

May 17th, 2013

Tax Revenue Statistics 1995-2012

Tax burden moved from 33.2% of gdp in 2011 to 32.2% in 2012

In 2012, the tax burden decreased by 5.9%, after the growth observed in 2010 and 2011, which accounted for approximately 32.3% of GDP (33.2% in the previous year). This reduction was associated with decreases in all tax burden's components - direct taxes (a change of -8.3%), indirect taxes (-3.9%) and social contributions (-6.2%).

Regarding direct taxes, there was a decrease of 6.7% in the individual income tax and of 17.4% in the corporate income tax collected by Central Government.

Altogether, indirect taxes were those who had a less significant reduction (a change rate of -3.9%), mainly as a result of the behaviour of the value added tax, with a variation of -1.7% and an increase of 8.3% in revenue from the real estate tax collected by Local Government. The tax on oil and energetic products, the excise duties on tobacco, the stamp duty, the tax on motor vehicle sales and the real estate transfer tax collected by Local Government showed significant decreases in 2012 (respectively -7.3 %, -5.6%, -8.0%, -42.5% and -17.7%).

The actual social contributions decreased 6.2% in 2012, a result that was influenced by the decrease of the employed population in 2012 (change rate of -4.2% for the total employment and -4.9% for employees).

According to available information, in 2011, Portugal continued to register a lower tax burden than the EU average (33.2% compared to 39.1% in the EU27).

Statistics Portugal presents in this press release the tax revenue statistics for the year 2012, consistent with the Portuguese National Accounts (Base 2006), where figures for 2010 and 2011 are also revised. The information for 2010 has now the nature of final data. The publication of this press release was anticipated five months comparing with the previous year and is based on data from the General Government Accounts underlying the first notification of 2013 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 2013.

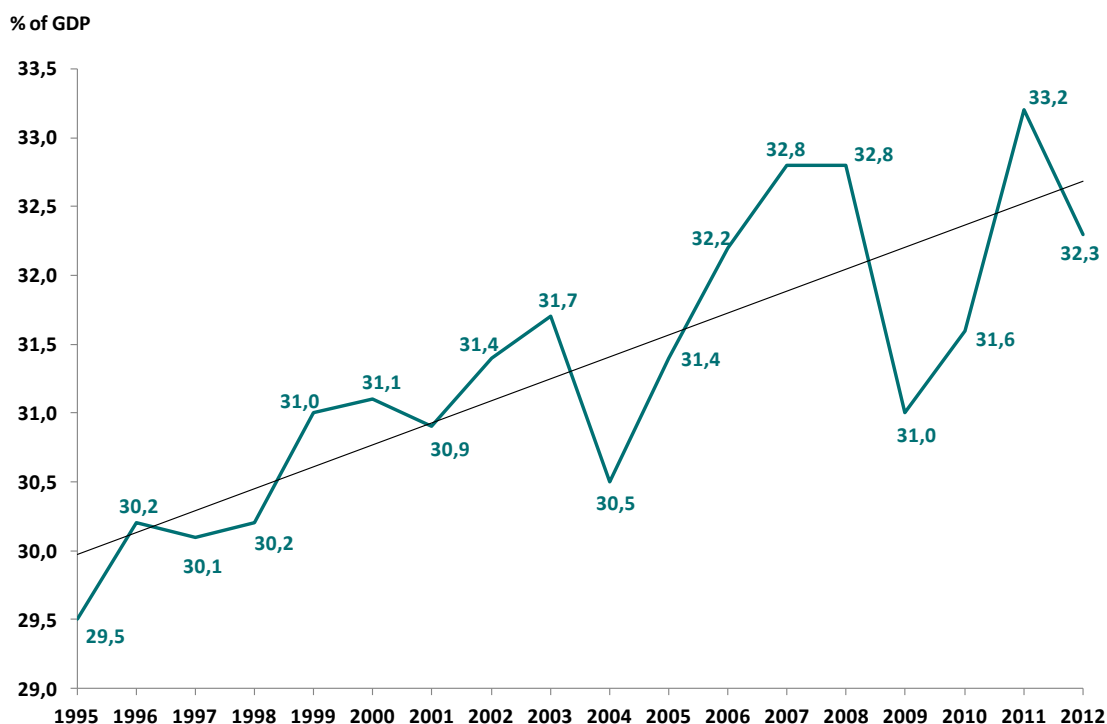
The terminology adopted, although assuming the conceptual framework of the European System of National and Regional Accounts (ESA95), has reference to the one followed in the annual report of the European Commission "Taxation Trends in the European Union", in this way facilitating the analysis and comparison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

Besides the disseminating of the national results, it is also compared, in this press release, the 2011 results with similar information at European level, recently released by Eurostat.

TAX BURDEN

After the growth observed in 2010 and 2011, the tax burden decreased by 5.9% in 2012, reaching a value of 53.5 billion euro, corresponding to about 32.3% of GDP (33.2% in the previous year).

Graph 1 - Evolution of the tax burden between 1995 and 2012 (% of GDP)

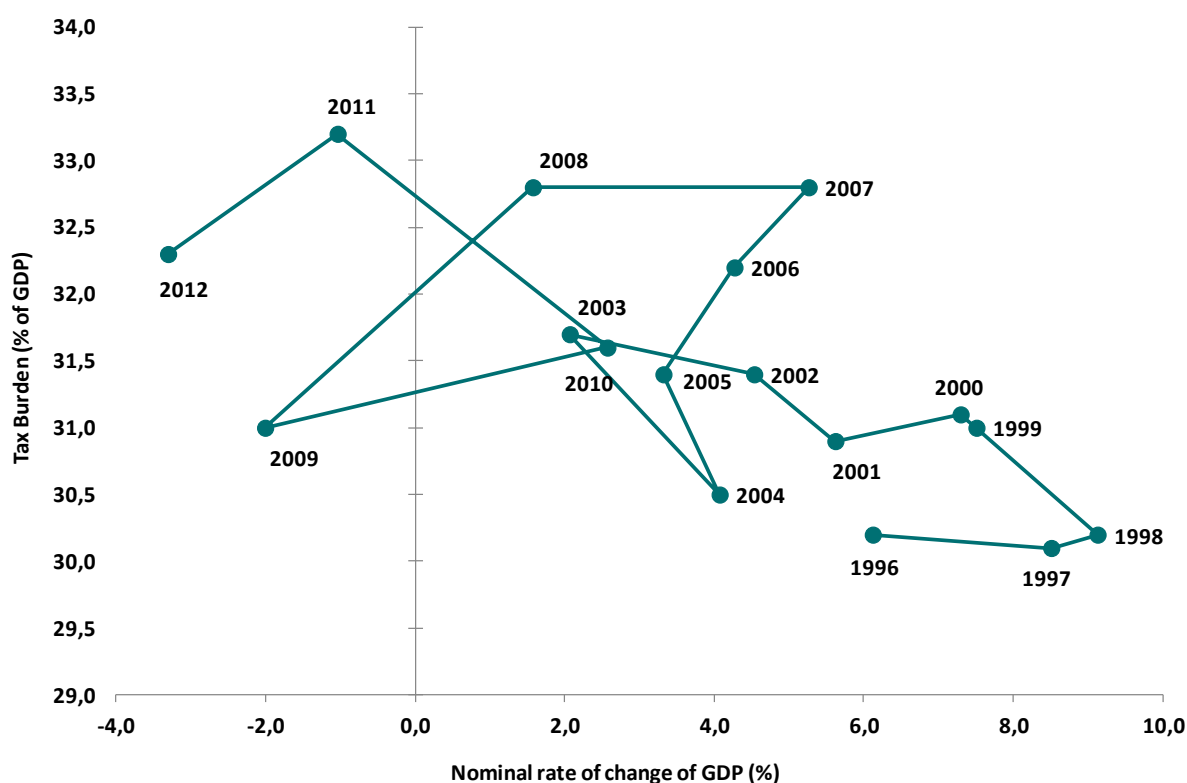


Relating the tax burden with the nominal rate of change of GDP at market prices, it appears that, in 2012, the effect of automatic stabilizers was expressive, registering a reduction in tax revenue in a year in which the nominal GDP decreased considerably (a change rate of -3.3%, compared with the reduction of 1.0% observed in 2011). Furthermore, in addition to the reduction of the nominal GDP, there was a change in its composition, which also had an impact on the behaviour of tax revenues. Effectively, there was an increase in the relative weight of net exports and a decline in domestic demand. On the income side, there were also changes in the composition, with the decrease of the relative weight of compensation of employees, reflecting both the reduction in employees for others and the reduction of the average compensation per employee (change of -2.7% in 2012).

In 2012, there was a general decline in all of the components of the tax burden - direct taxes, indirect taxes and social contributions - associated with the sharp contraction of the aggregate demand and the significant increase of the unemployment rate.

Unlike what happened in 2011, where the impact of fiscal policy measures more than offset the effects of the reduction in economic activity leading the tax burden to increase, in 2012 the tax revenue decrease, both in nominal terms and in percentage of GDP, despite the implementation of several measures to increase it.

Graph 2 - Evolution of the tax burden and GDP between 1995 and 2012



For the period for which this information is available (1995-2012) on a comparable basis, 2012 was the only year in which all components of the tax burden decreased simultaneously.

Comparing the evolution of the components of the tax burden between 2011 and 2012 (see Table 1), it appears that indirect taxes gain weight on the remaining components as a result of the less significant decrease (-3.9%) than those observed for the other components of the tax burden.

It should be mentioned that, after an increase in revenues from direct taxes of 10.8% in 2011, in 2012, there is a decrease of 8.3%. Revenues from social contributions decreased by 6.2%, constituting a singular reduction in the period, which is related with the reduction of the employed population in 2012 (change rate of -4.2% for the total employment and -4.9% for employees, according to data from the Labour Force Survey).

Table 1 - Tax burden and its components between 1995 and 2012

| | | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011P | 2012P |
|---------------------------|----------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Million Euro | Tax burden | 25.927,9 | 28.121,7 | 30.472,7 | 33.361,6 | 36.754,0 | 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 | 56.802,4 | 53.464,3 |
| | Direct taxes | 7.276,0 | 8.307,0 | 9.063,1 | 9.577,9 | 10.818,2 | 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 | 16.968,5 | 15.555,7 |
| | Indirect taxes | 11.823,3 | 12.697,7 | 13.509,1 | 15.205,8 | 16.636,2 | 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 | 23.857,3 | 22.915,5 |
| | Social contributions | 6.828,6 | 7.117,1 | 7.900,5 | 8.578,0 | 9.299,6 | 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 | 15.976,6 | 14.993,1 |
| Annual rate of change (%) | Tax burden | | 8,5 | 8,4 | 9,5 | 10,2 | 7,6 | 4,9 | 6,5 | 2,8 | 0,3 | 6,4 | 6,7 | 7,3 | 1,7 | -7,5 | 4,4 | 4,1 | -5,9 |
| | Direct taxes | | 14,2 | 9,1 | 5,7 | 13,0 | 12,7 | 0,8 | 3,8 | -4,8 | 2,4 | 2,4 | 9,0 | 16,0 | 3,5 | -9,1 | 1,1 | 10,8 | -8,3 |
| | Indirect taxes | | 7,4 | 6,4 | 12,6 | 9,4 | 3,4 | 5,2 | 8,8 | 6,2 | -0,5 | 9,4 | 6,9 | 2,8 | -1,3 | -11,3 | 7,4 | 1,6 | -3,9 |
| | Social contributions | | 4,2 | 11,0 | 8,6 | 8,4 | 9,4 | 9,2 | 5,7 | 5,3 | -0,2 | 5,3 | 4,3 | 6,4 | 5,0 | 0,4 | 3,5 | 1,5 | -6,2 |
| Percentage to total | Direct taxes | 28,1 | 29,5 | 29,7 | 28,7 | 29,4 | 30,8 | 29,6 | 28,9 | 26,7 | 27,3 | 26,3 | 26,8 | 29,0 | 29,5 | 29,0 | 28,1 | 29,9 | 29,1 |
| | Indirect taxes | 45,6 | 45,2 | 44,3 | 45,6 | 45,3 | 43,5 | 43,6 | 44,5 | 46,0 | 45,6 | 46,9 | 47,0 | 45,0 | 43,7 | 41,9 | 43,1 | 42,0 | 42,9 |
| | Social contributions | 26,3 | 25,3 | 25,9 | 25,7 | 25,3 | 25,7 | 26,8 | 26,6 | 27,2 | 27,1 | 26,8 | 26,2 | 26,0 | 26,8 | 29,1 | 28,8 | 28,1 | 28,0 |

With reference to 2011, 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 (33.2%) than the EU27 average, which amounted to 39.1%.

Between 2010 and 2011, Portugal went from eighth to eleventh position with respect to the lowest tax burden in the EU27, presenting in 2011 a tax burden higher than Spain.

Graph 3 - Tax burden in European Union countries in 2011

