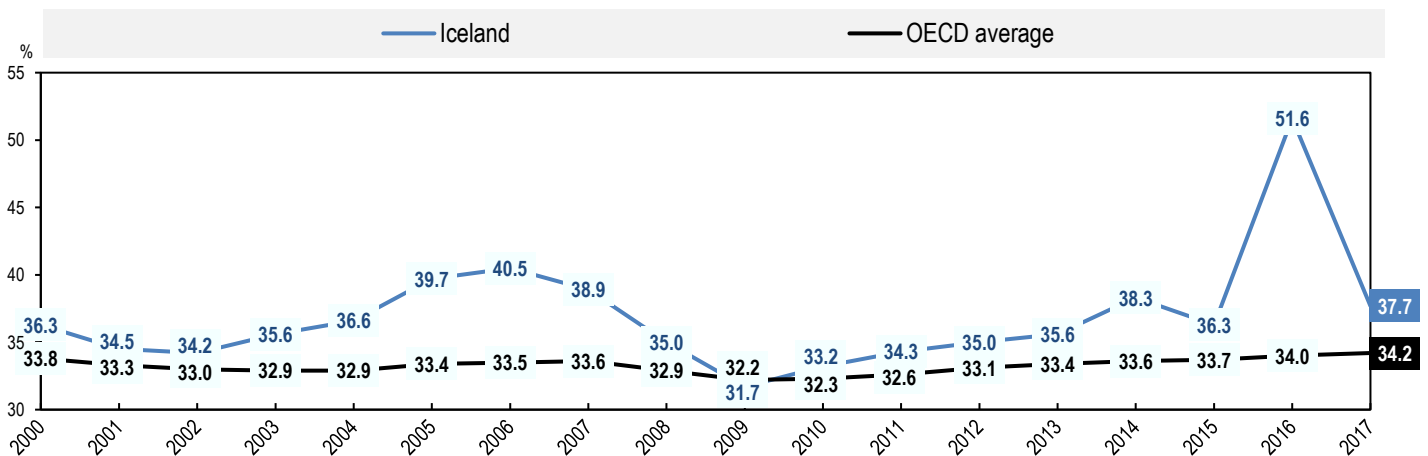


Revenue Statistics 2018 - Iceland

Tax-to-GDP ratio

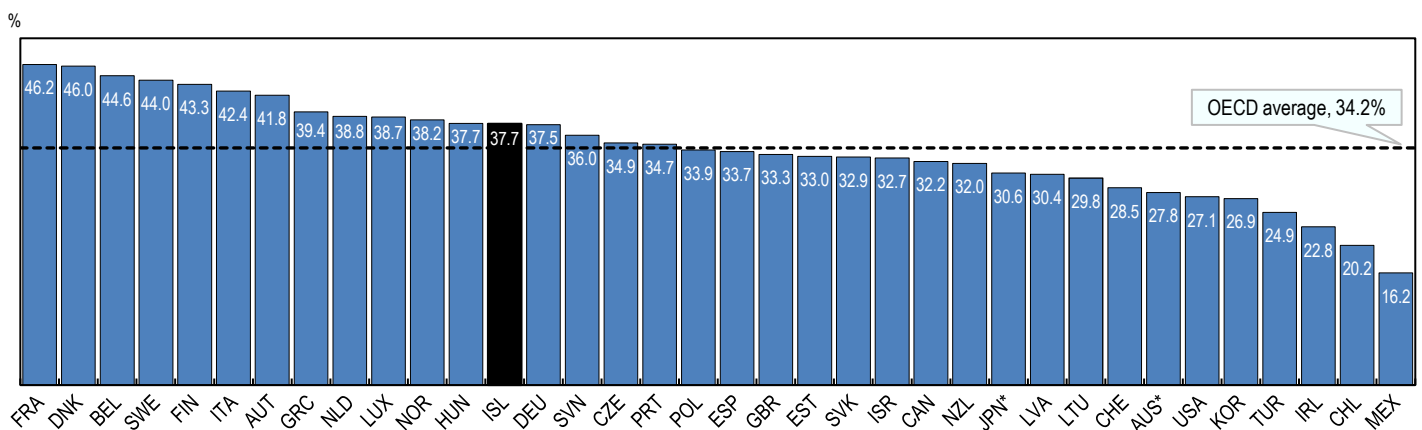
Tax-to-GDP ratio over time

The OECD's annual Revenue Statistics report found that the tax-to-GDP ratio in Iceland decreased by 13.9 percentage points, from 51.6% in 2016 to 37.7% in 2017. This decrease was due to the one-off stability contributions in 2016[†]. The corresponding figures for the OECD average were an increase of 0.2 percentage points from 34.0% to 34.2% over the same period. The tax-to-GDP ratio in Iceland has increased from 36.3% in 2000 to 37.7% in 2017. Over the same period, the OECD average in 2017 was slightly above that in 2000 (34.2% compared with 33.8%). Excluding 2016, the highest tax-to-GDP ratio in Iceland during this period was 40.5% in 2006, with the lowest being 31.7% in 2009.



Tax-to-GDP ratio compared to the OECD, 2017

Iceland ranked 13th out of 36 OECD countries in terms of the tax-to-GDP ratio in 2017. In 2017, Iceland had a tax-to-GDP ratio of 37.7% compared with the OECD average of 34.2%. In 2016, Iceland was ranked 1st out of the 36 OECD countries in terms of the tax-to-GDP ratio due to the impact of the one-off stability contributions in this year[†].



* Australia and Japan are unable to provide provisional 2017 data, therefore their latest 2016 data are presented within this country note.

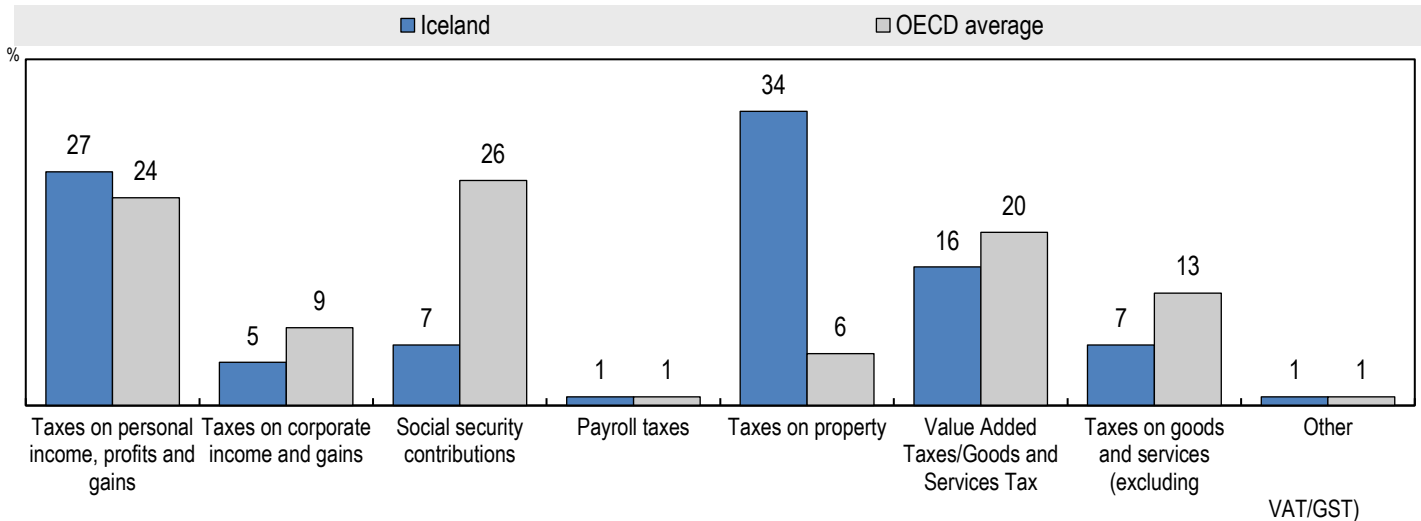
In the OECD classification the term "taxes" is confined to compulsory unrequited payments to general government. Taxes are unrequited in the sense that benefits provided by government to taxpayers are not normally in proportion to their payments.

[†] In 2016, Iceland received revenues from one-off stability contributions from entities that previously operated as commercial or savings banks and were concluding operations. The one-off stability contributions amounted to 15.7% of Iceland's GDP in 2016. Iceland's tax-to-GDP ratio therefore rose from 36.3% in 2015 to 51.6% in 2016, before dropping 13.9 percentage points to 37.7% in 2017 (provisional). Due to the exceptional nature of the stability contributions, they are not representative of trends in tax levels across OECD countries and have been excluded from the calculation of the OECD average in 2016.

Tax structures

Tax structure compared to the OECD average

The structure of tax receipts in Iceland compared with the OECD average is shown in the figure below.



Relative to the OECD average in 2016, the tax structure in Iceland was characterised by:

- » Substantially higher revenues from property taxes, and higher revenues from taxes on personal income, profits & gains. The higher revenues from property taxes are due to the one-off stability contributions that applied in 2016[†].
- » Equal to the OECD average from payroll taxes.
- » A lower proportion of revenues from taxes on corporate income & gains; value-added taxes; and goods & services taxes (excluding VAT/GST), and substantially lower revenues from social security contributions.

Tax structure

	Tax Revenues in national currency			Tax structure in Iceland			Position in OECD		
	Iceland Krona, millions			%					
	2016	2015	Δ	2016	2015	Δ	2016	2015	Δ
Taxes on income, profits and capital gains ¹	429 545	380 979	+ 48 566	34	47	- 13	15th	6th	- 9
<i>of which</i>									
<i>Personal income, profits and gains</i>	337 457	297 979	+ 39 478	27	37	- 10	13th	6th	- 7
<i>Corporate income and gains</i>	62 152	52 544	+ 9 608	5	6	- 1	34th	22nd	- 12
Social security contributions	85 370	79 707	+ 5 663	7	10	- 3	33rd	32nd	- 1
Payroll taxes	7 375	6 638	+ 737	1	1	-	12th	9th	- 3
Taxes on property [†]	432 554	43 487	+ 389 067	34	5	+ 29	1st	17th	+ 16
Taxes on goods and services	295 844	262 828	+ 33 016	23	32	- 9	32nd	18th	- 14
<i>of which VAT</i>	205 435	183 674	+ 21 761	16	23	- 7	27th	11th	- 16
Other	14 921	38 364	- 23 443	1	5	- 4	7th	1st	- 6
TOTAL	1 265 609	812 002	+ 453 606	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.

1. Includes income taxes not allocable to either personal or corporate income.

[†] Please refer to the footnote at the bottom of page one.

Source: OECD Revenue Statistics 2018 <http://oe.cd/revenue-statistics>

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