



16 April 2024  
TAX REVENUE STATISTICS  
1995-2023

## TAX BURDEN WAS 35.8% OF GDP IN 2023

In 2023, tax burden increased 8.8% in nominal terms, attaining 89 billion euros, corresponding to 35.8% of GDP (36% in the previous year). Considering 2022, last year with data available for the European Union (EU27) and excluding taxes received by EU institutions, Portugal continued to register a lower tax burden (35.8%) than the EU27 average (40.0%).

Direct tax revenue increased by 10.7%, mainly reflecting the 9.4% increase in personal income tax (IRS) revenue. Revenue from corporate income tax (IRC) rose by 13.9%, continuing to benefit from the favourable behaviour of economic activity in 2023.

Indirect taxes grew by 5.5%, with the proceeds from value added tax rising by 5.1% (18.4%, in 2022), standing out also the rise in revenue from tax on petroleum and energy products (15.9%), after the sharp decline recorded in the previous year (-21.3%). There were also increases from excise duties on ethyl alcohol and alcoholic beverages (5.9%), from tax on motor vehicle sales (5.0%) and from excise duties on tobacco (3.5%).

Social contributions rose 11.7%, benefiting from the growth of paid employment and from the increase of the minimum wage.

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Statistics Portugal presents in this press release the tax revenue statistics for the year 2023, consistent with the base year 2016 of the Portuguese National Accounts, where figures for 1995 to 2021 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 2024 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.

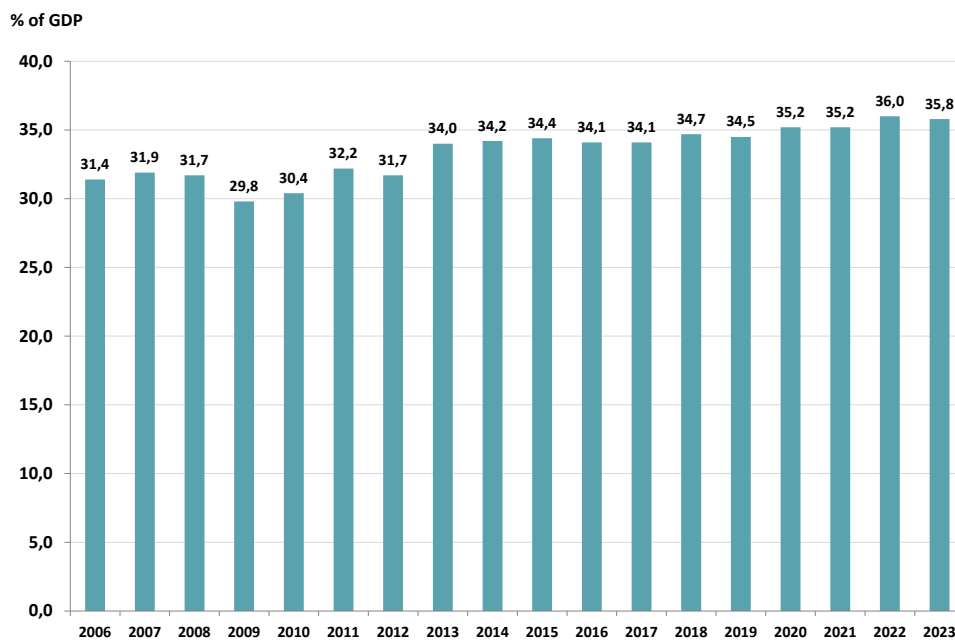
The tables presented in this press release include data for the period 2012 to 2023. The files available in annex include information for the period 1995 to 2023.



## TAX BURDEN

In 2023, tax revenue reached the value of 89 billion euro. The increase in revenue reached about 7.7 billion euro, comparing with 2022, benefiting from the GDP growth rate of 2.3%, in real terms and, in the context of high inflation, from an acceleration of the implicit GDP deflator to 7.2% (5.0% in the previous year).

Figure 1. Evolution of the tax burden between 2006 and 2023 (% of GDP)



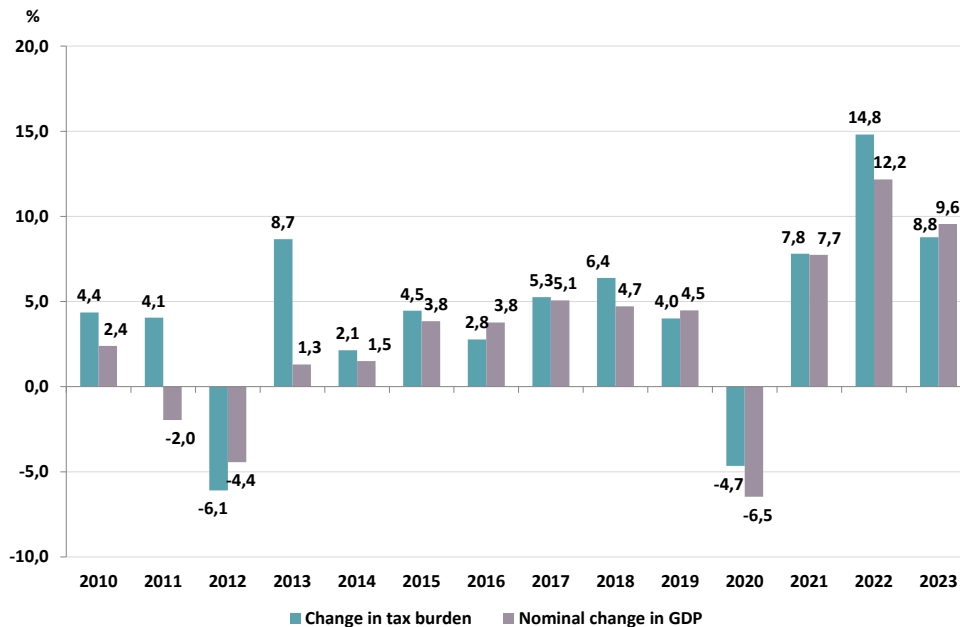
Source: Statistics Portugal, National Accounts

Since the variation of total tax revenues (8.8%) was lower than the nominal change rate of GDP (9.6%), tax burden decreased to 35.8%<sup>1</sup> in 2023 (36.0%, in the previous year). Since 2019, just before the pandemic years, the GDP growth rate has not grown faster than tax revenues.

<sup>1</sup> Preliminary value.



Figure 2. Changes in tax burden and GDP between 2010 and 2023 (%)



Source: Statistics Portugal, National Accounts

The increase of 7.7 billion euro in tax revenue is explained by increases in the collection of actual social contributions, personal income tax (IRS) and VAT, which rose 2.9 billion euro, 1.6 billion euro and 1.2 billion euro, respectively. As for the revenue of corporate income tax (IRC), the increase amounted to +1.1 billion euro.

The good performance of the economy and the significant increase in price levels explain again, and to a large extent, the behaviour of VAT revenue. Indeed, there was an increase in private consumption by resident households, which rose 6.7% in nominal terms, and by non-residents households (tourism), which was up by 18.9%, after the outstanding increase of 110%, from previous year.

Regarding tax on oil and energetic products (ISP), its revenues increased by 445 million euro, reflecting the reversal of some measures implemented by the Government to mitigate the increase in fuel prices, through a reduction in the tax rate on fuels, which in the previous year was responsible for the steep decrease of 757 million euro.

The revenue from real estate tax collected by Local Government (IMI) and from real estate transfer tax collected by Local Government (IMT) increased 0.9% and 1%, respectively. These modest gains reflect the deceleration of the Portuguese real estate market in 2023.

Regarding the behaviour of other indirect taxes, there was an increase of 229 million euro (rate of change of 5.9%) mainly due to the increase in revenues from carbon trading rights (+159 million euro), from unified circulation tax (+52 million euro) and from security fee on air travel passengers (+32 million euros).

Finally, actual social contributions rose 11.7%, in 2023. In addition to the recovery of economic activity, accompanied by employment growth (according to preliminary data from the quarterly national accounts, the



number of employees increased by 2.2%, in 2023), also wages updates combined with an additional rise of the minimum wage (+7.8%), contributed to this outcome.

**Table 1. Tax burden and its components between 2012 and 2023**

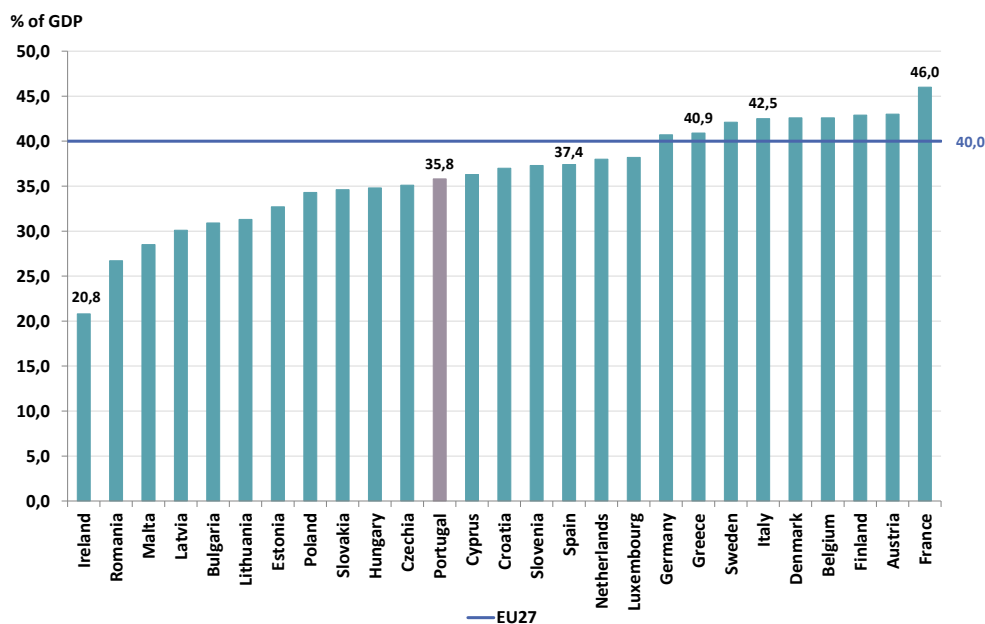
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Million Euro</b>												
Tax burden	53 309,3	57 927,4	59 167,8	61 806,2	63 520,2	66 859,1	71 127,5	73 975,0	70 531,6	76 039,4	87 301,8	94 963,8
Direct taxes	15 263,8	19 269,1	18 799,7	19 279,9	18 802,6	19 418,7	20 684,0	20 889,9	20 098,5	20 778,1	25 696,7	28 442,3
Indirect taxes	23 413,5	23 509,1	24 781,7	26 331,6	27 790,5	29 471,7	31 298,3	32 468,8	29 474,8	32 773,0	36 852,9	38 876,2
Social contributions	14 632,1	15 149,2	15 586,4	16 194,7	16 927,1	17 968,7	19 145,2	20 616,3	20 958,3	22 488,2	24 752,2	27 645,3
<b>Annual rate of change (%)</b>												
Tax burden	-6,1	8,7	2,1	4,5	2,8	5,3	6,4	4,0	-4,7	7,8	14,8	8,8
Direct taxes	-8,0	26,2	-2,4	2,6	-2,5	3,3	6,5	1,0	-3,8	3,4	23,7	10,7
Indirect taxes	-4,4	0,4	5,4	6,3	5,5	6,0	6,2	3,7	-9,2	11,2	12,4	5,5
Social contributions	-6,7	3,5	2,9	3,9	4,5	6,2	6,5	7,7	1,7	7,3	10,1	11,7
<b>Percentage to total</b>												
Direct taxes	28,6	33,3	31,8	31,2	29,6	29,0	29,1	28,2	28,5	27,3	29,4	30,0
Indirect taxes	43,9	40,6	41,9	42,6	43,8	44,1	44,0	43,9	41,8	43,1	42,2	40,9
Social contributions	27,4	26,2	26,3	26,2	26,6	26,9	26,9	27,9	29,7	29,6	28,4	29,1

Source: Statistics Portugal, National Accounts

Comparing the Portuguese situation with the rest of the European Union (EU27), in 2022, Portugal continued to present a tax burden (35.8%) lower than the average, which stood at 40.0%. It should be mentioned that for this comparison, taxes collected by European Union Institutions are not included, determining a tax burden of 35.8% of GDP (36.0% if those taxes were included).

In 2022, Portugal was the 12<sup>th</sup> country with the lowest tax burden, lower than Spain (37.4%), Greece (40.9%) and Italy (42.5%).

**Figure 3. Tax burden in the EU27 countries, in 2022**



Source: Statistics Portugal, National Accounts; EUROSTAT