

17. Taxes

In the SNA, taxes are compulsory unrequited payments, in cash or in kind, made by institutional units to the general government exercising its sovereign powers or to a supranational authority and generally constitute the major part of government revenue in most countries. Social security contributions, which although being compulsory payments to general government, are not treated as taxes in the SNA 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. However, many policy makers and users prefer to define taxes to include social security contributions. Indeed this is the basis of tax measures used in the OECD *Revenue Statistics* publication. This partly reflects the fact that the contributions to general government are compulsory but also because not all countries operate social security schemes, choosing instead to finance social benefits paid by government through other taxes or revenue (see also Section 18).

From a practical policy perspective, definitions of taxes that include social security contributions are generally preferred. This section however focuses on the SNA definition.

Definition

The SNA describes three categories of taxes:

- The first category, *taxes on production and imports*, historically referred to as indirect taxes, is broken down into two components in the SNA: *taxes on products*, such as VAT, and other *taxes on production* such as taxes on the ownership or use of land, buildings or other assets used in production or on labour employed (payroll tax).
- The second category, *current taxes on income, wealth, etc.*, consists mainly of taxes levied on the incomes of households and corporations. The category is not described simply as “current taxes on income and wealth” because it includes periodic taxes on households that are assessed neither on the income nor the wealth of the household or its members, for example, poll taxes.
- The final category, *capital taxes*, consists of taxes levied at irregular and very infrequent intervals on the values of assets or net worth owned by or transferred between units, such as inheritance taxes and betterment levies, e.g. taxes on the increase in the value of land resulting from planning permission.

Definition of taxes used in OECD Revenue Statistics

The Revenue Statistics definition differs from the SNA in the following respects:

- Includes social contributions paid to government.
- Adopts different views on whether some fees and licenses at the margin are taxes.
- Excludes imputed taxes/subsidies related to the operation of official multiple exchange rates.
- Nets off some tax credits within overall taxes that the SNA records as government expenditure.

Comparability

Generally the comparability of taxes across countries is good but the rules that delineate taxes from revenues, (typically those relating to fees/licenses) may at the margin, cause some comparability issues. In general, if the issue of a licence involves little work by government the related fee should be recorded as a tax. But if government provides some service associated with, and in proportion to the size of, the fee, it is treated as a purchase of services.

Fees for licenses to use natural resources (radio spectra, land, fish) are nearly always recorded as rent or payments for an asset and not as taxes. But not all, e.g. licenses for recreational, as opposed to commercial, fishing. Indeed, payments by persons or households for licences to own or use vehicles, boats or aircraft and for licences for recreational hunting, shooting or fishing are treated as taxes. Fees for licenses to engage in a specific activity (e.g. to operate a taxi or casino) are generally treated as a tax. Payments for all other kinds of licences (e.g. driving, television, firearm) or fees to government (e.g. payments for passports) are generally but not universally treated as purchases of services.

The chart shows general government revenue (taxes plus other government receipts/revenues) = general government expenditure +/- net lending (borrowing), as a percentage of GDP.

Source

- OECD (2010), *National Accounts of OECD Countries 2010, Volume II, Detailed Tables*, OECD Publishing, http://dx.doi.org/10.1787/na_vol_2-2010-en-fr.

Online database

- OECD (2010), “General Government Accounts: Main aggregates”, *OECD National Accounts Statistics* (database), <http://dx.doi.org/10.1787/data-00020-en>.


Further reading

- OECD (2010), *Revenue Statistics*, OECD Publishing, http://dx.doi.org/10.1787/rev_stats-2010-en-fr.
- IMF (2001), *Government Finance Statistics Manual*, IMF, Washington.

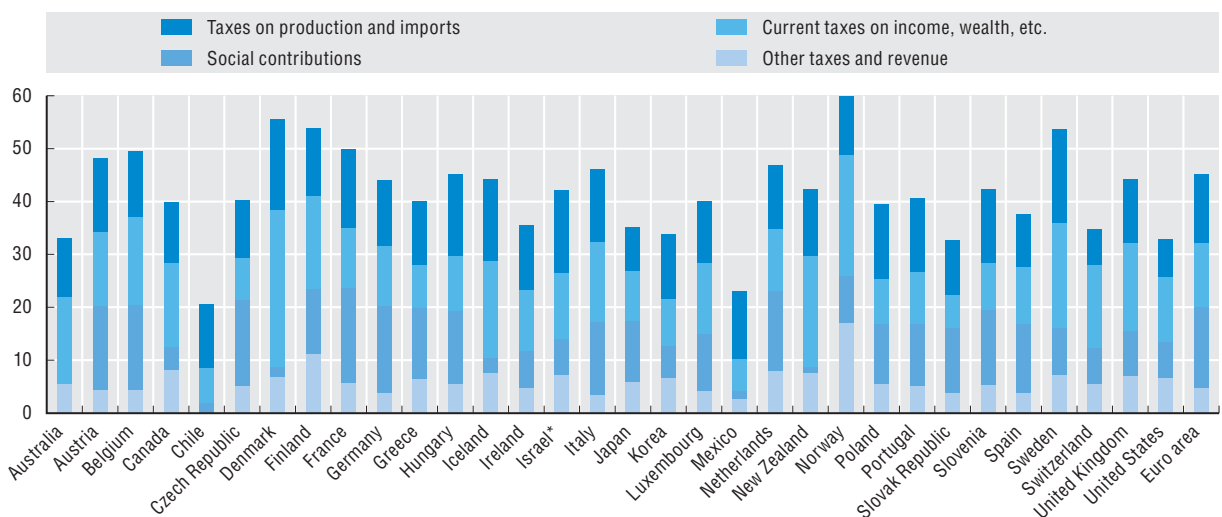

Table 17.1. **Taxes in the System of National Accounts (SNA)**

Percentage of GDP

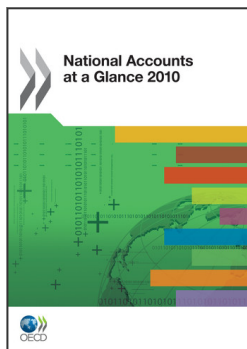
	Total tax receipts			Taxes on production and imports			Current taxes on income, wealth, etc.			Capital taxes		
	1998	2003	2008	1998	2003	2008	1998	2003	2008	1998	2003	2008
Australia	29.3	30.0	27.5	11.9	12.8	11.0	17.4	17.2	16.5	0.0	0.0	0.0
Austria	28.7	28.7	28.1	14.9	14.9	14.1	13.7	13.7	14.0	0.1	0.1	0.1
Belgium	30.4	29.8	29.7	12.6	12.7	12.5	17.3	16.6	16.5	0.4	0.5	0.7
Canada	31.7	28.3	27.3	13.9	13.0	11.4	17.8	15.2	15.8	0.0	0.0	0.0
Chile	17.9	16.9	18.5	13.6	12.4	11.9	4.3	4.5	6.6	0.0	0.0	0.0
Czech Republic	19.3	20.7	19.0	11.0	11.1	11.0	8.3	9.6	8.0	0.0	0.0	0.0
Denmark	48.2	46.8	47.1	18.1	17.2	17.1	29.9	29.4	29.7	0.2	0.2	0.3
Finland	33.1	32.1	30.8	14.0	14.0	12.9	18.9	17.8	17.5	0.2	0.3	0.4
France	27.6	26.3	26.7	15.8	15.0	14.8	11.4	10.9	11.5	0.4	0.5	0.4
Germany	22.8	22.4	24.0	11.4	11.8	12.5	11.3	10.4	11.3	0.1	0.2	0.2
Greece	21.6	20.0	20.4	12.8	12.0	12.2	8.5	7.8	7.9	0.3	0.2	0.2
Hungary	24.0	25.3	26.1	15.3	15.7	15.5	8.7	9.5	10.5	0.1	0.1	0.1
Iceland	31.7	33.6	33.9	17.5	16.7	15.6	14.1	16.8	18.2	0.0	0.0	0.0
Ireland	26.7	24.2	24.1	12.9	12.3	12.4	13.6	11.8	11.5	0.2	0.2	0.2
Israel*	30.7	29.6	28.2	16.9	16.6	15.9	13.9	12.9	12.4	0.0	0.0	0.0
Italy	29.7	28.7	29.1	15.1	14.0	13.8	14.3	13.4	15.3	0.4	1.3	0.0
Japan	17.6	16.3	18.3	8.5	8.4	8.5	8.6	7.6	9.6	0.4	0.3	0.3
Korea	..	19.6	21.4	10.4	12.2	12.2	7.1	7.2	8.9	..	0.2	0.3
Luxembourg	28.6	27.1	25.1	12.5	12.3	11.7	16.0	14.6	13.3	0.1	0.2	0.1
Mexico	..	14.8	19.0	..	9.6	12.9	..	5.2	6.0	..	0.0	0.0
Netherlands	23.6	23.1	24.1	11.4	12.1	12.1	11.9	10.7	11.6	0.3	0.3	0.3
New Zealand	32.1	32.7	33.7	12.9	12.7	12.5	19.3	20.1	21.1	0.0	0.0	0.0
Norway	31.8	32.5	34.1	15.9	13.0	11.3	15.7	19.4	22.7	0.1	0.1	0.1
Poland	23.9	19.7	22.8	13.1	13.2	14.2	10.8	6.5	8.6	0.0	0.0	0.0
Portugal	21.9	22.8	23.8	13.2	14.3	14.1	8.6	8.4	9.7	0.1	0.1	0.0
Slovak Republic	21.9	19.1	16.8	12.8	12.0	10.5	9.0	7.1	6.4	0.0	0.0	0.0
Slovenia	23.5	24.0	22.9	16.0	16.0	14.0	7.3	8.0	8.9	0.2	0.0	0.0
Spain	21.2	21.9	21.2	10.9	11.5	9.9	10.0	10.1	10.8	0.4	0.4	0.4
Sweden	37.6	36.5	37.6	16.7	16.4	17.9	20.9	20.1	19.7	0.1	0.1	0.0
Switzerland	21.4	21.8	22.5	6.7	7.1	6.9	14.4	14.5	15.5	0.3	0.2	0.2
Turkey	..	..	..	..	..	..	..	..	..	..	..	..
United Kingdom	29.2	28.0	30.3	12.8	12.8	12.0	16.2	14.9	16.7	0.2	0.2	1.6
United States	22.2	18.7	19.7	7.3	7.3	7.3	14.5	11.2	12.1	0.4	0.3	0.2
Euro area	25.7	25.0	25.5	13.3	13.1	13.0	12.1	11.4	12.2	0.3	0.5	0.3
OECD-Total	..	..	..	..	..	..	..	..	..	..	..	..

StatLink  <http://dx.doi.org/10.1787/888932352101>Figure 17.1. **Total general government revenue**

Percentage of GDP, 2008

StatLink  <http://dx.doi.org/10.1787/888932351512>

* The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.



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