

CTPA/CFA/WP2(2009)5

ANNEX 2:
MAIN TAX EXPENDITURES FOR PIT, VAT AND CIT AS % OF TAX REVENUE AND AS % OF GDP

		Personal Income Tax	
	Year	% tax revenue	% of GDP
Australia ^{a1}	2007	6.55	1.66
	Main		
	<ul style="list-style-type: none"> - Capital gains tax discount for individuals and trusts - Exemption of Family Tax Benefit, Parts A and B, including expense equivalent - Application of statutory formula to value car benefits - Concessional taxation of non-superannuation termination benefits - Tax offset for recipients of certain social security benefits, pensions or allowances - Senior Australians' Tax Offset - Exemption of certain income support benefits, pensions or allowances - Exemption of 30 per cent private health insurance refund, including expense equivalent - Deduction for gifts to approved donees - Superannuation - deduction and concessional taxation of certain personal contributions - Exemption for the Medicare levy for residents with a taxable income below a threshold - Different exemptions - F&E and education allowances - Average rate taxation - "Special expenses" - Flat rate taxation of leave and Christmas bonus - Preferential treatment of severance and other non-regular pays - Tax exempt supplements for overtime and hard/dangerous work - Tax credit (premium) for building banks investments - F&E tax credits - Tax credit for investment increments - Apprentices training tax credit - Social benefits (pensions, unemployment, sickness, tax credit low income) - 3rd pillar pension savings - Housing-savings (insurance premiums and mortgage capital repayments) - 2nd pillar pension savings - Mortgage interests -additional deduction - Sole own dwelling - Energy savings - Insurance premiums and mortgage capital payments (LT-investment) - Travelling home-work-exempt part of sums reimbursed by employer - Childcare - Gifts - Tax-exempt savings accounts - No withholding tax on pension savings scheme - Service cheques and local employment agencies cheques - Overtime pay 		
Austria ^a	2006	7.88	3.29
Belgium	2005	3.83	1.70

Canada ^a	2008	<ul style="list-style-type: none"> - Charitable donations credit - Non-taxation of business-paid health and dental benefits - Employee stock options - Age credit - Pension income credit - Pension income splitting 	8.40	0.61
Czech Republic	-	-	-	-
Denmark	2008	<ul style="list-style-type: none"> - Taxable value of properties - Lower tax rates for people working for a Danish shipping company 	0.90	0.40
Finland				
France	2008	<ul style="list-style-type: none"> - Make Work Pay - Reduction for hiring an employee at home - Reduction for sustainable development instruments - Reduction for donations to charity 	1.20	0.40
Germany ^b	2008	<ul style="list-style-type: none"> - First home buyer allowance - Supplement for children - Tax exemption of the supplements for night- and Sunday work and bank holidays - Tax exemption limit for income from investment of capital - Promotion of privately, capital funded old age provisions by means of supplementary allowances - Determination of taxable income of merchant ships - Credit amount in terms of tariff for profit income (limited to the year 2007) - Tax exemption for half of the gain from sale of property and buildings 	2.47	0.49
Greece	2008	<ul style="list-style-type: none"> - Life insurance fees - Tuition fees - Social security contributions - Medical expenses - Loan interests payments - Miscellaneous expenses of handicap persons - Tax credits related to the number of children / residence in border areas - 1.500€ increased tax free bracket for wage earners and pensioners compared to freelance professionals - 1.5% discount on the withholding tax paid by wage earners and pensioners - 3%-5% tax credit for real estate amortization - 50% decrease in tax paid by underage (for heritage reasons) shareholders - Partnerships rewards 	4.66	0.96
Hungary				
Iceland				
Ireland				

Italy	2009	<ul style="list-style-type: none"> - Personal income tax threshold - Tax credit for wage income, income from pensions, income earned by the self-employed and by minor companies - Tax credit for dependent relatives - Allowance for compulsory contributions to welfare and pension schemes, and for voluntary contributions to the mandatory pension scheme of the relative profession group - Allowance for contributions to complementary pension schemes (e.g. in EU Member States) - Tax credit for medical expenses and health assistance services - Tax credit for some insurance premiums (life, permanent disability and non self-sufficiency) - Allowances for some medical expenses and for contributions to funds supplementary to the National Health Care system - Reduced rate on pension funds returns - Tax credits for expenses related to disabilities - Exemption for incomes earned by ambassadors, diplomats of foreign States or any remuneration of employees of the Vatican State - Tax credit and deductions of certain donations and gifts - Exemption of some income from agriculture - Tax credits for expenses related to public transport services, veterinary and funeral expenses (for 2008; proposed for 2009) - Tax allowance for payments to the spouse, with the exception of child-maintenance payments, as a consequence of legal and de facto separation, the dissolution or annulment of marriage, or the termination of its civil effects - Forfeiture tax allowance for incomes deriving from the economic utilisation by the author of intellectual achievements, industrial patents, processes, formula or information relative to experience acquired in the manufacturing sector - Contribution for the purchase of cars and vehicles up to 31st December 2009, to be registered not later than 31st March 2010 - Exemption from income taxes for some categories of capital income - Childcare tax credits - Reduced taxation for overtime work and productivity bonus (only from July to December 2008) - Tax credits for educational expenses 	12.73	4.84
Japan				
Korea ^a	2007	<ul style="list-style-type: none"> - Income deduction for credit card use - Special deduction of earned income for educational expenses - Earned income exemption for health insurance premiums 	1.13	0.32
Luxembourg				
Mexico	2008	<ul style="list-style-type: none"> - Exempt wage and salary income - Small Taxpayers Regime - Authorized personal deductions 	0.29	0.05
Netherlands ^c	2008	<ul style="list-style-type: none"> - Self-employment deduction - Fiscal Pension Reserve - Exemptions for certain capital payments - also those under CIT? 	1.00	0.30
New Zealand				
Norway	2007	<ul style="list-style-type: none"> - Additional personal allowance for one-income families and sole parents - Childcare expense deduction - Tax allowance for commuters' daily work travels and visits to main residence 	7.56	3.19

Poland	-	-	- Union fee deduction - Employee premiums and contributions to occupational pension schemes - Income taxation on own housing and vacation property - Tax exemption when letting out own housing		
Portugal ^a	2007	0.67	0.52	- Exemption with progression for income derived from cooperation and international missions, members of international organizations, etc - Sportsmen - Disabled persons - Intellectual property - Retirement Savings Plans and Pension Funds - Housing Savings Accounts - Public Offering - Donations to churches, charities, etc. - Acquisition of equipment for using renewable energies - Acquisition of personal computers - Stock Savings Plans - Legal Advice Expenses - Health Insurance	
Slovak Republic	-	-	-		
Spain ^{a,1,9}	2007	4.77	1.80	- Work related tax relief - Joint tax declaration allowance - Allowance for contributions to social protection schemes - Deduction for acquisition of own residence - Work income and self-employed rebate - Maternity tax deduction - Children birth or adoption deduction - Exemption of lottery prizes - State bonds and other debt instruments for non-residents - Reduction in rents from letting property - Exemption of pensions for disabled individuals	
Sweden					
Switzerland ^{a,d}	2007	3.25	0.97	- 2nd pillar contributions - 2nd pillar returns - Child deductions	
Turkey	2007	4.65	0.83		
United Kingdom ^e	2007/08	14.63	5.41	- Registered pension schemes - Personal allowance - Personal tax credits - Individual savings accounts - Age-related allowances - British Government securities where owner not ordinarily resident in the United Kingdom - Child benefit (including one parent benefit) - Income of charities	

United States ^h	2007		25.67	4.79
		<ul style="list-style-type: none"> - Exclusion of employer contributions for medical insurance premiums and medical care - Deductibility of mortgage interest on owner-occupied homes - Lower tax rate on capital gains realized - Deferral of tax from employer retirement plans - Deferral of tax from 401(k) retirement plans - Deductibility of non-business State and local taxes other than on owner-occupied homes - Deductibility of charitable contributions, other than education and health - Step-up basis of capital gains on assets held at death - Capital gains exclusion on home sales - Child credit - Deductibility of State and local property tax on owner-occupied homes - Social Security benefits for retired workers - Exclusion of interest on life insurance savings - Exclusion of interest on public purpose State and local bonds - Accelerated depreciation of machinery and equipment - Deferral of tax from Keogh self-employed retirement plans - Deferral of tax from Individual Retirement Accounts - Accelerated depreciation on rental housing - Exception from passive loss rules for \$25,000 of rental loss - Exclusion of workers' compensation benefits 		
Russia	-		-	-
Slovenia				

PIT Notes

- a) Total tax revenues from OECD.Stat. GDP figures from OECD.Stat in the case of Austria and Spain. Figures for Canada calculated using 2007 values for total tax revenues, while 2008 values for tax expenditures.
- b) 20 largest TE, 88.9% of total amount.
- c) No very clear distinction between TE under CIT and PIT.
- d) Total tax revenues include federal income tax, cantonal and community taxes. Church taxes are not considered.
- e) Main TE reported only 44.5 % of TE, completed to 74% of total TE (83% of sum PIT, CIT, VATTE).
- f) This table reports 2007 TE because of availability of GDP data in Revenue Statistics.
- g) Largest TE, 88% of total amount.
- h) Largest 20 TE. Total tax revenues only at federal level.
- i) 2006 total tax revenues. 2009 GDP from Eurostat.

Corporate Income Tax

	Year	Main	% tax revenue	% of GDP
Australia ^a	2007	<ul style="list-style-type: none"> - Superannuation - concessional taxation of superannuation entity earnings - Superannuation - concessional taxation of employer contributions - Superannuation - capital gains tax discount for funds - Income tax exemption for municipal authorities and other local governing bodies - Accelerated depreciation allowance for plant and equipment 	8.82	2.23
Austria ^a	2006	<ul style="list-style-type: none"> - Pay-outs of (life) insurance companies - Tax allowance for public welfare corporations 	0.24	0.10
Belgium	2005	<ul style="list-style-type: none"> - Coordination centres - Investment deduction - fixed foreign tax credit - investment reserve - tax shelter audiovisual sector - handicraft and lodging 	1.82	0.82
Canada ^a	2008	<ul style="list-style-type: none"> - Scientific research and experimental development investment credit - Deductibility of charitable donations - Low rate for manufacturing and processing - Low tax rate for small businesses - Atlantic investment tax credit 	25.80	0.56
Czech Republic	-	-	-	-
Denmark	2008	<ul style="list-style-type: none"> - Deducting expenses regarding R&D - lower valuation of production land 	1.60	0.70
Finland				
France	2008	<ul style="list-style-type: none"> - Reduction for investment in R&D - Reduced rates on long-term capital gains 	0.70	0.30
Germany ^b	2008	<ul style="list-style-type: none"> - investment allowance for equipment assets 	0.05	0.01
Greece	2008	<ul style="list-style-type: none"> - Expenses according to Investment Incentives Laws - Exemption for profits derived from the sale of shares circulated in the Athens Stock Exchange - Reduced rate for income of several legal entities belonging to Orthodox church derived from real estate proceedings - Tax paid for income of real estate proceedings that cannot be greater than net income tax 	0.57	0.13
Hungary				
Iceland				
Ireland				

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Italy ^b	2009	<ul style="list-style-type: none"> - Reduced rates for agriculture - Exemption for some cooperatives - Special optional tax regime - New simplified tax regime for small entrepreneurs and professional workers - Limited deduction from IRAP tax base for non-temporary employees - Concessional tax regime for new entrepreneurships - Allowances for some cooperatives - R&D tax credits - Tax credits related to investment - Exemption for bonuses and other interests produced by Italian Government securities - Forfeiture tax allowance of transportation expenses borne by SMEs - Other tax credits for some SMEs 	1.75	0.66
Japan				
Korea ^a	2007	<ul style="list-style-type: none"> - Temporary tax credit for investment - Special tax reduction for SMEs - Tax credit for R&D 	1.38	0.40
Luxembourg				
Mexico	2008	<ul style="list-style-type: none"> - Employment Subsidy - Fiscal Consolidation Regime - Accelerated Depreciation of Fixed Assets - Deduction of voluntary private contributions to pension funds - Investment in R&D (Wage tax reduction for employers) - Income exemption from certain company saving schemes - Tax credit for working elderly - Tax credit for none/low mortgage - Deduction of charitable and other donations - Reduction of succession duty for donations to institutions with a public interest 	5.97	0.99
Netherlands ^c	2008	<ul style="list-style-type: none"> - Investment in R&D (Wage tax reduction for employers) - Income exemption from certain company saving schemes - Tax credit for working elderly - Tax credit for none/low mortgage - Deduction of charitable and other donations - Reduction of succession duty for donations to institutions with a public interest 	1.40	0.50
New Zealand				
Norway	2007	<ul style="list-style-type: none"> - Tax exemption for ordinary CIT for shipping companies - Tax deductions for R&D - Tax allowance for farmers - Regionally differentiated employers' national insurance contribution 	1.36	0.56
Poland	-		-	-
Portugal ^a	2007	<ul style="list-style-type: none"> - Deductions from income - Deduction from taxable profit - Rate reduction - Permanent exemptions - Tax credits - Tax liability assessment 	0.39	0.14
Slovak Republic	-		-	-
Spain ^{a,1,9}	2007	<ul style="list-style-type: none"> - reduced rates - reserve for investments in the Canary Islands 	0.83	0.31

Sweden			
Switzerland ^{a,d}	2007	- transitional tax holiday for firms investing in certain rural areas	0.05
Turkey	2007		2.08
United Kingdom ^e	2007/08	- R & D Tax Credits - Small companies' reduced corporation tax rate - Double taxation relief - First Year allowances for SMEs	3.99
United States ^f	2007	- Accelerated depreciation of machinery and equipment - Deferral of income from controlled foreign corporations - Credit for increasing research activities - Exclusion of interest on public purpose State and local bonds - Deduction for US production activities - Graduated corporation income tax rate - Expensing of research and experimentation expenditures - Credit for low-income housing investments - Alternative fuel production credit - Exclusion of interest on life insurance savings - Deferred taxes for financial firms on certain income earned overseas - Inventory property sales source rules exception - Deductibility of charitable contributions, other than education and health - Exemption of credit union income - Special ESOP rules - Exclusion of interest on hospital construction bonds - Expensing of certain small investments - Excess of percentage over cost depletion, fuels - Accelerated depreciation on rental housing - Special Blue Cross/Blue Shield deduction	3.28
Russia	-	-	-
Slovenia	-	-	-

CIT Notes

- a) Total tax revenues from OECD.Stat. GDP figures from OECD.Stat in the case of Austria and Spain. Figures for Canada calculated using 2007 values for total tax revenues, while 2008 values for tax expenditures.
- b) 20 largest TE, 88.9% of total amount.
- c) No very clear distinction between TE under CIT and PIT.
- d) Total tax revenues include federal income tax, cantonal and community taxes. Church taxes are not considered.
- e) Main TE reported only 44.5 % of TE, completed to 74% of total TE (83% of sum PIT, CIT, VATTE).
- f) This table reports 2007 TE because of availability of GDP data in Revenue Statistics.
- g) Largest TE, 88% of total amount.
- h) 2006 total tax revenues. 2009 GDP from Eurostat.

Value Added Tax			
	Year	Main	
			% tax revenue
			% of GDP
Australia ^a	-	-	-
Austria ^b	-	-	-
Belgium	2005	- reduced rates for immovable goods - rates for notaries, lawyers and bailiffs - supply of ships, vessels and aircraft - zero-rate for newspapers and weekly publications, zero-rate for motor cars bought by invalids	0.89
			0.40
Canada ^b	2008	- Zero-rating of basic groceries - Exemption for residential rent (long-term) - Rebates for new housing	18.90
			0.32
Czech Republic	-	-	-
Denmark	2008	- VAT exemptions in the financial sector	0.30
			0.15
Finland			
France	2008	- reduced rate for DOM/TOM - reduced rate for hotel business activities - reduced rate for school, administrative or firm dinners - reduced rate for social housing sale - reduced rate for house- keeping work? - reduced rate for repaid drugs	1.20
			0.70
Germany ^c	2008	- tax discount for cultural, entertaining services - tax discount for passenger transport in local public transport - VAT reduction on the transaction volume of dental technicians	0.51
			0.10
Greece	2008	- Reduced rate for books, newspapers, periodicals and theatre tickets - 30% decrease in tax rate for all the Aegean islands - Exemption for postal services - Exemption for national broadcasting services - Exemption for public services imports	0.91
			0.20
Hungary			
Iceland			
Ireland			

Italy ^b	2009	<ul style="list-style-type: none"> - Reduced rate for reconstruction works - Reduced rate for some specific categories (including some basic food products, books, periodicals, identified cases referred to new residential buildings (contracts for new buildings and related purchase of raw materials) - Reduced rate for other specific categories including some food products, by-products of animals and vegetables, electricity, oil, gas and other fuels, semi-processed materials for housing, identified cases referred to new residential buildings (contracts for new buildings), etc. - Special regime for agricultural producers - Special regime for the publishing sector - New simplified tax regime for small entrepreneurs and professional workers 	6.96	2.64
Japan				
Korea ^a	2007	<ul style="list-style-type: none"> - VAT zero-rate application to agricultural, livestock and fishery equipment - VAT tax credit for credit card use - VAT exemption for oils used for agriculture and fishery 	0.92	0.26
Luxembourg				
Mexico	2008	<ul style="list-style-type: none"> - Zero rate for food - Exemption for educational services - Lower rate of 10% in the border regions - Zero rate for medicines 	9.73	1.61
Netherlands ^d	2008	<ul style="list-style-type: none"> - Reduced rate for books, magazines, newspapers - Reduced rate for food in hotel and catering industry - Reduced rate for labour intensive services - Reduced rate for transportation of persons - Reduced rate for the supply of accommodation 	1.40	0.50
New Zealand				
Norway	2007	<ul style="list-style-type: none"> - VAT exempt sectors - VAT lower rates - zero-rates VAT 	1.72	0.74
Poland	-			
Portugal ^b	2007	<ul style="list-style-type: none"> - Diplomatic missions - Catholic Church - Charities (IPSS) - Military and Security Forces - Firemen associations and corporations - Political parties and electoral campaigns - Cars for disabled persons 	0.17	0.06
Slovak Republic	-			

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	2007		
Spain ^{b,g}	2007	- Exemptions - super reduced tax rate - reduced tax rate	5.82 2.20
Sweden			
Switzerland ^{d,e}	2007	- reduced rate for food & necessities - reduced rate for hospitality sector (lodging)	0.38 0.11
Turkey	2007		0.26 0.05
United Kingdom	2007/08	- zero- rate for food - zero-rate for construction of new dwellings (includes refunds to DIY builders) - refunds to Local Authority-type bodies of VAT incurred on non-business purchases under the Section 33 refund scheme (includes national museums and galleries under the Section 33A refund scheme) - refunds to Central Government, Health Authorities and NHS Trusts of VAT incurred on contracted-out services under the Section 41 (3) refund scheme - exemption of rent on domestic dwellings - exemption of finance and insurance, - exemption of health services - exemption of betting and gaming and lottery duties - exemption of small traders below the turnover limit for VAT registration - zero-rate for domestic passenger transport - zero-rate for books, newspapers and magazines - zero-rate for children's clothing - zero-rate for water and sewerage services - zero-rate for drugs and supplies on prescription - zero-rate for ships and aircraft above a certain size	10.05 3.71
United States			- -
Russia			- -
Slovenia			- -

VAT Notes

- a) The 2007 TES only reports tax expenditures that relate to Australian Government taxes. As the GST (i.e. - Australia's VAT) was not reported as an Australian Government tax in the period up to the Pre-Election Fiscal and Economic Outlook 2007, the consumption tax benchmark in this statement does not include the GST. Now that the GST is reported as an Australian Government tax it will be reported under the consumption tax benchmark from the 2008 TES.
- b) Total tax revenues from OECD.Stat. GDP figures from OECD.Stat in the case of Austria and Spain. Figures for Canada calculated using 2007 values for total tax revenues, while 2008 values for tax expenditures.
- c) 20 largest TE, 88.9% of total amount.
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