

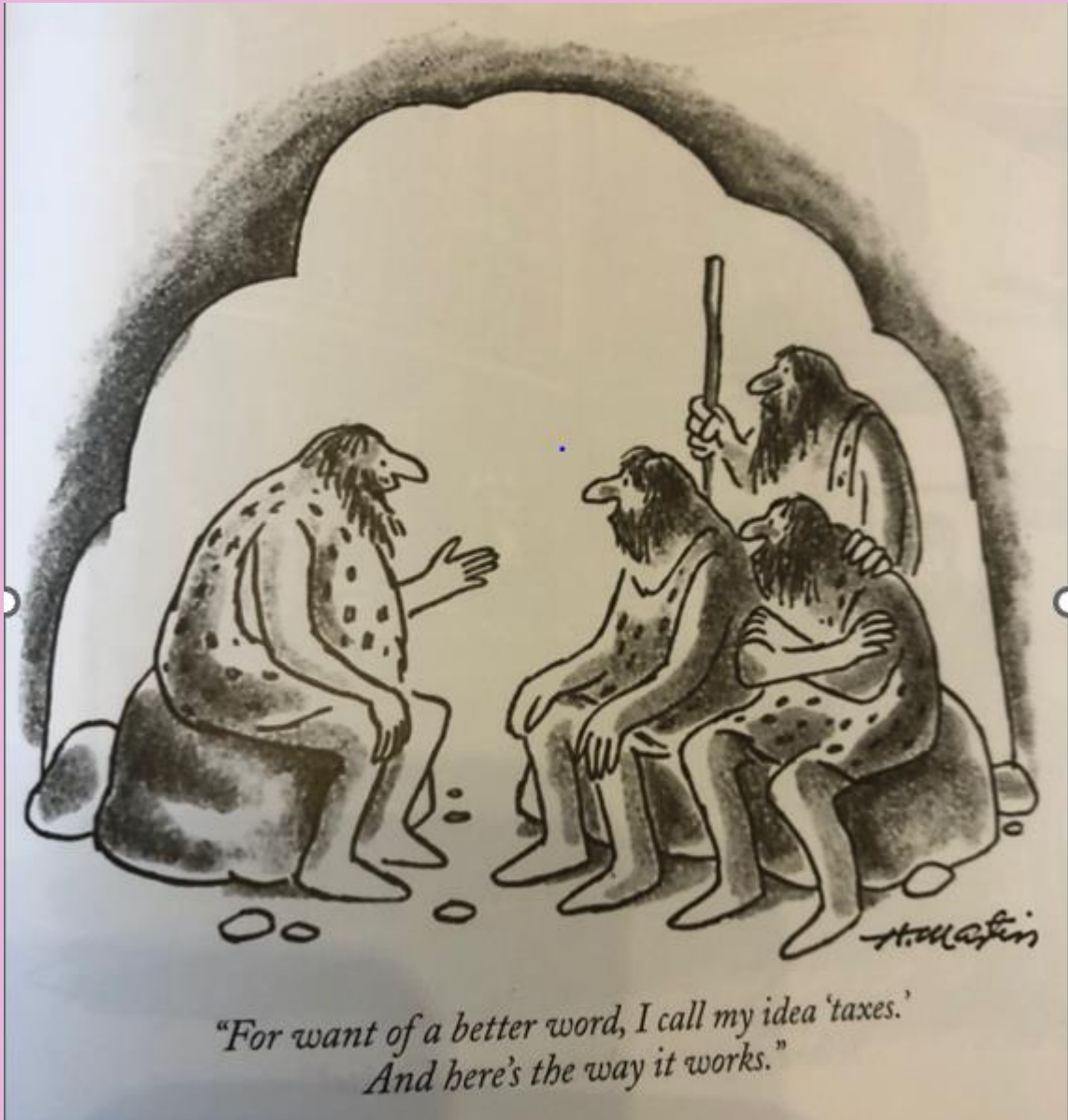


Annual report on taxation 2023

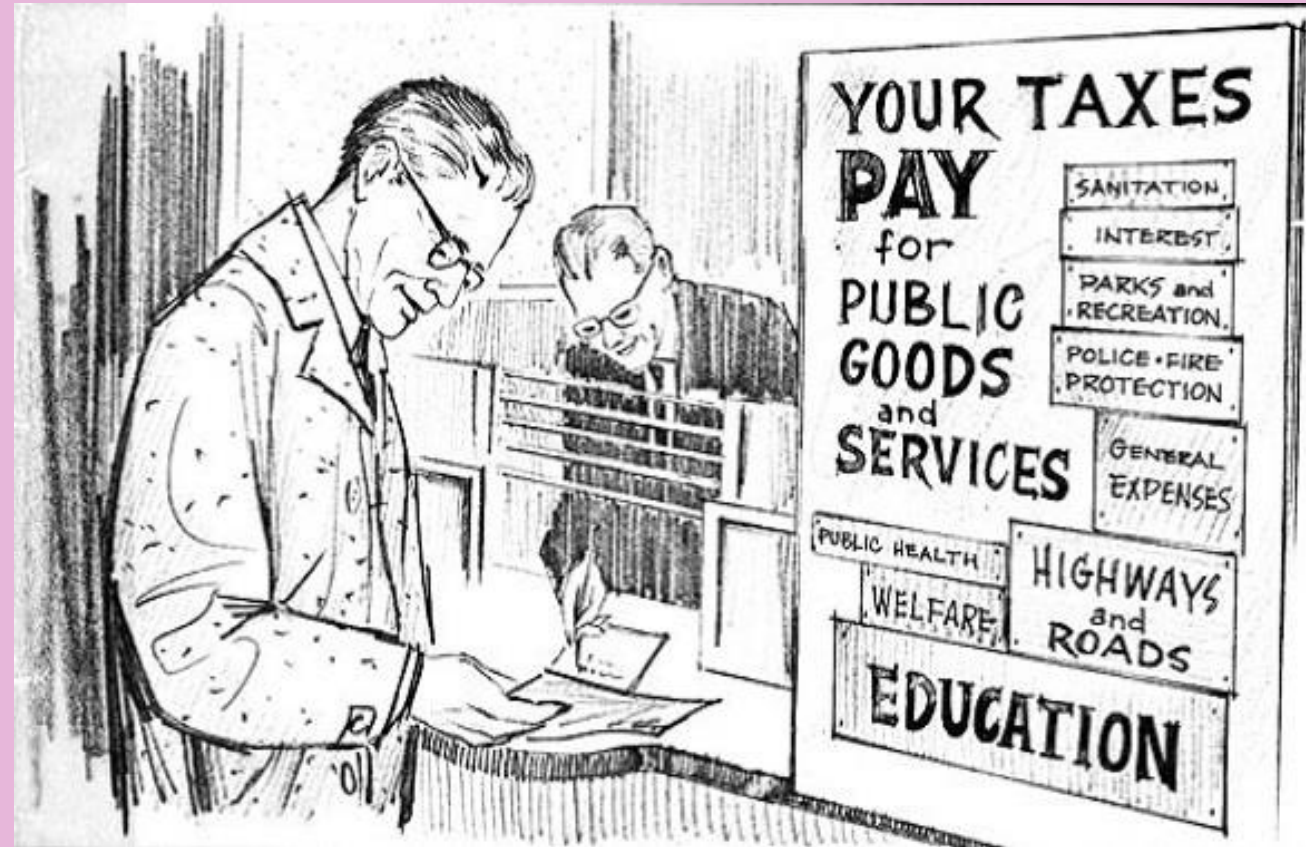
03.07.2023

Ana Xavier

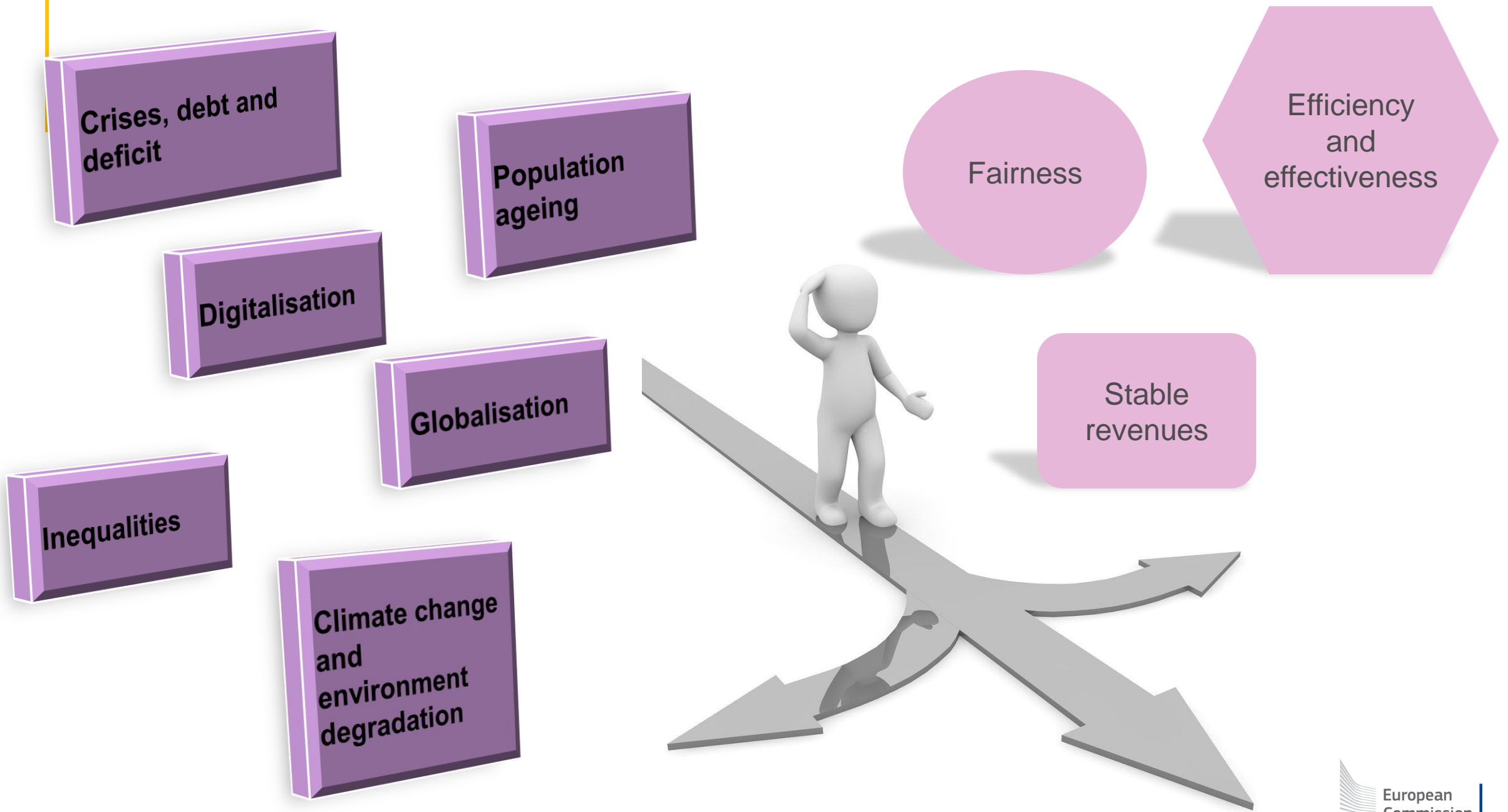
Head of Unit, Economic Analysis, Evaluation and impact assessment,
DG TAXUD



The New Yorker



Torontorealtyblog.com



Crises, debt and deficit

Population ageing

Digitalisation

Globalisation

Inequalities

Climate change and environment degradation

Fairness

Efficiency and effectiveness

Stable revenues

The European population is ageing:

Population pyramids, EU, 2022 and 2100
(% of the total population)

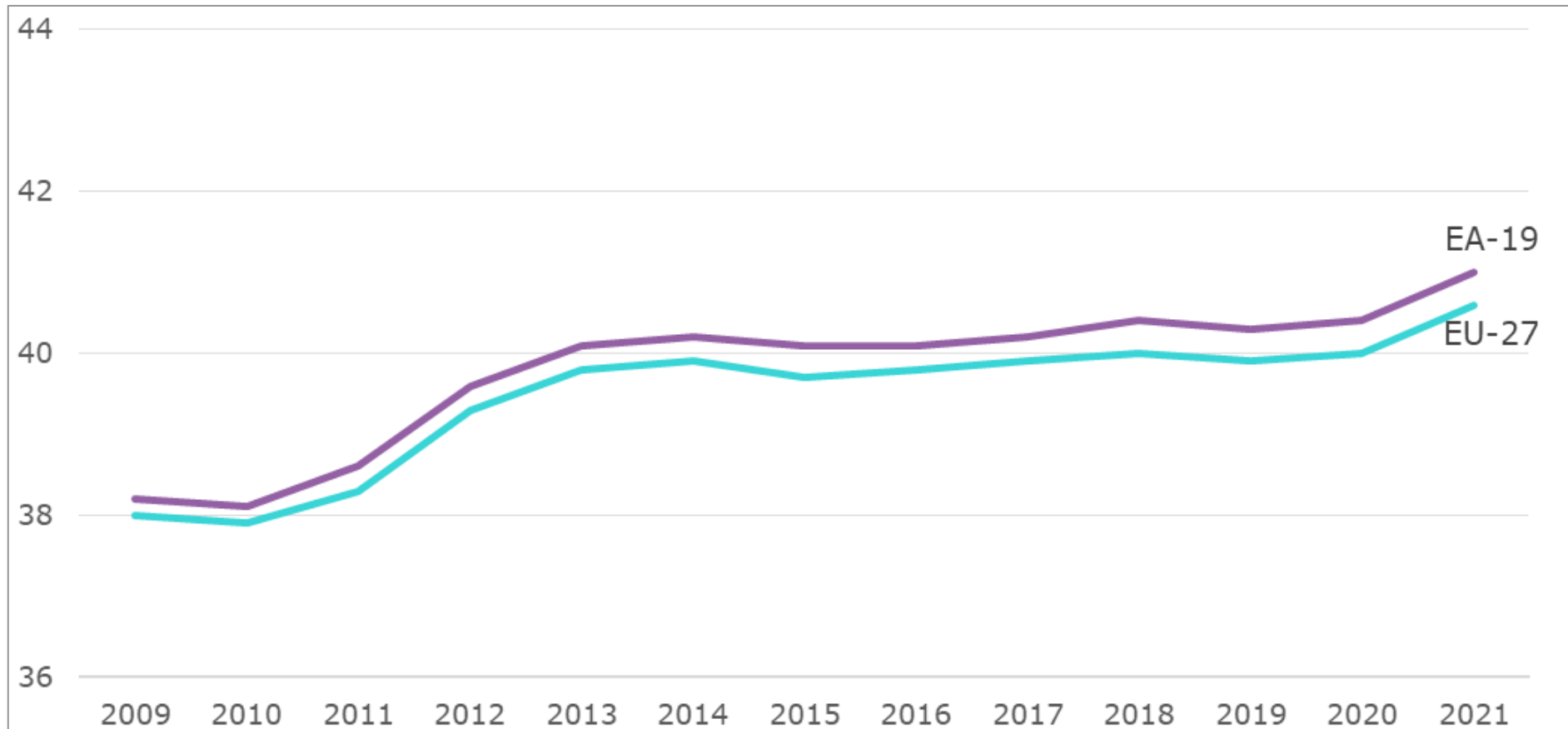


Note: 2022: provisional/estimated. 2100: projections (EUROPOP2019).
Source: Eurostat (online data codes: demo_pjangroup and proj_19np)

Solid colour: 2100
Bordered: 2022
Men Women

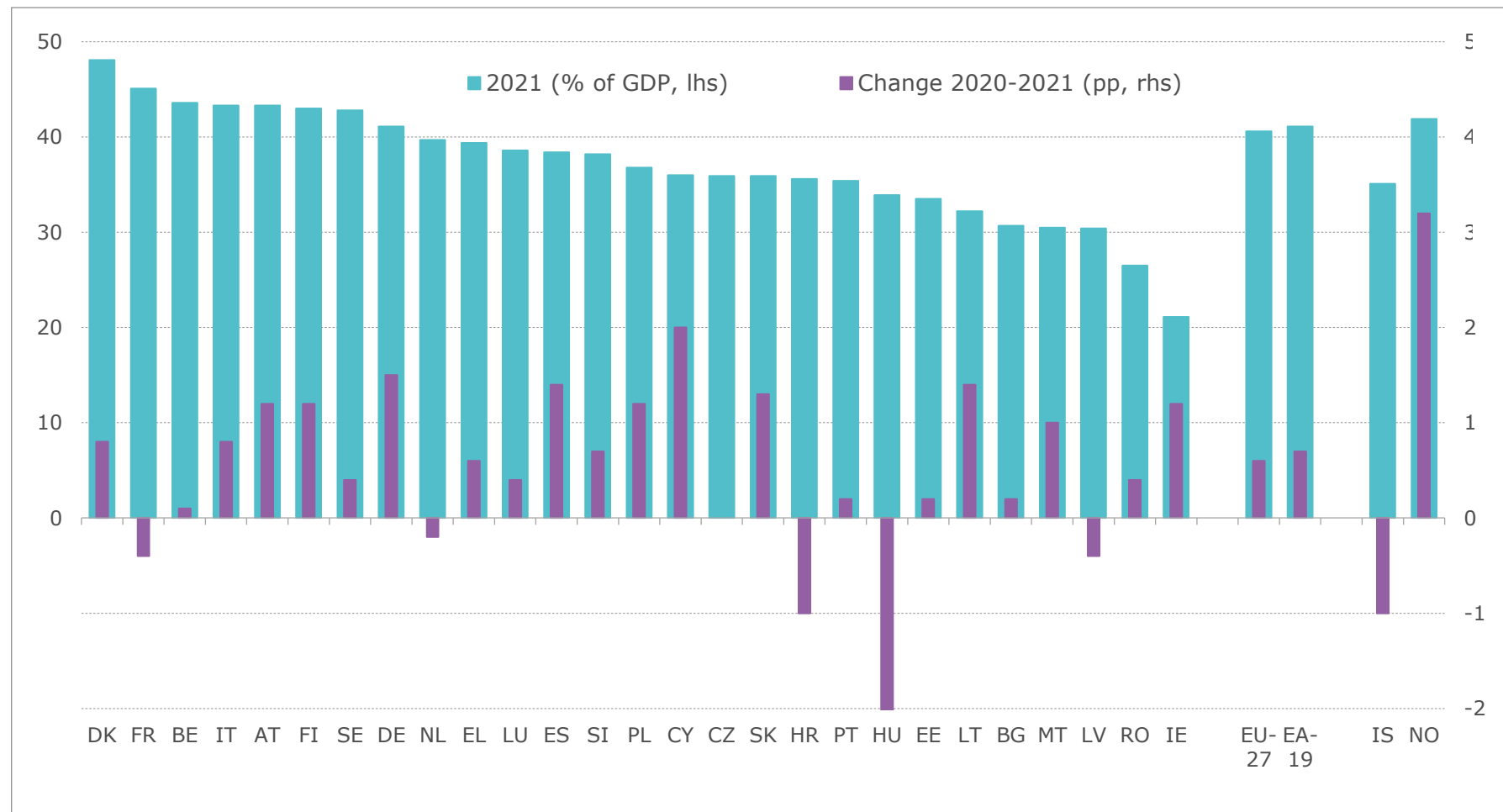
eurostat

TAX REVENUE (INCLUDING COMPULSORY SOCIAL SECURITY CONTRIBUTIONS), EU27 AND EA19, 2009–2021 (% OF GDP)



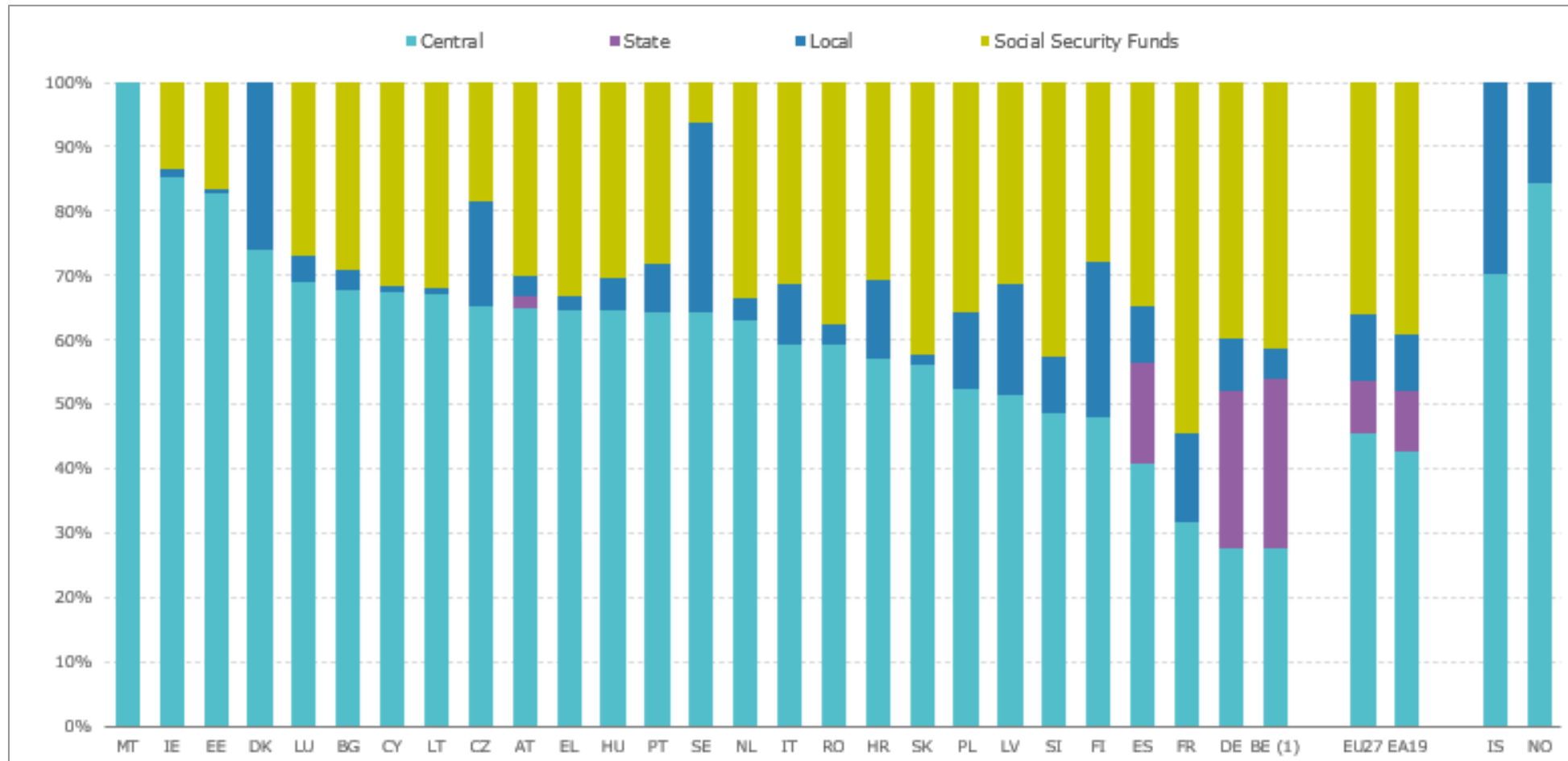
Source: Eurostat (online data code: gov_10a_taxag) (extracted June 2023)

TAX REVENUE AND YEARLY CHANGE



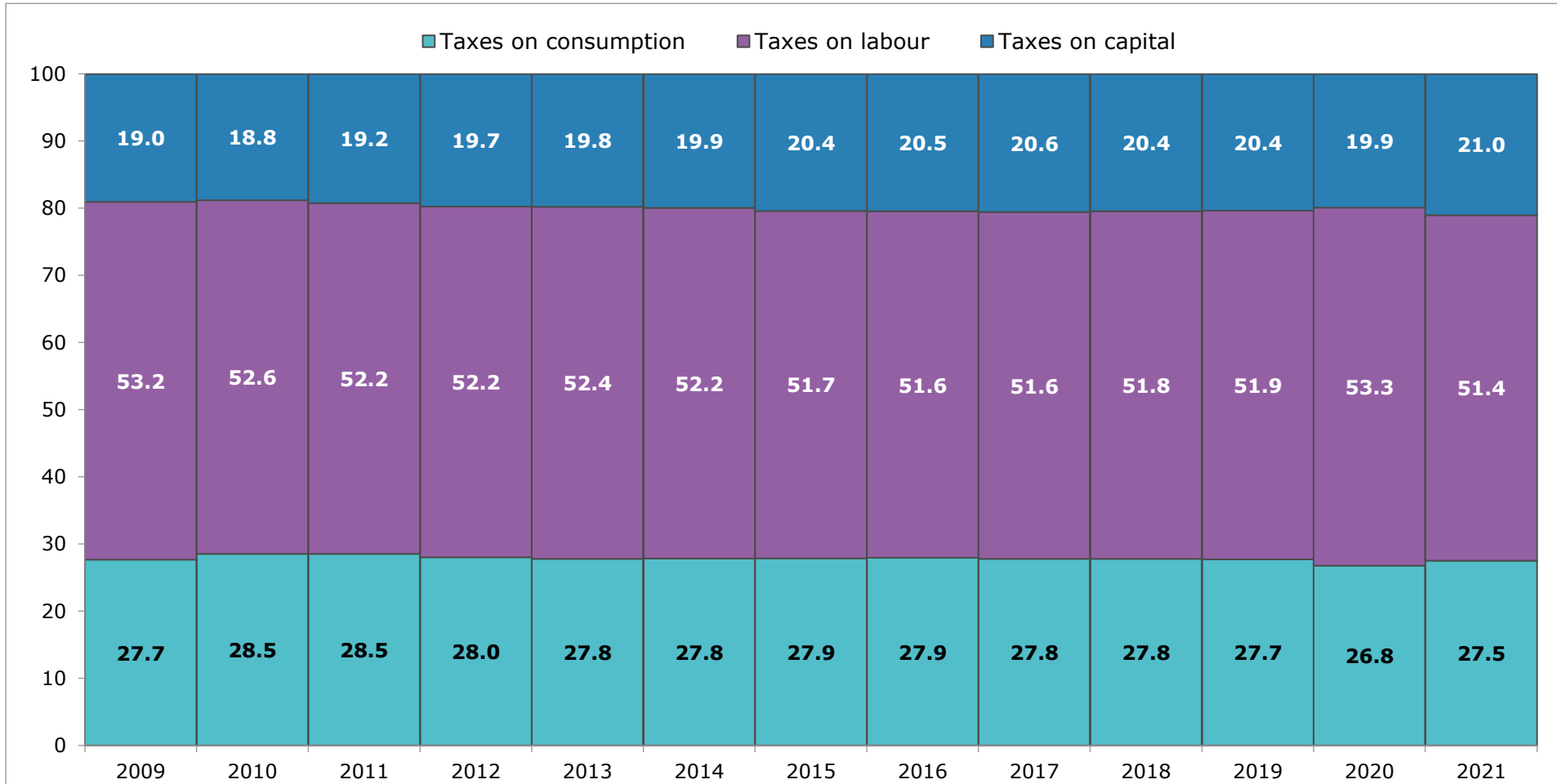
Source: Eurostat (online data code: gov_10a_taxag) (extracted June 2023)

REVENUE STRUCTURE BY LEVEL OF GOVERNMENT, 2021 (% OF TOTAL TAXES)

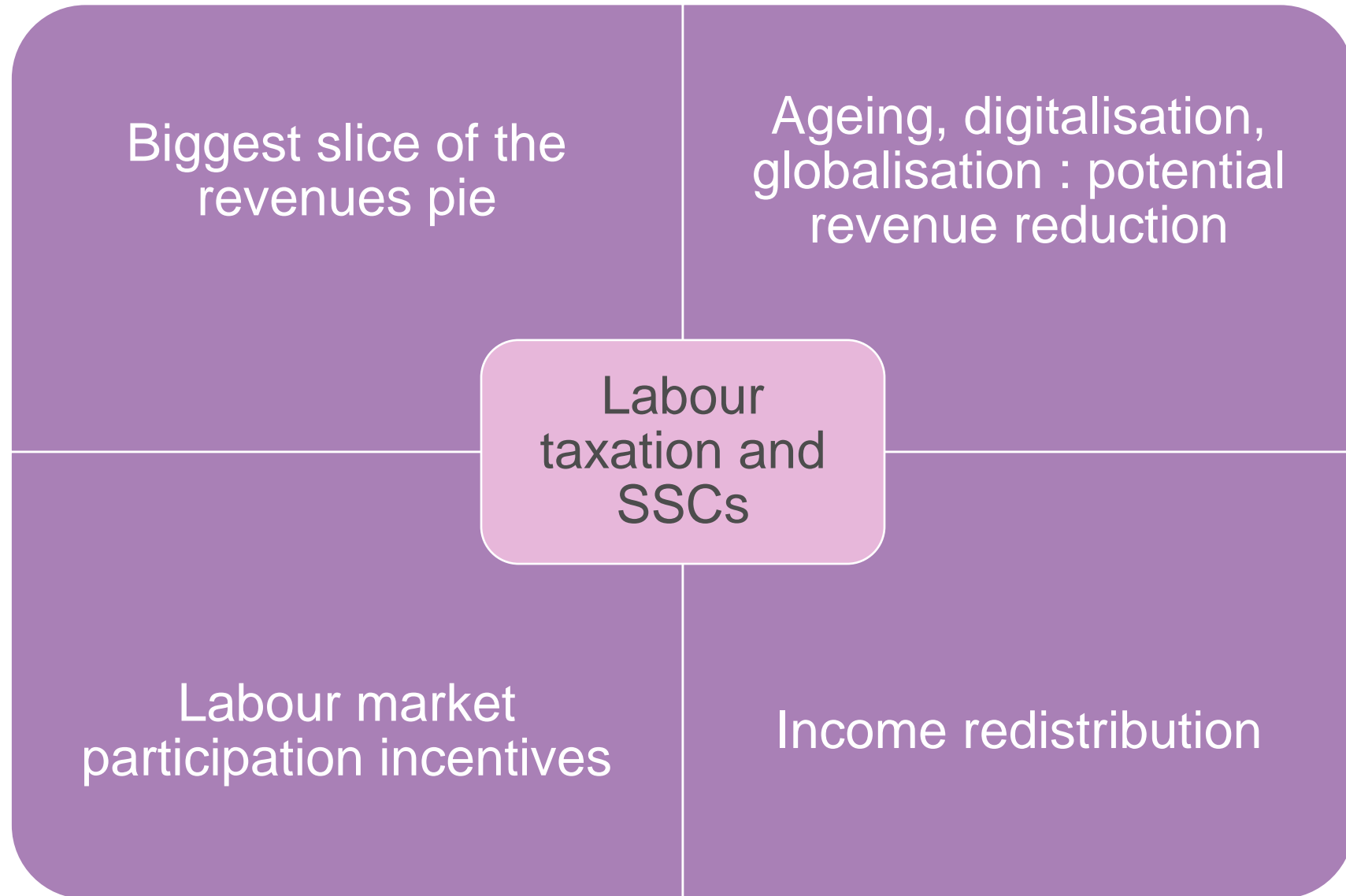


Source: European Commission, DG Taxation and Customs Union, based on Eurostat data

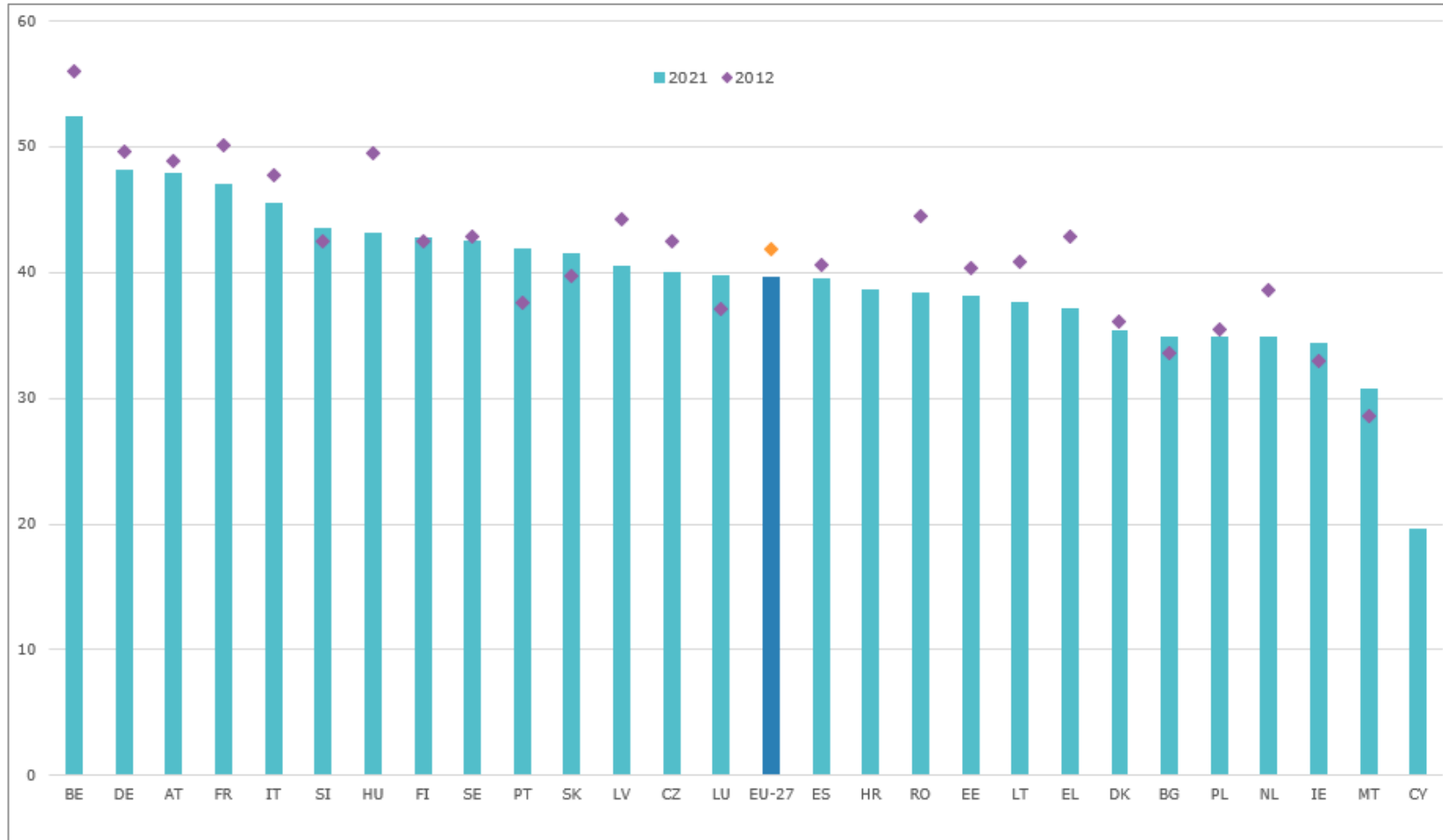
EU-27 TAX REVENUE ACCORDING TO TYPE OF TAX BASE, 2009–2021 (% OF TOTAL TAXES)



Source: European Commission, DG Taxation and Customs Union, Data on Taxation, based on Eurostat data

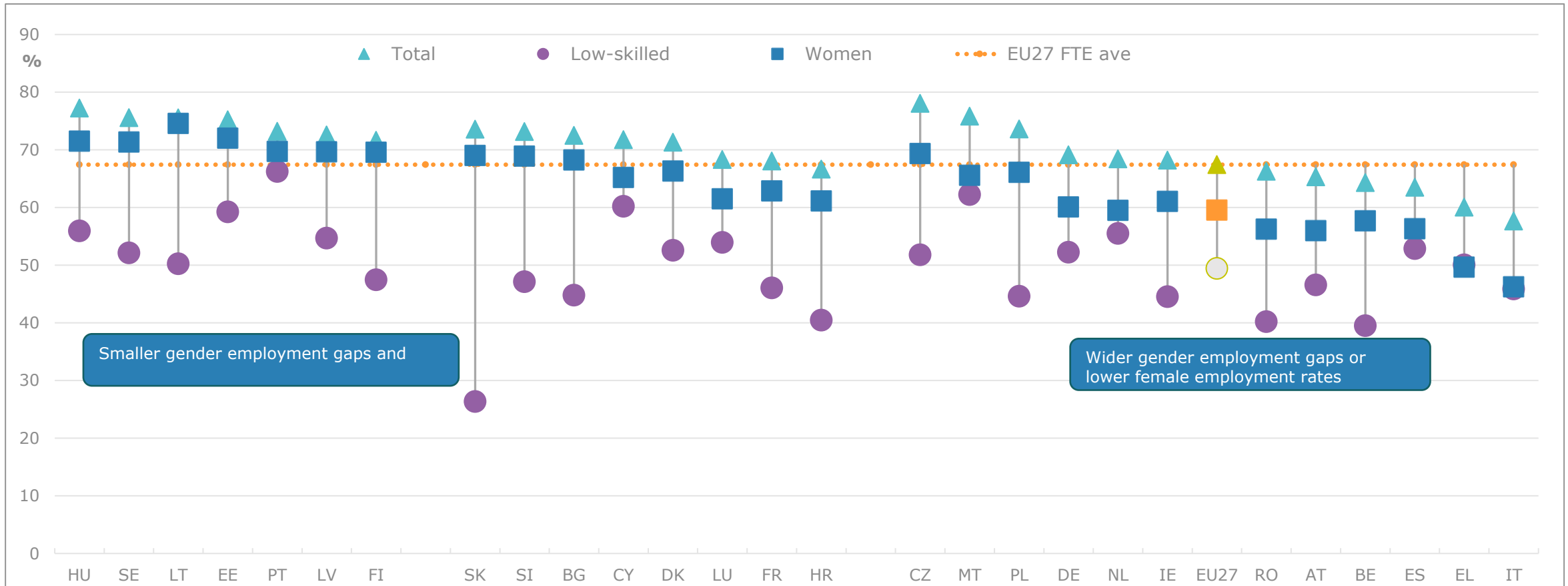


TAX WEDGE FOR A SINGLE PERSON ON AVERAGE WAGE, 2021 AND 2012



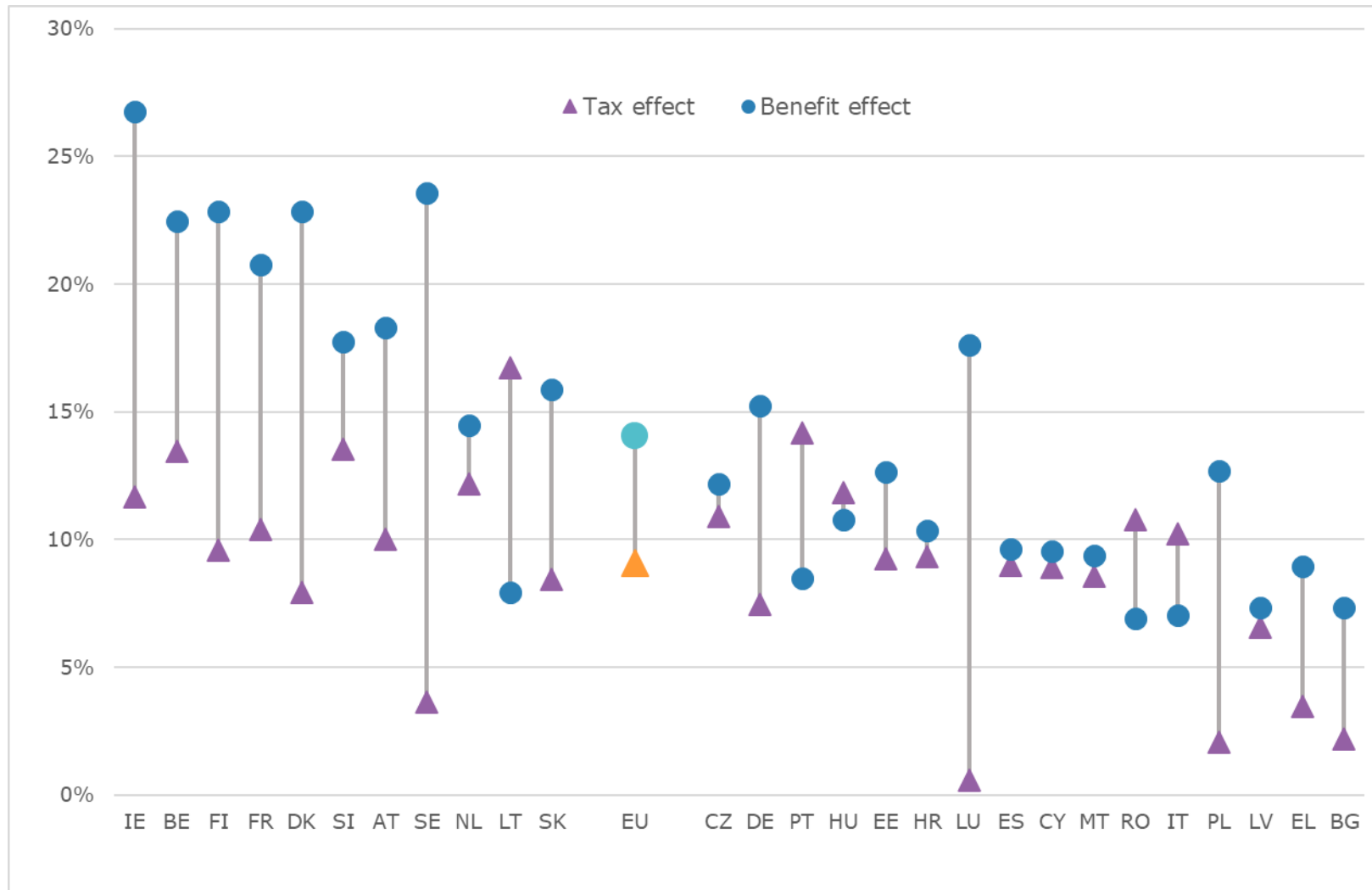
Source: European Commission, DG Taxation and Customs Union, 'Data on Taxation'

EMPLOYMENT RATES, FULL TIME EQUIVALENT, TOTAL, LOW-SKILLED AND WOMEN, 2021



Source: Eurostat, extractions from EU Labour Force Survey microdata

INEQUALITY REDUCING EFFECTS OF TAX AND BENEFITS, 2021



Source: Eurostat, based on EU-Statistic on Income and Living Conditions survey data.

Personal income tax beyond labour

- Personal capital income is the second important income category in personal income taxation, next to labour income
 - Immovable property tax: e.g. well designed housing taxation (recurrent more than transaction based), taxes on land or natural resources = efficient source of revenue.
 - Inheritance and gift taxes: another source easy to administer
- Can support the shift from labour taxation and support employment and growth



"First let me assure you all, none of you will have to worry about inheritance tax."

Corporate income taxation

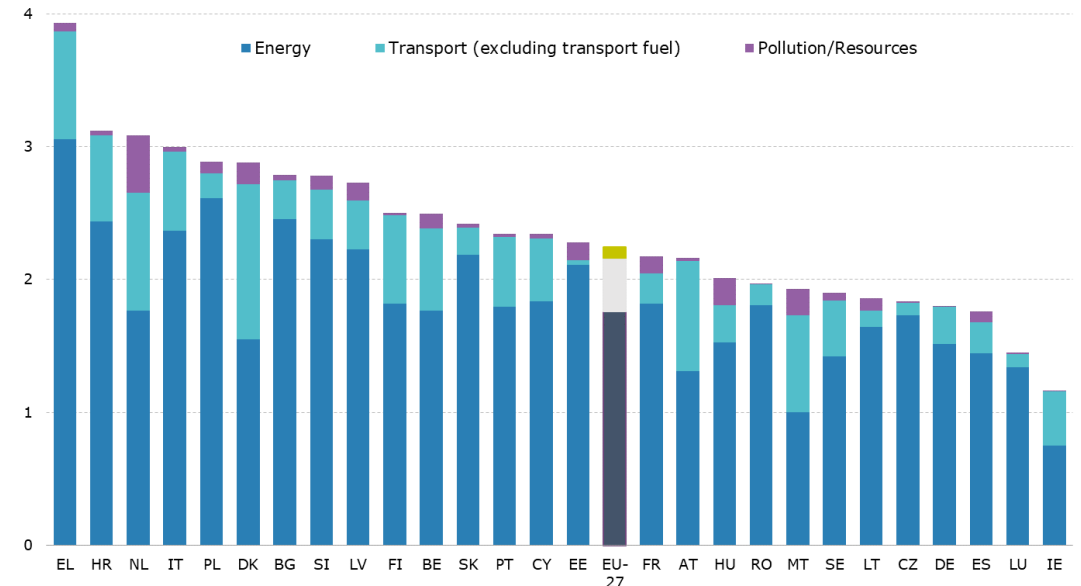
- Non negligible source of revenues = 3% of GDP
- Top statutory rates on a declining path
- Measures of the tax cost for investment show a decline
- But call for analysing the effectiveness of tax support – not all may de facto be investment or R&D inducing
- Tax competition and notably harmful tax practices – work of the CoCG

Environmental taxation

- Serious climate challenges ahead
- Progress with SDGs but some areas need further effort
- Green taxes can change behaviour, bring some revenue and support shift from labour
- Currently low share of revenues = 2.2 % of GDP and about 5.5 % of total tax revenues in the EU
- Mostly on energy
- Not all are regressive



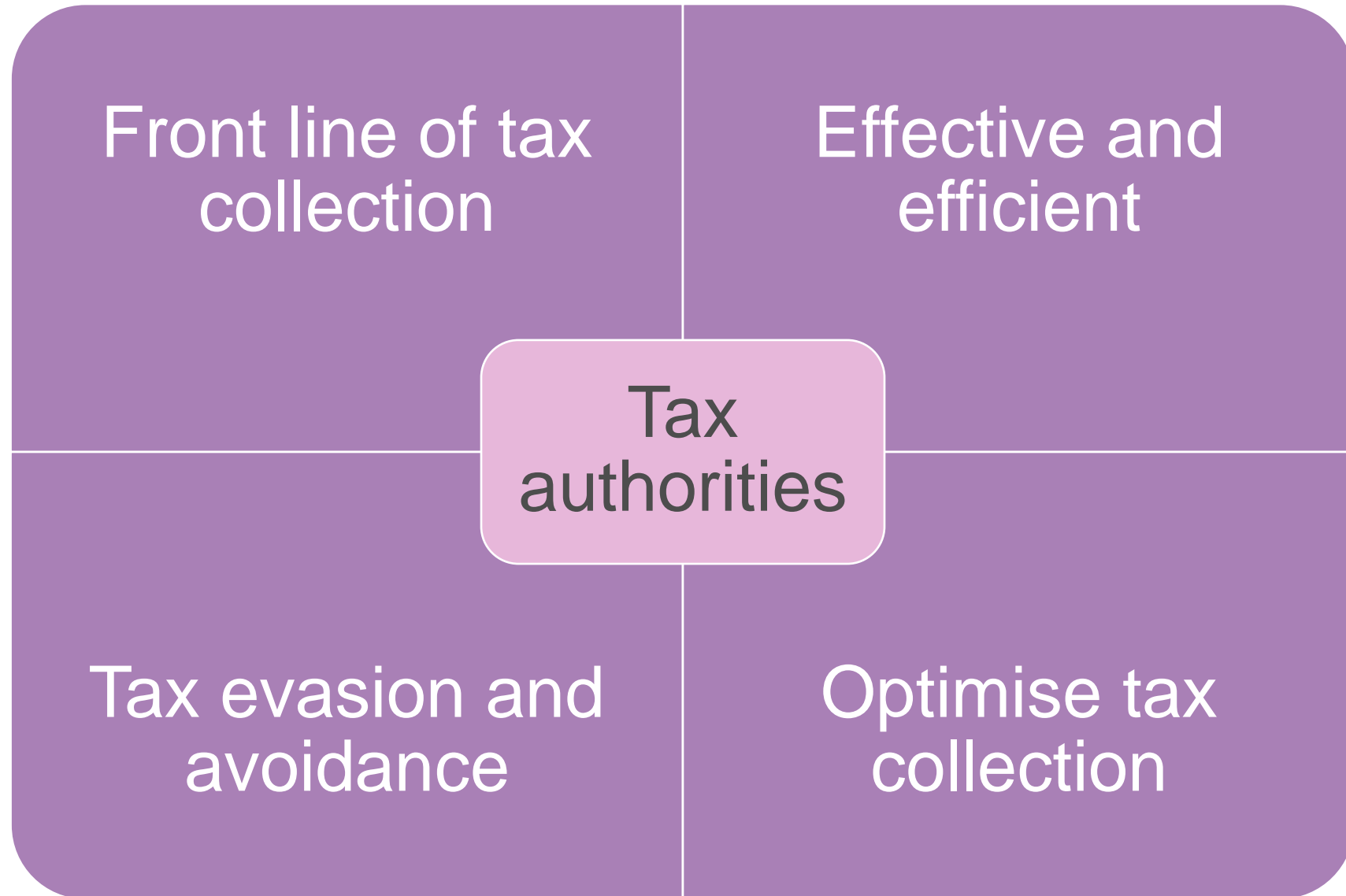
Structure of environmental taxes, 2021 (in % of gdp)



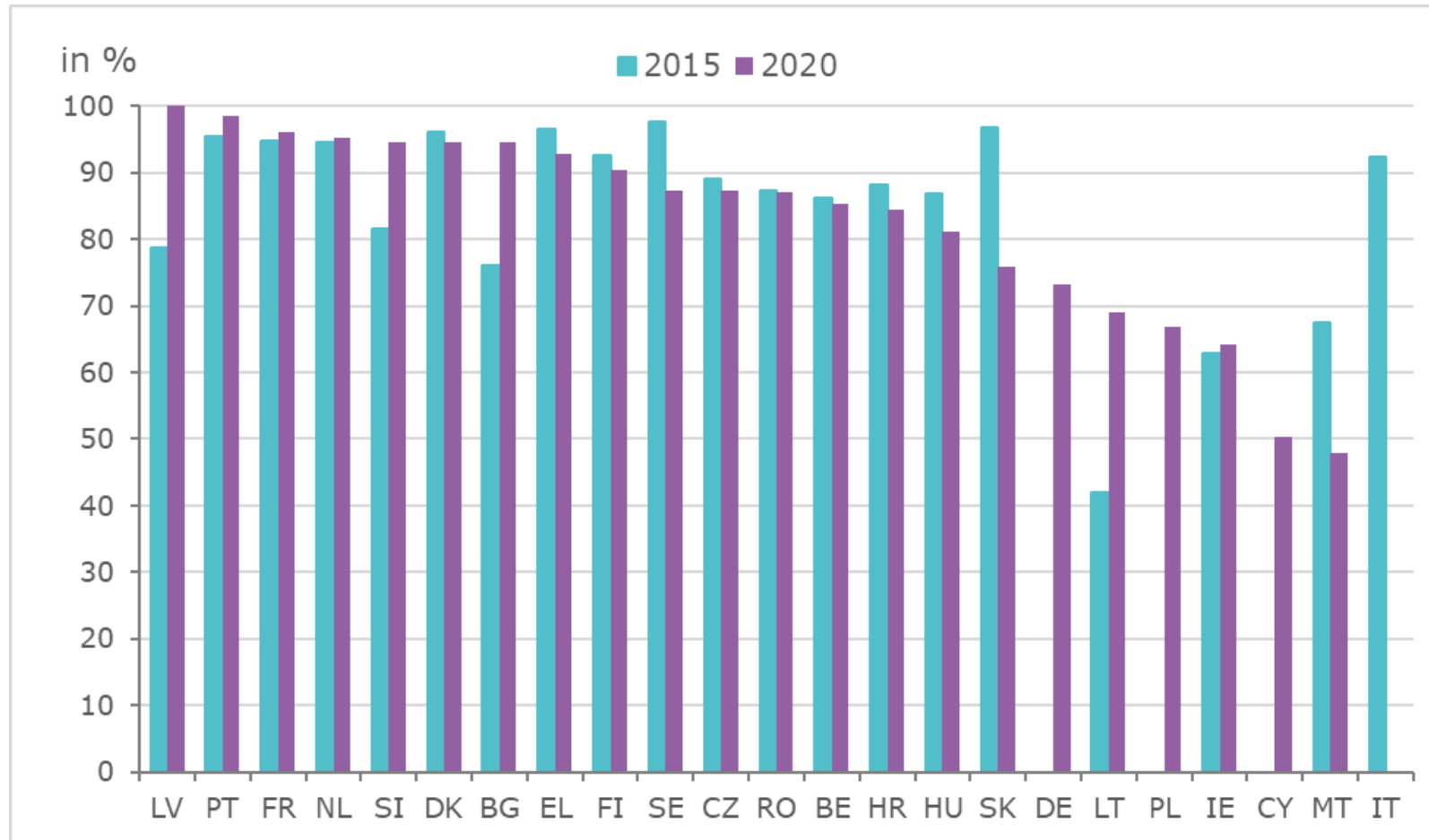
Health taxes

- Cancer, heart disease, chronic respiratory diseases and diabetes - leading cause of mortality
- Obesity - only health determinant among indicators measuring progress towards SDG3 for which the EU is significantly moving away
- Taxes on foods and drinks High in Fat, Sugar and Salt (HFSS)
 - Only 11 Member States have them and they vary in design
 - Taxes = Complementary measure to help support dietary changes



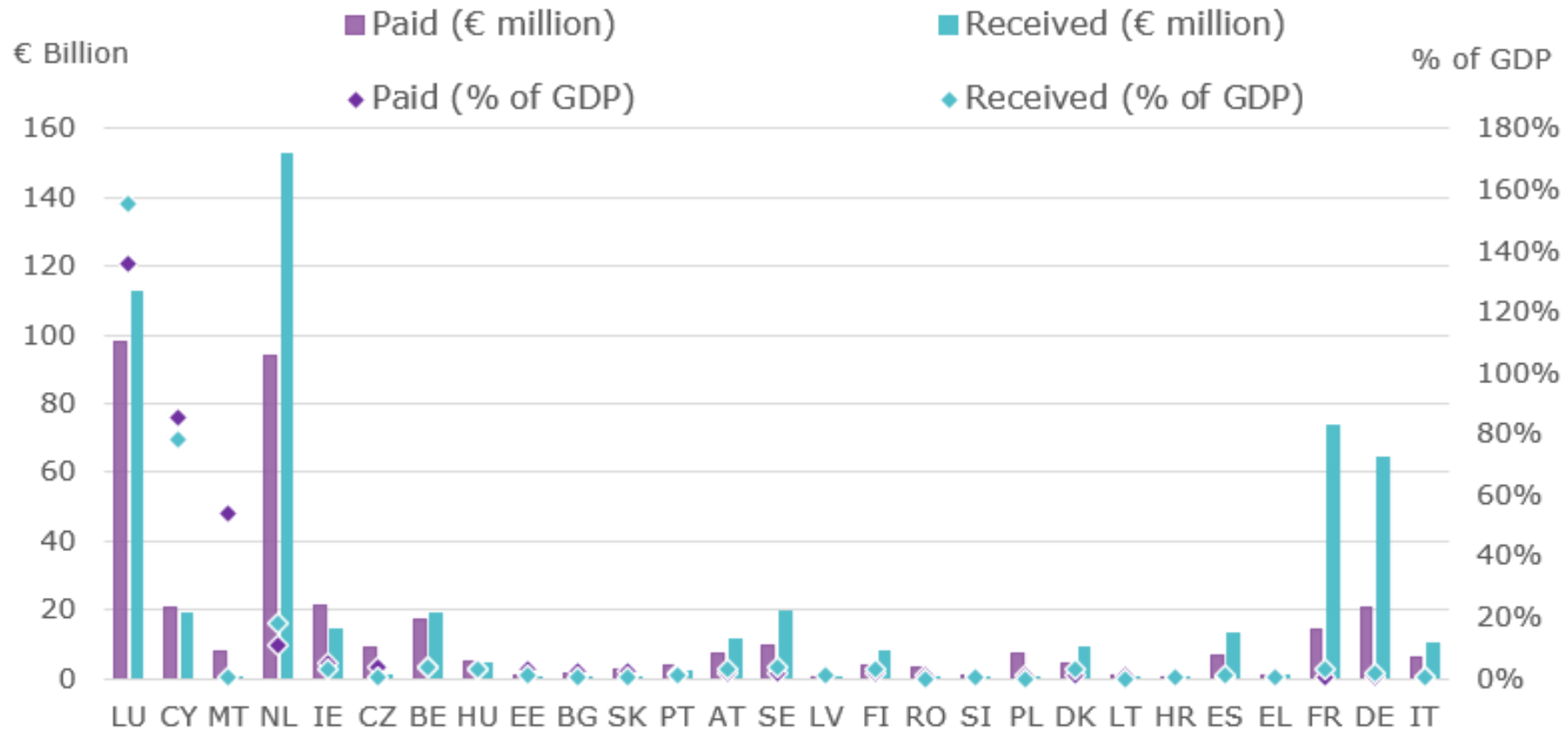


ON-TIME FILING OF CORPORATE INCOME TAX RETURNS ACROSS MEMBER STATES, 2015-2020



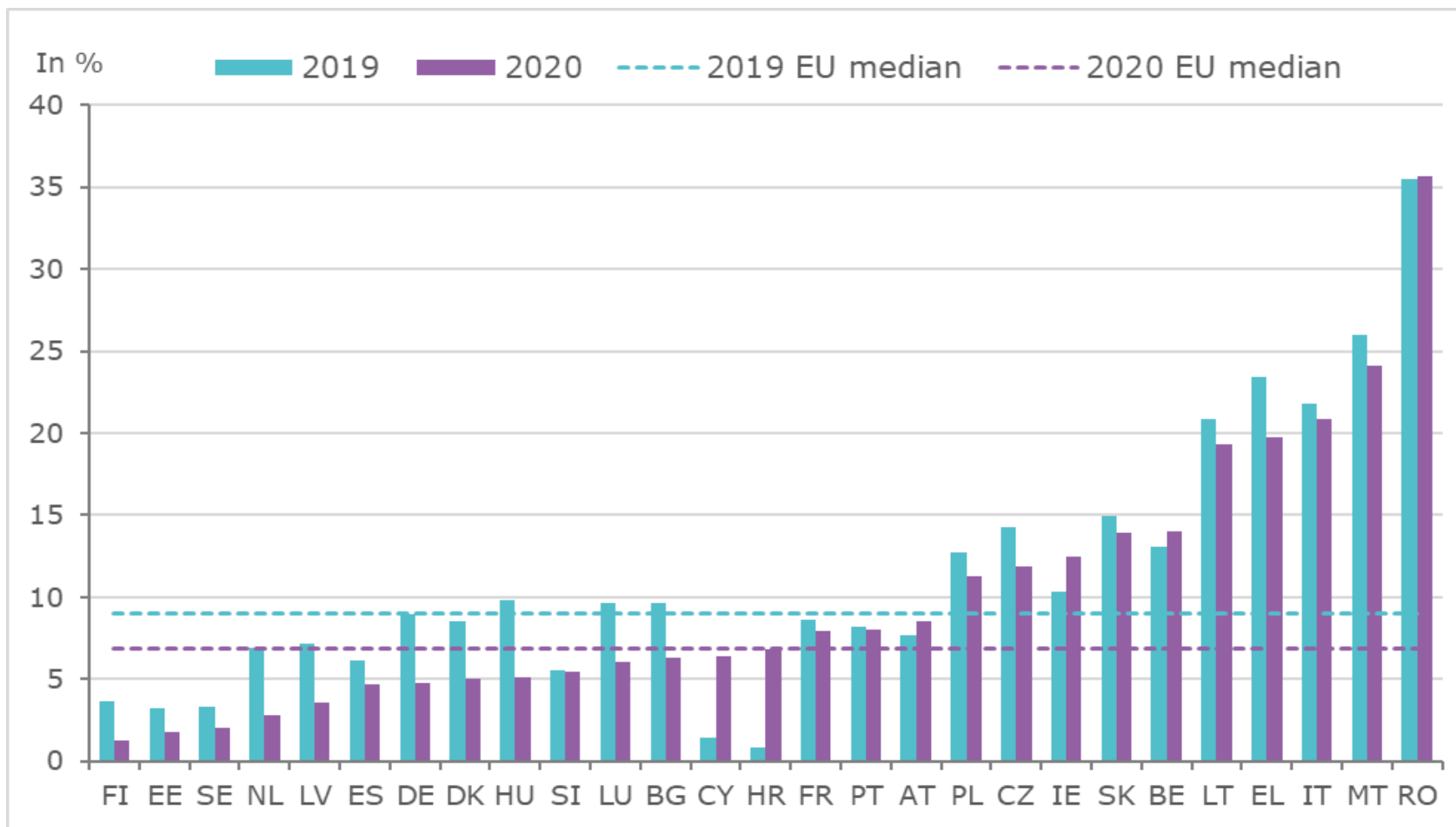
Sources: European Commission, DG Taxation and Customs Union, based on (OECD, 2017) and (OECD, 2022c).

TOTAL DIVIDENDS PAID AND RECEIVED BY EU MEMBER STATES



Sources: European Commission, DG Taxation and Customs Union, based on Eurostat data

VAT COMPLIANCE GAP AS A SHARE OF THE THEORETICAL VAT LIABILITY, 2019-2020



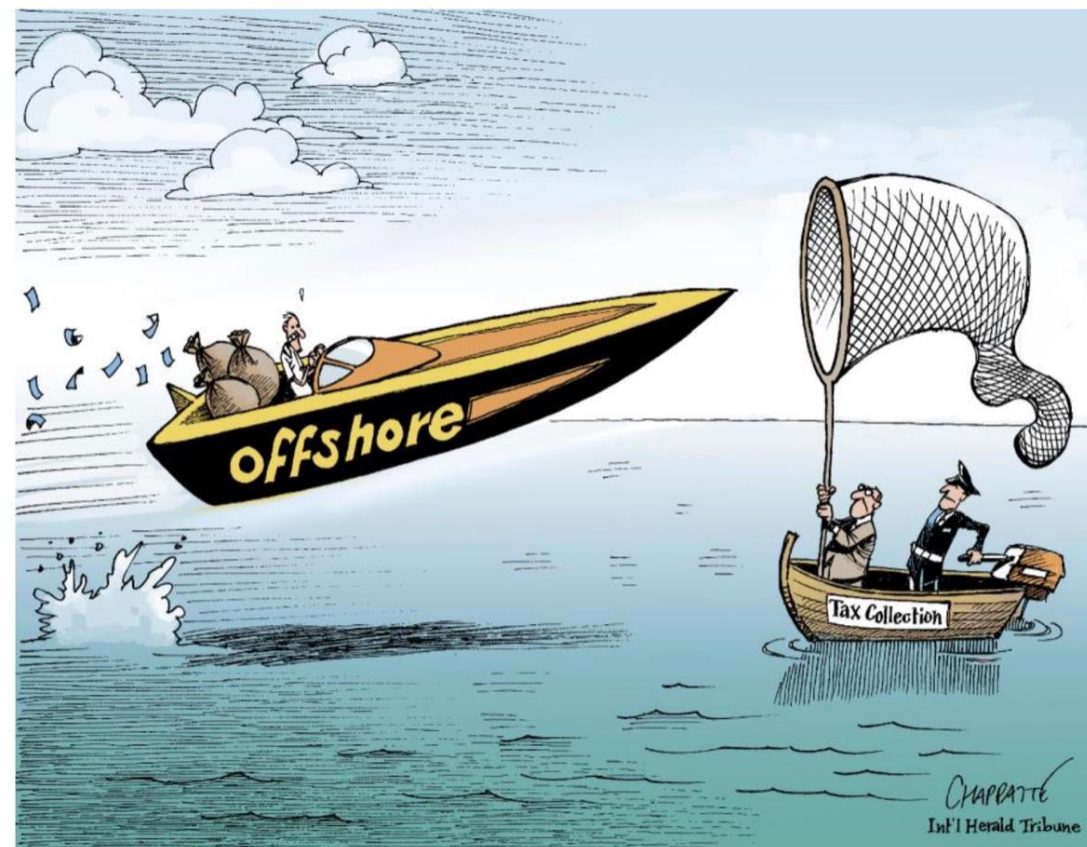
Source: CASE, Economisti Associati (2022)

Revenue loss from tax evasion and avoidance

- Data on tax avoidance and/or tax evasion is sparse as expected as different data and methods
 - For individuals and PIT tax avoidance/evasion
 - 2013 study = revenues losses of EUR 173 billion worldwide and EUR 68 billion in Europe;
 - 2021 study = EUR 100 billion (0.6 % of EU GDP).
 - For corporations and CIT due to ATP and profit shifting
 - tax revenue losses globally of EUR 183 - 274 billion
 - EUR 37 billion of CIT revenue losses per year in EU
- Cooperation tax administrations / exchange of information

The end of tax havens

April 12, 2013



© Chappatte in International Herald Tribune

To have a closer look at this years report:

- [Download the report from here](#)
- [Data on taxation trends](#)
- [Taxes in Europe database](#)



Thank you

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Slide 12: map, source: EU Tax observatory (<https://www.taxobservatory.eu/repository/the-scale-of-corporate-tax-avoidance/>)

