

Part II: Taxation according to economic function

Methodology for implicit tax rates

It is not possible to obtain a good picture of where in the economy the tax burden falls by looking solely at standard classifications of taxes. Therefore a broad classification into three economic functions (*i.e.* consumption, labour and capital) has been made. National accounts have been used to derive information on the corresponding aggregate bases that could potentially be taxed in the economy, in order to calculate implicit tax rates (ITRs) for consumption, labour and capital. In addition, an ITR for taxed levied on energy is presented for the first time. ITRs measure the average effective tax burden on the different types of income or activity in the economy. They do not measure the final incidence of taxes that can be shifted from one activity to another via behavioural effects. It is also evident that these potential tax bases do not measure the actual tax bases as defined in the legislation. In practice it is sometimes not straightforward to link developments in the implicit tax rates to tax policy changes².

For the moment a classification of taxes by economic function is only available for the old Member States of EU-15. Such classification leads inevitably to certain simplifications and rather hybrid categories. The exercise is currently complicated by the fact that the tax data are not always recorded in sufficient detail to identify individual taxes and allocate them to the corresponding categories. A key methodological problem for classifying tax revenue across the economic functions is that some taxes relate to multiple sources of economic income or activities. This holds notably for personal income tax (which is typically broadly based), and also for some other taxes (*e.g.* local business taxes or energy taxes). Estimates from national tax departments have been used to make the relevant allocations of taxes, whenever this was feasible.

For the 2003 edition of this publication a new method was developed to split the revenue of the personal income tax (PIT) across the different economic functions for the EU-15 countries. Under an approach using only aggregate data from national accounts, total personal income tax raised on labour or capital income is often estimated using the proportion of aggregate labour or capital income in the aggregate taxpayer income. This approach basically assumes that effective average rates of personal income tax are equal across different taxable income sources and different groups of taxpayers. This assumption is generally unrealistic, and this has called for a new approach using more detailed income tax statistics from national tax departments. Actually splitting the income tax revenues is complicated both conceptually and in practice. The EU-15 Member States used the best methods available to them. A majority has used data sets of individual taxpayers to estimate the allocation of the personal income tax. Basically, income tax payments were multiplied by fractions of the (net) taxable income sources (as a percentage of the total tax base) at the level of the individual taxpayer. Some Member States applied the same method using income class data instead (or data aggregated at the level of tax brackets), while others used detailed tax receipts data from withholding wage tax and income tax statistics with a number of adjustments. While the method for allocating personal income tax has further improved compared to last year's edition of the 'Structures', there

² Readers wishing to achieve a good understanding of the implicit tax rates and their strengths and limitations are referred to section II-1., and to the methodological paper on the ITR on capital (European Commission 2004b).

therefore reflect a very wide range of factors, which may vary for different Member States. However, four main channels of influence have been identified, which seem to be relevant for most Member States:

The ITRs on capital and business income are sensitive to the business cycle. Due to the asymmetric influence of company losses from previous and current years, in principle no clear direction in the cycle can be identified from the outset. In the relatively long-lasting expansionary phase of 1995 to 2000, however, an increase in the ITRs might be expected. This relates to the progressive nature of the personal income tax system and to the fact that more and more companies make profits in combination with diminishing loss carry-over possibilities. Preliminary time series over a longer period for some Member States seem to confirm this relationship.

This expansionary phase in the second half of the 1990s was accompanied by booming stock markets across-the-board. As a result, capital gains and the corresponding tax revenues have risen substantially (in countries where capital gains are taxed). However, as it is not possible to include the capital gains in the denominator of the ITRs on capital (since in practice they are not recorded in national accounts for all assets), this development clearly leads to an overestimation of the average effective tax burden on capital and business income for some Member States, and partly explains the rise in the ITRs.

In addition, structural changes in the financing of companies have led to an increase in the ITR on capital and business income: empirical evidence exists to suggest that corporations changed their way of financing (and their distribution of profits) with less interest and more dividend payments. But this also happened against the background of falling interest rates. Most tax systems in the EU are not neutral towards different forms of investment-financing and allow deductions for interest payments when calculating the taxable profits. The shift towards more dividend distributions results on average in a higher tax burden on companies' profits as a consequence of this characteristic of tax legislation.

These factors have disguised the influence of recent tax policy measures aimed at reducing the tax burden for corporations and at improving the functioning of capital markets. Between 1995 and 2004 the average top statutory corporate tax rate (including local taxes and surcharges) in the EU-15 countries decreased by 6.6 percentage points. The new Member States first reduced their rates at a similar pace but have accelerated the reduction in recent years. In fact, the process of tax competition and the reduction in corporate tax rates is a longer lasting trend and was not initiated by the enlargement of the Union. At the same time, cuts in the nominal statutory tax rates on corporations were often accompanied by measures that broadened the taxable base (*e.g.* by reducing the rates of capital depreciation allowances), offsetting at least to some extent the effects of the reductions in the statutory rates in the period 1995 to 2002.

With the slowdown in economic growth and deteriorating stock market performance in 2001 and 2002, a decline in the ITR on capital income and in the sub-indicators for corporations and households is discernible for most of the EU-15 countries. These cyclical elements are accompanied by the impact of recent tax rate reductions for corporations that show up in revenues with a certain time lag. However, it is too early to judge which of these elements influencing the development of the ITR are of greater importance.

2. CZECH REPUBLIC

Overall tax burden and features of the tax system

With a total-tax-to-GDP ratio of about 35% in 2002, the Czech Republic has a total tax burden below the average of all new Member States and of the enlarged Union. Between 1995 and 2002 the tax burden has decreased by more than 4 percentage points.

In the Czech Republic taxes are divided between the central and the local level of government. With about 42% of total taxes, the share of social contributions is very high, similar to Germany and the Slovak Republic. Nearly three fourth have to be borne by employers. While the share of direct taxes is about 10 percentage point below the Unions average, the share of indirect taxes is in line with the European average. VAT and revenues from excises play the most prominent role.

Personal Income Tax is applied at the central government level. The revenues account only for about 4.8% of GDP, being one of the lowest ratios of all countries in 2002. Since 1993 the Czech Republic applies a progressive tax rate, initially with six brackets ranging from 15% to 47%. Over the years the top two brackets were abolished, now there are four brackets ranging from 15% to 32% (since 2000). These rates are applied to a comprehensive tax base including most of the income types: income from employment, self-employment, income from the lease of property, capital gains or other income. Capital gains are exempt if they are realized after a 6 months holding period.. Unrealised holding gains are not subject to taxation. Capital income (interest, dividends), it is subject to withholding tax with the rate at 15% (decreased from 25% in 2000). The main standard tax allowances for PIT are: the basic allowance available for all taxpayers (CZK 38,040), for dependent children (CZK 25,560 for each child), for unemployed spouse (CZK 21,720), and for students (CZK 11,400). These allowances were increased for the last time in 2001, with the exception of the child tax allowance increased in 2004.¹ The main changes envisaged for 2005 are the introduction of possibility of joint taxation of spouses and replacement of the tax allowance for children with a non-wastable tax credit.

With an above average tax-to-GDP ration of 4 percent in 2002 tax revenues from corporate income are quite important. The corporate tax rate, initially 45% in 1993, went gradually down to 28% in 2004. Further decreases are already approved (2005: 26%; 2006: 24%). The tax base for corporate tax includes income arising from all sources, including non-business income as well as business or trading income. Expenses incurred in earning taxable income, and in maintaining the assets used in the company's activities, are deductible.

In the Czech Republic taxpayers may elect to depreciate assets using the straight-line or the accelerated method. The method chosen does not affect the period of depreciation. The depreciation periods ranged initially from 4 to 50 years, they were gradually decreased, and in 2003 they ranged from 4 to 30 years. In 2004 for administrative buildings a depreciation period of 50 years was

¹ Other non-standard tax allowances are: charitable donations allowance, allowance for mortgage interest payments related to the purchase or improvement of housing and allowance for private life and pension insurance premiums.

introduced. There is an investment allowance of 10% to 20% of the price of the investment. A company can carry the amount of trading losses forward for 5 years (up to 2003 7 years), but a carry back of trading losses is not allowed. Investment funds, mutual funds and pension funds are subject to the tax at a rate of 15%. The tax rate for investment and mutual funds was decreased to 5% in 2004. Dividends paid to corporations are subject to 15% withholding tax rate; this tax is only a prepayment of the final tax liability. So effectively, capital gains are included in taxable profit and taxed at the regular tax rate (28%). There was a tax credit for companies other than investment funds and mutual funds equal to 50% of the tax withheld by them on dividends paid to shareholders, however it was abolished in 2004.

The principles of the VAT are in line with the legislation of the European Union. From the 1st May 2004 the standard VAT rate is 19%, it was decreased from 22%. A reduced rate of 5% is imposed on water, agricultural and food products, most of pharmaceutical products, social and health services, regular personal transportation and some other goods and services. The list of items subject to reduced rate was substantially reduced in two steps at 1 January 2004 and 1 May 2004. Like the majority of new Member States the Czech Republic has requested transitional periods for applying the standard rate on construction services for housing purposes and on heating. As a permanent derogation, the level of VAT turnover threshold is set at €35,000. This threshold was initially set at 750,000 CZK per quarter, then it was lowered to 2,000,000 CZK per year at 1 November 2003 and further to 1,000,000 CZK at 1 May 2004.

The system of Excise Duties is in conformity with the legislation of the European Union. The rates on mineral oils, tobacco and alcohol were increased in January 2004. The rate (in € per 1,000 litres) on unleaded petrol is 371.28 (EU-minimum: 359) and on diesel fuel 312.01 (EU-minimum: 302), applying exchange rates as of 1 October 2003. All other rates exceed the EU-minima but not by far. As a transitional measure the Czech Republic may apply lower excise duty rates on cigarettes and other tobacco products until the end of 2006. The minimum rate will be attained gradually in three steps. As a permanent derogation, there is also a lower excise rate for fruit growers' distillation for personal consumption.

11. CYPRUS

Overall tax burden and features of the tax system

Total tax burden in Cyprus is relatively low with a tax to GDP ratio of 32.5% in 2002, about 5% lower than the EU new Member States average. The ratio has increased between 1998 and 2001 by 3.5% then decreased by 0.2% in 2002. The tax structure is characterised by a high share of indirect taxes (42.7% of total taxes) and a low share of social contributions. The revenues from direct taxes are overall in line with the EU-15 average but with a low share of personal income tax and a high share of corporate tax (15.4% of total taxes) which is almost three times of the EU-15 average. In Cyprus there are no State governments and the share of taxes collected by local government is negligible (1.3% in 2002, in decline since 1998),

Concerning the Personal Income Tax Cyprus is in line with the EU-standard. Cyprus had since 1991 three brackets for the PIT-rate (20%/30%/40%), however it reduced the rates in 2003 to 20%/25%/30%. There is a standard relief (basic allowance) from 5,000 CYP pounds.

About corporate tax, Cyprus has lowered its rate from 20 - 25% (stable from 1991) to 10% from 01.01.2003. For the years 2003 and 2004 there is an additional corporate tax of 5% for chargeable income exceeding £ 1 m. It is now the country with the lowest statutory tax rate within the EU-25 (besides Estonia, which has no tax on retained profits). With the reduction of the tax rate lots of tax incentives have been abolished in Cyprus. Special regimes apply, however, to the shipping sector. A company can carry forward trading losses for a maximum of 5 years, but a carry back is not allowed. With the tax reform announced by the government in Cyprus, the five-year limit on the carry forward of losses would be abolished and losses would be available for setoff against future profits without any time limit. Inventories can be valued according to the FIFO (first input, first output) method. Inventories may be valued at the lower of cost or net realisable value.

Capital gains are taxed with 20%. The capital gain is the difference between the sales proceeds and the original cost, adjusted to take into account increases in the cost of living index. Offshore companies are exempt from capital gains tax, except on property situated in Cyprus.

In Cyprus, withholding tax at a rate of 20% is imposed on dividends. The withholding tax is not imposed on dividends paid to non-resident foreign corporations. On interest there is a 25% withholding tax for non residents while the rate for residents is 0%. A reduced rate of 20% is applied on interest income up to 40,000 pounds.

The principles of the VAT are in line with EU-law. The current VAT rate is 15% (the standard rate was 10% until the second half of 2002, and was increased to 13% on 1.7.2002 and to 15% in January 2003). Reduced rates from 5 – 0% are applied, too. Cyprus has requested transitional measures, namely for the VAT turnover threshold for SMEs, a zero VAT rate on foodstuffs, and pharmaceuticals, reduced VAT rate on restaurants and a VAT exemption for building land.

The Excise duties on unleaded petrol and on diesel fuel will be gradually aligned with the EU minimum.

13. LITHUANIA

In 2002, with a ratio of 29.3%, Lithuania is the country with the lowest total tax burden in EU25. It relies heavily on tax revenues generated from indirect taxes with a share of more than 40% of total taxes. The share of VAT and excise duties clearly lies above the Union's average. Social contributions and direct taxes account for about 30% of total taxation each. Corporate taxes are very low in relation to GDP in 2002; the ratio is similar to that of Germany.

During 1995-1999, the top statutory corporate income tax rate was 29 %. In 2000, this rate was reduced to 24 %. With the new corporate tax law that came into force on 1 January 2002, the profit tax rate was reduced from 24% to 15%. Some items of income of a foreign entity derived in Lithuania not through the permanent establishment are subject to 10%; dividends and other distributed profits - 15% of the withholding tax. In addition, a participation exemption may be applied. The new law does not provide special tax incentives, only existing beneficiaries will continue to benefit for a limited period. New transfer pricing rules drafted in along the lines of the OECD transfer pricing guidelines will be applicable from 2004.

The new personal income tax law came into force on 1 January 2003. Only two different tax rates are applied. The 15% tax rate is levied on income from distributed profits, interest, income from sporting, artistic activities, royalties, income from rent or sale or any other form of transfer of property, pensions paid out from Lithuanian pension funds, life insurance payments. Other items of income are subject to a tax rate of 33%.

The basic tax allowance was increased by 16 per cent (from EUR 72.40 in 2002 to EUR 83.99 in 2003). A new additional tax allowance, which equals 10% of the basic allowance, was introduced for parents raising one or two children under 18 years for each child. Persons with 3 and more children are in addition entitled to a child benefit of EUR 124.54 per month and the basic tax allowance is increased by EUR 13.32 for the fourth and each subsequent child. This was the first step of reforming the Lithuanian tax system towards supporting working parents. Deductible expenses incurred by a resident of Lithuania during the tax period include: 1) life insurance and pension contributions 2) interest paid on loans for the construction or acquisition of housing 3) payments for studies. The total amount of deducted expenses shall not exceed 25% of the total taxable income.

The income derived from the activities conducted under a business certificate (type of unincorporated small business) is subject to income tax of the fixed amount set by municipalities.

The new law on the taxation of inherited property entered into force on 1 January 2003. The tax rates of 5% or 10% depend on the taxable value of inherited property (threshold 144.81 thousand euro). No tax shall be applied if the taxable value of inherited property is up to EUR 2.90 thousand or property inherited by the children, parents, foster parents, foster children, grandparents, grandchildren, brothers, sisters or to the remaining spouse. Municipal councils are entitled to reduce the tax or to exempt from it thereof, as revenue from this tax accrue to their budgets.

The revised Law on Value Added Tax which entered into force on 1 July 2002 was prepared in accordance with the requirements set forth in EC directives and on the basis of EU experience. The standard rate of VAT in Lithuania is 18%. In addition, the reduced rates of VAT of 5% and 9% are applied. The reduced rate of VAT of 5% is applied to passenger transport services, books,

newspapers and magazines, except for those publicising eroticism and violence, pharmaceuticals and medicinal products, hotel accommodation and other special accommodation services, chilled meat and edible offal, frozen and deep frozen meat of poultry, agricultural services supplied by agricultural entities and live, fresh and frozen fish. The 9% rate of VAT is applicable to heat energy supplied to residents for the heating of residential premises, supplies of services relating to construction, renovation, insulation and design of residential houses, engineering network building and territorial management, which are financed with state and municipal budget resources as well as with soft credits granted by the state and resources of state special funds. The Law on Value Added Tax will be fully harmonised with EC directives from 1 May 2004.

The new version of the law on excise duty entered into force on 1 July 2002. According to this Law, excise duty shall be levied only on 3 groups of products: (1) ethyl alcohol and alcoholic beverages, (2) fuels and (3) manufactured tobacco. The excises duty rates for alcoholic beverages increase with the degree of alcohol. Excise duty on alcoholic beverages is harmonised with Directive 92/84/EEC, except mead brandies on which the excise rate will be increased from 1 May 2004. Rates of excise duty on mineral oils will be gradually aligned to minimum rates of duty established in Directive 92/82/EEC. On 1 January 2002 the excise duty rate on petrol was lower by 5.4%, the rate of excise duty on gas oil and kerosene used as propellant was lower by 39.2% than the minimum excise duty rates established in Directive 92/82/EEC.

With a view to protecting consumers from a steep increase in the excise duty rate along with an increase in the price of cigarettes Lithuania has negotiated a transitional period until 31 December 2009 in order to implement all the requirements for the excise duty levied on cigarettes laid down in Council Directive 92/79/EEC. Rates of excise duty on cigars and cigarillos, fine cut smoking tobacco and other smoking tobaccos will be in line with the minimum rates of excise duty established in the EU acquis from 1 May 2004.

The state social insurance system was created in 1991-1995. The system is administrated by the State Social Insurance Fund Board that has its own budget, separate from the State budget. Since the beginning of 2000, the mandatory state social insurance contribution rate increased from 31% to 34%. At present, the employer contributes 31% (previously 30%) of the employees' gross wages to the State Social Insurance Fund (SSIF), while the employee contributes 3% (previously 1%).

measures in the field of Value Added Taxation. The Excise duty on unleaded petrol and on diesel fuel will be gradually aligned to EU minimum by 1/1/2010.

Taxes & Social contributions in Malta ¹⁾

	1995	1996	1997	1998	1999	2000	2001	2002
	ESA95							
A. Structure of revenues as % of GDP								
Indirect taxes	12,7	12,0	12,5	11,9	12,4	12,9	13,3	13,3
VAT	6,3	6,1	6,1	4,9	5,4	6,2	6,5	6,5
Excise duties and consumption taxes	1,9	1,8	2,4	3,0	2,8	2,6	2,8	2,7
Other taxes on products (incl. import duties)	4,3	3,8	3,7	3,7	3,9	3,8	3,6	3,6
Other taxes on production	0,3	0,3	0,3	0,3	0,3	0,3	0,4	0,4
Direct taxes	8,7	7,8	8,6	8,2	8,9	9,7	10,2	11,3
Personal income	5,2	4,7	5,1	4,9	5,3	5,8	6,1	6,4
Corporate income	2,8	2,5	2,8	2,6	2,8	3,1	3,3	4,1
Other	0,7	0,6	0,7	0,8	0,8	0,7	0,8	0,9
Social Contributions	6,3	6,4	6,8	6,1	6,1	6,5	6,8	6,7
Employers'	3,1	3,1	3,3	3,0	2,9	2,8	3,1	3,0
Employees'	2,6	2,6	2,8	2,5	2,6	2,8	3,1	3,0
Self- and non-employed	0,6	0,7	0,8	0,6	0,7	0,8	0,7	0,7
B. Structure according to level of government as % of GDP								
Central Government	27,7	26,2	27,9	26,2	27,4	29,1	30,4	31,3
State Government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Local Government	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Social Sec. Funds	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EC Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total	27,7	26,2	27,9	26,2	27,4	29,1	30,4	31,3

1) For 1995 to 1998 GDP data estimated by the Commission Services. See annex B for details.
Source: Commission Services

Table A.2.1_T: Direct Taxes as % of Total Taxation: Personal income taxes

	1995	1996	1997	1998	1999	2000	2001	2002	Average 1995-2002	Change ¹⁾ 1995-2002	Difference ²⁾ 1995 to 2002
BE	30,6	29,4	29,6	29,2	28,6	29,2	29,9	29,5	29,5	-0,3	-1,1
CZ	12,6	13,4	14,1	14,1	13,0	13,5	13,3	13,5	13,4	0,3	0,9
DK	53,9	53,3	52,6	51,6	50,7	52,5	52,8	53,1	52,6	-0,2	-0,8
DE	23,4	23,1	22,7	23,2	23,7	24,4	24,6	24,3	23,7	1,0	0,9
EE	-	-	-	-	-	-	-	20,5	20,5		
EL	12,5	12,4	13,2	15,1	15,4	14,4	13,6	13,8	13,8	1,7	1,3
ES	23,5	23,3	21,5	20,9	19,4	19,2	19,8	19,6	20,9	-2,9	-3,9
FR	12,1	12,4	13,2	18,0	18,2	18,7	18,5	18,1	16,2	7,0	6,0
IE	31,0	31,0	31,2	30,4	28,2	27,0	27,2	24,9	28,9	-3,2	-6,1
IT	26,1	25,7	25,4	26,4	26,4	25,2	26,1	25,9	25,9	0,0	-0,2
CY	-	-	-	16,5	17,6	15,3	15,2	15,1	15,9		
LV	16,0	16,7	16,8	16,8	18,1	18,0	18,1	19,4	17,5	2,4	3,4
LT	26,1	25,0	16,5	24,0	25,8	25,4	25,1	24,0	24,0	0,9	-2,1
LU	21,7	21,8	20,7	19,1	18,9	18,2	17,7	16,3	19,3	-4,1	-5,4
HU	-	-	-	-	-	-	19,8	19,9	19,9		
MT	18,8	17,8	18,4	18,5	19,3	20,0	20,3	20,3	19,2	1,7	1,5
NL	19,2	17,9	15,9	15,5	14,9	15,2	16,1	18,1	16,6	-1,3	-1,0
AT	22,4	22,8	23,7	23,8	24,0	23,4	24,0	22,7	23,4	0,4	0,3
PL	21,3	20,9	20,3	20,8	12,8	12,6	12,1	11,8	16,6	-10,5	-9,5
PT	17,5	17,7	16,8	16,3	16,0	16,5	16,8	15,9	16,7	-1,1	-1,5
SI	14,7	15,5	15,8	14,9	14,6	14,8	15,0	14,8	15,0	-0,4	0,1
SK	8,6	10,1	11,6	11,7	12,2	10,1	10,7	-	10,7		
FI	31,1	32,7	30,8	30,0	29,4	30,6	31,5	31,2	30,9	-0,2	0,1
SE	33,7	33,8	33,9	33,6	33,8	32,8	31,5	30,1	32,9	-1,5	-3,6
UK	29,1	27,5	26,0	28,1	28,4	29,0	29,4	29,3	28,4	0,8	0,1
NO	25,3	25,0	25,7	27,6	26,6	24,0	24,1	24,7	25,4	-0,7	-0,6
EU25	23,2	23,0	22,7	24,0	23,9	24,2	24,3	24,1	23,7	0,9	0,9
EU15	23,4	23,1	22,9	24,2	24,2	24,5	24,8	24,5	23,9	1,0	1,1
Euro12	19,9	19,9	19,7	21,0	21,0	21,1	21,4	21,1	20,6	1,2	1,2
NMS10	17,4	17,9	17,7	18,3	13,6	13,5	14,0	14,4	15,8	-4,4	-3,0

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation

See explanatory notes in Annex C

Source: Commission Services

Table A.2.2_G: Direct Taxes as % of GDP: Corporate income tax

	1995	1996	1997	1998	1999	2000	2001	2002	Average 1995-2002	Change ¹⁾ 1995-2002	Difference ²⁾ 1995 to 2002
BE	2,4	2,7	2,9	3,4	3,3	3,3	3,2	3,1	3,0	3,4	0,7
CZ	4,9	3,9	3,2	3,5	3,7	3,5	4,1	4,4	3,9	-0,2	-0,5
DK	2,0	2,3	2,6	2,8	3,0	2,4	3,1	2,9	2,6	4,8	0,9
DE	0,9	1,2	1,3	1,4	1,5	1,7	0,6	0,6	1,1	-6,8	-0,3
EE	-	-	-	-	-	-	-	1,3	1,3		
EL	2,6	2,3	2,6	3,1	3,5	4,6	3,8	3,8	3,3	8,3	1,1
ES	1,9	2,1	2,8	2,6	3,0	3,2	3,0	3,4	2,7	7,8	1,5
FR	1,8	2,0	2,3	2,3	2,7	2,8	3,1	2,6	2,5	6,9	0,9
IE	2,8	3,1	3,2	3,4	3,8	3,8	3,6	3,7	3,4	4,0	0,9
IT	3,4	3,8	4,2	2,5	2,8	2,4	3,0	2,6	3,1	-5,4	-0,8
CY	-	-	-	3,8	4,5	4,6	5,0	5,0	4,6		
LV	2,0	2,0	2,4	2,5	2,2	1,9	2,1	2,1	2,2	-0,4	0,1
LT	1,3	1,2	1,6	1,3	0,8	0,7	0,5	0,6	1,0	-14,6	-0,7
LU	7,5	7,7	7,9	7,8	7,1	7,2	7,5	8,6	7,7	0,6	1,1
HU	-	-	-	-	-	-	2,4	2,4	2,4		
MT	2,8	2,5	2,8	2,6	2,8	3,1	3,3	4,1	3,0	5,3	1,3
NL	3,3	4,1	4,6	4,5	4,6	4,4	4,4	3,7	4,2	1,3	0,4
AT	1,7	2,2	2,2	2,3	2,0	2,2	3,3	3,1	2,4	7,3	1,4
PL	2,9	2,9	3,1	2,8	2,5	2,4	2,0	1,9	2,5	-6,5	-0,9
PT	2,5	2,9	3,3	3,3	3,8	4,1	3,6	3,7	3,4	5,5	1,2
SI	0,6	0,8	1,0	1,0	1,1	1,2	1,2	1,4	1,0	11,3	0,8
SK	6,1	4,2	3,7	3,4	3,1	2,8	2,7	-	3,7		
FI	2,3	2,8	3,5	4,3	4,4	6,0	4,3	4,3	4,0	9,6	2,0
SE	2,7	2,6	2,9	2,7	3,1	3,8	3,0	2,6	2,9	1,7	-0,1
UK	2,7	3,1	3,8	3,8	3,4	3,4	3,3	2,7	3,3	-0,2	0,0
NO	3,2	3,5	3,5	2,7	3,5	5,2	4,9	4,7	3,9	6,8	1,5
EU25	2,1	2,4	2,8	2,6	2,7	2,8	2,6	2,4	2,6	1,9	0,3
EU15	2,0	2,4	2,8	2,6	2,7	2,8	2,6	2,4	2,6	2,1	0,4
Euro12	1,9	2,3	2,6	2,3	2,6	2,7	2,5	2,3	2,4	2,4	0,4
NMS10	3,4	3,0	2,9	2,8	2,6	2,6	2,4	2,5	2,8	-4,3	-0,9
EU25 (arithmetic average)	2,8	2,8	3,1	3,1	3,2	3,3	3,2	3,1	3,1	1,9	0,3
EU15 (arithmetic average)	2,7	3,0	3,3	3,4	3,5	3,7	3,5	3,4	3,3	3,4	0,7
Euro12 (arithmetic average)	2,8	3,1	3,4	3,4	3,5	3,8	3,6	3,6	3,4	3,7	0,8
NMS10 (arithmetic average)	2,9	2,5	2,5	2,6	2,6	2,5	2,6	2,6	2,6	-0,8	-0,3
Ratio st.dev. and mean in % ³⁾	78,5	59,2	50,2	52,4	47,9	52,1	54,3	68,3			-10,2
Difference max. and min. ³⁾	6,9	6,9	6,9	6,9	6,3	6,5	7,0	8,0			1,1

1) Estimated annual average growth rate in %. - 2) in %-points of GDP - 3) for EU15

See explanatory notes in Annex C

Source: Commission Services

Table A.2.2_T: Direct Taxes as % of Total Taxation: Corporate income tax

	1995	1996	1997	1998	1999	2000	2001	2002	Average 1995-2002	Change ¹⁾ 1995-2002	Difference ²⁾ 1995 to 2002
BE	5,4	6,0	6,3	7,4	7,1	7,1	6,9	6,7	6,6	3,0	1,3
CZ	12,4	10,2	8,4	9,6	9,9	10,3	12,0	12,4	10,7	1,8	0,1
DK	4,0	4,6	5,2	5,6	5,9	4,8	6,3	5,8	5,3	4,8	1,9
DE	2,2	2,9	3,1	3,3	3,6	4,0	1,4	1,5	2,7	-6,7	-0,8
EE	-	-	-	-	-	-	-	3,8	3,8		
EL	8,0	6,8	7,5	8,6	9,4	12,0	10,2	10,4	9,1	6,3	2,3
ES	5,8	6,1	8,1	7,5	8,5	9,0	8,4	9,5	7,9	6,7	3,8
FR	4,0	4,5	5,0	5,1	5,9	6,3	6,9	5,9	5,5	6,8	1,9
IE	8,3	9,3	9,8	10,5	12,0	11,8	11,9	13,0	10,8	6,0	4,7
IT	8,3	8,9	9,3	5,7	6,5	5,7	7,1	6,3	7,2	-5,3	-2,0
CY	-	-	-	12,9	15,3	14,7	15,3	15,4	14,7		
LV	5,5	5,9	6,8	6,8	6,3	5,9	6,5	6,9	6,3	1,8	1,4
LT	4,4	4,3	5,3	4,1	2,6	2,2	1,8	2,1	3,3	-14,9	-2,4
LU	17,7	18,2	19,1	19,5	17,5	17,7	18,4	20,5	18,6	0,9	2,8
HU	-	-	-	-	-	-	6,0	6,1	-		
MT	10,1	9,5	9,9	9,9	10,3	10,7	10,9	13,1	10,5	3,3	3,0
NL	8,1	10,1	11,3	11,3	10,9	10,7	10,9	9,4	10,3	1,5	1,3
AT	4,0	5,0	5,0	5,3	4,5	5,1	7,3	6,9	5,4	6,8	3,0
PL	8,4	7,5	8,1	7,6	6,6	6,6	4,8	4,9	6,8	-7,8	-3,4
PT	7,4	8,4	9,6	9,5	10,7	11,3	10,0	10,3	9,7	4,4	2,9
SI	1,3	1,9	2,5	2,4	2,7	3,0	3,1	3,4	2,5	11,6	2,1
SK	14,6	10,4	9,7	9,0	8,7	8,3	8,3	-	-		
FI	5,0	6,0	7,5	9,3	9,4	12,5	9,4	9,3	8,6	9,6	4,3
SE	5,4	5,0	5,5	5,0	5,8	7,1	5,8	5,1	5,6	1,4	-0,3
UK	7,6	8,9	10,8	10,4	9,1	9,0	8,8	7,6	9,0	-0,9	0,0
NO	7,5	8,1	8,3	6,4	8,1	11,9	11,3	10,6	9,0	6,4	3,0
EU25	5,1	5,8	6,7	6,3	6,5	6,8	6,4	6,0	6,2	1,9	0,8
EU15	5,0	5,8	6,7	6,3	6,5	6,8	6,4	5,9	6,2	2,1	0,9
Euro12	4,4	5,2	5,8	5,3	5,8	6,1	5,7	5,4	5,4	2,4	0,9
NMS10	9,2	7,8	7,8	7,7	7,2	7,2	6,3	6,6	7,5	-4,5	-2,7

1) Estimated annual average growth rate in %. - 2) in %-points of Total Taxation

See explanatory notes in Annex C

Source: Commission Services

Table A.2.3_G: Direct Taxes as % of GDP: Other

	1995	1996	1997	1998	1999	2000	2001	2002	Average 1995-2002	Change ¹⁾ 1995-2002	Difference ²⁾ 1995 to 2002
BE	0,9	1,0	1,0	1,0	1,1	1,1	1,1	1,3	1,1	4,4	0,4
CZ	0,1	0,1	0,1	0,1	0,1	0,2	0,2	0,1	0,1	11,7	0,1
DK	2,1	2,0	1,7	1,4	1,8	1,5	0,7	0,8	1,5	-14,6	-1,3
DE	0,8	0,8	0,6	0,6	0,5	0,6	0,6	0,6	0,6	-4,5	-0,2
EE	-	-	-	-	-	-	-	0,0	0,0		
EL	1,1	1,0	1,1	1,2	0,9	0,9	1,1	1,0	1,0	-1,2	-0,1
ES	0,7	0,7	0,7	0,8	0,8	0,8	0,8	0,8	0,7	1,9	0,1
FR	1,9	1,8	1,8	1,7	1,7	1,5	1,6	1,5	1,7	-3,4	-0,4
IE	0,6	0,7	0,8	0,8	1,0	1,3	1,2	0,8	0,9	7,6	0,2
IT	1,3	0,9	1,3	1,0	1,1	1,6	1,1	1,0	1,2	0,1	-0,3
CY	-	-	-	1,7	1,6	2,1	1,9	1,7	1,8		
LV	0,6	0,7	1,2	1,3	1,0	1,1	1,1	1,1	1,0	7,5	0,5
LT	0,0	0,0	0,0	0,1	0,1	0,1	0,0	0,0	0,1	3,7	0,0
LU	0,9	1,1	1,0	1,0	1,1	1,0	0,9	1,1	1,0	0,0	0,1
HU	-	-	-	-	-	-	0,3	0,3	0,3		
MT	0,7	0,6	0,7	0,8	0,8	0,7	0,8	0,9	0,7	3,7	0,2
NL	1,6	1,8	1,7	1,7	1,7	1,7	1,4	1,5	1,6	-1,9	-0,1
AT	0,9	1,0	0,8	0,8	0,8	0,9	1,0	0,9	0,9	0,5	0,0
PL	1,2	0,6	0,7	0,4	0,4	0,6	1,1	0,8	0,7	-0,4	-0,4
PT	0,6	0,6	0,5	0,4	0,3	0,4	0,4	0,3	0,4	-10,5	-0,3
SI	0,6	0,6	0,6	0,9	0,8	1,0	0,8	0,8	0,8	6,5	0,2
SK	2,0	2,3	2,0	2,1	1,6	1,3	1,2	-	1,8		
FI	0,9	1,0	0,9	0,9	1,0	1,0	1,0	1,1	1,0	1,9	0,1
SE	0,8	0,9	0,9	1,0	1,0	1,1	1,0	0,8	1,0	0,7	0,0
UK	2,1	2,2	2,2	2,4	2,6	2,6	2,8	2,6	2,4	4,0	0,6
NO	2,2	2,7	2,4	1,4	2,0	4,7	4,9	4,9	3,1	13,1	2,7
EU25	1,3	1,2	1,3	1,3	1,3	1,4	1,3	1,2	1,3	0,4	0,0
EU15	1,3	1,3	1,3	1,3	1,3	1,4	1,3	1,3	1,3	0,6	0,0
Euro12	1,1	1,1	1,1	1,0	1,0	1,1	1,0	1,0	1,1	-1,7	-0,2
NMS10	0,9	0,6	0,7	0,6	0,5	0,7	0,8	0,6	0,7	-1,8	-0,3
EU25 (arithmetic average)	1,0	1,0	1,0	1,1	1,0	1,1	1,0	0,9	1,0	-0,7	-0,1
EU15 (arithmetic average)	1,1	1,2	1,1	1,1	1,2	1,2	1,1	1,1	1,1	-0,6	-0,1
Euro12 (arithmetic average)	1,0	1,0	1,0	1,0	1,0	1,1	1,0	1,0	1,0	-0,2	0,0
NMS10 (arithmetic average)	0,7	0,7	0,8	0,9	0,8	0,9	0,8	0,6	0,8	0,4	-0,1
Ratio st.dev. and mean in % ³⁾	46,2	48,9	45,2	46,5	46,1	41,9	42,3	45,5			-0,7
Difference max. and min. ³⁾	2,0	2,2	2,2	2,3	2,5	2,6	2,7	2,6			0,5

1) Estimated annual average growth rate in %. - 2) in %-points of GDP - 3) for EU15

See explanatory notes in Annex C

Source: Commission Services

Table E: Estimates for the split of the personal income tax
1995-2002, in % of total revenue of personal income tax

Personal income tax revenue allocated to employed labour income ¹⁾

	1995	1996	1997	1998	1999	2000	2001	2002
BE	0,749	0,741	0,747	0,740	0,744	0,750	0,752	0,747
DK	0,724	0,728	0,738	0,725	0,728	0,755	0,758	0,762
DE	0,757	0,729	0,734	0,724	0,704	0,705	0,715	0,735
EL	0,473	0,484	0,497	0,484	0,498	0,495	0,494	0,487
ES	0,527	0,535	0,544	0,545	0,536	0,541	0,551	<i>0,551</i>
FR	<i>0,740</i>	<i>0,740</i>	<i>0,740</i>	<i>0,740</i>	0,740	0,720	0,740	0,730
IE	0,843	0,842	0,840	0,830	0,842	0,833	<i>0,833</i>	<i>0,833</i>
IT	0,589	<i>0,578</i>	<i>0,567</i>	0,556	0,564	0,555	<i>0,555</i>	<i>0,555</i>
LU	<i>0,695</i>	0,687	0,696	0,711	0,728	0,728	<i>0,728</i>	<i>0,728</i>
NL	0,655	<i>0,651</i>	0,647	<i>0,659</i>	<i>0,670</i>	0,682	0,678	<i>0,678</i>
AT	0,621	0,612	0,619	0,620	0,625	0,628	0,590	0,586
PT	<i>0,672</i>	<i>0,672</i>	<i>0,672</i>	<i>0,672</i>	0,672	<i>0,672</i>	<i>0,672</i>	<i>0,672</i>
FI	0,661	0,676	0,673	0,686	0,683	0,679	0,712	0,715
SE	0,715	0,709	0,706	0,711	0,688	0,676	0,711	0,706
UK	0,764	0,755	0,747	0,743	0,751	0,760	0,760	0,761

Source: Commission services on the basis of estimates by Member States.

¹⁾ The numbers printed in **bold** are the actual estimates; the numbers printed in *italics* represent either linear interpolations or fractions that were assumed to remain constant.

Personal income tax revenue allocated to income of the self-employed ¹⁾

	1995	1996	1997	1998	1999	2000	2001	2002
BE	0,127	0,130	0,122	0,129	0,132	0,129	0,126	0,130
DK	0,057	0,056	0,054	0,061	0,063	0,055	0,060	0,060
DE	0,190	0,221	0,214	0,224	0,242	0,238	0,233	0,214
EL	0,279	0,265	0,245	0,259	0,238	0,245	0,242	0,248
ES	0,152	0,144	0,148	0,145	0,146	0,134	0,130	<i>0,130</i>
FR	<i>0,180</i>	<i>0,180</i>	<i>0,180</i>	<i>0,180</i>	0,180	0,200	0,195	0,190
IE	0,109	0,108	0,109	0,112	0,111	0,111	<i>0,111</i>	<i>0,111</i>
IT	0,162	<i>0,169</i>	<i>0,175</i>	0,182	0,186	0,188	<i>0,188</i>	<i>0,188</i>
LU	<i>0,121</i>	0,116	0,133	0,125	0,126	0,126	<i>0,126</i>	<i>0,126</i>
NL	0,185	<i>0,196</i>	0,207	<i>0,216</i>	<i>0,225</i>	0,234	0,162	<i>0,162</i>
AT	0,184	0,187	0,181	0,181	0,171	0,171	0,210	0,210
PT	<i>0,098</i>	<i>0,098</i>	<i>0,098</i>	<i>0,098</i>	0,098	<i>0,098</i>	<i>0,098</i>	<i>0,098</i>
FI	0,082	0,074	0,079	0,075	0,074	0,074	0,075	0,079
SE	0,023	0,026	0,027	0,027	0,028	0,029	0,030	0,029
UK	0,121	0,122	0,126	0,120	0,116	0,118	0,126	0,129

Source: Commission services on the basis of estimates by Member States.

¹⁾ The numbers printed in **bold** are the actual estimates; the numbers printed in *italics* represent either linear interpolations or fractions that were assumed to remain constant.

Personal income tax revenue allocated to capital income ¹⁾

	1995	1996	1997	1998	1999	2000	2001	2002
BE	-0,016	-0,016	-0,017	-0,016	-0,017	-0,016	-0,018	-0,017
DK	-0,034	-0,037	-0,031	-0,018	-0,014	-0,028	-0,033	-0,036
DE	0,019	0,023	0,023	0,025	0,026	0,029	0,025	0,022
EL	0,114	0,115	0,117	0,120	0,124	0,121	0,121	0,123
ES	0,108	0,105	0,097	0,107	0,123	0,125	0,116	<i>0,116</i>
FR	<i>0,080</i>	<i>0,080</i>	<i>0,080</i>	<i>0,080</i>	0,080	0,080	0,065	0,080
IE	0,033	0,035	0,038	0,045	0,038	0,046	<i>0,046</i>	<i>0,046</i>
IT	0,048	<i>0,049</i>	<i>0,049</i>	0,050	0,057	0,059	<i>0,059</i>	<i>0,059</i>
LU	<i>0,057</i>	0,061	0,055	0,051	0,038	0,038	<i>0,038</i>	<i>0,038</i>
NL	-0,008	<i>-0,008</i>	-0,008	<i>-0,028</i>	<i>-0,048</i>	-0,068	0,042	<i>0,042</i>
AT	0,024	0,025	0,024	0,024	0,021	0,019	0,023	0,023
PT	<i>0,147</i>	<i>0,147</i>	<i>0,147</i>	<i>0,147</i>	0,147	<i>0,147</i>	<i>0,147</i>	<i>0,147</i>
FI	0,024	0,029	0,041	0,047	0,063	0,075	0,060	0,042
SE	-0,015	0,010	0,025	0,026	0,056	0,078	0,032	0,026
UK	0,100	0,107	0,112	0,121	0,117	0,108	0,099	0,094

Source: Commission services on the basis of estimates by Member States.

¹⁾ The numbers printed in **bold** are the actual estimates; the numbers printed in *italics* represent either linear interpolations or fractions that were assumed to remain constant.

Personal income tax revenue allocated to social transfers and pensions ¹⁾

	1995	1996	1997	1998	1999	2000	2001	2002
BE	0,140	0,145	0,147	0,147	0,141	0,138	0,140	0,139
DK	0,253	0,253	0,239	0,232	0,223	0,218	0,215	0,213
DE	0,033	0,027	0,029	0,027	0,028	0,028	0,027	0,029
EL	0,133	0,137	0,140	0,137	0,140	0,140	0,143	0,142
ES	0,213	0,216	0,211	0,203	0,195	0,199	0,202	<i>0,202</i>
FR	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
IE	0,015	0,015	0,013	0,012	0,010	0,010	<i>0,010</i>	<i>0,010</i>
IT	0,201	<i>0,205</i>	<i>0,208</i>	0,212	0,194	0,198	<i>0,198</i>	<i>0,198</i>
LU	<i>0,127</i>	0,136	0,116	0,114	0,107	0,107	<i>0,107</i>	<i>0,107</i>
NL	0,168	<i>0,161</i>	0,154	<i>0,153</i>	<i>0,152</i>	0,151	0,118	<i>0,118</i>
AT	0,170	0,177	0,177	0,176	0,183	0,182	0,177	0,181
PT	<i>0,056</i>	<i>0,056</i>	<i>0,056</i>	<i>0,056</i>	0,056	<i>0,056</i>	<i>0,056</i>	<i>0,056</i>
FI	0,233	0,221	0,207	0,192	0,181	0,172	0,167	0,168
SE	0,278	0,258	0,243	0,236	0,228	0,217	0,227	0,238
UK	0,015	0,016	0,015	0,016	0,015	0,015	0,015	0,017

Source: Commission services on the basis of estimates by Member States.

¹⁾ The numbers printed in **bold** are the actual estimates; the numbers printed in *italics* represent either linear interpolations or fractions that were assumed to remain constant.

