

Taxation in the EU Member States

The tax-to-GDP ratio in 2014 varied by almost 1 to 2 across the EU Member States

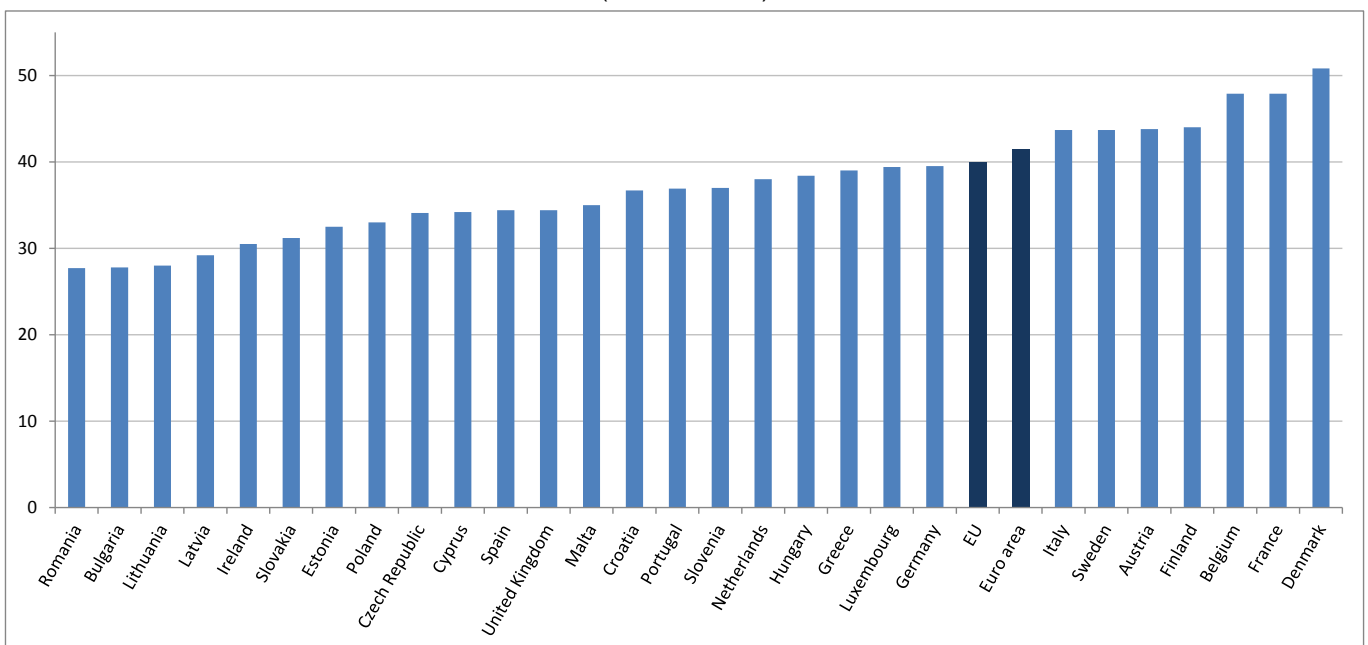
Up in most Member States compared with 2013

The overall tax-to-GDP ratio, meaning the sum of taxes and net social contributions as a percentage of GDP, stood at 40.0% in the **European Union (EU)** in 2014, compared with 39.9% in 2013. In the **euro area**, tax revenue accounted in 2014 for 41.5% of GDP, up from 41.2% in 2013. Over recent years, the tax-to-GDP ratio in both zones has increased continuously since its low point in 2010.

The tax-to-GDP ratio varies significantly between Member States, with the highest share of taxes and social contributions in percentage of GDP in 2014 being recorded in **Denmark** (50.8%), followed by **Belgium** and **France** (both 47.9%), **Finland** (44.0%), **Austria** (43.8%), **Italy** and **Sweden** (both 43.7%). At the opposite end of the scale, **Romania** (27.7%), **Bulgaria** (27.8%), **Lithuania** (28.0%) and **Latvia** (29.2%) registered the lowest ratios.

This information comes from a [report](#) issued by **Eurostat, the statistical office of the European Union**. Tax indicators are compiled in a harmonised framework based on the European System of Accounts (ESA 2010), enabling an accurate comparison of the tax systems and tax policies between EU Member States.

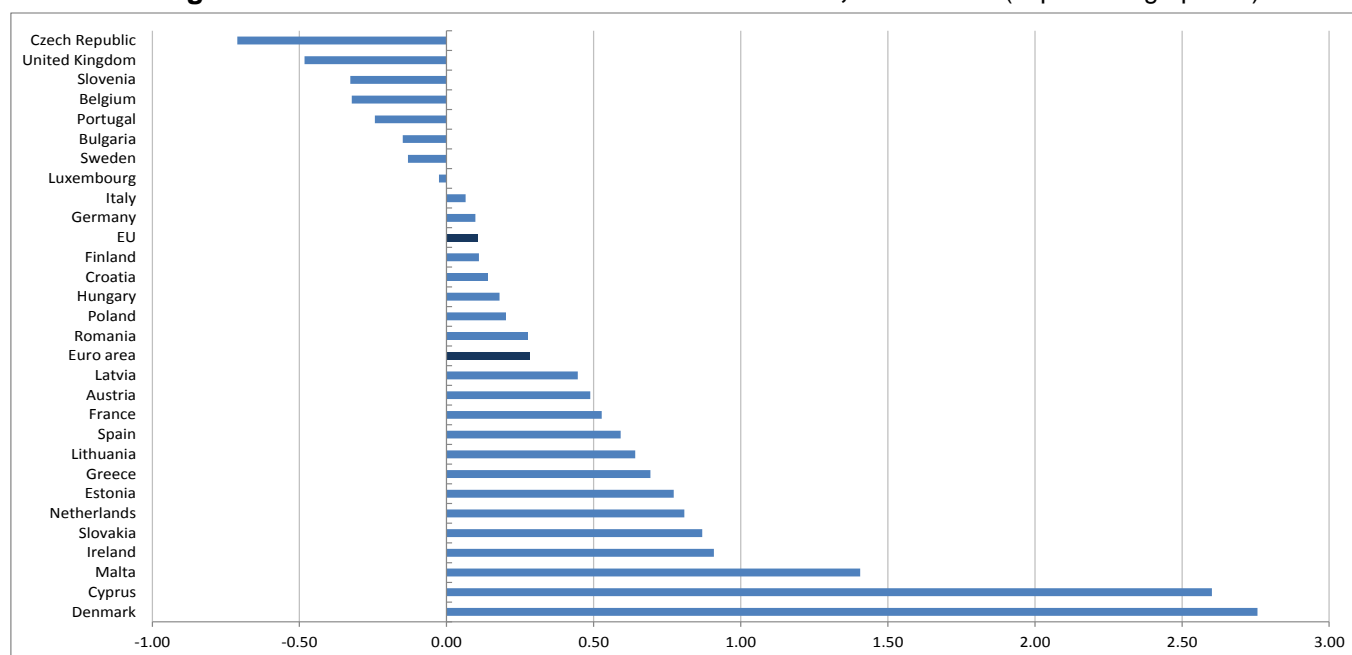
Total revenue from taxes and social contributions in the EU Member States, 2014
(as % of GDP)



Largest growth of tax-to-GDP ratio in Denmark, largest fall in the Czech Republic

Compared with 2013, the tax-to-GDP ratio increased in 2014 in a majority of Member States, with the largest rise being observed in **Denmark** (from 48.1% in 2013 to 50.8% in 2014), ahead of **Cyprus** (from 31.6% to 34.2%) and **Malta** (from 33.6% to 35.0%). In contrast, decreases were recorded in eight Member States, notably in the **Czech Republic** (from 34.8% in 2013 to 34.1% in 2014) and the **United Kingdom** (from 34.9% to 34.4%).

Change in tax-to-GDP ratio in the EU Member States, 2014/2013 (in percentage points)



Total revenue from taxes and social contributions in the EU Member States (as % of GDP)

	2005	2010	2013	2014
EU	39.0	38.5	39.9	40.0
Euro area	39.4	39.2	41.2	41.5
Belgium	45.6	45.5	48.2	47.9
Bulgaria	30.3	26.3	27.9	27.8
Czech Republic	34.2	32.6	34.8	34.1
Denmark	49.4	46.6	48.1	50.8
Germany	38.5	38.2	39.4	39.5
Estonia	30.1	33.5	31.7	32.5
Ireland	31.1	28.6	29.5	30.5
Greece	33.5	34.2	38.3	39.0
Spain	35.9	32.1	33.8	34.4
France	44.5	44.1	47.4	47.9
Croatia	36.2	36.1	36.6	36.7
Italy	39.2	41.7	43.6	43.7
Cyprus	31.6	32.2	31.6	34.2
Latvia	28.1	28.0	28.7	29.2
Lithuania	29.5	28.7	27.4	28.0
Luxembourg	39.2	39.0	39.5	39.4
Hungary	36.8	37.5	38.2	38.4
Malta	33.0	32.5	33.6	35.0
Netherlands	36.1	36.7	37.2	38.0
Austria	42.1	41.8	43.3	43.8
Poland	34.0	32.0	32.8	33.0
Portugal	34.2	33.7	37.2	36.9
Romania	28.3	26.9	27.4	27.7
Slovenia	38.2	37.4	37.3	37.0
Slovakia	31.5	28.2	30.3	31.2
Finland	42.3	40.9	43.9	44.0
Sweden	47.5	44.1	43.8	43.7
United Kingdom	35.9	35.5	34.9	34.4
Iceland	39.6	33.5	36.0	38.9
Norway	42.6	42.0	39.9	38.9
Switzerland	26.7	26.7	27.1	27.1
Serbia	38.9	38.5	36.6	37.4

The source dataset can be found [here](#).

Highest ratio of taxes on production and imports in Sweden, of taxes on income and wealth in Denmark and of net social contributions in France

Looking at the main tax categories, a clear diversity prevails across the EU Member States. Taxes on production and imports were the most significant tax category in thirteen Member States, net social contribution in nine and taxes on income and wealth in six.

In 2014, the share of taxes on production and imports was highest in **Sweden** (where they accounted for 22.1% of GDP), **Croatia** (18.8%) and **Hungary** (18.6%), while they were lowest in **Slovakia** (10.8%) and **Germany** (10.9%).

For income and wealth related taxes, the highest share by far was registered in **Denmark** (33.4% of GDP), ahead of **Sweden** (17.9%), **Belgium** (16.8%) and **Finland** (16.5%). In contrast, **Lithuania** (5.1%) and **Bulgaria** (5.3%) recorded the lowest taxes on income and wealth as a percentage of GDP. Net social contributions accounted for a significant proportion of GDP in **France** (19.2%), **Belgium** (16.9%) and **Germany** (16.5%), while the lowest shares were observed in **Denmark** (1.1% of GDP), **Sweden** (3.7%) and **Ireland** (5.8%).

In 2014, taxes on production and imports made up the largest part of tax revenue in the EU (accounting for 13.6% of GDP), closely followed by net social contributions (13.4%) and taxes on income and wealth (12.8%). The ordering of tax categories was slightly different in the euro area. The largest part of tax revenue came from net social contributions (15.5%), ahead of taxes on production and imports (13.3%) and taxes on income and wealth (12.5%).

Methods and definitions

Data are collected by Eurostat on the basis of the European system of national and regional accounts (ESA 2010). According to ESA2010, taxes and social contributions should be recorded on an accrual basis.

The data relate to the general government sector of the economy, as defined in ESA2010, comprising the subsectors central government, state government (where applicable), local government, and social security funds (where applicable). Data for taxes collected on behalf of the EU institutions is also included in the analysis. Thus revenue data for taxes and social contributions represent all tax and social contributions revenues collected at the EU level.

The overall **tax-to-GDP ratio** presented in this news release corresponds to the total amount of taxes and net social contributions (including imputed contributions) payable to general government and the institutions of the European Union, including voluntary contributions, net of uncollectible amounts; expressed as a percentage of GDP. It is one measure of the tax burden. It encompasses the wide diversity of social security systems in the EU.

Taxes are defined as compulsory, unrequited payments to governments or institutions of the European Union.

Taxes on production and imports include value added tax (VAT), import duties, excise duties and consumption taxes, stamp taxes, payroll taxes, taxes on pollution, and others.

Taxes on income, wealth, etc. include corporate and personal income taxes, taxes on holding gains, payments by households for licences to own or use cars, hunt or fish, current taxes on capital that are paid periodically, and others.

Net social contributions are the actual or imputed contributions made by households to social insurance schemes to make provision for social benefits to be paid. They include employers' actual social contributions, households' actual social contributions, imputed social contributions and households' social contribution supplements. Social insurance scheme service charges are deducted from the items above to reach net social contributions. Actual social contributions are those paid on a compulsory or voluntary basis by employers or employees or the self- or non-employed to insure against social risks (sickness, invalidity, disability, old age, survivors, family and maternity). Imputed social contributions are those payable under unfunded social insurance schemes (in which employers pay social benefits to their employees, ex-employees or their dependents out of their own resources without creating special reserve for the purpose). Net social contributions also contain two transactions related to funded pension schemes, wherever such schemes are classified in general government.

The tax-to-GDP ratio includes also capital taxes, which are generally of minor importance.

Capital transfers representing amounts assessed but not collected are deducted from the total taxes and net social contributions to ensure the comparability of the tax-to-GDP ratios across countries.

Compared to previous news releases on taxation trends in the EU, a change in methodology occurred (from ESA95 to ESA2010) as well as in the definition of the indicator (which now includes all imputed social contributions as well as voluntary contributions). However, compared to previous Statistics Explained articles, there was no change in the indicator used.

For more information

Eurostat [Statistics Explained article](#) on tax revenue statistics.

Eurostat [website section](#) dedicated to government finance statistics.

Eurostat [database](#) on government statistics.

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Structure of tax revenue in the EU Member States, by main tax category, 2014
(as % of GDP)

	Taxes on production and imports	Of which:	Taxes on income, wealth, etc.	Of which:		Net social contributions
		VAT		Taxes on individual or household income*	Taxes on the income or profits of corporations*	
EU	13.6	7.0	12.8	9.4	2.4	13.4
Euro area	13.3	6.8	12.5	9.3	2.4	15.5
Belgium	13.2	6.9	16.8	12.8	3.2	16.9
Bulgaria	14.5	8.9	5.3	3.1	2.0	7.7
Czech Republic	12.1	7.5	7.2	3.8	3.4	14.8
Denmark	16.6	9.6	33.4	29.4	2.7	1.1
Germany	10.9	7.0	11.9	8.9	2.4	16.5
Estonia	13.9	8.6	7.4	5.7	1.7	11.1
Ireland	11.3	6.1	13.2	9.7	2.5	5.8
Greece	15.7	7.1	9.7	5.8	1.9	13.4
Spain	11.6	6.2	10.1	7.7	2.0	12.5
France	15.9	6.9	12.7	8.8	2.7	19.2
Croatia	18.8	12.5	6.1	3.9	1.8	11.8
Italy	15.5	6.0	14.7	12.0	2.2	13.4
Cyprus	15.0	8.7	10.2	2.7	6.4	9.0
Latvia	12.7	7.6	7.8	5.9	1.5	8.7
Lithuania	11.5	7.6	5.1	3.6	1.4	11.5
Luxembourg	13.1	7.3	13.9	8.9	4.4	12.3
Hungary	18.6	9.4	6.7	5.0	1.4	13.1
Malta	13.7	7.9	14.3	6.9	6.3	6.9
Netherlands	11.7	6.4	10.7	7.0	2.6	15.4
Austria	14.6	7.7	13.7	10.5	2.2	15.4
Poland	12.9	7.1	6.9	4.6	1.7	13.2
Portugal	14.3	8.5	10.9	7.7	2.8	11.7
Romania	12.9	7.8	6.2	3.5	2.2	8.6
Slovenia	15.1	8.5	7.2	5.0	1.4	14.6
Slovakia	10.8	6.6	6.8	3.0	3.2	13.6
Finland	14.5	9.2	16.5	13.4	1.9	12.8
Sweden	22.1	9.0	17.9	14.9	2.7	3.7
United Kingdom	12.9	6.8	13.7	9.0	2.4	7.6
Iceland	15.8	8.1	19.3	13.9	3.4	3.7
Norway	11.4	7.7	17.5	9.8	6.9	9.9
Switzerland	6.1	3.5	14.1	8.6	2.7	6.8
Serbia	18.9	10.4	5.6	3.7	1.7	12.9

* Including holding gains

The shares do not add up to the total due to rounding and other taxes not included in this table.

The source dataset can be found [here](#).