

# Analysis of Tax Revenue Collection in 2024

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## I. Introduction

The combined effects of Filing of Individual Income Tax, increased Withholding Tax on interest income and the Consolidated Housing and Land Income Tax, the expiration of the Profit-seeking Enterprise Provisional Income Tax exemption measures, the AI trend supporting the trading volume of the Taiwan stock market, and stable domestic demand have led to the growth of related tax revenues. In 2024, total net tax revenue reached a new historical high, with an annual increase of 8.8%, exceeding the budget amount by NT\$528.3 billion. This is also a historical high and the fourth consecutive year of better-than-expected performance. The following will further examine the tax revenue changes, tax achievement rate, tax structure, and tax burden.

## II. Changes in Tax Revenue

In 2024, total net tax revenue reached a new high of NT\$3,761.9 billion, an increase of NT\$305.7 billion (+8.8%) compared to 2023, showing positive growth for the fourth consecutive year. This was mainly contributed by the growth in Securities Transaction Tax, Individual Income Tax, Business Tax, and Profit-seeking Enterprise Income Tax.

Among the tax items with positive growth, Securities Transaction Tax had the largest increase of NT\$90.7 billion (+46.0%), mainly due to the AI trend and the hot sales of ETF products, which boosted the trading volume in the Taiwan stock market. Individual Income Tax followed with an increase of NT\$74.0 billion (+9.8%), primarily due to increased Filing Self-payments Tax, Withholding Tax on interest and salary income, and Consolidation Housing and Land Income Tax.

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Business Tax increased by NT\$51.4 billion (+9.0%) due to interest rate hikes pushing up Financial Enterprises Business Tax, coupled with stable domestic demand and a simultaneous increase in import duties. Profit-seeking Enterprise Income Tax increased by NT\$42.5 billion (+3.9%). This was because the base

**Table 1 Changes in Tax Revenue in 2024**

Unit : billion ; %

Item	Tax Revenue	Annual Growth Value	Annual Growth Rate	Structure Ratio	Annual Growth Percentage Point
Grand Total	3,761.9	305.7	8.8	100.0	—
Customs Duties	160.9	8.4	5.5	4.3	-0.1
Profit-seeking Enterprise Income Tax	1,122.0	42.5	3.9	29.8	-1.4
Individual Income Tax	829.1	74.0	9.8	22.0	0.2
Estate Tax	41.7	4.8	13.2	1.1	0.0
Gift Tax	31.4	6.4	25.6	0.8	0.1
Commodity Tax	161.3	-3.0	-1.8	4.3	-0.5
Securities Transaction Tax	288.1	90.7	46.0	7.7	1.9
Tobacco and Alcohol Tax	66.3	-3.3	-4.7	1.8	-0.3
Specifically Selected Goods and Services Tax	6.6	1.1	20.3	0.2	0.0
Business Tax	623.7	51.4	9.0	16.6	0.0
Land Value Tax	99.0	5.0	5.3	2.6	-0.1
Land Value Increment Tax	89.3	14.7	19.8	2.4	0.2
House Tax	92.6	3.3	3.7	2.5	-0.1
Vehicle License Tax	68.7	0.1	0.1	1.8	-0.2
Deed Tax	19.3	3.5	21.9	0.5	0.1
Stamp Tax	18.8	1.8	10.5	0.5	0.0

Explanation : Only part of the tax items are listed, the subtotal would not match the grand total.

period was lower due to the provisional payment exemption measures in the previous year. However, the profit decline of listed (over-the-counter) companies in 2023 reduced the Filing Self-payments Tax, offsetting part of the increase.

Land Value Increment Tax rose by NT\$14.7 billion (+19.8%), related to the expansion of large tax payment cases and the warming of the real estate market. Customs Duties increased by NT\$8.4 billion (+5.5%), mainly due to higher import duties on passenger cars, machinery and electrical equipment, and plastic and rubber products.

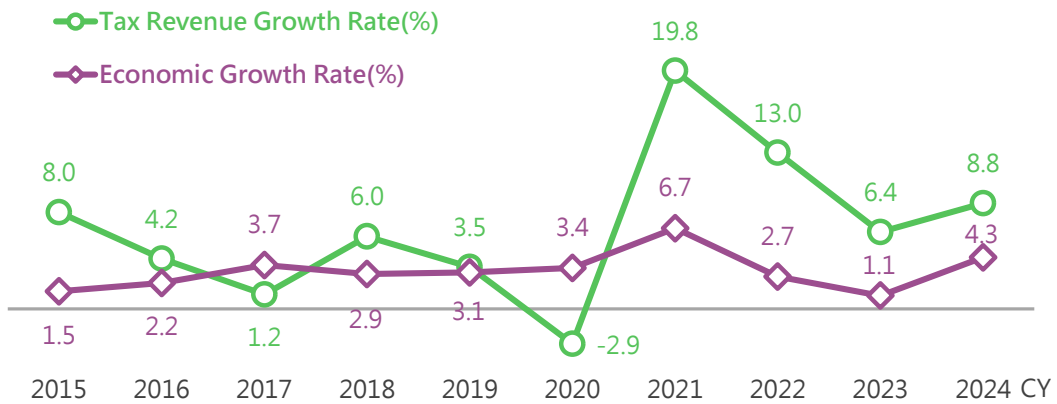
Among the tax items with negative growth, Tobacco and Alcohol Tax decreased the most by NT\$3.3 billion (-4.7%), mainly affected by higher tobacco prices reducing demand and a higher base period from increased alcohol imports last year. Commodity Tax decreased by NT\$3.0 billion (-1.8%), mainly because the easing of automotive chips shortage last year, allowed a large backlog of orders to be processed.

### **III. Tax Revenue Trends and Economic Growth Rate**

Looking at the trends of tax revenue changes and the economic growth rate, there has been a frequent divergence between the two in recent years, and they have not maintained a corresponding fluctuating relationship in the long term.

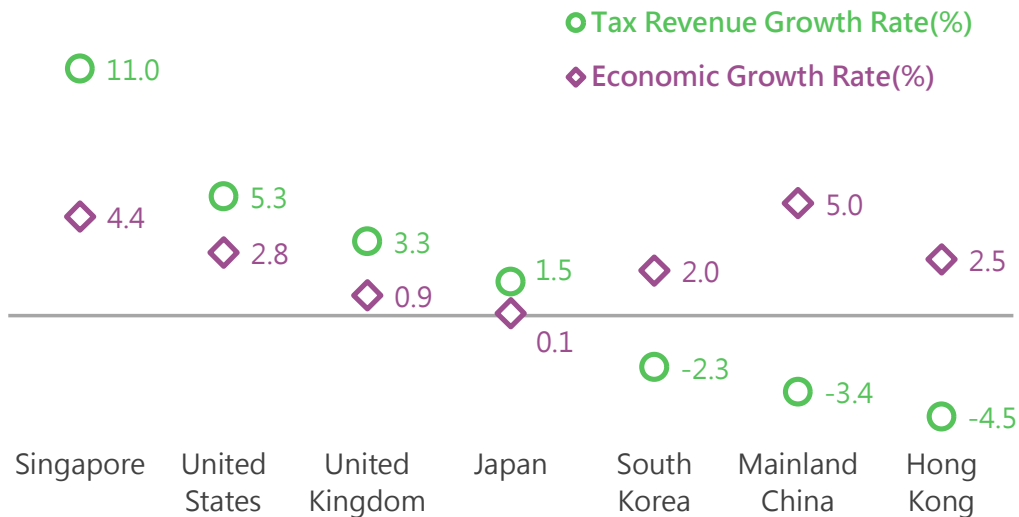
In 2024, Taiwan's tax revenue annual growth rate was 8.8%, marking the fourth consecutive year of outpacing economic growth. The phenomenon of a gap between tax revenue changes and economic growth trends also exists in major countries/regions. In 2024, South Korea, Mainland China, and Hong Kong showed economic growth but a contraction in tax revenue. Among them, Mainland China's economy grew by 5.0%, while tax revenue decreased by 3.4%, a relatively large gap. The gap in Hong Kong was also significant. Singapore, the United States, and the United Kingdom both saw positive growth in the two indicators, with Singapore's tax revenue growth rate being 6.6 percentage points higher than its economic growth rate.

Figure 1 Tax Revenue and Economic Growth Rate  
Republic of China(2015~2024)



Explanation : Economic Growth Rate is released by DGBAS(Directorate General of Budget, Accounting and Statistics) in January 2025.

Major Countries/Regions(2024)



Source : Official Websites from each country.

Explanation : Data period of the United States and Hong Kong is Q1~Q3 2024.

#### IV. Tax Revenue Achievement Rate

At the beginning of the tax revenue budget preparation process, the main references are economic conditions, the characteristics of each tax item, tax system adjustments, and the actual tax collection in recent years. These factors serve as the basis for compiling tax revenue. The period involves review and execution, with a time lag of about two years. During this time, it is susceptible to changes in domestic and foreign economic situations or other unforeseen

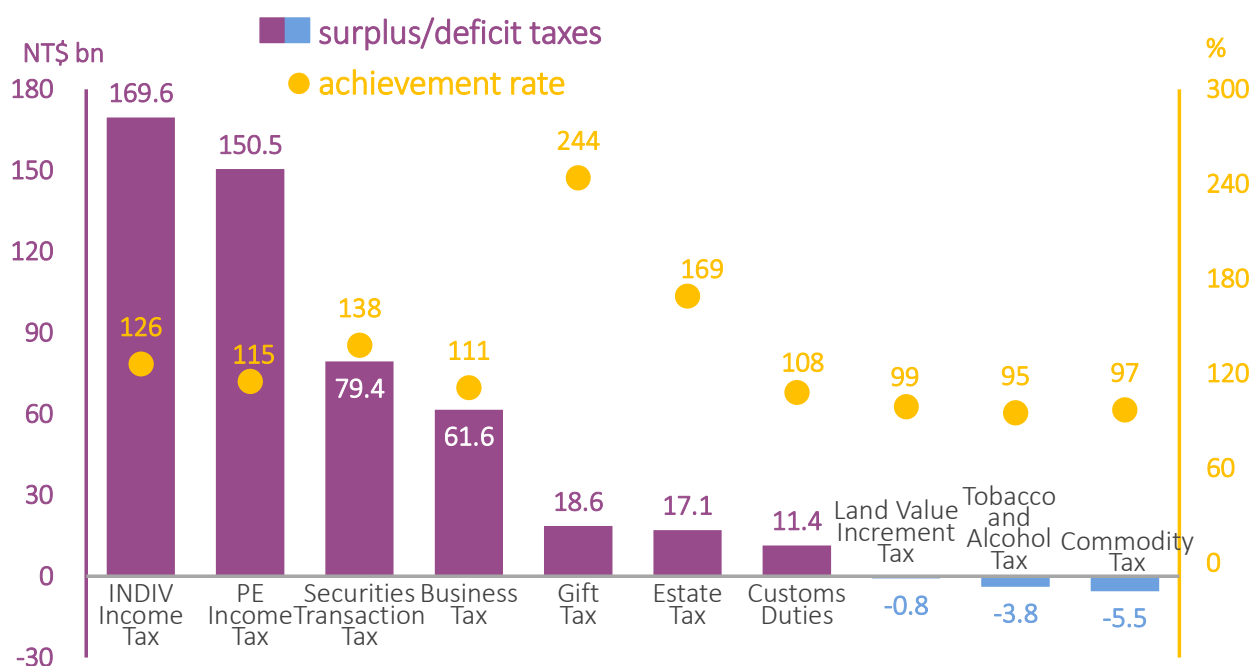
major events, leading to annual actual results often being higher (or lower) than the annual budget.

In 2024, total net tax revenue exceeded the budget by NT\$528.3 billion, the highest in history, with an achievement rate of 116%. Among this, the central government exceeded by NT\$375.7 billion, and local governments exceeded by NT\$80.2 billion.

The actual collection of most tax items in 2024 was better than the budget targets. The largest excess was in Individual Income Tax, exceeding by NT\$169.6 billion with an achievement rate of 126%. This was followed by Profit-seeking Enterprise Income Tax, exceeding the budget by NT\$150.5 billion with an achievement rate of 115%. Securities Transaction Tax, exceeding by NT\$79.4 billion with an achievement rate of 138%. Business Tax exceeded by NT\$61.6 billion with an achievement rate of 111%. Additionally, Gift Tax, Estate Tax, and Customs Duties exceeded the budgeted amounts by NT\$11.4 billion to NT\$18.6 billion, with achievement rates of 244%, 169%, and 108%, respectively.

The tax with shortfalls were Commodity Tax, Tobacco and Alcohol Tax, and Land Value Increment Tax, with shortfalls of NT\$5.5 billion, NT\$3.8 billion, and NT\$0.8 billion, respectively, and achievement rates ranging from 95% to 99%.

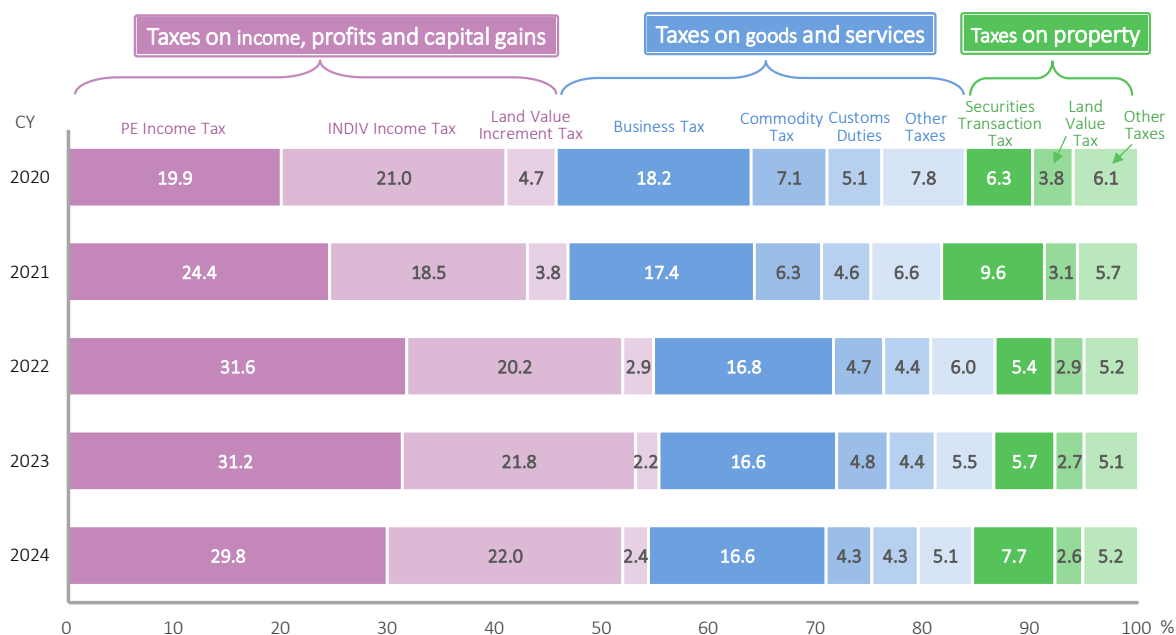
**Figure 2 Main Tax Item Budget Achievement in 2024**



## V. Tax Structure

Observing the proportion of each tax in 2024, Profit-seeking Enterprise Income Tax and Individual Income Tax accounted for 29.8% and 22.0% of the total tax revenue, respectively, with a combined proportion of 51.9%, a decrease of 1.2 percentage points compared to 2023. Business Tax accounted for 16.6%, ranking second and remaining the same as in 2023. Securities Transaction Tax followed at 7.7%, an increase of 1.9 percentage points. Commodity Tax and Customs Duties both accounted for 4.3%, a decrease of 0.5 and 0.1 percentage points compared to 2023, respectively, both being the lowest in history. The proportions of other taxes also had varying increases and decreases.

**Figure 3 Structure of Tax Revenues – by OECD Classification of Taxes<sup>1</sup>**



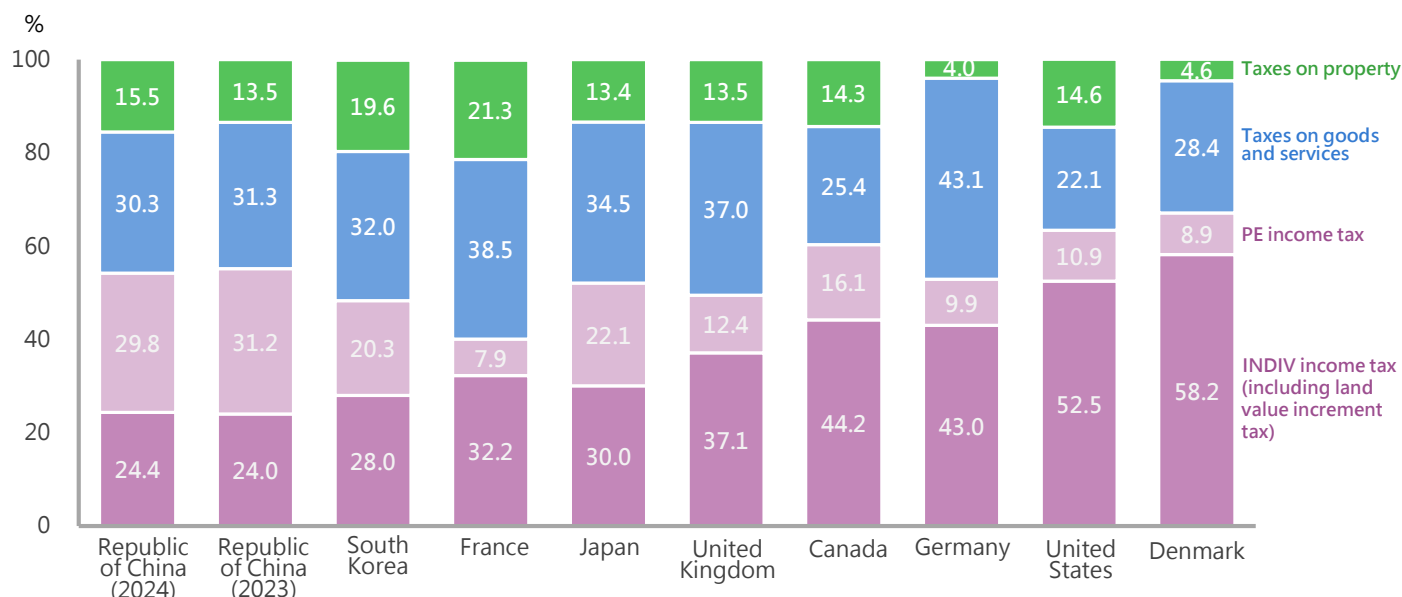
Observing by OECD classification of taxes, the income tax system (including Profit-seeking Enterprise Income Tax, Individual Income Tax, Land Value Increment Tax) accounted for 54.2% in 2024, a decrease of 1.0 percentage points compared to 2023, influenced by the increase in Individual Income Tax and Land Value Increment Tax and the decrease in Profit-seeking Enterprise Income Tax. The consumption tax system (composed of Business Tax, Commodity Tax, and

<sup>1</sup> It refers to the income tax system, consumption tax system, and property tax system (including property tax, payroll and workforce tax, and other taxes), but excludes social security contributions.

Customs Duties) also decreased to 30.3%. The property tax system (including Securities Transaction Tax, House Tax, Land Value Tax, Estate Tax, and Gift Tax) increased to 15.5%, an increase of 2.1 percentage points compared to 2023, due to the active stock market boosting Securities Transaction Tax.

The income tax system is the most important source of government revenue for all countries to support public expenditure, accounting for over 40% of tax revenue in the selected countries. In Taiwan (2024), the proportion reached 54%, only lower than Canada (60.3%), the United States (63.4%), and Denmark (67.1%). The proportion of the consumption tax system varies greatly among countries, with Germany having the highest at 43.1% and the United States having the lowest at 22.1%. Taiwan’s proportion is 30%, close to South Korea, Japan, and Denmark. The property tax system serves both to increase government revenue and promote social equity. In 2023, the proportion of the property tax system was lower in Germany (4.0%) and Denmark (4.6%), while other countries ranged between 13% and 21%. Taiwan’s proportion was 15.5%, similar to Canada and the United States.

**Figure 4 Major Countries’ Tax Structures (2023) – by OECD Classification of Taxes**



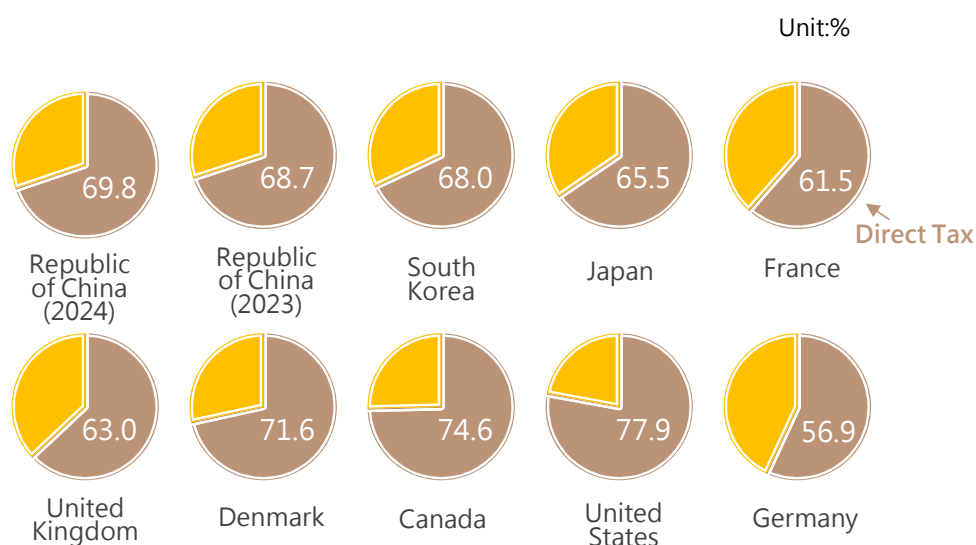
Source : OECD “Revenue Statistics 2024”.

Explanation : 1. Excluding Social Security Contributions.

2. The property tax system includes taxes on wages, labours and others.

Observing by direct and indirect tax, the proportion of direct taxes in Taiwan has been higher than 60% since 2015, reaching 69.8% in 2024 and approaching 70%, similar to South Korea and Denmark. France and the United Kingdom are both around 60%, while the United States has the highest proportion of direct taxes at nearly 80%. Germany has a relatively high proportion of consumption taxes, so direct taxes only account for 57%.

**Figure 5 Major Countries' Tax Structures (2023) – by Direct/Indirect Tax**



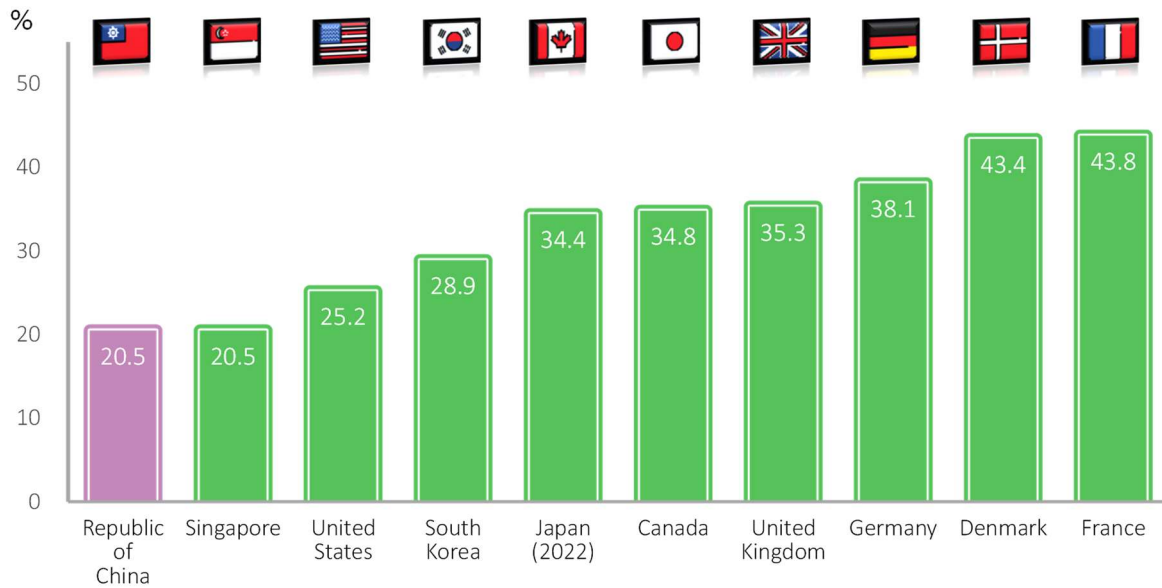
Source : OECD "Revenue Statistics 2024".

## VI. Tax Burden

The tax burden refers to the proportion of tax revenue to the Gross Domestic Product (GDP). Taiwan adopts a simplified and low-tax policy, and the tax-to-GDP ratio has mostly remained between 11% and 15% since 2000. In 2024, it was 14.8%, the highest in nearly 26 years, but still lower than the average of the 1980s and 1990s (16.5%). Including social security contributions, the latest tax-to-GDP ratio in 2023 was 20.5% (of which social security contributions accounted for 5.9% of GDP). Compared to neighboring South Korea (28.9%), Japan (34.4%), and most European and American countries, Taiwan's tax-to-GDP ratio is still at a relatively low level. European countries mostly have well-established social security systems and public welfare policies, requiring substantial tax revenue to maintain, so their tax-to-GDP ratios have always been relatively high.



Figure 6 Major Countries' Tax-to-GDP Ratios in 2023  
(including social security contributions)



Source : OECD "Revenue Statistics 2024".

Explanation : The tax-to-GDP ratio of R.O.C. is based on the Gross Domestic Product(GDP) released by DGBAS in January 2025.

## VII. Conclusion

The continued AI trend revitalized Taiwan's stock market trading. The Central Bank's interest rate hike pushed up Withholding Tax on interest income and the Financial Enterprises Business Tax. Additionally, the increases in Filing Individual Income Tax and Consolidated Housing and Land Income Tax, as well as the expiration of the Profit-seeking Enterprise Provisional Income Tax exemption measures, led to an overall increase in the four major tax items: Securities Transaction Tax, Individual Income Tax, Profit-seeking Enterprise Income Tax, and Business Tax, with Securities Transaction Tax showing the strongest performance. Total net tax revenue grew by 8.8% to NT\$3.8 trillion, reaching a new high and exceeding the budget by NT\$528.3 billion. Both the central and local governments benefited, strengthening the resilience of financial management. Due to Taiwan's adoption of a simplified and low-tax policy, the tax-to-GDP ratio has remained below 15% since 1999, consistently lower than other countries. In 2024, it was 14.8%, the highest in nearly 26 years but still lower than the average

level of the 1980s and 1990s. In 2023, the tax-to-GDP ratio including social security contributions was 20.5%, also significantly lower than Japan, South Korea, and European and American countries. As the principle of taxation fairness based on ability to pay becomes increasingly implemented, the proportion of direct taxes in the overall tax revenue continues to rise, approaching 70% in 2024, consistent with international trends.