

13 May 2019

## Tax Revenue Statistics

### 1995-2018

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#### Tax burden was 35.4% of GDP in 2018

In 2018, tax burden increased 6.5% in nominal terms, attaining 71.4 billion euros, corresponding to 35.4% of GDP (34.4% in the previous year). This increase in revenue was influenced by the positive performance of all tax burden items. Excluding taxes received by the European Union Institutions, Portugal continued to register in 2018 a lower tax burden than the EU average (35.2% compared to 39.4% in the EU28).

There were similar relative increases in the three main categories: direct taxes revenue increased 6.5%, while indirect taxes and social contributions revenue increased 6.4% and 6.6%, respectively.

Regarding direct taxes revenue, there was an increase of 5.6% in individual income tax (IRS) and revenue from corporate income tax (IRC) rose 9.0%.

Value added tax (VAT) revenue increased 6.2%. Regarding the remaining indirect taxes, it should be highlighted the increases observed in revenue from the real estate transfer tax collected by Local Government (20.2%), from tax on motor vehicle sales (1.3%), from the excise duties on tobacco (2.3%) and from tax on oil and energetic products (1.5%). The revenue from real estate tax collected by Local Government increased again, this time by 6.2%.

In 2016, the most recent year with detailed information for its compilation, the VAT gap was estimated at 939 billion euro, corresponding to 5.6% of the VAT revenue of the year, diminishing 0.8 percentage points comparing with the amount estimated for the previous year (1.06 billion euro).

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Statistics Portugal presents in this press release the tax revenue statistics for the year 2018, consistent with the base year 2011 of the Portuguese National Accounts, where figures for 1995 to 2016 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 2019 on the Excessive Deficit Procedure (EDP), released by end March.

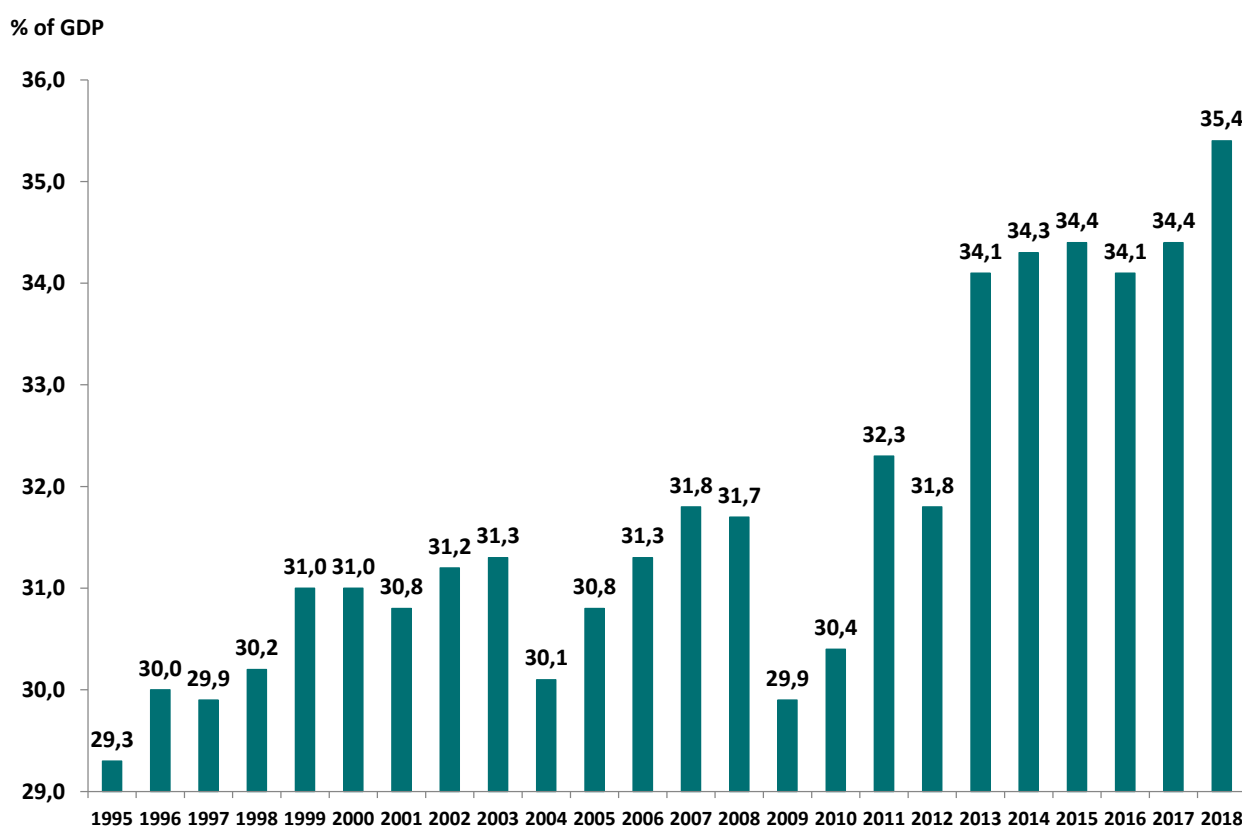
The terminology adopted, although assuming the conceptual framework of the European System of National and Regional Accounts (ESA2010), has reference to the one followed in the annual report of the European Commission "Taxation Trends in the European Union", in this way facilitating the analysis and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

The tables presented in this press release include data for the period 2006 to 2018. The files available in annex include information for the period 1995 to 2018.

## TAX BURDEN

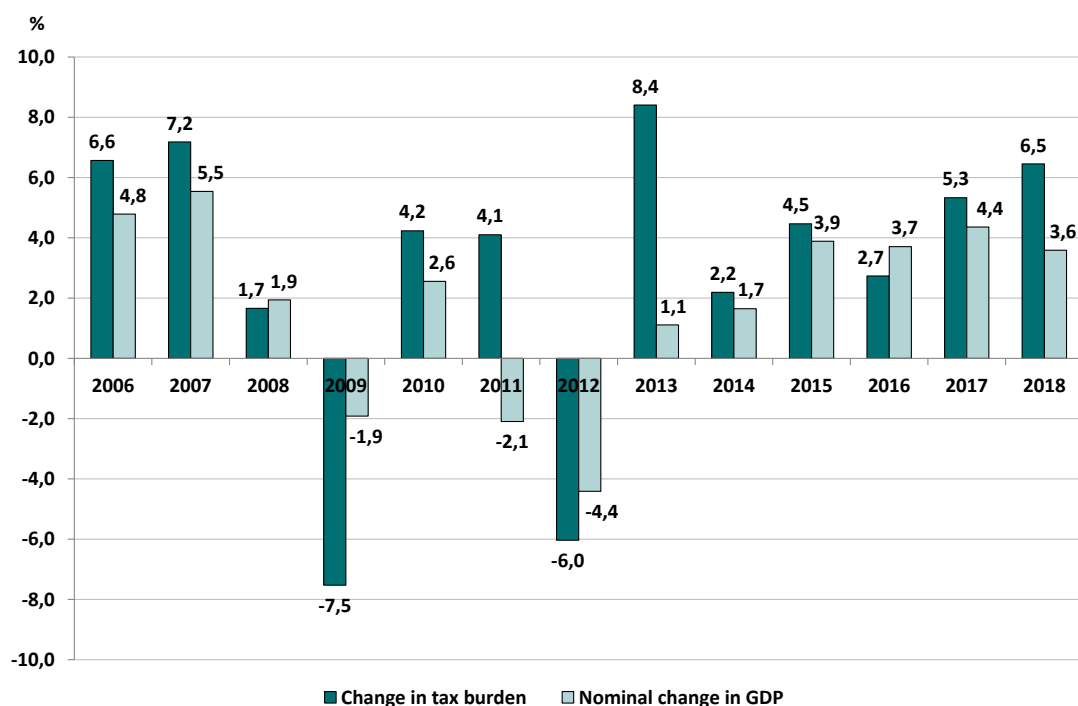
Tax burden increased, in absolute terms, 6.5% in 2018, after the increase by 5.3% registered in 2017, reaching a value of 71.3 billion euro (4.3 billion euro more than 2017).

**Graph 1 - Evolution of the tax burden between 1995 and 2018 (% of GDP)**



The increase in total revenue from taxes and actual social contributions exceeded the nominal change rate of GDP (3.6%). Consequently, in relative terms to GDP, tax burden increased 1.0%, reaching 35.4% of GDP.

**Graph 2 – Changes in tax burden and GDP between 2006 and 2018 (%)**



The growth of tax burden is explained by increases in the collection of VAT and individual income tax (IRS), by around 1.04 billion euros and 704 million euros, respectively, and actual social contributions, by around 1.2 billion euros. The revenue from the corporate income tax (IRC) increased by around 536 million euros.

Concerning the VAT, which increased 6.4% in 2018, its behaviour is mainly associated to the increase in private consumption, both from resident households and non-resident (tourism). Regarding the tax on oil and energetic products (ISP), the increased revenue is explained by the consumption of fuels decreased, mainly diesel, since tax rates were only slightly updated and only for the less consumed energy products.

The revenue from real estate tax collected by Local Government increased again (6.2%), due to an increase of the value of dwellings.

It is also worth mentioning the increase in the excise duties on tobacco, in tax on motor vehicle sales (ISV) and in real estate transfer tax collected by Local Government (IMT) revenues. Together, they brought up the tax revenue in 213.4 million euro.

Regarding the behaviour of other indirect taxes, there was an increase of 385 million euro (change of 13.8%) due to higher revenues from carbon trading rights and from the extraordinary contribution on energy industry.

Finally, actual social contributions rose 6.6% due to the growth of wages (change of 5.0%), which were influenced by an increase of employment and of the wage per worker (the total number of paid employees, in national accounts standards, rose 2.9%).

**Table 1 - Tax burden and its components between 2006 and 2018**

		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017P	2018P
Million Euro	Tax burden	52.088,0	55.829,0	56.756,1	52.483,8	54.707,5	56.952,7	53.516,0	58.015,4	59.288,9	61.938,1	63.634,2	67.027,5	71.357,4
	Direct taxes	13.875,8	16.095,0	16.649,6	15.140,5	15.296,2	16.703,1	15.399,3	19.412,8	19.003,5	19.529,2	19.059,8	19.718,9	20.990,8
	Indirect taxes	24.761,5	25.459,9	25.136,9	22.345,0	23.954,8	24.579,1	23.495,2	23.463,5	24.709,5	26.226,7	27.656,0	29.358,8	31.231,2
	Social contributions	13.450,7	14.274,1	14.969,6	14.998,3	15.456,6	15.670,5	14.621,4	15.139,0	15.576,0	16.182,2	16.918,3	17.949,8	19.135,4
Annual rate of change (%)	Tax burden	6,6	7,2	1,7	-7,5	4,2	4,1	-6,0	8,4	2,2	4,5	2,7	5,3	6,5
	Direct taxes	9,0	16,0	3,4	-9,1	1,0	9,2	-7,8	26,1	-2,1	2,8	-2,4	3,5	6,5
	Indirect taxes	7,0	2,8	-1,3	-11,1	7,2	2,6	-4,4	-0,1	5,3	6,1	5,4	6,2	6,4
	Social contributions	3,5	6,1	4,9	0,2	3,1	1,4	-6,7	3,5	2,9	3,9	4,5	6,1	6,6
Percentage to total	Direct taxes	26,6	28,8	29,3	28,8	28,0	29,3	28,8	33,5	32,1	31,5	30,0	29,4	29,4
	Indirect taxes	47,5	45,6	44,3	42,6	43,8	43,2	43,9	40,4	41,7	42,3	43,5	43,8	43,8
	Social contributions	25,8	25,6	26,4	28,6	28,3	27,5	27,3	26,1	26,3	26,1	26,6	26,8	26,8

Comparing the Portuguese situation with the rest of the European Union (UE28), Portugal continued to present a tax burden (35.2%) lower than the average, which stood at 39.4%. It should be mentioned that for this comparison, taxes collected by European Union Institutions are not included, determining a tax burden of 35.2% of GDP (35.4% if those taxes are included).

In 2018, Portugal is in the middle of the table, with a higher tax burden than Spain (34.7%), but a lower one than Greece (38.7%) and Italy (41.9%).

**Graph 2 - Tax burden in the EU28 countries, in 2018**

