

Structure of general government revenues

The structure of government revenues shows the sources of revenues and helps identify the relative contribution of citizens and/or sectors of the economy towards paying for public expenditure.

According to the latest available data, in 2019, 59.5% of revenues in OECD countries were raised through taxes, followed by net social contributions (25.2%), sales (8.5%), and grants and other revenues (6.8%) (Figure 2.19). Between 2007 and 2019 the most important change in the composition of average revenues was the increase in the relative importance of net social contributions (+1 p.p.). This increase is the highest in Korea (5.8 p.p.) and Norway (3.5 p.p.). In Mexico, the relative importance of taxes rose by over 10 p.p. reflecting, among other things, policies increasing taxes on income, profits and personal gains, and tax administration measures to increase efficiency (Figure 2.20).

Between 2019 and 2020, on average, the share of total revenues collected through taxes in the OECD-EU countries fell by 0.7 p.p. from 57.7% to 57.0% (Figure 2.19). This is equivalent to one-third of the size of the change that occurred between 2007 and 2013 in OECD countries. The fall resulted from the slowing down of economic activity and its effects on revenue collection due to the COVID-19 pandemic. There is also wide variation in the relative importance of taxes as a source of revenues. In Denmark (88.7%) and Sweden (80.1%) taxes represented over 80% of total revenue in 2020. At the other end of the spectrum, taxes formed the smallest share in the Slovak Republic (45.4%) and Slovenia (46.5%).

The composition of revenues also varies by levels of government. In most cases central government relies heavily on taxes: 73% on average across OECD countries in 2019 (Online Figure G.4) while almost half of local government revenues was from grants and other revenues (Online Figure G.6). In the case of federal and quasi-federal countries there is more variation. States in Germany, Canada, the United States and Switzerland raise more than 50% of their income from taxes, while it is less than 10% in Mexico and Austria (Online Figure G.5).

The Revenue Statistics dataset treats social contributions as taxes. On average in 2018, over one-third of all taxes collected were on income and profits, followed by social security contributions (25.7%). Between 2007 and 2018, the importance of social contributions increased relative to taxes on income and profit. On average, income and profit taxes fell by 1.4 p.p. while social contributions rose by 1.3 p.p. It is worth noting that the share of corporate income tax recorded a peak in 2007 and, while it has increased in recent years, it is far from regaining that level. The largest change during this period was in Lithuania, where income and profit taxes fell by 11.6 p.p. while social contributions rose by 11.9 p.p. (Figure 2.21).

Methodology and definitions

Data on revenues are computed from the OECD National Accounts Statistics (database), which are based on the System of National Accounts (SNA). The 2008 SNA framework has been implemented by all OECD countries (see Annex A). Revenues include taxes (e.g. on consumption, income, wealth, property and capital), net social contributions (i.e. contributions for pensions, health and social security after deduction of social insurance scheme service charges, where applicable), sales of goods and services (e.g. market output of government establishments, entrance fees), and grants and other sources (e.g. current and capital grants, property income, and subsidies). These aggregates were constructed using sub-account items (see Annex B). The data in Figure 2.21 come from OECD Revenue Statistics. The definitions of tax revenues differ between SNA and OECD Revenue Statistics, especially regarding compulsory social security contributions. In SNA, taxes are mandatory 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 may be compulsory or voluntary and 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 benefit is not necessarily related to the amount of the contributions.

Further reading

OECD (2020), *Revenue Statistics 2020*, OECD Publishing, Paris, <https://doi.org/10.1787/8625f8e5-en>.

Figure notes

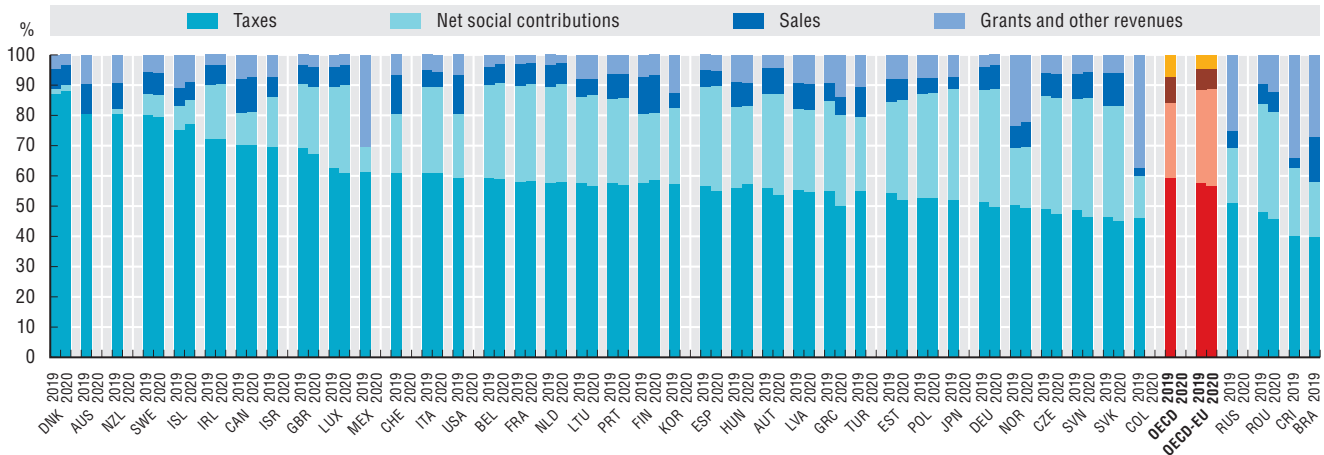
2.19 and 2.20. Data for Chile are not available. Data for Turkey are not included in the OECD average due to missing time series. Australia does not collect revenues via social contributions because it does not operate government social insurance schemes. Data for Japan, Brazil and Russia are for 2018 rather than 2019.

2.20. Data for Turkey are not available.

2.21. For the OECD-EU countries, total taxation includes custom duties collected on behalf of the EU. 2018 is the latest year for which data are available for all OECD countries. OECD average is unweighted.

G.4 to G.6. (Structure of revenues by levels of government) are available online in Annex G.

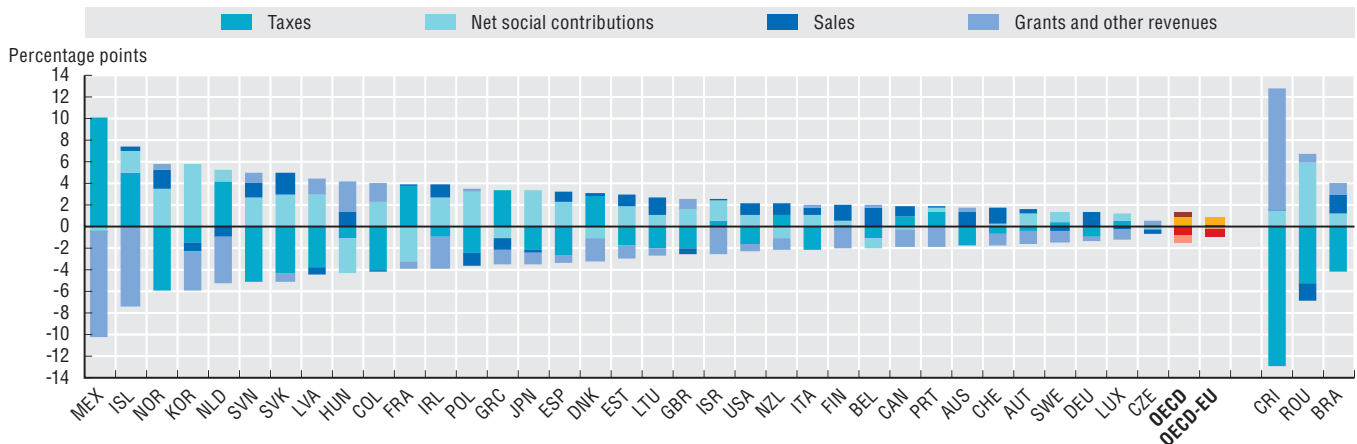
2.19. Structure of general government revenues, 2019 and 2020



Source: OECD National Accounts Statistics (database).

StatLink <https://doi.org/10.1787/888934256976>

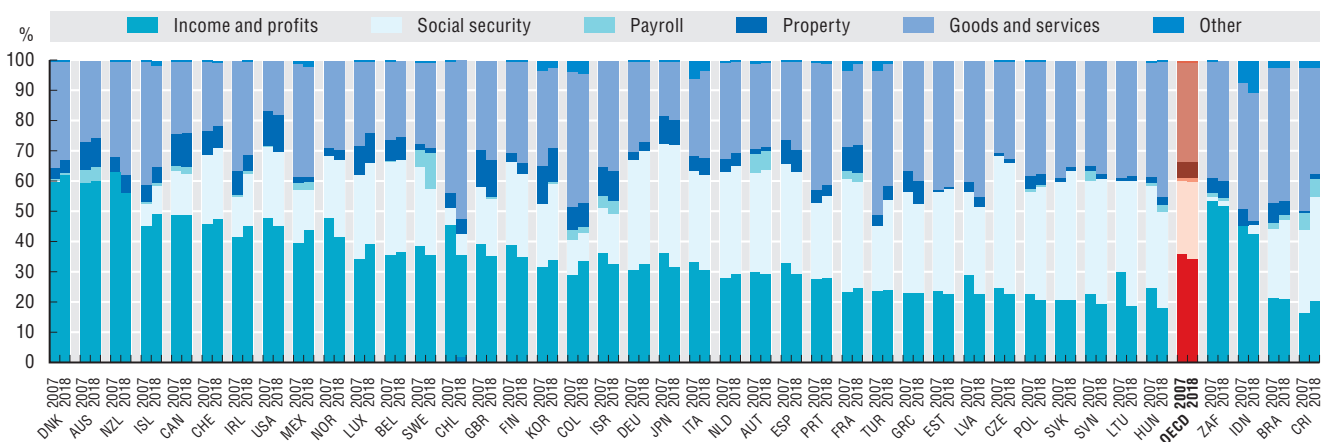
2.20. Change in the structure of general government revenues, 2007 to 2019



Source: OECD National Accounts Statistics (database).

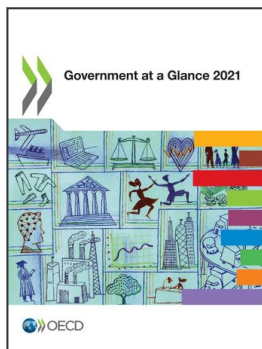
StatLink <https://doi.org/10.1787/888934256995>

2.21. Breakdown of tax revenues as a percentage of total taxation, 2007 and 2018



Source: OECD Revenue Statistics 2020.

StatLink <https://doi.org/10.1787/888934257014>



From:
Government at a Glance 2021

Access the complete publication at:
<https://doi.org/10.1787/1c258f55-en>

Please cite this chapter as:

OECD (2021), "Structure of general government revenues", in *Government at a Glance 2021*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/49734f30-en>

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