Consumption Tax Trends 2016 - Iceland

VAT rates 2016

The Icelandic standard VAT rate is 24.0%, which is above the OECD average. The average VAT/GST¹ standard rate in the OECD was 19.2% as of 1 January 2016, up from 17.7% on 1 January 2009. Iceland applies reduced VAT rates of 0% and 11% to a number of goods and services. Since 2009, 22 of the 34 OECD countries that have a VAT have raised their standard VAT/GST rate at least once. In contrast, Iceland reduced its standard VAT rate in 2015.

VAT Revenue Ratio

The VAT Revenue Ratio (VRR) for Iceland was 0.46 in 2014, below the OECD average of 0.56. 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.

Source: OECD Tax Database 1st January 2016

1. VAT refers to value added tax and goods and services tax (GST)

Contacts

David Bradbury
Centre for Tax Policy and Administration
Head, Tax Policy and Statistics Division
David.Bradbury@oecd.org

Stéphane Buydens
Centre for Tax Policy and Administration
VAT Policy Advisor
Stephane.Buydens@oecd.org

OECD Consumption Tax Trends 2016

OECD unweighted average, 19.2%