

# U.S. Is One of the Least Taxed Developed Countries

## Revenue Increase the Obvious Answer to Deficit Impasse

Some members of Congress are threatening to allow the U.S. to default on its debt obligations — and send financial markets into a tailspin — unless the President agrees to large, sudden cuts in the budget deficit *without* any increase in tax revenue. But the most recent data from the Organization for Economic Cooperation and Development (OECD), the Office of Management and Budget and the Census Bureau reveal that the U.S. is already one of the least taxed countries in the developed world. Only two OECD countries have lower taxes as a share of gross domestic product (GDP) than the United States.

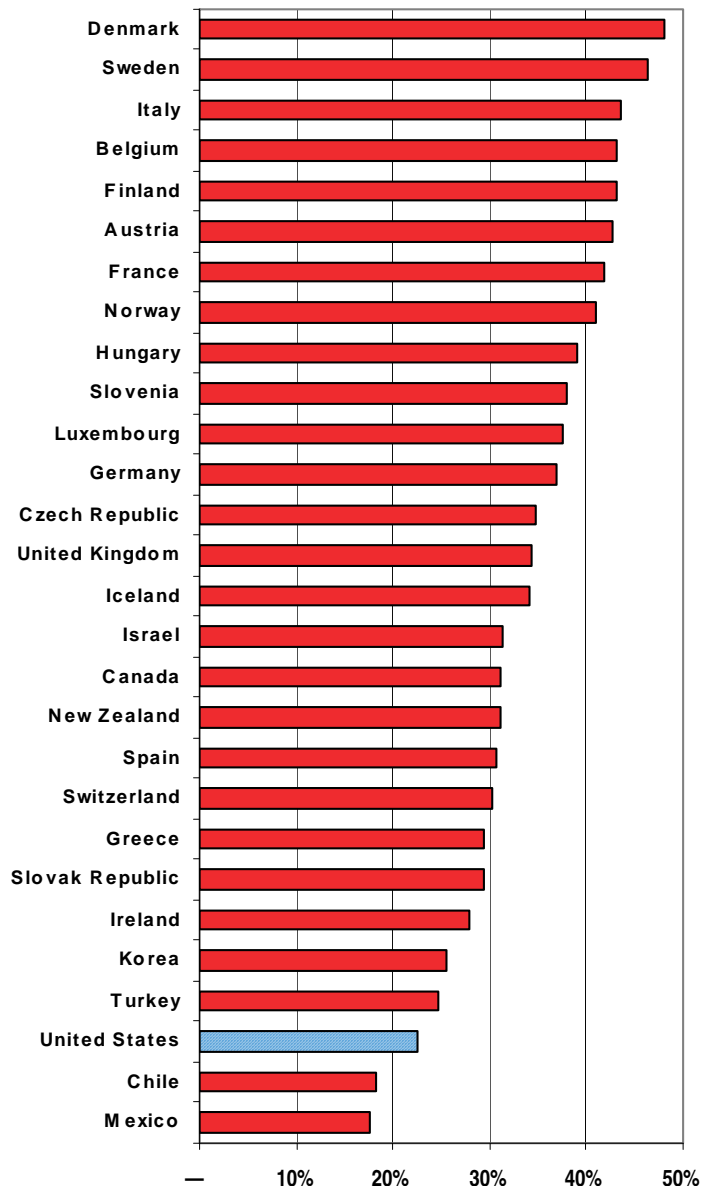
### Overall, U.S. Taxes Are Third-Lowest Among OECD Nations

■ In 2009, total federal, state and local taxes in the United States were 22.6 percent of our gross domestic product, ranking 26<sup>th</sup> among the 28 OECD countries for which data are available. Only Chile (18.2 percent) and Mexico (17.5 percent) had lower taxes.

■ In 2009, total taxes in the 25 OECD nations with higher taxes than ours ranged from 24.6 percent of GDP in Turkey to 48.2 percent in Denmark.

■ In most cases, the difference in tax levels between the U.S. and OECD countries is not even close. Of the 25 OECD nations with taxes higher than ours, 22 of them have taxes that are at least 25 percent higher, and 15 have taxes at least 50 percent higher.

Total 2009 Taxes as a % of GDP



## Corporate Income Taxes

Many corporate leaders have noted that other OECD countries have lowered their corporate tax rates in recent years, but fail to mention that these countries have also closed corporate tax loopholes while the U.S. has expanded them. As a result, the U.S. collects less corporate taxes as a share of GDP than all but one of the 26 OECD countries for which data are available.

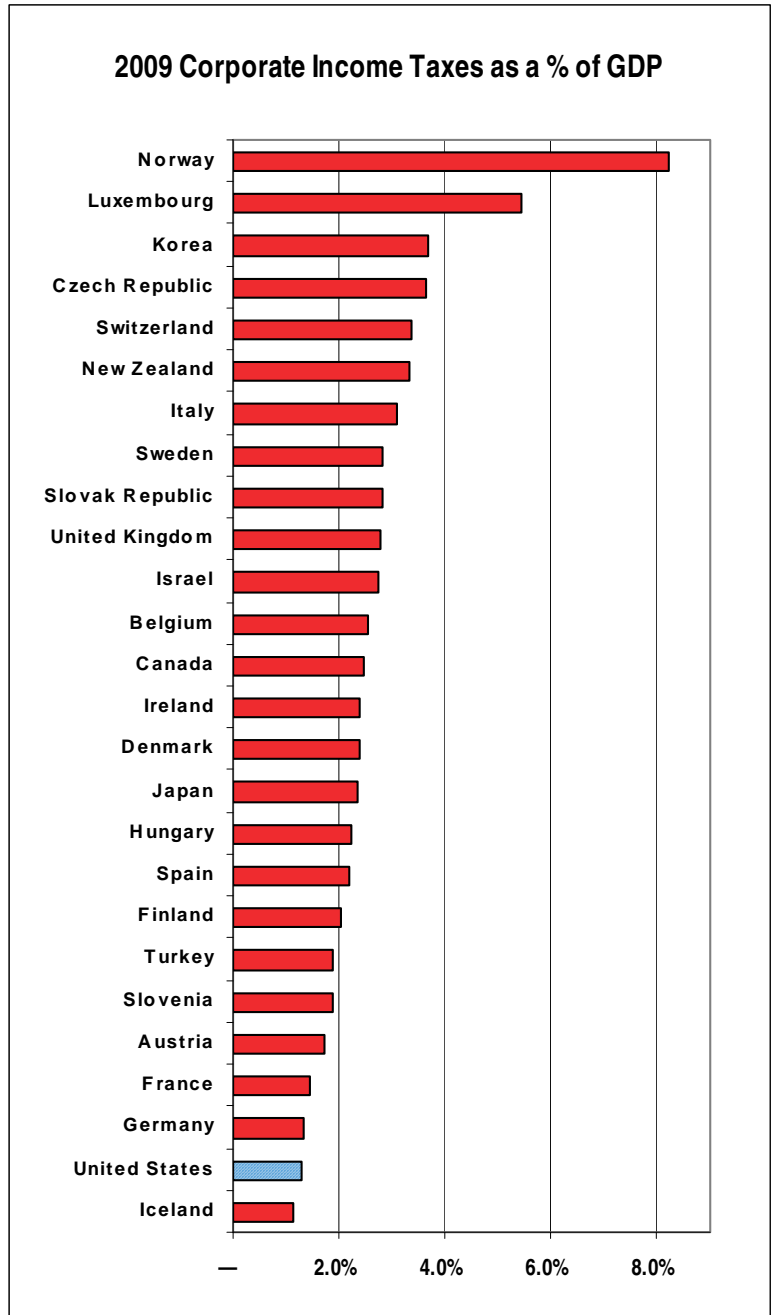
■ In 1965, U.S. corporate income taxes were 4.0 percent of our GDP, compared to 2.3 percent of GDP in other OECD countries.

■ But by 2009, U.S. corporate taxes had fallen to only 1.3 percent of our GDP, while corporate income taxes of the other OECD nations collectively stood at 2.4 percent.

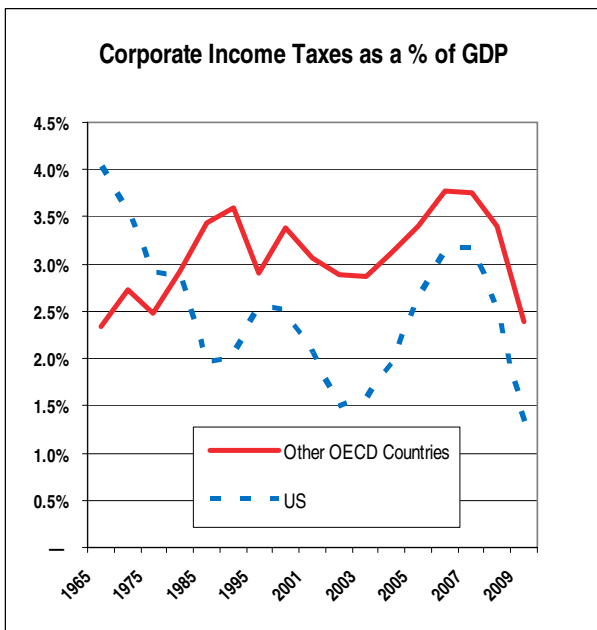
■ Many countries experienced unusually low corporate tax receipts in the last couple years due to the recession. But even when U.S. corporate taxes recently peaked in 2007 at 3.2 percent of GDP, the average for the other OECD nations was well ahead, at 3.8 percent of GDP.

■ In 2009, only Iceland had lower corporate taxes as a share of GDP than the U.S.

2009 Corporate Income Taxes as a % of GDP



Corporate Income Taxes as a % of GDP



### **Personal Income Taxes**

■ In 2000, the year before President George W. Bush took office, personal income taxes were 12.3 percent of our GDP.

■ Since the Bush tax cuts were enacted, personal income taxes have plummeted. Even with the brief economic bubble that caused income tax receipts to rise in 2007, personal income taxes were consistently well below their 2000 level as a share of GDP ever since the Bush tax cuts were enacted.

■ In 2009, U.S. personal income taxes were just 7.7 percent of GDP.

### **Social Insurance Taxes**

■ Social insurance taxes and other wage taxes have risen rapidly worldwide.

■ Since 1965, social insurance taxes in the U.S. have risen from 3.2 percent of GDP to 6.2 percent of GDP in 2009.

■ In other OECD countries, social insurance and other wage taxes rose from 6.1 percent of GDP to 10.8 percent over the same period.

### **Sales, Excise and Other Consumption Taxes**

■ In 1965, total federal, state and local consumption taxes in the U.S. were 5.5 percent of GDP. By 2009 they were 4.1 percent.

■ In other OECD countries, consumption taxes were 9.6 percent of GDP in 1965, and 9.1 percent in 2009.

### **Property & Wealth Taxes**

■ Property and wealth taxes in the U.S. (about 90 percent of which are state and local real estate taxes) fell from 3.9 percent of GDP in 1965 to 2.9 percent in 1980, and have held stable thereafter. They were 3.2 percent of GDP in 2009.

**Taxes as Shares of GDP in the United States and Other OECD Countries, 1965-2009 (federal, state & local)**

	Total taxes/GDP			All Income taxes/GDP			Personal income taxes/GDP			Corporate income taxes/GDP		
	All but US	US	US-rank	All but US	US	US-rank	All but US	US	US-rank	All but US	US	US-rank
1965	27.2%	24.3%	16 of 24	8.8%	11.7%	6 of 24	6.5%	7.7%	9 of 24	2.3%	4.0%	2 of 24
1970	28.4%	27.3%	14 of 24	9.8%	13.6%	7 of 24	7.1%	10.0%	8 of 24	2.7%	3.6%	5 of 24
1975	29.8%	26.6%	16 of 25	10.7%	12.1%	12 of 25	8.2%	9.2%	13 of 25	2.5%	2.9%	7 of 25
1980	32.2%	26.8%	17 of 26	11.6%	13.4%	11 of 26	9.0%	10.5%	11 of 25	2.9%	2.9%	7 of 25
1985	32.7%	25.8%	20 of 26	11.9%	11.7%	16 of 26	8.7%	9.8%	12 of 25	3.4%	1.9%	13 of 25
1990	33.7%	26.0%	22 of 27	12.6%	11.9%	16 of 27	9.2%	9.9%	14 of 25	3.6%	2.0%	15 of 25
1995	33.1%	26.5%	28 of 32	11.1%	12.2%	14 of 32	8.3%	9.6%	16 of 30	2.9%	2.6%	15 of 30
2000	33.6%	29.0%	28 of 33	11.6%	14.8%	10 of 33	8.4%	12.3%	8 of 31	3.4%	2.5%	24 of 31
2001	33.6%	28.0%	28 of 33	11.4%	13.9%	15 of 33	8.6%	11.8%	9 of 31	3.1%	2.1%	26 of 31
2002	33.2%	25.8%	29 of 33	10.7%	11.3%	16 of 33	8.1%	9.8%	15 of 31	2.9%	1.5%	29 of 31
2003	33.4%	24.4%	30 of 33	10.6%	10.4%	17 of 33	8.0%	8.8%	15 of 31	2.9%	1.6%	29 of 31
2004	33.6%	24.3%	29 of 33	10.9%	10.5%	17 of 33	8.0%	8.5%	14 of 31	3.1%	2.0%	27 of 31
2005	34.1%	25.9%	29 of 33	11.4%	11.8%	16 of 33	8.2%	9.2%	14 of 31	3.4%	2.6%	23 of 31
2006	34.6%	26.9%	29 of 33	11.9%	12.8%	14 of 33	8.4%	9.7%	12 of 31	3.8%	3.1%	19 of 31
2007	34.9%	27.3%	29 of 33	12.2%	13.4%	12 of 33	8.7%	10.3%	11 of 31	3.8%	3.2%	21 of 31
2008	34.7%	25.9%	30 of 33	11.9%	12.1%	15 of 33	8.7%	9.6%	13 of 31	3.4%	2.5%	25 of 31
2009	35.5%	22.6%	26 of 28	10.6%	9.0%	19 of 29	8.5%	7.7%	15 of 26	2.4%	1.3%	25 of 26
	Soc. insur. & payroll taxes/GDP			Consumption taxes/GDP			Property & wealth taxes/GDP					
	All but US	US	US-rank	All but US	US	US-rank	All but US	US	US-rank	All but US	US	US-rank
1965	6.1%	3.2%	15 of 24	9.6%	5.5%	23 of 24	2.1%	3.9%	2 of 24			
1970	6.9%	4.4%	13 of 24	9.2%	5.5%	21 of 24	2.0%	3.9%	3 of 24			
1975	8.6%	5.4%	16 of 25	8.2%	5.2%	22 of 25	1.8%	3.7%	2 of 25			
1980	9.4%	5.9%	15 of 26	8.8%	4.7%	23 of 26	1.8%	2.9%	2 of 26			
1985	9.5%	6.5%	15 of 26	8.7%	4.9%	24 of 26	2.1%	2.8%	3 of 26			
1990	9.7%	6.5%	15 of 27	8.6%	4.7%	25 of 27	2.1%	2.9%	3 of 27			
1995	10.3%	6.6%	20 of 32	8.7%	4.8%	31 of 32	2.4%	2.9%	6 of 32			
2000	9.8%	6.7%	21 of 33	9.2%	4.7%	33 of 33	2.4%	2.8%	8 of 33			
2001	10.0%	6.9%	21 of 33	9.3%	4.6%	33 of 33	2.3%	2.9%	7 of 33			
2002	9.9%	6.7%	21 of 33	9.4%	4.5%	33 of 33	2.3%	3.0%	5 of 33			
2003	10.1%	6.6%	21 of 33	9.5%	4.5%	33 of 33	2.4%	3.0%	5 of 33			
2004	10.1%	6.3%	22 of 33	9.5%	4.5%	33 of 33	2.4%	3.0%	5 of 33			
2005	10.0%	6.5%	22 of 33	9.6%	4.6%	33 of 33	2.4%	3.0%	7 of 33			
2006	9.9%	6.4%	22 of 33	9.6%	4.6%	33 of 33	2.4%	3.0%	8 of 33			
2007	9.9%	6.3%	22 of 33	9.6%	4.4%	33 of 33	2.4%	3.1%	7 of 33			
2008	10.3%	6.3%	22 of 33	9.5%	4.4%	33 of 33	2.2%	3.1%	6 of 33			
2009	10.8%	6.2%	18 of 28	9.1%	4.1%	29 of 29	2.4%	3.2%	4 of 28			

**Taxes by Type as Shares of Total Tax Receipts in the United States and Other OECD Countries, 1965-2009**

	All income taxes/total taxes			Personal income taxes/total			Corporate income taxes/total		
	All but US	US	US-rank	All but US	US	US-rank	All but US	US	US-rank
1965	32.4%	48.1%	4 of 24	23.8%	31.7%	9 of 24	8.6%	16.4%	3 of 24
1970	34.7%	49.8%	5 of 24	25.0%	36.6%	6 of 24	9.6%	13.2%	5 of 24
1975	35.8%	46.0%	7 of 25	27.6%	34.6%	8 of 25	8.3%	11.4%	6 of 25
1980	36.1%	49.8%	5 of 26	26.7%	39.1%	6 of 25	8.7%	10.8%	7 of 25
1985	36.5%	45.4%	6 of 26	25.7%	37.8%	6 of 25	10.1%	7.5%	11 of 25
1990	37.5%	45.8%	7 of 27	26.6%	38.0%	7 of 25	10.4%	7.8%	10 of 25
1995	33.6%	46.1%	5 of 32	24.5%	36.4%	5 of 30	8.6%	9.6%	7 of 30
2000	34.4%	51.1%	4 of 33	23.9%	42.4%	3 of 31	9.6%	8.7%	18 of 31
2001	33.7%	49.7%	4 of 33	24.2%	42.3%	3 of 31	8.7%	7.4%	21 of 31
2002	32.4%	43.9%	5 of 33	23.4%	38.2%	5 of 31	8.3%	5.7%	26 of 31
2003	31.8%	42.6%	8 of 33	23.0%	36.1%	5 of 31	8.2%	6.5%	22 of 31
2004	32.4%	43.1%	7 of 33	22.8%	35.1%	5 of 31	8.9%	8.0%	19 of 31
2005	33.4%	45.5%	6 of 33	23.1%	35.4%	6 of 31	9.6%	10.1%	13 of 31
2006	34.4%	47.8%	6 of 33	23.2%	36.1%	4 of 31	10.4%	11.7%	10 of 31
2007	35.0%	49.2%	4 of 33	23.8%	37.6%	3 of 31	10.3%	11.6%	10 of 31
2008	34.2%	46.6%	8 of 33	23.9%	36.9%	5 of 31	9.4%	9.7%	14 of 31
2009	37.7%	40.0%	7 of 28	28.4%	34.3%	5 of 25	8.0%	5.8%	17 of 25
	Soc. insur. & payroll taxes/total			Consumption taxes/total			Property & wealth taxes/total		
	All but US	US	US-rank	All but US	US	US-rank	All but US	US	US-rank
1965	23.8%	13.3%	14 of 24	35.3%	22.8%	24 of 24	7.9%	15.9%	1 of 24
1970	25.4%	16.1%	12 of 24	32.4%	20.0%	24 of 24	7.1%	14.2%	1 of 24
1975	29.8%	20.5%	14 of 25	27.6%	19.5%	24 of 25	6.2%	13.9%	1 of 25
1980	29.0%	21.9%	15 of 26	27.3%	17.6%	25 of 26	5.7%	10.7%	2 of 26
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1990	28.7%	25.1%	15 of 27	25.6%	17.9%	26 of 27	6.2%	11.2%	2 of 27
1995	31.2%	24.7%	19 of 32	26.4%	18.3%	31 of 32	7.3%	10.9%	3 of 32
2000	29.0%	23.0%	20 of 33	27.4%	16.2%	33 of 33	7.0%	9.7%	5 of 33
2001	29.6%	24.5%	20 of 33	27.6%	16.4%	33 of 33	6.9%	10.2%	4 of 33
2002	30.0%	26.0%	19 of 33	28.3%	17.5%	33 of 33	7.0%	11.7%	3 of 33
2003	30.3%	26.9%	18 of 33	28.4%	18.5%	33 of 33	7.1%	12.2%	1 of 33
2004	30.0%	26.0%	19 of 33	28.4%	18.6%	33 of 33	7.0%	12.2%	1 of 33
2005	29.3%	24.9%	19 of 33	28.1%	17.8%	33 of 33	6.9%	11.7%	3 of 33
2006	28.6%	23.8%	19 of 33	27.6%	17.0%	33 of 33	7.0%	11.3%	3 of 33
2007	28.2%	23.3%	20 of 33	27.5%	16.2%	33 of 33	6.8%	11.3%	3 of 33
2008	29.6%	24.3%	20 of 33	27.4%	17.0%	33 of 33	6.4%	12.1%	1 of 33
2009	30.3%	27.6%	14 of 28	32.2%	18.0%	28 of 28	8.3%	14.4%	1 of 27

Notes: Annual totals for non-U.S. OECD are weighted by GDP.

U.S. annual rankings compared to all countries include all countries with tax information for the year ranked.

U.S. federal, state & local taxes shown here are on a cash-flow basis (as reported by the Office of Management and Budget and the Census Bureau).

Federal personal income taxes are net of refundable tax credits.