

## Tax Revenue Statistics 1995-2013

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### Tax burden moved from 32.4% of GDP in 2012 to 34.9% in 2013

In 2013, the tax burden increased by 8.1%, after the reduction observed in 2012, accounting for approximately 34.9% of GDP (32.4% in the previous year). This evolution was mainly associated with the increase in direct taxes (25.7%), while social contributions increased by 2.3% and indirect taxes remained unchanged.

Regarding direct taxes, there was an increase of 34.3% in the individual income tax and of 21.6% in the corporate income tax collected by Central Government.

Indirect taxes remained unchanged in 2013 comparing with the previous year (change rate of -4.3% in 2012). The value added tax, which accounts for around 60% of this type of taxes, recorded a reduction of 2.0%. On the contrary there was an increase of 8.6% in revenue from the real estate tax collected by Local Government, mainly reflecting the effect of the process of property revaluation.

The actual social contributions increased by 2.3% in 2013 (reduction of 6.7% in 2012). This result was mainly influenced by the increase in average compensation per employee (3.3%), while employment diminished.

According to the available information, in 2012, Portugal continued to register a lower tax burden than the EU average (32.4% compared to 39.7% in the EU28).

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Statistics Portugal presents in this press release the tax revenue statistics for the year 2013, consistent with the Portuguese National Accounts (Base 2006), where figures for 2011 and 2012 are also revised. The information for 2011 has now the nature of final data. This press release is based on data from the General Government Accounts underlying the first notification of 2014 on the Excessive Deficit Procedure (EDP) released by end March.

This information will be updated and reported to Eurostat by the end of September, within the table 9 of the transmission program in the area of General Government Accounts statistics, with the release of the EDP second notification of 2014. It should be mentioned that the September 2014 EDP notification will be in accordance with the new European System of National Accounts 2010.

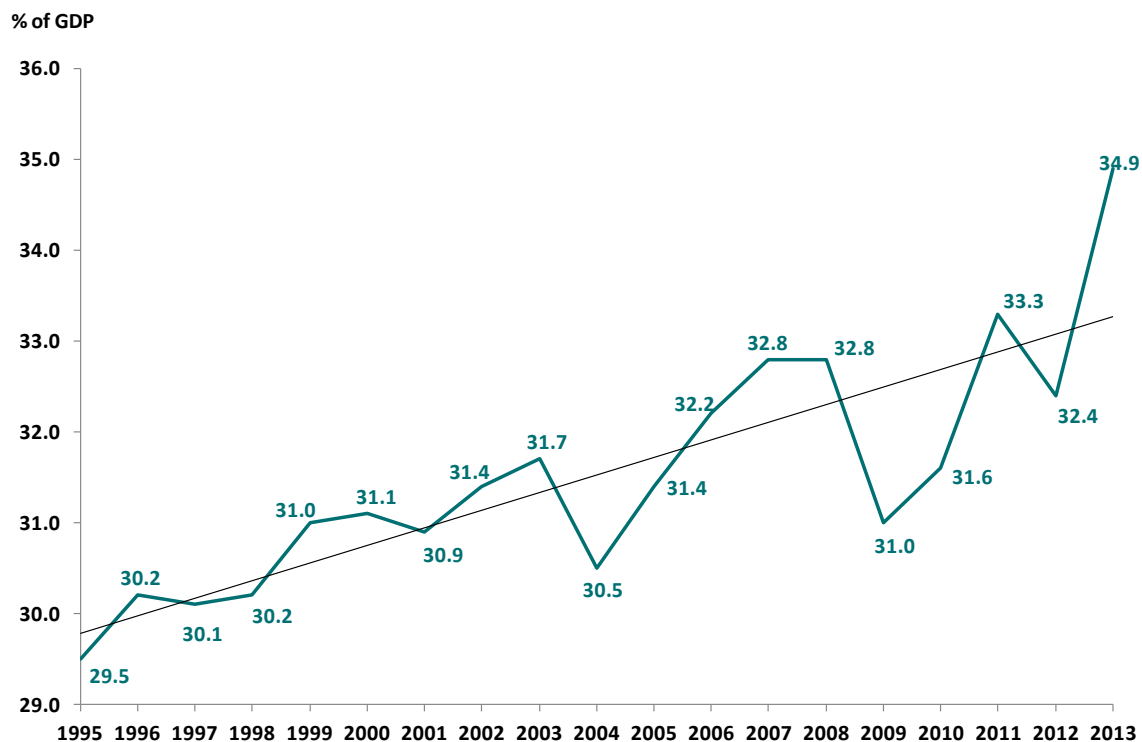
The terminology adopted, although assuming the conceptual framework of the European System of National and Regional Accounts (ESA95), has reference to the one followed in the annual report of the European Commission "Taxation Trends in the European Union", in this way facilitating the analysis and comparison of the results.

Besides the disseminating of the national results, it is also compared, in this press release, the 2012 results with similar information at European level, recently released by Eurostat.

## TAX BURDEN

After the decrease observed in 2012, the tax burden increased by 8.1% in 2013, reaching a value of 57.8 billion euro, corresponding to about 34.9% of GDP (32.4% in the previous year).

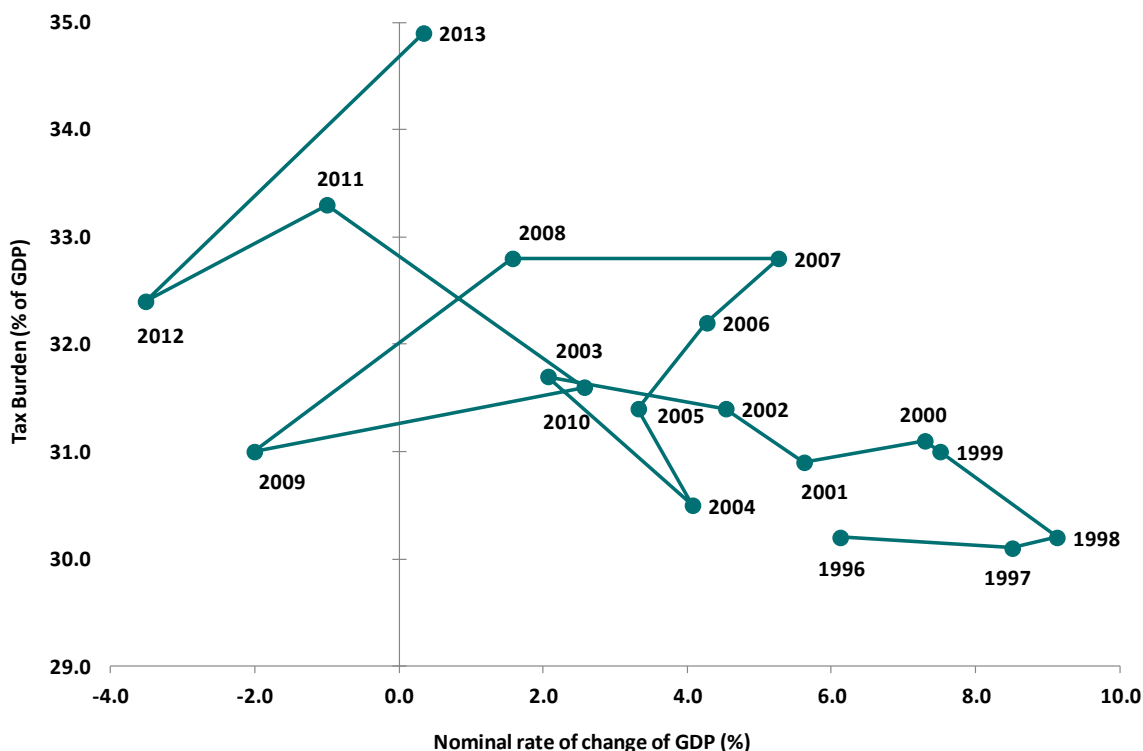
**Graph 1 - Evolution of the tax burden between 1995 and 2013 (% of GDP)**



Relating the tax burden with the nominal rate of change of GDP at market prices, the significant increase in the tax revenue was reached in a year where GDP increased only slightly (change rate 0.3%, compared with the reduction of 3.5% observed in 2012). The increase in the tax revenue was also influenced by the revenue obtained with a one-off debt regularisation scheme for outstanding tax and social security contributions, amounting to 1,280 million Euro, but mostly to the increase in the taxation of the personal income tax. On the income side, after the significant decrease in the share of compensation of employees in GDP observed in 2012, there was a stabilization in 2013 resulting from a 3.3% increase in the average compensation per employee which more than compensated the decrease in number of employees (-2.4%).

Unlike 2012, when the reduction in the tax revenue and burden occurred in all the components - direct taxes, indirect taxes and social contributions – in 2013 the increase in tax burden was mainly determined by the increase in direct taxes, while indirect taxes remained unchanged.

**Graph 2 - Evolution of the tax burden and GDP between 1995 and 2013**



Comparing the evolution of the components of the tax burden between 2012 and 2013 (see Table 1), direct taxes clearly gained weight on the remaining components as a result of the sharp increase (25.7%).

Revenues from social contributions increased by 2.3%, which is the result of a 3.3% increase in the average compensation per employee which more than compensated the decrease in the number of employees (-2.4%, according to data from the Labour Force Survey).

**Table 1 - Tax burden and its components between 1995 and 2013**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012P	2013P	
Million Euro	Tax burden	39 563.7	41 495.1	44 184.9	45 412.2	45 570.3	48 481.1	51 749.6	55 511.9	56 448.9	52 231.5	54 543.2	56 923.6	53 469.3	57 814.9
	Direct taxes	12 191.3	12 293.3	12 757.4	12 143.5	12 431.3	12 734.3	13 878.7	16 098.1	16 656.8	15 149.1	15 314.6	16 887.1	15 536.3	19 529.1
	Indirect taxes	17 199.6	18 091.0	19 680.2	20 896.0	20 787.6	22 746.3	24 310.6	24 981.7	24 645.6	21 872.7	23 493.1	23 966.1	22 934.0	22 944.7
	Social contributions	10 172.9	11 110.8	11 747.4	12 372.6	12 351.4	13 000.5	13 560.4	14 432.1	15 146.5	15 209.7	15 735.4	16 070.5	14 998.9	15 341.1
Annual rate of change (%)	Tax burden	7.6	4.9	6.5	2.8	0.3	6.4	6.7	7.3	1.7	-7.5	4.4	4.4	-6.1	8.1
	Direct taxes	12.7	0.8	3.8	-4.8	2.4	2.4	9.0	16.0	3.5	-9.1	1.1	10.3	-8.0	25.7
	Indirect taxes	3.4	5.2	8.8	6.2	-0.5	9.4	6.9	2.8	-1.3	-11.3	7.4	2.0	-4.3	0.0
	Social contributions	9.4	9.2	5.7	5.3	-0.2	5.3	4.3	6.4	5.0	0.4	3.5	2.1	-6.7	2.3
Percentage to total	Direct taxes	30.8	29.6	28.9	26.7	27.3	26.3	26.8	29.0	29.5	29.0	28.1	29.7	29.1	33.8
	Indirect taxes	43.5	43.6	44.5	46.0	45.6	46.9	47.0	45.0	43.7	41.9	43.1	42.1	42.9	39.7
	Social contributions	25.7	26.8	26.6	27.2	27.1	26.8	26.2	26.0	26.8	29.1	28.8	28.2	28.1	26.5

With reference to 2012, the latest year for which information for the remaining countries of the European Union (EU27) is available, Portugal continued to have a lower tax burden (32.4%) than the EU28 average, which amounted to 39.7%.

**Graph 3 - Tax burden in European Union countries in 2012**

