

Analysis of Tax Collection in 2020

■ Change of Tax Revenue

In 2020, tax revenues was NT\$2,398.7 billion, decreasing NT\$71.9 billion or 2.9% from 2019. It was the first decline in 11 years, mainly due to the decrease in profit-seeking enterprise income tax and commodity tax.

Table 1. Change of tax revenue in 2020

unit : NT\$ billion ; %

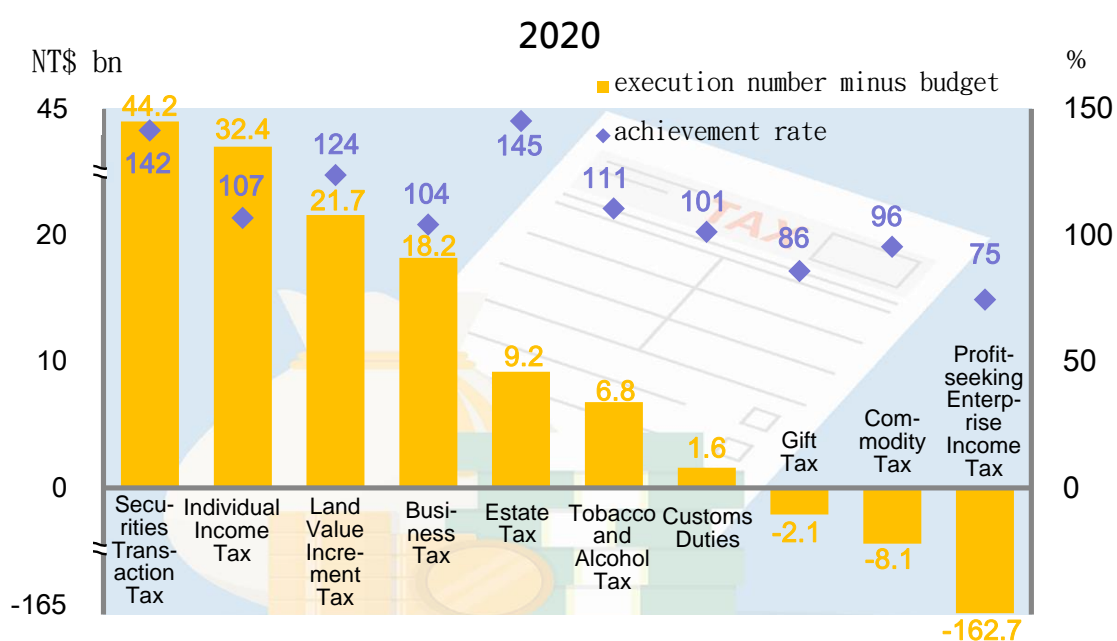
Item of Tax	Tax Revenue	Growth		Structure Ratio	Growth Percentage Point VS. Last Year
		Value VS. Last Year	Rate VS. Last Year		
Grand Total	2,398.7	-71.9	-2.9	100.0	—
Customs Duties	121.4	-1.7	-1.3	5.1	0.1
Income Tax	981.7	-167.1	-14.5	40.9	-5.6
Profit-seeking Enterprise Income Tax	477.1	-170.9	-26.4	19.9	-6.3
Individual Income Tax	504.7	3.8	0.7	21.0	0.8
Estate and Gift Tax	42.3	7.4	21.1	1.8	0.3
Estate Tax	29.6	5.3	22.0	1.2	0.3
Gift Tax	12.7	2.0	19.1	0.5	0.1
Commodity Tax	170.2	-6.7	-3.8	7.1	-0.1
Securities Transaction Tax	150.6	59.4	65.2	6.3	2.6
Tobacco and Alcohol Tax	71.5	2.8	4.1	3.0	0.2
Business Tax	437.2	16.3	3.9	18.2	1.2
Land Tax	204.7	11.7	6.1	8.5	0.7
Land Value Tax	91.8	-0.1	-0.2	3.8	0.1
Land Value Increment Tax	112.9	11.9	11.7	4.7	0.6
House Tax	79.3	-1.7	-2.0	3.3	0.0
Vehicle License Tax	66.3	0.7	1.0	2.8	0.1

■ Achieving Rate of Tax Revenue

In 2020, tax revenues was NT\$22.3 billion less than the budget, with a rate of 99.1%, of which the central government was NT\$74.2 billion short and the local government with an excess of NT\$25.0 billion. If broken down into tax items, the main source of tax shortfall comes from the profit-seeking enterprise income tax, which fell short of budget target by NT\$162.7 billion with an achievement rate of 75%, the commodity tax by NT\$8.1 billion, and the gift tax by NT\$2.1 billion, both of which accounted for 96% and 86% of

their annual budgets respectively. Achieving tax items include the securities transaction tax exceeding NT\$44.2 billion with an achievement rate of 107%; subsequently followed by the individual income tax exceeding NT\$32.4 billion with an achievement rate of 107%; the land value increment tax exceeding NT\$21.7 billion with an achievement rate of 124%; the business tax exceeding NT\$18.2 billion with an achievement rate of 104%; the estate tax exceeding NT\$9.2 billion with an achievement rate of 145%; the tobacco and alcohol tax exceeding NT\$6.8 billion with an achievement rate of 111%; and the customs duties tax exceeding NT\$1.6 billion with an achievement rate of 101%.

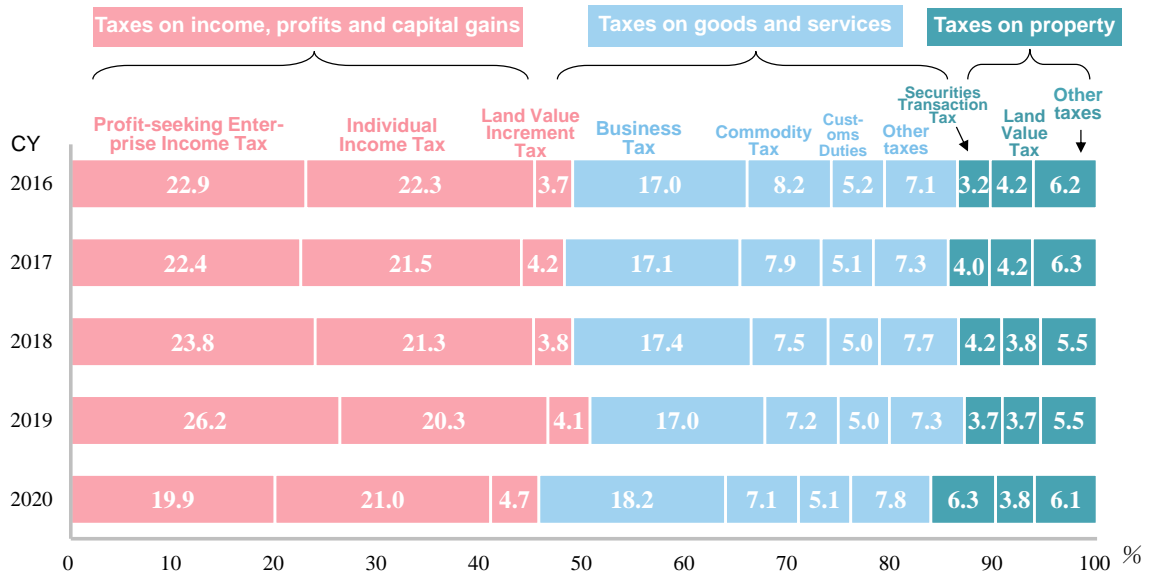
Figure 1. Tax Revenue Budget Achieving Rate by Major Types of Taxes



■ Structure of Tax Revenue

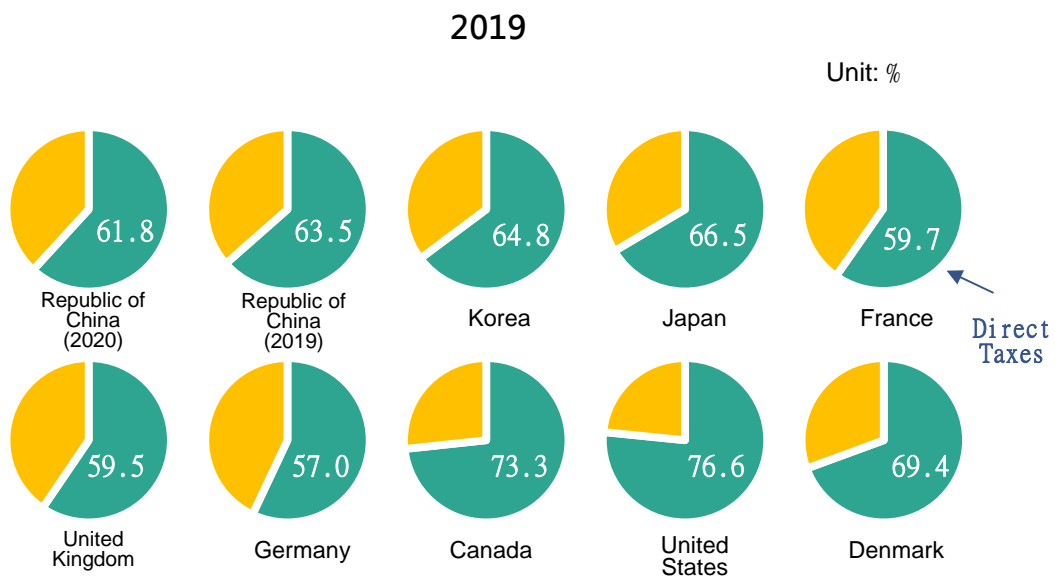
For the taxes revenue structure in 2020, the profit-seeking enterprise income tax and individual income tax accounted for 19.9% and 21.0%, which amounted to 40.9% of the total tax revenue, lower than 2019 by 5.6 percentage points; business tax accounted for 18.2%, and commodity tax dipped to 7.1%, the lowest ever; and securities tax rose to 6.3%.

Figure 2. Structure of Tax Revenue-by OECD classification of Taxes



Taxation systems worldwide generally use direct taxes. The proportion of direct tax in the ROC averages about 60% in recent years and reached 61.8% in 2020, which is close to Korea, France and the United Kingdom. The direct tax ratio are 67% and 69% respectively in Japan and Denmark, and more than 73% in the United States and Canada, while Germany is the lowest in major countries, with a mere 57%.

Figure 3. International Comparison of Tax Structures – by Direct and Indirect Taxes

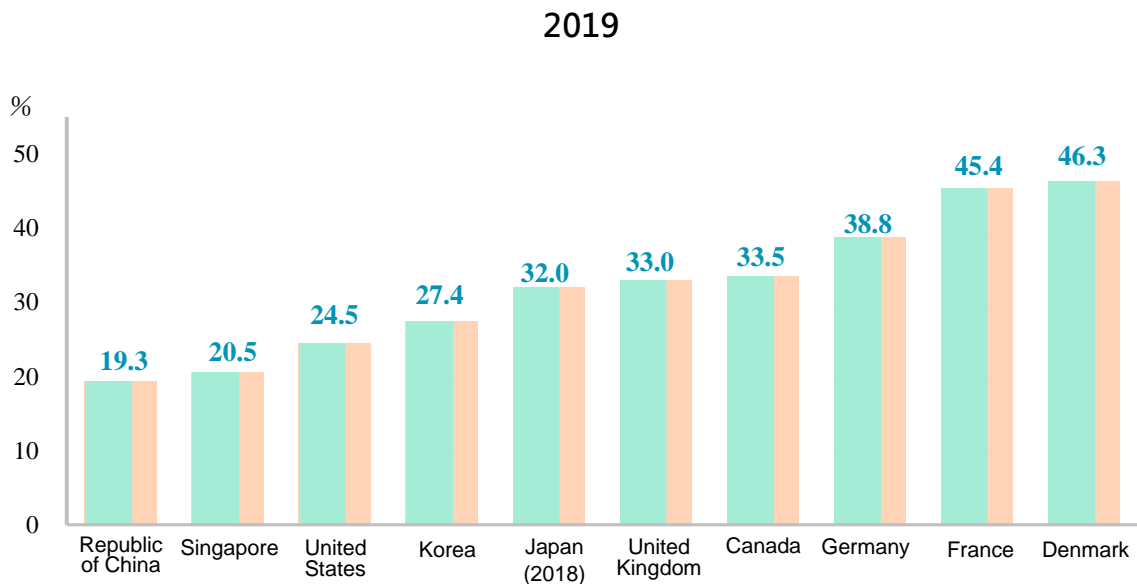


Source : OECD "Revenue Statistics"

■ Tax burden

The ratio of tax revenue to GDP has maintained between 11% and 14% since 2000, and reached 12.1% in 2020, which is the lowest in 7 years and decreased 0.9 percentage points from 13.0% in 2019. Along with social security contribution, total tax burden rate for 2019 was 19.3%, of which social security accounts for 6.3% of GDP.

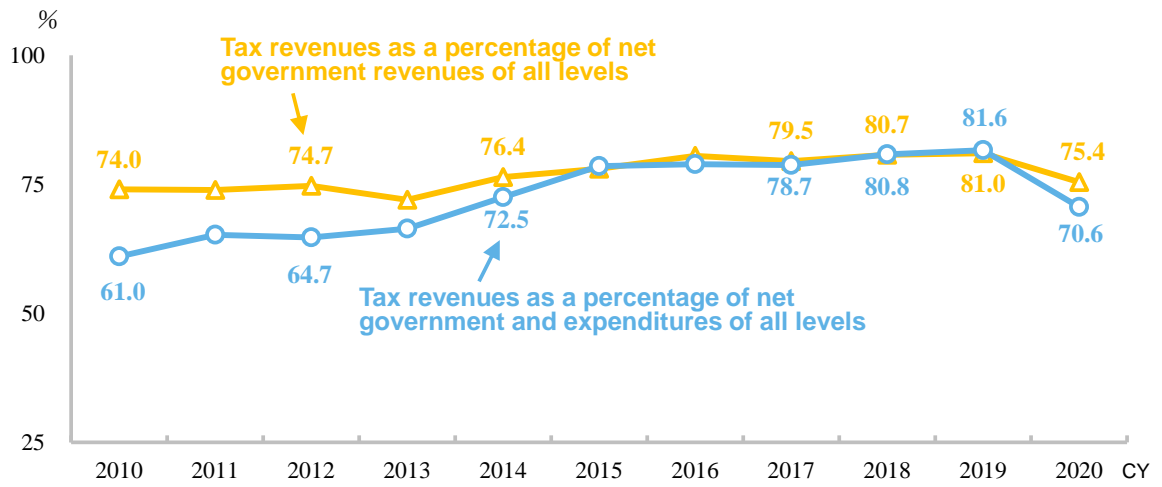
Figure 4. Main national tax burden rate (including social security contributions)



■ Tax revenues as a percentage of net government revenues and expenditures of all levels

In 2020, the percentage of tax revenues to net government revenues of all levels (including special budget) was 75.4%, decreasing 5.6 percentage points from 81.0% in 2019; due to the expansion of public expenditures, the percentage of tax revenues to net government expenditures of all levels (including special budget) decreased by 11.0 percentage points from 2019 to 70.6%.

Figure 5. Tax revenues as a percentage of net government revenues and expenditures of all levels



Note : Net government revenues and expenditures of all levels include special budgets.