15 of May 2015

Tax Revenue Statistics
1995-2014

The Tax burden, in Portugal, was 34.4% of GDP in 2014

In 2014, the tax burden increased by 2.0%, after increasing 8.5% in 2013, accounting for approximately 34.4% of GDP (34.5% in the previous year). This increase was influenced by the positive performance of indirect taxes (4.7%) and social contributions (3.3%). In contrast, the revenue from direct taxes decreased by 2.4%.

Regarding direct taxes, there was an increase of 1.5% in individual income tax (IRS) and a decrease of 11.1% in corporate income tax collected by Central Government (IRC).

In the case of indirect taxes, it is relevant to point out the behaviour of the value added tax revenues (VAT), with an increase of 7% and the increase of 15.8% in revenues from real estate tax collected by Local Government (IMI). The revenue from the excise duties on tobacco and the stamp duty declined again (-1.1% and -2.6%, respectively).

Actual social contributions increased by 3.3% influenced by budgetary changes that affected the tax base, as well as the increase of the employed population in 2014.

Excluding taxes received by the European Union Institutions, Portugal continued to register in 2014 a lower tax burden than the EU average (34.1% compared to 39.2% in the EU28).

Statistics Portugal presents in this press release the tax revenue statistics for the year 2014, consistent with the base year 2011 of the Portuguese National Accounts, where figures for 1995 to 2012 have the nature of final data. The publication of this press release is based on data from the General Government Accounts underlying the first notification of 2015 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 field of General Government Accounts statistics, with the release of the EDP second notification of 2015.

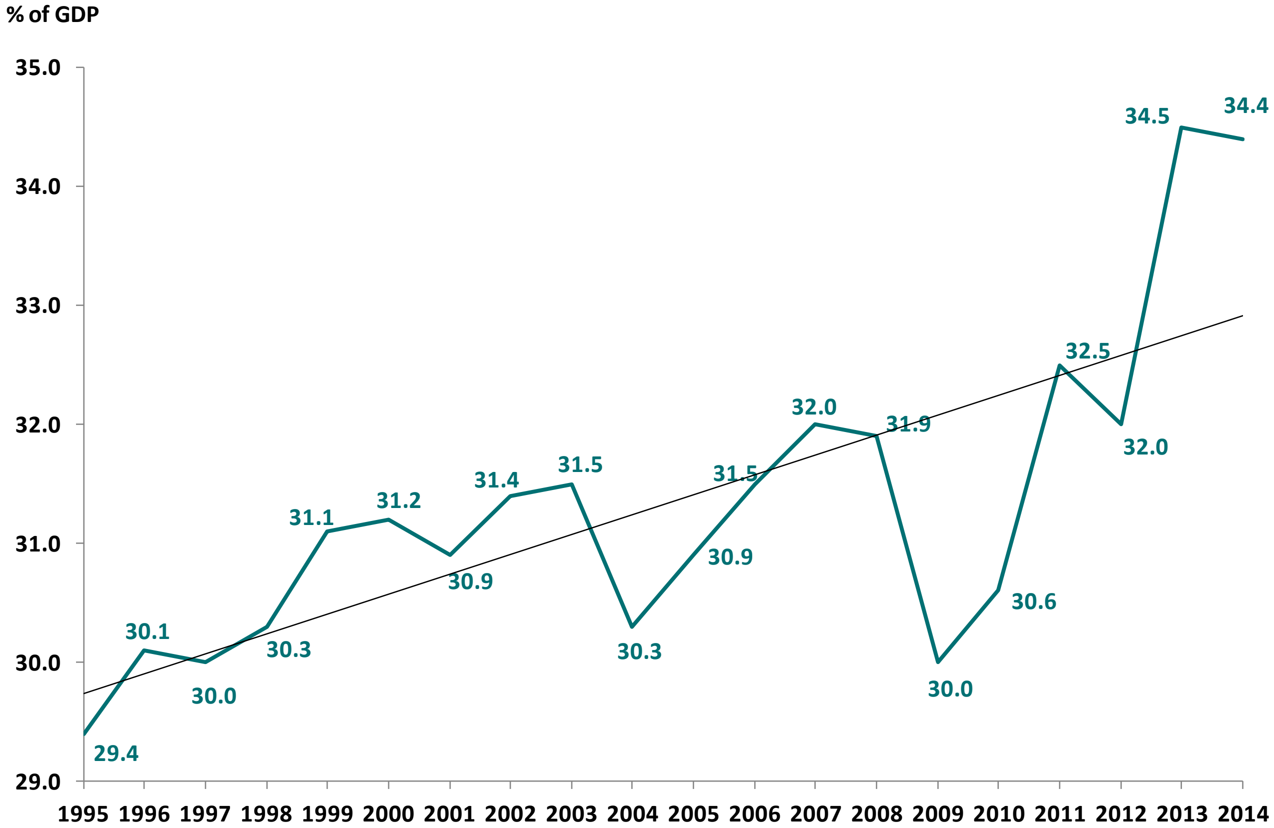
The terminology adopted, although assuming the conceptual framework of the European System of National and Regional Accounts (ESA2010), has reference to the one followed in the annual report of the European Commission "Taxation Trends in the European Union", in this way facilitating the analysis and comparison of the results.

The tables presented in this press release are for the period 2005-2014, but the files available in annex include information for the period 1995-2014.

TAX BURDEN

After the increase by 8.5% in 2013, tax burden rose again in 2014 (2.0%), reaching a value of 59.6 billion euro, corresponding to about 34.4% of GDP (34.5% in the previous year).

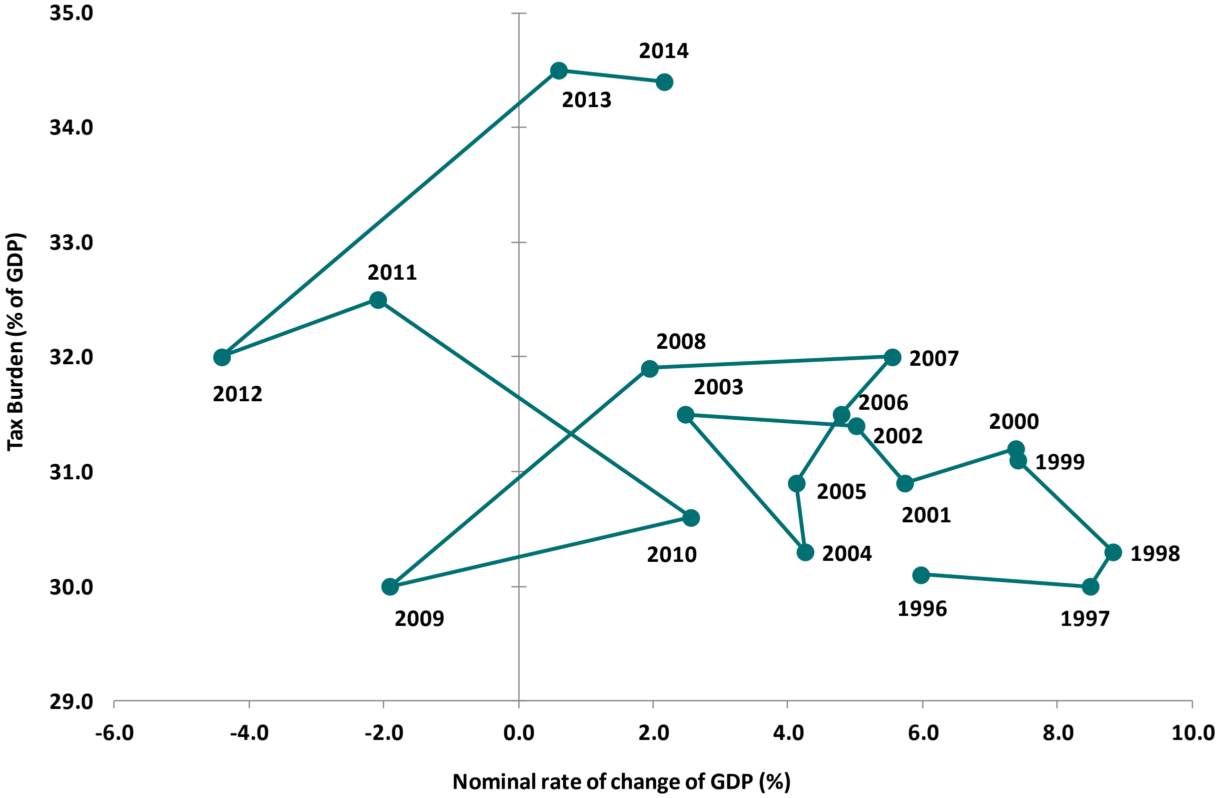
Graph 1 - Evolution of the tax burden between 1995 and 2014 (% of GDP)



Relating the tax burden with the nominal rate of change of GDP at market prices, in 2014 the tax revenue recorded a slightly lower change rate compared with GDP, attaining 2.0% and 2.2% respectively.

This behaviour of the tax burden is explained by increases in the collection of VAT, by around 960 million euro, and households' actual social contributions, by around 600 million euro. In the first case the increase is partially explained by the positive growth rate presented by GDP as well as by the strengthening of measures to combat tax evasion, notably with the system "e-invoice". In the case of households' actual social contributions, the increase is related to the increase in employment, to the changes introduced by the amending budget to the extraordinary contribution of solidarity, which broadened the tax base of this contribution and to the positive impact on contributions of the increase in the compensation of general government employees.

Graph 2 - Evolution of the tax burden and GDP between 1995 and 2014



Regarding direct taxes, in 2014 there was a decrease of 2.4% in revenue after the sharp increase in the previous year (25.3%). This is explained by the behaviour of corporate income tax collected by Central Government (IRC), which decreased about 615 million euro, influenced by the tax credit regime on extraordinary investment (effective in the 2nd half of 2013) and by the effects of the one-off debt regularisation scheme for outstanding tax and social security contributions, that strongly impacted revenue in 2013.

Table 1 - Tax burden and its components between 2005 and 2014

		2005	2006	2007	2008	2009	2010	2011	2012	2013Po	2014Pe
Million Euro	Tax burden	49 084.1	52 344.9	56 147.0	57 053.9	52 720.7	55 043.5	57 261.7	53 861.7	58 450.7	59 594.6
	Direct taxes	12 939.2	14 132.8	16 418.0	16 947.4	15 377.4	15 600.2	16 980.9	15 715.3	19 684.2	19 215.3
	Indirect taxes	23 151.4	24 761.4	25 454.8	25 136.9	22 345.0	23 986.8	24 610.3	23 525.0	23 651.1	24 763.9
	Social contributions	12 993.5	13 450.7	14 274.2	14 969.6	14 998.3	15 456.6	15 670.5	14 621.4	15 115.5	15 615.4
Annual rate of change (%)	Tax burden		6.6	7.3	1.6	-7.6	4.4	4.0	-5.9	8.5	2.0
	Direct taxes		9.2	16.2	3.2	-9.3	1.4	8.9	-7.5	25.3	-2.4
	Indirect taxes		7.0	2.8	-1.2	-11.1	7.3	2.6	-4.4	0.5	4.7
	Social contributions		3.5	6.1	4.9	0.2	3.1	1.4	-6.7	3.4	3.3
Percentage to total	Direct taxes	26.4	27.0	29.2	29.7	29.2	28.3	29.7	29.2	33.7	32.2
	Indirect taxes	47.2	47.3	45.3	44.1	42.4	43.6	43.0	43.7	40.5	41.6
	Social contributions	26.5	25.7	25.4	26.2	28.4	28.1	27.4	27.1	25.9	26.2

Comparing the Portuguese situation with the rest of the European Union (UE28), Portugal continued to present a tax burden (34.1%) lower than the average of the UE28, which stood at 39.2%. It should be mentioned that for this comparison, taxes collected by European Union Institutions are not included, determining a tax burden of 34.1% of GDP (34.4% if those taxes are included).

However, between 2010 and 2014, Portugal has been closer to that average, rising four places comparing with the countries of the EU28.

Graph 3 - Tax burden in the EU28 countries, in 2014