Consumption Tax Trends 2016 - Italy

VAT rates 2016

The Italian standard VAT rate is 22.0%, which is above the OECD average. The average VAT/GST\(^1\) standard rate in the OECD was 19.2% as of 1 January 2016, up from 17.7% on 1 January 2009. Italy applies reduced VAT rates of 4%, 5% and 10% 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 line with this trend, Italy raised its standard VAT rate in 2011 and 2013.

![VAT Revenue Ratio Chart]

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

Source: OECD Tax Database 1st January 2016

VAT Revenue Ratio

The VAT Revenue Ratio (VRR) for Italy was 0.37 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.

![VAT Revenue Ratio Chart]


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