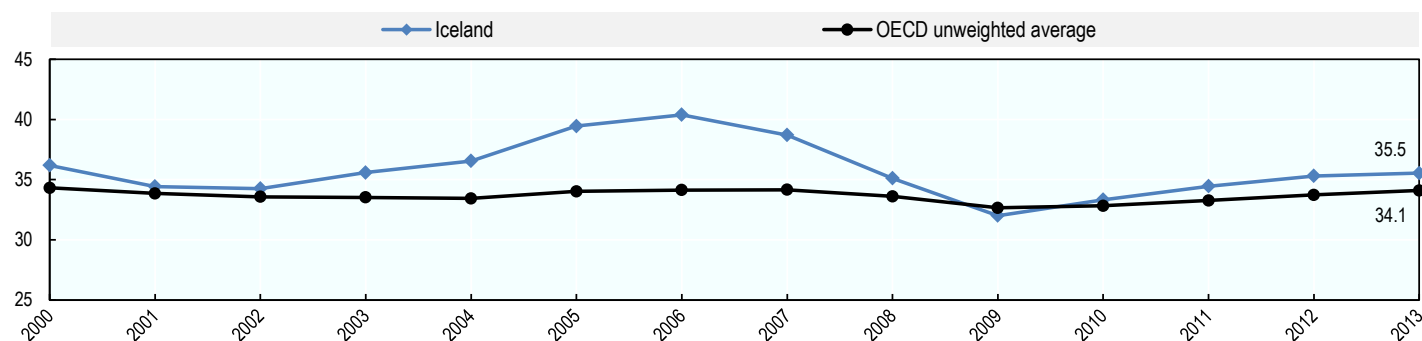


Revenue Statistics 2014 - Iceland

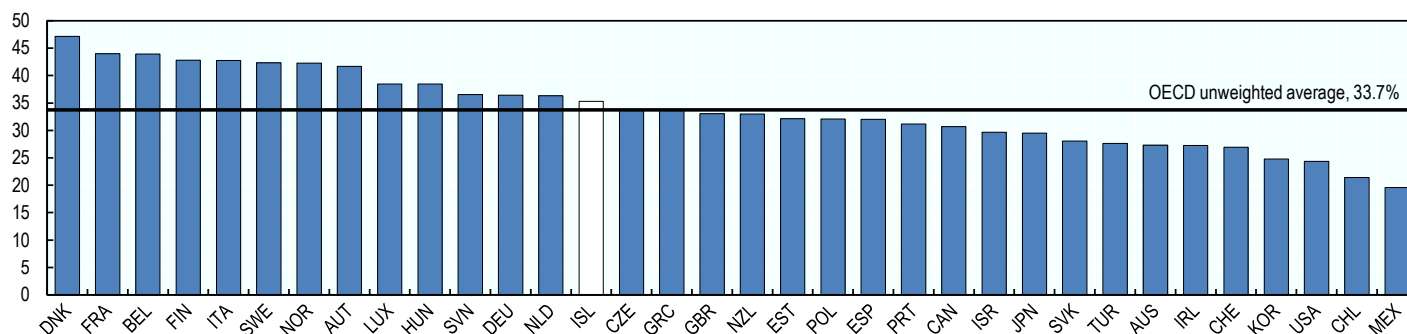
Tax burden over time

The OECD's annual *Revenue Statistics* report found that the tax burden in Iceland increased by 0.2 percentage points from 35.3% to 35.5% in 2013. The corresponding figure for the OECD average was an increase of 0.4 percentage points from 33.7% to 34.1%. Since the year 2000, the tax burden in Iceland has declined from 36.2% to 35.5%. Over the same period, the OECD average in 2013 was slightly less than in 2000 (34.1% compared with 34.3%).



Tax burden compared to the OECD

Iceland ranked 14th out of 34 member countries in terms of the tax to GDP ratio in 2012 (the latest year for which tax revenue data is available for all OECD countries). In that year Iceland had a tax to GDP ratio of 35.3% compared with the OECD average of 33.7%.



Tax structure

The structure of tax receipts in Iceland compared with the OECD average is characterised by:

- Higher revenues from taxes on income, profits and capital gains, property, and good and services.
- A lower proportion of revenues from social security contributions.
- Taxes on payroll equal to the OECD average.

	Iceland		OECD unweighted average (%)
	Millions ISK	%	
Taxes on income, profits and capital gains	283,239	45	34
Social security contributions	64,882	10	26
Payroll taxes	5,402	1	1
Taxes on property	44,304	7	6
Taxes on goods and services	219,681	35	33
<i>Of which VAT is</i>	142,814	23	20
Other	8,942	1	1
TOTAL	626,450	100	100

[Tax revenue includes net receipts for all levels of government; figures in the table may not sum to the total indicated due to rounding]
Source: OECD Revenue Statistics 2014 <http://www.oecd.org/tax/tax-policy/revenue-statistics.htm>

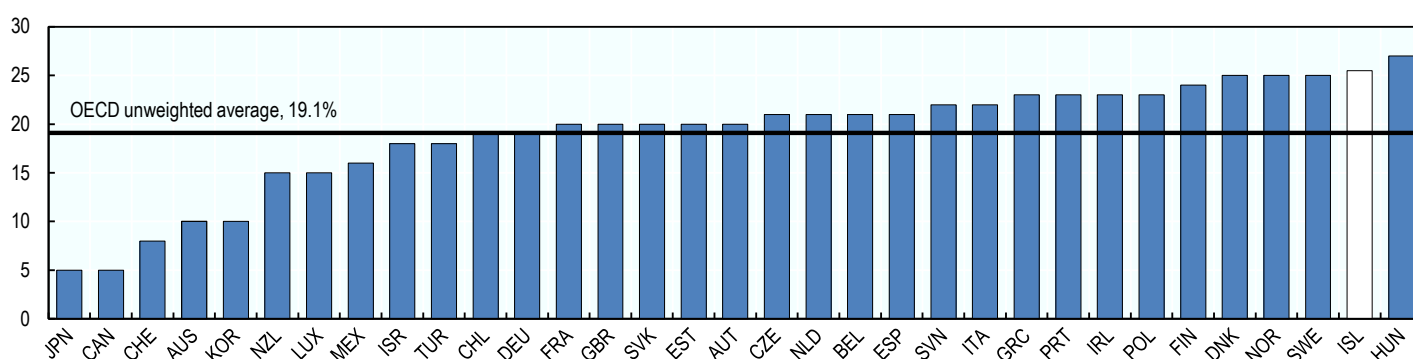
Consumption Tax Trends 2014 - Iceland

VAT share of total tax revenues

The OECD's biennial *Consumption Tax Trends* report found that VAT revenues in Iceland accounted for 22.8% of total tax revenue in 2012, above the OECD average of 19.5%.

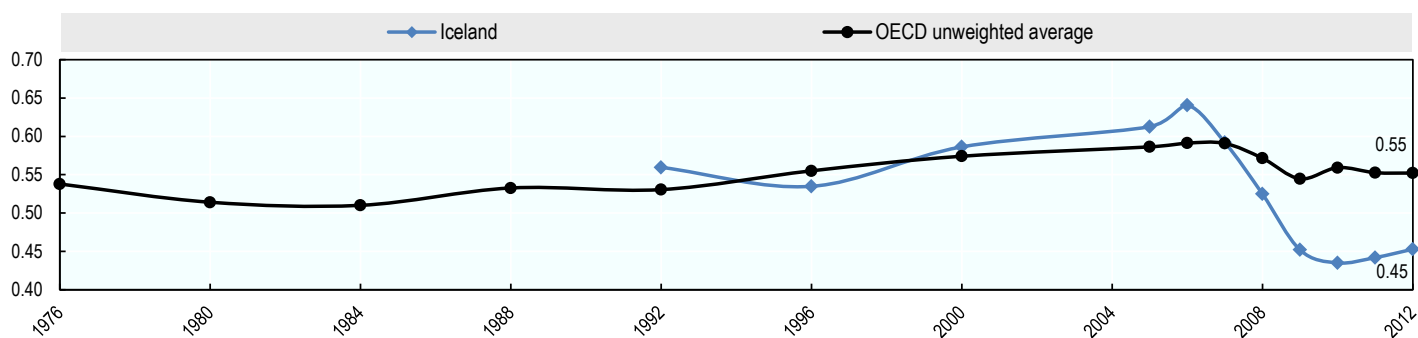
VAT rates

The Icelandic standard VAT rate is 25.5%, the second highest of the OECD countries and far above the OECD average. The average VAT/GST standard rate in the OECD was 19.1% on 1 January 2014, up from 17.6% on 1 January 2009. A reduced VAT rate of 7% applies to a number of goods and services. In the last five years, 20 of the 34 OECD countries have raised their standard VAT/GST rate at least once. In line with this trend, Iceland raised its standard VAT rate from 24.5% to 25.5% in 2010. Its reduced rate of 7% has remained unchanged.



VAT Revenue Ratio

The VAT Revenue Ratio (VRR) for Iceland was 0.45 in 2012, below the OECD average of 0.55. The VRR is a measure of the revenue raising performance of a VAT system. A ratio of 1 would reflect a VAT system that applies a single VAT rate to a comprehensive base of all expenditure on goods and services consumed in an economy - with perfect enforcement of the tax. This ratio fell from 0.64 to 0.45 between 2006 and 2009 and has not recovered since then.



[VAT: value added tax. GST: goods and services tax]

Source: OECD Consumption Tax Trends 2014 <http://www.oecd.org/tax/consumption/consumption-tax-trends-19990979.htm>

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OECD Revenue Statistics

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OECD Consumption Tax Trends

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