Executive summary

For most countries, achieving the Sustainable Development Goals (SDGs) of the United Nations' 2030 Agenda for Sustainable Development will require the mobilisation of additional public revenues. *Revenue Statistics in Asia and the Pacific* presents key indicators to track progress on domestic resource mobilisation and to inform tax policy reforms that could help close the financing gap to fund the SDGs. This edition of the report provides comprehensive data on public revenues in 2020, the first year of the COVID-19 pandemic.

Revenue Statistics in Asia and the Pacific 2022 presents detailed, internationally comparable data on tax revenues for 28 economies: Australia, Bangladesh, Bhutan, Cambodia, People's Republic of China, the Cook Islands, Fiji, Indonesia, Japan, Kazakhstan, Korea, Kyrgyzstan, Lao People's Democratic Republic, Malaysia, the Maldives, Mongolia, Nauru, New Zealand, Pakistan, Papua New Guinea, the Philippines, Samoa, Singapore, the Solomon Islands, Thailand, Tokelau, Vanuatu and Viet Nam.

Tax-to-GDP ratios in Asia and the Pacific

In 2020, the average tax-to-GDP ratio in the 28 Asian and Pacific economies covered in this report was 19.1%, below the averages for the OECD and Latin America and the Caribbean (LAC), of 33.5% and 21.9%, respectively. Tax-to-GDP ratios in the region ranged from 8.9% in Bhutan and Lao PDR to 47.5% in Nauru. Seven of the 18 Asian countries had a tax-to-GDP ratio equal to or above the Asia-Pacific average in 2020: Japan (31.4%, 2019 figure), Korea (28.0%), Viet Nam (22.7%), Mongolia (21.2%), Cambodia (20.2%), China (20.1%) and the Maldives (19.1%). In the Pacific, six economies recorded tax-to-GDP ratios above the Asia-Pacific average (Australia [2019 figure], the Cook Islands, Nauru, New Zealand, Samoa and Tokelau) while four were below this level (Papua New Guinea, Vanuatu, Fiji and the Solomon Islands).

The average tax-to-GDP ratio for the Asia-Pacific region declined by 1.2 percentage points (p.p.) between 2019 and 2020; over the same period, the LAC average declined by 0.8 p.p. while the OECD average increased by 0.1 p.p. Almost three-quarters (19) of the 26 economies in the Asia-Pacific region for which data are available[1] experienced declines in their tax-to-GDP ratio between 2019 and 2020, mainly as a result of the COVID-19 crisis. They decreased by more than 2.0 p.p. in five economies: Kazakhstan and Mongolia (both -2.6 p.p.), Vanuatu (-2.8 p.p.), Fiji (-5.7 p.p.) and the Cook Islands (-8.3 p.p.). The latter three Pacific Islands, heavily reliant on tourism, experienced the largest decreases because of border closures to limit the spread of COVID-19. Seven economies reported increases in their tax-to-GDP ratios in 2020; the largest were observed in Tokelau and Bangladesh at 1.5 p.p. and 1.2 p.p., respectively. The increases in the remaining economies were smaller than 1 p.p.

Over a longer timeframe, tax-to-GDP ratios declined in fifteen of the 28 Asian and Pacific economies between 2010 and 2020. The largest decreases were observed in Fiji (-5.1 p.p.), Bhutan (-5.2 p.p.), Papua

[1] At the time of publication, data for 2020 are not available for Australia and Japan

New Guinea (-5.3 p.p.), the Cook Islands (-7.2 p.p.) and Kazakhstan (-9.7 p.p.). While tax-to-GDP ratios in Kazakhstan, Papua New Guinea and Bhutan were affected by falls in mineral prices between 2010 and 2020, decreases in Fiji and the Cook Islands over this period were attributable to the COVID-19 pandemic. Across the same period, the largest increases in tax-to-GDP ratios were observed in the Maldives (10.1 p.p.), Cambodia (12.9 p.p.) and Nauru (39.2 p.p., since 2014). Samoa, Korea and Japan also reported increases larger than 5 p.p. between 2010 and 2020.

Tax structures in Asia and the Pacific

Changes in average tax-to-GDP ratios between 2019 and 2020 were driven by different tax categories in Asian and Pacific economies and OECD countries. In Asia-Pacific, revenues from taxes on goods and services decreased in 21 economies and decreased more as a percentage of GDP than in OECD countries, where this tax category did not change on average between 2019 and 2020. Revenues from corporate income tax (CIT) declined in half of the 26 Asia-Pacific economies for which data are available, whereas they declined in two thirds of the OECD countries.

On average, taxes on goods and services were the main source of tax revenues in the Asia-Pacific region in 2020, accounting for 50.6% of total tax revenues, similar to the Africa (30)[2] and LAC averages (51.9%, 2019 figure, and 48.4%, respectively) and higher than in the OECD (32.6%, 2019 figure). However, within this category, the average share of value-added taxes in total revenues was lower in Asia-Pacific (23.1%) than in Africa and LAC (29.3%, 2019 figure and 27.5%, respectively) and similar to the OECD average (20.3%, 2019 figure).

Revenues from personal income taxes (PIT) accounted for 16.0% of total tax revenues on average in Asia-Pacific, similar to the Africa (30) average of 17.7% (2019 figure), above the LAC average (9.8%) and below the OECD average (23.5%, 2019 figure). CIT accounted for a larger share of total tax revenues than PIT in the Asia-Pacific region, on average, at 18.8%, the same as the Africa (30) average (2019 figure) and above the shares in LAC (15.6%) and the OECD (9.6%, 2019 figure). In Pacific economies, PIT accounted for a larger share of total taxation than CIT (except in Fiji), whereas the share of CIT was higher in the Asian countries except for Japan, Kyrgyzstan and Korea.

Social security contributions (SSCs) accounted for a relatively small proportion of tax revenues for most Asian and Pacific economies, at 6.3% of total revenues. None of the Pacific economies levy SSCs and most of the Asian countries in the publication have very low SSCs. However, six Asian countries derived more than 15% of total tax revenues from SSCs: Japan (41.1%, 2019 figure), Viet Nam (30.4%), Korea (28.0%), China (24.2%), Mongolia (18.7%) and the Philippines (15.7%).

Non-tax revenues in selected economies

This publication also includes data on non-tax revenues for nineteen economies: Bhutan, Cambodia, the Cook Islands, Fiji, Kazakhstan, Kyrgyzstan, Lao PDR, the Maldives, Mongolia, Nauru, Pakistan, Papua New Guinea, the Philippines, Samoa, Singapore, Thailand, Tokelau, Vanuatu and Viet Nam. Between 2019 and 2020, non-tax revenues declined in twelve economies as a percentage of GDP while they increased in seven economies.

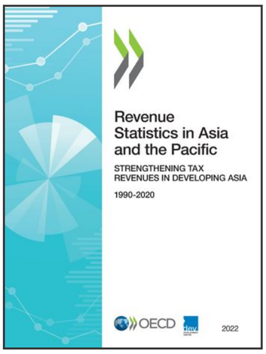
In 2020, non-tax revenues exceeded 10% of GDP in Samoa (11.6%), Bhutan (19.8%), Vanuatu (24.0%), the Cook Islands (27.4%), Nauru (67.5%) and Tokelau (218.7%). Grants were an important source of revenue in 2020 in eight economies (Bhutan, Cambodia, the Cook Islands, Lao PDR, Papua New Guinea,

[2] The Africa (30) average refers to the unweighted average of the 30 African countries participating in *Revenue Statistics in Africa 2021*.

Samoa, Tokelau and Vanuatu), exceeding 30% of total non-tax revenues. Property-related income accounted for the largest share of non-tax revenues in Singapore (78.8%), Kazakhstan (75.2%), Pakistan (74.9%), Tokelau (59.6%), the Philippines (58.0%), Nauru (54.7%) and Thailand (53.2%), and also contributed more than 30% of non-tax revenues in Mongolia, Papua New Guinea, Bhutan and Lao PDR.

Special feature: Strengthening tax revenues in Asia

The report includes a special feature exploring potential avenues for Asian countries to increase tax revenues while discussing the constraints and challenges they face in doing so. Policy considerations include the optimisation of key sources of revenues, improving the strategic use of tax expenditures, adapting to the growth of the digital economy and supporting multilateral initiatives to increase revenues from CIT. Recent estimates suggest that developing countries in Asia have the potential to increase tax revenues by 3.6% of GDP on average.



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