1. Background

Overall, fiscal reform on the revenue side is progressing at a slow pace in most Asian countries. For instance, tax revenues in Emerging Asia (i.e. China, India and ASEAN 10 countries) average 15% of GDP in 2010, varying from 24.3% in Viet Nam to 7.2% in India (Southeast Asian Economic Outlook 2011/12).

The comparatively low level of tax revenue is not a new phenomena in Asia and indeed, in some countries, tax revenues relative to GDP have declined since 1990. Such evidence on the revenue side suggests that there is room for improved domestic resource mobilization in Asia.

Notwithstanding potential demand, statistics that would allow revenue comparisons among Asian countries and on the same basis with OECD countries are not available. It is proposed that the OECD (Development Centre and Centre for Tax Policy and Administration) join forces to produce a harmonized database for the Asian countries. The ADB have also been invited to join in.

2. Scope and approach

The Revenue Statistics methodology, developed by the OECD over more than 30 years, provides internationally comparable data on the tax revenues received by government. It allows international comparisons not only on countries’ fiscal performance, but also analysis of a country’s tax mix (i.e. types of taxes).

The uniqueness of this report is that its methodology is consistent with that of the OECD Revenue Statistics publication, thereby allowing regional comparisons not only among Asian countries, but also, for the first time, between them and OECD countries. It will also help to identify and compare across Asian countries the relative importance of different tax revenue sources, which undoubtedly have different implications for economic growth and inequality. Asian countries will also be able to compare themselves to those in Latin America.

In the context of Latin America, OECD CIAT and ECLAC have worked successfully together on applying this methodology to 12 Latin American countries for the first edition of Revenue Statistics in Latin America, expanded to 15 countries in the second edition. Additional countries may be added in the third edition which will also include the IADB as a partner.

The Revenue Statistics, Trends and Policy Challenges in Asia will provide detailed comparable data on the tax revenues of selected Asian countries and will include data at sub-national governments level. It will be a very useful tool to analyze tax revenues trends (tax-to-GDP ratios), by providing an overall picture of the development of the total tax burden for a single country over time. It also includes revenue trends and key policy challenges for selected countries to facilitate fiscal policy dialogue and the assessment of alternative fiscal reforms.
3. Contents and timeline


The first part of *Revenue Trends* will provide an overview of the taxation trends in the region.

Internationally comparable data on tax revenues will be presented in the second part.

The third part examines the key challenges for Asian countries.

The project of *Revenue Statistics and Policy Challenges in Asia* will be delivered in two stages.

The first phase will be a study covering two countries, i.e. Indonesia and Malaysia, to be prepared by the end of 2013 (entitled *Revenue Statistics and Policy Challenges in Asia: the Case of Indonesia and Malaysia*). This document will represent a framework for adding additional countries.

The second phase, the first edition will be delivered by the end of 2014. A possible approach would be to base the publication on up to 12 countries including Indonesia and Malaysia and 2 OECD member countries - Japan and Korea.) Other countries that could be included are Azerbaijan, China, India, Mongolia, Myanmar, the Philippines, Singapore, Sri Lanka, Thailand and Vietnam.

The expectation is that the first and subsequent editions would be published on an annual basis and launched at an appropriate regional event.

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