

Analysis of Tax Collection in 2018

■ Change of Tax Revenue

In 2018, tax revenue was NT\$ 2,386.9 billion, reaching the highest record and increasing NT\$ 135.7 billion or 6.0% from 2017. It has been growing for 9 consecutive years, mainly due to the increase in income tax, business tax, tobacco and alcohol tax, and securities transaction tax.

Table 1. Change of tax revenue in 2018

unit : NT\$ billion ; %

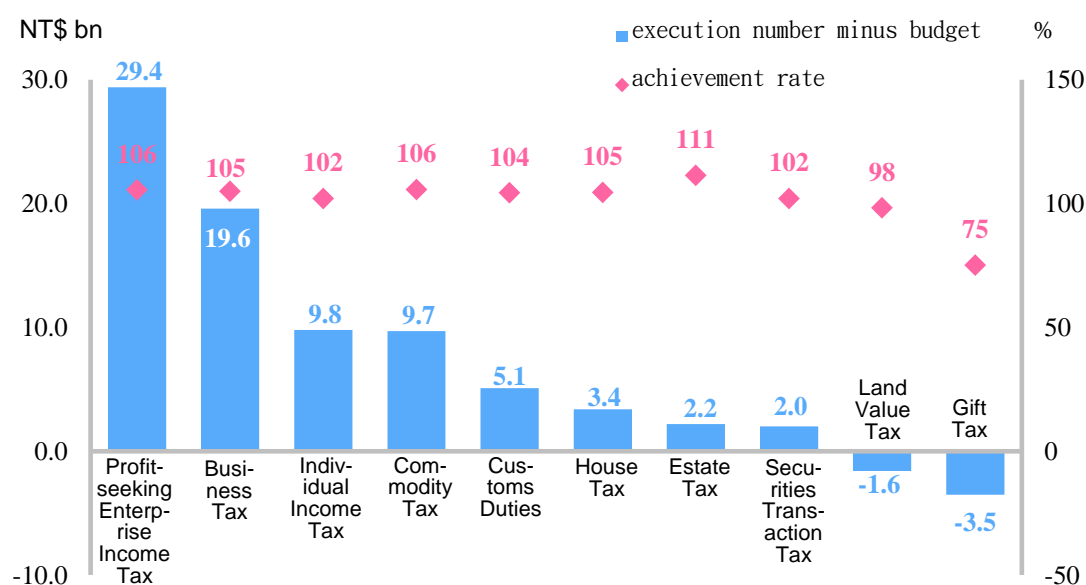
Item of Tax	Tax Revenue	Growth Value VS. Last Year	Growth Rate VS. Last Year	Structure Ratio	Growth Percentage Point VS. Last Year
Grand Total	2,386.9	135.7	6.0	100.0	—
Customs Duties	120.1	5.1	4.4	5.0	-0.1
Income Tax	1,077.1	90.7	9.2	45.1	1.2
Profit-seeking Enterprise Income Tax	567.9	64.6	12.8	23.8	1.4
Individual Income Tax	509.1	26.0	5.4	21.3	-0.2
Estate and Gift Tax	31.8	-19.3	-37.7	1.3	-1.0
Estate Tax	21.4	0.2	0.9	0.9	-0.0
Gift Tax	10.4	-19.5	-65.1	0.4	-0.9
Commodity Tax	180.1	1.6	0.9	7.5	-0.4
Securities Transaction Tax	101.2	11.2	12.5	4.2	0.2
Tobacco and Alcohol Tax	69.6	19.4	38.6	2.9	0.7
Business Tax	415.4	30.4	7.9	17.4	0.3
Land Tax	182.4	-6.2	-3.3	7.6	-0.8
Land Value Tax	91.9	-2.9	-3.1	3.8	-0.4
Land Value Increment Tax	90.6	-3.3	-3.5	3.8	-0.4
House Tax	78.6	1.9	2.4	3.3	-0.1
Vehicle License Tax	64.8	0.8	1.2	2.7	-0.1

■ Achievement Rate of Tax Revenue

In 2018, tax revenues exceeded the budget by NT\$ 89.7 billion, with an achievement rate of 103.9%, of which the central government exceeded NT\$ 61.7 billion and the local government exceeded NT\$ 18.9 billion. If broke down into tax items, the main source of tax excess comes from the profit-seeking enterprise income tax, which exceeded NT\$ 29.4 billion with an achievement rate of 106%, and subsequently followed by the business tax

exceeding NT\$ 19.6 billion with an achievement rate of 105%, the individual income tax exceeding NT\$ 9.8 billion with an achievement rate of 102%, and the commodity tax exceeding NT\$ 9.7 billion with an achievement rate of 106%. Underachieving tax items include the gift tax, which fell short of budget target by NT\$ 3.5 billion, and the land value tax by NT\$ 1.6 billion, both of which accounted for 75% and 98% of the their annual budgets respectively.

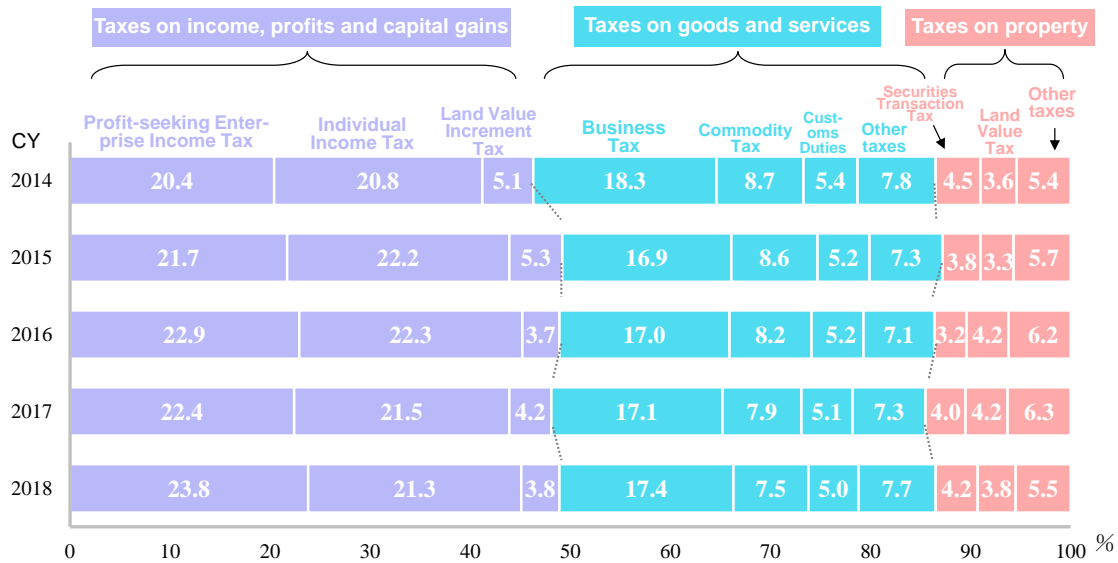
Figure 1. Tax Revenue Budget Achievement Rate by Major Types of Taxes



■ Structure of Tax Revenue

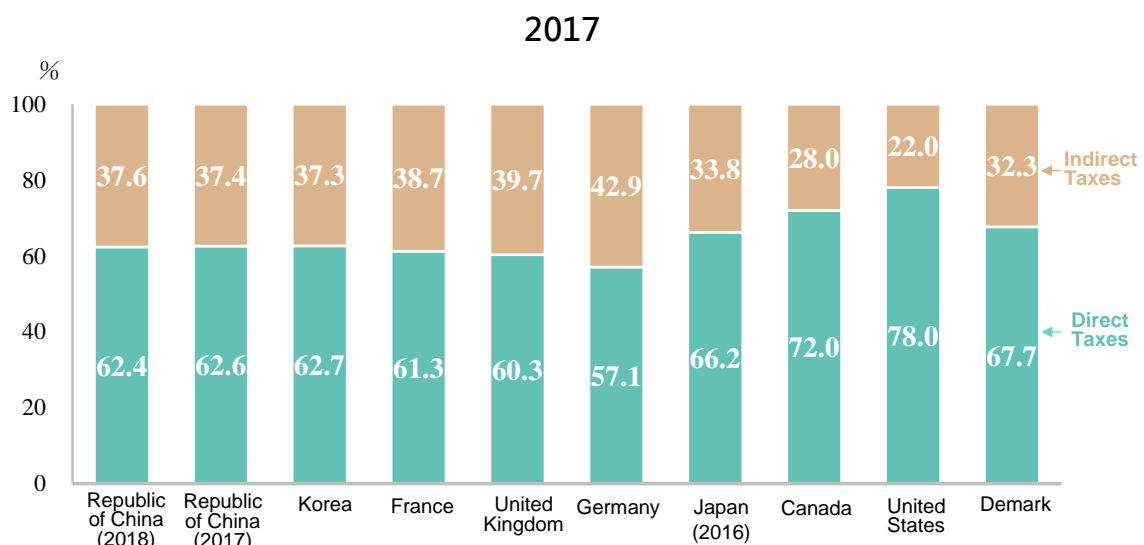
For the taxes revenue structure in 2018, the profit-seeking enterprise income tax and individual income tax accounted for 23.8% and 21.3%, which amounted to 45.1% of the total tax revenue, up 1.2 percentage points from 2017; business tax accounted for 17.4%, and commodity tax dipped to 7.5%, the lowest since 2009; and securities tax rose to 4.2%, the highest in four years.

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



The taxation system worldwide is generally featured by direct taxes. The proportion of direct tax in the ROC averages about 60% in recent years and slightly rose to 62.4% in 2018, which is close to South Korea, France, and the United Kingdom. The direct tax ratio of the United States and Canada is more than 70%, while Germany is the lowest in major countries, with a mere 57%.

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

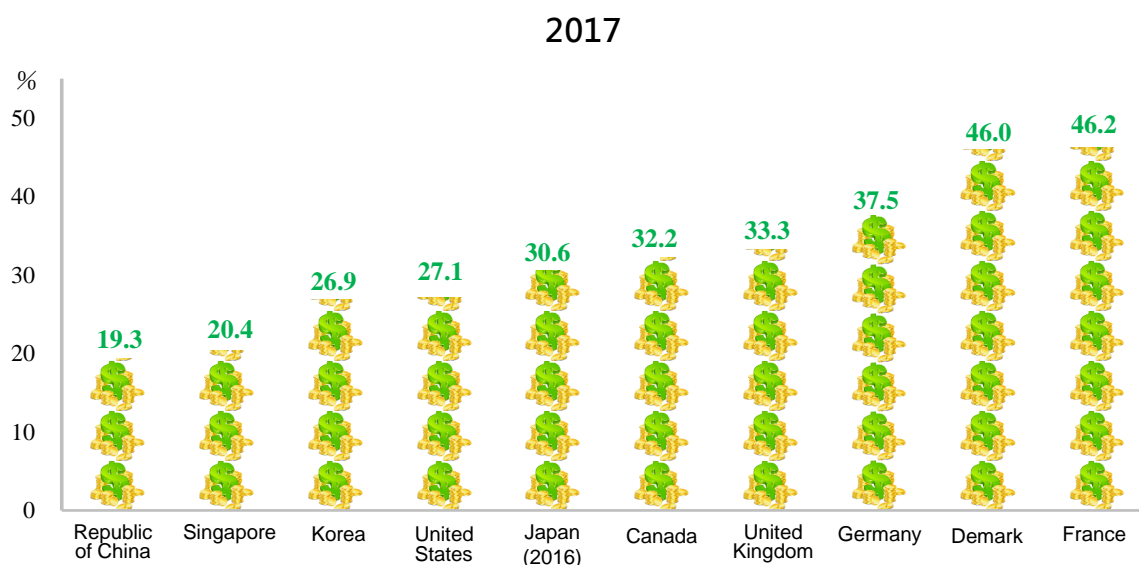


Source : OECD "Revenue Statistics"

■ Tax burden

The ratio of tax revenue to GDP has maintained between 11% and 14% since 2000, and reached 13.4% in 2018, which is the highest in 11 years and increased 0.5 percentage points from 12.9% in 2017. Along with social security contribution, total tax burden rate for 2017 was 19.3%, of which social security accounts for 6.4% 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 2018, the percentage of tax revenues to net government revenues of all levels (including special budget) was 80.7%, rising to its highest level; the percentage of tax revenues to net government expenditures of all levels (including special budget) increased by 2.1 percentage points from 2017 to 80.8%, the second highest level. The government's financial position remains to be sound and stable.

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

