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## The U.S. Tax Burden Is Low Relative to Other OECD Countries

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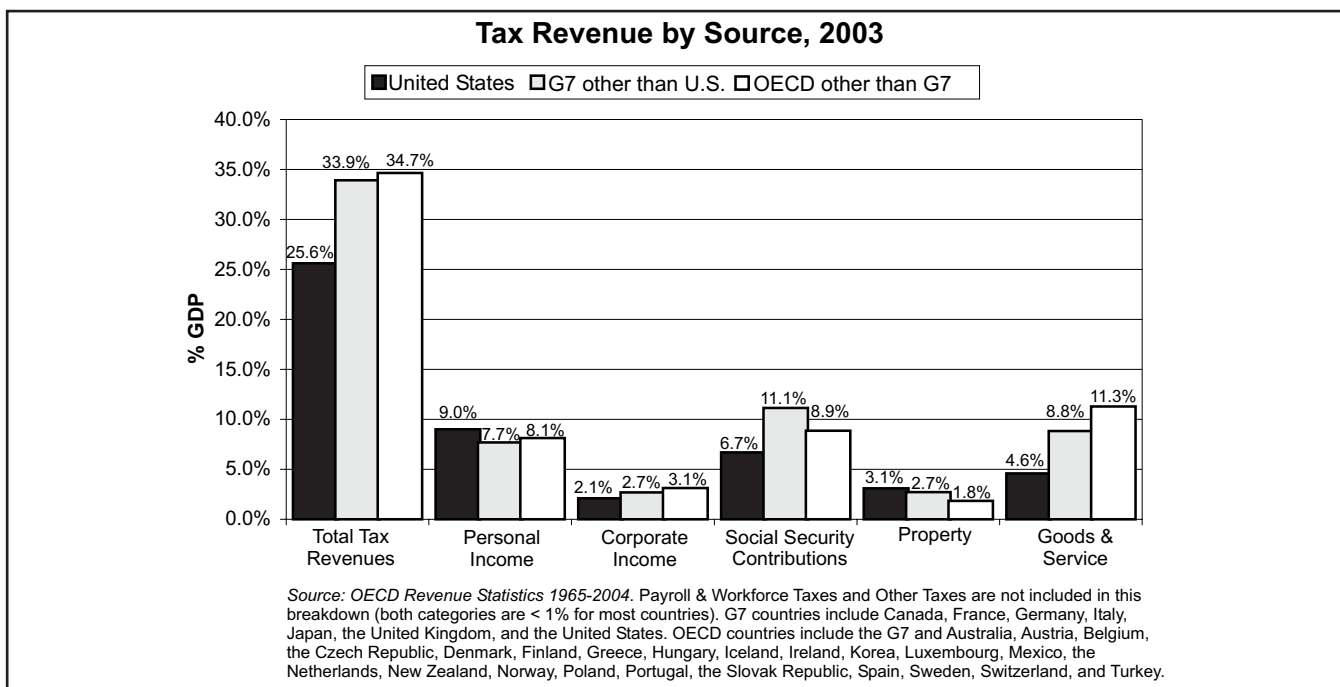
The United States raises significantly lower tax revenues as a percentage of gross domestic product than do most other countries in the OECD. In 2003 taxes in the United States, including all levels of government, amounted to 25.6 percent of GDP, down from 29.6 percent of GDP in 2000.<sup>1</sup> Other countries in the G7 raised 33.9 percent of GDP, while non-G7 OECD countries raised 34.7 percent. Within the OECD, Mexico raised the least tax revenues at 19 percent and Sweden the most at 50.6 percent. (The recovery of corporate profits and the

stock market since 2003 subsequently boosted U.S. tax revenues to 26.8 percent of GDP in the first three quarters of calendar year 2005.)

Compared with other OECD countries, the United States relies more heavily on income taxes as a source of revenue and less on taxes on goods and services. In 2003 the United States raised 43.3 percent of its revenue from corporate and personal income taxes, compared with 30.5 percent for the rest of the G7 and 34.3 percent for non-G7 OECD countries. But unlike other OECD countries, the United States does not impose a value-added or other form of national sales tax. Consequently, the U.S. share of revenue raised from taxes on goods and services (state sales taxes and state and federal excise taxes on selected commodities) was only 18.2 percent, compared with 26 percent in other G7 countries and 32.6 percent in non-G7 OECD countries.

Combining both the tax levels and tax shares (see the chart below), the United States raises more personal income tax and property tax as a share of GDP than other OECD countries do, but less corporate income tax, Social Security contributions, and taxes on goods and services, resulting in a lower tax burden overall.

<sup>1</sup>The OECD data cited are for 2003. U.S. tax data reported for other years are computed from data in *Economic Report of the President*, February 2006, Table B-83.



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