Revenue Statistics in Latin America and the Caribbean

Revenue Statistics in Latin America and the Caribbean is an annual publication providing accurate, harmonised and internationally comparable data on tax revenues that can be accessed online free of charge. It is a key contribution to the goal of improving domestic resource mobilisation, which supports the Sustainable Development Goals (SDGs).

The publication is produced jointly by the OECD Centre for Tax Policy and Administration, the OECD Development Centre, the United Nations Economic Commission for Latin America and the Caribbean (UN-ECLAC), the Inter-American Centre of Tax Administrations (CIAT) and the Inter-American Development Bank (IDB) and with the support of the European Union Regional Facility for Development in Transition for Latin America and the Caribbean.

The tenth edition of Revenue Statistics in Latin America and the Caribbean, published in April 2021, provides data from 1990 to 2019 for 27 countries (three of which are OECD members): Antigua and Barbuda, Argentina, the Bahamas, Barbados, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Saint Lucia, Trinidad and Tobago, Uruguay and Venezuela. It allows comparison with OECD, African, Asian and Pacific economies presented in other publications in the Revenue Statistics series. It also presents an average for participating countries which is compared with the OECD average. On 15 May 2020, the OECD Council invited Costa Rica to become a Member. At the time of preparation of this publication, the deposit of Costa Rica’s instrument of accession to the OECD Convention was pending and therefore Costa Rica does not appear in the list of OECD Members and is not included in the OECD averages reported.

**Definitions and classifications**

Revenue Statistics in Latin America and the Caribbean follows the OECD tax classification, whereby taxes are defined as compulsory, unrequited payments to general government. Taxes are unrequited in the sense that benefits provided by government are not normally in proportion to their payments. Compulsory social security contributions paid to general government are classified as taxes.

Taxes are classified according to their base. The six main categories are: taxes on income and profits; social security contributions; payroll and workforce taxes; property taxes; goods and services taxes and other taxes.


The publication is available at [https://oe.cd/RevStatsLatam](https://oe.cd/RevStatsLatam)

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.
Key results

TAX-TO-GDP RATIOS FOR 2019

In 2019, the average tax-to-GDP ratio in the LAC region was 22.9%. The LAC average represents the unweighted average of 26 Latin American and Caribbean countries included in this publication, but excludes Venezuela due to data availability issues.

Across the LAC region, tax-to-GDP ratios ranged from 13.1% in Guatemala to 42.0% in Cuba in 2019, with all LAC countries other than Cuba recording ratios below the OECD average of 33.8%. Between 2018 and 2019, the average LAC tax-to-GDP ratio increased by 0.3 percentage points despite a slowdown in economic growth in the region in 2019 (0.1% GDP growth) and social unrest in several Latin American countries.

At a sub-regional level, the tax-to-GDP ratio of the Caribbean registered the largest increase between 2018 and 2019 compared to the other two sub-regions, at 0.8 percentage points, reaching 24.9% in 2019. A number of Caribbean countries have undertaken reforms that contributed to recent increases in the tax-to-GDP ratio, and the Caribbean economy grew more than the rest of the region in 2019 (0.7% compared to 0.1%). The average tax-to-GDP ratio in Central America and Mexico increased by 0.2 percentage points to 21.3% of GDP between 2018 and 2019, while the ratio in South America decreased by 0.1 percentage points to 22.9% of GDP.

Figure 1. Tax-to-GDP ratios (total tax revenue as % of GDP) in LAC countries, 2019

Note: The classification of countries into the different sub-regions follows ECLAC’s classification and is based on the spoken language of countries. The “Caribbean” includes the English-speaking countries of the region and Guyana, and “Central America and Mexico” covers Spanish-speaking countries including the Dominican Republic and Cuba.

Across the LAC region, 14 countries reported an increase in their tax-to-GDP ratio in 2019, while 12 countries recorded a decrease. The largest increases between 2018 and 2019 occurred in Nicaragua (2.7 percentage points), Belize (2.2 percentage points) and the Bahamas (2.1 percentage points). In Nicaragua, the increases followed revenue-raising measures in 2019 (mainly increases in income tax and social security contribution rates, as well as rates on imports of specific goods). The Bahamas recorded increases in value-added tax (VAT) revenues and property taxes as a result of tax reforms that increased the standard VAT rate and stamp duties. The only other increase of 1.0 percentage point or more between 2018 and 2019 occurred in Guyana. By contrast, there were no declines of more than 1.0 percentage point between 2018 and 2019. The largest declines were in Antigua and Barbuda (0.8 percentage points) and Panama (0.7 percentage points), in both cases due to a weaker economic environment as well as challenges in tax administration and collection in Antigua and Barbuda.

Figure 2. Changes in tax-to-GDP ratios in LAC countries by main tax heading between 2018 and 2019

Between 1990 and 2019, the average tax-to-GDP ratio in LAC countries rose by more than 7 percentage points, from 15.7% to 22.9%, bringing it closer to the OECD average: the difference against the OECD average tax-to-GDP ratio decreased from 15.4 percentage points in 1990 to 10.9 percentage points in 2019. The main drivers of the increase in the LAC region were VAT and taxes on income and profits, which increased respectively by 3.8 and 3.0 percentage points.

On average, South America recorded the strongest growth between 1990 and 2019, with an increase of 9.2 percentage points. South America recorded a strong increase in its tax-to-GDP ratio during the 1990s and has been higher than the LAC average since 2000. Since 2015, South America’s tax-to-GDP ratio has been declining towards the LAC average. Between 1990 and 2019, the Caribbean’s average tax-to-GDP ratio was consistently higher than the LAC average. Over the same period, the average tax-to-GDP ratio of Central America and Mexico increased gradually but remained below the average for the LAC region.
TAX STRUCTURES

In 2019, the LAC average tax mix was highly reliant on revenues from taxes on goods and services, which made up about half of total tax revenues (49.8%) compared with a third in the OECD (32.7% in 2018, the latest year available for the OECD). VAT revenues were the principal source of these revenues in the LAC region in 2019, on average accounting for 27.7% of total tax revenues.

The LAC region received 27.0% of tax revenues from taxes on income and profits in 2019. The LAC region is more reliant on revenues from corporate income tax (CIT) than OECD countries and significantly less reliant on personal income tax (PIT). In 2019, CIT and PIT revenues accounted for 15.8% and 9.2% of total tax revenues on average, compared with 10.0% and 23.5% in the OECD (2018 figures). Similarly, the average share of social security contributions in total tax revenues was 17.1% in the LAC region, well below the OECD average of 25.7% (2018 figure).

Environmentally related tax revenues (ERTRs) amounted to 1.2% of GDP on average in 2019 in the 25 LAC countries for which data is available, below the OECD average of 2.1% (5.7% of total tax revenues in the LAC region compared to 6.4% in the OECD in 2019). Approximately two-thirds of ERTRs in the LAC region are derived from taxes on energy, most commonly excises on diesel and petrol (0.7% of GDP on average). Revenues from motor vehicle and transport service taxes represented most of the remainder.

Figure 3. Tax-to-GDP ratios, LAC and OECD averages, 1990-2019


Figure 4. Average tax structure (as % of total tax revenue) in the LAC region and the OECD area

The report includes two special features. The first special feature examines fiscal policy responses to the COVID-19 crisis in the LAC region. The COVID-19 pandemic has triggered an economic crisis, increasing poverty, unemployment and inequality in many countries. The LAC region has been hit particularly hard by the pandemic and the resulting economic crisis. LAC countries rapidly adopted a wide range of fiscal and liquidity measures to support households and firms during the pandemic. These included the implementation of tax deferrals and programmes to ease the liquidation of tax liabilities, the expansion of existing social support programmes and the creation of subsidies to support household income and firms’ cash-flow.

Due to the crisis and the support measures provided by governments, revenues from the region’s two principal taxes (VAT and income taxes) fell precipitously in the first half of 2020 but showed some signs of recovery by year’s end as countries eased public health measures and taxpayers liquidated liabilities that had been deferred earlier in the year. By contrast, central government primary expenditure registered significant year-on-year growth in 2020, exceeding 20% in real terms in some countries.

Active fiscal policies, supported by a fiscal sustainability framework to finance sustainable development, will play a key role in addressing the region’s development traps (particularly in relation to social vulnerability and productive structure) and in reducing entrenched inequalities. In addition to better management of public expenditures and co-ordination of public debt management, bolstering progressive taxation, under a well-defined sequence of policies, will be an essential means of achieving these goals and increasing fiscal sustainability.

The second special feature identifies trends in fiscal revenues from non-renewable natural resources for selected LAC countries in 2019 and 2020. Despite declining oil prices and weak global economic growth, hydrocarbon-related revenues in the LAC region rose from 2.5% of GDP on average in 2018 to 2.7% in 2019, driven by one-off extraordinary receipts. Meanwhile, revenues from mining as a proportion of GDP fell very slightly to 0.37% on average in 2019 from 0.39% in 2018; this decline was driven by weak international prices for a range of industrial minerals and metals and lower production. Estimates for 2020 suggest that revenues from non-renewable natural resources will record a significant decline driven by a contraction in prices provoked by the COVID-19 pandemic.

Figure 5. VAT receipts in selected Latin American countries, January-December 2020 (year-on-year real variation in %)

Note: The classification of countries into the different sub-regions follows ECLAC’s classification and is based on the spoken language of countries.

Towards harmonised regional statistics

- **Revenue Statistics in Latin America and the Caribbean** provides tools that have been developed by tax policy makers and adapted for tax policy analysis, such as:
  - An annual publication, available in hard copy and online, that allows for cross-country comparison.
  - A highly-detailed dataset freely accessible online.
  - *Compare your country*, a free online interactive tool, and other tools for data presentation and analysis.
  - *Country notes*, including the comparison of key indicators for each country with other LAC countries and regional averages.

- **Comparability and trustworthiness**: a common method for collecting, analysing, aggregating and presenting data across more than 110 countries around the world, with data validated by national authorities and regional partners. These data are accessible through the Global Revenue Statistics Database.

- **Continuous dialogue**: bilateral exchanges and seminars on tax policy and statistics with experts in Latin American and Caribbean countries and regional partners to share experiences and best practices.

**Partnerships**

The OECD is an intergovernmental organisation that includes 37 countries and has helped develop global standards, international conventions, agreements and recommendations since 1961 to promote better policies in areas such as governance and the fight against bribery and corruption and to support corporate responsibility, development assistance, global investment and international taxation.

The Economic Commission for Latin America and the Caribbean (ECLAC) is one of the five regional commissions of the United Nations. It was founded with the purpose of contributing to the economic development of Latin America, coordinating actions directed towards this end, and reinforcing economic ties among countries and with other nations of the world. The promotion of the region’s social development was later included among its primary objectives. The 33 countries of Latin America and the Caribbean, together with several Asian, European and North American nations that have historical, economic and cultural ties with the region, comprise the 46 Member States of ECLAC.

The Inter-American Centre of Tax Administrations (CIAT) supports the efforts of national governments by promoting the evolution, social acceptance and institutional strengthening of tax administrations, encouraging international cooperation and the exchange of experiences and best practices. CIAT is a nonprofit international public organisation that provides specialised technical assistance for the modernisation and strengthening of tax administrations. Founded in 1967, CIAT currently has 42 member countries and associate member countries from four continents.

The Inter-American Development Bank (IDB) was founded in 1959. Its current focus areas include three development challenges – social inclusion and inequality, productivity and innovation, and economic integration – and three cross-cutting issues – gender equality and diversity, climate change and environmental sustainability; and institutional capacity and the rule of law. The IDB is the leading source of development financing for Latin America and the Caribbean, providing loans, grants, and technical assistance; and conducting extensive research.
Contacts

For more information on the publication, or to participate in future editions, please see http://oe.cd/RevStatsLAC or contact RevenueStatistics@oecd.org

Useful links

OECD  www.oecd.org/tax/ or www.oecd.org/dev
ECLAC  www.cepal.org/
CIAT  www.ciat.org/
IDB  www.iadb.org/

Follow us

@OECDtax  
@OECD_Centre  
@eclac_un  
@ciatorg  
@the_IDB

A global project

Revenue Statistics in Latin America and the Caribbean is an annual publication in a global series that includes four publications and an online database: http://oe.cd/globalrevstats