

## Tax revenue in the EU

EU27 tax revenue-to-GDP ratio moved back up to its 2001 level, reaching 41.2% in 2006

**EU27 tax revenue (including social contributions) of general government<sup>1</sup> increased in 2006 to 41.2% of GDP, accounting for over 90% of total government revenue. In the euro area (EA13) there was a similar increase of tax revenue reaching 41.8% of GDP in 2006.**

**Denmark and Sweden registered the highest levels of tax revenue, amounting to around half of their GDP in 2006 while lower levels were generally observed in the new EU Member States (those that joined the EU since 2004).**

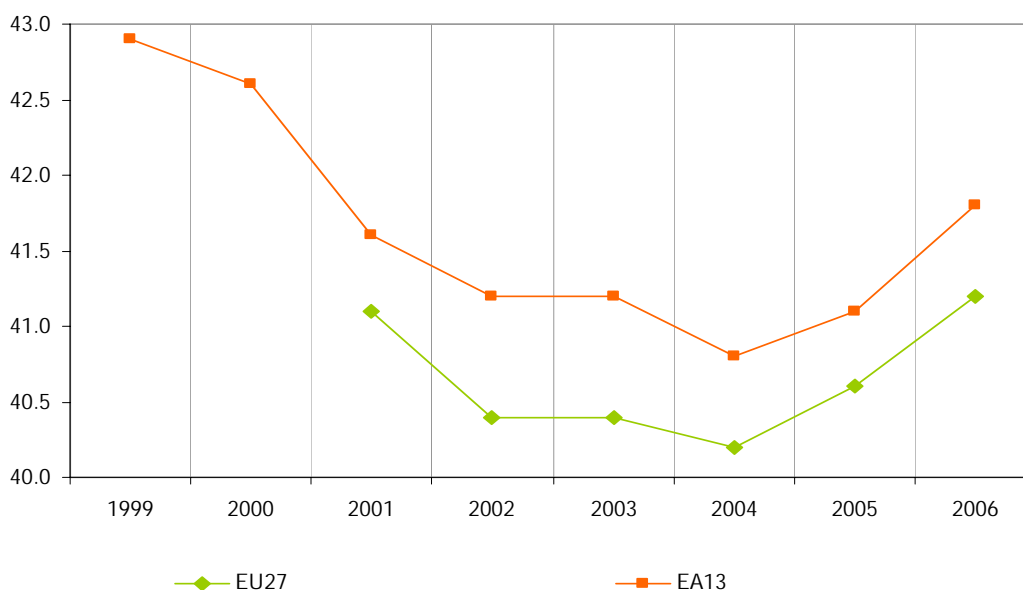
**Tax revenue in the EU27 reached its highest level relative to GDP over the last six years, after a low of 40.2% of GDP in 2004 (see Figure 1). Over the years 1999-2006, the Member**

**States experienced different movements in the level of tax revenue. Overall, countries where the tax revenue-to-GDP ratio changed most tended to be those with lower levels of tax revenue.**

**EU27 tax revenue in 2006 was almost equally split between taxes on production and imports (33.9%), social contributions (33.5%) and current taxes on income, wealth, etc. (32.3%). In the new EU Member States there is generally less reliance on direct taxes as a form of government revenue than in the EU27 as a whole.**

<sup>1</sup> For detailed information on the definitions of tax revenue and government see the methodological notes at the end of this document.

Figure 1: Total tax revenue in the EU27 and euro area as a percentage of GDP, 1999-2006



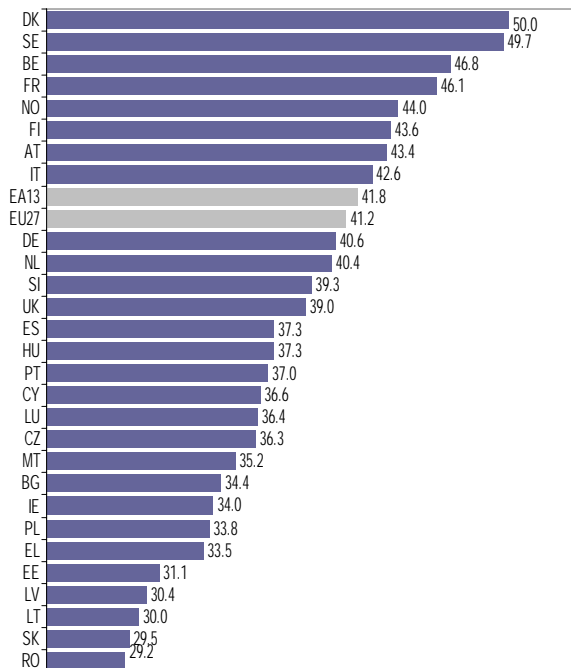
## Levels of tax revenue in 2006

In 2006, tax revenue in the EU27 stood at 41.2% of GDP, accounting for over 90% of total government revenue. The euro area (EA13)<sup>2</sup> level of tax revenue was slightly higher than the EU27, at 41.8% of GDP.

As Figure 2 shows, the level of tax revenue in terms of GDP was highest in Denmark and Sweden (50.0% and 49.7% respectively in 2006) whereas it was generally lower in the new EU Member States, with the lowest share of 29.2% in Romania (over 20 percentage points of GDP lower than Denmark in 2006). The main exceptions are Ireland and Greece with relatively low levels of tax revenue amounting to 34.0% and 33.5% respectively in 2006.

After Denmark and Sweden, Belgium had a level of tax revenue well above the EU27 average at 46.8% of GDP, while for half of the EU27 countries plus Norway, the tax revenue-to-GDP ratio was within a range of +/- 5 percentage points of the EU27 average. Among the new EU Member States, Slovenia displayed the highest level of tax revenue reaching 39.3% of GDP (only 2 percentage points lower than the EU average). It is interesting to note that the arithmetical average of the 27 countries is somewhat lower (37.9%) than the GDP weighted EU average, because of the relatively low levels of GDP (and therefore low weight) for the countries which tend to have the lower tax revenue.

**Figure 2: Ranking of total tax revenue by countries in 2006 as a percentage of GDP**



## Trends in tax revenue over the period 1999-2006

EU27 tax revenue in terms of GDP increased by 0.6 percentage points compared to 2005, reaching roughly its 2001 level. The 2006 level was 1 percentage point higher than 2004 (the year for which the lowest value was registered over the period 2001-2006). Euro area tax revenue followed a similar pattern, at a slightly higher level. From 1999 to 2004 it generally followed a downward trend, turning upwards during the last two years (see Figure 1).

There are many reasons why government tax revenue varies from year to year as a percentage of GDP. A more in-depth analysis than the one presented here would be needed to explain the causes of such variations in particular countries. However, in general the main reasons are changes in economic activity (affecting levels of employment, sales of goods and services, etc.) and in tax legislation (affecting tax rates, thresholds, exemptions, etc.). It should be noted that, even using accrual methods of recording, the effects of changes in legislation or economic activity tend to have a delayed impact on tax revenue.

Over the period 1999-2006, countries experienced different movements in the tax revenue-to-GDP ratio. As shown in Table 1, Cyprus and Malta recorded upward trends (except for Malta in 2003 and 2006 where the ratio was marginally lower compared to the previous year) with

the highest increases in the EU27, of 8.6 and 6.6 percentage points respectively over the 8-year period. On the other hand, a downward trend is observed in Slovakia, with a drop in the tax revenue-to-GDP ratio from 35.3% in 1999 to 29.5% in 2006. For countries like Belgium, France, Italy, Hungary, Portugal, Romania, Slovenia, the United Kingdom and Norway there has been a quite stable ratio during the period. In the other EU Member States the evolution of the tax revenue-to-GDP ratio followed a more variable pattern, recording ups and downs in the period. This was the case of Bulgaria where the ratio fell markedly from 32.6% in 2000 to 30.0% in 2002 before turning up by 4.4 percentage points during the period 2002-2006.

Between 2005 and 2006, tax revenue in terms of GDP rose in 15 out of 27 EU Member States fell in 11 and remained stable in one (Norway also registered an increase in the ratio). As a result, the growths in tax revenue of a majority of the Member States were partially offset by the declines of the other countries resulting in an overall modest increase of the ratio at the EU27 as a whole. Among the EU Member States, Ireland, Italy, Cyprus, Latvia and the Netherlands recorded increases of their national tax revenue-to-GDP ratios by more than one percentage point compared to 2005, while three (Denmark, Luxembourg and Slovakia) recorded reductions of more than one percentage point.

<sup>2</sup> Data for the euro area refer to the period before the entry of Cyprus and Malta, as of 01.01.2008.

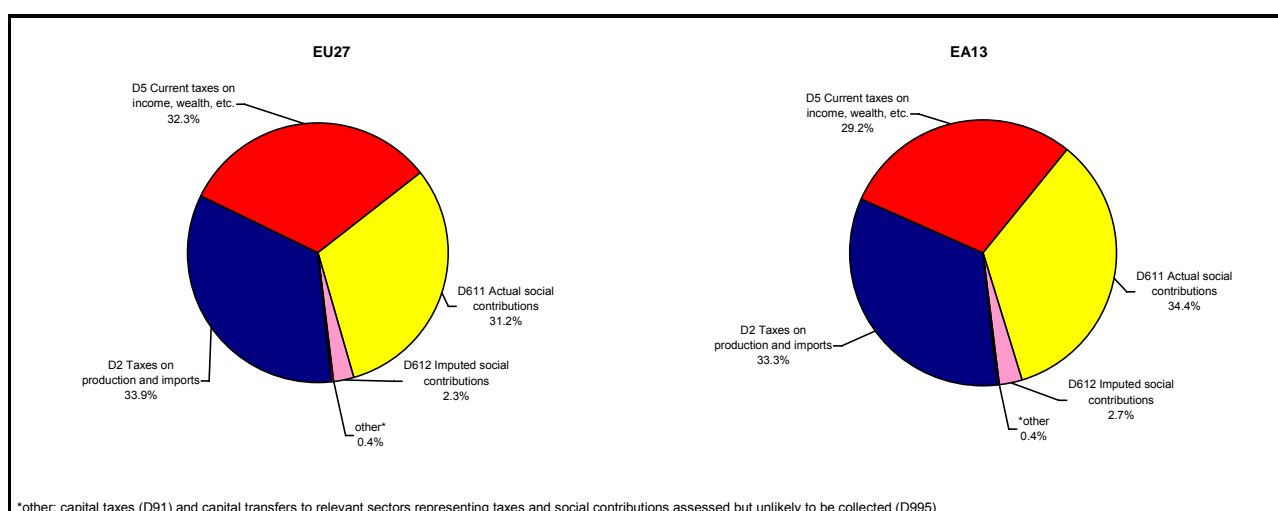
## Breakdown of tax revenue

Tax revenue can be grouped into three main categories or types: indirect taxes defined as taxes linked to production and imports (such as value added tax - VAT), direct taxes composed by current taxes on income and wealth plus capital taxes, and social contributions that include actual social contributions (for paying into social security funds or other social insurance schemes) plus imputed social contributions. In the ESA 95 classification these categories correspond to the following transactions: taxes on production and imports (D.2), current taxes on income, wealth, etc. (D.5) and capital taxes (D.91), social contributions (D.61) composed by actual social contributions (D.611) and imputed social contributions (D.612).

The analysis of the breakdown of tax revenue in 2006 in EU27 and the euro-area showed that the share of each

transaction in the total tax revenue remained generally unchanged compared to the previous years. As shown in Figure 3, tax revenue in the EU27 was relatively equally distributed between taxes on production and imports (33.9%), social contributions (33.5%) and current taxes on income, wealth, etc. (32.3%). The remaining components of tax revenue made up only 0.4% of the total. A less balanced distribution of tax revenue was recorded for the euro area with social contributions registering the biggest share of 37.1% in 2006 while current taxes on income, wealth, etc. represented the lowest share of 29.2%. The EA13 results highlight the relative importance of social contributions in Germany and France. In fact, these two countries together accounted for 55.8% of the EA13 aggregate in this category.

**Figure 3: Composition of EU27 and EU13 tax revenue in 2006**



In terms of GDP, EU27 government revenue from taxes on production and imports (D.2) amounted to 13.9% in 2006, 13.3% was accounted for by current taxes on income, wealth, etc. (D.5) and 12.8% and 0.9% were recorded for actual (D.611) and imputed (D.612) social contributions respectively (see Figure 4).

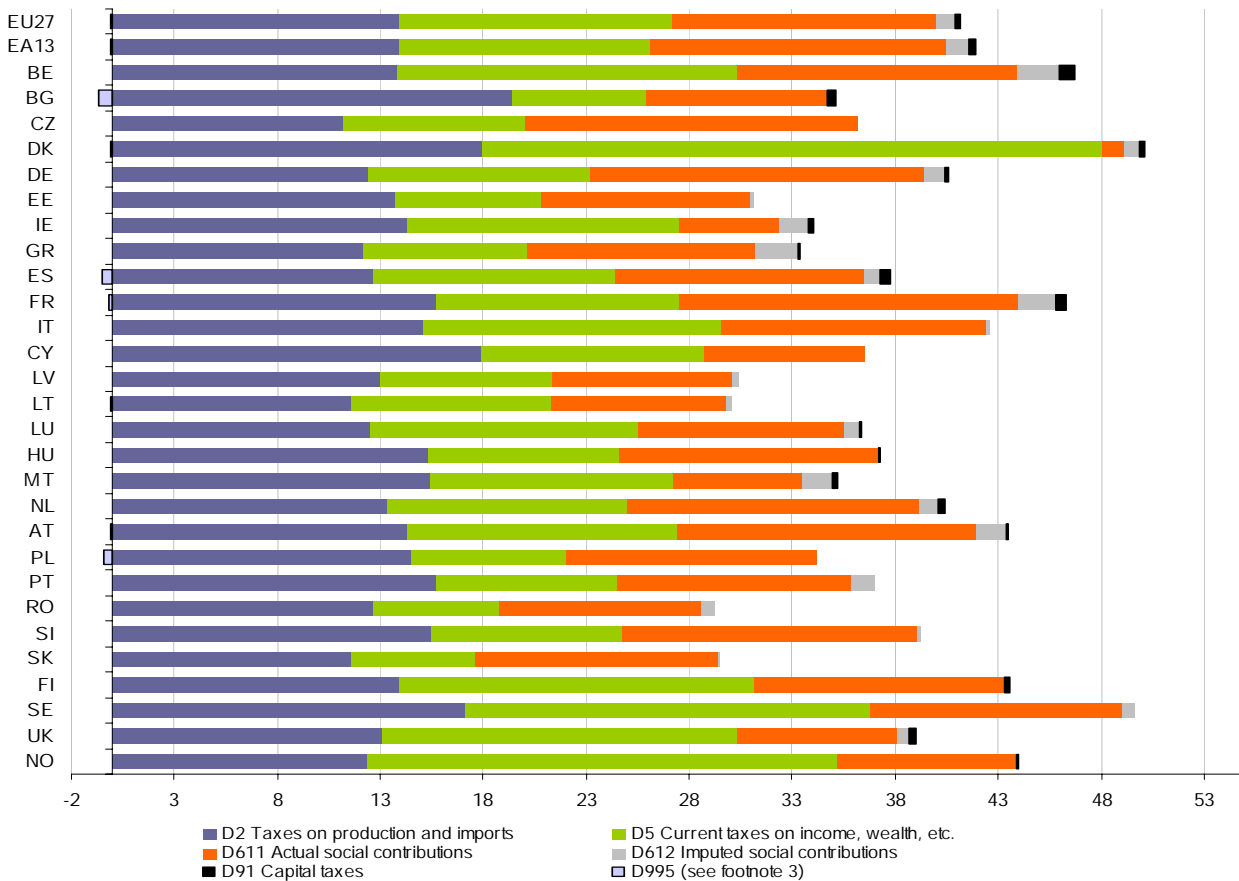
Because of differing national tax structures, indirect taxes, direct taxes and social contributions vary considerably in importance among countries in terms of their tax revenue generated. It is important to notice that, in the new Member States there is generally less reliance on direct taxes as a form of government revenue than in the EU as a whole.

Taxes on production and imports (D.2) are split into taxes on products (D.21) payable per unit of some good or service produced or transacted, which include value added type taxes (D.211), and other taxes on production (D.29). In the EU27, revenue from taxes on products

reached over 80% of the total taxes on productions and imports in 2006. The biggest share of taxes on production and imports relative to GDP was recorded for Bulgaria (19.4%), followed by Denmark (18.0%) and Cyprus (17.9%), whereas the lowest level of these indirect taxes was recorded for the Czech Republic (11.2%).

Current taxes on income, wealth, etc. (D.5) include taxes on income (D.51) and other current taxes (D.59). Taxes on income cover both individual or household income and the income or profits of corporations, and include taxes on holding gains. The contribution of these taxes by country varies significantly: from 30.0% of GDP in Denmark and 22.9% in Norway, down to around 6% in Romania and 2.9% in Slovakia. However, the comparatively high level for Denmark is due to the fact that most welfare spending is financed via taxes on income and consequently the figures for actual social contributions are very low relative to other countries.

**Figure 4: Breakdown of tax revenue by country and by main tax categories in 2006 (% of GDP)<sup>3</sup>**



Actual social contributions (D.611) are the main component of social contributions. This source of government revenue covers the compulsory and voluntary contributions paid to government by employees, employers, self- and non-employed persons. They also include any amounts payable to government as an employer. Actual social contributions represented the highest ratios in terms of GDP in France (16.5%), Germany and Czech Republic (both 16.2%) and the lowest shares in Malta and Ireland (6.2% and 4.9% respectively). Thus, as with taxes on income, revenue from actual social contributions differs widely among countries. The case of Denmark mentioned above is an exception with a share of only 1.1% of GDP in 2006 for this type of tax revenue.

Imputed social contributions (D.612) represent in the national accounts system the counterpart of unfunded social benefits provided by the government as an employer. In 2006, they accounted for 2.1% of GDP in Belgium and Greece but less than 0.1% in the Czech Republic, Cyprus and Norway.

More detailed breakdowns of D.2, D.5 and D.611 by country are shown in Table 2.

Besides the main transactions of taxes on production and imports, current taxes on income, wealth, etc. and social

contributions Figure 4 shows two minor elements that are included in the definition of tax revenue: capital taxes (D.91) and capital transfers from general government to relevant sectors representing taxes and social contributions assessed but unlikely to be collected (D.995).

Capital taxes (D.91) refer to taxes levied at irregular and infrequent intervals on the net worth or value of assets owned, or transferred in the form of legacies or gifts. These taxes accounted for 0.2% of GDP in the EU27 in 2006 with very low ratios mainly recorded for the new Member States. The range is from 0.7% in Belgium and 0.5% for Spain and France, to less than 0.02% in Cyprus, Latvia, Lithuania, Portugal, Slovakia, and Sweden.

For those countries implementing the assessment method of accrual recording (see Essential information – methodological notes), capital transfers from general government to other sectors of the economy (D.995), representing taxes and social contributions assessed but unlikely to be collected, have to be deducted from tax revenue. In 2006, for the EU27 as a whole this adjustment amounted to 0.1% of GDP, with the highest shares registered for Bulgaria (0.7%), Spain (0.5%) and Poland (0.4%).

<sup>3</sup> The negative amounts represent capital transfers to the relevant sectors, relating to taxes and social contributions assessed but unlikely to be collected (D.995).

Table 1: Total tax revenue by country, 1999-2006 (% of GDP and million of euro)

	Tax revenue in % of GDP								Tax revenue in million of euro							
	1999	2000	2001	2002	2003	2004	2005	2006	1999	2000	2001	2002	2003	2004	2005	2006
EU27	:	:	41.1	40.4	40.4	40.2	40.6	41.2	:	:	3917891	4003623	4068994	4249615	4468208	4775014
EA13	42.9	42.6	41.6	41.2	41.2	40.8	41.1	41.8	2744727	2867850	2925967	2996089	3080364	3178965	3309556	3523925
BE	47.6	47.3	47.4	47.5	47.1	47.2	47.1	46.8	113483	119140	122645	127207	129324	136644	142122	148053
BG	:	32.6	31.4	30	32.6	33.9	34.1	34.4	:	4467	4795	4982	5788	6742	7467	8628
CZ	34.1	33.9	34	34.8	35.8	37.5	37.1	36.3	19237	20839	23496	27878	28971	33071	37239	41375
DK	50.9	50.2	49.3	48.7	48.9	49.9	51.6	50	83142	87181	88419	90060	92267	98415	107292	110095
DE	43.2	43.3	41.4	41	41.1	40.2	40.1	40.6	868890	893080	875070	879230	889290	888420	900760	942810
EE	33.9	31.3	30.5	31.2	30.9	31	30.7	31.1	1810	1911	2109	2418	2690	2968	3437	4119
IE	33.1	32.9	31	29.8	30.4	31.7	32.2	34	29994	34431	36304	38788	42364	47132	52045	59323
EL	35.4	36.6	35	35.5	34.4	33.4	33.5	33.5	46642	50415	51561	55885	58844	61949	66443	71702
ES	34.4	34.8	34.3	34.7	34.7	35.3	36.4	37.3	199716	219035	233424	253263	271901	296987	330988	365879
FR	46.7	45.9	45.6	44.9	44.7	45	45.7	46.1	639119	661989	682440	695718	713635	747116	784303	825636
IT	42.9	42.1	41.8	41.2	41.7	40.9	40.9	42.6	483084	501825	522357	533676	556264	568799	581702	628175
CY	28.0	30.0	30.9	31.2	33.0	33.4	35.5	36.6	2564	3022	3340	3484	3885	4255	4851	5350
LV	32.3	29.7	28.7	28.4	28.7	28.7	29.2	30.4	2199	2523	2673	2814	2860	3205	3802	4918
LT	31.9	30.2	28.7	28.4	28.2	28.6	29.1	30	3262	3730	3892	4271	4641	5185	6009	7124
LU	39.2	40	40.6	40.2	39.2	38.2	38.7	36.4	7794	8798	9172	9634	10087	10487	11617	12334
HU	39.2	38.6	38.3	38	37.7	37.7	37.5	37.3	17668	20076	22815	26846	28159	31022	33320	33542
MT	28.7	29.3	31.9	33.0	32.9	34.6	35.3	35.2	1050	1237	1371	1481	1452	1555	1677	1785
NL	41.5	40.9	39.4	38.7	38.4	38.5	38.9	40.4	160138	171149	176355	180173	183075	189192	197896	215933
AT	45.8	44.8	46.5	45.5	44.8	44.3	43.6	43.4	91612	94228	100415	100487	101407	104670	107046	111855
PL	34.9	32.6	32.2	32.7	32.2	31.5	32.8	33.8	54956	60490	68340	68563	61739	64265	80152	91892
PT	34.8	35.2	34.8	35.6	36	35.2	36.3	37	39721	43000	45047	48250	49888	50702	54109	57429
RO	:	:	27.8	28.5	28	27.8	28.5	29.2	:	:	12466	13805	14757	16913	22696	28491
SI	39.4	38.2	38.4	38.8	39	39.1	39.6	39.3	7949	8075	8610	9363	9877	10453	11175	11973
SK	35.3	34	33.1	33.2	33.3	31.9	31.6	29.5	6773	7492	7786	8617	9801	10837	12178	13146
FI	46.1	47.4	44.7	44.7	44.1	43.6	44.1	43.6	56586	62684	62569	64416	64408	66416	69349	72822
SE	52.4	52.5	50.6	48.7	49.2	49.5	50.3	49.7	126443	139863	127110	128639	135536	142399	148235	155712
UK	38.2	38.8	38.6	37.1	36.9	37.2	38.3	39	529075	610731	623312	623677	596084	649817	690298	744914
NO	42.3	42.7	42.9	43.1	42.3	43.3	43.6	44	63158	77898	81926	88043	84270	90235	105809	117997

**Table 2: Breakdown of tax revenue by country and by detailed tax categories in 2006 (million of euro and % of GDP)**

	D2 Taxes on product and imports		D21 Taxes on products		D211 Value added type taxes		D212 Taxes and duties on imports excl. VAT		D214 Taxes on products, excl. VAT and import tax		D29 Other taxes on production		D5 Current taxes on income wealth etc.		D51 Taxes on income		D59 Other current taxes		D91 Capital taxes		Total tax receipts		D611 Actual social contributions		D6111 Employers actual social contributions		D6112 Employees' actual social contributions		D6113 Social contributions by self- and non-employed		D612 Imputed social contributions		D995 Capital transfers from gen. government assessed but unlikely to be collected		Total tax revenue	
	in Million euro	in % GDP	in Million euro	in % GDP	in Million euro	in % GDP	in Million euro	in % GDP	in Million euro	in % GDP	in Million euro	in % GDP	in Million euro	in % GDP	in Million euro	in % GDP	in Million euro	in % GDP	in Million euro	in % GDP	in Million euro	in % GDP	in Million euro	in % GDP	in Million euro	in % GDP	in Million euro	in % GDP	in Million euro	in % GDP	in Million euro	in % GDP	in Million euro	in % GDP	in Million euro	in % GDP
EU27	1617201	13.9	1341757	11.6	814270	7.0	50131	0.4	477355	4.1	275445	2.4	1540333	13.3	1441619	12.4	98713	0.9	28342	0.2	3183122	27.4	1490182	12.8	846085	7.3	463045	4.0	181053	1.6	108750	0.9	9794	0.1	4775014	41.2
EA13	1174476	13.9	955465	11.3	577558	6.8	40854	0.5	337053	4.0	219011	2.6	1028201	12.2	981061	11.6	47141	0.6	22309	0.3	2224987	26.4	1213673	14.4	687045	8.1	364078	4.3	162551	1.9	93420	1.1	8155	0.1	3523925	41.8
BE	43786	13.8	37581	11.9	22569	7.1	2449	0.8	12563	4.0	6205	2.0	52363	16.5	50568	16.0	1795	0.6	2161	0.7	98310	31.0	43009	13.6	26214	8.3	12903	4.1	3892	1.2	6734	2.1	-	-	148053	46.8
BG	4873	19.4	4735	18.9	3131	12.5	501	2.0	1103	4.4	138	0.5	1625	6.5	1599	6.4	27	0.1	108	0.4	6606	26.3	2203	8.8	1365	5.4	557	2.2	281	1.1	-	-	181	0.7	8628	34.4
CZ	12777	11.2	12332	10.8	7541	6.6	1277	1.1	3514	3.1	445	0.4	10049	8.8	9940	8.7	109	0.1	33	0.0	22858	20.0	18502	16.2	11727	10.3	4113	3.6	2662	2.3	15	0.0	-	-	41375	36.3
DK	39599	18.0	35726	16.2	22562	10.3	469	0.2	12695	5.8	3873	1.8	66077	30.0	63468	28.8	2609	1.2	466	0.2	106142	48.2	2361	1.1	152	0.1	2209	1.0	-	-	1869	0.8	277	0.1	110095	50.0
DE	287930	12.4	234390	10.1	147140	6.3	18470	0.8	68780	3.0	53540	2.3	250040	10.8	242510	10.4	7530	0.3	3760	0.2	541730	23.3	376810	16.2	158320	6.8	147570	6.4	70920	3.1	24270	1.0	-	-	942810	40.6
EE	1808	13.7	1724	13.0	1215	9.2	482	3.6	28	0.2	84	0.6	946	7.1	946	7.1	0	0.0	-	-	-	-	1353	10.2	1314	9.9	22	0.2	17	0.1	12	0.1	-	-	4119	31.1
IE	25029	14.3	23345	13.4	13754	7.9	3250	1.9	6341	3.6	1684	1.0	23034	13.2	22551	12.9	483	0.3	336	0.2	48399	27.7	8491	4.9	4973	2.8	3079	1.8	440	0.3	2433	1.4	-	-	59323	34.0
EL	26151	12.2	25417	11.9	15181	7.1	435	0.2	9801	4.6	734	0.3	16976	7.9	15965	7.5	1011	0.5	287	0.1	43414	20.3	23702	11.1	10941	5.1	9289	4.3	3472	1.6	4586	2.1	0	0.0	71702	33.5
ES	124528	12.7	113273	11.5	62677	6.4	1724	0.2	48872	5.0	11255	1.1	114417	11.7	110895	11.3	3522	0.4	4692	0.5	243637	24.8	119178	12.1	86768	8.8	18991	1.9	13419	1.4	7898	0.8	4834	0.5	365879	37.3
FR	280532	15.7	204080	11.4	130985	7.3	1763	0.1	71332	4.0	76452	4.3	211847	11.8	194359	10.8	17488	1.0	8346	0.5	500725	27.9	294914	16.5	198738	11.1	74625	4.2	21551	1.2	33143	1.8	3146	0.2	825636	46.1
IT	222251	15.1	169366	11.5	92866	6.3	2185	0.1	74315	5.0	52885	3.6	213664	14.5	206902	14.0	6762	0.5	222	0.0	436137	29.6	188444	12.8	129572	8.8	33775	2.3	25097	1.7	3594	0.2	-	-	628175	42.6
CY	2621	17.9	2295	15.7	1523	10.4	151	1.0	620	4.2	326	2.2	1581	10.8	1476	10.1	105	0.7	1	0.0	4203	28.7	1147	7.8	824	5.6	281	1.9	44	0.3	0	0.0	-	-	5350	36.6
LV	2110	13.0	1988	12.3	1374	8.5	30	0.2	584	3.6	122	0.8	1361	8.4	1332	8.2	30	0.2	0	0.0	3471	21.5	1406	8.7	1018	6.3	380	2.4	8	0.0	41	0.3	-	-	4918	30.4
LT	2745	11.6	2618	11.0	1826	7.7	60	0.3	732	3.1	127	0.5	2300	9.7	2292	9.7	7	0.0	1	0.0	5046	21.3	2021	8.5	1804	7.6	188	0.8	29	0.1	72	0.3	15	0.1	7124	30.0
LU	4226	12.5	3534	10.4	1846	5.5	1315	3.9	373	1.1	692	2.0	4416	13.0	4226	12.5	190	0.6	48	0.1	8690	25.7	3372	10.0	1456	4.3	1501	4.4	415	1.2	273	0.8	0	0.0	12334	36.4
HU	13727	15.3	13220	14.7	6813	7.6	143	0.2	6264	7.0	507	0.6	8393	9.3	8151	9.1	242	0.3	81	0.1	22201	24.7	11257	12.5	8509	9.5	2208	2.5	541	0.6	83	0.1	-	-	33542	37.3
MT	780	15.4	752	14.8	409	8.1	16	0.3	327	6.5	29	0.6	600	11.8	574	11.3	26	0.5	15	0.3	1395	27.5	316	6.2	142	2.8	142	2.8	32	0.6	75	1.5	-	-	1785	35.2
NL	70815	13.3	65163	12.2	39911	7.5	7825	1.5	17427	3.3	5652	1.1	62447	11.7	57388	10.7	5059	0.9	1811	0.3	135073	25.3	75943	14.2	24691	4.6	35361	6.6	15891	3.0	4917	0.9	-	-	215933	40.4
AT	36949	14.3	29471	11.4	19735	7.7	537	0.2	9199	3.6	7478	2.9	33764	13.1	32046	12.4	1718	0.7	132	0.1	70845	27.5	37314	14.5	17352	6.7	15285	5.9	4677	1.8	3859	1.5	162	0.1	111855	43.4
PL	39322	14.5	33832	12.5	22127	8.1	1204	0.4	10501	3.9	5490	2.0	20353	7.5	19028	7.0	1326	0.5	66	0.0	59741	22.0	33133	12.2	13186	4.9	13277	4.9	6670	2.5	-	-	982	0.4	91892	33.8
PT	24403	15.7	23155	14.9	13775	8.9	672	0.4	8708	5.6	1248	0.8	13662	8.8	13203	8.5	458	0.3	4	0.0	38069	24.5	17712	11.4	11514	7.4	5336	3.4	863	0.6	1648	1.1	-	-	57429	37.0
RO	12421	12.7	11873	12.1	7741	7.9	919	0.9	3213	3.3	549	0.6	5972	6.1	5694	5.8	278	0.3	:	:	18393	18.8	9546	9.8	6161	6.3	1404	1.4	1981	2.0	552	0.6	-	-	28491	29.2
SI	4726	15.5	3950	13.0	2643	8.7	54	0.2	1253	4.1	776	2.5	2836	9.3	2744	9.0	93	0.3	6	0.0	7568	24.9	4353	14.3	1697	5.6	2282	7.5	374	1.2	65	0.2	13	0.0	11973	39.3
SK	5175	11.6	4749	10.7	3320	7.4	79	0.2	1350	3.0	426	1.0	2669	6.0	2505	5.6	164	0.4	0	0.0	7844	17.6	5249	11.8	2802	6.3	1226	2.8	1221	2.7	53	0.1	-	-	13146	29.5
FI	23150	13.9	22741	13.6	14476	8.7	175	0.1	8090	4.8	409	0.2	28736	17.2	27704	16.6	1032	0.6	505	0.3	52391	31.4	20431	12.2	14809	8.9	4081	2.4	1541	0.9	-	-	-	-	72822	43.6
SE	53439	17.1	39708	12.7	28411	9.1	530	0.2	10767	3.4	13731	4.4	61873	19.7	60551	19.3	1322	0.4	13	0.0	115325	36.8	38357	12.2	28946	9.2	8691	2.8	719	0.2	2031	0.6	-	-	155712	49.7
UK	251328	13.1	220741	11.5	128721	6.7	3416	0.2	88604	4.6	30587	1.6	328334	17.2	283004	14.8	45330	2.4	5250	0.3	584912	30.6	149659	7.8	81091	4.2	64270	3.4	4298	0.2	10526	0.6	183	0.0	744914	39.0
NO	32987	12.3	31437	11.7	21382	8.0	220	0.1	9835	3.7	1550	0.6	61231	22.9	59267	22.1	1964	0.7	256	0.1	94474	35.3	23432	8.7	14330	5.3	9102	3.4	:	:	91	0.0	-	-	117997	44.0

## METHODOLOGICAL NOTES

This box gives some background explanation on government revenue in the form of taxes and social contributions. More exhaustive information and data can be found on [Eurostat's homepage](#) in the section dedicated to [Government finance statistics](#).

### Reporting of data to Eurostat

Data are collected by Eurostat on the basis of the European System of Accounts (ESA 95) transmission programme, table 0900, 'Detailed tax and social contributions receipts by type and receiving sub-sector'. The legal requirement for transmission of data by EU Member States is at year t+9 months. The data in this publication correspond to the end-September 2007 transmission.

### Definition of government

The data relate to the general government sector of the economy, as defined in ESA95, comprising the sub-sectors central government, state government, local government, and social security funds.

For the purpose of this publication the term 'general government' also includes taxes collected on behalf of the EU institutions. In this way it presents all tax revenues collected at the EU level.

### Definition of tax revenue

The definition used in this *Statistics in Focus* is 'Total taxes and social contributions payable to general government, including those for government as an employer'. This corresponds to 'Indicator 4', the broadest of four indicators defined by the Eurostat National Accounts Working Group in June 2001. This indicator covers fully the series reported under table 0900 of the ESA 95 transmission programme. In particular it encompasses the wide diversity of social security systems in the EU.

The four Indicators are defined as follows (the codes in brackets refer to ESA95):

Taxes on production and imports (D.2)  
+ Current taxes on income, wealth, etc (D.5)  
+ Capital taxes (D.91)  
- Capital transfers from general government to relevant sectors representing taxes and social contributions assessed but unlikely to be collected (D.995)  
+ Compulsory actual social contributions payable to the social security funds (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  
= Indicator 2 (Total taxes and compulsory actual social contributions payable to general government, including those for government as an employer)  
+ Imputed social contributions (D.612) payable to general government as an employer  
= Indicator 3 (Total taxes and compulsory social contributions payable to general government, including those for government as an employer)  
+ Voluntary actual social contributions payable to the general government sector  
= Indicator 4 (Total taxes and social contributions payable to general government, including those for government as an employer).

It has been found that, comparing the four indicators, the trend in tax revenue is very similar. In terms of level of tax revenue, [Indicator 4](#) is roughly one percentage point of GDP higher than the [Indicator 2](#) measure. For a full analysis of tax structures, see

Eurostat / DG Taxud joint publication 'Taxation trends in the European Union', 2007 edition.

### Time of recording

According to ESA 95, taxes and social contributions should be recorded on an accrual basis. Council Regulation 2516/2000 details the rules to be followed on the time of recording and the amounts to be recorded. Two methods can be used:

a) 'time-adjusted' cash – the cash is attributed when the activity took place to generate the tax liability or when the amount of taxes was determined in the case of some income taxes. This adjustment may be based on the average time difference between the activity and cash receipt;

b) a method based on declarations and assessments. In this case, an adjustment needs to be made for amounts assessed or declared but unlikely to be collected. These amounts have to be eliminated from government revenue, either by using a tax-specific coefficient based on past experience and future expectations or by recording a capital transfer for the same adjustment (ESA 95 code D.995) to the relevant sectors.

### Abbreviations

Euro area 13 (EA13): BE (Belgium), DE (Germany), EL (Greece), ES (Spain), FR (France), IE (Ireland), IT (Italy), LU (Luxembourg), NL (the Netherlands), AT (Austria), PT (Portugal), SI (Slovenia) and FI (Finland).

EU or EU27 (European Union of 27 Member States): Euro area countries plus BG (Bulgaria), CZ (Czech Republic), DK (Denmark), EE (Estonia), CY (Cyprus), LV (Latvia), LT (Lithuania), HU (Hungary), MT (Malta), PL (Poland), RO (Romania), SI (Slovenia), SK (Slovakia), SE (Sweden), and UK (United Kingdom).

### ESA 95 classifications and codes

D2: TAXES ON PRODUCTION AND IMPORTS

D21: Taxes on products

D211: Value added type taxes

D212: Taxes and duties on imports excluding VAT

D214: Taxes on products, except VAT and import taxes

D29: Other taxes on production

D5: CURRENT TAXES ON INCOME, WEALTH, ETC.

D51: Taxes on income

D59: Other current taxes

D91: Capital Taxes

D2\_D5\_D91: TOTAL TAX RECEIPTS

D611: Actual social contributions

D6111: Employers' actual social contributions

D6112: Employees' social contributions

D6113: Social contributions by self- and non-employed persons

D612: Imputed social contributions

D995: Capital transfers from general government to relevant sectors representing taxes and social contributions assessed but unlikely to be collected

TOTAL (D2\_D5\_D91\_D611\_D612\_M\_D995): total receipts from taxes and social contributions (including imputed social contributions) after deduction of amounts assessed but unlikely to be collected

### More data

Data used in this report is collected from the Member States, by the European Commission. More data can be found on Eurostat's homepage under the theme [Economy and finance](#).

### Symbols

":" not available

"-" 'not applicable', 'real zero' or 'zero by default'

## Further information

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Data: [Eurostat Website: http://ec.europa.eu/eurostat](http://ec.europa.eu/eurostat)

Select your theme on the left side of the homepage and then 'Data' from the menu.

### **Economy and finance**



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Manuscript completed on: 19.05.2008

Data extracted on: 28.03.2008

ISSN 1977-0316

Catalogue number: KS-SF-08-047-EN-N

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