Revenue Statistics in Latin America and the Caribbean

Revenue Statistics in Latin America and the Caribbean is an annual publication providing accurate, complete and reliable statistics on tax revenues for tax policy. It includes harmonised and internationally comparable data 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 ninth edition of Revenue Statistics in Latin America and the Caribbean, published in May 2020, provides data from 1990 to 2018 for 26 countries (three of which are OECD members1): 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 (included for the first time), 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 the Latin American and Caribbean region which is compared with the OECD average.

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

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1. Colombia became a member of the OECD on 28 April 2020. However, the OECD average used in this report is taken from the publication Revenue Statistics 2019 (https://doi.org/10.1787/0bdc27da-en), which was published in November 2019 and therefore does not include Colombia as they were not a member when that report was produced. Colombia will be included in the OECD average in future publications of this report.
In 2018, the average tax-to-GDP ratio in Latin America and the Caribbean (LAC) (measured as tax revenues, including social security contributions paid to general government, as a proportion of GDP) was 23.1%. The LAC average represents the unweighted average of 25 LAC countries included in this publication and excludes Venezuela due to data availability issues.

Across the LAC region, tax-to-GDP ratios ranged from 12.1% in Guatemala to 42.3% in Cuba in 2018; all LAC countries other than Cuba recorded a tax-to-GDP ratio below the OECD average of 34.3%. Between 2017 and 2018, the average tax-to-GDP ratio increased by 0.4 percentage points. The increase in the tax-to-GDP ratio reflects in part a slight recovery in the economic environment in the region since 2017 (driven by improvements in domestic demand, increased trade and higher commodity prices) as well as a recovery from the impact of natural disasters in the Caribbean in 2017.

The largest increases in tax-to-GDP ratios between 2017 and 2018 occurred in three Caribbean countries: Trinidad and Tobago (3.3 percentage points), Belize (1.4 percentage points) and Guyana (1.3 percentage points).

Figure 1. Tax-to-GDP ratios (total tax revenue as % of GDP) in LAC countries, 2018

In Trinidad and Tobago, revenues from taxes on income and profits (especially corporate income tax [CIT]) were the main drivers, underpinned by a strong recovery in the energy sector. Belize and Guyana recorded increases in all main categories of tax revenue in 2018 as a proportion of GDP due to administrative and policy reforms as well as an improved economic context. Outside these three countries, a further 12 countries reported an increase in their tax-to-GDP ratios, while seven recorded a decrease and three were unchanged from 2017 levels. The largest decreases were seen in Argentina (1.3% of GDP) and Nicaragua (0.8% of GDP), in both cases due to a weaker economic environment.

Figure 2. Changes in tax-to-GDP ratios in LAC countries in 2016-17 and 2017-18 (percentage points of GDP)

TAX-TO-GDP RATIOS SINCE 1990

Between 1990 and 2018, the average tax-to-GDP ratio in LAC countries rose almost continuously, increasing by more than 7 percentage points from 15.9% to 23.1% and converging to the OECD average: the difference against the OECD average tax-to-GDP ratio decreased from 16.0 percentage points in 1990 to 11.2 percentage points in 2018.

The main contributors to the increase in tax revenues in the LAC region were value-added taxes (VAT) and taxes on income and profits. VAT revenue as a percentage of GDP in LAC countries increased by 3.8 percentage points between 1990 and 2018, reaching 6.0% of GDP. Ten LAC countries, notably in the Caribbean, have introduced a VAT since 1990 and most LAC countries have made additional efforts to increase these revenues (for example by increasing VAT rates, expanding the taxable base and strengthening the VAT collection system). Revenues from taxes on income and profits increased by 3.1% of GDP over the same period, mainly driven by the boom in commodity prices after 2003, which drove up CIT revenues from the natural resource sector.

The average tax-to-GDP ratio for the South American sub-region was the same as the LAC average in 2018 at 23.1%. South America has recorded the fastest growth in the tax-to-GDP ratio since 1990 and exceeded the LAC average in 2004. However, it recorded a steady decrease between 2015 and 2017 before recovering in 2018. The averages for the Central America and Mexico sub-region and the Caribbean have increased gradually since 1990, although this trend has diverged since 2016: Central America and Mexico remained relatively flat at 21.0% whereas the Caribbean region has shown strong growth, increasing by 1.5 percentage points over the period to reach 25.7% in 2018.
TAX STRUCTURES

In 2018, the LAC average tax mix continued to exhibit a relatively high reliance on revenue from taxes on goods and services, which made up about half of total tax revenues, compared with a third in the OECD. VAT and revenues from taxes on income and profits were the biggest sources of revenue on average in the LAC region in 2018, each accounting for 27.8% of total tax revenues.

Within taxes on income and profits, the region relies more on revenues from CIT than OECD countries and is significantly less reliant on personal income tax (PIT). In 2017, CIT and PIT revenues in the LAC region accounted for 15.3% and 9.7% of total tax revenues respectively, compared with 9.3% and 23.9% in the OECD. Similarly, the average share of SSCs in total tax revenues was 8.7 percentage points lower in the LAC region than in the OECD, on average (17.3% compared to 26.0%).

Environmentally related tax revenues (ERTRs) amounted to 1.1% of GDP on average in 2018 in the 23 LAC countries for which data is available, below the OECD average of 2.3%. Approximately two-thirds of ERTRs in the LAC region are derived from taxes on energy, most commonly excises on diesel and petrol (0.6% of GDP on average). Revenues from motor vehicle and transport service taxes represented most of the remainder.
The LAC region has been slow to implement taxes to address environmental issues, although a few LAC countries have introduced significant reforms, including Chile, Mexico and, most recently, Colombia.

**SPECIAL FEATURES**

The Report contains two special features. The first identifies trends in fiscal revenues from non-renewable natural resources for selected LAC countries in 2018-19. Driven by higher international prices, hydrocarbon-related revenues in the LAC region rebounded in 2018 to reach 2.7% of GDP, compared to 2.0% of GDP in 2016 and 2017. Meanwhile, revenues from mining as a proportion of GDP increased to 0.4% on average in 2018 from 0.3% in 2017, due to a rise in corporate tax receipts following strong profits in 2017. Estimates for 2019 suggest that revenues from non-renewable natural resources declined in the region, driven by a fall in prices. Hydrocarbon-related revenues and mining revenues are estimated to have fallen to 2.5% of GDP and 0.3% of GDP in 2019, respectively.

The second special feature examines Equivalent Fiscal Pressure (EFP) in LAC countries over the period 1990-2018. EFP is the sum of the tax-to-GDP ratio, plus compulsory contributions to private social insurance systems and non-tax revenues from natural resources; it is expressed as a percentage of GDP. In 2018, the average EFP in the LAC region was 25.0% of GDP and had increased by 0.5 percentage points from its level in 2017. Since 1990, the share of compulsory contributions to private social insurance systems as a percentage of GDP has increased by 0.7 percentage points, on average, while revenues from natural resources have been volatile.

**Figure 5. Trends in revenues from non-renewable natural resources (as % of GDP), 2010-2019**

Notes: Mining country sample includes: Argentina, Bolivia (Plurinational State of), Brazil, Chile, Colombia, Dominican Republic, Ecuador, Guatemala, Jamaica, Mexico and Peru. Hydrocarbons country sample includes: Argentina, Bolivia (Plurinational State of), Brazil, Colombia, Ecuador, Guatemala, Mexico, Peru, and Trinidad and Tobago. Data for 2019 are estimates.

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 on line.
  - **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 100 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 36 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 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 organization that provides specialised technical assistance for the modernization and strengthening of tax administrations. Founded in 1967, CIAT currently has 42 member countries and associate member countries from four continents.

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 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.
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Contacts

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

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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: www.oecd.org/tax/tax-policy/global-revenue-statistics-database.htm