# Executive summary

*Revenue Statistics in Asia and the Pacific* presents key indicators to track progress on domestic resource mobilisation in the region and to inform tax policy reforms that could help close the financing gap to fund the Sustainable Development Goals. This tenth edition of the report provides comprehensive data on public revenues in the Asia-Pacific region up to 2021, the second year of the COVID-19 pandemic.

*Revenue Statistics in Asia and the Pacific 2023* presents detailed, internationally comparable data on tax revenues for 30 economies: Armenia, Australia, Bangladesh, Bhutan, Cambodia, People's Republic of China, the Cook Islands, Fiji, Georgia, Indonesia, Japan, Kazakhstan, Korea, Kyrgyzstan*, Lao People's Democratic Republic (Lao PDR), Malaysia, the Maldives, Mongolia, Nauru, New Zealand, Pakistan, Papua New Guinea, the Philippines, Samoa, Singapore, the Solomon Islands, Thailand, Tokelau, Vanuatu and Viet Nam.

## Tax-to-GDP ratios in Asia and the Pacific

In 2021, the average tax-to-GDP ratio in the 29 Asian and Pacific economies covered in this report was 19.8%, below the averages for the OECD and Latin America and the Caribbean (LAC), of 34.1% and 21.7%, respectively. Tax-to-GDP ratios in the region ranged from 9.7% in Lao PDR to 36.6% in Nauru.

The average tax-to-GDP ratio for the Asia-Pacific region increased by 0.2 percentage points (p.p.) between 2020 and 2021, having declined by 0.9 p.p. between 2019 and 2020. The LAC average tax-to-GDP ratio increased by 0.8 p.p. in 2021 while the OECD average increased by 0.6 p.p. Of the three regional averages, only that of the Asia-Pacific region remained below its pre-pandemic level in 2021.

More than two-thirds (19) of the 27 economies in the Asia-Pacific region for which data are available experienced increases in their tax-to-GDP ratio between 2020 and 2021; in 11 economies, the tax-to-GDP ratio recovered to its pre-COVID-19 level. The tax-to-GDP ratio increased by 2.0 p.p. or more in four economies in 2021: Bhutan (2.0 p.p.), Korea (2.1 p.p.), Kyrgyzstan (2.6 p.p.) and Mongolia (3.0 p.p.). Increases were driven by a range of factors, including a rebound in international trade, higher commodity prices (notably in Central Asia) and an end to pandemic-related border restrictions in certain economies.

Eight economies reported decreases in their tax-to-GDP ratio in 2021, with five economies reporting a fall larger than 1 p.p.: Maldives (1.3 p.p.), Fiji (1.4 p.p.), Cambodia (1.7 p.p.), Vanuatu (3.2 p.p.) and Nauru (4.9 p.p.). The continued impact of the COVID-19 pandemic, in particular on tourism, was the most common driver of these declines.

Over a longer timeframe, tax-to-GDP ratios increased in 15 Asian and Pacific economies between 2010 and 2021, declined in 13, and remained unchanged in the Cook Islands. The largest increases were observed in Samoa (6.0 p.p.), Japan (6.9 p.p., 2010-20), Korea (7.5 p.p.), Maldives (8.8 p.p.), Cambodia (10.7 p.p.) and Nauru (27.2 p.p., since 2014). The largest decreases over this period were in Malaysia (2.1 p.p.), China (2.7 p.p., excluding social security contributions), Bhutan (3.3 p.p.), Papua New Guinea (4.8 p.p.), Vanuatu (6.2 p.p.), Fiji (6.5 p.p.) and Kazakhstan (8.2 p.p.). Decreases in Fiji and Vanuatu over this period were attributable to the COVID-19 pandemic: Fiji's tax-to-GDP ratio increased by 0.6 p.p. between 2010 and 2019 while Vanuatu's tax-to-GDP ratio remained at a similar level, at 17.1% in 2010 and 17.0% in 2019, before both economies recorded sharp falls in 2020.

## Tax structures in Asia and the Pacific

Taxes on goods and services remained the principal source of tax revenues in the Asia-Pacific region in 2021, accounting for 51.6% of total tax revenues, similar to the Africa (31) and LAC averages (50.4%, 2020 figure, and 50.0%, respectively) and higher than the average in the OECD (32.1%, 2020 figure). Taxes from other goods and services generated the largest share of total tax revenues (26.0%) in the Asia-Pacific region in 2021, which was significantly higher than the share in Africa (22.6%, 2020 figure) and the LAC average (20.1%), and more than twice the OECD average (11.9%, 2020 figure).

Revenues from personal income taxes (PIT) accounted for 16.5% of total tax revenues on average in Asia-Pacific in 2021, similar to the Africa (31) average of 18.5% (2020 figure), above the LAC average (9.4%) and below the OECD average (24.1%, 2020 figure). Corporate income taxes accounted for a larger share of tax revenues than PIT in the Asia-Pacific region, on average, at 18.2%, similar to the Africa (31) average (19.3%, 2020 figure) and above the share in the LAC region (15.4%) and the OECD (9.0%, 2020 figure). Social security contributions (SSCs) accounted for a small proportion of tax revenues on average in Asia and the Pacific, at 6.9% of the total. None of the Pacific economies covered by the report levy SSCs.

## Non-tax revenues in selected economies

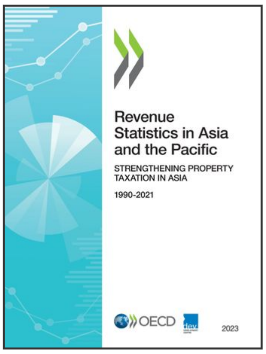
This publication includes data on non-tax revenues for nineteen economies: Bhutan, Cambodia, the Cook Islands, Fiji, Kazakhstan, Kyrgyzstan, Lao PDR, the Maldives, Mongolia, Nauru, Pakistan, Papua New Guinea, the Philippines, Samoa, Singapore, Thailand, Tokelau, Vanuatu and Viet Nam. Between 2020 and 2021, non-tax revenues declined in eleven economies as a percentage of GDP while they increased in eight economies.

In 2021, non-tax revenues exceeded 10% of GDP in Samoa (10.8%), Vanuatu (16.0%), Bhutan (19.3%), the Cook Islands (20.8%), Nauru (89.0%) and Tokelau (201.3%). Grants exceeded 30% of total non-tax revenues in ten economies in 2021: Bhutan, Cambodia, the Cook Islands, Fiji, Lao PDR, Nauru, Papua New Guinea, Samoa, Tokelau and Vanuatu. Property-related income accounted for the largest share of non-tax revenues in Mongolia (37.7%), the Philippines (45.0%), Thailand (50.7%), Tokelau (55.9%), Singapore (72.5%), Pakistan (72.6%) and Kazakhstan (81.7%), and also contributed more than 30% of non-tax revenues in Bhutan, Kyrgyzstan, Lao PDR and Nauru.

## Special feature: Strengthening property taxation in Asia

The report includes a special feature analysing recurrent taxes on property in Asia. This chapter shows the level of revenues these taxes generate across Asia and it describes the base of these taxes and how they are administered. It also identifies constraints on recurrent property taxation in Asia and options for how these limitations might be overcome.

*Note by the ADB: The ADB recognises "Kyrgyzstan" as the "Kyrgyz Republic".

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## Strengthening Property Taxation in Asia

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