Structure of general government revenues

In 2013, taxes represented the largest share (on average 58.5%) of government revenues across OECD countries, around, one quarter were collected through net social contributions, while the remainder were for grants and other revenues. However, OECD countries finance their public expenditures in different ways. For example, Denmark and Australia are relatively more dependent on taxes (over 80%% of total revenues). In contrast, Japan and Germany relied relatively more on net social contributions (above 37%) while in Mexico and Norway grants and other revenues exceeded 25% of total revenues, in both cases mostly associated with earnings derived from oil resources.

Between 2007 and 2013, the structure of government revenues remained stable on average across OECD countries. While the share of taxes decreased by 2.1 p.p. it was counterbalanced by relative increases in both net social contributions (1.2 p.p.) and grants other than revenues (0.9 p.p.). The highest declines in tax receipts occurred in the Slovak Republic (7.3 p.p.) and Slovenia (6.7 p.p.). Net social contributions increased the most in Japan (5.7 p.p.) and Korea (4.5 p.p.). The highest increases in grants other than revenues occurred in Hungary (6.6 p.p.) and the Slovak Republic (6.2 p.p.). From 2013 to 2014, in OECD countries with available information, the largest change in the structure of revenues occurred in Greece where taxes and net social contributions increased by 3.5 p.p. and 1.4 p.p. respectively while grants decreased by 4.8 p.p.

Many policy makers define taxes to include social security contributions. Indeed this is the basis of tax revenue measures in the OECD Revenue Statistics (see "methodology and definitions"). On average (unweighted) across OECD countries one third of tax revenues (including social security contributions) in 2012 were generated by taxes on income and profits; another third by taxes on goods and services; over a quarter from social security contributions and the remaining from other types of taxes.

Between 2007 and 2012, the structure of tax revenues was relatively stable; the most relevant change across OECD member countries was an average decrease of 2.3 p.p. on income and profit taxes. The majority of tax revenues in Denmark, Australia and New Zealand were collected through income and profits (over 55% of total taxation). On the contrary, 43.7% of taxes in Hungary were levied on goods and services (increasing by 6 p.p. since 2007). Taxes on property are relatively higher (above 10%) in the United Kingdom, the United States, Canada and Korea than in other OECD countries.

Methodology and definitions

Revenues data are derived from the *OECD National Accounts Statistics* (database), which are based on the *System of National Accounts* (SNA), a set of internationally agreed concepts, definitions, classifications and rules for national accounting. There have been revisions in the SNA framework and most of the OECD countries have partly or entirely implemented the updated 2008 SNA methodology (see Annex A for details). Revenues encompass taxes (e.g. taxes on consumption, income, wealth, property and capital), net social contributions (e.g. contributions for pensions, health and social security; "net" means after deduction of social insurance scheme service charges, where applicable), and grants (e.g. from foreign governments or international organisations) and other revenues (e.g. sales, fees, property income and subsidies). These aggregates were constructed using sub-account line items (see Annex B). The data presented in Figure 2.21 are from OECD *Revenue Statistics*.

The OECD *Revenue Statistics* and the SNA differ in their definitions of tax revenues. In the SNA, taxes are compulsory unrequited payments, in cash or in kind, made by institutional units to the government. Net social contributions are actual or imputed payments to social insurance schemes to make provision for social benefits to be paid. These contributions may be compulsory or voluntary and the schemes may be funded or unfunded. *OECD Revenue Statistics* treat compulsory social security contributions as taxes whereas the SNA considers them net social contributions because the receipt of social security benefits depends, in most countries, upon appropriate contributions having been made, even though the size of the benefits is not necessarily related to the amount of the contributions. Figure 2.22, Change in the structure of government revenue, 2009 to 2013 (and 2014) is available online at: *http://dx.doi.org/10.1787/888933248264*.

Further reading

OECD (2014), *Revenue Statistics 2014*, OECD, Paris, *http://dx.doi.org/10.1787/rev_stats-2014-en-fr*.

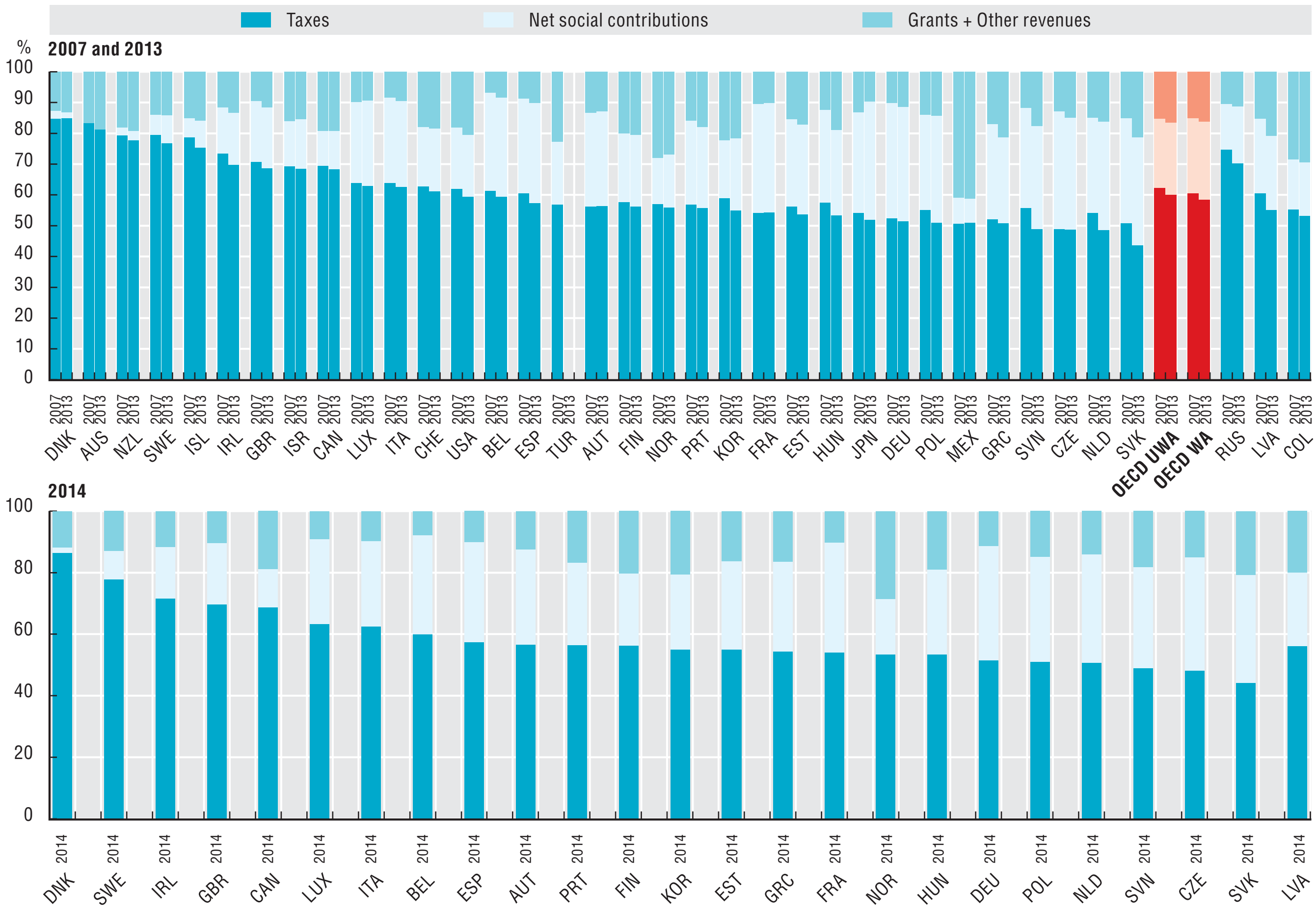
Figure notes

2.20: Data for Chile are not available. In 2014, data for the OECD non-European countries (apart from Canada and Korea) and for Iceland, Turkey and Switzerland are not available. Data for Turkey are not included in the OECD average due to missing time-series. Data for Colombia and Russia are 2012 rather than 2013. Australia does not collect revenues via social contributions because it does not operate government social insurance schemes.

2.21: For the OECD countries part of the European Union total taxation includes custom duties collected on behalf of the European Union. 2012 is the latest year for which data are available for all OECD countries.

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

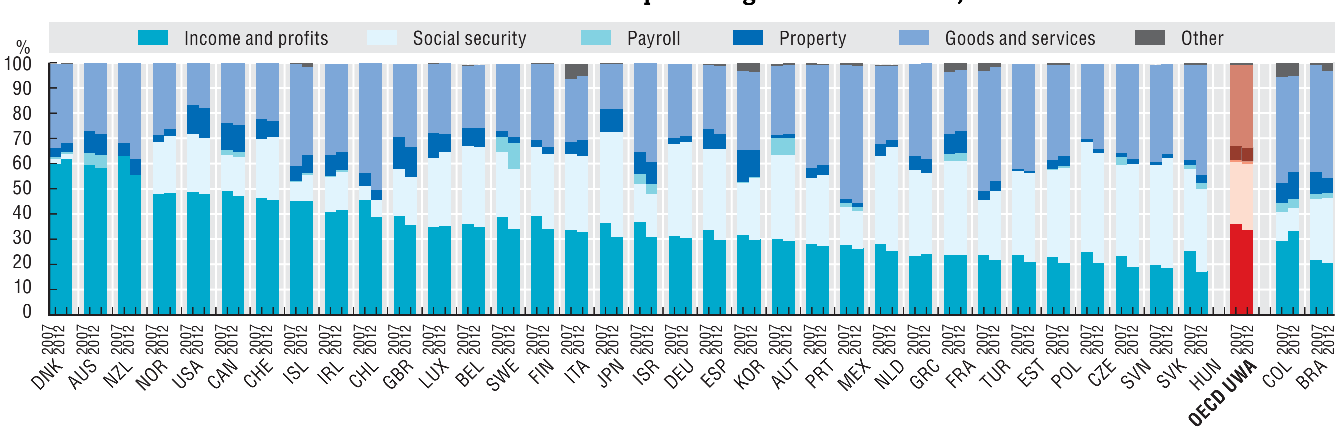
2.20. Structure of general government revenues, 2007, 2013 and 2014



Source: *OECD National Accounts Statistics* (database).

StatLink http://dx.doi.org/10.1787/888933248244

2.21. Breakdown of tax revenues as a percentage of total taxation, 2007 and 2012



Source: *OECD Revenue Statistics* (2014).

StatLink http://dx.doi.org/10.1787/888933248253

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