LATIN AMERICA: TAX REVENUES ARE RISING, BUT STILL LOW AND VARIED AMONG COUNTRIES

Brasilia, 12 November 2012 – Tax revenues in Latin American countries are lower as a proportion of their national incomes than in most OECD countries, but are rising slowly. *Revenue Statistics in Latin America,* shows that the average tax revenue to GDP ratio in the 15 Latin American countries covered by the report increased from 19% in 2009 to 19.4% in 2010 after falling from a high point of 19.7% in 2008.

The report, produced jointly by CIAT, ECLAC and the OECD, notes that though the tax to GDP ratio did rise significantly across Latin American and Caribbean countries over the period 1990-2008 – by 5.8 percentage points compared to 1.5 for the OECD - at 19.4% in 2010 it is still far lower that the OECD average of 33.8%.

Across both OECD and Latin American countries there are wide national variations. In 2010, the tax to GDP ratios for the 15 Latin American and Caribbean countries covered by the report[1] range from 33.5% in Argentina (close to the OECD average) to 11.4% in Venezuela and in OECD countries from 47.6% in Denmark to 18.8%[2] in Mexico.

The share of tax revenues collected by local governments in Latin America is small in most countries and has not increased, reflecting the relatively narrow range of taxes under their jurisdictions compared with OECD countries.

Main findings:

Tax to GDP ratios

- The difference between the OECD average tax to GDP ratio and that for the 15 LAC countries fell by 5 percentage points between 1990 and 2010.
- In 2010, the tax to GDP ratio rose in 10 of the 15 LAC countries and fell in 4.
- The largest increases in tax to GDP ratios in 2010 were in Chile (2.5 percentage points), Argentina (2.0 points), Ecuador (1.7) and Peru (1.1).
- The largest fall in 2010 was in Venezuela (2.9 percentage points).

Tax structures

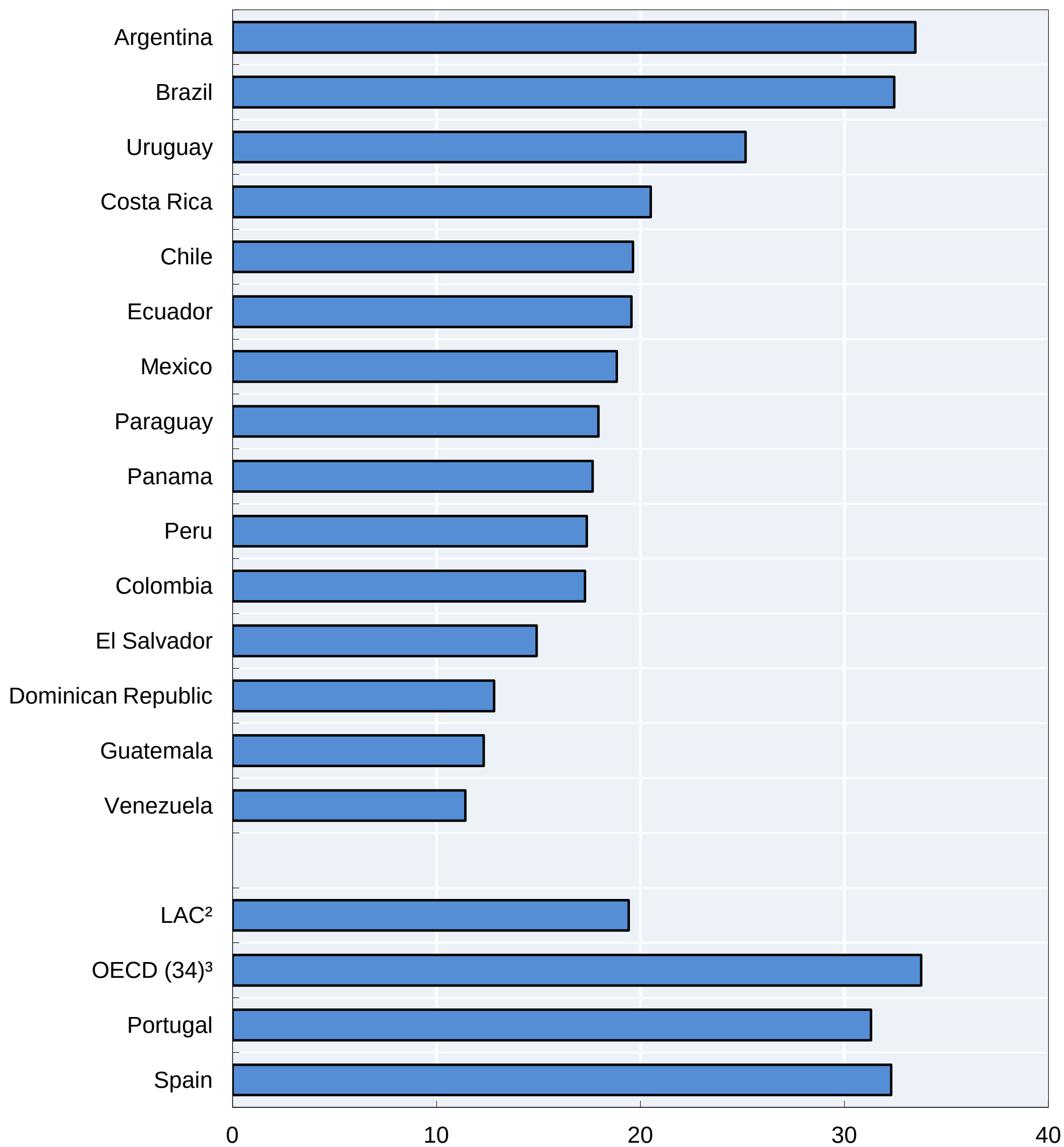
- o Following strong growth over the past twenty years, general consumption taxes (mainly VAT and sales taxes) accounted for 34.7% of tax revenues in the Latin American countries in 2010 (compared to 20.5%

[1] Ecuador, Panama and Paraguay have been added since the first edition.
[2] This figure is different from those presented in ECLAC and CIAT publications because Revenue Statistics in Latin America includes fees levied on hydrocarbon production as tax revenues.

in OECD countries) whereas the share of specific consumption taxes (such as excises and taxes on international trade) declined to 16.5% (in OECD it's 10.8%)

- Taxes on income and profits accounted for 25.5% of revenues on average in the Latin American countries and social security contributions represented 17.2% (in OECD the figures are 33.2% and 26.4% respectively).

Total tax revenues as percentage of GDP, 2010[1]

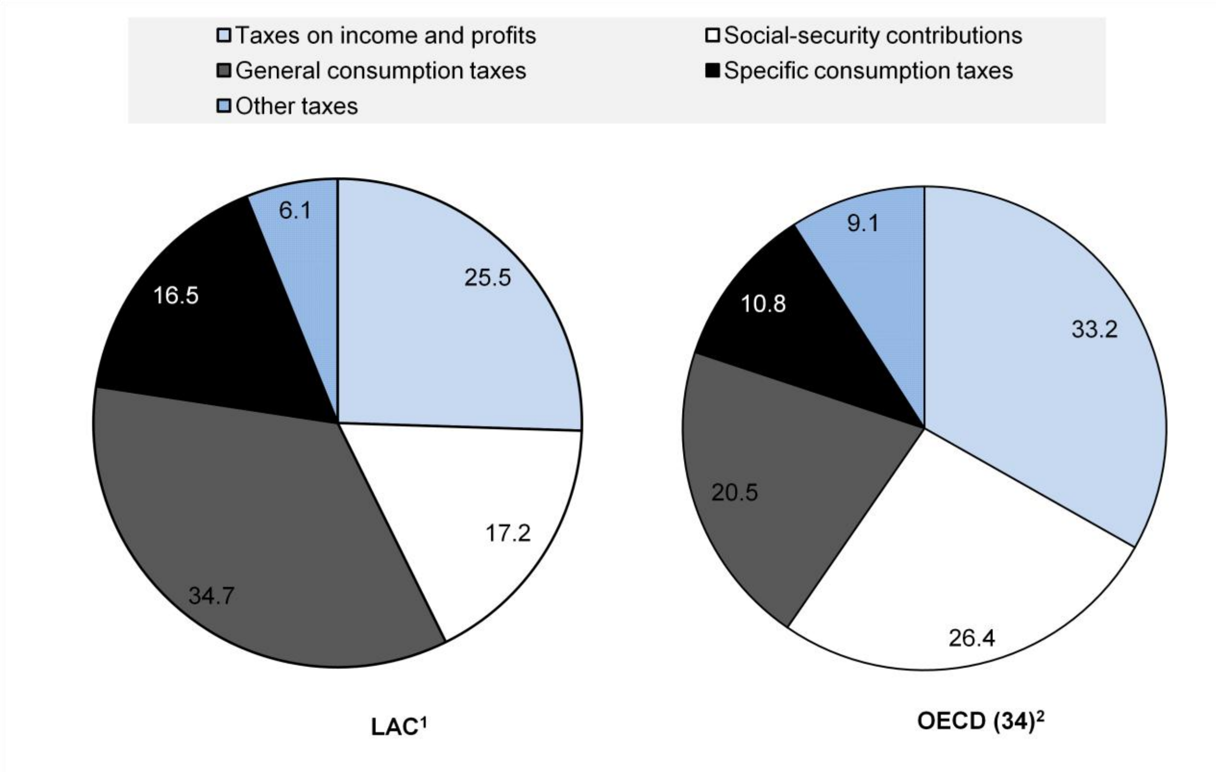


1. Countries have been ranked by their total tax revenues to GDP ratios.
2. Represents the unweighted average for the above group of Latin American countries. Chile and Mexico are also part of the OECD (34) group.
3. Represents the unweighted average for OECD countries

Source: OECD/ECLAC/CIAT (2012), *Revenue Statistics in Latin America*, OECD Publishing.

Statlink: http://dx.doi.org/10.1787/888932691194

Tax structures in Latin America and OECD, 2010



1. Unweighted average of the of the Latin American and Caribbean countries in this publication. Chile and Mexico are also part of the OECD (34) group.
2. Represents the unweighted average for OECD member countries.

Source: OECD/ECLAC/CIAT (2012), *Revenue Statistics in Latin America*, OECD Publishing.
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NOTES TO THE EDITORS

Revenue Statistics in Latin America aims to provide internationally comparable data on tax levels and tax structures for a selection of Latin American and Caribbean (LAC) countries. Using the same methodology as the OECD *Revenue Statistics* database, this publication presents cross-country comparisons between LAC economies, and, between LAC and OECD economies. This work is part of the OECD LAC Fiscal Initiative, which aims to improve taxation and public expenditure policies to support stronger economic growth and fairer income

distribution. This publication has been financially supported by the Agencia Española de Cooperación Internacional para el Desarrollo (AECID) and the Fundación Internacional para Iberoamérica de Administración y Políticas Públicas (FIIAPP). For more information on *Revenue Statistics in Latin America* and the LAC Fiscal Initiative please consult www.latameconomy.org/en/fiscal-policy/revenue-statistics and www.oecd.org/tax/lacfiscal

The Inter-American Centre of Tax Administrations (CIAT)

CIAT (www.ciat.org) is an international public organization with a non-profit aim, which promotes international cooperation and the exchange of experiences and information related to tax administrations. It also delivers technical assistance services, studies and training. It was founded in 1967 as an initiative of American countries to serve as a permanent forum to address the issues and concerns of tax administrators. Currently CIAT has 39 member countries and associate member countries from 4 continents: 31 countries of the Americas, 5 European countries, 2 African countries and 1 Asian country.

The Economic Commission for Latin America and the Caribbean (ECLAC)

ECLAC (www.cepal.org) is one of the five regional commissions of the United Nations. Its headquarters are in Santiago, Chile. ECLAC contributes to the economic and social development of Latin America and the Caribbean through regional and sub-regional cooperation. Its objective is to integrate; gather, organize, interpret and disseminate information and data relating to the economic and social development of the region and provide advisory services to Governments at their request.

The OECD Centre for Tax Policy and Administration

The Centre for Tax Policy and Administration (CTPA) (www.oecd.org/tax) is the focal point for the OECD's work on taxation. The Centre provides technical expertise and support to the Committee on Fiscal Affairs and examines all aspects of taxation other than macro-fiscal policy. Its work covers international and domestic tax issues, direct and indirect taxes, tax policy and tax administration. CTPA also carries out an extensive global programme of dialogue between OECD and developing country tax officials through events held annually on the full range of OECD tax work, bringing together almost 100 non-OECD economies.

The OECD Development Centre

The Development Centre (www.oecd.org/dev) helps policy makers in OECD and partner countries find innovative solutions to the global challenges of development and poverty alleviation. It is a unique institution within the OECD and the international community, where the governments of Member and developing and emerging countries, enterprises and civil society organisations discuss questions of common interest informally.