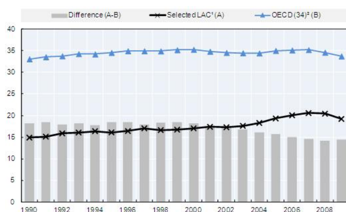
Increased domestic resource mobilization is widely accepted as crucial for countries to successfully meet the challenges of development and achieve higher living standards for all their people. Additional tax revenues enable governments to simultaneously improve their competitiveness and promote social cohesion through increased spending on education, infrastructure and innovation.

Latin American countries have made great strides over the past two decades in raising tax revenues as is demonstrated in Revenue Statistics in Latin America which is launched today by the CIAT, ECLAC and the OECD. It shows that the average tax to GDP ratio in 12 Latin American and Caribbean countries (LAC) rose almost continuously from 14.9% in 1990 to 19.2% in 2009. This increase reflects strong economic growth, taxation of non-renewable natural resources, and better management of tax administrations.

Despite these improvements, significant gaps between Latin America and OECD countries remain. The average tax to GDP ratio in OECD countries is much higher than in Latin American countries (33.8% compared to 19.2% in 2009, respectively). As the countries in the region still find themselves in relatively strong economic conditions, now is the time to consider reforms that generate long-term, stable resources for governments to finance development.

Tax to GDP ratios for the 12 Latin American and Caribbean countries covered by the Report – Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Mexico, Peru, Uruguay, and Venezuela – vary from Guatemala with the lowest percentage at 12.2% in 2009 to Brazil with the highest percentage at 32.6% (near to the OECD average).

Total tax revenues as percentage of GDP in Latin America and the Caribbean and OECD, 1990-2009



(1) Represents a selected group of 12 Latin American and Caribbean countries. These are Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Mexico, Peru, Uruguay and Venezuela. Chile and Mexico are also part of the OECD (34) group.

(2) Represents the unweighted average for OECD member countries.

Source: OECD/ECLAC/CIAT (2011), Revenue Statistics in Latin America, OECD Publishing

Statlink: http://dx.doi.org/10.1787/888932532012

Key findings:

Tax to GDP ratios

The difference between the OECD average tax to GDP ratio and that for the 12 LAC countries fell by 4 percentage points between 1990 and 2009.

Brazil had the highest tax to GDP ratio among the Latin American countries (32.6% in 2009), followed by Argentina (31.4%).

Guatemala had the lowest tax to GDP ratio (12.2% in 2009) followed by the Dominican Republic (13.1%) with El Salvador and Venezuela both at 14.4%.

Non-renewable natural resources have played a significant economic role in Latin America with the largest economies in the region being traditionally net exporters. The extensive mineral resources are strategically important for tax policy and, coupled with the recent commodity-price boom, have boosted tax revenues.

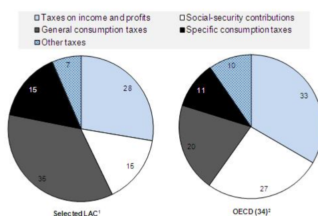
Tax structures

Following strong growth over the past twenty years, general consumption taxes (mainly VAT and sales taxes) accounted for 35% of tax revenues in the Latin American countries in 2009, whereas the share of specific consumption taxes (such as excises and taxes on international trade) declined to 15%.

Taxes on income and profits accounted for 28% of revenues in the Latin American countries, an increase of 5 percentage points over the period, and social security contributions represented 15%.

The major differences between the tax structures in Latin American countries and OECD countries relate to general consumption taxes - 35% in Latin America with 20% of tax revenues in OECD , social security contributions - 15% in Latin America and 27% in OECD - and income taxes - 28% in Latin America and 33% in OECD.

Tax structures in Latin America and the Caribbean and OECD, 2009



(1) Represents a selected group of Latin American and Caribbean countries. Chile and Mexico are also part of the OECD (34) group.

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Source: OECD/ECLAC/CIAT (2011), Revenue Statistics in Latin America, OECD Publishing.

Statlink: http://dx.doi.org/10.1787/888932532031