



# TAX POLICY REFORMS 2018

## OECD AND SELECTED PARTNER ECONOMIES

Summary of key findings



# Tax Policy Reforms series: 2018 edition

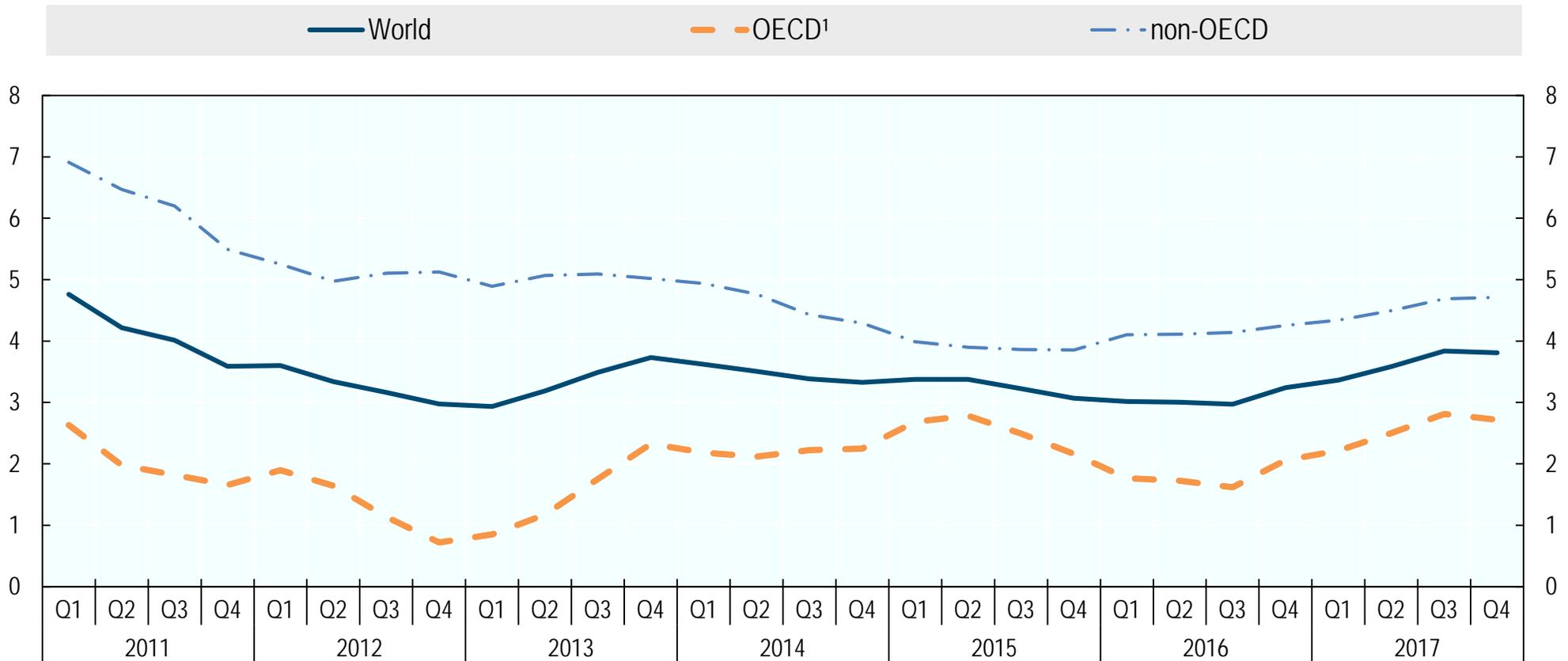
- **Country coverage:** 35 OECD countries + Argentina, Indonesia and South Africa
- **Objective:** Identify major tax reforms and tax policy trends across countries





# Global economic growth has picked up

## Real GDP growth Year-on-year percentage changes

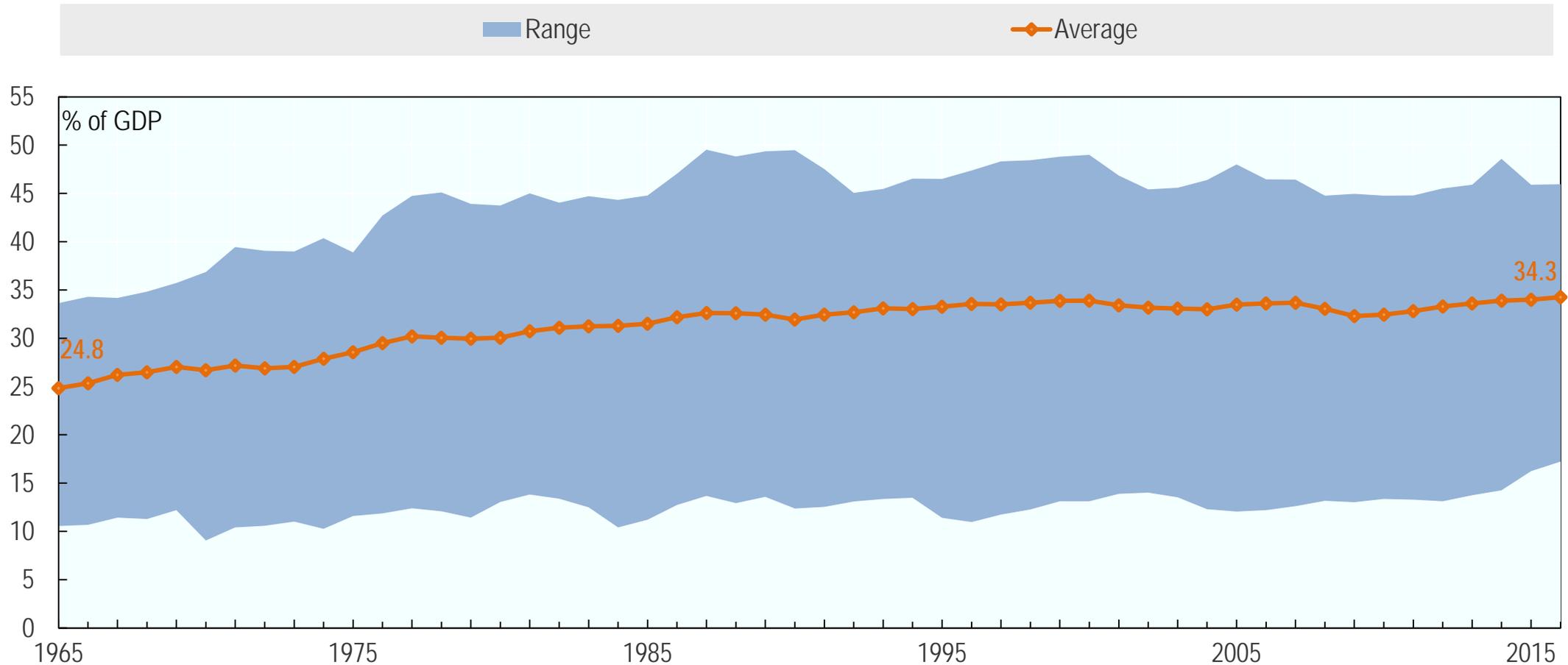


Source: OECD Economic Outlook 103 database



# Tax revenues have reached a new record level

## Long-term evolution of the OECD average tax-to-GDP ratio (1965 – 2016)



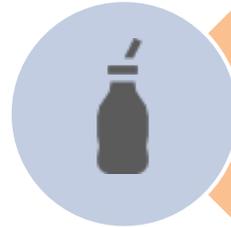
Source: OECD Global Revenue Statistics Database



# Summary of key tax trends in 2018



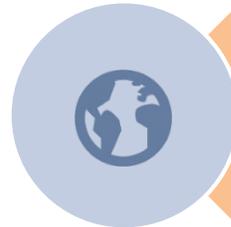
Small cuts in personal income taxes for low and middle income earners



Increased/new excise taxes on harmful consumption (e.g. taxes on sugary drinks)



Continued corporate tax rate cuts, led by countries with high tax rates  
Progress on BEPS implementation



Environmentally related tax reforms focused on energy and vehicles but insufficient



Stabilisation of VAT rates  
But more VAT revenues expected from administrative and anti-fraud measures

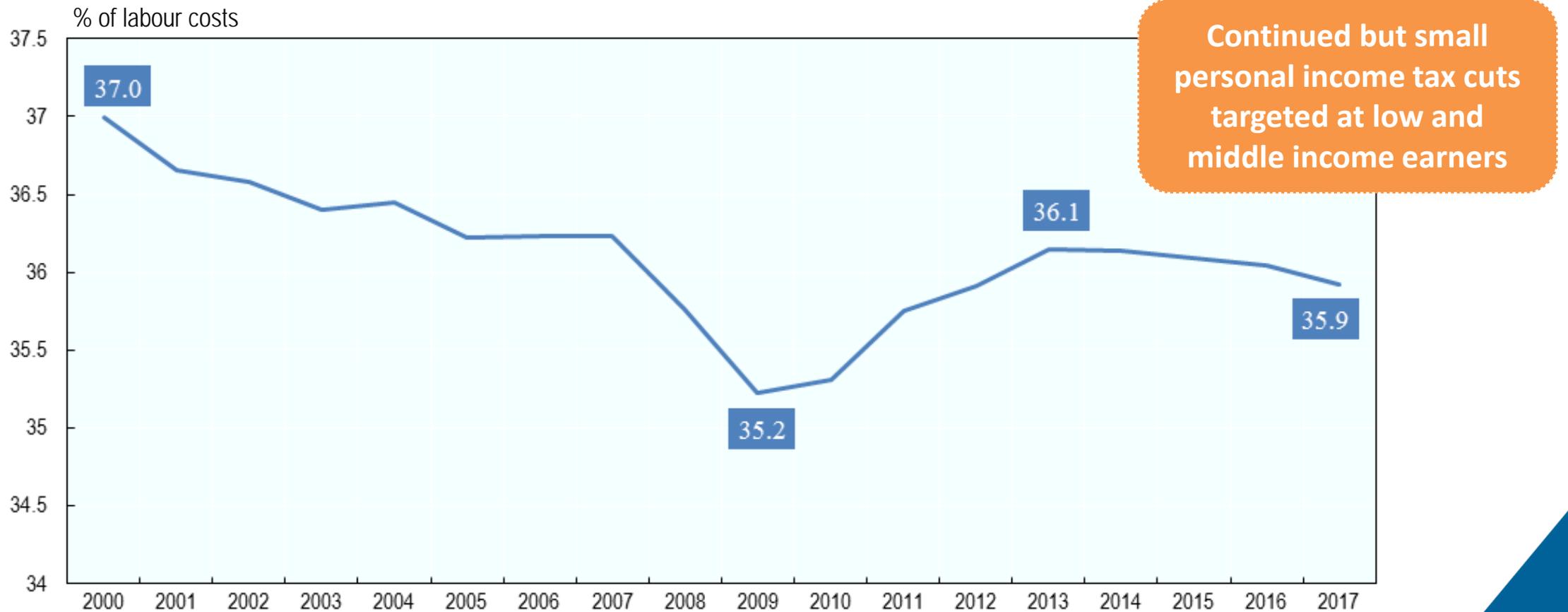


A few significant property tax changes



# The slow decline in the tax burden on labour income is likely to continue

## Evolution of the OECD average tax wedge on labour income for the average worker between 2000 and 2017

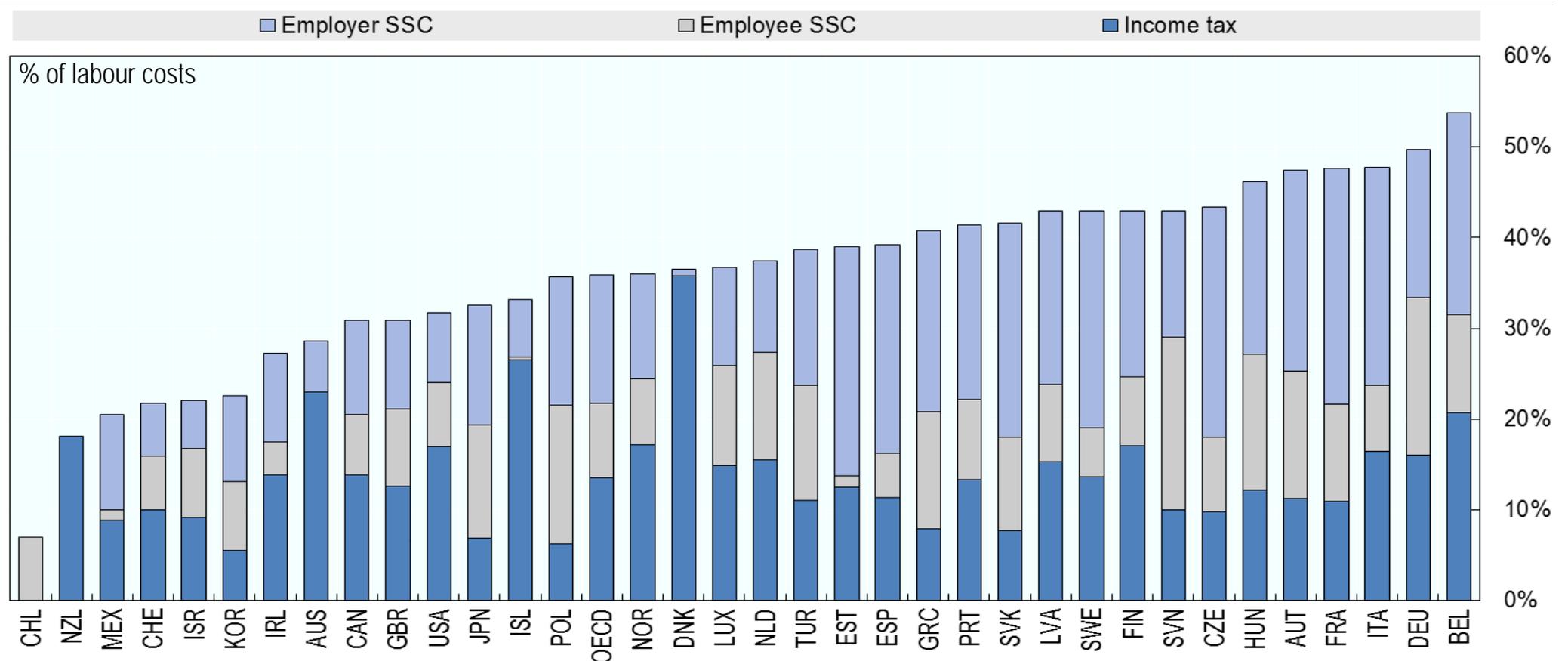


Source: OECD Taxing Wages Database



# But tax wedges will remain high in many countries

Average tax wedge as a percentage of labour costs for workers earning the average wage in 2017

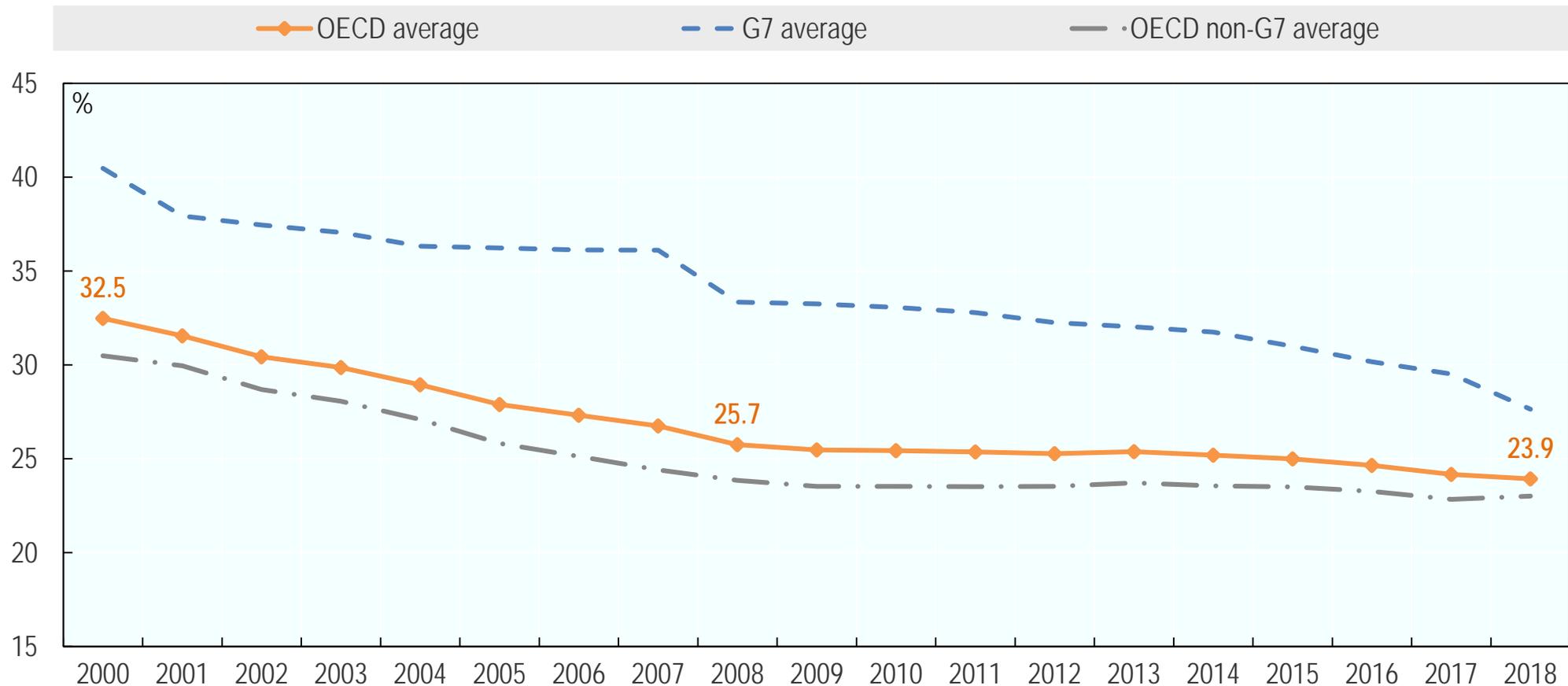


Source: OECD Taxing Wages Database



# Continuing corporate income tax rate reductions...

## Evolution of the average combined CIT rates in the OECD, OECD G7 and non-G7 countries between 2000 and 2018

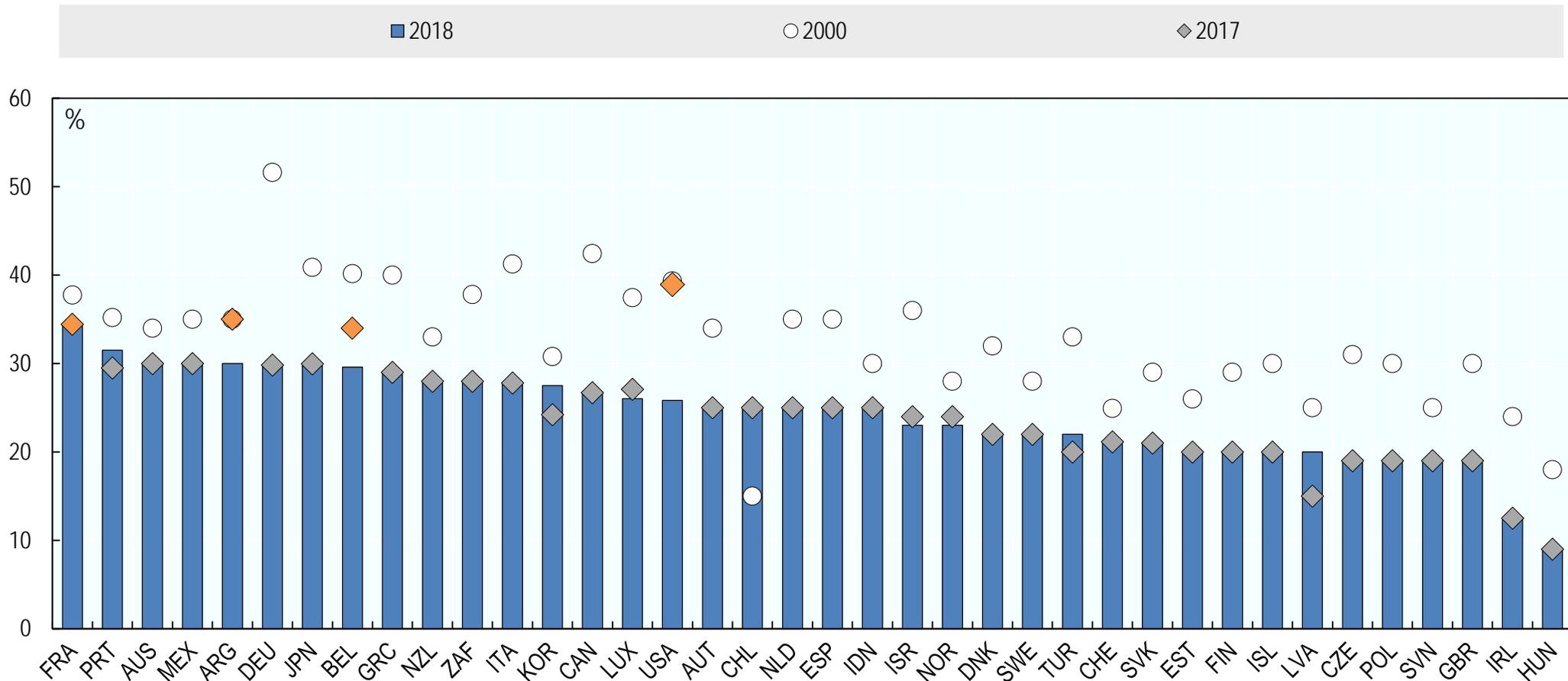


Source: OECD Tax Database and Annual Tax Policy Reform Questionnaire



# ...led by countries with traditionally high CIT rates

## Top combined statutory CIT rates in 2000, 2017 and 2018



Source: OECD Tax Database and Annual Tax Policy Reform Questionnaire



# Efforts to fight against international tax avoidance have continued

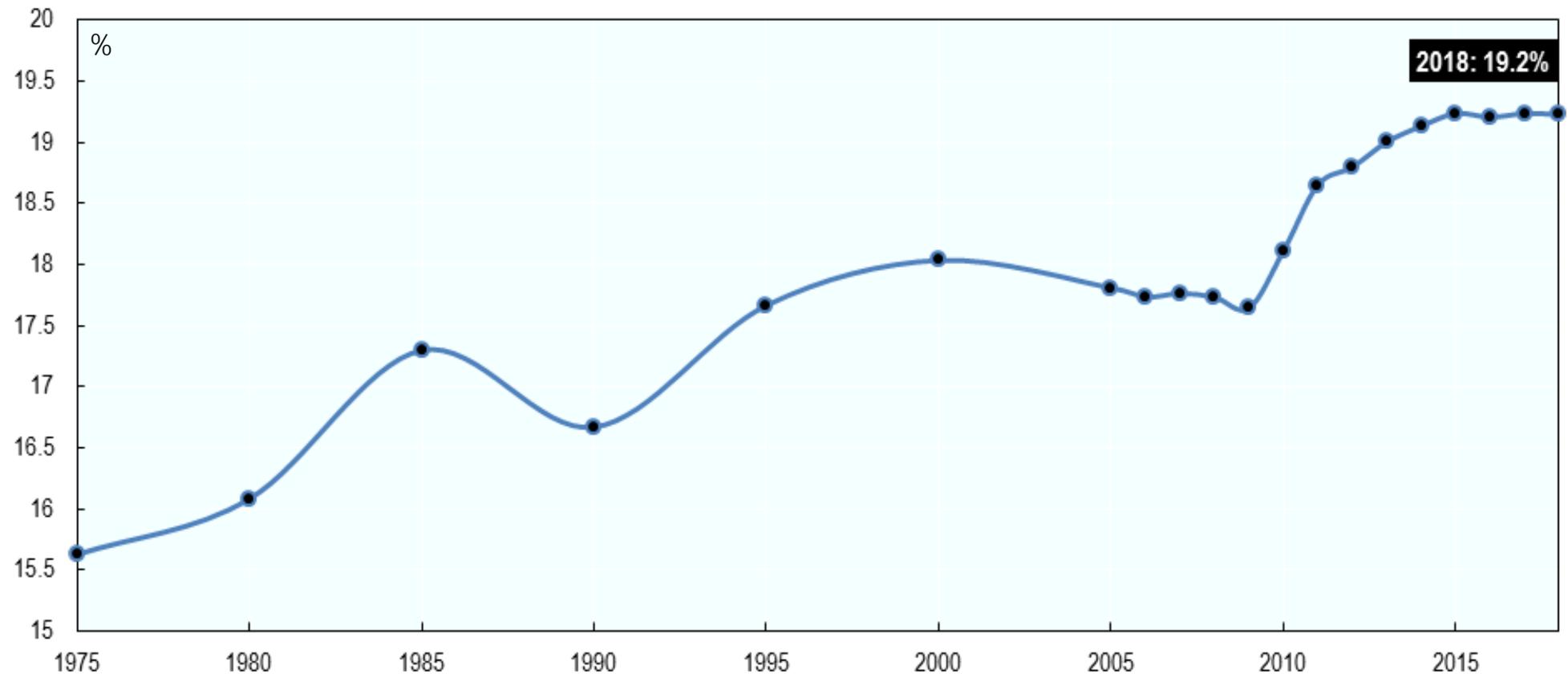
---

- **Tax base changes**
  - Expanded depreciation allowances
  - Very limited changes to R&D and innovation-related tax incentives
- **BEPS and anti-avoidance measures**
  - Numerous BEPS and anti-avoidance measures
  - but efforts have varied across countries
- **Digital economy**
  - No global consensus, but countries have agreed to work towards a long-term solution by 2020



# Standard VAT rates appear to have plateaued

## Long-term evolution of the OECD average standard VAT rate (1970 – 2018)



Source: OECD Tax Database and Annual Tax Policy Reform Questionnaire



# More VAT revenues expected from administrative and anti-fraud measures

---

- **Increasing reporting obligations for taxpayers**
  - Data sharing obligations, incl. accounting data
  - Transmission of invoicing information (incl. real time)
  - Implementation of advanced risk-based compliance strategies
- **Testing alternative VAT collection mechanisms**
  - Domestic reverse-charge regime
  - Split-payment mechanisms
- **Enlisting digital platforms in the collection of VAT on online sales**



# Green tax measures have continued to focus predominantly on energy...

## Taxes on energy use

- Most frequent type of green tax reform
- Some efforts to align tax rates more closely with the carbon content of fuels, including outside of road transport
- But reforms remain insufficient

## Vehicle taxes

- Increasingly used to encourage the purchase and use of cleaner vehicles
- But experience has shown that, even if they are effective, they can be a costly emissions reduction policy

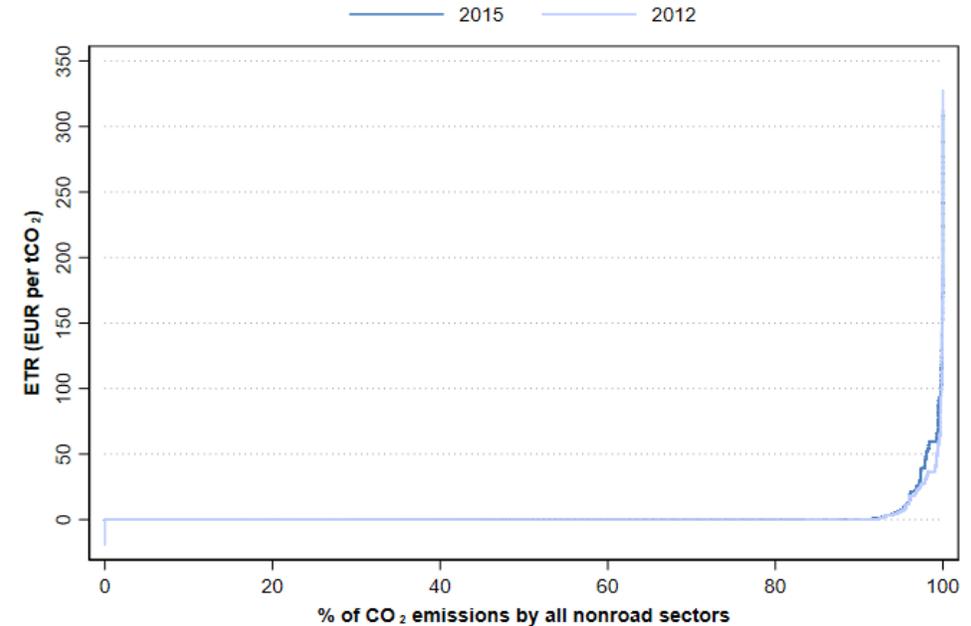
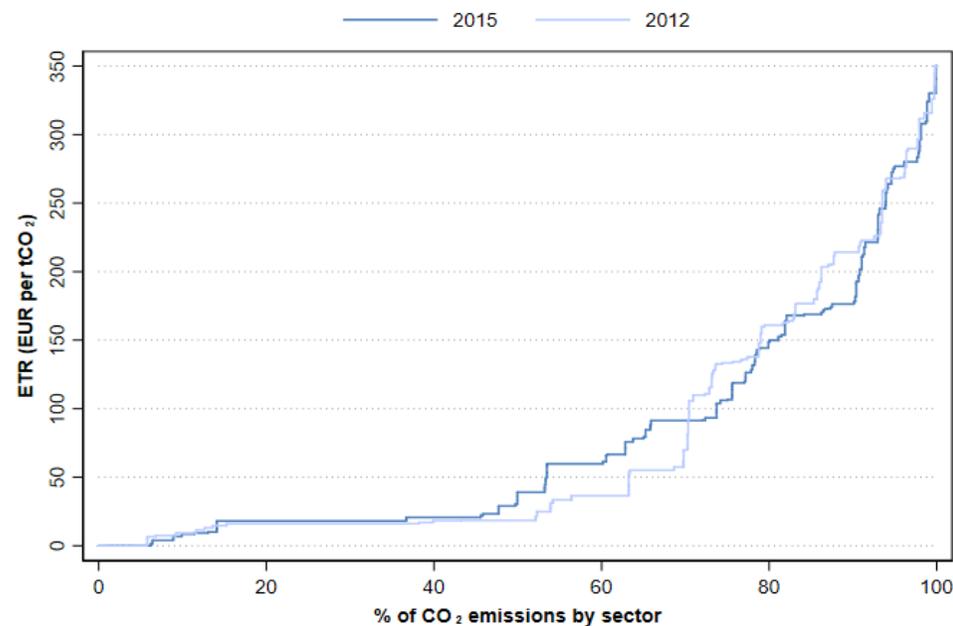
## Other green taxes

- Very few other environmentally related tax reforms (e.g. taxes on waste, plastic bags, chemicals)



# ...but remain insufficient to address environmental challenges

## Proportion of carbon emissions subject to different levels of effective tax rates in 2012 and 2015

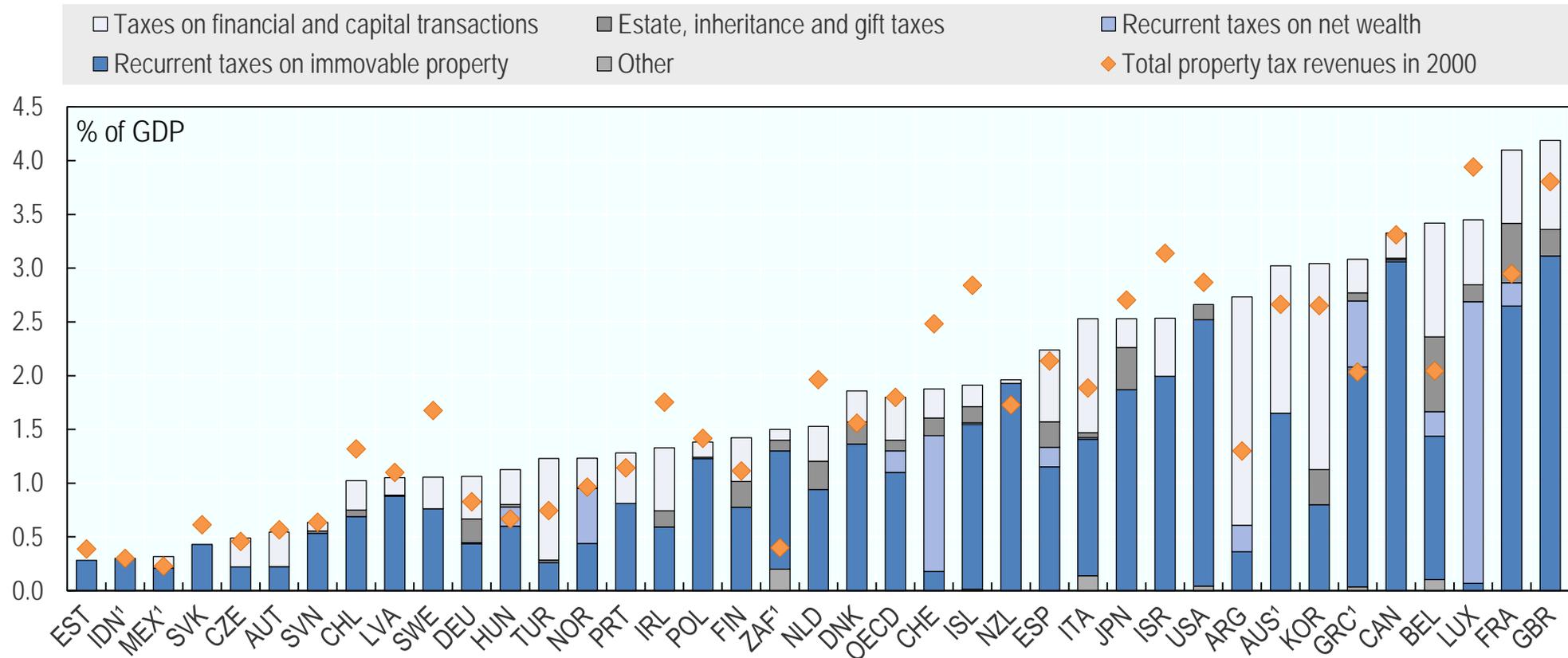


*Note:* All tax rates are expressed in 2012 prices. Carbon emissions from biomass emissions are included.  
*Source:* OECD Taxing Energy Use 2018



# Despite a few recent reforms, property taxes still play a relatively limited role

## Property tax revenues as a share of GDP in 2000 and 2016



Note: 2015 data used for Australia, Greece, Indonesia, Mexico and South Africa  
 Source: OECD Global Revenue Statistics Database



## Going forward

---

- **Avoid excessively pro-cyclical tax policy** in a context of economic recovery
- Critical need to continue **cooperating** to avoid harmful tax competition
- Continued focus on **inclusiveness**
- Significant progress needed on **environmentally-related taxation**



---

# Contact details

## **David Bradbury**

Head of the Tax Policy and Statistics Division

[David.Bradbury@oecd.org](mailto:David.Bradbury@oecd.org) / tel: +33 1 45 24 15 97

## **Sarah Perret**

Economist, Tax Policy and Statistics Division

[Sarah.Perret@oecd.org](mailto:Sarah.Perret@oecd.org) / tel: +33 1 45 24 79 72