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How do US taxes compare internationally?

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A. Total US tax revenue equaled 26 percent of gross domestic product, well below the 33 percent weighted average for developed countries.

TOTAL TAX REVENUE

US taxes are low relative to those in other developed countries (figure 1). In 2015, taxes at all levels of US government represented 26 percent of gross domestic product (GDP), compared with an average of 33 percent for the 35 member countries of the Organisation for Economic Co-operation and Development (OECD).

Among OECD countries, only Korea, Turkey, Ireland, Chile, and Mexico collected less than the United States as a percentage of GDP. Taxes exceeded 40 percent of GDP in seven European countries, including Denmark and France, where taxes were greater than 45 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 49 percent of US tax revenue in 2015, 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 over half of their total revenue from such taxes. In the United States, taxes on income and profits of individuals alone generated 37 percent of total tax revenue, compared with 25 percent on average within the OECD.

Social Security Contributions: The United States collected slightly less revenue from retirement, disability, and other social security programs—24 percent of total tax revenue—than the 26 percent OECD average. Some countries were well above that average: the Slovak Republic, the Czech Republic, and Slovenia collected 40 percent or more of their revenue from that source.

Goods and Services Taxes: TThe 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 17 percent of tax revenue this way compared with 32 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. VAT is employed worldwide in 160 countries, including in all 34 OECD member countries except the United States. Most consumption tax revenue in the United States is collected by state and local governments.

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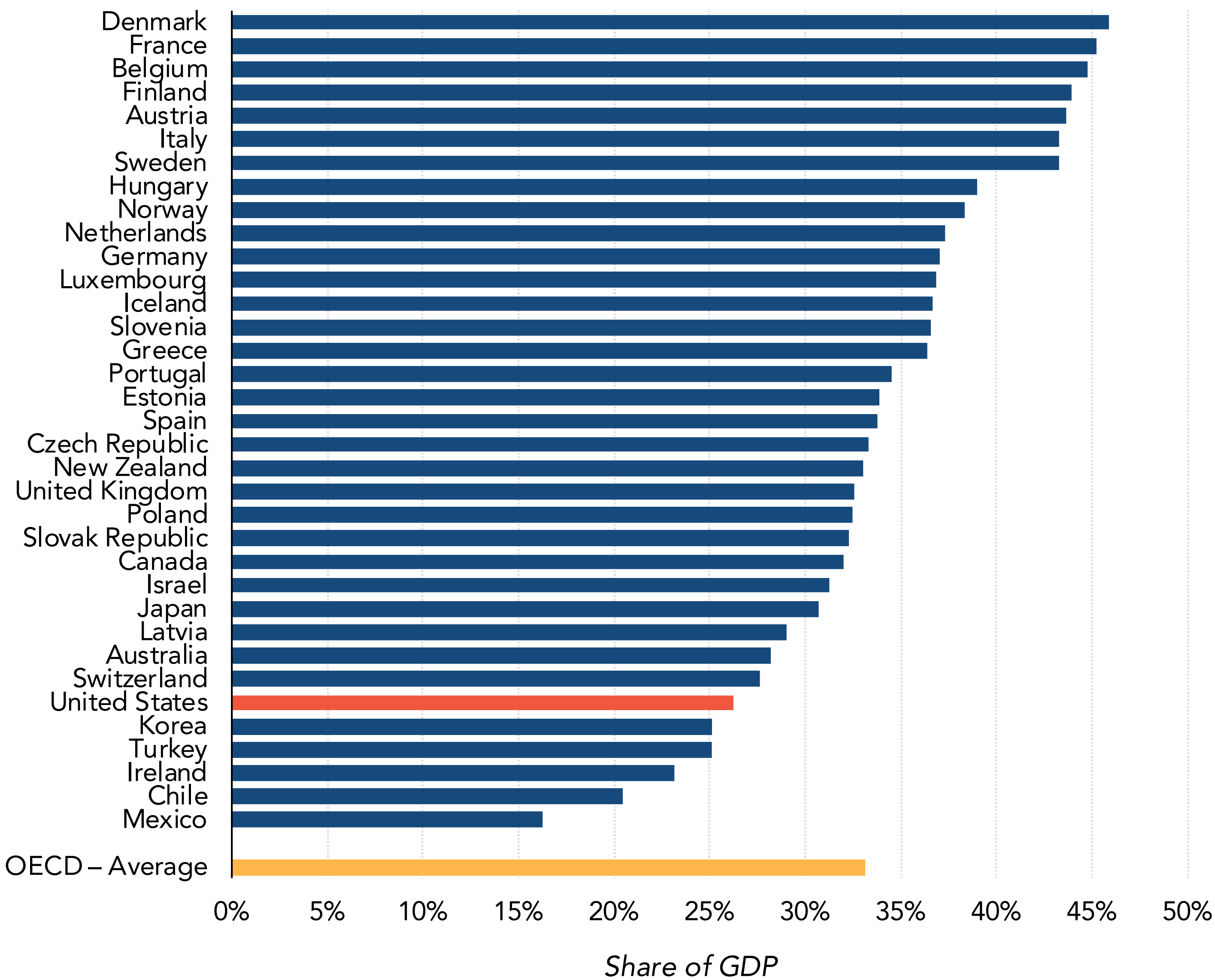
Property Taxes: Property taxes provided almost twice as large a share of US tax revenue—10 percent in 2015—than the OECD average of 6 percent. Almost all revenue from taxes on property in the United States is collected by state and local governments.

FIGURE 1

Total Tax Revenue

Organisation for Economic Co-operation and Development (OECD) countries, 2015



Source: Organisation for Economic Co-operation and Development. 2015. OECD Tax Statistics. "Revenue Statistics: OECD Countries—Comparative Tables."

Note: The "OECD – Average" is a weighted average by GDP for all countries excluding the United States.

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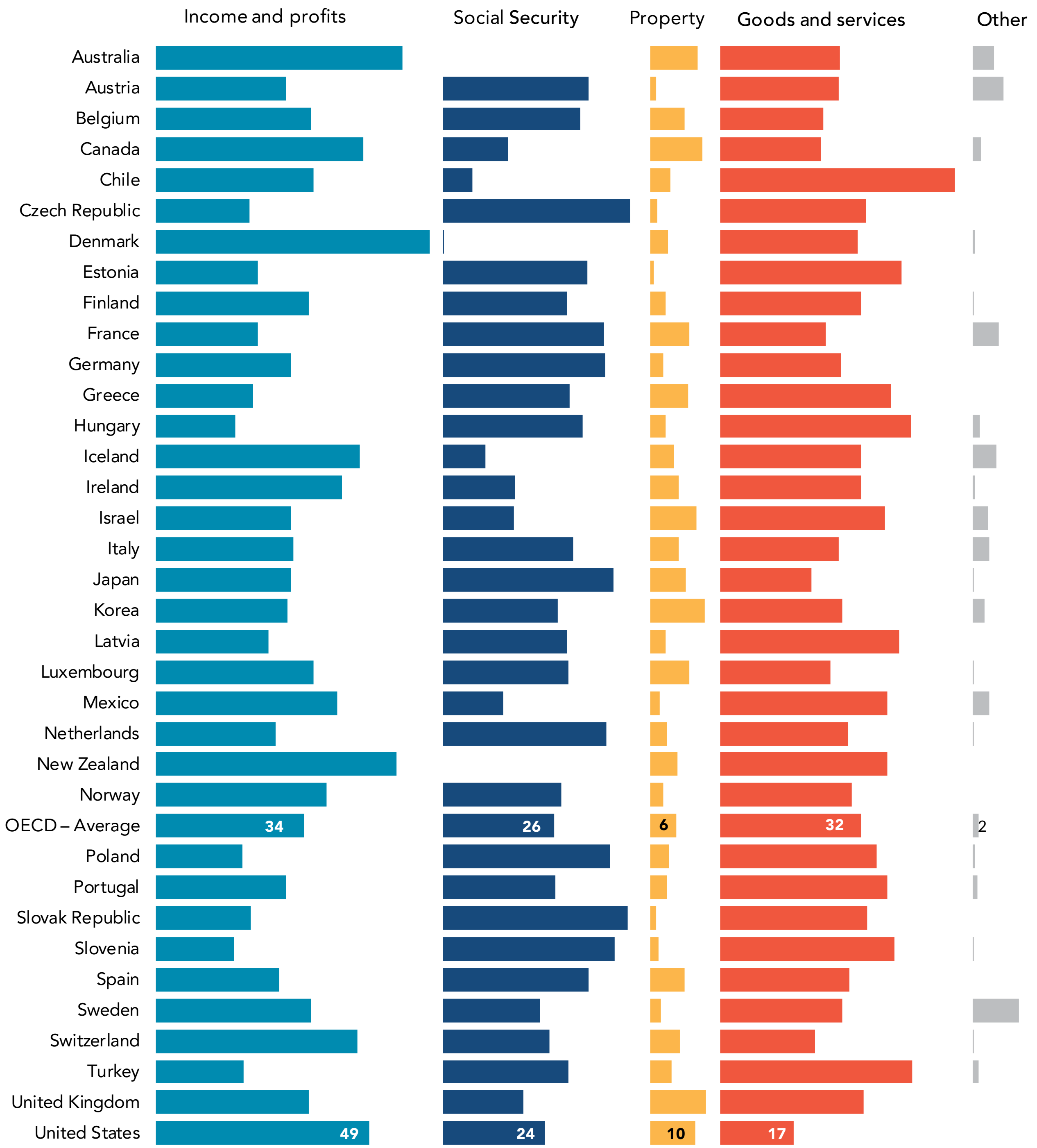
FIGURE 2

Taxes by Source as a Share of Total Tax Revenues

OECD countries, 2015



Source: Organisation for Economic Co-operation and Development. 2015. OECD Tax Statistics. "Revenue Statistics: OECD Countries—Comparative Tables."

Note: The "OECD – Average" is an unweighted average for all 35 countries; "Other" taxes include payroll taxes not classified as Social Security

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Data Sources

Organisation for Economic Co-operation and Development. 2015. *OECD Tax Statistics*. "Revenue Statistics: OECD Countries—Comparative Tables."

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Further Reading

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