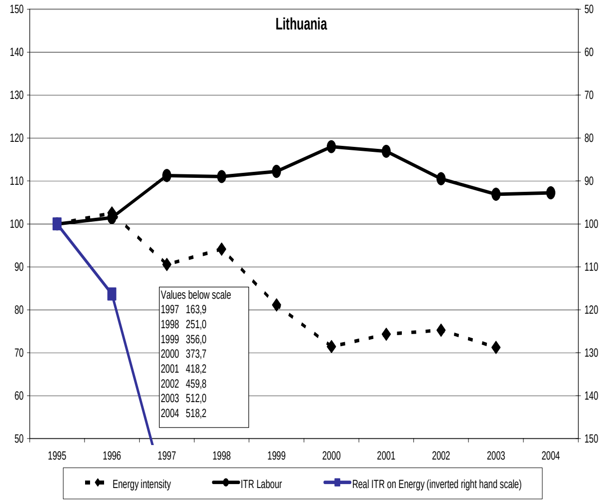

Greece
Energy intensity
ITR Labour
Real ITR on Energy (inverted right hand scale)

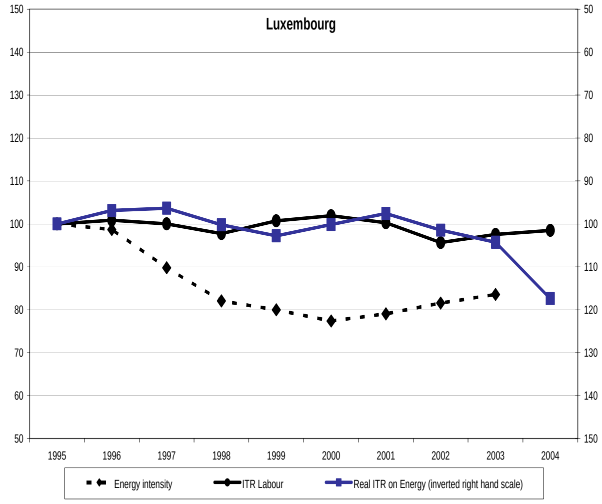

Hungary
Energy intensity
ITR Labour
Real ITR on Energy (inverted right hand scale)

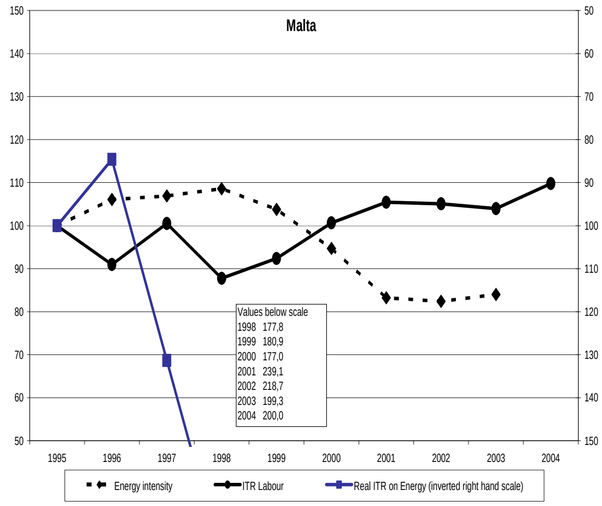

Ireland
Energy intensity
ITR Labour
Real ITR on Energy (inverted right hand scale)

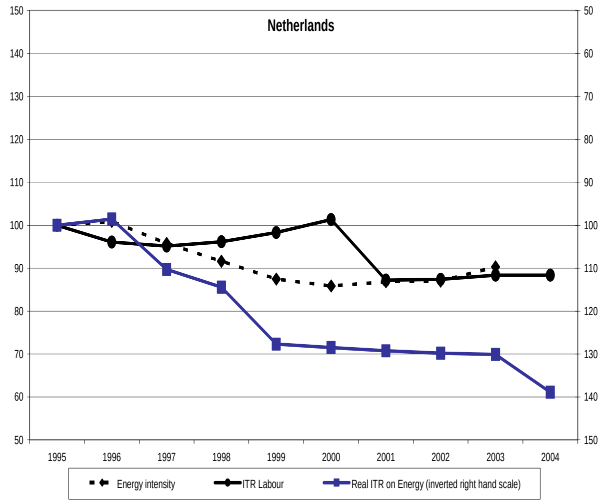

Italy
Energy intensity
ITR Labour
Real ITR on Energy (inverted right hand scale)

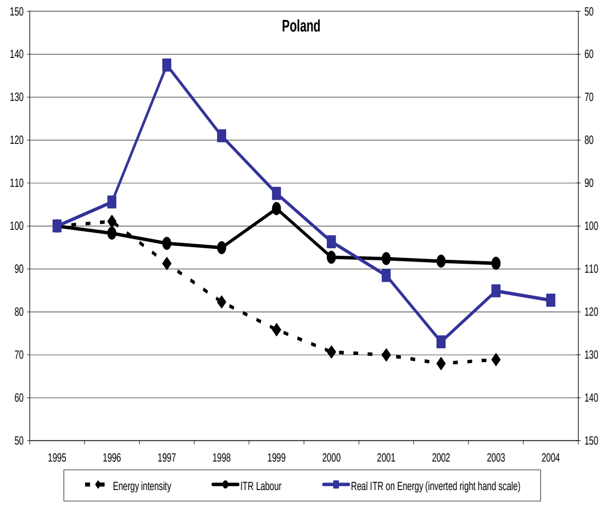

Latvia
Values below scale
1997 199,8
1998 350,5
1999 307,7
2000 348,1
2001 301,9
2002 331,6
2003 351,2
2004 392,3
Energy intensity
ITR Labour
Real ITR on Energy (inverted right hand scale)

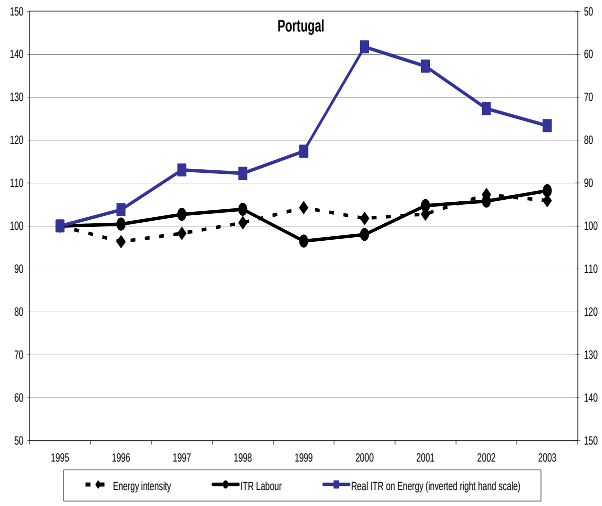

Lithuania
Values below scale
1997 163,9
1998 251,0
1999 356,0
2000 373,7
2001 418,2
2002 459,8
2003 512,0
2004 518,2
Energy intensity
ITR Labour
Real ITR on Energy (inverted right hand scale)

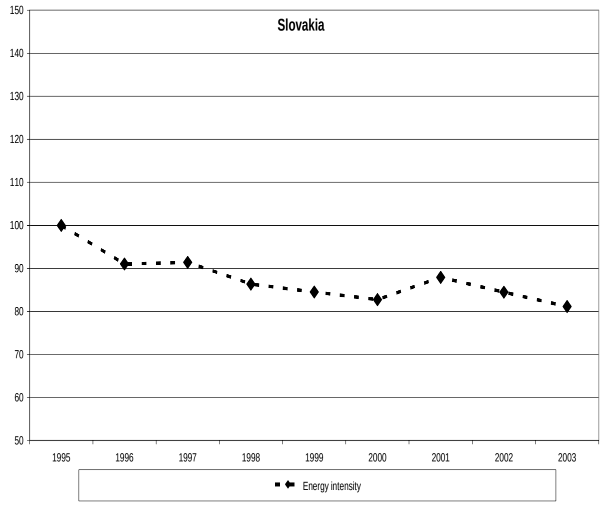

Luxembourg
Energy intensity
ITR Labour
Real ITR on Energy (inverted right hand scale)

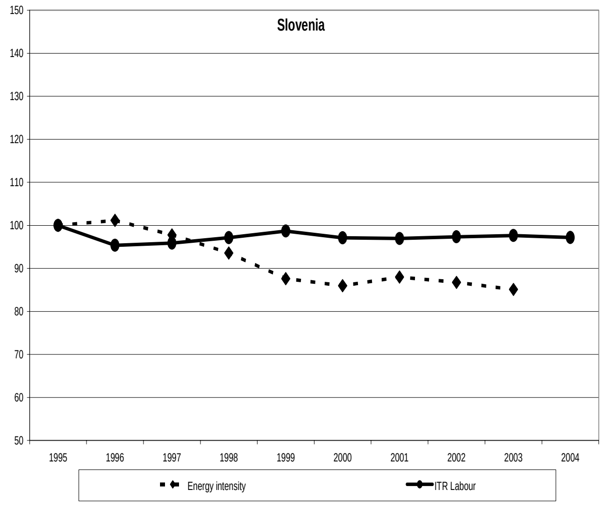

Malta
Values below scale
1998 177,8
1999 180,9
2000 177,0
2001 239,1
2002 218,7
2003 199,3
2004 200,0
Energy intensity
ITR Labour
Real ITR on Energy (inverted right hand scale)

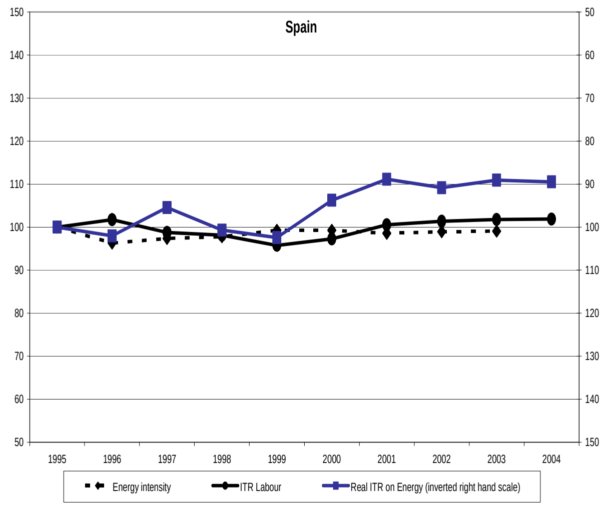

Netherlands
Energy intensity
ITR Labour
Real ITR on Energy (inverted right hand scale)

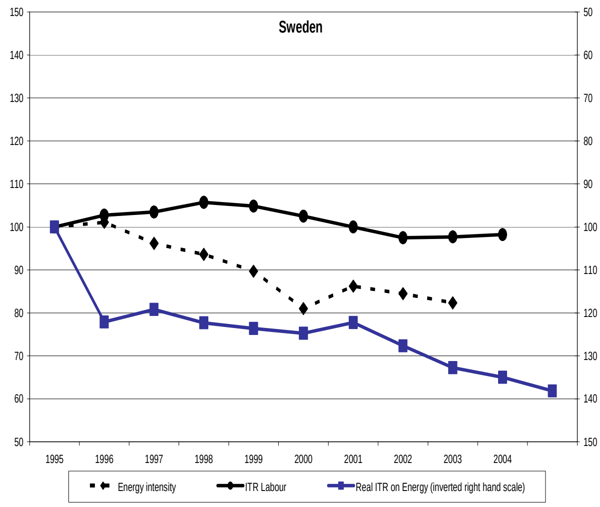

Poland
Energy intensity
ITR Labour
Real ITR on Energy (inverted right hand scale)

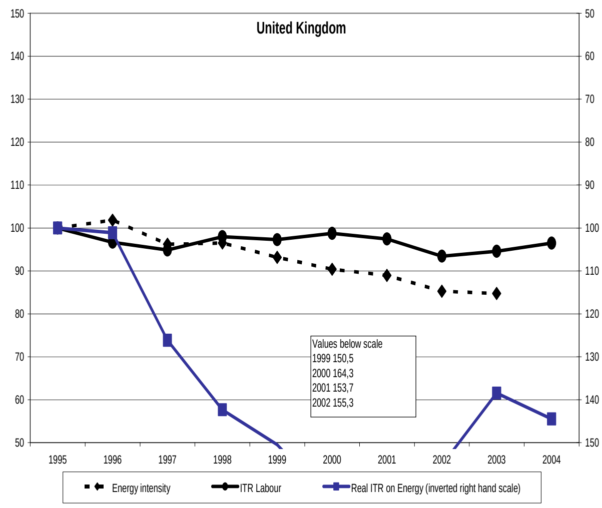

Portugal
Energy intensity
ITR Labour
Real ITR on Energy (inverted right hand scale)











Source: Commission Services

5. TRENDS IN THE IMPLICIT TAX RATE ON CAPITAL

5.1. Properties of the implicit tax rate on capital

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

This means that not only taxes on profits are included but also, for instance, taxes and levies that could be regarded as a prerequisite to earn them, like the real estate tax or the motor vehicle tax paid by enterprises. Companies pay this kind of taxes out of their annual profits. As national accounts do not provide any indicator for the tax base of taxes levied on capital stocks or their transactions, this publication also includes a more narrowly defined ITR on capital and business income. It measures the average effective tax burden on private sector investment and saving, expressed as a ratio between taxes paid on capital income streams and the above-mentioned base.

Of the various implicit tax rates, the ITR on capital is the most complex[1]. 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 in particular the ITR on capital and business income in the short and medium run:

- Time lags: Theoretical considerations as well as empirical evidence suggest that the ITR on capital income is sensitive to the business cycle. Unlike other taxes the corporate income tax is characterised by long and variable lags between the emergence of income and its taxation, due notably to the possibilities to defer taxation because of previously incurred losses or group taxation (See also below discussion on Graph II-5.5).

- 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. As the capital gains are not included in the denominator of the ITR on capital, this development clearly leads to an overestimation of the average effective tax burden on capital and business income, and partly explains the rise in the ITR for some Member States.

- Structural changes in the financing of companies: national accounts data show that from 1995 to 2002, in most Member States a relative shift in financing from debt to equity occurred such that capital income consists less of interest and more of dividend payments. This happened against the background of falling interest rates. Most tax systems in the EU are not neutral concerning financing and allow interest payments to be deducted from the tax base. The shift towards higher dividend distributions results in an increase in the measured average tax burden[2] at unchanged legislation.

Note that a cut in the statutory rate that is offset by an equivalent widening of the tax base will leave the ITR on capital unchanged. This is not a limitation of the indicator, but rather an advantage given that the ITR aims at measuring the effective tax burden. This property of the indicator may contribute to explain the relatively limited fall in the ITR on capital in the last years despite significant EU wide reductions in statutory corporate tax rates.

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[1] The construction of this indicator and its possible sources of bias in measuring the effective tax burden on capital are discussed in Annex C and are explained in detail in European Commission (2004a).

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

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[3] 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, complying with the EU legislation[4], the Member States are required to introduce a number of important methodological revisions in their national accounts in order to improve the measurement of GDP. In particular, as for the sectoral accounts, the main change is the allocation of the Financial Intermediation Services Indirectly Measured (FISIM[5]) to user sectors/industries, instead of intermediate consumption. Imports of FISIM will also be recorded. The extent of these shifts should lead to an increase of the GDP levels which should range between 0.5 % and 2 %.

Statistical Offices of the Member States are however following different timetables with respect to this adaptation; hence, the comparability of data during the current transitional period is reduced as some countries have already completed the procedure, others have revised the data only for some years and a third group has not yet started.

5.2. EU-wide trend towards lower statutory tax rates on capital

In recent years growing policy attention has been devoted to the taxation of capital in the European Union, despite the fact that corporate income tax (which constitutes the largest part of capital taxation revenues) is not a major source of revenue in any of the Union's Member States. In 2004, it represents less than 4.5 % of GDP in all countries but Luxembourg (6.1 %). Even after the inclusion of all other capital taxes the revenue from the taxation of this factor is never higher than 12 %. The greater mobility of capital compared with labour explains why it is less taxed; policymakers fear that excessive levels of taxation scare away capital; or hope to attract capital from neighbouring countries by offering an attractive tax treatment (so-called 'tax competition'). This has brought forth an extensive literature focussed on the analysis of tax competition, and on the related issue of whether a 'race to the bottom' in capital taxation, and particularly

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[2] European Commission (2001a).

[3] Valenduc (2001), Clarc (2002).

[4] See Annex C, Box 2 for references and additional details.

[5] Financial intermediaries provide services for which no explicit charges are made. The estimate of this latter is known in national accounts as FISIM and it is fixed by convention. Up to now FISIM has been recorded as intermediate consumption of a notional industry, for want of relative observable variables (see http://ec.europa.eu.int/estatref/info/sdds/en/na/na_changes2005.pdf for details).

in the corporate domain, may ensue. This latter expression refers to the possibility that competition for international capital eventually brings the taxation level down to zero[6].

Table II-5.1 Top statutory tax rate on corporate income

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Difference 2006-1995
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	-6.2
CZ	41.0	39.0	39.0	35.0	35.0	31.0	31.0	31.0	31.0	28.0	26.0	24.0	-17.0
DK	34.0	34.0	34.0	34.0	32.0	32.0	30.0	30.0	30.0	30.0	28.0	28.0	-6.0
DE	56.8	56.7	56.7	56.0	51.6	51.6	38.3	38.3	39.6	38.3	38.6	38.6	-18.2
EE	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0	24.0	23.0	-3.0
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	-11.0
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	0.0
FR	36.7	36.7	36.7	41.7	40.0	36.7	36.4	35.4	35.4	35.4	33.8	33.3	-3.3
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	-27.5
IT	52.2	53.2	53.2	41.3	41.3	41.3	40.3	40.3	38.3	37.3	37.3	37.3	-15.0
CY	25.0	25.0	25.0	25.0	25.0	29.0	28.0	28.0	15.0	15.0	10.0	10.0	-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	-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	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	-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	-2.1
MT	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	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	29.0	-6.0
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	-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	-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	-12.1
SI	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	0.0
SK	40.0	40.0	40.0	40.0	40.0	29.0	29.0	25.0	25.0	19.0	19.0	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	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	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	-3.0
EU-25	35.0	35.0	34.7	33.9	33.3	32.1	31.1	29.7	28.7	27.4	26.2	25.8	-9.2
EU-15	38.0	38.1	37.8	36.7	35.9	35.3	33.8	32.6	31.9	31.4	30.0	29.5	-8.5
NMS-10	30.6	30.4	30.2	29.6	29.4	27.4	27.1	25.5	23.8	21.5	20.6	20.3	-10.3

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; the tax rate on retained earnings is zero.
Italy: As from 1998 the rates for Italy include IRAP (rate 4.25%), a local tax levied on a tax base broader than corporate income. The rate may vary up to 1 percentage point.

Source: Commission Services

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

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

- Firstly, countries moved towards lowering CIT rates, in one case even abolishing the tax altogether on retained earnings (Estonia). In the years after 1995 most Member States reduced the statutory tax rates on the taxation of corporate income. The reduction of tax rates is particularly noticeable from 2000 onwards and has led to a closer alignment of CIT rates (see Tab. II-5.1). Taking local taxes and surcharges into account, the average general corporate tax rate in the EU-15 was reduced by 8.5 percentage points in the period 1995 to 2006. In the meantime, even lower tax rates became prevalent in the ten new Member States: in 2006 the average level of corporate tax rates is still more than 9 percentage points lower than the average in the EU-15.
- Secondly, the scale of deductions and exemptions was reduced. This trend was also due to the necessity to conform to EU rules limiting State aid to enterprises (as some State aid may be in the form of tax breaks). This requirement for EU membership entailed extensive negotiations with the NMS-10 before its widespread implementation, but ultimately led to the abolition of the most generous state aid schemes, such as those existing in Hungary. Some new Member States nevertheless still offer significant tax incentives for foreign companies in the form of rebates in special economic zones (LV, LT) or reduced tax rates (CY, MT).

An analysis of the combined impact of these changes based on the use of simple metrics, such as statutory tax rates or simple tax to GDP ratios, would not give an accurate picture. National provisions for computing the taxable base to which the statutory tax rates are applied differ greatly across countries. For instance, the rules on computing taxable income in all NMS-10 allow for the depreciation of buildings and the amortization of intangibles and tangible fixed assets. These rules can be construed to in such a way as to offer a strong incentive to foreign companies. Given that they incorporate such elements of the tax code in their modelling, effective average tax rates (EATRs) generally allow a more accurate analysis. Jacobs et al. (2004) calculate the EATRs for a German parent company operating a subsidiary in each of the new Member States. Their work highlights the substantial differences in tax regimes: the spread between the EATR for, say, Malta and Lithuania is found to reach almost 20 percentage points. The simple tax-to-GDP ratio, while superior to the statutory tax rates in describing the effective tax burden, fails to capture effective changes in the capital tax base. As a computable effective tax rate the ITR on capital does not suffer from this shortcoming and can therefore improve the analysis of changes in the taxation burden.

5.3. Implicit tax rates on capital: levels

The implicit tax rate on capital, published in the first issue of this publication[7], then based on the national accounts format ESA79, as 'tax rate on other production factors', indicated for the EU-15 a slight decrease in the effective tax burden from the early to the mid-1980s, followed by a period of stabilisation from the late 1980s to the early 1990s. The trend changed in the second half of the 1990s: the ITR on capital increased by 4.6 percentage points[8] between 1995 and 2000 in the EU-25 (+7.9 in the EU-15). The implicit tax rate on corporate income and the implicit tax rate on capital and business income of households increased as well, respectively by +7.9 and +2.9 percentage points in the EU-15 and by +3.6

[7] European Commission (2000b).

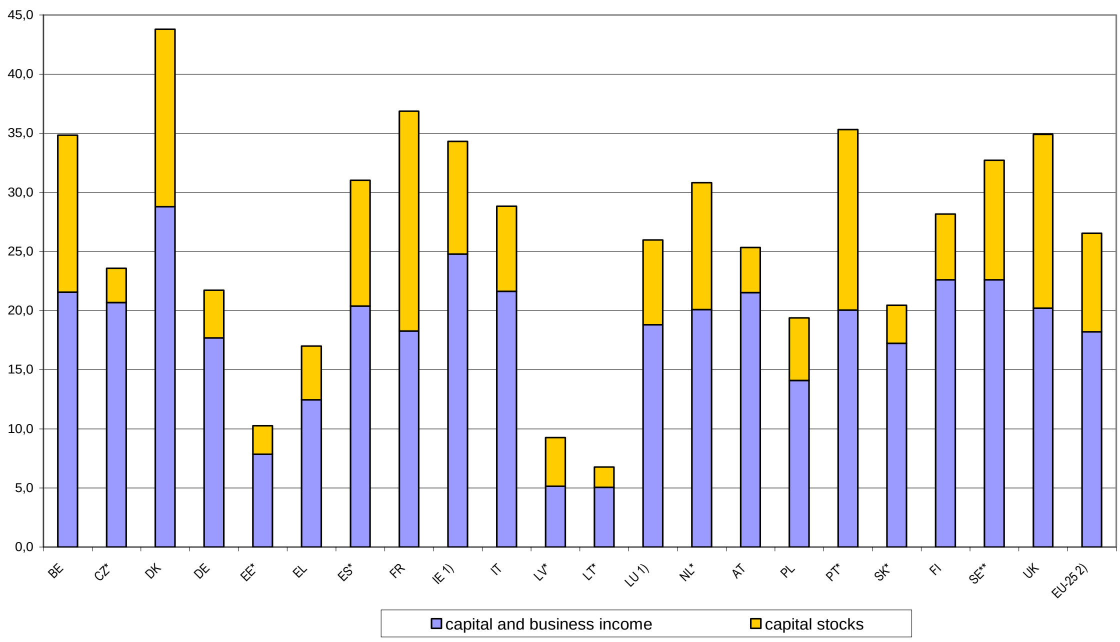
[8] A more pronounced increase could be observed for the overall indicator when using a simplified denominator referring to the net operating surplus of the whole economy. Carey and Rabesona (2002) who used a similar (biased) denominator also reported increases in the implicit tax rate on capital.

and +1.6 in the EU-25 average. Around the turn of the century the ITRs started declining again in most Member States, partly offsetting the increase in prior years.

The computation of the ITR on capital is possible only for six of the NMS-10, namely the Czech Republic, Estonia, Latvia, Lithuania, Slovakia, and, for the first time, Poland. The omission of the remaining Member States, and particularly Hungary, which represents almost 17 % of the GDP of the NMS-10, is still a relevant gap in the overall picture. It will be hopefully filled in the next edition. Furthermore, data are not available for the entire time series 1995-2004 for any of the countries. The lack of information for four countries obviously limits the meaningfulness of the NMS-10 average. However, the inclusion of Poland, which accounts for roughly 40 % of the GDP of the new Member States, is an important improvement that leads the overall availability to cover around 75 % of the GDP of the NMS-10. In 2003, the weighted average of the ITR on capital for the NMS-10 (not including Slovakia) was 19.8 % against 30.1 % of the EU-15.

In a general overview of the level of taxation on capital, Latvia, Estonia and Lithuania clearly show a low level of taxes: the average for these three countries in 2004 is 3.0 % against 7.5 % for the EU-25 and 5.7 % for the NMS-10. Cyprus and Malta are instead characterised by the highest level of taxation on capital among the NMS-10. Historical and institutional reasons are likely to explain the similarity between the tax structures of these two countries and that of the UK, which likewise exhibits a relatively high reliance on capital taxation within overall low levels of taxation. Finally, the Central European countries, which share a history of extensive state intervention in the economy, are characterised by generally higher level of social contributions and thus by a comparatively higher level of taxation on labour. A feature which is common to all NMS-10 is the significantly lower level of taxation on the capital income of households (0.4 % of GDP on average) than the one prevalent in the EU-15 (0.8 % of GDP).

Graph II-5.1 Implicit tax rate on capital
2004 in %



*2003; **2001 - 1) Denominator including D4net; 2) Arithmetic average of all data available, excluding Slovakia

Source: Commission Services

Graph II-5.1 presents the overall ITR on capital by Member State and its decomposition into an ITR on capital and business income and an ITR related to taxation of capital stocks proxied by the difference between the ITR on capital and the ITR on capital and business income.

The picture offered by Graph II-5.1 shows wide variability. The three Baltic Republics stand out for the low level of both indicators, even if we are comparing the values of 2003 for these countries. However, the difference between the EU-15 and the (six available) NMS-10 in general is broadly shaded: the Czech Republic is the country with the most similar structure to the EU-15, on the other side Greece and Germany confirm themselves as outsider in the EU-15 for the low level of their ITR, particularly on the capital stock.

5.4. Implicit tax rates on capital: 1995-2004 trends

Table II-5.2 Implicit tax rate on capital in the European Union
1995 to 2004 - in %

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Diff.*
BE	25,5	27,0	28,1	30,3	31,4	29,6	29,7	31,1	33,8	34,8	9,3
CZ	23,9	21,3	23,6	20,3	21,7	20,9	22,1	25,2	23,6	-	-0,3
DK	30,0	31,0	31,9	38,9	38,8	36,2	31,0	30,8	35,0	43,8	13,8
DE	22,4	25,6	24,5	25,9	29,1	29,2	22,7	21,1	21,6	21,7	-0,7
EE	17,9	15,5	16,5	17,2	16,7	7,7	7,5	8,8	10,3	-	-7,7
EL	12,1	12,0	14,9	17,6	19,9	21,8	18,6	18,7	17,4	17,0	4,9
ES***	20,4	20,7	23,4	24,2	27,6	28,9	27,5	29,6	31,0	-	10,6
FR	31,7	35,0	35,8	35,9	38,7	38,4	38,7	37,6	37,0	36,9	5,2
IE 1)	22,1	23,7	23,4	22,9	28,0	28,9	29,6	29,0	31,7	34,3	12,3
IT	26,1	26,3	29,7	27,1	28,9	28,3	27,7	27,8	30,8	28,8	2,7
CY	-	-	-	-	-	-	-	-	-	-	-
LV	-	-	-	-	18,0	12,7	12,8	10,8	9,3	-	-8,8
LT	9,1	8,8	9,3	8,7	8,2	6,5	5,4	5,3	6,8	-	-2,3
LU 1)	24,8	23,7	26,5	28,5	26,8	33,7	30,8	30,1	27,2	26,0	1,2
HU	-	-	-	-	-	-	-	-	-	-	-
MT	-	-	-	-	-	-	-	-	-	-	-
NL***	23,4	26,1	26,9	27,6	29,8	27,3	31,4	31,5	30,8	-	7,4
AT	25,6	28,0	28,4	28,8	27,0	26,0	33,1	27,7	25,3	25,3	-0,3
PL	-	-	-	-	21,4	22,5	22,4	23,6	20,3	19,4	-2,0
PT	21,3	23,9	26,2	27,3	30,6	34,5	32,1	33,9	35,3	-	14,0
SI	-	-	-	-	-	-	-	-	-	-	-
SK	-	-	-	-	-	22,3	-	18,7	20,5	-	-1,8
FI	28,0	31,1	31,7	33,5	35,2	38,7	28,7	30,7	28,6	28,2	0,2
SE	18,7	25,4	27,8	28,7	34,6	41,6	32,7	-	-	-	14,0
UK	33,3	32,4	34,3	35,7	39,9	40,8	42,1	37,5	33,7	34,9	1,6
EU-25**	23,1	24,3	25,7	26,6	27,6	27,7	26,3	25,8	25,8	-	2,6
EU-15	24,4	26,1	27,6	28,9	31,1	32,3	30,4	29,8	29,9	-	5,6
NMS-10**	17,0	15,2	16,5	15,4	17,2	14,1	14,1	14,7	14,0	-	-2,9

1) Simplified denominator used
* Difference refers to the first and last year available
** Arithmetic average of all data available, excluding Slovakia
*** Denominator of the ITR on capital based on unrevised data (See Box 2 in Annex C)

Source: Commission Services

Table II-5.2 shows the development of the ITR on capital for all the countries and years available. Given the scarce availability of data for 2004, the EU-25 arithmetic average is not computed. It is however possible to refer to the EU-15 weighted average as 2004 data accounting for more than 80 % of EU-15 GDP are available[9], in particular those for the largest economies (DE, FR, IT and UK). Assuming constancy of the ratios for the missing countries, the ITR on capital remained almost stable at around 30 % for 2004.

With the exception of Austria and Germany, relatively strong increases in the ITR on capital can be observed in the majority of EU-15 countries during the 1995-2004 period[10], despite generalised declines since 1999-2000. For the NMS-10, the entire time series is not available for any of the countries, but a clear trend towards lower ratios is visible in Estonia, Latvia and (in the few years available) Slovakia. In Lithuania, this trend is less clear, but could be temporarily obscured by the effects of a reform (following the abolition of the 0 % rate for reinvested earnings, that corporation tax receipts more than doubled in 2003, boosting the ITR). The partial exceptions are the Czech Republic and Poland for which the overall decrease follows from a fluctuating trend[11].

5.5. Driving forces behind changes of the ITR on capital

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

Graph II-5.2 shows the change of the ITR on capital and its decomposition between capital income and the part related to capital stocks or their transactions. The columns represent the absolute difference of these three indicators between 1995 and 2004 in percentage points[12].

Looking first at the data available for 2004, we notice that the overall ITR on capital has increased in all the countries, except Germany, Austria and Poland (from 1999). If we turn to the nine countries for which 2004 is not available the increase is confirmed for Sweden, Portugal, Spain and Netherlands while

[9] Data were also available for Spain and Netherlands, however due to the incomplete update of the time series of the sectoral accounts, it has been preferred not to use the new data for the computation of the ITRs on capital in order to avoid structural breaks in the time-series.

[10] For Luxembourg and Ireland only a simplified definition of the denominator, including the balance of all property income for the private sector, is available. In order to compute the refined denominator in fact the full set of sectoral data in national accounts is necessary and it is not available for the moment in these countries. The analysis of these more detailed data in the other Member States suggests that the increase in the ITR is overestimated when using this simplified denominator. Moreover, the UK figures are known to be biased upwards due to the inclusion of tax on second-pillar pension benefits that are allocated to the capital income category whilst the benefits could not be incorporated in the denominator of the ITR. Other factors which could affect/bias comparisons between Member States are described in Annex C, Part D. Their importance differs between Member States according - for instance - to a different share of financial companies making capital gains.

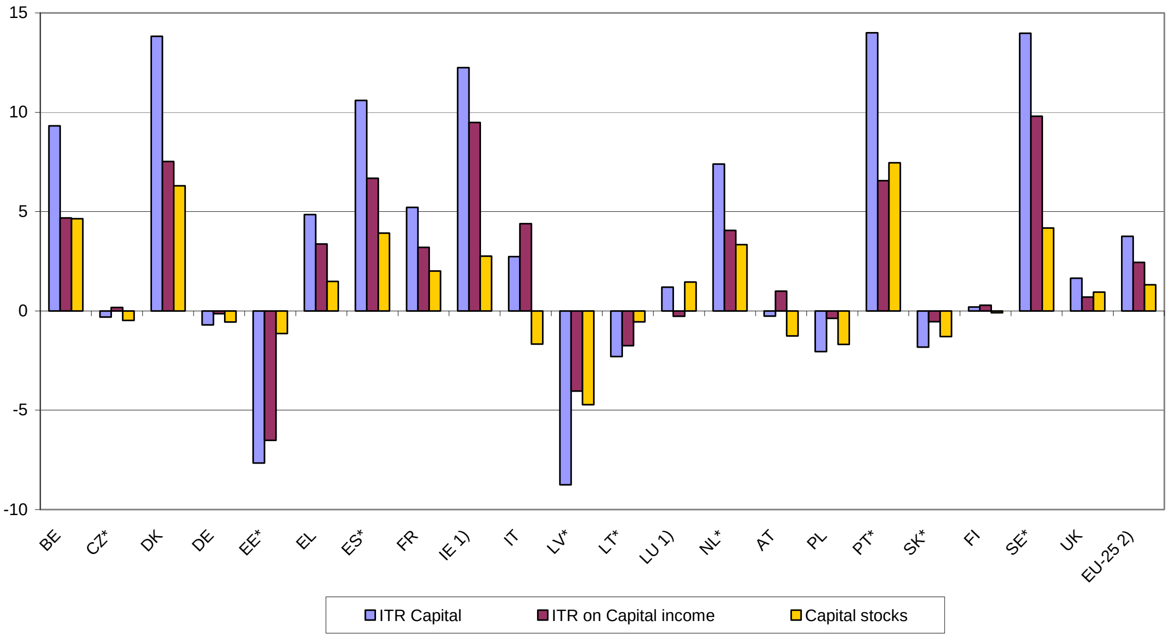
[11] Among the EU-15, Denmark exhibits a fluctuating trend, too. However, this trend is probably strongly influenced by a peculiarity of the pension system. In Denmark in fact yields of certain pension scheme assets are taxed and the capital income of households is therefore subject to large swings depending on the gains on traded securities owned by the pension funds.

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

downwards changes are recorded for Estonia and Latvia followed by Lithuania, Slovakia and marginally the Czech Republic.

Graph II-5.2 Decomposition of the ITR on Capital

Difference 2004 to 1995 – in percentage points



* CZ, EE, ES, LT, NL, PT: 1995-2003; LV: 1999-2003; PL: 1999-2004; SK: 2000-2003; SE: 1995-2001
1) denominator including D4net; 2) Arithmetic average of all data available, excluding Slovakia

Source: Commission Services

From the graph it can be noticed that the growth in the ITR on capital was mainly (except in Belgium and Portugal) due to an increase in the implicit tax rates on capital income. From 1995 to 2003, the ITR on capital and business income has on average increased (+1.5 %) in line with the more general increase of the ITR on capital (+2.7 %). The reference to the difference partly hides the overall increase between 1995 and 2000 which has been offset by a drop in the ratios in 2001 and 2002. This change was particularly marked in some countries; in Germany it was related to the reduction of the corporate tax rate to a uniform rate of 25 % and related special transformation provisions[13]. In Finland[14], the ITR fell back to its initial 1995 level, although its rise had been very pronounced until 2000. In Austria the ratio rose

[13] In 2001 the revenues from corporation tax fell dramatically from about € 26 billion to € 2 billion. This can partly be explained by the special effect of changes in legislation related to the first reduction of the corporate tax rate for distributed profits. Until the end of 2001 corporations could claim the difference in taxation of retained profits - taxed with a rate of 45% (40%) in former years - and the new rate of 30% if they distributed these profits. Corporations massively applied these rules resulting in substantial refunds. At the same time, revenues from dividend tax and PIT increased due to the taxation of distributed profits at the individual level.

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

substantially only in 2001; before this the increases had been relatively modest.[15] Sweden and Denmark, too, have shown wide swings in the ITR on capital and business income.

Table II-5.3 Implicit tax rate on capital and business income in the European Union
1995 to 2004 - in %

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Diff.*
BE	16,9	17,5	17,9	19,6	19,9	19,0	19,0	19,5	21,1	21,6	4,7
CZ	20,5	17,5	20,1	16,9	18,4	17,4	19,0	21,7	20,7	-	0,2
DK	21,3	22,2	22,8	27,7	27,6	24,0	17,6	17,3	20,2	28,8	7,5
DE	17,8	20,7	20,3	21,5	24,2	24,5	18,2	16,9	17,4	17,7	-0,1
EE	14,4	7,8	9,3	11,4	11,4	4,3	4,0	5,5	7,8	-	-6,5
EL	9,1	8,6	9,9	12,5	13,5	15,4	13,3	13,8	12,6	12,5	3,4
ES***	13,7	14,2	16,3	16,4	18,8	19,7	18,6	20,0	20,4	-	6,7
FR	15,1	17,2	17,5	17,7	19,9	20,8	21,4	20,0	18,8	18,3	3,2
IE 1)	15,3	16,8	16,9	16,8	20,6	21,6	22,2	22,0	23,4	24,8	9,5
IT	17,2	18,4	20,8	19,0	21,3	21,6	21,5	20,5	23,9	21,6	4,4
CY	-	-	-	-	-	-	-	-	-	-	-
LV	-	-	-	-	9,2	6,7	7,0	6,8	5,1	-	-4,0
LT	6,8	6,2	6,4	6,0	5,1	4,1	3,5	3,4	5,0	-	-1,7
LU 1)	19,1	17,9	20,0	21,2	18,7	23,0	21,8	22,9	20,8	18,8	-0,3
HU	-	-	-	-	-	-	-	-	-	-	-
MT	-	-	-	-	-	-	-	-	-	-	-
NL***	16,0	18,3	19,1	19,2	20,5	18,2	21,8	21,2	20,1	-	4,1
AT	20,5	23,3	23,8	24,1	22,6	21,6	28,6	23,5	21,2	21,5	1,0
PL	-	-	-	-	14,5	15,3	16,3	17,8	15,6	14,1	-0,4
PT	13,5	15,8	17,6	17,7	19,4	22,6	20,5	20,8	20,1	-	6,6
SI	-	-	-	-	-	-	-	-	-	-	-
SK	-	-	-	-	-	17,8	-	15,4	17,2	-	-0,5
FI	22,3	24,9	26,1	28,0	29,6	33,6	24,2	25,6	23,4	22,6	0,3
SE	12,8	16,4	18,3	18,9	24,3	30,9	22,6	-	-	-	9,8
UK	19,5	19,5	21,4	22,5	24,5	24,6	25,6	21,8	19,3	20,2	0,7
EU-25**	16,2	16,8	18,0	18,7	19,2	19,4	18,3	17,8	17,7	-	1,5
EU-15	16,7	18,1	19,2	20,2	21,7	22,7	21,1	20,4	20,2	-	3,5
NMS-10**	13,9	10,5	11,9	11,4	11,0	10,1	8,4	10,5	11,2	-	-2,7

1) Simplified denominator used
* Differences refer to the first and last year available
** Arithmetic average of all data available, excluding Slovakia
*** Denominator of the ITR on capital based on unrevised data (See Box 2 in Annex C)

Source: Commission Services

Table II-5.3 presents the developments in the ITR on capital and business income for the period 1995-2004. An increase is visible in most of the countries. For the EU-15 the peak was reached in 2000 or 2001 for most countries. The only EU-15 countries who show a decrease from the 1995 level are Germany, following cuts in corporate taxes in recent years, and Luxembourg. Excluding these two countries the average difference between 1995 and the last year available for the other EU-15 countries is roughly 4.5 percentage points. The opposite applies to the NMS-10, where the three Baltic Republics, already starting from low levels, are on a decreasing path and seem to converge to a very low level. Slovakia, too, shows a reduction in its ratio over the years for which data are available. The Czech Republic, after a fluctuating movement in the first years of the period under consideration, started to rise up to a maximum level in

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

2002, but tax changes during 2004-2006 (tax rate reduction, introduction of the R&D tax credits, tax depreciation acceleration) have probably reduced the ITR on capital.

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

The interpretation of the overall ITR on capital and business income of corporations and households is complicated by the overlapping effects of the various channels previously described. It is therefore preferable to analyse separately the ITR for the corporate sector and ITR for the households sector. Although difficulties of interpretation stemming from the backward-looking character of the indicator remain, the reading of the ratios is simplified.

The two ratios are computed splitting the numerator of the overall ITR in the categories 'income corporations', '(capital) income households' and 'income self-employed'[16]. The first category is the numerator of the ITR on the income of corporations; in most countries, tax revenues raised on corporate income equal the Eurostat aggregate d51b+d51c 'Taxes on the income or profits of corporations including holding gains', although in some countries like Germany, Italy and Austria revenues from local and regional business taxes are added. The denominator for corporations consists of their net operating surplus, the difference between received and paid interest and rents and a specific definition of dividends minus property income from insurance companies and pension funds attributed to policy holders[17].

The other two categories ('(capital) income households' and 'income self-employed') are taken as numerator of the ITR on capital and business income for households. This includes mainly taxes on holding gains of households, the share of personal income tax on capital and on the self-employed and the social contributions paid by the latter. The denominator includes the mixed income of the self-employed, the net operating surplus of households, dividends and attributed insurance property income received and the difference between received and paid interest and rents[18].

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.

The ITR on corporate income exhibits large increases during the expansionary phase lasting until 2000. Less pronounced increases are also discernible for the ITR on capital income of households in most

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

[17] Strictly speaking, it is the balance of attributed property income (d44) paid mainly to private households and received property income attributed to insurance policy holders because also corporations and quasi- corporations can be insurance policy holders too.

[18] 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).

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

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

Graph II-5.3 presents the average ITRs for the income of corporations and households. In order to try to smooth out the influence of loss-carry-forward and -backward provisions, the average ITR for 1995 to 2004 is presented. Among the EU-15 countries, estimates for Luxembourg and Ireland are not available. For Austria and Portugal[19] 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[20].

From the graph, an overall lower weight of the ITR on households is noticeable, particularly in the NMS-10. The only exceptions to this rule are Italy and, to a lesser extent, Finland, Denmark and the United Kingdom.

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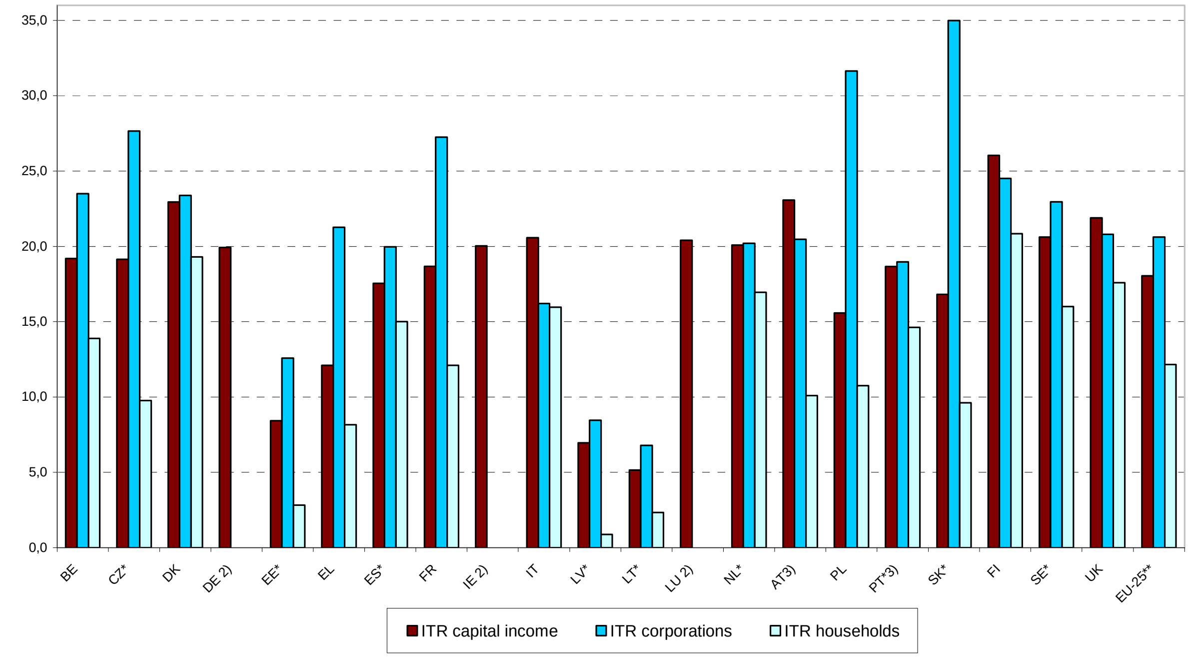
[19] In theory, also for Germany, where partnerships are an important part of companies, a similar correction could be calculated. However, owing to reservations regarding comparability with other Member States, it has been decided to avoid publishing these results.

[20] The owners of the partnership are taxed under the personal income tax scheme.

Graph II-5.3 ITR on corporate income and on capital income of households[1)]

Average 1995 to 2004 – in %

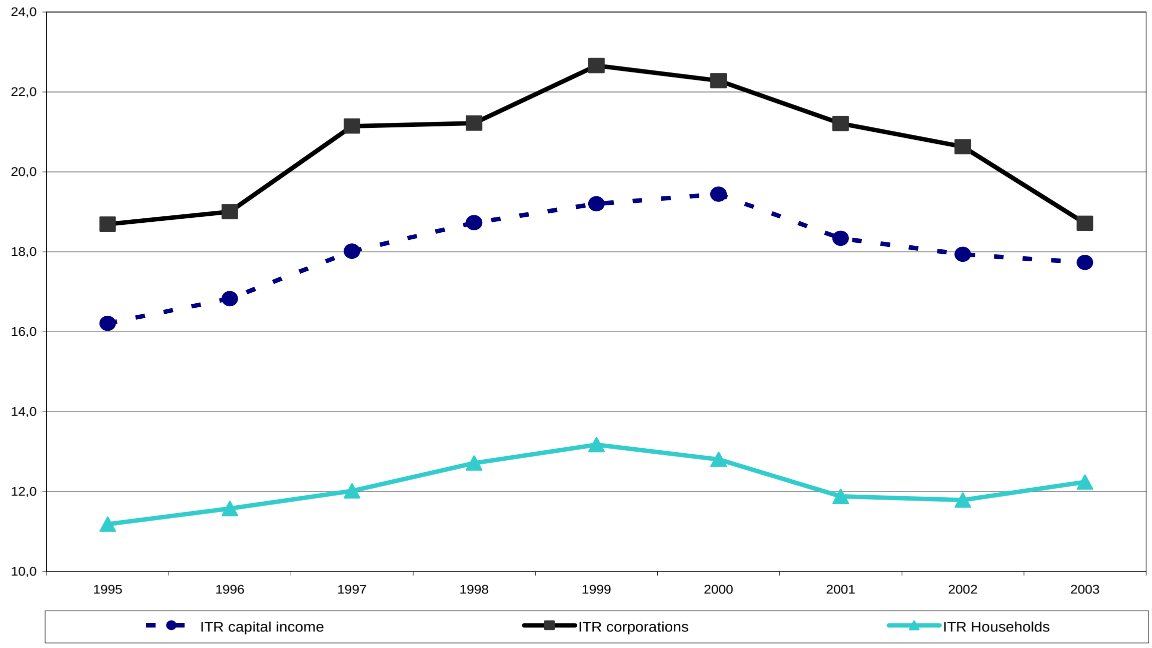


1) including self-employed 2) Split corporations - households not available.- 3) self-employed allocated to corporations.
* CZ, EE, ES, LT, NL, PT: 1995-2003; LV:1999-2003; PL: 1999-2004; SK: 2000, 20002-2003; SE: 1995-2001 ** Arithmetica average excluding Slovakia

Source: Commission Services

Graph II-5.4 Development of ITRs on capital income for corporations and households[1)]

EU-25, in %



* Arithmetic averages excluding Slovakia

1) Including self-employed

Source: Commission Services

Graph II-5.4 shows the development of the overall ITR on capital and business income during the period 1995 to 2003 for the EU-25 together with the ITR on corporate income and the ITR on capital income of households and self-employed. As already mentioned, due to lack of data computing the averages for 2004 was not possible.

The ITR on corporate income moved in step with the ITR on households. Until 2000 they both increased at a similar pace. Since the turn of the century, a slight average decrease is discernible. It is however advisable to bear in mind that the changes in the ITR are not always fully in line with changes in fiscal policy. In particular, the full impact of the measures directed at a broadening of the capital tax base and of the tax reforms aimed at reducing the taxation of entrepreneurial income and other capital income could not yet be reflected in the data. There is in fact a certain lag between the change in legislation and the collection of the revenues, which the accrual principle followed by national accounts only partly corrects for[21].

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

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

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

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

The sensitivity to the business cycle is a general feature of backward-looking indicators that measure the average effective tax burden on economic activities. In principle, ceteris paribus, three different factors affect the ITR on capital income in an economic recovery:

- In countries with a progressive personal income tax, the ITR should rise in an upswing. If taxable income from capital and self-employment increases, the taxes raised on this income increase faster.
- Corporate tax schedules are generally not progressive and therefore the economic cycle should not affect the ITR via that channel of influence. However, some Member States do apply lower rates for small and medium sized enterprises. In an ongoing upswing some of these companies will exceed the tax legislative thresholds resulting in a higher tax burden.

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

- Rules on carry forward of company losses will generally result in asymmetric effects on the ITR. First, there is an asymmetry with regards to the timing of tax payments: when relying on aggregate data from national accounts, corporate income tax revenues appearing in the numerator of the ITR are reduced by losses incurred in prior years, while the denominator is reduced by losses in current years. The numerator effect is caused by so-called loss 'carry forward' provisions in the tax legislation. The denominator effect results from the inclusion of loss-making firms, with current losses from loss-making firms offsetting profits of profitable firms in the aggregation. Losses are therefore incorporated in both the numerator and the denominator, but the losses are transmitted in the ITR asymmetrically in the sense that they refer to different periods. At the beginning of an economic upswing, more firms will make profits. Initially that the ITR on capital is reduced, because the resulting increase in profits is immediately reflected (in the denominator) but not fully in the tax payments (in the numerator) as losses from previous years are carried forward. However, one could expect that the latter effect diminishes over time, as loss-carry forward provisions are often restricted in time and more and more companies make profits as the upswing persists. This diminishing effect of loss carry-over provisions should therefore lead to a gradual increase in the ITR on capital due to progressive increases in tax payments. Second, a recessionary phase will generally exert an asymmetric impact on the numerator and the denominator of the ITR: the denominator will show the full amount of the decrease in aggregate corporate profits whereas the numerator will not reflect the full extent of the deterioration as a portion of taxpaying companies would have shown zero profits already in the preceding year and further deterioration is not taken into account (hence a greater effect on the denominator than on the numerator resulting in a slight anti-cyclical bias).

All in all, these effects are likely to offset each other to a certain extent in the initial phases of the cycle. However, in a long lasting economic upturn these channels of influence will point most likely to an increase in the implicit tax rate on capital with a certain time lag. To illustrate the possible order of magnitude of these effects, we carried out a simulation. Assuming a constant split of the personal income tax (prior to the year 1995)[22], it was possible for Denmark, Italy, Finland and the United Kingdom to calculate longer, provisional time trends for the ITR using ESA95 data.

Graph II-5.5 illustrates the sensitivity of the ITR to the business cycle, using the output gap calculated by the Commission Services as an indicator of the degree to which the GDP diverges from its potential value assuming a normal utilisation of production capacities[23]. To see the exact real relation between the economic cycle and the ITRs it would be necessary to assume no changes in tax policy as the ITRs reflect both changes in tax policy and the impact of the cycle. In this case there have been some limited policy changes[24]; nevertheless the ITRs in Denmark[25], Finland and the UK seem to display a pro-cyclical

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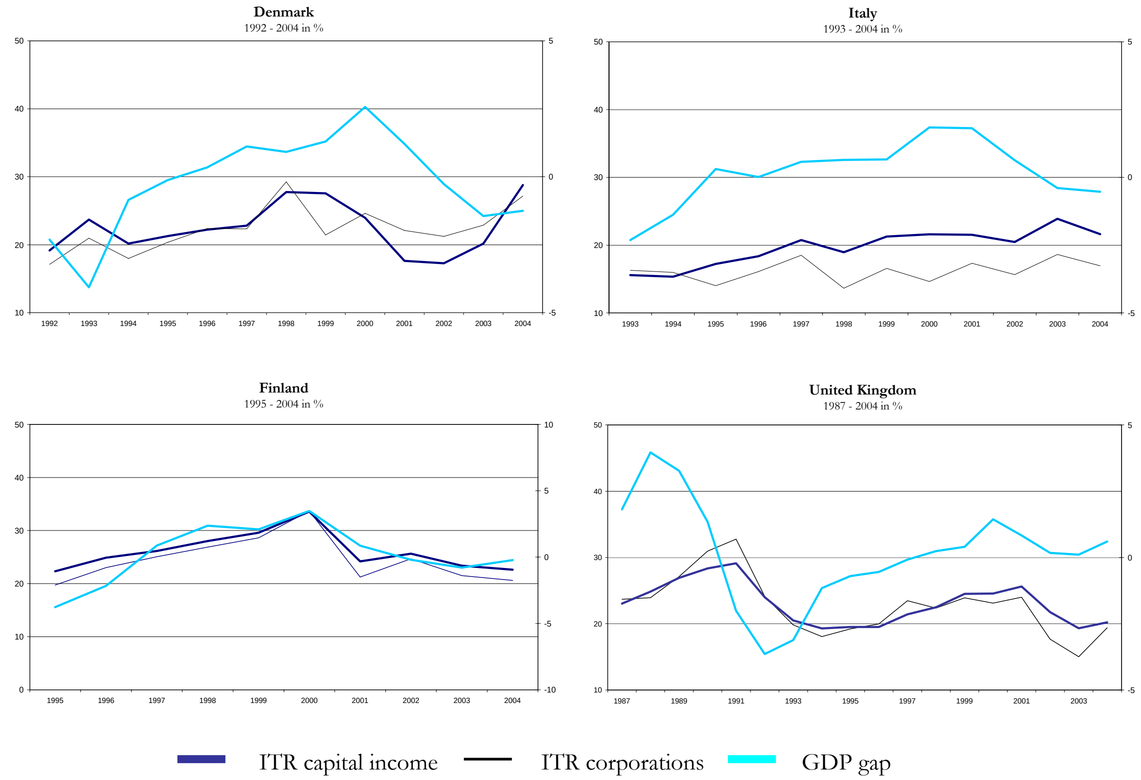
[22] Generally this assumption is only reasonable in the absence of major tax reforms. The figures before 1995 should thus be considered as broad estimates only.

[23] The output gap is defined as difference between the estimated potential GDP and its actual value. The output gap figures are calculated by the Commission's services as described in Denis, Mc. Morrow and Röger (2002). The estimation of the output gap in Germany is strongly influenced by the unification boom in the early 1990s. Taking this exceptional period as a reference probably leads to an estimation of potential GDP that is not very sensitive to business cycle fluctuations in later years.

[24] Denmark cut the corporate tax rate in 1999 and 2001 (and 2005, not covered by the graph); Finland increased the corporate tax rate in 1996 and decreased it in 2000 (and 2005, not covered by the graph); the UK decreased corporate taxes in 1997 and 1999 (see Table II-5.1 for details).

behaviour. In Italy there is a slight increase in line with the economic expansion, interrupted by the tax reform measures in 1998. All in all the graphs seem to confirm (i) that the increase over the expansionary period 1995-2000 indeed has a cyclical component; (ii) that the suggested time-lag in the behaviour of the ITR is more or less visible.

Graph II-5.5 ITR capital and output gap[26]



Source: Commission Services

Decomposition of the ITR changes by numerator and denominator

In order to develop further the analysis of the main driving factors underlying the increase in the ITR on capital income, we decomposed stepwise the changes in the tax base and the tax revenues by types of income and sectors. All the calculations rely on aggregates defined as a percentage of GDP, while the changes are defined as absolute differences of these ratios between 1995 and 2004. The results of this operation will show how complex the mechanisms affecting the ITRs are.

Table II-5.4 allows us to analyse in more detail the development of the ITR on corporate income. The table shows the different elements composing this indicator and make it possible to compare separately the evolution of the three factors. Looking at the numerator, increasing revenues on corporate income as

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

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

percentage of GDP are discernible in the EU-15 (except for LU) while the opposite is true for all the new Member States, with the partial exception of Slovakia.

Table II-5.4 Elements of the development of ITR on corporate income

	ITR		Numerator		Denominator	
	2004	Diff. 04 to 95	2004	Diff. 04 to 95	2004	Diff. 04 to 95
	%	%-points	%-points of GDP			
BE	22,6	3,1	3,2	0,9	14,2	2,2
CZ*	27,8	-3,6	4,4	-0,2	16,6	2,0
DK	21,2	0,9	3,2	0,8	11,7	0,3
DE	-	-	2,2	0,2	-	-
EE*	8,2	-19,1	1,8	-0,7	20,7	11,7
EL	18,8	3,7	3,3	0,7	17,6	0,3
ES*	25,7	12,9	3,5	1,6	12,2	-2,5
FR	26,6	5,6	2,4	0,6	9,0	0,5
IE	-	-	3,6	0,8	-	-
IT	16,9	2,9	3,1	0,3	18,8	-1,3
LV*	6,2	-4,7	1,7	-0,1	23,7	4,8
LT*	5,7	-7,0	1,9	-0,3	24,2	7,2
LU	-	-	6,1	-1,4	-	-
NL*	20,2	1,2	3,3	0,1	22,3	5,1
AT1)	20,0	2,2	2,3	0,8	25,7	3,7
PL*	19,2	-21,5	2,2	-1,0	11,6	5,7
PT 1)	19,6	4,8	2,9	0,6	19,0	0,0
SK*	29,4	-14,5	2,8	0,0	9,6	3,2
FIN	20,6	0,9	3,6	1,4	17,4	6,2
SE*	26,3	10,6	3,0	0,4	10,2	-6,6
UK	19,4	0,2	2,9	0,1	15,2	0,2

* CZ, EE, ES, LT, NL, PT: 1995-2003; LV: 1999-2003; PL: 1999-2004; SK: 2000-2003; SE: 1995-2001

1) including self-employed

Source: Commission Services

The biggest increases are found in Spain, Finland and Belgium. As for the denominator, a similar trend toward an increase of the bases is visible (except for ES, IT and, to a major extent, SE (1995-2001)). These two influences push the ITRs in opposite directions; however, a tendency to increase has prevailed in the EU-15. In all the NMS-10 for which data are available, the growth of the denominator is associated with a decrease in the numerator thus resulting in a decrease of the ITR in the period, particularly strong in Poland (1999-2004) and Estonia (1999-2003)[27]. The opposite result is found in Spain, Sweden and, to a lesser extent, Italy as a consequence of a growing numerator coupled with a fall in the base. In all the other

[27] From the information available, it seems that in Slovakia the strong decrease in the ITR on corporation can be attributed to an increase in the base with an unchanged numerator. However, data for this country should be considered with caution.

countries, the two components have increased in the period, but the growth in the base has not offset the increase of the numerator and the ITRs have gone up.

Table II-5.5 allows the same kind of analysis with respect to the ITR on capital income of households. Data show that the tax revenues on capital income of households and self-employed relative to GDP have followed a different evolution in the various Member States; however, given a predominance of the decrease in the base, an average growth of the ITR at the EU-25 level is to be observed. The only countries in which the ITR on capital income of households has not increased are Austria and Finland.

Table II-5.5 Elements of the development of ITR on capital income of households

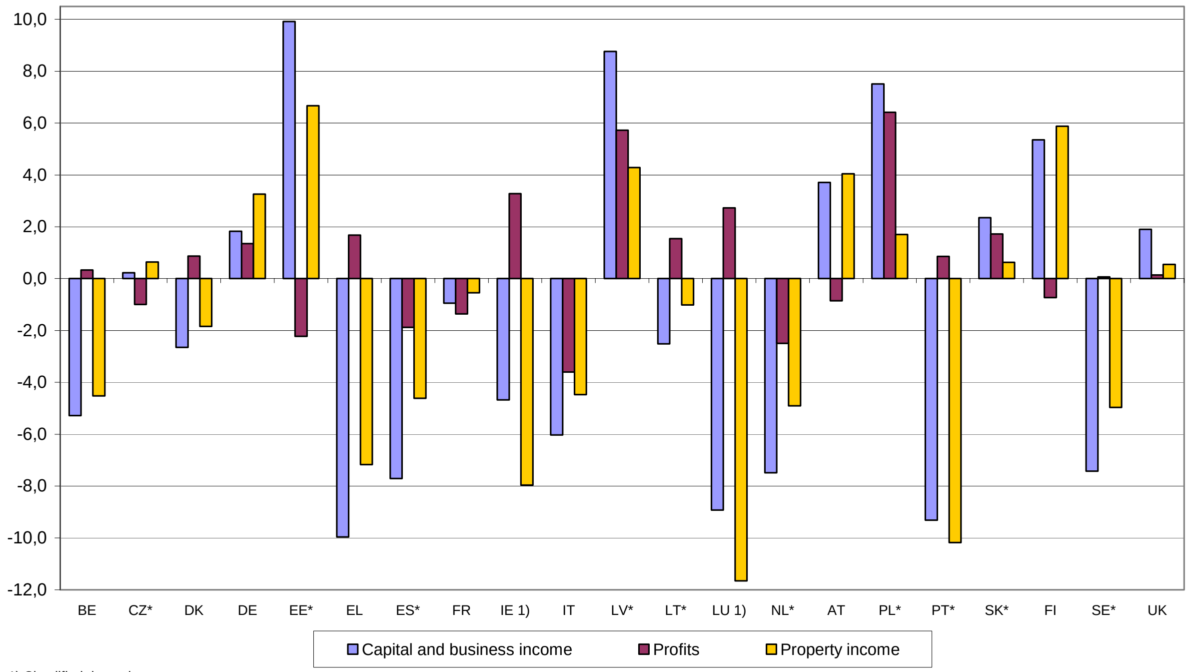
	ITR		Numerator		Denominator	
	2004	Diff. 04 to 95	2004	Diff. 04 to 95	2004	Diff. 04 to 95
	%	%-points	%-points of GDP			
BE	16,6	2,9	3,1	-0,4	18,6	-6,8
CZ*	10,7	1,4	1,9	0,2	16,8	-1,7
DK	26,8	6,1	2,1	0,0	6,8	-3,6
DE	-	-	2,5	0,1	-	-
EE*	4,8	3,6	0,5	0,3	10,0	-0,1
EL	9,1	2,7	3,3	0,3	35,5	-12,7
ES*	10,7	1,4	2,7	-0,4	17,8	-4,8
FR	11,5	0,9	2,1	0,0	18,7	-1,3
IE	-	-	2,6	0,8	-	-
IT	16,5	2,8	5,1	0,2	31,4	-4,3
LV*	0,8	0,2	0,2	0,1	20,6	6,9
LT*	2,0	0,3	0,5	0,0	25,5	-6,9
LU	-	-	2,2	-0,5	-	-
NL*	17,0	5,3	2,0	0,0	12,6	-5,1
AT 1)	8,3	-4,7	3,6	0,3	9,2	1,8
PL*	10,9	3,3	3,3	1,1	30,2	1,5
PT* 1)	16,5	6,5	1,6	-0,3	5,2	0,0
SK*	11,0	1,7	2,3	0,3	21,1	-1,0
FIN	17,8	-2,0	2,1	-0,1	11,9	0,7
SE*	16,9	9,5	1,3	0,5	9,7	-0,7
UK	21,1	6,3	3,1	0,5	14,8	-2,8

* CZ, EE, ES, LT, NL, PT: 1995-2003; LV: 1999-2003; PL: 1999-2004; SK: 2000-2003; SE: 1995-2001
1) excluding self-employed

Source: Commission Services

Graph II-5.6 provides further elements to deepen the analysis of the base of the ITR on capital and business income. It shows that changes in property income have driven the move of the base of the ITR on business and capital income in one direction or the other in most of the countries. In 12 out of the 21 Member States for which data are available a decrease of the base is registered and it corresponds mostly to a decrease in property income in proportion to GDP, the only exception being France and Lithuania. In the countries who have witnessed an increase in the base, this was mainly linked again to a change in property income. On the other side, Slovakia, Poland and Latvia registered a bigger increase in profits while in the Czech Republic a reduction in profits has been counterbalanced by the growth of property income.

Graph II-5.6 Composition of the denominator of ITR on capital and business income
Difference 2004 to 1995 – in % of GDP



1) Simplified denominator.
* CZ, EE, ES, LT, NL, PT: 1995-2003; LV: 1999-2003; PL: 1999-2004; SE: 1995-2001; SK: 2000-2003

Source: Commission Services

5.6.2. *Structural factors affecting the development of capital ITR*

Beyond the effects of the business cycle, the changes in the ITRs might also reflect more structural changes, in particular in the composition of income. For example, given the increase in stock market capitalisation in the years 1995-2000, it is likely that significant capital gains were achieved by both companies and households, resulting in an increase in financial income. This change in the composition of income is not clearly discernible from national accounts income data, nor is it included in the tax base of the ITR. The additional tax revenues related to this kind of income could therefore have induced a rise in the ITRs on capital income, leading to an overestimation of the effective tax burden on capital income of the private sector. Following the same line of reasoning, the subsequent downturn in stock markets could be an important element in explaining the reduction in the ITR on capital income in 2001.

Moreover, different tax provisions for different sources of income offer an additional explanation for the increase in the ITR on corporate income. Specific tax rates or special types of tax relief apply to different sources of income or expenditure. A common feature of corporate tax systems, for instance, is to favour debt finance relative to the financing of new investments by issuing new equity. For the ITR, dividend and interest payments are aggregated within the tax base. If financial markets induced a shift from interest to dividend payments, the taxable base would increase. In this case companies will pay more taxes on capital since the deduction of interest expenditure for determining taxable profits is phased out. At the same time, however, the aggregate and consolidated tax base of the ITR will net off all flows of dividend distributions or interest payments between different companies (for instance between non-financial companies as borrower and banks or insurance companies as creditor) and private households. If a shift occurs from interest to dividend payments, it will not show up in the denominators, and hence the capital ITR will remain constant. The overall result of the higher tax revenues would be an increase in the ITR reflecting a higher effective tax burden that is caused by the effects of the tax legislation[28].

[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.

Part III Developments in the Member States

Part III presents country chapters describing, for each Member State, the 1995-2004 trends in the overall tax burden and the structure of taxation, as well as tax policy changes in the period.

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

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

AUSTRIA

Taxes and social contributions in AUSTRIA [1)]

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
					ESA95					
A. Structure of revenues as % of GDP										
Indirect taxes	14.8	15.1	15.6	15.5	15.5	15.1	15.0	15.2	14.9	14.8
VAT	7.6	8.0	8.2	8.2	8.3	8.0	8.0	8.1	7.9	7.8
Excise duties and consumption taxes	2.7	2.7	2.9	2.9	2.9	2.7	2.7	2.8	2.8	2.9
Other taxes on products (incl. import duties)	1.3	1.2	1.3	1.3	1.2	1.2	1.2	1.1	1.1	1.1
Other taxes on production	3.2	3.1	3.2	3.2	3.1	3.1	3.1	3.1	3.1	3.0
Direct taxes	11.7	12.6	13.4	13.6	13.3	13.1	15.1	14.1	13.6	13.4
Personal income	9.3	9.8	10.4	10.5	10.5	10.0	10.7	10.5	10.3	10.0
Corporate income	1.6	2.1	2.3	2.4	2.0	2.2	3.3	2.4	2.4	2.4
Other	0.7	0.7	0.7	0.8	0.8	0.9	1.1	1.1	0.9	1.0
Social Contributions	14.8	14.8	15.0	14.9	14.9	14.6	14.6	14.5	14.5	14.4
Employers´	7.3	7.3	7.4	7.2	7.2	7.0	6.9	6.8	6.8	6.7
Employees´	6.3	6.2	6.2	6.1	6.1	6.0	6.0	6.0	5.9	5.9
Self- and non-employed	1.3	1.3	1.4	1.7	1.7	1.6	1.7	1.7	1.7	1.8
B. Structure according to level of government as % of GDP										
Central Government	20.1	21.1	22.3	22.5	22.4	22.0	23.8	23.5	23.2	23.0
State government	3.2	3.4	3.4	3.4	3.3	3.3	3.3	3.2	3.0	3.0
Local Government	5.0	5.2	5.2	5.2	5.1	5.0	5.1	4.9	4.7	4.6
Social Sec. Funds	12.1	12.0	12.2	12.1	12.1	11.8	11.8	11.7	11.7	11.7
EC Institutions	0.9	0.9	0.9	0.8	0.8	0.7	0.7	0.5	0.4	0.3
C. Structure according to economic function as % of GDP										
Consumption	11.6	12.0	12.5	12.4	12.5	12.1	12.3	12.5	12.2	12.2
Labour	23.6	23.7	24.5	24.4	24.4	23.7	24.0	24.0	24.0	23.5
Employed	21.6	21.6	22.3	22.0	22.0	21.4	21.5	21.5	21.4	20.9
Paid by employers	10.0	10.0	10.0	9.9	9.8	9.6	9.5	9.5	9.4	9.3
Paid by employees	11.6	11.6	12.2	12.2	12.2	11.9	12.0	12.1	12.0	11.7
Non-employed	2.0	2.1	2.2	2.3	2.4	2.3	2.4	2.5	2.6	2.5
Capital	6.1	6.9	7.0	7.3	6.8	6.9	8.5	7.2	6.8	7.0
Capital and business income	4.9	5.7	5.9	6.1	5.6	5.7	7.3	6.1	5.7	5.9
Income of corporations	1.6	2.1	2.2	2.3	2.0	2.2	3.2	2.4	2.2	2.3
Income of households	1.0	1.1	1.0	1.0	0.9	0.9	0.9	0.9	0.8	0.8
Income of self-employed (incl. sc)	2.3	2.6	2.6	2.8	2.8	2.7	3.2	2.8	2.7	2.8
Stocks (wealth) of capital	1.2	1.2	1.1	1.2	1.1	1.2	1.1	1.1	1.1	1.0
TOTAL	**41.3**	**42.6**	**44.0**	**44.0**	**43.7**	**42.8**	**44.7**	**43.7**	**43.0**	**42.6**
Of which environmental taxes	2.1	2.1	2.3	2.3	2.3	2.4	2.6	2.6	2.7	2.7
Energy	1.4	1.4	1.7	1.6	1.5	1.6	1.7	1.7	1.8	1.8
Transport	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.9	0.9	0.8
Pollution/Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
D. Implicit tax rates										
Consumption	20.3	20.7	21.7	21.8	22.2	21.3	21.4	21.9	21.4	21.6
Labour employed	38.7	39.5	40.8	40.5	40.6	40.2	40.7	40.8	40.9	40.7
Capital	25.6	28.0	28.4	28.8	27.0	26.0	33.1	27.7	25.3	25.3
Capital and business income	20.5	23.3	23.8	24.1	22.6	21.6	28.6	23.5	21.2	21.5
Corporations	17.7	20.3	20.6	21.1	19.5	19.0	26.1	21.1	19.3	20.0
Households	13.0	11.6	10.5	10.3	9.4	8.5	9.6	10.6	9.1	8.3

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

Source: Commission Services

Overall trends in taxation

In Austria, the overall tax burden (including social contributions) is five percentage points of GDP above the EU average (42.6 %, EU-25 37.6 %), with Belgium, Denmark, Finland, France and Sweden exhibiting higher rates.

Austria derives 34.7 % of tax revenues from indirect taxes (EU-25 38.2 %), of which VAT accounts for more than half. As a percentage of GDP, indirect taxes absorb more than the EU average (14.8 %, EU-25 14.2 %). Austria raises a substantial amount from other taxes on production (7.0 % of total taxation, EU-25 4.1 %), namely an employer's contribution to the fund for equalisation of family burdens and a payroll tax to communities. By contrast, excise duties bring in relatively little revenue, reflecting the moderate rates imposed (particularly for alcohol). Direct taxes account for a proportion of revenue (31.5 %) in line with the EU average although they rely relatively more heavily on PIT (23.5 %, EU-25 21.9 %) than on CIT (5.7 %, EU-25 7.8 %). Social contributions account for a third of receipts (33.8 %, EU-25 30.6 %).

Among the federal countries in the EU, Austrian states receive the lowest proportion of total revenues (7.1 % as against 21.7 % in Spain, 21.5 % in Germany and 23.5 % in Belgium).

Efforts to improve the state of government finances in the run-up to EMU lead to an increase in the overall tax-to-GDP ratio between 1995 and 1997 (from 41.3 % to 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 relief in wage taxation of 2000 led to a dip to 42.8 % while a rise to 44.7 % in 2001 resulted from base-broadening measures and significantly increased tax pre-payments, stimulated by the introduction of interest charges on tax arrears. Additional reforms enacted since have resulted in a decline of the tax-GDP ratio to 42.6 % (2004).

Taxation of consumption, labour and capital

The tax structure by economic factor in Austria (consumption 28.6 %, labour 55.1 %, capital 16.3 %) is comparable with the EU-25 average (32.5 %, 47.9 %, 19.8 %).

Taxes on consumption as a percentage of GDP are equal to the EU-25 average (12.2 %, EU-25 12.2 %). The implicit tax rate on consumption (21.6 %), however, lies marginally below the average (EU-25 21.9 %). The Austrian rates have varied little throughout the last years.

Taxes on employed labour represented 20.9 % of GDP in 2004, constituting almost one half of the total tax burden. As in most EU countries, taxes on employed labour consist mainly of social contributions (14.4 % of Austrian GDP and 33.8 % of tax revenues). In addition to the personal income tax, levied in the form of a withholding tax on wages and salaries, indirect labour taxes - such as the contribution by employers to the fund for equalization of family burdens and the payroll tax - also contribute substantially to the overall burden. The balance of the total tax on labour is made up by the taxes on pensions. The Austrian implicit tax rate on labour (40.7 %) lies nearly five percentage points above the European average making it, together with the six founder members, the Scandinavian countries and Hungary, one of the countries imposing the highest tax burdens on labour.

The share of taxes on capital in GDP (7.0 %) is below the EU-25 average and well below the EU-15. This is in part due to the fact that the tax on capital stocks and their transactions yields less than half that in the old member states (1.0 % of GDP, EU-15 2.7 %). Base-broadening measures and increased prepayments, in reaction the introduction of interest payments on tax arrears, led to a dramatic rise of revenues in 2001 before falling back down in the following years, as is reflected in the implicit tax rate on corporate income (2000 19.0 %, 2001 26.1 %, 2004 20.0 %). Taxes raised on corporate income in relation to GDP are low (2.3 %, EU-25 3.0 %) because of the large number of unincorporated companies in Austria.

Environmental taxes have gradually increased since 1995 and are very close to the EU-25 average with respect to GDP now (2.7 %, EU-25 2.8 %). As percentage of total tax revenue they are comparably low, though (6.2 %, EU-25 7.6 %).

Current topics and prospects; policy orientation

The Austrian tax system has undergone a series of reforms and changes since the late 80's (1988, 1993, 2000, 2001, 2002, 2004 and 2005). Starting with consumption taxes that were relatively heavy and income taxes which, having a narrow base and despite high marginal rates, raised relatively little revenue the country has striven towards a more balanced system.

In the years 2004 and 2005 a far reaching tax reform came into force (*Steuerreform 2004/2005*). Step 1 became effective on 1 January 2004 and focused on the reduction of the income and wage tax of low and middle income earners, on strengthening the own capital of commercial sole traders and business partnerships and on introducing further ecological aspects into the tax system. Step 2 contains a wide spectrum of measures, most of them entering into force as from 2005: With respect to the income tax, in particular the number of tax brackets was reduced and an average tax rate system introduced. Further changes, inter alia refer to the introduction of an additional children's tax credit for single parents and sole earners. In the corporate tax system, the tax rate was reduced and the group relief system (*Organschaft*) was replaced by a system of optional group taxation. Altogether, the two steps lead to an annual tax relief of about € 3 billion.

According to the budget report 2006 (*Budgetbericht 2006*) one of the three pillars of Austria's economic and financial policy is a reduction of the tax to GDP ratio to below the 40 % borderline by 2010.

Features of the tax system and recent developments in tax policy

Personal income tax

Between 1988 and 2000 income tax rates were slashed and the base was broadened. In 2005 a new system with four brackets came into force replacing the old five bracket system.

Austria has a comprehensive and progressive personal income tax scheme (four brackets with marginal rates of 0 %, 38.333 %, 43.596 % and 50 %). The zero-zone goes up to a taxable income of € 10 000, which means that annual gross earnings of about € 15 800 for employees and € 13 500 for pensioners are tax-free. The top rate starts at a taxable income of € 51 000. For partnerships and other unincorporated enterprises only half of the average tax rate is applied to the first € 100 000 of retained profits. As a substantial proportion of enterprises are unincorporated the reform of PIT affects both individuals and enterprises to a greater extent than elsewhere. Capital gains are usually not included in the taxable income. However, this does not apply for gains realized as part of commercial activity or on speculative gains and in the case of substantial shareholdings.

Dividends, interest and investment fund income are subject to a final withholding tax of 25 % while royalties are taxed at the normal progressive rates.

Corporate taxation

In 2005 the corporate tax rate was lowered from 34 % to 25 %, partly financed by broadening the tax base and abolishing the 10 % subsidy for the increment in investment in machinery and equipment, which had existed since 2002. A further consequence is that the deductibility of notional interest payments (introduced in 2001) is rendered redundant as, while profits after deduction had been subject to the standard rate, the notional interest was subject to 25 %. Since 2001 tax arrears have been subject to an interest charge. This led to a jump in corporate tax receipts in that year. As part of the base broadening measures undertaken depreciation rates for buildings and motor vehicles have been cut, and now stand at 2 % and 12.5 % respectively. In recent years R&D allowances and tax credits have been increased.

Corporate profits are taxed at a rate of 25 %. Losses up to 75 % of profits can be deducted each year but there is an indefinite loss carry-forward period. Similar rules apply to the personal income tax. As a consequence of the 2005 tax reform, foreign losses are considered deductible in computing the domestic income tax base, making Austria one of the only countries in Europe in which this is permitted. If a group breaks up within 3 years the effects of group treatment will be reversed. There is an R&D allowance of 25 % with an option for an 8 % tax credit. The education allowance is 20 % of the qualifying expenses with an optional tax credit of 6 %.

A number of taxes and contributions are based on payroll and are borne by the employer, among them the municipal tax (3 % on the salaries and wages paid) 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. In special cases a rate of 12 % is applied.

The quantitatively most important excise duties are on mineral oil, tobacco and energy.

Wealth and transaction taxes

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

Social contributions

All resident 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 € 52 500 (2005: € 50 820). The general overall employee's contribution rate is 17 % (white-collar) and 17.2 % (blue-collar). The rate for the employers is 21.4 % and 21.2 % respectively. However, in certain cases additional contribution rates apply.

BELGIUM

Taxes and social contributions in BELGIUM [1)]

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
					ESA95					
A. Structure of revenues as % of GDP										
Indirect taxes	12.9	13.4	13.6	13.5	13.9	13.8	13.3	13.3	13.4	13.6
VAT	6.6	6.8	6.8	6.8	7.1	7.2	6.9	6.9	6.8	7.0
Excise duties and consumption taxes	2.4	2.5	2.5	2.5	2.5	2.4	2.3	2.3	2.4	2.5
Other taxes on products (incl. import duties)	2.0	2.1	2.2	2.3	2.3	2.3	2.2	2.2	2.3	2.3
Other taxes on production	1.9	2.0	2.0	2.0	2.0	1.9	1.9	1.9	2.0	1.8
Direct taxes	16.6	16.7	17.1	17.7	17.4	17.5	17.8	17.6	17.2	17.5
Personal income	13.4	13.1	13.3	13.3	13.0	13.2	13.5	13.3	13.0	12.8
Corporate income	2.3	2.7	2.8	3.4	3.2	3.2	3.1	3.0	2.9	3.2
Other	0.8	1.0	1.0	1.0	1.1	1.1	1.1	1.2	1.3	1.5
Social Contributions	14.3	14.3	14.2	14.2	14.2	13.9	14.2	14.4	14.4	14.1
Employers´	8.6	8.6	8.6	8.7	8.7	8.4	8.5	8.6	8.6	8.4
Employees´	4.4	4.4	4.3	4.3	4.3	4.3	4.5	4.5	4.5	4.5
Self- and non-employed	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2
B. Structure according to level of government as % of GDP [2)]										
Central Government	16.0	15.9	15.6	16.1	16.0	16.6	15.8	15.7	15.0	14.8
State government	9.6	10.0	10.5	10.7	10.8	10.3	11.0	10.5	10.8	10.6
Local Government	2.1	2.2	2.2	2.1	2.2	1.9	2.1	2.2	2.4	2.3
Social Sec. Funds	15.1	15.4	15.6	15.7	15.7	15.5	15.7	16.2	16.1	16.9
EC Institutions	1.0	0.9	0.9	0.9	0.8	0.8	0.8	0.6	0.7	0.6
C. Structure according to economic function as % of GDP										
Consumption	10.7	11.1	11.1	11.0	11.4	11.3	10.9	10.9	10.8	11.1
Labour	24.4	24.2	24.5	24.5	24.4	24.3	24.9	25.0	24.4	24.0
Employed	22.3	22.2	22.3	22.4	22.4	22.3	22.8	22.9	22.3	21.9
Paid by employers	8.6	8.6	8.6	8.7	8.7	8.4	8.5	8.6	8.6	8.4
Paid by employees	13.7	13.6	13.7	13.7	13.7	13.9	14.3	14.2	13.7	13.5
Non-employed	2.0	2.1	2.1	2.1	2.0	2.0	2.1	2.1	2.1	2.0
Capital	8.8	9.0	9.3	9.9	9.7	9.6	9.5	9.4	9.7	10.2
Capital and business income	5.8	5.8	5.9	6.4	6.2	6.2	6.1	5.9	6.1	6.3
Income of corporations	2.3	2.7	2.8	3.4	3.2	3.2	3.1	3.0	2.9	3.2
Income of households	1.0	0.7	0.7	0.6	0.5	0.5	0.5	0.5	0.8	0.8
Income of self-employed (incl. sc)	2.5	2.5	2.4	2.5	2.5	2.4	2.4	2.4	2.3	2.3
Stocks (wealth) of capital	3.0	3.2	3.4	3.5	3.5	3.5	3.4	3.5	3.6	3.9
TOTAL	**43.8**	**44.4**	**44.9**	**45.5**	**45.5**	**45.2**	**45.2**	**45.3**	**44.9**	**45.2**
Of which environmental taxes	2.3	2.5	2.6	2.5	2.5	2.3	2.3	2.3	2.3	2.4
Energy	1.6	1.6	1.6	1.6	1.6	1.5	1.5	1.4	1.5	1.6
Transport	0.6	0.7	0.7	0.7	0.7	0.6	0.7	0.7	0.7	0.7
Pollution/Resources	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
D. Implicit tax rates										
Consumption	20.4	21.1	21.5	21.2	22.3	21.7	20.8	21.1	21.0	21.8
Labour employed	43.8	43.4	43.9	44.2	43.6	43.9	43.7	43.6	43.0	43.0
Capital	25.5	27.0	28.1	30.3	31.4	29.6	29.7	31.1	33.8	34.8
Capital and business income	16.9	17.5	17.9	19.6	19.9	19.0	19.0	19.5	21.1	21.6
Corporations	19.5	22.5	23.5	27.4	26.8	23.6	23.7	23.2	22.2	22.6
Households	13.6	13.2	13.2	13.0	13.2	13.0	13.0	13.6	16.4	16.6

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

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

Source: Commission Services

Overall trends in taxation

Belgium traditionally belongs to the group of EU countries with higher tax levels, alongside the Nordic countries. As in most EU Member States, the tax-to-GDP-ratio reached a peak in 1998/1999, after which it gradually declined.

Over the 1995-1999 period there was no major tax reform; as a result, the structure of the tax system remained relatively stable. It is characterised by a relatively high weight of direct taxes, reflecting a heavy reliance on corporate and households income tax, and a lower weight of indirect taxes. However, in 2000 a far-reaching tax reform of direct taxation, stretching over the period 2000-2006, was initiated. The reform was preceded and complemented by targeted reductions in employers' social security contributions.

After a rise at the beginning of the 1990s, although Belgium has generally tended to give priority to debt reduction over introducing tax cuts, a fiscal moratorium caused the tax-to-GDP ratio to stabilise in 1999. In 2004 it is at 45.2 %, i.e. 7.6 percentage points higher than the EU-25 average.

Taxation of consumption, labour and capital

The implicit tax rate on consumption in Belgium is very close to the EU-25 average (21.9 %) and the developments over the period are also quite in line with EU trends. In particular, the ITR has increased by 1.3 percentage points between 1995 and 2000, reflecting mainly increases in excise duties on fuels and tobacco.

Belgium imposes relatively heavy taxes on labour with an implicit tax rate of 43.0 %. The tax policy in the second half of the 1990s has hardly influenced these features. Throughout the whole period targeted rebates in employer's social contributions were used as the main instrument to reduce labour costs and compensate for the increase in the taxation of personal income. The reform initiated in 2000 paved the way for easing the tax burden on labour, so that recently the implicit tax rate on labour has been declining.

The ITR on capital and business income increased from 16.9 % in 1995 to 21.6 % in the year 2004. However, the regime for taxation of capital has not significantly changed over the period so that the increase in the implicit tax rate is likely to reflect mainly the effects of the business cycle and of financial market developments. In spite of wage moderation introduced in 1994, the profit share continued to decline in the second half of the 1990s. The reduction of the statutory corporate tax rate in 2003 was intended to be budgetary neutral so that the ITR should be unchanged.

Current topics and prospects; policy orientation

The further reduction of the public debt levels remains a priority for the Belgian government in order to prepare the public finances for the budgetary impact of an ageing population. Since 2000, the Belgian government has pursued a policy of budgetary equilibrium, which is expected to be achieved in 2006, and a reduction of charges through a reform in the personal income tax and a reduction in social contributions.

In 2006, the full impact of the 2000-2006 reform in the personal income tax, estimated to be around € 3.33 billion or 1.3 % of GDP, will become noticeable. The most important measures include changes in the tax brackets, the rates, an increase in lump sum professional cost rebates, and an increase in tax exemption and separate taxation for married couples. The 2006 budget increased a tax credit for individual pension savings in the personal income tax by 25 % from € 620 to € 780 per annum and raised the reduction of wage withholding tax for scientific researchers. In June 2005, the Belgian government introduced a scheme for deducting 'notional' interests on company capital from taxable corporate income, applicable as of 1 January 2006. The measure aims at adjusting the current discrimination between the tax treatment of debt financing, in which case the interest paid is deductible, and financing with equity, and therefore would stimulate the self-financing of companies. Therefore, all companies operating in Belgium (through either a company or a permanent establishment) will now be able to set off a risk capital deduction against their profits. The deduction is calculated on the basis of the company's equity (share capital and retained earnings) at the end of the preceding financial year. The amount of the deduction is calculated by multiplying the equity by a fixed percentage determined annually by the government approximating the risk-free long term interest rate. As a result of the introduction of the notional interest scheme, the Belgian government decided not to pursue the implementation of the new coordination centres regime agreed with the Commission on 8 September 2004.

In order to maintain budgetary equilibrium, the Belgian government relies partly on an increase of the tax base for capital income as well as on a structural refinancing of the social security system. In particular two measures are introduced as of 1 January 2006: a 15 % withholding tax on the interest capitalisation in capital investment funds (i.e. SICAV) investing at least 40 % in bonds (estimated revenue: € 335 million) and a 1.1 % levy on the premiums for certain life insurance products.

In addition, a new tax amnesty law applying to unreported savings income and unreported income derived from employment, self-employment and business is expected to raise € 400 million. The standard tax rate applies. However, the tax payer is encouraged to repatriate unreported savings more quickly, as such income becomes subject to higher withholding taxes if it is reported after 1 July 2006: 20 % until 1 January 2007 and 25 % thereafter.

A specific anti-abuse rule is introduced in VAT legislation aimed at 'carousel' fraud. The rule is applied on all transactions executed as of 11 October 2005 and is expected to raise € 100 million.

Main features of the tax system

Personal income tax

Since 1999, tax policy has been shaped by maintenance of a non-binding engagement on a tax moratorium, the introduction of a multi-annual tax reform 2000-2006 and continuing efforts to reduce the debt burden. A major reform program for personal income tax was introduced in 2000, putting an end to the continuous increase in the tax burden, especially on labour, over the previous years. As a result of the changes mentioned before, PIT revenues have been declining as a share of GDP.

Regarding the taxation of individuals, the Belgian law lays down four categories of incomes, in particular financial income, income related to real estate, professional 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. A marital quotient exists: 30 % of the highest earned income is transferred towards the lowest income until the latter income does not exceed the amount of € 8 330.

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

The various incomes are an exhaustive list of incomes, which are obtained apart from professional activity and are, in theory, taxed at a moderate legal tender rate.

Corporate taxation

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

Companies in Belgium and the subsidiaries of foreign companies are subject to a fixed tax rate of 33.99 % regardless of the origin and at the destination of the profits. There is no fiscal consolidation of companies in Belgium as the profits presented within company accounts form the basis for corporate taxation. Under certain conditions, a special scheme applies to SMEs having an assessed income lower than € 332 500: a tax rate of 24.98 % is applied on the part from € 0 to € 25 000, 31.93 % on the part of € 25 000 to € 90 000 and 35.54 % on the remaining part up to € 332 500.

VAT and excise duties

There are four rates of VAT. The standard rate remained unchanged at 21 % since 1996. A reduced rate of 6 % applies to food, water, pharmaceuticals, living animals, art and publications. An intermediate rate of 12 % applies to a limited number of transactions: coal, public housing and paid broadcasting services. A zero rate applies to waste products and newspapers under certain conditions. During the last decade, the medium-term rate of the excise duties increased in Belgium, primarily on tobaccos and fuels.

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 social security contribution rate is approximately 13 % for employees and approximately 35 % for employers.

CYPRUS

Taxes & Social contributions in CYPRUS 1)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
					ESA95					
A. Structure of revenues as % of GDP										
Indirect taxes	11.5	11.2	10.3	11.2	10.8	12.7	13.2	13.4	16.5	17.4
VAT	4.6	4.6	4.6	5.0	4.9	5.9	6.3	7.2	8.9	9.3
Excise duties and consumption taxes	2.7	2.6	2.2	2.2	2.3	2.6	3.2	2.8	3.8	4.5
Other taxes on products (incl. import duties)	2.9	2.8	2.3	2.0	1.9	3.1	2.7	2.4	2.0	1.7
Other taxes on production	1.2	1.2	1.2	2.0	1.7	1.1	1.0	1.1	1.7	1.9
Direct taxes	8.9	8.6	8.8	9.9	10.9	11.2	11.4	11.3	9.7	8.9
Personal income	4.0	3.2	3.3	3.8	3.8	3.7	3.9	4.3	4.5	3.6
Corporate income	4.0	4.5	4.4	5.0	6.0	6.3	6.3	6.0	4.3	3.8
Other	0.9	1.0	1.0	1.2	1.0	1.3	1.1	0.9	0.9	1.5
Social Contributions	6.6	7.0	7.0	7.0	6.7	6.7	6.9	6.8	7.1	7.8
Employers´	-	-	-	-	-	-	-	-	-	5.4
Employees´	-	-	-	-	-	-	-	-	-	2.1
Self- and non-employed	-	-	-	-	-	-	-	-	-	0.3
B. Structure according to level of government as % of GDP										
Central Government	19.9	19.6	18.6	20.7	21.3	23.4	24.1	24.3	25.8	25.8
State government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	0.4	0.2	0.5	0.5	0.5	0.4	0.5	0.4	0.4	0.5
Social Sec. Funds	6.6	7.0	7.0	7.0	6.7	6.7	6.9	6.8	7.1	7.8
EC Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-
C. Structure according to economic function as % of GDP										
Consumption	10.1	9.8	8.9	9.0	8.8	10.4	11.6	12.0	14.3	14.9
Labour	9.9	9.7	9.9	10.1	9.7	9.5	9.9	10.0	10.7	10.7
Employed	9.9	9.7	9.9	10.1	9.7	9.5	9.9	10.0	10.7	10.7
Paid by employers	-	-	-	-	-	-	-	-	-	6.3
Paid by employees	-	-	-	-	-	-	-	-	-	4.4
Non-employed	-	-	-	-	-	-	-	-	-	-
Capital	6.7	7.1	7.1	8.9	9.7	10.5	9.8	9.4	8.2	8.4
Capital and business income	4.9	5.3	5.3	6.8	7.8	7.5	7.5	7.4	5.9	5.4
Income of corporations	4.3	4.7	4.7	5.9	6.8	6.3	6.3	6.0	4.3	3.8
Income of households	0.3	0.2	0.2	0.5	0.6	0.9	0.7	0.8	1.1	1.1
Income of self-employed (incl. sc)	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5
Stocks (wealth) of capital	1.8	1.8	1.8	2.1	1.9	3.0	2.3	2.0	2.3	3.1
TOTAL	**26.9**	**26.8**	**26.0**	**28.2**	**28.5**	**30.5**	**31.5**	**31.5**	**33.3**	**34.1**
Of which environmental taxes	2.9	2.8	2.5	2.6	2.5	2.7	3.0	3.0	3.8	4.1
Energy	0.5	0.5	0.5	0.5	0.6	0.7	1.0	1.0	1.9	2.1
Transport	2.3	2.3	2.0	2.0	1.9	2.0	2.0	2.0	1.8	1.9
Pollution/Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
D. Implicit tax rates										
Consumption	12.2	11.9	10.8	11.0	10.8	12.3	13.9	15.0	18.7	19.0
Labour employed	22.5	21.6	21.7	22.7	22.0	21.8	23.1	22.4	22.9	23.1
Capital	-	-	-	-	-	-	-	-	-	-
Capital and business income	-	-	-	-	-	-	-	-	-	-
Corporations	-	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-	-

1) See annex B for classification of taxes and annex C for explanatory notes.
n.a.: not applicable, - : not available

Source: Commission Services

Overall trends in taxation

The tax-to-GDP ratio of Cyprus is, at 34.1 % in 2004, 3.5 percentage points of GDP lower than the EU-25 average, but broadly in line with the average of the new Member States. The level of taxation in Cyprus currently ranks as the seventh lowest in the Union, having however increased significantly since 1995 when it was the lowest among the EU-25.

The tax structure of Cyprus stands out in several respects. Cyprus displays the highest reliance on indirect taxes in the Union (they supply 51.0 % of total tax revenue compared with a 38.2 % EU-25 average) while the shares of direct taxes and social contributions are low. This structure has been typical of Cyprus for some time but in 2003, hikes in excise revenues and in the VAT standard rate from 13 % to 15 % coupled with cuts in direct taxes have made this feature even more prominent.

In line with the above, the share of VAT on the total was in 2004 the highest in the Union. In contrast, revenues from direct taxes are very low in relative terms, only 8.9 % of GDP i.e. one fourth less than the EU-25 arithmetic average. The low level of direct taxes is due to low personal income taxes (merely 3.6 % of GDP in 2004) as corporate income taxes have historically been high: up to 2002 revenues were exactly double the EU average. The CIT was cut markedly in 2003, so that currently revenues lie above the EU average by less than one point of GDP. Despite this cut, in 2004 revenues from the CIT were higher than those from the PIT, an occurrence that is frequent in Cyprus but generally unusual.

In Cyprus there are no State governments and the share of taxes collected by local government is negligible (0.5 % of GDP in 2004).

The tax-to-GDP ratio has increased substantially in the period considered, particularly in 1998 by 2.2 percentage points and in 2003-2004 by 2.6 percentage points of GDP. As a share of GDP, taxes have grown by some 27 % since 1995.

Taxation of consumption, labour and capital

Cyprus has followed a strategy of raising primarily consumption taxes. In 1995 the implicit tax rate on consumption for Cyprus (12.2 %) was the lowest of the EU-25 Member States, it now ranks tenth. This rate is however still almost three points lower than the EU-25 average.

Cyprus exhibits the second lowest ITR on labour in the Union after Malta (23.1 %, EU-25 35.9 %). Despite a modest degree of fluctuation about the average there had been no net change in the level between 1995 and 2002, when the ITR stood at 22.4 %; in the last two years however a modest pickup in the ITR was recorded.

Taxation of capital stocks is above both the EU-25 and the NMS-10 averages (3.1 % of GDP, EU-25 2.3 %, NMS-10 1.7 %). The capital income taxation of corporations, while having fallen substantially in the last two years due to the tax reform (6 % of GDP to 3.8 %) is still among the highest in the Union (following Luxembourg, Malta and the Czech Republic) due to the heavy weight of Defence Contributions.

The share of environmental taxes on GDP in Cyprus (4.1 %) is one of the highest in the union, second only to Denmark's. Revenue from energy taxes has quadrupled since 1995. That is due to the large share of transport taxes (1.9 %) which is two and a half times the EU-25 average.

Current topics and prospects; policy orientation

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

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

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

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

- Introduction of a self-assessment system for self-employed individuals. This would require payment of taxes concurrently with submission of tax return;
- 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 is also envisaged;
- Compulsory maintaining of accounting records by companies, and self-employed individuals earning income above a certain threshold;

Main features of the tax system

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

Personal income tax

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

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

Corporate taxation

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

VAT and excise duties

The principles of the VAT are in line with EU law. The current VAT rate is 15 % (the standard rate was 10 % until the second half of 2002, and 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.

Other taxes

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

Social security

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

CZECH REPUBLIC

Taxes and social contributions in the CZECH REPUBLIC [1)]

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
					ESA95					
A. Structure of revenues as % of GDP										
Indirect taxes	12.3	12.3	11.7	11.2	11.8	11.5	11.1	11.1	11.2	12.0
VAT	6.3	6.5	6.4	6.2	6.7	6.6	6.4	6.4	6.4	7.4
Excise duties and consumption taxes	3.7	3.5	3.4	3.3	3.5	3.3	3.3	3.3	3.4	-
Other taxes on products (incl. import duties)	1.5	1.5	1.2	1.1	0.9	1.0	0.8	0.8	0.8	-
Other taxes on production	0.9	0.8	0.7	0.6	0.6	0.6	0.6	0.6	0.5	0.5
Direct taxes	9.6	8.5	9.0	8.5	8.7	8.5	9.0	9.3	9.7	9.4
Personal income	4.8	4.8	4.9	4.8	4.6	4.6	4.6	4.8	4.9	4.8
Corporate income	4.6	3.4	3.9	3.4	3.9	3.5	4.2	4.4	4.6	4.4
Other	0.2	0.3	0.2	0.2	0.2	0.3	0.2	0.2	0.2	0.2
Social Contributions	14.3	14.4	14.8	14.3	14.3	14.4	14.4	15.0	15.2	15.1
Employers´	9.9	10.1	10.4	10.0	10.0	10.1	10.1	10.4	10.6	10.5
Employees´	3.7	3.6	3.7	3.6	3.6	3.6	3.6	3.7	3.7	3.7
Self- and non-employed	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.9	0.9	1.0
B. Structure according to level of government as % of GDP										
Central Government	27.8	26.9	27.0	25.8	26.4	26.2	26.7	26.7	27.2	27.4
State government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	4.4	4.1	4.3	4.1	4.3	4.1	3.9	4.4	4.5	4.7
Social Sec. Funds	4.1	4.1	4.2	4.1	4.1	4.2	4.0	4.3	4.4	4.3
EC Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2
C. Structure according to economic function as % of GDP										
Consumption	11.4	11.4	10.9	10.4	11.0	10.8	10.4	10.3	10.5	11.4
Labour	17.4	17.5	18.0	17.4	17.2	17.4	17.3	18.0	18.3	18.0
Employed	17.4	17.5	18.0	17.4	17.2	17.4	17.3	18.0	18.3	18.0
Paid by employers	9.9	10.1	10.4	10.0	10.0	10.1	10.1	10.4	10.6	10.5
Paid by employees	7.5	7.5	7.6	7.4	7.2	7.3	7.2	7.6	7.7	7.5
Non-employed	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital	7.3	6.2	6.6	6.1	6.5	6.3	6.8	7.1	7.3	7.1
Capital and business income	6.3	5.1	5.6	5.1	5.5	5.2	5.9	6.1	6.4	6.3
Income of corporations	4.6	3.4	3.9	3.4	3.9	3.5	4.2	4.4	4.6	4.4
Income of households	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Income of self-employed (incl. sc)	1.5	1.5	1.5	1.5	1.4	1.5	1.5	1.6	1.6	1.7
Stocks (wealth) of capital	1.0	1.1	1.0	1.0	1.0	1.0	1.0	1.0	0.9	0.8
TOTAL	**36.2**	**35.1**	**35.5**	**33.9**	**34.7**	**34.4**	**34.5**	**35.4**	**36.0**	**36.6**
Of which environmental taxes	2.9	2.7	2.6	2.4	2.6	2.6	2.6	2.6	2.6	2.7
Energy	2.3	2.2	2.2	2.1	2.2	2.2	2.3	2.2	2.3	2.4
Transport	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Pollution/Resources	0.2	0.2	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0
D. Implicit tax rates										
Consumption	22.4	21.5	20.0	19.3	20.5	19.9	19.4	19.7	19.8	22.2
Labour employed	40.1	39.1	39.1	39.7	39.4	40.3	40.3	40.3	41.4	41.5
Capital	23.9	21.3	23.6	20.3	21.7	20.9	22.1	25.2	23.6	-
Capital and business income	20.5	17.5	20.1	16.9	18.4	17.4	19.0	21.7	20.7	-
Corporations	31.4	24.5	33.4	24.5	26.5	23.5	26.5	30.8	27.8	-
Households	9.3	9.7	9.1	9.0	9.2	10.0	10.0	10.9	10.7	-

1) See annex B for classification of taxes and annex C for explanatory notes.
n.a.: not applicable, - : not available

Source: Commission Services

Overall tax burden and features of the tax system

In 2004, the Czech Republic total fiscal revenues were 36.6 % of GDP. The tax ratio is one percentage point below the EU-25 level (37.6 %) but above the average of the new Member States (+2.9 %).

The main source of revenues is social security contributions, which at 41.3 % of total taxes are more than 10 percentage points above the EU-25 average (30.6 %). The share of Czech social contributions is thus the second highest in the EU, after Germany. Direct taxes (25.8 % of total taxation) are below the EU-25 average (31.7 %), and play a less important role than indirect taxes (32.9 %); this is a common feature of the new Member States. Given the predominance of social security contributions, the other sources of revenues tend to fall below the EU average. In particular, PIT revenue (4.8 % of GDP) is among the lowest of the EU-25; VAT revenue amounts to 7.4 % of GDP, again slightly below the EU-25 average. As for the CIT, the Czech Republic has been cutting the rates forcefully, from 55 % in 1991 up to the current 26 %, which is in line with the EU average. The rate was reduced further to 24 % in January 2006. Nevertheless, until now this has not markedly reduced CIT revenues, which have always remained close to 4 % of GDP. In 2004, the revenue level was, at 4.4 % of GDP, 1.5 percentage points above the EU-25 average.

Since the structure of the tax system is quite centralised, local government receives a rather small proportion of total tax revenues (12.8 %). The central government receives 75.0 % of total taxes, far above the EU-25 average (59.4 %). This level is only comparable to those of Cyprus (75.6 %), Estonia (71.1 %), Malta (99.2 %) and the United Kingdom (94.2 %).

After a decreasing phase up to 1998, the total tax burden has started to rise and is now, at 36.6 % of GDP, 0.4 percentage points above the 1995 value. This increase is driven by taxes on labour which are in 2004 0.6 % of GDP higher than in 1995 while taxes on consumption remained stable at 11.4 % and taxes on capital have decreased by 0.2 percent points to 7.1 %.

Taxation of consumption, labour and capital

The tax mix by economic function is consistent with the structure described above: taxation on labour is the main source of revenue (almost half of total taxes), followed by consumption (31.2 %) and capital (19.3 %). The greater part of the taxes on capital is borne by corporations.

In the period 1995-2004, the implicit tax rate (ITR) on consumption has oscillated in a band between 19 % and 22 % without showing any clear trend. By 2004 the ITR, at 22.2 %, shows nearly the same level as at the beginning of the period under consideration. This value is very close to the EU-25 average (21.9 %).

The ITR on labour has been growing slowly since 1997, reaching 41.5 % in 2004. This level is 5.6 percentage points higher than the EU-25 average. The increase is linked with the growth in social contributions.

Data on the ITR on capital for 2004 are not available. In previous years the ITR hovered around the 20 % mark. The ITR on corporations' income is markedly higher than that on households' capital income.

The share of environmental taxes on total tax revenues is 7.5 % and slightly below the EU-25 average (7.6 %). 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

In 2005, the tax legislation was amended with the aim to support private R&D investment. The amendments introduce new tax deduction from the CIT base and the PIT base.

An important priority of the Czech government is simplifying the tax law and reinforcing growth incentives. Simplifying provisions have been adopted for securities and derivative taxation in the field of corporate income tax. Various growth-supporting measures such as reduced depreciation periods for movable assets and R&D tax allowances have been introduced.

In line with making work pay policies, in 2006, tax changes aimed mainly at supporting low-income workers.

Main features of the tax system

Personal income tax

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

Corporate taxation

The corporate income tax rates are 26 % for the tax year 2005, 24 % for 2006 and following tax years. Losses incurred in one period may be carried forward against profits made within the following seven tax periods. Starting with tax losses assessed in 2004, the carry-forward period is reduced to five years. Prices between related parties must be at fair market value (arm's length principle). No provisions for group taxation are in force.

Capital gains are included in taxable profit and taxed at the regular tax rate. Investment funds, mutual funds and pension funds are subject to tax at a 15 % rate.

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

VAT and excise duties

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

Excise tax is imposed on mineral oils, lubricants, spirits, beer, wine, tobacco products. A suspension regime has been in place since 2004. The Czech Republic was granted a transitional period regarding delayed implementation of the excise duty rates on cigarettes and other tobacco products (until 31 December 2006).

Wealth and transaction taxes

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

Social security contributions

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

The contribution base for the self-employed is determined at 45 % (50 % from 2006) of net income (income less expenses). The maximum base is CZK 486 000 per year. The total rate is 47.5 % (including 4.4 % for disability insurance, which is not compulsory). Mandatory social security contributions may be deducted from the aggregate income.

DENMARK

Taxes and social contributions in DENMARK [1)]

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
					ESA95					
A. Structure of revenues as % of GDP										
Indirect taxes	17.0	17.4	17.6	18.3	18.3	17.2	17.4	17.5	17.3	17.6
VAT	9.4	9.7	9.7	9.8	9.8	9.6	9.6	9.6	9.6	9.8
Excise duties and consumption taxes	3.7	3.9	3.8	4.1	4.2	4.1	4.1	4.1	4.0	3.8
Other taxes on products (incl. import duties)	2.3	2.3	2.4	2.7	2.5	2.0	1.8	2.0	1.9	2.2
Other taxes on production	1.6	1.5	1.7	1.8	1.8	1.6	1.8	1.8	1.8	1.8
Direct taxes	31.0	31.0	30.5	30.1	30.3	30.5	29.5	29.3	29.2	30.1
Personal income	26.3	26.2	25.9	25.5	25.8	25.6	26.0	25.7	25.3	24.9
Corporate income	2.3	2.5	2.7	3.0	2.4	3.3	2.8	2.9	2.8	3.1
Other	2.3	2.2	2.0	1.6	2.1	1.6	0.7	0.7	1.1	2.1
Social Contributions	1.1	1.1	1.0	1.0	1.6	1.8	1.7	1.2	1.2	1.2
Employers´	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Employees´	1.1	1.1	1.0	1.0	1.6	1.8	1.7	1.2	1.2	1.1
Self- and non-employed[2)]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
B. Structure according to level of government as % of GDP										
Central Government	32.2	32.4	32.1	32.0	32.1	31.0	29.7	29.5	29.3	30.6
State government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	15.6	15.7	15.8	16.2	16.3	16.5	17.0	17.1	17.0	16.9
Social Sec. Funds	1.1	1.1	1.0	1.0	1.6	1.8	1.7	1.2	1.2	1.2
EC Institutions	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
C. Structure according to economic function as % of GDP										
Consumption	15.4	15.8	15.9	16.3	16.4	15.7	15.7	15.8	15.5	15.8
Labour	27.3	27.3	26.9	26.3	27.0	26.6	26.9	26.1	25.8	25.1
Employed	21.1	21.2	21.4	21.0	21.8	21.7	22.1	21.2	20.8	20.1
Paid by employers	0.5	0.5	0.5	0.7	0.6	0.5	0.6	0.5	0.5	0.5
Paid by employees	20.7	20.8	20.9	20.4	21.3	21.3	21.5	20.7	20.3	19.6
Non-employed	6.1	6.0	5.5	5.2	5.1	4.9	4.8	4.9	5.0	5.0
Capital	6.4	6.3	6.4	6.9	6.9	7.2	6.0	6.1	6.5	8.1
Capital and business income	4.5	4.5	4.6	4.9	4.9	4.8	3.4	3.4	3.7	5.3
Income of corporations	2.3	2.5	2.7	3.0	2.4	3.3	2.8	2.9	2.9	3.2
Income of households	0.9	0.8	0.8	0.6	1.2	0.4	-0.6	-0.5	-0.1	1.1
Income of self-employed (incl. sc)	1.3	1.2	1.1	1.3	1.3	1.1	1.2	1.0	1.0	1.0
Stocks (wealth) of capital	1.8	1.8	1.8	2.0	2.0	2.4	2.6	2.7	2.7	2.8
Less: amounts assessed but unlikely to be collected	*0.3*	*0.2*	*0.2*	*0.2*	*0.2*	*0.1*	*0.1*	*0.1*	*0.1*	*0.1*
TOTAL	**48.8**	**49.2**	**48.9**	**49.3**	**50.1**	**49.4**	**48.5**	**47.8**	**47.6**	**48.8**
Of which environmental taxes	4.4	4.6	4.6	5.1	5.1	4.7	4.7	4.8	4.6	4.8
Energy	2.1	2.3	2.2	2.4	2.6	2.5	2.7	2.6	2.6	2.5
Transport	2.0	2.1	2.1	2.3	2.1	1.8	1.7	1.9	1.7	2.0
Pollution/Resources	0.2	0.3	0.3	0.4	0.4	0.4	0.3	0.3	0.3	0.3
D. Implicit tax rates										
Consumption	30.5	31.6	31.9	32.7	33.7	33.4	33.5	33.7	33.0	33.3
Labour employed	40.1	40.2	40.6	38.8	40.1	40.9	40.7	38.8	38.0	37.4
Capital	30.0	31.0	31.9	38.9	38.8	36.2	31.0	30.8	35.0	43.8
Capital and business income	21.3	22.2	22.8	27.7	27.6	24.0	17.6	17.3	20.2	28.8
Corporations	20.4	22.4	22.3	29.3	21.4	24.6	22.1	21.2	22.9	27.2
Households	20.7	20.4	21.5	22.9	33.8	19.6	7.8	7.8	11.8	26.8

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

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

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

Source: Commission Services

Overall trends in taxation

Denmark continues to be a country with one of the highest tax-to-GDP ratios in the EU, although the tax burden provisionally fell from the 1999 top level of 50.1 % in the years 2001-2003. In 2004 the tax-to-GDP ratio was 48.8 %. It should be noted, that the tax-to-GDP ratio overestimates the Danish tax burden somewhat in relation to other countries, since transfer incomes are taxed, and not paid out on a net basis, although no corresponding income is taken into account when measuring GDP. Adjusting for this difference of 4-5 % of GDP would not however, substantially change its ranking as one of the highest taxing countries in the EU.

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 61.8 % of total tax revenues (EU-25 31.7 %). Personal income taxes form the bulk of direct taxes, representing 51.0 % of total taxation in 2004. In contrast, the proportion of indirect taxes was 36 %, which is slightly below the EU-25 average (38.2 %). However, the effective level of consumption taxes, as measured by the ITR on consumption, is at 33.3 % in 2004 the highest in the EU.

In terms of the distribution of revenue between levels of government, Denmark differs substantially from the EU average because of the small role played by social security funds. As a result, the share of taxes raised by the central government and particularly local government is elevated, respectively 62.8 % and 34.7 % (EU-25 59.4 % and 10.9 %).

Environmental taxation plays a more important role in Denmark than in most other Member States, partly as a result of the tax reform implemented in 1999-2002, the aim of which was to shift gradually the tax burden from labour towards the environment. In 2004 environmental tax revenues formed 9.8 % of total taxation, which is the third highest proportion in the EU after Cyprus and the Netherlands.

Current topics and prospects; policy orientation

The centre-right government, elected in 2001, has implemented since 2002 a tax freeze policy according to which no tax rates can be increased in relative or nominal terms in the electoral period. The principle applies also to the average local tax rate, although in case of individual counties and municipalities some flexibility is allowed. The local property value tax is prevented from increasing through increases in property value by setting a ceiling on the property values, on the basis of which the tax is calculated.

The Spring Package adopted in 2004 is another cornerstone of the government tax policy; it notably brought forward fully to 2004 the labour income tax cuts, which were planned to be phased in during 2004-2007. The objective of the measure was to stimulate economic growth and employment without endangering the planned pace of public debt reduction and the long-term sustainability of public finance. The total amount of the tax cuts was DKK 9.9 billion (€ 1.33 billion) corresponding to around 0.7 % of GDP. The package consisted essentially of two types of measures:

a) Increase of the threshold of the medium tax bracket

The threshold of the medium tax bracket (see also following section) was increased from DKK 204 400 (€ 27 400) to DKK 254 000 (€ 34 050). (Since then it has been further increased to DKK 259 500 in 2005 and to DKK 265 500 in 2006). The measure reduces the marginal rates for those, whose income level was above the old threshold, but who now fall out of the medium tax bracket, i.e. about 740 000 tax-payers.

Taxpayers whose income was already below the medium bracket threshold before the reform don't benefit from this measure.

b) Earned income tax credit (employment allowance)

The second element of the tax package is the introduction of the earned income tax credit or employment allowance. Its amount is 2.5 % of earned income up to the medium tax bracket threshold and for the income above this level it is fixed at DKK 7 300 (€ 980) per year (in 2006). It is deductible out of wage income only in calculating the tax base for local taxes, but not for state taxes.

The combined impact of both measures in relative terms is the highest for middle-income earners with gross income between DKK 250 000 and DKK 325 000 (€ 33 500 - 43 600); the total reduction is about 4.3 – 5.3 % of taxes paid. The low-income earners (part-time workers) also benefit more than high-income earners. The measures are estimated to increase labour supply by 10 000 - 12 000 full-time employees.

With regards to company taxation, a new bill implementing the amendments to the Merger Directive 90/434/EEC will take effect from 1 January 2006. Amendments to thin capitalization and withholding tax rules were also adopted in 2005 to take effect in 2006. The amendments intend to extend the previous rules in such a way that they cover debt financing by equity funds.

Main features of the tax system

Personal income tax

Personal income taxation in Denmark is characterized by relatively high average and marginal tax rates. Like in the other Nordic countries, local taxes play an important role in the 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 2004 (including county, municipal and church tax) and will remain at this level also in 2005-2006 as a result of the tax freeze.

State income taxation is progressive and consists of three tax brackets. The lowest rate is 5.48 % and is paid on personal income (income minus labour market contribution) after the deduction of personal allowance (DKK 38 500 in 2006) (€ 5 150). The medium rate is 6 % and is paid on the part of personal income which exceeds the medium bracket tax allowance (DKK 265 500 in 2006) (€ 35 600). The top rate of 15 % is paid on the share of personal income plus individual contributions to capital pension schemes, which exceeds the top bracket basic allowance (DKK 318 700 in 2006) (€ 42 700). Individual contributions to pension schemes are otherwise deductible from personal income. Because of the tax ceiling of 59 % marginal tax rate, the full 15 % is not paid in all municipalities. In addition to local and state income taxes each person pays a labour market contribution of 8 %, calculated on the basis of gross wage before deductions of any allowance.

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 from the flat local tax rate, and not from the progressive state income tax rate. Also earned income allowance (2.5 % of wage income, max. DKK 7 300) (€ 980) and some other deductions are taken into account only in calculating the local income tax base.

Overall, the income tax system is highly progressive with marginal tax rates ranging from 8 % (up to the amount of personal allowance) up to 63 % (the upper ceiling plus the labour market contribution).

Progressive state taxes are paid by a minority of taxpayers in 2006, 25 % pay middle bracket taxes, while 20 % pay top bracket taxes.

At the personal level dividend income is taxed progressively at two different rates: at 28 % for the dividend income not exceeding DKK 44 300 (€ 5 900) (in 2006) and at 43 % for the income above this level. Also capital gains on selling shares are generally taxed at the two rates (28 % or 43 % depending on whether the net gains are below or above DKK 44 300) according to the new rules adopted in 2006. For shares acquired before 2006, an interim arrangement applies. If the shares have been owned more than 3 years and their total value has not exceeded DKR 136 600 (€ 18 300) at any time, they are not subject to taxation, as it was the case before the adoption of the new rules.

Corporate taxation

The corporate tax rate was reduced from 30 % to 28 % in 2005 and is now in line with those of the other Nordic countries (Sweden and Norway 28 %, Finland 26 %). 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 ships, machinery and equipment (up to 25 %). Inventories are valued on FIFO-basis. Acquired goodwill and the acquisition costs of know-how, patents, copyrights and other intangibles may be depreciated over 7 years using the straight-line method (optional).

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

Other taxes

The VAT rate is 25 % and only newspapers are taxed at a zero rate.

Denmark has a comprehensive and environmentally ambitious energy tax system. All energy products, including coal, natural gas and electricity, are subject to both CO_2 tax and energy tax. VAT registered companies don't pay energy tax for the energy used in industrial processes, and are also entitled to a refund of their CO_2 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.

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.

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. From 2007, when a reform of the municipal- and county structure takes effect, the counties are abandoned and the revenue from the combined real estate taxes will accrue to the new larger municipalities. The tax is calculated on the basis of the value of the property.

ESTONIA

Taxes and social contributions in ESTONIA [1)]

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
					ESA95					
A. Structure of revenues as % of GDP										
Indirect taxes	13.9	14.0	14.6	12.8	12.2	12.9	12.8	13.1	13.0	13.0
VAT	9.7	9.5	9.8	8.2	8.0	8.8	8.5	8.7	8.8	8.2
Excise duties and consumption taxes	2.5	2.9	3.3	3.4	3.1	2.9	3.1	3.4	3.3	3.7
Other taxes on products (incl. import duties)	0.2	0.2	0.2	0.2	0.2	0.3	0.4	0.2	0.2	0.4
Other taxes on production	1.4	1.3	1.3	1.0	0.9	0.9	0.9	0.8	0.7	0.7
Direct taxes	10.9	9.5	9.6	10.5	10.1	8.1	7.6	7.9	8.6	8.5
Personal income	8.3	7.8	7.6	8.0	8.0	7.1	6.8	6.7	6.9	6.7
Corporate income	2.4	1.6	1.8	2.5	2.0	1.0	0.7	1.2	1.7	1.8
Other	0.1	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Social Contributions	13.1	12.1	11.6	11.6	12.4	11.6	11.3	11.5	11.3	11.1
Employers´	13.1	12.1	11.6	11.6	12.4	11.6	11.3	11.2	11.0	10.8
Employees´	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.3	0.3
Self- and non-employed	-	-	-	-	-	-	-	-	-	-
B. Structure according to level of government as % of GDP										
Central Government	19.5	19.3	18.9	18.1	17.2	16.5	22.8	23.5	23.8	23.2
State government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	5.3	4.3	5.3	5.2	5.0	4.5	4.3	4.2	4.3	4.3
Social Sec. Funds	13.1	12.1	11.6	11.6	12.4	11.6	4.6	4.7	4.9	4.9
EC Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2
C. Structure according to economic function as % of GDP										
Consumption	12.3	12.5	13.2	11.7	11.3	12.1	12.1	12.2	12.3	12.3
Labour	21.3	19.7	19.0	19.5	20.1	18.3	17.8	18.1	18.1	17.6
Employed	21.1	19.6	18.8	19.2	19.9	18.2	17.6	17.9	17.9	17.5
Paid by employers	13.1	12.1	11.6	11.6	12.4	11.6	11.3	11.5	11.3	11.1
Paid by employees	8.0	7.5	7.2	7.6	7.5	6.6	6.3	6.4	6.6	6.4
Non-employed	0.2	0.2	0.2	0.3	0.2	0.1	0.2	0.2	0.2	0.1
Capital	3.2	3.4	3.7	3.9	3.4	2.3	2.0	2.5	2.9	2.9
Capital and business income	2.6	1.7	2.1	2.6	2.3	1.3	1.1	1.6	2.2	2.3
Income of corporations	2.4	1.6	1.8	2.5	2.0	1.0	0.7	1.2	1.7	1.8
Income of households	0.0	0.0	0.0	0.0	0.2	0.2	0.2	0.2	0.2	0.3
Income of self-employed (incl. sc)	0.1	0.1	0.2	0.1	0.1	0.2	0.1	0.2	0.3	0.2
Stocks (wealth) of capital	0.6	1.7	1.6	1.3	1.1	1.0	1.0	0.9	0.7	0.6
TOTAL	**37.9**	**35.6**	**35.9**	**34.9**	**34.6**	**32.6**	**31.7**	**32.4**	**32.9**	**32.6**
Of which environmental taxes	0.8	1.2	1.5	1.7	1.7	1.7	2.1	2.0	2.0	2.2
Energy	0.6	0.9	1.3	1.6	1.4	1.2	1.6	1.6	1.6	1.9
Transport	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.0
Pollution/Resources	0.0	0.0	0.0	0.0	0.2	0.3	0.3	0.2	0.3	0.3
D. Implicit tax rates										
Consumption	20.3	18.9	20.4	18.1	17.8	19.6	19.6	19.7	20.3	20.8
Labour employed	39.2	39.2	38.6	39.9	39.5	38.5	38.2	38.8	38.2	37.6
Capital	17.9	15.5	16.5	17.2	16.7	7.7	7.5	8.8	10.3	-
Capital and business income	14.4	7.8	9.3	11.4	11.4	4.3	4.0	5.5	7.8	-
Corporations	27.3	14.0	14.6	17.8	17.6	4.3	3.9	5.6	8.2	-
Households	1.2	1.0	2.4	1.3	3.4	3.7	3.5	4.1	4.8	-

1) See annex B for classification of taxes and annex C for explanatory notes.
n.a.: not applicable, - : not available

Source: Commission Services

Overall trends in taxation

The tax-to-GDP ratio of Estonia (incl. social security contributions) decreased substantially between 1995 and 2000 and has since then remained close to 32 %. Although the tax-to-GDP ratio in Estonia is clearly higher than in the other Baltic States, it lies five percentage points below the EU average. The tax burden is expected to increase slightly up to 2006, but decline thereafter due to reductions in income tax rate.

As in the other new Member States, the share of indirect taxes in total taxation is relatively high in Estonia (39.9 % in 2004); social security contributions, too, form an important proportion of total taxation (34.0 % in 2004, 3.4 percentage points above the Union average). The share of direct taxes, 26.1 % in 2004, is clearly below the Union average (31.7 %).

Local governments receive 13.3 % of tax revenues, which is one of the highest proportions in the EU-25 (the sixth after the Nordic countries, Latvia and Italy). Until 2003 the 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, the 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). It means that the basic exemption and other deductions from taxable income have impact only on the state budget tax revenue. In 2004 this share was 11.4 %; in 2005 11.6 % and from 2006 it is 11.8 %.

After 2001, the share of the social security funds has dropped significantly and was in 2004 only 15 %, a little more than half the average of the EU-25 and of the NMS-10. This is however due to that since 2001 the Social Insurance Board is included in the central government.

The share of environmental taxes on the total is currently slightly below the EU-25 average. However, it should be expected to increase in future years, as the government implements a tax reform, which aims at financing reductions in personal income and corporate taxation partly through increases in environmental taxes and excise duties on alcohol and tobacco.

Taxation of consumption, labour and capital

The ITR on consumption has remained remarkably constant from 1995 to 2004, oscillating in a tight band around the 20 % mark, not far from the EU average. Consumption taxes revenue too has remained more or less constant and amounts to 12.3 % of GDP.

Taxation on labour is relatively high in Estonia. The ITR on labour (37.6 %) is above both the EU-25 and the NMS-10 average (respectively 35.9 % and 34.7 %). In the last few years the ratio has declined slightly and will decline further due to reductions in income tax rate.

Revenue from capital taxes is less than half the Union average, and correspondingly results in a low ITR on capital, only 10.3 % in 2003. The ITR has almost halved since 1995, although there has been a small rebound since 2000.

Current topics and prospects; policy orientation

According to the Income Tax Act the flat personal income tax rate will be reduced gradually from 26 % in 2004 to 20 % in 2009. The same reduction is applied to corporate income tax rate (i.e. the tax rate applied on gross distributed profits). The basic allowance has been increased to € 1 534 in 2006. For the time being there are no plans to increase it further.

To fill the gap in the state budget the government intends to increase indirect taxation, mainly the above mentioned excise duties and environmental taxes. Hence, for instance in 2005 the excise duties on alcohol, tobacco and various fuels were increased, as well as some other taxes (gambling tax). The impact of these increases is roughly 0.2 % of GDP. The net effect of income tax reductions, on the other hand, is 0.6 % of GDP so that the total tax burden (tax-to-GDP ratio) will decrease in 2005. The government plans to finance the further reductions of personal income tax rates partly through increases in environmental taxes also in coming years.

The tax reform should be set in the context of the current macroeconomic situation. The Estonian economy has been growing fast in recent years. The average growth rate, which has been above 6 % in 1995-2005, is expected to remain clearly above 7 % until 2009. Real wages and private consumption are also growing at comparable rates, meaning that tax revenues would grow at a sustained pace without tax rate adjustments. According to the Ministry of Finance estimates, the growth rates of nominal tax revenues exceed 9 % in 2004 and 16 % in 2005, despite the impact of personal income tax reduction. Furthermore, general government revenues grew more rapidly than expenditure between 2001 and 2004, after which the budget has been kept in balance and is predicted to remain so in the coming years[1]. In light of this the radical reduction of personal income taxation does not seem to jeopardise the state of public finance, and hence form an obstacle to the government's intention to introduce the euro 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 unique tax rate was 24 % in 2005 (down from 26 % in 2004)[2], and is applied on all labour and personal capital income (dividends, interests, capital gains, royalties etc.). Only income exceeding a given threshold is taxed. The amount of the basic allowance has been increased yearly. In 2005 it was EEK 20 400 (€ 1 304), up from EEK 16 800 (€ 1 074) in 2004[3]. Because of this basic allowance the personal income tax system as a whole is progressive in the sense that the average tax rate increases with the income level, although the marginal tax rate remains constant. (In the case of Estonia the average tax rate at the average wage level (roughly € 6 000/year) is 18.8 %. However, at the level of 50 % of the average wage the tax rate is only 13.6 % and at the level 200 % average wage it is 21.4 %.)

Personal income tax is shared between the local governments and the state in such a way that local governments receive 11.6 % of taxable income (to be increased to 11.8 % in 2006) and the state receives the rest. The state receives entirely the income tax on non-residents.

Corporate taxation

[1] The medium-term objective (MTO) of the Government is to keep general government budget in balance. Nevertheless the surplus of the general government amounted in 2005 and will amount in 2006 approximately to 1.8% of GDP (according to the spring 2006 forecast of the Ministry of Finance of Estonia). Starting from 2007 the budget is planned in balance.

[2] PIT (and CIT) rate in 2004 was 26%, in 2005 24% and in 2006 23%. In 2007 the rate will be 22%, in 2008 21% and in 2009 20%.

[3] Starting from 2006 the basic allowance is 24 000 EEK.

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 24 % in 2005. This tax rate is applied also to gifts, donations, non-enterprise expenses and fringe benefits. The system is applied to Estonian resident companies and permanent establishments of non-resident companies. Withholding tax of 24 % is applied on all payments to so called off-shore companies for services, as one of the measures to minimise tax fraud and evasion. Other measures include CFC rules and regulations for minimising the use of transfer-pricing schemes. Despite the zero tax on retained earnings corporate income tax revenues have been increasing rapidly since 2001 (roughly 260 % from 2001 to 2005 in nominal terms).

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

Value Added Tax

The VAT regime has been brought in line with the 6th Directive. The standard rate is stable since 1992 at 18 %. A 5 % reduced rate applies to certain goods and services, such as books, newspapers, medicines, accommodation.

Excise Duties

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

Social tax

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

The social tax, comparable to the employers' social security contributions in other countries, is fiscally important tax in Estonia. In 2004 these contributions represented 33.1 % of total taxation, which is by far the highest proportion in the EU. Employees' social contributions, in contrast, represented only 0.9 % of tax revenues.

FINLAND

Taxes and social contributions in FINLAND 1)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
					ESA95					
A. Structure of revenues as % of GDP										
Indirect taxes	14.1	14.3	14.8	14.5	14.7	14.1	13.7	13.9	14.4	14.3
VAT	7.9	8.0	8.5	8.3	8.4	8.3	8.1	8.3	8.7	8.7
Excise duties and consumption taxes	4.5	4.6	4.7	4.6	4.7	4.3	4.2	4.2	4.3	4.0
Other taxes on products (incl. import duties)	1.5	1.4	1.4	1.4	1.3	1.3	1.2	1.2	1.2	1.3
Other taxes on production	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3
Direct taxes	17.4	19.1	18.6	19.0	19.0	21.6	19.7	19.5	18.3	18.1
Personal income	14.2	15.4	14.2	13.8	13.6	14.6	14.4	14.2	13.8	13.5
Corporate income	2.3	2.8	3.5	4.3	4.4	6.0	4.3	4.3	3.4	3.6
Other	0.9	1.0	0.9	0.9	1.0	1.0	1.0	1.0	1.0	1.1
Social Contributions	14.1	13.6	12.8	12.5	12.8	12.0	12.3	12.1	11.9	11.9
Employers´	9.9	9.6	9.1	9.2	9.4	8.8	9.2	9.1	9.0	9.0
Employees´	2.6	2.6	2.4	2.3	2.4	2.2	2.2	2.1	2.1	2.1
Self- and non-employed	1.6	1.4	1.3	1.1	1.0	1.0	0.9	0.9	0.8	0.8
B. Structure according to level of government as % of GDP										
Central Government	21.8	23.1	23.7	23.9	24.1	25.9	23.8	24.4	24.0	23.9
State government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	10.2	10.7	10.0	10.0	10.1	10.3	10.1	9.8	9.4	9.2
Social Sec. Funds	13.0	12.6	11.8	11.5	11.8	11.1	11.3	11.1	10.9	11.0
EC Institutions	0.7	0.6	0.6	0.5	0.5	0.5	0.4	0.3	0.3	0.2
C. Structure according to economic function as % of GDP										
Consumption	13.3	13.6	14.3	14.1	14.3	13.7	13.4	13.6	14.1	13.9
Labour	25.5	26.5	24.5	24.2	24.0	23.9	24.4	24.1	23.6	23.3
Employed	21.5	22.4	20.9	21.0	21.0	21.0	21.6	21.3	20.8	20.6
Paid by employers	9.9	9.6	9.1	9.2	9.4	8.8	9.2	9.1	9.0	9.0
Paid by employees	11.6	12.8	11.9	11.8	11.7	12.2	12.5	12.2	11.9	11.6
Non-employed	4.0	4.1	3.5	3.2	3.0	2.9	2.8	2.8	2.8	2.7
Capital	5.6	6.2	7.0	7.9	8.1	10.0	8.1	7.8	6.9	7.1
Capital and business income	4.4	5.0	5.8	6.6	6.8	8.7	6.8	6.5	5.6	5.7
Income of corporations	2.2	2.7	3.4	4.3	4.4	6.0	4.3	4.3	3.4	3.6
Income of households	0.4	0.5	0.6	0.7	0.9	1.1	0.9	0.6	0.6	0.5
Income of self-employed (incl. sc)	1.8	1.7	1.7	1.6	1.6	1.6	1.6	1.7	1.6	1.6
Stocks (wealth) of capital	1.1	1.2	1.2	1.3	1.3	1.3	1.3	1.3	1.3	1.4
TOTAL	**45.6**	**46.9**	**46.1**	**46.0**	**46.4**	**47.7**	**45.7**	**45.6**	**44.6**	**44.3**
Of which environmental taxes	2.8	3.0	3.3	3.3	3.5	3.2	3.0	3.1	3.2	3.3
Energy	2.0	2.1	2.3	2.2	2.2	2.0	2.0	2.0	2.0	2.0
Transport	0.7	0.9	1.0	1.1	1.2	1.1	1.0	1.0	1.2	1.3
Pollution/Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
D. Implicit tax rates										
Consumption	26.6	26.9	29.0	29.3	29.4	28.6	27.6	27.7	28.1	27.9
Labour employed	43.4	44.7	43.3	44.1	43.5	44.1	44.6	43.6	42.3	41.9
Capital	28.0	31.1	31.7	33.5	35.2	38.7	28.7	30.7	28.6	28.2
Capital and business income	22.3	24.9	26.1	28.0	29.6	33.6	24.2	25.6	23.4	22.6
Corporations	19.7	23.0	25.1	26.9	28.6	33.7	21.2	24.7	21.5	20.6
Households	19.9	21.1	21.5	22.5	22.5	22.9	21.8	19.8	18.7	17.8

1) See annex B for classification of taxes and annex C for explanatory notes.
n.a.: not applicable

Source: Commission Services

Overall trends in taxation

In Finland the overall tax burden, including social security contributions, was 44.3 % of GDP in 2004, down by more than three percentage points from 2000. Still, the tax ratio is among the highest in the EU, exceeded only by Sweden, Denmark and Belgium.

Direct taxes, in particular on personal income, represent the most important category of revenue, accounting for 40.9 % of total taxation. The share of indirect taxes (32.2 %) is below the EU-25 average (38.2 %). Social contributions, mainly paid by employers, account for 26.9 %, which is less than in most other Member States.

Local governments in Finland receive a rather large proportion of total tax revenues (20.8 % in 2004). These taxes consist mainly of municipal income and real estate taxes. In this regard Finland is exceeded only by 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.

Following an increase from 1995, overall taxation levels have fallen continuously since 2000, although at a variable pace; in 2004 the reduction was relatively modest (0.3 % of GDP). Overall, the reduction was concentrated in direct taxes, as social contributions remained roughly constant as a share of GDP and indirect taxes grew slightly. In 2004, revenue from personal income taxes was the lowest in a decade.

Taxation of consumption, labour and capital

The tax structure by economic factor in Finland (consumption 31.4 %, labour 52.6 % and capital 16.0 %) is comparable with the EU-25 averages (32.5 %, 47.9 % and 19.8 %).

Taxes on consumption as a percentage of GDP are the fifth highest in the Union after Denmark, Hungary, Cyprus, and Slovenia. Due to the significance of excise duties and VAT within indirect taxes, the latter fall more heavily on consumers than is elsewhere the case. Reflecting this, the implicit tax rate on consumption of 27.9 % is the fourth highest in the Union, although it has fallen from 29.4 % in 1999.

Labour taxes represented 23.3 % of GDP in 2004 (EU-25 18.5 %), with four other countries exhibiting higher rates. Taxes on employed labour (20.6 % of GDP, EU-25 17.0 %) were relatively lighter in a cross-country comparison, as a relatively larger proportion of labour taxes falls on the non-employed. Thanks to reductions in income taxes and in social contributions, the ITR on labour has fallen from over 44 % to less than 42 % in four years and is now only the fifth highest among the EU-25 countries.

The revenue from taxes on capital has shown significant swings over the period considered. It nearly doubled from a mere 5.6 % of GDP in 1995 to 10.0 % of GDP at its 2000 peak. An increase in the statutory corporate tax rate by four points between 1995 and 2001, the cut of depreciation rates for machinery and equipment to 25 % in 1999 and the generally improved company profitability during the strong economic upswing can explain this sharp rise, which is paralleled by an equivalent increase in the ITR on capital. Another important factor was the financial market shift from interest to dividend payments. It should be noted, however, that the ITR on capital is biased upwards as capital gains, particularly strong in 2000, are not included in the base. The strong drop in the ITR after 2000 can likewise be related not only to tax cuts but also to the economic downturn and to capital losses arising from falling stock prices. By 2004 the ITR on capital had declined by over ten points from its peak.

Current topics and prospects; policy orientation

In November 2004 the government agreed with labour market organisations on wage moderation for the period 2005-2007. In return the government agreed to cut taxes on labour income by € 1.7 billion spread out in the period 2005-2007. Parts of these cuts compensate for increases in employees' health insurance contributions. Taking into account the € 1.4 billion cut already carried out in 2004, the tax rate of the average wage earner is estimated to decrease by 3 percentage points in the period 2004-2007 being slightly above 30 % in 2006.

The tax cuts will be carried out by reducing the marginal tax rates of the state income tax scale and by adjusting the income thresholds of tax brackets. In 2005 the marginal rates were reduced by 0.5 percentage points in all tax brackets except the second, and in 2006 by 1.5 percentage point in the first tax bracket and by one percentage point in other tax brackets. In 2007 the number of tax brackets will be reduced to four. Furthermore, the maximum amount of the earned income allowance in municipal taxation was raised to € 3 850 in 2005.

In 2006 the government also introduced other measures to encourage the employment of low-income earners. These include a subsidy to employers who employ a person older than 53 years with a monthly income of up to € 2 000. The maximum amount of the tax deduction for the purchase of household work will be doubled also with the aim of increasing the demand for low-income labour.

A reform of capital and corporate income taxation is implemented from 2005 onwards. The main element of the reform is the reduction of the corporate income tax rate from 29 % to 26 % and the capital income tax rate from 29 % to 28 %. Capital gains from the assignment of shares owned by corporations as direct investment will be exempted from tax.

The other major element of the reform is the removal of the imputation system of dividend taxation and a partial return to double taxation of dividends. In the new system 70 % of dividends received from listed companies are treated as taxable capital income, and the remaining 30 % is tax-free. The dividends received from non-listed companies are tax-free up to 9 % of the net value of the company, up to a maximum amount of € 90 000. 70 % of dividend income exceeding € 90 000 is taxable capital income, and the remaining 30 % is tax-free. The wealth tax, which was 0.8 % of net wealth with the threshold of € 250 000 in 2005, has been entirely abolished in 2006.

Main features of the tax system

Personal income tax

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

Central government taxation of earned income is progressive. There are five tax brackets with rates ranging from 9.0 % to 32.5 % and the taxable income threshold is € 12 200 in 2006. The municipal income tax is levied at flat rates on earned income and the estates of deceased persons. The rate varies from one municipality to the next, and the average is 18.4 % in 2006. The average rate of church tax is 1.3 %.

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 level at a low income level, and decreases thereafter gradually. The allowance ceiling has been increased over several years and is € 3 850 in 2006. A similar allowance on the central government income tax amounted to € 157 in 2006.

Capital income is taxed at a uniform flat rate (28 % in 2006) on foreign income comprising 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 form capital income. In addition, interest payments on owner-occupied housing are deductible from taxes paid on earned income up to a limit, in case these deductions exceed taxable capital income.

Corporate taxation

Corporate tax is levied at the rate of 26 %, in principle, on all corporate income out of which all expenses incurred for the purpose of acquiring or maintaining business income are deducted. Exceptions to this rule are capital gains and dividends which are not included in taxable corporate income, and certain expenses related to tax-free income and certain capital losses. No local taxes are levied on corporate income so that 26 % is the final tax rate. Depreciation allowances for fixed assets are calculated according to the pool basis declining balance method and maximum annual rates with regard to the most common items are: 25 % for machinery and equipment and from 4 % to 20 % for buildings. The acquisition costs of intangible asset 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.

Other taxes

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

Environmentally related taxes constitute 7.4 % of total tax revenues in 2004. The tax base of energy taxation covers certain energy products that are not taxed in many Member States. The tax rates are relatively high by EU standards, in particular on industrial energy uses.

Municipalities levy a real estate tax on land and buildings at rates that usually vary between 0.5 % and 1 %. The rates are lower for residential buildings, and higher for other buildings, power plants and non-built building sites. The state levies a property transfer tax on the purchases of real estate or shares; purchases of the first owner-occupied dwelling are exempt. Inheritance and gift tax is levied by the state at rates ranging between 10 % and 16 %.

Social security contributions

Social security contributions are paid both by the employers and the employees. Health insurance contribution for medical care insurance is paid also by the pensioners. In 2006 it is 1.33 % out of income from work and 1.5 % out of other income (pension and other benefits). Employees also pay a health insurance contribution for earned income insurance (0.77 % of gross income in 2006), an unemployment insurance contribution (0.58 % of gross income in 2006) and pension insurance contribution (5.4 % out of gross income for those above 53 years, 4.3 % for others in 2006). These contributions are deductible.

FRANCE

Taxes and social contributions in FRANCE [1)]

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
					ESA95					
A. Structure of revenues as % of GDP										
Indirect taxes	16.0	16.6	16.5	16.4	16.4	15.8	15.4	15.4	15.4	15.7
VAT	7.4	7.7	7.7	7.6	7.7	7.3	7.2	7.1	7.1	7.2
Excise duties and consumption taxes	2.8	2.8	2.7	2.7	2.7	2.6	2.5	2.6	2.5	2.3
Other taxes on products (incl. import duties)	1.7	1.7	1.7	1.7	1.7	1.7	1.6	1.7	1.7	1.9
Other taxes on production	4.2	4.4	4.4	4.4	4.3	4.2	4.1	4.1	4.1	4.2
Direct taxes	8.4	9.0	9.7	11.8	12.5	12.5	12.6	11.8	11.5	11.6
Personal income	5.3	5.5	5.8	8.0	8.2	8.4	8.2	7.9	8.0	7.8
Corporate income	1.8	2.0	2.3	2.3	2.7	2.8	3.1	2.5	2.1	2.4
Other	1.4	1.5	1.6	1.5	1.6	1.3	1.4	1.3	1.3	1.4
Social Contributions	18.6	18.6	18.1	16.1	16.3	16.1	16.1	16.2	16.4	16.3
Employers´	11.4	11.3	11.3	11.1	11.3	11.1	11.0	11.0	11.2	11.1
Employees´	5.8	5.8	5.4	3.9	4.0	4.0	4.0	4.0	4.2	4.1
Self- and non-employed	1.4	1.5	1.4	1.0	1.0	1.0	1.1	1.1	1.1	1.1
B. Structure according to level of government as % of GDP										
Central Government	17.7	18.6	18.8	18.7	19.4	18.6	18.1	17.5	17.1	18.3
State government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	4.5	4.7	4.7	4.7	4.6	4.3	4.1	4.1	4.2	4.6
Social Sec. Funds	20.0	20.1	20.2	20.3	20.6	21.0	21.3	21.2	21.5	20.4
EC Institutions	0.8	0.7	0.7	0.6	0.6	0.6	0.6	0.5	0.4	0.3
C. Structure according to economic function as % of GDP										
Consumption	12.1	12.4	12.3	12.1	12.1	11.6	11.3	11.3	11.2	11.3
Labour	22.8	23.0	23.0	22.8	23.3	23.0	22.9	22.7	23.0	23.1
Employed	21.5	21.6	21.6	21.6	22.1	21.8	21.7	21.6	21.9	22.2
Paid by employers	12.5	12.4	12.5	12.2	12.4	12.1	12.1	12.1	12.3	12.2
Paid by employees	9.0	9.2	9.1	9.4	9.7	9.6	9.7	9.5	9.6	10.0
Non-employed	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.1	1.1	0.9
Capital	8.1	8.8	9.1	9.4	9.8	9.9	10.0	9.3	9.0	9.1
Capital and business income	3.9	4.3	4.5	4.6	5.0	5.4	5.5	5.0	4.6	4.5
Income of corporations	1.8	2.0	2.3	2.3	2.7	2.8	3.1	2.5	2.1	2.4
Income of households	0.4	0.4	0.4	0.7	0.7	0.8	0.7	0.7	0.7	0.8
Income of self-employed (incl. sc)	1.7	1.9	1.7	1.6	1.7	1.8	1.8	1.7	1.7	1.4
Stocks (wealth) of capital	4.3	4.5	4.6	4.7	4.7	4.5	4.5	4.4	4.4	4.6
Less: amounts assessed but unlikely to be collected	*0.3*	*0.3*	*0.2*	*0.3*	*0.2*	*0.3*	*0.3*	*0.2*	*0.1*	*0.1*
TOTAL	**42.7**	**43.9**	**44.1**	**44.0**	**44.9**	**44.1**	**43.8**	**43.1**	**43.1**	**43.4**
Of which environmental taxes	2.8	2.9	2.8	2.7	2.8	2.6	2.4	2.5	2.4	2.1
Energy	2.0	2.0	2.0	2.0	2.0	1.8	1.7	1.8	1.7	1.4
Transport	0.6	0.7	0.6	0.6	0.7	0.6	0.5	0.6	0.6	0.6
Pollution/Resources	0.2	0.2	0.1	0.2	0.1	0.2	0.2	0.2	0.2	0.2
D. Implicit tax rates										
Consumption	21.9	22.5	22.5	22.3	22.2	21.4	20.7	20.8	20.5	20.7
Labour employed	40.8	41.1	41.3	41.7	42.0	41.6	41.2	40.9	41.4	42.4
Capital	31.7	35.0	35.8	35.9	38.7	38.4	38.7	37.6	37.0	36.9
Capital and business income	15.1	17.2	17.5	17.7	19.9	20.8	21.4	20.0	18.8	18.3
Corporations	21.0	25.5	25.9	24.6	29.4	30.0	33.7	29.8	26.0	26.6
Households	10.5	11.6	11.3	11.9	12.6	13.4	12.6	12.6	12.9	11.5

1) See annex B for classification of taxes and annex C for explanatory notes.
n.a.: not applicable

Source: Commission Services

Structure and evolution of the taxation system

As of 2004, with a total-tax-to-GDP ratio of 43.4 % (EU-25 37.6 %), France's tax ratio ranks fifth in the Union, after the three Nordic EU members and Belgium.

The share of indirect taxes in total tax revenue is close to the EU-25 average, while the share of direct taxes is clearly below average, although it has increased since 1995. Social contributions constitute an important share of total tax revenue and correspondingly result in a markedly above-average share of revenues. Employers pay by far the largest share, over two thirds of the total, somewhat more than the EU average. A reduction of social contributions as a percentage of GDP is apparent since 1998, because of substantial cuts in employees' social contributions for sickness insurance introduced in that year.

The local governments' share of tax revenue is close to the EU average. It consists mainly of the local business tax, patent levies, real estate and housing taxes.

As in many EU Member States, the overall tax burden peaked around the turn of the century (44.9 % in 1999). In France, however, the swing was slightly more pronounced than average: the 1995-1999 increase amounted to over 2 % of GDP (EU-25 0.4 %) and the decline from the peak to 1.5 % (EU-25 0.9 %). This general trend however masks different developments amongst the various revenue components. Social contributions, specifically employees' contributions, have fallen significantly since 1995, reflecting the 1998 cuts, whereas direct taxes have increased substantially; in particular revenue from personal income taxes (PIT) has picked up by 50 % since 1995. After 2001, however, revenue from direct taxes has declined, notably owing to a relatively strong fall in revenues from corporate taxes; this is however due not only to structural factors but also to a strong slowdown in GDP growth from 2000 to 2004.

Taxation of consumption, labour and capital

The ITR on consumption is close to the EU average. It has remained remarkably stable from 1995 to 1999, while reductions in the ITR are visible in 2000-2001, notably because of reductions in the VAT rates.

The tax burden on labour income is comparatively high; indeed, in 2004 France ranked third in the EU after Sweden and Belgium. The ratio has risen steadily since the early 1970s and has reached a new peak in 2004 (42.4 %). Note that in national accounts, the CSG, the CRDS as well as the social levy of 2 % are booked as taxes on personal income; and their revenue has been split in table C between taxes on employed labour and taxes on capital income. These charges have apparently offset the effects of reductions in social contributions at the aggregate level.

Taxation of capital has tended to converge towards the EU average over the last few years. The ITR on capital, though remaining relatively elevated, declined marked after 2001. The high taxation of capital is not due to the rates applied to capital and business income nor households' capital income; rather, the French system relies on a number of other taxes on capital, such as the real estate tax, the housing tax, the wealth tax and the local business tax. Most of them are classified as taxes on capital stock (or wealth) which altogether represent almost 4.6 % of GDP (EU-25 2.3 %). As for taxation of capital and business income, the increasing trend in the ITR up to 2001 reflected mainly an increasing taxation of corporations in that period. However, in 2002 a remarkable drop in the ITR on capital income is visible, reflecting both the economic slowdown and the new priority of French tax policy to increase the competitiveness system by reducing corporate taxes.

France has a relatively low share of environmental taxes on GDP. Their level has declined further in 2004 (to 2.1 %) owing to lower revenue from the tax on oil products.

Current topics and prospects; policy orientation

The Budget Bill for 2006 was published on 31 December 2005. The main thrust of the measures is as follows:

• PIT reform (on 2006 income): a 'tax shield' is introduced, whereby no taxpayer will pay more than 60 % of his/her income in direct taxes. In addition, the income tax brackets and the *prime pour l'emploi*' have been remodelled by reducing the number of brackets (from 7 to 5) and by lowering the rates via the integration of the 20 % reduction; moreover, a series of important tax credits is introduced or extended.

• Reform of the local tax on businesses (*Taxe professionnelle*), through the effective capping of the tax at 3.5 % of value added and implementation of tax relief to encourage new investments.

The Budget Bill contains other important measures on company taxation. The annual minimum lump sum tax based on turnover (IFA) is no longer deducted from tax due but from the tax base. Companies whose turnover is below € 300 000 are now exempted from the tax. Other amendments to the tax consolidation regime aim at assuring the neutrality of restructuring operations within groups. New rules to limit thin capitalisation will apply from 2007. In addition, accelerated depreciation on some pollution-reducing assets will be available until 2008. Moreover, the maximum R&D tax credit was increased, while the 2005 law on investment promotion extends the participation exemption regime to long-term capital gains from the sale of participations realised by venture capital investment funds (FCPR) or venture capital companies (SCR). Finally, in order to stimulate R&D investment, France now grants a tax reduction equal to 65 % of payments made to research institutes or innovating SMEs or of expenses incurred for carrying out R&D activities; and a tax reduction equal to 25 % of the payments made by companies to acquire shares in innovating SMEs or innovation investment funds (FCPI).

Main features of the tax system

Personal income tax

The PIT (IR) is an overall tax established annually on the totality of annual incomes of natural persons according to a single progressive scale. For the 2006 assessment of 2005 income, the top marginal rate is 48.09 %. Account is taken of the situation of each household through the application of a family quotient. A noteworthy feature of the French personal income tax is that on account of thresholds and exemptions it applies to a quite low share of taxpayers.

Since 1999, one of the main objectives of French fiscal policy has been to reduce taxes on labour income. In particular, it was announced in 2002 that average individual income taxes would be reduced in five years. This intention was part of a multi-annual tax-cutting programme (2001-2003) targeted on low-paid and low-qualified workers. The main tax-cutting measures for labour consisted in reducing statutory PIT rates, social contributions, the creation of a reimbursable tax credit (*Prime pour l'emploi*), and the reform of a local business tax (*Taxe professionnelle*) with a gradual phasing out of the wages component from the tax base. A further reduction by 3 % of statutory PIT rates and an increase in the employment bonus were enacted through the 2004 Budget Law. However, budgetary difficulties led to the suspension of the plan.

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

Corporate taxation

The corporate tax (IS) affects all profits realised in France by companies and other legal entities. The standard rate is 33 ⅓ %. SMEs are taxed at a reduced rate of 15 % on the first € 38 120 of the profits. Large companies (turnover over € 7 630 000) are subject to an additional surcharge of 3.3 % levied on the part of aggregate corporate tax which exceeds € 763 000. Hence, the effective tax rate is 34.94 %.

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 through the reduction of the depreciation allowance and a modification of the system for correcting double taxation of dividends distributed between firms. In addition, the full and partial tax exemptions granted to new companies created between 1995 and 2004 is planned to be extended until 2009.

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

The 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, shareholding of more than 25 % held by managing directors, certain life insurance policies and various other assets are excluded from this tax. Moreover, there is a 75 % net wealth tax exemption on the value of nominative shares held by employees, managers or shareholders of companies after at least 6 years of holding.

Social contributions

The French social security system is mainly financed by contributions and taxes deducted from earnings. New financing policies have increased the base taking into account total household revenues, while employment policies have led to a relief of the tax burden on low-wage earners to put the social security system on a sound financial footing, the authorities instituted in 1991 the generalised social security contribution (CSG). The CSG is due by individuals on all their incomes but at different rates; it is levied without directly granting a financial right, similarly to a tax. The CSG (rate 7.5 % on wages) has a very broad base since it applies in theory to earned and replacement incomes, to inheritance income as well as to the revenues from fixed income investments, both subject to the levy at source or exempted of IR. Similarly, the measure of 24 January 1996 set up a contribution for the refunding of the debt of Social Security organisations (CRDS) with a rate of 0.5 % and a slightly broader base than that of the CSG. Natural persons fiscally domiciled in France are subject to a 2 % social levy applied on the inheritance income and the revenues fixed income investments.

GERMANY

Taxes and social contributions in GERMANY [1)]

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
					ESA95					
A. Structure of revenues as % of GDP										
Indirect taxes	12.0	11.9	11.9	12.0	12.6	12.5	12.2	12.0	12.2	12.0
VAT	6.5	6.5	6.4	6.6	6.8	6.8	6.6	6.4	6.3	6.2
Excise duties and consumption taxes	2.0	2.0	1.9	1.8	2.1	2.1	2.1	2.3	2.4	2.3
Other taxes on products (incl. import duties)	1.7	1.6	1.7	1.6	1.7	1.7	1.7	1.6	1.6	1.6
Other taxes on production	1.8	1.9	1.9	2.0	2.0	2.0	1.8	1.8	1.8	1.9
Direct taxes	10.9	11.3	11.1	11.4	11.9	12.5	11.0	10.7	10.6	10.2
Personal income	9.3	9.4	9.2	9.5	9.9	10.2	9.9	9.6	9.3	8.7
Corporate income	0.9	1.2	1.3	1.3	1.5	1.7	0.6	0.6	0.7	0.9
Other	0.7	0.8	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.6
Social Contributions	16.8	17.4	17.7	17.4	17.2	16.9	16.7	16.7	16.9	16.5
Employers´	7.5	7.6	7.6	7.6	7.5	7.5	7.4	7.3	7.4	7.2
Employees´	6.7	6.9	7.0	6.9	6.8	6.8	6.7	6.6	6.7	6.5
Self- and non-employed	2.6	3.0	3.0	2.9	2.8	2.7	2.6	2.8	2.8	2.8
B. Structure according to level of government as % of GDP										
Central Government	11.1	10.8	10.7	10.9	11.7	11.9	11.3	11.2	11.4	10.8
State government	8.4	9.0	8.9	9.1	9.4	9.5	8.8	8.5	8.5	8.3
Local Government	2.5	2.6	2.7	2.9	2.9	2.9	2.7	2.6	2.6	2.8
Social Sec. Funds	16.8	17.4	17.7	17.4	17.2	16.9	16.7	16.7	16.9	16.5
EC Institutions	0.9	0.8	0.7	0.6	0.6	0.6	0.5	0.4	0.4	0.3
C. Structure according to economic function as % of GDP										
Consumption	10.3	10.1	10.0	10.1	10.5	10.5	10.5	10.4	10.5	10.1
Labour	23.9	24.1	24.4	24.2	24.1	24.3	24.0	23.9	23.8	22.7
Employed	21.3	21.3	21.4	21.4	21.3	21.8	21.5	21.3	21.1	20.1
Paid by employers	7.5	7.6	7.6	7.6	7.5	7.5	7.4	7.3	7.4	7.2
Paid by employees	13.8	13.7	13.8	13.8	13.8	14.3	14.1	14.0	13.7	12.9
Non-employed	2.6	2.9	2.9	2.8	2.8	2.6	2.5	2.7	2.6	2.6
Capital	5.6	6.4	6.3	6.6	7.1	7.0	5.5	5.2	5.4	5.8
Capital and business income	4.4	5.2	5.2	5.5	5.9	5.9	4.4	4.2	4.4	4.7
Income of corporations	2.1	2.4	2.6	2.7	2.8	3.0	1.7	1.7	1.9	2.2
Income of households	0.3	0.3	0.3	0.4	0.4	0.4	0.3	0.3	0.3	0.3
Income of self-employed (incl. sc)	2.1	2.4	2.3	2.5	2.7	2.5	2.3	2.2	2.2	2.2
Stocks (wealth) of capital	1.1	1.2	1.1	1.1	1.2	1.1	1.1	1.0	1.1	1.1
TOTAL	**39.8**	**40.7**	**40.7**	**40.9**	**41.7**	**41.9**	**40.0**	**39.5**	**39.6**	**38.7**
Of which environmental taxes	2.3	2.2	2.2	2.1	2.3	2.4	2.5	2.5	2.7	2.5
Energy	1.9	1.8	1.8	1.7	1.9	2.0	2.1	2.2	2.3	2.2
Transport	0.4	0.4	0.4	0.4	0.4	0.3	0.4	0.4	0.3	0.3
Pollution/Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
D. Implicit tax rates										
Consumption	18.8	18.3	18.1	18.3	19.0	18.9	18.5	18.5	18.6	18.1
Labour employed	39.4	39.6	40.6	40.6	40.4	40.7	40.5	40.4	40.3	39.2
Capital	22.4	25.6	24.5	25.9	29.1	29.2	22.7	21.1	21.6	21.7
Capital and business income	17.8	20.7	20.3	21.5	24.2	24.5	18.2	16.9	17.4	17.7
Corporations	-	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-	-

1) See annex B for classification of taxes and annex C for explanatory notes.
- : not available

Source: Commission Services

Overall trends in taxation

After a series of marked declines in recent years the total-tax-to-GDP ratio in Germany now lies only slightly above the EU-25 average (38.7 % in 2004, EU-25 37.6 %). It exceeded the average by 3.8 percentage points in 2000.

Germany stands out with a very high share of social contributions in total tax receipts (42.6 %, EU-25 30.6 %) while the shares of direct taxes (26.3 %) and indirect taxes (31.1 %) are among the lowest in the Union. The relatively low share of indirect taxes (second lowest after Belgium) is explained by moderate rates of excise duties and the low standard VAT rate. Employers pay higher social contributions than employees; nevertheless, compared to the EU-25, average contributions in Germany fall particularly heavily on employees (6.5 % of GDP, EU-25 3.5 %) and on the self-employed (2.8 % of GDP, EU-25 1.1 %), partly due to the fact that the self-employed in general pay social contributions as employers and as employees.

State governments in Germany receive a proportion of total tax revenue (21.5 %) which is comparable with Spain (21.7 %) and Belgium (23.5 %). The German *Länder* receive a substantial share in the revenue from VAT, the wage withholding tax, the personal income (PIT) tax collected by assessment, the corporate income tax and the withholding tax on interest. The *Länder* are also entitled to all revenues from other taxes, such as inheritance and gift taxes, taxes on transfer of property and tax on motor vehicles. Social security institutions receive the largest proportion of revenues (42.6 %) exceeded as a proportion only by France (46.9 %). The net result is that the federal government receives the smallest proportion of tax receipts of any EU central government (28.0 %, EU-25 59.4 %).

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

Taxation of consumption, labour and capital

Consumption taxes as a percentage of GDP are, together with those in Italy and Spain, among the lowest in the European Union (10.1 %; EU-25 12.2 %), as reflected by the low implicit tax rate on consumption (18.1 %, EU-25 21.9 %).

The tax on labour as a percentage of GDP (22.7 %, EU-25 18.5 %) is among the highest in the Union. Social contributions account for more than two thirds of the taxes on employed labour. The implicit tax rate on labour is well above the European average (39.2 %, EU-25 35.9 %). It increased until 2000 when it reached its peak at 40.7 %, and has decreased since then as a result of the income tax reform.

Germany derives lower than average revenues from taxation of capital (5.8 % of GDP, EU-25 7.5 %), partly due to a low level of capital taxes on stocks of wealth (1.1 %, EU-25 2.3 %). Moreover, as a result of the fact that in Germany fewer companies are incorporated than in any other EU country a low overall level of taxes on corporations is observed (2.2 %, EU-25 3.0 %). On the other hand relatively high revenues are raised by the tax on the income of the self-employed (2.2 %, EU-25 1.5 %). These factors are likewise reflected in the low implicit tax rate on capital (21.7 %). The level of taxes on corporations (in % of GDP) has undergone dramatic changes in the last years. After a nearly fifty percent increase in the late

1990s, the effects of the tax reform as well as the economic downturn resulted in a fall from 3.0 % (2000) to 1.7 % (2001), a level from which it has only partially recovered (2.2 % in 2004). Part of the reason for this drop fall was that legislation at that time permitted companies to recoup the difference between the old system tax on retained (45 %/40 % rate) and distributed earnings (30 % rate) by distributing these profits. The net result was a fall in corporate income tax receipts from € 26 billion to € 2 billion.

Despite the significant increase of taxes on energy since the 1999 ecological tax reform (from 4.2 % of total taxation in 1998 to 5.6 % in 2004) environmental tax revenue is still below the EU-average (6.5 %, EU-25 7.6 %).

Current topics and prospects; policy orientation

As of 1 January 2006 the home-owner cash grant (which had already been reduced in 2005) and further tax credits were abolished. In January 2006 the Federal Cabinet adopted a draft Bill aimed at encouraging economic growth and employment. With respect to enterprise taxation it, e.g., contains a temporary accelerated depreciation rate for movable fixed assets. In the income tax system an extension of the deductibility of childcare services and of the tax credit for domestic services will be introduced. Overall, the Bill is expected to lead to a shortfall in tax revenue of almost € 21 billion` in the years 2006 to 2010.

Other tax changes are planned to come into force in 2007: further reduction of subsidies, introduction of a higher income tax rate of 45 % for incomes above € 250 000 (single persons). Moreover, the federal government has agreed to increase the VAT standard rate and the insurance tax rates by three percentage points. According to the government, two thirds of the additional VAT revenue will be used for a consolidation of the budget. The other part will be used to reduce the contribution rate to the unemployment insurance by two percentage points. However, the contribution rate to the old-age insurance will be slightly increased by 0.4 percentage points. Overall, this should lead to an increase in the share of indirect taxes in total tax receipts and a decrease of the share of social contributions.

Finally, a far-reaching reform of company taxation is planned to enter into force as of 2008.

Features of the tax system and recent developments in tax policy

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). Together with other reforms they yield a total relief of more than € 59 billion a year. 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, e.g. by restricting the use of loss relief, changes in depreciation rates and a reduction in the proportion of interest income that is exempted from tax.

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

The PIT is imposed at progressive rates on top of which a 5.5 % solidarity surcharge is levied. The personal allowance is € 7 664 for a single person. The basic rate is 15 %; the top rate of 42 % is levied on incomes above € 52 152. Capital gains are included in the PIT tax computations and taxed at normal rates, but there is no taxation if the capital gains are realised after a holding period of at least one year (shares) or ten years (properties).

Spouses living together are in general jointly assessed, their combined personal allowance thus being € 15 329. Husband and wife each pay income tax on half the total of their combined incomes. For investment income there is an allowance of € 1 370 (€ 2 740) per year.

Corporate taxation

The corporation tax system was reformed in two major steps. As of January 2000, the corporate tax rate for non-distributed profits was reduced from 45 % to 40 % and as of January 2001 a single tax rate of 25 % on corporate income was introduced replacing the 40 % rate for non-distributed profits and the 30 % rate for distributed profits. In order to finance the tax cuts, rates for writing off machinery and buildings were reduced. At the same time, the imputation system was replaced by a 'half-income system' in order to make cross-border investment more attractive. To reduce double taxation of corporate profits by both corporation tax and the personal income tax of the shareholder only 50 % of distributed profits are subject to the shareholder's individual income tax and there is no imputation of taxes paid by corporations.

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

VAT and excise duties

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

Wealth and transaction taxes

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

Social contributions

Social security contributions to old-age insurance (19.5 % in 2006), unemployment insurance (6.5 %) nursing care insurance (1.7 %) and health insurance (average 13.4 %) 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 an additional income linked contribution of 0.9 %, whereas in the case of nursing care insurance employees without children pay an additional 0.25 %.

GREECE

Taxes and social contributions in GREECE [1)]

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
					ESA95					
A. Structure of revenues as % of GDP										
Indirect taxes	14.4	14.8	14.9	15.1	15.8	15.5	15.2	15.1	14.6	14.0
VAT	6.9	7.0	7.2	7.5	7.9	7.9	8.3	8.9	8.3	8.3
Excise duties and consumption taxes	4.7	4.8	4.2	4.0	3.7	3.4	3.4	3.2	3.2	2.9
Other taxes on products (incl. import duties)	2.2	2.3	2.9	3.0	3.5	3.6	3.0	2.6	2.6	2.5
Other taxes on production	0.6	0.7	0.6	0.6	0.7	0.6	0.5	0.4	0.4	0.4
Direct taxes	7.8	7.4	8.2	9.8	10.2	10.9	9.7	9.6	8.9	8.9
Personal income	4.1	4.1	4.5	5.5	5.7	5.5	5.0	5.0	4.8	4.8
Corporate income	2.6	2.3	2.6	3.1	3.5	4.5	3.7	3.7	3.2	3.3
Other	1.1	1.0	1.1	1.2	0.9	0.9	1.1	1.0	0.8	0.8
Social Contributions	10.5	10.8	11.1	11.5	11.4	11.5	11.7	12.6	13.0	12.1
Employers´	4.8	5.0	5.2	5.3	5.2	5.4	5.4	6.0	6.0	5.6
Employees´	4.3	4.4	4.5	4.5	4.5	4.5	4.6	4.9	5.2	4.9
Self- and non-employed	1.4	1.4	1.5	1.7	1.7	1.6	1.7	1.8	1.8	1.7
B. Structure according to level of government as % of GDP										
Central Government	21.2	21.2	22.6	24.4	25.2	25.6	24.1	24.0	22.9	22.6
State government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Social Sec. Funds	10.3	10.6	10.7	11.0	11.1	11.3	11.6	12.6	12.8	12.0
EC Institutions	0.8	0.8	0.7	0.7	0.7	0.6	0.6	0.4	0.4	0.2
C. Structure according to economic function as % of GDP										
Consumption	13.2	13.4	12.8	12.9	13.1	12.9	13.3	13.4	12.7	12.3
Labour	11.8	12.2	12.8	13.5	13.6	13.6	13.4	14.3	14.5	13.9
Employed	11.0	11.4	11.9	12.5	12.6	12.6	12.4	13.3	13.5	12.9
Paid by employers	4.8	5.0	5.2	5.3	5.2	5.4	5.4	6.0	6.0	5.6
Paid by employees	6.2	6.4	6.7	7.1	7.4	7.2	7.1	7.3	7.5	7.3
Non-employed	0.8	0.8	0.9	1.0	1.1	1.0	1.0	1.0	1.0	1.0
Capital	7.6	7.4	8.6	10.0	10.6	11.5	9.9	9.7	9.2	8.9
Capital and business income	5.7	5.3	5.7	7.1	7.2	8.1	7.0	7.2	6.7	6.5
Income of corporations	2.6	2.3	2.6	3.1	3.5	4.5	3.7	3.7	3.2	3.3
Income of households	0.8	0.8	0.8	1.1	0.9	0.8	0.8	0.8	0.7	0.7
Income of self-employed (incl. sc)	2.3	2.2	2.3	2.8	2.8	2.7	2.6	2.7	2.7	2.5
Stocks (wealth) of capital	1.9	2.1	2.9	2.9	3.4	3.4	2.8	2.5	2.5	2.4
Less: amounts assessed but unlikely to be collected	*0.0*	*0.0*	*0.0*	*0.0*	*0.1*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
TOTAL	**32.6**	**33.0**	**34.3**	**36.3**	**37.3**	**37.9**	**36.6**	**37.3**	**36.4**	**35.1**
Of which environmental taxes	3.5	3.5	3.4	3.2	3.1	2.6	2.8	2.5	2.5	2.4
Energy	2.8	2.8	2.5	2.3	2.0	1.7	1.7	1.5	1.5	1.4
Transport	0.7	0.7	0.9	0.9	1.0	0.8	1.1	1.0	0.9	1.0
Pollution/Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
D. Implicit tax rates										
Consumption	17.3	17.4	16.7	16.9	17.5	17.9	18.6	18.6	18.0	17.5
Labour employed	34.1	35.7	36.4	37.5	37.0	38.2	37.7	40.0	41.2	37.9
Capital	12.1	12.0	14.9	17.6	19.9	21.8	18.6	18.7	17.4	17.0
Capital and business income	9.1	8.6	9.9	12.5	13.5	15.4	13.3	13.8	12.6	12.5
Corporations	15.1	13.1	18.5	21.9	26.1	31.4	23.3	25.1	19.4	18.8
Households	6.4	6.3	6.7	8.6	8.5	8.8	8.8	9.2	9.4	9.1

1) See annex B for classification of taxes and annex C for explanatory notes.
n.a.: not applicable

Source: Commission Services

Overall trends in taxation

As at 2004, the tax-to-GDP ratio (including social security contributions) stood at 35.1 % in Greece, a value markedly below the EU-25 average (37.6 %). Greek taxation levels are lower than those of all EU-15 Member States but three (IE, PT, ES). Despite their moderate level, Greek taxes are nevertheless still higher than those in the low-tax NMS-10 (33.7 %).

Indirect taxes, with total revenues in line with the EU-25 average (14.0 % of GDP vs. 14.2 % of GDP), play a more important role in Greece than either direct taxes or social contributions. The revenue from direct taxes instead lies well below the EU-25 average (8.9 % of GDP as compared with 12.2 % of GDP). Revenue from personal income taxes in particular is the lowest amongst the EU-15, accounting for merely 4.8 % of GDP, compared with the EU-25 average of 8.6 % of GDP. As a result, Greece displays a higher share of indirect taxes on the total, 39.9 %, as compared with the EU-25 average (38.2 %); this is the third highest value amongst the EU-15 after IE and PT. From the viewpoint of the tax mix, the Greek tax system shows a structure somewhat similar to that of Cyprus, with a relatively low total tax ratio, low direct and in particular personal income taxes, and a high share of indirect taxes on the total.

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

The overall tax burden increased rapidly from 1995 to 2000, when it reached a peak of 37.9 % of GDP, reflecting the effort to reduce the government deficit in the run-up to the euro and the success of measures to combat tax evasion. The strongest relative increases in that period were recorded for corporate income taxes and personal income taxes, which together accounted for a 3.3 percentage point increase. After the year 2000, the tax burden decreased rapidly (by almost three percentage points in four years), with declines being recorded both for direct and indirect taxes, while revenues from social security contributions indicated an upward trend until 2003. The figures for 2004 show that revenues from social security contributions have, however, declined by 0.9 percentage points in that year.

Taxation of consumption, labour and capital

As of 2004, the implicit tax rate on consumption in Greece is below the EU-25 average (17.5 % compared with 21.9 %). The Greek ITR on consumption has shown little variation: it increased to an 18.6 % peak in 2001 and 2002 to drop slightly in the following years. It is now close to its 1995 level.

The implicit tax rate on labour is, at 37.9 %, slightly above the EU-25 average (35.9 %). Given low direct taxes, it is social contributions in particular, of which employers pay a slightly higher share than employees, that largely contribute to this level of labour taxation. In the period under consideration, the ITR on labour grew significantly from a below-average 34.1 % in 1995 to 41.2 % in 2003. This strong increase took place despite a reduction in personal income taxes since their 1999 peak; the reduction has been more than offset by increases in social contributions. The ITR on labour has decreased in 2004 as compared to the previous year by 3.3 percentage points. This decline reflects *inter alia* the lagged effects of the tax measures introduced already in 2001.

Greece displays a low rate of taxation of capital; its ITR on capital, at 17.0 % in 2004, being among the lowest in the Union. As in many Member States the ITR had increased substantially in the years 1995-2000 but then declined again in the following years.

Environmental taxation

As at 2004, the ratio of environmental taxation stood at 2.4 % in Greece, a value slightly below the EU-25 average (2.8 %). The role of the environmental taxation has been decreasing over the last years: their level in 1995 and 1996 amounted to 3.5 % of GDP, well above the EU-25 average, but by 2004 they had fallen below average by 0.4 % of GDP.

Current topics and prospects; policy orientation

The central government budget deficit and high rate of public debt remained the main concern of the government policy debate in 2004. In order to reduce tax evasion and contribute to the increase in tax receipts new tax enforcement measures were introduced in 2004, e.g. a special type of control of enterprises' financial data and the abolition of penalties for overdue tax returns.

The medium-term economic policy for the following years focuses on sustaining long-term stability and economic growth. The tax reform introduced in 2005 aims at decreasing the tax burden both for corporations and for households, especially lower-income ones. Additional improvements and simplification of the tax system are expected to result in the transparency and objectivity in tax controls.

Reducing taxes on low-income earners to achieve a more equitable distribution of the tax burden remains one of the main goals of the government's tax policy for the years 2005-2008. This is to be achieved, starting from 2007, by an increase in the threshold of tax free allowance for households and the restructuring of the income tax brackets as well as through the rationalisation of the system of tax deductions and allowances. The other main provision of the tax reform, a gradual reduction in the rate of income tax on corporations, from 35 % in 2004 to 25 % by 2007, is aimed at boosting business competitiveness and at attracting investment, in order to stimulate growth and reduce unemployment. Furthermore, the introduction of new procedures and mechanisms for more objective tax audits as well as the reorganisation of control and audit mechanisms are directed at combating tax evasion and smuggling.

Main features of the tax system

Personal income tax

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

Individuals are subject only to a national income tax, as there are no local income taxes. Greek law defines six categories of taxable income (income from immovable property, i.e. land and buildings; income from financial assets; from business; from agriculture; from employment; and from professional activities and other sources). Income from immovable property is subject to additional taxation beyond the normal progressive income tax at the rate of 1.5 %. Pensions are subject to taxation as employment income. There is no net wealth tax. Currently, there are three tax rates, i.e. 15 %, 30 % and 40 %. The top PIT rate 40 %

applies to income above € 23 000. From 2005 on the tax free threshold for employees and pensioners was increased from € 10 000 to € 11 000 and for other categories of tax payers from € 8 400 to € 9 500.

In 2003 previous tax deductions were transformed into tax credits. However, life insurance premiums up to € 1 100, social security contributions and cash donations for specific purposes remain fully deductible. The main tax credits are granted for medical expenses, home rent, annual educational expenses and for converting or installation of environmental-friendly heating systems. Domestic dividends are not subject to income tax or withholding tax, while interest is taxed at the source according to different schedules.

Corporate taxation

Greece has been cutting the corporate tax rate over the last few years and intends to reduce it even further in the near future. The statutory tax rate for non-listed companies was cut from 40 % to 37.5 % in 2001 and to 35 % in 2002 in order to reduce disparities between listed and unlisted companies. Currently, for financial year 2006 the rate of corporate income tax amounts to 29 % and is going to be reduced to 25 % from 2007 onwards. The tax rate for partnerships and civil law associations is 22 % for 2006 and will be reduced to 20 % onwards.

Companies are subject to corporate income taxes and real estate taxes, while local taxes are not significant. An important feature of the Greek tax system is the tax exemption of dividends; these are paid from after-tax profits and are not taxed again at recipients' level. There is no group taxation in Greece, i.e. all entities are taxed separately: Tax losses from commercial, industrial, farming, mining, hotel and handicraft businesses may be carried forward for 5 years. No tax loss carry-backs are allowed. The deductibility of company expenses is subject to certain limits. Interest from government bonds and bank deposits are taxed with a 10 % withholding tax on domestic dividends whereas interest on loans and interest received from abroad is taxed with a 20 % withholding tax. A 15 % withholding tax is levied on fees paid to agents for supplies agreed with foreign entities. All the withholding taxes are one form of prepayment and are creditable against the final income tax liability.

VAT and excise duties

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

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

Social security contributions

Both employees and employers have 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 an income ceiling for social security contributions at € 4 881.28.

HUNGARY

Taxes and social contributions in HUNGARY [1)]

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
					ESA95					
A. Structure of revenues as % of GDP										
Indirect taxes	17.8	17.1	15.6	15.8	16.3	16.3	15.5	15.1	15.8	16.3
VAT	7.7	7.5	7.7	7.9	8.1	8.7	8.2	7.9	8.3	9.0
Excise duties and consumption taxes	4.2	4.0	3.9	4.3	4.3	3.9	3.6	3.6	3.7	3.4
Other taxes on products (incl. import duties)	5.8	5.3	3.7	3.4	3.6	3.4	3.3	3.2	3.5	3.5
Other taxes on production	0.1	0.2	0.3	0.3	0.3	0.3	0.4	0.3	0.3	0.4
Direct taxes	8.9	9.4	9.1	9.1	9.6	9.9	10.3	10.3	9.8	9.3
Personal income	6.7	7.3	6.9	6.6	6.9	7.2	7.6	7.6	7.1	6.7
Corporate income	1.9	1.8	1.9	2.2	2.3	2.2	2.3	2.3	2.2	2.1
Other	0.3	0.3	0.3	0.4	0.4	0.4	0.3	0.3	0.4	0.5
Social Contributions	14.9	14.1	14.3	14.1	13.2	13.1	13.7	13.7	13.5	13.5
Employers´	12.2	11.6	11.8	11.7	10.6	10.5	11.0	10.2	9.9	9.6
Employees´	2.3	2.1	2.2	2.1	2.2	2.0	2.1	2.9	3.0	3.3
Self- and non-employed	0.4	0.3	0.2	0.3	0.5	0.6	0.6	0.6	0.6	0.5
B. Structure according to level of government as % of GDP										
Central Government	25.1	24.8	22.9	22.7	23.2	23.4	22.9	22.5	22.2	21.9
State government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	2.7	3.0	3.2	3.5	3.8	3.8	4.0	4.1	4.4	4.6
Social Sec. Funds	13.8	12.8	12.9	12.8	12.2	12.0	12.6	12.5	12.5	12.5
EC Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.1
C. Structure according to economic function as % of GDP										
Consumption	17.5	16.6	15.0	15.3	15.7	15.8	14.9	14.5	15.2	15.4
Labour	20.8	20.4	20.4	19.9	19.3	19.5	20.3	20.3	19.8	19.4
Employed	20.0	19.7	19.7	19.2	18.5	18.5	19.4	19.4	18.9	18.6
Paid by employers	12.3	11.7	12.0	11.8	10.7	10.7	11.1	10.4	10.0	9.8
Paid by employees	7.7	8.0	7.7	7.4	7.7	7.9	8.3	9.1	8.9	8.8
Non-employed	0.8	0.8	0.7	0.7	0.9	1.0	0.9	0.9	0.9	0.8
Capital	3.9	4.1	4.1	4.4	4.7	4.6	5.0	5.0	4.8	5.0
Capital and business income	2.8	2.8	2.8	3.0	3.3	3.2	3.5	3.4	3.3	3.1
Income of corporations	1.9	1.8	1.9	2.2	2.3	2.2	2.3	2.3	2.2	2.2
Income of households	0.6	0.7	0.6	0.6	0.6	0.7	0.7	0.7	0.6	0.6
Income of self-employed (incl. sc)	0.3	0.3	0.2	0.3	0.3	0.3	0.5	0.4	0.4	0.4
Stocks (wealth) of capital	1.1	1.3	1.3	1.3	1.4	1.4	1.5	1.6	1.5	1.9
TOTAL	**41.6**	**40.6**	**39.0**	**39.0**	**39.1**	**39.2**	**39.5**	**39.0**	**39.0**	**39.1**
Of which environmental taxes	3.1	3.1	3.0	3.5	3.4	3.0	2.8	2.8	-	-
Energy	2.7	2.4	2.4	2.8	2.7	2.4	2.2	2.2	-	-
Transport	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.4	-	-
Pollution/Resources	0.2	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2
D. Implicit tax rates										
Consumption	30.9	29.6	27.4	27.9	28.2	28.1	26.2	26.2	27.3	28.6
Labour employed	42.6	43.0	43.7	42.8	42.7	42.3	42.6	42.5	40.9	40.8
Capital	-	-	-	-	-	-	-	-	-	-
Capital and business income	-	-	-	-	-	-	-	-	-	-
Corporations	-	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-	-

1) See annex B for classification of taxes and annex C for explanatory notes.
n.a.: not applicable, - : not available

Source: Commission Services

Overall trends in taxation

As of 2004, with a total-tax-to-GDP ratio of 39.1 % (including social security contributions), Hungary's tax burden is slightly above the Union average (37.6 %). Hungary's total tax ratio is not far from the average of the EU-15, which generally exhibit higher taxation than the NMS-10, and is the second highest of all new Member States after Slovenia.

Similarly to most of the new Member States, revenues from indirect taxes are substantial, their share accounting for over 41.7 % of the total. Indirect taxes are high not only in relative but also in absolute terms: at the end of 2004, they amounted to 16.3 % of GDP, the fifth highest level in the EU after Denmark, Cyprus, Sweden and Slovenia. This is due notably to the high standard VAT rate. In contrast, direct taxes are relatively low: at 9.3 % of GDP, they are lower than the EU-25 average by almost one fourth. Despite a marked decline since 1995, social contributions in relation to GDP remain clearly above the European average; the majority of them fall on employers.

Tax revenues are divided between central, local government and the social security system. While central government remains by far the largest recipient of tax revenue with over half of the total, local government taxes are, at 4.6 % in GDP, not negligible. Local taxes have been growing rapidly: their share has increased by 70 % since 1995.

The overall tax burden declined between 1995 and 1997; since then, it has stabilised close to the level of 39 % of GDP. In 2004 the overall tax burden exceeds the EU-25 average by 1.5 points, while the difference in 1995 was 3.5 points. The shares of the main categories of taxes evolved differently as the shares of indirect taxes and social contributions declined somewhat from 1995 levels while the share of direct taxes, including personal income taxes, has tended to increase up to 2002, although showing a decline in the last two years for which data are available. VAT revenues instead increased markedly, by one fifth, although their increase was more than compensated by declines in other indirect taxes.

Taxation of consumption, labour and capital

The high level of indirect taxation in Hungary leads to a correspondingly elevated ITR on consumption (28.6 % in 2004). This value is close to that found for the Nordic Member States, a fact that is consistent with the similar share of indirect taxes on GDP in those countries. The ITR on consumption shows a decline in the late 90s and in 2000 - 2001, in line with the reduction in indirect tax revenue. However, the ITR has bounced back in 2003-2004.

The ITR on labour amounted to 40.8 % in 2004. This value is above both the EU-25 and the NMS-10 average, although the significance of the latter average is affected by the fact that Malta and Cyprus are clear outliers. Compared with other Central European NMS-10, the Hungarian value appears to be in line with that of several neighbours, the exceptions being Slovakia and Latvia where the ITR is somewhat lower. The ITR for labour shows a gradual decline over time, reflecting mainly the reduction in social security contributions and, for the last two years, in personal income tax revenue.

The revenues from taxes on capital are, at 5.0 % of GDP, below both the EU-25 and the NMS-10 average, due notably to low business income taxation, but have been gradually increasing since 1995. Data limitations prevent computation of the ITR on capital.

Main features of the tax system and recent developments in tax policy

Personal income tax

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

There is no basic allowance. In Hungary deductions are applied as tax credits: the most important personal tax credits, usually expressed as a percentage of the applicable amount but often limited to a maximum amount, are the employment credit (18 % of wage income), employees' contributions to mutual insurance funds (30 % of the contribution), charitable contributions to foundations (30 %) and a housing credit (available for 5 years subject to a maximum of HUF 120 000 a year). In addition a family tax credit exists, which depends on the number of children.

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

Corporate taxation

In the last years there has been a strong tendency to reduce corporate tax rates, particularly in new Member States. In this context Hungary has an established position as a low-tax country, given that it introduced a corporate tax rate of 18 % already in 1995, further reduced to 16 % as of 2004. However, a considerable number of tax incentives for investors in Hungary was repealed as from 1 January 2003 and replaced by a new tax credit regime for the promotion of development. A special rate of 4 % applies to the taxable profits of offshore companies until 31 December 2005.

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

In general, all expenses directly related to the operation of a business are deductible, including remuneration and benefits in kind provided to employees and interest and royalties paid at arm's length. However, some items, such as dividends paid, fines, penalties and interest for late payment of taxes and social security contributions and interest due over the thin capitalization threshold are not deductible. Tangible and intangible assets may be depreciated according to the following linear rates: buildings, structures and plant 2-15 %, machinery and equipment 14.5 %; computers 50 %, R&D 50 %.

Since 2004, companies may carry the amount of trading losses forward indefinitely, but subject to limitations; carry-back of losses is not allowed. Losses incurred during the first four years of a company's existence may be carried forward indefinitely. In addition, several tax incentives exist, for the promotion of, *inter alia,* employment, R&D or film production.

Capital gains are generally included in the company's total ordinary income. However, 50 % of capital gains on transactions on a recognized stock exchange by a company other than an insurance or financial institution is exempt, subject to limitations. Capital gains derived by foreign companies without a permanent establishment in Hungary are exempt from Hungarian tax. A 20 % final withholding tax is imposed on dividends paid to foreign companies (to be abolished in 2006). Dividends paid to Hungarian companies are not subject to withholding tax, unless they are paid in cash or remitted to a non-Hungarian bank account.

VAT

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

Other taxes

Besides those already mentioned, the year 2004 was marked by several innovations in the Hungarian tax system prior to EU accession. Hungary introduced an environmental tax, which is levied on environmentally unfriendly materials and emission to air, soil and water, as well as an energy tax levied on acquisition, import , production and consumption of electricity and natural gas (other than private use). As for excise duties, they already comply with EU minimum requirements. From 2004 onwards the companies are also required to pay an innovation tax at the rate of 0.2 % (0.05 % for small enterprises).

Social security contributions are paid by employers. They consist of a pension fund contribution, paid at 18 %, and health care contribution, paid at 11 % of gross employment income. In addition, the employers pay a health care tax (11 % of income) and a health care levy (25 % of the company car tax).

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

Social security contributions

The social security contributions consist of pension insurance contributions and health insurance contributions. Additionally, health care charges are payable. No ceilings apply.

Social security contributions include employers' and payers' pension fund contributions at 18 % and employers' health care contribution at 11 % (the latter is considered to be a tax). The health care tax charge 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.

IRELAND

Taxes and social contributions in IRELAND [1]

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
					ESA95					
A. Structure of revenues as % of GDP										
Indirect taxes	14.5	14.4	14.0	13.8	13.7	13.7	12.5	12.4	12.7	13.2
VAT	7.0	7.1	7.1	7.1	7.1	7.3	6.8	7.0	7.1	7.4
Excise duties and consumption taxes	4.9	4.8	4.6	4.4	4.3	4.2	3.5	3.5	3.4	3.4
Other taxes on products (incl. import duties)	1.6	1.5	1.5	1.5	1.6	1.6	1.5	1.3	1.6	1.8
Other taxes on production	1.0	0.9	0.8	0.7	0.7	0.6	0.6	0.6	0.7	0.7
Direct taxes	13.6	14.1	14.0	13.8	13.8	13.5	12.8	11.6	11.9	12.4
Personal income	10.2	10.2	10.1	9.6	8.9	8.5	8.1	7.1	6.8	7.4
Corporate income	2.7	3.1	3.2	3.3	3.8	3.7	3.5	3.7	3.7	3.6
Other	0.6	0.7	0.7	0.8	1.0	1.2	1.2	0.8	1.5	1.4
Social Contributions	4.9	4.6	4.3	4.1	4.3	4.4	4.4	4.4	4.4	4.6
Employers´	2.9	2.6	2.6	2.6	2.6	2.7	2.8	2.7	2.7	2.7
Employees´	1.9	1.7	1.5	1.4	1.5	1.5	1.5	1.5	1.6	1.7
Self- and non-employed	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
B. Structure according to level of government as % of GDP										
Central Government	26.9	27.4	27.2	26.6	26.8	26.8	24.8	23.7	24.3	25.6
State government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	0.9	0.8	0.8	0.7	0.7	0.6	0.6	0.6	0.7	0.7
Social Sec. Funds	4.2	3.9	3.6	3.5	3.5	3.5	3.6	3.6	3.6	3.8
EC Institutions	1.2	0.9	0.7	0.9	0.7	0.7	0.6	0.4	0.4	0.2
C. Structure according to economic function as % of GDP										
Consumption	13.0	12.9	12.5	12.3	12.0	12.1	10.9	11.0	10.9	11.2
Labour	13.5	13.2	12.7	12.0	11.7	11.4	11.0	10.0	9.8	10.5
Employed	13.4	13.0	12.5	11.9	11.6	11.3	10.9	9.9	9.7	10.4
Paid by employers	2.9	2.6	2.6	2.6	2.6	2.7	2.8	2.7	2.7	2.7
Paid by employees	10.5	10.4	10.0	9.4	9.0	8.7	8.1	7.2	7.1	7.7
Non-employed	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Capital	6.6	7.0	7.1	7.3	8.0	8.0	7.8	7.4	8.4	8.6
Capital and business income	4.5	5.0	5.1	5.4	5.9	6.0	5.9	5.6	6.2	6.2
Income of corporations	2.7	3.1	3.2	3.3	3.8	3.7	3.5	3.7	3.7	3.6
Income of households	0.5	0.6	0.7	0.8	0.8	1.1	1.2	0.8	1.4	1.4
Income of self-employed (incl. sc)	1.3	1.3	1.3	1.3	1.2	1.1	1.1	1.1	1.1	1.2
Stocks (wealth) of capital	2.0	2.1	2.0	2.0	2.1	2.0	2.0	1.8	2.2	2.4
TOTAL	**33.1**	**33.1**	**32.3**	**31.7**	**31.7**	**31.6**	**29.7**	**28.4**	**29.0**	**30.2**
Of which environmental taxes	3.1	3.1	3.0	3.0	3.0	2.9	2.3	2.3	2.3	2.5
Energy	1.7	1.7	1.7	1.7	1.6	1.4	1.2	1.2	1.2	1.3
Transport	1.3	1.4	1.3	1.3	1.4	1.4	1.1	1.1	1.1	1.1
Pollution/Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
D. Implicit tax rates										
Consumption	24.9	24.8	25.4	25.7	26.1	26.4	24.4	25.5	25.3	26.5
Labour employed	29.7	29.3	29.4	28.5	28.5	28.2	27.4	25.9	25.0	26.3
Capital	22.1	23.7	23.4	22.9	28.0	28.9	29.6	29.0	31.7	34.3
Capital and business income	15.3	16.8	16.9	16.8	20.6	21.6	22.2	22.0	23.4	24.8
Corporations	-	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-	-

1) See annex B for classification of taxes and annex C for explanatory notes.
n.a.: not applicable, - : not available

Source: Commission Services

Overall trends in taxation

The total tax to GDP ratio in Ireland (30.2 %, EU-25: 37.6 %) is the third lowest in the Union, after Lithuania and Latvia. However, its level has registered with Denmark the biggest increase in the EU-25 in 2004 (+1.2 %).

The tax structure by tax type in Ireland (indirect 44 %, direct 41 %, social security contributions 15 %) differs considerably from the typical structure for the EU-25 as a whole (38 %, 32 %, 30 %) and is comparable with the UK and Malta. The structure of Ireland's indirect taxes is nevertheless similar to the EU average with VAT providing 55 % of total indirect taxes (EU-25 54 %) and excise duties providing 25.4 % (EU-25 21.3 %). The greater significance of indirect taxes in the total tax take counterbalances the generally light overall tax burden in Ireland such that the proportions of GDP absorbed are comparable (VAT and excise duties absorb 7.4 % and 3.4 % of GDP against an EU-25 average of 7.6 % and 3.3 %, respectively). Direct taxes absorb almost the same amount (12.4 %) of GDP as the average for the Union (12.2 %) but the revenues rely to a greater extent on corporate tax (3.6 % of GDP, EU-25. 2.9 %) and on capital gains tax than elsewhere. Social security contributions absorb a mere 4.6 % of GDP (EU-25 11.4 %).

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

Since 1995 Ireland has reduced the total tax burden across the board falling 2.9 % from 33.1 % of GDP. In the last two years, however, the total tax ratio has bounced back over the level of 2001 in large part due to a surge in capital gains tax and stamp duties. Within indirect taxes, excise duties fell substantially as a proportion of GDP over the period (from 4.9 % to 3.4 %) primarily because revenues, while doubling in monetary terms over the period, failed to keep pace with the growth in the general economy. In 2003-2004, however, indirect revenues were buoyed by half a percentage point of GDP as stamp duty revenues increased by fifty percent under the influence of the continuing property boom. Direct taxes have fallen over the period 1995 to 2004 by 1.2 % of GDP. Within this a contrast must be drawn between the startling reduction in personal income tax (from 10.2 % to 7.4 % of GDP), as a result of the lowering of rates and expansion of allowances and credits, and the heavy rises in corporate income tax (from 2.7 to 3.6 of GDP) and capital gains tax (from 0.1 to 1.0 %), as a consequence of robust economic growth and despite substantial reductions in the rates.

Taxation of consumption, labour and capital

The tax structure by economic factor in Ireland (consumption 37 %, labour 35 %, capital 28 %) differs notably from the EU-25 average (32 %, 48 %, 20 %), with the tax system deriving the smallest proportion of tax receipts from labour of any EU country, apart from Malta and Cyprus. It takes a large proportion from capital, exceeded in this only by Luxembourg, Malta and the United Kingdom.

Taxes on consumption absorb 11.2 % of GDP (EU-25 12.2 %) having fallen steadily since 1995 (except for a small increase in 2004) to be 1.8 % of GDP lower. This is principally due to the slow decline of excise revenues, relative to GDP. The implicit tax rate on consumption stands at 26.5 % (EU-25 21.9 %) having increased from 24.9 % in 1995. This seeming discrepancy is explained by the decline of consumption as a proportion of GDP from 52.2 % to 42.2 % over the period, a development tied to the slower growth of GNP, on which consumption depends, relative to GDP, a large part of which is now composed of the repatriated profits of multinational enterprises.

The combination of very low social security contributions and a moderate PIT (7.4 % of GDP, EU-25 8.6 %) results in the lowest taxes on labour in the EU (10.5 % of GDP, EU-25 18.5 %). As in many EU countries the implicit tax rate on labour had increased steadily from the early 1970's until the late 1980's. Having attained stability in the early 1990's the rate fell from 29.7 % in 1995 to 26.3 % in 2004, as a result of the successive cuts in personal income tax and social contributions. This constitutes the second largest cut in the ITR on labour obtained in any European country in the period.

From 1995 to 2002 capital taxes as proportion of GDP were close to the EU average, rising gradually from 1995 to 1999 and dipping in the slowdown thereafter. This can partly be explained with reference to the economic growth of these years and the fact that as companies maintained and increased profit levels year after year loss relief carry-overs dwindled. For Ireland though it is notable that the strong economic growth in these years offset the effects of the contemporaneous reductions in corporate income tax rates. Likewise, the common dip after 2000 reflects the general slowdown. However, the levels diverge starting from 2003 as receipts from Irish capital gains tax and stamp duty collectively jumped by 80 % in the wake of the construction boom. The ITR on capital (34.3 %) has risen dramatically from 22.1 % in 1995. However, the effective tax burden for 2003 and 2004 is overestimated due to the omission of capital gains from the base.

As for environmental taxes, taxation on energy, namely various duties on oil, and taxation on transport account for almost all of the total 2.5 % of GDP, the contribution of taxes on pollution accounting for less than 0.1 % of GDP.

Current topics and prospects; policy orientation

In the last years, the policy has been to consolidate the employment-friendly environment both maintaining a low tax burden and focusing the resources available at the lower end of the income scale. This was achieved by increasing basic tax credits and widening the tax bands.

Features of the tax system and recent developments in tax policy

Personal income tax

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. The statutory personal income tax rates have been reduced substantially (from 27 % in 1996 to 20 % in 2001 and from 48 % to 42 %, at which levels the rates remain). In Budget 2006, the value of the basic personal credit was set at € 1 630 for a single person while the value of the employee (PAYE) tax credit was raised to € 1 490. An employee earning € 15 600 per year or less will not pay income tax in 2006 and that the current minimum wage (€ 15 515 on an annualised basis) is fully exempt from income tax. The threshold for the higher rate of tax is € 32 000 for a single person in 2006. A person earning the average industrial wage as projected for 2006 will not pay tax at the higher rate. A deposit interest retention tax, which is a final tax at the standard rate of tax (20 %), applies to interest payments made by financial institutions to Irish resident account holders.

Corporate taxation

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

Under the terms of the EU parent directive, interest and dividends received by companies are not subject to withholding tax. A surcharge of 20 % is levied on undistributed investment or estate income of a closely-held company or a company providing professional services. Losses may be carried forward indefinitely, back one year in the case of continuing business and back three years in the case of a discontinued business.

VAT and excise duties

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

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 recipient to the donor or deceased. Stamp duty applies to sales, gifts, conveyances and leases of property. Different rates of stamp duty apply depending on whether property is for residential or non-residential purposes. Shares and securities carry a fixed rate of 1 % while leases are subject rates of 1 % to 12 % of the average annual rent. Capital duty on the issue of share capital has been abolished from 7 December 2005. It previously stood at 0.5 % having been reduced from 1 % in 2004. There is no net worth tax.

Local taxes

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

Social security

The rate for employees' Pay-Related-Social-Insurance (PRSI) contributions stands at 4 %. In Budget 2006 the earnings threshold for paying PRSI was raised to € 300 per week. For 2006, the range of income which is subject to PRSI is € 15 600 to € 44 180. Self-employed pay a tax rate of 3 % on all income above € 3 174 per annum and a minimum payment of € 253 per year applies. A 'health contribution levy' (HCL) of 2 % of total income must be paid by wage earners with salaries in excess of € 22 880. Starting from 2004, employees receiving taxable benefits in kind were taxed under the Pay-As-You-Earn System and the benefits were liable to PRSI contributions and the HCL. Employers' PRSI contributions are levied at a rate of 10.75 % on salaries and benefits, with no ceiling. A reduced rate of 8.5 % applies in respect of employees with earnings below € 356 per week. Both rates include a national training fund levy of 0.7 %.

ITALY

Taxes and social contributions in ITALY [1)]

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
					ESA95					
A. Structure of revenues as % of GDP										
Indirect taxes	12.4	12.2	12.7	15.6	15.3	15.2	14.7	14.7	14.3	14.3
VAT	5.5	5.4	5.6	6.1	6.1	6.5	6.2	6.2	6.0	5.9
Excise duties and consumption taxes	3.2	3.0	3.0	2.9	2.9	2.6	2.5	2.3	2.4	2.3
Other taxes on products (incl. import duties)	2.5	2.6	2.7	2.9	3.0	2.7	2.5	2.6	2.5	2.8
Other taxes on production	1.2	1.2	1.4	3.8	3.4	3.4	3.5	3.5	3.5	3.3
Direct taxes	15.0	15.4	16.5	14.6	15.0	14.5	14.8	14.2	14.9	14.0
Personal income	10.5	10.7	11.1	11.2	11.3	10.6	10.9	10.6	10.5	10.4
Corporate income	3.3	3.7	4.1	2.4	2.7	2.3	2.9	2.5	2.2	2.2
Other	1.2	0.9	1.3	1.0	1.0	1.6	1.1	1.0	2.2	1.4
Social Contributions	12.6	14.3	14.6	12.2	12.1	12.1	12.0	12.1	12.3	12.3
Employers´	8.4	10.0	10.3	8.6	8.5	8.4	8.4	8.4	8.7	8.6
Employees´	2.4	2.6	2.6	2.4	2.3	2.3	2.3	2.3	2.3	2.3
Self- and non-employed	1.8	1.7	1.6	1.2	1.3	1.4	1.3	1.4	1.4	1.4
B. Structure according to level of government as % of GDP										
Central Government	24.0	23.5	25.2	24.1	24.6	23.2	22.8	22.1	22.2	21.6
State government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	3.1	3.4	3.5	5.7	5.3	6.0	6.2	6.4	6.7	6.5
Social Sec. Funds	12.3	14.3	14.6	12.2	12.1	12.1	11.9	12.1	12.3	12.3
EC Institutions	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.4	0.3	0.3
C. Structure according to economic function as % of GDP										
Consumption	10.3	10.0	10.2	10.6	10.9	10.9	10.3	10.1	9.8	10.0
Labour	18.1	19.8	20.7	20.6	20.1	19.6	20.0	20.1	20.0	19.8
Employed	16.2	17.8	18.6	18.4	18.1	17.6	17.8	18.0	18.3	18.1
Paid by employers	8.5	10.1	10.7	10.4	9.9	9.8	9.9	10.1	10.3	10.2
Paid by employees	7.7	7.7	7.9	8.0	8.2	7.8	7.9	7.9	7.9	7.9
Non-employed	1.9	1.9	2.0	2.2	2.1	2.0	2.2	2.1	1.7	1.7
Capital	11.7	12.1	12.8	11.2	11.5	11.3	11.2	10.8	11.7	10.9
Capital and business income	7.7	8.4	8.9	7.8	8.4	8.6	8.7	7.9	9.1	8.2
Income of corporations	2.8	3.3	3.7	2.8	3.3	2.9	3.6	3.1	3.5	3.1
Income of households	1.8	2.0	2.1	1.7	1.6	2.1	1.6	1.4	1.2	1.1
Income of self-employed (incl. sc)	3.1	3.1	3.1	3.4	3.6	3.6	3.4	3.4	4.3	3.9
Stocks (wealth) of capital	4.0	3.7	3.9	3.4	3.0	2.7	2.5	2.8	2.6	2.7
TOTAL	**40.1**	**41.8**	**43.7**	**42.5**	**42.5**	**41.8**	**41.4**	**40.9**	**41.5**	**40.6**
Of which environmental taxes	3.6	3.5	3.5	3.4	3.5	3.2	3.0	2.9	3.0	2.8
Energy	3.1	3.0	3.0	2.8	2.9	2.6	2.4	2.3	2.4	2.3
Transport	0.5	0.4	0.4	0.5	0.6	0.6	0.6	0.6	0.6	0.5
Pollution/Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
D. Implicit tax rates										
Consumption	17.2	16.9	17.2	17.7	17.9	17.8	17.1	17.0	16.5	16.8
Labour employed	37.9	41.6	43.2	43.0	42.3	41.8	41.8	41.8	42.1	42.0
Capital	26.1	26.3	29.7	27.1	28.9	28.3	27.7	27.8	30.8	28.8
Capital and business income	17.2	18.4	20.8	19.0	21.3	21.6	21.5	20.5	23.9	21.6
Corporations	14.0	16.1	18.5	13.6	16.6	14.6	17.3	15.6	18.6	16.9
Households	13.7	13.9	15.1	15.6	16.4	18.0	16.3	15.9	18.3	16.5

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

2) Note presence of structural break in year 2000 (see text of country chapter)

Source: Commission Services

Overall trends in taxation

In 2004 the total tax-to-GDP ratio (including social contributions) in Italy stood at a level of 40.6 %, which is 3.0 percentage points above the EU-25 average. Italy ranks seventh in the EU by tax level.

The share of indirect taxes in GDP (14.3 %) is very close to the EU-25 average while social contributions (12.3 %) and more particularly direct taxes (14.0 %) are higher than the Union average (respectively 11.4 % and 12.2 % of GDP). VAT and excise duties are lower than the EU-25 average but are counterbalanced by higher indirect taxes on products and on production. The high revenue from direct taxes is due to personal income taxation, which at 10.4 % of GDP stands almost two percentage points higher than the EU-25 average; only the Nordic Member States and Belgium display higher values. The structure of tax revenues was affected by an important tax reform in 1998: substantial reductions in employers' social contributions and corporate income taxes were partly compensated by an increase in indirect taxes (in particular other taxes on production, notably the new *Imposta Regionale sulle Attività produttive* ('IRAP').

Local government collects a relatively high share of taxes (6.5 % of GDP, more than two percentage points higher than the EU average); this is due mainly to the introduction of the regional tax on production activities ('IRAP') in 1998. The share of the central government is slightly below average.

The total tax-to-GDP ratio increased rapidly in the first half of the 1990s[1]. It peaked at 43.7 % in 1997, then fell as Italy consolidated public finances in view of euro area membership. The ratio fell to 42.5 % already the following year and thereafter oscillated in a tight band around the 41 % level until 2004, when a decline to 40.6 % was recorded. Between 2002 and 2003, however, the ratio includes substantial revenues from a tax amnesty.

Taxation of consumption, labour and capital

The implicit tax rate on consumption increased to around 18 % in 1998. The increase can largely be explained by an increase in VAT. The intermediate VAT rate of 16 % was abolished and replaced by a standard rate of 20 %. Subsequently the implicit tax rate decreased further to 16.8 % which is one of the lowest of the Union, together with Malta and Spain.

Italy imposes a relatively high tax burden on labour income. In 2004 the implicit tax rate on labour stood six percentage points higher than the EU-25 average. The main measure towards a reduction of the ITR on labour was taken in 1998 when employers' social contributions were substantially reduced. At the same time, however, the 'IRAP', based on the value of production net of depreciation was introduced. Given that the tax base includes value added from labour, the corresponding part of revenue from this new tax has been allocated to labour in tables C and D. Over the period 1995-2003, the implicit tax rate on labour income increased up to 43.2 % in 1997, declined to a low of 41.8 % in 2001 before increasing again marginally in the following years. In 2004, the ITR stood at 42.0 %, close to its 1996 level.

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[1] It should be noted that the Italian Statistical Office has recently conducted a significant (around two percentage point) upward revision in the level of GDP, notably reflecting the introduction of the so-called FISIM in national accounts (see methodological notes in Annex C); however, at the cutoff date for this report revised data were available only for 2000-2004. This makes any comparison with the years before 2000 problematic; for instance, the now higher GDP levels for the latter period result, at unchanged revenue, in a decline of the total tax ratio by about two points.

Over the period under consideration, the implicit tax rate on capital has been oscillating. The ITR amounted to 26.1 % in 1995; after two spikes in 1997 and 1999, the ITR declined again somewhat in the first years of the new century but picked up distinctly in 2003 (due also to the effects of the tax amnesty). In 2004 the ratio declined by two points to 28.8 %, which is above the EU-25 average (for 2003) but not far from the average of the old Member States. The analysis of the trends for the ITR is greatly complicated by the interlocking effects of various tax measures, of the business cycle and of the financial market consequences of the adoption of the Euro[2].

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

In terms of environmental taxes Italy lies above the EU average. In particular the share of energy taxes on GDP in Italy (2.3 %) is one of the highest in the Union.

Features of the tax system and main recent tax policy measures

Personal income tax

The structure of the tax revenues in Italy is, as mentioned above, characterised by a relatively high share of direct taxes, in particular personal income taxes. Over recent years the PIT has been reformed several times. In 2001 the rate applying to the first tax bracket was reduced and the deductions for interest paid on loans for the purchase of principal residence, lease charges and medical charges were increased. Tax incentives were introduced to encourage the regularisation of work contracts. A so-called 'tax shield' for undeclared funds held abroad was set up with the aim of attracting capital back to Italy. The inheritance and gift tax was abolished. In 2002 tax credits for dependent children were increased.

The personal income tax was reformed again in two steps in 2003 and 2005. The number of brackets was progressively reduced to three with a top tax rate of 39 %; an additional levy (solidarity contribution) of 4 % is paid on incomes higher than € 100 000. In 2003 a new mechanism for deductions, which decrease as taxable income increases, was introduced such that the amount of the tax allowance varies according to the type of income. A new tax allowance mechanism (the family area) replaces the existing tax credits with the amount of the allowance depending on both the number of dependants and the level of income. As

[2] The 1998 reform resulted in a significant reduction in the tax burden on capital income and on the stocks of capital; nevertheless the indicators still show an increase. This is partly due to the effects of the late '90s upswing: for example, the high levels of the other direct taxes and of the ITR on capital income of households in 2000 are due to booming revenues from the capital gains tax on shares and from the tax on investment funds. However, the reform also substantially cut social contributions due by the self-employed, which reduces the ITR for capital. Moreover, a decrease in the overall base for capital taxes was recorded (as a share of GDP), due mostly to a decline in the share of property income and, to a lesser extent, of private sector profits. In addition, as a result of a sharp decline in interest rates, portfolio reallocation resulted in large shifts from lesser taxed interest to dividend payments. Overall the interplay of these factors has resulted in slight increases in the measured tax burden on capital income, offsetting the 1998 reductions in the corporate income tax. The decline in the tax burden on stocks of capital can be partly attributed to the substantial cut in firms' net wealth tax. Finally, the 2003 increase of both the ITR on capital income of corporations and of households is due to the revenues from the tax amnesty.

for capital income, 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.[3]

Corporate taxation

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

The 2004 reform of corporate taxation also provides for a general system of capital gains exemption with no deductibility of the corresponding capital losses. Furthermore, the imputation method previously used to eliminate dividend double taxation has been replaced with the exemption method (dividends are exempted up to 95 % for taxpayers subject to corporate taxation and up to 60 % for taxpayers subject to personal taxation). Group consolidation for tax purposes has been introduced, both at the domestic level and worldwide, on condition that the parent company controls at least 50 % of the subsidiary.

The system of capital gains exemption with no deductibility of the corresponding capital losses has been progressively revised in the following years. The exemption has been reduced to 95 % in October 2005, then to 91 % for all the financial year 2006 and to 84 % in 2007. Finally, in 2005 a possibility to deduct donations to legal entities which perform exclusively scientific research has been introduced, limited to 2 % of corporate income.

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[3] Final withholding tax rates of 12.5% and 27% were introduced; the rate applied depends on the duration and type of the investment. A special new regime on Italian Investment Funds was also adopted, introducing a substitute levy of 12.5% on annual capital gains (even if not cashed in). Furthermore, a new capital gains tax was introduced as of 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 taxed at a proportional (flat) tax rate of 12.5 per cent. Qualified shareholdings are defined in terms of voting rights (more than 2 or 20 per cent of total voting rights depending on whether the shares are listed on a listed stock exchange or not) or value (more than 5 or 25 per cent of the total issued capital, depending on whether the shares are listed or not). The new regime taxes capital gains on a realisation basis, replacing the previous accrual-based approach.

LATVIA

Taxes and social contributions in LATVIA [1)]

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
					ESA95					
A. Structure of revenues as % of GDP										
Indirect taxes	14.3	13.2	14.1	15.2	13.9	12.3	11.8	11.2	12.1	11.9
VAT	9.3	8.4	8.2	8.2	7.5	7.0	6.7	6.7	7.2	7.0
Excise duties and consumption taxes	2.2	2.7	3.2	4.2	3.7	3.4	3.1	3.1	3.3	3.5
Other taxes on products (incl. import duties)	0.8	0.7	0.7	0.6	0.6	0.5	0.4	0.4	0.5	0.5
Other taxes on production	1.9	1.4	2.0	2.2	2.2	1.4	1.5	1.0	1.1	1.0
Direct taxes	7.2	7.1	7.7	8.1	7.8	7.3	7.6	7.7	7.5	7.9
Personal income	5.4	5.2	5.5	5.8	5.7	5.6	5.5	5.6	5.8	6.0
Corporate income	1.8	1.9	2.2	2.3	2.1	1.6	1.9	1.9	1.5	1.7
Other	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.2	0.2	0.2
Social Contributions	12.1	11.0	10.8	11.0	10.8	9.9	9.2	9.3	8.9	8.7
Employers´	11.8	10.1	8.2	8.3	8.2	7.4	6.8	6.9	6.4	6.3
Employees´	0.3	0.9	2.6	2.6	2.6	2.5	2.4	2.4	2.4	2.4
Self- and non-employed	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
B. Structure according to level of government as % of GDP										
Central Government	15.3	13.9	16.5	17.9	16.5	14.6	14.4	14.1	14.5	14.5
State government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	6.1	6.4	5.3	5.5	5.1	5.0	4.9	4.9	5.1	5.1
Social Sec. Funds	12.1	11.0	10.8	11.0	10.8	9.9	9.2	9.3	8.9	8.7
EC Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2
C. Structure according to economic function as % of GDP										
Consumption	12.1	11.7	12.2	13.2	11.8	11.0	10.2	10.2	10.9	10.9
Labour	17.5	16.2	16.3	16.7	16.4	15.3	14.6	14.6	14.6	14.6
Employed	17.5	16.2	16.2	16.6	16.3	15.2	14.5	14.5	14.5	14.5
Paid by employers	11.8	10.1	8.2	8.3	8.2	7.4	6.8	6.9	6.5	6.4
Paid by employees	5.7	6.1	8.1	8.3	8.2	7.8	7.7	7.6	8.0	8.1
Non-employed	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Capital	3.9	3.4	4.1	4.5	4.2	3.3	3.7	3.4	2.9	3.1
Capital and business income	1.9	1.9	2.3	2.4	2.1	1.7	2.0	2.2	1.6	1.9
Income of corporations	1.8	1.9	2.2	2.3	2.1	1.6	1.9	1.9	1.5	1.7
Income of households	0.0	0.0	0.0	0.0	0.0	0.2	0.1	0.2	0.1	0.1
Income of self-employed (incl. sc)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Stocks (wealth) of capital	2.0	1.5	1.8	2.1	2.0	1.5	1.7	1.3	1.3	1.2
TOTAL	**33.6**	**31.3**	**32.7**	**34.3**	**32.4**	**29.5**	**28.5**	**28.2**	**28.5**	**28.6**
Of which environmental taxes	1.1	1.6	2.1	3.1	2.5	2.4	2.2	2.3	2.5	2.6
Energy	1.0	1.6	1.8	2.7	2.1	1.8	1.6	1.8	2.0	2.1
Transport	0.0	0.0	0.0	0.1	0.2	0.3	0.3	0.3	0.4	0.4
Pollution/Resources	0.1	0.1	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.1
D. Implicit tax rates										
Consumption	19.1	16.5	17.7	19.9	18.0	17.3	16.2	16.3	17.4	17.5
Labour employed	39.2	34.6	36.1	37.2	37.0	36.7	36.5	37.7	36.5	36.3
Capital	-	-	-	-	18.0	12.7	12.8	10.8	9.3	-
Capital and business income	-	-	-	-	9.2	6.7	7.0	6.8	5.1	-
Corporations	-	-	-	-	10.8	8.6	8.8	7.9	6.2	-
Households	-	-	-	-	0.5	1.1	0.8	1.2	0.8	-

1) See annex B for classification of taxes and annex C for explanatory notes.
n.a.: not applicable, - : not available

Source: Commission Services

Overall trends in taxation

The ratio of total taxes to GDP in Latvia was 28.6 % in 2004, which is the second lowest in the EU, only marginally higher than Lithuania's. Latvia's ranking has changed markedly since 1995, when the tax ratio ranked eighth among the 25; the change was due largely to a marked decline in taxation in Latvia, but also to increases in tax ratios in the then least taxing Member States.

Indirect taxes constitute the most important part of the tax revenues with a share on the total of 41.8 % in 2004, relatively more than the EU-25 average, while direct taxes contribute only 27.6 % of the total, a relatively low albeit slightly rising share. Social security contributions represent 30.6 % of total tax revenues, in line with the EU average, gradually decreasing from 36.1 % in 1995. The predominance of indirect taxation is a common feature of the tax systems of the NMS-10, which, generally speaking, have seen an increase of the share of indirect and a decrease in the share of direct taxes. However, in the case of Latvia, the share of indirect taxes is almost unchanged from 1995 while direct taxes and social contributions now account for a respectively greater and smaller proportion of revenues.

There are only central government taxes in Latvia, i.e. local governments do not have any fiscal autonomy, but they ultimately receive 17.9 % of the total tax revenue. This value is much higher than the EU-25 average (10.9 %). As from 2005, local governments receive 73 % of the revenue from the personal income tax.

As mentioned above, the overall tax ratio has been declining markedly in Latvia. As in several Member States the tax ratio tended to increase in the first part of the decade and decline afterwards. In Latvia, the decline started in 1999 and was rapid (almost six points of GDP, equivalent to one sixth of the total, between 1998 and 2001). Since 2002, however, a very limited uptick in the tax ratio (0.4 points) has been recorded, due essentially to higher VAT and PIT revenues.

Taxation of consumption, labour and capital

Latvian taxes on consumption are below the EU average. This is true both in terms of GDP and of the ITR on consumption, which lies over four points below the EU-25 arithmetic average. Revenue from consumption taxes has decreased by 1.2 % of GDP between 1995 and 2004, showing in particular a decreasing trend between 1998 and 2002. Since then a slight rebound has been recorded.

The ITR on labour is slightly above the EU-25 average. It has remained roughly stable since 1997, as the descending trend in social security contributions was compensated by an increase in personal income taxation.

Although capital taxation has always been low in Latvia, revenue has declined by around one third since 1998. In terms of their share on GDP, the level of taxes on capital is now merely around 40 % of the EU-25 average and only slightly more than half of the NMS-10 average. This picture is confirmed by the ITRs on capital, available for the years 1999-2003. The general ITR on capital shows a clear downward trend and as at 2003 was the second lowest after Lithuania. The large drop in the ITR for the year 2000 was mainly due to a large increase in the 'Net operating surplus, interest and dividends paid by financial and non financial institutions'. Also the ITRs on capital income of households and the self-employed are significantly below the EU-25 and NMS-10 averages

Current topics and prospects; policy orientation

Current tax policy is mainly based on the continuation of the approach followed since the tax reform of 1995. To reach its aim of promoting economic development, current tax policy relies on a shift in the tax burden from entrepreneurship to consumption. The strong decline in the tax-toGDP ratio over the last years has been largely due to three major policy measures. First, an overall reduction of social insurance contributions rates from 38 % to 33.09 %, implemented over several years (1997, 2000, 2001 and 2003); secondly, the cut of the corporate income tax rate from 25 % to 15 %; and, finally, the enforcement of a common property tax rate. The Latvian government has now proposed to slash the personal income tax rate from 25 % to 15 % by 2009; the rate would be reduced to 22 % in 2007, to 19 % in 2008 and would reach the final 15 % level on 1/1/2009. This measure would have the added benefit of equalising the PIT rate with the corporate income tax rate, which has been at 15 % since 2004, greatly reducing the fiscal incentives for incorporation. The proposal will however have to be further examined from the viewpoint of budgetary sustainability.

Main features of the tax system

Personal income tax

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

Generally the domestic dividends paid to a resident shareholder are tax-free. 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. Dividends paid by a resident company to a non-resident shareholder are subject to a 10 % withholding tax, except for those who are residents of the EU Member states, if their share is not less than 20 %, starting from 1 January 2005. Interest payments received by resident individuals is taxable, except interest paid out by the EU credit institutions. Interest paid out to a non-resident related party are subject to a final withholding tax of 10 % (if paid by a bank – 5 %). Otherwise, interests paid to non-residents are not subject to the withholding tax.

Corporate taxation

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

VAT and excise duties

The principles of the VAT legislation in Latvia are in accordance with EU requirements. The standard VAT rate is 18 % since 1995. Starting from the 1 May 2004, the reduced VAT rate (introduced on 1 January 2003) has been lowered from 9 to 5 percent. It applies to goods such as medicines, medical equipment and goods intended for the personal use of disabled and sick persons, books, products for infants, supply of water, sewerage services, refuse collection and transportation and hotel services, sport events, burial services, etc. Since the 1 January 2005, the reduced VAT rate of 5 percent applies also to public passenger transport.

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

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

Social security and other taxes

Latvia has undergone, as most of the other NMS-10, an extensive pension reform as the consequences of the previous system and demographic trends are putting pressure on the social security system. In 1995, a reform based on the concept of notional defined-contribution (NDC) accounts was approved. This implies that, unlike in the previous PAYG system, future benefits are calculated on the basis of a person's contributions to a notional individual account, utilising a rate of return determined by the government taking into account economic and demographic indicators. No real funds are accumulated into the accounts, and financing the current cohort of retirees is based on payroll contributions. In 1998, the Law on State Compulsory Social Insurance entered into force. After a transition period Jan.1998-Dec.2001, the contribution rate has been reduced to 33.09 % from 35 %. This rate includes a 24.09 % rate falling on employers and a 9.0 % rate payable by employees. The self-employed pay a slightly lower rate (30.2 %), Social security contributions have to be paid for months, when income amounts to 110 LVL. A property tax is applicable to land, buildings and constructions. Its rate was reduced from 4 % to 1.5 % in 2000. The tax rate is being applied to the cadastral value of property.

LITHUANIA

Taxes and social contributions in LITHUANIA [1)]

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
					ESA95					
A. Structure of revenues as % of GDP										
Indirect taxes	12.3	11.9	13.9	14.0	13.8	12.6	12.2	12.4	11.8	11.3
VAT	7.7	7.1	8.5	8.1	8.0	7.6	7.3	7.4	6.8	6.5
Excise duties and consumption taxes	1.9	2.0	3.0	3.7	3.8	3.2	3.4	3.2	3.1	3.0
Other taxes on products (incl. import duties)	1.2	1.2	1.8	1.6	1.4	1.2	1.0	1.3	1.3	1.2
Other taxes on production	1.4	1.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Direct taxes	8.8	8.3	9.0	9.1	9.2	8.4	7.8	7.5	8.0	8.8
Personal income	7.5	7.0	7.3	7.7	8.3	7.7	7.3	6.9	6.6	6.8
Corporate income	1.3	1.2	1.6	1.3	0.8	0.7	0.5	0.6	1.4	1.9
Other	0.0	0.0	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.1
Social Contributions	7.5	8.0	8.6	9.1	9.3	9.3	9.0	8.6	8.5	8.4
Employers´	7.3	7.7	8.3	8.7	8.9	8.4	8.0	7.8	7.7	7.6
Employees´	0.2	0.2	0.3	0.3	0.3	0.8	0.8	0.7	0.7	0.8
Self- and non-employed	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1
B. Structure according to level of government as % of GDP										
Central Government	13.0	12.5	16.0	14.8	14.1	12.7	12.2	15.2	15.2	15.1
State government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	5.9	5.6	4.5	6.0	6.6	6.1	5.7	2.8	2.6	2.8
Social Sec. Funds	9.7	10.0	11.0	11.4	11.7	11.6	11.0	10.6	10.4	10.3
EC Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2
C. Structure according to economic function as % of GDP										
Consumption	11.8	11.1	13.0	13.1	12.9	11.8	11.5	11.7	11.1	10.6
Labour	13.6	13.8	15.3	16.2	16.9	16.3	15.4	14.9	14.6	14.7
Employed	13.5	13.8	15.3	16.1	16.8	16.2	15.4	14.7	14.5	14.6
Paid by employers	7.3	7.7	8.3	8.7	8.9	8.4	8.0	7.8	7.7	7.6
Paid by employees	6.3	6.1	7.0	7.4	7.9	7.8	7.4	6.9	6.7	7.0
Non-employed	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.2
Capital	3.6	3.4	3.2	2.9	2.6	2.3	2.0	2.0	2.6	3.1
Capital and business income	2.7	2.4	2.2	2.0	1.6	1.4	1.3	1.2	1.9	2.4
Income of corporations	2.2	1.8	1.6	1.3	0.8	0.7	0.5	0.6	1.4	1.9
Income of households	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.3	0.2	0.3
Income of self-employed (incl. sc)	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.4	0.3	0.2
Stocks (wealth) of capital	0.9	1.0	1.0	0.9	1.0	0.9	0.7	0.7	0.7	0.7
Less: amounts assessed but unlikely to be collected	*0.0*	*0.0*	*0.0*	*0.0*	*0.3*	*0.3*	*0.3*	*0.2*	*0.1*	*0.1*
TOTAL	**28.6**	**28.1**	**31.5**	**32.2**	**32.1**	**30.0**	**28.7**	**28.4**	**28.2**	**28.4**
Of which environmental taxes	1.2	1.3	1.4	1.9	2.3	1.8	1.9	1.9	2.0	2.0
Energy	1.2	1.2	1.3	1.8	2.2	1.7	1.8	1.9	1.9	1.8
Transport	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Pollution/Resources	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1
D. Implicit tax rates										
Consumption	17.7	16.6	20.4	20.8	19.2	19.8	19.4	19.8	18.9	18.1
Labour employed	34.5	35.0	38.4	38.3	38.7	40.7	40.3	38.1	36.9	37.0
Capital	9.1	8.8	9.3	8.7	8.2	6.5	5.4	5.3	6.8	-
Capital and business income	6.8	6.2	6.4	6.0	5.1	4.1	3.5	3.4	5.0	-
Corporations	12.7	11.0	9.5	8.3	5.8	3.5	2.3	2.5	5.7	-
Households	1.8	1.8	2.3	2.4	2.8	2.6	2.8	2.5	2.0	-

1) See annex B for classification of taxes and annex C for explanatory notes.
n.a.: not applicable, - : not available

Source: Commission Services

Overall trends in taxation

Since 2003, Lithuania exhibits the lowest total tax burden (including social contributions) of any country in the EU-25 (28.4 % of GDP against an EU-25 average of 37.6 %).

Lithuania relies marginally more heavily on indirect taxes than the Union average (39.7 % of total taxation against the EU-25 average of 38.2 %). However, in 2004 the share of indirect taxes on the total declined in Lithuania, contrary to the development in the EU as a whole. Despite the above-average weight of indirect taxes on the total, given the light overall tax level in Lithuania the share of indirect taxes in GDP falls well below the EU and the NMS-10 average (11.3 %, EU-25 14.2 %, NMS-10 14.0 %). Direct taxes absorb 8.8 % of GDP (EU-25 12.2 %) while social security contributions also absorb much less than the average (8.4 %, EU-25 11.4 %).

The proportions of the total tax revenue received by central government (53.3 %) and local authorities (9.9 %) approximate to the EU-25 averages of 59.4 % and 10.9 %, respectively.

As in many Member States, the tax burden tended to rise from 1995 onwards, peaking at 32.2 % in 1998, and declining smoothly in the following years. The initial rise was primarily due to efforts to bring indirect taxation into line with EU practice by raising excise duty rates and reducing the applicability of reduced VAT rates. The decline since 1999 is quite general, affecting all major taxes and social contributions except the corporate income tax.

Taxation of consumption, labour and capital

Taxes on consumption form 37.4 % of total tax receipts, comparable with the NMS-10 (37.3 %) but more than the average for the EU-25 (32.5 %). The ITR on consumption stands at 18.1 % (EU-25 21.9 %). The ITR has been declining gradually since 1998.

Overall labour taxes bring in, as in the EU-15 and the NMS-10, one half of all revenues. Taxes on labour as a percentage of GDP are well below the EU and NMS-10 averages (14.7 %, EU-25 18.5 %, NMS-10 15.9 %). The ITR on labour is nevertheless higher than the EU average (37.0 %; EU-25 35.9 %) but has decreased from 40.7 % in 2000, partly due to the increase in basic tax allowances.

Taxes on capital absorb less than half of the EU-25 average in GDP terms (3.1 %, EU-25 7.5 %) providing 10.9 % of all tax receipts (16.6 % NMS-10, 19.8 % EU-25). This is, however, following a large increase from the level of two years before. Despite reductions in the rates, corporation tax receipts more than tripled from 2002 to 2004, following the broadening of the tax base through the abolition of the former 0 % rate for reinvested earnings; at 1.9 % of GDP they remain however well below for EU-25 average (2.9 % of GDP). Taxes on the capital income of the self-employed and of households are very low; they yield tax revenues at level of one seventh and half of the EU-25 average, respectively. The self-employed notably benefit from favourable tax law provisions (allowing them to tax their gross income at 15 %) and from the use of business certificates, which allow small businesses to pay a small lump sum tax instead of standard income tax. The capital income of households is also subject to the lower 15 % rate. Wealth taxes stand at less than one third of the EU-25 average (0.7 % of GDP, EU-25 2.3 %, NMS-10 1.7 %). All of this is reflected in a very low ITR on capital of 6.8 %[1] (EU-25 25.8 %), which is still an increase from the 5.3 % of 2002 on the back of the base-broadening measures mentioned.

[1] Data for 2003.

Current topics and prospects; policy orientation

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

Features of the tax system and recent developments in tax policy

Personal income tax

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

Corporate taxation

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

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

VAT and excise duties

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

Immovable property tax

Land tax is levied at 1.5 % of land price. A new immovable property tax is effective as of 1 January 2006. The taxpayers are legal entities and individuals that own immovable property used in economic activities. Previously, immovable property owned by individuals was not subject to tax. Immovable property of individuals that is not used in economic activities remains free of tax. The rate is 1 % of the taxable value of immovable property, represented by the average market value or, in some cases, the replacement value.

Social security, wealth and transaction taxes

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

Taxation of capital gains is included in computation of the personal income tax and corporate income tax. Land tax is levied at 1.5 % of land price and immovable property tax at 1 % (but only for legal persons). Inheritance tax is levied at 5 % and 10 % while gifts are included in the personal income tax computation. There is no net wealth tax.

Social tax

The new so-called 'social tax' was introduced effective as of 1 January 2006. The law is called 'provisional' because it is intended to apply in 2006 and 2007 only. It is aimed at financing social-oriented programmes and measures. The main features are as follows:

– taxpayers are legal entities that pay corporate profit tax;

– the tax base is the taxable profit assessed in the same way as for corporate profit tax purposes;

– tax rates will be 4 % for 2006, and 3 % for 2007.

LUXEMBOURG

Taxes and social contributions in LUXEMBOURG [1)]

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
					ESA95					
A. Structure of revenues as % of GDP										
Indirect taxes	13.5	13.4	13.5	13.4	14.1	14.5	13.8	13.4	13.5	14.7
VAT	5.9	5.8	5.8	5.7	5.7	5.8	5.9	5.8	6.0	6.5
Excise duties and consumption taxes	4.6	4.5	4.7	4.4	4.8	4.7	4.3	4.6	4.7	5.2
Other taxes on products (incl. import duties)	1.4	1.3	1.4	1.5	1.5	1.6	1.4	1.2	1.1	1.2
Other taxes on production	1.6	1.7	1.7	1.8	2.1	2.4	2.3	1.8	1.7	1.8
Direct taxes	17.6	18.0	17.5	16.5	15.9	15.6	15.7	16.2	15.9	14.1
Personal income	9.2	9.2	8.6	7.7	7.6	7.4	7.2	6.7	7.1	7.1
Corporate income	7.5	7.7	7.9	7.8	7.1	7.2	7.5	8.4	7.9	6.1
Other	0.9	1.1	1.0	1.0	1.1	1.0	0.9	1.0	1.0	0.8
Social Contributions	11.2	11.1	10.6	10.4	10.7	10.4	11.2	11.4	11.5	11.3
Employers´	5.2	5.1	4.8	4.7	4.6	4.5	4.9	5.1	5.1	5.0
Employees´	4.5	4.6	4.4	4.4	4.7	4.6	5.0	5.1	5.1	5.0
Self- and non-employed	1.5	1.4	1.4	1.3	1.3	1.2	1.3	1.3	1.3	1.3
B. Structure according to level of government as % of GDP										
Central Government	27.6	28.1	28.0	27.0	27.3	27.4	27.0	27.1	26.9	26.8
State government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	2.7	2.8	2.5	2.5	2.3	2.3	2.3	2.5	2.4	2.0
Social Sec. Funds	11.0	10.9	10.4	10.2	10.4	10.1	10.9	11.1	11.3	11.1
EC Institutions	1.0	0.8	0.8	0.6	0.6	0.6	0.4	0.3	0.3	0.2
C. Structure according to economic function as % of GDP										
Consumption	11.5	11.2	11.2	10.9	11.2	11.1	10.8	11.2	11.3	12.4
Labour	17.7	17.7	16.8	15.6	16.0	15.8	16.3	16.0	16.3	16.2
Employed	15.7	15.8	14.9	14.1	14.4	14.3	14.9	14.7	14.9	14.7
Paid by employers	5.2	5.1	4.8	4.7	4.6	4.5	4.9	5.1	5.1	5.0
Paid by employees	10.6	10.6	10.1	9.4	9.8	9.7	10.0	9.6	9.8	9.7
Non-employed	2.0	1.9	1.9	1.5	1.6	1.5	1.4	1.3	1.4	1.4
Capital	13.2	13.7	13.7	13.8	13.4	13.5	13.5	13.9	13.3	11.5
Capital and business income	10.1	10.4	10.3	10.2	9.4	9.2	9.5	10.5	10.2	8.3
Income of corporations	7.5	7.7	7.9	7.8	7.1	7.2	7.5	8.4	7.9	6.1
Income of households	0.9	1.0	0.9	0.9	1.0	0.8	0.7	0.7	0.7	0.6
Income of self-employed (incl. sc)	1.7	1.7	1.6	1.5	1.3	1.2	1.3	1.4	1.6	1.6
Stocks (wealth) of capital	3.0	3.3	3.4	3.5	4.1	4.3	4.0	3.3	3.1	3.2
TOTAL	**42.4**	**42.6**	**41.7**	**40.3**	**40.6**	**40.4**	**40.6**	**41.1**	**40.9**	**40.1**
Of which environmental taxes	3.4	3.3	3.1	3.0	3.0	2.9	2.9	2.9	3.0	3.3
Energy	3.2	3.2	3.0	2.9	2.8	2.7	2.8	2.8	2.9	3.1
Transport	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Pollution/Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
D. Implicit tax rates										
Consumption	21.7	21.1	22.0	21.7	22.9	23.6	22.4	22.4	23.4	25.7
Labour employed	29.5	29.7	29.5	28.8	29.7	30.0	29.5	28.2	28.7	29.0
Capital	24.8	23.7	26.5	28.5	26.8	33.7	30.8	30.1	27.2	26.0
Capital and business income	19.1	17.9	20.0	21.2	18.7	23.0	21.8	22.9	20.8	18.8
Corporations	-	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-	-

1) See annex B for classification of taxes and annex C for explanatory notes.
n.a.: not applicable, - : not available

Source: Commission Services

Overall trends in taxation

At 40.1 %, the tax-to-GDP ratio in Luxembourg is well above the EU-25 average (37.6 %). Compared to its neighbours, the ratio is lower than in Belgium and France but higher than in Germany.

Direct tax revenues, which are close to the EU-15 average, have been on a clear downward trend in recent years, as Luxembourg implemented reductions in the rates of both the personal income tax (PIT) and the corporate income tax (CIT). The relatively large weight of direct taxes as compared to indirect taxes and social contributions is mainly due to substantial revenue from the CIT: it averages 7.5 % of GDP over the 1995-2004 period compared with 3.0 % for the EU-25. Moreover, low PIT rates result in a share of PIT in GDP of 7.1 % in 2004, well below the EU average (8.6 %). Indirect taxes as a percentage of GDP and of total taxes are close to the EU average, as relatively low excise and VAT nominal rates are partly compensated by substantial earnings from cross-border trade. The revenue from the social security contributions has been quite stable as a share of GDP throughout the period under consideration.

Two thirds of levies go to the central administration, approximately a quarter to the Social Security funds. Local government tax revenues (2.0 % of GDP) are very low in comparison to the 4.4 % EU average.

The overall tax burden declined over the 1995-1998 period, in particular as a result of the stepwise tax reduction reforms, afterwards remained stable for two years and increased again in 2002 and 2003, owing mainly to strong CIT revenues, which partly reflected the lagged impact of strong earnings in the previous years. In 2004, the effects of the 2002 CIT-reform became visible: a drop of nearly two points in revenue from the CIT decisively contributed to the overall drop in the tax burden by 0.8 percentage points.

Taxation of consumption, labour and capital

Consumption taxes (12.4 % of GDP) are close to the EU average, as relatively low nominal rates are compensated by the earnings on cross-border trade. Hence, the implicit tax rate (ITR) on consumption is biased upward because it includes taxes that are not exclusively collected on domestic household consumption. Given the small size of Luxembourg and the fact that it collects a significant part of consumption taxes from excises, including fuel taxes, this effect is likely to be significant.

The ITR on labour (29.0 %) is well below the EU average (35.9 %). The relatively low level of labour taxation is a result of both the taxation of personal income and the level of social contributions. The ITR has oscillated around the 29 % mark in the last decade, without showing any clear trend.

Between 1995 and 2004, Luxembourg taxes on capital represent on average 32.5 % of total taxes against roughly 19.8 % in the EU. This is nearly entirely related to the large proceeds of the CIT, which are the highest in the EU as a share of GDP (and of total taxes). The relatively high revenue from taxes on capital in general and the CIT in particular, is linked to Luxembourg's large financial industry with a highly internationalised customer base. As in many other Member States the ITR on capital peaked around the turn of the century and has declined markedly since.

Current topics and prospects; policy orientation

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

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

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

The law of 22 June 2004 extends fiscal consolidation to Luxembourg parent companies and its 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 %. This measure applies retroactively from the tax year 2004. Moreover, a regulatory and tax framework for a new venture capital vehicle was adopted: *société d'investissement en capital à risque* (SICAR). For tax purposes, SICARs can be either transparent or non-transparent. Transparent SICARs are not subject to CIT and municipal income tax in Luxembourg. Non-transparent SICARs are, in principle, fully taxable, but income from movable property and capital gains realized on such property are excluded from the tax base. SICARs are also exempt from the annual subscription tax (in contrast to investment funds) and dividends distributed by SICARs are exempt from withholding tax.

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

Main features of the tax system

Personal income tax

The main categories of income are employment income, business income, income from movable capital and miscellaneous income. Taxable income is computed on a cash basis, except for business income (accrual basis) and capital gains from a substantial participation (time of transaction). The top rate is 38 %, applying to incomes above € 34 501. In general, expenses incurred to obtain or preserve income are deductible in calculating the net result of each income category. In addition, a resident taxpayer may claim deductions for special expenses and extraordinary expenses from his aggregate income. Married couples are jointly taxed. Salaries, wages and pensions derived from former employment are subject to a wage withholding tax. The PIT is increased by a 2.5 % surcharge for the Employment Fund. For households including jointly assessed spouses, a split rate applies.

Dividends and interests are taxed as income from movable capital. A 50 % exemption is available for dividends and interest on profit-sharing bonds. Dividends and interest from profit-sharing bonds are subject to a 20 % withholding tax. There is no capital gains 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 of Luxembourg is, in principle, classical. For individual shareholders, a 50 % exemption for dividends applies. The profit calculation is based on the accounting rules. Fiscal consolidation is allowable for corporate and business tax purposes. Since January 2002 the general CIT rate is 22 % (previously 30 %). A 4 % surcharge for the employment fund is levied on the CIT due, making the effective rate 22.88 %. For SMEs whose taxable income is not more than € 15 000, the basic rate is 20 % on income up to € 10 000 and 26 % on any excess up to € 15 000.

Luxembourg law provides for a special tax regime for holding companies. A holding company is generally only subject to two taxes: the subscription tax (0.2 % on the nominal or par value of the company's shares) and the capital duty (1 % on net assets contributed). Dividends distributed by such holding companies are not subject to withholding tax. A holding company with net equity of at least € 24 million can apply for a special tax treatment (the *milliardaire* regime). The *milliardaire* holding companies are exempt from subscription tax and pay instead a special income tax, which is calculated on distributed dividends, interest on securities (bonds), fees and other remuneration paid to directors, commissaries and liquidators residing less than 6 months in Luxembourg.

Luxembourg also applies a system of investment credits and provides for specific tax incentives for new industrial investment (tax holiday up to 25 % of the profit), venture capital investment (up to 30 % of the profit) and audio-visual investment (investment credit).

VAT and excise duties

There are six rates of VAT applicable in Luxembourg. 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 current and flowers. An intermediary rate of 12 % applies to clothing, wine, coal, professional services and travel services. Flat rates of 4 % or 8 % apply to farmers subject to a specific regime.

Wealth and transaction taxes

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

Local taxes

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

Social contributions

Social security contributions for pension, health insurance and family allowances are levied on the gross wage. For pensions, the rate is 16 %, equally shared by employer and employee. For the health insurance, the rate is 5.6 %, equally shared by employer and employee. For family allowances, the rate of 1.7 % is borne by the employer. Unemployment insurance is entirely financed from tax revenues.

MALTA

Taxes and social contributions in MALTA [1)]

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
					ESA95					
A. Structure of revenues as % of GDP										
Indirect taxes	12.7	11.9	12.5	11.8	12.3	12.6	13.2	13.9	13.3	15.9
VAT	6.3	6.0	6.0	4.9	5.3	6.1	6.4	7.1	6.4	7.7
Excise duties and consumption taxes	1.9	1.8	2.4	3.0	2.8	2.5	2.8	2.7	2.7	3.0
Other taxes on products (incl. import duties)	4.2	3.8	3.7	3.6	3.9	3.7	3.7	3.6	3.7	4.3
Other taxes on production	0.3	0.2	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.8
Direct taxes	8.7	7.7	8.5	8.2	8.7	9.3	10.2	11.6	12.3	12.4
Personal income	5.2	4.6	5.1	4.8	5.2	5.6	6.2	6.3	6.5	7.2
Corporate income	2.8	2.5	2.7	2.6	2.7	2.9	3.2	4.0	4.6	4.2
Other	0.7	0.6	0.7	0.8	0.8	0.7	0.8	1.4	1.2	0.9
Social Contributions	6.2	6.4	6.8	6.1	6.1	6.4	6.9	6.7	6.7	6.9
Employers´	3.1	3.1	3.3	3.0	2.9	2.8	3.1	3.0	3.0	3.1
Employees´	2.6	2.6	2.7	2.5	2.6	2.8	3.1	3.0	3.0	3.1
Self- and non-employed	0.6	0.7	0.8	0.6	0.7	0.8	0.7	0.7	0.7	0.7
B. Structure according to level of government as % of GDP										
Central Government	27.6	26.1	27.8	26.1	27.2	28.3	30.3	32.2	32.2	34.9
State government	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 Sec. Funds	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EC Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.3
C. Structure according to economic function as % of GDP										
Consumption	10.1	9.6	10.3	9.4	10.2	10.7	11.3	12.6	11.4	13.0
Labour	9.9	9.6	10.2	9.4	9.9	10.4	11.4	11.3	11.5	12.2
Employed	9.2	9.0	9.5	8.8	9.1	9.6	10.5	10.4	10.5	11.2
Paid by employers	3.1	3.1	3.3	3.0	2.9	2.8	3.1	3.0	3.0	3.1
Paid by employees	6.2	5.8	6.2	5.8	6.3	6.8	7.4	7.4	7.5	8.1
Non-employed	0.7	0.6	0.7	0.6	0.7	0.8	0.9	0.9	0.9	1.0
Capital	7.6	6.9	7.1	6.7	7.1	7.3	7.6	8.3	9.4	9.9
Capital and business income	4.4	4.1	4.3	4.0	4.3	4.6	4.9	5.7	6.4	6.3
Income of corporations	2.9	2.5	2.6	2.5	2.8	2.9	3.2	4.0	4.6	4.3
Income of households	0.5	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.7
Income of self-employed (incl. sc)	1.1	1.1	1.2	1.1	1.1	1.3	1.2	1.2	1.2	1.3
Stocks (wealth) of capital	3.1	2.9	2.8	2.7	2.8	2.7	2.6	2.7	3.0	3.7
TOTAL	**27.6**	**26.1**	**27.8**	**26.1**	**27.2**	**28.3**	**30.3**	**32.2**	**32.2**	**35.1**
Of which environmental taxes	3.3	3.1	3.5	3.9	4.0	3.7	3.7	3.5	3.5	3.2
Energy	0.9	0.8	1.3	1.6	1.6	1.4	1.5	1.4	1.3	1.3
Transport	2.4	2.3	2.3	2.3	2.5	2.3	2.1	2.1	2.2	1.9
Pollution/Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0
D. Implicit tax rates										
Consumption	14.6	13.7	14.7	12.5	13.2	13.9	14.9	17.0	15.2	17.0
Labour employed	21.8	19.8	21.9	19.1	20.1	21.9	22.9	22.9	22.6	23.9
Capital	-	-	-	-	-	-	-	-	-	-
Capital and business income	-	-	-	-	-	-	-	-	-	-
Corporations	-	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-	-

1) See annex B for classification of taxes and annex C for explanatory notes.
n.a.: not applicable, - : not available

Source: Commission Services

Structure and evolution of the taxation system

In Malta the overall tax burden, including social security contributions, stands at 35.1 % of GDP, comparable with the average for the new Member States (33.7 %) but substantially lower than the Union average (37.6 %).

Malta relies heavily on indirect taxes; their share of total tax take lies well above the Union's average (45.1 %, EU-25 38.2 %), such that the overall taxation structure is similar to that in the UK (indirect taxes, direct taxes, social contributions in a rough 2:2:1 ratio), reflecting the fact that the Maltese tax system has its origin in the former British system. Although the Maltese are, on the whole, relatively lightly taxed, indirect taxes therefore absorb a proportion of GDP (15.9 %) which is slightly higher than the EU average (14.2 %). Direct taxes however take in a proportion in line with the EU average (12.2 %) while social security contributions yield comparatively little revenue, roughly half of the EU average in GDP terms (6.9 % of GDP, EU-25 11.4 %). Within social security contributions, employees contribute somewhat below the European average (Malta 3.1 %, EU-25 3.5 %), while employers contribute less than half the EU-25 average (Malta 3.1 %, EU-25 6.8 %).

As Malta has no sub-central level of government which collects taxes, and does not maintain a social security fund separate from the central exchequer, 99.2 % of receipts are collected by central government (EU-25 average 59.4 %).

The country has experienced a notable increase in taxation (7.6 % of GDP) between 1995 and 2004. This stems from an increase in the VAT receipts resulting from a decrease in the range of goods exempted or taxed at lower rates, increases in PIT and CIT arising from the broadening of the base, efforts to improve efficiency in collection and the tax on the capital gains generated through the privatisation of Malta International Airport.

Taxation of consumption, labour and capital

Taxes on consumption take in 13.0 % of GDP (EU-25 12.2 %) having increased 3.6 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 (17.0 %) also reflects this rise, having increased from 14.6 % in 1995. However, the rate remains among the lowest in the Union (EU-25 21.9 %), due partly to the high ratio of consumption to GDP, nineteen percentage points of GDP above the Union average.

Maltese taxation of labour is among the lowest in the Union (12.2 % of GDP, EU-25 18.5 % of GDP). This figure is comparable to that for Cyprus and Ireland, and similarly results from the fact that employer's social security contributions are quite low. The ITR on labour (23.9 %, EU-25 35.9 %) also reflects this factor.

The taxation of capital relative to GDP (9.9 %, EU-25 7.5 %, NMS-10 5.7 %) is heavy, following Luxembourg, Italy, the UK and Belgium in fifth place. This is primarily due to the tax on corporations (at 4.3 %, the third highest revenue after the Czech Republic and Luxembourg) and the tax on stocks of wealth (at 3.7 % the fourth highest after France, the UK and Belgium and well in excess of the New Member State average of 1.7 %). By contrast the tax on the income of the self employed is below the Union average.

Environmental taxes show a decreasing trend since 1999 but are still above the EU average (3.2 % of GDP, EU-25 2.8 % of GDP). Taxation on transport is well above the average (1.9 % of GDP, EU-25 0.7 %) while taxation on energy is clearly below the EU average (1.3 %, EU-25 2.0 %).

Current topics and prospects; policy orientation

As announced in the 2006 Budget Speech, which was presented in October 2005, the Maltese government has set up a commission within the Ministry of Finance, to carry out a comparative assessment of the current structure of taxation. The commission is assessing the impact of the current structure of taxation on individuals and companies to advise the Government of Malta regarding the suitability of the taxation system towards achieving its objectives for economic growth and development, taking due account of fiscal, economic, social and environmental dimensions, and suggest reforms where appropriate. The commission is expected to finalise its work and present its report in June 2006.

Main features of the tax system

Personal income tax

Malta applies a progressive personal income tax with 5 brackets, the rates ranging from 15 % to 35 %. The current system of brackets was established in the 2003 budget. Personal income tax is applied to all individuals who have income chargeable to tax in Malta. Individuals who are resident in Malta for tax purposes are chargeable to tax on their worldwide income e.g. from trades, professions, employments, interest, pensions, annuities, rents and dividends. Apart from the basic personal relief of MTL 3 100 (€ 7 210) for single individuals and of MTL 4 300 (€ 10 002) for married couples, the Maltese personal income tax system does not offer any other deductions or allowances. However, income tax paid by a company can be fully imputed to the shareholders following the distribution of dividends by a company. Under this system, dividends paid by a company resident in Malta carry a tax credit equivalent to the tax paid by the company on its profits out of which the dividends are distributed. Shareholders are taxed on the gross dividend at the applicable tax rates, but are entitled to deduct the tax credit attaching to the dividend against their total income tax liability.

Corporate taxation

With a rate of 35 %, Malta exhibits the highest tax rate applicable to companies among accession countries (Malta 35 %, New Member States average 20.4 %, EU-25 average 25.9 %). 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 12.1 **%** of total tax take (EU-25 average 7.8 **%**). 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 realised by companies are aggregated with other income and taxed at the rate of 35 %. The imputation system described above applies also with respect to profits distributed by companies arising out of such gains. Certain tax incentives are available for enterprises involved in shipping, targeted industrial sectors and Freeport activities.

VAT and excise duties

The standard VAT rate is 18 % (having been increased from 15 % in 2003) with reduced rates of 5 % and 0 %. VAT was introduced in 1995, replaced with a sales tax following a government change, following which the revenues dropped by more than 1 % of GDP. A further change of government led to its reintroduction in 1999. Since then and in anticipation of Malta's accession to the European Union on 1 May 2004, VAT legislation was fully harmonised with that of the Sixth VAT Directive and other relevant legislation.

Excise duties are moderate on fuels and on light alcoholic beverages and relatively high, in comparison with other New Member states, on both strong liquors and tobacco. Both VAT and excise duties take in a proportion of GDP comparable with the EU average, but other indirect taxes are well in excess (4.3 % of GDP, EU-25 1.7 %). This is due to high levels of import duties, stamp duty and car registration duties. The latter also have the effect of raising the aggregate tax on transport above the EU average. By contrast the taxes on energy and pollution are quite low.

Wealth and transaction taxes

There is no wealth tax but the transfer of immovable property is subject to duty at a rate of 5 % of the transfer value (3.5 % on the first MTL 30 000 in the case of acquisitions for the purpose of establishing the purchaser's own residence). While there is no withholding tax on dividends or royalties, the distribution of untaxed corporate income, the interest paid by Maltese banks and government and the capital gains arising from the disposal of shares in investment schemes are subject to withholding tax at 15 %, which may be accepted as final.

Social contributions

Maltese workers are covered by a social security system under which the employee, the employer, and the government each contribute ten percent of an employee's basic salary; the self-employed contribute at a rate of 15 %, which is matched by the government, with contributions capped at an annual maximum of MTL 6 750.

NETHERLANDS

Taxes and social contributions in the NETHERLANDS [1)]

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
					ESA95					
A. Structure of revenues as % of GDP										
Indirect taxes	11.9	12.2	12.5	12.5	13.1	13.0	12.9	12.7	12.7	13.0
VAT	6.6	6.8	6.9	6.9	7.2	7.2	7.3	7.2	7.3	7.3
Excise duties and consumption taxes	2.8	2.7	2.8	2.8	2.9	2.7	2.5	2.4	2.4	2.6
Other taxes on products (incl. import duties)	1.4	1.6	1.8	1.8	2.0	2.1	2.1	1.9	1.9	2.0
Other taxes on production	1.1	1.1	1.0	1.0	1.1	1.1	1.1	1.1	1.1	1.1
Direct taxes	12.6	13.1	12.7	12.4	12.5	12.4	11.7	11.8	11.0	10.8
Personal income	7.8	7.3	6.5	6.2	6.2	6.3	6.2	6.8	6.5	6.0
Corporate income	3.3	4.1	4.6	4.5	4.6	4.4	4.2	3.6	3.0	3.3
Other	1.6	1.7	1.6	1.7	1.7	1.7	1.3	1.4	1.4	1.4
Social Contributions	16.0	15.5	15.5	15.3	16.0	16.0	13.7	13.3	13.8	14.0
Employers´	2.0	1.9	1.8	4.6	4.6	4.6	4.3	4.3	4.3	4.3
Employees´	10.5	10.0	10.2	7.7	8.1	8.0	6.7	6.4	6.7	7.0
Self- and non-employed	3.6	3.5	3.4	3.0	3.3	3.4	2.6	2.5	2.7	2.7
B. Structure according to level of government as % of GDP										
Central Government	22.1	22.9	22.7	22.6	23.3	23.1	22.6	22.5	21.7	21.7
State government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	1.3	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.5	1.5
Social Sec. Funds	16.0	15.5	15.5	15.3	16.0	16.0	13.7	13.3	13.8	14.0
EC Institutions	1.1	1.0	1.0	1.0	0.9	0.9	0.7	0.5	0.5	0.5
C. Structure according to economic function as % of GDP										
Consumption	10.7	11.0	11.2	11.1	11.5	11.4	11.3	11.1	11.2	11.4
Labour	22.1	21.1	20.5	20.2	20.9	21.2	18.0	18.2	18.6	18.4
Employed	17.8	17.0	16.8	17.1	17.8	18.2	15.6	15.8	16.0	15.9
Paid by employers	2.0	1.9	1.8	4.6	4.7	4.7	4.5	4.5	4.4	4.4
Paid by employees	15.9	15.1	15.0	12.5	13.1	13.5	11.1	11.3	11.6	11.5
Non-employed	4.3	4.0	3.7	3.0	3.1	3.0	2.4	2.5	2.5	2.5
Capital	7.8	8.8	9.2	9.2	9.6	8.9	9.3	8.7	7.9	8.2
Capital and business income	5.3	6.2	6.5	6.4	6.6	6.0	6.5	5.8	5.2	5.4
Income of corporations	3.3	4.1	4.6	4.5	4.6	4.4	4.2	3.6	3.0	3.3
Income of households	-0.5	-0.4	-0.5	-0.4	-0.3	-0.9	0.3	0.2	0.0	0.0
Income of self-employed (incl. sc)	2.6	2.5	2.5	2.2	2.3	2.4	1.9	2.1	2.1	2.0
Stocks (wealth) of capital	2.5	2.6	2.7	2.8	3.0	3.0	2.9	2.8	2.8	2.9
TOTAL	**40.5**	**40.8**	**40.6**	**40.3**	**41.6**	**41.5**	**38.3**	**37.7**	**37.5**	**37.8**
Of which environmental taxes	3.6	3.9	3.8	3.9	4.1	4.0	3.8	3.6	3.7	3.9
Energy	1.7	1.8	1.9	1.9	2.0	2.0	1.9	1.9	1.9	2.0
Transport	1.3	1.5	1.3	1.4	1.5	1.4	1.3	1.2	1.3	1.3
Pollution/Resources	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.6	0.6	0.6
D. Implicit tax rates										
Consumption	22.5	22.7	23.1	23.0	23.5	23.6	23.1	22.7	23.1	23.9
Labour employed	35.1	33.7	33.4	33.7	34.5	35.5	30.6	30.7	31.0	31.0
Capital [2)]	23.4	26.1	26.9	27.6	29.8	27.3	31.4	31.5	30.8	-
Capital and business income	16.0	18.3	19.1	19.2	20.5	18.2	21.8	21.2	20.1	-
Corporations	19.0	23.3	24.8	25.3	25.6	22.6	23.4	21.9	20.2	-
Households	11.7	11.7	10.9	10.7	12.4	10.2	16.4	17.1	17.0	-

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

2) Denominator based on unrevised data. See Annex C, Box 2.

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

Source: Commission Services

Overall trends in taxation

The tax-to-GDP ratio is currently 37.8 % in the Netherlands, a value that lies slightly above the Community average but is lower than the tax burden in the neighbouring countries.

Indirect taxes, direct taxes and social contributions each account for about one third of total tax revenues. In the last decade a shift occurred from direct to indirect taxation, which makes tax revenue less sensitive to the business cycle. The weight of personal income tax (PIT) has decreased since the second half of the 1990s because of gradual erosion of the aggregate tax base and a reduction in the statutory income tax rates. In recent years this trend was reversed due to the 2001 tax reform, which caused a shift from social security contributions to taxes and also a decrease in the overall tax burden. Most allowances were replaced by tax credits. These credits are applicable to PIT and social security contributions as well. The increased share of the social contributions in the credit compared to the former allowances is the main reason for the reversed trend.

From a fiscal viewpoint, the Netherlands display a fairly centralised tax structure as local government taxes account for merely 4.1 % of the total, a share which is just over a third of the EU-25 average. The share has however been gradually increasing. In contrast, the Social Security share (37.1 %) is well above the European average.

After having been stable for some years, tax revenues increased significantly to around 41½ % of GDP in 1999 and 2000, largely due to faster economic growth. The year 2001 however marked a turning point with a 3.2 percentage point drop in the overall tax burden. The decline in the overall tax ratio has been driven by decreases in revenues from direct taxes and social contributions, while consumption taxation has not been cut.

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

Taxation of consumption, labour and capital

Apart from a slight decrease in 2002, the implicit tax rate on consumption showed a mildly increasing trend between 1995 and 2004 (1.4 percentage points), partly as a result of increases in revenues from VAT and environmental taxes. In 2004, the implicit tax rate was two points higher than the EU average (21.9 %).

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

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, tax on passenger cars and motorcycles (BPM), 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.

Current topics and prospects; policy orientation

Current policy is driven by the need to reduce the budget deficit and by a focus on stimulating the economy and increasing labour participation. On 20 September 2005, the government presented the Tax Package to the Parliament, introducing changes in both income and environmental tax, which would apply as of 1 January 2006:

The general CIT rate is reduced to 29.6 % in 2006 and 29.1 % in 2007 (2005: 31.5 %). In addition, the tax rate on profits up to € 22 689 is reduced to 25.5 % in 2006 and 24.5 % in 2007 (2005: 27 %). The capital duty levied on share issues is abolished and the tax benefits relating to research and development are extended. As from 2006, the exemption from dividend withholding tax also applies to a share buyback by quoted companies if it has been preceded by an issue of shares, provided that the issue of shares was based on sound business principles. The transfer of family businesses is further endorsed, by extending the exemption of transfer tax to transfers of business to relatives.

The tax rate for the first tax bracket in the PIT is reduced to 34.15 % (2005: 34.40 %), and the rate for the second bracket is reduced to 41.45 % (2005: 41.95 %). The tax rates for the third and fourth bracket remain unchanged (42 % and 52 %). Allowances are modified and increased for income.

The real estate tax, formerly levied on owners and occupiers of real estate, is now only applicable to owners. Environmental taxes have been modified: car and motorcycle tax is made partially dependent on fuel consumption, based on the existing system of 'energy labels', and the mixing of bio-fuel with fossil fuel at pump/gas stations is encouraged by a reduction of excise duties on this kind of fuel.

On 1 April 2005, the Dutch government amended the VAT Act with a view to combat VAT avoidance schemes and to align the national VAT exemption for medical services with European Court rulings. In addition, the amendments were introduced with respect to the application of a reduced rate to transport of natural gas, breeding of animals and growing of agricultural products and plants. The amendments entered into force on 1 July 2005.

Main features of the tax system

Personal income tax

After the tax reform in 1990 (*Oort operation*) that, among other important changes, harmonised the tax base for PIT and social contributions, and shifted two major social contributions from the employer to the employee, few legislative changes in the second half of the 1990s would qualify as fundamental tax reforms. Since the tax reform in 2001, the Dutch PIT system consists of three so-called boxes:

<u>Box 1</u> consists of labour income items as well as some capital income items, such as the proceeds of capital that proprietors employ in their own businesses and the income from owner-occupied housing (i.e. presumptive rental income minus mortgage interest), interest, rental income and realized capital gains on assets put at the disposal of closely-held companies by dominant shareholders (>5 %). The sum of income in box 1 is taxed at progressive rates ranging from 34.40 % to 52 %.

Box 2 contains profit distributions of closely-held companies, in which particular shareholders have a substantial interest. Also included in this box are capital gains realised when a part or the whole of a substantial interest is sold. The nominal PIT rate on these income items is 25 %, but the effective overall tax rate is higher, because these items are subject also to the corporation tax of 29.6 % 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' (*goed koopmansgebruik*) and consistent accounting methods. The concept of sound business practice has mainly been developed in case law. For example, according to sound business practice unrealized losses may be taken into consideration, while unrealized profits may be ignored. All commercial accounting methods have to be reviewed to confirm that they are acceptable under fiscal law. The requirement of consistent accounting methods means that the method of determining profits may be changed only if this is compatible with sound business practice.

Under certain conditions a parent company may be taxed as a group together with one or more of its subsidiaries. For corporate income tax (CIT) purposes this means that the subsidiaries are deemed to have been absorbed by the parent company. The main advantages of group taxation are that the losses of one company can be off set against profits from another group company, and that fixed assets can in principle be transferred tax-free from one company to another. The current profits of corporations (publicly- and closely-held companies) are subject to the corporation tax at a rate of 29.6 % (25.5 % for the first € 22 698).

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 food, water, pharmaceuticals, art, cultural events and publications. In addition, a flat rate of 5.1 % applies to the sale of agricultural products.

Social contributions

Social security contributions are not only levied on wages, salaries and pension benefits, but also on social benefits. The social security system (*sociale verzekeringen*) is composed of national insurance (*volksverzekeringen*) and employee insurance (*werknemersverzekeringen*). The national insurance applies to all inhabitants and its financing is integrated in the income tax and wage (withholding) tax levy. The employee insurance applies to employees and is financed by a levy calculated on gross salaries (with a maximum amount) and depends on the economic sector. Typically, the rates applied to gross wage are 5.6 %, 6.50 % and 2.45 % paid by the employer for invalidity, health and unemployment insurance and 5.85 % paid by the employee for unemployment insurance. Employees pay a nominal health premium; depending on income, they can be entitled to a social health benefit (*zorgtoeslag*).

POLAND

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
					ESA95					
A. Structure of revenues as % of GDP										
Indirect taxes	14.6	14.7	14.1	13.8	14.2	13.4	12.8	13.2	13.1	13.4
VAT	6.1	6.5	7.2	7.1	7.3	6.9	6.8	7.2	7.2	7.2
Excise duties and consumption taxes	4.8	4.8	3.7	3.8	4.0	3.7	3.7	4.0	4.1	4.2
Other taxes on products (incl. import duties)	1.8	1.6	1.4	1.1	1.0	0.9	0.6	0.6	0.6	0.4
Other taxes on production	2.0	1.8	1.8	1.8	1.8	1.9	1.7	1.5	1.2	1.6
Direct taxes	12.5	10.9	10.9	10.4	7.3	7.2	6.7	6.9	6.6	6.4
Personal income	8.3	7.9	7.5	7.5	4.6	4.4	4.3	4.3	4.2	4.0
Corporate income	3.2	2.8	3.0	2.8	2.4	2.3	1.7	1.7	1.8	2.0
Other	0.9	0.1	0.3	0.2	0.2	0.5	0.6	0.9	0.6	0.5
Social Contributions	11.4	11.8	11.8	11.8	15.0	13.6	14.8	14.5	14.0	13.4
Employers´	6.0	6.2	6.3	6.3	6.1	6.0	5.7	5.4	5.2	5.0
Employees´	5.1	5.1	5.2	5.1	8.1	6.1	6.9	6.6	6.3	6.2
Self- and non-employed	0.4	0.5	0.4	0.4	0.8	1.5	2.2	2.6	2.5	2.2
B. Structure according to level of government as % of GDP										
Central Government	23.4	22.2	21.0	20.0	17.6	17.1	16.1	16.9	16.7	15.4
State government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	3.7	3.5	4.0	4.2	3.9	3.5	3.4	3.3	3.0	4.3
Social Sec. Funds	11.4	11.8	11.8	11.8	15.0	13.6	14.8	14.5	14.0	13.4
EC Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.1
C. Structure according to economic function as % of GDP 2)										
Consumption	12.7	12.9	12.3	12.0	12.4	11.5	11.1	11.9	11.9	11.8
Labour	17.2	17.5	17.1	17.0	17.3	15.0	15.8	14.9	14.4	13.8
Employed	14.9	15.3	15.2	15.1	16.5	14.3	15.0	14.2	13.6	13.1
Paid by employers	6.0	6.2	6.3	6.3	6.1	6.0	5.7	5.4	5.2	5.0
Paid by employees	8.9	9.1	8.9	8.8	10.4	8.3	9.2	8.8	8.4	8.1
Non-employed	2.3	2.2	1.9	1.8	0.8	0.7	0.8	0.7	0.7	0.7
Capital	8.6	7.0	7.4	7.0	6.8	7.6	7.4	7.9	7.3	7.6
Capital and business income	5.4	4.8	5.1	4.9	4.6	5.2	5.4	5.9	5.7	5.5
Income of corporations	3.2	2.8	3.0	2.7	2.4	2.4	1.9	2.0	1.8	2.2
Income of households	0.0	0.1	0.0	0.1	0.1	0.2	0.1	0.2	0.3	0.2
Income of self-employed (incl. sc)	2.1	1.9	2.0	2.1	2.1	2.6	3.4	3.6	3.6	3.1
Stocks (wealth) of capital	3.2	2.2	2.3	2.1	2.2	2.4	2.0	2.0	1.7	2.1
Less: amounts assessed but unlikely to be collected	*0.1*	*0.1*	*0.1*	*0.1*	*0.1*	*0.0*	*0.4*	*0.4*	*0.3*	*0.3*
TOTAL	**38.5**	**37.3**	**36.7**	**36.0**	**36.4**	**34.2**	**33.9**	**34.3**	**33.3**	**32.9**
Of which environmental taxes	2.1	2.1	1.4	1.6	1.9	1.9	1.9	2.1	2.2	2.3
Energy	2.0	2.0	1.3	1.6	1.9	1.8	1.8	2.0	2.1	2.1
Transport	0.0	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.2
Pollution/Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
D. Implicit tax rates 2)										
Consumption	21.8	21.5	20.4	19.9	20.3	18.9	17.8	18.8	19.0	19.3
Labour employed	37.9	37.2	36.3	36.0	39.4	35.1	35.0	34.8	34.6	-
Capital	-	-	-	-	21.4	22.5	22.4	23.6	20.3	19.4
Capital and business income	-	-	-	-	14.5	15.3	16.3	17.8	15.6	14.1
Corporations	-	-	-	-	40.7	35.3	36.3	37.3	21.0	19.2
Households	-	-	-	-	7.5	9.4	11.4	12.6	12.8	10.9

1) See annex B for classification of taxes and annex C for explanatory notes.
2) Data in sections C and D of the table rely partly on Finance Ministry estimates.
n.a.: not applicable, - : not available
Source: Commission Services

Overall trends in taxation

As at 2004, the ratio of total taxes on GDP in Poland lied at 32.9 %, significantly below the EU-25 average (37.6 %). This level is lower than in all other EU Member States except the Baltic republics and Ireland.

Indirect taxes, with total revenues slightly below the EU-25 average (13.4 % of GDP as compared with 14.2 % of GDP), play a much more important role in Poland than direct taxes, as revenue from direct taxes lies well below the EU-25 average (6.4 % of GDP as compared with 12.2 % of GDP); revenue from personal income taxes in particular is one of the lowest amongst all Member States, accounting for merely 4.0 % of GDP, compared with the EU-25 average of 8.6 % of GDP. The main reason for the low level of direct taxes is a substantial shift from personal income tax to social security contributions that occurred in 1999, with the introduction of a global reform of the social security system. Social security contributions play as important a role as indirect taxes, accounting for 13.4 % of GDP; such a level of revenue clearly exceeds the EU-25 average (11.4 %).

Over time, the distribution of revenue has changed considerably over the period under consideration as central government revenue has shrunk considerably, as a share of GDP, while the share collected by social security funds has increased markedly since 1995. Local government revenue, in percent of GDP, has oscillated around the 3 %-4 % mark.

The overall tax burden decreased progressively from 1995 to 2004 from 38.5 % of GDP to 32.9 %, reflecting mostly the tax reforms conducted in these years. The strongest relative increases in that period were recorded for VAT and social security contributions, which together accounted for an increase by 3.1 percentage points.

Taxation of consumption, labour and capital

Data on the distribution of the tax burden by function for Poland are presented here for the first time.

Revenue from consumption taxes is close to the EU-25 average (11.8 % of GDP compared to .12.2 % of GDP). The ITR on consumption declined markedly from 1995 to 2001 but has been picking up since, as is the case in several Member States.

Revenue from labour taxation is clearly below the Union average. Its level has been declining significantly since around the turn of the century. Similar trends are displayed by the ITR, which however shows a somewhat less marked difference from the EU average than the revenue levels.

Generally, capital taxes are higher than in the majority of the NMS-10 but close to or somewhat below the levels found in most of the EU-15. The ITR on capital peaked in 2002, later than in the majority of Member States, but has tended to decline since. Its level (19.4 % in 2004) is well below the EU-25 average though remaining markedly above those of the least taxing countries such as the Baltic States.

The level of environmental taxes is, at 2.3 % of GDP, somewhat below the average for the Union and also for the new Member states. It has however tended to increase in recent years.

Current topics and prospects; policy orientation

A number of new proposals in the tax legislation have been recently discussed with regards to capital gains, car taxation and VAT groups. They will require further consideration and clarification. The new government has been analysing the option to abolish the capital gains tax on stock market investors. In terms of environmental taxation there has been discussion on the introduction of a new tax on cars that would take the form of a low-rate annual tax or ecological fee. Under the proposed changes to the VAT Act, associated enterprises will be allowed to form VAT groups; intra-group transactions would be exempt from tax while the group as a whole would be responsible for VAT returns.

Main features of the tax system

Personal income tax

The main emphasis of the tax measures undertaken since 1995 in the field of the personal income tax was on closing tax loopholes and exemptions and simplifying the tax code. PIT rates have been reduced three times since 1995. To counterbalance the decline in PIT progressivity in recent years, the tax base has been broadened by abolishing a number of tax deductions, perceived as distorting consumption, savings and investment decisions, and by including fringe benefits and benefits in kind in the taxable income.

Currently, Poland applies three tax rates, i.e. 19 %, 30 % and 40 %. The lowest statutory rate applies to the vast majority of taxpayers; the threshold is set at PLN 37 024 (€ 10 088). Income above PLN 74 048 (€ 20 176) is charged at the highest rate of 40 %. Capital gains from the sale of shares and other securities are taxed separately with a withholding tax at a flat rate of 19 %. Capital gains from the sale of a dwelling, building or land not used for business activity are exempt of tax provided that an acquisition of a dwelling, building or land follows within 2 years. Interest and domestic dividend is taxed with a final withholding tax of 19 %.

There is a limited number of allowed deductions that may reduce the aggregate taxable income, e.g. donations for purposes relating to religion and public utility organisations, the costs of an internet access in the taxpayer's premises and social security contributions. No personal allowances are allowed. A tax credit for contributions to the obligatory health insurance is granted. Individuals are required to pay individual income tax and spouses are taxed separately on their income. However, spouses may elect to file a joint tax return.

Corporate taxation

Since 1995 a number of tax measures were taken in the field of corporate taxation. Over the last few years, the corporate income tax has been cut alongside the personal income tax; in particular, tax rates have been significantly reduced through stepwise reductions to the current 19 % level (40 % in 1996, 38 % in 1997, 36 % in 1998, 34 % in 1999, 30 % in 2000, 28 % in 2001 and 2002, 27 % in 2003, 19 % in 2004). The tax base has been broadened by limiting or abolishing various incentive schemes, investment credits and property-related-tax-shelters. Depreciation for tax purposes has been brought more closely in line with economic depreciation and the number of depreciation schedules was drastically reduced. A number of amendments have been made to the tax law in order to adapt it to the EU regulations regarding direct taxation such as the EC Parent-Subsidiary Directive, the EC Merger Directive and the Interest and Royalties Directive and to the rulings of the European Court of Justice on withholding taxes and thin capitalisation.

The Polish corporate income tax system is a classical tax system; corporate income is fully taxed at the company level, with the distributed profits being taxed again by way of a final withholding tax in the hands of the shareholders. The corporate income tax rate is 19 % and is applicable to income and capital gains. Capital gains are added to the taxpayer's total ordinary income. Tax law provides for a list of non-deductible expenses. Tax losses may be carried forward for five years. The set-off may not exceed 50 % of the loss in each year. Tax loss carry-back is not allowed. Poland applies the notion of a tax group.

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

VAT and excise duties

In the perspective of Poland's accession to the EU the Polish VAT system has been adjusted over the last few years to the requirements of the Sixth Council Directive, and as far as excises are concerned to the Council Directive of 25 February 1992. The 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 has been granted transitional arrangements in the area of indirect taxation (VAT and excise duties) until the end of 2007, during which period it may maintain its existing reduced VAT rate on restaurant services and construction. Moreover, Poland is allowed to maintain the VAT zero rate on books, and a super-reduced VAT rate on foodstuffs and agricultural inputs.

A number of amendments to the Customs Code and the VAT and Excise Tax Act were introduced in recent years to comply with the EU regulations. As a result, the Polish system of excise duties now reflects to a large extent EU requirements. Poland has been granted a transitional agreement to postpone compliance with the EC legislation on the level of cigarette excise duty rates until the end of 2009.

Social security contributions

Both employers and employees have to pay contributions for old-age pensions at equal rates of 9.76 % of the gross remuneration to the Social Security Fund. Employees' contributions are withheld by the employer. There is a ceiling for paying contributions for old-age pensions equal to the annual equivalent of 30 projected average monthly salaries in the calendar year. In addition to the compulsory scheme there is a possibility to opt for employees' voluntary private pension plans and life insurance. The social security system includes also contributions for disability insurance (6.50 % paid by both employee and employer); health and maternity insurance (paid at 2.45 % by employees) as well as injury insurance (paid solely by employer at 0.97 % to 3.86 %). Additionally, there is an obligatory health insurance contribution to cover medical expenses that is payable by employees at a rate of 8.5 %. Employers have to pay 0.15 % of the employees' wages to the warranted employees' claims fund.

PORTUGAL

Taxes and social contributions in PORTUGAL [1)]

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
					ESA95					
A. Structure of revenues as % of GDP										
Indirect taxes	13.9	14.0	13.8	14.3	14.6	14.1	14.0	14.5	15.2	14.5
VAT	7.1	7.4	7.3	7.5	7.7	8.0	7.7	7.9	8.1	-
Excise duties and consumption taxes	3.7	3.6	3.4	3.5	3.3	2.7	2.9	3.1	3.3	-
Other taxes on products (incl. import duties)	2.5	2.5	2.5	2.6	3.0	2.8	2.7	2.6	2.4	-
Other taxes on production	0.5	0.5	0.5	0.6	0.6	0.6	0.7	0.9	1.3	-
Direct taxes	8.5	9.1	9.2	8.9	9.4	9.9	9.5	9.4	8.8	-
Personal income	5.6	5.8	5.5	5.4	5.3	5.6	5.6	5.4	5.5	-
Corporate income	2.4	2.8	3.2	3.2	3.6	3.9	3.4	3.4	2.9	-
Other	0.5	0.5	0.5	0.4	0.5	0.5	0.5	0.5	0.4	-
Social Contributions	9.5	9.7	10.0	9.9	10.1	10.3	10.5	10.8	11.1	11.3
Employers´	6.0	6.1	6.4	6.4	6.5	6.7	6.7	6.9	7.5	-
Employees´	3.1	3.0	3.1	3.0	3.1	3.2	3.4	3.4	3.2	-
Self- and non-employed	0.4	0.5	0.6	0.5	0.5	0.5	0.4	0.4	0.4	-
B. Structure according to level of government as % of GDP										
Central Government	19.4	20.3	20.2	20.3	21.0	21.0	20.6	21.1	21.2	20.3
State government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	1.7	1.7	1.7	1.8	2.1	2.1	2.0	2.1	2.0	2.3
Social Sec. Funds	9.9	10.1	10.3	10.3	10.4	10.7	10.8	11.1	11.6	11.7
EC Institutions	0.9	0.7	0.7	0.6	0.6	0.6	0.5	0.4	0.3	0.3
C. Structure according to economic function as % of GDP										
Consumption	11.8	11.9	11.6	11.8	11.8	11.4	11.4	11.8	12.0	-
Labour	13.3	13.5	13.5	13.4	13.6	14.1	14.3	14.5	15.0	-
Employed	12.7	12.9	13.0	12.9	13.1	13.5	13.6	13.8	14.3	-
Paid by employers	6.1	6.3	6.4	6.5	6.5	6.7	6.7	6.9	7.5	-
Paid by employees	6.6	6.7	6.5	6.4	6.6	6.8	6.9	6.9	6.8	-
Non-employed	0.5	0.6	0.5	0.5	0.6	0.6	0.7	0.7	0.8	-
Capital	6.8	7.4	7.8	7.9	8.5	8.7	8.1	8.2	8.0	-
Capital and business income	4.3	4.9	5.2	5.1	5.4	5.7	5.2	5.1	4.5	-
Income of corporations	2.4	2.8	3.2	3.2	3.6	3.9	3.4	3.4	2.9	-
Income of households	1.1	1.1	1.0	1.0	0.9	0.9	0.9	0.8	0.9	-
Income of self-employed (incl. sc)	0.9	1.0	1.0	0.9	0.9	0.9	0.9	0.8	0.8	-
Stocks (wealth) of capital	2.5	2.5	2.5	2.8	3.1	3.0	2.9	3.2	3.5	-
TOTAL	**31.9**	**32.8**	**32.9**	**33.1**	**34.1**	**34.3**	**33.9**	**34.7**	**35.1**	**34.5**
Of which environmental taxes	3.5	3.5	3.3	3.5	3.4	2.7	3.0	3.1	3.1	-
Energy	2.6	2.5	2.3	2.4	2.2	1.6	1.9	2.1	2.2	-
Transport	0.9	1.0	1.0	1.1	1.2	1.1	1.1	1.0	0.9	-
Pollution/Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
D. Implicit tax rates										
Consumption	18.3	18.5	18.3	18.6	18.6	18.0	18.2	18.8	19.0	-
Labour employed	27.5	27.6	28.3	28.6	26.5	27.0	28.8	29.1	29.8	-
Capital	21.3	23.9	26.2	27.3	30.6	34.5	32.1	33.9	35.3	-
Capital and business income	13.5	15.8	17.6	17.7	19.4	22.6	20.5	20.8	20.1	-
Corporations	14.8	17.1	18.3	17.4	19.2	22.8	20.7	20.8	19.6	-
Households	9.9	11.4	13.6	15.7	16.4	17.3	15.6	15.3	16.5	-

1) See annex B for classification of taxes and annex C for explanatory notes.
n.a.: not applicable, - : not available

Source: Commission Services

Overall trend in taxation

Only very limited data for the year 2004 are available yet. Therefore, all figures and comparisons with the EU-25 refer to the year 2003 except for the total tax-to-GDP ratio, which refers to the year 2004.

The total tax-to-GDP ratio was 34.5 % in 2004, more than three percentage points below the EU-25 average. Portugal's level is one of the lowest in the EU-15 and is almost exactly the same as Spain.

Portugal relies relatively heavily on indirect taxation for collecting budget revenue. In 2003 the share of indirect taxes amounted to 43.2 % (EU-25 37.6 %), the third highest percentage in the Union, preceded only by Cyprus and Ireland. The share of VAT over GDP is more than 0.6 percentage points higher than the EU average. On the other hand, the share of direct taxes amounted to only 25.2 % of total tax revenue (EU-25 31.8 %), whereas the share of social contributions is close to the EU average (31.7 %, EU-25 30.8 %).

As for the structure by level of government, the share of taxes collected by local government is rather low at 5.7 %, about half the EU-25 average (10.7 %), whereas the percentage received by social security institutions is quite high (33.0 %, EU-25 29.2 %).

As a consequence of fiscal consolidation the tax-to-GDP ratio has increased quite significantly between the years 1995 and 1999. Tax revenue was stronger than foreseen due to a growth pattern in favour of domestic demand and, in particular, private consumption[1]. After being more or less stable for two years, the ratio increased further in 2002 and 2003. This was especially due to the implementation of a tax amnesty on direct taxes and social contributions and an increase in the standard VAT rate from 17 % to 19 %. However, in 2004 the ratio decreased.

Taxation of consumption, labour and capital

Taxes on consumption play an important role in Portugal, representing more than one third of total tax revenue. Mainly due to the increase in the standard VAT from 17 % to 19 % in June 2002 the implicit tax rate on consumption increased in 2002 and 2003 reaching 19.0 %. It is still below the EU-25 average, though (21.3 % in 2003).

Taxes on labour as a percentage of GDP are below EU-average (15.0 %, EU-25 18.5 %). The implicit tax rate on labour has increased significantly in recent years, however, from 26.5 % (1999) to 29.8 % (2003), 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 below the Union's average (EU-25 35.6 %).

The ITR on capital and business income is above the EU-25 average (20.1 %, EU-25 17.7 %). This is reflected by the relatively high capital taxes to GDP ratio. Revenues from corporate taxation are rather high whereas taxes on business income from self-employed are less important. Although the statutory corporate tax rate was reduced by four percentage points in the period 1995-2001, corporation tax revenues in percent of GDP have increased. This could be explained by several factors; in particular, during the period of fiscal consolidation and preparation to EMU, Portugal experienced a sharp reduction in interest rates. This resulted in a significant reduction in interest payments by corporations, as proved by

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[1] European Commission (2000a, 2002b)

detailed capital income data. As a result, deductions for interest have been more limited than before. Moreover, it should be kept in mind that the ITR tends to overestimate increases in the tax burden in periods of large capital gains (capital gains were not included in the base/denominator of the tax ratio because of data limitations).

Portugal's level of environmental taxes is quite substantial (3.1 % of GDP, EU-25 2.8 %), notably with respect to energy taxes (70 % of total environmental taxes).

Current topics and prospects; policy orientation

In order to contain the 2005 budget deficit, the VAT standard rate was increased by two percentage points, to 21 %, as of 1 July 2005. In November 2005 amendments affecting the taxation of dividends were announced. As of 1 January 2006 there will be a uniform withholding tax rate on dividends distributed to both resident and non-resident shareholders of 20 %.

The Budget Bill for 2006 contains important elements with respect to the personal income tax. A new top tax bracket of 42 % was introduced. Moreover, modifications to current tax credits have been made. In particular a tax credit for contributions to private pension plans has been reinstalled. Changes to the corporate taxation have been introduced, too, e.g. with respect to thin capitalisation rules following the decision of the European Court of Justice in the Lankhorst-Hohorst case.

In general, according to the December 2005 update of the 'Stability and Growth Programme 2005-2009', tax policy focuses on the simplification and moralisation of the tax system, improving the efficiency of the tax administration and tackling tax evasion and fraud.

Features of the tax system and main recent tax policy measures

Personal income tax

In 1999 deductible allowances in the personal income tax were converted into tax credits. In 2001 statutory personal income tax rates were generally reduced. Also, tax credits for savings, housing, health and education expenses were made more favourable.

In Portugal the personal income tax (IRS) is levied on the aggregated base of six income categories. There is no personal allowance, but, as already mentioned, there are various tax credits in order to take the personal and family situation of the taxpayer into account. Portugal applies a progressive tax rate with seven brackets (from 10.5 % to 42.0 % in 2006), the top marginal rate being reached at an income of € 60 000. In the Azores the rates are reduced by 20 %, while in Madeira the rates range from 10 % to 39 %.

Spouses living in a single household have to file a joint return including the aggregated family income. However, they benefit from an income-splitting relief. Interest and dividends are subject to a withholding tax of 20 %. Resident individuals may opt to include 50 % of the gross domestic dividends (or dividends received from EU entities covered by the 'parent subsidiary directive') in their taxable income according to the partial exemption system and in the latter case the tax withheld at source constitutes an advance payment.

Corporate taxation

As of 2002 the partial imputation system was replaced by a partial exemption system. In 1999 to 2002 the tax base was broadened and measures were taken to combat tax evasion and fraud. As a consequence, the corporate tax rate could be reduced substantially by five percentage points in 2004.

The general rate of the corporate income tax (IRC) is 25 %. For small companies taxed under the 'simplified scheme' a reduced rate of 20 % applies. Small companies operating in less developed inland areas may qualify for a reduced rate of 20 % (15 % if the company is also taxed under the 'simplified scheme'). In addition to that, local municipalities may levy a non deductible surcharge of up to 10 %. The maximum rate is thus 27.5 % in those municipalities. For the Azores and Madeira special rules apply. Capital gains are not taxed separately but are usually included in ordinary income. Under special conditions there is a relief of 50 % if all the money is reinvested. Ordinary losses are deductible in the calculation of the tax base, whereas special rules apply for capital losses.

VAT and excise duties

As already mentioned, after an increase by two percentage points in 2002, the VAT standard rate was raised further from 19 % to 21 % in 2005. In the Azores and Madeira it was increased by two percentage points as well.

Portugal applies three rates for VAT: a standard rate of 21 %, an intermediate rate of 12 % (on restaurants, some wines, some foodstuffs, oil) and a reduced rate of 5 % (on basic foodstuffs, books, periodicals and newspapers, water and electricity among others). In the Azores and Madeira the standard rate is 15 %, whereas the intermediate rate is 8 %. Excise taxes are only levied on the consumption of certain goods. Among these, the most important ones are the tax on oil products, the excise tax on tobacco, the excise tax on alcoholic beverages, the excise tax on beer and the tax on motor vehicles.

Wealth and transaction taxes

In December 2003 and January 2004 respectively, the local tax on real estate and the transfer tax were replaced by new municipal taxes. As of 2004 the gift and inheritance tax was abolished.

Currently, two taxes on wealth are in force: The municipal real estate tax (IMI) and the municipal real estate transfer tax (IMT). There is no net wealth tax. A stamp tax is levied on transfers of property on death or gift only if the donor and the beneficiary are not next of kin.

Local taxes

In addition to the taxes already mentioned, taxation at the local level also comprises a municipal tax on vehicles.

Social contributions

Employees pay contributions equal to 11 % of their gross salary without any ceiling (10 % for members of the corporate board, but up to a ceiling). The employers' contribution rate is 23.75 % (21.25 %). Social security contributions are deductible from the PIT and the CIT.

SLOVAKIA

Taxes and social contributions in SLOVAKIA [1)]

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
					ESA95					
A. Structure of revenues as % of GDP										
Indirect taxes	15.6	15.5	14.4	13.4	13.1	13.0	11.8	12.0	11.5	12.7
VAT	9.5	8.7	8.0	7.6	7.6	7.7	7.5	7.7	6.8	8.0
Excise duties and consumption taxes	3.2	3.5	3.2	3.2	3.0	2.9	2.8	3.0	3.1	-
Other taxes on products (incl. import duties)	1.7	1.7	2.2	1.7	1.7	1.7	0.7	0.8	0.7	-
Other taxes on production	1.2	1.6	1.0	0.8	0.8	0.7	0.7	0.6	0.9	0.8
Direct taxes	11.6	10.5	10.1	10.1	9.1	7.6	7.4	7.5	7.2	6.1
Personal income	3.6	4.1	4.4	4.5	4.6	3.5	3.8	3.4	3.3	-
Corporate income	6.1	4.2	3.7	3.4	3.0	2.9	2.4	2.7	2.8	-
Other	2.0	2.3	2.0	2.1	1.4	1.3	1.2	1.3	1.1	-
Social Contributions	14.3	14.3	13.6	14.8	13.8	13.7	13.7	13.5	13.0	12.2
Employers´	12.0	10.3	9.7	11.0	10.0	9.8	9.7	9.7	8.8	8.0
Employees´	1.7	3.2	3.0	3.2	3.1	3.2	3.3	3.2	2.9	2.9
Self- and non-employed	0.6	0.8	0.8	0.7	0.7	0.7	0.7	0.6	1.4	1.3
B. Structure according to level of government as % of GDP										
Central Government	25.6	24.9	19.2	22.4	20.9	19.5	18.0	18.3	17.4	17.6
State government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	1.6	1.6	5.6	1.6	1.6	1.4	1.5	1.5	1.6	1.5
Social Sec. Funds	14.3	13.9	13.2	14.2	13.5	13.4	13.4	13.2	12.6	11.9
EC Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-
C. Structure according to economic function as % of GDP										
Consumption	-	-	-	-	-	12.5	-	11.5	10.8	-
Labour	-	-	-	-	-	16.1	-	15.9	14.7	-
Employed	-	-	-	-	-	16.0	-	15.8	14.5	-
Paid by employers	-	-	-	-	-	9.8	-	9.7	8.8	-
Paid by employees	-	-	-	-	-	6.2	-	6.1	5.7	-
Non-employed	-	-	-	-	-	0.1	-	0.1	0.2	-
Capital	-	-	-	-	-	6.1	-	5.5	6.1	-
Capital and business income	-	-	-	-	-	4.9	-	4.6	5.2	-
Income of corporations	-	-	-	-	-	2.8	-	2.7	2.8	-
Income of households	-	-	-	-	-	1.1	-	0.2	0.2	-
Income of self-employed (incl. sc)	-	-	-	-	-	1.0	-	1.7	2.1	-
Stocks (wealth) of capital	-	-	-	-	-	1.2	-	1.0	1.0	-
Less: amounts assessed but unlikely to be collected	*1.0*	*1.3*	*2.2*	*1.3*	*1.3*	*1.2*	*0.8*	*0.6*	*0.4*	*0.7*
TOTAL	**40.5**	**39.0**	**35.8**	**37.0**	**34.6**	**33.2**	**32.1**	**32.4**	**31.3**	**30.3**
Of which environmental taxes	-	-	-	-	-	-	-	-	-	-
Energy	-	-	-	-	-	-	-	-	-	-
Transport	-	-	-	-	-	0.2	-	0.2	0.2	-
Pollution/Resources	-	-	-	-	-	0.0	-	0.0	0.2	-
D. Implicit tax rates										
Consumption	-	-	-	-	-	22.3	-	20.0	19.4	-
Labour employed	-	-	-	-	-	38.6	-	38.8	36.5	-
Capital	-	-	-	-	-	22.3	-	18.7	20.5	-
Capital and business income	-	-	-	-	-	17.8	-	15.4	17.2	-
Corporations	-	-	-	-	-	43.9	-	31.7	29.4	-
Households	-	-	-	-	-	9.3	-	8.5	11.0	-

1) See annex B for classification of taxes and annex C for explanatory notes.
n.a.: not applicable, - : not available

Source: Commission Services

Overall trends in taxation

As at 2004, the tax-to-GDP ratio (including social security contributions) stood at 30.3 % in Slovakia, a value markedly below the EU-25 average (37.6 %) and NMS-10 (33.7 %). Slovak taxation levels are lower than those of all EU-25 Member States but three (IE, LT, LV).

Indirect taxes are well below the EU-25 average (12.7 % of GDP as compared to 14.2 % of GDP). They play a much more important role in Slovakia than direct taxes, as the latter yield less than half as much revenue. Not surprisingly therefore, direct tax revenue lies well below the EU-25 average (6.1 % of GDP as compared to 12.2 % of GDP). As a result, Slovakia displays a comparatively high share of indirect taxes on the total, 41.8 %, compared with an EU-25 average of 38.2 %. This share is in line with the NMS-10 average (41.6 %). The ratio of tax revenues from social security contributions to GDP has decreased over the last 10 years by 2.1 percentage points from 14.3 % of GDP in 1995 to 12.2 % of GDP in 2004. This reflects a significant reduction of social security contributions on the side of employers. Employees' social contributions have instead increased by 1.2 % percentage points since 1995 and reached the level of 2.9 % of GDP in 2004.

The vast majority of revenues, almost two-thirds of the total, flow to the central government while social security funds receive most of the remainder. Local government levies only 1.5 % of GDP in taxes.

Slovakia's tax ratio has decreased very significantly over the last decade, from 40.5 % of GDP in 1995, when Slovakia's tax ratio was above the EU-25 average by more than two points, to 30.3 % of GDP in 2004, when the ratio lies more than seven points below the average. This cut in taxation by one fourth is by far the strongest in the EU-25.

Taxation of consumption, labour and capital

Lack of statistics prevents computation of these indicators for Slovakia for several years. The latest available year is 2003.

As of 2003, the implicit tax rate (ITR) on consumption in Slovakia is below the EU-25 average (19.4 % compared with 21.9 %). Unlike the almost constant EU average, in the years for which data are available the Slovak ITR on consumption has shown a clear decreasing trend.

Unlike the ITR on consumption, the implicit tax rate on labour in Slovakia is, at 36.5 %, slightly above the EU-25 average (35.9 %). It has nevertheless tended to decline over the years in line with the decline in tax levels.

The relatively low contribution of taxes on capital to total tax revenue is also reflected in the low ITR on capital, at 20.5 % in 2003; this value lies more than five points below the EU-25 average.

Lack of data prevents the computation of total and breakdown of environmental taxation. As of 2003, revenue from transport stood at 0.2 % of GDP, a value notably below the EU-25 average (0.7 %).

Current topics and prospects; policy orientation

The Slovak Republic introduced a major tax reform that came into force on 1 January 2004. The main objectives of the reform were the establishment of a business - and investment - friendly environment for both individuals and companies, the reduction of the distortionary effects of tax legislation; and the introduction of equal taxation of all types of income. This was achieved by a shift of the tax burden from direct toward indirect taxes, the elimination of exemptions and special regimes, and by the introduction of a flat rate in personal income tax at a low standard rate 19 %. The new legislation simplified the tax law significantly, eliminating 21 different types of taxation of direct income taxed at five different personal income tax rates. The corporate tax rate was also reduced to 19 % from the previous 25 %.

More recent tax changes following the major tax reform in 2004 aim at aligning the taxable base even more closely with the accounting base. Specifically, the tax base may now include unrealised foreign exchange gains and losses. In the field of corporate tax the tax depreciation periods have been reduced and the possibility of interrupting tax depreciation of assets has been introduced.

The transitional provisions with respect to taxation of royalty payments will expire on 1 May 2006. From this time onwards the definition of royalties will be extended to comply with the EC Interest and Royalties Directive. As a result, licence payments and lease payments paid by a Slovak tax resident to a legal entity from another EU Member State will not be subject to tax in Slovakia after 1 May 2006.

Features of the tax system and recent developments in tax policy

Personal income tax

The introduction of the flat tax rate in 2004 obviously has eliminated the progressive rates. Nevertheless, the personal income tax still maintains some limited progressivity as a result of the existence of the tax exempt income threshold. Thus, the effective tax rate for individuals with low-income below the threshold is nil and the average tax rate increases gradually and asymptotically once income exceeds the threshold. The new tax law has eliminated almost all exceptions, exemptions and deductions. The restriction in the number of allowances and credits to the minimum naturally contributes strongly to the transparency and simplicity of the tax system.

The PIT tax rate is 19 % of aggregate income. Income is defined broadly as any benefit in cash or in kind. Aggregate income includes income from employment, occupational pensions, business, rent, capital and other occasional activities. Capital gains are included in the aggregate income with the exception of income from the sale of a dwelling which was used as a permanent residence of the taxpayer over the last two years and the income from the sale of other immovable property owned for at least 5 years before the sale. No tax deductions are allowed. There are two kinds of tax allowances: the basic allowance available to every taxpayer and the supplementary allowance for a spouse with no income. A tax credit is granted for taxpayers with dependent children.

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 state supplementary pension insurance. A taxpayer may, however, opt for including such income into the aggregate income so the tax withheld is treated as a prepayment.

Corporate taxation

The corporate tax rate was reduced from 25 % to 19 % with effect from January 1, 2004. Exceptions and exemptions such as tax holidays, tax brakes, 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 the EU regulations regarding direct taxation such as the EC Parent-Subsidiary Directive, the EC Merger Directive and the Interest and Royalties Directive as well as the Savings Directive.

Taxable income is calculated on the basis of 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, the acquisition cost of capital asset and shares as well as contributions to the share capital. 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, vouchers and investment coupons as well as interest from band deposits and current accounts is taxed with a withholding tax of 19 %. 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. The tax losses made during this period may be carried forward further under the condition that the taxpayer shows a taxable profit in the year following the 5-year period. There is no group taxation allowed as all entities are taxed separately. The thin capitalization rules were abolished with effect from January 1, 2004. Currently no thin capitalization provisions apply.

VAT and excise duties

Prior to the tax reform in 2004 Slovakia applied two VAT rates: a standard rate of 20 % and a reduced rate of 14 %. The tax reform introduced a unified 19 % VAT tax rate for all goods and services as of January, 1 2004. The measure has been justified by the reasons of generating increased tax revenues to compensate for the revenue losses related to the introduction of low flat-rate direct taxation. Furthermore, an argumentation to eliminate economic distortions and inefficiencies associated with taxing various consumption goods with different tax rates has been raised.

The tax reform also introduced amendments to taxation of excise duties on mineral oils, tobacco and tobacco products, and beer in order to harmonise the Slovak tax law with EU regulations. As a result the amendments increased excise duty rates on these types of products so the Slovak excise duties have reached the required levels earlier than it was negotiated in Slovakia's accession treaty with the European Union.

Social security contributions

Both employees and employers have to pay contributions for pension insurance (4 % and 14 % respectively), health insurance (4 % and 10 % respectively), disability insurance (both 3 %) and sick leave insurance (both 1.4 %) as well as unemployment insurance (both 1 %). Additionally, employers have to pay 0.8 % of the employees' wages for the accident insurance, 4.75 % to reserve fund and 0.25 % for the guarantee fund. There is a ceiling for paying contributions for all types of insurance with the exception of accident insurance.

SLOVENIA

Taxes and social contributions in SLOVENIA [1)]

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
					ESA95					
A. Structure of revenues as % of GDP										
Indirect taxes	15.9	16.1	15.7	16.4	17.1	16.3	16.1	16.4	16.6	16.5
VAT	0.0	0.0	0.0	0.0	4.9	8.9	8.6	8.9	8.8	8.9
Excise duties and consumption taxes	0.0	0.0	0.0	0.0	1.8	3.1	3.5	3.5	3.5	3.5
Other taxes on products (incl. import duties)	15.3	15.1	14.1	14.5	8.3	1.8	1.4	1.4	1.4	1.1
Other taxes on production	0.5	1.0	1.7	1.9	2.1	2.4	2.6	2.6	2.9	2.9
Direct taxes	7.1	7.4	7.6	7.6	7.5	7.6	7.8	8.0	8.2	8.5
Personal income	6.0	6.1	6.1	5.8	5.7	5.8	5.9	5.9	5.9	5.9
Corporate income	0.5	0.7	0.9	1.0	1.1	1.2	1.2	1.5	1.7	2.0
Other	0.6	0.5	0.5	0.9	0.8	0.6	0.6	0.6	0.5	0.6
Social Contributions	17.3	15.4	14.7	14.7	14.5	14.7	15.0	14.8	14.7	14.7
Employers´	8.2	6.5	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6
Employees´	8.3	8.1	8.0	8.0	7.9	8.1	8.0	7.9	7.7	7.7
Self- and non-employed	0.8	0.9	1.0	1.1	1.0	1.0	1.3	1.3	1.4	1.4
B. Structure according to level of government as % of GDP										
Central Government	20.8	21.1	20.9	21.7	22.0	21.2	21.1	21.6	21.9	21.9
State government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	2.6	2.6	2.6	2.5	2.8	2.8	2.9	2.9	3.0	3.0
Social Sec. Funds	16.9	15.2	14.5	14.6	14.4	14.5	14.8	14.6	14.6	14.6
EC Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2
C. Structure according to economic function as % of GDP										
Consumption	15.5	15.2	14.2	14.8	15.2	14.2	13.7	14.1	14.1	14.0
Labour	22.7	21.3	20.9	21.0	20.8	21.3	21.7	21.5	21.5	21.6
Employed	22.0	20.6	20.2	20.2	20.0	20.5	20.8	20.6	20.6	20.6
Paid by employers	8.2	7.0	6.7	6.8	6.9	7.2	7.3	7.3	7.4	7.4
Paid by employees	13.8	13.6	13.5	13.4	13.2	13.4	13.4	13.3	13.2	13.2
Non-employed	0.6	0.7	0.7	0.8	0.8	0.7	0.9	0.9	1.0	1.0
Capital	2.1	2.4	2.8	3.0	3.1	3.1	3.4	3.6	3.8	4.2
Capital and business income	1.5	1.8	2.1	2.1	2.1	2.1	2.3	2.6	2.8	3.1
Income of corporations	0.5	0.7	0.9	1.0	1.1	1.2	1.2	1.5	1.7	2.0
Income of households	0.2	0.3	0.3	0.3	0.3	0.2	0.2	0.3	0.3	0.3
Income of self-employed (incl. sc)	0.7	0.8	0.9	0.9	0.8	0.7	0.9	0.8	0.8	0.8
Stocks (wealth) of capital	0.7	0.6	0.7	0.9	1.0	1.0	1.1	1.0	1.0	1.1
Less: amounts assessed but unlikely to be collected	*0.1*	*0.1*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
TOTAL	**40.2**	**38.9**	**37.9**	**38.8**	**39.1**	**38.5**	**38.8**	**39.1**	**39.4**	**39.7**
Of which environmental taxes	-	-	-	-	2.2	3.0	3.4	3.4	3.4	3.4
Energy	-	-	-	-	1.7	2.5	2.8	2.8	2.7	2.7
Transport	0.2	0.2	0.2	0.3	0.4	0.5	0.5	0.4	0.5	0.5
Pollution/Resources	0.1	0.0	0.0	0.1	0.0	0.1	0.1	0.2	0.3	0.2
D. Implicit tax rates										
Consumption	25.1	24.7	23.4	24.9	25.7	24.0	23.5	24.7	24.7	24.4
Labour employed	38.9	37.1	37.3	37.7	38.4	37.7	37.7	37.8	37.9	37.8
Capital	-	-	-	-	-	-	-	-	-	-
Capital and business income	-	-	-	-	-	-	-	-	-	-
Corporations	-	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-	-

1) See annex B for classification of taxes and annex C for explanatory notes.
n.a.: not applicable, - : not available

Source: Commission Services

Overall trends in taxation

Slovenia's total taxes to GDP ratio amounted to 39.7 % in 2004, the highest value among the new Member States, but in line with the EU-15 average (40.2 %).

As in most of the new Member States, Slovenia displays a high share of indirect taxes (41.5 % of total taxes); social contribution plays an important role too with a share of 37.1 %, i.e. 6.5 percentage points above EU-25 average. Direct taxes are consequently relatively low at 8.5 % of GDP. It is worth noticing that employers liable for payment of social security contributions are also subject to a payroll tax. This tax was introduced in the second half of 1996 to finance the decrease of social security contributions on labour costs from 42 % to 38 % of pay.

Central government accounts for the largest part of tax revenue (55.3 % in 2004). Local governments collect only 7.6 % of total taxes, e.g. 3.3 percentage points below the EU-25 average (10.9 %).

During the period 1995-2004 the total tax to GDP ratio fluctuated within a narrow band; in 2004, the ratio was 0.5 percentage points lower than at the beginning of the period under consideration. A major change in the tax system occurred in 1999 when the VAT replaced the previous sales tax. Overall collection from the new VAT and excise taxes was in line with expectations, as higher receipts from excise duties, introduced at the same time, compensated for small shortfalls in VAT collection. This resulted in an overall increase (+0.6 %GDP) of indirect tax revenues, which was absorbed in the following year.

Taxation of consumption, labour and capital

Taxes on consumption have been stable for the last 3 years (14.0-14.1 % of GDP). Their revenue lies above the EU-25 average (12.2 %). A modest decrease in revenues from consumption taxes has taken place in the second half of the period under consideration but the ITR has varied very little overall.

The ITR on labour is quite stable since 2000 (37.8 % in 2004) and 1.9 percentage points above the EU-25 average. Taxation on labour is in fact even above the EU-15 average, particularly because of the above-mentioned relatively high level of SSC.

Taxes on capital have grown markedly since 1995, though remaining well below both the EU-25 and the NMS-10 average. In particular, a substantial increase of taxes on corporate income has taken place, even if its share is still under EU-25 average.

In 2004, environmental taxes represented 3.4 % of GDP. This share is constant since 2001. In 2004, environmental taxes represented 8.7 % of total taxation, which was 1.1 percentage points higher than EU-25 average. Among environmental taxes, taxes on energy (6.7 % of total revenue in 2004) constitute the most important part in total taxation, against taxes on transport (1.3 %) and pollution/resources (0.6 %).

Current topics and prospects; policy orientation

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

In addition, a more efficient administration of public taxes was aimed for and there is an ongoing discussion on tax reforms that provide for a fairer distribution of taxes. Moreover, a government economic panel group urged for a simplification of the tax laws which might include the introduction of a flat tax.

To address the issue of the high tax burden on labour, the payroll tax is planned to be cut by 20 % in 2006 and by further 40 % and 70 % in 2007 and 2008, respectively, after which it will be lifted completely in 2009.

An environmental pollution tax act in relation to old car scrapping was introduced and a new real estate tax act will be adopted in 2005, which will be effective in 2006.

Main features of the tax system

Personal income tax

The personal income tax in Slovenia exhibits a progressive structure with six brackets, with rates ranging from 17 % to 50 %, which represents a remarkably high degree of progressivity. It is levied at central government level, but 35 % of revenues from the personal income tax are attributed to municipalities. There are no tax credits in Slovenia but deductions for certain general expenses (acquisition of long term securities, residential buildings, medical aid etc.) are possible up to 3 % of the aggregate annual income. The income is further reduced by a basic allowance equivalent to 11 % of the average annual salary in Slovenia. Other allowances are available (40 % of the average annual salary for students; 8 % of the average annual salary for taxpayers over 65 years old; 10 % of the average annual salary for the first child or dependent family member (including spouse and divorced spouse receiving alimony). The allowance increases by 5 % for each following child.

Corporate taxation

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

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

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

VAT and excise duties

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

In 2003 a new VAT law was adopted regarding EU accession and applied from 1 May 2004 onwards. The law contains several amendments for instance the introduction of intra-community acquisition of goods and new means of transport as well as special schemes related to investment gold.

An excise duty on coal and coke was introduced and the excise duties on cigarettes, mineral oil and gas were adjusted in 2005 in order to bring legislation in line with EU regulations.

Wealth and transaction taxes

There is a real estate tax and a property tax on premises and boats. In general, the first 160 m2 of the surface of an apartment are exempt from property tax if the owner or his family members live in the apartment (rates range from 0.1 % to 1.50 % of the value). Small boats are exempt.

The inheritance and gift tax for an inheritance or a gift of a value over SIT 2 018 101 (spouse and all direct descendants are exempt) is levied at progressive rates (5 % to 30 %). The progression depends on the relationship between the deceased/donor and the beneficiary and on the value of each beneficiary's share of the inheritance or of the gift.

Social security contributions

Social security contributions cover pension, health and unemployment insurance and maternity leave.

Employees contribute for social security 22.1 % of their total gross wage of which the pension insurance (15.5 %) is the biggest amount. Social security contributions are payable also by employers on behalf of their employees. The taxable base is the gross amount of remuneration paid, including benefits in kind and the employer contribution rates 15.9 % in total. The contributions are deductible for corporate income tax purposes.

Payroll tax is levied on companies that employ individuals and are subject to social security contributions. An exemption applies to companies employing disabled persons. The taxable base is the monthly gross wages and salaries of the employees with rates from 0 % to 14.8 % (for 2005). The payroll tax is deductible for corporate income tax purposes.

SPAIN

Taxes and social contributions in SPAIN [1)]

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
					ESA95					
A. Structure of revenues as % of GDP										
Indirect taxes	10.7	10.7	11.0	11.5	12.0	11.9	11.5	11.6	11.9	12.2
VAT	5.2	5.3	5.5	5.6	6.1	6.1	5.9	5.8	6.0	6.1
Excise duties and consumption taxes	2.5	2.6	2.6	2.8	2.7	2.6	2.5	2.5	2.5	2.5
Other taxes on products (incl. import duties)	1.7	1.5	1.6	1.8	1.9	1.9	1.9	2.0	2.3	2.5
Other taxes on production	1.3	1.3	1.3	1.3	1.3	1.2	1.2	1.2	1.1	1.1
Direct taxes	10.3	10.4	10.6	10.3	10.3	10.5	10.4	10.8	10.5	10.7
Personal income	7.7	7.7	7.2	7.0	6.7	6.6	6.8	6.8	6.6	6.4
Corporate income	1.9	2.0	2.7	2.5	2.9	3.1	2.9	3.3	3.1	3.5
Other	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.7	0.8	0.8
Social Contributions	11.8	12.0	12.0	11.9	11.9	12.0	12.2	12.1	12.2	12.2
Employers´	8.2	8.3	8.4	8.2	8.3	8.4	8.6	8.6	8.6	8.6
Employees´	1.9	1.9	1.9	2.0	1.9	1.9	1.9	1.9	1.9	1.9
Self- and non-employed	1.7	1.7	1.7	1.7	1.8	1.7	1.7	1.7	1.7	1.7
B. Structure according to level of government as % of GDP										
Central Government	16.0	16.2	15.7	15.6	16.0	16.5	16.2	13.1	12.6	12.4
State government	1.5	1.5	2.4	2.5	2.7	2.7	2.6	6.3	6.9	7.5
Local Government	2.8	2.8	3.0	3.1	3.1	3.1	3.0	2.9	2.8	3.1
Social Sec. Funds	11.7	11.9	11.8	11.8	11.8	11.7	11.8	11.8	11.9	11.9
EC Institutions	0.7	0.7	0.7	0.7	0.6	0.6	0.5	0.4	0.4	0.3
C. Structure according to economic function as % of GDP										
Consumption	8.9	9.0	9.2	9.6	9.9	9.9	9.5	9.4	9.6	9.6
Labour	16.4	16.6	16.2	15.9	15.5	15.7	16.1	16.2	16.1	15.9
Employed	14.1	14.4	14.2	14.0	13.7	13.9	14.3	14.3	14.3	14.1
Paid by employers	8.2	8.3	8.4	8.2	8.3	8.4	8.6	8.6	8.6	8.6
Paid by employees	6.0	6.1	5.8	5.8	5.5	5.5	5.7	5.7	5.7	5.5
Non-employed	2.2	2.2	2.0	1.9	1.8	1.7	1.8	1.9	1.8	1.8
Capital	7.5	7.5	8.2	8.2	8.8	9.0	8.5	9.0	8.9	9.5
Capital and business income	5.0	5.1	5.7	5.6	6.0	6.1	5.8	6.1	5.9	6.2
Income of corporations	1.9	2.0	2.7	2.5	2.9	3.1	2.9	3.3	3.1	3.5
Income of households	0.8	0.8	0.7	0.8	0.8	0.8	0.8	0.7	0.7	0.7
Income of self-employed (incl. sc)	2.3	2.3	2.3	2.3	2.3	2.2	2.1	2.1	2.0	2.0
Stocks (wealth) of capital	2.5	2.4	2.5	2.7	2.8	2.8	2.8	2.9	3.1	3.4
Less: amounts assessed but unlikely to be collected	*0.0*	*0.0*	*0.4*	*0.7*	*0.7*	*0.6*	*0.6*	*0.6*	*0.6*	*0.5*
TOTAL	**32.7**	**33.1**	**33.2**	**33.0**	**33.6**	**33.9**	**33.5**	**33.9**	**34.0**	**34.6**
Of which environmental taxes	2.2	2.2	2.1	2.3	2.3	2.2	2.1	2.1	2.1	2.0
Energy	1.8	1.8	1.7	1.8	1.8	1.7	1.7	1.7	1.6	1.6
Transport	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Pollution/Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
D. Implicit tax rates										
Consumption	14.1	14.4	14.6	15.3	15.8	15.7	15.2	15.4	15.9	16.0
Labour employed	28.9	29.4	28.5	28.3	27.7	28.1	29.0	29.3	29.4	29.4
Capital [2)]	20.4	20.7	23.4	24.2	27.6	28.9	27.5	29.6	31.0	-
Capital and business income	13.7	14.2	16.3	16.4	18.8	19.7	18.6	20.0	20.4	-
Corporations	12.8	14.2	18.7	17.6	21.5	23.2	21.0	25.0	25.7	-
Households	13.9	13.7	14.0	14.8	15.9	16.2	15.8	15.4	15.3	-

1) See annex B for classification of taxes and annex C for explanatory notes.
2) Denominator based on unrevised data. See Annex C, Box 2.
- : not available
Source: Commission Services

Overall trends in taxation

The total tax-to-GDP ratio was 34.6 % in 2004, 3.0 percentage points lower than the EU-25 arithmetic average; in the EU-15 only Ireland has a lower ratio. However, compared to the new Member States average, the ratio of Spain is 0.9 percentage points higher.

Spain collects revenues almost equally from indirect taxes, direct taxes and social contributions (respectively 35, 30 and 35 % of total taxation). Compared to the EU-25 average, indirect and direct taxes are slightly lower and social contributions then somewhat higher. The low level of taxation in Spain is particularly perceptible in direct taxes, which remained fairly constant over the period under consideration. However, a shift from personal income revenue tax (-1.3 % of GDP) to corporate income tax revenues (+1.6 percentage points) is also noticeable. Indirect taxes as percentage of GDP (12.2 %) are among the lowest in the EU. This can partly be attributed to a standard VAT rate (16 %) among the lowest in the Union and to two reduced rates (4 % and 7 %). However, this peculiarity also stems from excise duties and other taxes on production lower than EU standards. Social security contributions have remained stable on average over the period (12.0 %) at a level slightly higher than the EU-25 average (11.5 %).

Spain has a quasi-federal system with three levels of Government. The central government and the Social security funds collect the majority of the revenues (respectively 36 and 35 per cent of total taxes). The financing system of the Regions (*Comunidades Autonomas*) was reformed in 1997. Although an increase in regional taxes as a percentage of GDP ('State' in the table) is visible already from 1997 onwards, the full effect of the new financing system appears more clearly starting from 2002 as the State government share more than doubled to reach the current level of 7.5 % of the GDP.

The overall tax burden increased slightly between 1995 and 2004 (+1.9 percentage points), but remained the second lowest in the EU-15. Substantial fiscal consolidation has been achieved since the mid-1990s, with a budget deficit declining from 6.6 % of GDP in 1995 to 0.9 % in 2000. Tax revenues were also boosted by increased VAT receipts and a generally buoyant economic growth.

Environment taxation is very low (5.8 % of total taxation): only Slovakia has a lower level in the EU-25. It is mostly concentrated on energy (4.6 %) while taxation on pollution is actually almost inexistent (0.1 % of total taxation or € 152 millions in 2004).

Taxation of consumption, labour and capital

The ratio of consumption taxes in proportion to GDP (9.6 %) is 2.6 percentage points lower than the EU-25 average. Despite the increasing trend throughout the 1995-2004 period, the implicit tax rate on consumption remains, after Malta and Cyprus, the lowest in the Union in 2004.

The ratio of taxes on labour income as percentage of GDP stands at 15.9 % in 2004, some 2.6 percentage points below the EU average (18.5 %). This has been a characteristic feature of the Spanish system throughout the years 1995-2004, when Spain had an average implicit tax rate on labour of 28.8 % compared to an EU average of 35.9 %. The lowest implicit tax rate on labour was recorded in 1999 (27.7 %) as a consequence of the personal income tax reform. Subsequent increases in the implicit tax rate on labour, as seen from 2000 to 2002, can be attributed to a noticeable increase in wages and salaries subject to tax as a result of the strong job creation process observed in the Spanish economy in the last few years. In the last three years, the ITR on labour has almost been stable at the level of 2004 (29.4 %).

As in other EU countries the ratio of capital taxes on GDP has increased substantially during recent years (+2.0 % in the period considered). Taxation of capital is well above the EU average (9.5 %, EU-25 7.5 %) and the implicit tax rate on capital shows a similar trend. This can be attributed to increasing tax revenues raised on capital income of corporations (+1.6 % of GDP in the period), and is reflected in the implicit tax rate on corporate income, doubled in the period available. On the other hand, the implicit tax rate on capital income of households and self-employed has remained almost stable (+1.4 %).

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 is planned for 2007 and should include a reduction of the number of tax brackets and lower top marginal rates. The reforms were aimed at simplification and increasing the neutrality of the tax system, strengthening incentives for work, saving, risk-taking and investment. In addition, the revenue-raising powers of the regions have been reinforced.

Features of the tax system and main recent tax policy measures

Personal income tax

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

The Budget Law for 2006 has only adjusted the taxable income brackets for inflation.

Corporate taxation

The corporate income tax rate is 35 %. The corporate tax reform was aimed at increasing tax neutrality between different sources of income and at reducing compliance costs. A modification was made as regards the international double taxation of dividends and capital gains applied to corporations owning 5 % (previously 25 %) of the capital of foreign companies. Also in 1997, a low statutory tax rate (30 %) was introduced for small and medium sized companies and the period for carrying forward losses was subsequently raised up to fifteen years. With the aim of providing permanent incentives for carrying on certain activities, the number of tax credits has been substantially raised, particularly to stimulate R&D activities and foster technological innovation in Spanish companies. Since 2002, in case of reinvestment, companies may deduct from their tax liability 17 percent of capital gains included in their taxable income. From 2003 onwards, this percentage has been increased to 20 per cent.

The government is planning to reduce the CIT rate to 30 % and the reduced rate to 25 % in 3-5 years.

VAT and excise duties

The standard VAT rate is 16 %. Two reduced rates of 7 and 4 per cent apply to specific categories of goods. In February, the Ecofin Council ratified the agreement to extend the reduced VAT for hairdressing and building workers until the end of 2010. In the Canary Islands, a special regime is applied with a standard rate of 5 %. A special duty on imports and certain goods in the Canary Islands is also applied.

Wealth and transaction taxes

Net wealth and Inheritance and gift taxes are levied on behalf of the 17 autonomous regions which set their own tax rates within certain limits. In case they do not, national limits will apply. Income and capital gains are taxed at progressive rates ranging from 15 to 45 %. Dividends, Interest (apart from treasury notes and securities issued by the treasury or the central bank), royalties, part of life and disability insurance and capital gains from participations in investment funds are subject to a withholding tax of 15 %.

In July of 2005, the European Commission formally complained against the Spanish taxation rules on capital gains, which distinguish residents, paying 15 %, from non residents paying 35 %. The European Court will now decide if this contravenes EU agreements on the free flow of capital and non-discrimination.

Local taxes

Regional governments receive a significantly part of the total tax revenue (33 % of personal income tax; 35 % of VAT; 40 % of excise duties on hydrocarbons, tobacco, beer and alcohol; 100 % of excise duties on electricity and car registration). Indirect tax revenues are transferred according to a territorial consumption index. Statutory personal income tax rates can be modified by the regional governments provided the structure retains progression and the number of tax brackets unchanged. Taxes on wealth, inheritance and gift tax, registration duties and fees on lotteries and gambling are totally assigned to territorial governments with almost complete jurisdictional powers. If the estimated expenditure exceeds potential revenues, the regional government receives a compensatory transfer from the central government. Two out of the seventeen *Comunidades Autonomas* (Basque Countries and Navarra) have a special tax regime and apply, in particular, their own Personal Income and Corporate Income tax. For the others, the fiscal revenue sharing forms the object of multi-annual agreements. The financing system of the autonomous communities (accepted only by eleven) of 1997-2001 has been extended to the 2002-2006 period.

Social Contribution

Each professional category has minimum and maximum contribution bases. For 2005 the maximum monthly base is € 2 813.40; the minimum monthly bases vary depending on the type of work. The total rate (including general risk, unemployment insurance and professional education training) is 6.4 % for the employees and 30.6 % for employers. The self-employed pay an effective rate of 29.8 %, with a monthly taxable base ranging from € 770 to € 2 813.40.

SWEDEN

Taxes and social contributions in SWEDEN [1)]

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
					ESA95					
A. Structure of revenues as % of GDP										
Indirect taxes	16.1	16.6	16.8	17.6	18.7	16.8	16.8	17.2	17.4	17.1
VAT	9.2	8.6	8.8	8.9	9.0	8.8	8.9	9.1	9.2	9.1
Excise duties and consumption taxes	3.5	3.8	3.5	3.5	3.4	3.2	3.2	3.3	3.3	3.1
Other taxes on products (incl. import duties)	0.9	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Other taxes on production	2.6	3.5	3.9	4.4	5.7	4.1	4.0	4.2	4.3	4.2
Direct taxes	20.0	20.9	21.4	21.3	22.1	22.3	19.9	18.0	18.7	19.5
Personal income	16.5	17.4	17.6	17.7	18.0	17.4	16.3	15.0	15.6	15.7
Corporate income	2.6	2.6	2.9	2.6	3.1	3.8	2.7	2.1	2.3	3.0
Other	0.8	0.9	0.9	1.0	1.0	1.1	1.0	0.8	0.8	0.8
Social Contributions	12.9	14.0	13.8	13.8	12.5	14.3	14.6	14.5	14.1	13.8
Employers´	11.0	11.6	11.1	10.7	9.4	11.1	11.5	11.4	11.0	10.8
Employees´	1.6	2.1	2.4	2.9	2.9	2.8	2.9	2.9	2.9	2.8
Self- and non-employed	0.3	0.3	0.3	0.2	0.2	0.3	0.3	0.3	0.3	0.3
B. Structure according to level of government as % of GDP										
Central Government	29.5	30.7	31.3	32.0	33.0	32.0	29.2	27.5	27.6	28.2
State government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	14.4	15.6	15.4	15.4	15.4	15.2	15.7	16.0	16.4	16.3
Social Sec. Funds	4.5	4.6	4.6	4.7	4.4	5.7	6.0	5.9	5.8	5.7
EC Institutions	0.7	0.6	0.7	0.6	0.5	0.5	0.5	0.4	0.4	0.3
C. Structure according to economic function as % of GDP										
Consumption	13.4	13.0	13.0	13.1	13.0	12.5	12.7	12.9	13.0	12.8
Labour	30.7	32.4	32.4	33.2	33.1	32.3	32.4	31.4	31.8	31.5
Employed	25.2	27.1	27.2	28.1	28.1	27.8	28.0	27.2	27.2	26.9
Paid by employers	12.6	13.6	13.2	13.6	13.7	13.9	14.2	14.2	14.0	13.7
Paid by employees	12.6	13.5	14.0	14.6	14.4	13.9	13.8	13.0	13.2	13.2
Non-employed	5.5	5.4	5.2	5.1	5.0	4.5	4.4	4.2	4.6	4.6
Capital	5.0	6.0	6.6	6.4	7.2	8.5	6.2	5.3	5.4	6.1
Capital and business income	3.4	3.9	4.4	4.2	5.1	6.3	4.3	3.4	3.5	4.3
Income of corporations	2.6	2.6	2.9	2.6	3.1	3.8	2.7	2.1	2.3	3.0
Income of households	0.1	0.6	0.8	0.9	1.3	1.7	0.9	0.6	0.6	0.6
Income of self-employed (incl. sc)	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Stocks (wealth) of capital	1.6	2.1	2.3	2.2	2.2	2.2	1.9	1.9	1.9	1.9
TOTAL	**49.0**	**51.5**	**52.0**	**52.7**	**53.3**	**53.4**	**51.4**	**49.7**	**50.2**	**50.5**
Of which environmental taxes	2.8	3.1	3.0	3.0	2.9	2.8	2.8	2.9	2.9	2.9
Energy	2.4	2.7	2.6	2.6	2.5	2.4	2.4	2.5	2.5	2.5
Transport	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Pollution/Resources	0.0	0.1	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1
D. Implicit tax rates										
Consumption	27.7	27.0	26.9	27.4	27.2	26.5	26.9	27.4	27.5	27.6
Labour employed	46.8	48.0	48.4	49.4	49.0	47.9	46.8	45.6	45.7	45.9
Capital	18.7	25.4	27.8	28.7	34.6	41.6	32.7	-	-	-
Capital and business income	12.8	16.4	18.3	18.9	24.3	30.9	22.6	-	-	-
Corporations	15.7	18.2	20.0	20.5	25.2	34.9	26.3	-	-	-
Households	7.4	12.5	14.5	15.4	20.9	24.4	16.9	-	-	-

1) See annex B for classification of taxes and annex C for explanatory notes.
n.a.: not applicable, - : not available

Source: Commission Services

Overall trends in taxation

Swedish taxation levels are the highest in the EU. As of 2004, the tax-to-GDP ratio (including social security contributions) stood at 50.5 %, compared with a 37.7 % for the EU average. Sweden is the only country that exceeded the 50 % mark in 2004. Denmark the country with the second-highest tax level, recorded a total tax burden of 49.0 % on GDP.

The Swedish tax system relies to a comparatively greater extent on direct taxation, in particular personal income taxation, for raising tax revenues. Hence, the tax mix differs somewhat from the Union average: direct taxes account for around 39 % of the Swedish tax revenue, while indirect taxes and social contributions respectively account for roughly 34 % and 27 % of the tax revenue. This compares to EU-25 averages of respectively around 32 %, 38 %, and 31 %. Overall, the tax structure shows a certain resemblance to that of the other Nordic countries (with the exception of Denmark).

The structure according to level of government differs from the EU average in that social security funds account for a rather low portion of revenues, while local government revenues, at 16.3 % of GDP, amount to almost four times the EU average; a similarly high share of local government revenue is found only in Denmark. Over the last few years, the share of central government revenues has shown a tendency to decline in favour of local government and the social security funds.

The overall tax burden increased from 1995 to 2000, when it reached a peak of 53.4 % of GDP, and declined afterwards. In the three years from 2000 to 2003 the decline has been quite rapid, more than one point of GDP per year on average until 2004 when the trend seems to have levelled out. The strongest decline since the 2000 peak were recorded for direct taxes; in particular, the revenue from the corporate income tax declined strongly until 2003 but has in 2004 returned to the level recorded in 1999.

Taxation of consumption, labour and capital

The implicit tax rate on consumption is well above the Union's average. With one of the highest statutory VAT-rates and also above average rates for excise duties, Sweden clearly belongs to the group of countries with relatively high consumption taxes, together with Denmark, Finland, and Hungary. The ITR on consumption increased gradually from around 28 % to almost a peak of 30.6 % during the 1995-1999 period, it has since dropped back to around 27 % (EU-25, 21.9 %).

The ratio of taxes on labour in proportion to GDP is the highest in the Union, by a margin of over six percentage points from the second (Denmark). The ITR on labour shows an upward trend until 1998, mainly as a consequence of different fiscal measures to increase tax revenue, peaking at 49.4 %. Since then, the implicit tax rate has been declining. In 2004, the observed rate of 45.9 % is below its initial level in 1995 (46.8 %), but shows a slight rebound vis-à-vis the previous year. The trend decline mirrors the different policy decisions taken during the 1995-2002 period. Initially, different measures increased the income tax and the social contributions, while in the last years, some of these measured have started to be rolled back. The shift towards green taxes also contributed to reduce the tax burden on labour.

The implicit tax rate on capital displays large variations over the period considered. In 1995, Sweden still had a very low level of taxation on capital (18.7 %, EU-25 23 %), but already by the following year the ITR had risen above the Union's average. The peak in the ITR on capital was reached in 2000 at 41.6 %, 14 points above the EU-25 average. The major part of this increase relates to the measured overall tax burden of capital and business income; indeed, tax revenues in percentage of GDP from households increased. In 2001, the sharp decrease in the corporate income taxes largely explains the very strong decline in the ITR. No data on the ITR on capital are available for the period after 2001.

The increased capital tax burden for households in the 1995-2000 period can partly be explained by the taxation of increased capital gains due to the booming stock markets[1]. Another explanation lies in deductible net interest payments that have diminished substantially due to dropping interest rates. This development can be related to incentives in response to the tax reform, in combination with periods with a relatively high real interest rate.

Environmental taxes as a proportion of GDP are equal to the EU average of 2.9 % in 2004. The level has been rather constant over the period 1995-2004. Sweden is lagging behind its Nordic neighbour Denmark while Norway and Finland display only slightly higher environmental revenues as percentage of GDP than Sweden.

Current topics and prospects; policy orientation

The Budget Bill for 2006 was adopted by Parliament on 16 December 2005. On the revenue side, the second half of the fourth and last step of the income tax reform is carried out in 2006. This implies an increase in the tax reduction linked to pension contributions as a compensation for earlier increases in social security charges. The effect on revenues from this measure is estimated to be -0.3 % of GDP. Further steps are taken in the 'green tax swap' strategy. Energy taxes are increased to finance higher basic tax allowances for low and middle income earners (the overall size of this swap is valued at 0.15 % of GDP).

Main features of the tax system

Personal income tax

A major tax reform in 1991 transformed the tax system into a so-called 'dual' income tax system. It combined a high progressive taxation of labour income, with a lower general rate on capital income. Local government levies a flat rate of around 30 % (depending on municipality and county) on earned income (i.e. labour income and income from unincorporated business). For incomes above SEK 298 600 (in 2005) there is a state tax bracket with a tax rate of 20 % and the top rate for labour income above SEK 450 500 is 25 %. For capital income, there is a flat tax rate of 30 %. Generally, the 1991 reform resulted in a shift from direct to indirect taxes, in combination with a broadening of the tax bases.

The main recent changes in taxation policy relate to reductions of the income tax, mainly through the compensation for the employee's general pension contribution, and the introduction of a green tax reform.

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

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

The policy of the green tax shift continued in 2004 with higher taxes on energy use and lower taxes on labour. Thus, the uniform state income tax on labour income was removed in 2004, i.e. a reduction of the SEK 200 per year on all incomes.

Corporate taxation

Taxation of corporations follows the classical system. Double taxation is eliminated or reduced, in the case of corporate shareholders by participation exemption or in the case of individual shareholders by the relief granted for dividends paid by small companies. The corporate income tax is imposed since 1994 at a flat rate of 28 %. Capital gains are taxed as regular corporate profit. Capital losses, generally deductible against profit, may normally be carried forward indefinitely.

VAT and excise duties

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

Wealth and transaction taxes

Personal wealth above a value of SEK 1.5 million for singles and SEK 3.0 million for couples assessed jointly is taxed at a rate of 1.5 percent. In addition, single-family houses are taxed at a national rate of 1.0 percent of assessed value.

Social contributions

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

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

UNITED KINGDOM

Taxes and social contributions in the UNITED KINGDOM [1)]

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
					ESA95					
A. Structure of revenues as % of GDP										
Indirect taxes	14.1	13.9	14.0	13.9	14.2	14.2	13.8	13.6	13.6	13.6
VAT	6.7	6.7	6.8	6.6	6.8	6.8	6.8	6.8	7.0	7.0
Excise duties and consumption taxes	4.1	4.1	4.0	4.0	4.0	3.9	3.7	3.6	3.5	3.4
Other taxes on products (incl. import duties)	1.2	1.1	1.3	1.4	1.5	1.8	1.6	1.5	1.4	1.5
Other taxes on production	2.1	2.0	1.9	1.8	1.8	1.8	1.8	1.8	1.7	1.7
Direct taxes	15.1	15.0	15.3	16.5	16.4	16.9	17.0	15.8	15.3	15.8
Personal income	10.3	9.6	9.3	10.3	10.5	10.8	10.9	10.4	10.0	10.3
Corporate income	2.8	3.2	3.9	3.8	3.4	3.4	3.3	2.8	2.7	2.8
Other	2.0	2.2	2.2	2.4	2.6	2.6	2.8	2.7	2.6	2.7
Social Contributions	6.2	6.1	6.2	6.2	6.2	6.3	6.3	6.1	6.6	6.6
Employers´	3.4	3.3	3.4	3.3	3.4	3.6	3.6	3.4	3.6	3.7
Employees´	2.6	2.5	2.7	2.6	2.6	2.6	2.5	2.4	2.7	2.7
Self- and non-employed	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3
B. Structure according to level of government as % of GDP										
Central Government	33.1	32.7	33.5	34.4	34.7	35.3	35.1	33.5	33.4	34.0
State government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	1.3	1.3	1.3	1.4	1.4	1.5	1.5	1.6	1.7	1.7
Social Sec. Funds	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EC Institutions	1.0	0.9	0.7	0.7	0.6	0.7	0.6	0.5	0.4	0.3
C. Structure according to economic function as % of GDP										
Consumption	12.1	12.0	12.4	12.2	12.1	11.9	11.7	11.6	11.6	11.6
Labour	14.0	13.3	13.1	13.8	13.8	14.3	14.4	13.7	13.8	14.0
Employed	13.9	13.1	12.9	13.6	13.7	14.2	14.2	13.5	13.6	13.8
Paid by employers	3.4	3.3	3.4	3.3	3.4	3.6	3.6	3.4	3.6	3.7
Paid by employees	10.5	9.8	9.6	10.3	10.3	10.6	10.6	10.1	10.0	10.1
Non-employed	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Capital	9.3	9.7	10.4	10.9	10.9	11.2	11.1	10.3	10.1	10.5
Capital and business income	5.5	5.9	6.5	6.8	6.7	6.7	6.8	6.0	5.8	6.1
Income of corporations	2.9	3.3	4.0	4.0	3.7	3.6	3.6	2.9	2.8	2.9
Income of households	1.2	1.2	1.1	1.4	1.6	1.6	1.7	1.5	1.4	1.6
Income of self-employed (incl. sc)	1.5	1.4	1.4	1.4	1.5	1.5	1.6	1.5	1.5	1.6
Stocks (wealth) of capital	3.9	3.9	3.9	4.0	4.2	4.5	4.3	4.3	4.3	4.4
TOTAL	**35.4**	**34.9**	**35.5**	**36.5**	**36.8**	**37.4**	**37.2**	**35.5**	**35.5**	**36.0**
Of which environmental taxes	2.9	3.0	3.0	3.1	3.2	3.1	2.8	2.7	2.7	2.6
Energy	2.3	2.4	2.3	2.5	2.5	2.4	2.3	2.2	2.1	2.1
Transport	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.5
Pollution/Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1
D. Implicit tax rates										
Consumption	19.6	19.3	20.0	19.7	19.4	19.0	18.6	18.5	18.8	18.7
Labour employed	25.7	24.9	24.4	25.2	25.0	25.4	25.1	24.0	24.3	24.8
Capital	33.3	32.4	34.3	35.7	39.9	40.8	42.1	37.5	33.7	34.9
Capital and business income	19.5	19.5	21.4	22.5	24.5	24.6	25.6	21.8	19.3	20.2
Corporations	19.2	20.0	23.5	22.3	23.9	23.1	24.0	17.7	15.0	19.4
Households	14.8	14.0	13.7	16.6	18.3	18.8	19.2	20.1	19.3	21.1

1) See annex B for classification of taxes and annex C for explanatory notes.
n.a.: not applicable

Source: Commission Services

Overall trend in taxation

In 2004, the tax-to-GDP ratio (including social security contributions) stood at 36.0 % in the United Kingdom, a value somewhat below the EU-25 average (37.6 %), placing the UK among the lowest in the EU-15, after Ireland, Spain, Portugal and Greece.

The tax structure by tax type is characterised by a relatively high weight of direct taxes (15.8 % of GDP against a EU-25 average of 12.2 %), which largely reflects a marked reliance on personal income tax. After a decline in the last two years, revenue from this latter source slightly increased in 2004 (+0.3 % of GDP). On the other hand, corporate income taxation remained almost stable though on a declining trend. At 2.8 % of GDP in 2004, it is in line with the EU-25 and EU-15 averages (on average respectively 3.0 % and 3.2 % against 3.2 % of UK). Direct taxes represent the primary source of revenues (43.9 % of the total taxes), slightly larger than indirect taxes (37.7 %), and far outweighing social contributions (18.4 %), the third lowest in the EU 25, after Denmark and Ireland.

Roughly 94 % of the total revenue is raised by the central government, a value that confirms the United Kingdom as the most fiscally centralised Member State in the EU-25 after Malta. Local government only receives 4.8 % of total taxes. However, this figure has been slowly increasing since 1997.

The overall tax burden increased by about two percentage points from 1995 to 2000 (37.4 % of GDP), almost entirely due to rises in direct taxation. After that peak the tax burden has tended to decline but has however increased again in 2004 (+0.5 %). At any rate, it has always been among the lowest in the EU.

Taxation of consumption, labour and capital

Looking at the economic classification of taxes, taxation of consumption (11.6 % of GDP) stood at 18.7 in 2004 when measured as percentage of final consumption expenditures of households. This ITR sets UK 3.2 percentage points below the EU-25 average.

As a result of the relatively low social security contributions, taxes on labour (14.0 % of GDP) are very low compared to other European countries (EU-25 18.5 %). The effective taxation of employed labour (i.e. the ITR on labour) is, at 24.8 %, the third lowest in the EU-25 (after Malta and Cyprus) and well below the EU-25 average (35.9 %). In the period 1995-2004, the index remained fairly stable, as it has since the early '70s.

Tax on capital (10.5 % of GDP) is higher than the EU-25 average (7.5 %) despite the lower contribution of taxes on the income of corporations. The difference is accounted for by the higher taxation of households (+0.9 %) and of stocks of capital (+2.1 %). The relatively high contribution of taxes on capital to total tax revenue (+9.2 % on the EU-25 average of 19.8 %) is reflected in the relatively high implicit tax rate on capital (34.9 %). The decline visible in the first half of the 1990s was strongly influenced by the relative decline of taxes on real estate. Both taxes on corporations and taxes on real estate (i.e. national domestic rates on business properties and council tax paid by owner-occupiers and tenants on the value of their dwellings) contribute to the present relatively high tax burden on capital.

From 1995 to 2001, an increase in the implicit tax rate on capital is visible since the mid-1990s, as in many other Member States. This increase is reflected in the growth both of the implicit tax rate on capital and business income and of the revenues derived from taxes on the stock of wealth. Since then the ITR on capital has dropped by 7.2 percentage points.

The increase in the implicit tax rate on capital and business income can partly be attributed to the pro-cyclical behaviour of the implicit tax rate; economic growth has to some extent offset the effects of the reductions in statutory rates. 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.

Revenues from environmental taxes are declining compared to the beginning of the period because of a decline in the revenue from the Customs duty on hydrocarbon oils in the last years and, mainly, following the reform of the Motor vehicle duties which is paid according to the amount of carbon emissions produced and motor vehicle duties. These two factors explain the downwards trend started in 2000-2001 which set the United Kingdom 0.2 % below the EU-25 average in 2004 against 0.2 above in 1995.

Current topics and prospects; policy orientation

During recent years, fiscal policy has focused on increasing the attractiveness of employment by improving the financial incentives to work and the tax system has been reorganised towards tax credit instead of direct delivery of social services. The tax structure has been reformed drastically since the 1970s when the higher rates were between 40 % and 83 %.

The European Court ruled in December 2005 that Marks & Spencer could offset losses from subsidiaries in other European Union countries against UK company tax. In some circumstances, this judgement could impact on the tax revenues for the country. The European Court of Justice has also ruled (February 2006) in three cases (Halifax, Bupa and the University of Huddersfield) with reference to VAT avoidance stating that transactions carried out for the sole purpose of obtaining a tax advantage are an abuse of the tax system.

In December 2005, UK signed an agreement with Gibraltar on the Exchange of tax information as an equivalent measure to the European Savings directive (2003/48/EC)[1].

Features of the tax structure and recent developments in tax policy

Personal income tax

In 2005-2006 tax rates of 10 %, 22 % and 40 % are applied to three brackets of income (up to GBP 2 090, 2 091 to 32 400 and above 32 400, respectively). The pre budget report 2006-2007 increased the personal income tax allowance (for those aged under 65) to GBP 5 035 (previously GBP 4 895). A larger increase for elderly tax-payer aged between 65 and 74 (to GBP 7 280 from GBP 7 090) and over 74 (to GBP 7 420 from GBP 7 220).

Since April 2003, there are two tax credits available: the child tax credit, which is paid on top of universal child benefit, and the working tax credit2 which is intended for low-paid working adults, means-tested together with a full entitlement for families with a pre-tax income below GBP 5 220 per year.

[1] The agreement should come into force on 1.4.2006 only if equivalent measures are adopted by all the EU Member States, US, Switzerland, Andorra, Liechtenstein, Monaco and San Marino.

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, which at present is 19 %, 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. Changes have also been made to capital depreciation allowances.

VAT and excise duties

The standard VAT rate is 17.5 %. Several reductions and exemptions apply. In particular, a reduced rate applies to fuel and power (8 per cent in 1997). Insurance premium tax, after being introduced at 2.5 per cent in 1994, rose to 4 per cent in 1997.

Important reforms have been implemented on both tobacco and fuel, with the so-called 'tax escalator' playing an important part, i.e. the introduction (1993) of automatic annual increases in excise duty on both petrol (introduced at 3 % above inflation and then increased to 5 % above inflation) and cigarettes (3 % above inflation). Tax differentials between leaded and unleaded petrol have been increased and new differentials introduced between ultra-low sulphur and standard petrol and diesel. 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.

Social contribution

The starting point for paying National Insurance Contributions (NIC's) are, since 2001, set to the level of the personal income tax personal allowance, both for employers and employees. The self-employed pay NICs based on similar principles. There are four contributions bands. The first one applies to employees and depending on weekly income brackets (up to GBP 97, GBP 97-645 and over for 2006-2007) requires a rate of 0 %, 11 % and 1 % on the excess. NICs are lower (9.4 %) for those who have contracted out of the State Second Pension and moved to a private pension scheme. The second class applies different rates (0 %, 9.3 % and 12.8 % on the excess) for employers. The third one is for voluntary contributions (fixed amount of GBP 7.55 per week). Finally the fourth class is for the self-employed and has different brackets (GBP 5 035-33 540 and over) and lower rates (8 % and 1 % fro profits above the threshold). Since October 2003, a Pension Credit ensures a minimum income to elderly people, also rewarding those who saved modest amounts for their retirement.

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[2] The CTC consists of a family element of GBP 545 per year and child element of GBP 1 690 per child per year. These amounts are increased for disabled (GBP 2 285) or severely disabled (+GBP 920) children. The WTC consists of a basic element (GBP 1 620 per year) and an additional amount (GBP 1 595) for couples and single parents. An extra GBP 660 is given to people working at least 30 hours a week.

NORWAY

Taxes and social contributions in NORWAY [1)]

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
					ESA95					
A. Structure of revenues as % of GDP										
Indirect taxes	16.5	16.4	16.2	16.5	15.9	14.0	13.8	13.9	13.5	-
VAT	9.9	9.8	9.7	10.2	9.9	8.7	8.8	8.9	8.6	-
Excise duties and consumption taxes	2.2	2.0	2.1	1.9	1.9	1.7	1.7	1.7	1.7	-
Other taxes on products (incl. import duties)	3.7	3.8	3.7	3.6	3.4	2.9	2.6	2.6	2.5	-
Other taxes on production	0.7	0.8	0.7	0.8	0.7	0.6	0.7	0.7	0.7	-
Direct taxes	16.3	17.1	17.0	16.0	17.0	20.3	20.4	20.0	19.7	-
Personal income	10.8	10.7	11.0	11.8	11.4	10.3	10.5	10.8	10.7	-
Corporate income	3.2	3.5	3.5	2.7	3.5	5.2	4.9	4.5	4.2	-
Other	2.3	2.8	2.5	1.5	2.1	4.8	5.0	4.7	4.8	-
Social Contributions	9.9	9.6	9.6	10.3	10.2	9.0	9.3	9.9	9.9	-
Employers´	5.9	5.7	5.7	6.2	6.1	5.4	5.6	6.0	5.9	-
Employees´	4.0	3.9	3.9	4.2	4.1	3.6	3.7	4.0	3.9	-
Self- and non-employed	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
B. Structure according to level of government as % of GDP										
Central Government	24.5	25.5	25.4	25.2	25.5	27.7	27.1	28.2	26.9	-
State government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	8.2	7.9	7.8	7.2	7.4	6.5	7.1	5.7	6.3	-
Social Sec. Funds	9.9	9.6	9.6	10.3	10.2	9.0	9.3	9.9	9.9	-
EC Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C. Structure according to economic function as % of GDP										
Consumption	14.5	14.2	14.2	14.4	13.9	12.2	12.1	12.0	11.7	-
Labour	18.9	18.6	18.9	20.4	19.9	17.7	18.1	19.1	19.1	-
Employed	17.9	17.6	17.8	19.3	18.8	16.7	17.1	18.1	18.0	-
Paid by employers	5.9	5.8	5.8	6.2	6.1	5.4	5.6	6.0	6.0	-
Paid by employees	12.0	11.9	12.1	13.0	12.7	11.2	11.5	12.1	12.1	-
Non-employed	1.0	1.0	1.0	1.2	1.1	1.0	1.0	1.0	1.0	-
Capital	9.2	10.3	9.7	8.0	9.2	13.3	13.2	12.6	12.4	-
Capital and business income	6.8	7.7	7.4	5.4	6.8	11.2	11.1	10.4	10.1	-
Income of corporations	3.3	3.6	3.6	2.8	3.5	5.2	5.0	4.6	4.3	-
Income of households	2.4	3.1	2.7	1.5	2.3	5.1	5.2	4.8	4.9	-
Income of self-employed (incl. sc)	1.1	1.0	1.0	1.1	1.0	0.9	0.9	1.0	0.9	-
Stocks (wealth) of capital	2.4	2.6	2.4	2.5	2.4	2.1	2.1	2.3	2.3	-
Less: amounts assessed but unlikely to be collected	*0.3*	*0.3*	*0.3*	*0.3*	*0.3*	*0.2*	*0.2*	*0.2*	*0.2*	-
TOTAL	**42.3**	**42.8**	**42.5**	**42.5**	**42.8**	**43.0**	**43.2**	**43.6**	**42.9**	**-**
Of which environmental taxes	4.5	4.8	4.5	4.4	3.8	3.3	3.1	3.3	3.3	-
Energy	1.1	1.0	1.0	1.0	0.8	0.7	0.6	0.6	0.5	-
Transport	2.4	2.7	2.5	2.6	2.3	2.1	2.0	2.4	2.4	-
Pollution/Resources	1.0	1.1	1.1	0.8	0.7	0.6	0.5	0.3	0.3	-
D. Implicit tax rates										
Consumption	31.1	30.8	31.6	31.0	31.1	30.4	30.1	29.9	29.2	-
Labour employed	37.8	38.0	38.3	38.4	38.2	38.2	38.3	38.7	38.9	-
Capital	-	-	-	-	-	-	-	-	-	-
Capital and business income	-	-	-	-	-	-	-	-	-	-
Corporations	-	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-	-

1) See annex B for classification of taxes and annex C for explanatory notes.
n.a.: not applicable, - : not available

Source: Commission Services

Overall tax burden and features of the tax system

Norway's total tax to GDP ratio amounted to 42.9 % in 2003 (figures for 2004 not available yet); a value which exceeds by five percentage points the Union average. Total tax revenues in Norway are influenced by tax income from petroleum related activities. Tax and non-tax revenues from the petroleum sector have hovered around 8 % of GDP over the 1990s. Adjusted for an estimated resource rent from the petroleum sector, total accrued taxes in per cent of GDP would be somewhat lower, but still slightly above the EU-average. The Norwegian tax system is characterised by a relatively high share of direct taxes, accounting in 2003 for 46.0 % of total taxes, which is 14.2 percentage points above the EU-25 average. The revenues from the personal income tax and the corporate tax are, as a share of total tax revenues, 3.2 % respectively 2.1 percentage points above EU-25 average. As for indirect taxes, the VAT share (20.1 % of total taxes) is in line with the EU whilst excise duties represent 3.9 % of the total tax revenue, which is clearly below the EU-25 average. Taxes levied on the oil and gas sector represented about 16.0 % of the total tax revenue in 2003.

Direct taxes from personal income relative to GDP have been relatively stable during the 1990s until today. Norway has however experienced an increase in direct taxes from the corporate sector. From 1995 to 2003 the tax to GDP ratio increased from 3.2 % to 4.2 %, with a peak in 2000 at 5.2 %.

Taxation of consumption, labour and capital

Taxation on consumption has fallen substantially since 1998. In 2003 it is in line with the average in the EU-25. However, the ITR on consumption (29.2 % in 2003) is significantly above the EU-25 average (21.6 %) and only comparable to those of the Nordic countries.

Taxation on labour has been reasonably stable. The ITR on labour (38.9 % in 2003) is 3.3 percentage points above the EU-25 average.

During the period 1995 to 2003, a slight fluctuation of the ratio taxation of capital as percentage of GDP with an increase since 1999 can be seen. This is mainly because the share of capital taxation of households has doubled since 1995 but also because the capital taxation of corporations has risen by one percentage point.

In 2003 the share of environmental related tax revenues at the total tax revenue has been 7.7 % compared to 7.6 % for the EU-25 average.

Current topics and prospects; policy orientation

The progressivity of the personal tax scheme in Norway has increased, especially since 2000 when a special earned income allowance and an extra step in the surtax was introduced. In 1998 the extra payroll tax for high salaries increased from 10 % to 12.5 %. The top marginal tax rate on labour income (including payroll taxes) has increased substantially since the tax reform in 1992, and created a wider gap between the top marginal tax rate on labour income and capital income. However, the 2005 and 2006 budget laws introduced significant reductions in the top marginal employment income rate, from 55.3 % to 47.8 %.

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

The 2006 tax reform introduced a dividend tax and increased the marginal tax rates on share incomes from 28 % at present to 48.16 %. In combination with lower marginal tax rates on labour income, it is no longer particularly profitable to have labour income taxed as dividends.

Features of the tax system and recent developments in tax policy

Personal income tax

There are national and municipal income taxes. The general combined rate of both is 28 %. A lower rate of 24.5 % applies for Finnmark and Nord-Troms.

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

Corporate taxation

Companies are subject to corporate income tax. Special regimes apply to activities related to the exploration for and exploitation of petroleum sources. In some regions special legislation in the field of direct taxation applies. The rate of the corporate income tax is 28 %. Income and capital gains are pooled and taxed at the same rate.

Until 31 December 2003, the imputation system applied for taxation of dividends for corporate and individual shareholders. For corporate shareholders, the imputation system was replaced with an exemption regime with effect from 1 January 2004. For individual shareholders, the imputation system was replaced with a modified classical system with effect from 1 January 2006.

Dividends derived by corporate shareholders from resident companies, savings banks and unit trusts are always exempt from tax. Capital gains on the disposal of shares in such entities are also exempt. In general, all expenses incurred in acquiring, securing and maintaining income are deductible. Royalties and management fees are generally deductible, but must be made on an arm's-length basis if such payments are made to related parties. Expenses incurred in order to earn exempt income, e.g. dividends and capital gains on shares, are not deductible. Thus, the deductibility of costs for holding companies is limited. Capital gains derived from the sale of business assets are normally included in taxable income but gains on the disposal of shares of resident companies, savings banks and unit trusts are exempt from tax.

Losses may be carried forward to be set off against profits for 10 years from the year in which the losses arose. A research and development credit is granted to small and medium-sized companies.

VAT and excise duties

The Norwegian VAT is a single-rate system with several exemptions, which should be regarded as zero rates, and the rate for foodstuff is 13 %. The standard rate is 25 %, and has general use. The zero rate applies to the sale of books and newspapers, the sale of pre-registered cars, work on roads, etc. The government has introduced general VAT on services from 1 July 2001.

Norway has introduced 8 % VAT on passenger transport and the procurement of such services, ferrying, broadcasting services, and admission to cinemas. With effect from 1 September 2006 Norway will introduce 8 % VAT on hotel accommodation, etc. Export sales are exempt with credit.

Wealth and transaction taxes

There is an inheritance and gift tax with no personal allowances but a zero-rate up to taxable amounts of NOK 250 000 (€ 38 890). The rates range from 8 % to 30 % depending on the status of the beneficiary and the volume of the taxable amount.

Resident individuals above certain thresholds are subject to national net wealth tax (rates from 0.2 % to 0.4 %) and municipal net wealth tax (rate in general 0.7 %) with respect to their worldwide net wealth,

Social security contributions

The national insurance contributions payable by employees are computed on the same base as the national income tax on gross income. The general rate of 7.8 % applies to employment income including benefits in kind and remuneration of directors, members of committees, etc. A reduced rate of 3 % applies to pensions and life annuities, as well as to employment income derived by individuals under 17 or over 69 years. There is a exemption of NOK 29 600 (€ 3 660) of income from the contributions. For income above this amount, the contributions cannot exceed 25 %. The contributions payable by individuals are not deductible for income tax purposes.

The self-employed must make national insurance contributions at a rate of 10.7 %.

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[1] As modified – notably – by Regulation 2516/2000 of the European Parliament and Council of 7 November 2000. A consolidated version of the Council Regulation (EC) is available on-line on the Eur-Lex web-site on: http://eur-lex.europa.eu/.

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ANNEXES

ANNEX A: TABLES

Table Tot_G: Total Taxes (incl. SSC) as % of GDP

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	43.8	44.4	44.9	45.5	45.5	45.2	45.2	45.3	44.9	45.2	45.0	0.2	1.4
CZ	36.2	35.1	35.5	33.9	34.7	34.4	34.5	35.4	36.0	36.6	35.2	0.2	0.4
DK	48.8	49.2	48.9	49.3	50.1	49.4	48.5	47.8	47.6	48.8	48.8	-0.3	0.0
DE	39.8	40.7	40.7	40.9	41.7	41.9	40.0	39.5	39.6	38.7	40.3	-0.4	-1.1
EE	37.9	35.6	35.9	34.9	34.6	32.6	31.7	32.4	32.9	32.6	34.1	-1.7	-5.3
EL	32.6	33.0	34.3	36.3	37.3	37.9	36.6	37.3	36.4	35.1	35.7	1.1	2.4
ES	32.7	33.1	33.2	33.0	33.6	33.9	33.5	33.9	34.0	34.6	33.5	0.5	1.9
FR	42.7	43.9	44.1	44.0	44.9	44.1	43.8	43.1	43.1	43.4	43.7	-0.1	0.7
IE	33.1	33.1	32.3	31.7	31.7	31.6	29.7	28.4	29.0	30.2	31.1	-1.6	-2.8
IT	40.1	41.8	43.7	42.5	42.5	41.8	41.4	40.9	41.5	40.6	41.7	-0.2	0.6
CY	26.9	26.8	26.0	28.2	28.5	30.5	31.5	31.5	33.3	34.1	29.7	3.0	7.2
LV	33.6	31.3	32.7	34.3	32.4	29.5	28.5	28.2	28.5	28.6	30.8	-2.1	-5.0
LT	28.6	28.1	31.5	32.2	32.1	30.0	28.7	28.4	28.2	28.4	29.6	-0.6	-0.2
LU	42.4	42.6	41.7	40.3	40.6	40.4	40.6	41.1	40.9	40.1	41.1	-0.5	-2.3
HU	41.6	40.6	39.0	39.0	39.1	39.2	39.5	39.0	39.0	39.1	39.5	-0.5	-2.6
MT	27.6	26.1	27.8	26.1	27.2	28.3	30.3	32.2	32.2	35.1	29.3	3.0	7.6
NL	40.5	40.8	40.6	40.3	41.6	41.5	38.3	37.7	37.5	37.8	39.7	-1.1	-2.7
AT	41.3	42.6	44.0	44.0	43.7	42.8	44.7	43.7	43.0	42.6	43.2	0.2	1.3
PL	38.5	37.3	36.7	36.0	36.4	34.2	33.9	34.3	33.3	32.9	35.3	-1.7	-5.6
PT	31.9	32.8	32.9	33.1	34.1	34.3	33.9	34.7	35.1	34.5	33.7	0.9	2.6
SI	40.2	38.9	37.9	38.8	39.1	38.5	38.8	39.1	39.4	39.7	39.0	0.1	-0.6
SK	40.5	39.0	35.8	37.0	34.6	33.2	32.1	32.4	31.3	30.3	34.6	-3.1	-10.1
FI	45.6	46.9	46.1	46.0	46.4	47.7	45.7	45.6	44.6	44.3	45.9	-0.4	-1.3
SE	49.0	51.5	52.0	52.7	53.3	53.4	51.4	49.7	50.2	50.5	51.4	-0.1	1.5
UK	35.4	34.9	35.5	36.5	36.8	37.4	37.2	35.5	35.5	36.0	36.1	0.2	0.7
NO	42.3	42.8	42.5	42.5	42.8	43.0	43.2	43.6	42.9	-	42.8	-	-
EU-25 (weighted average[3)])	39.7	40.5	40.7	40.7	41.2	41.0	40.0	39.4	39.5	39.3	40.2	-0.3	-0.4
EU-15 (weighted average[3)])	39.8	40.6	40.9	40.9	41.4	41.3	40.3	39.6	39.7	39.6	40.4	-0.2	-0.2
EUR-12 (weighted average[3)])	39.9	40.9	41.3	41.1	41.7	41.5	40.4	40.0	40.0	39.7	40.7	-0.3	-0.2
NMS-10 (weighted average[3)])	38.0	36.8	36.2	35.8	36.0	34.7	34.5	34.9	34.6	34.5	35.6	-1.0	-3.5
EU-25 (average[4)])	38.1	38.0	38.2	38.3	38.5	38.1	37.6	37.5	37.5	37.6	37.9	-0.2	-0.5
EU-15 (average[4)])	40.0	40.7	41.0	41.1	41.6	41.5	40.7	40.3	40.2	40.2	40.7	-0.1	0.2
EUR-12 (average[4)])	38.9	39.6	39.9	39.8	40.3	40.3	39.5	39.3	39.2	38.9	39.6	-0.1	0.1
NMS-10 (average[4)])	35.2	33.9	33.9	34.0	33.9	33.1	33.0	33.3	33.4	33.7	33.7	-0.4	-1.4
Ratio st.dev. and mean in %	15.3	16.6	15.9	15.7	15.9	16.2	16.0	15.5	15.1	15.1			-0.2
Difference max. and min.	22.1	25.4	26.0	26.6	26.1	25.0	22.8	21.5	22.0	22.1			0.0

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average

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	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	12.9	13.4	13.6	13.5	13.9	13.8	13.3	13.3	13.4	13.6	13.5	0.2	0.7
CZ	12.3	12.3	11.7	11.2	11.8	11.5	11.1	11.1	11.2	12.0	11.6	-0.7	-0.2
DK	17.0	17.4	17.6	18.3	18.3	17.2	17.4	17.5	17.3	17.6	17.6	0.0	0.6
DE	12.0	11.9	11.9	12.0	12.6	12.5	12.2	12.0	12.2	12.0	12.1	0.1	0.0
EE	13.9	14.0	14.6	12.8	12.2	12.9	12.8	13.1	13.0	13.0	13.2	-1.0	-0.9
EL	14.4	14.8	14.9	15.1	15.8	15.5	15.2	15.1	14.6	14.0	14.9	-0.2	-0.4
ES	10.7	10.7	11.0	11.5	12.0	11.9	11.5	11.6	11.9	12.2	11.5	1.3	1.5
FR	16.0	16.6	16.5	16.4	16.4	15.8	15.4	15.4	15.4	15.7	16.0	-0.8	-0.4
IE	14.5	14.4	14.0	13.8	13.7	13.7	12.5	12.4	12.7	13.2	13.5	-1.6	-1.3
IT	12.4	12.2	12.7	15.6	15.3	15.2	14.7	14.7	14.3	14.3	14.1	1.8	1.9
CY	11.5	11.2	10.3	11.2	10.8	12.7	13.2	13.4	16.5	17.4	12.8	5.1	5.9
LV	14.3	13.2	14.1	15.2	13.9	12.3	11.8	11.2	12.1	11.9	13.0	-2.6	-2.3
LT	12.3	11.9	13.9	14.0	13.8	12.6	12.2	12.4	11.8	11.3	12.6	-1.1	-1.0
LU	13.5	13.4	13.5	13.4	14.1	14.5	13.8	13.4	13.5	14.7	13.8	0.5	1.2
HU	17.8	17.1	15.6	15.8	16.3	16.3	15.5	15.1	15.8	16.3	16.1	-1.0	-1.5
MT	12.7	11.9	12.5	11.8	12.3	12.6	13.2	13.9	13.3	15.9	13.0	2.2	3.2
NL	11.9	12.2	12.5	12.5	13.1	13.0	12.9	12.7	12.7	13.0	12.7	0.8	1.1
AT	14.8	15.1	15.6	15.5	15.5	15.1	15.0	15.2	14.9	14.8	15.2	-0.2	0.0
PL	14.6	14.7	14.1	13.8	14.2	13.4	12.8	13.2	13.1	13.4	13.7	-1.4	-1.3
PT	13.9	14.0	13.8	14.3	14.6	14.1	14.0	14.5	15.2	14.5	14.3	0.7	0.7
SI	15.9	16.1	15.7	16.4	17.1	16.3	16.1	16.4	16.6	16.5	16.3	0.4	0.6
SK	15.6	15.5	14.4	13.4	13.1	13.0	11.8	12.0	11.5	12.7	13.3	-3.2	-3.0
FI	14.1	14.3	14.8	14.5	14.7	14.1	13.7	13.9	14.4	14.3	14.3	-0.2	0.1
SE	16.1	16.6	16.8	17.6	18.7	16.8	16.8	17.2	17.4	17.1	17.1	0.5	1.1
UK	14.1	13.9	14.0	13.9	14.2	14.2	13.8	13.6	13.6	13.6	13.9	-0.4	-0.5
NO	16.5	16.4	16.2	16.5	15.9	14.0	13.8	13.9	13.5	-	15.2	-	-
EU-25 (weighted average[3])	13.4	13.5	13.6	14.1	14.4	14.1	13.7	13.7	13.7	13.8	13.8	0.2	0.3
EU-15 (weighted average[3])	13.4	13.5	13.6	14.1	14.4	14.2	13.8	13.7	13.7	13.8	13.8	0.2	0.4
EUR-12 (weighted average[3])	13.1	13.2	13.3	13.9	14.2	13.9	13.6	13.5	13.5	13.6	13.6	0.3	0.5
NMS-10 (weighted average[3])	14.6	14.5	13.9	13.7	14.0	13.5	13.0	13.2	13.3	13.7	13.7	-1.0	-0.9
EU-25 (average[4])	14.0	13.9	14.0	14.1	14.3	14.0	13.7	13.8	13.9	14.2	14.0	0.0	0.2
EU-15 (average[4])	13.9	14.0	14.2	14.5	14.9	14.5	14.1	14.2	14.2	14.3	14.3	0.1	0.4
EUR-12 (average[4])	13.4	13.6	13.7	14.0	14.3	14.1	13.7	13.7	13.8	13.9	13.8	0.2	0.4
NMS-10 (average[4])	14.1	13.8	13.7	13.6	13.5	13.4	13.1	13.2	13.5	14.0	13.6	-0.3	0.0
Ratio st.dev. and mean in %	13.4	14.0	13.1	13.6	13.9	11.4	12.2	12.7	13.3	13.3			-0.1
Difference max. and min.	7.1	6.6	7.3	7.2	7.9	5.7	6.2	6.4	6.2	6.3			-0.8

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average
See explanatory notes in Annex C
Source: Commission Services

Table A.1_T: Indirect Taxes as % of Total Taxation: Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	29.4	30.1	30.3	29.8	30.6	30.4	29.4	29.4	29.8	30.1	29.9	0.0	0.7
CZ	33.9	34.9	33.0	32.9	33.9	33.5	32.3	31.3	31.0	32.9	33.0	-0.8	-1.0
DK	34.9	35.3	35.9	37.2	36.5	34.9	35.9	36.6	36.4	36.1	36.0	0.3	1.2
DE	30.2	29.3	29.3	29.4	30.2	29.9	30.6	30.5	30.7	31.1	30.1	0.5	0.9
EE	36.6	39.3	40.8	36.7	35.2	39.6	40.5	40.3	39.4	39.9	38.8	0.7	3.3
EL	44.1	44.8	43.6	41.4	42.4	40.9	41.5	40.4	40.0	39.9	41.9	-1.3	-4.2
ES	32.7	32.4	33.1	34.9	35.8	35.2	34.4	34.2	34.9	35.3	34.3	0.8	2.6
FR	37.6	37.7	37.5	37.4	36.5	35.9	35.1	35.7	35.7	36.1	36.5	-0.7	-1.5
IE	43.9	43.6	43.4	43.5	43.1	43.4	41.9	43.7	43.6	43.7	43.4	-0.1	-0.2
IT	31.0	29.1	29.0	36.8	36.1	36.4	35.4	35.8	34.5	35.2	33.9	2.0	4.3
CY	42.7	41.8	39.4	39.9	38.1	41.5	41.9	42.7	49.6	51.0	42.9	2.1	8.3
LV	42.4	42.2	43.3	44.4	42.7	41.8	41.3	39.8	42.5	41.8	42.2	-0.5	-0.6
LT	43.0	42.2	44.1	43.5	43.1	41.8	42.6	43.8	41.7	39.7	42.5	-0.6	-3.2
LU	32.0	31.5	32.5	33.3	34.6	35.9	34.0	32.8	32.9	36.8	33.6	1.0	4.8
HU	42.8	42.1	39.9	40.5	41.6	41.5	39.2	38.6	40.4	41.7	40.8	-0.5	-1.1
MT	46.0	45.7	44.8	45.2	45.3	44.6	43.6	43.2	41.2	45.1	44.5	-0.7	-0.9
NL	29.3	29.9	30.7	31.1	31.5	31.4	33.7	33.5	33.9	34.3	31.9	1.8	5.0
AT	35.8	35.5	35.4	35.2	35.6	35.3	33.6	34.7	34.7	34.7	35.1	-0.4	-1.1
PL	38.0	39.5	38.3	38.3	39.0	39.1	37.8	38.6	39.2	40.6	38.9	0.3	2.6
PT	43.5	42.7	41.8	43.0	42.8	41.0	41.2	42.0	43.2	42.1	42.3	-0.2	-1.4
SI	39.5	41.4	41.5	42.4	43.6	42.3	41.5	41.9	42.0	41.5	41.8	0.3	2.1
SK	38.6	39.8	40.1	36.2	37.7	39.3	36.7	37.1	36.7	41.8	38.4	-0.1	3.2
FI	31.0	30.4	32.1	31.4	31.6	29.5	30.0	30.6	32.3	32.2	31.1	0.2	1.2
SE	32.8	32.2	32.4	33.4	35.2	31.4	32.8	34.6	34.6	34.0	33.3	0.6	1.1
UK	39.9	39.7	39.3	38.0	38.6	38.0	37.2	38.4	38.3	37.7	38.5	-0.6	-2.2
NO	39.0	38.3	38.1	38.8	37.3	32.5	31.9	31.8	31.5	-	35.5	-	-
EU-25 (weighted average[3])	33.8	33.4	33.5	34.7	34.9	34.5	34.3	34.8	34.7	35.0	34.4	0.4	1.2
EU-15 (weighted average[3])	33.7	33.2	33.4	34.6	34.8	34.3	34.2	34.7	34.6	34.8	34.2	0.5	1.2
EUR-12 (weighted average[3])	32.8	32.3	32.3	33.9	34.0	33.6	33.6	33.8	33.8	34.2	33.4	0.6	1.5
NMS-10 (weighted average[3])	38.5	39.4	38.3	38.2	39.0	39.0	37.7	37.7	38.4	39.8	38.6	0.0	1.3
EU-25 (average[4])	37.3	37.3	37.3	37.4	37.7	37.4	37.0	37.2	37.6	38.2	37.4	0.1	1.0
EU-15 (average[4])	35.2	35.0	35.1	35.7	36.1	35.3	35.1	35.5	35.7	35.9	35.5	0.2	0.8
EUR-12 (average[4])	35.0	34.8	34.9	35.6	35.9	35.4	35.1	35.3	35.5	36.0	35.3	0.2	0.9
NMS-10 (average[4])	40.3	40.9	40.5	40.0	40.0	40.5	39.7	39.7	40.4	41.6	40.4	0.1	1.3
Ratio st.dev. and mean in %	15.8	16.2	15.3	13.7	12.7	13.2	12.6	12.8	13.9	14.0			-1.8
Difference max. and min.	16.7	16.6	15.9	15.8	15.1	15.1	14.2	14.4	19.9	20.8			4.2

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation. 3) Total Taxation weighted. 4) arithmetic average

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	Average 1995-2004	Change[1] 1995-2004	Difference[2] 1995 to 2004
BE	6.6	6.8	6.8	6.8	7.1	7.2	6.9	6.9	6.8	7.0	6.9	0.4	0.4
CZ	6.3	6.5	6.4	6.2	6.7	6.6	6.4	6.4	6.4	7.4	6.5	1.0	1.1
DK	9.4	9.7	9.7	9.8	9.8	9.6	9.6	9.6	9.6	9.8	9.7	0.1	0.3
DE	6.5	6.5	6.4	6.6	6.8	6.8	6.6	6.4	6.3	6.2	6.5	-0.4	-0.3
EE	9.7	9.5	9.8	8.2	8.0	8.8	8.5	8.7	8.8	8.2	8.8	-1.5	-1.4
EL	6.9	7.0	7.2	7.5	7.9	7.9	8.3	8.9	8.3	8.3	7.8	2.6	1.4
ES	5.2	5.3	5.5	5.6	6.1	6.1	5.9	5.8	6.0	6.1	5.8	1.6	0.9
FR	7.4	7.7	7.7	7.6	7.7	7.3	7.2	7.1	7.1	7.2	7.4	-0.9	-0.2
IE	7.0	7.1	7.1	7.1	7.1	7.3	6.8	7.0	7.1	7.4	7.1	0.1	0.3
IT	5.5	5.4	5.6	6.1	6.1	6.5	6.2	6.2	6.0	5.9	5.9	1.1	0.3
CY	4.6	4.6	4.6	5.0	4.9	5.9	6.3	7.2	8.9	9.3	6.1	8.5	4.6
LV	9.3	8.4	8.2	8.2	7.5	7.0	6.7	6.7	7.2	7.0	7.6	-3.2	-2.3
LT	7.7	7.1	8.5	8.1	8.0	7.6	7.3	7.4	6.8	6.5	7.5	-1.8	-1.2
LU	5.9	5.8	5.8	5.7	5.7	5.8	5.9	5.8	6.0	6.5	5.9	0.7	0.6
HU	7.7	7.5	7.7	7.9	8.1	8.7	8.2	7.9	8.3	9.0	8.1	1.4	1.3
MT	6.3	6.0	6.0	4.9	5.3	6.1	6.4	7.1	6.4	7.7	6.2	2.5	1.5
NL	6.6	6.8	6.9	6.9	7.2	7.2	7.3	7.2	7.3	7.3	7.1	1.2	0.8
AT	7.6	8.0	8.2	8.2	8.3	8.0	8.0	8.1	7.9	7.8	8.0	-0.1	0.2
PL	6.1	6.5	7.2	7.1	7.3	6.9	6.8	7.2	7.2	7.2	7.0	1.2	1.1
PT	7.1	7.4	7.3	7.5	7.7	8.0	7.7	7.9	8.1	-	7.6	-	-
SI	0.0	0.0	0.0	0.0	4.9	8.9	8.6	8.9	8.8	8.9	4.9	-	8.9
SK	9.5	8.7	8.0	7.6	7.6	7.7	7.5	7.7	6.8	8.0	7.9	-2.2	-1.5
FI	7.9	8.0	8.5	8.3	8.4	8.3	8.1	8.3	8.7	8.7	8.3	0.7	0.8
SE	9.2	8.6	8.8	8.9	9.0	8.8	8.9	9.1	9.2	9.1	9.0	0.3	-0.1
UK	6.7	6.7	6.8	6.6	6.8	6.8	6.8	6.8	7.0	7.0	6.8	0.5	0.3
NO	9.9	9.8	9.7	10.2	9.9	8.7	8.8	8.9	8.6	-	9.4	-	-
EU-25 (weighted average[3])	6.7	6.7	6.8	6.9	7.1	7.0	6.9	6.9	6.9	6.9	6.9	0.3	0.2
EU-15 (weighted average[3])	6.7	6.7	6.8	6.9	7.1	7.0	6.9	6.8	6.8	6.8	6.9	0.2	0.1
EUR-12 (weighted average[3])	6.5	6.6	6.6	6.8	7.0	6.9	6.8	6.7	6.7	6.6	6.7	0.1	0.1
NMS-10 (weighted average[3])	6.3	6.4	6.8	6.7	7.1	7.3	7.1	7.3	7.3	7.7	7.0	2.1	1.4
EU-25 (average[4])	6.9	6.9	7.0	6.9	7.2	7.4	7.3	7.5	7.5	7.6	7.2	1.2	0.7
EU-15 (average[4])	7.0	7.1	7.2	7.3	7.4	7.4	7.3	7.4	7.4	7.5	7.3	0.6	0.4
EUR-12 (average[4])	6.7	6.8	6.9	7.0	7.2	7.2	7.1	7.1	7.1	7.1	7.0	0.6	0.4
NMS-10 (average[4])	6.7	6.5	6.6	6.3	6.8	7.4	7.3	7.5	7.6	7.9	7.1	2.2	1.2
Ratio st.dev. and mean in %	29.9	28.4	28.5	27.1	17.3	14.6	14.5	15.1	15.9	15.7			-14.2
Difference max. and min.	9.7	9.7	9.8	9.8	4.9	3.8	3.8	3.8	3.6	3.9			-5.8

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average

See explanatory notes in Annex C

Source: Commission Services

Table A.1.1_T: Indirect Taxes as % of Total Taxation: VAT

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1] 1995-2004	Difference[2] 1995 to 2004
BE	15.1	15.3	15.2	14.8	15.7	15.9	15.2	15.3	15.1	15.4	15.3	0.2	0.4
CZ	17.3	18.4	18.1	18.2	19.3	19.1	18.7	18.1	17.8	20.2	18.5	0.8	2.9
DK	19.4	19.7	19.8	19.8	19.6	19.4	19.9	20.2	20.2	20.1	19.8	0.3	0.7
DE	16.3	15.9	15.8	16.1	16.4	16.2	16.5	16.1	16.0	16.0	16.1	0.0	-0.3
EE	25.5	26.8	27.4	23.4	23.0	26.9	26.8	26.8	26.6	25.2	25.8	0.2	-0.3
EL	21.1	21.2	21.1	20.5	21.2	20.9	22.6	23.8	22.9	23.5	21.9	1.5	2.4
ES	15.9	16.2	16.5	17.0	18.1	18.0	17.5	17.1	17.6	17.6	17.2	1.1	1.7
FR	17.3	17.7	17.5	17.3	17.0	16.6	16.4	16.4	16.5	16.7	16.9	-0.8	-0.6
IE	21.2	21.6	22.0	22.4	22.3	23.2	23.0	24.8	24.3	24.4	22.9	1.7	3.1
IT	13.8	12.9	12.9	14.3	14.3	15.6	15.0	15.2	14.3	14.4	14.3	1.3	0.6
CY	17.2	17.2	17.5	17.9	17.1	19.3	20.0	22.9	26.8	27.2	20.3	5.5	10.0
LV	27.8	26.8	25.0	23.8	23.0	23.9	23.5	23.6	25.3	24.5	24.7	-1.1	-3.3
LT	27.0	25.1	27.0	25.3	24.9	25.2	25.4	26.0	24.0	22.9	25.3	-1.2	-4.1
LU	14.0	13.7	13.8	14.1	14.0	14.3	14.4	14.2	14.6	16.3	14.4	1.2	2.3
HU	18.5	18.6	19.8	20.2	20.8	22.3	20.8	20.3	21.2	23.0	20.5	1.9	4.5
MT	22.8	23.1	21.8	18.8	19.3	21.4	21.1	22.1	19.9	22.0	21.2	-0.5	-0.7
NL	16.2	16.6	16.9	17.2	17.3	17.3	18.9	19.1	19.5	19.4	17.8	2.2	3.2
AT	18.5	18.9	18.7	18.5	19.1	18.7	17.9	18.6	18.3	18.4	18.6	-0.3	-0.1
PL	15.9	17.4	19.5	19.8	20.1	20.3	20.0	21.0	21.5	21.9	19.7	2.8	5.9
PT	22.4	22.5	22.2	22.8	22.6	23.2	22.8	22.8	22.9	-	22.7	-	-
SI	0.0	0.0	0.0	0.0	12.5	23.1	22.1	22.7	22.4	22.5	12.5	-	22.5
SK	23.5	22.4	22.4	20.7	21.9	23.2	23.5	23.7	21.8	26.4	22.9	0.9	2.8
FI	17.4	17.1	18.4	18.0	18.0	17.4	17.8	18.2	19.4	19.6	18.1	1.1	2.2
SE	18.7	16.7	16.9	16.9	16.8	16.5	17.4	18.3	18.3	18.1	17.4	0.5	-0.7
UK	18.9	19.1	19.1	18.0	18.5	18.1	18.2	19.2	19.8	19.5	18.8	0.3	0.5
NO	23.3	22.8	22.9	24.0	23.2	20.3	20.3	20.4	20.1	-	21.9	-	-
EU-25 (weighted average[3])	16.8	16.6	16.7	16.9	17.1	17.2	17.2	17.4	17.4	17.4	17.1	0.6	0.7
EU-15 (weighted average[3])	16.8	16.6	16.6	16.8	17.0	17.0	17.1	17.3	17.3	17.3	17.0	0.4	0.4
EUR-12 (weighted average[3])	16.3	16.1	16.1	16.5	16.7	16.8	16.7	16.7	16.6	16.6	16.5	0.4	0.3
NMS-10 (weighted average[3])	16.5	17.4	18.7	18.6	19.8	21.0	20.5	20.9	21.2	22.3	19.7	3.0	5.8
EU-25 (average[4])	18.5	18.4	18.6	18.2	18.9	19.8	19.8	20.3	20.3	20.6	19.3	1.4	2.2
EU-15 (average[4])	17.8	17.7	17.8	17.9	18.1	18.1	18.2	18.6	18.6	18.5	18.1	0.6	0.8
EUR-12 (average[4])	17.4	17.5	17.6	17.8	18.0	18.1	18.2	18.5	18.5	18.3	18.0	0.7	0.9
NMS-10 (average[4])	19.5	19.6	19.8	18.8	20.2	22.5	22.2	22.7	22.7	23.6	21.2	2.4	4.0
Ratio st.dev. and mean in %	32.3	32.1	31.9	28.5	18.2	19.5	19.2	20.4	20.7	20.6			-11.7
Difference max. and min.	27.8	26.8	27.4	25.3	12.4	12.6	12.3	12.6	12.5	12.7			-15.1

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation. 3) Total Taxation weighted. 4) arithmetic average

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	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	2.4	2.5	2.5	2.5	2.5	2.4	2.3	2.3	2.4	2.5	2.4	-0.4	0.1
CZ	3.7	3.5	3.4	3.3	3.5	3.3	3.3	3.3	3.4	-	3.4	-	-
DK	3.7	3.9	3.8	4.1	4.2	4.1	4.1	4.1	4.0	3.8	4.0	0.5	0.1
DE	2.0	2.0	1.9	1.8	2.1	2.1	2.1	2.3	2.4	2.3	2.1	2.6	0.3
EE	2.5	2.9	3.3	3.4	3.1	2.9	3.1	3.4	3.3	3.7	3.2	2.4	1.2
EL	4.7	4.8	4.2	4.0	3.7	3.4	3.4	3.2	3.2	2.9	3.7	-5.4	-1.8
ES	2.5	2.6	2.6	2.8	2.7	2.6	2.5	2.5	2.5	2.5	2.6	-0.4	-0.1
FR	2.8	2.8	2.7	2.7	2.7	2.6	2.5	2.6	2.5	2.3	2.6	-1.7	-0.5
IE	4.9	4.8	4.6	4.4	4.3	4.2	3.5	3.5	3.4	3.4	4.1	-4.9	-1.5
IT	3.2	3.0	3.0	2.9	2.9	2.6	2.5	2.3	2.4	2.3	2.7	-4.0	-0.9
CY	2.7	2.6	2.2	2.2	2.3	2.6	3.2	2.8	3.8	4.5	2.9	5.9	1.8
LV	2.2	2.7	3.2	4.2	3.7	3.4	3.1	3.1	3.3	3.5	3.2	2.8	1.3
LT	1.9	2.0	3.0	3.7	3.8	3.2	3.4	3.2	3.1	3.0	3.0	4.3	1.1
LU	4.6	4.5	4.7	4.4	4.8	4.7	4.3	4.6	4.7	5.2	4.6	0.7	0.6
HU	4.2	4.0	3.9	4.3	4.3	3.9	3.6	3.6	3.7	3.4	3.9	-2.1	-0.8
MT	1.9	1.8	2.4	3.0	2.8	2.5	2.8	2.7	2.7	3.0	2.6	4.4	1.1
NL	2.8	2.7	2.8	2.8	2.9	2.7	2.5	2.4	2.4	2.6	2.7	-1.6	-0.3
AT	2.7	2.7	2.9	2.9	2.9	2.7	2.7	2.8	2.8	2.9	2.8	0.2	0.2
PL	4.8	4.8	3.7	3.8	4.0	3.7	3.7	4.0	4.1	4.2	4.1	-1.2	-0.6
PT	3.7	3.6	3.4	3.5	3.3	2.7	2.9	3.1	3.3	-	3.3	-	-
SI	0.0	0.0	0.0	0.0	1.8	3.1	3.5	3.5	3.5	3.5	1.9	-	3.5
SK	3.2	3.5	3.2	3.2	3.0	2.9	2.8	3.0	3.1	-	3.1	-	-
FI	4.5	4.6	4.7	4.6	4.7	4.3	4.2	4.2	4.3	4.0	4.4	-1.5	-0.5
SE	3.5	3.8	3.5	3.5	3.4	3.2	3.2	3.3	3.3	3.1	3.4	-1.6	-0.3
UK	4.1	4.1	4.0	4.0	4.0	3.9	3.7	3.6	3.5	3.4	3.8	-2.3	-0.7
NO	2.2	2.0	2.1	1.9	1.9	1.7	1.7	1.7	1.7	-	1.9	-	-
EU-25 (weighted average[3)])	2.9	2.9	2.9	2.9	3.0	2.9	2.8	2.8	2.8	2.7	2.8	-0.8	-0.2
EU-15 (weighted average[3)])	2.9	2.9	2.9	2.9	2.9	2.8	2.7	2.8	2.8	2.7	2.8	-0.8	-0.2
EUR-12 (weighted average[3)])	2.6	2.6	2.6	2.6	2.6	2.5	2.5	2.5	2.6	2.4	2.6	-0.7	-0.2
NMS-10 (weighted average[3)])	3.8	3.9	3.3	3.5	3.7	3.5	3.5	3.6	3.7	3.9	3.6	0.1	0.0
EU-25 (average[4)])	3.2	3.2	3.2	3.3	3.3	3.2	3.2	3.2	3.2	3.3	3.2	0.1	0.1
EU-15 (average[4)])	3.5	3.5	3.4	3.4	3.4	3.2	3.1	3.1	3.1	3.1	3.3	-1.6	-0.4
EUR-12 (average[4)])	3.4	3.4	3.3	3.3	3.3	3.1	2.9	3.0	3.0	3.0	3.2	-1.7	-0.4
NMS-10 (average[4)])	2.7	2.8	2.8	3.1	3.2	3.2	3.3	3.3	3.4	3.6	3.1	2.9	0.9
Ratio st.dev. and mean in %	40.4	39.1	34.8	34.7	27.3	24.1	21.6	22.2	22.4	28.2			-12.1
Difference max. and min.	4.9	4.8	4.7	4.6	3.0	2.6	2.2	2.3	2.3	2.9			-2.0

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average
See explanatory notes in Annex C
Source: Commission Services

Table A.1.2_T: Indirect Taxes as % of Total Taxation: Excise duties and consumption taxes

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change1) 1995-2004	Difference2) 1995 to 2004
BE	5.4	5.7	5.6	5.5	5.5	5.3	5.1	5.1	5.3	5.5	5.4	-0.6	0.1
CZ	10.1	9.9	9.6	9.7	10.1	9.6	9.6	9.3	9.5	-	9.7	-	-
DK	7.5	7.8	7.7	8.3	8.5	8.2	8.5	8.5	8.4	7.8	8.1	0.7	0.2
DE	4.9	4.8	4.6	4.5	4.9	4.9	5.3	5.9	6.1	5.9	5.2	3.0	1.0
EE	6.7	8.2	9.3	9.7	9.1	8.9	9.9	10.4	9.9	11.4	9.3	4.1	4.7
EL	14.4	14.4	12.2	10.9	10.0	8.9	9.3	8.6	8.8	8.3	10.6	-6.5	-6.1
ES	7.7	7.8	7.8	8.5	8.2	7.8	7.5	7.5	7.4	7.1	7.7	-1.0	-0.6
FR	6.5	6.3	6.2	6.2	6.0	5.9	5.7	6.0	5.8	5.4	6.0	-1.7	-1.2
IE	14.8	14.6	14.2	14.0	13.6	13.3	11.8	12.2	11.6	11.1	13.1	-3.3	-3.7
IT	7.9	7.3	6.9	6.8	6.9	6.2	5.9	5.6	5.8	5.6	6.5	-3.7	-2.3
CY	10.0	9.7	8.5	7.9	8.2	8.4	10.2	9.0	11.5	13.1	9.6	2.9	3.1
LV	6.4	8.5	9.9	12.3	11.3	11.6	10.8	11.0	11.6	12.2	10.6	5.0	5.8
LT	6.6	7.3	9.4	11.4	11.8	10.7	11.7	11.1	11.1	10.6	10.2	4.9	4.0
LU	10.9	10.6	11.2	11.0	11.7	11.6	10.5	11.2	11.4	13.0	11.3	1.2	2.0
HU	10.1	9.8	9.9	11.1	10.9	10.0	9.2	9.1	9.5	8.6	9.8	-1.7	-1.5
MT	6.9	7.0	8.7	11.3	10.3	8.9	9.2	8.5	8.5	8.5	8.8	1.5	1.6
NL	7.0	6.6	6.8	7.0	6.9	6.5	6.5	6.5	6.5	6.8	6.7	-0.5	-0.2
AT	6.5	6.4	6.7	6.5	6.5	6.4	6.1	6.4	6.6	6.7	6.5	0.0	0.2
PL	12.4	12.8	10.0	10.6	11.1	10.8	10.9	11.6	12.3	12.7	11.5	0.5	0.3
PT	11.5	11.1	10.4	10.5	9.7	7.8	8.6	9.1	9.4	-	9.8	-	-
SI	0.0	0.0	0.0	0.0	4.6	8.1	9.0	9.1	8.8	8.9	4.9	-	8.9
SK	7.9	9.0	9.0	8.6	8.5	8.8	8.7	9.1	10.1	-	8.9	-	-
FI	9.9	9.7	10.2	10.0	10.2	9.0	9.1	9.3	9.7	9.0	9.6	-1.1	-0.9
SE	7.1	7.3	6.8	6.7	6.4	6.0	6.3	6.6	6.5	6.2	6.6	-1.5	-0.9
UK	11.7	11.8	11.3	11.1	11.0	10.5	9.9	10.1	9.8	9.5	10.6	-2.5	-2.2
NO	5.1	4.8	4.8	4.6	4.4	4.0	4.0	3.9	3.9	-	4.4	-	-
EU-25 (weighted average3))	7.3	7.2	7.1	7.1	7.2	7.0	6.9	7.1	7.1	6.8	7.1	-0.5	-0.5
EU-15 (weighted average3))	7.2	7.1	7.0	7.0	7.1	6.9	6.8	7.0	6.9	6.7	7.0	-0.6	-0.5
EUR-12 (weighted average3))	6.6	6.4	6.3	6.3	6.4	6.1	6.1	6.3	6.4	6.1	6.3	-0.5	-0.4
NMS-10 (weighted average3))	10.1	10.5	9.2	9.7	10.3	10.2	10.2	10.3	10.8	11.2	10.2	1.1	1.1
EU-25 (average4))	8.4	8.6	8.5	8.8	8.9	8.6	8.6	8.7	8.9	8.8	8.7	0.4	0.4
EU-15 (average4))	8.9	8.8	8.6	8.5	8.4	7.9	7.7	7.9	7.9	7.7	8.2	-1.7	-1.2
EUR-12 (average4))	9.0	8.8	8.6	8.4	8.4	7.8	7.6	7.8	7.9	7.7	8.2	-1.8	-1.3
NMS-10 (average4))	7.7	8.2	8.4	9.2	9.6	9.6	9.9	9.8	10.3	10.7	9.4	3.4	3.1
Ratio st.dev. and mean in %	44.1	43.4	39.8	41.7	33.6	31.0	29.4	28.4	30.0	37.7			-6.4
Difference max. and min.	14.8	14.6	14.2	14.0	9.1	8.4	6.8	7.1	7.1	7.7			-7.1

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation. 3) Total Taxation weighted. 4) arithmetic average
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	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	2.0	2.1	2.2	2.3	2.3	2.3	2.2	2.2	2.3	2.3	2.2	0.9	0.3
CZ	1.5	1.5	1.2	1.1	0.9	1.0	0.8	0.8	0.8	-	1.1	-	-
DK	2.3	2.3	2.4	2.7	2.5	2.0	1.8	2.0	1.9	2.2	2.2	-2.4	0.0
DE	1.7	1.6	1.7	1.6	1.7	1.7	1.7	1.6	1.6	1.6	1.6	-0.5	-0.1
EE	0.2	0.2	0.2	0.2	0.2	0.3	0.4	0.2	0.2	0.4	0.2	5.6	0.1
EL	2.2	2.3	2.9	3.0	3.5	3.6	3.0	2.6	2.6	2.5	2.8	0.8	0.3
ES	1.7	1.5	1.6	1.8	1.9	1.9	1.9	2.0	2.3	2.5	1.9	4.6	0.9
FR	1.7	1.7	1.7	1.7	1.7	1.7	1.6	1.7	1.7	1.9	1.7	0.3	0.2
IE	1.6	1.5	1.5	1.5	1.6	1.6	1.5	1.3	1.6	1.8	1.5	0.0	0.2
IT	2.5	2.6	2.7	2.9	3.0	2.7	2.5	2.6	2.5	2.8	2.7	0.1	0.3
CY	2.9	2.8	2.3	2.0	1.9	3.1	2.7	2.4	2.0	1.7	2.4	-3.4	-1.2
LV	0.8	0.7	0.7	0.6	0.6	0.5	0.4	0.4	0.5	0.5	0.6	-7.6	-0.4
LT	1.2	1.2	1.8	1.6	1.4	1.2	1.0	1.3	1.3	1.2	1.3	-2.1	-0.1
LU	1.4	1.3	1.4	1.5	1.5	1.6	1.4	1.2	1.1	1.2	1.4	-2.3	-0.2
HU	5.8	5.3	3.7	3.4	3.6	3.4	3.3	3.2	3.5	3.5	3.9	-4.9	-2.3
MT	4.2	3.8	3.7	3.6	3.9	3.7	3.7	3.6	3.7	4.3	3.8	-0.2	0.0
NL	1.4	1.6	1.8	1.8	2.0	2.1	2.1	1.9	1.9	2.0	1.9	3.1	0.6
AT	1.3	1.2	1.3	1.3	1.2	1.2	1.2	1.1	1.1	1.1	1.2	-1.2	-0.1
PL	1.8	1.6	1.4	1.1	1.0	0.9	0.6	0.6	0.6	0.4	1.0	-16.3	-1.4
PT	2.5	2.5	2.5	2.6	3.0	2.8	2.7	2.6	2.4	-	2.6	-	-
SI	15.3	15.1	14.1	14.5	8.3	1.8	1.4	1.4	1.4	1.1	7.4	-36.8	-14.3
SK	1.7	1.7	2.2	1.7	1.7	1.7	0.7	0.8	0.7	-	1.4	-	-
FI	1.5	1.4	1.4	1.4	1.3	1.3	1.2	1.2	1.2	1.3	1.3	-2.6	-0.2
SE	0.9	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	-1.5	-0.2
UK	1.2	1.1	1.3	1.4	1.5	1.8	1.6	1.5	1.4	1.5	1.4	2.9	0.3
NO	3.7	3.8	3.7	3.6	3.4	2.9	2.6	2.6	2.5	-	3.2	-	-
EU-25 (weighted average[3)])	1.8	1.7	1.8	1.9	1.9	1.9	1.8	1.7	1.8	1.9	1.8	0.1	0.1
EU-15 (weighted average[3)])	1.7	1.7	1.8	1.8	1.9	1.9	1.8	1.8	1.8	1.9	1.8	0.7	0.2
EUR-12 (weighted average[3)])	1.8	1.8	1.9	2.0	2.0	2.0	1.9	1.9	1.9	2.0	1.9	0.7	0.2
NMS-10 (weighted average[3)])	3.2	2.9	2.5	2.2	1.9	1.4	1.1	1.2	1.2	1.3	1.9	-12.5	-2.0
EU-25 (average[4)])	2.5	2.4	2.3	2.3	2.1	1.9	1.7	1.6	1.6	1.7	2.0	-5.2	-0.7
EU-15 (average[4)])	1.7	1.7	1.8	1.9	2.0	1.9	1.8	1.7	1.8	1.8	1.8	0.2	0.1
EUR-12 (average[4)])	1.8	1.8	1.9	2.0	2.0	2.0	1.9	1.8	1.9	1.9	1.9	0.3	0.1
NMS-10 (average[4)])	3.6	3.4	3.1	3.0	2.4	1.7	1.5	1.5	1.5	1.6	2.3	-11.6	-1.9
Ratio st.dev. and mean in %	163.4	163.5	142.6	143.5	84.8	50.2	51.4	50.1	50.5	52.9			-110.5
Difference max. and min.	15.1	14.9	13.9	14.3	8.2	3.4	3.3	3.4	3.5	3.9			-11.2

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average

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	Average 1995-2004	Change[1] 1995-2004	Difference[2] 1995 to 2004
BE	4.6	4.8	5.0	5.0	5.0	5.1	4.9	4.8	5.0	5.1	4.9	0.7	0.5
CZ	4.1	4.2	3.4	3.2	2.7	2.9	2.4	2.3	2.2	-	3.0	-	-
DK	4.7	4.7	5.0	5.5	4.9	4.0	3.8	4.2	4.0	4.6	4.5	-2.1	-0.1
DE	4.4	4.0	4.1	4.0	4.0	4.0	4.2	4.0	4.2	4.1	4.1	-0.1	-0.3
EE	0.7	0.5	0.5	0.6	0.4	1.1	1.1	0.7	0.7	1.1	0.7	7.3	0.4
EL	6.7	6.9	8.6	8.4	9.3	9.5	8.2	6.9	7.1	7.0	7.8	-0.3	0.3
ES	5.1	4.7	4.9	5.5	5.6	5.7	5.7	5.9	6.6	7.3	5.7	4.1	2.2
FR	4.0	3.8	3.9	4.0	3.8	3.8	3.8	3.8	3.9	4.3	3.9	0.4	0.3
IE	4.9	4.6	4.8	4.8	5.0	4.9	5.0	4.4	5.4	5.9	5.0	1.5	1.0
IT	6.3	6.2	6.1	6.8	7.0	6.5	6.0	6.3	6.0	7.0	6.4	0.3	0.7
CY	10.9	10.3	8.8	7.2	6.7	10.1	8.6	7.5	6.0	5.0	8.1	-6.4	-5.9
LV	2.5	2.4	2.2	1.9	1.7	1.5	1.5	1.5	1.6	1.7	1.9	-5.5	-0.8
LT	4.4	4.3	5.7	5.0	4.3	3.9	3.4	4.5	4.6	4.2	4.4	-1.5	-0.2
LU	3.3	3.2	3.3	3.6	3.7	3.9	3.4	2.8	2.7	3.0	3.3	-1.8	-0.3
HU	13.9	13.1	9.5	8.6	9.2	8.5	8.4	8.3	9.0	9.1	9.8	-4.5	-4.9
MT	15.4	14.7	13.4	13.9	14.5	13.2	12.1	11.3	11.5	12.2	13.2	-3.1	-3.2
NL	3.4	4.0	4.5	4.5	4.8	5.0	5.5	5.1	5.0	5.3	4.7	4.1	1.8
AT	3.0	2.8	2.8	2.9	2.8	2.9	2.7	2.6	2.7	2.7	2.8	-1.4	-0.4
PL	4.6	4.3	3.9	2.9	2.7	2.5	1.8	1.8	1.8	1.2	2.7	-14.6	-3.5
PT	7.9	7.5	7.5	8.0	8.7	8.2	7.8	7.4	7.0	-	7.8	-	-
SI	38.2	38.8	37.1	37.4	21.2	4.8	3.6	3.5	3.5	2.8	19.1	-36.9	-35.4
SK	4.3	4.3	6.0	4.6	5.0	5.0	2.3	2.3	2.1	-	4.0	-	-
FI	3.4	3.1	3.1	3.0	2.9	2.6	2.6	2.6	2.7	2.9	2.9	-2.2	-0.5
SE	1.8	1.4	1.3	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.4	-1.4	-0.4
UK	3.3	3.1	3.6	3.9	4.2	4.7	4.2	4.1	3.9	4.1	3.9	2.6	0.8
NO	8.8	8.9	8.8	8.4	7.9	6.7	6.1	6.0	5.9	-	7.5	-	-
EU-25 (weighted average[3])	4.5	4.3	4.5	4.6	4.6	4.6	4.4	4.4	4.5	4.8	4.5	0.4	0.3
EU-15 (weighted average[3])	4.3	4.2	4.4	4.5	4.6	4.6	4.5	4.5	4.5	4.8	4.5	0.9	0.5
EUR-12 (weighted average[3])	4.6	4.4	4.6	4.8	4.8	4.7	4.7	4.7	4.8	5.1	4.7	0.9	0.5
NMS-10 (weighted average[3])	8.5	7.9	7.0	6.3	5.2	4.0	3.3	3.4	3.6	3.7	5.3	-11.5	-4.8
EU-25 (average[4])	6.6	6.5	6.4	6.3	5.7	5.0	4.6	4.4	4.4	4.6	5.4	-5.3	-2.0
EU-15 (average[4])	4.4	4.3	4.6	4.7	4.9	4.8	4.6	4.4	4.5	4.6	4.6	0.2	0.2
EUR-12 (average[4])	4.7	4.6	4.9	5.0	5.2	5.2	5.0	4.7	4.9	5.0	4.9	0.3	0.2
NMS-10 (average[4])	9.9	9.7	9.0	8.5	6.9	5.3	4.5	4.4	4.3	4.6	6.7	-11.1	-5.2
Ratio st.dev. and mean in %	165.7	174.4	156.8	154.0	96.4	64.4	61.5	56.8	56.8	56.9			-108.8
Difference max. and min.	37.5	38.3	36.6	36.8	20.8	12.1	11.0	10.6	10.8	11.1			-26.4

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation. 3) Total Taxation weighted. 4) arithmetic average
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	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	1.9	2.0	2.0	2.0	2.0	1.9	1.9	1.9	2.0	1.8	1.9	-0.6	0.0
CZ	0.9	0.8	0.7	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.6	-5.2	-0.4
DK	1.6	1.5	1.7	1.8	1.8	1.6	1.8	1.8	1.8	1.8	1.7	1.6	0.2
DE	1.8	1.9	1.9	2.0	2.0	2.0	1.8	1.8	1.8	1.9	1.9	-0.3	0.1
EE	1.4	1.3	1.3	1.0	0.9	0.9	0.9	0.8	0.7	0.7	1.0	-8.4	-0.7
EL	0.6	0.7	0.6	0.6	0.7	0.6	0.5	0.4	0.4	0.4	0.6	-6.3	-0.2
ES	1.3	1.3	1.3	1.3	1.3	1.2	1.2	1.2	1.1	1.1	1.2	-1.7	-0.2
FR	4.2	4.4	4.4	4.4	4.3	4.2	4.1	4.1	4.1	4.2	4.2	-0.5	0.1
IE	1.0	0.9	0.8	0.7	0.7	0.6	0.6	0.6	0.7	0.7	0.7	-4.3	-0.3
IT	1.2	1.2	1.4	3.8	3.4	3.4	3.5	3.5	3.5	3.3	2.8	13.1	2.2
CY	1.2	1.2	1.2	2.0	1.7	1.1	1.0	1.1	1.7	1.9	1.4	2.0	0.7
LV	1.9	1.4	2.0	2.2	2.2	1.4	1.5	1.0	1.1	1.0	1.6	-7.7	-0.9
LT	1.4	1.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.8	-9.2	-0.8
LU	1.6	1.7	1.7	1.8	2.1	2.4	2.3	1.8	1.7	1.8	1.9	1.4	0.3
HU	0.1	0.2	0.3	0.3	0.3	0.3	0.4	0.3	0.3	0.4	0.3	8.0	0.3
MT	0.3	0.2	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.8	0.4	10.3	0.6
NL	1.1	1.1	1.0	1.0	1.1	1.1	1.1	1.1	1.1	1.1	1.1	0.1	0.0
AT	3.2	3.1	3.2	3.2	3.1	3.1	3.1	3.1	3.1	3.0	3.1	-0.6	-0.2
PL	2.0	1.8	1.8	1.8	1.8	1.9	1.7	1.5	1.2	1.6	1.7	-3.5	-0.3
PT	0.5	0.5	0.5	0.6	0.6	0.6	0.7	0.9	1.3	-	0.7	-	-
SI	0.5	1.0	1.7	1.9	2.1	2.4	2.6	2.6	2.9	2.9	2.1	15.9	2.4
SK	1.2	1.6	1.0	0.8	0.8	0.7	0.7	0.6	0.9	0.8	0.9	-5.8	-0.3
FI	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.2	4.9	0.2
SE	2.6	3.5	3.9	4.4	5.7	4.1	4.0	4.2	4.3	4.2	4.1	3.4	1.6
UK	2.1	2.0	1.9	1.8	1.8	1.8	1.8	1.8	1.7	1.7	1.8	-2.0	-0.4
NO	0.7	0.8	0.7	0.8	0.7	0.6	0.7	0.7	0.7	-	0.7	-	-
EU-25 (weighted average[3)])	2.1	2.1	2.2	2.5	2.5	2.4	2.3	2.3	2.3	2.3	2.3	0.9	0.2
EU-15 (weighted average[3)])	2.1	2.2	2.2	2.5	2.5	2.4	2.4	2.4	2.3	2.4	2.3	1.0	0.3
EUR-12 (weighted average[3)])	2.1	2.2	2.2	2.6	2.6	2.5	2.4	2.4	2.4	2.5	2.4	1.5	0.4
NMS-10 (weighted average[3)])	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.1	1.0	1.2	1.2	-2.3	-0.1
EU-25 (average[4)])	1.4	1.5	1.5	1.6	1.7	1.6	1.6	1.5	1.6	1.6	1.6	0.8	0.2
EU-15 (average[4)])	1.6	1.7	1.8	2.0	2.1	1.9	1.9	1.9	1.9	2.0	1.9	1.5	0.3
EUR-12 (average[4)])	1.5	1.6	1.6	1.8	1.8	1.8	1.7	1.7	1.7	1.8	1.7	1.4	0.3
NMS-10 (average[4)])	1.1	1.1	1.1	1.2	1.1	1.0	1.0	1.0	1.0	1.1	1.1	-0.8	0.0
Ratio st.dev. and mean in %	45.0	46.3	49.2	48.7	53.5	48.9	49.5	50.6	50.9	50.1			5.1
Difference max. and min.	4.0	4.2	4.2	4.2	5.5	4.0	3.9	3.9	4.0	3.9			-0.1

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average

See explanatory notes in Annex C

Source: Commission Services

Table A.1.4_T: Indirect Taxes as % of Total Taxation: Other taxes on production

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	4.3	4.5	4.6	4.4	4.4	4.2	4.2	4.1	4.3	4.1	4.3	-0.8	-0.2
CZ	2.4	2.3	1.9	1.8	1.9	1.9	1.6	1.6	1.5	1.4	1.8	-5.4	-1.0
DK	3.3	3.1	3.4	3.6	3.6	3.3	3.7	3.8	3.8	3.7	3.5	1.8	0.4
DE	4.5	4.6	4.8	4.8	4.9	4.8	4.6	4.4	4.5	5.0	4.7	0.1	0.5
EE	3.8	3.7	3.6	3.0	2.6	2.8	2.7	2.4	2.2	2.2	2.9	-6.7	-1.6
EL	1.9	2.3	1.7	1.6	1.8	1.6	1.4	1.2	1.2	1.1	1.6	-7.4	-0.8
ES	4.0	3.8	3.8	4.0	3.9	3.7	3.7	3.6	3.3	3.2	3.7	-2.2	-0.8
FR	9.8	9.9	9.9	9.9	9.6	9.5	9.3	9.5	9.5	9.7	9.7	-0.5	0.0
IE	2.9	2.9	2.5	2.3	2.2	2.0	2.1	2.2	2.4	2.3	2.4	-2.7	-0.6
IT	2.9	2.8	3.1	8.9	7.9	8.1	8.4	8.7	8.3	8.2	6.7	13.3	5.3
CY	4.6	4.6	4.6	7.0	6.1	3.7	3.1	3.3	5.3	5.7	4.8	-1.0	1.1
LV	5.7	4.6	6.2	6.5	6.7	4.7	5.4	3.7	3.9	3.4	5.1	-5.6	-2.3
LT	5.0	5.5	2.0	1.8	2.0	1.9	2.1	2.2	2.0	2.1	2.7	-8.6	-2.9
LU	3.7	4.0	4.2	4.6	5.2	6.0	5.6	4.5	4.1	4.5	4.6	1.9	0.9
HU	0.3	0.6	0.7	0.6	0.8	0.8	0.9	0.9	0.8	1.1	0.8	8.4	0.7
MT	1.0	1.0	0.9	1.2	1.2	1.2	1.2	1.3	1.4	2.4	1.3	7.3	1.4
NL	2.7	2.7	2.5	2.5	2.6	2.6	2.8	2.9	2.8	2.9	2.7	1.2	0.2
AT	7.8	7.4	7.2	7.2	7.1	7.3	6.9	7.1	7.2	7.0	7.2	-0.8	-0.8
PL	5.1	4.9	4.9	5.0	5.0	5.4	5.1	4.3	3.6	4.9	4.8	-1.8	-0.2
PT	1.6	1.6	1.7	1.7	1.7	1.8	1.9	2.7	3.8	-	2.1	-	-
SI	1.3	2.6	4.4	5.0	5.2	6.2	6.8	6.7	7.3	7.4	5.3	15.8	6.1
SK	2.9	4.1	2.7	2.3	2.2	2.2	2.3	2.0	2.8	2.8	2.6	-2.8	-0.1
FI	0.3	0.4	0.4	0.5	0.5	0.4	0.5	0.5	0.5	0.7	0.5	5.3	0.3
SE	5.2	6.7	7.4	8.4	10.7	7.7	7.8	8.4	8.5	8.3	7.9	3.5	3.1
UK	6.0	5.6	5.3	5.0	4.9	4.8	4.9	5.1	4.9	4.6	5.1	-2.2	-1.4
NO	1.8	1.8	1.5	1.8	1.7	1.4	1.5	1.5	1.5	-	1.6	-	-
EU-25 (weighted average[3)])	5.2	5.3	5.3	6.1	6.0	5.8	5.8	5.8	5.8	5.9	5.7	1.2	0.6
EU-15 (weighted average[3)])	5.3	5.3	5.3	6.2	6.1	5.8	5.9	5.9	5.9	6.0	5.8	1.3	0.7
EUR-12 (weighted average[3)])	5.3	5.3	5.3	6.4	6.1	6.0	6.1	6.1	6.0	6.2	5.9	1.8	1.0
NMS-10 (weighted average[3)])	3.4	3.6	3.5	3.6	3.7	3.8	3.7	3.1	2.9	3.4	3.5	-1.3	0.0
EU-25 (average[4)])	3.7	3.8	3.8	4.2	4.2	3.9	4.0	3.9	4.0	4.1	4.0	0.7	0.4
EU-15 (average[4)])	4.1	4.2	4.2	4.6	4.7	4.5	4.5	4.6	4.6	4.7	4.5	1.4	0.6
EUR-12 (average[4)])	3.9	3.9	3.9	4.4	4.3	4.3	4.3	4.3	4.3	4.4	4.2	1.4	0.6
NMS-10 (average[4)])	3.2	3.4	3.2	3.4	3.4	3.1	3.1	2.8	3.1	3.3	3.2	-0.8	0.1
Ratio st.dev. and mean in %	42.4	41.3	43.0	43.2	45.4	42.7	42.6	42.9	43.3	42.7			0.3
Difference max. and min.	9.4	9.5	9.5	9.4	10.2	9.0	8.8	9.0	9.0	9.1			-0.4

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation. 3) Total Taxation weighted. 4) arithmetic average
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	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	16.6	16.7	17.1	17.7	17.4	17.5	17.8	17.6	17.2	17.5	17.3	0.5	0.9
CZ	9.6	8.5	9.0	8.5	8.7	8.5	9.0	9.3	9.7	9.4	9.0	0.7	-0.1
DK	31.0	31.0	30.5	30.1	30.3	30.5	29.5	29.3	29.2	30.1	30.1	-0.6	-0.9
DE	10.9	11.3	11.1	11.4	11.9	12.5	11.0	10.7	10.6	10.2	11.2	-0.8	-0.8
EE	10.9	9.5	9.6	10.5	10.1	8.1	7.6	7.9	8.6	8.5	9.1	-3.1	-2.4
EL	7.8	7.4	8.2	9.8	10.2	10.9	9.7	9.6	8.9	8.9	9.1	2.0	1.2
ES	10.3	10.4	10.6	10.3	10.3	10.5	10.4	10.8	10.5	10.7	10.5	0.3	0.4
FR	8.4	9.0	9.7	11.8	12.5	12.5	12.6	11.8	11.5	11.6	11.1	3.5	3.2
IE	13.6	14.1	14.0	13.8	13.8	13.5	12.8	11.6	11.9	12.4	13.1	-1.9	-1.2
IT	15.0	15.4	16.5	14.6	15.0	14.5	14.8	14.2	14.9	14.0	14.9	-1.0	-1.0
CY	8.9	8.6	8.8	9.9	10.9	11.2	11.4	11.3	9.7	8.9	10.0	1.6	0.0
LV	7.2	7.1	7.7	8.1	7.8	7.3	7.6	7.7	7.5	7.9	7.6	0.6	0.7
LT	8.8	8.3	9.0	9.1	9.2	8.4	7.8	7.5	8.0	8.8	8.5	-1.0	0.0
LU	17.6	18.0	17.5	16.5	15.9	15.6	15.7	16.2	15.9	14.1	16.3	-2.1	-3.6
HU	8.9	9.4	9.1	9.1	9.6	9.9	10.3	10.3	9.8	9.3	9.6	1.0	0.4
MT	8.7	7.7	8.5	8.2	8.7	9.3	10.2	11.6	12.3	12.4	9.8	5.3	3.7
NL	12.6	13.1	12.7	12.4	12.5	12.4	11.7	11.8	11.0	10.8	12.1	-1.9	-1.8
AT	11.7	12.6	13.4	13.6	13.3	13.1	15.1	14.1	13.6	13.4	13.4	1.4	1.7
PL	12.5	10.9	10.9	10.4	7.3	7.2	6.7	6.9	6.6	6.4	8.6	-7.9	-6.1
PT	8.5	9.1	9.2	8.9	9.4	9.9	9.5	9.4	8.8	-	9.2	-	-
SI	7.1	7.4	7.6	7.6	7.5	7.6	7.8	8.0	8.2	8.5	7.7	1.6	1.4
SK	11.6	10.5	10.1	10.1	9.1	7.6	7.4	7.5	7.2	6.1	8.7	-6.6	-5.4
FI	17.4	19.1	18.6	19.0	19.0	21.6	19.7	19.5	18.3	18.1	19.0	0.3	0.7
SE	20.0	20.9	21.4	21.3	22.1	22.3	19.9	18.0	18.7	19.5	20.4	-1.3	-0.5
UK	15.1	15.0	15.3	16.5	16.4	16.9	17.0	15.8	15.3	15.8	15.9	0.5	0.7
NO	16.3	17.1	17.0	16.0	17.0	20.3	20.4	20.0	19.7	-	18.2	-	-
EU-25 (weighted average[3)])	12.5	12.8	13.2	13.6	13.8	14.1	13.6	13.1	12.9	12.9	13.2	0.2	0.4
EU-15 (weighted average[3)])	12.5	13.0	13.3	13.7	14.1	14.3	13.9	13.3	13.1	13.1	13.4	0.3	0.6
EUR-12 (weighted average[3)])	11.4	11.9	12.2	12.5	12.8	13.0	12.6	12.2	12.0	11.9	12.2	0.3	0.5
NMS-10 (weighted average[3)])	10.7	9.8	9.9	9.6	8.2	8.0	7.8	8.2	8.0	7.8	8.8	-3.5	-2.9
EU-25 (average[4)])	12.4	12.4	12.6	12.8	12.7	12.8	12.5	12.3	12.2	12.2	12.5	-0.3	-0.2
EU-15 (average[4)])	14.4	14.9	15.1	15.2	15.3	15.6	15.1	14.7	14.4	14.8	15.0	-0.1	0.4
EUR-12 (average[4)])	12.5	13.0	13.2	13.3	13.4	13.7	13.4	13.1	12.8	12.9	13.1	0.1	0.3
NMS-10 (average[4)])	9.4	8.8	9.0	9.2	8.9	8.5	8.6	8.8	8.8	8.6	8.9	-0.7	-0.8
Ratio st.dev. and mean in %	42.3	42.9	40.5	38.1	38.3	39.7	38.7	38.4	38.8	40.7			-1.5
Difference max. and min.	23.8	23.9	23.0	22.5	23.1	23.3	22.8	22.3	22.6	24.0			0.1

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average

See explanatory notes in Annex C

Source: Commission Services

Table A.2_T: Direct Taxes as % of Total Taxation: Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	37.9	37.7	38.2	39.0	38.1	38.8	39.3	38.9	38.3	38.8	38.5	0.3	0.8
CZ	26.5	24.1	25.4	25.0	24.9	24.6	26.0	26.4	26.9	25.8	25.6	0.5	-0.7
DK	63.5	63.0	62.3	61.0	60.6	61.8	60.8	61.2	61.4	61.8	61.7	-0.3	-1.7
DE	27.5	27.9	27.2	28.0	28.6	29.8	27.6	27.2	26.7	26.3	27.7	-0.4	-1.2
EE	28.9	26.8	26.8	30.0	29.1	24.8	23.9	24.3	26.2	26.1	26.7	-1.5	-2.7
EL	23.8	22.5	23.9	27.0	27.2	28.8	26.6	25.8	24.3	25.5	25.5	0.9	1.7
ES	31.4	31.5	32.0	31.3	30.8	31.1	31.0	31.9	30.9	30.8	31.3	-0.2	-0.5
FR	19.7	20.5	21.9	26.8	27.7	28.3	28.9	27.3	26.6	26.7	25.4	3.6	7.0
IE	41.2	42.5	43.3	43.4	43.4	42.7	43.2	40.9	41.1	41.1	42.3	-0.4	-0.1
IT	37.5	36.7	37.7	34.5	35.3	34.8	35.8	34.6	35.8	34.5	35.7	-0.8	-2.9
CY	32.9	32.2	33.6	35.3	38.2	36.7	36.2	35.8	29.2	26.0	33.6	-1.5	-6.9
LV	21.5	22.6	23.5	23.7	24.0	24.7	26.5	27.3	26.4	27.6	24.8	2.7	6.2
LT	30.7	29.4	28.5	28.3	28.8	28.1	27.3	26.4	28.3	30.8	28.7	-0.4	0.2
LU	41.6	42.4	42.0	41.0	39.1	38.5	38.6	39.4	38.9	35.1	39.7	-1.6	-6.5
HU	21.3	23.3	23.5	23.4	24.5	25.1	26.1	26.4	25.0	23.8	24.2	1.5	2.5
MT	31.4	29.7	30.7	31.4	32.1	32.7	33.5	36.1	38.0	35.2	33.1	2.3	3.9
NL	31.2	32.2	31.2	30.9	29.9	30.0	30.6	31.3	29.3	28.5	30.5	-0.9	-2.6
AT	28.3	29.7	30.5	30.9	30.4	30.6	33.7	32.1	31.6	31.5	30.9	1.2	3.2
PL	32.5	29.2	29.6	29.0	20.0	21.1	19.7	20.3	19.8	19.5	24.1	-6.2	-12.9
PT	26.6	27.8	27.9	27.0	27.6	28.9	27.9	27.0	25.2	-	27.3	-	-
SI	17.7	19.0	19.9	19.7	19.3	19.7	20.0	20.4	20.8	21.4	19.8	1.5	3.7
SK	28.6	27.0	28.2	27.1	26.2	22.9	23.2	23.0	23.1	20.2	25.0	-3.5	-8.3
FI	38.2	40.7	40.2	41.3	40.9	45.3	43.0	42.9	41.0	40.9	41.4	0.7	2.7
SE	40.8	40.7	41.2	40.5	41.5	41.9	38.7	36.2	37.3	38.6	39.7	-1.1	-2.1
UK	42.7	42.9	43.1	45.1	44.6	45.1	45.8	44.6	43.2	43.9	44.1	0.3	1.3
NO	38.4	39.9	39.9	37.6	39.7	47.1	47.1	45.8	46.0	-	42.4	-	-
EU-25 (weighted average[3)])	31.3	31.7	32.4	33.4	33.5	34.3	34.0	33.2	32.6	32.7	32.9	0.5	1.4
EU-15 (weighted average[3)])	31.5	31.9	32.6	33.6	33.9	34.7	34.5	33.6	33.0	33.2	33.3	0.6	1.7
EUR-12 (weighted average[3)])	28.5	29.0	29.5	30.3	30.7	31.3	31.1	30.4	30.0	29.8	30.1	0.5	1.3
NMS-10 (weighted average[3)])	28.1	26.6	27.2	26.9	22.7	23.1	22.7	23.4	23.2	22.6	24.7	-2.5	-5.5
EU-25 (average[4)])	32.1	32.1	32.5	32.8	32.5	32.7	32.5	32.3	31.8	31.7	32.3	-0.1	-0.4
EU-15 (average[4)])	35.4	35.9	36.2	36.5	36.4	37.1	36.8	36.1	35.4	36.0	36.2	0.0	0.6
EUR-12 (average[4)])	32.1	32.7	33.0	33.4	33.3	34.0	33.8	33.3	32.5	32.7	33.1	0.1	0.6
NMS-10 (average[4)])	27.2	26.3	27.0	27.3	26.7	26.0	26.2	26.6	26.4	25.7	26.5	-0.4	-1.5
Ratio st.dev. and mean in %	30.7	30.4	28.8	26.9	27.3	27.7	27.4	27.5	28.0	28.7			-2.1
Difference max. and min.	45.7	44.0	42.4	41.4	41.2	42.1	41.2	40.9	41.6	42.2			-3.5

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation. 3) Total Taxation weighted. 4) arithmetic average

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	Average 1995-2004	Change[1] 1995-2004	Difference[2] 1995 to 2004
BE	13.4	13.1	13.3	13.3	13.0	13.2	13.5	13.3	13.0	12.8	13.2	-0.2	-0.6
CZ	4.8	4.8	4.9	4.8	4.6	4.6	4.6	4.8	4.9	4.8	4.8	0.0	0.0
DK	26.3	26.2	25.9	25.5	25.8	25.6	26.0	25.7	25.3	24.9	25.7	-0.5	-1.5
DE	9.3	9.4	9.2	9.5	9.9	10.2	9.9	9.6	9.3	8.7	9.5	-0.2	-0.7
EE	8.3	7.8	7.6	8.0	8.0	7.1	6.8	6.7	6.9	6.7	7.4	-2.5	-1.6
EL	4.1	4.1	4.5	5.5	5.7	5.5	5.0	5.0	4.8	4.8	4.9	1.7	0.7
ES	7.7	7.7	7.2	7.0	6.7	6.6	6.8	6.8	6.6	6.4	6.9	-1.9	-1.3
FR	5.3	5.5	5.8	8.0	8.2	8.4	8.2	7.9	8.0	7.8	7.3	4.7	2.6
IE	10.2	10.2	10.1	9.6	8.9	8.5	8.1	7.1	6.8	7.4	8.7	-4.9	-2.8
IT	10.5	10.7	11.1	11.2	11.3	10.6	10.9	10.6	10.5	10.4	10.8	-0.4	-0.1
CY	4.0	3.2	3.3	3.8	3.8	3.7	3.9	4.3	4.5	3.6	3.8	1.7	-0.4
LV	5.4	5.2	5.5	5.8	5.7	5.6	5.5	5.6	5.8	6.0	5.6	1.0	0.6
LT	7.5	7.0	7.3	7.7	8.3	7.7	7.3	6.9	6.6	6.8	7.3	-1.1	-0.6
LU	9.2	9.2	8.6	7.7	7.6	7.4	7.2	6.7	7.1	7.1	7.8	-3.4	-2.1
HU	6.7	7.3	6.9	6.6	6.9	7.2	7.6	7.6	7.1	6.7	7.1	0.5	0.0
MT	5.2	4.6	5.1	4.8	5.2	5.6	6.2	6.3	6.5	7.2	5.7	4.3	2.0
NL	7.8	7.3	6.5	6.2	6.2	6.3	6.2	6.8	6.5	6.0	6.6	-1.7	-1.7
AT	9.3	9.8	10.4	10.5	10.5	10.0	10.7	10.5	10.3	10.0	10.2	0.7	0.7
PL	8.3	7.9	7.5	7.5	4.6	4.4	4.3	4.3	4.2	4.0	5.7	-9.4	-4.3
PT	5.6	5.8	5.5	5.4	5.3	5.6	5.6	5.4	5.5	-	5.5	-	-
SI	6.0	6.1	6.1	5.8	5.7	5.8	5.9	5.9	5.9	5.9	5.9	-0.2	-0.1
SK	3.6	4.1	4.4	4.5	4.6	3.5	3.8	3.4	3.3	-	3.9	-	-
FI	14.2	15.4	14.2	13.8	13.6	14.6	14.4	14.2	13.8	13.5	14.2	-0.6	-0.7
SE	16.5	17.4	17.6	17.7	18.0	17.4	16.3	15.0	15.6	15.7	16.7	-1.4	-0.8
UK	10.3	9.6	9.3	10.3	10.5	10.8	10.9	10.4	10.0	10.3	10.2	0.6	0.0
NO	10.8	10.7	11.0	11.8	11.4	10.3	10.5	10.8	10.7	-	10.9	-	-
EU-25 (weighted average[3])	9.3	9.3	9.3	9.8	9.9	9.9	9.8	9.5	9.3	9.2	9.5	0.1	-0.1
EU-15 (weighted average[3])	9.3	9.4	9.4	9.9	10.1	10.1	10.0	9.7	9.6	9.4	9.7	0.2	0.1
EUR-12 (weighted average[3])	8.5	8.6	8.7	9.2	9.3	9.3	9.2	9.0	8.8	8.6	8.9	0.2	0.1
NMS-10 (weighted average[3])	6.7	6.7	6.5	6.5	5.2	5.0	5.0	5.1	5.0	5.0	5.7	-4.1	-1.8
EU-25 (average[4])	8.8	8.8	8.7	8.8	8.8	8.6	8.6	8.4	8.4	8.6	8.6	-0.5	-0.2
EU-15 (average[4])	10.6	10.8	10.6	10.7	10.8	10.7	10.6	10.3	10.2	10.4	10.6	-0.4	-0.2
EUR-12 (average[4])	8.9	9.0	8.9	9.0	8.9	8.9	8.9	8.7	8.5	8.6	8.8	-0.5	-0.2
NMS-10 (average[4])	6.0	5.8	5.9	5.9	5.8	5.5	5.6	5.6	5.6	5.7	5.7	-0.7	-0.2
Ratio st.dev. and mean in %	53.0	54.1	53.1	49.0	49.7	49.6	50.0	49.9	50.1	50.9			-2.2
Difference max. and min.	22.8	23.0	22.6	21.7	22.1	22.2	22.1	22.2	21.9	21.3			-1.5

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average

See explanatory notes in Annex C

Source: Commission Services

Table A.2.1_T: Direct Taxes as % of Total Taxation: Personal income taxes

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	30.6	29.5	29.6	29.3	28.6	29.2	29.9	29.4	29.0	28.4	29.4	-0.4	-2.2
CZ	13.3	13.7	13.8	14.1	13.1	13.5	13.3	13.4	13.6	13.2	13.5	-0.2	-0.1
DK	53.9	53.4	52.9	51.8	51.6	51.9	53.6	53.6	53.2	51.0	52.7	-0.2	-2.9
DE	23.4	23.1	22.7	23.2	23.6	24.4	24.7	24.3	23.5	22.4	23.5	0.2	-1.1
EE	22.0	21.9	21.3	22.9	23.2	21.8	21.4	20.6	21.0	20.6	21.7	-0.8	-1.4
EL	12.5	12.4	13.2	15.1	15.4	14.4	13.6	13.3	13.2	13.7	13.7	0.6	1.2
ES	23.6	23.3	21.7	21.3	19.8	19.5	20.2	20.1	19.4	18.5	20.7	-2.4	-5.1
FR	12.3	12.5	13.2	18.1	18.3	18.9	18.8	18.3	18.5	18.0	16.7	4.8	5.7
IE	31.0	31.0	31.2	30.4	28.2	27.0	27.3	24.9	23.3	24.6	27.9	-3.4	-6.4
IT	26.2	25.7	25.4	26.4	26.5	25.3	26.2	26.0	25.3	25.6	25.9	-0.1	-0.5
CY	14.8	11.9	12.6	13.5	13.3	12.0	12.5	13.6	13.5	10.4	12.8	-1.3	-4.3
LV	16.0	16.7	16.8	16.8	17.6	18.8	19.3	19.8	20.5	20.9	18.3	3.1	4.9
LT	26.1	25.0	23.3	24.0	26.0	25.6	25.3	24.2	23.3	24.0	24.7	-0.6	-2.0
LU	21.7	21.7	20.6	19.1	18.8	18.3	17.8	16.3	17.2	17.8	18.9	-2.9	-3.9
HU	16.1	17.9	17.6	17.0	17.7	18.5	19.2	19.6	18.2	17.1	17.9	1.0	1.0
MT	18.8	17.8	18.4	18.5	19.3	19.8	20.3	19.4	20.1	20.5	19.3	1.3	1.6
NL	19.2	17.9	15.9	15.5	15.0	15.2	16.1	18.1	17.5	15.9	16.6	-0.6	-3.2
AT	22.5	23.0	23.7	23.8	23.9	23.4	24.0	24.0	24.0	23.5	23.6	0.5	1.0
PL	21.5	21.3	20.5	20.9	12.8	13.0	12.8	12.6	12.6	12.1	16.0	-7.7	-9.4
PT	17.5	17.7	16.8	16.3	15.6	16.2	16.5	15.6	15.8	-	16.4	-	-
SI	15.0	15.7	16.0	14.9	14.7	15.0	15.3	15.1	15.0	15.0	15.2	-0.3	0.0
SK	8.8	10.5	12.3	12.1	13.4	10.4	11.9	10.5	10.7	-	11.2	-	-
FI	31.1	32.7	30.8	30.0	29.4	30.6	31.5	31.2	31.0	30.4	30.9	-0.2	-0.7
SE	33.7	33.8	33.9	33.6	33.8	32.7	31.6	30.3	31.1	31.1	32.5	-1.3	-2.6
UK	29.2	27.6	26.1	28.2	28.4	29.0	29.4	29.3	28.3	28.6	28.4	0.4	-0.6
NO	25.5	25.1	25.8	27.7	26.7	24.1	24.3	24.8	24.8	-	25.4	-	-
EU-25 (weighted average[3)])	23.3	23.0	22.8	24.1	24.0	24.2	24.5	24.2	23.7	23.3	23.7	0.4	0.1
EU-15 (weighted average[3)])	23.5	23.2	22.9	24.3	24.3	24.6	24.9	24.6	24.1	23.7	24.0	0.5	0.2
EUR-12 (weighted average[3)])	21.3	21.1	21.0	22.3	22.2	22.4	22.7	22.5	22.0	21.5	21.9	0.5	0.2
NMS-10 (weighted average[3)])	17.8	18.2	18.0	18.2	14.4	14.5	14.6	14.6	14.6	14.3	15.9	-3.2	-3.5
EU-25 (average[4)])	22.4	22.3	22.0	22.3	21.9	21.8	22.1	21.7	21.6	21.9	22.0	-0.3	-0.5
EU-15 (average[4)])	25.9	25.7	25.2	25.5	25.1	25.1	25.4	25.0	24.7	25.0	25.2	-0.4	-0.9
EUR-12 (average[4)])	22.6	22.5	22.1	22.4	21.9	21.9	22.2	21.8	21.5	21.7	22.1	-0.5	-0.9
NMS-10 (average[4)])	17.2	17.2	17.3	17.5	17.1	16.8	17.1	16.9	16.9	17.1	17.1	-0.3	-0.1
Ratio st.dev. and mean in %	40.4	40.2	39.3	35.6	36.2	36.4	36.8	36.9	37.0	37.0			-3.4
Difference max. and min.	45.1	42.9	40.6	39.6	38.8	41.5	41.7	43.1	42.5	40.5			-4.6

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation. 3) Total Taxation weighted. 4) arithmetic average

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	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	2.3	2.7	2.8	3.4	3.2	3.2	3.1	3.0	2.9	3.2	3.0	2.1	0.9
CZ	4.6	3.4	3.9	3.4	3.9	3.5	4.2	4.4	4.6	4.4	4.0	1.8	-0.1
DK	2.3	2.5	2.7	3.0	2.4	3.3	2.8	2.9	2.8	3.1	2.8	2.4	0.8
DE	0.9	1.2	1.3	1.3	1.5	1.7	0.6	0.6	0.7	0.9	1.1	-5.5	0.1
EE	2.4	1.6	1.8	2.5	2.0	1.0	0.7	1.2	1.7	1.8	1.7	-5.4	-0.7
EL	2.6	2.3	2.6	3.1	3.5	4.5	3.7	3.7	3.2	3.3	3.3	4.3	0.7
ES	1.9	2.0	2.7	2.5	2.9	3.1	2.9	3.3	3.1	3.5	2.8	6.1	1.6
FR	1.8	2.0	2.3	2.3	2.7	2.8	3.1	2.5	2.1	2.4	2.4	2.7	0.6
IE	2.7	3.1	3.2	3.3	3.8	3.7	3.5	3.7	3.7	3.6	3.4	2.8	0.8
IT	3.3	3.7	4.1	2.4	2.7	2.3	2.9	2.5	2.2	2.2	2.8	-5.8	-1.1
CY	4.0	4.5	4.4	5.0	6.0	6.3	6.3	6.0	4.3	3.8	5.1	1.0	-0.2
LV	1.8	1.9	2.2	2.3	2.1	1.6	1.9	1.9	1.5	1.7	1.9	-2.4	-0.1
LT	1.3	1.2	1.6	1.3	0.8	0.7	0.5	0.6	1.4	1.9	1.1	-2.0	0.6
LU	7.5	7.7	7.9	7.8	7.1	7.2	7.5	8.4	7.9	6.1	7.5	-0.9	-1.4
HU	1.9	1.8	1.9	2.2	2.3	2.2	2.3	2.3	2.2	2.1	2.1	2.2	0.3
MT	2.8	2.5	2.7	2.6	2.7	2.9	3.2	4.0	4.6	4.2	3.2	6.4	1.5
NL	3.3	4.1	4.6	4.5	4.6	4.4	4.2	3.6	3.0	3.3	4.0	-2.1	0.1
AT	1.6	2.1	2.3	2.4	2.0	2.2	3.3	2.4	2.4	2.4	2.3	3.3	0.8
PL	3.2	2.8	3.0	2.8	2.4	2.3	1.7	1.7	1.8	2.0	2.4	-7.2	-1.3
PT	2.4	2.8	3.2	3.2	3.6	3.9	3.4	3.4	2.9	-	3.2	-	-
SI	0.5	0.7	0.9	1.0	1.1	1.2	1.2	1.5	1.7	2.0	1.2	12.6	1.4
SK	6.1	4.2	3.7	3.4	3.0	2.9	2.4	2.7	2.8	-	3.5	-	-
FI	2.3	2.8	3.5	4.3	4.4	6.0	4.3	4.3	3.4	3.6	3.9	4.1	1.3
SE	2.6	2.6	2.9	2.6	3.1	3.8	2.7	2.1	2.3	3.0	2.8	-0.6	0.4
UK	2.8	3.2	3.9	3.8	3.4	3.4	3.3	2.8	2.7	2.8	3.2	-1.8	0.1
NO	3.2	3.5	3.5	2.7	3.5	5.2	4.9	4.5	4.2	-	3.9	-	-
EU-25 (weighted average[3)])	2.1	2.4	2.8	2.6	2.7	2.8	2.6	2.3	2.2	2.4	2.5	-0.1	0.3
EU-15 (weighted average[3)])	2.0	2.4	2.8	2.6	2.7	2.8	2.6	2.3	2.2	2.4	2.5	0.0	0.3
EUR-12 (weighted average[3)])	1.9	2.2	2.5	2.3	2.5	2.6	2.4	2.2	2.0	2.2	2.3	0.3	0.3
NMS-10 (weighted average[3)])	3.2	2.7	2.9	2.7	2.6	2.5	2.3	2.4	2.5	2.5	2.6	-2.6	-0.7
EU-25 (average[4)])	2.8	2.8	3.0	3.1	3.1	3.2	3.0	3.0	2.9	2.9	3.0	0.5	0.2
EU-15 (average[4)])	2.7	3.0	3.3	3.3	3.4	3.7	3.4	3.3	3.0	3.1	3.2	0.9	0.4
EUR-12 (average[4)])	2.7	3.0	3.4	3.4	3.5	3.8	3.5	3.5	3.1	3.1	3.3	1.1	0.4
NMS-10 (average[4)])	2.9	2.5	2.6	2.6	2.6	2.4	2.5	2.6	2.7	2.7	2.6	-0.2	-0.2
Ratio st.dev. and mean in %	73.4	58.3	50.3	53.0	52.4	57.4	62.0	71.6	65.3	47.4			-26.0
Difference max. and min.	7.0	7.0	7.0	6.9	6.3	6.5	7.0	7.9	7.2	5.2			-1.8

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average

See explanatory notes in Annex C

Source: Commission Services

Table A.2.2_T: Direct Taxes as % of Total Taxation: Corporate income tax

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	5.4	6.0	6.3	7.4	7.1	7.1	6.9	6.7	6.5	7.1	6.6	1.9	1.7
CZ	12.7	9.7	11.0	10.1	11.2	10.3	12.0	12.4	12.8	12.2	11.4	1.6	-0.5
DK	4.8	5.1	5.5	6.1	4.8	6.6	5.7	6.0	6.0	6.4	5.7	2.6	1.6
DE	2.2	2.9	3.1	3.3	3.6	4.0	1.4	1.5	1.9	2.4	2.6	-5.1	0.2
EE	6.4	4.5	5.0	7.0	5.8	2.9	2.3	3.6	5.1	5.5	4.8	-3.8	-1.0
EL	8.0	6.8	7.5	8.6	9.5	12.0	10.1	9.9	8.9	9.4	9.1	3.2	1.4
ES	5.8	6.1	8.1	7.7	8.7	9.2	8.6	9.6	9.3	10.1	8.3	5.6	4.3
FR	4.2	4.7	5.2	5.3	5.9	6.3	7.0	5.9	5.0	5.5	5.5	2.7	1.3
IE	8.3	9.3	9.8	10.5	12.0	11.8	11.9	13.0	12.8	11.9	11.1	4.4	3.6
IT	8.3	8.9	9.3	5.7	6.4	5.6	7.0	6.2	5.2	5.4	6.8	-5.6	-2.9
CY	14.9	16.7	17.0	17.6	21.3	20.6	20.1	19.2	13.1	11.1	17.1	-2.1	-3.8
LV	5.5	5.9	6.8	6.8	6.4	5.3	6.6	6.8	5.2	6.0	6.1	-0.2	0.6
LT	4.4	4.3	5.0	4.1	2.6	2.3	1.9	2.1	4.9	6.6	3.8	-1.4	2.2
LU	17.7	18.1	19.0	19.4	17.5	17.8	18.5	20.6	19.3	15.3	18.3	-0.4	-2.4
HU	4.5	4.5	4.9	5.5	5.9	5.6	5.9	6.0	5.7	5.5	5.4	2.7	0.9
MT	10.1	9.5	9.9	9.9	10.0	10.3	10.6	12.3	14.2	12.1	10.9	3.5	2.0
NL	8.1	10.1	11.3	11.3	11.0	10.7	11.0	9.4	8.1	8.8	10.0	-1.1	0.7
AT	4.0	5.0	5.2	5.4	4.6	5.2	7.3	5.6	5.5	5.7	5.3	3.1	1.7
PL	8.4	7.6	8.2	7.6	6.6	6.8	5.1	5.1	5.3	6.0	6.7	-5.5	-2.5
PT	7.4	8.4	9.6	9.5	10.6	11.3	10.0	9.9	8.3	-	9.5	-	-
SI	1.3	1.9	2.5	2.5	2.7	3.0	3.1	3.8	4.4	5.0	3.0	12.5	3.6
SK	14.9	10.7	10.3	9.3	8.7	8.6	7.5	8.4	9.0	-	9.7	-	-
FI	5.0	6.0	7.5	9.4	9.4	12.5	9.4	9.3	7.7	8.1	8.4	4.5	3.0
SE	5.4	5.0	5.5	5.0	5.8	7.2	5.2	4.2	4.5	5.9	5.4	-0.5	0.6
UK	7.9	9.1	10.9	10.5	9.2	9.0	9.0	7.8	7.6	7.9	8.9	-2.1	0.0
NO	7.6	8.2	8.3	6.4	8.1	12.0	11.4	10.3	9.9	-	9.1	-	-
EU-25 (weighted average[3)])	5.2	5.9	6.8	6.4	6.5	6.8	6.4	5.9	5.6	6.0	6.2	0.2	0.8
EU-15 (weighted average[3)])	5.1	5.9	6.7	6.3	6.5	6.8	6.4	5.9	5.5	6.0	6.1	0.3	0.9
EUR-12 (weighted average[3)])	4.7	5.5	6.1	5.6	6.1	6.4	6.0	5.6	5.1	5.6	5.7	0.5	0.9
NMS-10 (weighted average[3)])	8.5	7.4	8.0	7.6	7.3	7.2	6.6	6.9	7.2	7.3	7.4	-1.7	-1.3
EU-25 (average[4)])	7.4	7.5	8.2	8.2	8.3	8.5	8.2	8.2	7.8	7.8	8.0	0.5	0.4
EU-15 (average[4)])	6.8	7.4	8.3	8.3	8.4	9.1	8.6	8.4	7.8	7.8	8.1	1.1	1.0
EUR-12 (average[4)])	7.0	7.7	8.5	8.6	8.9	9.5	9.1	9.0	8.2	8.1	8.5	1.4	1.1
NMS-10 (average[4)])	8.3	7.5	8.1	8.1	8.1	7.6	7.5	8.0	8.0	7.8	7.9	-0.4	-0.6
Ratio st.dev. and mean in %	77.4	64.4	57.2	61.4	65.7	64.3	69.8	78.6	70.7	50.8			-26.7
Difference max. and min.	16.4	16.2	16.5	17.0	18.7	18.3	18.6	19.1	17.4	12.9			-3.5

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation. 3) Total Taxation weighted. 4) arithmetic average
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	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	0.8	1.0	1.0	1.0	1.1	1.1	1.1	1.2	1.3	1.5	1.1	4.8	0.6
CZ	0.2	0.3	0.2	0.2	0.2	0.3	0.2	0.2	0.2	0.2	0.2	-2.9	0.0
DK	2.3	2.2	2.0	1.6	2.1	1.6	0.7	0.7	1.1	2.1	1.7	-8.0	-0.2
DE	0.7	0.8	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.6	0.6	-3.1	-0.2
EE	0.1	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	-46.3	-0.1
EL	1.1	1.0	1.1	1.2	0.9	0.9	1.1	1.0	0.8	0.8	1.0	-3.1	-0.3
ES	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.7	0.8	0.8	0.7	1.6	0.1
FR	1.4	1.5	1.6	1.5	1.6	1.3	1.4	1.3	1.3	1.4	1.4	-1.2	0.0
IE	0.6	0.7	0.7	0.8	1.0	1.2	1.2	0.8	1.5	1.4	1.0	8.6	0.8
IT	1.2	0.9	1.3	1.0	1.0	1.6	1.1	1.0	2.2	1.4	1.3	4.3	0.2
CY	0.9	1.0	1.0	1.2	1.0	1.3	1.1	0.9	0.9	1.5	1.1	2.5	0.7
LV	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.2	0.2	0.2	0.1	-	0.2
LT	0.0	0.0	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.1	0.1	0.5	0.0
LU	0.9	1.1	1.0	1.0	1.1	1.0	0.9	1.0	1.0	0.8	1.0	-1.4	-0.1
HU	0.3	0.3	0.3	0.4	0.4	0.4	0.3	0.3	0.4	0.5	0.4	3.7	0.2
MT	0.7	0.6	0.7	0.8	0.8	0.7	0.8	1.4	1.2	0.9	0.9	7.0	0.3
NL	1.6	1.7	1.6	1.7	1.7	1.7	1.3	1.4	1.4	1.4	1.6	-2.2	-0.1
AT	0.7	0.7	0.7	0.8	0.8	0.9	1.1	1.1	0.9	1.0	0.9	4.5	0.2
PL	0.9	0.1	0.3	0.2	0.2	0.5	0.6	0.9	0.6	0.5	0.5	9.2	-0.5
PT	0.5	0.5	0.5	0.4	0.5	0.5	0.5	0.5	0.4	-	0.5	-	-
SI	0.6	0.5	0.5	0.9	0.8	0.6	0.6	0.6	0.5	0.6	0.6	-0.3	0.0
SK	2.0	2.3	2.0	2.1	1.4	1.3	1.2	1.3	1.1	-	1.6	-	-
FI	0.9	1.0	0.9	0.9	1.0	1.0	1.0	1.0	1.0	1.1	1.0	1.7	0.1
SE	0.8	0.9	0.9	1.0	1.0	1.1	1.0	0.8	0.8	0.8	0.9	-0.9	0.0
UK	2.0	2.2	2.2	2.4	2.6	2.6	2.8	2.7	2.6	2.7	2.5	3.3	0.7
NO	2.3	2.8	2.5	1.5	2.1	4.8	5.0	4.7	4.8	-	3.4	-	-
EU-25 (weighted average[3)])	1.1	1.2	1.2	1.2	1.3	1.3	1.2	1.2	1.3	1.3	1.2	1.6	0.2
EU-15 (weighted average[3)])	1.2	1.2	1.2	1.2	1.3	1.4	1.3	1.2	1.4	1.4	1.3	1.7	0.2
EUR-12 (weighted average[3)])	1.0	1.0	1.0	1.0	1.0	1.1	1.0	0.9	1.1	1.1	1.0	0.6	0.1
NMS-10 (weighted average[3)])	0.7	0.4	0.4	0.4	0.4	0.5	0.5	0.6	0.5	0.4	0.5	0.6	-0.3
EU-25 (average[4)])	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	1.0	0.9	0.5	0.1
EU-15 (average[4)])	1.1	1.1	1.1	1.1	1.2	1.2	1.1	1.1	1.2	1.3	1.1	0.8	0.2
EUR-12 (average[4)])	0.9	1.0	1.0	1.0	1.0	1.1	1.0	1.0	1.1	1.1	1.0	1.5	0.2
NMS-10 (average[4)])	0.6	0.5	0.5	0.6	0.5	0.5	0.5	0.6	0.5	0.5	0.5	-0.7	-0.1
Ratio st.dev. and mean in %	52.7	56.5	51.0	52.2	50.2	45.0	44.9	45.8	45.6	49.7			-2.9
Difference max. and min.	2.3	2.3	2.2	2.4	2.6	2.6	2.7	2.6	2.6	2.7			0.4

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average

See explanatory notes in Annex C

Source: Commission Services

Table A.2.3_T: Direct Taxes as % of Total Taxation: Other

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	1.9	2.2	2.2	2.3	2.4	2.4	2.4	2.7	2.8	3.3	2.5	4.6	1.3
CZ	0.6	0.7	0.6	0.7	0.6	0.8	0.6	0.6	0.5	0.5	0.6	-3.1	-0.1
DK	4.8	4.5	4.0	3.2	4.2	3.3	1.5	1.6	2.3	4.3	3.4	-7.8	-0.4
DE	1.8	1.9	1.4	1.5	1.4	1.4	1.5	1.4	1.3	1.5	1.5	-2.8	-0.3
EE	0.4	0.4	0.5	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.2	-44.7	-0.4
EL	3.3	3.2	3.2	3.3	2.4	2.4	2.9	2.6	2.3	2.3	2.8	-4.2	-1.0
ES	2.0	2.1	2.1	2.2	2.3	2.4	2.2	2.2	2.2	2.3	2.2	1.0	0.2
FR	3.3	3.4	3.5	3.4	3.5	3.0	3.1	3.1	3.1	3.2	3.3	-1.1	0.0
IE	1.9	2.2	2.3	2.5	3.2	3.9	3.9	3.0	5.0	4.6	3.3	10.1	2.7
IT	3.0	2.1	2.9	2.4	2.4	3.8	2.6	2.4	5.2	3.5	3.0	4.5	0.4
CY	3.2	3.6	4.0	4.1	3.6	4.1	3.6	2.9	2.7	4.5	3.6	-0.6	1.3
LV	0.0	0.0	0.0	0.0	0.0	0.6	0.6	0.7	0.8	0.7	0.3	-	0.7
LT	0.1	0.1	0.2	0.2	0.2	0.2	0.1	0.2	0.1	0.2	0.2	1.1	0.1
LU	2.2	2.6	2.4	2.5	2.8	2.4	2.3	2.5	2.4	2.0	2.4	-0.9	-0.2
HU	0.7	0.8	0.9	0.9	0.9	1.0	0.9	0.9	1.1	1.2	0.9	4.2	0.5
MT	2.4	2.4	2.4	2.9	2.9	2.6	2.6	4.4	3.8	2.7	2.9	4.0	0.2
NL	3.9	4.2	4.0	4.1	4.0	4.1	3.5	3.7	3.7	3.8	3.9	-1.2	-0.1
AT	1.8	1.7	1.7	1.7	1.8	2.1	2.4	2.6	2.1	2.3	2.0	4.2	0.5
PL	2.5	0.3	0.9	0.4	0.6	1.3	1.8	2.6	1.9	1.5	1.4	10.9	-1.0
PT	1.7	1.6	1.5	1.2	1.4	1.4	1.4	1.5	1.0	-	1.4	-	-
SI	1.4	1.4	1.4	2.3	1.9	1.7	1.7	1.5	1.4	1.5	1.6	-0.4	0.1
SK	4.9	5.8	5.6	5.7	4.1	3.9	3.8	4.1	3.4	-	4.6	-	-
FI	2.0	2.0	1.9	1.9	2.1	2.2	2.2	2.3	2.2	2.4	2.1	2.1	0.4
SE	1.7	1.8	1.8	1.9	1.9	2.0	1.9	1.7	1.7	1.6	1.8	-0.8	-0.1
UK	5.6	6.2	6.1	6.5	7.0	7.0	7.5	7.5	7.3	7.5	6.8	3.1	1.9
NO	5.3	6.7	5.8	3.4	4.9	11.1	11.4	10.8	11.2	-	7.8	-	-
EU-25 (weighted average[3)])	2.9	2.8	2.9	2.9	3.0	3.2	3.1	3.1	3.4	3.4	3.1	1.9	0.5
EU-15 (weighted average[3)])	2.9	2.9	3.0	3.0	3.1	3.3	3.2	3.1	3.5	3.5	3.1	2.0	0.6
EUR-12 (weighted average[3)])	2.5	2.5	2.5	2.4	2.4	2.6	2.4	2.3	2.9	2.7	2.5	0.9	0.2
NMS-10 (weighted average[3)])	1.9	1.0	1.2	1.1	1.0	1.4	1.5	1.9	1.5	1.2	1.4	1.5	-0.6
EU-25 (average[4)])	2.3	2.3	2.3	2.3	2.3	2.4	2.3	2.3	2.4	2.5	2.3	0.7	0.2
EU-15 (average[4)])	2.7	2.8	2.7	2.7	2.9	2.9	2.8	2.7	3.0	3.2	2.8	1.2	0.5
EUR-12 (average[4)])	2.4	2.4	2.4	2.4	2.5	2.6	2.5	2.5	2.8	2.8	2.5	1.7	0.4
NMS-10 (average[4)])	1.6	1.6	1.7	1.7	1.5	1.6	1.6	1.8	1.6	1.4	1.6	-0.6	-0.2
Ratio st.dev. and mean in %	50.9	57.2	54.0	56.2	52.2	47.6	49.0	50.8	49.6	51.2			0.3
Difference max. and min.	5.6	6.2	6.1	6.5	7.0	6.9	7.3	7.4	7.2	7.5			1.9

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation. 3) Total Taxation weighted. 4) arithmetic average

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	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	14.3	14.3	14.2	14.2	14.2	13.9	14.2	14.4	14.4	14.1	14.2	0.0	-0.3
CZ	14.3	14.4	14.8	14.3	14.3	14.4	14.4	15.0	15.2	15.1	14.6	0.6	0.8
DK	1.1	1.1	1.0	1.0	1.6	1.8	1.7	1.2	1.2	1.2	1.3	2.4	0.1
DE	16.8	17.4	17.7	17.4	17.2	16.9	16.7	16.7	16.9	16.5	17.0	-0.5	-0.4
EE	13.1	12.1	11.6	11.6	12.4	11.6	11.3	11.5	11.3	11.1	11.8	-1.3	-2.0
EL	10.5	10.8	11.1	11.5	11.4	11.5	11.7	12.6	13.0	12.1	11.6	2.0	1.7
ES	11.8	12.0	12.0	11.9	11.9	12.0	12.2	12.1	12.2	12.2	12.0	0.4	0.4
FR	18.6	18.6	18.1	16.1	16.3	16.1	16.1	16.2	16.4	16.3	16.9	-1.6	-2.3
IE	4.9	4.6	4.3	4.1	4.3	4.4	4.4	4.4	4.4	4.6	4.5	-0.3	-0.3
IT	12.6	14.3	14.6	12.2	12.1	12.1	12.0	12.1	12.3	12.3	12.7	-1.4	-0.4
CY	6.6	7.0	7.0	7.0	6.7	6.7	6.9	6.8	7.1	7.8	7.0	0.9	1.3
LV	12.1	11.0	10.8	11.0	10.8	9.9	9.2	9.3	8.9	8.7	10.2	-3.6	-3.4
LT	7.5	8.0	8.6	9.1	9.3	9.3	9.0	8.6	8.5	8.4	8.6	0.9	0.9
LU	11.2	11.1	10.6	10.4	10.7	10.4	11.2	11.4	11.5	11.3	11.0	0.5	0.1
HU	14.9	14.1	14.3	14.1	13.2	13.1	13.7	13.7	13.5	13.5	13.8	-0.9	-1.5
MT	6.2	6.4	6.8	6.1	6.1	6.4	6.9	6.7	6.7	6.9	6.5	0.9	0.7
NL	16.0	15.5	15.5	15.3	16.0	16.0	13.7	13.3	13.8	14.0	14.9	-1.9	-2.0
AT	14.8	14.8	15.0	14.9	14.9	14.6	14.6	14.5	14.5	14.4	14.7	-0.4	-0.4
PL	11.4	11.8	11.8	11.8	15.0	13.6	14.8	14.5	14.0	13.4	13.2	2.6	2.0
PT	9.5	9.7	10.0	9.9	10.1	10.3	10.5	10.8	11.1	11.3	10.3	1.9	1.7
SI	17.3	15.4	14.7	14.7	14.5	14.7	15.0	14.8	14.7	14.7	15.0	-1.0	-2.6
SK	14.3	14.3	13.6	14.8	13.8	13.7	13.7	13.5	13.0	12.2	13.7	-1.4	-2.1
FI	14.1	13.6	12.8	12.5	12.8	12.0	12.3	12.1	11.9	11.9	12.6	-1.7	-2.1
SE	12.9	14.0	13.8	13.8	12.5	14.3	14.6	14.5	14.1	13.8	13.8	0.7	0.9
UK	6.2	6.1	6.2	6.2	6.2	6.3	6.3	6.1	6.6	6.6	6.3	0.7	0.5
NO	9.9	9.6	9.6	10.3	10.2	9.0	9.3	9.9	9.9	-	9.7	-	-
EU-25 (weighted average[3])	13.9	14.2	13.9	13.1	13.1	12.9	12.8	12.7	13.0	12.8	13.2	-1.2	-1.1
EU-15 (weighted average[3])	14.0	14.2	14.0	13.1	13.1	12.9	12.7	12.7	12.9	12.8	13.2	-1.2	-1.2
EUR-12 (weighted average[3])	15.5	15.9	15.9	14.9	14.9	14.6	14.4	14.4	14.6	14.4	14.9	-1.1	-1.1
NMS-10 (weighted average[3])	12.8	12.6	12.6	12.6	13.9	13.2	13.9	13.8	13.5	13.2	13.2	0.9	0.4
EU-25 (average[4])	11.7	11.7	11.6	11.4	11.5	11.4	11.5	11.5	11.5	11.4	11.5	-0.3	-0.4
EU-15 (average[4])	11.7	11.8	11.8	11.4	11.5	11.5	11.5	11.5	11.6	11.5	11.6	-0.2	-0.2
EUR-12 (average[4])	12.9	13.0	13.0	12.5	12.7	12.5	12.5	12.6	12.7	12.6	12.7	-0.4	-0.4
NMS-10 (average[4])	11.8	11.4	11.4	11.5	11.6	11.3	11.5	11.4	11.3	11.2	11.4	-0.3	-0.6
Ratio st.dev. and mean in %	30.9	29.7	29.7	30.5	30.1	29.9	29.8	30.8	29.9	29.3			-1.6
Difference max. and min.	17.5	17.5	17.1	16.4	15.6	15.1	15.0	15.5	15.7	15.3			-2.2

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average

See explanatory notes in Annex C

Source: Commission Services

Table A.3_T: Social contributions as % of Total Taxation: Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1] 1995-2004	Difference[2] 1995 to 2004
BE	32.7	32.2	31.6	31.3	31.3	30.8	31.4	31.8	32.0	31.1	31.6	-0.3	-1.6
CZ	39.6	41.0	41.6	42.1	41.2	41.9	41.8	42.3	42.1	41.3	41.5	0.4	1.7
DK	2.2	2.2	2.1	2.1	3.3	3.6	3.6	2.5	2.5	2.4	2.6	2.6	0.2
DE	42.3	42.8	43.5	42.6	41.2	40.4	41.8	42.3	42.5	42.6	42.2	-0.1	0.3
EE	34.5	33.9	32.5	33.3	35.7	35.6	35.7	35.4	34.4	34.0	34.5	0.4	-0.5
EL	32.1	32.8	32.5	31.6	30.5	30.4	31.9	33.8	35.6	34.6	32.6	0.9	2.5
ES	36.0	36.2	36.0	36.0	35.5	35.5	36.3	35.8	36.0	35.3	35.9	-0.1	-0.8
FR	43.5	42.4	41.1	36.5	36.3	36.5	36.8	37.5	38.0	37.4	38.6	-1.5	-6.0
IE	15.0	13.9	13.3	13.0	13.5	13.9	14.9	15.5	15.3	15.3	14.3	1.2	0.3
IT	31.5	34.1	33.3	28.7	28.6	28.9	28.8	29.6	29.7	30.2	30.4	-1.2	-1.3
CY	24.4	26.0	27.0	24.8	23.7	21.8	21.9	21.5	21.2	23.0	23.5	-2.2	-1.4
LV	36.1	35.2	33.2	31.9	33.3	33.5	32.3	32.9	31.1	30.6	33.0	-1.4	-5.5
LT	26.4	28.4	27.3	28.3	29.0	31.1	31.2	30.4	30.3	29.7	29.2	1.5	3.3
LU	26.4	26.2	25.5	25.7	26.3	25.7	27.5	27.8	28.2	28.1	26.7	1.0	1.7
HU	35.9	34.7	36.6	36.1	33.9	33.4	34.7	35.0	34.6	34.5	34.9	-0.4	-1.4
MT	22.6	24.6	24.4	23.4	22.5	22.6	22.9	20.7	20.8	19.7	22.4	-2.0	-3.0
NL	39.5	37.9	38.1	38.0	38.5	38.6	35.7	35.2	36.9	37.1	37.6	-0.8	-2.4
AT	35.9	34.8	34.1	33.9	34.1	34.0	32.7	33.2	33.7	33.8	34.0	-0.6	-2.1
PL	29.7	31.5	32.2	32.8	41.2	39.8	43.6	42.2	42.0	40.9	37.6	4.3	11.2
PT	29.9	29.5	30.3	30.0	29.6	30.1	30.9	31.0	31.7	32.7	30.6	0.9	2.8
SI	43.0	39.7	38.7	38.0	37.2	38.1	38.6	37.8	37.3	37.1	38.5	-1.1	-5.9
SK	35.4	36.6	37.9	40.1	39.9	41.3	42.6	41.8	41.5	40.1	39.7	1.7	4.8
FI	30.8	28.9	27.6	27.3	27.5	25.2	26.9	26.6	26.7	26.9	27.5	-1.3	-3.9
SE	26.4	27.2	26.5	26.2	23.4	26.7	28.5	29.2	28.1	27.4	26.9	0.9	1.0
UK	17.5	17.4	17.6	16.9	16.8	16.9	17.0	17.0	18.5	18.4	17.4	0.5	0.9
NO	23.4	22.5	22.7	24.4	23.8	20.9	21.5	22.8	23.0	-	22.8	-	-
EU-25 (weighted average[3])	35.0	35.0	34.2	32.2	31.8	31.5	31.9	32.3	32.8	32.5	32.9	-0.9	-2.5
EU-15 (weighted average[3])	35.1	35.0	34.2	32.1	31.5	31.2	31.6	32.0	32.6	32.3	32.8	-1.0	-2.8
EUR-12 (weighted average[3])	38.9	38.9	38.4	36.1	35.6	35.3	35.7	36.1	36.4	36.2	36.8	-0.9	-2.7
NMS-10 (weighted average[3])	33.6	34.4	34.9	35.2	38.7	38.2	40.2	39.5	38.9	38.2	37.2	1.8	4.5
EU-25 (average[4])	30.8	30.8	30.6	30.0	30.2	30.3	30.8	30.8	30.8	30.6	30.6	0.0	-0.2
EU-15 (average[4])	29.5	29.2	28.9	28.0	27.8	27.8	28.3	28.6	29.0	28.9	28.6	-0.1	-0.6
EUR-12 (average[4])	33.0	32.6	32.2	31.2	31.1	30.8	31.3	31.7	32.2	32.1	31.8	-0.3	-0.9
NMS-10 (average[4])	32.8	33.1	33.1	33.1	33.8	33.9	34.5	34.0	33.5	33.1	33.5	0.3	0.3
Ratio st.dev. and mean in %	27.1	26.4	27.1	28.7	29.2	29.5	29.3	29.4	28.8	28.4			1.4
Difference max. and min.	41.3	40.6	41.4	40.5	38.0	38.3	40.0	39.9	40.0	40.3			-1.0

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation. 3) Total Taxation weighted. 4) arithmetic average
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	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	8.6	8.6	8.6	8.7	8.7	8.4	8.5	8.6	8.6	8.4	8.6	-0.2	-0.2
CZ	9.9	10.1	10.4	10.0	10.0	10.1	10.1	10.4	10.6	10.5	10.2	0.5	0.6
DK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	70.3	0.0
DE	7.5	7.6	7.6	7.6	7.5	7.5	7.4	7.3	7.4	7.2	7.4	-0.5	-0.3
EE	13.1	12.1	11.6	11.6	12.4	11.6	11.3	11.2	11.0	10.8	11.7	-1.6	-2.3
EL	4.8	5.0	5.2	5.3	5.2	5.4	5.4	6.0	6.0	5.6	5.4	2.1	0.8
ES	8.2	8.3	8.4	8.2	8.3	8.4	8.6	8.6	8.6	8.6	8.4	0.6	0.4
FR	11.4	11.3	11.3	11.1	11.3	11.1	11.0	11.0	11.2	11.1	11.2	-0.3	-0.3
IE	2.9	2.6	2.6	2.6	2.6	2.7	2.8	2.7	2.7	2.7	2.7	0.0	-0.2
IT	8.4	10.0	10.3	8.6	8.5	8.4	8.4	8.4	8.7	8.6	8.8	-1.2	0.2
CY	-	-	-	-	-	-	-	-	-	5.4	5.4	-	-
LV	11.8	10.1	8.2	8.3	8.2	7.4	6.8	6.9	6.4	6.3	8.0	-6.3	-5.5
LT	7.3	7.7	8.3	8.7	8.9	8.4	8.0	7.8	7.7	7.6	8.0	-0.1	0.3
LU	5.2	5.1	4.8	4.7	4.6	4.5	4.9	5.1	5.1	5.0	4.9	0.0	-0.2
HU	12.2	11.6	11.8	11.7	10.6	10.5	11.0	10.2	9.9	9.6	10.9	-2.6	-2.6
MT	3.1	3.1	3.3	3.0	2.9	2.8	3.1	3.0	3.0	3.1	3.0	-0.3	0.0
NL	2.0	1.9	1.8	4.6	4.6	4.6	4.3	4.3	4.3	4.3	3.7	10.3	2.4
AT	7.3	7.3	7.4	7.2	7.2	7.0	6.9	6.8	6.8	6.7	7.1	-1.0	-0.6
PL	6.0	6.2	6.3	6.3	6.1	6.0	5.7	5.4	5.2	5.0	5.8	-2.4	-1.0
PT	6.0	6.1	6.4	6.4	6.5	6.7	6.7	6.9	7.5	-	6.6	-	-
SI	8.2	6.5	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	6.0	-2.7	-2.6
SK	12.0	10.3	9.7	11.0	10.0	9.8	9.7	9.7	8.8	8.0	9.9	-3.2	-4.0
FI	9.9	9.6	9.1	9.2	9.4	8.8	9.2	9.1	9.0	9.0	9.2	-0.8	-0.9
SE	11.0	11.6	11.1	10.7	9.4	11.1	11.5	11.4	11.0	10.8	11.0	-0.1	-0.3
UK	3.4	3.3	3.4	3.3	3.4	3.6	3.6	3.4	3.6	3.7	3.5	1.0	0.3
NO	5.9	5.7	5.7	6.2	6.1	5.4	5.6	6.0	5.9	-	5.8	-	-
EU-25 (weighted average3)	7.5	7.7	7.7	7.4	7.4	7.3	7.3	7.3	7.4	7.3	7.4	-0.5	-0.2
EU-15 (weighted average3)	7.5	7.7	7.6	7.4	7.4	7.3	7.3	7.3	7.4	7.3	7.4	-0.5	-0.2
EUR-12 (weighted average3)	8.2	8.5	8.6	8.3	8.3	8.2	8.2	8.2	8.3	8.2	8.3	-0.3	0.0
NMS-10 (weighted average3)	8.4	8.1	8.1	8.1	7.8	7.7	7.5	7.5	7.4	7.2	7.8	-1.6	-1.1
EU-25 (average4)	7.5	7.3	7.2	7.3	7.2	7.1	7.1	7.1	7.0	6.8	7.2	-0.8	-0.7
EU-15 (average4)	6.4	6.6	6.5	6.5	6.5	6.5	6.6	6.7	6.7	6.5	6.6	0.3	0.1
EUR-12 (average4)	6.8	7.0	6.9	7.0	7.0	7.0	7.0	7.1	7.2	7.0	7.0	0.3	0.2
NMS-10 (average4)	9.3	8.6	8.4	8.5	8.3	8.0	7.9	7.8	7.6	7.2	8.2	-2.3	-2.1
Ratio st.dev. and mean in %	47.8	44.0	43.5	42.4	41.7	41.3	41.5	41.2	39.6	39.4			-8.4
Difference max. and min.	13.1	12.1	11.8	11.7	12.4	11.6	11.5	11.3	11.1	11.0			-2.1

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average

See explanatory notes in Annex C

Source: Commission Services

Table A.3.1_T: Social contributions as % of Total Taxation: Employers

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	19.7	19.4	19.2	19.0	19.1	18.6	18.8	19.1	19.2	18.5	19.1	-0.4	-1.1
CZ	27.3	28.7	29.2	29.6	28.9	29.3	29.2	29.4	29.4	28.6	29.0	0.4	1.3
DK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0	70.5	0.1
DE	18.8	18.6	18.8	18.5	18.0	17.8	18.5	18.5	18.6	18.6	18.5	-0.1	-0.3
EE	34.5	33.9	32.5	33.3	35.7	35.6	35.7	34.5	33.5	33.1	34.2	0.0	-1.4
EL	14.6	15.2	15.1	14.6	13.9	14.1	14.7	16.0	16.4	15.9	15.1	1.0	1.3
ES	24.9	25.2	25.2	25.0	24.6	24.7	25.7	25.2	25.3	24.9	25.1	0.1	-0.1
FR	26.7	25.7	25.6	25.3	25.1	25.1	25.2	25.6	25.9	25.5	25.6	-0.2	-1.2
IE	8.7	8.0	7.9	8.1	8.1	8.4	9.3	9.5	9.1	8.9	8.6	1.6	0.2
IT	21.0	24.0	23.7	20.2	20.0	20.1	20.2	20.6	20.9	21.1	21.2	-1.0	0.1
CY	-	-	-	-	-	-	-	-	-	15.9	15.9	-	-
LV	35.1	32.2	25.0	24.3	25.2	25.1	23.9	24.4	22.6	22.1	26.0	-4.1	-13.0
LT	25.4	27.3	26.2	27.1	27.7	28.1	28.0	27.4	27.3	26.7	27.1	0.5	1.3
LU	12.2	12.0	11.5	11.8	11.4	11.2	12.1	12.3	12.5	12.5	12.0	0.5	0.3
HU	29.3	28.7	30.4	30.0	27.1	26.8	27.8	26.2	25.4	24.5	27.6	-2.1	-4.8
MT	11.1	12.0	11.9	11.4	10.6	10.0	10.3	9.3	9.3	8.8	10.5	-3.3	-2.3
NL	4.8	4.8	4.4	11.5	11.0	11.2	11.3	11.5	11.5	11.5	9.4	11.4	6.6
AT	17.7	17.1	16.7	16.3	16.4	16.3	15.4	15.7	15.9	15.8	16.3	-1.2	-1.9
PL	15.6	16.6	17.1	17.5	16.9	17.6	16.9	15.6	15.6	15.3	16.5	-0.7	-0.2
PT	18.8	18.7	19.3	19.4	19.1	19.5	19.8	20.0	21.3	-	19.5	-	-
SI	20.4	16.6	14.9	14.5	14.2	14.6	14.6	14.4	14.2	14.1	15.2	-2.8	-6.3
SK	29.6	26.4	27.2	29.6	29.0	29.6	30.3	29.9	28.0	26.2	28.6	-0.1	-3.4
FI	21.6	20.5	19.7	19.9	20.2	18.5	20.1	20.0	20.1	20.3	20.1	-0.4	-1.3
SE	22.5	22.6	21.3	20.3	17.6	20.9	22.3	22.9	21.9	21.3	21.4	0.1	-1.2
UK	9.5	9.6	9.4	9.1	9.3	9.5	9.6	9.6	10.3	10.2	9.6	0.8	0.7
NO	13.9	13.4	13.5	14.6	14.3	12.5	12.9	13.7	13.8	-	13.6	-	-
EU-25 (weighted average[3)])	18.9	19.1	18.8	18.3	17.9	17.9	18.2	18.5	18.8	18.6	18.5	-0.2	-0.3
EU-15 (weighted average[3)])	18.8	19.0	18.7	18.2	17.8	17.7	18.1	18.4	18.7	18.5	18.4	-0.2	-0.3
EUR-12 (weighted average[3)])	20.5	20.8	20.7	20.3	19.9	19.8	20.3	20.5	20.7	20.6	20.4	0.0	0.1
NMS-10 (weighted average[3)])	21.8	21.8	22.2	22.5	21.6	22.1	21.8	21.3	21.5	20.9	21.8	-0.5	-0.9
EU-25 (average[4)])	19.6	19.3	18.8	19.0	18.7	18.9	19.1	19.1	18.9	18.4	19.0	-0.4	-1.2
EU-15 (average[4)])	16.1	16.1	15.8	15.9	15.6	15.7	16.2	16.4	16.6	16.1	16.1	0.3	0.0
EUR-12 (average[4)])	17.5	17.4	17.3	17.5	17.2	17.1	17.6	17.8	18.1	17.6	17.5	0.3	0.1
NMS-10 (average[4)])	25.4	24.7	23.8	24.1	23.9	24.1	24.1	23.4	22.8	21.5	23.8	-1.3	-3.8
Ratio st.dev. and mean in %	47.3	45.3	44.6	44.4	45.9	46.2	45.3	43.8	41.6	40.9			-6.4
Difference max. and min.	35.1	33.9	32.5	33.3	35.7	35.6	35.6	34.4	33.4	33.0			-2.1

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation. 3) Total Taxation weighted. 4) arithmetic average

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	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	4.4	4.4	4.3	4.3	4.3	4.3	4.5	4.5	4.5	4.5	4.4	0.4	0.0
CZ	3.7	3.6	3.7	3.6	3.6	3.6	3.6	3.7	3.7	3.7	3.6	0.1	-0.1
DK	1.1	1.1	1.0	1.0	1.6	1.8	1.7	1.2	1.2	1.1	1.3	2.0	0.1
DE	6.7	6.9	7.0	6.9	6.8	6.8	6.7	6.6	6.7	6.5	6.8	-0.6	-0.3
EE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.3	0.3	0.1	-	0.3
EL	4.3	4.4	4.5	4.5	4.5	4.5	4.6	4.9	5.2	4.9	4.6	1.7	0.6
ES	1.9	1.9	1.9	2.0	1.9	1.9	1.9	1.9	1.9	1.9	1.9	0.1	0.0
FR	5.8	5.8	5.4	3.9	4.0	4.0	4.0	4.0	4.2	4.1	4.5	-4.1	-1.7
IE	1.9	1.7	1.5	1.4	1.5	1.5	1.5	1.5	1.6	1.7	1.6	-0.8	-0.2
IT	2.4	2.6	2.6	2.4	2.3	2.3	2.3	2.3	2.3	2.3	2.4	-1.3	-0.1
CY	-	-	-	-	-	-	-	-	-	2.1	2.1	-	-
LV	0.3	0.9	2.6	2.6	2.6	2.5	2.4	2.4	2.4	2.4	2.1	14.5	2.0
LT	0.2	0.2	0.3	0.3	0.3	0.8	0.8	0.7	0.7	0.8	0.5	16.4	0.5
LU	4.5	4.6	4.4	4.4	4.7	4.6	5.0	5.1	5.1	5.0	4.7	1.7	0.5
HU	2.3	2.1	2.2	2.1	2.2	2.0	2.1	2.9	3.0	3.3	2.4	4.4	1.0
MT	2.6	2.6	2.7	2.5	2.6	2.8	3.1	3.0	3.0	3.1	2.8	2.4	0.5
NL	10.5	10.0	10.2	7.7	8.1	8.0	6.7	6.4	6.7	7.0	8.1	-5.5	-3.4
AT	6.3	6.2	6.2	6.1	6.1	6.0	6.0	6.0	5.9	5.9	6.1	-0.7	-0.4
PL	5.1	5.1	5.2	5.1	8.1	6.1	6.9	6.6	6.3	6.2	6.0	3.1	1.1
PT	3.1	3.0	3.1	3.0	3.1	3.2	3.4	3.4	3.2	-	3.2	-	-
SI	8.3	8.1	8.0	8.0	7.9	8.1	8.0	7.9	7.7	7.7	8.0	-0.6	-0.5
SK	1.7	3.2	3.0	3.2	3.1	3.2	3.3	3.2	2.9	2.9	3.0	2.6	1.2
FI	2.6	2.6	2.4	2.3	2.4	2.2	2.2	2.1	2.1	2.1	2.3	-2.4	-0.5
SE	1.6	2.1	2.4	2.9	2.9	2.8	2.9	2.9	2.9	2.8	2.6	4.9	1.2
UK	2.6	2.5	2.7	2.6	2.6	2.6	2.5	2.4	2.7	2.7	2.6	0.1	0.1
NO	4.0	3.9	3.9	4.2	4.1	3.6	3.7	4.0	3.9	-	3.9	-	-
EU-25 (weighted average[3)])	4.8	4.7	4.6	4.2	4.2	4.1	4.1	4.0	4.1	4.0	4.3	-2.0	-0.7
EU-15 (weighted average[3)])	4.8	4.7	4.6	4.2	4.2	4.1	4.1	4.0	4.1	4.0	4.3	-2.2	-0.8
EUR-12 (weighted average[3)])	5.3	5.3	5.2	4.7	4.7	4.6	4.5	4.4	4.5	4.4	4.8	-2.3	-0.9
NMS-10 (weighted average[3)])	4.1	4.2	4.2	4.2	5.6	4.7	5.1	4.9	4.7	4.6	4.6	1.8	0.5
EU-25 (average[4)])	3.5	3.6	3.6	3.4	3.6	3.6	3.6	3.6	3.6	3.5	3.6	0.1	0.0
EU-15 (average[4)])	4.0	4.0	4.0	3.7	3.8	3.8	3.7	3.7	3.7	3.7	3.8	-0.8	-0.2
EUR-12 (average[4)])	4.5	4.5	4.5	4.1	4.1	4.1	4.1	4.1	4.1	4.2	4.2	-1.1	-0.4
NMS-10 (average[4)])	2.7	2.9	3.1	3.0	3.4	3.2	3.3	3.4	3.3	3.2	3.2	2.1	0.5
Ratio st.dev. and mean in %	54.6	52.5	52.6	50.7	54.4	51.5	50.9	50.6	49.8	50.4			-4.2
Difference max. and min.	10.5	10.0	10.2	8.0	8.1	8.1	8.0	7.5	7.4	7.5			-3.0

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average

See explanatory notes in Annex C

Source: Commission Services

Table A.3.2_T: Social contributions as % of Total Taxation: Employees

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	10.1	9.9	9.6	9.5	9.5	9.6	9.9	10.0	10.0	9.9	9.8	0.1	-0.2
CZ	10.3	10.3	10.4	10.5	10.3	10.4	10.3	10.5	10.3	10.0	10.3	-0.1	-0.3
DK	2.2	2.2	2.1	2.1	3.3	3.6	3.5	2.4	2.4	2.3	2.6	2.3	0.1
DE	16.9	16.9	17.2	17.0	16.4	16.2	16.8	16.8	16.8	16.7	16.8	-0.2	-0.2
EE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.9	0.9	0.3	-	0.9
EL	13.2	13.3	13.2	12.3	12.1	11.9	12.6	13.1	14.2	13.9	13.0	0.6	0.7
ES	5.8	5.9	5.7	5.9	5.6	5.7	5.8	5.7	5.7	5.6	5.7	-0.4	-0.2
FR	13.6	13.3	12.3	8.9	8.9	9.0	9.1	9.4	9.6	9.5	10.4	-4.1	-4.1
IE	5.6	5.3	4.7	4.3	4.7	4.9	5.1	5.3	5.4	5.6	5.1	0.7	-0.1
IT	6.1	6.1	6.0	5.7	5.5	5.5	5.6	5.7	5.5	5.6	5.7	-1.0	-0.4
CY	-	-	-	-	-	-	-	-	-	6.1	6.1	-	-
LV	0.9	2.9	8.0	7.5	8.1	8.3	8.2	8.4	8.4	8.3	6.9	16.7	7.3
LT	0.8	0.9	0.9	0.9	0.9	2.7	2.7	2.6	2.6	2.7	1.8	17.0	1.8
LU	10.6	10.8	10.6	10.9	11.6	11.4	12.3	12.4	12.5	12.4	11.5	2.2	1.8
HU	5.6	5.2	5.6	5.3	5.5	5.1	5.4	7.3	7.8	8.6	6.1	4.9	3.0
MT	9.3	10.0	9.9	9.5	9.5	9.9	10.3	9.3	9.3	8.8	9.6	-0.6	-0.4
NL	25.9	24.5	25.2	19.1	19.4	19.2	17.6	17.0	18.0	18.6	20.5	-4.5	-7.2
AT	15.2	14.5	14.1	13.8	13.9	13.9	13.5	13.7	13.8	13.8	14.0	-0.9	-1.4
PL	13.2	13.7	14.1	14.2	22.2	17.8	20.2	19.2	18.9	18.8	17.2	4.7	5.6
PT	9.8	9.1	9.3	9.1	9.1	9.3	9.9	9.8	9.2	-	9.4	-	-
SI	20.6	20.7	21.1	20.6	20.3	20.9	20.6	20.1	19.6	19.5	20.4	-0.7	-1.1
SK	4.3	8.3	8.5	8.6	9.0	9.6	10.3	10.0	9.2	9.5	8.7	5.7	5.3
FI	5.8	5.5	5.2	5.0	5.1	4.7	4.9	4.7	4.8	4.8	5.0	-2.0	-1.0
SE	3.3	4.0	4.7	5.4	5.4	5.3	5.6	5.8	5.7	5.6	5.1	5.0	2.3
UK	7.3	7.2	7.5	7.2	7.0	6.8	6.8	6.8	7.5	7.5	7.2	-0.1	0.2
NO	9.5	9.1	9.1	9.8	9.5	8.4	8.5	9.1	9.2	-	9.1	-	-
EU-25 (weighted average[3)])	12.0	11.7	11.4	10.4	10.3	10.1	10.2	10.2	10.3	10.2	10.7	-1.7	-1.8
EU-15 (weighted average[3)])	12.0	11.7	11.4	10.3	10.1	10.0	10.0	10.0	10.2	10.1	10.6	-2.0	-1.9
EUR-12 (weighted average[3)])	13.4	12.9	12.6	11.4	11.2	11.1	11.1	11.1	11.2	11.1	11.7	-2.1	-2.3
NMS-10 (weighted average[3)])	10.8	11.3	11.6	11.6	15.5	13.4	14.7	14.1	13.5	13.3	13.0	2.8	2.5
EU-25 (average[4)])	9.0	9.2	9.4	8.9	9.3	9.2	9.5	9.4	9.5	9.4	9.3	0.5	0.4
EU-15 (average[4)])	10.1	9.9	9.8	9.1	9.2	9.1	9.3	9.2	9.4	9.4	9.4	-0.7	-0.7
EUR-12 (average[4)])	11.5	11.3	11.1	10.1	10.2	10.1	10.2	10.3	10.5	10.6	10.6	-1.0	-1.0
NMS-10 (average[4)])	7.2	8.0	8.7	8.6	9.5	9.4	9.8	9.8	9.7	9.3	9.0	2.8	2.1
Ratio st.dev. and mean in %	53.6	52.3	53.1	51.4	56.2	53.0	53.0	51.0	50.6	51.6			-1.9
Difference max. and min.	25.9	24.5	25.2	20.6	22.2	20.9	20.6	19.1	18.7	18.6			-7.2

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation. 3) Total Taxation weighted. 4) arithmetic average

See explanatory notes in Annex C

Source: Commission Services

Table A.3.3_G: Social contributions as % of GDP: Self- and non-employed

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	-0.6	-0.1
CZ	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.9	0.9	1.0	0.8	3.3	0.2
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
DE	2.6	3.0	3.0	2.9	2.8	2.7	2.6	2.8	2.8	2.8	2.8	-0.3	0.2
EE	-	-	-	-	-	-	-	-	-	-	-	-	-
EL	1.4	1.4	1.5	1.7	1.7	1.6	1.7	1.8	1.8	1.7	1.6	2.7	0.3
ES	1.7	1.7	1.7	1.7	1.8	1.7	1.7	1.7	1.7	1.7	1.7	-0.3	-0.1
FR	1.4	1.5	1.4	1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.2	-3.5	-0.3
IE	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	-0.5	0.0
IT	1.8	1.7	1.6	1.2	1.3	1.4	1.3	1.4	1.4	1.4	1.4	-2.6	-0.4
CY	-	-	-	-	-	-	-	-	-	0.3	0.3	-	-
LV	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	6.0	0.0
LT	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1	7.6	0.0
LU	1.5	1.4	1.4	1.3	1.3	1.2	1.3	1.3	1.3	1.3	1.3	-1.5	-0.2
HU	0.4	0.3	0.2	0.3	0.5	0.6	0.6	0.6	0.6	0.5	0.5	8.0	0.1
MT	0.6	0.7	0.8	0.6	0.7	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.1
NL	3.6	3.5	3.4	3.0	3.3	3.4	2.6	2.5	2.7	2.7	3.1	-3.9	-0.9
AT	1.3	1.3	1.4	1.7	1.7	1.6	1.7	1.7	1.7	1.8	1.6	3.7	0.6
PL	0.4	0.5	0.4	0.4	0.8	1.5	2.2	2.6	2.5	2.2	1.3	26.0	1.9
PT	0.4	0.5	0.6	0.5	0.5	0.5	0.4	0.4	0.4	-	0.5	-	-
SI	0.8	0.9	1.0	1.1	1.0	1.0	1.3	1.3	1.4	1.4	1.1	5.9	0.6
SK	0.6	0.8	0.8	0.7	0.7	0.7	0.7	0.6	1.4	1.3	0.8	5.9	0.7
FI	1.6	1.4	1.3	1.1	1.0	1.0	0.9	0.9	0.8	0.8	1.1	-7.4	-0.8
SE	0.3	0.3	0.3	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	-0.2	0.0
UK	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.2	1.3	0.0
NO	-	-	-	-	-	-	-	-	-	-	-	-	-
EU-25 (weighted average[3)])	1.6	1.7	1.6	1.5	1.5	1.4	1.4	1.4	1.5	1.5	1.5	-1.7	-0.2
EU-15 (weighted average[3)])	1.7	1.8	1.7	1.5	1.5	1.4	1.4	1.4	1.5	1.5	1.5	-2.1	-0.2
EUR-12 (weighted average[3)])	2.0	2.1	2.1	1.9	1.9	1.8	1.7	1.8	1.8	1.8	1.9	-1.7	-0.2
NMS-10 (weighted average[3)])	0.5	0.5	0.5	0.5	0.7	1.1	1.5	1.6	1.6	1.4	1.0	16.4	0.9
EU-25 (average[4)])	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.1	1.1	1.0	1.0	0.1
EU-15 (average[4)])	1.3	1.3	1.3	1.2	1.2	1.2	1.1	1.2	1.2	1.2	1.2	-1.0	-0.1
EUR-12 (average[4)])	1.6	1.6	1.6	1.5	1.5	1.5	1.4	1.4	1.4	1.5	1.5	-1.0	0.0
NMS-10 (average[4)])	0.5	0.5	0.5	0.5	0.6	0.7	0.8	0.8	0.9	0.8	0.7	8.8	0.4
Ratio st.dev. and mean in %	54.5	52.5	54.3	56.9	58.1	59.0	56.0	57.3	57.6	55.7			1.2
Difference max. and min.	3.6	3.5	3.4	3.0	3.3	3.4	2.6	2.8	2.8	2.8			-0.7

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average
See explanatory notes in Annex C
Source: Commission Services

Table A.3.3_T: Social contributions as % of Total Taxation: Self- and non-employed

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	-0.6	-0.1
CZ	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.9	0.9	1.0	0.8	3.3	0.2
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
DE	2.6	3.0	3.0	2.9	2.8	2.7	2.6	2.8	2.8	2.8	2.8	-0.3	0.2
EE	-	-	-	-	-	-	-	-	-	-	-	-	-
EL	1.4	1.4	1.5	1.7	1.7	1.6	1.7	1.8	1.8	1.7	1.6	2.7	0.3
ES	1.7	1.7	1.7	1.7	1.8	1.7	1.7	1.7	1.7	1.7	1.7	-0.3	-0.1
FR	1.4	1.5	1.4	1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.2	-3.5	-0.3
IE	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	-0.5	0.0
IT	1.8	1.7	1.6	1.2	1.3	1.4	1.3	1.4	1.4	1.4	1.4	-2.6	-0.4
CY	-	-	-	-	-	-	-	-	-	0.3	0.3	-	-
LV	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	6.0	0.0
LT	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1	7.6	0.0
LU	1.5	1.4	1.4	1.3	1.3	1.2	1.3	1.3	1.3	1.3	1.3	-1.5	-0.2
HU	0.4	0.3	0.2	0.3	0.5	0.6	0.6	0.6	0.6	0.5	0.5	8.0	0.1
MT	0.6	0.7	0.8	0.6	0.7	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.1
NL	3.6	3.5	3.4	3.0	3.3	3.4	2.6	2.5	2.7	2.7	3.1	-3.9	-0.9
AT	1.3	1.3	1.4	1.7	1.7	1.6	1.7	1.7	1.7	1.8	1.6	3.7	0.6
PL	0.4	0.5	0.4	0.4	0.8	1.5	2.2	2.6	2.5	2.2	1.3	26.0	1.9
PT	0.4	0.5	0.6	0.5	0.5	0.5	0.4	0.4	0.4	-	0.5	-	-
SI	0.8	0.9	1.0	1.1	1.0	1.0	1.3	1.3	1.4	1.4	1.1	5.9	0.6
SK	0.6	0.8	0.8	0.7	0.7	0.7	0.7	0.6	1.4	1.3	0.8	5.9	0.7
FI	1.6	1.4	1.3	1.1	1.0	1.0	0.9	0.9	0.8	0.8	1.1	-7.4	-0.8
SE	0.3	0.3	0.3	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	-0.2	0.0
UK	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.2	1.3	0.0
NO	-	-	-	-	-	-	-	-	-	-	-	-	-
EU-25 (weighted average[3)])	1.6	1.7	1.6	1.5	1.5	1.4	1.4	1.4	1.5	1.5	1.5	-1.7	-0.2
EU-15 (weighted average[3)])	1.7	1.8	1.7	1.5	1.5	1.4	1.4	1.4	1.5	1.5	1.5	-2.1	-0.2
EUR-12 (weighted average[3)])	2.0	2.1	2.1	1.9	1.9	1.8	1.7	1.8	1.8	1.8	1.9	-1.7	-0.2
NMS-10 (weighted average[3)])	0.5	0.5	0.5	0.5	0.7	1.1	1.5	1.6	1.6	1.4	1.0	16.4	0.9
EU-25 (average[4)])	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.1	1.1	1.0	1.0	0.1
EU-15 (average[4)])	1.3	1.3	1.3	1.2	1.2	1.2	1.1	1.2	1.2	1.2	1.2	-1.0	-0.1
EUR-12 (average[4)])	1.6	1.6	1.6	1.5	1.5	1.5	1.4	1.4	1.4	1.5	1.5	-1.0	0.0
NMS-10 (average[4)])	0.5	0.5	0.5	0.5	0.6	0.7	0.8	0.8	0.9	0.8	0.7	8.8	0.4
Ratio st.dev. and mean in %	54.5	52.5	54.3	56.9	58.1	59.0	56.0	57.3	57.6	55.7			1.2
Difference max. and min.	3.6	3.5	3.4	3.0	3.3	3.4	2.6	2.8	2.8	2.8			-0.7

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average

See explanatory notes in Annex C

Source: Commission Services

Table B.1_G: Taxes by level of government as % of GDP: Central Government

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	16.0	15.9	15.6	16.1	16.0	16.6	15.8	15.7	15.0	14.8	15.8	-0.7	-1.2
CZ	27.8	26.9	27.0	25.8	26.4	26.2	26.7	26.7	27.2	27.4	26.8	0.0	-0.3
DK	32.2	32.4	32.1	32.0	32.1	31.0	29.7	29.5	29.3	30.6	31.1	-1.1	-1.6
DE	11.1	10.8	10.7	10.9	11.7	11.9	11.3	11.2	11.4	10.8	11.2	0.3	-0.2
EE	19.5	19.3	18.9	18.1	17.2	16.5	22.8	23.5	23.8	23.2	20.3	2.9	3.7
EL	21.2	21.2	22.6	24.4	25.2	25.6	24.1	24.0	22.9	22.6	23.4	0.8	1.3
ES	16.0	16.2	15.7	15.6	16.0	16.5	16.2	13.1	12.6	12.4	15.0	-2.9	-3.6
FR	17.7	18.6	18.8	18.7	19.4	18.6	18.1	17.5	17.1	18.3	18.3	-0.5	0.6
IE	26.9	27.4	27.2	26.6	26.8	26.8	24.8	23.7	24.3	25.6	26.0	-1.3	-1.3
IT	24.0	23.5	25.2	24.1	24.6	23.2	22.8	22.1	22.2	21.6	23.3	-1.3	-2.4
CY	19.9	19.6	18.6	20.7	21.3	23.4	24.1	24.3	25.8	25.8	22.3	3.7	5.9
LV	15.3	13.9	16.5	17.9	16.5	14.6	14.4	14.1	14.5	14.5	15.2	-1.1	-0.8
LT	13.0	12.5	16.0	14.8	14.1	12.7	12.2	15.2	15.2	15.1	14.1	1.1	2.2
LU	27.6	28.1	28.0	27.0	27.3	27.4	27.0	27.1	26.9	26.8	27.3	-0.4	-0.8
HU	25.1	24.8	22.9	22.7	23.2	23.4	22.9	22.5	22.2	21.9	23.2	-1.2	-3.2
MT	27.6	26.1	27.8	26.1	27.2	28.3	30.3	32.2	32.2	34.9	29.3	2.9	7.3
NL	22.1	22.9	22.7	22.6	23.3	23.1	22.6	22.5	21.7	21.7	22.5	-0.3	-0.3
AT	20.1	21.1	22.3	22.5	22.4	22.0	23.8	23.5	23.2	23.0	22.4	1.4	2.9
PL	23.4	22.2	21.0	20.0	17.6	17.1	16.1	16.9	16.7	15.4	18.6	-4.6	-8.0
PT	19.4	20.3	20.2	20.3	21.0	21.0	20.6	21.1	21.2	20.3	20.5	0.6	0.8
SI	20.8	21.1	20.9	21.7	22.0	21.2	21.1	21.6	21.9	21.9	21.4	0.5	1.1
SK	25.6	24.9	19.2	22.4	20.9	19.5	18.0	18.3	17.4	17.6	20.4	-4.2	-8.1
FI	21.8	23.1	23.7	23.9	24.1	25.9	23.8	24.4	24.0	23.9	23.9	0.8	2.1
SE	29.5	30.7	31.3	32.0	33.0	32.0	29.2	27.5	27.6	28.2	30.1	-1.3	-1.4
UK	33.1	32.7	33.5	34.4	34.7	35.3	35.1	33.5	33.4	34.0	34.0	0.3	0.9
NO	24.5	25.5	25.4	25.2	25.5	27.7	27.1	28.2	26.9	-	26.2	-	-
EU-25 (weighted average[3)])	19.7	20.1	20.8	21.0	21.6	21.6	21.1	20.4	20.1	20.3	20.7	0.1	0.6
EU-15 (weighted average[3)])	19.6	19.9	20.8	21.0	21.6	21.7	21.2	20.5	20.1	20.3	20.7	0.2	0.8
EUR-12 (weighted average[3)])	16.8	17.1	17.6	17.5	18.1	17.9	17.5	16.9	16.8	16.7	17.3	-0.2	0.0
NMS-10 (weighted average[3)])	24.0	23.0	21.9	21.4	20.3	19.8	19.3	20.1	20.2	19.7	21.0	-2.1	-4.3
EU-25 (average[4)])	22.3	22.2	22.3	22.5	22.6	22.4	22.1	22.1	22.0	22.1	22.3	-0.2	-0.2
EU-15 (average[4)])	22.6	23.0	23.3	23.4	23.8	23.8	23.0	22.4	22.2	22.3	23.0	-0.4	-0.3
EUR-12 (average[4)])	20.3	20.8	21.1	21.1	21.5	21.5	20.9	20.5	20.2	20.1	20.8	-0.3	-0.2
NMS-10 (average[4)])	21.8	21.1	20.9	21.0	20.6	20.3	20.9	21.5	21.7	21.8	21.2	0.2	0.0
Ratio st.dev. and mean in %	29.1	28.9	27.2	26.5	27.1	27.9	27.9	28.3	29.1	31.2			2.0
Difference max. and min.	22.0	21.9	22.8	23.5	23.1	23.4	23.8	22.3	22.0	24.0			2.0

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average
See explanatory notes in Annex C
Source: Commission Services

Table B.1_T: Taxes by level of government as % of Total Taxation: Central Government

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1] 1995-2004	Difference[2] 1995 to 2004
BE	36.4	35.9	34.9	35.5	35.2	36.8	34.8	34.7	33.4	32.7	35.0	-0.9	-3.8
CZ	76.7	76.6	76.2	76.1	76.0	76.0	77.2	75.4	75.5	75.0	76.1	-0.2	-1.8
DK	65.9	66.0	65.5	64.9	64.0	62.7	61.2	61.8	61.7	62.8	63.7	-0.8	-3.1
DE	27.8	26.6	26.4	26.7	28.0	28.4	28.2	28.5	28.7	28.0	27.7	0.7	0.2
EE	51.5	54.1	52.7	51.9	49.7	50.7	72.0	72.4	72.1	71.1	59.8	4.5	19.6
EL	65.1	64.4	65.8	67.0	67.7	67.6	65.8	64.4	62.9	64.3	65.5	-0.3	-0.8
ES	48.8	48.9	47.2	47.4	47.7	48.7	48.3	38.7	36.9	35.7	44.8	-3.4	-13.1
FR	41.4	42.4	42.6	42.6	43.1	42.1	41.4	40.6	39.7	42.1	41.8	-0.4	0.7
IE	81.3	83.0	84.1	84.1	84.7	84.7	83.5	83.6	83.9	84.5	83.7	0.2	3.2
IT	59.9	56.2	57.6	56.7	57.8	55.5	54.9	53.9	53.5	53.2	56.0	-1.1	-6.7
CY	74.0	73.2	71.3	73.4	74.7	76.7	76.6	77.2	77.5	75.6	75.0	0.7	1.6
LV	45.6	44.3	50.6	52.0	51.0	49.5	50.5	49.8	51.0	50.9	49.5	1.1	5.3
LT	45.4	44.5	50.8	45.9	43.9	42.2	42.7	53.5	54.0	53.3	47.6	1.7	7.9
LU	65.3	66.0	67.2	67.1	67.3	67.8	66.5	66.0	65.8	67.0	66.6	0.1	1.7
HU	60.3	61.2	58.8	58.2	59.3	59.6	57.9	57.6	56.9	56.2	58.6	-0.8	-4.1
MT	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	99.2	99.9	0.0	-0.8
NL	54.4	56.2	55.8	56.0	55.9	55.8	58.9	59.7	57.8	57.5	56.8	0.7	3.1
AT	48.7	49.6	50.7	51.2	51.3	51.5	53.2	53.7	53.9	53.9	51.8	1.2	5.2
PL	60.9	59.3	57.1	55.6	48.3	50.1	47.4	49.2	50.0	46.9	52.5	-2.9	-14.0
PT	61.0	61.9	61.2	61.4	61.6	61.2	60.8	60.9	60.3	58.8	60.9	-0.3	-2.2
SI	51.8	54.3	55.1	55.9	56.2	55.1	54.5	55.2	55.4	55.3	54.9	0.4	3.6
SK	63.3	63.8	53.7	60.6	60.4	58.8	56.1	56.3	55.7	57.9	58.7	-1.1	-5.4
FI	47.8	49.1	51.4	52.0	51.9	54.2	52.1	53.6	53.8	54.0	52.0	1.2	6.2
SE	60.2	59.5	60.3	60.7	61.8	59.9	56.8	55.3	55.0	55.8	58.5	-1.2	-4.4
UK	93.4	93.7	94.2	94.2	94.4	94.3	94.3	94.2	94.0	94.2	94.1	0.1	0.8
NO	57.9	59.7	59.7	59.4	59.7	64.5	62.6	64.7	62.8	-	61.2	-	-
EU-25 (weighted average[3])	49.6	49.6	51.2	51.7	52.4	52.8	52.6	51.8	51.0	51.6	51.4	0.4	2.0
EU-15 (weighted average[3])	49.1	49.1	50.9	51.4	52.3	52.7	52.5	51.6	50.7	51.4	51.2	0.5	2.3
EUR-12 (weighted average[3])	41.9	41.9	42.5	42.6	43.4	43.2	43.2	42.4	41.9	42.2	42.5	0.0	0.2
NMS-10 (weighted average[3])	63.1	62.6	60.5	59.9	56.5	57.2	56.0	57.5	58.3	57.0	58.9	-1.1	-6.1
EU-25 (average[4])	59.5	59.6	59.6	59.9	59.7	59.6	59.8	59.8	59.6	59.4	59.7	0.0	0.0
EU-15 (average[4])	57.2	57.3	57.7	57.8	58.2	58.1	57.4	56.6	56.1	56.3	57.3	-0.2	-0.9
EUR-12 (average[4])	53.2	53.4	53.8	54.0	54.3	54.5	54.0	53.2	52.5	52.6	53.6	-0.1	-0.5
NMS-10 (average[4])	62.9	63.1	62.6	63.0	61.9	61.9	63.5	64.7	64.8	64.1	63.3	0.3	1.2
Ratio st.dev. and mean in %	33.6	33.9	32.3	32.1	32.2	31.9	32.4	32.9	33.7	33.4			-0.2
Difference max. and min.	72.2	73.4	73.6	73.3	72.0	71.6	71.8	71.5	71.3	71.2			-1.0

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation. 3) Total Taxation weighted. 4) arithmetic average

See explanatory notes in Annex C

Source: Commission Services

Table B.2_G: Taxes by level of government as % of GDP: State Government

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	9.6	10.0	10.5	10.7	10.8	10.3	11.0	10.5	10.8	10.6	10.5	0.9	1.1
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.
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.
DE	8.4	9.0	8.9	9.1	9.4	9.5	8.8	8.5	8.5	8.3	8.8	-0.5	-0.1
EE	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	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.
ES	1.5	1.5	2.4	2.5	2.7	2.7	2.6	6.3	6.9	7.5	3.7	18.0	6.0
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.
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.
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.
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.
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.
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.
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.
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.
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.
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.
AT	3.2	3.4	3.4	3.4	3.3	3.3	3.3	3.2	3.0	3.0	3.2	-1.1	-0.2
PL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	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.
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.
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.
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.
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.
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.
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.
EU-25 (weighted average[3)])	7.1	7.4	7.5	7.6	7.8	7.8	7.3	7.8	7.9	8.0	7.6	1.0	0.9
EU-15 (weighted average[3)])	7.1	7.4	7.5	7.6	7.8	7.8	7.3	7.8	7.9	8.0	7.6	1.0	0.9
EUR-12 (weighted average[3)])	7.1	7.4	7.5	7.6	7.8	7.8	7.3	7.8	7.9	8.0	7.6	1.0	0.9
NMS-10 (weighted average[3)])	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EU-25 (average[4)])	5.7	6.0	6.3	6.4	6.5	6.4	6.4	7.1	7.3	7.4	6.6	2.6	1.7
EU-15 (average[4)])	5.7	6.0	6.3	6.4	6.5	6.4	6.4	7.1	7.3	7.4	6.6	2.6	1.7
EUR-12 (average[4)])	5.7	6.0	6.3	6.4	6.5	6.4	6.4	7.1	7.3	7.4	6.6	2.6	1.7
NMS-10 (average[4)])	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Ratio st.dev. and mean in %	55.5	56.1	53.5	53.0	53.0	51.9	56.3	39.8	41.1	40.2			-15.4
Difference max. and min.	8.0	8.4	8.1	8.1	8.1	7.7	8.4	7.3	7.8	7.6			-0.4

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average

See explanatory notes in Annex C

Source: Commission Services

Table B.2_T: Taxes by level of government as % of Total Taxation: State Government

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	21.9	22.5	23.3	23.4	23.7	22.8	24.2	23.1	24.0	23.5	23.2	0.7	1.7
CZ	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.	-	-	-
DE	21.2	22.2	21.8	22.1	22.5	22.7	21.9	21.6	21.3	21.5	21.9	-0.1	0.3
EE	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.	-	-	-
ES	4.7	4.6	7.2	7.7	7.9	7.8	7.7	18.5	20.4	21.7	10.8	17.5	17.0
FR	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.	-	-	-
IT	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.	-	-	-
LV	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.	-	-	-
LU	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.	-	-	-
MT	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.	-	-	-
AT	7.8	7.9	7.7	7.8	7.6	7.6	7.4	7.3	7.0	7.1	7.5	-1.3	-0.7
PL	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.	-	-	-
SI	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.	-	-	-
FI	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.	-	-	-
UK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	-
NO	-	-	-	-	-	-	-	-	-	-	-	-	-
EU-25 (weighted average[3)])	18.1	18.7	18.7	19.0	19.2	19.2	18.5	20.1	20.4	20.7	19.3	1.4	2.6
EU-15 (weighted average[3)])	18.1	18.7	18.7	19.0	19.2	19.2	18.5	20.1	20.4	20.7	19.3	1.4	2.6
EUR-12 (weighted average[3)])	18.1	18.7	18.7	19.0	19.2	19.2	18.5	20.1	20.4	20.7	19.3	1.4	2.6
NMS-10 (weighted average[3)])	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EU-25 (average[4)])	13.9	14.3	15.0	15.3	15.4	15.2	15.3	17.6	18.2	18.4	15.9	3.1	4.6
EU-15 (average[4)])	13.9	14.3	15.0	15.3	15.4	15.2	15.3	17.6	18.2	18.4	15.9	3.1	4.6
EUR-12 (average[4)])	13.9	14.3	15.0	15.3	15.4	15.2	15.3	17.6	18.2	18.4	15.9	3.1	4.6
NMS-10 (average[4)])	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Ratio st.dev. and mean in %	49.4	50.3	46.8	45.7	46.0	45.3	48.6	35.6	37.3	37.0			-12.4
Difference max. and min.	17.2	17.9	16.2	15.7	16.0	15.2	16.8	15.8	17.0	16.5			-0.7

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation. 3) Total Taxation weighted. 4) arithmetic average

See explanatory notes in Annex C

Source: Commission Services

Table B.3_G: Taxes by level of government as % of GDP: Local Government

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	2.1	2.2	2.2	2.1	2.2	1.9	2.1	2.2	2.4	2.3	2.2	0.4	0.1
CZ	4.4	4.1	4.3	4.1	4.3	4.1	3.9	4.4	4.5	4.7	4.3	0.7	0.3
DK	15.6	15.7	15.8	16.2	16.3	16.5	17.0	17.1	17.0	16.9	16.4	1.1	1.3
DE	2.5	2.6	2.7	2.9	2.9	2.9	2.7	2.6	2.6	2.8	2.7	0.3	0.2
EE	5.3	4.3	5.3	5.2	5.0	4.5	4.3	4.2	4.3	4.3	4.7	-2.3	-1.0
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
ES	2.8	2.8	3.0	3.1	3.1	3.1	3.0	2.9	2.8	3.1	3.0	0.3	0.2
FR	4.5	4.7	4.7	4.7	4.6	4.3	4.1	4.1	4.2	4.6	4.5	-1.1	0.0
IE	0.9	0.8	0.8	0.7	0.7	0.6	0.6	0.6	0.7	0.7	0.7	-3.0	-0.2
IT	3.1	3.4	3.5	5.7	5.3	6.0	6.2	6.4	6.7	6.5	5.3	8.9	3.3
CY	0.4	0.2	0.5	0.5	0.5	0.4	0.5	0.4	0.4	0.5	0.4	3.2	0.1
LV	6.1	6.4	5.3	5.5	5.1	5.0	4.9	4.9	5.1	5.1	5.3	-2.4	-1.0
LT	5.9	5.6	4.5	6.0	6.6	6.1	5.7	2.8	2.6	2.8	4.9	-8.8	-3.1
LU	2.7	2.8	2.5	2.5	2.3	2.3	2.3	2.5	2.4	2.0	2.4	-2.5	-0.7
HU	2.7	3.0	3.2	3.5	3.8	3.8	4.0	4.1	4.4	4.6	3.7	5.4	1.8
MT	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	1.4	1.0	0.2
AT	5.0	5.2	5.2	5.2	5.1	5.0	5.1	4.9	4.7	4.6	5.0	-1.1	-0.3
PL	3.7	3.5	4.0	4.2	3.9	3.5	3.4	3.3	3.0	4.3	3.7	-0.8	0.6
PT	1.7	1.7	1.7	1.8	2.1	2.1	2.0	2.1	2.0	2.3	1.9	3.1	0.6
SI	2.6	2.6	2.6	2.5	2.8	2.8	2.9	2.9	3.0	3.0	2.8	2.2	0.5
SK	1.6	1.6	5.6	1.6	1.6	1.4	1.5	1.5	1.6	1.5	2.0	-4.4	-0.1
FI	10.2	10.7	10.0	10.0	10.1	10.3	10.1	9.8	9.4	9.2	10.0	-1.1	-1.0
SE	14.4	15.6	15.4	15.4	15.4	15.2	15.7	16.0	16.4	16.3	15.6	1.1	2.0
UK	1.3	1.3	1.3	1.4	1.4	1.5	1.5	1.6	1.7	1.7	1.5	3.4	0.4
NO	8.2	7.9	7.8	7.2	7.4	6.5	7.1	5.7	6.3	-	7.1	-	-
EU-25 (weighted average[3)])	3.5	3.7	3.6	4.0	3.9	3.9	3.9	3.9	4.0	4.1	3.8	1.4	0.6
EU-15 (weighted average[3)])	3.5	3.7	3.6	4.0	3.9	4.0	3.9	3.9	4.0	4.1	3.9	1.4	0.6
EUR-12 (weighted average[3)])	3.2	3.3	3.3	3.8	3.7	3.8	3.7	3.7	3.7	3.8	3.6	1.8	0.7
NMS-10 (weighted average[3)])	3.5	3.4	3.9	3.8	3.8	3.5	3.5	3.5	3.4	4.0	3.6	0.3	0.6
EU-25 (average[4)])	4.2	4.3	4.4	4.4	4.4	4.4	4.4	4.3	4.3	4.4	4.4	0.2	0.2
EU-15 (average[4)])	4.6	4.8	4.7	4.9	4.9	4.9	4.9	5.0	5.0	5.0	4.9	0.9	0.4
EUR-12 (average[4)])	3.1	3.2	3.2	3.4	3.3	3.4	3.3	3.3	3.3	3.3	3.3	0.6	0.2
NMS-10 (average[4)])	3.6	3.5	3.9	3.7	3.7	3.5	3.5	3.2	3.2	3.4	3.5	-1.4	-0.2
Ratio st.dev. and mean in %	114.1	113.7	111.4	104.4	105.7	106.0	110.4	110.5	108.8	104.9			-9.2
Difference max. and min.	15.3	15.5	15.5	15.9	16.0	16.2	16.7	16.8	16.7	16.6			1.3

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average

See explanatory notes in Annex C

Source: Commission Services

Table B.3_T: Taxes by level of government as % of Total Taxation: Local Government

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	4.9	5.0	5.0	4.7	4.8	4.2	4.6	4.9	5.2	5.0	4.8	0.2	0.1
CZ	12.1	11.7	12.1	12.0	12.4	12.0	11.2	12.5	12.5	12.8	12.1	0.5	0.6
DK	31.9	31.9	32.3	32.9	32.6	33.5	35.1	35.7	35.8	34.7	33.7	1.4	2.7
DE	6.4	6.5	6.6	7.0	7.0	7.0	6.8	6.7	6.6	7.1	6.8	0.7	0.8
EE	14.0	12.0	14.8	14.8	14.6	13.8	13.5	12.9	13.0	13.3	13.7	-0.6	-0.7
EL	0.9	1.0	1.0	0.9	0.8	0.8	0.9	0.8	0.8	0.9	0.9	-1.4	0.0
ES	8.7	8.5	8.9	9.4	9.4	9.1	8.9	8.7	8.4	8.8	8.9	-0.2	0.2
FR	10.6	10.7	10.6	10.6	10.3	9.7	9.4	9.5	9.8	10.5	10.2	-1.0	-0.1
IE	2.6	2.5	2.4	2.2	2.1	2.0	2.1	2.3	2.3	2.3	2.3	-1.4	-0.4
IT	7.8	8.2	7.9	13.3	12.5	14.4	15.0	15.6	16.1	15.9	12.7	9.1	8.1
CY	1.6	0.8	1.7	1.8	1.6	1.4	1.5	1.3	1.3	1.4	1.4	0.2	-0.2
LV	18.3	20.5	16.2	16.1	15.6	16.9	17.3	17.3	17.8	17.9	17.4	-0.3	-0.3
LT	20.6	19.8	14.4	18.8	20.5	20.2	20.0	9.8	9.4	9.9	16.3	-8.2	-10.8
LU	6.4	6.5	6.1	6.1	5.7	5.8	5.7	6.1	6.0	4.9	5.9	-2.0	-1.5
HU	6.6	7.3	8.2	9.0	9.6	9.8	10.2	10.4	11.2	11.7	9.4	5.9	5.1
MT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	-
NL	3.2	3.4	3.5	3.6	3.4	3.4	3.6	3.7	3.9	4.1	3.6	2.1	0.9
AT	12.0	12.2	11.9	11.8	11.7	11.7	11.5	11.1	10.8	10.9	11.6	-1.3	-1.1
PL	9.6	9.3	10.8	11.7	10.7	10.2	10.1	9.7	9.0	13.1	10.4	0.9	3.6
PT	5.2	5.2	5.2	5.6	6.0	6.0	5.8	6.0	5.7	6.6	5.7	2.2	1.4
SI	6.3	6.7	6.8	6.6	7.1	7.3	7.4	7.5	7.6	7.6	7.1	2.1	1.2
SK	3.9	4.1	15.7	4.4	4.5	4.3	4.8	4.8	5.0	5.0	5.6	-1.3	1.1
FI	22.3	22.8	21.7	21.8	21.7	21.6	22.1	21.5	21.1	20.8	21.7	-0.7	-1.5
SE	29.3	30.2	29.5	29.2	28.8	28.4	30.6	32.1	32.7	32.3	30.3	1.2	3.0
UK	3.7	3.8	3.8	3.8	3.9	3.9	4.1	4.5	4.8	4.8	4.1	3.2	1.1
NO	19.5	18.5	18.3	16.9	17.3	15.1	16.4	13.0	14.7	-	16.6	-	-
EU-25 (weighted average[3)])	8.8	9.0	8.9	9.8	9.5	9.6	9.7	9.9	10.1	10.4	9.6	1.7	1.6
EU-15 (weighted average[3)])	8.8	9.0	8.9	9.7	9.5	9.6	9.7	9.9	10.1	10.3	9.5	1.7	1.5
EUR-12 (weighted average[3)])	7.9	8.1	8.0	9.2	8.9	9.1	9.1	9.2	9.3	9.6	8.8	2.1	1.7
NMS-10 (weighted average[3)])	9.1	9.1	10.8	10.7	10.4	10.2	10.1	9.9	9.8	11.6	10.2	1.3	2.5
EU-25 (average[4)])	10.4	10.5	10.7	10.8	10.7	10.7	10.9	10.6	10.7	10.9	10.7	0.4	0.6
EU-15 (average[4)])	10.4	10.6	10.4	10.9	10.7	10.8	11.1	11.3	11.3	11.3	10.9	1.0	0.9
EUR-12 (average[4)])	7.6	7.7	7.6	8.1	8.0	8.0	8.0	8.1	8.1	8.1	7.9	0.8	0.6
NMS-10 (average[4)])	10.3	10.2	11.2	10.6	10.7	10.7	10.7	9.6	9.7	10.3	10.4	-0.7	0.0
Ratio st.dev. and mean in %	96.3	95.1	90.9	85.1	87.0	87.5	90.9	88.8	87.6	83.3			-13.0
Difference max. and min.	31.0	31.1	31.4	32.1	31.8	32.7	34.3	34.9	34.9	33.8			2.8

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation. 3) Total Taxation weighted. 4) arithmetic average

See explanatory notes in Annex C

Source: Commission Services

Table B.4_G: Taxes by level of government as % of GDP: Social security funds

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	15.1	15.4	15.6	15.7	15.7	15.5	15.7	16.2	16.1	16.9	15.8	0.9	1.8
CZ	4.1	4.1	4.2	4.1	4.1	4.2	4.0	4.3	4.4	4.3	4.2	0.6	0.2
DK	1.1	1.1	1.0	1.0	1.6	1.8	1.7	1.2	1.2	1.2	1.3	2.3	0.1
DE	16.8	17.4	17.7	17.4	17.2	16.9	16.7	16.7	16.9	16.5	17.0	-0.5	-0.4
EE	13.1	12.1	11.6	11.6	12.4	11.6	4.6	4.7	4.9	4.9	9.2	-13.6	-8.2
EL	10.3	10.6	10.7	11.0	11.1	11.3	11.6	12.6	12.8	12.0	11.4	2.2	1.7
ES	11.7	11.9	11.8	11.8	11.8	11.7	11.8	11.8	11.9	11.9	11.8	0.1	0.2
FR	20.0	20.1	20.2	20.3	20.6	21.0	21.3	21.2	21.5	20.4	20.7	0.6	0.4
IE	4.2	3.9	3.6	3.5	3.5	3.5	3.6	3.6	3.6	3.8	3.7	-0.7	-0.4
IT	12.3	14.3	14.6	12.2	12.1	12.1	11.9	12.1	12.3	12.3	12.6	-1.2	0.0
CY	6.6	7.0	7.0	7.0	6.7	6.7	6.9	6.8	7.1	7.8	7.0	0.9	1.3
LV	12.1	11.0	10.8	11.0	10.8	9.9	9.2	9.3	8.9	8.7	10.2	-3.6	-3.4
LT	9.7	10.0	11.0	11.4	11.7	11.6	11.0	10.6	10.4	10.3	10.8	0.3	0.6
LU	11.0	10.9	10.4	10.2	10.4	10.1	10.9	11.1	11.3	11.1	10.7	0.5	0.0
HU	13.8	12.8	12.9	12.8	12.2	12.0	12.6	12.5	12.5	12.5	12.6	-0.8	-1.3
MT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
NL	16.0	15.5	15.5	15.3	16.0	16.0	13.7	13.3	13.8	14.0	14.9	-1.9	-2.0
AT	12.1	12.0	12.2	12.1	12.1	11.8	11.8	11.7	11.7	11.7	11.9	-0.5	-0.4
PL	11.4	11.8	11.8	11.8	15.0	13.6	14.8	14.5	14.0	13.4	13.2	2.6	2.0
PT	9.9	10.1	10.3	10.3	10.4	10.7	10.8	11.1	11.6	11.7	10.7	1.8	1.8
SI	16.9	15.2	14.5	14.6	14.4	14.5	14.8	14.6	14.6	14.6	14.9	-0.9	-2.3
SK	14.3	13.9	13.2	14.2	13.5	13.4	13.4	13.2	12.6	11.9	13.4	-1.5	-2.4
FI	13.0	12.6	11.8	11.5	11.8	11.1	11.3	11.1	10.9	11.0	11.6	-1.8	-2.0
SE	4.5	4.6	4.6	4.7	4.4	5.7	6.0	5.9	5.8	5.7	5.2	3.6	1.2
UK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
NO	9.9	9.6	9.6	10.3	10.2	9.0	9.3	9.9	9.9	-	9.7	-	-
EU-25 (weighted average[3)])	14.8	15.2	15.2	14.8	14.8	14.7	14.6	14.6	14.7	14.4	14.8	-0.5	-0.5
EU-15 (weighted average[3)])	15.0	15.4	15.5	15.0	15.0	14.9	14.8	14.8	14.9	14.6	15.0	-0.5	-0.4
EUR-12 (weighted average[3)])	15.7	16.1	16.2	15.7	15.7	15.6	15.4	15.4	15.6	15.2	15.7	-0.5	-0.5
NMS-10 (weighted average[3)])	10.8	10.7	10.7	10.8	12.2	11.6	12.1	11.7	11.4	11.1	11.3	0.8	0.2
EU-25 (average[4)])	11.3	11.2	11.2	11.1	11.3	11.2	10.9	10.9	10.9	10.8	11.1	-0.5	-0.5
EU-15 (average[4)])	11.3	11.4	11.4	11.2	11.3	11.4	11.3	11.4	11.5	11.4	11.4	0.1	0.2
EUR-12 (average[4)])	12.7	12.9	12.9	12.6	12.7	12.6	12.6	12.7	12.9	12.8	12.7	0.0	0.1
NMS-10 (average[4)])	11.3	10.9	10.8	10.9	11.2	10.8	10.1	10.1	9.9	9.8	10.6	-1.5	-1.5
Ratio st.dev. and mean in %	31.5	30.2	30.1	31.0	31.2	30.5	31.9	32.3	32.1	31.9			0.4
Difference max. and min.	18.9	19.1	19.2	19.2	19.0	19.2	19.5	20.1	20.3	19.2			0.3

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average

See explanatory notes in Annex C

Source: Commission Services

Table B.4_T: Taxes by level of government as % of Total Taxation: Social security funds

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	34.5	34.6	34.8	34.4	34.6	34.3	34.6	35.8	35.8	37.4	35.1	0.7	2.9
CZ	11.3	11.8	11.9	12.0	11.8	12.1	11.7	12.2	12.1	11.8	11.9	0.4	0.5
DK	2.2	2.2	2.1	2.1	3.3	3.6	3.6	2.5	2.5	2.4	2.6	2.6	0.2
DE	42.3	42.8	43.5	42.6	41.2	40.4	41.8	42.3	42.5	42.6	42.2	-0.1	0.3
EE	34.5	33.9	32.5	33.3	35.7	35.6	14.5	14.6	14.9	15.0	26.5	-11.9	-19.5
EL	31.4	32.2	31.2	30.2	29.9	30.0	31.6	33.6	35.2	34.2	31.9	1.1	2.7
ES	35.6	35.9	35.6	35.6	35.1	34.5	35.3	34.8	35.0	34.3	35.2	-0.4	-1.3
FR	46.8	45.9	45.8	46.1	45.9	47.5	48.5	49.2	49.8	46.9	47.2	0.7	0.1
IE	12.6	11.7	11.2	10.9	11.0	11.2	12.2	12.8	12.5	12.5	11.9	0.9	-0.1
IT	30.7	34.1	33.3	28.7	28.6	28.9	28.8	29.6	29.7	30.2	30.3	-1.0	-0.5
CY	24.4	26.0	27.0	24.8	23.7	21.8	21.9	21.5	21.2	23.0	23.5	-2.2	-1.4
LV	36.1	35.2	33.2	31.9	33.3	33.5	32.3	32.9	31.1	30.6	33.0	-1.4	-5.5
LT	34.0	35.7	34.9	35.4	36.5	38.5	38.5	37.3	36.9	36.5	36.4	0.9	2.5
LU	26.1	25.6	24.9	25.2	25.7	25.0	26.8	27.1	27.5	27.7	26.2	1.0	1.6
HU	33.1	31.5	33.0	32.8	31.1	30.7	31.9	32.0	32.0	31.9	32.0	-0.3	-1.2
MT	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	38.1	38.0	38.5	38.6	35.7	35.2	36.9	37.1	37.6	-0.8	-2.4
AT	29.3	28.2	27.6	27.5	27.6	27.6	26.3	26.8	27.3	27.5	27.6	-0.7	-1.8
PL	29.7	31.5	32.2	32.8	41.2	39.8	43.6	42.2	42.0	40.9	37.6	4.3	11.2
PT	31.0	30.8	31.4	31.1	30.6	31.1	31.9	32.1	33.0	33.9	31.7	0.9	2.9
SI	42.0	39.2	38.3	37.6	36.8	37.7	38.2	37.4	37.0	36.7	38.1	-1.0	-5.3
SK	35.4	35.5	36.8	38.4	39.0	40.4	41.7	40.9	40.4	39.2	38.8	1.6	3.9
FI	28.4	26.8	25.6	25.1	25.4	23.2	24.8	24.4	24.5	24.7	25.3	-1.4	-3.7
SE	9.1	9.0	8.9	8.9	8.3	10.7	11.6	11.9	11.6	11.3	10.1	3.8	2.2
UK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	-
NO	23.4	22.5	22.7	24.4	23.8	20.9	21.5	22.8	23.0	-	22.8	-	-
EU-25 (weighted average[3)])	36.7	36.8	36.6	35.6	35.3	35.3	36.0	36.3	36.5	35.9	36.1	-0.2	-0.8
EU-15 (weighted average[3)])	37.0	37.1	36.9	35.9	35.4	35.4	36.1	36.5	36.7	36.1	36.3	-0.2	-0.9
EUR-12 (weighted average[3)])	39.3	39.5	39.3	38.2	37.6	37.6	38.2	38.6	38.9	38.3	38.5	-0.3	-1.0
NMS-10 (weighted average[3)])	28.4	28.9	29.6	30.0	33.8	33.3	35.0	33.6	32.8	32.0	31.7	1.8	3.6
EU-25 (average[4)])	29.6	29.5	29.3	28.9	29.3	29.4	29.0	29.1	29.2	29.1	29.2	-0.1	-0.5
EU-15 (average[4)])	28.5	28.4	28.1	27.6	27.5	27.6	28.1	28.4	28.8	28.8	28.2	0.2	0.2
EUR-12 (average[4)])	32.4	32.2	31.9	31.3	31.2	31.0	31.5	32.0	32.5	32.4	31.8	0.1	0.1
NMS-10 (average[4)])	31.2	31.1	31.1	31.0	32.1	32.2	30.5	30.1	29.7	29.5	30.9	-0.6	-1.7
Ratio st.dev. and mean in %	30.4	30.0	30.2	31.1	31.9	31.9	32.8	32.4	32.5	32.2			1.7
Difference max. and min.	44.6	43.7	43.7	44.0	42.6	43.9	45.0	46.8	47.3	44.5			-0.1

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation. 3) Total Taxation weighted. 4) arithmetic average

See explanatory notes in Annex C

Source: Commission Services

Table B.5_G: Taxes by level of government as % of GDP: EC Institutions

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	1.0	0.9	0.9	0.9	0.8	0.8	0.8	0.6	0.7	0.6	0.8	-5.0	-0.4
CZ	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.2	-	-
DK	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	-3.2	0.0
DE	0.9	0.8	0.7	0.6	0.6	0.6	0.5	0.4	0.4	0.3	0.6	-12.0	-0.6
EE	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.2	-	-
EL	0.8	0.8	0.7	0.7	0.7	0.6	0.6	0.4	0.4	0.2	0.6	-11.9	-0.6
ES	0.7	0.7	0.7	0.7	0.6	0.6	0.5	0.4	0.4	0.3	0.6	-10.2	-0.4
FR	0.8	0.7	0.7	0.6	0.6	0.6	0.6	0.5	0.4	0.3	0.6	-8.4	-0.5
IE	1.2	0.9	0.7	0.9	0.7	0.7	0.6	0.4	0.4	0.2	0.7	-15.5	-0.9
IT	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.4	0.3	0.3	0.5	-8.7	-0.4
CY	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	-	-
LV	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.2	-	-
LT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.2	-	-
LU	1.0	0.8	0.8	0.6	0.6	0.6	0.4	0.3	0.3	0.2	0.6	-16.2	-0.8
HU	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.1	0.1	-	-
MT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.3	0.3	-	-
NL	1.1	1.0	1.0	1.0	0.9	0.9	0.7	0.5	0.5	0.5	0.8	-9.9	-0.7
AT	0.9	0.9	0.9	0.8	0.8	0.7	0.7	0.5	0.4	0.3	0.7	-11.4	-0.6
PL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.1	0.1	-	-
PT	0.9	0.7	0.7	0.6	0.6	0.6	0.5	0.4	0.3	0.3	0.6	-12.6	-0.6
SI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.2	-	-
SK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	-	-
FI	0.7	0.6	0.6	0.5	0.5	0.5	0.4	0.3	0.3	0.2	0.5	-11.9	-0.5
SE	0.7	0.6	0.7	0.6	0.5	0.5	0.5	0.4	0.4	0.3	0.5	-9.3	-0.4
UK	1.0	0.9	0.7	0.7	0.6	0.7	0.6	0.5	0.4	0.3	0.6	-11.0	-0.7
NO	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	-
EU-25 (weighted average[3])	0.8	0.7	0.7	0.7	0.6	0.6	0.6	0.4	0.4	0.3	0.6	-10.2	-0.5
EU-15 (weighted average[3])	0.8	0.7	0.7	0.7	0.6	0.6	0.6	0.4	0.4	0.3	0.6	-10.1	-0.5
EUR-12 (weighted average[3])	0.8	0.7	0.7	0.6	0.6	0.6	0.6	0.4	0.4	0.3	0.6	-10.1	-0.5
NMS-10 (weighted average[3])	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.1	0.1	n.a.	n.a.
EU-25 (average[4])	0.8	0.7	0.7	0.7	0.6	0.6	0.5	0.4	0.4	0.3	0.6	-11.4	-0.6
EU-15 (average[4])	0.8	0.7	0.7	0.7	0.6	0.6	0.5	0.4	0.4	0.3	0.6	-10.5	-0.5
EUR-12 (average[4])	0.9	0.8	0.7	0.7	0.6	0.6	0.6	0.4	0.4	0.3	0.6	-10.8	-0.6
NMS-10 (average[4])	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.2	n.a.	n.a.
Ratio st.dev. and mean in %	27.5	25.8	27.6	27.4	27.4	26.2	26.5	27.7	29.8	38.8			11.3
Difference max. and min.	0.9	0.8	0.8	0.8	0.7	0.7	0.6	0.5	0.5	0.6			-0.4

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average

See explanatory notes in Annex C

Source: Commission Services

Table B.5_T: Taxes by level of government as % of Total Taxation: EC Institutions

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	2.3	2.0	2.0	2.0	1.7	1.9	1.7	1.4	1.5	1.4	1.8	-5.3	-0.9
CZ	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.6	0.6	-	-
DK	0.5	0.4	0.5	0.4	0.4	0.4	0.4	0.3	0.3	0.4	0.4	-2.9	-0.1
DE	2.2	1.9	1.8	1.5	1.3	1.5	1.3	0.9	0.9	0.7	1.4	-11.6	-1.5
EE	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.7	0.7	-	-
EL	2.6	2.4	2.0	1.9	1.8	1.7	1.7	1.2	1.0	0.6	1.7	-13.0	-1.9
ES	2.2	2.2	2.1	2.0	1.9	1.7	1.5	1.1	1.1	0.9	1.7	-10.7	-1.4
FR	1.9	1.6	1.6	1.4	1.3	1.4	1.4	1.1	1.0	0.7	1.3	-8.3	-1.2
IE	3.5	2.8	2.3	2.7	2.2	2.1	2.2	1.3	1.3	0.7	2.1	-14.0	-2.8
IT	1.6	1.5	1.1	1.3	1.1	1.2	1.3	0.9	0.7	0.7	1.1	-8.5	-0.9
CY	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	-	-
LV	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.6	0.6	-	-
LT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.6	0.6	-	-
LU	2.3	1.8	1.8	1.6	1.4	1.4	1.1	0.8	0.7	0.5	1.3	-15.7	-1.8
HU	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.2	-	-
MT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.8	0.8	-	-
NL	2.8	2.5	2.6	2.4	2.2	2.2	1.8	1.4	1.4	1.3	2.1	-8.9	-1.5
AT	2.3	2.1	2.1	1.7	1.7	1.7	1.6	1.1	1.0	0.7	1.6	-11.6	-1.6
PL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.2	-	-
PT	2.9	2.1	2.1	2.0	1.7	1.7	1.4	1.0	0.9	0.8	1.7	-13.5	-2.1
SI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.4	0.4	-	-
SK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	-	-
FI	1.5	1.3	1.3	1.1	1.1	1.0	0.9	0.6	0.7	0.5	1.0	-11.4	-1.0
SE	1.4	1.2	1.3	1.2	1.0	1.0	0.9	0.7	0.7	0.6	1.0	-9.2	-0.8
UK	2.9	2.6	2.0	2.0	1.8	1.8	1.5	1.3	1.2	0.9	1.8	-11.2	-2.0
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.
EU-25 (weighted average[3)])	2.1	1.8	1.7	1.6	1.4	1.5	1.4	1.0	1.0	0.8	1.4	-10.0	-1.4
EU-15 (weighted average[3)])	2.1	1.8	1.7	1.6	1.4	1.5	1.4	1.0	1.0	0.8	1.4	-9.8	-1.3
EUR-12 (weighted average[3)])	2.1	1.8	1.7	1.6	1.4	1.5	1.4	1.0	1.0	0.8	1.4	-9.8	-1.3
NMS-10 (weighted average[3)])	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.3	0.3	n.a.	n.a.
EU-25 (average[4)])	2.2	1.9	1.8	1.7	1.5	1.5	1.4	1.0	1.0	0.7	1.5	-11.3	-1.5
EU-15 (average[4)])	2.2	1.9	1.8	1.7	1.5	1.5	1.4	1.0	1.0	0.8	1.5	-10.7	-1.4
EUR-12 (average[4)])	2.3	2.0	1.9	1.8	1.6	1.6	1.5	1.1	1.0	0.8	1.6	-10.9	-1.6
NMS-10 (average[4)])	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.5	0.5	n.a.	n.a.
Ratio st.dev. and mean in %	34.9	33.5	32.2	35.2	34.4	30.9	32.0	29.7	31.7	35.7			0.9
Difference max. and min.	3.0	2.4	2.1	2.3	1.8	1.7	1.8	1.1	1.2	1.2			-1.8

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation. 3) Total Taxation weighted. 4) arithmetic average
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	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	10.7	11.1	11.1	11.0	11.4	11.3	10.9	10.9	10.8	11.1	11.0	0.0	0.4
CZ	11.4	11.4	10.9	10.4	11.0	10.8	10.4	10.3	10.5	11.4	10.9	-0.5	0.0
DK	15.4	15.8	15.9	16.3	16.4	15.7	15.7	15.8	15.5	15.8	15.8	-0.1	0.4
DE	10.3	10.1	10.0	10.1	10.5	10.5	10.5	10.4	10.5	10.1	10.3	0.2	-0.2
EE	12.3	12.5	13.2	11.7	11.3	12.1	12.1	12.2	12.3	12.3	12.2	-0.2	0.0
EL	13.2	13.4	12.8	12.9	13.1	12.9	13.3	13.4	12.7	12.3	13.0	-0.4	-0.9
ES	8.9	9.0	9.2	9.6	9.9	9.9	9.5	9.4	9.6	9.6	9.5	0.7	0.7
FR	12.1	12.4	12.3	12.1	12.1	11.6	11.3	11.3	11.2	11.3	11.8	-1.2	-0.7
IE	13.0	12.9	12.5	12.3	12.0	12.1	10.9	11.0	10.9	11.2	11.9	-2.1	-1.8
IT	10.3	10.0	10.2	10.6	10.9	10.9	10.3	10.1	9.8	10.0	10.3	-0.3	-0.3
CY	10.1	9.8	8.9	9.0	8.8	10.4	11.6	12.0	14.3	14.9	11.0	5.2	4.9
LV	12.1	11.7	12.2	13.2	11.8	11.0	10.2	10.2	10.9	10.9	11.4	-1.9	-1.2
LT	11.8	11.1	13.0	13.1	12.9	11.8	11.5	11.7	11.1	10.6	11.9	-1.1	-1.2
LU	11.5	11.2	11.2	10.9	11.2	11.1	10.8	11.2	11.3	12.4	11.3	0.4	0.9
HU	17.5	16.6	15.0	15.3	15.7	15.8	14.9	14.5	15.2	15.4	15.6	-1.2	-2.0
MT	10.1	9.6	10.3	9.4	10.2	10.7	11.3	12.6	11.4	13.0	10.9	3.1	2.9
NL	10.7	11.0	11.2	11.1	11.5	11.4	11.3	11.1	11.2	11.4	11.2	0.4	0.7
AT	11.6	12.0	12.5	12.4	12.5	12.1	12.3	12.5	12.2	12.2	12.2	0.3	0.6
PL	12.7	12.9	12.3	12.0	12.4	11.5	11.1	11.9	11.9	11.8	12.1	-1.0	-0.9
PT	11.8	11.9	11.6	11.8	11.8	11.4	11.4	11.8	12.0	-	11.7	-	-
SI	15.5	15.2	14.2	14.8	15.2	14.2	13.7	14.1	14.1	14.0	14.5	-1.1	-1.5
SK	-	-	-	-	-	12.5	-	11.5	10.8	-	11.6	-	-
FI	13.3	13.6	14.3	14.1	14.3	13.7	13.4	13.6	14.1	13.9	13.8	0.2	0.6
SE	13.4	13.0	13.0	13.1	13.0	12.5	12.7	12.9	13.0	12.8	12.9	-0.3	-0.6
UK	12.1	12.0	12.4	12.2	12.1	11.9	11.7	11.6	11.6	11.6	11.9	-0.7	-0.5
NO	14.5	14.2	14.2	14.4	13.9	12.2	12.1	12.0	11.7	-	13.2	-	-
EU-25 (weighted average[3])[5]	11.2	11.2	11.3	11.3	11.6	11.4	11.1	11.1	11.1	11.0	11.2	-0.3	-0.2
EU-15 (weighted average[3])	11.2	11.2	11.3	11.3	11.5	11.3	11.1	11.0	11.0	11.0	11.2	-0.2	-0.2
EUR-12 (weighted average[3])	10.8	10.8	10.8	10.9	11.2	11.0	10.8	10.7	10.7	10.6	10.8	-0.2	-0.2
NMS-10 (weighted average[3])[5]	13.2	13.1	12.5	12.3	12.7	12.1	11.7	12.1	12.4	12.5	12.5	-0.7	-0.7
EU-25 (average[4])[5]	12.2	12.1	12.1	12.1	12.2	12.0	11.8	11.9	12.0	12.2	12.0	-0.1	0.0
EU-15 (average[4])	11.9	12.0	12.0	12.0	12.2	11.9	11.7	11.8	11.8	11.8	11.9	-0.2	0.0
EUR-12 (average[4])	11.4	11.5	11.6	11.6	11.8	11.6	11.3	11.4	11.4	11.4	11.5	-0.2	0.0
NMS-10 (average[4])[5]	12.6	12.3	12.2	12.1	12.2	12.0	11.9	12.1	12.4	12.7	12.3	0.0	0.1
Ratio st.dev. and mean in %	17.3	17.0	15.4	16.4	15.6	13.2	13.6	13.6	14.5	15.3			-2.0
Difference max. and min.	8.6	7.5	7.0	7.4	7.6	5.9	6.2	6.3	5.9	6.2			-2.4

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average 5) Slovakia excluded from average

See explanatory notes in Annex C

Source: Commission Services

Table C.1_T: Taxes on Consumption as % of Total Taxation: Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1] 1995-2004	Difference[2] 1995 to 2004
BE	24.4	25.0	24.8	24.2	25.1	25.0	24.1	24.0	24.1	24.6	24.5	-0.2	0.2
CZ	31.6	32.5	30.8	30.6	31.7	31.3	30.1	29.2	29.0	31.2	30.8	-0.7	-0.3
DK	31.6	32.2	32.4	33.1	32.7	31.8	32.3	33.0	32.6	32.4	32.4	0.2	0.8
DE	25.9	25.0	24.6	24.7	25.2	25.2	26.2	26.2	26.4	26.2	25.6	0.6	0.3
EE	32.4	35.2	36.8	33.5	32.6	37.0	38.1	37.5	37.4	37.8	35.8	1.5	5.4
EL	40.6	40.5	37.4	35.4	35.0	34.0	36.3	35.8	35.0	35.2	36.5	-1.5	-5.4
ES	27.2	27.3	27.6	29.1	29.6	29.1	28.3	27.8	28.2	27.9	28.2	0.2	0.7
FR	28.2	28.3	27.8	27.5	27.0	26.2	25.7	26.1	26.0	26.1	26.9	-1.1	-2.2
IE	39.2	38.9	38.8	38.7	38.0	38.3	36.6	38.6	37.5	37.0	38.2	-0.6	-2.3
IT	25.7	23.9	23.4	25.0	25.6	26.0	24.8	24.7	23.7	24.5	24.7	-0.1	-1.2
CY	37.4	36.5	34.1	31.8	31.0	34.0	36.7	38.1	42.9	43.7	36.6	2.2	6.3
LV	36.1	37.3	37.5	38.4	36.3	37.1	35.9	36.1	38.4	38.1	37.1	0.2	2.0
LT	41.2	39.4	41.2	40.7	40.3	39.1	40.2	41.3	39.4	37.4	40.0	-0.6	-3.8
LU	27.1	26.2	26.9	27.0	27.5	27.5	26.5	27.2	27.6	30.9	27.5	0.9	3.8
HU	41.9	40.8	38.5	39.2	40.2	40.2	37.7	37.0	39.0	39.5	39.4	-0.7	-2.4
MT	36.6	36.7	37.0	36.1	37.7	37.6	37.4	39.0	35.3	37.0	37.0	0.1	0.4
NL	26.5	27.0	27.5	27.7	27.6	27.5	29.4	29.3	29.9	30.2	28.3	1.4	3.7
AT	28.1	28.2	28.4	28.1	28.6	28.4	27.4	28.5	28.5	28.6	28.3	0.1	0.5
PL	33.0	34.7	33.5	33.5	34.0	33.8	32.8	34.6	35.9	35.9	34.2	0.7	2.9
PT	36.9	36.3	35.3	35.7	34.7	33.3	33.7	34.1	34.3	-	34.9	-	-
SI	38.5	39.1	37.5	38.2	39.0	36.7	35.4	36.0	35.8	35.2	37.1	-1.2	-3.3
SK	-	-	-	-	-	37.7	-	35.6	34.6	-	36.0	-	-
FI	29.1	29.0	30.9	30.7	30.8	28.8	29.4	29.9	31.7	31.4	30.1	0.6	2.3
SE	27.3	25.3	24.9	24.8	24.3	23.5	24.8	26.0	25.9	25.4	25.2	-0.2	-1.9
UK	34.2	34.3	34.9	33.4	32.9	31.9	31.5	32.6	32.8	32.1	33.1	-0.9	-2.1
NO	34.3	33.1	33.4	33.8	32.6	28.5	28.0	27.6	27.2	-	30.9	-	-
EU-25 (weighted average[3])[5]	28.2	27.7	27.8	27.9	28.0	27.7	27.7	28.1	28.0	28.0	27.9	0.0	-0.2
EU-15 (weighted average[3])	28.0	27.5	27.6	27.7	27.8	27.5	27.5	27.8	27.8	27.7	27.7	0.0	-0.3
EUR-12 (weighted average[3])	27.1	26.5	26.2	26.6	26.8	26.6	26.6	26.8	26.7	26.7	26.7	0.0	-0.3
NMS-10 (weighted average[3])[5]	35.0	35.7	34.5	34.5	35.1	34.9	33.8	34.5	35.5	36.0	34.9	0.1	1.0
EU-25 (average[4])[5]	32.5	32.5	32.2	32.0	32.0	31.8	31.7	32.2	32.4	32.5	32.2	0.0	0.0
EU-15 (average[4])	30.1	29.8	29.7	29.7	29.7	29.1	29.1	29.6	29.6	29.5	29.6	-0.2	-0.7
EUR-12 (average[4])	29.9	29.6	29.5	29.5	29.6	29.1	29.0	29.4	29.4	29.3	29.4	-0.2	-0.6
NMS-10 (average[4])[5]	36.5	36.9	36.3	35.8	35.9	36.3	36.0	36.5	37.0	37.3	36.5	0.2	0.8
Ratio st.dev. and mean in %	19.8	20.4	19.4	18.4	17.8	18.3	18.1	18.3	18.9	19.1			-0.6
Difference max. and min.	17.6	16.9	17.7	16.5	15.9	16.7	16.1	17.3	19.2	19.2			1.6

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation. 3) Total Taxation weighted. 4) arithmetic average 5) Slovakia excluded from averages

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	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	24.4	24.2	24.5	24.5	24.4	24.3	24.9	25.0	24.4	24.0	24.5	0.0	-0.4
CZ	17.4	17.5	18.0	17.4	17.2	17.4	17.3	18.0	18.3	18.0	17.7	0.3	0.6
DK	27.3	27.3	26.9	26.3	27.0	26.6	26.9	26.1	25.8	25.1	26.5	-0.8	-2.2
DE	23.9	24.1	24.4	24.2	24.1	24.3	24.0	23.9	23.8	22.7	23.9	-0.4	-1.2
EE	21.3	19.7	19.0	19.5	20.1	18.3	17.8	18.1	18.1	17.6	18.9	-1.8	-3.7
EL	11.8	12.2	12.8	13.5	13.6	13.6	13.4	14.3	14.5	13.9	13.4	1.9	2.1
ES	16.4	16.6	16.2	15.9	15.5	15.7	16.1	16.2	16.1	15.9	16.0	-0.3	-0.4
FR	22.8	23.0	23.0	22.8	23.3	23.0	22.9	22.7	23.0	23.1	23.0	0.0	0.2
IE	13.5	13.2	12.7	12.0	11.7	11.4	11.0	10.0	9.8	10.5	11.6	-3.6	-3.1
IT	18.1	19.8	20.7	20.6	20.1	19.6	20.0	20.1	20.0	19.8	19.9	0.4	1.7
CY	9.9	9.7	9.9	10.1	9.7	9.5	9.9	10.0	10.7	10.7	10.0	0.9	0.8
LV	17.5	16.2	16.3	16.7	16.4	15.3	14.6	14.6	14.6	14.6	15.7	-2.0	-2.9
LT	13.6	13.8	15.3	16.2	16.9	16.3	15.4	14.9	14.6	14.7	15.2	0.5	1.2
LU	17.7	17.7	16.8	15.6	16.0	15.8	16.3	16.0	16.3	16.2	16.4	-0.9	-1.6
HU	20.8	20.4	20.4	19.9	19.3	19.5	20.3	20.3	19.8	19.4	20.0	-0.5	-1.3
MT	9.9	9.6	10.2	9.4	9.9	10.4	11.4	11.3	11.5	12.2	10.6	2.6	2.3
NL	22.1	21.1	20.5	20.2	20.9	21.2	18.0	18.2	18.6	18.4	19.9	-2.1	-3.7
AT	23.6	23.7	24.5	24.4	24.4	23.7	24.0	24.0	24.0	23.5	24.0	-0.1	-0.1
PL	17.2	17.5	17.1	17.0	17.3	15.0	15.8	14.9	14.4	13.8	16.0	-2.7	-3.4
PT	13.3	13.5	13.5	13.4	13.6	14.1	14.3	14.5	15.0	-	13.9	-	-
SI	22.7	21.3	20.9	21.0	20.8	21.3	21.7	21.5	21.5	21.6	21.4	-0.1	-1.1
SK	-	-	-	-	-	16.1	-	15.9	14.7	-	15.6	-	-
FI	25.5	26.5	24.5	24.2	24.0	23.9	24.4	24.1	23.6	23.3	24.4	-1.0	-2.2
SE	30.7	32.4	32.4	33.2	33.1	32.3	32.4	31.4	31.8	31.5	32.1	-0.1	0.9
UK	14.0	13.3	13.1	13.8	13.8	14.3	14.4	13.7	13.8	14.0	13.8	0.4	0.0
NO	18.9	18.6	18.9	20.4	19.9	17.7	18.1	19.1	19.1	-	19.0	-	-
EU-25 (weighted average[3)])[5]	20.9	21.0	20.8	20.7	20.7	20.5	20.3	20.1	20.2	19.9	20.5	-0.6	-1.0
EU-15 (weighted average[3)])	21.0	21.1	21.0	20.9	20.8	20.7	20.5	20.3	20.3	20.1	20.7	-0.5	-0.9
EUR-12 (weighted average[3)])	21.6	21.8	21.9	21.7	21.7	21.6	21.3	21.2	21.2	20.9	21.5	-0.5	-0.7
NMS-10 (weighted average[3)])[5]	17.8	17.8	17.6	17.4	17.5	16.3	16.8	16.6	16.4	16.1	17.0	-1.2	-1.7
EU-25 (average[4)])[5]	19.0	18.9	18.9	18.8	18.9	18.6	18.6	18.5	18.5	18.5	18.7	-0.3	-0.5
EU-15 (average[4)])	20.3	20.6	20.4	20.3	20.4	20.3	20.2	20.0	20.0	20.1	20.3	-0.2	-0.2
EUR-12 (average[4)])	19.4	19.6	19.5	19.3	19.3	19.2	19.1	19.1	19.1	19.2	19.3	-0.3	-0.2
NMS-10 (average[4)])[5]	16.7	16.2	16.3	16.3	16.4	15.9	16.0	16.0	15.9	15.9	16.2	-0.5	-0.8
Ratio st.dev. and mean in %	26.8	27.6	27.1	27.4	27.5	26.8	27.5	26.9	26.6	26.5			-0.2
Difference max. and min.	20.8	22.9	22.5	23.8	23.4	22.9	22.5	21.5	22.0	21.1			0.3

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average 5) Slovakia excluded from average
See explanatory notes in Annex C
Source: Commission Services

Table C.2_T: Taxes on Labour as % of Total Taxation: Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	55.6	54.6	54.5	53.9	53.7	53.8	55.0	55.2	54.2	53.0	54.3	-0.2	-2.6
CZ	48.2	49.9	50.6	51.4	49.6	50.5	50.1	50.7	50.7	49.2	50.1	0.2	1.1
DK	55.9	55.5	55.0	53.3	53.8	53.9	55.6	54.5	54.2	51.4	54.3	-0.5	-4.5
DE	60.0	59.4	59.9	59.1	57.7	58.1	60.1	60.6	59.9	58.7	59.4	0.0	-1.3
EE	56.2	55.4	53.0	55.8	57.9	56.2	56.0	55.7	54.9	54.0	55.5	-0.1	-2.2
EL	36.1	37.0	37.4	37.1	36.6	35.9	36.8	38.3	39.8	39.5	37.4	0.8	3.5
ES	50.0	50.2	48.7	48.2	46.1	46.2	47.9	47.6	47.3	46.0	47.8	-0.8	-4.0
FR	53.5	52.3	52.1	51.9	51.8	52.0	52.3	52.7	53.5	53.1	52.5	0.1	-0.3
IE	40.9	39.8	39.2	38.0	36.8	36.1	37.0	35.2	33.7	34.6	37.1	-2.0	-6.3
IT	45.2	47.2	47.3	48.5	47.4	47.0	48.2	49.0	48.1	48.7	47.7	0.6	3.6
CY	36.6	36.1	37.9	35.8	34.1	30.9	31.5	31.8	32.2	31.3	33.8	-2.2	-5.3
LV	52.0	51.6	49.7	48.5	50.6	51.7	51.0	51.8	51.3	50.9	50.9	0.1	-1.0
LT	47.4	49.2	48.6	50.2	52.6	54.1	53.8	52.4	51.9	52.0	51.2	1.1	4.6
LU	41.8	41.5	40.2	38.8	39.4	39.0	40.2	39.0	39.8	40.4	40.0	-0.4	-1.5
HU	49.9	50.4	52.4	51.1	49.4	49.6	51.4	52.1	50.7	49.8	50.7	0.0	-0.1
MT	36.0	36.7	36.7	36.1	36.2	36.7	37.6	35.2	35.6	34.8	36.2	-0.4	-1.2
NL	54.6	51.7	50.3	50.0	50.2	51.1	47.0	48.3	49.6	48.7	50.1	-1.0	-5.9
AT	57.1	55.6	55.7	55.3	55.9	55.5	53.6	55.0	55.8	55.1	55.5	-0.3	-2.1
PL	44.7	46.8	46.4	47.1	47.5	44.0	46.5	43.5	43.1	42.0	45.2	-1.0	-2.7
PT	41.6	41.2	41.1	40.5	40.0	41.1	42.2	41.9	42.8	-	41.4	-	-
SI	56.3	54.8	55.2	54.1	53.2	55.2	56.0	55.0	54.6	54.4	54.9	-0.1	-1.9
SK	-	-	-	-	-	48.6	-	49.1	46.9	-	48.2	-	-
FI	56.0	56.4	53.1	52.6	51.7	50.2	53.4	52.9	52.9	52.6	53.2	-0.6	-3.4
SE	62.5	63.0	62.3	63.0	62.0	60.5	63.1	63.3	63.3	62.4	62.6	0.0	-0.1
UK	39.6	38.1	36.8	37.7	37.6	38.3	38.6	38.5	38.8	38.9	38.3	0.2	-0.7
NO	44.7	43.6	44.4	48.1	46.6	41.1	41.9	43.9	44.4	-	44.3	-	-
EU-25 (weighted average[3])[5]	52.6	51.9	51.1	51.0	50.1	50.0	50.8	51.0	51.0	50.4	51.0	-0.3	-2.1
EU-15 (weighted average[3])	52.8	52.1	51.3	51.1	50.2	50.2	50.9	51.2	51.2	50.6	51.2	-0.3	-2.1
EUR-12 (weighted average[3])	54.0	53.4	53.1	52.9	51.9	52.0	52.7	53.1	52.9	52.4	52.8	-0.2	-1.6
NMS-10 (weighted average[3])[5]	47.1	48.4	48.7	48.9	48.6	47.0	48.5	47.3	47.2	46.2	47.8	-0.3	-0.9
EU-25 (average[4])[5]	49.1	48.9	48.5	48.3	48.0	47.8	48.5	48.3	48.3	47.9	48.4	-0.2	-1.2
EU-15 (average[4])	50.0	49.6	48.9	48.5	48.0	47.9	48.7	48.8	48.9	48.8	48.8	-0.2	-1.2
EUR-12 (average[4])	49.4	48.9	48.3	47.8	47.3	47.2	47.8	48.0	48.1	48.2	48.1	-0.2	-1.1
NMS-10 (average[4])[5]	47.5	47.9	47.8	47.8	47.9	47.7	48.2	47.6	47.2	46.5	47.6	-0.2	-1.0
Ratio st.dev. and mean in %	15.2	14.9	14.7	15.2	15.8	16.0	16.2	16.3	15.9	16.1			0.9
Difference max. and min.	26.6	26.9	25.6	27.2	28.0	29.6	31.6	31.5	31.2	31.1			4.5

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation. 3) Total Taxation weighted. 4) arithmetic average 5) Slovakia excluded from averages
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	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	22.3	22.2	22.3	22.4	22.4	22.3	22.8	22.9	22.3	21.9	22.4	0.0	-0.4
CZ	17.4	17.5	18.0	17.4	17.2	17.4	17.3	18.0	18.3	18.0	17.7	0.3	0.6
DK	21.1	21.2	21.4	21.0	21.8	21.7	22.1	21.2	20.8	20.1	21.3	-0.3	-1.1
DE	21.3	21.3	21.4	21.4	21.3	21.8	21.5	21.3	21.1	20.1	21.2	-0.3	-1.2
EE	21.1	19.6	18.8	19.2	19.9	18.2	17.6	17.9	17.9	17.5	18.8	-1.8	-3.6
EL	11.0	11.4	11.9	12.5	12.6	12.6	12.4	13.3	13.5	12.9	12.4	1.9	1.9
ES	14.1	14.4	14.2	14.0	13.7	13.9	14.3	14.3	14.3	14.1	14.1	0.0	0.0
FR	21.5	21.6	21.6	21.6	22.1	21.8	21.7	21.6	21.9	22.2	21.8	0.2	0.7
IE	13.4	13.0	12.5	11.9	11.6	11.3	10.9	9.9	9.7	10.4	11.5	-3.5	-3.0
IT	16.2	17.8	18.6	18.4	18.1	17.6	17.8	18.0	18.3	18.1	17.9	0.5	1.9
CY	9.9	9.7	9.9	10.1	9.7	9.5	9.9	10.0	10.7	10.7	10.0	0.9	0.8
LV	17.5	16.2	16.2	16.6	16.3	15.2	14.5	14.5	14.5	14.5	15.6	-2.1	-3.0
LT	13.5	13.8	15.3	16.1	16.8	16.2	15.4	14.7	14.5	14.6	15.1	0.4	1.1
LU	15.7	15.8	14.9	14.1	14.4	14.3	14.9	14.7	14.9	14.7	14.8	-0.6	-1.0
HU	20.0	19.7	19.7	19.2	18.5	18.5	19.4	19.4	18.9	18.6	19.2	-0.6	-1.4
MT	9.2	9.0	9.5	8.8	9.1	9.6	10.5	10.4	10.5	11.2	9.8	2.4	2.0
NL	17.8	17.0	16.8	17.1	17.8	18.2	15.6	15.8	16.0	15.9	16.8	-1.2	-2.0
AT	21.6	21.6	22.3	22.0	22.0	21.4	21.5	21.5	21.4	20.9	21.6	-0.4	-0.7
PL	14.9	15.3	15.2	15.1	16.5	14.3	15.0	14.2	13.6	13.1	14.7	-1.5	-1.8
PT	12.7	12.9	13.0	12.9	13.1	13.5	13.6	13.8	14.3	-	13.3	-	-
SI	22.0	20.6	20.2	20.2	20.0	20.5	20.8	20.6	20.6	20.6	20.6	-0.3	-1.4
SK	-	-	-	-	-	16.0	-	15.8	14.5	-	15.5	-	-
FI	21.5	22.4	20.9	21.0	21.0	21.0	21.6	21.3	20.8	20.6	21.2	-0.4	-0.9
SE	25.2	27.1	27.2	28.1	28.1	27.8	28.0	27.2	27.2	26.9	27.3	0.4	1.7
UK	13.9	13.1	12.9	13.6	13.7	14.2	14.2	13.5	13.6	13.8	13.6	0.4	0.0
NO	17.9	17.6	17.8	19.3	18.8	16.7	17.1	18.1	18.0	-	17.9	-	-
EU-25 (weighted average[3)])[5]	18.8	18.9	18.8	18.8	18.8	18.8	18.6	18.4	18.4	18.2	18.7	-0.4	-0.6
EU-15 (weighted average[3)])	18.9	19.0	18.9	18.9	18.9	18.9	18.7	18.5	18.6	18.4	18.8	-0.3	-0.6
EUR-12 (weighted average[3)])	19.4	19.6	19.7	19.6	19.6	19.6	19.4	19.2	19.3	19.0	19.4	-0.3	-0.4
NMS-10 (weighted average[3)])[5]	16.6	16.5	16.5	16.4	16.9	15.8	16.2	16.0	15.9	15.6	16.2	-0.7	-1.0
EU-25 (average[4)])[5]	17.3	17.3	17.3	17.3	17.4	17.2	17.2	17.1	17.1	17.0	17.2	-0.2	-0.3
EU-15 (average[4)])	18.0	18.2	18.1	18.1	18.2	18.2	18.2	18.0	18.0	18.1	18.1	0.0	0.1
EUR-12 (average[4)])	17.4	17.6	17.5	17.5	17.5	17.5	17.4	17.4	17.4	17.4	17.5	-0.1	0.0
NMS-10 (average[4)])[5]	16.2	15.7	15.9	15.9	16.0	15.5	15.6	15.5	15.5	15.4	15.7	-0.4	-0.8
Ratio st.dev. and mean in %	23.7	24.2	23.9	24.4	24.5	23.8	24.6	24.1	23.5	23.4			-0.3
Difference max. and min.	16.0	18.1	17.7	19.3	19.0	18.3	18.1	17.3	17.5	16.5			0.5

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average 5) Slovakia excluded from average

See explanatory notes in Annex C

Source: Commission Services

Table C.2.1_T: Taxes on Labour as % of Total Taxation: Employed

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	51.0	49.9	49.7	49.2	49.2	49.3	50.4	50.5	49.7	48.5	49.7	-0.2	-2.5
CZ	48.2	49.9	50.6	51.4	49.6	50.5	50.1	50.7	50.7	49.2	50.1	0.2	1.1
DK	43.3	43.2	43.8	42.7	43.6	44.0	45.6	44.3	43.6	41.1	43.5	-0.1	-2.2
DE	53.5	52.3	52.7	52.2	51.0	52.0	53.8	53.8	53.3	51.9	52.7	0.0	-1.6
EE	55.8	55.0	52.5	55.0	57.5	55.8	55.5	55.2	54.4	53.6	55.0	-0.1	-2.1
EL	33.7	34.6	34.8	34.3	33.7	33.2	34.0	35.6	37.1	36.8	34.8	0.8	3.1
ES	43.2	43.6	42.7	42.5	40.8	41.0	42.7	42.1	41.9	40.8	42.1	-0.5	-2.3
FR	50.3	49.3	49.0	49.2	49.1	49.3	49.7	50.1	50.8	51.2	49.8	0.3	0.8
IE	40.4	39.3	38.7	37.6	36.5	35.8	36.7	35.0	33.5	34.4	36.8	-1.9	-6.0
IT	40.5	42.6	42.6	43.4	42.6	42.2	43.0	43.9	44.0	44.5	42.9	0.7	4.0
CY	36.6	36.1	37.9	35.8	34.1	30.9	31.5	31.8	32.2	31.3	33.8	-2.2	-5.3
LV	52.0	51.6	49.7	48.5	50.3	51.4	50.8	51.5	51.0	50.6	50.7	0.0	-1.4
LT	47.3	49.1	48.5	50.1	52.5	54.0	53.6	51.9	51.3	51.4	50.9	1.0	4.1
LU	37.2	37.1	35.7	35.0	35.5	35.3	36.8	35.8	36.3	36.8	36.1	0.0	-0.4
HU	48.1	48.5	50.6	49.3	47.2	47.2	49.0	49.7	48.4	47.6	48.6	-0.1	-0.4
MT	33.5	34.4	34.3	33.6	33.6	33.9	34.8	32.4	32.7	31.9	33.5	-0.6	-1.6
NL	44.0	41.8	41.4	42.5	42.7	43.9	40.6	41.8	42.8	42.0	42.3	-0.2	-2.0
AT	52.4	50.7	50.6	50.0	50.4	50.1	48.2	49.3	49.8	49.2	50.1	-0.6	-3.2
PL	38.8	40.9	41.4	42.1	45.5	41.9	44.1	41.3	40.9	40.0	41.7	0.2	1.2
PT	40.0	39.4	39.4	38.9	38.4	39.3	40.2	39.8	40.6	-	39.5	-	-
SI	54.8	53.0	53.4	52.1	51.2	53.3	53.5	52.6	52.1	51.9	52.8	-0.3	-2.8
SK	-	-	-	-	-	48.4	-	48.8	46.3	-	47.8	-	-
FI	47.1	47.7	45.4	45.7	45.3	44.0	47.3	46.7	46.7	46.5	46.2	0.0	-0.6
SE	51.4	52.6	52.3	53.4	52.7	52.0	54.5	54.8	54.2	53.3	53.1	0.5	1.9
UK	39.2	37.6	36.4	37.2	37.1	37.9	38.1	38.0	38.3	38.4	37.8	0.2	-0.8
NO	42.3	41.2	42.0	45.3	43.9	38.7	39.5	41.6	42.0	-	41.8	-	-
EU-25 (weighted average[3)])[5]	47.4	46.7	46.2	46.2	45.6	45.8	46.5	46.6	46.7	46.2	46.4	-0.1	-1.2
EU-15 (weighted average[3)])	47.5	46.8	46.2	46.3	45.6	45.8	46.5	46.7	46.8	46.3	46.4	-0.1	-1.2
EUR-12 (weighted average[3)])	48.6	47.9	47.6	47.7	46.9	47.2	47.9	48.1	48.1	47.7	47.8	0.0	-0.9
NMS-10 (weighted average[3)])[5]	43.8	45.0	45.6	45.8	47.0	45.4	46.7	45.7	45.5	44.7	45.5	0.2	0.9
EU-25 (average[4)])[5]	45.1	45.0	44.8	44.7	44.6	44.5	45.2	44.9	44.8	44.5	44.8	-0.1	-0.6
EU-15 (average[4)])	44.5	44.1	43.7	43.6	43.2	43.3	44.1	44.1	44.2	44.0	43.9	0.0	-0.5
EUR-12 (average[4)])	44.4	44.0	43.6	43.4	42.9	43.0	43.6	43.7	43.9	43.9	43.6	-0.1	-0.6
NMS-10 (average[4)])[5]	46.1	46.5	46.5	46.4	46.8	46.5	47.0	46.3	46.0	45.3	46.4	-0.1	-0.8
Ratio st.dev. and mean in %	14.3	13.9	13.9	14.5	15.4	15.9	15.6	15.7	15.0	15.4			1.1
Difference max. and min.	22.3	20.6	19.0	21.4	23.9	24.9	24.0	23.4	22.3	22.3			0.0

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation. 3) Total Taxation weighted. 4) arithmetic average 5) Slovakia excluded from averages
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	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	8.6	8.6	8.6	8.7	8.7	8.4	8.5	8.6	8.6	8.4	8.6	-0.2	-0.2
CZ	9.9	10.1	10.4	10.0	10.0	10.1	10.1	10.4	10.6	10.5	10.2	0.5	0.6
DK	0.5	0.5	0.5	0.7	0.6	0.5	0.6	0.5	0.5	0.5	0.5	0.3	0.0
DE	7.5	7.6	7.6	7.6	7.5	7.5	7.4	7.3	7.4	7.2	7.4	-0.5	-0.3
EE	13.1	12.1	11.6	11.6	12.4	11.6	11.3	11.5	11.3	11.1	11.8	-1.3	-2.0
EL	4.8	5.0	5.2	5.3	5.2	5.4	5.4	6.0	6.0	5.6	5.4	2.1	0.8
ES	8.2	8.3	8.4	8.2	8.3	8.4	8.6	8.6	8.6	8.6	8.4	0.6	0.4
FR	12.5	12.4	12.5	12.2	12.4	12.1	12.1	12.1	12.3	12.2	12.3	-0.3	-0.3
IE	2.9	2.6	2.6	2.6	2.6	2.7	2.8	2.7	2.7	2.7	2.7	0.0	-0.2
IT	8.5	10.1	10.7	10.4	9.9	9.8	9.9	10.1	10.3	10.2	10.0	0.7	1.6
CY	-	-	-	-	-	-	-	-	-	6.3	6.3	-	-
LV	11.8	10.1	8.2	8.3	8.2	7.4	6.8	6.9	6.5	6.4	8.1	-6.2	-5.4
LT	7.3	7.7	8.3	8.7	8.9	8.4	8.0	7.8	7.7	7.6	8.0	-0.1	0.3
LU	5.2	5.1	4.8	4.7	4.6	4.5	4.9	5.1	5.1	5.0	4.9	0.0	-0.2
HU	12.3	11.7	12.0	11.8	10.7	10.7	11.1	10.4	10.0	9.8	11.0	-2.4	-2.5
MT	3.1	3.1	3.3	3.0	2.9	2.8	3.1	3.0	3.0	3.1	3.0	-0.4	0.0
NL	2.0	1.9	1.8	4.6	4.7	4.7	4.5	4.5	4.4	4.4	3.7	10.6	2.5
AT	10.0	10.0	10.0	9.9	9.8	9.6	9.5	9.5	9.4	9.3	9.7	-0.9	-0.7
PL	6.0	6.2	6.3	6.3	6.1	6.0	5.7	5.4	5.2	5.0	5.8	-2.4	-1.0
PT	6.1	6.3	6.4	6.5	6.5	6.7	6.7	6.9	7.5	-	6.6	-	-
SI	8.2	7.0	6.7	6.8	6.9	7.2	7.3	7.3	7.4	7.4	7.2	0.0	-0.8
SK	-	-	-	-	-	9.8	-	9.7	8.8	-	9.4	-	-
FI	9.9	9.6	9.1	9.2	9.4	8.8	9.2	9.1	9.0	9.0	9.2	-0.8	-0.9
SE	12.6	13.6	13.2	13.6	13.7	13.9	14.2	14.2	14.0	13.7	13.7	0.9	1.0
UK	3.4	3.3	3.4	3.3	3.4	3.6	3.6	3.4	3.6	3.7	3.5	1.0	0.3
NO	5.9	5.8	5.8	6.2	6.1	5.4	5.6	6.0	6.0	-	5.9	-	-
EU-25 (weighted average[3)])[5]	7.8	8.1	8.0	8.0	7.9	7.8	7.8	7.8	8.0	7.9	7.9	-0.2	0.0
EU-15 (weighted average[3)])	7.8	8.1	8.0	8.0	7.9	7.9	7.8	7.8	8.0	7.9	7.9	-0.1	0.1
EUR-12 (weighted average[3)])	8.5	8.8	9.0	9.0	8.9	8.8	8.8	8.8	8.9	8.8	8.8	0.1	0.3
NMS-10 (weighted average[3)])[5]	8.1	8.0	8.1	8.0	7.8	7.6	7.5	7.5	7.5	7.3	7.7	-1.2	-0.8
EU-25 (average[4)])[5]	7.6	7.5	7.5	7.6	7.5	7.4	7.4	7.4	7.4	7.3	7.5	-0.3	-0.3
EU-15 (average[4)])	6.8	7.0	7.0	7.2	7.1	7.1	7.2	7.2	7.3	7.2	7.1	0.5	0.3
EUR-12 (average[4)])	7.2	7.3	7.3	7.5	7.5	7.4	7.4	7.5	7.6	7.5	7.4	0.5	0.3
NMS-10 (average[4)])[5]	8.9	8.5	8.3	8.3	8.3	8.0	7.9	7.8	7.7	7.5	8.1	-1.7	-1.5
Ratio st.dev. and mean in %	47.1	44.8	44.5	42.4	43.0	42.0	42.7	42.3	40.9	41.5			-5.6
Difference max. and min.	12.6	13.1	12.7	12.9	13.1	13.4	13.7	13.7	13.5	13.2			0.6

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average 5) Slovakia excluded from average
See explanatory notes in Annex C
Source: Commission Services

Table C.2.1.1_T: Taxes on Labour as % of Total Taxation: Employed paid by employers

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	19.7	19.4	19.2	19.0	19.1	18.6	18.8	19.1	19.2	18.5	19.1	-0.4	-1.1
CZ	27.3	28.7	29.2	29.6	28.9	29.3	29.2	29.4	29.4	28.6	29.0	0.4	1.3
DK	1.0	0.9	1.1	1.3	1.1	0.9	1.2	1.1	1.1	1.0	1.1	0.6	0.1
DE	18.8	18.6	18.8	18.5	18.0	17.8	18.5	18.5	18.6	18.6	18.5	-0.1	-0.3
EE	34.5	33.9	32.5	33.3	35.7	35.6	35.7	35.4	34.4	34.0	34.5	0.4	-0.6
EL	14.6	15.2	15.1	14.6	13.9	14.1	14.7	16.0	16.4	15.9	15.1	1.0	1.3
ES	24.9	25.2	25.2	25.0	24.6	24.7	25.7	25.2	25.3	24.9	25.1	0.1	-0.1
FR	29.3	28.4	28.3	27.8	27.6	27.5	27.5	28.1	28.5	28.1	28.1	-0.2	-1.2
IE	8.7	8.0	7.9	8.1	8.1	8.4	9.3	9.5	9.1	8.9	8.6	1.6	0.2
IT	21.3	24.1	24.5	24.6	23.2	23.5	23.9	24.6	24.8	25.0	24.0	1.0	3.7
CY	-	-	-	-	-	-	-	-	-	18.5	18.5	-	-
LV	35.1	32.2	25.0	24.3	25.2	25.1	23.9	24.4	22.9	22.3	26.0	-4.0	-12.8
LT	25.4	27.3	26.2	27.1	27.7	28.1	28.0	27.5	27.4	26.8	27.1	0.5	1.4
LU	12.2	12.0	11.5	11.8	11.4	11.2	12.1	12.3	12.5	12.5	12.0	0.5	0.3
HU	29.5	28.9	30.7	30.3	27.4	27.1	28.1	26.5	25.7	25.0	27.9	-2.0	-4.5
MT	11.1	12.0	11.9	11.4	10.6	10.0	10.3	9.3	9.3	8.8	10.5	-3.3	-2.3
NL	4.8	4.8	4.4	11.5	11.2	11.4	11.6	11.8	11.8	11.7	9.5	11.7	6.8
AT	24.2	23.4	22.8	22.4	22.5	22.4	21.3	21.7	21.9	21.7	22.4	-1.1	-2.4
PL	15.6	16.6	17.1	17.5	16.9	17.6	16.9	15.6	15.6	15.3	16.5	-0.7	-0.2
PT	19.2	19.1	19.6	19.6	19.1	19.5	19.8	20.0	21.3	-	19.7	-	-
SI	20.5	18.0	17.7	17.6	17.6	18.6	18.9	18.7	18.7	18.7	18.5	0.0	-1.8
SK	-	-	-	-	-	29.6	-	29.9	28.0	-	29.2	-	-
FI	21.6	20.5	19.7	19.9	20.2	18.5	20.1	20.0	20.1	20.3	20.1	-0.4	-1.3
SE	25.8	26.4	25.5	25.8	25.7	26.0	27.7	28.6	27.9	27.1	26.6	1.0	1.3
UK	9.5	9.6	9.4	9.1	9.3	9.5	9.6	9.6	10.3	10.2	9.6	0.8	0.7
NO	13.9	13.5	13.6	14.6	14.3	12.6	13.0	13.8	13.9	-	13.7	-	-
EU-25 (weighted average[3)])[5]	19.7	19.9	19.7	19.7	19.2	19.1	19.5	19.8	20.2	19.9	19.7	0.1	0.2
EU-15 (weighted average[3)])	19.7	19.9	19.7	19.6	19.2	19.0	19.5	19.8	20.2	19.9	19.6	0.1	0.2
EUR-12 (weighted average[3)])	21.4	21.6	21.7	21.8	21.3	21.2	21.7	22.0	22.2	22.1	21.7	0.3	0.7
NMS-10 (weighted average[3)])[5]	21.3	21.6	22.1	22.2	21.4	21.9	21.7	21.2	21.4	21.1	21.6	-0.3	-0.2
EU-25 (average[4)])[5]	19.8	19.7	19.3	19.6	19.3	19.4	19.7	19.7	19.7	19.2	19.5	-0.1	-0.5
EU-15 (average[4)])	17.0	17.0	16.9	17.3	17.0	16.9	17.5	17.7	17.9	17.5	17.3	0.5	0.4
EUR-12 (average[4)])	18.3	18.2	18.1	18.6	18.2	18.1	18.6	18.9	19.1	18.7	18.5	0.5	0.5
NMS-10 (average[4)])[5]	24.9	24.7	23.8	23.9	23.7	23.9	23.9	23.3	22.9	22.0	23.7	-1.0	-2.9
Ratio st.dev. and mean in %	45.8	44.5	43.2	41.2	42.8	43.7	42.1	41.9	39.9	39.6			-6.2
Difference max. and min.	34.1	33.0	31.4	31.9	34.6	34.7	34.5	34.3	33.4	32.9			-1.2

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation. 3) Total Taxation weighted. 4) arithmetic average 5) Slovakia excluded from averages

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	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	13.7	13.6	13.7	13.7	13.7	13.9	14.3	14.2	13.7	13.5	13.8	0.2	-0.2
CZ	7.5	7.5	7.6	7.4	7.2	7.3	7.2	7.6	7.7	7.5	7.4	0.1	0.0
DK	20.7	20.8	20.9	20.4	21.3	21.3	21.5	20.7	20.3	19.6	20.7	-0.3	-1.1
DE	13.8	13.7	13.8	13.8	13.8	14.3	14.1	14.0	13.7	12.9	13.8	-0.3	-0.9
EE	8.0	7.5	7.2	7.6	7.5	6.6	6.3	6.4	6.6	6.4	7.0	-2.6	-1.6
EL	6.2	6.4	6.7	7.1	7.4	7.2	7.1	7.3	7.5	7.3	7.0	1.8	1.1
ES	6.0	6.1	5.8	5.8	5.5	5.5	5.7	5.7	5.7	5.5	5.7	-0.8	-0.4
FR	9.0	9.2	9.1	9.4	9.7	9.6	9.7	9.5	9.6	10.0	9.5	1.0	1.0
IE	10.5	10.4	10.0	9.4	9.0	8.7	8.1	7.2	7.1	7.7	8.8	-4.6	-2.8
IT	7.7	7.7	7.9	8.0	8.2	7.8	7.9	7.9	7.9	7.9	7.9	0.2	0.3
CY	-	-	-	-	-	-	-	-	-	4.4	4.4	-	-
LV	5.7	6.1	8.1	8.3	8.2	7.8	7.7	7.6	8.0	8.1	7.5	2.8	2.4
LT	6.3	6.1	7.0	7.4	7.9	7.8	7.4	6.9	6.7	7.0	7.1	0.9	0.7
LU	10.6	10.6	10.1	9.4	9.8	9.7	10.0	9.6	9.8	9.7	9.9	-0.8	-0.8
HU	7.7	8.0	7.7	7.4	7.7	7.9	8.3	9.1	8.9	8.8	8.2	1.9	1.1
MT	6.2	5.8	6.2	5.8	6.3	6.8	7.4	7.4	7.5	8.1	6.8	3.6	1.9
NL	15.9	15.1	15.0	12.5	13.1	13.5	11.1	11.3	11.6	11.5	13.1	-3.9	-4.4
AT	11.6	11.6	12.2	12.2	12.2	11.9	12.0	12.1	12.0	11.7	12.0	0.1	0.0
PL	8.9	9.1	8.9	8.8	10.4	8.3	9.2	8.8	8.4	8.1	8.9	-1.0	-0.8
PT	6.6	6.7	6.5	6.4	6.6	6.8	6.9	6.9	6.8	-	6.7	-	-
SI	13.8	13.6	13.5	13.4	13.2	13.4	13.4	13.3	13.2	13.2	13.4	-0.4	-0.6
SK	-	-	-	-	-	6.2	-	6.1	5.7	-	6.0	-	-
FI	11.6	12.8	11.9	11.8	11.7	12.2	12.5	12.2	11.9	11.6	12.0	-0.1	0.0
SE	12.6	13.5	14.0	14.6	14.4	13.9	13.8	13.0	13.2	13.2	13.6	-0.1	0.7
UK	10.5	9.8	9.6	10.3	10.3	10.6	10.6	10.1	10.0	10.1	10.2	0.1	-0.3
NO	12.0	11.9	12.1	13.0	12.7	11.2	11.5	12.1	12.1	-	12.1	-	-
EU-25 (weighted average[3)])[5]	11.0	10.8	10.8	10.8	10.9	10.9	10.8	10.6	10.5	10.4	10.7	-0.5	-0.6
EU-15 (weighted average[3)])	11.1	10.9	10.8	10.9	10.9	11.0	10.9	10.7	10.6	10.5	10.8	-0.5	-0.6
EUR-12 (weighted average[3)])	10.9	10.8	10.7	10.6	10.7	10.8	10.6	10.4	10.4	10.2	10.6	-0.6	-0.7
NMS-10 (weighted average[3)])[5]	8.7	8.7	8.7	8.5	9.4	8.3	8.8	8.7	8.5	8.2	8.7	-0.4	-0.4
EU-25 (average[4)])[5]	10.0	10.1	10.2	10.0	10.2	10.1	10.1	9.9	9.9	9.7	10.0	-0.3	-0.3
EU-15 (average[4)])	11.1	11.2	11.2	11.0	11.1	11.1	11.0	10.8	10.7	10.9	11.0	-0.4	-0.2
EUR-12 (average[4)])	10.3	10.3	10.2	10.0	10.0	10.1	10.0	9.8	9.8	9.9	10.0	-0.5	-0.3
NMS-10 (average[4)])[5]	8.0	8.0	8.3	8.3	8.5	8.2	8.4	8.4	8.4	8.0	8.2	0.2	-0.1
Ratio st.dev. and mean in %	34.4	35.0	34.3	32.7	33.1	33.8	33.9	33.2	32.7	32.4			-2.0
Difference max. and min.	15.0	15.0	15.1	14.6	15.8	15.7	15.9	15.0	14.6	15.2			0.2

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average 5) Slovakia excluded from average

See explanatory notes in Annex C

Source: Commission Services

Table C.2.1.2_T: Taxes on Labour as % of Total Taxation: Employed paid by employees

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1] 1995-2004	Difference[2] 1995 to 2004
BE	31.3	30.6	30.6	30.2	30.0	30.7	31.5	31.4	30.4	29.9	30.7	-0.1	-1.4
CZ	20.8	21.2	21.4	21.8	20.8	21.2	20.9	21.3	21.3	20.6	21.1	-0.1	-0.2
DK	42.3	42.3	42.7	41.4	42.4	43.1	44.5	43.2	42.6	40.1	42.5	-0.1	-2.2
DE	34.7	33.7	33.9	33.7	33.0	34.2	35.3	35.3	34.7	33.4	34.2	0.1	-1.3
EE	21.2	21.1	20.0	21.7	21.7	20.2	19.9	19.7	20.0	19.7	20.5	-0.9	-1.5
EL	19.1	19.3	19.7	19.6	19.8	19.1	19.3	19.6	20.6	20.9	19.7	0.7	1.8
ES	18.2	18.3	17.5	17.6	16.3	16.3	17.0	16.9	16.6	16.0	17.1	-1.3	-2.2
FR	21.0	20.9	20.7	21.4	21.5	21.8	22.1	22.0	22.4	23.0	21.7	1.0	2.0
IE	31.7	31.4	30.8	29.6	28.4	27.4	27.4	25.5	24.3	25.5	28.2	-3.0	-6.3
IT	19.2	18.5	18.1	18.8	19.4	18.7	19.0	19.3	19.1	19.5	19.0	0.4	0.3
CY	-	-	-	-	-	-	-	-	-	12.8	12.8	-	-
LV	16.9	19.4	24.7	24.2	25.2	26.3	26.9	27.1	28.2	28.3	24.7	4.9	11.5
LT	21.9	21.9	22.2	22.9	24.8	25.9	25.6	24.4	23.9	24.6	23.8	1.5	2.7
LU	24.9	25.0	24.2	23.3	24.1	24.0	24.7	23.5	23.8	24.3	24.2	-0.3	-0.7
HU	18.6	19.6	19.9	19.1	19.8	20.1	20.9	23.2	22.7	22.6	20.6	2.3	4.0
MT	22.3	22.3	22.5	22.2	23.0	23.9	24.5	23.1	23.4	23.0	23.0	0.6	0.7
NL	39.2	37.0	36.9	31.1	31.5	32.5	29.0	30.0	31.0	30.3	32.8	-2.9	-8.9
AT	28.2	27.3	27.8	27.6	27.9	27.7	26.9	27.6	27.9	27.4	27.6	-0.1	-0.8
PL	23.3	24.3	24.3	24.6	28.6	24.3	27.2	25.7	25.3	24.7	25.2	0.7	1.4
PT	20.8	20.3	19.9	19.3	19.2	19.8	20.4	19.8	19.3	-	19.9	-	-
SI	34.3	35.0	35.6	34.5	33.7	34.7	34.7	33.9	33.4	33.3	34.3	-0.5	-1.0
SK	-	-	-	-	-	18.8	-	18.9	18.4	-	18.7	-	-
FI	25.5	27.2	25.7	25.8	25.2	25.5	27.3	26.8	26.6	26.2	26.2	0.3	0.7
SE	25.7	26.2	26.9	27.6	27.1	26.0	26.8	26.2	26.3	26.2	26.5	0.0	0.6
UK	29.6	28.0	26.9	28.1	27.9	28.4	28.6	28.4	28.1	28.1	28.2	-0.1	-1.5
NO	28.4	27.8	28.4	30.7	29.6	26.1	26.5	27.8	28.1	-	28.2	-	-
EU-25 (weighted average[3])[5]	27.7	26.8	26.4	26.5	26.4	26.7	27.0	26.8	26.5	26.3	26.7	-0.2	-1.4
EU-15 (weighted average[3])	27.8	26.9	26.5	26.6	26.4	26.8	27.0	26.9	26.6	26.4	26.8	-0.3	-1.4
EUR-12 (weighted average[3])	27.2	26.3	25.9	25.8	25.6	25.9	26.2	26.1	25.9	25.6	26.1	-0.4	-1.6
NMS-10 (weighted average[3])[5]	22.7	23.5	23.7	23.8	25.9	23.8	25.4	24.8	24.4	23.6	24.2	0.6	1.0
EU-25 (average[4])[5]	25.7	25.7	25.8	25.5	25.7	25.7	26.1	25.8	25.7	25.2	25.7	0.0	-0.5
EU-15 (average[4])	27.4	27.1	26.8	26.3	26.2	26.3	26.7	26.4	26.3	26.5	26.6	-0.3	-0.9
EUR-12 (average[4])	26.2	25.8	25.5	24.8	24.7	24.8	25.0	24.8	24.7	25.1	25.1	-0.5	-1.0
NMS-10 (average[4])[5]	22.4	23.1	23.8	23.9	24.7	24.6	25.1	24.8	24.8	23.3	24.0	0.7	0.9
Ratio st.dev. and mean in %	25.5	24.7	25.2	22.4	22.6	23.6	23.3	22.8	22.6	22.8			-2.7
Difference max. and min.	25.5	24.0	25.2	23.8	26.2	26.7	27.5	26.4	26.0	27.3			1.8

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation. 3) Total Taxation weighted. 4) arithmetic average 5) Slovakia excluded from averages

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	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	2.0	2.1	2.1	2.1	2.0	2.0	2.1	2.1	2.1	2.0	2.1	-0.1	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
DK	6.1	6.0	5.5	5.2	5.1	4.9	4.8	4.9	5.0	5.0	5.3	-2.4	-1.1
DE	2.6	2.9	2.9	2.8	2.8	2.6	2.5	2.7	2.6	2.6	2.7	-0.8	0.0
EE	0.2	0.2	0.2	0.3	0.2	0.1	0.2	0.2	0.2	0.1	0.2	-3.6	-0.1
EL	0.8	0.8	0.9	1.0	1.1	1.0	1.0	1.0	1.0	1.0	1.0	2.4	0.2
ES	2.2	2.2	2.0	1.9	1.8	1.7	1.8	1.9	1.8	1.8	1.9	-2.3	-0.5
FR	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.1	1.1	0.9	1.2	-3.7	-0.5
IE	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	-13.2	-0.1
IT	1.9	1.9	2.0	2.2	2.1	2.0	2.2	2.1	1.7	1.7	2.0	-0.9	-0.1
CY	-	-	-	-	-	-	-	-	-	-	-	-	-
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
LT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.2	0.1	21.6	0.1
LU	2.0	1.9	1.9	1.5	1.6	1.5	1.4	1.3	1.4	1.4	1.6	-4.3	-0.6
HU	0.8	0.8	0.7	0.7	0.9	1.0	0.9	0.9	0.9	0.8	0.8	2.5	0.1
MT	0.7	0.6	0.7	0.6	0.7	0.8	0.9	0.9	0.9	1.0	0.8	5.5	0.3
NL	4.3	4.0	3.7	3.0	3.1	3.0	2.4	2.5	2.5	2.5	3.1	-6.4	-1.8
AT	2.0	2.1	2.2	2.3	2.4	2.3	2.4	2.5	2.6	2.5	2.3	2.6	0.6
PL	2.3	2.2	1.9	1.8	0.8	0.7	0.8	0.7	0.7	0.7	1.3	-15.6	-1.6
PT	0.5	0.6	0.5	0.5	0.6	0.6	0.7	0.7	0.8	-	0.6	-	-
SI	0.6	0.7	0.7	0.8	0.8	0.7	0.9	0.9	1.0	1.0	0.8	5.4	0.4
SK	-	-	-	-	-	0.1	-	0.1	0.2	-	0.1	-	-
FI	4.0	4.1	3.5	3.2	3.0	2.9	2.8	2.8	2.8	2.7	3.2	-4.7	-1.3
SE	5.5	5.4	5.2	5.1	5.0	4.5	4.4	4.2	4.6	4.6	4.8	-2.6	-0.8
UK	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	1.9	0.0
NO	1.0	1.0	1.0	1.2	1.1	1.0	1.0	1.0	1.0	-	1.0	-	-
EU-25 (weighted average[3])[5]	2.1	2.1	2.0	1.9	1.9	1.8	1.7	1.7	1.7	1.7	1.9	-2.8	-0.4
EU-15 (weighted average[3])	2.1	2.1	2.1	2.0	1.9	1.8	1.8	1.8	1.8	1.7	1.9	-2.5	-0.4
EUR-12 (weighted average[3])	2.2	2.2	2.2	2.1	2.1	2.0	2.0	2.0	1.9	1.9	2.1	-2.0	-0.3
NMS-10 (weighted average[3])[5]	1.3	1.3	1.1	1.1	0.6	0.6	0.6	0.6	0.6	0.5	0.8	-11.1	-0.8
EU-25 (average[4])[5]	1.7	1.7	1.7	1.6	1.5	1.5	1.5	1.5	1.5	1.5	1.6	-2.0	-0.2
EU-15 (average[4])	2.4	2.4	2.3	2.2	2.1	2.0	2.0	2.0	2.0	2.1	2.1	-2.0	-0.3
EUR-12 (average[4])	2.0	2.0	1.9	1.8	1.8	1.8	1.7	1.7	1.7	1.7	1.8	-1.8	-0.2
NMS-10 (average[4])[5]	0.6	0.6	0.5	0.5	0.4	0.4	0.5	0.5	0.5	0.5	0.5	-1.7	-0.1
Ratio st.dev. and mean in %	85.6	82.2	79.1	78.2	79.6	79.3	77.2	76.2	79.8	84.2			-1.4
Difference max. and min.	6.1	6.0	5.5	5.2	5.1	4.9	4.8	4.9	5.0	5.0			-1.1

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average 5) Slovakia excluded from average

See explanatory notes in Annex C

Source: Commission Services

Table C.2.2_T: Taxes on Labour as % of Total Taxation: Non-employed

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	4.6	4.7	4.8	4.7	4.5	4.5	4.7	4.7	4.6	4.5	4.6	-0.3	-0.1
CZ	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0
DK	12.6	12.3	11.1	10.6	10.2	9.9	9.9	10.1	10.6	10.3	10.8	-2.2	-2.3
DE	6.5	7.1	7.2	6.9	6.6	6.1	6.3	6.7	6.7	6.8	6.7	-0.4	0.3
EE	0.5	0.5	0.5	0.8	0.5	0.4	0.5	0.5	0.5	0.4	0.5	-2.0	-0.1
EL	2.4	2.5	2.6	2.8	2.9	2.7	2.8	2.7	2.7	2.8	2.7	1.3	0.4
ES	6.9	6.6	6.0	5.7	5.3	5.1	5.3	5.5	5.4	5.2	5.7	-2.8	-1.7
FR	3.1	3.0	3.0	2.7	2.7	2.7	2.7	2.6	2.6	2.0	2.7	-3.6	-1.2
IE	0.5	0.5	0.4	0.4	0.3	0.3	0.2	0.2	0.2	0.2	0.3	-11.7	-0.3
IT	4.7	4.6	4.7	5.1	4.8	4.8	5.2	5.2	4.2	4.2	4.7	-0.6	-0.4
CY	-	-	-	-	-	-	-	-	-	-	-	-	-
LV	0.0	0.0	0.0	0.1	0.3	0.3	0.3	0.3	0.3	0.3	0.2	-	0.3
LT	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.5	0.6	0.6	0.3	22.2	0.5
LU	4.7	4.5	4.5	3.8	3.9	3.7	3.4	3.2	3.5	3.6	3.9	-3.8	-1.1
HU	1.9	1.9	1.8	1.8	2.2	2.4	2.4	2.4	2.3	2.1	2.1	2.9	0.3
MT	2.5	2.4	2.4	2.4	2.7	2.8	2.9	2.8	2.9	2.9	2.7	2.6	0.4
NL	10.5	9.9	9.0	7.5	7.5	7.3	6.4	6.5	6.8	6.7	7.8	-5.4	-3.9
AT	4.7	4.9	5.1	5.3	5.5	5.4	5.4	5.7	5.9	5.9	5.4	2.4	1.2
PL	5.9	5.9	5.1	5.1	2.1	2.1	2.3	2.2	2.2	2.0	3.5	-13.9	-3.8
PT	1.7	1.7	1.7	1.6	1.7	1.8	2.0	2.1	2.2	-	1.8	-	-
SI	1.5	1.7	1.8	2.0	2.0	1.9	2.4	2.4	2.5	2.5	2.1	5.3	0.9
SK	-	-	-	-	-	0.2	-	0.3	0.6	-	0.4	-	-
FI	8.9	8.7	7.7	6.9	6.4	6.2	6.1	6.2	6.2	6.1	6.9	-4.3	-2.7
SE	11.1	10.4	10.0	9.7	9.3	8.5	8.5	8.4	9.1	9.1	9.4	-2.4	-2.0
UK	0.5	0.5	0.4	0.5	0.4	0.4	0.5	0.5	0.5	0.5	0.5	1.7	0.1
NO	2.3	2.3	2.4	2.8	2.7	2.4	2.4	2.4	2.4	-	2.5	-	-
EU-25 (weighted average[3])[5]	5.2	5.2	5.0	4.7	4.5	4.3	4.3	4.4	4.3	4.2	4.6	-2.5	-1.0
EU-15 (weighted average[3])	5.2	5.3	5.0	4.8	4.6	4.4	4.4	4.5	4.5	4.3	4.7	-2.3	-0.9
EUR-12 (weighted average[3])	5.4	5.5	5.4	5.2	5.0	4.8	4.9	5.0	4.8	4.7	5.1	-1.8	-0.7
NMS-10 (weighted average[3])[5]	3.4	3.5	3.1	3.1	1.6	1.7	1.8	1.7	1.7	1.5	2.3	-10.1	-1.9
EU-25 (average[4])[5]	4.2	4.1	3.9	3.8	3.6	3.5	3.5	3.5	3.6	3.6	3.7	-1.8	-0.6
EU-15 (average[4])	5.6	5.4	5.2	4.9	4.8	4.6	4.6	4.7	4.7	4.8	4.9	-1.8	-0.7
EUR-12 (average[4])	4.9	4.9	4.7	4.4	4.3	4.2	4.2	4.3	4.3	4.4	4.5	-1.7	-0.6
NMS-10 (average[4])[5]	1.5	1.6	1.5	1.5	1.2	1.3	1.4	1.4	1.4	1.4	1.4	-1.4	-0.2
Ratio st.dev. and mean in %	73.1	69.8	67.4	65.7	66.4	66.6	64.7	64.5	67.2	70.1			-3.0
Difference max. and min.	12.6	12.3	11.1	10.6	10.2	9.9	9.9	10.1	10.6	10.3			-2.3

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation. 3) Total Taxation weighted. 4) arithmetic average 5) Slovakia excluded from averages
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	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	8.8	9.0	9.3	9.9	9.7	9.6	9.5	9.4	9.7	10.2	9.5	1.0	1.4
CZ	7.3	6.2	6.6	6.1	6.5	6.3	6.8	7.1	7.3	7.1	6.7	0.9	-0.3
DK	6.4	6.3	6.4	6.9	6.9	7.2	6.0	6.1	6.5	8.1	6.7	1.1	1.7
DE	5.6	6.4	6.3	6.6	7.1	7.0	5.5	5.2	5.4	5.8	6.1	-1.4	0.2
EE	3.2	3.4	3.7	3.9	3.4	2.3	2.0	2.5	2.9	2.9	3.0	-3.9	-0.3
EL	7.6	7.4	8.6	10.0	10.6	11.5	9.9	9.7	9.2	8.9	9.3	2.1	1.3
ES	7.5	7.5	8.2	8.2	8.8	9.0	8.5	9.0	8.9	9.5	8.5	2.4	2.1
FR	8.1	8.8	9.1	9.4	9.8	9.9	10.0	9.3	9.0	9.1	9.2	0.9	1.0
IE	6.6	7.0	7.1	7.3	8.0	8.0	7.8	7.4	8.4	8.6	7.6	2.5	2.0
IT	11.7	12.1	12.8	11.2	11.5	11.3	11.2	10.8	11.7	10.9	11.5	-1.1	-0.8
CY	6.7	7.1	7.1	8.9	9.7	10.5	9.8	9.4	8.2	8.4	8.6	2.9	1.7
LV	3.9	3.4	4.1	4.5	4.2	3.3	3.7	3.4	2.9	3.1	3.7	-2.9	-0.8
LT	3.6	3.4	3.2	2.9	2.6	2.3	2.0	2.0	2.6	3.1	2.8	-4.3	-0.6
LU	13.2	13.7	13.7	13.8	13.4	13.5	13.5	13.9	13.3	11.5	13.4	-0.9	-1.7
HU	3.9	4.1	4.1	4.4	4.7	4.6	5.0	5.0	4.8	5.0	4.6	2.9	1.1
MT	7.6	6.9	7.1	6.7	7.1	7.3	7.6	8.3	9.4	9.9	7.8	3.5	2.4
NL	7.8	8.8	9.2	9.2	9.6	8.9	9.3	8.7	7.9	8.2	8.8	-0.3	0.4
AT	6.1	6.9	7.0	7.3	6.8	6.9	8.5	7.2	6.8	7.0	7.0	1.1	0.9
PL	8.6	7.0	7.4	7.0	6.8	7.6	7.4	7.9	7.3	7.6	7.5	-0.1	-1.0
PT	6.8	7.4	7.8	7.9	8.5	8.7	8.1	8.2	8.0	-	7.9	-	-
SI	2.1	2.4	2.8	3.0	3.1	3.1	3.4	3.6	3.8	4.2	3.2	6.4	2.0
SK	-	-	-	-	-	6.1	-	5.5	6.1	-	5.9	-	-
FI	5.6	6.2	7.0	7.9	8.1	10.0	8.1	7.8	6.9	7.1	7.5	2.2	1.5
SE	5.0	6.0	6.6	6.4	7.2	8.5	6.2	5.3	5.4	6.1	6.3	0.1	1.2
UK	9.3	9.7	10.4	10.9	10.9	11.2	11.1	10.3	10.1	10.5	10.4	0.8	1.1
NO	9.2	10.3	9.7	8.0	9.2	13.3	13.2	12.6	12.4	-	10.9	-	-
EU-25 (weighted average[3)])[5]	7.7	8.3	8.7	8.8	9.1	9.2	8.7	8.3	8.4	8.6	8.6	0.5	0.9
EU-15 (weighted average[3)])	7.7	8.4	8.8	8.9	9.2	9.3	8.9	8.4	8.5	8.7	8.7	0.5	1.0
EUR-12 (weighted average[3)])	7.6	8.3	8.6	8.6	9.0	9.0	8.5	8.2	8.3	8.4	8.4	0.3	0.8
NMS-10 (weighted average[3)])[5]	6.8	5.9	6.2	6.1	6.0	6.4	6.5	6.7	6.3	6.5	6.3	0.4	-0.4
EU-25 (average[4)])[5]	6.8	7.0	7.3	7.5	7.7	7.9	7.5	7.4	7.3	7.5	7.4	0.8	0.7
EU-15 (average[4)])	7.7	8.2	8.6	8.9	9.1	9.4	8.9	8.6	8.5	8.7	8.7	0.8	0.9
EUR-12 (average[4)])	7.9	8.4	8.8	9.1	9.3	9.5	9.1	8.9	8.8	8.8	8.9	0.8	0.9
NMS-10 (average[4)])[5]	5.2	4.9	5.1	5.3	5.3	5.3	5.3	5.5	5.5	5.7	5.3	1.1	0.5
Ratio st.dev. and mean in %	33.3	31.9	31.0	30.4	30.4	32.3	33.3	33.6	32.3	29.7			-3.6
Difference max. and min.	11.0	11.3	10.9	10.9	10.8	11.2	11.5	11.9	10.8	8.6			-2.4

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average 5) Slovakia excluded from average

See explanatory notes in Annex C

Source: Commission Services

Table C.3_T: Taxes on Capital as % of Total Taxation: Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	20.0	20.4	20.7	21.8	21.3	21.3	20.9	20.7	21.6	22.4	21.1	0.8	2.4
CZ	20.3	17.6	18.6	18.0	18.7	18.3	19.8	20.1	20.3	19.3	19.1	0.7	-0.9
DK	13.0	12.8	13.0	14.0	13.8	14.6	12.4	12.8	13.6	16.6	13.7	1.4	3.6
DE	14.0	15.7	15.4	16.2	17.1	16.7	13.7	13.2	13.7	15.0	15.1	-1.0	1.0
EE	8.4	9.6	10.2	11.2	9.9	7.2	6.4	7.7	8.7	8.9	8.8	-2.2	0.4
EL	23.3	22.4	25.1	27.5	28.5	30.2	27.0	25.9	25.2	25.3	26.0	1.0	2.0
ES	22.8	22.7	24.8	24.9	26.3	26.4	25.5	26.4	26.3	27.5	25.4	1.9	4.7
FR	19.1	20.0	20.7	21.3	21.8	22.4	22.7	21.6	20.8	21.0	21.1	1.0	2.0
IE	19.8	21.3	22.0	23.2	25.1	25.4	26.4	26.1	28.8	28.4	24.7	4.0	8.6
IT	29.2	28.9	29.3	26.4	27.0	27.0	27.0	26.3	28.1	26.7	27.6	-0.9	-2.4
CY	25.1	26.6	27.2	31.5	34.1	34.4	31.0	29.9	24.6	24.7	28.9	-0.1	-0.3
LV	11.7	10.9	12.6	13.0	12.9	11.2	13.0	12.2	10.3	11.0	11.9	-0.8	-0.7
LT	12.7	12.1	10.3	9.0	8.1	7.7	7.1	6.9	9.0	10.9	9.4	-3.8	-1.9
LU	31.1	32.2	32.9	34.2	33.1	33.5	33.3	33.8	32.5	28.7	32.5	-0.4	-2.4
HU	9.4	10.1	10.5	11.2	12.0	11.8	12.8	12.8	12.3	12.8	11.6	3.4	3.4
MT	27.4	26.6	25.4	25.6	26.1	25.7	25.0	25.9	29.1	28.3	26.5	0.5	0.9
NL	19.2	21.6	22.6	22.8	23.0	21.6	24.4	23.0	21.2	21.8	22.1	0.7	2.6
AT	14.7	16.2	15.9	16.6	15.5	16.1	18.9	16.6	15.8	16.3	16.2	0.8	1.6
PL	22.4	18.7	20.2	19.5	18.6	22.3	21.8	23.0	22.1	23.1	21.2	1.5	0.6
PT	21.5	22.6	23.6	23.8	24.9	25.3	23.8	23.7	22.8	-	23.5	-	-
SI	5.3	6.2	7.5	7.8	7.9	8.1	8.7	9.1	9.6	10.5	8.1	6.4	5.2
SK	-	-	-	-	-	18.5	-	17.1	19.5	-	18.4	-	-
FI	12.2	13.2	15.3	17.2	17.5	21.0	17.6	17.1	15.4	16.0	16.3	2.6	3.8
SE	10.1	11.6	12.7	12.1	13.6	16.0	12.2	10.7	10.8	12.2	12.2	0.2	2.0
UK	26.4	27.8	29.3	29.8	29.5	29.8	30.0	29.0	28.4	29.0	28.9	0.6	2.6
NO	21.8	24.1	22.9	18.8	21.5	30.9	30.5	29.0	28.8	-	25.4	-	-
EU-25 (weighted average[3)])[5]	19.4	20.5	21.4	21.6	22.1	22.5	21.8	21.2	21.2	21.8	21.3	0.8	2.4
EU-15 (weighted average[3)])	19.4	20.6	21.6	21.7	22.3	22.6	22.0	21.3	21.3	21.9	21.5	0.8	2.5
EUR-12 (weighted average[3)])	19.0	20.3	20.9	20.9	21.6	21.7	21.0	20.4	20.6	21.1	20.8	0.6	2.0
NMS-10 (weighted average[3)])[5]	18.1	16.1	17.2	17.0	16.7	18.5	18.6	19.0	18.2	18.6	17.8	1.2	0.5
EU-25 (average[4)])[5]	18.3	18.7	19.4	19.9	20.3	20.6	20.1	19.8	19.6	19.8	19.6	0.7	1.5
EU-15 (average[4)])	19.8	20.6	21.6	22.1	22.5	23.2	22.4	21.8	21.7	21.9	21.8	0.9	2.2
EUR-12 (average[4)])	20.6	21.4	22.4	23.0	23.4	23.9	23.4	22.9	22.7	22.7	22.6	0.9	2.1
NMS-10 (average[4)])[5]	15.9	15.4	15.8	16.3	16.5	16.3	16.2	16.4	16.2	16.6	16.2	0.6	0.7
Ratio st.dev. and mean in %	36.3	33.9	32.9	33.9	34.7	34.7	35.5	35.5	34.4	31.3			-5.0
Difference max. and min.	25.7	26.0	25.4	26.3	26.3	27.2	26.9	26.9	23.9	20.2			-5.6

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation. 3) Total Taxation weighted. 4) arithmetic average 5) Slovakia excluded from averages

See explanatory notes in Annex C

Source: Commission Services

Table C.3.1_G: Taxes on Capital as % of GDP: Capital and business income

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1] 1995-2004	Difference[2] 1995 to 2004
BE	5.8	5.8	5.9	6.4	6.2	6.2	6.1	5.9	6.1	6.3	6.1	0.5	0.5
CZ	6.3	5.1	5.6	5.1	5.5	5.2	5.9	6.1	6.4	6.3	5.8	1.5	0.0
DK	4.5	4.5	4.6	4.9	4.9	4.8	3.4	3.4	3.7	5.3	4.4	-1.4	0.8
DE	4.4	5.2	5.2	5.5	5.9	5.9	4.4	4.2	4.4	4.7	5.0	-1.5	0.3
EE	2.6	1.7	2.1	2.6	2.3	1.3	1.1	1.6	2.2	2.3	2.0	-2.4	-0.3
EL	5.7	5.3	5.7	7.1	7.2	8.1	7.0	7.2	6.7	6.5	6.6	2.5	0.8
ES	5.0	5.1	5.7	5.6	6.0	6.1	5.8	6.1	5.9	6.2	5.7	2.0	1.2
FR	3.9	4.3	4.5	4.6	5.0	5.4	5.5	5.0	4.6	4.5	4.7	1.7	0.6
IE	4.5	5.0	5.1	5.4	5.9	6.0	5.9	5.6	6.2	6.2	5.6	3.1	1.7
IT	7.7	8.4	8.9	7.8	8.4	8.6	8.7	7.9	9.1	8.2	8.4	0.4	0.4
CY	4.9	5.3	5.3	6.8	7.8	7.5	7.5	7.4	5.9	5.4	6.4	2.1	0.4
LV	1.9	1.9	2.3	2.4	2.1	1.7	2.0	2.2	1.6	1.9	2.0	-1.2	0.0
LT	2.7	2.4	2.2	2.0	1.6	1.4	1.3	1.2	1.9	2.4	1.9	-4.2	-0.3
LU	10.1	10.4	10.3	10.2	9.4	9.2	9.5	10.5	10.2	8.3	9.8	-1.2	-1.8
HU	2.8	2.8	2.8	3.0	3.3	3.2	3.5	3.4	3.3	3.1	3.1	2.2	0.3
MT	4.4	4.1	4.3	4.0	4.3	4.6	4.9	5.7	6.4	6.3	4.9	5.0	1.8
NL	5.3	6.2	6.5	6.4	6.6	6.0	6.5	5.8	5.2	5.4	6.0	-1.1	0.0
AT	4.9	5.7	5.9	6.1	5.6	5.7	7.3	6.1	5.7	5.9	5.9	1.5	1.0
PL	5.4	4.8	5.1	4.9	4.6	5.2	5.4	5.9	5.7	5.5	5.2	1.5	0.1
PT	4.3	4.9	5.2	5.1	5.4	5.7	5.2	5.1	4.5	-	5.0	-	-
SI	1.5	1.8	2.1	2.1	2.1	2.1	2.3	2.6	2.8	3.1	2.2	6.6	1.6
SK	-	-	-	-	-	4.9	-	4.6	5.2	-	4.9	-	-
FI	4.4	5.0	5.8	6.6	6.8	8.7	6.8	6.5	5.6	5.7	6.2	2.5	1.3
SE	3.4	3.9	4.4	4.2	5.1	6.3	4.3	3.4	3.5	4.3	4.3	0.3	0.9
UK	5.5	5.9	6.5	6.8	6.7	6.7	6.8	6.0	5.8	6.1	6.3	0.2	0.6
NO	6.8	7.7	7.4	5.4	6.8	11.2	11.1	10.4	10.1	-	8.5	-	-
EU-25 (weighted average[3])[5]	5.0	5.5	5.9	5.9	6.2	6.3	6.0	5.5	5.6	5.7	5.8	0.5	0.7
EU-15 (weighted average[3])	5.0	5.6	5.9	6.0	6.3	6.4	6.0	5.6	5.6	5.7	5.8	0.5	0.7
EUR-12 (weighted average[3])	5.0	5.6	5.9	5.9	6.3	6.4	6.0	5.6	5.7	5.7	5.8	0.6	0.7
NMS-10 (weighted average[3])[5]	4.7	4.2	4.4	4.4	4.3	4.5	4.8	5.1	4.9	4.8	4.6	1.4	0.1
EU-25 (average[4])[5]	4.7	4.8	5.1	5.2	5.4	5.5	5.3	5.2	5.1	5.2	5.1	1.0	0.5
EU-15 (average[4])	5.3	5.7	6.0	6.2	6.3	6.6	6.2	5.9	5.8	6.0	6.0	0.7	0.7
EUR-12 (average[4])	5.5	5.9	6.2	6.4	6.5	6.8	6.6	6.3	6.2	6.2	6.3	0.9	0.7
NMS-10 (average[4])[5]	3.6	3.3	3.5	3.7	3.7	3.6	3.8	4.0	4.0	4.0	3.7	1.8	0.4
Ratio st.dev. and mean in %	36.7	35.4	33.8	33.3	32.4	34.5	36.8	38.1	36.0	30.3			-6.4
Difference max. and min.	8.6	8.7	8.3	8.2	7.8	7.9	8.5	9.3	8.6	6.4			-2.2

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average 5) Slovakia excluded from average

See explanatory notes in Annex C

Source: Commission Services

Table C.3.1_T: Taxes on Capital as % of Total Taxation: Capital and business income

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	13.3	13.2	13.2	14.2	13.5	13.6	13.4	13.0	13.5	13.9	13.5	0.2	0.6
CZ	17.4	14.4	15.7	15.0	15.9	15.2	17.0	17.3	17.8	17.3	16.3	1.3	-0.1
DK	9.2	9.2	9.3	10.0	9.8	9.7	7.0	7.2	7.9	10.9	9.0	-1.2	1.7
DE	11.2	12.7	12.8	13.4	14.3	14.1	11.0	10.6	11.0	12.2	12.3	-1.1	1.1
EE	6.8	4.8	5.7	7.4	6.8	4.1	3.4	4.8	6.6	6.9	5.7	-0.8	0.1
EL	17.4	16.0	16.7	19.5	19.3	21.3	19.3	19.2	18.3	18.6	18.6	1.4	1.1
ES	15.3	15.5	17.2	16.8	17.9	18.0	17.2	17.9	17.3	17.8	17.1	1.4	2.5
FR	9.1	9.8	10.1	10.5	11.2	12.1	12.6	11.5	10.6	10.4	10.8	1.8	1.3
IE	13.7	15.0	15.9	17.0	18.5	19.0	19.8	19.9	21.2	20.5	18.1	4.6	6.8
IT	19.3	20.1	20.5	18.5	19.9	20.6	21.0	19.3	21.8	20.1	20.1	0.6	0.8
CY	18.4	20.0	20.2	24.2	27.3	24.7	23.7	23.4	17.8	15.8	21.5	-1.0	-2.6
LV	5.6	6.1	7.0	7.0	6.6	5.9	7.1	7.6	5.7	6.7	6.5	0.9	1.1
LT	9.5	8.5	7.1	6.2	5.0	4.8	4.6	4.4	6.7	8.5	6.5	-3.6	-1.1
LU	23.9	24.4	24.8	25.4	23.1	22.8	23.5	25.6	24.9	20.8	23.9	-0.7	-3.2
HU	6.7	6.8	7.1	7.7	8.4	8.1	8.8	8.8	8.3	8.0	7.9	2.7	1.3
MT	16.1	15.6	15.5	15.3	15.8	16.3	16.3	17.6	19.7	17.8	16.6	2.1	1.7
NL	13.2	15.1	16.0	15.9	15.8	14.4	16.9	15.5	13.8	14.2	15.1	0.0	1.0
AT	11.8	13.5	13.3	13.9	12.9	13.4	16.4	14.0	13.2	13.9	13.6	1.3	2.1
PL	14.1	12.7	13.8	13.6	12.6	15.1	15.8	17.3	17.0	16.8	14.9	3.2	2.7
PT	13.6	14.9	15.9	15.4	15.8	16.5	15.2	14.6	13.0	-	15.0	-	-
SI	3.7	4.6	5.5	5.4	5.3	5.5	5.9	6.5	7.1	7.8	5.7	6.6	4.1
SK	-	-	-	-	-	14.8	-	14.1	16.5	-	15.1	-	-
FI	9.7	10.6	12.6	14.4	14.7	18.2	14.9	14.3	12.6	12.9	13.5	2.9	3.1
SE	6.9	7.5	8.4	8.0	9.5	11.9	8.4	6.8	7.1	8.4	8.3	0.4	1.5
UK	15.5	16.7	18.3	18.7	18.1	17.9	18.3	16.8	16.3	16.8	17.3	0.0	1.3
NO	16.1	18.0	17.3	12.8	15.9	26.1	25.7	23.8	23.5	-	19.9	-	-
EU-25 (weighted average[3)])[5]	12.6	13.7	14.4	14.6	15.1	15.5	14.9	14.1	14.1	14.4	14.3	0.8	1.8
EU-15 (weighted average[3)])	12.6	13.8	14.5	14.6	15.2	15.6	14.9	14.0	14.1	14.4	14.4	0.8	1.8
EUR-12 (weighted average[3)])	12.6	13.8	14.3	14.3	15.0	15.4	14.8	14.0	14.2	14.3	14.3	0.8	1.7
NMS-10 (weighted average[3)])[5]	12.5	11.4	12.3	12.2	11.9	13.0	13.8	14.5	14.1	13.8	13.0	2.2	1.4
EU-25 (average[4)])[5]	12.6	12.8	13.4	13.9	14.1	14.3	14.1	13.9	13.7	13.8	13.7	0.9	1.2
EU-15 (average[4)])	13.5	14.3	15.0	15.4	15.6	16.2	15.6	15.1	14.8	15.1	15.1	0.8	1.6
EUR-12 (average[4)])	14.3	15.1	15.7	16.2	16.4	17.0	16.8	16.3	15.9	15.9	16.0	1.0	1.6
NMS-10 (average[4)])[5]	10.9	10.4	10.9	11.3	11.5	11.1	11.4	12.0	11.9	11.7	11.3	1.2	0.8
Ratio st.dev. and mean in %	39.0	36.7	35.4	36.9	37.5	36.3	39.4	40.8	38.5	32.1			-6.9
Difference max. and min.	20.2	19.8	19.3	20.0	22.3	20.6	20.3	21.2	19.2	14.1			-6.2

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation. 3) Total Taxation weighted. 4) arithmetic average 5) Slovakia excluded from averages
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	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	2.3	2.7	2.8	3.4	3.2	3.2	3.1	3.0	2.9	3.2	3.0	2.1	0.9
CZ	4.6	3.4	3.9	3.4	3.9	3.5	4.2	4.4	4.6	4.4	4.0	1.7	-0.2
DK	2.3	2.5	2.7	3.0	2.4	3.3	2.8	2.9	2.9	3.2	2.8	2.5	0.8
DE	2.1	2.4	2.6	2.7	2.8	3.0	1.7	1.7	1.9	2.2	2.3	-2.7	0.2
EE	2.4	1.6	1.8	2.5	2.0	1.0	0.7	1.2	1.7	1.8	1.7	-5.4	-0.7
EL	2.6	2.3	2.6	3.1	3.5	4.5	3.7	3.7	3.2	3.3	3.3	4.3	0.7
ES	1.9	2.0	2.7	2.5	2.9	3.1	2.9	3.3	3.1	3.5	2.8	6.1	1.6
FR	1.8	2.0	2.3	2.3	2.7	2.8	3.1	2.5	2.1	2.4	2.4	2.7	0.6
IE	2.7	3.1	3.2	3.3	3.8	3.7	3.5	3.7	3.7	3.6	3.4	2.8	0.8
IT	2.8	3.3	3.7	2.8	3.3	2.9	3.6	3.1	3.5	3.1	3.2	0.6	0.3
CY	4.3	4.7	4.7	5.9	6.8	6.3	6.3	6.0	4.3	3.8	5.3	-0.1	-0.5
LV	1.8	1.9	2.2	2.3	2.1	1.6	1.9	1.9	1.5	1.7	1.9	-2.4	-0.1
LT	2.2	1.8	1.6	1.3	0.8	0.7	0.5	0.6	1.4	1.9	1.3	-6.6	-0.3
LU	7.5	7.7	7.9	7.8	7.1	7.2	7.5	8.4	7.9	6.1	7.5	-0.9	-1.4
HU	1.9	1.8	1.9	2.2	2.3	2.2	2.3	2.3	2.2	2.2	2.1	2.3	0.3
MT	2.9	2.5	2.6	2.5	2.8	2.9	3.2	4.0	4.6	4.3	3.2	6.4	1.4
NL	3.3	4.1	4.6	4.5	4.6	4.4	4.2	3.6	3.0	3.3	4.0	-2.1	0.1
AT	1.6	2.1	2.2	2.3	2.0	2.2	3.2	2.4	2.2	2.3	2.2	3.4	0.8
PL	3.2	2.8	3.0	2.7	2.4	2.4	1.9	2.0	1.8	2.2	2.4	-5.8	-1.0
PT	2.4	2.8	3.2	3.2	3.6	3.9	3.4	3.4	2.9	-	3.2	-	-
SI	0.5	0.7	0.9	1.0	1.1	1.2	1.2	1.5	1.7	2.0	1.2	12.6	1.4
SK	-	-	-	-	-	2.8	-	2.7	2.8	-	2.8	-	-
FI	2.2	2.7	3.4	4.3	4.4	6.0	4.3	4.3	3.4	3.6	3.9	4.4	1.4
SE	2.6	2.6	2.9	2.6	3.1	3.8	2.7	2.1	2.3	3.0	2.8	-0.6	0.4
UK	2.9	3.3	4.0	4.0	3.7	3.6	3.6	2.9	2.8	2.9	3.4	-1.7	0.1
NO	3.3	3.6	3.6	2.8	3.5	5.2	5.0	4.6	4.3	-	4.0	-	-
EU-25 (weighted average[3)])[5]	2.3	2.7	3.0	3.0	3.1	3.2	3.0	2.7	2.6	2.8	2.8	0.6	0.5
EU-15 (weighted average[3)])	2.3	2.7	3.1	3.0	3.1	3.3	3.0	2.7	2.6	2.8	2.9	0.7	0.5
EUR-12 (weighted average[3)])	2.2	2.6	2.9	2.8	3.1	3.1	2.9	2.6	2.6	2.8	2.8	1.1	0.6
NMS-10 (weighted average[3)])[5]	3.1	2.6	2.8	2.7	2.6	2.5	2.4	2.5	2.5	2.6	2.6	-1.7	-0.4
EU-25 (average[4)])[5]	2.7	2.8	3.1	3.2	3.2	3.3	3.1	3.1	3.0	3.0	3.1	1.0	0.3
EU-15 (average[4)])	2.7	3.0	3.4	3.5	3.5	3.8	3.5	3.4	3.2	3.3	3.3	1.3	0.5
EUR-12 (average[4)])	2.8	3.1	3.4	3.5	3.7	3.9	3.7	3.6	3.3	3.3	3.4	1.6	0.6
NMS-10 (average[4)])[5]	2.6	2.4	2.5	2.6	2.7	2.4	2.5	2.7	2.7	2.7	2.6	0.5	0.0
Ratio st.dev. and mean in %	56.6	50.1	45.1	47.9	47.2	48.7	52.6	60.0	52.3	36.8			-19.8
Difference max. and min.	7.0	7.0	7.0	6.9	6.3	6.5	7.0	7.9	6.5	4.4			-2.6

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average 5) Slovakia excluded from average

See explanatory notes in Annex C

Source: Commission Services

Table C.3.1.1_T: Taxes on Capital as % of Total Taxation: Income of corporations

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1] 1995-2004	Difference[2] 1995 to 2004
BE	5.4	6.0	6.3	7.4	7.1	7.1	6.9	6.7	6.5	7.1	6.6	1.9	1.7
CZ	12.7	9.7	11.0	10.1	11.2	10.3	12.0	12.4	12.8	12.1	11.4	1.5	-0.6
DK	4.8	5.1	5.5	6.1	4.8	6.6	5.7	6.0	6.0	6.5	5.7	2.7	1.7
DE	5.2	5.9	6.3	6.5	6.8	7.1	4.3	4.2	4.7	5.7	5.7	-2.3	0.6
EE	6.4	4.5	5.0	7.0	5.8	2.9	2.3	3.6	5.1	5.5	4.8	-3.8	-1.0
EL	8.0	6.8	7.5	8.6	9.5	12.0	10.1	9.9	8.9	9.4	9.1	3.2	1.4
ES	5.8	6.1	8.1	7.7	8.7	9.2	8.6	9.6	9.3	10.1	8.3	5.5	4.3
FR	4.2	4.7	5.2	5.3	5.9	6.3	7.0	5.9	5.0	5.5	5.5	2.7	1.3
IE	8.3	9.3	9.8	10.5	12.0	11.8	11.9	13.0	12.8	11.9	11.1	4.4	3.6
IT	7.1	7.9	8.5	6.5	7.7	7.0	8.7	7.5	8.5	7.6	7.7	0.8	0.6
CY	15.8	17.6	17.9	20.9	23.9	20.6	20.1	19.2	13.1	11.1	18.0	-3.2	-4.8
LV	5.5	5.9	6.8	6.8	6.3	5.3	6.6	6.8	5.2	6.0	6.1	-0.2	0.6
LT	7.5	6.4	5.0	4.1	2.6	2.3	1.9	2.1	4.9	6.6	4.3	-6.0	-0.9
LU	17.7	18.1	19.0	19.4	17.5	17.8	18.5	20.6	19.3	15.3	18.3	-0.4	-2.4
HU	4.5	4.5	4.9	5.5	5.9	5.6	5.9	6.0	5.7	5.6	5.4	2.8	1.0
MT	10.5	9.8	9.5	9.6	10.1	10.4	10.6	12.3	14.3	12.1	10.9	3.4	1.7
NL	8.1	10.1	11.3	11.3	11.0	10.7	11.0	9.4	8.1	8.8	10.0	-1.1	0.7
AT	3.8	4.9	5.0	5.3	4.5	5.1	7.2	5.5	5.2	5.5	5.2	3.2	1.7
PL	8.4	7.6	8.1	7.5	6.6	6.9	5.5	6.0	5.4	6.8	6.9	-4.1	-1.7
PT	7.4	8.4	9.6	9.5	10.6	11.3	10.0	9.9	8.3	-	9.5	-	-
SI	1.3	1.9	2.5	2.5	2.7	3.0	3.1	3.8	4.4	5.0	3.0	12.5	3.6
SK	-	-	-	-	-	8.6	-	8.4	9.0	-	8.7	-	-
FI	4.8	5.9	7.4	9.4	9.4	12.5	9.4	9.3	7.7	8.1	8.4	4.8	3.2
SE	5.4	5.0	5.5	5.0	5.8	7.2	5.2	4.2	4.5	5.9	5.4	-0.5	0.6
UK	8.1	9.4	11.3	10.9	9.9	9.7	9.6	8.2	7.9	8.2	9.3	-1.9	0.0
NO	7.8	8.4	8.5	6.6	8.2	12.1	11.5	10.5	10.0	-	9.3	-	-
EU-25 (weighted average[3])[5]	5.9	6.6	7.5	7.3	7.6	7.9	7.4	6.8	6.7	7.1	7.1	0.8	1.2
EU-15 (weighted average[3])	5.8	6.6	7.5	7.3	7.6	7.9	7.4	6.8	6.7	7.1	7.1	0.9	1.3
EUR-12 (weighted average[3])	5.5	6.3	7.0	6.8	7.3	7.6	7.1	6.6	6.5	6.9	6.8	1.3	1.4
NMS-10 (weighted average[3])[5]	8.1	7.2	7.8	7.5	7.3	7.1	6.8	7.3	7.1	7.6	7.4	-0.8	-0.5
EU-25 (average[4])[5]	7.4	7.6	8.2	8.5	8.6	8.7	8.4	8.4	8.1	8.1	8.2	0.9	0.7
EU-15 (average[4])	6.9	7.6	8.4	8.6	8.7	9.4	8.9	8.7	8.2	8.3	8.4	1.5	1.3
EUR-12 (average[4])	7.1	7.8	8.7	9.0	9.2	9.8	9.5	9.3	8.7	8.6	8.8	1.8	1.5
NMS-10 (average[4])[5]	8.1	7.5	7.9	8.2	8.4	7.5	7.6	8.0	7.9	7.9	7.9	-0.1	-0.2
Ratio st.dev. and mean in %	63.7	57.3	52.3	58.0	61.1	54.5	59.6	66.0	56.3	39.4			-24.2
Difference max. and min.	16.4	16.2	16.5	18.5	21.3	18.3	18.2	18.5	14.9	10.3			-6.0

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation. 3) Total Taxation weighted. 4) arithmetic average 5) Slovakia excluded from averages

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	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	1.0	0.7	0.7	0.6	0.5	0.5	0.5	0.5	0.8	0.8	0.6	-1.7	-0.2
CZ	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	-2.3	0.0
DK	0.9	0.8	0.8	0.6	1.2	0.4	-0.6	-0.5	-0.1	1.1	0.5	-	0.2
DE	0.3	0.3	0.3	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	-0.2	0.0
EE	0.0	0.0	0.0	0.0	0.2	0.2	0.2	0.2	0.2	0.3	0.1	39.5	0.3
EL	0.8	0.8	0.8	1.1	0.9	0.8	0.8	0.8	0.7	0.7	0.8	-1.7	-0.1
ES	0.8	0.8	0.7	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.8	-1.2	-0.1
FR	0.4	0.4	0.4	0.7	0.7	0.8	0.7	0.7	0.7	0.8	0.6	8.2	0.4
IE	0.5	0.6	0.7	0.8	0.8	1.1	1.2	0.8	1.4	1.4	0.9	11.2	0.9
IT	1.8	2.0	2.1	1.7	1.6	2.1	1.6	1.4	1.2	1.1	1.7	-5.6	-0.7
CY	0.3	0.2	0.2	0.5	0.6	0.9	0.7	0.8	1.1	1.1	0.6	20.1	0.9
LV	0.0	0.0	0.0	0.0	0.0	0.2	0.1	0.2	0.1	0.1	0.1	27.6	0.1
LT	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.3	0.2	0.3	0.2	12.3	0.2
LU	0.9	1.0	0.9	0.9	1.0	0.8	0.7	0.7	0.7	0.6	0.8	-5.0	-0.3
HU	0.6	0.7	0.6	0.6	0.6	0.7	0.7	0.7	0.6	0.6	0.6	0.4	0.0
MT	0.5	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.7	0.5	3.6	0.2
NL	-0.5	-0.4	-0.5	-0.4	-0.3	-0.9	0.3	0.2	0.0	0.0	-0.2	-	0.5
AT	1.0	1.1	1.0	1.0	0.9	0.9	0.9	0.9	0.8	0.8	0.9	-3.0	-0.2
PL	0.0	0.1	0.0	0.1	0.1	0.2	0.1	0.2	0.3	0.2	0.1	21.0	0.1
PT	1.1	1.1	1.0	1.0	0.9	0.9	0.9	0.8	0.9	-	0.9	-	-
SI	0.2	0.3	0.3	0.3	0.3	0.2	0.2	0.3	0.3	0.3	0.3	-0.5	0.0
SK	-	-	-	-	-	1.1	-	0.2	0.2	-	0.5	-	-
FI	0.4	0.5	0.6	0.7	0.9	1.1	0.9	0.6	0.6	0.5	0.7	2.4	0.1
SE	0.1	0.6	0.8	0.9	1.3	1.7	0.9	0.6	0.6	0.6	0.8	8.5	0.5
UK	1.2	1.2	1.1	1.4	1.6	1.6	1.7	1.5	1.4	1.6	1.4	3.9	0.4
NO	2.4	3.1	2.7	1.5	2.3	5.1	5.2	4.8	4.9	-	3.6	-	-
EU-25 (weighted average[3)])[5]	0.7	0.7	0.8	0.8	0.9	0.9	0.9	0.8	0.8	0.8	0.8	1.5	0.1
EU-15 (weighted average[3)])	0.7	0.8	0.8	0.8	0.9	1.0	0.9	0.8	0.8	0.8	0.8	1.5	0.1
EUR-12 (weighted average[3)])	0.6	0.7	0.7	0.7	0.7	0.8	0.8	0.7	0.7	0.6	0.7	0.2	0.0
NMS-10 (weighted average[3)])[5]	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.2	7.0	0.1
EU-25 (average[4)])[5]	0.5	0.6	0.6	0.6	0.7	0.7	0.6	0.6	0.6	0.6	0.6	1.6	0.1
EU-15 (average[4)])	0.7	0.8	0.8	0.8	0.9	0.9	0.8	0.7	0.7	0.8	0.8	0.0	0.1
EUR-12 (average[4)])	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.1	0.0
NMS-10 (average[4)])[5]	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.3	8.3	0.2
Ratio st.dev. and mean in %	75.2	68.5	68.2	57.9	56.0	65.3	57.8	53.2	55.7	51.9			-23.3
Difference max. and min.	2.3	2.4	2.6	2.0	1.9	3.0	2.3	2.0	1.6	1.5			-0.8

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average 5) Slovakia excluded from average

See explanatory notes in Annex C

Source: Commission Services

Table C.3.1.2_T: Taxes on Capital as % of Total Taxation: Income of households

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change 1) 1995-2004	Difference 2) 1995 to 2004
BE	2.2	1.5	1.5	1.2	1.0	1.1	1.1	1.0	1.9	1.7	1.4	-2.0	-0.5
CZ	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.5	-2.4	-0.1
DK	1.8	1.5	1.5	1.3	2.4	0.8	-1.2	-1.0	-0.3	2.3	0.9	-	0.5
DE	0.7	0.8	0.7	0.9	0.9	0.9	0.8	0.8	0.7	0.8	0.8	0.2	0.1
EE	0.0	0.0	0.0	0.0	0.6	0.6	0.6	0.6	0.7	0.9	0.4	41.2	0.9
EL	2.3	2.4	2.5	3.1	2.4	2.2	2.1	2.1	2.0	2.0	2.3	-2.8	-0.4
ES	2.5	2.4	2.1	2.3	2.4	2.4	2.3	2.2	2.1	2.0	2.3	-1.7	-0.5
FR	0.9	0.9	1.0	1.6	1.6	1.8	1.6	1.7	1.7	1.7	1.4	8.3	0.9
IE	1.5	1.7	2.0	2.4	2.7	3.6	4.1	2.9	4.7	4.6	3.0	12.8	3.2
IT	4.5	4.8	4.7	4.0	3.8	5.1	3.9	3.5	2.9	2.8	4.0	-5.4	-1.7
CY	1.0	0.8	0.7	1.8	2.0	2.8	2.4	2.6	3.3	3.3	2.1	17.1	2.3
LV	0.0	0.1	0.1	0.1	0.1	0.5	0.3	0.7	0.4	0.4	0.3	29.7	0.4
LT	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.9	0.8	1.2	0.6	12.9	0.8
LU	2.2	2.4	2.1	2.2	2.5	2.0	1.7	1.6	1.8	1.6	2.0	-4.5	-0.7
HU	1.5	1.6	1.6	1.6	1.6	1.7	1.8	1.8	1.6	1.5	1.6	0.8	0.1
MT	1.7	1.6	1.6	1.6	1.6	1.4	1.6	1.5	1.7	1.9	1.6	0.6	0.2
NL	-1.2	-1.1	-1.3	-0.9	-0.6	-2.2	0.9	0.5	0.1	0.1	-0.6	-	1.3
AT	2.3	2.5	2.3	2.2	2.0	2.0	2.1	2.0	1.8	1.8	2.1	-3.2	-0.5
PL	0.1	0.1	0.1	0.2	0.2	0.5	0.4	0.7	0.8	0.5	0.4	22.7	0.4
PT	3.3	3.3	3.2	3.1	2.5	2.7	2.6	2.4	2.4	-	2.8	-	-
SI	0.6	0.7	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.7	0.7	-0.5	0.1
SK	-	-	-	-	-	3.2	-	0.6	0.6	-	1.5	-	-
FI	0.9	1.1	1.3	1.5	1.9	2.4	2.0	1.2	1.3	1.2	1.5	2.8	0.3
SE	0.2	1.1	1.5	1.6	2.4	3.3	1.7	1.2	1.2	1.2	1.6	8.6	0.9
UK	3.3	3.3	3.1	3.9	4.2	4.2	4.5	4.3	4.0	4.3	3.9	3.7	1.1
NO	5.7	7.1	6.4	3.6	5.4	11.8	12.0	11.1	11.5	-	8.3	-	-
EU-25 (weighted average 3) 5	1.7	1.8	1.8	2.0	2.1	2.3	2.2	2.0	1.9	2.0	2.0	1.7	0.4
EU-15 (weighted average 3)	1.7	1.9	1.9	2.1	2.2	2.3	2.2	2.1	1.9	2.1	2.0	1.7	0.4
EUR-12 (weighted average 3)	1.5	1.7	1.7	1.8	1.7	2.0	1.9	1.7	1.7	1.6	1.7	0.4	0.1
NMS-10 (weighted average 3) 5	0.5	0.5	0.5	0.5	0.6	0.8	0.7	0.9	0.9	0.8	0.7	7.8	0.3
EU-25 (average 4) 5	1.4	1.4	1.4	1.6	1.7	1.7	1.6	1.5	1.6	1.7	1.6	1.9	0.3
EU-15 (average 4)	1.8	1.9	1.9	2.0	2.1	2.2	2.0	1.8	1.9	2.0	2.0	0.3	0.2
EUR-12 (average 4)	1.8	1.9	1.9	2.0	1.9	2.0	2.1	1.8	2.0	1.8	1.9	0.3	0.0
NMS-10 (average 4) 5	0.6	0.7	0.6	0.8	0.9	1.0	1.0	1.1	1.1	1.2	0.9	8.0	0.6
Ratio st.dev. and mean in %	78.0	70.8	68.3	60.6	55.9	65.6	60.4	55.7	63.7	58.3			-19.7
Difference max. and min.	5.7	5.8	6.0	4.9	4.9	7.2	5.7	5.3	5.0	4.5			-1.2

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation. 3) Total Taxation weighted. 4) arithmetic average 5) Slovakia excluded from averages

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	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	2.5	2.5	2.4	2.5	2.5	2.4	2.4	2.4	2.3	2.3	2.4	-0.8	-0.2
CZ	1.5	1.5	1.5	1.5	1.4	1.5	1.5	1.6	1.6	1.7	1.6	1.4	0.2
DK	1.3	1.2	1.1	1.3	1.3	1.1	1.2	1.0	1.0	1.0	1.2	-2.4	-0.3
DE	2.1	2.4	2.3	2.5	2.7	2.5	2.3	2.2	2.2	2.2	2.4	-0.5	0.1
EE	0.1	0.1	0.2	0.1	0.1	0.2	0.1	0.2	0.3	0.2	0.2	6.2	0.1
EL	2.3	2.2	2.3	2.8	2.8	2.7	2.6	2.7	2.7	2.5	2.6	1.6	0.2
ES	2.3	2.3	2.3	2.3	2.3	2.2	2.1	2.1	2.0	2.0	2.2	-1.9	-0.3
FR	1.7	1.9	1.7	1.6	1.7	1.8	1.8	1.7	1.7	1.4	1.7	-1.6	-0.3
IE	1.3	1.3	1.3	1.3	1.2	1.1	1.1	1.1	1.1	1.2	1.2	-1.9	-0.1
IT	3.1	3.1	3.1	3.4	3.6	3.6	3.4	3.4	4.3	3.9	3.5	2.9	0.8
CY	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.4	1.8	0.1
LV	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0	5.2	0.0
LT	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.4	0.3	0.2	0.5	-7.5	-0.3
LU	1.7	1.7	1.6	1.5	1.3	1.2	1.3	1.4	1.6	1.6	1.5	-1.3	-0.1
HU	0.3	0.3	0.2	0.3	0.3	0.3	0.5	0.4	0.4	0.4	0.3	5.2	0.1
MT	1.1	1.1	1.2	1.1	1.1	1.3	1.2	1.2	1.2	1.3	1.2	1.9	0.2
NL	2.6	2.5	2.5	2.2	2.3	2.4	1.9	2.1	2.1	2.0	2.3	-2.7	-0.6
AT	2.3	2.6	2.6	2.8	2.8	2.7	3.2	2.8	2.7	2.8	2.7	1.5	0.5
PL	2.1	1.9	2.0	2.1	2.1	2.6	3.4	3.6	3.6	3.1	2.7	7.5	1.0
PT	0.9	1.0	1.0	0.9	0.9	0.9	0.9	0.8	0.8	-	0.9	-	-
SI	0.7	0.8	0.9	0.9	0.8	0.7	0.9	0.8	0.8	0.8	0.8	0.9	0.1
SK	-	-	-	-	-	1.0	-	1.7	2.1	-	1.6	-	-
FI	1.8	1.7	1.7	1.6	1.6	1.6	1.6	1.7	1.6	1.6	1.7	-1.0	-0.2
SE	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	-0.1	0.0
UK	1.5	1.4	1.4	1.4	1.5	1.5	1.6	1.5	1.5	1.6	1.5	1.2	0.1
NO	1.1	1.0	1.0	1.1	1.0	0.9	0.9	1.0	0.9	-	1.0	-	-
EU-25 (weighted average[3])[5]	2.0	2.1	2.1	2.1	2.2	2.2	2.1	2.1	2.2	2.1	2.1	0.2	0.1
EU-15 (weighted average[3])	2.1	2.2	2.1	2.1	2.2	2.2	2.1	2.1	2.2	2.1	2.1	0.1	0.0
EUR-12 (weighted average[3])	2.2	2.4	2.3	2.4	2.5	2.4	2.3	2.3	2.4	2.3	2.4	0.1	0.1
NMS-10 (weighted average[3])[5]	1.5	1.4	1.4	1.5	1.4	1.8	2.2	2.2	2.1	1.9	1.7	5.4	0.4
EU-25 (average[4])[5]	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	0.6	0.1
EU-15 (average[4])	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.8	1.9	1.9	1.9	0.0	0.0
EUR-12 (average[4])	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.0	2.1	2.1	2.1	0.0	0.1
NMS-10 (average[4])[5]	0.8	0.7	0.8	0.8	0.8	0.9	1.0	1.0	1.0	0.9	0.9	3.4	0.2
Ratio st.dev. and mean in %	42.6	41.0	41.4	43.7	43.0	43.3	45.9	47.0	48.3	48.2			5.6
Difference max. and min.	3.1	3.1	3.1	3.3	3.5	3.5	3.4	3.6	4.3	3.9			0.8

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average 5) Slovakia excluded from average

See explanatory notes in Annex C

Source: Commission Services

Table C.3.1.3_T: Taxes on Capital as % of Total Taxation: Income of self-employed

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	5.7	5.6	5.4	5.5	5.4	5.4	5.4	5.2	5.2	5.1	5.4	-1.1	-0.6
CZ	4.2	4.2	4.3	4.3	4.1	4.4	4.4	4.6	4.6	4.8	4.4	1.2	0.5
DK	2.6	2.5	2.3	2.6	2.6	2.2	2.5	2.2	2.2	2.1	2.4	-2.2	-0.5
DE	5.3	6.0	5.8	6.1	6.6	6.0	5.8	5.6	5.6	5.7	5.8	-0.1	0.4
EE	0.3	0.3	0.7	0.4	0.3	0.5	0.5	0.6	0.8	0.5	0.5	7.9	0.2
EL	7.1	6.8	6.7	7.8	7.4	7.1	7.0	7.2	7.4	7.2	7.2	0.5	0.1
ES	7.0	6.9	7.0	6.8	6.8	6.4	6.3	6.1	5.9	5.7	6.5	-2.4	-1.3
FR	4.1	4.3	4.0	3.7	3.7	4.1	4.0	3.9	3.9	3.2	3.9	-1.5	-0.9
IE	4.0	4.0	4.1	4.1	3.8	3.6	3.8	4.0	3.8	4.1	3.9	-0.4	0.0
IT	7.7	7.4	7.2	7.9	8.4	8.5	8.3	8.3	10.4	9.7	8.4	3.1	1.9
CY	1.5	1.5	1.6	1.5	1.4	1.3	1.3	1.5	1.4	1.4	1.4	-1.2	-0.2
LV	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.1	7.4	0.1
LT	1.6	1.7	1.7	1.7	2.0	2.1	2.2	1.4	1.0	0.7	1.6	-6.9	-0.9
LU	4.0	4.0	3.7	3.8	3.2	3.0	3.3	3.4	3.8	3.9	3.6	-0.8	-0.1
HU	0.7	0.7	0.6	0.6	0.9	0.8	1.1	1.0	1.0	0.9	0.8	5.7	0.2
MT	4.0	4.2	4.4	4.1	4.1	4.5	4.0	3.8	3.8	3.8	4.1	-1.1	-0.2
NL	6.3	6.1	6.0	5.5	5.5	5.9	5.1	5.6	5.6	5.3	5.7	-1.7	-1.0
AT	5.7	6.1	6.0	6.4	6.4	6.3	7.1	6.5	6.2	6.6	6.3	1.2	0.9
PL	5.6	5.0	5.5	5.9	5.7	7.7	9.9	10.6	10.8	9.5	7.6	9.2	3.9
PT	2.9	3.1	3.1	2.8	2.6	2.6	2.7	2.3	2.2	-	2.7	-	-
SI	1.8	2.0	2.3	2.2	2.0	1.8	2.2	2.1	2.1	2.1	2.1	0.9	0.4
SK	-	-	-	-	-	3.0	-	5.2	6.8	-	5.0	-	-
FI	4.0	3.7	3.8	3.5	3.4	3.4	3.5	3.7	3.7	3.6	3.6	-0.6	-0.4
SE	1.3	1.4	1.3	1.3	1.3	1.4	1.4	1.4	1.3	1.3	1.4	0.1	0.0
UK	4.1	4.0	3.9	3.9	4.0	4.0	4.2	4.3	4.3	4.3	4.1	1.0	0.2
NO	2.7	2.4	2.4	2.6	2.3	2.1	2.2	2.2	2.0	-	2.3	-	-
EU-25 (weighted average[3)])[5]	5.1	5.3	5.1	5.2	5.4	5.3	5.3	5.2	5.5	5.3	5.3	0.5	0.2
EU-15 (weighted average[3)])	5.2	5.3	5.1	5.3	5.4	5.3	5.3	5.2	5.5	5.3	5.3	0.3	0.1
EUR-12 (weighted average[3)])	5.6	5.8	5.6	5.8	6.0	5.9	5.8	5.6	6.0	5.8	5.8	0.4	0.2
NMS-10 (weighted average[3)])[5]	3.9	3.7	4.0	4.2	4.0	5.1	6.3	6.4	6.1	5.4	4.9	6.2	1.5
EU-25 (average[4)])[5]	3.8	3.8	3.8	3.9	3.8	3.9	4.0	4.0	4.0	4.0	3.9	0.7	0.2
EU-15 (average[4)])	4.8	4.8	4.7	4.8	4.7	4.7	4.7	4.6	4.8	4.8	4.7	0.0	0.1
EUR-12 (average[4)])	5.3	5.3	5.2	5.3	5.3	5.2	5.2	5.1	5.3	5.5	5.3	0.0	0.1
NMS-10 (average[4)])[5]	2.2	2.2	2.4	2.3	2.3	2.6	2.9	2.9	2.9	2.6	2.5	3.2	0.5
Ratio st.dev. and mean in %	43.4	41.3	41.5	44.0	43.1	44.2	47.2	48.6	50.6	50.5			7.1
Difference max. and min.	7.6	7.3	7.1	7.8	8.3	8.4	9.8	10.5	10.6	9.4			1.8

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation. 3) Total Taxation weighted. 4) arithmetic average 5) Slovakia excluded from averages
See explanatory notes in Annex C
Source: Commission Services

Table C.3.2_G: Taxes on Capital as % of GDP: Stocks (wealth) of capital

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	3.0	3.2	3.4	3.5	3.5	3.5	3.4	3.5	3.6	3.9	3.4	2.1	0.9
CZ	1.0	1.1	1.0	1.0	1.0	1.0	1.0	1.0	0.9	0.8	1.0	-2.7	-0.3
DK	1.8	1.8	1.8	2.0	2.0	2.4	2.6	2.7	2.7	2.8	2.3	5.9	0.9
DE	1.1	1.2	1.1	1.1	1.2	1.1	1.1	1.0	1.1	1.1	1.1	-1.1	-0.1
EE	0.6	1.7	1.6	1.3	1.1	1.0	1.0	0.9	0.7	0.6	1.1	-6.1	0.0
EL	1.9	2.1	2.9	2.9	3.4	3.4	2.8	2.5	2.5	2.4	2.7	1.4	0.5
ES	2.5	2.4	2.5	2.7	2.8	2.8	2.8	2.9	3.1	3.4	2.8	3.3	0.9
FR	4.3	4.5	4.6	4.7	4.7	4.5	4.5	4.4	4.4	4.6	4.5	0.0	0.3
IE	2.0	2.1	2.0	2.0	2.1	2.0	2.0	1.8	2.2	2.4	2.0	0.9	0.4
IT	4.0	3.7	3.9	3.4	3.0	2.7	2.5	2.8	2.6	2.7	3.1	-5.0	-1.3
CY	1.8	1.8	1.8	2.1	1.9	3.0	2.3	2.0	2.3	3.1	2.2	4.8	1.3
LV	2.0	1.5	1.8	2.1	2.0	1.5	1.7	1.3	1.3	1.2	1.7	-5.1	-0.8
LT	0.9	1.0	1.0	0.9	1.0	0.9	0.7	0.7	0.7	0.7	0.9	-5.0	-0.2
LU	3.0	3.3	3.4	3.5	4.1	4.3	4.0	3.3	3.1	3.2	3.5	0.2	0.1
HU	1.1	1.3	1.3	1.3	1.4	1.4	1.5	1.6	1.5	1.9	1.4	4.3	0.8
MT	3.1	2.9	2.8	2.7	2.8	2.7	2.6	2.7	3.0	3.7	2.9	0.9	0.6
NL	2.5	2.6	2.7	2.8	3.0	3.0	2.9	2.8	2.8	2.9	2.8	1.3	0.4
AT	1.2	1.2	1.1	1.2	1.1	1.2	1.1	1.1	1.1	1.0	1.1	-1.1	-0.2
PL	3.2	2.2	2.3	2.1	2.2	2.4	2.0	2.0	1.7	2.1	2.2	-4.1	-1.1
PT	2.5	2.5	2.5	2.8	3.1	3.0	2.9	3.2	3.5	-	2.9	-	-
SI	0.7	0.6	0.7	0.9	1.0	1.0	1.1	1.0	1.0	1.1	0.9	5.9	0.4
SK	-	-	-	-	-	1.2	-	1.0	1.0	-	1.1	-	-
FI	1.1	1.2	1.2	1.3	1.3	1.3	1.3	1.3	1.3	1.4	1.3	1.3	0.3
SE	1.6	2.1	2.3	2.2	2.2	2.2	1.9	1.9	1.9	1.9	2.0	-0.3	0.3
UK	3.9	3.9	3.9	4.0	4.2	4.5	4.3	4.3	4.3	4.4	4.2	1.7	0.5
NO	2.4	2.6	2.4	2.5	2.4	2.1	2.1	2.3	2.3	-	2.3	-	-
EU-25 (weighted average[3)])[5]	2.7	2.7	2.8	2.9	2.9	2.9	2.8	2.8	2.8	2.9	2.8	0.4	0.2
EU-15 (weighted average[3)])	2.7	2.8	2.9	2.9	2.9	2.9	2.8	2.9	2.8	3.0	2.9	0.6	0.3
EUR-12 (weighted average[3)])	2.6	2.6	2.7	2.7	2.7	2.6	2.5	2.6	2.6	2.7	2.6	-0.2	0.1
NMS-10 (weighted average[3)])[5]	2.1	1.7	1.8	1.7	1.7	1.9	1.7	1.6	1.4	1.7	1.7	-2.4	-0.5
EU-25 (average[4)])[5]	2.1	2.2	2.2	2.3	2.3	2.4	2.2	2.2	2.2	2.3	2.2	0.5	0.2
EU-15 (average[4)])	2.4	2.5	2.6	2.7	2.8	2.8	2.7	2.6	2.7	2.7	2.6	0.9	0.3
EUR-12 (average[4)])	2.4	2.5	2.6	2.7	2.8	2.7	2.6	2.6	2.6	2.6	2.6	0.5	0.2
NMS-10 (average[4)])[5]	1.6	1.6	1.6	1.6	1.6	1.7	1.6	1.5	1.4	1.7	1.6	-0.5	0.1
Ratio st.dev. and mean in %	40.1	36.5	37.2	36.9	38.9	39.7	38.8	38.6	40.5	41.4			1.4
Difference max. and min.	3.6	3.8	3.9	3.8	3.8	3.7	3.7	3.6	3.8	4.0			0.3

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average 5) Slovakia excluded from average
See explanatory notes in Annex C
Source: Commission Services

Table C.3.2_T: Taxes on Capital as % of Total Taxation: Stocks (wealth) of capital

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	6.8	7.2	7.6	7.7	7.8	7.6	7.5	7.8	8.1	8.6	7.7	1.8	1.8
CZ	2.9	3.1	2.8	3.0	2.8	3.0	2.8	2.7	2.5	2.1	2.8	-2.9	-0.8
DK	3.8	3.6	3.7	4.0	4.0	4.9	5.3	5.6	5.8	5.7	4.6	6.1	1.9
DE	2.9	3.0	2.7	2.7	2.8	2.6	2.8	2.6	2.7	2.8	2.8	-0.7	-0.1
EE	1.7	4.8	4.5	3.8	3.1	3.1	3.0	2.9	2.0	2.0	3.1	-4.5	0.3
EL	5.8	6.4	8.5	8.0	9.2	8.9	7.7	6.8	6.8	6.7	7.5	0.3	0.9
ES	7.5	7.2	7.6	8.1	8.4	8.4	8.3	8.5	9.0	9.7	8.3	2.8	2.2
FR	10.0	10.2	10.5	10.8	10.6	10.2	10.2	10.1	10.2	10.6	10.3	0.1	0.6
IE	6.1	6.2	6.1	6.2	6.6	6.4	6.6	6.3	7.6	7.9	6.6	2.4	1.8
IT	9.9	8.7	8.8	8.0	7.2	6.4	6.0	7.0	6.3	6.7	7.5	-4.8	-3.2
CY	6.7	6.6	6.9	7.3	6.8	9.7	7.3	6.5	6.8	9.0	7.4	1.7	2.3
LV	6.1	4.8	5.7	6.0	6.3	5.2	5.9	4.5	4.6	4.3	5.3	-3.0	-1.8
LT	3.2	3.7	3.2	2.8	3.0	2.9	2.6	2.5	2.3	2.4	2.9	-4.4	-0.8
LU	7.2	7.8	8.1	8.8	10.0	10.7	9.8	8.2	7.7	7.9	8.6	0.7	0.7
HU	2.7	3.3	3.4	3.5	3.6	3.7	3.9	4.0	3.9	4.8	3.7	4.8	2.1
MT	11.3	11.1	9.9	10.3	10.3	9.4	8.7	8.3	9.4	10.5	9.9	-2.0	-0.8
NL	6.1	6.5	6.6	7.0	7.2	7.2	7.4	7.5	7.4	7.6	7.0	2.3	1.5
AT	2.9	2.7	2.6	2.7	2.5	2.7	2.5	2.5	2.6	2.5	2.6	-1.3	-0.5
PL	8.3	6.0	6.4	5.9	6.1	7.2	6.0	5.7	5.1	6.3	6.3	-2.4	-2.0
PT	7.9	7.7	7.7	8.3	9.1	8.7	8.6	9.1	9.9	-	8.6	-	-
SI	1.6	1.6	1.9	2.4	2.5	2.6	2.8	2.6	2.5	2.7	2.3	5.9	1.1
SK	-	-	-	-	-	3.8	-	2.9	3.1	-	3.3	-	-
FI	2.5	2.7	2.7	2.8	2.8	2.8	2.8	2.8	2.8	3.2	2.8	1.7	0.7
SE	3.2	4.1	4.3	4.1	4.1	4.1	3.8	3.8	3.7	3.7	3.9	-0.1	0.5
UK	10.9	11.0	11.0	11.0	11.4	11.9	11.7	12.2	12.1	12.2	11.5	1.4	1.3
NO	5.7	6.1	5.6	5.9	5.6	4.9	4.8	5.2	5.3	-	5.4	-	-
EU-25 (weighted average[3)])[5]	6.7	6.8	7.0	7.0	7.0	7.0	6.9	7.1	7.1	7.4	7.0	0.7	0.6
EU-15 (weighted average[3)])	6.8	6.8	7.0	7.1	7.1	7.1	7.0	7.2	7.2	7.5	7.1	0.8	0.7
EUR-12 (weighted average[3)])	6.4	6.5	6.6	6.6	6.5	6.3	6.2	6.4	6.4	6.7	6.5	0.0	0.3
NMS-10 (weighted average[3)])[5]	5.6	4.7	4.9	4.8	4.8	5.5	4.8	4.5	4.1	4.8	4.9	-1.6	-0.8
EU-25 (average[4)])[5]	5.7	5.8	6.0	6.1	6.2	6.3	6.0	5.9	5.9	6.1	6.0	0.3	0.3
EU-15 (average[4)])	6.2	6.3	6.6	6.7	6.9	6.9	6.7	6.7	6.8	6.8	6.7	0.9	0.6
EUR-12 (average[4)])	6.3	6.4	6.6	6.8	7.0	6.9	6.7	6.6	6.8	6.7	6.7	0.6	0.4
NMS-10 (average[4)])[5]	4.9	5.0	5.0	5.0	4.9	5.2	4.8	4.4	4.3	4.9	4.8	-1.0	0.0
Ratio st.dev. and mean in %	44.5	40.1	39.5	39.9	42.1	42.5	39.9	38.9	41.9	42.4			-2.0
Difference max. and min.	9.7	9.4	9.1	8.6	8.9	9.3	9.2	9.6	10.1	10.3			0.6

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation. 3) Total Taxation weighted. 4) arithmetic average 5) Slovakia excluded from averages
See explanatory notes in Annex C
Source: Commission Services

Table C.4_G: Environmental taxes as % of GDP: Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	2.3	2.5	2.6	2.5	2.5	2.3	2.3	2.3	2.3	2.4	2.4	-0.7	0.1
CZ	2.9	2.7	2.6	2.4	2.6	2.6	2.6	2.6	2.6	2.7	2.6	-0.3	-0.2
DK	4.4	4.6	4.6	5.1	5.1	4.7	4.7	4.8	4.6	4.8	4.7	0.4	0.4
DE	2.3	2.2	2.2	2.1	2.3	2.4	2.5	2.5	2.7	2.5	2.4	2.1	0.2
EE	0.8	1.2	1.5	1.7	1.7	1.7	2.1	2.0	2.0	2.2	1.7	9.0	1.4
EL	3.5	3.5	3.4	3.2	3.1	2.6	2.8	2.5	2.5	2.4	2.9	-4.9	-1.1
ES	2.2	2.2	2.1	2.3	2.3	2.2	2.1	2.1	2.1	2.0	2.1	-0.9	-0.2
FR	2.8	2.9	2.8	2.7	2.8	2.6	2.4	2.5	2.4	2.1	2.6	-2.7	-0.7
IE	3.1	3.1	3.0	3.0	3.0	2.9	2.3	2.3	2.3	2.5	2.7	-3.7	-0.6
IT	3.6	3.5	3.5	3.4	3.5	3.2	3.0	2.9	3.0	2.8	3.2	-2.8	-0.8
CY	2.9	2.8	2.5	2.6	2.5	2.7	3.0	3.0	3.8	4.1	3.0	4.0	1.2
LV	1.1	1.6	2.1	3.1	2.5	2.4	2.2	2.3	2.5	2.6	2.2	6.2	1.5
LT	1.2	1.3	1.4	1.9	2.3	1.8	1.9	1.9	2.0	2.0	1.8	5.5	0.8
LU	3.4	3.3	3.1	3.0	3.0	2.9	2.9	2.9	3.0	3.3	3.1	-0.9	-0.1
HU	3.1	3.1	3.0	3.5	3.4	3.0	2.8	2.8	-	-	3.1	-	-
MT	3.3	3.1	3.5	3.9	4.0	3.7	3.7	3.5	3.5	3.2	3.5	0.3	0.0
NL	3.6	3.9	3.8	3.9	4.1	4.0	3.8	3.6	3.7	3.9	3.8	-0.1	0.2
AT	2.1	2.1	2.3	2.3	2.3	2.4	2.6	2.6	2.7	2.7	2.4	2.9	0.5
PL	2.1	2.1	1.4	1.6	1.9	1.9	1.9	2.1	2.2	2.3	1.9	2.3	0.2
PT	3.5	3.5	3.3	3.5	3.4	2.7	3.0	3.1	3.1	-	3.2	-	-
SI	-	-	-	-	2.2	3.0	3.4	3.4	3.4	3.4	3.1	-	-
SK	-	-	-	-	-	-	-	-	-	-	-	-	-
FI	2.8	3.0	3.3	3.3	3.5	3.2	3.0	3.1	3.2	3.3	3.2	0.7	0.5
SE	2.8	3.1	3.0	3.0	2.9	2.8	2.8	2.9	2.9	2.9	2.9	-0.4	0.1
UK	2.9	3.0	3.0	3.1	3.2	3.1	2.8	2.7	2.7	2.6	2.9	-1.4	-0.3
NO	4.5	4.8	4.5	4.4	3.8	3.3	3.1	3.3	3.3	-	3.9	-	-
EU-25 (weighted average[3])[5]	2.8	2.8	2.8	2.8	2.9	2.8	2.7	2.7	2.7	2.6	2.8	-0.7	-0.2
EU-15 (weighted average[3])	2.8	2.8	2.8	2.8	2.9	2.8	2.7	2.7	2.7	2.6	2.8	-0.7	-0.2
EUR-12 (weighted average[3])	2.7	2.7	2.7	2.7	2.8	2.7	2.6	2.6	2.7	2.5	2.7	-0.7	-0.2
NMS-10 (weighted average[3])[5]	2.4	2.4	1.9	2.2	2.3	2.3	2.3	2.4	2.4	2.5	2.3	1.2	0.1
EU-25 (average[4])[5]	2.7	2.8	2.8	2.9	2.9	2.8	2.8	2.8	2.8	2.8	2.8	0.2	0.1
EU-15 (average[4])	3.0	3.1	3.1	3.1	3.1	2.9	2.9	2.9	2.9	2.9	3.0	-1.0	-0.2
EUR-12 (average[4])	2.9	3.0	2.9	2.9	3.0	2.8	2.7	2.7	2.7	2.7	2.8	-1.2	-0.2
NMS-10 (average[4])[5]	2.2	2.2	2.3	2.6	2.6	2.5	2.6	2.6	2.7	2.8	2.5	2.8	0.7
Ratio st.dev. and mean in %	31.5	29.1	28.8	28.5	26.9	24.6	23.7	23.7	24.2	27.4			-4.1
Difference max. and min.	3.6	3.4	3.3	3.4	3.4	3.0	2.8	2.9	2.6	2.8			-0.8

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average 5) Slovakia excluded from average
See explanatory notes in Annex C
Source: Commission Services

Table C.4_T: Environmental taxes as % of Total Taxation: Total

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	5.2	5.7	5.7	5.5	5.5	5.2	5.1	5.0	5.2	5.3	5.3	-0.9	0.1
CZ	8.0	7.8	7.2	7.2	7.6	7.5	7.7	7.3	7.3	7.5	7.5	-0.5	-0.5
DK	9.0	9.4	9.5	10.3	10.3	9.5	9.6	10.0	9.7	9.8	9.7	0.6	0.8
DE	5.8	5.4	5.3	5.2	5.5	5.7	6.3	6.4	6.7	6.5	5.9	2.5	0.7
EE	2.0	3.4	4.2	5.0	5.0	5.2	6.7	6.2	6.0	6.7	5.0	10.7	4.7
EL	10.7	10.5	10.1	8.9	8.2	6.8	7.7	6.7	6.7	6.8	8.3	-6.0	-4.0
ES	6.7	6.6	6.4	6.9	6.9	6.4	6.2	6.1	6.1	5.8	6.4	-1.4	-0.8
FR	6.6	6.6	6.3	6.2	6.2	5.8	5.6	5.9	5.7	4.9	6.0	-2.6	-1.6
IE	9.2	9.4	9.3	9.4	9.4	9.1	7.8	8.1	7.9	8.1	8.8	-2.2	-1.1
IT	9.0	8.3	7.9	7.9	8.2	7.6	7.3	7.0	7.2	6.9	7.7	-2.6	-2.0
CY	10.7	10.6	9.7	9.1	8.8	8.9	9.6	9.4	11.4	11.9	10.0	0.9	1.2
LV	3.2	5.1	6.4	9.0	7.7	8.1	7.6	8.2	8.8	9.1	7.3	8.4	5.9
LT	4.2	4.5	4.6	5.8	7.1	6.0	6.7	6.8	7.1	6.9	6.0	6.1	2.7
LU	8.0	7.8	7.5	7.4	7.3	7.1	7.1	7.1	7.3	8.2	7.5	-0.4	0.2
HU	7.5	7.5	7.7	8.9	8.6	7.7	7.2	7.2	-	-	7.8	-	-
MT	11.8	11.9	12.7	15.0	14.9	13.1	12.1	11.0	10.8	9.2	12.3	-2.7	-2.6
NL	9.0	9.5	9.4	9.7	9.8	9.7	9.8	9.6	9.9	10.3	9.7	1.0	1.3
AT	5.1	5.0	5.3	5.2	5.2	5.6	5.7	6.0	6.2	6.2	5.6	2.7	1.1
PL	5.3	5.6	3.7	4.5	5.3	5.6	5.5	6.1	6.6	6.9	5.5	4.0	1.6
PT	10.9	10.7	10.0	10.4	9.9	7.9	8.7	9.1	8.8	-	9.6	-	-
SI	-	-	-	-	5.6	7.9	8.6	8.6	8.7	8.7	8.0	-	-
SK	-	-	-	-	-	-	-	-	-	-	-	-	-
FI	6.1	6.5	7.1	7.2	7.4	6.6	6.6	6.8	7.2	7.4	6.9	1.1	1.2
SE	5.7	6.1	5.7	5.7	5.4	5.2	5.5	5.9	5.8	5.7	5.7	-0.2	0.0
UK	8.3	8.5	8.4	8.6	8.6	8.2	7.6	7.7	7.6	7.3	8.1	-1.7	-1.0
NO	10.6	11.2	10.6	10.3	8.9	7.6	7.1	7.5	7.7	-	9.1	-	-
EU-25 (weighted average[3)])[5]	7.0	6.9	6.8	6.9	7.0	6.7	6.7	6.8	6.9	6.6	6.8	-0.4	-0.4
EU-15 (weighted average[3)])	7.0	6.9	6.8	6.9	7.0	6.8	6.7	6.8	6.8	6.6	6.9	-0.5	-0.4
EUR-12 (weighted average[3)])	6.9	6.7	6.6	6.5	6.7	6.5	6.5	6.6	6.7	6.4	6.6	-0.4	-0.5
NMS-10 (weighted average[3)])[5]	6.4	6.5	5.3	6.1	6.5	6.6	6.6	6.8	7.2	7.5	6.5	2.3	1.1
EU-25 (average[4)])[5]	7.3	7.5	7.4	7.8	7.7	7.4	7.4	7.4	7.6	7.6	7.5	0.1	0.3
EU-15 (average[4)])	7.7	7.7	7.6	7.6	7.6	7.1	7.1	7.2	7.2	7.1	7.4	-1.1	-0.6
EUR-12 (average[4)])	7.7	7.7	7.5	7.5	7.5	7.0	7.0	7.0	7.1	7.0	7.3	-1.3	-0.7
NMS-10 (average[4)])[5]	6.6	7.0	7.0	8.1	7.8	7.8	8.0	7.9	8.3	8.4	7.7	2.3	1.8
Ratio st.dev. and mean in %	36.5	33.0	33.0	35.1	32.0	27.6	24.9	22.5	24.4	26.1			-10.5
Difference max. and min.	9.8	8.5	9.0	10.5	9.8	7.9	7.0	6.0	6.2	7.0			-2.8

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation. 3) Total Taxation weighted. 4) arithmetic average 5) Slovakia excluded from averages
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	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	1.6	1.6	1.6	1.6	1.6	1.5	1.5	1.4	1.5	1.6	1.5	-1.1	0.0
CZ	2.3	2.2	2.2	2.1	2.2	2.2	2.3	2.2	2.3	2.4	2.2	0.8	0.1
DK	2.1	2.3	2.2	2.4	2.6	2.5	2.7	2.6	2.6	2.5	2.4	2.2	0.4
DE	1.9	1.8	1.8	1.7	1.9	2.0	2.1	2.2	2.3	2.2	2.0	2.7	0.2
EE	0.6	0.9	1.3	1.6	1.4	1.2	1.6	1.6	1.6	1.9	1.4	9.2	1.3
EL	2.8	2.8	2.5	2.3	2.0	1.7	1.7	1.5	1.5	1.4	2.0	-8.5	-1.4
ES	1.8	1.8	1.7	1.8	1.8	1.7	1.7	1.7	1.6	1.6	1.7	-1.3	-0.2
FR	2.0	2.0	2.0	2.0	2.0	1.8	1.7	1.8	1.7	1.4	1.8	-3.3	-0.6
IE	1.7	1.7	1.7	1.7	1.6	1.4	1.2	1.2	1.2	1.3	1.5	-4.5	-0.4
IT	3.1	3.0	3.0	2.8	2.9	2.6	2.4	2.3	2.4	2.3	2.7	-4.0	-0.9
CY	0.5	0.5	0.5	0.5	0.6	0.7	1.0	1.0	1.9	2.1	0.9	16.2	1.6
LV	1.0	1.6	1.8	2.7	2.1	1.8	1.6	1.8	2.0	2.1	1.9	3.9	1.1
LT	1.2	1.2	1.3	1.8	2.2	1.7	1.8	1.9	1.9	1.8	1.7	5.5	0.6
LU	3.2	3.2	3.0	2.9	2.8	2.7	2.8	2.8	2.9	3.1	2.9	-0.8	-0.1
HU	2.7	2.4	2.4	2.8	2.7	2.4	2.2	2.2	-	-	2.5	-	-
MT	0.9	0.8	1.3	1.6	1.6	1.4	1.5	1.4	1.3	1.3	1.3	4.4	0.5
NL	1.7	1.8	1.9	1.9	2.0	2.0	1.9	1.9	1.9	2.0	1.9	0.9	0.3
AT	1.4	1.4	1.7	1.6	1.5	1.6	1.7	1.7	1.8	1.8	1.6	2.6	0.4
PL	2.0	2.0	1.3	1.6	1.9	1.8	1.8	2.0	2.1	2.1	1.9	1.9	0.1
PT	2.6	2.5	2.3	2.4	2.2	1.6	1.9	2.1	2.2	-	2.2	-	-
SI	-	-	-	-	1.7	2.5	2.8	2.8	2.7	2.7	2.5	-	-
SK	-	-	-	-	-	-	-	-	-	-	-	-	-
FI	2.0	2.1	2.3	2.2	2.2	2.0	2.0	2.0	2.0	2.0	2.1	-1.0	-0.1
SE	2.4	2.7	2.6	2.6	2.5	2.4	2.4	2.5	2.5	2.5	2.5	-0.4	0.1
UK	2.3	2.4	2.3	2.5	2.5	2.4	2.3	2.2	2.1	2.1	2.3	-1.5	-0.3
NO	1.1	1.0	1.0	1.0	0.8	0.7	0.6	0.6	0.5	-	0.8	-	-
EU-25 (weighted average[3)])[5]	2.1	2.1	2.1	2.1	2.2	2.1	2.0	2.0	2.1	2.0	2.1	-0.9	-0.2
EU-15 (weighted average[3)])	2.1	2.1	2.1	2.1	2.2	2.1	2.0	2.0	2.0	1.9	2.1	-1.0	-0.2
EUR-12 (weighted average[3)])	2.1	2.1	2.1	2.0	2.1	2.0	2.0	2.0	2.0	1.9	2.0	-1.0	-0.2
NMS-10 (weighted average[3)])[5]	2.1	2.0	1.6	1.8	2.0	1.9	2.0	2.1	2.2	2.2	2.0	1.4	0.1
EU-25 (average[4)])[5]	1.9	1.9	1.9	2.0	2.0	1.9	1.9	1.9	2.0	2.0	2.0	0.3	0.1
EU-15 (average[4)])	2.2	2.2	2.2	2.2	2.2	2.0	2.0	2.0	2.0	2.0	2.1	-1.4	-0.2
EUR-12 (average[4)])	2.2	2.1	2.1	2.1	2.1	1.9	1.9	1.9	1.9	1.9	2.0	-1.8	-0.3
NMS-10 (average[4)])[5]	1.4	1.5	1.5	1.8	1.8	1.8	1.9	1.9	2.0	2.1	1.8	4.1	0.7
Ratio st.dev. and mean in %	34.8	32.0	28.3	26.7	24.2	23.7	23.4	23.1	21.5	24.3			-10.5
Difference max. and min.	2.7	2.6	2.5	2.3	2.3	2.0	1.8	1.8	1.7	1.8			-0.9

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average 5) Slovakia excluded from average

See explanatory notes in Annex C

Source: Commission Services

Table C.4.1_T: Environmental taxes as % of Total Taxation: Energy

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change1) 1995-2004	Difference2) 1995 to 2004
BE	3.6	3.7	3.6	3.5	3.5	3.3	3.2	3.1	3.3	3.4	3.4	-1.4	-0.1
CZ	6.4	6.3	6.1	6.1	6.4	6.3	6.7	6.3	6.4	6.7	6.4	0.6	0.3
DK	4.4	4.6	4.4	4.9	5.2	5.1	5.5	5.4	5.4	5.2	5.0	2.5	0.8
DE	4.9	4.5	4.3	4.2	4.6	4.9	5.3	5.5	5.8	5.6	5.0	3.0	0.8
EE	1.6	2.6	3.5	4.5	4.1	3.7	5.2	4.8	4.9	5.7	4.1	10.9	4.2
EL	8.5	8.4	7.4	6.4	5.5	4.6	4.6	4.0	4.2	4.0	5.8	-9.6	-4.6
ES	5.4	5.4	5.2	5.6	5.5	5.1	4.9	4.9	4.8	4.6	5.2	-1.9	-0.8
FR	4.7	4.6	4.5	4.5	4.4	4.1	3.9	4.1	3.9	3.2	4.2	-3.2	-1.4
IE	5.2	5.2	5.2	5.2	5.0	4.5	3.9	4.4	4.2	4.4	4.7	-3.0	-0.9
IT	7.8	7.2	6.8	6.7	6.8	6.2	5.8	5.6	5.7	5.6	6.4	-3.7	-2.3
CY	2.0	2.0	1.9	1.9	2.0	2.3	3.1	3.2	5.8	6.2	3.0	13.2	4.2
LV	3.1	5.0	5.6	7.9	6.4	6.2	5.8	6.2	6.9	7.5	6.1	6.0	4.4
LT	4.0	4.1	4.1	5.4	6.8	5.8	6.4	6.6	6.8	6.3	5.6	6.1	2.2
LU	7.6	7.4	7.2	7.1	7.0	6.8	6.8	6.8	7.0	7.9	7.2	-0.3	0.2
HU	6.5	6.0	6.2	7.2	7.0	6.1	5.6	5.5	-	-	6.3	-	-
MT	3.2	3.2	4.6	6.1	5.8	4.9	5.0	4.3	4.1	3.8	4.5	1.4	0.6
NL	4.2	4.4	4.8	4.7	4.8	4.9	5.0	5.0	5.1	5.3	4.8	2.0	1.0
AT	3.4	3.3	3.8	3.5	3.5	3.7	3.8	3.9	4.1	4.3	3.7	2.4	0.9
PL	5.3	5.4	3.6	4.4	5.1	5.2	5.2	5.8	6.3	6.5	5.3	3.6	1.2
PT	8.1	7.8	7.1	7.2	6.5	4.7	5.5	6.2	6.4	-	6.6	-	-
SI	-	-	-	-	4.4	6.5	7.3	7.1	6.8	6.7	6.5	-	-
SK	-	-	-	-	-	-	-	-	-	-	-	-	-
FI	4.5	4.4	4.9	4.8	4.8	4.2	4.4	4.4	4.5	4.4	4.5	-0.6	0.0
SE	5.0	5.3	5.0	5.0	4.7	4.5	4.8	5.1	5.1	4.9	4.9	-0.3	0.0
UK	6.6	6.8	6.6	6.7	6.7	6.5	6.1	6.2	5.9	5.8	6.4	-1.7	-0.9
NO	2.5	2.3	2.3	2.4	1.8	1.5	1.3	1.3	1.3	-	1.9	-	-
EU-25 (weighted average3))5	5.4	5.3	5.2	5.2	5.3	5.1	5.1	5.1	5.2	5.0	5.2	-0.6	-0.4
EU-15 (weighted average3))	5.4	5.3	5.2	5.2	5.3	5.1	5.1	5.1	5.2	4.9	5.2	-0.7	-0.5
EUR-12 (weighted average3))	5.3	5.1	5.0	4.9	5.0	4.8	4.9	4.9	5.0	4.7	5.0	-0.8	-0.6
NMS-10 (weighted average3))5	5.5	5.5	4.5	5.2	5.6	5.6	5.6	5.9	6.3	6.5	5.6	2.5	1.0
EU-25 (average4))5	5.0	5.1	5.1	5.4	5.3	5.0	5.2	5.2	5.4	5.4	5.2	0.5	0.3
EU-15 (average4))	5.6	5.5	5.4	5.3	5.2	4.9	4.9	5.0	5.0	4.9	5.2	-1.6	-0.7
EUR-12 (average4))	5.7	5.5	5.4	5.3	5.2	4.7	4.8	4.8	4.9	4.8	5.1	-2.0	-0.9
NMS-10 (average4))5	4.0	4.3	4.5	5.4	5.3	5.2	5.6	5.5	6.0	6.2	5.2	4.5	2.2
Ratio st.dev. and mean in %	35.0	31.3	26.9	27.8	24.6	22.4	21.5	21.3	21.3	25.7			-9.4
Difference max. and min.	7.0	6.4	5.5	6.0	5.0	4.5	4.2	4.0	3.8	4.6			-2.3

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation. 3) Total Taxation weighted. 4) arithmetic average 5) Slovakia excluded from averages

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	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	0.6	0.7	0.7	0.7	0.7	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.1
CZ	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	-2.8	-0.1
DK	2.0	2.1	2.1	2.3	2.1	1.8	1.7	1.9	1.7	2.0	2.0	-2.1	-0.1
DE	0.4	0.4	0.4	0.4	0.4	0.3	0.4	0.4	0.3	0.3	0.4	-1.2	0.0
EE	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.0	0.2	-15.6	-0.1
EL	0.7	0.7	0.9	0.9	1.0	0.8	1.1	1.0	0.9	1.0	0.9	3.6	0.3
ES	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.6	0.0
FR	0.6	0.7	0.6	0.6	0.7	0.6	0.5	0.6	0.6	0.6	0.6	-1.8	-0.1
IE	1.3	1.4	1.3	1.3	1.4	1.4	1.1	1.1	1.1	1.1	1.2	-2.5	-0.2
IT	0.5	0.4	0.4	0.5	0.6	0.6	0.6	0.6	0.6	0.5	0.5	3.2	0.1
CY	2.3	2.3	2.0	2.0	1.9	2.0	2.0	2.0	1.8	1.9	2.0	-2.0	-0.4
LV	0.0	0.0	0.0	0.1	0.2	0.3	0.3	0.3	0.4	0.4	0.2	-	0.4
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
LU	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	-3.1	0.0
HU	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.4	-	-	0.4	-	-
MT	2.4	2.3	2.3	2.3	2.5	2.3	2.1	2.1	2.2	1.9	2.2	-2.0	-0.5
NL	1.3	1.5	1.3	1.4	1.5	1.4	1.3	1.2	1.3	1.3	1.4	-1.3	0.0
AT	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.9	0.9	0.8	0.8	3.1	0.1
PL	0.0	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1	13.0	0.1
PT	0.9	1.0	1.0	1.1	1.2	1.1	1.1	1.0	0.9	-	1.0	-	-
SI	0.2	0.2	0.2	0.3	0.4	0.5	0.5	0.4	0.5	0.5	0.4	10.3	0.3
SK	-	-	-	-	-	0.2	-	0.2	0.2	-	0.2	-	-
FI	0.7	0.9	1.0	1.1	1.2	1.1	1.0	1.0	1.2	1.3	1.0	3.8	0.5
SE	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	-1.1	0.0
UK	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.6	-3.0	-0.1
NO	2.4	2.7	2.5	2.6	2.3	2.1	2.0	2.4	2.4	-	2.4	-	-
EU-25 (weighted average[3])[5]	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	-0.3	0.0
EU-15 (weighted average[3])	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	-0.3	0.0
EUR-12 (weighted average[3])	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.4	0.0
NMS-10 (weighted average[3])[5]	0.2	0.3	0.2	0.2	0.3	0.3	0.3	0.3	0.2	0.3	0.3	1.7	0.0
EU-25 (average[4])[5]	0.7	0.7	0.7	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.1	0.0
EU-15 (average[4])	0.7	0.8	0.8	0.8	0.9	0.8	0.8	0.8	0.8	0.8	0.8	-0.2	0.0
EUR-12 (average[4])	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.8	0.4	0.1
NMS-10 (average[4])[5]	0.6	0.7	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.6	0.0
Ratio st.dev. and mean in %	121.9	116.2	114.2	112.4	107.9	105.6	102.3	101.6	102.5	106.6			-15.4
Difference max. and min.	2.4	2.3	2.2	2.3	2.4	2.2	2.1	2.0	2.1	1.9			-0.5

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average 5) Slovakia excluded from average

See explanatory notes in Annex C

Source: Commission Services

Table C.4.2_T: Environmental taxes as % of Total Taxation: Transport

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1] 1995-2004	Difference[2] 1995 to 2004
BE	1.3	1.5	1.5	1.4	1.6	1.4	1.5	1.5	1.5	1.5	1.5	0.5	0.2
CZ	1.0	1.0	0.7	0.8	1.0	0.9	0.8	0.8	0.8	0.7	0.9	-3.0	-0.3
DK	4.2	4.2	4.3	4.6	4.3	3.6	3.5	3.9	3.6	4.0	4.0	-1.9	-0.2
DE	1.0	0.9	0.9	1.0	0.8	0.8	1.0	0.9	0.9	0.9	0.9	-0.8	-0.1
EE	0.5	0.7	0.5	0.4	0.5	0.6	0.7	0.6	0.1	0.1	0.5	-13.9	-0.4
EL	2.2	2.0	2.6	2.6	2.8	2.2	3.0	2.7	2.5	2.8	2.5	2.5	0.6
ES	1.2	1.2	1.1	1.3	1.3	1.3	1.3	1.2	1.2	1.2	1.2	0.1	0.0
FR	1.5	1.6	1.4	1.4	1.5	1.3	1.3	1.3	1.4	1.3	1.4	-1.7	-0.2
IE	3.9	4.1	4.0	4.1	4.4	4.5	3.8	3.7	3.7	3.8	4.0	-1.0	-0.1
IT	1.1	1.0	1.0	1.1	1.3	1.3	1.4	1.4	1.4	1.3	1.2	3.4	0.2
CY	8.7	8.5	7.8	7.2	6.8	6.6	6.5	6.2	5.5	5.7	7.0	-5.0	-3.0
LV	0.0	0.0	0.1	0.3	0.5	1.1	1.1	1.2	1.3	1.2	0.7	-	1.2
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
LU	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	-2.6	-0.1
HU	0.5	0.8	0.8	0.9	1.1	1.0	1.1	1.1	-	-	0.9	-	-
MT	8.7	8.7	8.1	8.9	9.0	8.2	7.1	6.4	6.7	5.4	7.7	-4.9	-3.3
NL	3.3	3.7	3.3	3.5	3.6	3.5	3.4	3.2	3.3	3.4	3.4	-0.3	0.1
AT	1.7	1.6	1.5	1.6	1.6	1.8	1.9	2.0	2.0	1.9	1.8	2.9	0.2
PL	0.1	0.2	0.1	0.2	0.2	0.4	0.3	0.2	0.2	0.5	0.2	14.7	0.4
PT	2.8	3.0	2.9	3.2	3.4	3.2	3.2	2.9	2.5	-	3.0	-	-
SI	0.6	0.6	0.6	0.8	1.0	1.2	1.2	1.1	1.2	1.3	1.0	10.3	0.8
SK	-	-	-	-	-	0.7	-	0.6	0.7	-	0.7	-	-
FI	1.6	2.0	2.1	2.4	2.5	2.3	2.2	2.3	2.6	2.8	2.3	4.3	1.2
SE	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.7	0.6	0.6	0.6	-0.9	0.0
UK	1.7	1.7	1.7	1.7	1.7	1.6	1.3	1.4	1.4	1.3	1.5	-3.2	-0.3
NO	5.7	6.3	5.8	6.1	5.4	4.8	4.7	5.5	5.6	-	5.5	-	-
EU-25 (weighted average[3])[5]	1.4	1.5	1.4	1.5	1.5	1.4	1.4	1.4	1.4	1.4	1.5	-0.1	0.0
EU-15 (weighted average[3])	1.5	1.5	1.4	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	-0.1	0.0
EUR-12 (weighted average[3])	1.4	1.4	1.4	1.4	1.5	1.4	1.5	1.4	1.5	1.4	1.4	0.6	0.1
NMS-10 (weighted average[3])[5]	0.6	0.7	0.6	0.7	0.8	0.9	0.8	0.8	0.7	0.8	0.7	2.8	0.2
EU-25 (average[4])[5]	2.0	2.1	2.0	2.1	2.2	2.1	2.0	2.0	2.0	1.9	2.0	-0.7	-0.1
EU-15 (average[4])	1.9	2.0	2.0	2.1	2.1	2.0	2.0	2.0	1.9	1.9	2.0	-0.1	0.0
EUR-12 (average[4])	1.8	1.9	1.9	2.0	2.1	2.0	2.0	1.9	1.9	1.9	2.0	0.4	0.1
NMS-10 (average[4])[5]	2.2	2.3	2.1	2.2	2.3	2.2	2.1	2.0	2.0	1.9	2.1	-1.6	-0.3
Ratio st.dev. and mean in %	163.6	160.6	153.9	149.7	143.7	137.1	126.0	117.0	116.7	112.5			-51.2
Difference max. and min.	8.7	8.7	8.1	8.8	8.8	8.0	6.8	6.1	6.6	5.6			-3.1

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation. 3) Total Taxation weighted. 4) arithmetic average 5) Slovakia excluded from averages
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	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	-1.6	0.0
CZ	0.2	0.2	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.1	-20.0	-0.2
DK	0.2	0.3	0.3	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	2.1	0.1
DE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0
EE	0.0	0.0	0.0	0.0	0.2	0.3	0.3	0.2	0.3	0.3	0.2	-	0.3
EL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	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	7.7	0.0
FR	0.2	0.2	0.1	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.2	-0.2	0.0
IE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-23.7	0.0
IT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0
CY	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0
LV	0.1	0.1	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.1	0.2	6.7	0.1
LT	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	-10.4	0.1
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
HU	0.2	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	-1.8	0.0
MT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	-	0.0
NL	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.6	0.6	0.6	0.6	-0.4	0.0
AT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13.2	0.0
PL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0
PT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0	-	-
SI	0.1	0.0	0.0	0.1	0.0	0.1	0.1	0.2	0.3	0.2	0.1	19.3	0.2
SK	-	-	-	-	-	0.0	-	0.0	0.2	-	0.1	-	-
FI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11.2	0.0
SE	0.0	0.1	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	7.6	0.0
UK	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.0	-	0.1
NO	1.0	1.1	1.1	0.8	0.7	0.6	0.5	0.3	0.3	-	0.7	-	-
EU-25 (weighted average[3])[5]	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	2.1	0.0
EU-15 (weighted average[3])	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	2.2	0.0
EUR-12 (weighted average[3])	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.6	0.0
NMS-10 (weighted average[3])[5]	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	-1.6	0.0
EU-25 (average[4])[5]	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	3.0	0.0
EU-15 (average[4])	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	1.6	0.0
EUR-12 (average[4])	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.3	0.0
NMS-10 (average[4])[5]	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	5.7	0.0
Ratio st.dev. and mean in %	188.9	177.2	181.1	188.8	177.9	166.9	168.0	152.7	162.1	162.0			-26.9
Difference max. and min.	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.6	0.6	0.6			0.0

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average 5) Slovakia excluded from average

See explanatory notes in Annex C

Source: Commission Services

Table C.4.3_T: Environmental taxes as % of Total Taxation: Pollution/Resources

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	0.4	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4	-1.8	0.0
CZ	0.6	0.5	0.4	0.3	0.2	0.3	0.1	0.1	0.1	0.1	0.3	-20.2	-0.5
DK	0.4	0.6	0.7	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.7	2.4	0.2
DE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0
EE	0.0	0.1	0.1	0.1	0.5	0.8	0.9	0.7	0.9	0.9	0.5	-	0.9
EL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	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	7.2	0.0
FR	0.4	0.4	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	-0.1	0.0
IE	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-22.1	-0.1
IT	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	-	0.0
CY	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0
LV	0.2	0.2	0.8	0.8	0.8	0.7	0.7	0.7	0.6	0.4	0.6	8.8	0.2
LT	0.1	0.2	0.2	0.1	0.2	0.0	0.0	0.0	0.1	0.3	0.1	-9.8	0.2
LU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0
HU	0.5	0.7	0.7	0.8	0.6	0.6	0.5	0.5	0.6	0.6	0.6	-1.3	0.1
MT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.1	0.0	-	0.1
NL	1.5	1.4	1.4	1.4	1.4	1.4	1.4	1.5	1.5	1.6	1.4	0.7	0.1
AT	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	13.0	0.0
PL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0
PT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0	-	-
SI	0.2	0.1	0.1	0.1	0.1	0.2	0.2	0.4	0.7	0.6	0.3	19.2	0.4
SK	-	-	-	-	-	0.0	-	0.0	0.7	-	0.2	-	-
FI	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	11.6	0.1
SE	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	7.7	0.0
UK	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.1	-	0.2
NO	2.4	2.6	2.5	1.8	1.7	1.3	1.1	0.7	0.8	-	1.7	-	-
EU-25 (weighted average[3)])[5]	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	2.3	0.0
EU-15 (weighted average[3)])	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	2.5	0.1
EUR-12 (weighted average[3)])	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.8	0.0
NMS-10 (weighted average[3)])[5]	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.2	0.2	0.2	0.2	-0.8	0.0
EU-25 (average[4)])[5]	0.2	0.2	0.2	0.2	0.2	0.3	0.2	0.3	0.3	0.3	0.2	3.9	0.1
EU-15 (average[4)])	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.2	2.0	0.1
EUR-12 (average[4)])	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.8	0.0
NMS-10 (average[4)])[5]	0.2	0.2	0.3	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	6.6	0.2
Ratio st.dev. and mean in %	183.2	171.5	180.6	186.1	174.5	170.2	176.9	157.7	170.9	166.9			-16.3
Difference max. and min.	1.5	1.4	1.4	1.4	1.4	1.4	1.4	1.5	1.5	1.6			0.1

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation. 3) Total Taxation weighted. 4) arithmetic average 5) Slovakia excluded from averages
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	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	20.4	21.1	21.5	21.2	22.3	21.7	20.8	21.1	21.0	21.8	21.3	0.2	1.3
CZ	22.4	21.5	20.0	19.3	20.5	19.9	19.4	19.7	19.8	22.2	20.5	-0.4	-0.2
DK	30.5	31.6	31.9	32.7	33.7	33.4	33.5	33.7	33.0	33.3	32.7	0.9	2.8
DE	18.8	18.3	18.1	18.3	19.0	18.9	18.5	18.5	18.6	18.1	18.5	-0.1	-0.8
EE	20.3	18.9	20.4	18.1	17.8	19.6	19.6	19.7	20.3	20.8	19.6	0.5	0.5
EL	17.3	17.4	16.7	16.9	17.5	17.9	18.6	18.6	18.0	17.5	17.6	0.7	0.2
ES	14.1	14.4	14.6	15.3	15.8	15.7	15.2	15.4	15.9	16.0	15.2	1.3	1.8
FR	21.9	22.5	22.5	22.3	22.2	21.4	20.7	20.8	20.5	20.7	21.5	-1.1	-1.2
IE	24.9	24.8	25.4	25.7	26.1	26.4	24.4	25.5	25.3	26.5	25.5	0.3	1.6
IT	17.2	16.9	17.2	17.7	17.9	17.8	17.1	17.0	16.5	16.8	17.2	-0.4	-0.5
CY	12.2	11.9	10.8	11.0	10.8	12.3	13.9	15.0	18.7	19.0	13.6	5.8	6.9
LV	19.1	16.5	17.7	19.9	18.0	17.3	16.2	16.3	17.4	17.5	17.6	-0.9	-1.6
LT	17.7	16.6	20.4	20.8	19.2	19.8	19.4	19.8	18.9	18.1	19.1	0.5	0.4
LU	21.7	21.1	22.0	21.7	22.9	23.6	22.4	22.4	23.4	25.7	22.7	1.5	4.0
HU	30.9	29.6	27.4	27.9	28.2	28.1	26.2	26.2	27.3	28.6	28.1	-1.0	-2.3
MT	14.6	13.7	14.7	12.5	13.2	13.9	14.9	17.0	15.2	17.0	14.7	2.1	2.4
NL	22.5	22.7	23.1	23.0	23.5	23.6	23.1	22.7	23.1	23.9	23.1	0.4	1.4
AT	20.3	20.7	21.7	21.8	22.2	21.3	21.4	21.9	21.4	21.6	21.4	0.5	1.3
PL	21.8	21.5	20.4	19.9	20.3	18.9	17.8	18.8	19.0	19.3	19.8	-1.7	-2.6
PT	18.3	18.5	18.3	18.6	18.6	18.0	18.2	18.8	19.0	-	18.5	-	-
SI	25.1	24.7	23.4	24.9	25.7	24.0	23.5	24.7	24.7	24.4	24.5	-0.1	-0.7
SK	-	-	-	-	-	22.3	-	20.0	19.4	-	20.5	-	-
FI	26.6	26.9	29.0	29.3	29.4	28.6	27.6	27.7	28.1	27.9	28.1	0.2	1.4
SE	27.7	27.0	26.9	27.4	27.2	26.5	26.9	27.4	27.5	27.6	27.2	0.1	-0.1
UK	19.6	19.3	20.0	19.7	19.4	19.0	18.6	18.5	18.8	18.7	19.2	-0.7	-0.9
NO	31.1	30.8	31.6	31.0	31.1	30.4	30.1	29.9	29.2	-	30.6	-	-
EU-25 (weighted average[3])[5]	20.0	19.9	20.0	20.1	20.4	20.1	19.6	19.6	19.6	19.7	19.9	-0.2	-0.3
EU-15 (weighted average[3])	19.9	19.8	20.0	20.1	20.4	20.1	19.6	19.6	19.6	19.6	19.9	-0.2	-0.2
EUR-12 (weighted average[3])	19.4	19.3	19.4	19.6	20.0	19.7	19.2	19.2	19.1	19.2	19.4	-0.2	-0.2
NMS-10 (weighted average[3])[5]	23.0	22.2	21.1	20.9	21.3	20.4	19.5	20.4	20.9	21.7	21.2	-0.9	-1.3
EU-25 (average[4])[5]	21.1	20.8	21.0	21.1	21.3	21.1	20.8	21.1	21.3	21.9	21.1	0.3	0.8
EU-15 (average[4])	21.5	21.6	21.9	22.1	22.5	22.3	21.8	22.0	22.0	22.6	22.0	0.3	1.1
EUR-12 (average[4])	20.3	20.4	20.8	21.0	21.4	21.2	20.7	20.9	20.9	21.5	20.9	0.4	1.1
NMS-10 (average[4])[5]	20.5	19.4	19.5	19.4	19.3	19.3	19.0	19.7	20.1	20.8	19.7	0.2	0.3
Ratio st.dev. and mean in %	24.0	24.9	24.2	25.4	25.7	24.1	23.5	22.5	22.2	23.5			-0.5
Difference max. and min.	18.8	19.7	21.1	21.7	22.9	21.1	19.6	18.7	17.8	17.3			-1.5

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average 5) Slovakia excluded from average

See explanatory notes in Annex C

Source: Commission Services

Table D.2: Implicit tax rates in %: Labour

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	43.8	43.4	43.9	44.2	43.6	43.9	43.7	43.6	43.0	43.0	43.6	-0.2	-0.7
CZ	40.1	39.1	39.1	39.7	39.4	40.3	40.3	40.3	41.4	41.5	40.1	0.5	1.4
DK	40.1	40.2	40.6	38.8	40.1	40.9	40.7	38.8	38.0	37.4	39.6	-0.7	-2.8
DE	39.4	39.6	40.6	40.6	40.4	40.7	40.5	40.4	40.3	39.2	40.2	0.0	-0.2
EE	39.2	39.2	38.6	39.9	39.5	38.5	38.2	38.8	38.2	37.6	38.8	-0.4	-1.6
EL	34.1	35.7	36.4	37.5	37.0	38.2	37.7	40.0	41.2	37.9	37.6	1.5	3.8
ES	28.9	29.4	28.5	28.3	27.7	28.1	29.0	29.3	29.4	29.4	28.8	0.2	0.5
FR	40.8	41.1	41.3	41.7	42.0	41.6	41.2	40.9	41.4	42.4	41.4	0.2	1.6
IE	29.7	29.3	29.4	28.5	28.5	28.2	27.4	25.9	25.0	26.3	27.8	-1.8	-3.4
IT	37.9	41.6	43.2	43.0	42.3	41.8	41.8	41.8	42.1	42.0	41.7	0.5	4.1
CY	22.5	21.6	21.7	22.7	22.0	21.8	23.1	22.4	22.9	23.1	22.4	0.5	0.7
LV	39.2	34.6	36.1	37.2	37.0	36.7	36.5	37.7	36.5	36.3	36.8	-0.1	-2.8
LT	34.5	35.0	38.4	38.3	38.7	40.7	40.3	38.1	36.9	37.0	37.8	0.7	2.5
LU	29.5	29.7	29.5	28.8	29.7	30.0	29.5	28.2	28.7	29.0	29.3	-0.3	-0.4
HU	42.6	43.0	43.7	42.8	42.7	42.3	42.6	42.5	40.9	40.8	42.4	-0.6	-1.8
MT	21.8	19.8	21.9	19.1	20.1	21.9	22.9	22.9	22.6	23.9	21.7	1.6	2.1
NL	35.1	33.7	33.4	33.7	34.5	35.5	30.6	30.7	31.0	31.0	32.9	-1.4	-4.1
AT	38.7	39.5	40.8	40.5	40.6	40.2	40.7	40.8	40.9	40.7	40.3	0.4	2.0
PL	37.9	37.2	36.3	36.0	39.4	35.1	35.0	34.8	34.6	-	36.2	-	-
PT	27.5	27.6	28.3	28.6	26.5	27.0	28.8	29.1	29.8	-	28.1	-	-
SI	38.9	37.1	37.3	37.7	38.4	37.7	37.7	37.8	37.9	37.8	37.8	0.0	-1.1
SK	-	-	-	-	-	38.6	-	38.8	36.5	-	38.0	-	-
FI	43.4	44.7	43.3	44.1	43.5	44.1	44.6	43.6	42.3	41.9	43.5	-0.4	-1.5
SE	46.8	48.0	48.4	49.4	49.0	47.9	46.8	45.6	45.7	45.9	47.4	-0.6	-0.8
UK	25.7	24.9	24.4	25.2	25.0	25.4	25.1	24.0	24.3	24.8	24.9	-0.3	-0.9
NO	37.8	38.0	38.3	38.4	38.2	38.2	38.3	38.7	38.9	-	38.3	-	-
EU-25 (weighted average[3)])[5]	36.9	37.4	37.4	37.5	37.2	37.1	36.6	36.3	36.6	36.5	36.9	-0.3	-0.4
EU-15 (weighted average[3)])	36.9	37.4	37.4	37.5	37.2	37.1	36.7	36.3	36.6	36.5	36.9	-0.3	-0.4
EUR-12 (weighted average[3)])	38.2	38.9	39.5	39.5	39.2	39.3	38.8	38.7	38.8	38.7	39.0	0.0	0.5
NMS-10 (weighted average[3)])[5]	38.4	37.7	37.5	37.3	39.0	36.9	36.9	37.0	36.9	38.9	37.7	-0.1	0.6
EU-25 (average[4)])[5]	35.7	35.6	36.0	36.1	36.1	36.2	36.0	35.7	35.6	35.9	35.9	0.0	0.1
EU-15 (average[4)])	36.1	36.6	36.8	36.9	36.7	36.9	36.5	36.2	36.2	36.5	36.5	0.0	0.4
EUR-12 (average[4)])	35.7	36.3	36.5	36.6	36.4	36.6	36.3	36.2	36.3	36.6	36.3	0.1	0.9
NMS-10 (average[4)])[5]	35.2	34.1	34.8	34.8	35.2	35.0	35.2	35.0	34.7	34.7	34.9	0.0	-0.4
Ratio st.dev. and mean in %	18.6	19.7	19.7	20.4	20.5	19.5	19.4	19.5	18.9	18.9			0.3
Difference max. and min.	25.0	28.3	26.7	30.3	28.9	26.2	23.8	23.2	23.1	22.8			-2.2

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average 5) Slovakia excluded from average

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	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	25.5	27.0	28.1	30.3	31.4	29.6	29.7	31.1	33.8	34.8	30.1	2.9	9.3
CZ	23.9	21.3	23.6	20.3	21.7	20.9	22.1	25.2	23.6	-	22.5	-	-
DK	30.0	31.0	31.9	38.9	38.8	36.2	31.0	30.8	35.0	43.8	34.7	2.0	13.8
DE	22.4	25.6	24.5	25.9	29.1	29.2	22.7	21.1	21.6	21.7	24.4	-1.6	-0.7
EE	17.9	15.5	16.5	17.2	16.7	7.7	7.5	8.8	10.3	-	13.1	-	-
EL	12.1	12.0	14.9	17.6	19.9	21.8	18.6	18.7	17.4	17.0	17.0	4.2	4.9
ES	20.4	20.7	23.4	24.2	27.6	28.9	27.5	29.6	31.0	-	25.9	-	-
FR	31.7	35.0	35.8	35.9	38.7	38.4	38.7	37.6	37.0	36.9	36.6	1.4	5.2
IE	22.1	23.7	23.4	22.9	28.0	28.9	29.6	29.0	31.7	34.3	27.4	4.8	12.3
IT	26.1	26.3	29.7	27.1	28.9	28.3	27.7	27.8	30.8	28.8	28.2	1.0	2.7
CY	-	-	-	-	-	-	-	-	-	-	-	-	-
LV	-	-	-	-	18.0	12.7	12.8	10.8	9.3	-	12.7	-	-
LT	9.1	8.8	9.3	8.7	8.2	6.5	5.4	5.3	6.8	-	7.6	-	-
LU	24.8	23.7	26.5	28.5	26.8	33.7	30.8	30.1	27.2	26.0	27.8	1.5	1.2
HU	-	-	-	-	-	-	-	-	-	-	-	-	-
MT	-	-	-	-	-	-	-	-	-	-	-	-	-
NL	23.4	26.1	26.9	27.6	29.8	27.3	31.4	31.5	30.8	-	28.3	-	-
AT	25.6	28.0	28.4	28.8	27.0	26.0	33.1	27.7	25.3	25.3	27.5	-0.3	-0.3
PL	-	-	-	-	21.4	22.5	22.4	23.6	20.3	19.4	21.6	-	-
PT	21.3	23.9	26.2	27.3	30.6	34.5	32.1	33.9	35.3	-	29.5	-	-
SI	-	-	-	-	-	-	-	-	-	-	-	-	-
SK	-	-	-	-	-	22.3	-	18.7	20.5	-	20.5	-	-
FI	28.0	31.1	31.7	33.5	35.2	38.7	28.7	30.7	28.6	28.2	31.4	-0.6	0.2
SE	18.7	25.4	27.8	28.7	34.6	41.6	32.7	-	-	-	29.9	-	-
UK	33.3	32.4	34.3	35.7	39.9	40.8	42.1	37.5	33.7	34.9	36.5	1.0	1.6
NO	-	-	-	-	-	-	-	-	-	-	-	-	-
EU-25 (weighted average[3])[5]	26.0	27.9	29.1	29.8	32.4	32.7	31.1	29.9	29.7	-	29.9	-	-
EU-15 (weighted average[3])	26.0	28.0	29.2	29.9	32.8	33.1	31.5	30.2	30.1	-	30.1	-	-
EUR-12 (weighted average[3])	25.1	27.3	28.1	28.5	31.0	30.9	29.0	28.5	29.2	-	28.6	-	-
NMS-10 (weighted average[3])[5]	22.1	19.5	21.2	18.4	20.7	20.8	21.0	22.4	19.8	-	20.7	-	-
EU-25 (average[4])[5]	23.1	24.3	25.7	26.6	27.6	27.7	26.3	25.8	25.8	-	25.9	-	-
EU-15 (average[4])	24.4	26.1	27.6	28.9	31.1	32.3	30.4	29.8	29.9	-	28.9	-	-
EUR-12 (average[4])	23.6	25.3	26.6	27.5	29.4	30.4	29.2	29.1	29.2	-	27.8	-	-
NMS-10 (average[4])[5]	17.0	15.2	16.5	15.4	17.2	14.1	14.1	14.7	14.0	-	15.3	-	-
Ratio st.dev. and mean in %	23.7	24.5	23.1	25.0	25.1	30.4	30.4	30.4	30.6	-			-
Difference max. and min.	24.2	26.1	26.4	30.1	31.7	35.1	36.6	32.3	30.2	26.8			2.6

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average 5) Slovakia excluded from average

See explanatory notes in Annex C

Source: Commission Services

Table D.3.1: Implicit tax rates in %: Capital and business income

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	16.9	17.5	17.9	19.6	19.9	19.0	19.0	19.5	21.1	21.6	19.2	2.3	4.7
CZ	20.5	17.5	20.1	16.9	18.4	17.4	19.0	21.7	20.7	-	19.1	-	-
DK	21.3	22.2	22.8	27.7	27.6	24.0	17.6	17.3	20.2	28.8	22.9	-0.5	7.5
DE	17.8	20.7	20.3	21.5	24.2	24.5	18.2	16.9	17.4	17.7	19.9	-1.6	-0.1
EE	14.4	7.8	9.3	11.4	11.4	4.3	4.0	5.5	7.8	-	8.4	-	-
EL	9.1	8.6	9.9	12.5	13.5	15.4	13.3	13.8	12.6	12.5	12.1	4.6	3.4
ES	13.7	14.2	16.3	16.4	18.8	19.7	18.6	20.0	20.4	-	17.5	-	-
FR	15.1	17.2	17.5	17.7	19.9	20.8	21.4	20.0	18.8	18.3	18.7	2.2	3.2
IE	15.3	16.8	16.9	16.8	20.6	21.6	22.2	22.0	23.4	24.8	20.0	5.4	9.5
IT	17.2	18.4	20.8	19.0	21.3	21.6	21.5	20.5	23.9	21.6	20.6	2.6	4.4
CY	-	-	-	-	-	-	-	-	-	-	-	-	-
LV	-	-	-	-	9.2	6.7	7.0	6.8	5.1	-	7.0	-	-
LT	6.8	6.2	6.4	6.0	5.1	4.1	3.5	3.4	5.0	-	5.2	-	-
LU	19.1	17.9	20.0	21.2	18.7	23.0	21.8	22.9	20.8	18.8	20.4	1.1	-0.3
HU	-	-	-	-	-	-	-	-	-	-	-	-	-
MT	-	-	-	-	-	-	-	-	-	-	-	-	-
NL	16.0	18.3	19.1	19.2	20.5	18.2	21.8	21.2	20.1	-	19.4	-	-
AT	20.5	23.3	23.8	24.1	22.6	21.6	28.6	23.5	21.2	21.5	23.1	0.1	1.0
PL	-	-	-	-	14.5	15.3	16.3	17.8	15.6	14.1	15.6	-	-
PT	13.5	15.8	17.6	17.7	19.4	22.6	20.5	20.8	20.1	-	18.7	-	-
SI	-	-	-	-	-	-	-	-	-	-	-	-	-
SK	-	-	-	-	-	17.8	-	15.4	17.2	-	16.8	-	-
FI	22.3	24.9	26.1	28.0	29.6	33.6	24.2	25.6	23.4	22.6	26.0	-0.4	0.3
SE	12.8	16.4	18.3	18.9	24.3	30.9	22.6	-	-	-	20.6	-	-
UK	19.5	19.5	21.4	22.5	24.5	24.6	25.6	21.8	19.3	20.2	21.9	0.4	0.7
NO	-	-	-	-	-	-	-	-	-	-	-	-	-
EU-25 (weighted average[3])[5]	17.0	18.7	19.6	20.1	22.1	22.5	21.0	19.7	19.6	-	20.0	-	-
EU-15 (weighted average[3])	17.0	18.7	19.6	20.1	22.3	22.8	21.2	19.8	19.7	-	20.1	-	-
EUR-12 (weighted average[3])	16.6	18.6	19.2	19.5	21.6	22.0	20.2	19.4	19.8	-	19.7	-	-
NMS-10 (weighted average[3])[5]	18.8	15.6	17.4	15.0	14.8	14.7	15.8	17.4	15.8	-	16.1	-	-
EU-25 (average[4])[5]	16.2	16.8	18.0	18.7	19.2	19.4	18.3	17.9	17.7	-	18.0	-	-
EU-15 (average[4])	16.7	18.1	19.2	20.2	21.7	22.7	21.1	20.4	20.2	-	20.0	-	-
EUR-12 (average[4])	16.4	17.8	18.8	19.5	20.8	21.8	20.9	20.6	20.3	-	19.6	-	-
NMS-10 (average[4])[5]	13.9	10.5	11.9	11.4	11.7	9.6	9.9	11.0	10.9	-	11.2	-	-
Ratio st.dev. and mean in %	24.5	27.2	25.9	26.9	27.3	33.1	32.0	31.1	29.1	-			-
Difference max. and min.	15.5	18.7	19.7	22.0	24.5	29.5	25.1	22.3	18.8	16.3			0.8

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average 5) Slovakia excluded from average

See explanatory notes in Annex C

Source: Commission Services

Table D.3.1.1: Implicit tax rates: Corporate income

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	19.5	22.5	23.5	27.4	26.8	23.6	23.7	23.2	22.2	22.6	23.5	0.3	3.1
CZ	31.4	24.5	33.4	24.5	26.5	23.5	26.5	30.8	27.8	-	27.7	-	-
DK	20.4	22.4	22.3	29.3	21.4	24.6	22.1	21.2	22.9	27.2	23.4	1.1	6.8
DE	-	-	-	-	-	-	-	-	-	-	-	-	-
EE	27.3	14.0	14.6	17.8	17.6	4.3	3.9	5.6	8.2	-	12.6	-	-
EL	15.1	13.1	18.5	21.9	26.1	31.4	23.3	25.1	19.4	18.8	21.3	4.0	3.7
ES	12.8	14.2	18.7	17.6	21.5	23.2	21.0	25.0	25.7	-	20.0	-	-
FR	21.0	25.5	25.9	24.6	29.4	30.0	33.7	29.8	26.0	26.6	27.2	2.4	5.6
IE	-	-	-	-	-	-	-	-	-	-	-	-	-
IT	14.0	16.1	18.5	13.6	16.6	14.6	17.3	15.6	18.6	16.9	16.2	1.5	2.9
CY	-	-	-	-	-	-	-	-	-	-	-	-	-
LV	-	-	-	-	10.8	8.6	8.8	7.9	6.2	-	8.5	-	-
LT	12.7	11.0	9.5	8.3	5.8	3.5	2.3	2.5	5.7	-	6.8	-	-
LU	-	-	-	-	-	-	-	-	-	-	-	-	-
HU	-	-	-	-	-	-	-	-	-	-	-	-	-
MT	-	-	-	-	-	-	-	-	-	-	-	-	-
NL	19.0	23.3	24.8	25.3	25.6	22.6	23.4	21.9	20.2	-	22.9	-	-
AT	17.7	20.3	20.6	21.1	19.5	19.0	26.1	21.1	19.3	20.0	20.5	0.9	2.2
PL	-	-	-	-	40.7	35.3	36.3	37.3	21.0	19.2	31.6	-	-
PT	14.8	17.1	18.3	17.4	19.2	22.8	20.7	20.8	19.6	-	19.0	-	-
SI	-	-	-	-	-	-	-	-	-	-	-	-	-
SK	-	-	-	-	-	43.9	-	31.7	29.4	-	35.0	-	-
FI	19.7	23.0	25.1	26.9	28.6	33.7	21.2	24.7	21.5	20.6	24.5	-0.4	0.9
SE	15.7	18.2	20.0	20.5	25.2	34.9	26.3	-	-	-	23.0	-	-
UK	19.2	20.0	23.5	22.3	23.9	23.1	24.0	17.7	15.0	19.4	20.8	-1.9	0.2
NO	-	-	-	-	-	-	-	-	-	-	-	-	-
EU-25 (weighted average[3])[5]	17.9	20.2	22.4	21.2	24.1	24.1	24.8	22.4	20.8	-	22.0	-	-
EU-15 (weighted average[3])	17.8	20.2	22.3	21.2	23.7	23.8	24.5	21.9	20.8	-	21.8	-	-
EUR-12 (weighted average[3])	17.4	20.3	22.1	20.6	23.6	23.4	24.7	23.4	22.5	-	22.0	-	-
NMS-10 (weighted average[3])[5]	29.4	22.3	28.8	21.7	34.5	29.8	31.1	32.4	21.2	-	27.9	-	-
EU-25 (average[4])[5]	18.7	19.0	21.1	21.2	22.7	22.3	21.2	20.6	18.7	-	20.6	-	-
EU-15 (average[4])	17.4	19.6	21.6	22.3	23.7	25.3	23.6	22.4	21.0	-	21.9	-	-
EUR-12 (average[4])	17.1	19.5	21.5	21.7	23.7	24.6	23.4	23.0	21.4	-	21.8	-	-
NMS-10 (average[4])[5]	23.8	16.5	19.2	16.8	20.3	15.1	15.5	16.8	13.8	-	17.5	-	-
Ratio st.dev. and mean in %	29.0	22.6	24.6	26.5	32.5	44.8	36.5	41.7	33.7	-			-
Difference max. and min.	18.8	14.5	23.9	21.0	34.9	40.4	34.0	34.8	23.7	10.2			-8.6

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average 5) Slovakia excluded from average
See explanatory notes in Annex C
Source: Commission Services

Table D.3.1.2: Implicit tax rates: Capital and business income of households and self-employed

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average 1995-2004	Change[1)] 1995-2004	Difference[2)] 1995 to 2004
BE	13.6	13.2	13.2	13.0	13.2	13.0	13.0	13.6	16.4	16.6	13.9	2.1	2.9
CZ	9.3	9.7	9.1	9.0	9.2	10.0	10.0	10.9	10.7	-	9.8	-	-
DK	20.7	20.4	21.5	22.9	33.8	19.6	7.8	7.8	11.8	26.8	19.3	-6.3	6.1
DE	-	-	-	-	-	-	-	-	-	-	-	-	-
EE	1.2	1.0	2.4	1.3	3.4	3.7	3.5	4.1	4.8	-	2.8	-	-
EL	6.4	6.3	6.7	8.6	8.5	8.8	8.8	9.2	9.4	9.1	8.2	4.7	2.7
ES	13.9	13.7	14.0	14.8	15.9	16.2	15.8	15.4	15.3	-	15.0	-	-
FR	10.5	11.6	11.3	11.9	12.6	13.4	12.6	12.6	12.9	11.5	12.1	1.4	0.9
IE	-	-	-	-	-	-	-	-	-	-	-	-	-
IT	13.7	13.9	15.1	15.6	16.4	18.0	16.3	15.9	18.3	16.5	16.0	2.5	2.8
CY	-	-	-	-	-	-	-	-	-	-	-	-	-
LV	-	-	-	-	0.5	1.1	0.8	1.2	0.8	-	0.9	-	-
LT	1.8	1.8	2.3	2.4	2.8	2.6	2.8	2.5	2.0	-	2.3	-	-
LU	-	-	-	-	-	-	-	-	-	-	-	-	-
HU	-	-	-	-	-	-	-	-	-	-	-	-	-
MT	-	-	-	-	-	-	-	-	-	-	-	-	-
NL	11.7	11.7	10.9	10.7	12.4	10.2	16.4	17.1	17.0	-	13.1	-	-
AT	13.0	11.6	10.5	10.3	9.4	8.5	9.6	10.6	9.1	8.3	10.1	-3.6	-4.7
PL	-	-	-	-	7.5	9.4	11.4	12.6	12.8	10.9	10.8	-	-
PT	9.9	11.4	13.6	15.7	16.4	17.3	15.6	15.3	16.5	-	14.6	-	-
SI	-	-	-	-	-	-	-	-	-	-	-	-	-
SK	-	-	-	-	-	9.3	-	8.5	11.0	-	9.6	-	-
FI	19.9	21.1	21.5	22.5	22.5	22.9	21.8	19.8	18.7	17.8	20.8	-1.4	-2.0
SE	7.4	12.5	14.5	15.4	20.9	24.4	16.9	-	-	-	16.0	-	-
UK	14.8	14.0	13.7	16.6	18.3	18.8	19.2	20.1	19.3	21.1	17.6	4.8	6.3
NO	-	-	-	-	-	-	-	-	-	-	-	-	-
EU-25 (weighted average[3)])[5]	12.8	13.1	13.3	14.4	15.6	15.9	15.3	15.4	15.9	-	14.6	-	-
EU-15 (weighted average[3)])	12.8	13.1	13.4	14.5	15.9	16.2	15.5	15.6	16.1	-	14.8	-	-
EUR-12 (weighted average[3)])	12.3	12.7	13.0	13.5	14.2	14.7	14.5	14.4	15.3	-	13.8	-	-
NMS-10 (weighted average[3)])[5]	8.1	8.3	7.7	7.5	7.4	8.8	10.2	11.2	11.0	-	8.9	-	-
EU-25 (average[4)])[5]	11.2	11.6	12.0	12.7	13.2	12.8	11.9	11.8	12.2	-	12.2	-	-
EU-15 (average[4)])	13.0	13.4	13.9	14.8	16.7	15.9	14.5	14.3	15.0	-	14.6	-	-
EUR-12 (average[4)])	12.5	12.7	13.0	13.7	14.2	14.3	14.4	14.4	14.9	-	13.8	-	-
NMS-10 (average[4)])[5]	4.1	4.2	4.6	4.3	4.7	5.3	5.7	6.3	6.2	-	5.0	-	-
Ratio st.dev. and mean in %	43.6	42.0	41.7	42.2	52.4	42.4	38.7	36.3	35.6	-			-
Difference max. and min.	19.5	20.1	19.2	21.5	33.3	23.3	21.0	18.9	18.6	18.5			-1.0

1) Estimated annual average growth rate in %. - 2) in %-points of GDP. 3) GDP weighted. 4) arithmetic average 5) Slovakia excluded from average

See explanatory notes in Annex C

Source: Commission Services

Table D.4: Implicit tax rates: Energy[1)]

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004[f]	Average 1995-2004	Change[2)] 1995-2004	Difference[3)] 1995 to 2004
BE	98.9	97.9	98.5	98.6	101.3	101.7	101.0	106.2	105.8	118.0	102.8	1.6	19.1
CZ	38.1	41.1	41.6	46.1	53.4	54.9	64.9	74.5	71.9	82.3	56.9	9.0	44.2
DK	200.5	212.9	218.0	248.9	284.6	301.3	317.8	326.4	329.3	332.7	277.2	6.3	132.2
DE	168.6	151.8	149.0	149.7	176.5	183.8	193.5	205.4	217.0	209.5	180.5	4.2	40.9
EE	6.8	11.9	18.7	29.7	31.2	30.5	43.4	45.0	49.9	63.3	33.0	21.6	56.5
EL	158.0	161.6	157.5	138.9	132.5	118.5	118.3	111.1	116.3	114.5	132.7	-4.6	-43.4
ES	128.0	134.4	129.1	138.2	143.6	138.2	135.1	141.9	142.9	148.7	138.0	1.3	20.7
FR	169.8	168.1	170.8	171.7	178.0	173.9	161.6	177.7	169.3	146.6	168.7	-0.8	-23.2
IE	112.2	121.7	138.4	140.5	145.9	142.7	125.3	144.9	149.9	172.9	139.4	3.2	60.7
IT	237.5	261.3	271.8	261.0	265.3	249.4	240.8	236.4	243.6	240.7	250.8	-0.8	3.3
CY	26.5	27.2	26.5	29.4	31.9	43.2	61.4	64.7	126.5	147.5	58.5	20.1	121.0
LV	10.2	16.9	25.0	45.4	40.4	47.9	42.2	48.0	53.1	64.2	39.3	16.9	54.0
LT	12.5	16.7	25.7	39.9	55.6	59.6	66.1	71.6	78.2	80.3	50.6	20.8	67.8
LU	141.8	139.4	143.0	151.6	159.1	164.7	164.8	170.2	174.7	204.8	161.4	3.7	63.0
HU	58.8	53.4	62.6	75.4	77.5	77.2	79.2	88.7	-	-	-	-	-
MT	53.9	46.8	73.9	102.6	105.9	112.2	148.3	138.1	126.5	126.9	103.5	11.5	73.0
NL	114.1	113.8	130.0	135.5	152.9	162.6	169.2	171.9	173.9	187.5	151.1	5.8	73.4
AT	127.5	120.7	140.9	133.5	142.1	148.7	152.8	155.1	152.5	164.7	143.8	3.0	37.3
PL	33.9	37.4	28.3	39.9	49.7	59.6	66.3	77.2	71.4	76.5	54.0	11.2	42.5
PT	172.1	170.1	159.1	164.4	158.0	116.2	133.2	157.7	167.8	-	-	-	-
SI	-	-	-	-	80.3	117.3	136.5	142.6	139.9	147.4	-	-	-
SK	-	-	-	-	-	-	-	-	-	-	-	-	-
FI	93.1	94.5	105.7	105.8	110.0	107.1	110.0	111.7	112.2	115.0	106.5	2.1	21.8
SE	138.2	168.7	167.2	172.4	175.6	181.3	182.6	193.2	202.7	207.3	178.9	3.6	69.1
UK	142.5	148.0	185.6	211.2	226.3	251.3	239.0	245.9	224.4	237.4	211.2	5.7	94.9
EU25 (GDP weighted)	163.1	164.2	171.9	176.0	188.9	192.8	190.6	198.7	197.7	196.7	182.7	2.4	33.6
EU15 (GDP weighted)	166.3	167.7	176.1	180.1	193.1	197.2	195.0	203.0	201.8	200.5	186.7	2.4	34.2
Euro12 (GDP weighted)	170.2	169.7	173.2	171.9	183.9	182.0	181.8	189.8	193.2	188.1	179.5	1.5	17.9
EU25 (Base weighted)	147.1	148.1	155.1	161.0	174.0	177.0	175.6	183.3	182.6	182.2	167.1	2.7	35.0
EU15 (Base weighted)	160.8	161.5	169.8	174.1	187.1	189.1	186.8	194.3	193.9	192.8	179.7	2.3	32.0
Euro12 (Base weighted)	164.7	162.8	165.7	165.3	177.7	175.1	174.4	182.0	185.3	181.3	172.6	1.4	16.5
EU25 (arithmetic average)	106.2	109.4	116.0	123.1	128.2	131.0	135.6	141.9	147.8	154.0	126.6	4.1	47.8
EU15 (arithmetic average)	146.8	151.0	157.6	161.5	170.1	169.4	169.7	177.0	178.8	184.5	164.7	2.4	37.7
Euro12 (arithmetic average)	143.5	144.6	149.5	149.1	155.4	150.6	150.5	157.5	160.5	165.9	151.2	1.4	22.4
NMS10 (arithmetic average)	30.1	31.4	37.8	51.0	58.4	66.9	78.7	83.4	89.7	98.6	58.6	14.2	68.5
Ratio st.dev. and mean in %	44.7	46.2	44.4	41.6	40.3	39.6	38.7	37.3	36.6	36.0			-8.6
Difference max. and min.	230.6	249.4	253.1	231.6	253.3	270.8	275.7	281.3	279.4	269.4			38.7

1) Energy taxes in Euro per tons of oil equivalent (TOE) 2) Estimated annual average growth rate in %. - 3) in %-points

See explanatory notes in Annex C

Source: Commission Services

Table D.5: Implicit tax rates, deflated: Energy[1)]

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004[f]	Average 1995-2004	Change[2)] 1995-2004	Difference[3)] 1995 to 2004
BE	98.9	96.8	94.6	94.5	96.5	91.4	89.2	93.2	92.9	101.1	94.2	-0.2	2.2
CZ	38.1	38.8	36.6	38.2	43.2	43.0	50.1	58.6	55.8	62.4	44.7	6.1	24.2
DK	200.5	209.8	210.4	239.5	270.7	275.4	284.0	290.1	290.1	287.8	252.3	4.6	87.3
DE	168.6	151.2	147.1	147.9	174.4	179.3	187.0	197.4	208.1	199.7	173.4	3.6	31.1
EE	6.8	9.9	14.1	21.1	21.5	20.1	26.9	27.7	30.0	37.5	19.8	16.5	30.6
EL	158.0	151.1	139.1	117.0	108.6	92.6	89.7	81.5	82.9	79.2	113.4	-8.5	-78.8
ES	128.0	130.6	122.2	128.9	131.2	120.1	113.8	116.3	114.0	114.6	122.8	-1.6	-13.5
FR	169.8	165.6	166.8	167.5	174.3	166.7	153.1	166.8	157.5	134.3	165.3	-1.7	-35.5
IE	112.2	120.2	133.3	130.4	130.7	120.5	101.2	114.2	119.2	135.8	120.2	0.0	23.6
IT	237.5	251.7	256.4	241.9	242.9	218.6	205.7	197.0	198.9	191.1	227.8	-3.3	-46.4
CY	26.5	26.6	25.2	27.6	29.2	37.7	52.3	54.3	102.7	116.9	42.5	17.5	90.3
LV	10.2	14.7	20.3	35.6	31.3	35.4	30.7	33.7	35.7	39.8	27.5	12.5	29.7
LT	12.5	14.5	20.4	31.3	44.4	46.6	52.2	57.3	63.9	64.6	38.1	19.3	52.2
LU	141.8	137.4	136.6	142.1	145.7	142.0	138.4	143.8	147.8	166.5	141.7	1.3	24.7
HU	58.8	44.1	44.2	47.4	45.4	40.8	39.5	43.1	-	-	45.4	-	-
MT	53.9	45.6	70.7	95.8	97.4	95.3	128.8	117.8	107.4	107.7	90.3	9.5	53.9
NL	114.1	112.5	125.8	130.5	145.7	146.6	147.5	148.1	148.4	158.5	135.4	3.7	44.4
AT	127.5	119.0	138.6	130.6	137.9	141.7	143.7	144.7	141.1	150.0	136.1	1.9	22.6
PL	33.9	32.0	21.2	26.8	31.3	35.2	37.8	43.1	39.0	39.8	-	4.6	5.9
PT	172.1	165.6	149.7	151.0	142.1	100.3	108.1	125.0	131.9	-	138.4	-	-
SI	-	-	-	-	61.2	82.4	89.0	87.8	82.5	84.0	80.6	-	-
SK	-	-	-	-	-	-	-	-	-	-	-	-	-
FI	93.1	93.6	103.4	102.0	106.4	99.8	100.8	102.8	103.4	104.8	100.6	1.0	11.7
SE	138.2	168.7	164.7	169.0	170.8	172.4	168.9	176.4	183.4	186.5	168.1	2.2	48.4
UK	142.5	144.1	179.8	202.9	214.5	234.2	219.1	221.3	197.4	205.9	195.1	5.2	63.4
EU25 (GDP weighted)	163.1	160.6	165.3	167.4	178.1	176.3	170.8	175.5	172.3	168.5	169.9	0.7	5.5
EU15 (GDP weighted)	166.3	164.9	170.6	173.4	184.5	183.0	177.5	182.2	178.9	175.0	175.7	0.9	8.6
Euro12 (GDP weighted)	170.2	167.0	167.9	165.3	175.9	168.7	165.1	170.2	171.5	164.1	169.1	-0.1	-6.1
EU25 (Base weighted)	147.1	144.9	149.1	153.2	164.0	161.8	157.4	162.0	159.2	156.1	155.4	1.0	9.0
EU15 (Base weighted)	160.8	158.8	164.5	167.6	178.7	175.4	170.0	174.4	171.9	168.2	169.1	0.8	7.4
Euro12 (Base weighted)	164.7	160.2	160.6	158.9	169.9	162.3	158.4	163.3	164.6	158.2	162.5	-0.1	-6.5
EU25 (arithmetic average)	106.2	107.1	111.5	117.1	120.9	119.7	121.5	125.4	128.9	132.0	117.6	2.4	25.8
EU15 (arithmetic average)	146.8	148.5	152.8	155.4	162.5	157.2	154.4	158.9	158.5	161.0	155.0	0.9	14.2
Euro12 (arithmetic average)	143.5	142.3	144.9	143.4	148.6	139.6	136.7	141.3	142.6	144.8	142.5	-0.1	1.3
NMS10 (arithmetic average)	-	-	-	-	-	-	-	-	-	-	-		
Ratio st.dev. and mean in %	44.7	46.6	45.4	43.6	42.7	42.6	42.1	41.1	40.1	39.9			-4.6
Difference max. and min.	230.6	241.8	242.3	220.8	249.2	255.3	257.1	262.4	260.1	250.4			29.5

1) Energy taxes in Euro per tons of oil equivalent (TOE) 2) Estimated annual average growth rate in %. - 3) in %-points

See explanatory notes in Annex C

Source: Commission Services

ANNEX B:

LISTS OF TAXES ACCORDING TO ECONOMIC FUNCTION

LIST OF ABBREVIATIONS

ALLOCATION BY ECONOMIC FUNCTION

C	Consumption tax
Leyrs	Labour tax on Employers
Lees	Labour tax on Employees
Lnon	Labour tax on the Non-Employed (Pensioners/Unemployed)
KIC	Capital tax on the income of Corporations
KIH	Capital tax on the income of Households
KISe	Capital tax on the income of the Self-employed
KS	Capital tax on Stocks of Wealth
SPLIT_1	'PIT Split' between Lees, Lnon, KIH, KISe (See Annex C, Part D for details)
SPLIT_2	Split between Lnon and KISe (See Annex C, Part C for details)

ALLOCATION BY ENVIRONMENTAL FUNCTION

T	Transport tax
E	Energy tax
P	Pollution tax

The position of the codes for the economic function in the lists indicates the source of the data used in the calculations. If the code is listed next to the name of the tax (in italics), then detailed data provided by Member States administrations have been utilised. If instead the code is listed next to the ESA95 category, this means that the source of the data used is the Eurostat public database.

AUSTRIA

ESA95 code	ESA95 text Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports		
d21	Taxes on products		
d211	Value added type taxes (VAT)		
	Value added tax	C	
	Under-compensation of VAT (flat rate system), agriculture	C	
d212	Taxes and duties on imports excluding VAT		
d2121	Import duties		
	Other import duties	C	
	Customs duties	C	
d2122	Taxes on imports excluding VAT and import duties		
d2122a	Levies on imported agricultural products		
	Import equalization duties	C	
d2122c	Excise duties		
	Import duties not collected on the national border	C	
d2122e	Taxes on specific services		
	Contribution to promote foreign trade	C	
d214	Taxes on products, except VAT and import taxes		
d214a	Excise duties and consumption taxes		
	Duty promotion milk distribution	C	
	Duty on spirit	C	
	Special duty on alcoholic drinks	C	
	Contribution to the Agricultural Fund	C	
	Tax on beer	C	
	Tax on energy	C	E
	Beverage tax	C	
	Market Organisation Act - grain	C	
	Market Organisation Act - milk	C	
	Tax on mineral oils	C	E
	Duty on vehicles based on fuel consumption	C	T
	Other receipts - Market Organisation Act	C	
	Tax on sparkling wine	C	
	Special tax on mineral oils	C	E
	Duty on starch products	C	
	Tax on tobacco	C	
	Transport equality levy	C	
	Tax on wine	C	
	Levy on sugar	C	
d214b	Stamp taxes		
	Stamp fees	KS	
d214c	Taxes on financial and capital transactions		
	Land transfer tax	KS	
	Capital transfer tax	KS	
d214d	Car registration taxes		
	Car registration taxes paid by corporations	KS	
d214e	Taxes on entertainment		
	Entertainment tax	C	
	Amusement tax	C	
d214f	Taxes on lotteries, gambling and betting		
	Tax on gambling stakes 2	C	
	Tax on gambling stakes 1	C	
	Duty on casinos	C	
d214g	Taxes on insurance premiums		
	Fire protection tax	C	
	Insurance tax	C	
d214h	Other taxes on specific services		
	Levy on dangerous waste	C	P
	Announcement tax	C	
	Advertisement tax	C	

	Tax on tourism	C	
	Duty for airways security	C	T
	Tax on advertisement	C	
d214j	Profits of fiscal monopolies		
	Federal monopolies, spirits	C	
	Federal monopolies, gambling	C	
d214l	Other taxes on products n.e.c.		
	Contribution to the artists' social security fund	C	
d29	Other taxes on production		
d29a	Taxes on land, buildings and other structures		
	Tax on vacant plots	KS	
	Land tax (except farm land)	KS	
d29c	Total wage bill and payroll taxes		
	Employers contribution of family burdens	Leyrs	
	Disabled persons, equalization levy	KS	
	Tax on sum of wages	Leyrs	
	Tax on employment (Vienna underground)	Leyrs	
d29g	Under-compensation of VAT (flat rate system)		
	Under-compensation of VAT (flat rate system), agriculture	C	
d29h	Other taxes on production n.e.c.		
	Road transport duty	KS	T
	Hunting and fishing duties	C	
	Certain users fee	KS	
	Land tax A (farm land)	KS	
	Motor vehicles tax 1, paid by enterprises	KS	T
	Motor vehicles tax 2, paid by enterprises	KS	T
	Fines related to tax offences, taxes on production and imports	KS	
	Embossment fee	KS	
	Other taxes, taxes on production n.e.c.	KS	
	Stamp fees	KS	
	Other fees, taxes on production n.e.c.	KS	
	Contribution to the Road Safety Fund, paid by enterprises	KS	
	Administration duties	KS	
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
d51a	Taxes on individual or household income		
	Income tax	SPLIT_1	
	Tax on industry and trade	KISe	
	Contribution to chambers		
	SPLIT to Lees: 0,27	Lees	
	SPLIT to Leyrs: 0,25	Leyrs	
	SPLIT to KISe: 0,48	KISe	
	Tax on capital yields	KIH	
	Tax on interest	KIH	
	Wage tax	SPLIT_1	
d51b	Taxes on the income or profits of corporations		
	Directors tax	KIH	
	Tax on industry and trade	KIC	
	Contribution to chambers		
	SPLIT to Lees: 0,27	Lees	
	SPLIT to Leyrs: 0,25	Leyrs	
	SPLIT to KIC: 0,48	KIC	
	Tax on capital yields	KIC	
	Tax on interest	KIC	
	Corporation tax	KIC	
d51e	Other taxes on income n.e.c.		
	Duty on contributions to political parties	KIC	
	Credit of taxpayers		
	SPLIT to KISe: 0,5	KISe	
	SPLIT to KIC: 0,5	KIC	

	Tax on financial institutions	KIC	
	Promotion residential buildings		
	SPLIT to Lees: 0,5	Lees	
	SPLIT to Leyrs: 0,5	Leyrs	
d59	Other current taxes		
d59a	Current Imposition du capital		
	Duty on farms	KS	
	Farm contribution	KS	
	Capital death duty	KS	
	Farm contribution to chambers	KS	
	Capital tax	KS	
d59f	Other current taxes n.e.c.		
	Contribution for the promotion of arts	C	
	Tax on radio and TV-licences	C	
	Hunting and fishing duties	C	
	Contributions to students' association	Lnon	
	Dog tax	C	
	Motor vehicles tax 1, paid by households	C	T
	Motor vehicles tax 2, paid by households	C	T
	Fines related to tax offences, taxes on income, wealth etc.	KS	
	Other taxes	C	
	Stamp fees	KS	
	Other fees	C	
	Contribution to the Road Safety Fund, paid by households	C	
	Administration duties	C	
d91	Capital taxes		
d91a	Imposition du capital transfers		
	Estate, inheritance and gift tax	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions		
	Unemployment insurance contributions	Leyrs	
	Special health insurance contributions	Leyrs	
	Special unemployment insurance contributions, construction workers	Leyrs	
	Contributions to sickness benefit fund	Leyrs	
	Contributions to insolvency fund	Leyrs	
	Health insurance contributions, local government employees	Leyrs	
	Health insurance contributions	Leyrs	
	Special pension contributions, nightshift worker	Leyrs	
	Pension contributions, civil servants	Leyrs	
	Pension insurance contributions	Leyrs	
	Special unemployment insurance contributions, construction workers, until 1996	Leyrs	
	Accident insurance contributions	Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions		
	Unemployment insurance contributions	Lees	
	Special unemployment insurance contributions, construction workers	Lees	
	Health insurance contributions, local government employees	Lees	
	Health insurance contributions	Lees	
	Pension contributions, civil servants	Lees	
	Pension insurance contributions	Lees	
	Special unemployment insurance contributions, construction workers, until 1996	Lees	
	Accident insurance contributions	Lees	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons		
	Health insurance contributions, local government employees	SPLIT_2	
	Health insurance contributions	SPLIT_2	
	Special pension contributions, civil servants (retired)	SPLIT_2	
	Pension insurance contributions	SPLIT_2	
	Accident insurance contributions	SPLIT_2	

BELGIUM

ESA95 code	ESA95 text Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports		
	Impôts sur la production et les importations		
d21	Taxes on products		
	Impôts sur les produits		
d211	Value added type taxes (VAT)		
	Taxe du type TVA	C	
d212	Taxes and duties on imports excluding VAT		
	Impôts et droits sur les importations, à l'exclusion de la TVA		
d2121	Import duties		
	Droits sur les importations	C	
d2122	Taxes on imports excluding VAT and import duties		
	Impôts et droits sur les importations, à l'exclusion de la TVA et des droits d'importation		
d2122a	Levies on imported agricultural products		
	Prélèvements agricoles	C	
d2122b	Monetary compensatory amounts on imports		
	Montants compensatoires prélevés à l'importation	C	
d2122c	Excise duties		
	Droits d'accise sur les huiles minérales	C	E
	Droits d'accise sur les gaz de pétrole et autres hydrocarbures liquéfiés et sur les benzols	C	
	Droits d'accise sur le tabac	C	
	Droits d'accise sur les eaux-de-vie	C	
	Taxe de consommation sur les alcools et eaux-de-vie	C	
	Droits d'accise sur les boissons fermentées mousseuses	C	
	Droits d'accise sur les boissons fermentées de fruits	C	
	Droits d'accise sur les bières	C	
	Droits d'accise sur les eaux de boisson et les limonades	C	
	Droits d'accise sur les sucres et sirops de raffinage	C	
	Droits d'accise sur le café	C	
	Other receipts - Market Organisation Act	C	
	Redevance de contrôle sur le fuel domestique	C	
	Cotisation d'emballage	C	P
	Ecotaxes	C	
d2122d	General sales taxes		
	Impôts généraux sur les ventes ou le chiffre d'affaires	C	
	Taxes assimilées au timbre	C	
d2122e	Taxes on specific services		
	Impôts sur des services déterminés	C	
d2122f	Profits of import monopolies		
	Bénéfices des monopoles à l'importation	C	
d214	Taxes on products, except VAT and import taxes		
	Impôts sur les produits (moins TVA et impôts sur les importations)		
d214a	Excise duties and consumption taxes		
	Droits d'accise sur les huiles minérales	C	E
	Droits d'accise sur les gaz de pétrole et autres hydrocarbures liquéfiés et sur les benzols	C	
	Droits d'accise sur le tabac	C	
	Droits d'accise sur les eaux-de-vie	C	
	Taxe de consommation sur les alcools et eaux-de-vie	C	
	Droits d'accise sur les boissons fermentées mousseuses	C	
	Droits d'accise sur les boissons fermentées de fruits	C	
	Droits d'accise sur les bières	C	
	Droits d'accise sur les eaux de boisson et les limonades	C	
	Droits d'accise sur les sucres et sirops de raffinage	C	
	Droits d'accise sur le café	C	

	Droits d'accise sur les produits intermédiaires	C	
	Redevance de contrôle sur le fuel domestique	C	E
	Cotisation sur l'énergie	C	E
	Cotisation fédérale sur l'électricité et le gaz naturel	C	E
	Taxes sur les eaux (RF, RW et R B-C)	C	P
	Cotisation sucre	C	
	Taxe de coresponsabilité sur le lait	C	
	Taxe de coresponsabilité sur les céréales	C	
	Taxe de coresponsabilité sur la viande de mouton	C	
	Pénalisation dépassement du quota laitier	C	
	Cotisations obligatoires des producteurs d'animaux et de produits animaux (SANITEL)	C	
	Prélèvement CECA	C	
	Cotisation d'emballage	C	P
	Ecotaxes	C	P
d214b	Stamp taxes		
	Droits de timbre	KS	
d214c	Taxes on financial and capital transactions		
	Droits d'enregistrement	KS	
	Droits d'hypothèque	KS	
	Droits de greffe	KS	
	Taxe sur les opérations de bourse et de reports	KS	
	Taxe sur les livraisons de titres au porteur	KS	
d214d	Car registration taxes		
	Taxe d'immatriculation	KS	T
	Taxe de mise en circulation	KS	T
d214e	Taxes on entertainment		
	Taxes sur les spectacles et divertissements	C	
d214f	Taxes on lotteries, gambling and betting		
	Taxe sur les jeux et paris	C	
d214g	Taxes on insurance premiums		
	Taxes sur les contrats d'assurance	C	
	Supplément au montant des primes d'assurance accidents de travail	Lees	
	Supplément au montant des primes d'assurance automobile	C	
	Supplément au montant des primes d'assurance incendie	C	
	Supplément au montant des primes d'assurance hospitalisation	C	
	Recettes au profit de la Croix-Rouge de Belgique	C	
d214h	Other taxes on specific services		
	Autres impôts sur des services déterminés	C	
d214i	General sales or turnover taxes		
	Impôts généraux sur les ventes ou le chiffre d'affaires	C	
	Taxes assimilées au timbre	C	
d214j	Profits of fiscal monopolies		
	Bénéfices de la loterie nationale	C	
d214k	Export duties and monetary compensatory amounts on exports		
	Montants compensatoires prélevés à l'exportation	C	
d214l	Other taxes on products n.e.c.		
	Taxe d'affichage	KS	
	Cotisation sur le chiffre d'affaire de l'industrie pharmaceutique	KS	
	Redevance sur certains produits pharmaceutiques	KS	
d29	Other taxes on production		
	Autres impôts sur la production		
d29a	Taxes on land, buildings and other structures		
	Précompte immobilier (PP)	KS	
	Précompte immobilier (Soc)	KS	
	Taxe d'ouverture	KS	
	Taxe de patente	KS	
	Taxe régionale (R B-C) - A partir de 2002, uniquement taxe régionale à charge des propriétaires d'immeubles	KS	

d29b	Taxes on the use of fixed assets		
	Taxe de circulation payée par les entreprises	KS	T
	Taxe sur les appareils automatiques de divertissement	KS	
	Eurovignette	KS	T
	Taxe assimilée au droit d'accise payée par les entreprises	KS	T
d29c	Total wage bill and payroll taxes		
	Taxe sur les centres de coordination	KS	
d29d	Taxes on international transactions		
	Impôts sur les transactions internationales	C	
d29e	Business and professional licences		
	Impôts sur les autorisations commerciales ou professionnelles	C	
d29f	Taxes on pollution		
	Taxes sur les déchets industriels (RF et RW)	C	P
	Taxe sur le lisier (RF)	C	P
	Taxes sur les eaux (RF, RW et R B-C)	C	P
d29g	Under-compensation of VAT (flat rate system)		
	Sous-compensation TVA	C	
d29h	Other taxes on production n.e.c.		
	Annuité de brevets	KS	
	Rente de monopole (Belgacom)	KS	
	Rente de monopole (Loterie nationale)	C	
	Cotisation unique des sociétés	KS	
	Remboursement biologie clinique	KS	
	Cotisation exceptionnelle des producteurs d'électricité	KS	
	Cotisation unique à charge du secteur pétrolier	KS	
	Autres impôts à la production	KS	
d5	Current taxes on income, wealth, etc.		
	Impôts courants sur le revenu, le patrimoine, etc.		
d51	Taxes on income		
	Impôts sur le revenu		
d51a	Taxes on individual or household income		
	Précompte mobilier (PP)	KIH	
	Précompte professionnel (PP)	SPLIT_1	
	Versements anticipés (PP)	SPLIT_1	
	Rôles (PP)	SPLIT_1	
	Taxe annuelle sur les participations bénéficiaires	KIH	
	Cotisation spéciale de sécurité sociale	Lees	
	Cotisation sur les hauts revenus	Lees	
	Participation des travailleurs aux bénéfices ou au capital de la société	KIH	
	autres impôts sur le revenu	SPLIT_1	
d51b	Taxes on the income or profits of corporations		
	Précompte mobilier (Soc)	KIC	
	Versements anticipés (Soc)	KIC	
	Impôts des non-résidents (Soc)	KIC	
	Rôles (Soc)	KIC	
	autres impôts sur le revenu	KIC	
d51c	Taxes on holding gains		
	Impôts sur les gains de détention	KIH	
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		
	Taxes sur les gains des loteries et des paris	KIH	
d51e	Other taxes on income n.e.c.		
	anciens impôts sur le revenu	KIH	
	Impôts des non-résidents (PP)	Lees	
	autres impôts sur le revenu	KIH	

d59	Other current taxes		
	Autres impôts courants		
d59a	Current taxes on capital		
	Taxes sur le patrimoine (terrains et bâtiments)	KS	
	Taxe sur les associations sans but lucratif	KS	
	Taxe annuelle sur les titres cotés en bourse	KS	
	Taxe annuelle sur les organismes de placement collectif	KS	
	Transfert au Fonds des accidents de travail en provenance des caisses privées d'assurance contre les accidents de travail	KS	
d59b	Poll taxes		
	Taxe sur les déchets ménagers (RW)	C	P
	Taxe régionale forfaitaire (R B-C)	C	
d59c	Expenditure taxes		
	Impôts sur la dépense	C	
d59d	Payments by households for licences		
	Taxe de circulation payée par les ménages	C	T
	Taxe assimilée au droit d'accise payée par les ménages	C	T
d59e	Taxes on international transactions		
	Impôts sur les transactions internationales	C	
d59f	Other current taxes n.e.c.		
	Redevance radio et télévision (RW)	C	
	Redevance radio et télévision (CF, CF et CG) - partim	C	
	Autres taxes	C	
d91	Capital taxes		
	Impôts en capital		
d91a	Taxes on capital transfers		
	Droits de succession	KS	
	Droits sur les donations	KS	
d91b	Capital levies		
	Taxe sur l'épargne à long terme	KS	
	Déclaration libératoire unique (DLU)	KS	
d91c	Other capital taxes n.e.c.		
	Autres impôts en capital n.d.a.	KS	
d611	Actual social contributions		
	Cotisations sociales effectives		
d6111	Employers' actual social contributions		
	Cotisations sociales effectives à la charge des employeurs		
d61111	Compulsory employers' actual social contributions		
	. à charge des administrations publiques	Leyrs	
	. à charge des autres secteurs	Leyrs	
d6112	Employees' social contributions		
	Cotisations sociales à la charge des salariés		
d61121	Compulsory employees' social contributions		
	. sur salaires et traitements bruts	Lees	
	. sur prestations sociales	Lees	
d6113	Social contributions by self- and non-employed persons		
	Cotisations sociales des travailleurs indépendants et des personnes n'occupant pas d'emploi		
d61131	Compulsory social contributions by self- and non-employed persons		
	. à charge des travailleurs indépendants	KISe	
	. à charge des expatriés (OSSOM)	Lnon	
	. à charge des inactifs	Lnon	

CYPRUS

ESA95 code	ESA95 text Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports		
d21	Taxes on products		
d211	Value added type taxes (VAT)		
	VAT on products	C	
d212	Taxes and duties on imports excluding VAT		
d2121	Import duties		
	Import Duties	C	
	Import Duties-Postal Services	C	
	Import Duties-Sovereign Base Areas	C	
d2122	Taxes on imports excluding VAT and import duties		
d2122b	Monetary compensatory amounts on imports		
	Temporary Refugee Levy on Imports	C	
d2122c	Excise duties		
	Excise - Motor Vehicles	C	T
d2122d	General sales taxes		
	Motor Vehicles for transport of 10 or more persons	C	T
	Motor Vehicles of the Jeep and land-rover type	C	T
	Double cabin motor vehicles	C	T
	Vessels for pleasure and their Engines	C	T
	Motor-cycles	C	T
	Cigars and Cigarillos	C	
	Apparel articles of furskins	C	
	Sparkling Wines	C	
	Baths and baths' accessories	C	
	Articles of lead crystal	C	
	Other	C	
	Motor Vehicles of the "Van" type	C	T
d214	Taxes on products, except VAT and import taxes		
d214a	Excise duties and consumption taxes		
	Tax on energy conservation - funds	C	E
	Other receipts - Market Organisation Act	C	
	Excise - Spirits	C	
	Excise - Beer	C	
	Excise - Salt	C	
	Excise - Matches	C	
	Excise - Hydrocarbon Oils	C	E
	Arrears Excice Duties	C	
	Excise - Aerated Soft Drinks	C	
d214b	Stamp taxes		
	Stamp Duties	KS	
	Refugee Stamp	KS	
d214c	Taxes on financial and capital transactions		
	Stock Exchange Fee	KS	
d214e	Taxes on entertainment		
	Tax on Entertainment	C	
	Tax on Hotels	C	
d214f	Taxes on lotteries, gambling and betting		
	Tax on horseracing betting	C	
	Additional Charge on Pool Betting	C	
	Tax on horsebetting	C	
	Tax on Pool Bettings	C	
d214l	Other taxes on products n.e.c.		
	CTO	C	
	Tax on Rent	C	
	Lands and Surveys Fees	KS	

d29	Other taxes on production		
d29a	Taxes on land, buildings and other structures		
	Property Taxes-Lands and Surveys Fees-Gross (enterprises)	KS	
	Tax on Ownership of Land	KS	
	Wireless licences land based	KS	
d29c	Total wage bill and payroll taxes		
	Payroll Tax	Leyrs	
	Social cohesion Fund , Wage Bill and Payroll Taxes	Leyrs	
d29e	Business and professional licences		
	Satellite Earth Stations Licences	KS	
	Registration Fees-Gross/Official Receiver	KS	
	Licences on bonded warehouses	KS	
	Timber and other Licences	KS	
	Tabacco Selling Licences	KS	
	Other Licences (Pool Betting)	KS	
	Drivers' licence (public use)	KS	T
	Motor Vehicle Taxes-Registration (public use)	KS	T
	Ship registration fees	KS	T
	Radio Station fees	KS	
	Mobil Radio Systems Licences	KS	
	Lawyers' Registration Fees	KS	
	Professional Permit for Animal Kipper/Trainer	KS	
	Certification Fees under the Protection of Competition Law	KS	
	Fees of Private Employment Bureau	KS	
	Insurance Agents' Registration Fees	KS	
	High Speed Vessels Navigation Licences	KS	T
	Road Transport Licences	KS	
	Fees for Professional Licences of Road Transporters	KS	T
d29e	Business and professional licences		
	Satelite Earth Stations Licences	KS	
	Registration Fees-Gross/Official Receiver	KS	
	Licences on bonded warehouses	KS	
	Timber and other Licences	KS	
	Tabacco Selling Licences	KS	
	Other Licences (Pool Betting)	KS	
	Drivers' licence (public use)	KS	T
	Motor Vehicle Taxes-Registration (public use)	KS	T
	Ship registration fees	KS	T
	Radio Station fees	KS	
	Mobil Radio Systems Licences	KS	
	Lawyers' Registration Fees	KS	
	Professional Permit for Animal Kipper/Trainer	KS	
	Certification Fees under the Protection of Competition Law	KS	
	Fees of Private Employment Bureau	KS	
	Insurance Agents' Registration Fees	KS	
	High Speed Vessels Navigation Licences	KS	T
	Road Transport Licences	KS	
	Fees for Professional Licences of Road Transporters	KS	T
	Sale of Drug Licences	KS	
	Liquor Selling Licences	KS	
	Weights and Measures Licences	KS	
	Tax on Professional Licences	KS	
	Tax on Dog Licences	C	
	Tax on Selling Licence	KS	
	Tax on Entertainment Licence	KS	

d29h	Other taxes on production n.e.c.		
	Tax on Services	C	
	Defence contributions	KIC	
	Ships wireless license	KS	T
	Tonnage tax	KS	T
	Tax of Ship Management Services	KS	T
	Tax on Sale of Tobacco	C	
	Tax on services	C	
	Tax on community services	C	
	Motor Vehicle Taxes-Licenses (public use)	KS	T
	Other Licences and permits	C	
	Tax on other licences and grants	C	
d51a	Taxes on individual or household income		
	Income Tax-Government	SPLIT_1	
	Income Tax-Employees (Total, from 2004 Private Sector only)	SPLIT_1	
	Income Tax-Employees (Offshore)	SPLIT_1	
	Income Tax-Self-employed	SPLIT_1	
	Capital Gains Tax	KIH	
	Charges on Taxes in Arrears	KIH	
	Income Tax-Semi Govt Organisations´ Employees	SPLIT_1	
d51b	Taxes on the income or profits of corporations		
	Income Tax-Legal Persons	KIC	
	Income Tax-Offshore Companies	KIC	
	Corporation Tax	KIC	
	Corporation Tax-Offshore Companies	KIC	
	Defence contributions	KIC	
d51e	Other taxes on income n.e.c.		
	Collection of Taxes,Rates and Charges	Lees	
	Special Contribution	Lees	
	Income Tax on Dividends	SPLIT_1	
	Income Tax levied on remitt. of interest abroad	SPLIT_1	
	Income Tax- According to the articles 30-32	KIH	
d59a	Current taxes on capital		
	Immovable Property Tax	KS	
d59d	Payments by households for licences		
	Streets and Buildings Regulation Licences	KS	
	Motor Vehicle Taxes-Registration (private use)	KS	T
	Motor Vehicle Taxes-Licenses (private use)	KS	T
	Drivers' Licences (private use)	KS	T
d59f	Other current taxes n.e.c.		
	Building Permits	KS	
d91a	Taxation of capital transfers		
	Property Taxes-Estate Duty-Gross	KS	
d91b	Capital levies	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions	Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions	Lees	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons	SPLIT_2	

CZECH REPUBLIC

ESA95 code	ESA95 text Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports		
d21	Taxes on products		
d211	Value added type taxes (VAT)	C	
	Value added tax		
d212	Taxes and duties on imports excluding VAT		
d2121	Import duties	C	
	Customs duties		
d2122	Taxes on imports excluding VAT and import duties		
d2122c	Excise duties		
	Excise duty on hydrocarbon fuels and lubricants	C	E
	Excise duty on alcohol	C	
	Excise duty on beer	C	
	Excise duty on wine	C	
	Excise duty on tobacco products	C	
d214	Taxes on products, except VAT and import taxes		
d214a	Excise duties and consumption taxes		
	Excise duty on hydrocarbon fuels and lubricants	C	E
	Excise duty on alcohol	C	
	Excise duty on beer	C	
	Excise duty on wine	C	
	Excise duty on tobacco products	C	
	Duty on CFC	C	P
d214b	Stamp taxes		
d214c	Taxes on fina *Other receipts - Market Organisation Act*		
	Levy on withdrawal of land from agriculture	KS	
	Levy on withdrawal of land from forestry	KS	
	Real property transfer tax	KS	
d214e	Taxes on entertainment		
	Fees on entry tickets	C	
	Fees collected by the Cinematography extra-budgetary fund	C	
d214f	Taxes on lotteries, gambling and betting		
	Fees on operated gambling machines	C	
d214h	Other taxes on specific services		
	Resort and recreation fees on visitors	C	
	Fees on recreational units (based on capacity)	C	
	Fee from advertisement	C	
	Fees on sale of alcohol drinks and tabacco products	C	
	Other fees and taxes on selected activities and services n.e.s.	C	
d214i	General sales or turnover taxes		
	Levy collected by Vine-grower fund	C	
d214l	Other taxes on products n.e.c.		
	Other surplus transfers of direct relation organizations	C	
d29	Other taxes on production		
d29a	Taxes on land, buildings and other structures		
	Real property tax	KS	
	Levy on temp. withdrawal of land from agriculture	KS	
	Levy on withdrawal of land from forestry	KS	
	Motor vehicle entry fees	ks	T
	Levy collected by Vine-grower fund	KS	
d29b	Taxes on the use of fixed assets		
	Road tax	KS	T
d29e	Business and professional licences		
	Underground water pollution fee	KS	P
	Fee on registration and recording of packaging	KS	

d29f	Taxes on pollution		
	Water pollution fee	C	P
	Air pollution fee	C	P
	Waste deposit fee	C	P
	Radioactive waste fee	C	P
d29h	Other taxes on production n.e.c.		
	Highway fee	KS	T
	Administrative fees	KS	
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
d51a	Taxes on individual or household income		
	Tax on wages and salaries	Split_1	
	Tax of unincorporated individuals	Split_1	
	Tax on interest and dividends	Split_1	
d51b	Taxes on the income or profits of corporations		
	Corporate income tax	KIC	
	Income tax paid by municipalities	KIC	
	Income tax paid by regions	KIC	
d51d	Taxes on winnings from lottery or gambling		
	Levy on lottery revenue	C	
d59	Other current taxes		
d59a	Current taxes on capital		
	Real property tax	KS	
d59d	Payments by households for licences		
	Highway fee	C	
d59f	Other current taxes n.e.c.		
	Dog fees	C	
	Motor vehicle entry fees	ks	T
	Other tax revenue	ks	
	Administrative fees	C	
d91	Capital taxes		
d91a	Taxes on capital transfers		
	Inheritance tax	KS	
	Gift tax	KS	
d91b	Capital levies		
	Fee on building land betterment	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions	Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions	Lees	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons	SPLIT_2	

DENMARK

ESA95 code	ESA95 text Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports		
d21	Taxes on products		
d211	Value added type taxes (VAT)		
	VAT	C	
d2121	Import duties		
	Customs duties	C	
	Import and export duties on agricultural produce	C	
d2122	Taxes on imports excluding VAT and import duties		
d2122a	Levies on imported agricultural products		
	Sugar storing duty	C	
	Duty paid to European Coal and Steel Community	C	
	Duty on the production of sugar	C	
	Milk co-responsibility levy	C	
d214	Taxes on products, except VAT and import taxes		
d214a	Excise duties and consumption taxes		
	Duty on petrol	C	E
	Cigarette and tobacco duty	C	
	Duty on cigars, cheroots and cigarillos	C	
	Income from sale of revenue labels	C	
	Sales duties on chocolate and sugar confectionery, etc.	C	
	Raw material duty on chocolate and sugar confectionery, etc.	C	
	Special tax on chocolate and sugar confectionery, etc.	C	
	Duty on ice-cream	C	
	Duty on coffee, etc.	C	
	Duty on mineral water	C	
	Duty on beer	C	
	Duty on wine	C	
	Duty on spirits	C	
	Duty on grammophone records	C	
	Duty on electric bulbs and fuses, etc.	C	P
	Income from sale of number plates	C	T
	Duty on building certificates	C	
	Duty on tea	C	
	Duty on electricity	C	E
	Duty on certain oil products	C	E
	Duty on certain retail containers	C	P
	Duty on gas	C	E
	Duty on extraction and import of raw materials	C	P
	Duty on disposable tableware	C	P
	Duty on insecticides, herbicides, etc.	C	P
	Duty on coal, etc.	C	E
	Large yachts registration duty	C	T
	Duty on waste	C	P
	Duty on CFC	C	P
	Duty on CO2	C	E
	Duty on cigarette paper	C	
	Duty on piped water	C	P
	Duty on carrier bags made of paper or plast, etc.	C	P
	Duty on nickel/cadmium batteries	C	P
	Duty on tires	C	T
	Duty on sulpher	C	P
	Duty on chlorinated solvents	C	P
	Duty on natural gas	C	E
	Effluent charges	C	P
	Duty on nitrogen	C	P
	Duty on special growth stimulants	C	P
	Duty on PVC film	C	P
	Duty on PVC and phathalates	C	P
	Duty on lead accumulators	C	P

d214b	Stamp taxes		
	Stamp duties	KS	
d214c	Taxes on financial and capital transactions		
	Land development duty	KS	
	Duties to the register of companies and associations	KS	
	Duty on transfers of shares	KS	
d214d	Car registration taxes		
	Motor vehicle registration duty	C	T
d214f	Taxes on lotteries, gambling and betting		
	Gambling tax on racing	C	
	Sales tax on football pools	C	
d214g	Taxes on insurance premiums		
	Duty on motor vehicle third-party liability insurance	C	T
	Duty on insurance on pleasure boats	C	T
d214h	Other taxes on specific services		
	Duty on casinos	C	
	Passenger duty	C	T
	Duty on the Danish State Lottery	C	
	Duty on oil pipeline	C	
	Duty on slot machines	C	
d214l	Other taxes on products n.e.c.		
	Other duties on goods and services	C	
d29a	Taxes on land, buildings and other structures		
	County tax on land	KS	
	Municipal tax on land	KS	
	County reimbursement duty on land value of public properties	KS	
	County reimbursement duty on buildings value of public properties	KS	
	Municipal reimbursement duty on land value of public properties	KS	
	Municipal reimbursement duty on buildings value of public properties	KS	
	Municipal reimbursement duty on buildings value of business properties	KS	
d29b	Taxes on the use of fixed assets		
	Motor vehicle weight duty from producers	KS	T
	Road charges	C	
d29c	Total wage bill and payroll taxes		
	Contributions to scheme for refunding trainee cost	Leyrs	
	Contributions to scheme for refunding trainee cost	Leyrs	
	Labour marked contributions from employers	Leyrs	
	General work environment duty	Leyrs	
	Duty on wage and salery costs	Leyrs	
d29h	Other taxes on production n.e.c.		
	Duties paid to the working environment fund	KS	
	Pharmacy fees, etc.	KS	
	Fees to Danish Cultural Foundation	KS	
	Fees submitted for opeartion of training ship »Danmark«	KS	
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
d51a	Taxes on individual or household income		
	Central government income tax	SPLIT_1	
	County income tax	SPLIT_1	
	Municipality income tax	SPLIT_1	
	Church tax	SPLIT_1	
	Taxes on pension schemes with lump sum disburnements	Lnon	
	Special income tax	SPLIT_1	
	Duty on released rent increases	KS	
	Duty on releases from fund for employeres' index-regulated pay increases	KS	
	Labour market contributions	Lees	
	Tax on imputed income from owner-occupied dwelling	KS	

d51b	Taxes on the income or profits of corporations		
	Corporation tax	KIC	
	Municipality income tax from certain public (state) enterprises	KIC	
	Tax on hydrocarbon	KIC	
	Tax on funds and associations	KIC	
	Corporation tax on hydrocarbon manufactoring	KIC	
d51d	Taxes on winnings from lottery or gambling		
	Tax on winnings from lotteries, horse-racing, pools, etc.	KIH	
d59	Other current taxes		
d59a	Current taxes on capital		
	Tax on yields of certain pension scheme assets	KIH	
	Wealth tax on persons	KS	
	Wealth tax on deceased persons' estate	KS	
	Other receipts - Market Organisation Act	C	T
	Recycling fee on cars	C	
d91	Capital taxes		
d91a	Taxes on capital transfers		
	Inheritance duty	KS	
d91c	Other capital taxes n.e.c.		
	Property release duty	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
	Shipowners' cont. to sickness assistance for seamen in foreign trade	Leyrs	
	Contributions to employees' wage guarantee fund	Leyrs	
d6112	Employees' social contributions		
	Unemployment insurance contributions	Lees	
	Special pension-scheme savings	Lees	
	Early retirement contributions	Lees	
	Flexible benefit contributions	Lees	

ESTONIA

ESA95 code	ESA95 text Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports		
d21	Taxes on products		
d211	Value added type taxes (VAT)		
	VAT	C	
d2121	Import duties		
	Customs duties	C	
d214a	Excise duties and consumption taxes		
	Alcohol excise	C	
	Tobacco excise	C	
	Fuel excise	C	E
	Motor vehicle excise	KS	T
	Package excise	C	P
d214d	Car registration taxes		
	Car registration fee	KS	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	
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 (2)	KS	
d51a	Taxes on ind *Other receipts - Market Organisation Act*		
	Personal income tax	SPLIT_1	
d51b	Taxes on the income or profits of corporations		
	Corporate income tax	KIC	
d51c	Taxes on holding gains	C	
d51c1	Taxes on individual or household holding gains	C	
d59f	Other current taxes n.e.c.		
	Motor vehicle tax	C	T
	Boat tax	C	T
	Stock-raising tax	C	
d91a	Imposition du capital transfers		
	Death duties	KS	
d61111	Compulsory employers' actual social contributions		
	Social tax	Leyrs	
	Unemployment insurance tax	Leyrs	
d61121	Compulsory employees' social contributions	Lees	

FINLAND

ESA95 code	ESA95 text Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports		
d21	Taxes on products		
d211	Value added type taxes (VAT)		
	VAT	C	
	VAT / Turnover tax	C	
d212	Taxes and duties on imports excluding VAT		
d2121	Import duties		
	Custom duties, levies on agricultural goods	C	
	Customs duties	C	
	Other taxes	C	
	Repayments	C	
d214	Taxes on products, except VAT and import taxes		
d214a	Excise duties and consumption taxes		
	Excise duty on alcoholic beverages	C	
	Excise duty on confectionery	C	
	Excise duty on liquid fuels	C	E
	Excise duty on motor cars	C	T
	Excise duty on non-alcoholic beverages	C	
	Excise duty on tobacco	C	
	Oil damage levy	C	P
	Oil waste levy	C	P
	Penalties for late payments of taxes	C	
	Pharmacy levy	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 Assosiation)	C	
	Tax on lottery prizes	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		
d29a	Taxes on land, buildings and other structures		
d29b	Taxes on the use of fixed assets		
	Penalties for late payments of taxes	KS	
	Tax on motor vehicles paid by enterprises	KS	T
	Other receipts - Market Organisation Act	KS	T
d29c	Total wage bill and payroll taxes		
	Seamens welfare and rescue levy	Leyrs	
d29f	Taxes on pollution		
	Tax on waste	C	P
d29h	Other taxes on production n.e.c.		
	Nuclear energy research levy	C	

d51	Taxes on income		
d51a	Taxes on individual or household income		
	Duty on interests	SPLIT_1	
	Income tax of households	SPLIT_1	
	Municipal tax of households	SPLIT_1	
d51b	Taxes on the income or profits of corporations		
	Church tax of corporations	KIC	
	Income tax of corporations	KIC	
	Municipal corporation tax	KIC	
d51e	Other taxes on income n.e.c.		
	Penalties for late payments of taxes	KIH	
d59	Other current taxes		
d59a	Current taxes on capital		
	Tax on real-estate	KS	
	Wealth tax	KS	
d59d	Payments by households for licences		
	Hunting and fishing licenses	C	
	Penalties for late payments of taxes	C	
	Tax on dogs	C	
	Tax on motor vehicles paid by households	C	T
	User charge on passenger vehicles paid by households	C	T
d91	Capital taxes		
d91a	Taxes on capital transfers		
	Inheritance and gift tax	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions	Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions	Lees	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons	SPLIT_2	

FRANCE

ESA95 code	ESA95 text Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports		
d21	Taxes on products		
d211	Value added type taxes (VAT)		
	TVA Reçue par le BG	C	
	TVA Reçue par le S2	C	
d212	Taxes and duties on imports excluding VAT		
d2121	Import duties		
	Amendes et confiscations	C	
	Recettes non fiscales (tableau 500) et calage ACCT	C	
	OCTROI DE MER	C	
	Droits d'importation	C	
d2122	Taxes on imports excluding VAT and import duties		
d2122b	Monetary compensatory amounts on imports		
	Prélèvements et taxes compensatoires à l'importation	C	
d2122c	Excise duties		
	Partie ligne 301. Taxe de protection sanitaire marché des viandes	C	
	Recettes diverses des receveurs des douanes	C	
d214	Taxes on products, except VAT and import taxes		
d214a	Excise duties and consumption taxes		
	902.12 - Fonds de soutien aux hydrocarbures - redevances	C	E
	ACOSS - Taxe sur les alcools	C	
	AEME - Produits des taxes	C	
	AEME - Produits des taxes sur huiles, air et déchets	C	P
	Autres taxes intérieures	C	
	BAPSA - Tabacs	C	
	Corrections pour droits et obligations	C	
	Cotisations à la production sur les sucres	C	
	Droits de consommation sur alcools (Corse)	C	
	Droits de consommation sur les tabacs et taxe sur les allumettes et les briquets	C	
	Other receipts - Market Organisation Act	C	P
	FOREC - Correction décalage 1999 - 2000	C	
	FOREC - Fonds d'allègement de charges (alcools)	C	
	FOREC - Fonds d'allègement de charges (tabacs)	C	
	Octroi de mer	C	P
	Prélèvement sur droit de fabrication des alcools	C	
	Produit taxe sur consommations d'eau	C	P
	redevance/conso. d'eau	C	
	Régime maladie - Droits sur les boissons	C	
	SNCF - Taxe additionnelle assurance automobile	C	
	Tabacs (Corse)	C	
	Taxe fiscale affectée	C	
	Taxe générale sur les activités polluantes détail (autres lignes)	C	P
	Taxe intérieure sur les produits pétroliers	C	E
	Taxe pour le fonds du service public de production d'électricité	C	E
	Taxe sanitaire	C	
	Taxe sur les achats de viande	C	
	Taxe sur les carburants	C	E
	Taxe sur les corps gras alimentaires	C	
	Taxe sur les eaux minérales	C	
	Taxe sur les farines	C	
	Taxe sur les rhums	C	
	Taxes sur les tabacs (Réunion)	C	
	TIPP - Contrepartie RMI	C	
	TOTAL CEE	C	

	Taxes BAPSA Agriculture	C	
	Taxes ANDA (Association nationale de développement agricole) agriculture (A01)	C	
	Taxes ANDA (Association nationale de développement agricole) agriculture (A02)	C	
	Taxe sur les transactions céréalières (FASC)	C	
	Taxe au profit de l'IFP (institut français du pétrole)	C	E
	ANDA (association nationale de développement agricole)- Taxe sur les vins	C	
	CRPCEN (Caisse de retraite des notaires et clercs) - Participation des compagnies d'assurance	C	
	Redevances des CANSSM (Caisse autonome nationale de sécurité sociale dans les mines)	C	P
	CNAM (Caisse nationale d'assurance maladie) - Contribution des entreprises préparant des médicaments	C	
	CNAM (Caisse nationale d'assurance maladie) - Taxe sur les tabacs	C	
	CNAM (Caisse nationale d'assurance maladie) -Taxe sur les alcools	C	
	CANSSM (Caisse autonome nationale de sécurité sociale dans les mines) - Redevances hydrocarbures	C	E
	CANSSM (Caisse autonome nationale de sécurité sociale dans les mines) -Taxe additionnelle assurance automobile	C	T
	MSA (Mutualité sociale agricole) - Taxe additionnelle assurance auto	C	T
	IFREMER (Institut français de recherche et d'exploitation de la mer) - Taxes sur les étiquettes de salubrité	C	
	Fonds de solidarité vieillesse - Droits sur les boissons	C	
	Centre national pour l'aménagement des structures des exploitations agricoles) - Recettes du service public de l'équarissage	C	
	FCAATA (Fonds de cessation anticipé d'activité des travailleurs de l'amiante) - Droits sur les tabacs	C	
	CANAM (Caisse nationale d'assurance maladie des professions indépendantes) - Taxes versées par les laboratoires non conventionnés	C	
	Fonds amiante	C	P
	Taxes boissons perçues par le FFIPSA (Fonds de financement des prestations sociales agricoles)	C	
	NSAL (régime des non-salariés agricoles) - Taxe sur les alcools	C	
d214c	Taxes on financial and capital transactions		
	Impôt sur les opérations traitées dans les bourses de valeurs	KS	
	Taxe sur la valeur ajoutée (TVA sur terrains)	KS	
	Droits d'enregistrement (taxe addi.)	KS	
d214e	Taxes on entertainment		
	902.10 - Industrie cinématographique - Taxe additionnelle au prix des places	C	
	902.10 - Industrie cinématographique - Taxes et prélèvement (L. 10)	C	
	902.10 - Industrie cinématographique - Taxes sur les vidéogrammes	C	
	902.10 - Industrie cinématographique - Prélèvement spécial sur les bénéfices	C	
	Taxe sur les spectacles	C	
	Taxe sur les jeux et spectacles	C	
	Taxe sur jeux de boules	C	
	Taxe sur les ski de fond	C	
d214f	Taxes on lotteries, gambling and betting		
	Produits de la loterie nationale et du loto	C	
	Prélèvement sur produits des jeux dans les casinos	C	
	Prélèvement sur PMU et sociétés de courses	C	
	902.17 - Fonds national pour le développement du sport - Prélèvement sur le loto sportif	C	
	902.17 - Fonds national pour le développement du sport - Prélèvement sur le pari mutuel	C	
	902.17 - Fonds national pour le développement du sport - Produit du prélèvement sur les jeux de loterie	C	
	902.19 - Fonds national des haras et des activités hippiques - Produit du prélèv. élevage / les sommes engagées / hippodromes	C	
	902.19 - Fonds national des haras et des activités hippiques - Produit du prélèvement élevage / sommes engagées au PMU	C	
	902.20 - Fonds national pour le développement de la vie associative	C	
	Prélèvements sur PMU	C	

d214g	Taxes on insurance premiums		
	Cotisations sur primes d'assurances	C	
	FGAC - Contribution des assurances	C	
	CMU - Taxe sur les mutuelles	C	
	FGTI fonds de garantie des victimes des actes terroristes et d'autres infractions) - Contributions	C	T
	FCRAC - contribution additionnelle	C	
	FNGCA (Fonds national de garantie contre les calamités agricoles) - Contribution additionnelle aux contrats d'assurance	C	
	CANSSM (Caisse autonome nationale de sécurité sociale dans les mines) -Taxe additionnelle assurance automobile	C	
	FCATA (Fonds commun des accidents du travail agricole) - Contribution des exploitants agricoles	C	
	ENIM (établissement national des invalides de la marine) - Participation des compagnies d'assurance	C	
	CRPCEN (Caisse de retraite des notaires et clercs) - Participation des compagnies d'assurance	C	
	CNMSS (Caisse nationale militaire de sécirité sociale) - Participation des compagnies d'assurance	C	
	SNCF - Taxe additionnelle assurance automobile	C	T
	RATP - Taxe additionnelle assurance automobile	C	T
	BdF - Taxe additionnelle assurance automobile	C	T
	CNAM (Caisse nationale d'assurance maladie) - Taxe additionnelle assurance automobile	C	T
	FOREC - Cotisations primes assurance auto	C	T
	MSA (Mutualité sociale agricole) - Taxe additionnelle assurance auto	C	T
	BATI - Taxe sur prime assurance automobile	C	T
	CANAM (Caisse nationale d'assurance maladie des professions indépendantes) - Taxe additionnelle assurance automobile	C	T
	CANCAVA - Taxe additionnelle assurance automobile	C	T
	Taxe sur primes d'assurance auto	C	T
	FCATA (Fonds commun des accidents du travail agricole) - Contribution des compagnies d'assurance	C	
	Taxe spéciale sur les conventions d'assurance	C	
d214h	Other taxes on specific services		
	Baux	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	
	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 les concessionnaires d'autoroutes	C	T
	Produit de la taxe sur les titulaires d'ouvrages hydroelectriques concedes	C	E
	Recettes diverses du fonds de soutien à l'expression radiophonique orale	C	
	redevance départementale sur les espaces verts	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 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 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 emplacements publicitaires	C	
		Taxe sur les transports (CORSE)	C	T
		Taxes sur syndicats énergie dont :	C	E
		Versement pour dépassement PLD	C	
		CNBA (chambre nationale de la batellerie artisanale)- Taxe sur utilisation des voies navigables	C	T
		Redevance prélèvement industriels - 757.11 AFB (Agences françaises de bassin) (agences financières de bassin)	C	
		Taxe spéciale d'équipement (IDF (Ile-de-France)+EPML (établissement public de la métropole Lorraine))	C	
		Taxe complémentaire à la TLE (Taxe locale d'équipement) (IDF (Ile-de-France))	C	
		Redevance droit de construction (EPAD (Etablissement public d'aménagement de la Défense))	C	
		Produit de la taxe sur la publicité diffusée par radios et télévisions	C	
d214i	General sales or turnover taxes			
		Participation des grossistes répartiteurs	C	
		Participation grossistes répartiteurs	C	
		CNAM (Caisse nationale d'assurance maladie) - Contribution des grossistes répartiteurs	C	
d214l	Other taxes on products n.e.c.			
		Amendes, confiscations et droits sur acquis non rentrés	C	
		Autres droits et recettes à différents titres	C	
		Autres taxes	C	
		Droits de consommation sur les alcools	C	
		Edition	C	
		Garantie des matières d'or et d'argent	C	
		Recettes diverses	C	
		Recettes diverses et pénalités	C	
		Recettes fiscales diverses	C	
		Reproduction	C	
		Taxe forfaitaire sur les métaux précieux, les bijoux, les objets d'art et d'antiquité	C	
		Taxe générale sur les activités polluantes détail (autres lignes)	C	
		Taxes Funéraires	C	
		FACE (fonds d'amortissement des charges d'électrification rurale)- Contribution des distributeurs	C	
		CNBF (Caisse nationale des barreaux français) - Droits de plaidoirie	C	
d29	Other taxes on production			
d29a	Taxes on land, buildings and other structures			
		Taxe en application de la loi du 9/4/53	KS	
		Taxe sur utilisation des voies navigables	KS	T
		Chambre agriculture (partie)	KS	
		Contribution logements sociaux	KS	
		Cotisation de péréquation	KS	
		Cotisation minim. taxes profession.	KS	
		Foncier non bâti (partie)	KS	
		Produit de l'imposition chambre de commerce	KS	
		Reversement à l'Etat de la TACA	KS	
		Taxe / grandes surfaces ORGANIC	KS	

	Taxe additionnelle sur le foncier non bâti	KS	
	Taxe chambre des métiers	KS	
	Taxe locaux communs résidentiels	KS	
	Taxe sur les locaux à usage de bureaux	KS	
	Taxes foncière et Taxe professionnelle La poste et France Telecom	KS	
	Taxe professionnelle (entr. non agricoles)	KS	
	Foncier bâti	KS	
	Fds pour amén. IDF (Ile-de-France) = prod de la taxe sur les bureaux	KS	
	Taxe sur la création de bureaux en IDF (Ile-de-France)	KS	
	Taxe à l'exploitation ANDA (Association nationale de développement agricole)	KS	
	Taxe ADAR (Association de développement agricole et rural)	KS	
d29b	Taxes on the use of fixed assets		
	Contrats de transports	KS	T
	Fonds national des abattoirs	KS	P
	FOREC - Taxe sur les véhicules de tourisme des sociétés	KS	T
	Lancement matériel aérien ou d'armement	KS	T
	Matériel aérien	KS	T
	Taxe d'usage de l'abattoir	KS	P
	Taxe spéciale sur véhicules routiers (t. à l'éssieu)	KS	T
	Taxe sur les cartes grises	KS	T
	Taxe sur les véhicules à moteur payées par les prod.	KS	T
	Taxe sur les véhicules de tourisme des sociétés	KS	T
d29c	Total wage bill and payroll taxes		
	Contribution UESL	Leyrs	
	Participation des employ. à l'effort de construc.	Leyrs	
	Participation employeurs à la construction	Leyrs	
	Prod.de la construc. des organismes collect.	Leyrs	
	Reversement BG diverses ressources	Leyrs	
	Taxe apprentissage FNIC payé par S11/S14A(A/C de 1997 nouvelle appellation FNCTA)	Leyrs	
	Versements entreprises industrielles FNE	Leyrs	
	Taxe au profit du FNAL (fonds national d'aide au logement)	Leyrs	
	Taxe au profit de l'OMI (office des migrations internationales)	Leyrs	
	Taxe au profit de l'AGS (association sur la garantie des salaires)	Leyrs	
	CNSA (Caisse Nationale de solidarité pour l'autonomie)- Jour férié supprimé	Leyrs	
	Versement transports	Leyrs	T
	AGCC Agence centrale pour la Gestion des Conventions de Conversions	Leyrs	
	Cotisation de prévoyance	Leyrs	
	Versement transports	Leyrs	T
	Impôts sur les sociétés	Leyrs	
	Impôts divers sur rôle	Leyrs	
	Taxe sur les salaires	Leyrs	
	Taxe d'apprentissage	Leyrs	
	Taxe particip. employeurs / FP continue	Leyrs	
	Contributions patronales au financement de la prévoyance complémentaire	Leyrs	
	Fonds de solidarité vieillesse - Contribution préretraites	Leyrs	
d29e	Business and professional licences		
	Excédent t. spéc. débits boissons	KS	
	Licence des débits de boisson	KS	
	Taxe au profit de l'INPI (institut national de la propriété intellectuelle)	KS	
d29f	Taxes on pollution		
	FOREC - Taxe sur les activités polluantes	C	P
	Taxe générale sur les activités polluantes	C	P
	Taxe sur les activités polluantes	C	P
	Taxe au profit des services communaux	C	P
	Taxe au profit des services départementaux	C	P
	TGAP taxe générale sur les activités polluantes (partie)	C	P
	AFB (Agences françaises de bassin) Crues(757.14) Taxe d'assainissement	C	P
	AFB (Agences françaises de bassin) (757.2) Redevances pollution industriels	C	P
	AFB (Agences françaises de bassin) (657.52) Reduction redevance exercice antérieur	C	P

	AFB (Agences françaises de bassin) (657.223) Primes pour épuration industries	C	P
	AFB (Agences françaises de bassin) redevances d'intérêt loc. (757.19)	C	P
	Taxe perçue au profit de l'ADEME (Agence de l'environnement et de la maîtrise de l'énergie)	C	P
d29g	Under-compensation of VAT (flat rate system)		
	Sous-compensation TVA/CI agriculture	C	
	Sous-compensation TVA/FBCF agriculture	C	
d29h	Other taxes on production n.e.c.		
	Association pour le soutien des théâtres privés	KS	
	Autres droits et recettes accessoires	KS	
	Autres lignes (899) - TGAP	KS	
	Autres ODAC divers. Org. culturels	KS	
	autres taxes indirectes	KS	
	C3SETAT- Contribution sociale de solidarité des sociétés	KS	
	Contri. des états publics pour appel au con. fin. de l'Etat	KS	
	Contribution des institutions financières	KS	
	Divers	KS	
	Fond forestier National	KS	
	Mutilés - handicapés	KS	
	Pénalités et amendes	KS	
	Recettes diverses et pénalités	KS	
	Recettes fiscales diverses	KS	
	Reversement BG diverses ressources	KS	
	Services extérieurs du trésor	KS	
	Surtaxes locales temporaires	KS	
	TVA sur subventions APUL	KS	
	TVA sur subventions GEN	KS	
	TVA sur subventions ODAC	KS	
	TVA sur subventions STIF (APUL)	KS	
	Versement ONF au BG	KS	
	Taxe au profit du CNC (centre national de la cinématographie)	KS	
	industrie	KS	
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
d51a	Taxes on individual or household income		
	1 % vieillesse	SPLIT_1	
	2%social - CNAF	SPLIT_1	
	CADES : ex ant : recettes RDS (reclas. D59)	SPLIT_1	
	CADES : RDS Frais de recouvrement (frais d'assiette)	SPLIT_1	
	CADES : RDS sur patrimoine	SPLIT_1	
	CADES : RDS sur produits de placements	SPLIT_1	
	CADES : RDS/gains aux jeux (recl.D59)	SPLIT_1	
	CADES : RDS/salaires et traitements (recl.D291)		
	Split to Leers	Lees	
	Split to KIH	KIH	
	CADES : RDS/var créances en cours	SPLIT_1	
	CADES : RDS/ventes de bijoux et métaux précieux(recl.D59)	SPLIT_1	
	CSG ACOSS	SPLIT_1	
	CSG régimes de non-salariés	SPLIT_1	
	CSG régimes particuliers de salariés	SPLIT_1	
	Fond APA (0,1 point de CSG)	SPLIT_1	
	Fonds de solidarité contribution des fonctionnaires	SPLIT_1	
	Impôt sur le revenu	SPLIT_1	
	Prélèvement sur bons anonymes	SPLIT_1	
	PRCM (prélèvements sur capitaux mobiliers) payé par ménages	SPLIT_1	
	Avoir fiscal utilisé	SPLIT_1	
	CNSA (Caisse Nationale de solidarité pour l'autonomie)- Jour férié supprimé	SPLIT_1	
	1% CNAF (Caisse nationale d'allocations familiales)	SPLIT_1	
	CSG Fonds de solidarité vieillesse	SPLIT_1	

	CSG CNAM (Caisse nationale d'assurance maladie)		
	Split to Leers	Lees	
	Split to KIH	KIH	
	2% FRR (Fonds de réserve des retraites)	KIH	
	2% CNAM (Caisse nationale d'assurance maladie)	SPLIT_1	
	2% Fonds de solidarité vieillesse	SPLIT_1	
	CSG CNAF (Caisse nationale d'allocations familiales)	SPLIT_1	
	2%social - CNAV (Caisse nationale d'assurance vieillesse)	SPLIT_1	
d51b	Taxes on the income or profits of corporations		
	Charbonnages de France	KIC	E
	Contribution des laboratoires	KIC	
	Contribution sociale sur les bénéfices des sociétés	KIC	
	Contribution sociale sur les bénéfices des sociétés (CSB)	KIC	
	Frais de poursuite	KIC	
	Impôt forfaitaire annuel	KIC	
	Impôts sur les sociétés	KIC	
	Impôts sur les sociétés	KIC	
	Majoration de 10%	KIC	
	Précompte sur bénéfices distribués	KIC	
	Prélèvement entreprises assurances	KIC	
	Prélèvement sur les bénéfices de la construction immobilière	KIC	
	Prélèvements sur excédent des entreprises pétrolières	KIC	E
	Retenue sur les bénéfices non commerciaux	KIC	
	PRCM (prélèvements sur capitaux mobiliers)	KIC	
	Avoir fiscal utilisé	KIC	
	Avoir fiscal distribué	KIC	
	Cotisation de prévoyance	KIC	
	Contribution de la CDC (Caisse des dépôts et consignations) à l'impôt sur les sociétés	KIC	
	Contribution de solidarité PAM conventionnés (CANAM (Caisse nationale d'assurance maladie des professions indépendantes))	KIC	
d51e	Other taxes on income n.e.c.		
	Recettes diverses	C	
	Ressources cumul des rémunérations	C	
d59	Other current taxes		
d59a	Current 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	
	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 transfers		
	entre vifs (donations)	KS	
	par décès (successions)	KS	

d91b	Capital levies			
	Prélèvement exceptionnel sur les entreprises d'assurances	KS		
	Versement exceptionnel Unigrains	KS		
d91c	Other capital taxes n.e.c.			
	Recettes diverses et penalités	KS		
d611	Actual social contributions			
d6111	Employers' actual social contributions	Leyrs		
d6112	Employees' social contributions	Lees		
d6113	Social contributions by self- and non-employed persons	SPLIT_2		

GERMANY

ESA95 code	ESA95 text Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports		
d21	Taxes on products		
d211	Value added type taxes (VAT)		
	Value added type taxes (Mehrwertsteuern)	C	
d212	Taxes and duties on imports excluding VAT		
d2121	Import duties		
	Customs duties (Zoelle)	C	
d2122	Taxes on imports excluding VAT and import duties		
d2122a	Levies on imported agricultural products		
	Customs on agricultural products (Abschöpfungs-u. Währungsausgleichsbeträge)	C	
d2122c	Excise duties		
	Import duties (Importsteuern)	C	
d214	Taxes on products, except VAT and import taxes		
d214a	Excise duties and consumption taxes	C	
	Duties on electricity (Stromsteuer)		E
	Duties on mineral oil (Mineralölsteuer)		E
	Duties on tobacco (Tabaksteuer)		
	Duties on wine (Branntweinabgaben)		
	Duties on coffee (Kaffeesteuer)		
	Duties on sparkling wines (Schaumweinsteuer)		
	Duties on beer (Biersteuer)		
	Other excise duties (sonstige Verbrauchsteuern)		
	Less import taxes (abzueglich Importsteuern)		
d214b	Stamp taxes		
	Real estate transfer tax (Grunderwerbsteuer)	KS	
d214c	Taxes on financial and capital transactions		
	Capital duty (Gesellschaftssteuer)	KS	
	Stock exchange turnover tax (Börsenumsatzsteuer)	KS	
d214f	Taxes on lotteries, gambling and betting		
	Other receipts - Market Organisation Act	C	
d214g	Taxes on insurance premiums		
	Insurance tax (Versicherungssteuer)	C	
	Fire insurance tax (Feuerschutzsteuer)	C	
d214l	Other taxes on products n.e.c.		
	Coal tax (Kohlepfennig)	C	E
	Community taxes (uebrige Gemeindesteuern)	KS	
	Sugar levy (Produktionsabgaben für Zucker)	C	
	Tax to support sales of products in the field of fishing and agriculture (Absatzfondsgesetz)	KS	
	Tax on overproduction of milk and corn paid by Farmers (Milch-u. Getreidemitverantwortungsabgaben)	KS	
d29	Other taxes on production		
d29a	Taxes on land, buildings and other structures		
	Tax on real estate (Grundsteuer A und B)	KS	
d29b	Taxes on the use of fixed assets		
	Tax on motor vehicles paid by enterprises (Kfz-Steuer von Unternehmen)	KS	T
d29e	Business and professional licences		
	Administrative charges for enterprises (Verwaltungsgebühren von Unternehmen)	KS	
d29g	Under-compensation of VAT (flat rate system)		
	Undercompensation VAT (Unterkompensation Umsatzsteuer)	C	
d29h	Other taxes on production n.e.c.		
	Quasi tax receipts (steuerähnliche Einnahmen)	KS	
	Other taxes on production (übrige Produktionsabgaben)	KS	
	Tax on industry and trade (Gewerbesteuer)	KIC	

d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
d51a	Taxes on individual or household income	SPLIT_1	
	Wage tax (Lohnsteuer)		
	Assessed income tax (Veranlagte Einkommensteuer)		
	Other income tax, incl. capital yields tax and interest income deduction for households (Kapitalertragssteuer und Zinabschlag)		
d51b	Taxes on the income or profits of corporations	KIC	
	Corporation tax (Koerperschaftsteuer)		
	Other income tax, incl. capital yields tax and interest income deduction for corporations (Kapitalertragssteuer und Zinsabschlag)		
d51e	Other taxes on income n.e.c.		
	Income taxes from rest of the world (Einkommensteuer von der übrigen Welt)	KIH	
d59	Other current taxes		
d59a	Current Imposition du capital		
	Wealth tax for private households (Vermögensteuer von privaten Haushalten)	KS	
	Wealth tax for corporations (Vermögensteuer von Kapitalgesellschaften)	KS	
d59d	Payments by households for licences		
	Tax on Motor Vehicles for private Households (KFZ-steurern von privaten Haushalten)	C	T
	Taxes on dogs (Hundesteuer)	C	
	Hunting and Fishing tax (Jagd- und Fishereisteuer)	C	
d59f	Other current taxes n.e.c.		
	Other community taxes (sonstige Gemeindesteuern der Stadtsstaaten)	C	
	Administrative charges for private households (Verwaltungsgebühren von privaten Haushalten)	C	
d91	Capital taxes		
d91a	Imposition du capital transfers		
	Succesion and gift tax (Erbschaftsteuer)	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions	Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions	Lees	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons	SPLIT_2	

GREECE

ESA95 code	ESA95 text Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports		
d21	Taxes on products		
d211	Value added type taxes (VAT)	C	
d212	Taxes and duties on imports excluding VAT		
d2121	Import duties	C	
d2122	Taxes on imports excluding VAT and import duties		
d2122a	Levies on imported agricultural products	C	
d2122d	General sales taxes	C	
d214	Taxes on products, except VAT and import taxes		
d214a	Excise duties and consumption taxes		
	Excise duties on cars	C	T
	Excise duties on oil products (benzin, petroleum etc)	C	E
	Excise duties on tobacco products	C	
	Taxes on beer	C	
	Taxes on alcoholic drinks	C	
	Taxes on other products	C	
d214b	Stamp taxes		
	Stamp taxes on products	KS	
	Stamp taxes on legal documents	KS	
d214c	Taxes on financial and capital transactions		
	Taxes on the sale of non-financial assets	KS	
	Taxes on the sale of financial assets	KS	
d214d	Car registration taxes	KS	T
d214e	Taxes on entertainment		
	Amusement taxes	C	
d214f	Taxes on lotteries, gambling and betting		
	Taxes on lotteries	C	
	Taxes on gambling and betting	C	
	Other receipts - Market Organisation Act	C	
d214g	Taxes on insurance premiums		
	Taxes on insurance premiums	C	
d214h	Other taxes on specific services		
	Taxes on advertising	C	
	Taxes on hotels, restaurants, etc	C	
d214i	General sales or turnover taxes		
	Wholesale sale taxes	C	
	Other general sales taxes	C	
d214k	Export duties and monetary compensatory amounts on exports	C	
d214l	Other taxes on products n.e.c.	C	
d29	Other taxes on production		
d29a	Taxes on land, buildings and other structures		
	Taxes on land, buildings or other structures	KS	
d29b	Taxes on the use of fixed assets		
d29e	Business and professional licences		
	Professional licences	KS	
	Vehicle licences for businesses	KS	T
	Various	KS	
d29h	Other taxes on production n.e.c.		
	Taxes on capital accumulation	KS	
	Various	KS	

d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
d51a	Taxes on individual or household income		
	Taxes on income from rents	SPLIT_1	
	Income taxes on individuals	SPLIT_1	
	Taxes on interest,and other taxes on individuals	SPLIT_1	
d51b	Taxes on the income or profits of corporations		
	Income taxes on corporations	KIC	
	Taxes on shipowners	KIC	
	Various corporations taxes	KIC	
d51d	Taxes on winnings from lottery or gambling	KIH	
d51e	Other taxes on income n.e.c.		
	Tax penalties and fines	KIH	
	Various	KIH	
d59	Other current taxes		
d59a	Current Imposition du capital		
	Taxes on household buildings	KS	
d59d	Payments by households for licences		
	Car registration licences	C	T
	Various	C	
d59f	Other current taxes n.e.c.		
	Tax on buildings	KS	
	Various	KS	
d91	Capital taxes		
d91a	Imposition du capital transfers	KS	
d91b	Capital levies	KS	
d91c	Other capital taxes n.e.c.	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions	Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions	Lees	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons	SPLIT_2	

HUNGARY

ESA95 code	ESA95 text Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports		
d21	Taxes on products		
d211	Value added type taxes (VAT)	C	
	Value Added Tax		
d212	Taxes and duties on imports excluding VAT	C	
d2121	Import duties		
	Customs Duties		
d2122	Taxes on imports excluding VAT and import duties		
d2122c	Excise duties		
d2122d	General sales taxes		
d214	Taxes on products, except VAT and import taxes		
	Simplified Corporation Tax	C/Split1/KIC	
d214a	Excise duties and consumption taxes	C	
	Budget Excise (Central Budget) Coffee		
	Alcohol		
	Tobacco		
	Fuels		E
	Wine		
	Env.Protection Fees On - (Rubber) Tyre		P
	Pack Material		P
	Refrigarators		P
	Discharged Batteries/Accumulatter		P
	Oiler/Lubrificant		P
	Other		P
	Other receipts - Market Organisation Act		
	Fishing Development Contribution		P
	Nuclear Contribution	KS	E
	Tax For Protection Of Wild Animals		P
	Innovation Tax		
d214b	Stamp taxes	KS	
	Stamp Duties		
d214c	Taxes on financial and capital transactions	KS	
d214d	Car registration taxes		
	Motor Vehicle Registration Duty	KS	T
	Car Registration Taxes	KS	T
d214e	Taxes on entertainment		
	Cultural Contribution	C	
d214f	Taxes on lotteries, gambling and betting		
	Gambling Tax	C	
d214g	Taxes on insurance premiums	C	
d214h	Other taxes on specific services	C	
	Forestry Fund Tax		P
	Contribution To Tourism		
	Breeding Contribution		
	Water Fund Tax		P
d214i	General sales or turnover taxes	C	
	Local Tax On Company Sales		

d214j	Profits of fiscal monopolies	C		
d214l	Other taxes on products n.e.c.			
	Energy Taxes	C		
d29	Other taxes on production			
d29a	Taxes on land, buildings and other structures	KS		
d29b	Taxes on the use of fixed assets			
	Duties On Conveyances. Inheritance And Gift	KS		
d29c	Total wage bill and payroll taxes			
	Rehabilitation Contribution	Leyrs		
	Training Levy	Leyrs		
d29e	Business and professional licences			
	Licence Fees	KS		
d29f	Taxes on pol			
	Comunal Taxes On Enterprises	Leyrs	P	
	Environmental Pollution/Charges/Tax	Leyrs	P	
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			
	Tourism Tax			
d59a	Current taxes on capital	KS		
	Building Tax			
d59d	Payments by households for licences	C		
	Cg Taxes Conveid To Lg			
	Tax On Domestically Registered Vehicles-Local		T	
	Tax On Domestically Registered Vehicles-Central		T	
	Tax On Foreign Registered Vehicles-Central		T	
d59f	Other current taxes n.e.c.	KS		
	Development Land Tax			
	Communal Tax On Households			
	Tax On Recreational Howes			
d91	Capital taxes	KS		
d91a	Taxes on capital transfers			
d91b	Capital levies			
	Land Protection Contribution		P	
d611	Actual social contributions			
d6111	Employers' actual social contributions			
d61111	Compulsory employers' actual social contributions	Leyrs		
d6112	Employees' social contributions			
d61121	Compulsory employees' social contributions	Lees		
d6113	Social contributions by self- and non-employed persons	Split_2		

IRELAND

ESA95 code	ESA95 text Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports		
d21	Taxes on products		
d211	Value added type taxes (VAT)		
	Value Added Tax	C	
d212	Taxes and duties on imports excluding VAT		
d2121	Import duties		
	Customs Duties (Protective)	C	
d2122	Taxes on imports excluding VAT and import duties		
d2122a	Levies on imported agricultural products		
	Levies On Agricultural Goods	C	
d2122c	Excise duties		
	Duty On Mineral Hydrocarbon Light Oil	C	E
	Duty On Other Sorts Of Oil	C	E
	Duty On Tobacco	C	
	Duty On Spirits	C	
	Duty On Wine	C	
	Duty On Beer	C	
	Duty On Cider And Perry	C	
d214	Taxes on products, except VAT and import taxes		
d214a	Excise duties and consumption taxes		
	Duty On Mineral Hydrocarbon Light Oil	C	E
	Duty On Other Sorts Of Oil	C	E
	Duty On Tobacco	C	
	Duty On Spirits	C	
	Other receipts - Market Organisation Act	C	
	Duty On Beer	C	
	Duty On Cider And Perry	C	
	Duty On Motor Vehicle Parts And Access	C	T
d214b	Stamp taxes		
	Stamp Duties	KS	
	Fee Stamps	KS	
d214c	Taxes on financial and capital transactions		
	Bank Levy	KS	
d214d	Car registration taxes		
	Motor Vehicle Duties Paid By Enterprises	KS	T
d214e	Taxes on entertainment		
	Entertainment Licences	C	
d214f	Taxes on lotteries, gambling and betting		
	Sweepstake Duties	C	
	Betting Taxes	C	
d214g	Taxes on insurance premiums		
	Taxes On Insurance Policies	C	
d214h	Other taxes on specific services		
	Broadcasting Licence Fees	KS	
d214l	Other taxes on products n.e.c.		

d29	Other taxes on production		
d29a	Taxes on land, buildings and other structures		
	Rates	KS	
	Residential Property Tax	KS	
d29c	Total wage bill and payroll taxes	leeys	
d29e	Business and professional licences		
	Business And Professional Licences	KS	
d29h	Other taxes on production n.e.c.		
	Other Taxes Linked To Production	KS	
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
d51a	Taxes on individual or household income		
	Income Tax	Split_1	
	Youth Employment Levy	Split_1	
	Income Levy	Split_1	
d51b	Taxes on the income or profits of corporations		
	Corporation Tax	KIC	
d51c	Taxes on holding gains		
	Capital Gains Tax	KIH	
d51e	Other taxes on income n.e.c.		
	Levies Under Sect. 93/94 Finance Act,1986	KIH	
	Fees Under Petroleum And Mineral Development Acts	KIH	P
	Estate Duties	KIH	
d59	Other current taxes		
d59d	Payments by households for licences		
	Motor Vehicle Duties Paid By Households	C	T
d59f	Other current taxes n.e.c.		
	Vehicle & Driving Licensing Expenses	C	
d91	Capital taxes		
d91a	Taxes on capital transfers		
	Capital Acquisition Tax	KS	
d91b	Capital levies		
d91c	Other capital taxes n.e.c.		
d611	Actual social contributions		
d6111	Employers' actual social contributions		
	Employers' Actual Social Contributions	Leyrs	
d61111	Compulsory employers' actual social contributions		
d6112	Employees' social contributions		
	Employees' Actual Social Contributions	Lees	
d61121	Compulsory employees' social contributions		
d6113	Social contributions by self- and non-employed persons		
	Social Contributions Self-Employed	Split_2	

ITALY

ESA95 code	ESA95 text Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports		
d21	Taxes on products		
d211	Value added type taxes (VAT)		
	VAT total to S13	C	
	VAT to EC	C	
d212	Taxes and duties on imports excluding VAT		
d2121	Import duties		
	Import duties to EC	C	
d2122	Taxes on imports excluding VAT and import duties		
d2122c	Excise duties		
	In-bond surcharge on mineral oils	C	E
	In-bond surcharge on liquefied petroleum gases and other surchanges	C	
	of which environmental (data on LPG from A. Del Santo, ISTAT)		E
	Excise duty on coffee	C	
	Excise duty on cocoa	C	
	Excise duty on bananas	C	
	Other taxes on imports	C	
	Excise duties to EC	C	
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	
	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	
	Other receipts - Market Organisation Act	C	
	Surcharges accruing to National Rice Administration	C	
	Water consumption tax	C	P
	Excise duties to EC	C	
d214b	Stamp taxes		
	Excise duty on tobacco	C	
	Excise duty on spirits	C	
	Receipts from sale of denaturing agents and govemment 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)	KS	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 inderectly 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	KS	
d29	Other taxes on production		
d29a	Taxes on land, buildings and other structures		
	Municipal real estate tax (ICI) - Part on buildings	KS	
d29b	Taxes on the use of fixed assets		
	Motor vehicle duty paid by firms	KS	T
d29c	Total wage bill and payroll taxes		
	Contribution to GESCAL - employers' contribution	Leyrs	
d29e	Business and professional licences		
	Surcharge accruing to chambers of commerce	KS	
	Duty on official franchises	KS	
	Refunds of taxes on production and imports	KS	
d29f	Taxes on pollution		
	SO2 and NOx pollution tax	KS	P
d29h	Other taxes on production n.e.c.		
	Other special duties on production	KS	
	Tourist and temporary residence tax	C	
	Other taxes on production	C	
	Telecommunication licences tax	C	
	Regional tax on productive activities (IRAP)		
	IRAP - part paid by public administrations		
	- Split to Leyrs	Leyrs	
	- Split to KIC	KIC	
	- Split to KISe	KISe	
	Surcharges accruing on notarial acts	KS	
	Surcharges accruing to provincial tourist offices	C	
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
d51a	Taxes on individual or household income		
	Personal income tax	SPLIT_1	
	Withholding tax on income from deposits paid by households	KIH	
	Local income tax paid by households	KIH	
	Tax on income from investiments	KIH	
	10% Surcharge on income	KIH	
	Contributions to GESCAL - employees' contribution	Lees	
	Municipal capital gains tax on buildings paid by households	KS	
	Withholding tax on company dividens paid by households	KIH	
	Municipal tax on industry, crafts and professions	KS	
d51b	Taxes on the income or profits of corporations		
	Withholding tax on income from deposits paid by firms	KIC	
	Corporation tax	KIC	
	Local income tax paid by firms	KIC	
	Municipal capital gains tax on buildings paid by firms	KS	
	Tax on companies and bonds (Company franchise and liabilities tax)	KS	
	Withholding tax on company dividens paid by firms	KIC	
	Tax on net wealth of enterprises	KS	
	New tax on imputed income derived from the appreciation of corporate assets	KIC	

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		
	Tax on games of skill and betting-levied on current income and assets	KIH	
d51e	Other taxes on income n.e.c.		
	Surcharges on state and local taxes	KIH	
d59	Other current taxes		
d59a	Current Imposition du capital		
	Municipal real estate tax (ICI) - Part on building plots	KS	
d59d	Payments by households for licences		
	Driving licence and passport tax	C	
	Motor vehicle duty paid by household	C	T
d59f	Other current taxes n.e.c.		
	Tax on dogs	C	
	Substitute tax on income derived from the appreciation of severance indemnity funds (Other current taxes on income and wealth)	KS	
d91	Capital taxes		
d91a	Imposition du capital transfers		
	Inheritance and gift duty	KS	
	Estate duty	KS	
d91b	Capital levies		
	Tax on imputed income derived from the appreciation of corporate assets	KS	
	Witholding tax on the severance pay	Leyrs	
	Special tax fo Europe	KS	
	Extraordinary property tax on the value of buildings (ISI)	KS	
	Extraordinary tax on the value of deposits, current accounts and deposit certificates	KS	
	Substitute tax on assets of enterprises	KS	
	Extraordinary tax to which owners of certain luxury goods are liable (Decree-Law No 384 of 19/9/92)	KS	
d91c	Other capital taxes n.e.c.		
	Recover of paid taxes in delay	KS	
	Penalties and settlements - direct taxes	KS	
	Penalties and sttlements -indirect taxes	KS	
	Tax shield (on incomes from abroad)	KS	
	Tax amnesty		
	- Tax amnesty part on capital income of corporations	KIC	
	- Tax amnesty - part on self-employed	KISe	
	Amnesty on illegal buildings	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions	Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions	Lees	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons	SPLIT_2	

LATVIA

ESA95 code	ESA95 text Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports		
d21	Taxes on products		
d211	Value added type taxes (VAT)		
	Value added tax	C	
d212	Taxes and duties on imports excluding VAT		
d2121	Import duties		
	Customs duties	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		
	Excise tax on alcohol	C	
	Excise tax on beer	C	
	Excise tax on oil products	C	E
	Excise tax on tobacco	C	
	Excise tax on coffee, non-alcohol, gold and other precious metals	C	
	Excise tax on cars and motorcycles	KS	T
d214c	Taxes on financial and capital transactions		
	Duties on transactions with privatization vouchers	C	
d214d	Car registration taxes		
	Car tax	KS	T
d214f	Taxes on lotteries, gambling and betting		
	Lottery and gambling tax	KS	
d214h	Other taxes on specific services		
	Passenger departure duty	C	T
d214k	Export duties and monetary compensatory amounts on exports		
	Export duties	KS	
d29	Other taxes on production		
d29a	Taxes on land, buildings and other structures		
	Taxes on property	KS	
d29c	Total wage b: *Other receipts - Market Organisation Act*		
	Risk duty of business	Leyrs	
d29e	Business and professional licences		
	Lottery of goods and services organization duty	C	
	State duties and payments for issue of special permits (licences) and registration of documents that commensurate correspondence of proffesional qualification	KS	
	Lottery and gambling state duty	C	
	Gambling equipment marking duty	C	
	Payment for rental of commercial fishing rights	KS	P
d29f	Taxes on pollution		
	Natural resources tax	C	P
d29h	Other taxes on production n.e.c.		
	Other special target state duties	KS	
	Income from woodland	KS	
	Land tax	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		
d59a	Current Imposition du capital		
	Taxes on property		
	Annual vehicle duty	KS	T
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions	Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions	Lees	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons	SPLIT_2	

LITHUANIA

ESA95 code	ESA95 text Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports		
d21	Taxes on products		
d211	Value added type taxes (VAT)		
	Value added tax	C	
d212	Taxes and duties on imports excluding VAT		
d2121	Import duties		
	Taxes on international trade and transactions	C	
d2122	Taxes on imports excluding VAT and import duties		
d2122a	Levies on imported agricultural products		
	Levies on agricultural goods	C	
d2122c	Excise duties		
	Alcoholic beverages	C	
	Manufactured tabacco	C	
	Oil and other oil products	C	E
	Electricity	C	E
	Luxury cars	C	T
	Sugar	C	
	Other former minor excises	C	
d2122d	General sales taxes		
	Turnover tax on publications of erotic and violent nature	C	
	Turnover tax on motor cars	C	T
	Turnover tax on goods containing ethyl	C	
d214	Taxes on products, except VAT and import taxes		
d214a	Excise duties and consumption taxes		
	Wine and sparkling wine	C	
	Beer	C	
	Other alcoholic beverages	C	
	Manufactured tabacco	C	
	Oil and other oil products	C	E
	Other receipts - market organisation act	C	E
	Sugar	C	
	Other former minor excises	C	
d214b	Stamp taxes		
	Stamp tax	KS	
d214f	Taxes on lotteries, gambling and betting		
	Tax on gambling	C	
d214i	General sales or turnover taxes		
	Deductions from revenue according to the rol on the financing of road maintence and development and on the forestry law	C	
	Deductions from income generated by sales of electricity	C	
d29	Other taxes on production		
d29a	Taxes on land, buildings and other structures		
	Tax on land from corporations	KS	
	Tax on immovable property	KS	
d29b	Taxes on the use of fixed assets		
	Conveyance tax	KS	T
d29c	Total wage bill and payroll taxes		
	Payments to guarantee fund	Leyrs	
d29e	Business and professional licences		
	Tax on market place	KS	
d29f	Taxes on pollution		
	Taxes on pollution	KS	P
d29h	Other taxes on production n.e.c.		
	Other taxes linked to production	KS	

d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
d51a	Taxes on individual or household income	SPLIT_1	
	Tax on payroll and workforce		
	Tax on income from individual activities		
	Tax on capital income		
d51b	Taxes on the income or profits of corporations		
	Tax on corporate profit	KIC	
d59	Other current taxes		
d59a	Current taxes on capital		
	Tax on land from households	KS	
d59d	Payments by households for licences		
	Licences for hunting, fishing and etc.	C	
d91	Capital taxes		
d91a	Taxes on capital transfers		
	Estate gift and inheritance taxes	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions	Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions	Lees	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons	SPLIT_2	

LUXEMBOURG

ESA95 code	ESA95 text Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports		
d21	Taxes on products		
d211	Value added type taxes (VAT)	C	
d212	Taxes and duties on imports excluding VAT		
d2121	Import duties		
	Droits sur les importations	C	
d2122	Taxes on imports excluding VAT and import duties		
d2122a	Levies on imported agricultural products		
	Prélèvements sur les produits agricoles importés	C	
d2122b	Monetary compensatory amounts on imports		
	Montants compensatoires monétaires prélevés à l'importation	C	
d2122c	Excise duties		
	Taxe de consommation à l'importation d'alcool	C	
	Droits d'accises autonomes sur certaines huiles minérales	C	E
	Droits d'accise sur les huiles minérales	C	E
	Taxe complémentaire prélevée sur les carburants	C	E
	Redevance de contrôle sur le fuel domestique	C	E
	Droits d'accises sur les gaz liquéfiés	C	E
	Droits d'accises sur les benzols	C	E
	Droits d'accises sur les importations de tabacs	C	
	Droits d'accises sur les alcools étrangers	C	
	Droits d'accises sur les importations de bières	C	
	Droits d'accise boissons fermentées fruits	C	
	Droits d'accise boissons fermentées mousseuses	C	
	Droits d'accises sur le sucre	C	
d2122d	General sales taxes		
	Impôts généraux sur les ventes	C	
d2122e	Taxes on specific services		
	Impôts sur des services déterminés	C	
d2122f	Profits of im *Other receipts - Market Organisation Act*		
	Bénéfices sur monopoles à l'importation	C	
d214	Taxes on products, except VAT and import taxes		
d214a	Excise duties and consumption taxes	C	
	Droits d'accises sur les alcools indigènes		
d214b	Stamp taxes		
	Impôt sur les billets de banque	C	
d214c	Taxes on financial and capital transactions		
	Taxe de consommation (partie sur la production nationale)	C	
	Droits d'accises sur les bières indigènes	C	
	Droits d'accise sur le tabac (partie sur la production nationale)	C	
	Surtaxe sur les mutations immobilières	KS	
	Droits d'enregistrement	KS	
	Droits d'hypothèques	KS	
	Hypothèques salaires	KS	
d214d	Car registration taxes		
	Taxes à l'immatriculation de véhicules	KS	
d214e	Taxes on entertainment		
	Taxe sur les amusements publics (nuits blanches)	C	
d214f	Taxes on lotteries, gambling and betting		
	Prélèvements sur les jeux de casino (partie Etat central)	C	
	Prélèvements sur les jeux de casino (partie communes)	C	
	Taxe sur le loto	C	
	Taxes et prélèvement sur les paris relatifs aux épreuves sportives	C	

d214g	Taxes on insurance premiums		
	Taxe sur les assurances	C	
d214h	Other taxes on specific services		
	Taxe due pour la construction dans les secteurs centraux	C	
	Taxe de séjour	C	
	Taxe sur les cabarets	C	
	Taxe sur les transports	C	T
d214i	General sales or turnover taxes		
	Impot sur le chiffre d'affaires	C	
d214j	Profits of fiscal monopolies		
	Bénéfices des monopoles fiscaux	KIC	
d214k	Export duties and monetary compensatory amounts on exports		
	Droits sur les exportations et les montants compensatoires monétaires	C	
d214l	Other taxes on products n.e.c.		
	Taxe supplémentaire sur l'électricité	C	E
	Taxe sur la distribution d'électricité	C	E
	Taxe sur la production d'électricité	C	E
d29	Other taxes on production		
d29a	Taxes on land, buildings and other structures		
	Impôt foncier	KS	
	Taxe sur les résidences secondaires	KS	
d29b	Taxes on the use of fixed assets		
	Taxe sur véhicules automoteurs à charge des entreprises	KS	T
	Taxe d'immatriculation des navires	KS	
d29c	Total wage bill and payroll taxes		
	Impôt sur la somme des salaires	Leyrs	
d29e	Business and professional licences		
	Taxe sur le colportage	KS	
d29f	Taxes on pollution		
	Impôts sur les émissions polluantes	C	P
d29g	Under-compensation of VAT (flat rate system)		
	Sous-compensation de la TVA		
d29h	Other taxes on production n.e.c.	KS	
	Registre aux firmes		
	Prélèvement CECA		
	Taxe d'abonnement sur les titres de société		
	TVA reclassée en autres impôts sur la production		
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
	Impôts sur le revenu		
d51a	Taxes on individual or household income		
	Impôt retenu sur les traitements et salaires	SPLIT_1	
	Impôt retenu sur certains revenus échus à des contrib. non-résidents	KS	
	Impôt sur le revenu des personnes physiques fixé par voie d'assiette	SPLIT_1	
	Impôt solidarité majoration personnes physiques	SPLIT_1	
	Impôt retenu sur les revenus de capitaux	KIH	
	Impôt sur les tantièmes	KIH	
d51b	Taxes on the income or profits of corporations		
	Impôt sur le revenu des collectivités	KIC	
	Impôt de solidarité sur le revenu des collectivités	KIC	
	Impôt commercial communal	KIC	
d51c	Taxes on holding gains		
	Impôts sur les gains de détention	KIH	
d51d	Taxes on winnings from lottery or gambling		
	Prélèvements sur gains dans paris	KIH	
d51e	Other taxes on income n.e.c.		
	Autres impôts sur le revenu non compris ailleurs	KIH	

d59	Other current taxes		
d59a	Current Imposition du capital		
	Impôt sur la fortune	KS	
	Impôt foncier	KS	
d59b	Poll taxes		
d59c	Expenditure taxes		
	Impôts sur la dépense	C	
d59d	Payments by households for licences		
	Taxes acquitées par les ménages pour des licences	C	
d59e	Taxes on international transactions		
	Impôts sur les transactions internationales par les ménages	KS	
d59f	Other current taxes n.e.c.		
	Droits de timbre	C	
	Recettes concernant les départements des affaires étrangères	C	
	Timbres de chancellerie	C	
	Taxe sur les chiens	C	
	Taxe sur véhicules automoteurs à charge des ménages	C	T
	Taxe bateaux ou navires de plaisance	C	
d91	Capital taxes		
	Impôts en capital		
d91a	Imposition du capital transfers		
	Droits de succession	KS	
d91b	Capital levies		
	Prélèvements sur le capital	KS	
d91c	Other capital taxes n.e.c.		
	Autres impôts en captial non compris ailleurs	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions	Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions	Lees	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons		
	Cotisations sociales obligatoires des trav. ind. et des pers. sans emploi	SPLIT_2	

MALTA

ESA95 code	ESA95 text Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports		
d21	Taxes on products		
d211	Value added type taxes (VAT)		
d2121	Import duties		
	Total Value Added Type Taxes	C	
	Grain	C	
	Cattle & Meat	C	
	Petroleum	C	E
	Milk	C	
	Cement	C	
	Ad Val - Motor Vehicles	KS	T
	AV - Electrical Household App	C	
	AD Val- Telecom Household App	C	
	AD VAL - Clothing	C	
	AD VAL - Import Duty	C	
	AD VAL - Miscellaneous	C	
	Import Duties - Others	C	
d2122	Taxes on imports excluding VAT and import duties		
	Levy on Imported Goods	C	
	Accruals adjustment	C	
d214	Taxes on products, except VAT and import taxes		
	Excise Levies - Machine Made Cigarettes	C	
	Excise Beer	C	
	Excise Levies - Spirits	C	
	Excise Levies - Petroleum	C	E
	Excise Levies - Tobacco	C	
	Excise Duties - Wines	C	
	Excise Levies - Mobile Telephony Services	C	
	Excise Duties - Concentrates & Crown Corks	C	
	Excise Duties - Television Sets	C	
	Levy - Sale of Immov. Property	KS	
	Motor Vehicle Registration Tax	KS	T
	Miscellaneous Duties / Taxes etc	C	
	Duty on Documents - Moveables	C	
	Duty on Documents - Immoveables	KS	
	Duty on Docs - Shares	KS	
	Other receipts - Market Organisation Act	C	
	Duty on Docs - Cheque Forms	C	
	Duty on Docs - Franking Machin	C	
	Duty on Docs - Documents	C	
	Duty on Docs - Valuations	KS	
	Duty on Docs - Part & Exchange	C	
	Duty on Docs - Insurance Policy	C	
	Duty on Docs - Legal Fees	C	
	Duty on Docs - Penalties on VA	C	
	Duty on Documents - Unclassified	C	
	Levy on Restaurant Services	C	
	Levy on Accomodation	C	
	Airport Tax	C	T
	Sale of Number plates - Govt	KS	T
	Sale of Number plates - HH	KS	T
	Adm Charge - Test Motor Veh	KS	T
	Royalties from Cable TV	KS	
	Royalties under Telecomm.	KS	

		Gaming Taxes	C	
		Eco-Contribution	C	P
		Refunds of taxes overpaid on motor vehicles	KS	T
		Refund of entertainment duty, stamp duty, etc	C	
		Refund of licences @ licences & testing dept	KS	
		Drawbacks	KS	
		Refunds of duty over-entered	KS	
		Refunds in terms of the Local Manufacturing	KS	
d29	Other taxes on production			
		Entertainment Duty	C	
		Wines & Spirits	KS	
		Trading Licences	KS	
		Importers' Licences	KS	
		Door-to-Door Salesman Licences	C	
		Hotel & Catering Establishment	KS	
		Radio Station Licences	KS	
		Bonded Stores Licences	KS	
		Operating Licence - Maltapost	KS	
		Operating Licence - Maltacom	KS	
		Operating Licence - MIA	KS	
		Mobile Telephone Licence	KS	
		Fixed Telephone Licence	KS	
		Gaming Taxes	KS	
		Miscellaneous Licences	KS	
		Motor Vehicle Lic- Business	KS	T
		Sale of Number Plates - Business	KS	T
		TV & Radio Licences - Business	KS	
		Oil Rental Licences	KS	P
		Sea-craft Licences	KS	
		Television Licence fees - Business	KS	
		Fees for right of Use - Business	KS	
		Accruals adjustment	KS	
Taxes on income & Wealth				
		Tax on Bearer Accounts	KIC	
		Income Tax - Individuals	SPLIT_1	
		Income Tax by Companies	KIC	
		Other Unallocable Inc. Tax	KIH	
		Penalties paid by individuals	SPLIT_1	
		Penalties paid by companies	KIC	
		Penalties paid by others	KS	
		Other Unallocable Income Tax	KIH	
		Refund of Income Tax - household	SPLIT_1	
		Refund of Income Tax - corporations	KIC	
		Accruals adjustment household	KIH	
		Accruals adjustment corporations	KIC	
Total Taxes on income				
		Sporting Licences	C	
		Dog Licences	C	
		Driving Licences	C	T
		Motor Vehicle Lic - Households	C	T
		Wir. Lic. TV & Radio Lic. - HH	C	
		Investment Registration Scheme	C	
Taxes on capital				
		Death & Donation Duty	KS	
		Duty on Docs - Donations	KS	
		Duty on Docs - Property Trans	KS	
		Duty on Docs - Int. on Prop. Trans	KS	

Social Security contributions				
	SSC-Employers' Soc. Contr. GOV	Leyrs		
	SSC-Employers' Soc. Contr. Priv	Leyrs		
	SSC-Penalties on Employers	Leyrs		
	Accruals adjustment	Leyrs		
	SSC-Employees' Social Contrib	Lees		
	SSC-Penalties on Employees	Lees		
	Refund of social security contributions	Lees		
	Accruals adjustment	Lees		
	SSC-Self & Non Emp. Soc. Co.	SPLIT_2		
	SSC-Penalties on Self & non emp.	SPLIT_2		
	Accruals adjustment	SPLIT_2		

NETHERLANDS

ESA95 code	ESA95 text Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports		
d21	Taxes on products		
d211	Value added type taxes (VAT)		
	Value added tax (VAT)	C	
d212	Taxes and duties on imports excluding VAT		
d2121	Import duties		
	Import duties to the EU	C	
d2122	Taxes on imports excluding VAT and import duties		
d2122a	Levies on imported agricultural products	C	
	EU levies on food products		
d2122e	Taxes on specific services	C	
d214	Taxes on products, except VAT and import taxes		
d214a	Excise duties and consumption taxes		
	Excise duties on gas	C	E
	Excise duties on other mineral oils	C	E
	Excise duties on tobacco	C	
	Excise duties on alcohol	C	
	Other excise duties	C	
	Tax on non-alcoholic beverages etc.	C	
	Taxes on passenger cars and motorcycles	KS	T
d214c	Taxes on financial and capital transactions	KS	
	Real estate transfer tax (Overdrachtsbelasting)		
	Tax on capital (Kapitaalsbelasting)		
d214f	Taxes on lotteries, gambling and betting		
	Tax on lotteries and gambling	C	
d214g	Taxes on insurance premiums		
	Insurance premium tax (Assurantiebelasting)	C	
d214l	Other taxes on products n.e.c.		
	Energy levies	C	E
d29	Other taxes c *Other receipts - Market Organisation Act*		
d29a	Taxes on land, buildings and other structures		
	Real estate tax (Onroerende Zaak Belasting)	KS	
d29b	Taxes on the use of fixed assets		
	Motor vehicle tax paid by enterprises (Motorrijtuigenbelasting)	KS	T
d29c	Total wage bill and payroll taxes	Leyrs	
d29e	Business and professional licences	KS	
d29f	Taxes on pollution		
	Sewerage charges (Rioolrechten)	C	P
	Levies on water pollution (Heffingen op waterverontreiniging)	C	P
	Polder-board levies (Omslagheffing waterschappen)	KS	P
	Other environmental taxes (Overige millieuheffingen)	C	P
d29h	Other taxes on production n.e.c.	KS	
	Other (Overige)		
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
d51a	Taxes on individual or household income		
	Wage tax (Loonbelasting)	SPLIT_1	
	Income tax (Inkomstenbelasting 1)	SPLIT_1	
	Dividend tax	KIH	
	- Rest of the world	KIH	

d51b	Taxes on the income or profits of corporations	KIC	
	Corporation tax (Vennootsschapsbelasting)		
	Liquidation holding companies (Eenmalig inkomen ivm liquidatie houdstermaatschappijen)		
d51d	Taxes on winnings from lottery or gambling	KIH	
	Tax on lotteries and gambling (Kansspelbelasting)		
d59	Other current taxes		
d59a	Current taxes on capital		
	Real estate tax (Onroerende Zaak Belasting)	KS	
	Tax on net wealth of individuals (Vermogensbelasting)	SPLIT_1	
d59d	Payments by households for licences	KS	
	Other		
d59f	Other current taxes n.e.c.		
	Motor vehicle tax (Motorrijtuigenbelasting)	C	T
	Sewerage charges (Rioolrechten)	C	P
	Levies on water pollution (Heffingen op waterverontreiniging)	C	P
	Polder-board levies (Omslagheffing waterschappen)	KS	P
	Other	C	
d91	Capital taxes		
d91a	Imposition du capital transfers	KS	
d91b	Capital levies	KS	
d91c	Other capital taxes n.e.c.	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions	Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions		
	Split to Lees	Lees	
	Split to KiSe	KISe	
	Split to KIH	KIH	
	Split to Lnon	Lnon	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons		
	Split to Lees	Lees	
	Split to KiSe	KISe	
	Split to KIH	KIH	
	Split to Lnon	Lnon	
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	

POLAND

ESA95 code	ESA95 text Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports		
d21	Taxes on products		
d211	Value added type taxes (VAT)	C	
	Value added type taxes (VAT) from Mazur: not taken into account		
	Discrepancy equalling dscrepancy in line D99521		
d212	Taxes and duties on imports excluding VAT		
d2121	Import duties	C	
d2122	Taxes on imports excluding VAT and import duties		
d2122c	Excise duties		
	Excise duty on petrol and gas oils	C	E
	Excise duty on spirits	C	
	Excise duty on tabacco products	C	
	Excise duty on beer	C	
	Excise duty on wine	C	
	Excise duty on electricity	C	E
	Excise duty on cars	C	T
	Excise duty on gas oils used for heating purposes	C	E
	Excise duty on liquid petroleum gas (PLG)	C	E
	Excise duty on other non-harmonised products	C	
d214	Taxes on products, except VAT and import taxes		
d214a	Excise duties and consumption taxes		
	Excise duty on petrol and gas oils	C	E
	Excise duty on spirits	C	
	Excise duty on tabacco products	C	
	Excise duty on beer	C	
	Excise duty on wine	C	
	Excise duty on electricity	C	E
	Excise duty on cars	C	T
	Other receipts - Market Organisation Act	C	E
	Excise duty on liquid petroleum gas (PLG)	C	E
	Excise duty on other non-harmonised products	C	
d214f	Taxes on lotteries, gambling and betting	C	
d214l	Other taxes on products n.e.c.	C	
d29	Other taxes on production	KS	
d29a	Taxes on land, buildings and other structures		
d29b	Taxes on the use of fixed assets		
d29e	Business and professional licences		
d29h	Other taxes on production n.e.c.		
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
d51a_d51c1	Taxes on individual or household income including holding gains	SPLIT_1	
d51b_d51c2	Taxes on the income or profits of corporations including holding gains	KIC	
d51d	Taxes on winnings from lottery or gambling	KIH	
d59	Other current taxes		
d59a	Current taxes on capital	KS	
d59d	Payments by households for licences	C	
d59f	Other current taxes n.e.c.	KS	
d91	Capital taxes		
d91a	Taxes on capital transfers	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions	Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions	Lees	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons	SPLIT_2	

PORTUGAL

ESA95 code	ESA95 text Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports		
d21	Taxes on products		
d211	Value added type taxes (VAT)		
	VAT on products	C	
d212	Taxes and duties on imports excluding VAT		
d2121	Import duties	C	
	Import levies		
	Import surtax		
d2122	Taxes on imports excluding VAT and import duties		
d2122a	Levies on imported agricultural products	C	
	Agricultural levies		
	Production levy on sugar and isoglucose		
d2122b	Monetary compensatory amounts on imports		
d2122c	Excise duties	C	
	Excise duties on tobacco		
	Excise duties on alcohol		
	Excise duties on alcoholic beverages		
	Excise duties on beer		
	Tax on imported alcoholic beverages		
d214	Taxes on products, except VAT and import taxes		
d214a	Excise duties and consumption taxes	C	
	Excise duties on tobacco		
	Excise duties on alcohol		
	Excise duties on alcoholic beverages		
	Excise duties on beer		
	Tax on petroleum products		E
	Other receipts - Market Organisation Act		
d214b	Stamp taxes	KS	
	Fiscal stamps		
	Stamp duty on bank transactions		
	Stamp duty on insurance premiums		
	Stamp duty on entertainment services		
	Stamp duty on leasing of buildings		
	Stamp duty on debt related operations		
	Stamp duty on registrations and mortgages		
	Stamp duty on commercial transactions		
	Stamp duty on the raising of capital		
	Stamp duty - miscellaneous		
d214d	Car registration taxes		
	Tax on motor vehicle sales	KS	T
d214e	Taxes on entertainment	C	
	Duty on consumption in places of entertainment		
d214f	Taxes on lotteries, gambling and betting		
	Gambling tax	C	
d214g	Taxes on insurance premiums	C	
	Tax on accidents and life insurance premiums		
	Tax on fire insurance premiums		
	Tax on crop insurance premiums		
d214h	Other taxes on specific services		
	Tax on energy services	C	
	Tax on transport via railways	C	
	Safety tax - civil aviation	C	
	License on television activities	C	
	Tax on gambling inspections and checks	C	
	Real estate transfer tax	KS	
d214i	General sales or turnover taxes		
	Tax on liqueur wine sales	C	
	Tax on embroidery, tapestry and craftwork sales	C	

d214j	Profits of fiscal monopolies		
	Profits of fiscal monopolies - public lotto and football betting game	C	
d214l	Other taxes on products n.e.c.		
	Tax on the value of public contracts	KS	
	Duties levied by IROMA (Agricultural Markets Regulation and Guidance Institute)	KS	
	Penalties for exceeding production quotas	KS	
	Fire Service tax	KS	
d29	Other taxes on production		
d29a	Taxes on land, buildings and other structures		
	Real estate tax	KS	
d29b	Taxes on the use of fixed assets	KS	T
	Local tax on vehicles		
	Road tax - traffic		
	Road tax - haulage		
d29c	Total wage bill and payroll taxes		
	Local tax on transportation	C	
d29e	Business and professional licences	KS	
	Duties on public entertainments		
	Tax on the distribution and showing of films		
	Tax on the wine industry		
	Fishery license tax		
	General services and licenses granted to corporations		
	Fees collected by notaries		
	Other miscellaneous business and professional licences		
d29h	Other taxes on production n.e.c.	KS	
	Fees collected by courts of justice		
	Other miscelaneous taxes on production		
	Tax arrears received		
	Fees collected by Electrical Sector Supervision Body		
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
d51a	Taxes on individual or household income		
	Individual income tax	SPLIT_1	
d51b	Taxes on the income or profits of corporations		
	Corporate income tax	KIC	
	Local tax	KIC	
d51e	Other taxes on income n.e.c.		
	Stamp duty on wages and salaries	Leyrs	
d59	Other current taxes		
d59a	Current Imposition du capital		
	Local tax on vehicles	C	T
	Road tax - compensation	C	
d59d	Payments by households for licences	C	
	Tax on the use, carrying and possession of weapons		
	Hunting Licenses		
	Other payments by households for miscelaneous licenses		
d59f	Other current taxes n.e.c.	C	
	Fees collected by courts of justice		
	Stamp duty on interests		
	Other miscelaneous current taxes		
	Tax on vehicles		T
	Road tax-compensation		T
d91	Capital taxes		
d91b	Capital levies		
	Inheritance and gift tax	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions	Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions	Lees	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons	SPLIT_2	

SLOVAKIA

ESA95 code	ESA95 text Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports		
d21	Taxes on products		
d211	Value added type taxes (VAT)		
	VAT	C	
d212	Taxes and duties on imports excluding VAT		
d2121	Import duties		
	Import duty	C	
d2122	Taxes on imports excluding VAT and import duties		
d2122b	Monetary compensatory amounts on imports		
	Import surcharge	C	
	Other customs gains	C	
d2122c	Excise duties	C	
	Mineral oils		
	Alcohol		
	Beer		
	Wine		
	Tobacco and tobacco products		
d214	Taxes on products, except VAT and import taxes		
d214a	Excise duties and consumption taxes	C	
	On mineral oils		E
	On alcohol		
	On beer		
	On wine		
	On tobacco and tobacco products		
d214b	Stamp taxes *Other receipts - Market Organisation Act*		
	Taxes on specific services - Sales tax on alcohol beverages and tobacco products	C	
d214c	Taxes on financial and capital transactions		
	Tax on transfer and assignment of real estate	KS	
d214d	Car registration taxes		
d214e	Taxes on entertainment		
	Taxes on specific services - on automatic gambling machines	C	
d214f	Taxes on lotteries, gambling and betting		
	Takes on lottery and similar games	C	
d214h	Other taxes on specific services	C	
	Taxes on specific services - for dog		
	Taxes on specific services - on automatic vendors		
	Taxes on specific services - on permits to enter historical city district with motor vehicle		T
	Taxes on specific services - on accommodation capacities in recreational establishments		
	Taxes on specific services - on advertising		
	Taxes on specific services - on entry fees		
	Taxes on specific services - on stays at a spa or in a recreational area		
	Tax on use of apartments for other than housing purposes		
	Tax on use of public premises		
d29	Other taxes on production		
d29a	Taxes on land, buildings and other structures		
	Real estate tax (property tax) - payed by legal entities, related with production	KS	
d29b	Taxes on the use of fixed assets	C	
	Tax on use of apartments for other than housing purposes		
	Tax on use of public premises		
d29e	Business and professional licences	KS	
	Road tax - domestic		T
	Road tax - international transport		T
	Tax on excavation areas		P
d29f	Taxes on pollution		
	Tax on atmospheric pollution	C	P
	Tax for waste disposal	C	P
	Tax on installing nuclear equipment	KS	E

d29h	Other taxes on production n.e.c.			
	Other taxes on goods and services	C		
	Other taxes	C		
	Administrative charges - legal person	KS		
	Court fees	KS		
	Earnings from sales of fiscal stamps	C/KS		
	Hallmarking charges	KS		
	Other administrative fees	KS		
d5	Current taxes on income, wealth, etc.			
d51	Taxes on income			
d51a	Taxes on individual or household income	Split_1		
	Income tax individuals - income from dependent activities and functional benefits			
	Income tax individuals - from business and other independent gainful activities	Split_1		
	including accruals	Split_1		
d51b	Taxes on the income or profits of corporations	KIC		
	Corporate income tax - having their sites in the resident country			
	including accruals			
	Corporate income tax - having their sites abroad			
d51e	Other taxes on income n.e.c.			
	Withholding income tax from individuals	Split_1		
	Withholding income tax from legal persons	KISe		
	Withholding income tax from unidentifiable persons	KISe		
d59	Other current taxes			
d59a	Current taxes on capital	KS		
	Real estate tax on land, buildings, apartments (property tax) - paid by individuals unrelated with production			
	Tax on transfer and assignment of real estate			
d59d	Payments by households for licences			
	Taxes on specific services - for dog	C		
	Taxes on specific services - on permits to enter historical city district with motor vehicle	C		
	Taxes on specific services - on stays at a spa or in a recreational area	C		
	Administrative charges - individuals	C		
d59e	Taxes on international transactions			
d91	Capital taxes			
d91a	Taxes on capital transfers	KS		
	Accesion tax			
	Inheritance tax			
	Tax on gifts inter-vivos			
d611	Actual social contributions			
d6111	Employers' actual social contributions			
d61111	Compulsory employers' actual social contributions	Leyrs		
	Insurance in sickness absence			
	Contributions for pension insurance			
	Contributions for liability for damage insurance			
	Contributions for health insurance			
	Contributions for unemployment insurance			
	Guaranty fund contributions			
d6112	Employees' social contributions			
d61121	Compulsory employees' social contributions	Lees		
	Insurance in sickness absence			
	Contributions for pension insurance			
	Contributions for health insurance			
	Contributions for unemployment insurance			
d6113	Social contributions by self- and non-employed persons			
d61131	Compulsory social contributions by self- and non-employed persons	Split_2		
	Insurance in sickness absence			
	Contributions for pension insurance			
	Contributions for health insurance			
	Contributions for unemployment insurance			

SLOVENIA

ESA95 code	ESA95 text Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports		
d21	Taxes on products		
d211	Value added type taxes (VAT)		
	Value added taxes	C	
d212	Taxes and duties on imports excluding VAT		
d2121	Import duties		
	Customs duties	C	
	Special taxes on balance of tax burden	C	
	Special taxes on customs recording	C	
d2122	Taxes on imports excluding VAT and import duties		
d2122a	Levies on imported agricultural products		
	Levies on imported agricultural products	C	
d2122c	Excise duties		
	Excise duties on imports	C	
	Customs duties paid by individuals	C	
d2122d	General sales taxes		
	Special import duties and customs charges	C	
d214	Taxes on products, except VAT and import taxes		
d214a	Excise duties and consumption taxes		
	Alcohol and alcoholic drinks	C	
	Mineral oil and gas	C	E
	Tobacco	C	
	Duty-free shops	C	
	Electric power and coal	C	E
	less Excises from imports	C	
d214c	Taxes on financial and capital transactions		
	Tax on sale of immovable property - from legal entities	KS	
	Other receipts - Market Organisation Act	KS	
d214d	Car registration taxes		
	Tax on sales of new motor vehicles	KS	T
	Tax on sales of used motor vehicles	KS	T
d214f	Taxes on lotteries, gambling and betting		
	Tax on special gambling (gambling in casinos)	C	
	Tax on classical gambling (lottery...)	C	
	Special tax on slot machines	C	
d214g	Taxes on insurance premiums		
	Tax on insurance services	C	
d214h	Other taxes on specific services		
	Sojourn tax	C	
d214i	General sales or turnover taxes		
	Special turnover tax on alcohol	C	
	Turnover tax on goods	C	
	Turnover tax on services	C	
d214l	Other taxes on products n.e.c.		
	Taxes on air pollution	C	E
d29	Other taxes on production		
d29a	Taxes on land, buildings and other structures		
	Compensation for the use of building-ground - paid by legal entities	KS	
	Compensation for the use of building-ground - paid by natural persons	KS	
d29b	Taxes on the use of fixed assets		
	Registration fees on motor vehicles, boats and airplanes - paid by legal entities	KS	T
	Registration fees on tractors	KS	T
d29c	Total wage bill and payroll taxes		
	Payroll tax	Leyrs	

d29f	Taxes on pollution		
	Tax on water pollution	C	P
	Charges on use of water	C	P
	Tax on air pollution - caused by hard fuels	C	E
	Contribution of Nuclear power plant to finance its decomposition	C	E
d29g	Under-compensation of VAT (flat rate system)		
	Negative compensation of farmers in a VAT flat rate system	C	
d29h	Other taxes on production n.e.c.		
	Concessions	KS	
	Concessions duties on special gambling (gambling in casinos)	KS	
d5	Current taxes on income, wealth, etc.		
d51a	Taxes on individual or household income		
	Personal income tax - wages and salaries	SPLIT_1	
	Personal income tax - pensions	SPLIT_1	
	Personal income tax - contractual work	SPLIT_1	
	Personal income tax - state and other awards	SPLIT_1	
	Personal income tax - entrepreneurial activities	SPLIT_1	
	Annual final assessment	SPLIT_1	
d51b	Taxes on the income or profits of corporations		
	Corporate income tax	KIC	
d51d	Taxes on winnings from lottery or gambling		
	Tax on winnings from lottery or gambling	KIH	
d51e	Other taxes on income n.e.c.		
	Tax on work-contracts	Lees	
	Tax on income - copy rights, patents and trademarks	KIH	
	Special contribution for the reconstruction of Posocje region	Lees	
d59	Other current taxes		
d59a	Current taxes on capital		
	Property tax on buildings	KS	
	Property tax on weekend cottages	KS	
	Property tax on boats	KS	
d59d	Payments by households for licences		
	Registration fees on motor vehicles, boats and airplanes - paid by individuals	C	T
d59f	Other current taxes n.e.c.		
	Fire protection tax	KS	
d91	Capital taxes		
d91a	Taxes on capital transfers		
	Inheritance and gift tax	KS	
d91b	Capital levies		
	Payments for the change of use of agricultural and forest land	KS	
d91c	Other capital taxes n.e.c.		
	Tax on balance wealth paid by banks	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions	Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions	Lees	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons	SPLIT_2	

SPAIN

ESA95 code	ESA95 text Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports		
d21	Taxes on products		
d211	Value added type taxes (VAT)		
	VAT	C	
	VAT in the Canary island	C	
d212	Taxes and duties on imports excluding VAT		
d2121	Import duties		
	Tarifa exterior comun	C	
	Canary island duties on nationally produced goods	C	
	Tax on supplies of goods in the Canary Island	C	
	Duties on nationally produced goods from Ceuta and Melilla	C	
	Other import duties	C	
d2122	Taxes on imports excluding VAT and import duties		
d2122a	Levies on imported agricultural products		
	Agricultural levies	C	
	Other levies	C	
d2122c	Excise duties		
	Impuestos especiales sobre bienes importados	C	
d214	Taxes on products, except VAT and import taxes		
d214a	Excise duties and consumption taxes		
	Excise duties on hydroncarbon oil	C	E
	Excise duties on electricity	C	E
	Excise duties on alcoholic drinks	C	
	Excise duties on beer	C	
	Other receipts - Market Organisation Act	C	
	Excise duties on tobacco	C	
	Excise duties on oil derivates	C	E
	Excise duties on hydrocarbon sales	C	E
	Canary island duties on nationally produced goods	C	
	Tax on supplies of goods in the Canary Island	C	
	Duties on nationally produced goods from Ceuta and Melilla	C	
	General levy on …	C	
	Levies on luxury goods	C	
	Taxes Comisión Nacional de la Energia	C	E
d214b	Stamp taxes		
	Tax on wealth transfers and AJD (stamps)	KS	
d214c	Taxes on financial and capital transactions		
	Tax on wealth transfers and AJD (stamps)	KS	
	Taxes of the Comisión Nacional del Mercado de Valores	KS	
d214d	Car registration taxes		
	Taxes on transports	KS	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 Comisión Nacional del Mercado de las Telecomunicaciones	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 to finance 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	
	Other taxes	KS	
	Other abolished direct or indirect taxes	KS	
d29b	Taxes on the use of fixed assets		
	Taxes on vehicles	KS	T
d29e	Business and professional licences		
	Impuesto sobre actividades económicas	KS	
	Compensación tributos locales (CTNE)	C	
	Licencias urbanísticas	KS	
	Precios públicos por utilización privativa	C	
	Tasas parafiscales	C	
	Canon teléfono	C	
d29f	Taxes on pollution		
	Canon de vertidos,explot. hidrocarburos y superf.minas	C	P
	Gravamen sobre contaminación atmosférica	C	P
	Impuesto sobre aprovechamientos cinegéticos	C	P
	Impuesto sobre la producción y transporte de energía	C	E
	Impuestos sobre instalaciones que inciden sobre el medio ambiente y gravámen sobre contaminación atmosférica	C	P
	Otros impuestos medioambientales	C	P
d29h	Other taxes on production n.e.c.		
	Impuesto sobre los depósitos de entidades de crédito	KS	
	Other taxes	KS	
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
d51a	Taxes on individual or household income	SPLIT_1	
	Personal Income tax		
d51b	Taxes on the income or profits of corporations	KIC	
	Corporate income tax		
d51e	Other taxes on income n.e.c.		
	Other taxes	KIH	
d59	Other current taxes		
d59a	Current Imposition du capital		
	Taxes on capital	C	
d59d	Payments by households for licences		
	Taxes on vehicles	C	T
	Hunting and fishing licencies	C	
	Tasas parafiscales	C	
d59f	Other current taxes n.e.c.		
	Other taxes	KS	
d91	Capital taxes		
d91a	Imposition du capital transfers		
	Impuesto general sobre sucesiones	KS	
d91b	Capital levies		
	Special contributions	KS	
	Urbanisation share	KS	
	Taxes on the land value increase	KS	
	Aprovechamientos urbanisticos	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	

SWEDEN

ESA95 code	ESA95 text Name of the tax	Economic function	Environmental tax
d211	Value added type taxes (VAT)		
	Value added type taxes	C	
d2121	Import duties		
	Taxes on imports	C	
d2122c	Excise duties		
	Levies on imported alcoholic bevages	C	
d214a	Excise duties and consumption taxes		
	Energy tax on fuel	C	E
	Carbon-dioxide-tax-on fuel	C	E
	Energy tax on petrol	C	E
	Carbon dioxide tax on petrol	C	E
	Tax on sulphur	C	P
	Diesel oil tax	C	E
	Energy tax on electricity	C	E
	Tax on water power	C	E
	Special tax on electric power from nuclear power stations	C	E
	Tax on nuclear fuel	C	E
	Tax on spirits	C	
	Tax on wine	C	
	Tax on beer	C	
	Tobacco tax	C	
	Packaging tax	C	
	Tax on natural gravel	C	P
	Various excise duties	C	
d214c	Taxes on financial and capital transactions		
	Stamp taxes	KS	
d214d	Car registration taxes		
	Car registration taxes	KS	T
d214f	Taxes on lotteries, gambling and betting		
	Tax on gambling	C	
	Tax on Bingo (gambling)	C	
	Other receipts - Market Organisation Act	C	
d214h	Other taxes on specific services		
	Tax on advertising	C	
	Traveling tax	C	
d214i	General sales or turnover taxes		
	Tax on securities	C	
	Turnover tax for central testings	C	
d214j	Profits of fiscal monopolies		
	Profits of fiscal monopol, alcoholic beverages	C	
	Surplus from gambling	C	
	Surplus from pools	C	
	Surplus from lotteries	C	
d214l	Other taxes on products n.e.c.		
	Regulation fee for agriculture	C	
	Regulation fee for muck	C	
	Tax on radiostations at close quarters	KS	
	Tax on means of control	KS	
	Tax on fertilizers	KS	P
	Tax on chemicals	KS	
	Tax on waste	KS	P
	Fee to the vehicle scrap fond	C	
	Fee to the battery fund	C	
d29a	Taxes on land, buildings and other structures		
	Tax on real-estate	KS	

d29b	Taxes on the use of fixed assets		
	Tax on motor-vehicle paid by enterprises	KS	T
	Kilometre tax	KS	
	Special tax on nuclear power stations	KS	E
d29c	Total wage bill and payroll taxes		
	General payroll tax	Leyrs	
	Part of pension fee to state budget	Leyrs	
	Tax on salaried employees life insurance	Leyrs	
	Special payroll tax	Leyrs	
	Tax for occupational safety	Leyrs	
d29e	Business and professional licences		
	Tax on roulette	KS	
	Fee to a check-up committee for radio and TV	KS	
	Licenses for lottery	KS	
	Licenses for local radio stations	KS	
	Fee for lorries	KS	
	Fee for motor vehicle	KS	
d29f	Taxes on pollution		
	Environmental protection fee	C	P
	Environmental tax on internal air traffic	C	P
d29h	Other taxes on production n.e.c.		
	Concession fee for telecasting	KS	
	Guarantee-fee for deposits in banks	KS	
	Fee for telecommunication	KS	
	Fee to the vehicle scrap fond	KS	T
	Fee to the battery fund	KS	P
	Fee for discharge of nitrogen	KS	
d51a	Taxes on individual or household income		
	income tax , households	SPLIT_1	
d51b	Taxes on the income or profits of corporations		
	income tax, enterprises	KIC	
d51c1	Taxes on individual or household holding gains		
	Tax on holding gains	KIH	
d51d	Taxes on winnings from lottery or gambling		
	tax on winnings on lotteries or gambling	KIH	
d59a	Current taxes on capital		
	Wealth tax from households	KS	
	Wealth tax from enterprises	KS	
d59d	Payments by households for licences		
	Tax on motor vehicles paid by households	C	T
d61111	Compulsory employers' actual social contributions		
	Retirement Pension contribution, social security sector	Leyrs	
	Pension contribution, National Debt Office	Leyrs	
	Retirement pension contribution, the old system	Leyrs	
	Sick insurance contribution	Leyrs	
	Part-time pension contribution	Leyrs	
	Industrial injuries, contributions	Leyrs	
	Labour market, employment, contributions	Leyrs	
	Survivors pension, contribution	Leyrs	
	Parental insurance contributions	Leyrs	
	Wages guarantee, contributions	Leyrs	
	Sailors pensions, contributions	Leyrs	
	Miscellaneous, contributions	Leyrs	
d61121	Compulsory employees' social contributions		
	General health insurance	Lees	
	General pension contribution	Lees	
	Fee for financing of cash benefit at unemployment	Lees	

d61131	Compulsory social contributions by self- and non-employed persons			
	Reduction in contributions	SPLIT_2		
	pension contributions to social security sector	SPLIT_2		
	pension, National Debt Office	SPLIT_2		
	pension, old system	SPLIT_2		
	Sick insurance contribution	SPLIT_2		
	part time pension	SPLIT_2		
	industrial injuries	SPLIT_2		
	Unemployment	SPLIT_2		
	Survivors pension, contribution	SPLIT_2		
	Parental insurance contributions	SPLIT_2		
d91c	Other capital taxes n.e.c.			
	Taxes on capital transfers	KS		
d611	Actual social contributions			
d6111	Employers' actual social contributions			
d61111	Compulsory employers' actual social contributions	Leyrs		
d6112	Employees' social contributions			
d61121	Compulsory employees' social contributions	Lees		
d6113	Social contributions by self- and non-employed persons			
d61131	Compulsory social contributions by self- and non-employed persons	SPLIT_2		

UNITED KINGDOM

ESA95 code	ESA95 text Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports		
d21	Taxes on products		
d211	Value added type taxes (VAT)	C	
d212	Taxes and duties on imports excluding VAT		
d2121	Import duties	C	
d2122	Taxes on imports excluding VAT and import duties		
d214	Taxes on products, except VAT and import taxes		
d214a	Excise duties and consumption taxes		
	Customs duty on beer	C	
	Customs duty on wines, cider, perry & spirits	C	
	Customs duty on tobacco	C	
	Customs duty on hydrocarbon oils	C	E
	Hydro benefit	C	
	Fossil fuel levy	C	E
	Gas levy	C	E
	Agregates levy	C	P
d214b	Stamp taxes *Other receipts - Market Organisation Act*		
	Stamp duties	KS	
d214f	Taxes on lotteries, gambling and betting		
	Taxes on lotteries, gaming and betting (Camelot payments)	C	
	Betting, gaming and lottery	C	
d214g	Taxes on insurance premiums		
	Taxes on insurance premiums	C	
d214i	General sales or turnover taxes		
	Car tax	C	T
	Purchase tax	C	
	Air passenger duty	C	T
	Other	C	
	LRT levy	C	
	Levies on exports (3rd country)	C	
d214l	Other taxes on products n.e.c.		
	Sugar levy	C	
	Landfill tax	C	P
	European Coal and Steel Community	C	
	Other taxes and levies	C	
d29	Other taxes on production		
d29a	Taxes on land, buildings and other structures		
	National non-domestic rates	KS	
	Old style rates paid to central government	KS	
	Old style rates paid to local government	KS	
d29b	Taxes on the use of fixed assets		
	Motor vehicle duties paid by businesses	KS	T
d29c	Total wage bill and payroll taxes		
	Selective employment tax	Leyrs	

d29e	Business and professional licences		
	IBA levy	KS	
	ITC franchise payments	KS	
	Regulator fees	KS	
	Office of Telecommunications regulator fees	KS	
	Office of Gas Supply regulator fees	KS	
	Office for Electricity regulator fees	KS	
	Office of Water Services regulator fees	KS	
	Securities and Investment Board fees	KS	
	Company registration surplus fees	KS	
	Levies paid to CG levy funded bodies	C	
	Consumer and credit act fees	KS	
d29f	Taxes on pollution		
	Climate change Levy	C	E
d29h	Other taxes on production n.e.c.		
	London regional transport levy	KS	
	National insurance surcharge	KS	
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
d51a	Taxes on individual or household income		
	Taxes on individual or household income	Split_1	
d51b	Taxes on the income or profits of corporations	KIC	
	Other taxes on income		
	Petroleum revenue tax		
	Windfall tax		
	Surtax		
	Supplementary petroleum duty		
	Overspill relief		
	Profits tax		
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		
	Council tax	KS	
	Old style domestic rates paid to local government	KS	
	Old stye domestic rates paid to central government	KS	
	National non-domestic rates paid by non-market sectors	KS	
d59d	Payments by households for licences		
	Motor vehicle duty paid by households	C	T
	Licences	C	
d91	Capital taxes		
d91a	Imposition du capital transfers		
	Inheritance tax	KS	
	Other capital transfers	KS	
d91b	Capital levies		
	Development land tax and others	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions	Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions	Lees	
d6113	Social contributions by self- and non-employed persons	Split_2	

NORWAY

ESA95 code	ESA95 text Name of the tax	Economic function	Environmental tax
d2	Taxes on production and imports		
d21	Taxes on products		
d211	Value added type taxes (VAT)	C	
d2121	Import duties	C	
d214a	Excise duties and consumption taxes	C	
	Taxes on petrol		E
d214b	Stamp taxes		
	Taxes on tobacco	C	
d214c	Taxes on financial and capital transactions	KS	
d214d	Car registration taxes	KS	T
	Other taxes on motor vehicles etc.		T
d214e	Taxes on entertainment	C	
d214f	Taxes on lotteries, gambling and betting	C	
d214h	Other taxes on specific services	C	
d214i	General sales or turnover taxes	C	
d214j	Profits of fiscal monopolies	C	
d214l	Other taxes on products n.e.c.	C	P
d29	Other taxes on production		
d29a	Taxes on land, buildings and other structures	KS	% P
d29b	Taxes on the use of fixed assets	KS	
d29c	Total wage bill and payroll taxes	Leyrs	
d29d	Taxes on international transactions	C	
d29e	Business and professional licences	KS	
d29f	Taxes on pollution	C	P
d29h	Other taxes on production n.e.c.	KS	
d5	Current taxes on income, wealth, etc.		
d51	Taxes on income		
d51a	Taxes on individual or household income	SPLIT_1	
d51b	Taxes on the income or profits of corporations	KIC	
d51c1	Taxes on individual or household holding gains	KIH	
d51c2	Taxes on holding gains of corporations	KIC	
d51c3	Other taxes on holding gains	KIC	
d51e	Other taxes on income n.e.c.	KIH	
d59	Other current taxes		
d59d	Payments by households for licences	C	
	Annual tax on motor vehicles paid by households		T
d91	Capital taxes	KS	
d611	Actual social contributions		
d6111	Employers' actual social contributions		
d61111	Compulsory employers' actual social contributions	Leyrs	
d6112	Employees' social contributions		
d61121	Compulsory employees' social contributions	Lees	
d6113	Social contributions by self- and non-employed persons		
d61131	Compulsory social contributions by self- and non-employed persons	SPLIT_2	

ANNEX C: METHODOLOGY AND EXPLANATORY NOTES

The 'Structures' survey assesses the tax system from a number of angles. The examination of the tax structures by tax type and by level of government illustrates the relative importance of the different tax instruments used in raising revenues and the distribution of financial resources among the constituent elements of the state apparatus, respectively. The breakdown into taxes on consumption, labour and capital allows an assessment of the manner in which the tax burden is distributed among the different factors. The implicit tax rates measure in turn the actual or effective average tax burden levied on different types of economic income or activities.

For the purposes of assembling these backward-looking aggregate metrics, national accounts provide time series for observing changes in the overall effective tax burden and a coherent framework for matching tax revenues with income flow data and economic aggregates. Given the consistency and harmonised computation of the ESA95 system, national accounts data provided by the Member States also allow a good degree of international comparability. However, it should be kept in mind that the tax base derived from national accounts data does not correspond to the actual or legal tax base used in computing tax liabilities. The bases calculated using national accounts are in some instances narrower (omitting capital gains on capital for instance) and in others broader (due to the exclusion of some deductions from the tax base).

This methodological section explains the methods of, and the reasoning behind, the calculation of the various ratios presented in the survey; approaching them in the order in which they appear in Annex A. Given that Parts A and B (Tax structure by tax type and Tax structure by level of government) follow ESA95 classifications, a simple description of the aggregates and the data sources is provided. Parts C and D (Tax structure by economic function and the Implicit tax rates) present statistics developed by the EU Commission Directorate-General for Taxation and Customs specifically for this publication, so the reasoning will be delved into in greater detail, with attention given to both their theoretical and practical limitations. Annex C concludes with an in-depth discussion of the approaches used in calculating the split of personal income tax according to its sources, a process critical to the creation of meaningful statistics for Parts C and D.

Averages:

This report computes arithmetic and weighted averages for the EU as a whole (EU-25) and for various groups of Member States (EU-15, EUR-12, NMS-10). As already mentioned in the text, when the type of average is not indicated, the arithmetic average is meant. Unless otherwise indicated in Annex A no adjustment for missing values is made: the average shown is simply the result of the customary formula applied to the available data. In a few cases however, when the number of data points is very limited, no average is computed; this is notably the case for the ITR on capital for 2004. Note that unlike in Annex A, in the main text previous year's values are occasionally used in place of the missing values to avoid distortions due to structural breaks in the averages. These instances are always clearly indicated in the text. See also the footnotes to each table or graph for specific details.

Data sources:

The national accounts data utilised for this report were extracted from the Eurostat public database (formerly known as NewCronos) on 27 March 2006. However, for a number of Member States additional more detailed tax data submitted to Eurostat were used. Data for 2004 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.

During the preparation of this report, new GDP and tax revenue series for several Member States had become available, but these include substantial methodological changes (the 2005 revision round represents the first major revision since the ESA95 system was adopted), which for some Member States result in sizeable effects. Moreover, the revision in GDP Statistics has not been completed (see Box 2).

Although all Member States authorities have provided detailed data on their tax revenue, the level of disaggregation varies. Hence, Annex B shows the level of disaggregation utilised for the computation of the indicators for each Member State. In the case of Slovakia, it was possible to calculate most of the ratios in tables C and D, but only for the years 2000, 2002 and 2003. In addition, the level and manner of disaggregation provided for a few countries differs from the standard, so that the results referring to them are to be considered provisional and may as a result be subject to greater than usual revisions in future editions of the publication. Efforts are being pursued to improve the quality of the source data for these countries.

Box 2 Changes to national accounts methodology

In compliance with the EU legislation[1], the Member States are required to implement important methodological changes to national accounts in order to improve the measurement of GDP. An important adaptation involves a different treatment of the financial sector, but Member States also have to introduce chained volume measures in annual and quarterly accounts. Both changes may affect the level and the composition of GDP.

Changes in treatment of the financial sector

As well as charging customers directly for banking services, financial intermediaries also provide services for which no explicit charges are made.

The latter are known in national accounts as the financial intermediation services indirectly measured (FISIM). In the case of FISIM, service income is generated by paying or charging different rates of interest to borrowers and lenders. The intermediaries pay lower rates of interest than would otherwise be the case to those who lend them money, and charge higher rates of interest to those who borrow from them.

Box 2 Continued

[1] The following legal acts provide details about the definition, the calculation and the allocation of FISIM: - Council Regulation (EC) No 448/98 of 16.2.1998 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) - Commission Regulation (EC) No 1889/2002 of 23.10.2002 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).

Given the lack of directly observable transactions (such as sales or turnover), the measurement of FISIM is fixed by convention. Up to now, FISIM have not been allocated to the sectors/industries which consume the service, neither as final nor as intermediate consumption. Instead, using a simplifying assumption, all FISIM has been recorded as intermediate consumption of a notional industry. This is no longer the case and part of the FISIM is now allocated to final consumption and exports. Imports of FISIM are also recorded. To the extent that FISIM are recorded as final consumption and net exports, GDP levels increase. This increase varies across Member States and years, but roughly ranges between 0.5 % and 2.0 %. No systematic effect on growth rates is observed[2].

Impact on data comparability

Many Member States have already implemented the new methodology usually simultaneously with a regular major revision of national accounts. However, this process is not yet completed: some Member States have implemented the changes only for part of the 1995-2004 period, or only on a subset of national account data.

Although these revisions do not significantly alter the picture, the comparability of ratios between countries that have already introduced the new methodology and those that have not yet done so is reduced during the interim period. At the time of finalising this report, it was not possible to achieve a fully homogeneous picture between Member States; hence, to improve the representativeness of the series, in two cases (the Netherlands and Spain) pre-revision data have been used for the computation of the denominator of the ITRs on capital. Another issue is that comparability of tax ratios for a given Member State between periods for which FISIM is already allocated and earlier periods is impaired, as the upward revision in GDP will reduce tax-to-GDP ratios.

Given that national statistical offices are expected to complete the revision process this year, limitations to comparability should be eliminated by the time the next issue of this report is released.

[2] Additional information on the revisions to national accounts is available on the Eurostat and OECD websites. In particular, for a summary of the results obtained by the Member States in testing the feasibility of allocating FISIM refer to http://www.oecd.org/dataoecd/3/4/15065919.pdf

Part A: Tax structure by tax type

Definition of the aggregates:

Total taxes are defined as: taxes on production and imports (d2), current taxes on income and wealth (d5), capital taxes (d91), actual compulsory social contributions (d61111+ d61121+ d61131). Indirect taxes, direct taxes and social contributions add up to the total of taxes received by the general government.

'Indirect taxes' are defined as taxes linked to production and imports (code d2 in the ESA95 system), i.e. as compulsory levies on producer units in respect of the production or importation of goods and services or the use of factors of production. They include VAT, import duties, excise duties and other specific taxes on services (transport, insurance etc.) and on financial and capital transactions. They also include taxes on production (d29) defined as 'taxes that enterprises incur as a result of engaging in production', such as professional licences, taxes on land and building and payroll taxes.

Indirect taxes are defined as the sum of the following ESA95 tax categories:
- VAT: Value added type taxes (d211).
- Excise duties and consumption taxes: Excise and consumption taxes (d214a) + Excise duties (d2122c).
- Other taxes on products (incl. import duties): Taxes and duties on imports excluding VAT (d212), excluding excise duties (d2122c), Taxes on products, except VAT and import duties (d214), excluding excise duties (d214a).
- Other taxes on production (d29).

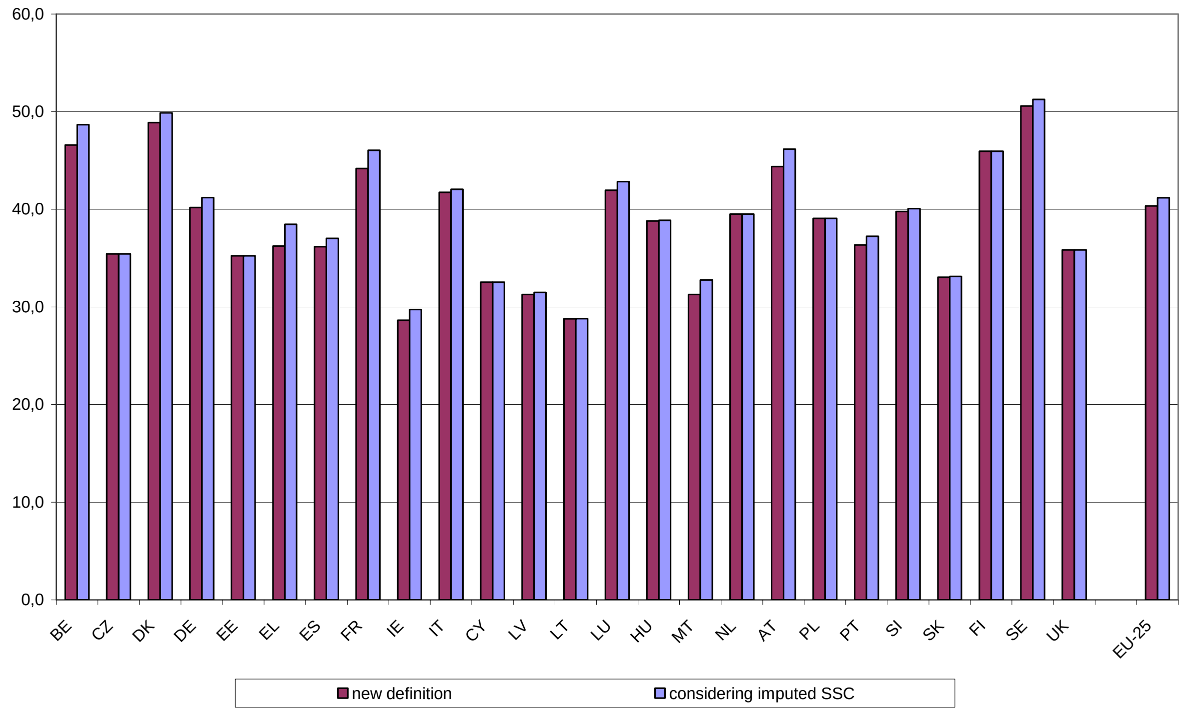
'Direct taxes' are defined as current taxes on income and wealth (d5) plus capital taxes including taxes such as inheritance or gift taxes (d91). Income tax (d51) is a sub-category, which includes personal income tax (PIT) and corporate income tax (CIT) as well as capital gains taxes.

Direct taxes are defined as the sum of the following ESA categories:
- Personal income tax: Taxes on individual or households income including holding gains (d51a+d51c1).
- Corporate income tax: Taxes on the income or profits of corporations including holding gains (d51b+d51c2).
- Other income and capital taxes: other taxes on income corresponding to other taxes on holding gains (d51c3), taxes on winnings from lottery or gambling (d51d) and other taxes on income n.e.c. (d51e); taxes on capital defined as other current taxes (d59) and capital taxes (d91).

'Social contributions' are paid by employers and employees on the basis of a work contract, or by self- and non-employed persons.
Social contributions include three subcategories:
- Compulsory Employers' actual social contributions (d61111).
- Compulsory employees' social contributions (d61121).
- Compulsory social contributions by self- and non-employed persons (d61131).

Prior to the 2003 edition actual social contributions (ESA95 code d611), which include both compulsory and voluntary contributions, were used for the purposes of calculating the statistics. Voluntary contributions vary in their purpose (e.g. the purchase of 'extra years' for pensions and the wish to complete a gap in the social contributions due to years worked abroad) and may vary in the degree to which they are voluntary in a real economic sense, but as they are essentially a form of household saving they should not be considered as compulsory levies imposed by the government. In addition, 'imputed social contributions' (d612), which relate to unfunded social security schemes, are excluded such that the definition used in this survey corresponds to Indicator 2 of the four indicators of general government and European Union levies issued by Eurostat (see Box 3). In practice, imputed social contributions mainly relate to a number of EU governments, which do not pay actual contributions for their employees but nevertheless guarantee them a pension upon retirement; imputed social contributions represent the contributions the government should pay to a pension fund in order to provide a pension of an equivalent amount to the employees. Including imputed social contributions in the definition of compulsory levies would allow greater comparability over time and across countries, given that some governments make actual contributions for their employees while others simply pay social benefits to their employees as their entitlement arises. However, imputed social contributions are not based on actual transactions and the method for imputation may involve estimation errors. Ultimately it is found that, while including imputed social contributions in the definition of total taxes would result in a non-negligible level shift, yielding an increase of the tax ratio for the EU-25 average by almost 1 percentage point, the development of the ratio over time would not be affected (see Ann. C Graph 1)

Ann. C Graph 1 Sensitivity analysis: role of imputed social contributions
2002, in %



Source: Commission Services

Box 3 Indicators on general government and European Union levies

In 2001, the Eurostat National Accounts Working Group defined four taxation indicators for general government and European Union levies, progressing from a narrower to a broader definition:

Taxes on production and imports (d2)

\+ Current taxes on income, wealth, etc (d5)

\+ Capital taxes (d91)

\- Capital transfers from general government to relevant sectors representing taxes and social contributions assessed but unlikely to be collected (d995)

\+ Compulsory actual social contributions payable to the social security funds sub-sector (S.1314) (d61111 + d61121 + d61131, when payable to S.1314)

= **INDICATOR 1 (*Total taxes and compulsory social security contributions)***

\+ Compulsory actual social contributions payable to the central government (S.1311), state government (S.1312), and local government (S.1313) sub-sectors as employers
(d61111 + d61121 + d61131, when payable to S.1311, S.1312 and S.1313)

= **INDICATOR 2 (*Total taxes and compulsory actual social contributions payable to general government, including those for government as an employer)***

\+ Imputed social contributions (d612) payable to general government as an employer

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= **INDICATOR 3 (*Total taxes and compulsory social contributions payable to general government, including those for government as an employer)***

\+ Voluntary actual social contributions payable to the general government sector (S.13) (d61112 + d61122 + d61132)

= **INDICATOR 4 (*Total taxes and social contributions payable to general government, including those for government as an employer)***

Box 4 shows a breakdown of taxes that Member States have agreed to provide on a harmonised basis as well as the codes used in ESA95. This represents the smallest common denominator for tax data availability; national statistical offices provide more detail on individual taxes[3]. Total taxes are defined as: taxes on production and imports (d2), current taxes on income and wealth (d5), capital taxes (d91), compulsory actual social contributions (d61111+ d61121+ d61131).

Box 4 Scheme of ESA95 classification of taxes and social contributions

d2	**Taxes on Production and Imports**
d21	Taxes on Products
d211	Value added type taxes
d212	Taxes and duties on imports excluding VAT
d2121	Import duties
d2122	Taxes on imports, excluding VAT and import duties
d2122a	Levies on imported agricultural products
d2122b	Monetary compensatory amounts on imports
d2122c	Excise duties
d2122d	General sales taxes
d2122e	Taxes on specific services
d2122f	Profits of import monopolies
d214	Taxes on products, except VAT and import taxes
d214a	Excise duties and consumption taxes
d214b	Stamp taxes
d214c	Taxes on financial and capital transactions
d214d	Car registration taxes
d214e	Taxes on entertainment
d214f	Taxes on lotteries, gambling and betting
d214g	Taxes on insurance premiums
d214h	Other taxes on specific services
d214i	General sales or turnover taxes
d214j	Profits of fiscal monopolies
d214k	Export duties and monetary comp. amounts on exports
d214l	Other taxes on products n.e.c.
d29	Other taxes on production
d29a	Taxes on land, buildings and other structures
d29b	Taxes on the use of fixed assets
d29c	Total wage bill and payroll taxes
d29d	Taxes on international transactions
d29e	Business and professional licences
d29f	Taxes on pollution
d29g	Under-compensation of VAT (flat rate system)
d29h	Other taxes on production n.e.c.

[3] Annex B provides for each EU-25 Member State the list of individual taxes that Member States have agreed to provide on a voluntary basis, and shows how in this publication the individual taxes have been allocated for the purpose of determining the economic classification of taxes and the amount of environmental taxes.

Box 4 Continued

d5	**Current taxes on income, wealth, etc.**
d51	Taxes on income
d51a+d51c1	Taxes on individual or household income incl. holding gains
d51b+d51c2	Taxes on the income or profits of corporations incl. holding gains
d51c3	Other taxes on holding gains
d51d	Taxes on winnings from lottery or gambling
d51e	Other taxes on income n.e.c.
d59	Other current taxes
d59a	Current taxes on capital
d59b	Poll taxes
d59c	Expenditure taxes
d59d	Payments by households for licences
d59e	Taxes on international transactions
d59f	Other current taxes n.e.c.
d91	**Capital taxes**
d91a	Taxes on capital transfers
d91b	Capital levies
d91c	Other capital taxes n.e.c.
d611	**Actual social contributions**
d6111	Employers' actual social contributions
d61111	Compulsory employers' actual social contributions
d61112*	Voluntary employers' actual social contributions*
d6112	Employees' social contributions
d61121	Compulsory employees' social contributions
d61122*	Voluntary employees' social contributions*
d6113	Social contributions by self- and non-employed persons
d61131	Compulsory contributions self- and non-employed persons
d61132*	Voluntary contributions by self and non-employed persons*
d612*	**Imputed social contributions***

* Not included in the 'Structures' definition of total taxes (incl. social contributions)

Part B: Tax structure by level of government

Data sources: same as in Part A

Definitions of the aggregates: total taxes received by the general government (institutional sector S13 in ESA95) are broken down as taxes received by:

- Central government (S1311)
- State (region) government for federal states (S1312)
- Local government (S1313)
- Social security funds (S1314)
- the EC institutions (S212)

The taxes that are reported under these headings represent 'ultimately received' tax revenues. This means, for example, that not only the 'own' taxes are included, but also the part of the tax revenue that is automatically and unconditionally 'shared' between the government sub-sectors, even if these government sub-sectors have no power to vary the rate or the base of those particular taxes. Additional information was used for the classification of taxes for Belgium.

Part C: Tax structure by economic function

The calculation of Part C ratios requires a Detailed List of Taxes with a full economic allocation of taxes and a split of the personal income tax by economic function.

- Detailed tax data for each country are listed in Annex B.
- A split of the personal income tax according to four sources of taxable income (labour, capital, self-employment income, and social transfers and pensions) is carried out by Member States authorities according to a country specific methodology. Member States use data sets of individual tax payers (BE, DK, DE, FR, IE, LU, LV, MT, NL, PL, FI, SE, SI and UK) or income class data based on data-set of individual taxpayers (EL, ES, IT) or tax receipts from withholding and income tax statistics with certain corrections (AT, PT)[4]. 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 2004 split has been considered equal to that of 2003. Table E gives all the details on the PIT-split provided by each Member State. In some cases the number of estimates for the PIT split still falls short of the ideal, which to a limited extend affects the accuracy of the allocation of taxes to economic function and therefore of the implicit tax rates (ITRs).
- Compulsory social contributions of self-employed and non-employed (d61131) needed to be split between non-employed (considered as part of labour) and self-employed considered as part of capital. The split is not available from the Eurostat public database (formerly NewCronos), although some national sources of national accounts make it available. The split has been computed by applying to d61131 the share of non-employed and self-employed as reported by the Member States as part of the social protection data in the Eurostat public database, the so-called ESSPROS module of Eurostat[5]; where no statistics were available (e.g. for Cyprus) the share paid by the non-employed was assumed to be negligible. The data used in the report covers the period up to 2002; however, the stability of the shares of self-employed and non-employed allows assuming constancy of the ratios in the computations. For Belgium more detailed national accounts data on the separate contribution of self-employed, and non-employed have been used instead.

<u>Methodology and the allocation of taxes to economic functions</u>

Taxes on consumption, labour and capital add up to the total of taxes received by general government. The separation of taxes into three economic functions and the identification of an environmental tax category inevitably lead to simplifications and somewhat hybrid categories. The exercise is currently complicated by the fact that the harmonised classification of taxes in ESA95 is not always consistently applied at the detailed level of individual taxes across Member States. A number of borderline cases and approximations had to be taken into account to arrive at a final classification of taxes. Tax data are not always recorded in sufficient detail to identify individual taxes and allocate them to the corresponding economic categories. In addition, some specific national features required a special treatment. The degree of decomposition provided by national statistical offices makes it sometimes difficult to identify sub-categories. General guidelines for the allocation of the taxes are given in the following Boxes 5 to 9. However, exceptions are made if necessary to reflect the true nature of a tax. Borderline cases, which

[4] The methodology utilised by Member States to arrive at the PIT split is described in more detail in a separate section of this annex (see 'Methods used to split the revenue from personal income tax' in Part D).

[5] Eurostat (1996).

mainly affect the split between taxes on stocks of capital and on consumption, are discussed with Member States. Annex B contains details for the allocation of the taxes for all countries.

A key methodological problem for classifying tax revenues across the economic functions is that some taxes relate to multiple sources of economic income. This holds most notably for the personal income tax. A method had to be developed to split the personal income tax revenue, in most cases using unpublished data supplied by the national tax administrations. This method is outlined in a later section of this methodological note. In addition, for some other national specific taxes (examples of which are mentioned below), estimates from Member States have been used to distribute their revenue across the economic functions. The revenue from the French tax on accommodations (so-called *Taxe d'habitation*), for example, has been distributed among the categories 'consumption' and '(stocks of) capital', using estimates from the national administration. Also, the revenue from the French generalised social contribution and from the contribution for the reduction of social security institutions debt (commonly abbreviated to 'CSG' and 'CRDS', respectively) has been distributed over the categories 'labour' and 'capital (income of households)'. Local business taxes often relate to one or more sources of economic income and are allocated over the economic functions where possible. The revenue from the Italian Regional tax on Productive Activities ('IRAP'), for example, has been distributed among the categories 'labour' and 'capital (income of corporations)', using revenue data from the public administration. The German local business tax (*Gewerbesteuer*), on the other hand, was fully allocated to the category 'capital income (of corporations)', as the part on business capital stocks is not applied in recent years. The French local business tax (*Taxe professionnelle*) has been fully allocated to the category 'Stocks (wealth) of capital', as it is mostly levied on buildings and real estate, and the French government is reforming the tax with phasing out the payroll component from the tax base.

<u>Taxes on consumption</u>:

Taxes on consumption are defined as taxes levied on transactions between final consumers and producers and on the final consumption goods. In the new ESA classification these can be identified as the following categories (see Box 5):

- Value added type taxes (d211).
- Taxes and duties on imports excluding VAT (d212).
- Taxes on products except VAT and import duties (d214), which include excise duties. Those taxes paid by companies on products used for production have been excluded from the category of consumption taxes, whenever the level of detail enabled their identification (for instance for the car registration tax paid by companies). But national accounts tax revenues do not allow such a split for excise duties, which are paid for a substantial part by companies. Moreover, some categories have been allocated to capital such as the stamp taxes (d214b), when they could be identified as related to the stock exchange market or real estate investment. Taxes on financial and capital transactions (d214c) and Car registration taxes (d214d) have also been recorded as capital taxes.
- Other taxes on production (d29). These are a typical border case since this category includes several taxes or professional licences paid by companies 'as a result of engaging in production': total wage bill and payroll taxes (d29c) have been classified as a tax on labour, taxes on land, building and other structures (d29a) have, e.g., been classified as taxes on the stock of capital. However, taxes on international transactions (d29d), taxes on pollution (d29f) and the under-compensation of VAT (flat rate system) (d29g) have been considered as consumption taxes.

- 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 5 Definition of taxes on consumption

d211 Value added type taxes	
d212 Taxes and duties on imports excluding VAT	
d214 Taxes on products except VAT and import duties without:	
	- d214b Stamp taxes
	- d214c Taxes on financial and capital transactions
	- d214d Car registration taxes
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

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 6). They include compulsory actual employers' social contributions (d61111) and payroll taxes (d29c), compulsory social contributions paid by employees (d61121) and the part of personal income tax (d51a) that is related to earned income. The personal income tax is typically levied on different sources of income, labour income, but also social benefits, including pensions, dividend and interest income and self-employment income. The next section explains how taxpayers' data have been used to allocate the personal income tax revenue across different sources of income.

Taxes on non-employed labour income

The category labour - non-employed comprises all taxes and compulsory social contributions raised on transfer income of non-employed persons, where these could be identified. This transfer income includes social transfers that are paid by the state (e.g. unemployment-, invalidity- and health care benefits) and benefits from old-age pension schemes (both state and occupational pension schemes). Most of these benefits paid to non-employed persons are in some way or the other linked to employment; contributions for current unemployment- and State pension benefits are for example for the most part paid by the active labour force, while occupational pension schemes are mostly funded while being employed. The calculation of the implicit tax rate on labour is, however, limited to the category employed labour.

- In some Member States social transfer payments by the State are subject to personal income taxation. In this case, part of what is paid by the State is immediately refunded to the budget (but not necessarily at the same level) in the form of taxes. In many instances, however (e.g. for social assistance), the taxes raised on social transfers are more of an accounting convention than taxes in a proper sense, a means employed to yield a certain net transfer. Where such taxes could be identified they have been separated from other taxes and social contributions.

- Pension arrangements and their tax treatment vary considerably between, and in some cases within, Member States. Where there is up-front tax relief for contributions to funded pensions, this often tends to be given as an exemption from tax on labour income and estimates are not easy to make. The tax revenue collected on pension benefit payments is usually easier to estimate, but there is a conceptual and practical issue over whether to regard it as capital income (because pensions can be privately funded), deferred labour income (because they are actually taxed in this way) or a social transfer payment (because they are classified as such in national accounts or because they are guaranteed by the state). For state (first pillar) pensions, the solution is to treat them in the same way as social transfer payments but for occupational (second pillar) and private (third pillar) pensions the issue is more difficult, because they are generally privately funded and the benefits are not guaranteed by the state. The compromise solution adopted in this report classifies income tax on occupational pensions under the labour - non-employed category and does not include them in capital income. An important reason for doing this is that both state and occupational pension benefits are often treated as (deferred) labour income in the income tax, as they are directly linked to employment or the exercise of a profession. Another important argument is that occupational pension benefits are scored as (privately funded) social benefits in national accounts[6]. 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)[7].
- Taxes on income of the self-employed
- The question arose whether part of the self-employed income should be treated as a remuneration of labour and whether the related taxes should be included in taxes on labour. The best compromise between economic rationale and data availability was to consider self-employment income as income from capital: self-employed income is genuinely an entrepreneurial income and self-employed take the risk of incurring losses when exercising their activity. Personal income taxes as well as social contributions of self-employed are therefore, allocated to the capital income sub-category for self-employed. This assumption includes the part of self-employment income equivalent to the

[6] In national accounts, social benefits are transfers to households, in cash or in kind, intended to relieve them from the financial burden of a number of risks or needs, made through collectively organised schemes, or outside such schemes by government units.

[7] Unfortunately, in some Member States the taxes raised on different types of pensions cannot be separately identified from the income tax statistics. The treatment of taxes raised on pensions is a difficult area, both from a conceptual and practical point of view, which would benefit from further work. Eurostat is carrying out a study on the proper classification of the different national schemes in the national accounts.

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 6 Definition of taxes on labour

Employed labour

From d51 Taxes on income:

d51a+d51c1	Taxes on individual or household income including holding gains (part raised on labour income)

From d29 Other current taxes:

d29c	Total wage bill and payroll taxes

From d611 Actual social contributions:

d61111	Compulsory employers' actual social contributions
d61121	Compulsory employees' social contributions

Non-employed labour

From d51 Taxes on income:

d51a+d51c1	Taxes on individual or household income including holding gains (part raised on social transfers and pensions)

From d611 Actual contributions:

d61131	Compulsory social contributions by self- and non-employed persons (part paid by social transfer recipients)

Taxes on capital

Capital is defined broadly, including physical capital, intangibles and financial investment and savings (see Box 7). Capital taxes include taxes on business income in a broad sense: not only taxes on profits but also taxes and levies that could be regarded as a prerequisite for earning profit, such as the real estate tax or the motor vehicle tax paid by enterprises. In their empirical study Desai and Hines (2001) confirmed that these indirect taxes also influence investment decisions of American multinational firms. They also include taxes on capital stocks of households or their transaction (e.g. on real estate). A distinction is drawn between taxes on capital and business income and taxes on capital stock:

Box 7 Definition of taxes on capital

Capital and business income taxes:		
From d51	Taxes on income:	
d51a+d51c1		Taxes on individual or household income including holding gains (part paid on capital and self-employed income)
d51b+d51c2	Taxes on the income or profits of corporations including holding gains	
d51c3		Other taxes on holding gains
d51d		Taxes on winnings from lottery and gambling
d51e		Other taxes on income n.e.c.
From d611-	Actual social contributions:	
d61131		Compulsory social contributions by self- and non-employed persons (part paid by self-employed)
Taxes on stocks (wealth):		
From d214	Taxes on products, except VAT and import taxes:	
d214b		Stamp taxes
d214c		Taxes on financial and capital transactions
d214d		Car registration tax
From d29-	Other taxes on production:	
d29a		Taxes on land, buildings or other structures
d29b		Taxes on the use of fixed assets
d29e		Business and professional licenses
d29h		Other taxes on production n.e.c.
From d59	Other current taxes:	
d59a		Current taxes on capital
d59f		Other current taxes on capital n.e.c.
d91	Capital taxes	

- 'Taxes on capital and business income' that economic agents earn or receive from domestic resources or from abroad. This includes taxes on income or profits of corporations (Box 8), 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 9). In practice this is mainly the personal income tax paid on dividend, interest and entrepreneurial activity (part of d51a+d51c1) and corporate income tax (d51b+d51c2) as well as other taxes on holding gains (d51c3). This metric is further subdivided into the 'Taxes on the income of corporations' (using the Taxes on the income or profits of corporations including holding gains as a numerator) and 'Taxes on the income of households', which uses the residual of 'Capital and business income taxes'.

Box 8 Definition of taxes on the income of corporations

Taxes on the income of corporations	
From d51-Taxes on income:	
d51b+d51c2	Taxes on the income or profits of corporations including holding gains

Box 9 Definition of taxes on the capital and business income of households

Taxes on capital and business income of households:

From d51	Taxes on income:	
d51a+d51c1		Taxes on individual or household income including holding gains (part paid on capital and self-employed income)
d51c3		Other taxes on holding gains
d51d		Taxes on winnings from lottery and gambling
d51e		Other taxes on income n.e.c.
From d611	Actual social contributions:	
d61131		Compulsory social contributions by self- and non-employed persons (part paid by self-employed)

- 'Taxes on capital stock' include the wealth tax (d59a), capital taxes (d91) including the inheritance tax (d91a), the real estate tax (d29a) or taxes on the use of fixed assets (d29b), professional and business licences (d29e), and some taxes on products (from the category d214).

Environmental taxes

Environmental taxes include energy taxes, transport taxes (including registration and circulation car taxes), and pollution taxes. This is a sub-category of indirect taxes or consumption taxes. The taxes included for each Member State are listed in Annex B[8]. For a full description of the methodology utilised in compiling the statistics contained in this publication, see European Communities, *Environmental Taxes in the European Union 1980-2001 – Statistics in Focus – Theme 8: Environment and Energy* – Eurostat, June 2003.

[8] The methodology is described in European Commission (2001b).

Box 10 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_2 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_2 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_2 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_2-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 account data acquired for calculating the bases of the implicit tax rates on capital and capital income. The numerators are taken from the ratios calculated in Part C. Moreover Ireland and Luxembourg have derogations to the ESA95 regulation to provide simplified income and distribution accounts. For a number of countries limitations in data availability, particularly in the case of the denominator of the ITR on capital, affected or prevented the calculation of ratios (see also Box 2).

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[9]. 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 11).

Box 11 Definition of the implicit tax rate on consumption

Implicit tax rate on consumption (ESA95)	Taxes on consumption / (P31_S14dom)
Numerator:	see Box 5 – taxes on consumption
Denominator:	
P31_S14dom:	Final consumption expenditure of households on the economic territory (domestic concept)

This simple metric, which replaced the more complex version used prior to the 2003 edition, is considered preferable on a number of counts. Under the previous approach government consumption net of government salaries was added to consumption of households on the economic territory to obtain the denominator[10], 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[11].

The importance of intermediate government consumption for the implicit tax rate can be estimated for VAT. Ann. C Table 1 indicates the share of taxable intermediate consumption of the government and non profit-institutions in the total taxable VAT-base. For 2000 this lies between 4 % and 19 % in different Member States (see following table). There are, however, other final demand components contributing to a similar extent to the VAT-base which remain excluded. From the viewpoint of VAT, which is only one part of the consumption taxes included in the ITR, other corrections to the denominator would be justified. On the other hand there is a clear indication that private consumption of households is by far the most important component of the tax base. This is a good reason to keep the overall ITR on consumption

[9] OECD (2000, 2002b).

[10] In this respect, the previous approach followed the formula proposed by Mendoza, Razin and Tesar (1994).

[11] An alternative solution, offered by the new availability of data on the intermediate consumption of the government under ESA95, would be to incorporate this figure into the denominator.

simple and include only the final domestic consumption of households in the denominator, accepting as a consequence the overestimation of the tax burden on private consumers.

Ann. C Table 1 Share of different categories of internal demand in the total taxable VAT-base (EU-15)
2000 - in %

Member States	Final consumption of households	Intermediate consumption of private non-profit institutions and general government	Intermediate consumption of other sectors	Gross fixed capital formation of private non-profit institutions and general government	Gross fixed capital formation of other sectors	Others
Belgium	71	5	9	3	10	2
Denmark	59	12	13	3	13	0
Germany	61	9	11	3	16	0
Greece	67	7	0	6	19	0
Spain	73	5	6	4	9	2
France	64	8	11	5	12	1
Ireland	60	5	9	6	17	3
Italy	74	5	12	2	7	0
Luxembourg	64	4	19	6	7	0
Netherlands	63	6	12	17([1])		2
Austria	72	8	6	12([1])		2
Portugal	68	9	12	7	4	0
Finland	64	14	11	5	4	2
Sweden	60	19	12	4	5	0
United-Kingdom	68	9	15	2	6	1
Mean	*66*	*8*	*11*	*4*	*10*	*1*
Coefficient of variation	*7*	*47*	*41*	*58*	*48*	*104*
Min/Max	*60/74*	*4/19*	*0/19*	*0/7*	*4/19*	*0/3*

[1]) No split between GFCF of government and GFCF of other sectors is available in our database. Therefore, descriptive statistics are computed without the Netherlands and Austria.

Source: Commission Services

This reasoning holds not only for VAT. Excise duties are a major category of 'consumer' taxes, which are also paid by companies. One could argue that companies could recoup the cost of excise duties by maintaining prices at a higher level, resulting in higher tax burdens on end consumers, although assumptions of this sort are normally subject to a final incidence analysis of the tax burden. In any case, measures of effective tax rates generally disregard tax shifting. To obtain an accurate measurement of the tax burden for consumers it would be beneficial to split the revenues from the taxes and charges that are paid by consumers, the government and enterprises. This approach has already been followed for taxes and duties on motor vehicles, where only payments by households are included in our tax ratio. However, the division of taxes between households and companies for all excise duties and other 'consumer' taxes is constrained by data limitations. For the time being, the inclusion of all taxes potentially levied on private consumption in the tax ratio yields a simple and comparable indicator of the tax burden on consumers in different Member States, despite the overestimation bias. Improvements, such as the split of ITR on consumption by type of taxes (VAT, excise duties, others), might fruitfully be pursued in future editions.

Implicit tax rate on labour

The implicit tax rate on employed labour is defined as the sum of all direct and indirect taxes and employees' and employers' social contributions levied on employed labour income divided by the total compensation of employees working in the economic territory (see Box 12). The ITR on labour is calculated for employed labour only (so excluding the tax burden falling on social transfers, including pensions). Direct taxes are defined as the revenue from personal income tax that can be allocated to labour income. Indirect taxes on labour income, currently applied in some Member States, are taxes such as payroll taxes paid by the employer. The compensation of employees is defined as total remuneration, in cash or in kind, payable by an employer to an employee in return for work done. It consists of gross wages (in cash or in kind) and thus also the amount paid as social insurance contributions and wage withholding tax. In addition, employers' contributions to social security (including imputed social contributions) as well as to private pensions and related schemes are included. Compensation of employees is thus a broad measure of the gross economic income from employment before any charges are withheld.

Box 12 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)
Numerator:	see Box 6 – employed labour
Denominator:	
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 implicit tax rate on labour should be seen as a summary measure that approximates an average effective tax burden on labour income in the economy. It must be recognised that the tax ratio may hide important variation in effective tax rates across different household types or at different wage levels. For example, cuts in taxes or social contribution rates that are targeted on low-paid, low-skill workers or families with children may have a small impact on the overall ITR and yet be effective in raising take-home pay for the beneficiaries.

Implicit tax rates on capital

The implicit tax rate is calculated for total capital taxes and for the sub-category of taxes on capital income (which differs from capital taxes overall because it excludes taxes on the stock of capital)[12]. Both indicators have the same denominator, i.e. total profit and property income from both corporations and households. In the case of taxes on capital income, the denominator does not correspond to the actual tax base; it is in some ways narrower (omitting capital gains) and in other ways broader (excluding some deductions from the tax base). As for 'capital taxes on stocks and wealth', the denominator does not take into account any asset or wealth on which the tax is levied. In addition, two additional disaggregated ITRs, on corporate income and on capital and business income of households are computed. These do not add up to the ITR on capital and business income.

Of the various implicit tax rates, the ITRs on capital are by far the most complex and given their limitations should be interpreted very carefully. A first problem is that as indicated below, the ITR on capital is broadly based and therefore reflects a wide range of factors. In particular, the definitions of the ITR denominators can only roughly approximate the world-wide capital income of a country's residents for domestic tax purposes. This does not mean that on the side of companies profits of foreign affiliates are consolidated within the (domestic) parent company. National accounts disregard the foreign ownership of subsidiaries located on the economic territory when the generation of profits is recorded. They are simply treated as domestic companies.[13] However, the base of the ITR does not measure the actual base of tax legislation, which drives tax revenues. So in practice it is not easy to link developments in the overall ITR on capital and business income to the various statutory tax rates and other policy changes.

Capital and business income according to national accounts is defined as profits and property income. Profits are defined as net operating surplus (B2n) of the private sector including corporations (and quasi-corporations), private households, and non-profit institutions and mixed income (B3n) of the self-employed. The net operating surplus of the government sector is excluded, because losses or profits of the government are not subject to taxation. The gross operating surplus of the private sector also includes the net operating surplus of financial institutions including interest based profits measured by the aggregate Financial Intermediation Service (FISIM) in national accounts[14].

There is no simple way of approximating the tax base for property income (mainly interest and dividends) for the whole private sector. Compared to the 'Structures' based on ESA79 data, we switched from net interest payments of the government to a specifically defined balance of property income of the private

[12] The methodology is described in: European Commission (2004a)

[13] 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.

[14] This aggregate nets off when the profit of the whole economy is considered. This is another reason for limiting the tax base to the private sector.

sector (received minus paid). The objective for the definition of this balance was to approximate the potentially taxable profit of a company and the taxable capital income of private households.

Taxable profits of companies consist of net operating profit and property income received (financial income) less certain deductible elements of property income paid. The property income deductible from the tax base includes interest (d41), property income attributed to insurance policy holders (d44) and rents on land (d45). Dividends (part of distributed income of corporations - d42) are part of the financial income but they cannot be deducted to calculate the taxable base in national tax legislation[15]. For private households, the taxable capital income consists almost completely of interest and dividend payments received and of property income attributed to policy holders received from insurance companies and pension funds.

The balance of d44 received minus paid usually nets off for the whole private sector. The definition takes into account the received property income from abroad and improves the measurement of profits from banks and insurance companies. However, for the ITR on capital several sources of bias compared to taxable profits remain:

- Since the calculation of depreciation of fixed capital in national accounts uses prices of the current period, it differs a lot from methods used in profit and loss accounts. Additionally, the calculation of consumption of fixed capital is not comparable across countries. This could lead to additional biases in measuring the effective tax burden on capital.
- Capital gains are not part of profits in national accounts because they are not related to the production process. This important part of taxable profits of (financial) companies is disregarded in calculating the denominator and leads to an overestimation of the ITR on capital and business income as far as capital gains are taxed. The same is true as regards the capital gains of private households, which are often taxed under the personal income tax. All this is likely to affect international comparability, as some countries have a greater share of financial company profits including gains.
- Central banks are part of the financial corporations sector in national accounts. The inclusion of their (non-taxable) profits in the denominator leads to an underestimation of the ITR on capital and business income.
- For taxable third-pillar private pension benefits, treated as income from capital in the split of the personal income tax (PIT), no corresponding income flow is recorded in national accounts. Ignoring these benefits in the potentially taxable capital and business income in the denominator leads to an overestimation of the ITR.
- In the Eurostat data of national accounts for the EU Member States, interest payments by private households and self-employed are not available separately. Taking the total net interest as part of the denominator accounts for tax deductible interest payments of self-employed but leads to an overestimation of the ITR on capital because interest payments for mortgage and consumer loans are not tax-deductible in most Member States.
- 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

[15] 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 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 13 Definition of the implicit tax rate on capital (income)

Implicit tax rate on capital (income)	Capital (income) taxes/ B2n_S11-12 + B2n_S14-15 + B3n_S14 + d41_S11-12rec - d41_S11-12pay + d44_S11-12rec - d44_S11-12pay + d45_S11-12rec - d45_S11-12pay + d42_S11-12rec - d42_S11-12pay + d42_S13rec + d42_S2rec + d41_S14-15rec - d41_S14-15pay + d45_S14-15rec - d45_S14-15pay + d42_S14-15rec + d44_S14-15rec
Numerator:	see Box 7 – taxes on capital
Denominator:	
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. Although difficulties of interpretation stemming from the backward-looking character of the data remain, the interpretation of separate ITRs for the corporations sector and households sector is more straightforward.

The numerator of the overall ITR can be split using the allocation of taxes to the category 'income corporations', '(capital) income households' and 'income self-employed'[16]. 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 14). 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 15).

Box 14 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
Numerator:	
d51b+d51c2	Taxes on the income or profits of corporations including holding gains
Denominator:	
B2n_S11-12	Net operating surplus of non-financial and financial corporations (incl. quasi-corporations)
d41_S11-12rec	Interest received by non-financial and financial corporations
d41_S11-12pay	Interest paid by non-financial and financial corporations
d45_S11-12rec	Rents on land received by non-financial and financial corporations
d45_S11-12pay	Rents on land paid by non-financial and financial corporations
d42_S11-12rec	Dividends received by non-financial and financial corporations
d42_S11-12pay	Dividends paid by non-financial and financial corporations
d42_S13rec	Dividends received by general government
d42_S2rec	Dividends received by rest of the world
d42_S14-15rec	Dividends received by households, self-employed and non-profit institutions
d44_S11-12rec	Insurance property income attributed to policy holders received by non-financial and financial corporations
d44_S11-12pay	Insurance property income attributed to policy holders paid by non-financial and financial corporations

When splitting the ITR on capital income for (non-financial and financial) corporations and households, the flows of property income between these two sectors are of particular importance. A clear split can be made for the national accounts categories interest payments (d41) and rents (d45).

In principle, dividends are part of the taxable financial income of a company. They are subject to double taxation because corporate taxes have been levied on the profit at the level of the distributing company. In

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

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.[17] If the dividends received are part of the potentially taxable base, the ITR on corporate income will be lower in those countries which give greater relief for the double taxation of dividends compared to a country that fully applies the classical system.

Box 15 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
Numerator:	see Box 9 - taxes on the capital and business income of house
Denominator:	
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

However, it would be deceptive to count only the dividends received by financial and non-financial corporations. Because the net operating surplus out of which dividends are distributed is already part of the denominator the dividends would be partly counted twice. Dividends distributed by a company belonging to the sector for financial or non-financial corporations should not be counted. Only dividends received from abroad should be taken into account when constructing the ITR for all corporations.

Unfortunately information on dividends distributed from the rest of the world to domestic corporations is not available in the Eurostat database of national accounts. For dividends (and nearly all other flows in national accounts) we only know what a specific sector receives from all other sectors and what it pays to all other sectors. However, this information can be used to approximate the dividends received by corporations from abroad. From the total sum of dividends received by corporations (d42rec_S11-12) we deduct the dividends distributed by domestic corporations (d42pay_S11-S12) in order to avoid double

[17] For an overview of the schemes that apply for the individual shareholder see European Commission (2003b).

counting. However this deduction is too large, as only the dividends distributed to domestic corporations should be subtracted. Therefore, dividends received by the government (d42rec_S13), the rest of the world (d42rec_S2) and households (d42rec_S14-15) are added to the denominator. This approximation is only fully correct under the assumption that the government and households do not receive dividends directly from abroad but through domestic banks and insurance companies. While this assumption seems reasonable for the government, for households it can be expected that they receive a certain part of dividends from abroad, meaning that the dividends included in the denominator are overestimated.

Due to the double taxation of dividends at the company level and at the shareholder level these payments (or the underlying profits) need to be included in both indicators, for corporations and for households. With these definitions the 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.[18] 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)[19], which, in national accounts, is transferred via the d44 mainly to private households in the period when this property income accrued.

In principle, most EU Member States provide a tax exemption of this income in the hands of the financial institution. Several methods are used. In some cases, the institution is tax-exempt (certain pension funds), in other cases income is exempt or neutralised in the profit calculation by deducting an insurance technical reserve. However, some Member States levy a withholding/capital yield tax on this income which is not always neutralised on the level of the company.

The preliminary split of the ITR on capital income for corporations and households presented in the last edition of the Structures of the taxation systems did not take the flow d44 into account. This means that the return on investment was fully allocated to financial corporations. It was based on the fact that there is no actual flow of income in the period in which insurance companies earn income on behalf of policyholders. In national accounts, income received by insurance companies or pension funds by investing their technical reserves in financial assets or buildings is only 'attributed' to policy insurance 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.

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[18] For the private sector as a whole, including or excluding d44 (received minus paid) from the tax base has no major empirical impact on the ITR on capital income since the net d44 is close to 0 and represents nearly exclusively a flow from financial corporations to households.

[19] The capital gains are not recorded in the generation and distribution of income accounts. Some information can be found in the revaluation accounts. Up to now we have not tested whether these data could be used for our purposes.

However, it seems that the tax exemption of such earnings is the dominant regime for the taxation of pension funds and insurance companies in Europe. It means that d44 paid by financial corporations has to be deducted from the ITR tax base for corporate income. In the countries where capital yield taxes are levied on these earnings and the tax revenues are allocated to corporations, the ITR on corporations would be overestimated.

In turn, 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[20]. In the classification adopted in this publication, they are reported within 'taxes on self-employed'. This means that tax revenues are booked in a different sector than the underlying business income. Ignoring this booking principle by calculating ITRs on capital income for corporations or households (including self-employed), using the sector information of national accounts without corrections would lead to biased ITRs. Similar problems exist for Luxembourg, Austria, Finland and Portugal.

According to information from Statistics Finland, the bias in Finland's ITRs is of minor importance. For Austria and Portugal a correction of the ITR on corporations has been introduced. A fraction of PIT for owners of these quasi-corporations is not available. Therefore, the part of PIT from self-employed that includes the taxation of profits from partnerships is extracted from the ITR on households and allocated to the corporations sector. At the same time, the approximation of the tax base for self-employed is also assigned to the corporations sector, consisting of mixed income.

For Austria and Portugal the adjusted ITR represents the tax burden on all companies including the self-employed. For Germany, where partnerships are an important part of companies, it would be possible to employ a similar adjustment. However, the German authorities expressed doubts on whether this adjustment would lead to results that are fully comparable with other countries.

[20] PIT revenues are also recorded in the government sector which receives the payments.

Methods used to split the revenue from personal income tax:

The sources of personal income tax:

Apart from the aggregate data in national accounts, additional data made available by Member States has been used to split recorded tax revenues into more detailed categories. This is of particular importance for the recorded personal income tax, which is typically broad-based, and relates to multiple sources of income. A method had to be developed to break down revenue from the personal income tax by economic function (i.e. labour, capital and consumption). This section describes the methods used by the Member States to generate estimates of this split of the personal income tax from tax return data. The methods attribute personal income tax to four main taxable income sources (see Box 16):

Box 16 Broad definition of the selected income sources

Income source	Type of taxable income components included
Employed labour	Wages and salaries Fringe benefits in kind Directors' remuneration Foreign source earned income Financial participation schemes (e.g. stock options) Deemed income from private uses of company cars
Self-employed labour	Income from unincorporated businesses Profits from trade or business and proceeds from independent professional services (e.g. dividend distributions from closely-held companies)
Capital	Income from movable property (e.g. dividends, interest, distributions, royalties) Income from immovable property (rents earned on letting a private dwelling, *etc*) Periodic transfers and private pensions Taxable capital gains for some Member States Other (e.g. rental value owner-occupied housing)
Transfers and pensions	Taxable social benefits (e.g. unemployment, health care and social assistance benefits) State pension benefits Occupational pension benefits

The resulting estimates of the personal income tax revenue that could be attributed to these taxable income sources are used in the numerators for the implicit tax rates on labour and capital (using relevant aggregate economic incomes as denominators) and in the breakdown of taxes across the economic functions (i.e. taxes on consumption, labour and capital, as a percentage of GDP).

The flaws of aggregate data and advantages of micro-data:

Under an approach using only aggregate data, total personal income tax raised in respect of labour (capital) income is often estimated as the proportion of aggregate labour (capital) income in the aggregate taxpayer income. Another approach is to estimate a single average effective income tax rate on the basis of aggregate data. The total personal income tax revenue data is divided by the aggregate approximation of labour and capital income in the economy to get the overall effective personal income tax rate, which can subsequently be applied to the labour (capital) income in order to estimate the income tax levied from labour (capital) income[21]. This ignores the fact that effective rates on personal income tax vary across different taxable income components and groups of taxpayers. Even where, for example, labour and capital income are pooled together for tax purposes at the individual level, such an approach may be criticised where aggregate labour income is believed to be subject, on average across taxpayers, to a significantly different average effective tax burden than capital income[22]. A main concern associated with average effective (implicit) tax rate analysis is the manner in which estimates are derived for the aggregate amount of personal income tax revenue raised from different types of income included in a given country's personal income tax base. Under an approach using only aggregate data from national accounts, for example, total personal income tax raised in respect of labour (or capital or other forms of personal taxable income, for example social transfer- or pension income) is often estimated as the proportion of aggregate labour (or capital) income in the aggregate taxpayer personal income. This approach implicitly assumes that labour and capital income (or other forms of taxable income) is subject to one (common) average effective tax rate[23]. 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[24].

Relying on micro-level data – that is, confidential tax data at the individual taxpayer level – Member States are able to generate more accurate estimates of personal income tax revenues raised on separate sources of income. Generally, capital income will tend to be concentrated at the right side of the Lorenz curve and therefore, be subject to higher marginal and average tax rates as compared to income from labour. On the other hand, special tax concessions may apply to income from capital, so that the average tax rate for capital income might not be significantly different from that for income from labour. For example, some Member States apply a so-called 'dual' income tax system, in which capital income is usually taxed at a relatively lower (fixed) rate as compared to other earned taxable income. Forcing the latter assumption (of special tax concessions) on the data would however be a shortcoming to the analysis. Also, most Member States tend to tax pension benefits or social benefits more favourably than earned income from labour, either by way of increased tax allowances or tax credits that are age-based, or by partial exemptions from

[21] 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.

[22] See also OECD (2000, 2002b), Clark (2002) and De Haan, Sturm and Volkerink (2002).

[23] 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.

[24] See also OECD (2000, 2002b) and De Haan, Sturm and Volkerink (2002).

the tax base. Using micro data sets that include separate reported figures at the taxpayer level for the items of income on which the personal income tax is raised, it is possible to account for such effects[25].

The methodological approaches:

Most Member States basically multiply individual income tax payments by proportions of the selected income sources in the total taxpayer's income (Belgium, Denmark, Germany, France, the Netherlands, Ireland, Luxembourg, Finland and Sweden). This is done both by way of micro-simulation models relying on samples from the total taxpayer population and by way of use of exhaustive tax return data-sets (e.g. Belgium and Ireland). The corresponding estimates obtained at the taxpayer level are consequently aggregated to obtain estimates of the personal income tax raised in respect of the selected sources of income. For example, the total amount of personal income tax raised in respect of labour income, *PIT(labour)* could be estimated as follows:

$$PIT(labour) = \sum_j \left(W_j / Y_j\right) * PIT_j = \sum_j w_j * PIT_j$$

where W_j measures the labour income of the j-th taxpayer in a sample of individuals (j=1,..,n) and where PIT_j measures the personal income tax payment of the j-th taxpayer on his total taxable income Y_j. The above equation therefore measures the total personal income tax raised on labour income as a weighted average of each individual taxpayer's payment *PIT*, with the weights $w_j = (W_j/Y_j)$ attached to these individual payments reflecting the distribution of total wages and salaries across taxpayers.

Some Member States (Spain, Italy and Greece) instead use tax return data that is aggregated at the level of a number of income classes or income tax brackets (j=1,..n), but essentially make the same calculations. The latter approach is likely to capture broadly comparable effects of the differences in tax treatment and the distribution of income sources across different groups of taxpayers.

Some Member States (Austria, Portugal) choose another approach and use tax receipts data from the wage (withholding) tax and (final) income tax statistics and apply a number of adjustments. Wage (withholding) tax is by its very nature designed to approximate the final income tax liability for wage earners as closely as possible, but in some cases there are certain adjustments for income tax assessments, because the wage tax withheld is not correct (e.g. because of different jobs or pensions during a single year). As this correction concerns only wage earners, in some cases the net amount of the correction is deducted from the total amount of recorded wage tax and, the amount of personal income tax is adjusted accordingly. Since wage tax can also be levied on social benefits (e.g. unemployment benefits, widower's benefits and invalidity benefits) or old-age pensions, the recorded wage tax is adjusted accordingly. The (adjusted) personal

[25] In order to illustrate the degree of precision that can be reached with using micro data rather than aggregate tax return data, the Ministries of Finance and Taxation in the Netherlands, Finland, Denmark and Italy have performed additional calculations on the basis of only aggregate tax return data for some years. It actually appeared that the differences for the estimated amounts of income tax raised on income from employed labour were rather small. The reason is that employed labour income is by far the most dominant income source, which means that the overall effective income tax rate (measured on the aggregate taxable income and across all taxpayers) is strongly influenced by the average effective tax rate on labour income. The differences were however significant for the other selected income sources. If only aggregate tax return data were used, generally higher fractions would be computed for capital income and income in the form of social transfers and pensions, and generally lower fractions would be computed for income from self-employed labour.

income tax is further split between income from self-employed businesses and capital income, either using aggregate proportions or information aggregated at the level of income classes (Austria). The latter approach is also likely to capture broadly comparable effects of the differences in tax treatment and the distribution of income sources across different groups of taxpayers as outlined above.

While in most Member States the personal income tax system is comprehensive in the sense that all sub-categories of taxable income are pooled at the individual level, and the result is taxed at ascending statutory tax rates. However, some Member States apply a given statutory rate on a specific income category, as can occur under a 'dual income tax' system. In the Netherlands, Finland and Sweden, for example, capital income is currently taxed at a relatively lower statutory rate as compared to other earned income. In most cases, however, the tax receipts data are used to isolate the amount of tax collected on that particular income category. In the United Kingdom, the personal income tax law actually prioritises the order of different types of income. For example, labour income is treated as the bottom of the taxable income and dividend income is treated as the top slice of taxable income. Unlike the method used in other Member States, the United Kingdom calculation therefore does not assume that the individual taxpayer has the same average effective income tax rate over all income sources (see also above). Instead, income source specific income tax rates are multiplied by the selected income sources at the taxpayer-level.

Box 17 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
CY, ES, EL, IT, LT	Income class data based on data-set of individual taxpayers	Personal income tax payments multiplied by fractions of net taxable income sources (as percentage of the total tax base) at the level of income classes/tax brackets
AT, EE, CZ, HU, PT	Tax receipts data from withholding- and income tax statistics	Approach using aggregate withholding tax and final assessment income tax data with certain adjustments.

Credits and deductions

Income sources are, insofar as it is possible, measured net of tax base deductions or allowances that are exclusively earned on these income sources (e.g. allowance for savings, expenses incurred in maintaining labour income). This is important, as tax breaks and concessions given in respect of the tax on capital income can be quite substantial, with the result that the estimated fraction for personal income tax raised on capital income can be rather low, and in some cases even negative (e.g. in the Netherlands and in Denmark). It is generally attempted to allocate income-specific tax credits (e.g. an additional tax credit that is earned exclusively on income from labour) to the base for splitting purposes to which it relates. Against this, the revenue effects of general tax base deductions and credits are proportionately allocated across all income sources. Further complications in calculating the bases for splitting arise due to the fact that certain income tax receipts are collected at source and certain tax breaks are granted at source, whilst others are collected and granted in the framework of the individual taxpayer's tax return. This is particularly an issue with certain components of capital income (interest, dividends, pensions, etc). There are further conceptual and practical issues with pensions and the self-employed to which there are no easy answers.

As a result of data set limitations and a degree of inconsistency between the approaches adopted by the Member States (which affects most notably the allocation of income tax to capital and social transfers and pensions), the accuracy and comparability of the estimates of the ITRs on labour and capital have been somewhat compromised. The sources of these inconsistencies are various. In some Member States, for example, tax return data are only available at income class level rather than at the taxpayer level. For some countries not all the taxable benefits from social security or old-age pension schemes could be separately identified from the tax return data. Some Member States could not incorporate the revenue effects of tax base deductions or tax credits specifically related to the main income sources. Inconsistency may also arise where Member States permit a joint assessment of the taxable income of the household (e.g. in France before 2001). To give an example, the principal earner of the household may earn labour income whereas the spouse is actually a social benefit recipient with a relatively lower income. In these cases, however, the same effective tax rate was applied to the taxpayers jointly assessed. There are further conceptual and practical problems with the treatment of pensions for which there are no straightforward solutions.

Some Member States were not able to provide full time-series coverage for all calendar years. In these cases, a trend has been assumed using simple linear interpolations, or the fractions were assumed to remain constant. In reality changes in the fractions would reflect changes either in the distribution of income or in the tax parameters. Applying linear interpolation seems a valid method only in the absence of major tax reforms. Apart from certain simplifying assumptions and estimates of the share of personal income tax limited to specific years this new treatment of the personal income tax is a major improvement on the methodology used prior to the 2003 edition. It is found to be vastly better than an approach based on aggregate data in estimating the tax burden on non-wage income sources (in particular for social transfers and pensions and self-employment income).

Individual country approaches by type of approach:

(A) Approach using micro- tax receipts data

- *Belgium*: The split of the personal income tax was estimated by the Ministry of Finance using detailed revenue statistics from the national tax administration based on individual tax returns. The data set covers any assessed income, and is exhaustive. In fact, the national tax administration already splits and allocates the aggregate personal income tax revenue raised on the so-called 'global income' to the different income sources on a case-by-case basis, in order to derive entitlements of individual taxpayers to certain tax credits that are related to specific income sources. For example, the tax credits for pensions, sickness or unemployment are limited to the income tax that relates proportionally to the corresponding net income. This allocation of the tax revenue raised on the 'global income' is calculated by multiplying individual tax payments by proportions of the income types in the total taxpayer's 'global income', as outlined above. The income types are measured net of tax base deductions that are exclusively earned on these income types. Subsequently, the estimated fractions of the aggregate personal tax revenue that is raised on the selected income types depend on a proportional division of the personal income tax that is due on the 'global income' and the income tax due on 'distinct income' sources that are taxed separately. The resulting fractions are consequently applied to the sum of revenues from advance payments on earnings, advance payments of tax on self-employed persons and the amount of the final income tax assessment. The revenue from withholding tax on income from movable capital and real estate tax is not included in the above calculations; they are directly assigned to the capital income.

- *Denmark:* The split of the personal income tax was estimated by the Ministry of Taxation using a micro-simulation model that is based on a sample of micro (taxpayer-level) data. The model incorporates the information of withholdings/prepayments and final income tax returns. The model is updated annually, and used in planning the national tax policies and estimating policy alterations on tax revenues and on the income tax liabilities of taxpayers on different income levels. The model also covers other legislative areas, such as unemployment benefits, housing subsidies, social assistance and so on. The method basically multiplies individual tax payments by proportions of the income types in the total taxpayer's income, as outlined above. The income types are measured net of tax base deductions that are exclusively earned on these income types. By including net interest payments in the tax base of capital, for example, the ministry of taxation has taken into account the way the tax relief for mortgage interest payments and other interest payments on loans reduces the tax base of capital. This explains why the estimated part of capital income is lower than zero. The method takes into account that from 2001 onwards negative capital income can only be deducted in the municipal income tax and that from 1998 to 2001 the after tax value of the deduction for negative capital income was gradually eroded. As regards employed labour income, it should be recognised that in 1995 and 1999 wage income was taxed as follows: On the one hand the tax base for the municipal income tax and the lower limit central government tax was wage income less transport expenses and unemployment insurance contributions. On the other hand the tax base for the so-called mean limit and upper limit income tax was the part of the wage income - without any reduction for expenses - that exceeded a certain amount. If one reduces the tax base with deductible 'wage expenses', then the part of the mean limit and an upper limit income tax that is attributed to wage income is too small. Whereas if it is not taken into account the part of the municipal income tax and lower limit central government tax that is attributed to wage income is too big. The Ministry of Taxation has chosen the latter approach as it is believed that the bias will be the smallest in this case. The method in this edition treated differently the so-called share income (which is taxed separately) allocating it directly to the part on capital income.

- *Germany:* The split of the personal income tax was estimated by the Federal Ministry of Finance using a micro simulation model. This model is based on a representative sample of micro (taxpayer-level) tax return data that is used for tax forecasting purposes and pre-assessing the consequences of changes in income tax legislation. In addition, the model allows the assessment of the solidarity tax, child benefits, the church tax and social contributions. The simulation model incorporates the information on withholdings/prepayments and final income tax returns (in Germany, nearly every private household liable to income tax must file an income tax return, employees only paying wage withholding tax are also included in the sample). The calculations do not take into account child benefits and tax-free cash grants for acquiring or constructing new occupational dwellings, which are credited against the income tax liability. These transfers are deemed as separate transfers in the context of social policy programmes. Basically, personal income tax payments were multiplied by the selected income sources at the micro level, as outlined above. The income sources are measured net of tax base deductions that are exclusively earned on these income sources. Germany employs a comprehensive income tax base. There are no income-specific rates such as lower flat rates on income from capital investment as in countries with dual income tax systems, nor does Germany grant lower tax rates or tax credits on low wages. However, the tax base may be largely offset by income-specific allowances (such as the saving allowance), tax incentives or arrangements in computing income, but these effects are captured within the calculations, because the average effective tax rate is multiplied by the net taxable income sources.

- *France:* The decomposition of the PIT was based on a sample of around 500 000 tax declarations (2 % of the total). The method basically multiplies individual tax payments by proportions of the income types in the total taxpayer's income. The income types are measured net of tax base deductions that are exclusively earned on these income types. In addition, corrections were made for the revenue effects of tax credits that are exclusively earned on the selected income types (e.g. the reimbursable tax credit, the *prime pour l'emploi*, to encourage low-paid and low-skilled workers to resume active employment). It is worth noting that France employs a joint assessment of the taxable income in the household. For example, the principal earner in the household may earn labour income whereas the spouse receives social benefits, but the total amount of personal income is jointly assessed. In the calculations for the split of the personal income tax, however, in this case the same effective tax rate has been applied to the partners jointly assessed. For the period 2001-2004 data provided by French authorities also include taxes paid on transfers. For the period 1999-2000 this was only possible if the household income included salary or self-employed labour revenues. In order to maintain comparability and consistency in the time series the split for 1999 and 2000 has been adjusted. Assuming that the changes in the shares from 2000 to 2001 are only due to the introduction of the category 'transfers', the absolute changes for the other three categories have been calculated accordingly and deducted from the original values provided.

- *Ireland:* The split of the personal income tax was estimated by the Inland Revenue using an exhaustive data-set with micro (taxpayer-level) tax-return data. The data set covers all taxpayers for which a return was received. The method basically multiplies individual tax payments by proportions of the income types in the total taxpayer's income, as outlined above. However, because there are some taxable personal income components that are taxed at a flat rate only, there is no actual split of tax revenues raised on these particular income components. The tax raised on such components is directly calculated from the tax return data. At this stage, the income types are not yet measured net of tax base deductions that are exclusively earned on these income types. This could be done in future updates of the split of the personal income tax.

- *Latvia:* The split of the personal income tax was estimated by the Ministry of Finance. Latvia's calculations are greatly simplified by the existence of one single rate of personal income tax. The calculations were based on data from personal income tax returns, in accordance with the individual taxpayers' data. The summary of Salary declarations was used to calculate personal income tax revenue from employed labor income. Information on the personal income tax paid by the self-employed was derived from the Declaration of annual income and from the advance payment tax return. Information on tax on pension payments was obtained from the State Social Insurance Agency. The lack of any records of personal income capital taxation means that this amount was taken as the residual. A part of allowances (the non-taxable minimum and allowances for dependants) is applied at the moment of the tax calculation. The tax is collected, taking into account applicable allowances. Information on the applicable allowances is obtained from the tax returns. The other allowances are obtained only after submission of Declarations of annual income to the State Revenue Service. The total PIT revenue is already shown in net form i.e. the PIT repayments made by the State Revenue Service are already taken away.

- *Luxembourg*: The split of the personal income tax was estimated by the National Statistical Office using detailed revenue statistics from the national tax administration (ACD) based on exhaustive household tax returns (in Luxembourg PIT is based on family taxation) and on withholding revenues on employed labour and transfers. For the part on tax returns, the method basically multiplies individual tax payments by proportions of the income types in the total taxpayer's income, as outlined above. Then the withholding revenues were considered, because it is not mandatory to compile tax return if there is only employed labour or pension income. Since the distinction between withheld amounts raised on labour employed and pension income is not available, data from the social security organizations were used. When only the total amount withheld was available from a social security organization, the average rate of contribution was used as a proxy.

- *Malta:* The split of the personal income tax is based on the actual data available at the local tax authorities through the individual returns. When returning their annual declarations, all taxpayers are obliged to correctly indicate the exact source of their income on their individual tax form. This information is then captured at micro level, and is used to compile the figures submitted in the national PIT questionnaire. There is no further extrapolation on the data, except for the case of the withholding taxes on capital. Since the withholding tax is a flat percentage, this figure has been obtained based on the revenue generated from this particular source. The Maltese tax authorities are currently in the process of further improving their data reporting structure. Such further enhancement will eliminate the present need for aggregation. The availability of data in a detailed format which can be treated by adequate IT means reaches back to 1998, implying that the improvements currently under way will permit refining the estimates back until that date; before 1998 less accurate estimates will have to be produced by other means.

- *The Netherlands:* The split of the personal income tax was estimated by the Ministry of Finance using a micro-simulation model that is based on a sample with micro (taxpayer-level) data. The information is collected by Statistics Netherlands. The model is not updated annually, but annual projections are made for future years for planning the national tax policies and estimating policy alterations on tax revenues. It covers the combined tax burden of wage withholding tax, personal income tax, social contributions and wealth tax. The method basically multiplies individual tax payments by proportions of the income types in the total taxpayer's income, as outlined above. In the Netherlands, the lowest two income tax rates consist of personal income tax and social contributions; the highest two rates consist solely of personal income tax. The split has therefore been computed for both personal income tax and social contributions (which are in principle levied on all taxable personal income types). The income types are measured net of tax base deductions that are exclusively earned on these income types. A special provision applies to the capital income of owner-occupied property. This is taxed at a notional rental value, which represents the balance of revenue and expenses connected with the use of the dwelling, and is assessed using statutory tables. As normal expenses are included in the notional rental value, no expenses other than mortgage interest and ground rent may be deducted. The deduction for mortgage interest payments explains why the estimated part of capital income is lower than zero for some years. A major tax reform was implemented in January 2001. Among a number of other important changes, this reform replaced the wealth tax and personal income taxation of interest, dividend and other capital income by a single tax on the imputed income from wealth. A 4 % yield imputed on all assets is now taxed at a flat rate of 30 %, which basically implies a 1.2 % tax rate on the total wealth. The tax reform also replaced the basic employed person's tax base allowance by a non-refundable tax credit for all employees and self-employed persons. Both measures are reflected in the estimates for 2001.

- *Poland:* The split of the personal income tax was estimated by the Ministry of Finance. Poland has a progressive tax system, hence the estimate is obtained with a bottom-up methodology, starting from taxpayer-level data and the aggregating the results. For taxes levied as lump-sums the method used simply multiplies the individual tax due by proportions of the income types in total taxpayer's income. The income types are measured net of estimated social security contributions. Adjustments were made for married couples' tax returns (their joint income was used in the calculations).Owing to an important reform in 1999, which introduced tax-deductible health insurance contributions, there are two different methodologies for the years 1995-1998 and 1999-2004. For the years after 1999, the Ministry of Finance arrives at the PIT due by subtracting the amounts due as health insurance contributions from the total revenue and the residual then represents the amount due for the PIT. The amounts due for the health insurance contributions are then split across economic functions and re-introduced in the PIT split so that the final PIT split given is homogeneous across the entire time period.

- *Finland:* The split of the personal income tax was estimated by the Ministry of Finance using a micro-simulation model that is based on a sample of micro (taxpayer-level) data. The information is collected by Statistics Finland. The model is updated annually, and used in planning the national tax policies and estimating policy alterations on tax revenues and on the income tax liabilities of taxpayers on different income levels. The method basically multiplies individual tax payments by proportions of the income types in the total taxpayer's income, as outlined above. However, because of the dual income tax system, there is no actual split of tax revenues raised on capital income. The tax raised on capital income is directly calculated from the tax return data. The income types are measured net of tax base deductions that are exclusively earned on these income types. The statistical information on dividend income in the model contains both dividend income of the self-employed that is treated as the capital part of the income, and the dividend income from investors, that is not income from self-employed labour but capital income from for example owning shares in a listed company. The statistical information is split into dividend income from self-employment and dividend income from saving and investments using an estimate. From year 2002 the method of splitting dividend income between dividends from listed companies and the dividends of the self-employed owners has been improved. Mortgage interest payments are not deducted from the capital income, since no rental value taxation of income from home-ownership is applied.

- *Sweden:* The split of the personal income tax was estimated by the Ministry of Finance using micro-simulation models that are mainly based on administrative sample data. The models are updated annually, and mainly used in planning the national tax policies and estimating policy alterations on tax revenues and on the income tax liabilities of taxpayers on different income levels. The method basically multiplies individual tax payments by proportions of the income types in the total taxpayer's income, as outlined above. However, because of the dual income tax system, there is no actual split of tax revenues raised on capital income. The tax raised on capital income is directly calculated from the tax return data. The income types are measured net of tax base deductions that are exclusively earned on these income types. An alternative way to describe the method is to say that the individual specific average effective income tax rate is calculated to split the personal income tax across different taxable income sources. Note, however, that these average effective tax rates are computed while incorporating the revenue effects of tax credits that are exclusively earned on the selected income sources. The revenue effects of general tax credits for all taxpayers are proportionally allocated across all selected income sources.

- *Slovenia*: The split of the personal income tax was estimated by the Ministry of Finance. The calculations were based on data sets for individual taxpayers, except in the case of pensions. As most of the PIT from pensions is only accounted for but not collected the PIT from pensions is subtracted. Actual PIT collected from pensions is very close to prepayment of PIT from pensions during the year. Therefore these prepayments are added to PIT from Transfer and pensions category. The method multiplies PIT payments by fractions of net taxable income sources (as % of total tax base) at the level of individual taxpayers. The allowances were deducted at the individual level (except in the case of pensions).

- *Norway:* The split of the personal income tax was estimated by the Ministry of Finance using a micro-simulation model called LOTTE. The model is based on the Income and Property Survey for households, collected by Statistics Norway. The personal income tax system has two tax bases: personal income, from which no deduction may be made and ordinary income. Ordinary income includes all types of taxable income from labour, transfers, business and capital. Certain costs and expenses, including interest paid on debt, are deductible in the computation of ordinary income. Dividends are regarded solely as capital income in the calculations. With the exception of the standard allowance, the basic allowance and the allowance for gifts to voluntary organizations, all allowances are entirely allocated to one income source. The basic allowance is calculated as a certain percentage of wage and pension income with a lower and upper limit. In the calculations, the basic allowance is divided according to the size of wage and pension income, respectively, for each individual. Some basic allowance is reported separately for spouse supplementary pensions, child alimonies and pensions. These are allocated to transfer income. The allowance for gifts to voluntary organizations is a general allowance and is as such divided on all income sources. Furthermore, imputed income from owner occupied dwellings from the tax returns is added to capital income. The SC and the central government income surtax are separated between the relevant income sources (labour, self-employed and transfer). The labour and transfer component in gross income is identified by the LOTTE-model. Self-employed income is more difficult to identify because of some special limitation rules for this category of income included in the personal income tax base. Actual self-employed income might therefore be higher than the taxable self-employed income included in the gross personal income tax base. However, by hooking the LOTTE model to total gross personal income reported in the tax statistics, it is possible to identify the self-employed income in the tax base (by subtracting labour and transfer income from total gross personal income).

Box 18 Micro vs. Macro-data approach[26]

To illustrate the properties of the 'micro-data approach', consider an economy with only two taxpayers (j=1.2). One can model taxpayer 1's personal income tax liability as follows:

$$PIT_1 = t(W_1 - DW_1 + O_1 - DO_1 - A_1) - C_1 - CW_1 - CO_1$$

where t(·) denotes a progressive tax rate function, W measures gross income from labour, O measures 'other' gross taxable income, DW measures deductible expenses incurred in earnings and maintaining labour income, DO measures deductible expenses incurred in earnings and maintaining 'other' taxable income, A measures a personal basic tax-base allowance (depending on tax filing status), C measures a basic tax credit (may also depend on tax filing status), CW measures a tax credit earned on labour income and CO measures a tax credit earned on 'other' taxable income. The portion of taxpayer 1's income tax linked to labour income can be estimated as:

$$PIT(labour)_1 = \tau_1.(W_1 - DW_1)$$

with the amount raised on 'other' taxable income given by:

$$PIT(other)_1 = \tau_1.(O_1 - DO_1)$$

where τ_1 measures the taxpayer's 1 average effective tax rate on the aggregate of labour and 'other' taxable income:

$$\tau_1 = {PIT_1} \big/ {(W_1 - DW_1 + O_1 - DO_1)}$$

- This effective income tax rate, which is an increasing function of the progressive tax rate schedule, t(·), and a decreasing function of the tax base allowances, deductions and tax liability credits, reflects taxpayer 1's position. In fact, the average effective tax rate for taxpayer 1 will differ from that of taxpayer 2 to the extent that:
- Taxpayer 1 and taxpayer 2 have the same amount of aggregate taxable income, but different amounts of labour and 'other' taxable income, and the tax system treats these two types of income differently, for example, by way of special tax credits earned on labour income or 'other' taxable income;
- Taxpayer 1 and taxpayer 2 have different levels of total taxable income, and the personal income tax is progressive.
- In contrast to the micro-data approach, when relying on macro data, the notional personal income tax allocation and the measurement of the effective tax rate must rely on a single average effective tax rate estimate only, computed both across all income sources and all taxpayers. By applying this single effective tax rate to estimate the notional amount of taxes raised on the different income sources, one would omit important taxpayer- and tax treatment variation that are implicitly caught in the micro data.

[26] See also Clark (2002).

Box 18 Continued

- In order to illustrate the degree of precision that can be reached with using micro rather than macro data, the Netherlands, Finland, Denmark and Italy have made additional calculations on the basis of only aggregate tax return data for some years. It appears that the differences for the estimated amounts of personal income tax raised on labour income were rather small. The reason is that labour income is by far the most important taxable personal income source, which means that the overall effective income tax rate (measured on the basis of the aggregate taxable income across all taxpayers) is strongly influenced by the average effective tax rate on labour income. The differences are however significant for the other taxable personal income types. If only aggregate data would be used, generally higher fractions would be computed for capital income and social transfer and pension income, and generally lower fractions would be computed for income from unincorporated businesses.

(B) Approach using both micro- and aggregate tax receipts data

The method employed in the United Kingdom is based on combining micro and aggregate tax record data. Also, unlike the methods outlined above, the method does not assume that the individual taxpayer has the same average effective income tax rate over all income sources. Instead, income source specific tax rates are multiplied by the selected income sources at the taxpayer level.

- *United Kingdom*: The split of the personal income tax was estimated by the Inland Revenue using a micro simulation model and aggregate tax receipt data. The micro simulation model incorporates the information of withholding taxes (PAYE), self-assessment tax returns and claims by non-taxpayers for overpaid tax deducted at sources. The method does not assume that the individual taxpayer has the same average income tax rate over all selected income sources. Instead, income-source specific tax rates are computed, because the personal income tax law prioritises the order of different types of income. For example, labour income is at the bottom of the taxable income and dividend income is treated as the top-slice of the taxable income. The total tax liability that results from the micro simulation model, grossed up to the total taxpayer population for sampling, does not exactly correspond to the total recorded tax receipts from macro tax receipt data, due to differences in definition and sampling error. The main differences between the micro and macro tax receipt data occur because some components (i.e., company income tax and unallocated tax receipts) are not modelled. Also, there are various repayments of personal income tax which are made directly at source and are not captured in the model data, including payments to pension funds, charities, special savings schemes, life insurance relief, mortgage interest relief at source, working family tax credits and vocational training relief. These elements of the macro tax receipt data have also been allocated across the selected income types, whenever this was possible.

(C) Approach using tax-return data aggregated at the level of income classes or tax brackets

In some Member States tax return data is used that is aggregated at the level of a number of income classes or tax brackets. Basically, the recorded personal income tax payments are multiplied by the selected income types over the sum of the taxable personal income sources at the level of income classes or tax brackets. This approach thus implicitly assumes that a (common) average effective tax rate applies to all selected income types at the level of the income class. The corresponding estimates are consequently aggregated to obtain the estimate of the split of the personal income tax. Calculations by Italy have shown that differences from using either macro tax return data or micro data aggregated by income classes turn out to be significant for the taxable personal income types that are less important from a quantitative point of view. Although the method cannot provide the degree of accuracy of micro (taxpayer-level) data, it is believed that is likely to capture the effects of progression of the personal income tax system and the distribution of income sources across different groups of taxpayers.

- *Cyprus*: The split of the personal income tax was estimated by the Ministry of Finance. The calculations were based on tax assessment data, which were grouped by category of income and by tax bracket into 26 income classes. The recorded personal income tax payments are multiplied by the taxable income sources for each class and then divided by the aggregate taxable income of the class. The income types are measured as net taxable personal incomes. All deductions have been allocated to the correct base class and category for the purposes of the split. The personal allowances have been allocated in proportion to the income sources.

- *Greece*: The split of the personal income tax was estimated by the Ministry of Finance in cooperation with the National Statistical Service and Prof. Geogakopoulos from the Athens University of Economics. The calculations were based on data from personal income tax returns, which were grouped by category of income and tax bracket. Basically, the method multiplies tax payments by proportions of the income types in the total taxpayer's income, as outlined above, but aggregated at the level of income classes. The income types are measured as net taxable personal incomes. In order to split between income from employed labour and transfers data from the General Secretariat of Information Systems were used. The final percentages are comprehensive of tax on savings, which is included in category d51a in addition to tax revenue from personal income tax; the total amount of this category constitutes tax on capital and, given that this tax is not calculated on the total income of households, it was added to income tax from capital in the calculations.

- *Lithuania*: The split of the personal income tax was estimated by the Ministry of Finance utilising data from the State Tax Inspectorate. Data coverage is very high (99.9 % to 100 % of actual payments by the different revenue group of personal income tax). Lithuania's calculations are simplified by the existence of a dual rate system for earned and unearned income. The categorisation of income taxes allowed most elements to be allocated to their economic functions without need for further individual or income class breakdowns. The split of personal income tax calculation breaks down the total amount of the tax refund across the various revenue groups. Payments from non-employment related or n.e.c. income were attributed to the payments from capital and income from individual activities, in proportion to the interrelation between respective income calculated according to tax return data. Adaptations to the methodology were done from 2002 to 2003 as a result of changes in the legislation which allowed deductions for life insurance and pension contributions and for certain interest payments. Note for the year 1999 data limitations required a special estimate which was based on a different methodology.

- *Spain:* The split of the personal income tax was estimated by the Ministry of Finance using tax return data aggregated in 46 income classes or intervals of the taxable base. For each individual taxpayer, the final income tax liability of the annual declaration can be obtained as the function of the taxable personal income types, certain tax allowances in the taxable base, a double tax schedule, their allotment between the regular taxable base and the irregular one (for incomes or capital gains realised in more than one year) and a series of tax credits to the tax liability. Following this structure and certain procedures specified for the assignment of deductions to certain income sources, it is supposed that the tax liability corresponding to the regular part of the taxable base is distributed among the income types in a proportional way to the weight of each one in the total amount of the declared income, as outlined above. The personal income tax reform of 1999 has changed the structure of the tax system. The method has been adapted to take account of the most important changes. The fraction of the personal income tax raised in respect of social transfers and pension benefits could not be estimated by using the personal income tax statistics. The Ministry of Finance used statistics from the national accounts for this purpose. It is however believed that using national accounts figures leads to an overestimation of the fraction of personal income tax that can be attributed to social transfers and pension benefits. The social transfers in national accounts also include some social transfers which are not taxed. Furthermore, the amount of some social transfers is probably situated below the income tax threshold, and therefore, may not be included in the personal income tax returns. A much more detailed (technical) description of the method employed by the Ministry of Finance is available upon request.

- *Italy*: The split of the personal income tax was estimated by the Ministry of Finance using a micro data set containing IRPEF tax return data for all taxpayers. Instead of computing an average tax rate for each individual taxpayer, the information was allocated to thirty-five classes of gross income. Basically, the recorded personal income tax payments were multiplied by the selected net taxable income sources over the sum of the net taxable income sources at the income class level. The income types are measured net of tax base deductions that are exclusively earned on these income types. In addition, corrections were made for the revenue effects of tax credits that are exclusively earned on the selected income types. In addition to the recorded IRPEF tax revenues, IRPEF payments received by the treasury on denominations other than IRPEF were incorporated in the calculations. These include tax on dividend distributions and dividend withholdings, which were directly allocated to the capital income category.

  Taxes and social contributions paid by the self-employed are allocated to the capital and business income category[27]. 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.

[27] Except the income and taxes of 'continuous and co-ordinated collaborations' that are allocated to the labour category. The income of these self-employed workers is treated, for tax purposes, as income of employed workers.

Method Italy:	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
C. Structure according to economic function as % of GDP										
Labour	21.0	22.6	23.5	23.6	23.3	22.8	23.0	23.1	23.3	23.1
Employed	16.2	17.8	18.6	18.4	18.1	17.6	17.8	18.0	18.3	18.1
Paid by employers	8.5	10.1	10.7	10.4	9.9	9.8	9.9	10.1	10.3	10.2
Paid by employees	7.7	7.7	7.9	8.0	8.2	7.8	7.9	7.9	7.9	7.9
Self-employed (80% incl. scc)	2.9	2.8	2.9	3.0	3.1	3.1	3.0	3.0	3.3	3.3
Non-employed	1.9	1.9	2.0	2.2	2.1	2.0	2.2	2.1	1.7	1.7
Capital	8.9	9.3	10.0	8.3	8.4	8.2	8.2	7.8	7.8	7.4
Capital and business income	4.9	5.6	6.1	4.9	5.3	5.5	5.7	4.9	5.2	4.7
Income of corporations	2.8	3.3	3.7	2.8	3.3	2.9	3.6	3.1	3.5	3.1
Income of households	1.8	2.0	2.1	1.7	1.6	2.1	1.6	1.4	1.2	1.1
Income of self-employed (20%)	0.3	0.3	0.3	0.4	0.5	0.4	0.4	0.4	0.5	0.5
Stocks (wealth) of capital	4.0	3.7	3.9	3.4	3.0	2.7	2.5	2.8	2.6	2.7
D. Implicit tax rates										
Labour employed	36.6	39.5	41.0	41.5	41.3	41.0	40.8	40.9	41.5	42.3
Capital	26.2	26.6	30.9	26.7	28.4	27.4	27.0	27.2	28.4	27.5
Capital and business income	14.5	16.1	19.0	15.8	18.1	18.4	18.8	17.3	18.9	17.4
Corporations	14.0	16.1	18.5	13.6	16.6	14.6	17.3	15.6	18.6	16.9
Households and self-employed	8.3	8.9	10.1	9.6	9.7	11.9	9.8	9.1	8.6	8.1

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 the final personal income tax by assessment.

- *Austria*: The split of the personal income tax was estimated by the Ministry of Finance using statistical information from the wage withholding tax and the final income tax by assessment. Taxes raised on income from employed labour are withheld by the employer at source, and the wage tax system is designed to approximate the final personal income tax as closely as possible, but in some cases certain repayments have to be made by the tax administration. This can for example occur if the taxpayer receives income from several jobs or pensions during one year, or if there are different payments per month or deductions for special expenses etc. As these repayments concern only wage taxpayers, the total net amount of the repayments was deducted from the total recorded wage tax, and the recorded income tax was adjusted accordingly. Also, the income from employment includes income in the form of social transfers and pension benefits received. The recorded revenue of the wage tax was also corrected for the relevant amount to arrive at the fraction of income tax levied on labour income. The revenue of the personal income tax by assessment largely reflects entrepreneurial income and income from capital. The (corrected) recorded revenue from the personal income was split between the two sources, using tax-return data aggregated at the level of a number of income classes as outlined above.

- *Czech Republic:* The split of the personal income tax was estimated by the Ministry of Finance. Three PIT accounts exist; the first, wage tax withheld by the employer is purely labour, the second, withholding tax, is presumed to be purely capital, and the tax paid per tax return was split. The calculations were based on data from personal income tax returns, which were grouped by category of income and by tax bracket into 20 classes. The method multiplies tax payments by proportions of the income types in the total taxpayer's income, aggregated at the level of income classes. The income types are measured as net taxable personal incomes. In calculating the split between income from employed labour and transfers, it was found that almost all the transfers were tax exempt (0.001 % of the total PIT revenue) so all were allocated to employed labour. All deductions have been allocated to the correct base class and category for the purposes of the split.

- *Hungary:* The split of the personal income tax was estimated by the Ministry of Finance using aggregate statistical information from individual personal income tax returns and the declarations of enterprises on withholding tax. The share of the personal income tax on labour is related to the total revenue from the personal income tax by deduction of shares pertaining to capital and to self-employed income together with a weighted proportion of the tax credits from the latter.

- *Estonia:* The split of the personal income tax was estimated by the Ministry of Finance using micro-level data from the income tax returns and withholding tax statistics. Different approaches were used for determining the PIT splits depending on data availability. Thanks to the very good quality and detail of the data for 2004, the split for this year is the most thorough. Firstly withholding tax returns were used to derive the split in the case of resident natural persons who didn't submit the 2004 income tax return. As in the case of withholding tax returns the income is already divided between 19 different income categories, the data was grouped between income from labor, capital and transfers. Secondly withholding tax returns, where payments to non-resident natural persons are declared and divided into 11 different income sources, were used and the PIT split obtained. In both cases the allowed deductions are taken into account finding the PIT split. In the third step, based on the income tax returns, firstly PIT from self-employed labor was estimated. As from 2004 the increased basic exemption in event of pension is declared on the income tax return, it was assumed that only resident natural persons who are entitled to pension declare it and would be able to use this deduction. In the case of other income sources, *id est* income from Estonia, gains from transfer of property, other income and income from abroad, all the deductions (including basic tax allowance) were allocated proportionally over the income sources, except the special deduction for self-employed persons in agriculture, which was allocated to their income. The split for the years 2001-2003 was made based on withholding tax returns on non-resident natural persons and on income tax returns. The estimates concerning 1996-2000 were made based solely on the income tax returns data.

- *Portugal*: The split of the personal income tax was estimated by the Ministry of Finance using information from personal income tax returns except for the amount of tax raised on capital income, which was estimated using information of both withholding taxes and personal income tax returns. The estimates are based on three data-sets: (1) aggregate net taxable incomes by category of income; (2) tax liabilities by category of income or groups of categories, depending on the type of tax returns. Some households only earn income from one category of income (e.g. income from labour), and so the tax liability is directly imputable to that category but other households simultaneously earn income from more than one category (e.g. income from labour and income from self-employed labour); (3) aggregate data from withholding tax returns relating to incomes subject to a final withholding tax, which, in general, are not reported in tax returns (e.g. interest on bank deposits). The split of the personal income tax was estimated according to the following procedure. As the first step, the tax liability of households with one source of taxable personal income was directly allocated. As the second step, from the aggregates of the net taxable incomes by category of income the net taxable incomes of households with one source of income were subtracted. Third, the aggregate tax liability of households which earn more than income was split. This split was made in proportion to the aggregate taxable incomes for each category that resulted from the second step. In this step it was thus assumed that all categories of income are subject to a common average effective tax rate. Finally, the revenue from the final withholding tax was added to the relevant categories. It should be noted that this assumes that none of the incomes subject to a final withholding tax is reported in the tax return and so could result in double counting. However, in practice, it is believed that the amounts concerned are not of great magnitude.

Estimates of the split of personal income tax

The following tables present the resulting estimates for the split of the personal income tax. Looking at the estimates, there are some noticeable differences, in particular for the income tax allocated to capital and social transfer and pensions benefits. By including net interest payments in the tax base of capital, for example, some Member States (e.g. Denmark and the Netherlands) have taken into account the way the tax relief for mortgage interest payments and other interest payments on loans effectively reduces the tax base of capital. This explains why the estimated fraction for personal income tax raised on capital income is sometimes relatively low (or even negative) for a number of Member States. In some Member States such deductions are less significant or non-existent, while others were unable to take the revenue effects of such specific tax base deductions yet into account. Also, some Member States were unable to estimate the amount of personal income tax on (taxable) social transfers, while others could not distinguish (between different types of) pension benefits. Inevitably this may have had some consequences for the implicit tax rates on labour and capital. The estimates for the amount of personal income tax allocated to capital income and social transfers and pensions would benefit from future work. What is furthermore noteworthy from the table is the fact that the personal income tax revenue allocated to (employed) labour income appears to be relatively low in Greece, Spain and Italy.

Table E.1-4: Estimates for the split of the personal income tax
1995-2004, in % of total revenue of personal income tax

E.1: Personal income tax revenue allocated to employed labour income[1)]

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
BE	**0.749**	**0.741**	**0.747**	**0.740**	**0.744**	**0.750**	**0.752**	**0.753**	**0.723**	*0.723*
CZ	*0.797*	*0.797*	*0.797*	*0.797*	*0.797*	*0.797*	**0.797**	**0.808**	**0.809**	*0.809*
DK	**0.724**	**0.728**	**0.738**	**0.725**	**0.728**	**0.755**	**0.758**	**0.755**	**0.745**	**0.733**
DE	**0.757**	**0.729**	**0.734**	**0.724**	**0.704**	**0.736**	**0.752**	**0.763**	**0.758**	**0.743**
EE	*0.963*	**0.963**	**0.940**	**0.949**	**0.938**	**0.928**	**0.926**	**0.913**	**0.907**	**0.911**
GR	**0.473**	**0.484**	**0.497**	**0.484**	**0.498**	**0.495**	**0.494**	**0.487**	**0.487**	**0.507**
ES	**0.527**	**0.535**	**0.544**	**0.545**	**0.536**	**0.546**	**0.557**	**0.558**	**0.564**	*0.564*
FR	*0.603*	*0.603*	*0.603*	*0.603*	**0.603**	**0.583**	**0.603**	**0.593**	**0.593**	**0.593**
IE	**0.843**	**0.842**	**0.840**	**0.830**	**0.842**	**0.833**	**0.817**	**0.811**	*0.811*	*0.811*
IT	**0.589**	*0.578*	*0.567*	**0.556**	**0.564**	**0.555**	**0.553**	**0.561**	**0.570**	*0.570*
CY	*0.891*	*0.891*	*0.891*	*0.891*	*0.891*	*0.891*	**0.891**	**0.915**	*0.915*	*0.915*
LV	*0.995*	*0.993*	*0.992*	*0.989*	**0.975**	**0.953**	**0.965**	**0.944**	**0.964**	**0.961**
LT	*0.917*	*0.917*	*0.917*	*0.917*	**0.917**	**0.908**	*0.908*	**0.900**	**0.912**	**0.913**
LU	*0.695*	**0.695**	**0.687**	**0.696**	**0.716**	**0.736**	**0.745**	**0.736**	**0.724**	*0.724*
HU	*0.810*	*0.810*	*0.810*	*0.810*	*0.810*	*0.810*	*0.810*	**0.810**	**0.815**	*0.815*
MT	*0.693*	*0.693*	*0.693*	**0.693**	**0.697**	**0.696**	**0.699**	**0.701**	**0.697**	*0.697*
NL	**0.655**	*0.651*	**0.647**	*0.659*	*0.670*	**0.682**	**0.643**	*0.643*	*0.643*	*0.643*
AT	**0.630**	**0.605**	**0.624**	**0.622**	**0.625**	**0.629**	**0.595**	**0.620**	**0.621**	**0.613**
PL	**0.488**	**0.520**	**0.517**	**0.510**	**0.525**	**0.526**	**0.530**	**0.519**	**0.509**	**0.530**
PT	*0.631*	*0.631*	*0.631*	**0.631**	**0.651**	**0.648**	**0.635**	**0.641**	**0.635**	-
SI	**0.894**	**0.889**	**0.891**	**0.893**	**0.889**	**0.902**	**0.907**	**0.904**	*0.904*	*0.904*
SK	-	-	-	-	-	*0.680*	**0.680**	**0.830**	*0.830*	-
FI	**0.661**	**0.676**	**0.673**	**0.686**	**0.683**	**0.679**	**0.712**	**0.706**	**0.703**	*0.703*
SE	**0.663**	**0.657**	**0.655**	**0.661**	**0.642**	**0.634**	**0.671**	**0.676**	**0.664**	*0.664*
UK	**0.764**	**0.755**	**0.746**	**0.743**	**0.735**	**0.743**	**0.739**	**0.736**	**0.726**	**0.723**
NO	**0.743**	**0.742**	**0.746**	**0.754**	**0.752**	**0.738**	**0.741**	**0.754**	**0.763**	-

1) The numbers printed in **bold** are the actual estimates; the numbers printed in *italics* represents either linear interpolations or fractions that were assumed to remain constant

Source: Commission services on the basis of estimates by Member States

E.2: Personal income tax revenue allocated to income of the self-employed[1)]

	1995	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**
BE	**0.127**	**0.130**	**0.122**	**0.129**	**0.132**	**0.129**	**0.126**	**0.122**	**0.120**	*0.120*
CZ	*0.165*	*0.165*	*0.165*	*0.165*	*0.165*	*0.165*	**0.165**	**0.160**	**0.159**	*0.159*
DK	**0.253**	**0.253**	**0.239**	**0.232**	**0.223**	**0.218**	**0.215**	**0.221**	**0.232**	**0.238**
DE	**0.190**	**0.221**	**0.214**	**0.224**	**0.242**	**0.213**	**0.201**	**0.192**	**0.198**	**0.212**
EE	*0.013*	**0.013**	**0.032**	**0.016**	**0.014**	**0.025**	**0.021**	**0.031**	**0.038**	**0.024**
GR	**0.279**	**0.265**	**0.245**	**0.259**	**0.238**	**0.245**	**0.242**	**0.248**	**0.248**	**0.232**
ES	**0.152**	**0.144**	**0.148**	**0.145**	**0.146**	**0.134**	**0.130**	**0.131**	**0.126**	*0.126*
FR	*0.159*	*0.159*	*0.159*	*0.159*	**0.159**	**0.179**	**0.174**	**0.169**	**0.169**	**0.168**
IE	**0.109**	**0.108**	**0.109**	**0.112**	**0.111**	**0.111**	**0.119**	**0.133**	*0.133*	*0.133*
IT	**0.162**	*0.169*	*0.175*	**0.182**	**0.186**	**0.188**	**0.183**	**0.174**	**0.207**	*0.207*
CY	*0.033*	*0.033*	*0.033*	*0.033*	*0.033*	*0.033*	**0.033**	**0.051**	*0.051*	*0.051*
LV	*0.002*	*0.002*	*0.002*	*0.002*	*0.002*	*0.002*	**0.002**	**0.002**	**0.002**	**0.003**
LT	*0.062*	*0.062*	*0.062*	*0.062*	**0.062**	**0.067**	*0.067*	**0.041**	**0.027**	**0.014**
LU	*0.121*	**0.121**	**0.116**	**0.133**	**0.102**	**0.106**	**0.121**	**0.145**	**0.159**	*0.159*
HU	*0.019*	*0.019*	*0.019*	*0.019*	*0.019*	*0.019*	*0.019*	**0.019**	**0.016**	*0.016*
MT	*0.091*	*0.091*	*0.091*	**0.091**	**0.086**	**0.088**	**0.084**	**0.085**	**0.085**	*0.085*
NL	**0.185**	*0.196*	**0.207**	*0.216*	*0.225*	**0.234**	**0.234**	*0.234*	*0.234*	*0.234*
AT	**0.175**	**0.194**	**0.175**	**0.178**	**0.172**	**0.170**	**0.205**	**0.170**	**0.163**	**0.172**
PL	**0.224**	**0.185**	**0.223**	**0.232**	**0.288**	**0.265**	**0.263**	**0.254**	**0.256**	**0.246**
PT	*0.093*	*0.093*	*0.093*	**0.093**	**0.096**	**0.092**	**0.106**	**0.091**	**0.087**	-
SI	**0.057**	**0.058**	**0.055**	**0.051**	**0.057**	**0.049**	**0.046**	**0.048**	*0.048*	*0.048*
SK	-	-	-	-	-	*0.085*	**0.085**	**0.114**	*0.114*	-
FI	**0.082**	**0.074**	**0.079**	**0.075**	**0.074**	**0.074**	**0.075**	**0.082**	**0.081**	*0.081*
SE	**0.022**	**0.025**	**0.025**	**0.025**	**0.026**	**0.027**	**0.028**	**0.027**	*0.026*	*0.026*
UK	**0.121**	**0.122**	**0.126**	**0.120**	**0.122**	**0.119**	**0.124**	**0.127**	**0.129**	**0.127**
NO	**0.105**	**0.094**	**0.095**	**0.095**	**0.085**	**0.089**	**0.090**	**0.091**	**0.082**	-

1) The numbers printed in **bold** are the actual estimates; the numbers printed in *italics* represents either linear interpolations or fractions that were assumed to remain constant

Source: Commission services on the basis of estimates by Member States

E.3: Personal income tax revenue allocated to capital income[1)]

	1995	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**
BE	**-0.016**	**-0.016**	**-0.017**	**-0.016**	**-0.017**	**-0.016**	**-0.018**	**-0.017**	**0.019**	*0.019*
CZ	*0.038*	*0.038*	*0.038*	*0.038*	*0.038*	*0.038*	**0.038**	**0.032**	**0.031**	*0.031*
DK	**-0.034**	**-0.037**	**-0.031**	**-0.018**	**-0.014**	**-0.028**	**-0.033**	**-0.028**	**-0.030**	**-0.025**
DE	**0.019**	**0.023**	**0.023**	**0.025**	**0.026**	**0.026**	**0.023**	**0.022**	**0.023**	**0.026**
EE	*0.002*	**0.002**	**0.002**	**0.002**	**0.028**	**0.028**	**0.030**	**0.030**	**0.032**	**0.046**
GR	**0.114**	**0.115**	**0.117**	**0.120**	**0.124**	**0.121**	**0.121**	**0.123**	**0.123**	**0.120**
ES	**0.108**	**0.105**	**0.097**	**0.107**	**0.123**	**0.125**	**0.116**	**0.109**	**0.109**	*0.109*
FR	*0.070*	*0.070*	*0.070*	*0.070*	**0.070**	**0.070**	**0.055**	**0.070**	**0.070**	**0.066**
IE	**0.033**	**0.035**	**0.038**	**0.045**	**0.038**	**0.046**	**0.055**	**0.048**	*0.048*	*0.048*
IT	**0.048**	*0.049*	*0.049*	**0.050**	**0.057**	**0.059**	**0.054**	**0.055**	**0.052**	*0.052*
CY	*0.007*	*0.007*	*0.007*	*0.007*	*0.007*	*0.007*	**0.007**	**0.009**	*0.009*	*0.009*
LV	*0.003*	*0.004*	*0.004*	*0.005*	*0.008*	*0.029*	*0.018*	*0.037*	*0.018*	*0.020*
LT	*0.016*	*0.016*	*0.016*	*0.016*	**0.016**	**0.019**	*0.019*	**0.037**	**0.035**	**0.049**
LU	*0.057*	**0.057**	**0.061**	**0.055**	**0.067**	**0.049**	**0.038**	**0.026**	**0.015**	*0.015*
HU	*0.091*	*0.091*	*0.091*	*0.091*	*0.091*	*0.091*	*0.091*	**0.091**	**0.090**	*0.090*
MT	*0.086*	*0.086*	*0.086*	**0.086**	**0.079**	**0.076**	**0.077**	**0.073**	**0.078**	*0.078*
NL	**-0.008**	*-0.008*	**-0.008**	*-0.028*	*-0.048*	**-0.068**	**0.009**	*0.009*	*0.009*	*0.009*
AT	**0.023**	**0.026**	**0.023**	**0.023**	**0.021**	**0.019**	**0.022**	**0.019**	**0.018**	**0.019**
PL	**0.283**	**0.288**	**0.254**	**0.249**	**0.169**	**0.168**	**0.177**	**0.174**	**0.177**	**0.181**
PT	*0.189*	*0.189*	*0.189*	**0.189**	**0.161**	**0.165**	**0.156**	**0.154**	**0.154**	-
SI	**0.016**	**0.020**	**0.020**	**0.019**	**0.019**	**0.017**	**0.017**	**0.020**	*0.020*	*0.020*
SK	-	-	-	-	-	*0.235*	**0.235**	**0.055**	*0.055*	-
FI	**0.024**	**0.029**	**0.041**	**0.047**	**0.063**	**0.075**	**0.060**	**0.037**	**0.038**	*0.038*
SE	**-0.015**	**0.010**	**0.025**	**0.026**	**0.056**	**0.078**	**0.032**	**0.017**	*0.017*	*0.017*
UK	**0.100**	**0.107**	**0.112**	**0.121**	**0.128**	**0.124**	**0.122**	**0.121**	**0.128**	**0.133**
NO	**0.061**	**0.070**	**0.066**	**0.051**	**0.062**	**0.075**	**0.070**	**0.061**	**0.058**	-

1) The numbers printed in **bold** are the actual estimates; the numbers printed in *italics* represents either linear interpolations or fractions that were assumed to remain constant

Source: Commission services on the basis of estimates by Member States

E.4: Personal income tax revenue allocated to social transfers and pensions[1)]

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
BE	**0.140**	**0.145**	**0.147**	**0.147**	**0.141**	**0.138**	**0.140**	**0.142**	**0.139**	*0.139*
CZ	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	**0.000**	**0.000**	**0.000**	*0.000*
DK	**0.057**	**0.056**	**0.054**	**0.061**	**0.063**	**0.055**	**0.060**	**0.052**	**0.052**	**0.054**
DE	**0.033**	**0.027**	**0.029**	**0.027**	**0.028**	**0.025**	**0.024**	**0.023**	**0.021**	**0.019**
EE	*0.022*	**0.022**	**0.025**	**0.033**	**0.021**	**0.020**	**0.023**	**0.026**	**0.023**	**0.019**
GR	**0.133**	**0.137**	**0.140**	**0.137**	**0.140**	**0.140**	**0.143**	**0.142**	**0.142**	**0.141**
ES	**0.213**	**0.216**	**0.211**	**0.203**	**0.195**	**0.194**	**0.196**	**0.203**	**0.201**	*0.201*
FR	*0.168*	*0.168*	*0.168*	*0.168*	**0.168**	**0.168**	**0.168**	**0.168**	**0.168**	**0.173**
IE	**0.015**	**0.015**	**0.013**	**0.012**	**0.010**	**0.010**	**0.008**	**0.008**	*0.008*	*0.008*
IT	**0.201**	*0.205*	*0.208*	**0.212**	**0.194**	**0.198**	**0.210**	**0.209**	**0.171**	*0.171*
CY	*0.069*	*0.069*	*0.069*	*0.069*	*0.069*	*0.069*	**0.069**	**0.025**	*0.025*	*0.025*
LV	**0.000**	**0.000**	**0.001**	**0.004**	**0.015**	**0.015**	**0.015**	**0.016**	**0.016**	**0.016**
LT	*0.005*	*0.005*	*0.005*	*0.005*	**0.005**	**0.006**	*0.006*	**0.022**	**0.025**	**0.025**
LU	*0.127*	**0.127**	**0.136**	**0.116**	**0.115**	**0.109**	**0.095**	**0.093**	**0.103**	*0.103*
HU	*0.080*	*0.080*	*0.080*	*0.080*	*0.080*	*0.080*	*0.080*	**0.080**	**0.079**	*0.079*
MT	*0.132*	*0.132*	*0.132*	**0.132**	**0.139**	**0.141**	**0.142**	**0.144**	**0.143**	*0.143*
NL	**0.168**	*0.161*	**0.154**	*0.153*	*0.152*	**0.151**	**0.114**	*0.114*	*0.114*	*0.114*
AT	**0.172**	**0.175**	**0.178**	**0.176**	**0.183**	**0.182**	**0.178**	**0.192**	**0.198**	**0.196**
PL	**0.005**	**0.007**	**0.006**	**0.009**	**0.018**	**0.040**	**0.030**	**0.053**	**0.058**	**0.043**
PT	**0.087**	**0.087**	**0.087**	**0.087**	**0.091**	**0.096**	**0.104**	**0.113**	**0.124**	-
SI	**0.034**	**0.033**	**0.034**	**0.037**	**0.036**	**0.032**	**0.030**	**0.028**	*0.028*	*0.028*
SK	-	-	-	-	-	*0.000*	**0.000**	**0.000**	*0.000*	-
FI	**0.233**	**0.221**	**0.207**	**0.192**	**0.181**	**0.172**	**0.167**	**0.175**	**0.179**	*0.179*
SE	**0.330**	**0.308**	**0.295**	**0.288**	**0.276**	**0.261**	**0.270**	**0.279**	*0.294*	*0.294*
UK	**0.015**	**0.016**	**0.015**	**0.016**	**0.015**	**0.014**	**0.016**	**0.017**	**0.017**	**0.017**
NO	**0.092**	**0.093**	**0.093**	**0.100**	**0.100**	**0.098**	**0.099**	**0.095**	**0.097**	-

1) The numbers printed in **bold** are the actual estimates; the numbers printed in *italics* represents either linear interpolations or fractions that were assumed to remain constant

Source: Commission services on the basis of estimates by Member States