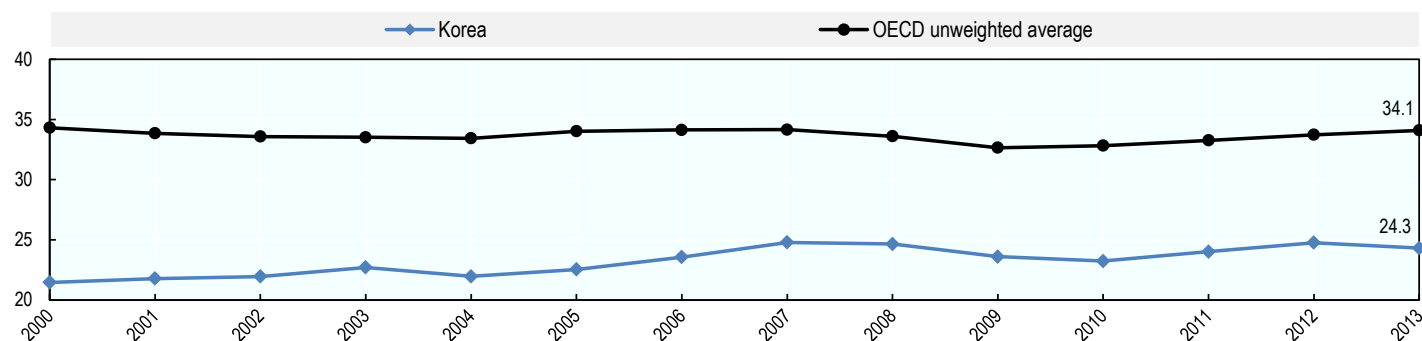


Revenue Statistics 2014 - Korea

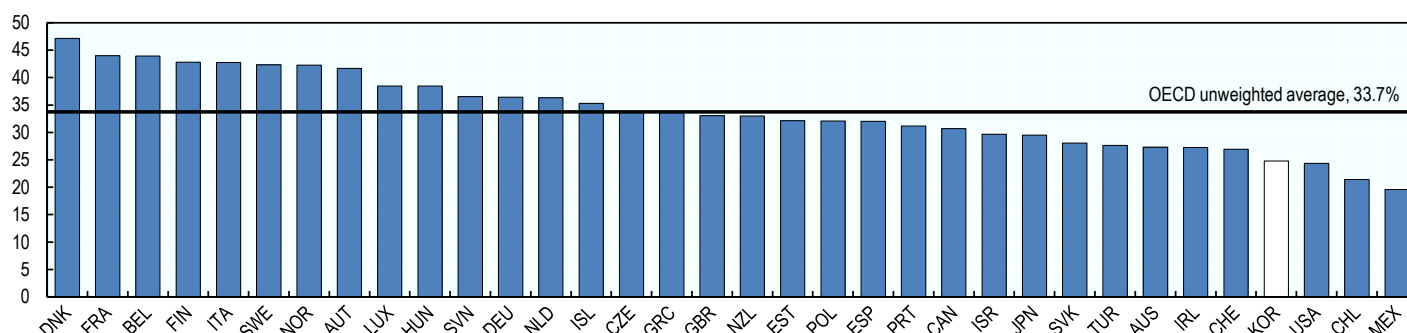
Tax burden over time

The OECD's annual *Revenue Statistics* report found that the tax burden in Korea declined by 0.5 percentage points from 24.8% to 24.3% 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 Korea has increased from 21.5% to 24.3%. 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

Korea ranked 31st 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 Korea had a tax to GDP ratio of 24.8% compared with the OECD average of 33.7%.



Tax structure

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

- Higher revenues from taxes on corporate income and property.
- A lower proportion of revenues from taxes on personal income, goods and services, and social security contributions.
- Less than a percentage point of revenues from payroll taxes.

	Korea		OECD unweighted average (%)
	Billions KRW	%	
Taxes on personal income, profits and gains	51,185	15	25
Taxes on corporate income and gains	50,759	15	9
Social security contributions	84,136	25	26
Payroll taxes	868	0	1
Taxes on property	36,213	11	6
Taxes on goods and services	106,402	31	33
Of which VAT is	58,702	17	20
Other	11,529	3	1
TOTAL	341,092	100	100

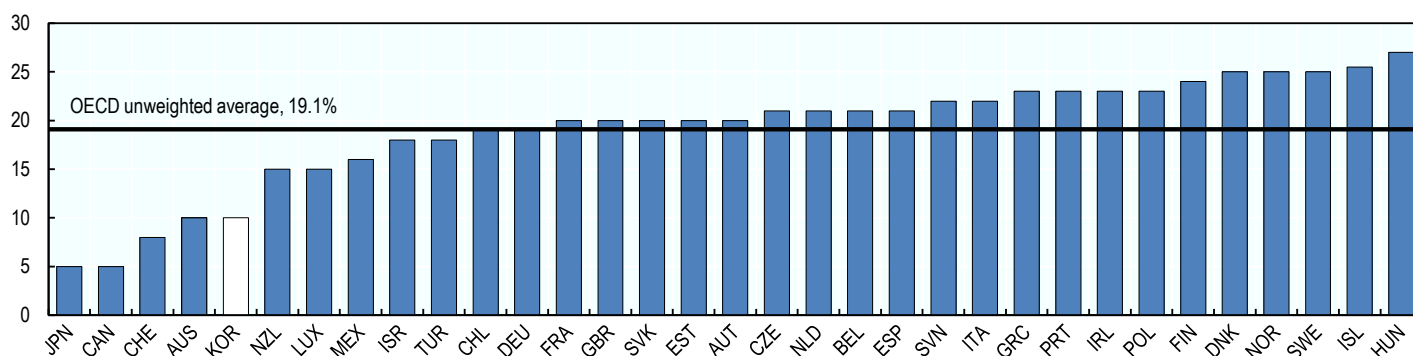
Consumption Tax Trends 2014 - Korea

VAT share of total tax revenues

The OECD's biennial *Consumption Tax Trends* report found that VAT revenues in Korea accounted for 17.2% of total tax revenue in 2012, below the OECD average of 19.5%.

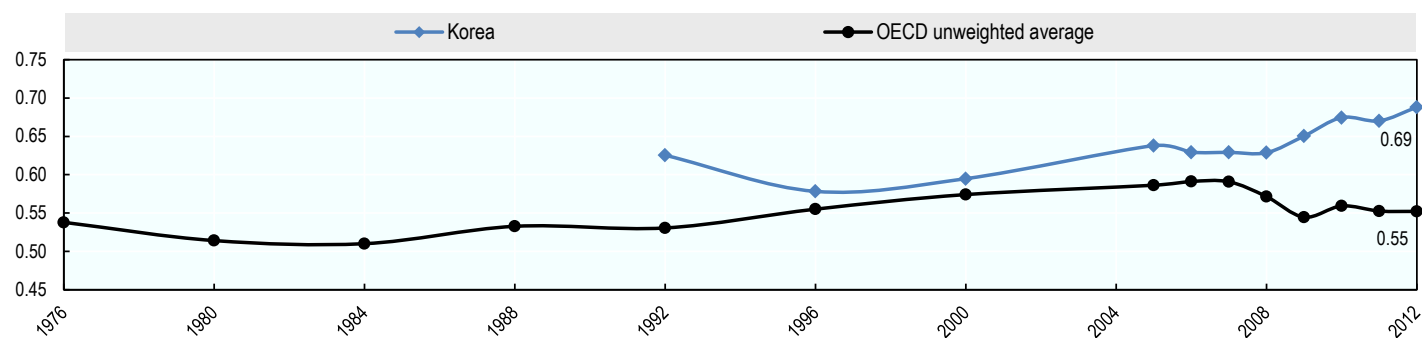
VAT rates

The Korean standard VAT rate is 10%, which is well below 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. Korea applies a reduced rate of 0% to a limited number of goods and services. In contrast to the 20 OECD countries that have raised their standard VAT/GST rate at least once in the last five years, Korea has not changed its standard VAT rate since the introduction of this tax in 1977.



VAT Revenue Ratio

The VAT Revenue Ratio (VRR) for Korea was 0.69 in 2012, above 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. Unlike in many other OECD countries, which faced a decline of their VRR coinciding with the advent of the global economic crisis, Korea's VRR has been increasing since 2008 and is now at its all-time high.



[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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