May 12th, 2016

Tax Revenue Statistics

1995-2015

Tax burden maintained growing trend and reaCHED 34.5% of GDP in 2015

In 2015, tax burden increased by 4.4%, after increasing 2.1% in 2014, accounting for approximately 34.5% of GDP (34.2% in the previous year). This increase was influenced by the positive performance of direct taxes (2.6%), indirect taxes (6.0%) and social contributions (4.0%).

Regarding direct taxes revenue, there was a decrease of 1.4% in individual income tax (IRS) and an increase of 15.7% in corporate income tax (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 4.7% and the increase of 10.4% in revenues from tax on oil and energetic products (ISP). The revenue from the excise duties on tobacco declined again (-1.1%).

Tax revenues from real estate tax collected by Local Government (7.7%), from tax on motor vehicle sales (22.8%) and from real estate transfer tax collected by Local Government (20.8%), continued to register strong growths.

Actual social contributions increased by 4.0% influenced by the increase in the number of beneficiaries with earnings reported to Social Security.

Excluding taxes received by the European Union Institutions, Portugal continued to register in 2015 a lower tax burden than the EU average (34.3% compared to 39.0% in the EU28).

In 2013 the VAT gap was estimated at 1,707 million Euros, corresponding to 11.1% of the VAT revenue of the year, diminishing 2.5 percentage points comparing with the previous year (2,196 million Euros).

Statistics Portugal presents in this press release the tax revenue statistics for the year 2015, consistent with the base year 2011 of the Portuguese National Accounts, where figures for 1995 to 2013 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 2016 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 are for the period 2006-2015, but the files available in annex include information for the period 1995-2015.

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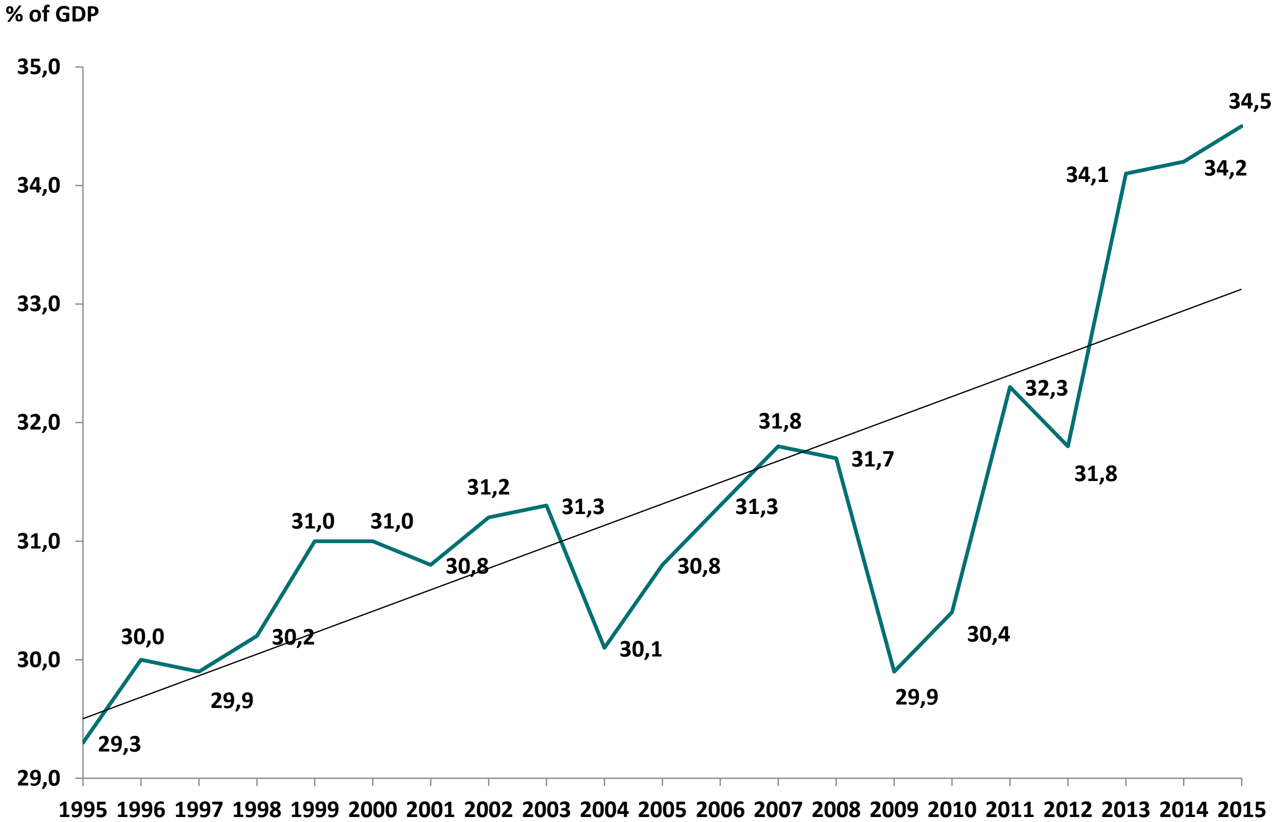
TAX BURDEN

Tax burden increased 4.4% in 2015, after the increase by 2.1% registered in 2014, reaching a value of 61.9 billion euro, corresponding to about 34.5% of GDP (34.2% in the previous year).

Graph 1 - Evolution of the tax burden between 1995 and 2015 (% of GDP)



Relating the tax burden with the nominal rate of change of GDP at market prices, in 2015 the tax revenue recorded a slightly higher change rate compared with GDP, attaining 4.4% and 3.4% respectively. This was the third consecutive year where the tax burden change rate was higher than the nominal rate of change GDP at market prices and it attained the highest level since 1995.

This behaviour of the tax burden is explained by increases in the collection of IRC and VAT, by around 740 million euro and 680 million euro respectively, and actual social contributions, by around 630 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 against tax evasion, notably with the system "e-invoice" and the new system for controlling corporate stocks. In the case of actual social contributions, the higher revenue reflects the increase in the number of beneficiaries with earnings reported to Social Security.

Regarding IRS, there was a decrease in revenue of 190 million euro, partially explained by the reduction of revenue from capital earnings as the tax base for capital earnings (interests) decreased due to historically low interest rates, .

It is also worth mentioning the increase in tax on oil and energetic products, in real estate tax collected by Local Government, in tax on motor vehicle sales and in real estate transfer tax collected by Local Government revenues. Together, they brought up the tax revenue in 610 million euro.

Thus, in absolute terms, tax burden in 2015 increased from 2.6 billion euro to 61.9 billion euro, reaching the highest value since 1995.

Table 1 - Tax burden and its components between 2006 and 2015

		2006	2007	2008	2009	2010	2011	2012	2013	2014Po	2015Pe
Million Euro	Tax burden	52.088,0	55.829,0	56.756,1	52.483,8	54.707,5	56.952,7	53.514,6	58.015,4	59.259,0	61.861,9
	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	18.974,0	19.457,9
	Indirect taxes	24.761,5	25.459,9	25.136,9	22.345,0	23.954,8	24.579,1	23.493,9	23.463,5	24.741,3	26.231,5
	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	15.543,7	16.172,5
Annual rate of change (%)	Tax burden	6,6	7,2	1,7	-7,5	4,2	4,1	-6,0	8,4	2,1	4,4
	Direct taxes	9,0	16,0	3,4	-9,1	1,0	9,2	-7,8	26,1	-2,3	2,6
	Indirect taxes	7,0	2,8	-1,3	-11,1	7,2	2,6	-4,4	-0,1	5,4	6,0
	Social contributions	3,5	6,1	4,9	0,2	3,1	1,4	-6,7	3,5	2,7	4,0
Percentage to total	Direct taxes	26,6	28,8	29,3	28,8	28,0	29,3	28,8	33,5	32,0	31,5
	Indirect taxes	47,5	45,6	44,3	42,6	43,8	43,2	43,9	40,4	41,8	42,4
	Social contributions	25,8	25,6	26,4	28,6	28,3	27,5	27,3	26,1	26,2	26,1

Comparing the Portuguese situation with the rest of the European Union (UE28), Portugal continued to present a tax burden (34.3%) lower than the average, which stood at 39.0%. It should be mentioned that for this comparison, taxes collected by European Union Institutions are not included, determining a tax burden of 34.3% of GDP (34.5% if those taxes are included).

In 2015, Portugal is in the middle of the table, with a higher tax burden than Spain (33.9%), but a lower one than Greece (36.3%).

Graph 2 - Tax burden in the EU28 countries, in 2015