

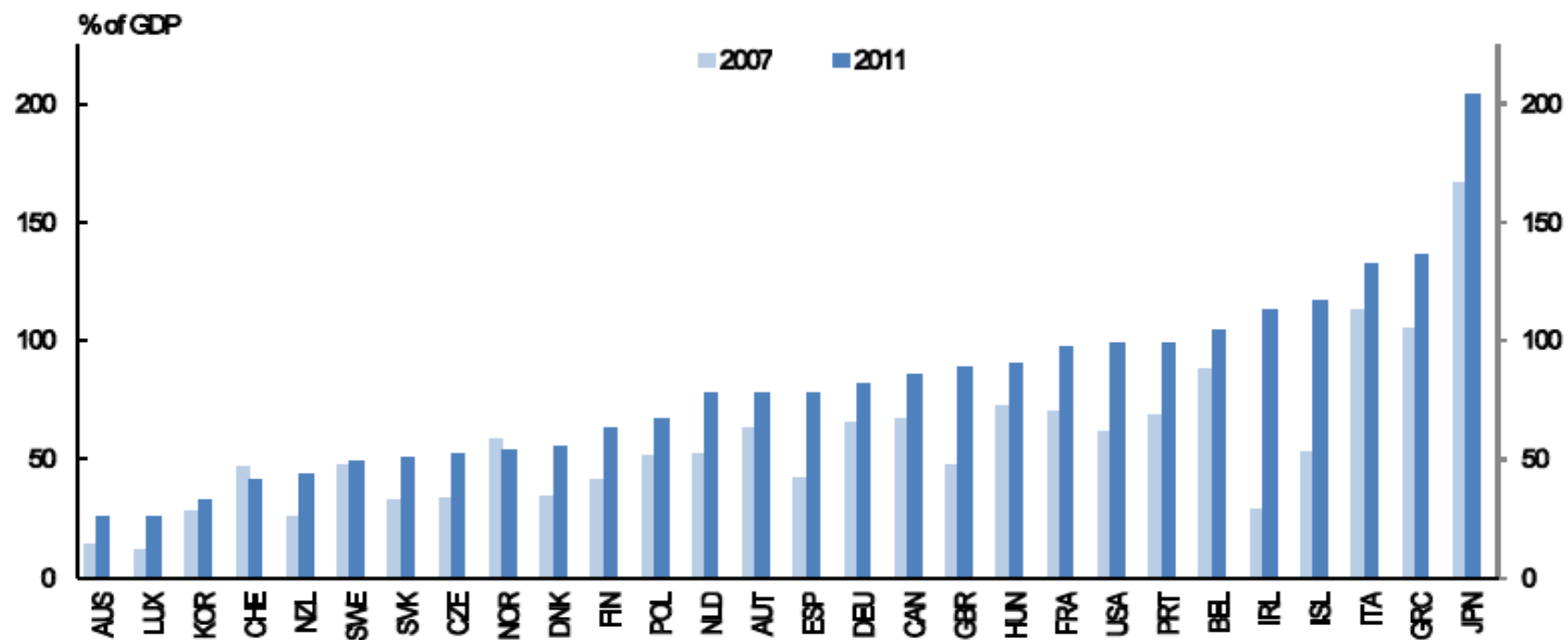


Visit of the Danish Parliament's Tax Committee

30 January 2012

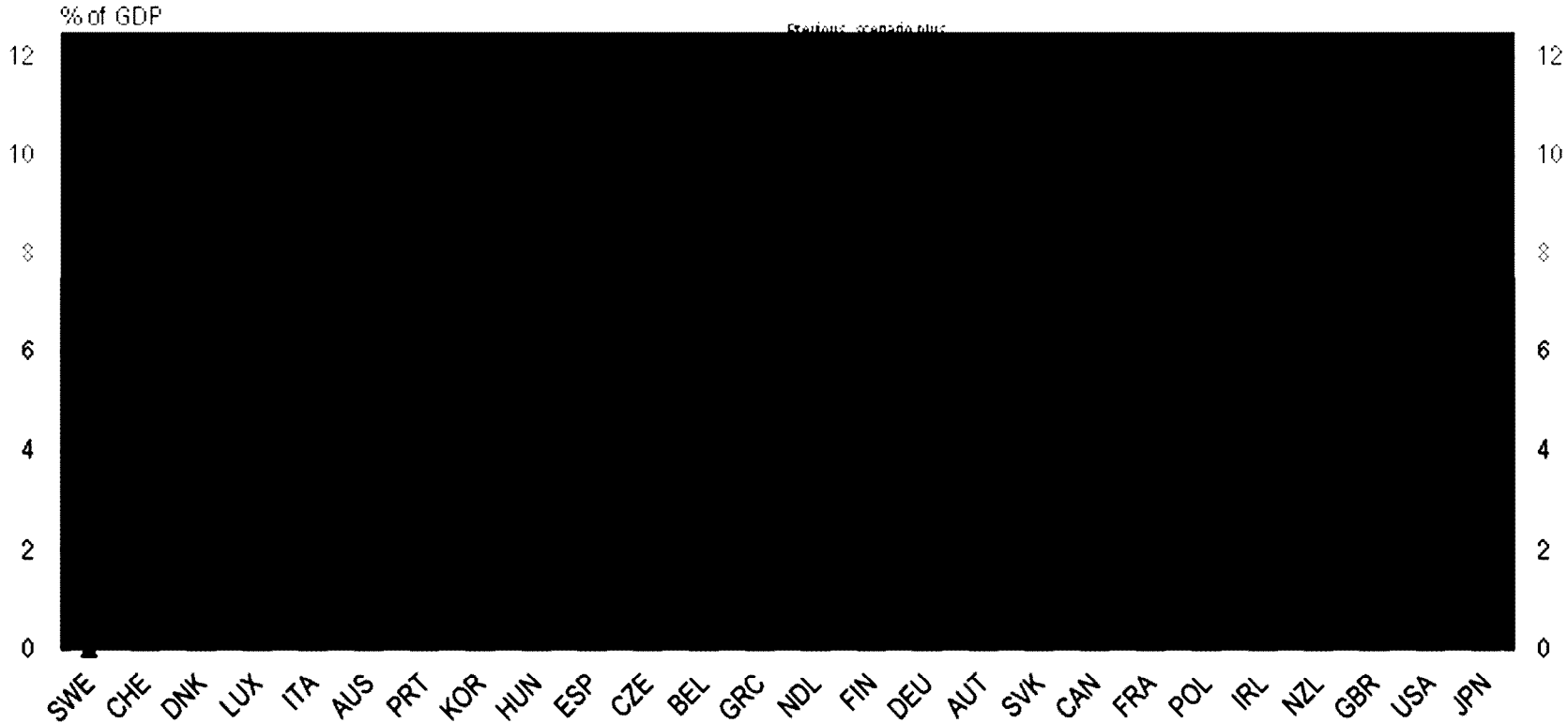
Jørgen Elmeskov, OECD

Gross debt has risen to high levels in OECD countries



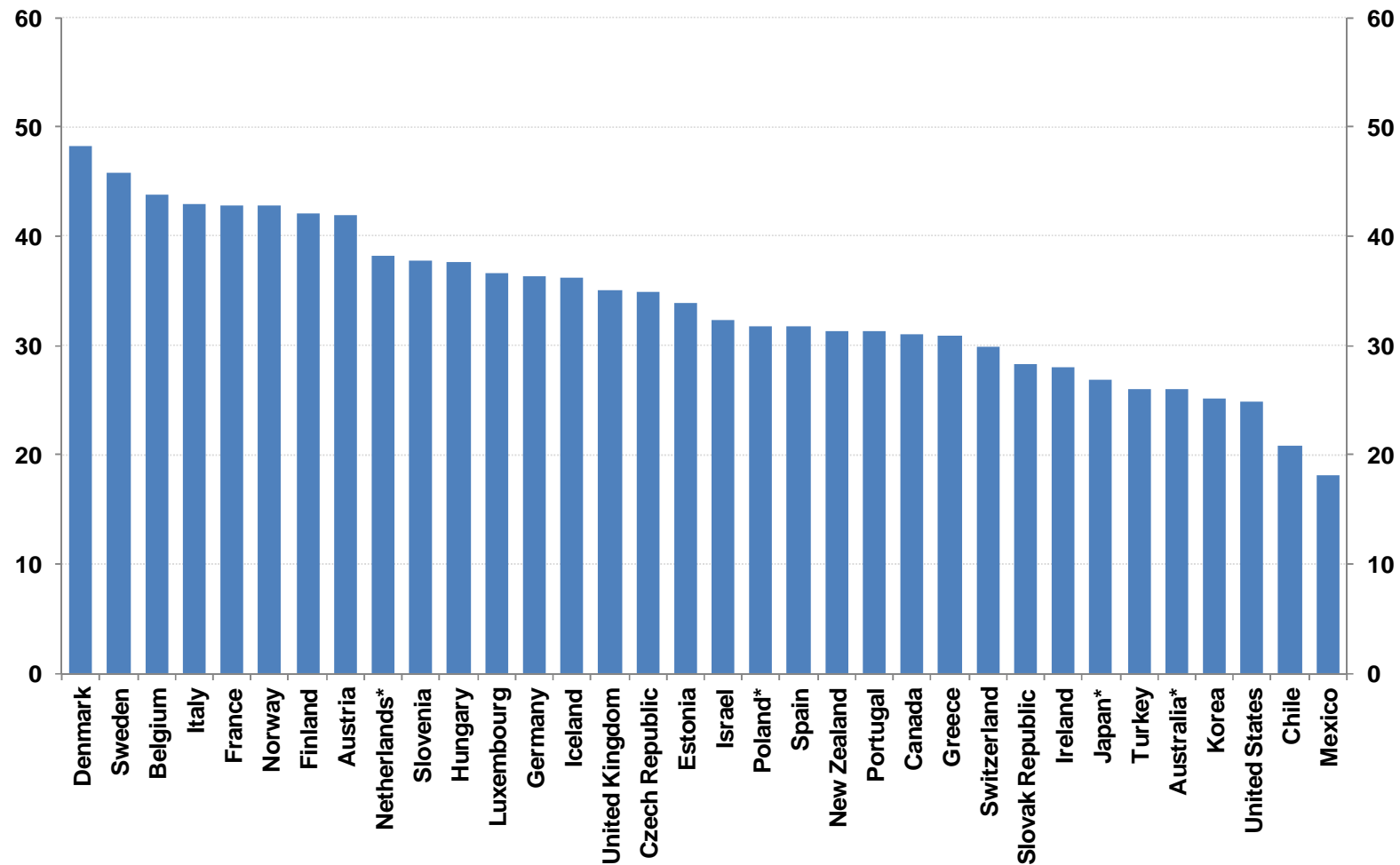
Source: OECD Economic Outlook 89 Database.

Consolidation needs are large to reach prudent debt levels

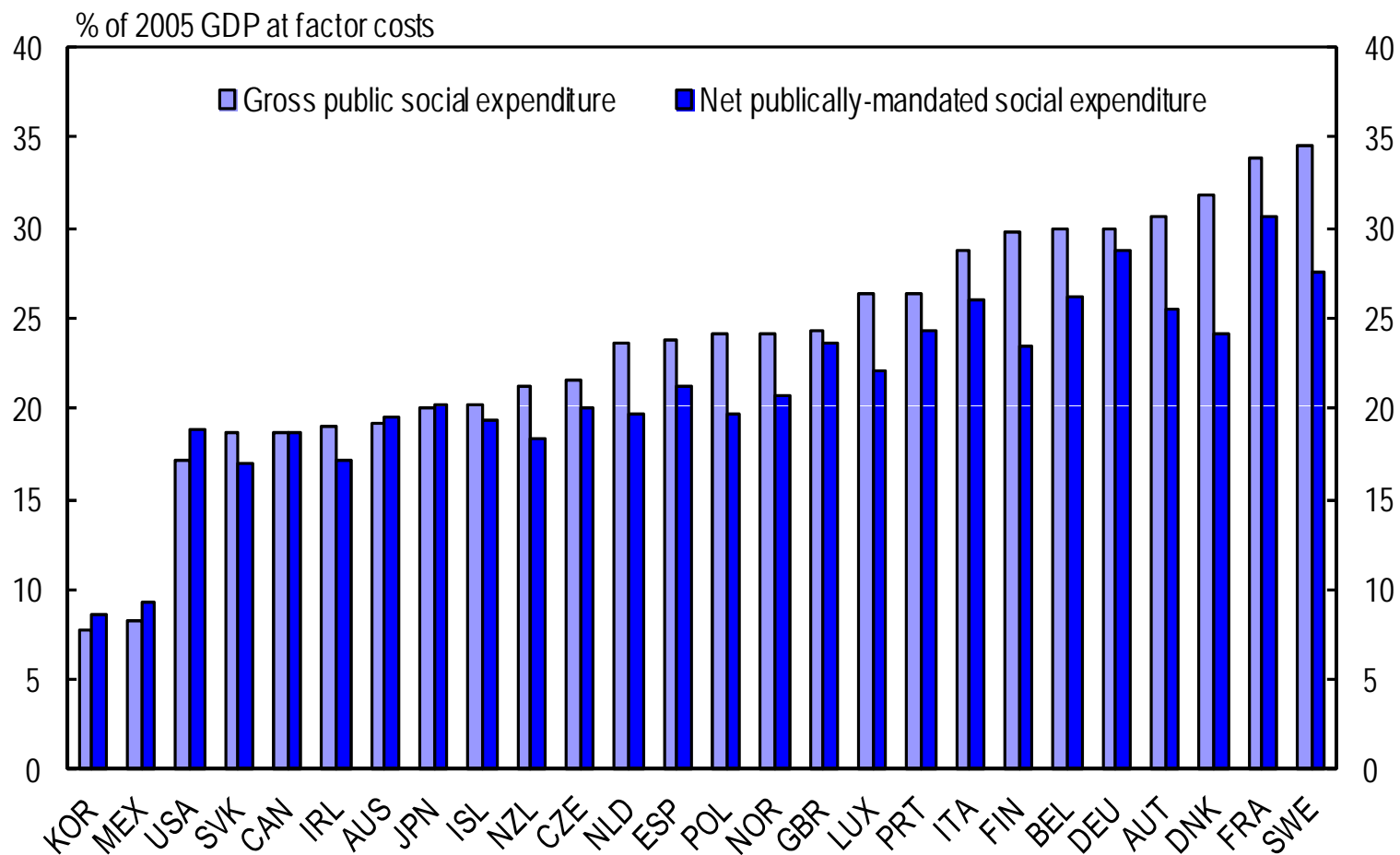


Note: "Low" health assumes policy action curbs health spending growth. "High" health is the additional cost pressure in the absence of these policy actions.

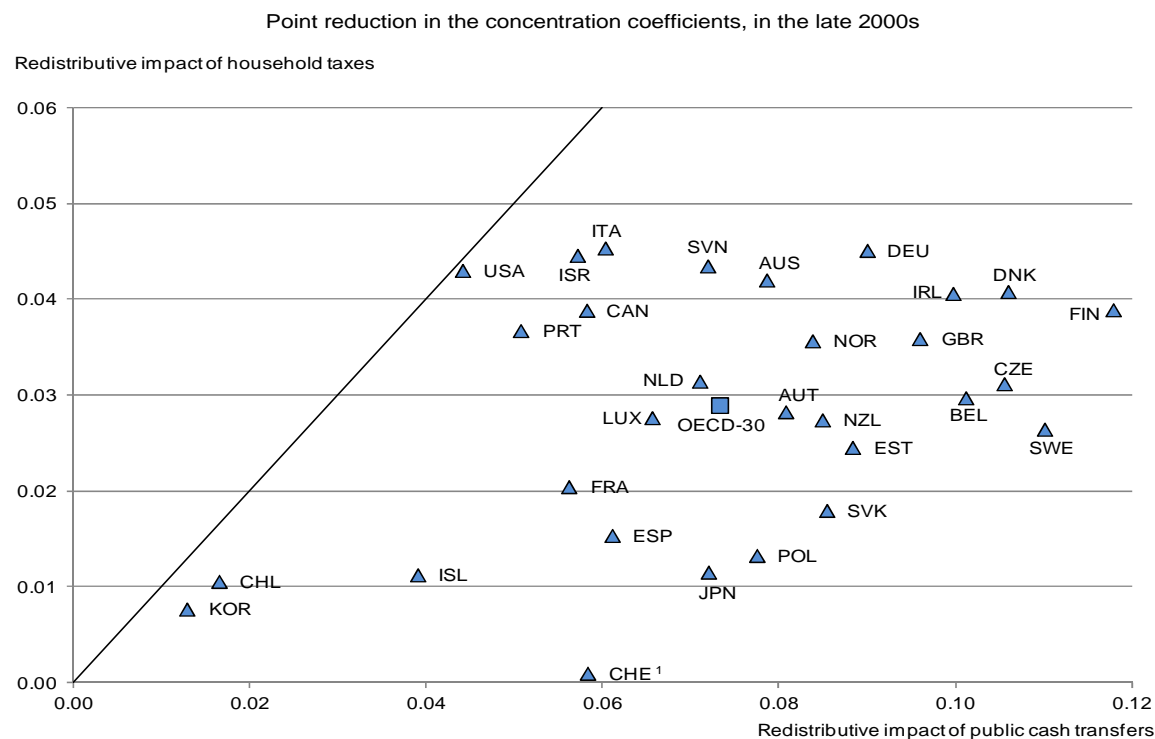
Total tax revenue as % of GDP, 2010



Gross public *versus* net mandated social spending



Cash transfers reduce income dispersion more than taxes

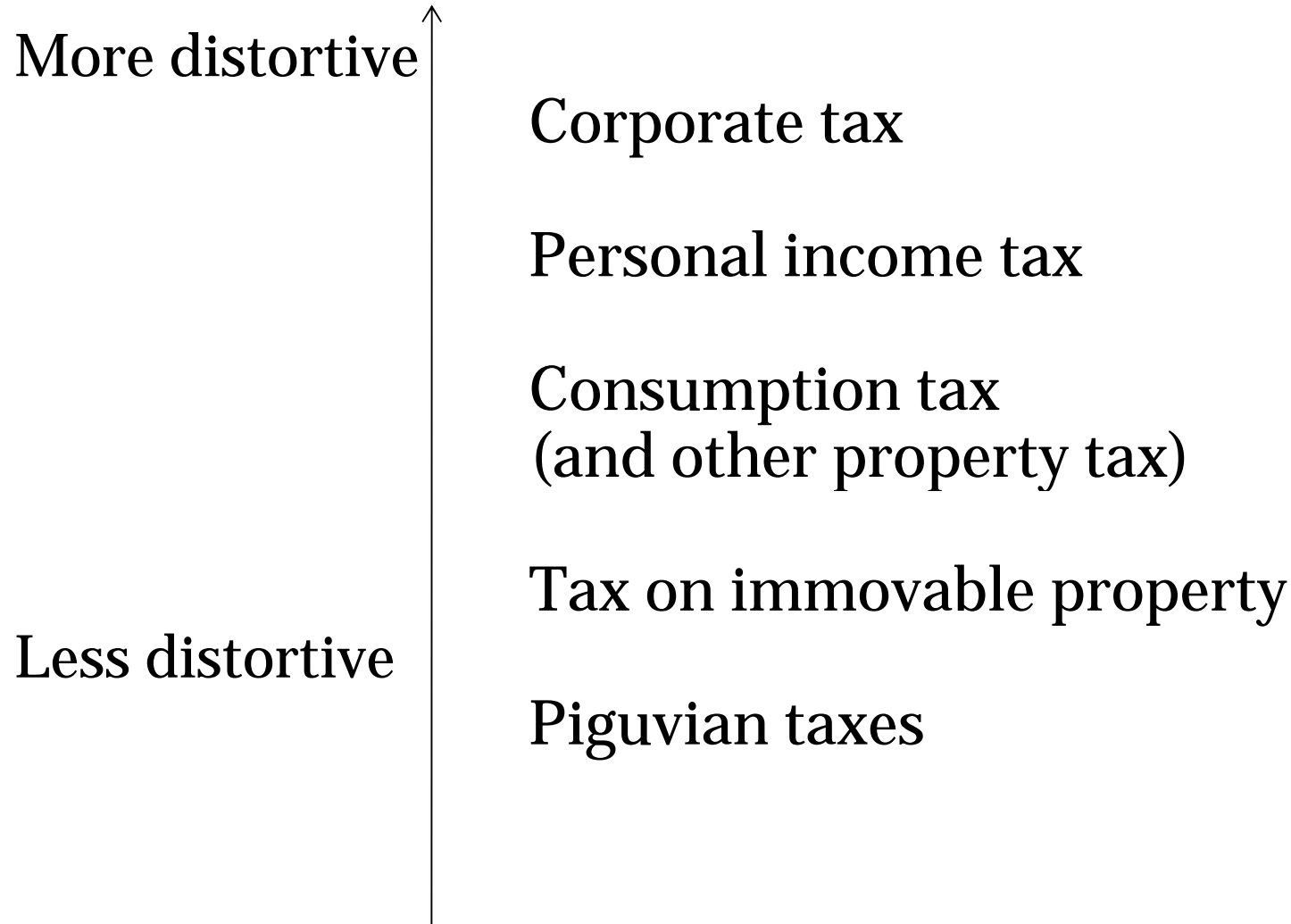


1. The redistributive impact of household taxes for Switzerland is slightly negative (-0.006), but has been set to zero.

Note: The redistributive impact of public cash transfers is measured as the difference between the concentration coefficient of market income and that of income after transfers. The redistributive impact of household taxes is measured as the difference between the concentration coefficient of post-transfer income and that of disposable income (i.e. post-tax and transfers). Data for France and Ireland refer to mid-2000s.

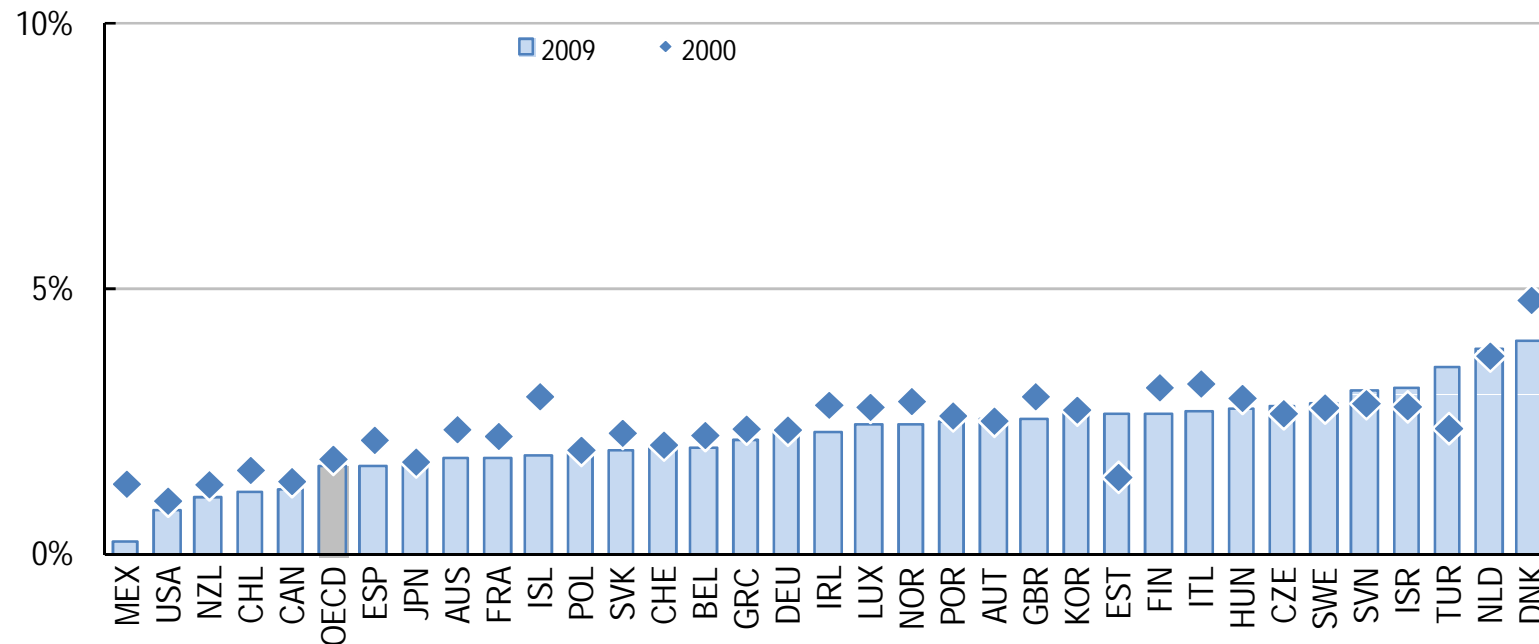
Source: OECD Income Distribution and Poverty Database.

Ranking of taxes in terms of their negative effect on long-term growth



Share of green taxes in GDP

Revenues from environment-related taxes, OECD countries, 2000 and 2009 in percentage of GDP

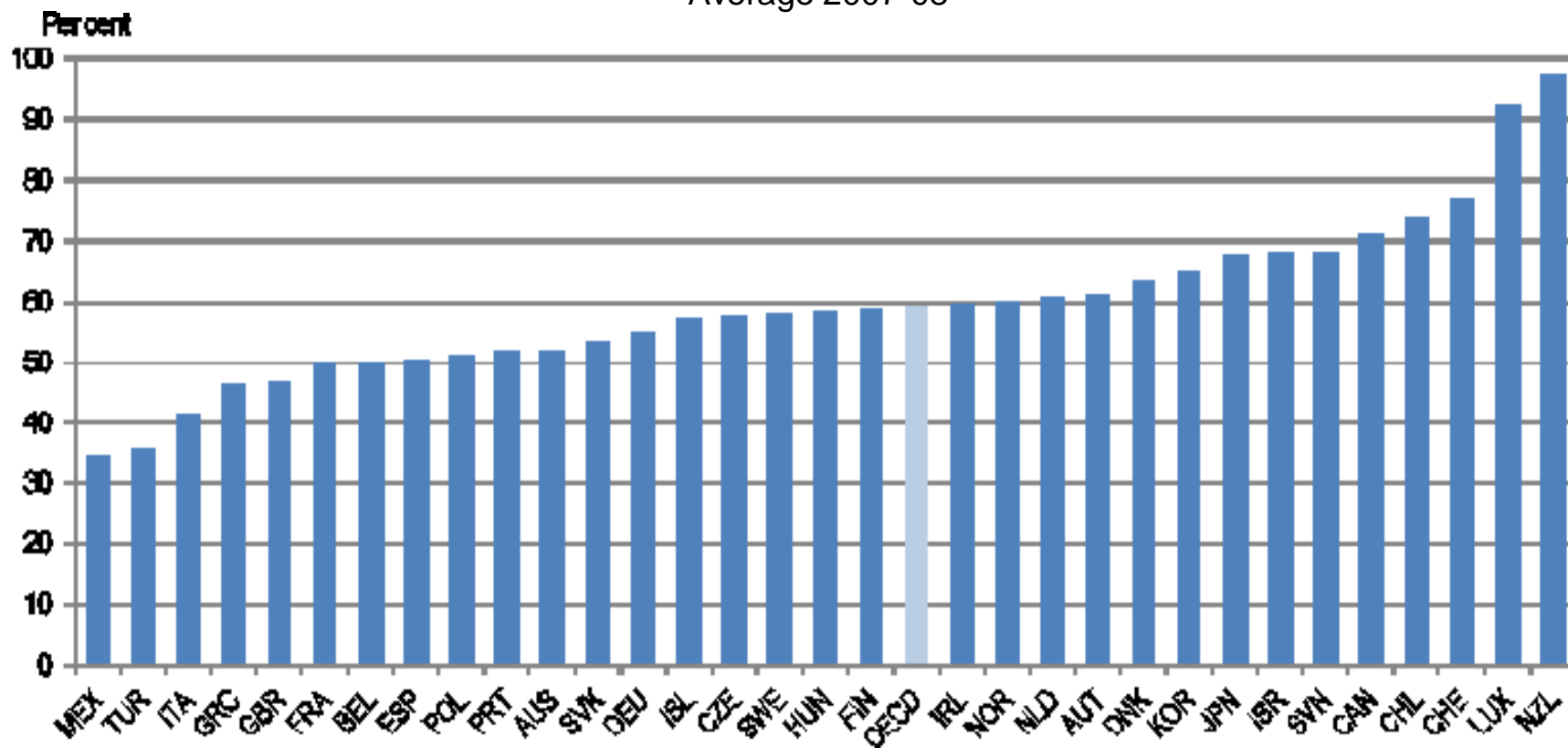


Note: The OECD weighted average includes all 34 OECD countries. In Mexico, fluctuations of consumer prices on motor vehicle fuels are smoothed out. Environmentally related taxes include taxes on energy products (for transport and stationary purposes including electricity, petrol, diesel and fossil fuels), motor vehicles and transport (one-off import or sales taxes, recurrent taxes on registration or road use, other transport taxes), waste management (final disposal, packaging, other waste-related product taxes), ozone-depleting substances and other environmentally related taxes.

Source: OECD/EEA database on instruments used for environmental policy and natural resource management.

VAT is an example of tax expenditure varying across countries

Average 2007-08

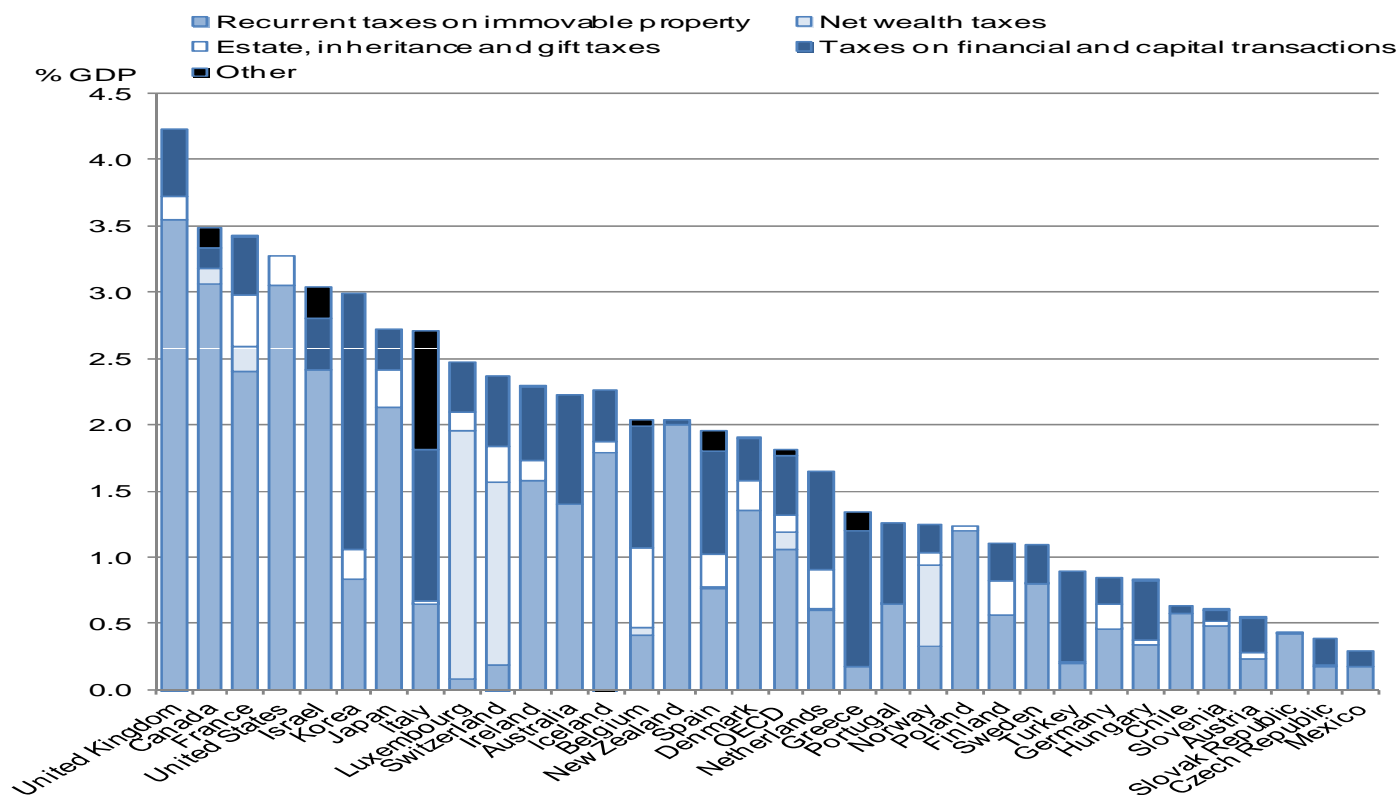


Note: The VAT revenue ratio measures the difference between the VAT revenue actually collected and what would theoretically be raised if VAT was applied at the standard rate to the entire potential tax base in a “pure” VAT regime and all revenue was collected: The VAT revenue ratio equals $VAT\ Revenue / (Consumption * Standard\ VAT\ rate) * 100$.

Source: OECD (2011), *Consumption Tax Trends 2010: VAT/GST and Excise Rates, Trends and Administration Issues*.

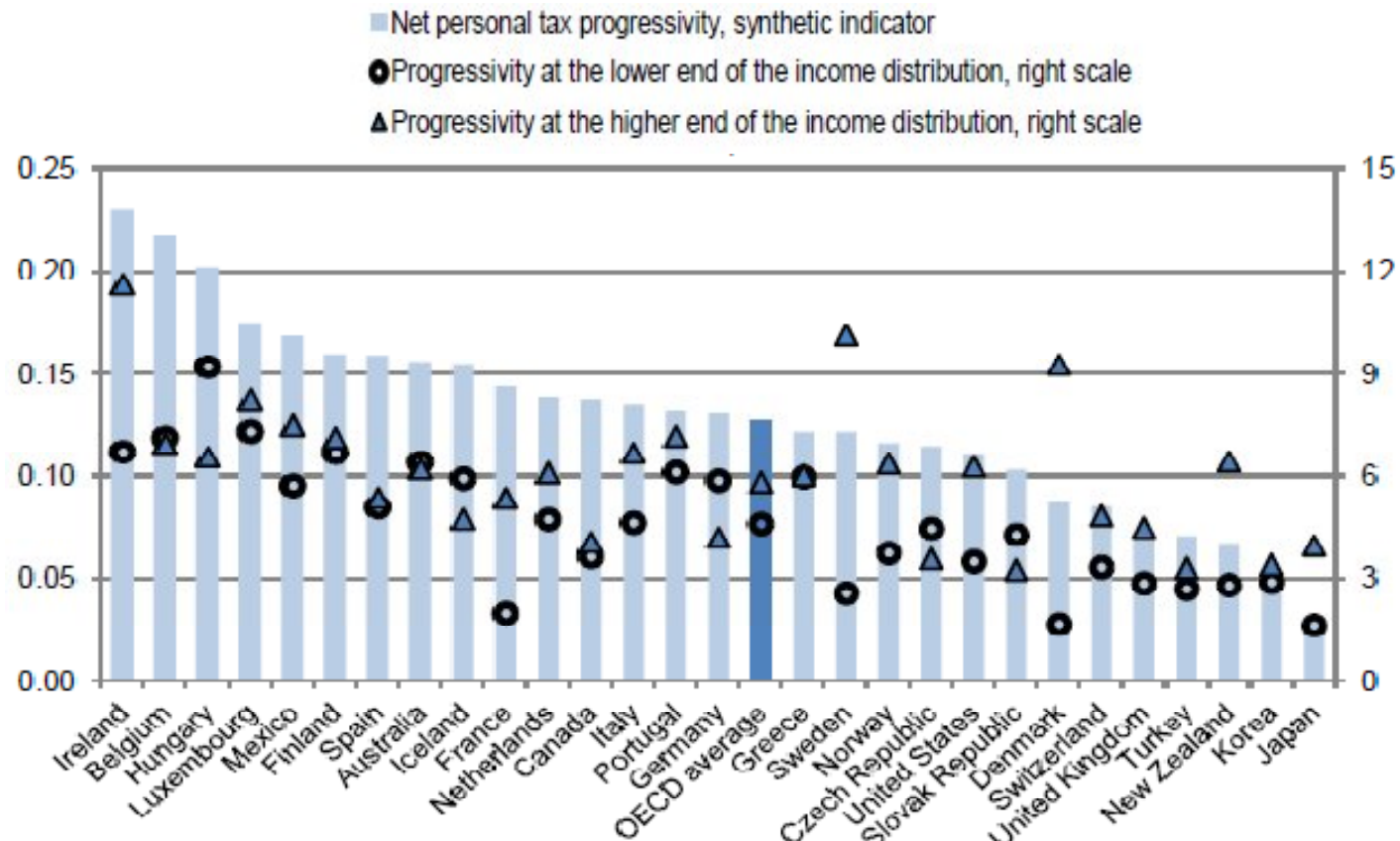
The property tax take varies significantly across OECD countries

2009, per cent of GDP



Progressivity of statutory personal income tax and employee social security contribution schedules

Based on statutory tax schedules for single taxpayers without children – Level 2009



Note: Net personal income tax is defined as the sum of personal income tax and employee social security contributions net of standard cash transfers. Standard tax relief measures – including those linked to marital and family status and income level – are accounted for. Non-standard tax relief measures, *i.e.* those determined by reference to actual expenses incurred (such as the amount of interest paid on loans), are not included. The synthetic indicator for net personal tax progressivity presented here is not a Kakwani index. It is calculated as the difference between the average net personal tax rate at two income levels based on the assumption of a similar income dispersion across OECD countries. This difference is then divided by the change in income level. Progressivity at the lower end (respectively higher end) of the income distribution is computed as the difference in personal income tax rates (personal income tax and employee social security contributions expressed as a per cent of gross wage earnings) between the average wage and 67% of the average wage (respectively between 167% of the average wage and the average wage).

Source: OECD (2008b), *Taxing Wages 2008-2009* and OECD estimates.

Top personal income tax rates and thresholds

	Top statutory income tax rate (%) ¹			Threshold (multiple of the average wage) ²		
	2000	2009	Change 2000 to 2009	2000	2009	Change 2000 to 2009
Australia	48.5	46.5	-2.0	1.2	2.8	1.6
Austria	50.0	50.0	0.0	2.3	2.1	-0.2
Belgium	63.9	53.7	-10.2	1.2	1.1	-0.1
Canada	46.4	46.4	0.0	1.7	2.9	1.2
Czech Republic	32.0	15.0	-17.0	2.4	0.4	-2.0
Denmark	59.7	51.6	-8.1	1.0	1.0	0.0
Finland	55.2	49.1	-6.1	2.1	1.8	-0.3
France	58.3	47.8	-10.5	2.9	2.8	-0.1
Germany	53.8	47.5	-6.3	1.7	6.2	4.5
Greece	45.0	40.0	-5.0	3.8	3.6	-0.2
Hungary	40.0	36.0	-4.0	0.9	0.8	-0.1
Iceland	45.4	37.2	-8.2	1.5	0.3	-1.2
Ireland	44.0	41.0	-3.0	1.0	0.9	-0.1
Italy	46.4	44.9	-1.5	3.9	3.2	-0.7
Japan	50.0	50.0	0.0	4.5	4.6	0.1
Korea	44.0	38.5	-5.5	5.5	3.2	-2.3
Luxembourg	47.2	38.9	-8.3	2.1	1.0	-1.1
Mexico ³	40.0	28.0	-12.0	49.3	4.7	-44.6
Netherlands	60.0	52.0	-8.0	1.6	1.2	-0.4
New Zealand	39.0	38.0	-1.0	1.7	1.5	-0.2
Norway	47.5	40.0	-7.5	2.6	1.6	-1.0
Poland	40.0	32.0	-8.0	3.3	2.8	-0.5
Portugal	40.0	42.0	2.0	3.4	4.3	0.9
Slovak Republic	35.0	19.0	-16.0	3.2	0.5	-2.7
Spain	48.0	43.0	-5.0	4.4	2.4	-2.0
Sweden	55.4	56.5	1.1	1.5	1.5	0.0
Switzerland	43.2	41.7	-1.6	4.0	3.6	-0.4
Turkey	35.6	35.6	0.0	8.1	3.0	-5.1
United Kingdom	40.0	40.0	0.0	1.4	1.3	-0.1
United States	46.7	41.9	-4.8	8.9	9.6	0.7
OECD average	46.7	41.5	-5.2	2.9	2.5	-0.4
Standard deviation	7.9	9.3	1.5	2.0	2.0	0.0

1. These are the top statutory tax rates (combined central and sub-central) that apply from the threshold levels reported in the fourth and fifth columns.
2. These columns report the level of gross wage earnings (expressed as a multiple of the average wage) at which the top personal income tax rate starts to apply. The average and dispersion exclude Mexico.
3. The threshold figure for Mexico in 2000 reflects a tax schedule with two supplementary brackets designed to tax very high earners more heavily. These supplementary brackets were removed in 2002, resulting in the threshold of the upper bracket coming down sharply as a proportion of average earnings.

Source: OECD (2009), *OECD Tax Database*.