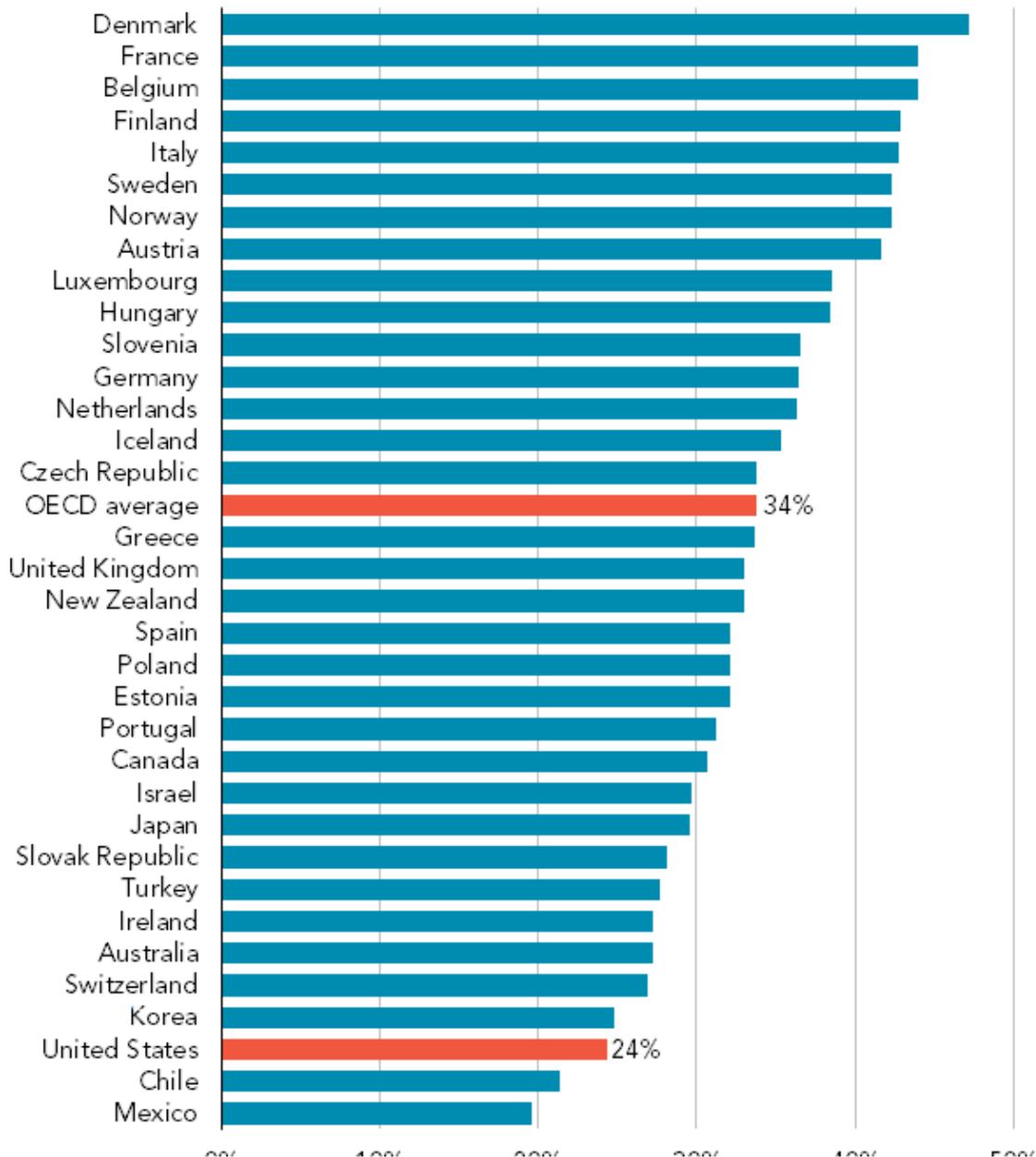


How do US taxes compare internationally?

Total tax revenue equaled 24 percent of gross domestic product (GDP), well below the 34 percent average for developed countries (figure 1).

FIGURE 1

Taxes as a Share of Gross Domestic Product OECD, 2012



TOTAL TAX REVENUE

US taxes are low relative to those in other developed countries. In 2012, US taxes at all levels of government represented 24 percent of GDP, compared with an average of 34 percent of GDP for the 34 member countries of the Organisation for Economic Co-operation and Development (OECD).

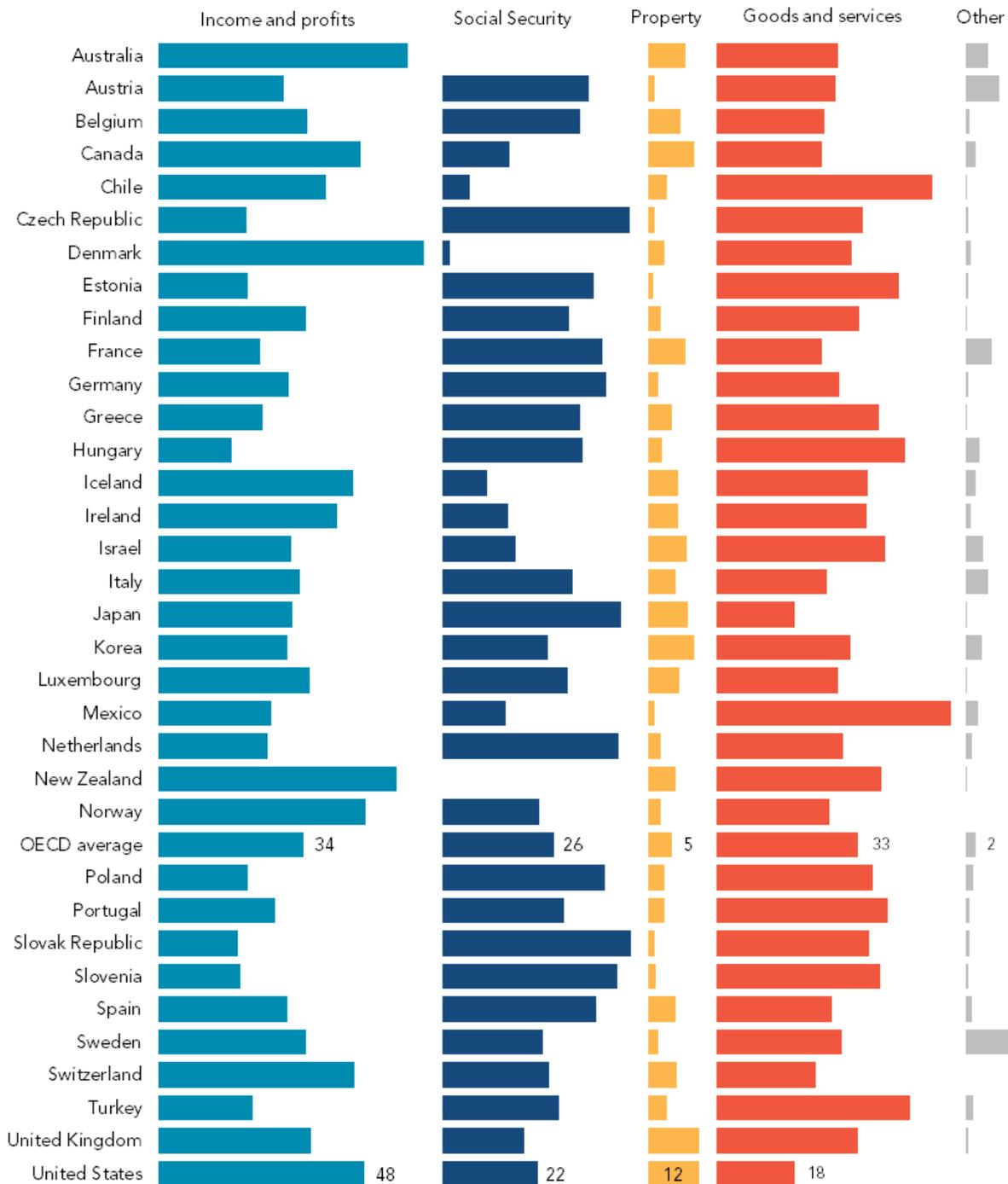
Among OECD countries, only Chile and Mexico collected less than the United States as a percentage of GDP. In many European countries, taxes exceeded 40 percent of GDP. But those countries generally provide more extensive government services than the United States does.

COMPOSITION OF TAX REVENUE

Income and Profits Taxes: Taxes on personal income and business profits made up 48 percent of US tax revenue in 2012, a higher percentage than in most other OECD countries, where such taxes averaged 34 percent of the total (figure 2). Australia, Denmark, and New Zealand topped the United States in this category, generating just over half of their total revenue from such taxes. In the United States, personal income taxes alone generated 30 percent of total tax revenue compared with 25 percent on average within the OECD.

FIGURE 2

Taxes by Source as a Share of Total Tax Revenues
OECD, 2012



Source: OECD Stat Extract.

Notes: Other taxes include payroll taxes not classified as Social Security contributions and EU custom duties.

Social Security Contributions: The United States collects relatively less revenue dedicated to retirement, disability, and other social security programs—22 percent of total tax revenue—than the 26 percent OECD average. Some countries were well above that average: the Slovak and Czech Republics, Slovenia, the Netherlands, and Japan all collected more than 40 percent of their revenue from that source.

Property Taxes: Property taxes provided more than twice as large a share of US tax revenue—12 percent in 2012—than the OECD average of 5 percent. Almost all revenue from taxes on property in the United States is collected by state and local governments.

Goods and Services Taxes: The United States relies less on taxes on goods and services (including both general consumption taxes and taxes on specific goods and services) than any other OECD country, collecting 18 percent of tax revenue this way compared with 33 percent for the OECD. The value-added tax (VAT)—a type of general consumption tax collected in stages—is the main source of consumption tax revenue, employed worldwide in 160 countries including all 34 OECD member countries except the United States. Most consumption tax revenue in the United States is collected by state and local governments.

DATA SOURCES

Organisation for Economic Co-operation and Development. *OECD Tax Statistics, 2014*. "[Revenue Statistics: Comparative Tables](#)."

Organisation for Economic Co-operation and Development. 2014. "[Consumption Tax Trends 2014](#)."

FURTHER READING

Hoo, Sonya, and Eric Toder. 2006. "[The U.S. Tax Burden Is Low Relative to Other OECD Countries](#)." *Tax Notes*. May 8.