Executive summary

In light of the United Nations' 2030 Agenda for Sustainable Development, awareness of the need to mobilise government revenue in developing countries to fund public goods and services is increasing. *Revenue Statistics in Asian and Pacific Economies* presents key indicators to track progress on domestic resource mobilisation and to inform tax policy and reform.

Revenue Statistics in Asian and Pacific Economies 2020 is published at a time when the world confronts an unprecedented crisis due to the COVID-19 pandemic, which has posed severe challenges to health systems and economies across the Asia and Pacific region, as well as to citizens themselves. A special feature in this report examines the ways in which tax revenues across the region will be affected by the pandemic, as well as the central role that tax policy and administration play in supporting households and individuals during the crisis, and stimulating economic and fiscal recovery once it has passed.

Revenue Statistics in Asian and Pacific Economies presents detailed, internationally comparable data on tax revenues for 21 Asian and Pacific economies: Australia, Bhutan, People's Republic of China, the Cook Islands, Fiji, Indonesia, Japan, Kazakhstan, Korea, Malaysia, Mongolia, Nauru, New Zealand, Papua New Guinea, the Philippines, Samoa, Singapore, the Solomon Islands, Thailand, Tokelau and Vanuatu. It also provides information on non-tax revenues for Bhutan, the Cook Islands, Fiji, Kazakhstan, Mongolia, Nauru, Papua New Guinea, the Philippines, Samoa, Thailand, Tokelau and Vanuatu. The data on fiscal revenues demonstrate the strength of the region's tax systems going into the crisis and are a valuable tool to understand how the crisis might affect different countries, and also to support countries to build more resilient fiscal systems in its aftermath.

Tax-to-GDP ratios in Asian and Pacific economies

In 2018, tax-to-GDP ratios in the Asia and Pacific region ranged from 11.9% in Indonesia to 35.4% in Nauru. The tax-to-GDP ratio refers to total tax revenue, including social security contributions, as a percentage of gross domestic product (GDP). All economies in this publication had lower ratios in 2018 than the OECD average of 34.3%, with the exception of Nauru, whereas ten of the economies included in this publication had tax-to-GDP ratios above the Latin American and the Caribbean (LAC) average of 23.1%. There is also a difference in tax-to-GDP ratios across the regions: eight of the eleven Asian countries covered in this publication had a tax-to-GDP ratio below 20.0% (the exceptions being Japan, Korea and Mongolia) whereas seven of the ten Pacific economies had a tax-to-GDP ratio above 23.0% (the exceptions being Papua New Guinea, Tokelau and Vanuatu).

Since 2017, nearly two-thirds of the economies included in this publication experienced increases in their tax-to-GDP ratios. The largest increases were seen in Nauru, Tokelau and Mongolia (6.4 percentage points (p.p.), 3.8 p.p. and 2.5 p.p., respectively), largely due to increases in tax rates. In Mongolia, increases in personal income tax rates and in the excise rates on tobacco and alcohol drove higher revenues. Higher tobacco duties also contributed to the increase in Tokelau; and higher employment tax rates for non-residents, service tax rates and various business tax rates drove the increase in Nauru. Four other economies (Solomon Islands, Korea, the Cook Islands and Samoa) had increases greater than 1 percentage point. By contrast, most of the decreases were less than one percentage point: only Bhutan experienced a larger decrease of 1.4 p.p., mainly due to the removal of the excise duty on fuel imports.

Over a longer timeframe, eleven economies included in the publication have increased their tax-to-GDP ratios over the last decade. The highest increases between 2007 and 2018 were observed in the Solomon Islands, Samoa and the Cook Islands (10.6 p.p., 7.0 p.p. and 4.9 p.p., respectively). Across the same period, Mongolia, Papua New Guinea and Kazakhstan experienced the largest decreases in their tax-to-GDP ratios (4.3 p.p., 8.6 p.p. and 9.3 p.p., respectively), driven in all three cases by decreases in corporate income tax (CIT) revenues due to lower resource prices.

Tax structures in Asian and Pacific economies

Economies in Asia and the Pacific rely on goods and services taxes and on income taxes. In ten economies in this publication (the Cook Islands, Fiji, Kazakhstan, Mongolia, the Philippines, Samoa, the Solomon Islands, Thailand, Tokelau and Vanuatu), taxes on goods and services accounted for the largest share of tax revenues in 2018. In most of these economies, VAT is less significant than other taxes on goods and services, such as excises and import duties, with seven economies recording higher revenues from other taxes on goods and services (ranging from 31.1% of total tax revenues in Kazakhstan to 73.2% in the Solomon Islands), and three economies receiving a larger share of revenue from VAT (Mongolia (28.2%), Samoa (40.1%) and the Cook Islands (44.6%)).

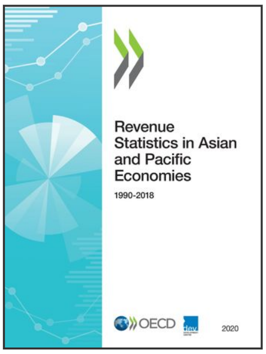
Income taxes provided the main share of tax revenues in the remaining economies, except in Japan. Among these economies, the share of income tax revenues varied from 34.1% in Korea to 70.2% in Nauru. Corporate income tax revenues were higher than personal income tax revenues in four Asian countries (Bhutan, Indonesia, Malaysia and Singapore), while all Pacific economies in this group (Australia, New Zealand, Papua New Guinea and Tokelau) and Korea raised higher shares of personal income taxes.

As discussed earlier, social security contributions played a small role in revenues for most Asian and Pacific economies, with a few exceptions. Japan derived the largest share of total tax revenues from social security contributions, at 39.9% in 2017. Social security contributions also played a significant role in revenues in Mongolia (20.1%) and Korea (25.4%) in 2018, similar to the OECD average (26.0% in 2017).

Non-tax revenues in selected economies

This publication includes data on non-tax revenues for twelve economies (Bhutan, the Cook Islands, Fiji, Kazakhstan, Mongolia, Nauru, Papua New Guinea, the Philippines, Samoa, Thailand, Tokelau and Vanuatu). In 2018, non-tax revenues as a percentage of GDP were significant for Bhutan, the Cook Islands, Nauru, Tokelau and Vanuatu but lower than 6.5% of GDP in the remaining economies.

Grants were an important source of revenue in 2018 for six economies for which non-tax revenues are presented (Papua New Guinea, the Cook Islands, Bhutan, Tokelau, Samoa and Vanuatu). In each of these economies they exceeded 30% of total non-tax revenues and they were the main source of non-tax revenues for Papua New Guinea (62.6%), the Cook Islands (46.7%) and Samoa (33.8%). Property-related income was the main source of non-tax revenues for Kazakhstan (81.5%) and Tokelau (60.0%), but also contributed more than 36% of total non-tax revenues in eight other economies (Papua New Guinea, the Cook Islands, the Philippines, Fiji, Mongolia, Bhutan, Nauru and Thailand).



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