



BETTER POLICIES FOR BETTER LIVES

Latin American and Caribbean

Tax Policy Forum 2012

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REVENUE STATISTICS IN LATIN AMERICA: TAX REVENUE TRENDS 1990-2009

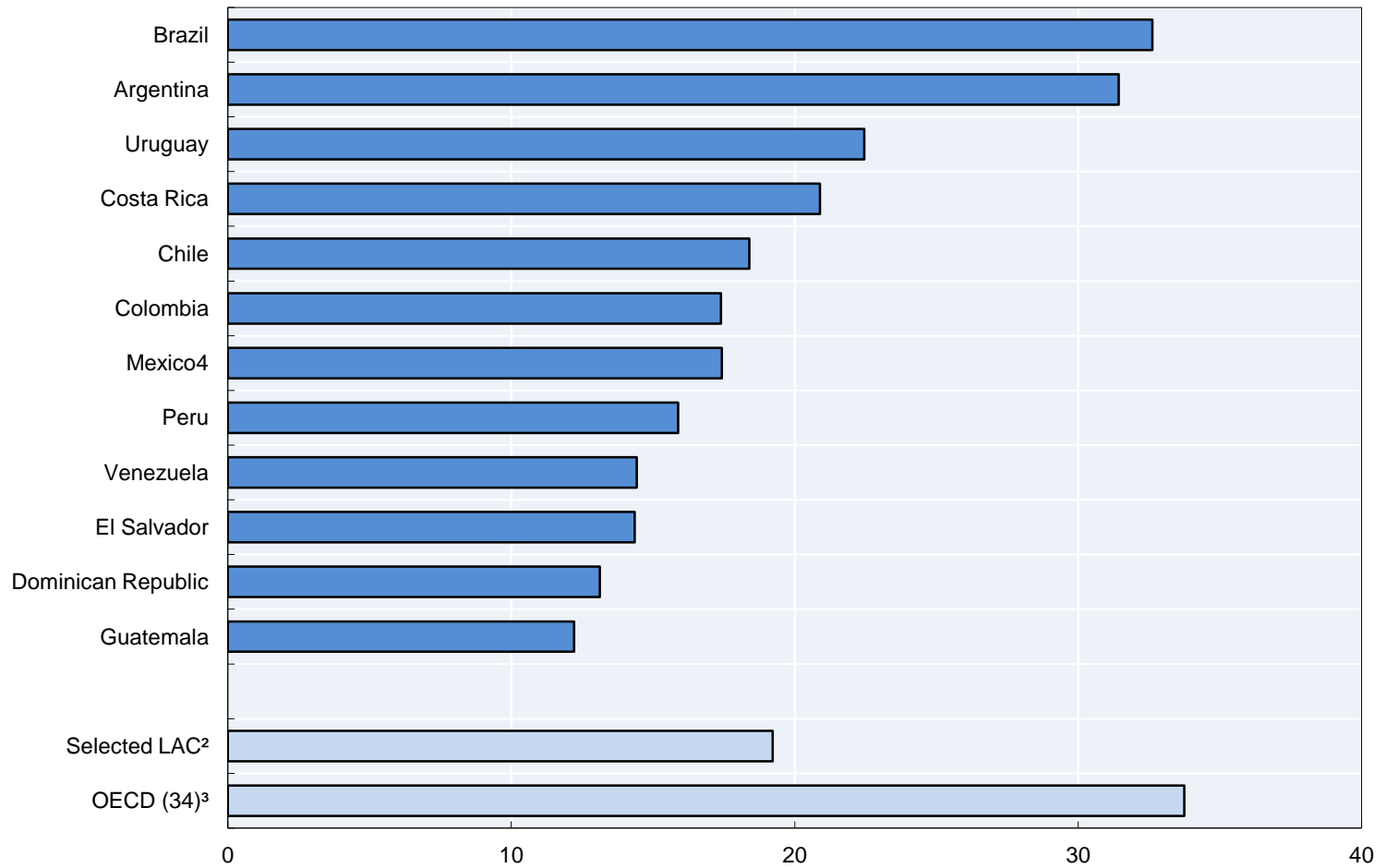
LAC countries and OECD

- Comparison of tax to GDP ratios in 2009
- Trends in tax to GDP ratios between 1990 and 2009
- Comparison of tax structures in 2009
- Trends in tax in tax structures among LAC countries between 1990 and 2009

Coverage of countries

- Presents statistics for a selected group of 12 Latin American countries
 - Argentina
 - Brazil
 - Chile
 - Colombia
 - Costa Rica
 - Dominican Republic
 - El Salvador
 - Guatemala
 - Mexico
 - Peru
 - Uruguay
 - Venezuela

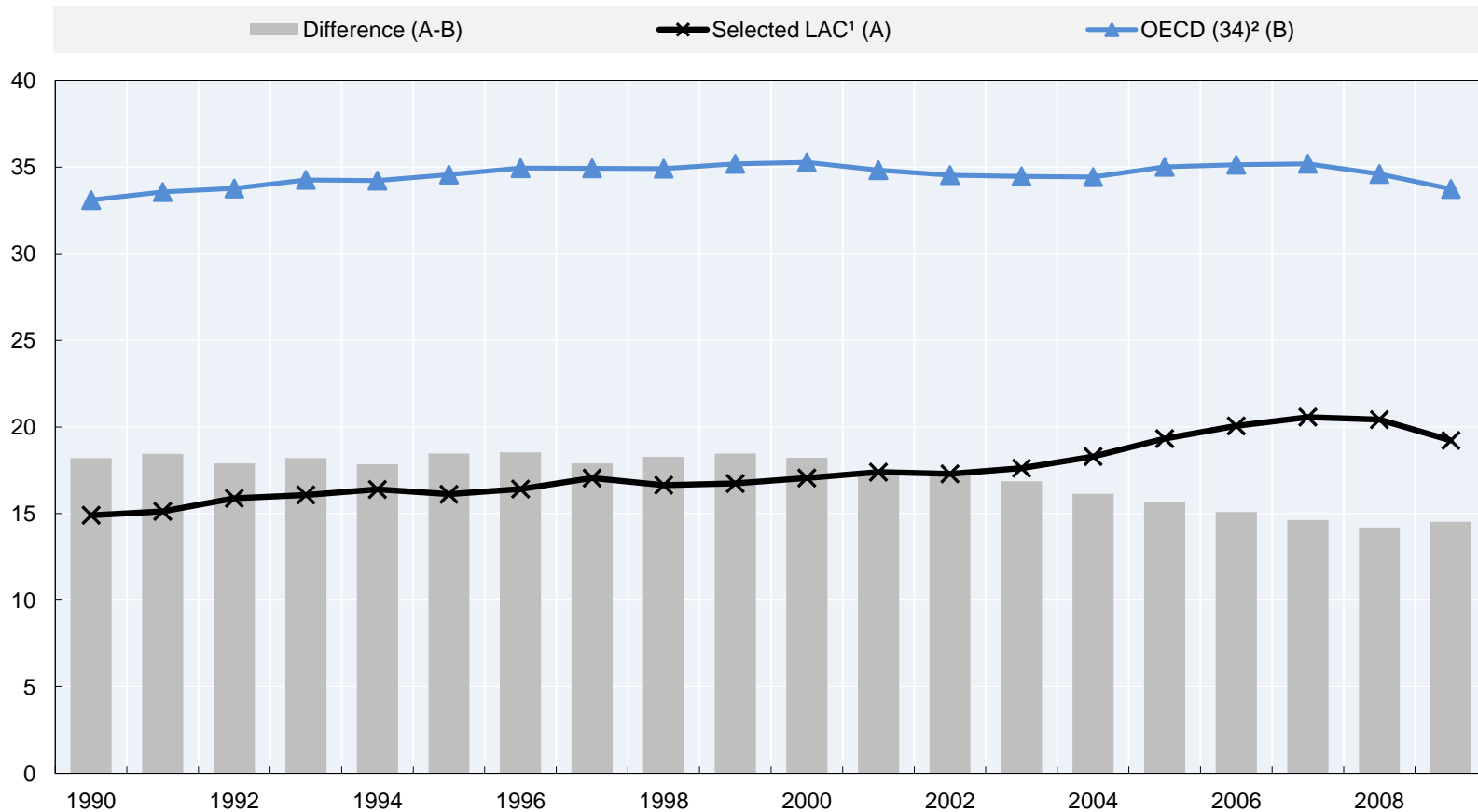
Total tax ratio as percentage of GDP, 2009 (1)



Total tax ratio as percentage of GDP, 2009 (2)

- Highest ratios in 2009 observed in Brazil (32.6%) and Argentina (31.4%)
- Ratios also above 20 per cent in Costa Rica and Uruguay
- Ratios for Colombia, Chile, Dominican Republic, El Salvador, Mexico, Peru and Venezuela were in the range of 13 to 19 percent
- Lowest ratio observed in Guatemala (12.2%)
- The average for the 12 Latin American countries was 19.2 percent
- Contrasts with the OECD area where the average tax to GDP ratio stood at 33.8 in 2009

Total tax revenues as percentage of GDP, 1990-2009.

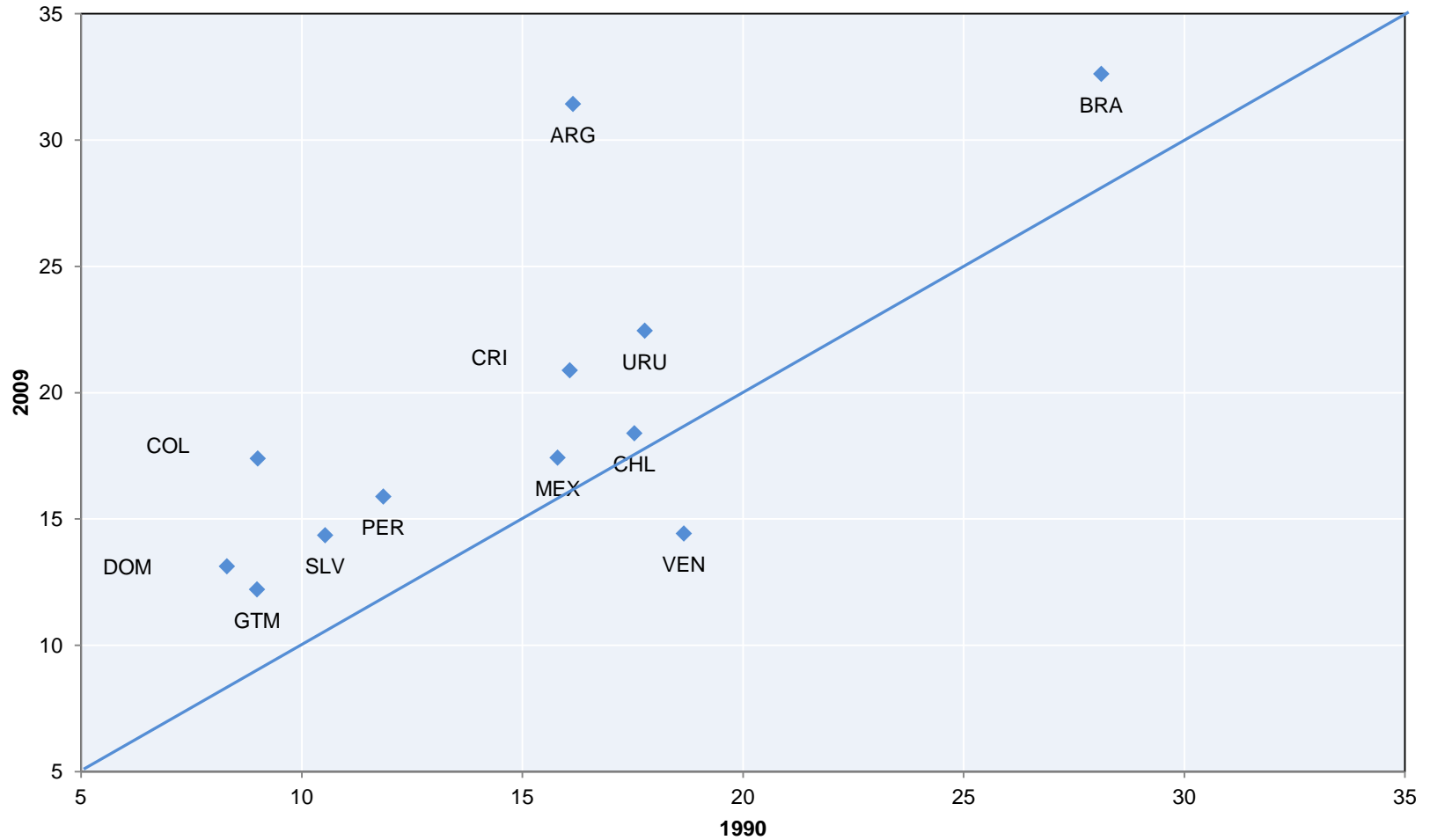


Source: "Revenue Statistics in Latin America" Table 1 in Section II.A

1. Represents a selected group of 12 Latin American countries. These are Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Mexico, Peru, Uruguay and Venezuela. Chile and Mexico are also part of the OECD (34) group.

2. Represents the unweighted average for OECD member countries.

Changes in tax to GDP ratios in selected Latin American countries, 1990- 2009



Total tax revenue as percentage of GDP¹

	1990	1995	2000	2005	2006	2007	2008	2009
Argentina	16.1	20.3	21.5	26.9	27.4	29.1	30.7	31.4
Brazil	28.1	26.8	30.0	32.9	32.8	33.4	33.6	32.6
Chile	17.5	19.0	19.4	21.6	23.2	24.0	22.5	18.4
Colombia	9.0	13.2	14.1	17.3	18.2	18.3	17.9	17.4
Costa Rica	16.1	16.3	18.2	19.8	20.3	21.7	22.4	20.9
Dominican Republic	8.3	10.6	12.4	14.7	15.0	16.0	15.0	13.1
El Salvador	10.5	13.0	12.2	14.1	15.1	15.2	15.1	14.4
Guatemala	9.0	10.4	12.4	13.1	13.8	13.9	12.9	12.2
Mexico ²	15.8	15.2	16.9	18.1	18.2	17.7	20.9	17.4
Peru	11.8	15.4	13.9	15.8	17.1	17.8	17.8	15.9
Uruguay	17.8	19.7	20.0	22.0	23.3	22.7	22.0	22.5
Venezuela	18.7	13.3	13.6	15.9	16.3	17.1	14.3	14.4
<i>Unweighted average:</i>								
Selected LAC ³	14.9	16.1	17.1	19.3	20.1	20.6	20.4	19.2
OECD (34) ⁴	33.1	34.6	35.3	35.0	35.1	35.2	34.6	33.7

Source: "Revenue Statistics in Latin America"

1. The figures exclude local government revenues for Argentina, Costa Rica (up to 1997), Dominican Republic, El Salvador, Peru (up to 2004), Uruguay and Venezuela as the data are not available.
2. In ECLAC and CIAT data, fees levied on hydrocarbon production are treated as non tax revenues.
3. Represents a selected group of Latin American countries. Chile and Mexico are also part of the OECD (34) group.
4. Represents the unweighted average for OECD member countries.

Trends in tax to GDP ratios 1990-2009

- The average tax to GDP ratio in LAC countries rose from 14.9% to 19.2% over the period.
- Contrasts with the OECD area where the trend over the 20 years was fairly stable and the tax to GDP ratio stood at 33.7% in 2009.
- The gap between the averages for the two areas narrowed from 18 to 15 percentage points.
- The rising trend was interrupted in 2009 when the average ratio fell from 20.4% in 2008 and the ratio fell in 9 of the 12 countries
- The corresponding fall in OECD countries was proportionately less
- Considerable variation in trends over time for individual countries
 - Largest increases in Argentina (15.3) and Colombia (8.4)
 - Increases in most countries by 3-7 percentage points
 - Increase of up to 2 percentage points in Chile and Mexico
 - Decline of 4.3 percentage points in Venezuela.

Value added taxes as percentage of GDP¹

	1990	1995	2000	2005	2006	2007	2008	2009
Argentina	3.9	8.3	8.6	9.3	9.7	10.4	10.7	10.8
Brazil	13.4	12.0	13.1	13.7	13.5	13.4	13.9	13.1
Chile	6.6	7.7	8.1	8.1	7.4	7.9	8.9	7.8
Colombia	2.3	3.9	4.6	5.9	6.4	6.2	6.4	5.9
Costa Rica	3.2	3.8	4.5	5.1	5.4	5.9	6.0	5.0
Dominican Republic	1.3	2.0	2.6	4.1	4.5	4.9	4.7	4.2
El Salvador	2.8	4.9	5.4	6.5	7.0	6.9	6.8	6.1
Guatemala	2.4	3.1	4.7	5.2	5.4	5.9	5.5	4.9
Mexico	3.3	2.6	3.1	3.5	3.7	3.6	3.8	3.4
Peru	1.4	5.8	5.1	5.6	5.8	5.9	6.6	5.9
Uruguay	5.5	6.6	6.5	8.2	8.9	8.8	8.5	8.2
Venezuela	-	3.4	4.1	6.4	6.4	5.7	4.7	5.9
<i>Unweighted average:</i>								
Selected LAC ¹	3.8	5.3	5.9	6.8	7.0	7.1	7.2	6.8
OECD (34) ²	5.9	6.6	6.9	7.0	7.0	7.0	6.8	6.7

Source: "Revenue Statistics in Latin America"

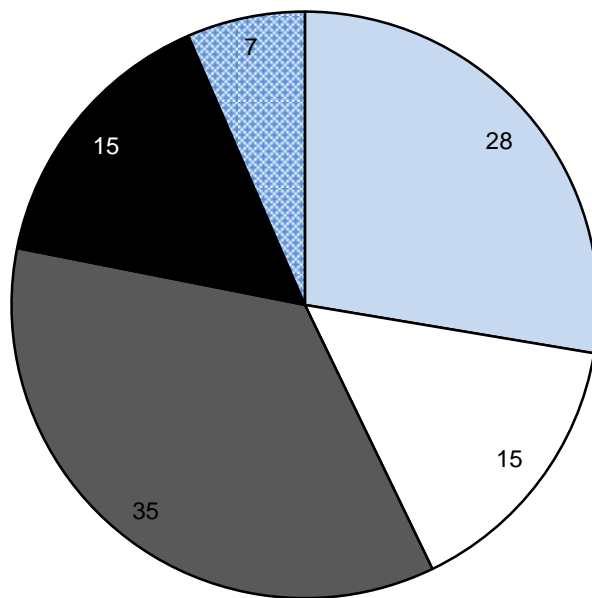
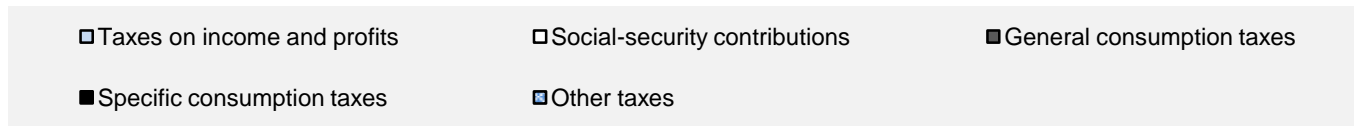
1. Represents a selected group of Latin American countries. Chile and Mexico are also part of the OECD (34) group.

2. Represents the unweighted average for OECD member countries.

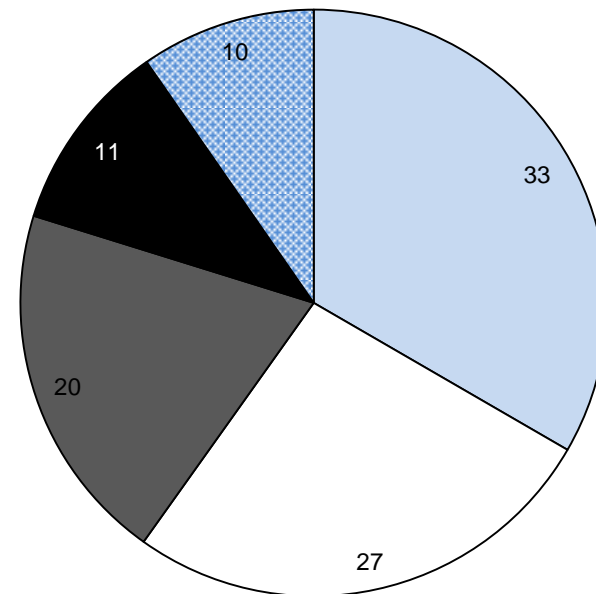
Value added taxes as a percentage of GDP

- Tax burden in the selected LAC countries rose by 4.3 percentage points over 20 years.
- Increased revenues from VAT contributed 3 percentage points of the increase (2.1 before 2000 and 0.9 afterwards).
- Increases in income taxes (mainly corporate) became a more important contributor to rising tax revenues after 2000 contributing 1.3 points to the total increase.
- Factors contributing to the latter were rising commodity prices, the introduction or development of simplified tax regimes for small taxpayers and the taxation of property based on presumed incomes.

Tax structures in Latin America and OECD, 2009



Selected LAC¹



OECD (34)²

Source: "Revenue Statistics in Latin America" Table 3 in Section II.A

1. Represents a selected group of Latin American countries listed in Table A. Chile and Mexico are also part of the OECD (34) group.

2. Represents the unweighted average for OECD member countries.

Comparison of tax mix in OECD and LAC in 2009

- LAC exhibits a low direct-tax take counter-balanced by high indirect-tax receipts.
- LAC relies heavily on taxes on goods and services which are about half of overall tax revenues compared with about 30% in OECD.
- General consumption taxes were 35% in LAC and 20% in OECD.
- By comparison 43% of LAC revenues come from the sum of taxes on income & profits and SSC compared with 60% in OECD.
- The LAC share of SSC was only 15% compared with 27% in OECD.
- The corresponding figures for taxes on income and profits were 28% compared with 33%.

Tax structures in a selected group of Latin American countries¹

	1990	1995	2000	2005	2008	2009
Taxes on income and profits	23	22	22	25	28	28
Social security contributions	16	17	16	14	13	15
Payroll taxes	1	1	1	1	1	1
Property taxes	4	2	3	5	4	4
General consumption taxes	24	32	34	35	35	35
Specific consumption taxes	28	24	21	19	17	15
Other taxes ²	4	2	2	2	2	2
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>

Source: "Revenue Statistics in Latin America"

1. Represents the percentage shares of major tax categories in total tax revenue. The selected group of countries is listed in table A.
2. Including certain taxes on goods and services (heading 5200) and stamp taxes.

Trends in tax mix in LAC countries 2000-09

- The share of consumption taxes remained fairly stable over the period at around half of total tax revenues.
- The share of general consumption taxes rose by 11 percentage points and that of specific consumption taxes declined by 13.
- Revenues from income and profits grew from 23 to 28% of total tax revenues
- The share of SSC marginally declined with two major factors working in opposite directions:
 - upward effect of rising personal incomes
 - downward effect of vary processes of full or partial privatisation that have occurred in many countries in the region.

- Thank you and any questions?